

Appendix C239

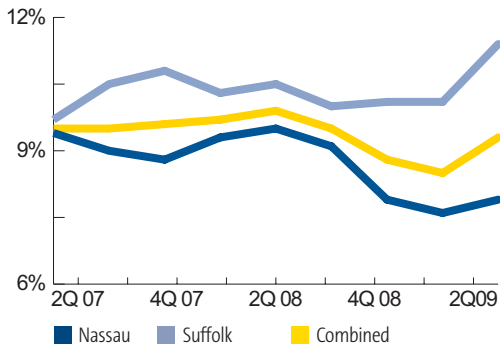
Office Trends Report – Second Quarter 2009, Grubb & Ellis

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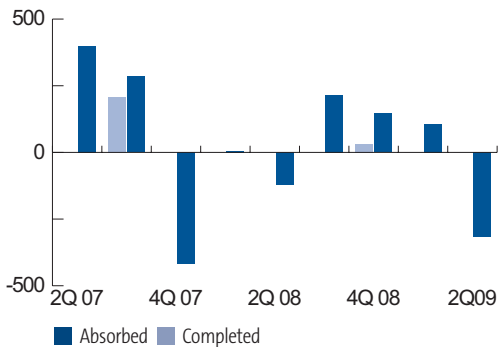
Long Island, NY



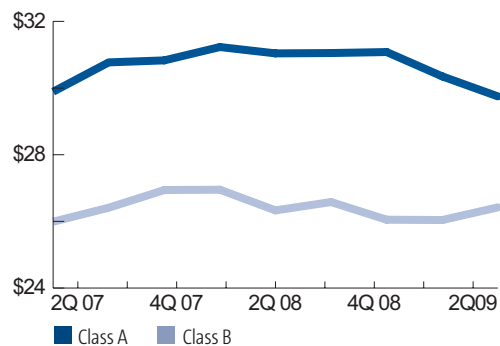
Vacancy Rate
Quarterly



Completions vs. Absorption
Quarterly (in Thousands of SF)



Asking Rental Rates
Quarterly (\$/SF/Yr. Full Service)



As the residential real estate market's downward spiral slows, the commercial real estate market is deteriorating fast. With both available direct and sublet space rising, net effective rents are falling.

Although still below the national average of 9.5 percent, Long Island's unemployment rate went up 20 basis points during May to 6.9 percent, mostly due to job losses in the retail and construction sectors. With bleak prospects for a quick economic recovery, Long Island's commercial real estate market is headed for another few quarters of deterioration. Long Island's vacancy increased 80 basis points during the second quarter to 9.3 percent, but was still 60 basis points lower when compared to one year ago. Nassau County's vacancy rate rose 30 basis points to 7.9 percent, while Suffolk County saw its vacancy rate substantially increase by 130 basis points to 11.4 percent, mostly due to a significant increase in Class A vacant space. On Long Island, space is on the market an average 20.6 months, and is expected to further increase for the next few quarters as leasing activity continues to be tepid. A total of 210,885 square feet of negative absorption was posted at the end of the quarter with the Islip submarket contributing the largest share of space returns. There were a total of 116 deals signed with 84.5 percent of them below 5,000 square feet in size. Class A asking rents were further lowered by \$0.88 to \$29.89 per square foot, and Class B asking rents were dropped by \$0.42 to \$25.99 per square foot. However, it may not be aggressive enough to attract tenants that are currently in the market. In addition, available sublease space increased 8.8 percent to 1.4 million square feet, mostly in Class A properties. There was no notable office building sale transactions in either county during the second quarter, as property owners continue to stay away from the distressed market.

FORECAST

- Rapidly increasing sublease space will further distress direct space, pushing overall asking rents lower
- Competition between landlords to win tenants will intensify as more competitive spaces hit the market
- The education and healthcare sectors are the lone bright spot of the current local economy and are expected to outperform others in the near future

KEY TRANSACTIONS

Lessee/Buyer	Lessor/Seller	Property	Size (SF)/Price
Deloitte & Touche	Onyx Equities, LLC	2 Jericho Plaza	37,224
Grassi & Co. CPA	We're Associates, Inc.	50 Jericho Quadrangle	27,000
Stifel, Nicolaus & Co., Inc.	The Treeline Companies	1225 Franklin Avenue*	24,771
Arrow Electronics	Kew Management	220 Rabro Drive	18,720

■ Leasing ■ Sales *Indicates Transaction Represented by Grubb & Ellis

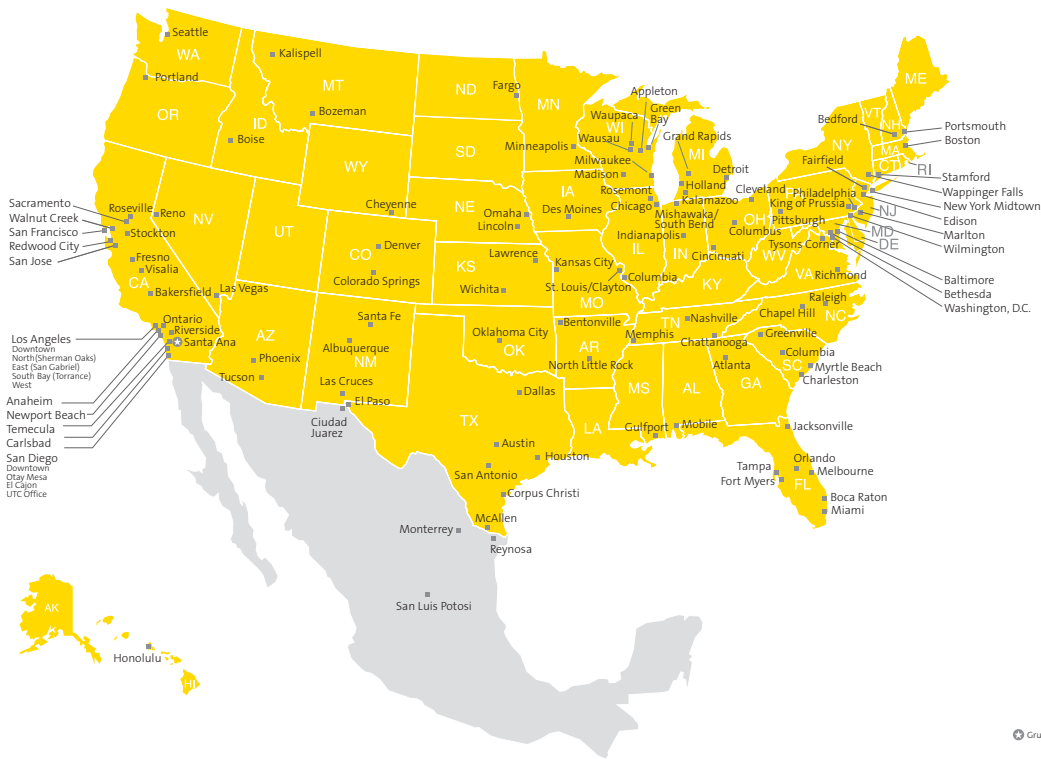
Office Trends Report—Second Quarter 2009

Long Island, NY



By Submarket	Total SF	Vacant SF	VACANCY %		NET ABSORPTION		Under Construction SF	ASKING RENT	
			Direct	Total	Current	YTD		Class A	Class B
Nassau County									
Hempstead	11,850,934	945,273	7.4%	8.0%	(59,608)	(111,615)	128,000	\$31.91	\$28.75
North Hempstead	8,676,062	503,328	4.8%	5.8%	(33,905)	97,359	60,000	\$33.75	\$28.20
Oyster Bay	7,336,883	754,945	9.3%	10.3%	8,039	56,710	246,400	\$33.56	\$27.73
Nassau County Total	27,863,879	2,203,546	7.1%	7.9%	(85,474)	42,454	434,400	\$32.82	\$28.35
Suffolk County									
Babylon	538,500	19,270	3.6%	3.6%	498	6,359	-	-	\$24.83
Brookhaven	1,580,922	302,605	18.2%	19.1%	(20,664)	(11,784)	-	\$20.64	\$19.73
Huntington	9,227,924	930,139	9.2%	10.1%	(50,887)	(126,496)	-	\$28.66	\$21.66
Islip	4,858,949	652,668	10.2%	13.4%	(141,942)	(121,751)	-	\$26.19	\$22.70
Riverhead	675,566	77,152	11.4%	11.4%	(17,834)	8,616	-	-	\$18.21
Smithtown	989,023	51,742	4.9%	5.2%	(1,174)	(8,283)	30,000	\$26.08	\$26.37
Suffolk County Total	17,870,884	2,033,576	9.9%	11.4%	(232,003)	(253,339)	30,000	\$26.85	\$21.79
Suburban Total	45,734,763	4,237,122	8.2%	9.3%	(317,477)	(210,885)	464,400	\$29.89	\$25.99

By Class	Total SF	Vacant SF	Direct	Total	Current	YTD	Under Construction SF	AVAILABLE FOR SUBLEASE	
								CBD	Suburban
Class A	24,940,956	2,679,074	9.0%	10.7%	(241,583)	(312,775)	464,400	-	964,786
Class B	16,608,696	1,360,652	8.4%	8.7%	(70,389)	108,491	-	-	168,454
Class C	5,185,111	197,396	3.8%	3.8%	(5,505)	(6,601)	-	-	8,848
Totals	45,734,763	4,237,122	8.2%	9.3%	(317,477)	(210,885)	464,400	-	1,142,088



Grubb & Ellis Corporate Headquarters
May 2009
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OFFICE TERMS AND DEFINITIONS

Inventory: Office inventory includes all multi-tenant and single tenant buildings at least 25,000 square feet. Owner-occupied, government and medical buildings are not included.

Office Building Classifications: Grubb & Ellis adheres to the BOMA guidelines. Class A properties are the most prestigious buildings competing for premier office users with rents above average for the area. Class B properties compete for a wide range of users with rents in the average range for the area. Class C buildings compete for tenants requiring functional space at rents below the area average.

Vacancy and Availability: The vacancy rate is the amount of physically vacant space divided by the inventory and includes direct and sublease vacant. The availability rate is the amount of space available for lease divided by the inventory.

Direct Vacant: This is the vacancy rate in space offered on the market directly by the landlord in single and multi-tenant buildings. This excludes vacant space offered for sublease and vacant space that is not offered on the market, for whatever reason.

Net Absorption: The net change in physically occupied space over a period of time.

Asking Rent: The dollar amount asked by landlords for available space expressed in dollars per square foot per year in most parts of the country and dollars per square foot per month in areas of California and selected other markets. Office rents are reported full service where all costs of operation are paid for by the landlord up to a base year or expense stop. The asking rent for each building in the market is weighted by the amount of available space in the building.

** Grubb & Ellis statistics are audited annually and may result in revisions to previously reported quarterly and final year-end figures.*