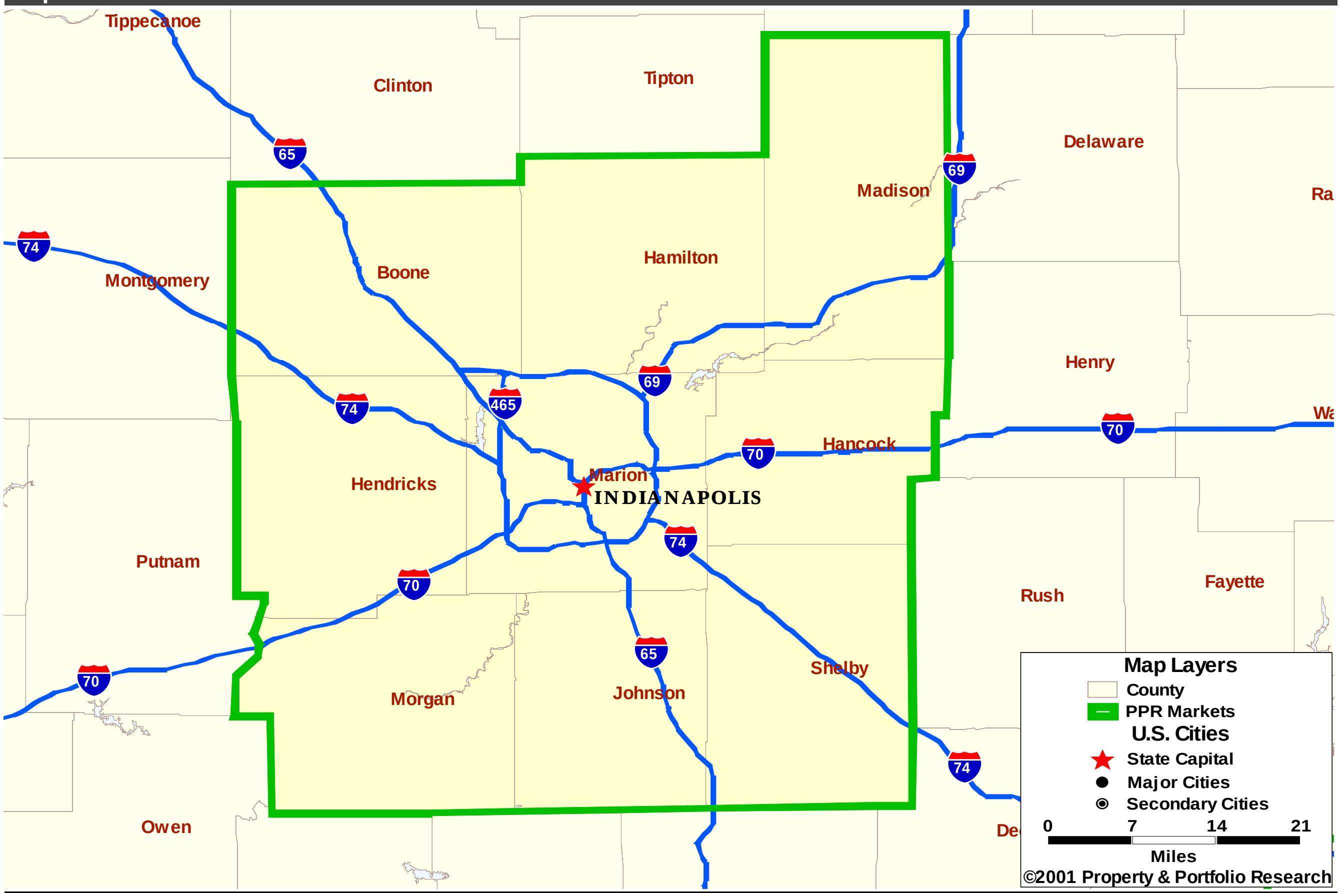
INDIANAPOLIS Overview

Map



Summary of Last Twelve Months vs. Historical Minimum, Maximum, and Average

	Current Vacancy*			Net New Supply (000SF)**			Net Absorption (000SF)**		
Apartment	⇧ 9.1%	5.7% 90:1	9.1% 02:1	⇩ 1,677	250 93:3	7,164 86:4	⇩ 561	-1,692 92:3	5,738 86:4
Office	⇧ 15.5%	11.4% 99:2	23.6% 90:1	⇩ 746	486 97:1	3,810 88:3	⇩ -609	-609 02:1	2,288 95:4
Retail	⇧ 13.9%	9.4% 00:2	23.3% 82:2	⇔ 2,206	467 83:4	2,607 95:3	⇩ -277	-1,504 82:1	3,921 00:1
Warehouse	⇧ 10.0%	2.8% 82:1	10.0% 02:1	⇩ 3,070	565 84:1	5,448 97:3	⇩ -0	-0 02:1	5,148 00:4
Hotel	⇩ 57.2%	67.2% 96:1	57.2% 02:1	⇩ 704	-46 93:1	2,035 88:2	⇩ -372	-372 02:1	1,121 89:3

*Occupancy for Hotels

**Apartment and Hotel data are in units.

INDIANAPOLIS

Analysis/Economy

Notable Economic and Real Estate Market Events

- **ECON – The Indianapolis economy has slowed significantly over the past year, with total payrolls down 1.0% year-over-year in March.** The local trucking industry is suffering, with over 1,300 jobs lost since last March. Burlington Motor Coach filed for Chapter 11 bankruptcy for the second time in six years. Other sectors that have shed jobs include the construction, manufacturing, wholesale trade, FIRE, and business services sectors. **Employment in the FIRE sector fell 1.8% year-over-year as of March, due in large part to significant job cuts at Conseco.** Although Eli Lilly reported a 22% drop in profits in the first quarter, it is moving forward on a $225 million facility that will house biotech research and development at the Lilly Technology Center where it plans to add 600 jobs.

- **APT – Vacancies in the Indianapolis apartment market, which have been rising since 1997, surpassed 9.0% in the first quarter** due to a slowdown in net absorption. Strong population growth and a resurgence in net in-migration should fuel demand for rental units, but the affordability of single family homes in the metro will remain a demand-side risk. **Hamilton County is witnessing the bulk of new construction,** with phase one of the Buckingham Companies' 321-unit Providence at Meridian nearing completion and AMLI's 322-unit AMLI at Carmel Center underway. **A low vacancy rate and increased rents have spurred new development downtown.** The 178-unit Canal Court complex is nearing completion, while the 43-unit Canal Square will open later this summer.

- **OFF – Vacancies in the Indianapolis office market continued to rise through the first quarter of 2002, as consolidations in the FIRE sector have impacted demand for office space.** Sublease space remains a problem, especially downtown, with large amounts of space at One Indiana Square, Market Square Center, and Two Market Square returning to the market. **The CBD has weakened considerably over the past year,** with Bank One, USA Group, and Lilly Industries downsizing, pushing first quarter vacancies to just under 20% according to CB Richard Ellis. **The Northwest had been one of the metro's strongest submarkets,** with most development at Luth Property Group's Intech Park and Duke's Woodland Corporate Park, but heavy construction has pushed vacancies over 25%. **Vacancies are soaring in Carmel**, as well, standing at 18.1% in the first quarter according to CB Richard Ellis. Duke will hold off on development of the 525,000 SF Parkwood West until late 2002 or 2003.

- **RET – Heavy construction activity, along with falling consumer spending, have pushed economic vacancies to nearly 14.0%.** Wal-Mart has updated three of its stores to its Supercenter format and Target added five SuperTarget stores in 2001, while Kmart is closing one local store. The expansion of big-box discounters into grocery lines has resulted in intensified pressure on the already-competitive local grocery market. **Home improvement stores are also seeing increased competition,** with Home Depot opening four stores so far this year and Lowe's adding three in 2001. Economic vacancies are expected to continue rising in the near term, but should begin to recover later this year.

- **WHS – Vacancies continue to rise in response to negative net absorption and strong construction.** After remaining subdued through the latter half of 2001, leasing activity is picking up with several deals signed in recent months. **The metro's emerging status as a distribution hub due to its easy access to trucking and rail lines is attracting development**, which is focused on larger, state-of-the-art facilities. **Construction remains strong in Plainfield,** where Duke is adding a fourth building at the Plainfield Business Park, bringing the park to a total of 600,000 SF. A rebound in net absorption in Plainfield caused vacancies to drop to 11.6% in the first quarter from nearly 16.0% in the fourth quarter according to CB Richard Ellis. ConAgra is nearing completion on a 500,000 SF distribution center in Lebanon.

- **HOT – Occupancies continue to struggle, after falling below 60% due to a steep decline in business and leisure travel in response to September 11th.** Construction is expected to be limited going forward, with only 140 rooms underway and less than 500 rooms in planning.

Demographic Trends

	2002*		Annual Growth Rates					
			1982-1991		1992-2001		2002-2006	
Category	Market	U.S.	Market	U.S.	Market	U.S.	Market	U.S.
Population	1,646	288,644	0.8%	1.0%	1.4%	1.2%	0.8%	0.9%
Households	644	107,714	1.5%	1.3%	1.5%	1.3%	0.9%	1.0%
Median Household Income	$53,891	$44,333	5.7%	4.4%	4.5%	3.7%	3.3%	3.1%
Apartment-Renting Households	186	35,788	4.4%	1.7%	-0.4%	0.5%	1.6%	1.0%
Real Retail Sales Per Capita	$5,109	$4,518	2.4%	1.4%	1.0%	1.7%	1.8%	1.7%

Employment Trends

	2002*		Annual Growth Rates					
		Location	1982-1991		1992-2001		2002-2006	
SIC Category	Employment	Quotient	Market	U.S.	Market	U.S.	Market	U.S.
Total Services	256	0.9	5.2%	4.3%	3.9%	3.7%	2.3%	2.5%
Business Services	65	1.0	8.0%	6.6%	6.9%	6.2%	2.8%	3.0%
Other Services	191	0.9	4.7%	3.8%	3.0%	3.0%	2.1%	2.4%
Retail Trade	169	1.1	3.5%	2.5%	2.1%	2.0%	1.3%	1.6%
Government	114	0.8	2.1%	1.6%	0.6%	1.3%	0.6%	0.7%
Manufacturing	121	1.1	-0.0%	-0.6%	-0.2%	-0.6%	0.7%	0.1%
F.I.R.E.	62	1.2	2.8%	2.2%	1.4%	1.5%	1.2%	0.9%
Wholesale Trade	55	1.2	2.1%	1.3%	1.9%	1.4%	1.2%	1.2%
Trans., Comm., Util.	56	1.2	3.0%	1.1%	2.9%	2.0%	1.2%	1.1%
Construction	50	1.1	5.8%	1.4%	3.4%	4.2%	0.9%	0.3%
Mining	1	0.2	-3.4%	-6.0%	-6.6%	-1.6%	-1.1%	-1.1%
Total Employment	883	1.0	2.9%	1.9%	2.0%	2.0%	1.4%	1.4%
Office-Using Employment	204	1.0	3.6%	3.0%	2.7%	2.9%	1.8%	1.9%
Trucking/Warehouse Employment	75	1.3	2.4%	1.5%	2.6%	1.7%	1.0%	1.2%

*All units (except for dollar denominated figures) in thousands.

Current Economic Indicators

Employment Growth 3/02	Labor Force Growth 3/02	Unemployment Rate 3/02	Employment Volatility Ratio	Net Migration (000) 2001	Cost Indices (U.S. = 100) Business	Cost Indices (U.S. = 100) Living
-1.0%	1.7%	4.1%	0.9	6.0	97	94

Sources: PPR; Economy.com

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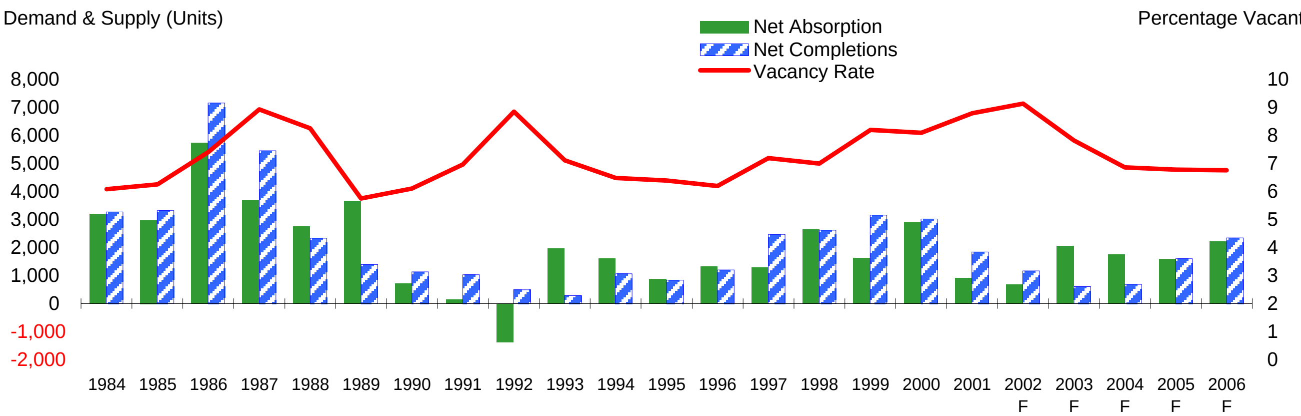
Apartment

Supply, Demand, and Vacancy



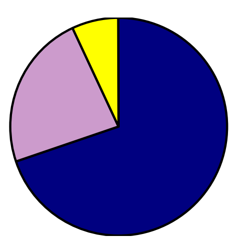
Apartment Market Statistics (Units)

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Apt. Vacancy	7.2%	7.0%	8.2%	8.1%	8.8%	9.1%	7.8%	6.9%	6.8%	6.8%
Apt. Net Absorption	1,291	2,641	1,631	2,892	905	683	2,067	1,755	1,589	2,208
% Growth	1.4%	2.8%	1.7%	2.9%	0.9%	0.7%	2.0%	1.6%	1.5%	2.0%
Multifamily Starts	3,155	4,068	3,610	3,225	3,529	1,796	656	1,353	2,456	3,022
% Change	17.3%	28.9%	-11.3%	-10.7%	9.4%	-49.1%	-63.5%	106.3%	81.5%	23.0%
Net Apt. Completions	2,475	2,618	3,157	3,028	1,850	1,175	605	690	1,609	2,345
Apt. Inventory	102,986	105,604	108,761	111,789	113,639	114,814	115,419	116,109	117,718	120,063
% Growth	2.5%	2.5%	3.0%	2.8%	1.7%	1.0%	0.5%	0.6%	1.4%	2.0%
Apt. Rent Index	101	106	109	114	113	109	107	109	111	113
% Change	1.1%	4.8%	2.7%	5.1%	-1.1%	-3.5%	-1.7%	1.3%	2.2%	2.2%

PPR/Dodge Pipeline Summary

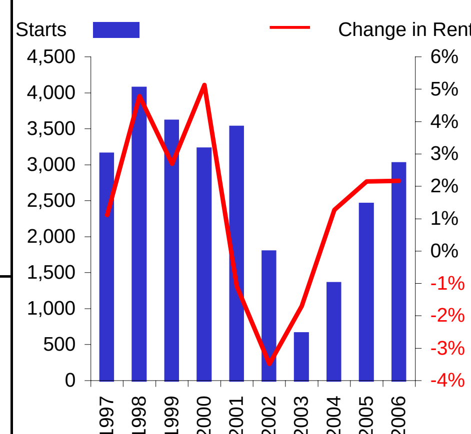
Current Activity (Units)

Multifamily Underway by Subclass



	Underway (Units)	%
Apartments	4,108	70%
Townhouse/Condo	1,377	23%
Low Income	-	0%
Unclassified	416	7%

Change in Rent vs. Starts

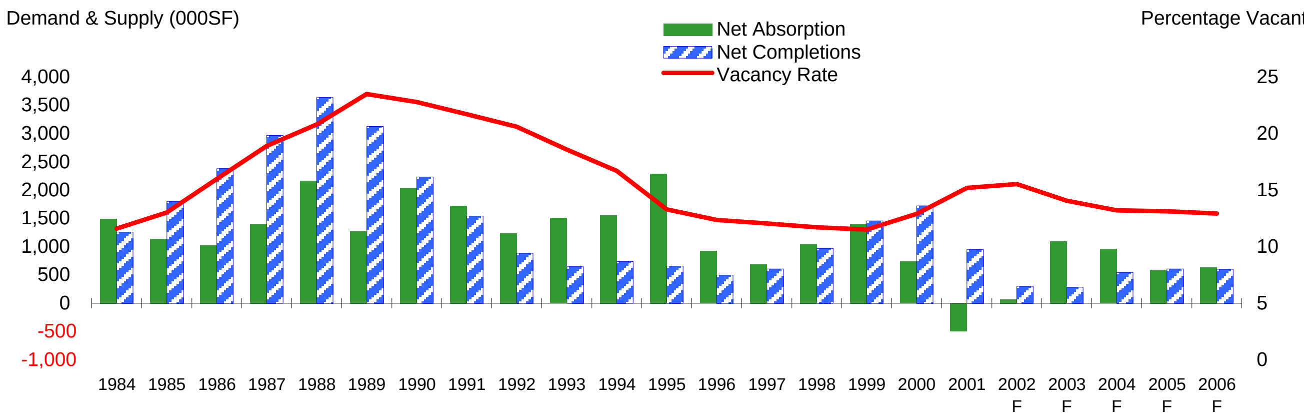


Sources: PPR; McGraw-Hill Construction - Dodge; National Real Estate Index

INDIANAPOLIS

Office

Supply, Demand, and Vacancy

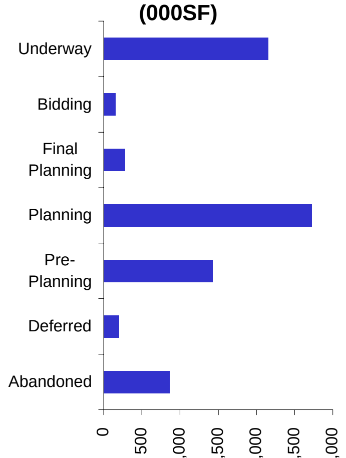


Office Market Statistics (000SF)

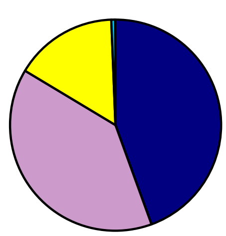
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Vacancy	12.1%	11.7%	11.5%	12.9%	15.2%	15.5%	14.1%	13.2%	13.1%	12.9%
Net Absorption	688	1,039	1,393	734	-492	67	1,091	957	579	630
% Growth	1.5%	2.3%	3.0%	1.5%	-1.0%	0.1%	2.2%	1.9%	1.1%	1.2%
Starts	1,193	2,661	3,019	1,470	1,195	652	608	719	750	786
% Change	13.2%	123.1%	13.5%	-51.3%	-18.7%	-45.4%	-6.8%	18.3%	4.4%	4.8%
Net Completions	605	969	1,453	1,723	952	297	283	543	602	596
Inventory	52,336	53,304	54,758	56,481	57,433	57,730	58,013	58,556	59,158	59,754
% Growth	1.2%	1.9%	2.7%	3.1%	1.7%	0.5%	0.5%	0.9%	1.0%	1.0%
Rent Index	107	107	110	106	99	94	93	96	97	99
% Change	6.7%	0.2%	2.7%	-3.6%	-6.5%	-4.9%	-0.8%	2.5%	1.8%	2.0%

PPR/Dodge Pipeline Summary

Current Activity (000SF)

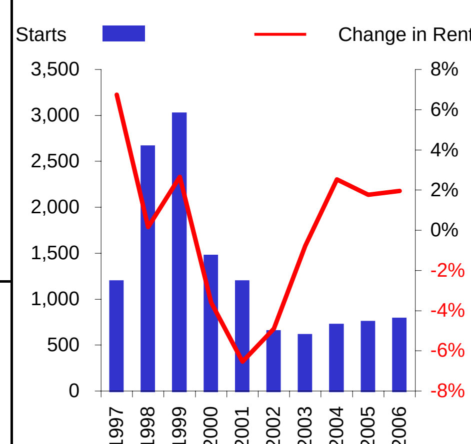


Office Underway by Subclass



	Underway (000SF)	%
Low Rise	954	44%
Mid Rise	843	39%
High Rise	-	0%
Office R&D	341	16%
Unclassified	13	1%

Change in Rent vs. Starts



Sources: PPR; McGraw-Hill Construction - Dodge; National Real Estate Index

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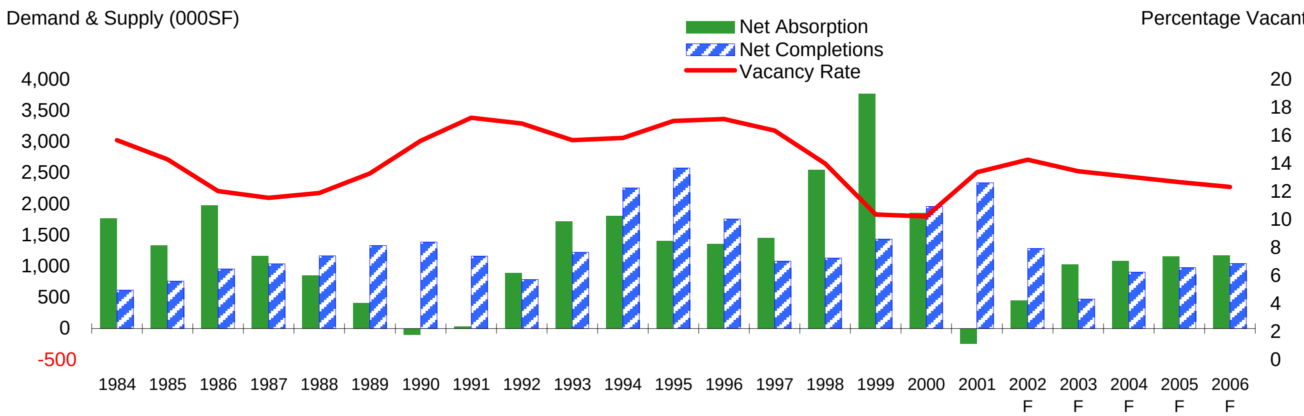
Retail

Supply, Demand, and Vacancy

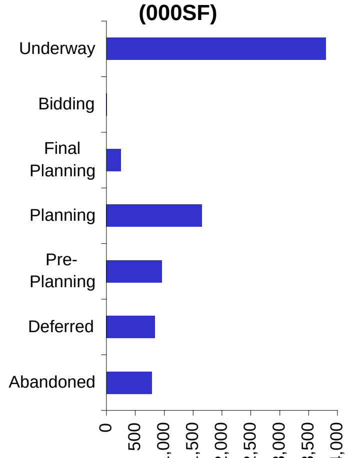


Retail Market Statistics (000SF)

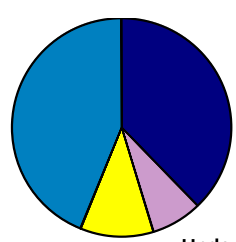
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Vacancy	16.3%	14.0%	10.3%	10.2%	13.4%	14.3%	13.4%	13.1%	12.7%	12.3%
Net Absorption	1,457	2,542	3,769	1,854	-243	452	1,027	1,078	1,156	1,174
% Growth	2.7%	4.5%	6.4%	3.0%	-0.4%	0.7%	1.6%	1.6%	1.7%	1.7%
Starts	1,739	2,177	2,783	2,885	4,454	668	714	937	1,027	1,110
% Change	23.5%	25.1%	27.9%	3.6%	54.4%	-85.0%	6.8%	31.2%	9.6%	8.1%
Net Completions	1,080	1,131	1,432	1,957	2,339	1,287	473	902	976	1,042
Inventory	67,006	68,137	69,569	71,526	73,865	75,152	75,626	76,528	77,504	78,546
% Growth	1.6%	1.7%	2.1%	2.8%	3.3%	1.7%	0.6%	1.2%	1.3%	1.3%
Rent Index	107	114	112	112	114	112	114	115	117	119
% Change	7.4%	6.1%	-2.1%	0.2%	1.8%	-1.8%	1.7%	1.0%	1.7%	1.9%

PPR/Dodge Pipeline Summary

Current Activity (000SF)

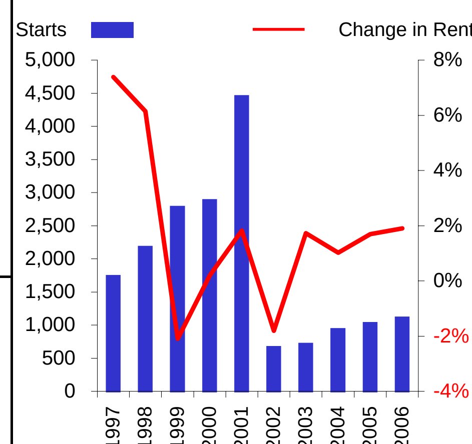


Retail Underway by Subclass



	Underway (000SF)	%
Freestanding Stores	1,431	38%
Neighborhood Center	284	7%
Community Center	-	0%
Regional	411	11%
Super Regional	-	0%
Outlet	-	0%
Unclassified	1,664	44%

Change in Rent vs. Starts



Sources: PPR; McGraw-Hill Construction - Dodge; National Real Estate Index

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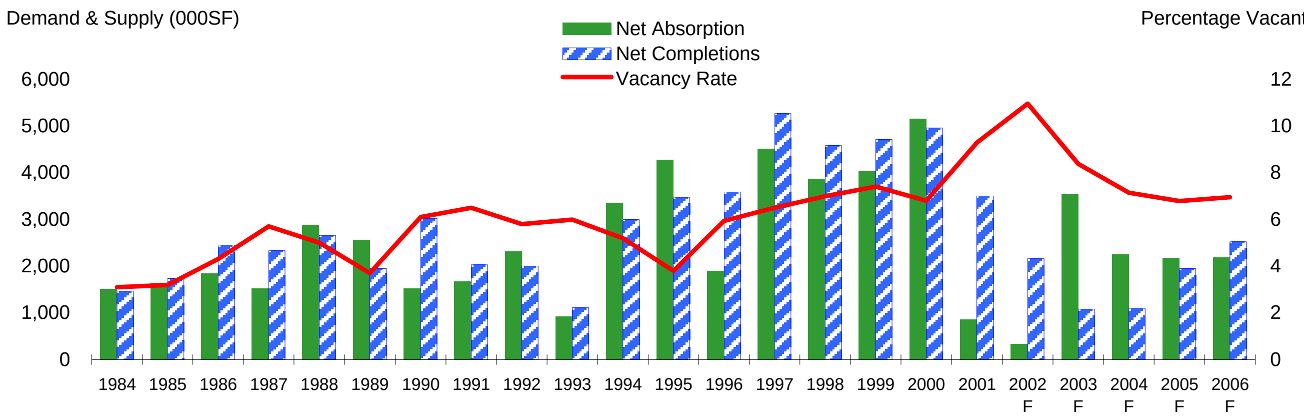
Warehouse

Supply, Demand, and Vacancy

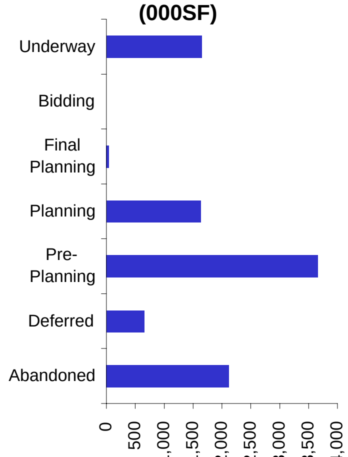


Warehouse Market Statistics (000SF)

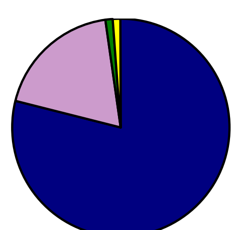
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Vacancy	6.5%	7.0%	7.4%	6.8%	9.3%	11.0%	8.4%	7.1%	6.8%	7.0%
Net Absorption	4,510	3,869	4,028	5,148	858	331	3,539	2,249	2,171	2,185
% Growth	6.5%	5.3%	5.2%	6.3%	1.0%	0.4%	4.0%	2.5%	2.3%	2.3%
Starts	4,425	5,882	4,212	5,040	3,233	1,361	970	1,349	2,278	2,802
% Change	-16.1%	32.9%	-28.4%	19.7%	-35.9%	-57.9%	-28.8%	39.1%	68.9%	23.0%
Net Completions	5,263	4,582	4,709	4,958	3,505	2,170	1,082	1,098	1,950	2,524
Inventory	78,601	83,183	87,892	92,850	96,355	98,525	99,607	100,706	102,655	105,180
% Growth	7.2%	5.8%	5.7%	5.6%	3.8%	2.3%	1.1%	1.1%	1.9%	2.5%
Rent Index	105	101	100	103	100	94	91	92	94	96
% Change	4.7%	-3.4%	-0.9%	3.1%	-3.2%	-6.1%	-3.3%	1.3%	1.9%	2.1%

PPR/Dodge Pipeline Summary

Current Activity (000SF)

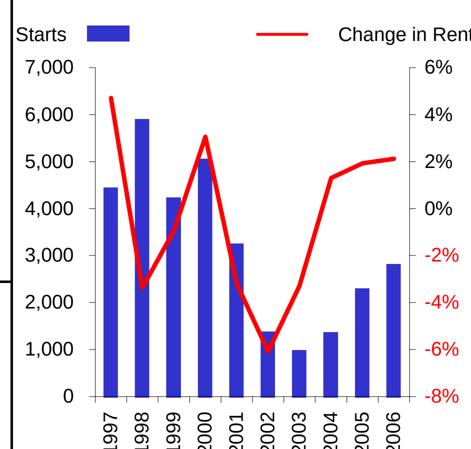


Warehouse Underway by Subclass



	Underway (000SF)	%
Distribution	1,295	79%
Warehouse/Flex	310	19%
Light Industrial	19	1%
Unclassified	20	1%

Change in Rent vs. Starts

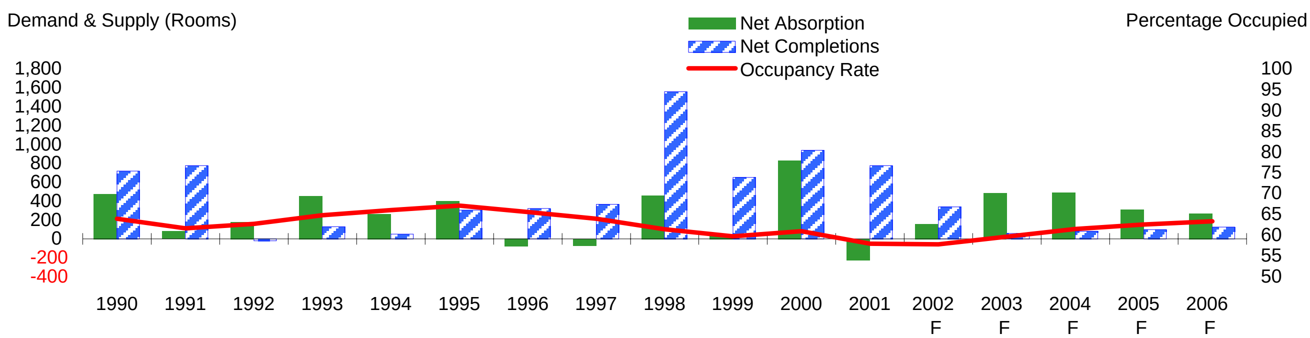


Sources: PPR; McGraw-Hill Construction - Dodge; National Real Estate Index

INDIANAPOLIS

Hotel

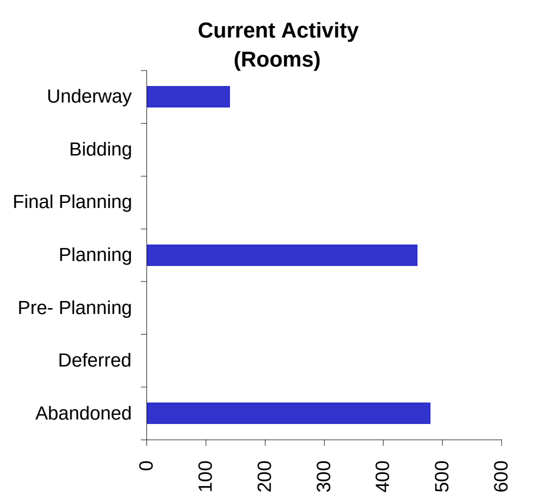
Supply, Demand, and Occupancy

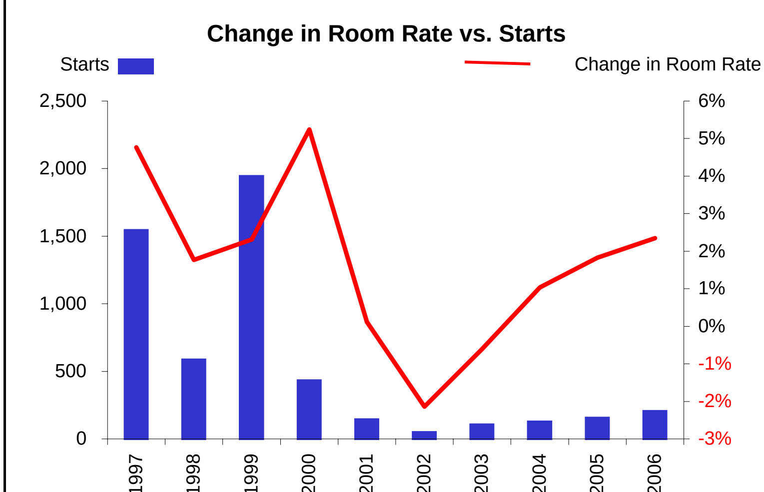


Hotel Market Statistics (Rooms)

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Occupancy	64.0%	61.4%	59.7%	60.9%	57.9%	57.8%	59.7%	61.5%	62.5%	63.3%
Net Absorption	-67	459	35	830	-225	155	483	491	309	267
% Growth	-0.5%	3.7%	0.3%	6.4%	-1.6%	1.1%	3.5%	3.5%	2.1%	1.8%
Starts	1,545	586	1,943	434	144	50	106	127	157	206
% Change	175.4%	-62.1%	231.6%	-77.7%	-66.8%	-65.3%	112.0%	19.8%	23.6%	31.2%
Net Completions	365	1,561	651	940	775	340	58	81	99	124
Inventory	19,495	21,056	21,707	22,647	23,422	23,761	23,819	23,901	24,000	24,123
% Growth	1.9%	8.0%	3.1%	4.3%	3.4%	1.4%	0.2%	0.3%	0.4%	0.5%
Room Rate Index	105	107	109	115	115	112	112	113	115	118
% Change	4.8%	1.8%	2.3%	5.2%	0.1%	-2.1%	-0.6%	1.0%	1.8%	2.3%
RevPar Index	104	99	100	105	102	102	106	110	114	118
% Change	4.5%	-5.0%	1.1%	4.7%	-2.7%	0.1%	3.6%	3.6%	3.5%	3.6%

PPR/Dodge Pipeline Summary



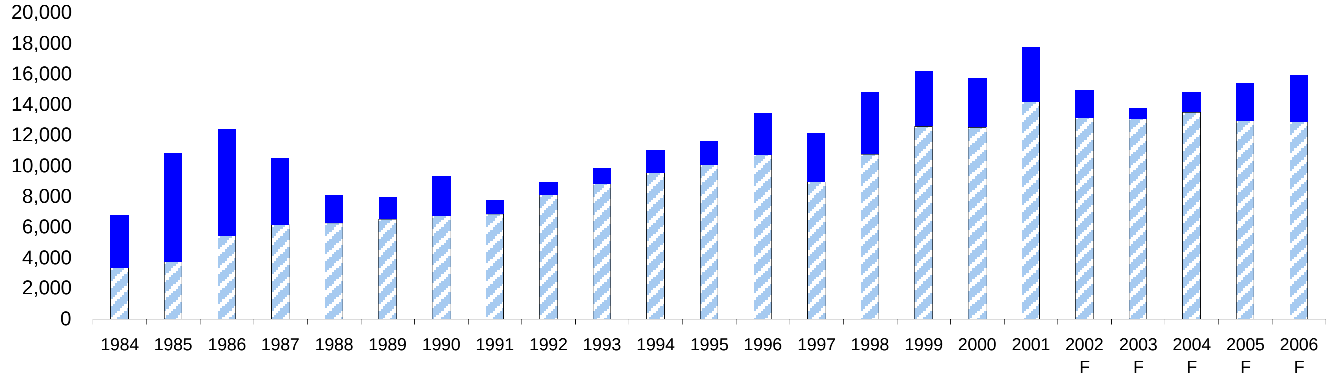


Sources: PPR; McGraw-Hill Construction - Dodge; Smith Travel Research

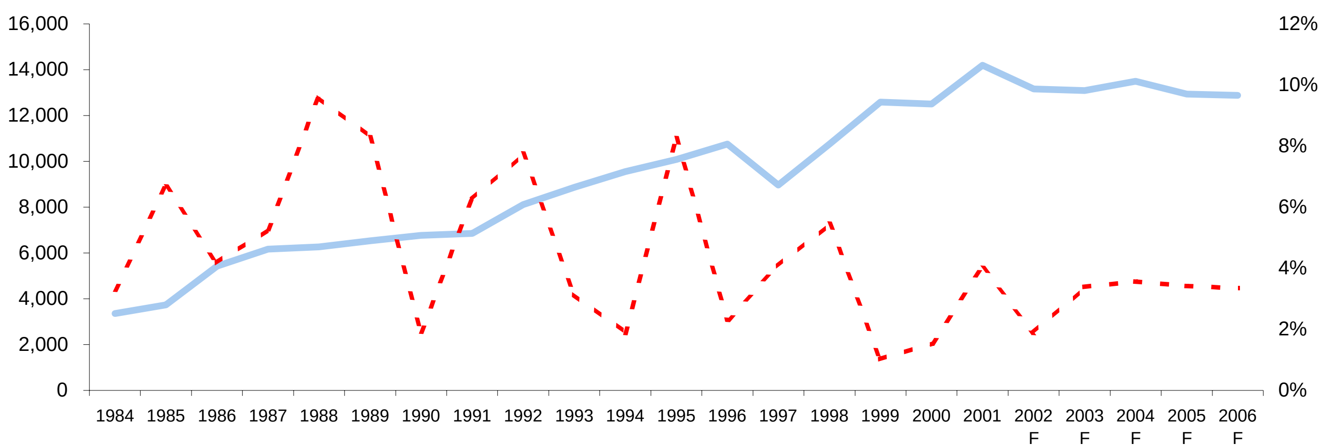
INDIANAPOLIS

Single Family

Housing Starts



Single Family Market



Sources: PPR; Economy.com

Single Family Market Statistics

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Starts	8,970	10,759	12,590	12,510	14,198	13,160	13,085	13,494	12,936	12,887
% Change	-16.6%	19.9%	17.0%	-0.6%	13.5%	-7.3%	-0.6%	3.1%	-4.1%	-0.4%
Completions	9,748	10,003	11,831	12,528	13,814	13,443	13,036	13,416	13,151	12,861

Apartment Market Statistics

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Multifamily Starts	3,155	4,068	3,610	3,225	3,529	1,796	656	1,353	2,456	3,022
% Change	17.3%	28.9%	-11.3%	-10.7%	9.4%	-49.1%	-63.5%	106.3%	81.5%	23.0%
Apartment Completions	2,475	2,618	3,157	3,028	1,850	1,175	605	690	1,609	2,345

Sources: PPR; McGraw-Hill Construction - Dodge

INDIANAPOLIS

Apartment Projects

Projects

Title	Address	Units	Stage	Target Start	Target Completion
AMLI at Carmel Center	126th St., 1 block west of Range Line Road, Carmel Carmel	322	Underway	8/01	9/04
Providence Apartments - I	300 Providence Blvd., Carmel Carmel	321	Underway	10/00	10/04
Barton Farms Apartments	Greenwood Greenwood	280	Underway	8/01	8/02
Summerwood Apartments	8500 Township Line Rd, Indianapolis North	279	Underway	12/01	12/02
Linden Square Apartments-Phase I	C R 100 N west of Hendricks, Avon East	256	Planned		
Regency Windsor Apartment Complex	South of Co Line Rd betw Greenwood Greenwood	256	Planned	3/02	3/03
Stone Ridge	Mendenhall Road, Indianapolis West	240	Underway	12/01	12/02
Ashley Place	1930 Ashley Way, Westfield North	197	Underway	4/01	5/02
Artsgarden Tower	NE Corner of Illinois, Indianapolis CBD	193	Planned	9/02	3/04
Providence Apartments - II	300 Providence Blvd., Carmel Carmel	189	Underway	10/01	10/04

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Office Projects

Projects

Title	Address	SF (000)	Stage	Target Start	Target Completion
Eli Lilly Chemical Research Building #87	639 S Delaware St, Indianapolis Other	270	Underway	11/01	10/03
Northwest Technology Center	Zionsville Rd N of W 96th St, Indianapolis Northwest	262	Proposed		
Brooks Creek Business Park	Brooks School Rd & 116th St., Fishers Fishers	262	Proposed		
Intech III	Between 62nd & 71st Streets, Indianapolis Northwest	140	Planned		
Eli Lilly K-171 Office & Assembly Building	1445 S Harding St, Indianapolis Other	139	Underway	4/01	8/02
Intech Ten	6640 Intech Blvd, Indianapolis Northwest	118	Completed	2/01	12/01
Indiana University - Communications Technology Building	Corner of Michigan & West Other	100	Underway	11/01	9/02
Woodfield Crossing	Woodfield Crossing, Indianapolis Keystone	98	Planned		
Keystone Crossing	Keystone Crossing, Indianapolis Keystone	98	Planned		
Heartland Crossing Business Park	County Line Rd & Raceway Road, Danville Danville	98	Proposed		

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Retail Projects

Projects

Title	Address	SF (000)	Stage	Target Start	Target Completion
Indianapolis Pavillions Shoppnig Center	96th & Masters Road, Indianapolis Northeast	419	Planned		
Avon Commons Strip Center	Avon Avon	411	Completed	10/00	10/01
Stoney Creek Marketplace	St Rd 32 & St Rd 37, Noblesville Noblesville	410	Proposed		
Wal-Mart Supercenter #1141 Tenants: Wal-Mart Supercenter	1965 N State Street, Greenfield Other	185	Completed	12/00	9/01
Menards Home Improvement Tenants: Menards Home Improvement	10501 Heartland Crossings, Camby Other	170	Underway	8/01	8/02
Costco Tenants: Costco	I465 and Mic. Rd, Indianapolis Indianapolis	150	Planned	4/02	4/03
Costco Tenants: Costco	86th St. near Allisonville Rd, Castleton Northeast	148	Planned	4/02	9/02
Lowes Home Improvement Tenants: Lowe's	146th St. Carmel, Carmel Carmel	140	Completed	6/01	1/02
Home Depot Tenants: Home Depot	9320 Corporation Dr, Castleton Northeast	137	Underway	11/01	4/02
Sam's Club #8168 Tenants: Sam's Club	8100 East 96th Street, Fishers Fishers	134	Completed	7/01	3/02

INDIANAPOLIS

Warehouse Projects

Projects

Title	Address	SF (000)	Stage	Target Start	Target Completion
Airtech Business Park	North of Airpot/Six Points Rd., Plainfield Plainfield	1,482	Planned		
Plainfield Business Park #4	SE corner of SR 267 and Stafford Road, Plainfield Business Park #4 Plainfield	600	Underway	9/01	9/02
Eagle Point Business Park -	Between I-74 & State Road 136, Brownsburg Brownsburg	593	Planned		
Harlan Bakeries Tenants: Harlan Bakeries	7597 E US Highway 36, Avon Avon	590	Underway	12/01	3/03
Guitar Center Warehouse/Dist Tenants: Guitar Center	Eagle Point Business Park,. Brownsburg Brownsburg	505	Underway	9/01	5/02
ConAgra Distribution Center BTS Tenants: ConAgra	Indiana State Highway 39 and Interstate 65, Lebanon Lebanon	500	Underway	8/01	5/02
TJX Distribution Tenants: TJX Distribution	Between I-74 & St Rd 136, Brownsburg Brownsburg	409	Completed	4/01	11/01
Park Fletcher	Park Fletcher Other	367	Underway	9/01	9/02
Park 100 Warehouse	Park 100, Indianapolis Other	287	Completed	6/01	12/01
Henry Schein Warehouse/Office Building	5314 W 74th St, Indianapolis Northwest	287	Completed	11/00	11/01

INDIANAPOLIS

Hotel Projects

Projects

Title	Address	Rooms	Stage	Target Start	Target Completion
Hotel (New)	350 N Meridian St, Indianapolis Indianapolis	220	Planned		
Hilton Garden Inn	108 N. Pennsylvania St., Indianapolis Indianapolis	180	Planned		
Hilton Garden Inn	SE Corner of 131st St, Carmel Carmel	172	Planned		
Town Center Drury Inn	Town Center, Fishers Fishers	138	Planned		
Candlewood Suites Hotel	8111 Bash St, Indianapolis Indianapolis	125	Completed	8/01	8/01
Wingate Inn Hotel	1460 W Main St, Carmel Carmel	105	Planned		
Wingate Hotel	6240 Intech Commons Dr, Indianapolis Indianapolis	100	Completed	10/00	6/01
Wingate Hotel	50 S Mickley Ave, Indianapolis Indianapolis	96	Completed	10/00	9/01
Clarion Hotel	7960 N Shadeland Ave, Indianapolis Indianapolis	85	Completed	11/00	9/01
Fairfield Inn	7110 E 21st St, Indianapolis Indianapolis	63	Completed	12/00	6/01

