

MARKETWATCH

December 2009 ■ Office Space

■ District Of Columbia

| Submarkets | All Office Buildings | | | | Buildings Built 1985 - Present | | | SF Under Construction or Renovation | Q4 2009 Net Absorption (SF) | All of 2009 Net Absorption (SF) |
|-------------------------|--------------------------------|---------------------------------------|---------------------|---------------------------|--------------------------------|---------------------------------------|---------------------|-------------------------------------|-----------------------------|---------------------------------|
| | Total Rentable SF ¹ | SF Available Immediately ² | Direct Vacancy Rate | Vac. Rate w/ Sublet Space | Total Rentable SF ³ | SF Available Immediately ² | Direct Vacancy Rate | | | |
| CBD | 39,058,813 | 2,734,117 | 7.0% | 8.7% | 9,457,030 | 936,246 | 9.9% | 1,024,599 | 195,000 | 282,000 |
| East End | 44,257,299 | 3,363,555 | 7.6% | 9.2% | 24,477,233 | 2,276,383 | 9.3% | 557,000 | 177,000 | (183,000) |
| Capitol Hill | 4,576,748 | 178,493 | 3.9% | 5.7% | 1,793,832 | 109,424 | 6.1% | 269,746 | (5,000) | 115,000 |
| NoMa | 9,382,414 | 1,163,419 | 12.4% | 12.7% | 6,320,259 | 998,601 | 15.8% | 1,456,071 | 338,000 | 494,000 |
| Capitol Riverfront | 3,353,345 | 486,235 | 14.5% | 14.9% | 3,164,152 | 512,593 | 16.2% | 414,029 | 40,000 | 141,000 |
| Southwest ⁴ | 13,696,991 | 2,698,307 | 19.7% | 19.7% | 6,085,929 | 943,319 | 15.5% | 626,000 | 318,000 | 359,000 |
| Georgetown | 2,964,995 | 326,149 | 11.0% | 13.2% | 735,802 | 83,146 | 11.3% | - | 6,000 | (41,000) |
| West End | 3,673,485 | 422,451 | 11.5% | 12.2% | 1,335,283 | 247,027 | 18.5% | 432,900 | (11,000) | (18,000) |
| Uptown | 8,210,990 | 533,714 | 6.5% | 7.0% | 2,530,175 | 192,293 | 7.6% | - | (41,000) | (230,000) |
| TOTAL - District | 129,175,080 | 11,906,441 | 9.2% | 10.5% | 55,899,695 | 6,299,031 | 11.3% | 4,780,345 | 1,017,000 | 919,000 |

¹ Includes buildings 15,000 SF RBA and greater. Does not include buildings under construction; does not include buildings owned by the government. ² Does not include sublet space.

³ Includes buildings 50,000 SF RBA and greater.

⁴ Constitution Center has been restored to the inventory, as renovations are complete.

■ Northern Virginia

| Submarkets | All Office Buildings | | | | Buildings Built 1985 - Present | | | SF Under Construction or Renovation | Q4 2009 Net Absorption (SF) | All of 2009 Net Absorption (SF) |
|--|--------------------------------|---------------------------------------|---------------------|---------------------------|--------------------------------|---------------------------------------|---------------------|-------------------------------------|-----------------------------|---------------------------------|
| | Total Rentable SF ¹ | SF Available Immediately ² | Direct Vacancy Rate | Vac. Rate w/ Sublet Space | Total Rentable SF ³ | SF Available Immediately ² | Direct Vacancy Rate | | | |
| Rosslyn, Courthouse, Ballston | 21,994,117 | 1,143,694 | 5.2% | 7.3% | 13,290,804 | 505,051 | 3.8% | 356,747 | 110,000 | 88,000 |
| Crystal and Pentagon Cities ⁴ | 13,985,364 | 1,314,624 | 9.4% | 9.8% | 5,330,509 | 906,187 | 17.0% | - | 45,000 | 357,000 |
| Old Town Alexandria ⁵ | 8,389,063 | 864,073 | 10.3% | 12.5% | 3,998,371 | 503,795 | 12.6% | - | (41,000) | (222,000) |
| Eisenhower Ave, I-395 Corr. | 9,350,185 | 1,122,022 | 12.0% | 12.5% | 5,793,582 | 486,661 | 8.4% | - | - | 11,000 |
| Springfield/Huntington/I-95 | 5,636,357 | 603,090 | 10.7% | 11.2% | 2,799,977 | 319,197 | 11.4% | - | 28,000 | (6,000) |
| Bailey's Falls Church/Annandale | 5,823,890 | 599,861 | 10.3% | 10.8% | 1,833,993 | 115,542 | 6.3% | - | 23,000 | (100,000) |
| Merrifield | 9,159,712 | 1,190,763 | 13.0% | 15.3% | 5,338,242 | 763,369 | 14.3% | - | (18,000) | 179,000 |
| Reston, Herndon | 30,043,733 | 4,506,560 | 15.0% | 17.7% | 24,334,712 | 3,479,864 | 14.3% | - | 141,000 | (97,000) |
| Tysons Corner | 26,455,645 | 3,465,689 | 13.1% | 14.7% | 15,694,836 | 1,553,789 | 9.9% | - | (5,000) | (319,000) |
| McLean, Vienna | 2,370,748 | 113,796 | 4.8% | 5.1% | 578,200 | 4,047 | 0.7% | - | 2,000 | 4,000 |
| Oakton, Fairfax City | 4,407,197 | 502,420 | 11.4% | 12.1% | 1,445,126 | 124,281 | 8.6% | - | 4,000 | (100,000) |
| Fairfax Center | 6,445,385 | 825,009 | 12.8% | 15.9% | 5,198,766 | 722,628 | 13.9% | - | - | (116,000) |
| Chantilly (Rt. 28 South) | 12,814,015 | 2,370,593 | 18.5% | 19.6% | 11,045,543 | 2,153,881 | 19.5% | - | (192,000) | 92,000 |
| Loudoun County (Rt. 28 North) ⁶ | 13,297,007 | 2,393,461 | 18.0% | 18.9% | 9,716,451 | 1,836,409 | 18.9% | 16,700 | (42,000) | 371,000 |
| Prince William County | 6,939,068 | 1,068,616 | 15.4% | 15.8% | 1,745,203 | 315,882 | 18.1% | - | 21,000 | 218,000 |
| TOTAL - Northern Virginia | 177,111,486 | 22,084,273 | 12.5% | 14.0% | 108,144,315 | 13,790,581 | 12.8% | 373,447 | 76,000 | 360,000 |

¹ Includes buildings 15,000 SF RBA and greater. Does not include buildings under construction; does not include buildings owned by the government. ² Does not include sublet space.

³ Includes buildings 50,000 SF RBA and greater. ⁴ National Gateway I and II delivered. ⁵ 1701 Duke Street delivered. ⁶ 1602 Village Market Boulevard SE delivered.

■ Suburban Maryland

| Montg. Co. Submarkets | All Office Buildings | | | | Buildings Built 1985 - Present | | | SF Under Construction or Renovation | Q4 2009 Net Absorption (SF) | All of 2009 Net Absorption (SF) |
|---|--------------------------------|---------------------------------------|---------------------|---------------------------|--------------------------------|---------------------------------------|---------------------|-------------------------------------|-----------------------------|---------------------------------|
| | Total Rentable SF ¹ | SF Available Immediately ² | Direct Vacancy Rate | Vac. Rate w/ Sublet Space | Total Rentable SF ³ | SF Available Immediately ² | Direct Vacancy Rate | | | |
| Bethesda/Chevy Chase | 11,293,448 | 767,954 | 6.8% | 10.3% | 5,174,211 | 346,672 | 6.7% | - | (22,000) | (43,000) |
| North Bethesda | 10,326,658 | 1,404,425 | 13.6% | 14.8% | 4,424,299 | 765,404 | 17.3% | - | - | (248,000) |
| Rockville | 8,588,860 | 1,331,273 | 15.5% | 16.2% | 3,434,177 | 594,113 | 17.3% | - | (60,000) | (28,000) |
| North Rockville | 11,820,950 | 1,513,082 | 12.8% | 16.0% | 8,220,338 | 1,068,644 | 13.0% | - | 47,000 | 65,000 |
| Gaithersburg | 5,281,815 | 834,527 | 15.8% | 16.0% | 1,489,124 | 333,564 | 22.4% | - | (5,000) | (85,000) |
| Germantown | 2,435,685 | 362,917 | 14.9% | 16.8% | 1,682,920 | 319,755 | 19.0% | - | 27,000 | (26,000) |
| Kensington/Wheaton | 1,406,234 | 115,311 | 8.2% | 8.3% | 65,000 | - | 0.0% | - | (1,000) | (33,000) |
| Silver Spring | 6,903,910 | 566,121 | 8.2% | 9.3% | 3,588,215 | 182,999 | 5.1% | - | 5,000 | (50,000) |
| N. Silver Spring/Rt. 29 | 2,980,145 | 190,729 | 6.4% | 7.1% | 1,590,620 | 82,712 | 5.2% | - | 3,000 | 22,000 |
| TOTAL - Montgomery Co. | 61,037,705 | 7,086,340 | 11.6% | 13.4% | 29,668,904 | 3,693,862 | 12.5% | - | (6,000) | (426,000) |
| Prince George's Co. Submarkets | | | | | | | | | | |
| Beltsville/Calverton/Coll. Pk. ⁴ | 5,304,784 | 816,937 | 15.4% | 16.0% | 2,195,946 | 252,534 | 11.5% | 391,906 | 120,000 | (41,000) |
| Laurel | 2,509,823 | 313,728 | 12.5% | 12.8% | 1,471,426 | 153,028 | 10.4% | - | (3,000) | (44,000) |
| Greenbelt | 3,016,041 | 672,577 | 22.3% | 24.7% | 1,412,715 | 353,179 | 25.0% | - | (12,000) | (42,000) |
| Lanham/Landover/Largo | 4,951,020 | 1,054,567 | 21.3% | 22.4% | 2,137,730 | 476,714 | 22.3% | - | (10,000) | (134,000) |
| Bowie/Marlboro/South P.G. | 5,811,217 | 1,034,397 | 17.8% | 18.8% | 1,858,682 | 479,540 | 25.8% | - | (45,000) | (86,000) |
| TOTAL - Prince George's Co. | 21,592,885 | 3,892,206 | 18.0% | 19.1% | 9,076,499 | 1,714,995 | 18.9% | 391,906 | 50,000 | (347,000) |
| Frederick County ⁵ | | | | | | | | | | |
| TOTAL - Suburban MD | 88,428,631 | 11,685,906 | 13.2% | 14.8% | 42,232,217 | 5,844,709 | 13.8% | 582,564 | 39,000 | (649,000) |

¹ Includes buildings 15,000 SF RBA and greater. Does not include buildings under construction; does not include buildings owned by the government. ² Does not include sublet space.

³ Includes buildings 50,000 SF RBA and greater. ⁴ 5850 University Research Court delivered. ⁵ 7211 Bank Court Drive delivered.

MARKETWATCH

December 2009 ■ Flex/Industrial Space

■ District Of Columbia

| Submarket | Total Inventory ¹ | Direct Avail. Space ² | Direct Vacancy Rate | Available Sublease Space | Vacancy Rate w/ Sublease Space |
|----------------------|------------------------------|----------------------------------|---------------------|--------------------------|--------------------------------|
| District of Columbia | 11,983,676 | 1,557,878 | 13.0% | 11,984 | 13.1% |

| Submarket | Q4 2009 Net Absorption (SF) | All of 2009 Net Absorption (SF) | Space Under Construction | Space Under Renovation |
|----------------------|-----------------------------|---------------------------------|--------------------------|------------------------|
| District of Columbia | (84,000) | (156,000) | - | 125,000 |

¹ Includes buildings 15,000 SF RBA and greater. Does not include buildings under construction; does not include buildings owned by the government ² Does not include sublet space.

■ Northern Virginia

| Submarket | Total Inventory ¹ | Direct Avail. Space ² | Direct Vacancy Rate | Available Sublease Space | Vacancy Rate w/ Sublease Space |
|------------------------------|------------------------------|----------------------------------|---------------------|--------------------------|--------------------------------|
| Beltway (I-495) | 4,352,701 | 369,980 | 8.5% | - | 8.5% |
| I-95 Corridor | 26,057,174 | 1,850,059 | 7.1% | 286,629 | 8.2% |
| Reston/Herndon | 2,650,018 | 140,451 | 5.3% | 18,550 | 6.0% |
| Dulles Corridor ³ | 31,014,605 | 4,652,191 | 15.0% | 372,175 | 16.2% |
| Prince William County | 17,986,163 | 1,942,506 | 10.8% | 143,889 | 11.6% |
| TOTAL | 82,060,661 | 8,955,186 | 10.9% | 821,244 | 11.9% |

| Submarket | Q4 2009 Net Absorption (SF) | All of 2009 Net Absorption (SF) | Space Under Construction | Space Under Renovation |
|-----------------------|-----------------------------|---------------------------------|--------------------------|------------------------|
| Beltway (I-495) | (1,000) | (83,000) | - | - |
| I-95 Corridor | (105,000) | (287,000) | - | - |
| Herndon/Reston | 14,000 | 48,000 | - | - |
| Dulles Corridor | 24,000 | (336,000) | 17,800 | - |
| Prince William County | (35,000) | (211,000) | 300,000 | - |
| TOTAL | (103,000) | (869,000) | 317,800 | - |

¹ Includes buildings 15,000 SF RBA and greater. Does not include buildings under construction; does not include buildings owned by the government ² Does not include sublet space.

³ Dulles Summit Court (Bldg C) delivered.

■ Suburban Maryland

| Submarket | Total Inventory ¹ | Direct Avail. Space ² | Direct Vacancy Rate | Available Sublease Space | Vacancy Rate w/ Sublease Space |
|------------------------|------------------------------|----------------------------------|---------------------|--------------------------|--------------------------------|
| Prince George's County | 48,114,208 | 5,677,477 | 11.8% | 336,799 | 12.5% |
| Montgomery County | 22,916,353 | 1,970,806 | 8.6% | 343,745 | 10.1% |
| Frederick County | 12,610,573 | 1,954,639 | 15.5% | 226,990 | 17.3% |
| TOTAL | 83,641,134 | 9,602,922 | 11.5% | 907,535 | 12.6% |

| Submarket | Q4 2009 Net Absorption (SF) | All of 2009 Net Absorption (SF) | Space Under Construction | Space Under Renovation |
|------------------------|-----------------------------|---------------------------------|--------------------------|------------------------|
| Prince George's County | - | (517,000) | - | 56,000 |
| Montgomery County | 23,000 | (229,000) | - | - |
| Frederick County | (89,000) | (132,000) | 309,650 | - |
| TOTAL | (66,000) | (878,000) | 309,650 | 56,000 |

¹ Includes buildings 15,000 SF RBA and greater. Does not include buildings under construction; does not include buildings owned by the government ² Does not include sublet space.

MARKETWATCH

 December 2009 ■ **Market Activity**

■ District Of Columbia

LEASES

| Tenant | Address | Square Feet |
|---|------------------------------|-------------|
| Internal Revenue Service | 77 K Street, NE | 166,000 |
| Internal Revenue Service | 455 Massachusetts Avenue, NW | 22,000 |
| Open Society Institute | 1730 Pennsylvania Avenue, NW | 22,000 |
| Department of Homeland Security | 455 Massachusetts Avenue, NW | 19,000 |
| National Council of Farmer Cooperatives (Renewal) | 50 F Street, NW | 18,000 |
| Policy Study Associates, Inc. (Renewal) | 1718 Connecticut Avenue, NW | 10,000 |

Total Gross Leasing Activity Estimate - All of 2009 (including renewals): **6,745,000**

INVESTMENT SALES

No notable sales.

■ Northern Virginia

LEASES

| Tenant | Address | Square Feet |
|---|----------------------------|-------------|
| National Association of Letter Carriers | 20547 Waverly Court | 88,000 |
| Verisign (Renewal) | 22340 Dresden Street | 70,000 |
| Booz Allen Hamilton | 3811 North Fairfax Drive | 36,000 |
| The Reston Association | 12001 Sunrise Valley Drive | 30,000 |
| Tier Technologies, Inc. | 11130 Sunrise Valley Drive | 26,000 |
| The Cadmus Group, Inc. | 1555 Wilson Boulevard | 20,000 |
| Ecompex, Inc. (Renewal) | 7926 Jones Branch Drive | 19,000 |

Total Gross Leasing Activity Estimate - All of 2009 (including renewals): **12,512,000**

INVESTMENT SALES

MRP Realty purchased 12930 Worldgate Drive for \$51.0 million (\$264/SF).

■ Suburban Maryland

LEASES

| Tenant | Address | Square Feet |
|---------------|---------------------------|-------------|
| Arbee Company | 15891-15895 Gaither Drive | 10,000 |

Total Gross Leasing Activity Estimate - All of 2009 (including renewals): **5,349,000**

INVESTMENT SALES

No notable sales.