

PPR TIER II

Market Overview & Forecasts
Albany-Schenectady-Troy NY

September 2006 Office Edition

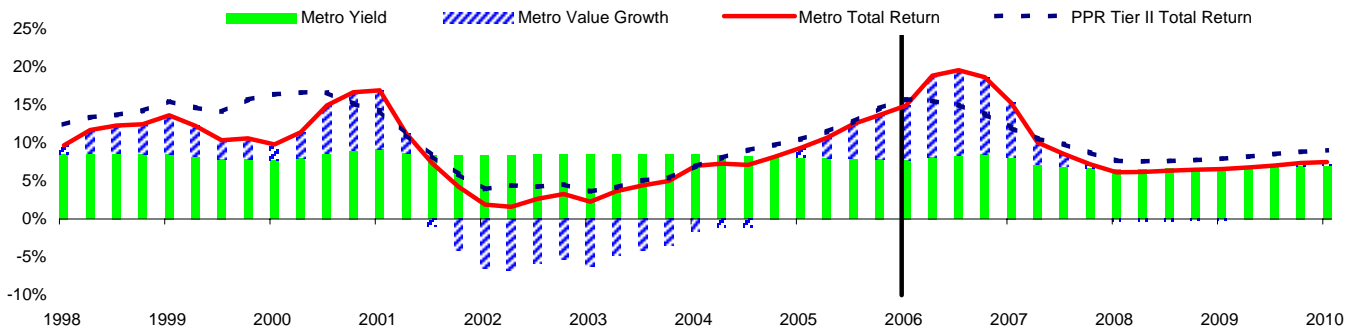
Demographic Trends

CATEGORY	2006		1986-1995		1996-2005		2006-2010	
	Metro	U.S.	Metro	U.S.	Metro	U.S.	Metro	U.S.
POPULATION ('000)	852	300,470	0.5%	1.1%	0.2%	1.1%	0.1%	0.9%
HOUSEHOLDS('000)	341	112,896	1.1%	1.4%	0.4%	1.1%	0.3%	1.2%
MEDIAN HOUSEHOLD INCOME	\$55,295	\$47,381	3.7%	3.7%	3.8%	2.8%	3.5%	3.1%

Employment Trends

NAICS CATEGORY	2006		1986-1995		1996-2005		2006-2010	
	Employment ('000)	Location Quotient	Metro	U.S.	Metro	U.S.	Metro	U.S.
CONSTRUCTION	16	0.66	-1.1%	0.9%	2.5%	3.3%	-0.3%	1.0%
MANUFACTURING	23	0.48	-1.6%	-0.3%	-2.6%	-1.9%	-0.4%	-0.4%
TRADE, TRANSPORTATION AND UTILITIES	81	0.93	1.1%	1.5%	0.8%	0.8%	0.5%	0.7%
Retail Trade	51	1.01	1.2%	1.6%	0.4%	0.9%	0.8%	0.6%
Wholesale Trade	16	0.80	0.5%	1.0%	0.8%	0.6%	0.2%	1.1%
Trans, Ware and Util	14	0.84	1.3%	1.9%	2.2%	0.8%	0.1%	0.5%
FINANCIAL ACTIVITIES	28	1.00	2.0%	1.5%	1.0%	1.8%	1.3%	1.1%
GOVERNMENT	109	1.47	0.4%	1.6%	0.2%	1.2%	0.3%	0.7%
NATURAL RESOURCES AND MINING	2	0.74	1.3%	-3.8%	7.0%	0.0%	-0.3%	-0.6%
EDUCATION AND HEALTH SERVICES	81	1.35	2.8%	4.3%	2.1%	2.7%	2.2%	2.5%
PROFESSIONAL AND BUSINESS SERVICES	53	0.92	2.3%	3.8%	2.7%	2.7%	1.2%	2.3%
INFORMATION	11	1.04	0.9%	1.6%	-0.5%	0.6%	0.4%	0.9%
LEISURE AND HOSPITALITY	32	0.74	1.1%	2.9%	1.0%	2.0%	1.0%	2.4%
OTHER SERVICES	18	1.02	2.8%	3.0%	2.0%	1.6%	0.7%	1.6%
TOTAL EMPLOYMENT	453	1.00	1.1%	1.8%	1.0%	1.3%	0.9%	1.3%
OFFICE-USING EMPLOYMENT	92	0.96	2.0%	2.7%	1.7%	2.2%	1.2%	1.8%

Metro vs. PPR Tier II Derived Market Return



Annual Total Return Composition, 4th Quarter 1999-2010

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Total Return	9.8%	16.9%	1.9%	2.3%	7.0%	9.3%	14.9%	15.2%	6.1%	6.6%	7.5%	8.0%
Capital Value	2.1%	7.8%	-6.5%	-6.2%	-1.6%	1.3%	7.1%	7.1%	-0.4%	-0.2%	0.5%	0.9%
NOI Yield	7.7%	9.1%	8.4%	8.4%	8.6%	8.1%	7.7%	8.1%	6.5%	6.8%	7.0%	7.2%

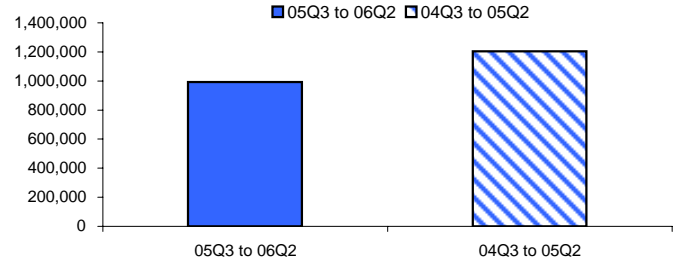
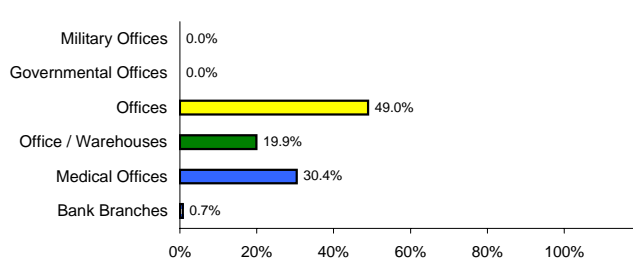
Metro Relative to Tier II Office Markets

Average Annual Forecast Return	6.19%		14.19%
Historical Volatility	5.45%		12.79%
Return Per Unit of Risk	0.59%		1.83%

Albany-Schenectady-Troy NY Construction Trends

Office

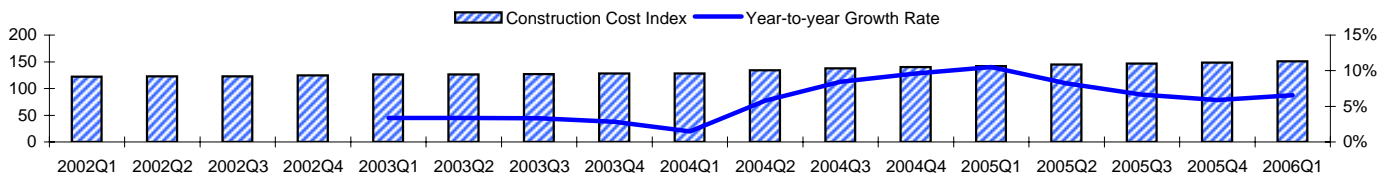
Underway by Subclass Construction Starts (per Sqft)



Major Projects Underway

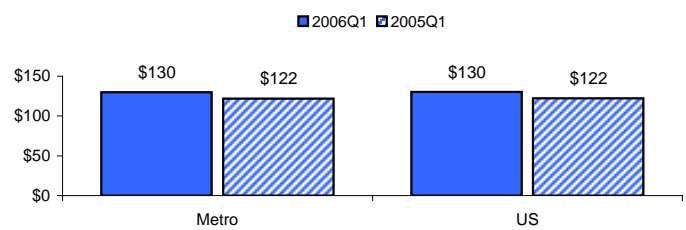
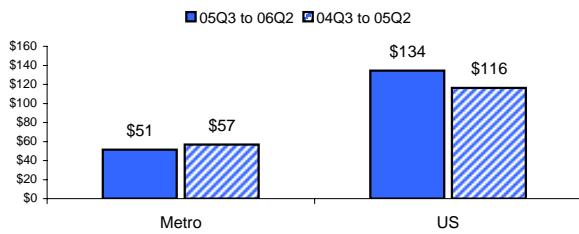
Title	City	Size (Sqft)	Target Start	Target Completion	Developer
1 Albany County Office Building	Albany		10/04	10/06	
2 Albany County Office Building	Albany		08/04	08/06	Surface Systems Inc
3 Albany County Office Building - Chiller	Albany		09/04	09/06	
4 Albany Research & Conferencing Bldg	Albany	225,000	04/06	07/07	Keenan Development
5 Army Aviation Support Facility	Latham		11/04	11/06	

Construction Cost Index



Investment Trends

Median Sales Price (per Sqft) Construction Cost (per Sqft)



Major Sales

Title	Quarter	City	Price (Sqft)	Size (Sqft)	Buyer	Seller
1 Hedley Park Place	2006Q2	Troy	\$34	335,000	First Columbia LLC (Latham MD)	John Hedley
2 Flanigan Square	2006Q2	Troy	\$56	116,000	First Columbia LLC (Latham MD)	John Hedley
3 Commerce Corporate Plaza	2005Q3	Albany	\$51	748,163	David Werner	GE Capital
4 Fleet Bank Bldg	2004Q4	Albany	\$40	154,000	American Financial Realty Trust	Bank of America
5 Peter D Kiernan Plaza	2004Q4	Albany	\$74	122,670	American Financial Realty Trust	Bank of America

Sources: PPR; Economy.com; NREI; Real Capital Analytics; Reed Construction Data