

## BLUE CHIP ECONOMIC FORECAST

## PHOENIX


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SCHOOL of BUSINESS  
ARIZONA STATE UNIVERSITY

First Quarter 2011

| GREATER PHOENIX REAL ESTATE CONSENSUS FORECAST<br>RESIDENTIAL |                       |                     |                                |                      |   |                     |                                |                      |
|---|-----------------------|---------------------|--------------------------------|----------------------|---|---------------------|--------------------------------|----------------------|
|   | 2011                  |                     |                                |                      | 2012  |                     |                                |                      |
|   | Single-Family Permits | Multifamily Permits | Apartment Vacancy (4th Qtr. %) | Apartment Absorption | Single-Family Permits   | Multifamily Permits | Apartment Vacancy (4th Qtr. %) | Apartment Absorption |
| APS   | 12,500                | 1,500               | 11.5%                          | 3,900                | 19,500  | 4,000               | 10.5%                          | 4,900                |
| ASU - Realty Studies  | 10,250                | 1,000               | 11.0%                          | 7,000                | 14,350  | 1,500               | 10.5%                          | 8,750                |
| Belfiore Consulting   | 8,800                 | NA                  | NA                             | NA                   | 16,000  | NA                  | NA                             | NA                   |
| CB Richard Ellis  | 9,000                 | 1,400               | 8.7%                           | 8,000                | 12,000  | 3,300               | 6.7%                           | 7,500                |
| Cassidy Turley BRE Commercial                                 | 11,000                | 1,000               | 7.7%                           | 7,500                | 18,000  | 1,750               | 5.5%                           | 7,500                |
| Colliers International  | 7,000                 | 1,200               | 9.1%                           | 4,000                | 15,000  | 4,000               | 8.0%                           | 4,450                |
| CRA   | 5,800                 | 1,000               | 10.0%                          | 1,000                | 7,500   | 2,000               | 9.0%                           | 2,000                |
| Cushman & Wakefield   | 8,000                 | 1,500               | 9.5%                           | 8,000                | 12,000  | 3,000               | 8.5%                           | 9,000                |
| Elliott D. Pollack & Co.                                      | 5,000                 | 3,000               | 9.5%                           | 7,000                | 7,000   | 6,000               | 9.0%                           | 8,000                |
| Griffin Consulting  | 12,750                | 1,900               | 10.5%                          | 4,750                | 16,500  | 2,600               | 9.3%                           | 5,250                |
| Marcus & Millichap  | 13,100                | 2,100               | 8.5%                           | 4,500                | 27,400  | 6,800               | 7.5%                           | 5,400                |
| Southwest Growth Partners                                     | 9,800                 | 1,400               | 9.8%                           | 6,100                | 13,500  | 2,750               | 8.4%                           | 7,400                |
| U of A - Eller College  | 7,400                 | 1,000               | NA                             | NA                   | 11,400  | 1,500               | NA                             | NA                   |
| <b>CONSENSUS</b>  | <b>9,262</b>          | <b>1,500</b>        | <b>9.6%</b>                    | <b>5,614</b>         | <b>14,627</b>   | <b>3,267</b>        | <b>8.4%</b>                    | <b>6,377</b>         |
| <i>Actuals from Phoenix Housing Market Letter and ASU:</i>    |                       |                     |                                |                      | 2010 year-end inventory<br>Single-family: 1,077,632<br>Multifamily: 344,831 |                     |                                |                      |
| 2010 Actuals  | 6,822                 | 408                 | 10.3%                          | 20,743               |   |                     |                                |                      |
| 2009 Actuals  | 8,487                 | 637                 | 14.2%                          | (5,319)              |   |                     |                                |                      |
| 2008 Actuals  | 14,375                | 6,365               | 10.8%                          | (4,466)              |   |                     |                                |                      |

| GREATER PHOENIX REAL ESTATE CONSENSUS FORECAST<br>OFFICE (Millions of Square Feet) |              |                      |             |              |                                 |             |
|--|--------------|----------------------|-------------|--------------|---------------------------------|-------------|
|  | 2011         |                      |             | 2012         |                                 |             |
|  | Construction | Vacancy (4th Qtr. %) | Absorption  | Construction | Vacancy (4th Qtr. %)            | Absorption  |
| APS  | .30          | 21.0%                | 0.60        | 1.10         | 19.2%                           | 3.70        |
| CB Richard Ellis   | 0.50         | 25.2%                | 0.90        | 0.20         | 22.7%                           | 1.80        |
| Cassidy Turley BRE Commercial  | 0.44         | 27.7%                | 0.50        | 0.00         | 25.9%                           | 1.25        |
| Colliers International   | 0.44         | 22.5%                | 0.60        | 0.36         | 21.7%                           | 1.32        |
| Cushman & Wakefield  | 0.00         | 23.5%                | 0.75        | 0.00         | 22.5%                           | 1.00        |
| Elliott D. Pollack & Co.   | 0.00         | 25.0%                | 1.00        | 0.00         | 22.5%                           | 1.80        |
| Lee & Associates   | 0.44         | 25.1%                | 0.36        | 0.00         | 24.2%                           | 0.68        |
| Marcus & Millichap   | 0.23         | 25.6%                | 0.80        | 0.98         | 23.6%                           | 2.16        |
| Southwest Growth Partners  | 0.00         | 25.5%                | 0.50        | 0.00         | 23.2%                           | 1.10        |
| <b>CONSENSUS</b>   | <b>0.26</b>  | <b>24.6%</b>         | <b>0.67</b> | <b>0.29</b>  | <b>22.8%</b>                    | <b>1.64</b> |
| <i>Actuals from CB Richard Ellis:</i>  |              |                      |             |              | 2010 year-end inventory<br>76.2 |             |
| 2010 Actuals   | 2.0          | 26.20%               | 0.85        |              |                                 |             |

| GREATER PHOENIX REAL ESTATE CONSENSUS FORECAST<br>RETAIL (Millions of Square Feet) |              |                      |            |              |                      |            |
|--|--------------|----------------------|------------|--------------|----------------------|------------|
|  | 2011         |                      |            | 2012         |                      |            |
|  | Construction | Vacancy (4th Qtr. %) | Absorption | Construction | Vacancy (4th Qtr. %) | Absorption |
| APS  | 0.50         | 12.0%                | 0.80       | 2.70         | 10.8%                | 4.80       |

|                                       |             |              |             |                                  |              |             |
|---------------------------------------|-------------|--------------|-------------|----------------------------------|--------------|-------------|
| CB Richard Ellis                      | 0.00        | 12.0%        | 1.10        | 1.50                             | 11.5%        | 2.00        |
| Cassidy Turley BRE Commercial         | 0.50        | 11.7%        | 0.50        | 0.50                             | 11.5%        | 0.80        |
| Colliers International                | 0.48        | 11.8%        | 0.84        | 1.20                             | 11.5%        | 2.30        |
| Cushman & Wakefield                   | 0.25        | 13.0%        | 0.15        | 0.25                             | 11.0%        | 0.25        |
| Marcus & Millichap                    | 0.29        | 12.2%        | 0.26        | 0.65                             | 11.2%        | 2.24        |
| Southwest Growth Partners             | 0.30        | 13.6%        | 0.50        | 0.50                             | 12.5%        | 1.00        |
| <b>CONSENSUS</b>                      | <b>0.33</b> | <b>12.3%</b> | <b>0.59</b> | <b>1.04</b>                      | <b>11.4%</b> | <b>1.91</b> |
| <i>Actuals from CB Richard Ellis:</i> |             |              |             | 2010 year-end inventory<br>148.9 |              |             |
| 2010 Actuals                          | 0.9         | 12.20%       | (1.61)      |                                  |              |             |

| <b>GREATER PHOENIX REAL ESTATE CONSENSUS FORECAST<br/>INDUSTRIAL (Millions of Square Feet)</b> |              |                            |             |  |                            |             |
|--|--------------|----------------------------|-------------|--|----------------------------|-------------|
|  | 2011         |                            |             | 2012   |                            |             |
|  | Construction | Vacancy<br>(4th Qtr.<br>%) | Absorption  | Construction                                       | Vacancy<br>(4th Qtr.<br>%) | Absorption  |
| CB Richard Ellis*  | 0.00         | 13.3%                      | 5.00        | 3.50   | 12.2%                      | 6.00        |
| Cassidy Turley/BRE Commercial  | 0.00         | 13.4%                      | 3.50        | 0.00   | 11.9%                      | 4.50        |
| Colliers International   | 0.85         | 15.5%                      | 5.00        | 1.80   | 13.8%                      | 6.20        |
| Cushman & Wakefield**  | 0.00         | 12.5%                      | 5.00        | 0.50   | 10.5%                      | 5.00        |
| Lee & Associates*  | 0.70         | 13.8%                      | 5.13        | 1.00   | 11.4%                      | 6.91        |
| Marcus & Millichap   | 1.17         | 15.0%                      | 3.76        | 2.14   | 13.8%                      | 4.88        |
| <b>CONSENSUS</b>   | <b>0.45</b>  | <b>13.9%</b>               | <b>4.56</b> | <b>1.49</b>  | <b>12.3%</b>               | <b>5.58</b> |
| <i>Actuals from CB Richard Ellis:</i>  |              |                            |             | 2010 year-end inventory<br>CB Richard Ellis* 272.1 |                            |             |
| 2010 Actuals   | 2.5          | 14.70%                     | 7.59        |  |                            |             |
| 2009 Actuals   | 4.8          | 16.10%                     | (12.76)     |  |                            |             |
| *All Space over 5,000 sq. ft.  |              |                            |             |  |                            |             |
| **Total Market (Space over 10,000 sq. ft.)   |              |                            |             |  |                            |             |