

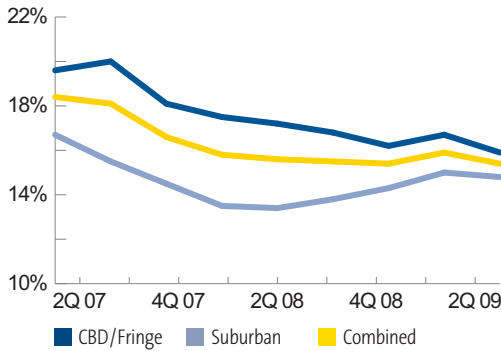
# Office Trends Report—Second Quarter 2009

## Pittsburgh, PA



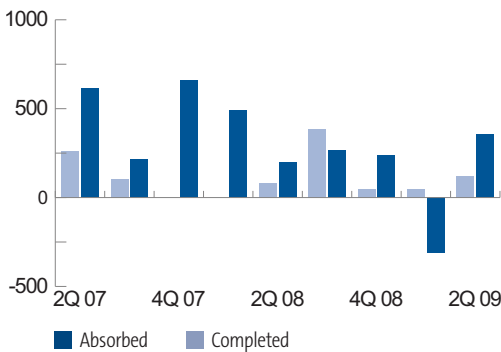
### Vacancy Rate

Quarterly



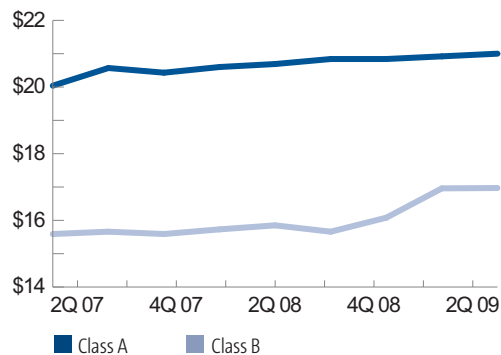
### Completions vs. Absorption

Quarterly (in Thousands of SF)



### Asking Rental Rates

Quarterly (\$/SF/Yr. Full Service)



Despite weak economic conditions, the Pittsburgh marketplace ended the second quarter of 2009 on a positive note. Vacancy decreased by 50 basis points over first quarter and absorption posted a positive 355,544 square feet. Minimal construction deliveries assisted absorption while tight credit markets continued to plague new construction starts.

In the CBD, Class A1 and A2 rental rates posted at \$25.48 and \$20.64 respectively, a slight increase over the first quarter of 2009. Vacancy decreased by 180 basis points dropping to 15 percent, a level the CBD has been unable to attain for several years. Equitable Resources Inc. took occupancy of their new location at 625 Liberty Avenue which accounted for the majority of the 368,153 square feet of positive net absorption downtown.

The announcement by Bank of New York Mellon (BNYM) to lease 110,000 square feet at 4350 Northern Pike in the East submarket will help to offset a portion of the 480,000 square feet that will eventually be vacated by Westinghouse at this location. During the second quarter, the nuclear power giant began migrating to a portion of its new facility in Cranberry. While the lease with BNYM will assist with the impact to vacancy in the East, the submarket will provide users increased opportunities once the Westinghouse move is complete in late 2010.

### FORECAST

- Limited options for tenants in search of existing Class A space in excess of 100,000 square feet in all submarkets.
- Slow tenant decision making will endure as the effects of a struggling uncertain economy continue to emerge.
- Distressed landlords may become more prevalent posing a risk for tenants.
- The East submarket will begin to experience the effects of the departure of Westinghouse to the North submarket.

### KEY TRANSACTIONS

Lessee/Buyer	Lessor/Seller	Property	Size (SF)
University of Pittsburgh	Ferchill Group	Bridgeside Point II*	145,000
Bank of New York Mellon	HUB Properties Trust Of MA	4350 Northern Pike	110,000
First Niagara	Rugby Realty	11 Stanwix	50,000
ServiceLink	Airport Office Center Assoc.	Airport Office Park #5	43,500

■ Leasing ■ Sales \* Indicates Transactions Represented by Grubb & Ellis

### Grubb & Ellis Pittsburgh

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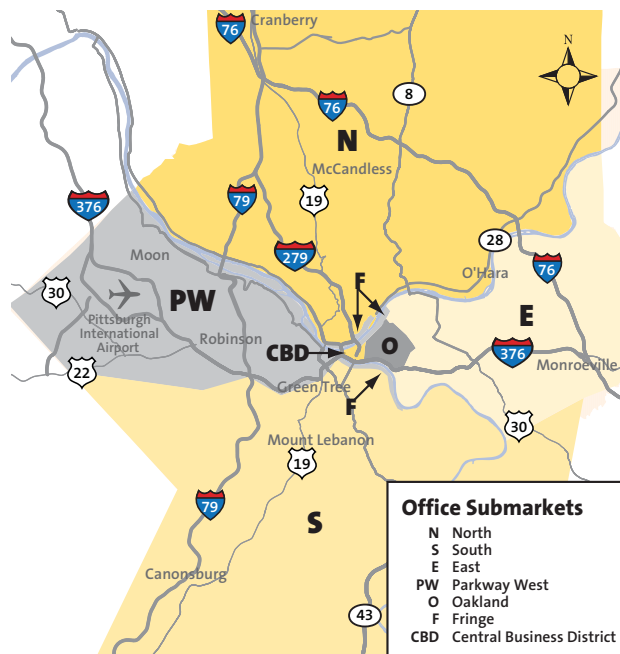
## Pittsburgh, PA

By Submarket	Total SF	Vacant SF	VACANCY %		NET ABSORPTION		Under Construction SF	ASKING RENT	
			Direct	Total	Current	YTD		Class A	Class B
Central Business District	21,445,899	3,224,657	13.8%	15.0%	368,153	152,282	320,000	\$22.28	\$16.33
Fringe	6,332,612	1,187,926	14.8%	18.8%	(151,399)	(176,782)	-	\$18.56	\$16.88
<b>CBD/Fringe Total</b>	<b>27,778,511</b>	<b>4,412,583</b>	<b>14.0%</b>	<b>15.9%</b>	<b>216,754</b>	<b>(24,500)</b>	<b>320,000</b>	<b>\$21.63</b>	<b>\$16.56</b>
East	3,305,105	385,177	11.7%	11.7%	6,644	7,463	-	\$21.59	\$17.50
North	5,496,642	621,752	10.1%	11.3%	90,338	121,229	985,500	\$19.56	\$17.27
Oakland	1,353,689	92,594	6.8%	6.8%	(5,622)	(5,451)	160,000	\$26.04	\$17.85
Parkway West	7,300,199	1,466,949	18.2%	20.1%	(20,188)	(99,758)	670,000	\$19.65	\$15.87
South	4,078,333	629,148	14.3%	15.4%	67,618	46,080	40,000	\$20.57	\$17.90
<b>Suburban Total</b>	<b>21,533,968</b>	<b>3,195,620</b>	<b>13.7%</b>	<b>14.8%</b>	<b>138,790</b>	<b>69,563</b>	<b>1,855,500</b>	<b>\$20.37</b>	<b>\$17.20</b>
<b>Totals</b>	<b>49,312,479</b>	<b>7,608,203</b>	<b>13.9%</b>	<b>15.4%</b>	<b>355,544</b>	<b>45,063</b>	<b>2,175,500</b>	<b>\$21.00</b>	<b>\$16.97</b>

By Class	Total SF	Vacant SF	Direct	Total	Current	YTD	Under Construction SF	AVAILABLE FOR SUBLEASE	
								CBD/Fringe	Suburban
Class A	36,590,905	5,351,155	12.8%	14.6%	236,084	78,216	2,175,500	715,976	229,587
Class B	9,400,136	1,559,572	15.4%	16.6%	123,152	(30,899)	-	158,496	19,136
Class C	3,321,438	697,476	20.9%	21.0%	(3,692)	(2,254)	-	3,189	-
<b>Totals</b>	<b>49,312,479</b>	<b>7,608,203</b>	<b>13.9%</b>	<b>15.4%</b>	<b>355,544</b>	<b>45,063</b>	<b>2,175,500</b>	<b>877,661</b>	<b>248,723</b>

### Class A Market

CBD	16,620,826	2,295,216	12.7%	13.8%	338,253	232,756			
Fringe	4,096,541	861,270	15.0%	21.0%	(190,511)	(210,180)			
Suburban	15,873,538	2,194,669	12.4%	13.8%	88,342	55,640			
<b>Totals</b>	<b>36,590,905</b>	<b>5,351,155</b>	<b>12.8%</b>	<b>14.6%</b>	<b>236,084</b>	<b>78,216</b>			



## Grubb & Ellis—Pittsburgh

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### OFFICE TERMS AND DEFINITIONS

**Inventory:** Office inventory includes all multi-tenant and single tenant buildings at least 20,000 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.*