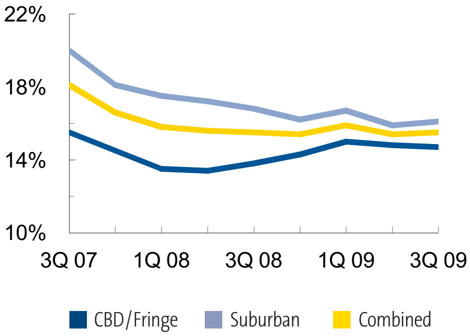
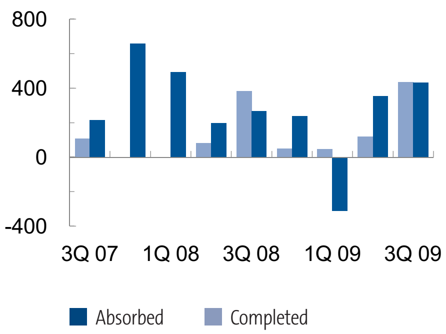
Office Trends Report—Third Quarter 2009
Pittsburgh, PA

GRUBB & ELLIS
From Insight to Results

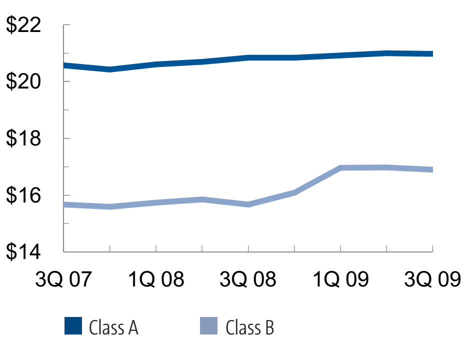
Vacancy Rate
Quarterly



Completions vs. Absorption
Quarterly (in Thousands of SF)



Asking Rental Rates
Quarterly ($/SF/Yr. Full Service)



A Market in Motion

During the third quarter the Pittsburgh office market managed relatively stable vacancy. That's not to say, however, that it was a quiet quarter. In fact, it was quite the contrary.

Net absorption posted a respectable 432,528 square feet, primarily the result of Westinghouse taking occupancy of 435,000 square feet in the first of its new four-building headquarters campus in Cranberry Woods. Other tenants in motion included Bank of New York Mellon, who moved into 110,000 square feet at the former Westinghouse headquarters building (4350 Northern Pike) in Monroeville in the East submarket. Equally newsworthy were several sizable leases signed during the third quarter; a sampling of which is listed below. As a result, availability decreased by 100 basis points between the second and third quarter of this year settling at 16.7 percent. In the CBD, Class A1 asking rental rates increased by $1.50 from $25.48 to $26.98 during the third quarter, reflecting limited opportunities within this product category. Class A2 rates posted at $20.57, down a negligible $0.07 during the same time period.

Tight credit markets continued to restrict construction. Therefore, the speculative construction pipeline remained essentially dry with no new starts this quarter and only 70,000 square feet in progress in Cranberry Business Park in the North submarket.

FORECAST

- Significant positive net absorption will occur over the next 12 months.
- Availability will continue its downward trend.
- A difficult lending environment will keep new construction starts to a minimum.
- Dwindling Class A space will force tenants to consider second generation space.

KEY TRANSACTIONS

Lessee/Buyer	Lessor/Seller	Property	Size (SF)
Westinghouse Electric Co.*	Keystone Properties	Warrendale Campus	179,000
Westinghouse Electric Co.	Wells Real Estate Funds	Cranberry Woods Building	121,905
P.J. Dick Trumbull*	Equitable Resources Inc.	225 North Shore Drive	60,000
EXCO*	Keystone Properties	Warrendale Campus	56,000
Direct Energy	Forest City Enterprises	Liberty Center	52,000
McKnight Realty Partners	Multi-Employer Property Trust	500-800 Cranberry Woods Drive	452,964

Leasing Sales (R) = Renewal (S) = Sublease **Indicates Transaction Represented by Grubb & Ellis*

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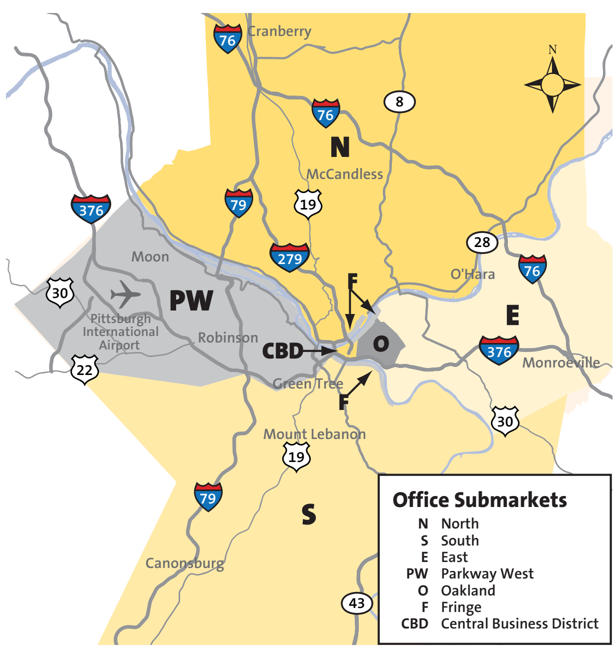
By Submarket	Total SF	Vacant SF	VACANCY % Direct	VACANCY % Total	NET ABSORPTION Current	NET ABSORPTION YTD	Under Construction SF	ASKING RENT Class A	ASKING RENT Class B
Central Business District	21,445,899	3,340,031	14.1%	15.6%	(115,374)	36,908	320,000	$22.27	$16.20
Fringe	6,332,612	1,125,542	14.0%	17.8%	62,384	(114,398)	-	$19.30	$17.27
CBD/Fringe Total	**27,778,511**	**4,465,573**	**14.1%**	**16.1%**	**(52,990)**	**(77,490)**	**320,000**	**$21.73**	**$16.60**
East	3,305,105	398,271	12.1%	12.1%	(13,094)	(5,631)	-	$21.30	$17.45
North	6,001,642	617,969	9.4%	10.3%	508,783	630,012	600,500	$19.65	$16.54
Oakland	1,353,689	102,880	7.6%	7.6%	(10,286)	(15,737)	160,000	$25.09	$17.52
Parkway West	7,150,199	1,461,915	18.7%	20.4%	5,034	(94,724)	670,000	$19.57	$15.84
South	4,078,333	634,067	13.9%	15.5%	(4,919)	41,161	40,000	$20.61	$17.88
Suburban Total	**21,888,968**	**3,215,102**	**13.6%**	**14.7%**	**485,518**	**555,081**	**1,470,500**	**$20.22**	**$17.05**
Totals	**49,667,479**	**7,680,675**	**13.9%**	**15.5%**	**432,528**	**477,591**	**1,790,500**	**$20.98**	**$16.89**

By Class	Total SF	Vacant SF	VACANCY % Direct	VACANCY % Total	NET ABSORPTION Current	NET ABSORPTION YTD	Under Construction SF	AVAILABLE FOR SUBLEASE CBD/Fringe	AVAILABLE FOR SUBLEASE Suburban
Class A	36,945,905	5,428,353	12.9%	14.7%	427,802	506,018	1,790,500	560,336	240,843
Class B	9,400,136	1,547,237	15.0%	16.5%	12,335	(18,564)	-	196,344	19,136
Class C	3,321,438	705,085	21.1%	21.2%	(7,609)	(9,863)	-	3,189	-
Totals	**49,667,479**	**7,680,675**	**13.9%**	**15.5%**	**432,528**	**477,591**	**1,790,500**	**759,869**	**259,979**

Class A Market	Total SF	Vacant SF	VACANCY % Direct	VACANCY % Total	NET ABSORPTION Current	NET ABSORPTION YTD
CBD	16,620,826	2,370,592	13.1%	14.3%	(75,376)	157,380
Fringe	4,096,541	839,740	14.8%	20.5%	21,530	(188,650)
Suburban	16,228,538	2,218,021	12.3%	13.7%	481,648	537,288
Totals	**36,945,905**	**5,428,353**	**12.9%**	**14.7%**	**427,802**	**506,018**



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OFFICE TERMS AND DEFINITIONS

Inventory: Office inventory includes all multi-tenant and single tenant buildings at least 10,000 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.*