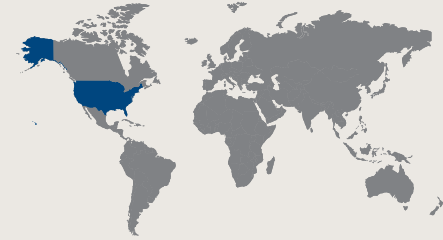


Market Research

RETAIL | FIRST QUARTER | 2010



MARKET INDICATORS

	1Q 2010	2Q 2010*
VACANCY	↑	↑
NET ABSORPTION	↓	↓
CONSTRUCTION	↓	↓
RENTAL RATE	↓	↓

* PROJECTED

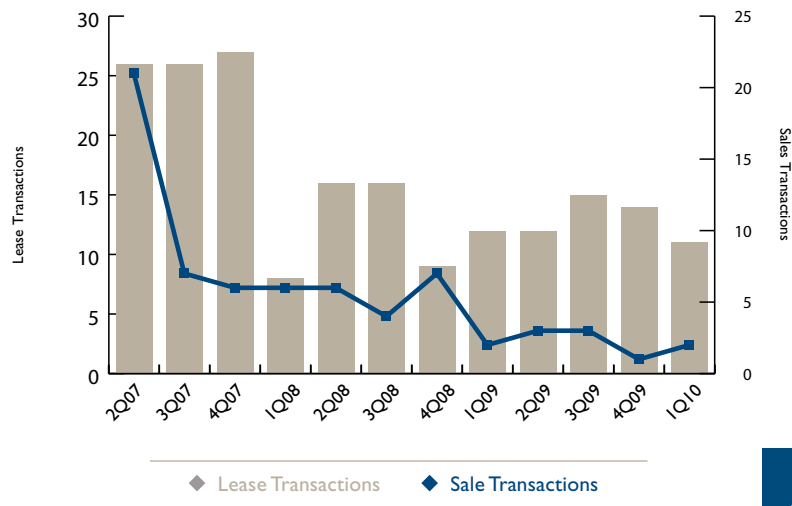
North I-680 & Highway 4 Corridors Retail Report

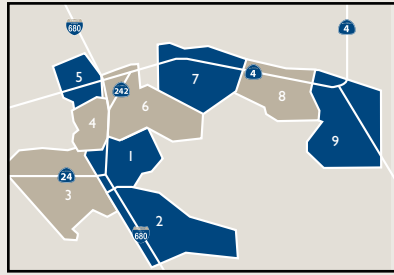
After a less than stellar 2009, retail real estate is looking toward 2010 in hopes of stability. The first quarter of 2010 did bring adverse market condition for most, but some are finding opportunity in this recession.

Discount retailers continued to flourish in the new “era of frugality.” East Bay based apparel retailer Ross Dress for Less, had 20% sales growth last year and has plans to expand by another 5% in 2010. Ross’ competitor TJX (the parent company of TJ Maxx and Marshalls) also has an eye toward expansion. TJX is planning to open sixty new stores in the U.S. Target has plans to add ten net new stores nationally during 2010. However, at the same time Target will be reinvesting \$1 billion into existing stores and developing a new format for urban markets.

Even as some retailers are able to capitalize on the recession, many more are struggling. 2009 was a dismal year for retail real estate. According to ICSC 4,763 store closings were reported for 2009, 31% fewer than the 6,913 reported in 2008. Among the hardest hit sectors were restaurants. NPD Group recorded 1,652 net closures in 2009. Also hammered by market conditions were car dealerships. The ongoing

NORTH 680 & HWY 4 CORRIDOR - SALES VS LEASE VELOCITY





SUBMARKET MAP

1. WALNUT CREEK
2. ALAMO / DANVILLE
3. LAMORINDA
4. PLEASANT HILL
5. MARTINEZ
6. CONCORD
7. PITTSBURG
8. ANTIOCH
9. BRENTWOOD

recession and closures prompted by the Chrysler and General Motors bankruptcies caused 1,605 car dealerships to shutter their doors. Though 2010 is not expected to be as difficult as 2009, the outlook remains murky. Already in 2010, 1,144 store closings have been announced. Struggling video rental store Blockbuster is eliminating 545 stores while competitor Movie Gallery/Hollywood Video is liquidating all 805 remaining stores. Sam's Club, the warehouse concept of discount powerhouse Wal-Mart is eliminating ten stores in 2010.

Market conditions locally remain extremely challenging. The East Bay continues to be hard hit by high unemployment. During February the East Bay lost 4,500 jobs, 1,000 jobs in the retail sector alone. Much like all other commercial real estate sectors unemployment has plagued local retail real estate. Unemployed consumers have been absent and are leading more stores to go dark.

Adverse market conditions continued to affect the North I-680 and Highway 4 Corridors. Vacancy climbed 0.6% to 9.0%. Over the past four quarters vacancy has increased by 1.5%. Average asking rents fell 2.6% to \$1.92 per square foot, down from \$1.97 per square foot in the last two quarters. Though the market

had a third less negative net absorption than the previous quarter, the North I-680 and Highway 4 Corridors still had 98,655 square feet of negative net absorption.

Downtown Walnut Creek was among the hardest hit submarkets in the region. Average asking rents plunged from \$2.67 per square foot to \$2.52 per square foot. During the first quarter the Downtown submarket had 29,196 square feet of negative net absorption. Vacancy surged upward to 6.9%, a 1.5 percentage point increase from the prior quarter.

Concord had more negative net absorption than any other submarket during the first Quarter of 2010, 61,467 square feet. Concord continued to have the highest vacancy rate in Central Contra Costa County, where vacancy registered at 10.7% in the first quarter. Average asking rents grew slightly from \$1.85 per square foot to \$1.90 per square foot.

The Pleasant Hill submarket had a difficult quarter. Vacancy saw a considerable uptick during the first quarter, doubling from 2.7% to 5.4%. Average asking rents fell from \$2.40 per square foot in the fourth quarter to \$2.22 per square foot in the first quarter. Pleasant Hill had 38,616 square feet of negative net absorption.

MARKET ACTIVITY

SIGNIFICANT FIRST QUARTER TRANSACTIONS

SIGNIFICANT LEASES

PROPERTY ADDRESS	DATE	SQUARE FEET	TENANT	TYPE
5100 CLAYTON RD	FEB-10	6,200	KIDZ PLANET PRESCHOOL	NEIGHBORHOOD
4085-4701 CENTURY BLVD	FEB-10	5,040	RUE 21	POWER CENTER
5829-5839 LONE TREE WAY	JAN-10	3,850	EXOTIC AQUATIC	POWER CENTER

SIGNIFICANT SALES

PROPERTY ADDRESS	DATE	SQUARE FEET	BUYER / SELLER	TYPE
1801 WILLOW PASS RD	FEB-10	13,310	CONHC LLC / JIM D MYERS TRUST	POWER CENTER

RETAIL MARKET STATISTICS
 FIRST QUARTER 2010

EXISTING PROPERTIES			DIRECT VACANCY		SUBLEASE VACANCY		TOTAL VACANCY					AVG RENTS	
Type	Bldgs	Total Inventory SF	Sq Ft	Rate	Sublease Vacant SF	Vacancy Rate	Sq Ft	Rate IQ-10	Rate Previous Q	Net Absorp. Q1 2010	Occupied Space SF	Weighted Average Rate	Weighted Average Annual

SUB MARKETS
CENTRAL CONTRA COSTA COUNTY
WALNUT CREEK

TOTAL	31	2,108,072	143,147	6.8%	1,888	0.1%	145,035	6.9%	5.4%	(29,196)	1,963,037	\$2.52	\$30.24
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CONCORD

TOTAL	47	4,514,501	447,203	9.9%	35,000	0.8%	482,203	10.7%	9.3%	(61,467)	4,032,298	\$1.90	\$22.80
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PLEASANT HILL

TOTAL	18	1,431,399	77,905	5.4%	0	0.0%	77,905	5.4%	2.7%	(38,616)	1,353,494	\$2.21	\$26.52
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MARTINEZ

TOTAL	6	277,819	7,943	2.9%	0	0.0%	7,943	2.9%	2.9%	0	269,876	\$1.91	\$22.92
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LAMORINDA

TOTAL	7	505,450	36,860	7.3%	0	0.0%	36,860	7.3%	7.9%	3,023	468,590	\$2.00	\$24.00
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ALAMO/DANVILLE

TOTAL	18	1,135,916	92,994	8.2%	0	0.0%	92,994	8.2%	8.2%	(13,113)	1,042,922	\$2.64	\$31.68
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EAST CONTRA COSTA COUNTY
PITTSBURG

TOTAL	13	1,724,539	97,754	5.7%	0	0.0%	97,754	5.7%	6.5%	14,812	1,626,785	\$1.26	\$15.12
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ANTIOCH

TOTAL	22	2,633,024	217,680	8.3%	0	0.0%	217,680	8.3%	9.3%	15,922	2,415,344	\$1.43	\$17.16
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BRENTWOOD

TOTAL	11	1,153,246	205,099	17.8%	29,224	2.5%	234,323	20.3%	21.2%	9,980	918,923	\$1.85	\$22.20
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MARKET TOTAL

EC	46	5,510,809	520,533	9.4%	29,224	0.5%	549,757	10.0%	8.9%	40,714	4,961,052	\$1.46	\$17.58
CC	127	9,973,157	806,052	8.1%	36,888	0.4%	842,940	8.5%	8.3%	(139,369)	9,130,217	\$2.17	\$25.98
TOTAL	173	15,483,966	1,326,585	8.6%	66,112	0.4%	1,392,697	9.0%	8.4%	(98,655)	14,091,269	\$1.92	\$22.99

QUARTERLY COMPARISON AND TOTALS

Q1-10	173	15,483,966	1,326,585	8.6%	66,112	0.4%	1,392,697	(9.0%)	8.4%	(98,655)	14,091,269	\$1.92	\$22.99
Q4-09	173	15,486,966	1,224,907	7.9%	79,515	0.5%	1,304,422	(8.4%)	7.8%	(168,109)	14,179,544	\$1.97	\$23.08
Q3-09	173	15,588,605	1,161,437	7.5%	58,447	0.4%	1,219,884	7.8%	7.5%	(35,287)	14,368,721	\$1.97	\$23.69
Q2-09	173	15,588,605	1,126,150	7.2%	48,447	0.3%	1,174,597	7.5%	N/A	N/A	14,414,008	\$1.97	\$23.58

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Martinez continued to be a stable, albeit quiet market during the first quarter of 2010. Vacancy remained unchanged at 2.9%, the lowest vacancy rate in either the North I-680 or Highway 4 Corridors. Rents declined only slightly, falling from \$1.93 per square foot to \$1.91 per square foot.

Market conditions improved in Lamorinda (Lafayette, Moraga and Orinda) during the first quarter. Vacancy fell 0.6 percentage points to 7.3%. The average asking rent remained unchanged from the previous quarter, holding steady at \$2.00 per square foot. The Lamorinda submarket had 3,023 square feet of positive net absorption in the first quarter.

Average asking rents continued to fall in Pittsburg, from \$1.30 per square foot to \$1.26

per square foot. Vacancy fell by 0.8 percentage points in the first quarter to 5.7%, the lowest vacancy rate in the Highway 4 Corridor. Pittsburg had 14,812 square feet of positive net absorption during the fourth quarter.

Antioch had positive net absorption in the first quarter, 15,922 square feet. Vacancy fell to 8.3% from 9.3%. The average asking rent decreased by \$0.01 per square foot to \$1.43 per square foot.

Though there was the occasional bright spot in the retail real estate market during the first quarter of 2010, the outlook remains cloudy. Landlords continue to face the realities of higher vacancy and tenants struggle with declines in revenue while everyone waits for the sky to clear.

294 OFFICES IN 61 COUNTRIES
ON 6 CONTINENTS

USA 94
Canada 22
Latin America 17
Asia Pacific 64
EMEA 97

\$48.1 billion in annual
transaction volume
1.1 billion square feet
under management
12,729 Professionals

CONTACT INFORMATION

UNITED STATES

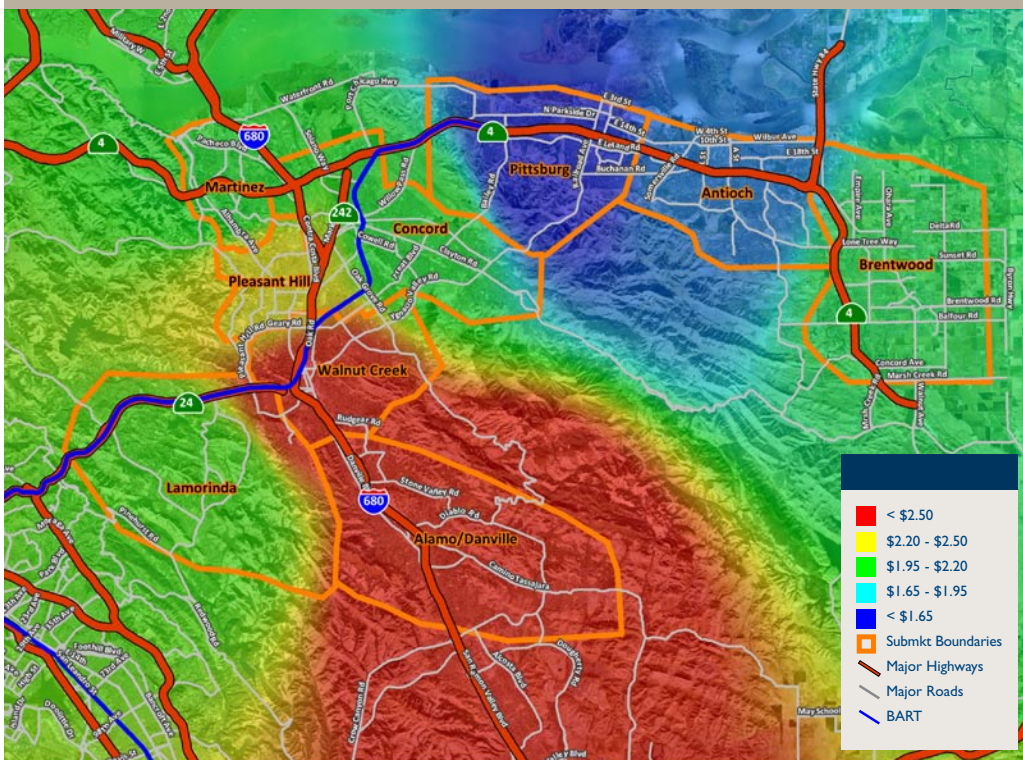
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