

REAL ESTATE DEMAND/SUPPLY ANALYSES

Evaluating underlying demand fundamentals and forecasting a demand/supply outlook for real estate markets and submarkets is the cornerstone of prudent real estate due diligence. Delta Associates has substantial experience in providing clients thorough market analyses on which to base acquisition, hold-sell, and related strategic decisions in over 100 metro area markets.

Delta Associates offers a comprehensive mix of demand/supply reports. Assignments undertaken by the firm are diverse, and include studies of office buildings, industrial properties, retail, multifamily properties, and senior housing. Clients include developers, REITs and institutional investors.

Delta Associates provides a number of demand/supply reports ranging from market intelligence reports, providing a broad treatment of demand and supply variables, to detailed submarket analyses:

- **Metro Market Reports**
- **Submarket Reports**
- **Strategic Research**
- **Market Intelligence Package**

SERVICES OFFERED

Market/Submarket Overview represents a preliminary look at a metro market and submarket economy and metro real estate demand/supply variables including submarket employment growth, construction, vacancy, rental rate growth, and the like.

Market Intelligence Package is a report representing a compilation of key economic and demand/supply variables and presents tables, charts and maps that focus on a market's principal demand/supply dynamics, such as employment volatility, industry mix, historic and forecasted submarket employment growth, vacancy, rental rate growth, and the like.

Demand/Supply Forecast for Submarkets is a detailed analysis of historic and forecasted demand/supply trends in a submarket. This forecast and report methodology incorporates both national and local source data and models these variables in a state-of-the-art GIS (Geographic Information System) platform. Underlying demand fundamentals such as metro and submarket employment growth, industry dominance, and demographic/psychographic trends are evaluated to assess demand-side risk, as are historic and forecasted submarket construction trends to assess supply-side risk.

Submarkets to Invest In is a report that enables the investor to more precisely assess relative performance (both historic and forecasted) of individual submarkets. This approach can be extremely effective in assessing market/submarket demand/supply risks because it addresses all submarkets within a metro market, not merely a single submarket. Most importantly, it addresses the question: 'Are we investing in the submarket that will enable us to achieve maximum rent and occupancy performance?' This tool can also be extremely useful in "hold-sell" analyses in which an investor evaluates a portfolio of real estate assets and attempts to objectively and systematically ascertain which of a portfolio's assets should be sold and those that should continue to be held.

SELECTED LIST OF RECENT ASSIGNMENTS AND CLIENT REFERENCES

Portfolio Tracking Analysis was created to manage and track Cargill Financial's top office markets. Integrating demand/supply analysis and employment growth characteristics, a diagnostic analysis tool was created for the client.

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Detailed Office Submarket Narratives were created for ten selected markets. These highly detailed office market overviews examine the state of the local office market. Industry location quotients, major employers, SIC code distribution, as well demand/supply and equilibrium vacancy rate analysis to show historic and forecast trends. This analysis best represents the firm's 'confluence of findings' approach to research. Particularly powerful is the correlation between office-based employment and current demand/supply.

Client: Mr. Peter Adams
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Place of Work Analysis (POW) is a Geographic Information System/employment tool for both due diligence and asset management. Using the results of the subject property lease audit, tenant population is geographically coded to create a map relating where the tenants work to the forecasted employment growth rate. This analysis has been particularly useful in recognizing the limitations of standard radius analysis for apartment communities. The POW analysis shows the effective trade area of apartment communities is measured not in terms of radii, but of employment reach. The POW also identifies the largest and most dominant industries by examining SIC industrial location quotients, relating employment in terms of both absolute size and relative concentration.

Client: Mr. Matt Wakenight
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Old Orchard Mall Trade Area Analysis was undertaken as part of a repositioning study. This analysis of the affluent Chicago North Shore identified there was considerable market potential for a high-end regional mall. The study demonstrated that sales potential warranted investment by some of America's top retailers as anchor tenants. Since the 1993 rehab, Old Orchard has been phenomenally successful, with Sam Zell selling at an \$80 million profit.

Client: Mr. George Touras
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