

TENANTWISE

Downtown Office Market Analysis

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

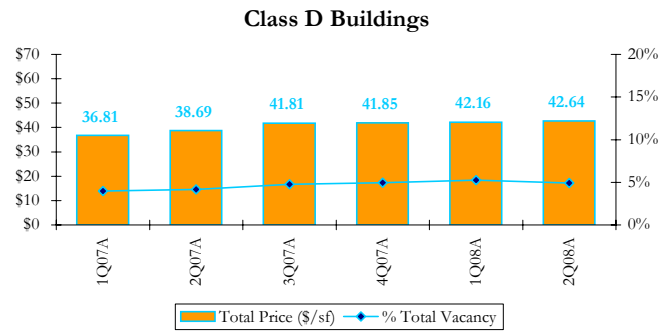
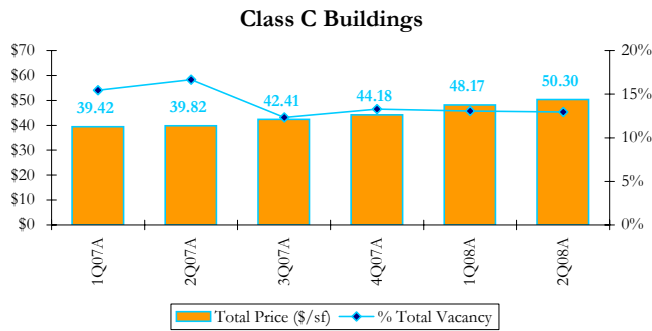
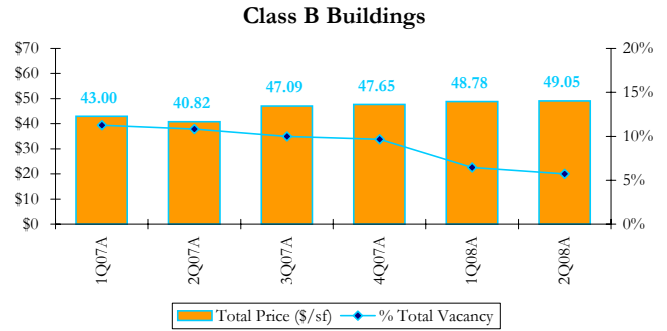
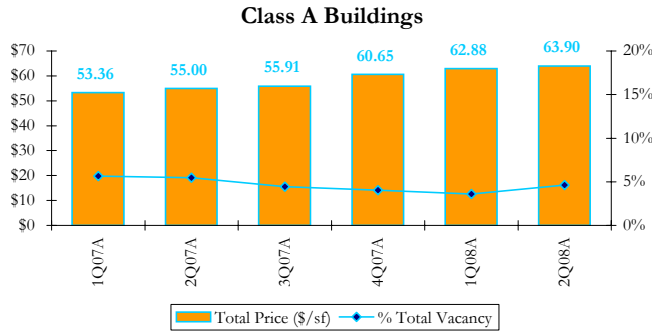


- Average asking rate growth remained strong across all building classes, though we suspect net effective rates were down as landlords are likely keeping asking rates high and attracting tenants through increased concessions like free rent and work letters.
- Asking rate growth decelerated for Class A and D properties, while B and C properties saw accelerating growth. The primary driver of Downtown market rate growth was Class C properties, which have grown 26.3% y/y to \$50.30 psf. This growth represented a \$10.47 psf increase in the Class C rate over the last 12 months and accounted for \$5.58 of the increase in the total market asking rate over the same period.

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Downtown Office Market Analysis

Total Price (\$/sf) and % Vacancy

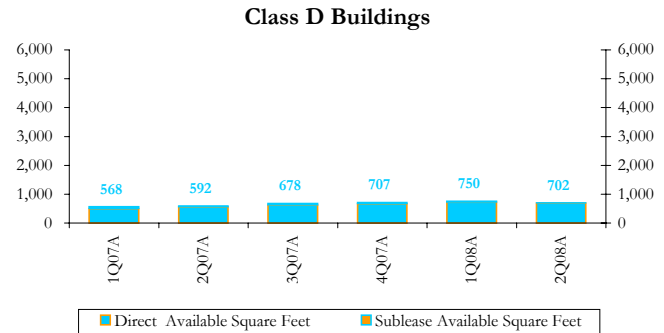
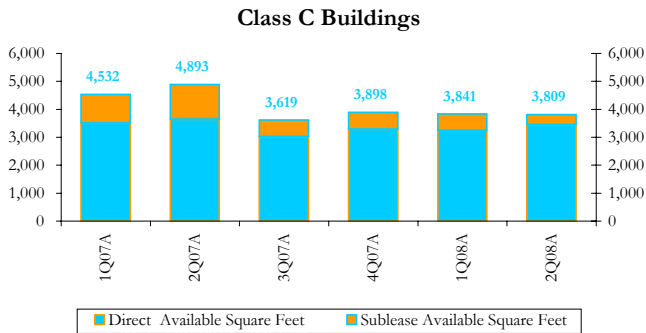
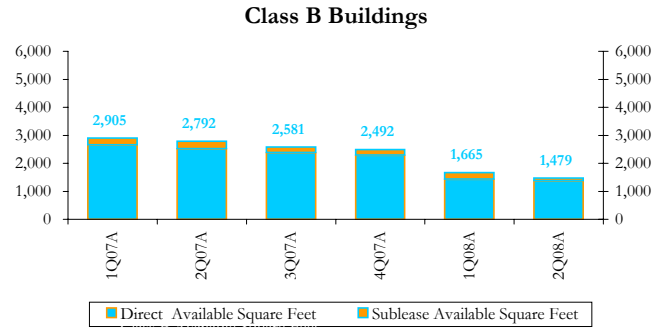
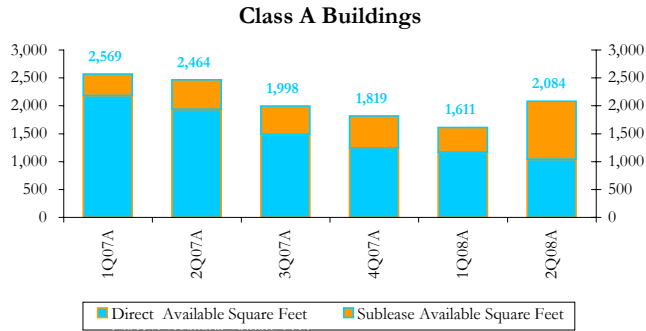


- Vacancy for the Downtown market increased slightly to just 7.1%, marking the second quarter in which it was below Midtown levels. While this was a slight increase from last quarter's record low, it is still down 233 bps y/y, suggesting a tight supply market relative to historical levels.
- Low vacancy continues to be a primary rate growth driver across all building classes, with A, B and D properties all showing vacancy below 6% and all showing double digit rate growth. Class C properties are the only exception to the trend, with 13% vacancy in 2Q08, driven by high vacancy at several properties under redevelopment. However, this redevelopment is also driving rate growth, making the Class C rate the fastest growing asking rate in the Downtown market.

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Total Available Square Feet = Direct Available + Sublease Available

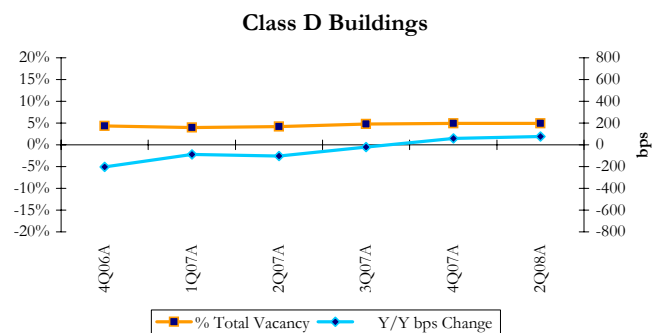
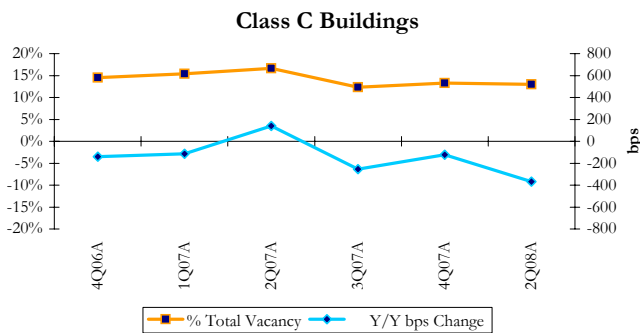
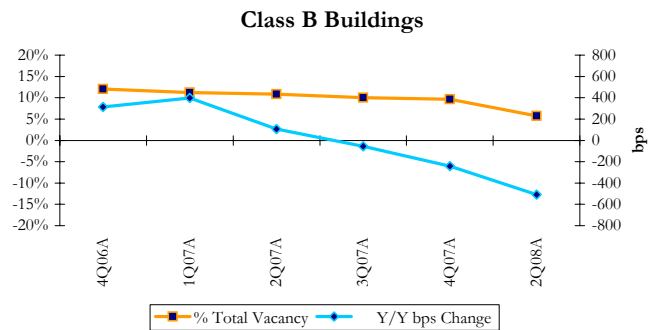
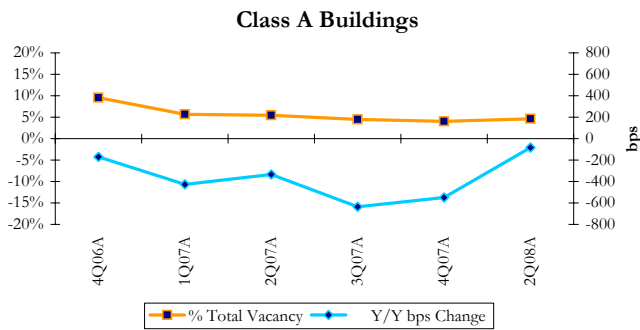


- These charts show the mix of availability, both between building classes and between direct and sublease lease types. Class A availability had been trending down over the last several quarters due to significant leasing at 7 World Trade Center, 32 Old Slip and 3 World Financial Center. However, Class A sublease availability spiked significantly in 2Q08 with Goldman Sachs making 517K sq ft of sublease space available at 77 Water St.
- The decrease in Class B availability was the most meaningful offset to the increase in Class A space. However, these shifts alone had little impact on the average asking rate for the market as Class A sublease space at \$47.97 psf, is offered at about par to the average Class B asking rate of \$49.05 psf.

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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 5.7% represented a 508 bps y/y decline.

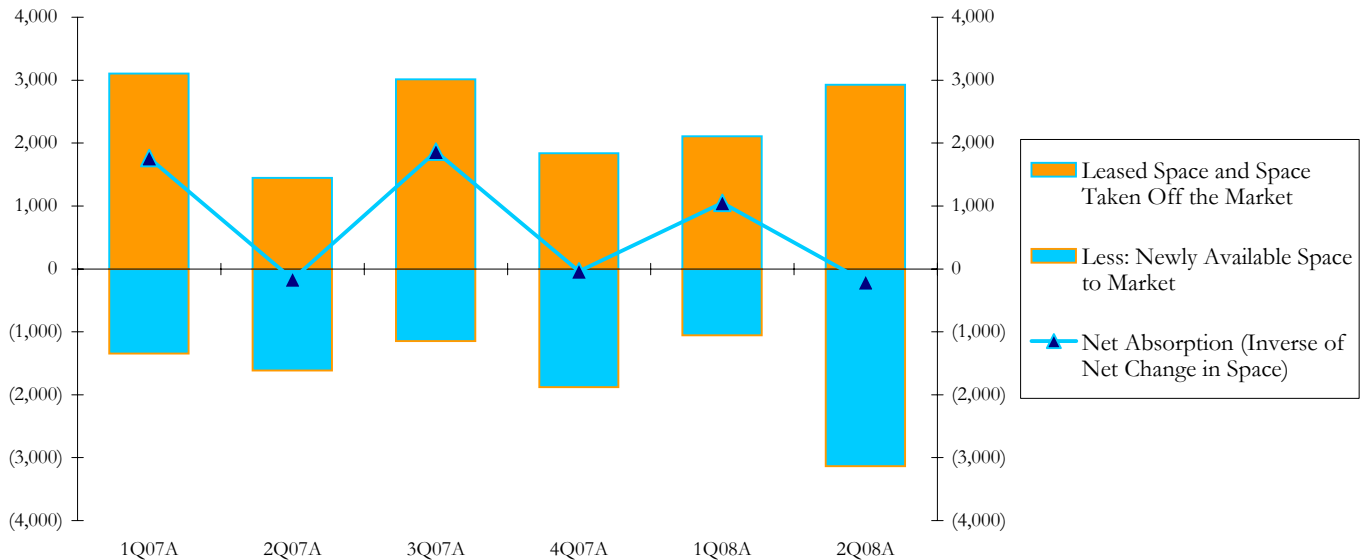
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Downtown Office Market Analysis

Absorption Trend Line

(all square feet in '000s)

	2006A	1Q07A	2Q07A	3Q07A	4Q07A	2006A	1Q08A	2Q08A
CHANGE IN AVAILABLE SPACE:								
Total Market Square Feet	114,896	114,896	114,395	114,395	114,395	114,395	114,395	114,395
Beginning Available Square Feet	13,004	12,335	10,574	10,741	8,875	12,335	8,916	7,866
Plus: Newly Available Space to Market	6,800	1,344	1,613	1,149	1,878	5,985	1,057	3,134
Less:								
Leased Space	(4,937)	(1,633)	(623)	(1,425)	(1,455)	(5,137)	(1,816)	(2,337)
Space Taken Off Market	(2,531)	(1,472)	(823)	(1,590)	(382)	(4,268)	(290)	(589)
Net Change in Space	(668)	(1,761)	167	(1,866)	41	(3,420)	(1,050)	209
Ending Available Square Feet	12,335	10,574	10,741	8,875	8,916	8,916	7,866	8,075
% Total Vacancy	10.7%	9.2%	9.4%	7.8%	7.8%	7.8%	6.9%	7.1%
SUBMARKET ABSORPTION:								
Leased Space and Space Taken Off the Market	7,469	3,105	1,446	3,015	1,838	9,405	2,107	2,926
Less: Newly Available Space to Market	(6,800)	(1,344)	(1,613)	(1,149)	(1,878)	(5,985)	(1,057)	(3,134)
Net Absorption (Inverse of Net Change in Space)	668	1,761	(167)	1,866	(41)	3,420	1,050	(209)



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(all square feet in '000s)

	3Q06A	4Q06A	2006A	1Q07A	2Q07A	3Q07A	4Q07A	2007A	1Q08A	2Q08A
CLASS A BUILDINGS:										
Total Square Feet	45,478	45,478	45,478	45,478	44,976	44,976	44,976	44,976	44,976	44,976
Direct Available Square Feet	4,101	3,540	3,540	2,180	1,931	1,486	1,237	1,237	1,164	1,036
% Direct Vacancy	9.0%	7.8%	7.8%	4.8%	4.3%	3.3%	2.8%	2.8%	2.6%	2.3%
Y/Y tps Change	(34)	(125)	(125)	(330)	(269)	(571)	(503)	(503)	(220)	(199)
% of Class A Available Square Feet	83.5%	81.7%	81.7%	84.8%	78.4%	74.4%	68.0%	68.0%	72.3%	49.7%
Direct Price (\$/sf)	\$50.07	\$51.67	\$51.67	\$54.36	\$57.13	\$56.93	\$62.27	\$62.27	\$64.62	\$65.25
% Y/Y Change	3.0%	4.5%	4.5%	9.4%	14.1%	13.7%	20.5%	20.5%	18.9%	14.2%
Number of Direct Listings	168	148	148	82	81	72	68	68	60	69
Sublease Available Square Feet	810	794	794	389	533	512	582	582	446	1,048
% Sublease Vacancy	1.8%	1.7%	1.7%	0.9%	1.2%	1.1%	1.3%	1.3%	1.0%	2.3%
Y/Y tps Change	(44)	(45)	(45)	(96)	(65)	(64)	(45)	(45)	14	115
% of Class A Available Square Feet	16.5%	18.3%	18.3%	15.2%	21.6%	25.6%	32.0%	32.0%	27.7%	50.3%
Sublease Price (\$/sf)	\$35.72	\$35.37	\$35.37	\$32.43	\$33.31	\$35.03	\$42.54	\$42.54	\$41.77	\$47.97
% Y/Y Change	3.4%	2.8%	2.8%	-5.1%	-5.3%	-1.9%	20.3%	20.3%	28.8%	44.0%
Number of Sublease Listings	36	33	33	18	31	32	34	34	30	49
Class A Available Square Feet	4,911	4,334	4,334	2,569	2,464	1,998	1,819	1,819	1,611	2,084
% Total Vacancy	10.8%	9.5%	9.5%	5.6%	5.5%	4.4%	4.0%	4.0%	3.6%	4.6%
Y/Y tps Change	(78)	(170)	(170)	(426)	(333)	(636)	(549)	(549)	(207)	(85)
Total Price (\$/sf)	\$48.01	\$49.56	\$49.56	\$53.36	\$55.00	\$55.91	\$60.65	\$60.65	\$62.88	\$63.90
% Y/Y Change	2.9%	5.2%	5.2%	12.9%	16.3%	16.5%	22.4%	22.4%	17.9%	16.2%
Total Number of Listings	204	181	181	100	112	104	102	102	90	118
CLASS B BUILDINGS:										
Total Square Feet	25,815	25,815	25,815	25,815	25,815	25,815	25,815	25,815	25,815	25,815
Direct Available Square Feet	2,415	2,787	2,787	2,654	2,517	2,374	2,281	2,281	1,424	1,377
% Direct Vacancy	9.4%	10.8%	10.8%	10.3%	9.7%	9.2%	8.8%	8.8%	5.5%	5.3%
Y/Y tps Change	150	310	310	367	93	(16)	(196)	(196)	(476)	(442)
% of Class B Available Square Feet	88.7%	89.4%	89.4%	91.4%	90.1%	92.0%	91.5%	91.5%	85.6%	93.1%
Direct Price (\$/sf)	\$36.49	\$39.09	\$39.09	\$43.56	\$41.26	\$47.48	\$48.08	\$48.08	\$49.56	\$49.35
% Y/Y Change	5.0%	10.6%	10.6%	19.5%	12.7%	30.1%	23.0%	23.0%	13.8%	19.6%
Number of Direct Listings	162	163	163	160	189	143	127	127	97	91
Sublease Available Square Feet	308	331	331	251	275	207	211	211	240	103
% Sublease Vacancy	1.2%	1.3%	1.3%	1.0%	1.1%	0.8%	0.8%	0.8%	0.9%	0.4%
Y/Y tps Change	(10)	3	3	32	14	(39)	(47)	(47)	(4)	(67)
% of Class B Available Square Feet	11.3%	10.6%	10.6%	8.6%	9.9%	8.0%	8.5%	8.5%	14.4%	6.2%
Sublease Price (\$/sf)	\$29.78	\$31.40	\$31.40	\$33.03	\$33.55	\$36.44	\$35.47	\$35.47	\$35.47	\$36.89
% Y/Y Change	17.4%	14.7%	14.7%	28.2%	18.1%	22.4%	12.9%	12.9%	7.4%	9.9%
Number of Sublease Listings	27	30	30	23	24	16	16	16	18	10
Class B Available Square Feet	2,723	3,118	3,118	2,905	2,792	2,581	2,492	2,492	1,665	1,479
% Total Vacancy	10.5%	12.1%	12.1%	11.3%	10.8%	10.0%	9.7%	9.7%	6.4%	5.7%
Y/Y tps Change	140	313	313	398	107	(55)	(243)	(243)	(481)	(508)
Total Price (\$/sf)	\$35.96	\$38.25	\$38.25	\$43.00	\$40.82	\$47.09	\$47.65	\$47.65	\$48.78	\$49.05
% Y/Y Change	5.7%	9.8%	9.8%	20.0%	13.3%	31.0%	24.6%	24.6%	13.4%	20.2%
Total Number of Listings	189	193	193	183	213	159	143	143	115	101
CLASS C BUILDINGS:										
Total Square Feet	29,365	29,365	29,365	29,365	29,365	29,365	29,365	29,365	29,365	29,365
Direct Available Square Feet	3,104	3,094	3,094	3,508	3,647	3,022	3,283	3,283	3,243	3,446
% Direct Vacancy	10.6%	10.5%	10.5%	11.9%	12.4%	10.3%	11.2%	11.2%	11.0%	11.7%
Y/Y tps Change	(245)	(175)	(175)	(115)	135	(28)	64	64	(90)	(68)
% of Class C Available Square Feet	71.2%	72.6%	72.6%	77.4%	74.5%	83.5%	84.2%	84.2%	84.4%	90.5%
Direct Price (\$/sf)	\$37.93	\$38.50	\$38.50	\$40.69	\$41.38	\$43.49	\$45.48	\$45.48	\$49.53	\$50.75
% Y/Y Change	5.8%	4.9%	4.9%	9.6%	10.4%	14.7%	18.1%	18.1%	21.7%	22.6%
Number of Direct Listings	244	236	236	246	274	209	236	236	223	211
Sublease Available Square Feet	1,258	1,166	1,166	1,024	1,246	597	616	616	598	363
% Sublease Vacancy	4.3%	4.0%	4.0%	3.5%	4.2%	2.0%	2.1%	2.1%	2.0%	1.2%
Y/Y tps Change	114	34	34	1	5	(225)	(188)	(188)	(145)	(301)
% of Class C Available Square Feet	28.8%	27.4%	27.4%	22.6%	25.5%	16.5%	15.8%	15.8%	15.6%	9.5%
Sublease Price (\$/sf)	\$32.84	\$32.75	\$32.75	\$33.97	\$33.82	\$31.76	\$33.45	\$33.45	\$33.71	\$38.50
% Y/Y Change	2.2%	13.1%	13.1%	17.7%	2.0%	-3.3%	2.1%	2.1%	-0.8%	13.8%
Number of Sublease Listings	53	50	50	48	56	37	45	45	40	26
Class C Available Square Feet	4,362	4,260	4,260	4,532	4,893	3,619	3,898	3,898	3,841	3,809
% Total Vacancy	14.9%	14.5%	14.5%	15.4%	16.7%	12.3%	13.3%	13.3%	13.1%	13.0%
Y/Y tps Change	(131)	(141)	(141)	(114)	139	(253)	(123)	(123)	(235)	(369)
Total Price (\$/sf)	\$36.76	\$37.26	\$37.26	\$39.42	\$39.82	\$42.41	\$44.18	\$44.18	\$48.17	\$50.30
% Y/Y Change	4.1%	5.0%	5.0%	9.8%	8.9%	15.4%	18.6%	18.6%	22.2%	26.3%
Total Number of Listings	297	286	286	294	330	246	281	281	263	237

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(all square feet in '000s)

	3Q06A	4Q06A	2006A	1Q07A	2Q07A	3Q07A	4Q07A	2007A	1Q08A	2Q08A
CLASS D BUILDINGS:										
Total Square Feet	14,239	14,239	14,239	14,239	14,239	14,239	14,239	14,239	14,239	14,239
Direct Available Square Feet	609	563	563	496	550	625	668	668	720	687
% Direct Vacancy	4.3%	4.0%	4.0%	3.5%	3.9%	4.4%	4.7%	4.7%	5.1%	4.8%
Y/Y bps Change	(143)	(192)	(192)	(72)	(59)	11	74	74	157	96
% of Class D Available Square Feet	86.3%	90.3%	90.3%	87.3%	92.9%	92.2%	94.6%	94.6%	95.9%	97.8%
Direct Price (\$/sf)	\$31.89	\$32.84	\$32.84	\$37.09	\$38.73	\$41.90	\$42.53	\$42.53	\$42.64	\$43.22
% Y/Y Change	3.1%	8.6%	8.6%	20.1%	22.2%	31.4%	29.5%	29.5%	15.0%	11.6%
Number of Direct Listings	149	125	125	90	90	102	115	115	130	117
Sublease Available Square Feet	97	60	60	72	42	53	38	38	30	16
% Sublease Vacancy	0.7%	0.4%	0.4%	0.5%	0.3%	0.4%	0.3%	0.3%	0.2%	0.1%
Y/Y bps Change	17	(10)	(10)	(15)	(44)	(31)	(15)	(15)	(29)	(19)
% of Class D Available Square Feet	13.7%	9.7%	9.7%	12.7%	7.1%	7.8%	5.4%	5.4%	4.1%	2.2%
Sublease Price (\$/sf)	\$25.18	\$25.83	\$25.83	\$34.50	\$38.10	\$40.48	\$26.10	\$26.10	\$24.72	\$20.00
% Y/Y Change	4.8%	5.9%	5.9%	41.5%	52.0%	60.8%	1.1%	1.1%	-28.4%	-47.5%
Number of Sublease Listings	12	10	10	11	8	9	6	6	5	2
Class D Available Square Feet										
% Total Vacancy	706	623	623	568	592	678	707	707	750	702
Y/Y bps Change	5.0%	4.4%	4.4%	4.0%	4.2%	4.8%	5.0%	5.0%	5.3%	4.9%
% of Class D Available Square Feet	(127)	(203)	(203)	(87)	(103)	(20)	59	59	128	78
Total Price (\$/sf)	\$31.04	\$32.30	\$32.30	\$36.81	\$38.69	\$41.81	\$41.85	\$41.85	\$42.16	\$42.64
% Y/Y Change	2.3%	8.7%	8.7%	22.3%	25.6%	34.7%	29.5%	29.5%	14.5%	10.2%
Total Number of Listings	161	135	135	101	98	111	121	121	135	119
TOTAL DOWNTOWN MARKET:										
Total Downtown Square Feet	114,896	114,896	114,896	114,896	114,395	114,395	114,395	114,395	114,395	114,395
Direct Square Feet	10,230	9,984	9,984	8,838	8,644	7,508	7,469	7,469	6,551	6,545
% Direct Vacancy	8.9%	8.7%	8.7%	7.7%	7.6%	6.6%	6.5%	6.5%	5.7%	5.7%
Y/Y bps Change	(60)	(48)	(48)	(86)	(57)	(234)	(216)	(216)	(196)	(184)
% of Downtown Available Square Feet	80.5%	80.9%	80.9%	83.6%	80.5%	84.6%	83.8%	83.8%	83.3%	81.1%
Direct Avg. Asking Price (\$/sf)	\$42.25	\$43.39	\$43.39	\$43.68	\$44.69	\$47.28	\$48.78	\$48.78	\$51.46	\$51.96
% Y/Y Change	4.8%	5.9%	5.9%	5.1%	9.1%	11.9%	12.4%	12.4%	17.8%	16.3%
Number of Direct Listings	723	672	672	578	634	526	546	546	510	488
Sublease Square Feet	2,472	2,352	2,352	1,737	2,097	1,368	1,447	1,447	1,315	1,529
% Sublease Vacancy	2.2%	2.0%	2.0%	1.5%	1.8%	1.2%	1.3%	1.3%	1.1%	1.3%
Y/Y bps Change	11	(10)	(10)	(32)	(26)	(96)	(78)	(78)	(36)	(50)
% of Downtown Available Square Feet	19.5%	19.1%	19.1%	16.4%	19.5%	15.4%	16.2%	16.2%	16.7%	18.9%
Sublease Avg. Asking Price (\$/sf)	\$33.41	\$33.57	\$33.57	\$35.24	\$33.74	\$34.02	\$37.25	\$37.25	\$36.56	\$44.70
% Y/Y Change	4.2%	8.4%	8.4%	14.7%	1.7%	1.8%	11.0%	11.0%	3.7%	32.5%
Number of Sublease Listings	128	123	123	100	119	94	101	101	93	87
Total Available Square Feet	12,702	12,335	12,335	10,574	10,741	8,875	8,916	8,916	7,866	8,075
% Total Vacancy	11.1%	10.7%	10.7%	9.2%	9.4%	7.8%	7.8%	7.8%	6.9%	7.1%
Y/Y bps Change	(49)	(58)	(58)	(119)	(83)	(330)	(294)	(294)	(233)	(233)
Total Avg. Asking Price (\$/sf)	\$40.79	\$41.97	\$41.97	\$43.65	\$43.50	\$46.77	\$48.33	\$48.33	\$50.74	\$52.91
% Y/Y Change	3.7%	5.9%	5.9%	9.6%	9.4%	14.6%	15.2%	15.2%	16.2%	21.6%
Total Number of Listings	851	795	795	678	753	620	647	647	603	575