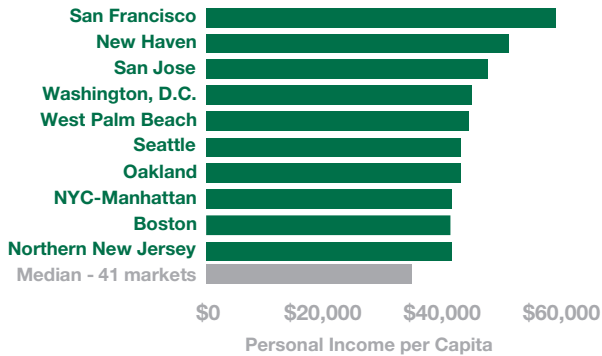
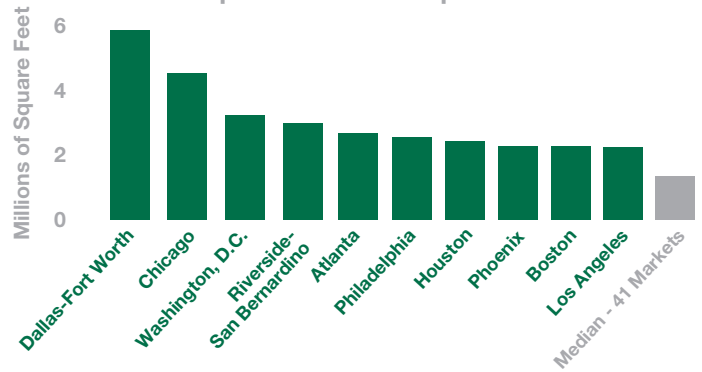


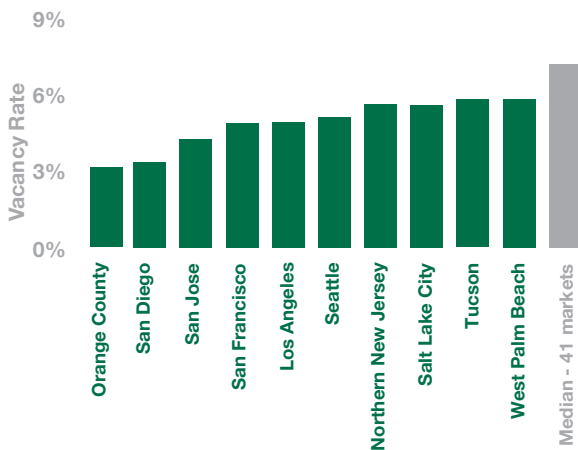
Markets with Highest Expected 2005 Personal Income per Capita



Markets with Highest Expected 2005 Completions



Markets with Lowest Expected 2005 Vacancy Rates

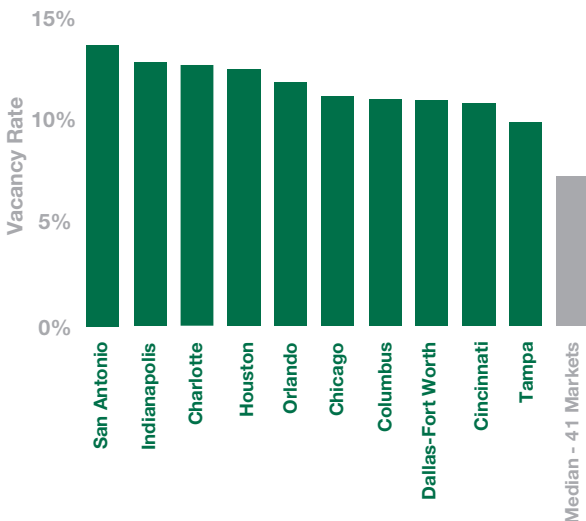


National Retail Index

Marcus & Millichap is pleased to present the 2005 edition of the National Retail Index (NRI). The NRI is a snapshot analysis that ranks 41 retail markets based on a series of 12-month forward-looking supply and demand indicators. Markets are ranked based on their cumulative weighted average scores for various indicators, including forecasted employment growth, vacancy, construction, household formation, retail sales and rent growth. Taking into account both the forecasted level and the degree of change over the forecast period, the index is designed to indicate relative supply and demand conditions at the market level.

Users of the index are cautioned to keep several important points in mind: first, the NRI is not designed to predict the performance of individual investments. A carefully chosen investment in the bottom-ranked market could easily outperform a poor choice in the top-ranked market. Second, the index is geared toward a short-term time horizon. A market facing difficulties in the near term may provide excellent long-term prospects, and vice versa. Third, a market's ranking may change from one year to the next even if its fundamentals remain unchanged. This can happen when conditions are stable in one market while shifting in the market's peers. Finally, because the NRI is an ordinal index, differences in specific rankings should not be misinterpreted. For example, the second-ranked market is not necessarily twice as bad as the top-ranked market, nor is it five times better than the 10th-ranked market.

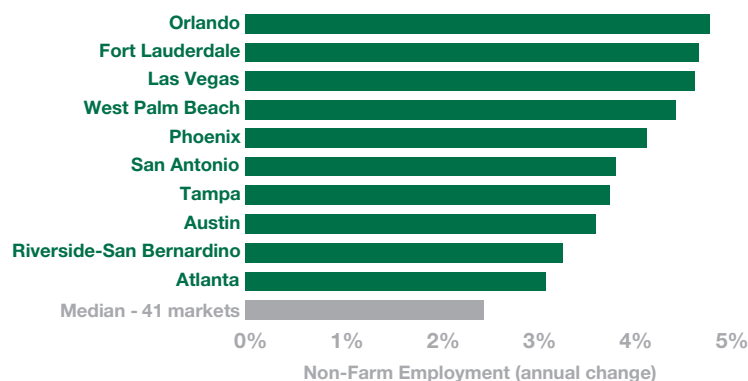
Markets with Highest Expected 2005 Vacancy Rates



Index Results: Income, Jobs and Household Growth Drive Market Movement

Exemplifying the stability of retail, the top 10 stayed intact from last year's ranking, but slight shifting among markets occurred. San Diego topped this year's index, rising two places to overcome last year's number one ranking Orange County. San Diego is expected to lead the nation in rent growth, post the second-lowest vacancy rate, and boasts top-10 marks in both retail sales and household growth. Orange County was this year's runner-up, despite posting the nation's lowest vacancy rate. Middle-marks in job growth and household growth caused it to slip one position. Washington, D.C., (#3) also fell one position due to the lack of vacancy improvement forecast to occur. South Florida finished out the top five with Fort Lauderdale holding at #4 and West Palm Beach at #5. West Palm Beach rose two places on the back of expected strong

Markets with Highest Expected 2005 Employment Growth



employment and household growth forecasts. Rounding out the top 10 are retail havens Riverside-San Bernardino (#6), San Francisco (#7), New York - Manhattan (#8), Los Angeles (#9) and Oakland (#10). For various reasons, despite strong outlooks, San Francisco fell two places in this year's ranking as West Palm Beach moved up the ladder and Los Angeles slipped one position due to New York jumping up one spot. The top 10 markets share characteristics common in a healthy retail environment including low vacancy, strong retail sales, favorable demographics, high incomes, and with the exception of Riverside-San Bernardino, stringent barriers to entry.

In the middle of the pack is where the action is at, and this year's market-movers carry similar traits. Household growth was a driving factor, along with our favorable outlook for meaningful economic improvement in tech-heavy metros. Leading the charge is Denver, with its recovery gaining steam. Above-average incomes and renewed job growth support strong retail sales in Denver (#26), which hurdled six spots this year after falling into the bottom 10 last year. Seattle (#15) and Portland (#30) were close behind, each improving their position by five spots. Seattle's low vacancy, strong rent growth and healthy forecast for job growth should pay dividends. Austin (#17), Orlando (#18) and San Jose (#20) all broke into the top 20 this year. Despite relatively high vacancies, Atlanta (#14) is forecast to be in the top five in terms of household growth this year. This will be supported by above-average job growth fueling in-migration which led to a three position gain in the ranking. Fallout is a consequence of big gainers and does not necessarily point to signs of market weakening. Tucson (#19) and Sacramento (#22) are prime examples, as these markets are expected to record vacancy improvement and rent growth this year. On the other hand, we expect rising vacancies in a few markets this year. Chicago (#23) fell five positions due primarily to this factor.

Lastly, the markets occupying the bottom positions in this year's index continue to struggle to get their economic engines running and, with the exception of Charlotte (#34), are located in the Midwest. Below-average job growth and out-migration continues to dampen household growth in Midwestern markets, which include Cleveland (#36), Columbus (#39), Cincinnati (#40) and Indianapolis (#41). However, despite a modest economic climate, retail market fundamentals in these metros are not expected to weaken and will support steady cash flows.

MSA	Rank 2005	Rank 2004	04-05 Change
San Diego	1	3	▲ 2
Orange County	2	1	▼ 1
Washington, D.C.	3	2	▼ 1
Fort Lauderdale	4	4	■ 0
West Palm Beach	5	7	▲ 2
Riverside-San Bernardino	6	6	■ 0
San Francisco	7	5	▼ 2
New York City-Manhattan	8	9	▲ 1
Los Angeles	9	8	▼ 1
Oakland	10	10	■ 0
Phoenix	11	13	▲ 2
Las Vegas	12	14	▲ 2
Boston	13	11	▼ 2
Atlanta	14	17	▲ 3
Seattle	15	20	▲ 5
Northern New Jersey	16	12	▼ 4
Austin	17	21	▲ 4
Orlando	18	22	▲ 4
Tucson	19	15	▼ 4
San Jose	20	23	▲ 3
Tampa	21	24	▲ 3
Sacramento	22	16	▼ 6
Chicago	23	18	▼ 5
Miami	24	19	▼ 5
Portland	25	30	▲ 5
Denver	26	32	▲ 6
Minneapolis-St. Paul	27	25	▼ 2
Philadelphia	28	27	▼ 1
Dallas-Fort Worth	29	28	▼ 1
Salt Lake City	30	31	▲ 1
Jacksonville	31	29	▼ 2
Houston	32	26	▼ 6
San Antonio	33	new	■ NA
New Haven	34	new	■ NA
Detroit	35	36	▲ 1
Cleveland	36	35	▼ 1
Milwaukee	37	38	▲ 1
Charlotte	38	34	▼ 4
Columbus	39	37	▼ 2
Cincinnati	40	33	▼ 7
Indianapolis	41	39	▼ 2