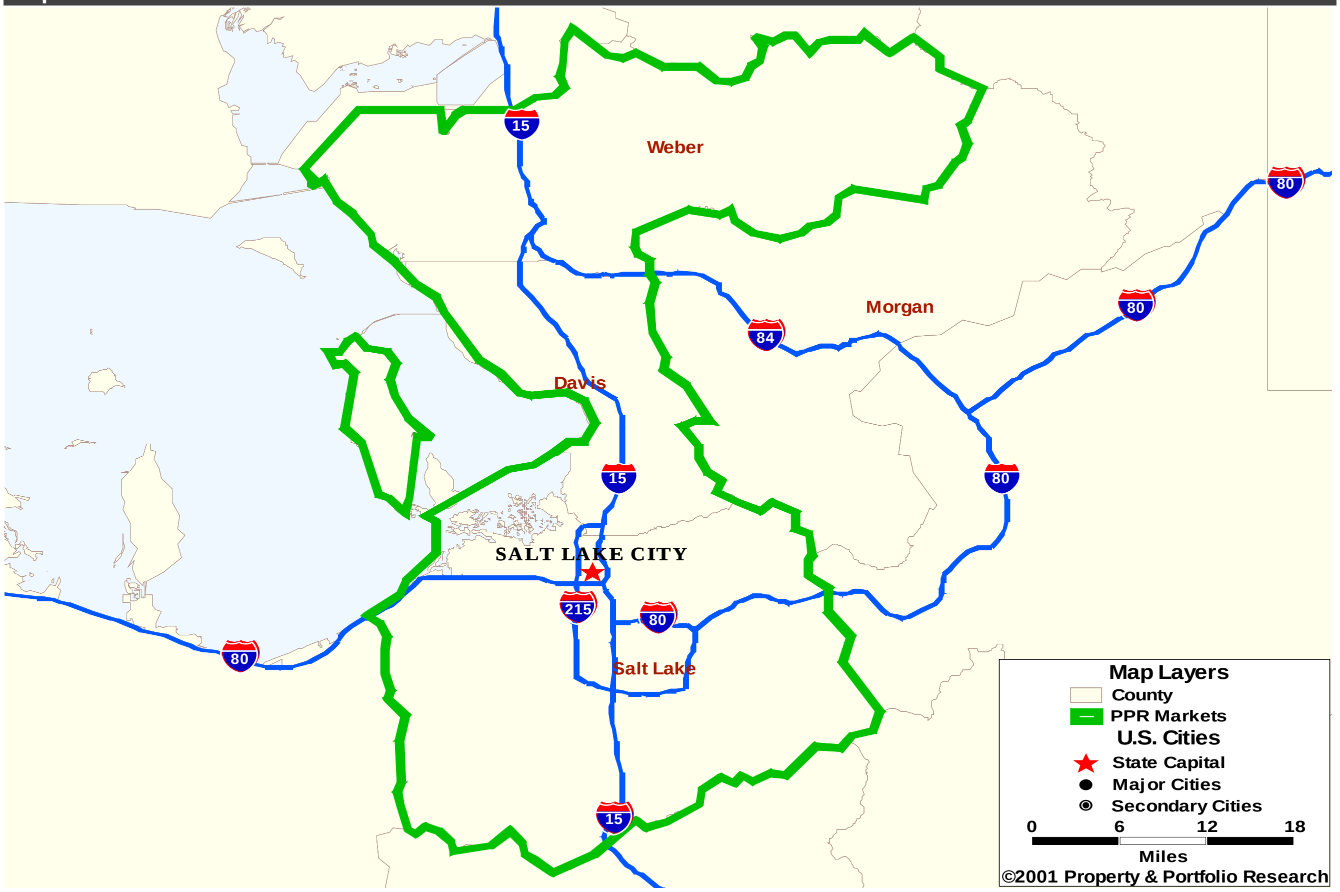
SALT LAKE CITY

Overview

Map



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

	Current Vacancy*			Net New Supply (000SF)**			Net Absorption (000SF)**		
Apartment	⇧ 6.7%			⇩ 1,378			⇩ 728		
		2.4% 94:2	12.0% 88:2		-201 92:3	3,758 85:4		3 88:4	2,896 85:1
Office	⇧ 15.0%			⇩ 1,511			⇩ -574		
		6.4% 97:3	22.6% 89:4		358 93:3	2,756 99:4		-574 02:1	2,495 97:3
Retail	⇧ 10.9%			⇩ 1,111			⇩ -113		
		8.2% 00:3	24.3% 82:3		490 83:3	2,334 82:1		-113 02:1	2,779 99:4
Warehouse	⇧ 8.8%			⇩ 1,650			⇩ -24		
		3.7% 97:2	9.5% 88:3		271 83:2	2,638 99:3		-236 87:2	2,413 97:4
Hotel	⇔ 62.4%			⇩ 602			⇩ 563		
		77.8% 96:3	60.0% 01:4		-51 90:2	3,585 00:1		-255 98:4	1,564 00:2

*Occupancy for Hotels

**Apartment and Hotel data are in units.

SALT LAKE CITY

Analysis/Economy

Notable Economic and Real Estate Market Events

- **ECON – Employment growth has faltered in Salt Lake City, with total payrolls down 1.4% year-over-year as of March.** Heavy losses in the construction, manufacturing, TCPU, and retail trade sectors account for the bulk of the job losses. **Hill Air Force Base is cutting over 400 jobs**, while Qwest Communications is planning to trim another 2,000 jobs, although the local impact is not yet known. **Layoffs have been prevalent at several high tech companies over the past year,** such as Gateway, Iomega, Novell, Unisys, and Learnframe. Although employment growth was temporarily boosted as a result of the 2002 Winter Olympic Games, Manpower reports that 20% of firms are planning to cut payrolls in coming months. **However, strong demographics, a well-diversified economy, and low costs bode well for the metro's future.**
- **APT – Slower job growth and weaker demand, amidst healthy construction, caused vacancies to rise steadily over the past year.** Demand received a temporary boost, as swarms of short-term workers and visitors moved into the city for the 2002 Winter Olympics, but the increase was short-lived, and vacancies are expected to tick up in the near term. **Construction remains active in downtown Salt Lake City and in the western suburbs, where some of the larger projects are underway.** Miller Development recently completed the 288-unit Westgate/Jordan Landing in West Jordan, while the 204-unit Legacy Springs by Triton Development in Riverton is nearing completion. However, heavy construction and a slowing economy pushed vacancies in this submarket to 7.0% at the end of last year according to Equimark.
- **OFF – Vacancies rose sharply in 2001, as net absorption fell negative and construction remained strong.** Sublease space increased last year, as large portions of the 3Com building and the Wells Fargo Center were put back on the market. In addition, companies such as Starwood Reservations, Intel, TenFold, and Campus Pipeline returned space to the market. **Hamilton Partners has deferred its 20-story, 500,000 SF building** as a result of deteriorating conditions in the downtown market and the inability of the Wells Fargo Center to attract tenants. Gateway III, totaling 120,000 SF, is the only remaining office space still under construction at the Gateway Project, while Gateway I and II have struggled to attract tenants. Vacancies downtown reached 17.6% in the first quarter according to CB Richard Ellis, compared to 11.0% a year prior.
- **RET – Economic vacancies have been rising steadily since bottoming out in 2000, and are expected to continue rising in the near term.** Big-box retailers such as Costco, Shopko, Wal-Mart, Target, Sam's Club, Lowe's, and Home Depot have all been actively expanding throughout the metro. **Nordstrom is threatening to leave the state if it is not allowed to vacate its store at Crossroads Plaza for the recently completed 2.5 million SF Gateway Project nearby.** The Ogden City Mall, which had lost all of its anchor tenants, has been sold to the city of Ogden, which is currently tearing down the mall with plans to redevelop the property into a mixed-use project. The Rouse Co. has deferred plans to renovate and expand the 935,000 SF Fashion Place in Murray due to economic uncertainty.
- **WHS – Salt Lake City's warehouse market has softened, as a result of overzealous building in response to strong population growth.** As a result, vacancies have been on the rise since mid-1997, increasing more sharply in 2001 as a result of weaker net absorption. The market's emerging reputation as a secondary warehouse market should fuel demand longer-term. **The bulk of recent construction took place in Davis County.** However, double-digit vacancies in this submarket have caused a decline in construction activity. Opus West Development completed the 272,000 SF Opus Business Center last year, but the building has yet to land a tenant.
- **HOT – Occupancy rates fell below 60.0% last year and are expected to continue falling in 2002.** The 2002 Winter Olympics were expected to provide a near-term boost to demand and occupancies, but while **hotels located in close proximity to the events reached full occupancies, others located on the outskirts of the games did not see an increase in traffic.** A number of projects have been abandoned or deferred and construction is expected to be muted going forward, with only 30 rooms currently underway.

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	1,390	288,644	1.6%	1.0%	2.0%	1.2%	1.6%	0.9%
Households	449	107,714	1.9%	1.3%	2.0%	1.3%	1.7%	1.0%
Median Household Income	$48,703	$44,333	3.9%	4.4%	4.9%	3.7%	2.8%	3.1%
Apartment-Renting Households	125	35,788	1.3%	1.7%	0.5%	0.5%	1.7%	1.0%
Real Retail Sales Per Capita	$4,535	$4,518	2.0%	1.4%	1.1%	1.7%	1.4%	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	209	0.9	5.8%	4.3%	4.9%	3.7%	3.5%	2.5%
Business Services	53	1.0	10.0%	6.6%	7.3%	6.2%	4.1%	3.0%
Other Services	156	0.9	5.0%	3.8%	4.2%	3.0%	3.4%	2.4%
Retail Trade	124	1.0	3.6%	2.5%	2.9%	2.0%	1.9%	1.6%
Government	124	1.1	2.0%	1.6%	2.0%	1.3%	1.4%	0.7%
Manufacturing	80	0.9	1.3%	-0.6%	1.3%	-0.6%	3.1%	0.1%
F.I.R.E.	49	1.2	3.6%	2.2%	5.1%	1.5%	1.2%	0.9%
Wholesale Trade	41	1.1	0.7%	1.3%	2.2%	1.4%	4.5%	1.2%
Trans., Comm., Util.	46	1.2	2.1%	1.1%	3.5%	2.0%	1.3%	1.1%
Construction	46	1.2	2.2%	1.4%	7.3%	4.2%	2.9%	0.3%
Mining	2	0.8	-8.4%	-6.0%	-2.0%	-1.6%	-1.1%	-1.1%
Total Employment	722	1.0	2.9%	1.9%	3.4%	2.0%	2.5%	1.4%
Office-Using Employment	179	1.1	4.0%	3.0%	4.8%	2.9%	2.4%	1.9%
Trucking/Warehouse Employment	61	1.3	1.3%	1.5%	3.3%	1.7%	4.0%	1.2%

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

Current Economic Indicators

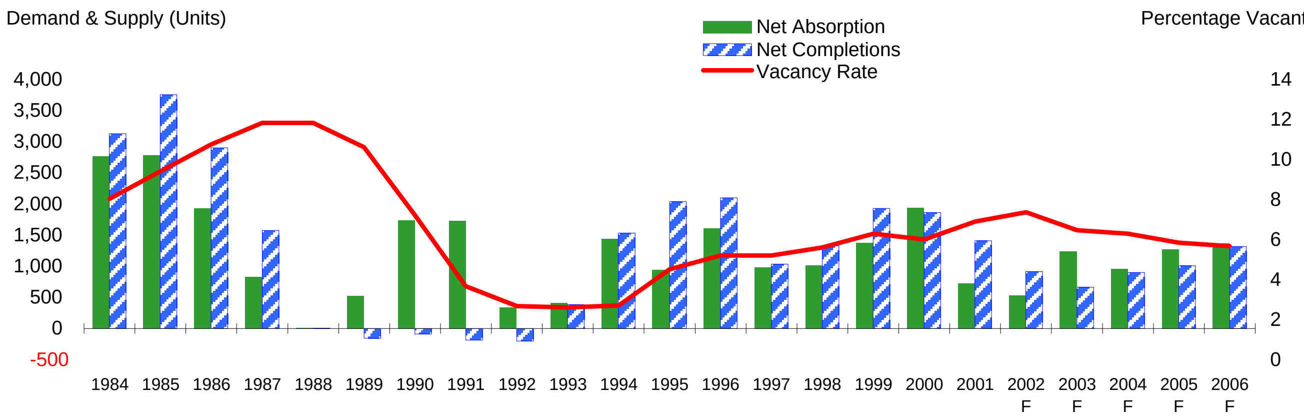
Employment Growth 3/02	Labor Force Growth 3/02	Unemployment Rate 3/02	Employment Volatility Ratio	Net Migration (000) 2001	Cost Indices (U.S. = 100) Business	Cost Indices (U.S. = 100) Living
-1.4%	4.0%	5.8%	0.8	3.3	98	97

Sources: PPR; Economy.com

SALT LAKE CITY

Apartment

Supply, Demand, and Vacancy

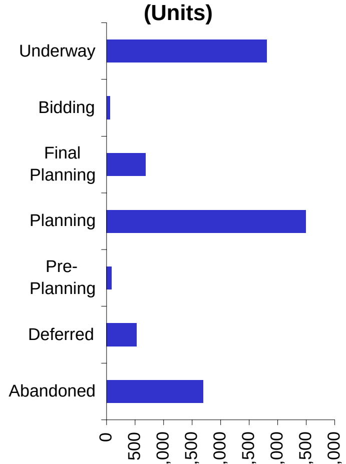


Apartment Market Statistics (Units)

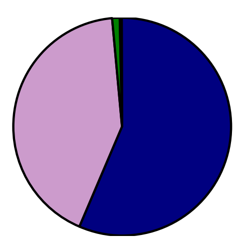
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Apt. Vacancy	5.2%	5.6%	6.3%	6.0%	6.9%	7.4%	6.5%	6.3%	5.8%	5.7%
Apt. Net Absorption	981	1,014	1,376	1,941	724	532	1,238	957	1,270	1,365
% Growth	1.7%	1.8%	2.4%	3.3%	1.2%	0.9%	2.0%	1.5%	2.0%	2.1%
Multifamily Starts	988	2,352	2,523	1,769	1,924	810	892	1,137	1,322	1,709
% Change	-34.4%	138.1%	7.3%	-29.9%	8.8%	-57.9%	10.1%	27.5%	16.3%	29.3%
Net Apt. Completions	1,035	1,330	1,929	1,862	1,410	918	666	901	1,010	1,315
Apt. Inventory	60,295	61,624	63,553	65,416	66,826	67,743	68,409	69,310	70,320	71,636
% Growth	1.7%	2.2%	3.1%	2.9%	2.2%	1.4%	1.0%	1.3%	1.5%	1.9%
Apt. Rent Index	102	107	111	110	114	113	113	114	117	120
% Change	2.1%	4.9%	3.6%	-0.5%	3.6%	-1.2%	0.1%	1.1%	2.0%	2.9%

PPR/Dodge Pipeline Summary

Current Activity (Units)

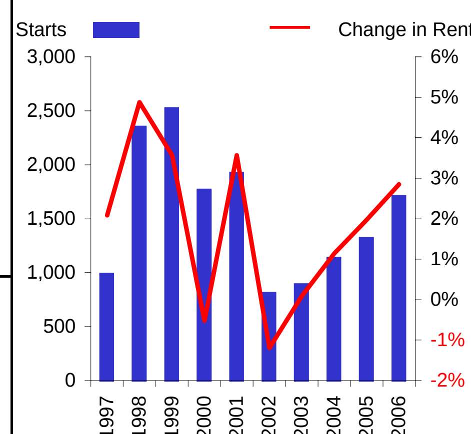


Multifamily Underway by Subclass



	Underway (Units)	%
Apartments	1,576	56%
Townhouse/Condo	1,184	42%
Low Income	33	1%
Unclassified	8	0%

Change in Rent vs. Starts

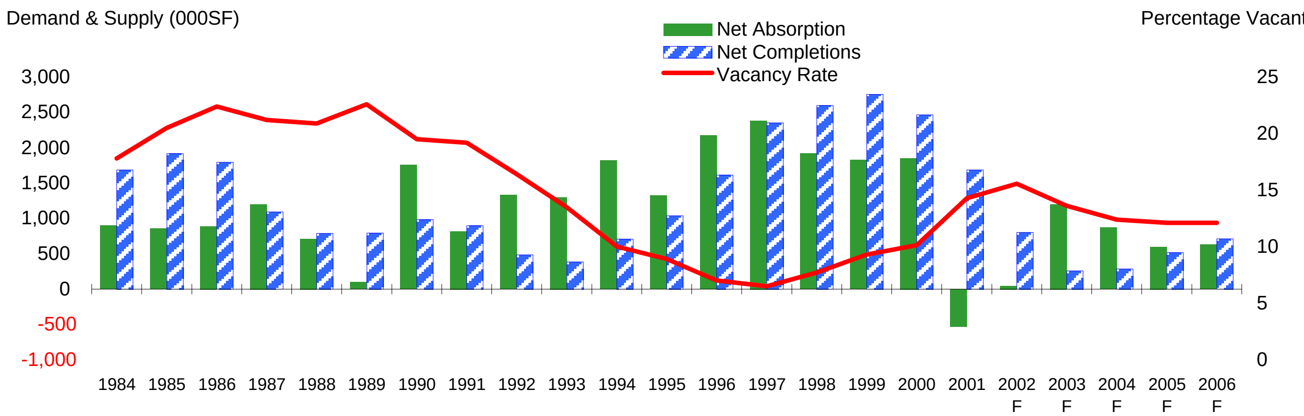


Sources: PPR; McGraw-Hill Construction - Dodge; National Real Estate Index

SALT LAKE CITY

Office

Supply, Demand, and Vacancy

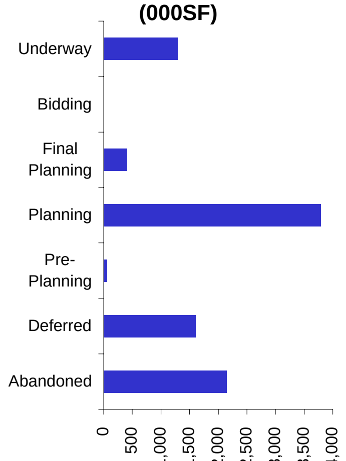


Office Market Statistics (000SF)

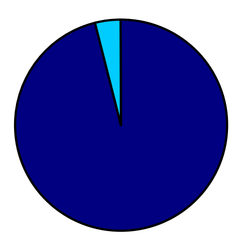
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Vacancy	6.5%	7.7%	9.3%	10.1%	14.3%	15.6%	13.6%	12.4%	12.1%	12.1%
Net Absorption	2,384	1,922	1,826	1,852	-534	44	1,198	867	595	627
% Growth	6.9%	5.2%	4.7%	4.5%	-1.3%	0.1%	2.8%	2.0%	1.3%	1.4%
Starts	2,297	3,546	3,086	2,847	1,486	516	347	569	775	877
% Change	-23.4%	54.4%	-13.0%	-7.8%	-47.8%	-65.3%	-32.7%	64.0%	36.2%	13.2%
Net Completions	2,350	2,596	2,756	2,465	1,686	800	254	286	513	709
Inventory	39,546	42,143	44,899	47,364	49,050	49,850	50,104	50,390	50,903	51,611
% Growth	6.3%	6.6%	6.5%	5.5%	3.6%	1.6%	0.5%	0.6%	1.0%	1.4%
Rent Index	105	107	109	112	105	101	100	103	106	109
% Change	5.4%	1.5%	1.8%	3.0%	-6.1%	-4.4%	-0.9%	3.3%	2.7%	2.8%

PPR/Dodge Pipeline Summary

Current Activity (000SF)

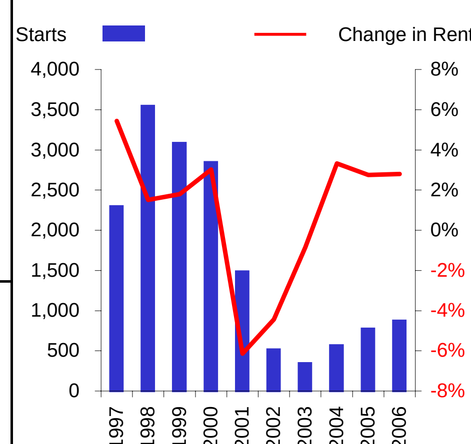


Office Underway by Subclass



	Underway (000SF)	%
Low Rise	1,237	96%
Mid Rise	-	0%
High Rise	-	0%
Office R&D	-	0%
Unclassified	50	4%

Change in Rent vs. Starts

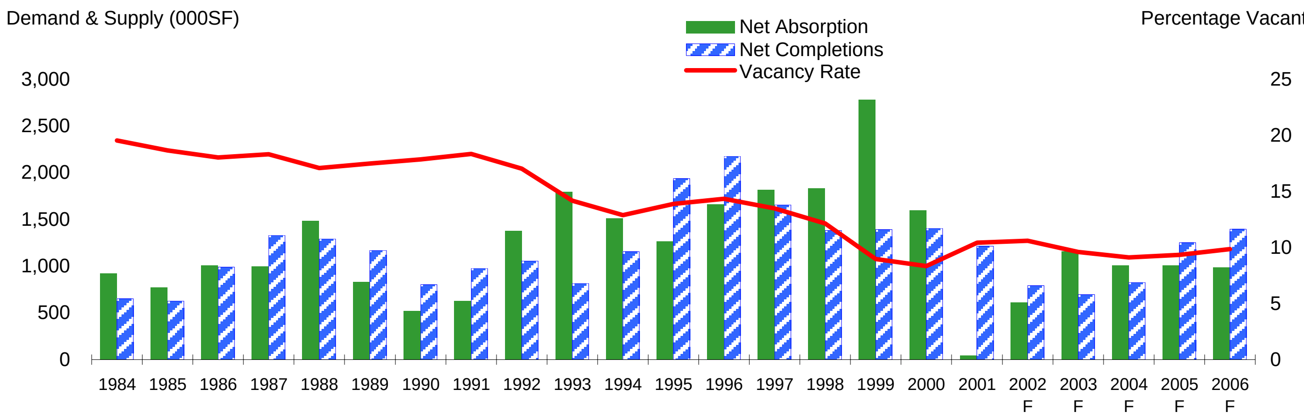


Sources: PPR; McGraw-Hill Construction - Dodge; National Real Estate Index

SALT LAKE CITY

Retail

Supply, Demand, and Vacancy

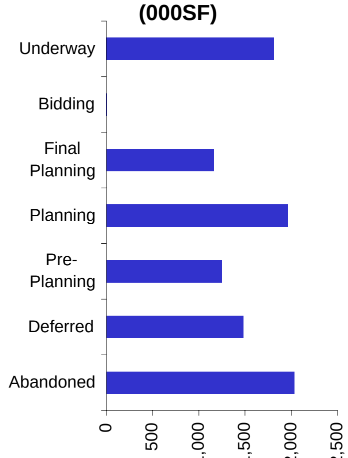


Retail Market Statistics (000SF)

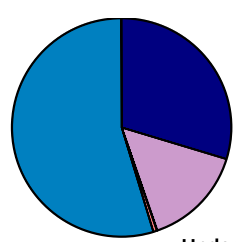
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Vacancy	13.5%	12.1%	9.0%	8.3%	10.4%	10.6%	9.6%	9.1%	9.4%	9.9%
Net Absorption	1,818	1,835	2,779	1,595	40	612	1,159	1,003	1,009	983
% Growth	4.8%	4.6%	6.6%	3.6%	0.1%	1.3%	2.5%	2.1%	2.1%	2.0%
Starts	1,461	1,760	1,470	1,640	1,516	1,536	1,000	1,419	1,561	1,423
% Change	-5.8%	20.5%	-16.5%	11.6%	-7.6%	1.3%	-34.9%	41.9%	10.0%	-8.9%
Net Completions	1,657	1,383	1,390	1,404	1,215	791	697	827	1,251	1,395
Inventory	46,224	47,607	48,998	50,402	51,617	52,408	53,105	53,932	55,184	56,579
% Growth	3.7%	3.0%	2.9%	2.9%	2.4%	1.5%	1.3%	1.6%	2.3%	2.5%
Rent Index	101	99	100	100	99	100	102	104	106	108
% Change	1.2%	-2.5%	1.4%	0.1%	-0.8%	0.9%	1.9%	1.9%	2.2%	1.5%

PPR/Dodge Pipeline Summary

Current Activity (000SF)

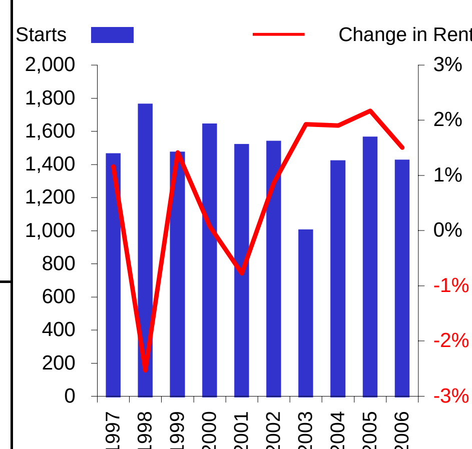


Retail Underway by Subclass



	Underway (000SF)	%
Freestanding Stores	537	30%
Neighborhood Center	273	15%
Community Center	-	0%
Regional	-	0%
Super Regional	-	0%
Outlet	11	1%
Unclassified	989	55%

Change in Rent vs. Starts

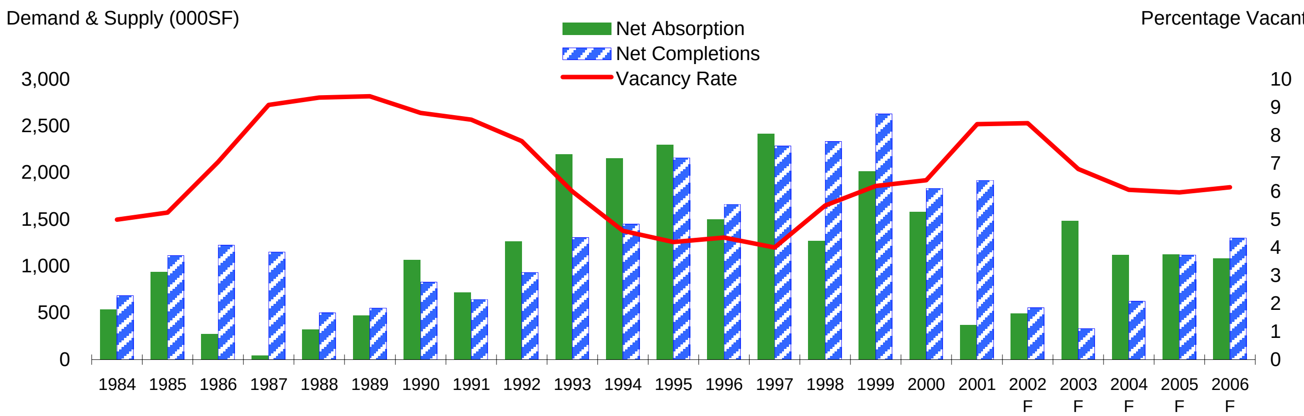


Sources: PPR; McGraw-Hill Construction - Dodge; National Real Estate Index

SALT LAKE CITY

Warehouse

Supply, Demand, and Vacancy

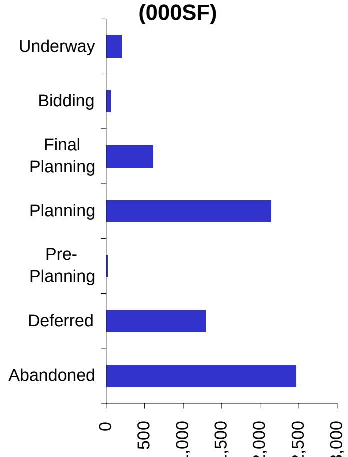


Warehouse Market Statistics (000SF)

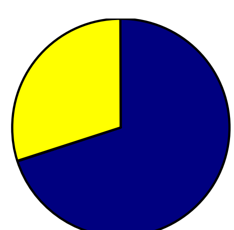
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Vacancy	4.0%	5.5%	6.2%	6.4%	8.4%	8.4%	6.8%	6.1%	6.0%	6.2%
Net Absorption	2,413	1,268	2,013	1,581	371	489	1,485	1,117	1,126	1,084
% Growth	4.2%	2.1%	3.3%	2.5%	0.6%	0.7%	2.3%	1.7%	1.6%	1.6%
Starts	2,718	2,293	2,511	2,796	1,540	358	356	737	1,224	1,350
% Change	63.6%	-15.7%	9.5%	11.3%	-44.9%	-76.7%	-0.7%	107.2%	66.2%	10.2%
Net Completions	2,287	2,335	2,631	1,833	1,920	557	333	626	1,121	1,302
Inventory	62,575	64,910	67,541	69,374	71,294	71,851	72,184	72,809	73,931	75,233
% Growth	3.8%	3.7%	4.1%	2.7%	2.8%	0.8%	0.5%	0.9%	1.5%	1.8%
Rent Index	104	101	100	104	95	91	90	93	95	98
% Change	3.6%	-2.7%	-1.2%	4.3%	-8.0%	-5.1%	-0.6%	2.7%	2.9%	2.8%

PPR/Dodge Pipeline Summary

Current Activity (000SF)

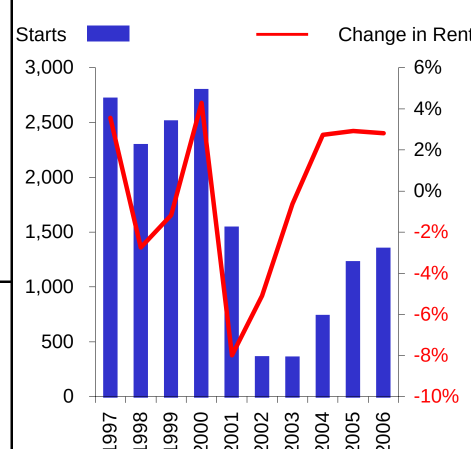


Warehouse Underway by Subclass



	Underway (000SF)	%
Distribution	141	70%
Warehouse/Flex	-	0%
Light Industrial	-	0%
Unclassified	60	30%

Change in Rent vs. Starts

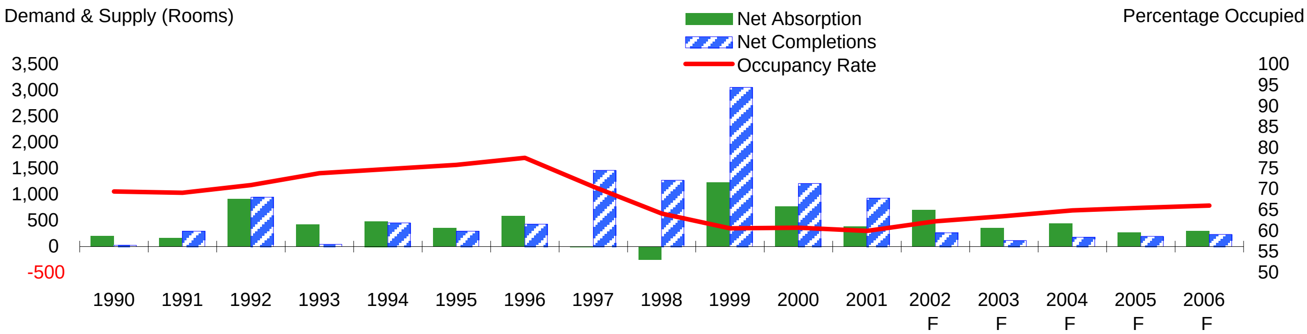


Sources: PPR; McGraw-Hill Construction - Dodge; National Real Estate Index

SALT LAKE CITY

Hotel

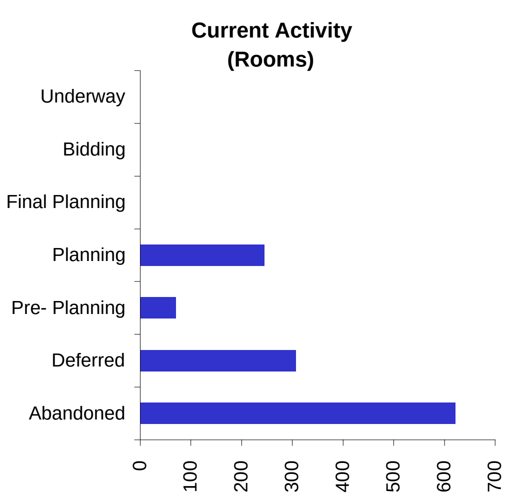
Supply, Demand, and Occupancy

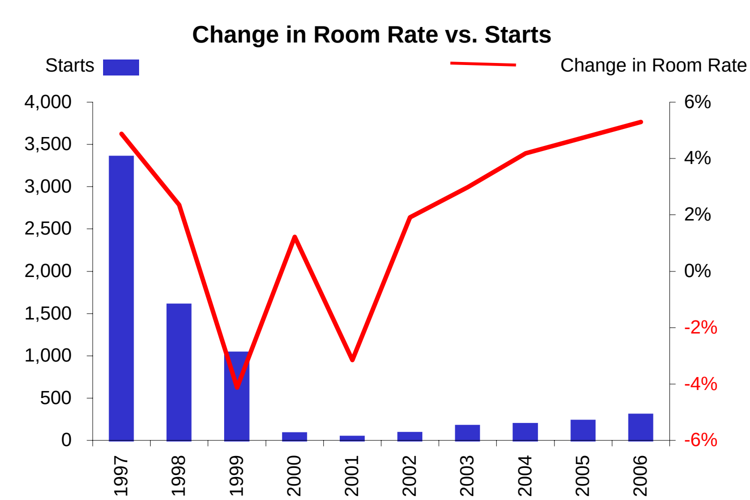


Hotel Market Statistics (Rooms)

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Occupancy	70.6%	64.2%	60.7%	60.8%	60.0%	62.3%	63.5%	64.9%	65.5%	66.1%
Net Absorption	-8	-255	1,232	771	379	703	354	440	273	296
% Growth	-0.1%	-2.2%	10.8%	6.1%	2.8%	5.1%	2.4%	3.0%	1.8%	1.9%
Starts	3,351	1,606	1,038	85	40	88	169	194	231	304
% Change	127.2%	-52.1%	-35.4%	-91.8%	-52.9%	120.0%	92.0%	14.8%	19.1%	31.6%
Net Completions	1,466	1,278	3,062	1,215	929	266	116	180	198	234
Inventory	16,585	17,863	20,925	22,140	23,069	23,335	23,451	23,631	23,828	24,062
% Growth	9.7%	7.7%	17.1%	5.8%	4.2%	1.2%	0.5%	0.8%	0.8%	1.0%
Room Rate Index	105	107	103	104	101	103	106	110	116	122
% Change	4.9%	2.4%	-4.1%	1.2%	-3.2%	1.9%	3.0%	4.2%	4.7%	5.3%
RevPar Index	98	92	82	87	80	81	89	95	101	107
% Change	-1.9%	-6.1%	-10.5%	6.0%	-9.0%	2.4%	9.7%	5.9%	6.2%	6.4%

PPR/Dodge Pipeline Summary



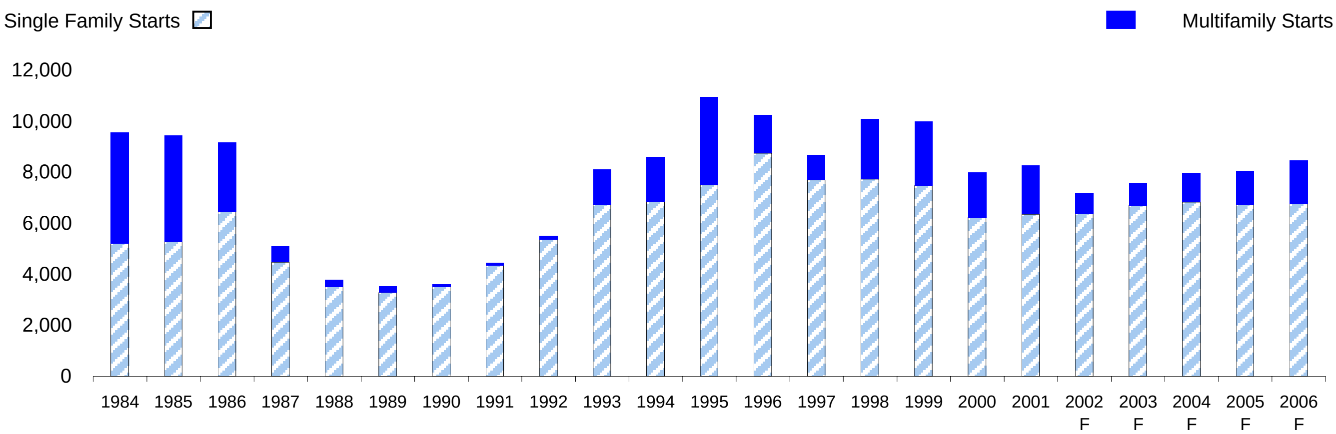


Sources: PPR; McGraw-Hill Construction - Dodge; Smith Travel Research

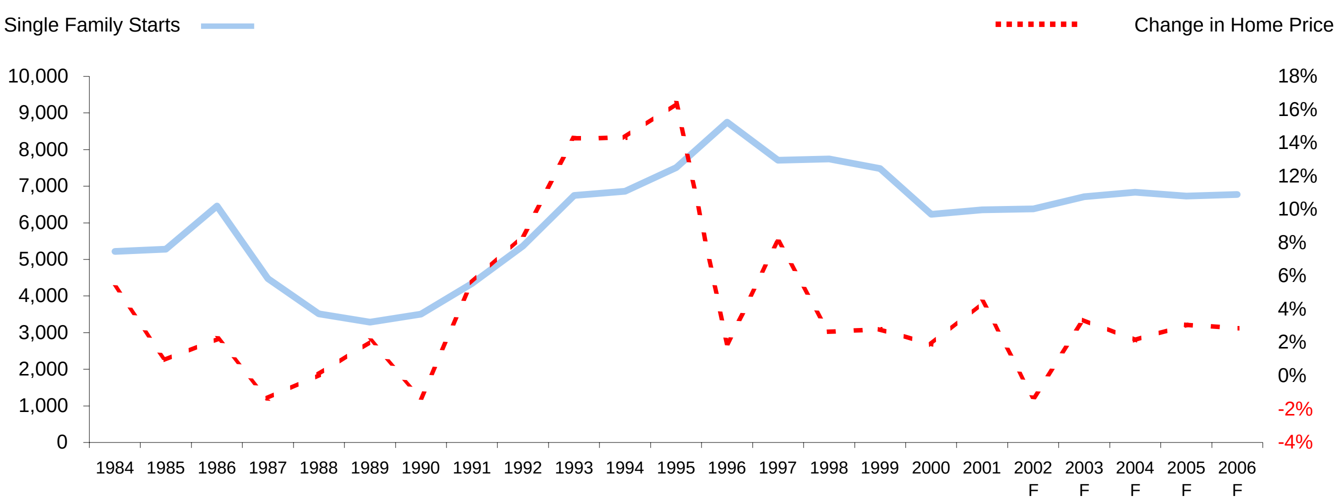
SALT LAKE CITY

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	7,706	7,742	7,481	6,235	6,355	6,385	6,709	6,835	6,730	6,770
% Change	-11.9%	0.5%	-3.4%	-16.6%	1.9%	0.5%	5.1%	1.9%	-1.5%	0.6%
Completions	8,057	7,623	7,694	6,757	6,204	6,348	6,530	6,871	6,743	6,759

Apartment Market Statistics

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Multifamily Starts	988	2,352	2,523	1,769	1,924	810	892	1,137	1,322	1,709
% Change	-34.4%	138.1%	7.3%	-29.9%	8.8%	-57.9%	10.1%	27.5%	16.3%	29.3%
Apartment Completions	1,035	1,330	1,929	1,862	1,410	918	666	901	1,010	1,315

Sources: PPR; McGraw-Hill Construction - Dodge

SALT LAKE CITY

Apartment Projects

Projects

Title	Address	Units	Stage	Target Start	Target Completion
Jordan Hill Apts	7800 S. 6500 West, West Jordan West	344	Proposed	6/02	12/03
Northgate Apts	500 West South Temple, Salt Lake City Salt Lake	330	Completed	1/01	12/01
Sterling Village Ph II	11065 S. Sterling View Dr., S Jordan Salt Lake	300	Proposed	6/02	9/03
Woodgate At Jordan Landing Phase 2	3850 West 7000 South, W Jordan Salt Lake	288	Completed	6/00	3/02
Ridge/Jordan Landing	3800 West 7000 South, W Jordan Salt Lake	264	Completed		3/01
Allegro/Corner Canyon	13300 S. Pony Express, Draper Suburbs	258	Underway	11/01	11/02
Sunset Ridge	5600 W. 9000 South, West Jordan West	240	Proposed	4/02	8/03
Legacy Springs	13600 S. 4800 West, Riverton Southwest Salt Lake	204	Underway	1/01	4/02
Winthrop Court Ph I	600 East 300 South, Salt Lake City Salt Lake	200	Proposed	6/02	6/03
The Bluffs	Bangerter Hwy & Redwood Rd., Bluffdale Southwest Salt Lake	168	Proposed	4/02	4/03

SALT LAKE CITY

Office Projects

Projects

Title	Address	SF (000)	Stage	Target Start	Target Completion
Gateway Project	From North Temple to 900 S & from 300 W to I-15, Salt Lake City CBD	400	Completed		11/01
Tenfold Corp Headquarters	10000 W 510 S., South Jordan Other	200	Completed	6/00	6/01
Parkview Plaza II Office	2170 South 1300 East, Salt Lake Suburbs	144	Underway	10/01	8/02
Valley Center Tower	5300 Corporate Center, Murray East Central Salt Lake	130	Underway	10/01	10/02
AT & T Administrative Office Building	9602 South 300 West, Sandy Sandy	130	Completed	9/00	7/01
Old Mill Corporate Center Phase III	6322 S 300 E, Salt Lake City Sandy	125	Completed	11/00	3/02
Verizon Wireless Building	2777 Corporate Park Dr, West Valley Salt Lake	121	Underway	6/01	9/02
Ogden Airport Gateway Bldg 2	Ogden Airport, Ogden Weber County	79	Underway	11/01	7/02
Sandy Business Park Building B & C	300 W 9400 S, Sandy Sandy	65	Completed	4/01	11/01
Corporate Office Building	Sandy Parkway Blvd, Sandy Sandy	42	Underway	8/01	6/02

SALT LAKE CITY

Retail Projects

Projects

Title	Address	SF (000)	Stage	Target Start	Target Completion
Gateway Project	From North Temple to 900 S & from 300 W to I-15, Salt Lake City CBD	700	Completed		11/01
West Jordan Town Center	70th South & Redwood Road, West Jordan Southwest Salt Lake	393	Planned		
Fashion Point Office/Retail/Hsg. Complex	Cor of Highway 89 & Washington, Ogden Weber County	246	Planned		
Legacy Plaza Shopping Center	5600 W 4100 S, Salt Lake City Northwest Salt Lake	227	Planned		9/02
Wal-Mart Super Center Tenants: Wal-Mart	745 W. Hill Field Road, Layton Davis County	221	Planned	8/02	9/03
Wal-Mart Supercenter Store #3232	7800 Bandgetger, West Jordan Southwest Salt Lake	204	Underway	3/01	6/02
Nordstrom Retail Store (Relocation)	6200 S State St, Salt Lake City East Central Salt Lake	144	Planned		
Target Store @ Jordan Landing	7200 Airport Rd, West Jordan Southwest Salt Lake	125	Planned		

SALT LAKE CITY

Warehouse Projects

Projects

Title	Address	SF (000)	Stage	Target Start	Target Completion
Ninigret Building B Warehouse	4323 West 1385 South, Salt Lake Salt Lake	300	Deferred	3/01	9/01
Opus Business Center (Phase 1)	720 South Gladiola, Salt Lake Davis County	272	Completed	3/01	9/01
General Distribution T. I Phase III	5350 Amelia Earhart, Salt Lake Salt Lake	197	Underway	6/01	6/02
Century East Phase II Office/Warehouse	1885 S Milestone, Salt Lake Salt Lake	166	Planned		
Office/Warehouse Building Phase II	7200 Airport Rd, West Jordan Southwest Salt Lake	90	Completed	4/01	9/01
Pheasant Hollow Office/Warehouse #1 (Negotiated)	9765 S 500 West, Sandy Southwest Salt Lake	65	Completed	5/01	10/01
Wunder Group Office/Warehouse/MFG Bldg	Site to be announced, West Jordan Davis County	50	Underway	8/01	8/02
Bridge Point Systems	566 Confluence Ave, Murray East Central Salt Lake	40	Underway	8/01	8/02
Anheuser-Bush Office/Warehouse Bldg 1	350 North 5375 West, Salt Lake Salt Lake	35	Completed	5/01	10/01

SALT LAKE CITY

Hotel Projects

Projects

Title	Address	Rooms	Stage	Target Start	Target Completion
Jordan Landing Complex (Phased)	7000 South Jordan Landing Blvd, West Jordan West Jordan	910	Planned		
5300 Corporate Place Hotel	Approx. SW Cor. of I-15, Salt Lake City Salt Lake	530	Planned		
Marriott Hotel	220 S State St, Salt Lake City Salt Lake	260	Completed	4/99	6/00
Hearthside Lodge Extended Stay Hotel/Pool	Site to be determined, Salt Lake City Salt Lake	164	Planned		
Intown Suites Extended Stay Hotel	3151 S Redwood Rd, West Valley Salt Lake	123	Planned		
Holiday Inn Express	1160 W 2150 S, Ogden Weber County	80	Completed	1/00	9/00
64-Room Skier Lodge	Little Cottonwood Canyon, Alta Alta	64	Proposed		
Hotel	Site to be announced, Ogden Ogden	48	Planned		
Courtyard by Marriott (Addition - 30 Units)	1803 Woodland Park Drive, Layton Layton	30	Completed	3/01	8/01