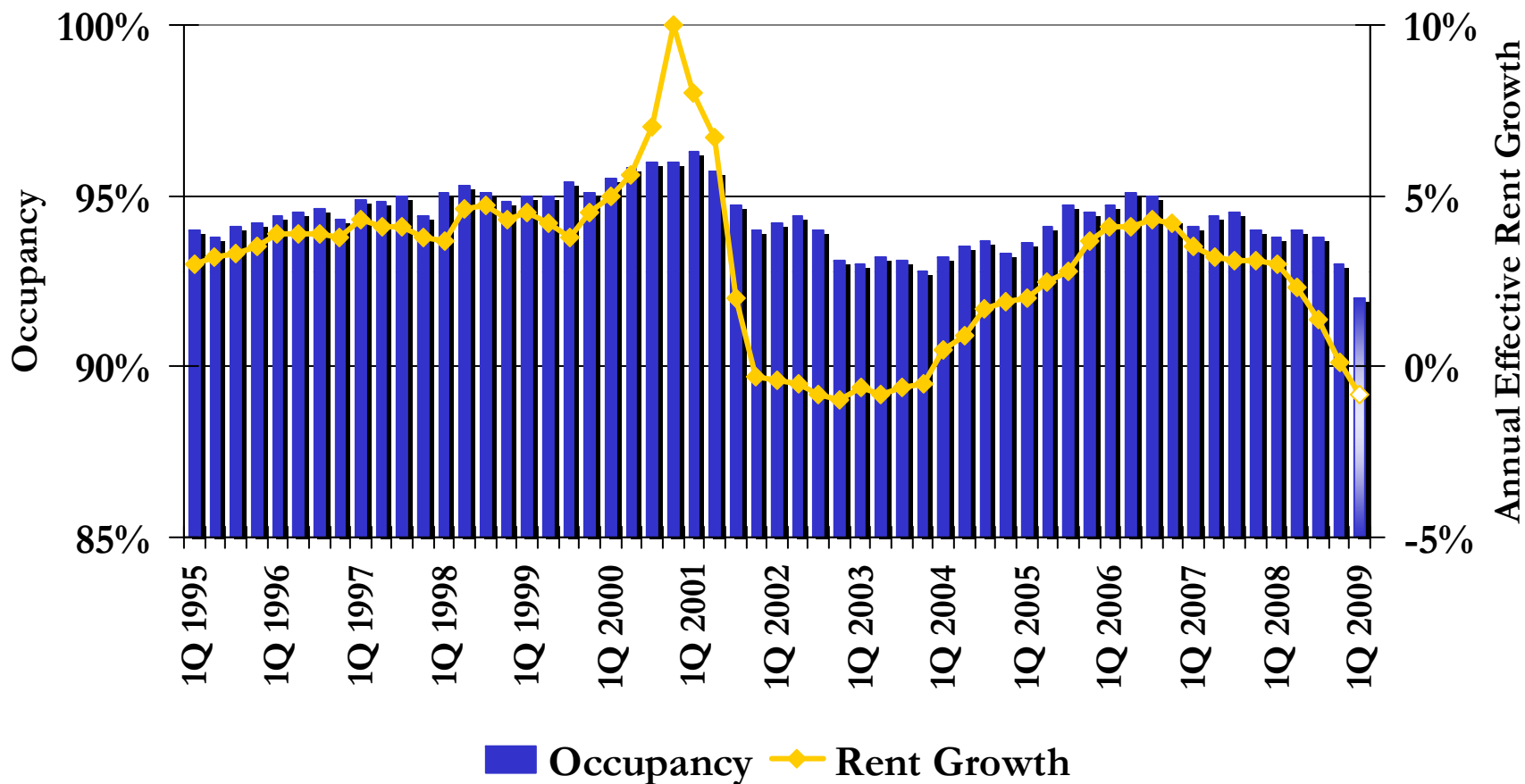


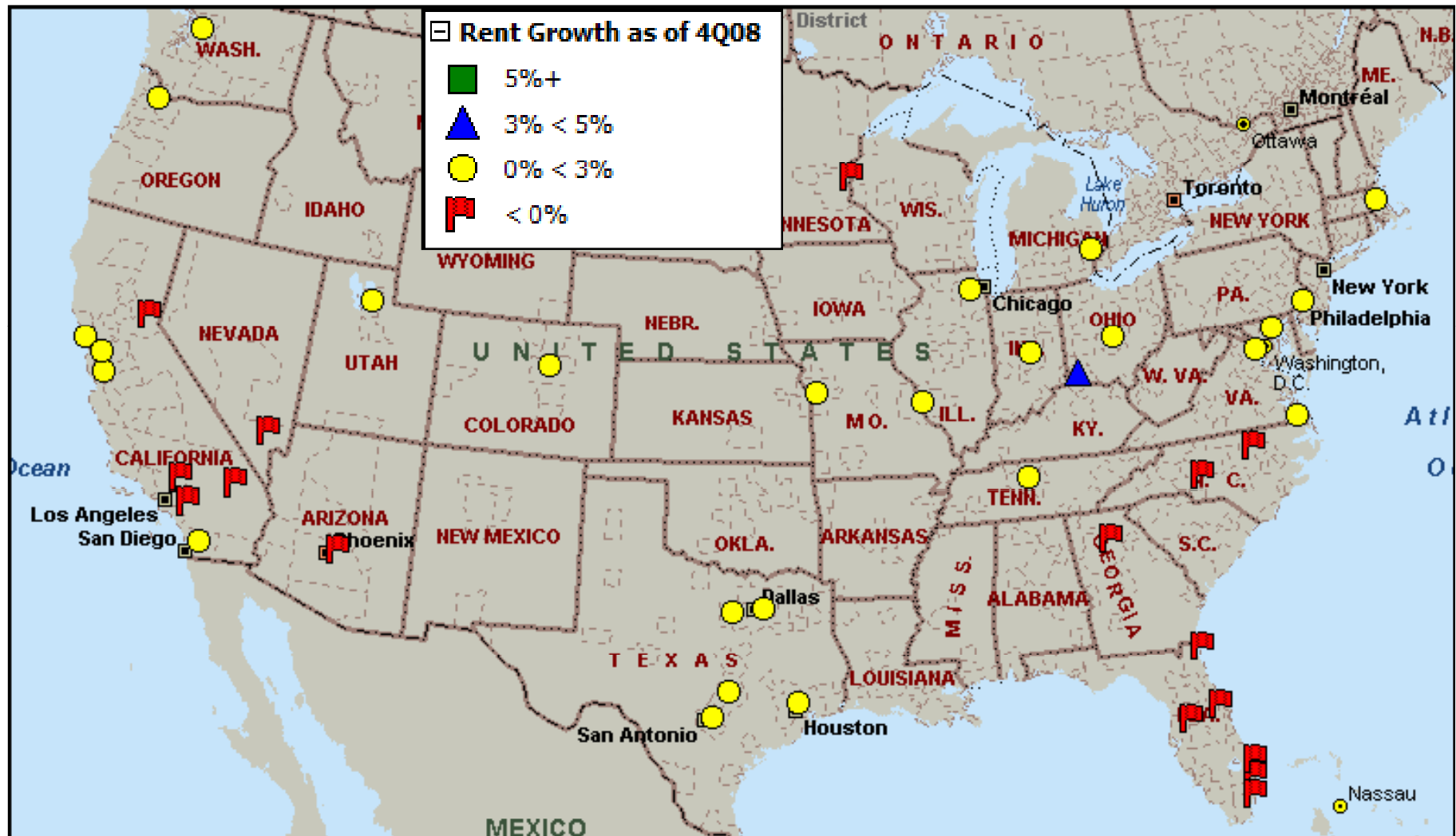
**Update on the Apartment Markets:
The Macro View**

4Q results were sharply weaker, especially rents

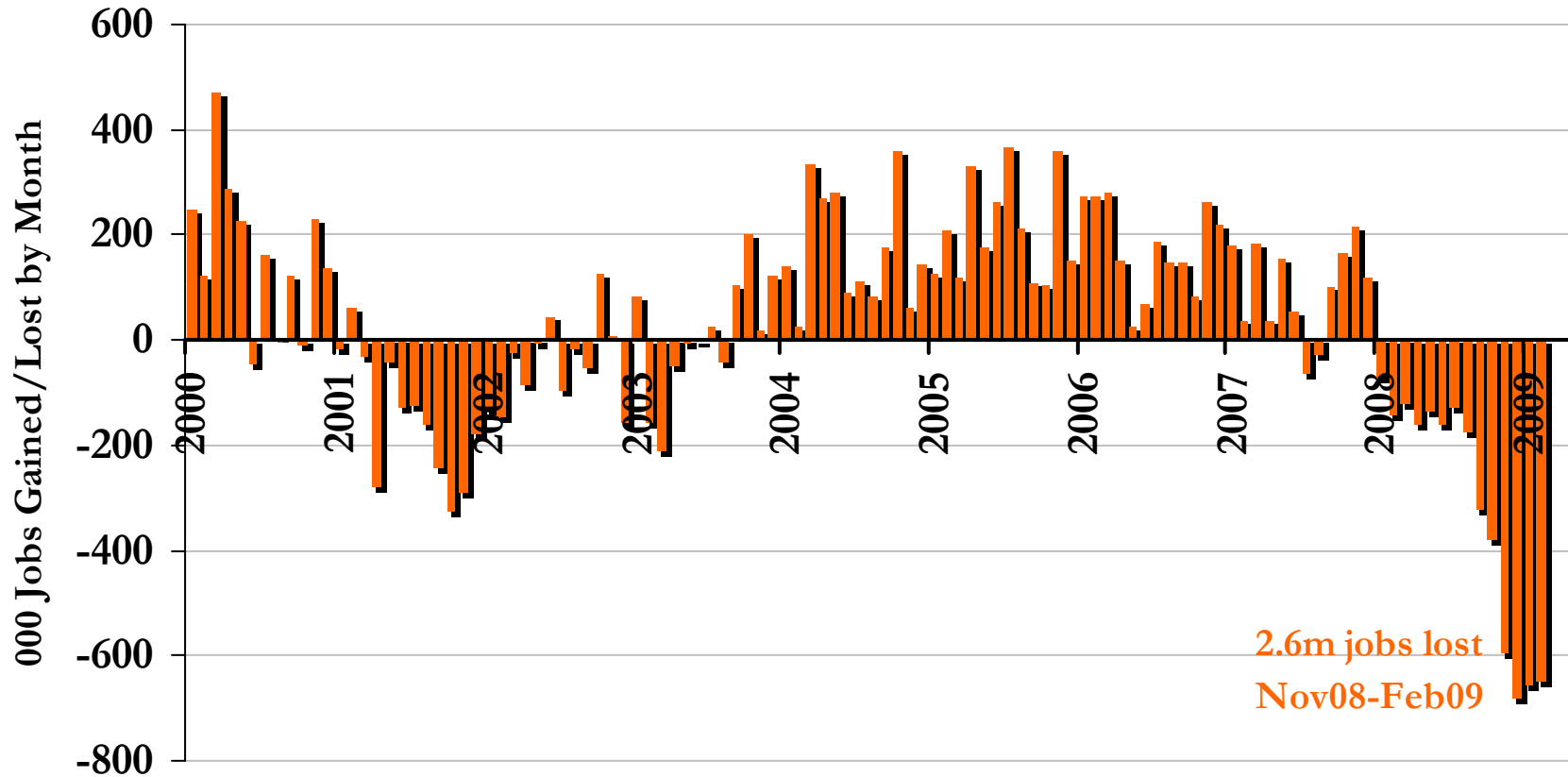


Source: Witten Advisors

Market Update



Monthly job losses severe through Feb09



February 2009 Actuals: Job Growth Highlights

Employment Growth

12 Months ending Feb. 2009

1. Austin	+1.3k
2. San Antonio	-0.8k
3. Fort Worth	-2.5k
4. Washington DC	-3.3k
5. Houston	-6.3k

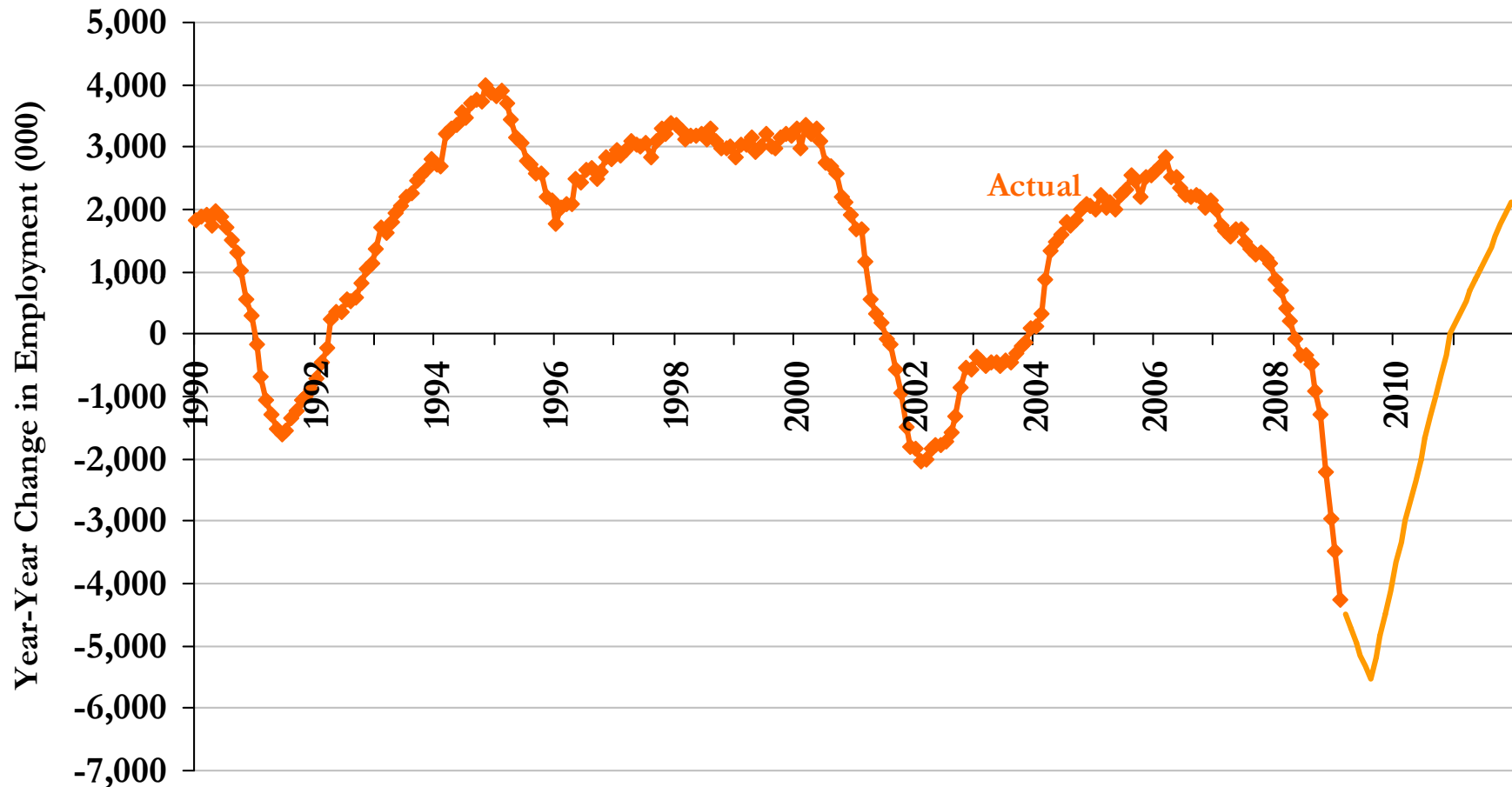
38. Atlanta	-111.3k
39. Chicago	-126.4k
40. Los Angeles	-130.0k
41. Phoenix	-137.6k
42. Detroit	-142.4k

Employment Growth Rate

12 Months ending Feb. 2009

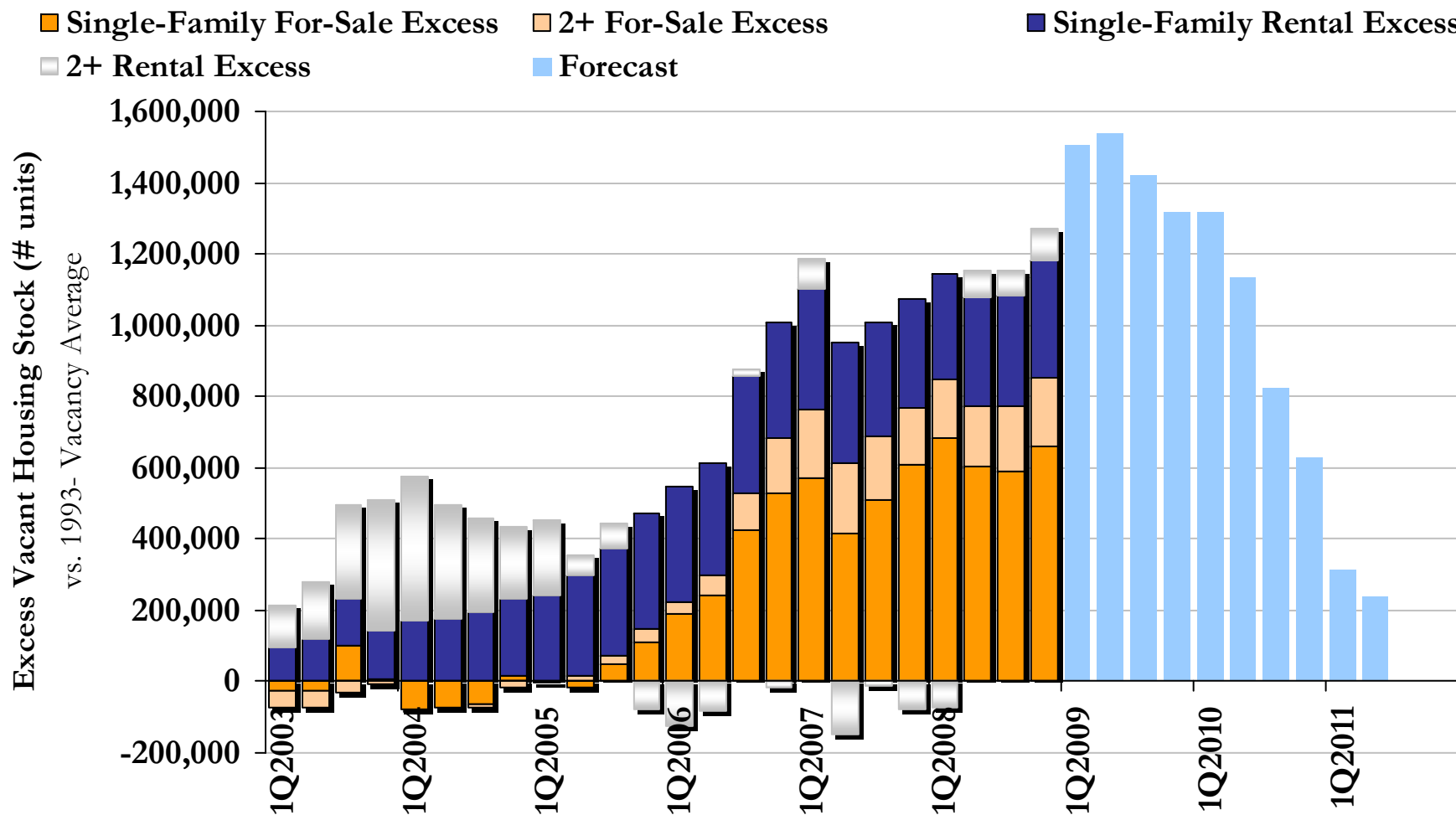
1. Austin	+0.2%
2. San Antonio	-0.1%
3. Washington DC	-0.1%
4. Houston	-0.2%
5. Fort Worth	-0.3%
6. Norfolk	-0.9%
7. Kansas City	-1.0%
8. Dallas	-1.4%
9. Columbus	-1.8%
10. Salt Lake City	-2.1%

Expect deep losses 2009; 2010 flat; 2011 recovery



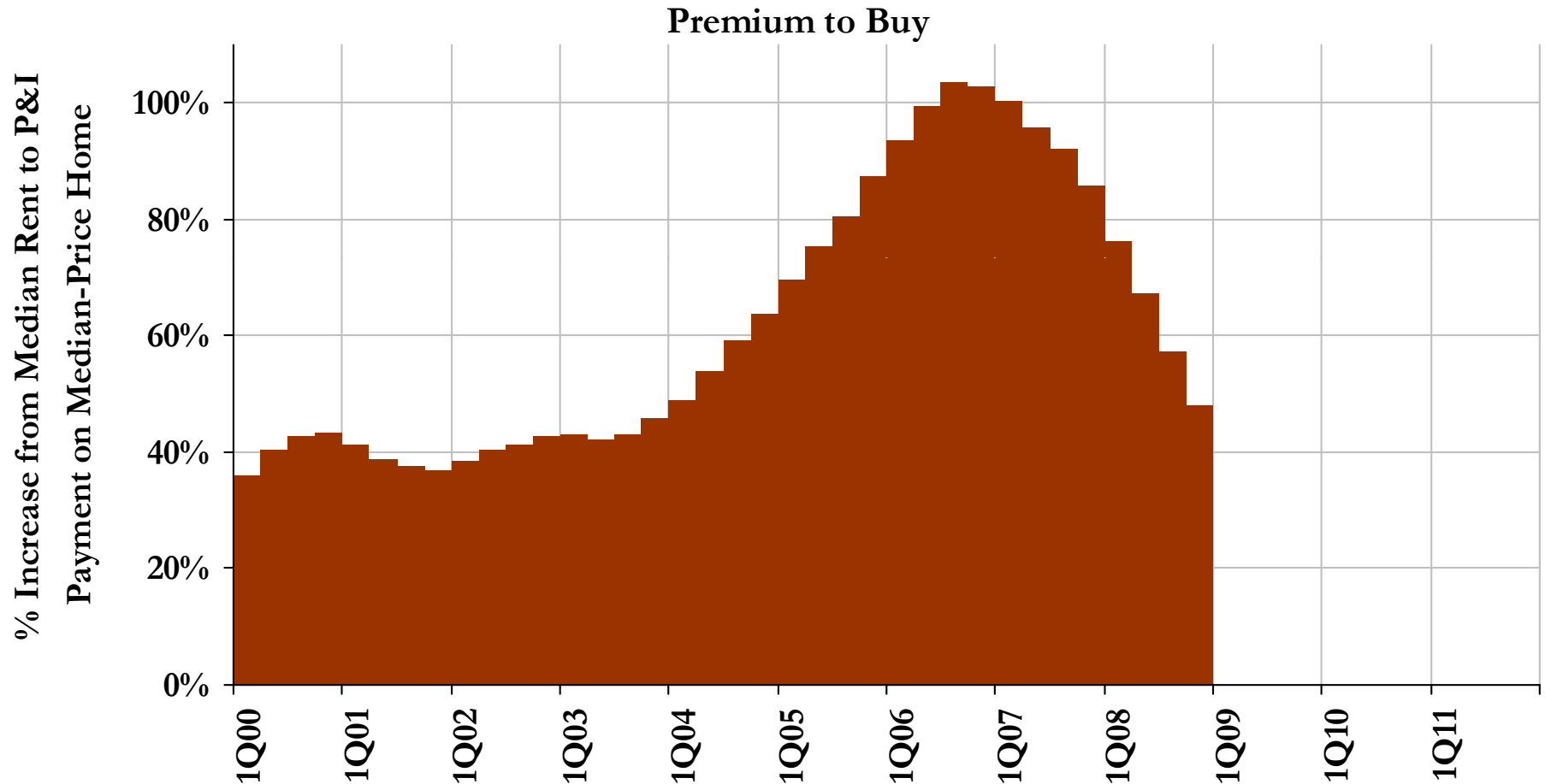
Sources: U.S. Bureau of Labor Statistics; forecast by Witten Advisors

Policy or no, housing market overbuilt until 2011



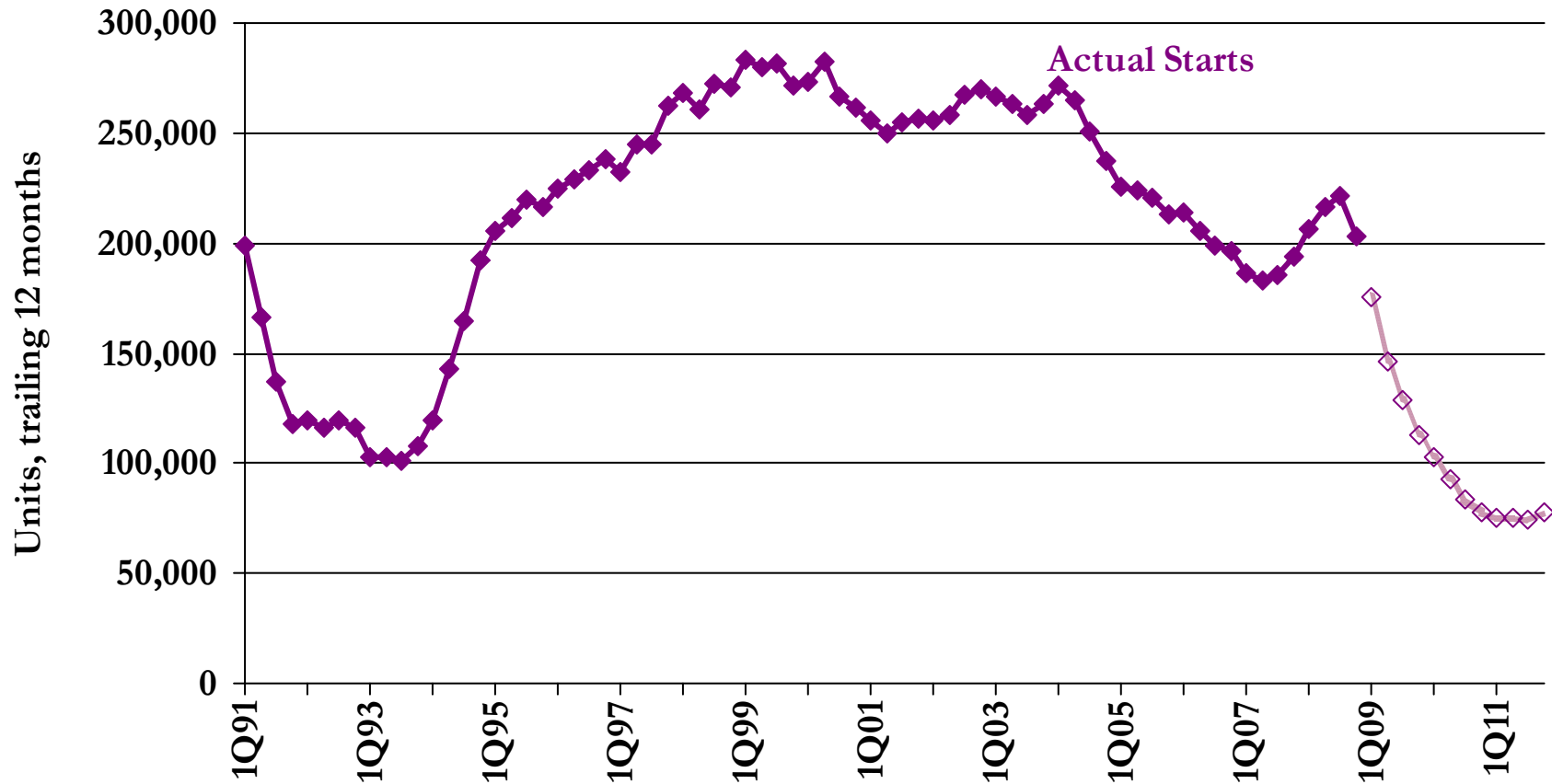
Source: Witten Advisors

Home price, rate declines squeeze rent-buy spread



Source: Witten Advisors

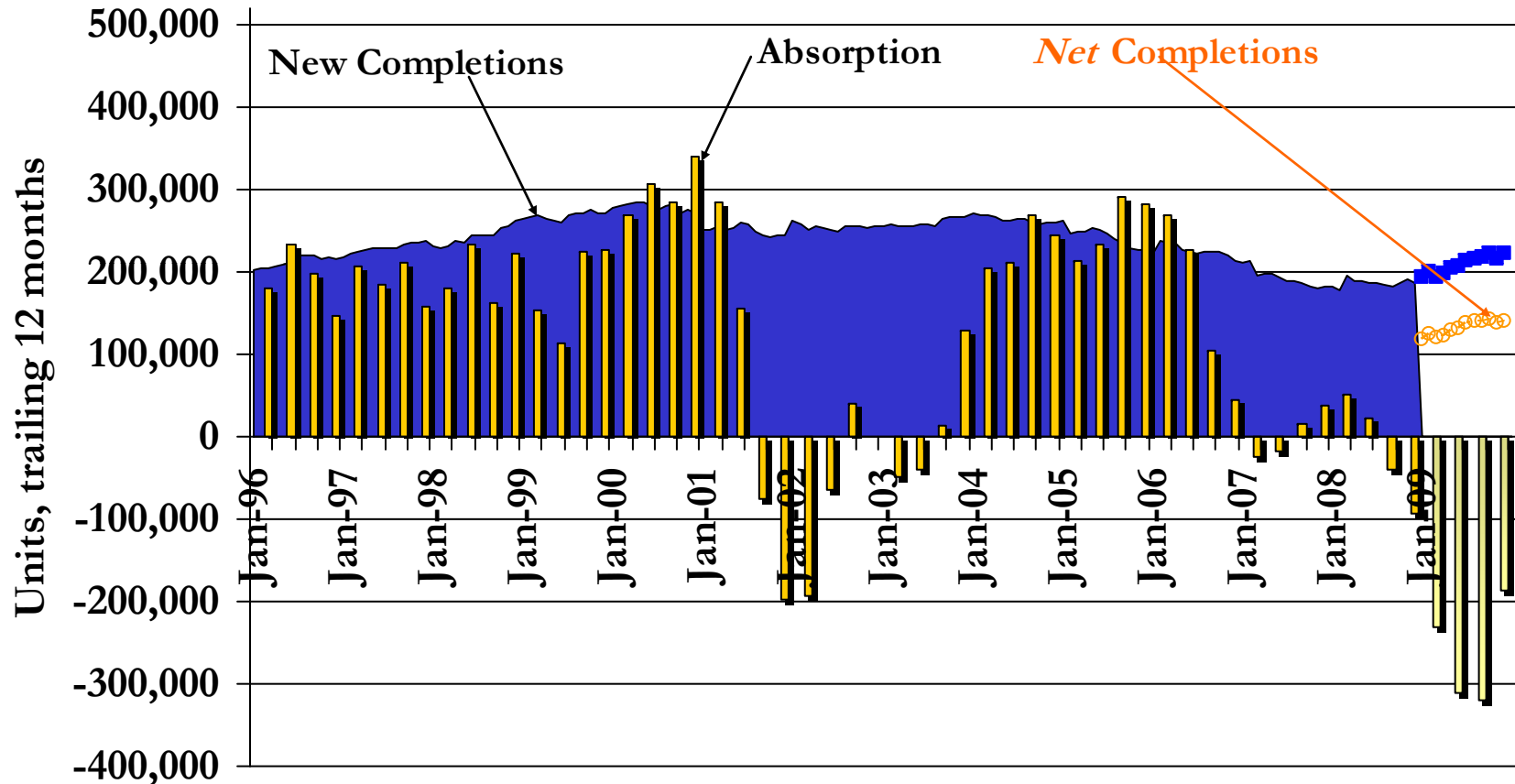
MF rental starts will set a post-WWII low



Predicted starts based on return on new development relative to U.S. Treasuries and inflation, availability of debt and equity financing

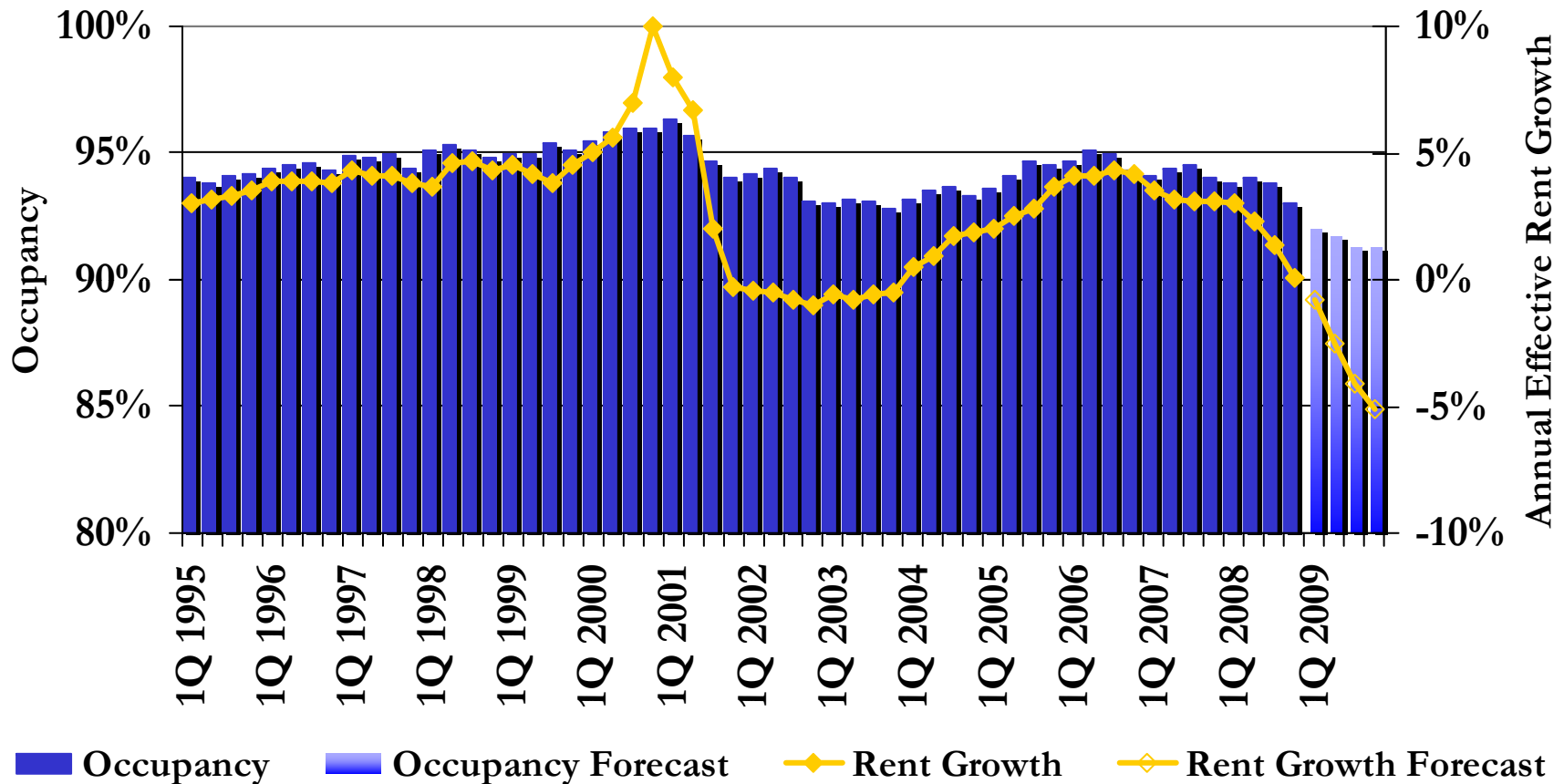
Source: Witten Advisors

Demand very weak in 2009; deliveries continue



Source: Witten Advisors

So, U.S. faces a challenging 2009



Source: Witten Advisors

Hope on the Horizon

- 2009: Difficult
 - Job losses deepen in worst recession post-WWII
 - Home prices fall 16%; house payments drop 23%
 - Effective rents down 5%; NOI -7½%/year
- 2010: Toward stabilization
 - Job losses end, but no gains
 - House payments steady as rates rise
 - Effective rents stabilize; NOI -7½% as in-place rents roll down
- 2011: First year of a strong recovery
 - Solid employment growth; home payments rise 9%
 - Zero net new completions due to current capital crunch
 - Rents up 6%; NOI +7%

Questions/Discussion