

NORTHERN VA MARKET: 2007 MID-YEAR FORECAST

Tuesday, July 17th, 2007

Presented by:

Cassidy & Pinkard Colliers

www.cassidypinkard.com

NORTHERN VIRGINIA OFFICE MARKET SNAPSHOT

Second Quarter 2007

2007 YTD

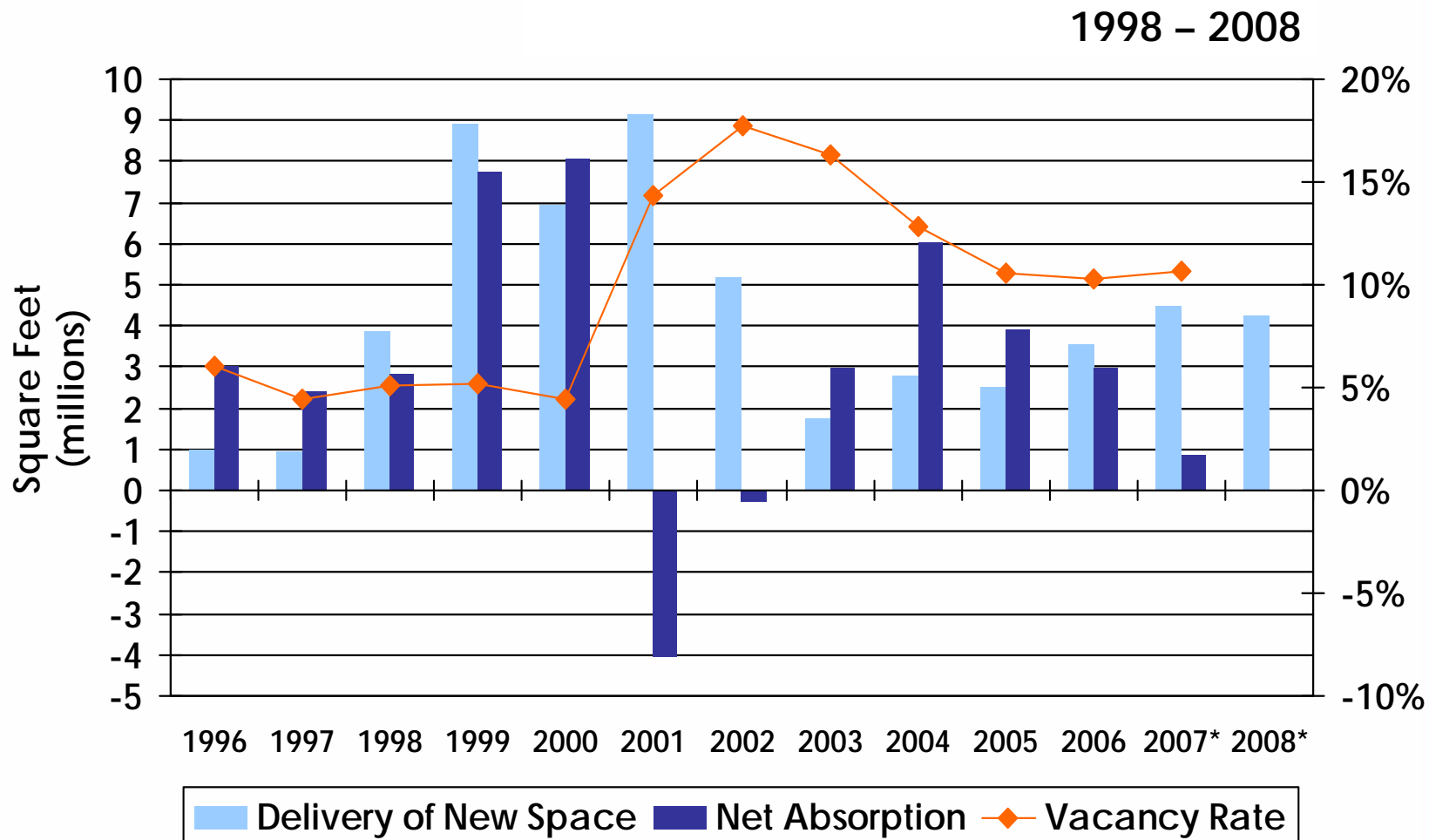
- 21 Submarkets
- 144 Million square feet
- 10.7% Vacancy Rate
- 855,918 Square feet of Net Absorption



	1st Q 2007	2nd Q 2007
Absorption	410,516	445,402
Vacancy Rate	10.2%	10.7%

NORTHERN VIRGINIA OFFICE MARKET

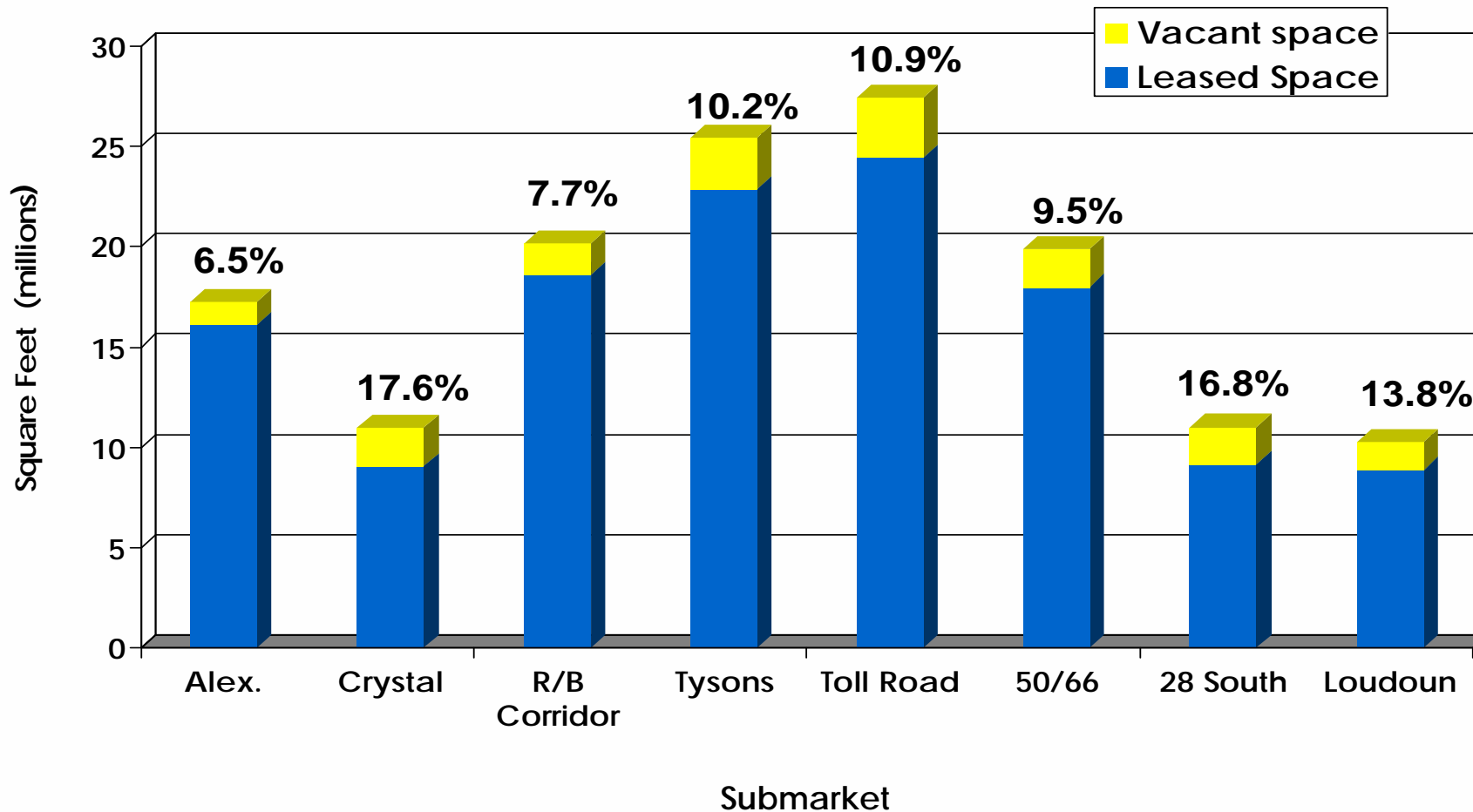
Deliveries - Net Absorption - Vacancy



**Projected deliveries based on square feet under construction as of 6/30/2007.*

NORTHERN VIRGINIA OFFICE MARKET

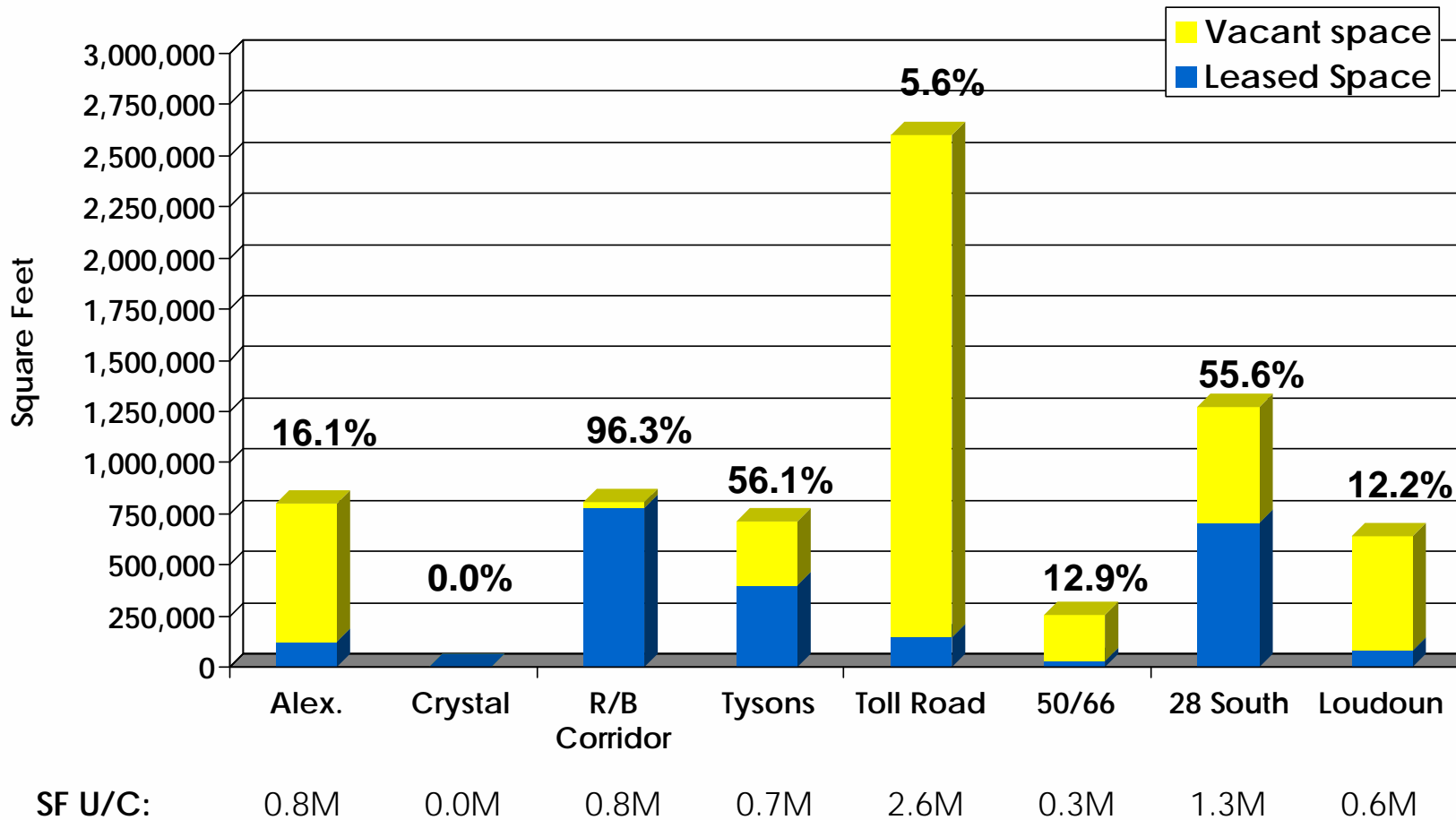
Inventory and Vacancy by Submarket



NORTHERN VIRGINIA OFFICE MARKET

Projects Under Construction By Submarket

As of Second Quarter 2007

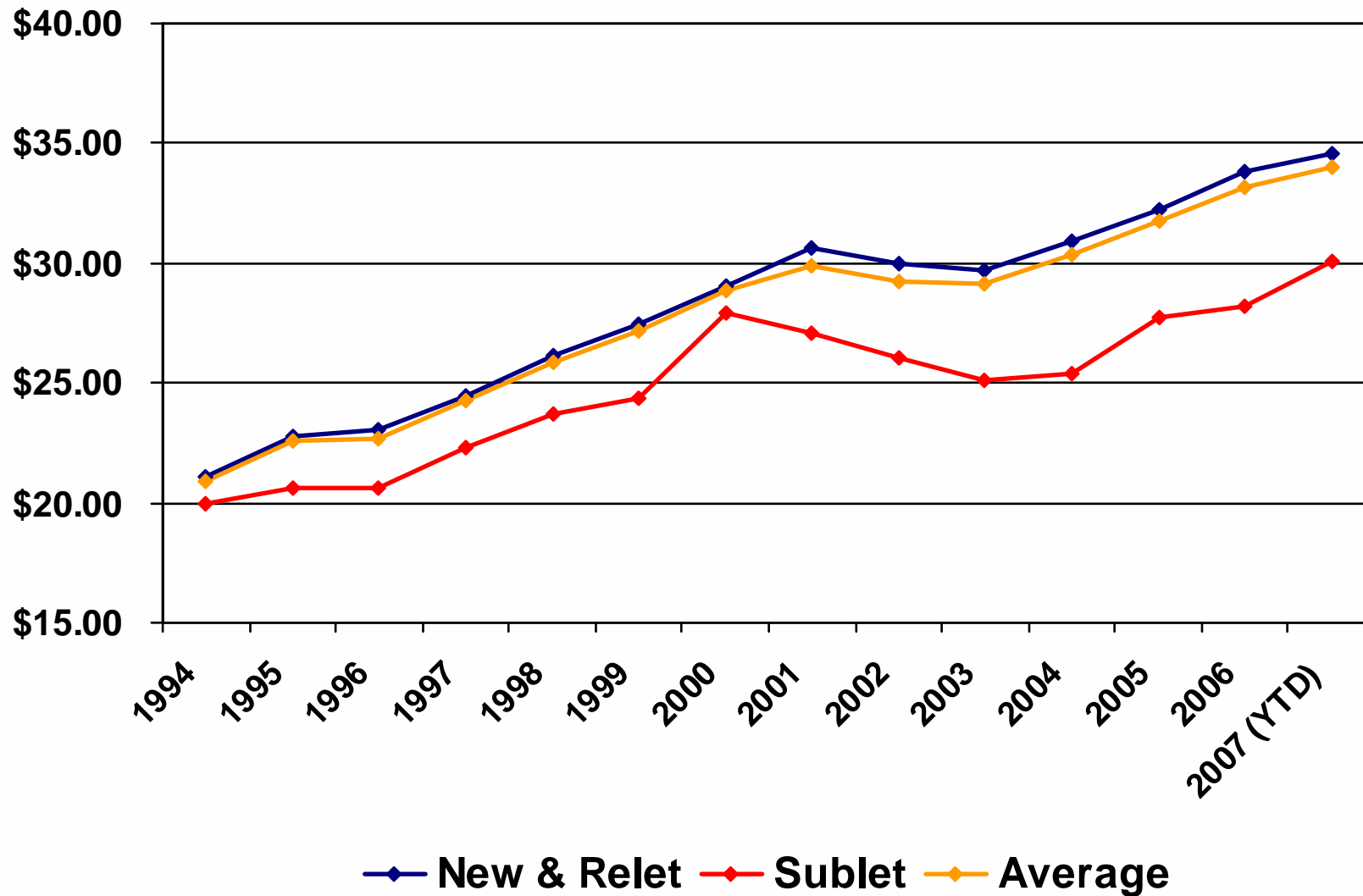


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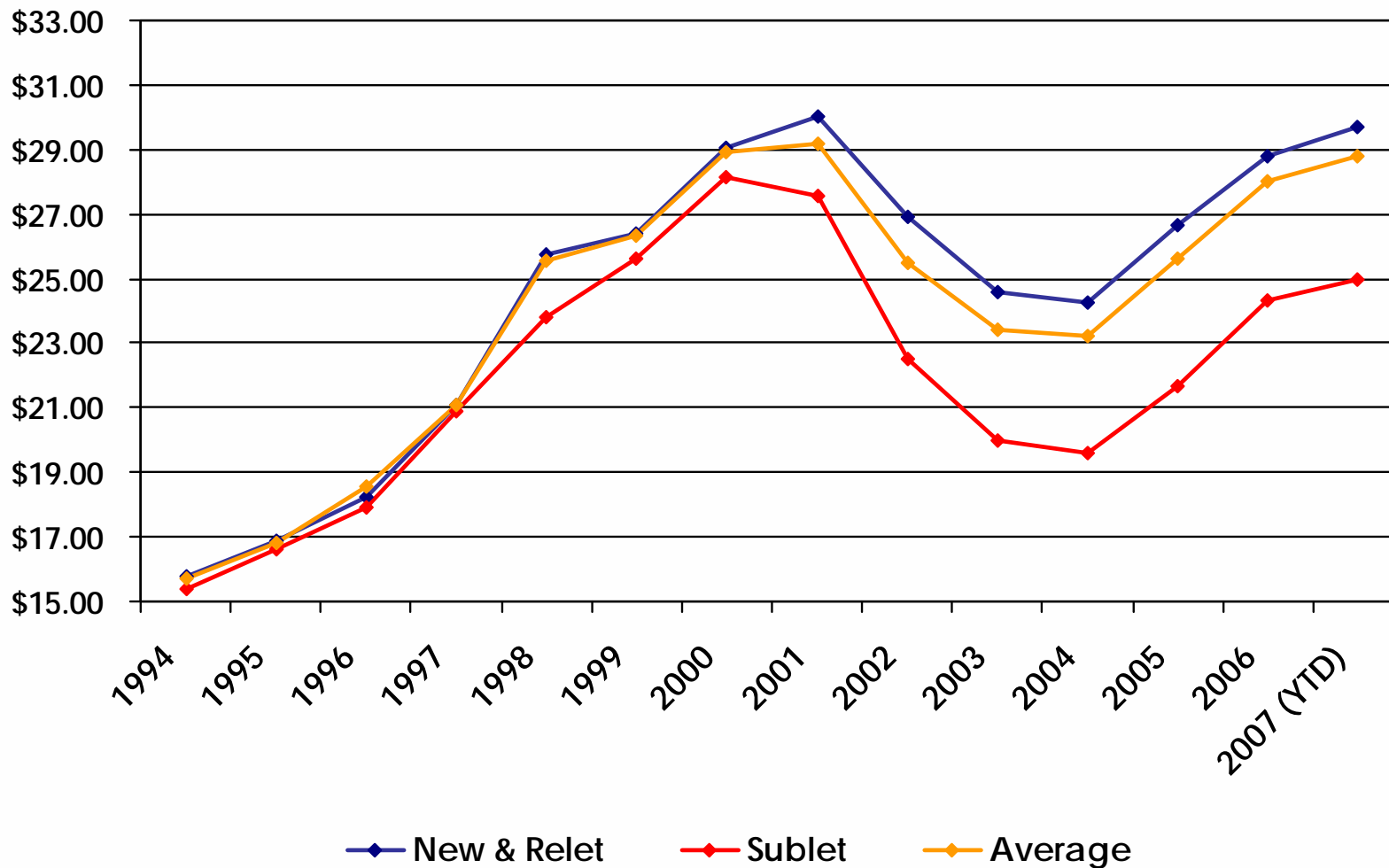
Projects Under Construction

	2007	2008
SF Under Construction	2,845,072	4,239,045
SF Pre-leased as of Q2 2007	574,611	859,105
SF Available	2,270,461	3,379,940
Average Annual Net Absorption (1997–2006)	3,236,000	3,236,000

2007 YTD AVERAGE ASKING RATES—INSIDE THE BELTWAY



2007 YTD AVERAGE ASKING RATES—OUTSIDE THE BELTWAY



NORTHERN VIRGINIA OFFICE MARKET

Ten Largest Non-Renewal Lease Transactions

Ten Largest Nonrenewal Lease Transactions Northern Virginia – First Half of 2007			
Tenant	Square Feet	Submarket	Address
MPRI	126,529	Old Town	1320 Braddock Place
XO Communications	105,000	Herndon	13861 Sunrise Valley Drive
SERCO	85,000	Reston	1818 Library Street
GSA	81,085	Tysons	7923 Jones Branch Drive
BIT Systems	77,000	Route 28 North	45200 Business Court
American Red Cross	60,000	Route 7	20116 Ashbrook Place
DRS Technologies	54,000	Herndon	12930 Worldgate Drive
Savvis	48,000	Herndon	2355 Dulles Corner Boulevard
Council on Foundations	42,000	Crystal City	2121 Crystal Drive
Comprehensive Health Services	41,551	Reston	10701 Parkridge Boulevard

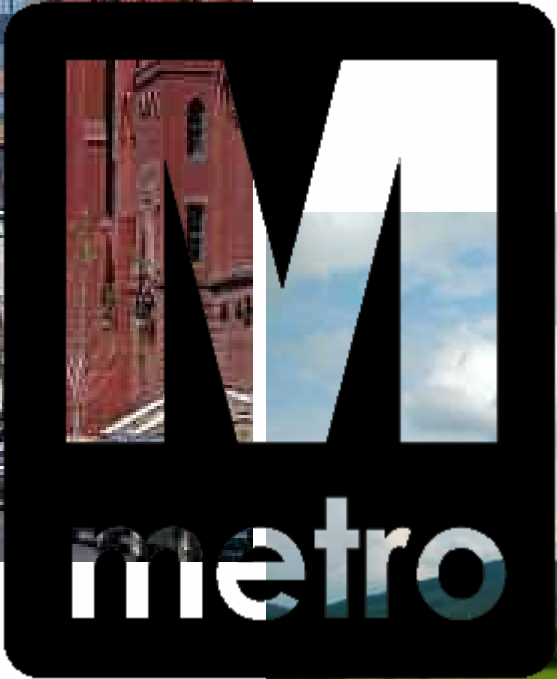
PRIVATE EQUITY VS. REIT



COMMODITY SPACE VS. LIVE-WORK-PLAY



INSIDE THE BELTWAY VS. OUTSIDE THE BELTWAY



BEFORE 1987 VS. AFTER 1987



48%



52%

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