North American Markets

Fourth Quarter 2011

Tenant's Guide

Partners in Global Real Estate

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Overview

As we begin a new year, U.S. and Canadian businesses will once again face a very challenging economic landscape with the twin worries of a still tepid economy here in North America, and the unknown effects of the ongoing European debt crisis. Global growth has already been scaled back as recession like conditions had become evident in a number of European countries at the tail end of 2011. This will almost certainly delay business leaders from pushing forward with any expansion plans until more is known about the breadth and depth of a European recession and any possible bank failures or credit difficulties.

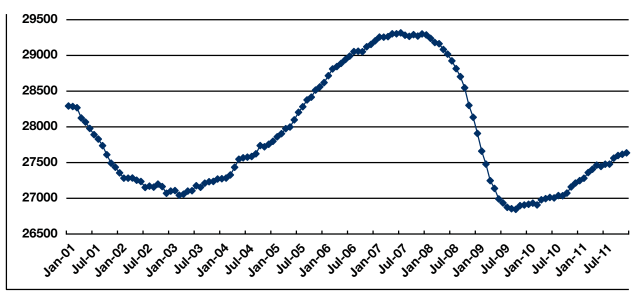
The good news for tenants in the market for space this year is that leasing markets in North America will remain fairly benign with still significant discounted rents and an abundance of for lease space in all but a small number of submarkets. Canadian markets are certainly further along the real estate cycle, but for North America as a whole, leasing markets are at best treading water and are unlikely to tighten in any significant way in 2012 and quite possibly 2013.

Barring the unexpected, business conditions in North America should be marginally better in 2012 than in 2011, but for many industries the economic landscape will seem as daunting as it has for the past three years. The worldwide trend towards lowering debt (a process referred to as deleveraging) by governments and individuals alike will be a contracting force impacting many countries. This is sure to act as a significant drag on economic growth, both here in North America and countries around the world. This will not escape the notice of business leaders and real estate decision makers and will again stifle leasing markets. Varied sources of instability are also making businesses more nervous about making long term commitments. While Cresa doesn't have the inside edge on what surprises might be coming our way, what we can say with almost complete certainty is business leaders will again be confronted by a large array of "shocks to the system" whether they be domestic or foreign. As a result, most businesses are expected to stay largely cautious as they continue to be challenged by a very uncertain and volatile economic landscape. Add in the prolonged uncertainty and further erosion of confidence in the U.S. political system and it is not unreasonable to foresee a further delay in expansion and hiring that would ignite leasing markets and put a floor on lease rates. Decision makers will continue to err on the side of caution until there is a significant increase in job growth, most likely well into 2013.

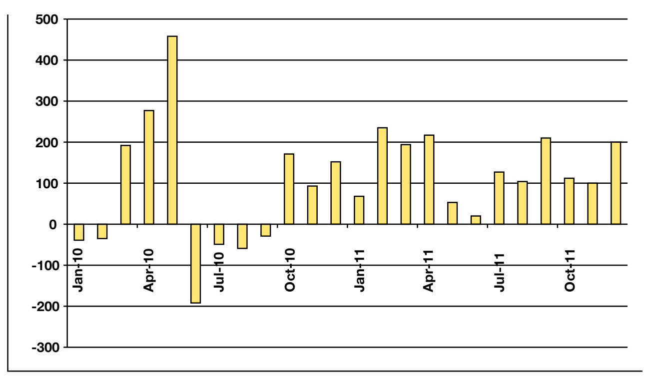
Business Drivers

For business leaders the fragile nature of the U.S. economy will continue to be paramount. A reasonably strong finish to 2011 should lead to a relatively good start for 2012, but with consumers largely tapped out and governments at all levels making spending cuts it is highly unlikely the U.S. economy will grow by more than 2.0 percent – just marginally better than 2011. Themes that dominated in 2011 are again expected to be front and center in 2012. Relatively anemic job growth, high oil prices, deleveraging and a still shaky housing market are all expected to be stiff headwinds for much of the year. Monthly job gains are expected to mirror 2011 with approximately 150,000 workers added to payrolls per month leaving the unemployment rate stuck between 8.0 to 9.0 percent. Industries adding jobs include technology, social media, energy, healthcare, and education. One key source of weakness, however, will be finance which has shown little growth over the past few years and is unlikely to do so in 2012.

Employment, Office Using



Employment, Non Farm



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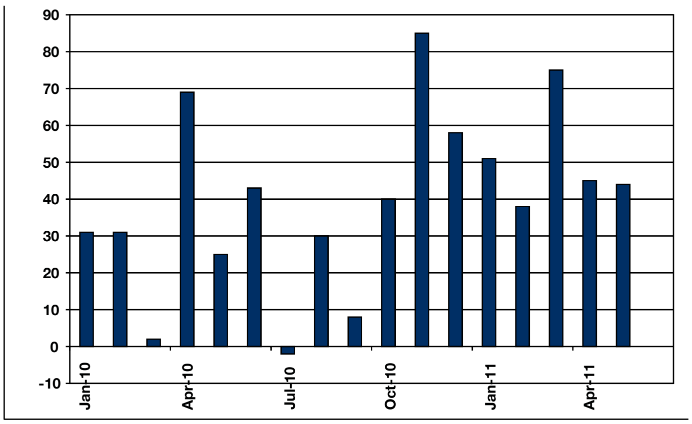
Employment, Professional & Business Services



North America Office and Industrial Fundamentals

Office and industrial markets both in Canada and the United States made modest gains in 2011 reflected by a slight drop in vacancy and lease rates that largely held steady. Demand for office premises and warehouse space was up relative to 2010, but against historic norms office and industrial leasing markets underperformed for a third consecutive year.

During 2011 the U.S. office market saw occupancies increase by just over 50.0 million square feet, which was significantly more than in 2010 when absorption totaled 22.0 million square feet, but well below the 2004–2007 period when U.S office markets saw occupied space increase by 125.0 million square feet (annually). Canadian office markets recorded 14.0 million square feet of absorption in 2011 compared with 7.0 million square feet in 2010 and 10.0 million square feet during the 2004-2007 period.

U.S. warehouse markets also saw a pick-up in demand with 2011 absorption totaling more than 116.9 million square feet, which was a big increase over 2010 when only 32.0 million square feet was absorbed. During the 2004-2007 period absorption averaged 225.0 million square feet. Canadian industrial markets also saw demand increase relative to 2010 with absorption totaling 20.0 million square feet compared to 16.0 million square feet in the prior year. For the 2004-2007 period absorption averaged 20.0 million square feet.

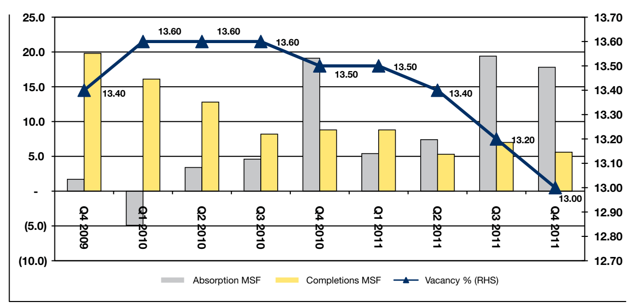
Construction in Canada and United States was again well below historic levels. In the United States 2011 office construction totaled just 26.4 million square feet, a fraction of the 121.1 million square feet completed in 2008, and in Canada 2011 office construction was just 4.3 million square feet.

U.S. warehouse construction totaled just 40.9 million square feet in 2011. This was just 5.2 million square feet more than was built in 2010 but considerably below construction levels in the 2004-2007 period when 200.0 square feet was completed (annually). During 2011 Canadian warehouse completions totaled 10.0 million square feet. This was nearly double the 5.0 million square feet brought to the market in 2010, but well below the 16.0 million square feet recorded annually during the 2004-2007 period.

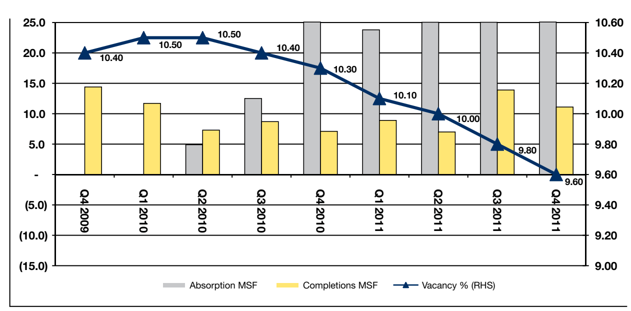
Although office and industrial vacancy levels in both Canada and United States did shrink during the year, the U.S in particular remained elevated by historic standards. The U.S. office vacancy rate dropped by 50 basis points to finish 2011 at 13.0 percent while the U.S. industrial vacancy rate fell by 70 basis points to end 2011 at 9.6 percent. Canadian office vacancies dropped by 50 basis points to end 2011 at 7.0 percent, similarly Canadian warehouse vacancy rates fell by 60 basis points to finish the year at 5.0 percent.

The cost of leasing office and industrial space barely budged during 2011 in the United States while in Canada rental growth was in the single digits. Office lease rates in the United States finished the year at $27.66 per square foot (Class A space), just four cents above where they were at the beginning of the year. Similarly, U.S. warehouse rents dropped just 3 cents during the year to average $5.44 per square foot. Canadian office and industrial lease rates registered modest moves higher with office rents up 8.0 percent (Class A space) and warehouse rents up 6.0 percent.

U.S. Office Market Q4 2009 - Q4 2011



U.S. Industrial Market Q4 2009 - Q4 2011



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North America Market Overview

Office and Industrial Real Estate Markets in 2012

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Metropolitan Job Rankings

(November, % change over last 12 months)

1	Houston	3.44%	21	Cincinnati	1.72%
2	San Jose	3.32%	22	San Francisco	1.58%
3	Seattle	3.26%	23	Las Vegas	1.45%
4	Oklahoma City	3.10%	24	Omaha	1.42%
5	Louisville	2.64%	25	Jacksonville	1.41%
6	Bakersfield	2.62%	26	Kansas City	1.40%
7	Columbia	2.58%	27	Baltimore	1.34%
8	Memphis	2.56%	28	Stockton	1.28%
9	Tampa	2.42%	29	Austin	1.25%
10	Boise	2.24%	30	Portland	1.24%
11	San Diego	2.19%	31	Newark	1.18%
12	Salt Lake City	2.15%	32	Honolulu	1.16%
13	Grand Rapids	2.08%	33	West Palm Beach	1.16%
14	Boston	2.07%	34	Minneapolis	1.00%
15	Pittsburgh	2.05%	35	Nashville	1.00%
16	Dallas Ft. Worth	1.94%	36	Sacramento	0.90%
17	Phoenix	1.93%	37	Denver	0.81%
18	Miami	1.88%	38	Orlando	0.80%
19	Raleigh	1.85%	39	Ft. Lauderdale	0.80%
20	Charleston	1.76%	40	Hartford	0.71%

Strong and Not So Strong Markets

In the United States the stronger markets all have either a significant technology, social media, educational, energy or medical presence, and if not any of these, is a city that can be described as a gateway metropolis that is part of the global economy with its associated benefits of capital and migration. The list of cities with these demand drivers is largely restricted to coastal and Texan markets. The poster child for a metropolis with many of these characteristics is the San Francisco Bay area including San Jose where many large technology and social media companies are headquartered. Other markets that are seeing fairly good demand for office space include Austin, Boston, Dallas, Denver, Houston, Los Angeles (West), Manhattan, Seattle and Washington, DC. Beyond this limited list of cities, very few are seeing net new demand for office space. Many tenants in these markets are choosing to sit tight and make do with what they have. Where companies can upgrade at little extra expense (including capital expenditures) there is some movement, but the flight to quality is not as pronounced as seen in past cycles and most likely reflects the hesitation by many tenants to make any type of move.

In Canada Toronto is the clear standout market followed by Calgary, Vancouver, Edmonton, Ottawa and Montreal. Toronto continues to see strong in-migration and a robust residential real estate market, while energy related companies continue to support the Calgary and Edmonton office markets. As Canada's gateway to Asia Pacific, Vancouver also continues to show modest growth.

The list of strong U.S. warehouse markets is largely limited to those that are part of the global supply chain. The Los Angeles basin, and in particular Inland Empire (Riverside and San Bernardino counties), was the top performing industrial market in 2011 with Dallas as a close second. Chicago and Atlanta have begun to see leasing markets firm up, while northern New Jersey, which makes up the "big five", continues to tread water. Beyond these large five regional markets Charlotte, Columbus, Detroit, Houston, Indianapolis, Savannah and Seattle are also seeing reasonable growth. In Canada the standout market remains Toronto accounting for nearly half of the country's absorption, but Calgary and Vancouver also continue to see good leasing activity.

Office Annual Absorbtion

Metropolitan Area	2011	Metropolitan Area	2011
San Francisco	3.9	Boston	2.2
Houston	3.4	New York	1.9
Seattle	2.9	Washington, DC	1.7
Dallas	2.7	Phoenix	1.3
Chicago	2.6	Atlanta	0.7

Industrial Annual Absorbtion

Metropolitan Area	2011	Metropolitan Area	2011
Inland Empire	15.5	Indianapolis	6.6
Dallas	12.2	Houston	5.2
Detroit	9.8	Orange County	2.5
Atlanta	9.2	Los Angeles	1.0
Chicago	8.5	Northern New Jersey	(1.4)

North America Market Overview

Office and Industrial Real Estate Markets in 2012

January 2012

Outlook

While the consensus view is rarely correct, for 2012 it is difficult to disagree with most economic forecasters who see little chance of any upside (or downside) surprises and modest growth as the most likely outcome. Labor markets should improve, but it is highly unlikely that any industry (outside of technology) will be going on a hiring binge anytime soon with most employers opting to focus on increasing productivity through the better use of their existing labor pools. With businesses still waiting to see the fallout from the European debt crisis and a limited number of jobs created each month, leasing markets across most North America are expected to remain fairly benign. For most U.S. markets single digit vacancy rates are still a few years off and Canadian markets are likely to take a step back as the global economy decelerates and there is a subsequent cooling off in commodities and raw material prices. For tenants, the absence of new office development will eventually be an issue, but not during 2012 and doubtful even in 2013. Supply is rarely an issue for industrial users so the matter of new high-specification space is only applicable to office tenants, and should not be a concern until the end of 2013 and possibly even 2014. For tenants looking out the next two to three years the availability of office and industrial premises will gradually decrease but not to the extent that occupiers will be forced into unsuitable space at rents that are materially higher than exist today. A key concern, however, will be the limited number of office and industrial buildings that can be re-configured to handle new technologies, changed physical layouts and 24/7 work patterns. The preference by tenants to be in green (or carbon-neutral) buildings will only grow and will almost certainly put a premium on such space. The overriding trends for office and industrial leasing markets in the near-term are modest growth in the private sector, cutbacks by all levels of government in the public sector, a further push by companies to better utilize technology and reduce their space needs, and changing demographics that will leave the labor force growing by just a meager amount.

Note About Cresa

With more than 55 offices and $210 M in annual revenue, we are the largest tenant representation firm in North America. Through our alliance with Savills, we cover more than 255 locations in 40 countries. We hope you experience the difference when working with Cresa. We are the real estate firm that cares enough to listen and give you the Tenant's Advantage.

For more details on market conditions and how you can maximize your real estate options, contact your local Cresa advisor or email thetenantsadvantage@cresa.com.

Bill

Bill Goade
Chief Executive Officer
Cresa

Our Core Values

Integrity. We are guided by the concept "Do the Right Thing" both internally and externally.
We always do what is right for the client's best interest and put our client's interests before our own. We treat our clients and employees with respect, dignity, and fairness in all matters. We provide a professional working environment with competitive compensation for all employees. Character matters and all employees are expected to endorse and live up to our Ethics Statement. All employees must value our professional reputation.

Partnership. We are all in this together.
We will cultivate the culture of an enjoyable work experience for all. We will learn from one another; we will cooperate and collaborate with one another; we will foster a fraternity of interdependence. We will encourage inclusive equity sharing structures and/or profit sharing plans in all offices. Charitable giving is encouraged as a goal and benefit of profitability in our communities.

Entrepreneurship. We strive to live "Outside the Box."
We maintain a culture of creativity and innovative thinking, where leaders are welcome to thrive. We empower employees to quickly adapt to circumstances, encouraging flexibility and new ideas. We reward employees for saving money or enhancing revenues, for our clients and our firm.

We Listen. We listen to our clients needs and use our experience to match their needs with a real estate solution.

Albany, New York

Tenant's Guide ▪ North American Markets ▪ Fourth Quarter 2011

Overview

Albany has recently invested $4.5 billion in new semiconductor & nanotechnology R&D and production facilities. Among these are the new AMD chip fabrication plant in Malta NY, and the $300 million, 450mm wafer R&D center at the University of Albany research campus, both scheduled to be completed in 2012. Albany has committed investments of over $12 billion through the collaboration of over 260 corporations and research organizations.

In 2011, a Tax Cap on property taxes was passed which mandates that no municipality can increase property taxes more than the lesser of 2% or inflation. This is significant since property taxes rose three to four times the rate of inflation last year alone, with the increases typically being passed along to tenants. This restricts New York State's ability to compete for quality national and global tenants. Since upstate NY is more of a manufacturing region than a service region, this legislation will have a positive impact on the Albany real estate market.

The continued large scale project developments in the region's technology-related real estate projects coupled with Property Tax relief will promote more employment, more absorption of existing vacancy, and more development of new product. All of this marks the fact that in 2012, Albany should be moving into a more vibrant upturn in its real estate cycle.

Market Trends

- Vacancy rates in Albany are still below the national average, remaining relatively flat in Q4 2011 for both Albany's CBD and the suburban markets, with no significant absorption.
- Technology-driven developments are stirring new optimism into the business community.

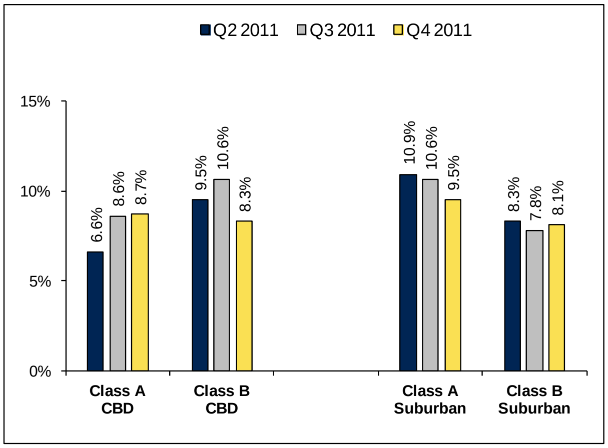
Tenant's Perspective

No major changes are anticipated for the first and second quarters of 2012. Vacancy rates for traditional office space remain relatively high, putting the tenant in the driver's seat in most markets. Unfortunately, under-developed R&D and flex space in certain markets will force a premium on the new space coming on-line.

Major Transactions

Tenant/Buyer	Size	Type	Lease/Sale
Glaucoma Consultants	6,170	Medical Office	Lease
Anonymous	28,000	Manufacturing	Lease
Shop Rite	65,000	Retail	Lease
Little Tree Properties	6.60 acres	Greenhouse	Sale
CSX	65,000	Office	Lease

Vacancy Rate



Average Rental Rates

CBD	Q2 2011	Q3 2011	Q4 2011
Class A Office	$20.34	$20.30	$18.84
Class B Office	$15.23	$15.95	$15.80

Suburban	Q2 2011	Q3 2011	Q4 2011
Class A Office	$17.61	$17.64	$16.90
Class B Office	$14.46	$14.50	$14.14

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Atlanta, Georgia

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Overview

Atlanta is one of 25 major metro areas to carry a double-digit unemployment rate for the past three years, according to the U.S. Bureau of Labor Statistics. And, due to the state's weaker than average economy and anemic housing market, there were 23 bank failures in Georgia in 2011. In addition, trophy commercial office buildings in Atlanta continue to struggle with declining values and well-known properties have suffered foreclosure. While some local companies are showing healthy profit margins, they are still reluctant to hire. The political dysfunction in Washington combined with the explosion of government regulations and rising healthcare costs have created an environment of uncertainty for business owners. With tenants in a cautious mood, office space availability continues to approach 20% in most major Atlanta submarkets. The big winner in Atlanta is Buckhead, with over 700,000 SF of positive absorption in 2011. As the occupancy increases, Buckhead landlords are pulling back on concessions. Quoted rental rates for the Buckhead submarket remain the highest in Atlanta at more than $25/SF, with tenant improvement allowances at $20 to $40/SF for a typical five- to ten-year lease.

Market Trends

- Georgia Pacific Plaza at 55 Park Place in Downtown Atlanta was foreclosed upon in December, as was the 27 story Resurgens Plaza building located in Buckhead.
- Two landmark Downtown properties were sold in 2011, including City Hall East, which will be transformed into a mixed use property, and the Equitable building, now known as 100 Peachtree.
- Major Buckhead properties that have recently been sold include The Medici, and 3330 Peachtree Street.

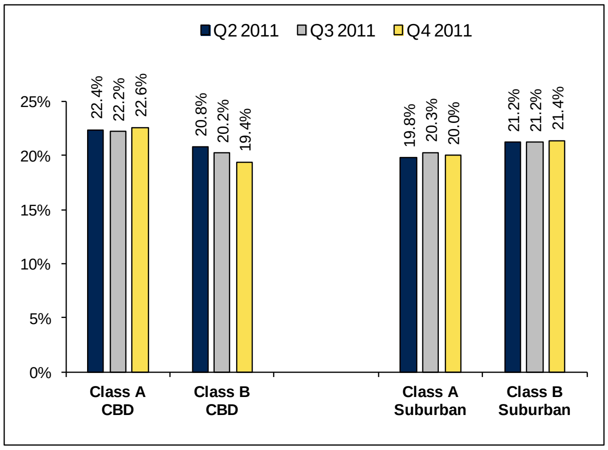
Tenant's Perspective

While it is still a tenant's market in Atlanta, rental rates have flatten out and concessions are being more tightly controlled. The window appears to be closing for obtaining long-term leases at historically low rental rates. Having completed more than 250 lease negotiations in 2011, Cresa Atlanta's Advisors are equipped with detailed market intelligence and can leverage intimate knowledge of the financial strength of landlords and the history of past rental rates and concession packages to save clients 20% or more on occupancy costs.

Major Transactions

Tenant/Buyer	Size	Type	Lease/Sale
Verint Systems, Inc.	132,676	Office	Expansion
Career Builder	93,000	Office	Lease
Alcatel-Lucent	70,000	Office	Renewal
Fleetcor Technologies	65,846	Office	Expansion
Auto Trader	48,000	Office	Sublease
Northrop Grumman	47,906	Office	Direct
Continental Casualty	38,333	Office	Direct
Focus Receivables Mgmt.	35,767	Office	Renewal
Boral Bricks, Inc.	26,951	Office	Direct
Veeam Software	25,762	Office	Direct

Vacancy Rate



Average Rental Rates

CBD	Q2 2011	Q3 2011	Q4 2011
Class A Office	$19.22	$18.93	$19.53
Class B Office	$15.41	$14.53	$15.23

Suburban	Q2 2011	Q3 2011	Q4 2011
Class A Office	$20.24	$20.45	$20.84
Class B Office	$14.99	$14.53	$15.54

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Austin, Texas

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Overview

The Austin market continued to outperform much of the nation in 2011, as the city has experienced positive job growth over the last year. The unemployment rate of 7.3% is well below the national average. Rental rates have remained steady, and vacancy rates have started a definite decline. Certain submarkets have fully recovered to pre-2008 levels. Uncertainty about the national economy continues to cause many companies to delay making long-term commitments.

Market Trends

- Vacancy rates declined to 16.0%.
- Average rental rates increased slightly to $27.05.
- Proposed new developments have been announced for the CBD.
- Industrial vacancy is approximately 20%.

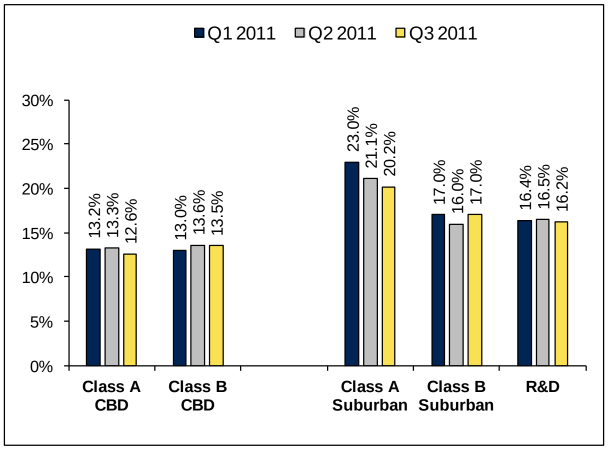
Tenant's Perspective

The national economic downturn impacted Austin for a short period of time, but the market has recovered in most areas to pre-recession levels. Landlords are still willing to offer moderate concessions and enter into early lease renewals. Asking rental rates have increased slightly. Landlords are still looking closely at a tenant's credit. Increasing consolidation in the real estate industry makes it imperative that tenants work more closely with their real estate advisors to most effectively develop their real estate strategies for the future.

Major Transactions

Tenant/Buyer	Size	Type	Lease/Sale
Superconductor Tech.	94,000	Industrial	Lease
XO Communications	46,000	Data Center	Lease
King and Spalding	17,861	Office	Lease
Navitus	13,400	Office	Lease

Vacancy Rate



Average Rental Rates

CBD	Q2 2011	Q3 2011	Q4 2011
Class A Office	$35.80	$36.10	$37.22
Class B Office	$25.20	$25.05	$26.15
Suburban	**Q2 2011**	**Q3 2011**	**Q4 2011**
Class A Office	$27.80	$28.03	$28.15
Class B Office	$20.80	$20.70	$20.65
R&D	$9.05	$9.05	$9.05

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Birmingham, Alabama

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Overview

Unfortunately, as we reported in the 3rd quarter Tenant's Guide, the resolution of the potential Jefferson County financial crisis ended up crumbling. The Jefferson County Commission voted to work out a negotiated settlement, but that settlement had to involve the State Legislature to aid with new sources of revenues to assist the County in emerging from this abyss. Neither the State Legislature nor the Governor could reach a solution. It is too soon to know what the real impact will be but we feel strongly that our region will lose out on some companies that we otherwise would have landed. Despite the dark cloud, the leadership of the business and academia communities will guide the area through these tough times. Alabama is a Right to Work state, offers low taxes, and is located in the SunBelt, which are still very strong magnets for companies in making decisions for their headquarter needs. For Example, Paul Allen of Microsoft just announced a huge initiative in Huntsville to lead the Private Space Race with his new Stratolaunch. In a partnership with Dynetics of Huntsville, the Stratolaunch will build planes that will be able launch rockets into space by 2016.

Market Trends

- Several new projects were finalized in the last quarter with the new baseball stadium in downtown Birmingham being financed and ready for demolition. This project will spur a tremendous amount of revitalization between the City and The University of Alabama-Birmingham area with companies relocating to this submarket.

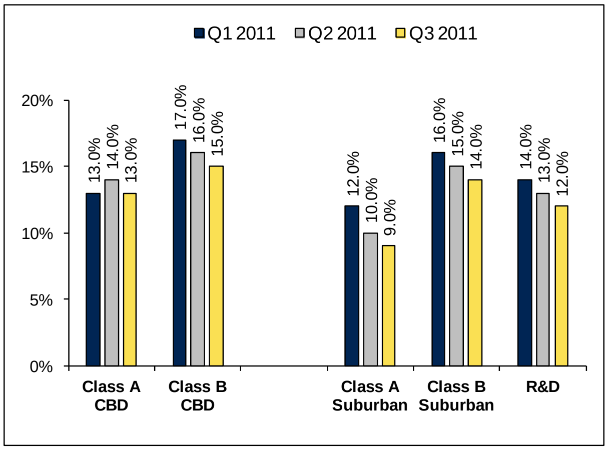
Tenant's Perspective

It will remain a tenant's market for at least the first nine months of 2012, but it will begin to level off towards the end of the year.

Major Transactions

Tenant/Buyer	Size	Type	Lease/Sale
BBVA Compass HQ	311,000	Office	Expansion
Robins & Morton	15,000	Office	Expansion
Galatoire's	10,000	Restaurant	Lease

Vacancy Rate



Average Rental Rates

CBD	Q2 2011	Q3 2011	Q4 2011
Class A Office	$19.50	$19.85	$19.90
Class B Office	$12.75	$13.00	$13.25

Suburban	Q2 2011	Q3 2011	Q4 2011
Class A Office	$21.25	$21.50	$21.60
Class B Office	$16.00	$16.50	$16.75
R&D	$7.50	$8.00	$8.25

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Boston, Massachusetts

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Overview

The downtown Boston market is a tale of two cities. The Back Bay absorption during 2011 has reduced vacancy to under 6% and increased rents to an average asking rate of $55.00/SF. This contrasts with the Financial District, where vacancy is just above 14%, and asking rents are $49.00/SF. The low-rise portion of the class A towers in the Financial District have the most vacancy—about 18%. Deals in this submarket are available in the low $40's/SF.

The migration of tenants from East Cambridge ($50.00/SF rental rates) to the Financial and Seaport Districts will continue, where rental rates are $10.00-$15.00/SF less expensive.

The suburban Route 128 market is slowly recovering. The rents may increase by about two to three percent from an average of $27.00/SF. The Route 495 market will remain flat with a projected 2012 vacancy of under 20%.

Market Trends

- It's still a tenant's market except in the Back Bay.
- The legal and banking industries will continue to shrink and consolidate.
- High-tech jobs are increasing and will lead the suburban market to a modest recovery in 2012.
- Larger tenants (50,000 SF+) will have fewer options in all submarkets, especially the Back Bay.

Tenant's Perspective

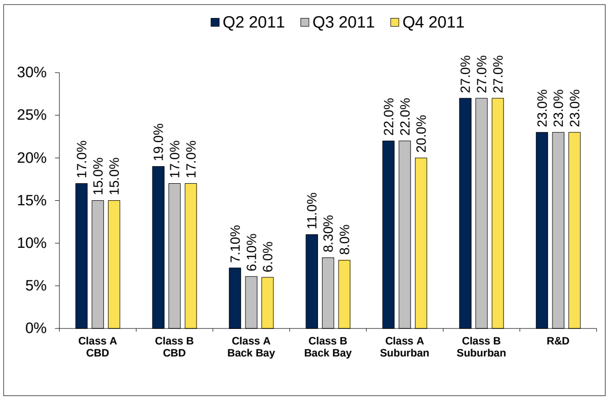
2012 will still be a tenant's market for the most part. Job creation will drive the pace of the recovery, but we expect this to be low and slow, putting a governor on substantial rent increases.

Tenants with a long-term view should consider seven- to 10-year leases to take advantage of pricing at the bottom of this real estate cycle. We expect rents to rise more quickly in 2013-2014.

Major Transactions

Tenant/Buyer	Size	Type	Lease/Sale
Campus Drive	532,000	Office	Sale
Motorola	195,000	Office	Lease
Avaya	137,000	Office	Lease
Speedline	120,000	Office	Lease
Hyperion Catalysis	63,500	Office	Lease
Morrison Mahoney	61,000	Office	Lease
Harvard Vanguard	49,000	Office	Lease
Parthenon Group	45,000	Office	Lease
Corning	45,000	Office	Lease
Triumvirate Environmental	30,000	Office	Lease

Vacancy Rate



Average Rental Rates

CBD	Q2 2011	Q3 2011	Q4 2011
Class A Office	$47.00	$48.00	$49.00
Class B Office	$31.00	$31.00	$31.00
Back Bay	**Q2 2011**	**Q3 2011**	**Q4 2011**
Class A Office	$46.00	$38.00	$55.00
Class B Office	$28.00	$34.00	$36.00
Suburban	**Q2 2011**	**Q3 2011**	**Q4 2011**
Class A Office	$26.00	$28.00	$27.00
Class B Office	$18.00	$18.00	$18.00
R&D	$9.00	$9.00	$9.00

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Calgary, Alberta

Tenant's Guide ▪ North American Markets ▪ Fourth Quarter 2011

Overview

A mild winter has brought forth a not so mild level of leasing activity. Downtown Calgary experienced another 652,219 square feet of positive absorption bringing the total absorption for 2011 to an astonishing 2,686,648 square feet. This is an all-time record high level of absorption in Calgary. The class AA market now sits at 0.28% vacancy, the class A market is at 1.49%, the class B market is at 8.07%, and the class C market is at 12.99%. Overall downtown vacancy resides at 3.28%, and the Beltline is down to 7.89%. As space continues to deplete, expect net rental rates to continue to rise. We have already witnessed an increase in rates across all classes of buildings with AA/A rates rising 20% - 30% from a year ago. Class B and C landlords will get even more aggressive with rates once the AA/A market has completely dried up. This upward swing in net rental rates should continue until leasing activity drastically slows down or new developments are delivered. With the recent announcement of Eighth Avenue Place – West Tower, expect to see one or two more new development sites commencing construction in 2012.

Market Trends

- Continued fury of positive absorption
- Falling vacancy
- Increased net rental rates
- New developments announcements

Tenant's Perspective

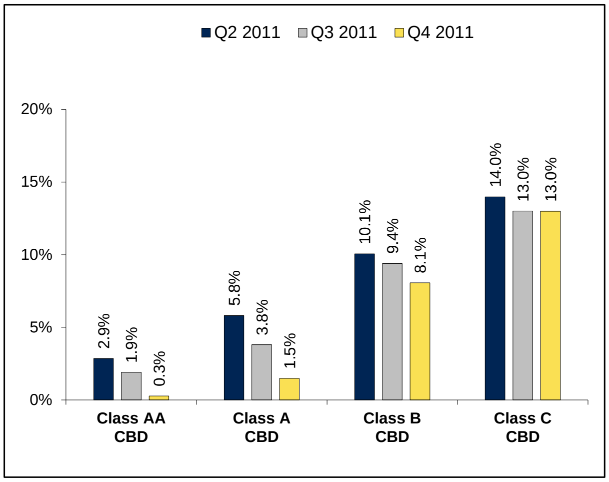
Although vacancy has drastically diminished over the past year, tenants who allocate healthy lead times to secure space will have options, unless they're looking for class AA space which has almost entirely been leased. Rental rates aren't what they were last quarter or even a year ago but for the time being, there are a few good options still available in the class A, B and C markets. This may not be the case for long as we expect the downward trend on vacancy to continue unless the macroeconomic forces of our global economy begin to rain on our Calgary parade. Tenants who utilize corporate real estate firms with a large market presence will benefit from having access to all possible options to satisfy their requirements.

Major Transactions

Tenant/Buyer	Size	Type	Lease/Sale
Athabasca Oil Sands	225,000	Relocation	Headlease
MEG*	67,000	Expansion	Headlease
Cenovus	46,000	Expansion	Sublease
Western Energy Services*	43,000	Relocation	Sublease
Aker Solutions*	27,000	Relocation	Headlease
Intact Insurance	26,000	Expansion	Headlease
Athabasca Oil Sands*	23,000	Expansion	Sublease
Wood Group PSN*	23,000	Expansion	Headlease
Enbridge*	22,000	Expansion	Sublease
Tory's*	20,000	Relocation	Headlease

*Transactions in which Cresa Calgary was involved

Vacancy Rate



Average Rental Rates

CBD	Q2 2011	Q3 2011	Q4 2011
Class AA Office	$52.70	$54.99	$56.77
Class A Office	$42.20	$43.77	$45.92
Class B Ofiice	$32.41	$33.76	$35.76
Class C	$26.71	$28.82	$30.40

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Charlotte, North Carolina

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Overview

Charlotte has not seen significant changes in 2011. Overall vacancy has decreased by less than 1%, ending at 16.7% for all submarkets and building classes. 2011 ended with an average rental rate of $19.25, up from $18.77 last year. Chiquita's announcement of their headquarters relocation from Cincinnati to Charlotte and the Democratic National Convention bring excitement as we move into 2012. However, the lack of new jobs and an economy still dependent on the banks and clouded with uncertainty continues to negatively affect leasing activity. There is considerable opportunity in this market for the good credit tenant, but few are taking full advantage. Speculative development is non-existent, except in Ballantyne Corporate Park where they delivered 300,000 SF of speculative buildings in 2011 and currently have 550,000 SF under construction in two speculative buildings delivering in 2012. Overall, Charlotte is healthy when compared to other similar sized markets in the United States. Activity is steady, rates are slowly increasing, and with little new space coming into the market, absorption will continue to tighten up the market. But with the banks giving up several hundred thousand square feet of leased space in 2013, we anticipate that the tenant will continue to have the advantage in most submarkets in the coming years.

Market Trends

- Companies aren't able to confidently forecast growth and therefore seek flexible leases. Encouragingly, landlords continue to compete in most submarkets.
- Tenants are seeing the opportunity to upgrade in terms of geographical location or building class without significant financial impact.
- The financial stability of landlords continues to be scrutinized as some major class A buildings are in financial distress. Tenants are wise to inspect the credit quality of all possible landlords and take measures to protect themselves from unnecessary risk.

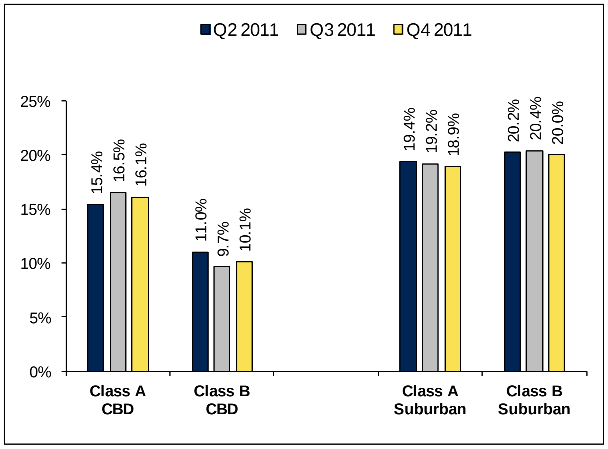
Tenant's Perspective

The outlook for 2012 remains guarded, but favorable for tenants in most submarkets, including the CBD. In southeast Charlotte, with little competition among space providers, different strategies are required to achieve competitive lease terms for our clients. For all markets, the best possible tenant deal is going to be secured by starting early, exploring multiple options, and negotiating aggressively.

Major Transactions

Tenant/Buyer	Size	Type	Lease/Sale
Compass Group	214,507	Office	Renewal
Chiquita	150,000	Office	New Lease
Transamerica	150,000	Office	Prelease
AMEC	30,000	Office	Renewal
Crosland	23,000	Office	Relocation
PMAB	21,466	Office	Relocation
Turner Construction	20,000	Office	Relocation
FNB United	18,114	Office	New Lease
Hanson Brick	13,290	Office	New Lease

Vacancy Rate



Average Rental Rates

CBD	Q2 2011	Q3 2011	Q4 2011
Class A Office	$25.00	$24.50	$24.81
Class B Office	$20.00	$19.82	$19.76

Suburban	Q2 2011	Q3 2011	Q4 2011
Class A Office	$20.32	$21.18	$21.56
Class B Office	$17.15	$16.91	$17.15

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Chicago, Illinois

Tenant's Guide ▪ North American Markets ▪ Fourth Quarter 2011

Overview

Chicago's CBD saw a decrease in the vacancy rate for the third quarter in a row. Five out of the six leases over 100,000 SF signed in the CBD, indicating a tighter marketplace for large users and boding well for an improving market; however, the improving vacancy rate does not convey the entire story. Both the American Medical Association and SmithBucklin Corp. elected to move their offices. Through efficiencies, they reduced their footprint by a combined 50,000 square feet. The 430,550 SF of space they will leave behind is not considered in the vacancy rate.

Chicago's suburban market vacancy rates have remained stagnant throughout this year. The combined class A & B vacancy rate is at 21.5%, virtually unchanged from the 21.3% in first quarter of 2011. A trend of office users favoring the CBD is responsible for leaving the suburban market flat. Firms considering moving to the suburbs have remained in their downtown spaces and, simultaneously, some suburban office users have elected to lease downtown. In addition, companies new to the Chicago market have chosen the CBD, such as DeVry Inc. moving their online class support center to Chicago from Phoenix, Arizona.

Market Trends

- Office vacancy in class A and B buildings in the Chicago CBD declined by 0.5% to 14.8% from last quarter for a total decline of 1.1% this year.
- Available class A and B space in the CBD remains high at 18.8%, increasing slightly from 18.7% at the beginning of this year.
- The suburban market vacancy rate for class A & B space has remained flat at 21.3%, only dropping by .1% from Q3 and remaining completely unchanged over the course this year.
- Class A rental rates have remained flat while class B has risen by $0.96 from Q3. Suburban rates have remained flat in class A & B buildings.

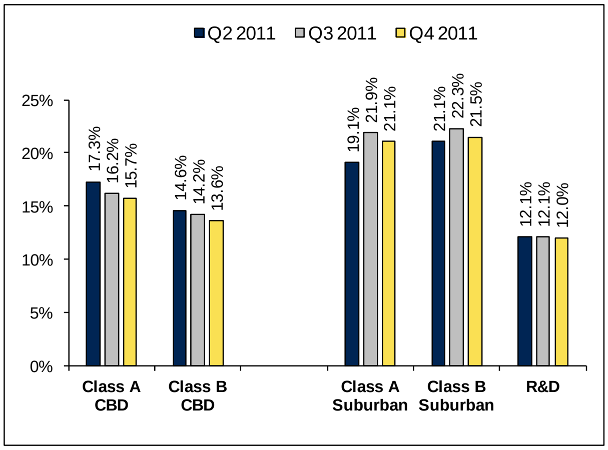
Tenant's Perspective

Chicago will continue to be a tenant's market, particularly for users under 100,000 SF. Even with the CBD vacancy rate decreasing, the percentage of space available is still high at 18.8%, affording tenants with plenty of market alternatives. Rental rates have remained relatively flat across the board and tenants are still able to gain favorable concessions from landlords, particularly in the suburbs as vacancy remains high.

Major Transactions

Tenant/Buyer	Size	Type	Lease/Sale
Georgia Pacific	696,540	Industrial	Lease
Aon Corp.	400,000	Office	Lease
GE Capital	371,000	Office	Lease
PwC	279,000	Office	Lease
American Medical	275,000	Office	Lease
SmithBucklin Corp.	111,081	Office	Lease
Catalyst Rx	106,000	Office	Lease
Lawson Products	86,313	Office	Lease
CA Technologies	85,000	Office	Lease
DeVry Inc.	77,000	Office	Lease

Vacancy Rate



Average Rental Rates

CBD	Q2 2011	Q3 2011	Q4 2011
Class A Office	$31.86	$31.67	$31.25
Class B Office	$25.76	$25.60	$26.56

Suburban	Q2 2011	Q3 2011	Q4 2011
Class A Office	$21.58	$19.89	$20.26
Class B Office	$18.34	$18.37	$18.36
R&D	$4.35	$3.95	$4.03

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Cincinnati, Ohio

Tenant's Guide ▪ North American Markets ▪ Fourth Quarter 2011

Overview

The Greater Cincinnati market continues to struggle to gain momentum as final quarterly results show a virtually unchanged availability rate of 26%. Neither the CBD nor the suburbs showed any significant activity, and there were a minimal number of major deals closed. The largest transaction was GE who leased 54,000 square feet in Blue Ash. Both the CBD and suburban markets are similar in availability, coming in at 24.8% and 26.9% respectively. West Chester continues to be the healthiest submarket with only 7% availability. The area offers some newer product and continues to experience vast medical expansion as the development of the I-75 corridor continues to advance northward towards Dayton. On the other hand, Tri-County, which is looking to rebound from GE's mass exodus, and the CBD Periphery, with heavy vacancies at the Baldwin Complex, are the weakest markets at around 35% available.

Market Trends

- The medical sector remains the most active, led by Christ Hospital who is moving into the Northern Kentucky market.
- Cincinnati CMBS (commercial mortgage-backed securities) loan delinquencies are at a four-year high, which may place downward pressure on lease rates if buildings are acquired at below market prices.
- The CBD retail sector continues to shine, with the redevelopment of the Maisonette site and the announcement of new tenants at The Banks.
- Local and State authorities continue to offer incentives for those companies adding new jobs or wishing to relocate.
- Construction of speculative space remains non-existent which may eventually lead to a tightening in the class A markets. We don't expect that to happen in any significant way until the later part of the year.

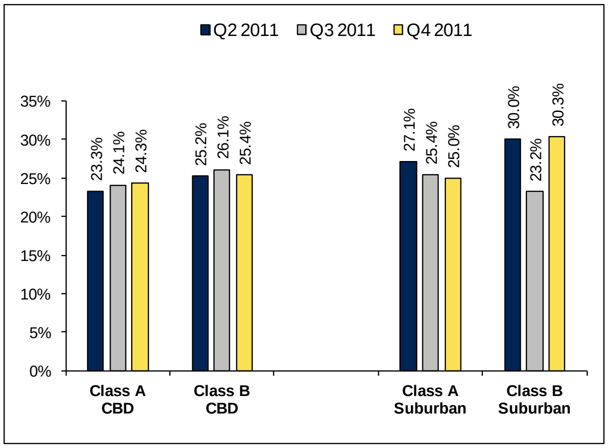
Tenant's Perspective

Landlords are actively pursuing early lease renewals and are offering reduced rental rates and free rent for existing tenants. Even with those kinds of offers on the table, better deals are available, so tenants should do their homework and consider relocating as well. Dealings should definitely be done with a financially sound landlord as there are a number of them currently in default. Ending up with a court ordered receiver that's managing your property may result in limited maintenance and, in the worst case, allow the landlord / lender to cancel your lease.

Major Transactions

Tenant/Buyer	Size	Type	Lease/Sale
GE	54,000	Office	Lease
Christ Hospital	44,000	Medical	Lease
Strauss & Troy	37,000	Office	Lease
Advantech	17,000	Office	Lease
Sunoco	12,099	Office	Lease
TSC Apparel	11,191	Office	Lease
Bioformix	10,650	Office	Lease
Verst Logistics	290,000	Industrial	Lease
Univ. of Cincinnati	210,000	Industrial	Sale
Quality Associates	204,800	Industrial	Sale

Vacancy Rate



Average Rental Rates

CBD	Q2 2011	Q3 2011	Q4 2011
Class A Office	$24.74	$24.75	$24.75
Class B Office	$15.93	$15.60	$15.98

Suburban	Q2 2011	Q3 2011	Q4 2011
Class A Office	$20.68	$20.70	$20.60
Class B Office	$16.01	$16.00	$15.99

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Dallas, Texas

Tenant's Guide ▪ North American Markets ▪ Fourth Quarter 2011

Overview

The Dallas-Fort Worth (DFW) market experienced an increase in office leasing in the fourth quarter of 2011. Overall vacancy decreased from 17.4% to 17.1%, and there was a positive absorption of 1,196,843 SF during the quarter. Average rental rates ended the fourth quarter at $19.26/SF – down from $19.45/SF in the third quarter of 2011.

West Plano, Frisco, Richardson's Telecom Corridor, and Uptown/Turtle Creek were the submarkets that had the largest impact on the increase in leasing during the fourth quarter. The LBJ Freeway and Downtown submarkets had the worst performing quarter.

The DFW industrial market had a decrease in vacancy during the fourth quarter of 2011 from 10.2% down to 9.3%. The average rental rates decreased from $4.15/SF to $3.58/SF.

Capital markets continue to see positive activity. Plaza of the Americas, consisting of two 25-story towers, was acquired by M-M Properties and Invesco Real Estate for an undisclosed amount estimated to be approximately $100 million. Additionally, Billingsley acquired 5050 Quorum and Gramercy Center, a two building complex comprising of approximately 250,000 SF along the Tollway in Plano.

Market Trends

- With the LBJ Freeway construction underway, many tenants are relocating to other submarkets to avoid highway construction and traffic.
- Landlords continue to be very interested in tenants' credit. Hence, improving a tenant's balance sheet can bring significant value to negotiations.

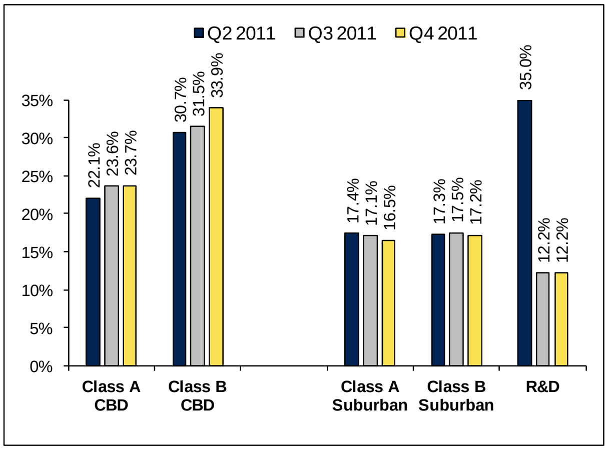
Tenant's Perspective

Though the market has experienced positive absorption for the year, there are still great opportunities for tenants to create valuable leverage. While there are leasing opportunities for tenants to take advantage of at this time, tenants and their brokers must be creative to find feasible solutions for all parties involved.

Major Transactions

Tenant/Buyer	Size	Type	Lease/Sale
MedAssets	225,000	Office	Lease
PFS Web	78,000	Office	Lease
PFS Web	75,000	Office	Lease
Pegasus Solutions	46,000	Office	Lease
PageSoutherlandPage	34,000	Office	Lease
Gehan Homes	29,000	Office	Lease
Wells Fargo	28,000	Office	Lease
Polsinelli Shugart	25,000	Office	Lease
MetLife	16,000	Office	Lease
Caliber Funding	16,000	Office	Lease

Vacancy Rate



Average Rental Rates

CBD	Q2 2011	Q3 2011	Q4 2011
Class A Office	$20.29	$20.35	$20.45
Class B Office	$14.27	$15.14	$16.17

Suburban	Q2 2011	Q3 2011	Q4 2011
Class A Office	$23.05	$22.46	$22.60
Class B Office	$17.64	$17.55	$17.50
R&D	$6.89	$7.05	$8.18

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Denver, Colorado

Tenant's Guide ▪ North American Markets ▪ Fourth Quarter 2011

Overview

Certain submarkets of the Denver office market are on the verge of trending towards a landlord's market, especially in class A space in the CBD/Lodo submarkets. The Denver real estate market as whole will likely remain a tenant's market until we experience significant job growth. Although Denver experienced 1.4 million square feet of positive absorption (524,624 SF in the fourth quarter) and a decrease in vacancy of nearly one percent in 2011, rental rates have remained relatively flat.

Market Trends

- Activity in the market remained strong in the fourth quarter of 2011 with several large office leases being signed.
- Large blocks of space are limited in the CBD/Lodo market.
- There were numerous notable sales in the 4th quarter of 2011:
  - 1801 California - $215,000,000 ($163/SF) – CBD
  - 1899 Wynkoop - $52,700,000 ($318/SF) – Lodo
  - 1755 Blake - $40,600,000 ($360/SF) – Lodo
  - 198 Inverness - $37,400,000 ($233/SF) – Inverness
- The low vacancy rate in class A space in the CBD/Lodo market has triggered new spec office development. New developments have generally been scarce over the last three years.
- Several large residential developments, specifically apartments, have recently been proposed and/or are under construction, signaling optimism and the availability of financing.

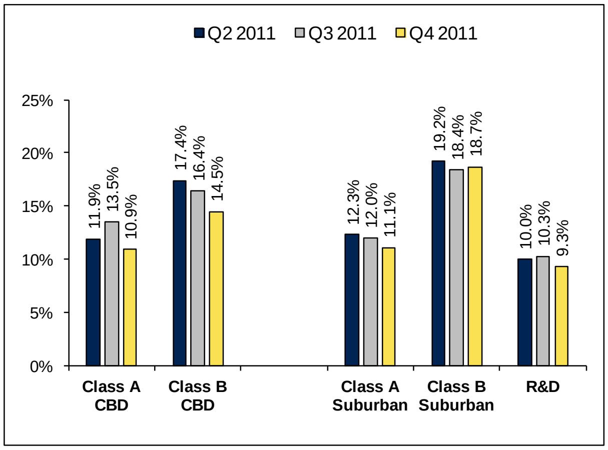
Tenant's Perspective

As the market begins to shift away from the tenant and toward equilibrium, stable companies should look at securing longer-term deals and take advantage of the slowly recovering market. Tenants in the suburban markets, especially along I-25 Belleview to Lincoln, can still take advantage of a tenant's market, with lower lease rates and more concessions.

Major Transactions

Tenant/Buyer	Size	Type	Lease/Sale
General Electric	280,000	Industrial	Lease
URS Corporation	185,988	Office	Renewal
Catholic Health Initiatives	93,000	Office	Lease
ProBuild Co. LLC	86,937	Office	Renewal
The Industrial Co.	68,261	Office	Lease
Laser Technology	54,202	Office	Lease
Czarnowski Display	51,200	Industrial	Lease
AIMCO	49,474	Office	Lease
Premier Manufacturing	43,919	Industrial	Lease

Vacancy Rate



Average Rental Rates

CBD	Q2 2011	Q3 2011	Q4 2011
Class A Office	$28.17	$28.16	$27.79
Class B Office	$21.06	$20.14	$20.09

Suburban	Q2 2011	Q3 2011	Q4 2011
Class A Office	$22.18	$22.20	$22.46
Class B Office	$17.26	$17.34	$17.54
R&D	$6.61	$6.64	$6.62

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Detroit, Michigan

Tenant's Guide ▪ North American Markets ▪ Fourth Quarter 2011

Overview

Looking back on 2011, net absorption for the overall Detroit market increased due largely in part to Blue Cross Blue Shield moving in to the Renaissance Center and Quicken Loans/Rock Financial bringing 1700 workers downtown. Additionally, Dan Gilbert, Chairman and Founder of Quicken Loans, recently signed agreements to purchase four downtown buildings with the plans of moving more workers to the Detroit area and developing retail shops. These developments should bode well for 2012.

The industrial market continues to hold its own even with cooling auto sales in part due to the continuing Eurozone crises. Demand for smaller cars has revitalized the Detroit auto market. The largest industrial lease signing occurring in 2011 was the 632,281 SF lease signed by U.S. Manufacturing Corporation at Warren Tank Plant.

Market Trends

- The class A vacancy rate in Detroit fell below 20%.
- There was moderate job creation continued in November, and the unemployment rate registering a steep drop to 8.6%. However, this drop was due in part to individuals leaving the workforce.
- Tenants continue to proceed with shorter-term leases.
- Landlords are more amenable to numerous provisions such as cancelation options, fixed renewals, and space expansion and reduction clauses which in the past were unheard of.
- Lender approval for lease transactions is delaying the actual commencement of leases as the approval process has taken a back seat to the debt crisis.

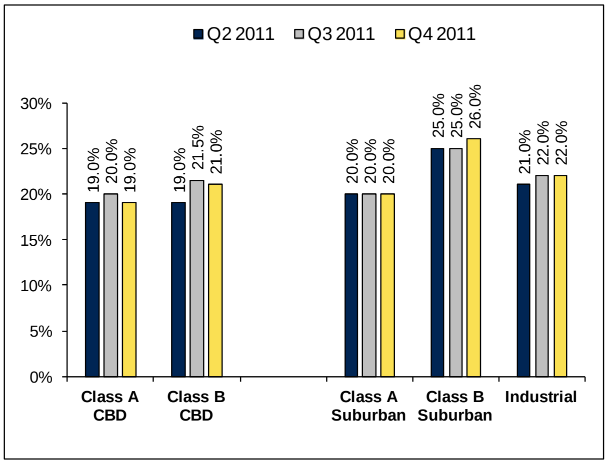
Tenant's Perspective

Tenants should not expect significant change in 2012. The economy and election year should continue to place uncertainty in the marketplace coupled with high vacancy rates. Tenants should again be in the driver seat all year.

Major Transactions

Tenant/Buyer	Size	Type	Lease/Sale
Chrysler Group LLC	210,000	Office	Lease
ALTe	183,919	Flex	Lease
Int'l Automotive Components	118,000	Industrial	Lease
GNS America	115,525	Industrial	Lease
Global Logistics & Dist	112,283	Industrial	Lease
Henniges Automotive	110,000	Industrial	Lease
Dura Automotive	77,950	Industrial	Lease
Doeren Mayhew	64,055	Office	Lease
Gardner White	455,000	Industrial	Lease

Vacancy Rate



Average Rental Rates

CBD	Q2 2011	Q3 2011	Q4 2011
Class A Office	$23.57	$23.54	$23.73
Class B Office	$16.52	$15.59	$16.11

Suburban	Q2 2011	Q3 2011	Q4 2011
Class A Office	$21.31	$21.00	$20.90
Class B Office	$18.02	$17.96	$17.71
R&D	$4.17	$4.16	$4.18

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East Bay, California

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Overview

With over 114,000 million square feet of office and R&D inventory, constituting a wide range of asset types, the East Bay is home to a diverse group of corporate leaders and organizations such as Pixar, Clorox, Kaiser Permanente, Chevron, AT&T Corp, Safeway, Cost Plus, and Lawrence Livermore Labs. The East Bay also includes an eclectic mix of cultural and architectural environments. From the Tri-Valley area in the southeast corner to Oakland, Berkeley, and Emeryville in the northeast, the East Bay offers many attractive benefits to companies. The local economy has always been fueled by the proximity of business to San Francisco and the Silicon Valley as well as the University of California at Berkeley. The East Bay office market experienced positive absorption through the fourth quarter of 2011. The overall vacancy rate was 12%, compared to 12.5% in the third quarter. The class A category recorded 10.8% vacancy, while class B was 15.0%. Demand for class A office space has increased over the past year, due to companies expanding their workforce and being able to afford more space due to lower rental rates. Vacant sublease space in the market only accounts for 0.4% of the total vacancy. As our economy recovers in 2012, we expect to see a continued trend among commercial real estate executives to consider the East Bay versus the relatively more expensive and constrained San Francisco and Silicon Valley markets.

Market Trends

- Rental rates in the East Bay Area have stabilized and rates are increasing in some submarkets such as Downtown Oakland and Emeryville.
- Large blocks of space have been leased in the past quarter; however, with significant 2013 lease expirations on the horizon, we expect lease rates to remain competitive.
- Technology, cleantech and biotech companies continue to lead the market in growth. Traditional firms, for the most part, are staying flat in occupancy needs.
- Significant subleases have been added to the market and will provide economical alternatives for the right organization.

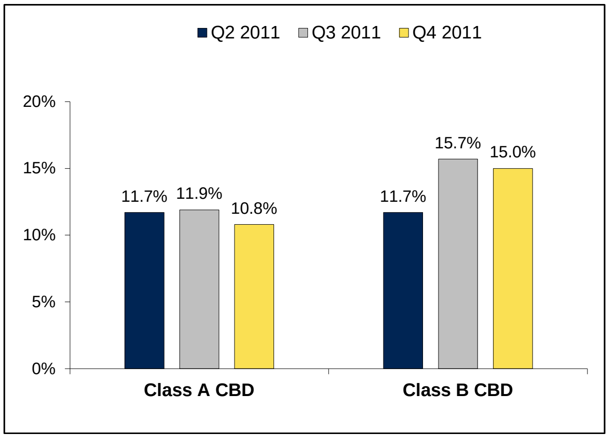
Tenant's Perspective

Current market trends are working both in favor and against tenant needs. To take advantage of opportunities or mitigate risks, we are encouraging our clients to address their needs earlier than they may expect. 2012 will be a year of repositioning in the market.

Major Transactions

Tenant/Buyer	Size	Type	Lease/Sale
General Electric	125,000	Office	Lease
Taleo Corporation	108,644	Office	Lease
Tribune Tower	88,120	Office	Sale
Art.com	47,951	Office	Lease
BevMo	34,000	Office	Lease
Merrill Lynch	23,211	Office	Lease
UC Berkeley	20,650	Office	Lease
Pacific Office Automation	18,900	Office	Lease
McKesson	16,311	Office	Lease
Hi5 Networks, Inc.	14,634	Office	Lease

Vacancy Rate



Average Rental Rates

CBD	Q2 2011	Q3 2011	Q4 2011
Class A Office	$27.36	$27.50	$26.66
Class B Office	$21.84	$21.55	$21.76

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Fairfield County, Connecticut

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Overview

There was a slight increase in the overall vacancy rate for Fairfield County class A buildings, finishing the year at 21.4%, while average rental rates ended the year slightly lower. A similar increase occurred in vacancy rates for class B buildings which ended the quarter at 26.5%, while average rental rates for class B buildings remained relatively unchanged.
The most significant changes in average rental rates occurred in class A buildings in Greenwich which increased by $4.00 while in Stamford, the average rental rate for class A buildings decreased by $2.80. The average asking rental rate for class A office space in Fairfield County ended 2011 at $36.65. This represents a decrease of $1.04 from the third quarter of 2011 but an increase compared to 2010 year end rental rates.

Market Trends

- The vacancy rate in Ridgefield class B buildings increased by over 12% due to an entire office building being listed on the market as available. These trends seem significant in markets where there is not abundant inventory.
- Class B buildings in Norwalk once again experienced the highest increase in vacancy rates of 2.8% and ended the quarter with the overall highest vacancy rate of 40%. For class A buildings, Danbury had the highest vacancy rate of 29.9% but experienced an insignificant increase over last quarter.
- Although there was a slight uptick in vacancy rates for all of Fairfield County compared to the third quarter, the end of year vacancy rate for 2011 of 22.5% represents a half point decrease compared to year end 2010.

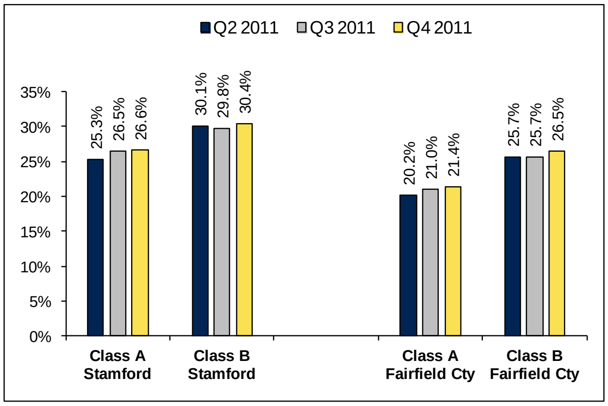
Tenant's Perspective

Now is the time to engage your landlord in renewal discussions if your lease is expiring in the next 24-36 months. In 2013 a good portion of the CMBS debt will need to be refinanced, and building owners (and lenders) recognize the value of longer-term leases. If a building owner can hedge against a vacancy, resulting down-time and additional capital costs, significant concessions may be offered in trade for an early renewal. It is important to have a clear understanding of the micro market conditions in order to benefit from these negotiations.

Major Transactions

Tenant/Buyer	Size	Type	Lease/Sale
Wilson Elser LLP	124,000	Office	Lease
Aegean Capital LLC	103,367	Office	Sale
World Wrestling Entertainment	66,000	Flex	Lease
DRS Technologies	40,000	Office	Lease
GE Capital	39,000	Office	Lease
Gexpro	30,132	Office	Lease
WestMed	28,180	Office	Lease
Pentegra Retirement Services	26,435	Office	Lease
Fact Set	25,719	Office	Lease
Dorf Law Firm LLP	15,832	Office	Lease

Vacancy Rate



Average Rental Rates

Stamford	Q2 2011	Q3 2011	Q4 2011
Class A Office	$43.01	$44.66	$41.86
Class B Office	$26.55	$26.41	$26.64

Fairfield Cty	Q2 2011	Q3 2011	Q4 2011
Class A Office	$36.49	$37.69	$36.65
Class B Office	$26.88	$27.07	$26.94

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Houston, Texas

Tenant's Guide ▪ North American Markets ▪ Fourth Quarter 2011

Overview

Houston's office market ended 2011 with dramatic gains in activity, both in leasing and investment sales. Energy companies continued to expand, users snapped up several office buildings, and Houston's solid job growth, now returned to pre-recession employment levels, produced 797,088 SF of absorption in the fourth quarter, and 2.2 million SF for the full year. Shell's recently announced downtown renewal represented the largest lease transaction nationwide for the year, and December saw the Hess Tower trade hands at a record-setting per SF price. The ExxonMobil campus is now under construction and a steady exodus of other Greenspoint tenants are taking large blocks of space in nearby Woodlands buildings. Rental rates are strong with increases projected as inventory continues to decline. Downtown class A buildings ended the quarter with average asking rent of $36.68/SF, compared to $36.28 for the final quarter in 2010. Rents for the best quality suburban buildings reported average fourth quarter rents of $28.02/SF, compared to $27.38/SF at year-end one year ago. Houston's citywide sublease inventory ended the year at 1,882,715 SF, a decrease from last year's 4.1 million SF.

Another leading indicator that directly impacts Houston's robust energy and engineering sectors is the rig count, up nearly 20% from the same period last year. Based on strong tenant demand for space, new projects have recently broken ground in the Galleria, The Woodlands, and the Energy Corridor.

Market Trends

- The Greater Houston Partnership projects 88,000 new jobs in 2012.
- Based on strong demand, Houston may see a select number of new spec buildings break ground.
- Expect continued tenant migration from the 290 and Greenspoint submarkets, and from poorly capitalized and maintained class B and C properties.

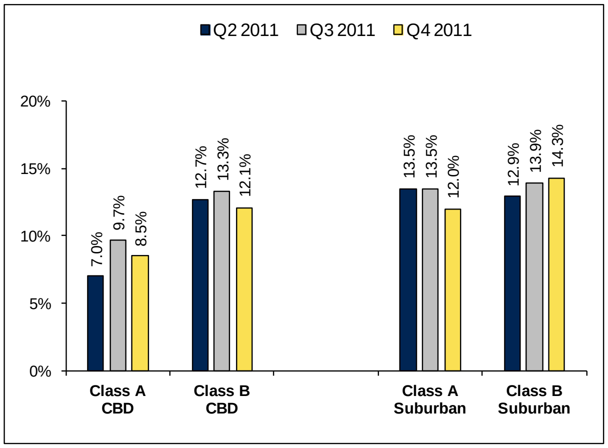
Tenant's Perspective

Tenants with lease expirations in 2012 and beyond need to pro-actively manage their renewals and be prepared for fewer lease concessions, starting their space search process sooner than later.

Major Transactions

Tenant/Buyer	Size	Type	Lease/Sale
Shell	1,200,000	Office	Lease
Hess Tower	844,000	Office	Sale
Westway II	242,000	Office	Sale
BP	166,000	Office	Lease
Universal Pegasus	159,000	Office	Lease
2323 S. Shepherd	120,000	Office	Sale
530 Wells Fargo Dr	109,000	Office	Sale
Cobalt Energy	75,000	Office	Lease
4543 Post Oak	73,000	Office	Sale
RPC	70,000	Office	Lease

Vacancy Rate



Average Rental Rates

CBD	Q2 2011	Q3 2011	Q4 2011
Class A Office	$36.19	$36.07	$36.68
Class B Office	$23.52	$23.77	$23.70

Suburban	Q2 2011	Q3 2011	Q4 2011
Class A Office	$27.20	$27.65	$28.02
Class B Office	$18.23	$18.58	$18.51

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Indianapolis, Indiana

Tenant's Guide ▪ North American Markets ▪ Fourth Quarter 2011

Overview

Most industry experts agree that the commercial real estate market continued its sluggish trend in Q4 2011. In fact, analysts have confirmed that commercial deals are taking longer to complete, are fewer in number, and are requiring an increasing number of concessions. The cumulative effect has been to cause vacant space to remain on the market for an average of two years.

The Indianapolis metropolitan office market saw only a slight improvement in its fourth quarter vacancy rates, continuing the steady trend downward since reaching a high in the fourth quarter of 2010. This steady decline was accompanied, however, by a steady reduction in average rents, with the fourth quarter average office rents settling at approximately $16.98/SF for full service office buildings. Clearly, savvy tenants capitalized on the soft market, demanding reduced rents and increased concessions, making the fourth quarter a bright spot for those tenants who chose to capitalize on market conditions.

Market Trends

- Indianapolis will see a continued soft office market in 2012
- Office deals are taking twice the time to complete.
- Rental rates are bottoming out in 2012.
- Vacancy rates remain steady as lack of development is offset by the shrinking space needs of corporate America.

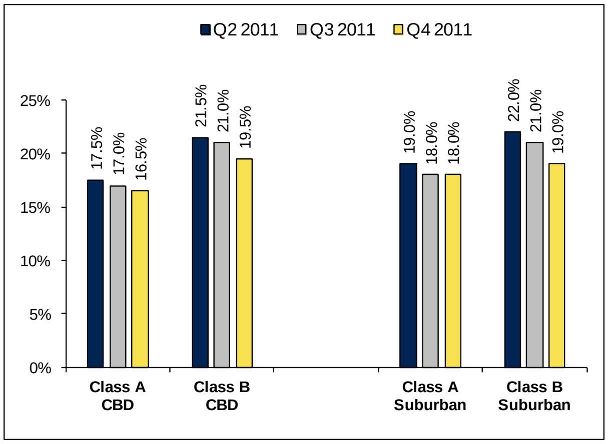
Tenant's Perspective

While tenants will likely continue to benefit from the soft market conditions in 2012, favorable absorption coupled with record-low construction activity could result in improved rent and vacancy trends for landlords in the coming year. However, it is likely that there will be a continuation of the trend towards shrinking office requirements, offsetting any projected increase in rents. While this trend may be a source of concern for landlords with significant office holdings, tenants will likely benefit by transitioning to newly configured, modern work environments. Evidence of this evolving trend can be found in the recent sale of Indianapolis-based Duke Realty's suburban office building portfolio. While Duke representatives claim that they are not getting out of the office market, it is clear that they are adjusting their portfolio mix. Their move hints at a belief that the near term trend in the office sector will be somewhat bumpy for landlords. This evolution, however, will create opportunities for savvy tenants, interested in optimizing space in an environment that is rich with opportunity.

Major Transactions

Tenant/Buyer	Size	Type	Lease/Sale
Southwire	300,000	Industrial	Lease
Kuehne & Nagel	126,420	Industrial	Lease
Interactive Intelligence	65,000	Office	Lease
Northeast Office Center	55,000	Office	Sublease
David A. Noyes	38,880	Office	Lease
Guitar Center	31,140	Office	Lease
Keybank	26,175	Office	Lease
Comcast	23,785	Office	Lease
Fresenius Medical	21,673	Office	Lease
Wells Fargo Bank	17,218	Office	Lease

Vacancy Rate



Average Rental Rates

CBD	Q2 2011	Q3 2011	Q4 2011
Class A Office	$21.00	$21.00	$21.00
Class B Office	$15.00	$15.00	$15.00

Suburban	Q2 2011	Q3 2011	Q4 2011
Class A Office	$20.00	$20.00	$19.50
Class B Office	$15.00	$15.00	$15.00
R&D	$14.00	$14.00	$14.00

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Kansas City, Missouri

Tenant's Guide ▪ North American Markets ▪ Fourth Quarter 2011

Overview

The Kansas City market ended 2011 with an overall vacancy rate of 13.8%, down slightly from 14.1% last quarter. Year to date net absorption was 400,161 SF, and two buildings were under construction at the end of 2011. These flat numbers reflect a continuing stagnant market in Kansas City that is predicted to continue until uncertainty on national issues improves. Tenants are continuing to delay major hiring initiatives on a large scale basis and look for ways to streamline their workforces. Part of this process often involves real estate and selecting new more efficient space to assist in lowering overall operating costs. Select buildings in suburban submarkets showed some marginal improvement in vacancy as tenants took the opportunity to move to higher quality space with the lower rental rates and additional incentives from landlords.

Investment activity in the capital markets arena remains at all-time lows as investors struggle to find financing and quality product to add to their portfolios. National economic factors that have historically had limited impact on the Kansas City market, now are chilling even local investors.

Market Trends

- Absorption for 2011 ended at 1% or 400,161 SF.
- Tenants that are flexible on location continue to see ample options when considering new locations.
- Landlords are looking for creative and cost effective ways to maintain current tenants and attract new ones.

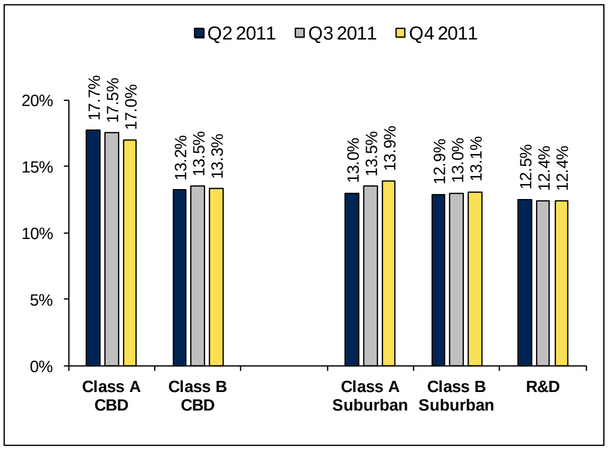
Tenant's Perspective

The market shows signs of activity in the quarters to come, but significant positive absorption will remain elusive as companies are avoiding additional investments in real estate and personnel in these uncertain times. In addition, new technology developed in the furniture industry is allowing companies to lease less square footage and house the same number of employees. Tenants that have the ability to be creative and flexible in their market search have an opportunity to capitalize on market conditions, realizing overall lower occupancy costs, or increase the quality of their occupied space.

Major Transactions

Tenant/Buyer	Size	Type	Lease/Sale
Blount Manufacturing	349,000	Industrial	Lease
Polsinelli Shughart	193,500	Office	Lease
United Credit Recovery	80,170	Office	Lease
Fishnet Securities	62,000	Office	Lease
AXIS	39,877	Office	Lease
ITT Technical Institute	28,000	Office	Lease
Willbros Engineering	16,720	Office	Lease
Axcet HR Solutions	13,982	Office	Lease
Archer Capital	14,500	Office	Lease
LCC Design	10,908	Office	Lease

Vacancy Rate



Average Rental Rates

CBD	Q2 2011	Q3 2011	Q4 2011
Class A Office	$18.00	$17.80	$17.57
Class B Office	$15.70	$15.75	$15.54

Suburban	Q2 2011	Q3 2011	Q4 2011
Class A Office	$20.94	$20.90	$21.47
Class B Office	$16.97	$17.09	$17.00
R&D	$8.80	$8.59	$8.23

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Long Island, New York

Tenant's Guide ▪ North American Markets ▪ Fourth Quarter 2011

Overview

Now that the fourth quarter is nearly over it is evident that 2011 was a mirror image of 2010. The activity in both sales and leasing has remained slow and is lackluster when compared to the prior years. There has been a slight drop in the vacancy rates and a slight drop in the asking rents. The office leasing sector has continued with a near zero absorption (as space is leased, more hits the market). The sublease market continues to increase its inventory but has begun to show signs of slowing down. The industrial sector has outperformed the office sector but continues at a slow pace. Most of the economists on Long Island have forecasted 2012 to be another difficult year with minor overall improvement in the commercial real estate market. It is anticipated that the true recovery will not begin until 2013. In general, most landlords have not adjusted down their asking rentals to meet the tenants' expectations. Rental concessions continue to be an area landlords have shown a willingness to offer as an inducement. Sublease space continues to cause overall vacancy rates to remain higher than our market is accustomed to. Recovery continues to be slow, and new and sublease space has continued to enter the market with only minor leasing activity to offset it.

Market Trends

- Sluggishness will continue with little upside potential for the beginning of the first quarter of 2012.
- Asking rents may stabilize slightly, and more amenities may be offered such as rental concessions, signage, reserved parking, and upgraded work letters.

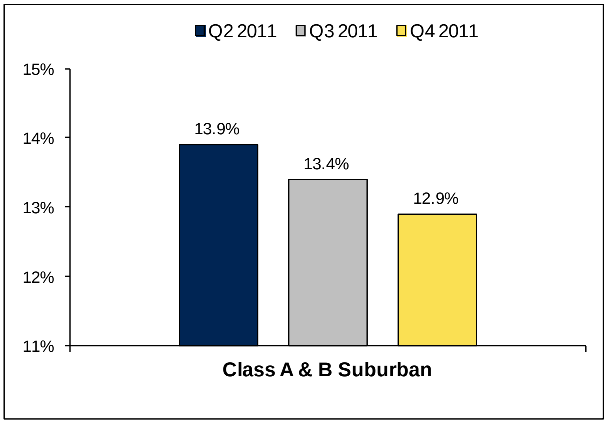
Tenant's Perspective

While many tenants choose short-term (one- to two-year) renewals in their current space, this may be a good time for some tenants to lock into longer-term leases with more favorable conditions. Those conditions may not always be lower rent rates, as landlords are still held accountable to pro-formas set by mortgagees. But they can often result in greater concessions, in the form of free rent or tenant improvements. It is still unquestionably a tenant's market, provided the tenant can demonstrate superior credit.

Major Transactions

Tenant/Buyer	Size	Type	Lease/Sale
Polytechnic Institute	11,000	Office	Lease
Rubin & Rothman	32,000	Office	Lease
5000 Corporate Ct.	264,482	Office	Building Sale
1600 Stewart Ave.	220,000	Office	Building Sale
Teq	45,000	Office	Lease
Suffolk Cty Dept. of Health	63,402	Office	Lease
80 Arkay Drive	120,000	Office	Sale/Leaseback

Vacancy Rate



Average Rental Rates

CBD	Q2 2011	Q3 2011	Q4 2011
Class A Office	$25.82	$25.82	$25.69
Class B Office	$23.51	$23.51	$23.12

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Los Angeles, California

Tenant's Guide ▪ North American Markets ▪ Fourth Quarter 2011

Overview

The Los Angeles class A office leasing market was sluggish in the final quarter of 2011. Office leasing activity (as measured by the total square footage of new leases and lease renewals executed) remained at the same slow pace as the previous quarter. Activity seemed to pick up in Santa Monica as the digital media sector appears to be in expansion mode.

The availability rate for class A office space dropped slightly from 19.5% to 19.1%. To put it in perspective, the availability rate bottomed out at 12% in 2006 and peaked at 19.9% in 2010. The South Bay submarket experienced the greatest decline in availability as the rate dropped from 22.3% to 21.2%. Availability in other submarkets remained fairly flat.

Average asking rates for class A space across all submarkets increased slightly from $2.66 to $2.68. Small increases in asking rates in Downtown (currently $2.88) and the Westside (currently $2.91) were nearly offset by asking rate reductions in the South Bay submarket (currently $2.07).

Market Trends

- The technology sector in Los Angeles appears to be in the early stages of expansion, which bodes well for the Westside.
- Most other industries continue to find ways to do more with less, and that applies to office space.
- The slowdown in leasing activity should have a dampening effect on occupancy and lease rates for most of 2012.
- Expect similar market fundamentals to persist for several quarters until the economy begins to take off.

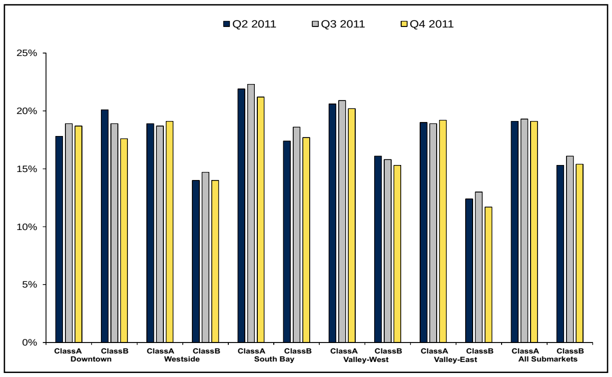
Tenant's Perspective

The market remains "choppy." The Westside submarket and Santa Monica in particular have experienced pockets of tightening. Meanwhile, most other submarkets continue to struggle with high vacancy and soft demand for space. In the softer markets, tenants that plan in advance and create competition among landlords for their tenancy should continue to be in a position to negotiate attractive economic terms well into the coming year. Tenants in Santa Monica should expect fewer concessions and higher rental rates than surrounding markets.

Major Transactions

Tenant/Buyer	Size	Type	Lease/Sale
Beach Body	40,000	Office	Lease
Cornerstone OnDemand	54,000	Office	Lease
United Talent Agency	120,000	Office	Lease
International Rectifier	130,000	Office	Lease
Green Dot	141,000	Office	Lease
Natrol	175,000	Flex	Lease
DirecTV	640,000	Office	Lease

Vacancy Rate



Average Rental Rates

Downtown	Q2 2011	Q3 2011	Q4 2011
Class A Office	$33.40	$34.20	$34.56
Class B Office	$25.90	$24.60	$24.24
Greater Westside	**Q2 2011**	**Q3 2011**	**Q4 2011**
Class A Office	$34.40	$34.44	$34.92
Class B Office	$30.20	$30.24	$30.96
South Bay	**Q2 2011**	**Q3 2011**	**Q4 2011**
Class A Office	$24.80	$25.08	$24.84
Class B Office	$22.10	$22.20	$22.08
Valley-West	**Q2 2011**	**Q3 2011**	**Q4 2011**
Class A Office	$26.40	$25.92	$25.92
Class B Office	$23.20	$22.92	$22.92
Valley-East	**Q2 2011**	**Q3 2011**	**Q4 2011**
Class A Office	$31.30	$32.52	$32.52
Class B Office	$24.80	$25.80	$25.68
All Submarkets	**Q2 2011**	**Q3 2011**	**Q4 2011**
Class A Office	$31.40	$31.92	$32.16
Class B Office	$24.80	$25.08	$25.20

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Minneapolis, Minnesota

Tenant's Guide ▪ North American Markets ▪ Fourth Quarter 2011

Overview

Institutional investors are finding Minneapolis a more and more interesting place to invest – a sign that the forecast looks intriguing for landlords, and maybe less exciting for tenants. In higher quality office and industrial properties, this is certainly evident as vacancies fall, large blocks diminish, and rents begin to rise. Total absorption is positive, but the shift in demand to better buildings has initiated a rising tide in rents that we forecast to continue through the next 12-24 months. Unemployment has been trending downward in the region, which should lead to gradual increases in consumer spending and provide additional fuel for the slow but steady recovery we've experienced. The recent Ford Motor Company plant closure will impact this trend, but the momentum is positive and we anticipate additional economic growth in the year ahead.

Market Trends

- The instability of the Euro is impacting a few of the major employers here, but our regional economy remains strong and is growing.
- A steady shift in demand toward higher quality properties will lead to higher rents for top buildings and lower rents or marginal properties. Averages will rise less dramatically.
- Vacancy continues to decline in certain sectors, particularly for desirable large blocks of both office and industrial spaces.
- Retail redevelopment, particularly in inner city and transit-supported corridors, is coming back after a long hiatus.
- Lenders and institutional investors have begun pouring capital into this market, foreshadowing a rise in rents and a confidence in the local economy.

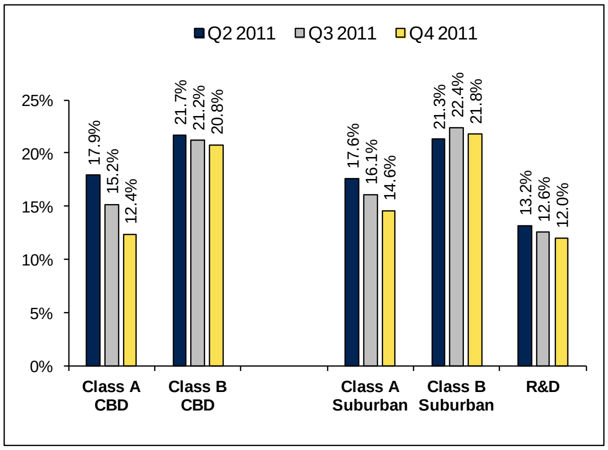
Tenant's Perspective

Tenants who have the confidence to forecast their future should be aggressive in the market over the next 6 - 9 months. While the election cycle is likely to be a distraction for many business owners, the local economy is heading in the right direction, and opportunities to capture favorable rates and market conditions are diminishing. The widening spread between good building rents and marginal ones will continue creating opportunity for the creative class and trouble for the premier users. The deals that get done in the next 3 - 6 months won't look like the deals over the last six months, and won't look anything like the deals next year. Mid-size users are still in hot demand by landlords; big users have fewer options, and small users don't have the leverage they once did.

Major Transactions

Tenant/Buyer	Size	Type	Lease/Sale
Blue Cross Blue Shield	1,100,000	Office	Sale/Lease-back
Duke Realty	356,000	Industrial	Purchase
Target	245,000	Office	Build-to-suit
Land O'Lakes	187,000	Office	Lease
Proto-Labs	129,000	Industrial	Purchase
United Hospital Svcs	56,000	Office	Lease
Accenture	50,000	Office	Lease

Vacancy Rate



Average Rental Rates

CBD	Q2 2011	Q3 2011	Q4 2011
Class A Office	$24.50	$26.00	$26.75
Class B Office	$21.50	$21.50	$22.00

Suburban	Q2 2011	Q3 2011	Q4 2011
Class A Office	$24.00	$24.00	$25.00
Class B Office	$20.50	$21.00	$22.00
R&D	$6.75	$6.85	$6.90

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Nashville, Tennessee

Tenant's Guide ▪ North American Markets ▪ Fourth Quarter 2011

Overview

The overall vacancy rate for office space in Nashville is down from 13.2% at the end of 2010 to 10.5%. Nashville ends the year with a very respectable 730,000 SF in office absorption. While this is down from the 1,000,000 SF absorbed at the peak of the economy, Nashville can boast an office market that is mostly in line with the market needs. Most submarkets have a vacancy under 10%, which is considered the point of equilibrium in an office market. Highlights of the quarter include: LifePoint's 200,000 SF build-to-suit, as well as substantial leases for Health Management Systems, Tractor Supply, and HCA.

Market Trends

- The largest blocks of space continue to be found in the CBD.
- Spaces of 20,000 SF or more continue to be relatively scarce.
- Tight submarkets are forcing relocations to other areas and build-to-suits.
- Rental rates are mostly steady.
- Cool Springs is the only submarket with speculative construction.

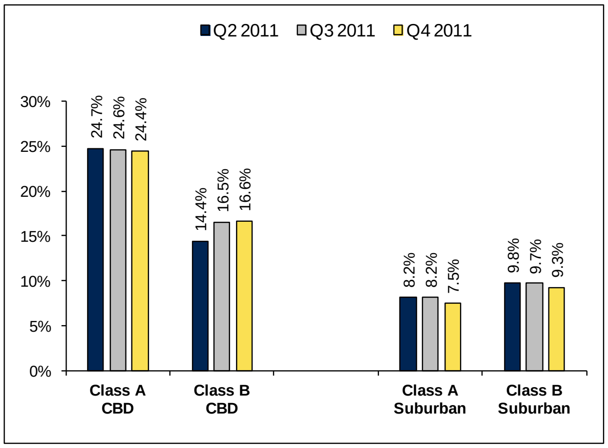
Tenant's Perspective

The lack of available space in select submarkets is forcing some tenants to consider relocating to other areas of the city. Submarkets with low vacancies include Brentwood, Cool Springs, Green Hills, West End, and MetroCenter. Those markets with high vacancies reflecting a tenant's market include the CBD, Airport North, and Airport South. Tenants should be prepared to move to their back up building choice because of the healthy activity and dwindling choices. With continued absorption and few buildings coming out of the ground, look for rental rates to rise slightly during 2012.

Major Transactions

Tenant/Buyer	Size	Type	Lease/Sale
Correct Care Solutions	47,600	Office	Lease
Service Source	30,000	Office	Lease
TN Hospital Assoc.	30,000	Office	Build-to-suit
Frost Brown Todd	29,771	Office	Lease
Harwell Hyne Manner	26,500	Office	Lease
Viacom	23,000	Office	Lease
First Bank	21,948	Office	Lease
Forterus	14,545	Office	Lease

Vacancy Rate



Average Rental Rates

CBD	Q2 2011	Q3 2011	Q4 2011
Class A Office	$21.62	$21.32	$21.41
Class B Office	$16.57	$16.49	$16.60

Suburban	Q2 2011	Q3 2011	Q4 2011
Class A Office	$21.32	$21.63	$21.50
Class B Office	$18.15	$18.28	$18.09

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New York, New York

Tenant's Guide ▪ North American Markets ▪ Fourth Quarter 2011

Overview

The availability rate for Midtown North remained unchanged as several large blocks of space have come to market – offsetting several large transactions. Similarly, the availability rate for Midtown stayed unchanged while Downtown's availability rose somewhat as several large blocks of space came to market. Leasing activity was below the level posted during the previous two quarters, but was well above the pace of a year ago. Absorption was negative for the quarter in Midtown South and Downtown, but minimally positive for Midtown North. Rents have risen across all submarkets. Manhattan's office market is likely to face a range of challenges in 2012. The economy has yet to settle into a steady recovery and is being tested by the upheaval in the global capital markets and the effects of the global debt crisis. The possibility of further job cuts in the financial services sector could push up availability rates over the coming months.

Market Trends

Midtown

- The class A availability rate remained relatively unchanged from last quarter at 12.7%, and asking rents increased to $71.30/RSF.
- The class B availability rate remained unchanged at 11.2%, with rents decreasing to $50.71/RSF.
- There was positive net absorption for class A space (104,233 SF) and negative absorption for class B space (-96,304 SF).

Midtown South

- The overall availability rate remained unchanged from the previous quarter at 9.5%, with rents increasing from $45.55/RSF to $48.54/RSF.
- Net absorption was negative at -302,150 SF.

Downtown

- The class A availability rate increased from 21.1% to 21.5%, with rents rising from $43.85/RSF to $47.74/RSF.
- The class B availability rate rose to 12.4%, with rents dropping minimally from $33.38/RSF to $33.24/RSF.
- Net absorption was negative for class A space at -297,945 SF and class B absorption was negative at -72,309 SF.

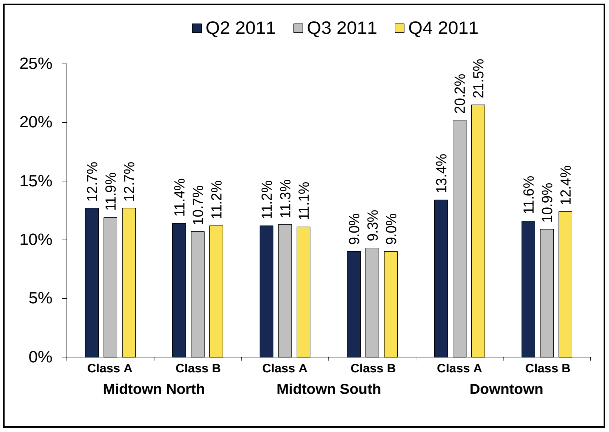
Tenant's Perspective

New development will play an important role in meeting future demand by providing modern infrastructure, a better work environmentand the opportunity to consolidate into a more efficient footprint. Looking ahead, tenants still have the upper hand, but the market is slowly moving towards equilibrium.

Major Transactions

Tenant/Buyer	Size	Type	Lease/Sale
Bank of America	408,367	Office	Lease
Credit Agricole	350,000	Office	Lease
Bank of America	318,665	Office	Lease
NYC Law Dept.	280,000	Office	Lease
Pearson plc	271,998	Office	Lease
Morgan Lewis & Bockius	200,000	Office	Lease
Guggenheim Partners	186,000	Office	Lease
Parsons Brinckerhoff	173,000	Office	Lease
Municipal Credit Union	126,000	Office	Lease
MSCI, Inc.	125,811	Office	Lease

Vacancy Rate



Average Rental Rates

Midtown North	Q2 2011	Q3 2011	Q4 2011
Class A Office	$68.54	$69.71	$71.30
Class B Office	$48.43	$51.16	$50.71
Midtown South	**Q2 2011**	**Q3 2011**	**Q4 2011**
Class A Office	$47.76	$52.92	$57.98
Class B Office	$41.84	$42.78	$44.34
Downtown	**Q2 2011**	**Q3 2011**	**Q4 2011**
Class A Office	$39.55	$43.85	$47.74
Class B Office	$33.87	$33.38	$33.24

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NJ – North/Central

Tenant's Guide ▪ North American Markets ▪ Fourth Quarter 2011

Overview

There are many indications that the good national economic news this quarter may have been temporary. While the GDP increased to 3.25%, it was mostly due to inventory restocking. Although the national unemployment rate fell to 8.6%, about half the decline was due to individuals who withdrew from the workforce. According to a survey by the NJBIA, nearly twice as many NJ companies reported layoffs than hires in 2011, leaving the survey's current-employment indicator at a negative level for the fourth consecutive year. Continued layoffs and future uncertainties resulted in the lowest volume of office leasing in over 10 years, an increase in "stay-put" decisions and a continuation of negative absorption.

Market Trends

Class A Office

- Space leased (1,150,000 SF) was the lowest in over a decade.
- The sublet vacancy rate has remained fairly constant over the last two years.
- There was a slight decrease in total vacancy rate from 16.5% to 16.4%.
- The average rental rate decreased by $0.20/SF.

Class B Office

- Total space leased (458,000 SF) was the lowest in 15 years.
- Total vacancy is 16.2%, the first time in over 15 years in which the rate is above 16%.
- The amount of marketed space continues to approach 20%.
- There was a negative total net absorption (437,000 SF), three times the amount in Q3 and the 12th consecutive negative quarter.

Industrial

- Vacancy decreased to 9.1% from 9.2% in Q3.
- The average rental rate increased to $5.20 from $5.13 in Q3, the first increase in three years.

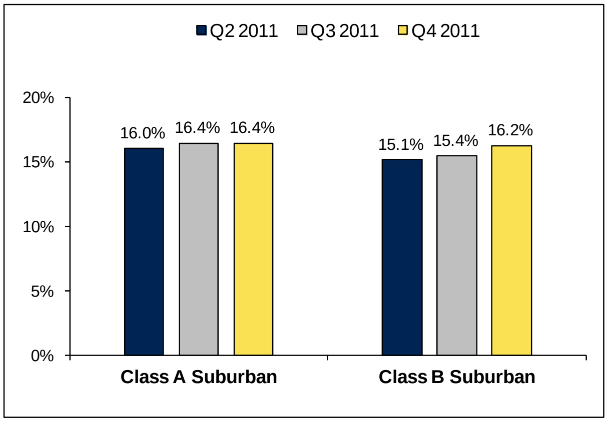
Tenant's Perspective

The NJBIA survey indicated that 72% of companies said that NJ is a good, fair or average place in which to build new or expanded facilities. The survey also indicated that employment outlook for 2012 is positive, with 86% planning to add or retain employees. Given the historical lag time between job creation and real estate demand, the weak market will continue for some time. Tenants should expect their representatives to take advantage by creating significant negotiating leverage through competitive processes.

Major Transactions

Tenant/Buyer	Size	Type	Lease/Sale
SHI International	420,000	Data Center	Lease
Deutsche Bank	204,515	Office	Lease
Wyndham Worldwide	203,000	Office	Lease
Realogy	170,000	Office	Lease
PNC Bank	131,363	Office	Lease
Ferring Pharma.	125,000	Office	Sale
Bosal, USA	103,000	Industrial	Lease
Maidenform	81,276	Office	Lease
Amicus Therapeutics	73,641	Laboratory	Lease
Bressler, Amery & Ross	70,674	Office	Lease

Vacancy Rate



Average Rental Rates

Suburban	Q2 2011	Q3 2011	Q4 2011
Class A Office	$26.62	$26.52	$26.31
Class B Office	$21.02	$21.27	$21.11

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Ontario/Inland Empire, California

Tenant's Guide ▪ North American Markets ▪ Fourth Quarter 2011

Overview

The Inland Empire industrial sector ended 2011 with a better performance and future outlook than most other national markets. Vacancy rates held below 10%, speculative projects broke ground, and investor interest was bullish. However, this massive marketplace still faces challenges. The office sector continued to struggle for most of 2011. During the 4th quarter, there were a few bright spots concerning pre-leasing deals and increased medical user activity. But, overall vacancy rates remained stubbornly high in the mid-twenty percentage range. Additionally, effective rents did not register much improvement, a trend some were predicting by late 2011.

Market Trends

The Inland Empire industrial market contains only 4 - 5% of the national base inventory. However, it is capturing 20 - 25% of the county's user activity. The popular consolidation trend among national tenants concerning their distribution requirements has both helped and hurt the local market. While the supply of new, mega-sized product can facilitate a company consolidating multiple locations, it also pulls existing tenants out of one local city and into another. These troubling negative absorption trends will continue over the short term. This trend, combined with even more new, speculative product hitting the market, should hold rents stable.

The still struggling office sector will require landlords to keep rents competitive into next year, while still offering free rent and aggressive concessions. On a positive note, a major class A office prelease was completed at Citrus Towers in the city of Riverside during the fourth quarter. The law firm of Best Best & Krieger will occupy 25% of the new property when completed in Q1 2012.

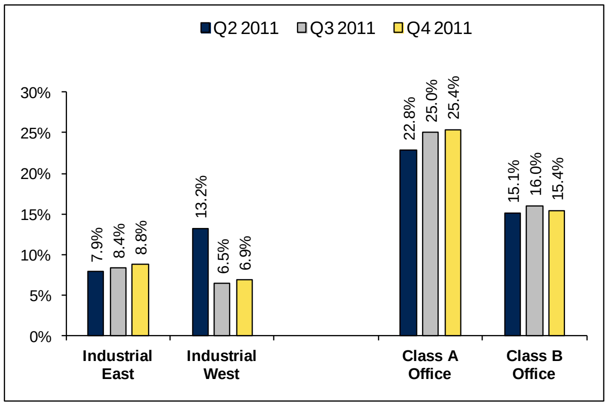
Tenant's Perspective

Industrial tenants will still explore early renewal options in 2012. They may also begin to finalize any delayed consolidation plans now that more new, big-box product is available. Next year will offer distribution tenants even more options and should remain a tenant's market, as rents and concessions hold, and as a result of more new construction. However, increased tenant interest in 600,000 SF+ product types many support those specific landlords. The office sector will present the best deals for expanding tenants. Low asking rents, healthy concessions and lack of new product will all bode well for office tenants considering a move, or expansion.

Major Transactions

Tenant/Buyer	Size	Type	Lease/Sale
Georgia Pacific	763,228	Warehouse/Dist.	Lease
Law Firm	12,778	Office	Sale
Invcare	219,518	Warehouse/Dist.	Lease
Best Best & Krieger	30,000(+/-)	Office	Pre-lease
Network Logistic Solutions	350,000	Warehouse/Dist.	Sublease

Vacancy Rate



Average Rental Rates

Industrial	Q2 2011	Q3 2011	Q4 2011
East	$4.01	$4.03	$4.00
West	$4.07	$4.16	$4.08

Office	Q2 2011	Q3 2011	Q4 2011
Class A Office	$22.91	$23.78	$23.75
Class B Office	$18.66	$19.09	$19.22

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Orange County, California

Tenant's Guide ▪ North American Markets ▪ Fourth Quarter 2011

Overview

During the second half of 2011, the Orange County office sector preformed better than most Southern California markets. Year-end vacancy rates slowly registered improvement in most submarkets, with a year-end, class A vacancy rate dropping to 16.6 percent. These rates still remain stubbornly high when compared to pre-recession levels. Additionally, the premier airport area submarket is still reporting a 20% vacancy for class A space.

The industrial and R&D sectors also witnessed an improving outlook during 2011. However, the long-awaited correction has been slow and steady and could still face additional challenges over the short term. Limited new product and a slightly improving local economic outlook could help stabilize these product types later into 2012.

Market Trends

As the local unemployment outlook continues to slowly improve additional office users may look to expand and take advantage of still attractive deals. One of the larger office deals of the year was by CoreLogic, which leased 169,287 square feet previously occupied by the FDIC. The simple fact that the FDIC was giving up space could be seen as a positive trend. Additionally, national firms such as Hyundai and Western Digital also completed major office deals in late 2011.

The South Orange County markets will remain a destination of choice for both regional and national industrial and R&D users. With some of the lowest area vacancy rates but still competitive rents, the trend in these sectors could be improving soon.

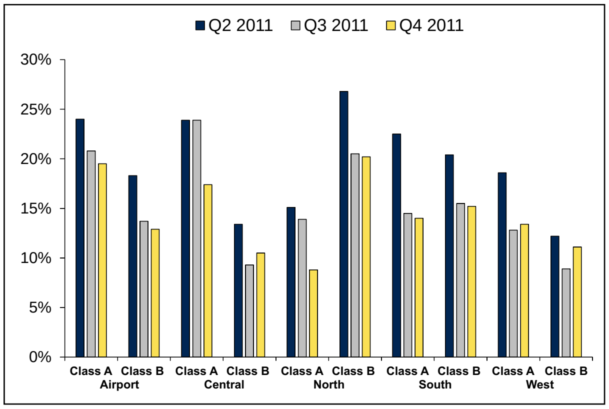
Tenant's Perspective

Orange County office tenants active in the market next year will continue to benefit from low effective rents, healthy concessions and the lack of major new construction. This will also afford them time to review and select the best possible deal. Renewal activity should remain active while tenants finalize their business plans and resulting office space requirements, or their possible downsizing options. For industrial and R&D tenants alike this paced correction and still attractive rents will make this market a great opportunity in 2012. The competitive rental rates, which are not expected to tick up by much but instead stabilize, could offer a wide choice of options for industrial tenants. Landlord concessions will remain generous to secure the strongest tenants in the marketplace.

Major Transactions

Tenant/Buyer	Size	Type	Lease/Sale
Berry Plastics Corp	117,857	Warehouse	Lease
M Line Holdings	48,600	Flex	Renewal
Sonance	43,240	Warehouse	Renewal
First PacTrust Bancorp	41,382	Office	Lease
Aspen Medical Products	30,000	Warehouse	Sublease

Vacancy Rate



Average Rental Rates

	Q2 2011	Q3 2011	Q4 2011
Airport Area	**Q2 2011**	**Q3 2011**	**Q4 2011**
Class A Office	$26.11	$26.24	$25.85
Class B Office	$20.84	$21.18	$20.57
Central County	**Q2 2011**	**Q3 2011**	**Q4 2011**
Class A Office	$22.97	$23.41	$23.60
Class B Office	$19.51	$19.89	$18.87
North County	**Q2 2011**	**Q3 2011**	**Q4 2011**
Class A Office	$24.06	$23.48	$23.54
Class B Office	$19.21	$21.85	$20.18
South County	**Q2 2011**	**Q3 2011**	**Q4 2011**
Class A Office	$24.83	$25.30	$24.76
Class B Office	$20.52	$22.34	$20.40
West County	**Q2 2011**	**Q3 2011**	**Q4 2011**
Class A Office	$24.00	$24.35	$24.80
Class B Office	$18.93	$20.34	$19.63
South OC	**Q2 2011**	**Q3 2011**	**Q4 2011**
Class A Office	$11.37	$11.56	$12.66
Class B Office	$8.07	$6.95	$7.44
North OC	**Q2 2011**	**Q3 2011**	**Q4 2011**
Class A Office	$10.68	$10.22	$14.20
Class B Office	$5.60	$5.97	$9.20

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Orlando, Florida

Tenant's Guide ▪ North American Markets ▪ Fourth Quarter 2011

Overview

In the fourth quarter, Orlando's overall office vacancy rate continued to decline which marks the sixth straight quarter of positive net absorption. Class A space is clearly the most active. With rates down some 20% from three years ago, many companies are able to upgrade their space with little to no increase in rent. In the Orlando CBD, it is becoming increasingly difficult to find 15,000+ SF of functional class A space.

Market Trends

- Very little new construction has been completed with 421,000 SF under construction.
- Vacant sublease space declined in the fourth quarter to 396,000 SF down from 533,000 SF.
- The overall office vacancy rate is 14.0%.
- The class A office market recorded net positive absorption of 430,000 SF during the quarter.
- The class B office market recorded net positive absorption of 83,000 SF during the quarter.

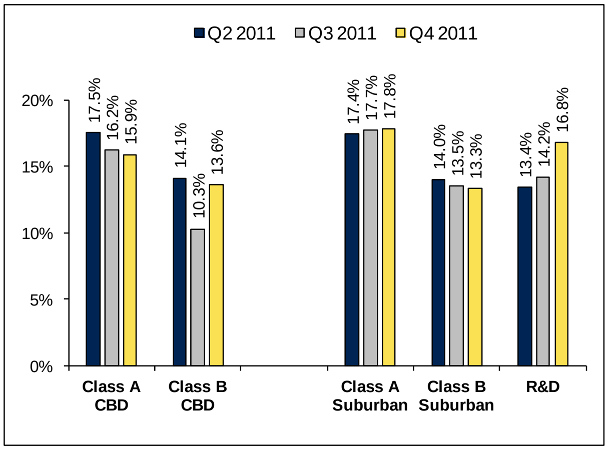
Tenant's Perspective

There is an abundance of smaller spaces (under 15,000 SF), but larger blocks are limited. With the uncertainty of the economy and the upcoming Presidential elections, we are not seeing new companies enter the market or existing companies with significant expansion plans; however, companies are beginning to commit to longer-term leases taking advantage of the soft market. Since no new space has been delivered to the market, almost all office space users have to work with second generation space, making construction costs and tenant improvement allowances a central focus during site review and lease negotiations. As always, an experienced tenant representative with no conflicts can make the process considerably less painful.

Major Transactions

Tenant/Buyer	Size	Type	Lease/Sale
Siemens AG	226,820	Office	Lease
FiServ	174,000	Office	Lease
Golf Channel	132,000	Office	Lease
Rogers Lovelock & Fritz	27,687	Office	Lease
Old Florida Nat'l Bank	18,300	Office	Lease
FL Dept. of Revenue	15,336	Office	Lease
Blue Green Resorts	12,952	Office	Lease
Avant Healthcare	10,580	Office	Lease
Seipp & Flick	9,919	Office	Lease
Corvel	7,385	Office	Lease

Vacancy Rate



Average Rental Rates

CBD	Q2 2011	Q3 2011	Q4 2011
Class A Office	$24.14	$24.01	$24.06
Class B Office	$20.28	$19.98	$20.51

Suburban	Q2 2011	Q3 2011	Q4 2011
Class A Office	$22.27	$23.53	$22.00
Class B Office	$18.10	$18.00	$17.67
R&D	$8.71	$8.64	$9.31

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Ottawa, Ontario

Tenant's Guide ▪ North American Markets ▪ Fourth Quarter 2011

Overview

Ottawa's office market came to a close in 2011 amidst a flurry of activity defined mainly by some big federal public sector leases in the downtown core. Landlords with properties in the Central Business District are keenly aware that there is almost 4,000,000 SF of new government-backed construction is coming on stream over the next 24 months. They are doing their best to renew their large tenants well in advance of any potential spike in CBD vacancy.

The vacancy rate in the downtown core rose from 3% at Q3 2011 to 6.2% largely due to the long awaited inclusion of 337,300 SF of new vacancy at 234 Laurier Ave. West, the former headquarters of Export Development Canada. The space is being advertised as available in January of 2013 following a $25 million refurbishment program.

As bidding for top tenancies intensifies, there has been plenty of evidence that larger tenants in class A buildings are completing deals well below the advertised rents. This will likely continue to escalate throughout 2012.

The general feeling in Kanata is of a slow but steady push towards a balanced market which has been driven by a solid volume of completed deals. However the vacancy rate continues to increase as companies "right size" their way to savings. So even as the nicest space is being taken up, the tenants moving to new space often leave larger pockets of older space behind them, and the vacancy rate rises.

Market Trends

- Kanata rents are increasing even as vacancy creeps upwards.
- Competition for large AAA tenancies grows fierce in the CBD.

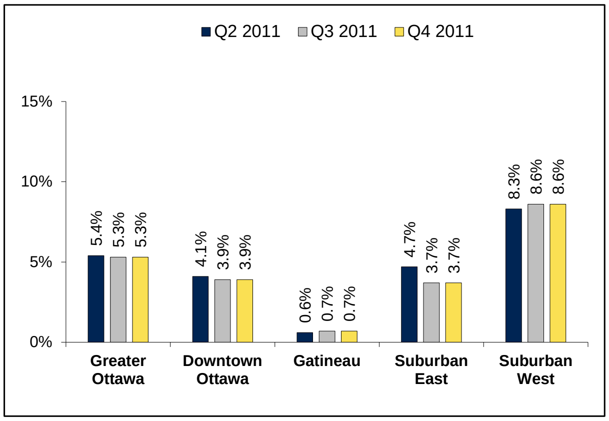
Tenant's Perspective

West end tenants should do their best to take a long view on their real estate planning. Short of a major failure by a company like RIM or Mitel, there is a very real possibility that the Kanata market could tighten rapidly with only a few more decent sized transactions. For larger tenants in the downtown core, now is the time to make strong inroads on rents that have risen steadily for the past fifteen years, but it will take a determined effort on the part of the first few tenants through the door to make it happen.

Major Transactions

Tenant/Buyer	Size	Type	Lease/Sale
PWGSC	380,000	Renewal	Lease
PWGSC	90,000	Renewal	Lease
PWGSC - Justice	60,000	New Lease	Lease
PWGSC	66,257	Renewal	Lease
Allen Vanguard	31,033	Renewal	Lease
Mobile Knowledge	15,000	New Lease	Lease
BDO Financial	10,000	New Lease	Lease
Can. Construction Assoc.	8,800	New Lease	Lease
CBC Pension Fund	8,000	Renewal	Lease
Canada News Wire	6,000	New Lease	Lease

Vacancy Rate



Average Rental Rates

CBD	Q2 2011	Q3 2011	Q4 2011
Class A Office	$24.85	$25.67	$25.73
Class B Office	$17.14	$18.10	$17.79

Suburban	Q2 2011	Q3 2011	Q4 2011
Class A Office	$14.09	$14.39	$14.28
Class B Office	$12.21	$12.35	$12.52
R&D	$11.06	$11.39	$11.32

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Palo Alto, California

Tenant's Guide ▪ North American Markets ▪ Fourth Quarter 2011

Overview

The fourth quarter of 2011 continued a surge of strong demand along the Peninsula corridor with several large transactions taking place in Mountain View and Redwood City. Labor demand for highly skilled engineers is very strong, driving various technology companies to offer incentive packages to candidates. Class A leasing activity for 2011 on a year over year basis may be the strongest since 2000-2001.

Market Trends

- Demand for class A office space remains a priority.
- Venture Capital funding is growing amid a generally stagnant U.S. market.
- If a requirement is greater than 100,000 square feet, tenants are being pushed to pursue options north of San Francisco and south to Santa Clara.

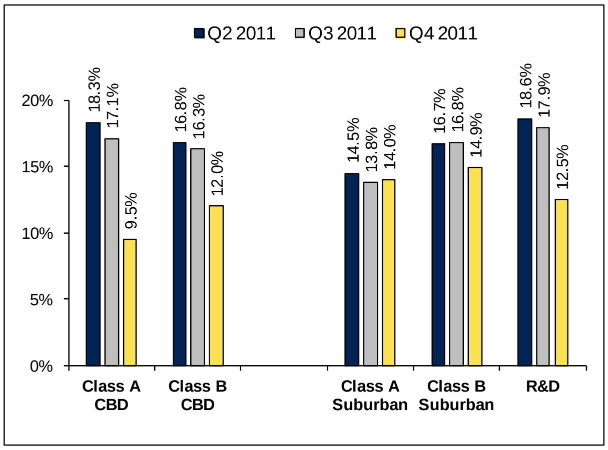
Tenant's Perspective

Tenants looking for space near Cal Train will be forced to pursue alternatives elsewhere. Tenants should continue to maintain an attitude similar to the dot com era when negotiating on preferred space, particularly when the current market conditions are in the landlord's favor and multiple offers exist. Demographic flexibility will be key when pursuing space on the Peninsula.

Major Transactions

Tenant/Buyer	Size	Type	Lease/Sale
Synopsis	300,000	Office/R&D	Lease
Symantec	136,000	Office	Lease
Bristol-Meyers Squibb	133,000	R&D	Renewal
Zazzle	120,000	Office	Lease
Omnicell	100,000	Office/R&D	Lease
Perfect World Entertainment	100,000	Office	Lease
SAP	92,500	Office/R&D	Lease
Siebel Foundation	68,000	Office	Lease
Zynga	58,000	Office	Lease
Kabam	57,000	Office	Lease

Vacancy Rate



Average Rental Rates

CBD	Q2 2011	Q3 2011	Q4 2011
Class A Office	$72.00	$76.00	$76.00
Class B Office	$56.00	$56.00	$56.00

Suburban / Stanford Park	Q2 2011	Q3 2011	Q4 2011
Class A Office	$56.00	$56.00	$60.00
Class B Office	$36.00	$36.00	$40.00
R&D	$28.00	$28.00	$28.00

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Philadelphia, Pennsylvania

Tenant's Guide ▪ North American Markets ▪ Fourth Quarter 2011

Overview

The fourth quarter closed with positive net market absorption of 879,220 SF and overall vacancy declining to 11.92%. With continued, modest quarter-over-quarter improvement, the market is sustaining a consistent but still fragile recovery. Nearly 307,000 square feet of newly constructed office space was delivered in Q4 2011.

Market Trends

- The local MSA unemployment rate stood at 8.1% through October 2011, below the national average of 9% for the same period.
- A 2010 study by KPMG reported that Greater Philadelphia has a lower cost of doing business in 17 sectors when compared to the 18 largest metro areas across the U.S.
- Research and Development in the Greater Philadelphia Region Study, conducted by Select Greater Philadelphia, found that Greater Philadelphia is among the top 5 research and development centers in the U.S. with total R&D spending higher than the U.S. percentage.
- The 2010 "Inc. 5000" list of fastest growing companies named Greater Philadelphia a "Top 10 Metro Hotspot".

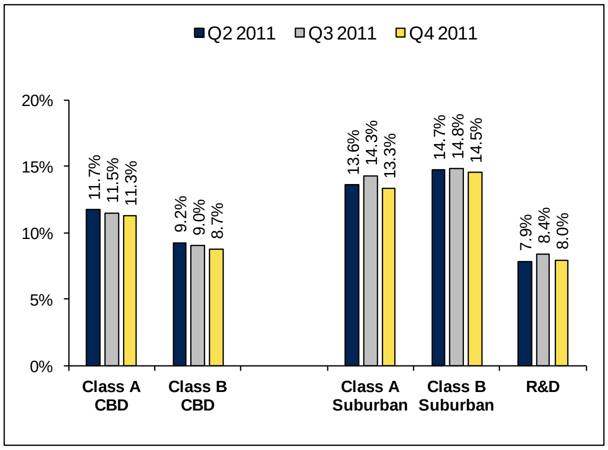
Tenant's Perspective

The Philadelphia region will continue to be a tenant's market through mid-2012. Most tenants can still expect favorable rents and rental concessions in any negotiation and are advised to act in the near term. This excludes requirements for specialty product and large contiguous blocks of space (over 75,000 SF), which both remain scarce. It is wise to visit lease obligations well in advance of their expiration (ideally >12-18 months) to capture the most favorable terms. As always there are submarkets which will run counter to this forecast, and it is advisable for tenants to consider researching multiple sub-markets as they look at space options. Understanding the financial strength of any prospective property remains an area of critical assessment, specifically the ability of certain ownerships to fund tenant improvements, transaction costs, and property maintenance need to be understood prior to making a commitment.

Major Transactions

Tenant/Buyer	Size	Type	Lease/Sale
Keystone Property Grp	220,358	Office	Purchase
Gamesa Tech	74,297	Office	Lease
Holtec Int'l	206,243	Office	Purchase
GSA	53,000	Office	Lease
David Werner RE	841,000	Office	Purchase
Conrad O'Brien	45048	Office	Lease
The Hartford	41,869	Office	Lease
Goodwill Industries	60,760	Warehouse	Lease
Iroko Pharmaceuticals	56,413	Office	Lease
Pepper Hamilton	27,326	Office	Lease

Vacancy Rate



Average Rental Rates

CBD	Q2 2011	Q3 2011	Q4 2011
Class A Office	$26.17	$26.20	$26.32
Class B Office	$22.41	$22.45	$22.40

Suburban	Q2 2011	Q3 2011	Q4 2011
Class A Office	$23.27	$24.53	$24.69
Class B Office	$19.97	$19.92	$19.89
R&D	$28.95	$36.00	$36.00

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Phoenix, Arizona

Tenant's Guide ▪ North American Markets ▪ Fourth Quarter 2011

Overview

The Phoenix office market ended the fourth quarter of 2011 with a vacancy rate of 21.1%. Phoenix had a positive absorption of 882,680 square feet in the fourth quarter of 2011. Phoenix will remain a tenant's market with high vacancy levels and low asking rents.

Market Trends

- Net absorption for the market was a positive 882,680 SF.
- Vacancy rates have decreased slightly to 21.1%.
- Average rental rates for all office space continued to decline with average rates decreasing $0.32 to $20.63.
- Four buildings were delivered to the market in the fourth quarter of 2011 totaling 327,037 SF.
- Overall office square footage inventory is 155,844,833 SF.

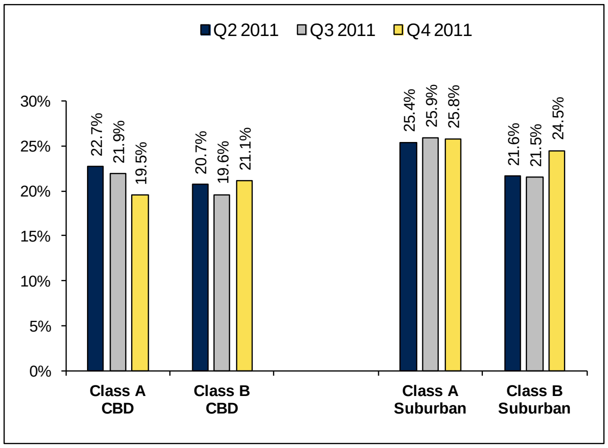
Tenant's Perspective

Landlords in the Phoenix market continue to lower the average quoted rates and offer concessions, allowing new tenants to take advantage of market conditions. Landlords are providing compelling concessions to existing tenants looking for flexible lease terms to hedge against uncertain economic factors. Tenants are investigating market options normally unattainable due to high occupancy costs, creating a flight to quality. Companies with strong foundations are able to move into more desirable properties or areas rather than be restricted to certain geographic parameters.

Major Transactions

Tenant/Buyer	Size	Type	Lease/Sale
Apollo Group	599,664	Office	Lease
Home Depot	400,000	Industrial	Lease
Western Container	283,358	Industrial	Lease
i/o Data Centers	221,116	Industrial	Lease
Schoeller Arca Sys.	153,969	Industrial	Lease
Fennemore Craig	121,000	Office	Lease
Greenberg Traurig	78,286	Office	Lease
Bechtel Corporation	72,494	Office	Lease
AT Security Services	66,635	Office	Lease
Ports America	64,827	Office	Lease

Vacancy Rate



Average Rental Rates

CBD	Q2 2011	Q3 2011	Q4 2011
Class A Office	$23.20	$23.18	$23.11
Class B Office	$19.49	$19.37	$19.61

Suburban	Q2 2011	Q3 2011	Q4 2011
Class A Office	$24.25	$24.35	$24.11
Class B Office	$20.30	$20.18	$19.97

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Pittsburgh, Pennsylvania

Tenant's Guide ▪ North American Markets ▪ Fourth Quarter 2011

Overview

Pittsburgh's economy continues to thrive in comparison to the country as a whole. A recent study showed that Pittsburgh is one of only five metro areas in the United States that had more jobs in 2011 than it did in 2001. Nationally, job creation has been sluggish over the last several years, but two suburban Pittsburgh counties have experienced significant employment growth. In the last two years, Washington and Butler counties have grown by 4.3% and 4.2% respectively, which puts both counties in the top ten nationally for job growth percentage. This increase is largely because of the thriving Marcellus Shale natural gas industry in the surrounding Pittsburgh region. Pittsburgh also treasures its most recent recognition as one of the top 20 places in the world to visit by National Geographic Traveler, making it one of only two places in the United States that made the list.

Market Trends

- Areas north of the city continue to have some of the lowest vacancy rates in the country.
- Marcellus Shale companies continue to outgrow their current commercial real estate.
- Areas south of the city are looking to develop new projects to create more available space.
- The vacancy rate for R&D space dropped .5%, from 7.2% to 6.7%.
- The class B CBD vacancy rate showed an increase of nearly 1% from last quarter.

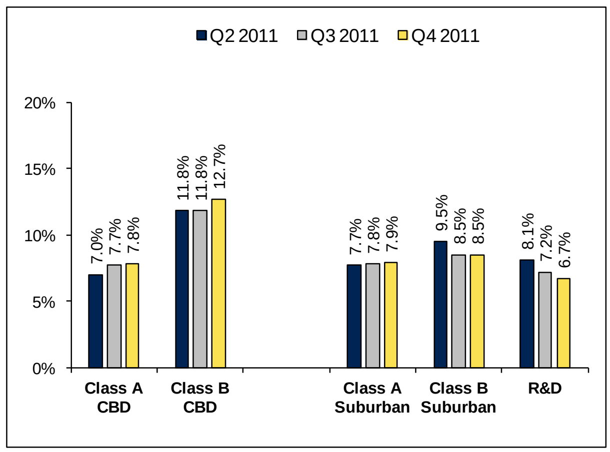
Tenant's Perspective

Pittsburgh business experts have a positive outlook on the Pittsburgh economy in 2012. As the traditional workplace continues to change with more flexible work schedules and environments, tenants are evaluating more open office layouts and hoteling of cubes and filing cabinets. Creative spaces are here to stay as this emerging trend finds its way into Pittsburgh.

Major Transactions

Tenant/Buyer	Size	Type	Lease/Sale
McKnight Realty	471,786	Office	Sale
Baum Blvd Inv.	123,498	Flex	Sale
TheraCom	67,000	Office	Lease
Millcraft Industries	37,000	Flex	Sale
Morgan Lewis & Bockius	36,126	Office	Renewal
dck Worldwide	23,273	Office	Lease
XO Communications	17,652	Office	Renewal
Duquesne Light	13,000	Office	Lease
Three Rivers Mgmt.	8,500	Office	Lease

Vacancy Rate



Average Rental Rates

CBD	Q2 2011	Q3 2011	Q4 2011
Class A Office	$23.05	$22.64	$22.76
Class B Office	$18.05	$18.02	$18.19

Suburban	Q2 2011	Q3 2011	Q4 2011
Class A Office	$22.00	$21.72	$21.98
Class B Office	$17.35	$17.57	$17.70
R&D	$5.28	$5.04	$4.98

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Portland, Oregon

Tenant's Guide ▪ North American Markets ▪ Fourth Quarter 2011

Overview

In the fourth quarter of 2011, the Portland real estate market continued its trend from previous quarters. The CBD remains a tight market, and there is very little availability for large users. A high in demand alternative to class A buildings are older industrial buildings that have been remodeled into a creative type use. Close-in Eastside and Northwest Portland can provide this type of building, but with the large amount of growing technology companies who are searching for this ideal space, it tends to be leased quickly. New development is still risky but remodeling and redeveloping traditional office space would be a great alternative for landlords looking to quickly fill their vacancies at the rental rates they desire. The Sunset Corridor submarket is also beginning to tighten, which could be a result of downtown users changing locations to get needed space that is no longer available in the heart of the CBD. On top of overflow coming from the CBD, there are a few large users in the market looking for headquarter and campus locations. Tigard, I-5 Corridor, Kruse Way and their surrounding submarkets remain in favor of the tenant. Vacancy rates look similar to last quarter and landlords are willing to make a deal to fill empty buildings. The industrial market in Portland remains stable, although users looking for more than 100,000 square feet have limited options, and there is no new construction to report of to solve this problem.

Market Trends

- Sunset Corridor is actively being toured.
- The CBD continues to be a competitive market for available space.
- Outlying submarkets remain in tenants' favor.
- Creative space is in high demand, and there are limited availabilities.
- Sublease availabilities continue to provide excellent cost-effective, short-term opportunities.

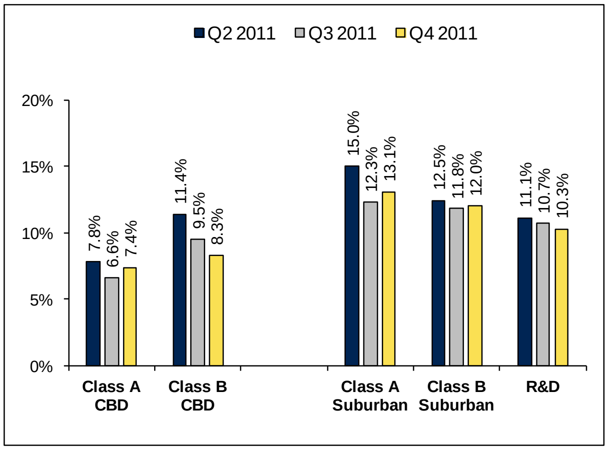
Tenant's Perspective

Tenants looking for creative space should project ahead and begin their search now to ensure that the appropriate improvements can be completed by the time of their occupancy. If looking in the downtown market, users should start their search for space early to secure space in a competitive market. Users in the suburban markets can take advantage of the tenant's market by signing longer lease terms with better concession packages. For all markets, the best possible tenant deal is going to be secured by starting early, having multiple options and negotiating aggressively.

Major Transactions

Tenant/Buyer	Size	Type	Lease/Sale
Power Freight Sys.	85,600	Industrial	Lease
Ajinomoto	79,556	Industrial	Lease
HDR, Inc.	48,111	Office	Lease
Confidential	23,517	Office	Lease
Delap LLP	20,922	Office	Lease
Everest Institute	20,646	Office	Lease
The Regus Group	17,680	Office	Lease
Confidential	16,772	Office	Lease
State Farm	10,643	Office	Lease
Ride Connection	10,136	Office	Lease

Vacancy Rate



Average Rental Rates

CBD	Q2 2011	Q3 2011	Q4 2011
Class A Office	$25.13	$25.12	$25.22
Class B Office	$19.67	$19.69	$19.53

Suburban	Q2 2011	Q3 2011	Q4 2011
Class A Office	$24.56	$22.95	$22.35
Class B Office	$17.44	$17.53	$17.80
R&D	$9.26	$9.81	$10.11

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Princeton, New Jersey

Tenant's Guide ▪ North American Markets ▪ Fourth Quarter 2011

Overview

Moving beyond a market focused on early lease recasting, Princeton-area tenants expressed definitive decisions with several relocations that have had a profound impact on local perceptions. With major commitments in key industry areas, the financial, legal, energy, biotech and insurance firms are leading the way.

Cresa Princeton has advised five tenants within these respective industries in our market involving their Q4 2011 facilities decisions. Valued clients like Oracle, Princeton Power Systems, NERC, Princeton Payment Solutions and Bracco Diagnostics committed to renew, consolidate, expand, sublet and/or relocate.

Statewide support of corporate growth and retention by the New Jersey Business Action Center (created in January of 2010) has specifically bolstered the state's appeal to businesses. According to the center, its efforts have helped retain or create 35,000 jobs and generate $5.3 billion in total public-private investment in the state.

Market Trends

- Total availabilities are still higher than reported vacancy rates (by 4% to 5%).
- Firms continue to explore alternative market locations and consolidations.
- Activity seems to continue to be gravitating toward New York, Philadelphia and others major urban centers.

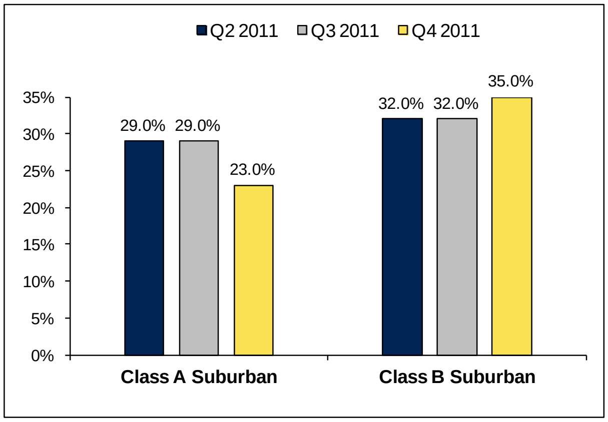
Tenant's Perspective

A recent rise, albeit slow, in the level of market activity suggests that landlords may become more aggressive in holding to or raising asking rental rates. At a minimum, reduced concessions are clearly on the horizon as there are continuing signs of a sluggish economic recovery through 2012.

Major Transactions

Tenant/Buyer	Size	Type	Lease/Sale
Propack Data Corp	225,000	Industrial	Lease
Bracco Diagnostics	73,000	Office	Lease
De Sapio Construction	31,000	office	Sale
Princeton Power Systems	23,370	Office	Lease
Ferrara & Company	14,000	Office	Lease
RCP Management	13,400	Office	Sale
Pepper Hamilton LLP	6,146	Office	Lease
Princeton Payment Solutions	4,000	Office	Sublease
Twin Leaf	3,000	Office	Sale

Vacancy Rate



Average Rental Rates

CBD	Q2 2011	Q3 2011	Q4 2011
Class A Office	$31.43	$30.73	$31.39
Class B Office	$22.85	$25.58	$22.97

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Raleigh, North Carolina

Tenant's Guide ▪ North American Markets ▪ Fourth Quarter 2011

Overview

The overall office vacancy rate in the Triangle held steady at 15.3%. Net absorption for the fourth quarter was sluggish at 118,000 SF and was entirely due to class A space, continuing the "flight to quality" trend. The primary leasing activity during the quarter and throughout 2011 was from the shuffling of tenants. For the first time since the recession began, the Triangle unemployment rate fell below the 8% level to 7.8% in December. Economists are predicting that job growth in the region, while certainly not explosive, will be one of the highest in the nation. Tenants were active in the sublease market, both on the acquisition and disposition side, but the total amount of sublease space on the market has remained steady at near the historic average. Sales activity of commercial properties continued an upward trend in the fourth quarter.

Market Trends

- Vacancy and rental rates are holding mostly steady. Demand for class A space continues to outpace that of class B space.
- There has been an increase of lender foreclosures or loan workouts, primarily on smaller, locally owned properties, creating opportunities for cash buyers.
- The vacancy of R&D space dropped to 14.4% at the end of 2011, for a total reduction of 2% over the year.

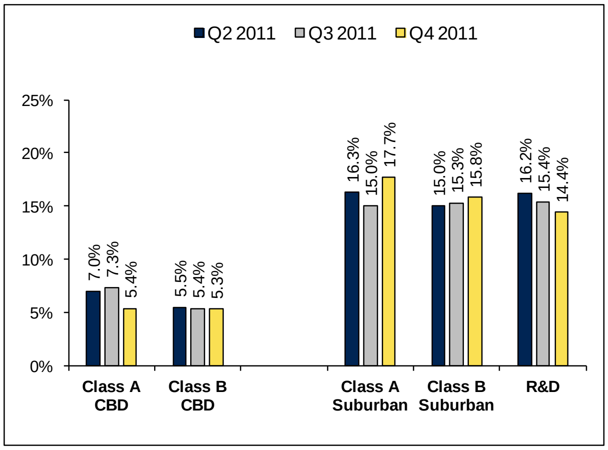
Tenant's Perspective

Tenants can expect to find favorable lease terms as most landlords are aggressively competing for deals. The window of opportunity for tenants to take advantage of the market remains open for now, but is expected to begin closing during 2012. Larger users need to be sure to get an early jump on evaluating space options as large blocks of space are becoming scarcer and delivery of any new product would be at least 18 months out. As the Triangle market recovers through 2012, we expect there will be a shortage of space in several submarkets until new product can be delivered. Tenants who are able to commit to a longer-term lease now will reap the benefits of lower occupancy costs as the market shifts and landlord concessions diminish.

Major Transactions

Tenant/Buyer	Size	Type	Lease/Sale
Phoenix Telecom	90,000	Industrial	Lease
American Greenz	71,000	Industrial	Lease
Biolex	48,000	Office	Lease
Rapiscan	34,000	Industrial	Lease
SimplexGrinnell	32,000	Flex	Lease
Total Outsourced Sys.	31,000	Flex	Lease
NC Emergency Mgmt.	27,000	Industrial	Lease
Veritas Collaborative	21,000	Office	Lease
Access Point	19,000	Office	Lease
UNC Dermatology	15,000	Office	Lease

Vacancy Rate



Average Rental Rates

CBD	Q2 2011	Q3 2011	Q4 2011
Class A Office	$22.80	$22.86	$22.33
Class B Office	$17.27	$18.21	$18.58

Suburban	Q2 2011	Q3 2011	Q4 2011
Class A Office	$21.41	$21.69	$21.84
Class B Office	$17.06	$17.02	$16.99
R&D	$9.80	$9.74	$9.94

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Sacramento, California

Tenant's Guide ▪ North American Markets ▪ Fourth Quarter 2011

Overview

The Sacramento office market ended the fourth quarter 2011 with a vacancy rate of 17.6%. The vacancy rate was slightly higher than the previous quarter with net absorption for the overall Sacramento office market at positive 262,036 SF. Vacant sublease space increased in the fourth quarter ending at 433,575 SF. Rental rates ended the fourth quarter at $20.40, less than the previous quarter.

Market Trends

- The Sacramento region experienced significant annual job growth in November 2011, with payroll jobs increasing by one percent between November 2010 and November 2011.
- Tenant trends have leaned toward restructuring, renewing and downsizing.
- Landlords continue to compete for tenants.
- Vacancy rates vary depending on submarket from below 6% for the CBD to over 40% in certain suburban submarkets.

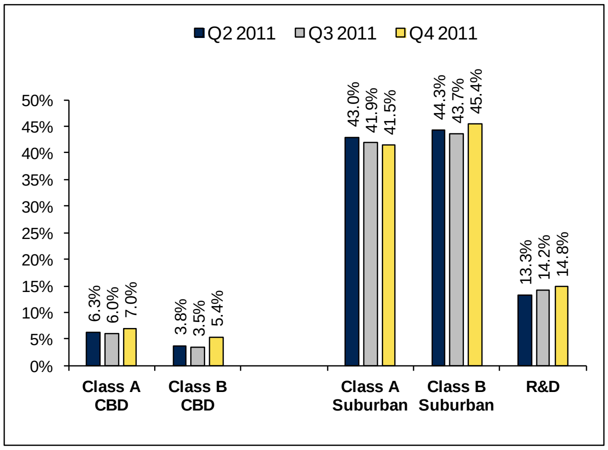
Tenant's Perspective

Tenants continue to benefit from a soft office market. Concessions given now include free rent and tenant improvements. However, going forward, high tenant improvement allowances and overall concessions due to the lack of landlord liquidity might be offered in the form of more free rent. Tenants need to be selective, and they should focus on working with credit-worthy landlords.

Major Transactions

Tenant/Buyer	Size	Type	Lease/Sale
National University	29,000	Office	Lease
Students First	19,422	Office	Lease
WestEd	17,894	Office	Lease
Sedgwick Claims Mgmt.	13,652	Office	Lease
Ellis Law Group	11,500	Office	Lease
Heartbeat KTV Sushi Lounge	10,309	Office	Lease
El Hogar	10,000	Office	Lease
HRC	9,600	Office	Lease
CSC Corporation	8,852	Office	Lease
California Sleep Solutions	5,016	Office	Lease

Vacancy Rate



Average Rental Rates

CBD	Q2 2011	Q3 2011	Q4 2011
Class A Office	$29.16	$28.80	$28.80
Class B Office	$22.20	$21.60	$21.60

Suburban	Q2 2011	Q3 2011	Q4 2011
Class A Office	$22.80	$22.08	$22.08
Class B Office	$20.40	$20.40	$20.28
R&D	$17.88	$16.68	$16.44

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San Antonio, Texas

Tenant's Guide ▪ North American Markets ▪ Fourth Quarter 2011

Overview

The San Antonio market continued to outperform the national economy in 2011. Vacancy rates and rental rates have basically remained unchanged during the last quarter. A diversified employment base has helped San Antonio weather the economic storms of a meltdown in the lending markets and a drop in consumer confidence.

Market Trends

- Citywide, vacancy rates are at 17.1%.
- Average rental rates are $19.55.
- Economic development efforts have been successful in attracting large call center and data center users to San Antonio.
- Several large users in the market have announced build-to-suit projects in the West and Northwest submarkets.

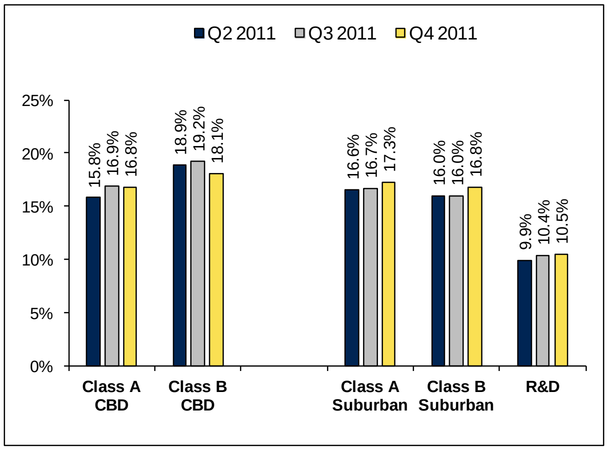
Tenant's Perspective

San Antonio remains a relatively stable market for tenants. However, there are very few existing blocks of vacant space in the market. The immediate impact has been that tenants are required to compete for the most desirable blocks of space. Landlords are looking more closely at a tenant's credit. Increasing consolidation in the real estate industry makes it imperative that tenants work more closely with their real estate advisors to most effectively develop their real estate strategies for the future.

Major Transactions

Tenant/Buyer	Size	Type	Lease/Sale
Visionary Properties	108,655	Office	Lease
Argo Group	57,997	Office	Lease
QTC	34,555	Office	Lease
Forge Energy	11,828	Office	Lease

Vacancy Rate



Average Rental Rates

CBD	Q2 2011	Q3 2011	Q4 2011
Class A Office	$20.80	$20.80	$20.70
Class B Office	$17.05	$18.10	$17.35

Suburban	Q2 2011	Q3 2011	Q4 2011
Class A Office	$21.60	$21.68	$21.83
Class B Office	$18.45	$18.75	$18.85
R&D	$9.18	$9.02	$9.00

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San Diego, California

Tenant's Guide ▪ North American Markets ▪ Fourth Quarter 2011

Overview

The forecast for 2012 in San Diego County indicates sluggish growth of approximately 1.8%. 35% of the jobs lost between 2007 and 2009 have been offset by increased employment between 2010 and 2011. Another 20% of the total jobs lost are anticipated to be added in 2012. Onerous taxes and a draconian regulatory environment are limiting job growth to the relatively low-skilled and lower pay grade jobs. The unemployment rate hit its lowest mark in 2011 in December, down to 9.2% as compared to 10.6% a year ago. Vacancy rates increased slightly (1.3%) in the CBD and remained fairly static in the suburban office markets. While average rental rates have increased slightly in class A space in the CBD, average rental rates have dropped slightly or not changed in each other specialty reported.

Market Trends

- Demand calculated by the number of transactions remains flat, although some large transactions accounted for considerable square footage absorption.
- The lack of new construction has reduced the options for tenant requirements over 40,000 SF.
- Landlords are well aware of the lack of optimism for the 2012 San Diego economy.
- While interest rates in the capital markets arena remain appetizing, lending requirements are often times paralyzing.

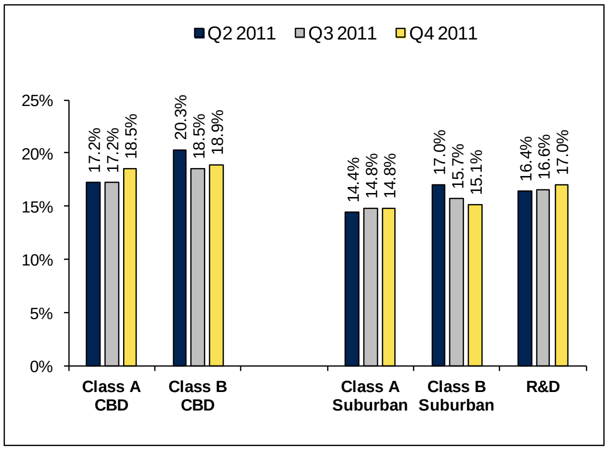
Tenant's Perspective

Tenants continue to hold the upper hand in lease negotiations. It is imperative for tenants to know the financial status of their current landlords as it is expected that foreclosures on commercial real estate properties will increase in 2012. It is imperative that leases include non-disturbance language to ensure that occupancy rights will not be affected in the event of a foreclosure. Tenants should also be aware of their landlord's finance situation to understand their leverage on lease negotiations. If a landlord needs to refinance in the near future, it would behoove the landlord to negotiate a long-term commitment from their tenants. This long-term commitment should then be at very attractive terms for the tenants. Cresa can provide tenants all of the information necessary to know their circumstances.

Major Transactions

Tenant/Buyer	Size	Type	Lease/Sale
LPL Financial	414,575	Office	Lease
Celegene	192,832	Biotech	Lease
Soitec USA Inc	165,600	Industrial	Sale
SKLZ	150,159	Industrial	Lease
Floor & Décor Outlet	88,617	Industrial	Lease
General Atomics	76,631	Industrial	Sale
Cytori Therapeutics	60,118	Biotech	Lease
Huawei Technologies	49,600	Office	Lease
Bank of Internet	43,666	Office	Lease
California College	39,381	Office	Lease

Vacancy Rate



Average Rental Rates

CBD	Q2 2011	Q3 2011	Q4 2011
Class A Office	$28.56	$27.96	$28.08
Class B Office	$25.44	$25.44	$23.52

Suburban	Q2 2011	Q3 2011	Q4 2011
Class A Office	$30.60	$30.96	$30.84
Class B Office	$24.72	$24.36	$24.12
R&D	$12.72	$12.84	$12.84

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San Francisco, California

Tenant's Guide ▪ North American Markets ▪ Fourth Quarter 2011

Overview

The San Francisco office market continued to show signs of recovery, particularly within class A assets. While class A vacancy declined, class B vacancy stayed fairly flat. Interestingly, class A and B rents rose around 9% last quarter with no meaningful vacancy change in class B space. This means landlords in class B buildings are recognizing the dwindling class A supply and don't have to try as hard to attract tenants if they offer healthy concession packages. Looking at the past four quarters, asking rates rose over 20%. Still, many landlords are willing to offer aggressive concession packages for well-positioned negotiators, focusing on future value through high-coupon rates. For national tenants, this is a surprising trend compared to more vulnerable markets. Landlords willing to divide floors to accommodate multiple tenants are keeping premium blocks together, trying to capture pent-up demand for expansion space within healthy industries like gaming and technology. While building sales have cooled since the first half of the year, investors see San Francisco as a healthy long-term market. To tenants, these statistics suggest that a "wait and see" approach to long-term planning will likely put them at a disadvantage.

Market Trends

- Space with a sub-$40 rental rate is becoming more difficult to find, especially if tenants expect meaningful tenant improvement allowances.
- Responding to the lack of SoMa creative space, more traditional class A high-rises are offering a "Creative Building Standard" with exposed ceilings and an open office plan.
- While investment sales activity continues to slow down, certain buyers remain bullish on San Francisco (and the Bay Area) and are identifying targets promising long-term value.
- Due to rising office rents, more companies are casting a wider net in search of large blocks of space, including Oakland and Emeryville.
- Companies asking for the past 24 months, "Has the market reached the bottom?" may regret their indecision to renegotiate leases.

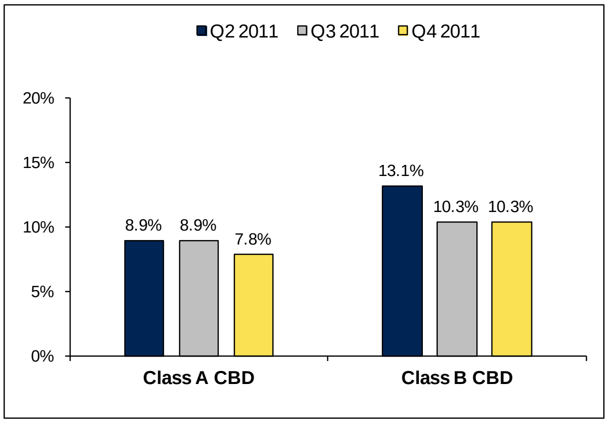
Tenant's Perspective

Despite a lack of job creation nationally, the local market continues to be active and poses challenges for companies that do not plan ahead. Well-capitalized investors continue to see San Francisco as a healthy long-term player.

Major Transactions

Tenant/Buyer	Size	Type	Lease/Sale
1275-1285 Market St.	385,000	Office	Sale
Highridge Partners	196,630	Office	Sale
Citigroup, Inc.	139,204	Office	Renewal
Divco West	136,808	Office	Sale
Covington & Burling	108,815	Office	Renewal
Divco West	100,315	Office	Sale
Pac 12 Conference	70,000	Office	Lease
Kilroy Realty Corp.	69,090	Office	Sale
Skidmore, Owings & Merrill	36,116	Office	Renewal
HOK	34,088	Office	Renewal

Vacancy Rate



Average Rental Rates

CBD	Q2 2011	Q3 2011	Q4 2011
Class A Office	$37.91	$38.61	$40.77
Class B Office	$28.38	$29.74	$30.65

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San Jose, California

Tenant's Guide ▪ North American Markets ▪ Fourth Quarter 2011

Overview

Leasing and sale activity slowed somewhat in Q4 2011; however, vacancy rates declined, and lease rates continued to rise. The pace in Q4 did not match that of Q2-Q3, and with the debt crisis heating up again in Europe, 2012 may be flat compared to 2011 overall, providing tenants a breather from this area's predominately landlord's market. The Lower Peninsula continues to drive rates and for tech titans remains the most desirable location, with average lease rates up 30% this year in that submarket. We expect upward rate pressure to push south. Santa Clara County's unemployment rate sits at 9.2%, down from 10% a year ago. As predicated, several class A "spec" developments are breaking ground now and over within the next two quarters to meet demand in this highly sought-after product type.

Market Trends

- Class A office and R&D facilities continue to drive the market, and rates are climbing to support new developments in the Lower Peninsula (Palo Alto through Sunnyvale).
- Demand for campus-type projects are acquisition targets for successful tech companies, driving up rates and values for that product type.
- Developers seek enhancements or increases in entitlements and FAR coverage for class A developments, especially in well-located high-tech corridors, advancing the trickle-down effect to other segments of the market and upward pressure on property values.

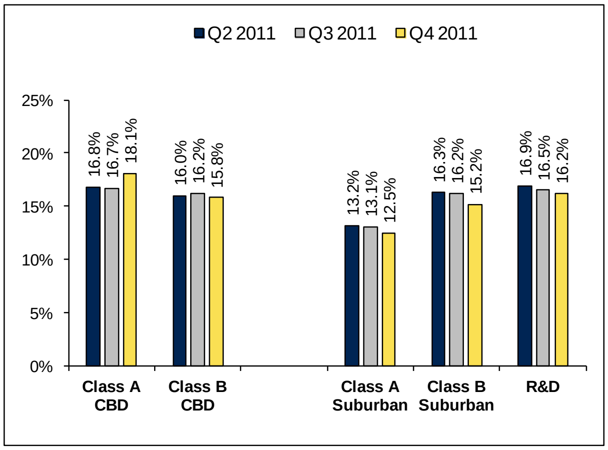
Tenant's Perspective

While market conditions have generally favored the landlord, we believe that the market may be showing signs of a slowdown from the torrid pace in Q2 and Q3. That said, landlords still have lofty expectations of a run-up recovery materializing, so as always, we suggest that tenants be proactive and develop schedules and project budgets early on in the process. Flexibility will be necessary in this current market cycle, as it remains difficult to locate affordable space in the most desirable areas of the Valley in the short term.

Major Transactions

Tenant/Buyer	Size	Type	Lease/Sale
LinkedIn	373,000	Office/R&D	Lease
Synopsis	340,000	Office/R&D	Lease
Apple	325,000	Office/R&D	Lease
Avaya	275,000	Office/R&D	Renewal
Micro-Semi	179,000	Office/R&D	Lease
Flextronics	150,000	Office	Lease
Financial Engines	81,000	Office/R&D	Lease

Vacancy Rate



Average Rental Rates

CBD	Q2 2011	Q3 2011	Q4 2011
Class A Office	$32.15	$32.15	$33.10
Class B Office	$24.45	$24.45	$25.45

Suburban	Q2 2011	Q3 2011	Q4 2011
Class A Office	$27.35	$27.40	$31.40
Class B Office	$21.60	$21.75	$24.75
R&D	$15.05	$15.25	$15.25

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South Florida

Tenant's Guide ▪ North American Markets ▪ Fourth Quarter 2011

Overview

It is still a tenant's market in most South Florida submarkets as very modest absorption has not put enough of a dent in over-supply. Overall vacancy in South Florida is 14.6% compared to 14.8% in the third quarter. The downtown Miami/Brickell submarkets continue to experience an interesting dynamic of landlords keeping rental concessions lower than expected, ostensibly due to a high volume of tenant activity during the last six months of 2011. We expect 2012 to be much slower as fewer leases will be expiring in the next 12 months which should lead to increased concessions from landlords eager to capture market share. With the recent delivery of 600 Brickell, the vacancy rate of downtown/Brickell is almost 25%. One interesting deviation from this trend is at 1450 Brickell Avenue, which has continued to lease well and is now up to 76% leased.

Another interesting dynamic in the downtown Miami market is the reemergence of new high rise residential condominium developments as the oversupply of condos has been substantially absorbed. This trend will continue to enhance the CBD as a viable 24 hour location to work, live and recreate. This has buoyed the price of land as residential and retail uses are now viable on development sites.

Market Trends

- Tenant activity is slowing down a bit as there are fewer leases expiring in 2012 than in 2011. Most landlords are focused on 2013 lease expirations.
- International businesses continue to fuel the meager growth that is occurring as Latin America continues to grow.
- Both institutional and entrepreneurial investors remain very bullish on South Florida's (especially Miami's) long-term prospects and have kept prices relatively high for high quality product.

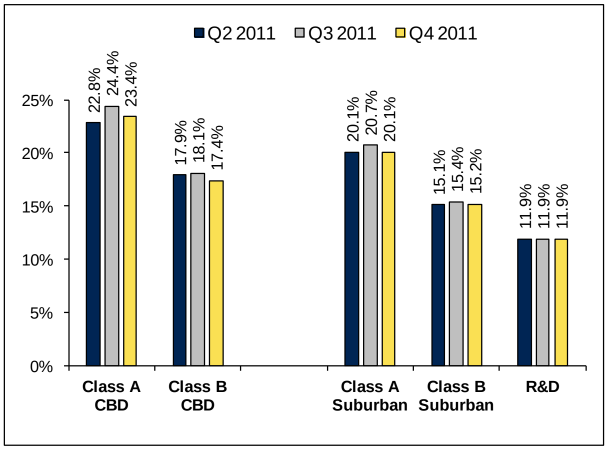
Tenant's Perspective

Larger suburban tenants should recognize that large blocks of vacant space are diminishing. The best opportunities are primarily in class B and C properties. Smaller tenants will continue to enjoy good market conditions for a bit longer than larger tenants; however, rents will start to increase once the large blocks of space are committed. The suburban markets are recovering at a far faster pace than downtown as absorption has been steadier and new construction minimal.

Major Transactions

Tenant/Buyer	Size	Type	Lease/Sale
Trade Station	70,000	Office	Lease
HBO Latin America	50,000	Office	Lease
Keiser	90,000	Office	Lease
UM/Bascom Palmer	48,000	Office	Lease
RCCL	240,000	Office	Lease
Wolfberg Alvarez	11,000	Office	Lease
HNTB Corp	19,000	Office	Lease
Leon Medical	350,000	Manufacturing	Sale

Vacancy Rate



Average Rental Rates*

CBD	Q2 2011	Q3 2011	Q4 2011
Class A Office	$38.25	$38.03	$37.65
Class B Office	$25.01	$24.81	$24.60

Suburban	Q2 2011	Q3 2011	Q4 2011
Class A Office	$30.62	$30.64	$30.25
Class B Office	$23.20	$23.22	$23.26
R&D	$12.75	$12.75	$12.75

*South Florida Combined (Miami-Dade, Boward, Palm Beach Counties)

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St. Louis, Missouri

Tenant's Guide ▪ North American Markets ▪ Fourth Quarter 2011

Overview

Not much has changed since the end of Q3. Recovery has slowed, occupancy levels in the region continue to bounce along the bottom, and overall office availability is at the same level as it was the past 3 quarters. St. Louis job growth has remained modest and demand for space has been relatively flat. A bright spot can be seen in the positive net absorption in Q4 of 32,311 SF, up from a negative 178,030 SF in the same period last year. The overall CBD office market rates have been trending downward over the last three quarters, although the overall net absorption for Q4 reported a negative 88,052 SF, down from a positive 131,066 SF in Q4 2010. However, a local developer is close to kicking off the renovation of the Cupples VI Building based on meeting its pre-leasing commitments in early Q1 of 2012.

The industrial market continue to drag behind the office markets with higher negative net absorption results of negative 722,673 SF vs. negative 369,940 SF in Q4 2010. The St. Louis Industrial market ended 2011 with a vacancy rate of 8.8%, which was up from the previous quarter. There does appear to be a slight uptick in leasing activity in southern Illinois, with even some talk of a speculative development.

Market Trends

- Flight-to-quality space continues as tenants move to newer, more efficient buildings with minimal impact to their balance sheet.
- Corporations need to consider the impact of the impending Financial Accounting Standards Board (FASB) changes when making real estate decisions.
- Landlords will continue selling off "non-core" office and industrial assets and portfolios.
- Demand for distribution centers is expected to increase with internet sales growth.

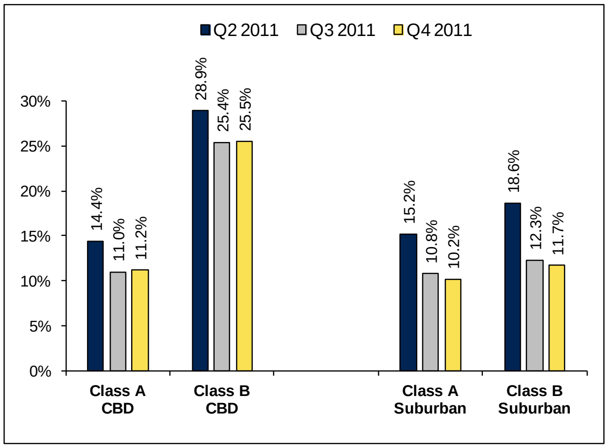
Tenant's Perspective

The St. Louis office and industrial markets will remain relatively flat in 2012. Tenants with leases expiring within the next two to three years will continue to have the opportunity to take advantage of market conditions to either reduce current rent or gain needed improvements or other concessions from the landlord. While the market favors the tenant, users needing more than 50,000 SF will have limited options in certain areas and larger users (100,000+ SF) may have to consider build-to-suit alternatives.

Major Transactions

Tenant/Buyer	Size	Type	Lease/Sale
Zoltek	121,000	Industrial	Sale
State Farm	72,000	Office	Lease
American Family	70,489	Office	Lease
State Farm	45,000	Office	Lease
Outsource Group	36,417	Office	Lease
LDI	30,347	Office	Lease
Post Holdings	29,308	Office	Sale
Abener Engineering	22,000	Office	Lease
EMC	16,584	Office	Lease
Veran Medical Tech.	13,046	Office	Lease

Vacancy Rate



Average Rental Rates

CBD	Q2 2011	Q3 2011	Q4 2011
Class A Office	$19.22	$19.19	$19.11
Class B Office	$14.48	$14.70	$13.81

Suburban	Q2 2011	Q3 2011	Q4 2011
Class A Office	$23.64	$23.59	$23.68
Class B Office	$18.00	$17.51	$17.94

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Toronto, Ontario

Tenant's Guide ▪ North American Markets ▪ Fourth Quarter 2011

Overview

In Q4 2011, the GTA office market experienced a slight increase in availability, from 9.7% to 9.8%. Downtown availability decreased from 8.1% to 7.9% over the last quarter, while the Suburban market availability increased from 11.3% to 11.8%. Most of the space continues to be absorbed in the Financial Core, where availability decreased from 9.4% to 9.0%. The increase in available space in the Suburban market is largely attributed to the West Node with availability increasing from 12.9% to 14.1%. The North Node continuously performs very strongly, with availability decreasing from 5.5% to 4.8%. The availability in the East Node increased slightly from 11.8% to 11.9%. However, the impact of the changes in the West Node is greater due to its relative size to the North and East Nodes.

After four quarters of increases, the average gross rent in the GTA has decreased from $30.32/SF to $29.37/SF, the lowest gross rent recorded since Q1 2006. This trend was present in both Downtown and Suburban markets, with average gross rents decreasing from $36.53/SF to $35.95/SF and $27.55/SF to $26.84/SF, respectively. Despite the continued decrease in availability, even the Financial Core average gross rent decreased from $43.69/SF to $43.08/SF. Average gross rents in the class A Financial core also decreased over the last quarter to $51.93/SF.

Market Trends

- Absorption continues to be positive, with 754,720 SF of newly occupied office space.
- Absorption was particularly high in the Downtown market, with 653,432 SF of newly occupied office space.

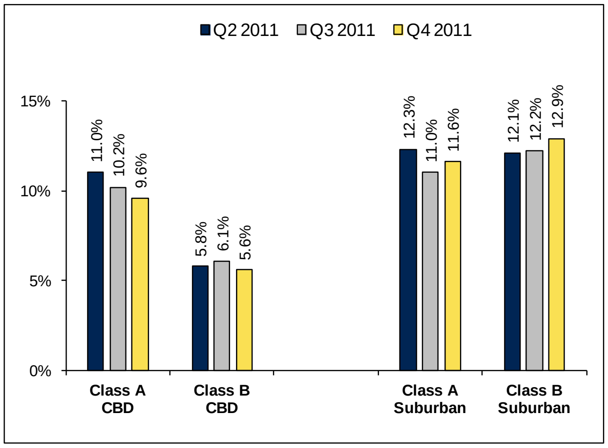
Tenant's Perspective

The overriding theme for 2011 and particularly the last quarter was a global debt crisis. As a result, stock markets continue to be highly sensitive and volatile to the news around the world. There is an ongoing concern that the amount of global leverage will fire back and that another downturn will occur. In the midst of this global financial turmoil, the GTA market could be on the verge of change. Average GTA gross rent decreased by approximately $1.00 and availability has slightly increased. However, while the GTA market statistics are indicating a change in direction, the Downtown market continues its strong performance with landlords announcing new projects, decreasing availability and increasing net rents.

Major Transactions

Tenant/Buyer	Size	Type	Lease/Sale
Intact Insurance	125,000	Office	Lease
DFCB	64,665	Office	Lease
MCW Consultants Ltd.	35,000	Office	Sublease
SNC Lavalin	34,694	Office	Lease
Knightsbridge Human Capital	23,450	Office	Lease
Crossmark	16,750	Office	Lease
Gov. Services of Canada	14,329	Office	Lease
Gilberts LLP	14,000	Office	Sublease
Greenshield	13,000	Office	Lease
Securekey	11,698	Office	Lease

Vacancy Rate



Average Rental Rates

CBD	Q2 2011	Q3 2011	Q4 2011
Class A Office	$52.09	$52.12	$51.93
Class B Office	$40.92	$40.55	$40.60

Suburban	Q2 2011	Q3 2011	Q4 2011
Class A Office	$29.21	$29.09	$29.13
Class B Office	$25.56	$26.00	$25.31

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Vancouver, British Columbia

Tenant's Guide ▪ North American Markets ▪ Fourth Quarter 2011

Overview

Metro Vancouver continues to display a tale of two markets as the Downtown core remains severely constrained by limited office space, and the suburban market continues to deal with ample vacancy. Aside from a few larger government leases, deal velocity through the fourth quarter remained relatively stable throughout the city. Overall vacancy dropped from 7.5% in Q3 to 7.2%. For the ninth consecutive quarter, Richmond remains the highest submarket with vacancy at 17.7%, while Yaletown, for the third consecutive quarter, remains the tightest, with vacancy hovering at 2.9%. Since the previous quarter, every submarket in the city save one, the Broadway Corridor, has witnessed lower vacancy.

As a testament to the strong office market in the core, yet another well established asset manager, Manulife Financial, has announced its plans to develop its third office building. Estimated for completion near the end of 2015, this 250,000 SF office tower will be located on the corner of Howe and Nelson Streets. A total of seven buildings have now been announced, totaling over 2.1 MSFof new, class A office space. Oxford Properties' 1021 West Hastings, estimated for completion mid 2014, will be the first of these new projects to go up. Developers Credit Suisse and their project on the 800 block of Pender; the Jim Pattison Group and their project on Burrard and Drake; and the Aquilini Group's project adjacent to Rogers Arena, are still in the process of obtaining permits and should be ready for fixturing late 2016.

Market Trends

- New developments in New Westminster are revitalizing the old town and creating a strong office environment that many companies are beginning to consider.
- There is upward pressure on lease rates throughout metro Vancouver.

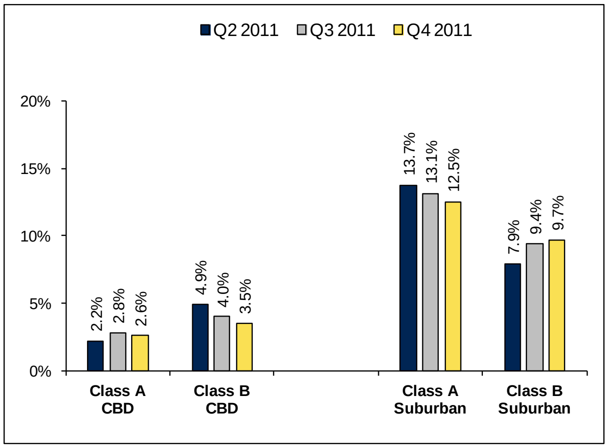
Tenant's Perspective

Tenants planning on moving in the near future may wish to look at the new buildings which will provide them with the latest employee friendly work environment. Through environmental incentives from the city and the public, developers are making an effort to go green. By creating more energy efficient buildings, operating and additional costs will be significantly lower than the current inventory of buildings. These efficiencies can provide substantial rental savings over the long term.

Major Transactions

Tenant/Buyer	Size	Type	Lease/Sale
Fraser Health Authority	170,000	Headlease	Lease
SNC- Lavalin	100,000	Headlease	Lease
Canadian Border Svs.	90,000	Headlease	Lease
AXA Pacific	38,000	Renewal	Lease
Rhythm and Hues Studios	22,218	Headlease	Lease
Golder & Associates	21,000	Expansion	Lease
Pender Granville	20,500	Expansion	Lease
Salesforce	17,000	Headlease	Lease
Public Works	10,400	Headlease	Lease
KNV Chartered Accountants	8,500	Headlease	Lease

Vacancy Rate



Average Rental Rates

CBD	Q2 2011	Q3 2011	Q4 2011
Class A Office	$50.00	$52.00	$52.00
Class B Office	$41.00	$43.00	$43.00

Suburban	Q2 2011	Q3 2011	Q4 2011
Class A Office	$36.00	$36.00	$36.00
Class B Office	$27.00	$30.00	$30.00

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Washington, DC

Tenant's Guide ▪ North American Markets ▪ Fourth Quarter 2011

Overview

At year-end 2011, the Metropolitan Washington, DC area continued to feel the absence of federal dollars bolstering the economy. With legislative gridlock on Capitol Hill, the flow of money into the area's economy slowed, and the requests for office space by federal agencies continue to stack up. This has led to increased business uncertainty from nearly all office-using industries in the Metro Area. As a result, new employment decreased dramatically since the same period last year, adding 3,800 new jobs in 2011 compared to 14,100 jobs in 2011. In total, the office-using sectors of the economy grew by 0.2%, nearly half the national growth rate of 0.4%.

Tenants in the market are being conservative with the amount of space they lease, often renewing rather than carrying the cost of moving or committing to too much new space. Of the 50 leases over 20,000 square feet that were executed this quarter, 72.6% of the space was renewed. Nearly a third of the remaining leases required tenants to leave behind more space than they moved into, resulting in less demand for office space.

Market Trends

- While leasing activity pointed towards slower demand for office space, net absorption was strong during the fourth quarter of 2011. In total, 1.5 million square feet was occupied, bringing the yearly total to 2.1 million square feet. Most of this was derived from smaller tenants occupying their spaces or from preleasing in new construction that delivered.
- The construction pipeline continued to expand during the fourth quarter. In total, six buildings totaling 1.2 million square feet broke ground bringing the total under construction to 8.0 million square feet. Of all the buildings under development, 13 buildings totaling 3.9 million square feet were being constructed on a built-to-suit basis.

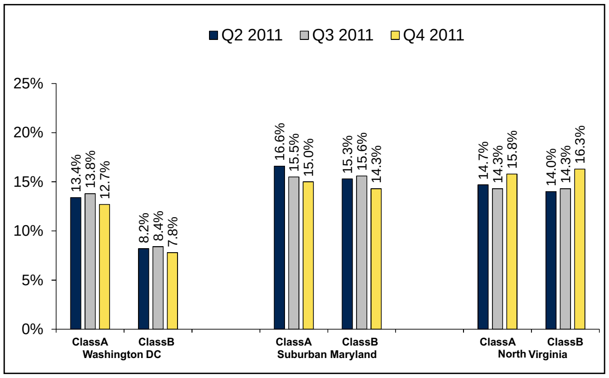
Tenant's Perspective

In some areas, landlords are finding increased competition for the tenants that are in the market; those tenants that have a good idea of their space needs are therefore getting excellent lease terms. For tenants who need flexibility in the amount of space they occupy (while the economy sorts itself out), landlords have been agreeing to more right of first offers, right of first refusals and fixed expansion options on adjacent spaces. Termination options, however, continue to be far and few between.

Major Transactions

Tenant/Buyer	Size	Type	Submarket
HHS	1,332,482	Renewal	Rockville
NOAA	1,006,993	Renewal	Silver Spring
Bechtel	200,000	Direct	Reston
McKenna, Long & Aldridge	172,070	Renewal	CBD
NJVC	124,399	New	Rt. 28 South
Sterne, Kessler, Goldstein & Fox	117,711	Ren/Exp	East End
Customs and Border Protection	105,000	Renewal	East End
Meso Scale Diagnostic	104,764	Direct	North Rockville
General Dynamics	104,764	Prelease	Springfield/Burke
Fairfax County HHS	100,059	Direct	Annandale

Vacancy Rate



Average Rental Rates

Washington DC	Q2 2011	Q3 2011	Q4 2011
Class A Office	$54.52	$54.46	$54.71
Class B Office	$42.28	$42.60	$42.07

Northern VA	Q2 2011	Q3 2011	Q4 2011
Class A Office	$34.00	$33.10	$32.64
Class B Office	$28.51	$28.22	$27.69

Suburban MD	Q2 2011	Q3 2011	Q4 2011
Class A Office	$29.59	$29.66	$29.79
Class B Office	$23.67	$23.50	$23.29

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