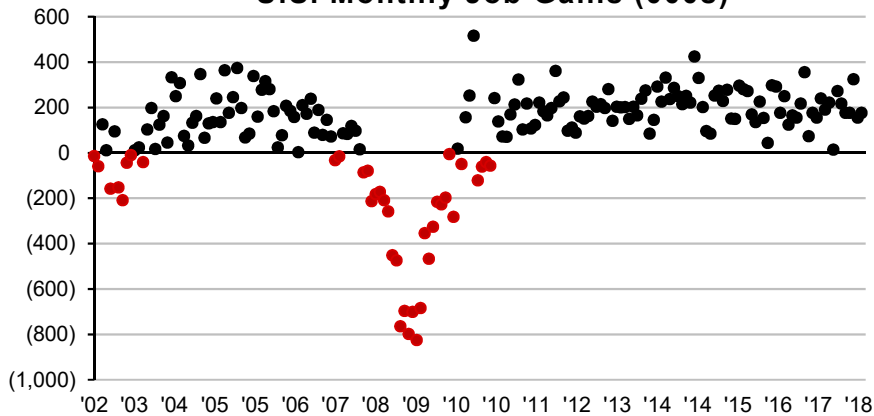


Economic Overview

- August nonfarm payrolls outpaced consensus estimates, and wage growth of 2.9% marked a post-recession high
- String of weak housing numbers prompted Fed to highlight the possibility of weakening in the housing sector
- Market expecting two more rate hikes by year end, including a bump during September meeting

U.S. Monthly Job Gains (000s)



Recent Economic Releases

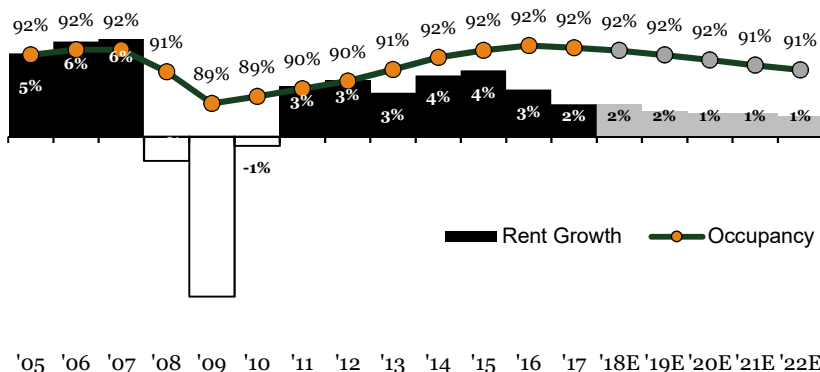
	Date	Cons.	Actual	
NF Payrolls	9/7	195 K	201 K	+
Unempl Rate	9/7	3.8%	3.9%	-
Retail Sales	8/15	0.1%	0.5%	+
CPI	8/10	0.2%	0.2%	●
CPI ex F&E	8/10	0.2%	0.2%	●
ISM Manuf	9/4	57.7	61.3	+
New Home Sales	8/23	649 K	627 K	-
Housing Starts	8/16	1,271 K	1,168 K	-
Consumer Conf	8/28	126.8	133.4	+
Personal Income	8/30	0.3%	0.3%	●

Operating Fundamentals

- Operating fundamentals are OK across most property sectors and geographies, but relatively uninspiring
- Market RevPAF growth is decelerating as supply rises to meet demand; exceeding it in some markets
- Rent growth is poised to be at, or slightly below, the pace of inflation over the next few years

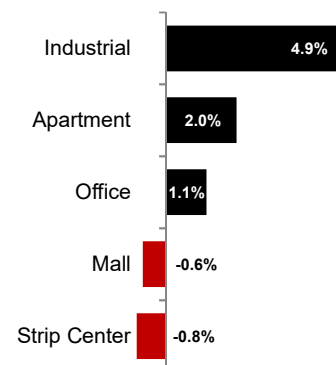
Occupancy and Rent Growth

Major Sector Avg.



'18-'22E RevPAF Growth

Rent plus Occ. Changes

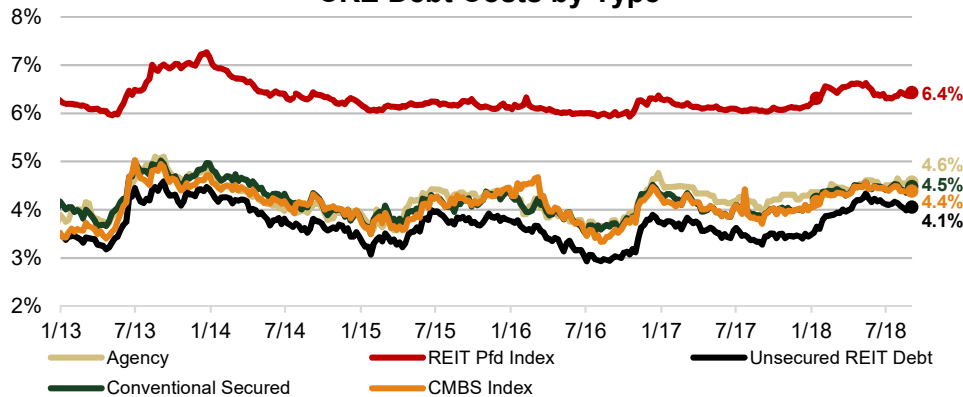


Source: BEA, BLS, Census Bureau, Federal Reserve, and Green Street Advisors.

Real Estate Debt Markets

- 10-year / 2-year Treasury spread at 20 bps - the tightest in over a decade; potential curve inversion by EoY
- CRE Debt markets remain wide open at increasingly aggressive terms; mezz. and construction lending hospitable
- FHFA directed GSEs to cease lending program to institutional SFR landlords; a negative for smaller operators

CRE Debt Costs by Type

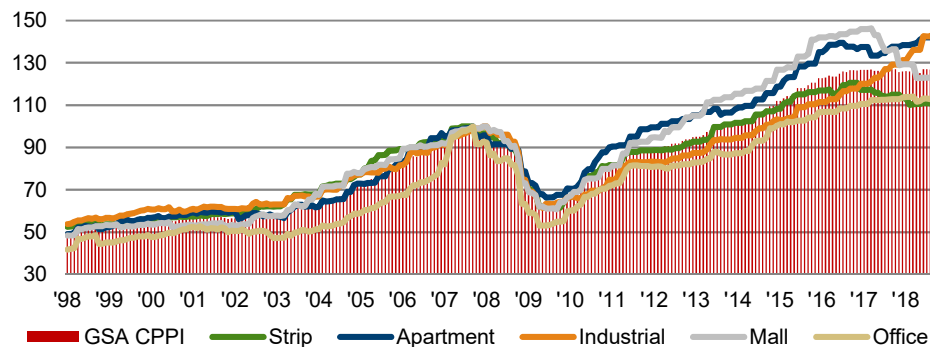


Metric	Rate	Δ (bps)	
		1mo	12mo
10-Yr Treasury	2.93%	+6	+73
Fed Funds	2.00%	+0	+75
1-Mo LIBOR	2.13%	+6	+89
Baa Corp 30 yr	4.87%	+9	+56
High Yield	6.30%	+0	+72
Conv Secured	4.48%	+5	+56
CMBS Index	4.38%	+0	+48
Agency 10 yr	4.57%	+2	+57
REIT Pref Index	6.43%	-2	+39
30-Yr Mortgage	4.46%	+5	+70

Public and Private Market CRE Pricing

- Price appreciation has cooled as investors take stock of slowing operating fundamentals & higher interest rates
- Industrial asset values are hitting new highs; retail values remain weakened, but have held steady over last 6 mos.
- CRE screens fair vs. corporate bonds, expensive vs. REITs; values expected to hold due to available debt capital

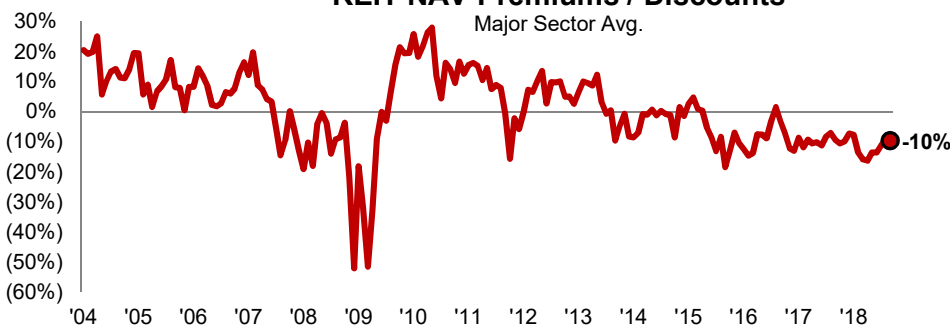
CPPIs: Indexed to 100 in 2007



Sector	Index Value	CPPI Changes	
		1mo	12mo
Apartment	143	1%	4%
Industrial	144	1%	11%
Mall	124	0%	(9%)
Office	113	0%	0%
Strip	110	(1%)	(4%)
Majors	127	0%	0%

REIT NAV Premiums / Discounts

Major Sector Avg.



Sector	Prem to NAV	Total Returns	
		1mo	12mo
Apartment	(9%)	3%	2%
Industrial	2%	2%	8%
Mall	(13%)	(1%)	12%
Office	(12%)	2%	6%
Strip	(6%)	3%	1%
All Sectors	(10%)	1%	(3%)

Source: BAML, Bank Rate, Bloomberg, CommercialBanc, CWSG, Federal Reserve, ICE Benchmark Administration, Moody's, U.S. Treasury, and **Green Street Advisors**.

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