## Southeast Suburban Office - Fast Facts

<table>
<thead>
<tr>
<th>Absorption</th>
<th>YTD 2Q15</th>
<th>328,000 sf</th>
</tr>
</thead>
<tbody>
<tr>
<td>Inventory</td>
<td>27.8 msf</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Vacancy</th>
<th>12.5%</th>
</tr>
</thead>
<tbody>
<tr>
<td>As of 2Q 2015</td>
<td></td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Available Large Blocks</th>
<th>4 2Q12</th>
<th>11 2Q13</th>
<th>10 2Q14</th>
<th>10 2Q15</th>
</tr>
</thead>
<tbody>
<tr>
<td>100,000 sf +</td>
<td></td>
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</table>

<table>
<thead>
<tr>
<th>Rental Rates</th>
<th>Class A</th>
</tr>
</thead>
<tbody>
<tr>
<td>$26.00/sf</td>
<td>An all-time high!</td>
</tr>
</tbody>
</table>

| Year-over-year growth rate | 3% Class A |

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Total Office Market Balance

Southeast Suburban Market Balance
Investment Sales Driving Rent Increases

**Village Center Station I**  
6380 S. Fiddlers Green Cir  
- Total SF: 234,915  
- Sale Price: $76,700,000  
- $/SF: $327  
- Quarter Sold: 2Q15

**7601 Technology Way**  
- Quarter Sold: 2Q15

**DTC Crossroads**  
7595 Technology Way  
- Total SF: 191,402  
- Sale Price: $35,000,000  
- $/SF: $183  
- Quarter Sold: 2Q15

**URS Center**  
8181 East Tufts Avenue  
- Total SF: 185,256  
- Sale Price: $36,850,000  
- $/SF: $195  
- Quarter Sold: 1Q15

**Greenwood Corporate Plaza (6 Buildings)**  
- Quarter Sold: 1Q15

**198 Inverness Drive West**  
- Quarter Sold: 4Q14

**Waterview I, II, & III**  
- Quarter Sold: 3Q14

**Stanford Place II**  
7979 East Tufts Avenue  
- Total SF: 160,851  
- Sale Price: $42,000,000  
- $/SF: $261  
- Quarter Sold: 4Q14

**198 Inverness Drive West**  
- Quarter Sold: 4Q14

**New Development**

**2008**

- **Palazzo Verdi**  
  300,000 SF  
- **Lincoln Station**  
  164,542 SF  
- **Panorama Corp. Center IV**  
  137,288 SF  
- **Maroon V**  
  88,584 SF

Total 788,859 SF  

**58% of SES Inventory – 30+ Years Old**

**Recession and Restraint**

**2015**

- **One Belleview Station**  
  Site: 320,000 SF  
  Developer: Prime West

- **CoBank HQ-Village Center Station**  
  Site: 276,000 SF  
  Delivery: Oct. 2015  
  Developer: Shea Properties

- **Charles Schwab – Bldg 3**  
  Site: 183,000 SF  
  Delivery: Oct. 2015  
  Developer: Owner BTS

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Trends for Southeast Suburban Submarket

Fundamentals to remain sound

- Leasing activity good – not great
- East/West dynamic driven by light rail

Aged inventory blurring the lines between classes

- Class AA holding premium rates
- Rate compression between Class A and refurbished Class B properties

Market remains bifurcated

- Landlords holding large blocks with promise of premium rates
- More large blocks than large tenants
- Next wave of large tenant demand?

Market remains bifurcated

Investment market continues to be strong

- New pro formas driving rate growth
- Increasing values will impact property taxes

All eyes on new developments

- Last spec development delivered 3Q09
- TOD will continue as primary driver
- One Belleview Station is a bellwether for the submarket