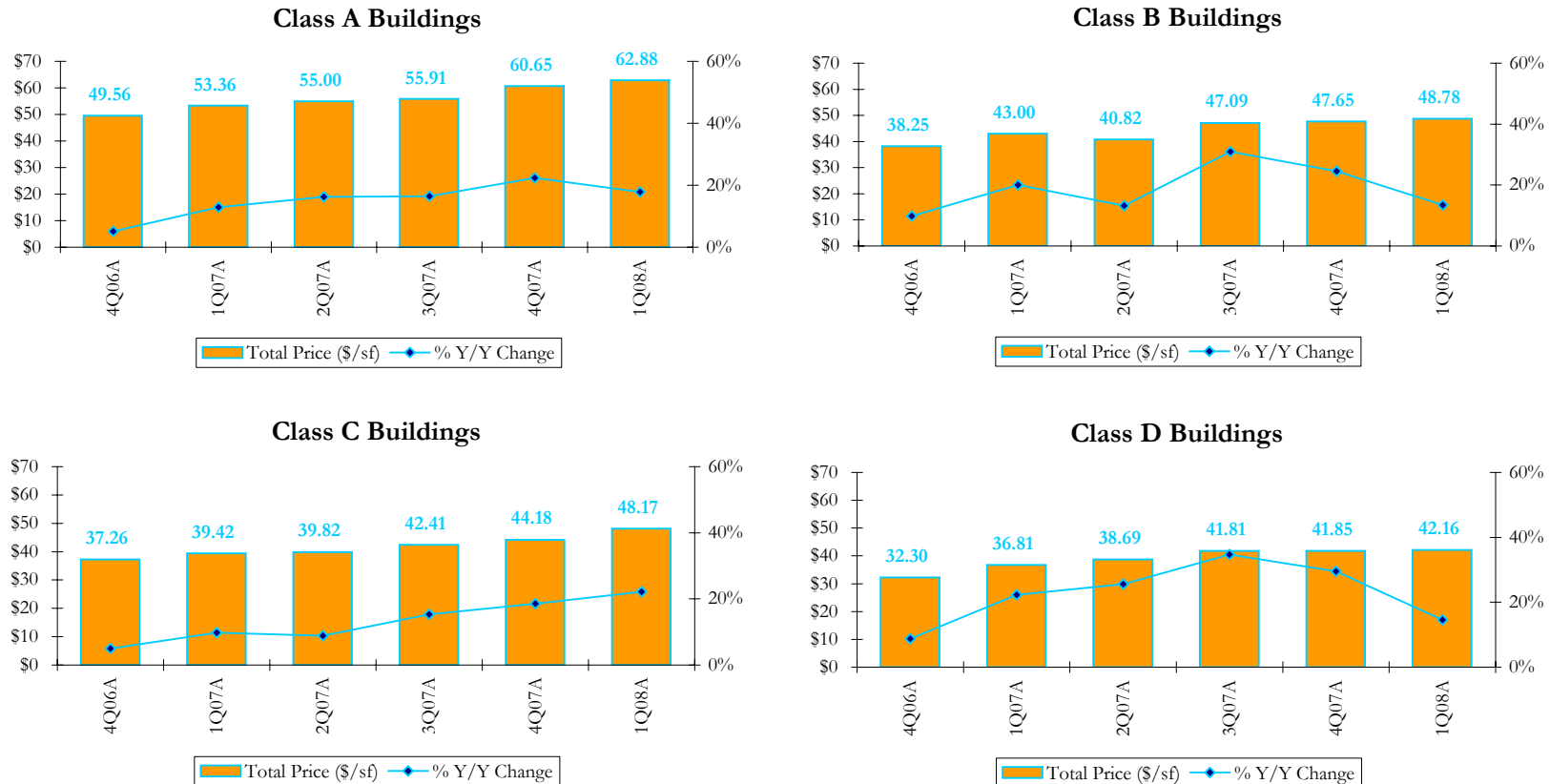


# TENANTWISE

## Downtown Office Market Analysis

### Total Price (\$/sf) and % Y/Y Change

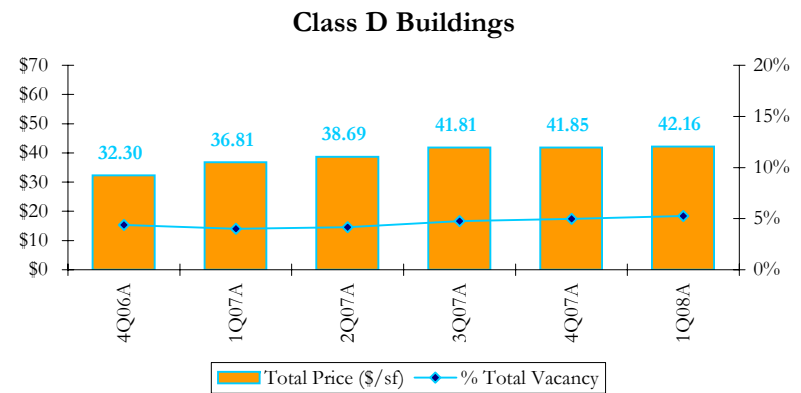
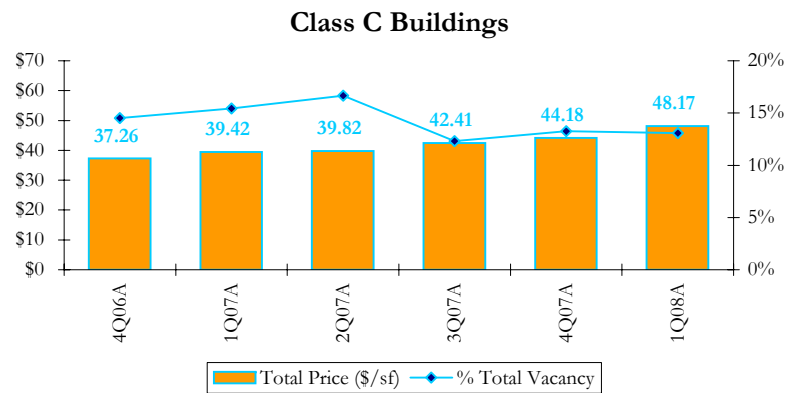
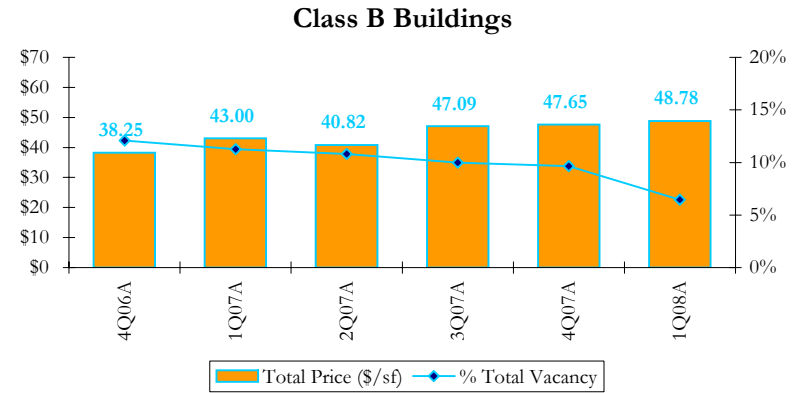
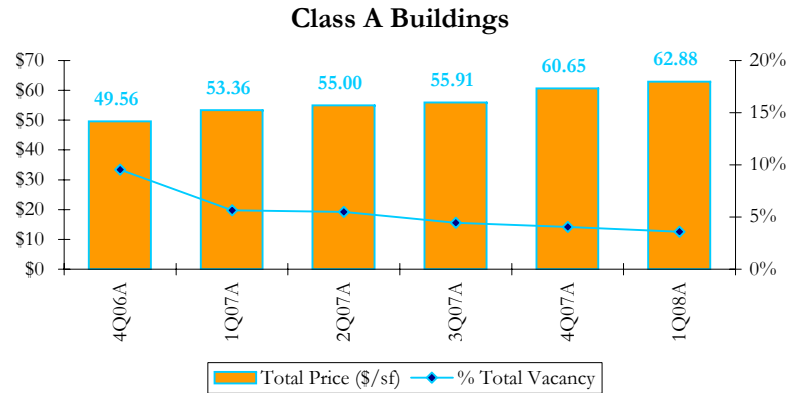


- Average asking rate growth remained strong across all building classes, though we suspect net effective rates were down as landlords are likely keeping asking rates high and attracting tenants through increased concessions like free rent and work letters.
- Asking rate growth decelerated for Class A, B and D properties, though all continue to show y/y asking rate growth in the mid to high teens. The Class C asking rate grew 22.2% y/y, an acceleration from last quarter's growth. Class C properties were also the most significant driver of continued acceleration in total market asking rate growth as these properties represented 49% of market availability.

# TENANTWISE

## Downtown Office Market Analysis

### Total Price (\$/sf) and % Vacancy



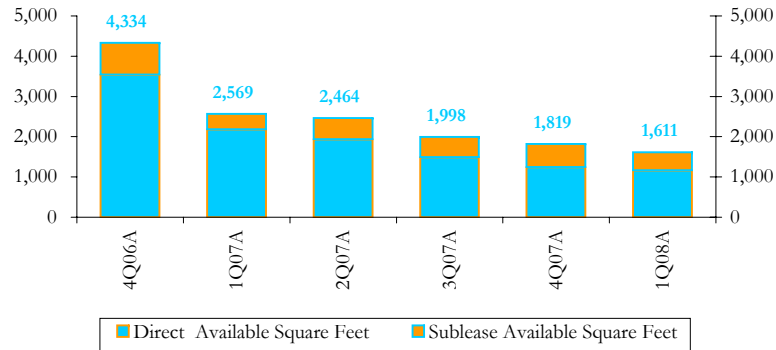
- Vacancy for the Downtown market fell to just 6.9%, marking the first quarter in which it fell below Midtown levels. The reduction was driven by vacancy declines in Class A, B and C buildings, offset slightly by an increase in Class D vacancy.
- The most significant driver of the market vacancy decline was the reduction in Class B vacancy. Class B vacancy fell 321 bps sequentially and 481 bps y/y to just 6.4%. This decline represented a 828K sq ft reduction in Class B vacancy and was driven by a 500K sq ft lease at 60 Broad Street to the New York State Office of General Services in February.

# TENANTWISE

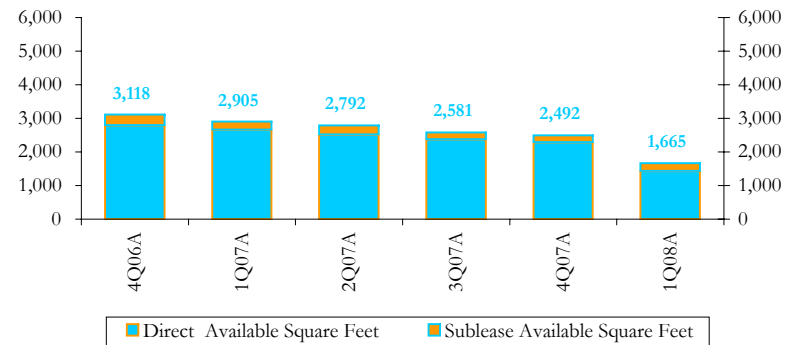
## Downtown Office Market Analysis

**Total Available Square Feet = Direct Available + Sublease Available**

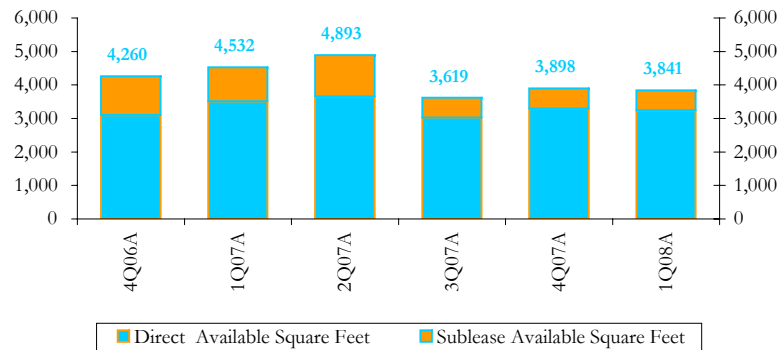
**Class A Buildings**



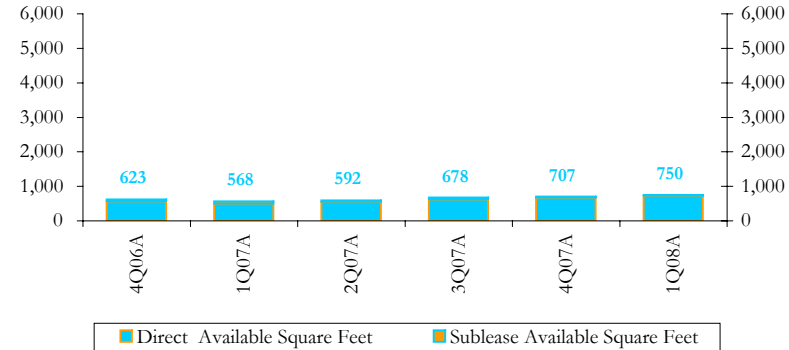
**Class B Buildings**



**Class C Buildings**



**Class D Buildings**

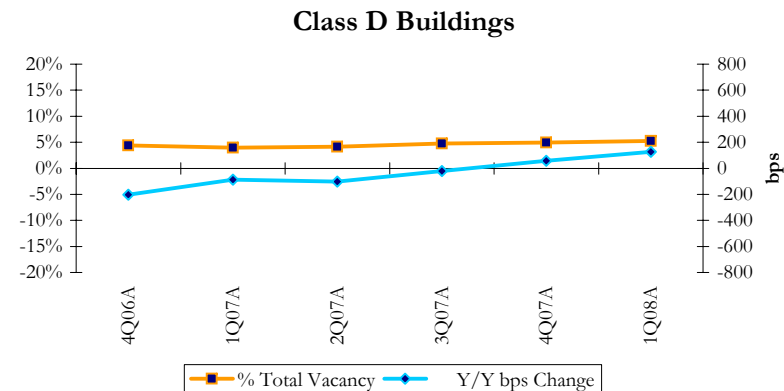
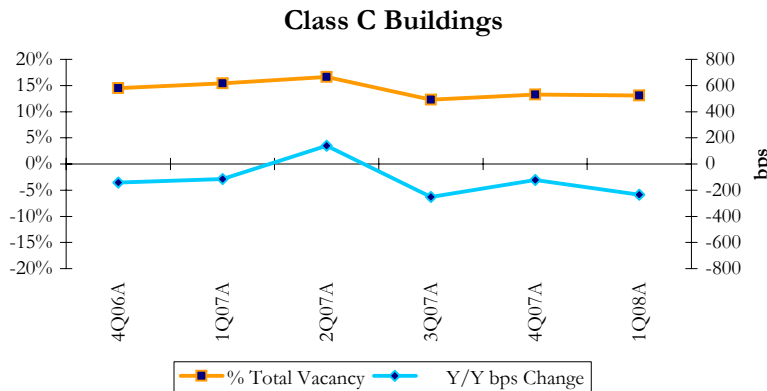
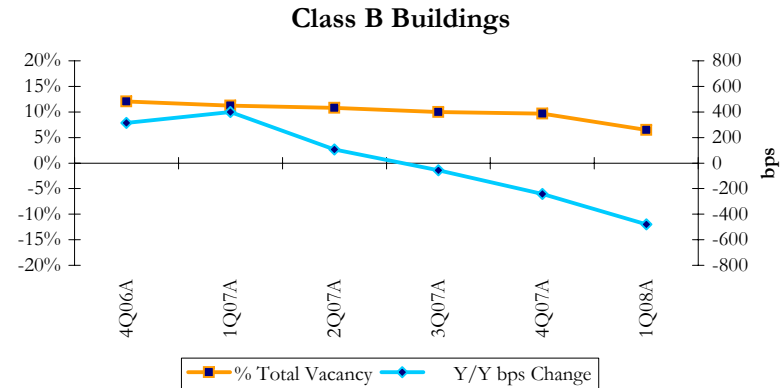
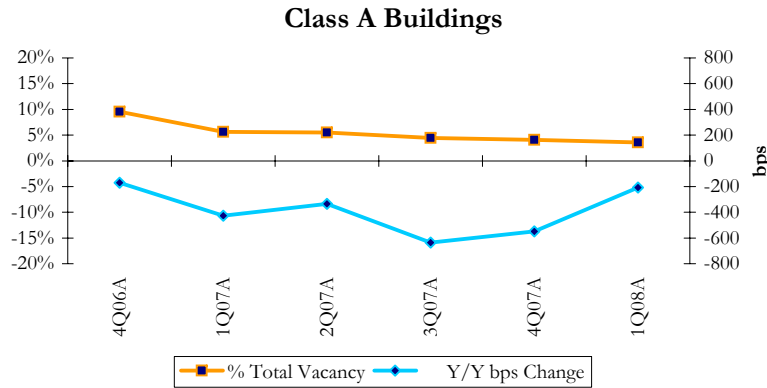


- Availability of space has been somewhat volatile in the Downtown market, though it has trended down for Class A and B properties. Class A availability has trended down since 2Q05 as 1.1M sq ft of space at 7 World Trade Center has been leased. Leasing activity at 32 Old Slip and 3 World Financial Center have also contributed to the decline. The dramatic reduction in Class B availability in 1Q08 was driven by 500K sq ft leased at 60 Broad St.
- Class C availability increased in 4Q07 with new availability at 330 Hudson (292K sq ft) and 205 Hudson (212K sq ft) and remained relatively flat in 1Q08. Other properties contributing to Class C vacancy include One Hudson Square (24.8% vacancy), 40 Worth St (64% vacancy), and 200 Hudson St (69.2% vacancy).

# TENANTWISE

## Downtown Office Market Analysis

### Total Vacancy and Y/Y bps Change



- The y/y bps change in vacancy is showing y/y declines in vacancy for Class A, B and C properties, while Class D properties showed a y/y increase for the second quarter in a row.
- The most dramatic vacancy decrease was in Class B properties where the decrease in vacancy to 6.4% represented a 481 bps y/y decline.

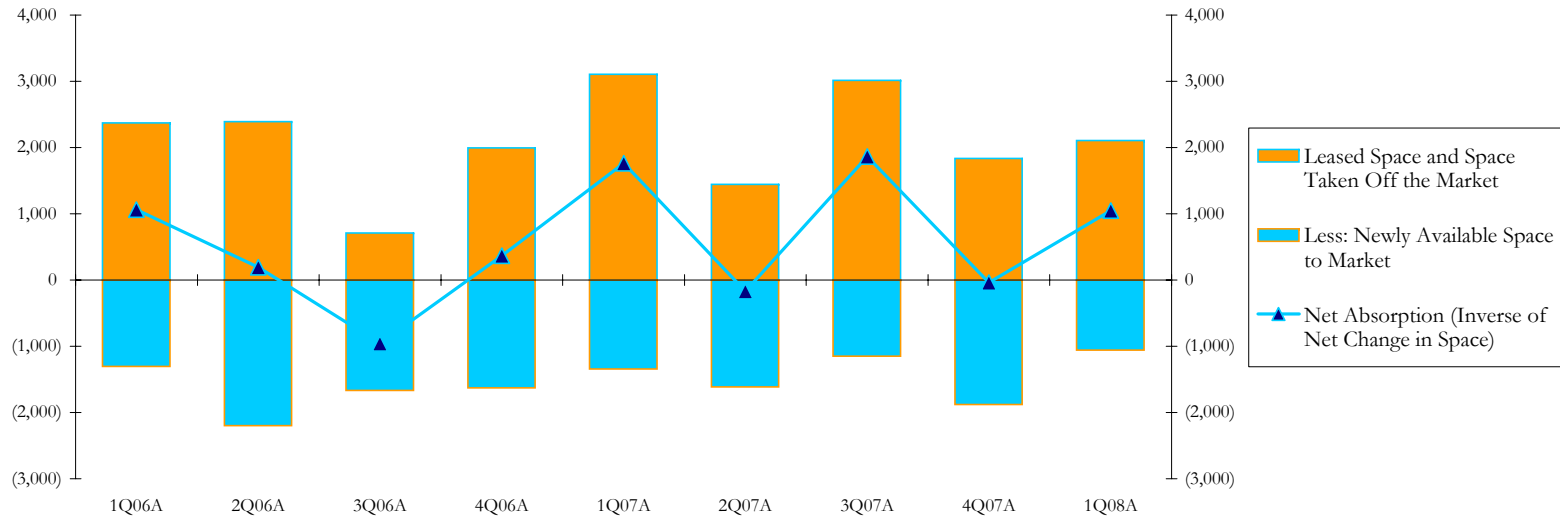
# TENANTWISE

## Downtown Office Market Analysis

### Absorption Trend Line

*(all square feet in '000s)*

	1Q06A	2Q06A	3Q06A	4Q06A	2006A	1Q07A	2Q07A	3Q07A	4Q07A	2006A	1Q08A
<b>CHANGE IN AVAILABLE SPACE:</b>											
Total Market Square Feet	114,896	114,896	114,896	114,896	114,896	114,896	114,395	114,395	114,395	114,395	114,395
Beginning Available Square Feet	13,004	11,939	11,746	12,702	13,004	12,335	10,574	10,741	8,875	12,335	8,916
Plus: Newly Available Space to Market	1,305	2,199	1,667	1,629	6,800	1,344	1,613	1,149	1,878	5,985	1,057
Less:											
Leased Space	(1,451)	(1,260)	(554)	(1,672)	(4,937)	(1,633)	(623)	(1,425)	(1,455)	(5,137)	(1,816)
Space Taken Off Market	(919)	(1,131)	(157)	(323)	(2,531)	(1,472)	(823)	(1,590)	(382)	(4,268)	(290)
Net Change in Space	(1,065)	(193)	956	(367)	(668)	(1,761)	167	(1,866)	41	(3,420)	(1,050)
Ending Available Square Feet	11,939	11,746	12,702	12,335	12,335	10,574	10,741	8,875	8,916	8,916	7,866
% Total Vacancy	10.4%	10.2%	11.1%	10.7%	10.7%	9.2%	9.4%	7.8%	7.8%	7.8%	6.9%
<b>SUBMARKET ABSORPTION:</b>											
Leased Space and Space Taken Off the Market	2,370	2,391	711	1,996	7,469	3,105	1,446	3,015	1,838	9,405	2,107
Less: Newly Available Space to Market	(1,305)	(2,199)	(1,667)	(1,629)	(6,800)	(1,344)	(1,613)	(1,149)	(1,878)	(5,985)	(1,057)
Net Absorption (Inverse of Net Change in Space)	1,065	193	(956)	367	668	1,761	(167)	1,866	(41)	3,420	1,050



# TENANTWISE

## Downtown Office Market Analysis

(all square feet in '000s)

	2005A	1Q06A	2Q06A	3Q06A	4Q06A	2006A	1Q07A	2Q07A	3Q07A	4Q07A	2007A	1Q08A
<b>CLASS A BUILDINGS:</b>												
Total Square Feet	45,478	45,478	45,478	45,478	45,478	45,478	45,478	44,976	44,976	44,976	44,976	44,976
Direct Available Square Feet	4,110	3,679	3,175	4,101	3,540	3,540	2,180	1,931	1,486	1,237	1,237	1,164
% Direct Vacancy	9.0%	8.1%	7.0%	9.0%	7.8%	7.8%	4.8%	4.3%	3.3%	2.8%	2.8%	2.6%
Y/Y bps Change	153	85	(227)	(34)	(125)	(125)	(330)	(269)	(571)	(503)	(503)	(220)
% of Class A Available Square Feet	80.4%	81.7%	79.2%	83.5%	81.7%	81.7%	84.8%	78.4%	74.4%	68.0%	68.0%	72.3%
Direct Price (\$/sf)	\$49.43	\$49.69	\$50.07	\$50.07	\$51.67	\$51.67	\$54.36	\$57.13	\$56.93	\$62.27	\$62.27	\$64.62
% Y/Y Change	29.5%	25.4%	0.6%	3.0%	4.5%	4.5%	9.4%	14.1%	13.7%	20.5%	20.5%	18.9%
Number of Direct Listings	155	154	134	168	148	148	82	81	72	68	68	60
Sublease Available Square Feet	999	826	833	810	794	794	389	533	512	582	582	446
% Sublease Vacancy	2.2%	1.8%	1.8%	1.8%	1.7%	1.7%	0.9%	1.2%	1.1%	1.3%	1.3%	1.0%
Y/Y bps Change	(206)	(168)	(142)	(44)	(45)	(45)	(96)	(65)	(64)	(45)	(45)	14
% of Class A Available Square Feet	19.6%	18.3%	20.8%	16.5%	18.3%	18.3%	15.2%	21.6%	25.6%	32.0%	32.0%	27.7%
Sublease Price (\$/sf)	\$34.40	\$34.17	\$35.15	\$35.72	\$35.37	\$35.37	\$32.43	\$33.31	\$35.03	\$42.54	\$42.54	\$41.77
% Y/Y Change	4.8%	8.6%	9.4%	3.4%	2.8%	2.8%	-5.1%	-5.3%	-1.9%	20.3%	20.3%	28.8%
Number of Sublease Listings	46	38	36	36	33	33	18	31	32	34	34	30
Class A Available Square Feet	5,109	4,505	4,008	4,911	4,334	4,334	2,569	2,464	1,998	1,819	1,819	1,611
% Total Vacancy	11.2%	9.9%	8.8%	10.8%	9.5%	9.5%	5.6%	5.5%	4.4%	4.0%	4.0%	3.6%
Y/Y bps Change	(53)	(82)	(369)	(78)	(170)	(170)	(426)	(333)	(636)	(549)	(549)	(207)
Total Price (\$/sf)	\$47.13	\$47.26	\$47.29	\$48.01	\$49.56	\$49.56	\$53.36	\$55.00	\$55.91	\$60.65	\$60.65	\$62.88
% Y/Y Change	29.1%	24.8%	1.4%	2.9%	5.2%	5.2%	12.9%	16.3%	16.5%	22.4%	22.4%	17.9%
Total Number of Listings	201	192	170	204	181	181	100	112	104	102	102	90
<b>CLASS B BUILDINGS:</b>												
Total Square Feet	25,815	25,815	25,815	25,815	25,815	25,815	25,815	25,815	25,815	25,815	25,815	25,815
Direct Available Square Feet	1,986	1,707	2,277	2,415	2,787	2,787	2,654	2,517	2,374	2,281	2,281	1,424
% Direct Vacancy	7.7%	6.6%	8.8%	9.4%	10.8%	10.8%	10.3%	9.7%	9.2%	8.8%	8.8%	5.5%
Y/Y bps Change	(185)	(359)	(94)	150	310	310	367	93	(16)	(196)	(196)	(476)
% of Class B Available Square Feet	86.0%	90.9%	90.5%	88.7%	89.4%	89.4%	91.4%	90.1%	92.0%	91.5%	91.5%	85.6%
Direct Price (\$/sf)	\$35.34	\$36.46	\$36.62	\$36.49	\$39.09	\$39.09	\$43.56	\$41.26	\$47.48	\$48.08	\$48.08	\$49.56
% Y/Y Change	3.0%	9.2%	4.7%	5.0%	10.6%	10.6%	19.5%	12.7%	30.1%	23.0%	23.0%	13.8%
Number of Direct Listings	149	123	158	162	163	163	160	189	143	127	127	97
Sublease Available Square Feet	324	170	239	308	331	331	251	275	207	211	211	240
% Sublease Vacancy	1.3%	0.7%	0.9%	1.2%	1.3%	1.3%	1.0%	1.1%	0.8%	0.8%	0.8%	0.9%
Y/Y bps Change	(19)	(110)	(20)	(10)	3	3	32	14	(39)	(47)	(47)	(4)
% of Class B Available Square Feet	14.0%	9.1%	9.5%	11.3%	10.6%	10.6%	8.6%	9.9%	8.0%	8.5%	8.5%	14.4%
Sublease Price (\$/sf)	\$27.38	\$25.76	\$28.40	\$29.78	\$31.40	\$31.40	\$33.03	\$33.55	\$36.44	\$35.47	\$35.47	\$35.47
% Y/Y Change	5.2%	-3.4%	11.0%	17.4%	14.7%	14.7%	28.2%	18.1%	22.4%	12.9%	12.9%	7.4%
Number of Sublease Listings	24	19	23	27	30	30	23	24	16	16	16	18
Class B Available Square Feet	2,310	1,876	2,516	2,723	3,118	3,118	2,905	2,792	2,581	2,492	2,492	1,665
% Total Vacancy	8.9%	7.3%	9.7%	10.5%	12.1%	12.1%	11.3%	10.8%	10.0%	9.7%	9.7%	6.4%
Y/Y bps Change	(204)	(470)	(114)	140	313	313	398	107	(55)	(243)	(243)	(481)
Total Price (\$/sf)	\$34.83	\$35.82	\$36.04	\$35.96	\$38.25	\$38.25	\$43.00	\$40.82	\$47.09	\$47.65	\$47.65	\$48.78
% Y/Y Change	3.8%	9.1%	4.5%	5.7%	9.8%	9.8%	20.0%	13.3%	31.0%	24.6%	24.6%	13.4%
Total Number of Listings	173	142	181	189	193	193	183	213	159	143	143	115
<b>CLASS C BUILDINGS:</b>												
Total Square Feet	29,365	29,365	29,365	29,365	29,365	29,365	29,365	29,365	29,365	29,365	29,365	29,365
Direct Available Square Feet	3,608	3,846	3,252	3,104	3,094	3,094	3,508	3,647	3,022	3,283	3,283	3,243
% Direct Vacancy	12.3%	13.1%	11.1%	10.6%	10.5%	10.5%	11.9%	12.4%	10.3%	11.2%	11.2%	11.0%
Y/Y bps Change	(153)	(116)	(219)	(245)	(175)	(175)	(115)	135	(28)	64	64	(90)
% of Class C Available Square Feet	77.2%	79.0%	72.5%	71.2%	72.6%	72.6%	77.4%	74.5%	83.5%	84.2%	84.2%	84.4%
Direct Price (\$/sf)	\$36.72	\$37.13	\$37.48	\$37.93	\$38.50	\$38.50	\$40.69	\$41.38	\$43.49	\$45.48	\$45.48	\$49.53
% Y/Y Change	6.9%	6.2%	6.5%	5.8%	4.9%	4.9%	9.6%	10.4%	14.7%	18.1%	18.1%	21.7%
Number of Direct Listings	299	286	266	244	236	236	246	274	209	236	236	223
Sublease Available Square Feet	1,066	1,020	1,232	1,258	1,166	1,166	1,024	1,246	597	616	616	598
% Sublease Vacancy	3.6%	3.5%	4.2%	4.3%	4.0%	4.0%	3.5%	4.2%	2.0%	2.1%	2.1%	2.0%
Y/Y bps Change	12	86	207	114	34	34	1	5	(225)	(188)	(188)	(145)
% of Class C Available Square Feet	22.8%	21.0%	27.5%	28.8%	27.4%	27.4%	22.6%	25.5%	16.5%	15.8%	15.8%	15.6%
Sublease Price (\$/sf)	\$28.97	\$28.86	\$33.17	\$32.84	\$32.75	\$32.75	\$33.97	\$33.82	\$31.76	\$33.45	\$33.45	\$33.71
% Y/Y Change	-6.5%	0.0%	4.8%	2.2%	13.1%	13.1%	17.7%	2.0%	-3.3%	2.1%	2.1%	-0.8%
Number of Sublease Listings	48	44	49	53	50	50	48	56	37	45	45	40
Class C Available Square Feet	4,674	4,866	4,484	4,362	4,260	4,260	4,532	4,893	3,619	3,898	3,898	3,841
% Total Vacancy	15.9%	16.6%	15.3%	14.9%	14.5%	14.5%	15.4%	16.7%	12.3%	13.3%	13.3%	13.1%
Y/Y bps Change	(141)	(30)	(11)	(131)	(141)	(141)	(114)	139	(253)	(123)	(123)	(235)
Total Price (\$/sf)	\$35.49	\$35.90	\$36.57	\$36.76	\$37.26	\$37.26	\$39.42	\$39.82	\$42.41	\$44.18	\$44.18	\$48.17
% Y/Y Change	5.2%	4.8%	4.6%	4.1%	5.0%	5.0%	9.8%	8.9%	15.4%	18.6%	18.6%	22.2%
Total Number of Listings	347	330	315	297	286	286	294	330	246	281	281	263

# TENANTWISE

## Downtown Office Market Analysis

(all square feet in '000s)

	2005A	1Q06A	2Q06A	3Q06A	4Q06A	2006A	1Q07A	2Q07A	3Q07A	4Q07A	2007A	1Q08A
<b>CLASS D BUILDINGS:</b>												
Total Square Feet	14,239	14,239	14,239	14,239	14,239	14,239	14,239	14,239	14,239	14,239	14,239	14,239
Direct Available Square Feet	837	598	633	609	563	563	496	550	625	668	668	720
% Direct Vacancy	5.9%	4.2%	4.4%	4.3%	4.0%	4.0%	3.5%	3.9%	4.4%	4.7%	4.7%	5.1%
Y/Y bps Change	(92)	(199)	(156)	(143)	(192)	(192)	(72)	(59)	11	74	74	157
% of Class D Available Square Feet	91.8%	86.4%	85.7%	86.3%	90.3%	90.3%	87.3%	92.9%	92.2%	94.6%	94.6%	95.9%
<b>Direct Price (\$/sf)</b>	<b>\$30.23</b>	<b>\$30.89</b>	<b>\$31.69</b>	<b>\$31.89</b>	<b>\$32.84</b>	<b>\$32.84</b>	<b>\$37.09</b>	<b>\$38.73</b>	<b>\$41.90</b>	<b>\$42.53</b>	<b>\$42.53</b>	<b>\$42.64</b>
% Y/Y Change	2.3%	-2.3%	4.1%	3.1%	8.6%	8.6%	20.1%	22.2%	31.4%	29.5%	29.5%	15.0%
Number of Direct Listings	174	152	142	149	125	125	90	90	102	115	115	130
Sublease Available Square Feet	75	94	105	97	60	60	72	42	53	38	38	30
% Sublease Vacancy	0.5%	0.7%	0.7%	0.7%	0.4%	0.4%	0.5%	0.3%	0.4%	0.3%	0.3%	0.2%
Y/Y bps Change	16	35	16	17	(10)	(10)	(15)	(44)	(31)	(15)	(15)	(29)
% of Class D Available Square Feet	8.2%	13.6%	14.3%	13.7%	9.7%	9.7%	12.7%	7.1%	7.8%	5.4%	5.4%	4.1%
<b>Sublease Price (\$/sf)</b>	<b>\$24.38</b>	<b>\$24.38</b>	<b>\$25.06</b>	<b>\$25.18</b>	<b>\$25.83</b>	<b>\$25.83</b>	<b>\$34.50</b>	<b>\$38.10</b>	<b>\$40.48</b>	<b>\$26.10</b>	<b>\$26.10</b>	<b>\$24.72</b>
% Y/Y Change	12.4%	12.4%	8.4%	4.8%	5.9%	5.9%	41.5%	52.0%	60.8%	1.1%	1.1%	-28.4%
Number of Sublease Listings	10	12	15	12	10	10	11	8	9	6	6	5
Class D Available Square Feet	911	692	739	706	623	623	568	392	678	707	707	751
% Total Vacancy	6.4%	4.9%	5.2%	5.0%	4.4%	4.4%	4.0%	4.2%	4.8%	5.0%	5.0%	5.3%
Y/Y bps Change	(75)	(163)	(141)	(127)	(203)	(203)	(87)	(103)	(20)	59	59	128
<b>Total Price (\$/sf)</b>	<b>\$29.72</b>	<b>\$30.10</b>	<b>\$30.82</b>	<b>\$31.04</b>	<b>\$32.30</b>	<b>\$32.30</b>	<b>\$36.81</b>	<b>\$38.69</b>	<b>\$41.81</b>	<b>\$41.85</b>	<b>\$41.85</b>	<b>\$42.16</b>
% Y/Y Change	1.8%	-3.3%	3.5%	2.3%	8.7%	8.7%	22.3%	25.6%	34.7%	29.5%	29.5%	14.5%
Total Number of Listings	184	164	157	161	135	135	101	98	111	121	121	135
<b>TOTAL DOWNTOWN MARKET:</b>												
Total Downtown Square Feet	114,896	114,896	114,896	114,896	114,896	114,896	114,896	114,395	114,395	114,395	114,395	114,395
Direct Square Feet	10,540	9,830	9,337	10,230	9,984	9,984	8,838	8,644	7,508	7,469	7,469	6,551
% Direct Vacancy	9.2%	8.6%	8.1%	8.9%	8.7%	8.7%	7.7%	7.6%	6.6%	6.5%	6.5%	5.7%
Y/Y bps Change	(32)	(101)	(186)	(60)	(48)	(48)	(86)	(57)	(234)	(216)	(216)	(196)
% of Downtown Available Square Feet	81.1%	82.3%	79.5%	80.5%	80.9%	80.9%	83.6%	80.5%	84.6%	83.8%	83.8%	83.3%
<b>Direct Avg. Asking Price (\$/sf)</b>	<b>\$40.99</b>	<b>\$41.58</b>	<b>\$40.95</b>	<b>\$42.25</b>	<b>\$43.39</b>	<b>\$43.39</b>	<b>\$43.68</b>	<b>\$44.69</b>	<b>\$47.28</b>	<b>\$48.78</b>	<b>\$48.78</b>	<b>\$51.46</b>
% Y/Y Change	16.7%	16.1%	1.9%	4.8%	5.9%	5.9%	5.1%	9.1%	11.9%	12.4%	12.4%	17.8%
Number of Direct Listings	777	715	700	723	672	672	578	634	526	546	546	510
Sublease Square Feet	2,464	2,110	2,409	2,472	2,352	2,352	1,737	2,097	1,368	1,447	1,447	1,315
% Sublease Vacancy	2.1%	1.8%	2.1%	2.2%	2.0%	2.0%	1.5%	1.8%	1.2%	1.3%	1.3%	1.1%
Y/Y bps Change	(80)	(65)	(6)	11	(10)	(10)	(32)	(26)	(96)	(78)	(78)	(36)
% of Downtown Available Square Feet	18.9%	17.7%	20.5%	19.5%	19.1%	19.1%	16.4%	19.5%	15.4%	16.2%	16.2%	16.7%
<b>Sublease Avg. Asking Price (\$/sf)</b>	<b>\$30.97</b>	<b>\$30.72</b>	<b>\$33.19</b>	<b>\$33.41</b>	<b>\$33.57</b>	<b>\$33.57</b>	<b>\$35.24</b>	<b>\$33.74</b>	<b>\$34.02</b>	<b>\$37.25</b>	<b>\$37.25</b>	<b>\$36.56</b>
% Y/Y Change	-1.2%	2.6%	6.5%	4.2%	8.4%	8.4%	14.7%	1.7%	1.8%	11.0%	11.0%	3.7%
Number of Sublease Listings	128	113	123	128	123	123	100	119	94	101	101	93
Total Available Square Feet	13,004	11,939	11,746	12,702	12,335	12,335	10,574	10,741	8,875	8,916	8,916	7,866
% Total Vacancy	11.3%	10.4%	10.2%	11.1%	10.7%	10.7%	9.2%	9.4%	7.8%	7.8%	7.8%	6.9%
Y/Y bps Change	(112)	(166)	(192)	(49)	(58)	(58)	(119)	(83)	(330)	(294)	(294)	(233)
<b>Total Avg. Asking Price (\$/sf)</b>	<b>\$39.64</b>	<b>\$39.84</b>	<b>\$39.76</b>	<b>\$40.79</b>	<b>\$41.97</b>	<b>\$41.97</b>	<b>\$43.65</b>	<b>\$43.50</b>	<b>\$46.77</b>	<b>\$48.33</b>	<b>\$48.33</b>	<b>\$50.74</b>
% Y/Y Change	15.2%	13.5%	1.0%	3.7%	5.9%	5.9%	9.6%	9.4%	14.6%	15.2%	15.2%	16.2%
Total Number of Listings	905	828	823	851	795	795	678	753	620	647	647	603