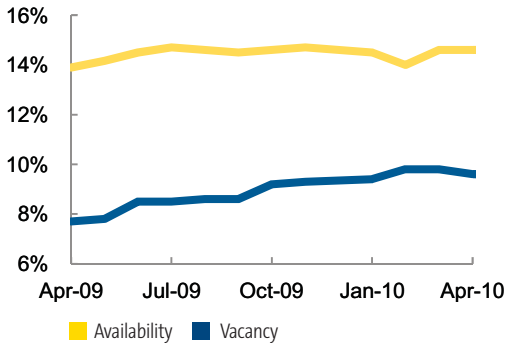
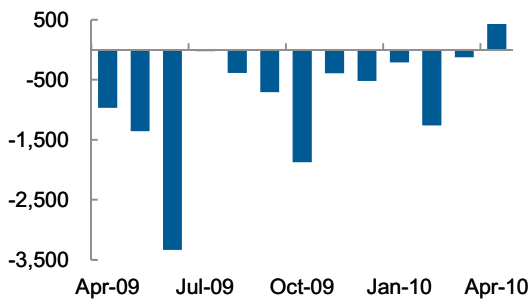


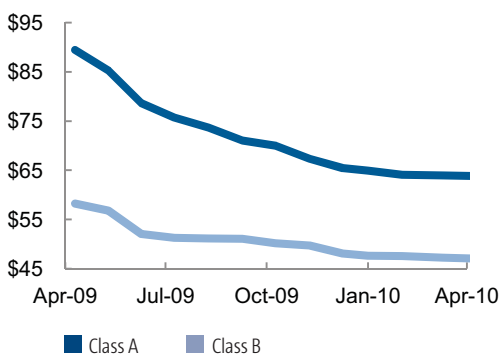
Availability vs. Vacancy Rate
Monthly



Absorption
Monthly (in Thousands of SF)



Overall Asking Rental Rates
Monthly



Concessions Foster Midtown's Recovery

The recent uptick in leasing velocity led to mild signs of recovery in Midtown, keeping asking rents steady as they have been since March. Asking rents will likely remain flat throughout the year for most buildings in Midtown, however large increases in the asking rents of top tier buildings are expected. For the remainder of 2010, concessions will drive the true value of leases for tenants. Over the past two years, landlords provided as much as \$150.00 per square foot in tenant improvement allowances to secure a credit-worthy tenant committing to a 10-year lease. In 2007, at the height of the market, the average work contributions issued by landlords was \$35.00 per square foot on Class A leases, along with five months of free rent. Concession packages increased as the market turned, and in the first quarter 2009 free rent still averaged five months; tenant improvement allowances were, however, bumped up to \$45.00 per square foot. To generate activity in the market, landlords increased these figures, while over the past six months concessions increased once again. From the fourth quarter 2009 through the first quarter 2010, concessions appear to have peaked, as tenant improvement allowances averaged \$55.00 per square foot with seven months of free rent. As the market improves, landlords may still extend themselves for the right tenant, but expect concessions to begin to lessen. In addition, landlords may start to pull back on providing "turn-key" space.

Since renewals save tenants the cost of relocating, the allowances offered on the part of the landlord is uniformly lower. In the fourth quarter 2007, an average of two months of free rent was offered and \$10.00 per square foot for paint and carpet was given. In the first quarter 2009, shorter capital supply caused landlords to reduce tenant allowances to \$6.00 per square foot and bump up free rent to three months. As renewals became a key factor in leasing activity over the past year accounting for 40 percent of transaction volume, landlords raised the amount of money they were willing to offer in order to keep tenants in place and occupancy rates up. In the first quarter 2010, four months of free rent was given and the work allowances averaged \$30.00 per square foot.

Momentum in Midtown continued in April, causing the availability rate to reach a 12-month low as availability dropped 20 basis points to 14.1 percent. Overall, direct asking rents in Class A and B buildings held firm since March, down \$0.14 per square foot to \$68.64, and up \$0.13 per square foot to \$54.40 respectively. Asking sublease rents saw more of an adjustment, down \$1.46 per square foot to \$50.83 in Class A buildings and up \$1.13 per square foot to \$41.41 in Class B buildings.

Meanwhile, outside of Midtown, all six submarkets in Midtown South experienced spikes in availability causing the overall rate for the market to increase 20 basis points to 14.2 percent. Downtown witnessed further setbacks in April with the addition of AIG's space to the market at 70 Pine Street. The block of 510,000 square feet fueled the 30 basis point jump in availability to 16.3 percent.

Office Snapshot—May 2010

Statistical Data as of 4/30/2010



GRUBB & ELLIS
From Insight to Results

By Submarket	Total SF	Available SF	Total Availability %	NET ABSORPTION		Under Construction SF	ASKING RENT		
				Current	Year-To-Date		Direct	Sublet	Total
Midtown									
Avenue of the Americas	39,595,286	5,148,940	13.0%	25,737	(88,285)	-	\$65.51	\$48.12	\$61.69
Eastside	26,024,415	3,493,375	13.4%	148,577	(560,399)	-	\$54.28	\$41.81	\$51.87
Fifth/Madison	20,481,858	3,632,479	17.7%	(8,293)	132,193	-	\$87.76	\$59.72	\$84.47
Grand Central	42,342,087	6,615,797	15.6%	(10,704)	407,814	-	\$58.91	\$46.39	\$55.75
Midtown West	35,329,904	4,655,016	13.2%	41,130	(14,206)	1,155,550	\$62.89	\$47.60	\$60.45
Park Avenue	20,359,019	2,820,359	13.9%	69,763	172,868	-	\$66.56	\$55.79	\$62.83
Penn/Garment	27,833,099	3,493,706	12.6%	169,341	351,129	-	\$44.86	\$35.56	\$44.14
Midtown Total	211,965,668	29,859,672	14.1%	435,551	401,114	1,155,550	\$62.53	\$48.17	\$59.78
Midtown South									
Chelsea	5,767,080	370,557	6.4%	13,234	20,368	-	\$54.87	\$41.25	\$53.32
Gramercy/Flatiron	8,751,574	1,426,571	16.3%	(21,547)	374,613	-	\$48.47	\$36.27	\$46.84
Hudson Square/Tribeca	13,470,703	2,670,157	19.8%	(11,509)	(84,207)	-	\$39.84	\$29.48	\$39.01
Madison Square	19,637,328	2,920,059	14.9%	(144,278)	(356,124)	-	\$49.47	\$31.92	\$45.78
Penn Station	22,584,101	2,728,978	12.1%	25,868	330,143	-	\$45.65	\$35.94	\$42.84
SoHo/NoHo	4,278,478	486,309	11.4%	5,847	(37,625)	-	\$47.07	\$42.96	\$45.88
Midtown South Total	74,489,264	10,602,631	14.2%	(132,385)	247,168	-	\$45.35	\$34.41	\$43.26
Downtown									
Broadway/Battery Park	6,781,960	1,746,854	25.8%	(16,807)	(41,903)	-	\$35.40	\$29.56	\$35.08
City Hall	5,748,733	1,417,836	24.7%	(29,511)	(1,173,728)	-	\$34.94	\$32.00	\$34.91
Insurance	6,434,914	744,364	11.6%	12,207	(5,640)	-	\$37.12	\$27.34	\$36.65
Wall Street	22,408,379	4,180,817	18.7%	48,922	85,508	-	\$39.64	\$33.13	\$38.42
Waterfront	14,680,136	2,477,538	16.9%	4,857	(880,815)	-	\$45.05	\$32.35	\$39.92
World Trade Center	19,009,295	1,691,048	8.9%	104,731	409,612	6,900,000	\$48.19	\$38.57	\$45.78
Downtown Total	75,063,417	12,258,457	16.3%	124,399	(1,606,966)	6,900,000	\$40.75	\$33.80	\$39.32
Manhattan Total	361,518,349	52,720,760	14.6%	427,565	(958,684)	8,055,550	\$54.12	\$41.93	\$51.75
Available for Sublease CBD									
By Class									
Class A	208,554,856	29,303,247	14.1%	112,381	(2,300,034)	8,055,550		9,024,548	
Class B	123,162,536	19,760,186	16.0%	257,800	1,087,626	-		4,277,748	
Class C	29,800,957	3,657,327	12.3%	57,384	253,724	-		684,860	
Manhattan Totals	361,518,349	52,720,760	14.6%	427,565	(958,684)	8,055,550		13,987,156	

KEY TRANSACTIONS

Lessee	Lessor	Property	Transaction Type	Size (SF)
Proskauer Rose L.L.P.	SJP Properties	11 Times Square	Direct	406,399
Service Employees International Union	Jamestown Management Corporation	620 Avenue of the Americas	Direct	245,000
New York Liquidation Bureau	Swig Equities, LLC	110 William Street	Direct	116,540
Elliot Associates, L.P.	The Lefrak Organization	40 West 57th Street	Direct	75,000
Charles Komar & Sons, Inc.	SL Green Realty Corp	16 East 34th Street	Renewal	38,743

OFFICE TERMS AND DEFINITIONS

Total SF: Office inventory includes all multi-tenant and single tenant buildings at least 150,000 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 within the next 12 months divided by the inventory.

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. Asking rent average include all classes of space. 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.