

MANHATTAN OFFICE MARKET Economic & Market Overview

Prepared for



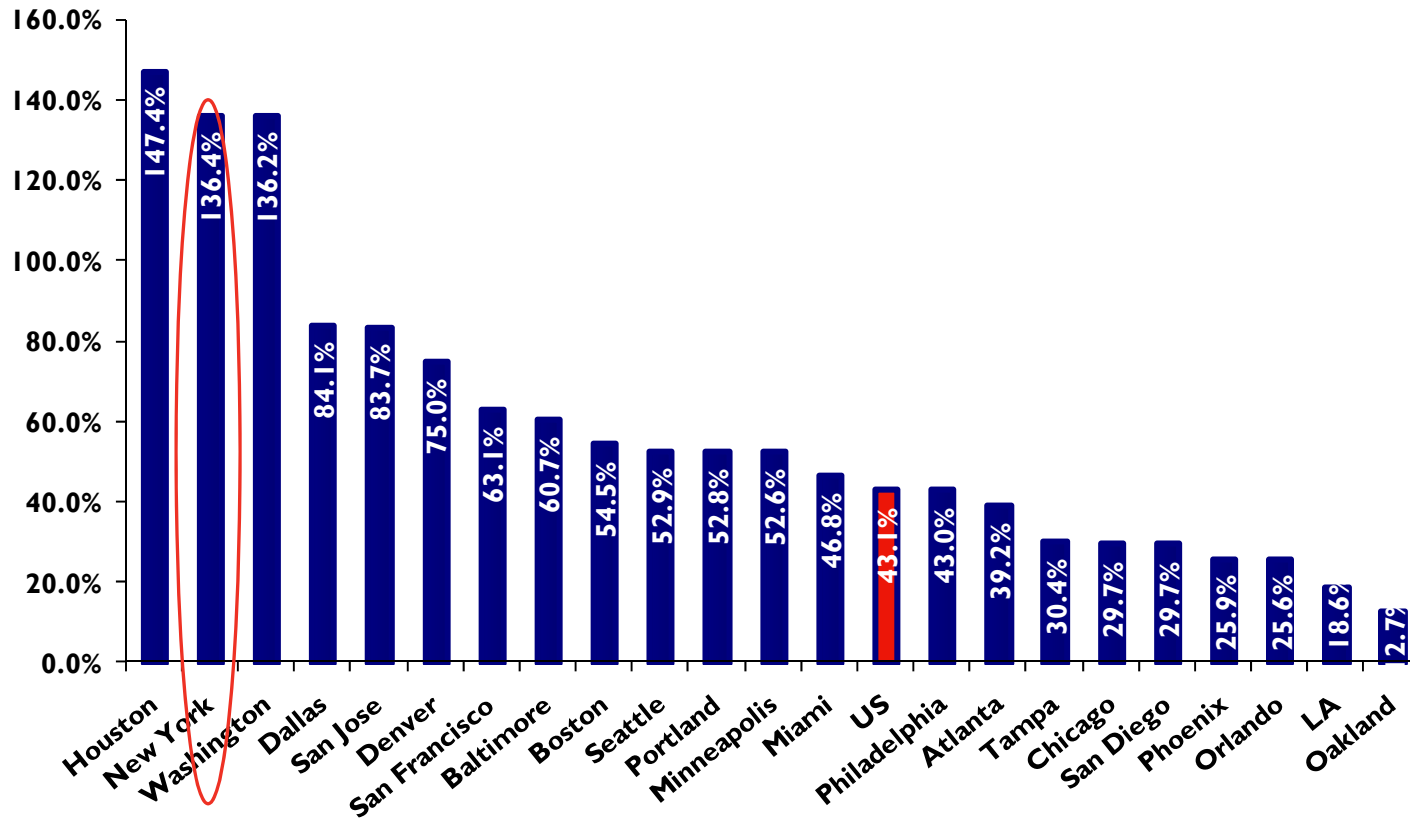
JUNE 20, 2012



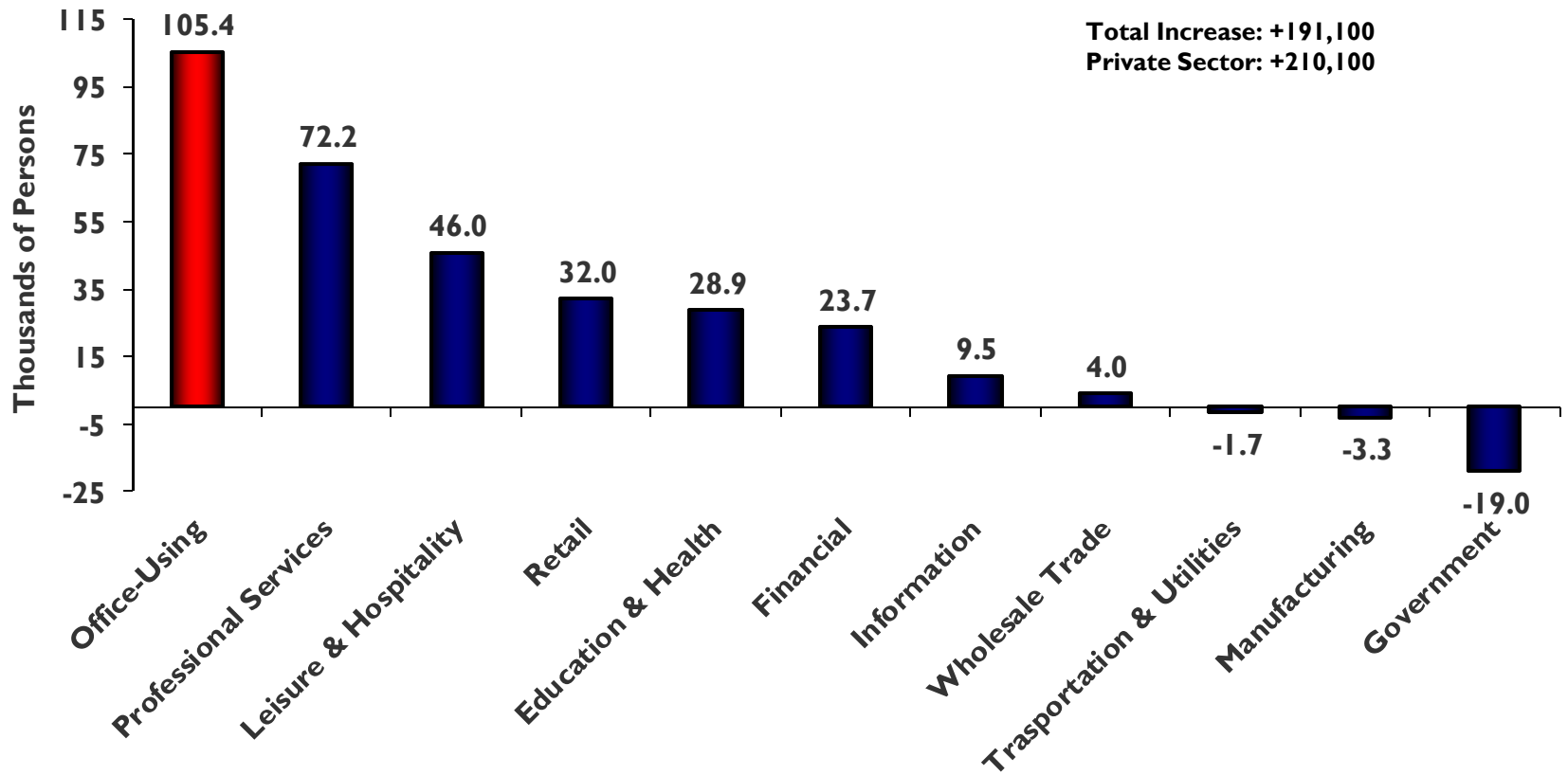
New York City Overview

- Overview
 - One of only 3 cities to surpass pre-recession peak
 - Technology, Health Care, Tourism strong
 - Financial Services: under pressure
 - Lowest vacancy rate in the nation (NYC: 9.2%; US: 13.5%)
 - Leasing slower than 2011 (-33.5% through May)
- Tale of Three Markets
 - Midtown:
 - Activity is slow
 - Large institutional tenants very cautious
 - Preference for renewals
 - Midtown South:
 - Strong Activity
 - Highly desired by technology and creative tenants
 - Lowest vacancy in city
 - Downtown:
 - The value alternative
 - Largest current development site in the nation
 - Many large blocks coming to the market

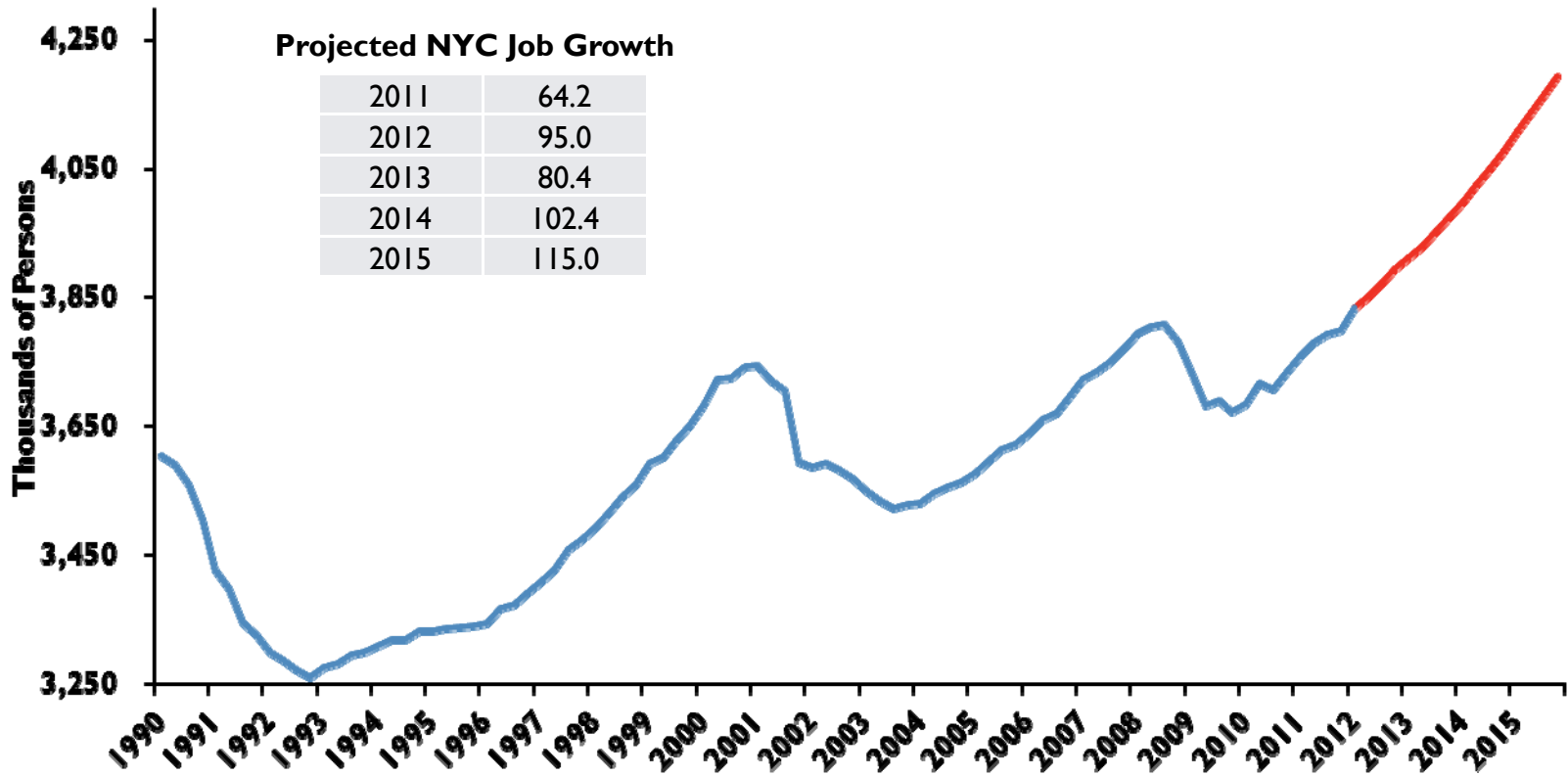
Jobs Recovered Since Trough As a percent of Jobs Lost



NYC Employment Change Since November 2009 by Industry Sector

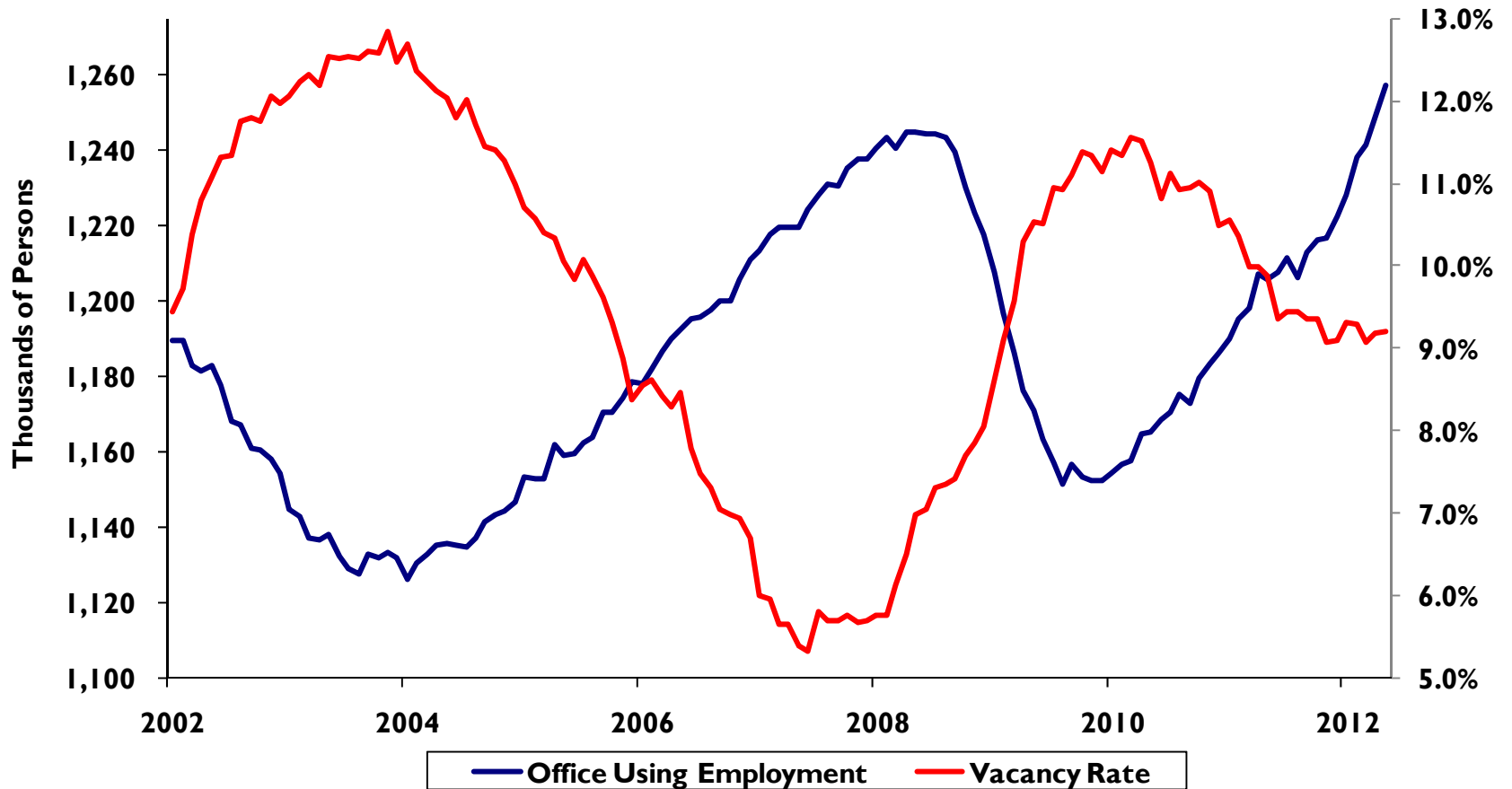


NYC Payroll Employment Forecast



Source: US Bureau of Labor Statistics, Moody's Analytics

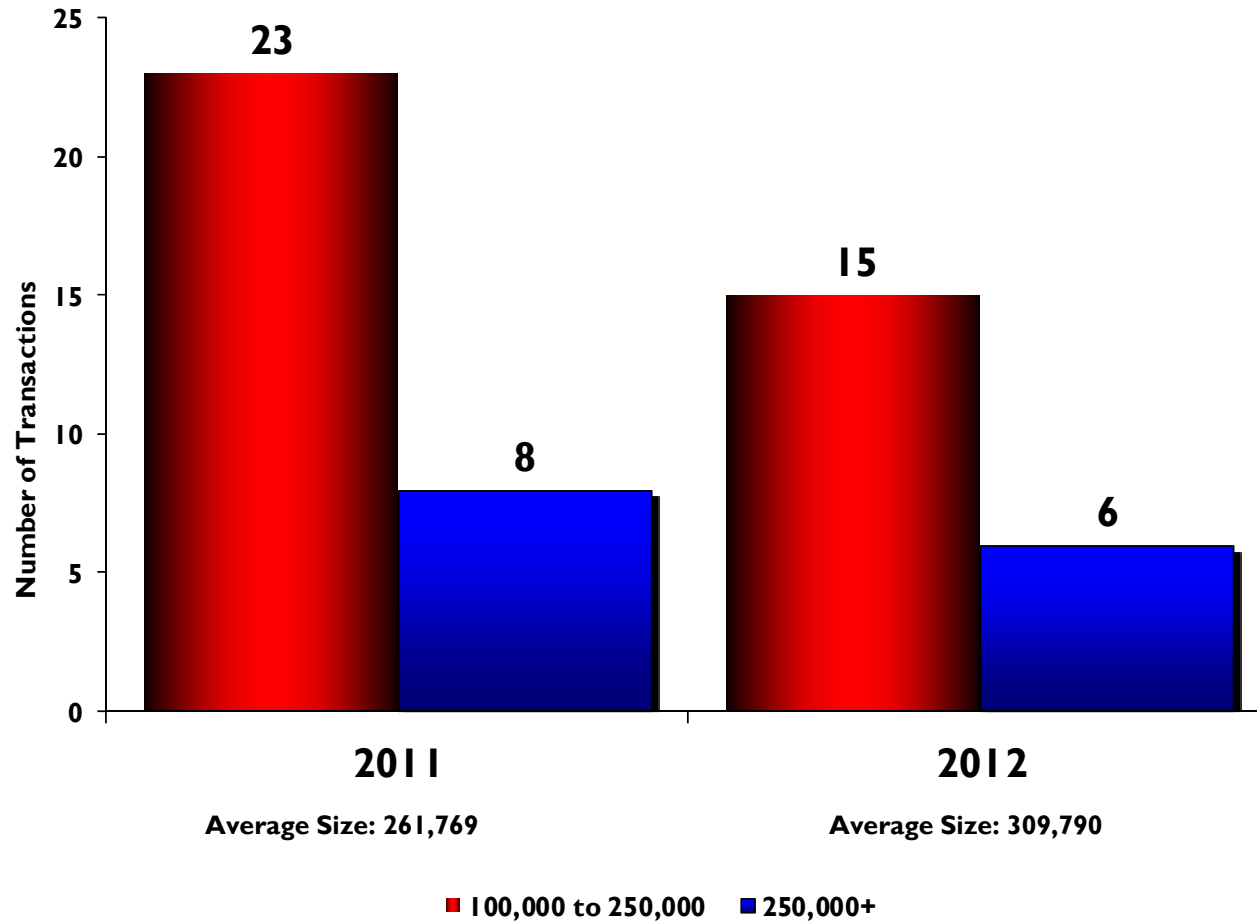
Manhattan Office Using Employment Vs. Vacancy



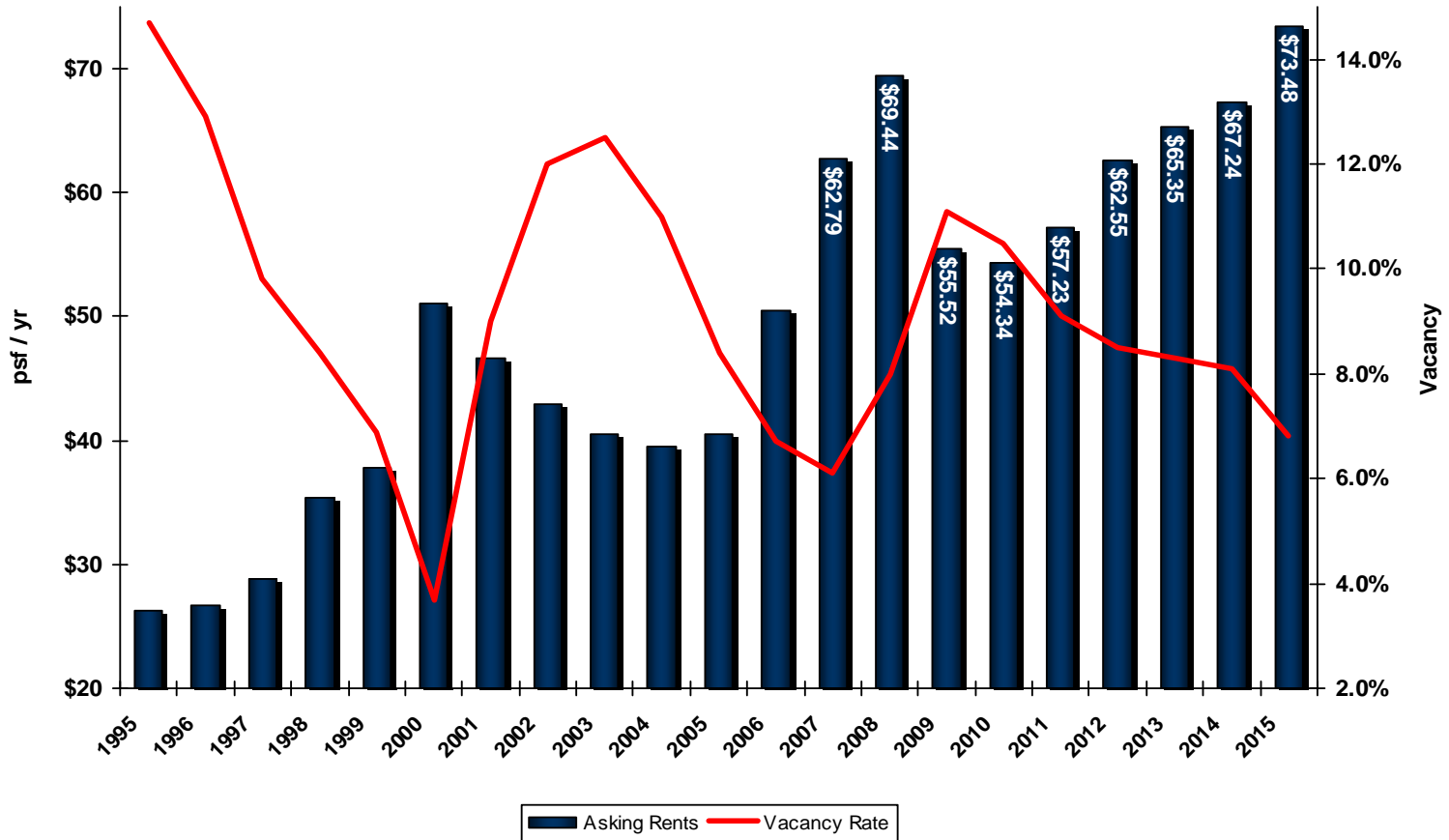
Source: US Bureau of Labor Statistics

Manhattan Office Market

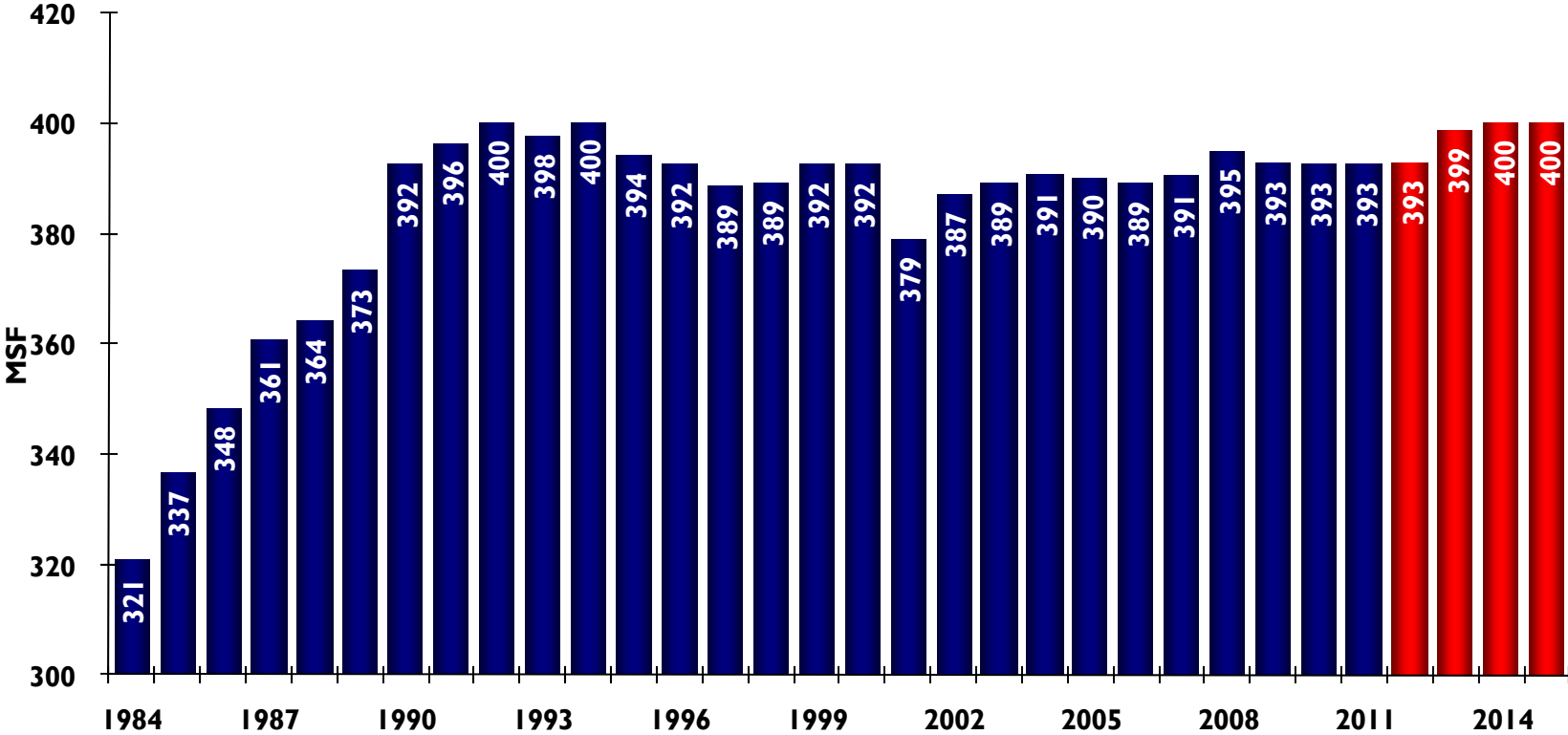
Number of Transactions over 100,000 sf (1H)



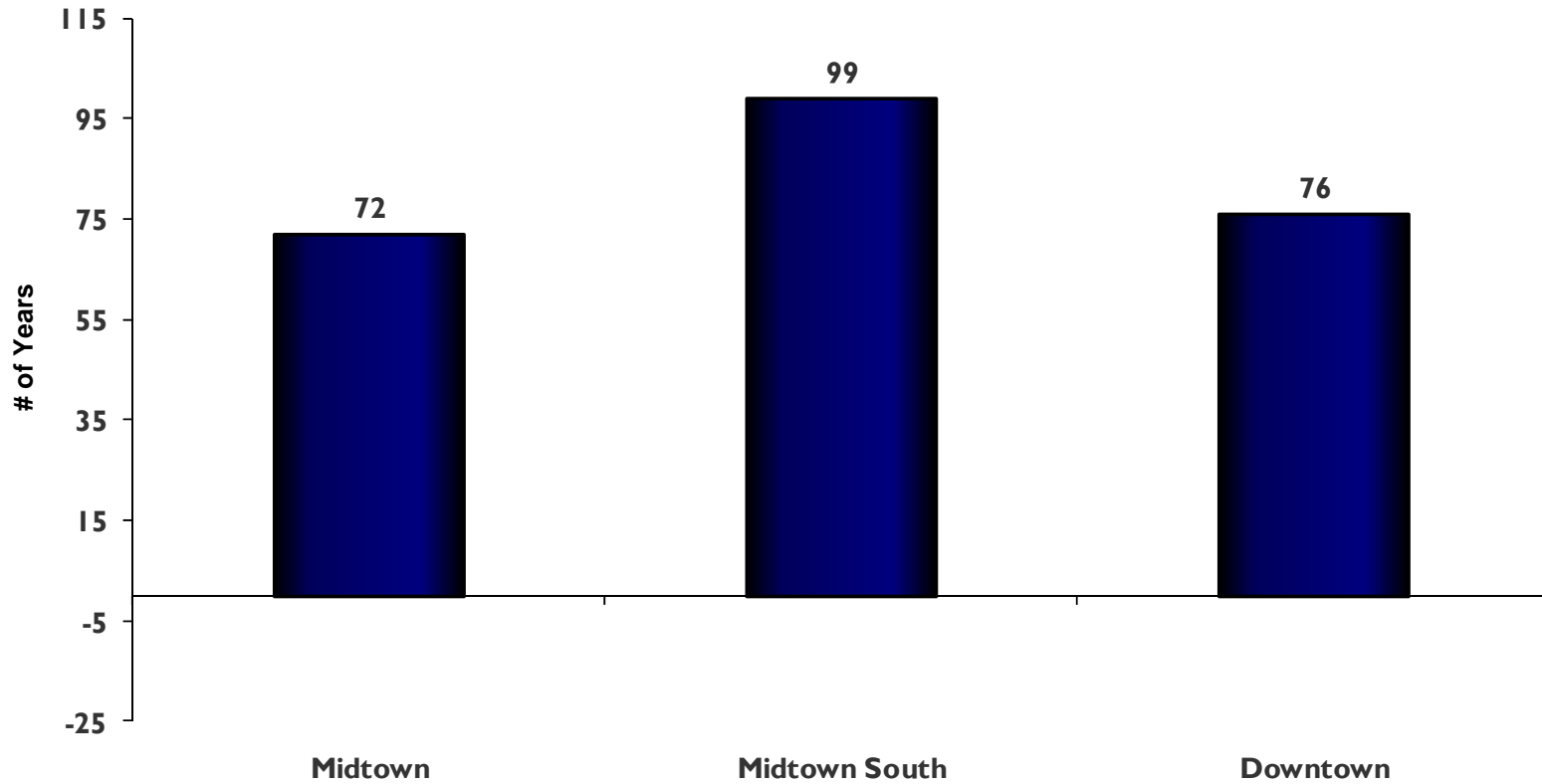
Manhattan Office Market Forecast



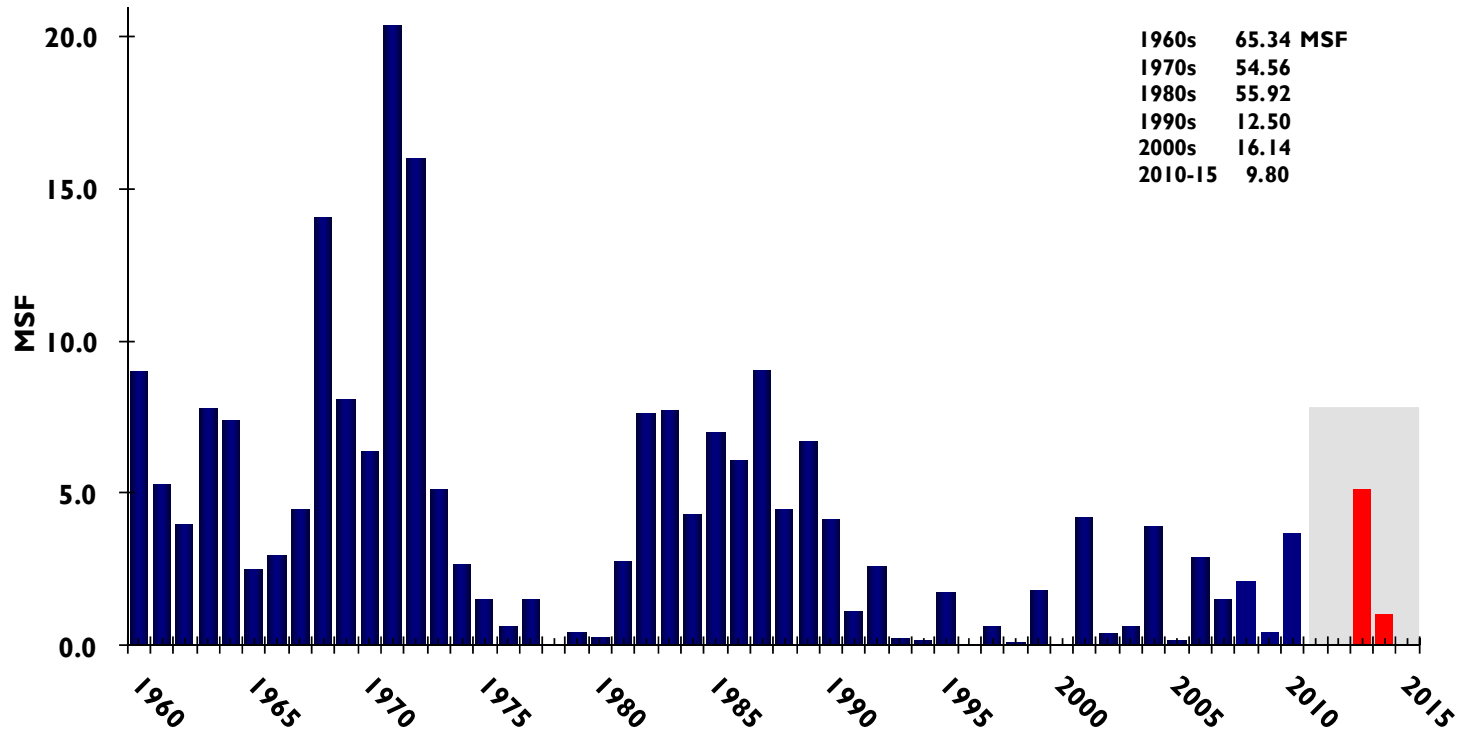
Manhattan Inventory Over Time



Manhattan Average Age of Buildings



Manhattan New Construction 1960 to 2015

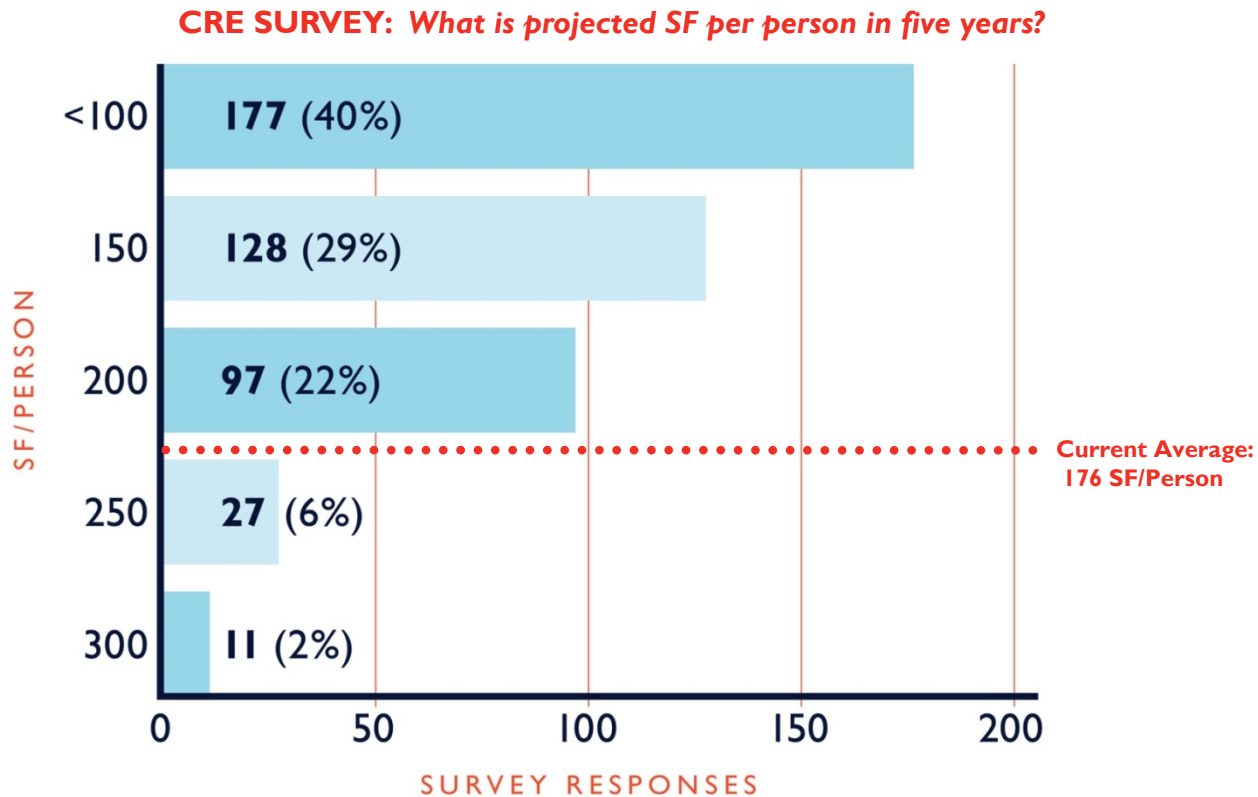


| | |
|---------|-----------|
| 1960s | 65.34 MSF |
| 1970s | 54.56 |
| 1980s | 55.92 |
| 1990s | 12.50 |
| 2000s | 16.14 |
| 2010-15 | 9.80 |

- 2010:**
11 Times Square
200 West Street
450 West 14th Street
15 Little West 12th Street
799 First Avenue
400 First Avenue
- 2011:** 0
- 2012:** 0
- 2013:**
55 West 46th Street
One World Trade Center
4 World Trade Center
51 Astor Place
- 2014:**
250 West 55th Street
- 2015:** 0

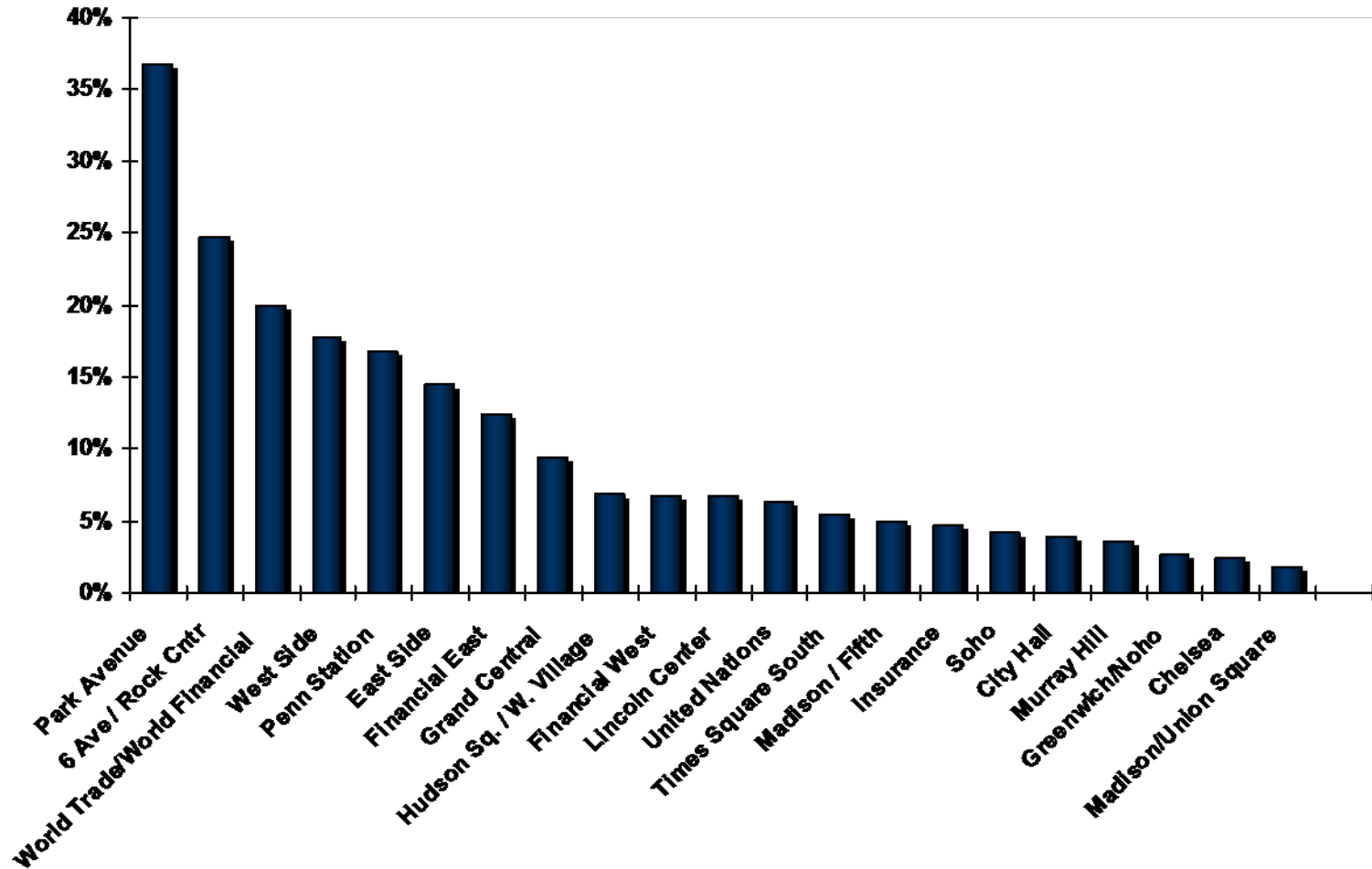
Workplace Trends in North America

Corporate real estate pushing higher density rates



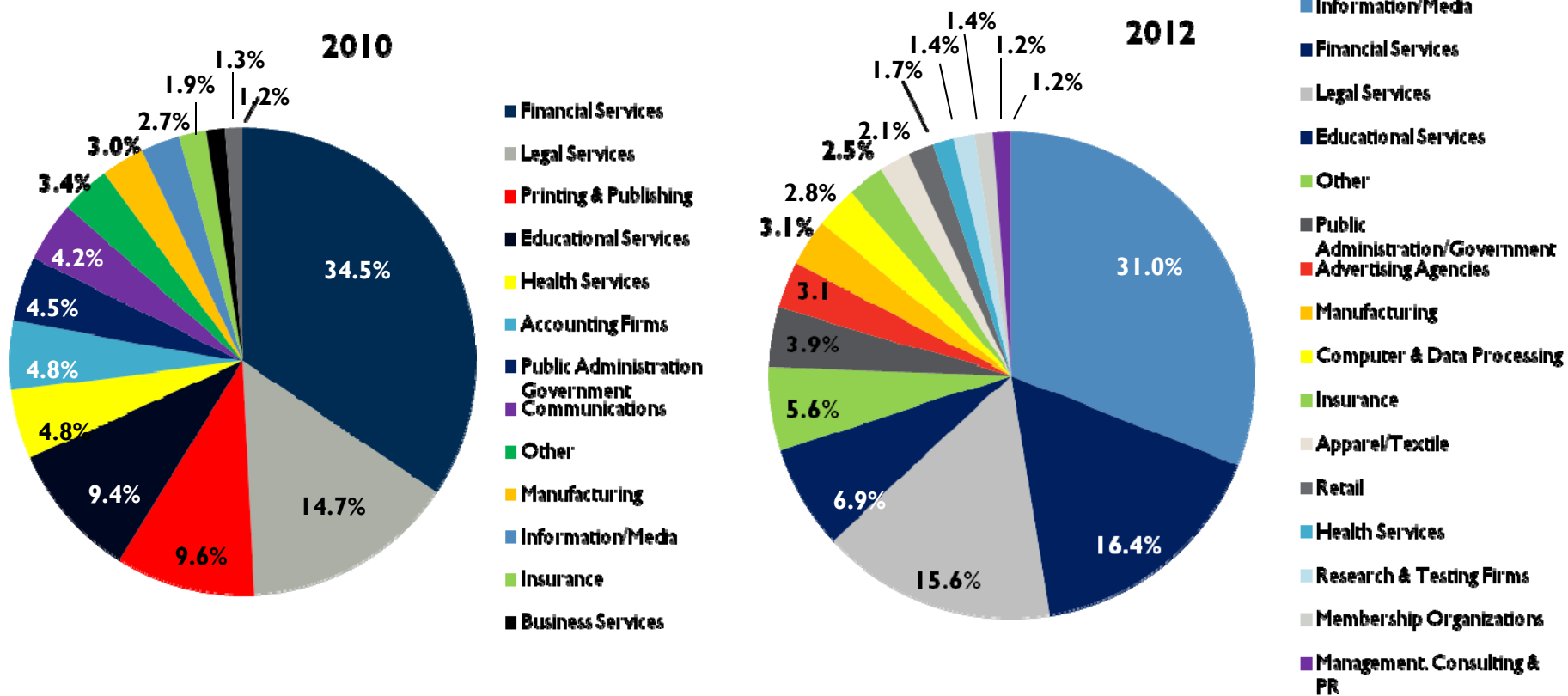
Number of Manhattan Office Buildings with LEED Certification

By Submarket

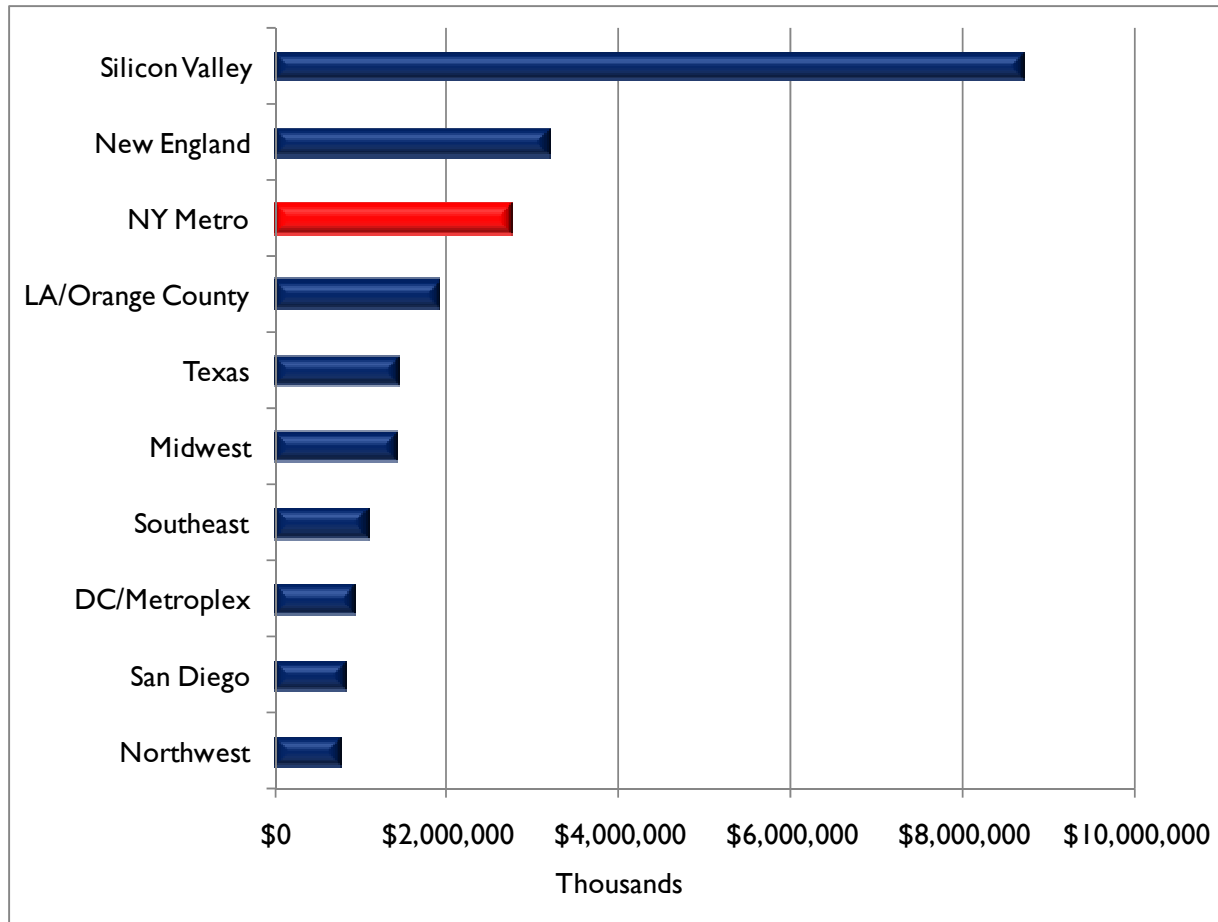


Manhattan Tenants in the Market

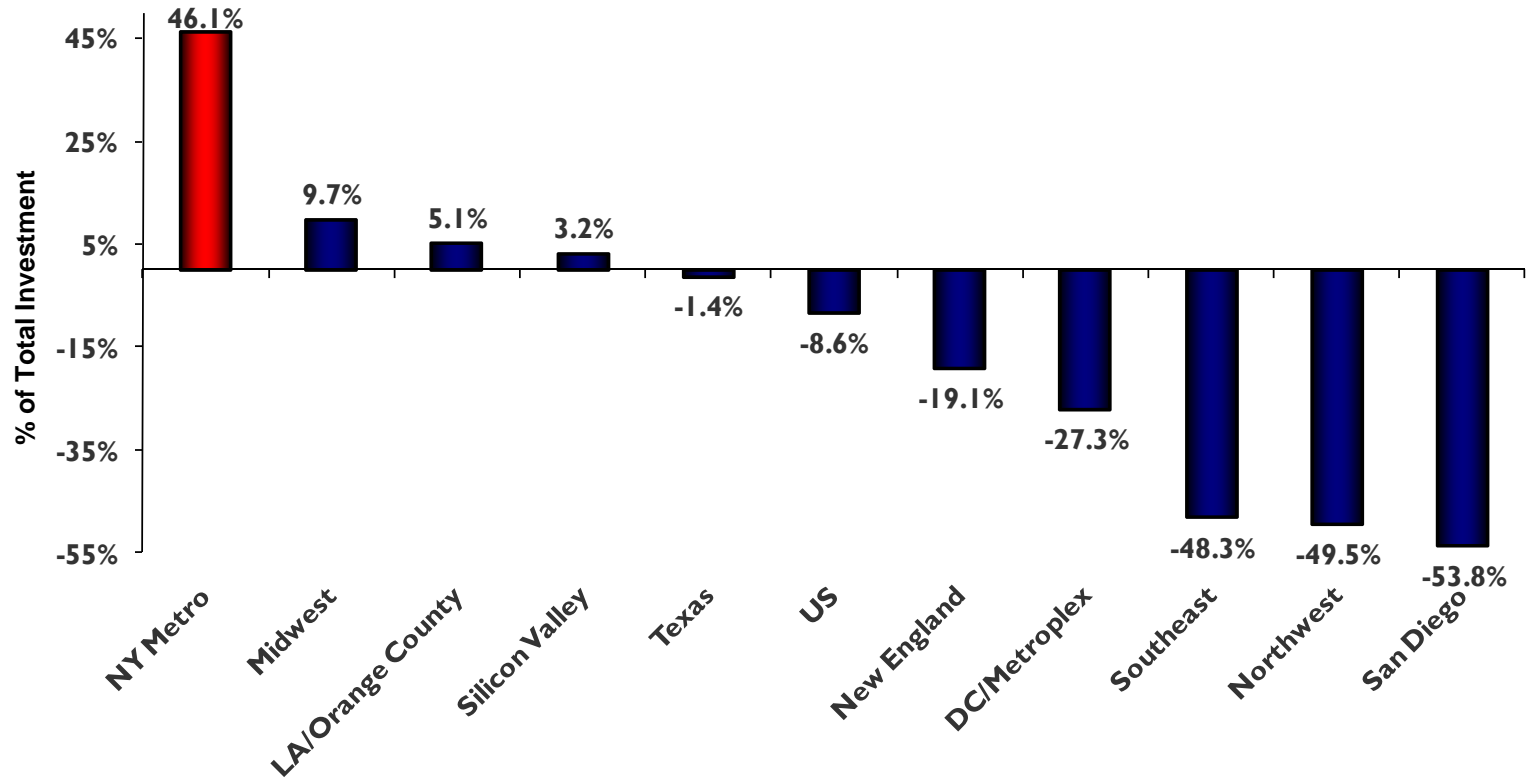
+100,000 square feet



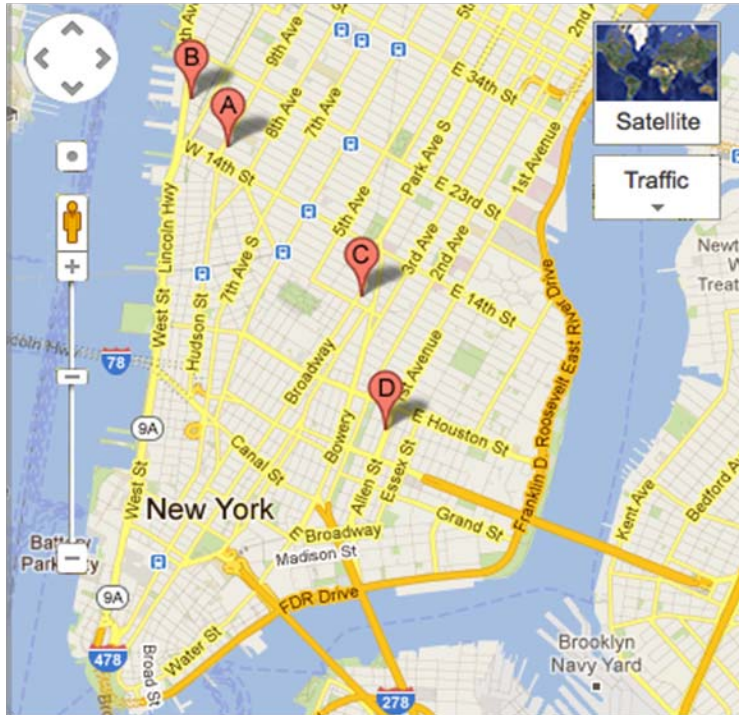
Venture Capital Funding: 2011



Venture Capital Investment by Major Metro: Change since 2007



Midtown South Submarket



Trends

SUBMARKET ATTRIBUTES

- Live/work/play environment
- Urban core location
- Convenient Public Transit
- Cluster-type market

RECENT ACTIVITY

- Over 1.5M sf of new tech/media leasing in last 18 months
- 1.2M-1.6M sf of tech tenants in market including Microsoft, IBM, Amazon, Google and Facebook
- Market has lowest vacancy rate in U.S., with average class A rents just below Midtown



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