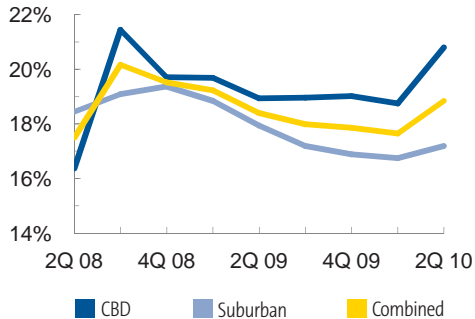
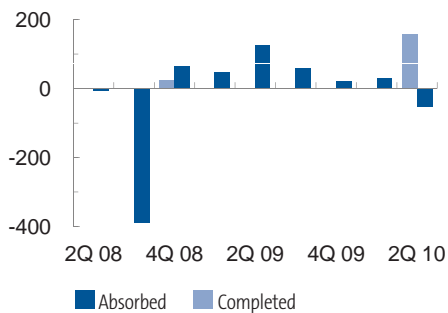


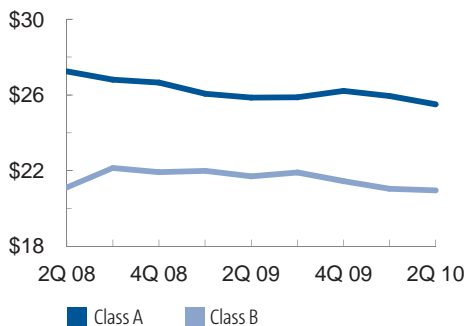
Vacancy Rate



Completions vs. Absorption (in Thousands of SF)



Asking Rental Rates (\$/SF/Yr. Full Service)



Rents Dip Further as Demand Shows Signs of Contraction

As the first half of 2010 wound down, the New Castle County office market tallied slight losses in occupancy with 51,830 square feet of negative absorption during the past three months bringing the year-to-date absorption metric to negative 21,034 square feet. The exodus of Basell North America out of over 60,000 square feet in the Northern New Castle County submarket and the Red Clay School District opting to consolidate operations into owned assets leaving behind 35,000 square feet in the Western New Castle County submarket, the region showed signs of a reversed trend after posting six straight quarters of positive absorption. The second half of the year may not rally to erase these losses as it is known that several large corporate users are in the market to reduce their real estate footprints as a result of employment downsizing over the past year or so.

Supply-side factors also contributed to increased vacancy in New Castle County during the second quarter when Pettinaro's new Star Building completed construction. The 158,770-square-foot office along the Christiana riverfront adds the balance of its space to the vacancy column as the building opened with no pre-leasing. The building signifies Pettinaro's next phase in redevelopment along the riverfront, formerly under-utilized industrial ground which is currently being transformed into a significant area of commerce.

All this added vacancy perpetuated downward pressure on average asking rents as rates fell for nine out of the last ten quarters. Since the price peak posted back in the fourth quarter of 2007, average asking rents have deteriorated by over 6.8 percent. As vacancy rates linger in the upper 18 percent range and potential further deterioration in demand threatens, expect rents to move further southward. Asking rents will most likely remain low or stagnant in this market long after the return of consistent occupancy gains given the glut of available space on the market. Thus, the New Castle County office market is expected to remain a tenant's market longer than its regional counterparts.

FORECAST

- Further negative absorption is on the horizon
- Landlords will maintain a competitive posture in order to win deals
- Rents will trend downward and stagnate until a considerable amount of vacancy is leased

Office Trends Report—Second Quarter 2010

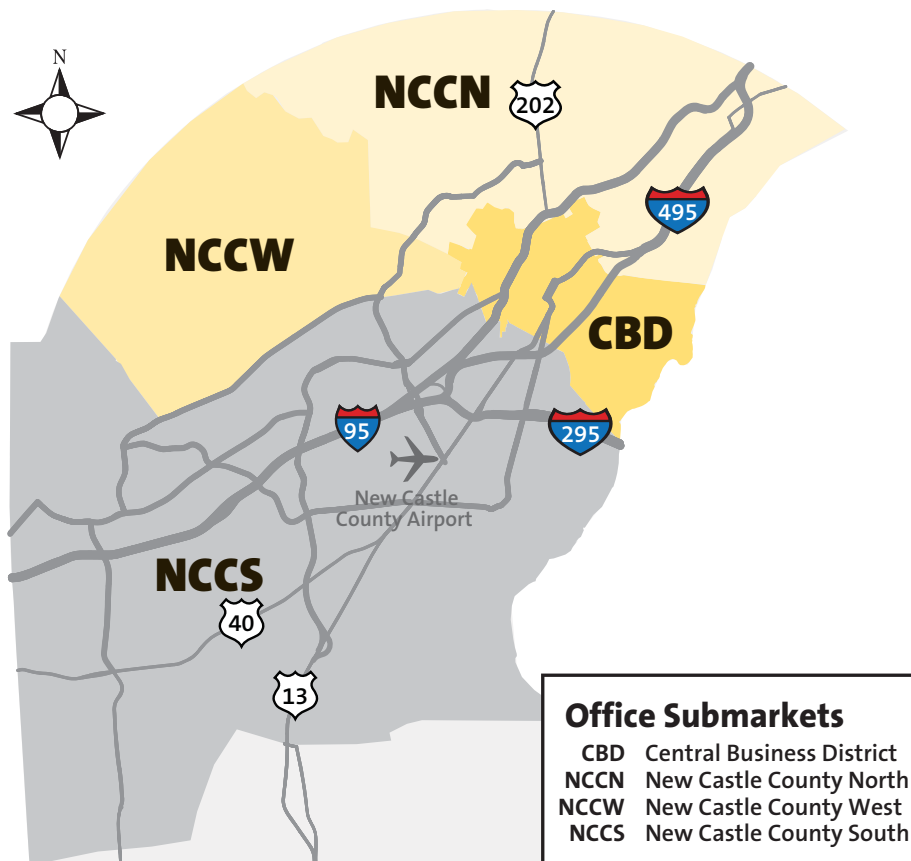
Wilmington, DE



GRUBB & ELLIS
From Insight to Results

By Submarket	Total SF	Vacant SF	Vacant %	NET ABSORPTION		Under Construction SF	ASKING RENT	
				Current Qtr	Year To Date		Class A	Class B
Wilmington CBD	6,998,639	1,455,673	20.8%	(14,871)	3,618	-	\$26.18	\$20.07
Wilmington North	3,296,295	679,421	20.6%	(33,550)	(26,766)	-	\$26.61	\$22.38
Wilmington South	4,115,113	648,560	15.8%	29,543	35,066	-	\$21.47	\$20.30
Wilmington West	861,781	94,133	10.9%	(32,952)	(32,952)	-	\$25.60	\$21.77
Suburban Total	8,273,189	1,422,114	17.2%	(36,959)	(24,652)	-	\$24.67	\$21.46
Totals	15,271,828	2,877,787	18.8%	(51,830)	(21,034)	-	\$25.51	\$20.95

By Class	Total SF	Vacant SF	Vacant %	Current Qtr	Year To Date	Under Construction SF	AVAILABLE FOR SUBLEASE	
							CBD	Suburban
Class A	8,340,115	1,322,822	15.9%	(56,854)	(40,574)	-	68,247	48,097
Class B	6,520,565	1,404,853	21.5%	23,829	38,345	-	4,149	405,479
Class C	411,148	150,112	36.5%	(18,805)	(18,805)	-	-	-
Totals	15,271,828	2,877,787	18.8%	(51,830)	(21,034)	-	72,396	453,576



OFFICE TERMS AND DEFINITIONS

Total SF: Office inventory includes all multi-tenant and single tenant buildings at least 20,000 square feet. Owner-occupied, government and medical buildings are not included.

Office Building Classifications: Grubb & Ellis adheres to the BOMA guidelines. Class A properties are the most prestigious buildings competing for premier office users with rents above average for the area. Class B properties compete for a wide range of users with rents in the average range for the area. Class C buildings compete for tenants requiring functional space at rents below the area average.

Vacancy and Availability: The vacancy rate is the amount of physically vacant space divided by the inventory and includes direct and sublease vacant. The availability rate is the amount of space available for lease divided by the inventory.

Direct Vacant: This is the vacancy rate in space offered on the market directly by the landlord in single and multi-tenant buildings. This excludes vacant space offered for sublease and vacant space that is not offered on the market, for whatever reason.

Net Absorption: The net change in physically occupied space over a period of time.

Asking Rent: The dollar amount asked by landlords for available space expressed in dollars per square foot per year in most parts of the country and dollars per square foot per month in areas of California and selected other markets. Office rents are reported full service where all costs of operation are paid for by the landlord up to a base year or expense stop. The asking rent for each building in the market is weighted by the amount of available space in the building.

** Grubb & Ellis statistics are audited annually and may result in revisions to previously reported quarterly and final year-end figures.*