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OFFICE MARKET | SECOND QUARTER | 2009

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OFFICE AVAILABILITY, VACANCY, AND NET ABSORPTION, SECOND QUARTER 2009

	Total Inventory	New Space Available	Relet Space Available	Sublet Space Available	Total Space Available	Vacancy Rate (%)	New Space Absorption	Relet Space Absorption	Sublet Space Absorption	Total Net Absorption
Bethesda/ Chevy Chase	11,060,862	124,104	568,699	336,481	1,029,284	9.3%	173,183	(5,061)	(25,943)	142,179
North Bethesda	9,764,303	375,275	904,397	118,970	1,398,642	14.3%	0	(16,542)	2,694	(13,848)
Rockville	7,979,549	362,378	597,862	118,140	1,078,380	13.5%	0	(57,231)	(16,169)	(73,400)
North Rockville	11,056,367	184,674	1,040,093	211,305	1,436,072	13.0%	2,164	15,002	(28,080)	(10,914)
Gaithersburg/ Germantown	7,638,032	356,602	902,240	63,027	1,321,869	17.3%	0	(128,256)	146,676	18,420
Silver Spring	8,070,528	55,116	612,946	124,872	792,934	9.8%	0	46,119	(9,969)	36,150
Montgomery County	55,569,641	1,458,149	4,626,237	972,795	7,057,181	12.7%	175,347	(145,969)	69,209	98,587
Northern	10,060,117	46,588	1,699,309	128,562	1,874,459	18.6%	7,412	(11,546)	24,908	20,774
Central	5,616,751	207,216	796,610	73,943	1,077,769	19.2%	0	(25,223)	3,553	(21,670)
Southern	2,854,806	17,895	266,411	18,890	303,196	10.6%	55,775	(630)	(5,000)	50,145
Prince George's County	18,531,674	271,699	2,762,330	221,395	3,255,424	17.6%	63,187	(37,399)	23,461	49,249
Suburban Maryland	74,101,315	1,729,848	7,388,567	1,194,190	10,312,605	13.9%	238,534	(183,367)	92,669	147,836

**TABLE 2
TRAILING 12-MONTH DATA**

	Total Inventory				Vacancy Rate (%)				Total Absorption			
	3rd Qtr 2008	4th Qtr 2008	1st Qtr 2009	2nd Qtr 2009	3rd Qtr 2008	4th Qtr 2008	1st Qtr 2009	2nd Qtr 2009	3rd Qtr 2008	4th Qtr 2008	1st Qtr 2009	2nd Qtr 2009
Bethesda/ Chevy Chase	10,655,862	10,655,862	10,765,862	11,060,862	6.3%	6.7%	8.1%	9.3%	636	(44,686)	(119,485)	142,179
North Bethesda	9,816,028	9,764,303	9,764,303	9,764,303	12.1%	12.5%	14.2%	14.3%	(16,292)	(58,636)	(163,930)	(13,848)
Rockville	7,905,549	7,920,796	7,979,549	7,979,549	10.9%	11.3%	12.6%	13.5%	81,179	(49,933)	(8,446)	(73,400)
North Rockville	11,056,367	11,056,367	11,056,367	11,056,367	12.9%	13.5%	12.9%	13.0%	(31,780)	(107,145)	45,240	(10,914)
Gaithersburg/ Germantown	7,481,394	7,638,032	7,638,032	7,638,032	16.4%	17.9%	17.5%	17.3%	(100,941)	(14,119)	16,153	18,420
Silver Spring	8,047,653	8,036,521	8,036,521	8,070,528	8.8%	9.3%	9.5%	9.8%	(91,733)	(36,888)	(12,588)	36,150
Montgomery County	54,962,853	55,071,881	55,240,634	55,569,641	11.1%	11.8%	12.3%	12.7%	(158,931)	(311,407)	(243,056)	98,587
Northern	10,180,117	10,060,117	10,060,117	10,060,117	18.4%	17.7%	18.7%	18.6%	(11,522)	(1,972)	(110,595)	20,774
Central	5,471,870	5,471,870	5,616,751	5,616,751	15.8%	16.0%	18.9%	19.2%	5,257	(10,450)	(73,852)	(21,670)
Southern	2,894,386	2,894,389	2,894,389	2,854,806	19.4%	12.7%	12.6%	10.6%	22,990	194,018	3,797	50,145
Prince George's County	18,546,373	18,426,376	18,571,257	18,531,674	17.8%	16.4%	17.8%	17.6%	16,725	181,596	(180,650)	49,249
Suburban Maryland	73,509,226	73,498,257	73,811,891	74,101,315	12.8%	12.9%	13.7%	13.9%	(142,206)	(129,811)	(423,706)	147,836

TABLE 3
HISTORICAL YEAR-END DATA

	Total Inventory				Vacancy Rate (%)				Total Annual Absorption			
	2006	2007	2008	YTD 2009	2006	2007	2008 ^r	YTD 2009	2006	2007	2008	YTD 2009
Bethesda/Chevy Chase	10,773,866	10,671,725	10,655,862	11,060,862	7.7%	6.4%	6.7%	9.3%	290,172	208,016	(17,112)	22,694
North Bethesda	9,367,916	9,583,842	9,764,303	9,764,303	8.8%	9.7%	12.5%	14.3%	91,910	82,567	(130,561)	(177,778)
Rockville	7,758,513	7,764,300	7,920,796	7,979,549	6.4%	7.6%	11.3%	13.5%	83,514	(25,861)	52,342	(81,846)
North Rockville	10,571,368	10,995,867	11,056,367	11,056,367	11.1%	12.5%	13.5%	13.0%	(38,886)	215,933	21,599	34,326
Gaithersburg/Germantown	7,180,202	7,407,945	7,638,032	7,638,032	13.5%	15.0%	17.9%	17.3%	(76,891)	96,603	(164,079)	34,573
Silver Spring	8,251,996	8,032,508	8,036,521	8,070,528	4.6%	6.8%	9.3%	9.8%	(5,006)	(108,554)	(167,955)	23,562
Montgomery County	53,903,861	54,456,187	55,071,881	55,569,641	8.7%	9.6%	11.8%	12.7%	344,813	468,704	(405,766)	(144,469)
Northern	9,974,168	10,060,117	10,060,117	10,060,117	14.6%	14.7%	17.7%	18.6%	(123,760)	163,033	(322,429)	(89,821)
Central	5,633,615	5,689,590	5,471,870	5,616,751	12.4%	13.0%	16.0%	19.2%	179,294	247,273	(377,338)	(95,522)
Southern	2,818,410	2,791,389	2,894,389	2,854,806	12.6%	15.4%	12.7%	10.6%	(60,927)	(146,852)	205,725	53,942
Prince George's County	18,426,193	18,541,096	18,426,376	18,531,674	13.7%	14.3%	16.4%	17.6%	(5,393)	263,454	(494,042)	(131,401)
Suburban Maryland	72,330,054	72,997,283	73,498,257	74,101,315	9.9%	10.8%	12.9%	13.9%	339,420	732,158	(899,808)	(275,870)

TABLE 4
METRO WASHINGTON OFFICE MARKET SUMMARY: 2ND QUARTER 2009

	Total Inventory	Total Space Available	Vacancy Rate	Total Absorption
Washington, DC	115,753,473	11,123,048	9.6%	(230,933)
Northern Virginia	150,396,886	20,578,639	13.7%	(664,642)
Suburban Maryland	74,101,315	10,312,605	13.9%	147,836
Regional Totals	340,251,674	42,014,292	12.3%	(747,739)

TABLE 5
METRO WASHINGTON EMPLOYMENT DATA

	Labor Force (5/2008)	Labor Force (5/2009)	Jobs Added	Percent Change
Washington, DC	705,000	703,400	-1,600	-0.2%
Northern Virginia	1,325,100	1,310,600	-14,500	-1.1%
Suburban Maryland	977,100	956,500	-20,600	-2.1%
Regional Totals	3,008,000	2,970,500	-36,700	-1.2%

SOURCE: U.S. Bureau of Labor Statistics (Not seasonally adjusted.)
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Survey of New Office Space by Submarket

BUILDING ADDRESS	RENTAL RATE	OWNER/DEVELOPER	DELIVERY DATE					
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Bethesda/Chevy Chase				2007	2008	2009	2010	2011
Wisconsin Place 5404 Wisconsin Ave	\$39.00 - \$40.00	NNN	Boston Properties	2Q09			295,000 124,104	
Total New Office Space as of 2Q09						295,000		
Total Available Space as of 2Q09						124,104		
Total Under Construction as of 2Q09						0		

North Bethesda				2007	2008	2009	2010	2011
Piedmont Pointe - Phase 1 6720 Rockledge Dr	\$40.00 - \$42.00	FS	Opus East, LLC	2Q07	165,943 165,943			
Piedmont Pointe - Phase 2 6720 Rockledge Dr	\$40.00 - \$42.00	FS	Opus East, LLC	3Q08		190,272 190,272		
Total New Office Space as of 2Q09					165,943	190,272		
Total Available Space as of 2Q09					165,943	190,272		
Total Under Construction as of 2Q09					0	0		

Rockville				2007	2008	2009	2010	2011
21 Church St	\$37.50	FS	Investment Properties, Inc	4Q07	81,732 6,424			
Preserve at Tower Oaks 1 Preserve Pkwy	\$39.00 - \$42.00	FS	Boston Properties	1Q08		183,788 135,464		
2000 Tower Oaks Blvd	\$49.00	FS	Lerner Enterprises/The Tower Companies	3Q08		199,093 127,490		
Element 12420 12420 Parklawn Dr	\$33.00	FS	The JBG Companies	1Q09			93,000 93,000	
Twinbrook Place 12501 Ardennes Ave	NEG	FS	Twinard Joint Venture	3Q09*			150,000 150,000	
Building E 12505 Park Potomac Ave	\$43.50	FS	Fougler-Pratt Companies	3Q09*			153,000 65,363	
Total New Office Space as of 2Q09					81,732	382,881	396,000	
Total Available Space as of 2Q09					6,424	262,954	308,363	
Total Under Construction as of 2Q09					0	0	303,000	

Rental Rate	Operating Expense and Real Estate Tax Base	Delivery Date
N/A = Not Available	FS = Full Service NN = Plus Electric & Char	* = Under Construction
TBD = To Be Determined	N = Plus Electric NT = Plus Taxes	
NEG = Negotiable	NNN = Net of all Operating Expenses and Taxes	

Survey of New Office Space by Submarket

BUILDING ADDRESS	RENTAL RATE		OWNER/ DEVELOPER	DELIVERY DATE	2007	2008	2009	2010	2011
North Rockville									
Traville Office Park - Building 2 10110 Molecular Dr	\$50.00	N/A	DVA Architects	1Q07	61,621 2,020				
Four Irvington Centre 805 King Farm Blvd	\$35.00 - \$38.00	FS	Penrose Property Group	3Q07	220,000 144,502				
Fallsgrove Rsearch Center I 2200 Research Blvd	\$35.00	FS	ASHA/Fougler Pratt	4Q07	141,326 13,300				
Building 6 9707 Key West Ave	\$29.50	FS	DANAC Corporation	1Q08		72,000 24,852			
Redland Corporate Center 520/530 Gaither Rd	NEG	FS	Persus Realty, LLC	3Q09*			353,000 353,000		
The Summit at Washingtonian 9711 Washingtonian Blvd	NEG	FS	Washington Property Company	3Q09*			193,130 193,130		
Total New Office Space as of 2Q09					422,947	72,000	546,130		
Total Available Space as of 2Q09					159,822	24,852	546,130		
Total Under Construction as of 2Q09					0	0	546,130		

Gaithersburg/Germantown					2007	2008	2009	2010	2011
Crystal Rock Plaza 19785 Crystal Rock Dr	For Sale/ Lease	NEG	The Williamson Group	2Q07	58,000 9,954				
Monument Corporate Center I 655 Watkins Mill Rd	\$31.50	FS	Monument Realty	2Q07	200,000 200,000				
Building 3 12420 Milestone Center Ct	\$32.00	FS	New Town Multi-Employer Property Trust	4Q08		156,638 146,648			
Total New Office Space as of 2Q09					258,000	156,638			
Total Available Space as of 2Q09					209,954	146,648			
Total Under Construction as of 2Q09					0	0			

Rental Rate	Operating Expense and Real Estate Tax Base	Delivery Date
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TBD = To Be Determined	N = Plus Electric NT = Plus Taxes	
NEG = Negotiable	NNN = Net of all Operating Expenses and Taxes	

Survey of New Office Space by Submarket

BUILDING ADDRESS	RENTAL RATE	OWNER/DEVELOPER	DELIVERY DATE	2007	2008	2009	2010	2011
Silver Spring								
804 Pershing Dr	For Sale	Broad Street Ventures, LLC	4Q07	34,000 0				
10001 New Hampshire Ave	NEG	10001 New Hampshire Ave, Inc.	2Q09			51,715 51,715		
City Place 8661 Colesville Rd	\$32.50	Petrie Ross Ventures, Inc.	4Q09*			84,450 84,450		
Total New Office Space as of 2Q09				34,000		136,165		
Total Available Space as of 2Q09				0		136,165		
Total Under Construction as of 2Q09				0		136,165		

Montgomery County Summary

	2007	2008	2009	2010	2011
Total New Office Space as of 2Q09	962,622	801,791	1,373,295	0	0
Total Available Space as of 2Q09	542,143	624,726	1,114,762	0	0
Total Under Construction as of 2Q09	0	0	985,295	0	0

Rental Rate	Operating Expense and Real Estate Tax Base	Delivery Date
N/A = Not Available	FS = Full Service NN = Plus Electric & Char	* = Under Construction
TBD = To Be Determined	N = Plus Electric NT = Plus Taxes	
NEG = Negotiable	NNN = Net of all Operating Expenses and Taxes	

Survey of New Office Space by Submarket

BUILDING ADDRESS	RENTAL RATE		OWNER/ DEVELOPER	DELIVERY DATE	2007	2008	2009	2010	2011
Northern Prince George's County									
The Cinema Bldg 6511 America Blvd	N/A	FS	Moore & Associates/Prince George's Metro Center	3Q07	54,000 0				
M Square U of MD Research Park 5825 University Research Ct	\$28.00 - \$32.00	FS	COPT/Manekin/U of MD	4Q07	120,000 46,588				
NOAA Bldg 5830 University Research Ct	N/A	FS	Opus East, LLC	4Q09*			268,762 0		
Total New Office Space as of 2Q09					174,000		268,762		
Total Available Space as of 2Q09					46,588		0		
Total Under Construction as of 2Q09					0		268,762		

Central Prince George's County					2007	2008	2009	2010	2011
Executive Terrace Ph 2 1401 Mercantile Ln	\$25.75	FS	Knollwood Development Corporation	2Q07	87,933 60,687				
Fairwoods Office Park 12150 Annapolis Rd	For Sale/ Lease	FS	WF Chesley Real Estate, Inc	4Q08		40,521 5,132			
Fairwoods Office Park 12200 Annapolis Rd	For Sale	FS	WF Chesley Real Estate, Inc	4Q08		46,719 4,795			
Melford Plaza II 16901 Melford Blvd	NEG	FS	St. Johns Properties	1Q09			144,881 141,089		
Total New Office Space as of 2Q09					87,933	87,240	144,881		
Total Available Space as of 2Q09					60,687	9,927	141,089		
Total Under Construction as of 2Q09					0	0	0		

Southern Prince George's County					2007	2008	2009	2010	2011
National Harbor 174 Waterfront St	\$28.00	N	The Peterson Companies	1Q08		60,000 2,601			
National Harbor 120 Waterfront St	\$28.00 - \$32.00	N	The Peterson Companies	2Q08		60,000 18,294			
Total New Office Space as of 2Q09						120,000			
Total Available Space as of 2Q09						20,895			
Total Under Construction as of 2Q09						0			

Prince George's County					2007	2008	2009	2010	2011
Total New Office Space as of 2Q09					261,933	207,240	413,643	0	0
Total Available Space as of 2Q09					107,275	30,822	141,089	0	0
Total Under Construction as of 2Q09					0	0	268,762	0	0

Total Suburban Maryland					2007	2008	2009	2010	2011
Total New Office Space as of 2Q09					1,224,555	1,009,031	1,786,938	0	0
Total Available Space as of 2Q09					649,418	655,548	1,255,851	0	0
Total Under Construction as of 2Q09					0	0	1,254,057	0	0

Rental Rate	Operating Expense and Real Estate Tax Base	Delivery Date
N/A = Not Available	FS = Full Service NN = Plus Electric & Char	* = Under Construction
TBD = To Be Determined	N = Plus Electric NT = Plus Taxes	
NEG = Negotiable	NNN = Net of all Operating Expenses and Taxes	

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Methodology

Market statistics are calculated from a base building inventory made up of office properties deemed to be competitive in the typical Washington, DC office market. Generally, owner-occupied and federally-owned buildings are not included. Single-tenant buildings and privately-owned buildings in which the federal government leases space are included. Older buildings unfit for occupancy or ones that require substantial renovation before tenancy are generally not included in the competitive inventory. Vacant space is defined as space that is available immediately or three months (90 days) after the end of the quarter. Sublet space still occupied by the tenant is not counted as available space.

Explanation of Terms

Total Inventory: The total amount of office space (in buildings greater than 10,000 square feet) that can be rented by a third party.

New Space Available: First generation, never-occupied office space in newly constructed

or substantially renovated buildings, being actively marketed by a landlord.

Relet Space Available: Second-generation, unoccupied office space being actively marketed by a landlord. (Space that is marketed but largely occupied is not counted as available space.)

Sublet Space Available: Second-generation, unoccupied space being actively marketed by a tenant. (Sublet space that is marketed but still occupied is not counted as available space.)

Total Space Available: The sums of new, relet, and sublet space that is unoccupied and being actively marketed.

Vacancy Rate: The amount of unoccupied space (new, relet, and sublet) expressed as a percentage of total inventory. (Total Unoccupied Space divided by Total Inventory.)

Absorption: The net change in occupied space between two points in time. (Total occupied space in the previous quarter minus total occupied space in the present quarter, quoted on a net, not gross, basis.)

New Space Absorption: The net change in occupied new space between two quarters.

Relet/Sublet Absorption: The net change in occupied relet and sublet space between two quarters.

Total Absorption: The net change in total occupied (new, relet, and sublet) space between two quarters.

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