

## Exhibit A

VINTAGE – SYSTEM Session: 302 Date: October 7, 2014 Time: 23:33

@PRNNY-VFXPP03/vintage/CLS\_HouseStyle/GRP\_fin38/JOB\_v390177\_drsta/DIV\_06-useofproceed Page 4 of 8

### MARKET OVERVIEW

#### Overview

We are focused on helping our shareholders take advantage of the New York City real estate market. Our long-term investment goals are as follows:

- **New York City Focus** — Acquire high-quality commercial real estate located in the five boroughs of New York City, with a focus on Manhattan;
- **Cash Flow Generating Properties** — Invest primarily in properties with 80% or greater occupancy at the time of purchase;
- **Potential for Appreciation** — Purchase properties valued using current market rents with potential for appreciation and endeavor to acquire properties below replacement cost;
- **Low Leverage** — Finance our portfolio opportunistically at a target leverage level of not more than 40 – 50% loan-to-value (calculated after the close of this offering and once we have invested substantially all the proceeds of this offering);
- **Diversified Tenant Mix** — Lease to a diversified group of tenants with a bias toward lease terms of five years or greater;
- **Monthly Distributions** — Pay distributions monthly, as described under Management's Discussion and Analysis of Financial Condition and Results of Operations — Distributions";
- **6-Year Exit** — We expect to sell our assets, sell or merge our company, or list our shares of common stock within six years of the end of our offering stage; and
- **Maximize Total Returns** — Maximize total returns to our stockholders through a combination of realized appreciation and current income.
- **Positive Spread** — Purchase properties that provide a positive spread between cash flow yield and borrowing costs.

Our real estate team is led by seasoned professionals who have acquired over \$20 billion of real estate and real estate-related assets and who have institutional experience investing through various real estate cycles. Each of our chief executive officer and president has more than 20 years of real estate experience. Our chief operating officer has more than eleven years of real estate experience and our chief financial officer has over 20 years of commercial lending experience. We believe a number of factors differentiate us from other non-traded REITs, including our geographic focus, our lack of legacy issues, our opportunistic buy and sell strategy and our institutional management team.

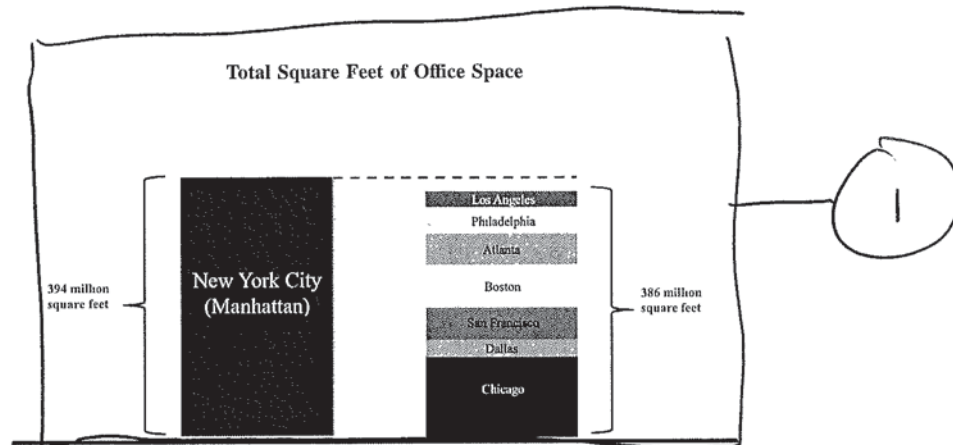
#### New York City Office Market Overview

New York City has been called the "financial capital of the world." Even though Manhattan is an island with less than 23 square miles of land, it is also one of the largest real estate markets in the United States. As depicted under "— New Supply Trends," the Manhattan office market currently contains nearly 400 million square feet of office space, which, according to Cushman & Wakefield, is more than the office space in the central business districts of Chicago, Boston, Los Angeles, San Francisco, Philadelphia, Dallas and Atlanta combined. Additionally, Cushman & Wakefield notes that even just the Midtown Manhattan office submarket, between 34<sup>th</sup> Street and 59<sup>th</sup> Street, contains more than 200 million square feet in an area that is less than three square miles and holds more office space than the central business district any other city in the country.

1-A

1

2-A



Source: Cushman & Wakefield, Q2 2014. Data refers to the central business district

#### Employment Trends

In our view, employment is a key driver of real estate demand, especially demand for office space. According to Cushman & Wakefield, New York City lost approximately 130,000 jobs from April 2008 until December 2009. This compares to approximately 150,000 jobs lost in the 1990 – 1991 recession and approximately 140,000 jobs lost in the 2001 – 2002 recession. However, New York City gained approximately 360,000 jobs from December 2009 through May 2014, resulting in a net job gain of approximately 230,000 jobs since the cycle of job losses began in April 2008. According to the U.S. Bureau of Labor Statistics, the unemployment rate as of April 2014 in Manhattan was 6.0%.



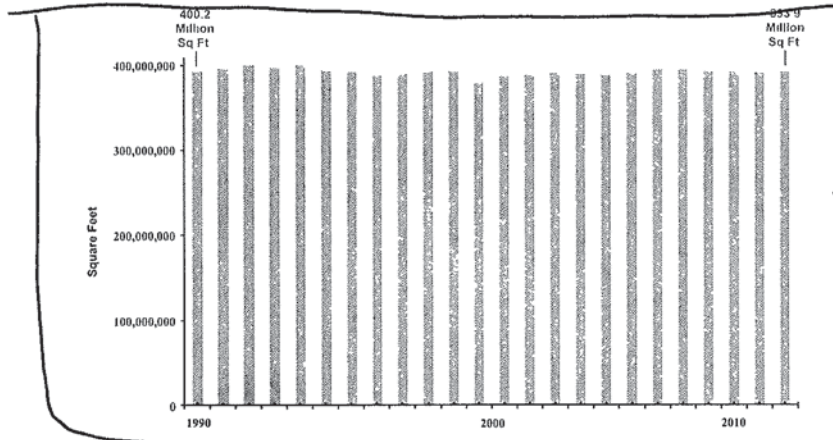
Source: U.S. Bureau of Labor Statistics, Cushman & Wakefield Research, data through May 31, 2014

#### New Supply Trends

We believe that one of the most attractive characteristics of the New York City real estate market is that new supply is limited. In fact, according to Cushman & Wakefield the actual inventory of office space in New York City declined since 1992 due to the loss of the World Trade Center and a significant number of conversions of office buildings into residential buildings. While the inventory of existing office space has declined in New York City since 1992, total jobs in New York City have increased more than 20% since January 1992 even after factoring in recent job losses, as demonstrated in the above "NYC Employment Trends" table.

Many real estate markets across the country are potentially vulnerable to both large increases in supply and large decreases in demand. According to Cushman & Wakefield, New York City actually faces a potential supply shortage over the long term. In the three decades from 1960 to 1990, the new supply of office space in New York City averaged more than 5.5 million square feet per year. However, between 1990 and 2010, the new supply of office space in New York City averaged approximately 1.5 million square feet per year.

Manhattan Office Market — Existing Office Space

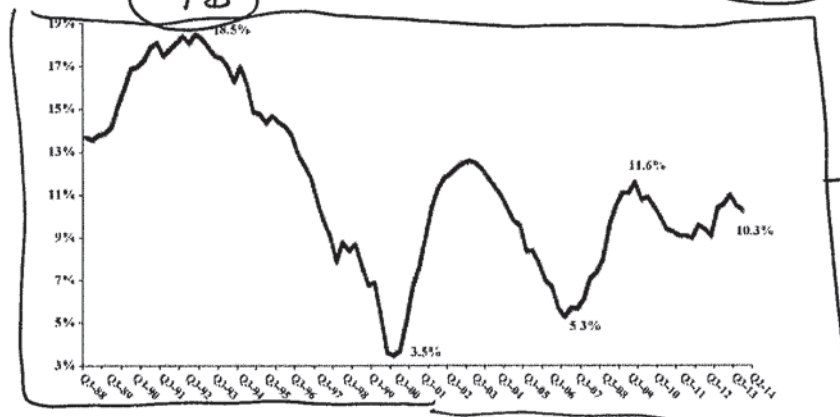


Source: Cushman & Wakefield Research, 2014 data through Second Quarter

#### Vacancy Trends

According to Cushman & Wakefield, the vacancy rate in the New York City office market as of June 2014 was approximately 10.3% up from the 5.3% vacancy rate in mid-2007 when vacancy rates began to rise in the New York City office market. The vacancy rate in Manhattan peaked at approximately 18% after the 1990 – 1991 downturn and at approximately 12% after the 2000 – 2001 downturn. Cushman & Wakefield estimates that the average vacancy rate in New York City over the long term is 7 – 9%.

Manhattan Office Market  
Vacancy Rate



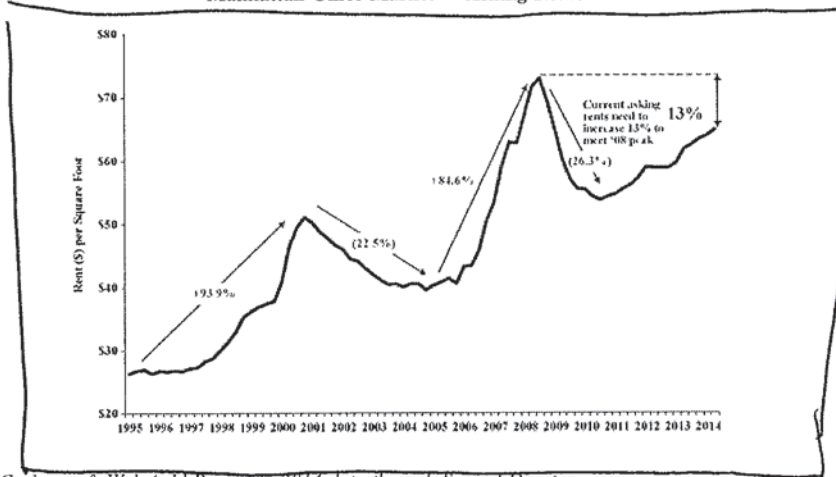
Source: Cushman & Wakefield Research, 2014 data through June 1, 2014

### Rental Rate Trends

Rental rate trends typically follow vacancy trends but with a lag. In this most recent recession, asking rents in the Manhattan office market declined by over 26% since they peaked in the third quarter of 2008, according to Cushman & Wakefield. However, "net effective rents," which we believe to be a better measure of true economic rents, fell by more than 32% over the same period. Net effective rents are the asking rents adjusted for free rent and other monetary concessions given by the landlord to tenants. As real estate markets recover, we believe the typical pattern is to see an improvement in occupancy followed by a recovery in net effective rents followed by a rebound in asking rents.

B-A  
 B-B

Manhattan Office Market — Asking Rents



7 and 8

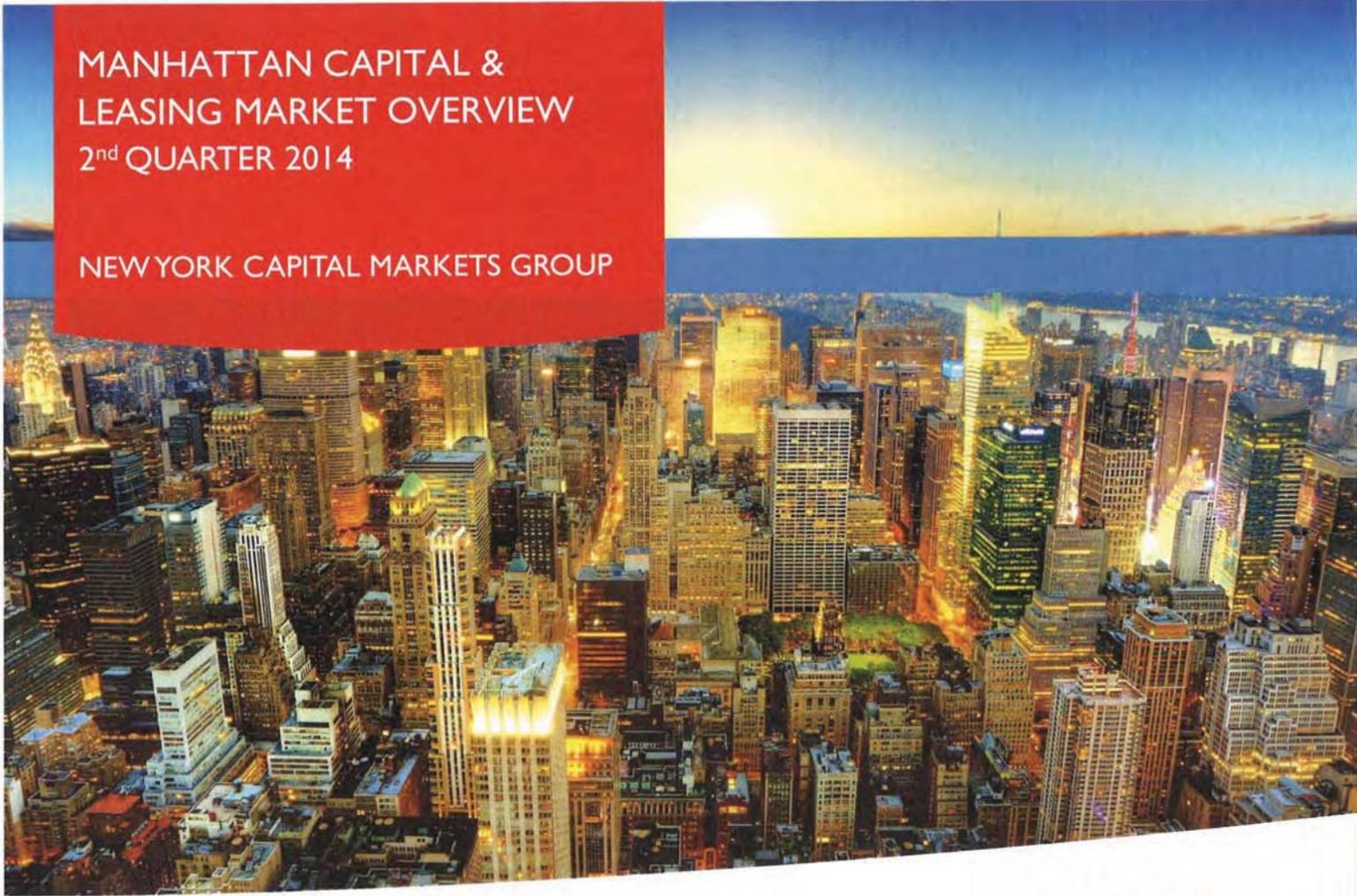
Source: Cushman & Wakefield Research, 2014 data through Second Quarter

## Annex 1

Market	CBD
Manhattan	393,859,367
Chicago, IL	126,313,520
Washington, D.C.	107,925,388
Boston, MA	65,982,535
San Francisco, CA	49,814,266
Atlanta, GA	48,837,454
Philadelphia, PA	40,889,850
Houston, TX	37,934,428
Orange County CA	37,590,452
Los Angeles CBD	27,325,154
Denver, CO	27,055,392
Dallas, TX	26,473,599
Portland, OR	23,080,419
Sacramento, CA	18,880,893
Phoenix, AZ	16,407,424
Miami, FL	13,792,017
Baltimore, MD	12,924,026
Oakland, CA	12,665,060
San Diego, CA	10,971,722
Fairfield County CT	8,629,196
Jacksonville, FL	7,730,794
Orlando, FL	7,213,799
Hartford, CT	7,090,439
Silicon Valley CA	7,006,963
Tampa, FL	6,405,382
Westchester County NY	6,207,675
Ft. Lauderdale, FL	5,024,591
Palm Beach, FL	3,208,460
New Haven, CT	2,749,961



A

An aerial photograph of the Manhattan skyline at dusk. The city is densely packed with skyscrapers, many of which are illuminated with warm yellow and orange lights. The sky is a deep blue with a hint of orange from the setting sun. The image is used as a background for the report cover.

MANHATTAN CAPITAL &  
LEASING MARKET OVERVIEW  
2<sup>nd</sup> QUARTER 2014

NEW YORK CAPITAL MARKETS GROUP

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## ECONOMIC OVERVIEW

### **Economic Overview by**

Ken McCarthy  
Executive Managing Director  
Cushman & Wakefield  
Research Services  
Tel: (212) 841-2502  
[ken.mccarthy@cushwake.com](mailto:ken.mccarthy@cushwake.com)



## ECONOMIC OVERVIEW

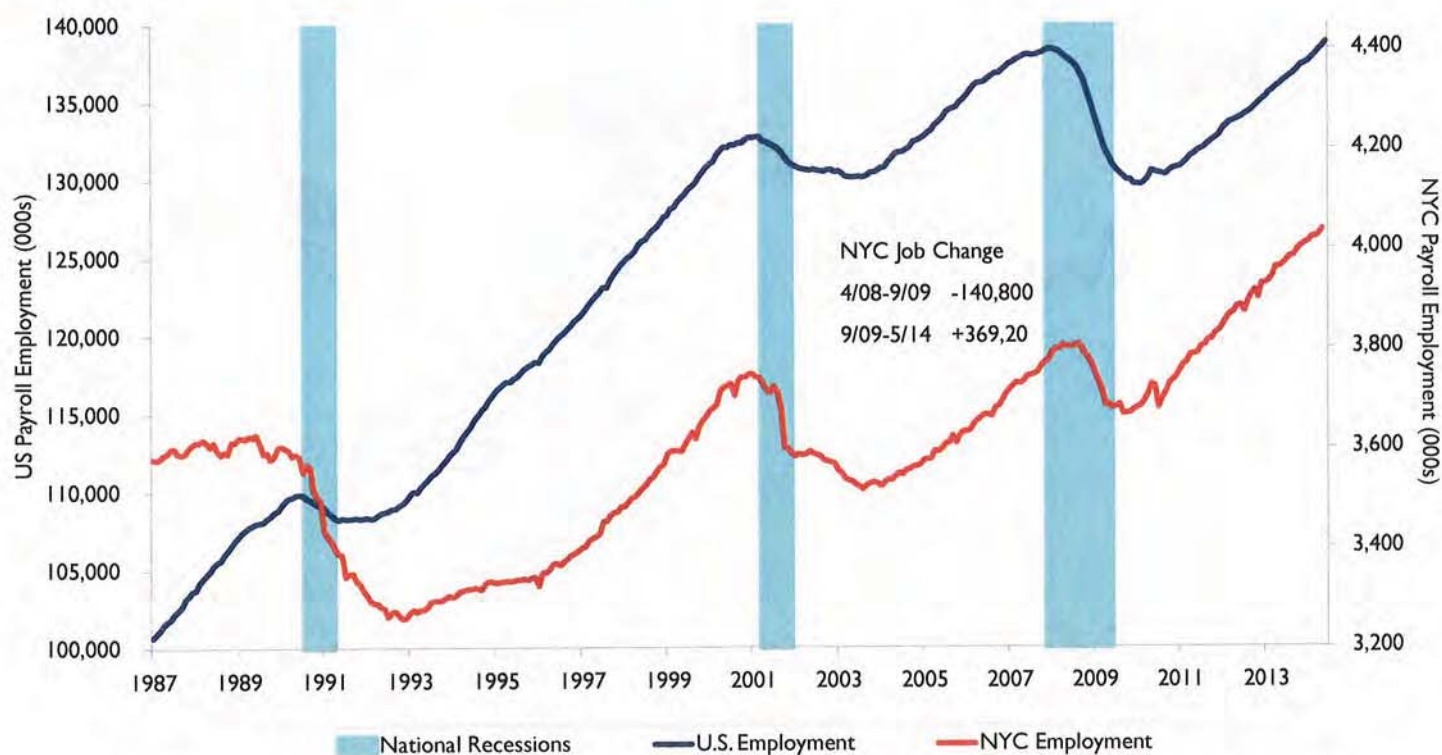
### IH 2014 Macroeconomic Themes

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- US job market continued to strengthen during the first half of 2014, with the unemployment rate falling to 6.1% in June, its lowest level since September 2008.
  - Although the proportion of the population actively engaged in the labor force remains near the lowest level in 36 years at 62.8%, there were several other indicators showing improvement in labor markets.
  - The number of job openings has increased rapidly, reaching previous peak levels while producing a more positive outlook for the near-term prospects in the labor market.
  - Employment in office-using industries is now at an all-time high, with more than 450,000 jobs above the pre-recession peak, an overall positive sign for the real estate sector.
- Positive improvement in the labor market has raised some questions about the Fed's policy in the financial markets. Despite a quickly declining unemployment rate, the Fed has backed off its original thresholds for shifting monetary policy, with the expectation that it will hold rates for the foreseeable future.
- Though inflation-adjusted after tax income is improving at an annualized rate of 3.0%, consumers remain relatively cautious. After nearly five years of expansion, consumer spending has only increased 2.2% per year – a little more than half the average pace during the previous four recoveries.
  - With household debt burdens continuing to decline, Americans should be in a better position to spend. However consumer confidence remains unchanged since the end of 2013.
  - Auto and motor vehicle dealer sales, a key driver for the retail sector, however, have improved steadily since 2011 with sales up 11.1% year-over-year.
- Housing demand, driven largely by the current low interest rate environment, has produced meaningful growth in the housing market, with the Case Shiller Index up 13% year-over-year. Though housing starts remain below expectations, homebuilders confidence has strengthened thanks to employment market improvement and pent-up demand bringing more buyers to the marketplace.

## ECONOMIC OVERVIEW

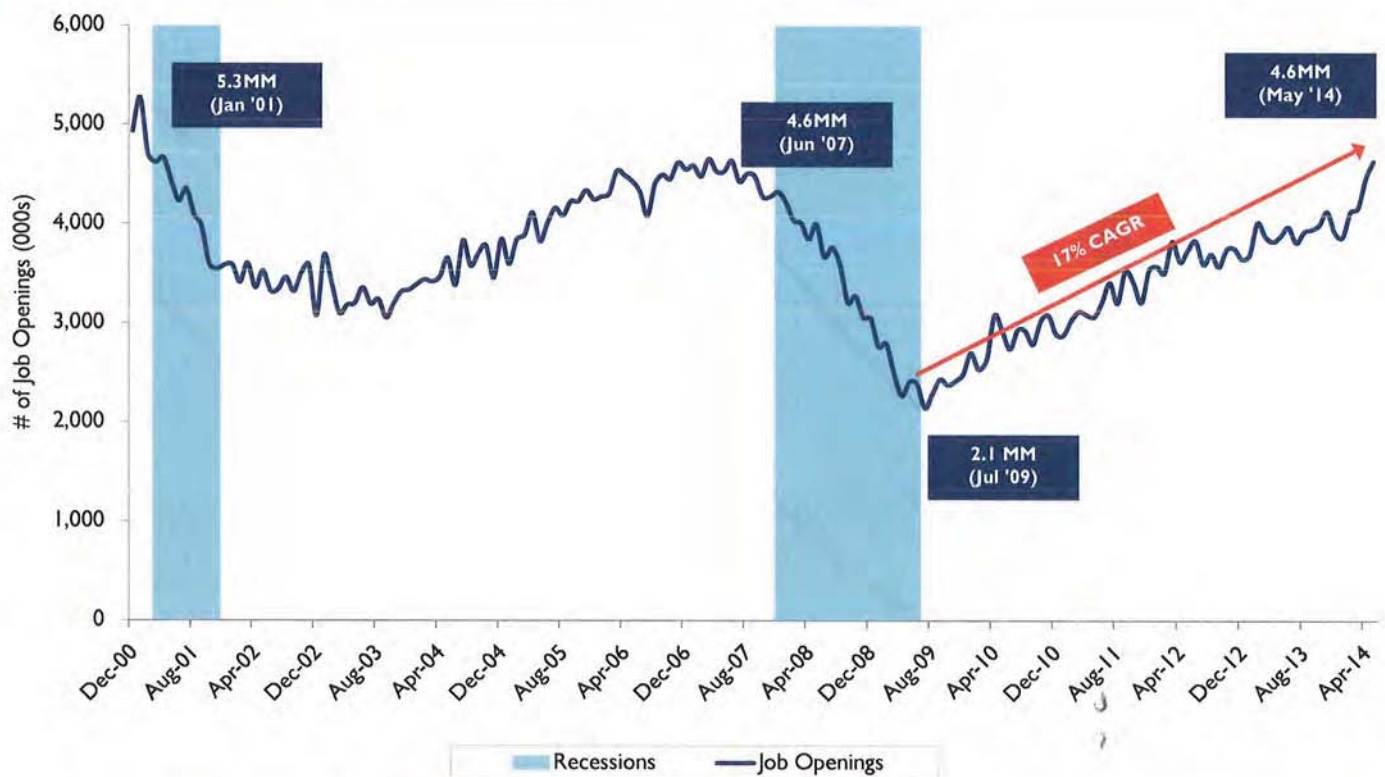
### US vs. NYC Payroll Employment



**NYC gained 75,000 jobs over the past 12 months, with a total payroll employment level over 4.0 million. While employment growth in NYC has outpaced the US overall by a wide margin during the early stages of the recovery, job growth across the nation has matched pace with NYC over the last year.**

## ECONOMIC OVERVIEW

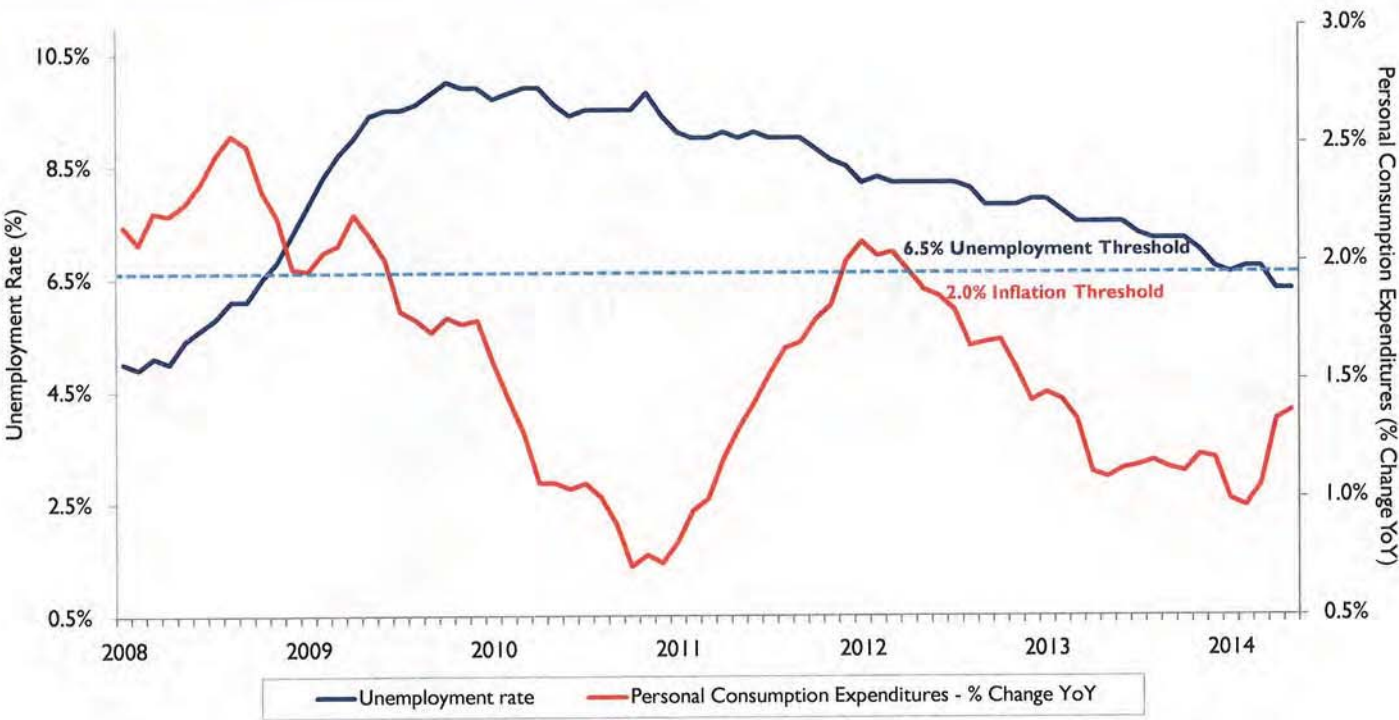
### US Number of Job Openings



The number of job openings is increasing rapidly with the number of availabilities currently at its highest point in seven years, while producing improved optimism for meaningful near-term growth in the labor market.

# ECONOMIC OVERVIEW

## US Unemployment Rate vs. Inflation

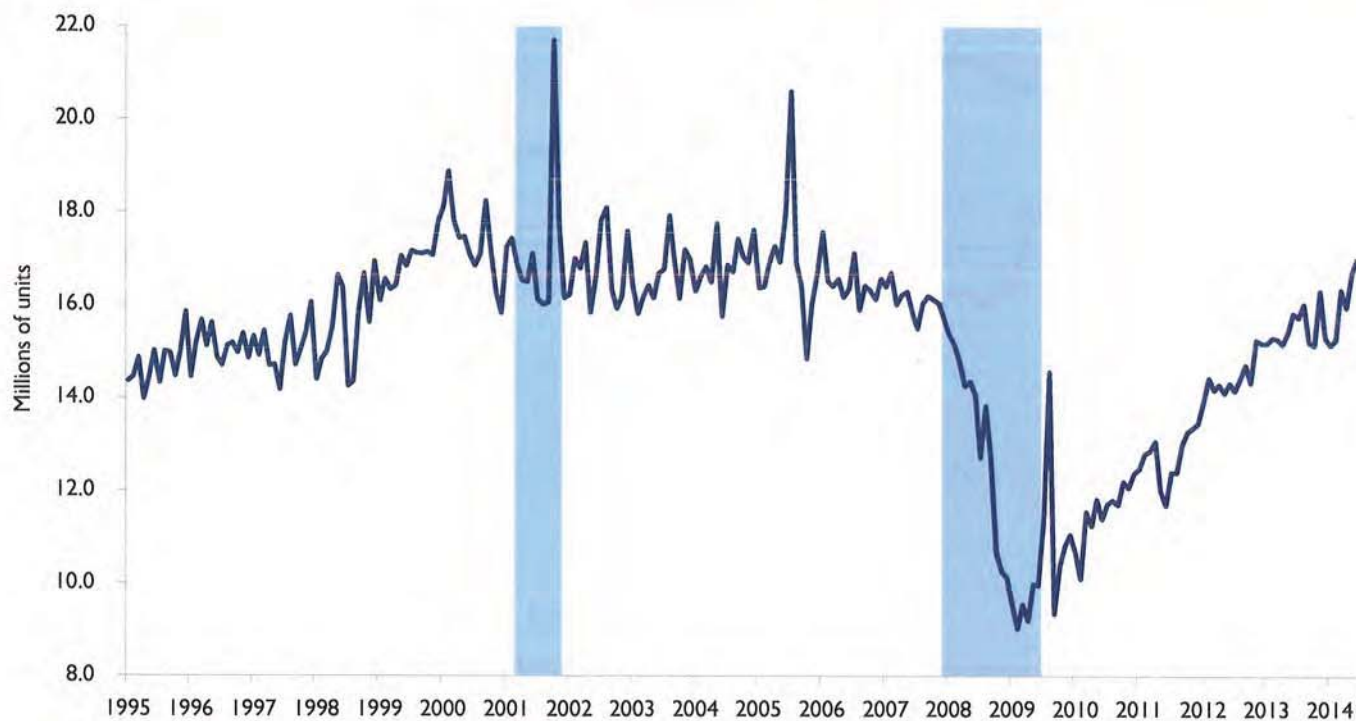


With the Fed backing off its 6.5% unemployment threshold during 1Q14, outlook for a continued low interest rate environment remains unchanged. Instead, the Fed will favor a more qualitative assessment of the jobs market and a 2% inflation threshold for raising the federal funds rate.

## ECONOMIC OVERVIEW

### US Motor Vehicle Sales

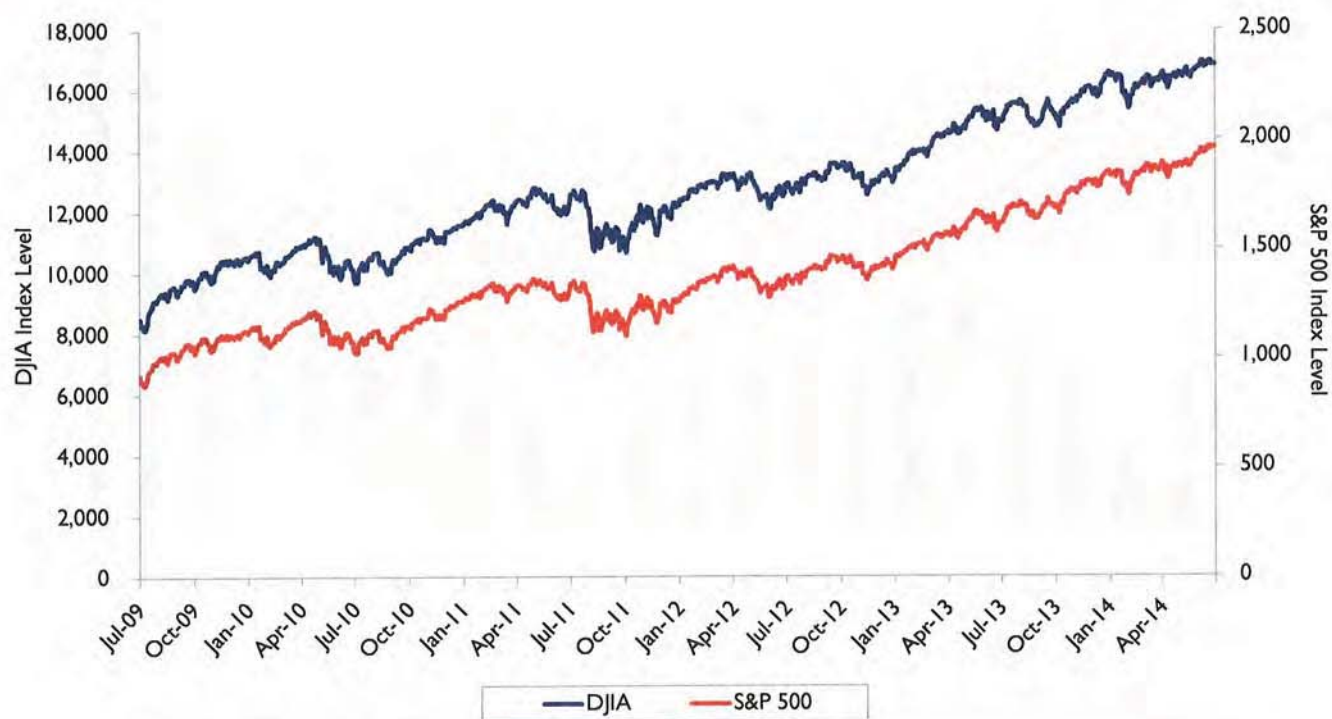
C&W NY Capital  
Markets Group



Auto and motor vehicle dealer sales, a key driver for the retail sector has improved steadily since 2011. Totalling nearly \$89 billion over the last 12 months, auto sales are up 11.1% year-over-year.

## ECONOMIC OVERVIEW

### US Equity Market Performance



The Dow Jones Industrial Average, which is up 9% year-over-year, has maintained all time highs through most of 1H 2014 with investors showing sustained confidence in the equities market.

## ECONOMIC OVERVIEW

### Change in Housing Values since 2009

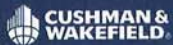


Housing demand, driven largely by the current low interest rate environment, has produced meaningful growth in the housing market, with the Case Shiller Index up 13% year-over-year. Though housing starts remain below expectations, homebuilders confidence has strengthened thanks to employment market improvement and pent-up demand bringing more buyers to the marketplace.

## EQUITY CAPITAL MARKETS

### **National Equity Capital Markets by**

Janice Stanton  
Senior Managing Director  
Cushman & Wakefield  
Capital Markets Group  
Tel: (212) 841-5025  
[janice.stanton@cushwake.com](mailto:janice.stanton@cushwake.com)



## EQUITY CAPITAL MARKETS

### US Overview

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- Commercial real estate investment volume totaled more than \$150 billion during the first half of 2014, a 10% year-over-year improvement, as positive trends were experienced across all sectors.
- Real estate fundamentals continue to firm, with multifamily vacancy rates below pre-recession levels, as well as forecasts that call for gradual drops in vacancy rates across all asset types as construction remains in check.
  - Rents, which bottomed in 2012, have now recovered across all property types with the strongest rent recovery in the hotel, CBD office and multifamily sectors.
- Despite a broadening of investor target, pricing in gateway cities has surpassed previous peak levels, indicative of investor willingness to pay a premium for opportunities in core markets.
  - Cap rates remain bifurcated between top tier markets and “other” CBDs. Midtown Manhattan Class A assets are trading at average cap rates of 3.9%.
  - As a result of a marginal increase in interest rates, cap rate spreads to Treasuries have reverted to their long-term averages, declining from near historic highs in the past year.
- Four of the world’s top five favored investment cities as identified by the AFIRE Foreign Investment Survey are located in the US, showing a sustained preference for global real estate capital placement in America.
  - Investors remain focused on the quality of both product and rent roll, with primary market assets in highest demand – though investors continue to show improving appetite for higher yielding opportunities in secondary and tertiary locations.

# EQUITY CAPITAL MARKETS

## US REAL ESTATE TOPS GLOBAL "BUY LISTS"

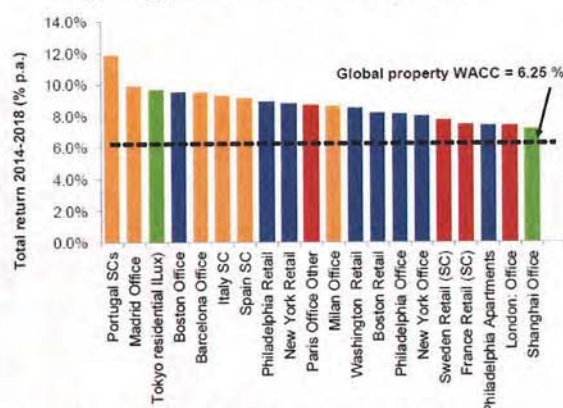
### AFIRE 2013 FOREIGN INVESTMENT SURVEY: TOP 15 INVESTMENT CITIES

CITY	RANKING TREND	2013 RANK	2012 RANK	2011 RANK	2010 RANK
London	↑	1	2	2	3
New York	↓	2	1	1	1
San Francisco	↔	3	3	5	10
Houston	↑	4	5	0	0
Los Angeles	↑	4	14	15	10
Tokyo	↑	6	14	11	14
Madrid	↑	6	25	21	8
Munich	↔	8	8	13	14
Paris	↓	9	6	6	4
Washington DC	↓	10	4	3	2
Sydney	↓	11	6	6	9
Shanghai	↑	11	12	9	5
Berlin	↑	11	14	21	14
Hong Kong	↑	14	19	8	7
Toronto	↓	15	14	11	22
Miami	↑	15	25	28	22

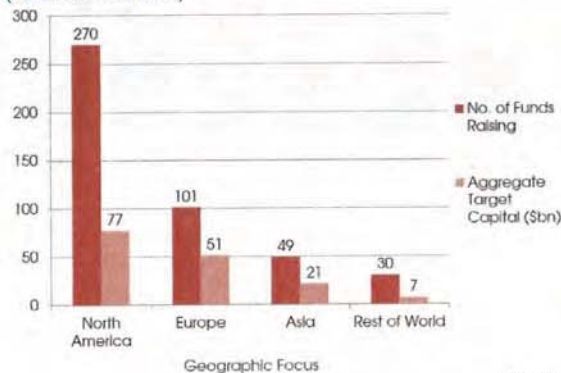
**The US is the top global investment market according to the survey for both stability and expected returns.**

### GROSVENOR COMMERCIAL PROPERTY TOTAL RETURN FORECASTS, 2014 Q2

#### Top Twenty Global Markets by Total Return Forecasts



### RE FUNDS IN MARKET BY PRIMARY GEOGRAPHIC FOCUS (AS OF 20 MAY 2014)



Source: AFIRE, Grosvenor, Preqin, C&W Capital Markets

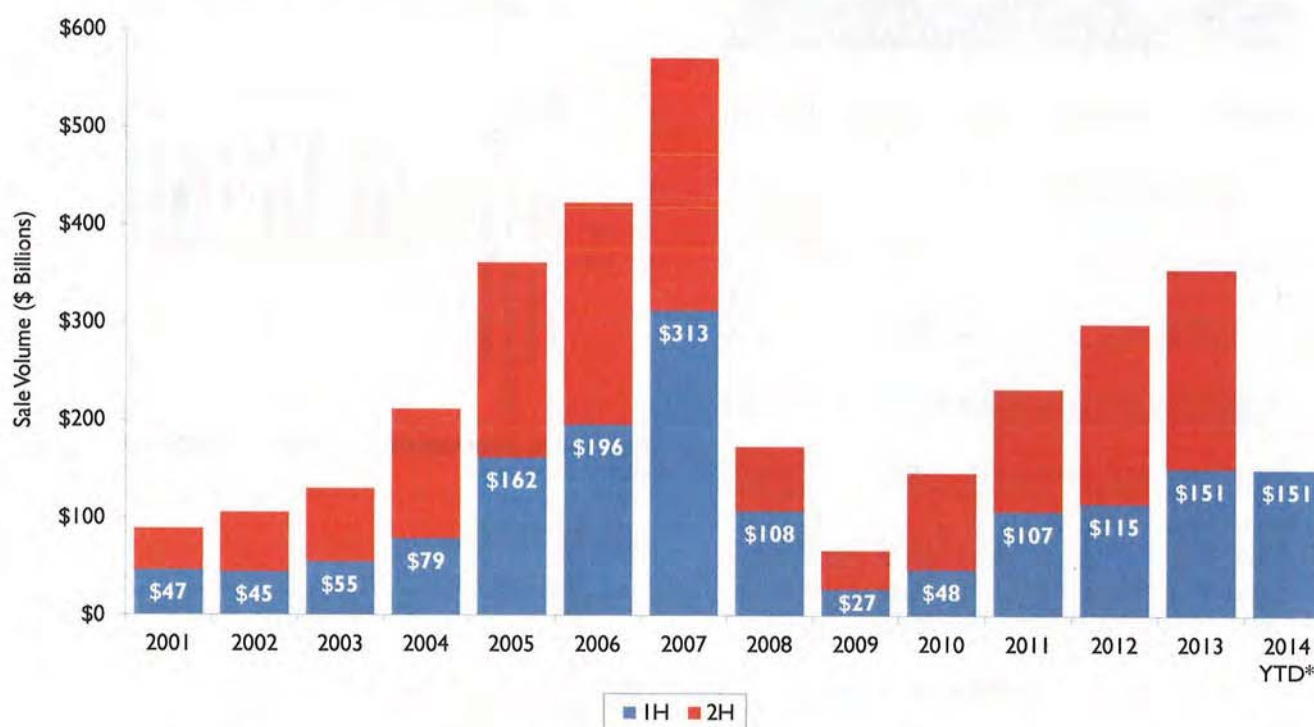
CUSHMAN & WAKEFIELD

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## EQUITY CAPITAL MARKETS

### US Real Estate Investment Activity

Historical Investment Volume (Billions): 2001 – YTD 2014\*



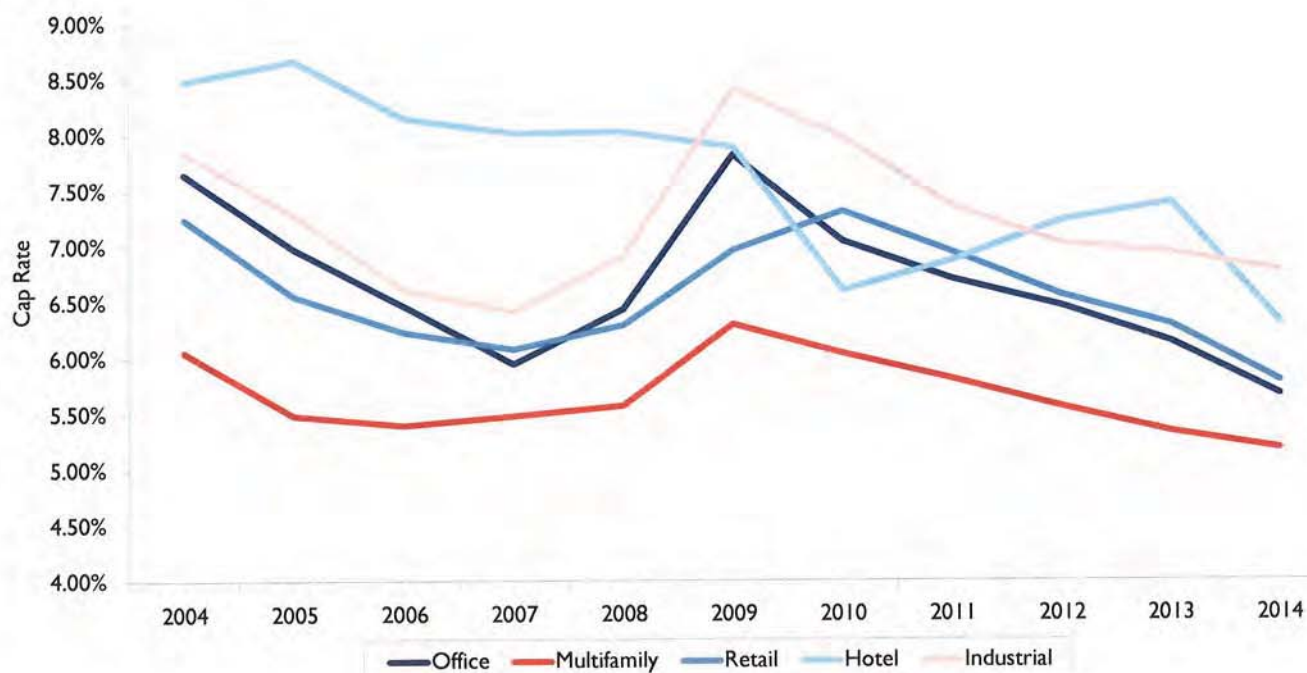
\*Note: 2014 YTD sales volume represents available data as of June 21, 2014

Source: Real Capital Analytics

## EQUITY CAPITAL MARKETS

### US Real Estate Investment Activity

#### US Cap Rates by Property Type: 2004 – YTD 2014\*

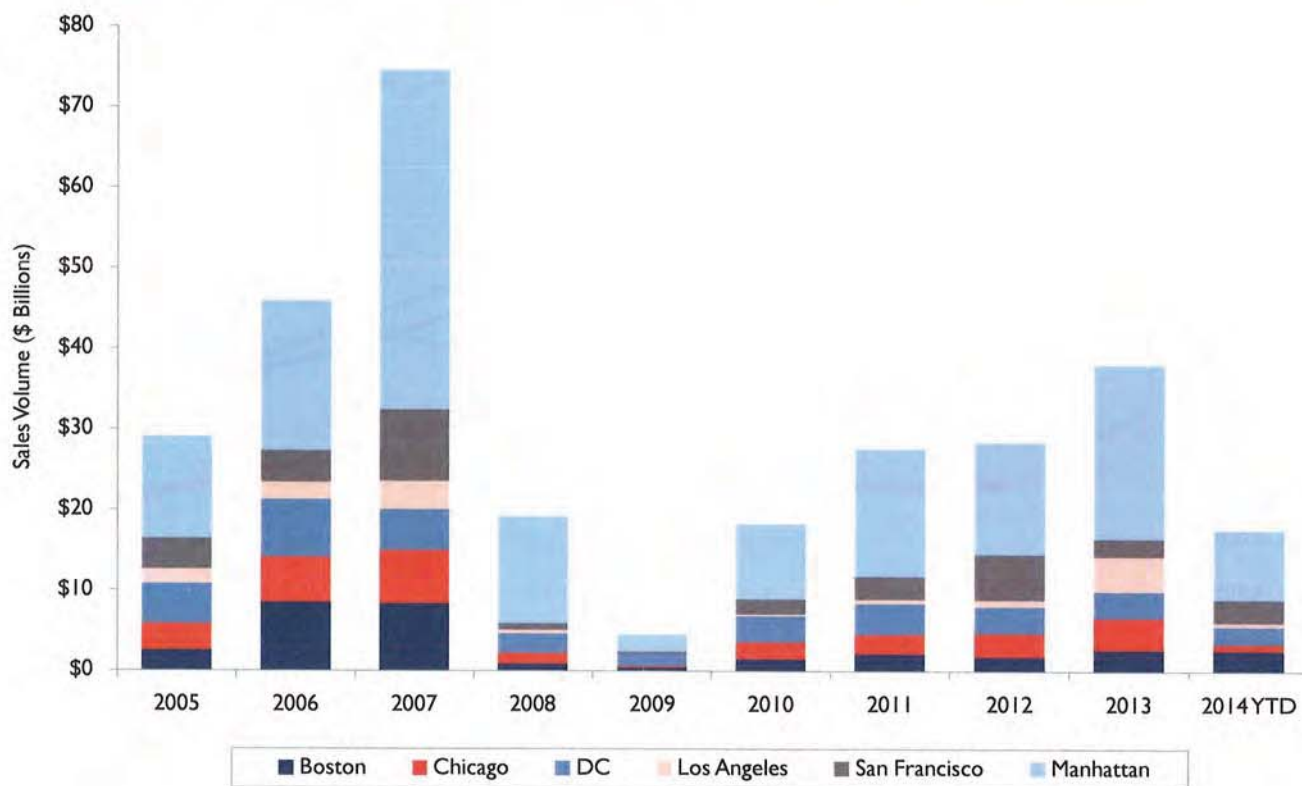


\*Note: 2014 YTD sales volume represents available data as of June 21, 2014  
Source: Real Capital Analytics, Cushman & Wakefield Capital Markets Group

## EQUITY CAPITAL MARKETS

### US Office Transaction Volume

#### US Top CBD Office Markets: Sales Volume 2005 – YTD 2014

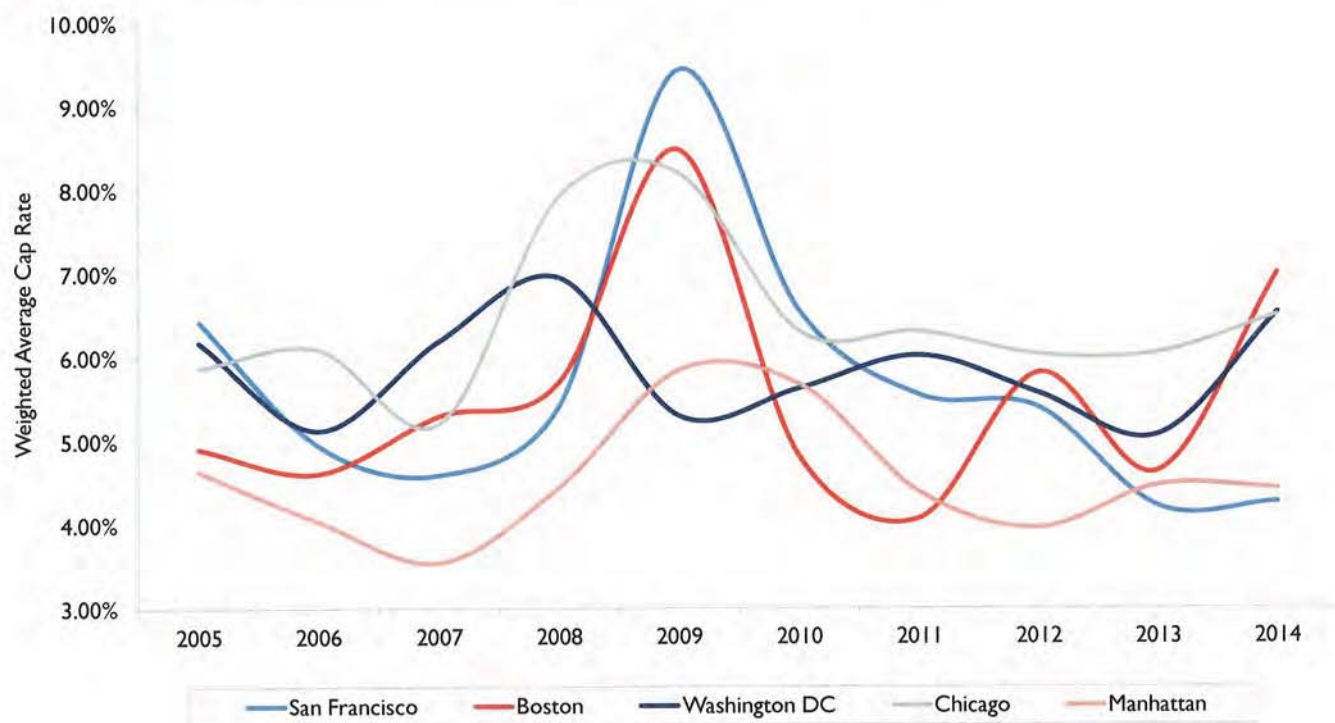


Source: Real Capital Analytics, Cushman & Wakefield Capital Markets Group

EQUITY CAPITAL MARKETS

US Office Cap Rates

US Top CBD Office Investment Markets: Average Cap Rate, 2005 – 2Q14

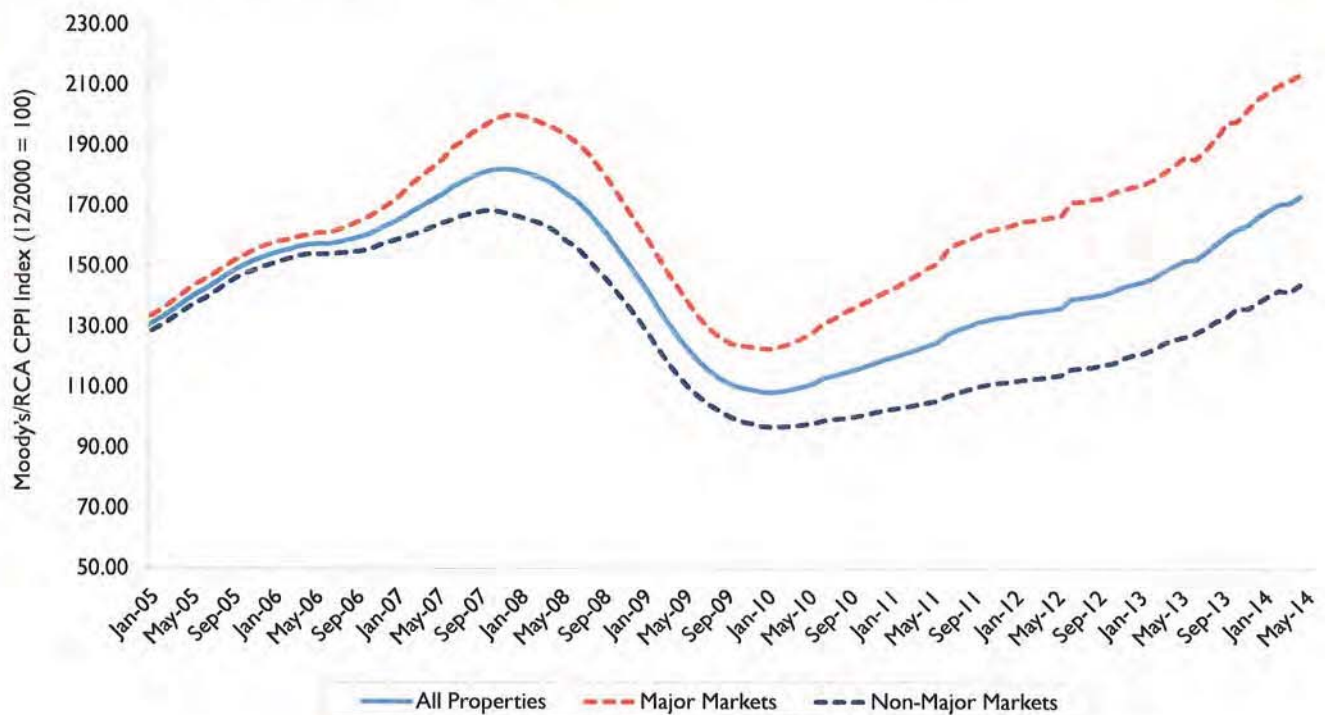


Source: Real Capital Analytics, Cushman & Wakefield Capital Markets Group

## EQUITY CAPITAL MARKETS

### US Real Estate Investment Activity

#### Moody's/RCA CPPI Index 2005 – YTD 2014



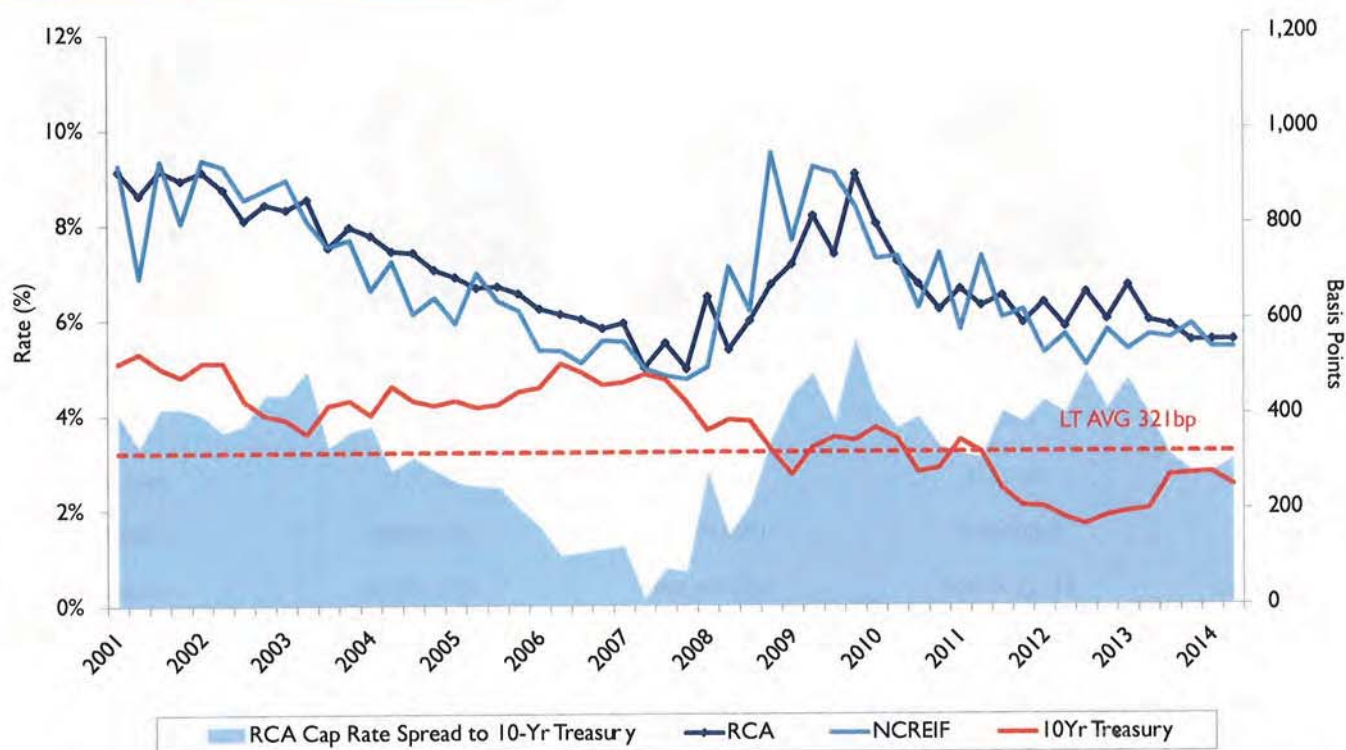
Pricing across a broad spectrum of asset types and classes have fully recovered, with seven of Moody's/RCA CPPI sub-indexes surpassing their pre-crisis peaks.

\* Updated July 2014, Data through May 2014

Source: Moody's Investor Service, Real Capital Analytics

## EQUITY CAPITAL MARKETS

Average Weighted Capitalization Rate<sup>1</sup> vs. NCREIF



Due to recent interest rate spikes, cap rate spreads to Treasuries have reverted to their long-term averages, declining from near historic highs in the past year. But on a spread basis, cap rate spreads are at long-term averages.

1. Does not include partial interest sales

Source: RCA, NCREIF, Moody's Analytics, C&W

## EQUITY CAPITAL MARKETS

### Notable 1H14 Transactions

C&W NY Capital  
Markets Group

Property	 Vertex Pharma HQ Boston, MA	 300 North LaSalle Street Chicago, IL	 Thurman Arnold Bldg 555 12 <sup>th</sup> Street NW Washington, DC	 Republic Plaza 370 17 <sup>th</sup> Street Denver, CO
Type	Office	Office	Office	Office
Date	May 2014	July 2014	Jan 2014	April 2014
Size	1,650,000 SF	1,300,000 SF	817,000 SF	1,300,000 SF
Sales Price	\$1,125,200,000	\$850,000,000	\$505,000,000	\$480,000,000
Price PSF	\$682 PSF	\$654 PSF	\$618 PSF	\$369 PSF
Cap Rate	N/A	5.1%	5.6%	5.5%
Seller	Mass Mutual Life The Fallon Company	KBS REIT	Manulife Financial	Brookfield Office Properties
Buyer	Senior Housing Properties Trust	The Irvine Company	MetLife Norges Bank Invst Mgmt	MetLife

Source: Real Capital Analytics, Costar

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## EQUITY CAPITAL MARKETS

### New York Equity Capital Markets by

Helen Hwang  
Executive Vice President  
Cushman & Wakefield  
NY Capital Markets Group  
Tel: (212) 841-5902  
helen.hwang@cushwake.com

Nat Rockett  
Executive Vice President  
Cushman & Wakefield  
NY Capital Markets Group  
Tel: (212) 841-5959  
nat.rockett@cushwake.com

Karen Wiedenmann  
Executive Director  
Cushman & Wakefield  
NY Capital Markets Group  
Tel: (212) 841-5097  
karen.wiedenmann@cushwake.com



## EQUITY CAPITAL MARKETS

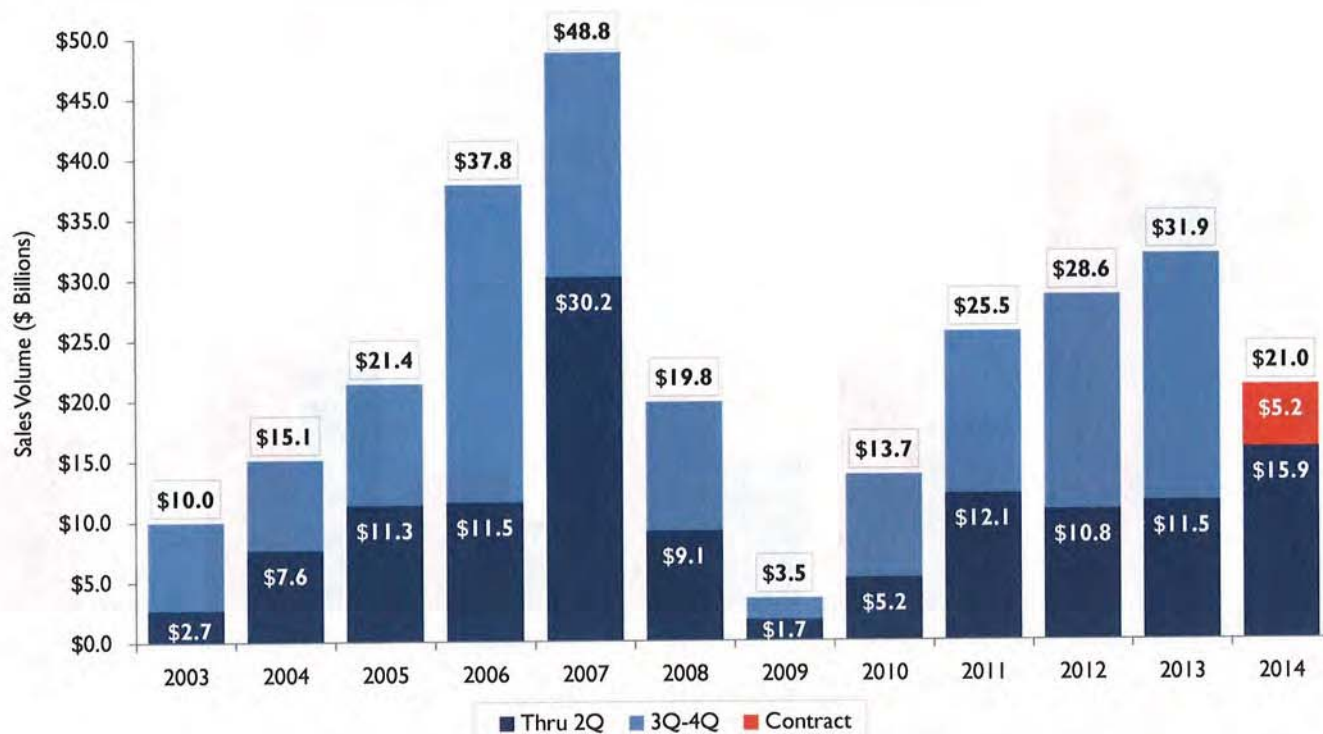
### Manhattan Overview

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- The first half of 2014 represented the most active investment market in Manhattan since 2008, with a total closed volume of \$15.9 billion (for transactions >\$10 million), a 38% increase year-over-year.
  - When including transactions closed and under contract, activity totaled \$21.1 billion, representing a 42% increase over year-to-date activity during 2013.
  - With the second half of the year typically showing faster-paced velocity, 2014 is on target to be the most active year since the start of the recovery.
- Year-over-year volume was up across all asset types, most notably retail where volume has increased exponentially.
  - Retail volume has increased exponentially, with particular focus along “high streets” as a result of sustained strength in NYC’s tourism industry.
  - Class A office sales volume increased 14% year-over-year and accounted for 32% of the total sales volume, with an average cap rate of 4.2%, with trophy Midtown opportunities trading at sub-4.0% levels.
  - Despite improved activity during the first half of 2014, available volume on the market at the end of 2Q14 was down 34% to approximately \$5.9 billion. Marketed volume at mid-year 2013 was driven up by the availability of several large office assets, with relatively few comparable opportunities currently in the marketing pipeline.
- Activity within the land and development segment continues to remain strong with volume up 17% year-over-year. Average pricing on land transactions through the mid-year was slightly above \$500 per buildable SF.
- Unprecedented demand in NYC’s condo market has put considerable pressure on pricing within the multifamily sector, especially for opportunities offering upside through condo conversion. During 1H14, average per unit prices were up 39%, while average cap rates were in the 3.7% range.

## EQUITY CAPITAL MARKETS

### Manhattan Investment Sales Volume (\$ Billions)



Through 2Q14, closed transaction volume in Manhattan was up 38% year-over-year.

\*\*Preliminary sales data based on transactions greater than \$10 million, representing those deals that were known to have closed or were recorded as closed as of July 11, 2014.  
Source: Cushman & Wakefield Capital Markets Group

## EQUITY CAPITAL MARKETS

### Manhattan Closed Volume by Property Type

C&W NY Capital  
Markets Group



**Sales volume across all asset classes are up significantly year-over-year, especially within the retail investment class where investors are increasingly pursuing opportunities in New York's core, high-street neighborhoods.**

\*\*Preliminary sales data based on transactions greater than \$10 million, representing those deals that were known to have closed or were recorded as closed as of July 11, 2014.

Source: Cushman & Wakefield Capital Markets Group

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## EQUITY CAPITAL MARKETS

### Transaction Volume On the Market

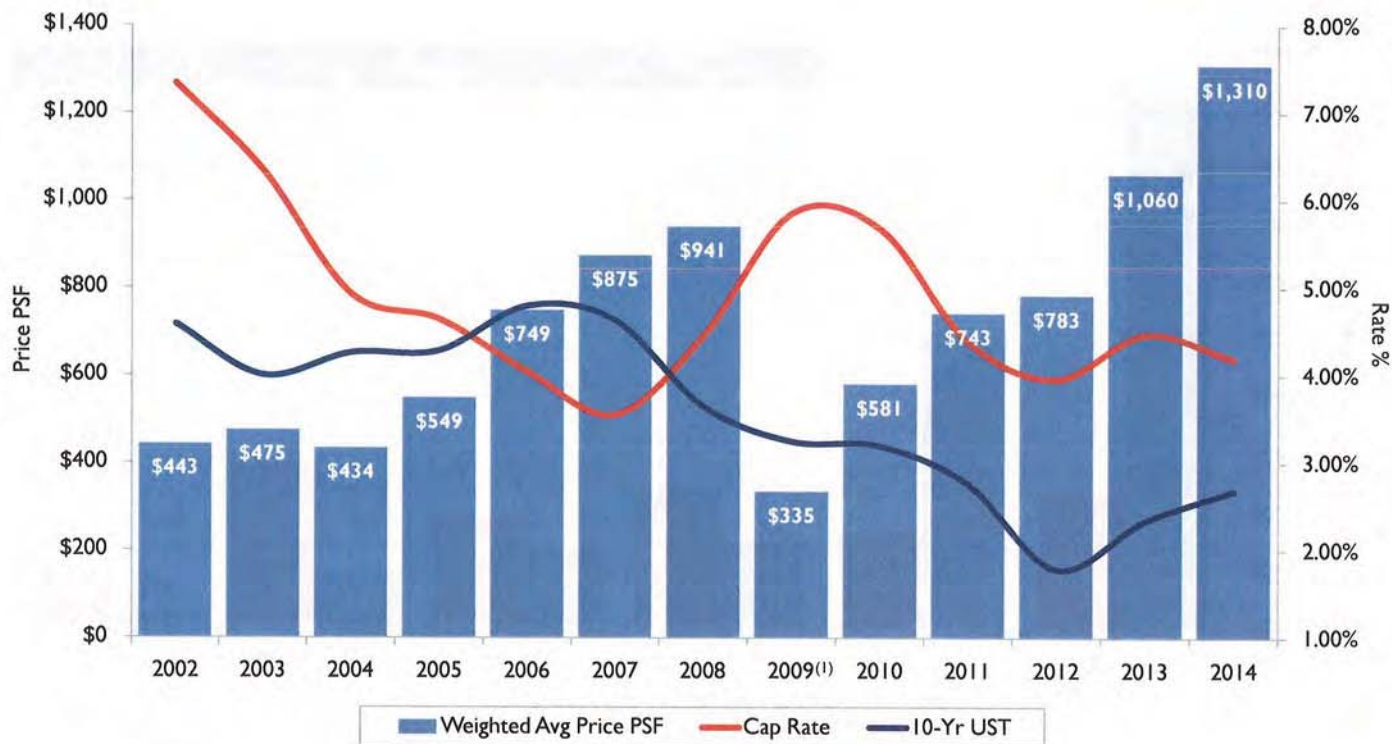


	# of Offerings	Total Volume	Volume < \$500MM
July 2013 On the Market	31	\$9.0 billion	\$4.1 billion
July 2014 On the Market	39	\$5.9 billion	\$4.8 billion

Despite improved activity during the first half of 2014, available volume on the market at the end of 2Q14 was down 34% to approximately \$5.9 billion. Marketed volume at mid-year 2013 was driven up by the availability of several large office assets, with relatively few comparable opportunities currently in the marketing pipeline.

## EQUITY CAPITAL MARKETS

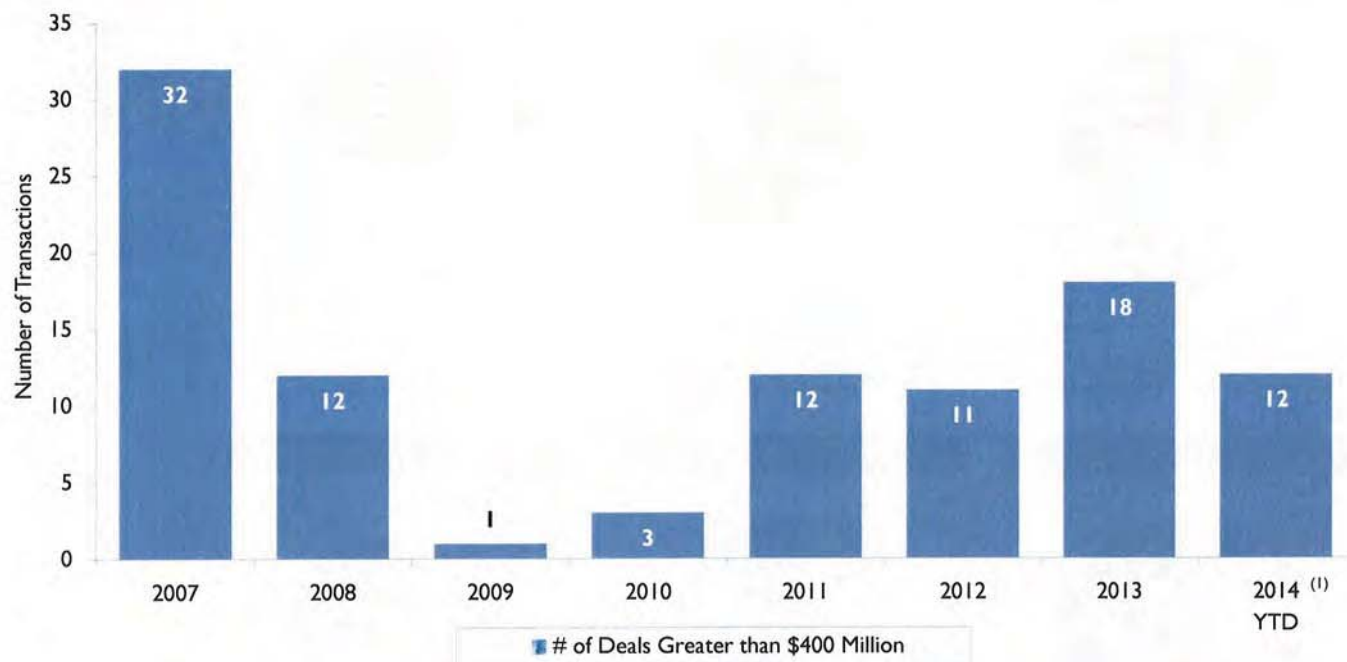
Manhattan Office: Midtown Class A Pricing



(1) Based on the only two MT Class A sales in 2009: 1540 Broadway and Worldwide Plaza  
Source: Cushman & Wakefield Capital Markets Group

## CAPITAL MARKETS

Manhattan Investment Sales Activity (# of Deals Greater than \$400 Million)



**2014 is on pace to have the largest number of \$400M+ transactions since 2007.**

(1) Includes deals closed and under contract.

Source: Cushman & Wakefield Capital Markets Group

## EQUITY CAPITAL MARKETS

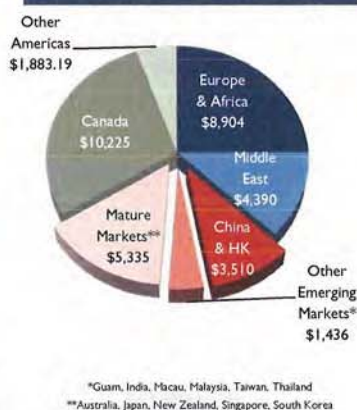
### Cross Border Flows Driving Investment Activity

#### UNITED STATES

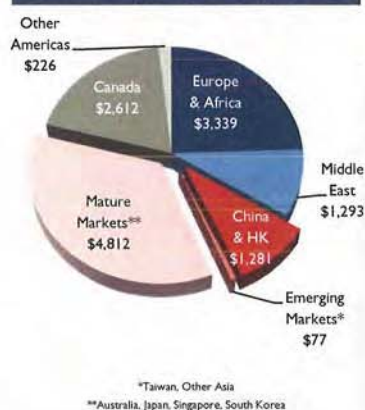
2012 TOTAL VOLUME: \$27,017M



2013 TOTAL VOLUME: \$35,682M



2014YTD TOTAL VOLUME: \$13,639M



As a percent of total NY sales activity, cross border investment totals 21-24%, double the US average.

#### NEW YORK

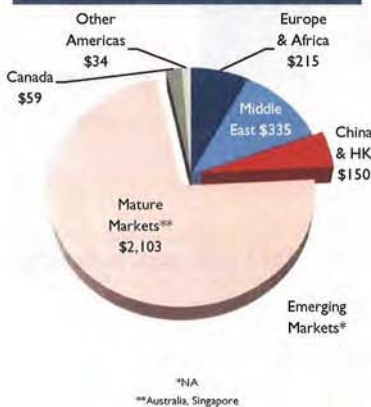
2012 TOTAL VOLUME: \$6,861M



2013 TOTAL VOLUME: \$9,111M



2014YTD TOTAL VOLUME: \$2,896M



Note: Includes JV activity. YTD as of May 31, 2014

Source: C&W Capital Markets, RCA  
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## EQUITY CAPITAL MARKETS

Manhattan Office: Notable Transactions Closed During 1H14

				
<b>Property</b>	<b>5 Times Square</b>	<b>388-390 Greenwich Street (49.4% Interest)</b>	<b>450 Park Avenue</b>	<b>61 Broadway</b>
<b>Date</b>	Jun 2014	Mar 2014	May 2014	May 2014
<b>Size</b>	1,101,779 SF	2,634,674 SF	334,366 SF	780,631 SF
<b>Sales Price</b>	\$1,550,000,000	\$782,990,000	\$575,000,000	\$330,000,000
<b>Price PSF</b>	\$1,407 PSF	\$602 PSF	\$1,720 PSF	\$423 PSF
<b>Cap Rate</b>	4.5%	N/A	3.3%	4.6%
<b>Seller</b>	AVR Realty	Ivanhoe Cambridge	Somerset Partners	Broad Street Development Heyman Properties
<b>Buyer</b>	David Werner	SL Green	Oxford Properties	RXR Realty

## EQUITY CAPITAL MARKETS

## Manhattan Multifamily: Notable Transactions During 1H14

Property				
	<b>229 Chrystie Street Avalon Chrystie Pl.</b>	<b>200 East 62nd Street The Wellington</b>	<b>247 East 28th Street The Greyson</b>	<b>15 Cliff Street</b>
<b>Date</b>	Under Contract	Mar 2014	Feb 2014	Jan 2014
<b>Units</b>	361 Units	133 Units	128 Units	156 Units
<b>Sales Price</b>	\$400,000,000	\$240,000,000	\$99,750,000	\$95,000,000
<b>Price per Unit</b>	\$1,108,033	\$1,804,511	\$779,297	\$608,974
<b>Cap Rate</b>	4.2%	2.6%	4.25%	N/A
<b>Seller</b>	AvalonBay JP Morgan	GID CalPERS	Silverstone Property Grp RWN Real Estate	Lalezarian Properties
<b>Buyer</b>	Ashkenazy Acquisition	O'Conner Capital HIG Realty Partners	May Bao, Ltd	Carmel Properties

## DEBT CAPITAL MARKETS

### **National Debt Capital Markets by**

Steve Kohn  
President  
Cushman & Wakefield  
Equity, Debt & Structured Finance  
Tel: (212) 841-9216  
[steve.kohn@cushwake.com](mailto:steve.kohn@cushwake.com)



## DEBT CAPITAL MARKETS

### Floating & Fixed Rate Terms

- U.S. CMBS issuance declined 8% in the first half of 2014 from a year ago as securitization shops saw increased competition from banks, insurance companies, and debt funds. Specifically, community and regional banks have been bidding smaller loans (<\$20 million) very aggressively. U.S. CMBS issuance is expected to pick up during the second half of the year and finish strong with almost \$20 billion already in the pipeline for the third quarter. Volume is being bolstered by single-borrower transaction that were fewer and smaller during the first quarter and started to gain in size during the second.
- In a sign of its confidence that the economy is gaining strength even as it gradually withdraws its support, the Fed announced its plans to stop adding to its bond holdings in October. It did not address when it would raise short term interest rates, but investors generally expect that to start next summer.

FLOATING RATE DEBT		FIXED RATE DEBT
<b>Term</b>	3 – 10 year term	5, 7 & 10 year term
<b>Spread</b>	L + 125 – 300 bps depending on LTV and term	Coupon floors generally not applicable. LifeCo pricing range 150-200 bps over respective U.S.T. CMBS pricing range of 200 bps (5-yr), 225 bps (7-yr) and 160 bps (10-yr) over respective USD Swaps.
<b>Floor</b>	Generally no floors unless higher LTV	
<b>Recourse</b>	Generally non-recourse; full, partial or full non-recourse transaction specific	Non-recourse
<b>Amortization</b>	Some I/O available for full term on lower LTV loans	Significant I/O period available below 60% LTV. Some I/O available at higher leverage
<b>LTV</b>	Up to 70% (multifamily up to 75%)	Up to 75%
<b>Prepayment</b>	6-12 month spread maintenance	Yield maintenance / Defeasance
<b>Origination Fees</b>	0.25% - 1.00%	Par

## DEBT CAPITAL MARKETS

## Current Lending Sources &amp; Terms

Capital Source	Agency Financing <sup>1</sup>	Life Company / Pension Fund	Investment Fund / Finance Company	Money Center / Offshore Banks	Conduits	Local / Regional Banks
<b>Preferred Loan Size</b>	\$3+ million	>\$10 million	\$20 - \$100 million	\$10 - \$100 million	>\$10 million	\$3 - \$25 million
<b>Cost of Capital</b>	3.00% - 4.15%	3.00% - 4.50%	4.00% - 6.00% <sup>2</sup>	2.50% - 4.50% <sup>2</sup>	3.75% - 4.50%	2.00% - 4.50%
<b>LTV</b>	55% - 83%	50% - 65%	55% - 85%	50% - 65%	Up to 75%	50% - 65%
<b>Debt Yield</b>	N/A	12% - 9%	12% - 7%	12% - 9%	10% - 8%	12% - 9%
<b>DSCR</b>	1.20x - 1.55x	1.25x - 1.50x	0.75x - 1.40x	1.35x - 1.50x	>1.20x	1.35x
<b>Salient Covenants</b>	Non-recourse Fixed or floating 5-40 year term Development financing through HUD only Ability for supplemental financing	Non-recourse Prefer fixed rate 3-20 year term Limited credit for vacancy	Non-recourse Floating rate or fixed via swaps 2-5 year term Flexible prepayment	Potential recourse Fixed or floating 2-5 year term; 10 year possible Flexible prepayment May want additional banking business	Non-recourse Fixed 5-10 year term Defeasance Limited credit for vacancy	Potential recourse Fixed or floating 3-5 year term; 10 year possible Depository relationship Time consuming execution

(1) Multifamily only

(2) Assumes swapped rates

## DEBT CAPITAL MARKETS

### 2Q 2014 CMBS Issuance

C&W NY Capital  
Markets Group

- Below is a summary of major securitizations priced during 2Q14.

Securitization	Type	Size (\$M)	Underwriter	Final Pricing	10-Yr AAA	BBB	B-Piece Buyer
Citigroup Commercial Mortgage Trust, 2014-388G	Single-borrower	\$1,450.00	Citi, WF, Barc	Jun. 5	L+82(4yr)	L+175(4yr)	NA
FREMF, 2014-KF03	Agency	\$1,449.13	JPM, WF	Apr. 10	L+34	NA	Davis/Axonic
FREMF, 2014-K715	Agency	\$1,447.21	Barc, CS	May 2	S+35(7yr)	N/A	Berkshire
JPMBB Commercial Mortgage Securities Trust, 2014-2014-C19	Conduit	\$1,409.57	JPM, Barc	Apr. 29	S+87	S+325	DoubleLine Capital
Morgan Stanley Bank of America Merrill Lynch Trust, 2014-C16	Conduit	\$1,266.93	MS, BoA	Jun. 5	S+86	S+330	Ellington
WFRBS Commercial Mortgage Trust, 2014-C20	Conduit	\$1,251.67	WF, RBS	Apr. 30	S+87	S+325	Rialto
FREMF, 2014-K038	Agency	\$1,240.53	CS, WF	Jun. 16	S+38	N/A	Carmel Partners
COMM, 2014-CCRE17	Conduit	\$1,192.45	DB, Jeff, Cantor	Apr. 30	S+86	S+315	Ellington
COMM, 2014-UBS3	Conduit	\$1,056.01	DB, UBS	May 21	S+86	S+335	Seer Capital/LNR
Citigroup Commercial Mortgage Trust, 2014-GC21	Conduit	\$1,040.22	Citi, GS	May 7	S+83	S+310	Seer Capital/LNR
Wells Fargo Commercial Mortgage Trust, 2014-LC16	Conduit	\$974.07	WF, RBS	May 21	S+85	S+335	LNR/Seer Capital
GS Mortgage Securities Trust, 2016-GC22	Conduit	\$961.47	GS, Citi	Jun. 5	S+83	S+325	Seer Capital
GRACE, 2014-GRCE	Single-borrower	\$900.00	DB, BoA, JPM	May 21	S+75(7yr)	NA	NA
FNA, 2014-M4	Agency	\$896.41	GS	Apr. 11	S+59	NA	NA
JPMorgan Chase Commercial Mortgage Securities Trust, 2014-C20	Conduit	\$878.01	JPM	Jun. 12	S+79	S+325	Torchlight

Source: Cushman & Wakefield Equity, Debt & Structured Finance

CUSHMAN & WAKEFIELD 33

## DEBT CAPITAL MARKETS

### Notable 1H 2014 NYC Loan Originations

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#### 520 Madison Avenue

- Bank of America and Deutsche Bank teamed-up to provide a \$675 million fixed-rate loan for Tishman Speyer's refinance of 520 Madison Avenue. The low leverage loan, equal to approximately 50% of value, has a 20-year term, interest only. The lenders are expected to securitize the loan via a stand-alone offering.

#### 388-390 Greenwich Avenue

- In June, CMBS bookrunners Citigroup, Barclays and Wells Fargo priced a \$1.45 billion offering backed by a \$1.45 billion floating-rate loan to SL Green on 388 and 390 Greenwich Avenue. The loan, which has a term of four years with three one-year extension options, was originated by the three banks along with Bank of China.

#### 55 Broadway & 61 Broadway

- Deutsche Bank provided a \$105 million loan for the Harbor Group's acquisition of 55 Broadway on a seven-year term at a rate of 4.77%, interest only.
- HSBC provided \$200 million of floating-rate debt to RXR Realty to fund its acquisition of 61 Broadway. About \$185 million was funded upfront, with the remaining \$18 million to be drawn down later to cover leasing and capital costs.

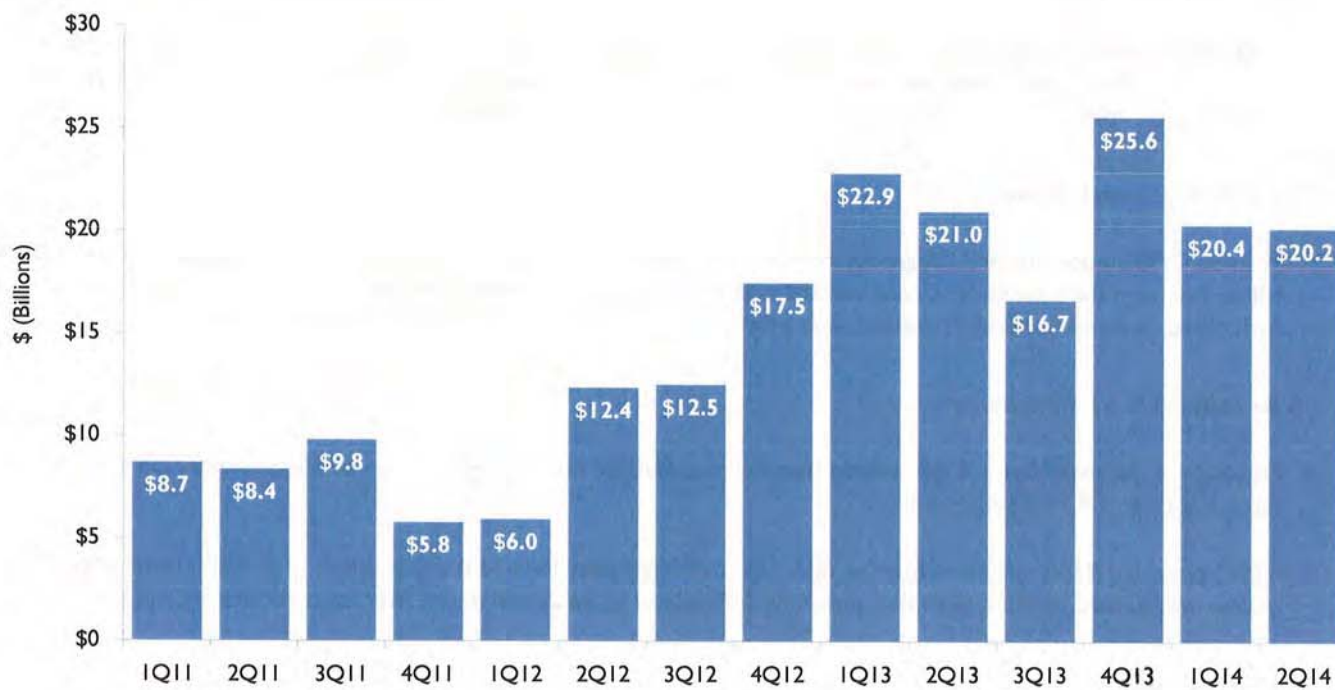
#### 616 First Avenue

- JDS Development Group raised \$400 million in construction debt from Mass Mutual Life Insurance for its development at 616 First Avenue between East 35<sup>th</sup> and 36<sup>th</sup> Street. The two-tower, 800-unit project is expected to cost \$600 million to construct, placing the loan at approximately 67% loan-to-cost, with a completion date target in 2016.

## DEBT CAPITAL MARKETS

Quarterly US CMBS Issuance since 2011

C&W NY Capital  
Markets Group



US CMBS issuance totaled \$40.6 billion in through the first half of 2014, down 8% on a year-over-year basis. However, issuance is up 12% over the trailing 12 months, a positive sign of appetite within the secondary market.

## NEW YORK OFFICE LEASING

### New York Office Leasing by

Ken McCarthy  
Managing Director  
Cushman & Wakefield  
Research Services  
Tel: (212) 841-2502  
[ken.mccarthy@cushwake.com](mailto:ken.mccarthy@cushwake.com)



## NEW YORK OFFICE LEASING

### Manhattan Overview

- A return of large leases powered the market in the first half of 2014, as year-to-date leasing activity totaled 16.8 MSF by the end of second quarter, its highest level since 2011.
  - Leasing volume increased by more than 35.0% over the same period last year.
  - Over the past 19 years, total activity through mid-year has exceeded 16.0 MSF only three times – in 1998, 2011 and 2014.
  - Large block activity was also a major market driver, with 28 deals completed above 100,000 SF during 1H14, compared to only 18 during the first six months of 2013. Of this total, eight were larger than 350,000 SF.
- On the strength of leasing volume, overall vacancy rates were lower year-over-year in Midtown South (8.2%) and Downtown (10.0%), while Midtown (11.0%) remained relatively flat.
  - Although activity was strong across Manhattan, the real success story was Downtown, where major leases by Time, Inc., BNY Mellon, and Revlon pushed Class A vacancy down to 11.7% – a significant 330 bps drop since the end of 2013.
  - Exceptionally strong leasing led to positive absorption of more than 5.0 MSF through the first half of the year, compared to 3.6 MSF of negative absorption through the first six months of 2013.
- Manhattan overall asking rents are up 5.0% year-over-year, currently at \$64.82 PSF.
  - Midtown asking rent increased to \$70.82 PSF, up 3.8% year-over-year.
  - Downtown overall asking rents reached \$49.21 PSF, up 7.1% year-over-year – the highest growth among all submarkets.
  - Asking rents in Midtown South remained steady at \$69.94 for direct Class A deals and \$60.17 overall.
- There were 28 leases signed in 1H14 with base taking rents starting at \$100 psf, equaling the pace set in 2013.

## NEW YORK OFFICE LEASING

### Vacancy Rate – All Classes



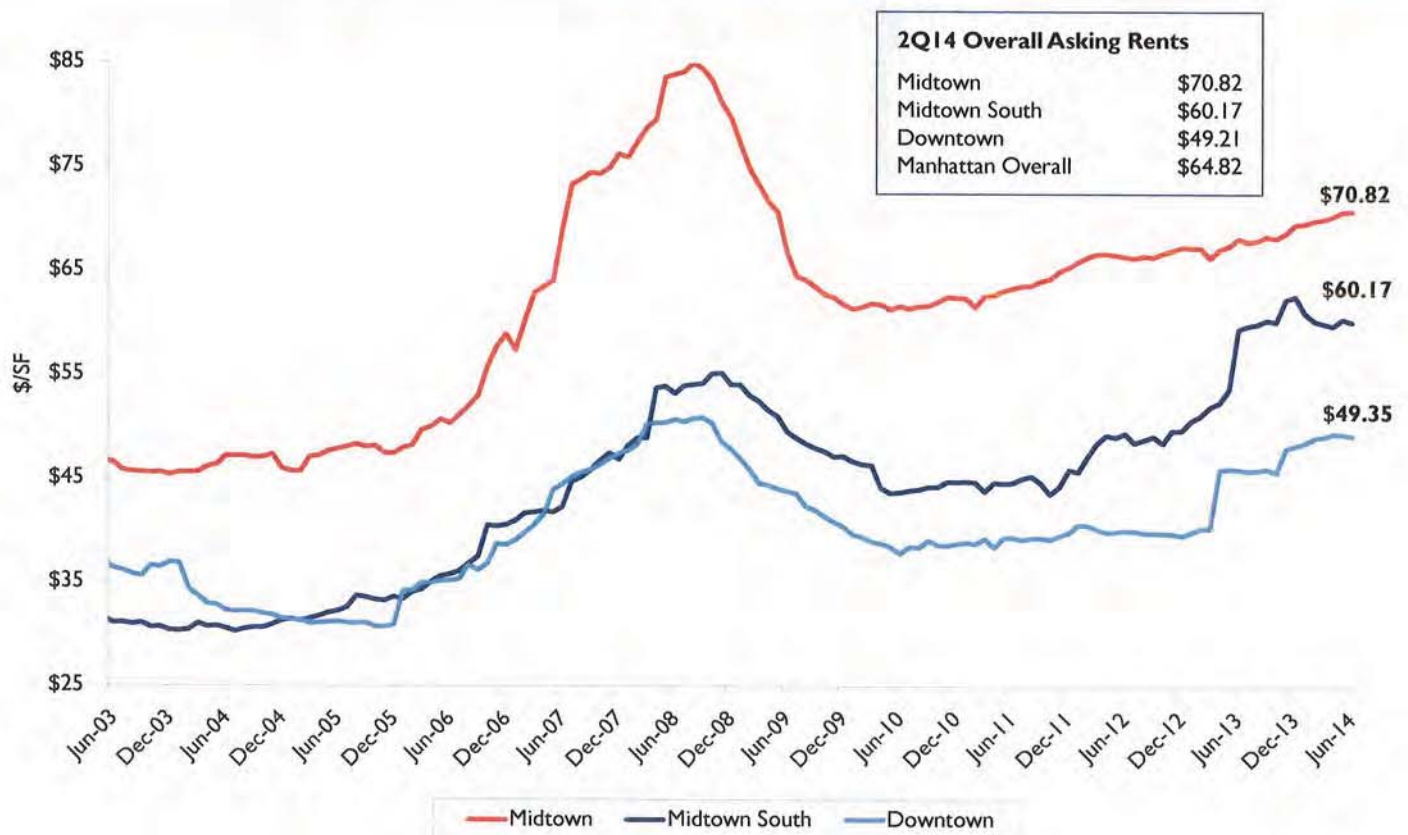
- (1) Total Vacancy is defined as available space that is currently vacant or will be vacant within 6 months  
 (2) Total Availability is defined as available space that is currently vacant or will be vacant within 12 months.

Source: Cushman & Wakefield Research

## NEW YORK OFFICE LEASING

Rental Rates – All Classes

C&W NY Capital  
Markets Group



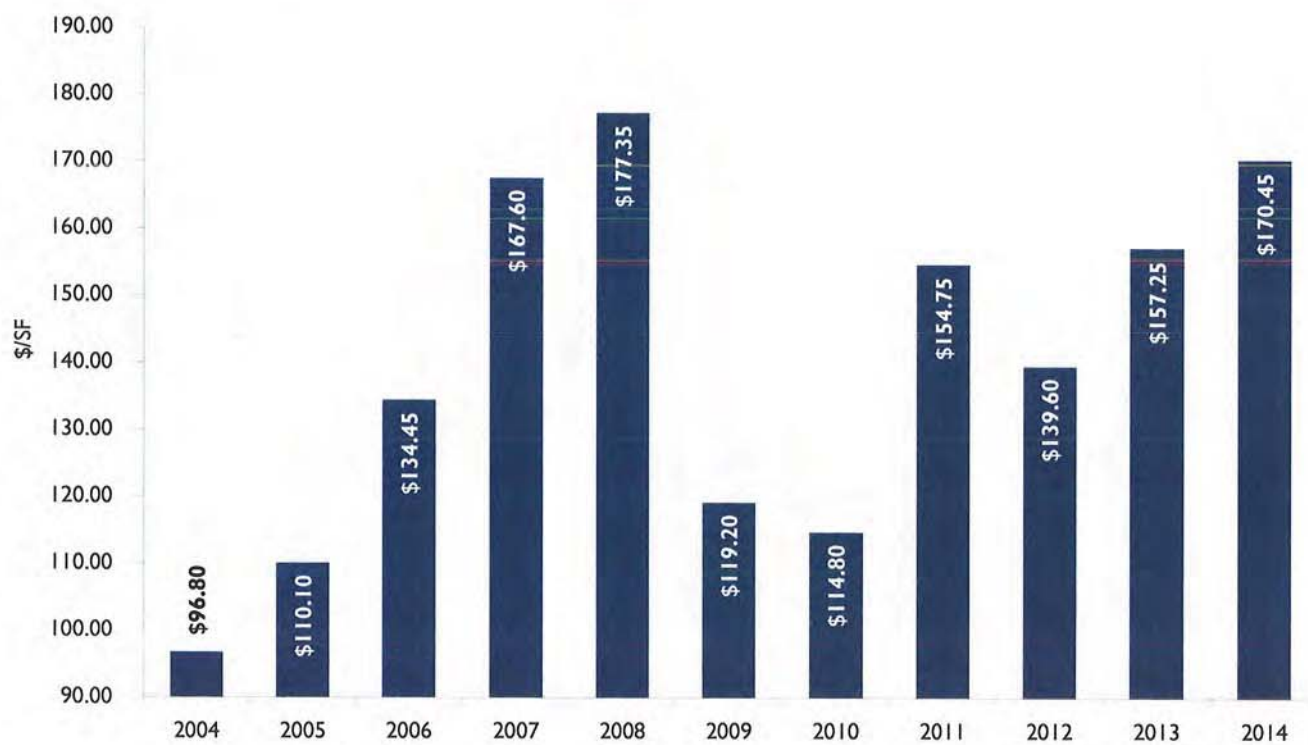
## NEW YORK OFFICE LEASING

### Manhattan Rent Changes – Asking vs. Net Effective



## NEW YORK OFFICE LEASING

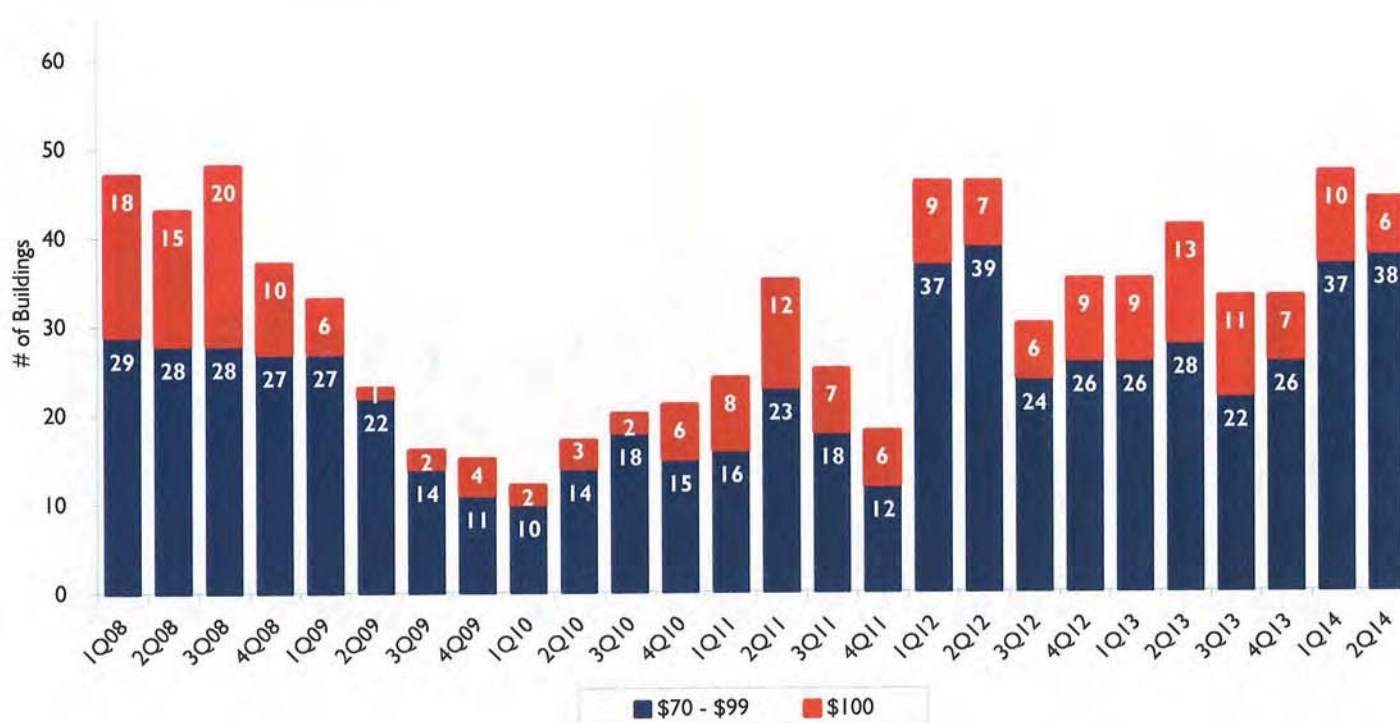
Top Market Pricing – Avg. Rent for the Top 10 Deals by Year



Source: Cushman & Wakefield Research

## NEW YORK OFFICE LEASING

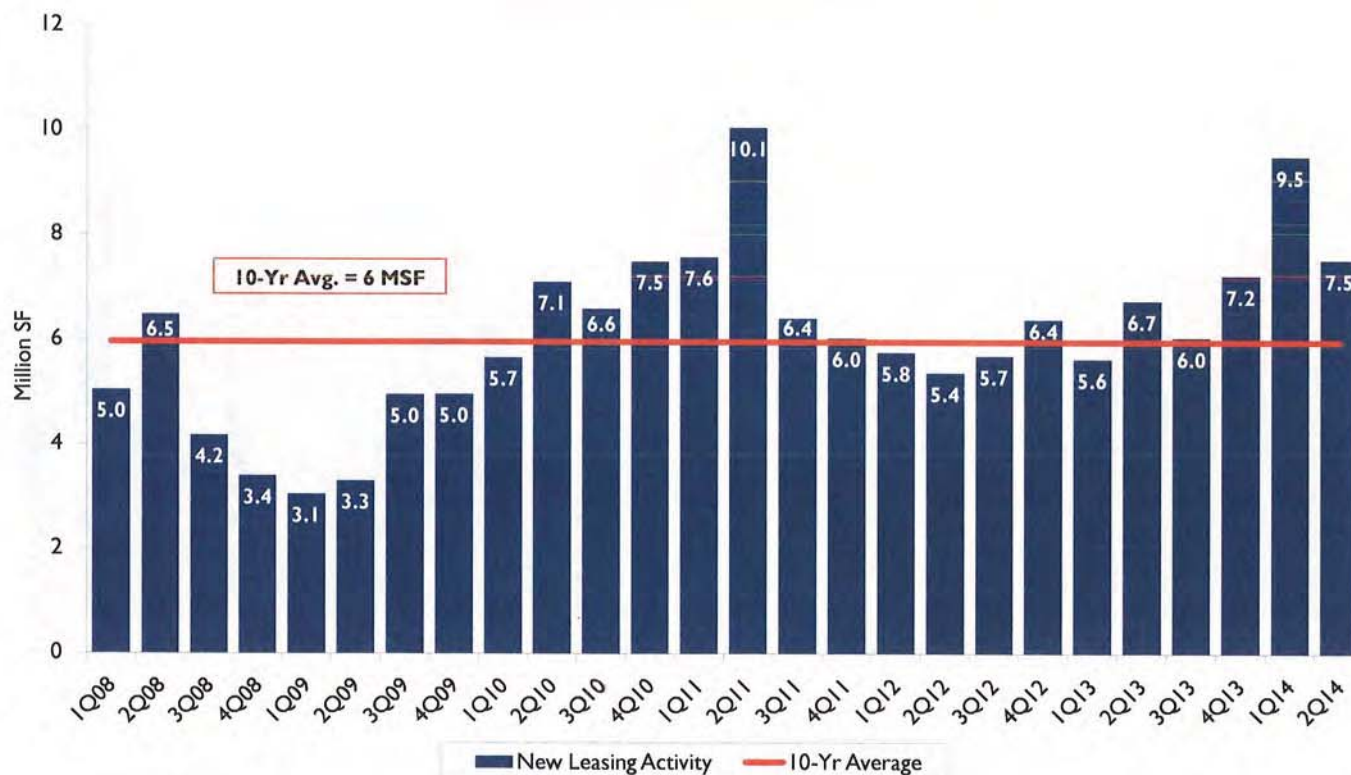
# of Buildings above \$70 PSF & \$100 PSF



## NEW YORK OFFICE LEASING

### New Leasing Activity

C&W NY Capital  
Markets Group



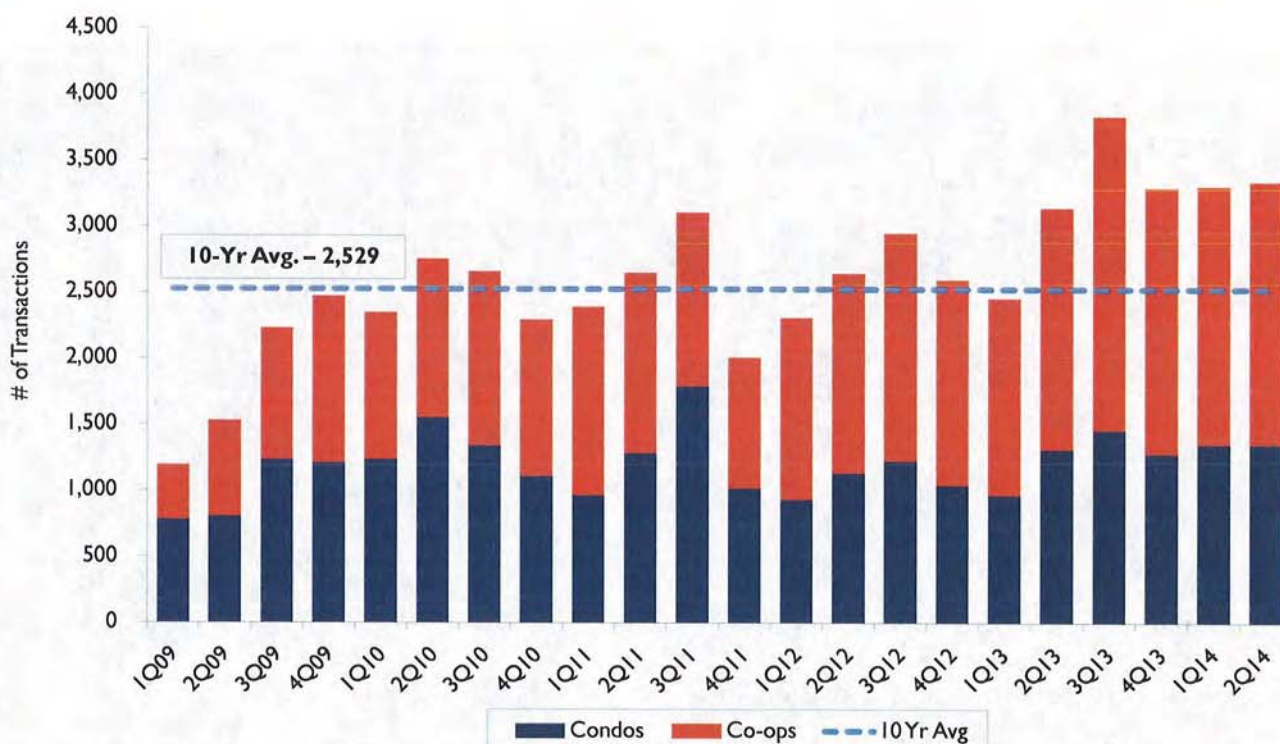
Year-over-year new leasing is up and the pipeline is strong.

## NEW YORK RESIDENTIAL



## NEW YORK RESIDENTIAL

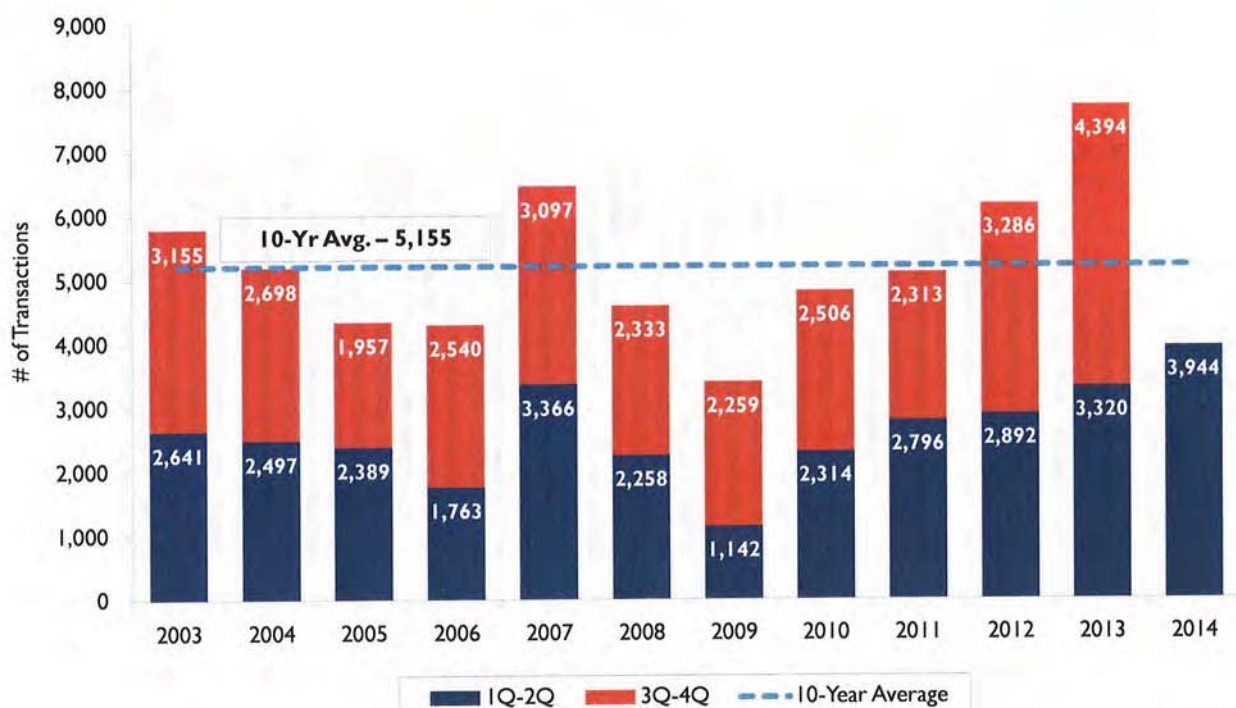
### Manhattan Quarterly Condo & Co-op Sales Volume (1Q09-2Q14)



**Demand within NYC's residential market remains robust, with more than 6,600 condo and co-op sales in the first half of 2014, an 18.6% increase in year-to-date activity.**

## NEW YORK RESIDENTIAL

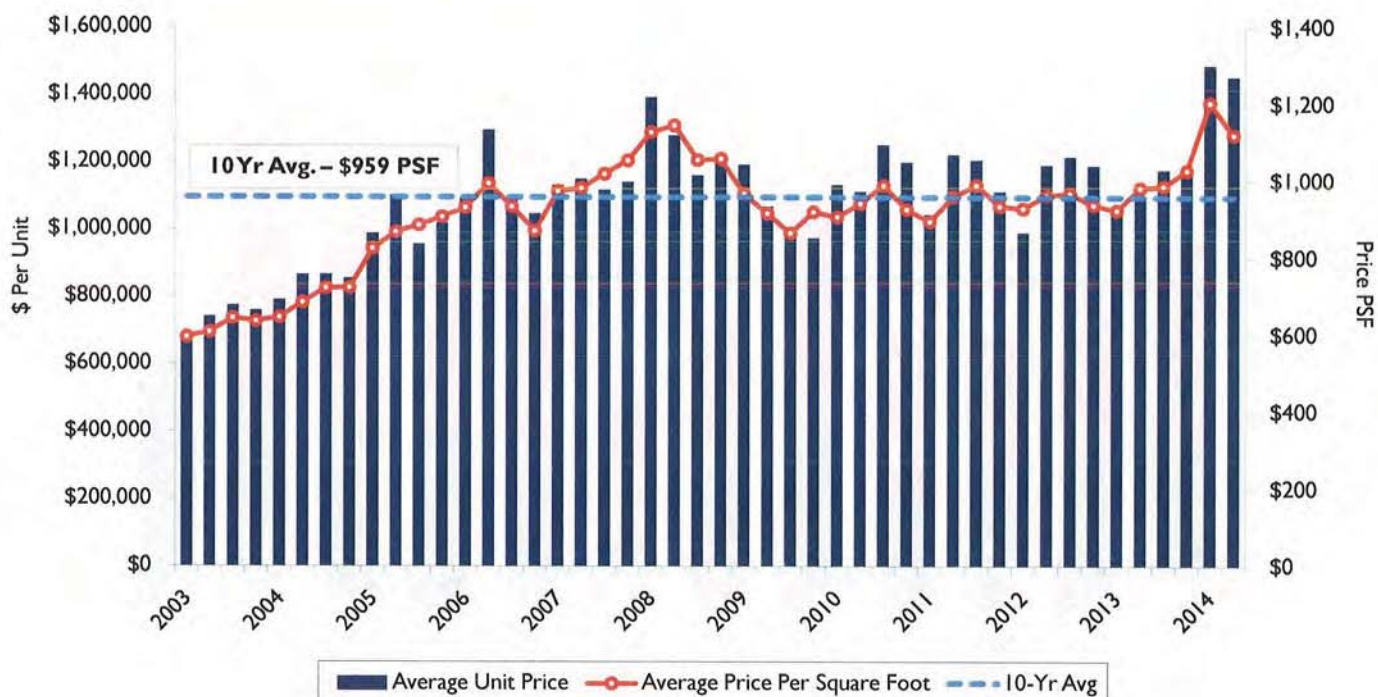
Manhattan Co-op Sales Volume Annually (2003-YTD 2014)



At the end of the second quarter, total co-op transaction activity is up 19% year-over-year with 3,944 closed sales.

## NEW YORK RESIDENTIAL

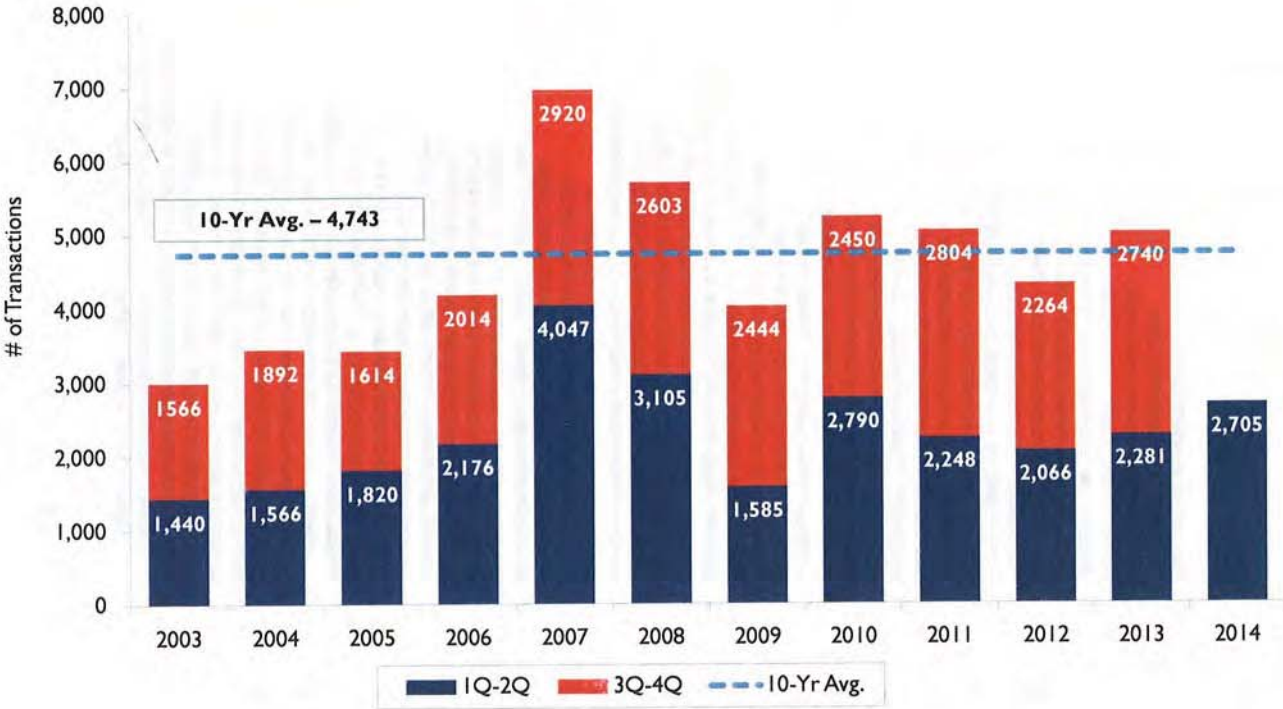
### Manhattan Co-op Sales Prices (2003-YTD 2014)



**An average co-op value at over \$1.4 million per unit during 2Q14 represents a 33.5% increase year-over-year.**

# NEW YORK RESIDENTIAL

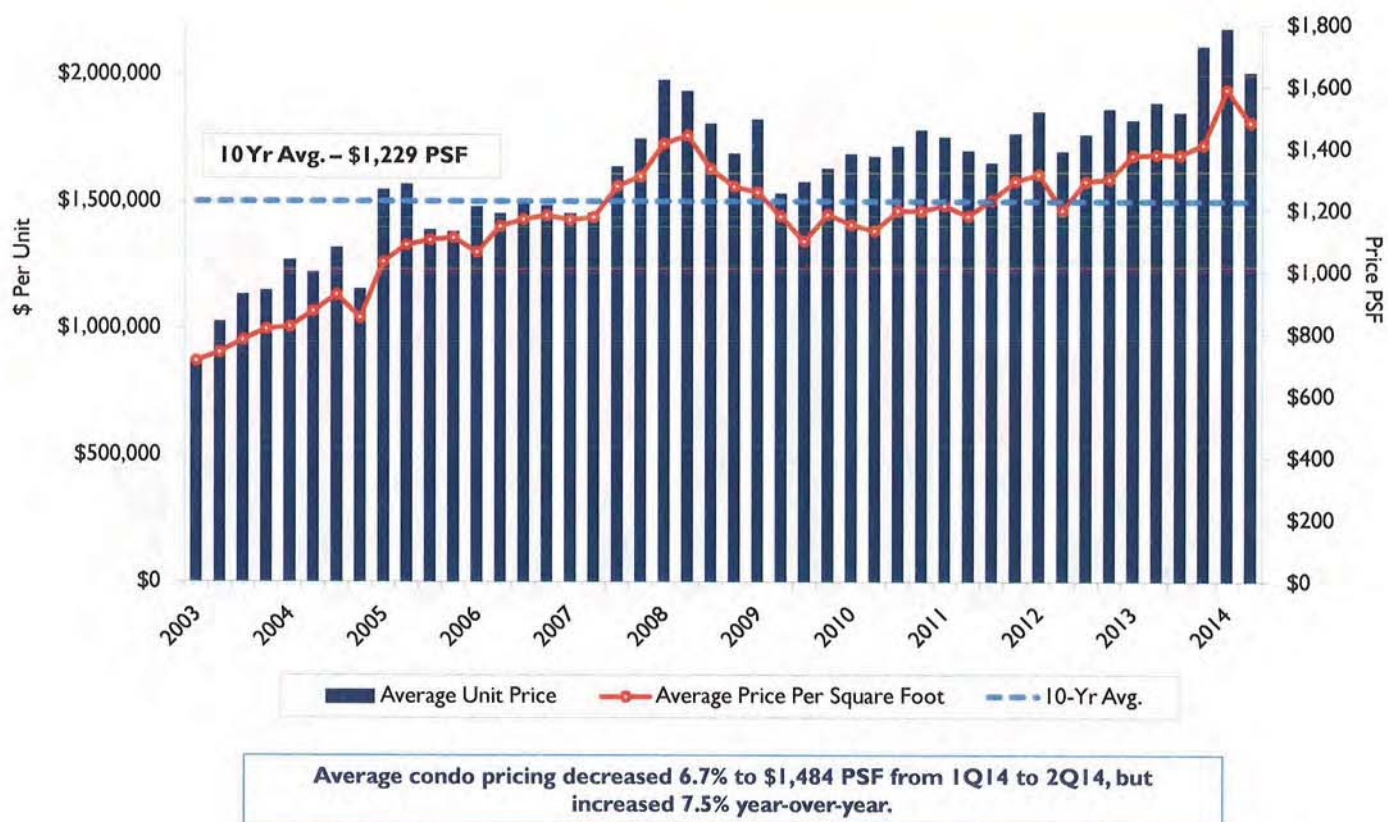
Manhattan Condo Sales Volume Annually (2003-YTD 2014)



Through two quarters, condo volume is up 18.6% year-over-year

## NEW YORK RESIDENTIAL

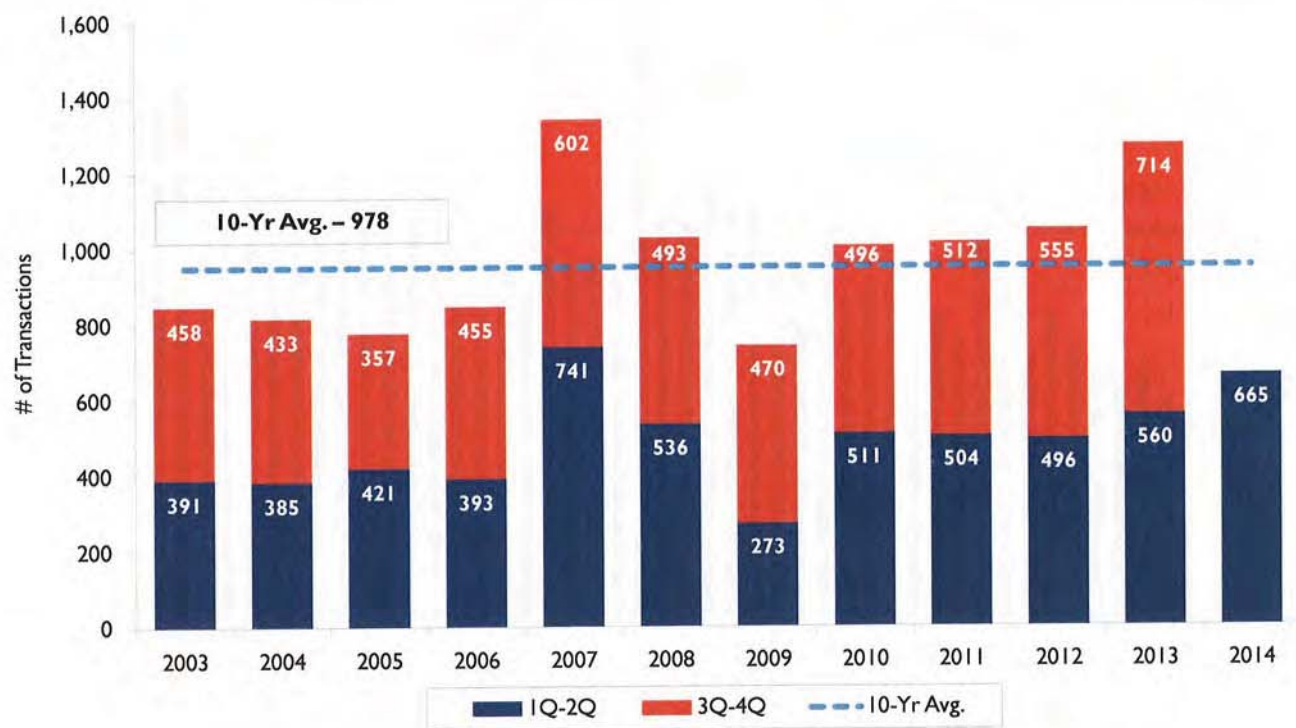
Manhattan Condo Sales Prices (2003-YTD 2014)



Source: Miller Samuel, Inc.

# NEW YORK RESIDENTIAL

Luxury Residential Transactions (2003-YTD 2014)

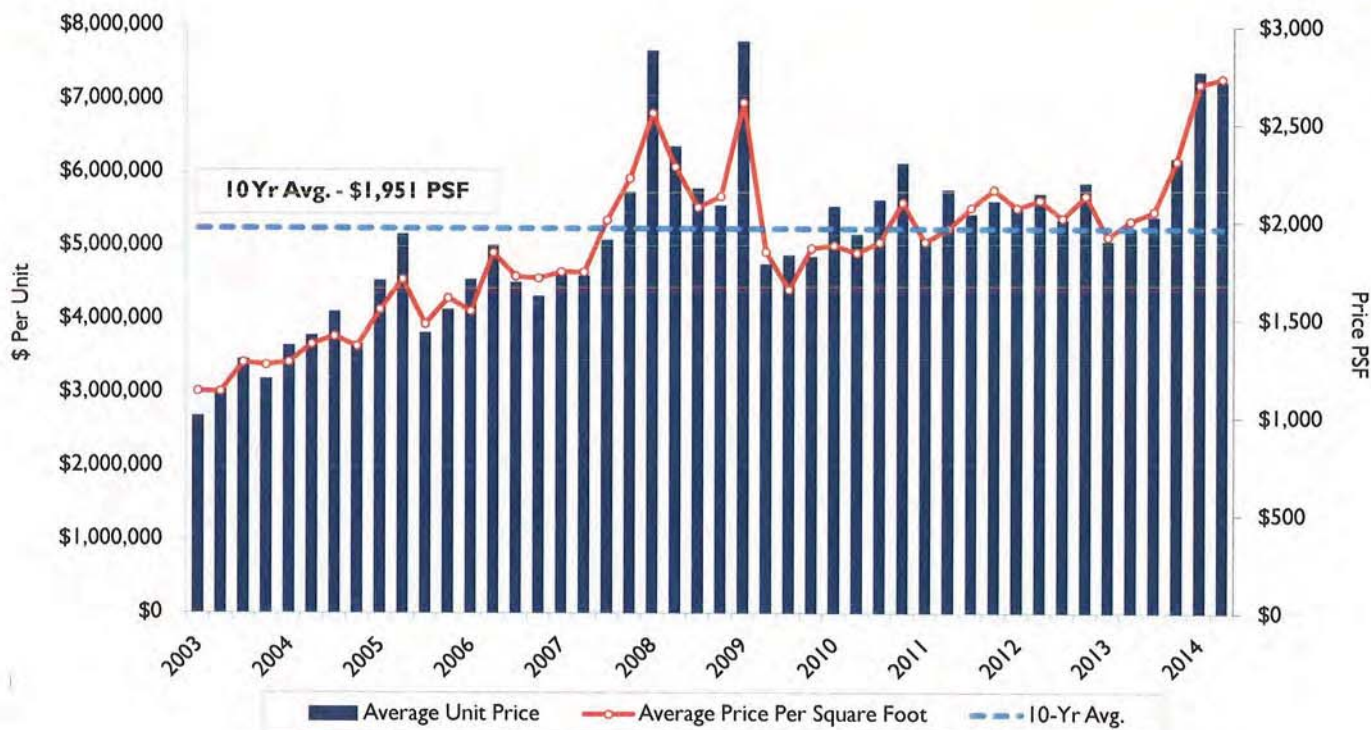


The luxury segment continued its upward trajectory with activity up 18.8% year-over-year.

Note: Luxury market accounts for top 10% of all Condo and Co-Op Sales  
Source: Miller Samuel, Inc.

## NEW YORK RESIDENTIAL

Luxury Condo & Co-op Sales Prices (2003 – YTD 2014)

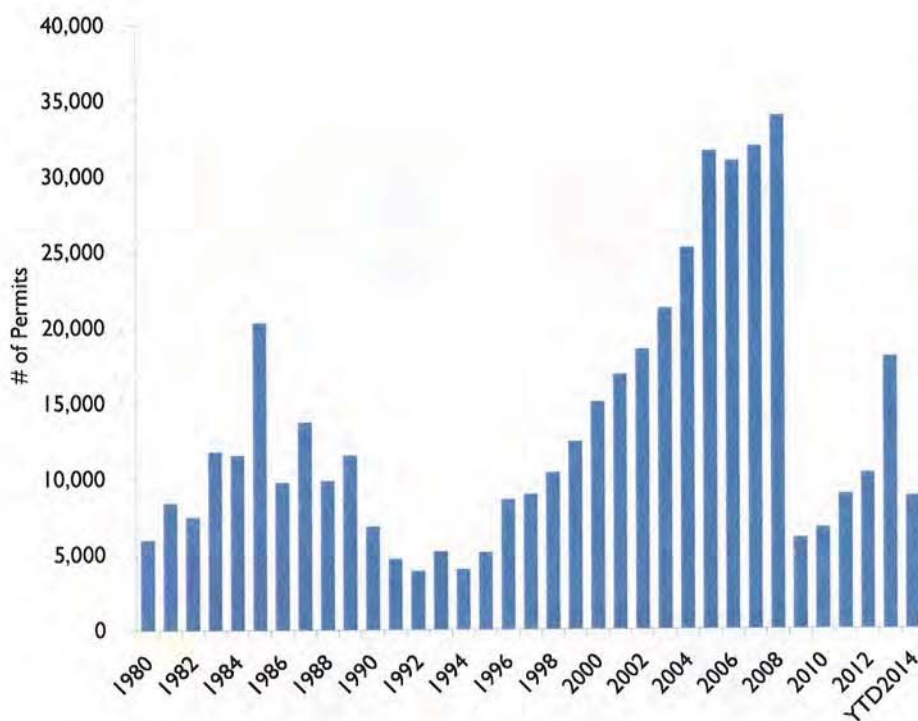


**With new projects at the upper spectrum of the market nearing completion and closing units, luxury condo pricing averaged \$2,735 PSF during 2Q14, a 10.7% increase over the prior quarter and 39.2% higher than the 10-year average.**

Note: Luxury market accounts for top 10% of all Condo and Co-Op Sales  
Source: Miller Samuel, Inc.

## NEW YORK RESIDENTIAL

### Construction Permits Issued in NYC



- Based on permit activity through May 2014, new construction starts is on pace to hit more than 21,000 units by the end of 2014, an 18% increase over 2013.
- Brooklyn continues to be the most active borough for new construction activity – 34% of housing starts through May 2014 were located in Brooklyn.

\* Data through May 2014

Source: U.S. Department of Housing and Urban Development

## NEW YORK RESIDENTIAL

### Manhattan Rent Trend by Unit Size

#### Mean Manhattan Rental Prices, Year-Over-Year Change

Manhattan Non-Doorman Rents: June 2013 vs. June 2014



Manhattan Doorman Rents: May 2013 vs. May 2014



## NEW YORK RETAIL LEASING

**New York Retail Leasing by**

Cushman & Wakefield  
Retail Group  
Tel: (212) 841-7500



## YEAR-OVER-YEAR COMPARISON

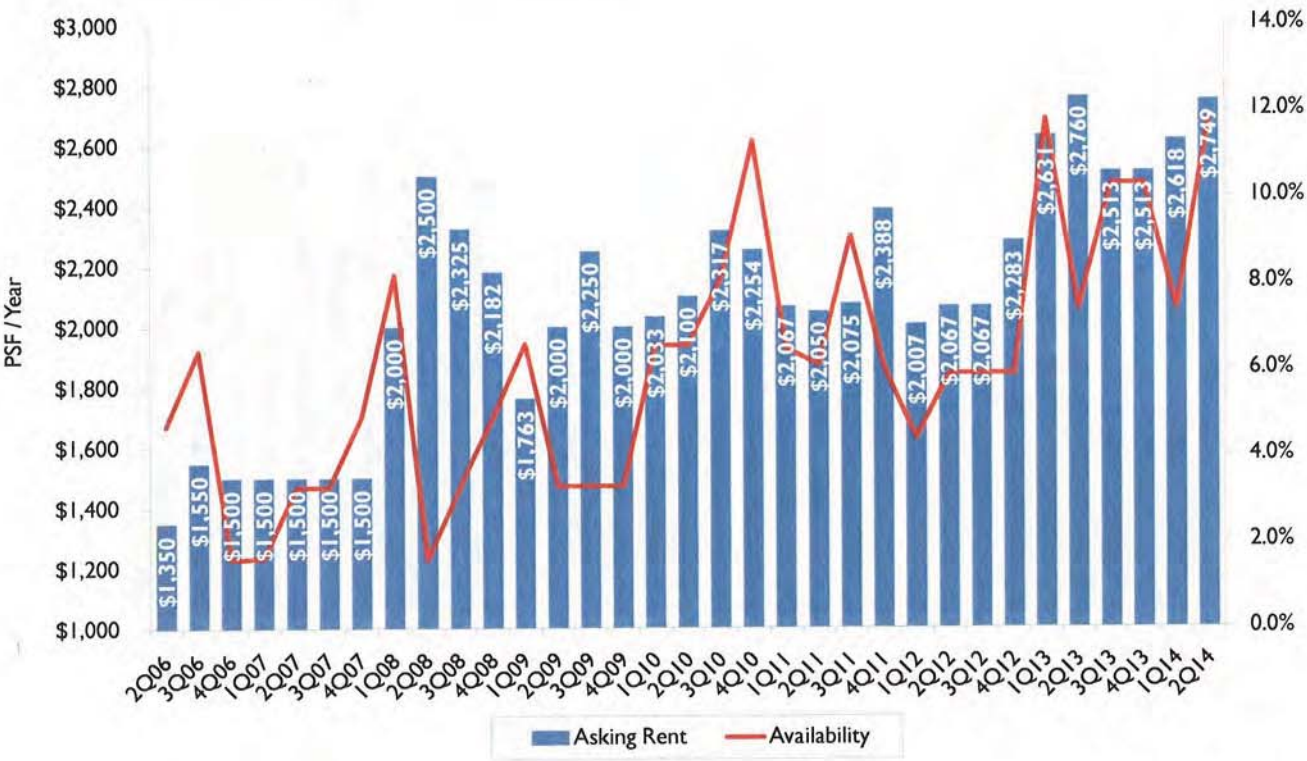
### Availability Rate & Average Ground Floor Asking Rent

	Q2 2013 Asking Rent	Q2 2014 Asking Rent	% Change	Q2 2013 Vacancy Rate	Q2 2014 Vacancy Rate	% Pt. Change
Upper Fifth Avenue	\$2,760	\$2,749	-0.4%	7.4%	11.8%	+4.4 pp
Lower Fifth Avenue	\$1,087	\$1,063	-2.2%	26.2%	24.6%	-1.6 pp
Madison Avenue	\$1,351	\$1,519	12.4%	7.9%	15.3%	+7.4 pp
Upper West Side	\$374	\$394	5.3%	4.0%	8.5%	+4.5 pp
Third Avenue	\$274	\$299	9.1%	8.8%	9.2%	+0.4 pp
Times Square	\$2,170	\$2,470	13.8%	11.1%	11.1%	0 pp
Flatiron	\$346	\$383	10.7%	5.6%	9.7%	+4.1 pp
Meatpacking	\$322	\$341	5.9%	17.0%	20.3%	+3.3 pp
SoHo	\$455	\$480	5.5%	10.9%	13.0%	+2.1 pp
Herald Square	N/A	\$775	N/A	N/A	14.3%	N/A
Lower Manhattan	\$251	\$346	37.8%	9.1%	6.4%	-2.7 pp

# UPPER FIFTH AVENUE

Historical Market Snapshot

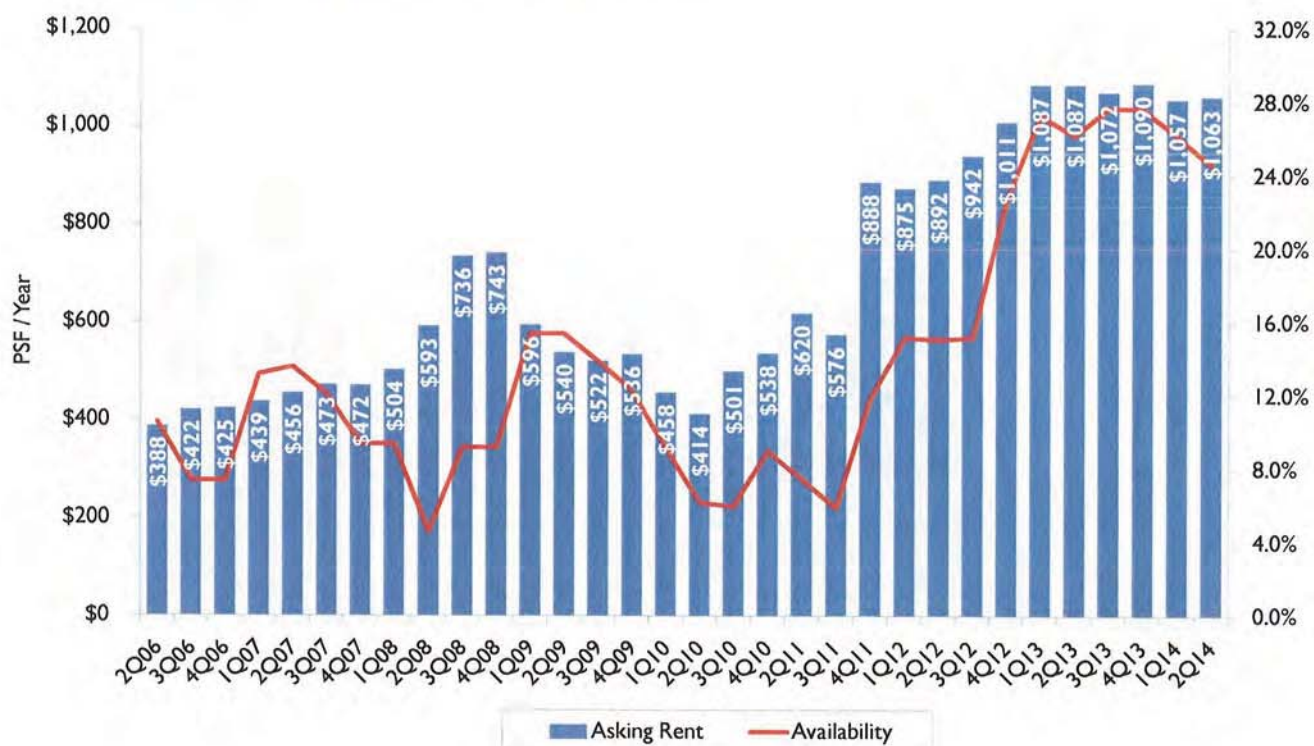
Availability Rate & Average Ground Floor Asking Rent



## LOWER FIFTH AVENUE

### Historical Market Snapshot

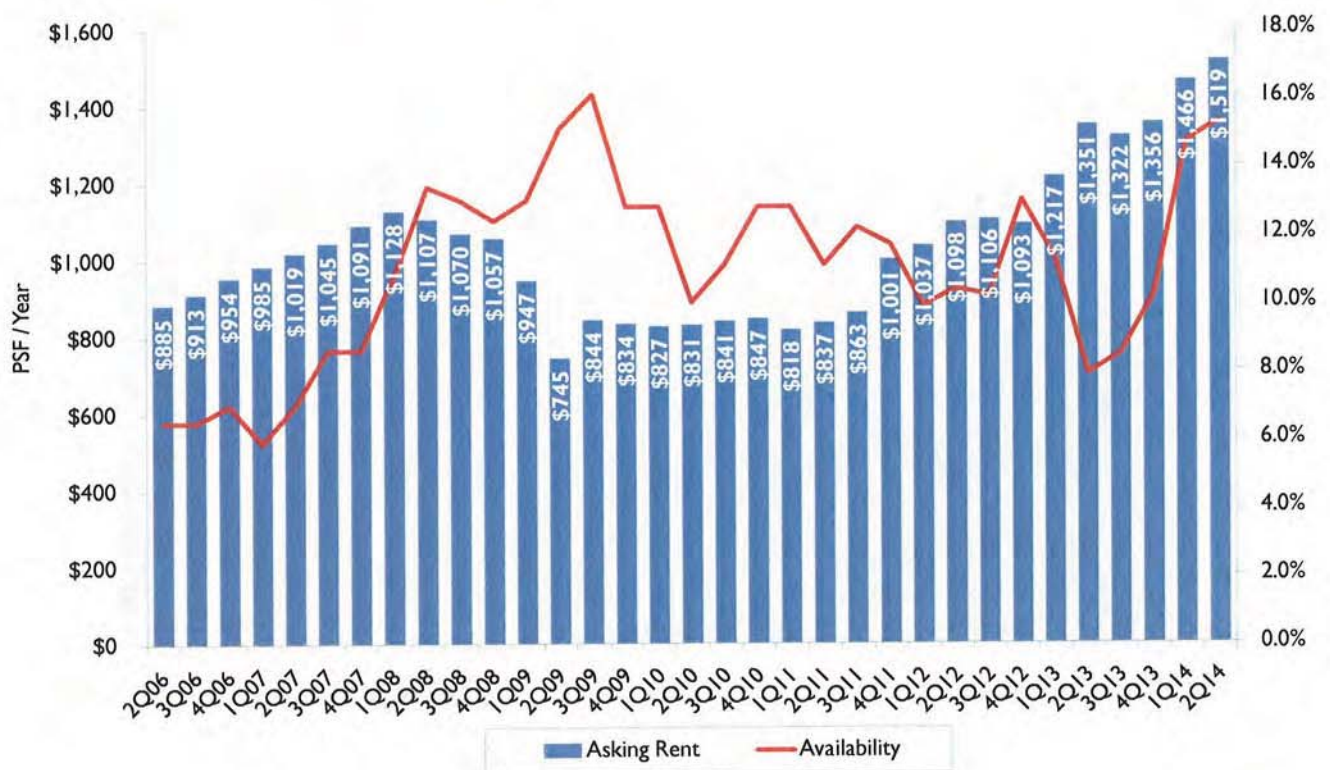
#### Availability Rate & Average Ground Floor Asking Rent



## MADISON AVENUE

### Historical Market Snapshot

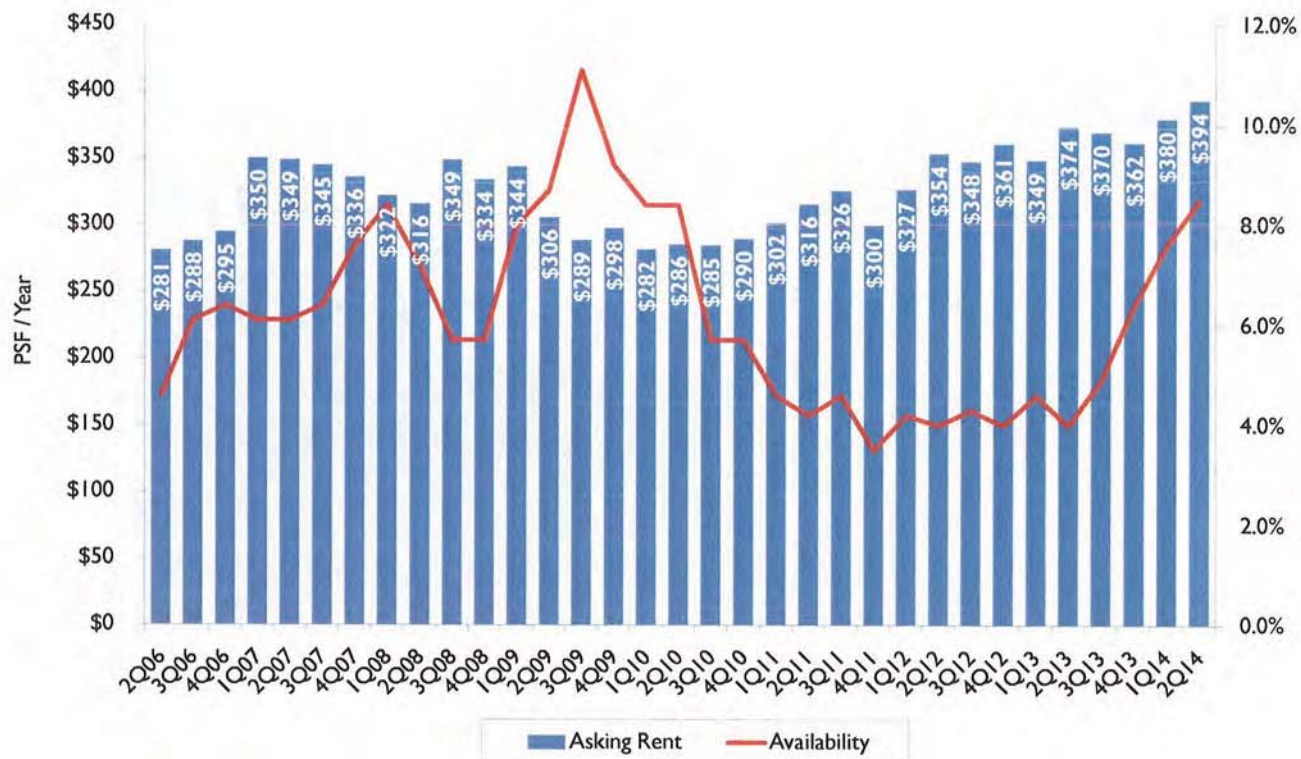
#### Availability Rate & Average Ground Floor Asking Rent



## UPPER WEST SIDE

### Historical Market Snapshot

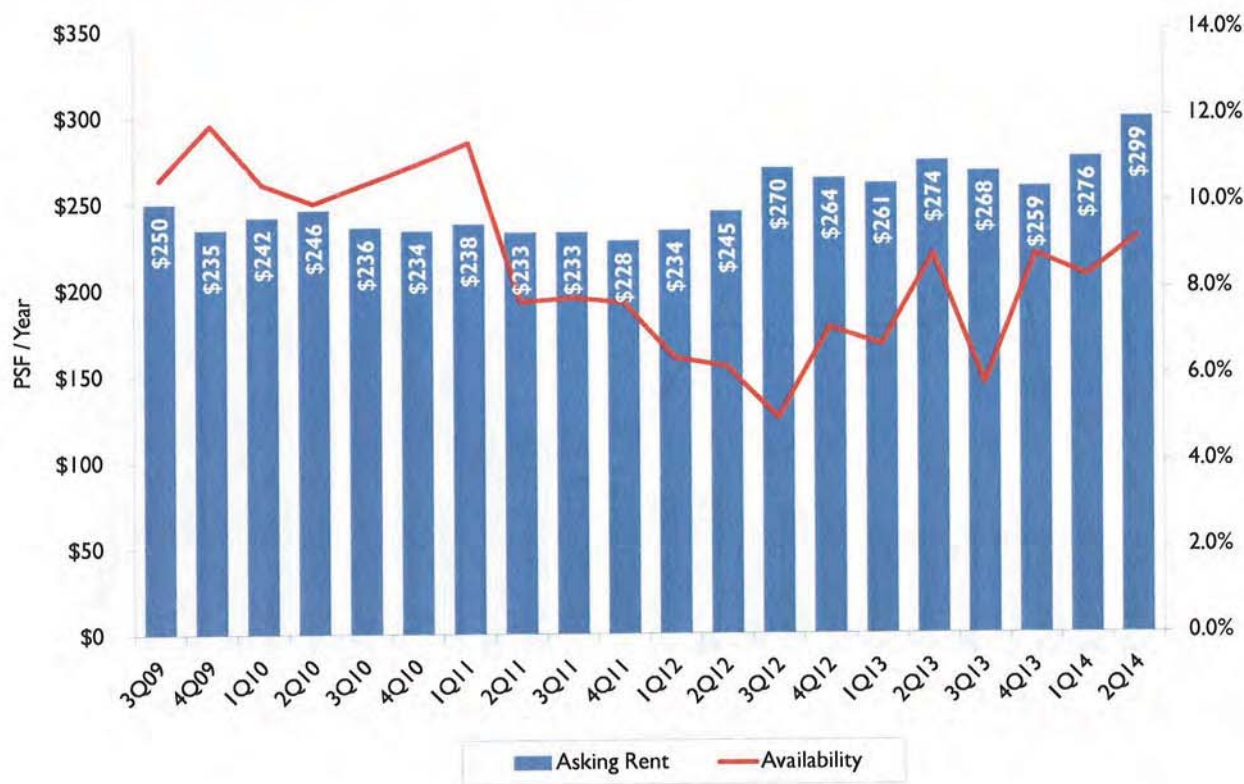
#### Availability Rate & Average Ground Floor Asking Rent



# THIRD AVENUE

## Historical Market Snapshot

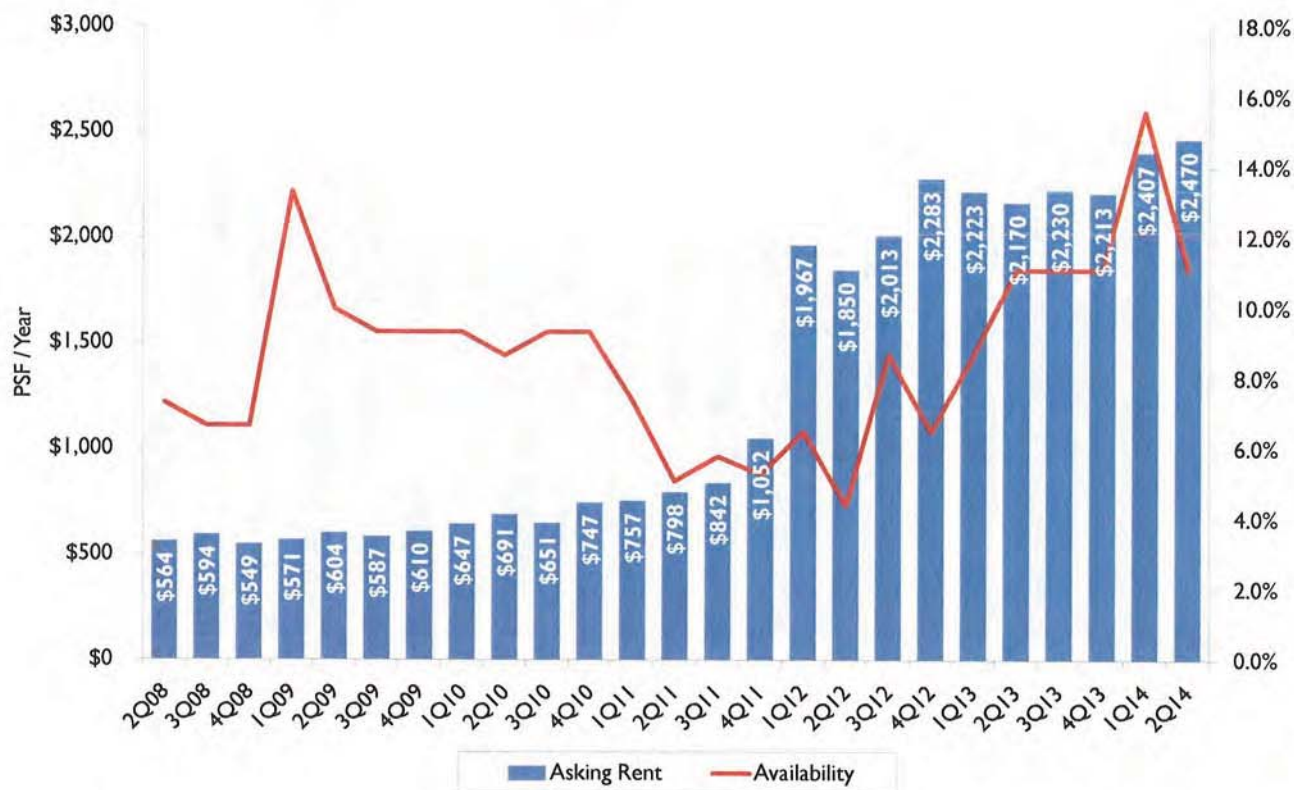
### Availability Rate & Average Ground Floor Asking Rent



## TIMES SQUARE

### Historical Market Snapshot

#### Availability Rate & Average Ground Floor Asking Rent

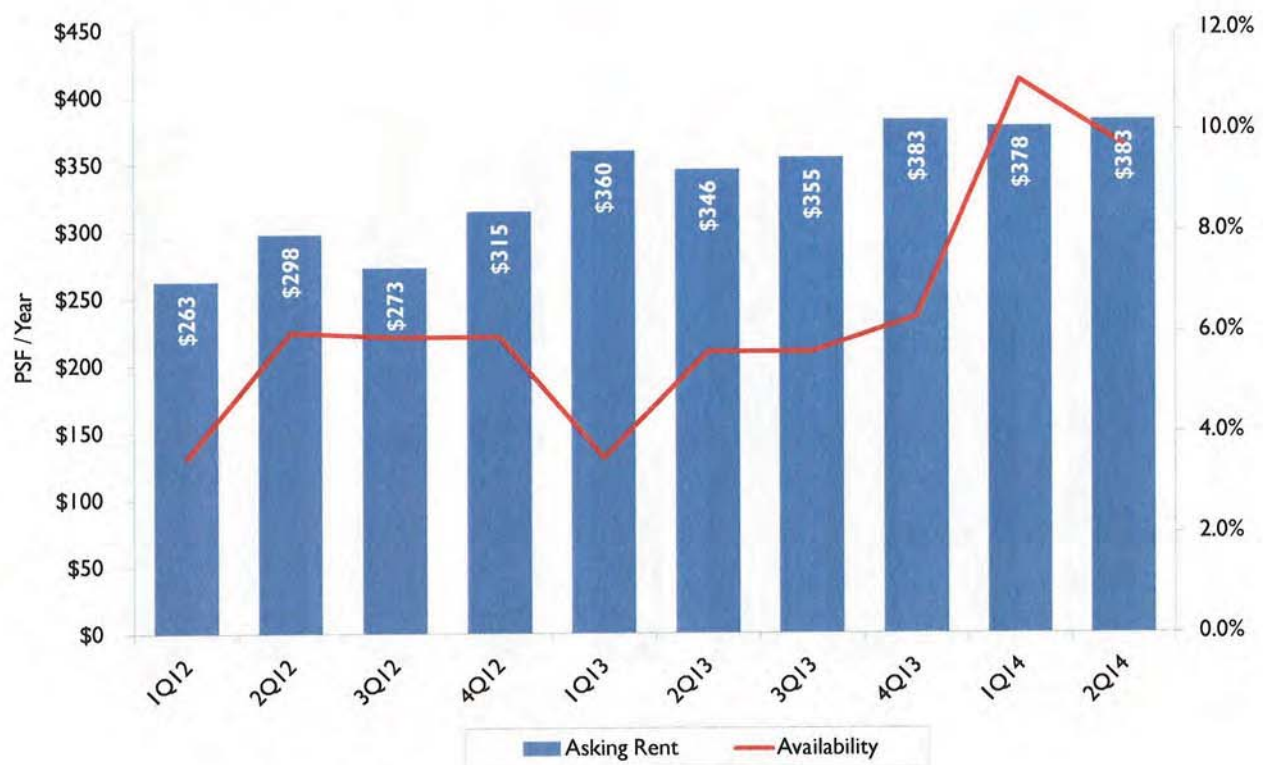


## FLATIRON

### Historical Market Snapshot

C&W NY Capital  
Markets Group

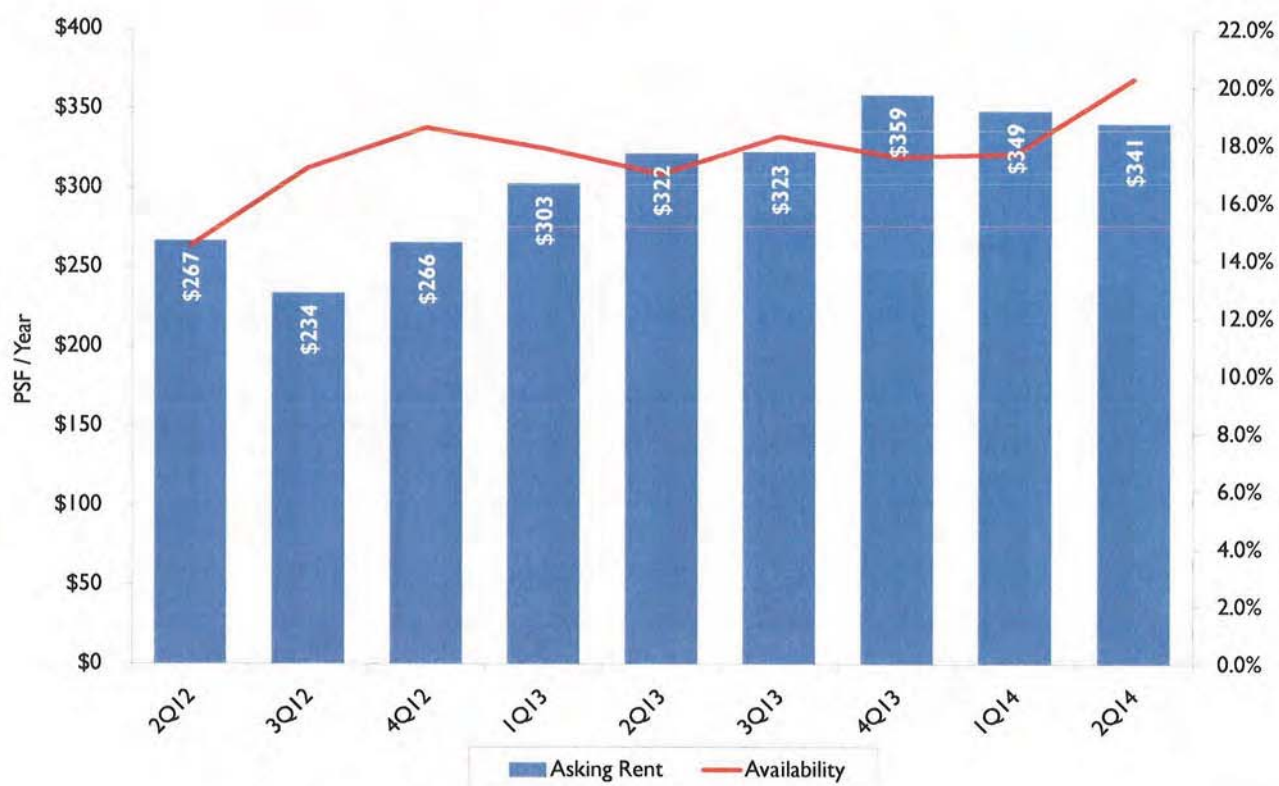
#### Availability Rate & Average Ground Floor Asking Rent



## MEATPACKING DISTRICT

### Historical Market Snapshot

#### Availability Rate & Average Ground Floor Asking Rent

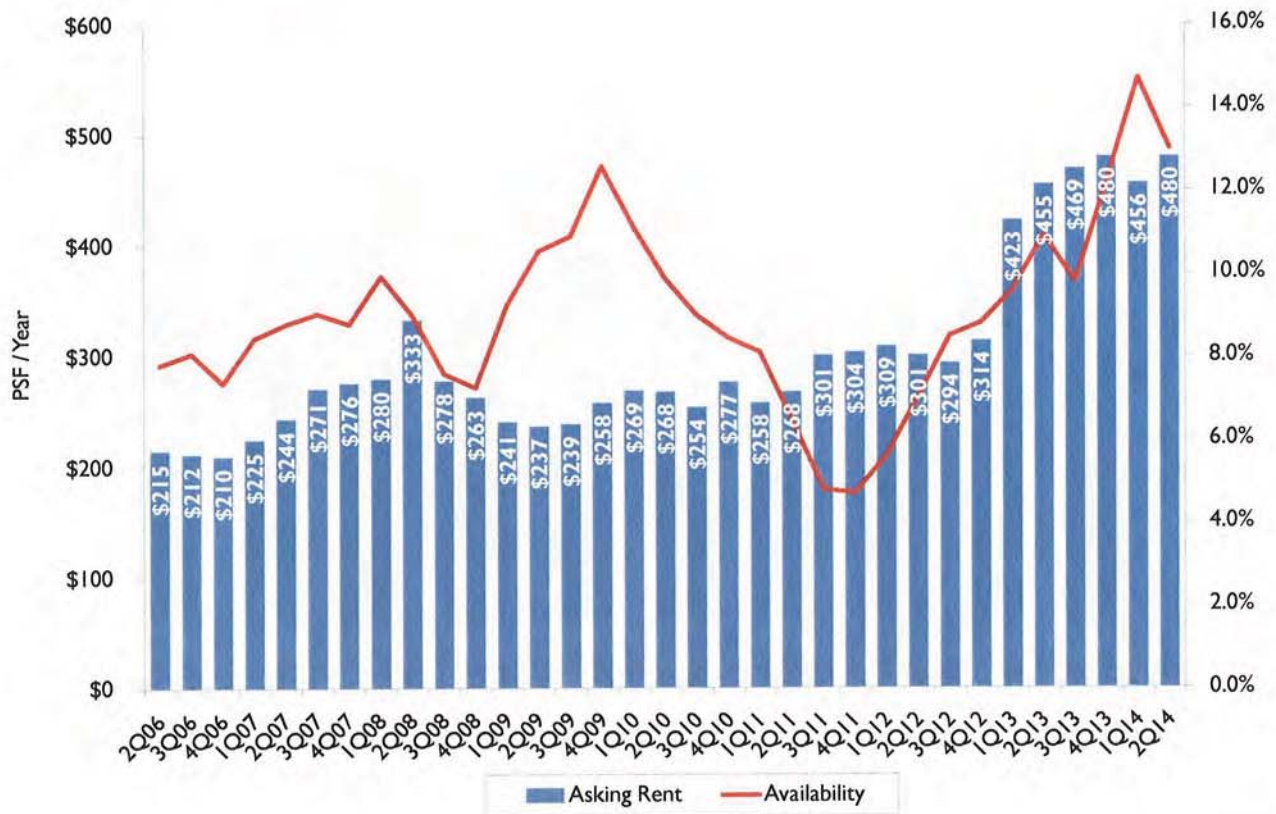


# SOHO

## Historical Market Snapshot

C&W NY Capital  
Markets Group

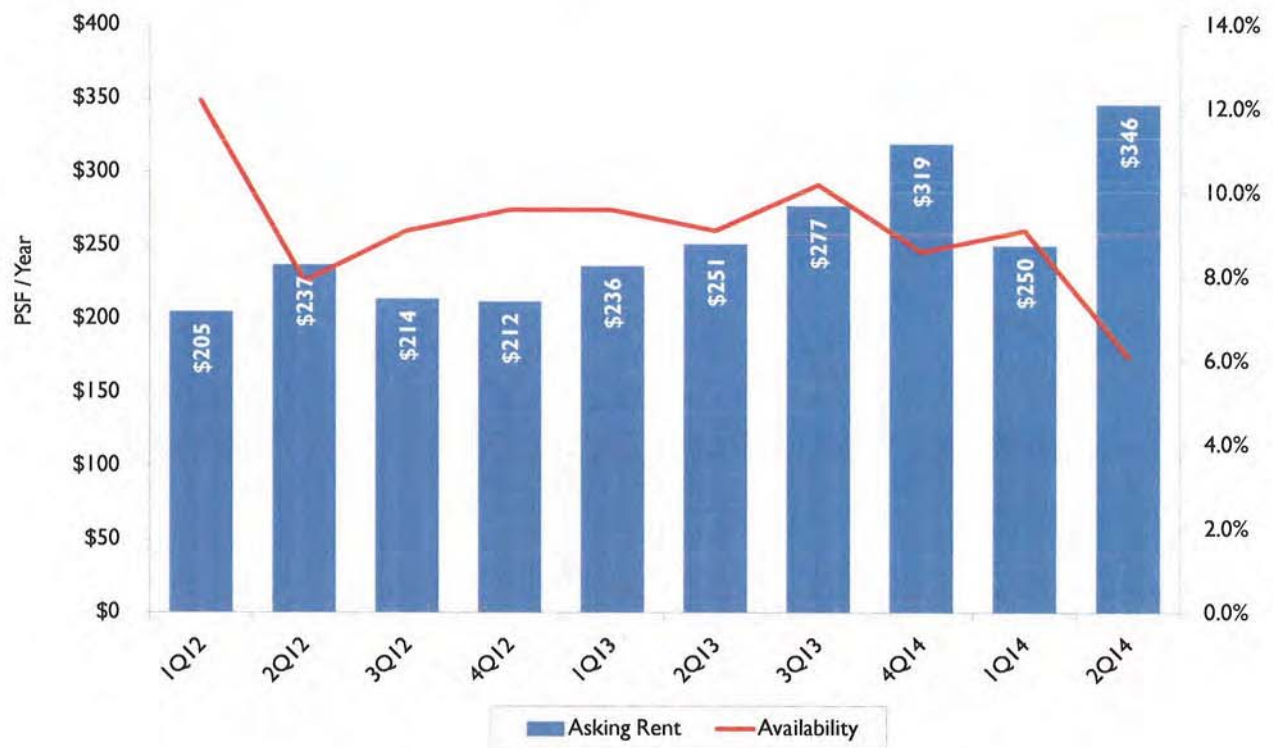
### Availability Rate & Average Ground Floor Asking Rent



## LOWER MANHATTAN

### Historical Market Snapshot

#### Availability Rate & Average Ground Floor Asking Rent



Lower Manhattan statistics include Broadway, Fulton Street & Wall Street only.  
Statistics do not include any data from the World Trade Center and Fulton Transit Hub retail complexes or Brookfield Place.

## ADDENDA – NEW YORK OFFICE LEASING

### **New York Office Leasing by**

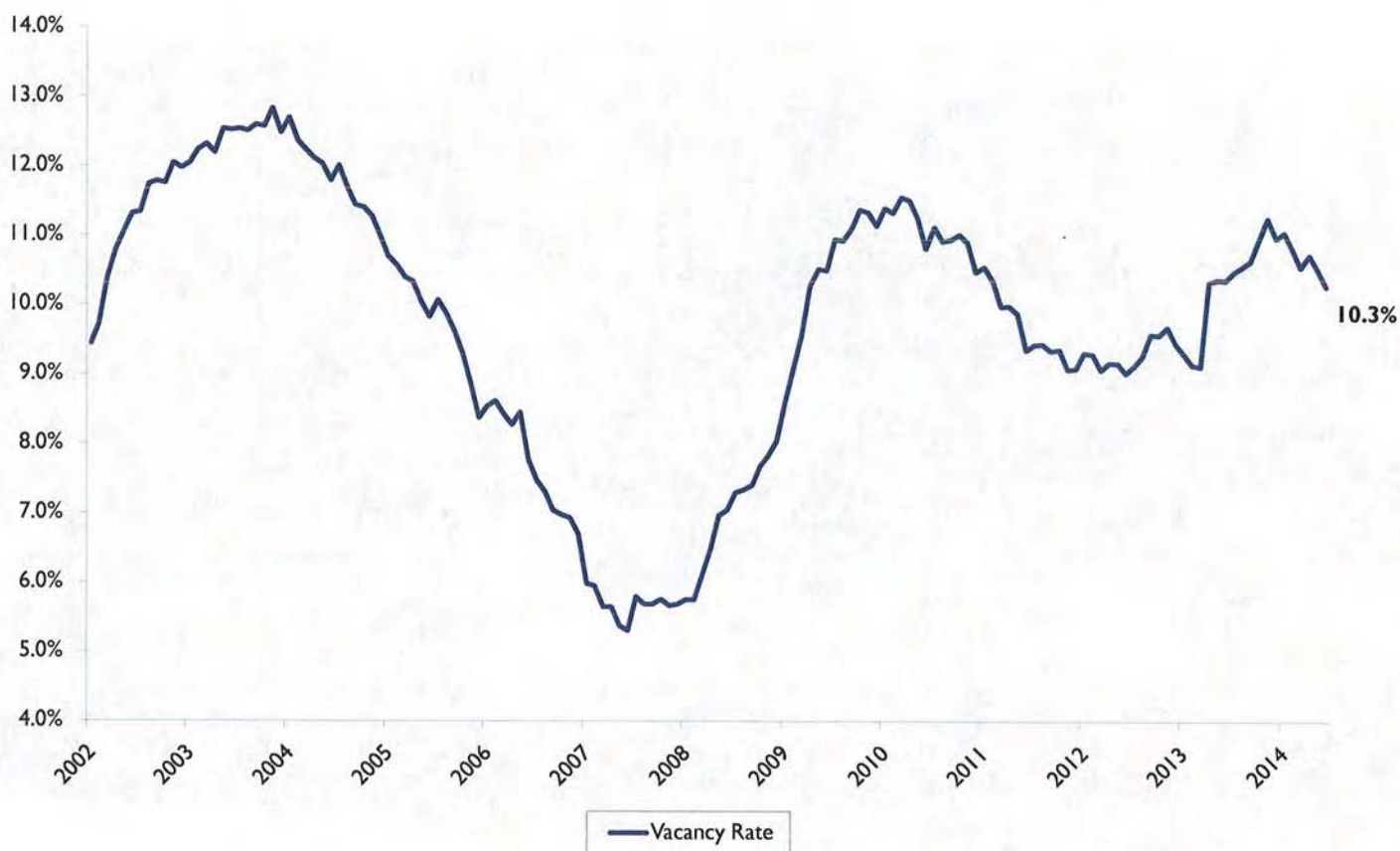
Ken McCarthy  
Managing Director  
Cushman & Wakefield  
Research Services  
Tel: (212) 841-2502  
[ken.mccarthy@cushwake.com](mailto:ken.mccarthy@cushwake.com)



## NEW YORK OFFICE LEASING

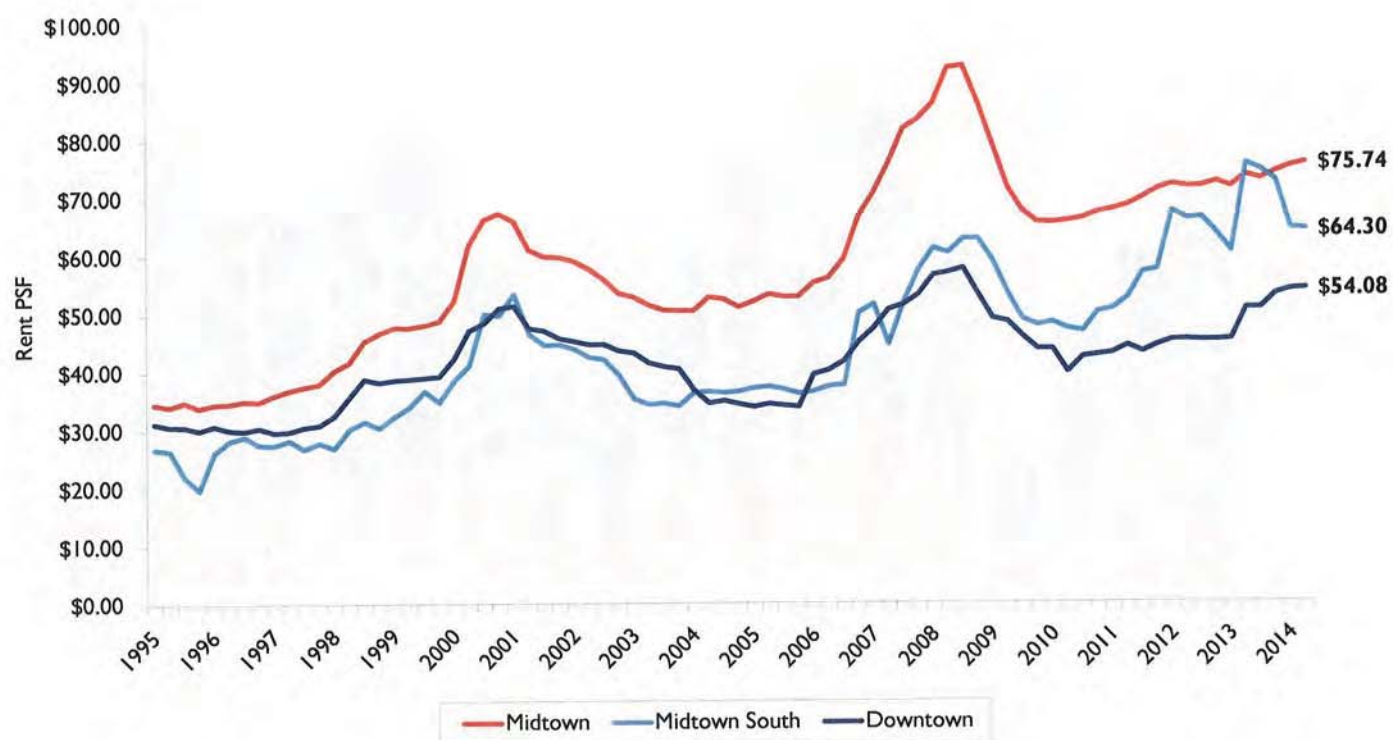
### Manhattan Vacancy Rate

C&W NY Capital  
Markets Group



## NEW YORK OFFICE LEASING

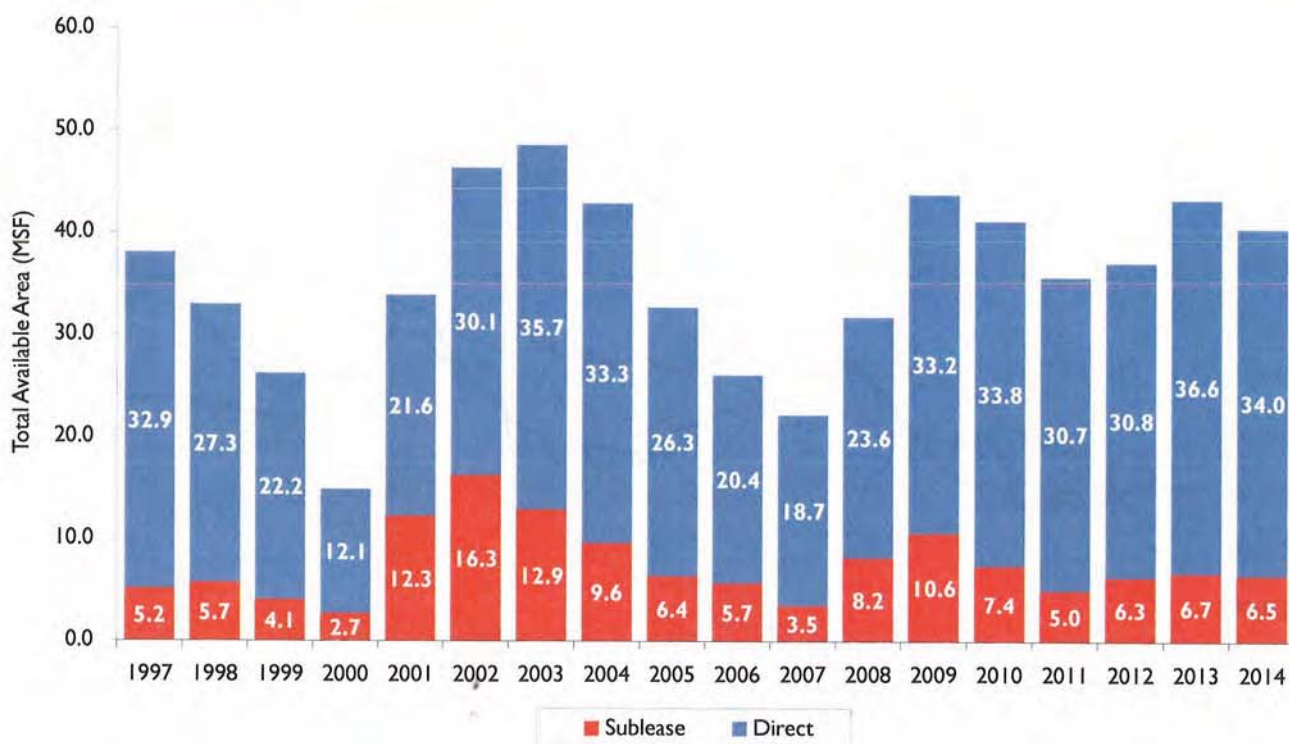
### Manhattan Class A Office Asking Rents



Source: Cushman & Wakefield Research

## NEW YORK OFFICE LEASING

### Manhattan Available Space – Direct vs. Sublease



Source: Cushman & Wakefield Research

## NEW YORK OFFICE LEASING

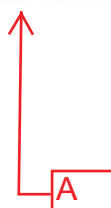
### Midtown Summary

- The Midtown market has had healthy new leasing activity the first six months of 2014, with an increase of 23% year-over year. Of the 16.7 MSF of new leasing completed overall in Manhattan, 9.3 MSF (or 56%) occurred in Midtown.
- With overall availability at approximately 11.0%, Midtown's vacancy changed very little over the last 12 months. The vacancy rate is down only 10 bps since 1Q14, but up only 20 bps since 2Q13.
- Midtown rents rose 1% from last quarter's \$70.06 PSF, which represents a 3.8% increase year-over-year.
- Major lease deals during the second quarter include:
  - White & Case signed a lease for 423,000 SF at 1221 Avenue of the Americas.
  - Neuberger Berman signed a 355,000 SF lease at 1290 Avenue of the Americas for a 20-year term.

Submarket	# of Bldgs	Inventory	Direct Vacancy Rate	Total Vacancy Rate	Total Wtd.Avg. Rental Rate	Year-to-Date Leasing Activity
Murray Hill	83	14,366,499	6.9%	10.2%	\$54.25	477,115
Grand Central	137	43,970,528	12.3%	13.6%	\$61.85	1,481,543
United Nations	16	2,669,648	0.1%	0.1%	\$45.00	14,100
East Side	62	18,914,825	5.5%	7.3%	\$65.04	874,201
Park Avenue	30	21,652,799	9.6%	14.9%	\$83.67	561,331
Madison/Fifth	120	24,050,627	13.3%	14.5%	\$98.88	1,095,838
6 Ave/Rock Center	73	40,519,982	8.2%	10.0%	\$80.14	1,783,707
Westside	87	30,227,001	6.7%	7.7%	\$67.36	1,530,446
Penn Station	44	14,041,056	10.1%	11.1%	\$62.93	678,590
Times Square South	146	31,091,607	7.8%	9.6%	\$54.51	868,898
<b>Total</b>	<b>798</b>	<b>241,504,572</b>	<b>9.1%</b>	<b>11.0%</b>	<b>\$70.82</b>	<b>9,365,769</b>

Source: Cushman &amp; Wakefield Research

CUSHMAN &amp; WAKEFIELD 70



## NEW YORK OFFICE LEASING

### Midtown Average Asking Rent by Submarket

C&W NY Capital  
Markets Group



Source: Cushman & Wakefield Research

CUSHMAN & WAKEFIELD 71

## NEW YORK OFFICE LEASING

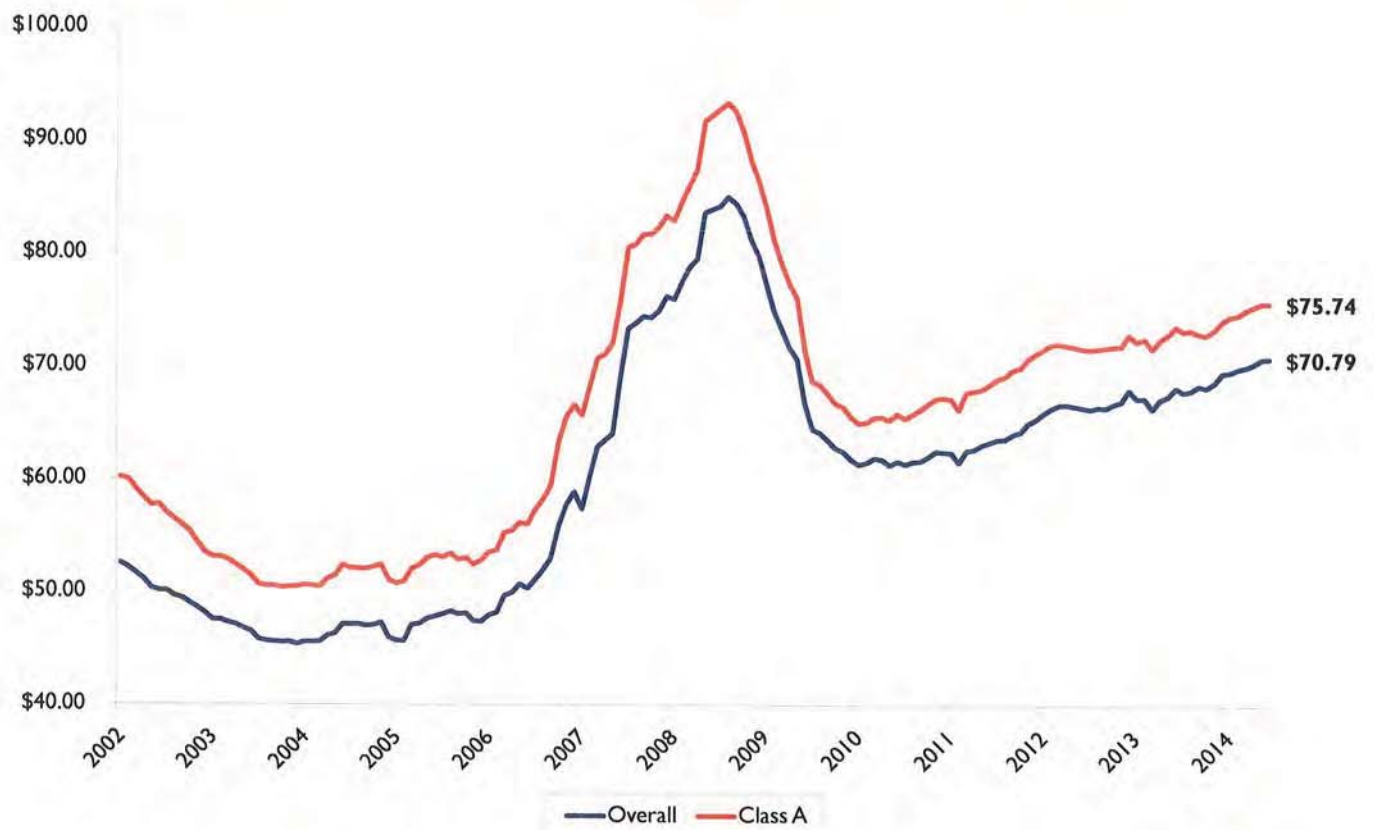
### Midtown Vacancy Rate



## NEW YORK OFFICE LEASING

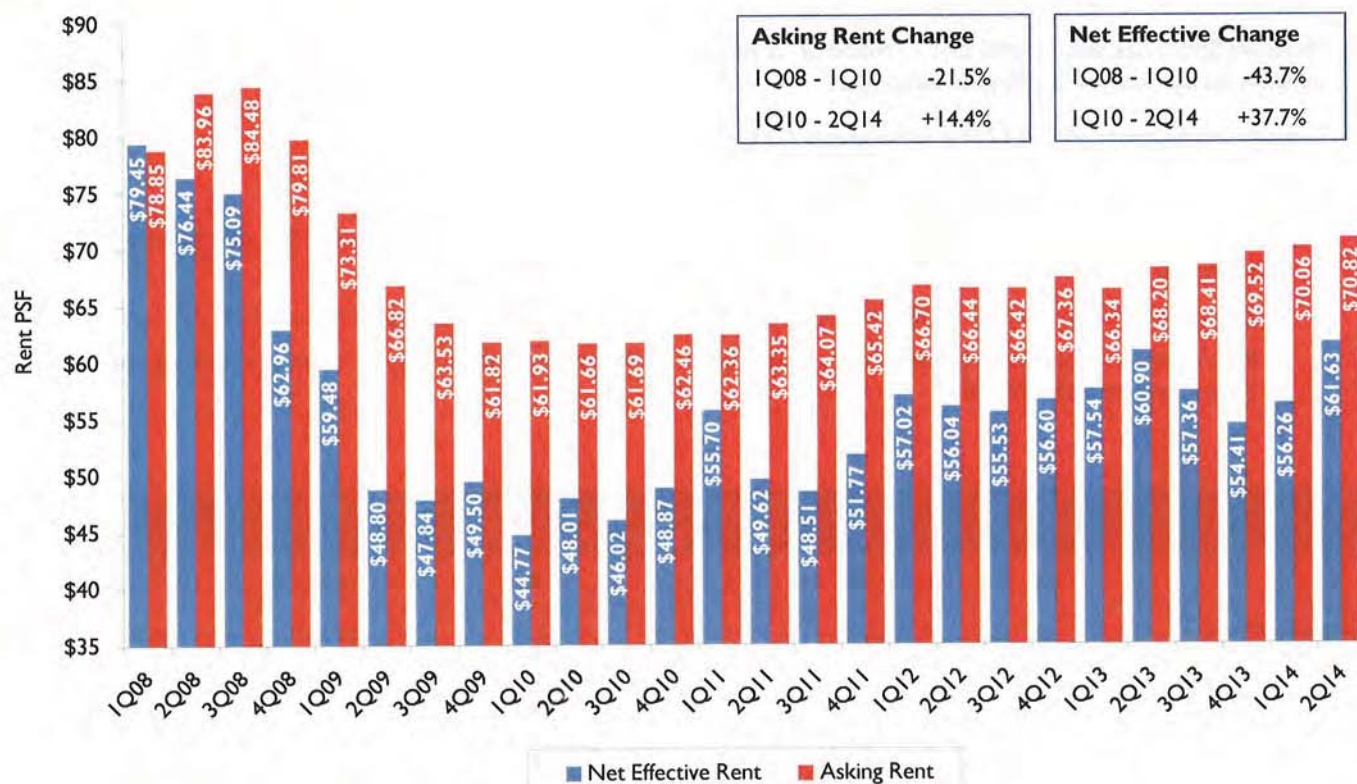
### Midtown Asking Rental Rates

C&W NY Capital  
Markets Group



## NEW YORK OFFICE LEASING

Midtown Rental Rates – Asking Vs. Net Effective



## NEW YORK OFFICE LEASING

### Midtown South Summary

- Midtown South remains the tightest major office market in the U.S., with an overall vacancy rate of 8.2% and a direct vacancy rate of 6.5%.
- Midtown South has seen a total of 3.7 million SF of new leasing activity through the first six months of the year, which is an increase of 30.0% year-over-year.
- Average asking rents of \$60.17 PSF represent a 1.2% increase year-over-year.
- Major lease deals during the first half of the year include:
  - The two largest leases of the year occurred at 111 Madison Avenue, including Sony for 525,000 SF on a 15-year term and Yelp for 152,000 SF on a 10-year term
  - Google picked up another 77,000 of expansion space at 75 Ninth Avenue for an 11-year, 9-month term.
  - IBM Watson Group leased more than 118,000 SF at 51 Astor Place on an 11-year term at a starting rent of a little more than \$80.00 PSF.

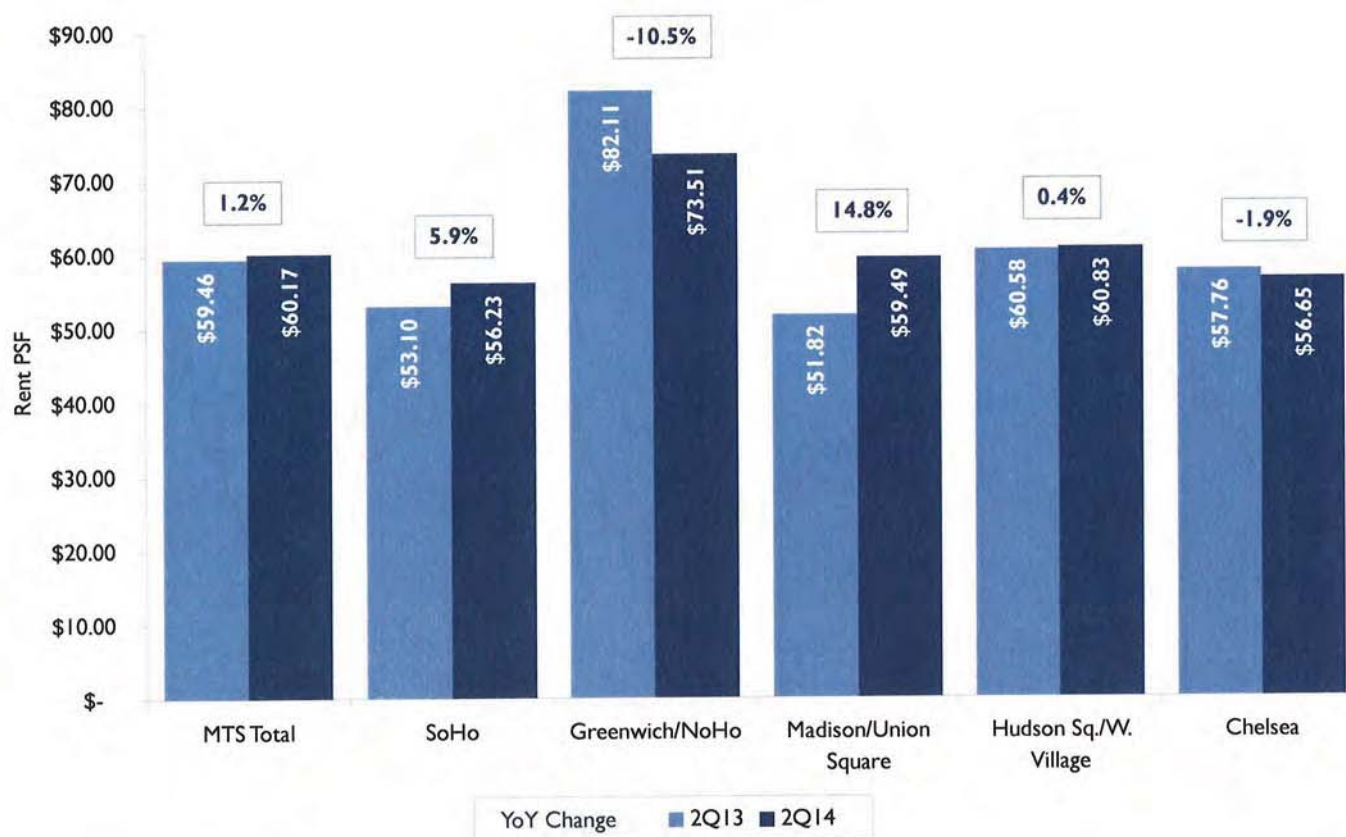
Submarket	# of Bldgs	Inventory	Direct Vacancy Rate	Total Vacancy Rate	Total Wtd. Avg. Rental Rate	Year-to-Date Leasing Activity
SoHo	48	4,120,254	5.9%	7.6%	\$56.23	149,505
Greenwich/NoHo	37	4,795,217	6.2%	7.5%	\$73.51	339,002
Madison/Union Square	222	31,156,727	6.9%	8.5%	\$59.49	2,126,060
Hudson Sq./WV Village	423	10,675,301	6.1%	8.7%	\$60.83	411,665
Chelsea	86	14,971,255	6.3%	7.4%	\$56.65	676,790
<b>Total</b>	<b>436</b>	<b>66,718,754</b>	<b>6.5%</b>	<b>8.2%</b>	<b>\$60.17</b>	<b>3,703,022</b>

Source: Cushman &amp; Wakefield Research

CUSHMAN &amp; WAKEFIELD 75

## NEW YORK OFFICE LEASING

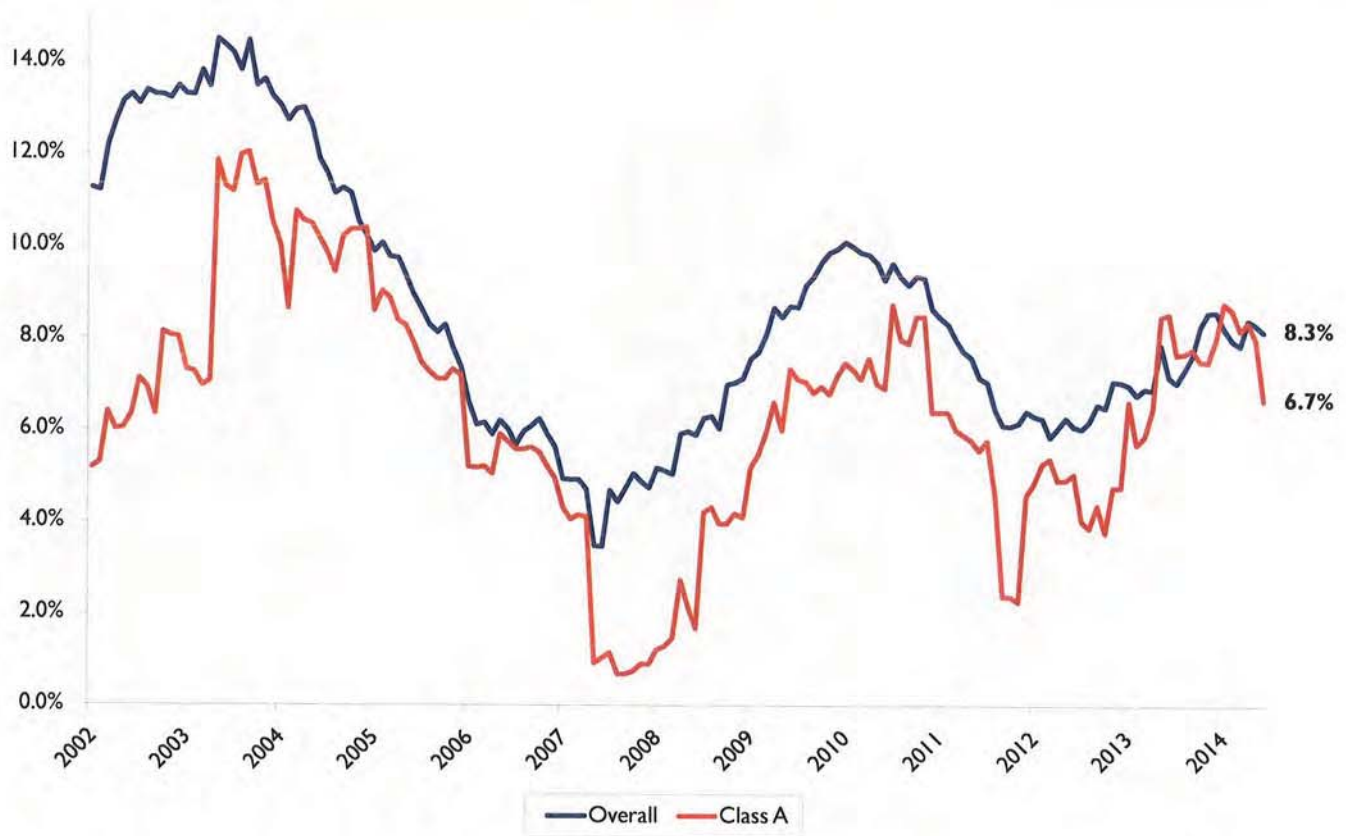
### Midtown South Average Asking Rent by Submarket



## NEW YORK OFFICE LEASING

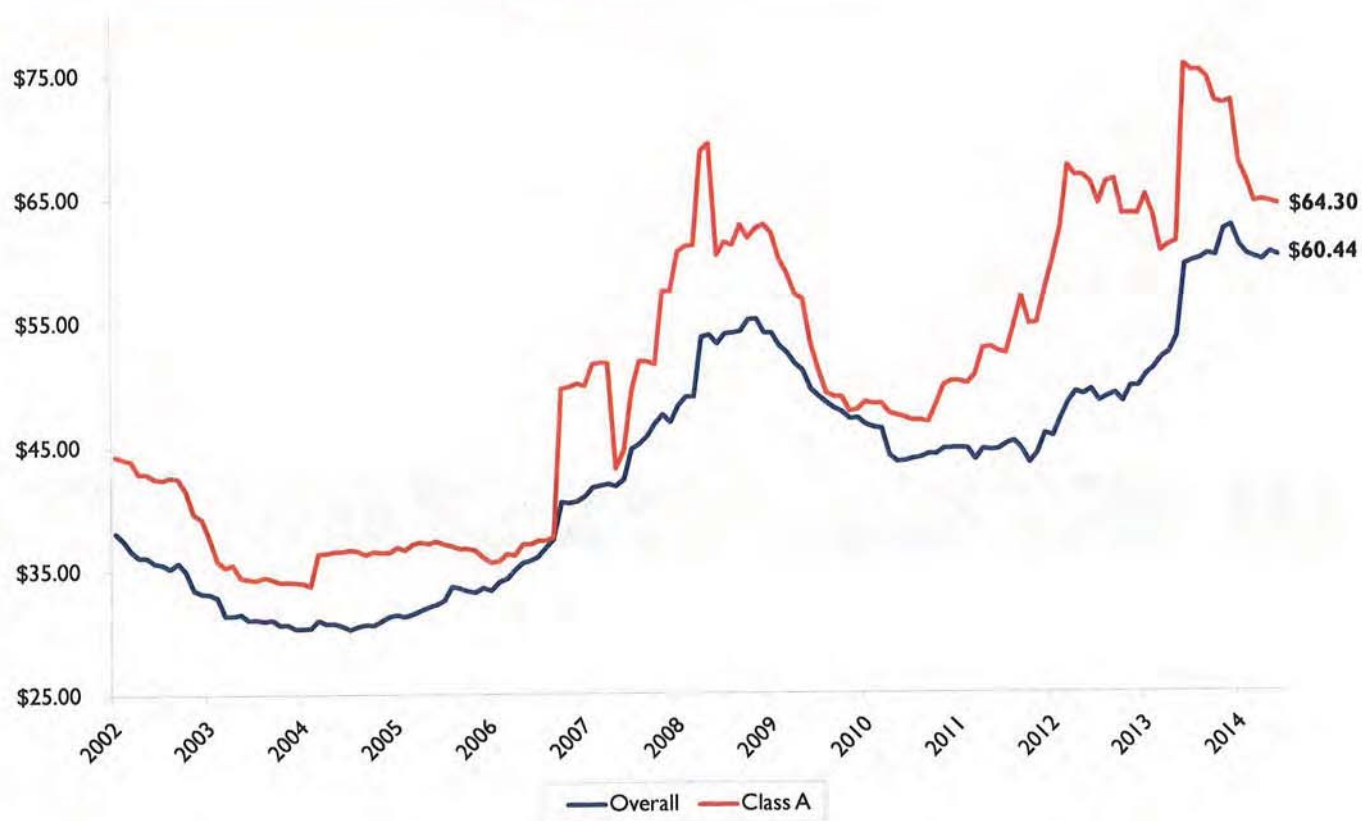
### Midtown South Vacancy Rate

C&W NY Capital  
Markets Group



## NEW YORK OFFICE LEASING

### Midtown South Asking Rental Rates



## NEW YORK OFFICE LEASING

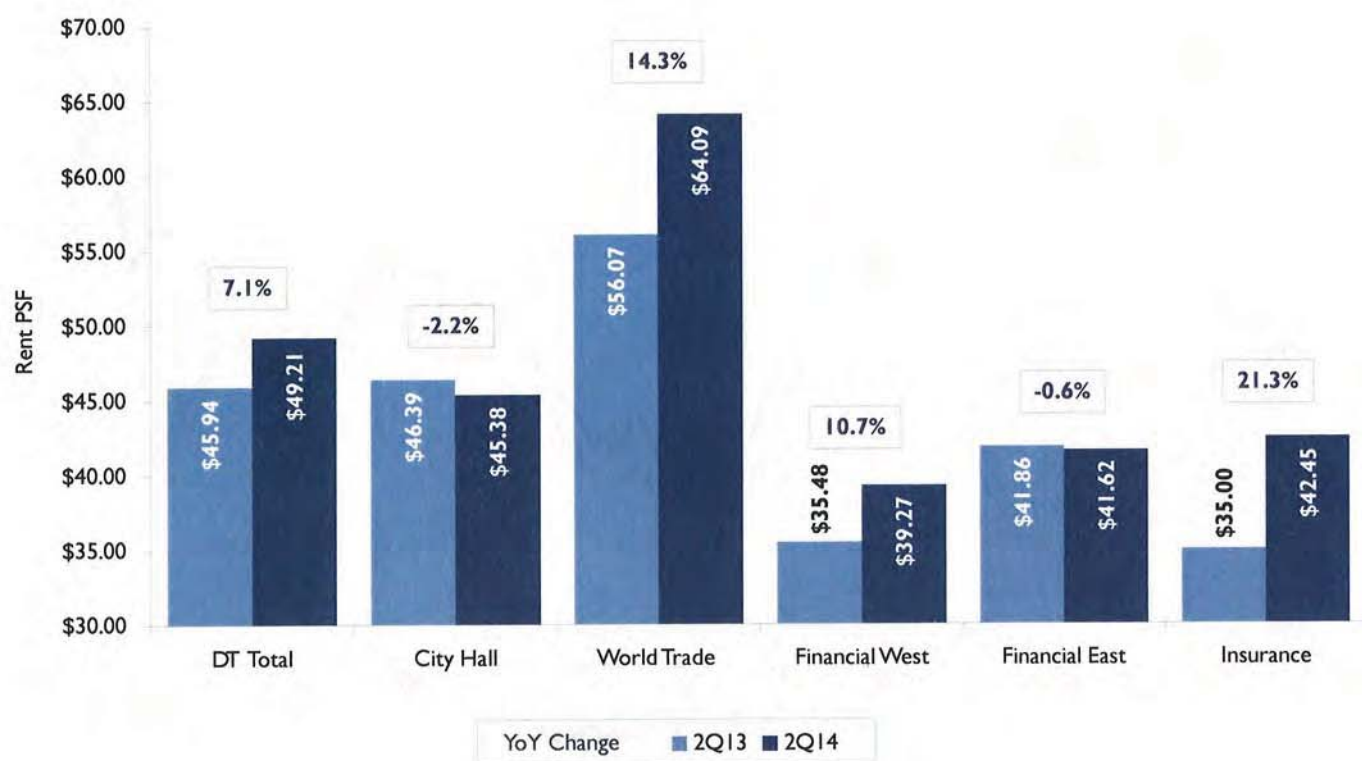
### Downtown Summary

- New leasing activity increased 3.7 MSF year-over-year. In the Downtown market, with 42% of all new leasing activity involving firms relocating from other Manhattan markets.
- Average asking rent increased more than 7% year-over-year to \$49.21 PSF, representing the most significant increase of the three major Manhattan submarkets.
- Asking rental rates in Lower Manhattan are at an all-time high as a result of activity and reduced vacancy at both the World Trade Center site and Brookfield Place, as both project draw near delivery.
- Major lease deals during the third quarter include:
  - Time, Inc. signed a 700,000 SF lease at 225 Liberty Street.
  - BNY Mellon signed a 20-year lease for 358,278 SF at 225 Liberty Street.
  - Revlon leased 90,000 SF | New York Plaza for 15 years.

Submarket	# of Bldgs	Inventory	Direct Vacancy Rate	Total Vacancy Rate	Total Wtd. Avg. Rental Rate	Year-to-Date Leasing Activity
City Hall	40	13,078,515	1.3%	1.4%	\$45.38	59,278
World Trade	14	18,070,956	14.5%	15.6%	\$64.09	1,474,057
Financial West	14	5,411,622	10.1%	11.6%	\$39.27	477,509
Financial East	53	35,339,509	7.7%	8.8%	\$41.62	1,231,056
Insurance	40	13,735,439	12.1%	13.1%	\$42.45	472,035
<b>Total</b>	<b>161</b>	<b>85,636,041</b>	<b>9.0%</b>	<b>10.0%</b>	<b>\$49.21</b>	<b>3,710,935</b>

## NEW YORK OFFICE LEASING

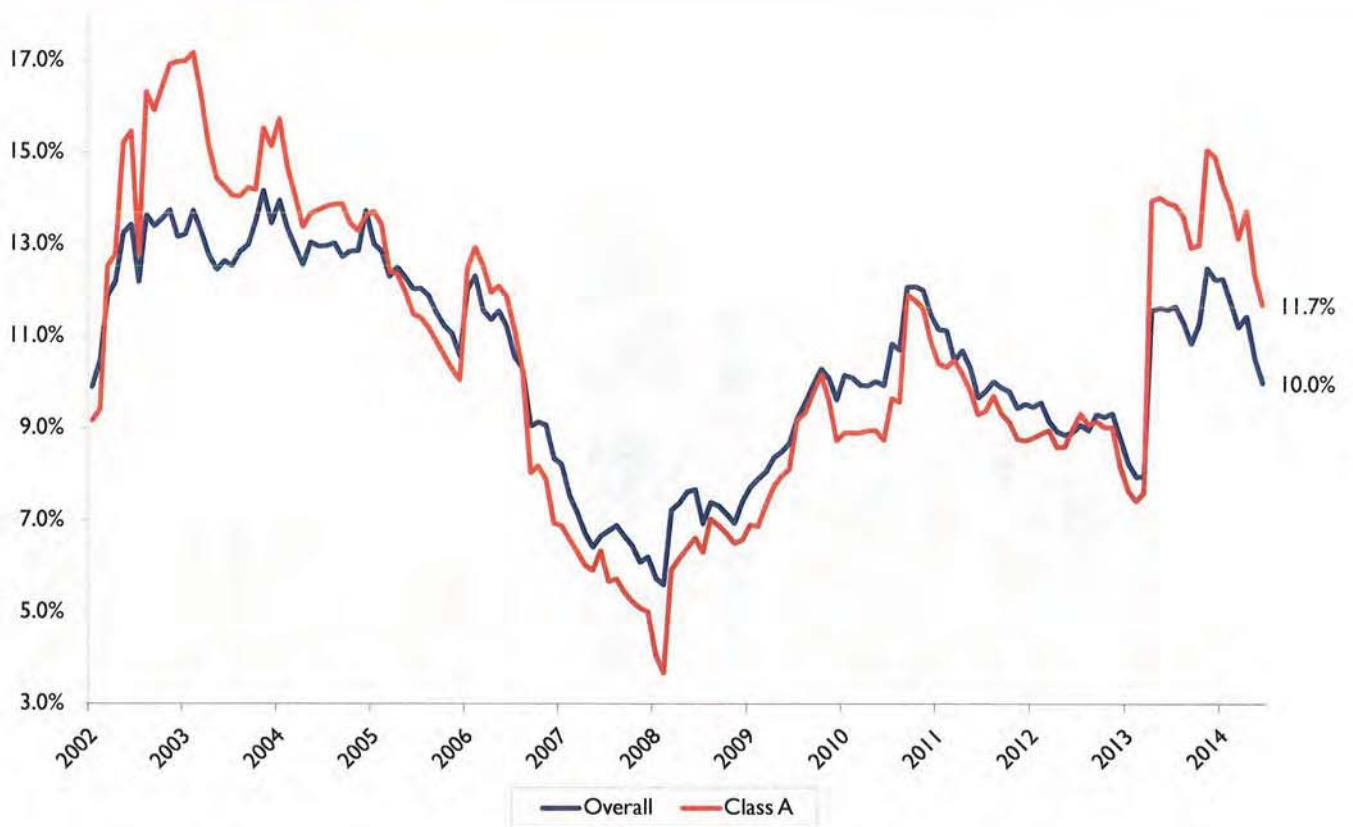
### Downtown Average Asking Rent by Submarket



## NEW YORK OFFICE LEASING

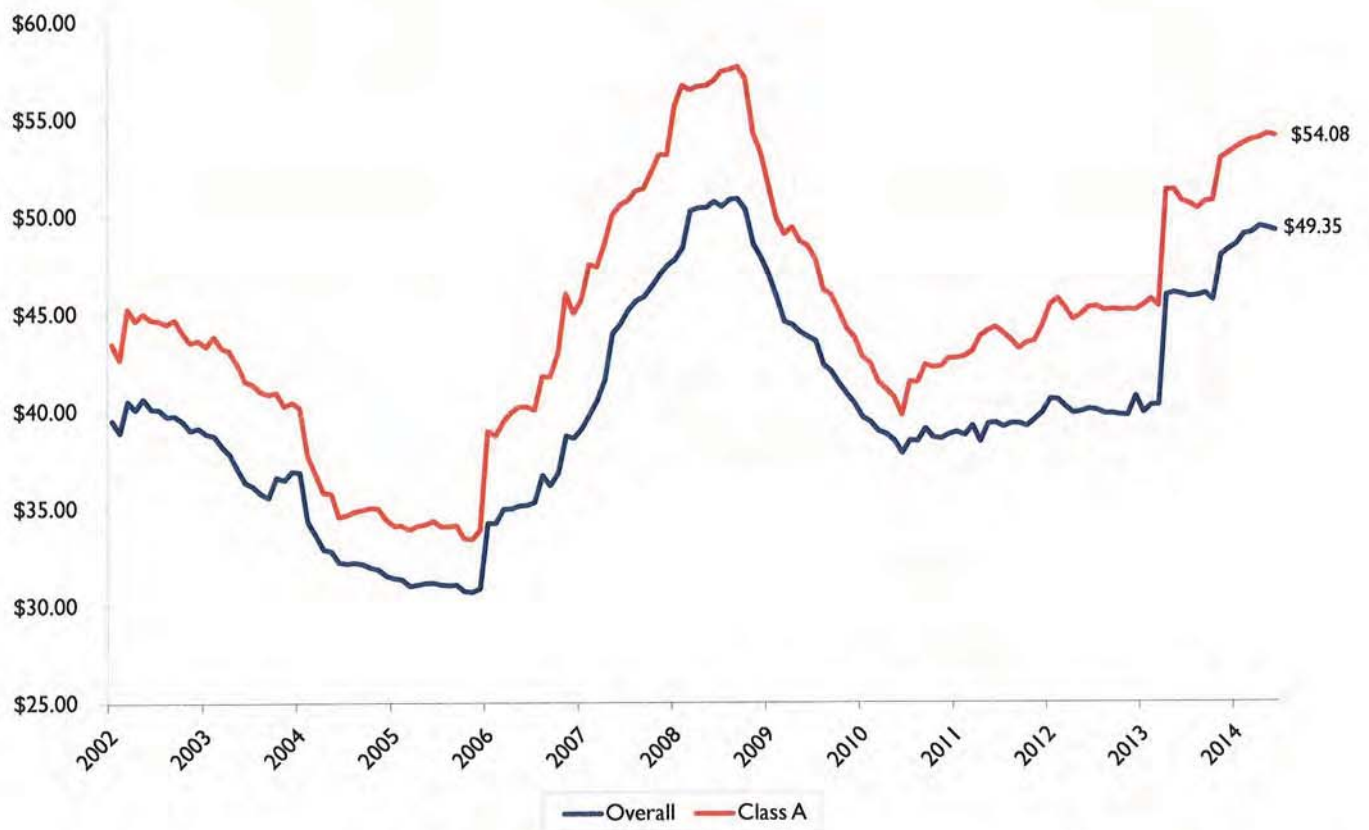
### Downtown Vacancy Rate

C&W NY Capital  
Markets Group



## NEW YORK OFFICE LEASING

### Downtown Asking Rental Rates



## NEW YORK CAPITAL MARKETS GROUP

### Contact Information

C&W NY Capital  
Markets Group

**STEVE KOHN**

President

(212) 841 – 9216

[steven.kohn@cushwake.com](mailto:steven.kohn@cushwake.com)

**HELEN HWANG**

Executive Vice President

(212) 841 – 5902

[helen.hwang@cushwake.com](mailto:helen.hwang@cushwake.com)

**NAT ROCKETT**

Executive Vice President

(212) 841 – 5959

[nat.rockett@cushwake.com](mailto:nat.rockett@cushwake.com)

**KAREN WIEDENMANN**

Executive Director

(212) 841 – 5097

[karen.wiedenmann@cushwake.com](mailto:karen.wiedenmann@cushwake.com)

**BRIAN SZCZAPA**

Director

(212) 841 – 7503

[brian.szczapa@cushwake.com](mailto:brian.szczapa@cushwake.com)

**JOHN CHARTERS**

Associate

(212) 841 – 5997

[john.charters@cushwake.com](mailto:john.charters@cushwake.com)

**ERNIE NICHOLS**

Senior Brokerage Coordinator

(212) 698 – 2549

[ernie.nichols@cushwake.com](mailto:ernie.nichols@cushwake.com)

**ASHLEY KIM**

Senior Marketing Specialist

(212) 841 – 5995

[ashley.kim@cushwake.com](mailto:ashley.kim@cushwake.com)

**CUSHMAN & WAKEFIELD, INC.**

1290 Avenue of the Americas, New York, NY, 10104

(212) 841 – 7500

[CWNYPitalMktsGrp@cushwake.com](mailto:CWNYPitalMktsGrp@cushwake.com)

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## Annex 3

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[illegible]

	A	B	C	D	E	F	G	H	I	J	K	L	M	N
148	31-Mar-99	128,244		3,594.00										
149	30-Apr-99	128,619		3,595.10										
150	31-May-99	128,831		3,593.30										
151	30-Jun-99	129,092		3,605.90										
152	31-Jul-99	129,411		3,619.80										
153	31-Aug-99	129,578		3,631.30										
154	30-Sep-99	129,791		3,618.30										
155	31-Oct-99	130,192		3,642.70										
156	30-Nov-99	130,483		3,655.00										
157	31-Dec-99	130,778		3,663.50										
158	31-Jan-00	131,008		3,674.00										
159	29-Feb-00	131,138		3,680.60										
160	31-Mar-00	131,606		3,687.50										
161	30-Apr-00	131,893		3,714.60										
162	31-May-00	132,119		3,721.80										
163	30-Jun-00	132,074		3,724.70										
164	31-Jul-00	132,251		3,729.20										
165	31-Aug-00	132,237		3,704.90										
166	30-Sep-00	132,371		3,735.50										
167	31-Oct-00	132,357		3,742.50										
168	30-Nov-00	132,582		3,742.40										
169	31-Dec-00	132,724		3,748.00										
170	31-Jan-01	132,694		3,748.20										
171	28-Feb-01	132,766		3,741.30										
172	31-Mar-01	132,741		3,739.80										
173	30-Apr-01	132,460	500000	3,726.30										
174	31-May-01	132,422	500000	3,714.50										
175	30-Jun-01	132,293	500000	3,711.50										
176	31-Jul-01	132,178	500000	3,723.10										
177	31-Aug-01	132,020	500000	3,710.80										
178	30-Sep-01	131,778	500000	3,678.90										
179	31-Oct-01	131,454	500000	3,601.10										
180	30-Nov-01	131,160	500000	3,597.70										
181	31-Dec-01	130,989		3,589.80										
182	31-Jan-02	130,847		3,583.20										
183	28-Feb-02	130,714		3,588.70										
184	31-Mar-02	130,695		3,586.00										
185	30-Apr-02	130,615		3,588.10										
186	31-May-02	130,607		3,593.80										
187	30-Jun-02	130,664		3,588.50										
188	31-Jul-02	130,579		3,586.40										
189	31-Aug-02	130,564		3,583.50										
190	30-Sep-02	130,504		3,574.70										
191	31-Oct-02	130,629		3,573.70										
192	30-Nov-02	130,639		3,571.40										
193	31-Dec-02	130,481		3,568.80										
194	31-Jan-03	130,575		3,555.70										
195	28-Feb-03	130,422		3,550.20										
196	31-Mar-03	130,212		3,538.80										

[illegible]

	A	B	C	D	E	F	G	H	I	J	K	L	M	N
246	31-May-07	137,946		3,733.70										
247	30-Jun-07	138,017		3,743.80										
248	31-Jul-07	137,984		3,744.60										
249	31-Aug-07	137,968		3,747.60										
250	30-Sep-07	138,053		3,752.30										
251	31-Oct-07	138,135		3,764.70										
252	30-Nov-07	138,253		3,770.80										
253	31-Dec-07	138,350	500000	3,775.80										
254	31-Jan-08	138,365	500000	3,790.10										
255	29-Feb-08	138,279	500000	3,797.40										
256	31-Mar-08	138,199	500000	3,797.60										
257	30-Apr-08	137,985	500000	3,805.30										
258	31-May-08	137,803	500000	3,802.00										
259	30-Jun-08	137,631	500000	3,802.70										
260	31-Jul-08	137,421	500000	3,802.30										
261	31-Aug-08	137,162	500000	3,807.00										
262	30-Sep-08	136,710	500000	3,802.90										
263	31-Oct-08	136,236	500000	3,788.70										
264	30-Nov-08	135,471	500000	3,780.20										
265	31-Dec-08	134,774	500000	3,768.70										
266	31-Jan-09	133,976	500000	3,750.30										
267	28-Feb-09	133,275	500000	3,734.00										
268	31-Mar-09	132,449	500000	3,714.00										
269	30-Apr-09	131,765	500000	3,685.40										
270	31-May-09	131,411	500000	3,685.70										
271	30-Jun-09	130,944		3,679.20										
272	31-Jul-09	130,617		3,681.60										
273	31-Aug-09	130,401		3,686.10										
274	30-Sep-09	130,174		3,667.30										
275	31-Oct-09	129,976		3,668.70										
276	30-Nov-09	129,970		3,669.40										
277	31-Dec-09	129,687		3,675.30										
278	31-Jan-10	129,705		3,679.70										
279	28-Feb-10	129,655		3,682.90										
280	31-Mar-10	129,811		3,692.80										
281	30-Apr-10	130,062		3,705.50										
282	31-May-10	130,578		3,727.00										
283	30-Jun-10	130,456		3,722.30										
284	31-Jul-10	130,395		3,679.80										
285	31-Aug-10	130,353		3,697.90										
286	30-Sep-10	130,296		3,710.00										
287	31-Oct-10	130,537		3,728.10										
288	30-Nov-10	130,674		3,734.50										
289	31-Dec-10	130,745		3,741.60										
290	31-Jan-11	130,815		3,755.20										
291	28-Feb-11	130,983		3,765.80										
292	31-Mar-11	131,195		3,770.90										
293	30-Apr-11	131,517		3,787.00										
294	31-May-11	131,619		3,787.00										

A

136.50 2001-2002 Recession  
153.10 1990-1991 Recession  
130.00 April 08 - Dec 09  
-231.20 April 08 - May 14  
-361.20 Dec 09 - May 14

-4.1% -2.9%  
-3.8% -2.5%  
-3.2% -1.9%  
-2.7% -1.4%  
-2.0% -0.6%  
-1.3% 0.5%  
-0.6% 1.1%  
-0.4% 1.2%  
-0.2% 0.0%  
0.0% 0.3%  
0.1% 1.2%  
0.4% 1.6%  
0.5% 1.8%  
0.8% 1.8%  
0.9% 2.1%  
1.0% 2.3%  
1.1% 2.1%  
1.1% 2.2%  
0.8% 1.6%

	A	B	C	D	E	F	G	H	I	J	K	L	M	N
295	30-Jun-11	131,836		3,789.60								1.1%		1.8%
296	31-Jul-11	131,942		3,801.70								1.2%		3.3%
297	31-Aug-11	132,064		3,805.60								1.3%		2.9%
298	30-Sep-11	132,285		3,815.50								1.5%		2.8%
299	31-Oct-11	132,468		3,817.00								1.5%		2.4%
300	30-Nov-11	132,632		3,829.10								1.5%		2.5%
301	31-Dec-11	132,828		3,833.90								1.6%		2.5%
302	31-Jan-12	133,188		3,843.60								1.8%		2.4%
303	29-Feb-12	133,414		3,856.80								1.9%		2.4%
304	31-Mar-12	133,657		3,866.50								1.9%		2.5%
305	30-Apr-12	133,753		3,870.60								1.7%		2.2%
306	31-May-12	133,863		3,882.10								1.7%		2.5%
307	30-Jun-12	133,951		3,884.80		217.50						1.6%		2.5%
308	31-Jul-12	134,111		3,871.70		204.40						1.6%		1.8%
309	31-Aug-12	134,261		3,890.90		223.60						1.7%		2.2%
310	30-Sep-12	134,422		3,905.40		238.10						1.6%		2.4%
311	31-Oct-12	134,647		3,915.60		248.30						1.6%		2.6%
312	30-Nov-12	134,850		3,900.10		232.80						1.7%		1.9%
313	31-Dec-12	135,064		3,928.10		260.80						1.7%		2.5%
314	31-Jan-13	135,261		3,928.50		261.20						1.6%		2.2%
315	28-Feb-13	135,541		3,933.00		265.70						1.6%		2.0%
316	31-Mar-13	135,682		3,942.90		275.60						1.5%		2.0%
317	30-Apr-13	135,885		3,961.10		293.80						1.6%		2.3%
318	31-May-13	136,084		3,961.70		294.40						1.7%		2.1%
319	30-Jun-13	136,285		3,966.50		299.20						1.7%		2.1%
320	31-Jul-13	136,434		3,975.00		307.70						1.7%		2.7%
321	31-Aug-13	136,636		3,981.80		314.50						1.8%		2.3%
322	30-Sep-13	136,800		3,984.10		316.80						1.8%		2.0%
323	31-Oct-13	137,037		3,995.80		328.50						1.8%		2.0%
324	30-Nov-13	137,311		4,002.80		335.50						1.8%		2.6%
325	31-Dec-13	137,395		4,008.40		341.10						1.7%		2.0%
326	31-Jan-14	137,539		4,011.80		344.50						1.7%		2.1%
327	28-Feb-14	137,761		4,020.90		353.60						1.6%		2.2%
328	31-Mar-14	137,964		4,020.80		353.50						1.7%		2.0%
329	30-Apr-14	138,268		4,025.80		358.50						1.8%		1.6%
330	31-May-14	138,492		4,036.50		369.20						1.8%		1.9%
331	30-Jun-14	138,780												
332														
333		2,346		75										
334														
335		1.8%		1.9%										

## Annex 4

Year	Total	
1990	392.4659	392,465,924
1991	396.4364	396,436,372
1992	400.2026	400,202,641
1993	397.6836	397,683,637
1994	400.2773	400,277,313
1995	394.3071	394,307,136
1996	392.4314	392,431,350
1997	388.6282	388,628,189
1998	389.2027	389,202,672
1999	392.4284	392,428,362
2000	392.4475	392,447,539
2001	378.9725	378,972,473
2002	387.2065	387,206,499
2003	389.0773	389,077,264
2004	391.0081	391,008,076
2005	390.2138	390,213,808
2006	389.131	389,131,028
2007	390.6684	390,668,420
2008	395.0371	395,037,116
2009	394.5468	394,546,752
2010	392.7207	392,720,662
2011	392.7108	392,710,797
2012	391.0237	391,023,658
2013	395.2834	395,283,377
2014Q2	393.8594	393,859,367



**NEW YORK  
CAPITAL MARKETS GROUP**

## **MARKET OVERVIEW First Quarter 2010**

## TABLE OF CONTENTS

## ■ Executive Summary

- Economic Overview
- NY Capital Markets
- NY Office Leasing
- NY Residential

## ■ Addenda

- Economic Overview
- NY Capital Markets
- NY Office Leasing
- NY Residential

## ECONOMIC OVERVIEW - NATIONAL

### EXECUTIVE SUMMARY

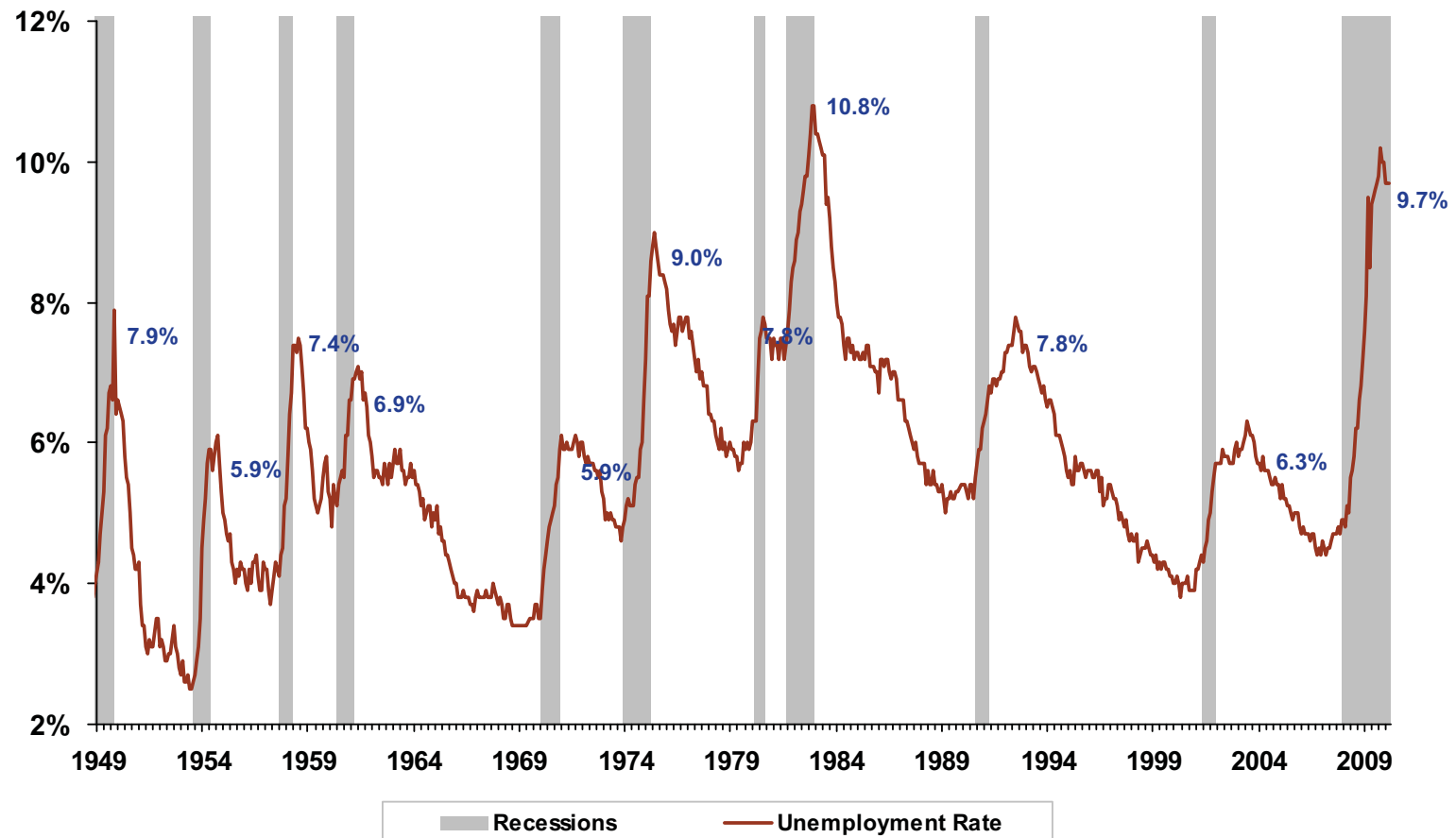
- Most economists view recession, which commenced 4Q07, as having ended 4Q09
- Job picture improving, with unemployment at 9.7% (March 2010), down from 4Q09 at 10.0%
- Interest rates remain low, a Fed priority, but more concern about eventual increases
- Consumers confidence index, after dropping sharply thru 3Q09, has remained steady since 4Q09
- Loan extensions continue, pushing back loss recognition (loan restructures, note sales, foreclosures)
- 2009 national real estate sales volume at 10% of 2007 peak and 35% of 2008 volume
- National investment sales in second half of 2009 (\$34 billion) doubled first half volume (\$17 billion). 1Q10 investment volume (\$12 billion<sup>1</sup>) ahead of 1Q09 (\$9 billion)
- Investors, global and domestic, are eager to invest and frustrated by lack of product
- Debt market illiquidity easing, with competition for core product in good markets

(1) \$8 billion as of February 28, 2010. \$12 billion estimated for the 1<sup>st</sup> Quarter 2010.

\* Additional data can be found in the addenda (Slides 42-55).

## ECONOMIC OVERVIEW - NATIONAL

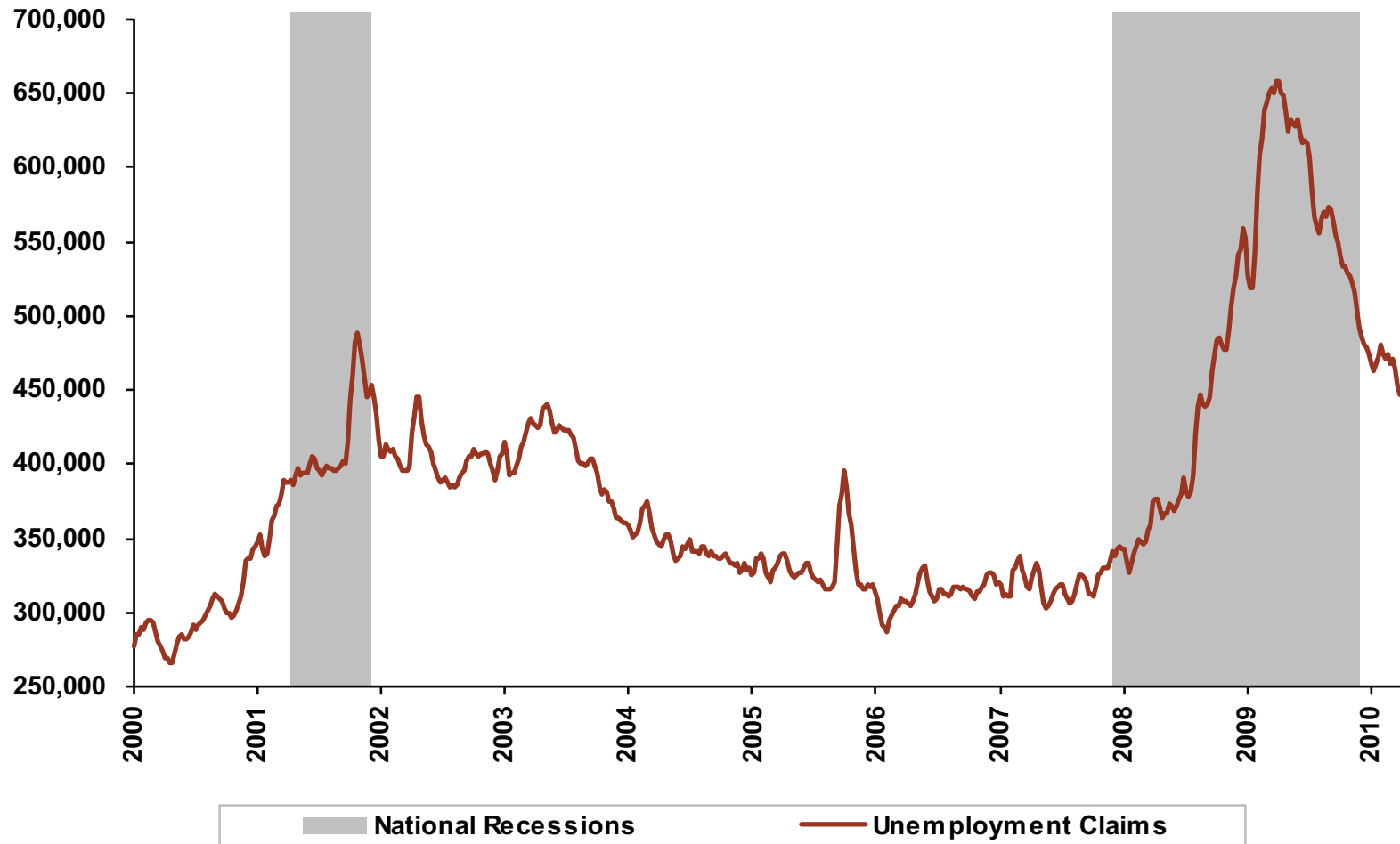
## CIVILIAN UNEMPLOYMENT RATE



**Unemployment rate stopped steep climb, leveling in 4Q09.  
 Unemployment flat at 9.7% between Jan 2010 through Mar 2010, down from 10% in Dec 2009.**

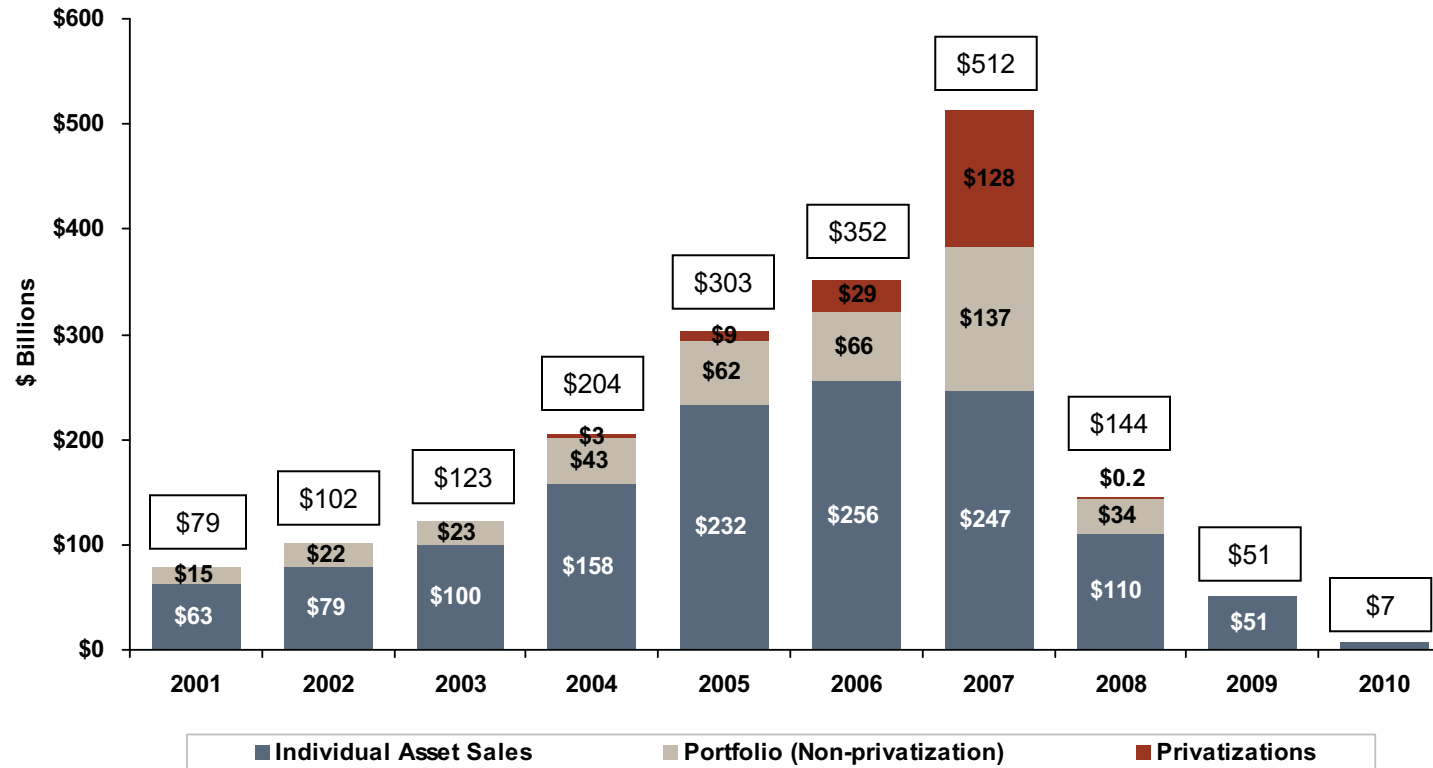
Source: Bureau of Labor Statistics

## US UNEMPLOYMENT CLAIMS



## ECONOMIC OVERVIEW - NATIONAL

## US HISTORICAL INVESTMENT VOLUME (BILLIONS), 2001-1Q2010\*



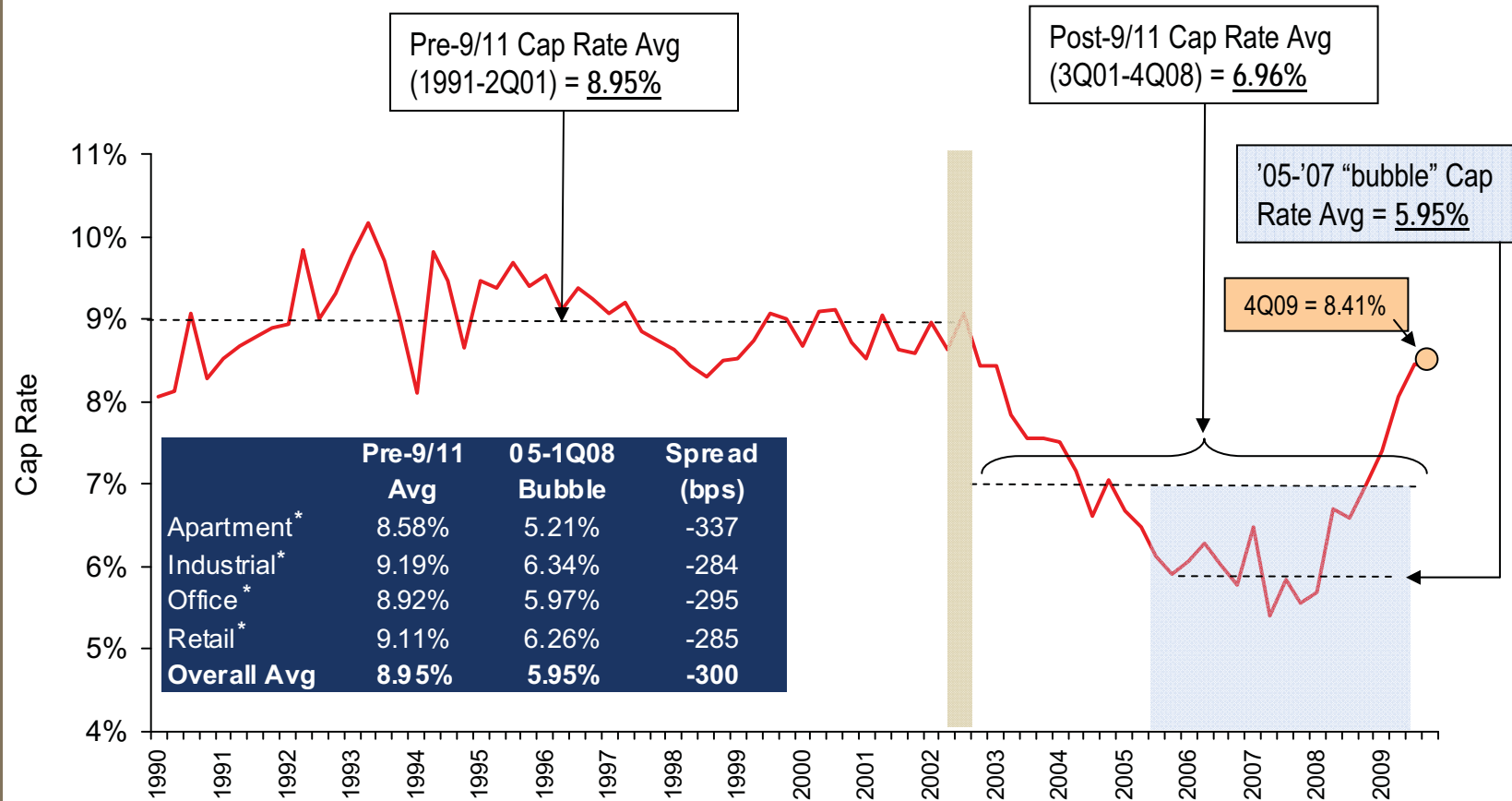
**2009 US investment volume down 72% from 2008 and 92% from 2007.  
2009 down 87% from 5 year annual average (2004-2008).**

\*As of February 28, 2010.

Source: Real Capital Analytics, Cushman & Wakefield Capital Markets Group

## ECONOMIC OVERVIEW - NATIONAL

## NATIONAL HISTORICAL CAP RATES (1990 - 2009)



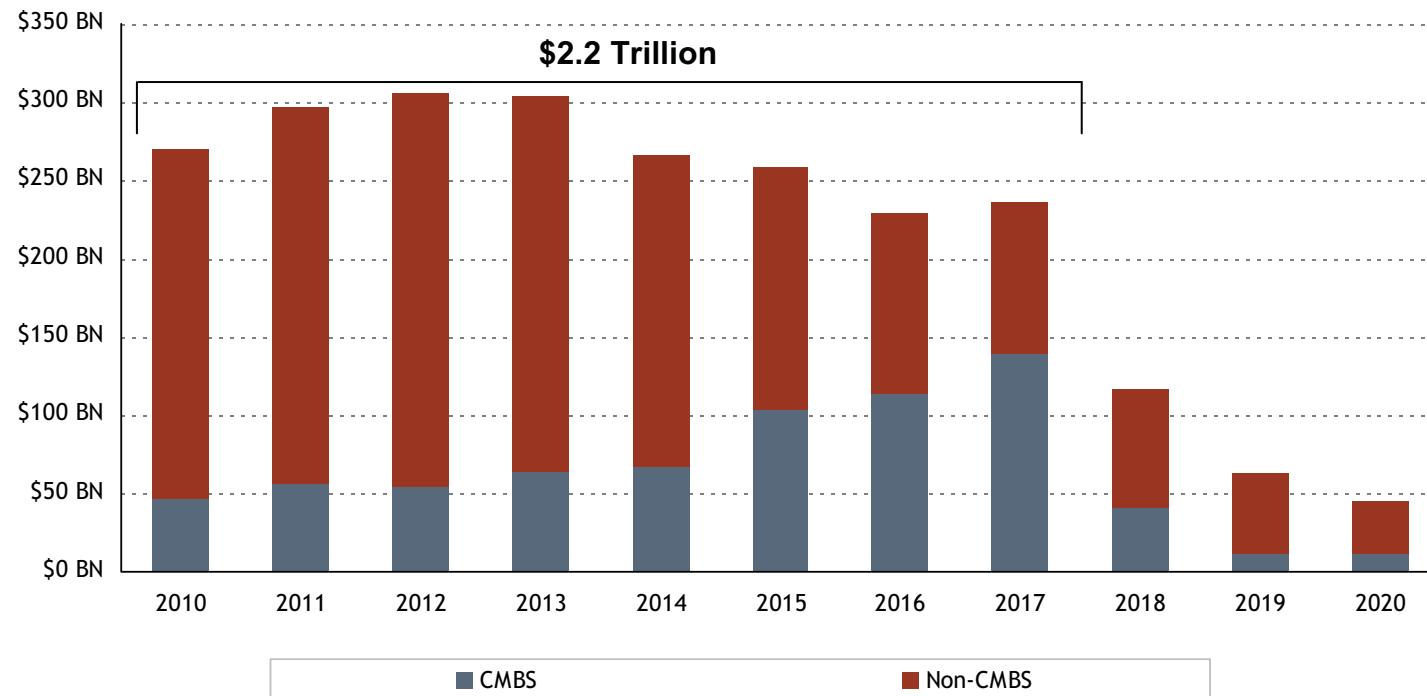
\* Property type transaction cap rates derived using the spread between property type current value cap rate and All Property transaction cap rates.

**After historically low levels, rapid climb toward historical mean through 2008-2009. Leveling in many markets.**

Source: NCREIF, Cushman & Wakefield Capital Markets Group

## ECONOMIC OVERVIEW - NATIONAL

## TOTAL COMMERCIAL MORTGAGE MATURITIES

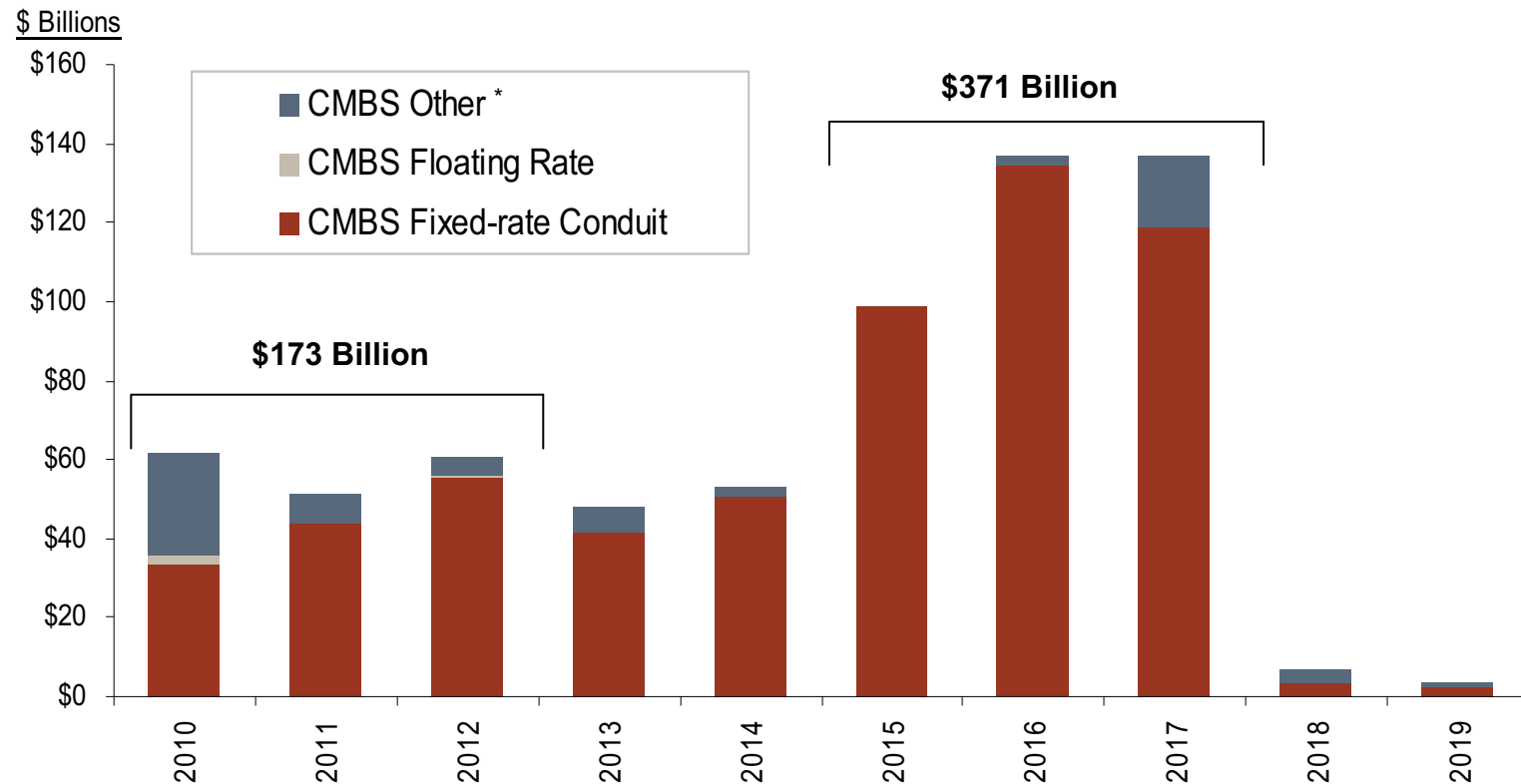


**Total commercial mortgage maturities from 2010 – 2017  
estimated at \$2.2 trillion or almost \$300 billion per annum.**

Source: Mortgage Bankers Association, Trepp, Foresight Analytics, UBS Investment Research

## ECONOMIC OVERVIEW - NATIONAL

## CMBS LOAN MATURITIES



**\$173 billion matures from 2010 to 2012; \$371 billion matures from 2015 to 2017.  
1Q2010 CMBS in special servicing up 440% from year-end 2008; \$14.3 billion to \$76.1 billion.**

\* CMBS Other represents private deals, not publicly tracked, etc.

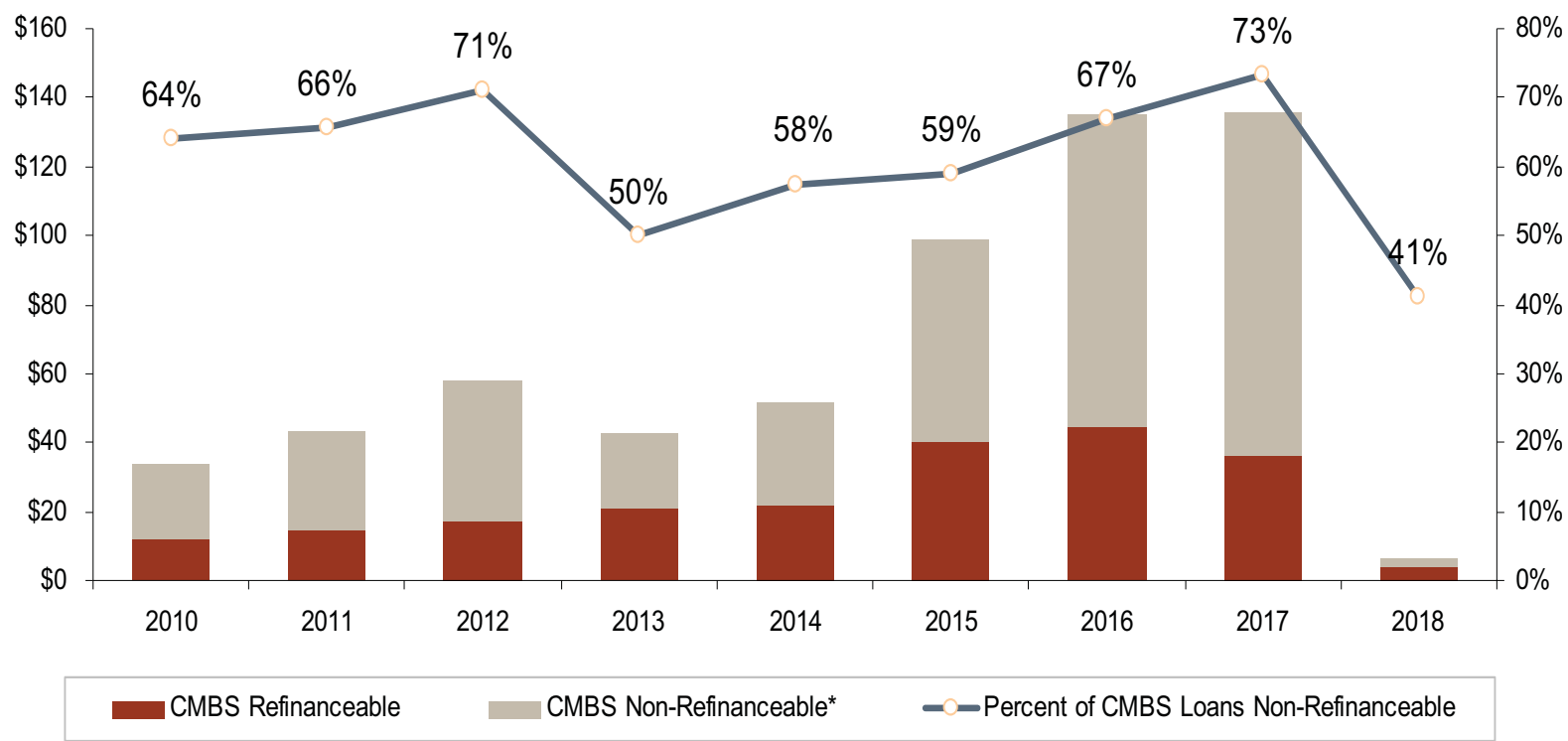
Source: Mortgage Bankers Association, RealPoint

## ECONOMIC OVERVIEW - NATIONAL

## CMBS FIXED-RATE LOAN MATURITIES AND REFINANCING RISK

**CMBS**  
**Fixed-Rate Loan**  
**Maturities (Billions)**

**CMBS**  
**Fixed-Rate Loans**  
**% Non-Refinanceable**



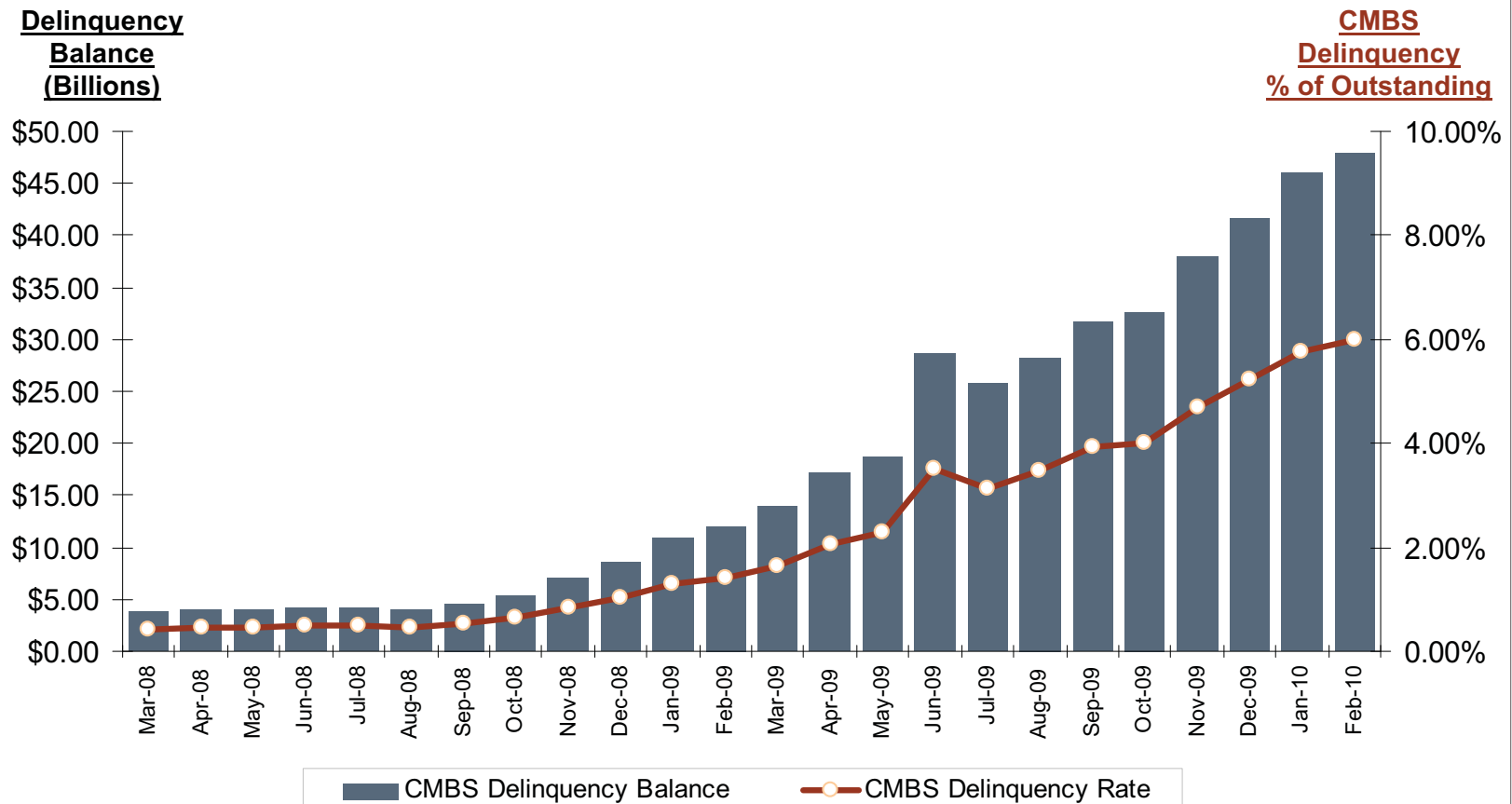
**65% of CMBS fixed-rate loans maturing over next 9 years are non-refinanceable.**

\* Non-Refinanceable defined as loans having an LTV in excess of 80% at maturity.

Source: Mortgage Bankers Association, RealPoint, Deutsche Bank

## ECONOMIC OVERVIEW - NATIONAL

## TRAILING 12 MONTHS CMBS DELINQUENCY: BALANCE AND PERCENTAGE

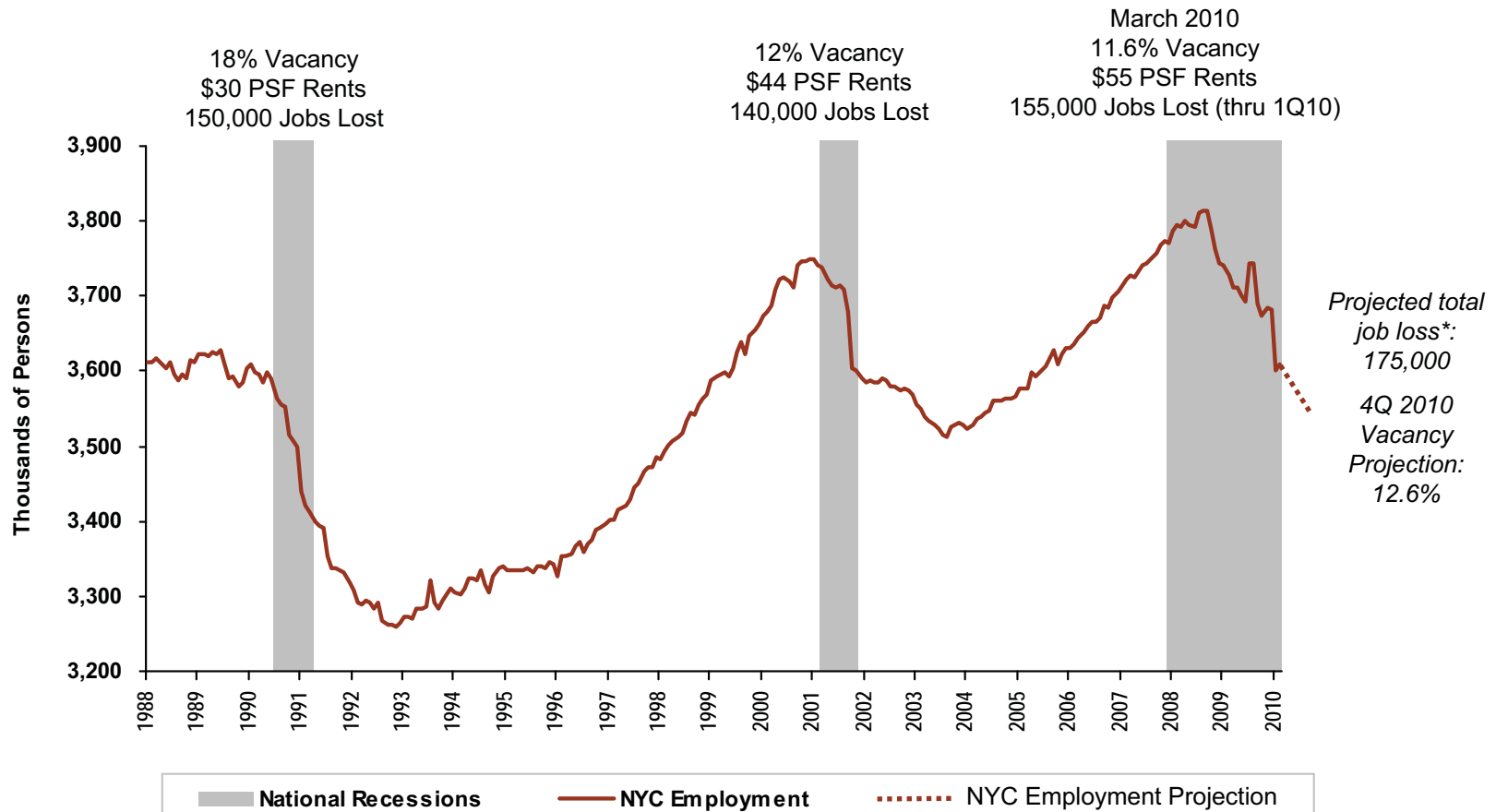


**Delinquency percentage expected to reach between 8.0% and 9.0% by mid-2010, potentially surpassing 12.0% by year-end 2010. Between 1998 and March 2009 delinquency rate did not exceed 2.0%**

Source: RealPoint

## ECONOMIC OVERVIEW - NEW YORK

## NYC EMPLOYMENT, 1988-2010

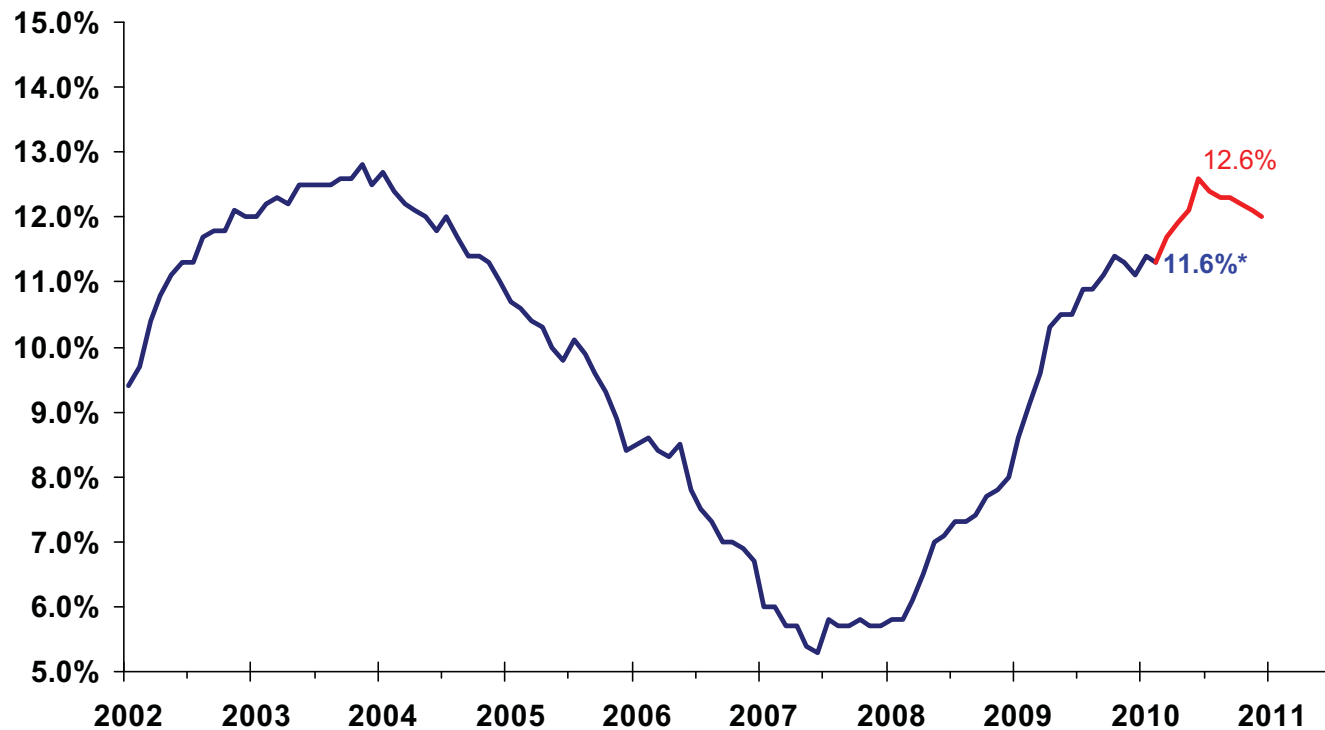


**U.S. unemployment at 9.7%; New York City at 10.2%. New York City total job loss projection down from 325,000 a year ago to 175,000 as of 1Q10.**

\* As per New York City OMB 2010 projections.

Source: Cushman & Wakefield Research

## NYC POTENTIAL JOB LOSS IMPACT ON VACANCY

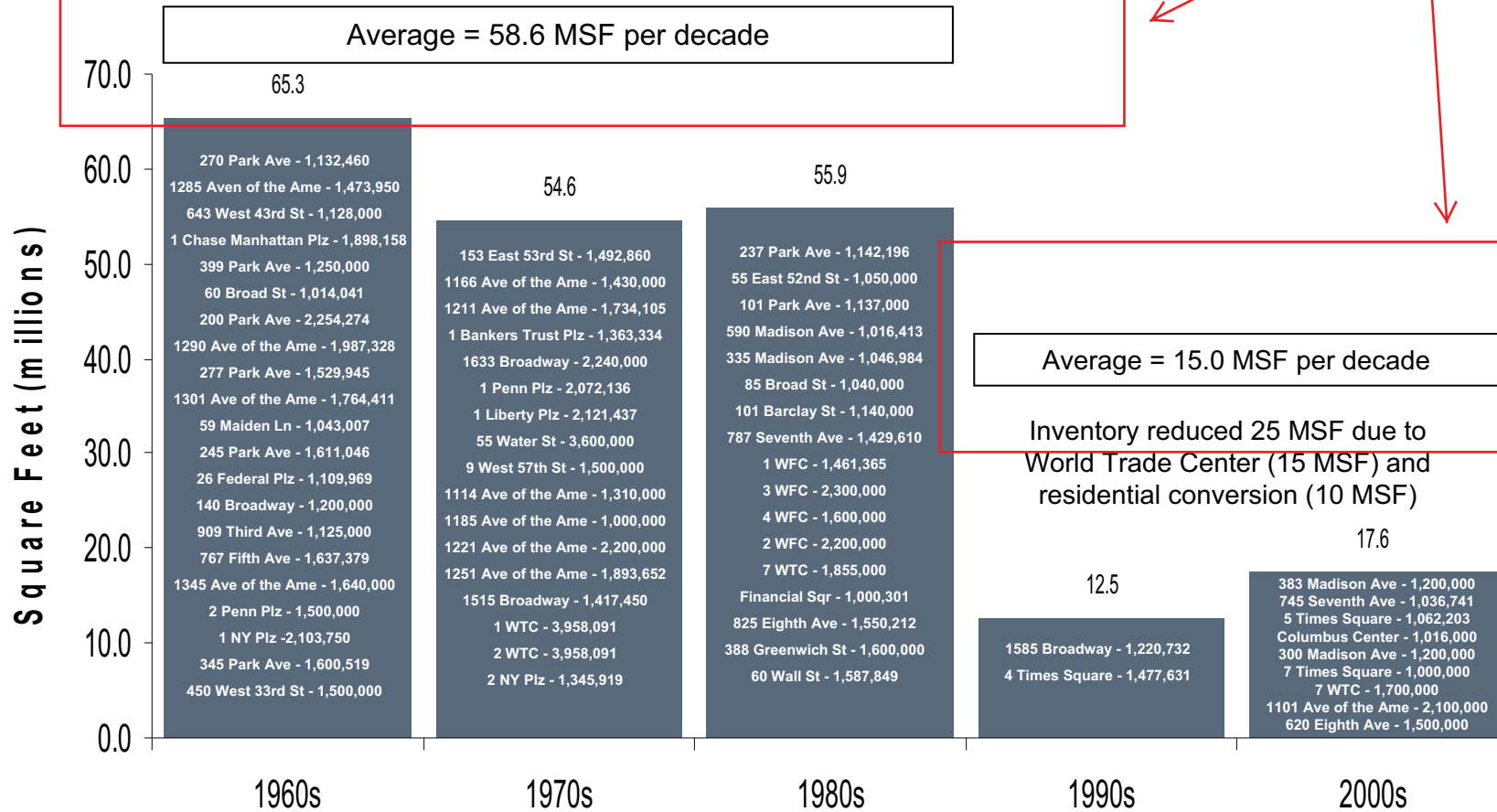
Vacancy Rate

Peak vacancy projection revised downward from 15%+ to 12.6%.  
NYC unemployment lower than anticipated.

\* Additional job loss from April 1, 2010

## ECONOMIC OVERVIEW – NEW YORK

## NEW OFFICE BUILDING CONSTRUCTION, BY DECADE



**Net addition to supply over last 20 years = 6.5 MSF. Long term, NYC faces space supply shortage, which will be magnified by lack of recent, modern building stock.**

Note: New buildings identified > 1,000,000 SF; total construction SF includes all new office buildings above 100,000 SF.

Source: Cushman & Wakefield Research

## ECONOMIC OVERVIEW – NEW YORK

## 1ST QUARTER YEAR-TO-YEAR COMPARISON - 2009 vs. 2010

EMPLOYMENT METRICS		
US EMPLOYMENT - 3 MONTH CHANGE	12/31/08 → 3/31/09	12/31/09 → 03/31/10
UNEMPLOYMENT RATE	7.4% → 8.6%	10.0% → 9.7%
UNEMPLOYMENT CLAIMS (Weekly)	552,750 → 658,000	460,250 → 460,000
NYC EMPLOYMENT	1Q09	1Q10
Total Actual Job Loss	-100,000	-155,000
Total Job Loss Projection	-325,000	-175,000
LEASING METRICS		
6 MONTH CHANGE	9/30/08 → 3/31/09	9/30/09 → 03/31/10
VACANCY RATE		
New York City	7.7% → 9.6%	11.1% → 11.6%
RENTAL RATE (Asking)		
New York City	\$72.07 → \$65.01	\$57.08 → \$55.38
NET EFFECTIVE RENTAL RATE		
New York City	\$62.40 → \$46.64	\$42.89 → \$40.54
TENANT MINDSET	<b>Short-term extensions</b> <ul style="list-style-type: none"> <li>▪ Business uncertainty</li> <li>▪ Worsening fundamentals</li> </ul>	<b>Lock in long-term</b> <ul style="list-style-type: none"> <li>▪ More certainty</li> <li>▪ Take advantage of market</li> </ul>

Source: Cushman &amp; Wakefield Research

## NY CAPITAL MARKETS

### MANHATTAN OVERVIEW

- 2009 NYC sales volume, at \$3.5 billion, down 93% from 2007 peak; down 87% from 2004-2008 average
- 1Q10 NYC sales volume at \$2.5 billion; closed and under contract volume totals \$3.3 billion almost equaling 2009's total volume (sales closed)
- Surge in capital – domestic and global – ready to invest in New York City
- Cap rate compression occurring for core assets
- Investors starting to sell again, versus lender driven sales or owner-occupants raising capital

*\* Additional data can be found in the addenda (Slides 56-61).*

## NYC INVESTMENT SALES ACTIVITY

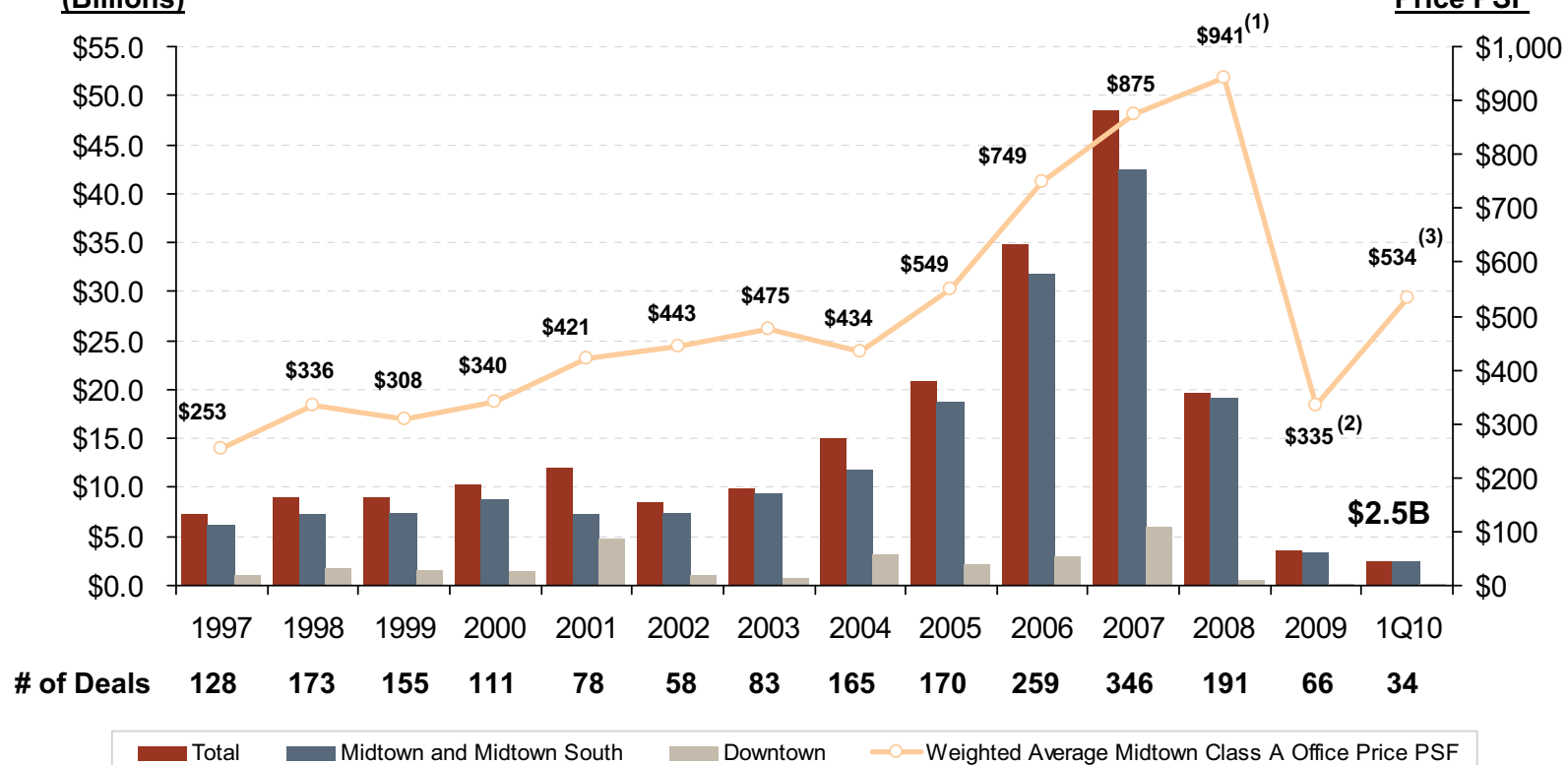
## 1ST QUARTER YEAR TO YEAR COMPARISON, 2009 vs. 2010

	2009	1Q10
<b>SALES VOLUME:</b>		
1st Quarter (closed)	\$1.48 Billion	\$2.5 Billion
Note:	Total NYC sales volume closed year end 2009: \$3.45 Billion 1Q10 Closed and under contract: \$3.3 Billion	
<b>DEALS &gt; \$100 MILLION:</b>	7	10 *
<b>INVESTOR MINDSET:</b>	Global and domestic investors circling NYC. Most waiting for bottom.	Global and domestic investors want to buy now. Frustrated capital due to lack of product. Capital pushing yields down for core product.
<b>DEBT LIQUIDITY:</b>	Almost non-existent.	Lenders competing for core product with little leasing risk.

\* Closed and Under Contract

## NY CAPITAL MARKETS

## MANHATTAN ANNUAL INVESTMENT SALES ACTIVITY

**Sales Activity**  
(Billions)**Price PSF**

**1Q10 closed and under contract transactions at \$3.3 billion, near 2009 total closed of \$3.5 billion.**

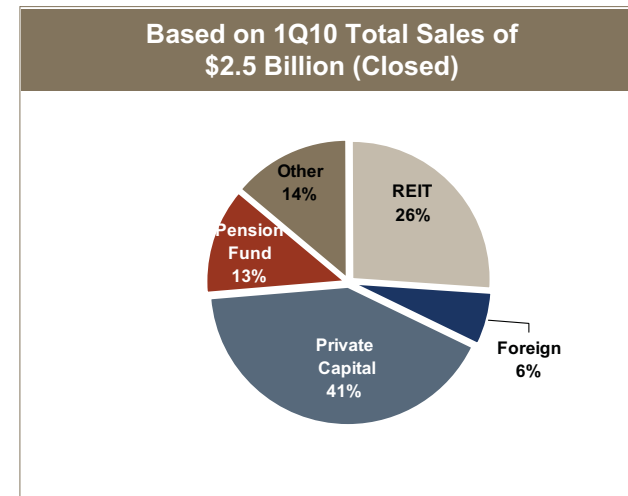
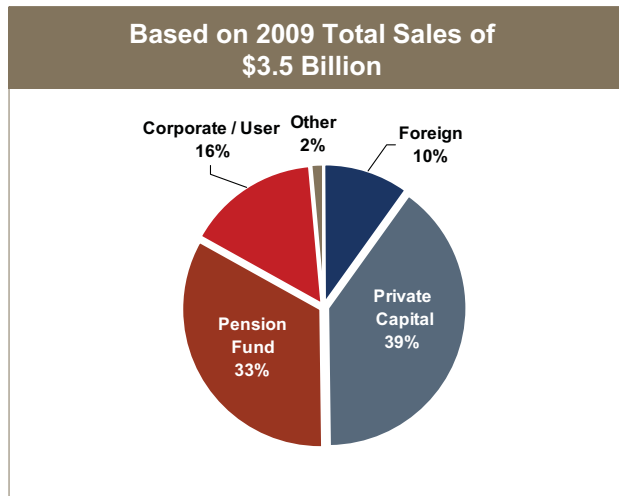
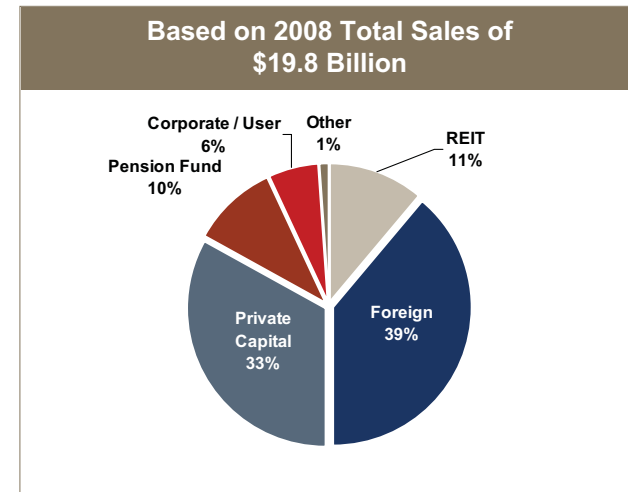
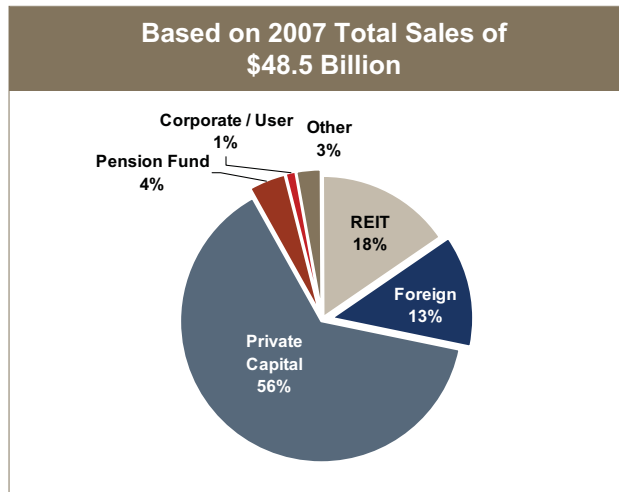
(1) 2008 Average price PSF excluding GM Building: \$832 PSF

(2) Based on the only two MT Class A sales in 2009: 1540 Broadway and Worldwide Plaza

(3) Based on the only MT Class A closed sale: 299 Park Avenue (49.5% interest)

Source: Cushman & Wakefield Capital Markets Group

## INVESTMENT SALES BY INVESTOR PROFILE



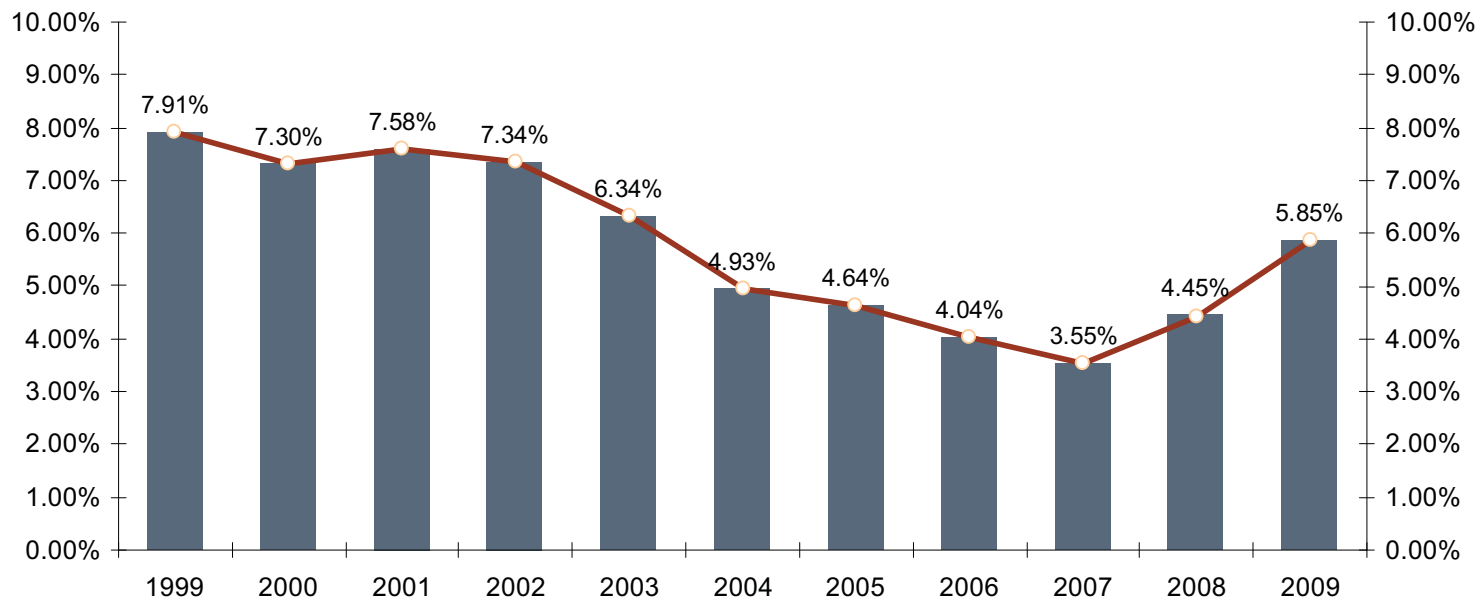
Playing field has leveled, providing more opportunity for institutional and foreign buyers.

Source: Cushman & Wakefield Capital Markets Group

## NY CAPITAL MARKETS

### MIDTOWN CLASS A CAP RATES - WEIGHTED OVERALL CAP RATES, 1999 - 2009





#### Cap Rate






**2009 represents weighted average of the 1540 Broadway transaction at approximately 6% cap on in-place NOI (22% vacancy) and Worldwide Plaza transaction at approximately 5.75% cap on in-place NOI (40% vacancy).**

Source: Cushman & Wakefield Capital Markets Group

## MANHATTAN NOTABLE 2010 SALES

	Status / Address	Type / Size	Sale Price	Seller / Buyer	Comments
	Under Contract 600 Lexington Avenue	Office 303,515 SF	\$193,000,000 \$636 PSF	Hines US Core Fund SL Green	Sale represents a 5.3% cap rate. Property is currently 93.6% occupied, with 54% of the space expiring in 3 years.
	Under Contract 680 Madison Avenue Carlton House	Hotel 220,000 SF	\$170,000,000 \$773 PSF	Helmsley Trust Extell and Angelo Gordon	Long-term leasehold interest. Property contains 14,667 SF of prime retail space on Madison Avenue. Residential conversion potential and retail are value drivers.
	Under Contract 417 Fifth Avenue	Office 408,000 SF	\$140,000,000 \$343 PSF	Moinian Group and Goldman Sachs Foreign Investor	Property is 96% leased, however, 25% of lease space expires in first 2 years.
	Closed January 2010 299 Park Avenue (49.5% Interest)	Office 1,160,000 SF	\$620,000,000 \$535 PSF	UBS Rockpoint	Reportedly, a low 8% cap rate on year one income. Rockpoint assumed a portion of the \$310 million mortgage that matures in 2025. UBS leases 75% of the property through 2018 and is paying \$115 PSF for some of its premises.

## MANHATTAN NOTABLE 2010 SALES

	Status / Address	Type / Size	Sale Price	Seller / Buyer	Comments
	Closed April 2010  452 Fifth Avenue	Office  865,000 SF	\$330,000,000  \$382 PSF	HSBC  Midtown Equities and IDB Holding Corp. (Israeli)	HSBC leasing floors 12-29 (290,000 SF) for 1 year and floors 1-11 (550,000 SF) for 10 years. Cap rate is approximately 8% on year one income.
	Closed January 2010  510 Madison Avenue (Debt)	Office  328,800 SF	\$160,000,000  \$487 PSF	Union Labor Life  SL Green	SL Green purchased the debt from Union Labor Life. Original loan amount was \$192 million. Property secured one retail tenant and one office tenant, both of which are litigating with ownership to break their leases. Reportedly, the loan is due in April 2010 and has two, six month extension options.
	Closed January 2010  4 New York Plaza	Office  1,084,000 SF	\$107,000,000  \$99 PSF	JP Morgan Chase & Co.  Capstone Equities & Harbor Group International	JP Morgan Chase will lease-back approximately 74% of the building for 15 years. The remaining 26% of the building is vacant. Cap rate is approximately 7.4% on year one income from Chase.

## NY OFFICE LEASING MARKET

### OVERVIEW

#### MANHATTAN

- Overall market showing signs of stability. 1Q10 overall vacancy rate at 11.6%, up slightly over prior quarter
- Vacancy rate increase partly attributed to addition of 11 Times Square (1.1 MSF)
- Leasing velocity for 1Q10 (4.0 MSF) outpacing 2002-2007 first quarter average (3.5 MSF)
- Midtown Class A vacancy at 13.9%; availability at 14.2%<sup>1</sup>
- Downtown's 12-month availability rate at 13.8% due to 85 Broad Street and 70 Pine Street
- More tenants seeking to lock in 10 to 15 year leases, including blend and extends and early renewals (3.5 MSF of early renewals signed since 2Q09)
- Since 4Q09 landlords selectively have begun to reduce concessions
- A few landlords starting to increase asking rents or hold back space

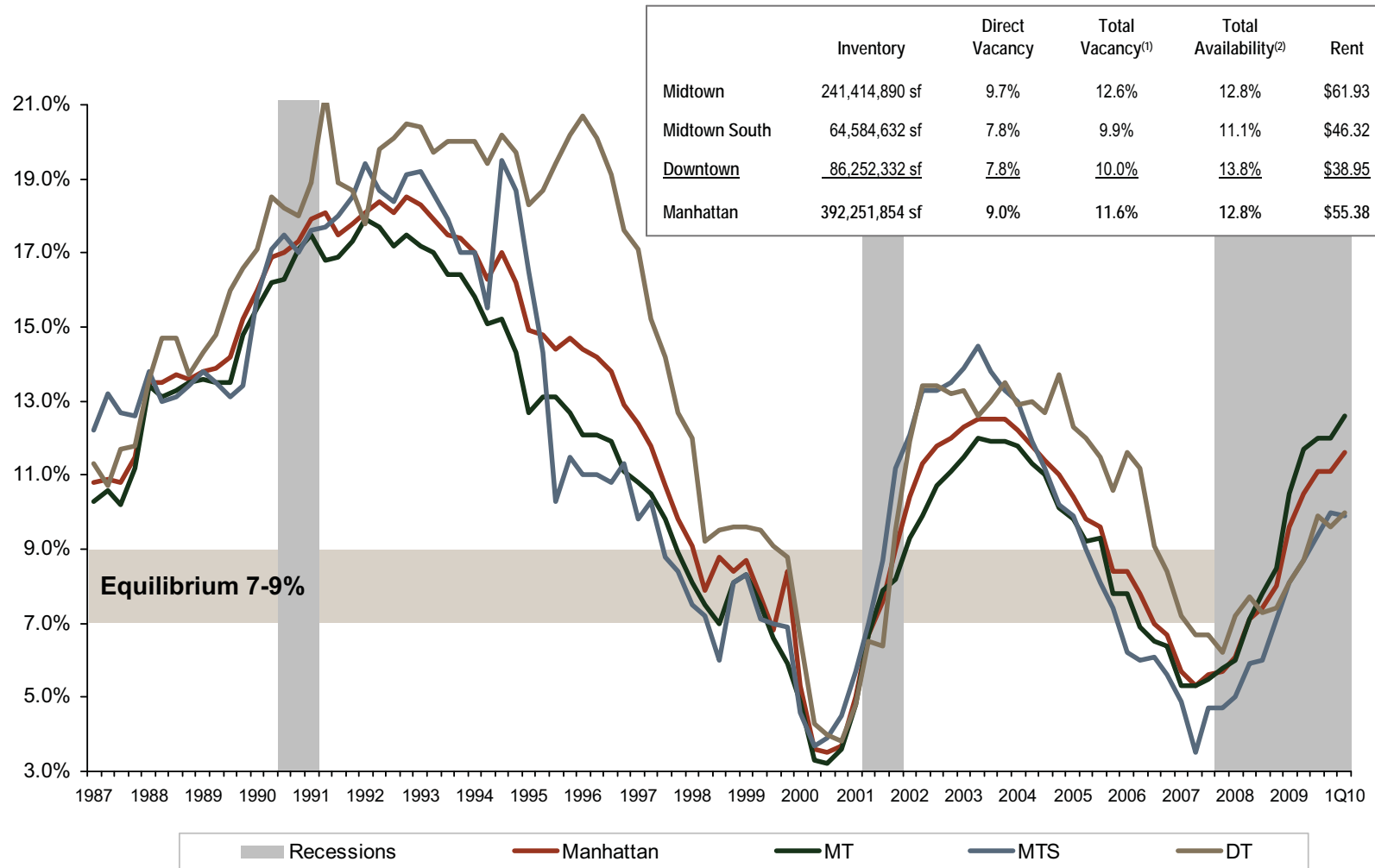
<sup>1</sup> Vacancy = currently available and available within 6 months

Availability = currently available and available within 12 months

\* Additional data can be found in the addenda (Slides 62-98)

## NY OFFICE LEASING MARKET

## OVERALL VACANCY RATES 1Q10



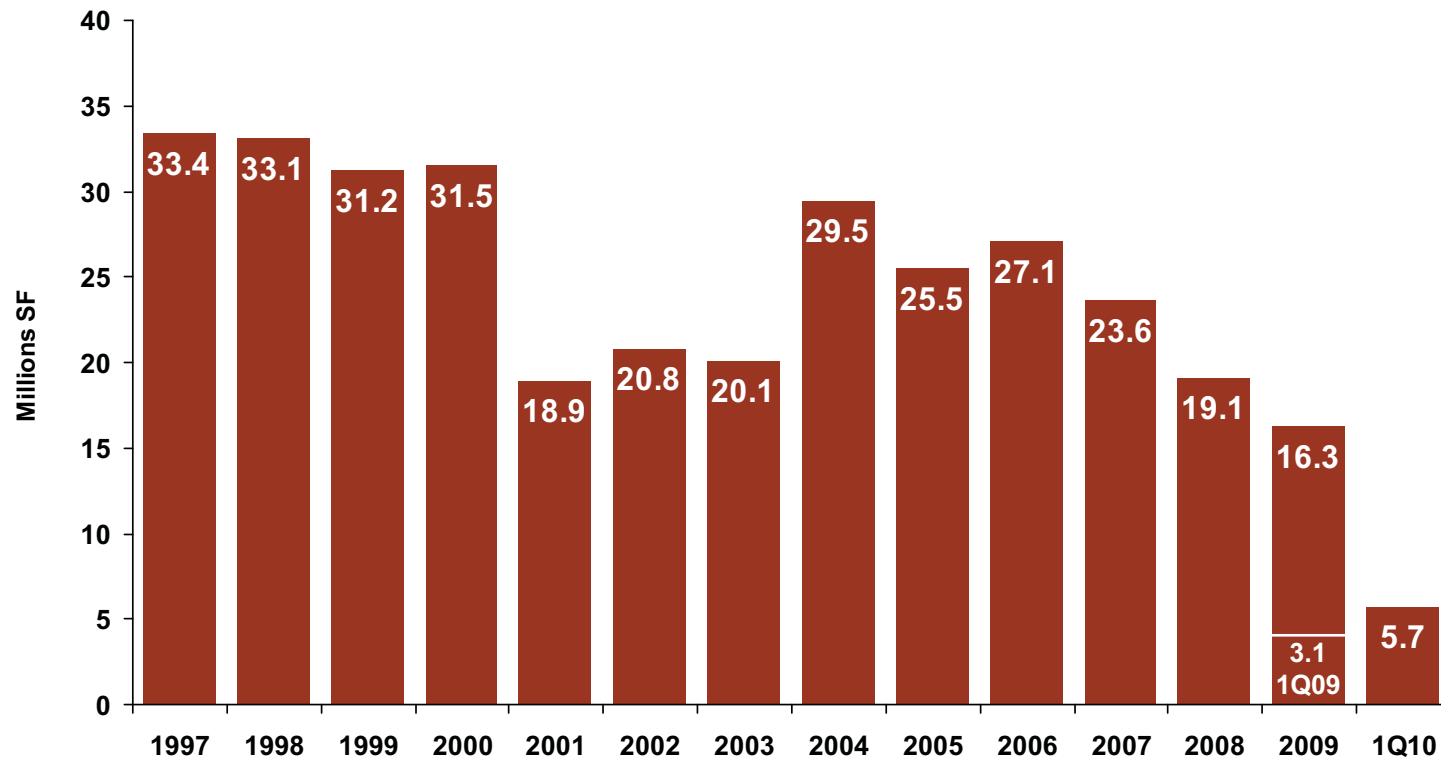
<sup>1)</sup> Total Vacancy is defined as available space that is currently vacant or will be vacant within 6 months.

<sup>2)</sup> Total Availability is defined as available space that is currently vacant or will be vacant within 12 months.

Source: Cushman & Wakefield Research

# MANHATTAN OFFICE MARKET

## NEW LEASING ACTIVITY

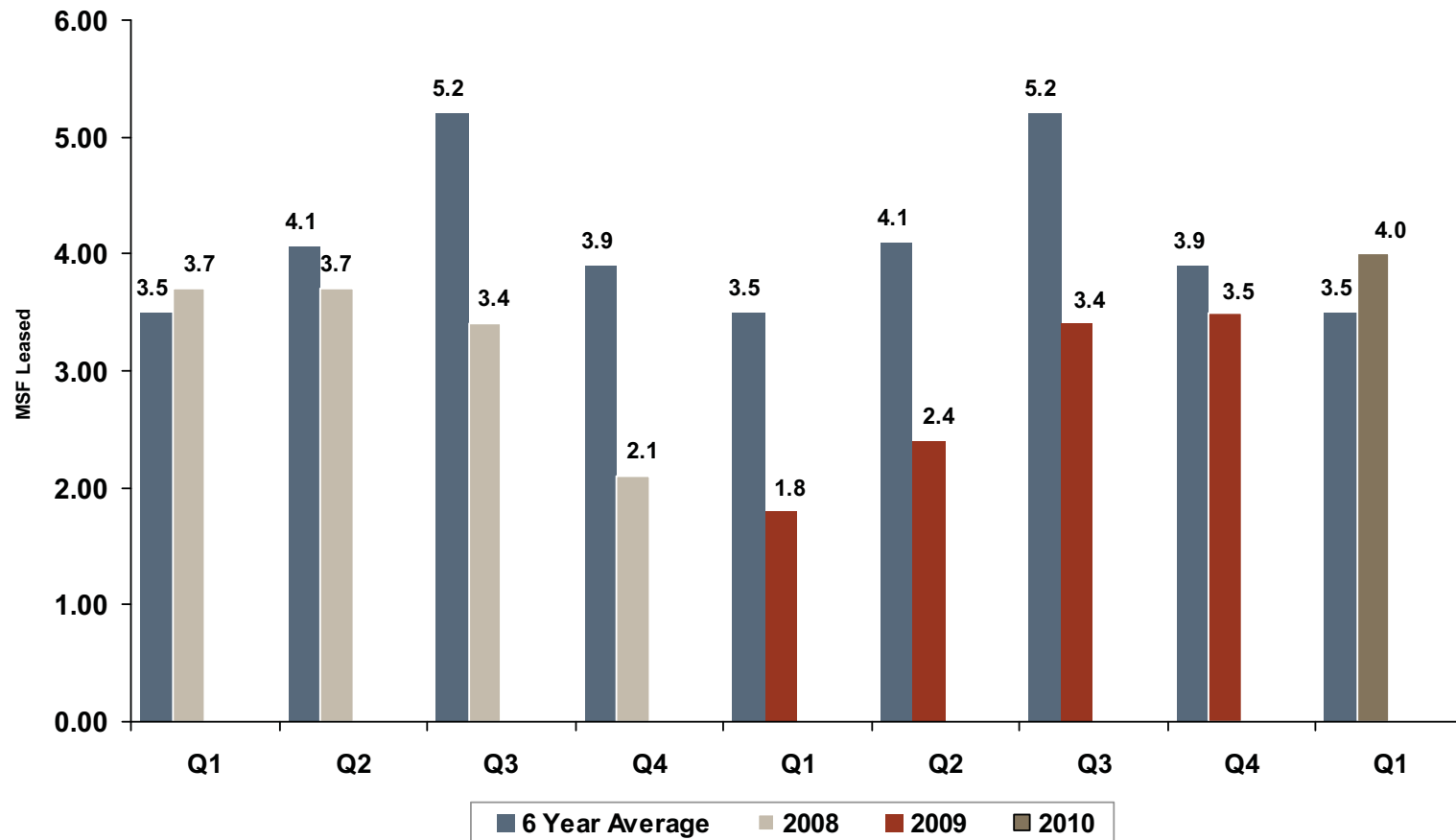


**1Q10 leasing activity up 84.2% over 1Q09.**  
**Leasing activity in 2009 the lowest annual total in more than a decade.**

Source: Cushman & Wakefield Research

## MIDTOWN LEASING ACTIVITY BY QUARTER

SIX YEAR AVERAGE 2002-2007 vs 2008, 2009 &amp; 1Q10

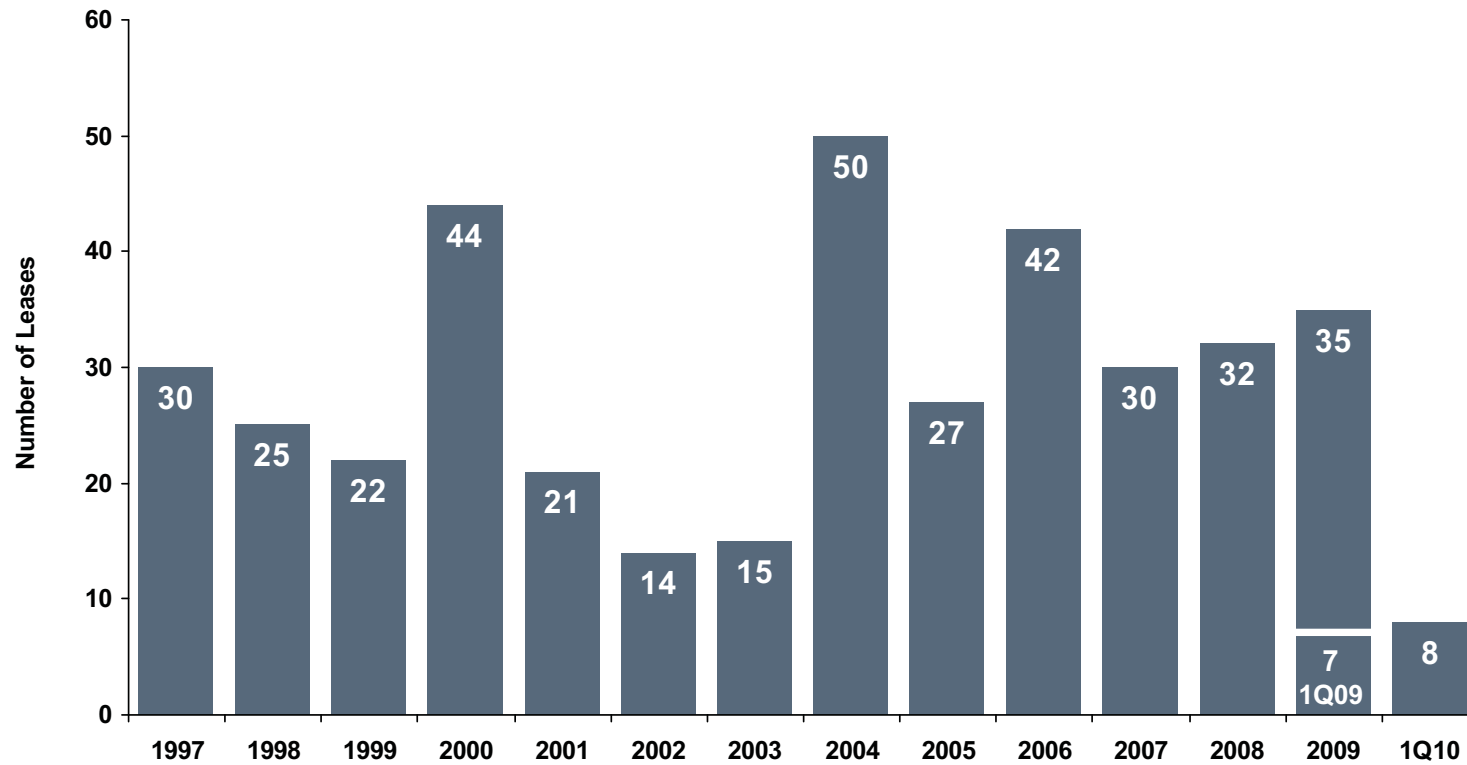


1Q10 leasing velocity up 117% over 1Q09, outpacing 6-year average of 2002-2007.

Source: Cushman & Wakefield Research

# MANHATTAN OFFICE MARKET

100,000 SF+ LEASES (INCLUDING RENEWALS)

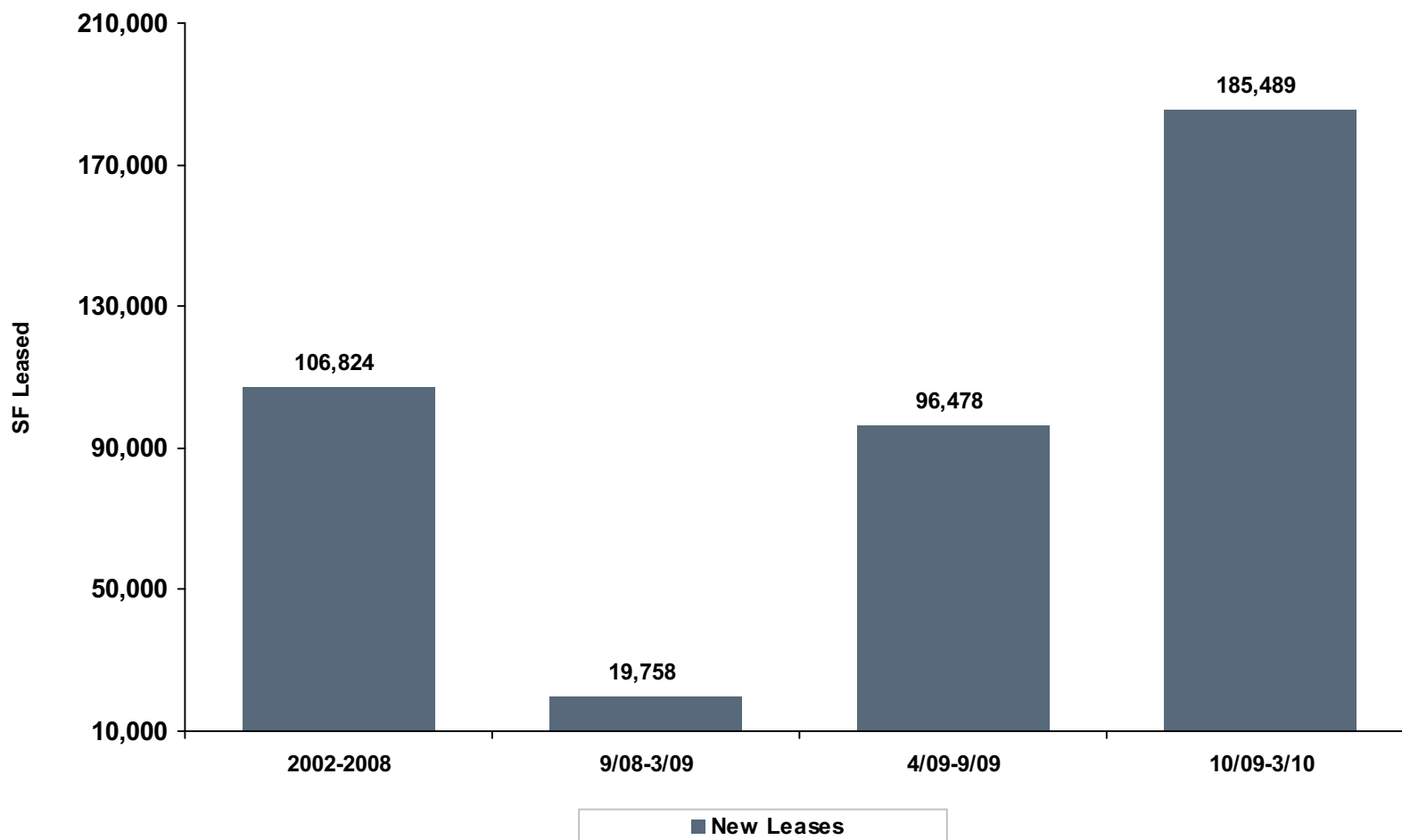


8 big block leases completed in first quarter of 2010 vs. 7 in first quarter of 2009.

Source: Cushman & Wakefield Research

## PARK AVENUE LEASING ACTIVITY MONTHLY AVERAGE

28

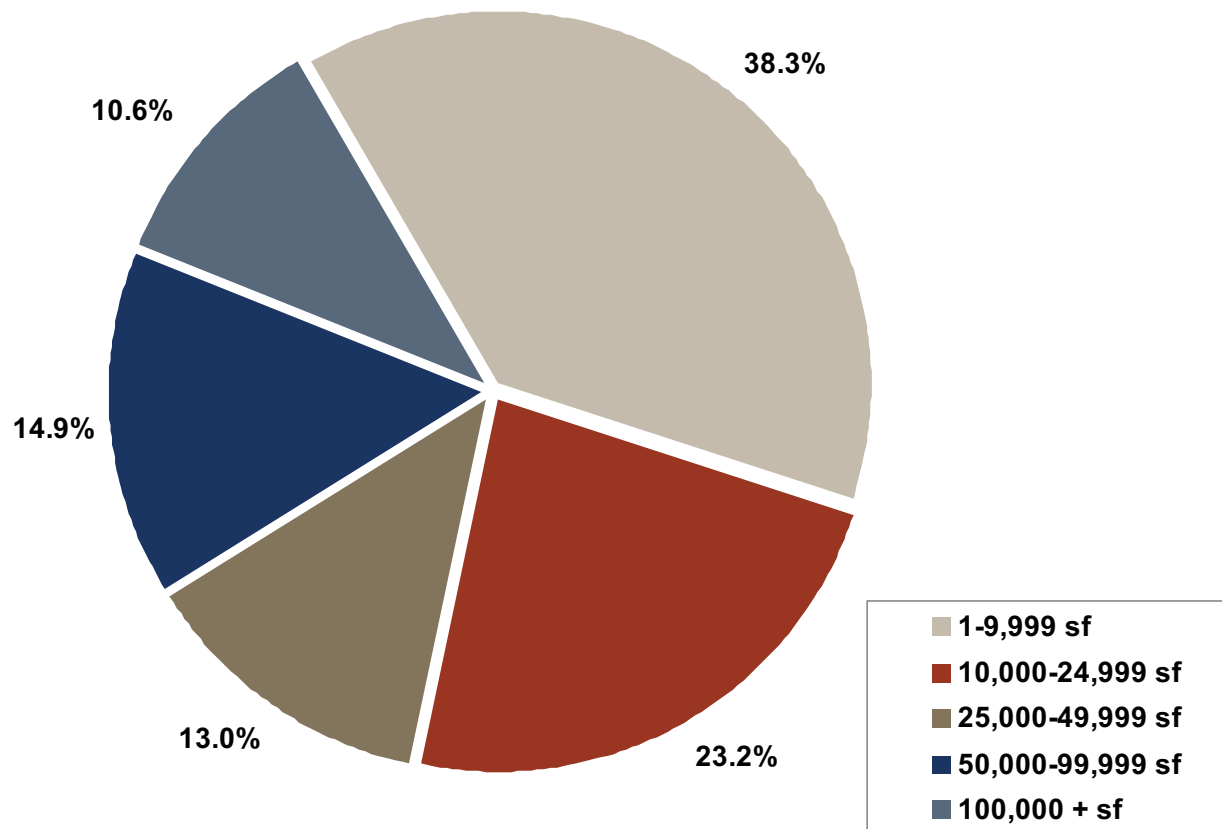


MARKET OVERVIEW – FIRST QUARTER 2010

## MANHATTAN OFFICE MARKET

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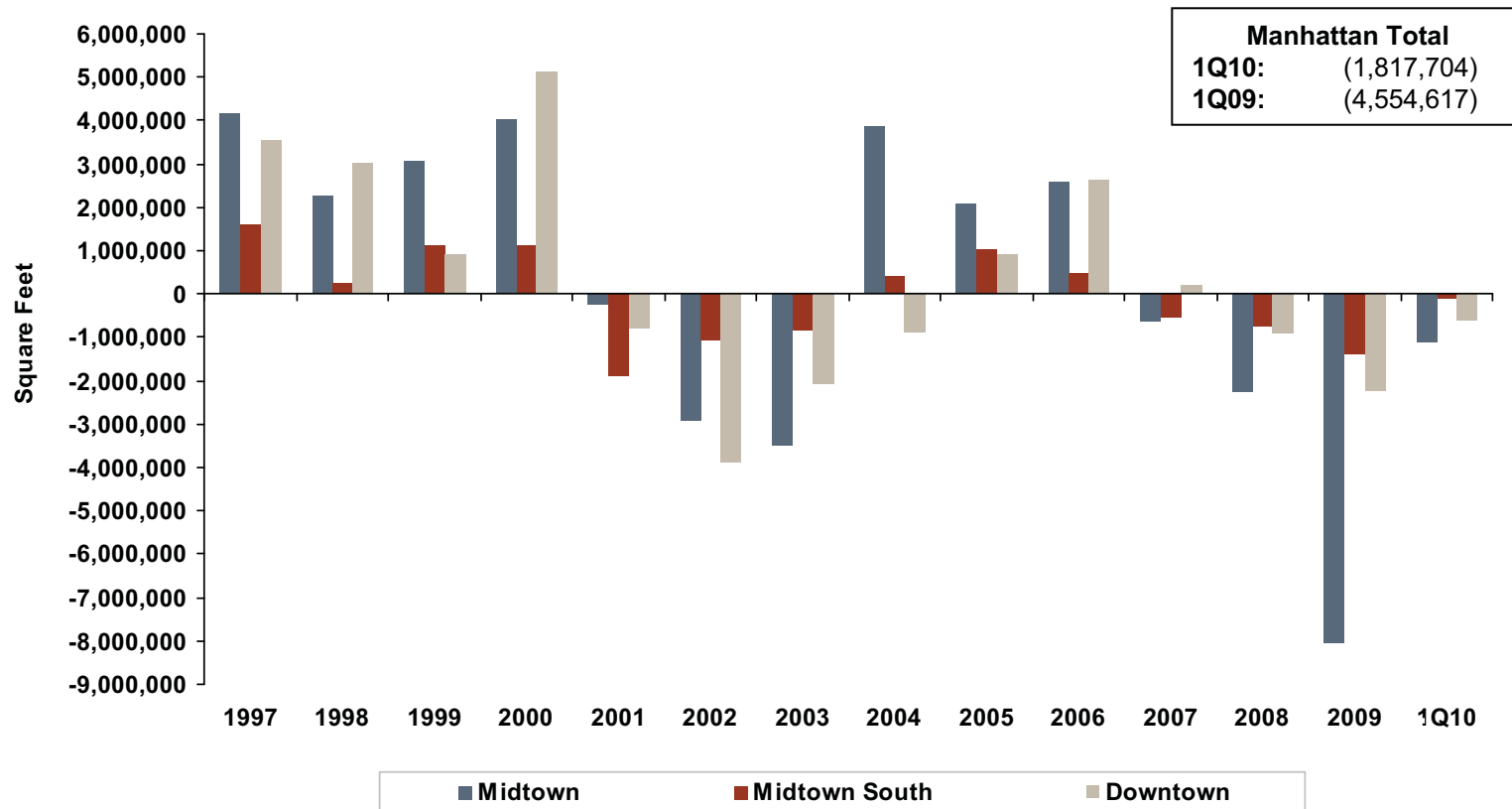
## LEASING ACTIVITY BY BLOCK SIZE, TOTAL SF LEASED – 1Q10



Source: Cushman & Wakefield Research

## MANHATTAN OFFICE MARKET

## COMPARATIVE DIRECT NET ABSORPTION

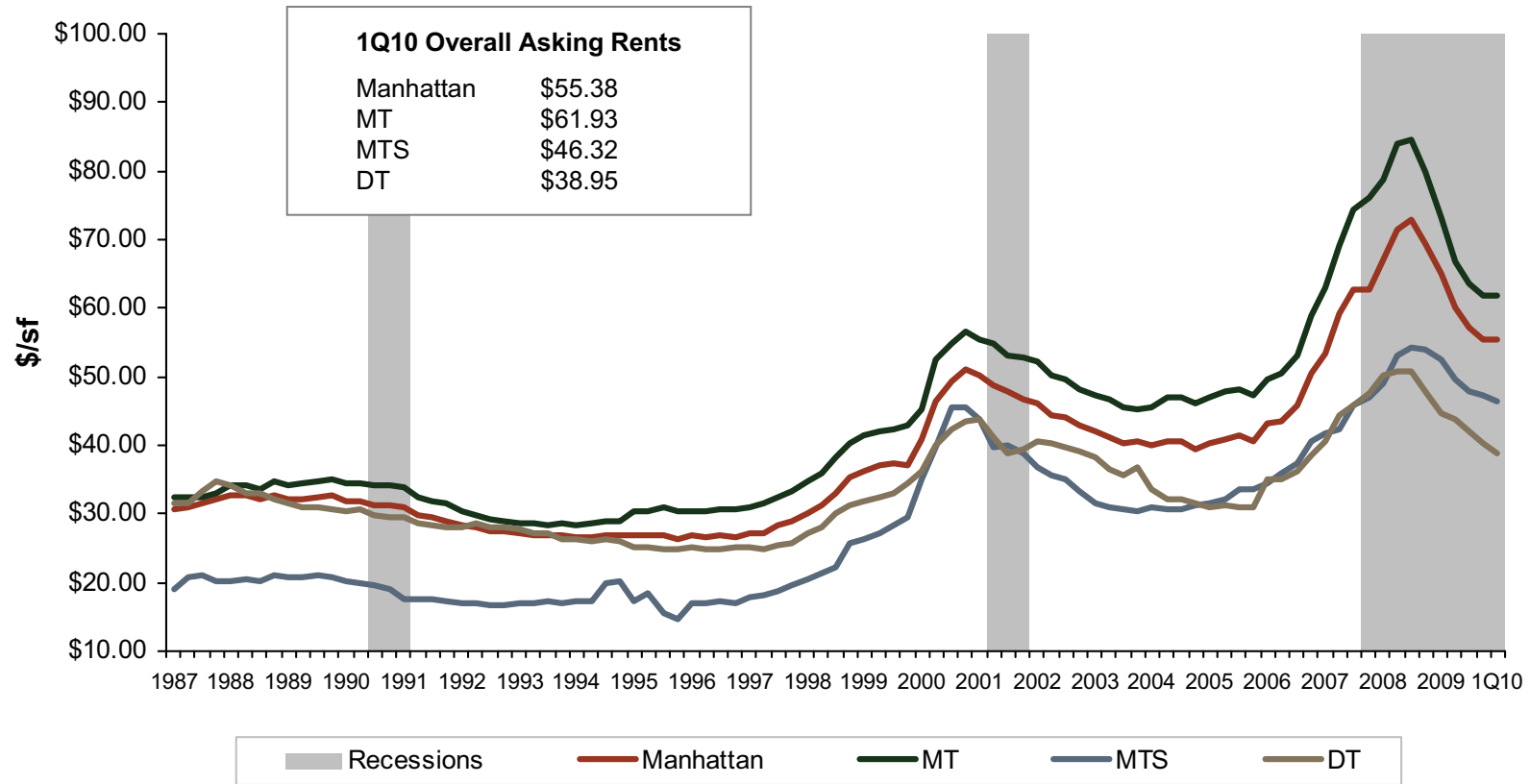


**1.8 MSF of space added to the market in 1Q10 represents a 60% reduction versus 1Q09 when 4.5 MSF of space was added.**

Source: Cushman & Wakefield Research

# NY OFFICE LEASING MARKET

## OVERALL AVERAGE ASKING RENTAL RATES



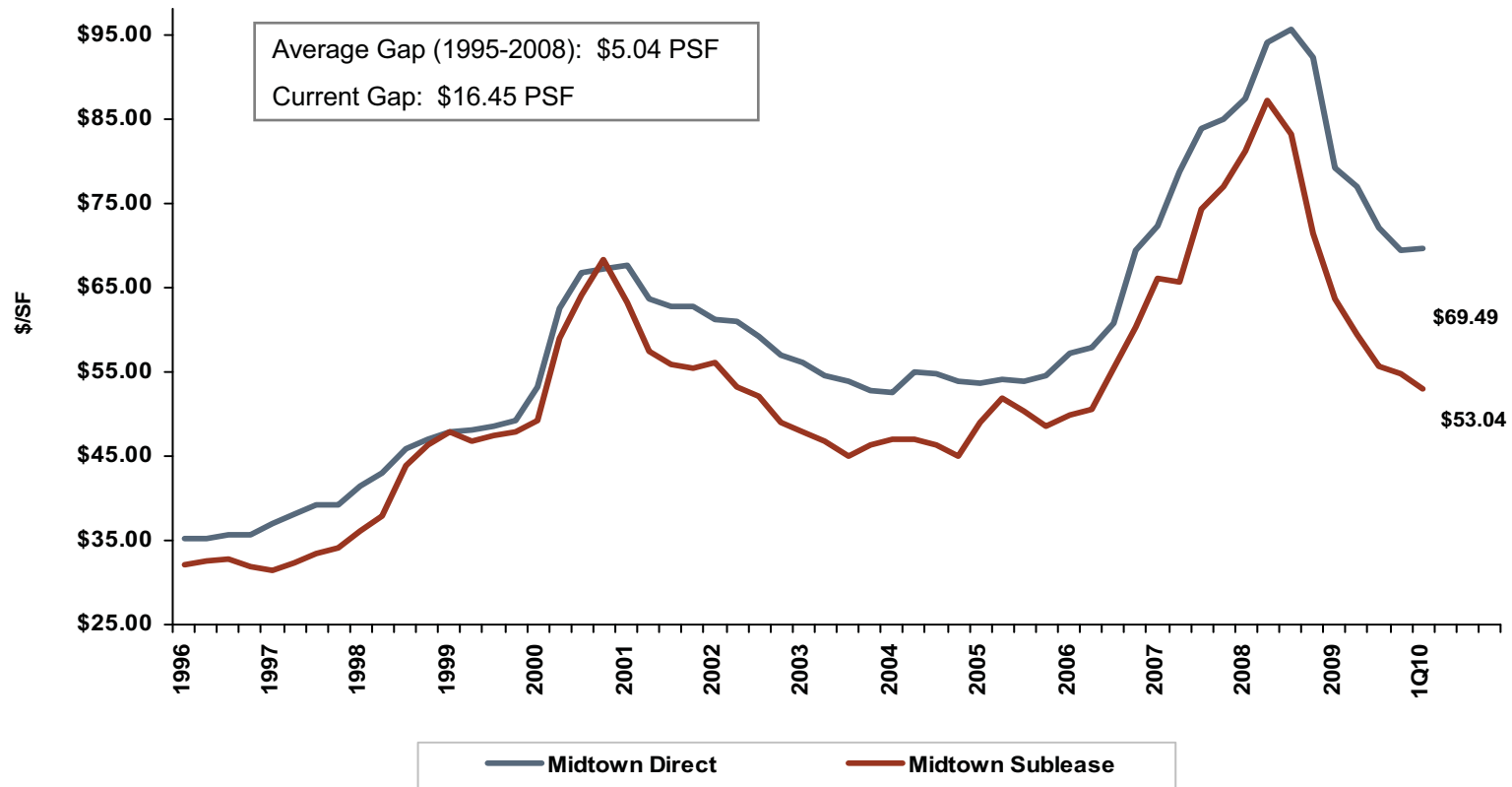
**Asking rents down 27% in Midtown and 23% in Downtown compared to the peak of the market in 3Q08.**

*Note: Net effective rents peak 1Q08*

Source: Cushman & Wakefield Research

# NY OFFICE LEASING MARKET

## MIDTOWN OFFICE MARKET | CLASS A ASKING RENTAL RATES DIRECT RENT VS. SUBLEASE

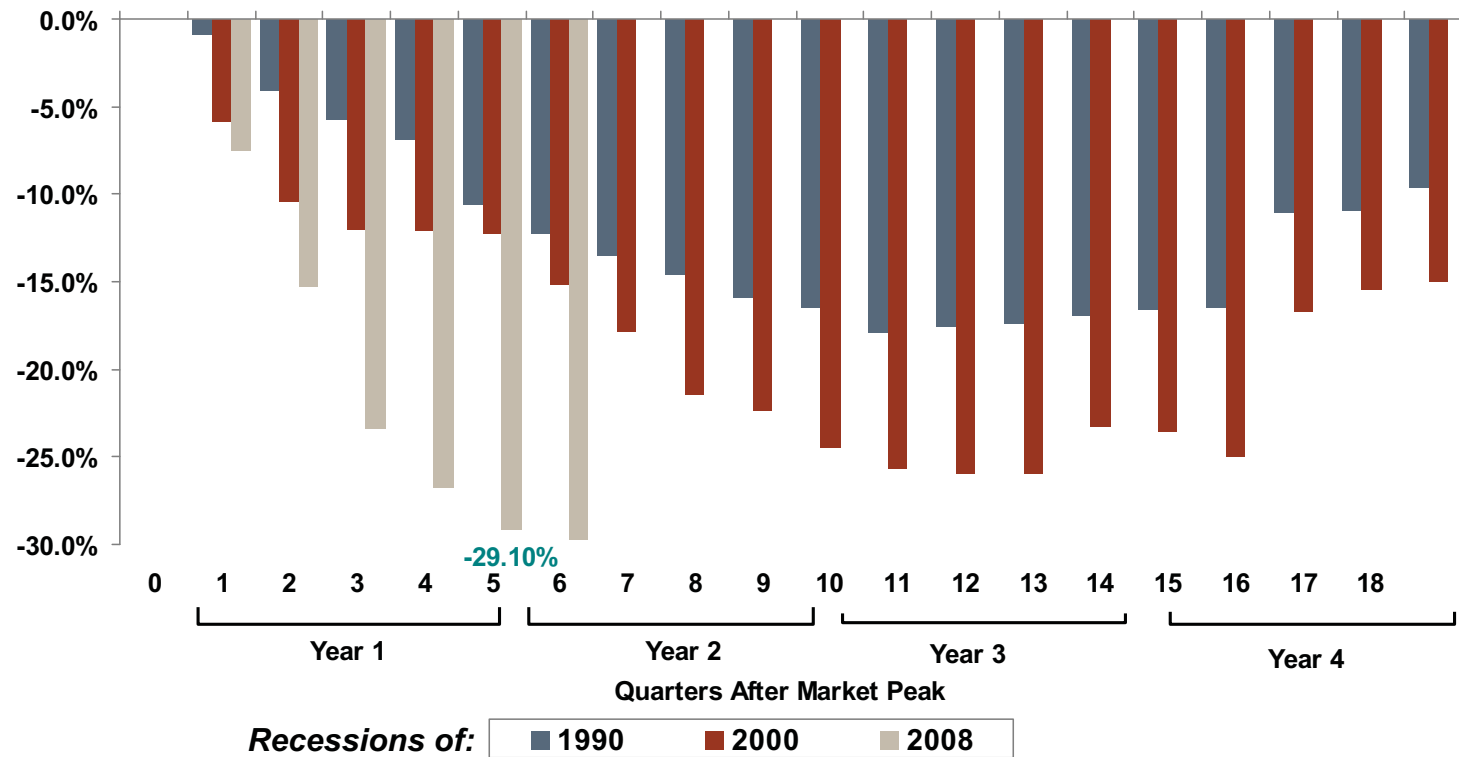


**Midtown Class A direct and sublease asking rent spread at \$16.45 per square foot, approximately 23% delta.**

Source: Cushman & Wakefield Research

## NY OFFICE LEASING MARKET

MIDTOWN RECESSION PARAMETERS: CUMULATIVE CLASS A RENT CHANGE FROM PEAK (ASKING RENTS)

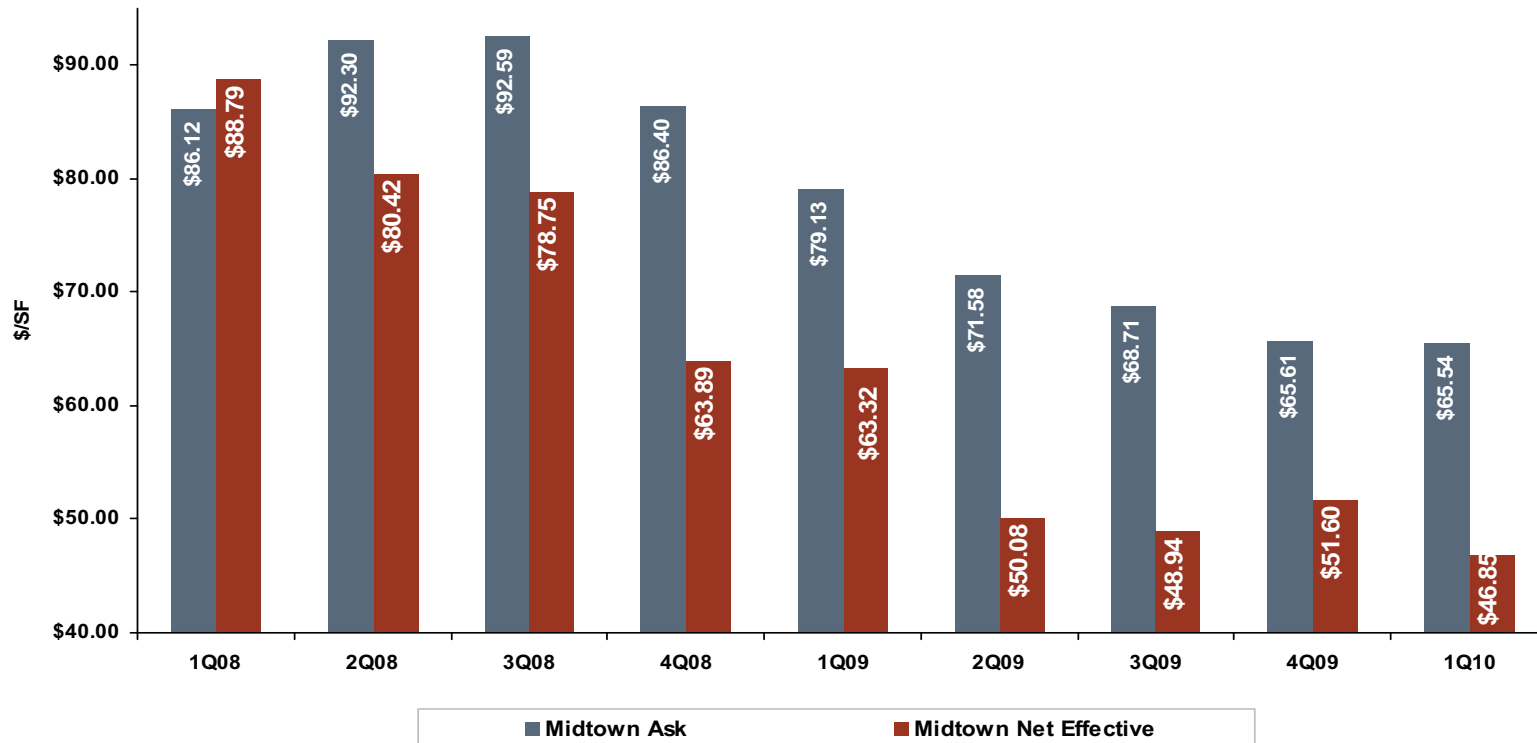


**Peak-to-trough asking rents down 29% over 6 quarters (through 1Q10)  
vs. down 24% over 11 quarters in 2000 recession.**

Source: Cushman & Wakefield Research

# NY OFFICE LEASING MARKET

## MIDTOWN CLASS A RENTS | ASKING VS. NET EFFECTIVE

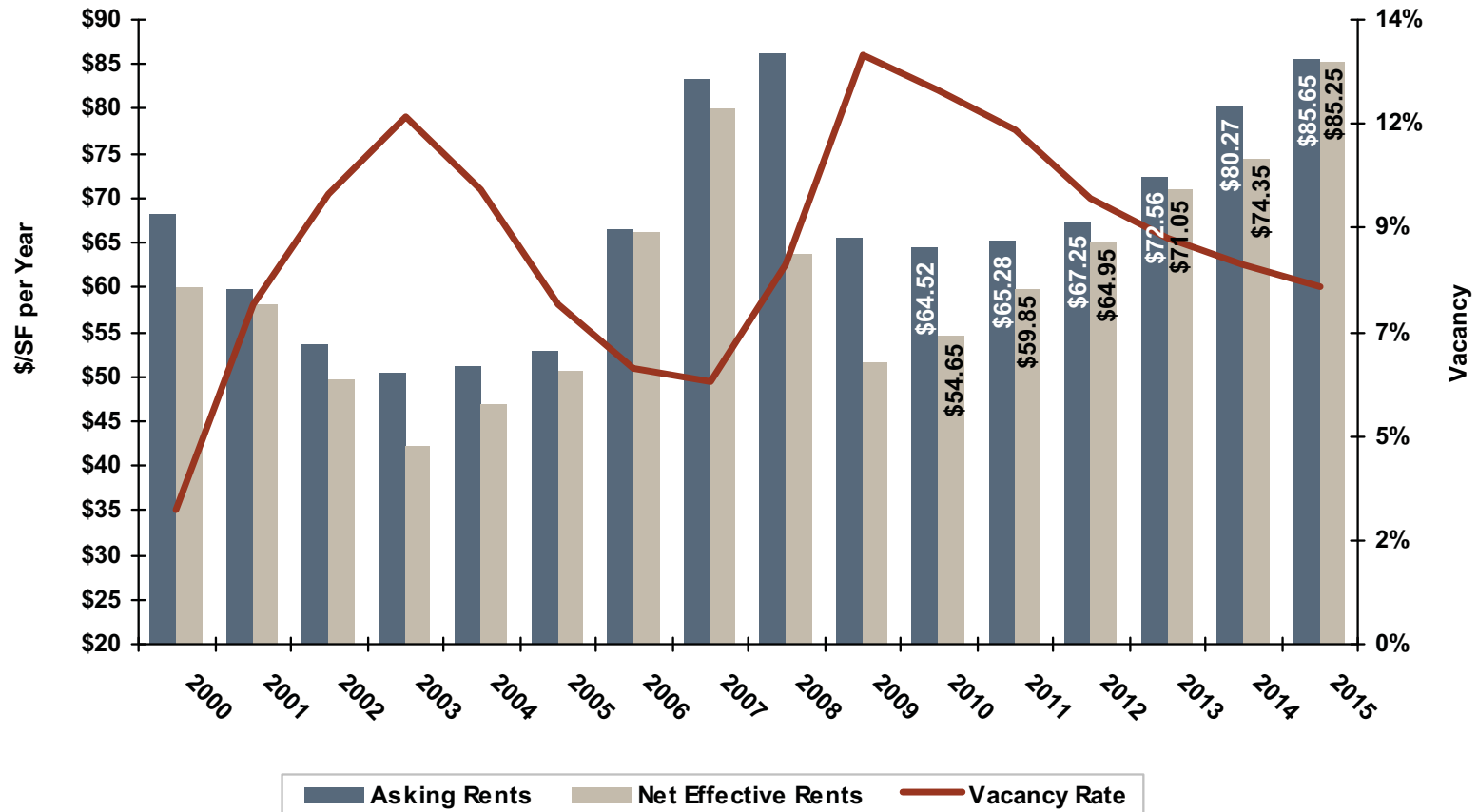


Net effective rents have stabilized following sharp decline through 2Q09.

Source: Cushman & Wakefield Research

## NY OFFICE LEASING MARKET

## MIDTOWN CLASS A FORECAST



Rents are expected to bottom mid-year 2010, followed by recovery.  
Midtown net effective rents appear to be stabilizing.

Source: Cushman & Wakefield Research

## NY RESIDENTIAL MARKET

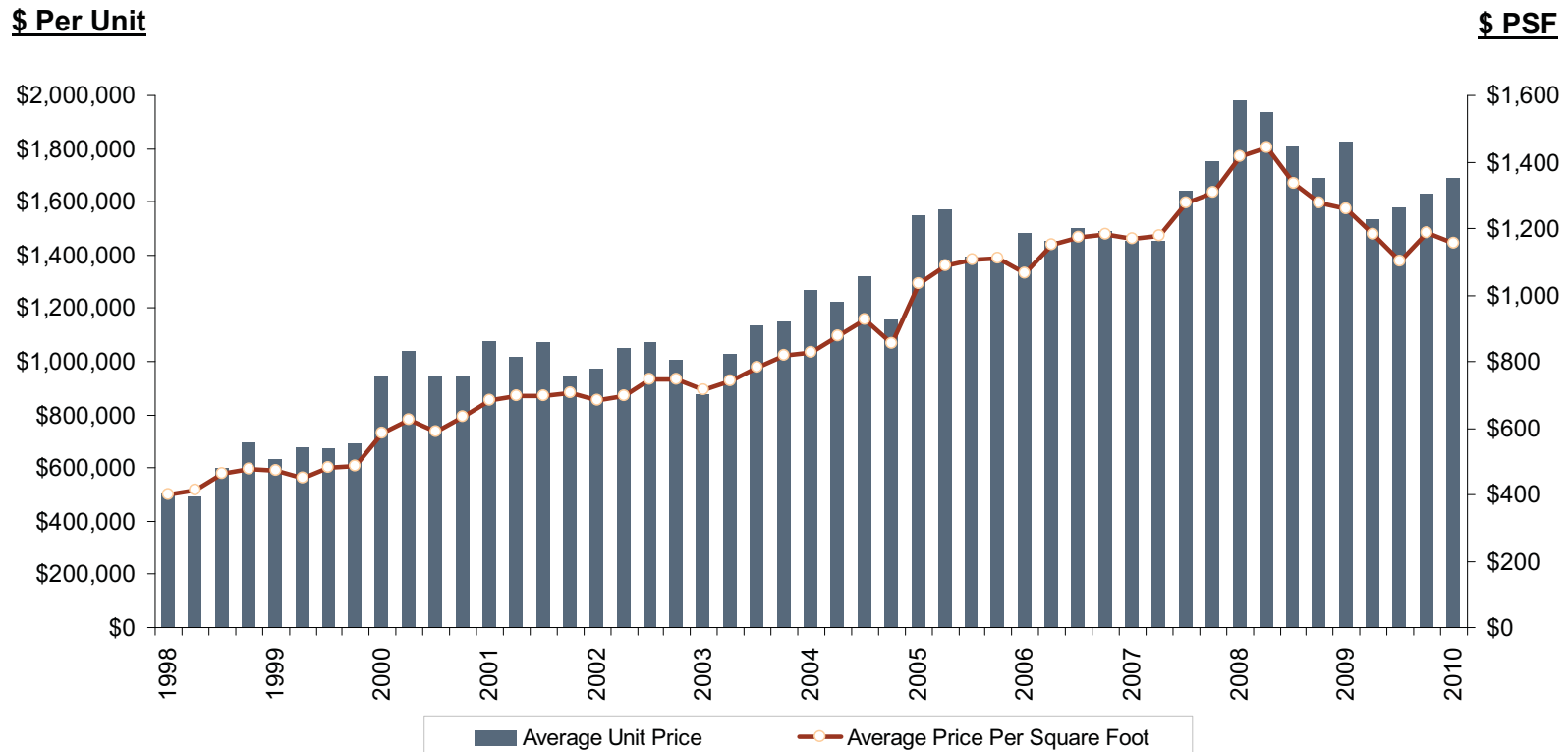
### MANHATTAN OVERVIEW

- Manhattan residential values remain weak, yet the pace of declining indicators has eased
- Condominium and Co-op residential market hit hard in 2009 as debt market dried
  - Since 1Q09, average condominium pricing per unit declined 21.8%; luxury sector witnessed a 29.9% decrease in average unit pricing
  - 1Q10 sales volume nearly doubled the same period 2009
- Recent New York State Court of Appeals ruling on J-51 tax treatment and rent increases may pose significant ramifications for landlords of approximately 80,000 apartments that retrospectively may have improperly increased rents beyond set limits, and received special tax benefits
- Number of residential construction permits issued in 1Q10 (annualized) down 91.8% from 2008 peak
- Quarterly indicators appear to demonstrate a stabilizing market and pricing equilibrium – however, uncertainty remains for 2010
- Despite a rising vacancy rate, the rental market shows signs of stabilizing as incentives are being scaled back

*\* Additional data can be found in the addenda (Slides 99-106).*

# NY RESIDENTIAL MARKET

## MANHATTAN RESIDENTIAL CONDO SALE PRICES, 1998 – 1Q2010

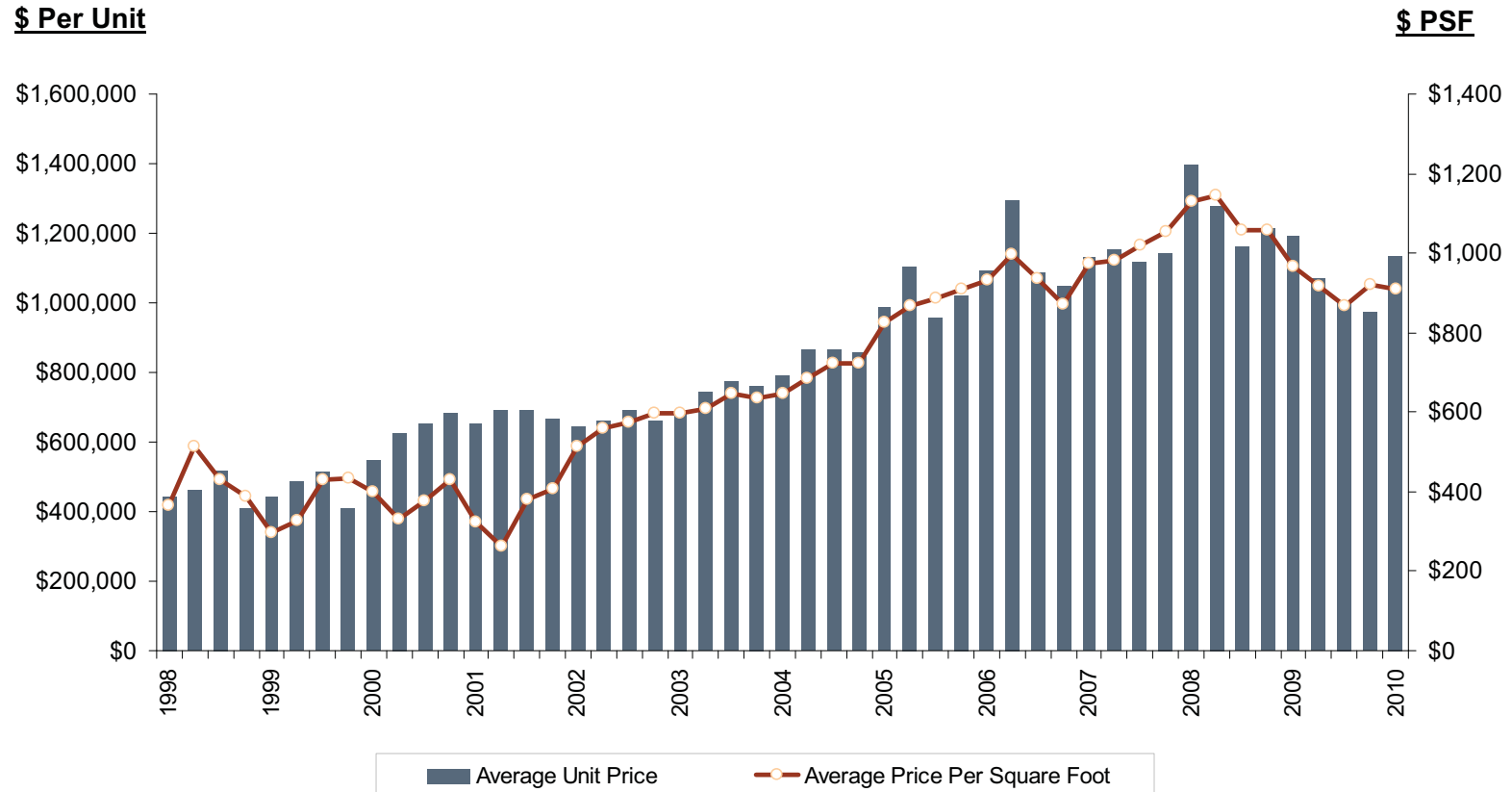


**Average unit pricing fell 21.8% since 1Q09, but has increased 3.6% over the prior quarter.**

Source: Miller Samuel, Inc.

# NY RESIDENTIAL MARKET

## MANHATTAN RESIDENTIAL CO-OP SALE PRICES, 1998 – 1Q2010

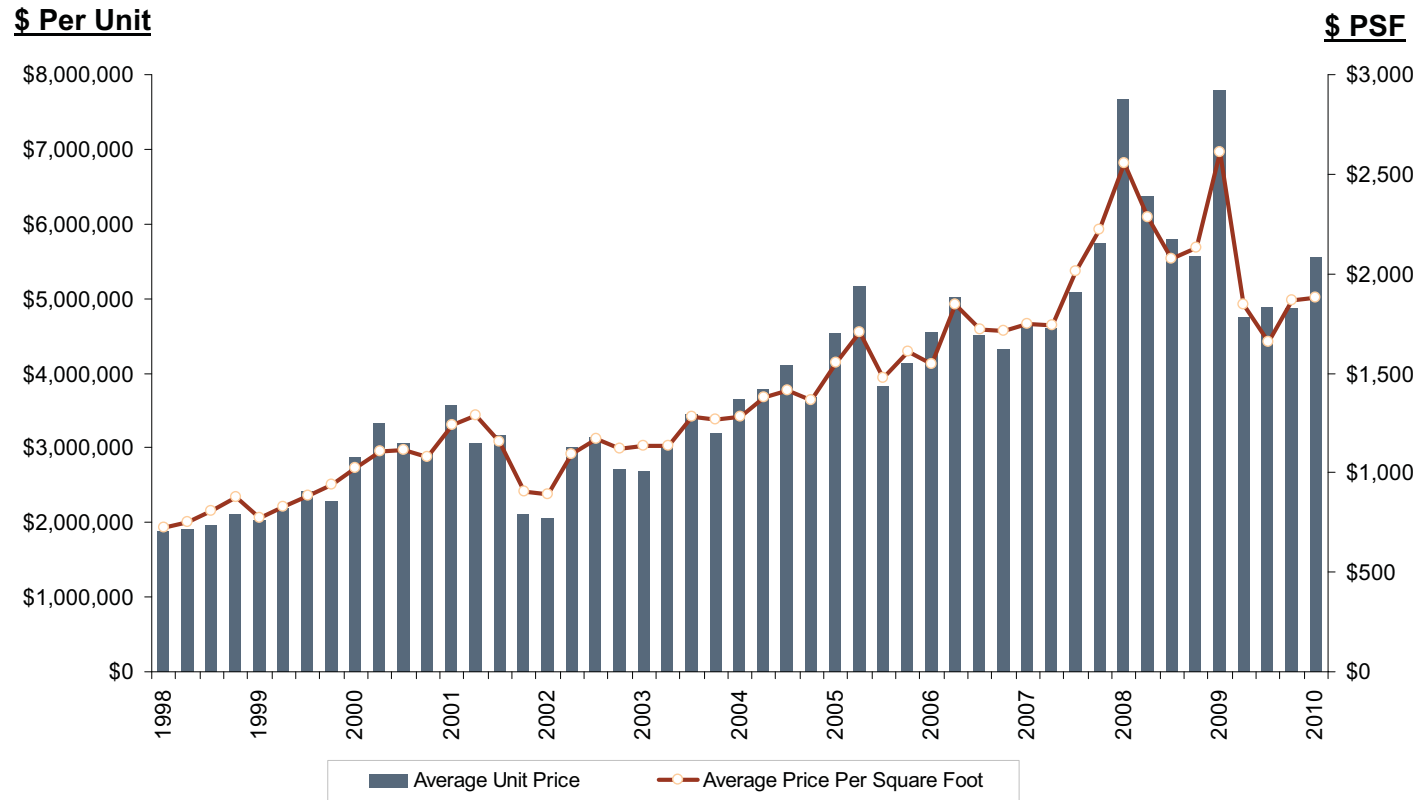


**Average Co-Op unit pricing slipped 5.0% since the same period last year, but has increased 16.3% since the prior quarter.**

Source: Miller Samuel, Inc.

## NY RESIDENTIAL MARKET

### MANHATTAN LUXURY RESIDENTIAL CONDO AND CO-OP SALE PRICES, 1998 – 1Q2010



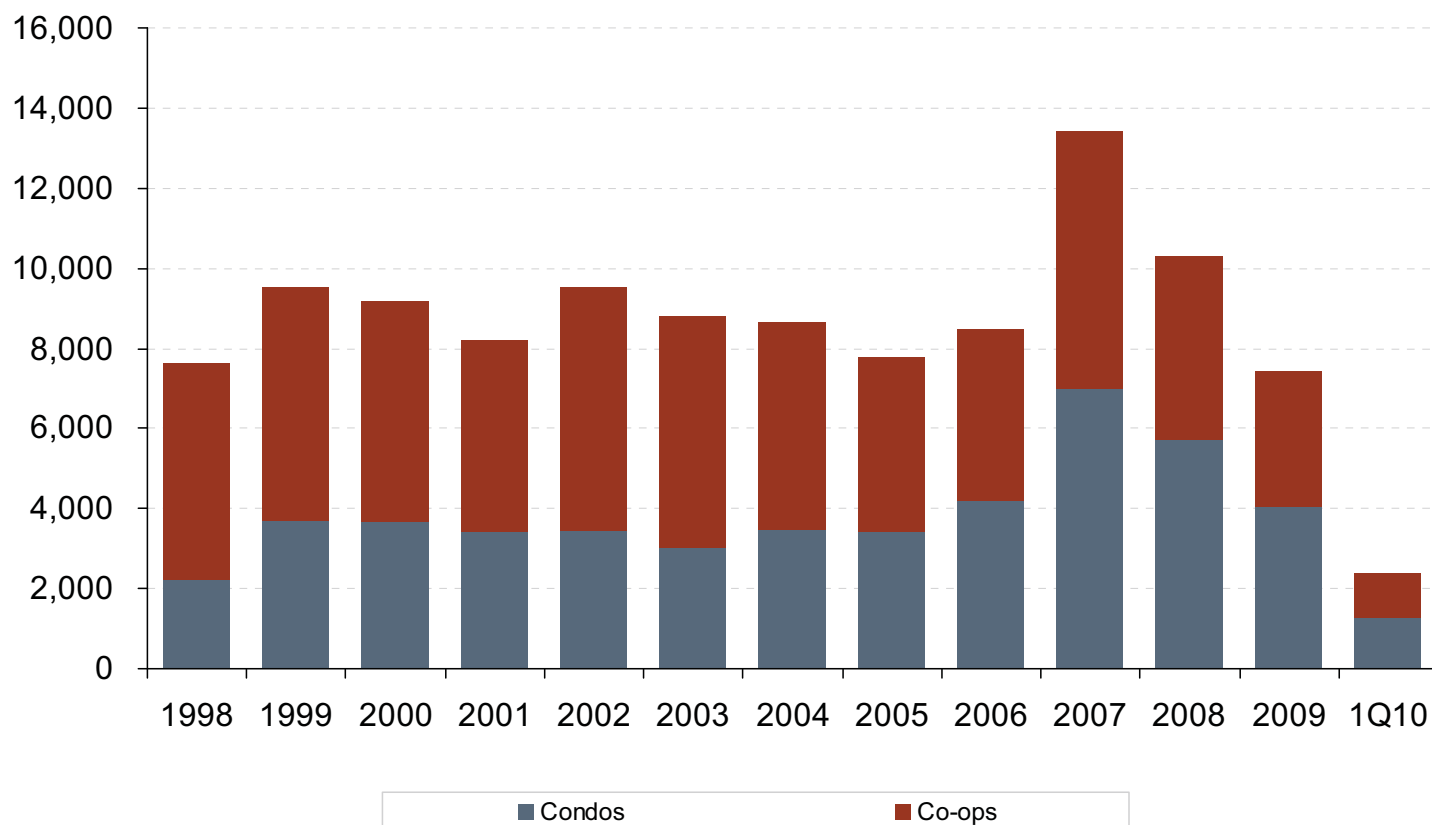
**Luxury unit pricing down 29.9% and price per square foot down 28.0% since 1Q09.**

Note: Luxury market accounts for top 10% of all Condo and Co-op Sales

Source: Miller Samuel, Inc.

## MANHATTAN RESIDENTIAL OVERVIEW

## YEARLY VOLUME OF CONDOMINIUM &amp; CO-OP SALES

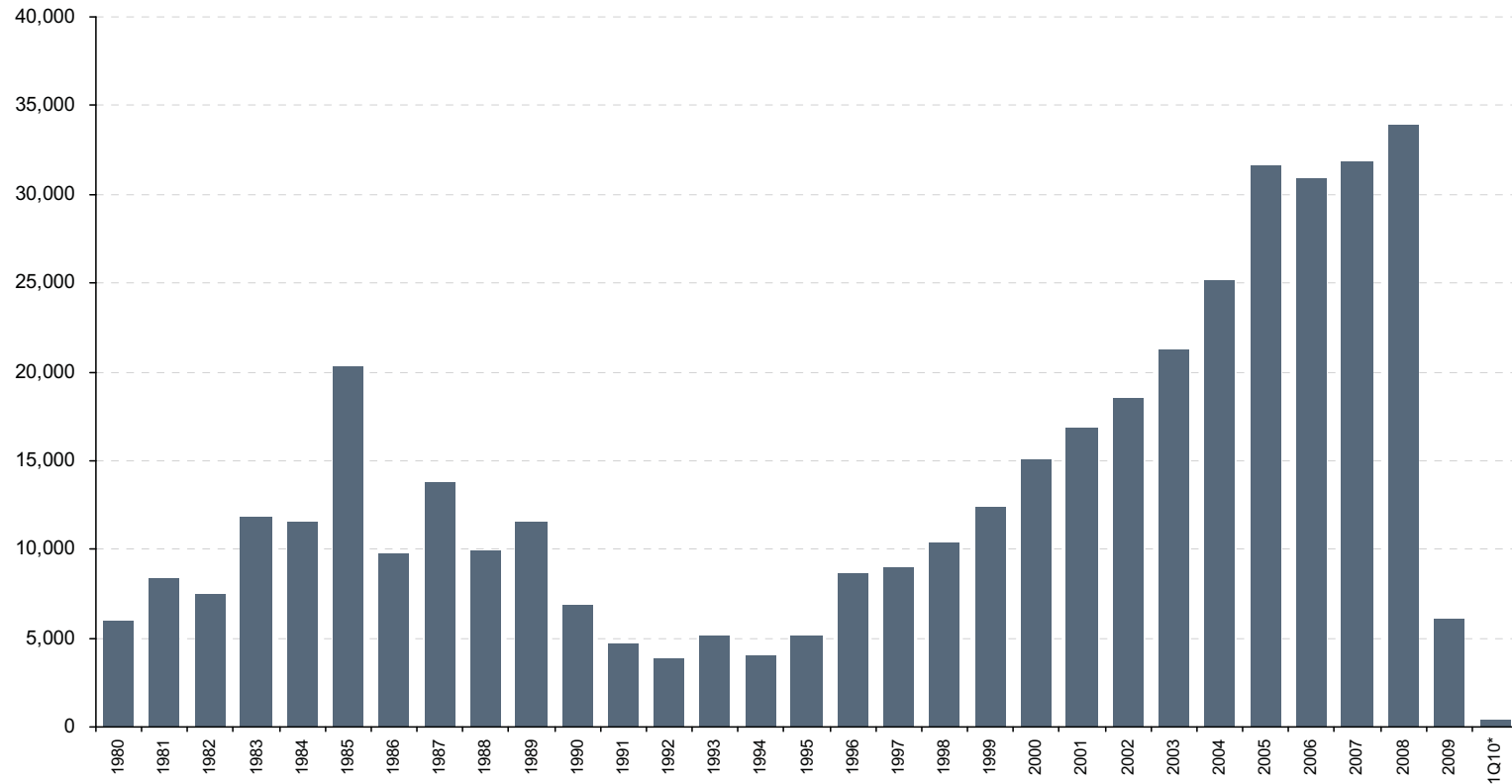


**1Q10 sales nearly doubled volume in 1Q09.**  
**Current quarter volume is consistent with average quarterly volume for the past decade.**

Source: Miller Samuel, Inc.

## MANHATTAN RESIDENTIAL OVERVIEW

## RESIDENTIAL UNIT PERMITS ISSUED FOR NEW YORK CITY



**1Q10 permits issued (annualized) have dropped by 91.8% from 2008 peak, the lowest level since 1993. The expiration of the 421a program influenced peak issuance in 2008.**

\* Data for January & February Only.

Source: U.S. Department of Housing and Urban Development

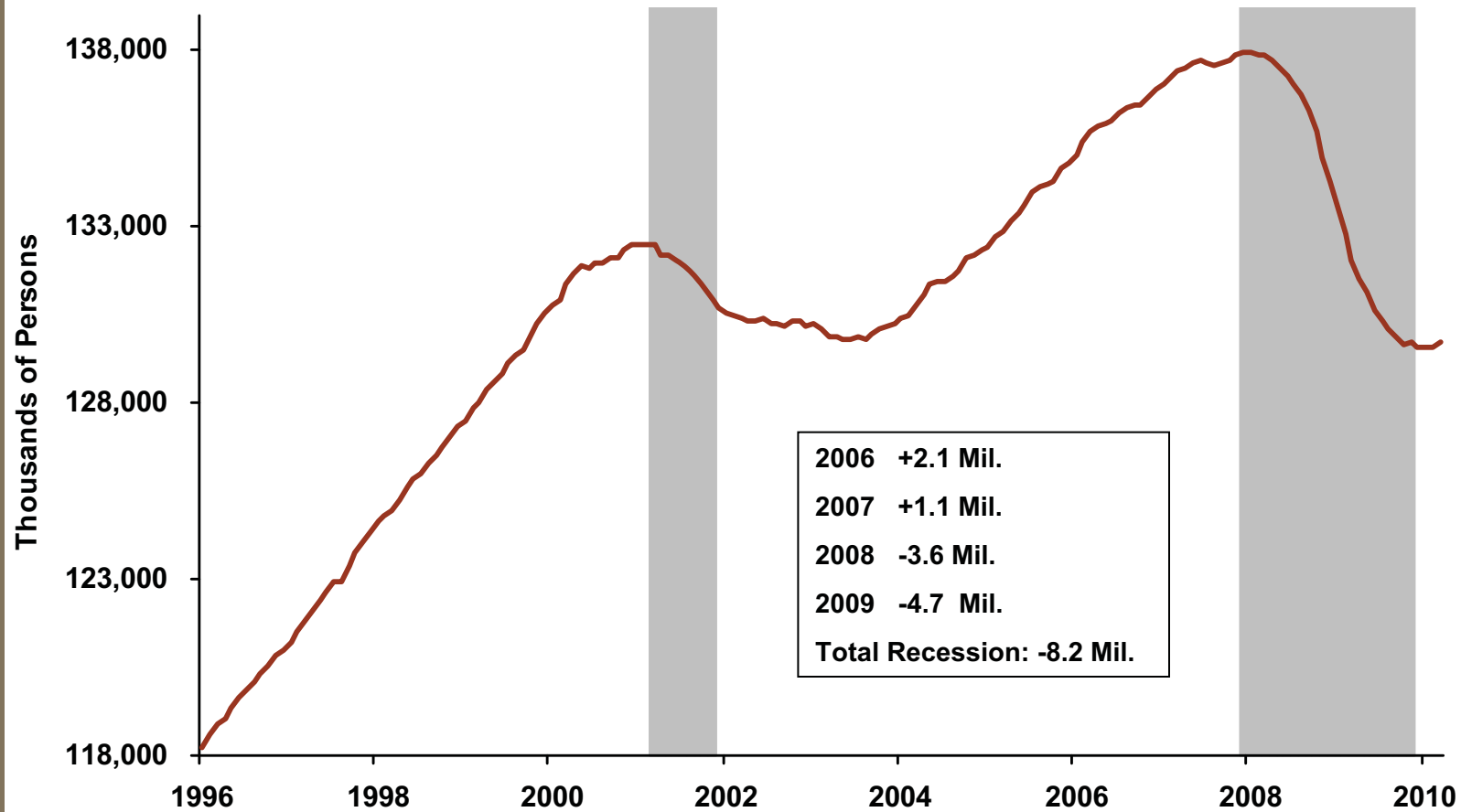


**NEW YORK  
CAPITAL MARKETS GROUP**

## **ADDENDA: ECONOMIC OVERVIEW**

## US PAYROLL EMPLOYMENT

43

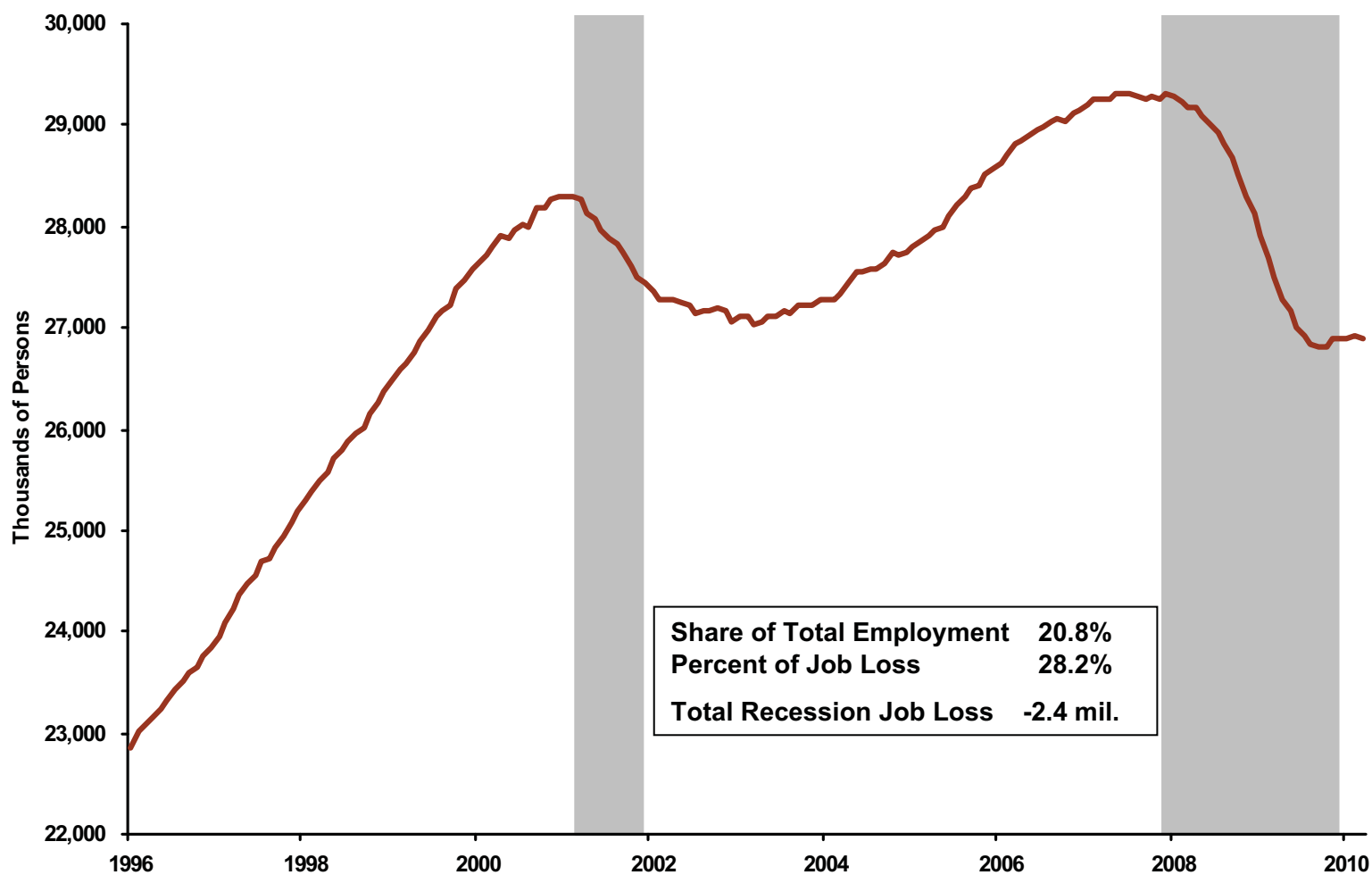


Source: US Bureau of Labor Statistics

MARKET OVERVIEW – FIRST QUARTER 2010

## US OFFICE-USING EMPLOYMENT

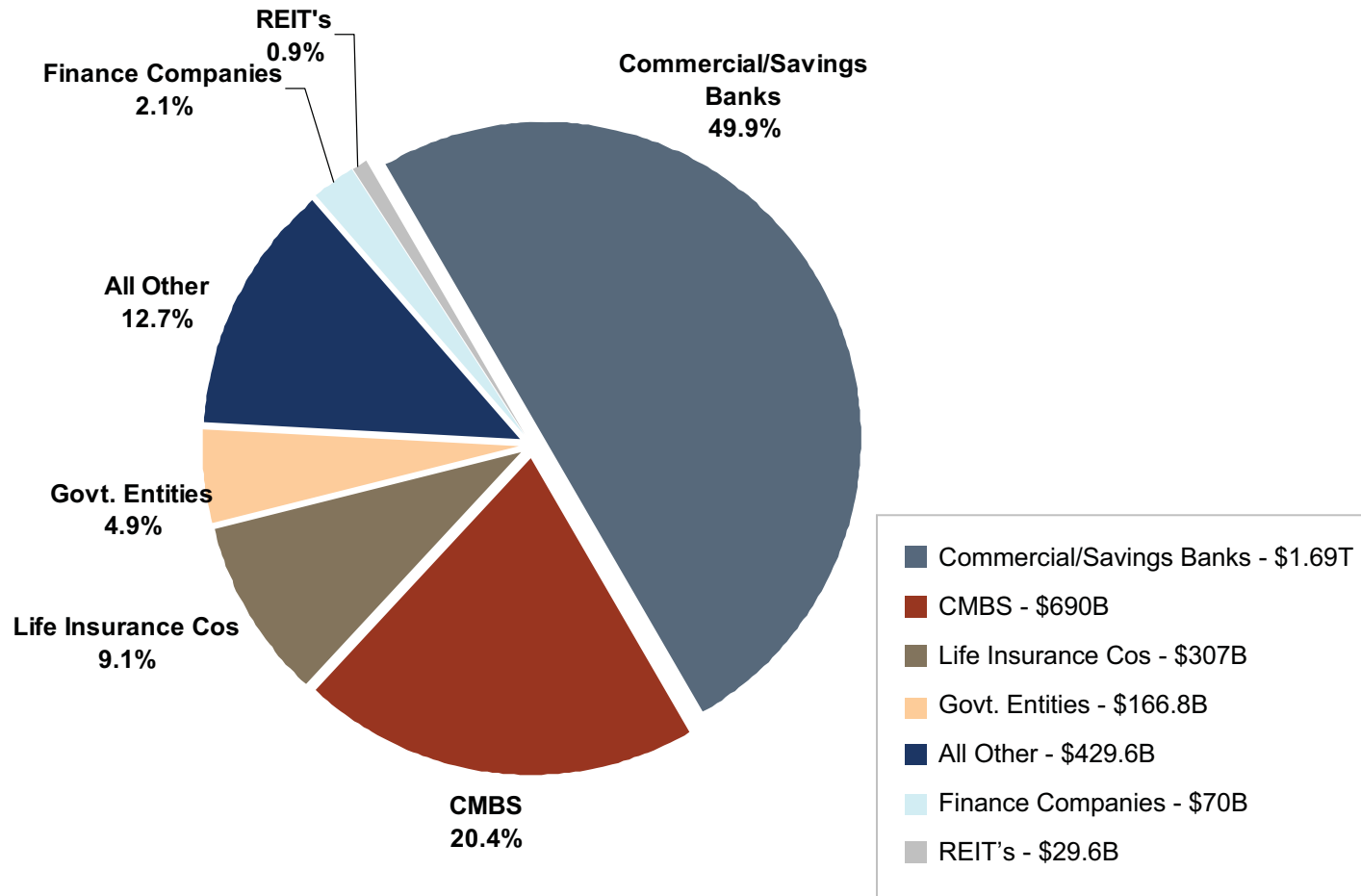
44



Source: US Bureau of Labor Statistics

## ECONOMIC OVERVIEW - NATIONAL

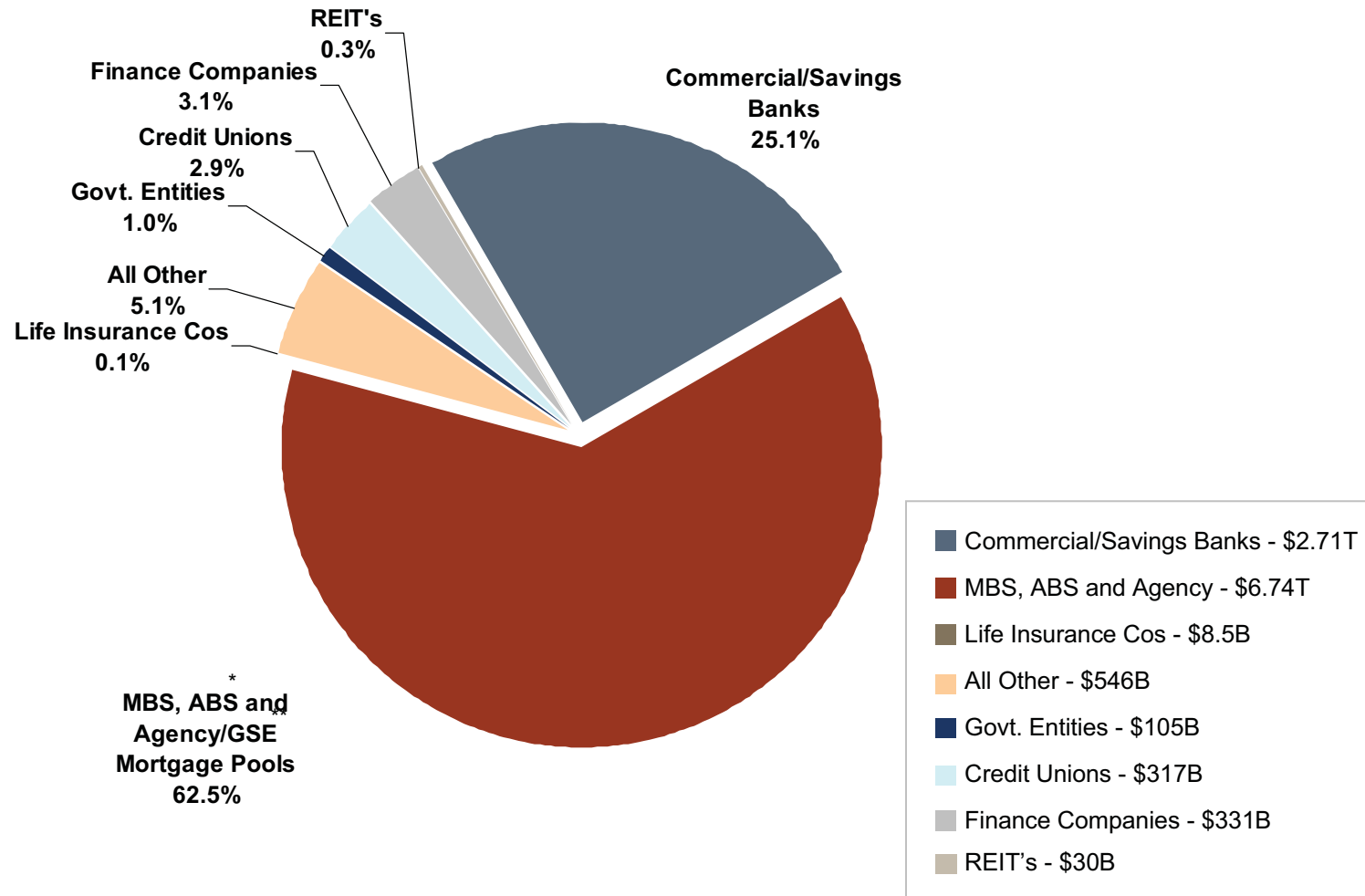
## U.S. COMMERCIAL REAL ESTATE DEBT MARKETS, \$3.43 TRILLION



Source: Mortgage Bankers Association  
Federal Reserve Flow of Funds

## ECONOMIC OVERVIEW - NATIONAL

## U.S. RESIDENTIAL REAL ESTATE DEBT MARKETS, \$10.78 TRILLION



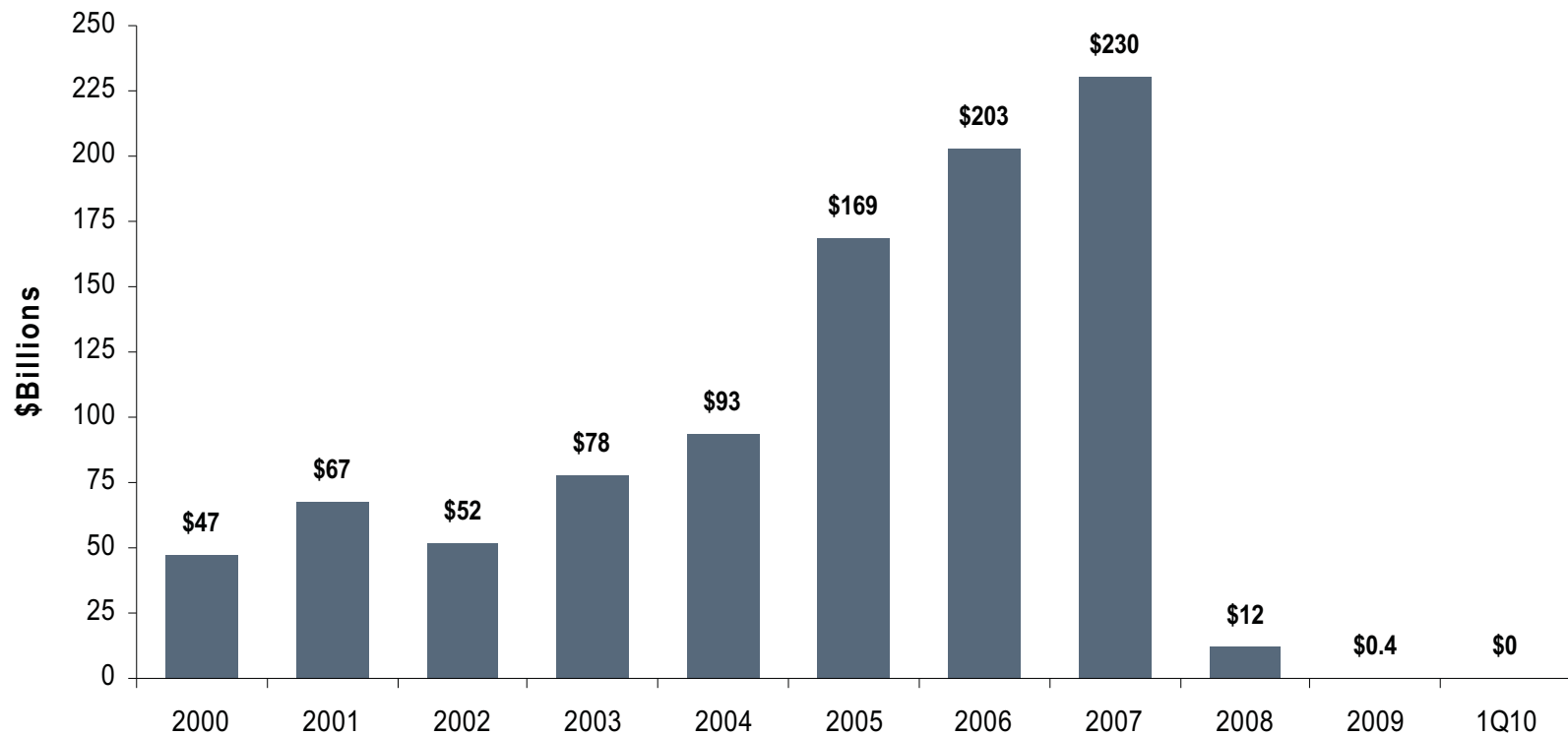
\* ABS containing home equity loans only.

\*\* Fannie Mae, Freddie Mac, Ginnie Mae

Source: Mortgage Bankers Association,  
Federal Reserve Flow of Funds

## ECONOMIC OVERVIEW - NATIONAL

### US ANNUAL CMBS ISSUANCE

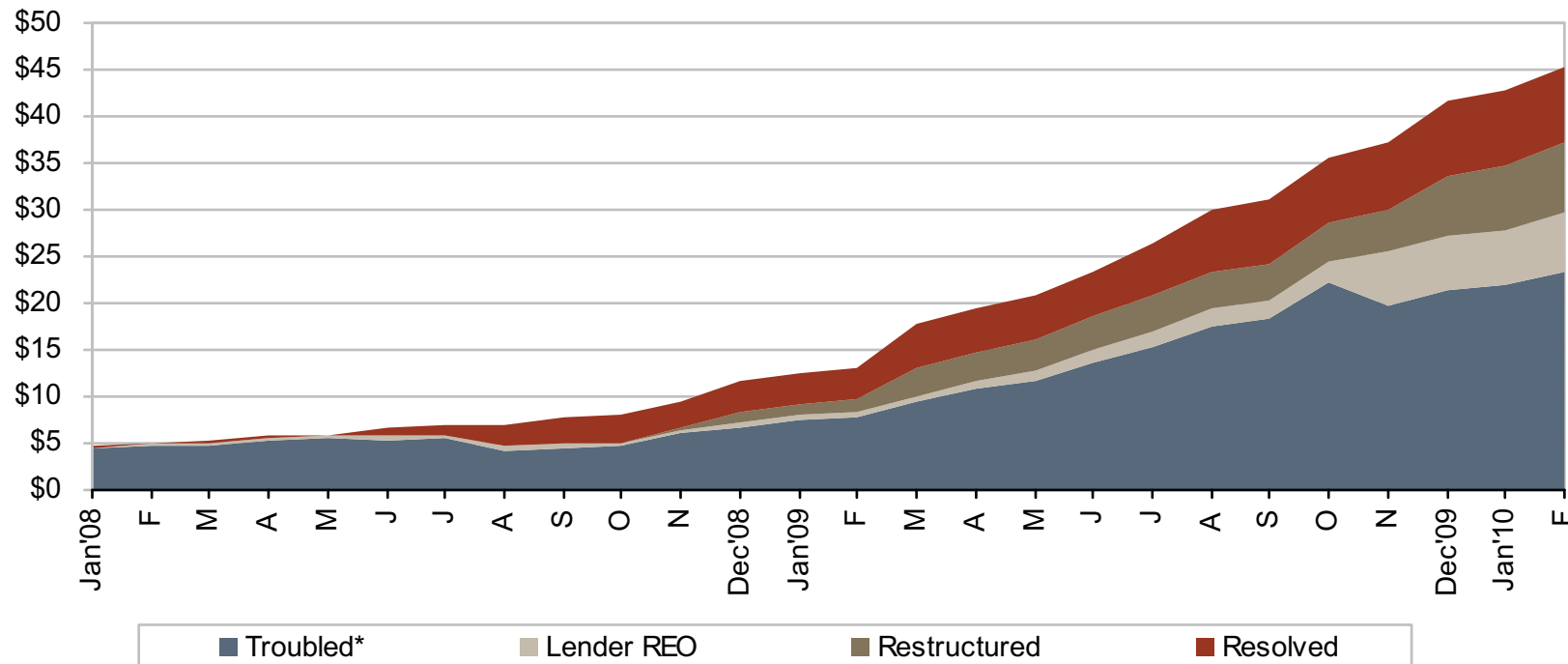


**\$400 Million US CMBS Issuance in 2009; 2008 down 95% from 2007.  
No issuance year-to-date 2010.**

Source: CMAAlert.com, Cushman & Wakefield Capital Markets Group

## ECONOMIC OVERVIEW - NATIONAL

## U.S. OFFICE PROPERTY DISTRESS - CUMULATIVE OUTSTANDING DEBT

Office Property  
Distress (Billions)

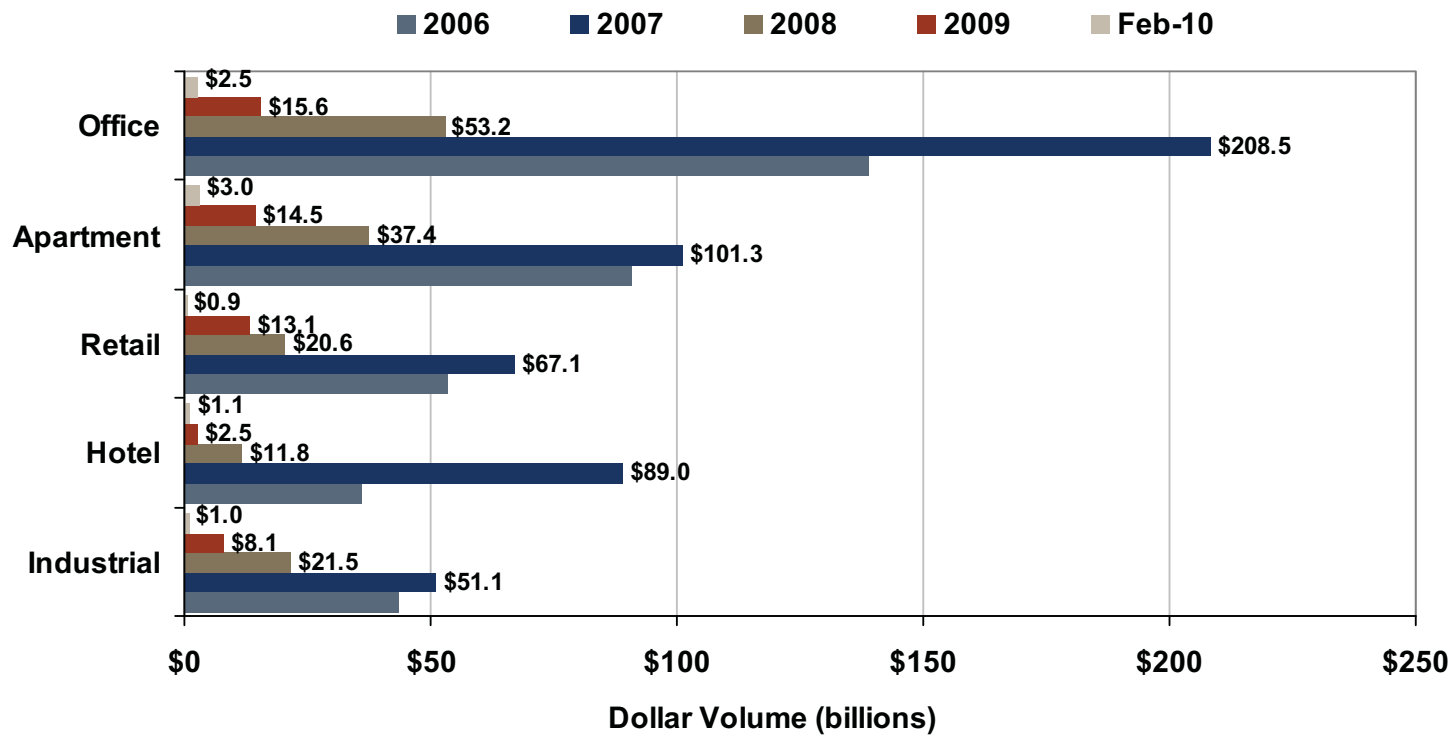
**As February 2010, \$23.4 billion in office properties are designated troubled assets versus \$8.1 billion as resolved. Troubled assets increased 200% and lender REO increased over 1,000%, both, year-over-year.**

\* Troubled: Includes properties with foreclosure, bankruptcy, restructured/modified statuses.

Resolved: Represents properties that have moved out of distress via refinancing or through a sale to a financially stable third party.

Source: Real Capital Analytics

## ECONOMIC OVERVIEW - NATIONAL

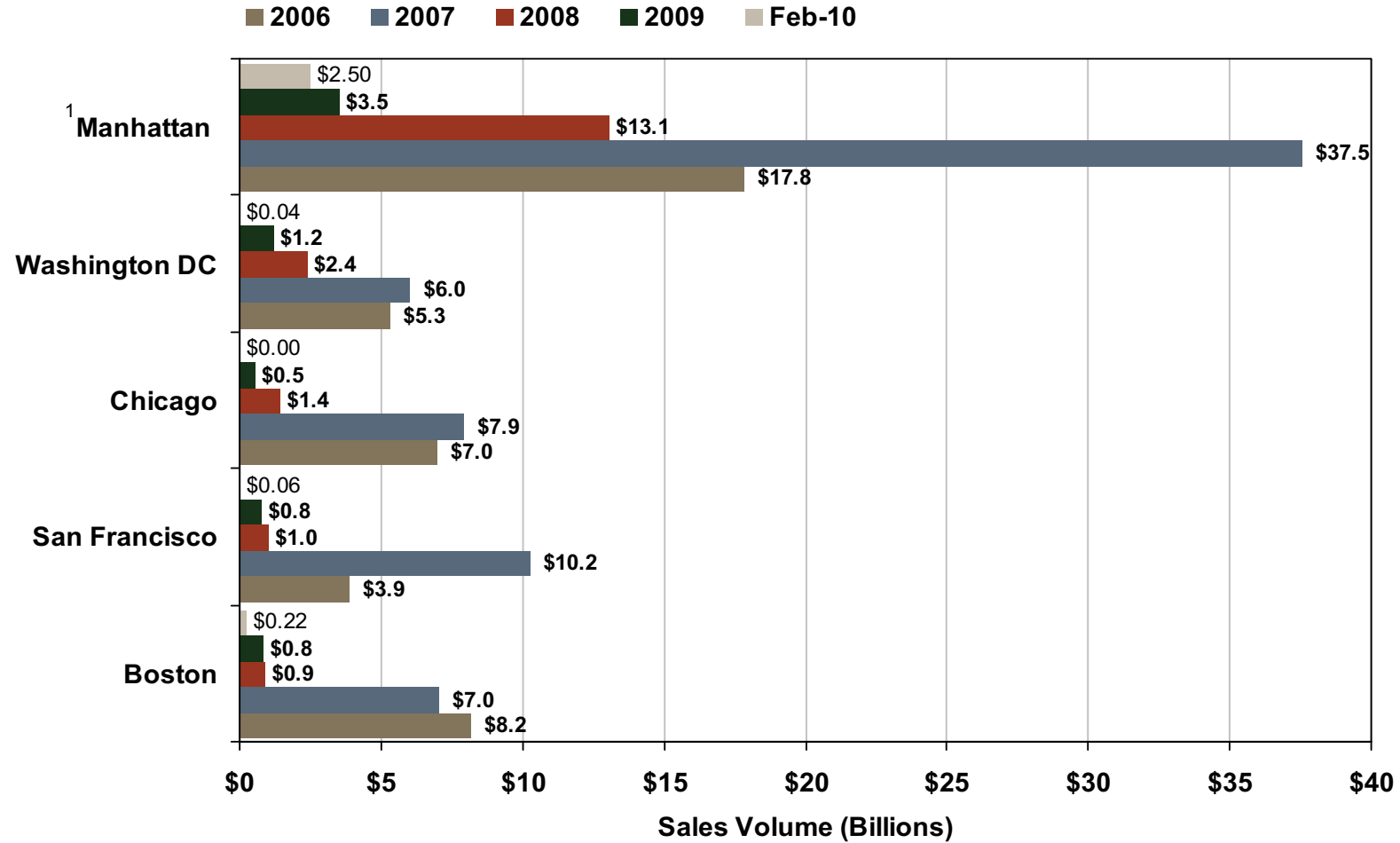
US ANNUAL SALES VOLUMES BY CORE PROPERTY TYPE,  
2004 - FEBRUARY 2010

All property types nationally reflect major downdraft in sales.

Source: Real Capital Analytics, Cushman & Wakefield Capital Markets Group

# US TOP CBD OFFICE INVESTMENT MARKETS

SALES VOLUME 2005 – FEBRUARY 2010

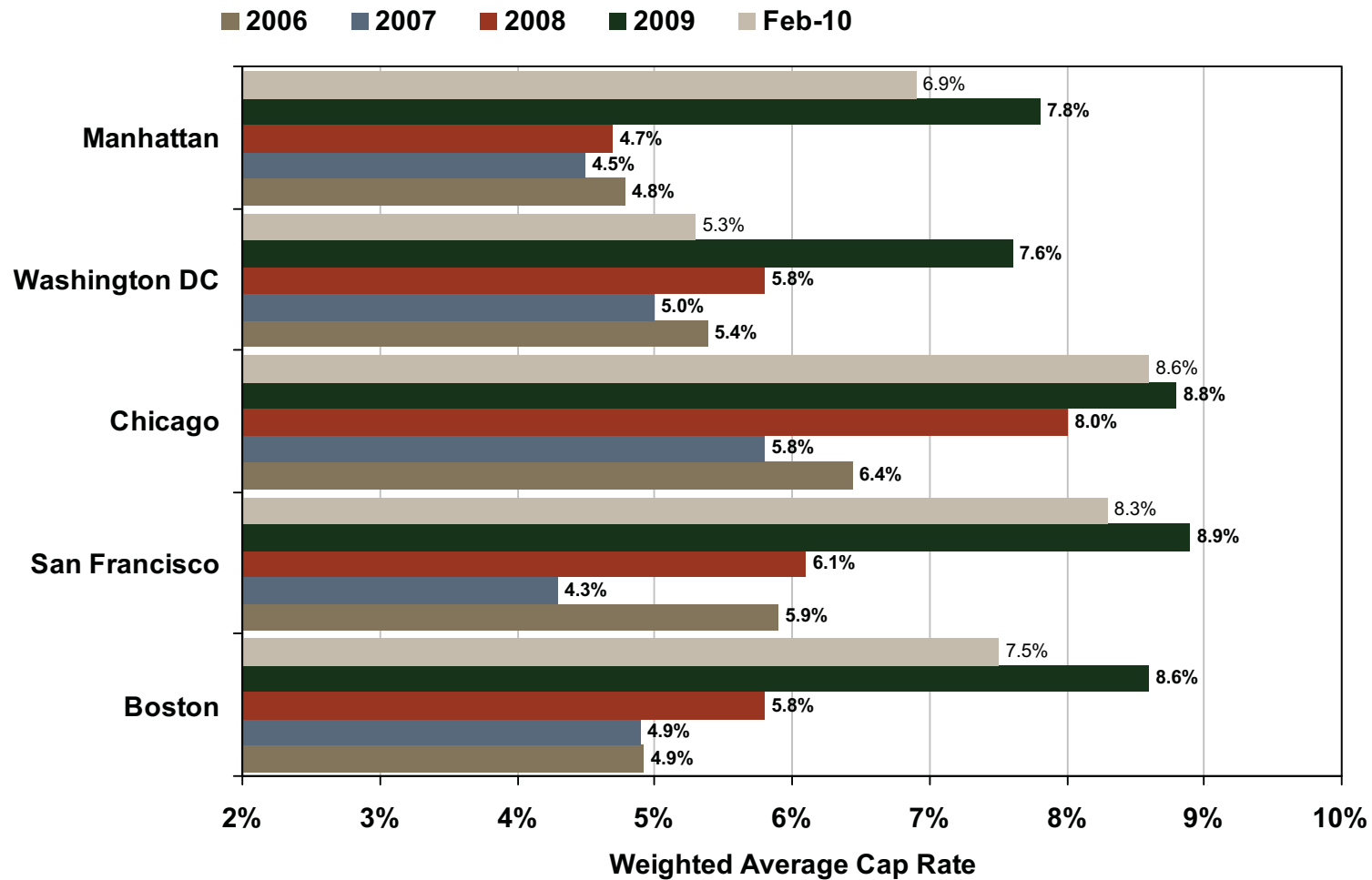


<sup>1</sup> As of 1Q10

Source: Real Capital Analytics, Cushman & Wakefield Capital Markets Group

## US TOP CBD OFFICE INVESTMENT MARKETS

AVERAGE CAPITALIZATION RATE, 2005 – FEBRUARY 2010\*

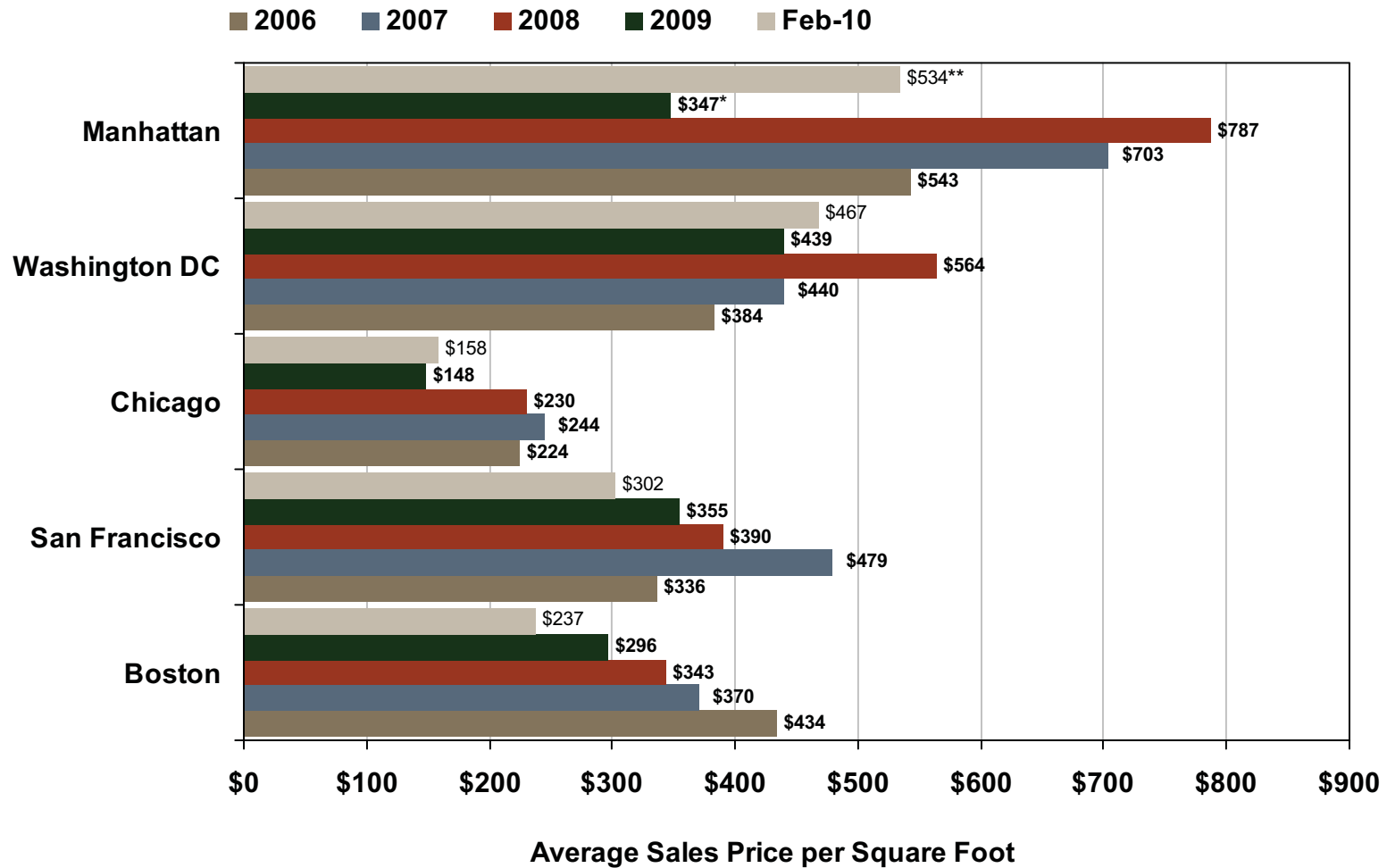


\* Fall off in investment sales activity make quarterly cap rate changes unreliable due to lack of trades.

Source: Real Capital Analytics, Cushman & Wakefield Capital Markets Group

# US TOP CBD OFFICE INVESTMENT MARKETS

AVERAGE SALES PRICE PSF, 2005 – FEBRUARY 2010

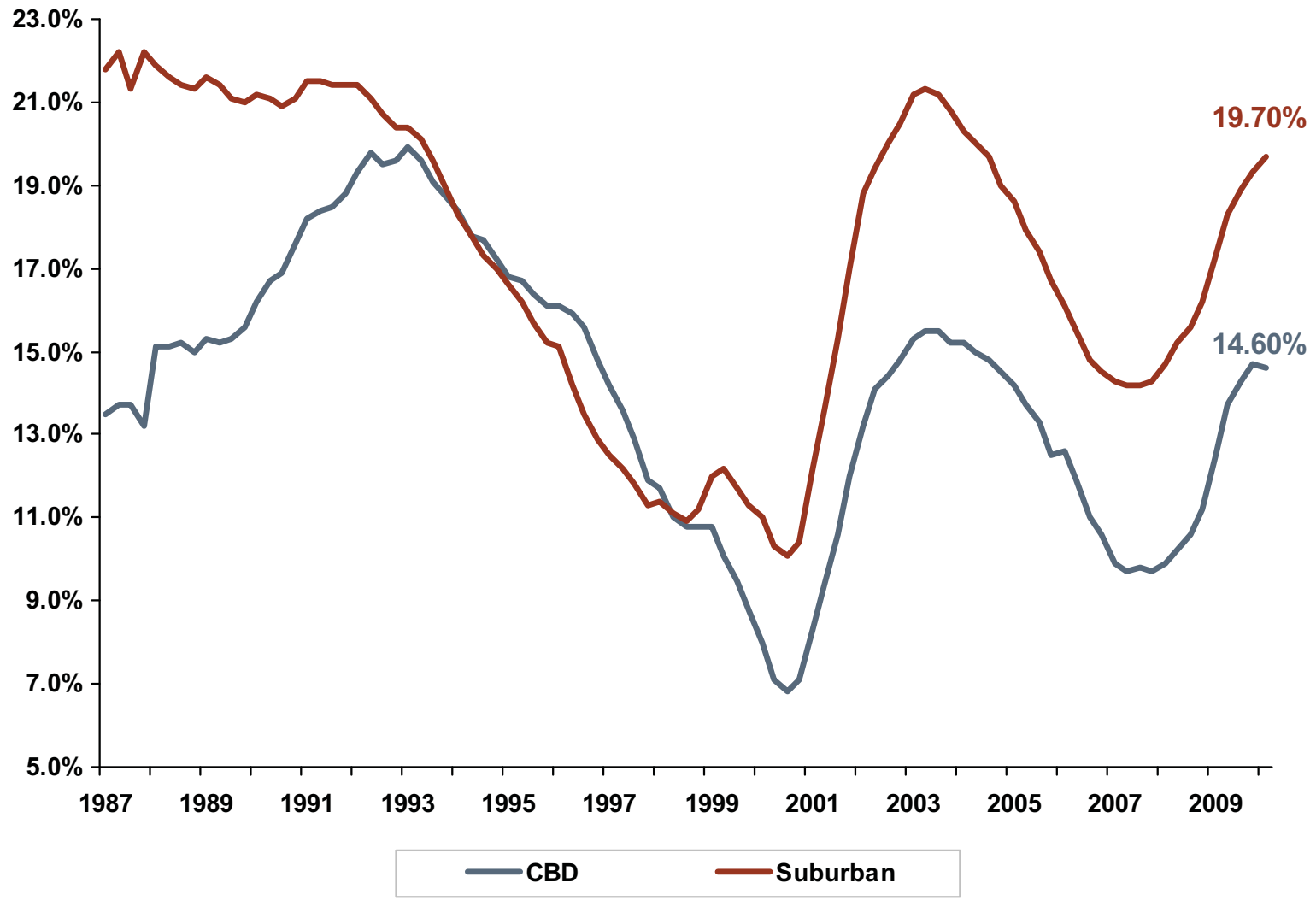


\* Based on only two Class A sales through 4Q09: 1540 Broadway and 825 Eight Avenue

\*\* Based on the only MT Class A closed sale: 299 Park Avenue

Source: Real Capital Analytics, Cushman & Wakefield Capital Markets Group

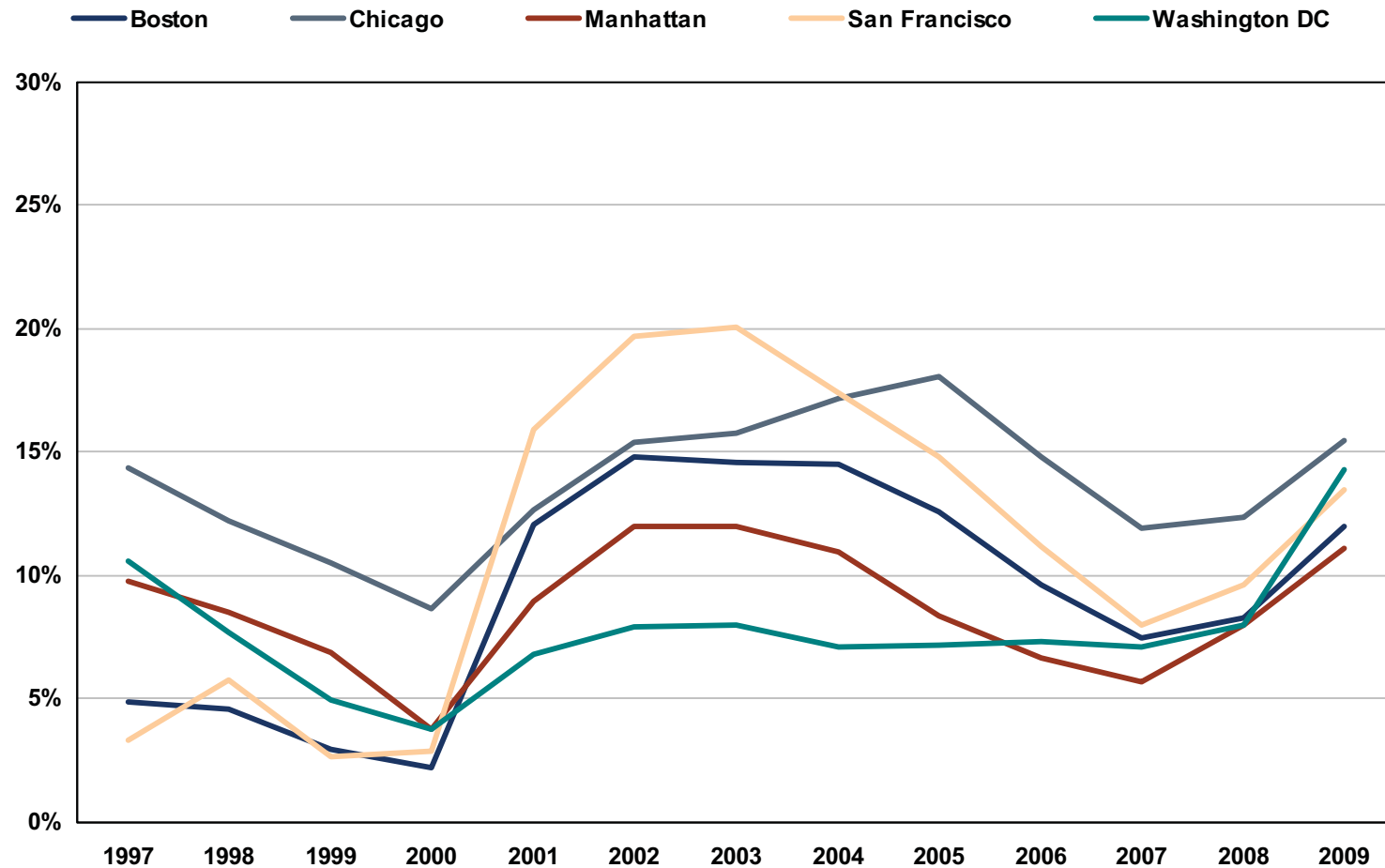
## NATIONAL CBD AND SUBURBAN VACANCY RATE



MARKET OVERVIEW – FIRST QUARTER 2010

## US TOP CBD OFFICE MARKETS

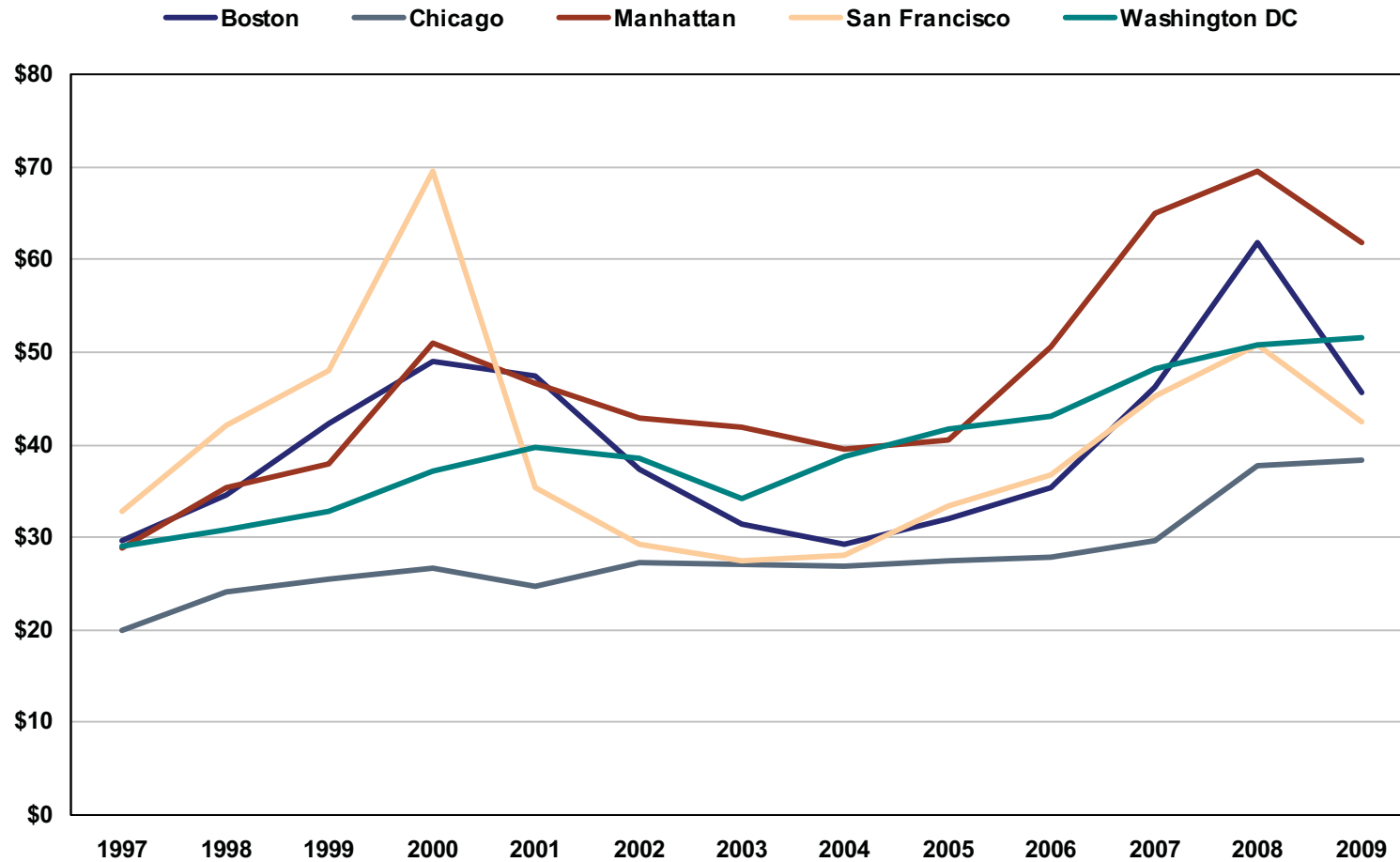
VACANCY RATES, 1997 - 2009



Source: Cushman &amp; Wakefield Research, Cushman &amp; Wakefield Capital Markets Group

## US TOP CBD OFFICE MARKETS

AVERAGE ASKING RENTS, 1997 - 2009



Source: Cushman &amp; Wakefield Research, Cushman &amp; Wakefield Capital Markets Group



**NEW YORK  
CAPITAL MARKETS GROUP**

## **ADDENDA: NY CAPITAL MARKETS**

## MANHATTAN INVESTMENT SALES SUMMARY

**Summary of Manhattan Sales Activity**  
 (Rounded to the nearest \$1 Million)  
 As of March 31, 2010

	Midtown	Midtown South	Downtown	Uptown	TOTAL
<b>Closed</b>	\$1,609,000,000	\$687,000,000	\$116,000,000	\$78,000,000	\$2,490,000,000
<b>Under Contract</b>	\$820,000,000	\$0	\$0	\$0	\$820,000,000
<b>Total</b>	<b>\$2,429,000,000</b>	<b>\$687,000,000</b>	<b>\$116,000,000</b>	<b>\$78,000,000</b>	<b>\$3,310,000,000</b>

**Note: Includes commercial transactions of \$10 million and higher closed and under contract.**

Source: Cushman & Wakefield Capital Markets Group

## MANHATTAN YEAR-TO-YEAR COMPARISON

**2010 Year-to-Date Closed Sales, as of March 31 (\$ Million)**

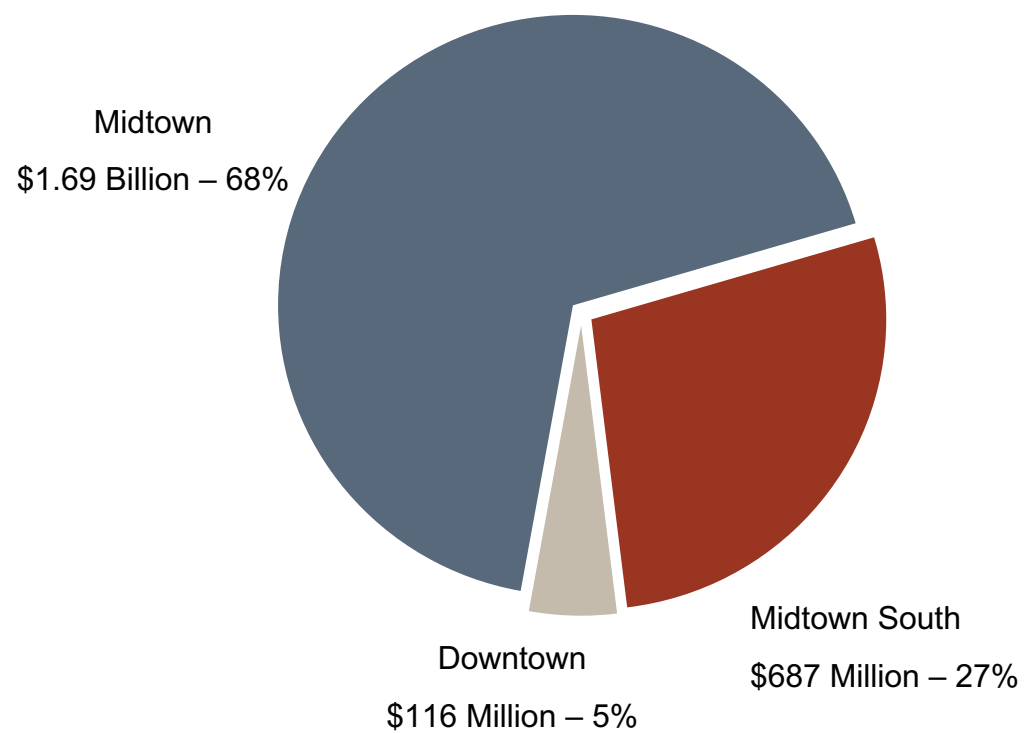
	Midtown	Midtown South	Downtown	TOTAL	% Change vs. '08
<b>Class A Office</b>	\$410	\$65	\$106	\$581	0.2%
<b>Other Office</b>	\$19	\$0	\$0	\$19	-77%
<b>Multifamily</b>	\$566	\$319	\$10	\$895	621%
<b>All Other</b>	\$692	\$302	\$0	\$994	265%
<b>TOTAL</b>	<b>\$1,687</b>	<b>\$686</b>	<b>\$116</b>	<b>\$2,489</b>	<b>135%</b>

**2009 Closed Sales, as of December 31 (\$ Million)**

	Midtown	Midtown South	Downtown	TOTAL
<b>Class A Office</b>	\$580	\$0	\$0	\$580
<b>Other Office</b>	\$0	\$82	\$0	\$82
<b>Multifamily</b>	\$124	\$0	\$0	\$124
<b>All Other</b>	\$245	\$28	\$0	\$272
<b>TOTAL</b>	<b>\$949</b>	<b>\$109</b>	<b>\$0</b>	<b>\$1,058</b>

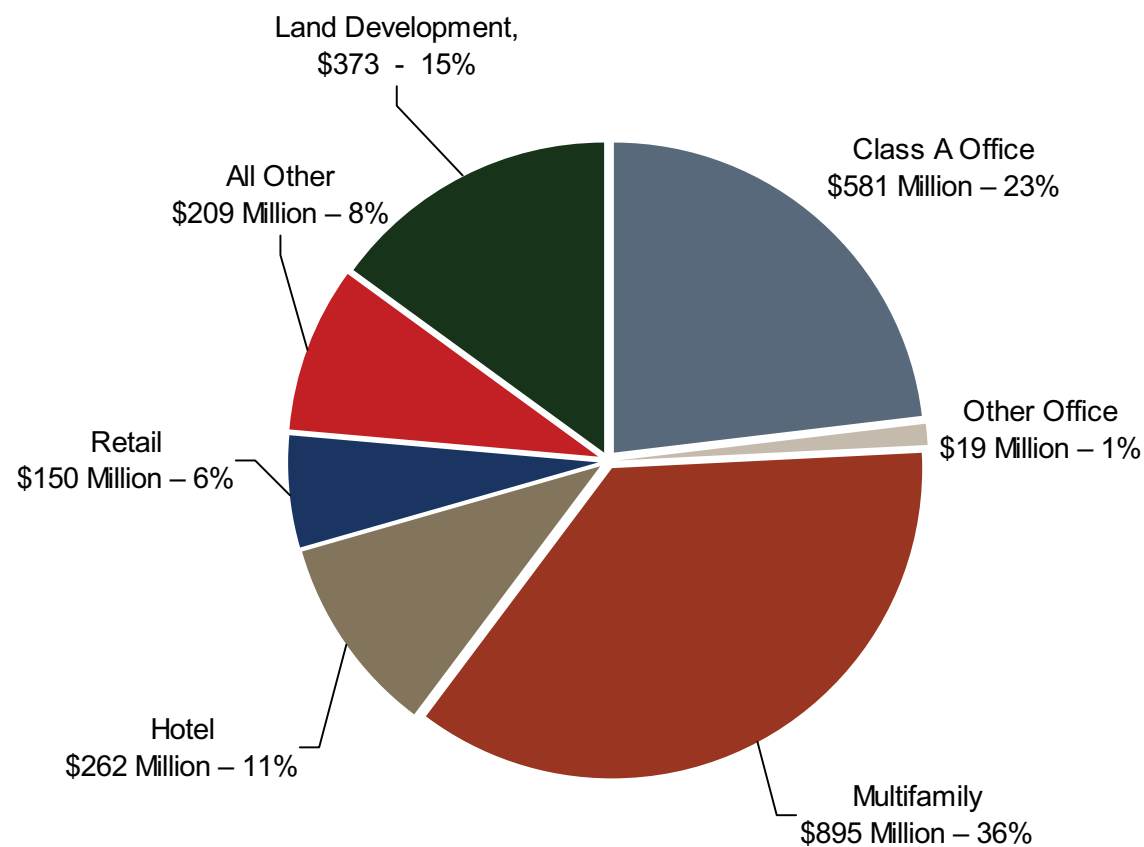
## MANHATTAN INVESTMENT SALES: BY MARKET

CLOSED AS OF MARCH 31, 2010 (\$2.5 BILLION)

*Source: Cushman & Wakefield Capital Markets Group*

## MANHATTAN INVESTMENT SALES: BY PRODUCT TYPE

CLOSED AS OF MARCH 31, 2010 (\$2.5 BILLION)

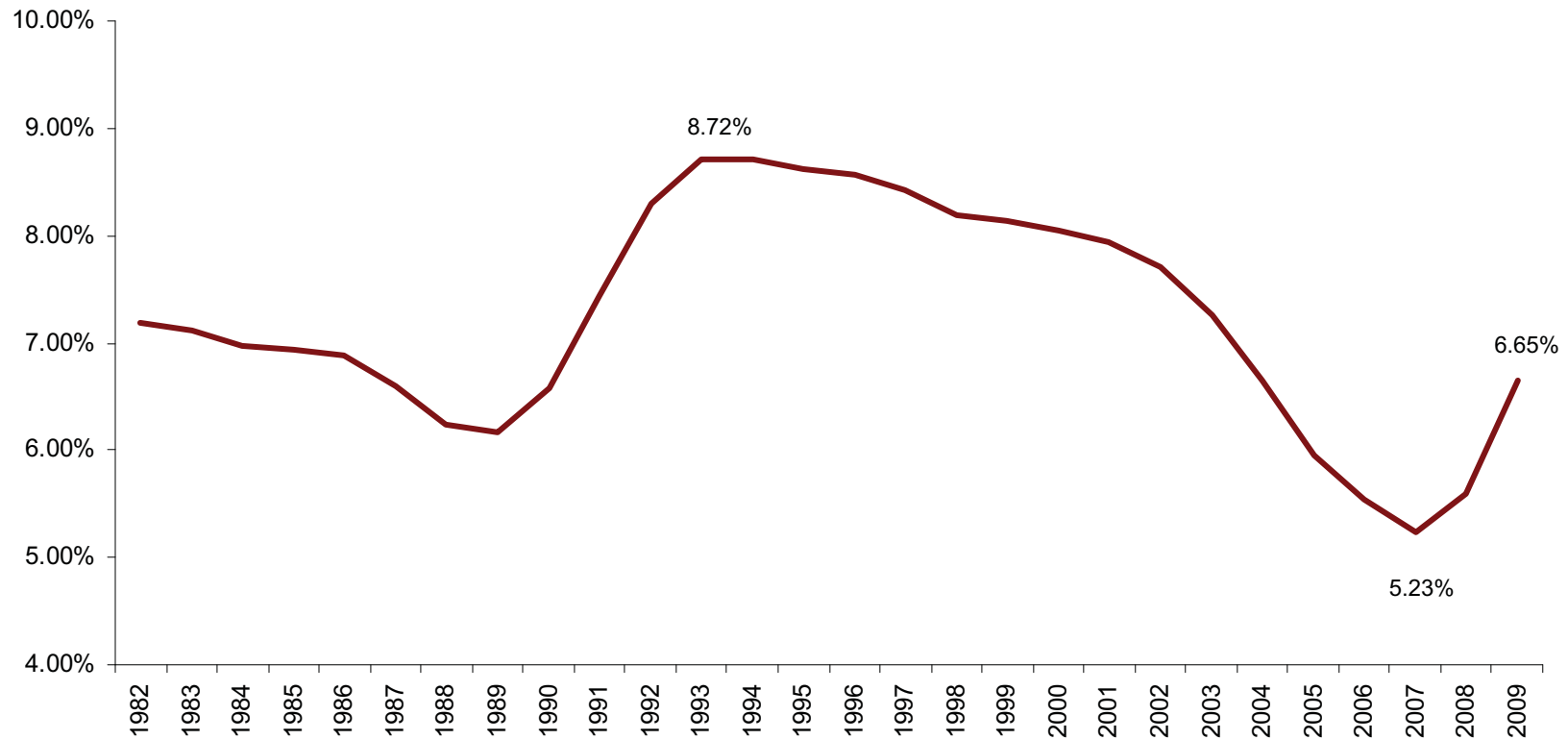


Source: Cushman &amp; Wakefield Capital Markets Group

# NY CAPITAL MARKETS

## HISTORIC OFFICE NYC CAP RATES - 1982 - 2009 (ALL CLASSES)

### Cap Rate



**2005-2007 Cap rate compression resulted in lowest cap rates in at least 30 years.**

Source: PPR



**NEW YORK  
CAPITAL MARKETS GROUP**

## **ADDENDA: NY OFFICE LEASING**

## MANHATTAN OFFICE MARKET

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## MANHATTAN LEASING FUNDAMENTALS 4Q09 vs. 1Q10

LEASING FUNDAMENTALS	Manhattan			MT			MTS			DT		
	1Q10	%Change		1Q10	%Change		1Q10	%Change		1Q10	%Change	
Vacancy	11.6%	5%	↑	12.6%	5%	↑	9.9%	-1%	↓	10.0%	4%	↑
Overall Asking Rents	\$55.38	0%	—	\$61.93	0%	—	\$46.32	-2%	↓	\$38.95	-3%	↓
Class A Asking Rents	\$61.67	0%	—	\$65.54	0%	—	\$48.35	1%	↑	\$41.46	-5%	↓
Leasing Activity (SF)*	5,667,845	84%	↑	3,989,460	117%	↑	923,906	190%	↑	754,479	-18%	↓

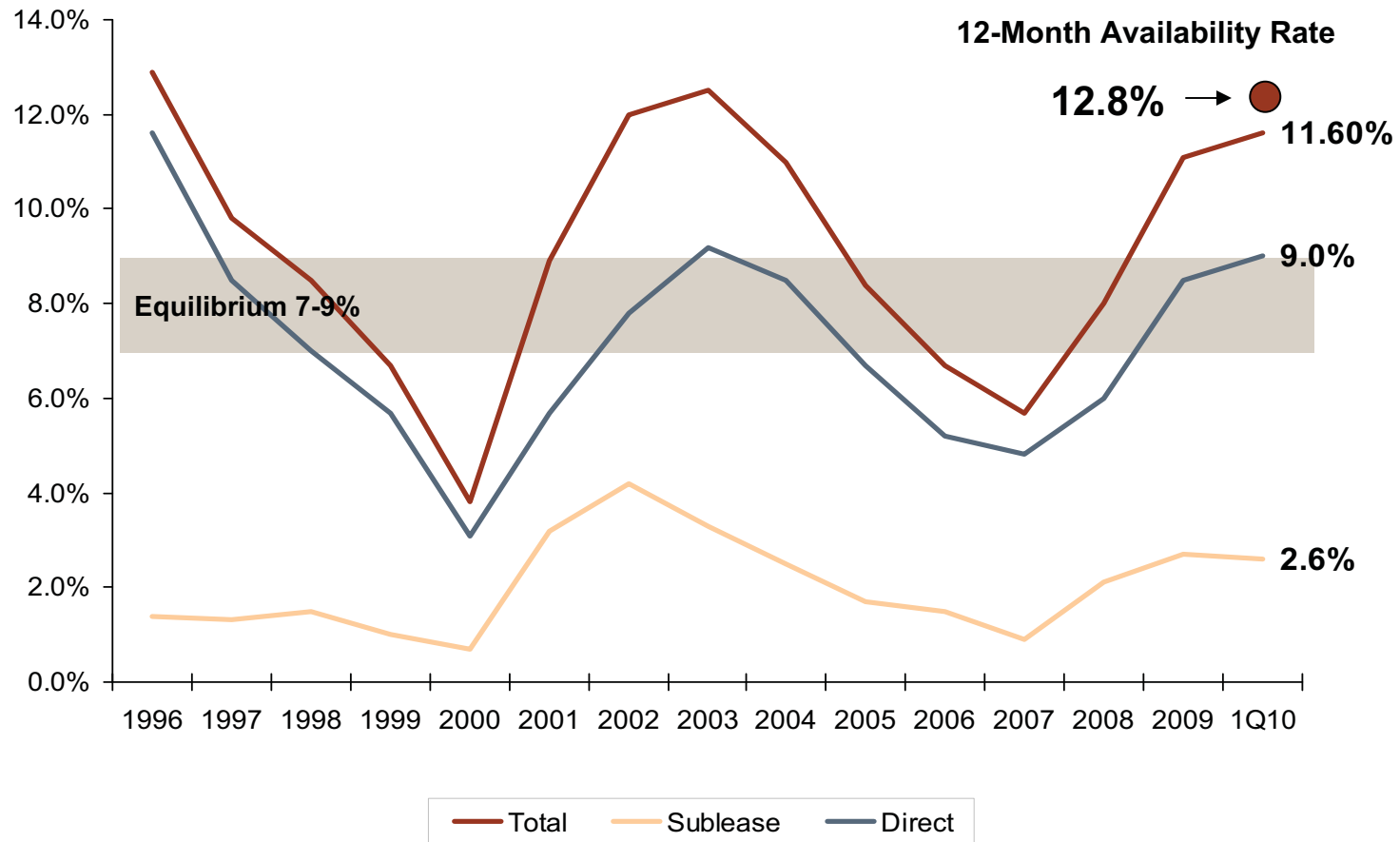
\* Leasing activity only reflects new leases (i.e. not renewals).

\* Leasing activity compares 1Q10 vs. 1Q09 due to the cyclical nature of leasing over a year.

Source: Cushman & Wakefield Research

## MANHATTAN OFFICE MARKET (392,251,854 SF)

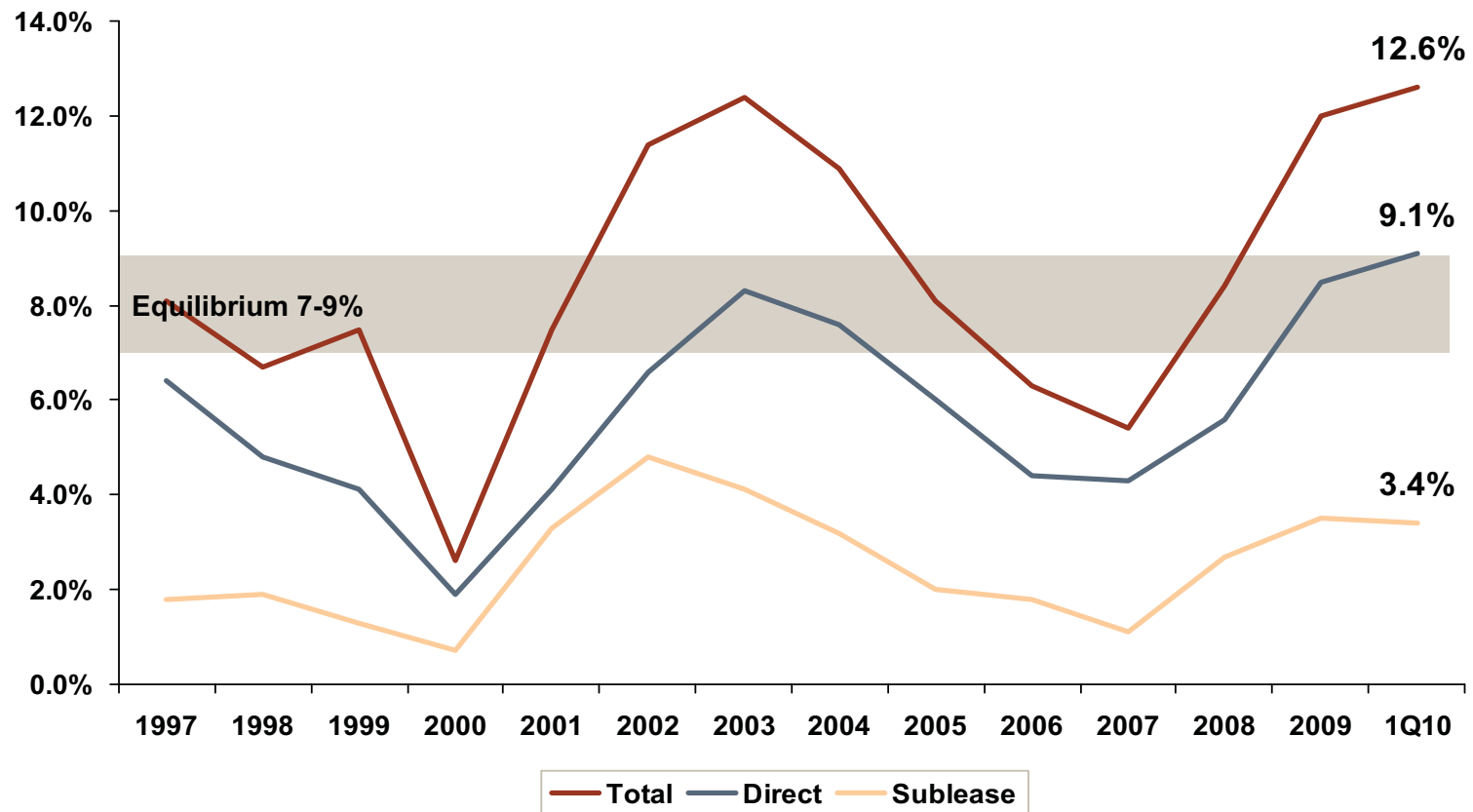
## OVERALL VACANCY RATES



Source: Cushman &amp; Wakefield Research

## MANHATTAN OFFICE MARKET

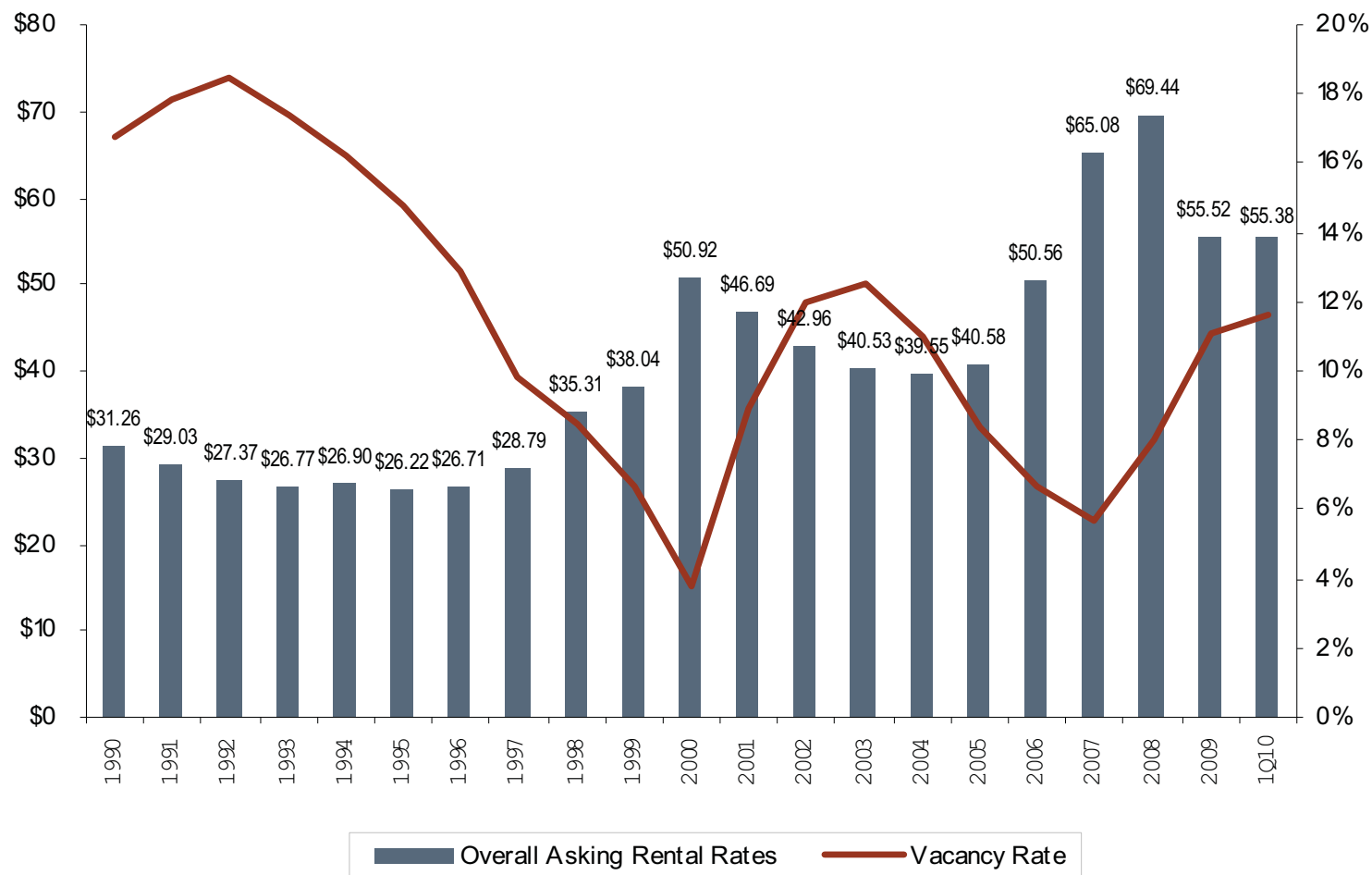
## CLASS A VACANCY RATES



Source: Cushman & Wakefield Research

## MANHATTAN OFFICE MARKET

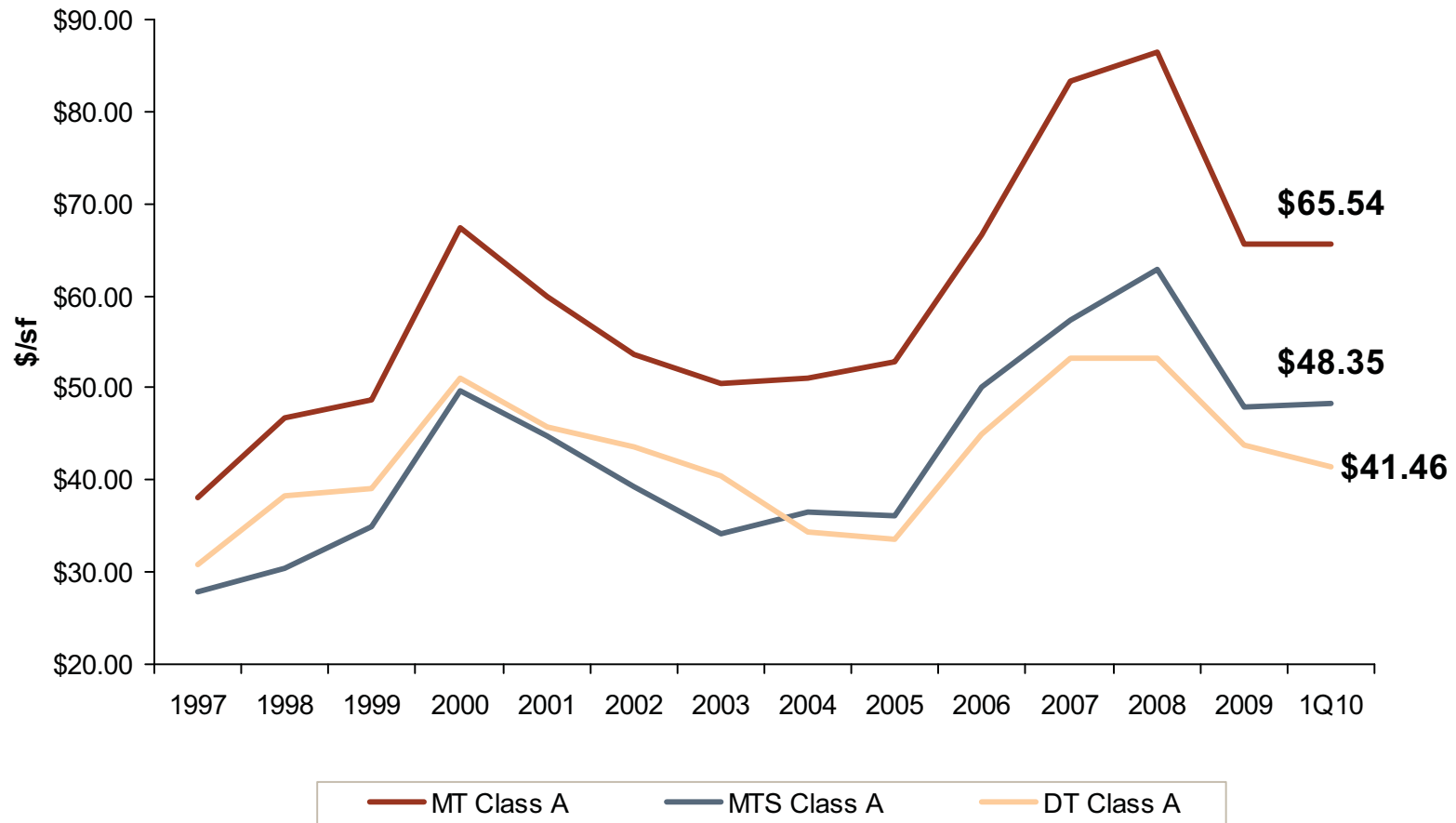
## OVERALL RENTAL RATES VS. OVERALL VACANCY RATES



Source: Cushman &amp; Wakefield Research

## MANHATTAN OFFICE MARKET

## CLASS A AVERAGE ASKING RENTAL RATES

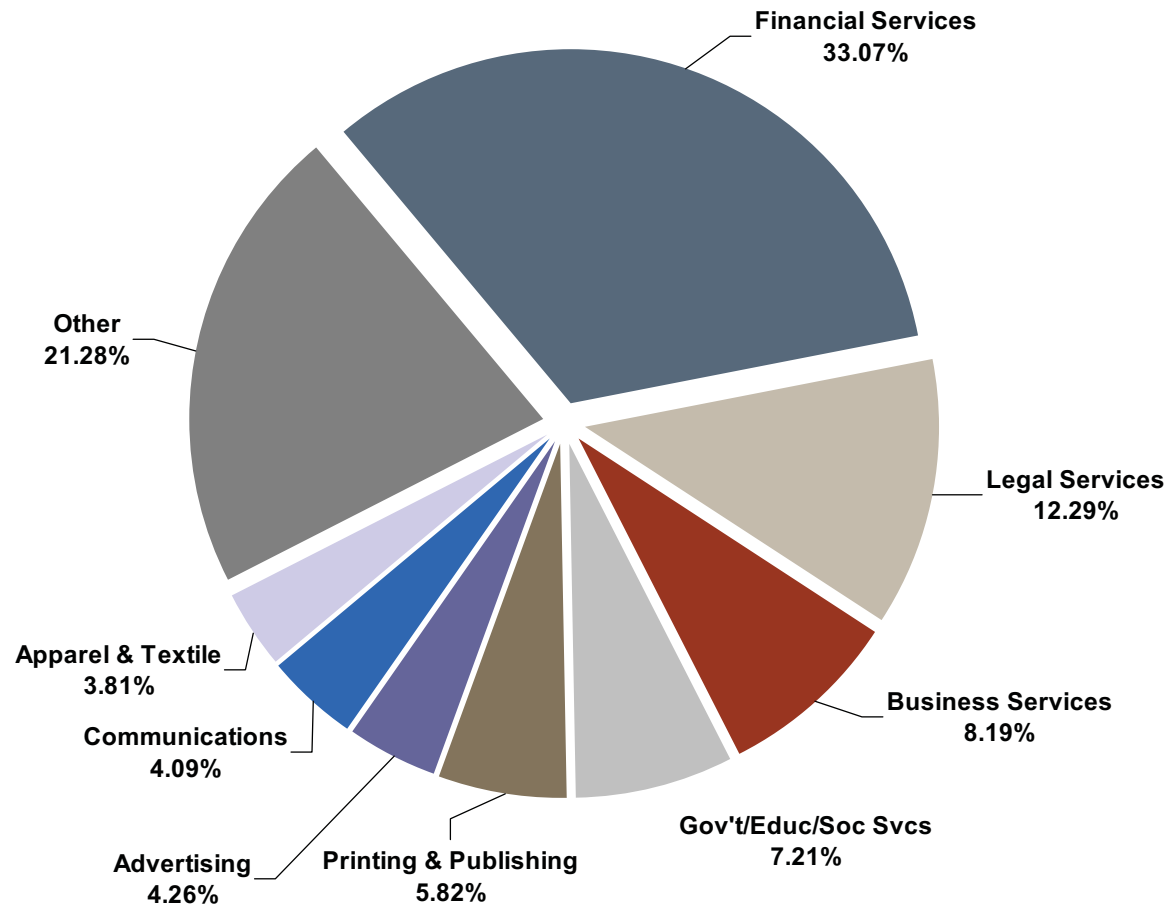


Source: Cushman & Wakefield Research

## MANHATTAN OFFICE MARKET

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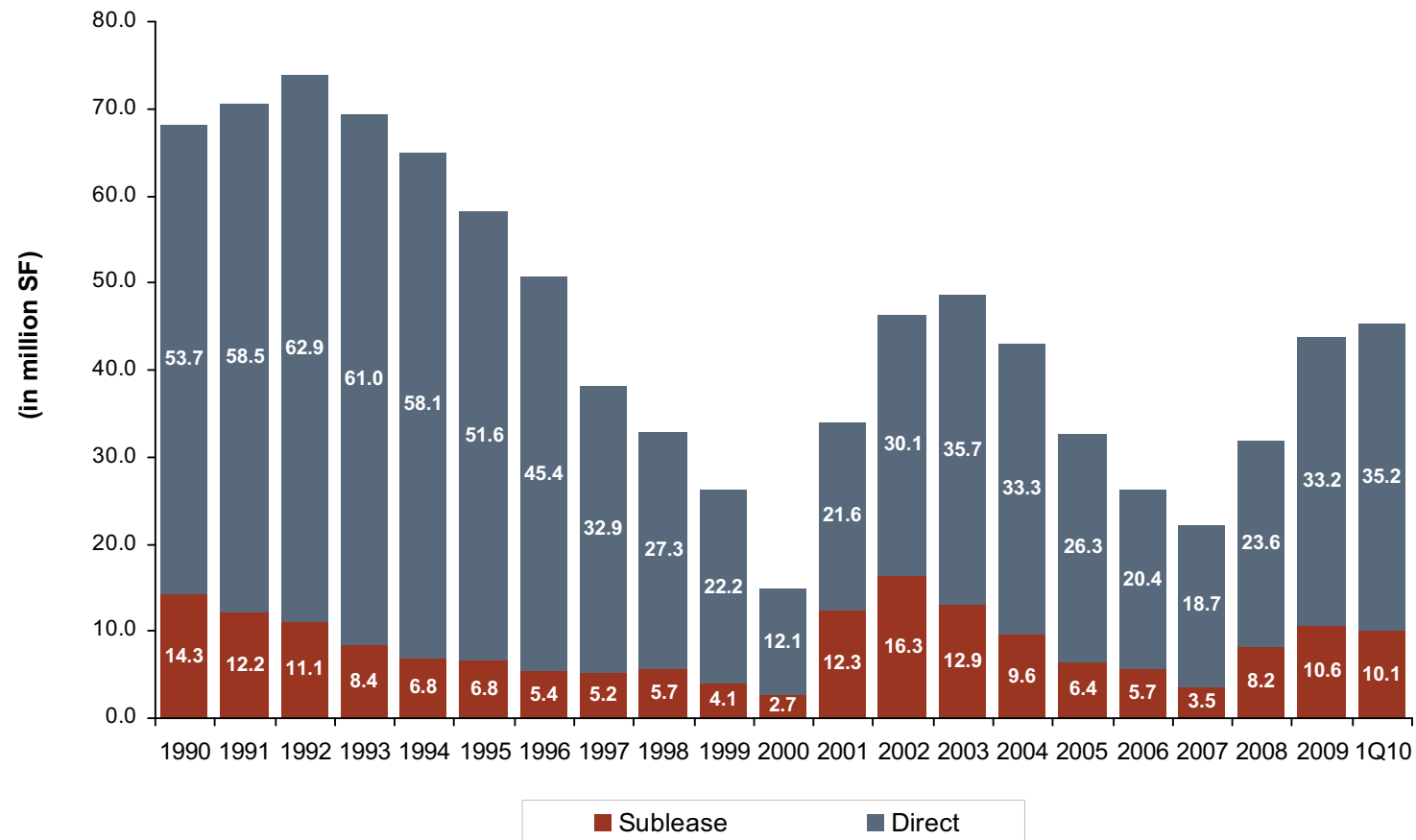
## TENANT INDUSTRY BREAKDOWN – BY % OF SF OCCUPIED, 1Q10



Source: Cushman & Wakefield Research

## MANHATTAN OFFICE MARKET

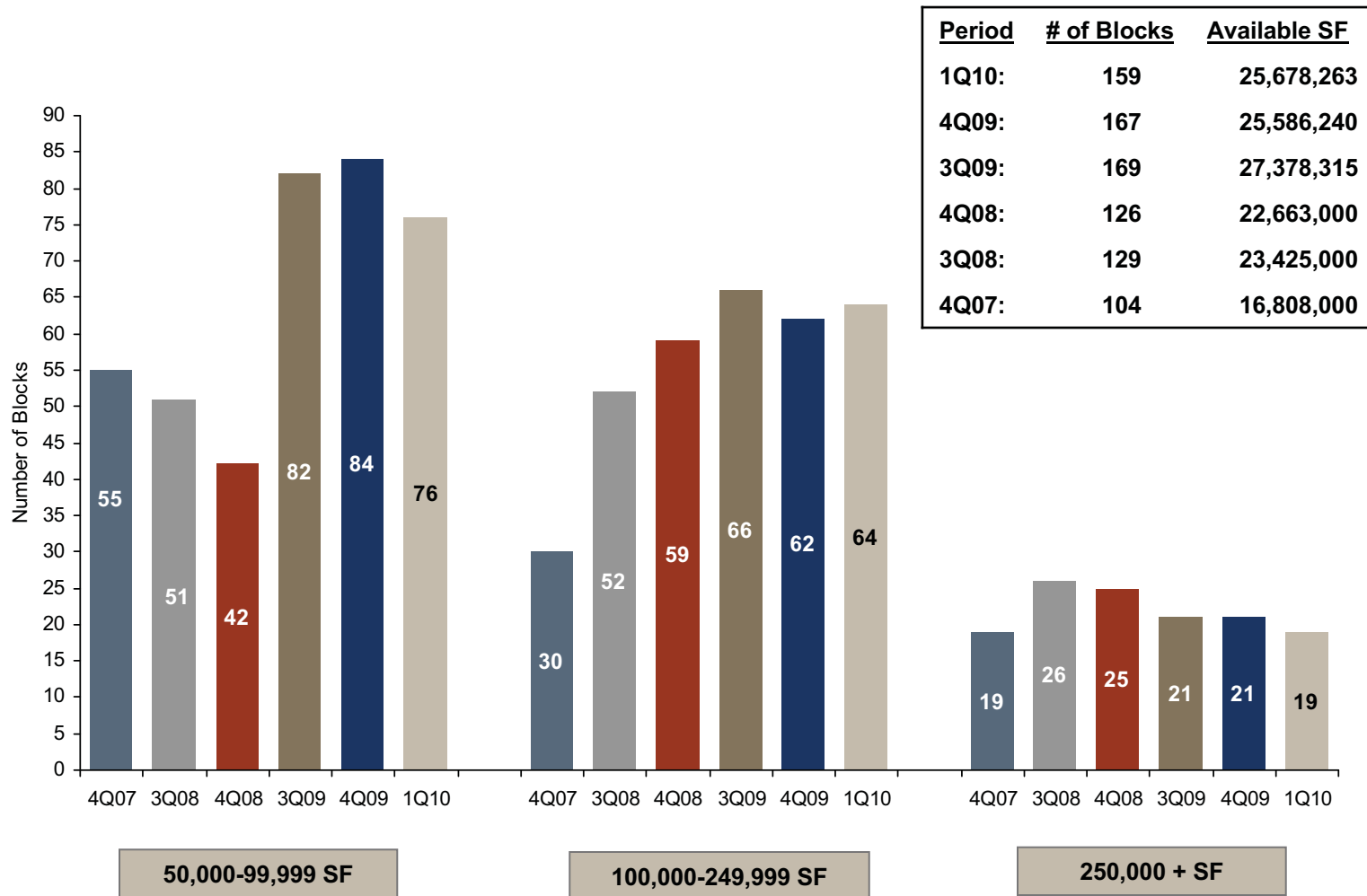
## TOTAL AVAILABLE SF – DIRECT VS SUBLEASE

**Total Available Area**

Source: Cushman &amp; Wakefield Research

# MANHATTAN OFFICE MARKET

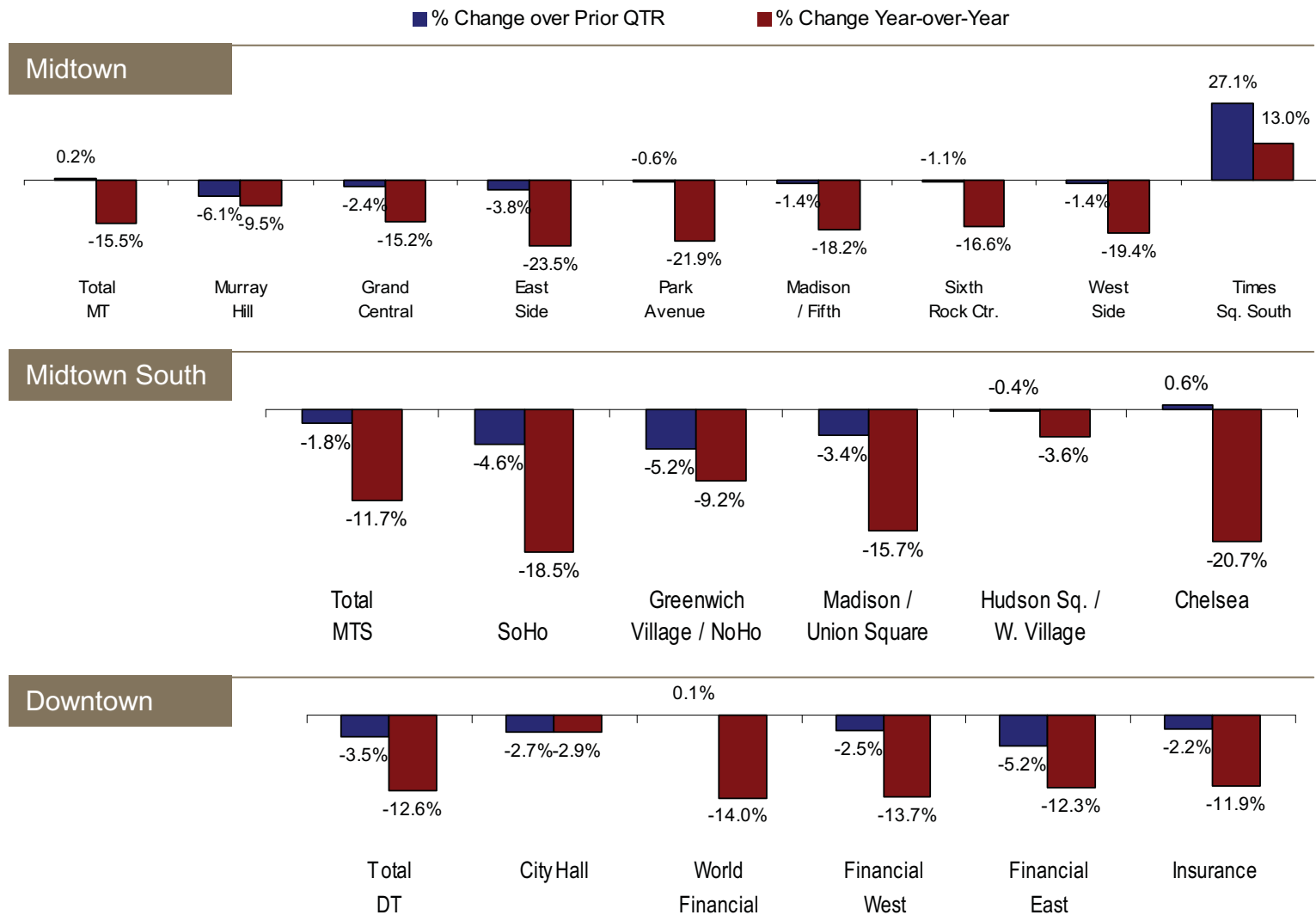
## SIZE DISTRIBUTION OF AVAILABLE SPACE (CONTIGUOUS BLOCKS)



Source: Cushman & Wakefield Research

# NY OFFICE LEASING MARKET

## AVERAGE ASKING RENT BY SUBMARKET

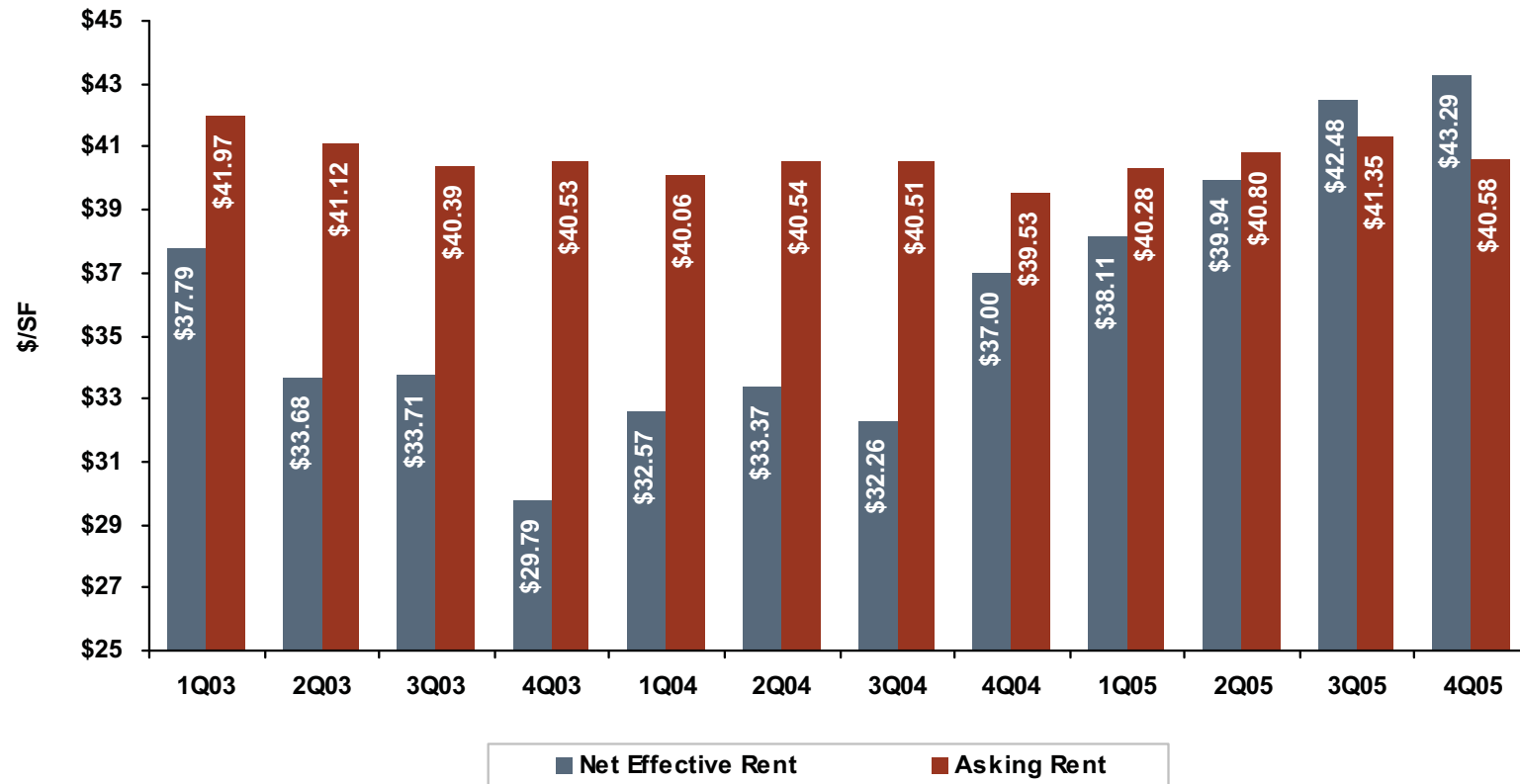


Source: Cushman & Wakefield Research

# NY OFFICE LEASING MARKET

## 2003-2005 RECOVERY | ASKING VS. NET EFFECTIVE RENTS

### MANHATTAN OVERALL RENTS

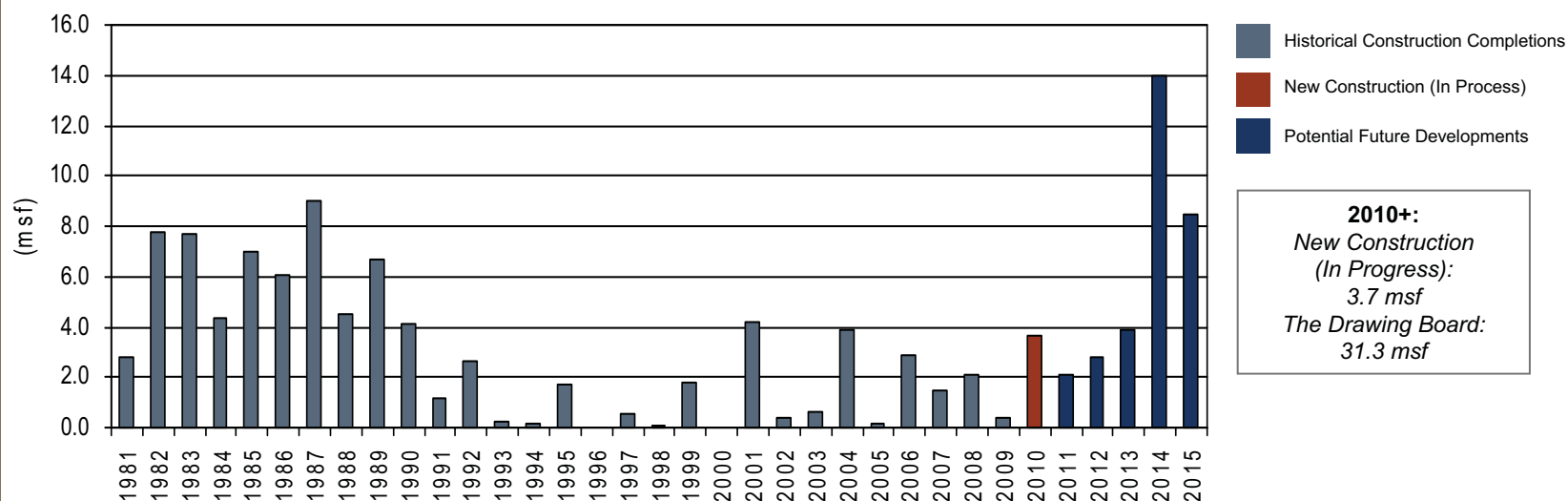


**In 2003-2005 recovery, asking rents remained stagnant while net effective rents grew significantly as concessions declined. Rent spikes followed.**

Source: Cushman & Wakefield Research

## MANHATTAN OFFICE CONSTRUCTION

## ADDED ANNUAL INVENTORY

**NEW CONSTRUCTION (In Progress)****11 Times Square**

SJP Properties 1,100,000 MT

**450 West 14th Street/HighLine Bldg.**  
**855 Avenue of the Americas**  
**360 Tenth Avenue**

Charles Blaichman 88,300 MTS  
 Cherit Group 355,279 MT  
 Extell Development 140,000 MT  
 Goldman Sachs/  
 Madison Equities 2,000,000 DT

**POTENTIAL FUTURE DEVELOPMENTS**

**51 Astor Place/Cooper Union Tech  
 School**

Minskoff Properties 325,000 MTS

**Extell Diamond Tower/West 47th Street**

Extell Development 800,000 MT

**250 West 55th Street/920 Eighth Ave.**Boston Properties/  
Madison Equities 1,000,000 MT**8th Avenue & 46th Street**Boston Properties/  
The Related Companies 1,000,000 MT**World Trade Center: Tower 4**

Silverstein Properties 1,800,000 DT

**POTENTIAL FUTURE DEVELOPMENTS (cont'd):****World Trade Center: Tower 1** Port Authority of NY & NJ 2,600,000 DT

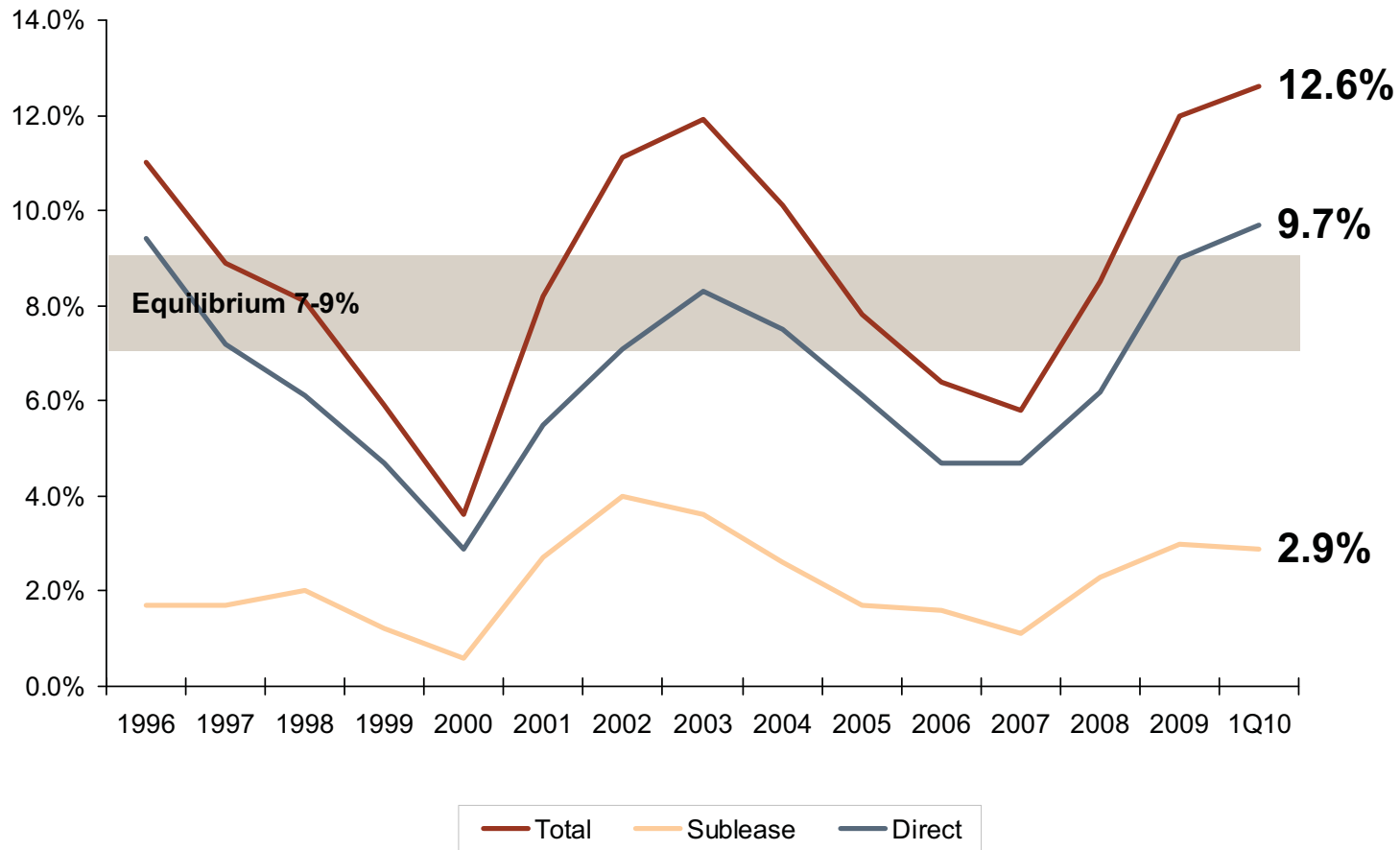
**20 Times Square/641 Eighth  
 Ave.** Lawrence Ruben Company/  
 Vornado Realty Trust 1,300,000 MT

**World Trade Center: Tower 5** Port Authority of NY & NJ 2,000,000 DT  
**4 Hudson Square** Trinity Real Estate 1,310,000 MTS

**Brookfield Site: South Tower** Brookfield Properties 3,400,000 MT**Brookfield Site: North Tower** Brookfield Properties 2,300,000 MT**Hotel Pennsylvania** Vornado Realty Trust 3,000,000 MT**One Penn East** Vornado Realty Trust 2,000,000 MT**World Trade Center: Tower 3** Silverstein Properties 2,100,000 DT**World Trade Center: Tower 2** Silverstein Properties 2,300,000 DT**Madison Square Garden/  
Moynihan Station** Vornado Realty Trust/  
Related Companies 3,000,000 MT**708 1st Avenue** Sheldon Solow 1,100,000 MT

## MIDTOWN OFFICE MARKET (241,414,890 SF)

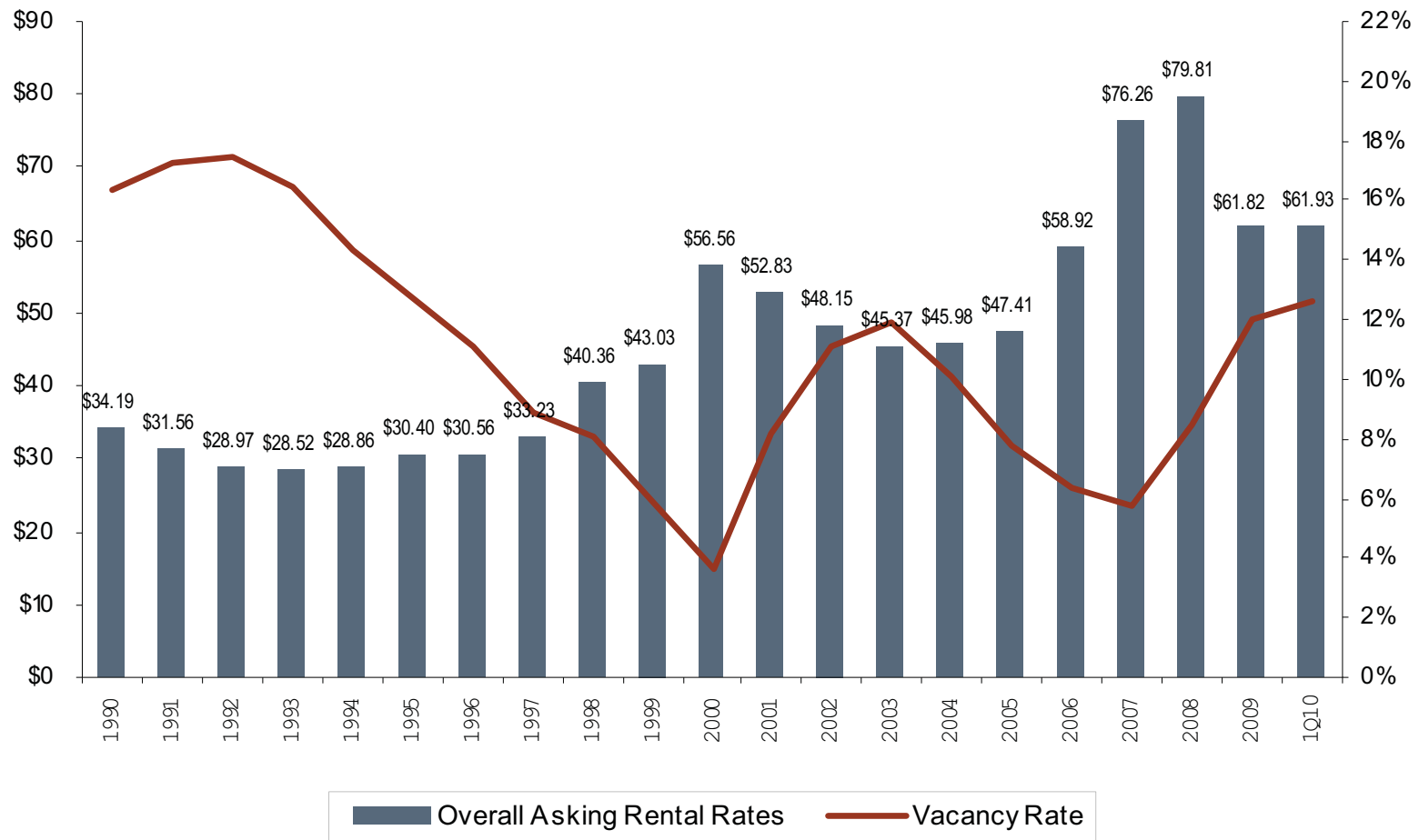
## OVERALL VACANCY RATES



Source: Cushman & Wakefield Research

## MIDTOWN OFFICE MARKET

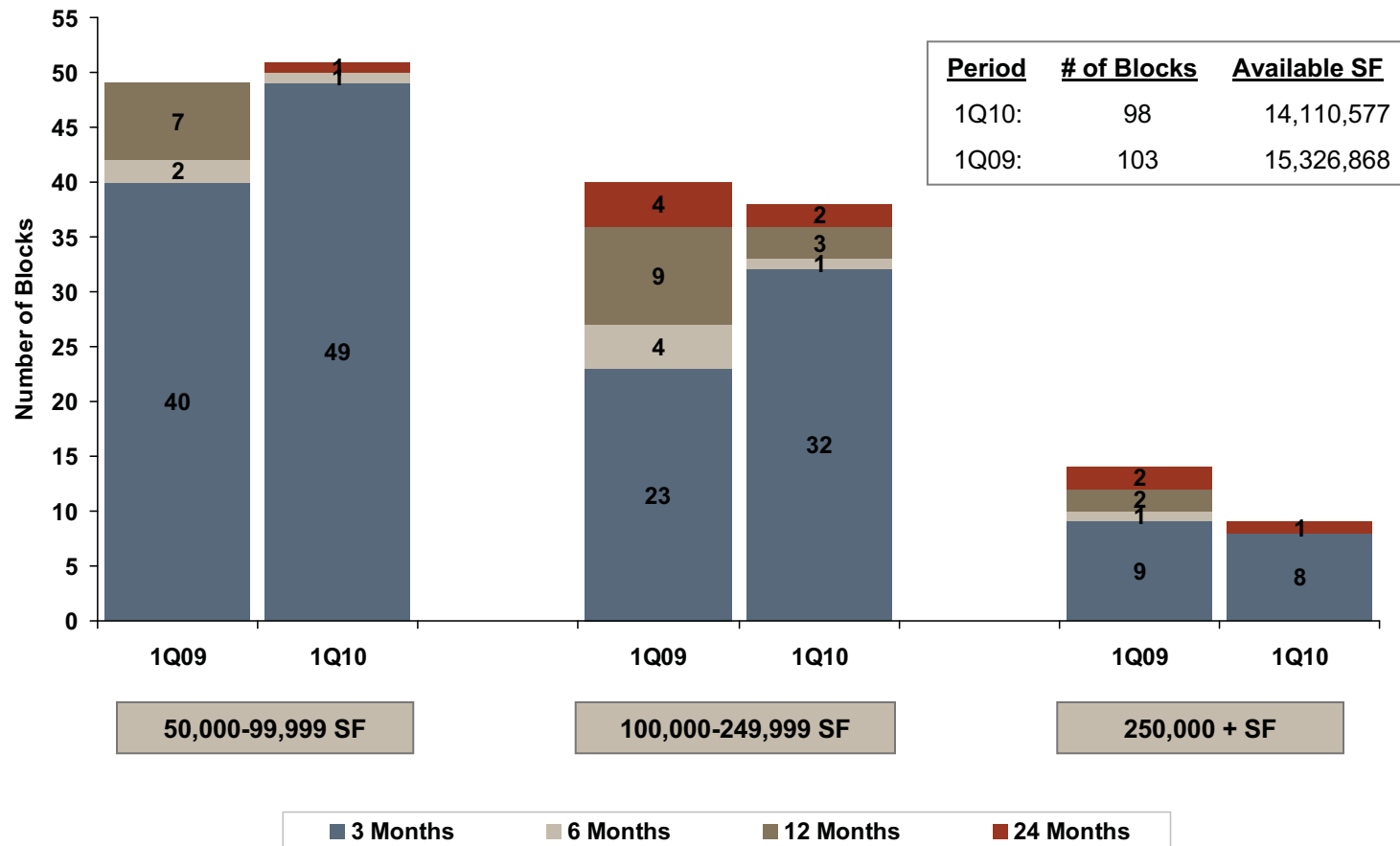
## HISTORICAL RENTAL RATES VS. OVERALL VACANCY RATES



Source: Cushman &amp; Wakefield Research

## MIDTOWN OFFICE MARKET

## SIZE DISTRIBUTION OF AVAILABLE SPACE (CONTIGUOUS BLOCKS)



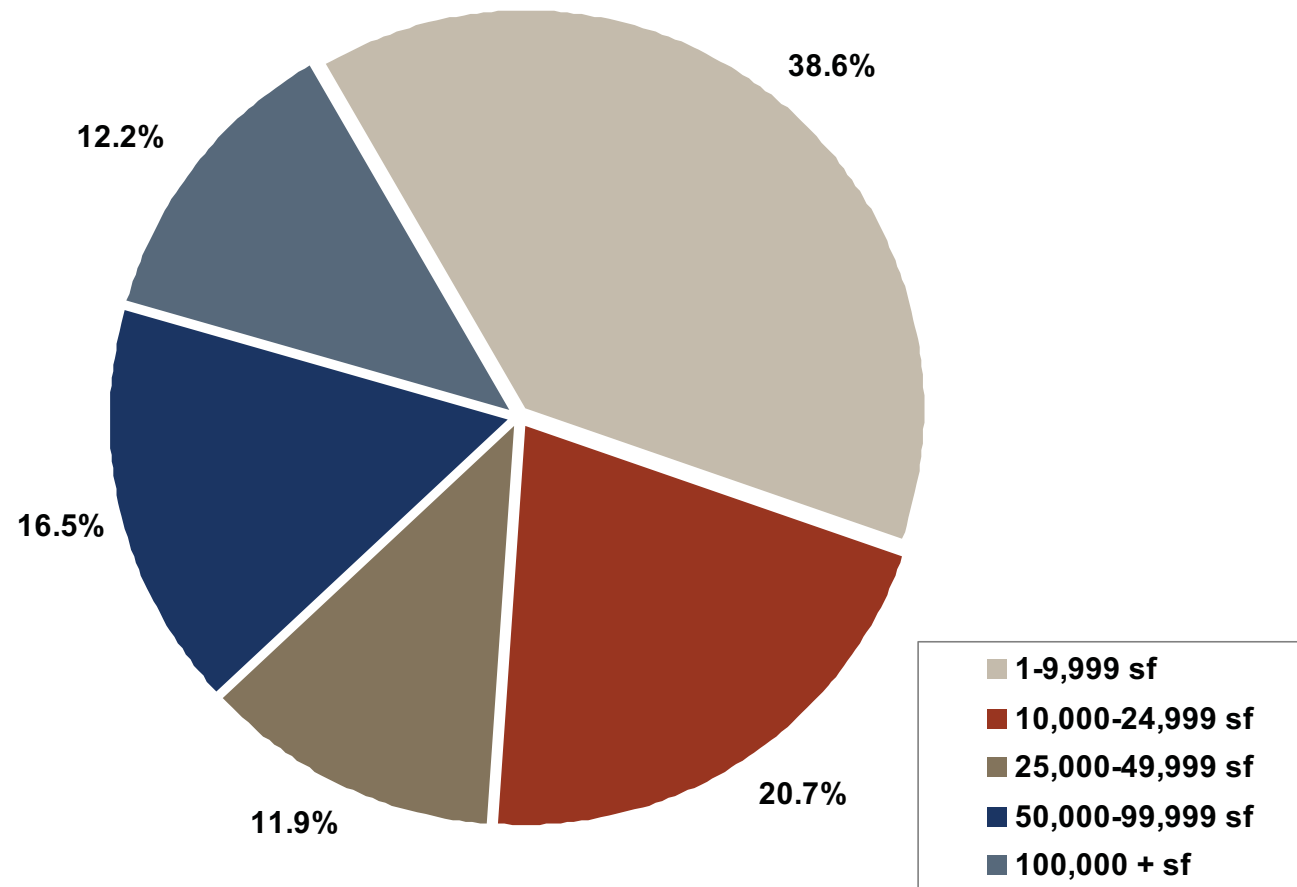
Total available space increased 20.2% year over year.

Source: Cushman & Wakefield Research

## MIDTOWN OFFICE MARKET

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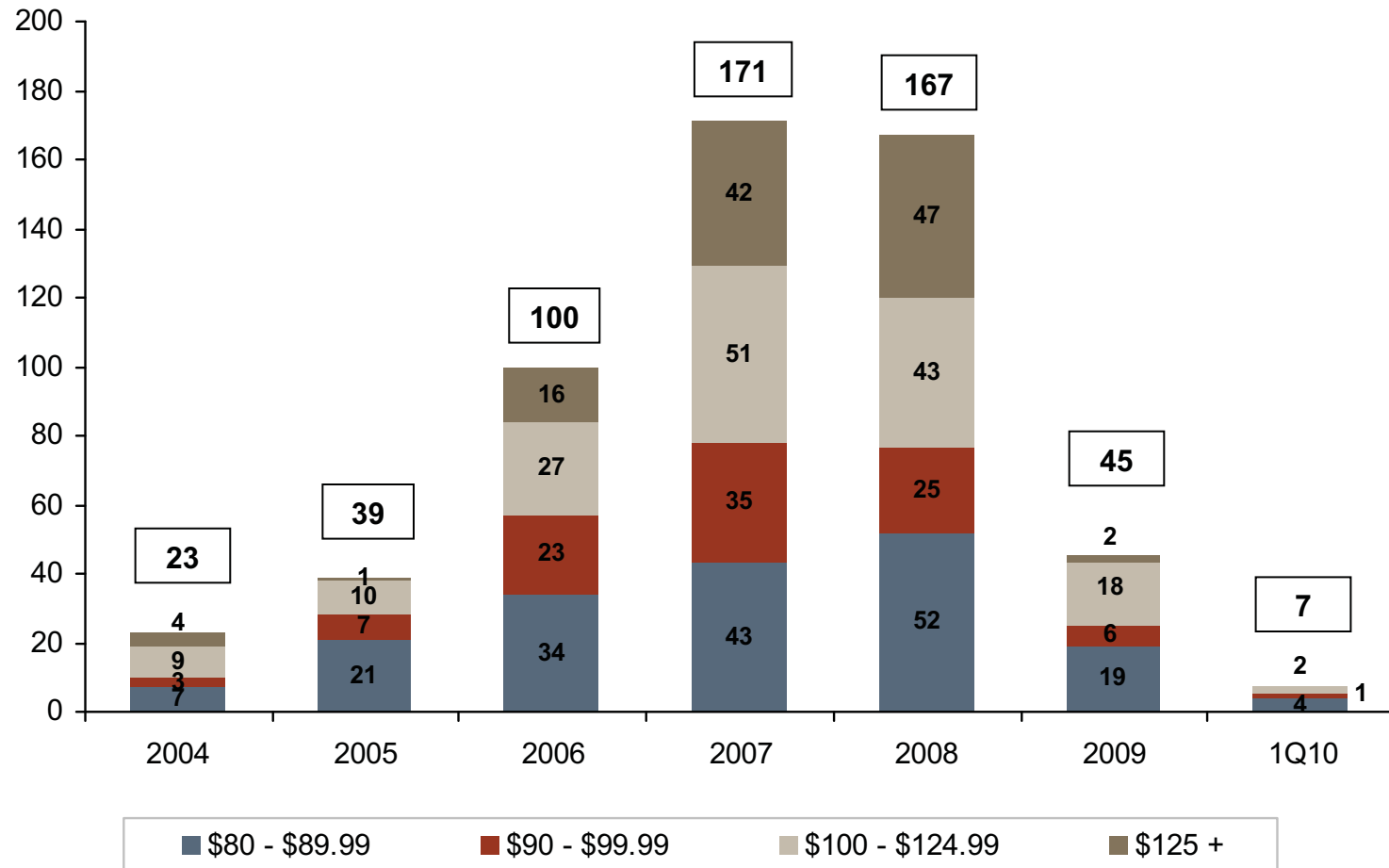
## LEASING ACTIVITY BY BLOCK SIZE, TOTAL SF LEASED – 1Q10



Source: Cushman & Wakefield Research

## MIDTOWN OFFICE MARKET

TAKING RENTS OF \$80 AND ABOVE (NUMBER OF DEALS)



Source: Cushman &amp; Wakefield Research

# MIDTOWN OFFICE MARKET

## TAKING RENTS OF \$80 AND ABOVE

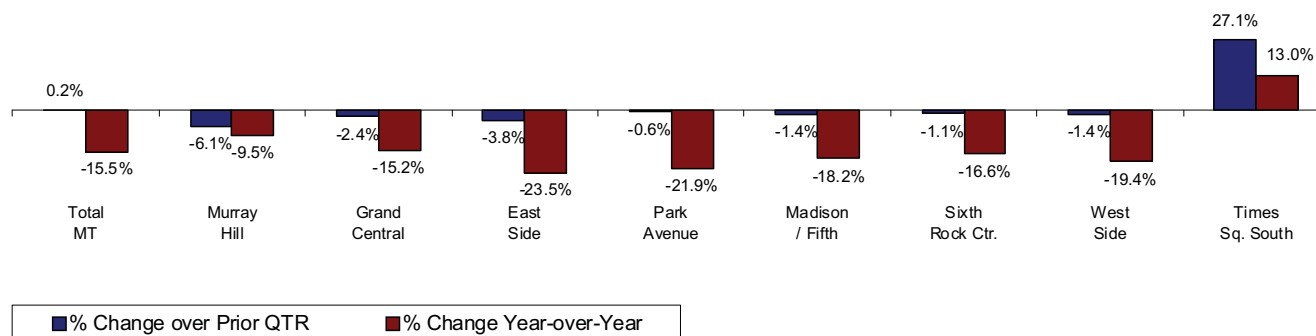
2005			2006			2007			2008			2009			1Q10		
# of Deals	Total SF	Avg. SF	# of Deals	Total SF	Avg. SF	# of Deals	Total SF	Avg. SF	# of Deals	Total SF	Avg. SF	# of Deals	Total SF	Avg. SF	# of Deals	Total SF	Avg. SF
1	2,500	2,500	16	633,784	39,612	42	810,939	19,308	47	866,129	18,428	2	33,298	16,649	0	0	0
10	135,132	13,513	27	729,918	27,034	51	1,864,720	36,563	43	1,701,187	39,562	18	181,925	10,107	2	15,079	7,540
7	162,104	23,158	23	684,491	29,760	35	1,025,601	29,303	25	442,848	17,714	6	183,943	30,657	1	17,519	17,519
21	329,429	15,687	34	1,655,633	48,695	43	2,151,873	50,044	52	1,507,959	28,999	19	614,253	32,329	4	141,060	35,265
39	629,165	16,132	100	3,703,826	37,038	171	5,853,133	34,229	167	4,518,123	27,055	45	1,013,419	22,520	7	173,658	60,324
\$80 - \$89.99			\$90 - \$99.99			\$100 - \$124.99			\$125 +			TOTALS					

Source: Cushman & Wakefield Research

## MIDTOWN OFFICE MARKET

## AVERAGE ASKING RENT BY SUBMARKET

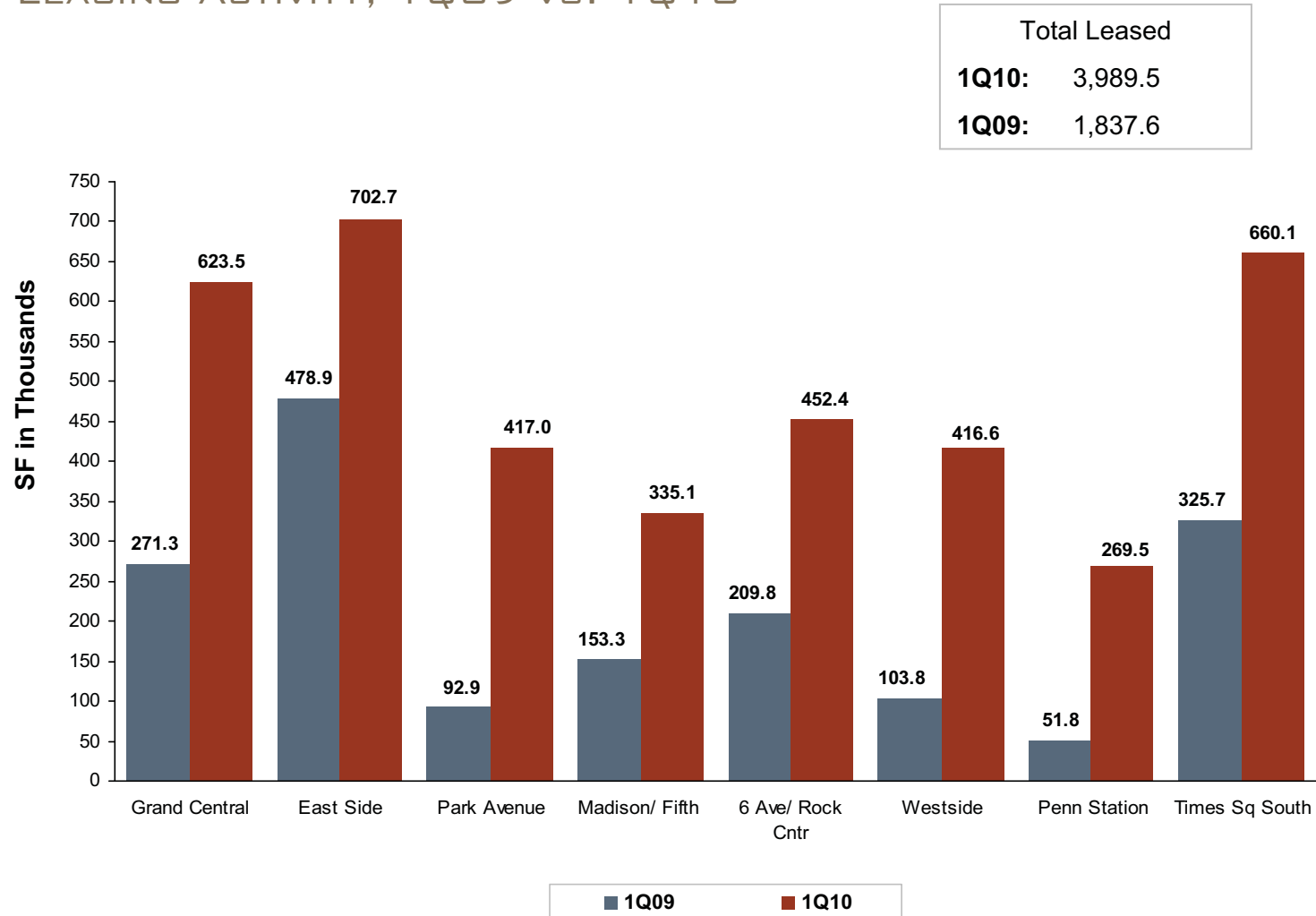
	Total MT	Murray Hill	Grand Central	East Side	Park Avenue	Madison / Fifth	Sixth Rock Ctr.	West Side	Times Sq. South
1st QTR 2010	\$61.93	\$46.58	\$55.96	\$57.08	\$69.68	\$86.38	\$67.00	\$57.49	\$54.87
4th QTR 2009	\$61.82	\$49.59	\$57.31	\$59.34	\$70.11	\$87.61	\$67.72	\$58.33	\$43.16
1st QTR 2009	\$73.31	\$51.47	\$65.96	\$74.64	\$89.18	\$105.58	\$80.33	\$71.30	\$48.57
\$ Change over Prior QTR	\$0.11	(\$3.01)	(\$1.35)	(\$2.26)	(\$0.43)	(\$1.23)	(\$0.72)	(\$0.84)	\$11.71
\$ Change Year-over-Year	(\$11.38)	(\$4.89)	(\$10.00)	(\$17.56)	(\$19.50)	(\$19.20)	(\$13.33)	(\$13.81)	\$6.30



Source: Cushman &amp; Wakefield Research

## MIDTOWN OFFICE MARKET

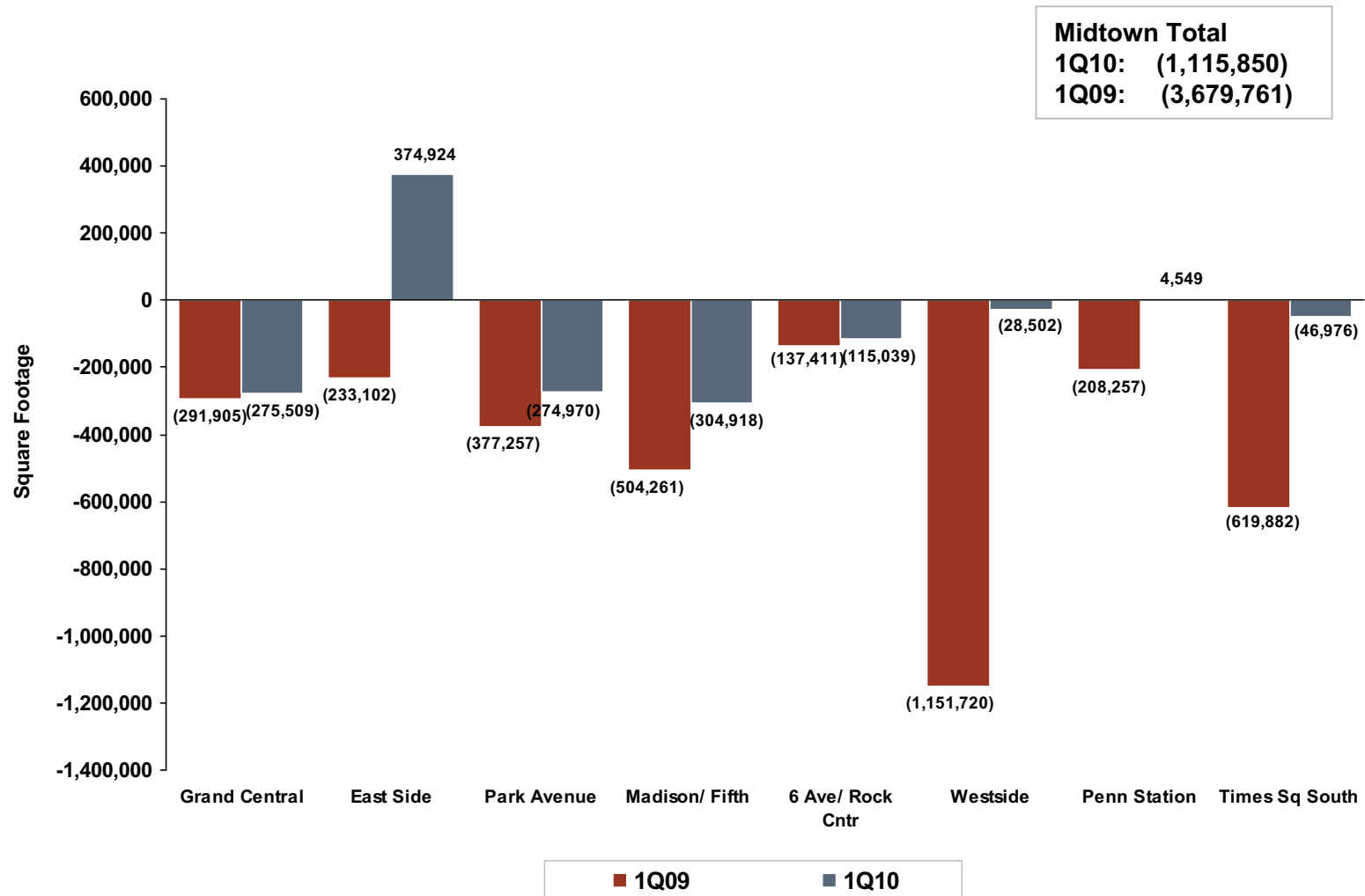
## LEASING ACTIVITY, 1Q09 vs. 1Q10



Source: Cushman &amp; Wakefield Research

## MIDTOWN OFFICE MARKET

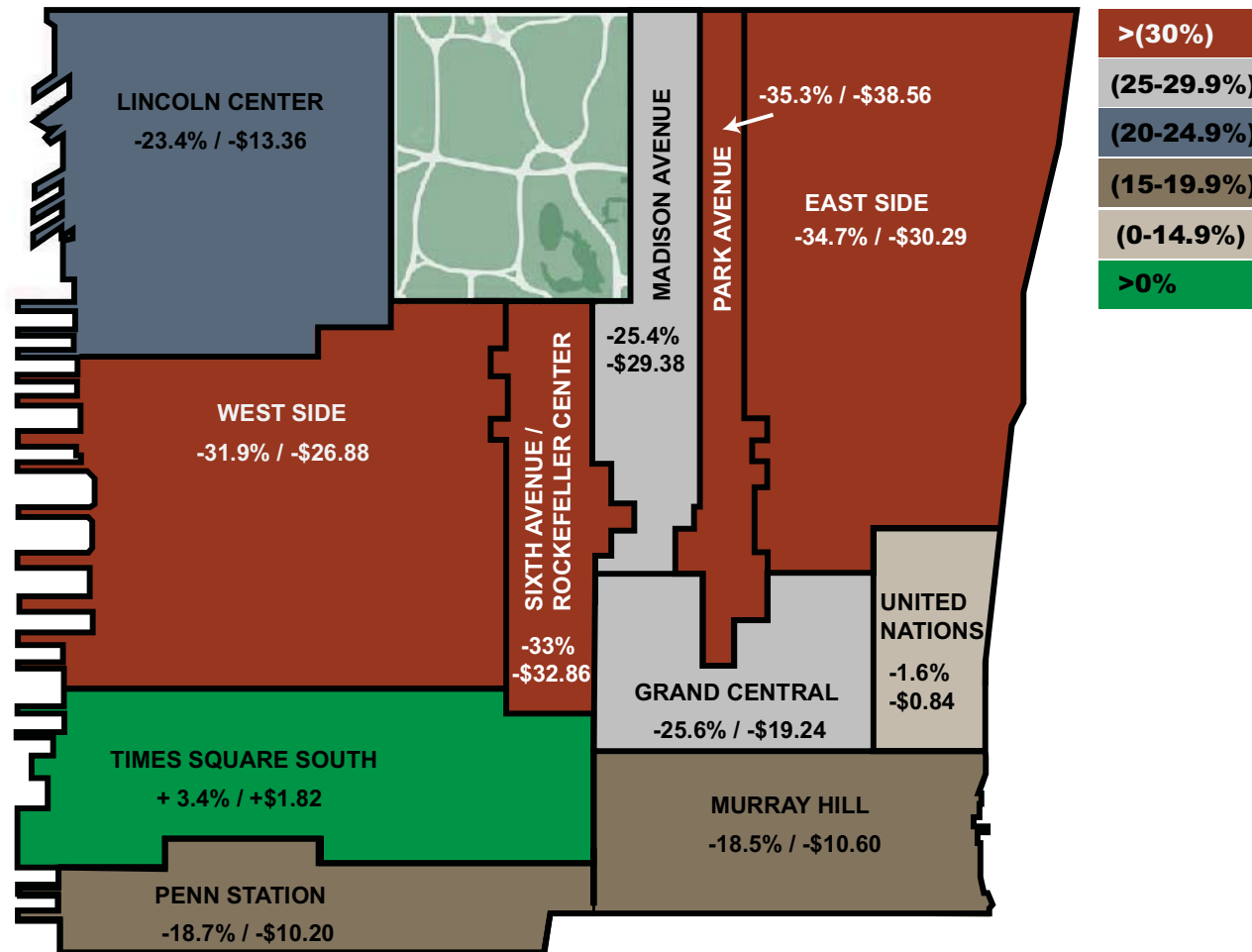
## COMPARATIVE DIRECT NET ABSORPTION



Source: Cushman &amp; Wakefield Research

# MIDTOWN STATISTICAL MAP BY SUBMARKET

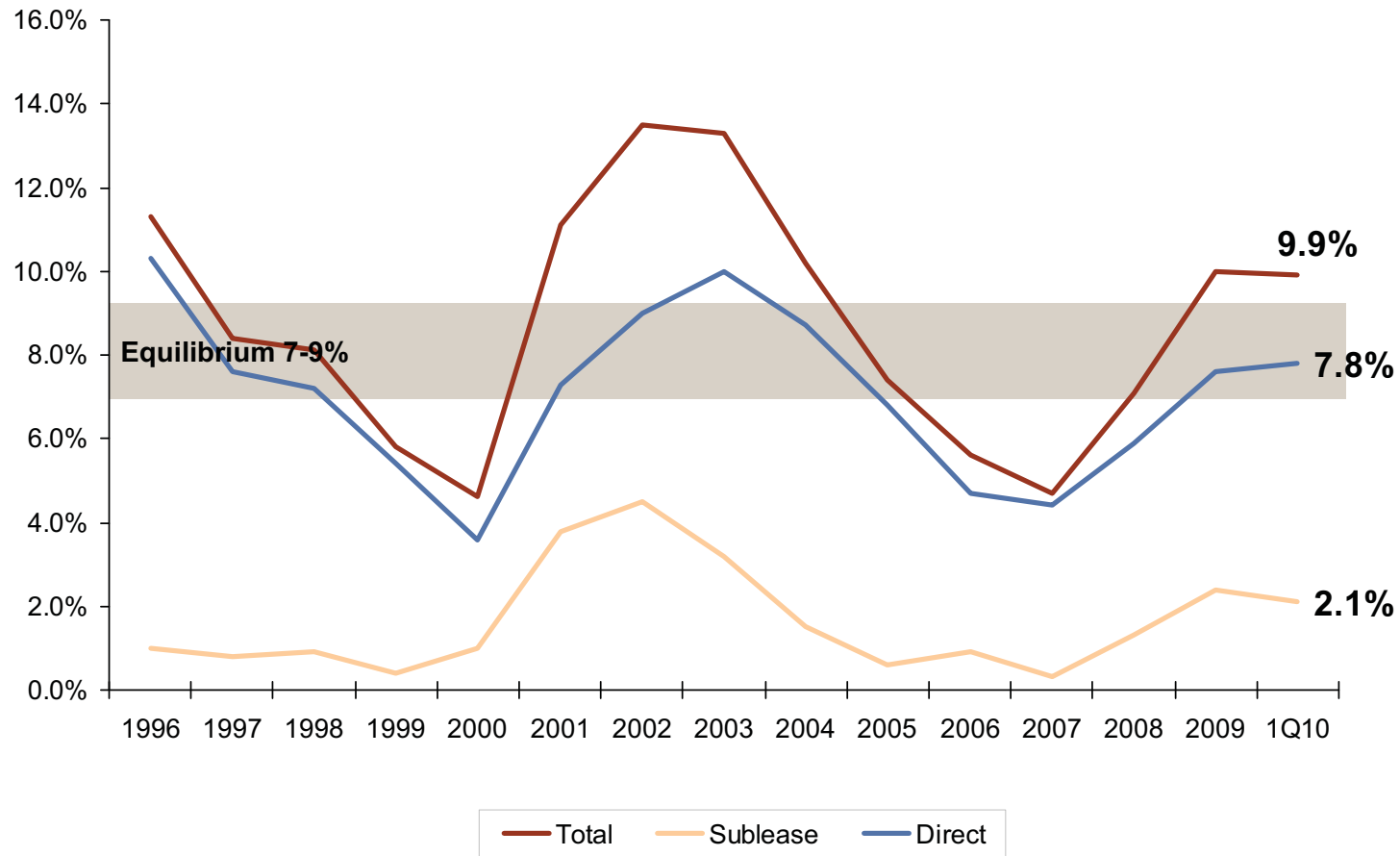
OVERALL ASKING RENT CHANGE SINCE PEAK 3Q08 VS. 1Q10



Source: Cushman & Wakefield Research

## MIDTOWN SOUTH OFFICE MARKET (64,548,632 SF)

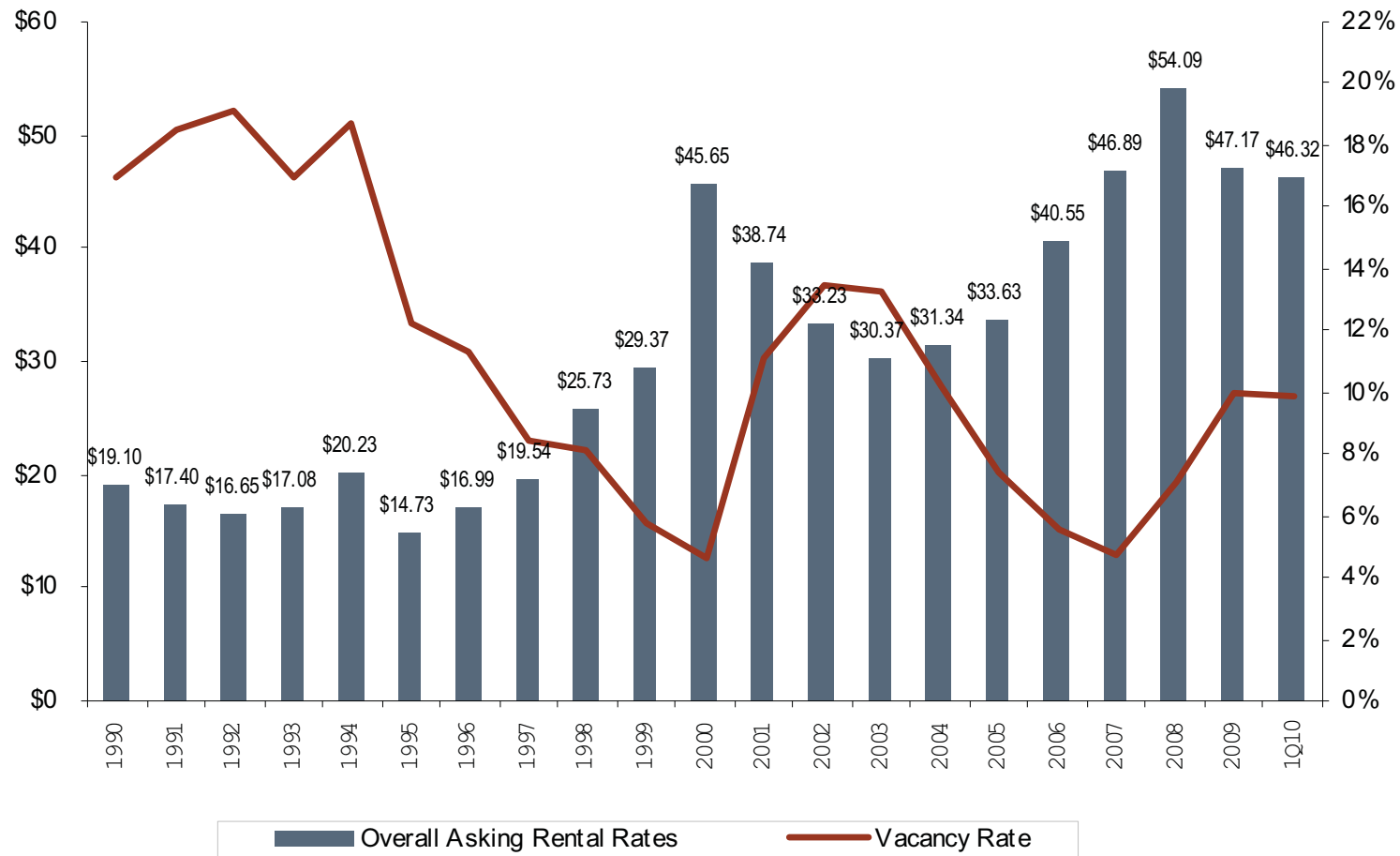
## OVERALL VACANCY RATES



Source: Cushman & Wakefield Research

## MIDTOWN SOUTH OFFICE MARKET

## HISTORICAL RENTAL RATES VS. OVERALL VACANCY RATES

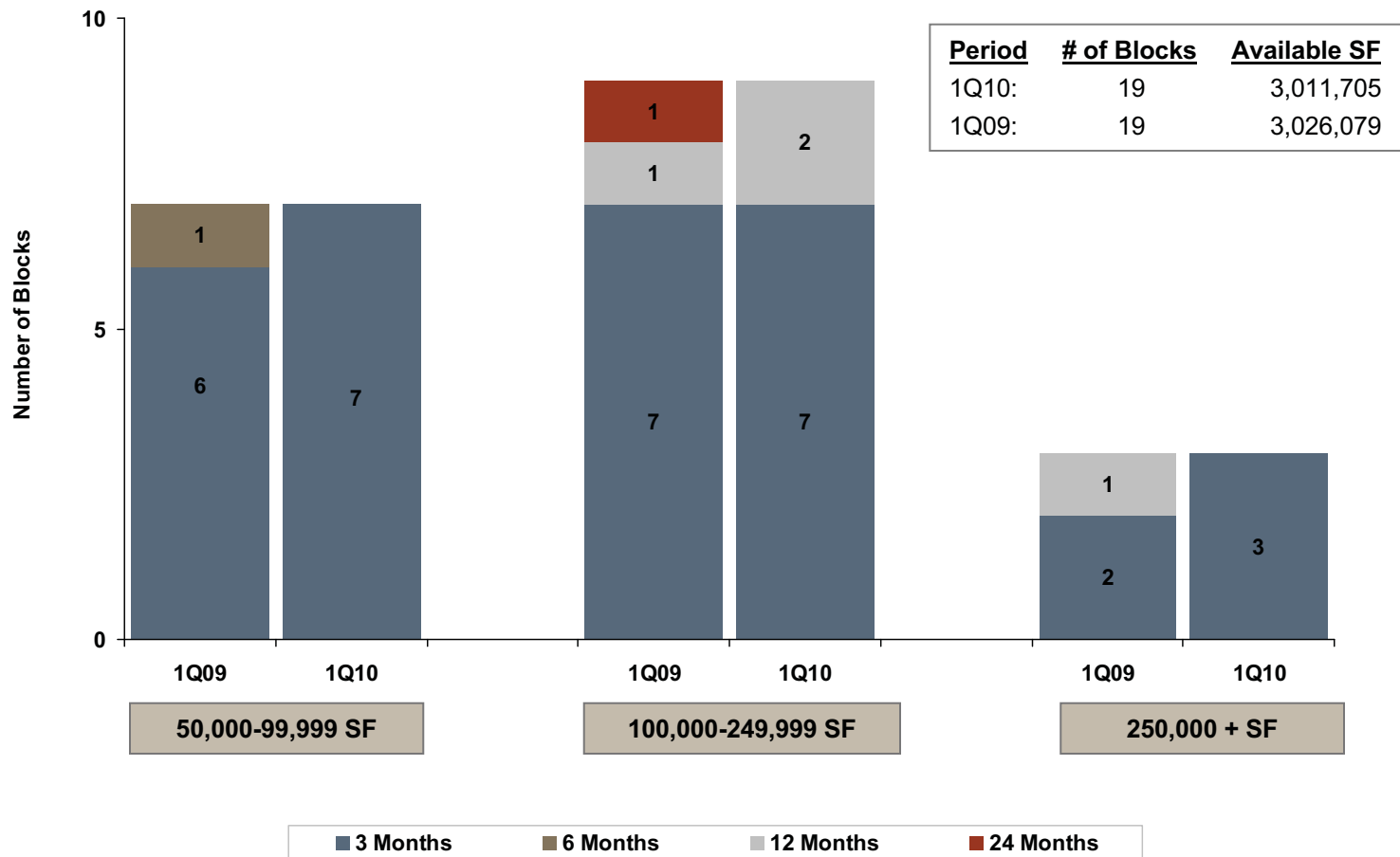


Source: Cushman &amp; Wakefield Research

# MIDTOWN SOUTH OFFICE MARKET

86

## SIZE DISTRIBUTION OF AVAILABLE SPACE (CONTIGUOUS BLOCKS)

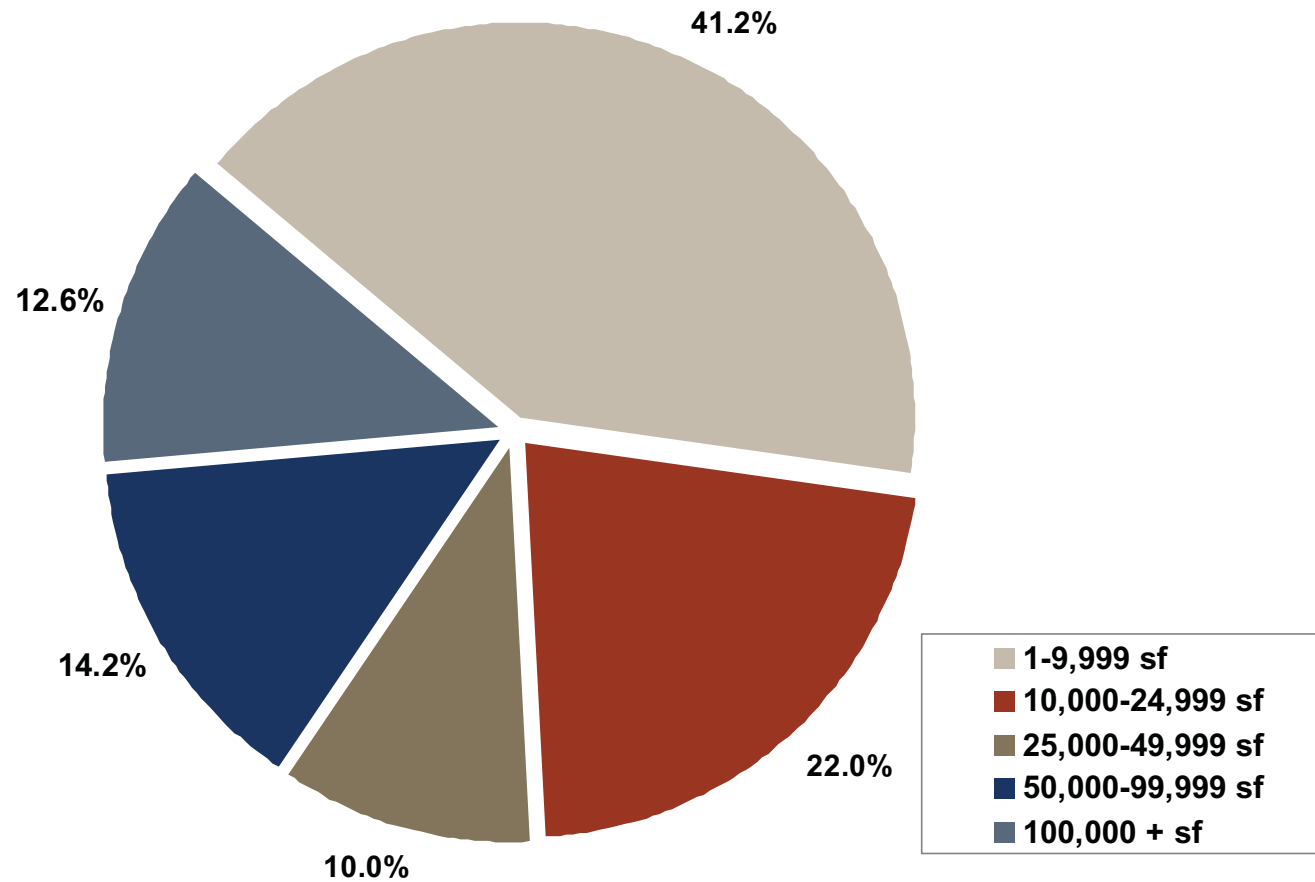


Source: Cushman & Wakefield Research

## MIDTOWN SOUTH OFFICE MARKET

87

## LEASING ACTIVITY BY BLOCK SIZE, TOTAL SF LEASED – 1Q10

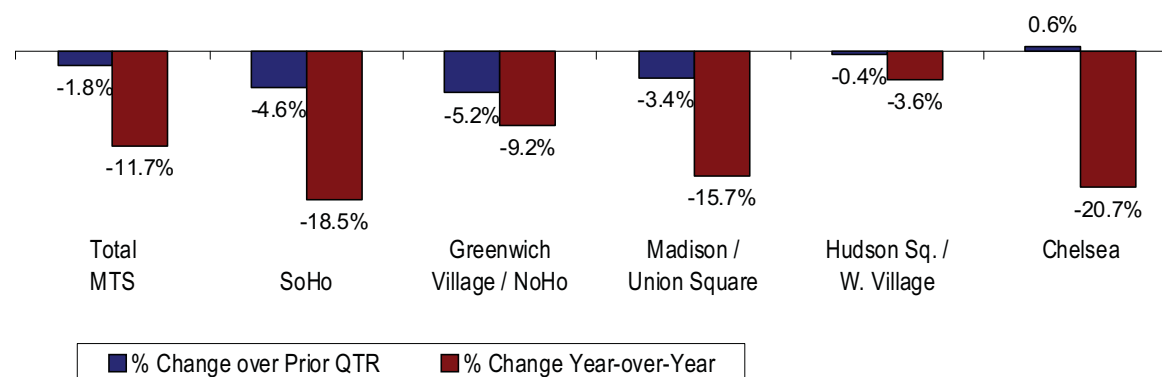


Source: Cushman & Wakefield Research

## MIDTOWN SOUTH OFFICE MARKET

## AVERAGE ASKING RENT BY SUBMARKET

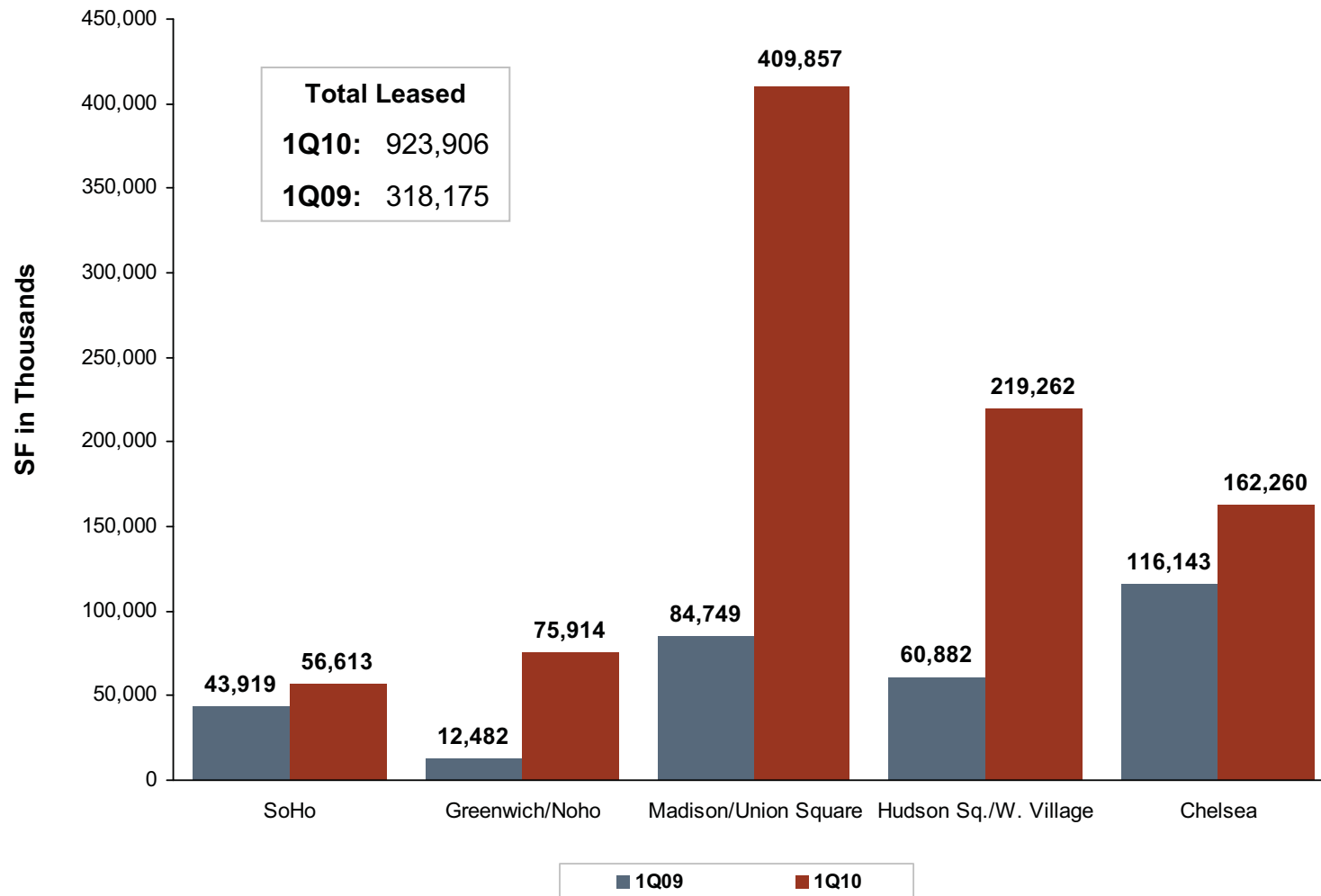
	Total MTS	SoHo	Greenwich Village / NoHo	Madison / Union Square	Hudson Sq. / W. Village	Chelsea
1st QTR 2010	\$46.32	\$44.03	\$50.25	\$48.08	\$45.87	\$42.04
4th QTR 2009	\$47.17	\$46.15	\$53.00	\$49.78	\$46.04	\$41.79
1st QTR 2009	\$52.48	\$54.04	\$55.35	\$57.01	\$47.57	\$50.65
\$ Change over Prior QTR	(\$0.85)	(\$2.12)	(\$2.75)	(\$1.70)	(\$0.17)	\$0.25
\$ Change Year-over-Year	(\$6.16)	(\$10.01)	(\$5.10)	(\$8.93)	(\$1.70)	(\$8.61)



Source: Cushman &amp; Wakefield Research

## MIDTOWN SOUTH OFFICE MARKET

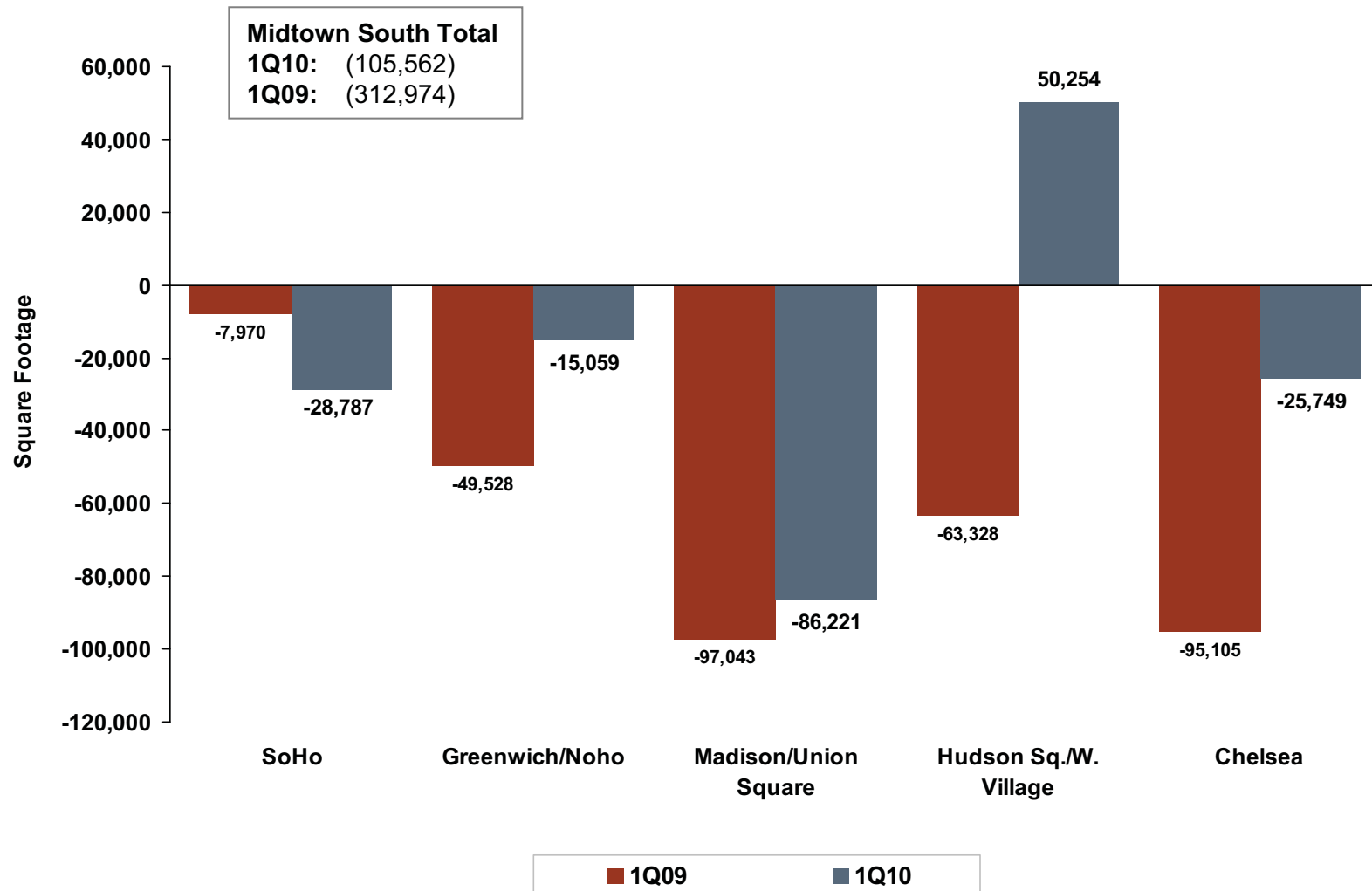
## LEASING ACTIVITY, 1Q09 vs. 1Q10



Source: Cushman & Wakefield Research

## MIDTOWN SOUTH OFFICE MARKET

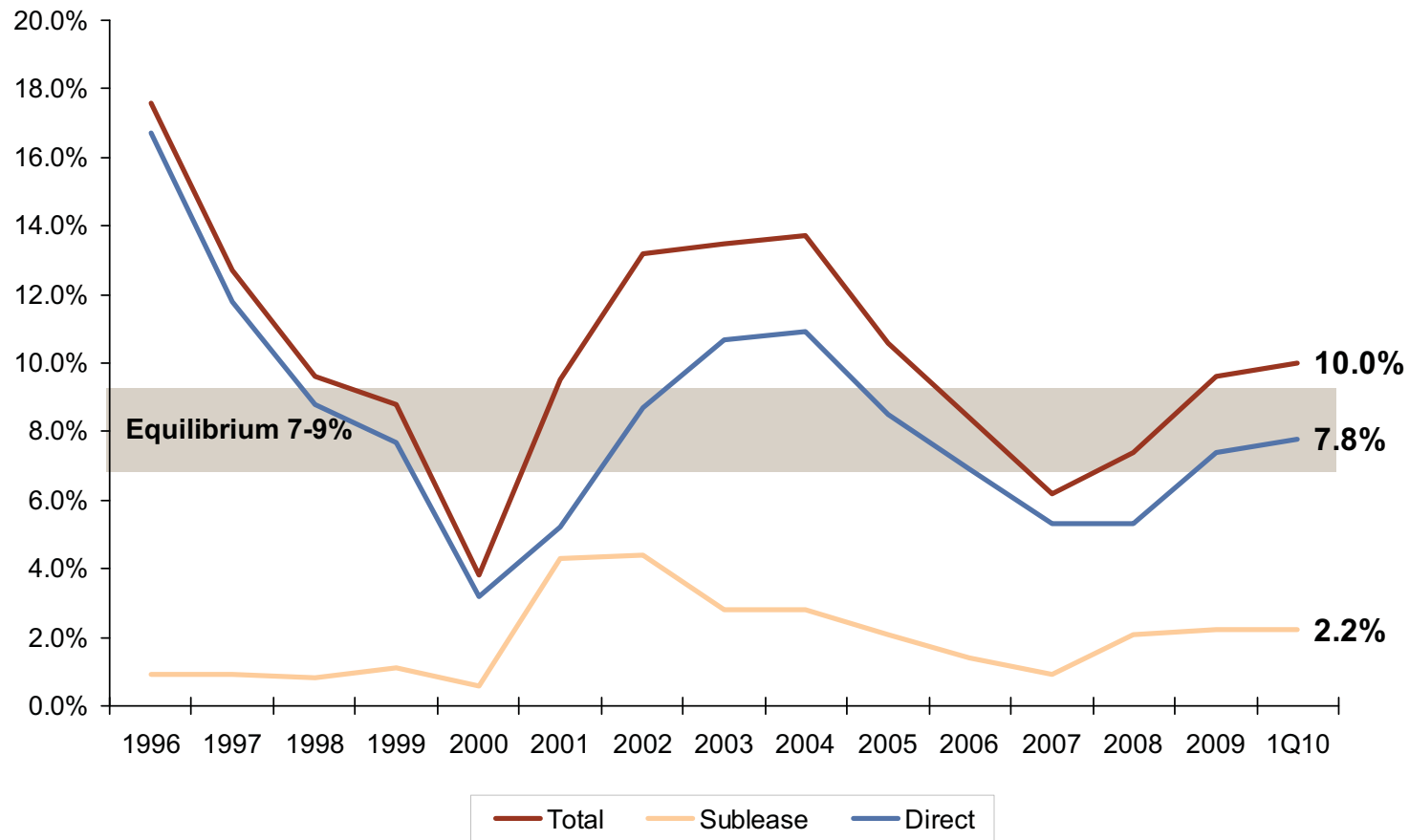
## COMPARATIVE DIRECT NET ABSORPTION



Source: Cushman &amp; Wakefield Research

## DOWNTOWN OFFICE MARKET (86,252,332 SF)

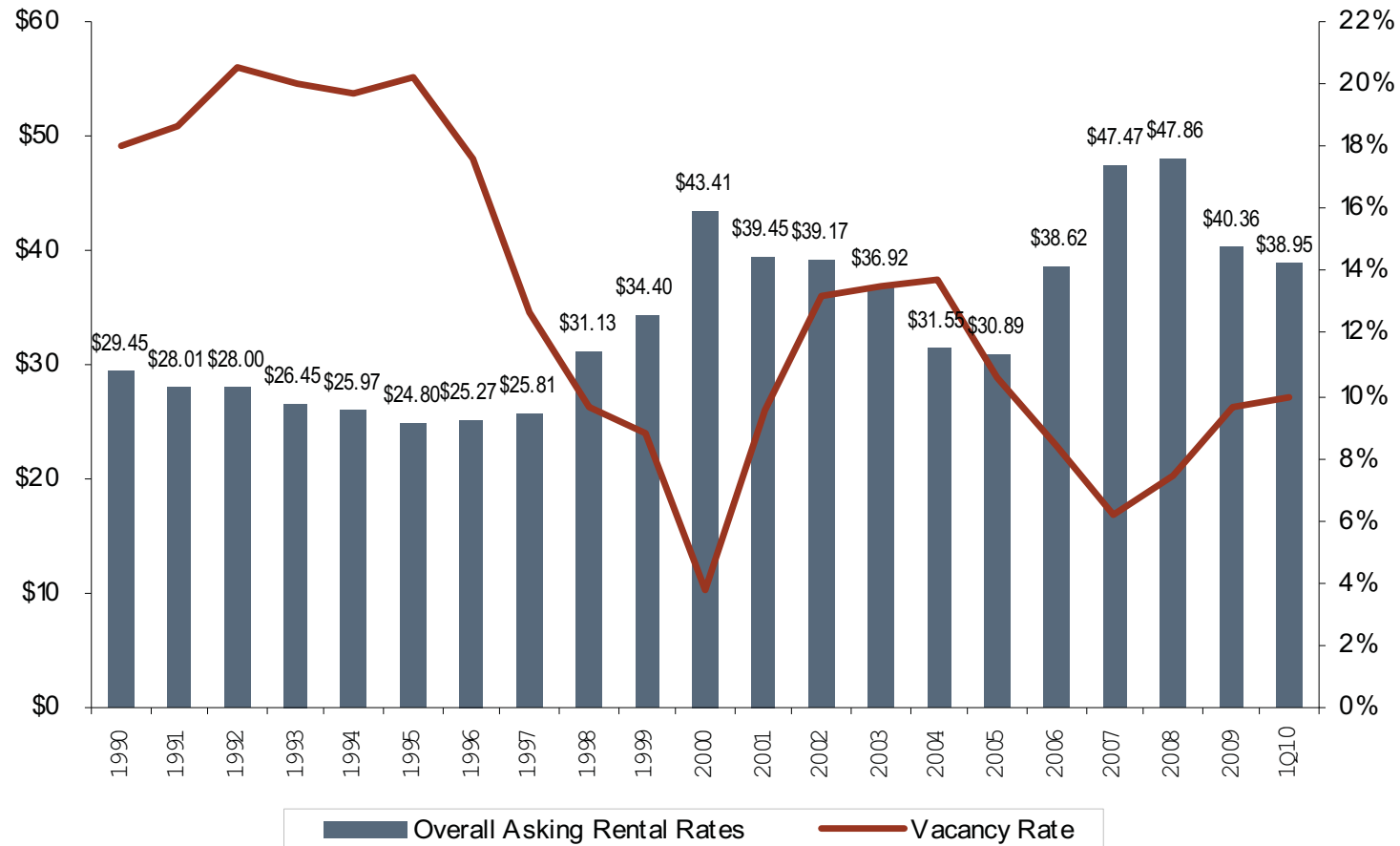
## OVERALL VACANCY RATES



Source: Cushman & Wakefield Research

## DOWNTOWN HISTORICAL VACANCY &amp; RENTAL RATES

## HISTORICAL RENTAL RATES VS. OVERALL VACANCY RATES

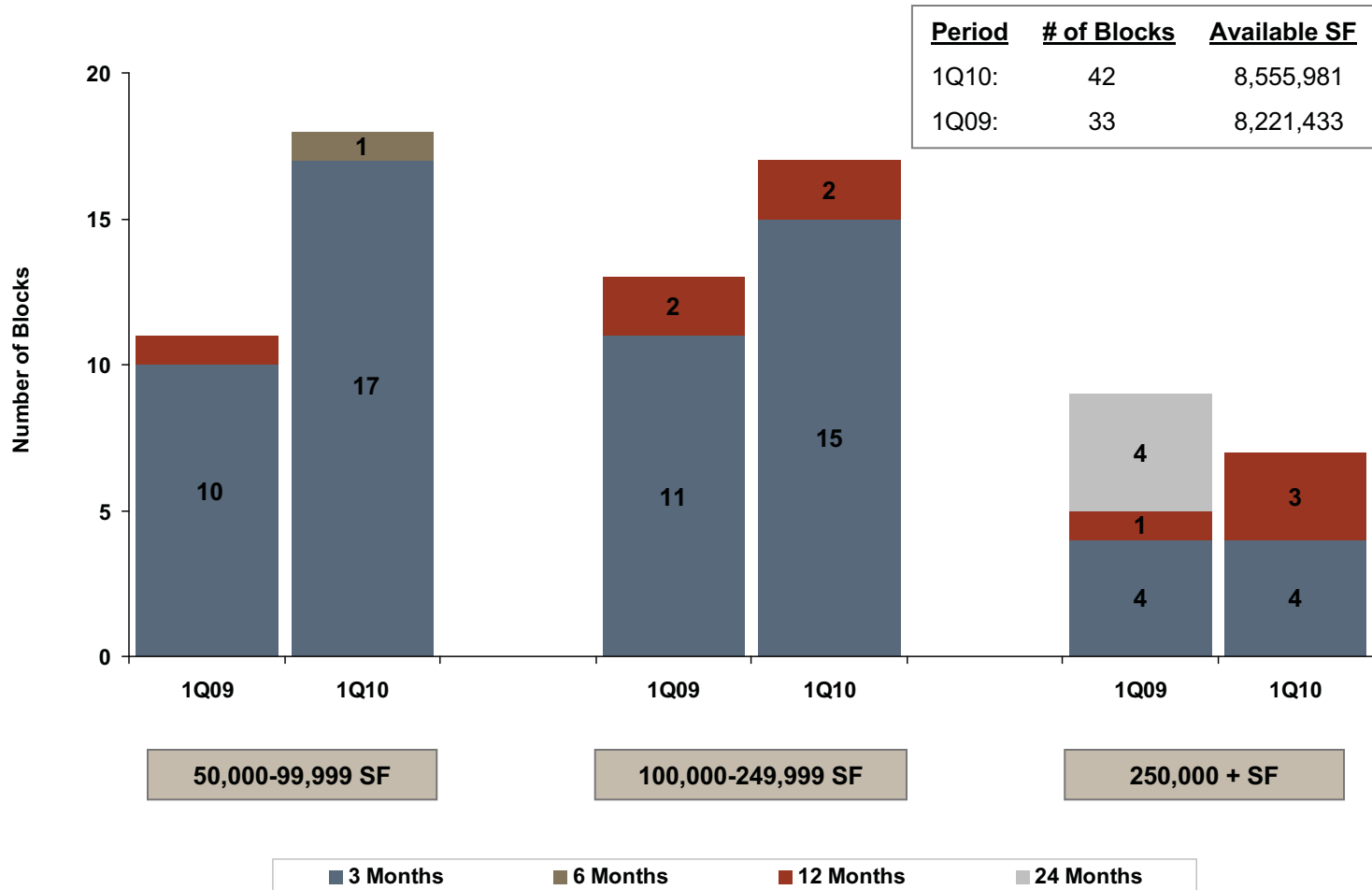


Source: Cushman &amp; Wakefield Research

# DOWNTOWN OFFICE MARKET

93

## SIZE DISTRIBUTION OF AVAILABLE SPACE (CONTIGUOUS BLOCKS)

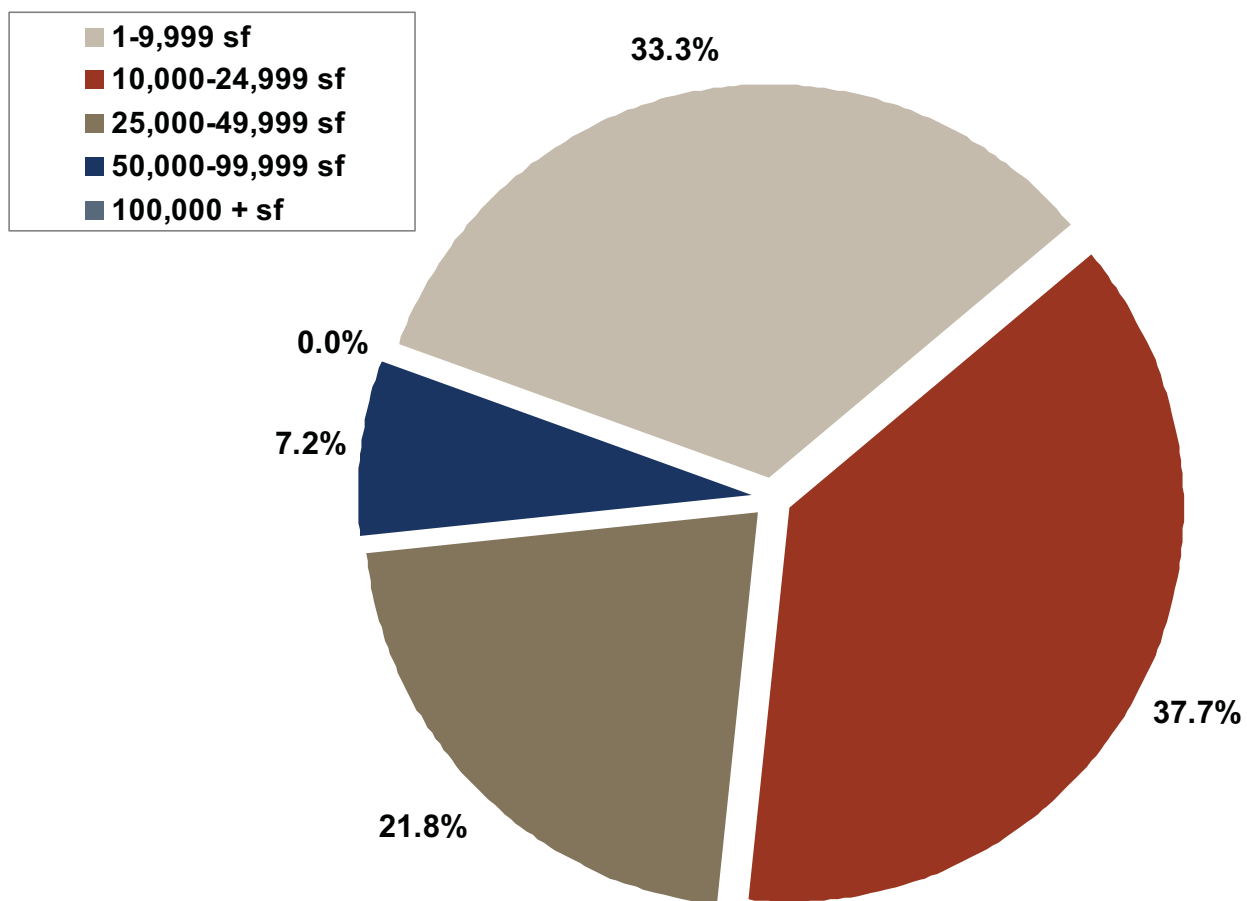


Source: Cushman &amp; Wakefield Research

## DOWNTOWN OFFICE MARKET

94

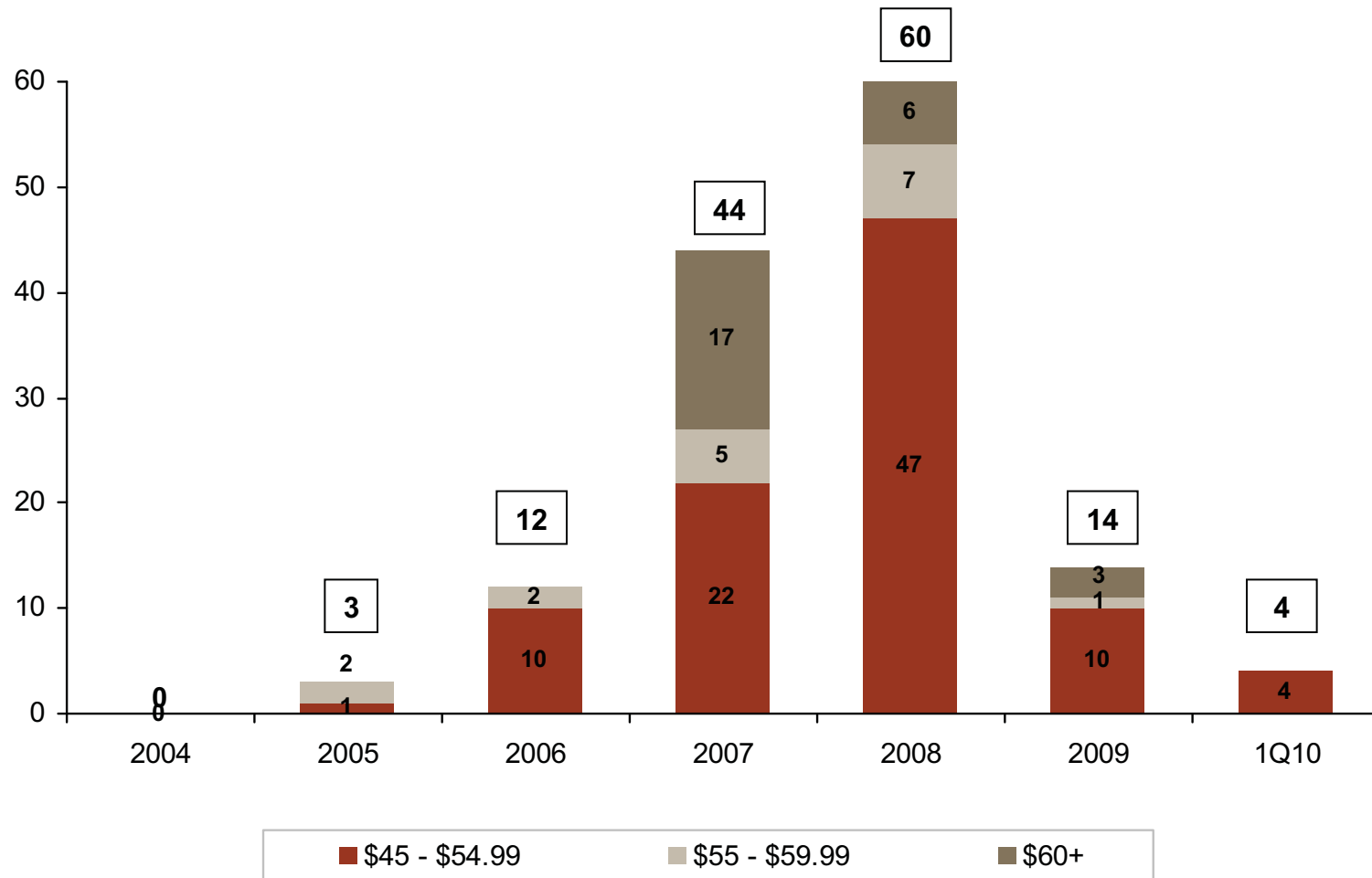
## LEASING ACTIVITY BY BLOCK SIZE, TOTAL SF LEASED – 1Q10



Source: Cushman & Wakefield Research

## DOWNTOWN OFFICE MARKET

TAKING RENTS OF \$45 AND ABOVE (NUMBER OF DEALS)



Source: Cushman &amp; Wakefield Research

## DOWNTOWN OFFICE MARKET

## TAKING RENTS OF \$45 AND ABOVE

2005			2006			2007			2008			2009			1Q10		
# of Deals	Total SF	Avg. SF	# of Deals	Total SF	Avg. SF	# of Deals	Total SF	Avg. SF	# of Deals	Total SF	Avg. SF	# of Deals	Total SF	Avg. SF	# of Deals	Total SF	Avg. SF
0	0	0	0	0	0	17	885,766	52,104	6	273,107	45,518	3	310,881	103,627	0	0	0
2	135,789	67,895	2	219,734	109,867	5	217,087	43,417	7	96,373	13,768	1	22,000	22,000	0	0	0
1	35,023	35,023	12	499,247	41,604	22	810,756	36,853	47	629,934	13,403	10	320,777	32,078	4	26,401	6,600

3	170,812	56,937	14	718,981	51,356	44	1,913,609	43,491	60	999,414	16,657	14	653,658	46,690	4	26,401	6,600
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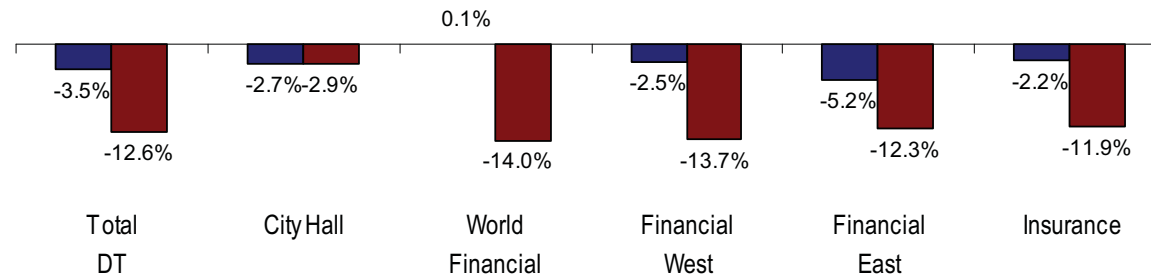
\$45 - \$54.99	\$55 - \$59.99	\$60 +	TOTALS
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Source: Cushman &amp; Wakefield Research

## DOWNTOWN OFFICE MARKET

### AVERAGE ASKING RENT BY SUBMARKET

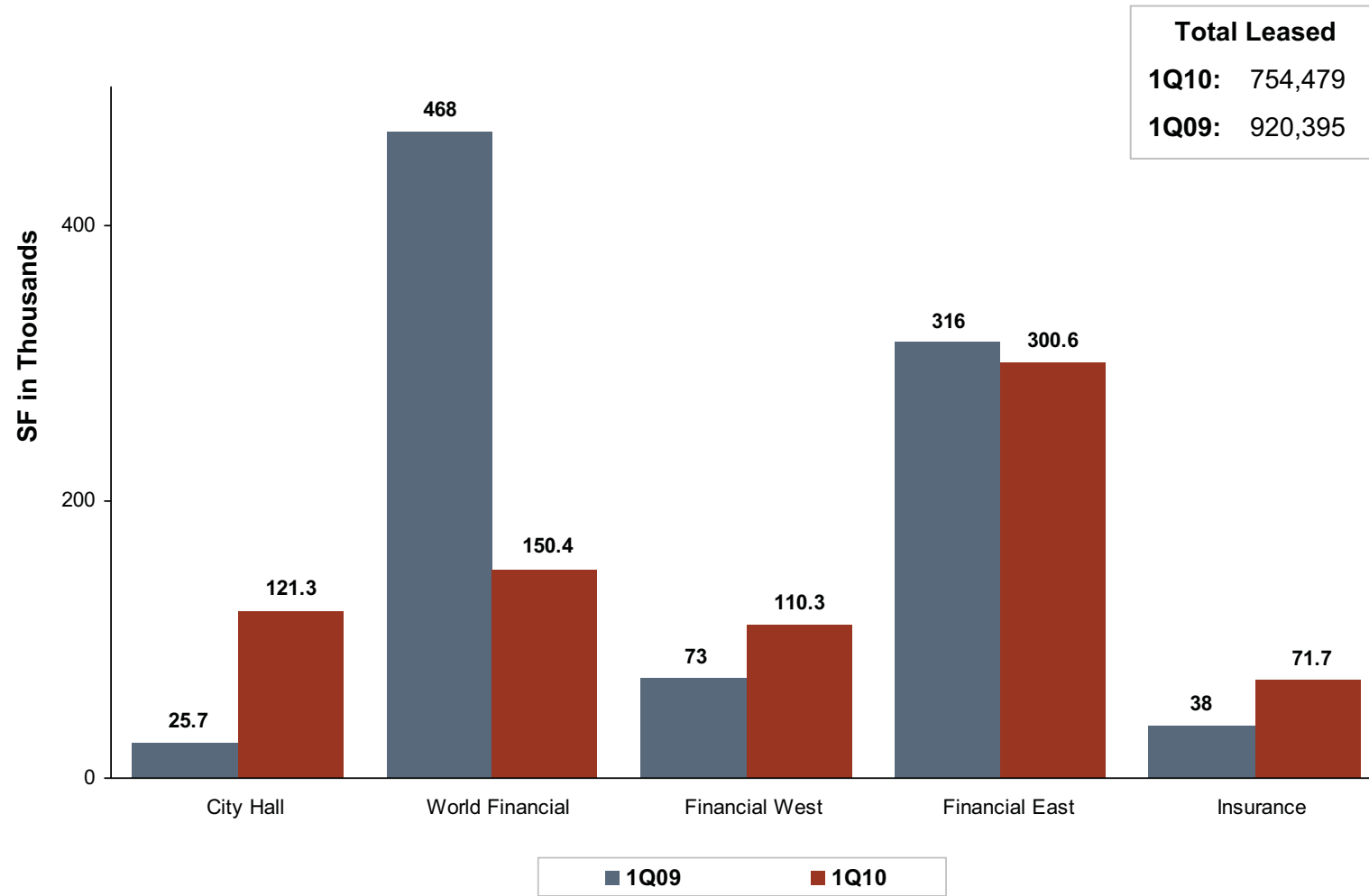
	Total DT	City Hall	World Financial	Financial West	Financial East	Insurance
1st QTR 2010	\$38.95	\$42.27	\$44.61	\$35.84	\$37.61	\$35.37
4th QTR 2009	\$40.36	\$43.45	\$44.58	\$36.76	\$39.69	\$36.18
1st QTR 2009	\$44.58	\$43.52	\$51.90	\$41.55	\$42.87	\$40.16
\$ Change over Prior QTR	(\$1.41)	(\$1.18)	\$0.03	(\$0.92)	(\$2.08)	(\$0.81)
\$ Change Year-over-Year	(\$5.63)	(\$1.25)	(\$7.29)	(\$5.71)	(\$5.26)	(\$4.79)



Source: Cushman & Wakefield Research

## DOWNTOWN OFFICE MARKET

## LEASING ACTIVITY, 1Q09 vs. 1Q10



Source: Cushman & Wakefield Research



**NEW YORK  
CAPITAL MARKETS GROUP**

## **ADDENDA: NY RESIDENTIAL**

# MANHATTAN RESIDENTIAL OVERVIEW

## MANHATTAN HOUSING INVENTORY

### Manhattan Housing Inventory

	2004	2005	2006	2007	2008
Total Housing Units	814,227	819,796	840,443	843,349	839,134

### Percentage of Ownership to Rental Inventory

	2004	2005	2006	2007	2008
Total Owner Units	22.02%	21.99%	22.78%	22.09%	24.09%
Total Rental Units	77.98%	78.01%	77.22%	77.91%	75.91%

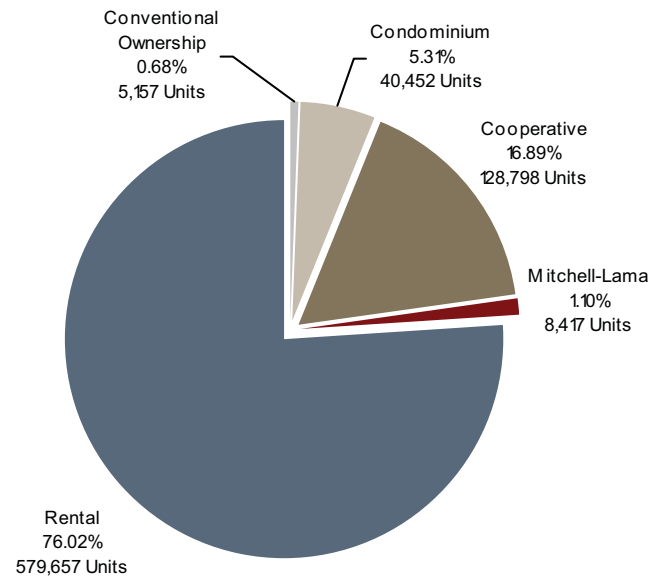
**Only 24% home ownership in Manhattan.**

Source: US Census Bureau  
Updated information to be made available 2Q10.

## MANHATTAN RESIDENTIAL OVERVIEW

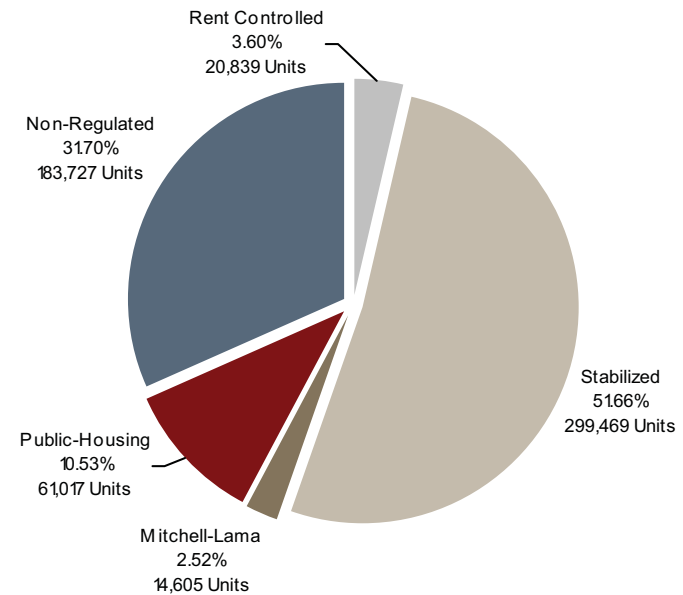
## 2008 RESIDENTIAL HOUSING BY TYPE

**Residential Housing Breakdown\***  
(Total # of Occupied Units 762,381)



**Rental/Owned ratio inverse of US.**

**Rental Residential Housing**  
(Total # of Renter Units 579,657)



**Free market 32% of rental inventory; 52% stabilized.**

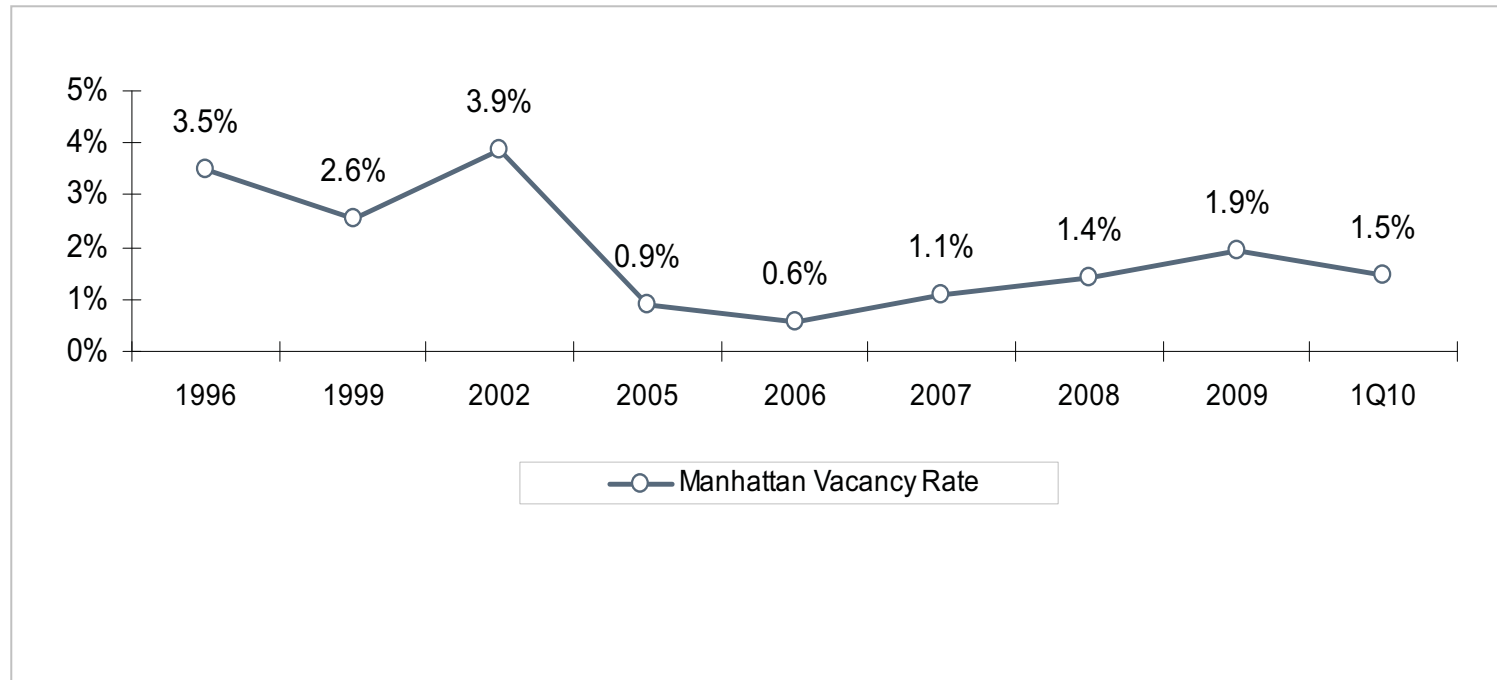
\* Excludes vacant units not available for sale or rent

Source: US Census Bureau

Updated information to be made available in 2010 New York City Housing and Vacancy Survey.

## MANHATTAN RESIDENTIAL OVERVIEW

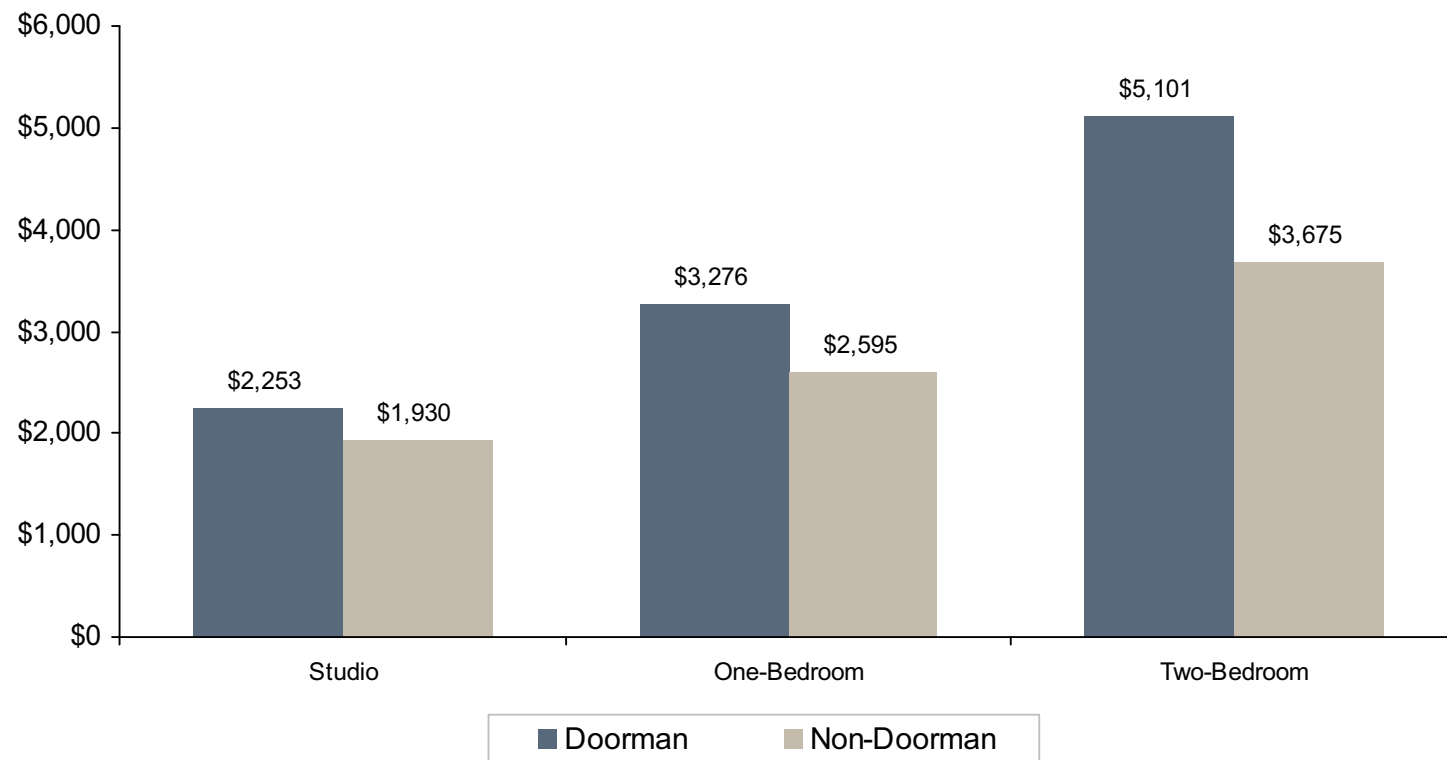
## MANHATTAN RESIDENTIAL RENTAL VACANCY RATE, 1996 – 1Q10



Source: Citi Habitats

## MANHATTAN RESIDENTIAL OVERVIEW

## MEAN MANHATTAN RENTAL PRICES, MARCH 2010

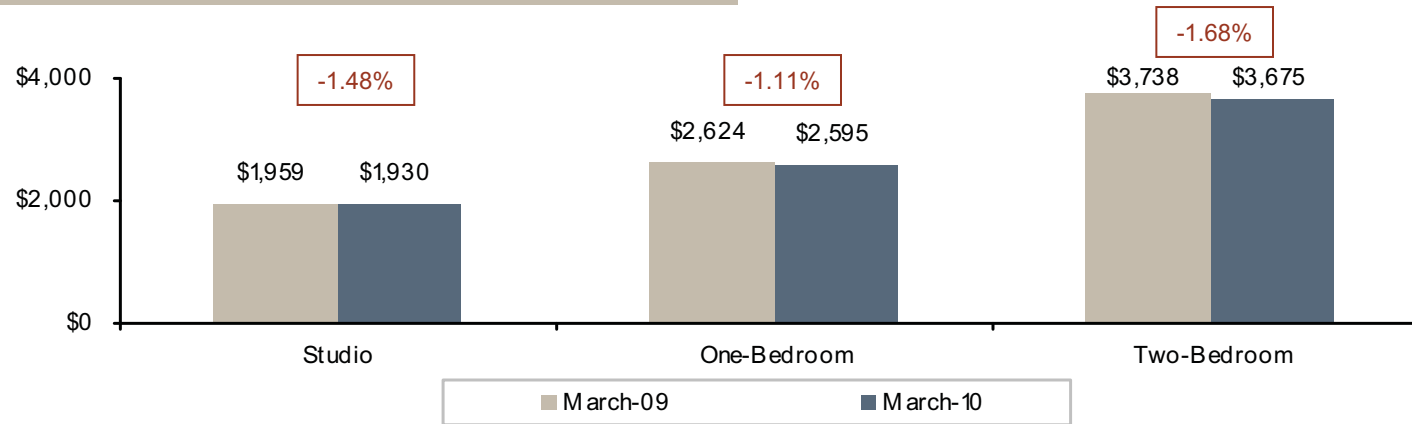


Source: The Real Estate Group New York

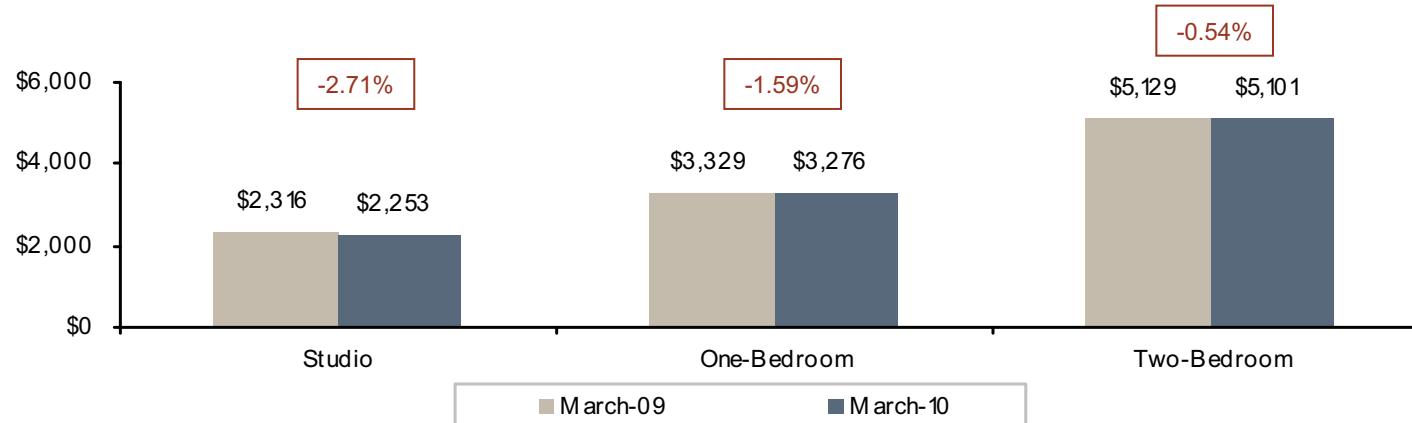
# MANHATTAN RESIDENTIAL OVERVIEW

## MEAN MANHATTAN RENTAL PRICES, YEAR-OVER-YEAR CHANGE

Manhattan Non-Doorman Rents: March 2009 vs. March 2010

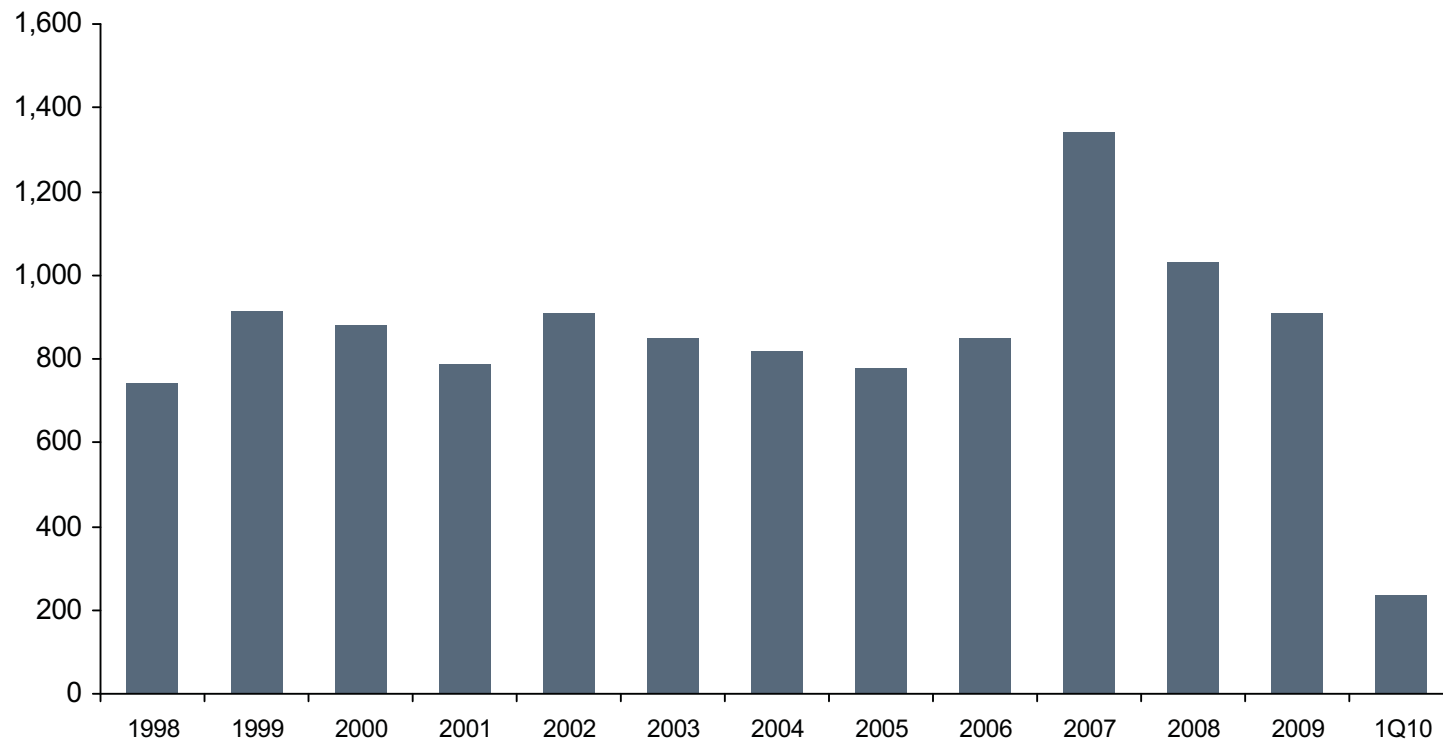


Manhattan Doorman Rents: March 2009 vs. March 2010



Source: The Real Estate Group New York

## MANHATTAN RESIDENTIAL OVERVIEW

YEARLY VOLUME OF LUXURY CONDOMINIUM AND CO-OP SALES  
(1998 – 1Q10)

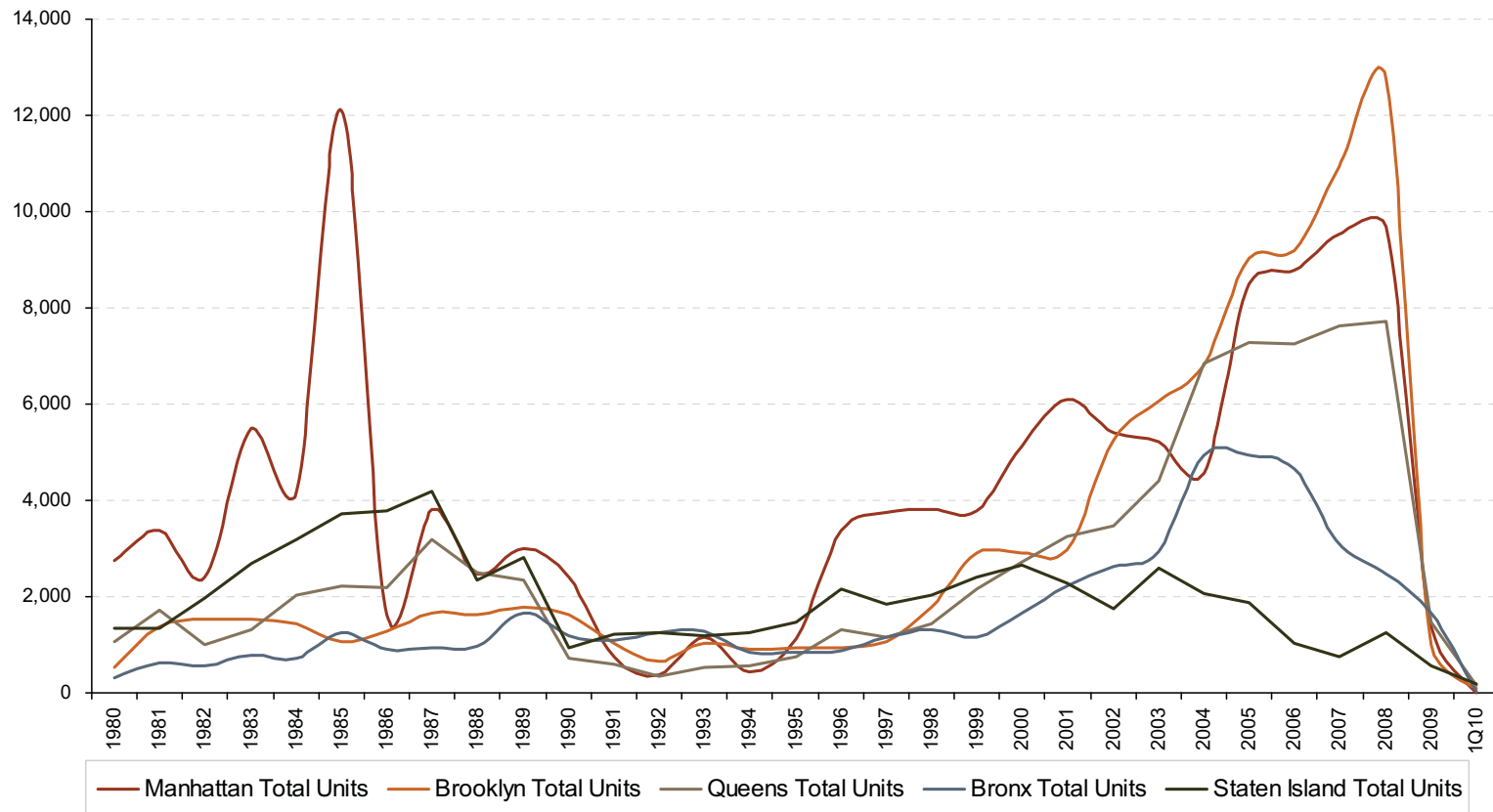
**1Q10 sales volume of luxury units down 4.9% over same period prior year.**

*Note: Luxury market accounts for top 10% of all Condo and Co-Op Sales*

*Source: Miller Samuel, Inc.*

## MANHATTAN RESIDENTIAL OVERVIEW

## RESIDENTIAL UNIT PERMITS ISSUED BY BOROUGH



**Permits issuance near historic low of past 30 years (early 1990's).**

Source: U.S. Department of Housing and Urban Development

## NEW YORK CAPITAL MARKETS GROUP

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April 16, 2010

**RICHARD BAXTER**

Executive Vice President  
(212) 841-5946

[richard.baxter@cushwake.com](mailto:richard.baxter@cushwake.com)

**JON CAPLAN**

Executive Vice President  
(212) 841-5094

[jon.caplan@cushwake.com](mailto:jon.caplan@cushwake.com)

**YORON COHEN**

Executive Vice President  
(212) 841-5947

[yoron.cohen@cushwake.com](mailto:yoron.cohen@cushwake.com)

**SCOTT LATHAM**

Executive Vice President  
(212) 841-5064

[scott.latham@cushwake.com](mailto:scott.latham@cushwake.com)

Cushman & Wakefield, Inc.  
1290 Avenue of the Americas  
New York, NY 10104  
(212) 841-7500

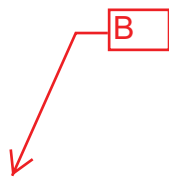
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## Annex 6

Column1	Vacancy Rate	Overall2
1-Jan-02	9.4%	
1-Feb-02	9.7%	
1-Mar-02	10.4%	
1-Apr-02	10.8%	
1-May-02	11.1%	
1-Jun-02	11.3%	
1-Jul-02	11.3%	
1-Aug-02	11.7%	
1-Sep-02	11.8%	
1-Oct-02	11.8%	
1-Nov-02	12.1%	
1-Dec-02	12.0%	
1-Jan-03	12.0%	
1-Feb-03	12.2%	
1-Mar-03	12.3%	
1-Apr-03	12.2%	
1-May-03	12.5%	
1-Jun-03	12.5%	
1-Jul-03	12.5%	
1-Aug-03	12.5%	
1-Sep-03	12.6%	
1-Oct-03	12.6%	
1-Nov-03	12.8%	
1-Dec-03	12.5%	
1-Jan-04	12.7%	
1-Feb-04	12.4%	
1-Mar-04	12.2%	
1-Apr-04	12.1%	
1-May-04	12.0%	
1-Jun-04	11.8%	
1-Jul-04	12.0%	
1-Aug-04	11.7%	
1-Sep-04	11.4%	
1-Oct-04	11.4%	
1-Nov-04	11.3%	
1-Dec-04	11.0%	
1-Jan-05	10.7%	
1-Feb-05	10.6%	
1-Mar-05	10.4%	
1-Apr-05	10.3%	
1-May-05	10.0%	
1-Jun-05	9.8%	
1-Jul-05	10.1%	
1-Aug-05	9.9%	
1-Sep-05	9.6%	

1-Oct-05	9.3%
1-Nov-05	8.9%
1-Dec-05	8.4%
1-Jan-06	8.5%
1-Feb-06	8.6%
1-Mar-06	8.4%
1-Apr-06	8.3%
1-May-06	8.5%
1-Jun-06	7.8%
1-Jul-06	7.5%
1-Aug-06	7.3%
1-Sep-06	7.0%
1-Oct-06	7.0%
1-Nov-06	6.9%
1-Dec-06	6.7%
1-Jan-07	6.0%
1-Feb-07	6.0%
1-Mar-07	5.7%
1-Apr-07	5.7%
1-May-07	5.4%
1-Jun-07	5.3%
1-Jul-07	5.8%
1-Aug-07	5.7%
1-Sep-07	5.7%
1-Oct-07	5.8%
1-Nov-07	5.7%
1-Dec-07	5.7%
1-Jan-08	5.8%
1-Feb-08	5.8%
1-Mar-08	6.1%
1-Apr-08	6.5%
1-May-08	7.0%
1-Jun-08	7.1%
1-Jul-08	7.3%
1-Aug-08	7.3%
1-Sep-08	7.4%
1-Oct-08	7.7%
1-Nov-08	7.8%
1-Dec-08	8.0%
1-Jan-09	8.6%
1-Feb-09	9.1%
1-Mar-09	9.6%
1-Apr-09	10.3%
1-May-09	10.5%
1-Jun-09	10.5%
1-Jul-09	10.9%
1-Aug-09	10.9%



1-Sep-09	11.1%
1-Oct-09	11.4%
1-Nov-09	11.3%
1-Dec-09	11.1%
1-Jan-10	11.4%
1-Feb-10	11.3%
1-Mar-10	11.6%
1-Apr-10	11.5%
1-May-10	11.3%
1-Jun-10	10.8%
1-Jul-10	11.1%
1-Aug-10	10.9%
1-Sep-10	10.9%
1-Oct-10	11.0%
1-Nov-10	10.9%
1-Dec-10	10.5%
1-Jan-11	10.6%
1-Feb-11	10.3%
1-Mar-11	10.0%
1-Apr-11	10.0%
1-May-11	9.9%
1-Jun-11	9.4%
1-Jul-11	9.4%
1-Aug-11	9.4%
1-Sep-11	9.3%
1-Oct-11	9.4%
1-Nov-11	9.1%
1-Dec-11	9.1%
1-Jan-12	9.3%
1-Feb-12	9.3%
1-Mar-12	9.1%
1-Apr-12	9.2%
1-May-12	9.2%
1-Jun-12	9.0%
1-Jul-12	9.1%
1-Aug-12	9.3%
1-Sep-12	9.6%
1-Oct-12	9.6%
1-Nov-12	9.7%
1-Dec-12	9.4%
1-Jan-13	9.3%
1-Feb-13	9.1%
1-Mar-13	9.1%
1-Apr-13	10.3%
1-May-13	10.4%
1-Jun-13	10.4%
1-Jul-13	10.5%

1-Aug-13	10.6%
1-Sep-13	10.6%
1-Oct-13	10.9%
1-Nov-13	11.3%
1-Dec-13	11.0%
1-Jan-14	11.1%
1-Feb-14	10.8%
1-Mar-14	10.5%
1-Apr-14	10.7%
1-May-14	10.5%
1-Jun-14	10.3%



## Annex 7

Midtown			Midtown South			Downtown			Manhattan		
Vacancy Rate	Asking Rent		Vacancy Rate	Asking Rent		Vacancy Rate	Asking Rent		Vacancy Rate	Asking Rent	
Q1-87	10.3%	\$32.29	12.2%	\$19.03		11.3%	\$31.66		10.8%	\$30.75	
Q2-87	10.6%	\$32.29	13.2%	\$20.76		10.7%	\$31.69		10.9%	\$30.84	
Q3-87	10.2%	\$32.45	12.7%	\$20.95		11.7%	\$33.39		10.8%	\$31.51	
Q4-87	11.2%	\$33.08	12.6%	\$20.19		11.8%	\$34.77		11.5%	\$32.28	
Q1-88	13.4%	\$34.03	13.8%	\$20.24		13.6%	\$34.15		13.5%	\$32.73	
Q2-88	13.1%	\$34.24	13.0%	\$20.41		14.7%	\$33.14		13.5%	\$32.68	
Q3-88	13.3%	\$33.72	13.1%	\$20.06		14.7%	\$32.94		13.7%	\$32.28	
Q4-88	13.5%	\$34.80	13.4%	\$20.93		13.7%	\$32.14		13.6%	\$32.78	
Q1-89	13.6%	\$34.06	13.8%	\$20.76		14.3%	\$31.55		13.8%	\$32.09	
Q2-89	13.5%	\$34.39	13.5%	\$20.87		14.8%	\$31.01		13.9%	\$32.15	
Q3-89	13.5%	\$34.75	13.1%	\$21.11		16.0%	\$30.85		14.2%	\$32.33	
Q4-89	14.8%	\$35.08	13.4%	\$20.76		16.6%	\$30.81		15.2%	\$32.58	
Q1-90	15.5%	\$34.38	15.8%	\$20.29		17.1%	\$30.42		16.0%	\$31.79	
Q2-90	16.2%	\$34.51	17.1%	\$19.91		18.5%	\$30.54		16.9%	\$31.82	
Q3-90	16.3%	\$34.08	17.5%	\$19.47		18.2%				\$31.32	
Q4-90	17.1%	\$34.19	17.0%	\$19.10		18.0%				\$31.26	
Q1-91	17.5%	\$33.74	17.6%	\$17.68		18.9%				\$30.94	
Q2-91	16.8%	\$32.38	17.7%	\$17.50		21.3%	\$28.67		18.1%	\$29.74	
Q3-91	16.9%	\$31.94	18.0%	\$17.66		18.9%	\$28.36		17.5%	\$29.39	
Q4-91	17.3%	\$31.56	18.5%	\$17.40		18.7%	\$28.01		17.8%	\$29.03	
Q1-92	17.9%	\$30.49	19.4%	\$17.01		17.8%	\$28.03		18.1%	\$28.34	
Q2-92	17.7%	\$29.80	18.7%	\$16.85		19.8%	\$28.53		18.4%	\$28.07	
Q3-92	17.2%	\$29.29	18.4%	\$16.75		20.1%	\$28.03		18.1%	\$27.60	
Q4-92	17.5%	\$28.97	19.1%	\$16.65		20.5%	\$28.00		18.5%	\$27.37	
Q1-93	17.2%	\$28.77	19.2%	\$16.90		20.4%	\$27.63		18.3%	\$27.18	
Q2-93	17.0%	\$28.65	18.6%	\$16.86		19.7%	\$27.33		17.9%	\$27.03	
Q3-93	16.4%	\$28.42	17.9%	\$17.30		20.0%	\$27.15		17.5%	\$26.89	
Q4-93	16.4%	\$28.52	17.0%	\$17.08		20.0%	\$26.45		17.4%	\$26.77	
Q1-94	15.8%	\$28.35	17.0%	\$17.23		20.0%	\$26.20		17.0%	\$26.54	
Q2-94	15.1%	\$28.52	15.5%	\$17.41		19.4%	\$25.90		16.3%	\$26.60	
Q3-94	15.2%	\$28.88	19.5%	\$19.90		20.2%	\$26.30		17.0%	\$27.00	
Q4-94	14.3%	\$28.86	18.7%	\$20.23		19.7%	\$25.97		16.2%	\$26.90	
Q1-95	12.7%	\$30.44	16.5%	\$17.32		18.3%	\$25.06		14.9%	\$26.31 Trough	
Q2-95	13.1%	\$30.45	14.3%	\$18.33		18.7%	\$25.24		14.8%	\$26.78	
Q3-95	13.1%	\$30.91	10.3%	\$15.58		19.4%	\$24.89		14.4%	\$26.93	
Q4-95	12.7%	\$30.40	11.5%	\$14.73		20.2%	\$24.80		14.7%	\$26.31	
Q1-96	12.1%	\$30.50	11.0%	\$17.01		20.7%	\$25.22		14.4%	\$26.77	
Q2-96	12.1%	\$30.50	11.0%	\$17.11		20.1%	\$24.91		14.2%	\$26.66	
Q3-96	11.9%	\$30.74	10.8%	\$17.32		19.1%	\$24.79		13.8%	\$26.79	
Q4-96	11.1%	\$30.56	11.3%	\$16.99		17.6%	\$25.27		12.9%	\$26.71	
Q1-97	10.8%	\$30.96	9.8%	\$17.81		17.1%	\$25.23		12.4%	\$27.15	
Q2-97	10.5%	\$31.56	10.3%	\$18.22		15.2%	\$24.88		11.8%	\$27.33	
Q3-97	9.8%	\$32.50	8.8%	\$18.77		14.2%	\$25.50		10.7%	\$28.27	
Q4-97	8.9%	\$33.23	8.4%	\$19.54		12.7%	\$25.81		9.8%	\$28.79	
Q1-98	8.1%	\$34.65	7.5%	\$20.46		12.0%	\$27.10		9.1%	\$30.05	
Q2-98	7.5%	\$35.97	7.2%	\$21.28		9.2%	\$28.13		7.9%	\$31.38	
Q3-98	7.0%	\$38.28	6.0%	\$22.28		9.5%	\$29.96		8.8%	\$32.94	
Q4-98	8.1%	\$40.36	8.1%	\$25.73		9.6%	\$31.13		8.4%	\$35.33	
Q1-99	8.3%	\$41.35	8.3%	\$26.40		9.6%	\$31.78		8.7%	\$36.18	
Q2-99	7.5%	\$42.02	7.1%	\$27.24		9.5%	\$32.30		7.7%	\$36.96	
Q3-99	6.6%	\$42.31	7.0%	\$28.34		9.1%	\$32.95		6.8%	\$37.39	
Q4-99	5.9%	\$43.04	6.9%	\$29.37		8.8%	\$34.40		6.9%	\$37.82	
Q1-00	4.9%	\$45.30	4.6%	\$35.13		6.6%	\$36.11		5.3%	\$40.84	
Q2-00	3.3%	\$52.43	3.7%	\$39.77		4.3%	\$40.06		3.6%	\$46.40	
Q3-00	3.2%	\$54.97	3.9%	\$45.46		4.0%	\$42.27		3.5%	\$49.42	
Q4-00	3.6%	\$56.56	4.5%	\$45.65		3.8%	\$43.41		3.7%	\$51.03 Peak	93.9%
Q1-01	4.8%	\$55.48	5.7%	\$43.71		4.8%	\$43.73		5.0%	\$50.25	
Q2-01	6.7%	\$55.00	7.0%	\$39.61		6.5%	\$41.17		6.7%	\$48.76	
Q3-01	7.9%	\$53.21	8.7%	\$39.99		6.4%	\$38.95		7.6%	\$47.79	
Q4-01	8.2%	\$52.83	11.2%	\$38.74		9.5%	\$39.45		9.0%	\$46.67	
Q1-02	9.3%	\$52.26	12.1%	\$36.71		11.9%	\$40.55		10.4%	\$46.00	
Q2-02	9.9%	\$50.15	13.3%	\$35.72		13.4%	\$40.15		11.3%	\$44.46	
Q3-02	10.7%	\$49.49	13.3%	\$35.19		13.4%	\$39.79		11.8%	\$44.13	
Q4-02	11.1%	\$48.15	13.5%	\$33.23		13.2%	\$39.17		12.0%	\$42.97	
Q1-03	11.5%	\$47.30	13.9%	\$31.43		13.3%	\$38.24		12.3%	\$41.97	
Q2-03	12.0%	\$46.56	14.5%	\$31.09		12.6%	\$36.36		12.5%	\$41.12	
Q3-03	11.9%	\$45.63	13.8%	\$30.75		13.0%	\$35.60		12.5%	\$40.39	
Q4-03	11.9%	\$45.37	13.3%	\$30.37		13.5%	\$36.92		12.5%	\$40.53	
Q1-04	11.8%	\$45.61	13.0%	\$31.04		12.9%	\$33.68		12.2%	\$40.06	
Q2-04	11.3%	\$47.12	11.9%	\$30.56		13.0%	\$32.25		11.8%	\$40.54	
Q3-04	11.0%	\$47.04	11.2%	\$30.66		12.7%	\$32.16		11.4%	\$40.51	
Q4-04	10.1%	\$45.98	10.2%	\$31.34		13.7%	\$31.55		11.0%	\$39.53 Trough	-22.5%
Q1-05	9.8%	\$47.13	9.9%	\$31.53		12.3%	\$31.03		10.4%	\$40.28	
Q2-05	9.2%	\$47.87	9.0%	\$32.27		12.0%	\$31.20		9.8%	\$40.80	
Q3-05	9.3%	\$48.06	8.1%	\$33.58		11.5%	\$31.09		9.6%	\$41.35	
Q4-05	7.8%	\$47.41	7.4%	\$33.63		10.6%	\$30.89		8.4%	\$40.58	
Q1-06	7.8%	\$49.71	6.2%	\$34.33		11.6%	\$34.97		8.4%	\$43.20	
Q2-06	6.9%	\$50.35	6.0%	\$35.78		11.2%	\$35.18		7.8%	\$43.45	
Q3-06	6.5%	\$53.02	6.1%	\$37.50		9.1%	\$36.18		7.0%	\$45.84	
Q4-06	6.4%	\$58.92	5.6%	\$40.55		8.4%	\$38.62		6.7%	\$50.56	
Q1-07	5.3%	\$62.89	4.9%	\$41.82		7.2%	\$40.55		5.7%	\$53.42	
Q2-07	5.3%	\$69.08	3.5%	\$42.31		6.7%	\$44.48		5.3%	\$59.17	
Q3-07	5.5%	\$74.47	4.7%	\$45.83		6.7%	\$45.86		5.6%	\$62.85	
Q4-07	5.8%	\$76.26	4.7%	\$46.89		6.2%	\$47.47		6.1%	\$62.79	
Q1-08	6.0%	\$78.85	5.0%	\$48.95		7.2%	\$50.28		6.1%	\$67.13	
Q2-08	7.1%	\$83.96	5.9%	\$53.22		7.7%	\$50.74		7.1%	\$71.59	
Q3-08	7.8%	\$84.48	6.0%	\$54.23		7.3%	\$50.89		7.4%	\$72.97 Peak	84.6%
Q4-08	8.5%	\$79.81	7.1%	\$54.09		7.4%	\$47.86		8.0%	\$69.44	
Q1-09	10.5%	\$73.31	8.1%	\$52.48		8.1%	\$44.58		9.6%	\$65.01	
Q2-09	11.7%	\$66.82	8.7%	\$49.55		8.7%	\$43.81		10.5%	\$60.24	
Q3-09	12.0%	\$63.53	9.4%	\$47.98		9.9%	\$42.01		11.1%	\$57.08	
Q4-09	12.0%	\$61.82	10.0%	\$47.17		9.6%	\$40.36		11.1%	\$55.52	
Q1-10	12.6%	\$61.93	9.9%	\$46.32		10.0%	\$38.95		11.6%	\$55.38	
Q2-10	11.5%	\$61.66	9.3%	\$43.71		9.9%	\$37.81		10.8%	\$54.31 Trough	-25.6%

## Annex 8

	Net Effective Rent	Asking Rent
1Q08	\$69.48	\$67.13
2Q08	\$64.45	\$71.59
3Q08	\$62.40	\$72.97
4Q08	\$58.97	\$69.44
1Q09	\$46.64	\$65.01
2Q09	\$44.90	\$60.23
3Q09	\$42.89	\$57.08
4Q09	\$43.95	\$55.52
1Q10	\$40.54	\$55.38
2Q10	\$42.65	\$54.31
3Q10	\$42.19	\$53.80
4Q10	\$46.33	\$54.34
1Q11	\$50.31	\$54.73
2Q11	\$45.54	\$55.52
3Q11	\$45.02	\$56.15
4Q11	\$47.50	\$57.23
1Q12	\$47.77	\$58.96
2Q12	\$49.50	\$58.86
3Q12	\$49.12	\$58.83
4Q12	\$52.50	\$59.54
1Q13	\$50.55	\$59.60
2Q13	\$53.85	\$61.81
3Q13	\$50.15	\$62.51
4Q13	\$50.40	\$63.40
1Q14	\$49.44	\$63.96
2Q14	\$53.57	\$64.82
1Q08-1Q10	-41.7%	-17.5%
1Q10-2Q14	32.1%	17.0%

3Q08-3Q10 (Peak to Trough)

32%

26%

B

A

