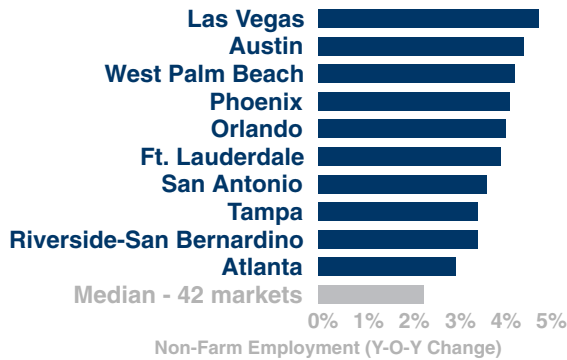
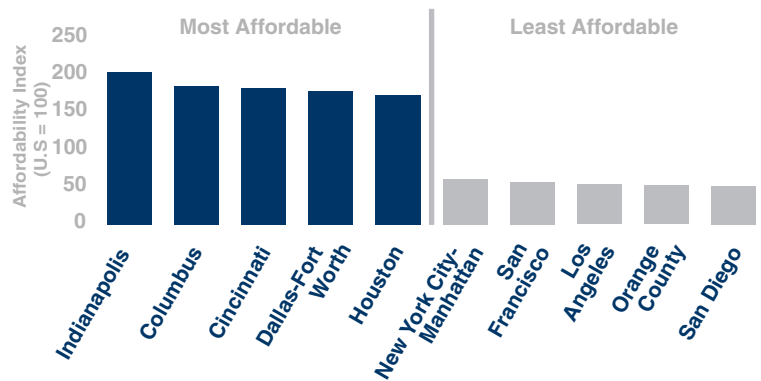


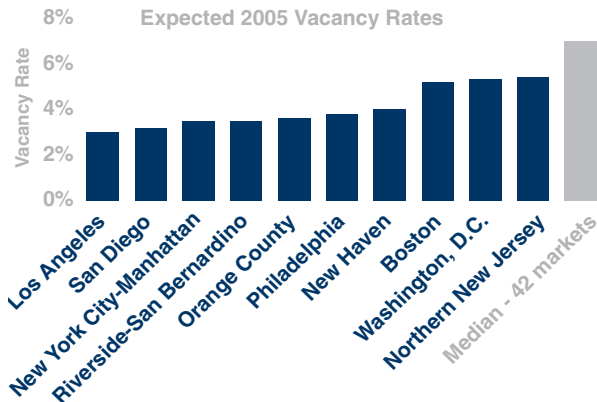
Markets with Highest Expected 2005 Job Growth



Single-Family Housing Affordability



Markets with Lowest Expected 2005 Vacancy Rates



National Apartment Index

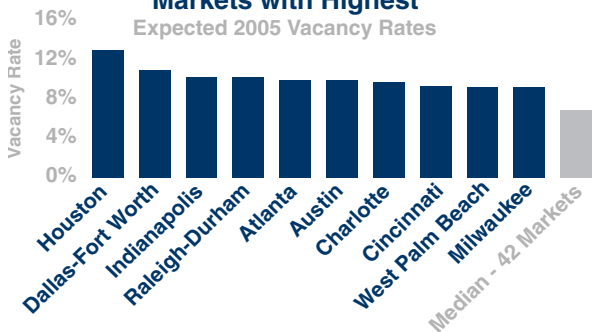
Marcus & Millichap is pleased to present the 2005 edition of the National Apartment Index (NAI). The NAI is a snapshot analysis that ranks 42 apartment markets based on a series of 12-month forward-looking supply and demand indicators. Markets are ranked based on their cumulative weighted-average scores for various indicators, including forecasted employment growth, vacancy, construction, housing affordability and rent growth. Taking into account both the forecasted level and the degree of change over the forecast period, the index is designed to indicate relative supply and demand conditions at the market level.

Users of the index are cautioned to keep several important points in mind: first, the NAI is not designed to predict the performance of individual investments. A carefully chosen investment in the bottom-ranked market could easily outperform a poor choice in the top-ranked market. Second, the index is geared toward a short-term time horizon. A market facing difficulties in the near term may provide excellent long-term prospects, and vice versa. Third, a market's ranking may change from one year to the next even if its fundamentals remain unchanged. This can happen when conditions are stable in one market while shifting in the market's peers. Finally, because the NAI is an ordinal index, differences in specific rankings should not be misinterpreted. For example, the second-ranked market is not necessarily twice as bad as the top-ranked market, nor is it five times better than the 10th-ranked market.

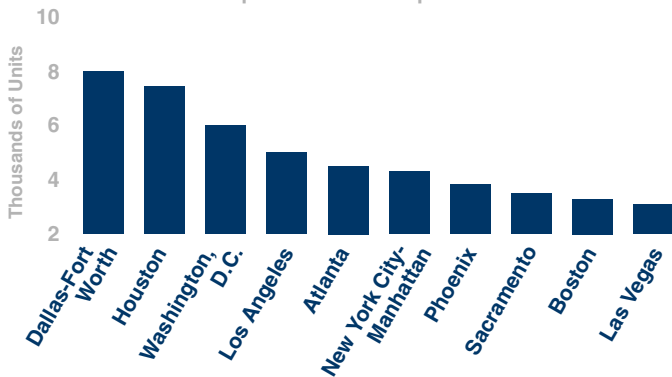
Index Results: High-Growth Markets Make Biggest Push

Riverside-San Bernardino, up three positions, assumes the #1 spot in the ranking, surpassing last year's leader Orange County. The region's strong demographic and employment trends, a recent run-up in housing prices and its below-average vacancy will fuel the nation's leading rent growth figure in 2005, at 6 percent. San Diego continues to occupy the second position in the ranking due to low vacancy, above-average rent growth and constrained supply. Orange County fell two positions to #3. At #4, Las Vegas broke into the top five, improving two positions, on the back of expected job growth of 4.8 percent and a forecasted vacancy rate of 5.8 percent. Rounding out the top five is Los Angeles, keeping all Southern California markets in the top-five for the third consecutive year. Los Angeles is expected to post the lowest vacancy and second-highest rent growth nationally in 2005, but job growth expectations

Markets with Highest Expected 2005 Vacancy Rates



**Markets with Highest
Expected 2005 Completions**



remain comparatively weak at 1.5 percent. The Northeast markets of Washington, D.C., and Boston hold the #6 and #7 spots, up two positions and three positions, respectively. Similar outlooks for low vacancy, above-average rent growth and a favorable relationship between job growth and new construction support their positions in the ranking. Fort Lauderdale comes in at #8. While vacancy in Fort Lauderdale is low, it is forecast to remain flat, causing it to fall three positions. New York City, at #9, moves back into the top 10 due to its exorbitant housing prices, which will elevate rental demand and allow for strong rent growth. Finally, at #10 is Oakland. Forecasts of more significant improvement in peer markets pushed Oakland down three places, but it remains in the top 10.

The markets occupying the bottom positions in this year's index continue to struggle with supply issues and/or a weak labor market. Supply continues to plague markets such as Houston (#40) and Dallas-Fort Worth (#33). The Midwest markets continue to fall in the lower quarter of the ranking as other markets in our coverage universe stage more aggressive recoveries. Six of the bottom 10 markets in the NAI are located in the Midwest. Minneapolis-St. Paul is a Midwest bright spot, however, improving three positions to #20. Among the markets in the middle, those with a significant high-tech presence improved their positions in this year's index. We expect rising capital expenditures in tech will translate into elevated job creation in 2005. San Jose (#22), Portland (#26) and Austin (#27) all moved up in the rankings.

Some significant shifts occurred in the 2005 NAI. Seattle (#18) made the biggest positive move of the 42 markets analyzed, rising eight positions. Seattle's high-cost of housing along with significant job creation compared to apartment completions propelled this region into the top 20. Jumping six positions, expectations for Denver (#25) are high in 2005, with the return of meaningful job growth leading to further vacancy improvement. West Palm Beach's position (#14) improved four spots this year due to above-average job growth coupled with a limited supply pipeline. Conversely, intense competition from the condo market caused Miami to slip 10 positions in the rankings to #31. Similarly, Chicago (#23) fell four positions. Salt Lake City's weak forecast pushed the region down nine positions to #29. Finally, Jacksonville's fundamentals will be strained by an affordable housing market and sustained apartment construction, placing it at #24, down eight positions from last year.

MSA	Rank 2005	Rank 2004	04-05 Change
Riverside-San Bernardino	1	4	▲ 3
San Diego	2	2	■ 0
Orange County	3	1	▼ 2
Las Vegas	4	6	▲ 2
Los Angeles	5	3	▼ 2
Washington, D.C.	6	8	▲ 2
Boston	7	10	▲ 3
Fort Lauderdale	8	5	▼ 3
New York City-Manhattan	9	12	▲ 3
Oakland	10	7	▼ 3
Philadelphia	11	11	■ 0
San Francisco	12	9	▼ 3
Phoenix	13	15	▲ 2
West Palm Beach	14	18	▲ 4
Northern New Jersey	15	17	▲ 2
Tucson	16	14	▼ 2
Sacramento	17	13	▼ 4
Seattle	18	26	▲ 8
Tampa	19	22	▲ 3
Minneapolis-St. Paul	20	23	▲ 3
Orlando	21	24	▲ 3
San Jose	22	25	▲ 3
Chicago	23	19	▼ 4
Jacksonville	24	16	▼ 8
Denver	25	31	▲ 6
Portland	26	28	▲ 2
Austin	27	29	▲ 2
San Antonio	28	New	■ NA
Salt Lake City	29	20	▼ 9
New Haven	30	35	▲ 5
Miami	31	21	▼ 10
Atlanta	32	32	■ 0
Dallas-Fort Worth	33	33	■ 0
Charlotte	34	27	▼ 7
Detroit	35	30	▼ 5
Cleveland	36	37	▲ 1
Milwaukee	37	38	▲ 1
Columbus	38	34	▼ 4
Raleigh-Durham	39	New	■ NA
Houston	40	36	▼ 4
Cincinnati	41	39	▼ 2
Indianapolis	42	40	▼ 2