

NORTHERN VA MARKET: 2007 MID-YEAR FORECAST

Tuesday, July 17th, 2007

Presented by:

Cassidy & Pinkard Colliers

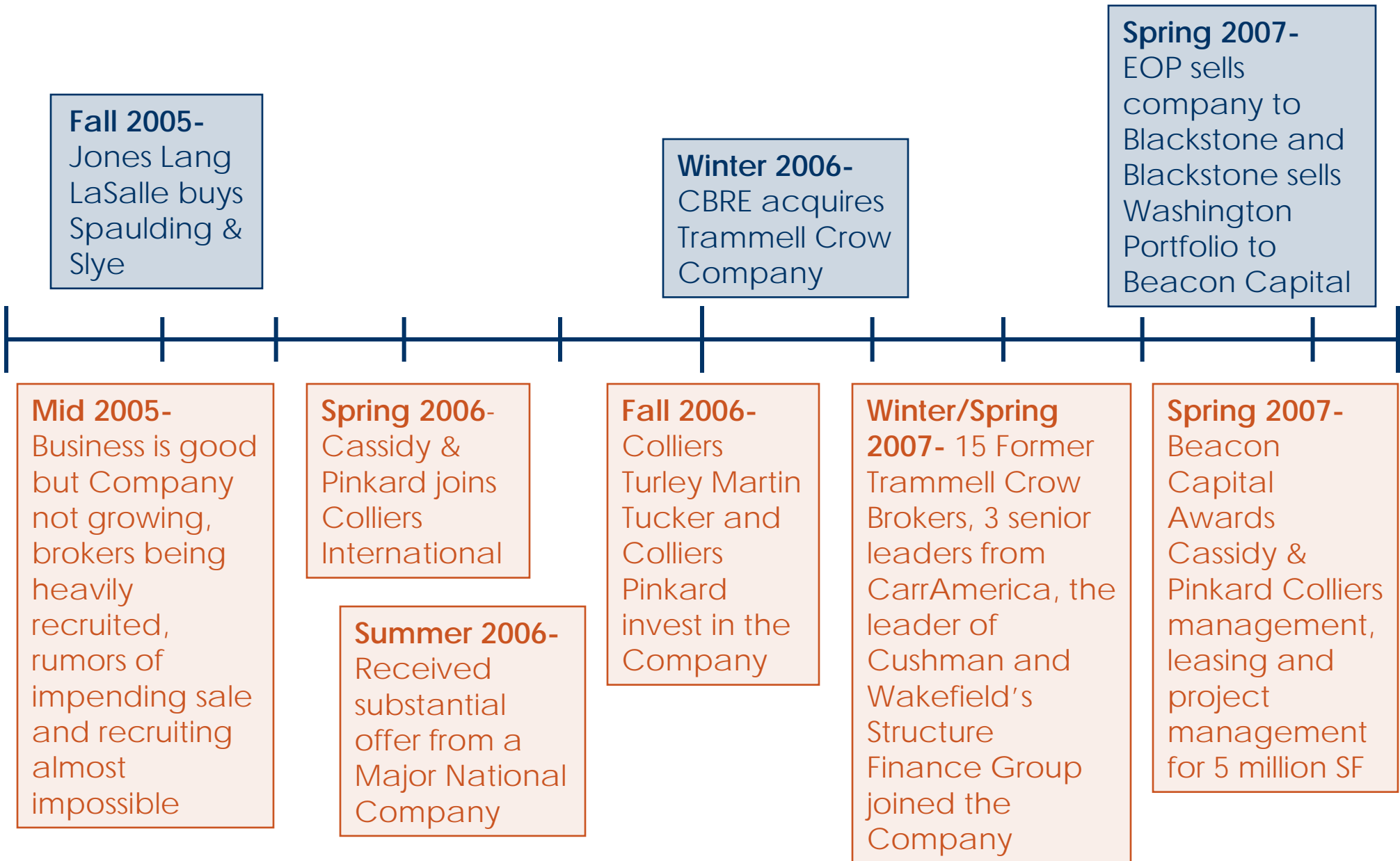
www.cassidypinkard.com

AGENDA

- I. The Cassidy & Pinkard Colliers Story
- II. Forecast
 - Companies
 - Capital Markets
 - The Office Market
- III. Leasing Market Overview

THE CASSIDY & PINKARD COLLIERS STORY

THE CASSIDY & PINKARD COLLIERS STORY



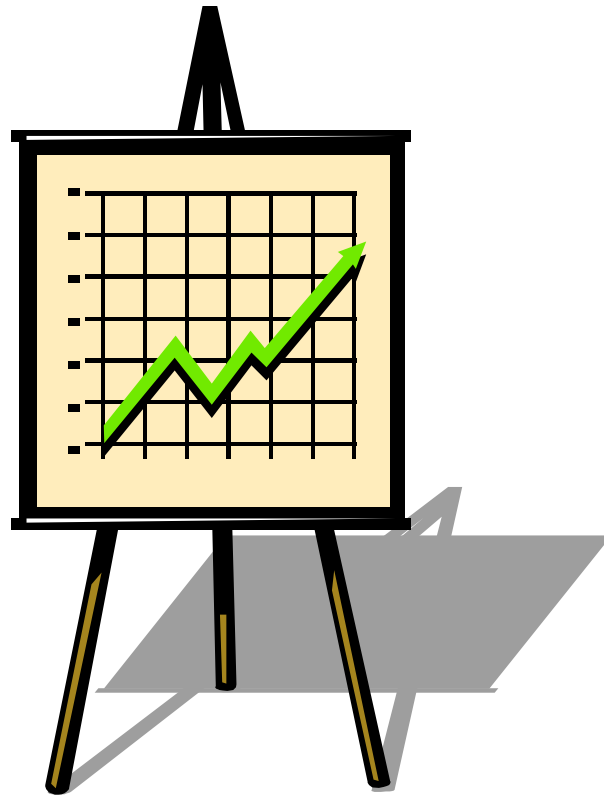
THE CASSIDY & PINKARD COLLIERS STORY

The Last 12 Months

- Brought in two outside investors
- Expanded from 6 to 25 principals
- Hired over 100 new people
- Grown property management from 4.5 to 13 million square feet
- Grown landlord representative practice from 12 to 30 million square feet
- Most importantly, maintained our culture and value system

CASSIDY & PINKARD COLLIERS FORECAST

Forecast



CASSIDY & PINKARD COLLIERS FORECAST

Forecast for Companies – Mergers and Sales

Service Companies

- | | |
|--|-------------|
| • JLL buys Spaulding & Slye | Fall 2005 |
| • CBRE buys Trammell Crow | Winter 2006 |
| • Cushman & Wakefield sells majority interest to IFIL Group (Agnelli Family) | Winter 2007 |
| • Grubb & Ellis sold to NNN Realty | Summer 2007 |

Property Companies

- | | |
|--|----------------|
| • Westfield to Beacon | \$1.0 Billion |
| • CarrAmerica to Blackstone to Tishman | \$5.6 Billion |
| • Mark Winkler to Duke | \$1.28 Billion |
| • Trizec to Brookfield | \$9.0 Billion |
| • EOP to Blackstone to Beacon | \$2.73 Billion |
| • Glenborough to Morgan Stanley | \$1.9 Billion |

CASSIDY & PINKARD COLLIERS FORECAST

Forecast for Companies

- Private Equity has changed the game

CASSIDY & PINKARD COLLIERS FORECAST

The Private Equity Model

Acquisition of a \$100 Million Company at 8 Times Earnings

Price: \$100 Million

Income: \$12.5 Million

Debt: \$80 Million at 7%

Debt Service: \$5.6 Million

Equity: \$20 Million

Cash Flow: \$6.9 Million

34.5% Cash Return

CASSIDY & PINKARD COLLIERS FORECAST

Forecast for Companies

- Private Equity has changed the game
- The public real estate service companies must grow
- Recession may lead to privatizations and spin-offs
- Look for public to private to public

CASSIDY & PINKARD COLLIERS FORECAST

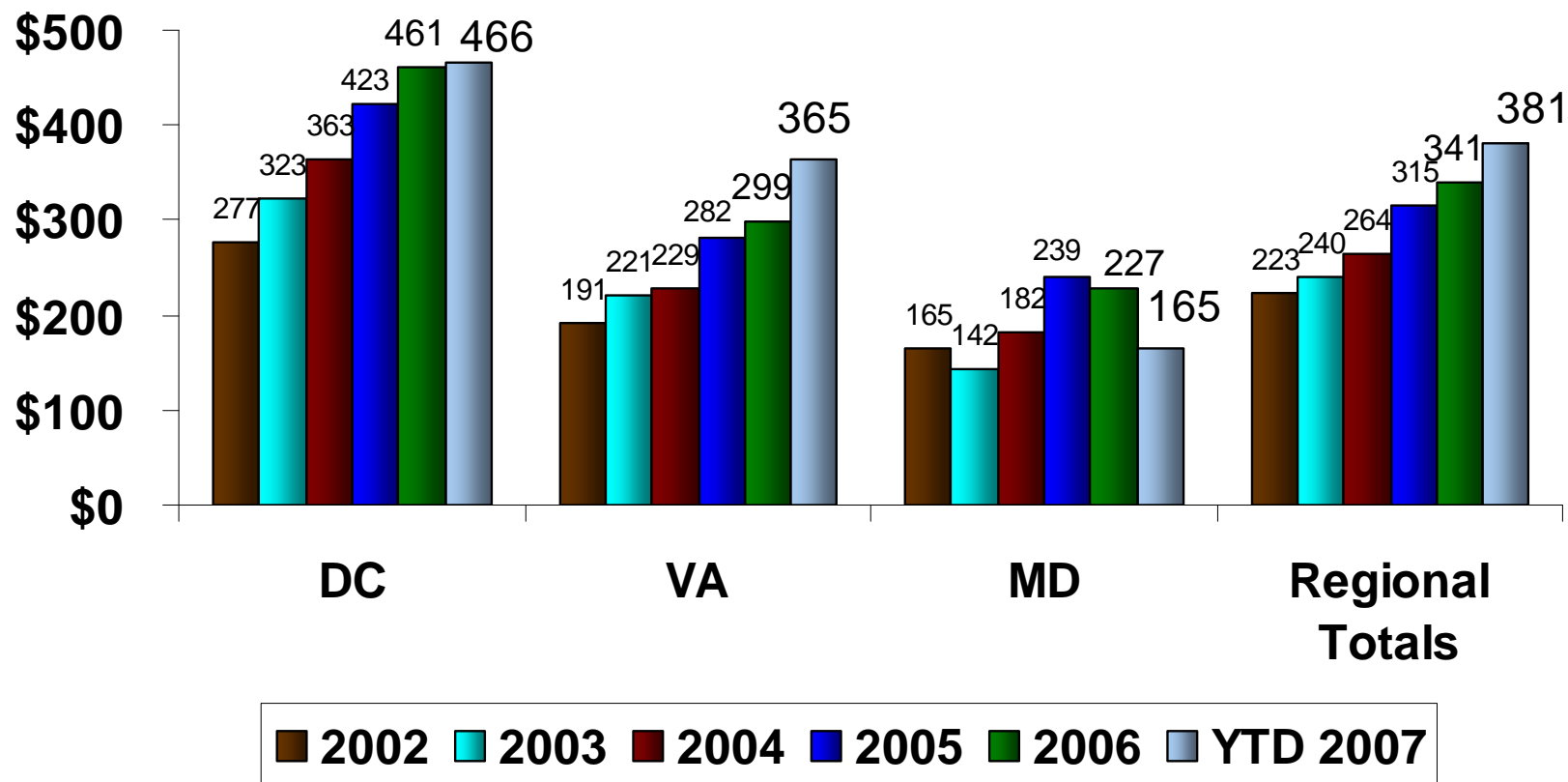
Capital Markets

- NoVA Office Building Sales
 - 2006 – \$5.8 Billion
 - 2007 YTD - \$5.0 Billion

WASHINGTON METRO AREA

Average Price per Square Foot: 2007

2002 – June 2007



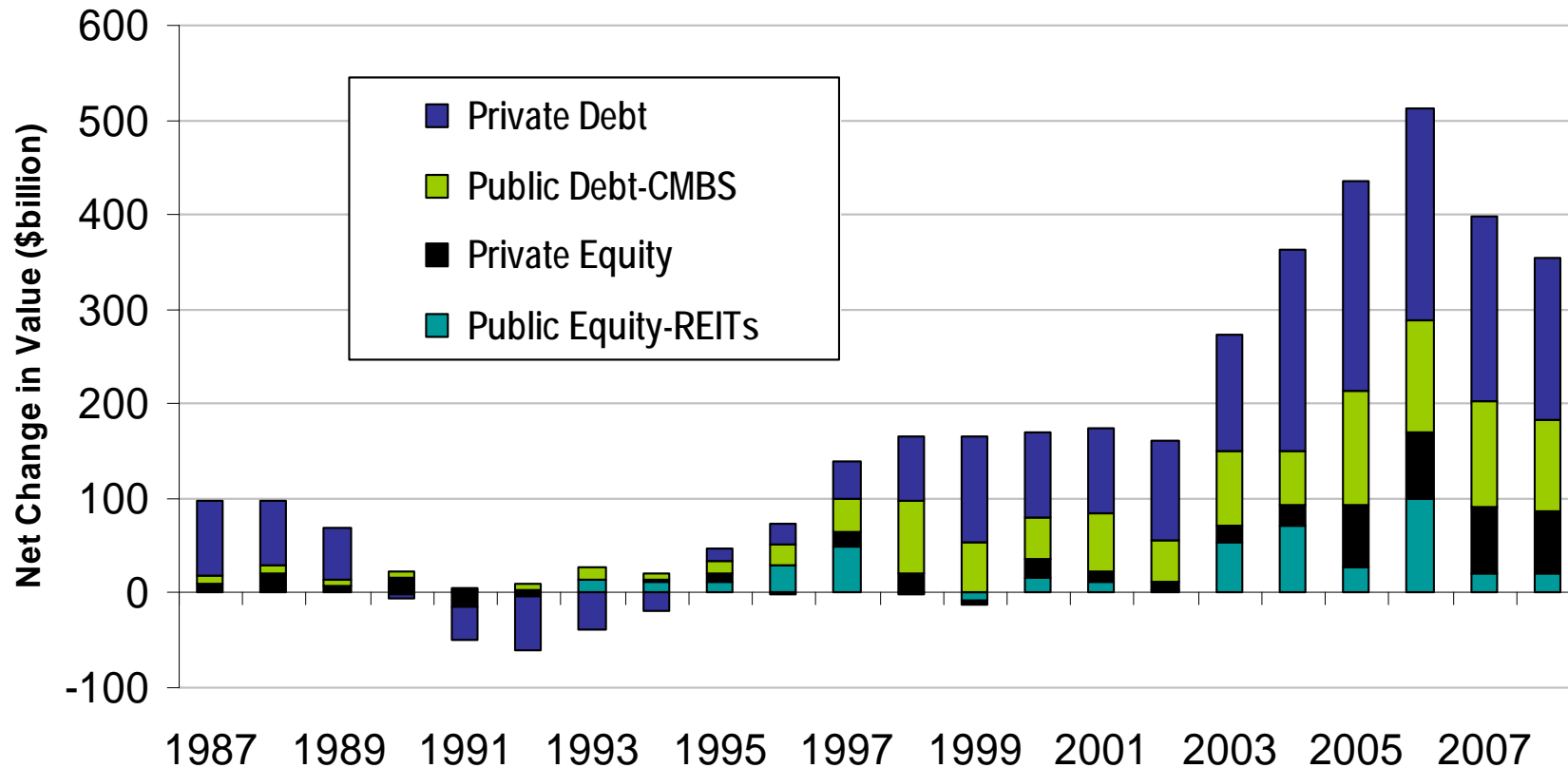
CASSIDY & PINKARD COLLIERS FORECAST

Capital Markets

- NoVA Office Building Sales
 - 2006 – \$5.8 Billion
 - 2007 YTD - \$5.0 Billion
- There is Capital in the Pipeline

US REAL ESTATE PORTFOLIOS GROWING AT A RECORD PACE

(NET INCREASE IN AGGREGATE HOLDINGS) As of Q4 2006



*Sources: LaSalle Investment Management, NAREIT, Federal Reserve, P&I, Bureau of Economic Analysis, NCREIF, RCA

CASSIDY & PINKARD COLLIERS FORECAST

Capital Markets

- NoVA Office Building Sales
 - 2006 – \$5.8 billion
 - 2007 YTD - \$5.0 billion
- There is capital in the pipeline
- Buildings are being sold vacant or under construction
- Available and inexpensive debt is critical
- Washington Region continues to be preferred
 - Safety and stability
 - 24/7 city
 - Educated workforce

CASSIDY & PINKARD COLLIERS FORECAST

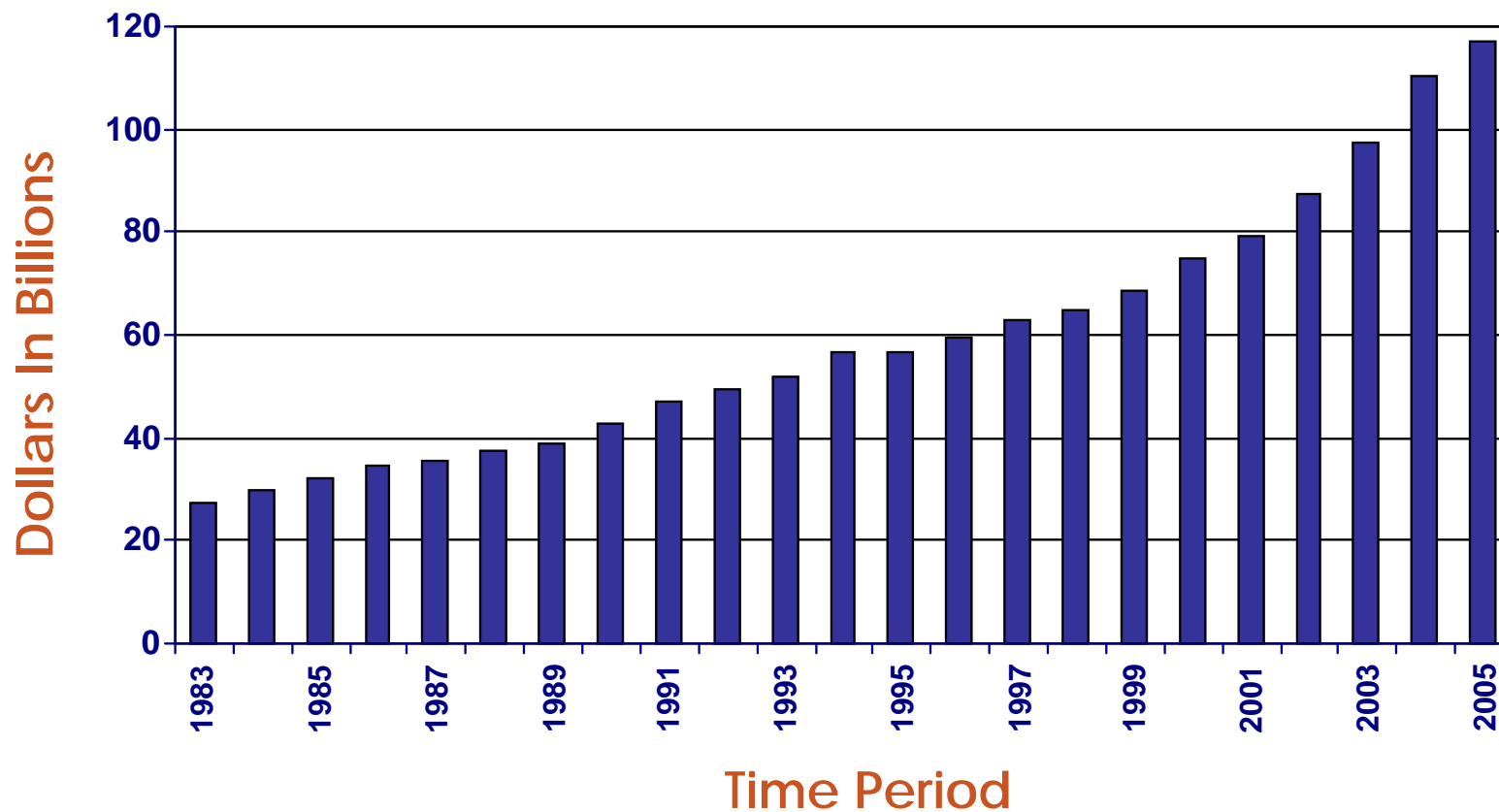
The Office Market

- Federal Procurement leads the way

CASSIDY & PINKARD COLLIERS FORECAST

The Office Market

Federal Procurement



*Sources: George Mason University School of Public Policy's Center for Regional Analysis

CASSIDY & PINKARD COLLIERS FORECAST

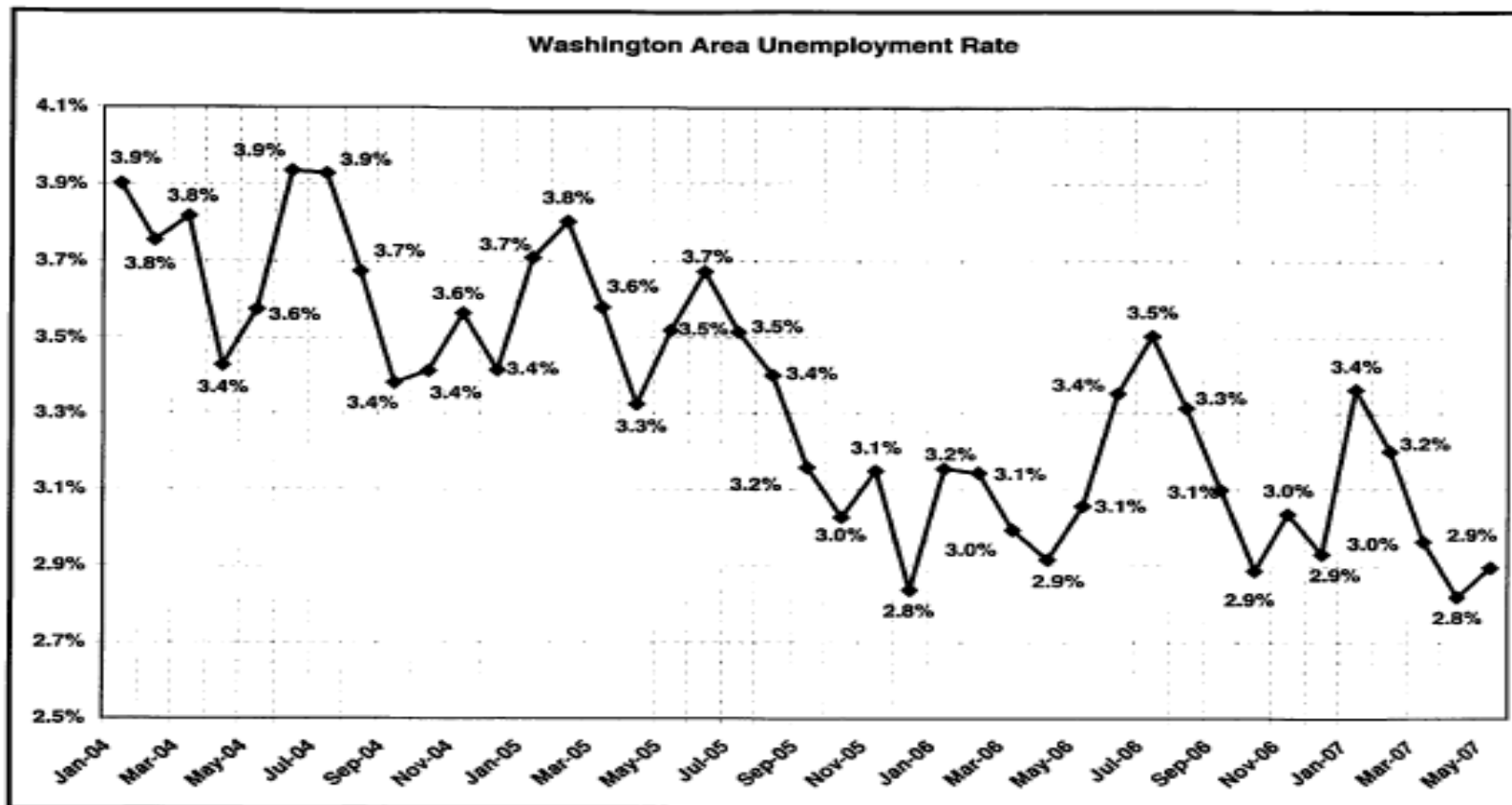
The Office Market

- Federal Procurement Leads the way
- Labor Markets play a critical role

CASSIDY & PINKARD COLLIERS FORECAST

The Office Market

- Labor Markets play a critical role



Source: George Mason University School of Public Policy's Center for Regional Analysis

CASSIDY & PINKARD COLLIERS FORECAST

The Office Market

- Federal Procurement Leads the way
- Labor Markets play a critical role
- Knowledge workers will drive demand

CASSIDY & PINKARD COLLIERS FORECAST

The Office Market

AT A GLANCE: GREATER WASHINGTON'S KNOWLEDGE WORKERS

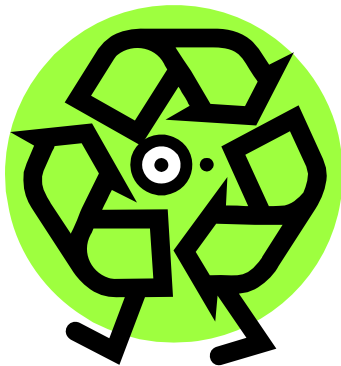
Professional Category	2005	Projected 2014	Growth (2005-2014)	US Average
Professional Services	432,660	496,480	14.8%	13.2%
Information Technology	219,950	281,540	28.0%	24.3%
Healthcare	211,060	248,540	17.8%	20.5%
Education & Research	178,400	185,380	3.9%	2.2%
Media, Arts & Design	72,450	81,820	12.9%	11.6%
Knowledge Workforce	1,114,520	1,293,760	16.1%	14.1%

Source: Bureau of Labor Statistics, 2004-2005. GWI Analysis, 2007

CASSIDY & PINKARD COLLIERS FORECAST

The Office Market

- Federal Procurement Leads the way
- Labor Markets play a critical role
- Knowledge workers will drive demand
- Disengagement from Iraq will affect us
- Green is Gold



=

