JOHNSON
GARDNER

CENTRAL CITY BRIEFING BOOK

RECENT TRENDS AND CURRENT CONDITIONS

JANUARY 2007

JOHNSON
GARDNER

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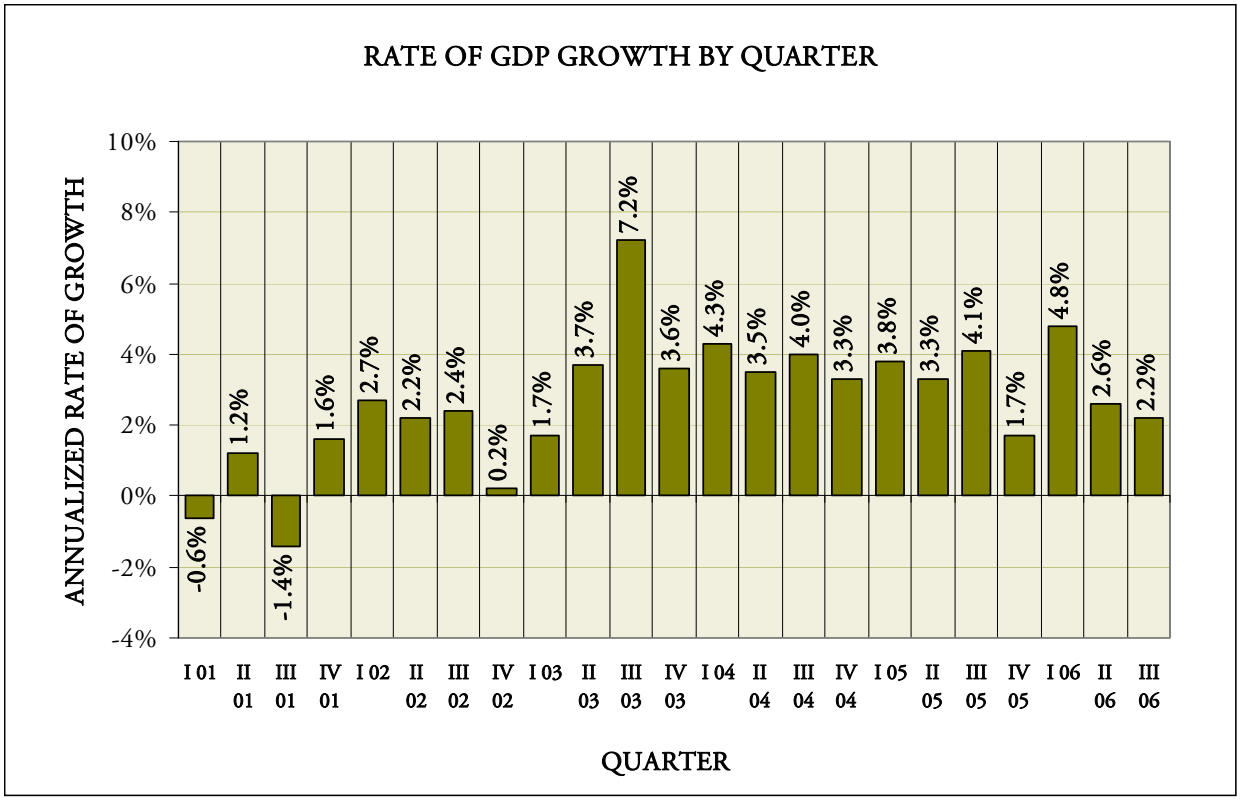
Briefing Book
Portland Central City
Real Estate Market Trends

Johnson Gardner was retained by the PORTLAND DEVELOPMENT COMMISSION to prepare an overview of recent real estate market trends in the Portland metropolitan area's Central City. This report is segmented into a broad overview of economic trends, as well as an overview by major land use type. Following this overview is data regarding market conditions and trends by land use, segmented by the boundaries outlined in the map to the right.

As shown, the Central City study area has been broken out into twelve submarkets. While market data will be presented for these markets on a disaggregated basis, these markets cross compete to a significant extent, and cannot be considered solely on an independent basis.

I. Macroeconomic Overview

The national economy expanded at a 2.2% rate in the third quarter of 2006, indicating that the national economy continues to expand but at s somewhat slower rate.



The national economy is expected to continue to expand, but at a rate below what was recorded during the last few years. Interest rates are likely to remain stable, with some potential for rate reductions from the Fed. The impact of the recent fade in the national housing market appears to be significant, but not enough to push the economy into a recession. Drops in residential investment were offset to some extent by non-residential investment.

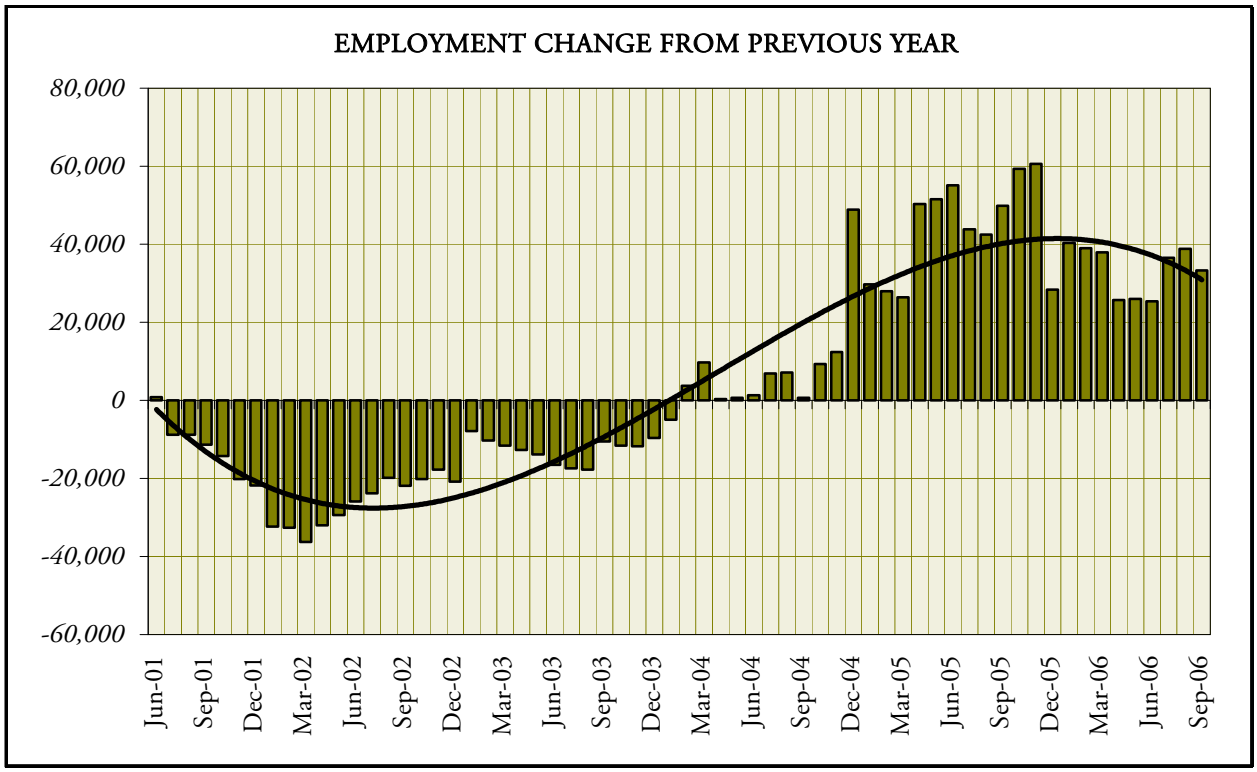
NATIONAL ECONOMY AT A GLANCE: THIRD QUARTER OF 2006

		3Q06		2Q06	
G.D.P.	⇧	2.2%	⇧	2.6%	
Components					*Highlights*
Consumer Expenditure	⇧	2.0%	⇧	4.1%	Consumer expenditures dropped across the board as confidence dropped.
Private Investment	⇩	0.0%	⇧	5.3%	A drop in residential investment offset modest gains in non-residential investment
Government Expenditure	⇧	0.4%	⇧	2.9%	National defense spending dropped slightly while state and local expenditures rose.
Exports	⇧	0.7%	⇧	2.5%	The drop in the dollar has not substantively increased exports, although import levels have dropped.
Imports	⇧	-0.9%	⇧	2.4%	

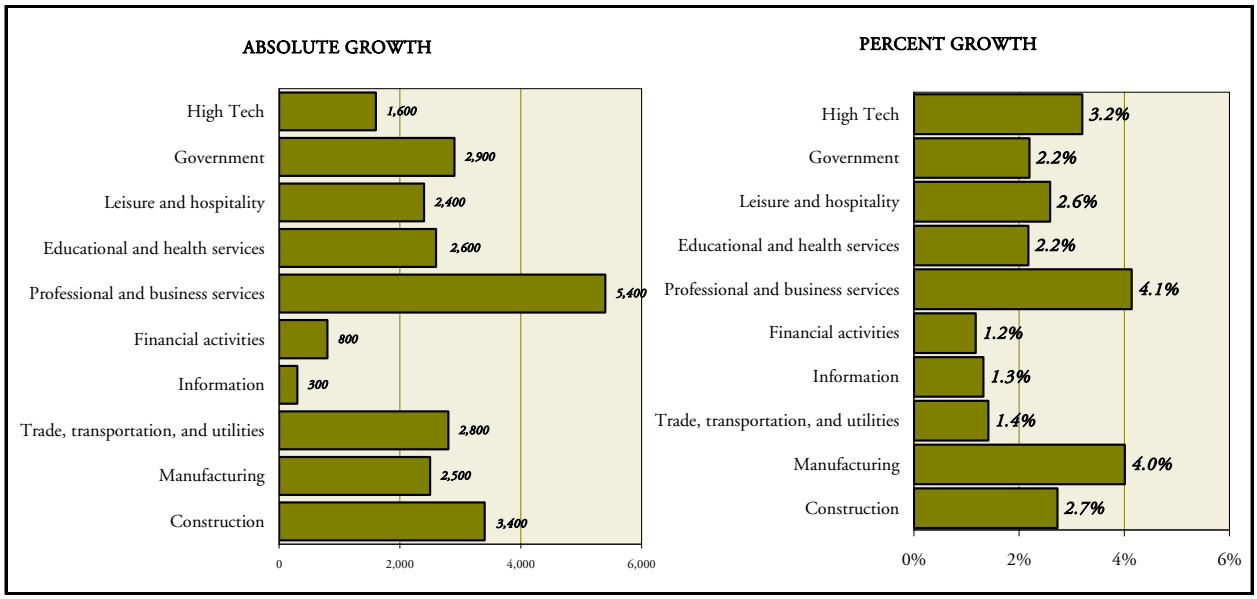
We continue to feel that potential adjustments in housing market pricing will have a substantial impact on consumer expenditures. JOHNSON GARDNER expects that economic activity will remain near 3.0% in 2007.

Portland-Vancouver Metropolitan Area

The local economy continued to realize substantial employment growth throughout the third quarter, while the year to year rate of increase has dropped to about 22,000 jobs relative to the third quarter in 2005. The drop in employment from the previous quarter, totaling 700 jobs, is also substantial below historic variations for the second and third quarters.

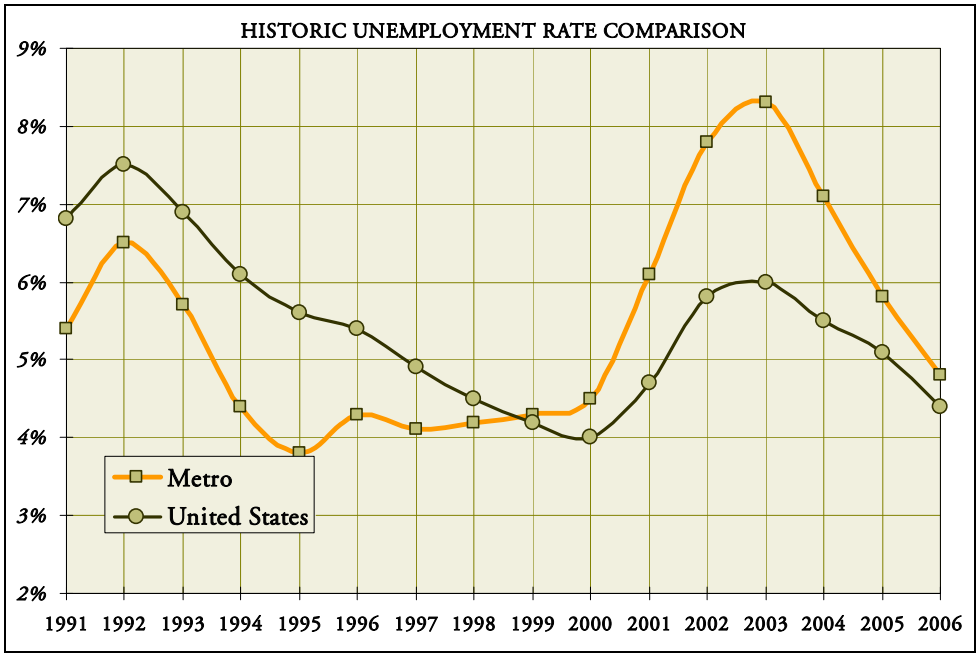


Year-over employment gains during the last quarter were widespread, with all major industrial sectors reporting growth. In terms of the magnitude of growth, Professional and Business Services (5,400 jobs), Construction (3,400 jobs), Government (2,900 jobs), and Trade, Transportation, and Utilities (2,800 jobs) led the way. In terms of rate of growth, Professional and Business Services (4.1%), Manufacturing (4.07%) and High Tech (3.2%) grew the fastest.

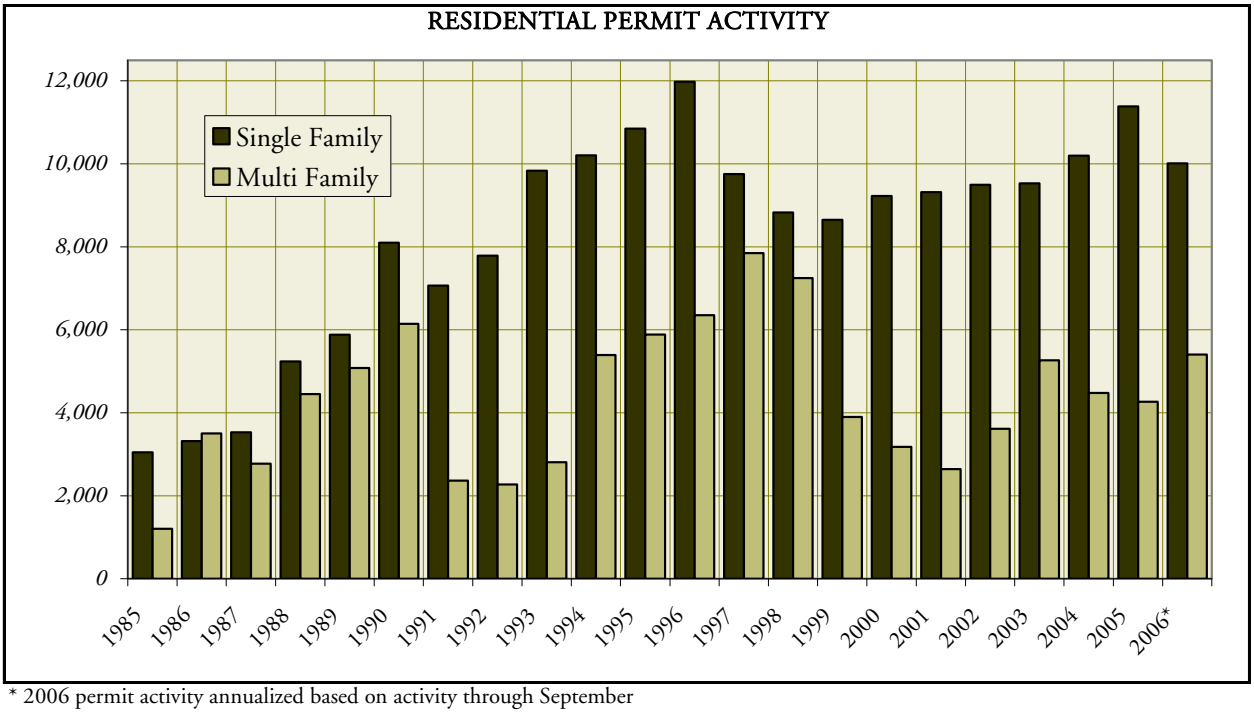


Population & Residential Permitting

While population growth was maintained during the recent economic decline in the Portland metropolitan area, the strong continued employment growth is a welcome sign that the level of growth can be maintained. Population growth has ranged from 1.0% to 2.7% for the last decade; averaging 1.8%, a pace we expect to continue. Employment growth is expected to remain around 2.5% through 2007, slowing to below 2.0% in the years following. The local unemployment rate has dropped significantly, and is now close to the national average.



Continued population growth allowed for a continued strong level of residential construction activity. While single-family permit levels declined from 8,775 to 7,510 through September from the previous year, multifamily permits increased sharply from 3,146 to 4,055. Overall, permit activity has been similar to the previous year with levels declining slightly from 11,921 to 11,565.



* 2006 permit activity annualized based on activity through September
SOURCE: Bureau of the Census and Johnson Gardner

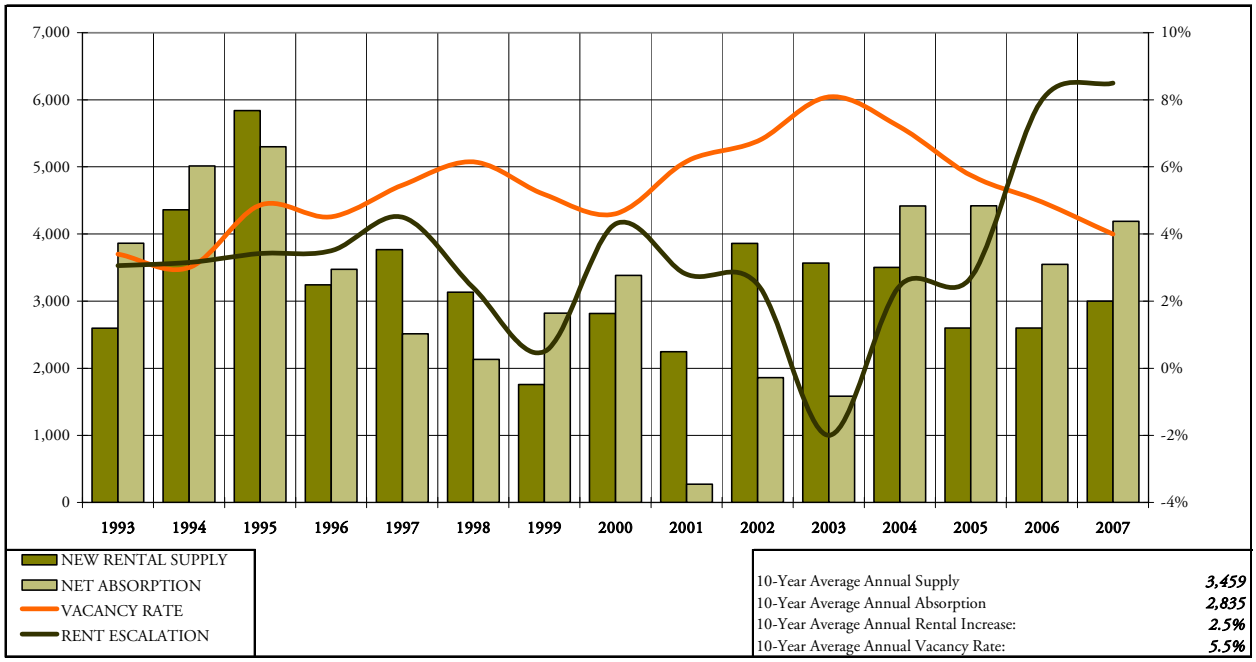
II. RENTAL APARTMENT MARKET

Portland-Vancouver PMSA

This section summarizes trends in the Portland-Vancouver metropolitan area's rental apartment market, as well as our forecast of demand for the next twelve months. The focus of this report is on market-rate developments, and the inventory reflects a comprehensive inventory of market-rate rental apartment projects of 15 or more units.

The Portland metropolitan area's rental apartment strengthened significantly during the third quarter, with overall occupancy rising to 95.9% from 94.0% in the second quarter of 2006. The high cost of residential property, along with increasing employment levels and overall lack of new rental product has pushed occupancy levels up dramatically from a recent low of 91.9% in 2003. In addition, the ongoing conversion of rental apartment units to condominiums, particularly in Downtown Portland continues to constrict supply. These conditions have allowed for rapid rent escalation in many markets, as well as a sharp reduction in concessions.

RENTAL APARTMENT MARKET TRENDS / MARKET-RATE UNITS



SOURCE: Johnson Gardner

We estimate that current occupancy rates range between 94.7% and 96.9% at the submarket level, with the highest occupancy levels in the Close-In Eastside and the Central City. After a few years of softness, the Central City market is enjoying substantial pricing power, with projects reported significant escalations in 2006.

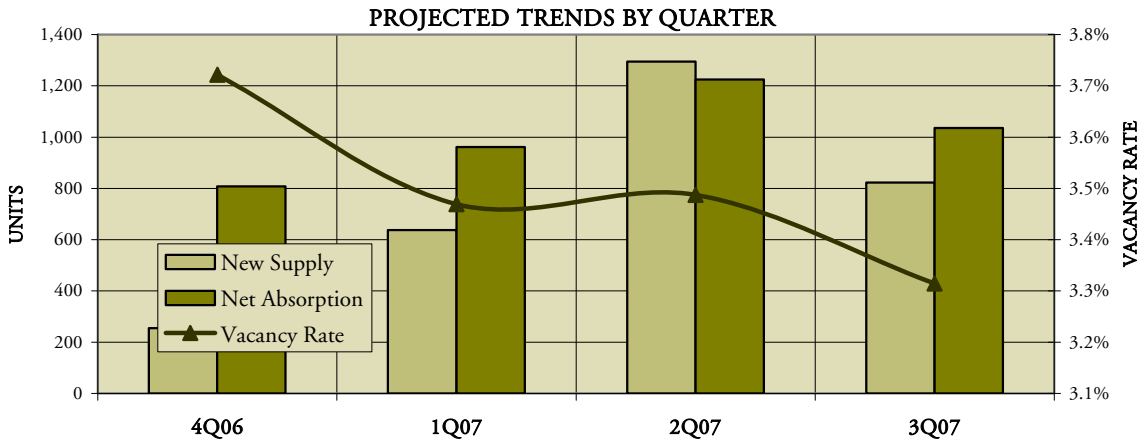
The investment market appears to be appreciating the upside appreciation in rental apartments, with cap rates remaining very low. We expect fundamentals to improve, but an upward shift in cap rates could easily erase any increase in associated value.

Projections

Over the next year, we forecast that demand will continue to exceed new supply. The overall occupancy rate is projected to climb to 96.7% by the end of the third quarter of 2007, with all major subregions averaging over 95% occupancy. The following table summarizes current and projected market conditions by major subregion in the metropolitan area:

CURRENT AND PROJECTED MARKET CONDITIONS

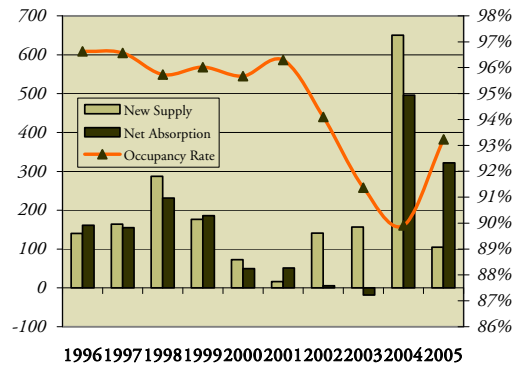
Submarket	1Q06 Inventory	1Q06 Occupancy	New Supply	Net Absorption	1Q07 Inventory	1Q07 Occupancy
Beaverton/Aloha	18,021	95.3%	416	491	18,437	95.8%
Hillsboro/Tanasbourne	15,332	96.2%	335	534	15,667	97.5%
Tigard/Tualatin/Wilsonville	13,297	95.2%	108	280	13,405	96.5%
Sunnyside/Clackamas	5,303	96.5%	369	305	5,672	95.6%
Lake Oswego/West Linn	4,921	94.7%	197	193	5,118	94.8%
Oregon City/Gladstone	7,237	95.1%	15	123	7,252	96.6%
Gresham/Troutdale	21,294	96.8%	488	648	21,782	97.6%
Close-In Westside	11,152	95.2%	88	228	11,240	96.5%
Close-In Eastside	11,905	96.9%	160	259	12,065	97.8%
Central City	6,835	96.6%	297	237	7,132	95.9%
Clark County	21,269	95.5%	538	732	21,807	96.5%
Metro Area Total	**136,566**	**95.9%**	**3,011**	**4,029**	**139,577**	**96.7%**



Central City Subregion

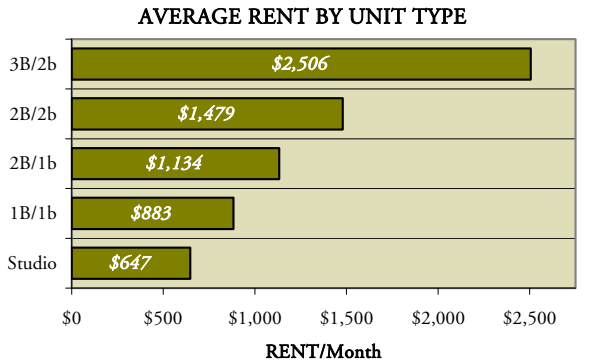
With a net decline of units to the market due to continued condominium conversion, the occupancy in the Central City subregion rose substantially from 93.3% in the first quarter of 2005 to 96.6% in the first quarter of 2006. That trend continued through 2006 as occupancy continued to rise to 98.7% in the third quarter before dropping slightly in the fourth to its current level of 97.9%. Despite vacancy increasing from a low of 1.3%, the current increase to 2.1% is consistent with seasonal fluctuations and remains significantly below the high of 10.1% seen in 2004, as well as the current metropolitan average of 4.0%.

HISTORICAL TRENDS Year	Year End Inventory 1/	Net Additions 2/	Net Absorption	Occupied Units	Occupancy Rate
1995	*4,926*	89	--	4,734	96.1%
1996	*5,066*	140	161	4,896	96.6%
1997	*5,230*	164	155	5,051	96.6%
1998	*5,518*	287	231	5,282	95.7%
1999	*5,694*	176	186	5,468	96.0%
2000	*5,766*	72	50	5,517	95.7%
2001	*5,782*	16	51	5,568	96.3%
2002	*5,923*	141	5	5,574	94.1%
2003	*6,080*	157	-18	5,556	91.4%
2004	*6,730*	650	496	6,051	89.9%
2005	*6,835*	105	321	6,373	93.2%



With occupancy levels now extremely high, significant upward pressure has been placed on Central City rents, now averaging approximately $1.30 for all multifamily product, with units built since 1986 receiving an average per-foot pricing premium of 28.3% over seasoned rental units.

Multifamily Rents 4Q06 Unit Type	Average Rent/Unit	Average Size S.F.	Average Rent/S.F.
Studio	$647	494	$1.31
1B/1b	$883	690	$1.28
2B/1b	$1,134	900	$1.26
2B/2b	$1,479	1,174	$1.26
3B/2b	$2,506	1,884	$1.33
Weighted Average	$895	778	$1.15
% Vacancy	*2.06%*		



SOURCE: Norris Beggs & Simpson and Johnson Gardner

With high occupancy and rising rents, market-rate apartment construction is scheduled to resume, resulting in relief for the supply-constrained Central City rental market. While some new supply will come online in 2007, it will not keep pace with demand and rents will continue to increase for the foreseeable future as occupancy levels take a temporary dip.

III. RESIDENTIAL OWNERSHIP MARKET

Portland-Vancouver PMSA

This section summarizes trends in the ownership residential market at a subregional market level, as well as our forecast of demand[1] by subregion for the next twelve months. The Portland-Vancouver metropolitan area has been divided into fifteen geographic subregions for analysis.[2]

Total Sales Volume	Detached	Attached	Total
3rd Quarter-06	7,733	1,698	9,431
2nd Quarter-06	8,738	1,774	10,512
1st Quarter-06	6,598	1,290	7,888
4th Quarter-05	10,132	1,654	11,786
3rd Quarter-05	10,047	1,692	11,739
2nd Quarter-05	7,039	1,167	8,206
1st Quarter-05	7,991	1,214	9,205
Annual Percent Increase (Decreas	-23.0%	0.4%	-19.7%

Average Sales Price -- New Construction	Detached	Attached	Attached/ Detached
WESTSIDE			
NEW	$564,995	$322,827	57.1%
ALL SALES	$493,988	$275,586	55.8%
EASTSIDE			
NEW	$448,638	$255,878	57.0%
ALL SALES	$338,136	$210,894	62.4%
CLARK COUNTY			
NEW	$411,045	$246,061	59.9%
ALL SALES	$285,285	$213,624	74.9%

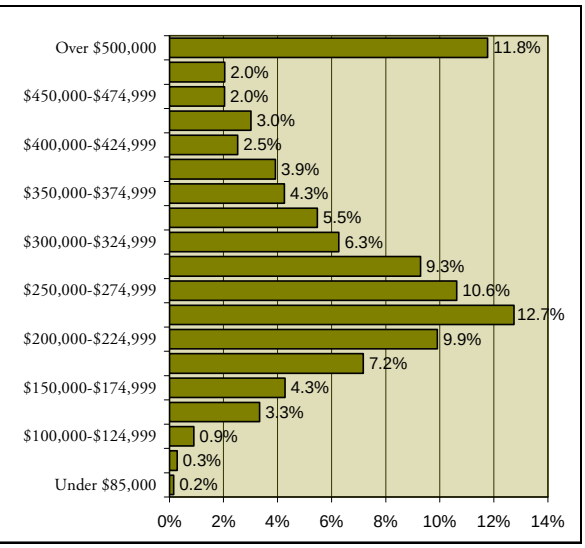
Market Trends

Sales activity dropped sharply during the third quarter, with sales of detached homes dropping 23% from third quarter 2005 levels. The pace of sales was still substantial thought, as the 2005 levels were record highs. Attached housing sales remained steady, as this type of housing remains the only option for new construction to reach the bulk of the market in terms of achievable home pricing. As shown in the following table and chart, which summarize housing sales over the last quarter for the metro area, homes priced below $300,000 remains the greatest portion of the market.

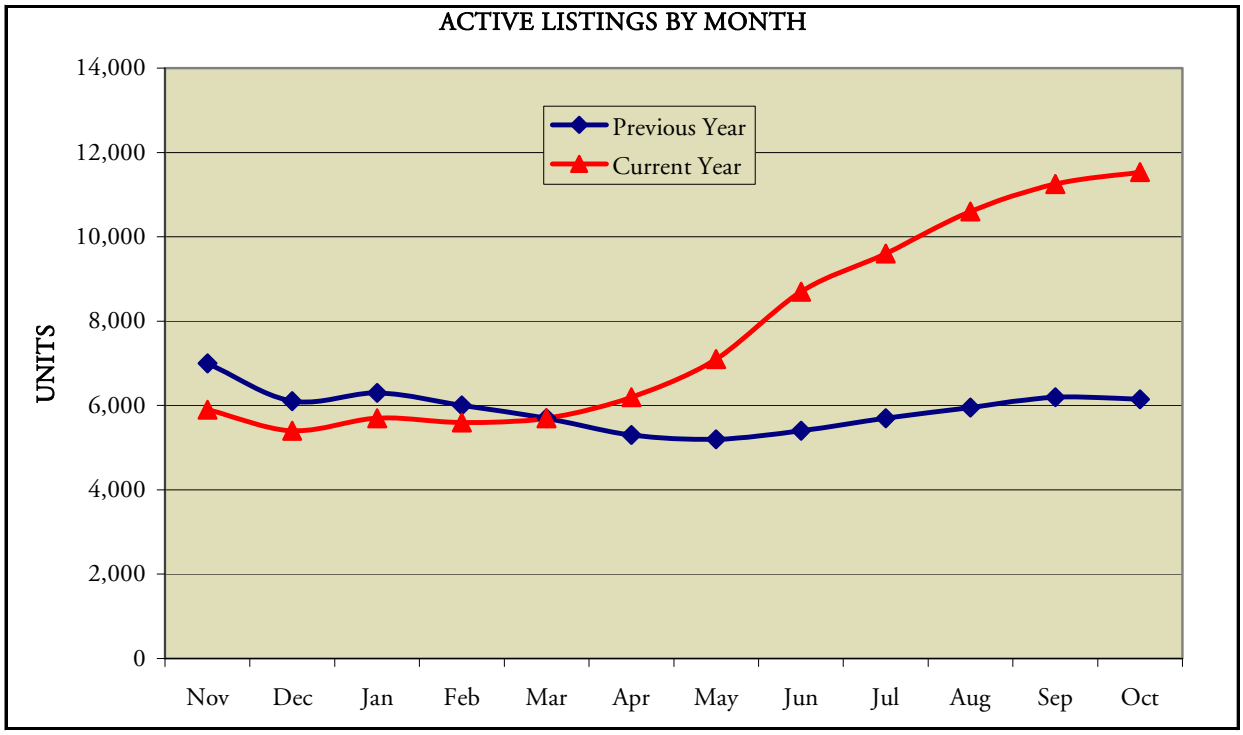
[1] Johnson Gardner's demand model focuses on predicting *actual* demand in each of the subregions, as opposed to *potential* demand. Actual demand forecasts are based on a series of indicators, including past-recorded sales in the subregion. Potential demand refers to the possibility of future sales in areas where past sales are either non-existent or poor predictors of the future. The Johnson Gardner model only attempts to forecast actual future demand.

[2] The data presented in this analysis primarily reflects Realtor data from the Realtor's Multiple Listing Service. While we consider this data source to be the most reliable available for the Portland-Vancouver metropolitan area, it does not include direct owner sales that do not utilize a Realtor. As a result, the data tends to understate market activity in attached for-sale products as well as in Clark County, which has a disproportionate level of direct sales.

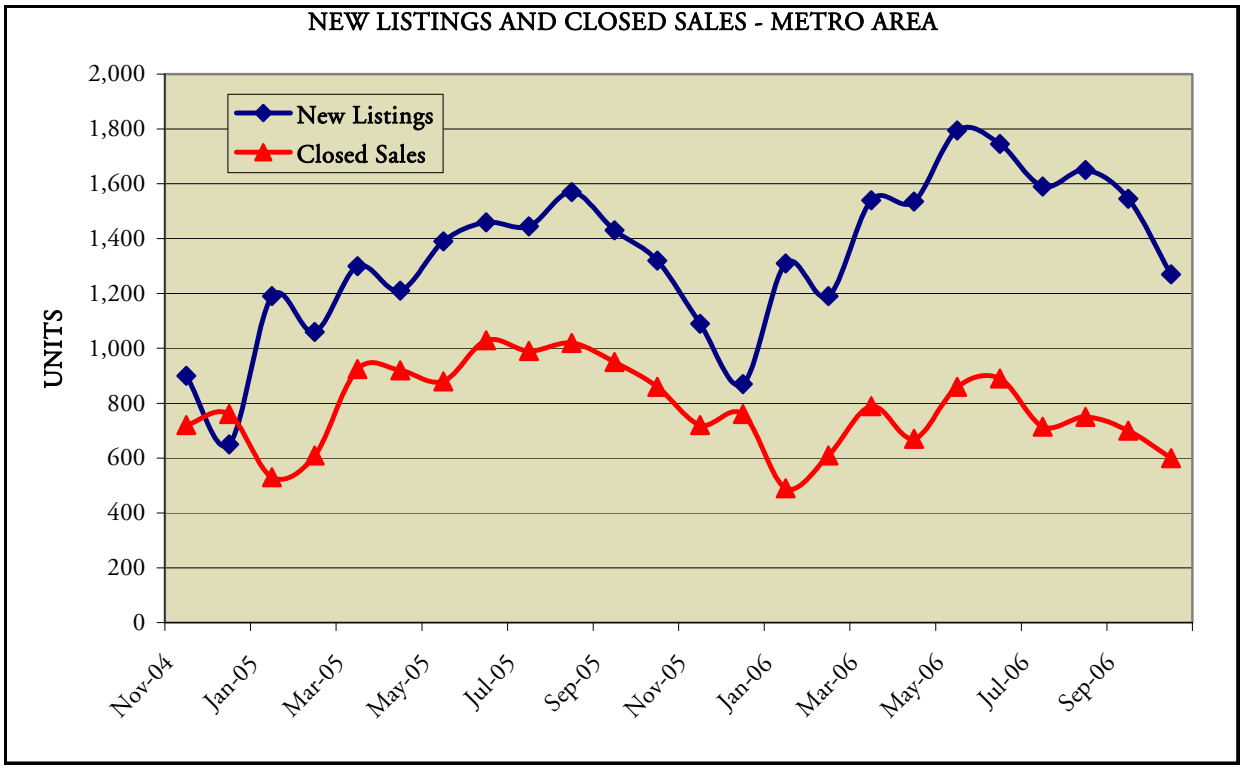
Price Range	Total Sales Detached	Total Sales Attached	Distribution
Under $85,000	1	14	0.2%
$85,000 - $99,999	3	24	0.3%
$100,000 - $124,999	22	63	0.9%
$125,000 - $149,999	79	236	3.3%
$150,000 - $174,999	142	261	4.3%
$175,000 - $199,999	427	249	7.2%
$200,000 - $224,999	709	226	9.9%
$225,000 - $249,999	1,010	192	12.7%
$250,000 - $274,999	886	116	10.6%
$275,000 - $299,999	790	86	9.3%
$300,000 - $324,999	549	42	6.3%
$325,000 - $349,999	492	24	5.5%
$350,000 - $374,999	370	31	4.3%
$375,000 - $399,999	348	22	3.9%
$400,000 - $424,999	220	18	2.5%
$425,000 - $449,999	275	9	3.0%
$450,000 - $474,999	187	5	2.0%
$475,000 - $499,999	176	17	2.0%
$500,000 $0 & Over	1,047	63	11.8%
Total	7,733	1,698	100%



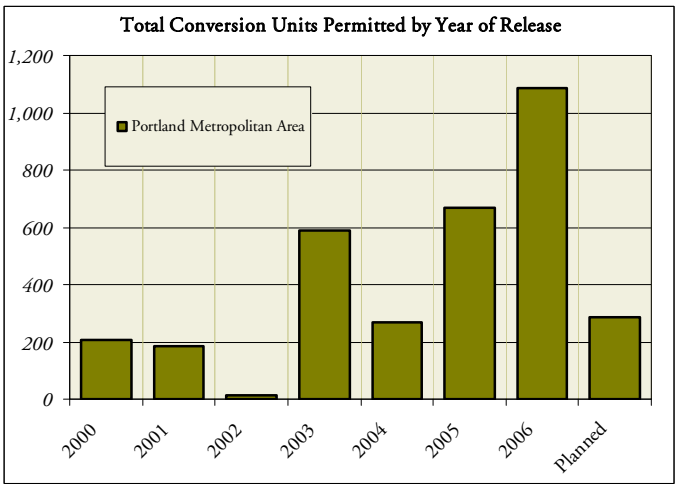
The Portland metro area's standing residential inventory has increased sharply over the last year, and is almost double what it was 12 months ago.



The increase in inventory is primarily a function of increased listing activity, as sales volumes have remained solid.



The market has seen a significant number of condominium conversions in the last few years, which have reduced rental apartment supply while providing affordable ownership housing options at a price point that cannot be replicated in new construction. The overall rate of introduced condominium conversions was estimated to exceed 1,000 units in 2006.



Demand Forecast

A near-term demand analysis was prepared in order to determine the potential market depth for ownership housing in the Portland-Vancouver metropolitan area. The analysis is based on existing and projected demographics within the region, as well as observed construction and sales patterns. Regional demand is allocated to subregions based on historic patterns, permit data, and intra-metropolitan area trends. Demand was segmented into nineteen price categories. Overall net demand for ownership housing is projected to be 10,600 net new units over the next twelve months, reflecting a roughly 10% reduction from last quarter's forecast.

The following is a summary of current and projected demand in each of the for-sale residential subregions.

PROJECTED OWNERSHIP RESIDENTIAL DEMAND – 3Q06-2Q07

Geographic Subregion	Projected Net New Demand	Percent of Total	Demand by Price Range ($ Thousands) Under - $125	$125 - $199	$200 - $299	$300 - $399	$400 - $499	Over $500
Multnomah County								
Inner Westside Portland	338	3.2%	15	44	127	65	29	58
North Portland	241	2.3%	17	174	24	7	3	16
Northeast Portland	328	3.1%	27	211	53	19	5	14
Southeast Portland	584	5.5%	46	346	70	71	18	32
Gresham/East Multnomah	843	8.0%	88	520	166	46	7	17
Washington County								
Beaverton	1,058	10.0%	91	556	272	89	18	34
Hillsboro	1,639	15.5%	91	772	412	154	83	127
Tigard/Tualatin/Wilsonville	851	8.0%	60	349	277	101	32	33
Clackamas County								
Lake Oswego/West Linn	323	3.0%	13	85	51	76	44	54
Oregon City	476	4.5%	27	268	143	21	7	11
Sunnyside/East Clackamas	1,159	10.9%	89	532	437	62	17	23
Clark County								
West Vancouver	532	5.0%	47	326	90	40	9	19
Northwest Vancouver	500	4.7%	32	138	165	116	30	18
East Vancouver	1,256	11.8%	169	485	382	129	36	54
North Clark County	473	4.5%	54	172	131	44	33	39
Total-Metropolitan Area	**10,600**	**100.0%**	**865**	**4,976**	**2,798**	**1,041**	**372**	**549**

Central City Subregion

For the purpose of this section, the Central City residential market consists of the Northwest District, the Pearl, Old Town/Chinatown, Downtown, Goose Hollow, Homestead, Corbett/Terwilliger/Lair Hill, Hosford Abernathy, Buckman, Kerns, the Lloyd District, and Eliot. The following is a breakdown of recent housing trends for the above neighborhoods, followed by a breakdown of the Portland residential market by submarket.

Quarter/ Property Type	Total Sales	Average Size	Min Price	Max Price	Average Price	Price Per Sq. Ft.
2005 Fourth Quarter Sales						
Single-Family Detached (All Sales)	439	2,479	$112,900	$1,800,000	$439,196	$177
Single-Family Detached (New Construction)	4	3,414	$339,000	$1,565,000	$922,250	$270
Attached Housing (All Sales)	279	1,057	$105,900	$1,385,000	$327,969	$310
Attached Housing (New Construction)	40	1,225	$165,000	$1,385,000	$423,178	$345
2006 Fourth Quarter Sales						
Single-Family Detached (All Sales)	382	2,488	$151,500	$2,525,000	$474,294	$191
Single-Family Detached (New Construction)	18	1,998	$240,000	$1,495,000	$493,628	$247
Attached Housing (All Sales)	281	1,006	$96,361	$1,780,000	$331,571	$330
Attached Housing (New Construction)	46	1,365	$166,000	$1,780,000	$445,235	$326
Change From 4th Quarter 2005-2006						
Single-Family Detached (All Sales)	-13.0%	0.4%	34.2%	40.3%	8.0%	7.6%
Single-Family Detached (New Construction)	350.0%	-41.5%	-29.2%	-4.5%	-46.5%	-8.5%
Attached Housing (All Sales)	0.7%	-4.8%	-9.0%	28.5%	1.1%	6.2%
Attached Housing (New Construction)	15.0%	11.4%	0.6%	28.5%	5.2%	-5.6%

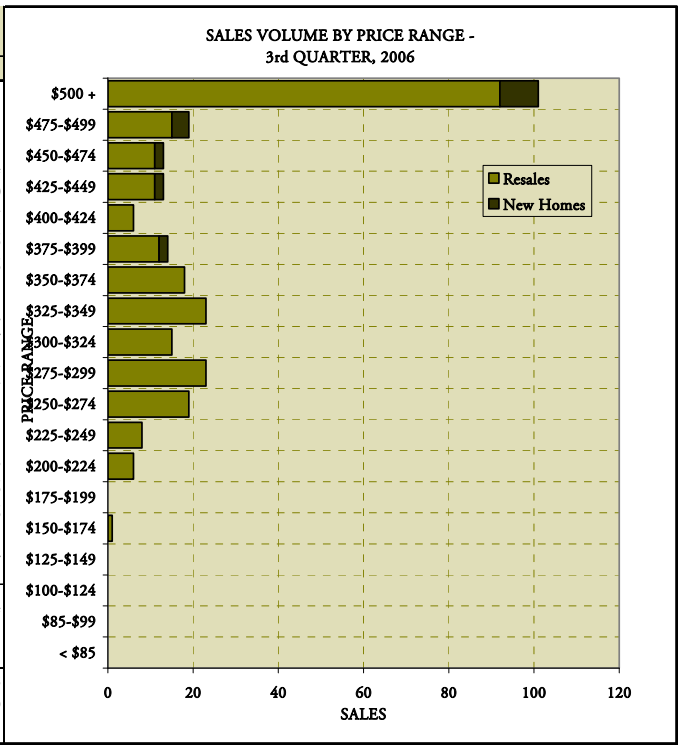
SOURCE: RMLS & Johnson Gardner LLC

In the Fourth Quarter of 2006, the Central City residential market saw 663 totals sales recorded on RMLS. 57.6% of these sales were for detached single-family homes, while the remaining were either condominiums or attached townhomes. These 663 sales averaged approximately $414,000 for homes averaging 1,860 square feet, or $222 per square foot. This is an increase of 8.2% for price per square foot from the fourth quarter in 2005, compared to an only 4.5% increase in absolute price from the previous year. This is consistent with the increasing shifts towards smaller attached housing with higher levels of finishes as the Central City market increasingly caters to young professionals and empty nesters.

Inner Westside Portland Detached Trends

Overall market activity for detached product in the Inner Westside Portland market area begins at $150,000, continuing to well beyond $1,000,000, with the majority of new construction units costing in excess of $500,000 over the past quarter.[3] In sales tracked by RMLS, the average price for newly constructed attached product was approximately $725,000 in the third quarter of 2006, up from an average price of $621,000 in the same quarter a year ago.

Single Family Home Sales	3Q-06		YTD Total Sales	
Price Range	New	Resales	New	Resales
Under $85,000	0	0	0	1
$85,000 - $99,999	0	0	0	5
$100,000 - $124,999	0	0	0	14
$125,000 - $149,999	0	0	0	40
$150,000 - $174,999	0	1	0	137
$175,000 - $199,999	0	0	0	286
$200,000 - $224,999	0	6	3	286
$225,000 - $249,999	0	8	7	428
$250,000 - $274,999	0	19	4	332
$275,000 - $299,999	0	23	8	337
$300,000 - $324,999	0	15	12	244
$325,000 - $349,999	0	23	16	257
$350,000 - $374,999	0	18	18	219
$375,000 - $399,999	2	12	20	205
$400,000 - $424,999	0	6	18	133
$425,000 - $449,999	2	11	15	146
$450,000 - $474,999	2	11	15	126
$475,000 - $499,999	4	15	9	131
$500,000 & Over	9	92	110	1,017
Total	19	260	255	4,344
				$/S.F.
Average Sales Price (All Sales)			$629,834	$218
Average Sales Price (New Construction)			$724,760	$219

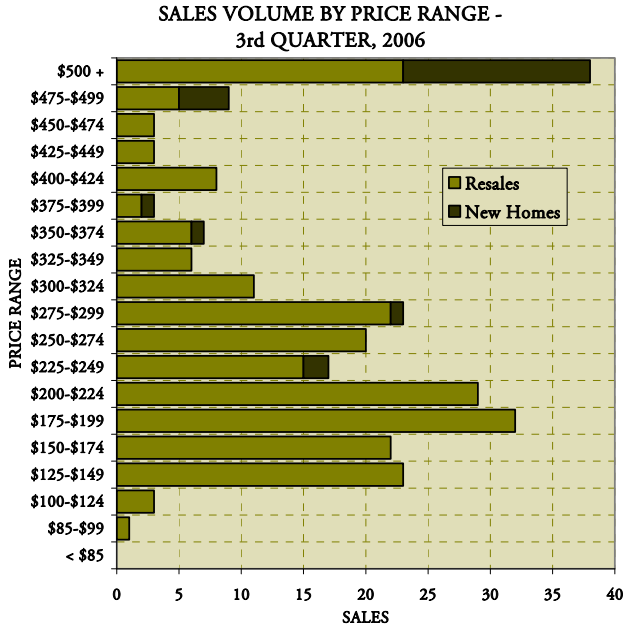


[3] RMLS

Inner Westside Portland Attached Trends

Overall market activity for attached product in the Inner Westside Portland market area begins at $125,000, continuing to well beyond $1,000,000, with the majority of new construction units costing in excess of $500,000 over the past quarter.[4] In sales tracked by RMLS, the average price for newly constructed attached product was approximately $684,000 in the third quarter of 2006, up from an average price of $478,000 in the same quarter a year ago.

Attached Home Sales	3Q-06		YTD Total Sales	
Price Range	New	Resales	New	Resales
Under $85,000	0	0	0	19
$85,000 - $99,999	0	1	0	31
$100,000 - $124,999	0	3	0	115
$125,000 - $149,999	0	23	10	219
$150,000 - $174,999	0	22	12	185
$175,000 - $199,999	0	32	7	249
$200,000 - $224,999	0	29	24	238
$225,000 - $249,999	2	15	25	203
$250,000 - $274,999	0	20	30	183
$275,000 - $299,999	1	22	40	212
$300,000 - $324,999	0	11	36	134
$325,000 - $349,999	0	6	41	116
$350,000 - $374,999	1	6	39	102
$375,000 - $399,999	1	2	29	97
$400,000 - $424,999	0	8	6	73
$425,000 - $449,999	0	3	14	55
$450,000 - $474,999	0	3	18	42
$475,000 - $499,999	4	5	33	58
$500,000 & Over	15	23	105	236
Total	24	234	469	2,567
				$/S.F.
Average Sales Price (All Sales)			$381,441	$334
Average Sales Price (New Construction)			$684,126	$377

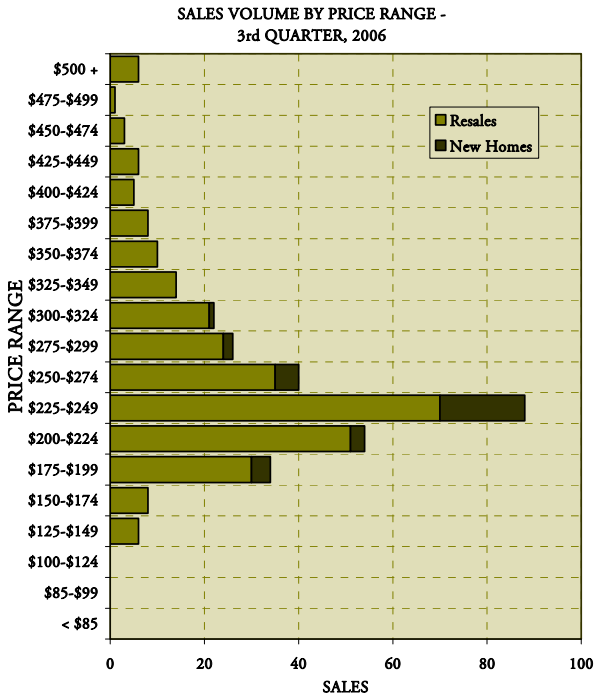


[4] RMLS

North Portland Detached Trends

Overall market activity for attached product in the North Portland market area begins at $125,000, continuing beyond $500,000, with the majority of new construction and existing units costing between $225,000 and $250,000 over the past quarter.[5] In sales tracked by RMLS, the average price for newly constructed attached product was approximately $241,000 in the third quarter of 2006, down from an average price of $280,000 in the same quarter a year ago when a few expensive units skewed the results significantly upwards. When existing sales are taken into account, the average sales price rose from $237,000 to $294,000 over the same timeframe.

Single Family Home Sales	3Q-06		YTD Total Sales	
Price Range	New	Resales	New	Resales
Under $85,000	0	0	0	33
$85,000 - $99,999	0	0	0	63
$100,000 - $124,999	0	0	4	282
$125,000 - $149,999	0	6	58	669
$150,000 - $174,999	0	8	93	841
$175,000 - $199,999	4	30	54	779
$200,000 - $224,999	3	51	49	559
$225,000 - $249,999	18	70	65	485
$250,000 - $274,999	5	35	27	305
$275,000 - $299,999	2	24	10	219
$300,000 - $324,999	1	21	3	113
$325,000 - $349,999	0	14	4	87
$350,000 - $374,999	0	10	4	62
$375,000 - $399,999	0	8	1	29
$400,000 - $424,999	0	5	1	17
$425,000 - $449,999	0	6	0	18
$450,000 - $474,999	0	3	1	10
$475,000 - $499,999	0	1	0	5
$500,000 & Over	0	6	3	22
Total	33	298	377	4,598
				$/S.F.
Average Sales Price (All Sales)			$293,537	$166
Average Sales Price (New Construction)			$240,776	$156

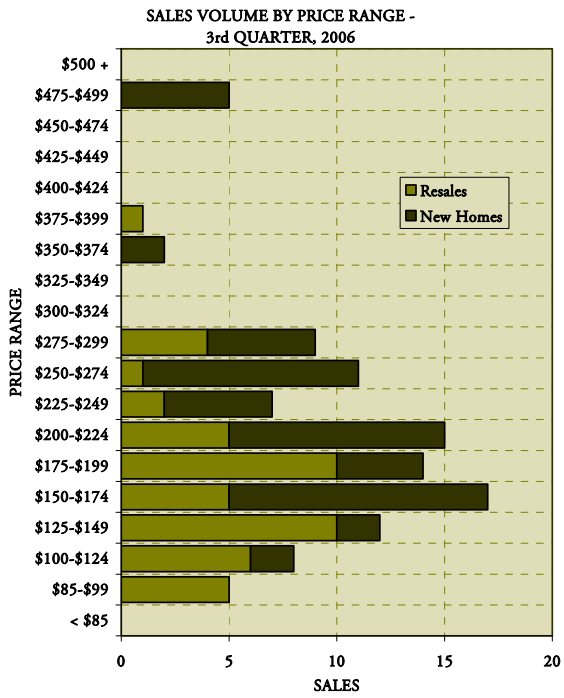


[5] RMLS

North Portland Attached Trends

Overall market activity for attached product in the North Portland market area begins at $85,000, continuing to $500,000, with the majority of new construction units costing between $150,000 and $300,000 over the past quarter.[6] In sales tracked by RMLS, the average price for newly constructed attached product was approximately $269,000 in the third quarter of 2006, up from an average price of $233,000 in the same quarter a year ago. All attached sales averaged $196,000 in the third quarter, down from $240,000 the year prior. This fluctuation is primarily attributed to the small sample size and varying quality of units sold in the corresponding quarters.

Attached Home Sales	3Q-06		YTD Total Sales	
Price Range	New	Resales	New	Resales
Under $85,000	0	0	0	9
$85,000 - $99,999	0	5	0	9
$100,000 - $124,999	2	6	8	63
$125,000 - $149,999	2	10	19	78
$150,000 - $174,999	12	5	32	47
$175,000 - $199,999	4	10	23	36
$200,000 - $224,999	10	5	16	19
$225,000 - $249,999	5	2	10	23
$250,000 - $274,999	10	1	20	14
$275,000 - $299,999	5	4	5	12
$300,000 - $324,999	0	0	0	1
$325,000 - $349,999	0	0	2	4
$350,000 - $374,999	2	0	3	3
$375,000 - $399,999	0	1	0	5
$400,000 - $424,999	0	0	0	3
$425,000 - $449,999	0	0	0	5
$450,000 - $474,999	0	0	0	0
$475,000 - $499,999	5	0	6	0
$500,000 & Over	0	0	0	0
Total	57	49	144	331
				$/S.F.
Average Sales Price (All Sales)			$196,082	$187
Average Sales Price (New Construction)			$269,468	$193



[6] RMLS

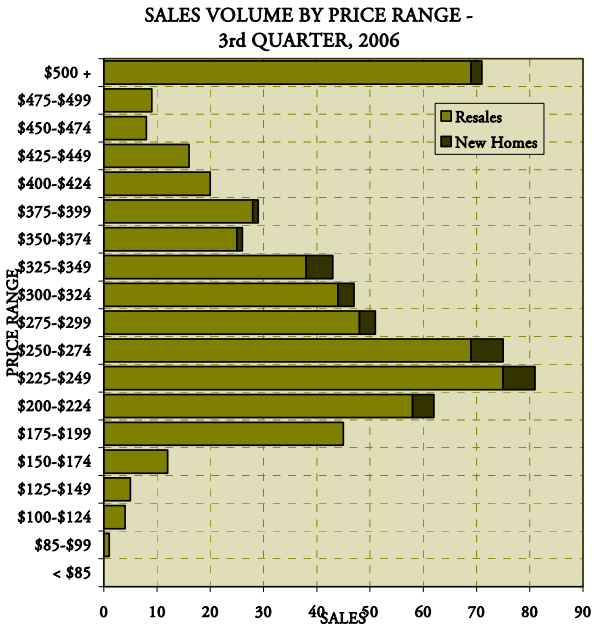
Northeast Portland Detached Trends

Overall market activity for detached product in Northeast Portland begins at $85,000, continuing well beyond $500,000, with the majority of new construction units costing between $200,000 and $350,000 over the past quarter.[7] In sales tracked by RMLS, the average price for newly constructed attached product was approximately $310,000 in the third quarter of 2006, up from an average price of $295,000 in the same quarter a year ago. When resales are included, the average rises to $365,000, up from $324,000 a year earlier.

Single Family Home Sales

Price Range	3Q-06 New	3Q-06 Resales	YTD Total Sales New	YTD Total Sales Resales
Under $85,000	0	0	0	63
$85,000 - $99,999	0	1	0	65
$100,000 - $124,999	0	4	2	327
$125,000 - $149,999	0	5	6	840
$150,000 - $174,999	0	12	111	1,174
$175,000 - $199,999	0	45	105	1,226
$200,000 - $224,999	4	58	42	1,066
$225,000 - $249,999	6	75	63	1,055
$250,000 - $274,999	6	69	25	798
$275,000 - $299,999	3	48	18	683
$300,000 - $324,999	3	44	17	500
$325,000 - $349,999	5	38	13	417
$350,000 - $374,999	1	25	4	322
$375,000 - $399,999	1	28	4	281
$400,000 - $424,999	0	20	5	170
$425,000 - $449,999	0	16	5	177
$450,000 - $474,999	0	8	0	115
$475,000 - $499,999	0	9	2	95
$500,000 & Over	2	69	5	571
Total	31	574	427	9,945

		$/S.F.
Average Sales Price (All Sales)	$365,184	$170
Average Sales Price (New Construction)	$309,826	$174

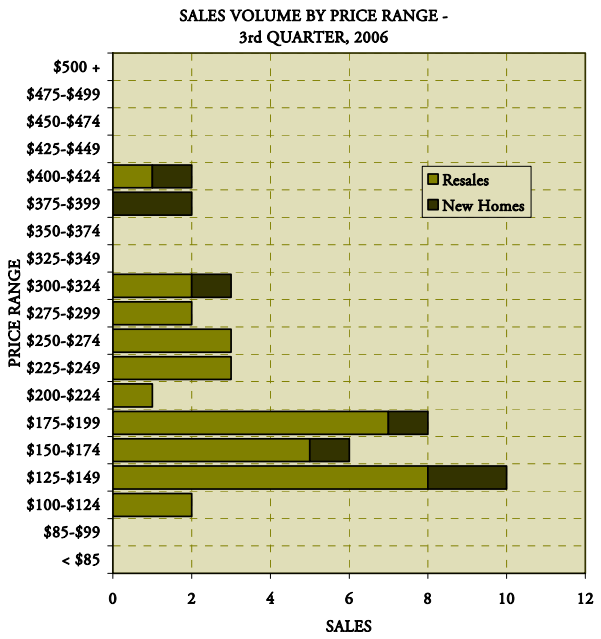


[7] RMLS

Northeast Portland Attached Trends

Overall market activity for attached product in Northeast Portland begins at $100,000, continuing to $425,000, with the majority of new construction units costing between $125,000 and $200,000 over the past quarter.[8] In sales tracked by RMLS, the average price for newly constructed attached product was approximately $313,000 in the third quarter of 2006, up from an average price of $198,000 in the same quarter a year ago, while existing sales averaged $210,000.

Attached Home Sales	3Q-06		YTD Total Sales	
Price Range	New	Resales	New	Resales
Under $85,000	0	0	1	15
$85,000 - $99,999	0	0	15	20
$100,000 - $124,999	0	2	5	59
$125,000 - $149,999	2	8	19	86
$150,000 - $174,999	1	5	39	84
$175,000 - $199,999	1	7	15	97
$200,000 - $224,999	0	1	12	51
$225,000 - $249,999	0	3	19	58
$250,000 - $274,999	0	3	7	34
$275,000 - $299,999	0	2	5	29
$300,000 - $324,999	1	2	5	13
$325,000 - $349,999	0	0	3	15
$350,000 - $374,999	0	0	4	12
$375,000 - $399,999	2	0	5	6
$400,000 - $424,999	1	1	2	4
$425,000 - $449,999	0	0	3	6
$450,000 - $474,999	0	0	0	4
$475,000 - $499,999	0	0	0	2
$500,000 & Over	0	0	2	6
Total	8	34	161	601
				$/S.F.
Average Sales Price (All Sales)			$210,293	$212
Average Sales Price (New Construction)			$312,723	$264

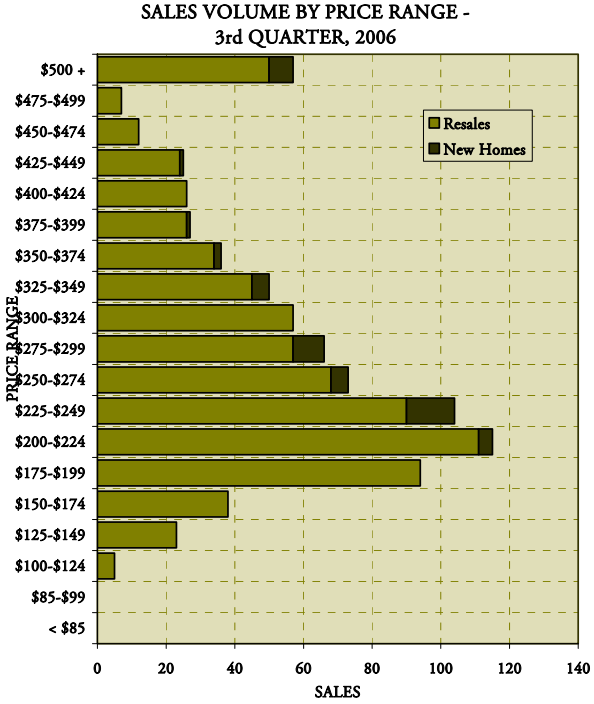


[8] RMLS

Southeast Portland Detached Trends

Overall market activity for detached product in Southeast Portland begins at $100,000, continuing well beyond $500,000, with the majority of new construction units costing between $200,000 and $375,000 over the past quarter.[9] In sales tracked by RMLS, the average price for newly constructed attached product was approximately $426,000 in the third quarter of 2006, up from an average price of $360,000 in the same quarter a year ago. When resales are included, the average rises to $334,000, up from $314,000 a year earlier.

Single Family Home Sales	3Q-06		YTD Total Sales	
Price Range	New	Resales	New	Resales
Under $85,000	0	0	7	119
$85,000 - $99,999	0	0	10	142
$100,000 - $124,999	0	5	54	717
$125,000 - $149,999	0	23	162	1,537
$150,000 - $174,999	0	38	295	1,730
$175,000 - $199,999	0	94	235	1,610
$200,000 - $224,999	4	111	166	1,187
$225,000 - $249,999	14	90	151	992
$250,000 - $274,999	5	68	99	794
$275,000 - $299,999	9	57	100	665
$300,000 - $324,999	0	57	45	505
$325,000 - $349,999	5	45	41	384
$350,000 - $374,999	2	34	42	322
$375,000 - $399,999	1	26	32	232
$400,000 - $424,999	0	26	13	171
$425,000 - $449,999	1	24	17	167
$450,000 - $474,999	0	12	8	115
$475,000 - $499,999	0	7	11	77
$500,000 & Over	7	50	78	411
Total	48	767	1,566	11,877
				$/S.F.
Average Sales Price (All Sales)			$334,393	$172
Average Sales Price (New Construction)			$425,684	$168

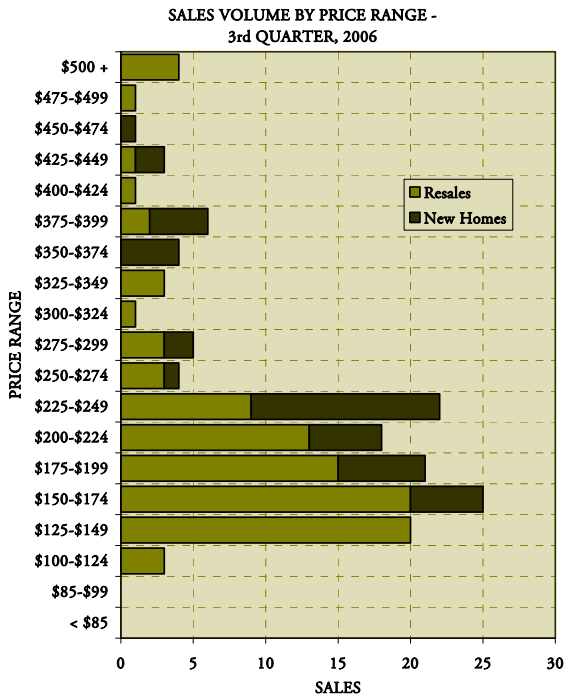


[9] RMLS

Southeast Portland Attached Trends

Overall market activity for attached product in Northeast Portland begins at $100,000, continuing to beyond $500,000, with the majority of new construction units costing between $150,000 and $250,000 over the past quarter.[10] In sales tracked by RMLS, the average price for newly constructed attached product was approximately $268,000 in the third quarter of 2006, down from an average price of $277,000 in the same quarter a year ago, while existing sales rose to $269,000, up from $230,000 a year earlier.

Attached Home Sales	3Q-06		YTD Total Sales	
Price Range	New	Resales	New	Resales
Under $85,000	0	0	0	9
$85,000 - $99,999	0	0	0	18
$100,000 - $124,999	0	3	3	39
$125,000 - $149,999	0	20	38	73
$150,000 - $174,999	5	20	48	102
$175,000 - $199,999	6	15	40	69
$200,000 - $224,999	5	13	21	49
$225,000 - $249,999	13	9	56	41
$250,000 - $274,999	1	3	43	26
$275,000 - $299,999	2	3	25	28
$300,000 - $324,999	0	1	26	20
$325,000 - $349,999	0	3	16	13
$350,000 - $374,999	4	0	18	7
$375,000 - $399,999	4	2	14	7
$400,000 - $424,999	0	1	2	1
$425,000 - $449,999	2	1	5	6
$450,000 - $474,999	1	0	1	1
$475,000 - $499,999	0	1	9	4
$500,000 & Over	0	4	1	17
Total	43	99	366	530
				$/S.F.
Average Sales Price (All Sales)			$268,500	$223
Average Sales Price (New Construction)			$268,189	$200



IV. SPECULATIVE OFFICE MARKET

Portland Vancouver PMSA

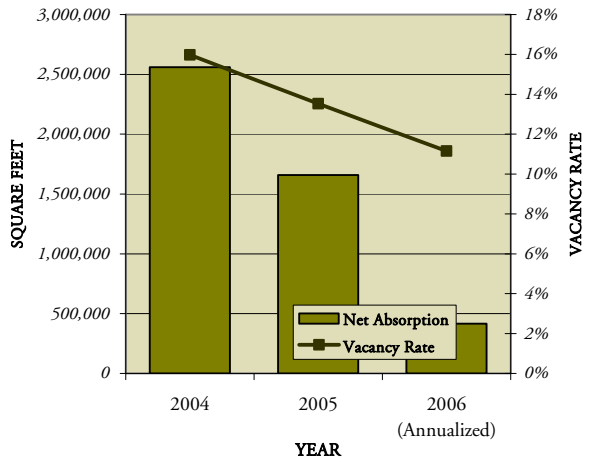
The Portland metropolitan area's speculative office market reported an increase in overall occupied office space during the third quarter of 2006 of just over 100,000 square feet, thought that was the lowest tightening of the past six quarters, though there was 160,000 square feet of new construction. The strong absorption and general tightening of the market suggest a continued positive future outlook. The direct vacancy rate and total vacancy including sublease space dropped over the past year from 12.1% to 10.3% and 13.2% to 11.1%, respectively.

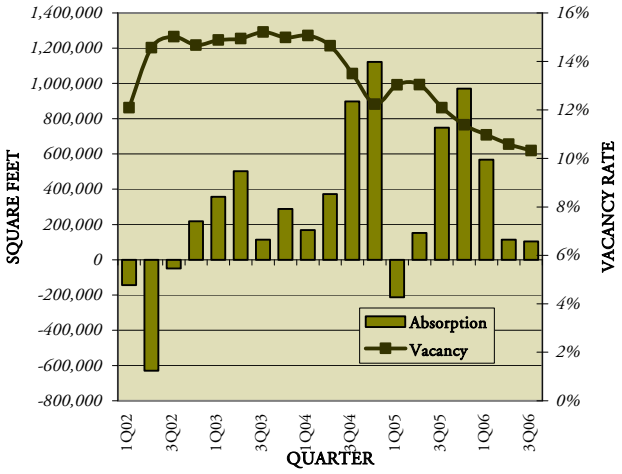
[10] RMLS

OFFICE MARKET SUMMARY, FIRST QUARTER 2006

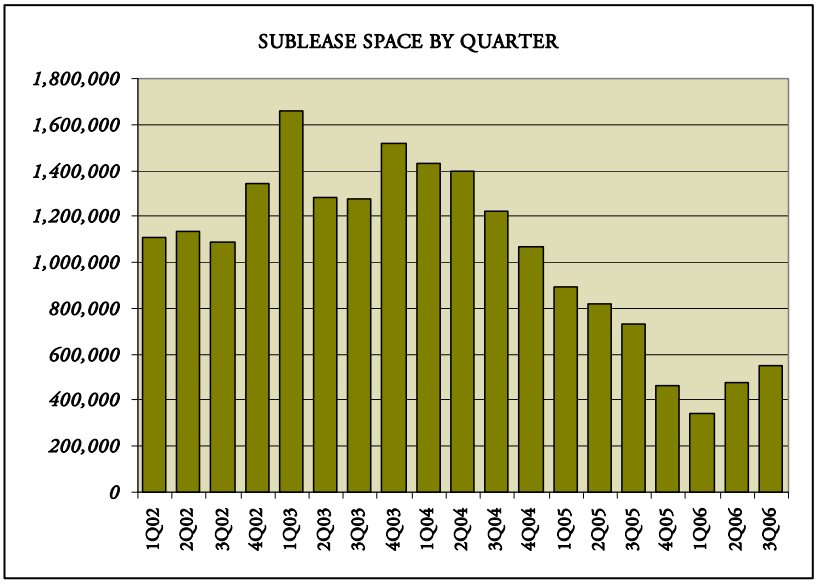
	Speculative Inventory	New Construction	Inventory Adjustments	Net Absorption	Vacancy Direct	Vacancy Sublease	Vacancy Direct	Vacancy Total
BREAKOUT BY CLASS								
Class A	25,684,736	62,213	57,859	40,375	1,773,399	205,857	6.90%	7.60%
Class B	26,545,305	64,298	59,797	41,727	3,411,946	151,231	12.85%	13.15%
Class C	14,014,789	33,946	31,570	22,030	1,651,122	195,649	11.78%	13.00%
Total	66,244,830	160,457	149,226	104,132	6,836,466	552,737	10.32%	11.15%

NET ABSORPTION AND VACANCY RATE TRENDS





The direct vacancy rate for Class-A space is estimated at 6.9%, or 7.6% with sublease space included, a drop that is consistent with the overall market. Direct vacancy is estimated to have dropped to 12.9% and 11.8% for Class-B and Class-C space, continuing to reflect a move to quality in this buyer's market. An estimated 6.8 million square feet of tracked space is directly vacant, with 553,000 square feet of space identified for sublease. The amount of sublease space had declined consistently over past nine quarters before showing a slight up tick, but this is likely due to anomalies in the survey and not an actual increase in available sublease space. Both direct and total vacancies have been generally trending downward over the past four years.



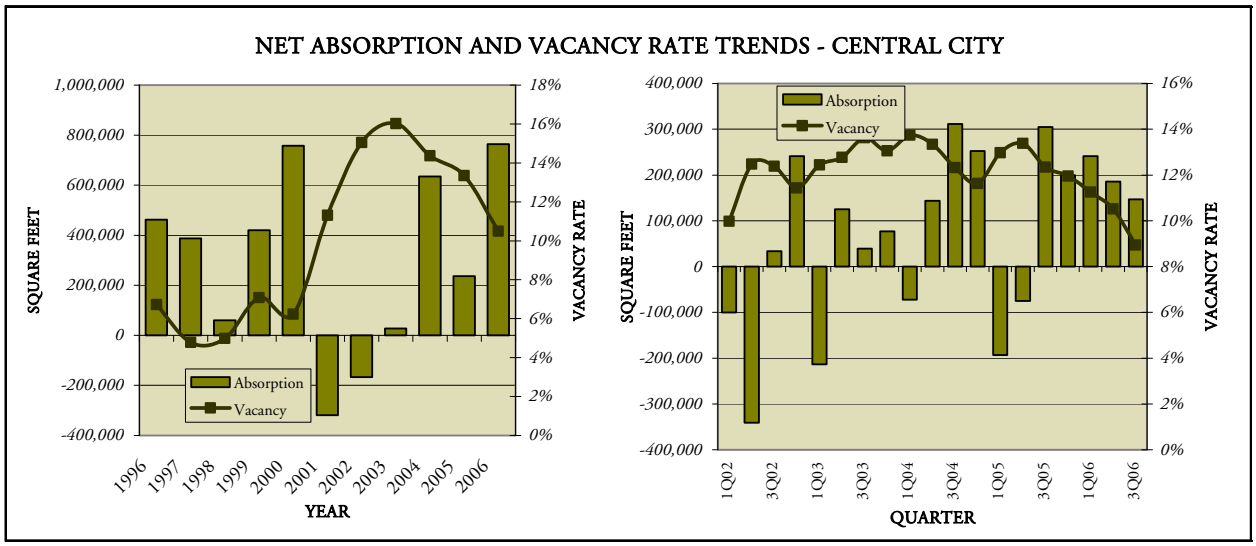
We are seeing vacancy rates below 10% in the I-5 South Corridor, the Sunset Corridor/Hillsboro, and the East Multnomah County subregions; as well as the Central City. The first two markets, along with Kruse Way/ Washington Square serve major executive housing concentrations, and have performed far better than the Portland CBD over the last decade. The strongest submarkets in terms of occupancy are Close-In Northeast (3.8%), the I-205 corridor in East Multnomah County (5.6%), and Kruse Way (6.2%).

Soft market conditions and low net lease rates are expected to limit new supply over the next year to 1,084,000 square feet, while demand is forecasted to exceed 2.3 million square feet. Our demand forecasts for office space are employment driven, and as a result do not factor in the marginal impact of soft market conditions and reduced effective lease rates. During periods of relatively high vacancy, aggressive leasing tactics have the ability to generate demand through reducing the effective cost of space to tenants. While this can lead to an increase in net absorption, it is important to recognize that the impact is temporary, and does not change the underlying demand for space if priced appropriately.

An estimation of demand and vacancy over the next two years has been completed for each office submarket in the Portland Metropolitan Region. This demand analysis takes into consideration regional differences and strengths, planned new supply, employment growth, and general regional and national economic trends. Over the next year, office demand is expected to increase consistent with expectations of continued economic growth. Overall vacancy rates are projected to fall to 9.0% by the end of the first quarter of 2007 and drop below 6.0% in the following year.

Central City Subregion

The Central City is the Prime location for office space in the Portland area. However, the recent economic downturn had left plenty of weakness in the market. The overall occupancy rate for the subregion has steadily risen for much of the past three years. Current occupancy when sublease is included is approximately 10.5%, down roughly 0.6 percentage points from the previous quarter and 2.8 from the same quarter, the previous year, reflecting improving conditions as the economy continues its recovery phase.



Broken down by building class, we discover demand in the subregion is greatest for Class A space with a direct vacancy of only 4.7% and a total vacancy of 6.0% when sublease is included. Direct vacancy is estimated at

12.9% and 11.8% for Class-B and Class-C space, respectively. Meanwhile, pricing trends are consistent with what would be expected for each building class. Class A space definitely commands a premium on the average, as space currently prices range from $14.00 to $40.00 per square foot. Class B space is available for between $8.00 and 24.00 and class C space leases between $7.50 and $21.00.

Over the next 24-months we project a continuation in the strengthening of the local economy to provide greater increases to the local employment base, and in turn, creating new office demand.

V. SPECULATIVE INDUSTRIAL MARKET

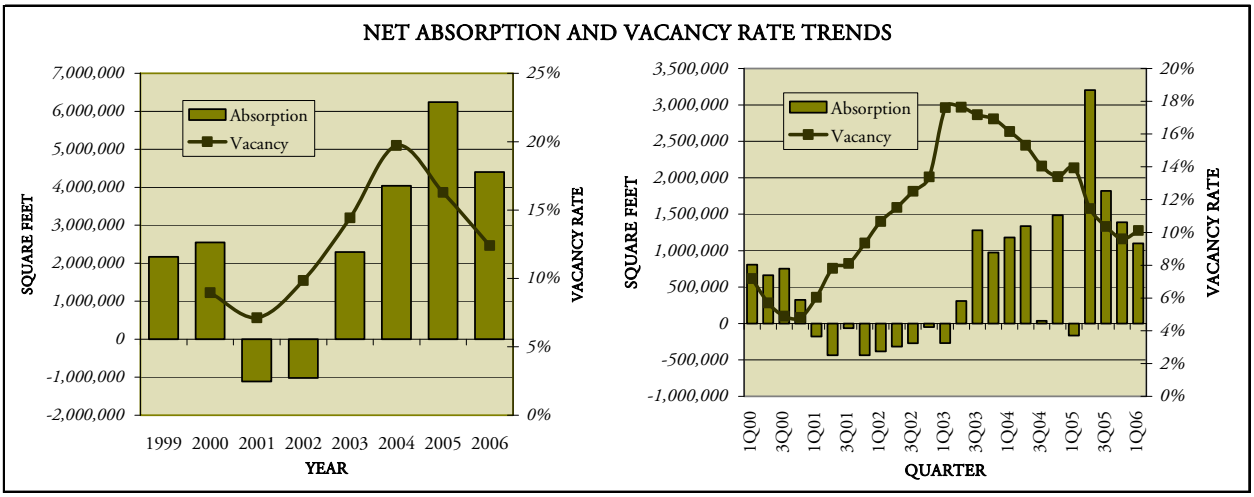
Portland Vancouver PMSA

The local industrial market showed continued improvements in the third quarter of 2006, consistent with the expansion in the local economy. Net absorption was more than 800,000 square feet and was fairly widespread geographically in the metropolitan area with the strongest absorption in the Southwest. Absorption on the year is anticipated to near 4.8 million square feet. This quarter marked the sixth consecutive quarter of positive net absorption with total speculative vacancy dropping from 15.1% to under 10.0% during that time period. The overall occupancy rate for traditional industrial space is estimated at approximately 6.0%, down from 7.4% in the same quarter 2005. Vacancy was around 11.8% for speculative industrial and business parks; down from 14.2% in 2005. Rates in the flex market are significantly higher at approximately 17.5% overall, though that still represents the forth consecutive quarter of increasing occupancy.

	Net Rentable S.F.	Available S.F.	Vacancy Rate	Quarterly Net Absorption	Net Absorption 2004	2005	2006 1/
Northeast	34,588,117	1,615,265	4.67%	346,544	308,060	1,124,078	1,385,889
Northwest	41,409,123	1,983,497	4.79%	-234,939	520,256	720,575	456,164
Southeast	28,597,853	2,001,850	7.00%	19,221	210,206	755,299	652,456
Southwest	57,988,275	4,383,914	7.56%	674,384	884,236	919,840	2,034,987
Vancouver	20,162,757	987,975	4.90%	10,311	851,859	167,541	238,896
Overall	182,746,125	10,972,500	6.00%	815,521	2,774,617	3,687,333	4,768,392

1/ Annualized through 3Q06
SOURCE: CB Richard Ellis

As with office space, the demand for industrial space is directly correlated with growth in industrial space using employment, and the rebound in this market is directly tied to the Portland metropolitan area's economic rebound.



The apparent strength of the market during the past two years may partially reflect aggressive leasing, as well as a substantial increase in the inventory of space surveyed, though it is likely that much of the increase in occupied space is employment driven.

New supply is expected to continue to be limited due to the limited supply of industrial land. We are forecasting that market conditions will continue to strengthen, but at a slowed pace through 2007.

Central City Subregion

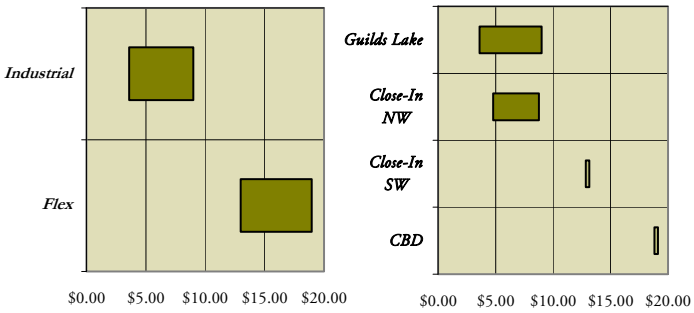
The market for industrial space in the Central City tightened in 2006 with speculative vacancy dropping from 8.9% at the end of the first quarter to 8.1%, six months later at the end of the third quarter. Gains in the Central City industrial market were widespread with all seven submarkets seeing declines in speculative industrial vacancy. Swan Island/Hayden Island remains the tightest market at 4.4% vacancy, followed closely by the NW Industrial District (4.5%), and Guilds Lake (5.0%). The Central Business District remains the softest industrial market with vacancy estimated at 14.9%, followed closely by the Close-In Northeast/I-84 market (14.8%).

Quoted lease rates for flex space in the Central Westside ranged from $13.00 to $18.96 per year per square foot, on a net basis, averaging $15.40. Traditional industrial space ranged from $3.60 to $9.00 per foot net, averaging $5.34. The Central Business had the highest observed flex space rate at $18.96 while Guilds Lake had the highest observed industrial rate at $9.00. While Guilds Lake had the highest rate for industrial space by a small margin, average lease rates were slightly higher in the Close-In NW submarket at $6.37 per square foot, versus a $5.34 per foot average in Guilds Lake.

INDUSTRIAL LEASE RATE SUMMARY, 4TH QUARTER 2006 – CENTRAL WESTSIDE

QUOTED ANNUAL LEASE RATES

BY CLASS	Low	High	Average
Industrial	$3.60	$9.00	$5.34
Flex	$13.00	$18.96	$15.40
BY SUBMARKE	**Industiral**	**Flex**	**Average**
Guilds Lake	$3.60 - $9.00	n/a	$4.53
Close-In NW	$4.80 - $8.76	n/a	$6.37
Close-In SW	n/a	$13.00	$13.00
CBD	n/a	$18.96	$18.96
Total	$3.60 - $9.00	$12.85 - $19.11	$6.26



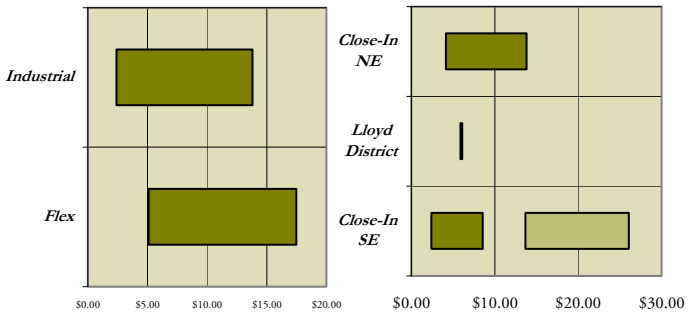
SOURCE: LoopNet and Johnson Gardner LLC

Quoted lease rates for flex space in the Central Eastside ranged from $5.10 to $17.48 per year on a net per-foot basis, averaging $12.09. Traditional industrial space ranged from $2.40 all the way up to $13.80 per foot net, averaging $6.15. The Close-In Southeast submarket had the highest observed flex space rate at $17.48 while the Close-In Northeast submarket had the highest observed industrial rate at $13.80.

INDUSTRIAL LEASE RATE SUMMARY, 4TH QUARTER 2006 – CENTRAL EASTSIDE

QUOTED ANNUAL LEASE RATES

BY CLASS	Low	High	Average
Industrial	$2.40	$13.80	$6.15
Flex	$5.10	$17.48	$12.09
BY SUBMARKE	**Industrial**	**Flex**	**Average**
Close-In NE	$4.16 - $13.80	n/a	$7.97
Lloyd District	n/a	$6.00	$6.00
Close-In SE	$2.40 - $8.57	$5.10 - $17.48	$6.27
Total	$2.40 - $13.80	$5.10 - $17.48	$6.99



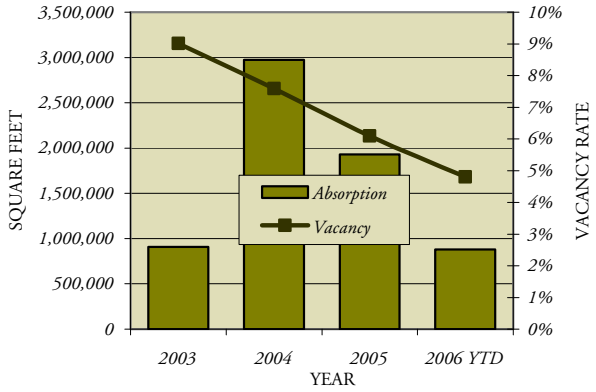
SOURCE: LoopNet and Johnson Gardner LLC

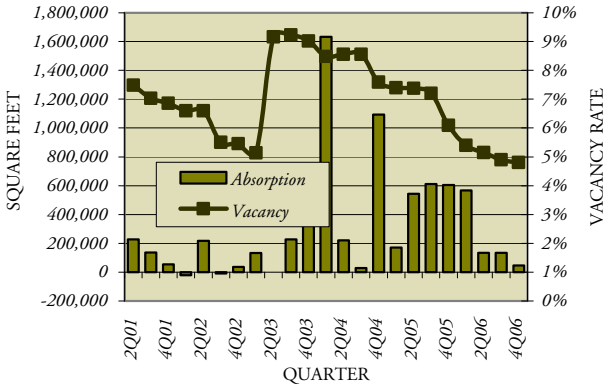
VI. SPECULATIVE RETAIL MARKET

The Portland metropolitan area's retail market vacancy rate continues its fourteen-quarter gradual decline from a high of 9.2%. In the fourth quarter of 2006, the market absorbed a modest 46,000 square feet while adding almost 250,000 square feet of new space. Vacancy in tracked space on CoStar dropped last quarter's 4.9% to 4.8%. In regional and power centers, vacancy remained minimal, while community/neighborhood centers continued their positive trend, with vacancy dropping to only 3.6%. Mixed-use (8.6%) and strip/specialty/urban centers (7.6%) again had the highest vacancy rates, though occupancy was up substantially for both compared to the previous year.

	Speculative Inventory	New Construction	Inventory Adjustments	Net Absorption	Vacancy S.F.	Vacancy Rate
BREAKOUT BY CLASS						
Strip/Specialty/Urban	20,236,852	85,654	0	-6,187	1,540,451 #	7.6%
Community/Neighborhood	24,951,892	105,611	0	27,628	906,354 #	3.6%
Mixed Use	1,747,057	7,395	0	-104	150,224 #	8.6%
Power/Regional	11,479,008	48,586	0	24,963	206,883 #	1.8%
Total	**58,414,809**	**247,246**	**0**	**46,300**	**2,803,911**	**4.8%**

NET ABSORPTION AND VACANCY RATE TRENDS





The most significant new development in the Region, Bridgeport Village in Tualatin, sold two years ago for a price of $366 per square foot. The 465,000 square-foot lifestyle center has been well received, despite some parking concerns, and several new retail projects are scheduled for construction in the area along I-5. Major upcoming additions to Portland area retail include the 280,000 square-foot IKEA megastore, which is set to complete construction in spring of 2007, and Kohl's, which will be building three stores and converting a fourth.

A total of over 1.5 million square feet of new space is projected to enter the market over the next twelve months, while demand is expected to keep pace for the most part. While the Portland market has successfully absorbed recent surges in construction, this will be tested with the large amounts of new supply scheduled to enter the market in the next two years. Our demand model predicts market vacancy will edge up slightly through 2007, and continue upwards to over 6.0% by the first quarter of 2008.

Central City Subregion

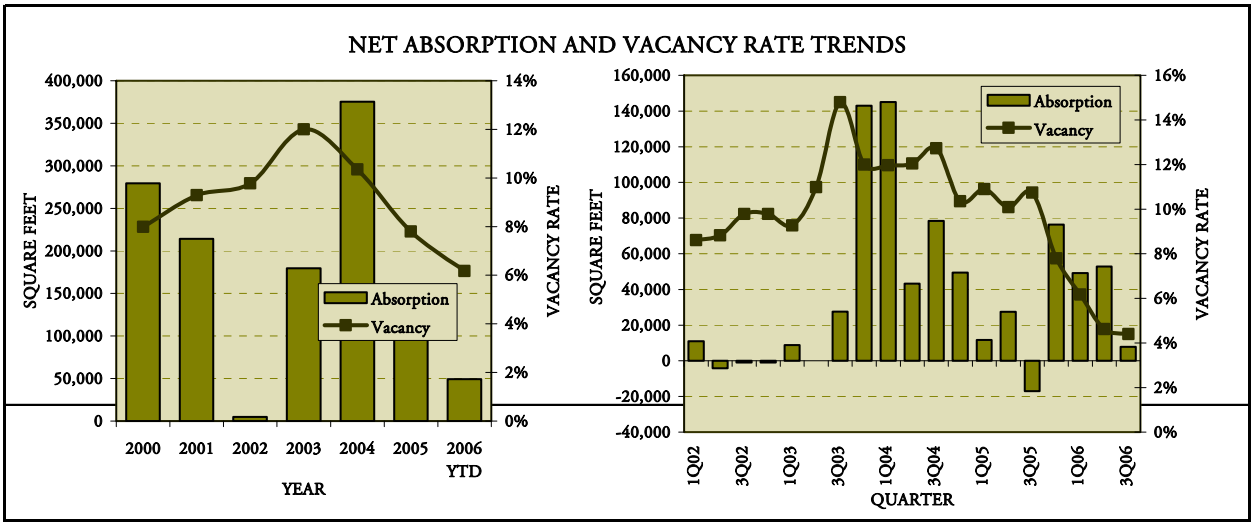
The Central City subregion has performed extremely well in the past four quarters relative to other subregions in the Portland area. After witnessing vacancy rates in excess of 10.7% as recently as the third quarter of 2005, vacancies have now dropped to below 4.5%. At only 3.8%, the Central Business District (CBD) performed significantly better than the Northwest District which posted vacancy of 6.7%.

	Speculative Inventory	Net Absorption	Vacancy S.F.	Vacancy Rate
BREAKOUT BY CLASS				
Strip/Specialty/Urban	2,092,458	0	112,388	5.37%
Community/Neighborhood	588,947	7,211	7,601	1.29%
Mixed Use	367,785	698	29,120	7.92%
Power/Regional	388,444	0	2,146	0.55%
Total	3,437,634	7,909	151,256	4.40%
BREAKOUT BY SUBMARKET				
CBD	2,729,088	4,875	103,920	3.81%
Northwest	708,546	3,034	47,335	6.68%
Total	3,437,634	7,909	151,256	4.40%

Average rent levels for retail space in the Central City Subregion vary widely both by Class and by Submarket. Retail space for strip/specialty/urban space ranged from as low as $10.00 to as high as $48.00 per square foot. The disparity was just as great from community/neighborhood retail space which was slightly more affordable, ranging from $4.80 on the low end, up to $20.00 per square foot.

Mixed use retail space, which carries the smallest share of retail space in the Central City, displayed a tighter range, varying from $14.00 to $35.00 per square foot.

More affordable retail space was located in the CDB as opposed to the Northwest where high end retailers are more prevalent. Average rents ranged from $4.80 to $48.00 in the CBD, versus $10.00 to $35.00 in the Northwest.



VII. Submarket Summaries

Northwest District

COMPETITIVE ADVANTAGES

- Direct access to the Highway 30 coupled with access to the Stadium Freeway, provides the submarket with region accessibility in all cardinal directions.
- Proximity to the CBD, with streetcar, bus, bike and pedestrian links.

COMPETITIVE DISADVANTAGES/CONCERNS

- Congested streets, limited parking and potential conflict with residents
- Lower profile office space with limited visibility

OFFICE MARKET CONDITIONS

OCCUPANCY

- Current vacancy rests at approximately 10.7%, which slightly exceeds the regional average of 10.5%. However, current occupancy is higher than what is considered to be a healthy market, as demand has been lackluster in the local area.

RENT LEVELS:

Current rent levels in the Northwest District average between $14.50 for Class B space and $25.00 for Class C space. Rent levels in the submarket were relatively flat in the last half of 2006.

RETAIL CONDITIONS

OCCUPANCY

- There is currently over 700,000 square feet of retail space in the Northwest District. The amount of vacant space in the district remained declined slightly over the previous quarter to 47,000 square feet, or 6.7%.

RENT LEVELS:

- Retail rent levels in many Central City locations are on the rise. This is true in the Northwest District where rents have risen to around $20.00.

Pearl District

COMPETITIVE ADVANTAGES

- Located In the most "trendy" part of Central City, with a wide range of surrounding uses.
- Also had direct access to the Stadium Freeway and excellent transit access.
- Portland's cultural playground.

COMPETITIVE DISADVANTAGES/CONCERNS

- Proximity to competing office locations with stronger amenities i.e. downtown limits achievable lease rates in the Pearl.

OFFICE MARKET CONDITIONS

OCCUPANCY

- At 10.8% vacancy in the Pearl District is currently slightly higher than other neighborhoods west of the river. Vacancy is the highest among Class C properties at 15.3%, almost 10 percentage points higher either Class A.
- Recent trends demonstrate a falling vacancy rate after peaking at over 16% in the third quarter of 2003.

RENT LEVELS:

Rent levels have remained relatively stable in the Pearl District over the past year, displaying very little movement. The highest rents are achieved at Class A properties at $35.00 per square foot. Rent Levels at Class B and Class C space properties are $17.00 and $18.00

RETAIL CONDITIONS

OCCUPANCY

- There is currently over 700,000 square feet of retail space in the Northwest District. The amount of vacant space in the district remained declined slightly over the previous quarter to 47,000 square feet, or 6.7%.

RENT LEVELS:

- Retail rent levels in many Central City locations are on the rise. This is true in the Northwest District where rents have risen to around $20.00.

Old Town/Chinatown

COMPETITIVE ADVANTAGES

- Bordered by Broadway on one side, Burnside on the other, and the Glisan/Everett couplet running down the center, the smallest Central City neighborhood in terms of size benefits from three direct lines across the river to the east.
- Concentration of clubs and restaurants provide evening activity.
- Central location and proximity to the higher-priced CBD and Pearl
- Recent efforts to renovate the area have been somewhat successful.

COMPETITIVE DISADVANTAGES/CONCERNS

- High concentration of social service providers, and relatively high transient population
- Historical building inventory has limited re-use potential outside.

OFFICE MARKET CONDITIONS

OCCUPANCY

- Overall vacancy in Old Town is hurt largely by the prevalence of Class A office space.

RENT LEVELS:

- Rent levels have remained relatively level in the $10.00 to $20.00 range.

RETAIL CONDITIONS

OCCUPANCY

- With only a little more than 81,000 square feet of rentable retail space; Old Town is more of an office and residential neighborhood as opposed to a retail powerhouse. Old Town has recently seen a strong decease in vacancy from its highest point of 28.7% three years ago.

RENT LEVELS:

- Rent levels in the neighborhood have displayed very little fluctuation over the past five quarters. Retail space in Old town currently achieves rents as low as $5.00 per square foot.

Downtown

COMPETITIVE ADVANTAGES

- Most dense employment concentration in the metropolitan area.
- Key government services, including County and Federal Courthouses.
- Centrally located neighborhood that serves as the region's transit epicenter.
- Portland State University
- A comprehensive, full service location with an array of surrounding land uses.

COMPETITIVE DISADVANTAGES/CONCERNS

- Traffic/parking

OFFICE MARKET CONDITIONS

OCCUPANCY

- Occupancy in Downtown Portland is also performing average relative to other Central City neighborhoods. At 10.9% vacancy, the office market is not exactly strong but signs are pointing towards increased tightening in the market.
- Vacancy has steadily risen over the past five quarters, up roughly 4.0 percentage points over this interval.

RENT LEVELS:

- Rent Levels Downtown have been relatively stable in recent quarters, fluctuation very little during this time. The current average rents Downtown are up to about $20.00 per square foot.
- Average Downtown rents vary little across Class types, reflecting the premium achieved on location alone.

RETAIL CONDITIONS

OCCUPANCY

- Excluding the Lloyd District which contains the Lloyd Center Mall, Downtown has the highest speculative inventory of retail space in the Central City with over 100,000 S.F. Vacancy in the district has steadily declined over the past four quarters from over 10.0% to under 5.0%.

RENT LEVELS:

- As the average vacancy rate has risen in the Downtown District, prices have steadily fallen as landlords attempt keep their buildings full. Retail rent levels have been as high as $48.00 in recent months.

Goose Hollow

COMPETITIVE ADVANTAGES

- Light rail line runs directly through neighborhood.
- Direct Access to the Sunset Highway and the Stadium Freeway.
- High Visibility from these transit Corridors.
- Views from Hills at western edge of district.
- Multnomah Athletic Club

COMPETITIVE DISADVANTAGES/CONCERNS

- Light rail commute is over 20 minutes to east of the river with all Downtown stops.
- Lower profile office space with zero supply of Class A space

OFFICE MARKET CONDITIONS

OCCUPANCY

- Goose Hollow has consistently performed poorly in terms of vacancy relative to other Central City neighborhoods.
- Vacancy has fluctuated greatly over the last five quarters but is down near the average for the Central City.

RENT LEVELS:

- Despite the recent fluctuation in vacancy rates, rent levels have remained relatively stable in recent quarters. Current average rents range from $15.00 per square foot for Class B to $13.00 for Class C.

RETAIL CONDITIONS

OCCUPANCY

- Goose Hollow is one of the stronger neighborhoods in the Central City in terms of vacancy. Recent increases in occupancy have reduced vacancies to around 9.0%.

RENT LEVELS:

- Rents are relatively average for the Close-In Westside typically ranging between $12.00 and $20.00 per foot.

Homestead

COMPETITIVE ADVANTAGES

- OHSU
- Views
- Proximity to CBD

COMPETITIVE DISADVANTAGES/CONCERNS

- Limited access with no direct freeway access, no light rail, and limited transit service.
- Large amounts of vacant land located within the neighborhood.
- Difficult topography
- Lower profile office space with zero supply of Class A space

OFFICE MARKET CONDITIONS

OCCUPANCY

- Vacancy in Homestead is moderate although only seven office developments (two Class B and five Class C) are located within the neighborhoods.

RENT LEVELS:

- Average rent levels in Homestead have remained steady over the past year from at approximately $16.00 per square foot.

RETAIL CONDITIONS

OCCUPANCY

- For the Homestead neighborhood, surveyable data was not sufficient enough to arrive at any occupancy conclusions.

RENT LEVELS:

- Rents are similar to other Close-In Southwest locations that are not on strong retail arterials.

Corbett/Terwilliger/Lair Hill

COMPETITIVE ADVANTAGES

- Retail concentrations on Highway 43.
- Over three miles of riverfront property.
- Several main north/south roads run through the neighborhood including I-5, 99W, Hwy 43, and Terwilliger Boulevard.
- Should benefit from the South Waterfront's development.

COMPETITIVE DISADVANTAGES/CONCERNS

- No light rail line.
- Large share of vacant and industrial property. Current waterfront usage is largely industrial.

OFFICE MARKET CONDITIONS

OCCUPANCY

- Vacancy in the submarket is low at below 5.0%, despite fact that the lion's share of RBA in the submarket is Class B. Vacancy has declined from the same period a year ago.

RENT LEVELS:

- Rent levels have remained relatively stable, averaging just under $20.00 per foot. The highest rents are achieved on Class A space ($22.00), closely followed by Class B ($18.00), and Class C ($14.00).

RETAIL CONDITIONS

OCCUPANCY

- Conditions in the Corbett/Terwilliger/Lair Hill submarket have been steadily improving over the past year. Current vacancy is below 3.0%, down sharply from 10.0% two years ago.

RENT LEVELS:

- As the market has been tightening up in the neighborhood rents have been displaying upward momentum. Current average rents of $18.00 strong for the market area.

Hosford Abernathy

COMPETITIVE ADVANTAGES

- Hosford Abernathy benefits from strong regional access, with the eastside grid providing for more options. Furthermore, the Ross Island Bridge takes provides direct access to the I-5/I-405 interchange.

COMPETITIVE DISADVANTAGES/CONCERNS

- Lower profile office space with zero supply of Class A space.
- With the exception of the Lloyd District, neighborhoods on the Eastside tend have a lower concentration of office space and higher levels of residential and community retail.

OFFICE MARKET CONDITIONS

OCCUPANCY

- Vacancy in the Hosford Abernathy neighborhood is currently among the highest in the Central City at 17.9%.
- Due to the lack of supply in the area, leasing activity at a single property can cause substantial swings in occupancy.

RENT LEVELS:

- Because the majority of office space in the neighborhood is Class C, the average rent level is significantly lower than most areas. At current, total average rents range between $8.00 and $20.00.

RETAIL CONDITIONS

OCCUPANCY

- Conditions in Hosford Abernathy are similar to those witnessed by adjacent Kerns and Buckman. Vacancy has been relatively level over the past three years.

RENT LEVELS:

- Rents are typically $15.00 per square foot.

Buckman

COMPETITIVE ADVANTAGES

- Buckman is located directly across the river from Downtown, providing excellent proximity to the regions retail and employment epicenter.
- The neighborhood is bordered by Burnside to the north, Hawthorne to the south, with Morrison running down the center, providing individuals three direct river crossings.
- Proximity to the water.

COMPETITIVE DISADVANTAGES/CONCERNS

- Lower profile office space with zero supply of Class A space

OFFICE MARKET CONDITIONS

OCCUPANCY

- Until the most recent quarter, vacancy in Buckman had been steadily falling since the first quarter of 2003.

RENT LEVELS:

- Currently rents range from $8.00 to $20.00 per square foot.

RETAIL CONDITIONS

OCCUPANCY

- Conditions in Buckman are similar to those witnessed by adjacent Hosford Abernathy and Kerns. Vacancy has been relatively level over the past three years.

RENT LEVELS:

- Rents are typically $15.00 per square foot.

Kerns

COMPETITIVE ADVANTAGES

- Direct access and visibility via Interstate 84.
- Light Rail transit line to the north.

COMPETITIVE DISADVANTAGES/CONCERNS

- Lower profile office space with zero supply of Class A space
- Limited amount of waterfront property.

OFFICE MARKET CONDITIONS

OCCUPANCY

- Similar to high vacancies in other neighborhoods, the high levels are largely attributed to poor performance at one or two properties. This makes trends difficult to identify in what is not a significant office market.

RENT LEVELS:

- Again, rent levels in the area are significantly lower than the regional average due to the lack of Class A space.
- The overall average rent level in the area is below $15.00.

RETAIL CONDITIONS

OCCUPANCY

- Conditions in Kerns are similar to those witnessed by adjacent Hosford Abernathy and Buckman. Vacancy has been relatively level over the past three years.

RENT LEVELS:

- Rents are typically $15.00 per square foot.

Lloyd District

COMPETITIVE ADVANTAGES

- The Lloyd District is the Central retail and office location on the Eastside. It has more speculative office space than the other four Eastside locations combined.
- Direct access to the Westside via Broadway and the Broadway Bridge.
- Lloyd Center Regional Mall
- Proximity to both the yellow and blue rail lines, with fareless access.
- Major public facilities, such as the Rose Garden, Oregon Convention Center, Coliseum.

COMPETITIVE DISADVANTAGES/CONCERNS

- Poor pedestrian access to CBD

OFFICE MARKET CONDITIONS

OCCUPANCY

- The Lloyd District is one of the strongest office markets in the city with total vacancies, including available sublease space, below 7.5%.

RENT LEVELS:

- Rent levels in the Lloyd District are strong with a $40 per square-foot asking rent observed at a small space. Class A office space in the submarket is similarly priced to Downtown; generally between $20.00 and $30.00.

RETAIL CONDITIONS

OCCUPANCY

- Naturally, the Lloyd District is going to be the most dominating retail location in the City Center courtesy of region super mall Lloyd Center. Excluding Downtown, the Lloyd district contains more speculative retail inventory than all the other evaluated Central City submarkets combined. Vacancy has been historically stable and currently measures 5.8%

RENT LEVELS:

- Like vacancy rates, rent levels in the Lloyd District have been historically stable. Rents vary greatly from $4.20 to $40.00 per square foot.

Eliot

COMPETITIVE ADVANTAGES

- Direct Access to and visibility from I-5, I-405, and Broadway
- Gentrifying residential.
- MLK/Grand Corridor

COMPETITIVE DISADVANTAGES/CONCERNS

- Largely surrounded by heavy industrial development.
- Lower profile office space with zero supply of Class A space

OFFICE MARKET CONDITIONS

OCCUPANCY

- Occupancy in Eliot and its surrounding areas has risen substantially and is now above 95%.

RENT LEVELS:

- Rent levels in the neighborhood range from $9.00 to $24.00

RETAIL CONDITIONS

OCCUPANCY

- Although rentable area in Eliot is scarce with only 28,788 S.F., the majority of buildings are at full occupancy.

RENT LEVELS:

- Rent levels in the neighborhood have not changed in recent quarters and are currently averaging below that of the Lloyd District.

EXHBIT 1.01

REAL GROSS DOMESTIC PRODUCT AND RELATED MEASURES
PERCENT CHANGE FROM PRECEDING PERIOD
SEASONALLY ADJUSTED ANNUAL RATES

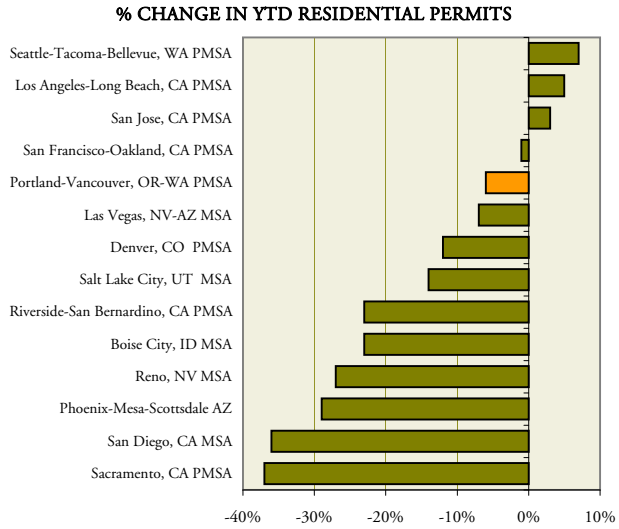
	PERIOD																										
	2001	2002	2003	2004	I 01	II 01	III 01	IV 01	I 02	II 02	III 02	IV 02	I 03	II 03	III 03	IV 03	I 04	II 04	III 04	IV 04	I 05	II 05	III 05	IV 05	I 06	II 06	III 06
Gross domestic product (GDP)	0.8	1.6	2.7	4.2	-0.6	1.2	-1.4	1.6	2.7	2.2	2.4	0.2	1.7	3.7	7.2	3.6	4.3	3.5	4.0	3.3	3.8	3.3	4.1	1.7	4.8	2.6	2.2
Personal consumption expenditures	2.5	2.7	2.9	3.9	1.7	0.7	1.2	7.0	1.4	2.4	2.3	1.4	2.5	3.6	5.8	3.1	4.7	1.9	4.4	4.3	3.5	3.4	4.1	0.9	5.5	1.8	2.0
Durable goods	4.3	7.1	6.6	6.0	6.7	0.0	0.3	37.4	-4.2	3.6	11.5	-5.2	3.6	15.1	19.8	-0.3	4.4	0.4	10.8	5.5	2.6	7.9	9.3	-16.6	20.6	0.0	0.5
Nondurable goods	2.0	2.5	3.2	4.7	0.5	0.0	0.5	4.9	60.0	1.3	0.3	3.6	3.2	1.9	8.3	3.1	6.6	2.6	3.9	5.5	5.3	3.6	3.5	5.0	5.4	0.3	0.2
Services	2.4	1.9	2.0	3.0	1.1	0.7	0.5	2.3	1.8	2.6	1.3	1.8	1.9	2.3	2.0	3.8	3.8	1.8	3.4	3.6	2.8	2.3	3.3	2.6	2.8	1.5	1.3
Gross private domestic investment	-7.9	-2.6	3.9	11.9	-13.6	-1.3	-1.8	-22.7	13.6	1.9	5.8	-1.0	-0.4	2.7	17.5	12.0	10.1	20.9	4.6	6.8	8.6	-3.7	5.3	16.1	6.5	0.2	0.0
Fixed investment	-3.0	-5.2	3.6	9.7	-2.6	-1.5	-0.8	-10.6	-6.3	-1.4	-0.7	-1.4	0.8	8.8	14.8	6.9	6.9	15.1	8.4	7.2	7.0	9.5	8.0	3.9	9.9	-0.3	-0.2
Nonresidential	-4.2	-9.2	1.3	9.4	-4.2	-1.8	-0.8	-13.3	-12.8	-6.1	-2.0	-5.0	-1.1	8.4	11.2	4.4	7.9	13.5	11.8	10.4	5.7	8.8	8.5	4.5	14.3	0.5	1.0
Structures	-2.3	-17.1	-4.2	2.2	-8.3	-0.1	0.2	-33.2	-19.0	-19.0	-15.5	-5.3	-8.4	13.3	-0.1	1.3	-3.5	8.8	1.4	4.7	-2.0	2.7	2.2	3.1	8.6	0.6	0.5
Equipment and software	-4.9	-6.2	3.2	11.9	-2.8	-1.6	-1.0	-4.2	-10.4	-0.9	3.3	-4.9	1.6	6.7	15.4	5.5	12.0	15.2	15.5	12.4	8.3	10.9	10.6	5.0	16.4	-0.1	0.5
Residential	0.4	4.8	8.4	10.3	2.2	0.3	0.1	-3.7	10.4	9.5	2.0	6.4	4.7	9.6	21.9	11.5	5.2	17.8	2.6	1.6	9.5	10.8	7.3	2.8	2.6	-0.7	-1.2
Net exports of goods and services																											
Exports	-5.4	-2.3	1.8	8.4	-5.3	-1.5	-2.0	-10.8	5.2	10.6	2.9	-3.1	-2.9	-2.1	11.5	19.1	5.0	6.9	5.5	7.1	7.5	10.7	2.5	5.1	12.1	0.7	0.7
Goods	-6.1	-4.0	1.8	8.9	-5.4	-1.4	-1.6	-8.8	-1.6	14.2	2.2	-9.1	1.5	0.0	9.1	17.2	7.5	7.9	8.2	3.7	5.3	16.0	3.2	8.0	17.8	0.5	0.7
Services	-3.7	1.9	1.7	7.4	-5.0	0.0	-0.4	-15.3	22.9	2.7	4.6	11.7	-11.9	-6.6	17.2	23.7	-0.4	4.8	-0.6	15.5	12.5	-0.4	1.0	-1.4	-0.5	0.2	0.0
Imports	-2.7	3.4	4.6	10.7	-3.7	1.9	1.5	-3.4	11.7	12.5	5.7	9.0	-2.5	3.3	4.1	16.5	12.0	14.5	4.7	11.3	7.4	-0.3	2.4	12.1	13.0	-0.2	-0.9
Goods	-3.2	3.7	4.9	11.0	-3.4	2.2	1.0	-2.0	9.2	16.0	6.5	8.1	-2.6	6.3	0.9	17.7	12.4	14.7	4.7	13.0	8.2	-1.1	3.5	13.5	14.2	0.0	-1.0
Services	-0.3	2.1	3.0	9.6	-5.0	-0.3	0.5	-10.4	24.7	-3.0	1.7	14.0	-2.2	-10.2	21.4	10.7	10.0	13.7	4.6	3.1	3.7	4.4	-3.2	4.8	6.7	-0.25	0.0
Government consumption expenditures and gross investment	3.4	4.4	2.8	2.2	5.3	1.4	-0.3	8.5	4.3	4.8	2.3	4.8	-0.3	7.2	0.5	0.5	3.3	2.3	1.8	0.9	1.9	2.5	2.9	-0.8	3.9	0.2	0.4
Federal	3.9	7.0	6.9	5.2	8.1	0.5	0.0	8.8	5.9	12.5	3.0	10.2	0.3	22.1	-2.0	3.1	10.7	3.2	3.6	-0.6	2.4	2.4	7.4	-2.6	10.8	-0.3	0.1
National defense	3.9	7.4	8.8	7.0	7.0	0.2	0.1	12.5	3.7	11.5	4.1	14.8	-3.6	37.4	-6.5	7.9	13.8	0.8	9.0	-3.3	3.0	3.7	10.0	-8.9	10.3	-0.1	-0.1
Nondefense	3.9	6.3	3.4	1.8	10.1	0.4	-0.1	2.3	10.2	14.1	1.2	2.1	8.0	-2.4	7.2	-5.8	4.9	8.1	-6.4	5.2	1.1	-0.2	2.4	11.7	11.7	-0.2	0.2
State and local	3.2	3.1	0.6	0.4	4.0	0.8	-0.3	8.4	3.5	1.0	1.9	2.0	-0.6	-0.3	2.0	-0.9	-0.7	1.8	0.8	1.8	1.6	2.6	0.2	0.2	0.0	0.5	0.3

EXHIBIT 1.02

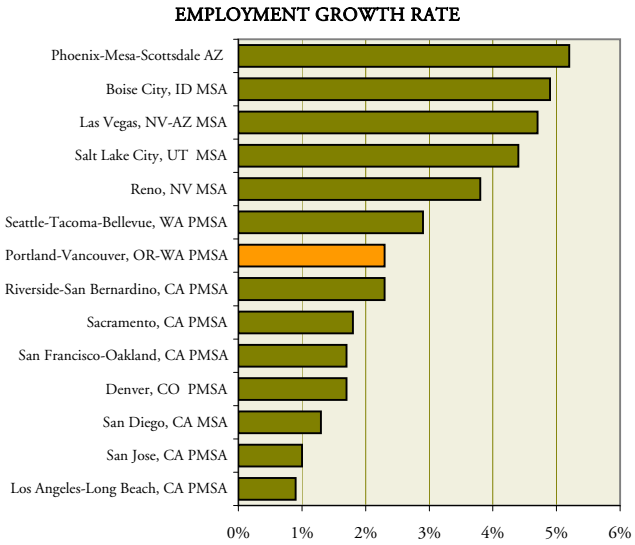
EMPLOYMENT AND MIGRATION TRENDS
MAJOR WESTERN METROPOLITAN AREAS
Third Quarter, 2006

BUILDING PERMITS Metropolitan Area	YTD Oct 2006	YTD % Change
Sacramento, CA PMSA	10.37	-37%
San Diego, CA MSA	8.31	-36%
Phoenix-Mesa-Scottsdale AZ	38.60	-29%
Reno, NV MSA	3.86	-27%
Boise City, ID MSA	7.65	-23%
Riverside-San Bernardino, CA PMSA	34.71	-23%
Salt Lake City, UT MSA	6.38	-14%
Denver, CO PMSA	15.60	-12%
Las Vegas, NV-AZ MSA	30.18	-7%
Portland-Vancouver, OR-WA PMSA	**13.55**	**-6%**
San Francisco-Oakland, CA PMSA	11.78	-1%
San Jose, CA PMSA	5.31	3%
Los Angeles-Long Beach, CA PMSA	28.52	5%
Seattle-Tacoma-Bellevue, WA PMSA	22.89	7%

= Data in 000's



NON-AG EMPLOYMENT Metropolitan Area	Growth Rate Oct-Oct	Net Growth 000's
Los Angeles-Long Beach, CA PMSA	0.9%	50.0
San Jose, CA PMSA	1.0%	9.0
San Diego, CA MSA	1.3%	17.0
Denver, CO PMSA	1.7%	21.0
San Francisco-Oakland, CA PMSA	1.7%	34.0
Sacramento, CA PMSA	1.8%	17.0
Riverside-San Bernardino, CA PMSA	2.3%	27.0
Portland-Vancouver, OR-WA PMSA	**2.3%**	**22.0**
Seattle-Tacoma-Bellevue, WA PMSA	2.9%	48.0
Reno, NV MSA	3.8%	8.0
Salt Lake City, UT MSA	4.4%	27.0
Las Vegas, NV-AZ MSA	4.7%	42.0
Boise City, ID MSA	4.9%	13.0
Phoenix-Mesa-Scottsdale AZ	5.2%	94.0

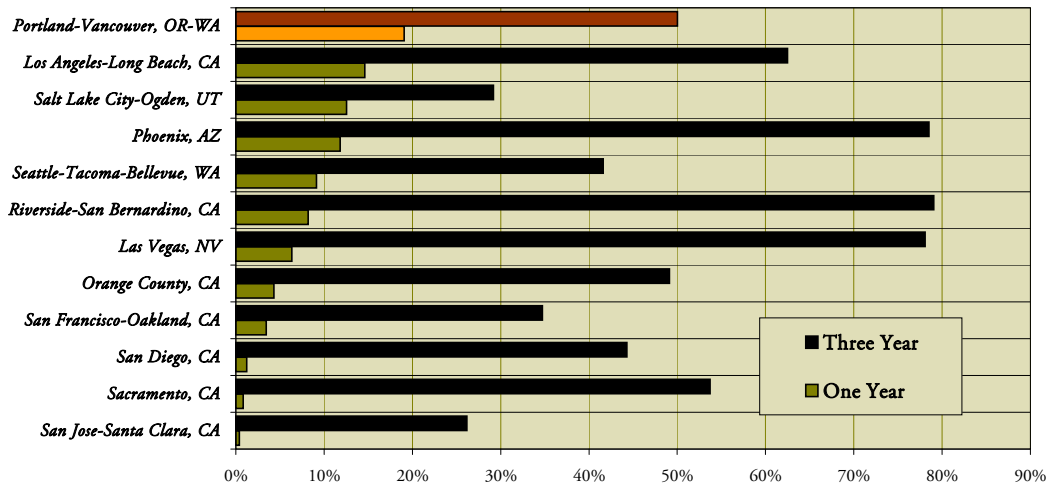


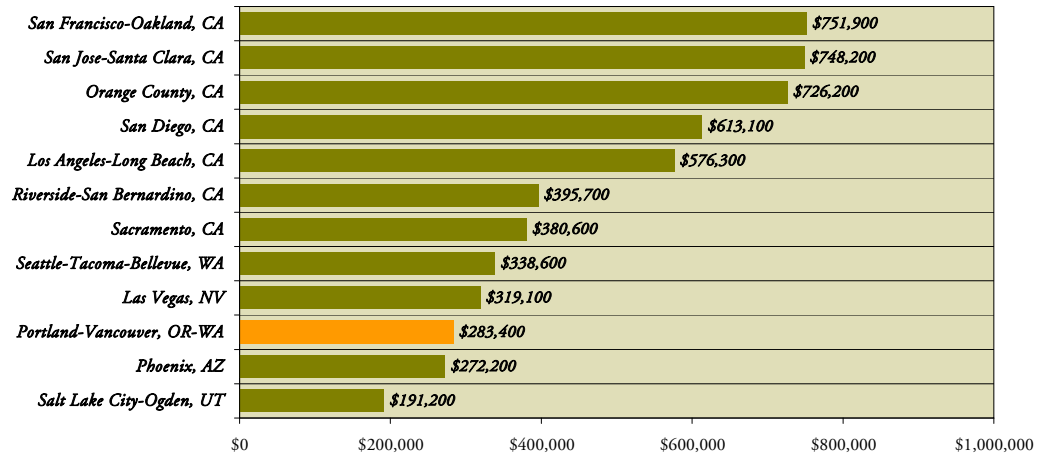
Source: National Asociation of Home Builders and Johnson Gardner

EXHIBIT 1.03

RELATIVE SINGLE-FAMILY HOME PRICE TRENDS
MAJOR WEST COAST MARKETS
Third Quarter, 2006

Metropolitan Area	Median Price	Home Price Escalation Quarter	1-Yr.	3-Yr.
Las Vegas, NV	$319,100	0.4%	6.3%	78.1%
Los Angeles-Long Beach, CA	$576,300	2.2%	14.6%	62.5%
Orange County, CA	$726,200	1.9%	4.3%	49.1%
Phoenix, AZ	$272,200	1.5%	11.8%	78.5%
Portland-Vancouver, OR-WA	**$283,400**	**6.4%**	**19.1%**	**50.0%**
Riverside-San Bernardino, CA	$395,700	-0.1%	8.2%	79.0%
Sacramento, CA	$380,600	1.2%	0.8%	53.7%
Salt Lake City-Ogden, UT	$191,200	3.8%	12.5%	29.2%
San Diego, CA	$613,100	1.0%	1.2%	44.3%
San Francisco-Oakland, CA	$751,900	4.4%	3.4%	34.7%
San Jose-Santa Clara, CA	$748,200	0.2%	0.4%	26.2%
Seattle-Tacoma-Bellevue, WA	$338,600	n/a	9.1%	41.6%
National	**$227,500**	**4.4%**	**3.9%**	**26.2%**



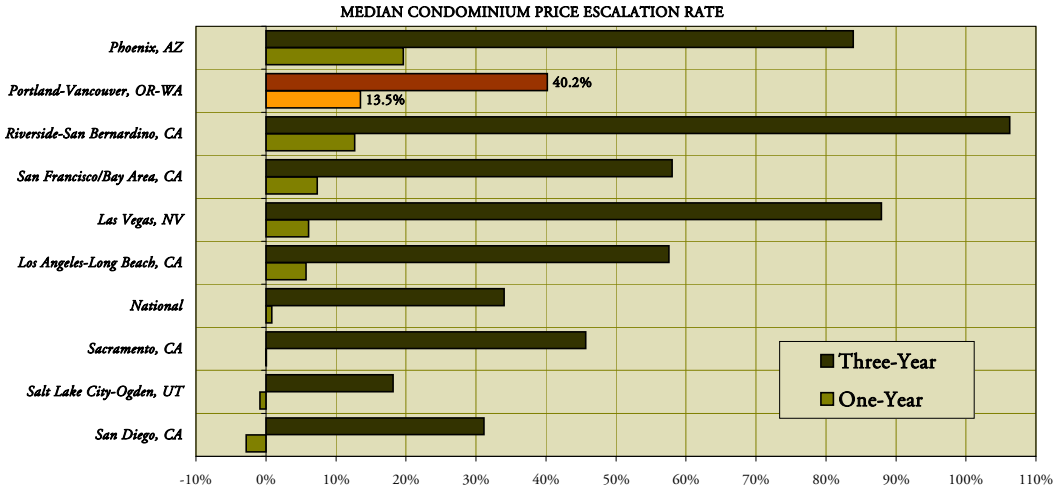


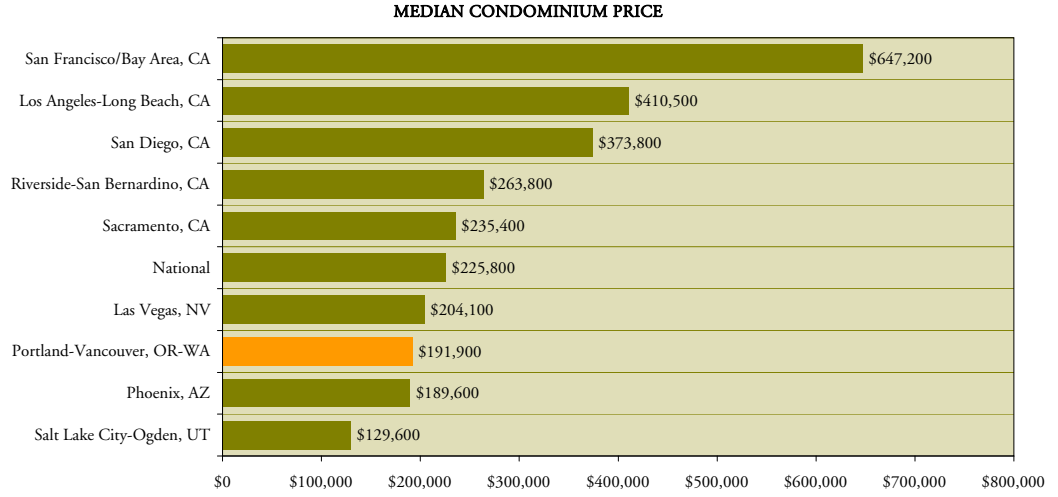
SOURCE: National Association of Realtors and Johnson Gardner

EXHIBIT 1.04

RELATIVE CONDOMINIUM HOME PRICE TRENDS
MAJOR WEST COAST MARKETS
Third Quarter, 2006

Metropolitan Area	Median Price	Home Price Escalation		
		Quarter	1-Yr.	3-Yr.
Las Vegas, NV	$204,100	2.6%	6.1%	87.9%
Los Angeles-Long Beach, CA	$410,500	1.5%	5.7%	57.6%
Phoenix, AZ	$189,600	5.6%	19.6%	83.9%
Portland-Vancouver, OR-WA	**$191,900**	**8.7%**	**13.5%**	**40.2%**
Riverside-San Bernardino, CA	$263,800	3.0%	12.7%	106.3%
Sacramento, CA	$235,400	-2.3%	0.0%	45.7%
Salt Lake City-Ogden, UT	$129,600	-1.1%	-0.8%	18.1%
San Diego, CA	$373,800	-2.2%	-2.8%	31.2%
San Francisco/Bay Area, CA	$647,200	5.2%	7.3%	58.0%
National	**$225,800**	**1.4%**	**0.8%**	**34.0%**



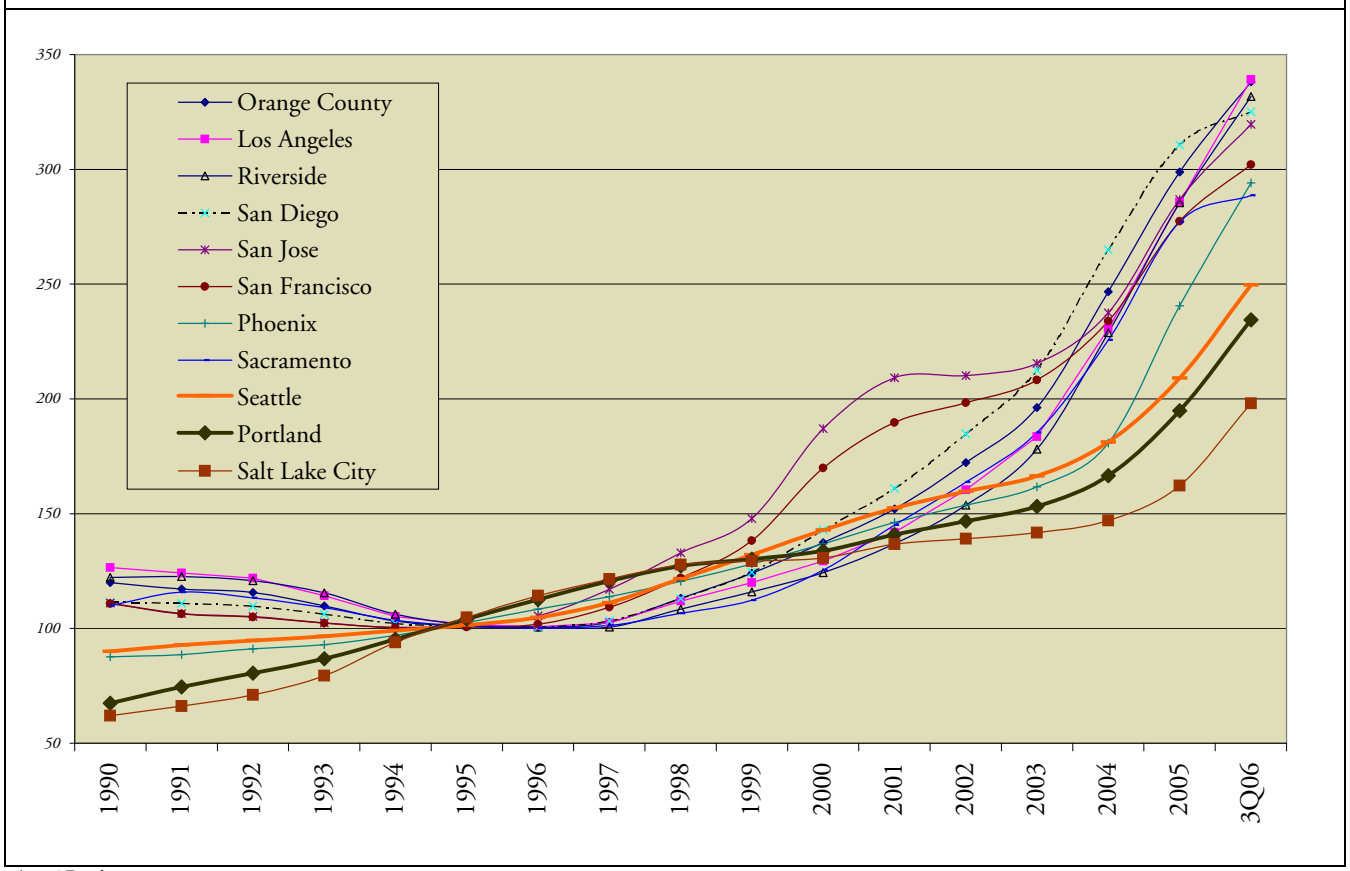


SOURCE: National Association of Realtors and Gardner Johnson

EXHIBIT 1.05

HOUSE PRICE INDEXES 1/
OFFICE OF FEDERAL HOUSING ENTERPRISE OVERSIGHT

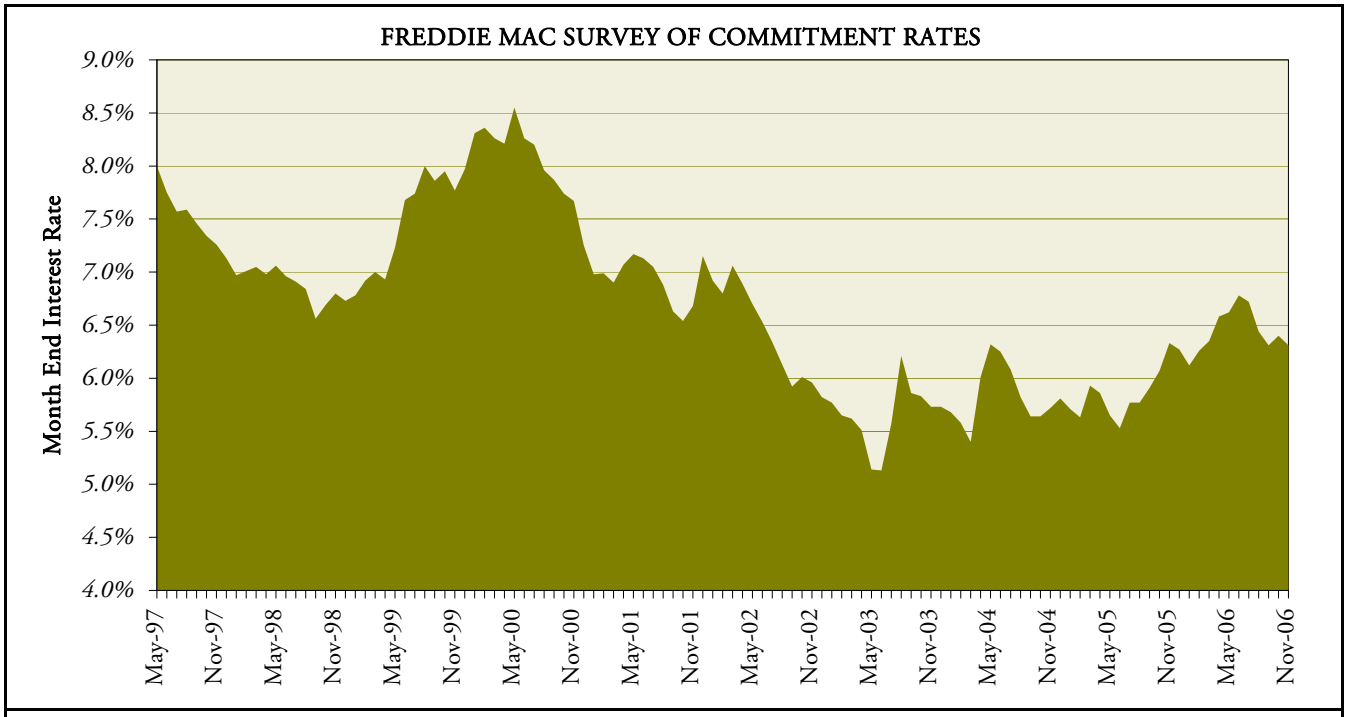
Year	Los Angeles-Long Beach, CA	Orange County, CA	Mesa-Scottsdale, AZ	Portland-Vancouver, OR-WA	San Bernardino, CA	Sacramento, CA	Salt Lake City, UT	San Diego, CA	San Francisco, CA	San Jose, CA	Seattle-Bellevue-Everett, WA
1990	126.58	119.92	87.63	67.40	122.24	109.88	62.04	111.35	110.71	111.04	89.99
1991	124.19	117.20	88.64	74.48	122.61	115.77	66.20	110.88	106.28	106.47	92.82
1992	121.88	115.61	91.09	80.59	120.89	113.25	71.10	109.72	104.90	105.15	94.75
1993	114.32	109.86	92.90	86.78	115.57	109.10	79.46	106.13	102.33	102.48	96.50
1994	105.17	103.25	97.01	95.36	106.14	103.51	93.92	102.08	100.31	100.42	99.14
1995	101.74	100.84	102.57	104.06	101.64	101.17	104.83	101.00	100.60	101.46	101.49
1996	100.81	100.44	108.41	112.64	100.64	100.23	114.24	100.67	101.82	105.49	104.74
1997	102.42	102.74	113.81	120.73	100.62	101.27	121.53	103.24	109.28	117.00	111.14
1998	111.97	113.18	120.48	127.21	108.48	106.64	127.82	113.05	121.88	132.91	121.71
1999	119.99	124.00	128.07	130.23	115.87	112.37	129.34	124.44	138.27	147.93	132.04
2000	129.34	137.44	136.88	133.72	124.34	125.40	130.72	142.79	169.91	187.08	142.89
2001	141.87	152.06	146.21	140.93	136.87	145.14	136.68	161.02	189.63	209.14	152.46
2002	160.37	172.21	153.74	146.81	153.70	163.79	139.10	184.85	198.29	210.16	159.72
2003	183.59	196.28	161.64	153.11	178.16	185.32	141.69	212.61	208.26	215.50	166.47
1Q04	206.70	220.78	169.20	159.11	203.53	203.32	143.94	237.43	217.89	221.74	172.88
2Q04	220.01	236.36	174.84	163.63	218.17	216.34	145.39	252.73	226.97	230.36	177.90
3Q04	243.34	261.04	185.39	169.47	241.39	236.88	147.84	280.46	241.65	246.08	185.05
4Q04	251.84	268.88	193.52	174.20	252.60	246.18	150.67	289.21	248.90	251.60	189.05
1Q05	262.63	277.21	206.87	179.46	263.93	258.09	153.05	298.92	258.77	263.86	195.19
2Q05	277.62	292.42	231.22	189.56	277.41	273.12	159.09	307.31	275.34	284.11	205.38
3Q05	292.13	304.73	251.49	200.34	291.92	284.66	164.60	314.69	282.57	293.80	213.34
4Q05	310.81	320.99	272.50	209.93	308.63	292.57	171.93	321.95	292.99	305.63	222.50
1Q06	323.77	332.50	283.35	218.38	320.97	292.00	177.87	324.07	297.21	307.86	231.67
2Q06	330.89	335.34	291.57	228.02	326.58	290.89	187.13	324.56	300.85	313.36	240.35
3Q06	339.11	338.17	294.06	234.48	331.67	288.70	198.00	325.05	302.06	319.57	249.69

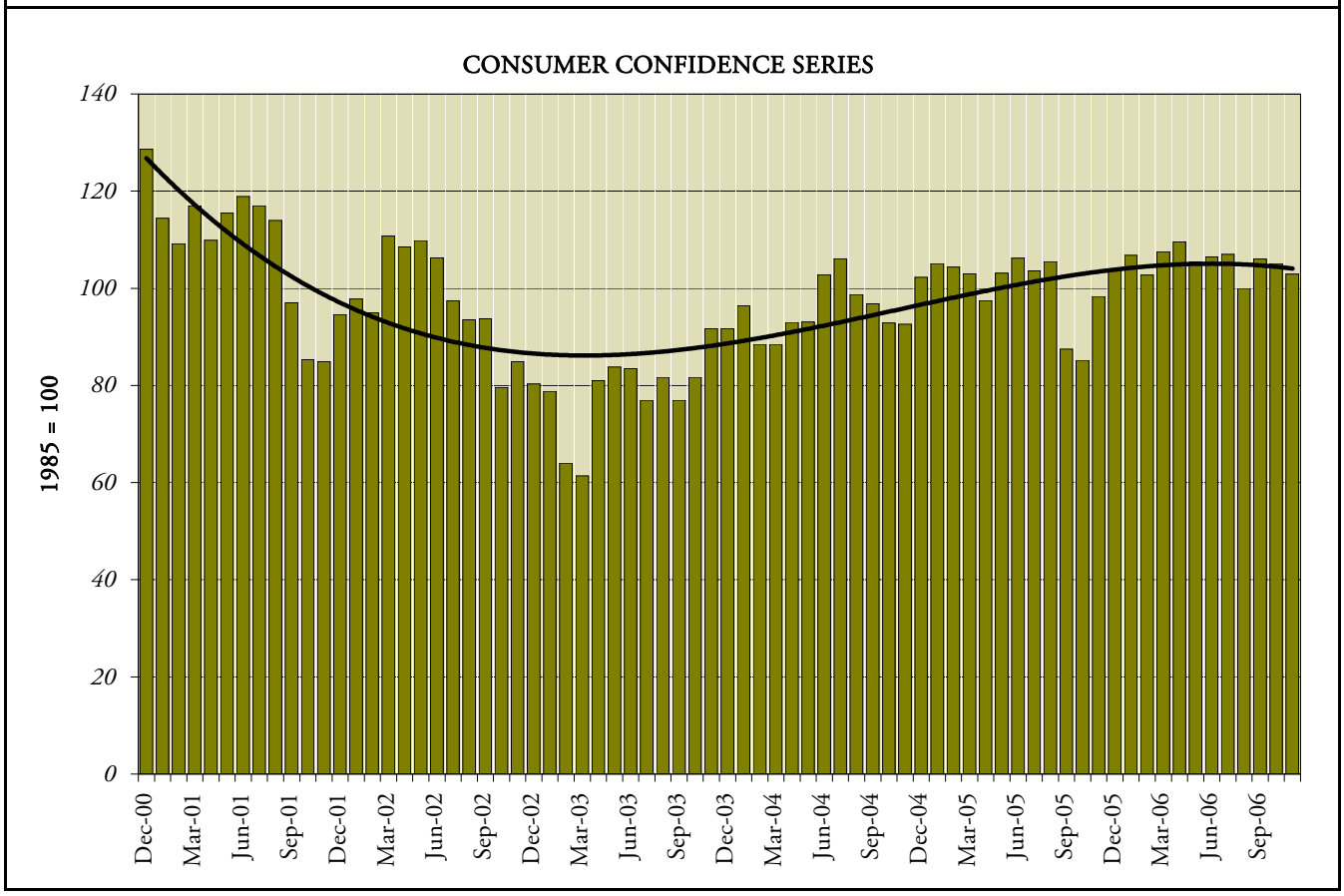


1/ 1995 Equals 100.00
SOURCE: Office of Federal Housing Enterprise Oversight

EXHIBIT 1.06

DOMESTIC MORTGAGE AND MARKET DATA

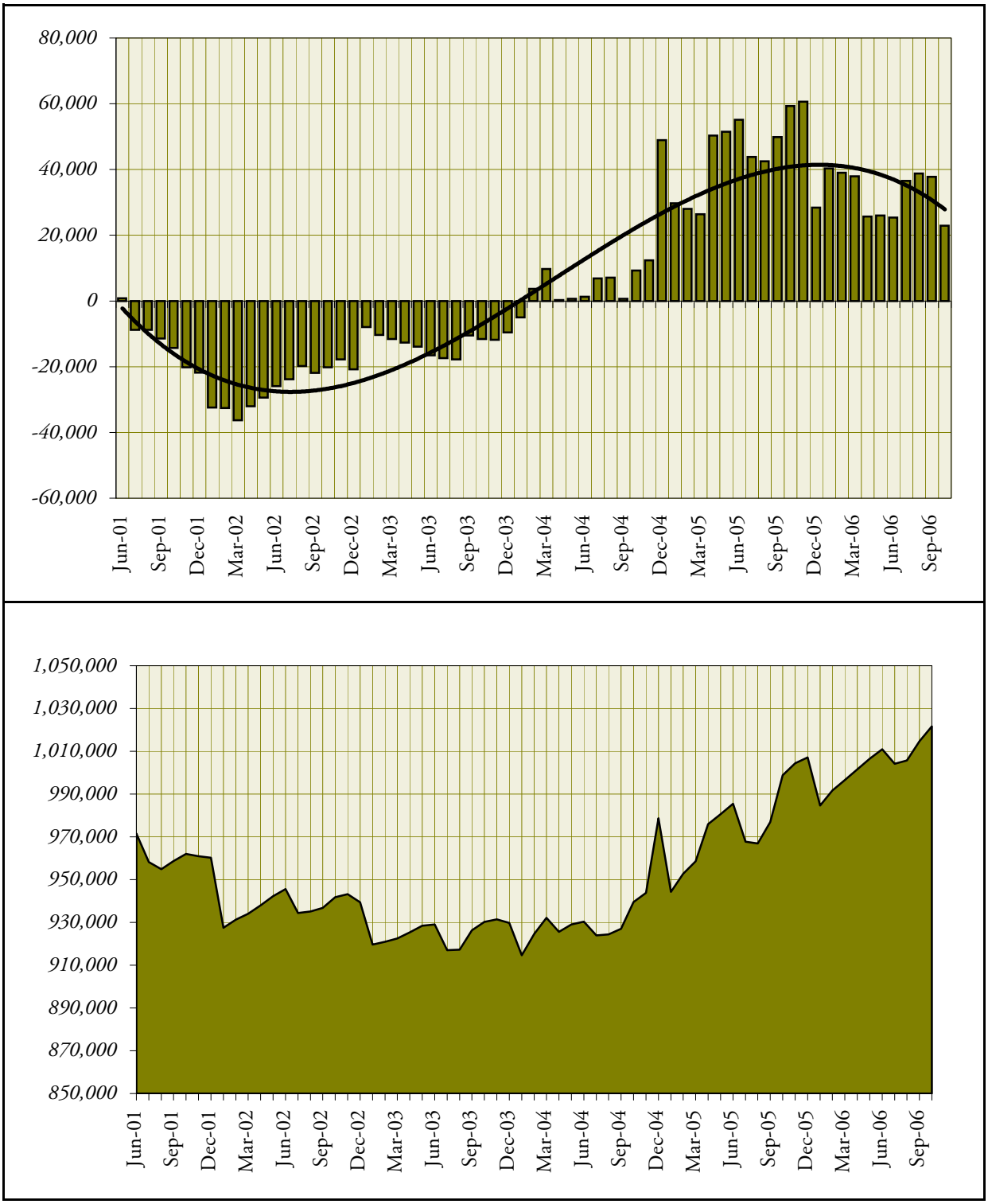




SOURCE: The Mortgage Bankers Association, The Conference Board and Johnson Gardner

EXHIBIT 1.07

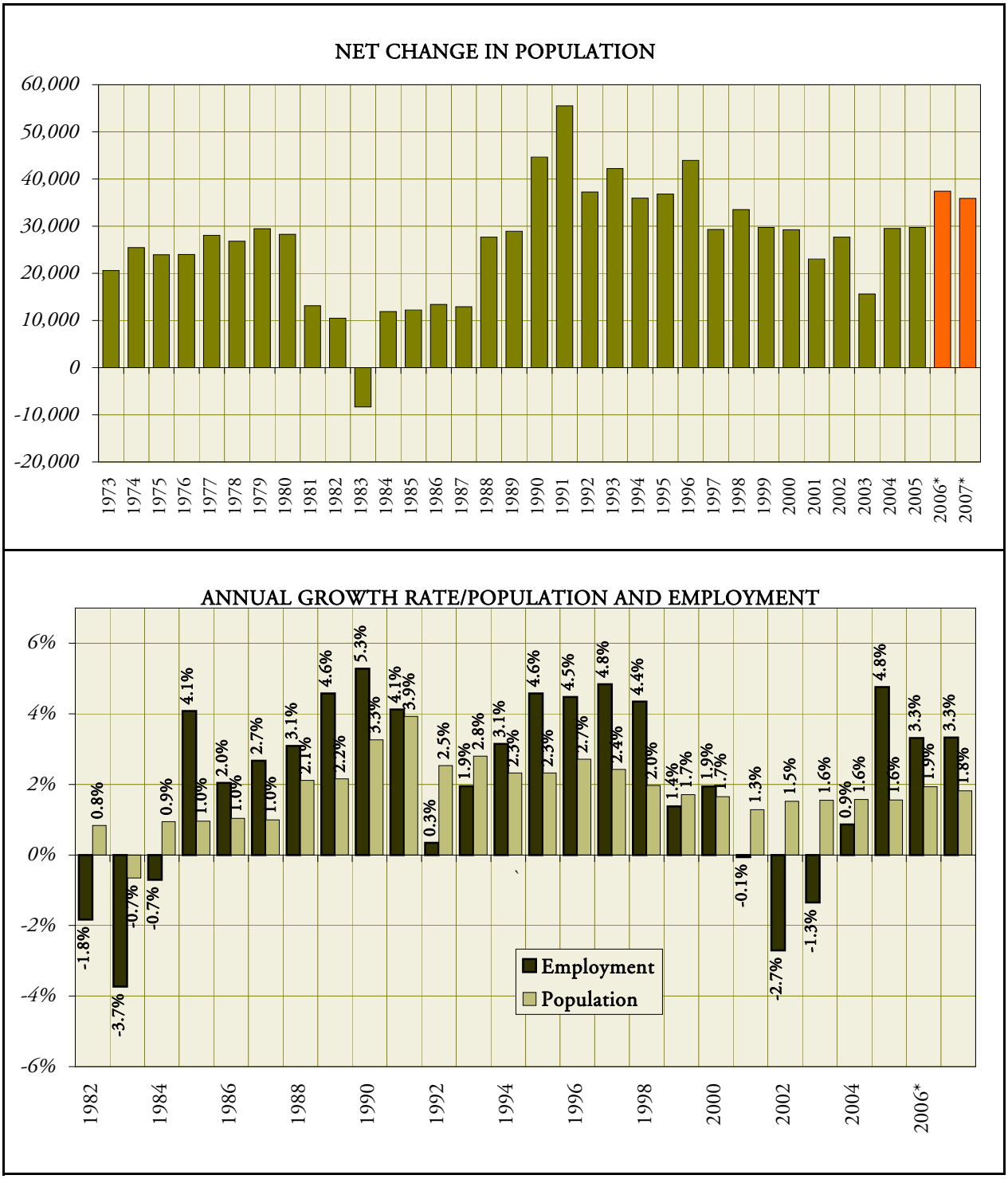
WAGE AND SALARY EMPLOYMENT TRENDS
PORTLAND-VANCOUVER PMSA



SOURCE: Bureau of Labor Statistics & Johnson Gardner

EXHIBIT 1.08

HISTORICAL POPULATION GROWTH
PORTLAND METROPOLITAN AREA

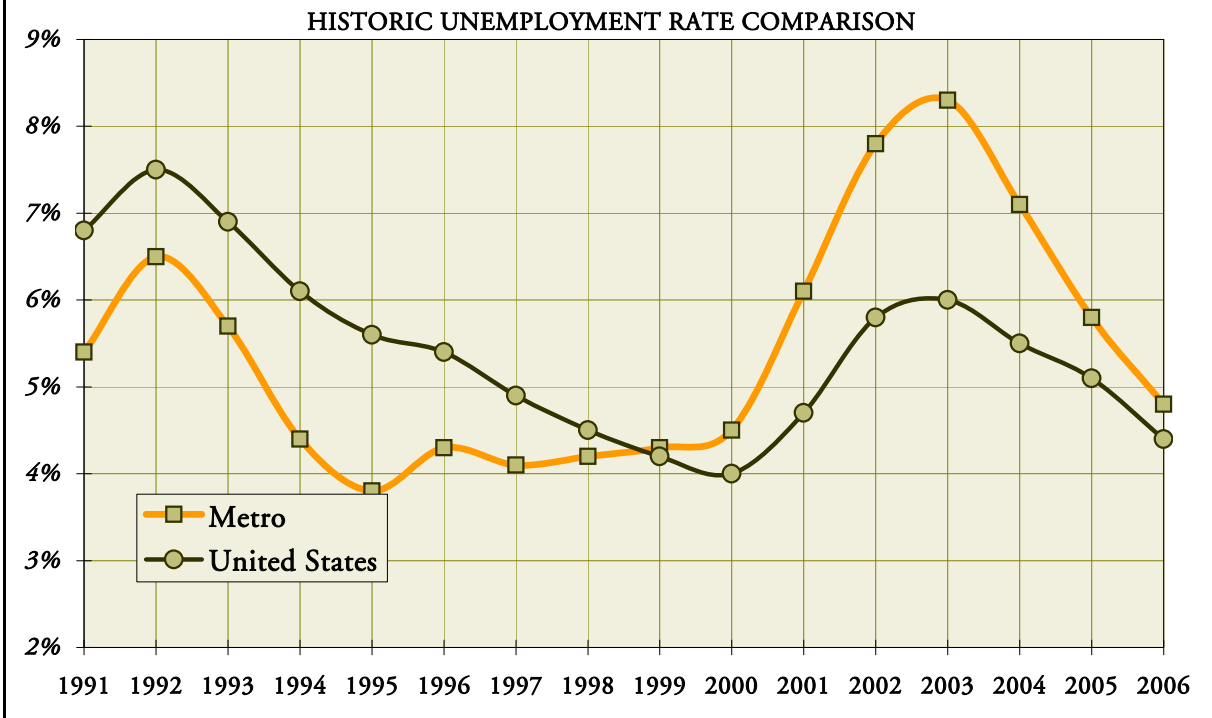


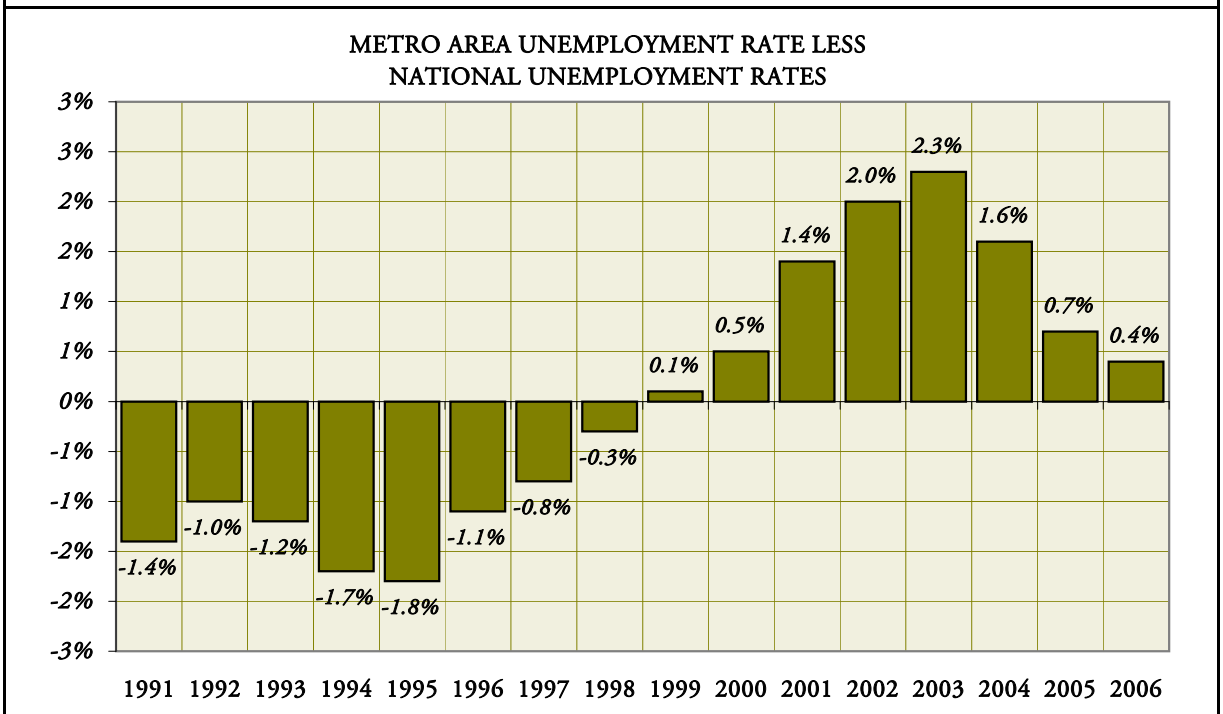
*Reflects 2000 Census; updated historical data not yet available.

SOURCE: Center for Population Research and Census, State of Washington Office of Finance, and Johnson Gardner

EXHIBIT 1.09

HISTORIC UNEMPLOYMENT RATE TRENDS
PORTLAND-VANCOUVER PMSA





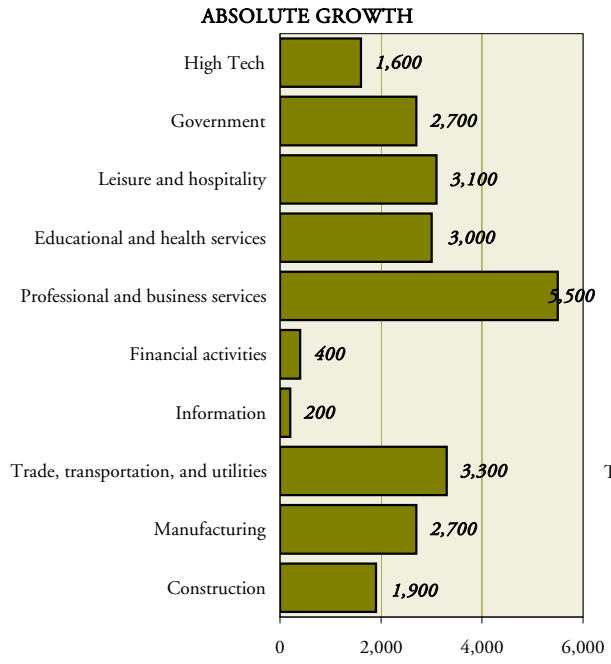
Negative values indicate that Portland -Vancouver's unemployment rate was lower than the national average.

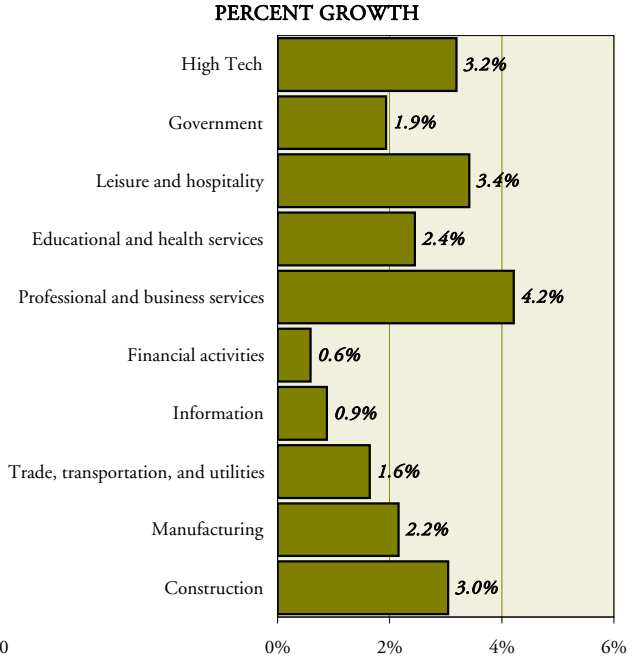
SOURCE: Oregon Labor Market Information System and the Washington Office of Financial Management

EXHIBIT 1.10

EMPLOYMENT BY INDUSTRY
PORTLAND-VANCOUVER PMSA

INDUSTRY	Oct-05		Oct-06	
	Employment	% Growth	Employment	% Growth
TOTAL NONFARM EMPLOYMENT	987,200	--	1,010,200	2.3%
Construction	62,500	--	64,400	3.0%
Manufacturing	125,000	--	127,700	2.2%
Trade, transportation, and utilities	200,400	--	203,700	1.6%
Information	22,800	--	23,000	0.9%
Financial activities	68,100	--	68,500	0.6%
Professional and business services	130,500	--	136,000	4.2%
Educational and health services	122,600	--	125,600	2.4%
Leisure and hospitality	90,700	--	93,800	3.4%
Government	139,700	--	142,400	1.9%
High Tech	50,100	--	51,700	3.2%

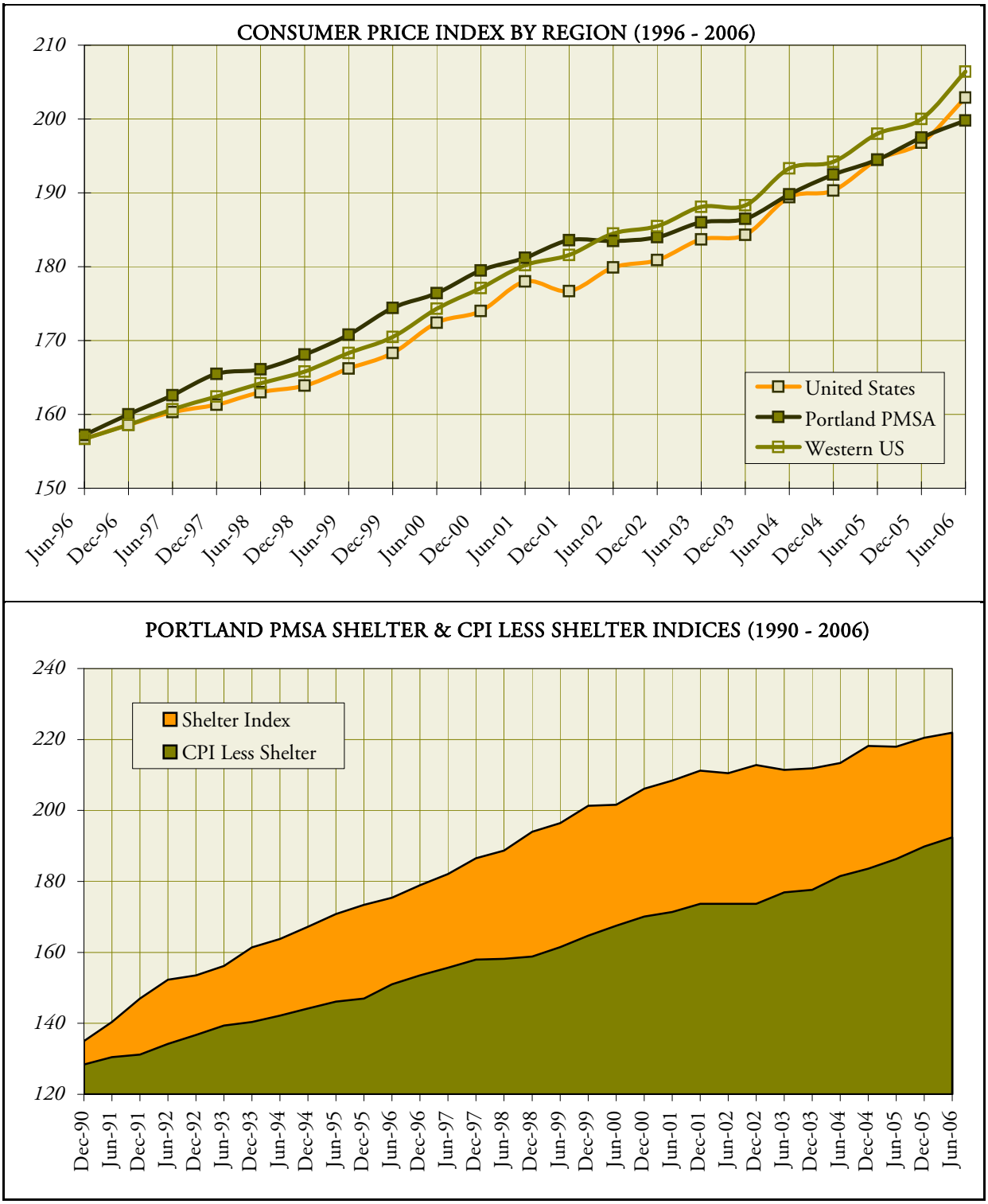




SOURCE: Oregon Labor Market Information System and the Washington Office of Financial Management

EXHIBIT 1.11

CONSUMER & HOUSING PRICE INDICES
PORTLAND-VANCOUVER PMSA



SOURCE: Bureau of Labor Statistics & Johnson Gardner

EXHIBIT 1.12

RESIDENTIAL PERMITS ISSUED BY YEAR
PORTLAND-VANCOUVER PMSA
1998 - 2006

COUNTY/	2001			2002			2003			2004			2005			2006 1/		
JURISDICTION	S.F.	M.F.	Total	S.F.	M.F.	Total	S.F.	M.F.	Total	S.F.	M.F.	Total	S.F.	M.F.	Total	S.F.	M.F.	Total
CLACKAMAS																		
Canby	132	4	136	143	92	235	97	58	155	110	2	112	121	24	145	167	2	169
Estacada	5	-	5	2	-	2	2	-	2	9	-	9	12	-	12	5	-	5
Gladstone	25	6	31	25	2	27	-	-	-	-	-	-	-	-	-	-	-	-
Happy Valley	146	-	146	184	-	184	224	-	224	216	-	216	566	-	566	369	7	376
Lake Oswego	102	-	102	82	-	82	76	-	76	94	-	94	131	-	131	70	96	166
Milwaukie	9	-	9	13	-	13	17	-	17	41	-	41	42	64	106	7	-	7
Molalla	32	-	32	42	-	42	70	-	70	148	-	148	99	-	99	71	-	71
Oregon City	311	19	330	250	-	250	259	24	283	208	12	220	213	-	213	196	19	215
Sandy	176	42	218	162	18	180	123	4	127	93	35	128	162	2	164	158	-	158
Unincorporated	435	-	435	387	60	447	530	30	560	902	20	922	910	8	918	509	42	551
West Linn	292	-	292	183	-	183	85	-	85	47	-	47	76	-	76	53	-	53
Wilsonville	47	186	233	46	140	186	76	-	76	103	160	263	96	130	226	143	-	143
Clackamas Total	**1,712**	**257**	**1,969**	**1,519**	**312**	**1,831**	**1,559**	**116**	**1,675**	**1,971**	**229**	**2,200**	**2,428**	**228**	**2,656**	**1,748**	**166**	**1,914**
CLARK																		
Camas	230	14	244	394	12	406	269	6	275	197	20	217	311	4	315	103	9	112
Ridgefield	6	4	10	9	2	11	15	-	15	204	-	204	313	-	313	173	-	173
Unincorporated	2,332	267	2,599	2,242	87	2,329	2337	66	2,403	2,251	129	2,380	2,174	18	2,192	1,220	-	1,220
Vancouver	35	22	57	345	552	897	452	693	1,145	388	426	814	454	248	702	300	428	728
Washougal	129	-	129	121	-	121	225	4	229	236	4	240	243	-	243	180	-	180
Clark Total	**2,732**	**307**	**3,039**	**3,111**	**653**	**3,764**	**3,298**	**769**	**4,067**	**3,276**	**579**	**3,855**	**3,495**	**270**	**3,765**	**1,976**	**437**	**2,413**
MULTNOMAH																		
Fairview	137	-	137	121	-	121	57	264	321	59	15	74	65	-	65	44	2	46
Gresham	471	348	819	461	314	775	401	468	869	373	329	702	350	131	481	140	80	220
Portland	1,040	632	1,672	1,088	1,246	2,334	1093	2,473	3,566	956	1,926	2,882	981	2,755	3,736	1,020	1,968	2,988 #
Troutdale	23	228	251	23	4	27	20	82	102	122	5	127	216	28	244	101	-	101
Unincorporated	17	-	17	24	-	24	11	-	11	15	-	15	18	-	18	20	-	20
Wood Village	-	-	-	1	-	1	0	2	2	42	-	42	29	-	29	60	-	60
Multnomah Total	**1,688**	**1,208**	**2,896**	**1,718**	**1,564**	**3,282**	**1,582**	**3,289**	**4,871**	**1,567**	**2,275**	**3,842**	**1,659**	**2,914**	**4,573**	**1,385**	**2,050**	**3,435**
WASHINGTON																		
Banks	34	-	34	13	-	13	-	-	-	-	-	-	-	-	-	-	-	-
Beaverton	374	146	520	391	175	566	257	50	307	392	1,001	1,393	289	284	573	153	382	535
Cornelius	6	17	23	78	14	92	43	-	43	75	53	128	108	8	116	47	-	47
Durham	4	-	4	1	-	1	1	-	1	1	-	1	1	-	1	3	-	3
Forest Grove	121	77	198	113	10	123	91	10	101	115	10	125	91	26	117	59	29	88
Hillsboro	526	92	618	661	306	967	726	852	1,578	688	128	816	838	230	1,068	936	497	1,433
King City	-	-	-	-	-	-	51	-	51	29	-	29	68	-	68	102	-	102
North Plains	7	-	7	11	-	11	-	-	-	-	-	-	-	-	-	-	-	-
Sherwood	250	-	250	193	-	193	227	-	227	248	28	276	537	54	591	82	-	82
Tigard	504	-	504	340	-	340	380	-	380	276	108	384	344	6	350	231	25	256
Tualatin	222	-	222	184	264	448	140	-	140	174	-	174	93	-	93	82	-	82
Unincorporated	1,138	538	1,676	1,165	318	1,483	1176	180	1,356	1,388	64	1,452	1,437	244	1,681	706	469	1,175
Washington Total	**3,186**	**870**	**4,056**	**3,150**	**1,087**	**4,237**	**3,092**	**1,092**	**4,184**	**3,386**	**1,392**	**4,778**	**3,806**	**852**	**4,658**	**2,401**	**1,402**	**3,803**
METRO TOTAL	**9,318**	**2,642**	**11,960**	**9,498**	**3,616**	**13,114**	**9,531**	**5,266**	**14,797**	**10,200**	**4,475**	**14,675**	**11,388**	**4,264**	**15,652**	**7,510**	**4,055**	**11,565**

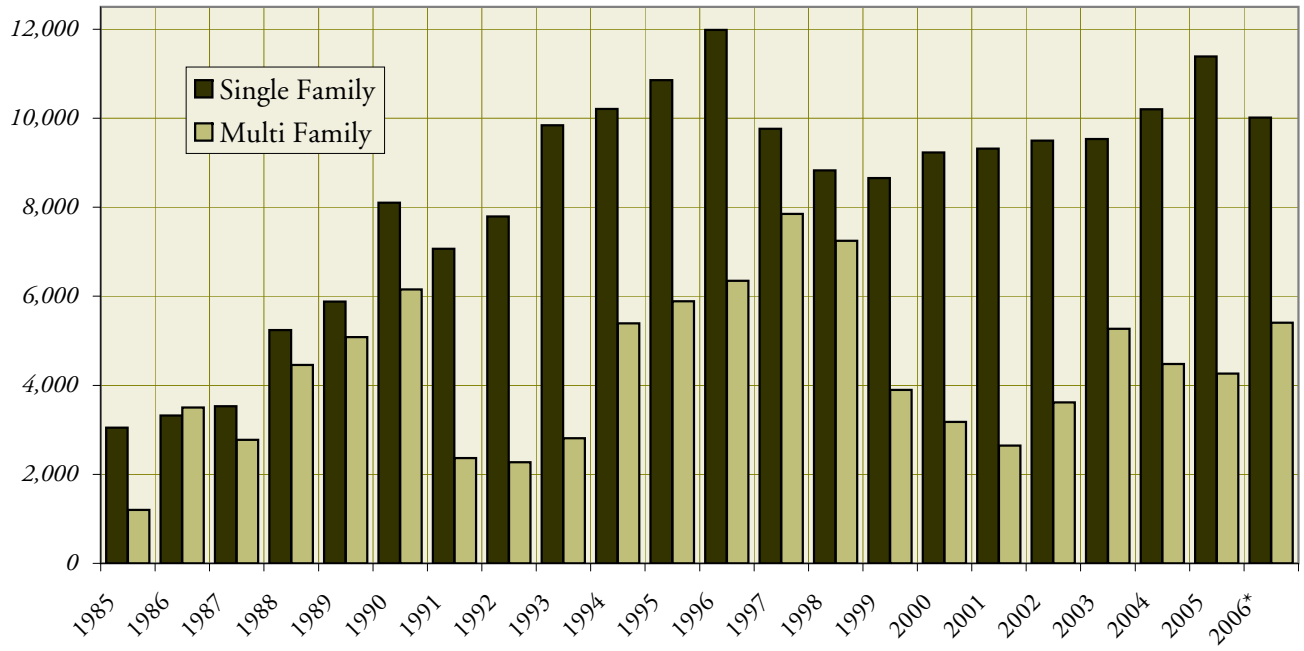
1/ Through November 2002
1/ Permit data through September 2006
SOURCE: US Census Bureau & Johnson Gardner

EXHIBIT 1.13

HISTORIC RESIDENTIAL PERMIT TRENDS
CLACKAMAS, CLARK, MULTNOMAH, & WASHINGTON COUNTIES

	Clackamas		Clark		Multnomah		Washington	
	S.F.	M.F.	S.F.	M.F.	S.F.	M.F.	S.F.	M.F.
1995	1,605	1,347	2,948	758	1,645	1,171	4,654	2,611
1996	1,922	1,037	3,599	837	1,764	2,401	4,698	2,075
1997	1,938	1,123	3,504	1,385	1,703	2,692	2,614	2,648
1998	1,560	455	3,352	1,043	1,859	4,026	2,058	1,720
1999	1,839	598	2,929	671	1,473	2,010	2,411	620
2000	1,743	522	2,917	920	1,420	1,171	3,146	566
2001	1,712	257	2,732	307	1,688	1,208	3,186	870
2002	1,519	312	3,111	653	1,718	1,564	3,150	1,087
2003	1,559	116	3,298	769	1,582	3,289	3,092	1,092
2004	1,971	229	3,276	579	1,567	2,275	3,386	1,392
2005	2,428	228	3,495	270	1,659	2,914	3,806	852
2006	1,748	166	1,976	437	1,385	2,050	2,401	1,402

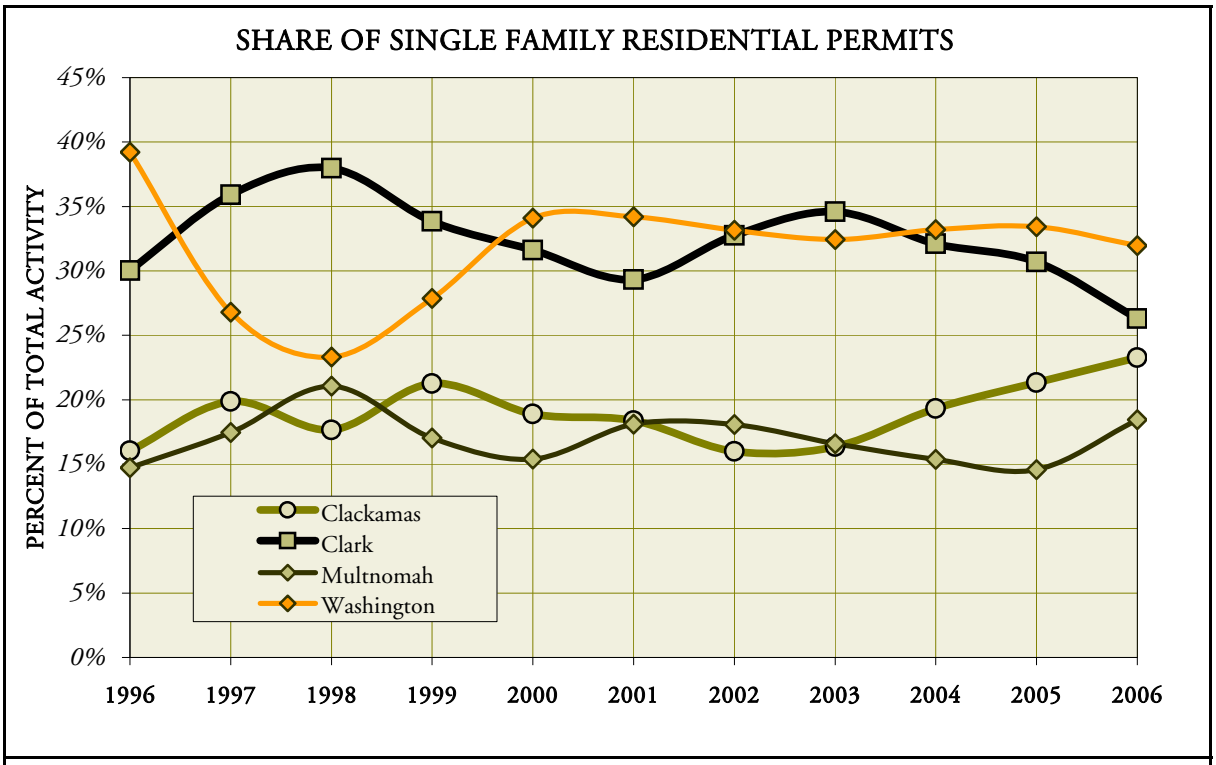
RESIDENTIAL PERMIT ACTIVITY

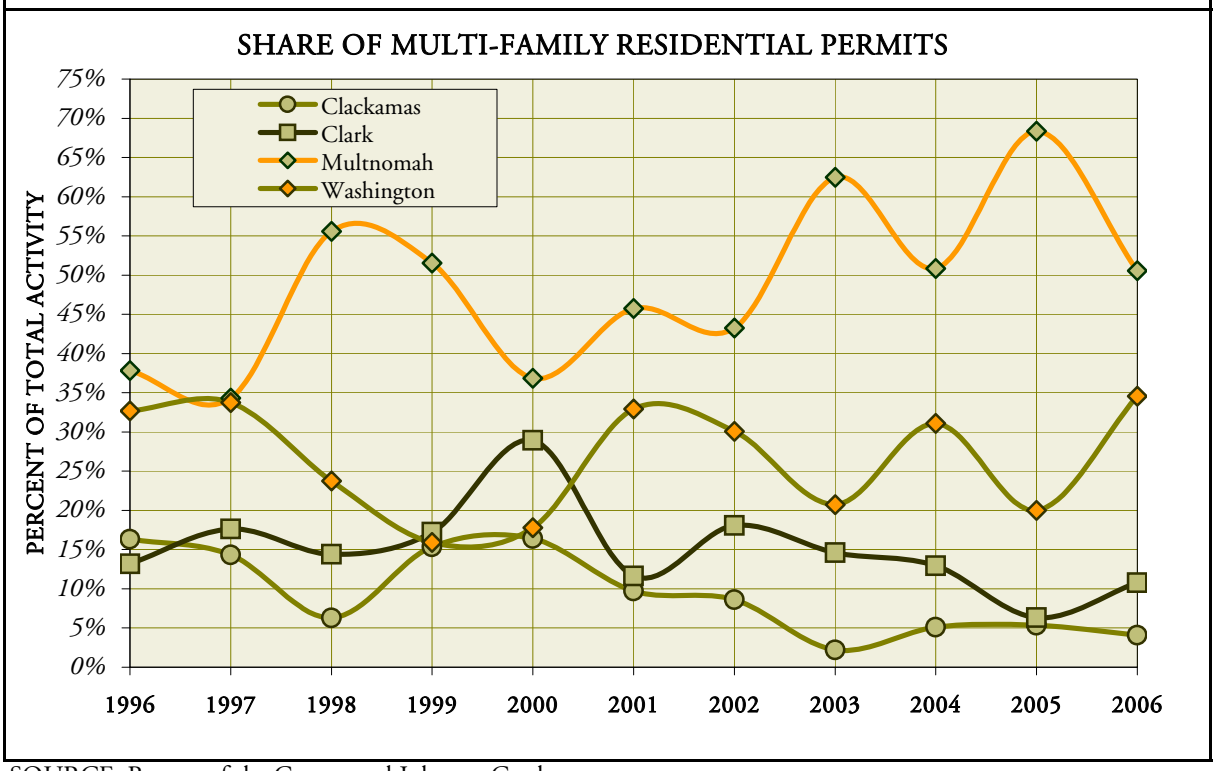


* 2006 permit activity annualized based on activity through September

EXHIBIT 1.14

SHARE OF RESIDENTIAL PERMIT ACTIVITY BY COUNTY AND YEAR 1996 - 2006 YTD



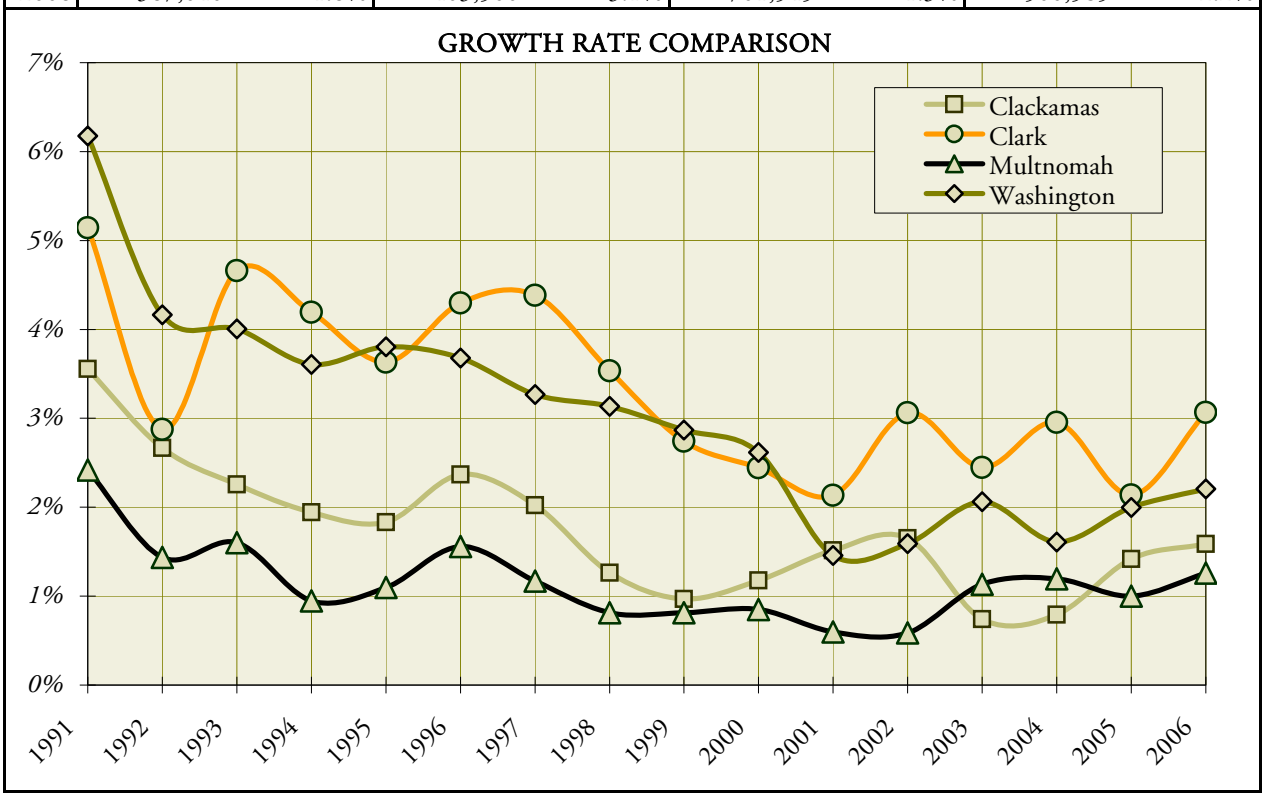


SOURCE: Bureau of the Census and Johnson Gardner

EXHIBIT 1.15

HISTORIC POPULATION TRENDS
CLACKAMAS, CLARK, MULTNOMAH, & WASHINGTON COUNTIES

COUNTY POPULATIONS								
	Clackamas		Clark		Multnomah		Washington	
	Population	% Growth	Population	% Growth	Population	% Growth	Population	% Growth
1990	278,850		238,053		583,887		311,554	
1991	288,770	3.6%	250,300	5.1%	598,000	2.4%	330,790	6.2%
1992	296,470	2.7%	257,500	2.9%	606,580	1.4%	344,560	4.2%
1993	303,160	2.3%	269,500	4.7%	616,300	1.6%	358,360	4.0%
1994	309,050	1.9%	280,800	4.2%	622,130	0.9%	371,280	3.6%
1995	314,710	1.8%	291,000	3.6%	628,970	1.1%	385,410	3.8%
1996	322,160	2.4%	303,500	4.3%	638,780	1.6%	399,590	3.7%
1997	328,680	2.0%	316,800	4.4%	646,260	1.2%	412,650	3.3%
1998	332,830	1.3%	328,000	3.5%	651,520	0.8%	425,580	3.1%
1999	336,050	1.0%	337,000	2.7%	656,810	0.8%	437,790	2.9%
2000	340,000	1.2%	345,238	2.4%	662,400	0.9%	449,250	2.6%
2001	345,150	1.5%	352,600	2.1%	666,350	0.6%	455,800	1.5%
2002	350,850	1.7%	363,400	3.1%	670,250	0.6%	463,050	1.6%
2003	353,450	0.7%	372,300	2.4%	677,850	1.1%	472,600	2.1%
2004	356,250	0.8%	383,300	3.0%	685,950	1.2%	480,200	1.6%
2005	361,300	1.4%	391,500	2.1%	692,825	1.0%	489,785	2.0%
2006	367,040	1.6%	403,500	3.1%	701,545	1.3%	500,585	2.2%



SOURCE: Center for Population Research and Census, PSU and the Washington Office of Financial Management

EXHIBIT 1.16

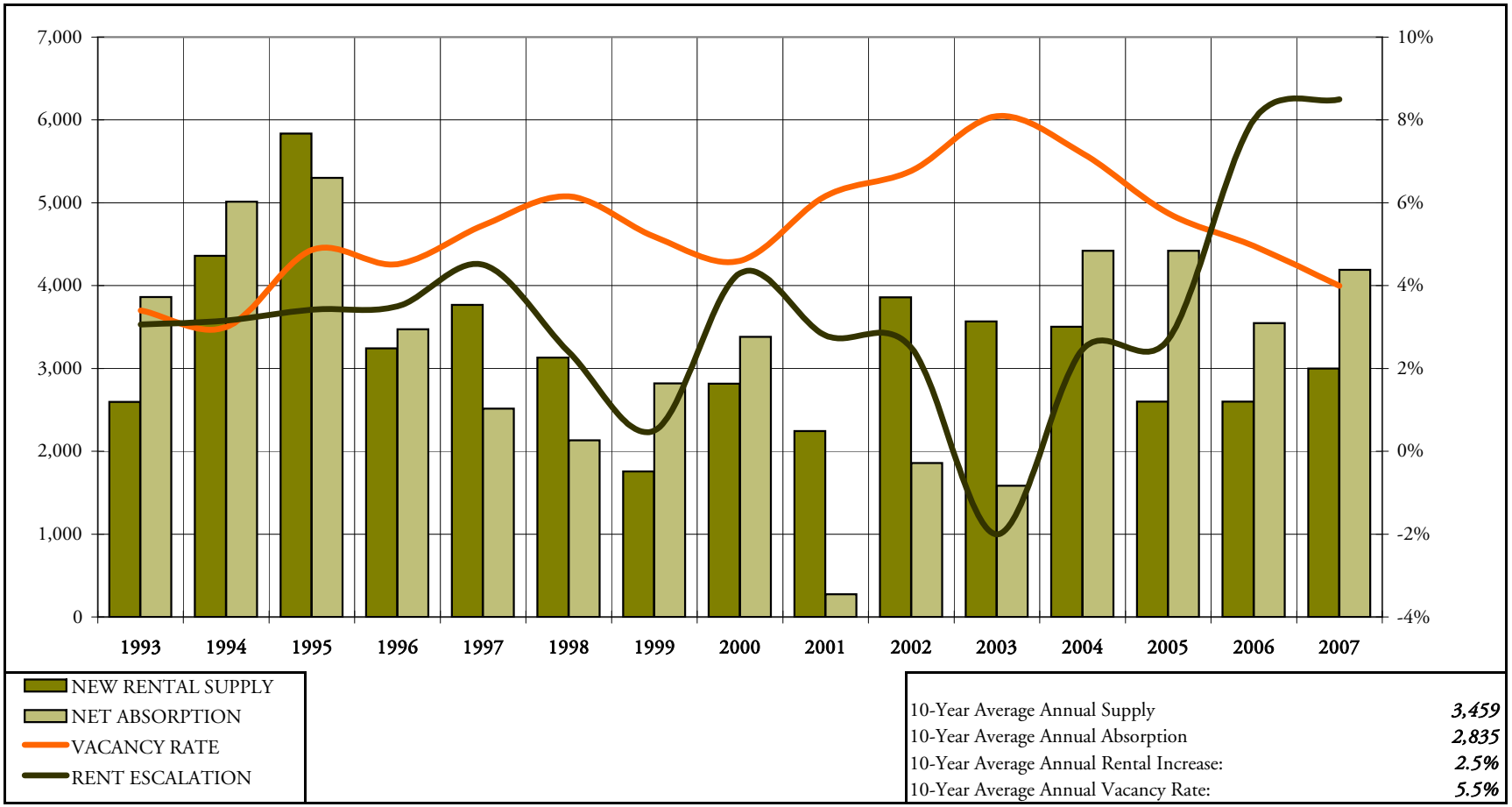
HISTORIC POPULATION TRENDS
COLUMBIA, MARION, AND YAMHILL COUNTIES

COUNTY POPULATIONS								
	Columbia		Marion		Yamhill		PDX-Vancouver PMSA	
	Population	Rate	Population	Rate	Population	Rate	Population	Rate
1990	37,557		228,483		65,551		1,412,344	
1991	38,460	2.4%	235,810	3.2%	67,770	3.4%	1,467,860	3.9%
1992	38,810	0.9%	242,110	2.7%	69,490	2.5%	1,505,110	2.5%
1993	39,440	1.6%	249,110	2.9%	71,280	2.6%	1,547,320	2.8%
1994	39,880	1.1%	254,650	2.2%	73,370	2.9%	1,583,260	2.3%
1995	40,520	1.6%	260,600	2.3%	75,890	3.4%	1,620,090	2.3%
1996	41,380	2.1%	266,160	2.1%	78,270	3.1%	1,664,030	2.7%
1997	41,960	1.4%	271,830	2.1%	80,250	2.5%	1,704,390	2.4%
1998	42,690	1.7%	276,910	1.9%	82,500	2.8%	1,737,930	2.0%
1999	43,280	1.4%	281,850	1.8%	83,970	1.8%	1,767,650	1.7%
2000	43,700	1.0%	286,300	1.6%	85,500	1.8%	1,796,888	1.7%
2001	44,300	1.4%	288,450	0.8%	86,400	1.1%	1,819,900	1.3%
2002	44,600	0.7%	291,000	0.9%	87,500	1.3%	1,847,550	1.5%
2003	45,000	0.9%	295,900	1.7%	88,150	0.7%	1,876,200	1.6%
2004	45,650	1.4%	298,450	0.9%	89,200	1.2%	1,905,700	1.6%
2005	46,220	1.2%	302,135	1.2%	90,310	1.2%	1,935,410	1.6%
2006	46,965	1.6%	306,665	1.5%	91,675	1.5%	1,972,670	1.9%

SOURCE: Center for Population Research and Census, PSU and the Washington Office of Financial Management

EXHIBIT 2.01

RENTAL APARTMENT MARKET TRENDS - MARKET RATE UNITS
PORTLAND/VANCOUVER METROPOLITAN AREA
TEN-YEAR SUMMARY/TWO-YEAR FORECAST



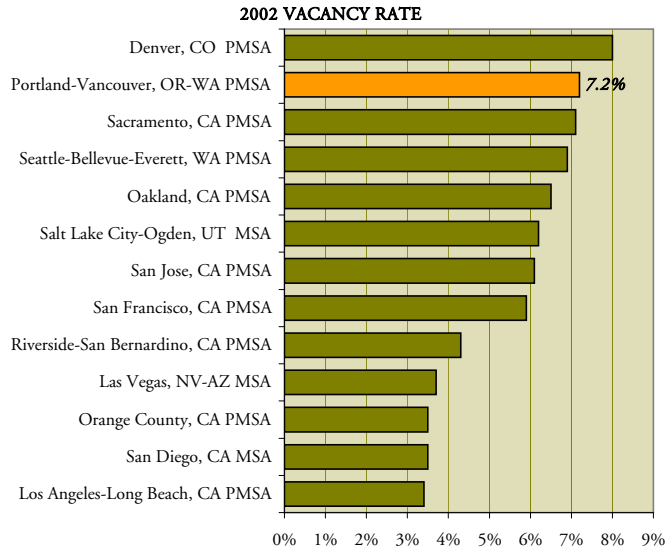
10-Year Average Annual Supply	*3,459*
10-Year Average Annual Absorption	*2,835*
10-Year Average Annual Rental Increase:	*2.5%*
10-Year Average Annual Vacancy Rate:	*5.5%*

SOURCE: Johnson Gardner

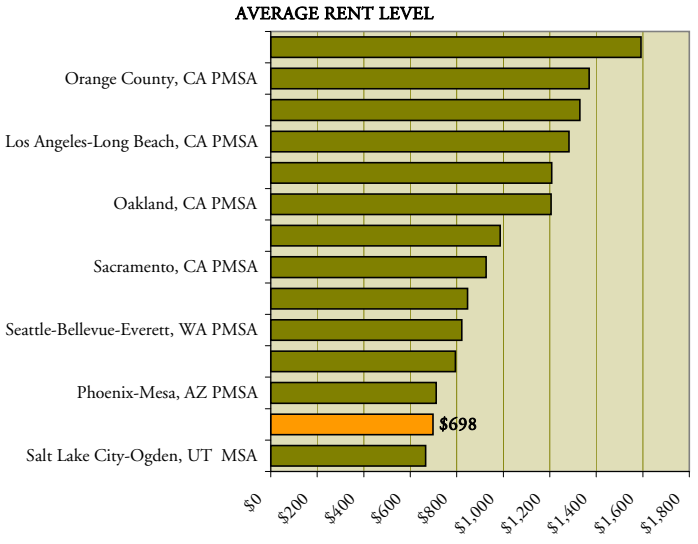
EXHIBIT 2.02

COMPARATIVE MARKET CONDITIONS
MAJOR WESTERN METROPOLITAN AREAS

EMPLOYMENT GROWTH AND VACANCY RATE		
Metropolitan Area	2005 Employment	2005 Vacancy
Los Angeles-Long Beach, CA PMSA	1.3%	3.4%
San Diego, CA MSA	1.8%	3.5%
Orange County, CA PMSA	2.4%	3.5%
Las Vegas, NV-AZ MSA	5.3%	3.7%
Riverside-San Bernardino, CA PMSA	3.0%	4.3%
San Francisco, CA PMSA	1.0%	5.9%
San Jose, CA PMSA	0.5%	6.1%
Salt Lake City-Ogden, UT MSA	3.5%	6.2%
Oakland, CA PMSA	1.8%	6.5%
Seattle-Bellevue-Everett, WA PMSA	2.9%	6.9%
Sacramento, CA PMSA	1.5%	7.1%
Portland-Vancouver, OR-WA PMSA	**1.8%**	**7.2%**
Denver, CO PMSA	1.1%	8.0%



ASKING RENT AND SALES PRICES PER UNIT		
Metropolitan Area	2005 Avg. Rent	Avg. Value/ Unit
Salt Lake City-Ogden, UT MSA	$666	$48.0
Portland-Vancouver, OR-WA PMSA	**$698**	**$58.0**
Phoenix-Mesa, AZ PMSA	$712	$59.1
Las Vegas, NV-AZ MSA	$794	$67.2
Seattle-Bellevue-Everett, WA PMSA	$822	$92.0
Denver, CO PMSA	$846	$68.1
Sacramento, CA PMSA	$926	$92.0
Riverside-San Bernardino, CA PMSA	$987	$96.0
Oakland, CA PMSA	$1,206	$132.0
San Diego, CA MSA	$1,208	$140.0
Los Angeles-Long Beach, CA PMSA	$1,283	$126.0
San Jose, CA PMSA	$1,330	$140.0
Orange County, CA PMSA	$1,369	$151.0
San Francisco, CA PMSA	$1,592	$205.0

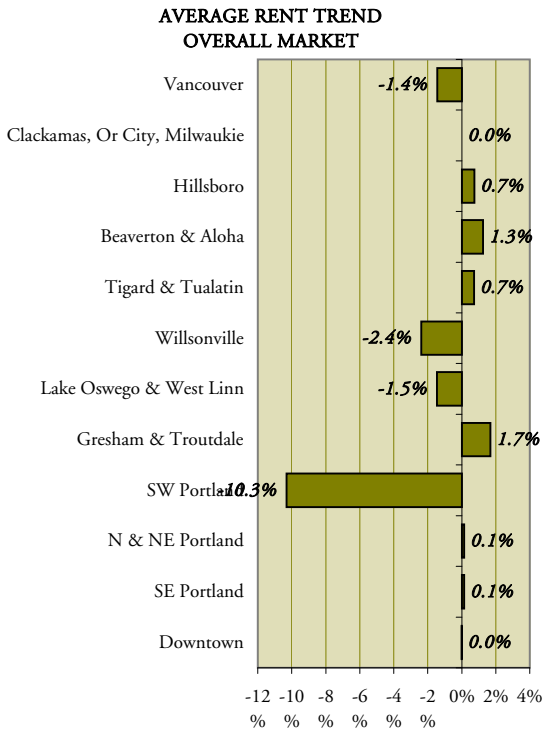


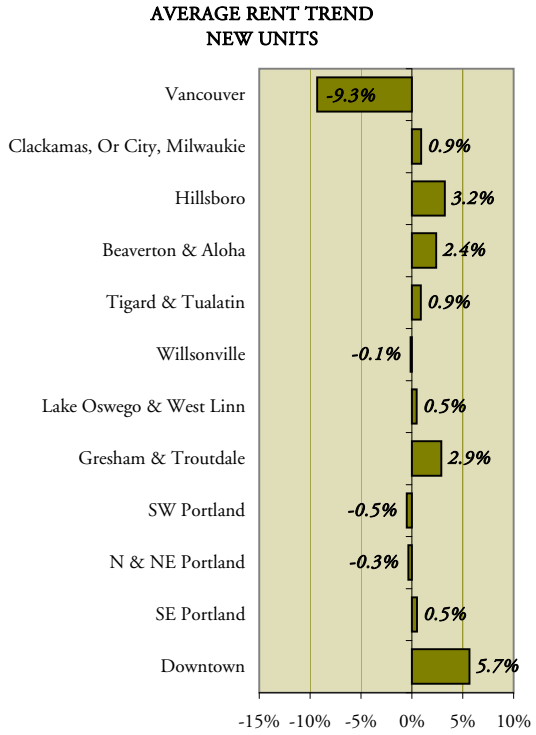
SOURCE: Marcus & Millichap Research Services

EXHIBIT 2.03

ANNUALIZED RENT TRENDS
PORTLAND-VANCOUVER METROPOLITAN AREA

	AVERAGE RENT 3Q05	AVERAGE RENT 3Q06	PERCENT CHANGE
Overall			
Downtown	$1,105	$1,105	0.00%
SE Portland	$685	$686	0.15%
N & NE Portland	$690	$691	0.14%
SW Portland	$757	$679	-10.30%
Gresham & Troutdale	$654	$665	1.68%
Lake Oswego & West Linn	$895	$882	-1.45%
Willsonville	$716	$699	-2.37%
Tigard & Tualatin	$693	$698	0.72%
Beaverton & Aloha	$719	$728	1.25%
Hillsboro	$804	$810	0.75%
Clackamas, Or City, Milwaukie	$679	$679	0.00%
Vancouver	$694	$684	-1.44%
Overall	$752	$746	-0.80%
New Units			
Downtown	$847	$895	5.67%
SE Portland	$794	$798	0.50%
N & NE Portland	$880	$877	-0.34%
SW Portland	$598	$595	-0.50%
Gresham & Troutdale	$657	$676	2.89%
Lake Oswego & West Linn	$1,244	$1,250	0.48%
Willsonville	$712	$711	-0.14%
Tigard & Tualatin	$806	$813	0.87%
Beaverton & Aloha	$670	$686	2.39%
Hillsboro	$837	$864	3.23%
Clackamas, Or City, Milwaukie	$772	$779	0.91%
Vancouver	$752	$682	-9.31%
Overall	$774	$775	0.13%
Seasoned Units			
Downtown	$1,166	$1,166	0.00%
SE Portland	$674	$674	0.00%
N & NE Portland	$657	$657	0.00%
SW Portland	$774	$689	-10.98%
Gresham & Troutdale	$654	$660	0.92%
Lake Oswego & West Linn	$868	$850	-2.07%
Willsonville	$717	$694	-3.21%
Tigard & Tualatin	$681	$684	5.00%
Beaverton & Aloha	$723	$731	1.11%
Hillsboro	$797	$800	0.38%
Clackamas, Or City, Milwaukie	$674	$674	0.00%
Vancouver	$685	$685	0.00%
Overall	$748	$741	-0.94%
Metro Area Total	$752	$746	-0.80%



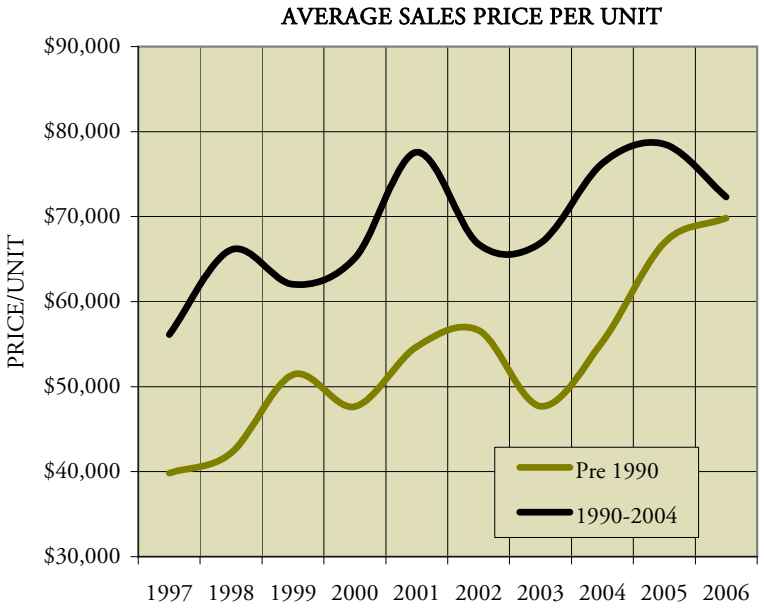


SOURCE: Norris Beggs & Simpson

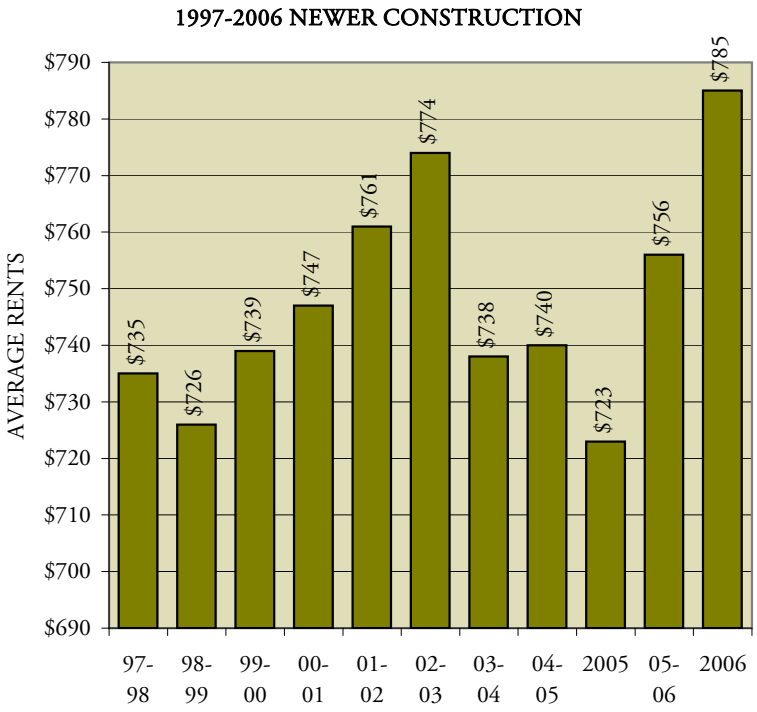
EXHIBIT 2.04

AVERAGE PRICE/UNIT FOR APARTMENT SALES
1997-2006

Year	Average Price/Unit
PRE 1990 CONSTRUCTION	
1997	$39,812
1998	$42,212
1999	$51,418
2000	$47,642
2001	$54,689
2002	$56,628
2003	$47,709
2004	$55,293
2005	$66,931
2006	$69,810
1990-2006 CONSTRUCTION	
1997	$56,121
1998	$66,099
1999	$62,048
2000	$65,103
2001	$77,574
2002	$66,741
2003	$66,899
2004	$76,286
2005	$78,518
2006	$72,302



Period		Average Rent for 2 Bedroom Units
SEASONED CONSTRUCTION		
	97-98	$589
	98-99	$595
	99-00	$635
	00-01	$647
	01-02	$641
	02-03	$637
	03-04	$621
	04-05	$609
Sum	2005	$592
Win	05-06	$632
Sum	2006	$644
NEWER CONSTRUCTION		
	97-98	$735
	98-99	$726
	99-00	$739
	00-01	$747
	01-02	$761
	02-03	$774
	03-04	$738
	04-05	$740
Sum	2005	$723
Win	05-06	$756
Sum	2006	$785



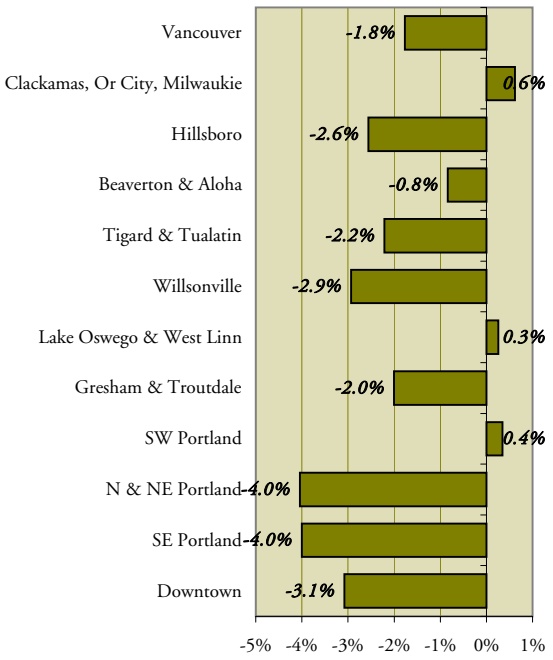
SOURCE: Norris & Stevens and Johnson Gardner

EXHIBIT 2.05

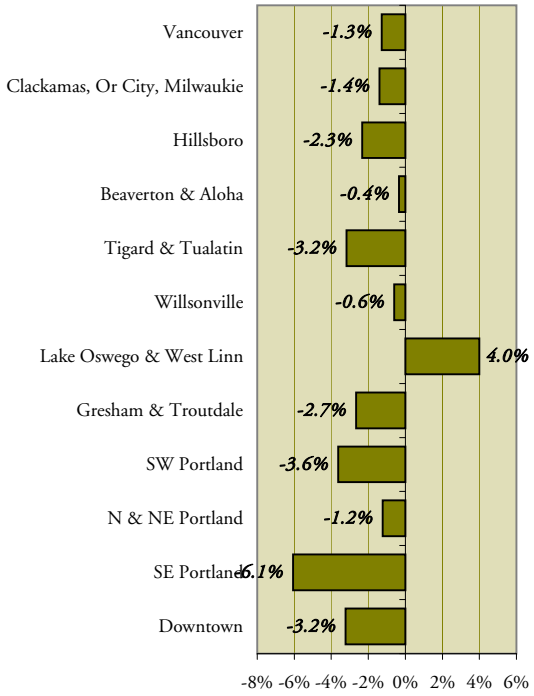
ANNUALIZED VACANCY TRENDS
PORTLAND-VANCOUVER METROPOLITAN AREA

	AVERAGE VACANCY 3Q05	3Q06	CHANGE
Overall			
Downtown	4.39%	1.31%	-3.08%
SE Portland	6.62%	2.62%	-4.00%
N & NE Portland	5.87%	1.83%	-4.04%
SW Portland	3.55%	3.90%	0.35%
Gresham & Troutdale	3.96%	1.96%	-2.00%
Lake Oswego & West Linn	4.61%	4.87%	0.26%
Willsonville	6.11%	3.18%	-2.93%
Tigard & Tualatin	4.61%	2.40%	-2.21%
Beaverton & Aloha	3.83%	2.99%	-0.84%
Hillsboro	4.48%	1.92%	-2.56%
Clackamas, Or City, Milwaukie	2.92%	3.54%	0.62%
Vancouver	4.67%	2.90%	-1.77%
Overall	4.70%	2.45%	-2.25%
New Units			
Downtown	4.86%	1.63%	-3.23%
SE Portland	6.41%	0.35%	-6.06%
N & NE Portland	3.24%	2.02%	-1.22%
SW Portland	6.00%	2.38%	-3.62%
Gresham & Troutdale	4.54%	1.88%	-2.66%
Lake Oswego & West Linn	0.00%	4.00%	4.00%
Willsonville	4.30%	3.70%	-0.60%
Tigard & Tualatin	5.40%	2.22%	-3.18%
Beaverton & Aloha	3.15%	2.80%	-0.35%
Hillsboro	4.00%	1.67%	-2.33%
Clackamas, Or City, Milwaukie	1.40%	0.00%	-1.40%
Vancouver	4.59%	3.31%	-1.28%
Overall	4.57%	2.02%	-2.55%
Seasoned Units			
Downtown	4.20%	1.12%	-3.08%
SE Portland	6.65%	2.82%	-3.83%
N & NE Portland	6.25%	1.82%	-4.43%
SW Portland	3.26%	4.08%	0.82%
Gresham & Troutdale	3.78%	1.99%	-1.79%
Lake Oswego & West Linn	4.99%	4.96%	-0.03%
Willsonville	6.97%	2.94%	-4.03%
Tigard & Tualatin	4.49%	2.41%	-2.08%
Beaverton & Aloha	3.90%	3.02%	-0.88%
Hillsboro	4.64%	2.03%	-2.61%
Clackamas, Or City, Milwaukie	3.01%	3.76%	0.75%
Vancouver	4.68%	2.83%	-1.85%
Overall	4.72%	2.53%	-2.19%
Metro Area Total	4.70%	2.45%	-2.25%

CHANGE IN VACANCY RATE/OVERALL



CHANGE IN VACANCY RATE/NEW

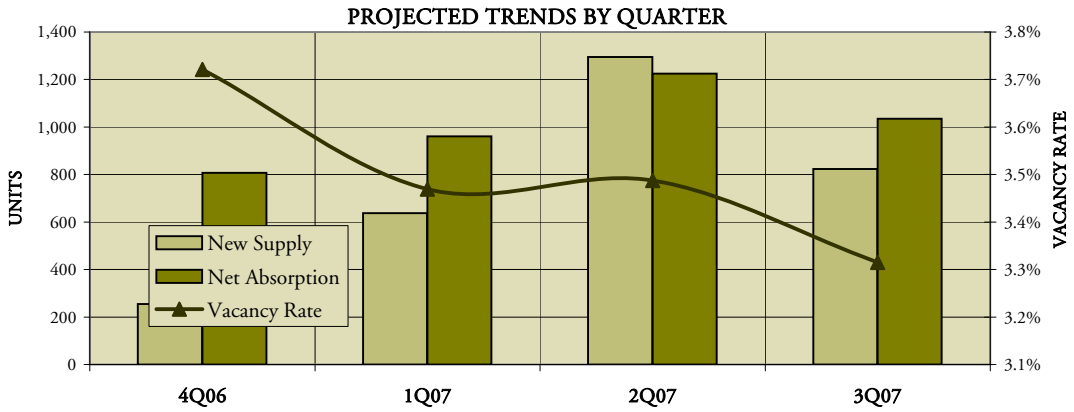


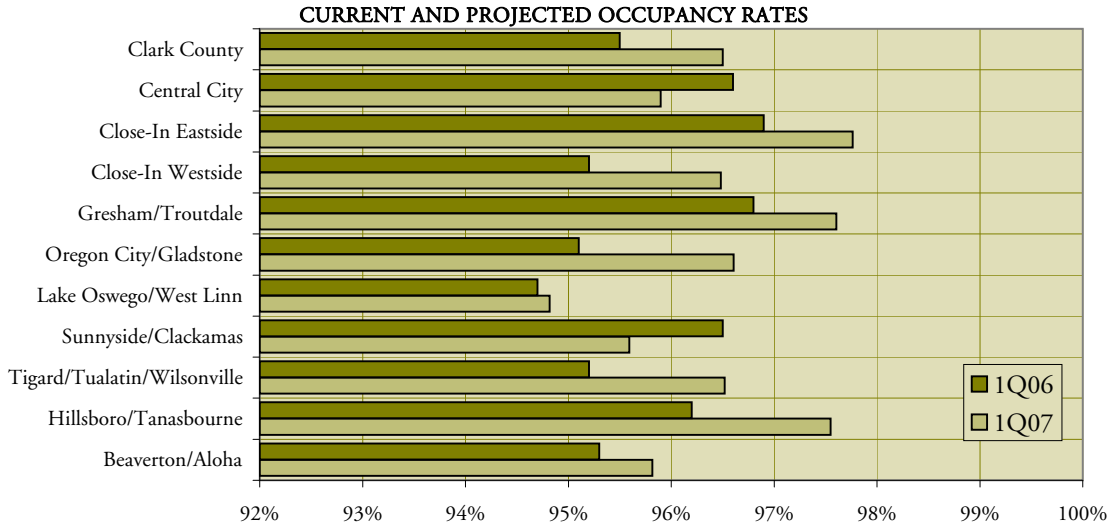
SOURCE: Norris Beggs & Simpson

EXHIBIT 2.06

CURRENT AND PROJECTED CONDITIONS
PORTLAND-VANCOUVER MARKET-RATE RENTAL APARTMENTS
15+ Unit Complexes

	1Q06		New	Net	1Q07	
Submarket	Inventory	Occupancy	Supply	Absorption	Inventory	Occupancy
Beaverton/Aloha	18,021	95.3%	416	491	18,437	95.8%
Hillsboro/Tanasbourne	15,332	96.2%	335	534	15,667	97.5%
Tigard/Tualatin/Wilsonville	13,297	95.2%	108	280	13,405	96.5%
Sunnyside/Clackamas	5,303	96.5%	369	305	5,672	95.6%
Lake Oswego/West Linn	4,921	94.7%	197	193	5,118	94.8%
Oregon City/Gladstone	7,237	95.1%	15	123	7,252	96.6%
Gresham/Troutdale	21,294	96.8%	488	648	21,782	97.6%
Close-In Westside	11,152	95.2%	88	228	11,240	96.5%
Close-In Eastside	11,905	96.9%	160	259	12,065	97.8%
Central City	6,835	96.6%	297	237	7,132	95.9%
Clark County	21,269	95.5%	538	732	21,807	96.5%
Metro Area Total	**136,566**	**95.9%**	**3,011**	**4,029**	**139,577**	**96.7%**





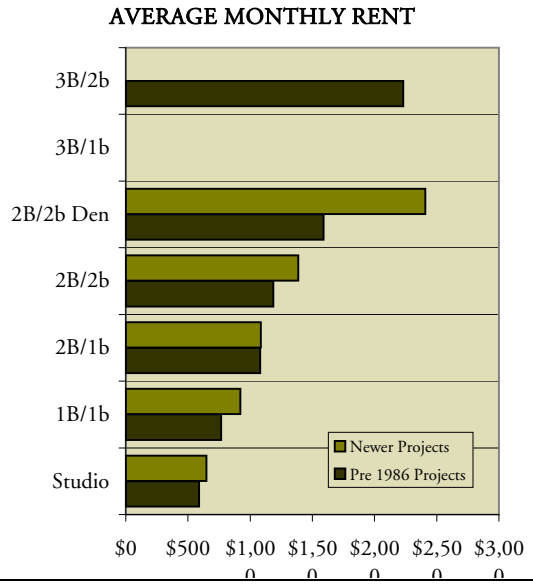
SOURCE: Johnson Gardner

EXHIBIT 2.07

SUBMARKET TRENDS
PORTLAND CENTRAL CITY SUBMARKET
THIRD QUARTER, 2006

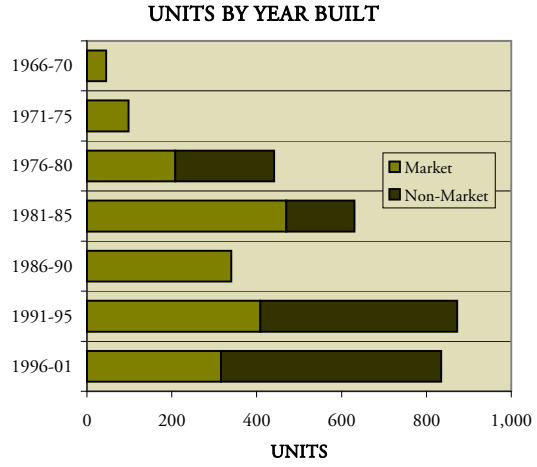
Norris & Stevens

Product Age / *Unit Type*	Average Rent/Unit	Average S.F./Unit	Average Rent/S.F.
Newer Projects			
Studio	$648	465	$1.39
1B/1b	$920	683	$1.35
2B/1b	$1,085	882	$1.23
2B/2b	$1,388	1,013	$1.37
2B/2b Den	$2,407	1,250	$1.93
3B/1b	--	--	--
3B/2b	--	--	--
Pre-1986			
Studio	$589	409	$0.69
1B/1b	$767	613	$1.25
2B/1b	$1,082	932	$1.16
2B/2b	$1,187	992	$1.20
2B/2b Den	$1,589	1262	$1.26
3B/1b	--	--	--
3B/2b	$2,231	1844	$1.21



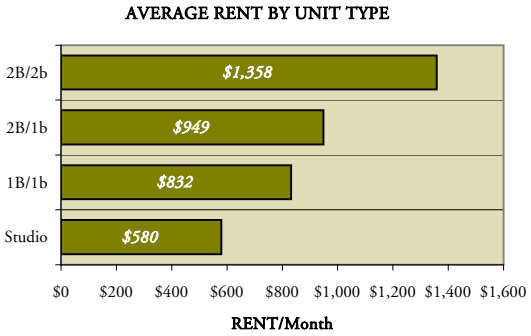
Johnson Gardner

Year Built	Market Rate Units	Non-Market Units	% Non-Market
1996-01	316	519	62.1%
1991-95	409	464	53.2%
1986-90	340	0	0.0%
1981-85	470	161	25.5%
1976-80	208	234	52.9%
1971-75	98	0	0.0%
1966-70	45	0	0.0%
1961-65	842	0	0.0%
<1961	3,054	1,794	37.0%
Total in Survey	5,782	3,172	35.4%



Norris Beggs & Simpson

New Construction Unit Type	Average Rent/Unit	Average Size S.F.	Average Rent/S.F.
Studio	$580	472	$1.23
1B/1b	$832	693	$1.20
2B/1b	$949	847	$1.12
2B/2b	$1,358	1,069	$1.27
Weighted Average	$895	740	$1.21
% Vacancy	***1.63%***		



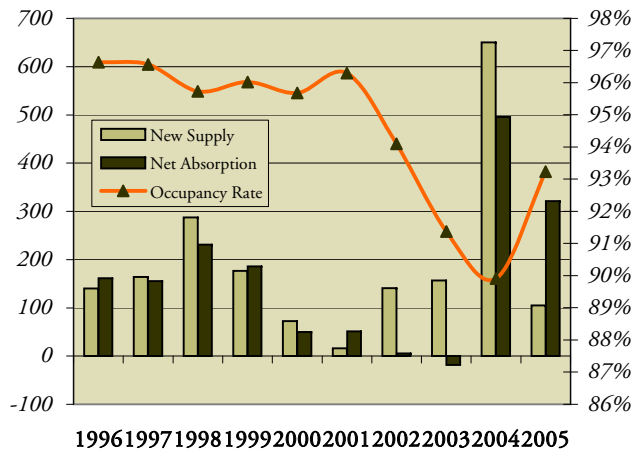
SOURCE: Norris & Stevens, Marathon Management, Norris Beggs & Simpson and Johnson Gardner

EXHIBIT 2.08

SUBMARKET TRENDS
PORTLAND CENTRAL CITY SUBMARKET
THIRD QUARTER, 2006

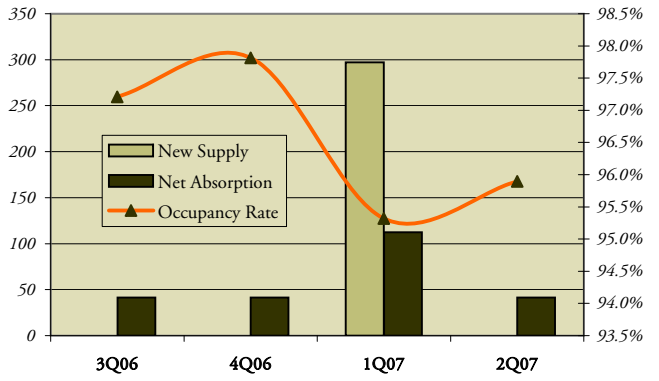
HISTORICAL TRENDS

Year	Year End Inventory 1/	Net Additions 2/	Net Absorption	Occupied Units	Occupancy Rate
1995	*4,926*	89	--	4,734	96.1%
1996	*5,066*	140	161	4,896	96.6%
1997	*5,230*	164	155	5,051	96.6%
1998	*5,518*	287	231	5,282	95.7%
1999	*5,694*	176	186	5,468	96.0%
2000	*5,766*	72	50	5,517	95.7%
2001	*5,782*	16	51	5,568	96.3%
2002	*5,923*	141	5	5,574	94.1%
2003	*6,080*	157	-18	5,556	91.4%
2004	*6,730*	650	496	6,051	89.9%
2005	*6,835*	105	321	6,373	93.2%



OCCUPANCY FORECAST

Quarter	Inventory	Net Additions	Net Absorption	Occupied Units	Occupancy Rate
2Q06	6,835	--	--	6,603	96.6%
3Q06	6,835	0	41	6,644	97.2%
4Q06	6,835	0	41	6,686	97.8%
1Q07	7,132	297	112	6,798	95.3%
2Q07	7,132	0	41	6,840	95.9%



1/ Reflects market-rate projects of 15+ units.
2/ New construction less conversions and demolitions.
3/ Projected

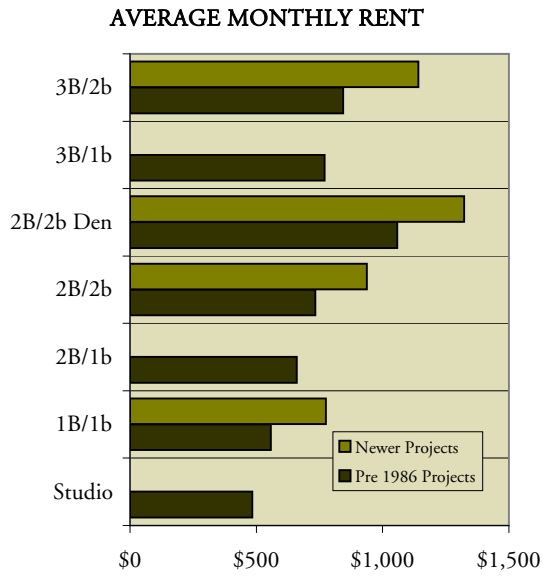
SOURCE: Johnson Gardner

EXHIBIT 2.09

SUBMARKET TRENDS
CLOSE-IN WESTSIDE SUBMARKET
THIRD QUARTER, 2006

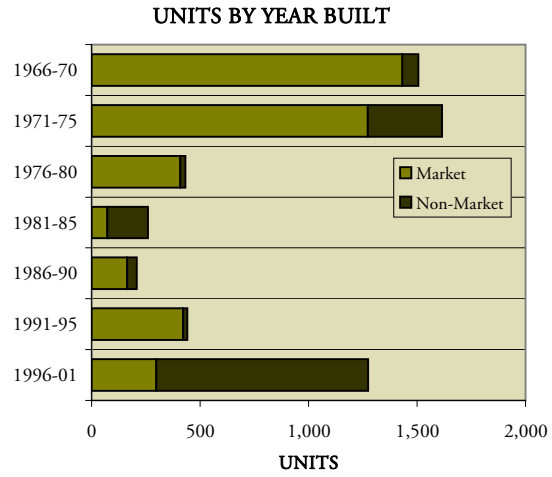
Norris & Stevens

Product Age / *Unit Type*	Average Rent/Unit	Average S.F./Unit	Average Rent/S.F.
Newer Projects			
Studio	--	--	--
1B/1b	$775	772	$1.00
2B/1b	--	--	--
2B/2b	$938	1,068	$0.88
2B/2b Den	$1,323	1,280	$1.03
3B/1b	--	--	--
3B/2b	$1,142	1,256	$0.91
Pre-1986			
Studio	$484	444	$1.09
1B/1b	$557	658	$0.85
2B/1b	$660	906	$0.73
2B/2b	$734	1,007	$0.73
2B/2b Den	$1,058	1,029	--
3B/1b	$770	1,072	$0.72
3B/2b	$844	1,271	$0.66



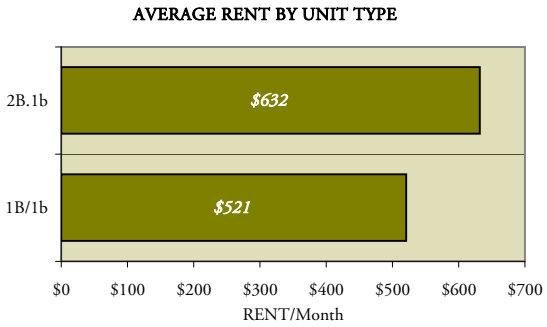
Johnson Gardner

Year Built	Market Rate Units	Non-Market Units	% Non-Market
1996-01	299	978	76.6%
1991-95	422	20	4.5%
1986-90	163	47	22.4%
1981-85	73	188	72.0%
1976-80	409	24	5.5%
1971-75	1,273	344	21.3%
1966-70	1,432	76	5.0%
1961-65	994	272	21.5%
<1961	4,317	910	17.4%
Total in Survey	9,382	2,859	23.4%



Norris Beggs & Simpson

New Construction Unit Type	Average Rent/Unit	Average Size S.F.	Average Rent/S.F.
1B/1b	$521	620	$0.84
2B.1b	$632	878	$0.72
Weighted Average	$595	783	$0.76
% Vacancy	***2.38%***		



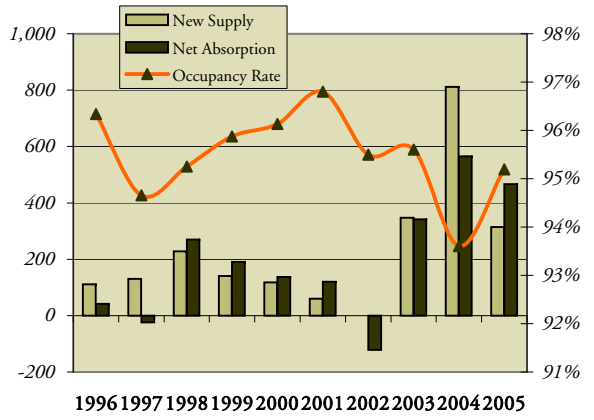
SOURCE: Norris & Stevens, Marathon Management, Norris Beggs & Simpson and Johnson Gardner

EXHIBIT 2.10

SUBMARKET TRENDS
CLOSE-IN WESTSIDE SUBMARKET
THIRD QUARTER, 2006

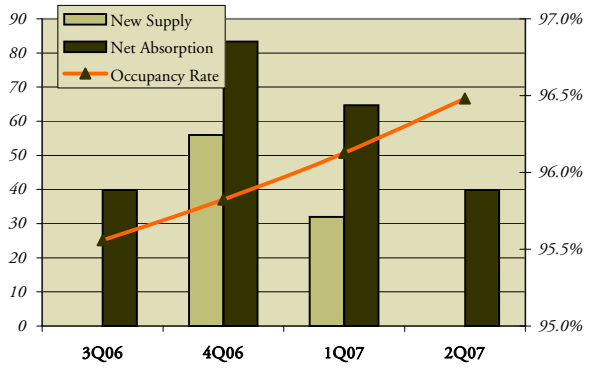
HISTORICAL TRENDS

Year	Year End Inventory 1/	Net Additions 2/	Net Absorption	Occupied Units	Occupancy Rate
1995	*8,594*	92	--	8,345	97.1%
1996	*8,706*	111	42	8,387	96.3%
1997	*8,836*	130	-23	8,364	94.7%
1998	*9,064*	228	270	8,634	95.3%
1999	*9,204*	140	191	8,824	95.9%
2000	*9,322*	118	137	8,961	96.1%
2001	*9,382*	60	120	9,081	96.8%
2002	*9,382*	0	-122	8,959	95.5%
2003	*9,729*	347	341	9,300	95.6%
2004	*10,541*	812	565	9,866	93.6%
2005	*10,855*	314	466	10,332	95.2%



OCCUPANCY FORECAST

Quarter	Inventory	Net Additions	Net Absorption	Occupied Units	Occupancy Rate
2Q06	11,152	--	--	10,616	95.2%
3Q06	11,152	0	40	10,656	95.6%
4Q06	11,208	56	83	10,739	95.8%
1Q07	11,240	32	65	10,804	96.1%
2Q07	11,240	0	40	10,844	96.5%



1/ Reflects market-rate projects of 15+ units.
2/ New construction less conversions and demolitions.
3/ Projected

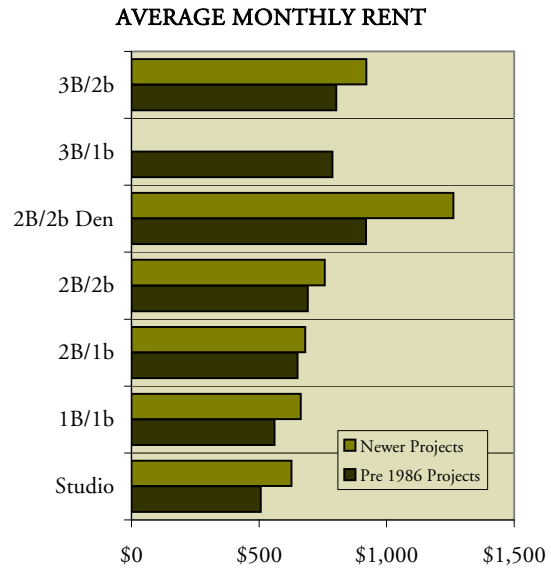
SOURCE: Johnson Gardner

EXHIBIT 2.11

SUBMARKET TRENDS
CLOSE-IN EASTSIDE SUBMARKET
THIRD QUARTER, 2006

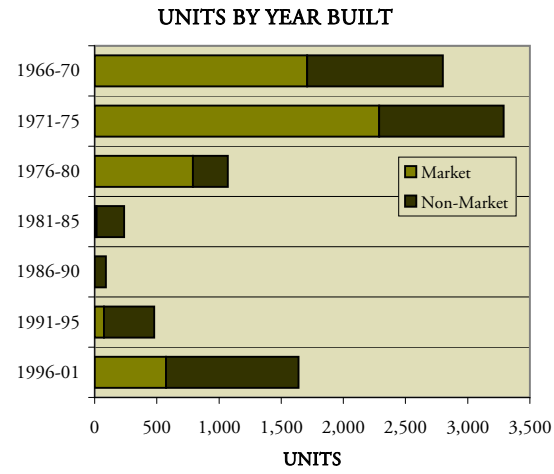
Norris & Stevens

Product Age / *Unit Type*	Average Rent/Unit	Average S.F./Unit	Average Rent/S.F.
Newer Projects			
Studio	$627	480	$1.31
1B/1b	$664	678	$0.98
2B/1b	$681	870	$0.78
2B/2b	$757	996	$0.76
2B/2b Den	$1,262	966	$1.31
3B/1b	--	--	--
3B/2b	$920	1,277	$0.72
Pre-1986			
Studio	$507	417	$1.22
1B/1b	$560	641	$0.87
2B/1b	$651	861	$0.76
2B/2b	$691	1,001	$0.69
2B/2b Den	$919	1,013	$0.91
3B/1b	$788	1,006	$0.78
3B/2b	$803	1,192	$0.67



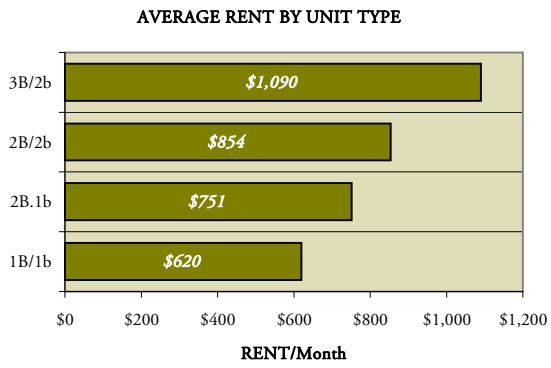
Johnson Gardner

Year Built	Market Rate Units	Non-Market Units	% Non-Market
1996-01	575	1,066	65.0%
1991-95	74	408	84.6%
1986-90	0	92	100.0%
1981-85	15	224	93.7%
1976-80	791	282	26.3%
1971-75	2,289	1,002	30.4%
1966-70	1,708	1,095	39.1%
1961-65	939	68	6.8%
<1961	4,907	1,550	24.0%
Total in Survey	11,298	5,787	33.9%



Norris Beggs & Simpson

New Construction Unit Type	Average Rent/Unit	Average Size	Per Square Foot
1B/1b	$620	674	$0.92
2B.1b	$751	766	$0.98
2B/2b	$854	1,095	$0.78
3B/2b	$1,090	1,346	$0.81
Weighted Average	$798	928	$0.86
% Vacancy	*0.35%*		



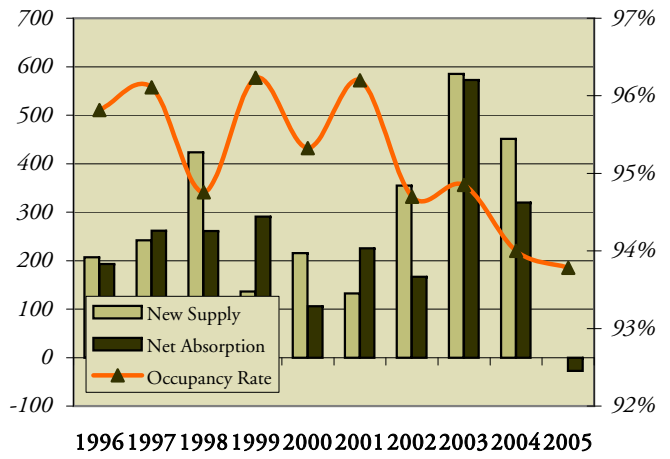
SOURCE: Norris & Stevens, Marathon Management, Norris Beggs & Simpson and Johnson Gardner

EXHIBIT 2.12

SUBMARKET TRENDS
CLOSE-IN EASTSIDE SUBMARKET
THIRD QUARTER, 2006

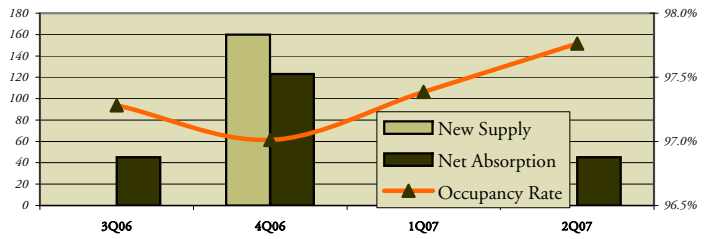
HISTORICAL TRENDS

Year	Year End Inventory 1/	Net Additions 2/	Net Absorption	Occupied Units	Occupancy Rate
1995	*9,942*	16	--	9,531	95.9%
1996	*10,149*	207	193	9,724	95.8%
1997	*10,391*	242	262	9,986	96.1%
1998	*10,814*	423	261	10,247	94.8%
1999	*10,950*	136	291	10,538	96.2%
2000	*11,166*	216	106	10,644	95.3%
2001	*11,298*	132	225	10,869	96.2%
2002	*11,653*	355	167	11,035	94.7%
2003	*12,238*	585	572	11,608	94.9%
2004	*12,689*	451	320	11,928	94.0%
2005	*12,689*	0	-28	11,900	93.8%



OCCUPANCY FORECAST

Quarter	Inventory	Net Additions	Net Absorption	Occupied Units	Occupancy Rate
2Q06	11,905	--	--	11,536	96.9%
3Q06	11,905	0	45	11,581	97.3%
4Q06	12,065	160	123	11,704	97.0%
1Q07	12,065	0	45	11,750	97.4%
2Q07	12,065	0	45	11,795	97.8%



1/ Reflects market-rate projects of 15+ units.
2/ New construction less conversions and demolitions.
3/ Projected

SOURCE: Johnson Gardner

EXHIBIT 3.01

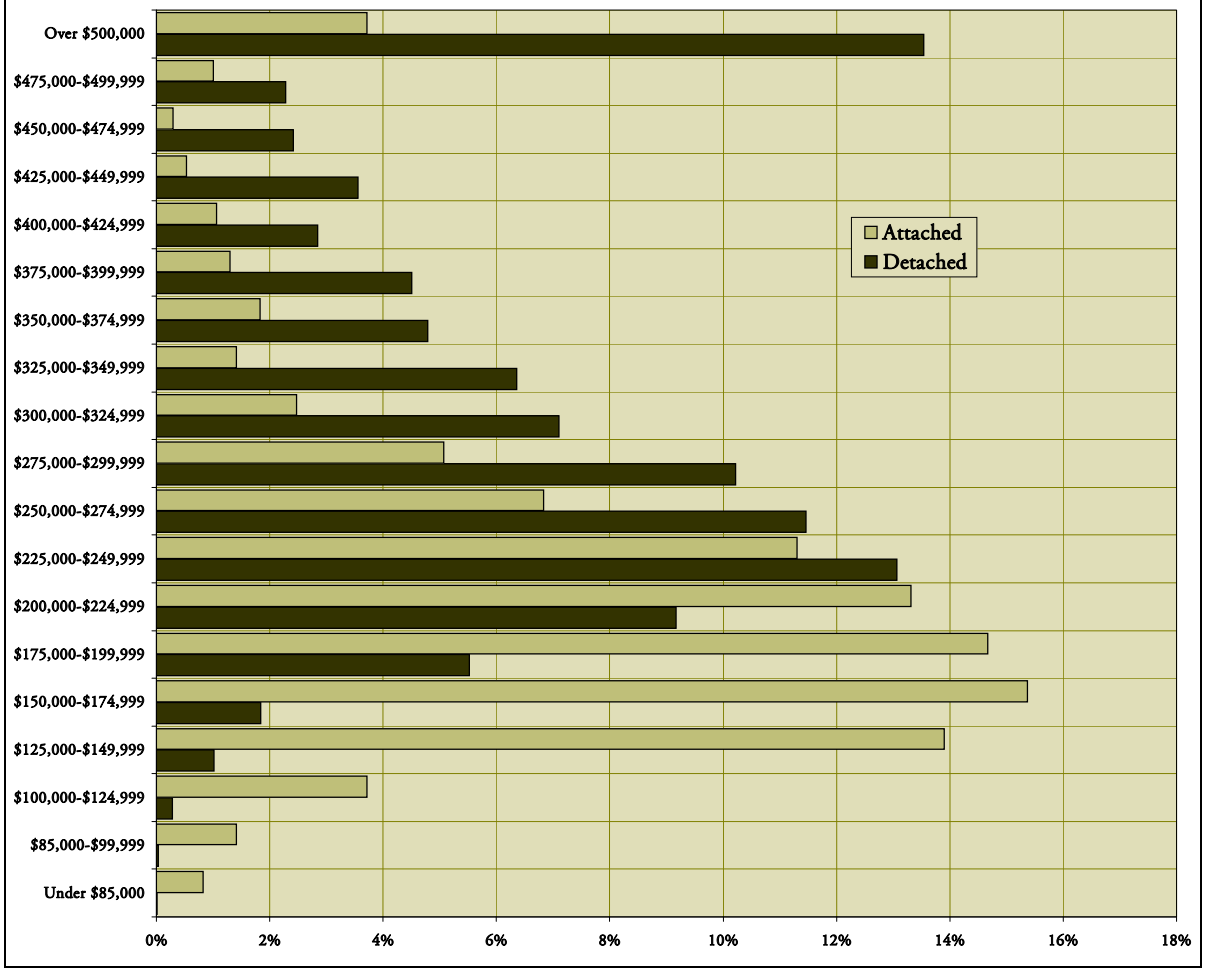
SUMMARY OF RECENT OWNERSHIP SALES ACTIVITY
PORTLAND-VANCOUVER PMSA
Third Quarter, 2006

Price Range	Total Sales 1/ Detached	Total Sales 1/ Attached	Distribution
Under $85,000	1	14	0.2%
$85,000 - $99,999	3	24	0.3%
$100,000 - $124,999	22	63	0.9%
$125,000 - $149,999	79	236	3.3%
$150,000 - $174,999	142	261	4.3%
$175,000 - $199,999	427	249	7.2%
$200,000 - $224,999	709	226	9.9%
$225,000 - $249,999	1,010	192	12.7%
$250,000 - $274,999	886	116	10.6%
$275,000 - $299,999	790	86	9.3%
$300,000 - $324,999	549	42	6.3%
$325,000 - $349,999	492	24	5.5%
$350,000 - $374,999	370	31	4.3%
$375,000 - $399,999	348	22	3.9%
$400,000 - $424,999	220	18	2.5%
$425,000 - $449,999	275	9	3.0%
$450,000 - $474,999	187	5	2.0%
$475,000 - $499,999	176	17	2.0%
$500,000 & Over	1,047	63	11.8%
	---	---	---
Total	7,733	1,698	100%

Total Sales Volume	Detached	Attached	Total
3rd Quarter-06	7,733	1,698	9,431
2nd Quarter-06	8,738	1,774	10,512
1st Quarter-06	6,598	1,290	7,888
4th Quarter-05	10,132	1,654	11,786
3rd Quarter-05	10,047	1,692	11,739
2nd Quarter-05	7,039	1,167	8,206
1st Quarter-05	7,991	1,214	9,205
Annual Percent Increase (Decrease	-23.0%	0.4%	-19.7%

Average Sales Price -- New Construction	Detached	Attached	Attached/ Detached
WESTSIDE			
NEW	$564,995	$322,827	57.1%
ALL SALES	$493,988	$275,586	55.8%
EASTSIDE			
NEW	$448,638	$255,878	57.0%
ALL SALES	$338,136	$210,894	62.4%
CLARK COUNTY			
NEW	$411,045	$246,061	59.9%
ALL SALES	$285,285	$213,624	74.9%

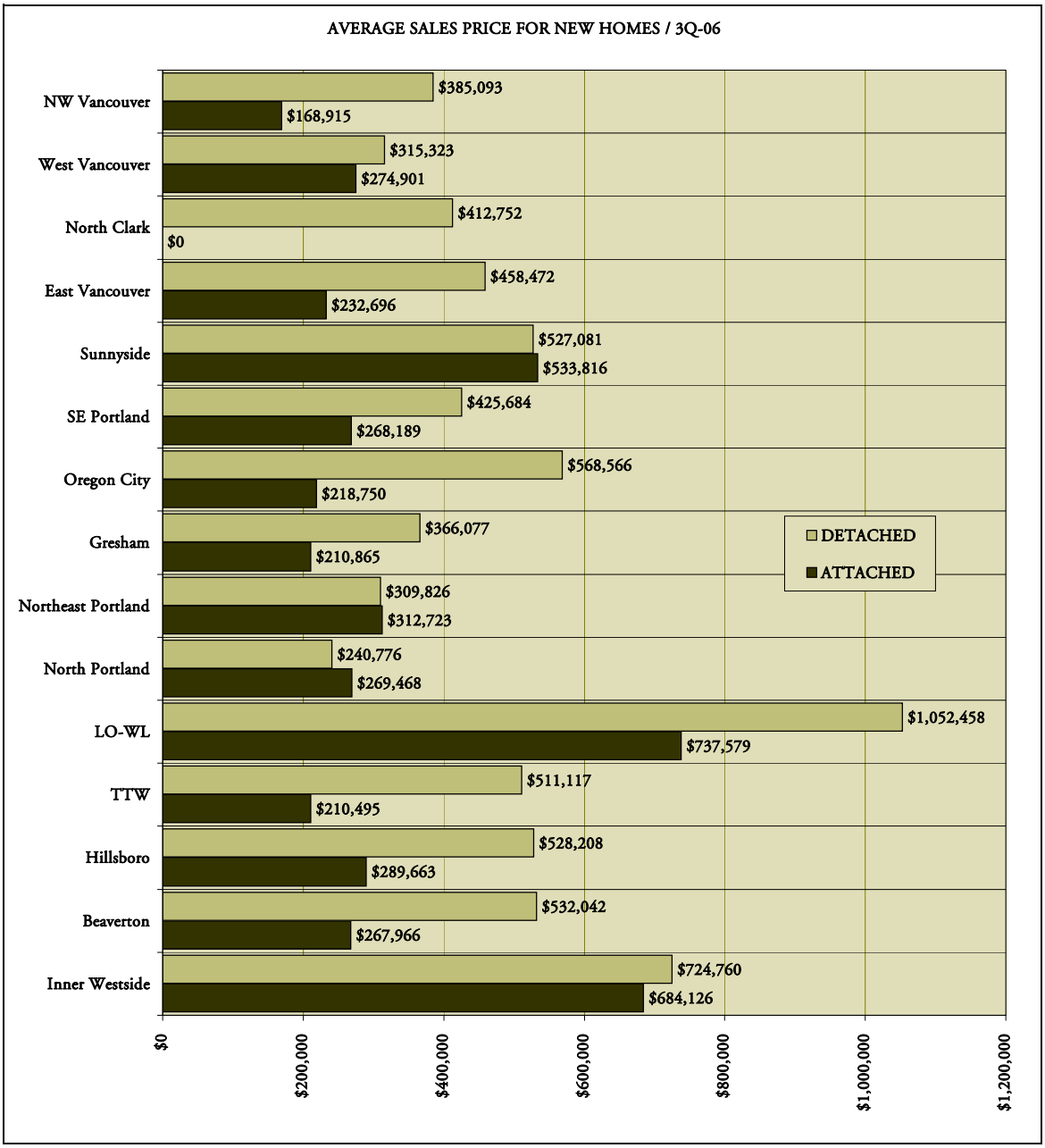
DISTRIBUTION OF SALES BY PRICE RANGE



1/ Total of all sales, New Construction and Resales.
SOURCE: RMLS & Johnson Gardner LLC

EXHIBIT 3.02

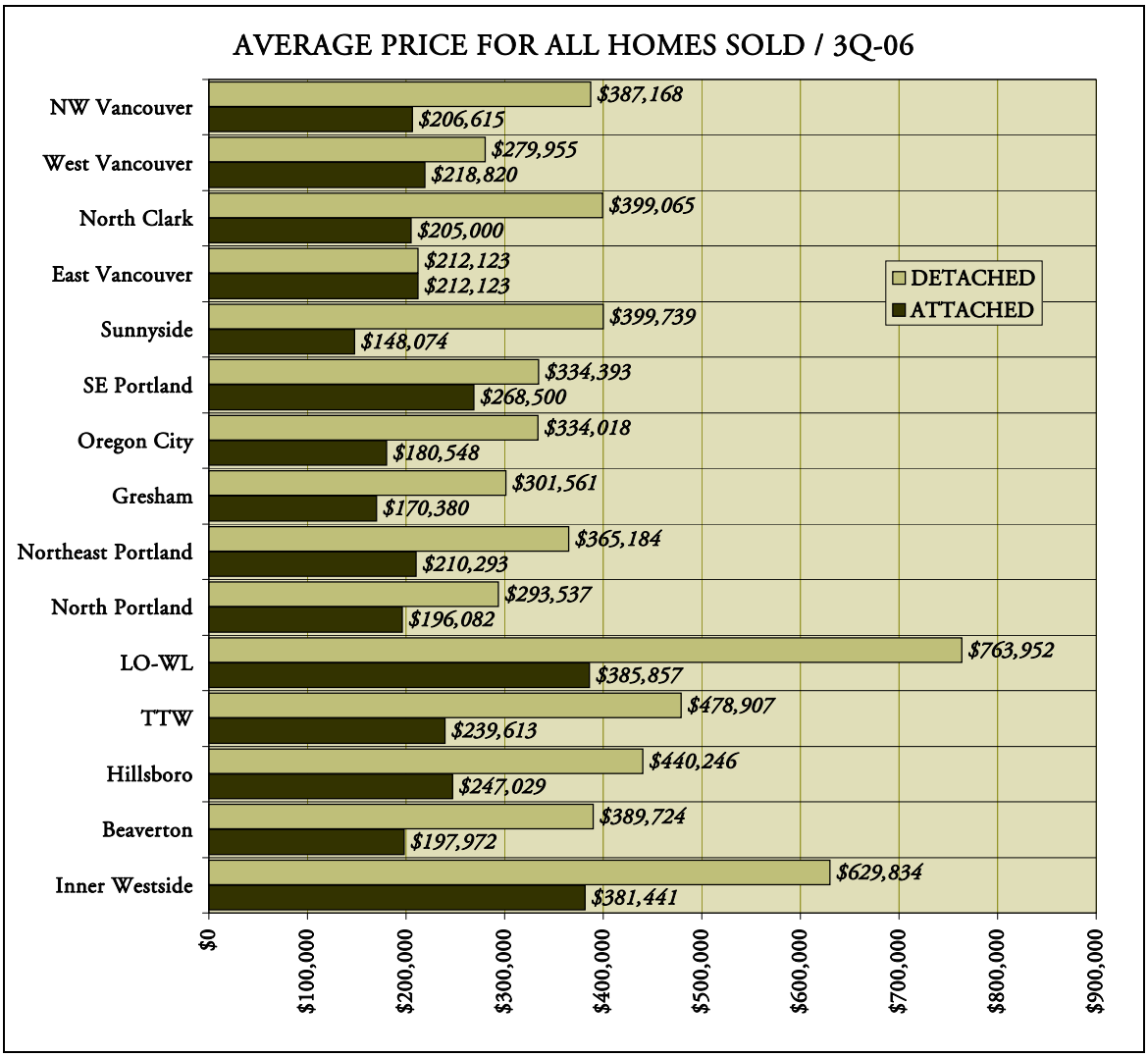
RESIDENTIAL SALES PRICE TRENDS
BY SUBREGION



SOURCE: RMLS & Johnson Gardner LLC

EXHIBIT 3.02 (cont.)

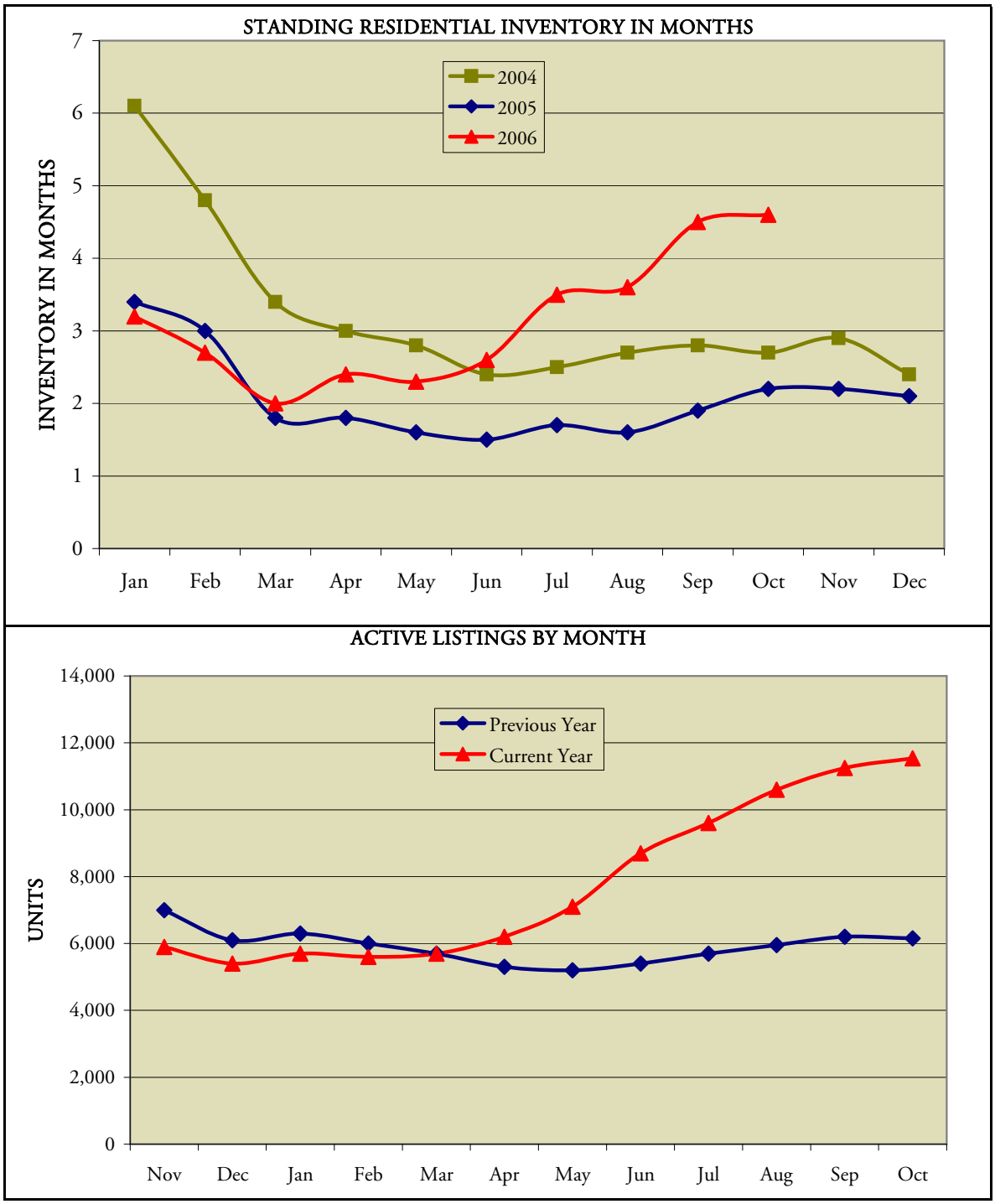
RESIDENTIAL SALES PRICE TRENDS
BY SUBREGION



SOURCE: RMLS & Johnson Gardner LLC

EXHIBIT 3.03

RESIDENTIAL INVENTORY TRENDS
PORTLAND METROPOLITAN AREA

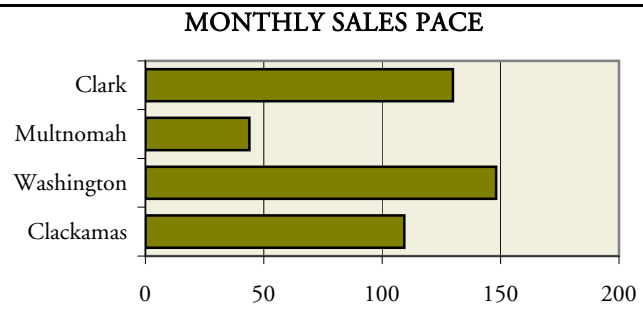


SOURCE: RMLS

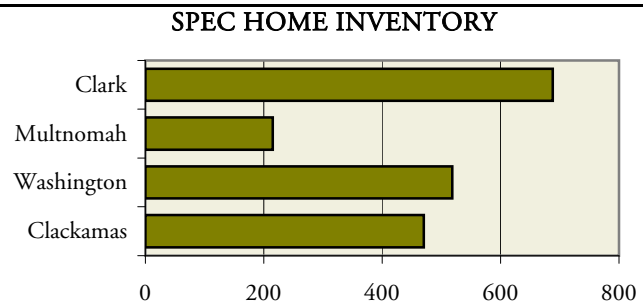
EXHIBIT 3.04

SUMMARY OF NEW HOME CONDITIONS BY COUNTY
PORTLAND METROPOLITAN AREA
THIRD QUARTER 2006

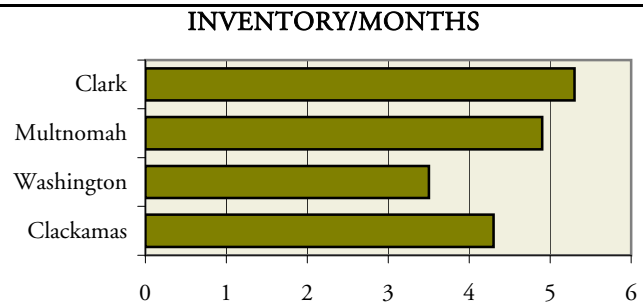
CLACKAMAS COUNTY	
Developments	121
Total Monthly Sales	109
Median Price	$439,950
Average Price	$519,815
Median Price/SF	$160
Lots/Homes Available	2,799
Spec Home Inventory	470
Months of Spec Inventory	4.3
Overall Inventory/Months	25.6



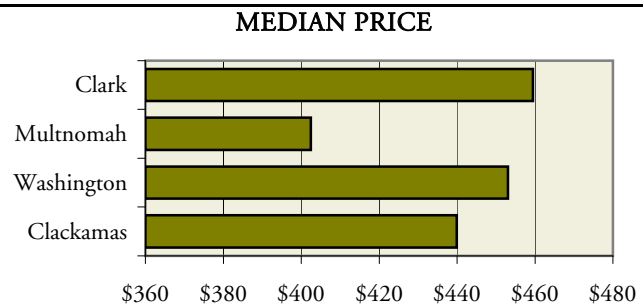
WASHINGTON COUNTY	
Developments	146
Total Monthly Sales	148
Median Price	$453,075
Average Price	$475,429
Median Price/SF	$173
Lots/Homes Available	2,131
Spec Home Inventory	518
Months of Spec Inventory	3.5
Overall Inventory/Months	14.4



MULTNOMAH COUNTY	
Developments	92
Total Monthly Sales	44
Median Price	$402,475
Average Price	$478,919
Median Price/SF	$178
Lots/Homes Available	1,237
Spec Home Inventory	215
Months of Spec Inventory	4.9
Overall Inventory/Months	28.1



CLARK COUNTY	
Developments	182
Total Monthly Sales	130
Median Price	$459,450
Average Price	$482,069
Median Price/SF	$164
Lots/Homes Available	3,440
Spec Home Inventory	688
Months of Spec Inventory	5.3
Overall Inventory/Months	26.5



SOURCE: New Home Trends

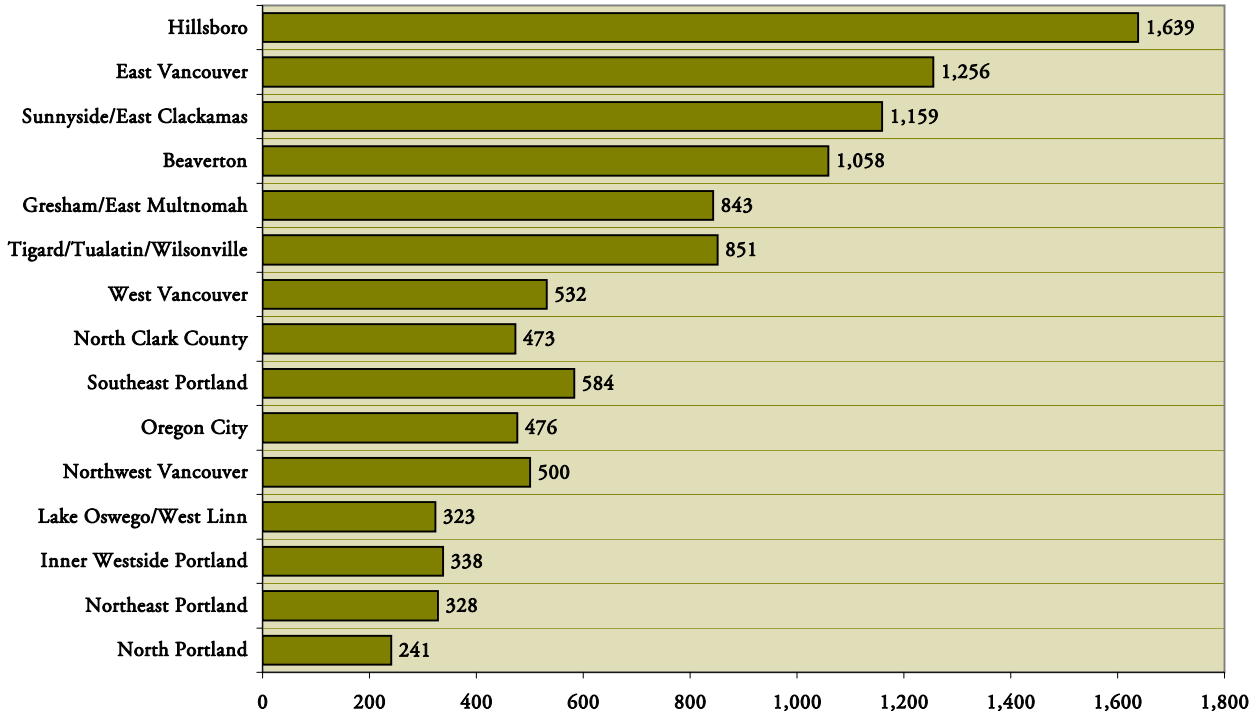
EXHIBIT 3.05

PROJECTED DISTRIBUTION OF OWNERSHIP DEMAND BY AFFORDABLE PRICE RANGE AND SUBREGION PORTLAND-VANCOUVER PMSA

Fourth Quarter, 2006 through Third Quarter, 2007

Geographic Subregion	Projected Net New Demand	Percent of Total	Demand by Price Range ($ Thousands) Under - $125	$125 - $199	$200 - $299	$300 - $399	$400 - $499	Over $500
Multnomah County								
Inner Westside Portland	338	3.2%	15	44	127	65	29	58
North Portland	241	2.3%	17	174	24	7	3	16
Northeast Portland	328	3.1%	27	211	53	19	5	14
Southeast Portland	584	5.5%	46	346	70	71	18	32
Gresham/East Multnomah	843	8.0%	88	520	166	46	7	17
Washington County								
Beaverton	1,058	10.0%	91	556	272	89	18	34
Hillsboro	1,639	15.5%	91	772	412	154	83	127
Tigard/Tualatin/Wilsonville	851	8.0%	60	349	277	101	32	33
Clackamas County								
Lake Oswego/West Linn	323	3.0%	13	85	51	76	44	54
Oregon City	476	4.5%	27	268	143	21	7	11
Sunnyside/East Clackamas	1,159	10.9%	89	532	437	62	17	23
Clark County								
West Vancouver	532	5.0%	47	326	90	40	9	19
Northwest Vancouver	500	4.7%	32	138	165	116	30	18
East Vancouver	1,256	11.8%	169	485	382	129	36	54
North Clark County	473	4.5%	54	172	131	44	33	39
Total-Metropolitan Area	**10,600**	**100.0%**	**865**	**4,976**	**2,798**	**1,041**	**372**	**549**

NET NEW OWNERSHIP DEMAND BY SUBMARKET



SOURCE: Johnson Gardner LLC

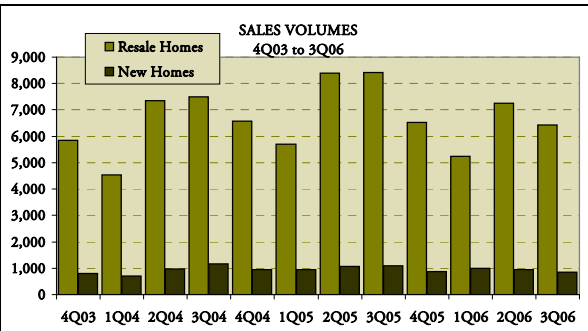
METRO AREA
PORTLAND

EXHIBIT 3.06

SINGLE FAMILY HOME SALES TRENDS
PORTLAND METROPOLITAN AREA
Third Quarter, 2006

Sales Volume Trends

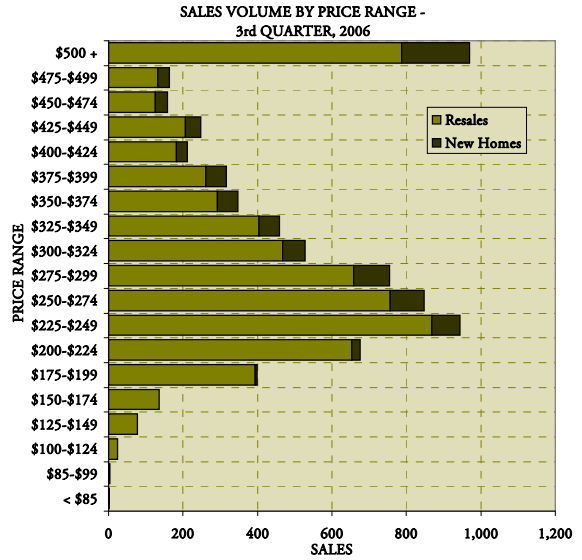
Quarter	Sales Volume New	Sales Volume Resale	Rate of Change New	Rate of Change Resale
4Q03	810	5,850	-12%	-22%
1Q04	700	4,545	-14%	-22%
2Q04	980	7,350	40%	62%
3Q04	1,174	7,502	20%	2%
4Q04	934	6,567	-20%	-12%
1Q05	951	5,711	2%	-13%
2Q05	1,079	8,405	13%	47%
3Q05	1,091	8,427	1%	0%
4Q05	883	6,535	-19%	-22%
1Q06	983	5,241	11%	-20%
2Q06	951	7,250	-3%	38%
3Q06	851	6,433	-11%	-11%

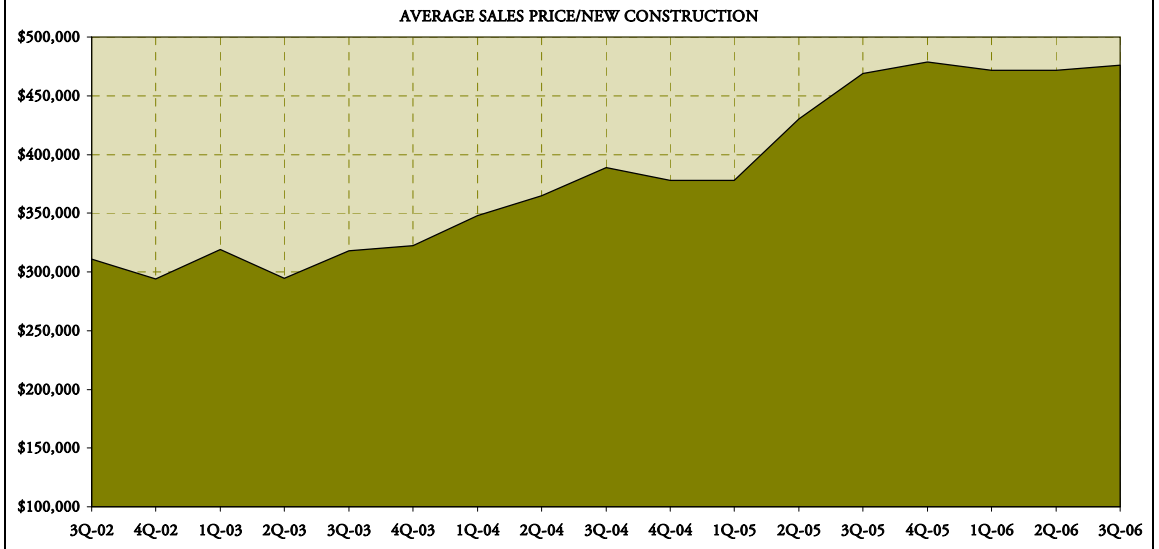


Single Family Home Sales

Price Range	3Q-06 New	3Q-06 Resales	YTD Total Sales New	YTD Total Sales Resales
Under $85,000	0	1	11	573
$85,000 - $99,999	0	3	13	674
$100,000 - $124,999	0	24	91	2,819
$125,000 - $149,999	0	77	537	7,821
$150,000 - $174,999	0	135	1,479	12,908
$175,000 - $199,999	7	393	1,575	14,092
$200,000 - $224,999	23	654	1,396	11,500
$225,000 - $249,999	76	869	1,399	10,955
$250,000 - $274,999	93	757	1,181	8,130
$275,000 - $299,999	97	659	1,123	6,870
$300,000 - $324,999	63	467	835	4,610
$325,000 - $349,999	57	404	820	4,001
$350,000 - $374,999	57	292	661	3,069
$375,000 - $399,999	56	262	717	2,845
$400,000 - $424,999	30	183	531	1,790
$425,000 - $449,999	42	207	489	1,791
$450,000 - $474,999	34	126	346	1,298
$475,000 - $499,999	33	132	302	1,186
$500,000 & Over	183	788	1,831	7,086
Total	851	6,433	15,337	104,018

		$/S.F.
Average Sales Price (All Sales)	$379,699	$159
Average Sales Price (New Construction)	$476,146	$156





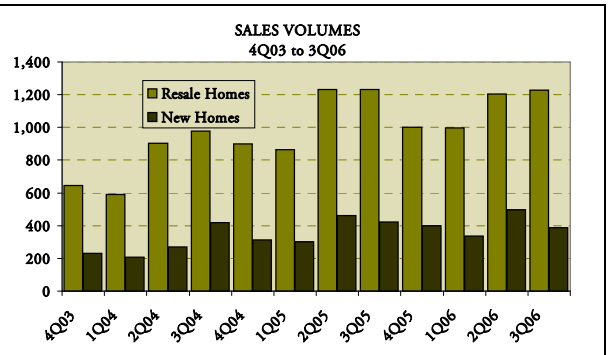
SOURCE: RMLS & Johnson Gardner LLC

EXHIBIT 3.07

ATTACHED HOME SALES TRENDS
PORTLAND METROPOLITAN AREA
Third Quarter, 2006

Sales Volume Trends

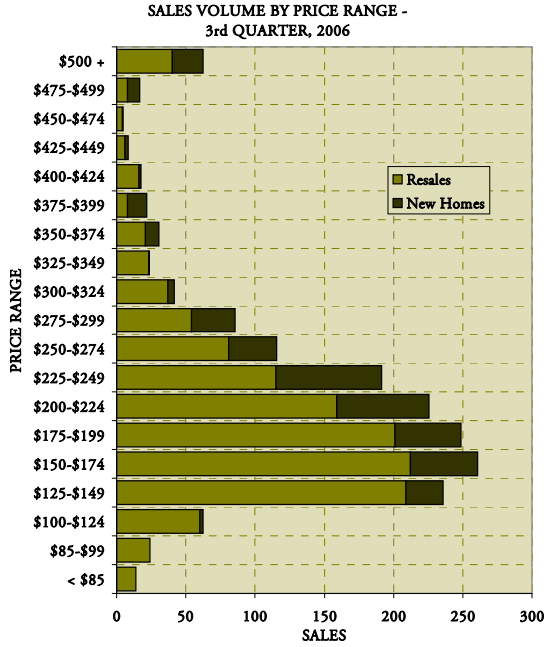
Quarter	Sales Volume New	Sales Volume Resale	Rate of Change New	Rate of Change Resale
4Q03	229	647	78%	-23%
1Q04	207	590	-10%	-9%
2Q04	271	902	31%	53%
3Q04	419	979	55%	9%
4Q04	313	901	-25%	-8%
1Q05	303	864	-3%	-4%
2Q05	460	1,232	52%	43%
3Q05	423	1,231	-8%	0%
4Q05	399	1,000	-6%	-19%
1Q06	338	997	-15%	0%
2Q06	495	1,205	46%	21%
3Q06	387	1,226	-22%	2%

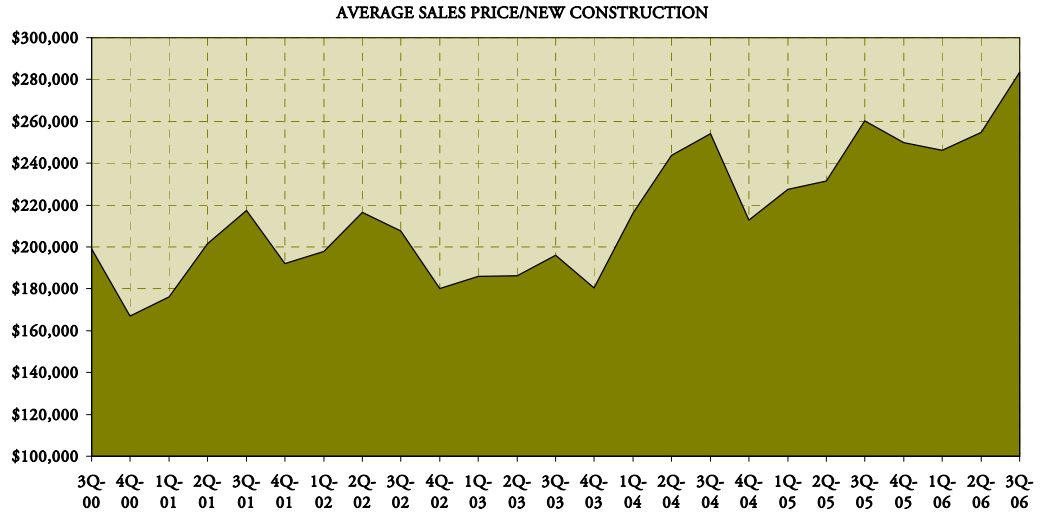


Attached Home Sales

Price Range	3Q-06 New	3Q-06 Resales	YTD Total Sales New	YTD Total Sales Resales
Under $85,000	0	14	2	865
$85,000 - $99,999	0	24	25	769
$100,000 - $124,999	3	60	129	1,786
$125,000 - $149,999	27	209	619	2,441
$150,000 - $174,999	49	212	996	2,107
$175,000 - $199,999	48	201	811	1,618
$200,000 - $224,999	67	159	509	1,032
$225,000 - $249,999	77	115	450	860
$250,000 - $274,999	35	81	254	550
$275,000 - $299,999	32	54	206	492
$300,000 - $324,999	5	37	128	272
$325,000 - $349,999	1	23	121	229
$350,000 - $374,999	10	21	75	209
$375,000 - $399,999	14	8	77	158
$400,000 - $424,999	2	16	27	115
$425,000 - $449,999	3	6	35	101
$450,000 - $474,999	1	4	22	72
$475,000 - $499,999	9	8	51	83
$500,000 & Over	23	40	135	331
Total	406	1,292	4,672	14,090

		$/S.F.
Average Sales Price (All Sales)	$250,266	$176
Average Sales Price (New Construction)	$260,136	$173





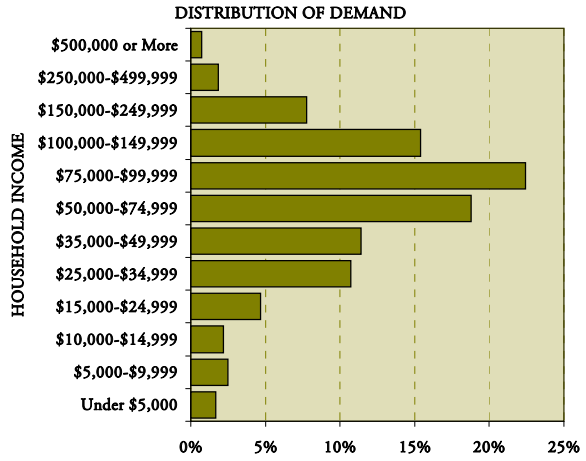
SOURCE: RMLS & Johnson Gardner LLC

EXHIBIT 3.08

PROJECTED DEMAND FOR OWNERSHIP HOUSING
PORTLAND METROPOLITAN AREA
Fourth Quarter, 2006 through Third Quarter, 2007

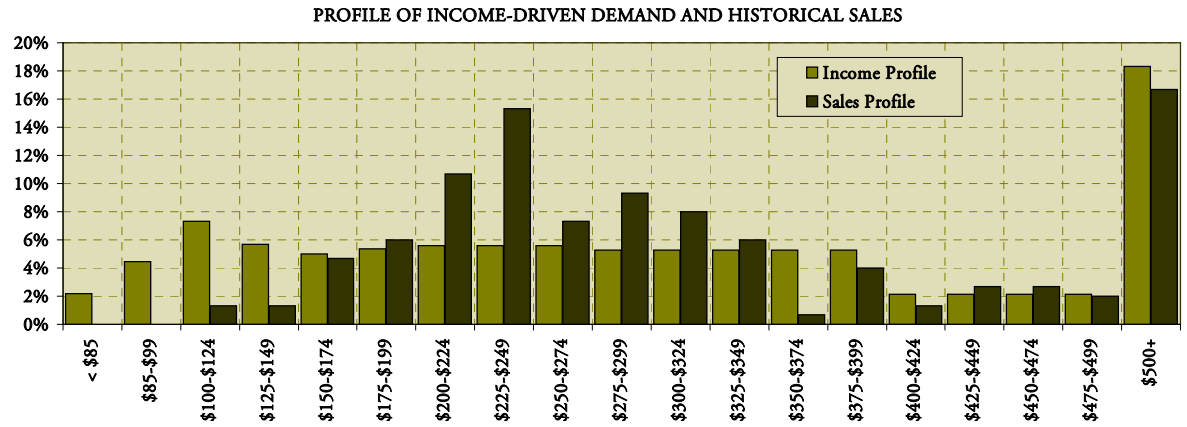
Profile of Demand by Household Income

Household Income	Net Growth	Turnover Demand	Demand Profile Total	Demand Profile %
Under $5,000	6	3,922	3,927	1.7%
$5,000-$9,999	8	5,882	5,891	2.5%
$10,000-$14,999	7	5,118	5,125	2.2%
$15,000-$24,999	16	11,019	11,035	4.7%
$25,000-$34,999	36	25,275	25,311	10.7%
$35,000-$49,999	39	26,989	27,028	11.4%
$50,000-$74,999	63	44,371	44,434	18.8%
$75,000-$99,999	76	52,978	53,053	22.4%
$100,000-$149,999	52	36,334	36,386	15.4%
$150,000-$249,999	26	18,297	18,323	7.7%
$250,000-$499,999	6	4,321	4,327	1.8%
$500,000 or More	2	1,710	1,713	0.7%
Total	338	236,216	236,554	100.0%



Projected Demand for New Housing by Price Range

Price Range ($000s)	Previous Volume Detached	Previous Volume Attached	Previous Volume Total	Projected Volume Detached	Projected Volume Attached	Projected Volume Total	% Change from Previous Year Detached	% Change from Previous Year Attached	% Change from Previous Year Total
< $85	0	0	0	2	0	2	---	---	---
$85-$99	0	0	0	4	0	4	---	---	---
$100-$124	0	2	2	0	10	10	---	400%	377%
$125-$149	0	2	2	0	8	8	---	300%	308%
$150-$174	1	6	7	2	14	16	102%	133%	129%
$175-$199	1	8	9	2	18	20	71%	125%	119%
$200-$224	3	13	16	6	26	32	91%	100%	98%
$225-$249	5	18	23	10	34	44	91%	89%	89%
$250-$274	7	4	11	15	8	23	118%	100%	112%
$275-$299	5	9	14	10	18	28	102%	100%	101%
$300-$324	6	6	12	13	12	25	112%	100%	106%
$325-$349	3	6	9	7	13	20	121%	117%	118%
$350-$374	0	1	1	0	6	6	---	500%	514%
$375-$399	1	5	6	3	12	15	157%	140%	143%
$400-$424	1	1	2	2	3	5	119%	200%	159%
$425-$449	2	2	4	5	4	9	128%	100%	114%
$450-$474	2	2	4	5	4	9	128%	100%	114%
$475-$499	2	1	3	5	2	7	144%	100%	129%
$500+	9	16	25	21	37	58	129%	131%	131%
Total	48	102	150	109	229	338	126%	125%	125%



1/ Based upon sales volume over the previous twelve months and demand projections for the next twelve months.

SOURCE: RMLS & Johnson Gardner LLC

SUBREGION DETAILS

EXHIBIT 3.09

HOME SALES TRENDS
CENTRAL CITY, PORTLAND
Fourth Quarter 2005-2006

Quarter/ Property Type	Total Sales	Average Size	Min Price	Max Price	Average Price	Price Per Sq. Ft.
2005 Fourth Quarter Sales						
Single-Family Detached (All Sales)	439	2,479	$112,900	$1,800,000	$439,196	$177
Single-Family Detached (New Construction)	4	3,414	$339,000	$1,565,000	$922,250	$270
Attached Housing (All Sales)	279	1,057	$105,900	$1,385,000	$327,969	$310
Attached Housing (New Construction)	40	1,225	$165,000	$1,385,000	$423,178	$345
2006 Fourth Quarter Sales						
Single-Family Detached (All Sales)	382	2,488	$151,500	$2,525,000	$474,294	$191
Single-Family Detached (New Construction)	18	1,998	$240,000	$1,495,000	$493,628	$247
Attached Housing (All Sales)	281	1,006	$96,361	$1,780,000	$331,571	$330
Attached Housing (New Construction)	46	1,365	$166,000	$1,780,000	$445,235	$326
Change From 4th Quarter 2005-2006						
Single-Family Detached (All Sales)	-13.0%	0.4%	34.2%	40.3%	8.0%	7.6%
Single-Family Detached (New Construction)	350.0%	-41.5%	-29.2%	-4.5%	-46.5%	-8.5%
Attached Housing (All Sales)	0.7%	-4.8%	-9.0%	28.5%	1.1%	6.2%
Attached Housing (New Construction)	15.0%	11.4%	0.6%	28.5%	5.2%	-5.6%

SOURCE: RMLS & Johnson Gardner LLC

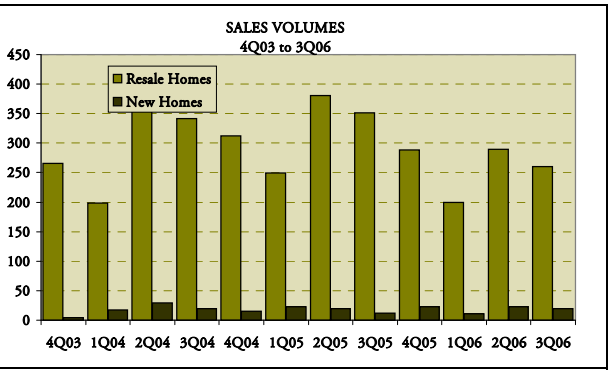
INNER WESTSIDE
PORTLAND

EXHIBIT 3.10

SINGLE FAMILY HOME SALES TRENDS
INNER WESTSIDE PORTLAND
Third Quarter, 2006

Sales Volume Trends

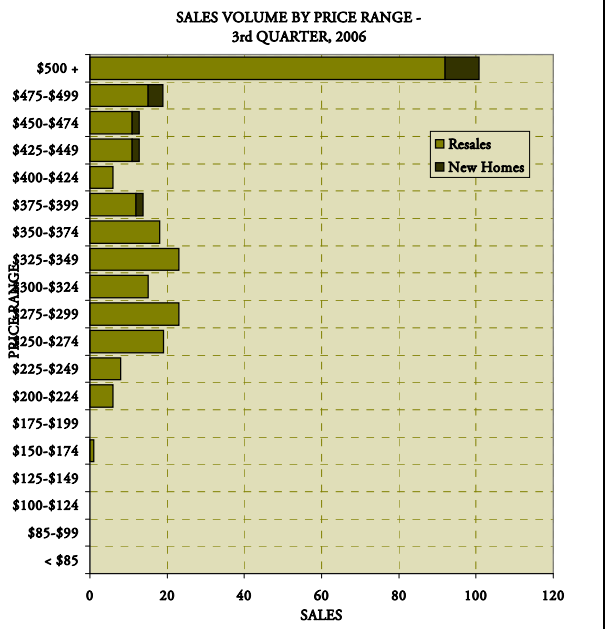
Quarter	Sales Volume New	Sales Volume Resale	Rate of Change New	Rate of Change Resale
4Q03	4	266	-60%	-14%
1Q04	17	198	325%	-26%
2Q04	29	365	71%	84%
3Q04	20	342	-31%	-6%
4Q04	15	312	-25%	-9%
1Q05	23	249	53%	-20%
2Q05	19	381	-17%	53%
3Q05	12	351	-37%	-8%
4Q05	23	288	92%	-18%
1Q06	11	200	-52%	-31%
2Q06	23	290	109%	45%
3Q06	19	260	-17%	-10%

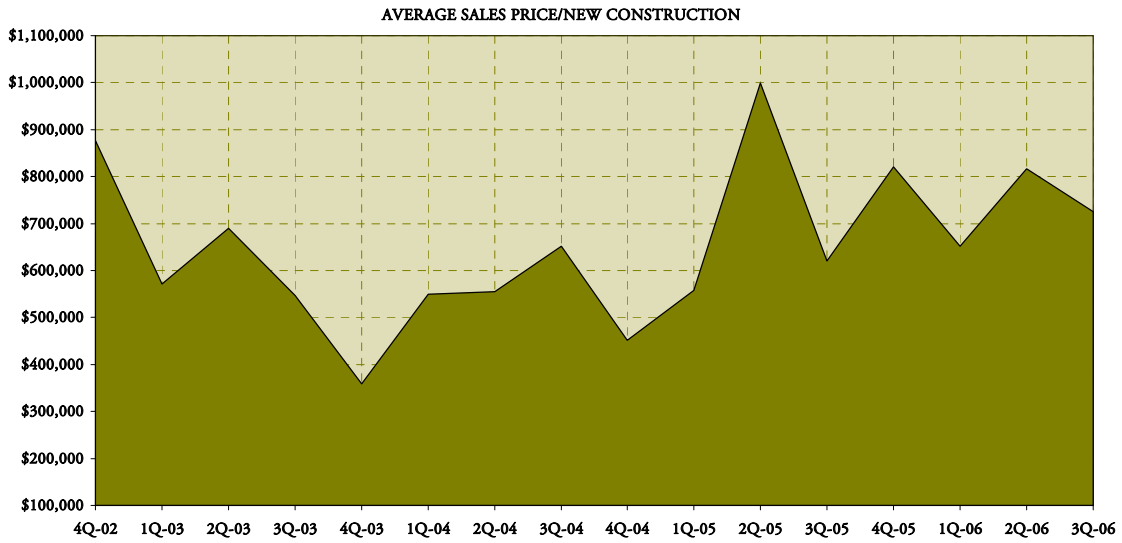


Single Family Home Sales

Price Range	3Q-06 New	3Q-06 Resales	YTD Total Sales New	YTD Total Sales Resales
Under $85,000	0	0	0	1
$85,000 - $99,999	0	0	0	5
$100,000 - $124,999	0	0	0	14
$125,000 - $149,999	0	0	0	40
$150,000 - $174,999	0	1	0	137
$175,000 - $199,999	0	0	0	286
$200,000 - $224,999	0	6	3	286
$225,000 - $249,999	0	8	7	428
$250,000 - $274,999	0	19	4	332
$275,000 - $299,999	0	23	8	337
$300,000 - $324,999	0	15	12	244
$325,000 - $349,999	0	23	16	257
$350,000 - $374,999	0	18	18	219
$375,000 - $399,999	2	12	20	205
$400,000 - $424,999	0	6	18	133
$425,000 - $449,999	2	11	15	146
$450,000 - $474,999	2	11	15	126
$475,000 - $499,999	4	15	9	131
$500,000 & Over	9	92	110	1,017
Total	19	260	255	4,344

		$/S.F.
Average Sales Price (All Sales)	$629,834	$218
Average Sales Price (New Construction)	$724,760	$219





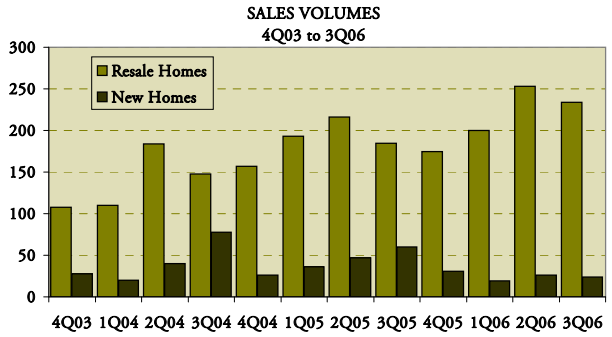
SOURCE: RMLS & Johnson Gardner LLC

EXHIBIT 3.11

ATTACHED HOME SALES TRENDS
INNER WESTSIDE PORTLAND
Third Quarter, 2006

Sales Volume Trends

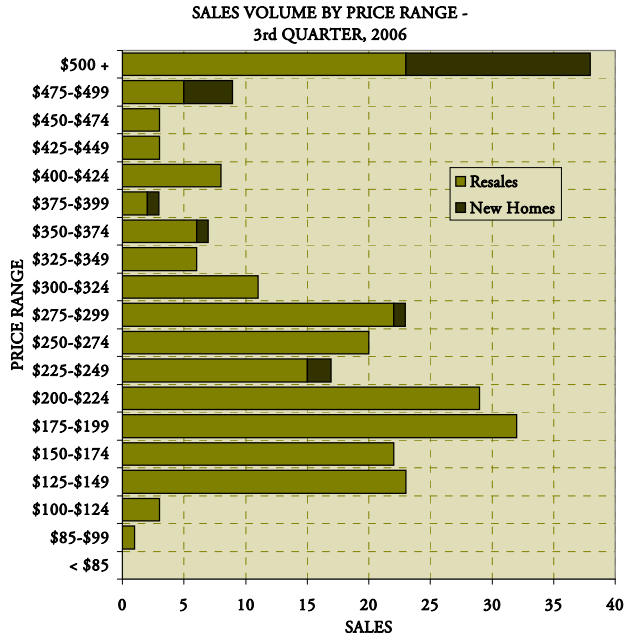
Quarter	Sales Volume New	Sales Volume Resale	Rate of Change New	Rate of Change Resale
4Q03	28	108	180%	-14%
1Q04	20	110	-29%	2%
2Q04	40	184	100%	67%
3Q04	78	148	95%	-20%
4Q04	26	157	-67%	6%
1Q05	36	193	38%	23%
2Q05	47	216	31%	12%
3Q05	60	185	28%	-14%
4Q05	31	175	-48%	-5%
1Q06	19	200	-39%	14%
2Q06	26	253	-39%	14%
3Q06	24	234	-39%	14%

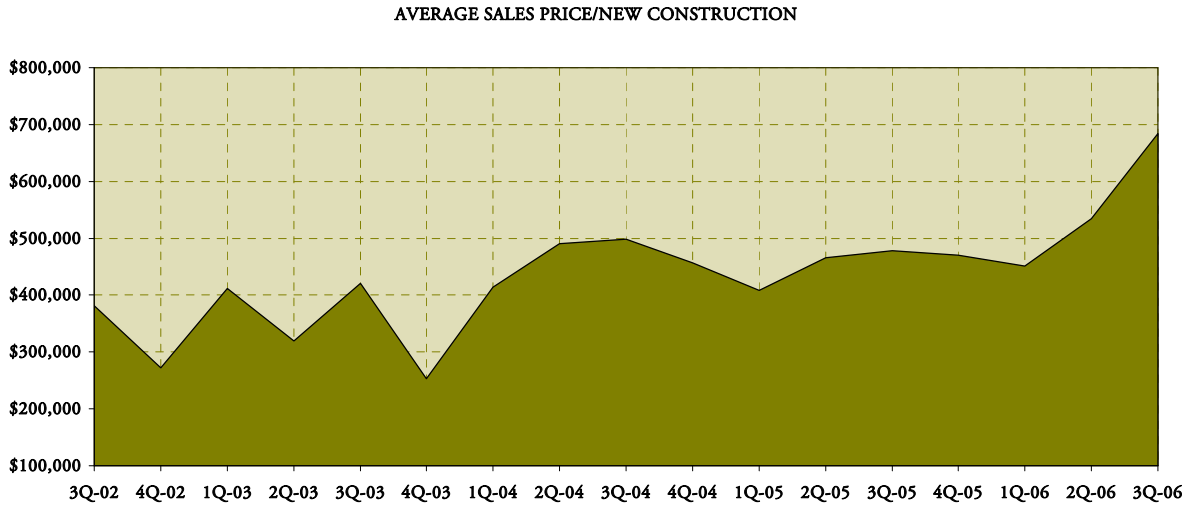


Attached Home Sales

Price Range	3Q-06 New	3Q-06 Resales	YTD Total Sales New	YTD Total Sales Resales
Under $85,000	0	0	0	19
$85,000 - $99,999	0	1	0	31
$100,000 - $124,999	0	3	0	115
$125,000 - $149,999	0	23	10	219
$150,000 - $174,999	0	22	12	185
$175,000 - $199,999	0	32	7	249
$200,000 - $224,999	0	29	24	238
$225,000 - $249,999	2	15	25	203
$250,000 - $274,999	0	20	30	183
$275,000 - $299,999	1	22	40	212
$300,000 - $324,999	0	11	36	134
$325,000 - $349,999	0	6	41	116
$350,000 - $374,999	1	6	39	102
$375,000 - $399,999	1	2	29	97
$400,000 - $424,999	0	8	6	73
$425,000 - $449,999	0	3	14	55
$450,000 - $474,999	0	3	18	42
$475,000 - $499,999	4	5	33	58
$500,000 & Over	15	23	105	236
Total	24	234	469	2,567

		$/S.F.
Average Sales Price (All Sales)	$381,441	$334
Average Sales Price (New Construction)	$684,126	$377





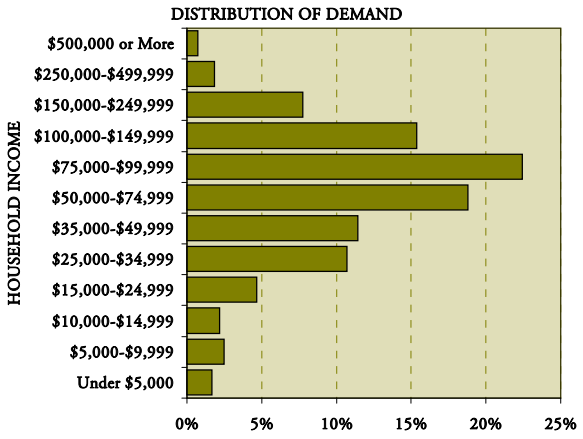
SOURCE: RMLS & Johnson Gardner LLC

EXHIBIT 3.12

PROJECTED DEMAND FOR OWNERSHIP HOUSING
INNER WESTSIDE PORTLAND
Fourth Quarter, 2006 through Third Quarter, 2007

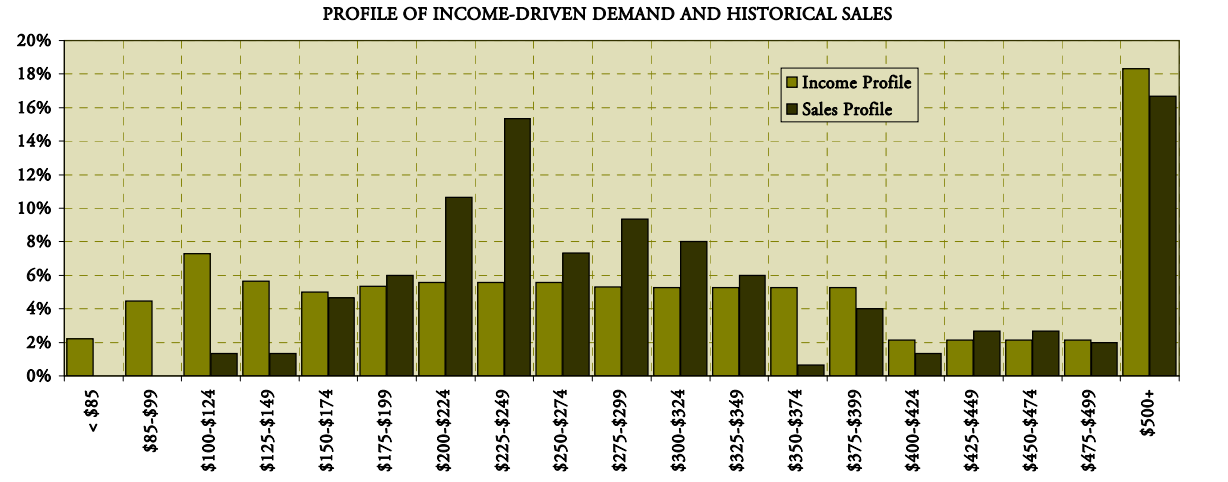
Profile of Demand by Household Income

Household Income	Net Growth	Turnover Demand	Demand Profile Total	Demand Profile %
Under $5,000	6	229	235	1.7%
$5,000-$9,999	8	344	353	2.5%
$10,000-$14,999	7	299	307	2.2%
$15,000-$24,999	16	645	661	4.7%
$25,000-$34,999	36	1,479	1,515	10.7%
$35,000-$49,999	39	1,579	1,618	11.4%
$50,000-$74,999	63	2,596	2,660	18.8%
$75,000-$99,999	76	3,100	3,176	22.4%
$100,000-$149,999	52	2,126	2,178	15.4%
$150,000-$249,999	26	1,071	1,097	7.7%
$250,000-$499,999	6	253	259	1.8%
$500,000 or More	2	100	103	0.7%
Total	338	13,822	14,160	100.0%



Projected Demand for New Housing by Price Range

Price Range ($000s)	Previous Volume Detached	Previous Volume Attached	Previous Volume Total	Projected Volume Detached	Projected Volume Attached	Projected Volume Total	% Change from Previous Year Detached	% Change from Previous Year Attached	% Change from Previous Year Total
< $85	0	0	0	2	0	2	---	---	---
$85-$99	0	0	0	4	0	4	---	---	---
$100-$124	0	2	2	0	10	10	---	400%	377%
$125-$149	0	2	2	0	8	8	---	300%	308%
$150-$174	1	6	7	2	14	16	102%	133%	129%
$175-$199	1	8	9	2	18	20	71%	125%	119%
$200-$224	3	13	16	6	26	32	91%	100%	98%
$225-$249	5	18	23	10	34	44	91%	89%	89%
$250-$274	7	4	11	15	8	23	118%	100%	112%
$275-$299	5	9	14	10	18	28	102%	100%	101%
$300-$324	6	6	12	13	12	25	112%	100%	106%
$325-$349	3	6	9	7	13	20	121%	117%	118%
$350-$374	0	1	1	0	6	6	---	500%	514%
$375-$399	1	5	6	3	12	15	157%	140%	143%
$400-$424	1	1	2	2	3	5	119%	200%	159%
$425-$449	2	2	4	5	4	9	128%	100%	114%
$450-$474	2	2	4	5	4	9	128%	100%	114%
$475-$499	2	1	3	5	2	7	144%	100%	129%
$500+	9	16	25	21	37	58	129%	131%	131%
Total	48	102	150	109	229	338	126%	125%	125%



1/ Based upon sales volume over the previous twelve months and demand projections for the next twelve months.

SOURCE: RMLS & Johnson Gardner LLC

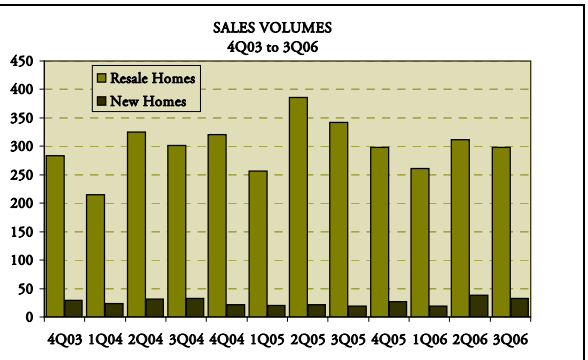
NORTH PORTLAND

EXHIBIT 3.13

SINGLE FAMILY HOME SALES TRENDS
NORTH PORTLAND
Third Quarter, 2006

Sales Volume Trends

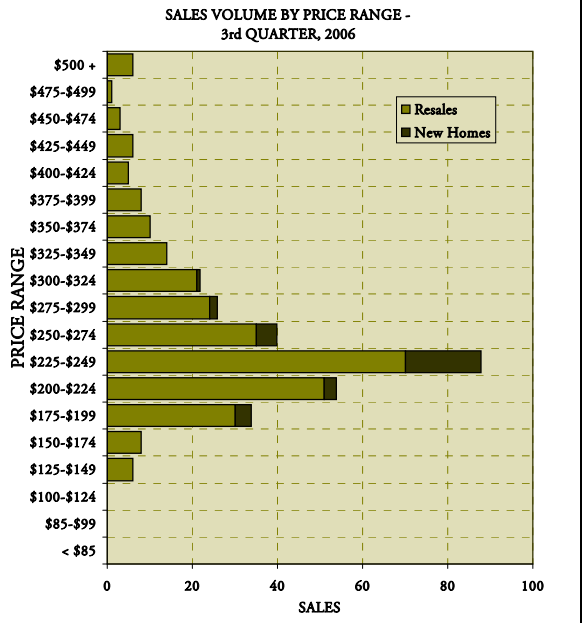
Quarter	Sales Volume New	Sales Volume Resale	Rate of Change New	Rate of Change Resale
4Q03	29	283	71%	1%
1Q04	24	215	-17%	-24%
2Q04	31	325	29%	51%
3Q04	33	302	6%	-7%
4Q04	21	321	-36%	6%
1Q05	20	257	-5%	-20%
2Q05	21	386	5%	50%
3Q05	19	342	-10%	-11%
4Q05	27	298	42%	-13%
1Q06	19	261	-30%	-12%
2Q06	38	312	100%	20%
3Q06	33	298	-13%	-4%

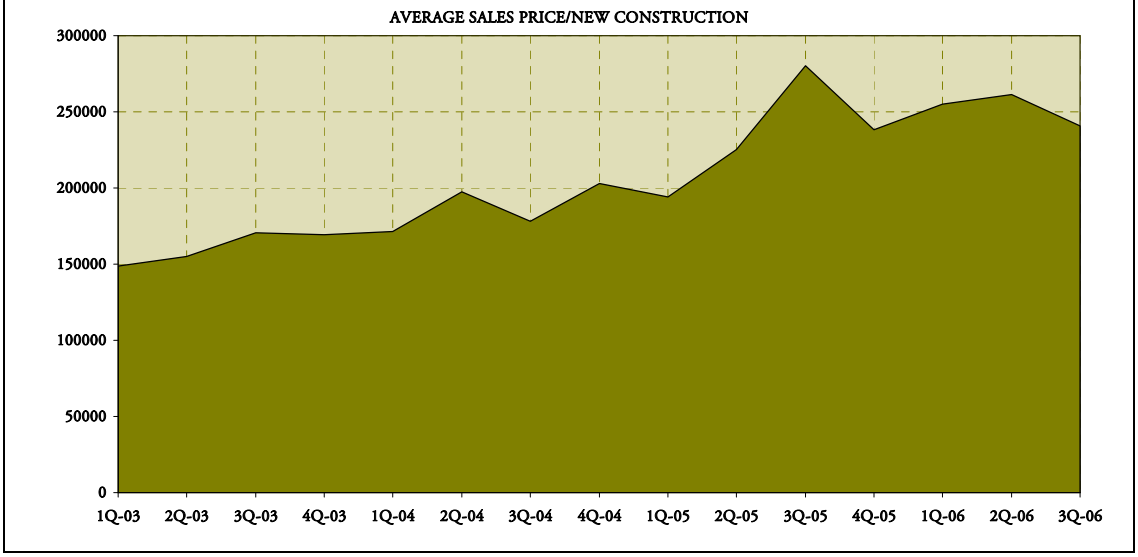


Single Family Home Sales

Price Range	3Q-06 New	3Q-06 Resales	YTD Total Sales New	YTD Total Sales Resales
Under $85,000	0	0	0	33
$85,000 - $99,999	0	0	0	63
$100,000 - $124,999	0	0	4	282
$125,000 - $149,999	0	6	58	669
$150,000 - $174,999	0	8	93	841
$175,000 - $199,999	4	30	54	779
$200,000 - $224,999	3	51	49	559
$225,000 - $249,999	18	70	65	485
$250,000 - $274,999	5	35	27	305
$275,000 - $299,999	2	24	10	219
$300,000 - $324,999	1	21	3	113
$325,000 - $349,999	0	14	4	87
$350,000 - $374,999	0	10	4	62
$375,000 - $399,999	0	8	1	29
$400,000 - $424,999	0	5	1	17
$425,000 - $449,999	0	6	0	18
$450,000 - $474,999	0	3	1	10
$475,000 - $499,999	0	1	0	5
$500,000 & Over	0	6	3	22
Total	**33**	**298**	**377**	**4,598**

		$/S.F.
Average Sales Price (All Sales)	$293,537	$166
Average Sales Price (New Construction)	$240,776	$156





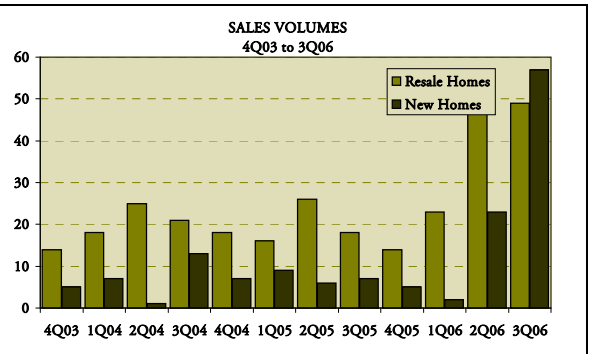
SOURCE: RMLS & Johnson Gardner LLC

EXHIBIT 3.14

ATTACHED HOME SALES TRENDS
NORTH PORTLAND
Third Quarter, 2006

Sales Volume Trends

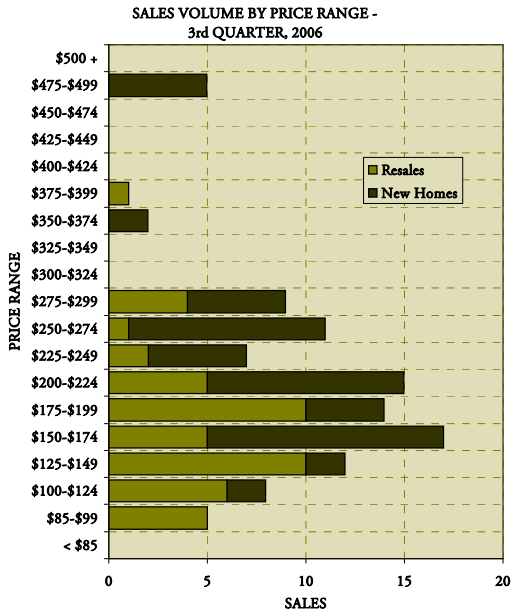
Quarter	Sales Volume New	Sales Volume Resale	Rate of Change New	Rate of Change Resale
4Q03	5	14	400%	-18%
1Q04	7	18	40%	29%
2Q04	1	25	-86%	39%
3Q04	13	21	1200%	-16%
4Q04	7	18	-46%	-14%
1Q05	9	16	29%	-11%
2Q05	6	26	-33%	63%
3Q05	7	18	17%	-31%
4Q05	5	14	-29%	-22%
1Q06	2	23	-60%	64%
2Q06	23	52	-60%	64%
3Q06	57	49	-60%	64%

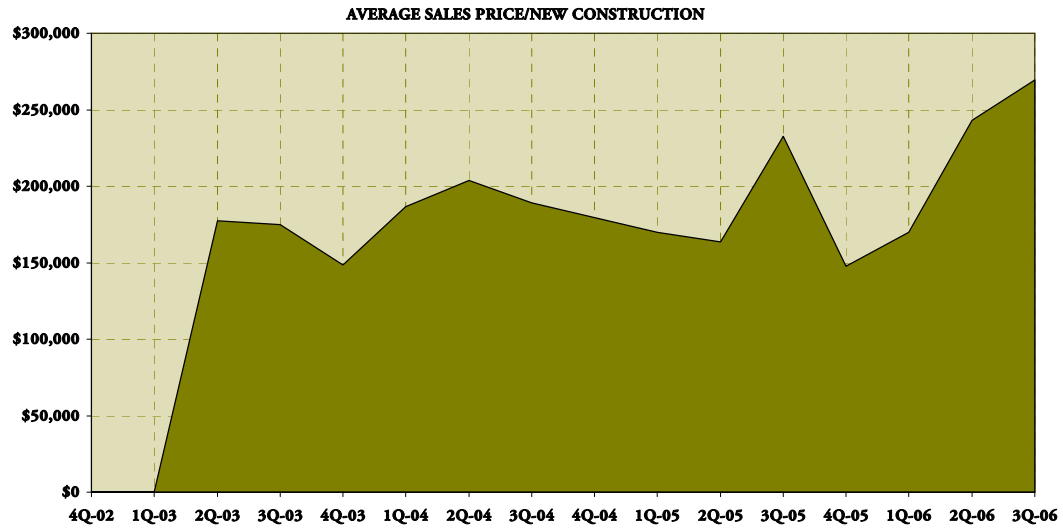


Attached Home Sales

Price Range	3Q-06 New	3Q-06 Resales	YTD Total Sales New	YTD Total Sales Resales
Under $85,000	0	0	0	9
$85,000 - $99,999	0	5	0	9
$100,000 - $124,999	2	6	8	63
$125,000 - $149,999	2	10	19	78
$150,000 - $174,999	12	5	32	47
$175,000 - $199,999	4	10	23	36
$200,000 - $224,999	10	5	16	19
$225,000 - $249,999	5	2	10	23
$250,000 - $274,999	10	1	20	14
$275,000 - $299,999	5	4	5	12
$300,000 - $324,999	0	0	0	1
$325,000 - $349,999	0	0	2	4
$350,000 - $374,999	2	0	3	3
$375,000 - $399,999	0	1	0	5
$400,000 - $424,999	0	0	0	3
$425,000 - $449,999	0	0	0	5
$450,000 - $474,999	0	0	0	0
$475,000 - $499,999	5	0	6	0
$500,000 & Over	0	0	0	0
Total	57	49	144	331

		$/S.F.
Average Sales Price (All Sales)	$196,082	$187
Average Sales Price (New Construction)	$269,468	$193





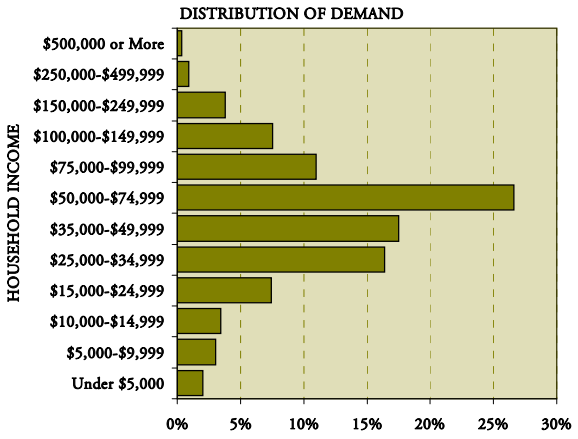
SOURCE: RMLS & Johnson Gardner LLC

EXHIBIT 3.15

PROJECTED DEMAND FOR OWNERSHIP HOUSING
NORTH PORTLAND
Fourth Quarter, 2006 through Third Quarter, 2007

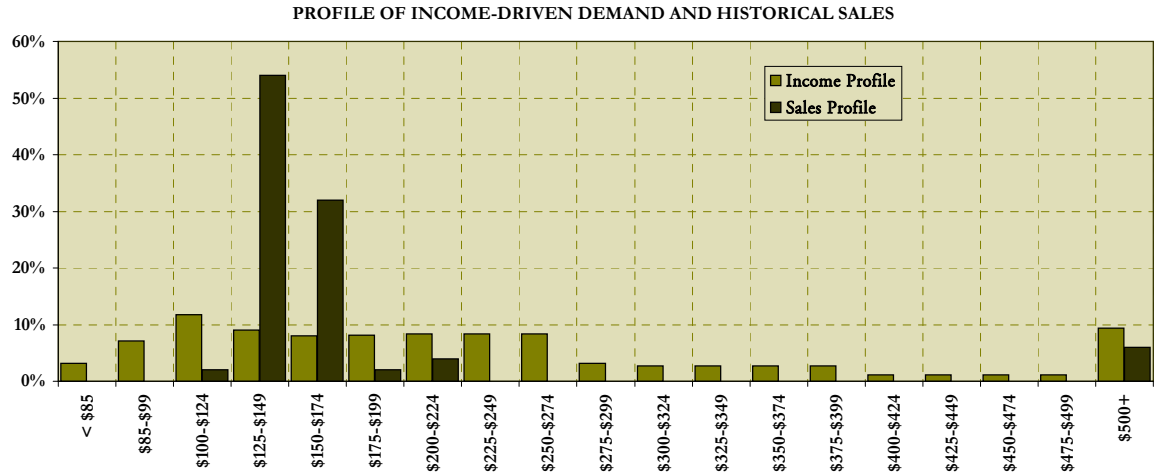
Profile of Demand by Household Income

Household Income	Net Growth	Turnover Demand	Demand Profile Total	Demand Profile %
Under $5,000	5	199	204	2.0%
$5,000-$9,999	7	299	306	3.0%
$10,000-$14,999	8	340	348	3.4%
$15,000-$24,999	18	732	750	7.4%
$25,000-$34,999	39	1,614	1,653	16.4%
$35,000-$49,999	42	1,725	1,767	17.5%
$50,000-$74,999	64	2,625	2,689	26.6%
$75,000-$99,999	26	1,084	1,110	11.0%
$100,000-$149,999	18	743	761	7.5%
$150,000-$249,999	9	374	383	3.8%
$250,000-$499,999	2	88	91	0.9%
$500,000 or More	1	35	36	0.4%
Total	241	9,858	10,099	100.0%



Projected Demand for New Housing by Price Range

Price Range ($000s)	Previous Volume Detached	Previous Volume Attached	Previous Volume Total	Projected Volume Detached	Projected Volume Attached	Projected Volume Total	% Change from Previous Year Detached	% Change from Previous Year Attached	% Change from Previous Year Total
< $85	0	0	0	2	0	2	---	---	---
$85-$99	0	0	0	4	0	4	---	---	---
$100-$124	1	0	1	11	0	11	966%	---	966%
$125-$149	24	3	27	92	11	103	283%	267%	281%
$150-$174	16	0	16	63	0	63	291%	---	291%
$175-$199	1	0	1	9	0	9	754%	---	754%
$200-$224	0	2	2	0	12	12	---	500%	511%
$225-$249	0	0	0	5	0	5	---	---	---
$250-$274	0	0	0	5	0	5	---	---	---
$275-$299	0	0	0	2	0	2	---	---	---
$300-$324	0	0	0	2	0	2	---	---	---
$325-$349	0	0	0	2	0	2	---	---	---
$350-$374	0	0	0	2	0	2	---	---	---
$375-$399	0	0	0	2	0	2	---	---	---
$400-$424	0	0	0	1	0	1	---	---	---
$425-$449	0	0	0	1	0	1	---	---	---
$450-$474	0	0	0	1	0	1	---	---	---
$475-$499	0	0	0	1	0	1	---	---	---
$500+	3	0	3	16	0	16	450%	---	450%
Total	45	5	50	218	23	241	384%	360%	381%



1/ Based upon sales volume over the previous twelve months and demand projections for the next twelve months.

SOURCE: RMLS & Johnson Gardner LLC

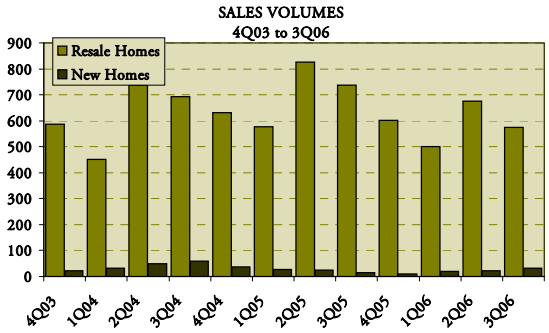
NORTHEAST PORTLAND

EXHIBIT 3.16

SINGLE FAMILY HOME SALES TRENDS
NORTHEAST PORTLAND
Third Quarter, 2006

Sales Volume Trends

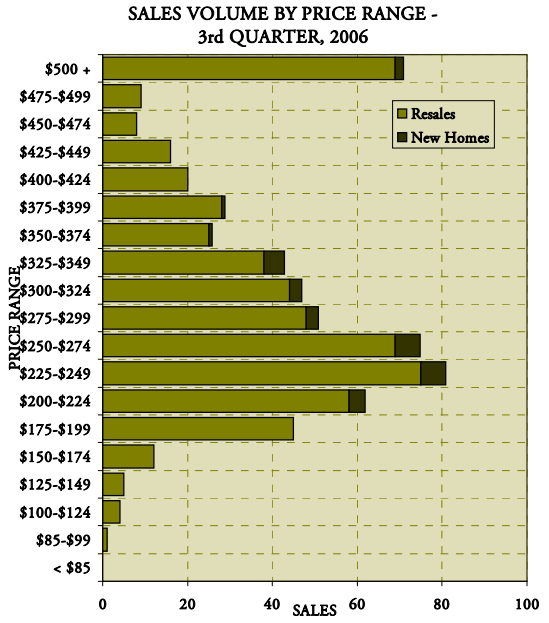
Quarter	Sales Volume New	Sales Volume Resale	Rate of Change New	Rate of Change Resale
4Q03	21	586	-34%	-15%
1Q04	31	451	48%	-23%
2Q04	50	738	61%	64%
3Q04	58	694	16%	-6%
4Q04	36	632	-38%	-9%
1Q05	27	577	-25%	-9%
2Q05	24	827	-11%	43%
3Q05	15	738	-38%	-11%
4Q05	9	601	-40%	-19%
1Q06	20	500	122%	-17%
2Q06	23	675	15%	35%
3Q06	31	574	35%	-15%

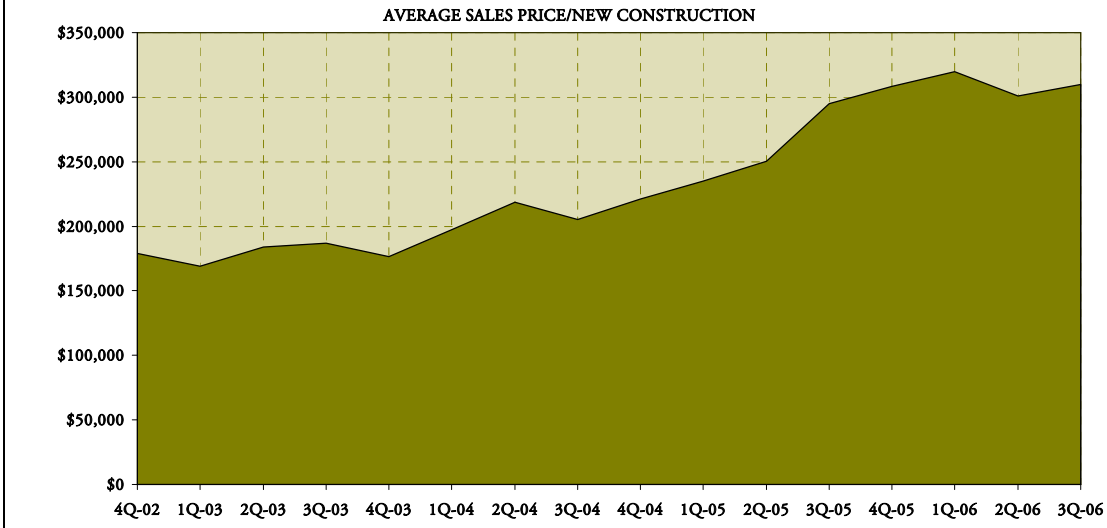


Single Family Home Sales

Price Range	3Q-06 New	3Q-06 Resales	YTD Total Sales New	YTD Total Sales Resales
Under $85,000	0	0	0	63
$85,000 - $99,999	0	1	0	65
$100,000 - $124,999	0	4	2	327
$125,000 - $149,999	0	5	6	840
$150,000 - $174,999	0	12	111	1,174
$175,000 - $199,999	0	45	105	1,226
$200,000 - $224,999	4	58	42	1,066
$225,000 - $249,999	6	75	63	1,055
$250,000 - $274,999	6	69	25	798
$275,000 - $299,999	3	48	18	683
$300,000 - $324,999	3	44	17	500
$325,000 - $349,999	5	38	13	417
$350,000 - $374,999	1	25	4	322
$375,000 - $399,999	1	28	4	281
$400,000 - $424,999	0	20	5	170
$425,000 - $449,999	0	16	5	177
$450,000 - $474,999	0	8	0	115
$475,000 - $499,999	0	9	2	95
$500,000 & Over	2	69	5	571
Total	31	574	427	9,945

		$/S.F.
Average Sales Price (All Sales)	$365,184	$170
Average Sales Price (New Construction)	$309,826	$174





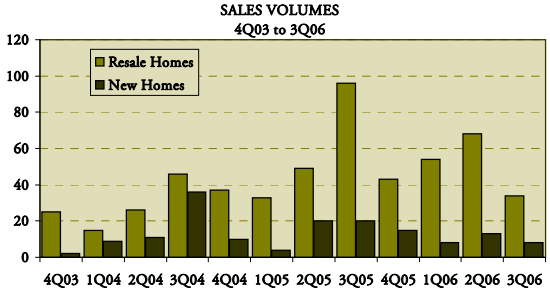
SOURCE: RMLS & Johnson Gardner LLC

EXHIBIT 3.17

ATTACHED HOME SALES TRENDS
NORTHEAST PORTLAND
Third Quarter, 2006

Sales Volume Trends

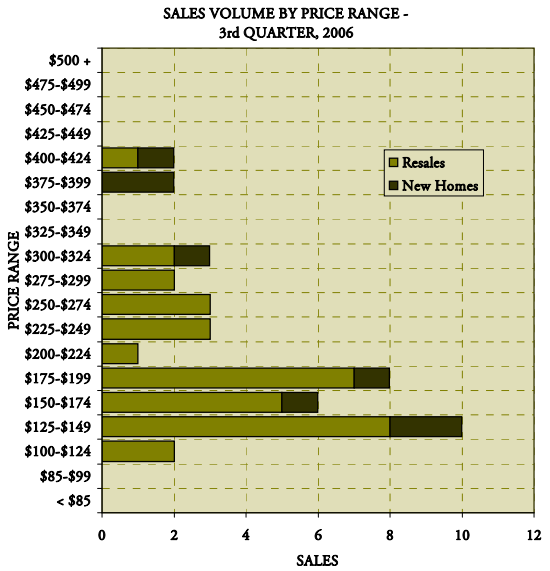
Quarter	Sales Volume New	Sales Volume Resale	Rate of Change New	Rate of Change Resale
4Q03	2	25	0%	9%
1Q04	9	15	350%	-40%
2Q04	11	26	22%	73%
3Q04	36	46	227%	77%
4Q04	10	37	-72%	-20%
1Q05	4	33	-60%	-11%
2Q05	20	49	400%	48%
3Q05	20	96	0%	96%
4Q05	15	43	-25%	-55%
1Q06	8	54	-47%	26%
2Q06	13	68	-47%	26%
3Q06	8	34	-47%	26%

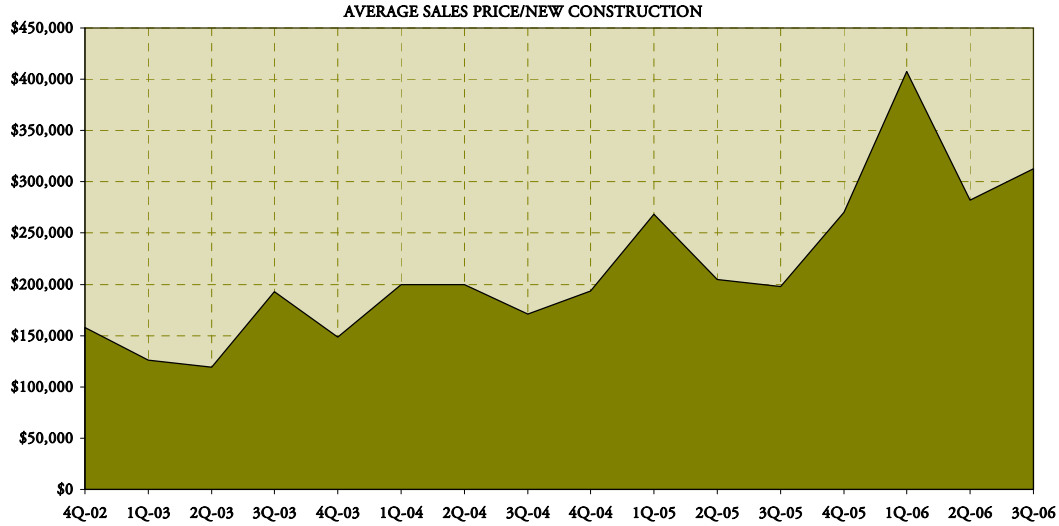


Attached Home Sales

Price Range	3Q-06 New	3Q-06 Resales	YTD Total Sales New	YTD Total Sales Resales
Under $85,000	0	0	1	15
$85,000 - $99,999	0	0	15	20
$100,000 - $124,999	0	2	5	59
$125,000 - $149,999	2	8	19	86
$150,000 - $174,999	1	5	39	84
$175,000 - $199,999	1	7	15	97
$200,000 - $224,999	0	1	12	51
$225,000 - $249,999	0	3	19	58
$250,000 - $274,999	0	3	7	34
$275,000 - $299,999	0	2	5	29
$300,000 - $324,999	1	2	5	13
$325,000 - $349,999	0	0	3	15
$350,000 - $374,999	0	0	4	12
$375,000 - $399,999	2	0	5	6
$400,000 - $424,999	1	1	2	4
$425,000 - $449,999	0	0	3	6
$450,000 - $474,999	0	0	0	4
$475,000 - $499,999	0	0	0	2
$500,000 & Over	0	0	2	6
Total	8	34	161	601

		$/S.F.
Average Sales Price (All Sales)	$210,293	$212
Average Sales Price (New Construction)	$312,723	$264





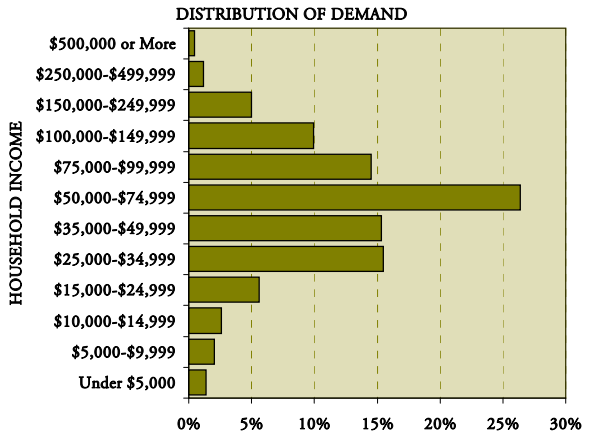
SOURCE: RMLS & Johnson Gardner LLC

EXHIBIT 3.18

PROJECTED DEMAND FOR OWNERSHIP HOUSING
NORTHEAST PORTLAND
Fourth Quarter, 2006 through Third Quarter, 2007

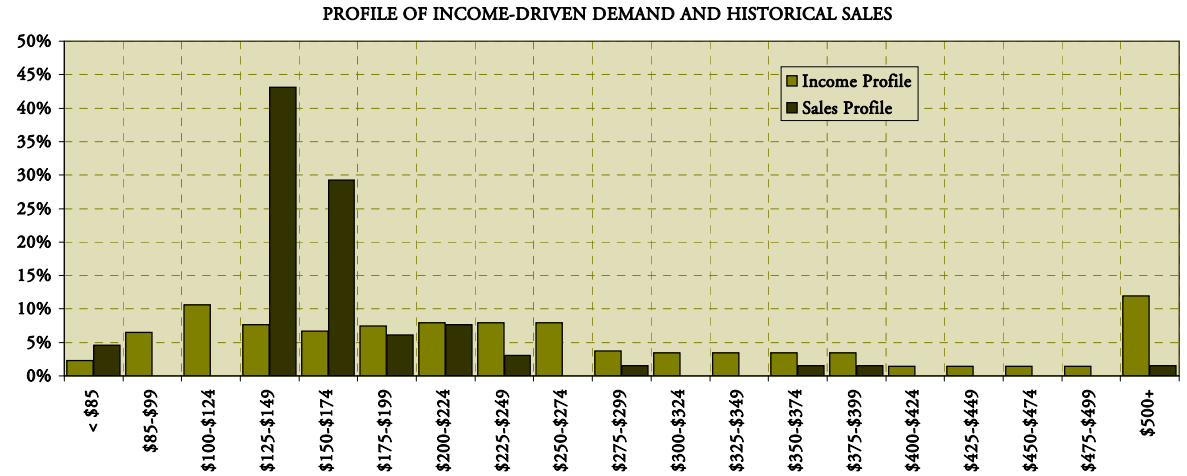
Profile of Demand by Household Income

Household Income	Net Growth	Turnover Demand	Demand Profile Total	Demand Profile %
Under $5,000	5	26	30	1.4%
$5,000-$9,999	7	39	46	2.1%
$10,000-$14,999	9	49	58	2.6%
$15,000-$24,999	18	106	125	5.6%
$25,000-$34,999	51	292	343	15.5%
$35,000-$49,999	50	290	340	15.3%
$50,000-$74,999	87	499	586	26.4%
$75,000-$99,999	48	274	322	14.5%
$100,000-$149,999	33	188	221	9.9%
$150,000-$249,999	16	95	111	5.0%
$250,000-$499,999	4	22	26	1.2%
$500,000 or More	2	9	10	0.5%
Total	328	1,890	2,218	100.0%



Projected Demand for New Housing by Price Range

Price Range ($000s)	Previous Volume Detached	Previous Volume Attached	Previous Volume Total	Projected Volume Detached	Projected Volume Attached	Projected Volume Total	% Change from Previous Year Detached	% Change from Previous Year Attached	% Change from Previous Year Total
< $85	0	3	3	0	13	13	---	333%	342%
$85-$99	0	0	0	5	0	5	---	---	---
$100-$124	0	0	0	9	0	9	---	---	---
$125-$149	23	5	28	92	20	112	301%	300%	301%
$150-$174	19	0	19	77	0	77	308%	---	308%
$175-$199	4	0	4	21	0	21	431%	---	431%
$200-$224	2	3	5	10	15	25	421%	400%	408%
$225-$249	2	0	2	14	0	14	603%	---	603%
$250-$274	0	0	0	6	0	6	---	---	---
$275-$299	1	0	1	7	0	7	587%	---	587%
$300-$324	0	0	0	3	0	3	---	---	---
$325-$349	0	0	0	3	0	3	---	---	---
$350-$374	1	0	1	7	0	7	560%	---	560%
$375-$399	1	0	1	7	0	7	560%	---	560%
$400-$424	0	0	0	1	0	1	---	---	---
$425-$449	0	0	0	1	0	1	---	---	---
$450-$474	0	0	0	1	0	1	---	---	---
$475-$499	0	0	0	1	0	1	---	---	---
$500+	1	0	1	14	0	14	1,256%	---	1,256%
Total	54	11	65	280	48	328	419%	336%	405%



1/ Based upon sales volume over the previous twelve months and demand projections for the next twelve months.

SOURCE: RMLS & Johnson Gardner LLC

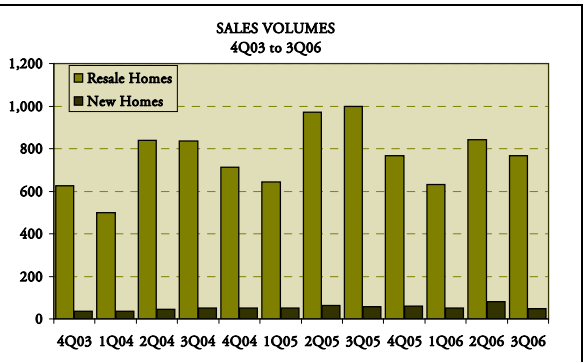
SOUTHEAST PORTLAND

EXHIBIT 3.19

SINGLE FAMILY HOME SALES TRENDS
SOUTHEAST PORTLAND
Third Quarter, 2006

Sales Volume Trends

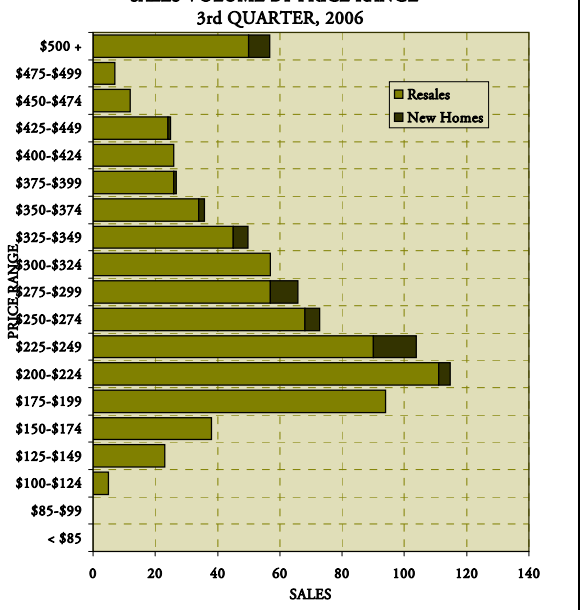
Quarter	Sales Volume New	Sales Volume Resale	Rate of Change New	Rate of Change Resale
4Q03	36	626	-10%	-22%
1Q04	35	498	-3%	-20%
2Q04	45	838	29%	68%
3Q04	51	836	13%	0%
4Q04	51	714	0%	-15%
1Q05	50	643	-2%	-10%
2Q05	63	970	26%	51%
3Q05	56	998	-11%	3%
4Q05	59	768	5%	-23%
1Q06	50	633	-15%	-18%
2Q06	81	841	62%	33%
3Q06	48	767	-41%	-9%

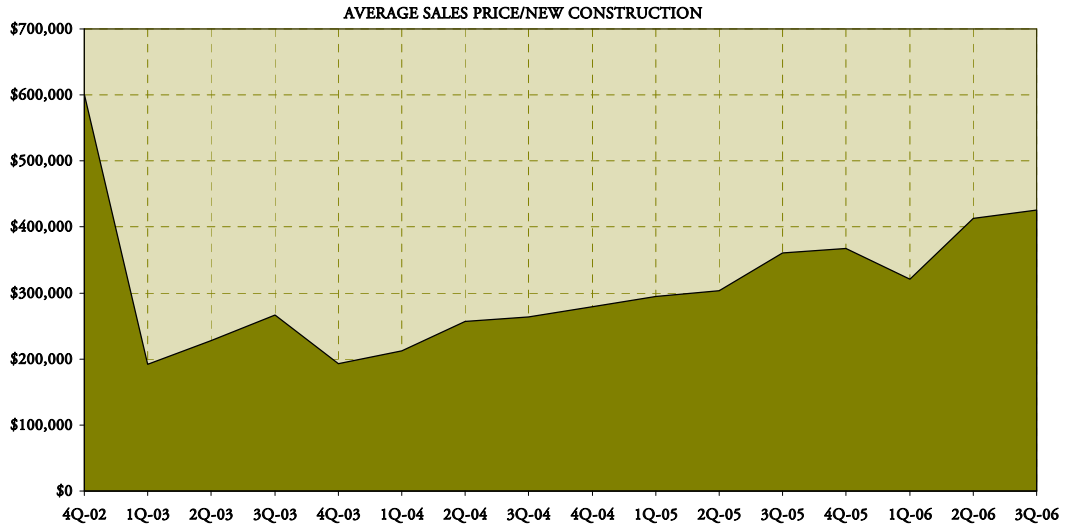


Single Family Home Sales

Price Range	3Q-06 New	3Q-06 Resales	YTD Total Sales New	YTD Total Sales Resales
Under $85,000	0	0	7	119
$85,000 - $99,999	0	0	10	142
$100,000 - $124,999	0	5	54	717
$125,000 - $149,999	0	23	162	1,537
$150,000 - $174,999	0	38	295	1,730
$175,000 - $199,999	0	94	235	1,610
$200,000 - $224,999	4	111	166	1,187
$225,000 - $249,999	14	90	151	992
$250,000 - $274,999	5	68	99	794
$275,000 - $299,999	9	57	100	665
$300,000 - $324,999	0	57	45	505
$325,000 - $349,999	5	45	41	384
$350,000 - $374,999	2	34	42	322
$375,000 - $399,999	1	26	32	232
$400,000 - $424,999	0	26	13	171
$425,000 - $449,999	1	24	17	167
$450,000 - $474,999	0	12	8	115
$475,000 - $499,999	0	7	11	77
$500,000 & Over	7	50	78	411
Total	48	767	1,566	11,877

		$/S.F.
Average Sales Price (All Sales)	$334,393	$172
Average Sales Price (New Construction)	$425,684	$168





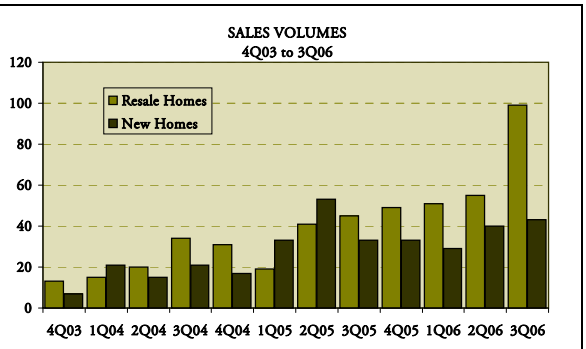
SOURCE: RMLS & Johnson Gardner LLC

EXHIBIT 3.20

ATTACHED HOME SALES TRENDS
SOUTHEAST PORTLAND
Third Quarter, 2006

Sales Volume Trends

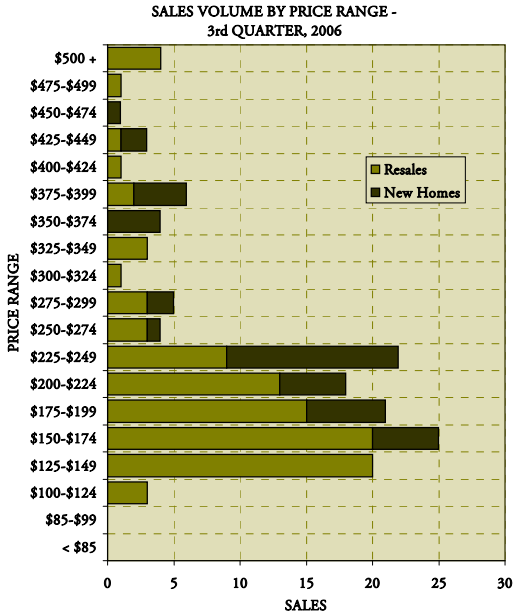
Quarter	Sales Volume New	Sales Volume Resale	Rate of Change New	Rate of Change Resale
4Q03	7	13	0%	-52%
1Q04	21	15	200%	15%
2Q04	15	20	-29%	33%
3Q04	21	34	40%	70%
4Q04	17	31	-19%	-9%
1Q05	33	19	94%	-39%
2Q05	53	41	61%	116%
3Q05	33	45	-38%	10%
4Q05	33	49	0%	9%
1Q06	29	51	-12%	4%
2Q06	40	55	-12%	4%
3Q06	43	99	-12%	4%

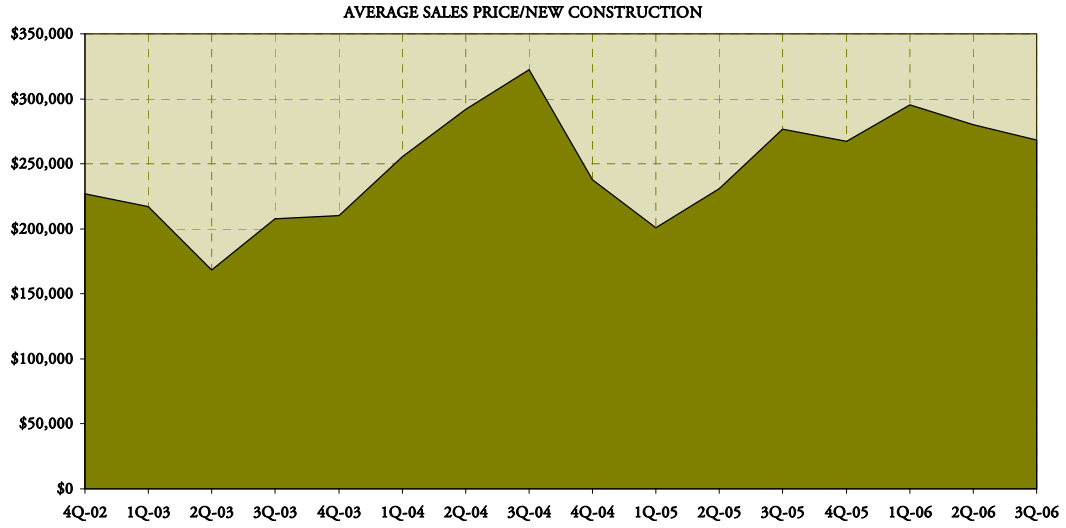


Attached Home Sales

Price Range	3Q-06 New	3Q-06 Resales	YTD Total Sales New	YTD Total Sales Resales
Under $85,000	0	0	0	9
$85,000 - $99,999	0	0	0	18
$100,000 - $124,999	0	3	3	39
$125,000 - $149,999	0	20	38	73
$150,000 - $174,999	5	20	48	102
$175,000 - $199,999	6	15	40	69
$200,000 - $224,999	5	13	21	49
$225,000 - $249,999	13	9	56	41
$250,000 - $274,999	1	3	43	26
$275,000 - $299,999	2	3	25	28
$300,000 - $324,999	0	1	26	20
$325,000 - $349,999	0	3	16	13
$350,000 - $374,999	4	0	18	7
$375,000 - $399,999	4	2	14	7
$400,000 - $424,999	0	1	2	1
$425,000 - $449,999	2	1	5	6
$450,000 - $474,999	1	0	1	1
$475,000 - $499,999	0	1	9	4
$500,000 & Over	0	4	1	17
Total	43	99	366	530

		$/S.F.
Average Sales Price (All Sales)	$268,500	$223
Average Sales Price (New Construction)	$268,189	$200





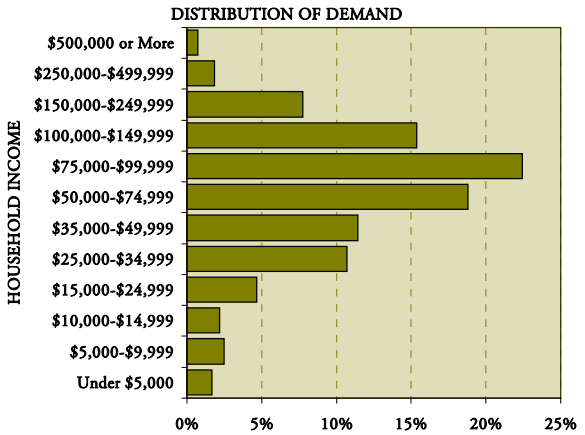
SOURCE: RMLS & Johnson Gardner LLC

EXHIBIT 3.21

PROJECTED DEMAND FOR OWNERSHIP HOUSING
SOUTHEAST PORTLAND
Fourth Quarter, 2006 through Third Quarter, 2007

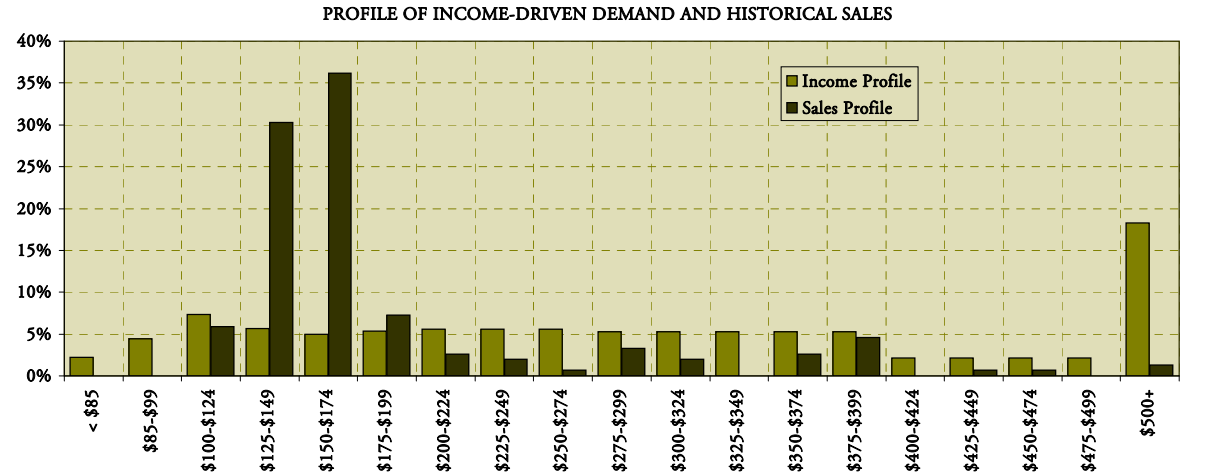
Profile of Demand by Household Income

Household Income	Net Growth	Turnover Demand	Demand Profile Total	Demand Profile %
Under $5,000	10	38	48	1.7%
$5,000-$9,999	15	57	72	2.5%
$10,000-$14,999	13	50	62	2.2%
$15,000-$24,999	27	107	134	4.7%
$25,000-$34,999	62	246	308	10.7%
$35,000-$49,999	67	262	329	11.4%
$50,000-$74,999	110	431	541	18.8%
$75,000-$99,999	131	515	646	22.4%
$100,000-$149,999	90	353	443	15.4%
$150,000-$249,999	45	178	223	7.7%
$250,000-$499,999	11	42	53	1.8%
$500,000 or More	4	17	21	0.7%
Total	584	2,295	2,879	100.0%



Projected Demand for New Housing by Price Range

Price Range ($000s)	Previous Volume Detached	Previous Volume Attached	Previous Volume Total	Projected Volume Detached	Projected Volume Attached	Projected Volume Total	% Change from Previous Year Detached	% Change from Previous Year Attached	% Change from Previous Year Total
< $85	0	0	0	3	0	3	---	---	---
$85-$99	0	0	0	6	0	6	---	---	---
$100-$124	1	8	9	4	33	37	257%	313%	306%
$125-$149	32	14	46	98	43	141	205%	207%	206%
$150-$174	50	5	55	151	15	166	201%	200%	201%
$175-$199	6	5	11	21	18	39	258%	260%	259%
$200-$224	0	4	4	0	20	20	---	400%	392%
$225-$249	0	3	3	0	17	17	---	467%	460%
$250-$274	0	1	1	0	11	11	---	1,000%	1,004%
$275-$299	3	2	5	13	9	22	337%	350%	342%
$300-$324	0	3	3	0	16	16	---	433%	444%
$325-$349	0	0	0	8	0	8	---	---	---
$350-$374	2	2	4	9	10	19	360%	400%	380%
$375-$399	7	0	7	28	0	28	298%	---	298%
$400-$424	0	0	0	3	0	3	---	---	---
$425-$449	1	0	1	6	0	6	501%	---	501%
$450-$474	1	0	1	6	0	6	501%	---	501%
$475-$499	0	0	0	3	0	3	---	---	---
$500+	2	0	2	32	0	32	1,523%	---	1,523%
Total	105	47	152		192	584	---	309%	284%



1/ Based upon sales volume over the previous twelve months and demand projections for the next twelve months.

SOURCE: RMLS & Johnson Gardner LLC

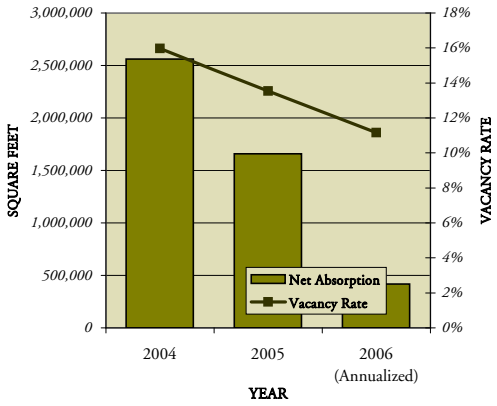
EXHIBIT 4.01

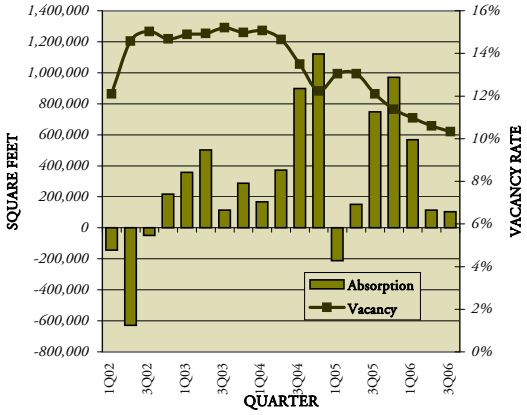
OVERVIEW OF SUBMARKET TRENDS
PORTLAND-VANCOUVER METROPOLITAN AREA

	Speculative Inventory	New Construction	Inventory Adjustments	Net Absorption	Vacancy Direct	Vacancy Sublease	Vacancy Direct	Vacancy Total
QUARTERLY TRENDS								
1Q02	34,999,469	847,852	-257,936	-144,112	4,231,657	1,108,883	12.09%	15.26%
2Q02	35,080,628	495,691	-414,532	-629,491	5,111,066	1,138,101	14.57%	17.81%
3Q02	35,045,583	200,049	-235,094	-48,723	5,262,891	1,084,924	15.02%	18.11%
4Q02	35,462,274	255,715	160,976	218,251	5,205,244	1,343,797	14.68%	18.47%
1Q03	55,011,671	94,482	19,549,397	356,909	8,187,068	1,659,693	14.88%	17.90%
2Q03	56,487,133	82,180	1,370,513	502,454	8,437,692	1,285,207	14.94%	17.21%
3Q03	57,326,424	317,935	521,356	114,243	8,720,214	1,276,799	15.21%	17.44%
4Q03	58,803,398	384,648	1,092,326	288,418	8,812,347	1,517,690	14.99%	17.57%
1Q04	59,835,068	159,918	871,752	168,930	9,015,565	1,427,744	15.07%	17.45%
2Q04	60,387,066	74,250	477,748	372,170	8,844,762	1,394,038	14.65%	16.96%
3Q04	60,599,474	22,717	189,691	897,588	8,181,090	1,220,526	13.50%	15.51%
4Q04	61,434,709	268,642	566,596	1,121,930	7,519,233	1,070,467	12.24%	13.98%
1Q05	62,224,007	105,508	683,790	-212,072	8,111,896	890,775	13.04%	14.47%
2Q05	63,333,348	82,246	1,027,095	152,298	8,262,101	820,501	13.05%	14.34%
3Q05	63,497,572	61,120	103,104	748,373	7,680,268	731,435	12.10%	13.25%
4Q05	65,309,894	260,290	1,552,032	970,529	7,431,659	462,724	11.38%	12.09%
1Q06	66,279,527	197,497	772,136	568,202	7,271,427	340,933	10.97%	11.49%
2Q06	66,095,603	189,501	-183,924	114,864	6,999,524	477,166	10.59%	11.31%
3Q06	66,244,830	160,457	149,226	104,132	6,836,466	552,737	10.32%	11.15%

	Speculative Inventory	New Construction	Inventory Adjustments	Net Absorption	Vacancy Direct	Vacancy Sublease	Vacancy Direct	Vacancy Total
BREAKOUT BY CLASS								
Class A	25,684,736	62,213	57,859	40,375	1,773,399	205,857	6.90%	7.60%
Class B	26,545,305	64,298	59,797	41,727	3,411,946	151,231	12.85%	13.15%
Class C	14,014,789	33,946	31,570	22,030	1,651,122	195,649	11.78%	13.00%
Total	66,244,830	160,457	149,226	104,132	6,836,466	552,737	10.32%	11.15%

NET ABSORPTION AND VACANCY RATE TRENDS

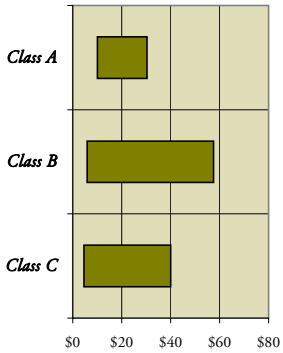


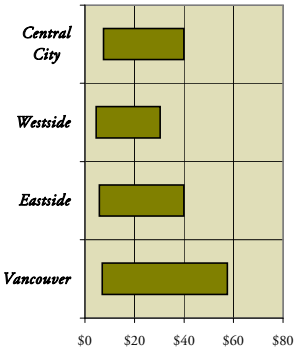


QUOTED RENT RANGES

BY CLASS	Low	High
Class A	$10.00	$30.50
Class B	$5.88	$57.60
Class C	$4.56	$40.08
Total	$4.56	$57.60

BY AREA	Low	High
Central City	$7.50	$40.00
Westside	$4.56	$30.50
Eastside	$5.88	$40.08
Vancouver	$7.00	$57.60





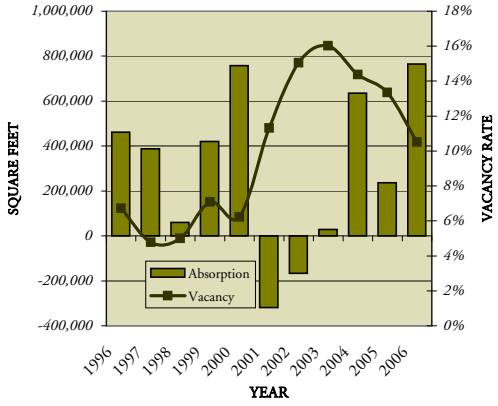
SOURCE: CoStar and Johnson Gardner

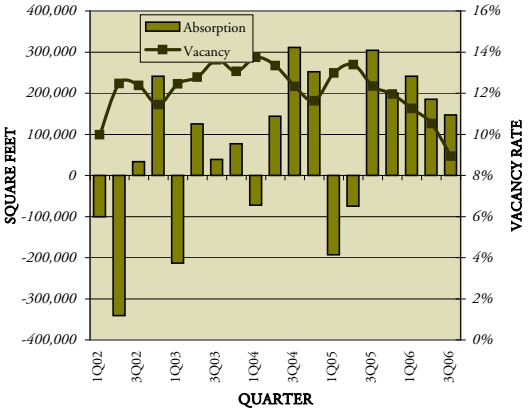
EXHIBIT 4.02

OVERVIEW OF SUBMARKET TRENDS
CENTRAL CITY SUBREGION

	Speculative Inventory	New Construction	Inventory Adjustments	Net Absorption	Vacancy Direct	Vacancy Sublease	Vacancy Direct	Vacancy Total
QUARTERLY TRENDS								
1Q02	17,536,970	222,777	122,137	-100,197	1,749,335	441,220	9.98%	12.49%
2Q02	17,475,927	244,353	-305,396	-340,920	2,179,012	464,181	12.47%	15.13%
3Q02	17,538,222	0	62,295	33,505	2,171,284	500,168	12.38%	15.23%
4Q02	17,860,675	238,077	84,376	240,944	2,042,919	646,159	11.44%	15.06%
1Q03	23,333,081	0	5,472,406	-213,450	2,904,102	887,743	12.45%	16.25%
2Q03	23,513,039	0	179,958	125,371	3,003,468	691,284	12.77%	15.71%
3Q03	24,032,555	187,730	331,786	39,007	3,273,351	623,929	13.62%	16.22%
4Q03	24,162,298	0	129,743	77,167	3,153,343	687,393	13.05%	15.90%
1Q04	24,918,532	0	756,234	-72,283	3,424,445	611,044	13.74%	16.19%
2Q04	24,983,899	0	65,367	143,595	3,334,078	568,025	13.34%	15.62%
3Q04	25,022,115	0	38,216	311,503	3,083,843	512,249	12.32%	14.37%
4Q04	25,299,641	0	277,526	252,148	2,940,711	440,321	11.62%	13.36%
1Q05	25,422,751	33,360	89,750	-192,984	3,298,747	321,409	12.98%	14.24%
2Q05	25,684,831	0	262,080	-74,794	3,437,763	295,278	13.38%	14.53%
3Q05	25,637,961	0	-46,870	304,593	3,164,843	257,349	12.34%	13.35%
4Q05	25,818,694	0	147,373	199,898	3,087,700	186,644	11.96%	12.68%
1Q06	26,085,091	21,195	245,202	241,237	2,935,971	147,314	11.26%	11.82%
2Q06	25,968,830	0	-116,261	185,231	2,731,921	153,216	10.52%	11.11%
3Q06	25,953,500	0	-15,330	146,926	2,318,400	407,728	8.93%	10.50%
BREAKOUT BY CLASS								
Class A	11,914,464	0	-8,431	80,809	563,263	146,328	4.73%	5.96%
Class B	8,590,570	0	-3,832	36,731	1,112,419	70,502	12.95%	13.77%
Class C	5,448,467	0	-3,066	29,385	642,717	190,898	11.80%	15.30%
Total	25,953,500	0	-15,330	146,926	2,318,400	407,728	8.93%	10.50%
BREAKOUT BY SUBMARKET								
CBD	20,458,532	0	-12,084	68,424	1,878,314	347,845	9.18%	10.88%
CBD Perimeter	2,797,251	0	-1,652	85,634	278,562	19,843	9.96%	10.67%
Lloyd District	2,697,717	0	-1,593	-7,132	161,523	40,041	5.99%	7.47%
Total	25,953,500	0	-15,330	146,926	2,318,400	407,729	8.93%	10.50%

NET ABSORPTION AND VACANCY RATE TRENDS - CENTRAL CITY

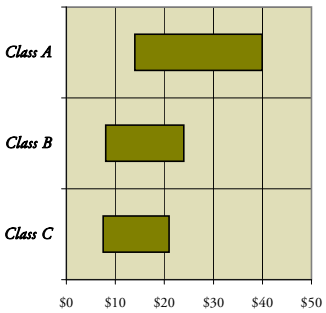


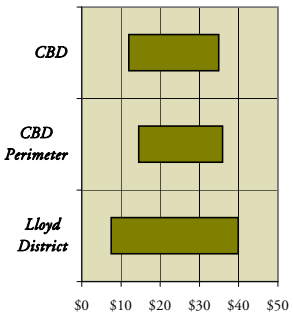


QUOTED RENT RANGES

BY CLASS	Low	High
Class A	$14.00	$40.00
Class B	$8.00	$24.00
Class C	$7.50	$21.00
Total	$7.50	$40.00

BY SUBMARKET	Low	High
CBD	$12.00	$35.00
CBD Perimeter	$14.50	$36.00
Lloyd District	$7.50	$40.00
Total	$7.50	$40.00





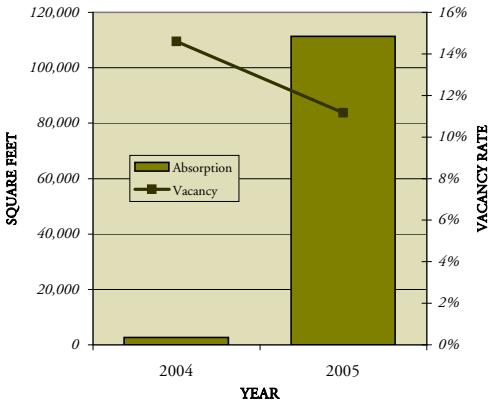
SOURCE: CoStar and Johnson Gardner

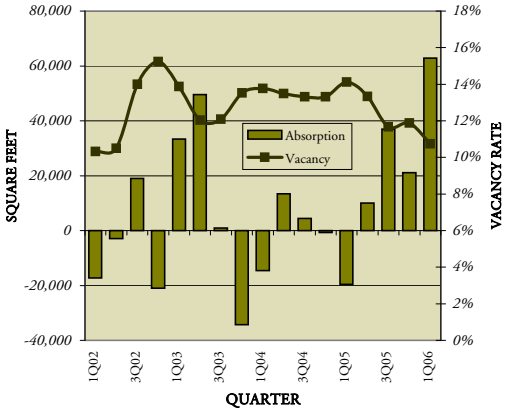
EXHIBIT 4.03

OVERVIEW OF SUBMARKET TRENDS
CLOSE IN WESTSIDE SUBREGION

		Speculative Inventory	New Construction	Inventory Adjustments	Net Absorption	Vacancy Direct	Vacancy Sublease	Vacancy Direct	Vacancy Total
QUARTERLY TRENDS									
1Q02		1,590,806	0	-11,000	-17,211	164,115	24,612	10.32%	11.86%
2Q02		1,590,806	0	0	-2,873	166,988	15,983	10.50%	11.50%
3Q02		1,684,534	59,228	34,500	18,995	235,721	5,083	13.99%	14.29%
4Q02		1,684,534	0	0	-20,990	256,711	6,633	15.24%	15.63%
1Q03		2,412,625	18,500	709,591	33,381	334,784	17,205	13.88%	14.59%
2Q03		2,516,480	6,000	79,355	49,577	302,818	34,739	12.03%	13.41%
3Q03		2,606,957	0	90,477	964	315,121	33,574	12.09%	13.38%
4Q03		2,689,352	0	82,395	-34,318	363,515	31,603	13.52%	14.69%
1Q04		2,717,213	0	27,861	-14,540	373,863	40,039	13.76%	15.23%
2Q04		2,747,399	0	30,186	13,381	370,727	34,243	13.49%	14.74%
3Q04		2,801,237	0	53,838	4,474	372,726	35,618	13.31%	14.58%
4Q04		2,822,503	0	21,266	-679	375,693	36,435	13.31%	14.60%
1Q05		3,073,026	0	250,523	-19,585	433,930	36,102	14.12%	15.30%
2Q05		3,034,276	0	-38,750	10,047	404,622	49,563	13.34%	14.97%
3Q05		3,049,237	0	14,961	36,954	355,915	63,373	11.67%	13.75%
4Q05		3,323,042	0	273,805	21,103	394,719	39,221	11.88%	13.06%
1Q06		3,299,102	0	-23,940	62,813	354,497	13,956	10.75%	11.17%
BREAKOUT BY CLASS									
Class A	12%	384,643	0	0	14,103	32,872	0	8.55%	8.55%
Class B	55%	1,828,283	0	-30,040	31,914	158,597	3,678	8.67%	8.88%
Class C	33%	1,086,176	0	6,100	16,796	163,028	10,278	15.01%	15.96%
Total	100%	3,299,102	0	-23,940	62,813	354,497	13,956	10.75%	11.17%
BREAKOUT BY SUBMARKET									
Barbur Blvd	46%	1,501,411	0	745	36,994	193,421	1,740	12.88%	13.00%
Johns Landing	40%	1,309,821	0	-11,585	33,197	87,341	12,216	6.67%	7.60%
Sylvan	15%	487,870	0	-13,100	-7,378	73,735	0	15.11%	15.11%
Total	100%	3,299,102	0	-23,940	62,813	354,497	13,956	10.75%	11.17%

NET ABSORPTION AND VACANCY RATE TRENDS

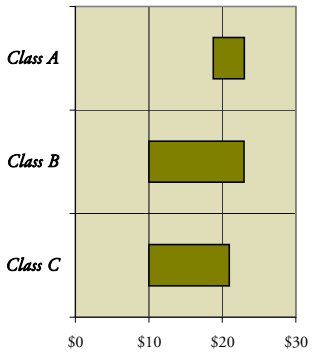


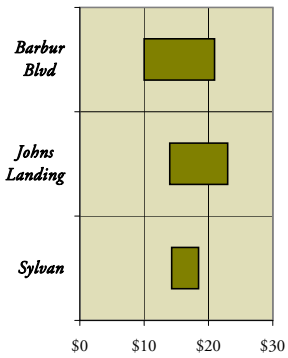


QUOTED RENT RANGES

BY CLASS	Low	High
Class A	$18.76	$23.04
Class B	$10.00	$23.00
Class C	$10.00	$21.00
Total	$10.00	$23.04

BY SUBMARKET	Low	High
Barbur Blvd	$10.00	$21.00
Johns Landing	$14.00	$23.04
Sylvan	$14.27	$18.50
Total	$10.00	$23.04





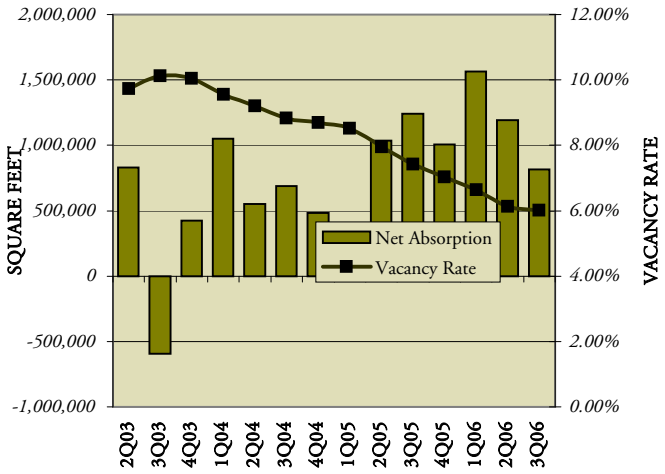
SOURCE: CoStar and Johnson Gardner

EXHIBIT 5.01

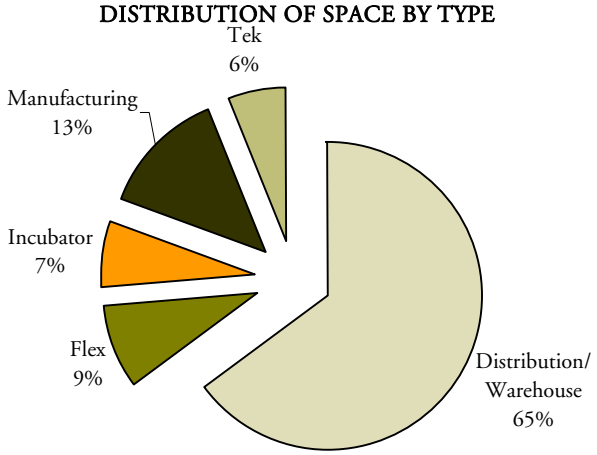
SUMMARY OF INDUSTRIAL MARKET BASE SPECULATIVE AND OWNER OCCUPIED SPACE
3rd Quarter 2006

	Net Rentable S.F.	Available S.F.	Vacancy Rate	Quarterly Net Absorption	Net Absorption 2004	2005	2006 1/
Northeast	34,588,117	1,615,265	4.67%	346,544	308,060	1,124,078	1,385,889
Northwest	41,409,123	1,983,497	4.79%	-234,939	520,256	720,575	456,164
Southeast	28,597,853	2,001,850	7.00%	19,221	210,206	755,299	652,456
Southwest	57,988,275	4,383,914	7.56%	674,384	884,236	919,840	2,034,987
Vancouver	20,162,757	987,975	4.90%	10,311	851,859	167,541	238,896
Overall	182,746,125	10,972,500	6.00%	815,521	2,774,617	3,687,333	4,768,392

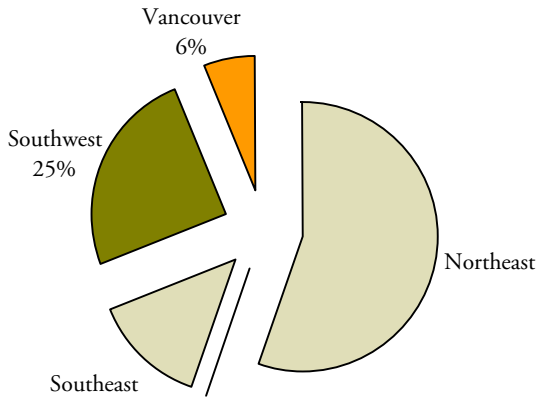
OVERALL MARKET TRENDS



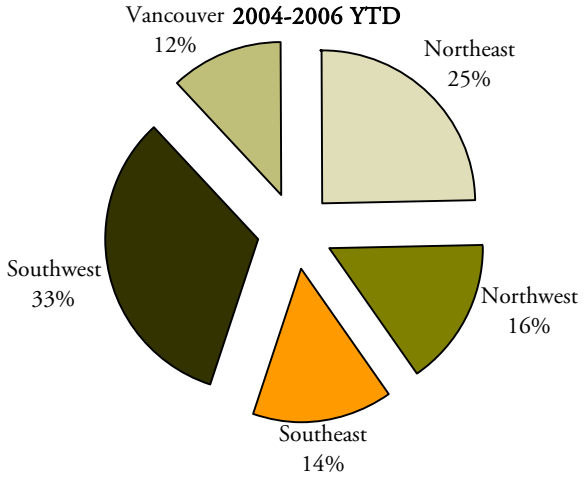
DISTRIBUTION OF SPACE BY TYPE



DISTRIBUTION OF CONSTRUCTION BY AREA



NET ABSORPTION BY AREA
2004-2006 YTD



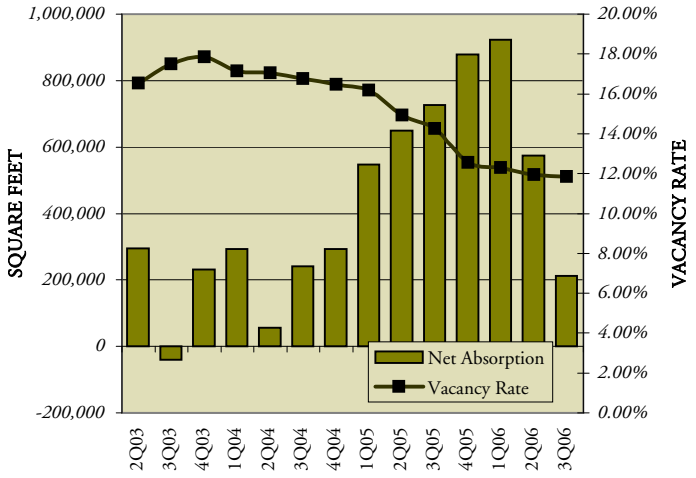
1/ Annualized through 3Q06
SOURCE: CB Richard Ellis

EXHIBIT 5.02

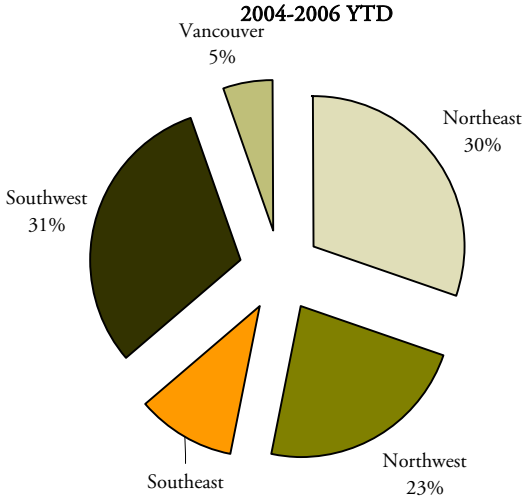
SUMMARY OF INDUSTRIAL PARKS
SPECULATIVE SPACE
3rd Quarter 2006

	Net Rentable S.F.	Available S.F.	Vacancy Rate	Quarterly Net Absorption	Net Absorption 2004	2005	2006 1/
Northeast	10,478,768	876,025	8.36%	85,219	213,060	772,151	857,992
Northwest	8,228,601	1,304,233	15.85%	-223,558	251,039	874,184	143,097
Southeast	5,536,580	549,229	9.92%	65,159	-42,015	253,601	489,799
Southwest	20,878,123	2,820,634	13.51%	293,606	306,214	775,931	785,547
Vancouver	8,098,573	742,639	9.17%	-7,948	156,643	126,996	2,596
Overall	53,220,645	6,292,761	11.82%	212,478	884,941	2,802,863	2,279,031

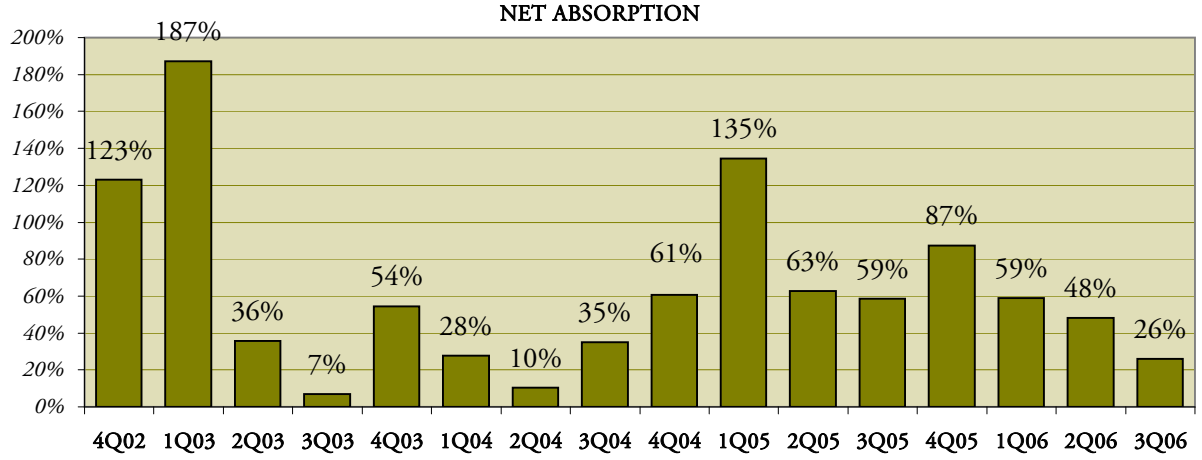
OVERALL MARKET TRENDS



NET ABSORPTION BY AREA
2004-2006 YTD



SPECULATIVE SHARE OF
NET ABSORPTION



1/ Annualized through 3Q06
SOURCE: CB Richard Ellis

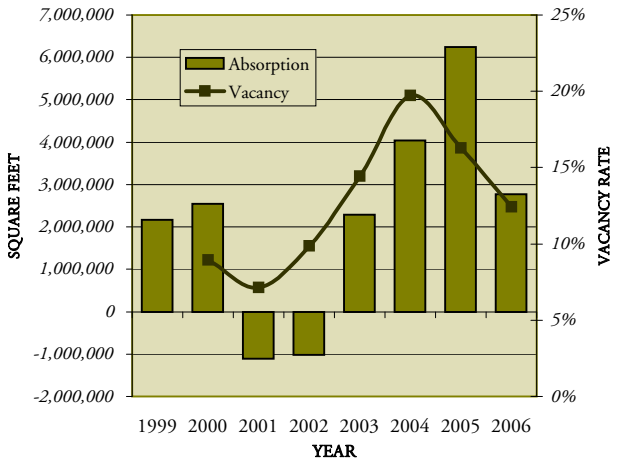
EXHIBIT 5.03

OVERVIEW OF INDUSTRIAL MARKET TRENDS
PORTLAND-VANCOUVER METROPOLITAN AREA

	Speculative Inventory	New Construction	Inventory Adjustments	Net Absorption	Vacancy Direct	Vacancy Sublease	Vacancy Direct	Vacancy Total
QUARTERLY TRENDS								
1Q01	43,654,256	272,548	64,473	(180,670)	2,635,385	974,809	6.04%	8.27%
2Q01	43,985,175	379,594	(48,675)	(435,195)	3,432,623	859,625	7.80%	9.76%
3Q01	44,099,327	162,492	(48,340)	(63,806)	3,574,054	1,023,757	8.10%	10.43%
4Q01	44,185,428	135,398	(49,297)	(436,288)	4,131,465	697,775	9.35%	10.93%
1Q02	44,755,758	64,880	505,450	(382,029)	4,775,637	1,292,533	10.67%	13.56%
2Q02	44,778,120	156,000	(133,638)	(316,666)	5,159,903	1,259,836	11.52%	14.34%
3Q02	45,004,695	150,000	76,575	(270,238)	5,629,281	668,558	12.51%	13.99%
4Q02	45,569,940	565,245	-	(49,292)	6,101,173	1,106,328	13.39%	15.82%
1Q03	101,355,227	1,064,900	54,720,387	(268,342)	17,853,714	2,627,649	17.61%	20.21%
2Q03	101,886,964	463,347	68,390	309,491	17,967,745	2,686,966	17.63%	20.27%
3Q03	108,283,420	746,092	5,650,364	1,279,153	18,599,164	2,634,610	17.18%	19.61%
4Q03	110,395,901	96,724	2,015,757	974,689	18,676,117	2,081,145	16.92%	18.80%
1Q04	113,329,552	216,824	2,716,827	1,182,424	18,304,365	1,985,518	16.15%	17.90%
2Q04	116,565,919	229,410	3,006,957	1,337,702	17,845,285	1,869,395	15.31%	16.91%
3Q04	119,107,626	43,250	2,498,457	35,960	16,734,571	1,815,013	14.05%	15.57%
4Q04	123,829,188	621,854	4,099,708	1,485,318	16,592,904	1,691,642	13.40%	14.77%
1Q05	125,266,479	237,946	1,199,345	(164,392)	17,465,420	1,401,539	13.94%	15.06%
2Q05	127,737,307	136,950	2,333,878	3,201,865	14,635,382	1,459,273	11.46%	12.60%
3Q05	127,430,190	337,980	-645,097	1,818,891	13,193,814	1,372,278	10.35%	11.43%
4Q05	132,383,253	311,333	4,641,730	1,388,679	12,709,931	1,233,446	9.60%	10.53%
1Q06	134,201,195	674,796	1,143,146	1,150,993	13,567,069	1,043,257	10.11%	10.89%
2Q06	134,354,448	153,253	-	863,444	12,907,589	992,545	9.61%	10.35%
3Q06	134,584,327	229,879	-	691,676	12,478,767	959,571	9.27%	9.99%

	Speculative Inventory	New Construction	Inventory Adjustments	Net Absorption	Vacancy Direct	Vacancy Sublease	Vacancy Direct	Vacancy Total
BREAKOUT BY CLASS								
Industrial	114,633,908	701,260	968,459	(127,739)	10,706,116	928,451	9.34%	10.15%
Flex	19,567,287	35,686	112,537	308,675	2,860,953	114,806	14.62%	15.21%
Total	134,201,195	736,946	1,080,996	180,936	13,567,069	1,043,257	10.11%	10.89%
BREAKOUT BY SUBREGION								
Westside	46,688,225	86,936	494,689	322,933	5,178,901	691,745	11.09%	12.57%
North-Northwest	26,510,973	438,750	167,525	(85,727)	2,282,387	67,622	8.61%	8.86%
Northeast	29,029,850	50,000	152,197	(110,857)	2,877,005	136,189	9.91%	10.38%
Southeast	18,517,549	99,110	(184,125)	(62,149)	2,133,551	53,718	11.52%	11.81%
Vancouver	13,454,598	62,150	450,710	116,737	1,095,225	93,983	8.14%	8.84%
Total	134,201,195	736,946	1,080,996	180,936	13,567,069	1,043,257	10.11%	10.89%

NET ABSORPTION AND VACANCY RATE TRENDS



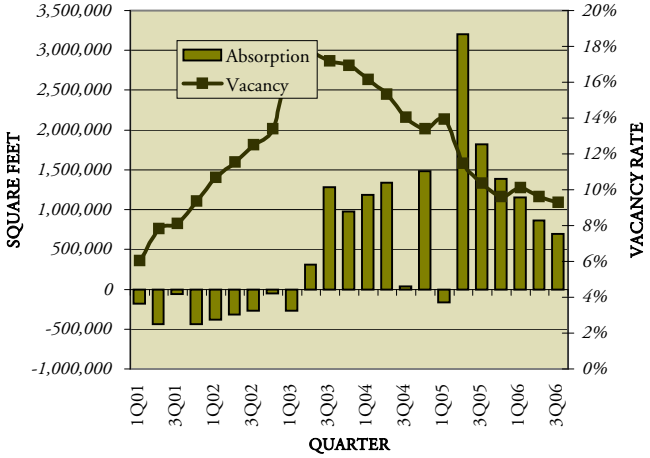


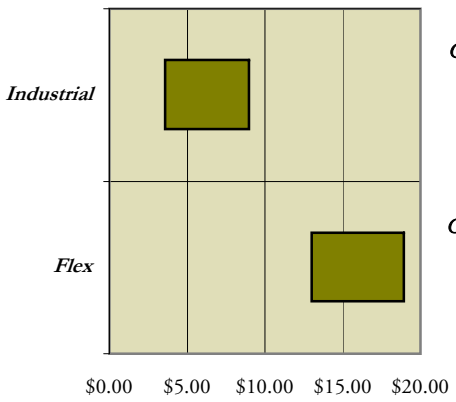
EXHIBIT 5.04

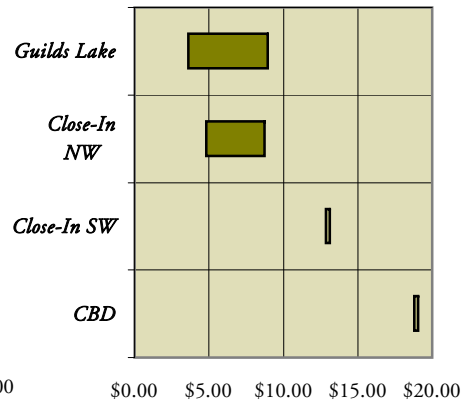
OVERVIEW OF SUBMARKET TRENDS
CENTRAL WESTSIDE

QUOTED ANNUAL LEASE RATES

BY CLASS	Low	High	Average
Industrial	$3.60	$9.00	$5.34
Flex	$13.00	$18.96	$15.40

BY SUBMARKE	Industiral	Flex	Average
Guilds Lake	$3.60 - $9.00	n/a	$4.53
Close-In NW	$4.80 - $8.76	n/a	$6.37
Close-In SW	n/a	$13.00	$13.00
CBD	n/a	$18.96	$18.96
Total	$3.60 - $9.00	$12.85 - $19.11	$6.26





SOURCE: LoopNet and Johnson Gardner LLC

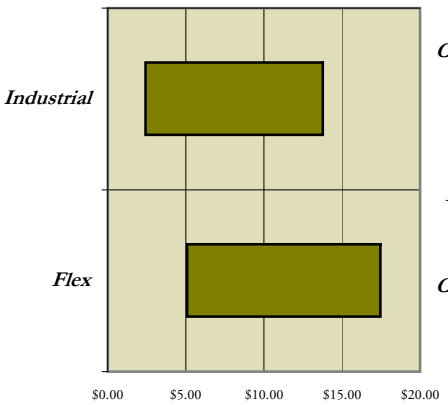
EXHIBIT 5.05

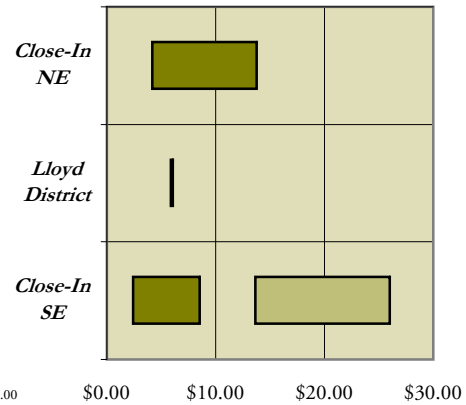
OVERVIEW OF SUBMARKET TRENDS
CENTRAL EASTSIDE

QUOTED ANNUAL LEASE RATES

BY CLASS	Low	High	Average
Industrial	$2.40	$13.80	$6.15
Flex	$5.10	$17.48	$12.09

BY SUBMARKE	Industrial	Flex	Average
Close-In NE	$4.16 - $13.80	n/a	$7.97
Lloyd District	n/a	$6.00	$6.00
Close-In SE	$2.40 - $8.57	$5.10 - $17.48	$6.27
Total	$2.40 - $13.80	$5.10 - $17.48	$6.99





SOURCE: LoopNet and Johnson Gardner LLC

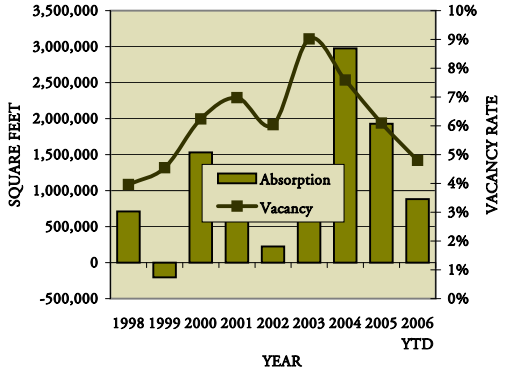
EXHIBIT 6.01

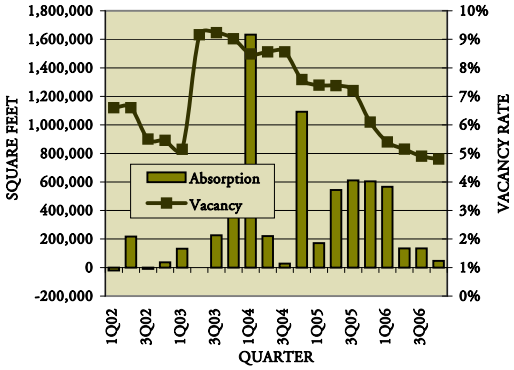
OVERVIEW OF SUBMARKET TRENDS
PORTLAND METROPOLITAN AREA

	Speculative Inventory	New Construction	Inventory Adjustments	Net Absorption	Vacancy S.F.	Vacancy Rate
QUARTERLY TRENDS						
1Q02	36,534,408	0	440,888	-20,978	2,424,687	6.6%
2Q02	36,591,936	0	498,416	217,394	2,424,687	6.6%
3Q02	36,611,936	20,000	498,416	-9,382	2,028,969	5.5%
4Q02	36,611,936	0	317,026	37,106	1,998,031	5.5%
1Q03	36,885,936	0	792,416	131,592	1,896,944	5.1%
2Q03	33,989,675	106,738	-3,002,999	N/A	3,113,628	9.2%
3Q03	34,353,528	94,430	269,423	225,751	3,171,129	9.2%
4Q03	34,903,331	69,425	480,378	550,244	3,146,940	9.0%
1Q04	36,579,196	634,192	1,041,673	1,633,264	3,103,794	8.5%
2Q04	36,884,013	51,082	253,735	220,792	3,156,255	8.6%
3Q04	38,918,426	334,123	1,700,290	28,219	3,330,478	8.6%
4Q04	44,222,270	785,215	4,518,629	1,092,598	3,355,127	7.6%
1Q05	49,003,127	185,189	4,595,668	170,814	3,623,189	7.4%
2Q05	49,941,571	583,120	355,324	544,186	3,683,751	7.4%
3Q05	53,494,896	652,038	2,901,287	610,440	3,852,260	7.2%
4Q05	61,678,065	29,427	8,153,742	604,088	3,758,470	6.1%
1Q06	57,782,361	162,876	-4,058,580	565,696	3,119,431	5.4%
2Q06	57,961,525	179,164	0	134,822	2,984,609	5.1%
3Q06	58,167,563	206,038	0	134,398	2,850,211	4.9%
4Q06	58,414,809	247,246	0	46,300	2,803,911	4.8%

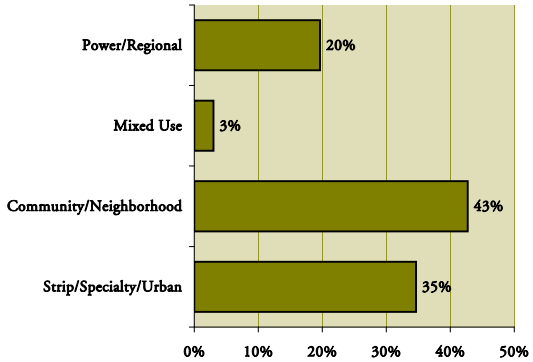
	Speculative Inventory	New Construction	Inventory Adjustments	Net Absorption	Vacancy S.F.	Vacancy Rate
BREAKOUT BY CLASS						
Strip/Specialty/Urban	20,236,852	85,654	0	-6,187	1,540,451 #	7.6%
Community/Neighborhood	24,951,892	105,611	0	27,628	906,354 #	3.6%
Mixed Use	1,747,057	7,395	0	-104	150,224 #	8.6%
Power/Regional	11,479,008	48,586	0	24,963	206,883 #	1.8%
Total	**58,414,809**	**247,246**	**0**	**46,300**	**2,803,911**	**4.8%**

NET ABSORPTION AND VACANCY RATE TRENDS

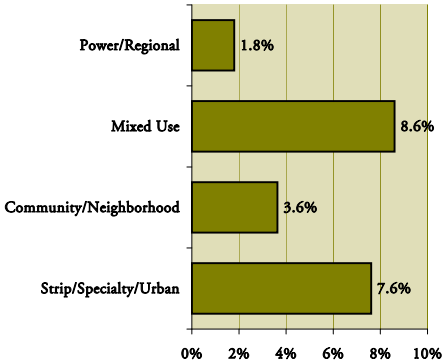




DISTRIBUTION OF SPACE BY TYPE



VACANCY RATE BY TYPE



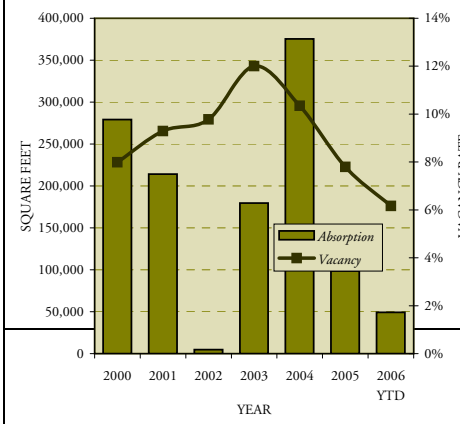
SOURCE: CoStar and Johnson Gardner

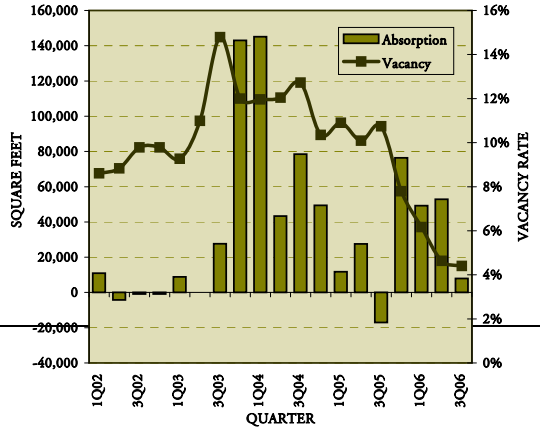
EXHIBIT 6.02

OVERVIEW OF SUBMARKET TRENDS
CENTRAL CITY SUBREGION

	Speculative Inventory	New Construction	Inventory Adjustments	Net Absorption	Vacancy S.F.	Vacancy Rate
QUARTERLY TRENDS						
1Q02	1,948,720	0	25,200	10,930	167,739	8.61%
2Q02	1,948,720	0	0	-4,275	172,014	8.83%
3Q02	1,968,720	20,000	0	-907	192,521	9.78%
4Q02	1,968,720	0	0	-907	192,521	9.78%
1Q03	1,968,720	0	45,200	8,882	182,453	9.27%
2Q03	1,473,242	0	-495,478	N/A	161,853	10.99%
3Q03	1,592,026	0	118,784	27,605	235,464	14.79%
4Q03	1,721,744	0	129,718	143,007	206,609	12.00%
1Q04	1,899,795	74,917	103,134	145,095	227,229	11.96%
2Q04	1,958,858	0	59,063	43,308	235,872	12.04%
3Q04	2,079,447	15,102	105,487	78,450	264,589	12.72%
4Q04	2,187,070	0	107,623	49,431	226,294	10.35%
1Q05	2,577,659	26,742	363,847	11,759	280,932	10.90%
2Q05	2,603,131	7,362	18,110	27,530	262,591	10.09%
3Q05	2,592,164	0	-10,967	-16,998	278,411	10.74%
4Q05	3,027,195	0	435,031	76,398	235,916	7.79%
1Q06	3,437,634	0	410,439	49,228	212,000	6.17%
2Q06	3,437,634	0	0	52,835	159,165	4.63%
3Q06	3,437,634	0	0	7,909	151,256	4.40%
BREAKOUT BY CLASS						
Strip/Specialty/Urban	2,092,458	0	0	0	112,388	5.37%
Community/Neighborhood	588,947	0	0	7,211	7,601	1.29%
Mixed Use	367,785	0	0	698	29,120	7.92%
Power/Regional	388,444	0	0	0	2,146	0.55%
Total	3,437,634	0	0	7,909	151,256	4.40%
BREAKOUT BY SUBMARKET						
CBD	2,729,088	0	0	4,875	103,920	3.81%
Northwest	708,546	0	0	3,034	47,335	6.68%
Total	3,437,634	0	0	7,909	151,256	4.40%

NET ABSORPTION AND VACANCY RATE TRENDS

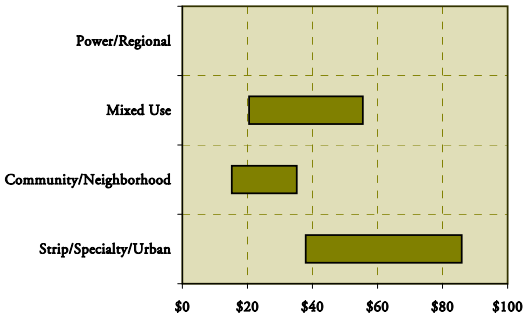




QUOTED RENT RANGES

BY CLASS	Low	High
Strip/Specialty/Urban	$10.08	$48.00
Community/Neighborhood	$4.80	$20.00
Mixed Use	$14.48	$35.00
Power/Regional		

BY SUBMARKET	Low	High
CBD	$4.80	$48.00
Northwest	$10.00	$35.00
Total	$4.80	$48.00



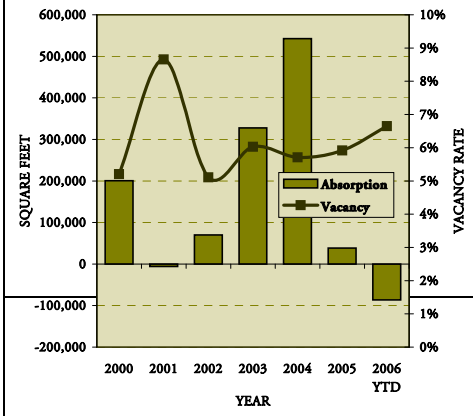
SOURCE: CoStar and Johnson Gardner

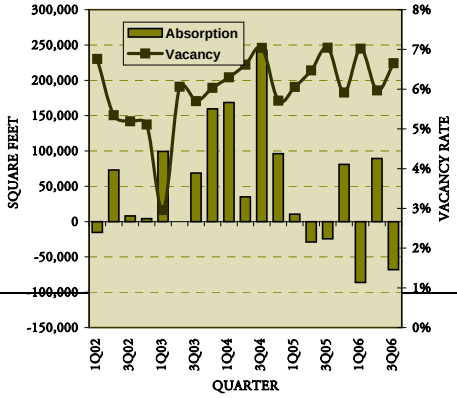
EXHIBIT 6.03

OVERVIEW OF SUBMARKET TRENDS
CLOSE-IN EASTSIDE SUBREGION

	Speculative Inventory	New Construction	Inventory Adjustments	Net Absorption	Vacancy S.F.	Vacancy Rate
QUARTERLY TRENDS						
1Q02	5,173,351	0	40,568	-15,321	349,521	6.76%
2Q02	5,173,351	0	40,568	73,026	276,495	5.34%
3Q02	5,173,351	0	40,568	8,120	268,375	5.19%
4Q02	5,173,351	0	40,568	4,213	264,162	5.11%
1Q03	5,173,351	0	40,568	99,240	152,922	2.96%
2Q03	4,888,644	0	-284,707	N/A	296,228	6.06%
3Q03	4,946,198	0	57,554	68,789	281,715	5.70%
4Q03	5,145,256	16,000	183,058	159,507	310,229	6.03%
1Q04	5,352,280	23,661	183,363	168,744	336,965	6.30%
2Q04	5,411,392	14,382	44,730	35,095	358,023	6.62%
3Q04	5,712,892	89,000	212,500	242,551	402,018	7.04%
4Q04	6,426,284	21,614	691,778	96,189	366,944	5.71%
1Q05	6,991,744	34,984	530,476	10,610	423,446	6.06%
2Q05	7,159,233	0	167,489	-28,912	463,194	6.47%
3Q05	7,198,138	0	20,803	-24,210	506,971	7.04%
4Q05	8,260,740	0	1,062,602	81,102	488,736	5.92%
1Q06	8,531,480	5,000	265,740	-86,187	598,567	7.02%
2Q06	8,531,480	0	0	89,345	509,222	5.97%
3Q06	8,679,536	148,056	0	-68,056	577,278	6.65%
BREAKOUT BY CLASS						
Strip/Specialty/Urban	3,463,054	148,056	0	-116,971	1 448,811	12.96%
Community/Neighborhood	1,706,360	0	0	16,001	0 45,327	2.66%
Mixed Use	367,826	0	0	3,449	0 10,835	2.95%
Power/Regional	3,142,296	0	0	29,465	0 72,306	2.30%
Total	8,679,536	148,056	0	-68,056	1 577,278	6.65%
BREAKOUT BY SUBMARKET						
Eastside/Mall 205	3,899,195	0 66,513	0	-72,896	309,995 1	7.95%
North/Jantzen	1,430,006	0 24,393	0	5,299	72,221 0	5.05%
Northeast/Lloyd Dist.	3,350,335	0 57,150	0	-458	195,062 0	5.82%
Total	8,679,536	148,056	0	-68,056	577,278	6.65%

NET ABSORPTION AND VACANCY RATE TRENDS

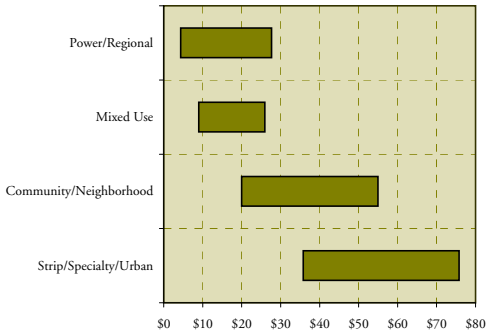




QUOTED RENT RANGES

BY CLASS	Low	High
Strip/Specialty/Urban	$4.20	$40.00
Community/Neighborhood	$15.00	$35.00
Mixed Use	$8.00	$17.00
Power/Regional	$19.00	$23.36

BY SUBMARKET	Low	High
Eastside/Mall 205	$7.50	$35.00
North/Jantzen	$9.29	$23.36
Northeast/Lloyd Dist.	$4.20	$40.00
Total	$4.20	$40.00



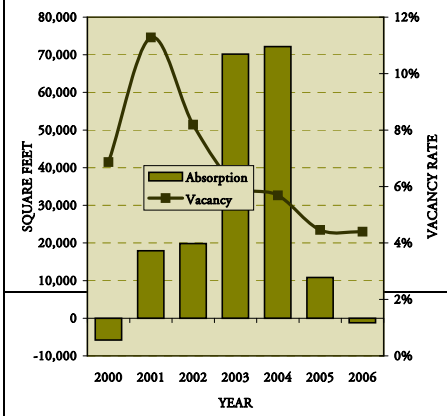
SOURCE: CoStar and Johnson Gardner

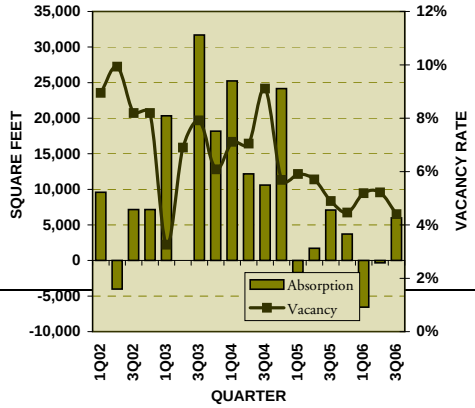
EXHIBIT 6.04

OVERVIEW OF SUBMARKET TRENDS
CLOSE-IN WESTSIDE SUBREGION

	Speculative Inventory	New Construction	Inventory Adjustments	Net Absorption	Vacancy S.F.	Vacancy Rate
QUARTERLY TRENDS						
1Q02	411,505	0	0	9,577	36,845	8.95%
2Q02	411,505	0	0	-4,024	40,869	9.93%
3Q02	411,505	0	0	7,150	33,719	8.19%
4Q02	411,505	0	0	7,150	33,719	8.19%
1Q03	411,505	0	0	20,328	13,391	3.25%
2Q03	573,971	0	162,466	N/A	39,598	6.90%
3Q03	617,065	16,000	27,094	31,685	48,862	7.92%
4Q03	624,843	0	7,778	18,177	37,990	6.08%
1Q04	661,803	0	36,960	25,241	47,080	7.11%
2Q04	675,476	0	13,673	12,184	47,605	7.05%
3Q04	705,466	0	29,990	10,592	64,271	9.11%
4Q04	769,526	0	64,060	24,166	43,747	5.68%
1Q05	842,990	0	73,464	-1,707	49,793	5.91%
2Q05	876,560	0	33,570	1,727	49,980	5.70%
3Q05	861,600	0	-14,960	7,100	42,148	4.89%
4Q05	907,949	0	46,349	3,710	40,506	4.46%
1Q06	952,158	0	44,209	-6,566	49,364	5.18%
2Q06	999,766	0	47,608	-331	52,180	5.22%
3Q06	1,049,754	0	49,988	5,991	46,189	4.40%
BREAKOUT BY CLASS						
Strip/Specialty/Urban	495,118	0	7,498	4,194	11,438 0	2.31%
Community/Neighborhood	493,586	0	7,498	1,737	32,057 1	6.49%
Mixed Use	61,050	0	34,992	60	2,695 0	4.41%
Power/Regional	0	0	0	0	0 0	n/a
Total	1,049,754	0	49,988	5,991	46,189	4.40%
BREAKOUT BY SUBMARKET						
Barbur Blvd.	533,942	0	-39,888	665	14,691	2.75%
John's Landing	258,337	0	45,376	-2,622	6,690	2.59%
Sylvan/Hillsdale	257,475	0	44,501	7,948	24,808	9.64%
Total	1,049,754	0	49,988	5,991	46,189	4.40%

NET ABSORPTION AND VACANCY RATE TRENDS

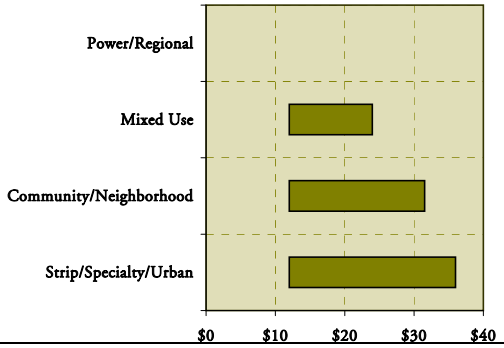




QUOTED RENT RANGES

BY CLASS	Low	High
Strip/Specialty/Urban	$12.00	$24.00
Community/Neighborhood	$12.00	$19.56
Mixed Use	$12.00	$12.00
Power/Regional		

BY SUBMARKET	Low	High
Barbur Blvd.	$12.00	$24.00
John's Landing	$12.00	$19.56
Sylvan/Hillsdale	$12.00	$15.60
Total	12	24



SOURCE: CoStar and Johnson Gardner