



AMB INDUSTRIAL ABSORPTION INDICATOR UPDATE

August 11, 2008

BACKGROUND

AMB presented its Industrial Absorption Indicator (the AMB IAI) to the market in a white paper titled, “Determinants of Industrial Real Estate Demand” (July 3, 2002). The model – designed to predict industrial net absorption six months into the future – uses an index of net absorption and the Manufacturing Output (MO) component of the Federal Reserve Board’s Index of Industrial Production (IIP) as its primary inputs. Updates to the AMB IAI are regularly published following the release of actual quarterly industrial absorption figures by Torto Wheaton Research, approximately five weeks after each quarter’s end.

This update:

1. presents the results of our 2Q2008 model;
2. revises our 3Q2008 forecast; and
3. introduces our 4Q2008 forecast for net national industrial absorption.

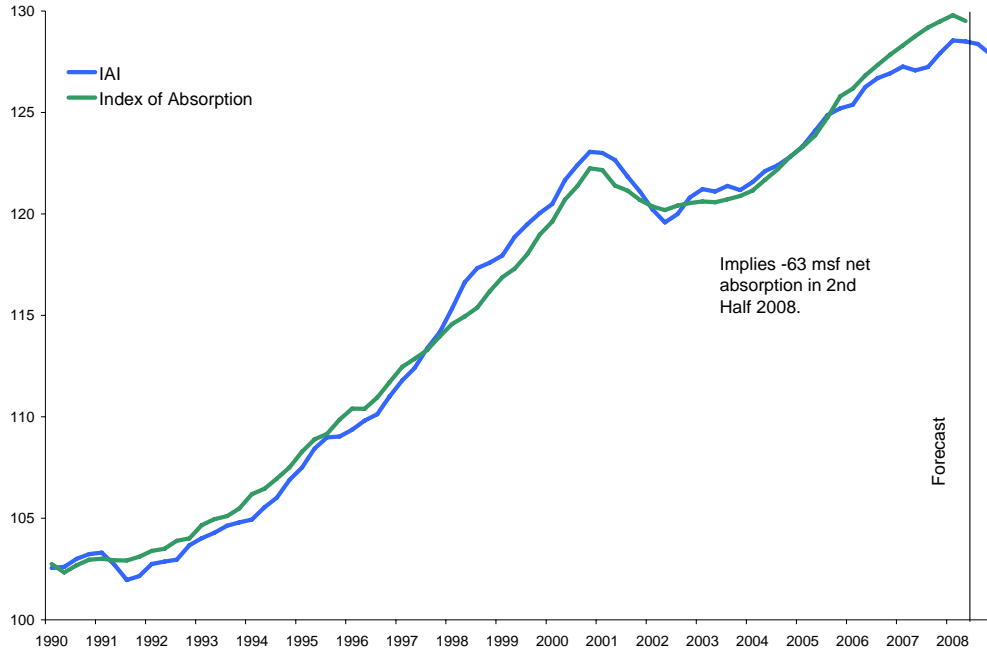
2Q2008 RESULTS

Industrial Absorption (in millions of square feet)

	AMB IAI	Torto Wheaton	Difference
	Forecast	Actual	Actual – Forecast
1Q2006	+29	+38	+9
2Q2006	+101	+47	-54
3Q2006	+78	+34	-44
4Q2006	+75	+49	-26
1Q2007	+65	+23	-42
2Q2007	-30	+35	65
3Q2007	+13	+28	15
4Q2007	+60	+21	-39
1Q2008	+13	-11	-24
2Q2008	-6	-27	-21
2H2008	-63		



AMB IAI THROUGH FOURTH QUARTER 2008



COMMENTS

Each quarterly forecast of the IAI is dependent upon manufacturing output from the quarter beginning six months earlier. As such, the 3Q 2008 forecast depends on manufacturing output during 1Q 2008 and the 4Q 2008 forecast is dependent upon 2Q 2008.

Manufacturing output grew 1.8% in 2007, down significantly from annual growth of 3.2% over the past ten years. Growth has been moderating over the past two years, but dipped below 2.0% for the first time since 2003. Manufacturing output declined 0.9% in the second quarter, the third straight quarter of decline. As a result, absorption is forecast to be negative through the fourth quarter 2008, with about -63 million square feet of net absorption expected over the next two quarters.

NEXT AMB IAI UPDATE

Week of October 14, 2008