IndustrialResearch
MARKET REPORT

Marcus & Millichap

Midyear 2010

Elevated Vacancies Pose Challenges, but Economic Growth Forming Foundation for Recovery

While industrial vacancies will remain elevated, the economic recovery will stabilize property performance by the end of 2010 and set the stage for modest improvement next year. As the impact of government stimulus winds down, future economic expansion will be driven by more traditional sources, including personal and corporate spending, which were the primary drivers of GDP growth during the first quarter. Continued private consumption will encourage businesses to slowly replenish depleted inventories in anticipation of further increases in demand. Employment growth will be a crucial component in buoying consumer sentiment and supporting spending, and while recent payroll additions have exceeded expectations, it will take years for the economy to recover the 8.4 million jobs lost during the recession. Recent positive economic developments have yet to translate into heightened tenant demand for industrial space, as many tenants have more space than they need. Widespread improvement in the industrial market will likely not occur until 2011 and 2012, when more robust economic and employment growth will take hold.

As fundamentals firm, investor demand for industrial assets will gain momentum, particularly in institutional assets and primary markets. Distress will remain limited, as few properties were underwritten with the expectation of extreme rent increases, even at the height of the market. The low turnover costs of the segment will appeal to buyers as the economic recovery and, subsequently, leasing activity intensify in the quarters ahead. While lending standards have yet to ease considerably, cash transactions and owner-user purchases will strengthen investment activity through 2010. Cap rates will likely reach the low-7 percent range for single-tenant properties leased to credit tenants and could trend lower in supply-constrained coastal markets. In secondary and tertiary markets, initial yields for similar single-tenant properties should settle in the 8 percent to 9 percent range this year.

2010 Annual Industrial Forecast

1.0% increase in total employment

Economy: Nationwide, employers will add 1.3 million jobs in 2010, a 1 percent gain, following the loss of 8.4 million positions during the prior two years. Despite the increase, elevated unemployment and the weak housing market, among other headwinds, will persist.

25 million square feet will be completed

Construction: Industrial builders will deliver 25 million square feet of new space in 2010, down from nearly 75 million square feet in 2009 and 171 million square feet in 2008. The short development timeline for industrial construction, however, will likely drive greater construction as space demand accelerates, possibly as soon as 2012.

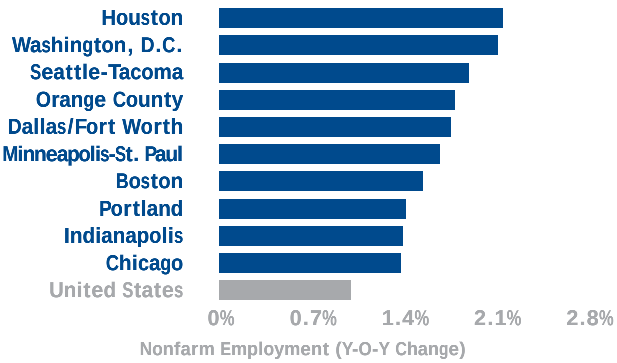
40 basis point increase in vacancy

Vacancy: Tenant demand for industrial space will lag the economic recovery slightly, with growth gaining momentum in the second half of 2010 and accelerating next year. Vacancy will inch up 40 basis points to 13 percent this year, following a 200 basis point spike in 2009.

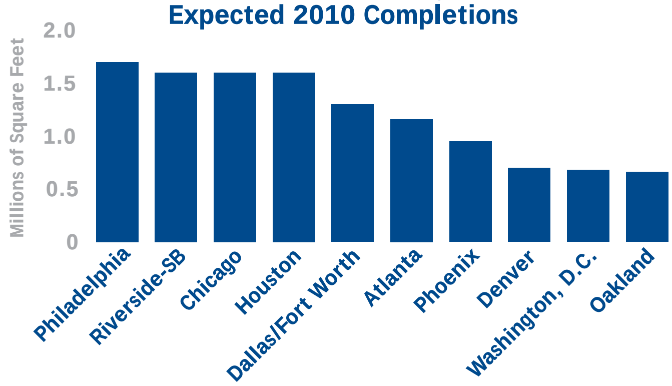
2.7% decrease in asking rents

Rents: Elevated levels of negative net absorption and the resulting jump in vacancy drove down asking and effective rents 7.9 percent and 12.4 percent, respectively, in 2009. Conditions will be far more stable this year, with the decline in asking rents easing to 2.7 percent, while effective rents will retreat 3.8 percent. Concessions will end 2010 at 14.1 percent of asking rents, up from 13.1 percent of asking rents at the close of last year.

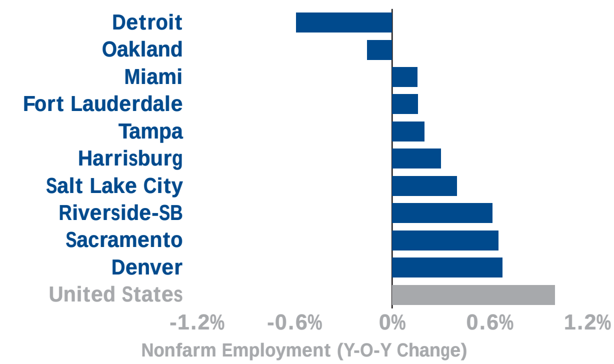
Markets with the Greatest Expected 2010 Employment Growth



Markets with the Highest Expected 2010 Completions

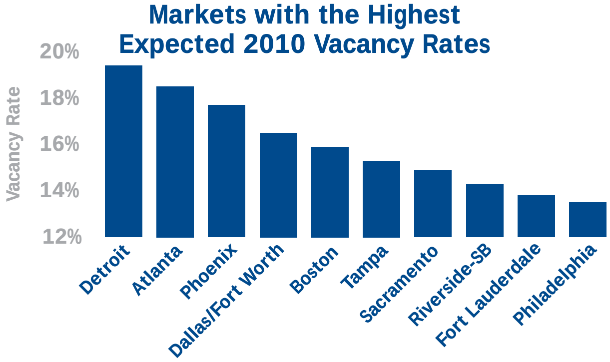


Markets with the Lowest Expected 2010 Employment Growth



Markets with the Lowest Expected 2010 Vacancy Rates

Markets with the Highest Expected 2010 Vacancy Rates



2010 National Industrial Index

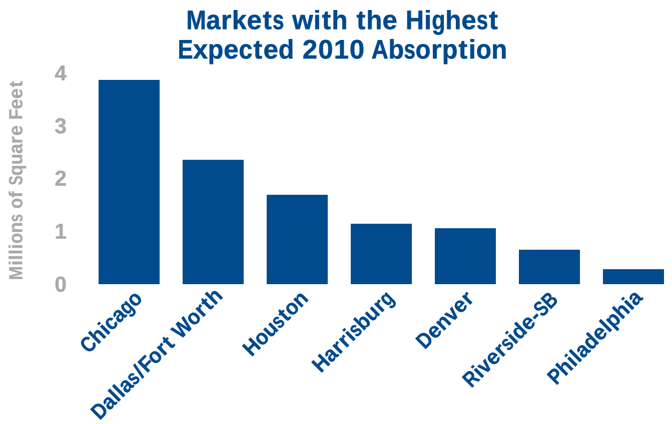
Marcus & Millichap is pleased to present the 2010 edition of the National Industrial Index (NII), an analysis that ranks 27 industrial markets based on a series of 12-month forward-looking supply and demand indicators. Markets are ranked according to their cumulative weighted-average scores for various indicators, including projected employment changes, construction, net absorption, revenue change and vacancy. Taking into account both the level and degree of change of multiple variables over the forecast period, the index is designed to indicate our expectations for this year's supply and demand conditions at the market level.

Users of the index are cautioned to keep several important points in mind. First, the index is not designed to predict the performance of individual investments. A carefully selected property 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 improve from one year to the next even if its operating fundamentals are worsening. This year, for instance, many markets will record weak space demand and persistent downward pressure on rents. The ranking weighs the relative health of all markets and the lingering effects of the economic downturn on property performance.

It is also important to note that because the NII is an ordinal index, differences in specific rankings should not be misinterpreted. For example, the top-ranked industrial market is not necessarily twice as good as the second-ranked market, nor is it 10 times better than the 10th-ranked market. This proves to be particularly significant in the 2010 NII, as the stalled development pipeline will minimize the competitive impact of new construction in markets within the ranking.

Pace of Recovery Key Determinant in Market Rankings

The economic recovery will be a critical element in industrial property performance this year, although individual markets will not stabilize in lock-step. Most of the top metros in the 2010 index are leading port markets and primary distribution hubs, where demand will likely recover more quickly than in secondary and tertiary locations. In addition, markets that will feature the strongest employment gains generally fared well in the ranking, as firming local economies will drive tenant demand for industrial space, despite recent overbuilding. Areas hardest hit by the collapse of the housing bubble, such as Phoenix, Riverside-San Bernardino and most Florida markets, will take longer to recover even as payroll expansion resumes, while many Midwestern markets will encounter long-term demand challenges.



Houston Retains the Top Spot; Los Angeles Jumps to #2

Strong employment gains, tenant demand from port traffic and modest inventory growth drove Houston to the top of the NII for the second consecutive year. Houston will be one of a handful of markets to record a vacancy decline in 2010, with the rate expected to dip below 10 percent by year end. Los Angeles rose three places in the ranking, due in part to a vacancy rate that is forecast to be the lowest in the country. Strong pre-leasing of new space will cause the vacancy rate in Denver (#3) to inch lower, but employment growth will be slow to take hold, nudging down the metro one position in the index. Absorption will be slightly negative in Minneapolis-St. Paul this year, placing downward pressure on rents. The metro slipped one spot in the 2010 NII to #4, despite healthy job gains and a low vacancy rate. Dallas/Fort Worth jumped eight positions to round out the top five. While vacancy in the Metroplex remains considerably higher than in most top markets, the rate only marginally exceeds the area's long-term average, and demand drivers continue to be among the strongest in the country.

Orange County advanced six places in this year's ranking to #6 due to expectations for above-average employment gains and minimal completions that will limit supply-side pressures. Chicago (#7) will lead the country in absorption, driving vacancy lower and moderating rent declines. Seattle-Tacoma fell two spots to #8, as demand will recover more slowly in the Puget Sound as a result of its relative isolation from other major metro areas. Northern New Jersey slipped five places to #9 based on tepid job growth and forecasts for continued vacancy increases. Harrisburg moved up one spot to #10, despite soft employment growth, as amenities in the area's new space and access to high-population centers will continue to drive absorption.

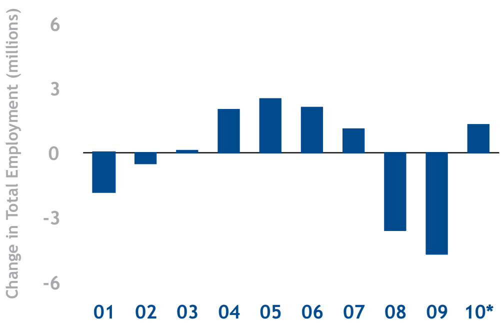
Several secondary industrial markets fell out of the top 10 from last year. Washington, D.C. (#11), Indianapolis (#12), Salt Lake City (#13) and Portland (#14) all were top markets in 2009 but slipped this year. While these local economies will likely outperform much of the country, greater transportation efficiency will result in demand trends that favor core distribution hubs in the coming years. As a result, absorption of space will likely lag in these markets, even as local economies recover.

Markets in some form of economic distress comprise most of the bottom of the index. Cleveland (#22) and Detroit (#27) recorded payroll reductions prior to the onset of the Great Recession, and economic challenges will likely persist in these metros for several years. Overbuilding has resulted in a glut of vacant space in once-high-growth markets such as Riverside-San Bernardino (#23), Phoenix (#24) and Atlanta (#26). While long-term demand drivers remain healthy, soft property fundamentals will linger in each of these markets in 2010.

MSA	Rank 2010	Rank 2009	09-10 Change
Houston	1	1	■ 0
Los Angeles	2	5	▲ 3
Denver	3	2	▼ 1
Minneapolis-St. Paul	4	3	▼ 1
Dallas/Fort Worth	5	13	▲ 8
Orange County	6	12	▲ 6
Chicago	7	14	▲ 7
Seattle-Tacoma	8	6	▼ 2
Northern New Jersey	9	4	▼ 5
Harrisburg	10	11	▲ 1
Washington, D.C.	11	9	▼ 2
Indianapolis	12	8	▼ 4
Salt Lake City	13	7	▼ 6
Portland	14	10	▼ 4
San Diego	15	20	▲ 5
Miami	16	21	▲ 5
Philadelphia	17	16	▼ 1
Boston	18	15	▼ 3
Oakland-East Bay	19	18	▼ 1
Fort Lauderdale	20	25	▲ 5
Sacramento	21	19	▼ 2
Cleveland	22	17	▼ 5
Riverside-San Bernardino	23	23	■ 0
Phoenix	24	26	▲ 2
Tampa	25	24	▼ 1
Atlanta	26	22	▼ 4
Detroit	27	27	■ 0

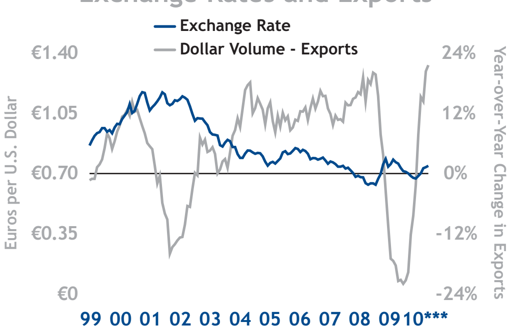
Economic Expansion Gaining Momentum, but Businesses Remain Cautious

Employment Recovery in 2010

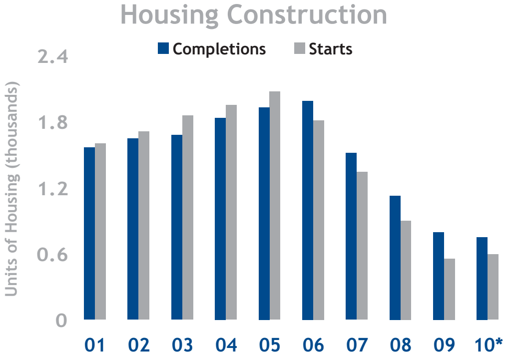


Inventory Cycles

Exchange Rates and Exports



Housing Construction



* Forecast ** Through March *** Through April

Gross domestic product has grown for three consecutive quarters and job creation has resumed, but caution among businesses and consumers has thus far failed to add significant momentum to the recovery. Several positive economic trends have emerged in 2010, marking a reversal from conditions during the depths of the recession and encouraging general agreement that the worst of the downturn has passed. Nonetheless, substantial caution remains evident in subdued private hiring and in decisions by businesses to exhaust excess capacity before considering expansion. The ongoing European debt crisis has only reinforced the current mood, raising concerns that the problems in Europe may spread and disrupt financial markets. While the possibility of financial contagion remain low, the potential impact of such an occurrence remain considerable, including a double-dip recession.

While the vigor and durability of the economic expansion remain unclear at this time, improvements in several economic measures have positive implications for the industrial property sector. Fueled in large part by the addition of approximately 500,000 temporary census positions, the job market has stabilized, adding much-needed relief to the economy. Payrolls have expanded by nearly 1 million jobs year to date, helping spark a 6.5 percent increase in retail sales from the corresponding period in 2009. As consumer spending has resumed, retailers have increased inventories each month this year, following declines in nine of 12 months in 2009. The replenishment of retail inventories may slow as retailers attempt to project future demand but will eventually translate into new requirements for space to store and distribute goods as consumer spending patterns become established. In addition, the U.S. dollar has bounced back against the Euro and other major currencies this year in response to the European debt crisis; the potential for further strengthening will likely bolster imports, which represent a substantial source of warehouse and distribution property space demand.

2010 National Economic Outlook

- **Employment Growth to Accelerate.** Renewed hiring will buoy sentiment and should stimulate a modest increase in spending on consumer goods. High unemployment remains a downside risk to the projected rise in spending, however, by suppressing income growth. Nationwide, employers will add 1.3 million jobs in 2010, replacing a portion of the 8.4 million positions lost during the prior two years.

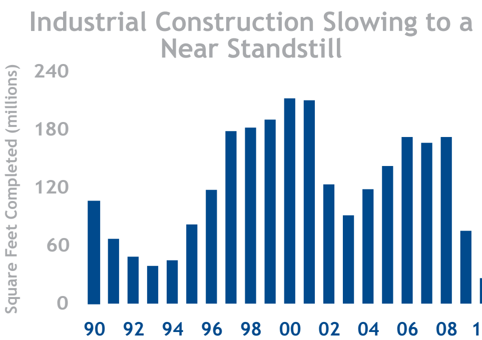
- **Pace of Economic Recovery Subdued.** Driven primarily by business spending and the continuing effects of government stimulus, GDP will expand by 2.5 percent to 3.0 percent in 2010. The recovery will remain slow compared to previous post-recession periods, but more robust growth will occur in 2011 and 2012 as job formation strengthens and consumer spending accelerates.

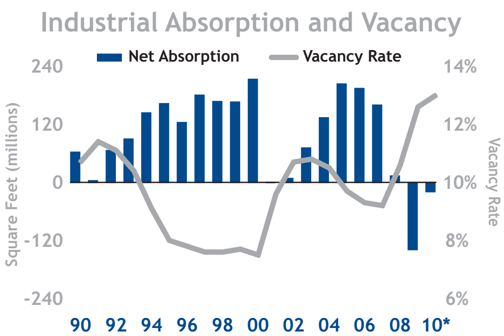
- **Housing Remains a Drag on Economic Growth, Industrial Fundamentals.** Housing completions and starts remain well below pre-recession levels, and excess housing stock, including vacant foreclosed homes, will limit housing construction in the near term. As a result, housing-related contractors who typically occupy space in multi-bay industrial properties will not recover sufficiently to boost space demand for several quarters.

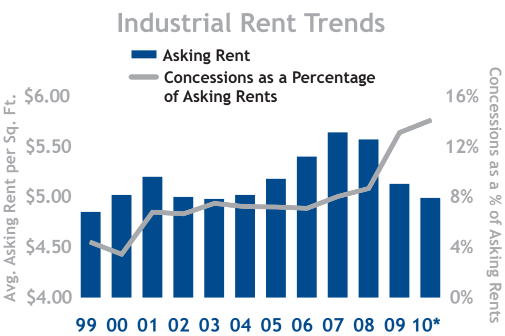
- **Europe Assumes Role as X-Factor in Recovery.** Debt problems in the Eurozone could spread, disrupting global credit markets that have not yet fully resumed normal operations following the recession. The Euro has already lost value to the dollar this year, and further declines may shut off European markets for U.S. goods, a key driver of economic growth in the nation.

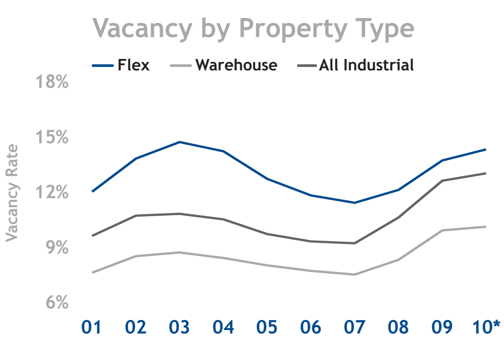
	Vacancy (Year-End)[1]		Asking Rent per Sq. Ft.[1]		Completions (000s of Sq. Ft.)		Employment Growth[1]	
MSA Name	**09**	**10***	**09**	**10***	**09**	**10***	**09**	**10***
Atlanta	17.6%	18.5%	$3.38	$3.33	2,500	1,160	-5.0%	1.1%
Boston	15.5%	15.9%	$5.96	$5.87	722	610	-3.5%	1.5%
Chicago	12.6%	12.3%	$4.43	$4.36	5,100	1,600	-5.3%	1.4%
Cleveland	11.1%	11.9%	$3.47	$3.41	67	200	-5.1%	1.2%
Dallas/Fort Worth	16.8%	16.5%	$3.78	$3.73	9,381	1,300	-3.0%	1.8%
Denver	9.1%	8.9%	$5.45	$5.34	474	700	-4.5%	0.7%
Detroit	18.2%	19.4%	$4.42	$4.26	339	285	-7.9%	-0.6%
Fort Lauderdale	13.4%	13.8%	$6.47	$6.17	740	125	-5.3%	0.2%
Harrisburg	12.0%	11.5%	$3.91	$3.84	3,495	400	-2.9%	0.3%
Houston	10.2%	10.1%	$5.43	$5.30	6,293	1,600	-3.8%	2.2%
Indianapolis	11.3%	11.5%	$3.86	$3.75	1,931	400	-4.2%	1.4%
Los Angeles	7.3%	8.0%	$6.64	$6.47	2,335	600	-5.5%	0.9%
Miami	12.2%	12.5%	$6.65	$6.36	838	420	-4.2%	0.2%
Minneapolis-St. Paul	9.5%	9.7%	$5.08	$4.95	574	346	-4.6%	1.7%
Northern New Jersey	10.3%	11.1%	$5.64	$5.55	479	430	-3.3%	-0.3%
Oakland	12.3%	13.1%	$8.06	$7.75	1,644	660	-6.0%	-0.2%
Orange County	9.1%	9.5%	$8.20	$7.88	100	425	-6.7%	1.8%
Philadelphia	13.1%	13.5%	$4.03	$3.97	1,725	1,700	-3.6%	0.9%
Phoenix	17.2%	17.7%	$4.77	$4.59	2,633	950	-6.4%	1.1%
Portland	10.8%	11.4%	$5.32	$5.25	633	530	-5.5%	1.4%
Riverside-San Bernardino	14.1%	14.3%	$4.29	$4.17	5,490	1,600	-6.8%	0.6%
Sacramento	14.2%	14.9%	$3.76	$3.65	259	220	-5.8%	0.7%
Salt Lake City	8.2%	8.6%	$3.42	$3.31	1,597	175	-4.2%	0.4%
San Diego	12.1%	12.4%	$10.03	$9.91	597	362	-5.4%	1.0%
Seattle-Tacoma	9.7%	10.4%	$5.58	$5.43	2,063	450	-5.4%	1.9%
Tampa	14.1%	15.3%	$5.17	$4.94	704	200	-4.8%	0.2%
Washington, D.C.	11.8%	12.5%	$7.30	$7.14	1,562	680	-1.7%	2.1%

* Forecast [1] See National Industrial Index Note on page 8.









* Forecast

Graphs include data from CoStar Group, Inc.

Vacancy to Remain Elevated Despite Construction Decline; Glut of Existing Space to Restrict Rents

The industrial property sector will stabilize this year as the economic recovery gains traction. Vacancy will rise slightly, however, as tenant demand slips, particularly in the first half. The first quarter marked the sixth consecutive period of negative net absorption, driving vacancy to the highest rate on record. With the economy emerging from recession, several early indicators of future space demand have appeared, including increased international trade, modest additions to business inventories and steady gains in manufacturing employment. Consumer confidence remains low but is improving, with the most recent reading reaching a cyclical high. While the strengthening economy ultimately will spur demand these trends have been insufficient thus far in the recovery to offset the glut of under-utilized space and vacant parcels in the market that will continue to apply downward pressure to rents into 2011.

Industrial fundamentals should stabilize and enter recovery ahead of most other core commercial sectors, due in large part to a significant drop in construction. Developers will trim deliveries to just 20 percent of the 10-year average in 2010. While a comparatively short development timeline can lead to a rapid acceleration in completions, current rents generally fail to justify construction costs, which will likely govern new building for the next few years. With international trade projected to gain momentum, barring an unexpected debt shock, major port markets should begin to recover during the early stages of the cycle. Houston, Los Angeles and Seattle-Tacoma, for example, all have vacancy levels below the national average and will record strengthening tenant demand in the second half of this year.

2010 National Industrial Market Outlook

- **Developers Respond to Demand Downturn by Halting Construction.** Builders will deliver 25 million square feet of new industrial space in 2010, down from nearly 75 million square feet in 2009 and 171 million square feet in the preceding year. The short development timeline will likely drive greater construction as soon as 2012, however, as space demand recovers.

- **Construction Concentrated in a Few Markets.** This year, just five metros will receive more than 30 percent of the nation's new industrial construction. Outside of these markets, the impact from new construction will be minimal, with inventories likely to remain relatively flat in 2010 after accounting for space removed due to obsolescence.

- **Vacancy to Tick Higher This Year Before Improving in 2011.** Tenant demand for industrial space will lag the economic recovery, with growth gaining momentum in the second half of 2010 and accelerating next year. Vacancy will inch up 40 basis points to 13 percent this year, following a 200 basis point spike in 2009.

- **Fewer Markets in Operational Distress.** Nearly half of the major industrial markets in the country recorded extreme vacancy increases of 250 basis points or more in 2009 as the recession affected most industries. This year, the recovery will be staggered across regions and metro areas. A handful of markets will post vacancy improvements this year, while only a few areas will register significant vacancy increases.

- **Rents to Ease Slightly; Concession Offerings to Stabilize by Year End.** Last year's vacancy spike drove down asking and effective rents 7.9 percent and 12.4 percent, respectively. Conditions will be far more stable this year, with asking rents expected to drop just 2.7 percent, while effective rents will retreat 3.8 percent. Concessions will end 2010 at 14.1 percent of asking rents, up from 13.1 percent of asking rents at the close of last year.

Expectations for More Pronounced Recovery in Fundamentals Driving Demand for Industrial Assets

Industrial properties will emerge as a preferred real estate investment class this year, spurring transaction velocity. Several factors have driven investors' attention, such as lower turnover costs and the expectation for industrial to enter a more robust recovery ahead of other commercial property types. Growing competition for available assets will lead to the stabilization of cap rates and even modest declines for the most sought-after properties. Cap rates for best-of-class assets, or those located in top industrial markets with credit tenants and long-term leases in place, will likely end the year in the high-6 percent to mid-7 percent range, with properties in coastal markets falling to the low end of that spectrum. On average, however, industrial cap rates will hold in the high-8 percent to low-9 percent range, approximately 150 basis points higher than cap rates reported two years ago.

Distress will remain limited in the industrial market, as investors' and lenders' NOI projections for industrial assets through the boom period held closer to reality than for other commercial properties. During the first quarter of 2010, only 4 percent of industrial sales involved distressed assets, versus 15 percent across all core property types. With distress sales likely to have a minimal impact this year, the industrial market will rely on more traditional drivers to fuel buyer demand. Owner-users, for example, represent an outsized share of the industrial buyer pool, which has helped buoy property prices, despite rising vacancy levels. Over the past year, owner-users have accounted for almost one-third of buyers, with major retailers like Kohl's closing some of the largest deals. In some instances, a high-quality warehouse with modern amenities can command a higher price vacant than occupied, assuming its location and size appeal to the right owner-user. This trend will stay in effect through 2010, as prices for many existing properties continue to offer discounts over new development. Among private investors, who comprise the largest share of buyers, interest will remain focused on smaller multi-tenant assets with diverse tenant rosters, as these properties tend to offer more stable and reliable returns.

2010 Investment Outlook

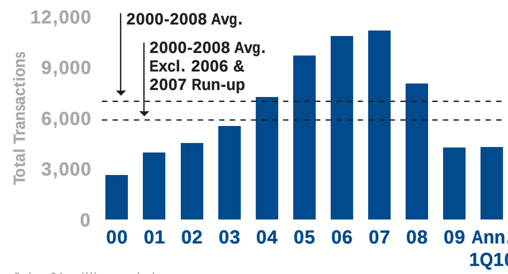
- **Investor Demand Strengthening for Single-Tenant Assets.** Single-tenant buildings occupied by credit tenants will remain among the most sought-after industrial properties this year as investors pursue deals with less perceived risk. Furthermore, increased apartment sales will generate greater 1031-exchange activity, bolstering demand for all single-tenant investments, even buildings with non-credit tenants. Single-tenant transactions have comprised nearly half of all industrial transactions since 2009, compared to a low of 31 percent of deals in 2007.

- **Newer Properties Command Premiums.** Newer properties offer features essential to major tenants, such as greater clear heights and high-tech capabilities. On average, properties built during the past 10 years sell at an average cap rate of 8 percent, while those built in the 1990s trade at around 8.3 percent, and buildings completed in the 1980s change hands closer to 8.6 percent. Cap rates rise to the high-9 percent range for assets built before 1980, which may face obsolescence.

- **Credit, Lease Terms Driving Value.** Over the past six months, larger warehouses occupied by institutional-grade credit tenants sold at cap rates 100 basis points lower than similarly sized properties with noncredit tenants. This trend may become more prominent through 2010 as investors' and lenders' flight to quality continues.

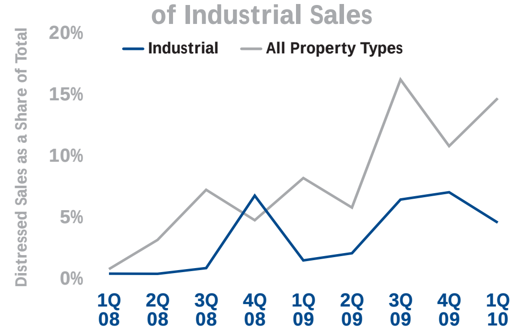
- **Cap Rates Diverge by Market Type.** Variations in cap rates by property quality and location will become more pronounced this year. Cap rates in primary markets will likely retreat as more buyers move off the sidelines and compete for deals, while investors will demand higher returns for riskier assets and those in less desirable locations.

National Industrial Transactions†

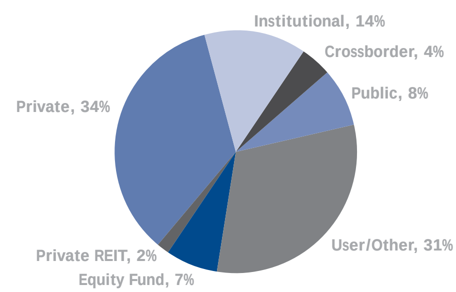


Sales $1 million and above

Distress Accounts for Small Share of Industrial Sales

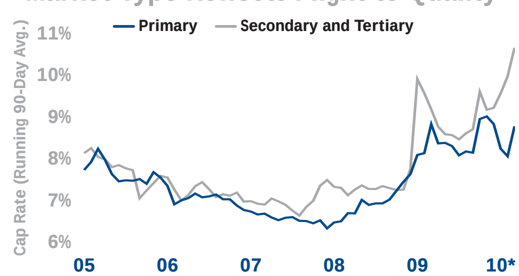


Industrial Buyer Profile Mix



Share of buyers during 2009

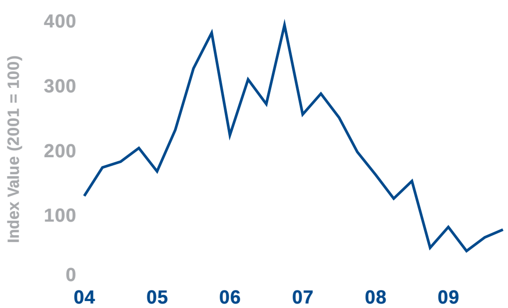
Expanding Cap Rate Spread by Market Type Reflects Flight to Quality



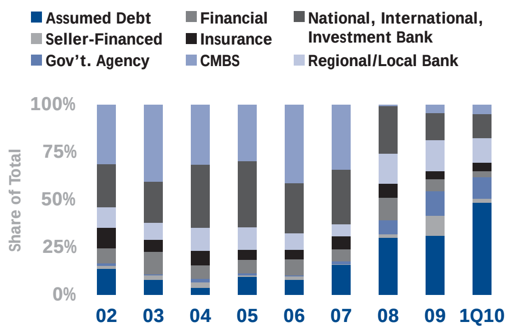
* Through 1Q

† *Graph includes data from CoStar Group, Inc.*

Industrial Mortgage Originations Index



Sources of Acquisition Financing



Constraints on Debt Persist, but Lending Rates More Attractive

Financing industrial assets has become more challenging over the past year, with the exception of the most straightforward deals or those involving properties with national and credit tenants and long-term leases in place. Outside of these best-of-class assets, lenders favor smaller, high-occupancy, multi-tenant properties, where risks are spread across industries and lease rollovers are staggered over several years. Properties with near-term lease expirations, even those occupied by the strongest of tenants, will remain difficult to finance until absorption trends improve considerably and vacancy rates retreat. Although manufacturing sector indicators generally remain positive, many companies have significant surpluses of space that need to be utilized before undertaking expansion efforts, making it hard to justify financing properties with an elevated vacancy risk.

While constrained debt markets will persist, more lenders will consider industrial properties this year, and interest rates should remain favorable for attractive deals with well-qualified borrowers. Still, debt-service coverage ratios will likely stay elevated at 1.30x to 1.35x, serving to constrain dollars. In addition, repayment schedules on most new loans in the industrial sector cap out at 20 years to 25 years, further restricting the amount of debt available. Commercial banks account for most of the lending under $5 million, offering primarily five-year loans with maximum leverage of 60 percent to 65 percent. Most loans involve some level of recourse, and some banks have started to require a depository relationship with borrowers before originating new loans. Life insurance companies remain active in larger deals and tend to prefer longer-term loans of 10 years to 15 years with LTVs at the lower end of the range. Unlike other core property sectors, lenders have not yet begun to originate many industrial mortgages with the intent of securitization, and when this trend does re-emerge, it will be limited to the highest-quality deals, likely in the $15 million-plus range.

2010 National Capital Markets Outlook

- **Seller Financing, Assumable Debt Critical.** Industrial mortgage originations declined more than 45 percent last year and will remain at reduced levels in 2010. As a result, a significant share of industrial investors will rely on assumable and/or seller financing, which was involved in half of all commercial real estate transactions in 2009.

- **All-in Rates Favorable.** While underwriting standards remain tight for new industrial mortgages, lending rates have declined over the past year. New five-year loans currently price between 5.5 percent and 6.5 percent, while rates on 10-year loans range from 5.75 percent to 7.0 percent.

- **Long-Term Rates Low**. High levels of U.S. debt ultimately will put upward pressure on long-term rates, but low inflation and moderate economic growth will prevent a near-term run-up in yields. After reaching nearly 4 percent early in April of this year, the yield on the 10-year U.S. Treasury slipped to the low- to mid-3 percent range as stock market volatility and concerns over the European debt crisis drove investors to safety.

- **Industrial Delinquency Rising, but Still Below Average.** Delinquency rates have increased across all property sectors, though the degree of change varies by segment. The CMBS industrial delinquency rate has increased to nearly 5.5 percent, up from 1.7 percent a year ago, but it remains well below rates reported for apartment, retail and hotel properties. Even at the peak of CMBS issuance from 2005 to 2007, projections on industrial property NOIs remained far less aggressive than in other segments of the market.

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Note: *Employment growth is calculated using seasonally adjusted monthly averages.*

National Industrial Index Note: *Employment and industrial data forecasts for 2010 are based on the most up-to-date information available and are subject to change. Due to the unprecedented depth and duration of the recession, the 2010 NII was re-benchmarked to account for each market's actual rent, vacancy and construction performance.*