IRR-MarketPulse 2010

Local Expertise...Nationally

Q2 Report

St. Louis, MO

The St. Louis region has a highly diversified industry structure, which is expected to keep the region's economy in line with national recovery trends. According to the Federal Reserve, economic activity increased modestly in the region in through early July. Year-to-date St. Louis home sales increased 12% through May 2010. Over the same period of time, home sales prices increase by 3.3% and single family housing permit activity increased by 36%. Office vacancies have remained flat and industrial vacancies have increased from mid-2009 to mid-2010. Vacancy levels have put pressure on rental rates. Construction activity is expected to remain slow through mid-2011. The Federal Reserve reports that real estate lending declined by 1.9% overall, and commercial and industrial loans decreased by 2.5% from early April to late June 2010.

Demographics

Population

Greater St. Louis: 2.835 Million

▲ 0.3 %

Source: Claritas, Inc.

Unemployment Rate

St. Louis MSA:	9.9%	▼
Missouri:	9.5%	▼
Illinois:	10.6%	▼

Source: U.S. Department of Labor 6/10

Avg. Household Income

Greater St. Louis:	$69,453
Missouri:	$58,753
Illinois:	$74,593

Source: Claritas, Inc.

For more information contact:

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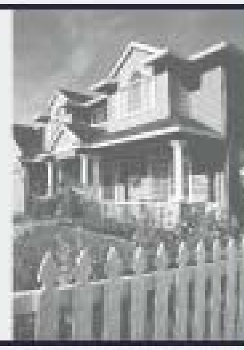
Metro Area Vital Signs

Office

Inventory	45.5 M SF	↔
Vacancy Rate	18.3%	↔
Rental Rate Per SF	$20.10	↔
Annual Absorption	-69,000 SF	↓
Average Op. Expense/SF	$8.50	↔
Cap Rate – Class A	8.25%	↓
Cap Rate – Class B	8.75%	↓

Multi-Family

Inventory	118,660 Units	↑
Vacancy Rate	8.8%	↓
Average Monthly Rent	$726	↑
Annual Absorption	334 Units	↑
Operating Expense	45%	↔
Cap Rate – Class A	7.00%	↓
Cap Rate – Class B	8.00%	↓



Retail

Inventory	28.274 M SF	↔
Vacancy Rate	13.2%	↓
Avg. Rental Rate Per SF	$14.73 Net	↓
Annual Absorption	37,000 SF	↑
Average Op. Expense/SF	$4.95	↔
Cap Rate – Class A	8.50%	↔
Cap Rate – Class B	9.00%	↔

Industrial

Inventory	227.4 M SF	↔
Vacancy Rate	10.8%	↓
Rental Rate Per SF	$4.53	↑
Annual Absorption	146,681 SF YTD Net	↑
Average Op. Expense/SF	$4.95	↔
Cap Rate – Class A	8.50%	↔
Cap Rate – Class B	9.00%	↔