Market Research

OFFICE | SECOND QUARTER | 2009

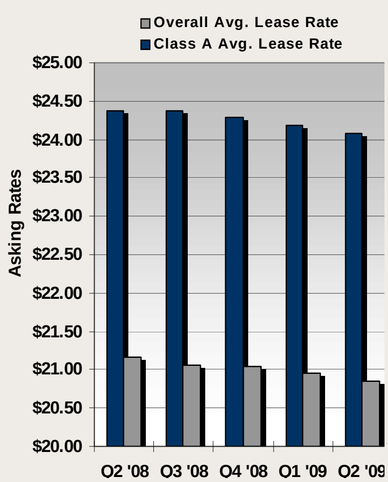
MARKET INDICATORS

TAMPA BAY INVENTORY
80,380,701 s.f.

	Q2	Q3*
OVERALL VACANCY 14.7%	↑	↑
CLASS A VACANCY 17.0 %	↑	↑
ABSORPTION -641,081 s.f.	↓	↓
CONSTRUCTION 266,871 s.f.	↑	↓
NEW SUPPLY 250,000 s.f.	↑	↓
OVERALL DIRECT AVG ASKING RATE: $20.85	↓	↓
CLASS A DIRECT AVG ASKING RATE $24.08	↓	↓

*Projected, relative to prior period

AVG. FULL SERVICE ASKING LEASE RATES



The big question is WHEN?

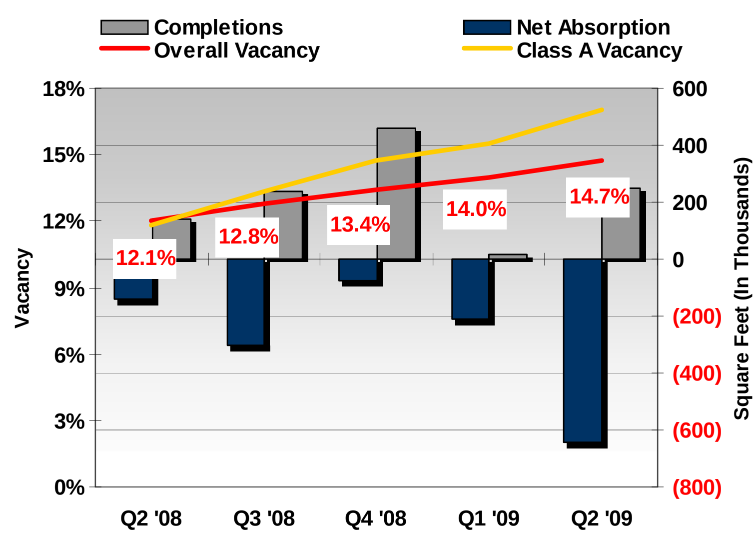
This is by far the biggest question right now and for the remainder of 2009. When will the economy start to improve again? Already there are different schools of thought in the economic and commercial real estate community. Forecasting is a tricky endeavor but the brave at Colliers Arnold are cautiously stating we are hopeful for the future but remaining patient. Market indicators are predicted to continue to show increased vacancy and lower absorption for the next quarter. Lease rates are also forecasted to decrease for the coming quarter.

Broker comments about the market and the outlook for the future include the following:

- The fundamentals of rent and occupancy will continue to deteriorate but at a slower pace than that recently experienced. A stabilization or "bottoming" may occur in the next six months.
- Job creation must happen before there is significant improvement in the economy. Expansion isn't expected for at least 12 months. In the meantime, time frames for closed transactions are very long. The market will remain price sensitive for possibly 4 more quarters and owners and banks will have to continue to offer lower rates. Rising foreclosures could be seen as some lenders and investors lose patience.
- Some signs of stabilization may be returning as many brokers are busier than ever. Deals that are closing are tenants new to the area, or those needing to move for space or tenant improvements. Landlords too are being looked at closely for their strength to uphold tenant commitments.
- Tenants are thankful that many owners are finally willing to do what it takes to close transactions Negotiated rent has been seen to drop from 20 – 45% depending on the area and product type. Free rent is often part of the deal (up to 12 months in some rare circumstances), in addition to decreased rent for existing tenants. Some landlords will even provide funds for a new tenant to buy out their existing lease in another building. The time is now for the best opportunities.

Benefits continue for those being advised by seasoned professionals at companies such as Colliers Arnold that are committed to stand strong and adapt quickly for their clients no matter what the economy brings. This is a time when owners and tenants can gain or save the most by paying attention to real estate professionals who have their fingers on the pulse of the market.

TAMPA BAY OFFICE MARKET NEW SUPPLY, ABSORPTION AND VACANCY RATES



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(Continued from pg 1)

Q2 2009 saw the overall office vacancy rate in the Tampa Bay area rise to a total of 14.7%. This rate is the highest since 1999 when vacancy records for the area began. Class A vacancy also rose to the current total of 17.0%. Occupied space also shrank again as shown by the largest ever negative absorption total of -641,081 square feet (s.f.). This brings the year to date negative absorption total to -853,786 s.f.

Colliers International reported a national vacancy rate of 14.8% at the beginning of the second quarter 2009. National absorption was negative for the fifth consecutive quarter. Companies are shedding space at the fastest pace since Q3 2001. Nearly every region of the country is reporting weak economics with heavy job losses expected for the next few months and little hope of employment gains until 2010. Few industries are considering expansion or new hiring. With such an uncertain business environment, the office market will remain weak through the end of 2009. Rents accelerated downward as landlords had no choice but to lower lease rates to attract new tenants and keep occupancies from declining any further.

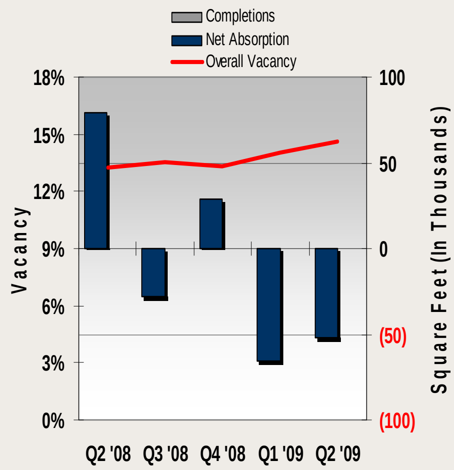
The overall direct asking lease rate average in the Tampa Bay area measured $20.85 for Q2 2009. Class A asking lease rates averaged $24.08 for Q2. It is important to note that averages have been dramatically affected by the many landlords who have removed asking rates to insert "negotiable" instead. Also noteworthy is the fact that these rates do NOT reflect considerable concessions, TI and free rent.

Large blocks of 20,000+ s.f. of contiguous office space available remained almost unchanged since the first quarter 2009. After a dramatic increase from the June 2008 total of 78 to the March 2009 total of 126, the June 2009 search results reflected a slight decrease to a total of 124 blocks of large contiguous space available.

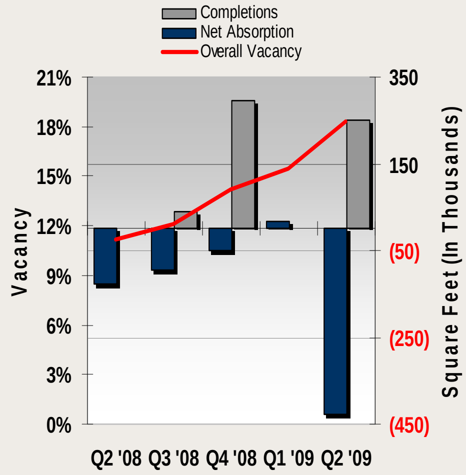
One office building was completed during the second quarter. It was the Class A, 250,000 s.f. "MetWest Building 1" developed by Metropolitan Life in the Westshore submarket. The building was 38% leased upon completion. Seven buildings are currently under construction which total 266,871 s.f. The largest is the 88,500 s.f. Class A "spec" building at 13010 Telecom Dr. at Park Centre in the I-75 Corridor submarket.

SUBMARKET TRENDS

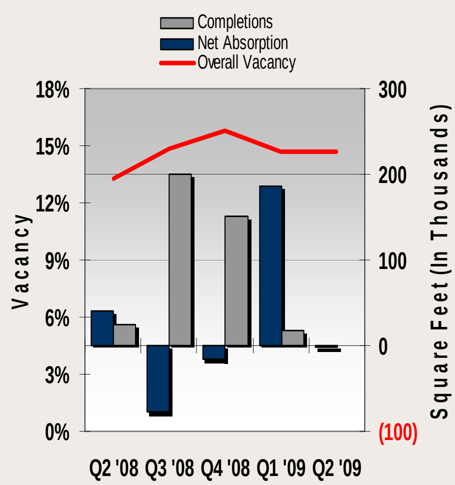
TAMPA CBD



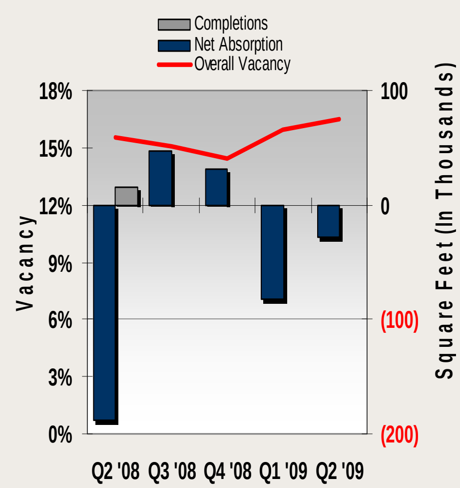
WESTSHORE



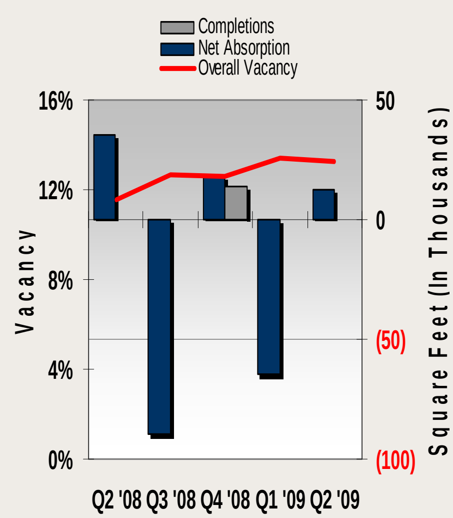
I-75 CORRIDOR



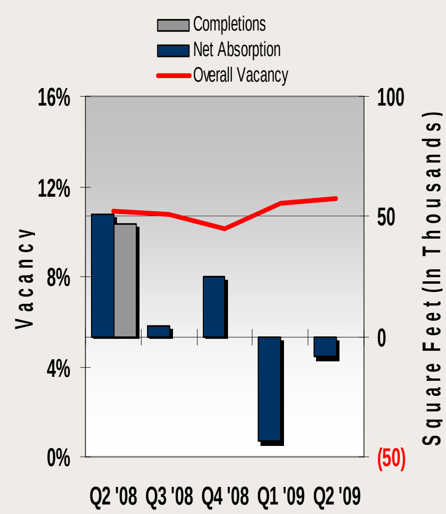
NORTH PINELLAS



GATEWAY



ST. PETERSBURG CBD

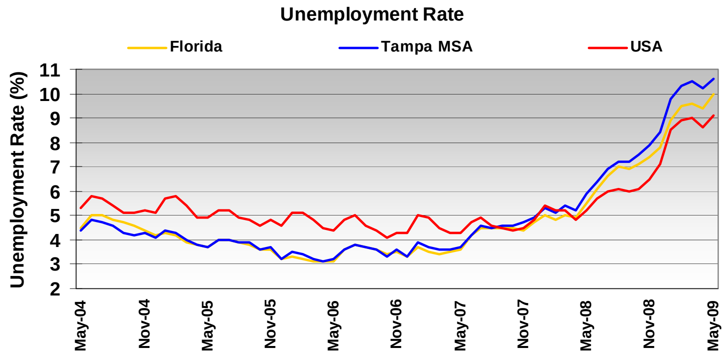


TAMPA BAY MARKET STATISTICS

Qtr. & Year	Bldgs.	Total Inventory S.F.	Direct Vac. %	Total Vac. %	Net Absorp. Current Qtr. S.F.	Net Absorp. YTD S.F.	New Completions S.F.	Under Construc. S.F.	Avg. Direct Asking Rate Full Service
HIGHLIGHTED OFFICE SUBMARKETS									
Tampa CBD									
A	13	5,641,952	14.6%	15.4%	-53,127	-105,534	0	0	$23.73/fs
B , C	74	3,780,189	13.0%	13.1%	1,184	-12,041	0	0	$17.51/fs
Westshore									
A	41	7,498,184	20.5%	22.7%	-367,191	-182,085	250,000	0	$28.62/fs
B , C	194	7,608,922	12.2%	13.9%	-60,626	-228,283	0	0	$20.71/fs
I-75 Corridor									
A	44	6,899,976	13.8%	14.7%	-31,763	77,208	0	168,000	$24.22/fs
B , C	256	8,827,573	14.0%	14.7%	29,404	106,484	0	0	$19.08/fs
North Pinellas									
A	15	1,151,160	21.9%	22.4%	-19,668	-33,513	0	0	$21.41/fs
B , C	160	4,240,810	14.5%	14.9%	-8,260	-76,671	0	30,871	$18.58/fs
Gateway									
A	27	3,471,592	10.0%	11.5%	-8,002	-96,016	0	0	$23.30/fs
B , C	112	4,423,257	13.7%	14.7%	20,552	44,108	0	0	$19.31/fs
St. Petersburg CBD									
A	8	1,628,961	16.7%	17.4%	7,068	-14,453	0	50,000	$25.11/fs
B , C	59	2,294,786	7.2%	7.2%	-15,347	-37,036	0	0	$21.10/fs

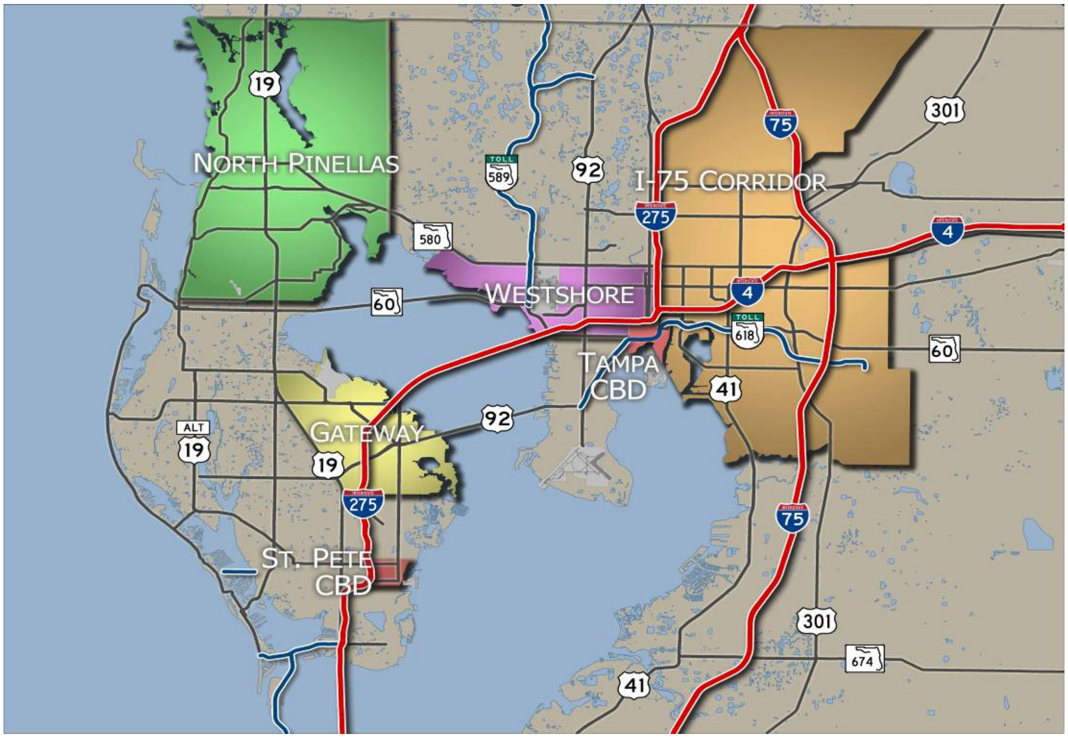
Qtr. & Year	Bldgs.	Total Inventory S.F.	Direct Vac. %	Total Vac. %	Net Absorp. Current Qtr. S.F.	Net Absorp. YTD S.F.	New Completions S.F.	Under Construc. S.F.	Overall Avg. Direct Asking Rate F.S.	Class A Avg. Direct Asking Rate F.S.
TAMPA BAY OVERALL OFFICE MARKET										
2009 2Q	1,748	80,380,701	13.9%	14.7%	-641,081	-853,786	250,000	266,871	$20.85	$24.08
2009 1Q	1,748	80,380,701	13.0%	14.0%	-212,705	-212,705	17,340	236,000	$20.95	$24.18
2008 4Q	1,746	80,113,361	12.4%	13.4%	-76,463	-853,786	461,402	503,340	$21.05	$24.28
2008 3Q	1,740	79,636,959	11.6%	12.8%	-304,687	-635,455	240,400	929,742	$21.06	$24.38
2008 2Q	1,735	79,321,895	10.8%	12.1%	-142,668	-330,768	141,197	1,244,806	$21.16	$24.38

UNEMPLOYMENT SNAPSHOT



The unemployment rate for the Tampa Bay MSA was 10.6% for May 2009. This compares to the year ago rate of 5.9% for May 2008. The State of Florida rate was 10.0% for May 2009 which compares to 5.5% for May 2008. Both the local and state rates are higher than the national rate which now stands at 9.1%. The national rate in May 2008 was 5.2%. All reported rates are non-seasonally adjusted. The detailed snapshot for the Tampa Bay area shows a net loss of 53,900 jobs from May 2008 to May 2009. While job declines originated in the housing market, the losses have now spread to most all major industries throughout the state.

TAMPA BAY OFFICE HIGHLIGHTED SUBMARKETS



SECOND QUARTER 2009 TRANSACTION HIGHLIGHTS

SALES ACTIVITY

BLDG NAME/ PROPERTY ADDRESS	PROPERTY CLASS	BUYER NAME	SIZE (SF)	SALES PRICE	SALES PRICE/SF	SUB-MARKET
Thompson Ctr. Waters - M 5471 W Waters Ave.	B	Cloverleaf West Waters, LLC	23,778	$3,500,000	$147	Northwest Tampa
Wachovia 12233 N. Florida Ave.	C	12233 North Florida LLC	14,609	$831,000	$57	Northwest Tampa
6748 Gall Blvd.	B	Florida Hospital Zephyrhills, Inc.	11,546	$1,500,000	$130	Northern Tampa

LEASING ACTIVITY

BLDG NAME/ PROPERTY ADDRESS	PROPERTY CLASS	TENANT NAME	SIZE (SF)	LEASE TYPE	SUB-MARKET
Corporate Center Four 4010 W. Boy Scout Blvd.	A	Cole Scott & Kissane	32,700	Direct	Westshore
Bayport Plaza 3000 Bayport Dr.	A	Walter Investment Management	25,127	Sublease	Westshore
MetWest Building I 4030 W. Boy Scout Blvd.	A	PBSJ Corporation	83,000	Direct	Westshore
Bank of America Plaza 101 El Kennedy Blvd.	A	Parte & Gilbert PA	13,922	Expansion & Renewal	Tampa CBD
100 Legacy Park 3020 US Hwy 301 S.	A	Vangent, Inc.	99,039	Direct	I-75 Corridor
Waterford Plaza 7650 Courtney Campbell Cswy	A	Groelle & Salmon	13,396	Sublease	Westshore

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FOR NATIONAL REPORTS VISIT – http://www.colliers.com/Corporate/MarketReports/

This Colliers Arnold market report includes owner and non-owner occupied office space 10,000 s.f. and greater in Hillsborough and Pinellas Counties. Directional arrows compare current quarter numbers to previous quarter numbers. Arrows show change when there is a 10 cent or more change in lease rate or 0.5% or more change in vacancy rate. Due to continual updates and refinements in the historical database, some of the data in this report may not match data published in previous reports. Sources: CoStar Property and Colliers Arnold. Colliers Arnold is a member firm of Colliers International - a worldwide affiliation of independently owned and operated companies with over 294 offices throughout more than 61 countries. Questions should be directed to Colliers Arnold Research at 813/221-2290 or e-mail: research@colliersarnold.com. Report written by Karen Temmen, 727/442-7184 or e-mail: ktemmen@colliersarnold.com. Information contained herein has been obtained from sources deemed reliable but not guaranteed. No representation is made as to the accuracy thereof. Data as of 6/22/09.

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