



Real value in a changing world

Extracting *value* in challenging times

North America
Occupier Review
Q2 2009

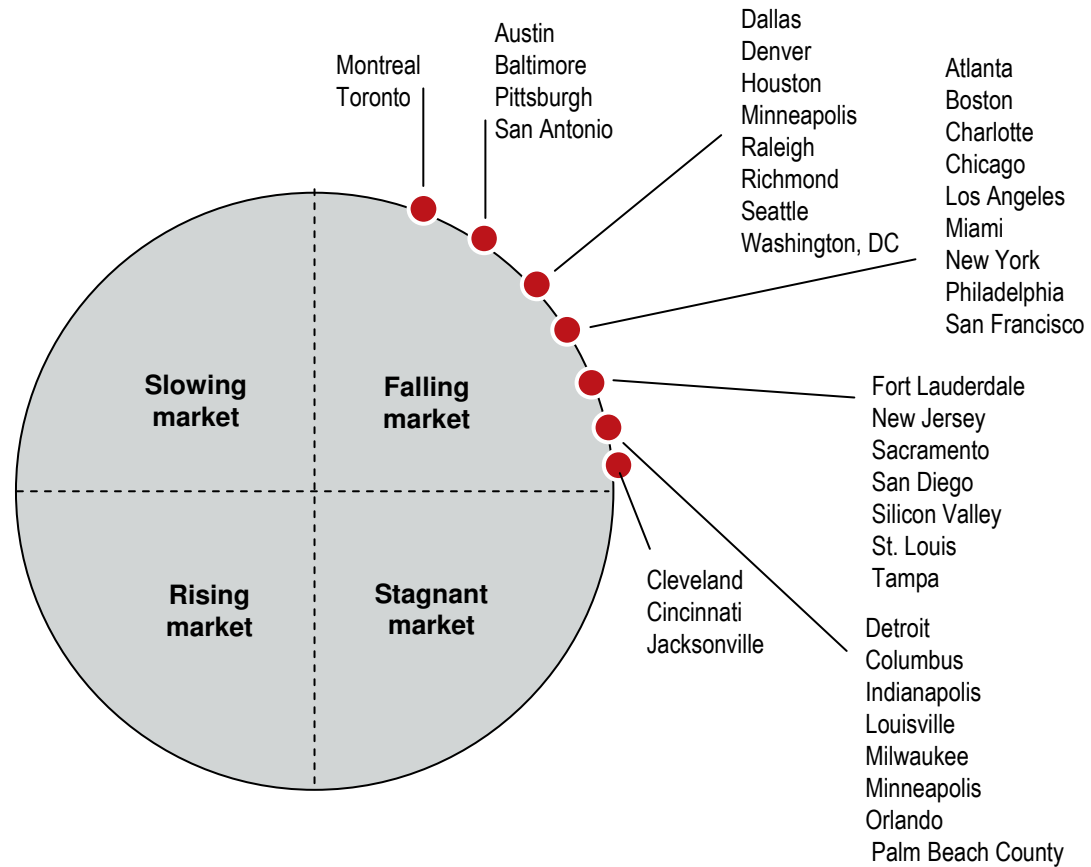


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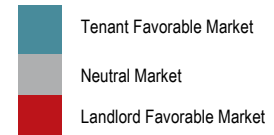
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Q2 2009 office property clock

The Jones Lang LaSalle office clock shows where each market sits within its real estate cycle. Markets generally move clockwise around the clock, with markets on the left side of the clock generally landlord favorable and markets on the right side of the clock generally tenant favorable.

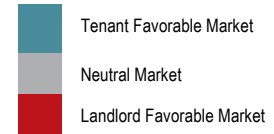


Market Conditions Matrix



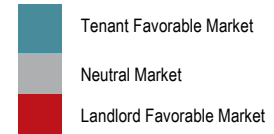
MARKET	TIMELINE					COMMENTS
Atlanta	2009	2010	2011	2012	2013	With leasing activity still slow, market conditions are expected to favor the tenant for the next several quarters, and rents will likely report further declines.
Austin	2009	2010	2011	2012	2013	Landlords will be more aggressive with rental rates in an effort to retain existing tenants, compete with the sublease market and attract the few large requirements in the market.
Baltimore	2009	2010	2011	2012	2013	Rents will continue to decline, however, only in the single-digits as supply-demand fundamentals remained intact
Boston	2009	2010	2011	2012	2013	The second half of 2009 will likely resemble the first. While the worst of the job cuts may be over, the real estate market will remain in slow-motion. Tenants have the opportunity to take advantage of aggressive rent reductions and concessions.
Charlotte	2009	2010	2011	2012	2013	Vacancy in downtown Charlotte will jump into double digits over the next 18 to 24 months as nearly two and a half million square feet of new construction is delivered.
Chicago	2009	2010	2011	2012	2013	Tenants should continue to bargain shop as direct and sublease options are plentiful. Landlords are working to retain and recruit as they are pressured to secure existing and future occupancy.
Cincinnati	2009	2010	2011	2012	2013	A handful of corporate consolidations will create large pockets of vacant space over the next few years. The market will remain highly tenant favorable as landlords struggle to maintain occupancy.
Cleveland	2009	2010	2011	2012	2013	Given that Cleveland has been receding for nearly a decade, the office market is not overdeveloped. While this will help mitigate substantial softening, rental rates will decline steadily and vacancy will rise through 2010.
Columbus	2009	2010	2011	2012	2013	Job losses in the financial services sector have caused vacancy to spike. Over the new few years, landlords will be aggressive with concessions.
Dallas	2009	2010	2011	2012	2013	Leasing and sales activity is projected to remain at reduced levels through the end of 2009 and into early 2010. Longer term, the underlying drivers of population will help Dallas to outperform the U.S.
Denver	2009	2010	2011	2012	2013	The market is essentially resetting itself, with both asking and effective rates decreasing to levels more in line with demand and historic market dynamics than seen in recent years.
Detroit	2009	2010	2011	2012	2013	The remainder of 2009 poses a major threat to commercial property owners as mortgages come due, vacancies remain high and lease rates decline.

Market Conditions Matrix



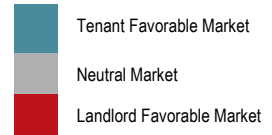
MARKET	TIMELINE					COMMENTS
Fort Lauderdale	2009	2010	2011	2012	2013	Free rent from three months up to six months, increased tenant improvements and owners allowing shorter lease terms are some of the concessions landlords will continue to offer.
Houston	2009	2010	2011	2012	2013	Tenants positioned to take advantage of the current environment will continue to have a variety of viable options with aggressive lease terms.
Indianapolis	2009	2010	2011	2012	2013	Over the next several months, conditions will remain tenant favorable due to ample sublease space and affordable rental rates.
Jacksonville	2009	2010	2011	2012	2013	Effective rental rates will decrease another 1.0 to 2.0 percent by year-end as tenants take advantage of landlord offered concessions.
Los Angeles	2009	2010	2011	2012	2013	Higher-than-average vacancy rates and eroding levels of demand combine to provide very tenant-favorable market conditions.
Louisville	2009	2010	2011	2012	2013	Occupancy losses are expected to continue through 2011 with vacancy peaking at 17 percent. The overall metro average asking rent will likely bottom out at \$15-16 p.s.f.
Miami	2009	2010	2011	2012	2013	Most users can now expect discounts compared to last year's pricing and those with the largest requirements will reap the largest benefits.
Milwaukee	2009	2010	2011	2012	2013	Rent declines are expected to continue into 2011. Tenants will remain in high demand and will have the ability to negotiate leases aggressively.
Minneapolis	2009	2010	2011	2012	2013	Subleases have begun to pop up in small to mid-sized ranges. Such opportunities present a drag on total rent costs as inducements are offered more frequently.
Montreal	2009	2010	2011	2012	2013	There are currently 26 existing options which could satisfy a tenant looking for at least 40,000 square feet contiguous in the GMA
New York	2009	2010	2011	2012	2013	Asking rents are expected to decline another 10 to 15 percent. Some evidence indicates that taking rents and net effective rents may have already reached a market bottom.
Northern New Jersey	2009	2010	2011	2012	2013	Available sublease space has climbed to its highest level in five years as many firms continue to downsize and consolidate space. The same can be expected in the coming months.

Market Conditions Matrix



MARKET	TIMELINE					COMMENTS
Orlando	2009	2010	2011	2012	2013	Tenants with longer term leases will look to reduce costs by considering sublease arrangements and/or renegotiating their operating expense base year.
Palm Beach County	2009	2010	2011	2012	2013	The office sector will continue to experience market corrections but not at levels seen since the beginning of the downturn.
Philadelphia	2009	2010	2011	2012	2013	All tenants in the market will have to weigh the expense of moving to new space versus renewing in place or expanding.
Phoenix	2009	2010	2011	2012	2013	With a large amount of new construction underway at the start of the downturn and absorption running deeply negative, leasing activity will remain sluggish.
Pittsburg	2009	2010	2011	2012	2013	The third quarter will experience some of the same challenges as the first part of the year. Vacancy and rental rates are expected to hold steady as firms weigh the effects of a slowing economy.
Raleigh/Durham	2009	2010	2011	2012	2013	The Triangle area is poised to rebound faster than other metros in 2009 and 2010. In addition the construction pipeline is spread throughout the submarkets, not concentrated on one area.
Richmond	2009	2010	2011	2012	2013	Leasing activity will be sluggish as job losses persist for another year. Longer term, the market is expected to recover at a healthy rate.
Sacramento	2009	2010	2011	2012	2013	Class A CBD office rates have remained more stable, but with the recent completion of 500 Capitol Mall, concessions are on the rise, providing tenants more of an opportunity to lock in savings.
San Antonio	2009	2010	2011	2012	2013	Face rates are not expected to drop significantly since landlords see last quarters' economic growth as an opportunity for an early office market recovery.
San Diego	2009	2010	2011	2012	2013	The local economy is expected to hit bottom in mid-to-late 2009, but the recovery will be sluggish well into 2010.
San Francisco	2009	2010	2011	2012	2013	Prolonged vacancy rates in the office market will place further pressure on rental rates as buildings compete for credit-worthy tenants and against sublease space. For tenants this means that higher quality options will now be available at a much lower cost.
Seattle	2009	2010	2011	2012	2013	New deliveries and anticipated business contraction are expected to push vacancy rates higher and apply downward pressure on rental rates through the balance of 2009 and into 2010.

Market Conditions Matrix



MARKET	TIMELINE					COMMENTS
Silicon Valley	2009	2010	2011	2012	2013	The opportunity for tenants to renegotiate (blend & extend) or upgrade their curb appeal (flight to quality) is now as landlords are eager to secure cash flow.
St. Louis	2009	2010	2011	2012	2013	All submarkets in St. Louis are tenant favorable right now and tenants need to maximize this leverage and take advantage of lowered rental rates
Tampa	2009	2010	2011	2012	2013	Over the next few quarters, occupiers can expect aggressive terms from landlords looking to reduce vacancies in their buildings.
Toronto	2009	2010	2011	2012	2013	With pending new supply and landlords looking to keep buildings near occupancy, asking rates are expected to soften considerably.
Washington DC	2009	2010	2011	2012	2013	The region's supply profile is likely to produce overhang in the market until early 2010, as new construction and sublease space outstrips demand.

Atlanta

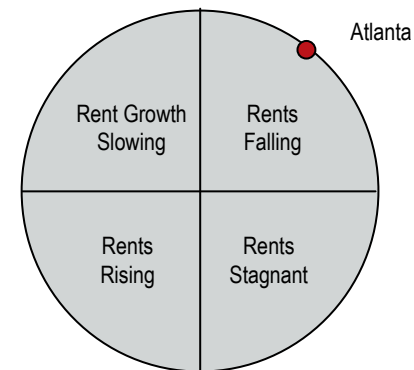
Market Conditions

- In June 2009, metro Atlanta's unemployment rate rose to 10.7 percent, whereas Georgia's overall unemployment was only 10.1 percent.
- Atlanta's suburban submarkets ended Q2 2009 with occupancy losses of 451,057 square feet, but the urban markets contributed positive net absorption of 18,022 square feet for the quarter.
- The metro's overall vacancy rate reported a 0.7 percentage point increase over the last three months, rising to 20.5 percent.
- Direct rental rates reported declines, falling \$0.27 psf to the current overall average of \$21.18 psf.

Outlook for Tenants

- Vacancies in the urban submarkets of Buckhead and Midtown can be expected to increase substantially by mid-2010, as nearly 2.7 million square feet is set to deliver in the next 12 months.
- With leasing activity still slow, market conditions are expected to favor the tenant for the next several quarters, and rents will likely report further declines.

Current Statistics		12 Month Outlook
Overall vacancy	20.51%	↑
YTD net absorption	-543,460 sf	→
Under construction	2,808,434 sf	↓
CBD class A avg. rent	\$24.18 psf	↓
Suburbs class A avg. rent	\$21.89 psf	↓



Austin

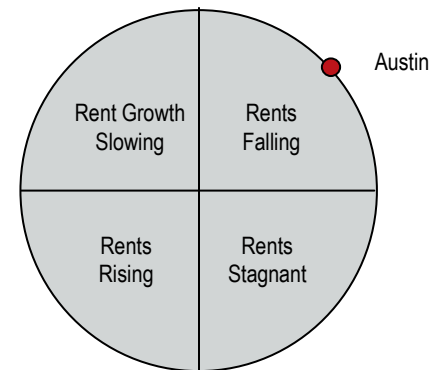
Market Conditions

- Austin, one of the only areas in the nation to post positive job growth in the first quarter, gained another 4,200 jobs in May. For the fourth consecutive month, Austin was the only large Texas metro area to gain jobs. Government and broad services sectors continued to lead the growth in the region, and layoffs appear to have leveled off. At 6.1 percent, Austin's unemployment rate increased at a slower rate than the national average over the past year, and areas of employment contraction mirror those in the United States (construction, professional services, etc.).
- Concessions were commonplace in proposals, and direct gross asking rental rates dropped 1.4 percent over the last three months. Existing users avoided signing speculative office expansions in an effort to keep cash in the black. New construction tapered off, with just over a half million square feet currently under construction, at over 60.0 percent pre-leased.

Outlook for Tenants

- Sublease space will continue to be a growing factor in vacancy as tenants shed excess space. Despite the overall drop in demand, some large deals have been successfully signed. This activity will help to buoy net absorption in the third and fourth quarter.

Current Statistics		12 Month Outlook
Overall vacancy	24.4%	↑
YTD net absorption	-380,502 s.f.	→
Under construction	583,877 s.f.	↓
CBD class A avg. rent	\$35.73	↓
Suburbs class A avg. rent	\$27.59	↓



Baltimore

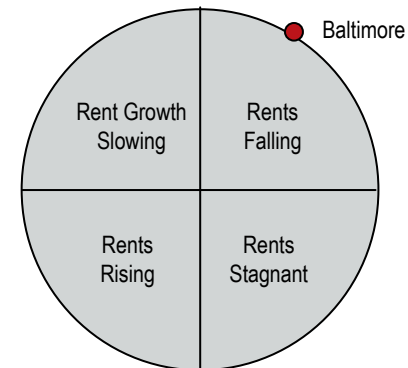
Market Conditions

- Unemployment in the Baltimore area skyrocketed over the past 12 months, as weakness in the financial sector led to numerous job losses, especially in the financially-driven CBD
- Despite an uptick in job losses metro-wide, the suburbs continued to see occupancy gains largely as a result of the upcoming BRAC moves near Aberdeen and Fort Meade
- Rents have leveled off in most submarkets with the largest declines in the CBD area, where sublease space is increasing at fast rates
- Concessions in all parts of the market continued to increase, especially in the form of rent abatement

Outlook for Tenants

- Rents will continue to decline, however, only in the single-digits as supply-demand fundamentals remained intact
- 35.0 percent of the market is dominated by the federal government, education and healthcare sectors. Due to the limited development pipeline in any given submarket and these positive demand generators, tenant leverage will likely lessen over the next 12 months

Current Statistics		12 Month Outlook
Overall vacancy	13.5%	↑
YTD net absorption	181,393 s.f.	↑
Under construction	1,900,000 s.f.	→
CBD class A avg. rent	\$23.80 p.s.f.	↓
Suburbs class A avg. rent	\$23.84 p.s.f.	→



Boston

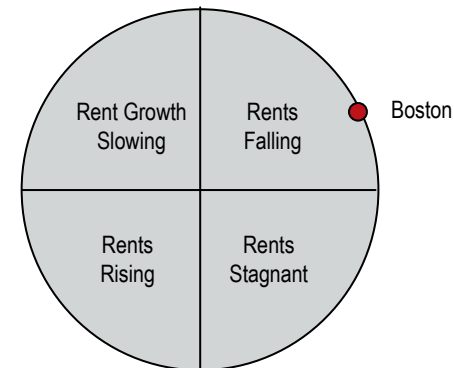
Market Conditions

- Second quarter net absorption was negative 757,078 square feet due to a notable increase in sublease offerings and tenant contractions. The CBD posted one of the steepest declines in occupancy on record with negative net absorption of 516,889 square feet.
- Though tenants have had an opportunity to lease higher quality space at much lower price points, to date most have not taken advantage. This was due to the fact that the current economic pain has impacted both tenants and landlords alike.
- Most tenants have a hard time justifying the capital costs involved with a relocation and have opted instead to delay real estate decisions when possible and pursue short-term renewals if needed.

Outlook for Tenants

- Though the economic environment will improve in the second half of 2009, expect market fundamentals to remain tenant favorable through the end of year.
- The long term forecast is for moderate activity as normal lease expirations combine with a wave of lease expirations caused by short-term renewals signed over the last year.

Current Statistics		12 Month Outlook
Overall vacancy	19.9%	↑
YTD net absorption	-2,474,467 s.f.	↓
New construction	2,361,639 s.f.	↓
Boston class A avg. rent	\$51.99 p.s.f.	↓
Cambridge class A avg. rent	\$37.18 p.s.f.	↓
Suburbs class A avg. rent	\$24.08 p.s.f.	↓



Charlotte

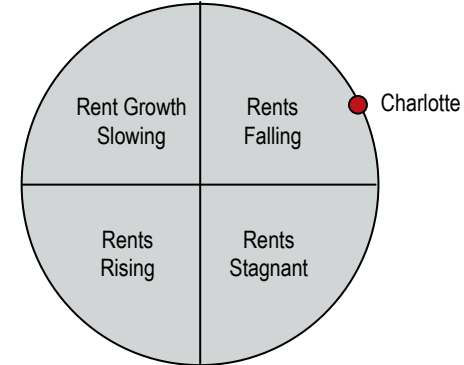
Market Conditions

- Leasing activity for the quarter was down 32 percent compared to the second quarter of 2008, confirming all industries have been affected by the turbulence caused by the regions' largest players.
- Sublease space flooded the market. Tenants seeking 100,000 square feet or more uptown had seven buildings to choose from.
- Landlords were creative in structuring leases. Some allowed tenants to cancel their new lease penalty free within the first 18 months of a three-year term, provided 60-day notice. Given the average 19-month lease up time, landlords are exploring all options to retain tenants in a highly competitive market.

Outlook for Tenants

- Vacancy in downtown Charlotte will jump into double digits over the next 18 to 24 months as nearly two and a half million square feet of new construction is delivered.
- Wells Fargo and Bank of America may abandon plans to occupy additional space further boosting vacancy.
- Demand is expected to remain weak and supply will reach an all time high, leaving tenants will complete negotiating power.

Current Statistics		12 Month Outlook
Overall vacancy	15.0 %	↑
YTD net absorption	-453,457 s.f.	↓
Under construction	2,554,000 s.f.	↓
CBD class A avg. rent	\$29.04 p.s.f.	↓
Suburbs class A avg. rent	\$20.64 p.s.f.	↓



Chicago

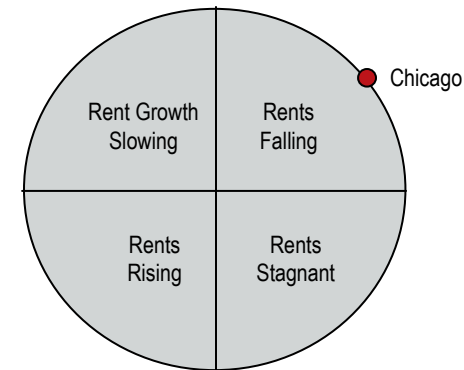
Market Conditions

- Layoffs continued through second quarter as the Metro Chicago unemployment rate reached a 26-year high of 10.7 percent during May. Tight credit conditions persisted along with continued contractions in business and consumer spending.
- The second quarter overall vacancy rate reached a four-year high of 18.1 percent as weak deal velocity and tenant contractions were posted market wide.
- Asking rental rates have trended downward, but at a moderate pace. Since year-end 2008, the Metro average has decreased by 2.1 percent, to \$26.98 per square foot. As the market has weakened during the first half of the year, landlords have offered increased concessions rather than take a hit on face rates.

Outlook for Tenants

- Tenants should continue to bargain shop as direct and sublease options are plentiful. Landlords are working to retain and recruit as they are pressured to secure existing and future occupancy.
- Rental rates should continue to gradually soften due to slow deal volume and competing sublease options.

Current Statistics		12 Month Outlook
Overall vacancy	18.1%	↑
YTD net absorption	-3,123,812 s.f.	→
Under construction	3,415,376 s.f.	↓
CBD class A avg. rent	\$35.10 p.s.f.	↓
Suburban class A avg. rent	\$23.84 p.s.f.	↓



Cincinnati

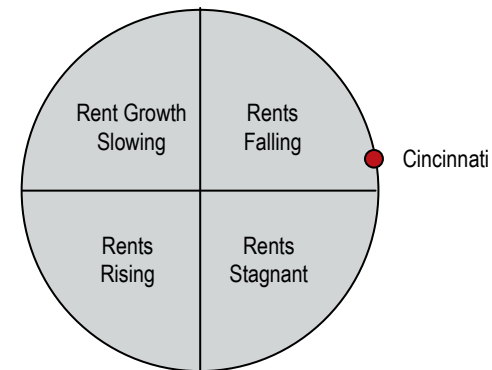
Market Conditions

- The recession maintained its hold over the local Cincinnati economy during the first half of 2009. Private services are rapidly contracting and unemployment reached 9 percent.
- Market statistics for Cincinnati sent confusing signals in the second quarter. Market demand improved, net absorption was positive, and rents were firm.
- The landlord favorable data was viewed with caution and most likely reflected a temporary and fragile improvement. Most tenants sought opportunities to downsize. In addition, a large amount of new construction is expected to deliver vacant over the near term.
- Construction on The Great American Tower will conclude over the next few months and an additional 285,000 square feet of vacant space will impact the market.

Outlook for Tenants

- Broad-based linkages to the national economy will result in job losses well into 2010.
- During the third quarter, a 404,000 square foot campus for GE Aviation will deliver and consolidate more than 1,400 employees from three other sites into one location. As a result the market will gain nearly 300,000 square feet of vacant space.

Current Statistics		12 Month Outlook
Overall vacancy	18.8%	↑
YTD net absorption	261,000 s.f.	→
Under construction	1,605,961 s.f.	→
CBD class A avg. rent	\$23.32 p.s.f.	→
Suburbs class A avg. rent	\$20.84 p.s.f.	→



2009	2010	2011	2012	2013
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Cleveland

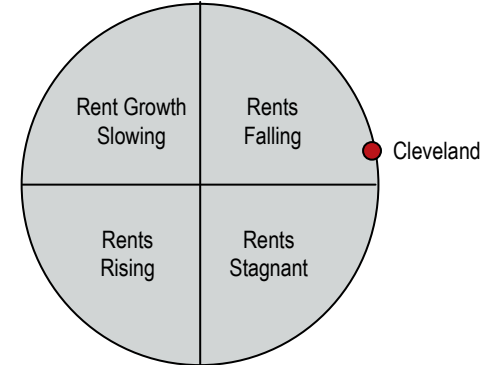
Market Conditions

- Year-over-year unemployment was up nearly 350 basis points, to 10.0 percent, in May of 2009.
- The financial activities and professional and business services industries experienced their first employment growth in over a year.
- Overall net absorption totaled negative 208,358 square feet showing a slowdown in the rate at which tenants are shedding office space.
- Despite the market contraction taking place over the past 18 months, there is still a lack of large block contiguous space in the upper floors of Class A buildings within the CBD. For this reason, Class A space within the CBD has been, and will remain, one of the strongest performers in Cleveland.
- The suburban office market continues to struggle with the largest markets posting overall net absorption losses in the triple digits.

Outlook for Tenants

- Rental rates will continue to contract slightly as vacancy increases. Limited economic growth in the office sector will continue to apply pressure on the Cleveland market.

Current Statistics		12 Month Outlook
Overall vacancy	21.1%	↑
YTD net absorption	(384,420) s.f.	↑
Under construction	140,000 s.f.	↓
CBD class A avg. rent	\$20.27 p.s.f.	↓
Suburbs class A avg. rent	\$19.88 p.s.f.	↓



2009	2010	2011	2012	2013
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Columbus

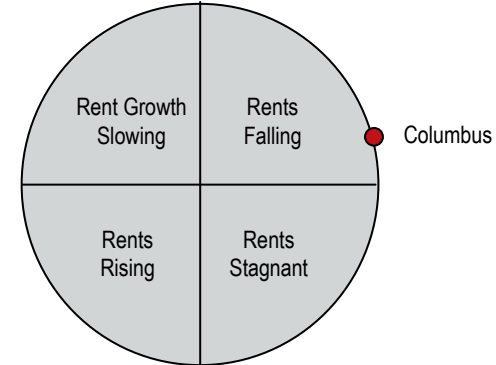
Market Conditions

- After outpacing overall employment growth for more than two years, office-using employment is contracting faster than the average, primarily due to job losses in financial services.
- The vacancy rate leveled off during the second quarter as did market rents due to a lack of new construction and leasing activity.
- Available space options were ample and landlords offered aggressive concessions to help bring down the cost of business for tenants.

Outlook for Tenants

- Vacancy is expected to climb as nearly 345,000 square feet of new product is delivered over the second half of the year. Demand is expected to be weak and annual net absorption will likely surpass negative 400,000 square feet in 2009 and 2010.
- Rents will continue to decline and negotiating leverage will remain firmly with tenants. Effective rents will fall as landlords use concessions and free rent to encourage tenants to transact.
- No rent growth is expected through 2013.

Current Statistics		12 Month Outlook
Overall vacancy	18.7%	↑
Net absorption	-53,000 s.f.	↓
New construction	345,000 s.f.	↓
CBD class A avg. rent	\$22.17 p.s.f.	↓
Suburbs class A avg. rent	\$19.36 p.s.f.	↓



Dallas

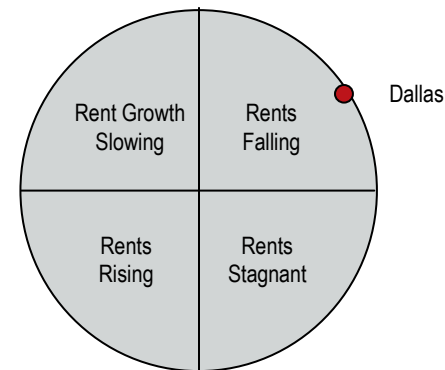
Market Conditions

- Dallas' net absorption fell into negative territory during the second quarter following a slow fourth quarter in 2008, and first quarter 2009.
- Sublease space rose considerably in the second quarter, increasing to the highest level in over three years.
- Quoted rental rates have continued to decline as market activity remained subdued due to risk aversion and the financial strain experienced by tenants and owners alike.
- Capital markets activity remained at significantly reduced levels, with limited activity mainly restricted to smaller properties.
- Leasing and sales activity is projected to remain at reduced levels through the end of 2009 and into early 2010.

Outlook for Tenants

- Taking into account projected job losses in second half 2009, a decrease in demand for office space, ongoing capital limitations, and limited new supply of speculative buildings, downward pressure on rents is expected to continue for the rest of the year —10.0 percent or so on effective rental rates.
- Longer term, the underlying drivers of population growth—high-tech, corporate headquarters and distribution activity—will help Dallas to outperform the U.S.

Current Statistics		12 Month Outlook
Overall vacancy	24.6%	↑
YTD net absorption	-43,679 s.f.	↓
Under construction	2,251,758 s.f.	↓
CBD class A avg. rent	\$21.43 p.s.f.	↓
Suburbs class A avg. rent	\$24.40 p.s.f.	↓



Denver

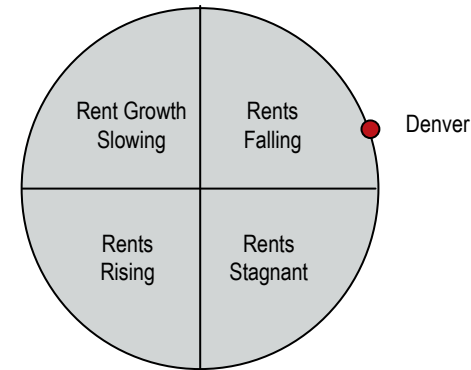
Market Conditions

- Historically, Denver has trailed the entry and exit of recessionary periods by six to nine months when compared to coastal tier one markets. It is likely that Denver's office market recovery, in particular, will be consistent with historic performance aided by improvements in the residential real estate sector and continued growth and development of government services and the renewable energy sector.
- Negative net absorption recorded in the CBD, Southeast and Southeast Suburban pushed the overall market to roughly 1,000,000 square feet of negative net absorption year-to-date.
- Submarkets with considerable rises in vacancy, such as the CBD and Southeast, were mitigated by reserved activity in the western submarkets, specifically the Northwest. Average asking rents continued to decrease in all but one of Denver's submarkets.

Outlook for Tenants

- The market is essentially resetting itself, with both asking and effective rates decreasing to levels more in line with demand and historic market dynamics than seen in recent years.

Current Statistics		12 Month Outlook
Overall vacancy	16.1%	↑
YTD net absorption	-1,076,385 s.f.	↓
Under construction	1,589,743 s.f.	↓
CBD class A avg. rent	\$30.01 p.s.f.	↓
Suburbs class A avg. rent	\$22.47 p.s.f.	↓



Detroit

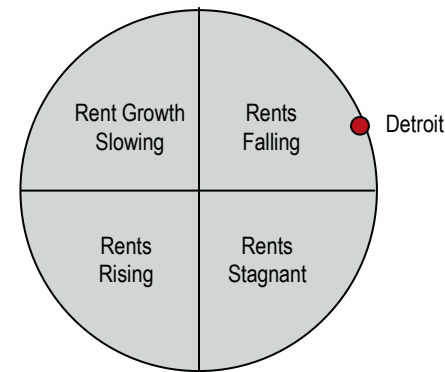
Market Conditions

- Deal volume remained light in the Detroit region during the second quarter of 2009, while the long anticipated Chrysler and General Motors Chapter 11 bankruptcy reorganizations moved forward with the cooperation of the U.S. Treasury Department.
- The Detroit Office market ended the second quarter 2009 with a vacancy rate of 17.4 percent. This represented an increase from the previous quarter, as net absorption totaled a negative 112,453 square feet.
- Companies have been extremely reluctant to make any real estate decisions unless forced to do so. As a result, rental rates ended the second quarter at \$19.32 p.s.f., a 0.8 percent decline from the first quarter of 2009.

Outlook for Tenants

- The region is hoping that government assistance for the automobile sector will produce positive momentum for a region that has been suffering for several years now.
- The remainder of 2009 poses a major threat to commercial property owners as mortgages come due, vacancies remain high and lease rates decline. Short-term renewals will remain the lease type of choice. Some tenants will take advantage of favorable market conditions and either upgrade submarkets or property class.

Current Statistics		12 Month Outlook
Overall vacancy	17.4%	↑
YTD net absorption	-510,266 s.f.	↓
Under construction	354,818 s.f.	→
CBD class A avg. rent	\$22.10 p.s.f.	↓
Suburbs class A avg. rent	\$24.09 p.s.f.	↓



Fort Lauderdale (Broward County)

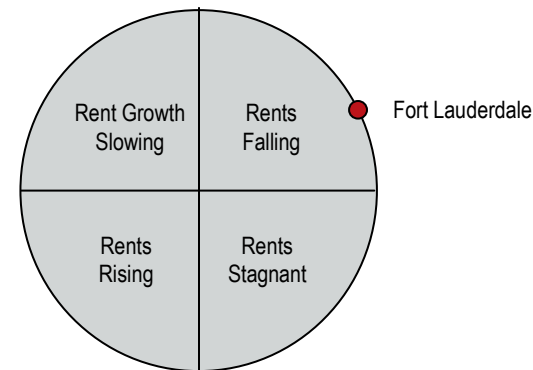
Market Conditions

- Job losses continued to increase as employment growth for Broward County has declined by 4.5 percentage points from this time last year. The area's unemployment rate increased to 8.8 percent in the first half of 2009.
- Recessionary conditions have remained throughout South Florida and although the momentum of the economic downturn has slowed, soft market conditions continued to create favorable conditions for tenants during lease negotiations.

Outlook for Tenants

- Businesses both large and small have continued their efforts in saving money from their operational costs by downsizing, consolidating locations or closing their offices. Thus causing increased space opportunities and sublet offerings throughout Broward County.
- The market has seen a rise in businesses attempting to renegotiate a decrease in their current rental rate in exchange for an extension of lease term. In some cases tenants are attempting to receive a lower lease rate in order to stay in their current lease.
- Free rent from three months up to six months, increased tenant improvements and owners allowing shorter lease terms are some of the concessions landlords will continue to offer.

Current Statistics		12 Month Outlook
Overall vacancy	17.9%	↑
YTD net absorption	-263,062 s.f.	↓
Under construction	0 s.f.	↓
CBD class A avg. rent	\$31.58 p.s.f.	↓
Suburbs class A avg. rent	\$30.93 p.s.f.	↓



Houston

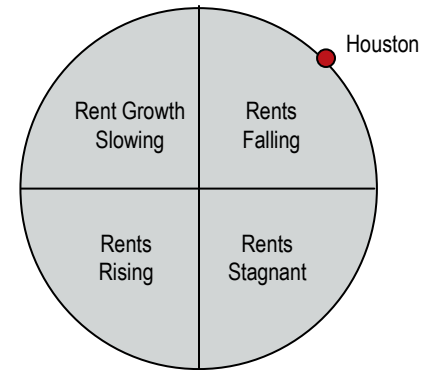
Market Conditions

- At the conclusion of the second quarter, the recessionary economic environment continued to plague the Houston office market as demand for space further decreased.
- For the average user, direct leasing activity was limited primarily to renewals, relocations and consolidations. One exception was a 100,000 square foot new lease executed by an energy company in the suburbs reportedly for expansionary purposes.
- Face rental rates dropped slightly in the second quarter and will likely continue to fall in the coming months.
- Sublease availabilities further increased and should continue to offer users the opportunity to capture significant discounts off average direct rents.
- Rent abatement, free parking and reduced security deposits should also remain common and the primary sources of net effective rent reduction.

Outlook for Tenants

- In the second half of the year and into 2010, continued downward rent pressure and increasing concessions are expected. Tenants positioned to take advantage of the current environment will continue to have a variety of viable options with aggressive lease terms.

Current Statistics		12 Month Outlook
Overall vacancy	16.1%	↑
YTD net absorption	-1,195,427 s.f.	↓
Under construction	4,239,670 s.f.	↓
CBD class A avg. rent	\$35.23 p.s.f.	↓
Suburbs class A avg. rent	\$28.50 p.s.f.	↓



2009	2010	2011	2012	2013
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Indianapolis

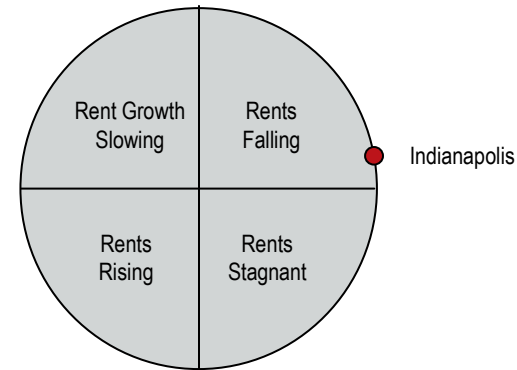
Market Conditions

- Indianapolis' economy is holding up better than most of the state, although the area's recession is on par with the national average.
- Financial and professional services have downsized significantly, driving the vacancy rate higher. Occupancy losses were particularly high in the suburbs where vacancy reached 12.8 percent.
- In response to increasing sublease space volume and weak leasing activity, construction has nearly halted in most of Indianapolis' submarkets.

Outlook for Tenants

- Although they have contracted sharply in recent months, office-using employment is expected to be more stable over the near term.
- Indianapolis will benefit from a well diversified economy and reasonable cost structure, which will attract new businesses.
- Over the next several months, conditions will remain tenant favorable due to ample sublease space and affordable rental rates.

Current Statistics		12 Month Outlook
Overall vacancy	17.2%	↑
YTD Net absorption	-377,000 s.f.	↓
Under construction	325,000 s.f.	→
CBD class A avg. rent	\$21.34 p.s.f.	↓
Suburbs class A avg. rent	\$19.46 p.s.f.	↓



Jacksonville

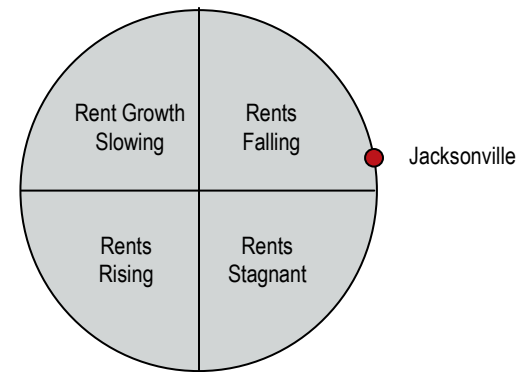
Market Conditions

- Unemployment rate increased for the fifth consecutive month to 9.7 percent. Approximately 28,000 jobs were lost from the previous 12 months ending June 2009.
- Average employment for the first half of 2009 in Financial Activities and the Professional and Business Services sectors fell another 5.0 percent from the same period a year ago.
- Direct vacancy rates in the CBD increased nearly 5.0 percent from first quarter 2009 to 19.3 percent, while direct vacancy rates in the suburban submarkets remained comparatively flat at 20.3 percent.

Outlook for Tenants

- The outlook in Jacksonville over the next 12 to 18 months will be a continuation of favorable market conditions and an environment that favors tenants.
- Vacancy rates in the upper teens will force landlords to continue offering concessions in order to attract tenants to their buildings.
- Effective rental rates will decrease another 1.0 to 2.0 percent by year-end as tenants take advantage of landlord offered concessions.

Current Statistics		12 Month Outlook
Overall vacancy	21.4%	↑
YTD net absorption	-640,160 s.f.	↓
Under construction	0 s.f.	→
CBD class A avg. rent	\$20.70 p.s.f.	→
Suburbs class A avg. rent	\$20.89 p.s.f.	↓



Los Angeles

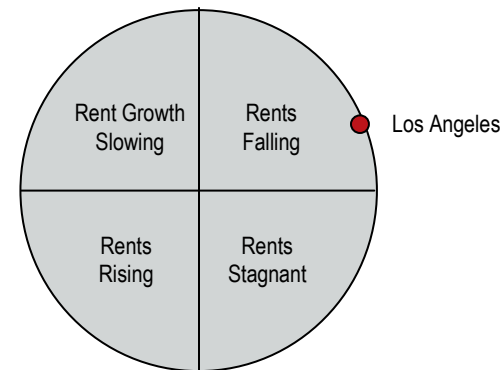
Market Conditions

- The Los Angeles economy sunk deeper into a recession during the second-quarter with June unemployment rate reaching 11.3 percent, up from 9.5 percent recorded at the beginning of the year, and much higher than the 6.7 percent unemployment figure recorded 12 months ago.
- Los Angeles year-to-date market rents dropped 5.8 percent, while effective rates declined by an estimated 15-percent. Increasing supply of sublease space continued to put pressure on asking rates in submarkets such as the Westside and Los Angeles North.
- Many tenants who were uncertain about the economy's direction and were faced with occupancy costs that exceeded current market rates, opted for blend-and-extend renewal options, which allowed them to realign their leases with current market conditions.

Outlook for Tenants

- Higher-than-average vacancy rates and eroding levels of demand combine to provide very tenant-favorable market conditions.
- Los Angeles' landlords are expected to increase available concessions on direct leases, such as rent abatement and tenant improvement allowances, in order to prevent further occupancy declines.

Current Statistics		12 Month Outlook
Overall vacancy	15.7%	↑
YTD net absorption	-2,125,157 s.f.	↓
Under construction	1,876,585 s.f.	↓
CBD class A avg. rent	\$37.17 p.s.f.	↓
Suburbs class A avg. rent	\$35.09 p.s.f.	↓



Louisville

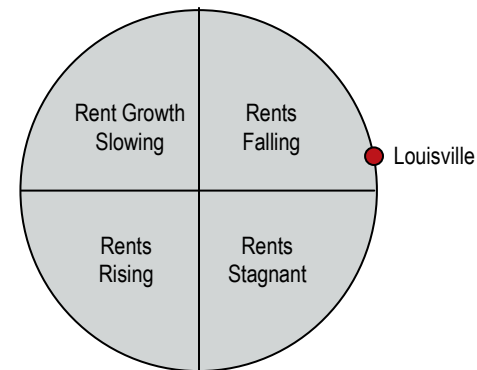
Market Conditions

- Louisville's economy is deteriorating although the rate of decline has slowed modestly since the end of 2008. The unemployment rate reached 10.4 percent in May, or one percentage point above the national average.
- Over the last 12-months, the vacancy rate has increased by one full percentage point. Tenants continue to give back space resulting in the fifth consecutive quarter of negative net absorption.

Outlook for Tenants

- Louisville is in the midst of what will be a long and deep recession that will not end until the first half of 2010. However, the metro has growth drivers that will allow it to prosper over the long term.
- Occupancy losses are expected to continue through 2011 with vacancy peaking at 17 percent. The overall metro average asking rent will likely bottom out at \$15-16 p.s.f.
- Tenants will have the opportunity to take advantage of low real estate costs, especially for back office operations.

Current Statistics		12 Month Outlook
Overall vacancy	14.5%	↑
YTD net absorption	-239,000 s.f.	↓
Under construction	154,000 s.f.	↓
CBD class A avg. rent	\$20.49 p.s.f.	↓
Suburbs class A avg. rent	\$18.88 p.s.f.	↓



Miami

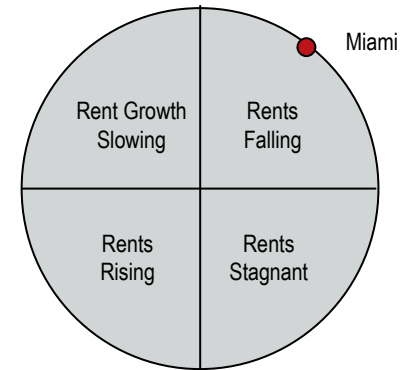
Market Conditions

- Continuing job losses led to a (May 2009) 9.6 percent unemployment rate, which remained just under Florida's, double-digit rate of 10.2 percent.
- With both the Class A and Class B segments of the CBD and Suburbs now posting double digit overall vacancies (which includes sublease space), previously achieved effective rental rates can be anticipated to remain strained at their current levels.

Outlook for Tenants

- Tenants currently in the market can look to more choices for their office requirements as space and pricing options become more available and diverse.
- Most users can now expect discounts compared to last year's pricing and those with the largest requirements will reap the largest benefits.
- With the importance of landlord stability both financially and on an operational basis at the forefront of tenant decisions, strong institutional ownership of buildings is the preferred choice.

Current Statistics		12 Month Outlook
Overall vacancy	16.2%	↑
YTD net absorption	-901,492 s.f.	↑
Under construction	2,489,992 s.f.	↓
CBD class A avg. rent	\$42.45 p.s.f.	↓
Suburbs class A avg. rent	\$34.66 p.s.f.	↓



2009	2010	2011	2012*	2013*
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*Major suburban markets more likely to be neutral 2012-2013

Milwaukee

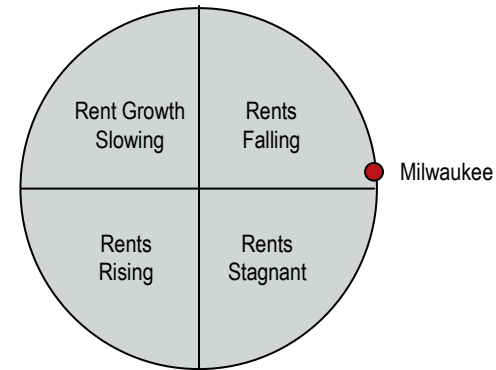
Market Conditions

- Milwaukee is plunging into a deeper recession, with few signs of moderation in the most troubled industries. Corporate cost cutting has clipped demand for business services and office-using job losses are weakening incomes.
- Negative net absorption was once again severe in the metro Milwaukee market. Occupancy losses across the metro totaled negative 328,000 square feet. Vacancy continued to climb and at 17.2 percent was two and a half percentage points higher than 12-months ago.
- Weak demand put downward pressure on rental rates which averaged \$18.82 p.s.f.

Outlook for Tenants

- The Milwaukee economy is in a recession that will extend through the end of this year, and labor conditions will not rebound until the middle of 2010.
- Rent declines are expected to continue into 2011. Tenants will remain in high demand and will have the ability to negotiate leases aggressively.

Current Statistics		12 Month Outlook
Overall vacancy	17.2%	↑
YTD Net absorption	-328,000 s.f.	↓
Under construction	331,000 s.f.	→
CBD class A avg. rent	\$24.00 p.s.f.	→
Suburbs class A avg. rent	\$21.40 p.s.f.	→



Minneapolis

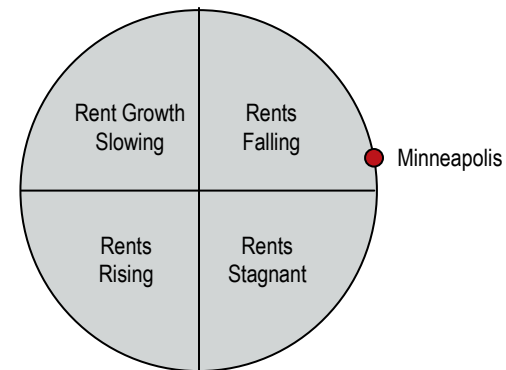
Market Conditions

- Most of Minneapolis' job losses have occurred in the construction, manufacturing, and business service industries. Financial activities did record some nominal job growth.
- Tenants continued to look for short-term solutions, opting for short-term renewals in the hope that the economy will stabilize soon. As a result, the absorption level throughout the market was extremely low through the first half of the year.
- Nearly all the of absorption recorded in the second quarter stemmed from Coloplast's relocation into the region.
- Conditions were highly tenant-favorable with a multitude of options available as well as significant landlord concessions to be had.

Outlook for Tenants

- The vacancy rate will rise due to the massive job losses experienced over the past few months.
- Subleases have begun to pop up in small to mid-sized ranges as companies consolidate and retract non-core sites. Such opportunities present a drag on total rent costs as inducements, such as free rent, higher improvement allowance and moving allowances are offered more frequently.

Current Statistics		12 Month Outlook
Overall vacancy	20.4%	↑
YTD net absorption	514,186 s.f.	→
Under construction	1,608,550 s.f.	↓
CBD class A avg. rent	\$16.98 p.s.f.	↓
Suburbs class A avg. rent	\$19.81 p.s.f.	↓



Montréal

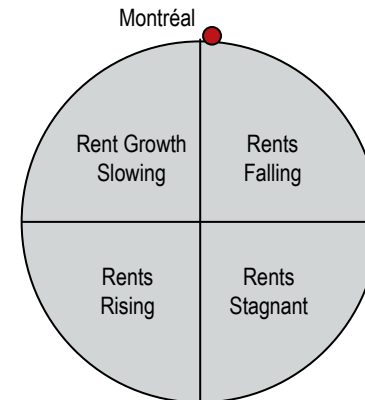
Market Conditions

- After faring well compared to Western Canada and Ontario during the latter half of 2008 and first quarter 2009, Québec's economy slowed significantly.
- With demand for corporate jets on the decline, aerospace, the provinces' strongest sector has pulled back while additional job losses have affected the Greater Montréal Office Market.
- Absorption trended downward after posting a positive first quarter to the year and of the 361,000 square feet of negative absorption, 70 percent came in the class B market.
- Interestingly, as the rest of the North American markets experience a ballooning in sublet availabilities, Montréal has remained at 1.1 sublet available rate dating back to the end of 2008.

Outlook for Tenants

- The office market of the Greater Montréal Area is expecting an additional 483,000 square feet of office space to be delivered to the market over the next three quarters.
- There are currently 26 existing options which could satisfy a tenant looking for at least 40,000 square feet contiguous in the GMA

Current Statistics		12 Month Outlook
Overall vacancy	8.8%	↑
YTD net absorption	-387,216 s.f.	↑
Under construction	5,679,190 s.f.	↑
CBD class A avg. rent	CAN \$38.57 p.s.f.	→
Midtown class A avg. rent	CAN \$25.84 p.s.f.	→
Suburbs class A avg. rent	CAN \$25.84 p.s.f.	→



New York

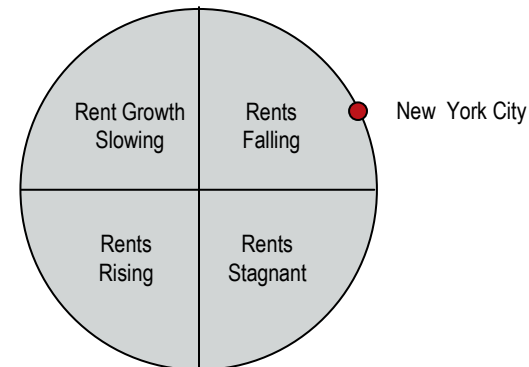
Market Conditions

- New York City endured significant job losses during the first six months of the year and that trend is forecast to continue until the first quarter 2010.
- Leasing activity remained far below historical levels. Large blocks of space were returned to the market at a steady pace resulting in an escalation of vacancy rates and near record-low absorption levels
- Vacancy among Midtown Class A properties rose to 15.0 percent, a level not reached in the past 15 years.
- Midtown Class A asking rents have fallen by 25.0 percent since May 2008, finishing at \$73.10. Net effective rents, which are taking rents including landlord concessions, are down by over 40.0 percent from peak.
- At mid-year Downtown is clinging to a vacancy rate much lower than would be expected. The Class A vacancy rate, at 8.8 percent, is technically within equilibrium. Over the next twelve months that rate could double as Downtown's largest firms are expected to shed unneeded space.

Outlook for Tenants

- Asking rents are expected to decline another 10 to 15 percent. Some evidence indicates that taking rents and net effective rents may have already reached a market bottom. Activity, especially among renewals, increased slightly in June.

Current Statistics		12 Month Outlook
Overall vacancy	13.1%	↑
YTD net absorption	-9,990,504 s.f.	↓
Under construction	3,100,000 s.f.	→
Downtown class A avg. rent	\$46.21 p.s.f.	↓
Midtown class A avg. rent	\$73.10 p.s.f.	↓
Midtown S. class A avg. rent	\$57.61 p.s.f.	↓



Northern New Jersey

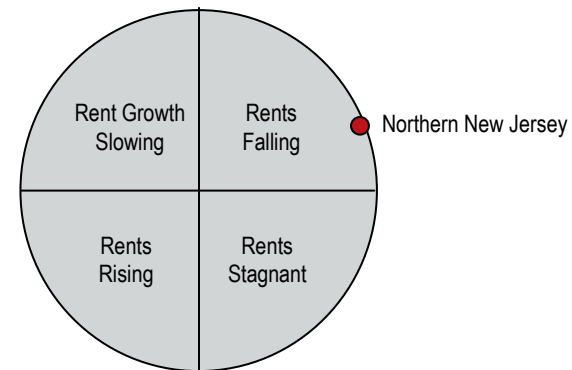
Market Conditions

- While job losses have moderated during the past two months, New Jersey's June unemployment rate rose slightly to 9.2 percent, but remained below the national rate of 9.5 percent.
- Overall vacancy climbed to 25.3 percent, the highest rate on record. Many large firms have opted to put their space on the market as a result of downsizing and consolidations.
- New Jersey continues to maintain one of the highest vacancy rates in the nation, which favors the tenant. Tenants have plenty of options in New Jersey with over 38 million square feet of available space.
- Tenants who haven't made real estate decisions as of yet could do so in the coming months as asking rents are expected to continue to fall, possibly reaching a five year low.

Outlook for Tenants

- Available sublease space has climbed to its highest level in five years as many firms continue to downsize and consolidate space. The same can be expected in the coming months as the commercial real estate market usually lags corporate layoffs and lower employment numbers by up to one year.

Current Statistics		12 Month Outlook
Overall vacancy	25.3%	↑
YTD net absorption	-2,527,843 s.f.	↓
Under construction	485,000 s.f.	↓
Suburbs class A avg. rent	\$26.78 p.s.f.	↓



Orlando

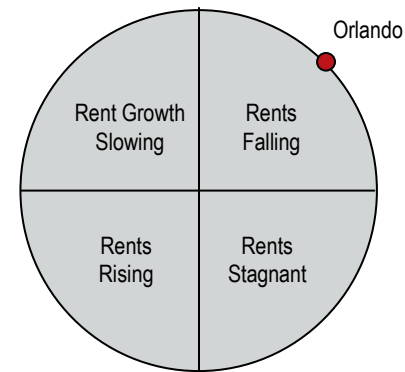
Market Conditions

- Year over year employment losses have averaged 5.0 percent per month since the beginning of 2009 after posting gains in previous periods dating back to 2002.
- Most sectors experienced job losses including Professional and Business Services, which lost over 20,000 jobs in the past 12 months.
- The direct vacancy rate in Orlando increased for the third consecutive quarter to 14.0 percent.
- Some tenants continued to pursue short-term renewals rather than lock themselves in over longer terms.

Outlook for Tenants

- Sluggish market conditions are expected to continue over the next 12 months as direct net absorption is forecast to be negative for 2009.
- Landlords will continue to offer some free rent and other concessions resulting in a decline in effective rental rates of 1.5 to 2.0 percent through year end.
- Tenants with longer term leases will look to reduce costs by considering sublease arrangements and/or renegotiating their operating expense base year.

Current Statistics		12 Month Outlook
Overall vacancy	17.2%	↑
YTD Net absorption	-453,897 s.f.	↓
Under construction	211,236 s.f.	↓
CBD class A avg. rent	\$28.26 p.s.f.	↓
Suburbs class A avg. rent	\$23.14 p.s.f.	→



Palm Beach County

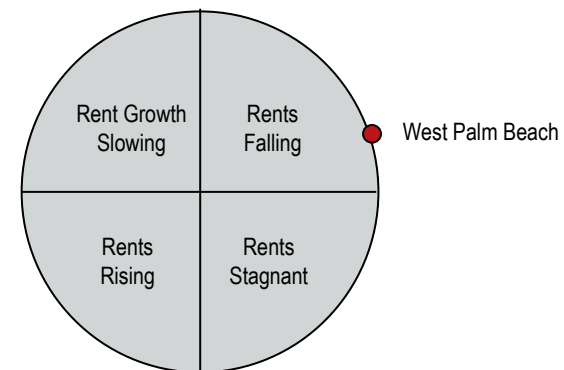
Market Conditions

- The region posted a decrease in 27,992 jobs over the past 12 months, elevating unemployment to the highest point since August of 1993.
- Tenant favorable conditions remained as large space opportunities remained available throughout the county. Negative absorption continued to impact the market during the second quarter as occupancy declined for the eighth straight quarter.
- The increase in vacancy during 2009 can be primarily attributed to Office Depot vacating over 541,000 square feet in a Class B office park. The company relocated from Delray Beach to their new corporate headquarters in Boca Raton

Outlook for Tenants

- The office sector will continue to experience market corrections but not at levels seen since the beginning of the downturn.
- Companies will continue to seek expense relief through rental rate reductions during renewal negotiations. Lease renewals will continue to dominate demand activity and landlords will creatively work with their tenant base and prospects.

Current Statistics		12 Month Outlook
Overall vacancy	26.6%	↑
YTD net absorption	-720,426 s.f.	↓
Under Construction	0 s.f.	↓
CBD class A avg. rent	\$36.40 p.s.f.	↓
Suburbs class A avg. rent	\$ 28.29 p.s.f.	↓



Philadelphia

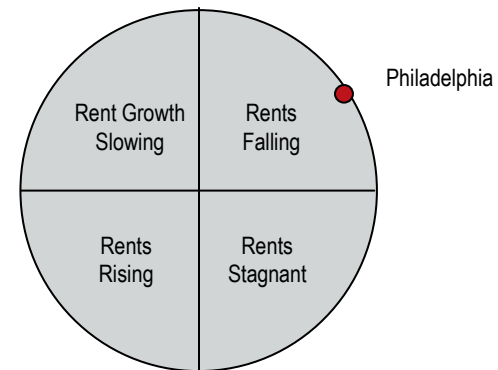
Market Conditions

- All markets except the Southern New Jersey market experienced negative overall net absorption for the quarter.
- Deal concessions centered around rent reductions and free rent.
- At 2.1 percent, the region's sublease vacancy rate was the highest on record since the second quarter 2003.
- Tenants from a variety of industries have placed space on the market for sublease.
- Landlords have increased their offers of broker bonuses and have hosted more space-showing events to attract tenants to their properties.

Outlook for Tenants

- All tenants in the market will have to weigh the expense of moving to new space versus renewing in place or expanding.
- Tenants with solid financials have the most leverage with landlords.
- Landlords will approach tenants with good credit to renew.

Current Statistics		12 Month Outlook
Overall vacancy	17.0%	↑
YTD net absorption	-2,215,024 s.f.	↓
Under construction	1,139,024 s.f.	↓
CBD class A avg. rent	\$25.10 p.s.f.	↓
Suburbs class A avg. rent	\$24.59 p.s.f.	↓



Pittsburgh

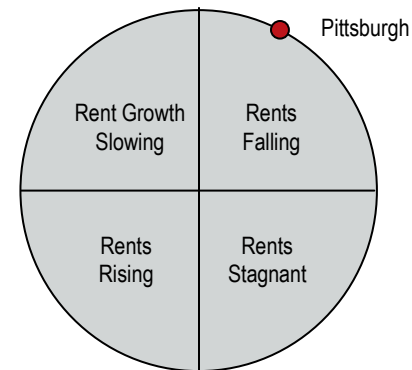
Market Conditions

- Pittsburgh continues to be one of the few economic bright spots in the country. Moody's Investors Services, ranked Pittsburgh the top commercial real estate market in the country for the third straight quarter. Pittsburgh's diversified industries have remained relatively stable throughout the national recession, despite moderate job losses through the second quarter 2009.
- The Pittsburgh office market ended the second quarter 2009 with a vacancy rate of 11.2 percent. The rate represented a 10 basis point decrease over the previous quarter.
- Moderate leasing activity kept rental rates stable with an average of \$21.04 p.s.f. for class A space.
- New inventory totaled 594,000 square feet, with an additional 2,265,000 square feet under construction.

Outlook for Tenants

- The third quarter will experience some of the same challenges as the first part of the year. Vacancy and rental rates are expected to hold steady as firms weigh the effects of a slowing economy. However, energy-related firms entering and expanding in the market will provide positive momentum

Current Statistics		12 Month Outlook
Overall vacancy	11.2%	↑
YTD net absorption	483,532 s.f.	↓
Under construction	2,265,000 s.f.	↓
CBD class A avg. rent	\$22.82 p.s.f.	→
Suburbs class A avg. rent	\$20.24 p.s.f.	→



Raleigh/Durham

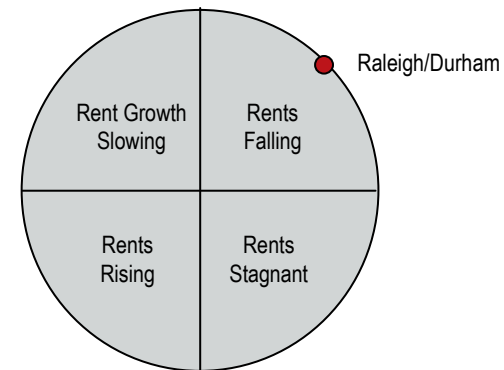
Market Conditions

- Job losses have been contained extremely well compared to the rest of the country through the second quarter, where Raleigh/Durham unemployment rates settled at 8.9 percent and 8.1 percent respectively at the end of May.
- While more stable conditions lie ahead, deal velocity and activity continued to slow as tenants across all industries postponed capital decisions.
- Available space sat on the market for an average of 20.4 months, a testament to the stagnancy of deal flow. Net absorption was negative for the second consecutive quarter.
- Downtown Durham and Raleigh continued to display vacancies in the single digits. Meanwhile, options in the suburbs continued to expand with vacancy finishing at 21.7 percent.

Outlook for Tenants

- The Triangle area is poised to rebound faster than other metros in 2009 and 2010. The economy benefits from recession resilient industries. In addition the construction pipeline is spread throughout the submarkets, not concentrated on one area.

Current Statistics		12 Month Outlook
Overall vacancy	16.9%	↑
YTD net absorption	-574,540 s.f.	↓
Under construction	1,281,975 s.f.	↓
CBD class A avg. rent	\$23.52 p.s.f.	↓
Suburbs class A avg. rent	\$21.83 p.s.f.	↓



Richmond

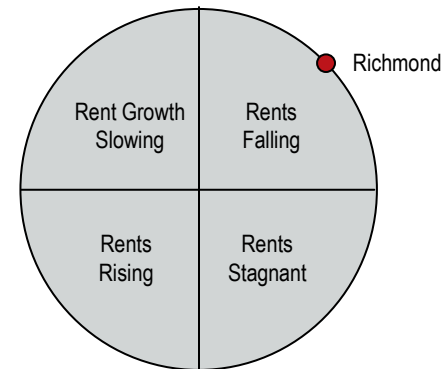
Market Conditions

- Richmond's economy is suffering from the loss of major employers. Circuit City is closing its headquarters, S&K Menswear is liquidating, and both DuPont and Genworth Financial announced large layoff plans.
- After recording nearly 600,000 square feet of negative net absorption in 2008, occupancy losses appeared to have stabled. The vacancy rate increased at a more moderate pace and the average asking rent was almost unchanged from the previous quarter.
- Fortunately for landlords, new construction is manageable. The 10-story, 210,000 square foot Williams Mullen Center will deliver in May 2010 and is 73 percent pre-leased to a major law firm.

Outlook for Tenants

- Leasing activity will be sluggish as job losses persist for another year. Longer term, the market is expected to recover at a healthy rate due to proximity to the Washington suburbs, federal spending, and the expansion of fort Lee.

Current Statistics		12 Month Outlook
Overall vacancy	13.3%	↑
YTD net absorption	-60,000 s.f.	→
Under construction	300,000 s.f.	↓
CBD class A avg. rent	\$22.83 p.s.f.	↓
Suburbs class A avg. rent	\$19.72 p.s.f.	↓



Sacramento

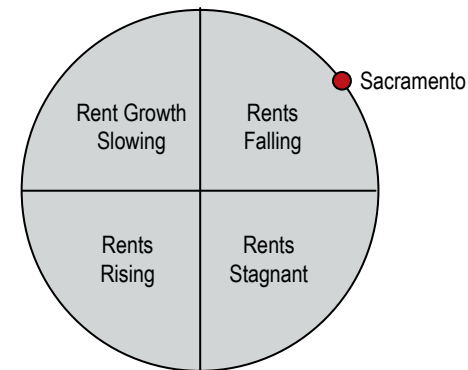
Market Conditions

- Preliminary payroll employment data showed that there were 5.2 percent fewer jobs in the region than there were at the same point last year, reflecting a 48,100 job decline.
- Unemployment has jumped from 6.7 percent in May of 2008 to 11.5 percent in May of 2009. With expected state employee cuts forthcoming unemployment is expected to peak in 2010.
- While the government sector has historically insulated the Sacramento economy, the current budget crisis is certainly compounding the region's economic challenges.

Outlook for Tenants

- With rising vacancy rates, maturing debt and depreciated asset values, expect to see more opportunities for cash rich investors to purchase distressed buildings in the third and fourth quarters of 2009
- Since Sacramento entered the recession early, the market may recover more quickly. The clean tech sector continues to be a growth engine for the economy.
- Class A CBD office rates have remained more stable, but with the recent completion of 500 Capitol Mall, concessions are on the rise, providing tenants more of an opportunity to lock in savings.

Current Statistics		12 Month Outlook
Overall vacancy	20.6%	↑
YTD net absorption	-314,739 s.f.	↓
Under construction	530,808 s.f.	↓
CBD class A avg. rent	\$34.20 p.s.f.	→
Suburbs class A avg. rent	\$25.11 p.s.f.	↓



San Antonio

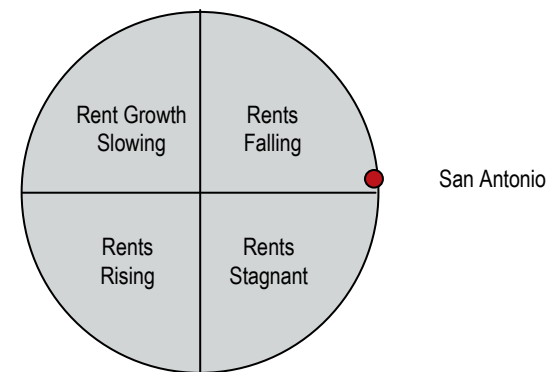
Market Conditions

- The metro market unemployment rate fell to 5.8 percent in May, from 6.0 percent in March, ranking it the lowest of the four major metros in Texas (Houston, Dallas, Austin and San Antonio).
- Net absorption was positive in the second quarter, primarily due to Tesoro's occupancy of 451,000 square feet at 19100 Ridgewood. Excluding this absorption, activity was limited to small relocations and renewals, resulting in a flat quarter.
- As landlords attempt to maintain their exit strategy, direct gross asking rents have remained steady. Concessions in the form of moving costs, free rent, increased TI packages, etc. chipped away at effective rental rates.

Outlook for Tenants

- San Antonio's economy and office market future is hedged by the slew of large relocations, consolidations and developments planned over the next 12 months.
- Face rates are not expected to drop significantly since landlords see last quarters' economic growth as an opportunity for an early office market recovery.

Current Statistics		12 Month Outlook
Overall vacancy	17.9%	↑
YTD net absorption	514,315 s.f.	↓
Under construction	522,602 s.f.	↓
CBD class A avg. rent	\$22.00 p.s.f.	↓
Suburbs class A avg. rent	\$21.92 p.s.f.	↓



San Francisco

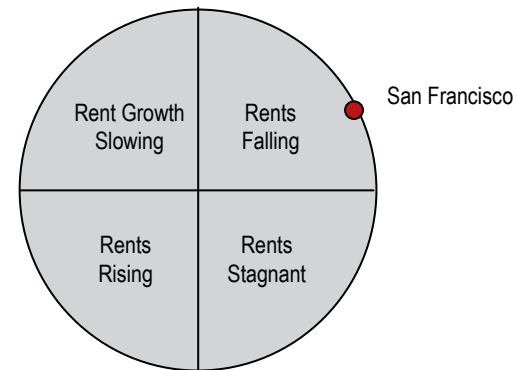
Market Conditions

- At nearly double the rate of unemployment from this time last year, 4.8 percent to 9.1 percent, few industries have been able to escape the economy's backlash.
- The San Francisco office market saw a net result of negative 647,141 square feet. Charles Schwab, moved out of 357,539 square feet in the North Financial District in June, and Macy's West moved out of its Yerba Buena location totaling 153,932 square feet in May.
- Sublease vacancies such as these affect the office market in many ways, but in particular they result in decreased rental rates and increased competition for landlords. When the Charles Schwab sublease space hit the market at the end of the first quarter, the marketed rental rate was at \$19.00 per square foot for a term of one and a half years and a fully built out office. By the end of the second quarter, the same space was being marketed at \$12.00 per square foot.

Outlook for Tenants

- Prolonged vacancy rates in the office market will place further pressure on rental rates as buildings compete for credit-worthy tenants and against sublease space. For tenants this means that higher quality options will now be available at a much lower cost.

Current Statistics		12 Month Outlook
Overall vacancy	14.1%	↑
YTD net absorption	-1,260,863 s.f.	↓
Under construction	466,000 s.f.	→
CBD class A avg. rent	\$39.40 p.s.f.	↓
Non-CBD class A avg. rent	\$33.54 p.s.f.	↓



Seattle

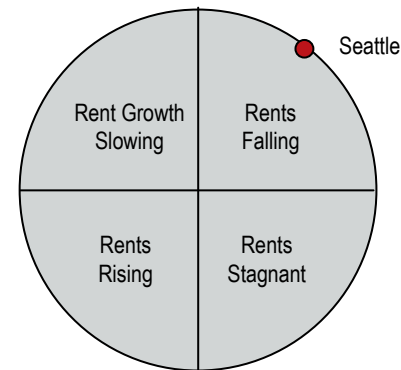
Market Conditions

- Leasing activity picked up slightly when compared to the first quarter, however vacancy rose due to deliveries totaling more than two million square feet.
- The average quoted rental rate fell to \$27.66 p.s. f. Developers are competing more aggressively to pull tenants into newer product scheduled delivery later this year and into 2010. This coupled with the increased inventory of sublease space, has forced landlords with existing product to start offering lower rates to secure tenants while keeping concession packages consistent with levels seen during the first quarter.

Outlook for Tenants

- Over four million square feet of office space remained in the construction pipeline at the end of the quarter, representing over three years of demand based on historical absorption averages.
- New deliveries and anticipated business contraction are expected to push vacancy rates higher and apply downward pressure on rental rates through the balance of 2009 and into 2010. The extensive supply of new development, and the slow recovery of the local economy; underscore the likelihood of an extended tenant favorable marketplace.

Current Statistics		12 Month Outlook
Overall vacancy	12.1%	↑
YTD net absorption	-276,732 s.f.	↓
Under construction	4,625,737 s.f.	↓
CBD class A avg. rent	\$33.21 p.s.f.	↓
Suburbs class A avg. rent	\$30.86 p.s.f.	↓



Silicon Valley

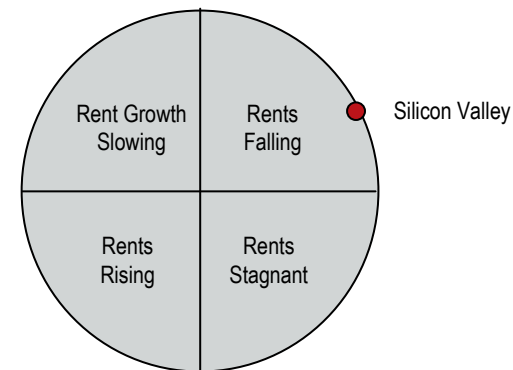
Market Conditions

- Unemployment eclipsed a 60-year high (11.8 percent), leapfrogging the state average in June.
- Increasing sublease availability continues to destabilize overall market fundamentals. Coupled with depressed organic demand and the completion of speculative new supply, the Valley finds itself in the falling market quadrant of the real estate cycle.
- The tech-heavy NASDAQ composite index was up 17.0 percent at the mid-point of 2009, while the Dow Jones industrial average was down 2.9 percent. A broader market recovery and significant R&D spending will be necessary to facilitate the recapture of headcount losses, which will likely be lethargic, drawing out meaningful real estate absorption into 2011.

Outlook for Tenants

- Tenant favorable conditions are prevalent in every Silicon Valley submarket with the exception of Cupertino.
- Market conditions are expected to remain soft across the Valley until the pace market attrition substantially decelerates and tech stalwarts begin rehiring. The opportunity for tenants to renegotiate (blend & extend) or upgrade their curb appeal (fight to quality) is now as landlords are eager to secure cash flow.

Current Statistics		12 Month Outlook
Overall vacancy	18.7%	↑
YTD net absorption	-1,500,000 s.f.	↓
Under construction	85,000 s.f.	↓
CBD class A avg. rent	\$28.70 p.s.f.	↓
Suburbs class A avg. rent	\$36.00 p.s.f.	↓



St. Louis

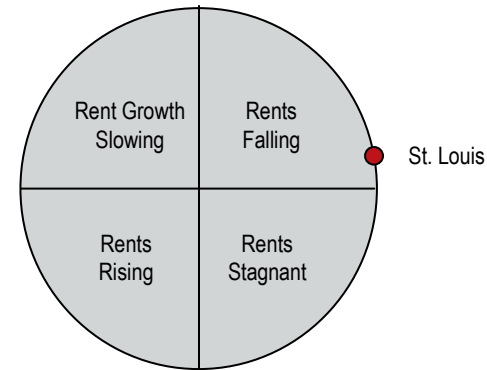
Market Conditions

- Job losses began to slow as the unemployment rate leveled off to 9.0 percent at the end of May, however, the rate was still the highest it has been in over 20 years.
- Asking rents remained relatively flat but, tenants increasingly found landlords being very aggressive with their proposals to try and lease up vacant space.
- Numerous tenants who have expiring leases continued to opt for short-term renewals due to economic uncertainty, a trend that will remain throughout 2009 based on the contracting economy.

Outlook for Tenants

- With continued economic uncertainty tenants who are will to make a long term commitment can find favorable lease terms.
- More sublease options coming to market give tenants the option to lease quality space at a reasonable price.
- All submarkets in St. Louis are tenant favorable right now and tenants need to maximize this leverage and take advantage of lowered rental rates

Current Statistics		12 Month Outlook
Overall vacancy	14.4%	↑
YTD net absorption	-274,887 s.f.	↓
Under construction	530,000 s.f.	↓
CBD class A avg. rent	\$19.38 p.s.f.	↓
Suburbs class A avg. rent	\$24.50 p.s.f.	↓



2009	2010	2011	2012	2013
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Tampa

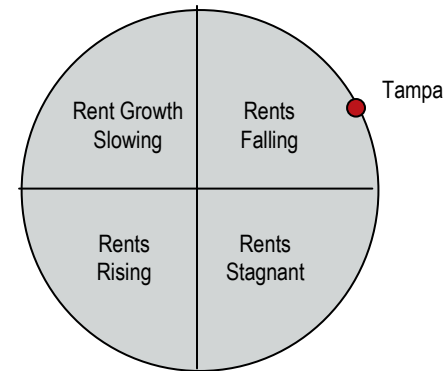
Market Conditions

- The unemployment rate of 10.9 percent remained above the state and national averages and above 10.0 percent for the fourth consecutive month.
- Touring activity was strong and leasing activity improved in the Tampa CBD and Westshore. However, many of these transactions represented relocations within their respective submarkets without expansion space.
- Direct quoted rental rates increased slightly from first quarter to \$24.97 per square foot in Class A buildings, but decreased slightly to \$19.66 per square foot in Class B buildings.

Outlook for Tenants

- The environment will continue to favor tenants as economic conditions in the Tampa Bay area are expected to remain weak over the next six to 12 months.
- Quoted rental rates are expected to remain flat or slightly decrease throughout the remainder of 2009.
- Over the next few quarters, occupiers can expect aggressive terms from landlords looking to reduce vacancies in their buildings.

Current Statistics		12 Month Outlook
Overall vacancy	20.9%	↑
YTD net absorption	-791,155 s.f.	↓
Under Construction	88,000 s.f.	↓
CBD class A avg. rent	\$23.60 p.s.f.	→
Suburbs class A avg. rent	\$25.39 p.s.f.	↓



Toronto

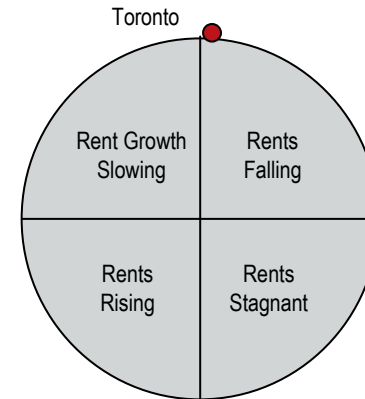
Market Conditions

- According to the latest unemployment figures published by Statistics Canada, Ontario posted a 9.4 percent unemployment rate, the highest in the past 15 years.
- The GTA wide vacancy rate is 9.4 percent (Q2 09), up 280 basis points from one year ago. Although vacancy has increased, rates have remained stable.
- The end of Q2 posted a sublet available rate of 2.2 percent, not nearly high when compared to other major markets which have seen sublet rates in the double digits.
- The GTA posted its fourth consecutive quarter of negative absorption dating back to Q3 08 posting a contraction of 583,000 square feet.

Outlook for Tenants

- The office market across the Greater Toronto Area is expected to see an increase in vacancy as 18 projects totaling 4.2 million square feet will be introduced to the market over the next four quarters.
- Roughly 3.0 million square feet of the total will be introduced to the downtown over the same time period.
- With the pending new supply and landlords looking to keep buildings near occupancy, asking rates are expected to soften considerably.

Current Statistics		12 Month Outlook
Overall vacancy	9.4%	↑
YTD net absorption	-2,361,693 s.f.	→
Under construction	5,188,184 s.f.	↓
CBD class A avg. rent	CAN \$50.58 p.s.f.	↓
Midtown class A avg. rent	CAN \$37.73 p.s.f.	↓
Suburbs class A avg. rent	CAN \$29.17 p.s.f.	↓



Washington, D.C.

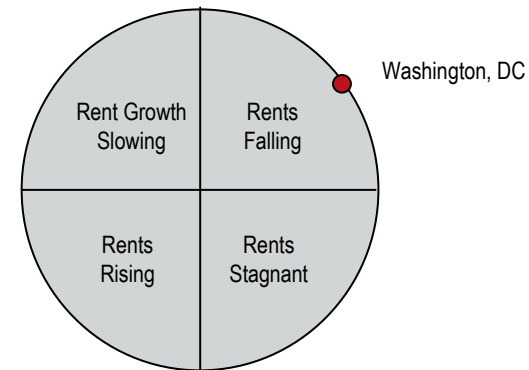
Market Conditions

- Efforts to revive the economy through stimulus spending offered few immediate and tangible benefits, leaving key market indicators in Metro DC softer than 12 months ago.
- Although the area appeared relatively sturdy compared to other global cities, which continued to hemorrhage due to the financial crisis, the local labor market maintained its contraction. Federal government employment in Metro DC expanded by 7,600 over the past year, but steep cuts in the legal, information technology, retail trade and financial industries managed to undercut those gains.
- Tenant demand tapered across the region in lockstep with the contracting labor market. The delivery of 13.8 million square feet since the beginning of 2008, combined with mounting sublease options, lifted vacancy rates to record highs during the second quarter of 2009.

Outlook for Tenants

- With 10.2 million square feet remaining in the development pipeline and tenant demand suppressed, market conditions in Metro DC remain heavily in occupiers' favor. The region's supply profile is likely to produce overhang in the market until early 2010, as new construction and sublease space outstrips demand.

Current Statistics		12 Month Outlook
Overall vacancy	14.4%	↑
YTD net absorption	-2,803,795 s.f.	→
Under construction	10,193,552 s.f.	↓
CBD class A avg. rent	\$48.45 p.s.f.	↓
N. Virginia class A avg. rent	\$31.26 p.s.f.	↓
Suburbs class A avg. rent	\$29.47 p.s.f.	↓





Real value in a changing world

Thank you