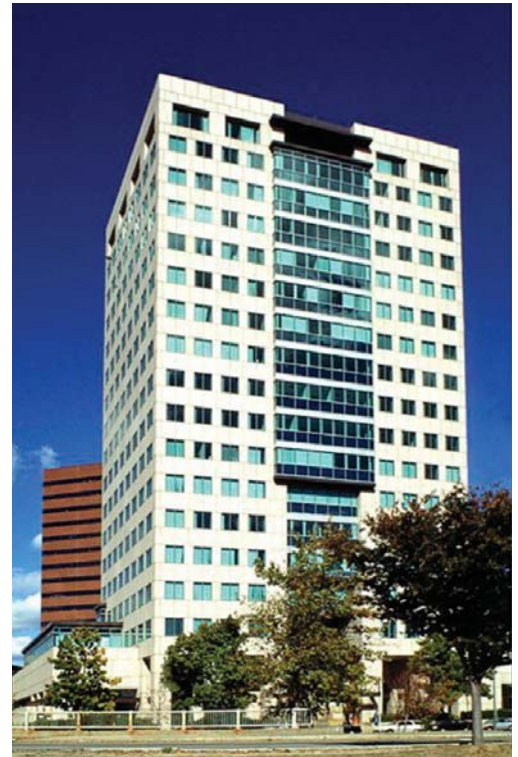


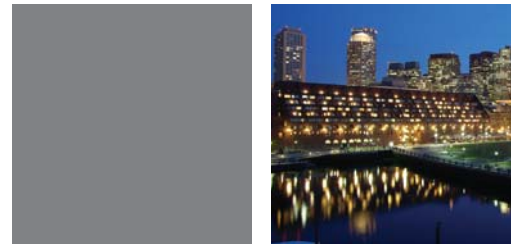
NAI HUNNEMAN

Metro Boston Real Estate Market Report | 2nd Quarter 2008



Market Conditions Q2/08

Downtown Boston • Cambridge • Rte. 128 • Rte. 495



CLASS A OFFICE MARKET

Office Submarket	Space Inventory	Direct Vacant Space	Sublease Vacant Space	Total Vacant Space	Average Rental Rates	Direct Vacancy %	Total Vacancy %
Financial District	29,161,501	2,171,759	109,556	2,281,315	\$52	7.4%	7.8%
North Station/North End	3,370,667	137,658	16,805	154,463	\$39	4.1%	4.6%
South Station/Ft. Point	5,085,049	259,556	32,605	292,161	\$32	5.1%	5.7%
Charlestown	989,596	19,216	19,755	38,971	\$29	1.9%	3.9%
Back Bay	12,083,595	425,779	240,825	666,604	\$54	3.5%	5.5%
Downtown Boston	50,690,408	3,013,968	419,546	3,433,514	\$49	5.9%	6.8%
East Cambridge	7,870,652	1,021,826	53,985	1,075,811	\$50	13.0%	13.7%
Central Cambridge	4,008,136	99,900	142,827	242,727	\$42	2.5%	6.1%
West Cambridge	1,064,090	195,716	0	195,716	\$35	18.4%	18.4%
Cambridge	12,942,878	1,317,442	196,812	1,514,254	\$46	10.2%	11.7%
Route 128 North	8,885,196	1,190,206	197,571	1,387,777	\$23	13.4%	15.6%
Route 128 Northwest	8,243,342	1,088,154	30,934	1,119,088	\$28	13.2%	13.6%
Route 128 West	15,444,978	1,174,073	203,985	1,378,058	\$31	7.6%	8.9%
Route 128 Southwest	1,418,754	88,991	113,446	202,437	\$25	6.3%	14.3%
Route 128 South	4,829,385	928,452	124,270	1,052,722	\$25	19.2%	21.8%
Route 128 Loop	38,821,655	4,469,876	670,206	5,140,082	\$27	11.5%	13.2%
I-495 North	3,240,896	682,947	112,934	795,881	\$20	21.1%	24.6%
I-495 Northwest	4,522,088	653,757	87,559	741,316	\$18	14.5%	16.4%
I-495 West	7,065,302	760,893	277,613	1,038,506	\$20	10.8%	14.7%
I-495 Southwest	878,512	318,978	7,973	326,951	\$22	36.3%	37.2%
I-495 South	167,000	37,198	0	37,198	\$21	22.3%	22.3%
I-495 Loop	15,873,798	2,453,773	486,079	2,939,852	\$20	15.5%	18.5%
Metropolitan Boston	118,328,739	11,255,059	1,772,643	13,027,702	\$38	9.5%	11.0%

CLASS B OFFICE MARKET

Office Submarket	Space Inventory	Direct Vacant Space	Sublease Vacant Space	Total Vacant Space	Average Rental Rates	Direct Vacancy %	Total Vacancy %
Financial District	6,500,528	613,945	33,822	647,767	\$35	9.4%	10.0%
North Station/North End	2,785,139	232,888	6,736	239,624	\$32	8.4%	8.6%
South Station/Ft. Point	3,119,179	291,905	0	291,905	\$33	9.4%	9.4%
Charlestown	1,975,064	250,649	17,681	268,330	\$27	12.7%	13.6%
Back Bay	2,371,520	59,942	3,071	63,013	\$39	2.5%	2.7%
Downtown Boston	16,751,430	1,449,329	61,310	1,510,639	\$34	8.7%	9.0%
East Cambridge	1,251,558	13,303	16,652	29,955	\$26	1.1%	2.4%
Central Cambridge	2,479,313	196,516	0	196,516	\$29	7.9%	7.9%
West Cambridge	1,123,297	149,509	21,615	171,124	\$24	13.3%	15.2%
Cambridge	4,854,168	359,328	38,267	397,595	\$27	7.4%	8.2%
Route 128 North	8,236,492	1,085,679	64,765	1,150,444	\$22	13.2%	14.0%
Route 128 Northwest	5,385,464	555,200	145,723	700,923	\$19	10.3%	13.0%
Route 128 West	16,039,831	1,217,228	120,093	1,337,321	\$25	7.6%	8.3%
Route 128 Southwest	3,160,720	417,945	56,115	474,060	\$19	13.2%	15.0%
Route 128 South	5,042,752	524,385	37,320	561,705	\$19	10.4%	11.1%
Route 128 Loop	37,865,259	3,800,437	424,016	4,224,453	\$22	10.0%	11.2%
I-495 North	3,018,584	690,809	9,895	700,704	\$19	22.9%	23.2%
I-495 Northwest	4,899,821	1,002,354	77,473	1,079,827	\$16	20.5%	22.0%
I-495 West	5,277,323	894,448	96,344	990,792	\$18	16.9%	18.8%
I-495 Southwest	1,376,716	192,841	4,323	197,164	\$21	14.0%	14.3%
I-495 South	1,478,356	104,041	3,458	107,499	\$19	7.0%	7.3%
I-495 Loop	16,050,800	2,884,493	191,493	3,075,986	\$18	18.0%	19.2%
Metropolitan Boston	75,521,657	8,493,587	715,086	9,208,673	\$24	11.2%	12.2%

Source: CoStar, NAI Hunneman Commercial Company Prepared: July 8, 2008

Disclaimer: The above data is from sources deemed to be generally reliable, but no warranty is made as to the accuracy of the data nor its usefulness for any particular purpose.

Market Conditions Q2/08

Highlights • Industrial • Flex/R&D



HIGHLIGHTS

Here are some highlights from the Market Stats:

- Overall Class A Office vacancy decreased from 11.4% last quarter to 11.0% this quarter as average rental rates increased slightly to from \$37.30 to \$37.80/SF. Class B vacancy has also decreased from 12.5% to 12.2%, while average rental rates still remain at \$24/SF.
- The Class A and B vacancy rate in Downtown Boston remains in the single digits, decreasing from 7.8% to 7.3%. However, in Cambridge the vacancy rate increased from 9.8% to 10.7%. Combined rental rates for class A and B office space remain at an average of \$45/SF in Downtown Boston and \$41/SF in Cambridge.
- Vacancy rates for class A and B buildings in the Route 128 market are at 12.2% with an average rental rate of \$25/SF. Along the Route 495 market the average vacancy rate is 18.8% and rental rates for class A and B office space average \$19/SF. In both markets vacancies decreased, while rents increased by \$0.20 in the Route 128 market and decreased by the same amount in the Route 495 market.
- There has been positive net absorption in Downtown and Cambridge of 116,522 SF and 119,893 SF respectively. The Route 128 and Route 495 markets also experienced positive net absorption at 245,923 SF and 186,868 SF respectively. This trend is not expected to continue through the second half of the year as more sublease space is added to the market.
- The industrial market vacancy rate decreased from 9.7% to 9.3% and the average asking rent decreased slightly to \$6.30 NNN.
- In the flex/R&D market, the vacancy rate increased from 13.4% to 13.5%, which is the first rise in vacancy in over a year. The average asking rent increased as well, from \$10.65 NNN to \$11.14 NNN.

INDUSTRIAL MARKET

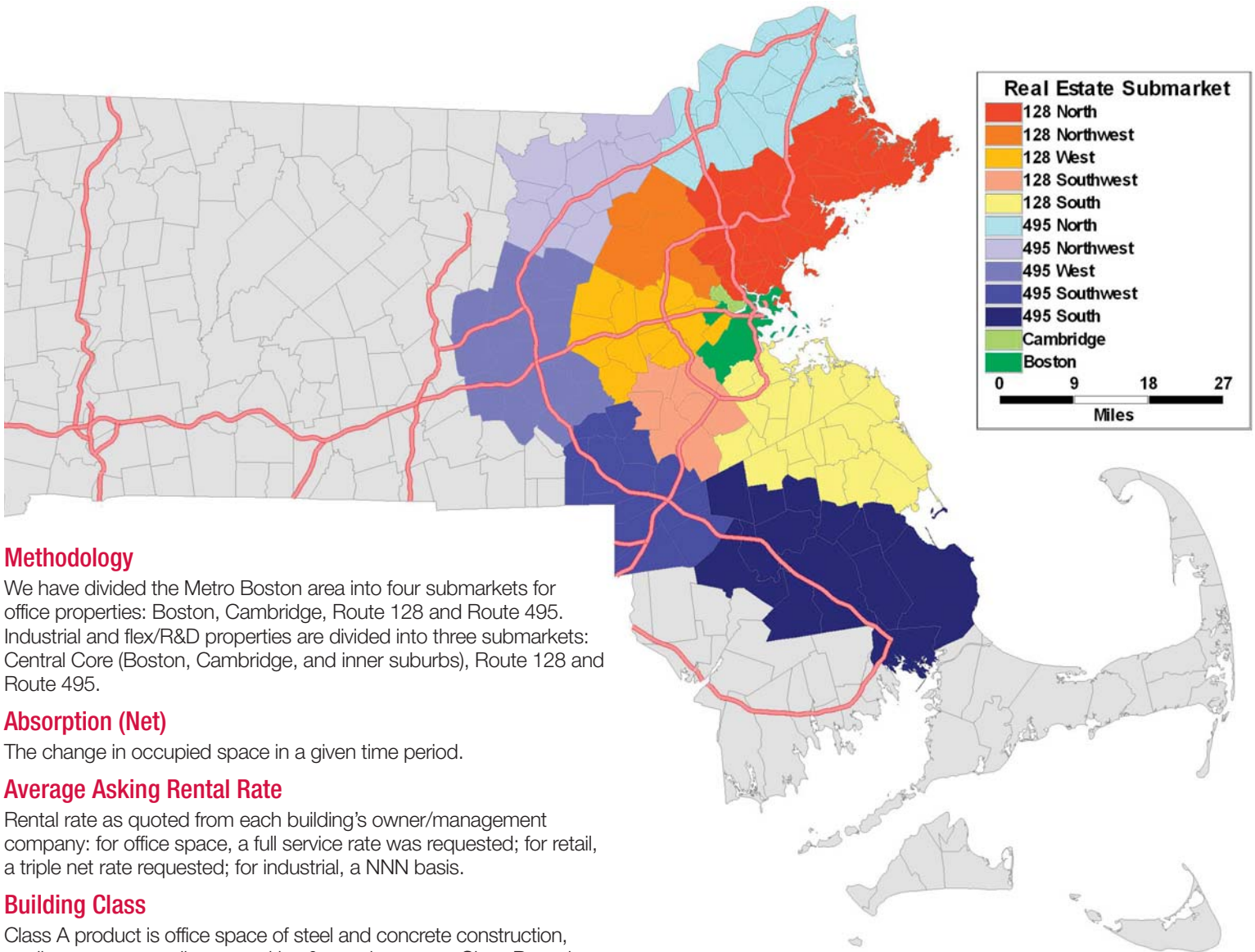
Industrial Submarket	Space Inventory	Vacant Space*	Vacancy Rate*	Rental Rate (NNN)
Boston Central Core	25,379,683	1,674,477	6.6%	\$9.20
Route 128 North	29,419,692	1,690,610	5.7%	\$6.45
Route 128 Northwest	4,953,839	694,668	14.0%	\$6.35
Route 128 West	14,043,305	291,822	2.1%	\$6.90
Route 128 Southwest	13,375,051	941,346	7.0%	\$6.45
Route 128 South	27,042,725	3,059,294	11.3%	\$5.55
Route 128 Loop	88,834,612	6,677,740	7.5%	\$6.24
I-495 North	16,050,370	1,613,669	10.1%	\$4.85
I-495 Northwest	11,250,390	1,555,424	13.8%	\$5.10
I-495 West	17,572,137	1,835,950	10.4%	\$5.95
I-495 Southwest	16,060,777	2,402,052	15.0%	\$5.25
I-495 South	13,622,263	1,731,016	12.7%	\$5.70
I-495 Loop	74,555,937	9,138,111	12.3%	\$5.39
Metropolitan Boston	188,770,232	17,490,328	9.3%	\$6.30

FLEX/R&D MARKET

Industrial Submarket	Space Inventory	Vacant Space*	Vacancy Rate*	Rental Rate (NNN)
Boston Central Core	6,464,365	511,098	7.9%	\$21.00
Route 128 North	14,587,557	1,835,875	12.6%	\$8.60
Route 128 Northwest	10,404,000	1,803,170	17.3%	\$13.55
Route 128 West	7,910,757	740,728	9.4%	\$12.45
Route 128 Southwest	6,551,754	776,653	11.9%	\$8.50
Route 128 South	4,816,171	761,650	15.8%	\$13.00
Route 128 Loop	44,270,239	5,918,076	13.4%	\$10.92
I-495 North	9,389,432	1,766,888	18.8%	\$9.00
I-495 Northwest	5,961,698	670,434	11.2%	\$8.10
I-495 West	9,603,928	1,865,317	19.4%	\$10.30
I-495 Southwest	3,657,464	228,198	6.2%	\$9.90
I-495 South	2,477,722	81,572	3.3%	\$10.00
I-495 Loop	31,090,244	4,612,409	14.8%	\$9.41
Metropolitan Boston	81,824,848	11,041,583	13.5%	\$11.14

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Methodology / Definitions / Submarket Map



Methodology

We have divided the Metro Boston area into four submarkets for office properties: Boston, Cambridge, Route 128 and Route 495. Industrial and flex/R&D properties are divided into three submarkets: Central Core (Boston, Cambridge, and inner suburbs), Route 128 and Route 495.

Absorption (Net)

The change in occupied space in a given time period.

Average Asking Rental Rate

Rental rate as quoted from each building's owner/management company: for office space, a full service rate was requested; for retail, a triple net rate requested; for industrial, a NNN basis.

Building Class

Class A product is office space of steel and concrete construction, quality tenants, excellent amenities & premium rates. Class B product is office space with fair to good finishes and a wide range of tenants.

Cap Rate

The net operating income divided by the sales price or value of a property expressed as a percentage.

CBD

Central business district

Direct Vacancy

Space currently available for lease directly with the landlord or building owner.

Overall Vacancy

All unoccupied lease space, either direct or sublease.

Sublease

Arrangement in which a tenant leases rental property to another, and the tenant becomes the landlord to the subtenant.

Total Square Footage

Net rentable area considered available for lease; includes sublease space.