

Despite current troubles in housing and finance, as well as slowing job and population growth, Phoenix is well positioned to bounce back with renewed vigor once its current difficulties subside. Among its many assets are a broad-based local economy, geography (proximity to Southern California), affordability, and lifestyle. Job growth over the last 12 months was 3.3% and population growth is expected to top 2% for '07. EQR is the only apartment REIT with NOI exposure >5%.

GSA Market Scoring		4
(scored 1-10, 10 being best)		
REIS Revenue Projection		6
Excess Demand		7
Rent Vs. Own		
Rent to Income		5
Mortgage to Rent		9
Mortgage to Income		7
Shadow Supply		
Single Family Rentals		2
Condo Reversions		3
GSA Calculated Rank		4

Revenue Growth	
2008 Expected Revenue Growth	'09E 2.6%
	'10E 3.4%
Rank 57 of 79 Markets	

Demand/Supply	
'08-'10 Avg. Job Growth	'08-'10 Avg. Inv. Growth
1.6%	1.5%
Rank 22 of 79	Rank 61 of 79

Rent vs. Own	
Required Δ in Current Rent to Equate to 17-Yr. Avg.	
Mortgage to Rent	Rent to Income
37.7%	7.4%
Rank 4 of 79	Rank 27 of 79

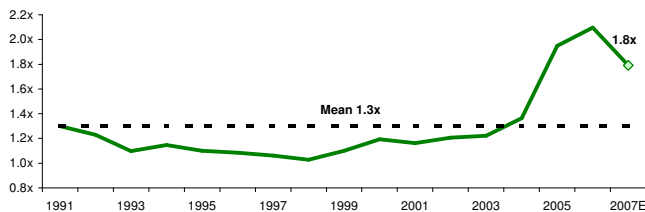
Shadow Supply Risk	
Competition from condos and SF rentals	
Very High	
Blended Rank 75 of 79	

Market Trends			
	3Q07	vs. 2Q07	U.S. Avg.
Market Cap Rate	5.90%	↑	6.25%
Effective Rents (monthly)	\$711	↑	\$964
Occupancy	92.2%	↑	94.1%
'08 Employment Growth	0.5%	↓	0.8%
Homeownership Rate (vs. 3Q06)	70.2%	↓	68.2%
Single Family Permits	5,734	↓	N/A
Multifamily Permits	1,881	↑	N/A

REIT Exposure		
REIT	Ticker	% NOI
Equity Residential	EQR	5.8%
Colonial Properties	CLP	3.7%
Camden Property	CPT	2.8%
Aimco	AIV	2.7%
BRE Properties	BRE	2.4%
UDR Inc.	UDR	1.6%
Mid America	MAA	1.4%
Post Properties	PPS	0.0%
Home Properties	HME	0.0%
Essex Property	ESS	0.0%
AvalonBay	AVB	0.0%
Associated Estates	AEC	0.0%
Total Apt. REIT Exposure		2.5%

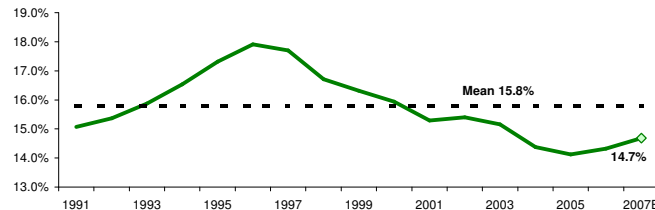
Rent vs. Own

Annual After-Tax Mortgage Payment** as Multiple of Annual Rent



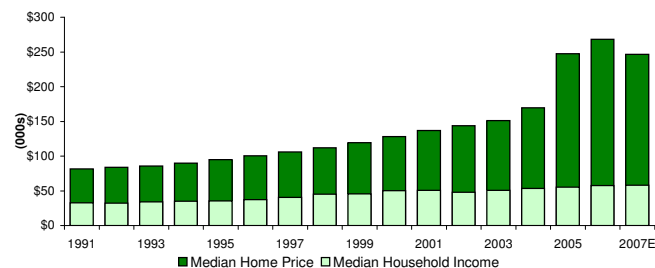
Required Δ in Current Rent to Equate to 17-Yr. Average	37.7%
U.S. Average	16.1%

Rent as a % of Annual Income



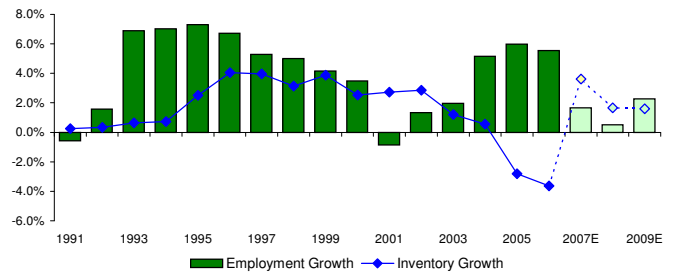
Required Δ in Current Rent to Equate to 17-Yr. Average	7.4%
U.S. Average	3.2%

Median Home Prices and Annual Income

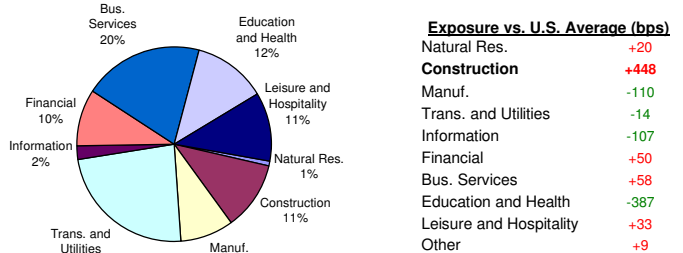


Supply and Demand Trends

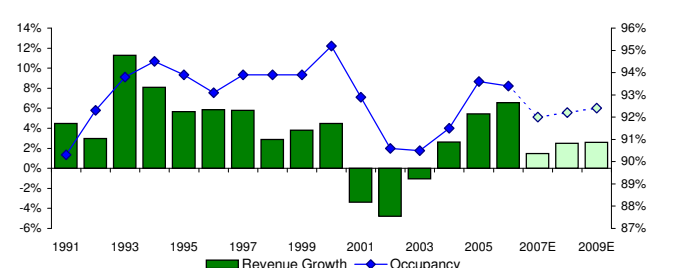
Employment and Inventory Growth



Employment by Sector



Revenue and Occupancy Trends / Forecast



**Average annual mortgage payments were calculated based on a 10% down, 30-year mortgage with mortgage rates from Freddie Mac. 2007 interest rate is 6.20% as of 11/21/2007. Assumes a market specific income tax rate based on household income levels and a 1.2% property tax rate.
Data as of 3Q07. Source: Green Street Advisors, Bureau of Labor Statistics, U.S. Census Bureau, Economy.com, Freddie Mac, National Association of Realtors, Reis.

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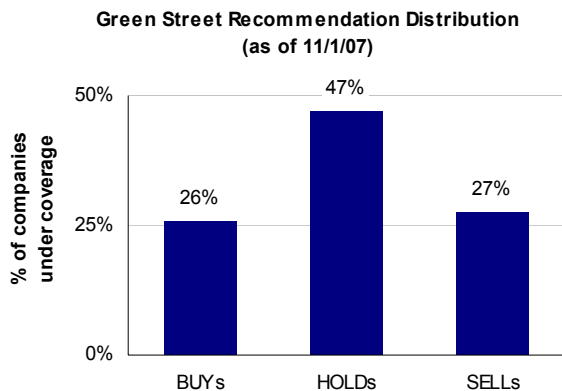


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Year	Buy	Hold	Sell	NAREIT Eqty ⁴
2007 YTD ³	1.5%	-11.2%	-14.8%	-2.4%
2006	45.4%	29.9%	18.4%	35.1%
2005	26.3%	18.3%	-1.9%	12.2%
2004	42.3%	28.4%	15.5%	31.6%
2003	42.7%	37.2%	20.9%	37.1%
2002	17.7%	2.6%	1.9%	3.8%
2001	35.7%	19.1%	11.9%	13.9%
2000	53.6%	29.3%	4.4%	26.4%
1999	14.2%	-9.2%	-20.2%	-4.6%
1998	-0.6%	-15.1%	-16.4%	-17.5%
1997	37.1%	14.2%	5.8%	20.3%
1996	47.3%	30.2%	17.5%	35.3%
1995	23.6%	14.3%	-0.4%	15.3%
1994	20.5%	-0.7%	-9.3%	3.2%
1993 ³	29.4%	5.4%	6.7%	12.4%
Total Return³	3999.0%	419.9%	31.5%	582.7%
Annualized	28.6%	11.8%	1.9%	13.9%

1) Historical results through January 3, 2005 were independently verified by Ernst & Young, LLP. E&Y did not verify stated results subsequent to January 3, 2005. Past performance results cannot be used to predict future performance. For a complete explanation of study, see 5/9/03 report "How are We Doing?".

2) Company inclusion in the calculation of total return has been based on whether the companies were listed in the primary exhibit of Green Street's "Real Estate Securities Monthly", pg. 13-16. Beginning with May 2000, Gaming C-Corps and Hotel C-Corps, with the exception of Starwood Hotels and Homestead Village, are not included in the primary exhibit and therefore not included in the calculation of total return. Beginning with March 2003, all Hotel companies are excluded.

3) Study uses recommendations given in Green Street's "Real Estate Securities Monthly" from January 29, 1993 through November 1, 2007.

4) Not directly comparable to Green Street's performance indices because NAREIT includes more companies and uses market-cap weightings. Green Street's returns are equally-weighted averages.