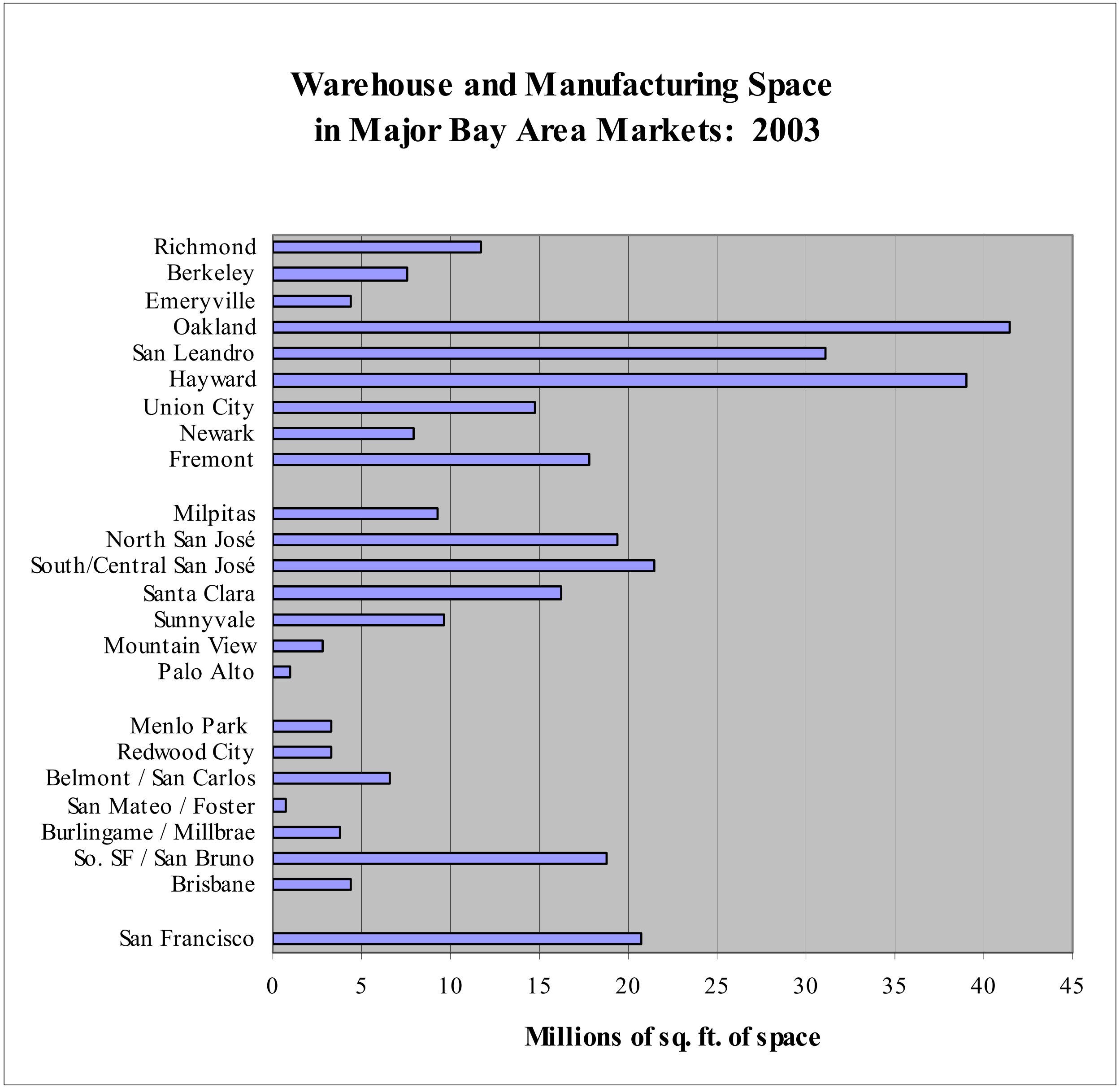
KEY REAL ESTATE MARKET AND LAND USE TRENDS

HAUSRATH ECONOMICS GROUP

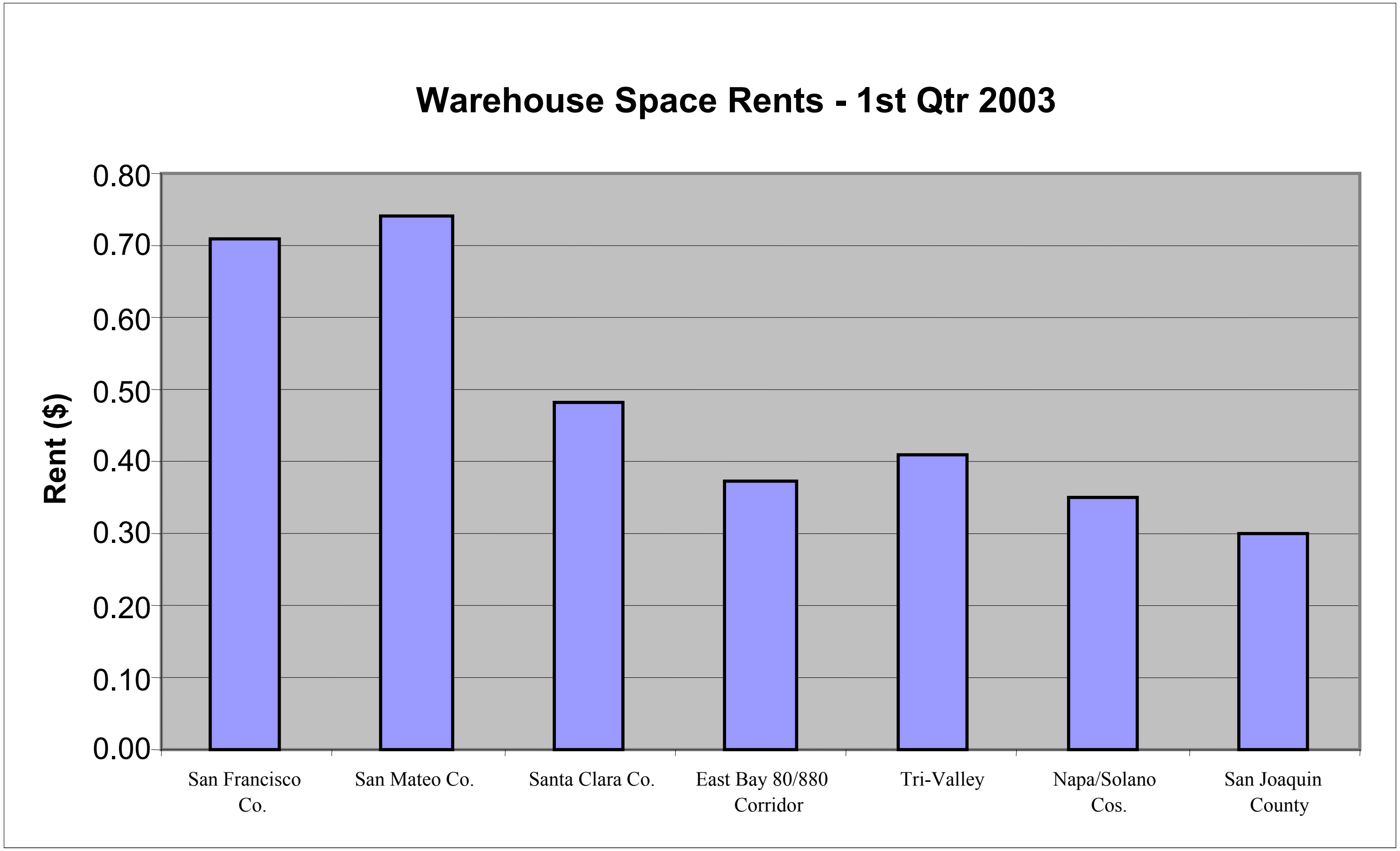
MAJOR BAY AREA MARKETS FOR INDUSTRIAL SPACE

(1st Qtr. 2003)

	Warehouse Space (mil. sq. ft.)		Manufacturing Space (mil. sq. ft.)	
Inner East Bay I-80/880 Corridor	**81.6**	**49%**	**94.1**	**63%**
South Bay I-880/U.S. 101 Corridor	32.6	19%	47.1	32%
Peninsula U.S. 101 Corridor	33.9	20%	6.9	5%
San Francisco	20.8	12%	-	-
Total	168.9 mil.	100%	148.1 mil.	100%



HAUSRATH ECONOMICS GROUP

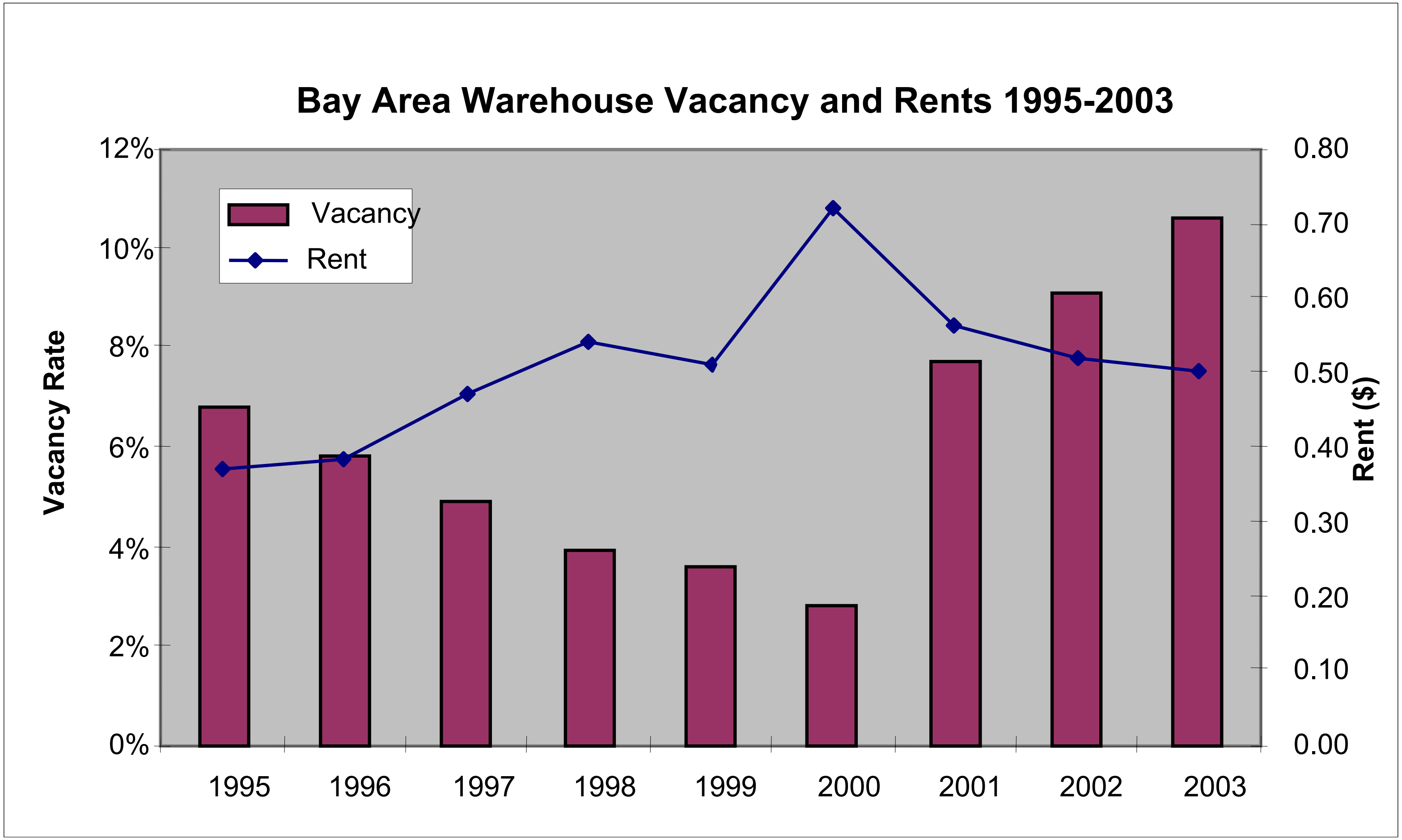


HAUSRATH ECONOMICS GROUP

CHANGES IN INDUSTRIAL RENTS AND VACANCY RATES FOR MAJOR BAY AREA MARKETS, 1995-2002/03

	1995	1997	1998	2000	2002	2003	Change 1995-2002
Rents ($ per sq. ft. per mo.)							
Warehouse	$0.37	$0.47	$0.54	$0.72	$0.52	$0.50	**+41%**
Manufacturing	0.41	0.57	0.77	1.30	0.67	0.62	**+63%**
Vacancy Rates							
Warehouse	6.8%	4.9%	3.9%	2.8%	9.1%	10.6%	
Manufacturing	5.9%	4.1%	3.1%	2.1%	6.7%	7.3%	

HAUSRATH ECONOMICS GROUP



HAUSRATH ECONOMICS GROUP

OVERVIEW OF REGIONAL GROWTH PATTERNS, 2000-2025
Based on ABAG *Projections 2002* Trends Forecast

	Growth 2000-2025			
	Population		Jobs	
	No.	%	No.	%
Central, Bayside Areas along Transportation Corridors around S.F. Bay, including Center Cities	**+670,941** **47%**	**+15%**	**+730,270** **62%**	**+27%**
Other Central Areas in the Western and Eastern Parts of the Region	+145,061 10%	+15%	+105,800 9%	+26%
Rest of the Region to the North, East, and South	**+623,938** **43%**	**+44%**	**+342,850** **29%**	**+57%**
TOTAL BAY AREA	+1,439,940 100%	+21%	+1,178,920 100%	+31%

HAUSRATH ECONOMICS GROUP

COMPARISON OF REGIONAL GROWTH PATTERNS, 2000-2025

	Trends Forecast *Projections 2002* Growth 2000-2025		**Smart Growth Forecast** *Projections 2003* Growth 2000-2025		**Differences in Growth Under Smart Growth Forecast**	
	Population	Jobs	Population	Jobs	Population	Jobs
Central Bayside Areas along Transportation Corridors around S.F. Bay	**+670,941** **(47%)**	**+730,270** **(62%)**	**+1,007,401** **(60%)**	**+805,750** **(66%)**	**+336,460** **50% more growth**	**+75,480** **10% more growth**
Other Central Areas in the Western and Eastern Parts of the Region	+145,061 (10%)	+105,800 (9%)	+137,011 (8%)	+97,040 (8%)	-8,050 6% less growth	-8,760 8% less growth
Rest of the Region to the North, East, and South	+623,938 (43%)	+342,850 (29%)	+529,638 (32%)	+326,340 (26%)	-94,300 15% less growth	-16,510 5% less growth
TOTAL BAY AREA	+1,439,940 (100%)	+1,178,920 (100%)	+1,674,050 (100%)	+1,229,130 (100%)	**+234,110** **16% more growth**	**+50,210** **4% more growth**

HAUSRATH ECONOMICS GROUP

EFFECTS OF SMART GROWTH STRATEGY IN MAJOR MARKETS FOR WAREHOUSE AND MANUFACTURING SPACE

Area	Population Growth: *P2002* Trends Forecast 2000-2025	Population Growth: Difference in Growth Under *P2003* Smart Growth Forecast		Employment Growth: *P2002* Trends Forecast 2000-2025	Employment Growth: Difference in Growth Under *P2003* Smart Growth Forecast	
Total: Bay Area Region	1,439,940	+234,110	+16%	1,178,920	+50,210	+4%
Central Bayside Areas	**670,941**	**+336,460**	**+50%**	**730,270**	**+75,480**	**+10%**
Major Markets	**514,495**	**+302,260**	**+59%**	**583,520**	**+79,530**	**+14%**
Percent Major Markets	**77%**	**90%**		**80%**	**105%**	
East Bay I-80/880	**159,751**	**+86,200**	**+54%**	**167,750**	**+24,830**	**+15%**
Richmond	13,657	+14,700	**+108%**	16,200	+540	
Berkeley	8,857	+4,500		9,020	-1,610	
Oakland	50,016	+39,600	**+79%**	49,550	+10,480	+21%
San Leandro	8,148	+7,400	**+91%**	9,850	+6,250	+63%
Hayward	20,540	+3,000		22,470	-90	
Union City	17,817	+6,400		14,590	+4,950	+34%
Newark	10,929	-1,700		7,960	-3,910	
Fremont	29,787	+12,300		38,110	+8,220	+22%

HAUSRATH ECONOMICS GROUP

Trends Indicate Less Efficient Freight Transportation System with:

- more truck miles on regional roadways
- longer truck travel times
- higher costs of goods distribution
- more truck emissions

HAUSRATH ECONOMICS GROUP