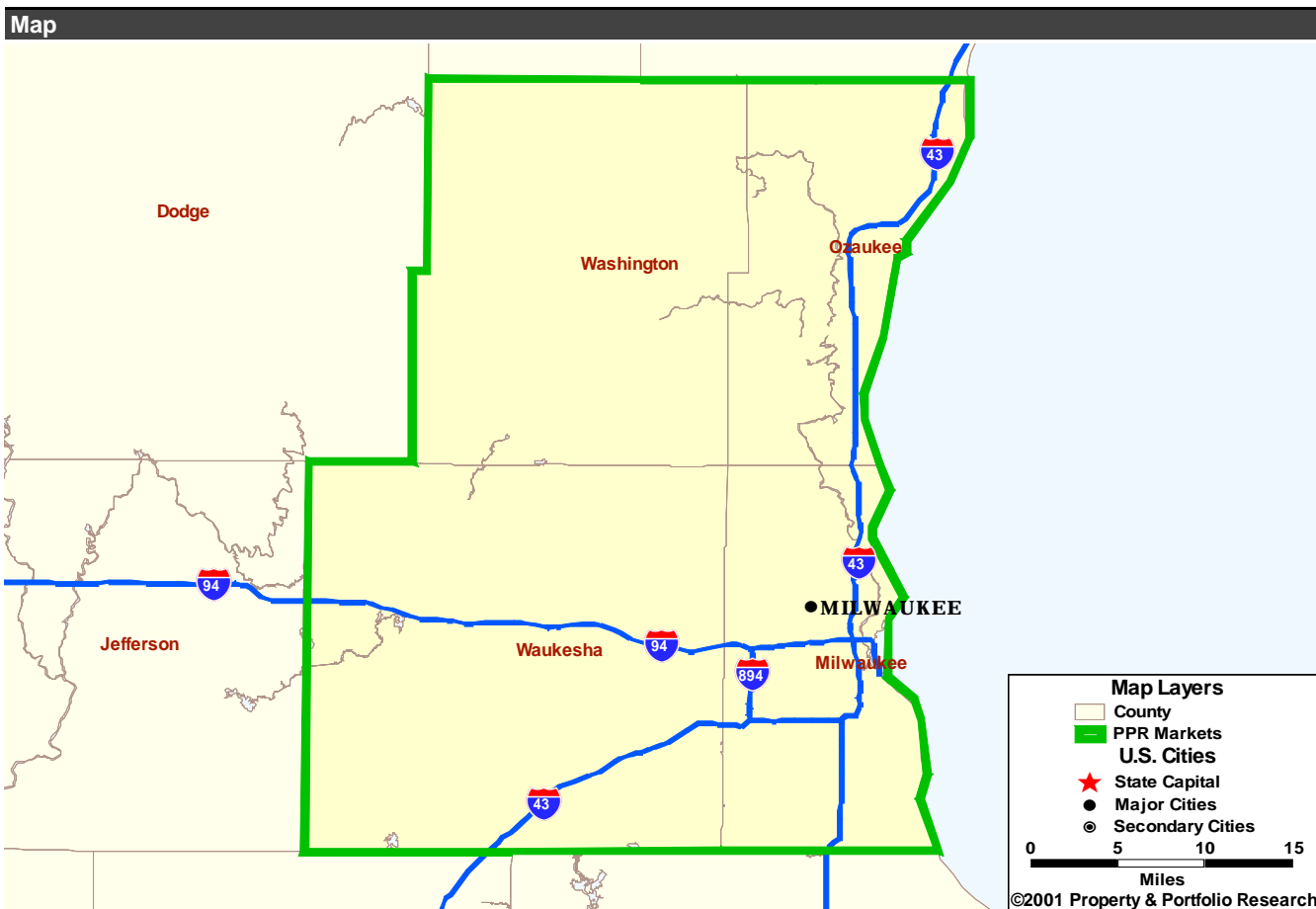


MILWAUKEE

Overview



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

	Current Vacancy*	Net New Supply (000SF)**	Net Absorption (000SF)**
Apartment	↑ 7.4% 2.1% 88:4 — 7.9% 99:1 183 83:3	↓ 546 4,526 -274 90:4 91:4 3,498 88:3	↓ -5 3,498 88:3
Office	↑ 15.0% 6.7% 82:1 — 19.2% 92:2 587 92:4	↑ 1,085 1,391 -211 82:3 01:4 1,887 94:4	↓ -13 1,887 94:4
Retail	↑ 12.3% 9.5% 00:2 — 16.8% 92:1 307 82:3	↓ 448 1,458 -1,243 88:2 82:1 2,414 99:4	↓ -536 2,414 99:4
Warehouse	↑ 6.5% 4.2% 97:4 — 10.4% 87:2 320 93:1	↑ 1,022 1,639 -33 94:1 82:4 2,060 93:4	↓ 248 2,060 93:4
Hotel	↓ 54.2% 65.1% 90:1 — 54.2% 02:1 -23 96:4	↓ 789 1,304 -587 89:2 02:1 806 89:2	↓ -587 806 89:2

*Occupancy for Hotels

**Apartment and Hotel data are in units.

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Analysis/Economy

Notable Economic and Real Estate Market Events

- **ECON** – Although improving, substantial job losses in the manufacturing sector (8,200 for the year ending in March) have contributed largely to Milwaukee's contracting employment base. That said, job losses in the metro, at 1.0% as of March, were on par with the U.S. average. Manufacturing companies like Milwaukee Electric Tool Corp., Tower Automotive, Tecumseh Products Co., GLI International, BTA-Perfex, and Strattec Security Corp. have all issued pink slips this year. The business services subsector has also experienced sizable losses, down 8.2%. Potential cuts at Arthur Andersen, which employs 300 locally, are a risk for the services sector over the near term. However, some cutbacks would likely be absorbed by expansions at local competitors, Deloitte & Touche, BDO, and Virchow, Krause & Co. Net out-migration will continue to hold population growth to a negligible 0.3%.
- **APT** – After slowly declining from 1999 to mid-2001, the vacancy rate has ticked up over the last three quarters, as the weak economy has stifled apartment demand. The metro's stagnant population growth and high affordability of single family homes (particularly in today's low interest rate environment) limit demand. Apartment construction has slowed considerably, with forecast completions expected to average less than 550 units per year. However, there is the potential for construction to pick up faster than expected here, which may cause the vacancy rate (at 7.4% in the first quarter) to hang up. The metro has many projects proposed including large developments (ranging from 125–400 units) by Barry Mandel, Robert Schultz, New Land Investments, Icon Development, and Corrigan Properties. While multifamily permitting was down 9% last year with a total of 1,577 units, over 630 units had already received permitting as of March. Still, multifamily construction is dominated by downtown condo projects like 1522 On the Lake, River Homes, Kilbourn Tower, Lafayette Place, Cathedral Place, and the Waterfront, which are underway or in planning.
- **OFF** – Fewer local expansions and increasing consolidations have pushed the vacancy rate up over the last year. Stagnant growth in the FIRE sector combined with job losses in the business services subsector contributed to the shutdown of new demand. Some large leases have been signed over the last two quarters (by Fortis Health, Artisan Partners, Whyte Hirschboeck Dudek, and Norlight Telecommunications), but most have opted for new or proposed construction, leaving large pockets of vacancy in older properties. Northwestern Mutual Life Insurance is planning to expand its campus in Franklin. The CBD may receive 427,000 SF of new office space if two planned projects (Cathedral Place and 875 East Wisconsin Avenue) go forward, creating its first significant new supply since the early 1990s. Still, the suburban submarkets continue to dominate the metro. Class A rents in the CBD held up best in 2001, down 3.0%, due to the lack of new supply, while suburban Class A rents fell 5.6%.
- **RET** – Retail sales fell quickly in 2001 and remain weak, pushing the economic vacancy rate up to 12.3% as of the first quarter. The majority of demand (and supply) is focused on the suburbs, which benefit from stronger population trends (Ozaukee, Waukesha, and Washington Counties grew by 13%, 18%, and 23%, respectively, from 1990–2000 compared to a 2% population loss in Milwaukee County). Milwaukee County is also home to several older and struggling shopping centers, giving this submarket the highest vacancy rate by far in the metro. The Brookfield Square Mall in Brookfield and Bayshore Mall in Glendale are both planning renovations and expansions. However, near-term new supply will be limited, as redevelopment and reconstruction projects continue to remove space from the market and expansion from grocery chains is also slowing.
- **WHS** – Accumulating job losses in manufacturing and wholesale trade have brought warehouse demand to a halt, causing the vacancy rate to rise. Increased construction in 2001 resulted in oversupply, which is not expected to be absorbed until after 2002. Construction has slowed significantly with few projects underway or in the pipeline (e.g., projects by Venturedyne Ltd, MIE Development, Hunzinger Construction, and Gehl Guernsey Farms) and less than 500,000 SF expected to complete annually over the forecast. Developers and lenders have become increasingly cautious of speculative development and build-to-suit activity has waned. Warehouse rents are contracting, but should grow again next year.
- **HOT** – Hotel occupancies are at their lowest level in over a decade, causing construction to ramp down. Occupancies should reach their low point this year before recovering along with the local economy. Room rates are expected to decline moderately through next year.

Demographic Trends

Category	2002*		Annual Growth Rates					
	Market	U.S.	1982-1991		1992-2001		2002-2006	
Population	1,515	288,644	0.5%	1.0%	0.4%	1.2%	0.3%	0.9%
Households	592	107,714	0.8%	1.3%	0.8%	1.3%	0.4%	1.0%
Median Household Income	\$56,283	\$44,333	3.8%	4.4%	4.4%	3.7%	3.0%	3.1%
Apartment-Renting Households	237	35,788	0.2%	1.7%	0.3%	0.5%	0.7%	1.0%
Real Retail Sales Per Capita	\$4,762	\$4,518	1.8%	1.4%	1.3%	1.7%	1.5%	1.7%

Employment Trends

SIC Category	2002*		Annual Growth Rates					
	Employment	Location Quotient	1982-1991		1992-2001		2002-2006	
Total Services	287	1.1	4.0%	4.3%	3.0%	3.7%	2.1%	2.5%
Business Services	66	1.1	7.6%	6.6%	4.0%	6.2%	2.6%	3.0%
Other Services	221	1.1	3.2%	3.8%	2.7%	3.0%	1.9%	2.4%
Retail Trade	136	0.9	1.9%	2.5%	0.8%	2.0%	1.1%	1.6%
Government	94	0.7	0.7%	1.6%	0.8%	1.3%	0.2%	0.7%
Manufacturing	161	1.5	-1.3%	-0.6%	-0.3%	-0.6%	0.2%	0.1%
F.I.R.E.	58	1.2	2.4%	2.2%	1.3%	1.5%	0.1%	0.9%
Wholesale Trade	48	1.1	2.4%	1.3%	0.8%	1.4%	1.5%	1.2%
Trans., Comm., Util.	38	0.8	1.1%	1.1%	0.6%	2.0%	0.3%	1.1%
Construction	34	0.8	4.6%	1.4%	2.4%	4.2%	1.5%	0.3%
Mining	0	0.0	-1.3%	-6.0%	-2.6%	-1.6%	-1.1%	-1.1%
Total Employment	855	1.0	1.5%	1.9%	1.3%	2.0%	1.1%	1.4%
Office-Using Employment	202	1.0	3.3%	3.0%	2.2%	2.9%	1.2%	1.9%
Trucking/Warehouse Employment	59	1.0	2.4%	1.5%	1.0%	1.7%	1.2%	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	Living
-1.0%	2.2%	6.0%	0.9	-2.1	100	97

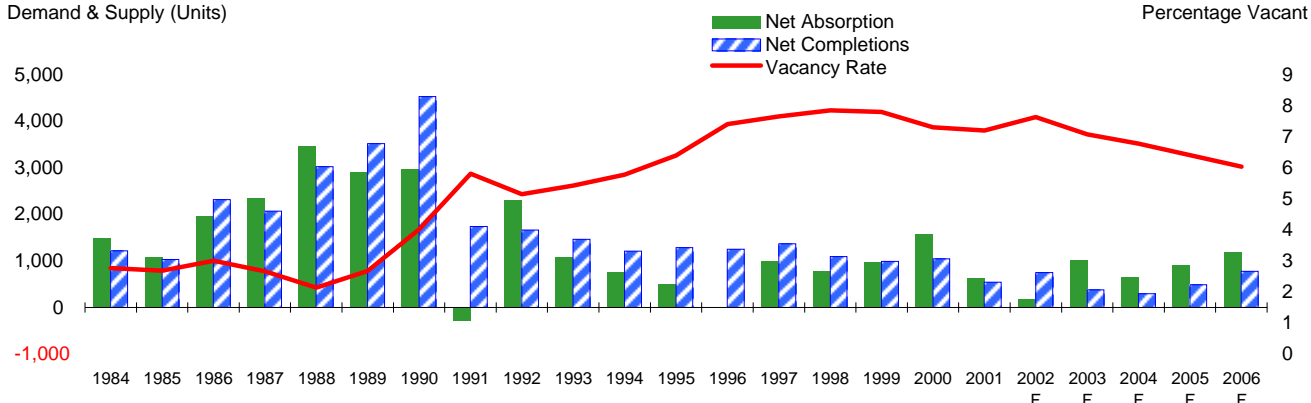
Sources: PPR; Economy.com

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Apartment

Supply, Demand, and Vacancy

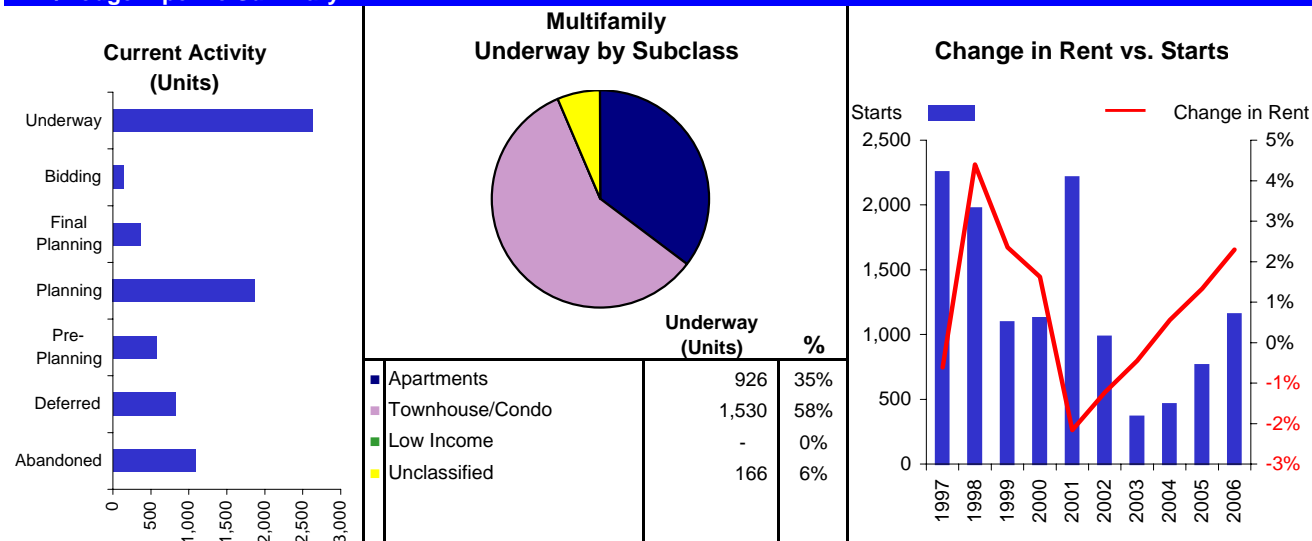
Demand & Supply (Units)



Apartment Market Statistics (Units)

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Apt. Vacancy	7.7%	7.9%	7.8%	7.3%	7.2%	7.6%	7.1%	6.8%	6.4%	6.0%
Apt. Net Absorption	986	776	973	1,567	628	173	1,024	652	909	1,184
% Growth	0.9%	0.7%	0.9%	1.4%	0.6%	0.2%	0.9%	0.6%	0.8%	1.0%
Multifamily Starts	2,253	1,975	1,095	1,127	2,214	982	366	461	764	1,156
% Change	16.7%	-12.3%	-44.6%	2.9%	96.5%	-55.6%	-62.7%	26.0%	65.7%	51.3%
Net Apt. Completions	1,370	1,096	991	1,049	547	748	382	301	492	781
Apt. Inventory	116,750	117,846	118,837	119,886	120,433	121,181	121,562	121,863	122,354	123,135
% Growth	1.2%	0.9%	0.8%	0.9%	0.5%	0.6%	0.3%	0.2%	0.4%	0.6%
Apt. Rent Index	99	104	106	108	106	104	104	104	106	108
% Change	-0.6%	4.4%	2.4%	1.6%	-2.2%	-1.2%	-0.4%	0.6%	1.3%	2.3%

PPR/Dodge Pipeline Summary



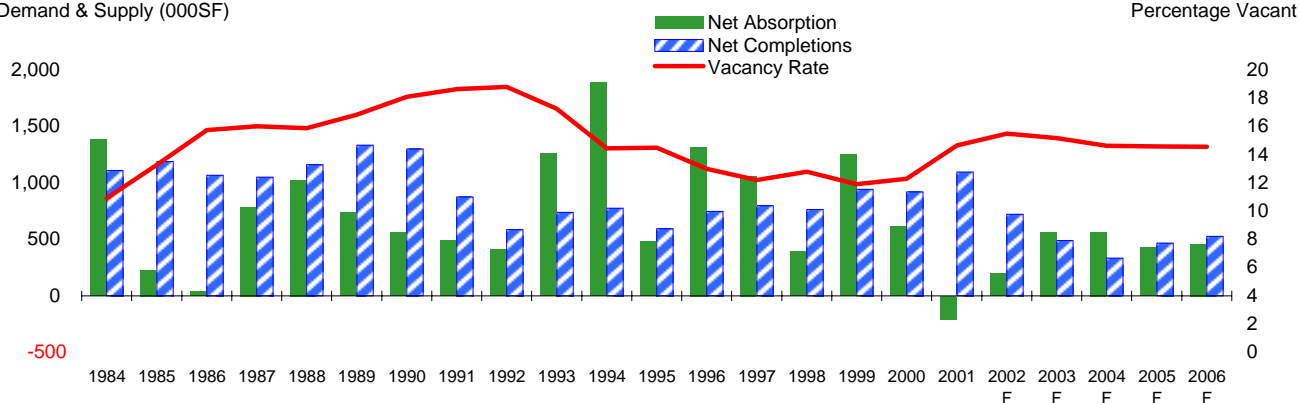
Sources: PPR; McGraw-Hill Construction - Dodge; National Real Estate Index

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Office

Supply, Demand, and Vacancy

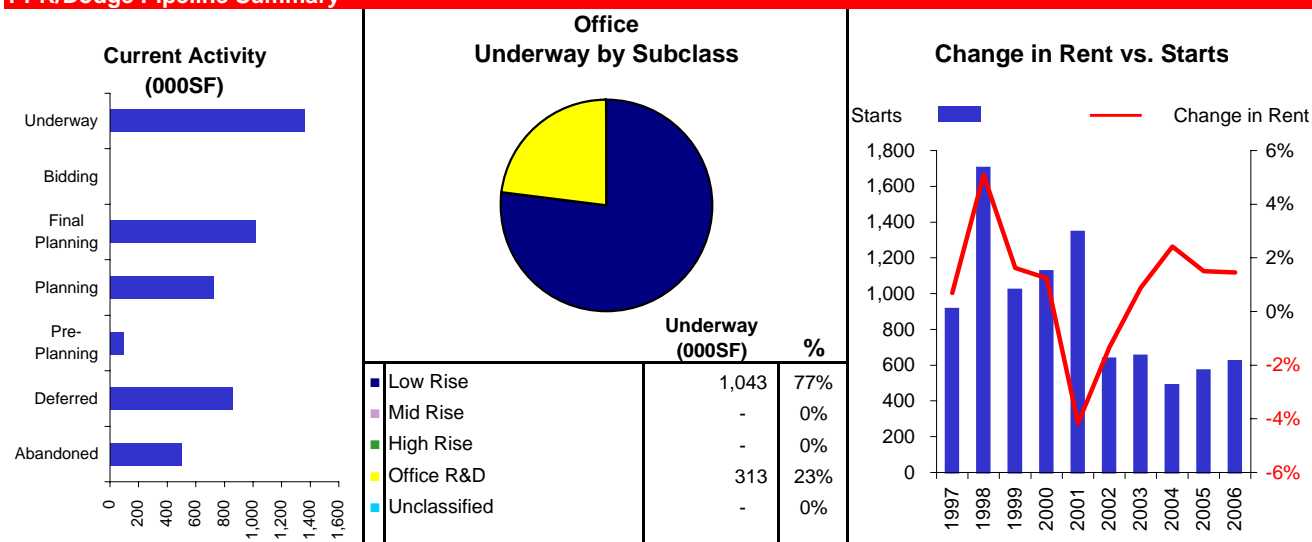
Demand & Supply (000SF)



Office Market Statistics (000SF)

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Vacancy	12.2%	12.8%	11.9%	12.3%	14.7%	15.5%	15.2%	14.6%	14.6%	14.6%
Net Absorption	1,062	391	1,253	615	-211	196	567	565	428	459
% Growth	2.7%	1.0%	3.1%	1.5%	-0.5%	0.5%	1.3%	1.3%	1.0%	1.0%
Starts	915	1,703	1,022	1,125	1,346	638	653	488	571	622
% Change	-14.7%	86.1%	-40.0%	10.0%	19.7%	-52.6%	2.5%	-25.3%	16.9%	9.0%
Net Completions	797	765	943	919	1,095	721	490	332	467	526
Inventory	46,108	46,873	47,816	48,735	49,830	50,551	51,041	51,373	51,841	52,367
% Growth	1.8%	1.7%	2.0%	1.9%	2.2%	1.4%	1.0%	0.7%	0.9%	1.0%
Rent Index	101	106	108	109	104	103	104	106	108	110
% Change	0.7%	5.1%	1.6%	1.2%	-4.2%	-1.3%	0.9%	2.4%	1.5%	1.5%

PPR/Dodge Pipeline Summary



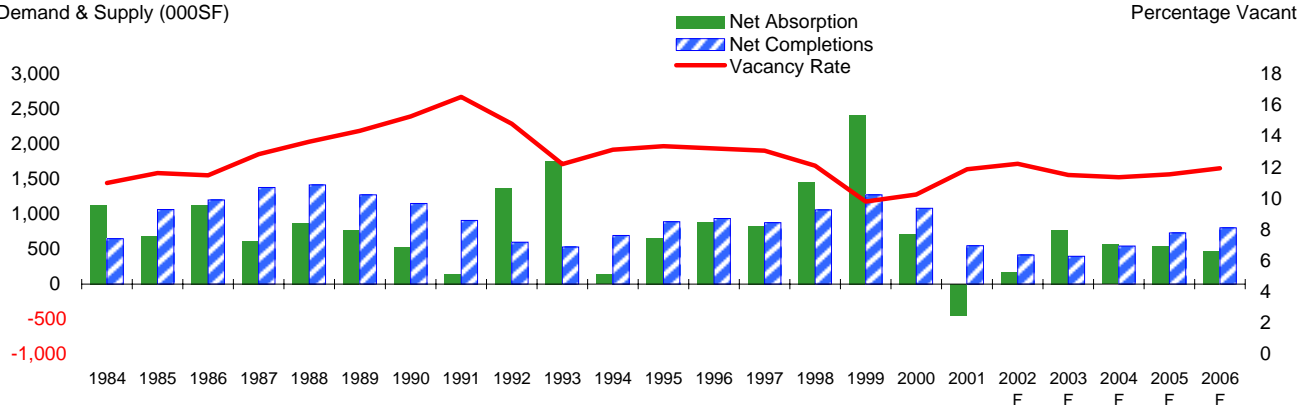
Sources: PPR; McGraw-Hill Construction - Dodge; National Real Estate Index

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Retail

Supply, Demand, and Vacancy

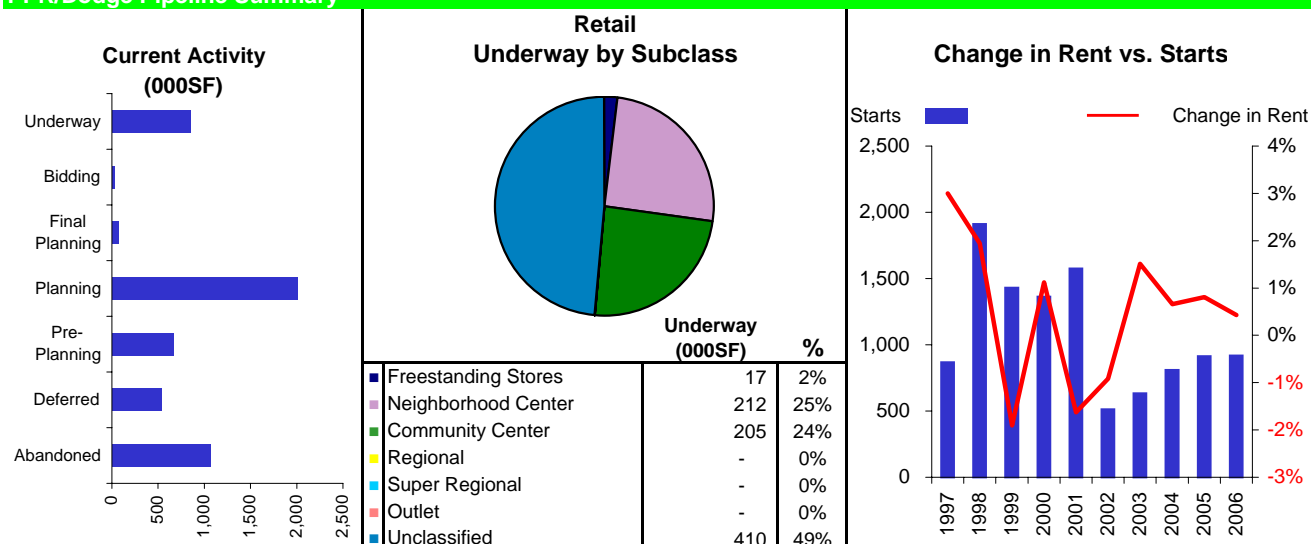
Demand & Supply (000SF)



Retail Market Statistics (000SF)

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Vacancy	13.1%	12.1%	9.8%	10.3%	11.9%	12.2%	11.5%	11.4%	11.6%	11.9%
Net Absorption	839	1,455	2,414	723	-450	169	770	568	539	478
% Growth	1.8%	3.1%	5.0%	1.4%	-0.9%	0.3%	1.5%	1.1%	1.0%	0.9%
Starts	868	1,912	1,429	1,363	1,575	512	633	809	913	917
% Change	-12.1%	120.4%	-25.3%	-4.6%	15.6%	-67.5%	23.6%	27.8%	12.9%	0.4%
Net Completions	877	1,061	1,276	1,085	551	418	401	544	733	804
Inventory	53,823	54,883	56,160	57,245	57,796	58,214	58,615	59,159	59,892	60,696
% Growth	1.7%	2.0%	2.3%	1.9%	1.0%	0.7%	0.7%	0.9%	1.2%	1.3%
Rent Index	103	105	103	104	102	102	103	104	105	105
% Change	3.0%	1.9%	-1.9%	1.1%	-1.6%	-0.9%	1.5%	0.7%	0.8%	0.4%

PPR/Dodge Pipeline Summary



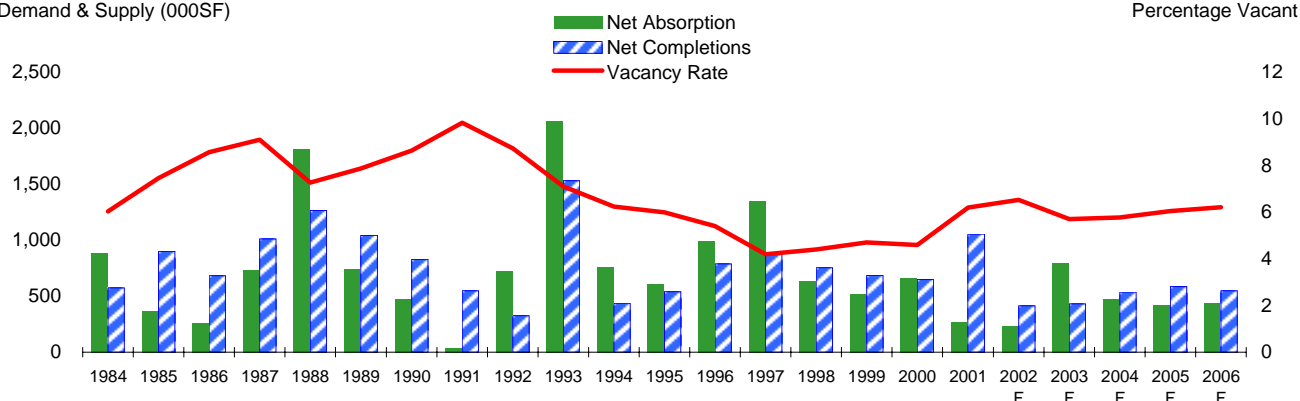
Sources: PPR; McGraw-Hill Construction - Dodge; National Real Estate Index

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Warehouse

Supply, Demand, and Vacancy

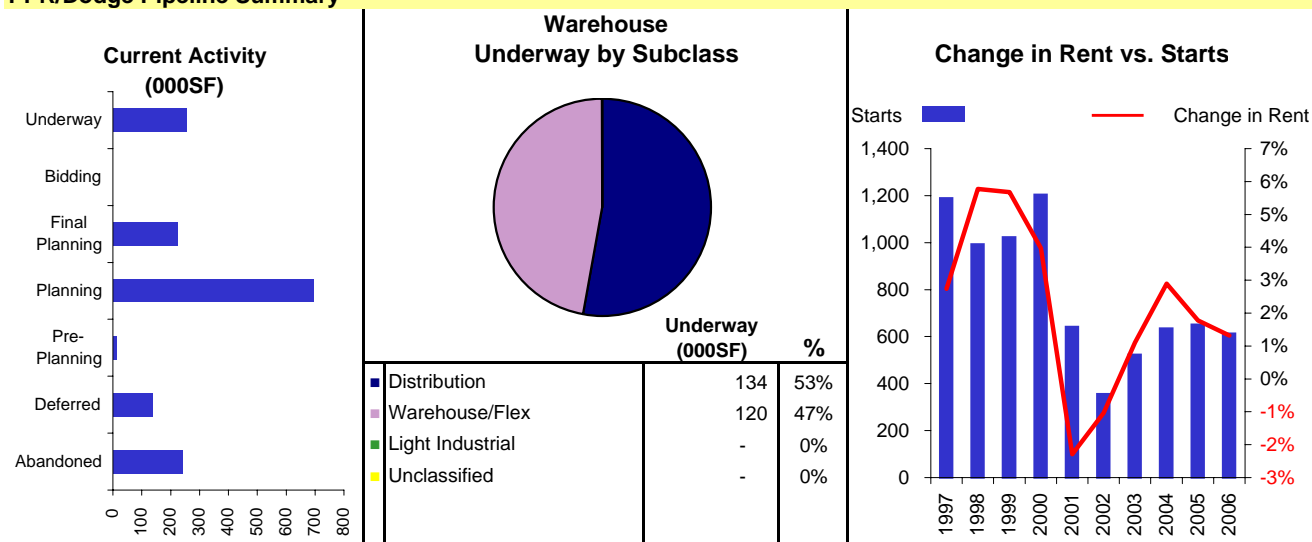
Demand & Supply (000SF)



Warehouse Market Statistics (000SF)

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Vacancy	4.2%	4.4%	4.7%	4.6%	6.2%	6.5%	5.7%	5.8%	6.0%	6.2%
Net Absorption	1,348	636	522	665	265	234	795	474	417	436
% Growth	3.4%	1.5%	1.2%	1.6%	0.6%	0.5%	1.8%	1.1%	0.9%	1.0%
Starts	1,189	993	1,023	1,204	641	356	523	634	651	613
% Change	17.2%	-16.5%	3.1%	17.6%	-46.7%	-44.5%	47.0%	21.4%	2.6%	-5.8%
Net Completions	877	756	686	650	1,054	413	431	537	584	550
Inventory	43,131	43,887	44,572	45,222	46,276	46,690	47,121	47,658	48,243	48,793
% Growth	2.1%	1.8%	1.6%	1.5%	2.3%	0.9%	0.9%	1.1%	1.2%	1.1%
Rent Index	103	109	115	119	117	115	117	120	122	124
% Change	2.7%	5.8%	5.7%	4.0%	-2.3%	-1.0%	1.1%	2.9%	1.8%	1.3%

PPR/Dodge Pipeline Summary

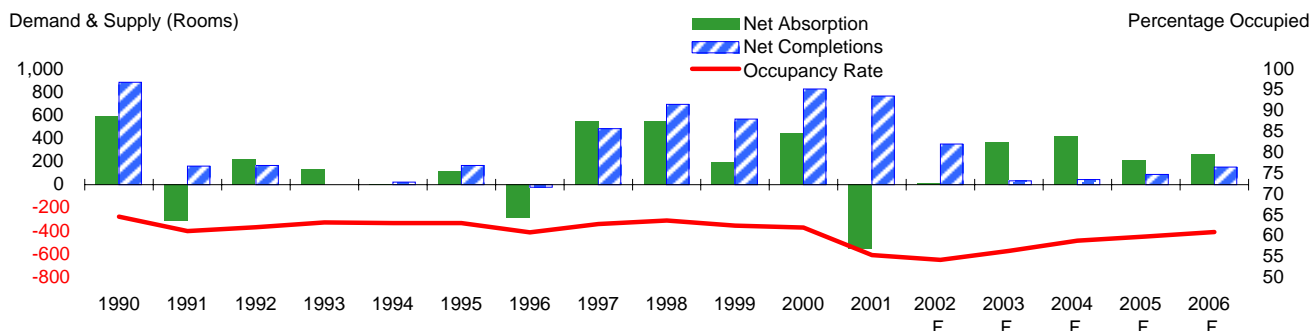


Sources: PPR; McGraw-Hill Construction - Dodge; National Real Estate Index

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Hotel

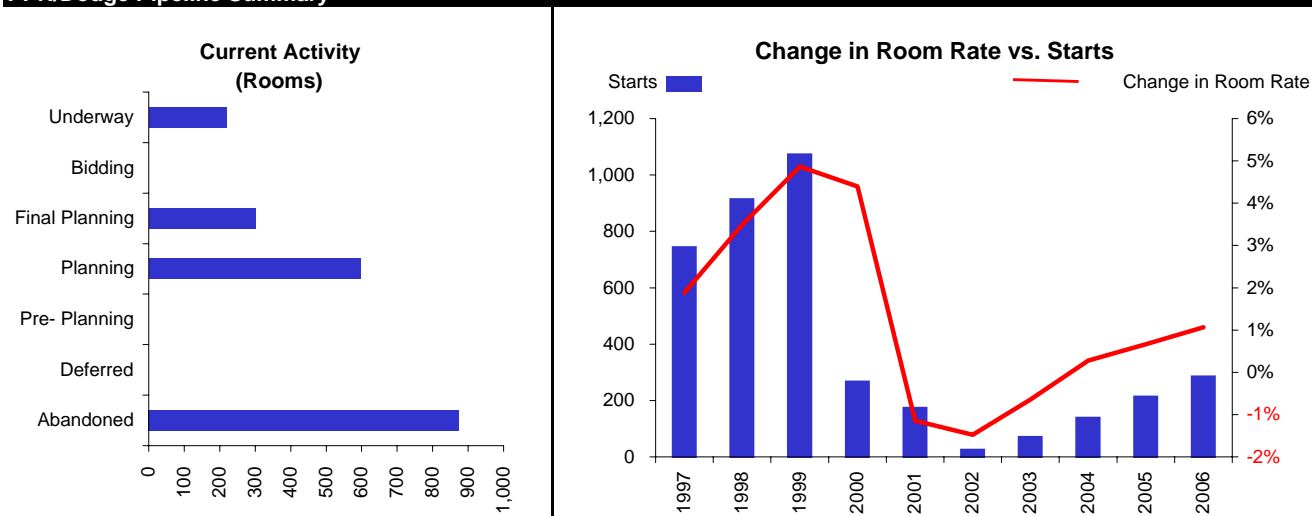
Supply, Demand, and Occupancy



Hotel Market Statistics (Rooms)

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Occupancy	62.8%	63.6%	62.4%	61.9%	55.3%	54.1%	56.3%	58.8%	59.8%	60.8%
Net Absorption	546	542	191	445	-553	8	367	416	213	261
% Growth	7.3%	6.8%	2.2%	5.1%	-6.0%	0.1%	4.3%	4.6%	2.3%	2.7%
Starts	744	914	1,073	267	174	25	70	138	214	285
% Change	39.6%	22.8%	17.4%	-75.1%	-34.8%	-85.6%	180.0%	97.1%	55.1%	33.2%
Net Completions	482	694	565	826	764	351	32	42	88	150
Inventory	12,739	13,433	13,998	14,824	15,588	15,939	15,972	16,014	16,102	16,253
% Growth	3.9%	5.4%	4.2%	5.9%	5.2%	2.3%	0.2%	0.3%	0.6%	0.9%
Room Rate Index	102	105	111	115	114	112	112	112	113	114
% Change	1.9%	3.5%	4.9%	4.4%	-1.1%	-1.5%	-0.6%	0.3%	0.7%	1.1%
RevPar Index	108	108	112	116	97	97	103	107	110	113
% Change	7.6%	0.1%	4.4%	3.0%	-16.4%	-0.1%	7.1%	3.0%	2.9%	2.8%

PPR/Dodge Pipeline Summary

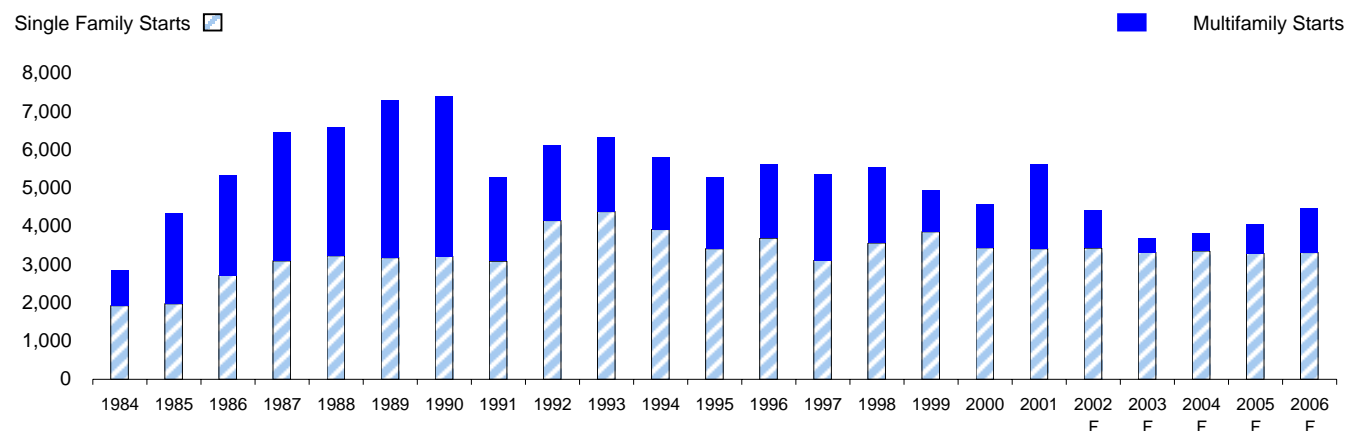


Sources: PPR; McGraw-Hill Construction - Dodge; Smith Travel Research

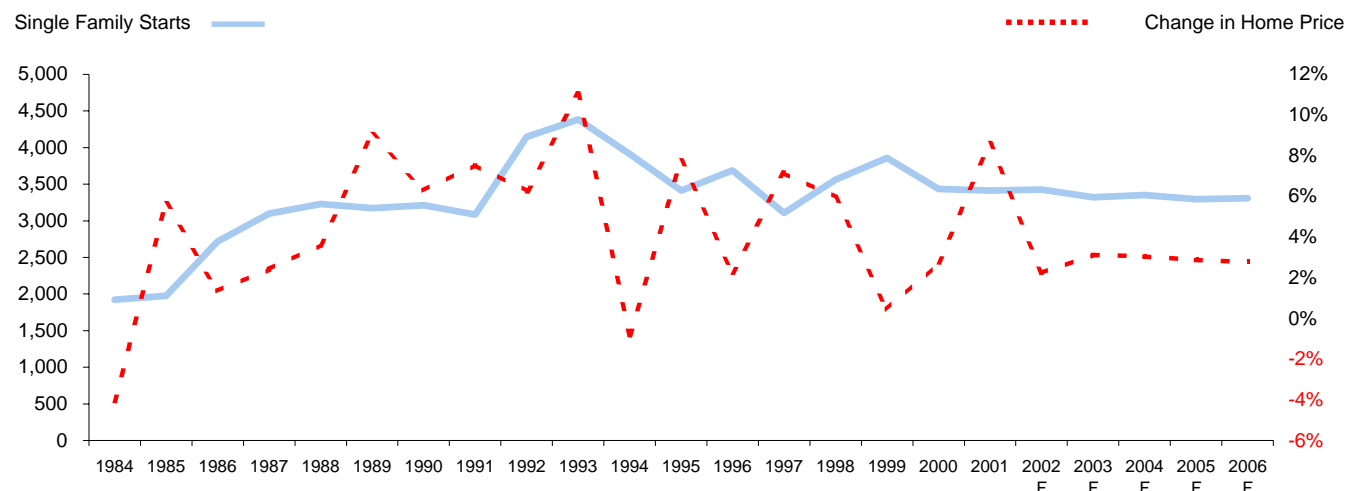
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Single Family

Housing Starts



Single Family Market



Sources: PPR; Economy.com

Single Family Market Statistics

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Starts	3,110	3,563	3,857	3,434	3,412	3,426	3,321	3,353	3,294	3,310
% Change	-15.7%	14.6%	8.2%	-11.0%	-0.6%	0.4%	-3.1%	1.0%	-1.7%	0.5%
Completions	3,233	3,369	3,858	3,552	3,426	3,437	3,323	3,351	3,312	3,300

Apartment Market Statistics

Multifamily Starts	2,253	1,975	1,095	1,127	2,214	982	366	461	764	1,156
% Change	16.7%	-12.3%	-44.6%	2.9%	96.5%	-55.6%	-62.7%	26.0%	65.7%	51.3%
Apartment Completions	1,370	1,096	991	1,049	547	748	382	301	492	781

Sources: PPR; McGraw-Hill Construction - Dodge

MILWAUKEE

Apartment Projects

Projects

Title	Address	Units	Stage	Target Start	Target Completion
proj by Thomson Corp & Kimball Hill Homes	3600 S. Lake Dr., St. Francis Milwaukee County	330	Planned		
Jefferson Block	Third Ward Milwaukee	200	Underway		12/02
Norhardt Crossing	Brookfield Waukesha County	140	Completed		12/01
Third Ward Apartments	west of Jefferson Block, Downtown Milwaukee	138	Planned	7/02	1/04
Teweles Project	222 S. 3rd St., Walker's Pt. Milwaukee	127	Proposed	10/02	10/04
Mixed-use project		104	Planned		
Trostel Square	1776-1818 N. Commerce St., just N of Schlitz Park biz park, Milwaukee Milwaukee County	99	Underway	12/00	6/02
Sun Prairie Manor	Sunset Drive and Prairie Ave, Waukesha Waukesha County	78	Proposed	8/02	5/03
Kunzelmann-Esser Furniture Co bldg conv	710 W. Mitchell St., Milwaukee Milwaukee County	67	Planned	1/02	11/02
Highlands South Apartments	Big Bend Road south of Sunset Drive, Waukesha Waukesha County	62	Planned	9/02	9/03

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Office Projects

Projects

Title	Address	SF (000)	Stage	Target Start	Target Completion
Woodland Prime Office Park	Menomonee Falls Waukesha County	280	Planned		
Cathedral Place Tenants: Whyte Hirschboeck Dudek	southwest corner of E. Wells and N. Jackson streets, Downtown Milwaukee	220	Planned	4/02	6/03
875 East Wisconsin Ave Tenants: Artisan Partners	875 E. Wisconsin Ave, Downtown Milwaukee	207	Planned	4/02	
Northwestern Mutual Life Insurance Co. HQ Tenants: Northwestern Mutual Life Ins. Co.	W Drexel Ave & South 27th St., Franklin Milwaukee County	200	Planned		12/03
Harley-Davidson Motor Co., Product Dvlpmnt Center - expansion Tenants: Harley-Davidson	1180 W. Capitol Dr., Wauwatosa Milwaukee County	140	Underway	12/01	10/02
River Ridge Office Plaza	north side of I-94 btw Hwy 164 & Hwy J, Pewaukee Waukesha County	136	Planned		
Riverwood Corp Center bldg - ProHealth Care Inc. Tenants: ProHealth Care Inc.	N of I-94, W of Hwy J, Pewaukee Waukesha County	112	Underway		7/02
Riverwood Corp Center bldg # 3 - Safeway Steel Products Inc Tenants: Safeway Steel Products Inc (60ksf)	N of I-94, W of Hwy J, Pewaukee Waukesha County	85	Planned	6/02	3/03
Oakwood Center at Milw County Research Park Tenants: Children's Hospital of WI	10337 W. Innovation Dr. & 10701 W Research Dr., Wauwatosa Milwaukee County	68	Completed	9/00	6/01
Stone Ridge IV	N of I-94, E of Hwy J; Stone Ridge Biz Park, Pewaukee Waukesha County	57	Deferred	1/02	12/02

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Retail Projects

Projects

Title	Address	SF (000)	Stage	Target Start	Target Completion
Brookfield Square Mall (addition) Tenants: CBL & Associates Properties	Brookfield Waukesha County		Planned		
lifestyle center by Bayer Properties	I-43 and Hwy 60, Grafton Ozaukee County	600	Deferred		12/03
Home Depot Tenants: Home Depot	Maple Rd., btw Appleton Ave and County Line Rd., Germantown Washington County	121	Planned	9/01	9/02
Mayfair Mall - expansion Tenants: Pottery Barn Kids, Talbots Kids, Build-a-Bear Workshop, Dry Ice, Zutopia, Avercrombie Kids, Limited Too	Mayfair Rd., Wauwatosa Milwaukee County	90	Completed		8/01
Kohl's Department Store	St. Paul Ave, Waukesha Waukesha County	86	Underway		10/02
Kohl's Department Store	S. Moorland Rd., Muskego Waukesha County	75	Underway		10/02
Kohl's Department Store	W. Janesville Rd., Muskego Waukesha County	75	Underway		10/02
Bayshore Mall redevelopment Phase I	North Port Washington Road and West Silver Spring Drive., Glendale Milwaukee County	60	Planned	7/02	7/03
Mixed-use project		48	Planned		
Capitol Court - reconstruction (renamed: Midtown Center) - Walmart Tenants: Walmart (148ksf)	5500 W. Capitol Dr. Milwaukee		Underway	9/01	12/02

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Warehouse Projects

Projects

Title	Address	SF (000)	Stage	Target Start	Target Completion
Opus proj in Glendale Technology Cntr	Glendale Technology Center, Glendale Milwaukee County	165	Completed	11/00	12/01
CenterPoint Properties WH/Ind Bldg	4500 N. Harley-Davidson Ave., Wauwatosa Milwaukee County	164	Completed	4/00	12/01
FedEx Ground Tenants: FedEx	5300 W International Dr, Cudahy Milwaukee County	114	Completed	7/00	3/01
Park Place Tech Center; bldgs 2 & 3	115th & Bradley Rd., NW Milwaukee	106	Completed	12/00	3/02
Park Place Tech Center; bldgs 1 Tenants: M&I Data Services Inc.	115th & Bradley Rd., NW Milwaukee	67	Completed	12/00	10/01
Westbrook Corp. Center; bldgs 3	Main St. & Hwy 145, Menomonee Falls Waukesha County	50	planned	12/01	
Light Industrial Park	22 acres in West Milwaukee, Milwaukee Milwaukee	222	Planned		
Warehouse	W160N11736 Crusader Ct, Germantown Washington	100	Underway	4/02	10/02
Speculative Light Manufacturing/Warehouse Bldg	West Forest Hill Ave, Oak Creek Milwaukee	50	Planned		
Hunzinger Construction Office Bldg & Warehouse (Addition)	21100 Enterprise Ave, Brookfield Waukesha	34	Underway	12/01	5/02

MILWAUKEE

Hotel Projects

Projects

Title	Address	Rooms	Stage	Target Start	Target Completion
Deer Creek Hotel and Conference Center	1401-1501 S Moorland Rd, New Berlin Waukesha	400	Planned		
Hunzinger Construction Co. proj	W Wisconsin Ave & North 4th St; just S of Midwest Express Center, CBD Milwaukee	300	Proposed	5/02	7/03
Hilton Hotel and Convention Center	Nagawaukee Center/NW corner, Delafield Waukesha	252	Cancelled		
Hawthorne Suites Hotel/Pool & Retail Shops	SW Corner of N Broadway & Milwaukee Milwaukee	132	Cancelled		
The Landing Corporate Extended Stay/Apt Bldg 116 Units	100 E Main St, Waukesha Waukesha	116	Completed	1/01	3/02
Holiday Inn Express & Indoor Pool	15451 Beloit Ave, New Berlin Waukesha	102	Completed	3/01	3/02
Wingate Inn Hotel	I-94 & W Ryan Rd, Oak Creek Milwaukee	100	Planned		
Country Inn and Suites (90-95 Rooms)	1141 N Old World 3rd St, Milwaukee Milwaukee	95	Planned		
Country Inn and Suites (85 Rooms)	350 East Seven Hill Rd, Port Washington Ozaukee	85	Completed	11/00	7/01
DoubleTree Hotel & Conference Center	Highland Dr & W Good Hope Rd, Menomonee Falls Waukesha		Planned		