OFFICE

REIS

Metro: Los Angeles

Contents

THE ECONOMY

"Los Angeles was hit hard by the Great Recession," the Los Angeles County Economic Development Corporation (LAEDC) noted in its 2012 economic forecast. "Over 350,000 jobs were lost and the unemployment rate rose to 13%." Subsequently, according to this source, "Los Angeles County has participated somewhat unevenly in the economic gains of the past two years, but recovery is lagging the state as a whole." The data bear this out. According to Current Employment Survey (CES) data from the U.S. Bureau of Labor Statistics (BLS), annual average total non-farm payroll employment fell by 8.5% (350,000) from 2007 to 2010, compared with a national average loss of 5.8%. From 2010 to 2011 employment rose 0.6% by this measure in Los Angeles, and 1.1% in the United States.

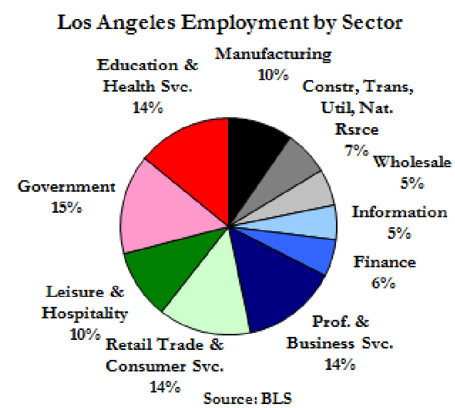
More up to date CES data for February 2011 to February 2012 show a gain of 39,600 payroll jobs (1.0%) in Los Angeles, about the same as in the increase from February 2010 to February 2011. The self-employed—freelancers, contract workers, and business owners—are a rising share of the workforce in Los Angeles, and CES data does not include them. According to household-based data from the BLS, including these non-employees, the employment gains are much smaller, with the number of employed residents of Los Angeles County rising by just 11,700 (0.3%) in the year to February 2012, less than in the previous 12 months.

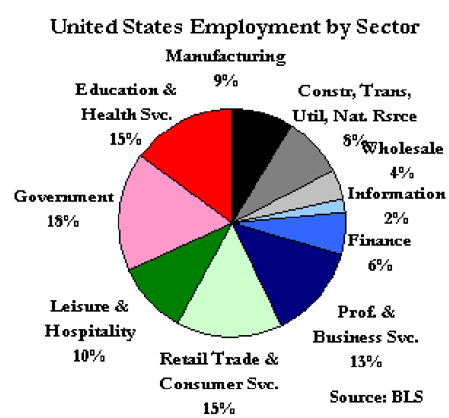
CES data by sector shows the diversity of the Los Angeles economy, with concentrations relative to the national average in Manufacturing, Professional and Business Services, and in particular, Information. Los Angeles is less Government depended than the nation as a whole. A large share of the recent job gains are in key office- and studio-based sectors. From February 2011 to February 2012, according to CES data, payroll employment increased by 14,400 (7.4%) in the Information Sector, led by a gain of 15,500 (12.6%) in the Motion Picture and Sound Recording industry. This industry also has a large number of self-employed workers as well, so its total increase in workers may be larger than this. According to LAEDC entertainment industry activity has increased, "with overall film production rising modestly last year after a large rebound in 2010. More motion pictures and commercials were filmed locally in 2011, but television pilots and shows declined slightly." The Financial Activities sector added 2,400 jobs (1.2%) year-over-year as of February, and Professional and Business Services employment increased by 11,500 (2.1%). The latter includes an increase of 6,600 (7.8%) in the Employment Services industry, which includes temporary workers.

- *The BLS reports a seasonally unadjusted unemployment rate of 12.0% in February for the Los Angeles Metropolitan Division, down from 12.3% one year earlier.*

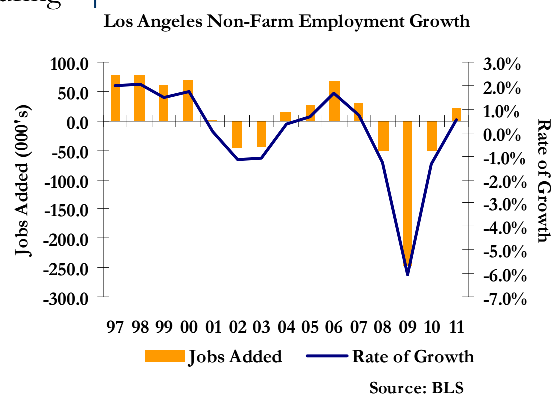
- *Total non-farm employment in Los Angeles was up 1.0% year-over-year in February, according to the BLS.*

- *Moody's Economy.com reports a first quarter 2012 average household income of $134,523 for Los Angeles. Average household incomes of $123,440 and $128,587 are reported for the top metros in the nation and West region, respectively.*

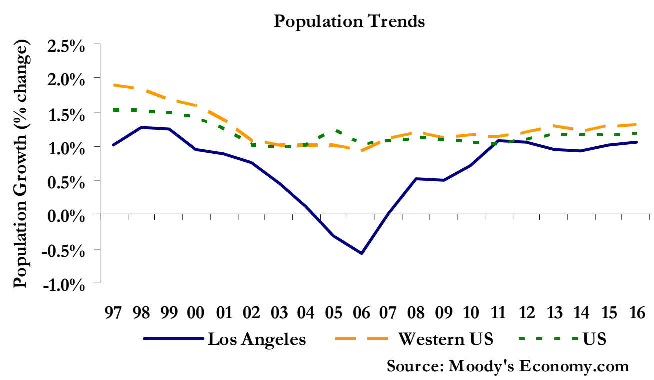




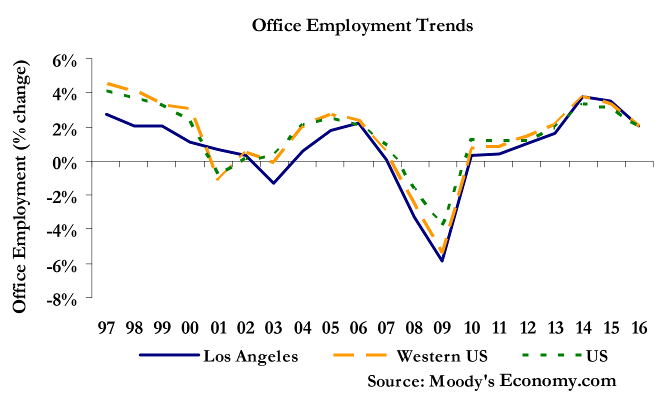
Employment in the industrial sectors has been weaker according to CES data for the most recent February-to-February period, with Manufacturing losing another 6,300 jobs (1.7%) and Transportation and Warehousing losing 3,000 (2.2%), offsetting gains of 2,700 (1.3%) in Wholesale Trade and 4,300 (4.3%) in the long suffering Construction sector. "International trade activity finished 2011 just behind the prior year, but only because of a strong finish in December," according to LAEDC. This causes "concerns about the impact of slower global economic growth on trade coming through the ports and the airports."



Meanwhile "major construction projects will support the Los Angeles economy" as "LAX, Metro, and the two ports all have significant construction programs underway." As Los Angeles transitions from a sprawling area growing horizontally on undeveloped land to a built out area adding density, its rail transit system is growing. According to *CurbedLA*, plans are moving forward to expand the subway west on Wilshire Boulevard, with an EIS released for three new stations between Koreatown and Westwood. The light rail network is also growing.



Expanding activity has spilled over to the hard-hit consumer-driven sectors, with CES data showing an increase of 6,400 jobs (1.7%) year-over-year in February in Leisure and Hospitality, and 5,500 (1.4%) in Retail Trade. Within the latter sector the Food and Beverage Store industry added 2,600 jobs (3.0%) and the big-box General Merchandise Stores industry added 2,400 jobs (3.7%). According to Moody's Economy.com, household average income increased 1.6% in the year to first quarter 2012, and the population rose by 1.0% (103,000) or about the national average pace.



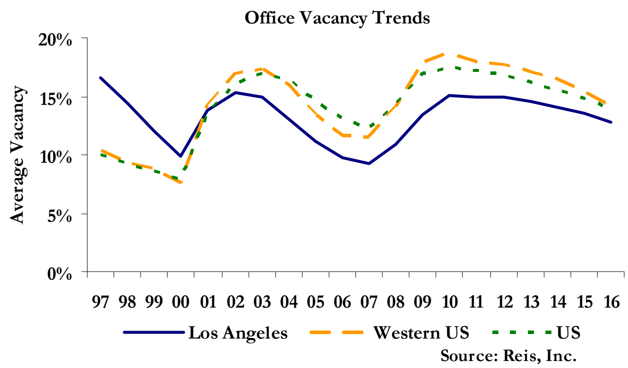
OUTLOOK

Moody's Economy.com predicts an increase of 51,700 jobs (1.4%) in 2012 and slightly more in 2013. Very strong job gains are forecast for the following two years. LAEDC is more pessimistic, and predicts it will take years to regain the pre-recession job peak.

THE REAL ESTATE MARKET

The 196-million-square-foot general purpose, multi-tenant Los Angeles office market weakened suddenly in the first quarter of 2012 according to Reis data, as net absorption turned negative. What Reis sees as a setback is described by others as a slowdown or stable conditions, but no one describes the market as strong.

OCCUPANCY



Reis reports a first quarter 2012 vacancy rate of 15.3%, up 40 basis points from both a quarter and a year earlier. The rate had been stable at 14.9% for four quarters before the new upturn. The increased rate is a new high for the cycle; the year-end high for the previous cycle, in 2002, had also been 15.3%, but rates exceeding 20.0% were recorded in the early 1990s. The Class A rate of 14.7% was up just 10 basis points for the quarter, while the Class B/C rate of 16.0% was up 70, but the increases from a year earlier are similar.

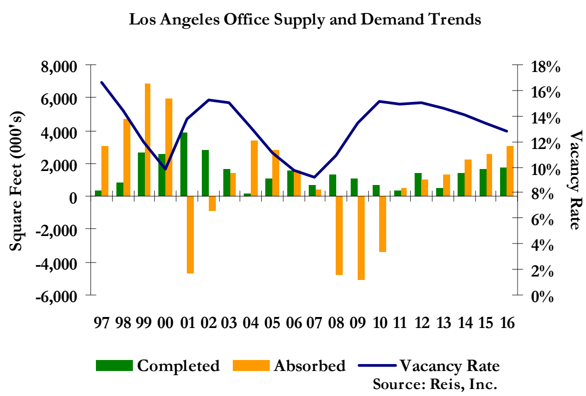
"The Los Angeles County office market witnessed vacancy levels decline from 16.4% to 16.2%, during the quarter," Daum Commercial reported. Colliers reports the rate unchanged at 18.3%, while Cushman & Wakefield reports an 18.8% rate, unchanged from a quarter and a year earlier. "While not optimal, it's not the highest it's been in 20 years, when it reached the mid 20s, nor is it the highest from the past ten years," according to Cushman & Wakefield. "The Los Angeles and San Diego Sentiment Index with respect to vacancy rates dropped, but by an insignificant amount and remained highly optimistic," according to the 2012 Anderson Forecast from UCLA. The group's "panel of experts" thus expects lower vacancy rates. Due in large part to the first quarter 2012 setback, Reis does not predict a significant decrease in vacancy until 2013. The rate is forecast to end 2012 at 15.0%, down from the first quarter, but up slightly from 2011. A steady decrease to 12.8% in 2016 is forecast to follow.

Special Real Estate Factors:

- *"The reach and definition of tech broadens almost daily as new innovations and uses surface," according to Cushman & Wakefield. "Currently, these tenants occupy nontraditional office space, but as they grow, some could migrate to traditional office space as the limited supply of trendy, older buildings dwindles." "Santa Monica is a classic example of where there is a flood of activity by technology-minded companies that have really created an extensive demand, driving down vacancy and driving up rental rates," according to The Los Angeles Times. "A handful of neighborhoods such as Santa Monica, Pasadena and Glendale are tightening in favor of landlords, but others remain relative bargains for renters."*

- *"Kilroy Realty Corporation announced that it has signed two leases totaling 77,080 square feet that bring the company's 688,000-square-foot West Los Angeles portfolio to 98% leased," according to Real Estate Weekly. "At its Westside Media Center campus in Los Angeles, the company signed a 38,881-square-foot, full floor, 4.3 year lease with Red Bull to take the 378,000-square-foot campus to 99% leased. At its Santa Monica Media Center, the company signed a 38,199-square-foot, 10.6 year lease with Crispin Porter to take that project to 100% leased. Both leases commenced in the first quarter of 2012."*

SUPPLY AND DEMAND



The vacancy rate increased in the first quarter as a result of 606,000 square feet of negative net absorption, including minus 525,000 square feet for the Class B/C segment. Class A net absorption had been negative, and overall net absorption had been weak, in the second half of 2011, though the total for the year was plus 504,000 square feet. The total for 2008 to 2010, during the recession, had been a devastating negative 13.1 million square feet, the worst period for demand in the history of this market. Far worse than that in the early 1990s, when the vacancy rate exceeded 20.0%.

The high vacancy rates of the early 1990s were caused by the 1980s office development boom, but office development in Los Angeles has been cautious ever since. The 2011 total was just 309,000 square feet of new space; the average for the eight years from 2004 to 2011 was less than 875,000 per year. With many older office buildings converted to housing during the housing bubble and others shifted to owner occupancy, the office inventory fell from about 201 million square feet in 2003 to about 197,000 square feet today, a key factor in the moderate vacancy rate in Los Angeles.

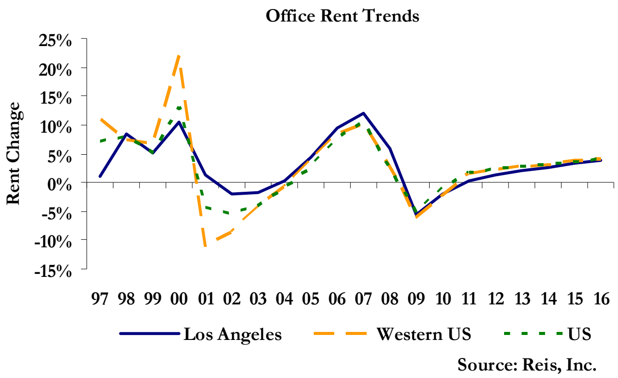
Reis reports 1.4 million square feet of general purpose, multi-tenant office space under construction, including nearly 800,000 square feet for which a 2012 completion date has been estimated. The firm predicts similar amounts added in each year from 2014 to 2016. The 2013 total is expected to be lower, due to an absence of recent construction starts. Net absorption, meanwhile, is forecast to recover to end 2012 at plus 963,000 square feet, limiting the increase in vacancy. Strengthening demand is expected to bring total net absorption to 1.4 million square feet in 2013 and over 3 million square feet in 2016, exceeding the amount of new supply in each of those years. With strong demand for apartments in central locations and 73 million square feet of Class B/C space currently occupied, conversions may resume.

Continued

- *"Many segments of the financial services industry were hard hit by the mortgage meltdown and broader financial crisis that accompanied the Great Recession," according to the Los Angeles County Economic Development Corporation (LAEDC). "Across the state, the industry lost more than 160,000 jobs over four successive years before eking out a slight gain in 2011. But the industry still has some distance to travel before it is fully on the mend." This affects Downtown, where legal and financial firms are concentrated. In the Professional and Business Services sector, the best chance of office-based growth is in the advertizing industry according to LAEDC. "The summer Olympics and the U.S. Presidential election will provide a boost to ad expenditures this year. Many corporations have built up large cash reserves and will be investing a portion of those reserves in advertising to stimulate consumer demand and build market share. Much of the growth in the advertising industry will depend on increases in consumer spending."*

- *"Redevelopment may be dead in Glendale, but economic development is not," according to the Glendale Press News. "In February, a state mandate redirecting millions in incremental property taxes from city coffers to the state's forced the closure of local redevelopment agencies across California. With that tool now gone, nowhere in the city's legal code is there a mechanism to spur economic development." The city is seeking a new ordinance to attract business.*

RENTS



Despite the reversal for demand, rents continued to edge up slightly for the fourth consecutive quarter. Both the average asking rent and the average effective rent increased 0.2% in the first quarter of 2012, to $32.14 psf and $26.06 psf, respectively. The asking and effective averages are up 0.9% and 1.2% from a year earlier. The Class A asking average is $37.36 psf, up 0.2% from a quarter earlier and 1.0% from a year earlier. The Class B/C asking average is up 0.1% over three months and 0.9% over twelve at $25.66 psf.

Average rents are down 4.1% year-over-year at $28.20 psf, according to Daum Commercial. "Weighted average asking rental rates maintained the same level as last quarter" according to Colliers, at $29.88 psf. "Concessions such as free rent and tenant improvement allowances are still being utilized in the market." "Asking rents began to creep up in select submarkets," according to Cushman & Wakefield. "The office market, much like the retail market, has become a block-by-block industry." Year-over-year changes in Class A asking rents varied between plus 15.0% to minus 17.0%, according to this source. The overall average for all space was unchanged from a year earlier at $30.36 psf.

Reis predicts the asking and effective averages will increase 1.4% and 2.1% in 2012, following gains of 0.4% and 0.9% in 2011. The sharp losses of 2009 and 2010, including a total decrease of 12.0% for the effective average over the two years, had followed four years of strong rent gains, so rents are already higher than they had been in 2006. Whereas Los Angeles asking rents had slightly outperformed the U.S. and West Region averages in the 2000s, however, a period of underperformance began in 2011 and Reis predicts it will continue to 2016. Gains of 2.0% asking and 2.9% effective in 2013 are forecast to gradually ramp up to an increase of 3.8% asking and 4.8% effective in 2016. The effective average is expected to be at a new high by the latter year.

Special Real Estate Factors:

Continued

"The proposed economic development organization could do much of what the redevelopment agency did, including buying and selling property, as well as disposing of property for fair-market or less than fair-market value, so long as it spurs economic development, according to a city report. It could also offer grants, loans, tax rebates and other assistance to attract and retain businesses."

- *"Forced to choose between essential services like fire protection and municipal luxuries such as economic development, many communities are now relying upon new and non-traditional partners to perform critical roles in business recruitment, business retention and other important commerce-facilitating functions," according to Western Real Estate Business. In Long Beach, "at the grassroots level, a group of largely uncoordinated, de-facto economic development practitioners began building a set of parochial programs designed to address their most pressing needs. These private-sector-led organizations developed tailored economic development programs that suited the needs of smaller constituencies or geographies." Downtown, private participants created a retail development plan. "The plan's final implementation matrix included 32 actions needed to improve the retail climate, ranging from public policy changes to private-sector activities. Traditional economic development programmatic elements such as broker tours were turned upside-down*

SUBMARKETS

Los Angeles is one of the nation's largest office markets, with estimates of office stock ranging from 190 to 250 million square feet depending on what types of buildings are included. It is also one of the most decentralized markets in the US, with less than 20% of its office stock in Downtown. Other main submarkets of Los Angeles include the Westside, the San Fernando Valley, and the Tri-Cities (Burbank/Glendale/Pasadena).

Westside

Based on their high average asking rents, the Westside submarkets, strung out along Wilshire Boulevard, are Los Angeles County's premier office markets. They add to 52 million square feet of space according to Reis.

- The 10.4-million-square-foot Century City submarket has a 12.9% first quarter 2012 vacancy rate, Reis reports. The average asking rent is $48.28 psf, the highest among 21 submarkets in Los Angeles County.

- The vacancy rate was unchanged during the quarter and is down 30 basis points from a year earlier. Both the average asking rent and the average effective rent decreased 0.2%, the latter to $42.60 psf, during the quarter. Rents are up 1.4% asking and 1.6% effective from a year earlier, however.

- In the 11.6-million-square-foot West Los Angeles submarket, Reis reports a first quarter vacancy rate of 13.2%, and an average asking rent of $39.84 psf.

- The vacancy rate rose 80 basis points during the quarter on 93,000 square feet of negative net absorption, but remains 80 basis points lower than a year earlier. Both the average asking rent and the average effective rent edged up 0.2%, the latter to $32.21 psf. The year-over-year gains are small at 0.4% and 0.8%, respectively.

- According to Reis, the 7.7-million-square-foot Santa Monica submarket has a vacancy rate of 10.3%, second lowest among the submarkets, and an average asking rent of $45.84 psf, third highest countrywide. Santa Monica had held the top spot in asking rent for several years until recently.

Special Real Estate Factors:
Continued

in favor of new, more progressive programs intended to leave an indelible impression on participants."

- *At the 200 Pine building in Long Beach, according to Western, "a visionary group of investors recognized hidden potential in a 70,000-square-foot, mixed-use building located in the heart of downtown." Realm Group LLC acquired the property in 2008 "and immediately invested $4 million in capital improvements that resulted in a new lobby, bathrooms, elevators and common areas, mechanical systems, an upgraded parking garage, upgraded building lighting and an update to the building's façade. With these improvements in place, the ownership group believed the building could attract creative industry office tenants from across the Southern California region. The property's attractiveness was also enhanced by its location within an entertainment district, its adjacency to multiple transit options, and its context to visitation drivers such as the convention center, the Aquarium of the Pacific and the waterfront esplanade."*

- *CurbedLA reports a plan for an underground pedestrian walkway between the terminal of the Red Line subway and the terminal of the Orange Line busway in North Hollywood. Metro has applied for an $18 million federal grant for the project.*

- Santa Monica's vacancy rate fell 30 basis points in the first quarter on 23,000 square feet of positive net absorption, and it is down 170 basis points year-over-year. Both the average asking rent and the average effective rent increased 0.2% during the quarter, the latter to $37.01 psf. The year-over-year increases are 0.5% and 0.8%, respectively.

- The 7.4-million-square-foot Beverly Hills submarket has the lowest vacancy rate countywide at 8.7%, and the second highest asking rent at $46.09 psf.

- The vacancy rate decreased 50 basis points in the first quarter, but is up 30 from a year earlier. Rent gains have been stronger than average here. In the first quarter the average asking rent increased 0.7% and the average effective rent rose 0.8% to $38.58 psf. The asking and effective averages up down 2.5% and 3.2% year-over-year.

- The 14.8-million-square-foot Mid-Wilshire/Miracle Mile/Park Mile submarket has a vacancy rate of 14.6%, and an average asking rent of $27.85 psf, according to Reis.

- The vacancy rate increased 70 basis points during the quarter on 193,000 square feet of negative net absorption, but is down 40 basis points from a year earlier. The average asking rent increased 0.8%, while the average effective rent rose 0.7% to $22.74 psf. The year-over-year gains are 2.2% asking and 2.6% effective.

- The 400,000-square-foot Red Pacific Design Center, the largest project under construction with a 2012 delivery date, is forecast to complete construction in July. Reis predicts a 14.9% vacancy rate here at year-end, although net absorption is forecast to be positive in the last three quarters of 2012. Cushman & Wakefield describes the Red building as "vacant."

- For 56 million square feet in Los Angeles West, Colliers reports a total vacancy rate of 16.0% and an average asking rent of $39.12 psf. Net absorption was flat here during the quarter.

- "New leasing activity was 955,900 square feet, the lowest volume seen in the last five quarters," according to this source. "The West Los Angeles market continues to provide a need for creative office space and is expected to lead the Los Angeles Basin as the creative office hub."

- "Electronic Arts renewed for 122,000 square feet but downsized by half, which kept the overall vacancy at Playa Vista at 39.5%," according to Cushman & Wakefield. "Tenants in the market are eyeing Playa Vista for creative space, especially larger blocks above 10,000 square feet as product in Santa Monica diminishes."

Downtown

- For the 36-million-square-foot Downtown submarket, Reis reports a 15.5% vacancy rate and an average asking rent of $31.13 psf.

- Despite a non-office boom, the Downtown office market remains weak. In the first quarter the vacancy rate jumped 170 basis points on 594,000 square feet of negative net absorption. The rate is also down 170 basis points from a year earlier, but was aided by a 162,000-square-foot inventory decrease in the fourth quarter of 2011.

- Both the average asking rent and the average effective rent decreased 0.2% in the first quarter of 2012, the latter to $24.47 psf. The asking and effective averages are up 1.1% and 1.5% from first quarter 2011.

- Colliers reports a vacancy rate of 18.1% and an asking rent of $29.52 psf for 45.5 million square feet in Central Los Angeles, with net absorption just slightly negative here in the first quarter.

- "Large renewals still make up most of the total activity—eight of the nine largest deals over 20,000 square feet were renewals," according to Cushman & Wakefield. Those renewing include Kirkland & Ellis (91,633 square feet for five years) and Alston & Bird (80,671 square feet for ten years) at 333 S. Hope St. "The Wells Fargo master lease at 444 S. Flower St. expires this year, and while the majority of the tenants are staying, the result of move-outs and downsizing will return another 100,000 square feet to the market."

"Tri-Cities" (Glendale/Burbank/Pasadena)

The Tri-Cities submarkets, home to a concentration of entertainment industry businesses, are collectively home to 21.6 million square feet of multi-tenant office space according to Reis data.

- In the 6.5-million-square-foot Glendale submarket, Reis reports the vacancy rate at 20.3%, second highest among the submarkets, and the average asking rent at $30.15 psf.

- The vacancy rate rose 40 basis points during the first quarter and is up 150 from a year earlier. Both the average asking rent and the average effective rent decreased 1.0% during the quarter, the latter to $24.12 psf. The year-over-year decrease was 0.5% by both measures.

- Glendale's office space emptied out some years back when several brand new buildings were completed in nearby Burbank. The 338,000-square-foot second phase of the Grand Central Creative Campus is expected to complete construction in July. Reis predicts a shift to positive net absorption and a 19.7% vacancy rate for year-end 2012.

- The 7.0-million-square-foot Burbank submarket has a first quarter vacancy rate of 15.0%, and an average asking rent of $33.46 psf according to Reis.

- The vacancy rate fell 90 basis points from the prior quarter as the average asking rent increased 0.4%, and the average effective rent rose 0.5% to $28.13 psf. The vacancy rate is up 10 basis points from a year earlier, with the asking and effective averages up 0.6% and 0.9%, respectively.

- For the 8.2-million-square-foot Pasadena submarket, Reis reports a vacancy rate of 14.7%, and an average asking rent of $33.52 psf.

- The vacancy rate was unchanged from the prior quarter, as both the average asking and the effective rent edged up 0.1%, the latter to $26.16 psf. The asking average is up 1.4% year-over-year, while the effective average is up 1.9%.

- For 22.9 million square feet in the Tri Cities, Colliers reports a vacancy rate of 17.9% and an asking rent of $31.80 psf, the lowest since 2007. Net absorption was slightly negative here in the first quarter, according to this source.

- "TriCities market fundamentals greatly improved in first quarter," according to Cushman & Wakefield. "The majority of these gains came from Glendale, which attracted numerous tenants seeking cost-effective quality space. Heavy hitters such as PCL Construction, First

American Title, and Kaiser Permanente all moved into 10,000-plus square-foot spaces in first quarter."

San Fernando Valley

The San Fernando Valley submarkets total 27.5 million square feet of multi-tenant space, according to the Reis database.

- The 14.7-million-square-foot San Fernando Valley West submarket has a first quarter vacancy rate of 15.6%, and an average asking rent of $26.53 psf, Reis reports.

- The vacancy rate fell 60 basis points in the first quarter, but is unchanged from a year earlier. The average asking rent increased 1.2% during the quarter, as the effective rent rose 1.4% to $20.69 psf. The year-over-year increases, however, are just 0.3% asking and 0.5% effective.

- In the 9.4-million-square-foot San Fernando Valley Central submarket, the vacancy rate is 12.9% and the average asking rent is $28.02 psf, according to Reis.

- The vacancy rate decreased 40 basis points during the quarter but is up 20 from a year earlier. The asking and effective averages slipped 0.1% during the quarter with the effective average at $22.11 psf. Rents are up 0.3% asking and 0.5% effective from a year earlier.

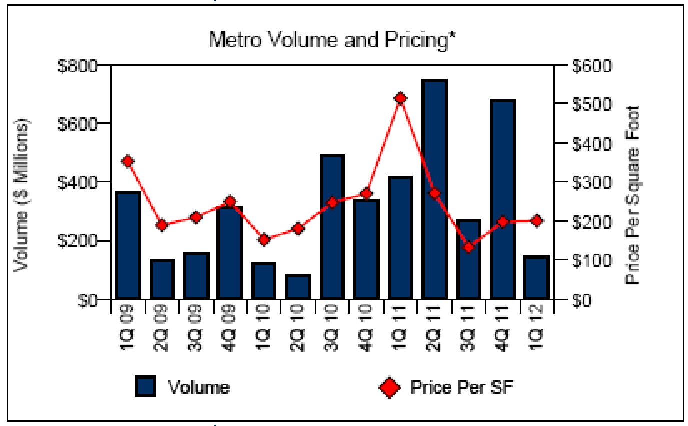
- For the 3.3-million-square-foot San Fernando Valley East submarket, Reis reports a vacancy rate of 11.1%, third lowest among the submarkets, and an average asking rent of $30.83 psf.

- The vacancy rate decreased 20 basis points during the first quarter, as rents were unchanged by both measures with the average effective rent at $27.33 psf. Rents are down slightly from a year earlier, with the vacancy rate up 60 basis points.

- Colliers reports a vacancy rate of 20.7% and an asking rent of $25.80 psf for 35.4 million square feet in the San Fernando Valley and Ventura County. "Rental rates and vacancy rates are expected to continue to fluctuate in a tight range for the remainder of the year," according to this source.

TRANSACTION ANALYTICS

Metro Volume and Pricing



First quarter 2012 Los Angeles single property office investment sales slowed to the lowest dollar value since the second quarter of 2010. Reis reports 14 qualifying deals for $144 million at a mean price of $200 psf.* That is lower than the mean price in any of the previous six years. No first quarter deals qualified as one of the leading deals over the past twelve months, and over the past four quarters the $1.84 million in office property sold in metro Los Angeles trailed the $1.94 million in metro Seattle and the $1.89 million in the San Francisco area.

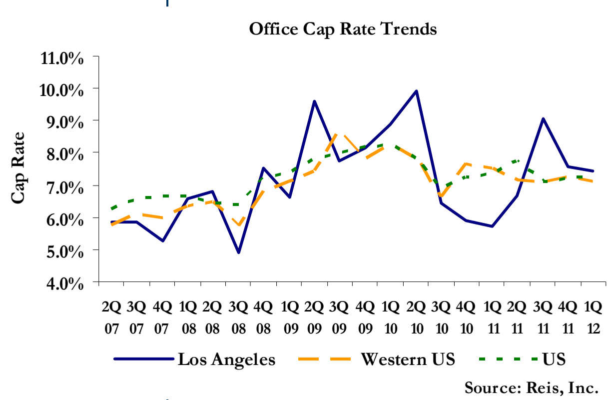
Top Submarkets

Thanks to the second quarter 2011 sale of the 950,000-square-foot Parsons Corporation Headquarters, Pasadena leads the submarkets in square footage and dollar value sold over the past four quarters at 1.3 million and $374 million. The highest mean price among the high sales submarkets is Beverly Hills at $341 psf.

Submarket Name	Square Feet Sold	Trans Volume ($ millions)	Price Per SF
Pasadena	1,329,710	$374	$281
Downtown	1,073,101	$220	$205
Beverly Hills	497,770	$170	$341
Hollywood/Sunset	554,802	$160	$288
SFV - Central	613,555	$145	$237
Mid-Cities	674,678	$122	$181
Long Beach	679,103	$114	$168

Cap Rate Comparisons and Forecasts

The mean cap rate for first quarter sales in Los Angeles was 7.4%, slightly higher than the U.S. and West region averages. The rolling 12 month cap rate is 7.6% after having risen steadily from the 6.4% calculated in the second quarter of 2011. Reis predicts the rolling 12 month mean will level off at about its current level for a couple of years before edging down slightly.



OUTLOOK

“Vacancy rates will remain mostly flat during the first half of 2012, but should start to fall during the second half of the year as the economy expands further and as the labor markets to improve,” according to the LAEDC forecast. “Asking rents are projected to remain flat, with landlord concessions widely available.” “Developer optimism combined with stronger job growth in San Diego and coastal Los Angeles County suggest non-residential construction will return to San Diego and parts of Los Angeles,” according to the Anderson Forecast.

The Reis forecast is for a gradual recovery of the office market in Los Angeles. The vacancy rate is forecast to remain below average, while edging down slowly. Rents are expected to increase moderately at a below average pace. New supply is predicted to be limited for a market this large.

For additional metro and submarket level information on the top markets for the four principal property types, visit www.reis.com or call Reis at: (800) 366-REIS.