



The Retail and Office Markets

Sacramento, CA

The Office Market

- After 5 years, the market changes
- Average rents were up 10%
- Over 1.7M SF in new tenant activity
- Real Estate sector gets hammered

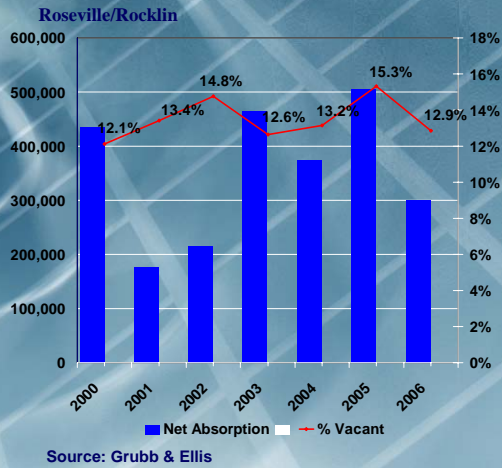
Overall Market Office Vacancy

Year	Vacancy (%)
2000	9.2%
2001	11.0%
2002	14.3%
2003	16.0%
2004	17.0%
2005	15.3%
2006	14.8%

Source: Grubb & Ellis

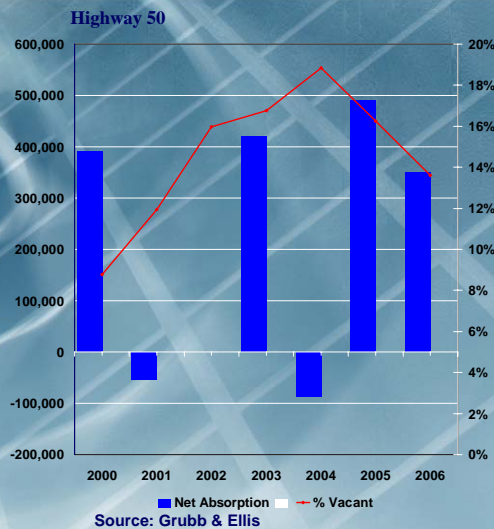
The Office Market

- Roseville has been the bright spot
- Construction slowed the past 18 months
- Upcoming Projects:
 - Rocklin Corporate Center
 - Highland Pt., Phase II
 - Stone Pt.
 - Hwy. 65 Office Plaza
 - 1400 W. Stanford Ranch
 - 580,000 SF!

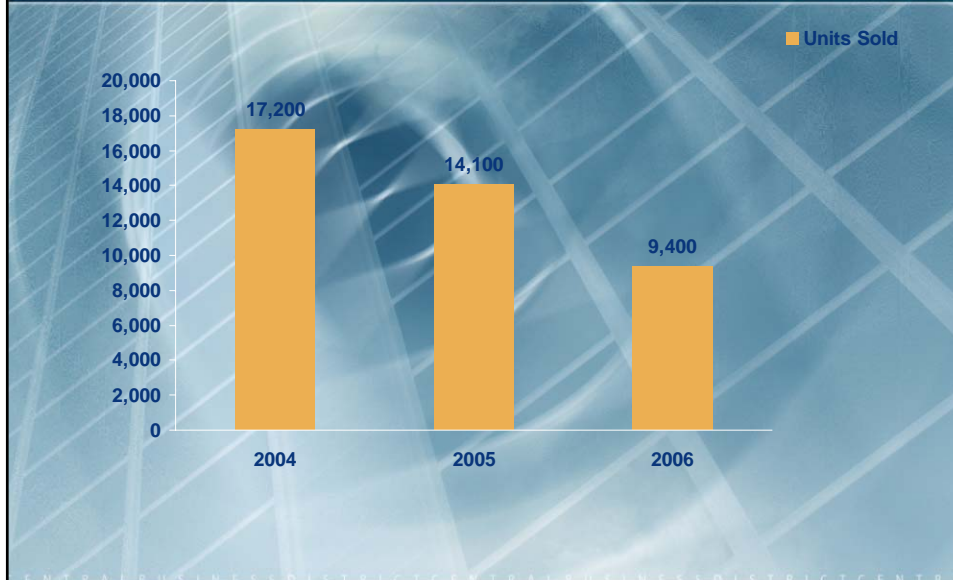


The Office Market

- Hwy. 50 emerges
- Health Net leads the way
- Vacancy lowest in 5 yrs
- Residential opens the door for more development opportunities

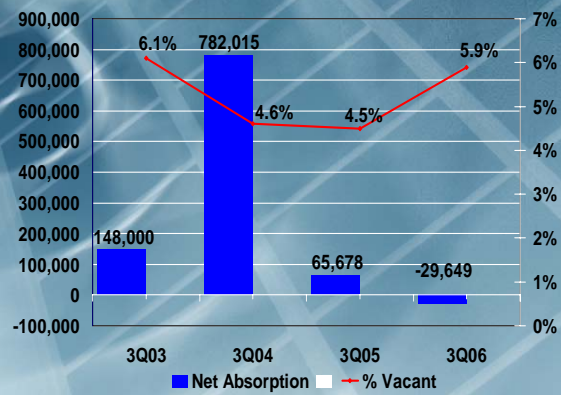


New Home Sales



The Retail Market

- Housing slowdown will have impact
- Absorption will be positive for '06
- Construction to taper
- Tenant expansion plans slow for '07



Source: CB Richard Ellis

Mixed Use Development

What is mixed use?

- The trend
- Where does it work?