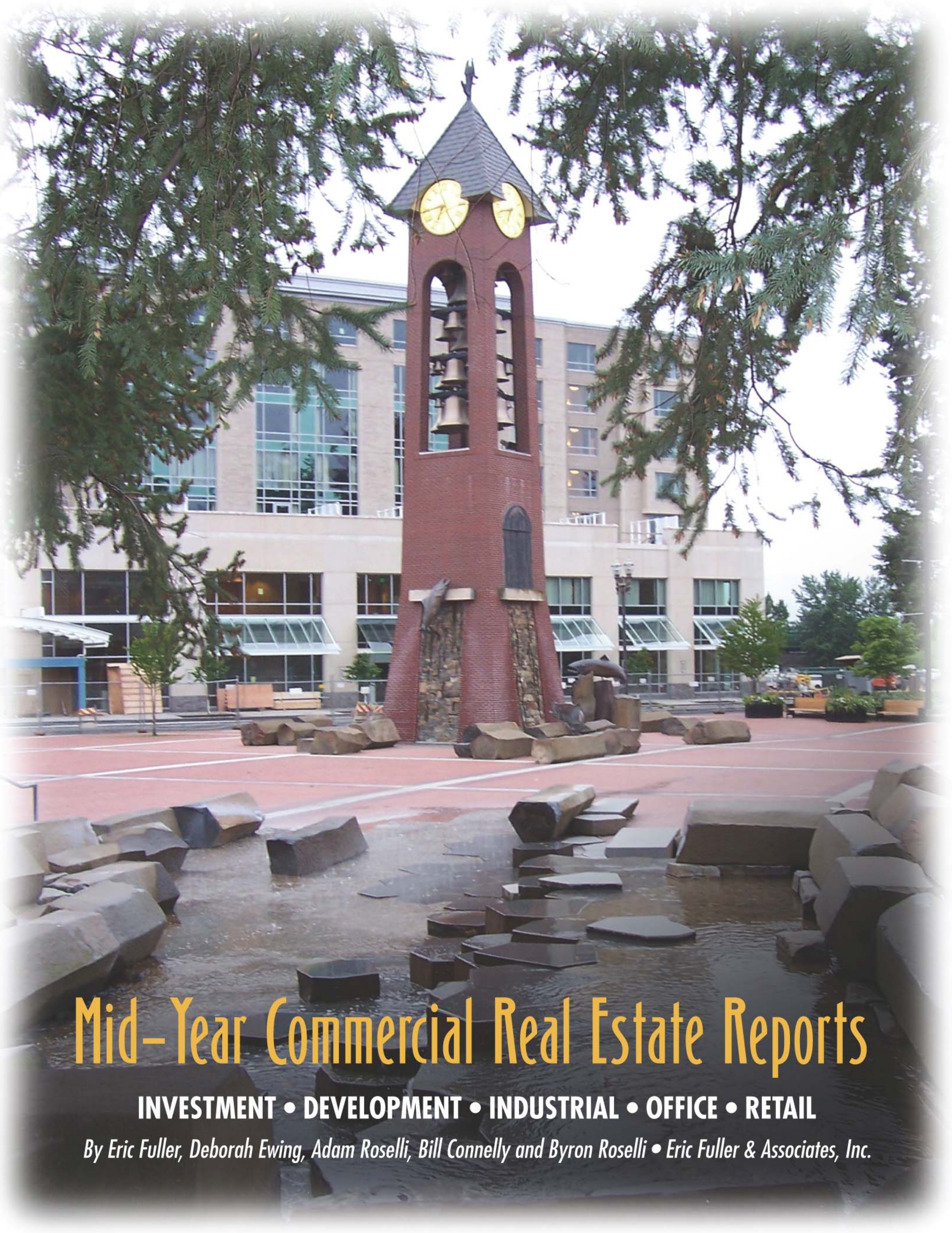

Mid-Year Commercial Real Estate Reports

INVESTMENT • DEVELOPMENT • INDUSTRIAL • OFFICE • RETAIL

By Eric Fuller, Deborah Ewing, Adam Roselli, Bill Connelly and Byron Roselli • Eric Fuller & Associates, Inc.

Eric Fuller & Associates, Inc.
COMMERCIAL REAL ESTATE SERVICES
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OUR MISSION:

Eric Fuller & Associates, Inc. was formed to be the very best commercial real estate firm servicing Clark County and Southwest Washington. It is our stated mission to provide our clients with outstanding service, advice and provide the most accurate market information available enabling them to make the best decisions possible. With over 60 years of commercial real estate history in our market area, our track record is unequaled and our business is relationship driven.

2006

Mid-Year Commercial Real Estate Reports

Investment and Development Industrial, Office & Retail

Eric Fuller, CCIM, ***Land Development***
Deborah Ewing, ***Retail***
William Connelly, CCIM, ***Industrial***
Byron Roselli, ***Office***
Adam Roselli, ***Office***

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Deborah has represented a multitude of clients, a sample of which includes transactions involving the following corporations:

Albertsons
Alexandria Development
Applebee's Restaurant
Arco
Blockbuster Video
Chevron
Chipotle
Evergreen Public Schools
Fort Vancouver Regional Library
Fred Meyer
Gramor Development
Hi-School Pharmacy
Holland Corp.
Hollywood Video
Jack-in-the-Box
KinderCare
Lacamas Credit Union
McDonalds
NAPA Auto Parts
Nextel
PacTrust
Shari's Restaurant
Sherwin-Williams
Taco Bell
Talbitzer Homes
Taylor Made Homes
Texaco

DEBORAH EWING
VICE PRESIDENT

Deborah Ewing joined Eric Fuller & Associates, Inc. in January of 1998. Debi is responsible full time for the marketing of retail properties for sale or lease in Southwest Washington.

Prior to joining Eric Fuller & Associates, Inc., Deborah began her career in property management and development. In 1985 she joined Norris, Beggs & Simpson as a retail leasing specialist. While at Norris, Beggs & Simpson, she received the designations as "Rookie of the Year" and "Associate Vice President". She has been responsible over the past 20 years, for leasing major retail centers and significant land sales to developers and national retail clients.

Deborah attended Portland State University and is a member of the International Council of Shopping Centers, Vancouver Chamber of Commerce and has served as present and past Board of Director of Columbia River Development Association, Downtown Vancouver Redevelopment Authority, and Public Facilities District, SWIFT, YWCA, Campfire Girls, Evergreen School District Advisory Board, Shared Leadership Board, Boundary Review Committee, National Association of Realtors and Executive Board Director with the Commercial Association of Realtors, Portland/Vancouver.

MID YEAR COMMERCIAL REAL ESTATE RETAIL REPORT

Deborah Ewing
Vice President
Eric Fuller & Associates, Inc.

The landscape of retail growth within Clark County continues to grow due to the increase in population. This increase has peaked interest from the development community along with national, regional and local retailers interested in expanding with multiple stores. Retail trade areas or "nodes" continue to evolve within the suburban areas of Clark County, which is where the majority of recent retail growth has occurred.

For example, most recently the population grew from 2000 – 2005 by 47,000 residents, which represents a 13.4% increase over previous years. That growth has driven the Clark County population base to just under 400,000 residents. How has the population increase influenced retail development? When Vancouver Mall (Westfield Town Center) was developed in 1978 with approximately 1,000,000 SF of space and five anchor tenants, it created the most centrally located retail environment within the community. Located at SR-500 and Thurston Way, this intersection was within approximately seven minutes drive time from anywhere within Clark County. With that, additional retail centers were developed totaling approximately 1.7 million SF, including Vancouver Village, Vancouver Park Place and Vancouver Plaza. At that time, any national or regional retailer's desire was to site within the Vancouver Mall trade area. Retailers perceived Vancouver as a "one store" community while rounding out their presence within the Portland/Metropolitan market area. Familiar names, including Target, TJ Maxx, Ross Dress for Less, WinCo (formerly Cub Foods), Olive Garden and Red Robin Restaurants all located at Vancouver Mall, while benefiting from the freeway infrastructures of I-5, I-205 (opened in 1982) and SR-500. When I-205 opened in 1982, the average daily vehicle trips per day for both bridges were approximately 115,000. Today the bridge count on I-5 is 115,000 vehicles per day and 125,000 vehicles per day on I-205. This represents an increase in combined bridge counts of 105%.

With this significant population growth since the early 80's, Clark County has experienced the development of many grocery anchored shopping centers and several specialty retail centers outside the Vancouver Mall area to provide convenience to the growing population.

The three trade areas which have generated the highest demand for retail space have been (1) along the SE Mill Plain/SE 164th Avenue corridors, (2) Orchard's and (3) the Salmon Creek area. Salmon Creek has a tremendous pent-up demand for retail space since there has been an on-and-off again building moratorium due to traffic congestion and there is minimal undeveloped commercial land available. The lack of land suitable for development simply causes residents to drive further from home to shop. With the increase in fuel prices, this creates an additional burden on Clark County residents.

There have been three power centers developed since 1982 located outside the Vancouver Mall area including, (1) Orchard's Market Center at SR-500 and SR-503 (JoAnn Superstore, Sportsman's Warehouse, Office Depot), (2) Hazel Dell Towne Center at Highway 99 and 99th Street (Target, Kohl's, Bed, Bath & Beyond, Best Buy, Party City) and (3) Columbia Crossing, which is part of Columbia Tech Center located on SE 164th Avenue, south of Mill Plain Boulevard (Wal-Mart Supercenter, Home Depot, Best Buy, Kohl's and many other national retailers joining this center). Additional highlights on Columbia Crossing later in this report.

Clark County is now experiencing retail growth with restaurants and retailers who had previously viewed Vancouver as a "one-store community," rethinking their strategy. With the population growth, retailers recognize that in order to meet the retail demand in Vancouver it may take from two to five stores as evidenced by the expansion of Target and Wal-Mart Superstores. Retailers have recognized they cannot capture the potential of our retail dollars with simply one store near Vancouver Mall. As retail continues to evolve with the size of the stores and merchandising, retailers want to be close to the customer and in the neighborhoods for easy access and convenience. With the unusual circumstances with Vancouver having a sales tax with no income tax and the Portland Metropolitan area, having an income tax and no sales tax, retailers want to make shopping at their stores as convenient as possible. The Portland Metropolitan area has one of the highest retail sales per capita in the country. This is not due to the population in Portland spending more per household. It is because their retail sales per capita calculation does not include the population of Vancouver. The Vancouver community spends 33% of all of their retail dollars in Portland, and therefore, has one of the lowest retail sales per capita in the State of Washington. Unfortunately, land values in Vancouver, and construction costs and fees charged by local governments are not less, and in some cases, are greater than in the Portland area. This creates a very difficult climate for retailers to expand and be successful in Vancouver unless convenience is available to consumers.

Additionally, with recent significant retail developments within the Portland Metropolitan area, including Bridgeport in Hillsboro, The Shops at Tanasbourne and Cascade Station on Airport Way with many national specialty retailers, the more convenient shopping is to the Vancouver customer, the better opportunities for higher sales per capita in Oregon. There is no doubt that Cascade Station, which will include Ikea (400,000 SF home specialty store) and Costco Home (80,000 SF furniture and home store) will attract Clark County residents to shop in Portland. It is unlikely there will be a level playing field as it relates to retail sales unless Oregon and Washington's tax structures change to the same type of taxing structures. However, once again, convenience and variety of selection are the keys to a successful retail climate.

Columbia Crossing, between SE 164th Avenue and SE 192nd Avenue in east Vancouver, as the retail component of Columbia Tech Center, is the most significant retail development within Clark County since Vancouver Mall opened over 28 years ago. The quality and size of this development, including Home Depot, Wal-Mart and Kohl's, as well as Best Buy, Pier One Imports, Cost Less World Market, Chipotle, Panera Bread, Peet's Coffee, Lux and many others will undoubtedly test the sensitivity of the sales tax and, most likely, will meet or beat sales projections. The City of Vancouver stepped up to the plate with approvals for a mixed-use development to serve the fast-growing east side market area and recognized the gain in future income from sales tax revenue for this community.

Not only has the community grown up as far as additional retail developments from 2.5 million SF in 1980 to 8.1 million SF today, so have rental rates. In the early 80's, rental rates for new anchor and junior anchor space ranged between $4.00 - $6.00 per square foot (NNN), with shop space between $8.00 - $10.00 per square foot (NNN). Currently, anchor and junior anchor space in new centers range from $12.00 - $16.50 per square foot (NNN), with shop space between $20.00 - $32.00 per square foot (NNN).

My Forecast for the next 12 months:

↑	Retail sales to increase by 7%
↑	Continued interest from Big Box and Specialty Retailers
↑	Retail rates in anchored centers increase to $26.00 to $35.00/SF
↓	Vacancy in all retail centers to decrease below 3%
↑	New construction increasing from last year

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Bill has represented a multitude of clients, a sample of which includes the following:

Bonneville Power Administration
Composites One
Concannon Paper
ESD #112
Frito Lay, Inc.
Gaither Family, LLC
General Electric
Hewlett-Packard
Hinton Development
Keller Supply
McMorgan & Company
McStevens Company
n Light Photonics
Nautilus Group
North Coast Electric, Inc.
NW Natural
Panther Systems
Prairie Electric
Radial-Larsen, Inc.
Schnitzer Investment Corp.
Shitu-Etsu (SEH) America, Inc.
Stein Distributing
Sunlight Supply
Vancouver School District

WILLIAM M. CONNELLY, CCIM
VICE PRESIDENT

Bill Connelly joined Eric Fuller & Associates in January of 1998. Bill is responsible full time for the marketing of industrial properties for sale or lease in Southwest Washington.

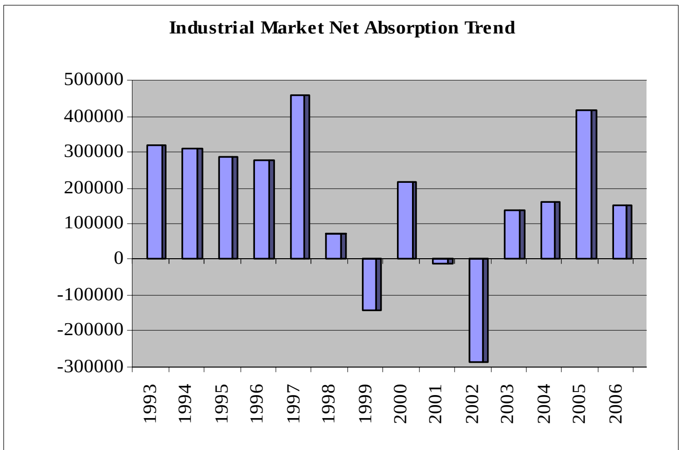
Prior to joining Eric Fuller & Associates, Bill began his career at Norris, Beggs & Simpson as an industrial sales and leasing specialist in June of 1987. He has been responsible for leasing major industrial projects such as the Quad 205 Business Park, Central Business Park and the North Park Industrial Center. Before joining Norris, Beggs & Simpson, he was a marketing representative and account executive for Northwest Telecommunications and American Business Machines. Mr. Connelly graduated from Georgetown University in 1976 with a Bachelor of Science Degree in Business Administration/Economics. He maintains a real estate license in Oregon and Washington. He is a member of the National Association of Realtors, the Portland Board of Realtors, and Clark County Board of Realtors, the National Association of Industrial and Office Parks (NAIOP), past Chairman of Columbia River Economic Development Council, Boy Scouts of America, and is a Certified Commercial Investment Manager (CCIM).

Bill has obtained a diversified and thorough knowledge over the past 19 years of the complexities involved in industrial leasing and sales transactions and has been recognized as "Power Broker" by the CoStar Group.

MID YEAR COMMERCIAL REAL ESTATE INDUSTRIAL REPORT

William Connelly, CCIM
Vice President
Eric Fuller & Associates, Inc.

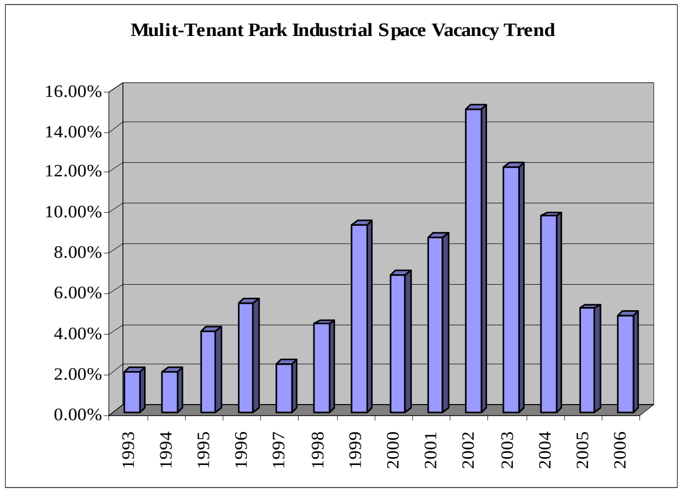
The Clark County industrial market has come full circle. Our industrial market has returned to the vacancy and absorption levels of the mid 1990's. The vacancy in multi-tenant business parks at the end of the first quarter 2006 is under 5.0%. Vacancies in the Portland market dropped to 10.5% at the end of the first quarter. Net absorption of multi-tenant industrial space for 2005 was a dramatic 410,000 SF. This is a huge number even by historic standards. The positive absorption essentially brings us to full occupancy!



Source: Eric Fuller & Associates, Inc.

During the '90's, new industrial construction matched the net absorption levels and vacancy rates remained consistently under 10%. The industrial market doubled in size to 7,500,000 SF with rental rates not quite doubling to $0.37 per square foot, per month.

The cost of new construction has greatly outpaced the return on investment the development community requires, therefore, there will be minimal new construction during the balance of this year and next year. The development community simply cannot build new multi-tenant industrial parks until rents increase and increase dramatically. It is my estimate that rental rates for warehouse space have to reach $0.55 square foot, per month for any significant new multi-tenant industrial construction starts.



Source: Eric Fuller & Associates, Inc.

Can the industrial market step up to the next level? Will the end-users step up to the "new math"?

The global economy is alive and well in Clark County. Business is good, the employment rate is down to 5.4%. This sounds like good news and we should all be smiling, except, and there is always an exception:

- the limited supply of vacant, buildable industrial land
- the high cost of building materials, especially concrete and steel
- rising interest rates and other soft costs
- the continuing and dramatic shift of industrial jobs to the Far East.

Contributing to a stalling industrial market, the high tech sector and large publicly traded companies are still on the sidelines. Both of these sectors are extremely profitable and economically healthy, however, the vast majority of their growth is overseas.

Over the past six years, almost all of our industrial activity has been generated by locally owned and operated companies, and companies relocating to Clark County.

To better understand the "new math", let's review the factors that influence the "new math". How strong financially are local company's balance sheets? How much will companies pay to either rent or to purchase their facilities?

These questions will be answered within the next two to three years. Rents have to go up dramatically in order to justify new construction in the multi-tenant business park market. At current rent levels, very little new space will be brought to the marketplace. During the past 12 months, 170,000 SF were developed in SW Washington, representing 2.3% growing in total industrial square feet for lease.

Existing tenants coming up for lease renewal will find a completely different Landlord on the other end of the phone line as vacancy rates in Clark County decline to under 5.0%. Landlords will definitely push for higher rents. How much and how fast remains to be seen.

Tenants will be forced to deal with the "new math" for leasing industrial space by dealing with higher rents and no concessions.

New construction also has "new math" for developers and owner occupants. The low vacant land inventories means higher land costs, raw material shortages mean higher hard costs, and higher permitting and impact fees means higher soft costs. The premium to own versus rent is growing with each new construction project.

Concrete tilt-up buildings that cost $70.00 to $75.00 per square foot four years ago are now costing $100.00 to $110.00 per square foot to build. Get used to the "New Math" of higher costs. The good news for Southwest Washington about the "new math" is that if you want to be on the West Coast, Southwest Washington is still the low cost alternative compared to the major metropolitan areas on the West Coast.

It is absolutely imperative that we as a community do not forget that we live in a wonderful part of the world. Washington State will continue to be a net beneficiary of the Asian trade, our schools are funded and not having a state income tax will continue to give businesses the recruitment edge they need in a very competitive marketplace.

The economic pie is expanding at an accelerated rate and those that embrace change and the "new math" will be the net beneficiaries of a flatter world.

My Forecast for the next 12 months:	
↓	Minimal new construction for 2006 and 2007; Developers will begin site planning process
↑	Lease rates increasing to $0.45/SF to $0.50/SF, Triple Net
↑	Land prices increasing to $5.00/SF to $7.00/SF
↓	Net absorptions over 150,000 SF
↓	Vacancy rates falling below 5%

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Byron has represented a multitude of clients, a sample of which includes transactions involving the following buildings and corporations:

First Independent Bank
Boise Cascade
Bratrud Middleton Insurance
Chevron Oil Company
Clark County Association of Realtors
Columbia Resources Company
Columbia Shores Office Building
Columbia Tech Center
Congressman Brian Baird
Cowlitz Bancorp
Eastridge Business Park
EES Consulting
First Pacific Mortgage
Four Towncenter
Home Depot
Investment Plaza
iRiver America
iQ Credit Union
Keller Williams
Kinko's
Oak Place Professional Center
Office Max
Park Tower at Mill Plain One
Rocketshop
SW Washington Medical Center
Tidewater Cove Office Bldg.
Washington State

BYRON ROSELLI
VICE PRESIDENT

Byron Roselli joined Eric Fuller & Associates in April of 1999. He is responsible full-time for the marketing of office properties for sale or lease in Southwest Washington.

Byron began his career in commercial real estate in 1995, representing clients in office, retail and industrial transactions. He has been responsible for leasing major office projects, including Four Towncenter Office Development, Investment Plaza, Oak Place Professional Center, One Towncenter and Tidewater Cove Waterfront Office Building. Prior to his career in commercial real estate, Byron was founder of a manufacturers' representative firm specializing in wholesale distribution of automotive parts. Byron is a member of the National Association of Realtors, the Commercial Association of Realtors and the Certified Commercial Investment Manager Institute (CCIM).

Byron has obtained a diversified and thorough knowledge over the past 11 years of the complexities involved in office leasing and sales transactions.

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ADAM ROSELLI
SALES ASSOCIATE

Adam Roselli joined Eric Fuller & Associates in April of 2005. Adam is responsible full time for the marketing of office properties for sale or lease in Southwest Washington.

Adam is a native of Vancouver, Washington being born and raised in the area all of his life. He attended Jesuit High School and graduated from Western Washington University in June 2003 with a Bachelor of Arts degree in Business and Spanish.

A sample of Adam's most recent clients and transactions include the following:

Flightpath, LLC
iQ Credit Union
Knowledge Learning Corp.
Metro Home Mortgage
Prestige Development
Reality Engineering
Samtec, Inc.
Wendy's International
Westmar Consultants Corp.

MID YEAR COMMERCIAL REAL ESTATE OFFICE REPORT

Byron Roselli
Vice President
Eric Fuller & Associates, Inc

Adam Roselli
Sales Associate
Eric Fuller & Associates, Inc

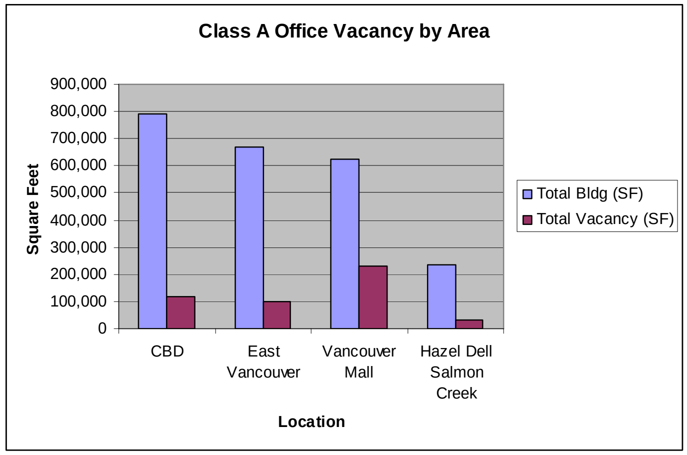
Significant to the office market since our report of 2005 is the number of smaller, more versatile buildings constructed in areas not previously served by the traditional office building market. The average size of buildings under construction or those having been completed since last year's report are approximately 17,000 SF. There are exceptions to this trend, however, for the most part suburban office buildings are evolving into smaller, more flexible buildings in a campus format, serving multiple uses such as medical, financial services, real estate, insurance and other commercial purposes.

Unlike the trend referenced above, the Central Business District has major projects announced, including the 118,000 SF, six-story Columbian Headquarters Building, which has broken ground at the corner of 6th Street and Esther Street, and the 65,000 SF South Tower of Vancouvercenter at 6th Street and Washington Street.

In east Vancouver, the final Class A office building has been constructed and fully leased at Mill Plain One and three additional flex/office buildings have been completed at Columbia Tech Center. Construction and leasing of two new office buildings at Camas Meadows Corporate Center offers new options to businesses who desire a more relaxed, rural environment.

Interest within the Vancouver Mall area has been very active with construction of six new buildings, including the conversion of the former Vancouver Mall Theaters into the 32,000 SF Timbers office building and the addition of four new buildings at Vancouver Mall Professional Campus. Other activity includes the sale of Parkway Plaza I to an owner/occupant who is expected to occupy a full floor of the building. The Bonneville Power Administration has announced they will not be renewing leases for approximately 80,000 SF in several mall area buildings.

Salmon Creek continues to lag behind in office development due to the construction moratorium and has no opportunity for new construction until traffic issues are resolved.



Source: Eric Fuller & Associates, Inc.

<u>Central Business District (CBD)</u>: The Campbell family has broken ground on a $30 million, 118,000 SF, six-story Columbian Headquarters office building adjacent to the Hilton Hotel and Convention Center. The building is expected to be completed in October 2007 and has approximately 36,000 SF of office space available for lease. Construction is also scheduled to begin on the South Tower of Vancouvercenter. A developer has been selected for the 29 acre Boise Cascade waterfront site with the winning bidder to be announced soon. The site will include a variety of uses and is intended to provide a vibrant retail, residential and office area that rivals the Pearl District in Portland. Killian Pacific has completed the purchase of the former Bill Copps property south of Evergreen Boulevard on "C" Street. Development plans for the $165 million RiverWest development include a possible relocation of the Fort Vancouver Regional Library, structured parking for 900 vehicles, 15,000 SF of retail space, 120,000 SF of office space, 200 condominium units, a restaurant and an 80-room hotel.

East Vancouver: Construction has been completed on the final office building planned at Mill Plain One. The 41,563 SF Park Tower V opened in the fourth quarter of 2005, fully leased. Columbia Tech Center has opened three new flex buildings totaling approximately 101,000 SF within the past year and reports an office vacancy rate of approximately 3%. Two 27,000 SF buildings have been completed at Camas Meadows and are fully leased. Additional office development is underway at SE 112th Avenue with the 25,000 SF Kezar Medical Plaza and the 22,000 SF Sunrise Medical Plaza. Growth will also continue on SE 192nd Avenue with the construction of the 24,000 SF Riverstone II office building.

Vancouver Mall Area: The Bonneville Power Administration has elected not to renew its leases of approximately 80,000 SF in Mall area buildings. This exodus will present a significant challenge to the building owners. The conversion of the former Vancouver Mall Theaters has been completed and is now referred to as The Timbers office building. This 32,000 SF office building is being marketed to accommodate medical office tenants. In addition, the Vancouver Mall area is also the location of the Vancouver Mall Professional Campus, which consists of approximately 65,000 SF in four buildings. Activity on the west side of the Mall includes the recently completed Vancouver Square I building with Vancouver Square II currently under construction. Parkway Plaza I, which consists of 57,000 SF, was sold to Barrett Business Systems who immediately occupied a full floor in the building.

Hazel Dell / Salmon Creek: The much anticipated opening of the Legacy Hospital and medical office complex, as well as the new Vancouver Clinic, has been completed in the Salmon Creek area. Traffic congestion in the area has forced the area into a development moratorium, which has halted all development in the area. Ed Pietz, the developer of Mill Plain One, has announced plans to develop approximately 200,000 SF of office space in three buildings on NE 20th Avenue. The recently completed Kimberly Center at the south end of Hazel Dell has opened with 24,000 SF of office space.

Summary: New development is expected in the CBD with the sale of the Boise Cascade site, Bill Copps property, Columbian Building and South Tower of Vancouvercenter.

East Vancouver will continue to see additional construction at Columbia Tech Center, SE 192nd corridor at SE 34th Street and SE 112th corridor.

At Vancouver Mall, expect a rebound from the 80,000 SF BPA vacancy. New construction will include 18,960 SF at Vancouver Square II.

Hazel Dell / Salmon Creek will remain inactive until the moratorium is lifted.

My Forecast for the next 12 months:	
	New Construction: Expect several smaller infill developments, as well as traditional Class A office buildings
	Lease Rates: $18.50/SF to $24.50/SF, Full Service; Existing buildings will have an advantage over new construction due to increased costs of land, entitlements, construction materials and interest rates
	Absorption: Increasing to approximately 200,000 SF across all classes of buildings
	Vacancy Rates: Currently at 18%, however, to continue downward to 14% due to stronger economic climate and decrease in construction of new buildings

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Eric has represented many of the largest companies and public agencies in Clark County including:

Albertson's
Alexandria Investments
City of Vancouver
Clark County
Columbia Colstor
C-TRAN
ESD #112
First Independent Bank
Fred Meyer
Killian Pacific
Legacy Hospital
NERCO
Newland NW
NW Natural
Pomajevich Properties
Resolution Trust
Safeway
Sharp Microelectronics
SW Washington Medical Center
Vancouver Fire District
Washington Mutual Bank
William Maitland

ERIC FULLER, CCIM
PRESIDENT

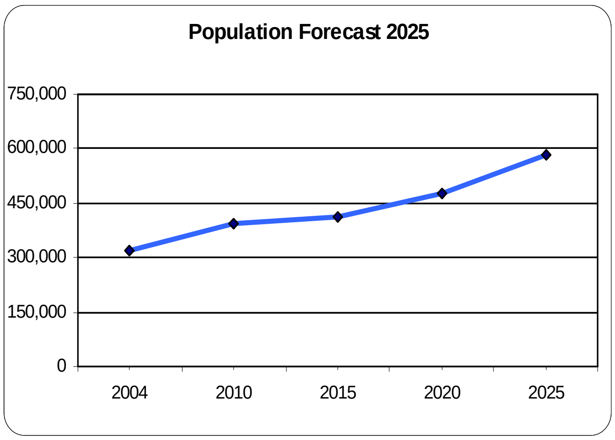
Mr. Fuller opened Eric Fuller & Associates, Inc. in January 1997, with the purpose of offering clients quality commercial real estate services within the Vancouver/Portland Metropolitan marketplace. Prior to establishing his own firm, Eric Fuller was one of the principals who founded the Vancouver office of Norris, Beggs & Simpson, a northwest commercial real estate firm. Eric has been a leading commercial real estate professional in Clark County for over 20 years and has had an active role in many of Clark County's major real estate transactions. Eric has been responsible for the sale of hundreds of acres of land, leasing office and warehouse space and the sale of investment property in Clark County.

Mr. Fuller's professional affiliations include Realtors Associates of Oregon and Washington, Columbia River Economic Development Council, Vancouver Chamber of Commerce, Responsible Growth Forum, Commercial Association of Realtors – Portland/Vancouver, Vancouver Area Development Authority, Vancouver Historic Reserve and International Council of Shopping Centers (ICSC). Eric and is a licensed Certified Commercial Investment Manager (CCIM).

MID YEAR COMMERCIAL REAL ESTATE INVESTMENT & DEVELOPMENT REPORT

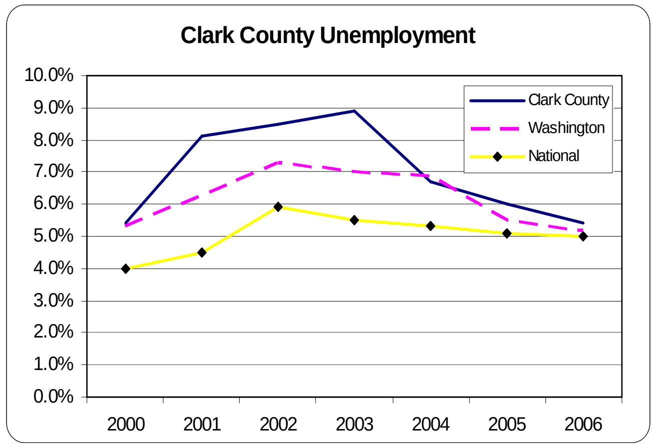
Eric Fuller, CCIM
President/Broker
Eric Fuller & Associates, Inc.

Clark County experienced a very active year in all commercial real estate segments. The continued population increase into Clark County, the future projected population growth, new jobs being added on a year-to-year basis and a consistently low unemployment rate have all bolstered the demand for commercial real estate within Clark County.



Source: Eric Fuller & Associates, Inc.

Clark County employers are now managing the difficulty in recruiting new employees as the unemployment rate has been consistent at less than 6% and is currently at 5.4%. Jobs are being added in all industries within Clark County with trade and transportation, professional services, and education leading the field. These types of jobs are generally family-wage jobs that pay full benefits. The future health of the commercial real estate industry will be based, to a large degree, upon the final GMA updated plan currently being debated by the Clark County Commissioners. If the Commissioners elect to expand the growth boundary to allow sufficient vacant buildable lands, then Clark County's future for the next 20 years will be reinforced on a positive basis. The current inventory of vacant land in Clark County in strategic locations is extremely limited, and therefore, we will see price increases for all types of vacant land over the next several years.



Source: Eric Fuller & Associates, Inc.

Investment Sales

2005 was a banner year in total investment sales closed in Clark County. There were approximately 64 transactions totaling over $185 million of sales activity. This represented nearly a 25% increase in sales from the year 2004. It is of interest to note that two of the investment sales accounted for 25% of the total dollars closed in 2005. For the first six months of 2006, there have been 21 commercial transactions closed exceeding $69 million. Two transactions in 2006 represented 51% of the current year-to-date total. Although there are significant transactions in process, the total commercial real estate closings for 2006 will be less than 2005.

The continued rising interest rates and limited inventory of commercial properties available for sale will dampen 2006 compared to 2005 for total sales. As we approach mid-year, the capitalization rate used for valuing commercial property is increasing, therefore, the market value of commercial investment properties is decreasing. Although there seems to be an extensive pool of potential buyers for quality assets located in Clark County, sellers in the future will not be achieving the same low cap rates that they have experienced over the past 12 to 24 months. This is still a prime time for owners to consider selling their property and locking in the unrealized gain of their current equity before cap rates extend any higher, and therefore, continue the erosion of market value.

Commercial Lands

Clark County has experienced, over the past 24 months, significant expansion in retail activities from existing and new retailers to service the underserved markets in Clark County. 2005 had land sales of $33 million, which was a 31% decrease from 2004 land sales of $62 million. As of mid-year 2006, commercial land sales are $21 million.

It is getting more and more difficult for commercial and industrial clients to identify vacant land within the preferred submarket locations at any price per square foot. Clark County is being considered a mature market for commercial real estate development and investments. Developers and businesses will be forced to look at infill and/or redevelopment opportunities or remodeling existing centers to allow new tenants to serve the market and expand the total square footage available to service Clark County residents. Several more exciting opportunities in the future will be 1) the development of the Boise Cascade site located in downtown Vancouver into a urban high-rise, mixed-use development, 2) Section 30 located in east Vancouver consisting of over 600 acres into a similar development as Columbia Tech Center, (3) the proposed waterfront mixed-use development in Camas-Washougal and (4) The Landing, an open-air shopping center located at the Evergreen Airport. Clark County is still challenged to capture the sales tax leakage to the State of Oregon, which is estimated to be over 30% of the consumption power of local residents.

My Forecast for the next 12 months:	
↑	Commercial land prices increasing
↓	Commercial land sales volume decreasing
↓	Investment property values decreasing
↑	Population will increase faster than Clark County's forecast
↔	Interstate Bridge Crossing

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