



Single Tenant Office

Investment Market Report: 4th Quarter 2007

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Commentary

Over the course of 2007, single tenant office sales totaled \$15.0 billion, a 28% increase over 2006. The privatization of Equity Office Properties and the subsequent spin-offs by the Blackstone Group drove multi-tenant office sales up 56% year over year. Despite the effects of the credit crunch, demand for single-tenant office remains strong with Q407 sales of \$4.1 billion, highlighted by the \$1.575 billion sale of a downtown Manhattan asset anchored by Citigroup. In 2007, the market was competitive and sellers achieved, on average, 93% of their asking price.

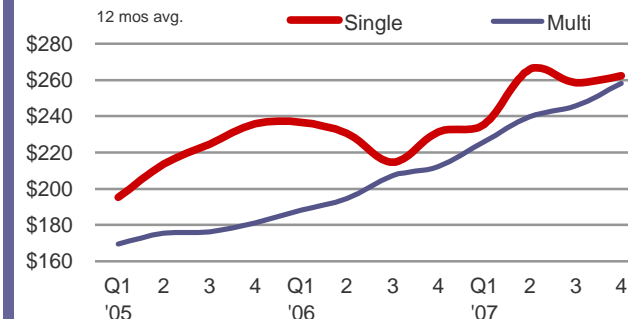
On a price-per-square-foot basis, average pricing nationwide for single tenant office property was \$263, a 14% increase versus the year ago period. Pricing for multi-tenant property was up 22% over the same period. Single-tenant pricing remains at a premium to multi-tenant office on a price-per-square-foot basis but the spread decreased in 2007 as investors searched for higher yields. Average caps for the newest assets are sub 7.0% and the top 10% of single-tenant office assets are commanding pricing above \$400 per square foot with sub 6.0% caps commonplace.

Institutional and foreign investors comprised the largest buyer group, acquiring half of single tenant office assets on a dollar value basis. Private investors were the dominant buyers for multi-tenant assets, with 62% of the acquisitions volume. With attractive pricing and strong demand, corporate users have been significant net sellers, with sale leaseback activity at record levels.

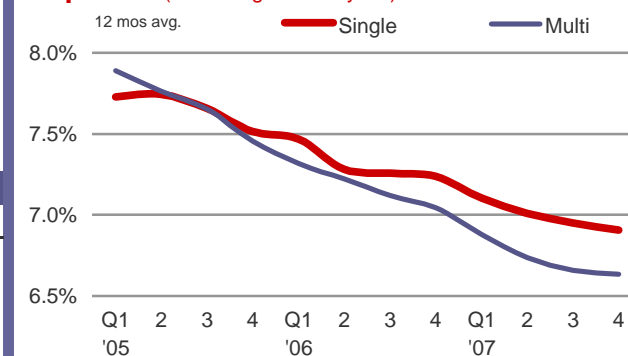
Summary Statistics

	Single	Multi
past 12 mos, > \$2.5 mil		
Sales Volume (\$mil)	\$15,171	\$202,497
1 year ago	\$11,821	\$129,941
percent change	28%	56%
Price Per Sq.Ft.	\$263	\$258
1 year ago	\$231	\$212
percent change	14%	22%
Capitalization Rate	6.91%	6.63%
1 year ago	7.24%	7.05%
basis point change	-33	-41
% of asking price	93.3%	93.3%
1 year ago	95.1%	93.5%

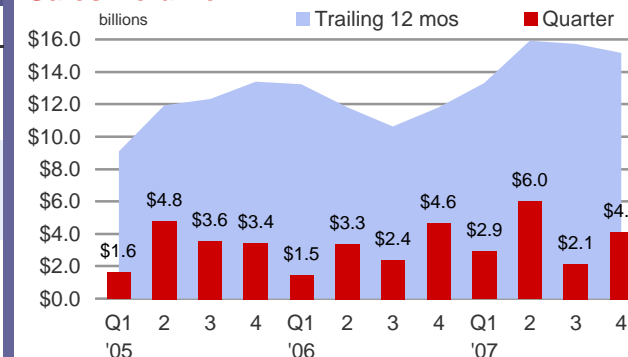
Price Per Sq.Ft.



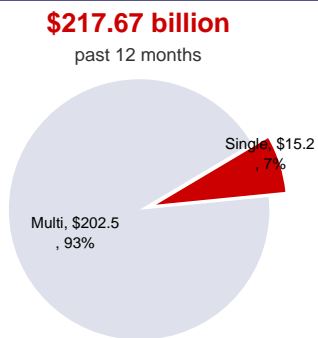
Cap Rate (unleveraged initial yield)



Sales Volume



Market Volume



Prices by Age

past 12 mos, > \$5 mil	\$/Sq.Ft.	Cap Rate
0-5 yrs	\$267	6.8%
6-15 yrs	\$242	7.1%
16-30 yrs	\$210	6.8%

Pricing: Percentile Ranks

past 12 mos, > \$5 mil	\$/Sq.Ft.	Cap Rate
top 10%	\$431	5.7%
	\$321	6.1%
top 30%	\$274	6.4%
median	\$229	6.6%
	\$179	7.0%
bottom 30%	\$154	7.2%
	\$129	7.7%
bottom 10%	\$97	8.4%



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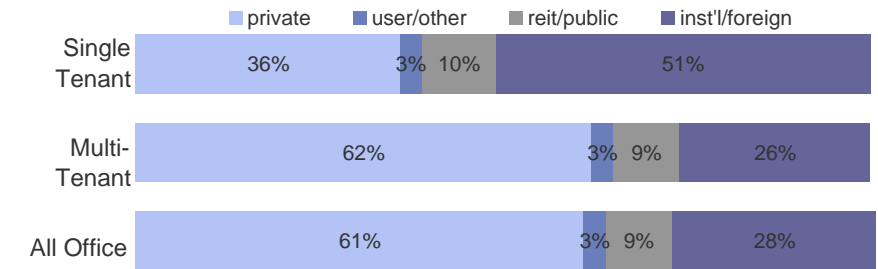
Regions and Markets

past 12 mos

	Single Tenant			Multi-Tenant		
	Volume (mil)	\$/Sq.Ft.	Cap	Volume (mil)	\$/Sq.Ft.	Cap
DC VA burbs	\$1,441.8	\$402.8	5.9%	\$9,335.3	\$300.6	6.3%
DC	\$557.0	\$458.8	5.6%	\$5,518.7	\$419.5	5.4%
DC MD burbs	\$208.5	\$255.8	7.2%	\$1,391.6	\$230.9	6.3%
others	\$542.5	\$192.4	7.0%	\$4,017.6	\$153.8	7.4%
Mid-Atlantic	\$2,749.8	\$295.9	6.8%	\$20,263.2	\$233.6	6.6%
Chicago	\$424.3	\$169.3	6.9%	\$11,582.6	\$184.4	7.2%
St Louis	\$147.4	\$155.8	7.3%	\$882.2	\$136.8	6.9%
Minneapolis	\$133.0	\$187.1	-	\$1,261.7	\$123.4	7.0%
others	\$705.7	\$142.0	7.8%	\$3,480.9	\$128.1	7.6%
Midwest	\$1,410.3	\$151.5	7.9%	\$17,207.4	\$148.4	7.5%
Manhattan	\$3,226.6	\$646.5	5.7%	\$37,770.6	\$737.8	5.0%
No NJ	\$529.7	\$212.2	7.2%	\$2,182.2	\$180.8	6.6%
Boston	\$450.2	\$166.2	6.9%	\$9,666.1	\$260.2	6.3%
others	\$777.8	\$187.7	7.3%	\$6,792.1	\$237.3	6.8%
Northeast	\$4,984.2	\$255.5	7.0%	\$56,410.9	\$380.0	6.1%
Atlanta	\$320.2	\$250.3	6.9%	\$4,881.8	\$165.2	7.1%
Broward	\$125.8	\$207.7	7.8%	\$913.6	\$208.7	7.0%
Tampa	\$90.7	\$257.1	7.1%	\$1,037.1	\$161.1	7.0%
others	\$686.5	\$199.9	7.4%	\$9,776.7	\$184.2	7.2%
Southeast	\$1,223.2	\$210.5	7.5%	\$16,609.2	\$180.4	7.2%
Phoenix	\$496.3	\$179.1	6.5%	\$3,125.8	\$202.5	6.9%
Denver	\$303.9	\$205.6	6.7%	\$4,115.4	\$175.6	7.1%
Houston	\$264.6	\$138.1	6.8%	\$6,105.1	\$132.9	7.1%
others	\$550.4	\$144.6	7.3%	\$8,865.4	\$159.0	7.0%
Southwest	\$1,615.3	\$157.9	6.9%	\$22,211.7	\$166.9	7.0%
San Jose	\$592.1	\$318.7	6.4%	\$4,539.5	\$280.9	5.9%
Los Angeles	\$480.2	\$226.4	6.4%	\$11,572.3	\$319.8	6.0%
San Diego	\$379.2	\$300.4	6.7%	\$5,393.0	\$320.8	6.2%
others	\$1,734.1	\$249.5	6.6%	\$42,950.1	\$285.6	6.3%
West	\$3,185.6	\$264.4	6.6%	\$64,454.9	\$295.5	6.1%

Buyer Composition

past 12 mos.; rounded; may not sum to 100%



Top Buyers

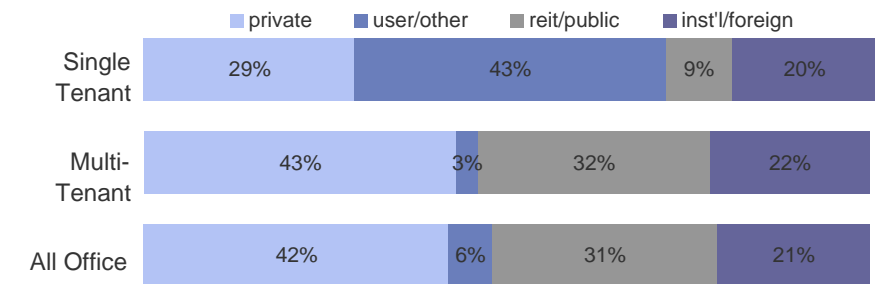
- 1 SL Green Realty Corp
- 2 Paramount Group
- 3 SITQ Immobilier
- 4 GE Capital
- 5 Lexington Corporate Properties Tru
- 6 Kan Am
- 7 Beacon Capital Partners
- 8 Eaton Vance Corp
- 9 Record Realty
- 10 American Assets Inc

Top Sellers

- 1 Citigroup
- 2 RREEF Funds
- 3 Lexington Corporate Properties
- 4 AT&T
- 5 Blackstone
- 6 New York State Common Retirement
- 7 Brookfield Properties
- 8 CIM Group
- 9 JBG Cos
- 10 JP Morgan Chase

Seller Composition

past 12 mos.; rounded; may not sum to 100%



Data believed to be accurate but not guaranteed; subject to future revision; based on properties & portfolios \$2.5 million and greater. © 2007 All Rights Reserved.
Cap rates: unleveraged initial yield from sales as well as refinancings.



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Recent Transactions

Date	Address	Location	Tenant	Yr Blt	Sq.Ft.	Price	\$/Sq.Ft.	Cap	Buyer
Jan-08	Ocwen Building	Orlando, FL	Ocwen Financial Corp	1999	124,500	\$24,500,000	\$197	-	Tower Realty Partners
Jan-08	Verizon	Greenville, SC	Verizon	2002	192,844	\$25,000,000	\$130	-	Orix Real Estate Capital
Jan-08	24 Hour Fitness Regional HC	Carlsbad, CA	24 Hour Fitness USA	2007	85,000	\$29,900,000	\$352	-	Pacific Development Partners
Dec-07	At&T West Loop Office	Chicago, IL	AT & T Services, Inc	1966	972,257	\$275,900,000	\$284	-	Kushner Companies
Dec-07	East Campus Corp Park	Auburn, WA	Weyerhaeuser Mortgage	2000	144,000	\$33,600,000	\$233	-	East Campus 3 A/B LLC
Dec-07	444 Lafayette Rd	Saint Paul, MN	State of Minnesota D	1919	279,697	\$35,250,000	\$126	-	EJ Plesko & Assoc (Roseville, CA)
Dec-07	DaFa Bldg	Flushing, NY	-	2001	50,000	\$3,518,800	\$70	-	Taipei Economic And Cultural Office In
Dec-07	120 Long Ridge Rd	Stamford, CT	General Electric - Cap	1968	300,000	\$60,000,000	\$200	-	Building & Land Technology
Dec-07	Wachovia - Reflections One	West Palm Beach, FL	GSA - US Governmer	1982	58,000	\$9,800,000	\$169	-	Southern Management & Development
Dec-07	Midtown I & II	Atlanta, GA	BellSouth	2002	794,110	\$242,000,000	\$305	6.5%	Kan Am
Dec-07	Hachette Filipacchi Media U	Newport Beach, CA	Road & Track Magazi	1967	16,560	\$5,800,000	\$350	6.2%	Kenneth M Kaplan
Dec-07	Royal Carribbean Building	Miramar, FL	Royal Caribbean	2003	49,650	\$14,000,000	\$282	-	379 Fifth Avenue Realty Corp (Highlan
Dec-07	1915 Terry Building	Seattle, WA	Childrens Hospital	1953	248,819	\$35,918,000	\$144	-	Childrens Hospital (Seattle, WA)
Dec-07	Travelers Complex	New York, NY	Citigroup	1987	2,634,670	\$1,575,000,000	\$598	6.3%	SL Green Realty Corp
Dec-07	9573-9577 Chesapeake Dr	San Diego, CA	Northrop Grumman	1985	50,562	\$14,600,000	\$289	6.5%	Providence Chesapeake LLC (San Die
Dec-07	Burger King Bunker	Miami, FL	Sunrise Group	1986	21,599	\$3,281,250	\$152	-	Sunrise Group (Miami, FL)
Dec-07	700 Creek Rd	Delanco, NJ	Jevic Transportation	1989	52,000	\$4,450,000	\$86	8.4%	SJP Properties
Dec-07	4646 Needmore Rd	Dayton, OH	Electronic Data System	1975	131,000	\$4,500,000	\$34	-	STAG Capital Partners
Dec-07	Stella Lake Office Building	Las Vegas, NV	GSA - Federal Bureau	2006	102,000	\$41,758,585	\$409	-	Kan Am
Dec-07	3111 Coronado Dr	Santa Clara, CA	Applied Materials	1984	118,400	\$36,300,000	\$307	-	Bixby Ranch Co
Dec-07	4121 Camino Del Rio S	San Diego, CA	AimLoan.com	1974	20,383	\$4,500,000	\$221	-	VJK Properties Mission Valley LLC
Dec-07	Neurocrine Biosciences Can	San Diego, CA	Neurocrine Bioscience	2000	220,000	\$109,000,000	\$495	7.0%	Veralliance Properties
Dec-07	777 American Express Way	Plantation, FL	American Express	1975	376,000	\$73,000,000	\$194	-	Kan Am
Dec-07	1001 N Third	Minneapolis, MN	American Express	1990	541,000	\$94,608,000	\$175	-	Kan Am
Dec-07	20022 N 31st	Phoenix, AZ	American Express	1988	337,000	\$60,325,000	\$179	-	Kan Am
Dec-07	The Shell Building	Saint Louis, MO	-	1926	112,000	\$2,537,500	\$23	-	Rocko Bratic (Saint Louis, MO)
Nov-07	Kaz USA, Inc	Southborough, MA	Kaz Inc	1984	57,698	\$6,712,329	\$116	-	Building Management Co
Nov-07	83 Spring St	New York, NY	New York Open Cente	1900	8,662	\$7,800,000	\$900	-	Keystone Group
Nov-07	Dia Center for the Arts Buildi	New York, NY	Dia Art Foundation	1920	38,100	\$38,555,000	\$1,012	-	Sullivan & Worcester LLP (New York, N
Nov-07	111 Woodcrest Rd	Cherry Hill, NJ	Udren Law Offices	-	52,648	\$6,250,000	\$119	-	Behringer Harvard



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Nov-07	T-Mobile USA, Inc	Chattanooga, TN	T-Mobile	2006	78,921	\$18,100,000	\$229	-	Tennessee Office Properties LLC (Los
Nov-07	American Numismatic Socie	New York, NY	American Numismatic	1942	35,674	\$23,900,000	\$670	-	Swig Burris Equities
Nov-07	455 De Guigne Dr	Sunnyvale, CA	Ericsson	1972	53,404	\$19,033,000	\$356	-	Westcore Industrial Properties
Nov-07	CSC Bldg	Lanham, MD	Computer Sciences C	2002	327,240	\$106,000,000	\$324	-	UrbanAmerica
Nov-07	Bank of Marin	San Rafael, CA	Bank of Marin	1898	13,300	\$4,000,000	\$301	-	Dagovitz 2005 Trust (San Rafael, CA)
Nov-07	Union Square	Washington, DC	District of Columbia	1972	609,540	\$262,000,000	\$430	-	CIM Group
Nov-07	3201-3231 N Wilke Rd	Arlington Heights, IL	Motorola, Inc.	1977	100,418	\$4,900,000	\$49	-	Special Assets Acquisitions LLC (Chicag
Nov-07	Douglas Center Condo	Miami, FL	Bank of America	1971	6,375	\$5,000,000	\$784	-	Bank of America
Nov-07	fmr Boys & Girls Club	Mercer Island, WA	Boys & Girls Clubs	-	23,000	\$6,000,000	\$261	-	OB Mercer Island Properties LLC
Nov-07	863 Holcomb Bridge Rd	Roswell, GA	Prudential Georgia Re	1987	11,388	\$2,940,000	\$258	8.0%	Southeast Capital Associates
Nov-07	19 Mollison Way	Lewiston, ME	Per Se Technologies,	-	60,000	\$6,000,000	\$100	-	STAG Capital Partners
Nov-07	Liberty Square	Washington, DC	GSA - US Governmer	1982	480,000	\$62,047,564	\$129	-	Judiciary Plaza LLC (Washington, DC)
Nov-07	Arlington Contact Center	Arlington, TX	JP Morgan Chase	1999	172,000	\$26,000,000	\$151	-	Crystal River Capital
Nov-07	Verizon Communication Inc	Westfield, IN	Verizon	1981	298,961	\$19,500,000	\$65	-	Orix Real Estate Capital
Nov-07	Art Institute of Phoenix	Phoenix, AZ	Art Institute of Phoeni:	1985	92,103	\$22,292,857	\$242	-	Transpacific Development Company
Nov-07	Station Casinos HQ	Las Vegas, NV	Station Casinos	2007	138,558	\$70,000,000	\$505	-	Cole Capital Partners
Oct-07	Cruz Metro Centre	Anaheim, CA	St. Joseph Hospital	1981	84,867	\$22,500,000	\$265	-	St Joseph Health Systems
Oct-07	South Bradshaw Business P	Sacramento, CA	TriVin	1994	88,734	\$16,000,000	\$180	-	Howard Goldenberg
Oct-07	SIRVA	Westmont, IL	North American Van L	1989	269,715	\$35,700,000	\$132	-	Griffin Capital
Oct-07	1414 Genessee St	Kansas City, MO	Sprint Nextel Corp	1996	146,365	\$12,950,000	\$88	-	Orix Real Estate Capital
Oct-07	Gateway Executive Center	Virginia Beach, VA	Northrop Grumman	1986	32,428	\$4,150,000	\$128	8.0%	Gateway Executive Center LLC
Oct-07	ProQuest	Richfield, OH	Proquest Business Sc	1997	85,214	\$17,500,000	\$205	-	Inland Real Estate
Oct-07	Lakes at 610	Houston, TX	Kelsey Seybold Clinic	1993	119,527	\$17,267,000	\$144	-	Inland Real Estate
Oct-07	Hartford Building	Santee, CA	Hartford Fire Insuranc	2003	77,000	\$19,000,000	\$247	-	Inland Real Estate
Oct-07	EDS I	Greensboro, NC	EDS Corp.	1988	113,526	\$13,000,000	\$115	-	Inland Real Estate
Oct-07	East Campus Corp Park III&	Auburn, WA	-	1999	144,000	\$33,625,000	\$234	-	BlackRock Realty
Oct-07	Universal Technical Institute	Norwood, MA	Universal Technical In	1983	222,163	\$33,000,000	\$149	7.0%	GE Capital
Oct-07	Stonegate II at Westfields	Chantilly, VA	Lockheed Martin Corp	2007	140,635	\$43,963,000	\$313	-	CRP-2 Stonegate LLC
Oct-07	3240-3250 Scott Blvd	Santa Clara, CA	Synergy Semiconduct	1974	114,000	\$20,500,000	\$180	-	Lowe Enterprises
Oct-07	PNC Bank Center	Wilmington, DE	PNC Bank	1987	261,070	\$43,000,000	\$165	-	Kaiserman Company