

MarketView Providence Office

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Mid-Year 2011

Downtown Quick Stats

	Current	Change from Y/E 2010
Vacancy	15.78%	↓
Net Absorption*	194,980	↑
Class A Lease Rates	\$30.04	↑
Class A Vacancy Rates	16.42%	↑
Class B Lease Rates	\$20.61	↑
Class B Vacancy Rates	13.42%	↓
Class C Lease Rates	\$17.01	↓
Class C Vacancy Rates	28.31%	↑

* The arrows are trend indicators over the specified time period and do not represent a positive or negative value. (e.g., absorption could be negative, but still represent a positive trend over a specified period.)

Hot Topics

- Landlords will continue to compete for tenants with concession packages including free rent and tenant improvement allowances but reduced from previous 12-month levels
- Companies with strong balance sheets will continue to benefit the most from the current opportunities
- There are still several large tenants in the market with decisions to make in the second half of 2011 which could further add to the positive absorption of the first half of the year

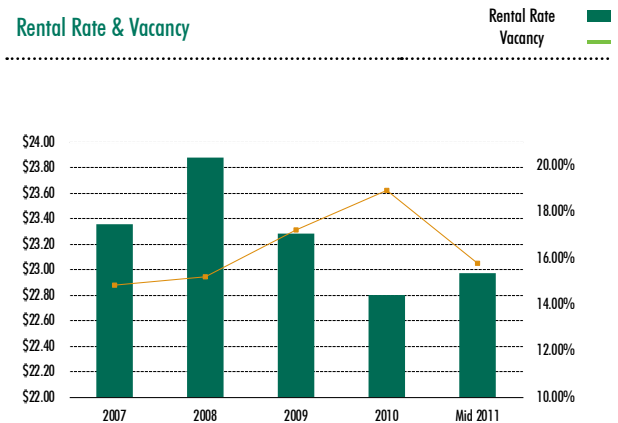
Downtown Providence Overview

There were several large requirements in the market at the end of 2010. The first half of 2011 has seen the City of Providence take approximately 67,000 SF at 444 Westminster, and United Natural Foods expand into approximately 17,295 square feet at American Locomotive and, most recently, Hasbro announce that it is taking approximately 134,000 square feet at 15 LaSalle Square. Other

sizeable transactions included the sale of 198 Dyer Street, an approximately 38,731 square foot building, to a user, and the lease of approximately 10,356 square feet on the top floor of 500 Exchange Street. There are still a few of the large requirements cited at the end of 2010 that have yet to make a decision but could do so prior to year end.

The Downtown office market vacancy rate has decreased to 15.78% from 18.90% at year-end 2010. Average asking rents have risen slightly in both Class A and B product, possibly reflecting landlords that achieved stability in 2010 as well as newly vacant space which has avoided the significant downward pressure over the last three years.

Rental Rate & Vacancy



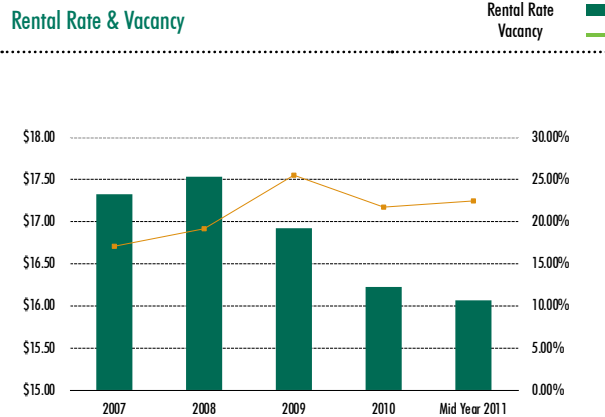
District	Total SF	Available SF	Vacancy	Net Absorption	Average Asking Lease Rate
Capital Center	615,190	116,198	18.89%	(2,029)	\$31.70
Financial	2,688,622	416,947	15.51%	(7,464)	\$23.49
Westminster	475,300	54,300	11.42%	(13,595)	\$18.92
South Main	138,107	8,146	5.90%	1,226	\$21.34
Randall Square	195,986	12,400	6.33%	6,240	\$20.42
Empire	522,513	0	0%	201,949	\$23.43
Promenade	1,195,206	313,523	26.23%	19,749	\$21.19
Jewelry (Richmond)	440,746	68,265	15.49%	(11,096)	\$17.95
Total Market	6,271,670	989,779	15.78%	194,980	

Suburban Rhode Island Overview

The Suburban Rhode Island office market saw an increase in vacancy in the first half of 2011, from 21.73% to 22.35%. An 85,000 square foot office building in Suburban Providence is scheduled to be vacated in the third quarter, which will add to the approximately 98,276 square feet of negative absorption seen in the first half of 2011.

One of the larger suburban office leases to take place in the first half of 2011 was the approximately 27,000 square feet leased to Stanley Black and Decker and the approximately 20,000 square feet leased to Emissive Energy, both at 135 Circuit Drive in the Quonset Business Park. Despite these transactions, West Bay had approximately 91,169 square feet of negative absorption, primarily tied to the New England Tech relocation to the East Greenwich campus. This anticipated move adds approximately 145,000 square feet of available space to the market. An additional 41,000 square feet of office space to be vacated at 275 West Natick Road and a new 45,000 square foot office building beginning construction on Metro Center Boulevard will further add to the West Bay inventory.

The Suburban Providence office market had approximately 61,447 of positive absorption through the first two quarters of 2011. A majority of this positive absorption can be attributed to the Allens Avenue corridor which had several buildings leased to institutional tenants.



Suburban Quick Stats

	Current	Change from Y/E 2010
Vacancy	22.35%	↑
Net Absorption*	(98,276)	↓
Lease Rate	\$16.07	↓

* The arrows are trend indicators over the specified time period and do not represent a positive or negative value. (e.g., absorption could be negative, but still represent a positive trend over a specified period.)

Hot Topics

- Expectation that the second half of 2011 will see additional foreclosure activity that could impact any further increases in asking rents
- Landlords will continue to be sensitive to tenant credit with stronger credit being the disproportionate beneficiary of greater deal concessions
- Despite negative trends, there are approximately 398,000 square feet of suburban tenants in the market

Submarket	Total SF	Available SF	Vacancy	Net Absorption	Average Asking Lease Rate
Northern RI	1,825,467	589,002	32.27%	(48,665)	\$16.23
West Bay	3,329,986	727,582	21.85%	(91,169)	\$17.05
East Bay	1,093,145	245,617	22.47%	(8,646)	\$13.96
Suburban Providence	1,006,897	166,815	16.57%	61,447	\$17.18
Aquidneck Island	1,064,350	130,503	12.26%	(11,243)	\$13.84
Total Market	8,319,845	1,859,519	22.35%	(98,276)	

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