NATIONAL
REAL ESTATE
INDEX

Detroit

Vol. 33

First Quarter 2002

METRO MARKET FACTS

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A publication of the ***National Real Estate Index***

PPR GRA Global Real Analytics

Detroit

Vol. 33

Report Format

This report is organized as follows. Section I provides a snapshot that highlights the key economic, demographic and real estate-related findings of the study. Sections II through IX provide an in-depth look (generally in a tabular format) at the key economic, demographic, public policy, and quality of life factors that can affect the demand for real estate.

In Section II, recent population trends are reported. Section III analyzes the local economic base and current labor force and job formation trends. Various educational costs and parameters are provided in Section IV. Local living costs are explored in Section V. Health care costs and availability are detailed in Section VI. A series of other important factors, including retail sales trends and international trade, are reported in Section VII. Local and state fiscal policies, including taxes and federal spending, are highlighted in Section VIII. Several key quality-of-life considerations are summarized in Section IX.

In Section X, local market price, rent and capitalization rate trends for the preceding 12 months are reported. Section XI provides a quarterly review, including analysis of the local economy, as well as analyses of the office, light industrial, retail, apartment, and hospitality sectors.

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REAL ESTATE INDEX

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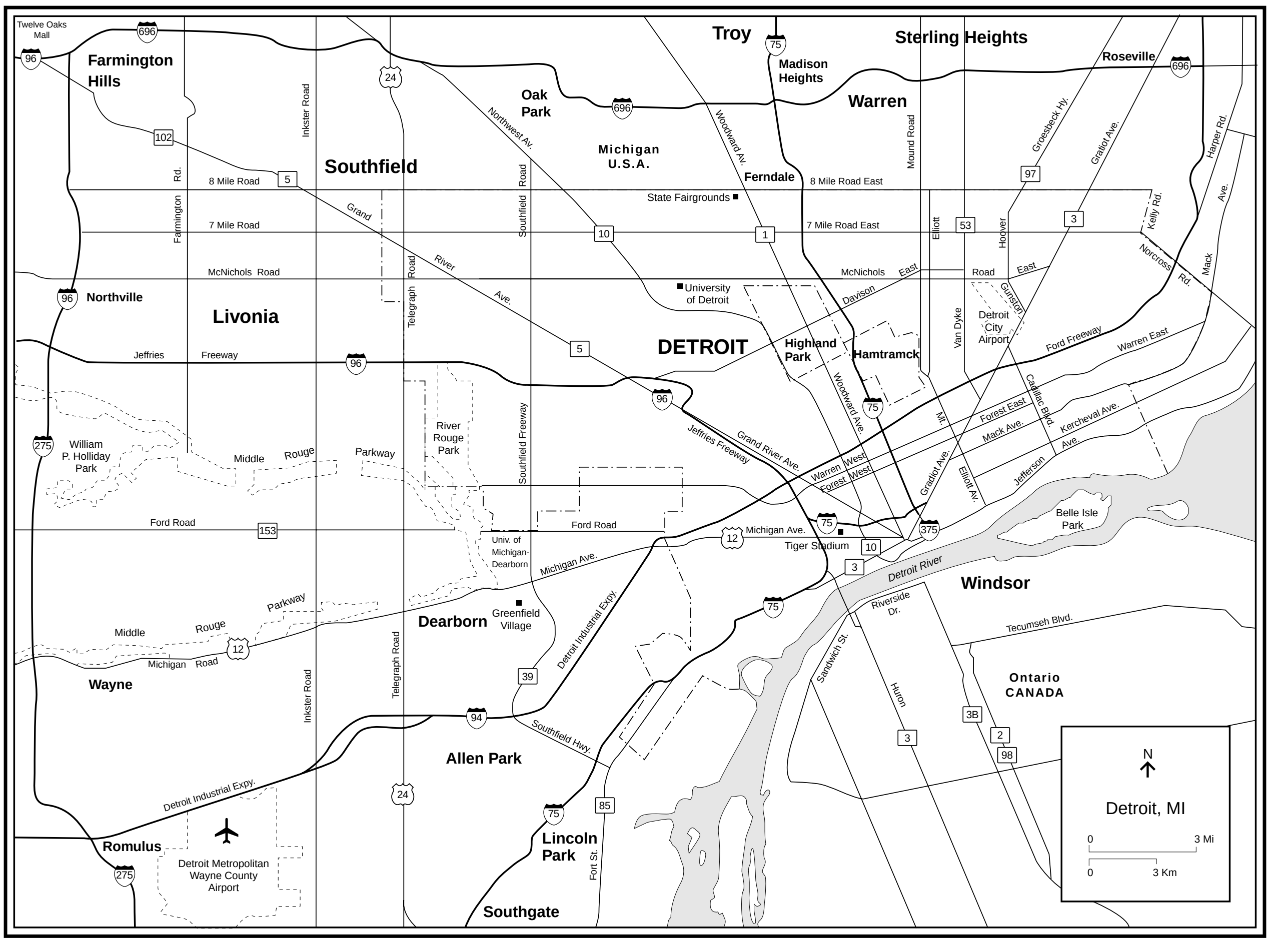
Detroit: Metropolitan Map/Market Definition

Detroit PMSA:

Lapeer County
Macomb County
Monroe County
Oakland County
St. Clair County
Wayne County

Land Area of Detroit MSA: 4,465.6 sq. miles
Population Density (2001): 996 people per sq. mile



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I. Detroit: Snapshot

A. Economic Summary (See Sections II & III.)

Job Growth (Loss) 12 Months (Ending in March):	(1.7%)
Unemployment Rate (March):	6.1%
Metropolitan Population Growth (Loss), 1990–2001:	4.3%
Total Metropolitan Population, 2001:	4.4 million

B. First Quarter 2002 Property Price and Rent Trends

	CBD Office AVERAGE			Suburban Office AVERAGE			Warehouse AVERAGE			Retail AVERAGE			Apartment AVERAGE		
	Price sf	Rent sf	Cap Rate	Price sf	Rent sf	Cap Rate	Price sf	Rent sf	Cap Rate	Price sf	Rent sf	Cap Rate	Price sf	Rent sf	Cap Rate
1st Q. '02	$118.24	$22.04	9.5%	$129.35	$22.99	9.5%	$41.36	$6.00	9.9%	$112.86	$16.89	9.7%	$79.36	$10.83	8.6%
4th Q. '01	119.81	22.15	9.4	130.22	23.30	9.5	41.89	6.03	9.8	111.32	16.77	9.8	80.46	10.98	8.6
1st Q. '01	129.65	23.73	9.1	138.74	25.09	9.4	42.70	6.01	9.6	110.77	16.81	9.7	80.89	11.24	8.8

Source: National Real Estate Index's **Market Monitor.**

II. Detroit: Demographics

A. Metro Population

	Detroit	United States
Population — 2001:	4,448,200	284,796,900
% Growth—2000–2001:	0.1%	0.9%
% Growth—1990–2000:	4.2%	13.4%
% Growth—1980–1990:	(2.8%)	9.8%

B. County Population Growth

County	2001 Population	% Growth 1990-2001
Lapeer	89,700	20.0
Macomb	800,000	11.5
Monroe	147,900	10.7
Oakland	1,198,600	10.6
St. Clair	166,500	14.4
Wayne	2,045,500	(3.1)

C. State Population Growth

	2001 Population	% Growth 1990-2001	Ranking*	% Growth 1995-2025	Ranking*
Michigan	9,990,800	7.5	39	8.4	45
United States	284,796,900	14.5	N/A	23.7	N/A

*Ranking of all 50 states, plus the District of Columbia, with the #1 ranking representing the highest state population percentage growth.

Source: U.S. Census Bureau.

D. Area Cities With At Least 50,000 Residents

City	2000 Population	% Growth 1990-2000
Canton*	76,400	34.0
Clinton*	95,600	11.3
Dearborn	97,800	9.7
Dearborn Heights	58,300	(4.0)
Detroit	951,300	(7.5)
Farmington Hills	82,100	10.1
Livonia	100,500	(0.3)
Pontiac	66,300	(6.7)
Redford*	51,600	(5.1)
Rochester Hills	68,800	11.2
Royal Oak	60,100	(6.5)
Shelby*	65,200	33.9
Southfield	78,300	3.4
St. Clair Shores	63,100	(7.6)
Sterling Heights	124,500	5.7
Taylor	65,900	(7.0)
Troy	81,000	11.1
Warren	138,200	(4.7)
Waterford*	73,200	9.7
West Bloomfield*	64,900	19.1
Westland	86,600	2.5

*These communities are technically defined as townships.

E. Household & Population Composition

	Detroit Metro	U.S. Metro
Median Household Size:	2.6	2.7
Median Age:	35.9	35.4
% of Population Under 5	7.0	7.5
% of Population 35 - 54	29.6	28.0
% of Population Over 64	11.9	12.8

F. Metropolitan Population Gain (1990-2001)

Population Growth
(% Gain/Loss, April 1990-July 2001)

Las Vegas	94.7%	Greenville-Spartanburg	17.8%
Austin	55.2%	Columbus	15.9%
Phoenix	51.2%	Oakland-East Bay	15.5%
Atlanta	44.0%	San Diego	14.6%
Raleigh-Durham	43.4%	**UNITED STATES**	**14.5%**
Orlando	39.4%	Central New Jersey	14.3%
West Palm Beach	34.9%	Kansas City	13.9%
Dallas-Ft. Worth	33.8%	Oklahoma City	13.9%
Denver	33.0%	Memphis	13.7%
Charlotte	33.0%	Chicago	12.6%
Ft. Lauderdale	32.9%	San Jose	11.4%
Riverside-SB	31.4%	Cincinnati	9.7%
Portland	29.7%	New York	9.2%
Houston	29.2%	Los Angeles	8.7%
Nashville	27.1%	Baltimore	8.0%
Salt Lake City	25.8%	San Francisco	7.3%
Jacksonville	24.8%	Newark-No. New Jersey	7.0%
Sacramento	24.4%	Nassau-Suffolk	6.3%
Albuquerque	22.8%	Boston*	5.5%
Seattle	20.0%	Honolulu	5.4%
Orange County	19.9%	Milwaukee	5.3%
Washington, DC	19.7%	St. Louis	5.0%
Minneapolis	18.8%	**Detroit**	**4.3%**
Tampa-St. Petersburg	18.5%	Philadelphia	4.0%
Indianapolis	18.3%	Hartford*	2.2%
Miami	18.2%	Cleveland	2.0%

*Updated populations are not yet available for Boston and Hartford. For these markets, changes are based on 2000 data.

Source: U.S. Census Bureau.

G. International Immigration to Metropolitan Areas

Total International Immigration: 1990–1999
(in 000s)

New York/Nassau-Suffolk	1,045.4	Portland	48.0
Los Angeles	902.1	Minneapolis-St. Paul	46.0
Chicago	366.6	Orlando	44.9
Miami	337.2	Tampa-St. Petersburg	42.8
Newark-No. NJ	266.0	Honolulu	42.7
Orange County	233.2	Las Vegas	36.1
Washington DC	240.1	Baltimore	32.7
Houston	209.9	Austin	27.6
Dallas-Ft. Worth	177.0	St. Louis	25.3
San Francisco	165.3	Hartford	24.7
San Diego	164.0	Salt Lake City	20.9
San Jose	159.1	Cleveland	17.2
Boston	141.7	Raleigh-Durham	16.5
Oakland-East Bay	135.0	Kansas City	15.9
Riverside-San Bernardino	119.0	Charlotte	15.0
Philadelphia	91.7	Oklahoma City	14.5
Ft. Lauderdale	90.2	Albuquerque	13.8
Atlanta	82.5	Jacksonville	13.7
Seattle	79.4	Nashville	12.4
Central New Jersey	69.4	Columbus	12.2
Detroit	**68.4**	Milwaukee	12.1
Phoenix	62.3	Indianapolis	9.9
Sacramento	60.0	Cincinnati	9.4
Denver	51.0	Memphis	7.3
West Palm Beach	48.1	Greenville-Spartanburg	6.1

Immigration Per 1,000 Residents
(1990–1999)

Local Market	Per 1,000	Ranking*
Detroit	15.3	35

*Ranking of 50 metropolitan areas analyzed by the INDEX, with the #1 ranking representing the largest per capita immigration rate.

Source: U.S. Census Bureau.

H. Domestic Migration to Metropolitan Areas

Total Domestic Migration: 1990–1999
(in 000s)

Atlanta	506.8	Albuquerque	22.9
Las Vegas	406.7	Oklahoma City	13.0
Phoenix	395.8	Salt Lake City	12.7
Dallas-Ft. Worth	240.9	Memphis	8.5
Denver	200.4	Central New Jersey	(33.2)
Orlando	177.9	Baltimore	(48.2)
Portland	176.2	Oakland-East Bay	(61.8)
Riverside-San Bernardino	172.1	Milwaukee	(71.5)
Austin	170.6	St. Louis	(72.2)
Tampa-St. Petersburg	163.0	Hartford	(81.4)
Charlotte	158.0	Cleveland	(102.3)
Raleigh-Durham	157.4	Honolulu	(112.7)
Ft. Lauderdale	151.9	Washington DC	(127.6)
West Palm Beach	128.2	San Diego	(135.8)
Nashville	108.9	San Francisco	(151.3)
Seattle	75.6	San Jose	(175.9)
Minneapolis-St. Paul	66.7	Orange County	(196.0)
Houston	61.4	Boston	(211.9)
Jacksonville	60.7	Miami	(236.1)
Greenville-Spartanburg	55.6	**Detroit**	**(251.0)**
Sacramento	50.3	Philadelphia	(279.3)
Indianapolis	48.2	Newark-No. NJ	(383.2)
Kansas City	36.3	Chicago	(527.8)
Columbus	34.6	New York/Nassau-Suffolk	(1,531.8)
Cincinnati	24.0	Los Angeles	(1,560.7)

Domestic Migration Per 1,000 Residents
(1990–1999)

Local Market	Per 1,000	Ranking*
Detroit	(56.1)	39

*Ranking of 50 metropolitan areas analyzed by the INDEX, with the #1 ranking representing the largest per capita migration rate.

Source: U.S. Census Bureau.

III. Detroit: Job Trend Formation and Labor Costs

A. Job Formation

Metropolitan Area

Employment Growth (Loss)—% 12-Month (Ending in March):	(1.7%)
Total Number of Net New Jobs, 12 Months (Ending in March):	(36,800)
Leading Sector, *Government*—% Employment Growth:	0.7%
Leading Sector, *Government*—Number of Net New Jobs:	1,800
% Employment Growth in Other Key Sectors	
Manufacturing:	(3.5%)
Business Services:	(1.5%)
% Unemployed, March 2002:	6.1%
% Unemployed, 12 Months Before:	4.7%

National

Employment Growth (Loss)—% 12-Month (Ending in March):	(1.0%)
% Unemployed, March 2002:	6.1%
% Unemployed, March 2001:	4.6%

B. Economic Base—Employment By Sectors

	% of Total Employment	
Sector	**Metro**	**National**
Services	32.0	30.9
Business Services*	9.5	7.1
Retail Trade	17.6	18.2
Government	11.0	16.2
Manufacturing	19.5	12.9
Transportation	4.4	5.3
FIRE	5.1	5.8
Wholesale Trade	5.9	5.3
Construction	4.4	5.1

*Business Services is a subset of the Services category.

This table is updated every 6 months. Last update: 4Q 2001.

C. Metropolitan Total Employment Gain (1990-2001)

Job Growth
(% Gain/Loss, December 1990-December 2001)

Las Vegas	85.9	Minneapolis-St. Paul	24.8
Austin	72.0	Greenville-Spartanburg	24.4
Orlando	55.3	Memphis	24.3
Phoenix	54.6	San Jose	23.4
Raleigh-Durham	48.1	Central New Jersey	23.1
Salt Lake City	43.8	Orange County	22.4
Tampa-St. Petersburg	43.8	Washington, DC	21.5
Riverside-San Bernardino	43.1	**UNITED STATES**	**20.4**
Denver-Boulder	42.5	Miami	19.6
Dallas-Ft. Worth	41.5	Oakland	18.9
West Palm Beach	41.3	Cincinnati	16.6
Atlanta	41.2	**Detroit**	**15.2**
Charlotte	39.6	Boston	15.1
Jacksonville	39.3	San Francisco	13.4
Nashville	39.2	Chicago	13.2
Albuquerque	37.4	Milwaukee-Racine	13.0
Fort Lauderdale	35.5	St. Louis	12.2
Portland	30.2	Nassau-Suffolk	11.6
Houston	29.6	Cleveland	11.1
Sacramento	29.6	Baltimore	11.0
Kansas City	27.8	Philadelphia	8.5
San Diego	27.7	Newark-No. New Jersey	8.1
Oklahoma City	26.9	New York	4.9
Columbus	26.2	Los Angeles	0.7
Seattle	26.1	Honolulu	(2.0)
Indianapolis	25.9	Hartford	(3.0)

Source: U.S. Government, Bureau of Labor Statistics.

D. Metropolitan Average Wages—Select Occupations

Position	Average Annual Wage
Accountant	$53,381
Secretary	$31,185
Computer Systems Analyst	$57,948
Computer Programmer	$66,934
Industrial Engineer	$60,386
Machinist	$45,068

Source: U.S. Dept. of Labor, *National Compensation Survey*, Detroit-Ann Arbor-Flint metropolitan area, April 2000.

E. Production Wages & Union Membership

	Average Annual Wage*	National Rank	% Workers in Union	National Rank
Michigan	$32,980	3	21.8%	4
U.S. Average	$26,450	--	13.5%	--

*Average annual wage is for production workers only. The #1 ranking represents the highest average wage and the largest percentage of unionized workers.

Source(s): U.S. Dept. of Labor/wage figures (2000); U.S. Census Bureau/union membership (2001).

F. State Workers' Compensation Costs

Workers' Compensation Costs
—The average cost per $100 of payroll—
(1999)

	Rate*	Index**	1999 Rating***	1998 Rating
Michigan	$4.55	1.300	37	33

*This is the rate for a prototypical manufacturer, based on the manual rate, taxes and assessments, payroll distribution, premium discounts, experience rating, and any other weighted adjustments that were made in order to produce a non-biased countrywide comparison.

**The base rate (or national average) for this Index is $3.50.

***The rating is based on an analysis of 44 states with #1 representing the lowest average rate.

Source: Actuarial & Technical Solutions, Inc. (516) 471-8655.

G. Minimum Wage/Overtime Status

Current Minimum Wage*	$5.15
State Overtime Standard**	40-hour week

*The federal minimum wage increased to $5.15 in September 1997. The federal rate sets the floor under which states cannot go. Some states, however, have lower rates for a minority of workers who are not covered by the Fair Labor Standards Act. Some states also have temporary lower rates and "subminimum wages" for certain groups of workers, e.g., minors and/or beginning employees.

**Federal law stipulates the payment of overtime to all private employees except supervisors, salaried professionals and unionized workers after 40 hours of labor in a given week.

Source: Bureau of National Affairs, *Payroll Administration Guide.*

IV. Detroit: Education

A. Educational Levels

	% of Adults Who Graduated From High School	% of Adults Who Graduated From 4-Year College/University
Detroit	84.8	25.7
U.S. Average	84.1	25.6

Source: U.S. Census Bureau, 2000.

B. Educational Expenditures and Salaries

	Per-Pupil Expenditures	Rank	Teacher Salaries	Rank	Student: Teacher Ratio	Rank
Michigan	$7,536	9	$47,448	5	17.7	9
U.S. Average	$6,455	--	$40,580	--	16.1	--

These figures represent statewide (and national) averages. The rankings include all 50 states, plus the District of Columbia. For expenditures and salaries, #1 represents the highest dollar amount; #1 also represents the highest student–teacher ratio.

Source: National Education Association, *Rankings of the States 2000*.

C. College Tuition

	Tuition Only*	National Rank**	Annual Average*	National Rank**
Michigan	$4,277	8	$9,224	11
U.S. Average	$3,226	--	$8,018	--

*The tuition and annual average are based on in-state tuition, fees, and room and board for full-time students in public four-year institutions.

**Ranking of all states with the #1 ranking representing the highest tuition and annual average.

Source: U.S. Dept. of Education, based on 1999 data.

D. Graduate Education

Academic Rankings of Local Graduate Programs

University	Biological Sciences	Engineering	General Sciences/Other
--	--	--	--

Source: National Academy of Sciences, *Research-Doctorate Programs in the United States*, 1995 (this report is updated every ten years). The NAS reviewed more than 3,600 doctoral programs in 41 fields at 274 universities for the 1993 academic year. Criteria included the academic quality of each school's faculty, the effectiveness of the school's teaching, and the level of its research. For programs that were ranked at 100 or more schools, we have listed the top 20 universities; for programs that were ranked at fewer than 100 schools, we have listed the top 10. The top universities are shown with their respective national ratings for each discipline. We have included 21 of 41 fields. Please note that the NAS did not include graduate business programs in its study.

E. University R&D Expenditures

	Federal R&D Expenditures ($$ in mil.)	% of Leading School*	Total R&D Expenditures ($$ in mil.)	% of Leading School*
Oakland Univ.	$2.5	1.2	$4.2	1.6
Wayne State Univ.	$23.2	10.8	$51.5	19.2

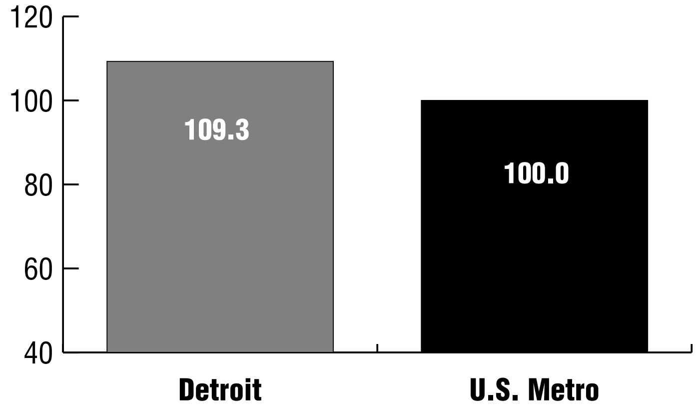
Source: National Academy of Sciences, *Research-Doctorate Programs in the United States*, 1995 (this report is updated every ten years). These amounts reflect the average annual expenditures from 1986 to 1992 (based on 1988 dollars).

*The percentage column reflects the amount spent by the local institution(s) relative to the amount expended at the top spending institution in each of the two categories.

V. Detroit: Housing & Related Costs

A. Overall Cost of Living

Metropolitan Cost of Living Index*
(3rd Qtr. 2001)**

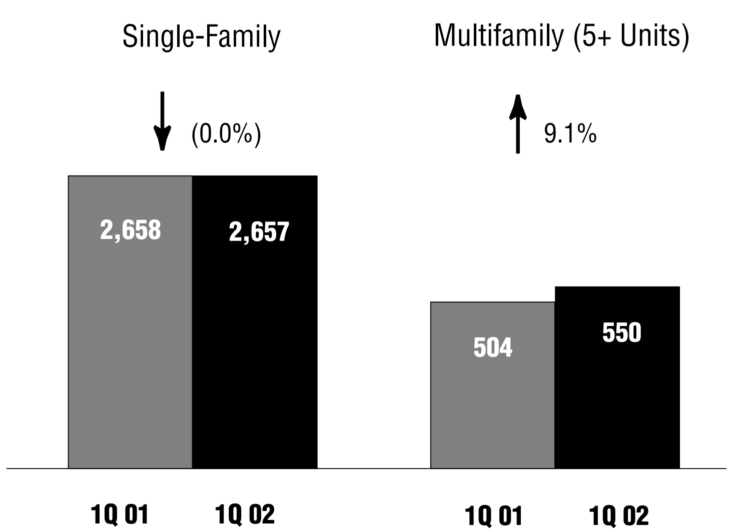


*The ACCRA Cost of Living Index measures relative prices for consumer goods and services in participating areas. Housing is an important component of the Index. The average for all participating areas is 100. Each area's number is read as a percentage of that average.

**This is the most recent data available for this metropolitan area.

Source: ACCRA Cost of Living Index, Louisville, KY, (502) 897-2890.

B. Metropolitan Housing Permits

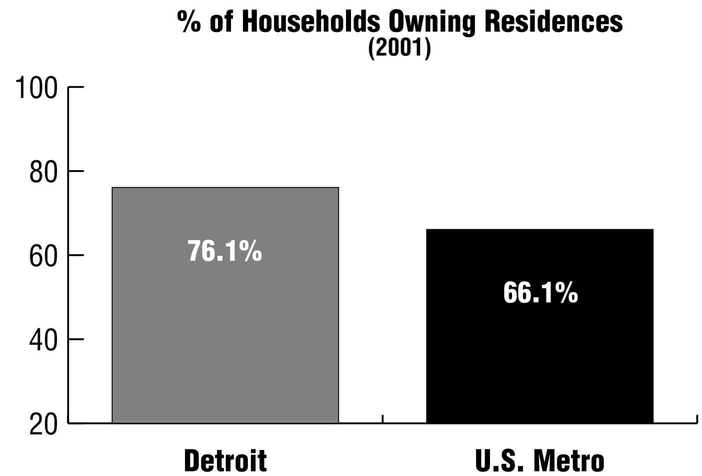


Local Data: Figures represent total permits granted year-to-date in the Detroit PMSA.

U.S. Data: The percent changes in single-family and multifamily permits nationwide were 4.7% and (11.8%), respectively.

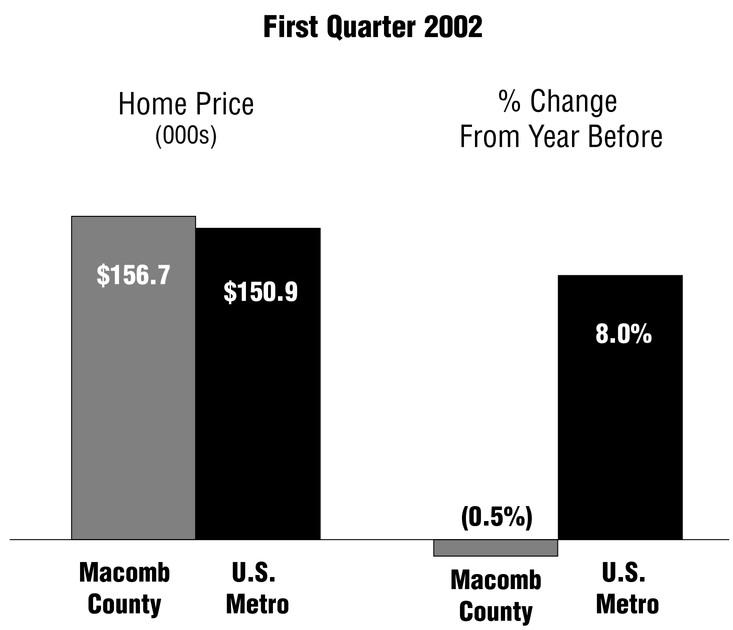
Source: U.S. Census Bureau.

C. Homeownership



Source: U.S. Census Bureau. Homeownership rates represent metropolitan averages as of year-end 2001.

D. Single Family Home Costs



Source: National Association of Realtors® and Michigan Association of Realtors.

E. Local Utility Costs

	Commercial Electric (30,000 kwh per mo.)	**Industrial Electric** (5,000 kw per mo.)	**Residential Electric** (1,000 kwh per mo.)
Detroit	$2,790	$145,335	$89
U.S. Average	$2,300	$135,829	$84

These numbers reflect rates that were in effect July 2000.

Source: Edison Electric Institute, *Typical Bills and Average Rates Report*, Summer 2000.

F. Tourism & Entertainment Taxes

Local Hospitality Taxes

	Hotel Tax	Restaurant Tax	Car Rental Tax*
Detroit	15.00%**	6.00%	17.50%**
Average of 50 Surveyed Cities	12.36%	7.29%	8.40%

*This is the basic rate. It does not include applicable surcharges.

**These taxes were recently increased to help fund two new sports facilities.

Source: Travel Industry Association of America, Washington, DC and INDEX Research.

VI. Detroit: Health Care Characteristics & Costs

A. Hospitalization Costs

Hospitalization Costs Per In-Patient Day

	Costs	Index
Detroit	$1,070.53	98.9
U.S. Metro Average	$1,082.06	100.0

Source: American Hospital Association, Chicago, IL.

B. Health Insurance

Health Insurance Coverage (1999)

	% of Pop. Covered by HMO	Avg. Monthly Premium*	% of Pop. Uninsured	Rank**
Detroit	28.2	$149.00	13.2	17

*Average charge for individual coverage in a traditional HMO plan.

**Ranking of 59 metropolitan areas with the #1 ranking representing the area with the smallest percentage of uninsured residents.

Source: InterStudy Publications, *Competitive Edge, Part III: Regional Market Analysis,* (800) 844-3351.

C. State Health Rating

	2001 Ranking*	2000 Rank	1999 Rank
Michigan	27	31	33

*The 21 factors considered include teenage birth rate, infant mortality rate, childhood immunization rate, accessibility to health care, and health care expenditures.

Source: The Morgan Quitno Press, (800) 457-0724.

D. State Livability Index

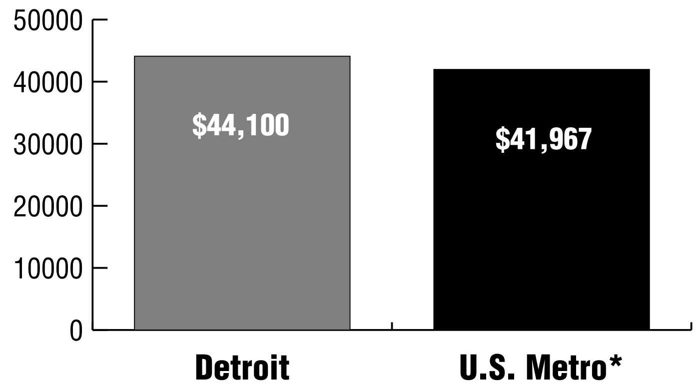
	2001 Index Rating*	2001 Rank	2000 Rank
Michigan	25.12	27	28

*The livability index rating is based on 43 categories including crime rate, unemployment rate, hazardous waste sites, quality of infrastructure (e.g., roads, bridges, etc.), high school graduation rate, spending on the arts, and tax burden. The highest possible score is 50.

Source: The Morgan Quitno Press, (800) 457-0724.

VII. Detroit: Other Economic Indicators

A. 2000 Metropolitan Median Household Income



*The U.S. Metro figure represents the median income of 323 metropolitan areas; $39,129 is the median income nationwide.

Market Rank: 27*

*Ranking of 57 metropolitan areas, with the #1 ranking representing the highest median household income.

Source: Sales & Marketing Management: *2001 Survey of Buying Power*.

B. Poverty

Total Residents & Children Living Below Official Poverty Level

	% Total Residents	% Children (5–17)
Detroit Metro		
Lapeer County	6.9	8.8
Macomb County	6.0	8.1
Monroe County	7.6	10.4
Oakland County	6.2	8.3
St. Clair County	8.9	11.9
Wayne County	17.3	23.4
National	12.7	17.5

Source: U.S. Census Bureau, *Income & Poverty Estimates*, 1998 (the most recent data available on a national level).

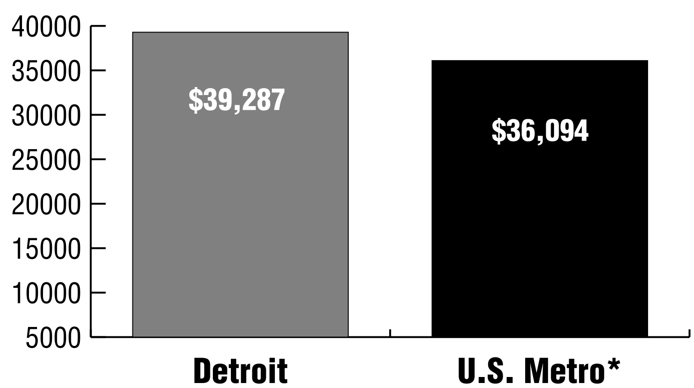
C. Metropolitan Retail Sales Trends

Metropolitan Retail Sales -- % Change
(March 2001 - March 2002)

Detroit	N/A
National	(2.6%)

Source: International Council of Shopping Centers, New York, NY.

D. 2000 Metropolitan Average Retail Sales



*The U.S. Metro figure represents the average retail sales per household of 323 metropolitan areas; $34,450 is the average retail sales per household nationwide.

Market Rank: 18*

*Ranking of 57 metropolitan areas, with the #1 ranking representing the highest amount of retail sales per household.

Source: Sales & Marketing Management: *2001 Survey of Buying Power*.

E. E-Commerce Retail Sales

Fourth Quarter 2001
($$ in billions)

	Total Retail Sales	E-Commerce Retail Sales	% of Total
U.S.	$860.8	$10.0	1.2
Prior Quarter	$786.4	$7.5	1.0
Year Ago	$817.7	$8.9	1.1

Source: U.S. Department of Commerce.

F. High-Tech Industry Employment

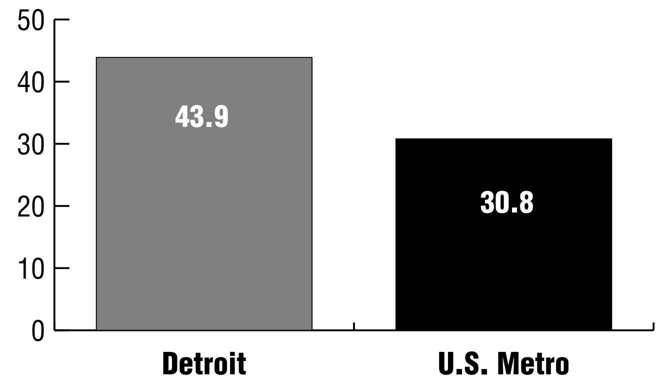
	Share of Total Employment	Rank	Number of Establishments	Rank	Number of Employees	Rank
Detroit	2.9%	116	3,162	15	61,493	21

Rankings are based on a comparison of 304 metropolitan areas for 1998, with the #1 ranking representing the highest amount in each category.

Source: *The High-Tech Industry: Clusters and Competition*, Dynamic Resource Solutions, Abington, PA.

G. Metropolitan Area Patents

Patents Per 100,000 Residents
(1999)



Market Rank: 16*

*Ranking of 52 metropolitan areas, with the #1 ranking representing the largest number of per capita patents.

Source: Dept. of Commerce, Patent & Trademark Office, April 2000.

H. Major Airport Activity

Detroit – Wayne County Metropolitan

	Total (2000)	% Change from 1999	National Rank*	World Rank*
Passengers (in millions)	35.5	4.6%	10	16
Cargo (in thousands–metric tons)	298.1	(3.0%)	27	57

*Ranking of 672 international airports, with the #1 ranking representing the largest number of passengers and the largest amount of cargo.

Source: Airports Council International, Washington, DC.

I. International Trade

International Trade Volume

	Import	Export	Total
Detroit Customs District			
January-December 2001 ($$$ in billions)	$91.3	$77.2	$168.5
% Change (from year ago)	(6.4%)	(2.8%)	(4.8%)
Total U.S.			
January-December 2001 ($$$ in billions)	$1,142.0	$731.0	$1,873.0
% Change (from year ago)	(6.2%)	(6.3%)	(6.2%)

Source: Dept. of Commerce, Foreign Trade Division.

J. Area Exports

Metropolitan Area Exports

	1999 Value ($$$ in billions)	Rank*	% Change 1998–1999	% Change 1993–1999
Detroit	$28.0	3	3.7%	66.9%
Total U.S.	$692.8	N/A	1.8%	49.0%

These figures only measure local sales of finished goods leaving the country and exclude both components and raw materials that are ultimately incorporated into export products.

*Ranking of 53 metropolitan areas, with the #1 ranking representing the highest dollar value.

Source: Dept. of Commerce, International Trade Administration.

K. Gross State Product

	1989	1999	% Change 1989-1999
Michigan Ranking*	9	9	--
Michigan Total ($$$ in billions)	$222.2	$295.6	29.5%
U.S. Total ($$$ in billions)	$6,538.6	$8,934.1	36.6%

*Ranking of all 50 states (including the District of Columbia), with the #1 ranking representing the highest dollar amount.

Note: While the dollar amounts are no longer inflation-adjusted, they are "chain-weighted" to make them comparable to the specified 1996 base period.

Source: U.S. Dept. of Commerce, *Gross State Product, 1977-1999*.

L. Gross Metropolitan Product

GMP
($$ in billions)

	2000	Rank	% Change (from 1999)
Detroit	$156.3	10	6.1%

*Ranking of 100 metropolitan areas, with the #1 ranking representing the highest dollar amount.

Source: U.S. Conference of Mayors.

VIII. Detroit: Taxes and Expenditures

A. State Tax Rates/Employer Expenses

Tax	Rate
Business Taxes:	
Corporate Income/Franchise	2.0%*
Unemployment Insurance	2.7%
Individual Taxes:	
Sales/Use	6.0%
Maximum Local Levy	0.0%
Food Exemption	Yes
Cigarette Tax (per package)	$0.75
Personal Income Rates	4.2%**
State Taxes Paid in 1999 Per $1,000 Personal Income:	
Local:	$86
United States:	$66

*This rate (aka single business tax) is being lowered by 0.1% annually. It is expected to be phased out completely in 2022.
**This rate is being lowered by 0.1% annually through 2005, when it will be 3.9%.
The above rates are for the tax year 2001.

Source(s): Tax Foundation; Federation of Tax Administrators; and INDEX research.

B. Comparative State Income Taxes

A Comparison of the State Income Tax Rate Assessed at the Local Median Income Level

	Median Income	Marginal State Income Tax Rate	Metropolitan Ranking*
Detroit	$44,100	4.4%	36

Additional Local Income Tax**

City of Detroit (residents)	2.75%
City of Detroit (non-residents)	1.375%

Note of Explanation: Simple marginal tax rates are not sufficient for comparing tax burdens across jurisdictions. A more useful measure is to compare what a median income household would likely be assessed in each jurisdiction.

*The state income tax ranking is based on a comparison of the 56 metropolitan areas covered by the National Real Estate Index. Markets are rated in ascending order (i.e., number 56 denotes the highest tax rate at the respective median household income in the study).

**These rates are being reduced by one-third annually through 2009. The above rates are for tax year 2001.

C. Local Commercial Property Taxes

1999 Commercial Property Tax Rate
(Per $100 Valuation)

City	Basic Rate	Effective Rate	Ranking**
Detroit*	$7.48	$3.74	82
Troy*	$4.59	$2.30	49

*Taxes on intangible property were completely phased out in January 1998.

**The commercial property tax ranking is based on a comparison of 86 communities analyzed by the National Real Estate Index. Markets are rated in ascending order. (Number 86 denotes the highest tax rate in the study.)

Source: Basic tax rates (and assessment ratios) were provided by Vertex Inc., Berwyn, PA, (800) 355-3500. The "effective" rates factor in the proportion of property value assessed for taxation purposes, and were calculated by the National Real Estate Index staff. Where a range of basic rates applied, the median was utilized.

Except where noted, inventory and intangible property are completely (or largely) exempt from taxation, and tangible personal property is taxed at rates and assessment ratios comparable to those for real property.

Important: Please be aware that because of the wide disparities in tax rates, assessment ratios, and assessment periods from jurisdiction to jurisdiction (even within some metropolitan areas), the rates reported represent approximations only. Actual tax assessments could vary substantially, depending on property class, age and location.

D. Local Residential Property Taxes

2000 Residential Property Tax Rate
(Per $100 Valuation)

Location	Effective Rate	Ranking*
Detroit CMP	$1.51	36

* The residential property tax ranking is based on a comparison of 56 metropolitan areas analyzed by the National Real Estate Index. Markets are rated in ascending order. (Number 56 denotes the highest tax rate in the study.)

Source: Runzheimer International, Rochester, WI. Runzheimer International, a management consulting firm specializing in transportation, travel and living costs, provided the effective residential property tax rate. In large cities where a range of residential tax rates is applied, we have used Runzheimer's composite tax rate (CMP). For more information on employee relocation, moving costs, and travel expenses, contact Runzheimer at 1-800-558-1702.

Important: Please be aware that because of the wide disparities in tax rates, assessment ratios, and assessment periods from jurisdiction to jurisdiction (even within some metropolitan areas), the rates reported represent approximations only.

E. State Tax Revenue

State Tax Revenue*
($$ in millions)

	July-Dec. 2000	July-Dec. 2001	% Change
Michigan	$10,422	$10,549	1.2%
U.S.	$218,879	$212,438	(2.9%)

*Totals include revenue from a state's personal income, corporate income and sales taxes only. The fiscal year begins on July 1 for all 50 states except Alabama (Oct 1), Michigan (Oct 1), New York (April 1), and Texas (Sept 1).

Source: Nelson A. Rockefeller Institute of Government, *State Revenue Report*.

F. Federal Balance of Payment Per Capita

	Federal Taxes Collected	National Rank	Balance of Payment*	National Rank
Michigan	$5,724	16	($1,042)	44

The national average of federal taxes collected is $5,486. These national rankings are based on all 50 states, plus the District of Columbia, with number 1 representing the highest dollar amounts.

*The difference between federal spending received (see Chart G) and taxes collected is the "balance of payment" between each state and the federal government.

Source: Harvard University and the U.S. Senate, *The Federal Budget and the States, Fiscal Year 1999*.

G. Federal Spending Per Capita – State

	Salaries/ Wages	Procurement Contracts	Defense Spending	Total Federal Spending	National Rank*
Michigan	$315	$239	$236	$4,711	45
U.S. Average	$647	$783	$835	$5,740	--

*This national ranking, which is based on all 50 states, plus the District of Columbia, is for total federal spending. Both salaries/wages and procurement contracts include all such expenditures. Defense spending includes only those procurement contracts and wages (and other expenditures) that relate to defense.

Source: U.S. Census Bureau, *Consolidated Federal Funds Report for Fiscal Year 2000.*

H. Federal Spending Per Capita – Leading Local Counties

	Salaries/ Wages	Procurement Contracts	Defense Spending	Defense Spending % Change from 1999	Total Federal Spending
Macomb County	$456	$1,170	$1,485	31.9	$4,980
Oakland County	258	139	70	(6.7)	3,464
Wayne County	483	142	63	16.7	5,563
U.S. Average	$647	$783	$835	(2.6)	$5,740

Both salaries/wages and procurement contracts include all such expenditures. Defense spending includes only those procurement contracts and wages (and other expenditures) that relate to defense.

Source: U.S. Census Bureau, *Consolidated Federal Funds Report for Fiscal Year 2000.*

IX. Detroit: Quality of Life

A. Crime Rate

Crime Per 100,000 Inhabitants—2000

	Violent	% Change from 1999	Property	% Change from 1999
Detroit Metro	753.6	(1.1)	3,932.9	(6.3)
U.S. Metro Average	561.4	(3.8)	3,866.7	(3.7)

Source: U.S. Dept. of Justice, *Crime in the United States*.

B. Child Welfare

	Overall Ranking*	**Drop-Out Rate**	**Juvenile Crime**	**Teen Birth Rate**	**Immunization Rate**
Michigan	25	16	6	23	29

*The overall ranking is based on ten categories including child death rate, children in poverty, divorce rate, drop-out rate, infant mortality, teen birth rate, juvenile crime rate, and immunization rate. The highest possible ranking of all states (including Washington, DC) is 1.

Drop-Out Rate: The number one ranking represents the state with the lowest percentage of teenagers (16-19) who are high school drop-outs.

Juvenile Crime: The number one ranking represents the state with the lowest number of arrests of individuals under 18 divided by the population of the state.

Teen Birth Rate: The number one ranking represents the state with the lowest number of births for teenagers (15-19) per 1,000 births. (There are only 49 states ranked in this category.)

Immunization Rate: The number one ranking represents the state with the highest percentage of two-year-olds who have been immunized.

Source: Children's Rights Council, Washington, DC, July 1999.

C. Climate

Average Temperature (Fahrenheit)

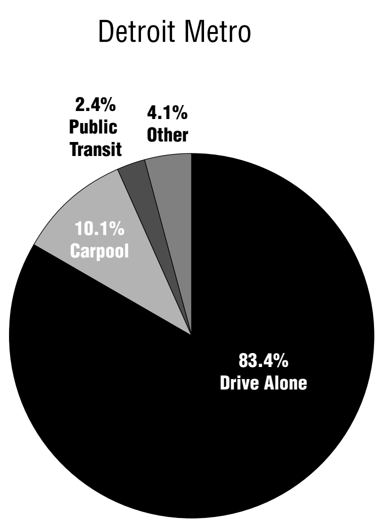
	High	Low
Winter	31	16
Spring	58	37
Summer	82	59
Autumn	63	41

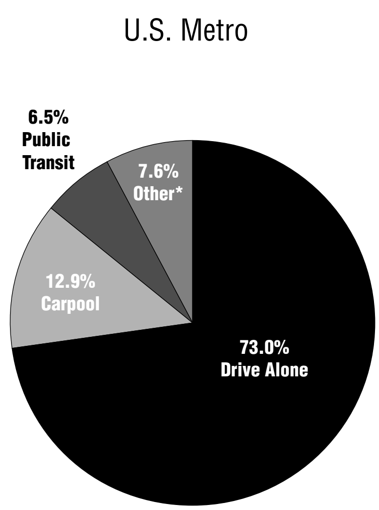
Average Annual Precipitation: 31 inches

Elevation: 664 ft

% of Sunny Days Per Year: 53%

D. Mode of Travel to Work





*Includes those who work at home.

Source: U.S. Census Bureau, *Journey to Work & Migration Statistics.*

E. Daily Commute Time

	One-Way Avg. Travel Time (Min.)
Detroit Metro:	23.7
U.S. Metro Average:	23.2

Source: U.S. Census Bureau, *Journey to Work & Migration Statistics.*

F. Major Professional Athletic Franchises

National Football League

Detroit Lions

Major League Baseball

Detroit Tigers

National Basketball Association

Detroit Pistons

National Hockey League

Detroit Red Wings

G. Performing Arts

Symphonies

Detroit Symphony Orchestra
Detroit Civic Orchestra
Michigan Chamber Orchestra (Detroit)

Operas

Michigan Opera Theater

Ballets

--

Source: *Musical America: International Directory of the Performing Arts,* New York, NY. Though many suburban communities have established symphonies and dance troupes, etc., this chart reflects the major, ongoing performing arts groups (in the above three categories) that are located in the central city and selected large communities of this metropolitan area.

X. Detroit: Current Prices, Rents, and Cap Rates[1]

A. Class A Property Sectors—National, Regional, Local

	CBD Office AVERAGE Price sf	CBD Office Rent sf	CBD Office Cap Rate	Suburban Office AVERAGE Price sf	Suburban Office Rent sf	Suburban Office Cap Rate	Warehouse AVERAGE Price sf	Warehouse Rent sf	Warehouse Cap Rate	Retail AVERAGE Price sf	Retail Rent sf	Retail Cap Rate	Apartment AVERAGE Price sf	Apartment Rent sf	Apartment Cap Rate
National	**$202.00**	**$32.34**	**9.0%**	**$172.09**	**$25.16**	**8.7%**	**$43.53**	**$5.57**	**9.1%**	**$119.05**	**$17.58**	**9.0%**	**$103.61**	**$14.47**	**8.5%**
Midwest Region	**151.59**	**26.15**	**9.5**	**140.08**	**22.67**	**9.2**	**39.35**	**5.31**	**9.4**	**107.51**	**15.82**	**9.5**	**81.82**	**11.85**	**8.7**
1st Q. '02	$118.24	$22.04	9.5%	$129.35	$22.99	9.5%	$41.36	$6.00	9.9%	$112.86	$16.89	9.7%	$79.36	$10.83	8.6%
4th Q. '01	119.81	22.15	9.4	130.22	23.30	9.5	41.89	6.03	9.8	111.32	16.77	9.8	80.46	10.98	8.6
1st Q. '01	129.65	23.73	9.1	138.74	25.09	9.4	42.70	6.01	9.6	110.77	16.81	9.7	80.89	11.24	8.8

B. Other Property Classes – Most Recent Period

Property Sector	Price Per SF	Property Sector	Price Per SF
Class B Suburban Office	$114.99	Class C Apartment	$42.10
Class B Apartment	$53.84	Class A Flex Space	$89.48

C. Local Market Rankings

1st Qtr. 2002 – Rankings*

	CBD Office	Suburban Office	Warehouse	Retail	Apartment	Class B Apartment
Prices	44	34	24	29	25	29
Rents	38	22	15	27	28	27

*Local market ranking among the 58 metropolitan areas (plus Manhattan Downtown and Midtown for CBD office) analyzed by the National Real Estate Index, with the #1 ranking in all cases but Class B Apartment representing the highest Class A price and/or rent per square foot for the noted time period.

1 **Source(s):** NREI *Market Monitor.* For more information on this or other INDEX-surveyed metropolitan areas, contact the National Real Estate Index, (800) 992-7257.

XI. Detroit: Market Analysis

A. Market Snapshot

Steep Decline in Jobs

Metropolitan Detroit lost 41,900 positions during the 12 months ending in March, representing a 1.7% decline in the local employment base. The unemployment rate rose from 4.7% to 6.1%.

Cuts in Auto Industry Shrink Manufacturing Base: The aggressive restructuring plans being implemented by the Big Three automakers have hit the Motor City like a Mack truck. This Spring, plans for more rounds of job cuts include the elimination of 1,750 at General Motors, 1,250 at Ford, and 400 at GM. Suppliers are also being affected. The manufacturing sector shaved 15,500 net positions during the 12 months ending in March. Retail saw the next-largest reduction with 6,700 job losses. The local service sector eliminated 6,200 positions, construction decreased by 4,500 jobs, and wholesale trade removed 3,600 from its employment rolls. Transportation and finance, insurance, and real estate (FIRE) eliminated 1,500 and 500 jobs, respectively.

The only major employment sector in Detroit to experience a gain was government, which added 1,800 positions.

OFFICE

Metropolitan Detroit's office market softened during the year ending in 2002's first quarter. Paragon Corporate Realty Services put the vacancy rate at 12.5%, nearly a three percentage point increase from the 9.7% rate posted in 2001's first three months. Notably, the current rate reflects a one percentage point decrease from year-end 2001. First quarter absorption moved into the black by 360,000 square feet compared to a negative 330,000 square feet in the last quarter of 2001. Annual construction dropped significantly from 777,000 square feet underway in March 2001 to 465,000 square feet 12 months later. The new space is due to come on-line approximately 78% vacant.

Detroit Public Schools is being credited for the uptake in leasing activity downtown. The city racked up more than 207,000 square feet of positive net absorption in the first quarter, the highest level of the nine submarkets tracked by Paragon. Class B space accounted for most of the gain as Detroit Public Schools took up residence in the Fisher building. But this absorption did little to alleviate Detroit's space woes. The city's first quarter vacancy rate was 18.2%, the second-highest in the metropolitan area. Auburn Hills now holds the dubious distinction of having the highest vacancy at 21.2%. Conversely, Ann Arbor saw the lowest vacancy rate at 4.9%.

Troy Sees Largest Quarterly Vacancy Hike: The northern suburb of Troy experienced the greatest quarterly hike in vacancy as the rate more than doubled from 6.3% in the fourth quarter 2001 to 15.4% in the first quarter 2002. Although this submarket saw the second-highest level of absorption in the first three months of the year, the delivery of the empty 275,000 square foot Maple corporate park sent the vacancy rate soaring. Also, the relocation of Textron Automotive to the Troy Concept Center placed 120,000 square feet of sublease space onto the market, offsetting the company's 100,000 square foot lease in its new digs.

Southfield and Farmington Hills saw the most construction in the first three months of this year with the 189,000 square foot Oakland Town Square in Southfield, for which Covisint has signed a lease for 80,000 square feet, and the 182,000 square foot Farmington Hills Corporate Center.

INDUSTRIAL

Detroit's industrial developers are showing restraint in response to the anemic economy. Construction has decreased 39% over the past year resting at four million square feet at the end of March. At 6.6 million square feet, sales and leasing activity outpaced development in the first quarter, according to CB Richard Ellis. However, this level of activity is less than half of the 17 million square foot total posted one year earlier. Macomb County saw the lowest availability rate at 6.2% while Detroit's 12.8% rate was the highest in the metropolitan area.

Downriver Sprints Ahead: The Downriver submarket saw the highest level of new development (1.2 million square feet) in the first three months of 2002. This heavily industrialized area south of the city experienced strong construction activity in 2001 as well—at the end of the fourth quarter,

A. Market Snapshot (continued)

nearly two million square feet were underway. Net absorption totaled more than one million square feet, pointing to steady demand. The 10.7% first quarter availability rate here represents a two percentage point decrease from the first quarter 2001.

New Manufacturing Facility Opens in Warren: The Noble International technical center (600,000 square feet), which recently opened on Van Dyke Road in Warren, is the product of a joint effort between two automotive suppliers. Noble International and SET Enterprises, both providers of integrated steel processing services, will share the new facility.

In Oakland County, two companies are expanding their industrial operations. Tricona Polymers leased a 50,000 square foot industrial/high-tech building in Auburn Hills and JH Bennett purchased a 32,000 square foot facility in Novi.

Imports/Exports Decrease in 2001: The value of imports handled by the Detroit Customs District in 2001 decreased 6% to $91 billion. Exports fell 3% to $77 billion. January 2002 saw imports decrease 11% to $7 billion compared to the same month in 2001. Exports increased 3% to $6 billion.

RETAIL

Detroit's retail vacancy rate was 5% in 2001's fourth quarter, according to Marcus & Millichap, but this rate is expected to rise in 2002 in the wake of manufacturing layoffs and lower sales. Nevertheless, the Motor City, historically a strong market for retail due to the area's income and spending habits, is projected to perform better than many other metropolitan areas during the present economic downturn.

Two Shopping Centers Slated for Lyon: Two new shopping centers are in the pipeline for the growing community of Lyon township. Kojaian Companies plans to build more than 800,000 square feet of retail at the crossroads of I-96 and Milford Road. The larger of the two centers, Lyon Towne Center, calls for 647,000 square feet, while Lyon Crossing will measure 161,000 square feet. The company intends to start site and infrastructure work this Spring.

Casino Agreement Rejected by City Council: There has been a delay in casino development downtown due to a recent move by the City Council. First, Detroit Mayor Kwame Kilpatrick removed the mandate requiring the city's three casinos to move to permanent facilities along the Detroit River. This paved the way for the three to convert their existing temporary facilities into permanent locations. However, the Detroit City Council rejected the Mayor's plan in May, saying that it fails to get the most lucrative deal possible for the city. No details were revealed relating to the specific changes the council is seeking, but it has asked the Mayor to renegotiate the arrangement.

It is not clear what this will mean to the part of the plan requiring the casinos to build new hotel rooms, restaurants, retail shops, theaters, and convention facilities in the city. Each casino reportedly still intends to expand its gaming area to at least 100,000 square feet. In response to the City Council move, the Greektown and Motor City casinos agreed to submit site plans for their permanent facilities by June, along with a timetable for completion and conversion. MGM offered the state $15.5 million to buy the 508,000 square foot Michigan Executive Plaza building and the adjoining land across the Lodge Freeway. This will allow MGM to expand near its present location on Howard Street.

Worries over Retail Saturation in Novi: The city of Novi has been the target of significant retail development in recent months. However, local real estate experts are now beginning to wonder if the area has reached saturation. Vic's World Class Market closed its 88,000 square foot store in Novi this February. The market was banking on the nearby 700,000 square foot mixed-use (retail and office) Main Street project to produce enough pedestrian traffic to keep afloat. Main Street is estimated to be 75% occupied. Las Vegas Golf & Tennis, a neighbor of Vic's Market, shut its doors last Fall. Other closings in Novi include Kmart and Service Merchandise stores at the Oaks Shopping Center. Taubman's 737,000 square foot Fountain Walk, also in Novi, was recently completed and plans for the 500,000 square foot Novi Promenade are still in the pipeline.

Kmart Cancels Three Stores: Troy-based Kmart has halted plans for three new stores in the Detroit area due to the chain's bankruptcy filing. Construction crews just completed a new store at Eight Mile and Telegraph Roads, though, which is doing a booming business. The company has received approval from

A. Market Snapshot (continued)

the US Bankruptcy Court to close 270 discount stores and 12 SuperCenter retail outlets in 40 states and one store in Puerto Rico. Kmart recently reached an agreement with Penske Auto Centers to close more than 200 of its automotive repair shops housed within the retail stores.

APARTMENT

Metropolitan Detroit's vacancy rate for apartments climbed to 4.3% in the first quarter 2002 compared to 3.6% one year prior and 3.9% in 2001's fourth quarter, according to Marcus & Millichap. This market sector is also feeling the pinch of layoffs in the manufacturing industry.

Some Brownfield Projects Call for Housing: The Michigan Economic Growth Authority is giving tax credits to five brownfield redevelopment projects in southeast Michigan: Merchant's Row loft-apartment and retail complex on Woodward Avenue, Lombardo Heritage condominiums on Detroit's east side, General Motors' projects at the Renaissance and surrounding area, GM's construction of a walkway along the Detroit River, and the Woodward Millennium retail, condominium and apartment development at the northeast corner of Woodward and Mack Avenues.

In sales activity, the 172-unit North Park Square apartments in Southfield sold for $16.3 million. In Melvindale, the 234-unit Gale Gardens apartments sold for $5.3 million and in Harper Woods, the 96-unit Pointe Gardens apartments sold for $3.5 million.

HOSPITALITY

Detroit's hotel occupancy stood at 54.9% in February 2002 compared to 58.6% during the same month in 2001, according to Smith Travel Research. Average room rates also declined from $82 to $78.

A new Best Western Sterling Inn banquet and conference center opened its doors this Spring in Sterling Heights. The 250-room facility contains an indoor water park, the first of its kind in Michigan. The park is a major draw for the hotel, which is located at the corner of 15 Mile Road and Van Dyke Avenue.

B. Submarket Inventory/Vacancy

OFFICE*				
SUBMARKET	INVENTORY	VACANCY	ABSORPTION	CONSTRUCTION
Detroit	11,899,714	18.2%	207,335	0
Farmington Hills	3,632,812	11.0%	2,496	182,280
I-275 Corridor	3,272,163	15.8%	(33,209)	0
Southfield	10,370,004	13.1%	(79,312)	189,398
Troy	11,384,759	15.4%	166,537	0
Birmingham/Bloomfield	4,928,060	8.9%	74,805	0
Auburn Hills	1,339,745	21.2%	26,066	0
Dearborn	2,870,130	6.6%	(4,517)	0
Ann Arbor	2,692,282	4.9%	8	93,000
MARKET TOTAL	**40,489,955**	**12.5%**	**360,209**	**464,678**

*Reported as of first quarter 2002.

Source: Paragon Corporate Realty Services (Farmington Hills).

INDUSTRIAL*				
SUBMARKET	INVENTORY	AVAILABILITY	ABSORPTION	CONSTRUCTION
Macomb	89,123,504	6.2%	998,256	623,000
I-75 Corridor	74,528,033	7.1%	1,081,105	462,245
SE Oakland	13,302,270	8.4%	149,770	0
NW Suburbs	49,691,153	10.3%	889,455	799,682
Western Wayne	80,251,956	8.8%	1,708,881	354,245
Downriver	62,981,202	10.7%	1,077,014	1,150,000
Detroit	110,121,523	12.8%	437,000	170,400
Washtenaw	18,549,021	9.6%	297,117	472,000
MARKET TOTAL	**498,548,662**	**9.8%**	**6,638,598**	**4,031,572**

*Reported as of first quarter 2002. Absorption figures reflect sales and leasing activity.

Source: CB Richard Ellis (Southfield).

Methodology

Metro Market Facts is based on property transaction and supplemental data compiled by the National Real Estate Index.

Property Prices, Rents, and Cap Rate Data

The National Real Estate Index (INDEX) reports data on large income-producing properties bought and sold nationwide. The primary market makers include pension plans, real estate investment trusts, banks, savings and loans, commercial real estate brokers, appraisers, and investment program sponsors. The properties analyzed in the INDEX include office buildings, warehouse/distribution properties, retail centers, apartments, and hotels.

Mean Prices: The INDEX *Market Monitor* compiles and reports average transaction prices, rents, capitalization rates for Class A properties in local and regional markets throughout the United States, as well as prices for lower quality properties in many markets. All transactional data is calculated at the point of purchase/sale, reflecting values based on arm's length negotiations.

Effective Gross Rents: Except for retail, stated rents reflect all occupancy costs. Because reported rents include rent concessions and operating cost chargebacks, if any, reported rents are therefore **effective gross rents**. Reported *retail* rents include in-lying small shop space only and are *triple net. Warehouse rents* reflect lease rates for *warehouse space only*.

Capitalization Rates: Cap rates are determined from reported **actual net operating income**, either from property sales or from representative properties**.**

Important: Please note that because the rent figures represent quoted rates (after concessions) on space currently available (rather than the total rental income for all buildings surveyed), prices, rents, and cap rates may not always appear "internally" consistent. Reported price and rent trends are moderated by independent market surveys conducted by the INDEX research staff. Where there are too few transactions to constitute a statistically-significant sample or the underlying data for the transactions are incomplete, the performance of prototype properties is used to supplement the transaction data in deriving average values and cap rates.

BUILDING NORMS: In order to maintain quality data and monitor rental rate trends, specific "prototype" or "tracked" properties that conform to the norms discussed below have been identified in each market.

All tracked properties have no leases that are significantly higher or lower than the market rates for similar space. Buildings are of high quality, have current construction materials and techniques, and are aesthetically modern and attractive. The buildings are representative of local conditions, stabilized with modest vacancy, and ten years old or less. *Norms* for specific property types (and local market *prototypes*) reported in the INDEX are as follows:

Office: Ten stories or greater size, steel frame (or other high quality) construction, and a high quality modern exterior finish and glass application. Properties are located in the Central Business District (CBD) or, where noted, a submarket recognized as a primary office location.

Warehouse/Distribution: The INDEX employs space originally designed and used for true warehouse/distribution or storage as the property norm. Buildings are usually of tilt-up concrete construction, with flat roofs and a clear space span of at least 18 feet. No more than 20% of the total space is office build-out. The buildings have a minimum of 50,000 square feet and are located in a quality industrial park or other superior location.

Retail: A "neighborhood" or small community center, rather than an enclosed mall, is the property norm for shopping centers. The typical center is 75,000–225,000 square feet and contains at least one major anchor tenant, usually a high quality national or regional grocery store. Generally, 30%–50% of the space in prototype retail centers is occupied by anchor tenants. All construction is single story and of modern design, with a 3.5:1 parking-lot-to-developed-space ratio. Properties are located in established neighborhoods.

Apartment: Apartments are garden- or campus-style. Construction is standard stud frame with a stucco or other high quality exterior. Some decorative facia is applied, usually of brick, and the peaked roof is built on prefabricated trusses of material other than blacktop buildup. There is quality landscaping with some mature trees and shrubbery. Prototype apartment communities contain 100–300 units and have amenities appropriate for the geographic region. Amenities usually include a pool, tennis courts and/or health/fitness rooms. Tenants have covered parking for at least one car per apartment unit. Class B apartments are defined as properties built or substantively renovated from ten to twenty years ago.

Note: As for most statistical data services, previously-reported data is revised as needed to reflect the receipt of new data. Specifically, because a number of property transactions for any given quarter are reported too late to be included in that quarter's issue of the *Market Monitor,* the INDEX revises data released in prior issues if the values previously reported have changed significantly. We believe this approach helps assure the most reliable data over the long-term.

Nonproprietary Data Sources

Sources: In reporting property transaction prices, rents, and cap rates, the National Real Estate Index relies primarily on proprietary data sources, including an extensive property database.

The publishers supplement the proprietary property transaction data with non-proprietary information and background material in the areas of property stock, absorption, and vacancy trends. The National Real Estate Index recognizes the following distinguished firms, publications, and individuals for their contributions in these areas.

CB Richard Ellis (Industrial)

Marcus & Millichap (Retail, Apartment)

Paragon Corporate Realty Services (Office)

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