

OFFICE MARKET

Center City has 39.7 million square feet of office space housing more than 50% of CBD employees, making the office market the largest employment sector downtown. Served by a multi-modal regional transit system and accessible from two interstate highways, downtown employers enjoy easy access to a highly-skilled regional workforce. At year end 2008, in an increasingly challenging economic climate, Center City office buildings achieved historically high occupancy rates and rent levels.

Downtown occupancy reached 90% while the Independence Square and South Broad Street submarkets posted 96% and 93% occupancy levels respectively. By comparison, occupancy reached only 85% in the Pennsylvania and New Jersey suburbs and 82% in Delaware. Class A rents downtown, averaged, by one count, over \$30 per square foot, the highest levels in the region.

In the last major economic downturn at the beginning of the 1990s, an overbuilt Center City office market contracted drastically in the face of mergers, takeovers and the departure of corporate headquarters. So far in this recession, there has been little office space returning to the market for sublease, no new buildings begging for tenants and no new projects completing construction. In fact, one of the biggest challenges currently facing mobile tenants is the lack of large blocks of contiguous space over 100,000 square feet. The two largest transactions of 2008, SunGard and Thomas Reuters, both over 100,000 square feet, could only be accommodated at 1500 Spring Garden Street, at the edge of the downtown.

In 2008, Center City maintained its 28% share of the region's office space, after dropping from a 41% market share in 1993. In this regard, however, the region is exhibiting office densities closer to sprawling Atlanta than to east coast competitors Boston, New York or Washington, D.C. But with affordable rents, a diversified tenant base and a walkable, amenity-rich environment, Center City is better positioned to weather the storm than auto-dependent suburbs and those markets subject to extreme cycles of boom and bust. With a continuing commitment to tax competitiveness and with new investments in transit and infrastructure, Philadelphia can align itself well for the next cycle of growth.



Office of The Lighting Practice, designers of South Broad Street facade lighting.

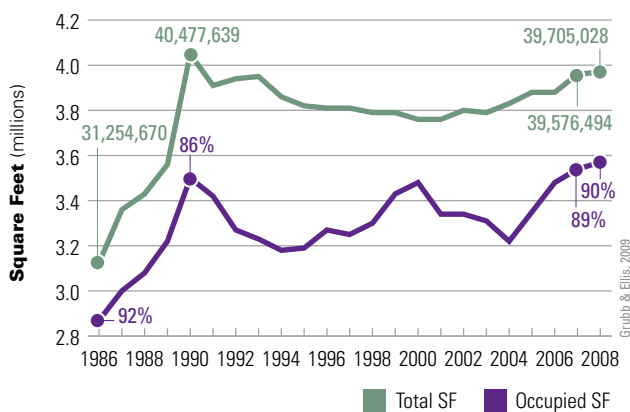
Center City Submarkets*

Submarket	SF	Occupancy
South Broad Street	2,554,684	93%
Chestnut/Walnut	2,003,202	82%
Independence Square	4,831,077	96%
East Market	5,320,969	92%
West Market	24,995,096	89%
Total CBD	39,705,028	90%

Grubb & Ellis, 2009

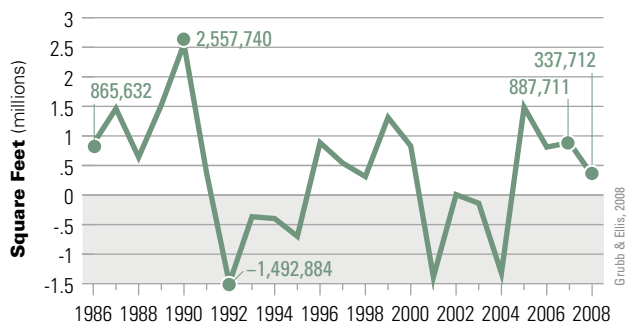
* 4th Quarter, all property classes

Office Inventory and Occupancy



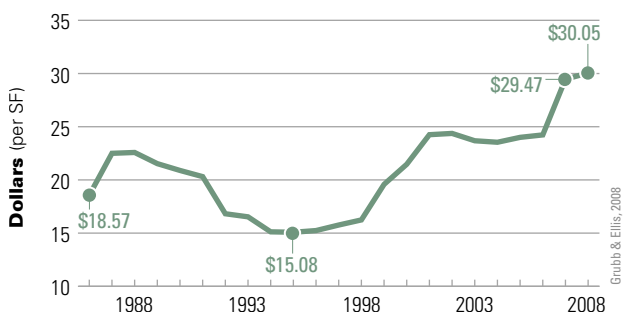
Grubb & Ellis, 2009

Net Absorption



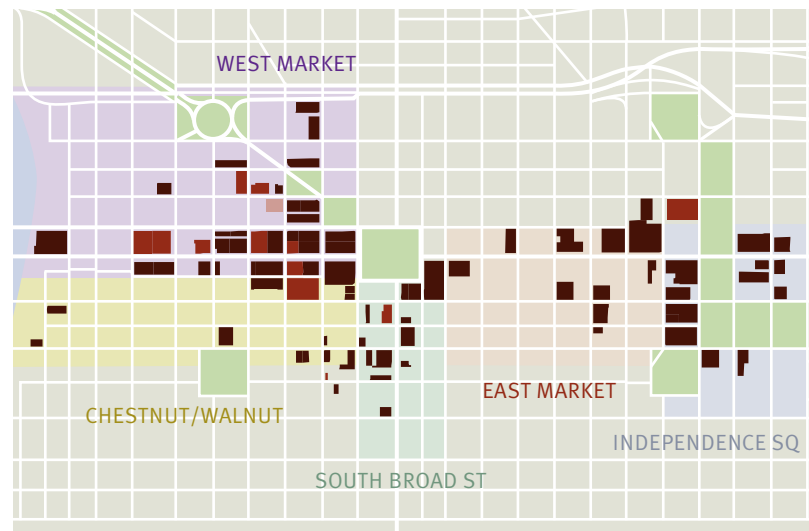
Grubb & Ellis, 2008

Average Class A Rental Rates



Grubb & Ellis, 2008

Major Office Buildings, Grubb & Ellis Submarkets



Office Buildings (year built)
 1900-1986 1987-1996 1997+

Ten Largest Sales, 2008

Building	Buyer	Size (SF)	Price (millions)	Price per SF
Girard Sq	SSH Real Estate & JV Young Capital	833,333	\$90.0	\$108
1601 Market St	APF Properties	680,556	\$98.0	\$144
1400 Spring Garden St	Tower Investments LLC	300,000	\$25.2	\$84
801 Market St	Gramercy Capital Corp	280,000	\$43.4	\$155
714 Market St	Liberty Resources	212,500	\$25.5	\$120
1600 Callowhill St	UrbanAmerica	88,489	\$12.3	\$139
1429-1433 Walnut St	Kimco Realty	77,446	\$28.5	\$368
1805-1809 Walnut St	Kimco Realty	39,950	\$15.9	\$398
1805-1809 Walnut St	Pearl Properties	31,156	\$12.4	\$398
1900 Delancey Pl	Salem D Shuchman & Barbara L Klock	11,111	\$3.6	\$324

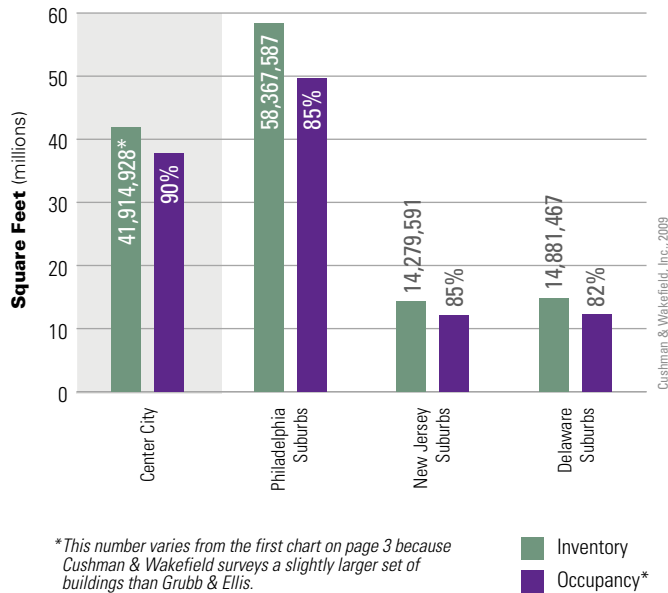
Studley

Ten Largest Lease Transactions, 2008

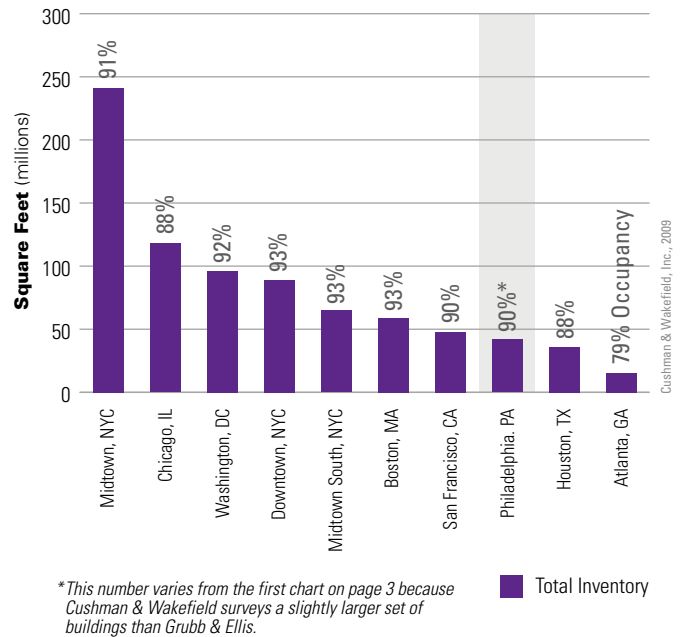
Building Address	Tenant	Size (SF)
1500 Spring Garden St	SunGard	123,456
1500 Spring Garden St	Thomas Reuters	123,453
1818 Market St	Eresearch Technology	59,395
1735 Market St	Aberdeen Asset Management	56,428
1801-1821 Market St	Gamesa Technology Corp	53,072
100 N 18th St	Marsh USA, Inc	41,920
1818 Market St	American College of Radiology	36,740
1701 JFK Blvd	Citizens Bank	23,957
2005 Market St	Harkin Cunningham	22,961

Studley, 2009

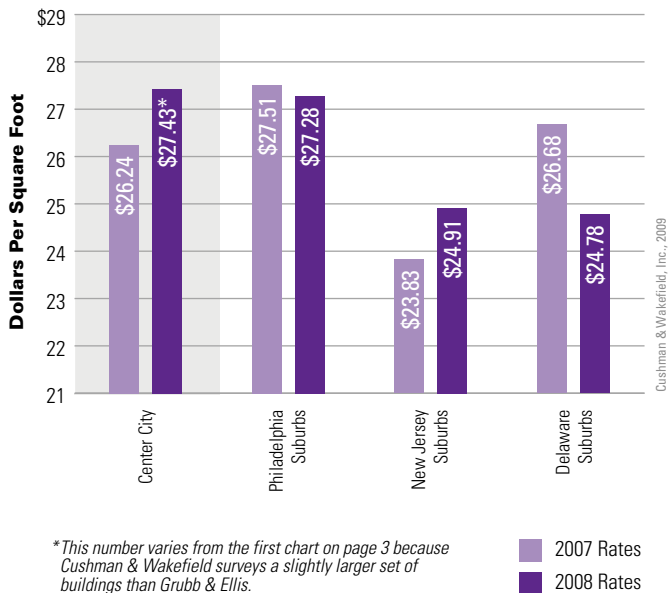
Office Inventory and Occupancy in Philadelphia Region = 129,443,573 SF Total



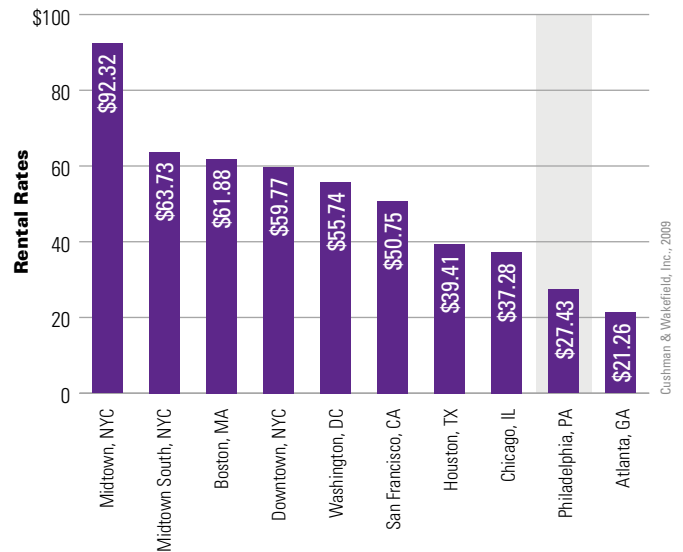
National Comparison of CBD Office Inventory and Occupancy, 2008



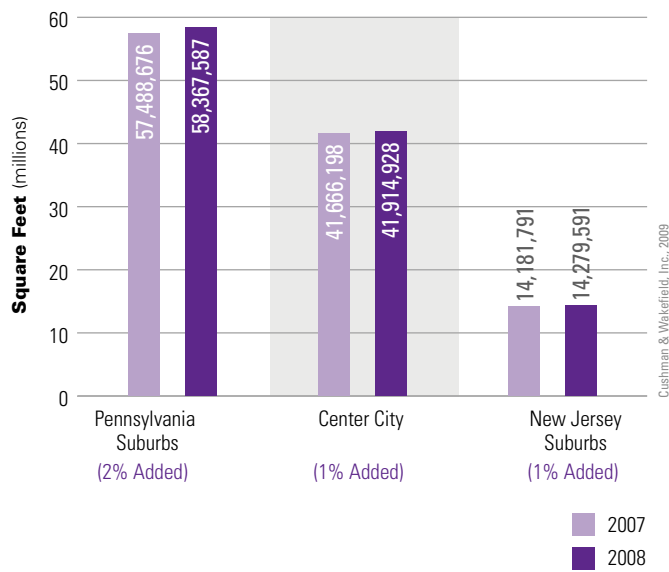
Average Class A Rental Rates in the Philadelphia Region*



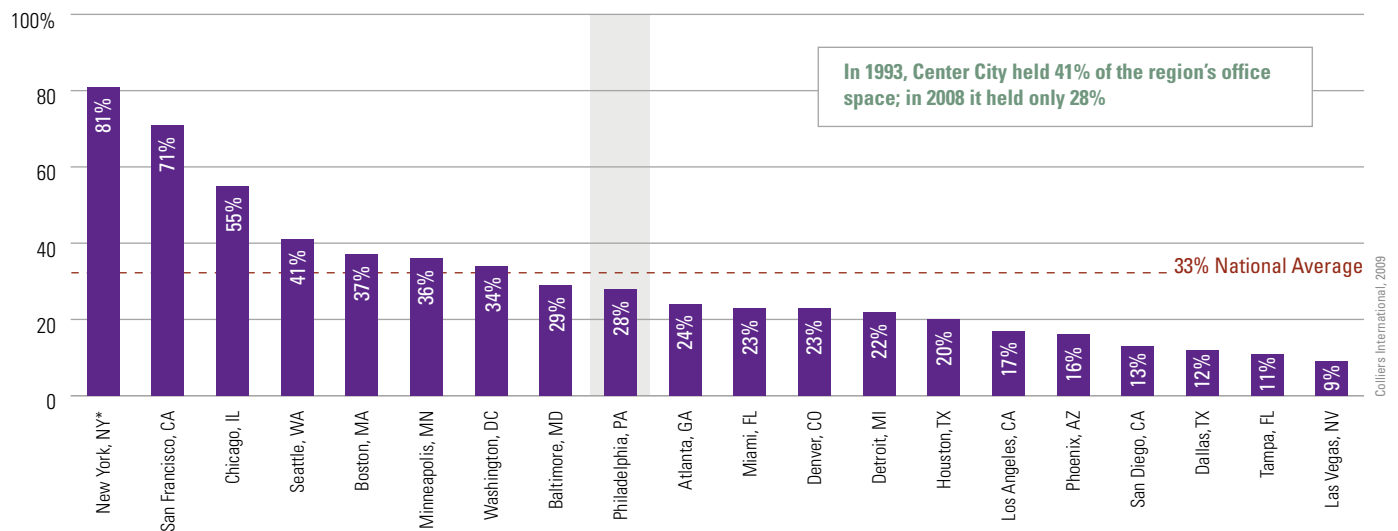
CBD Class A Rental Rate Comparison, 2008



Regional Office Growth, 2007-2008



National Comparison of Share of Region's Office Space in CBD, 3Q 2008



* Includes Downtown, Midtown, and Midtown South.