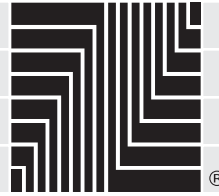


Market Microscope™



Lea Associates, Inc.
Property Economics

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Cellular Tower Sites in SoCal: Demand Continues to Soar

BACKGROUND

Booming demand for cellular services has cellular providers scrambling for coverage, especially along the highly traveled freeway corridors of Southern California. State and local government agencies have been inundated with applications to locate cellular towers in strategic locations, resulting in a “lessor’s market” as many public and private land owners have found themselves in a position to demand significantly higher ground lease rates for these sites than in previous years. This trend is especially evident within jurisdictions of smaller cities, which can typically provide a more timely approval than larger governmental agencies.

LEASE TERM VARIATIONS

Given the current high demand and poor exchange of information, lease terms often vary significantly. A recent survey of cellular tower site leases along major Southern California freeway and highway corridors revealed base rents ranging from approximately \$1,200 to \$3,000 per month. Signing bonuses are not uncommon for leases with five to ten year terms containing options to renew. Some lessors permit sublease agreements, although in many instances the actual terms of a sublease agreement are not stipulated in the original lease agreement, but are negotiated on an ad hoc basis when the situation arises. Terms for sublease agreements also vary widely. While rent escalations vary, many are currently based on the Consumer Price Index (CPI).

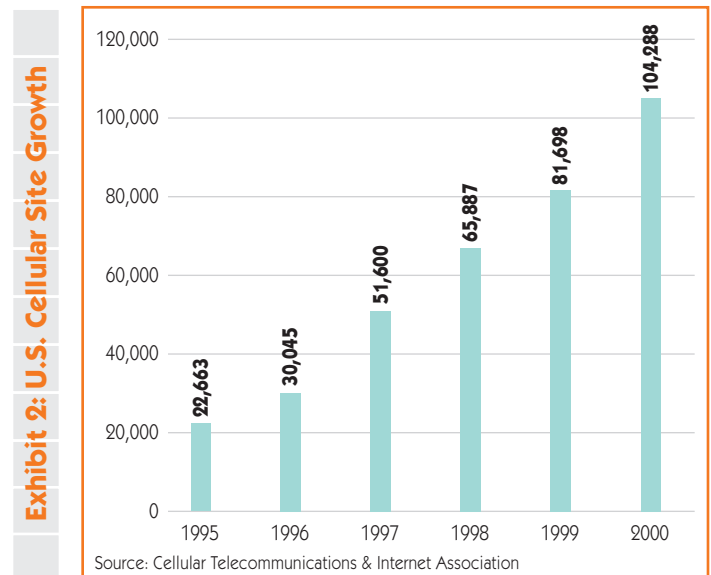
Exhibit 1: Cellular Site Leases Along L.A. & Orange County Fwy/Hwy Corridors

ITEM	LEASE DATE	TERM/ OPTIONS	MONTHLY BASE RENT	SIGNING BONUS PAID TO LESSOR
1	10/99	5 years, four 5-year options	\$1,250	None
2	9/00	5 years, four 5-year options	1,500	\$5,000
3	6/00	5 years, three 5-year options	1,500	\$16,000 lessee-paid improvements
4	12/00 pending	5 years, three 5-year options	2,200	Pending
5	10/00	10 years, two 5-year options	3,000	\$20,000
6	1997	10 years	1,500	n/a
7	12/00 asking	5 years, 5-year option periods	1,200	None
8	12/00 asking	5-10 years, three 5-year options	1,386	None

Source: Lea Associates, Inc. survey, December 2000

AESTHETIC AND LAND USE ISSUES

With the dramatic increase in cellular towers, governmental agencies and the public in general have become increasingly concerned about the appearance of tower improvements. Typically ranging in height from 60 to 100 feet and providing coverage for an area only one to five miles in diameter, their presence is becoming more noticeable. Government agencies have increasingly required cellular site users to disguise their poles to blend in with the surrounding area, resulting in the “mono-palm” and “mono-pine” aesthetics. Some local agencies have instituted bans or moratoriums on new cellular tower construction until long-term land use procedures for the placement of the antennas can be developed.



CONCLUSIONS

Given the currently limited supply of cellular tower sites in Southern California, especially along heavily traveled corridors in densely populated areas, a high level of demand is expected to continue in the foreseeable future. Cellular providers continue to seek realistic and creative ways to procure sites that are strategic for tower placement.

About Market Microscope...

Our goal is to provide real information on real market segments, with each issue focusing on a different segment. We invite your comments and suggestions for markets to review.

LEA ASSOCIATES ~ RECENT ASSIGNMENTS

Valuations

- Fair market value appraisal of three elementary schools within Los Angeles County.
- Valuation of the historic Raymond Theater in the City of Pasadena.
- Market rent study of cellular telecommunication tower sites located in Southern California.

Litigation Support

- Entire acquisition of multi-parcel residential property in Long Beach. Client was property owner. Award represented an increase of 170% over agency appraisal after Lea Associates testimony at trial.
- Entire acquisition of retail commercial property, San Diego. Settlement with increase of 70% of Δ between appraisals after Lea Associates, Inc. testimony at deposition.

CERTIFICATIONS AND DESIGNATIONS: DID YOU KNOW?

Current Requirement	State of California General Appraiser	Appraisal Institute MAI
College Education	No	4-year degree from an accredited college or university
Appraisal Education	180 hours, including 15 hours of USPAP	State requirement plus 216 hours (16 additional hours of USPAP)
Experience	3,000 hours of acceptable appraisal experience over 2.5 years	State requirement plus 3,000 hours of specialized appraisal experience
Demonstration Report	No	Must receive credit for a demonstration report on an income producing property
Examination	4-hour examination	State examination plus Appraisal Institute's General Comprehensive Examination (16 hours)

Note: Robert M. Lea, MAI and Jeffrey T. Nagasaki, MAI have met the requirements for both State Certification and the MAI designation. The firm also has two additional analysts who have met the State Certification requirements and who are on the verge of also obtaining this designation.

VOLUME 1 NUMBER 2



Market Microscope™

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