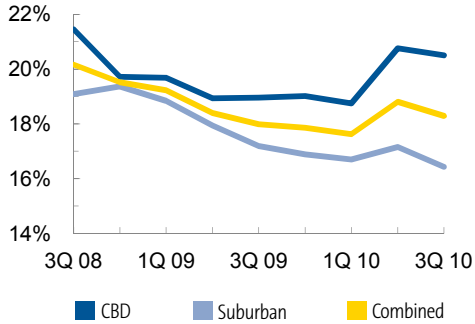
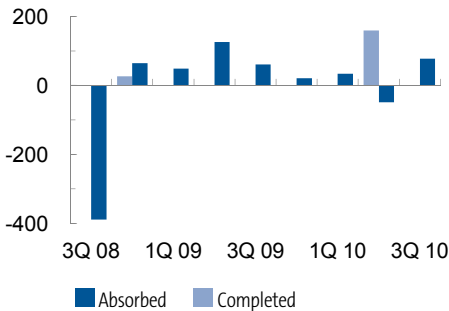




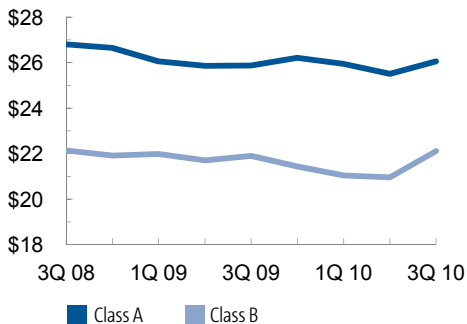
## Vacancy Rate



## Completions vs. Absorption (in Thousands of SF)



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



# Bright Spots in an Otherwise Stalled Market

New Castle County's office market plodded along its lengthy path to recovery in the third quarter as 77,580 square feet of occupancy gains pushed the vacancy rate down 50 basis points to 18.3 percent. In spite of tallying positive absorption in six out of the past seven quarters, significant available supply kept asking rental rates stagnant, evidenced by no gains in year-over-year levels. And, with a few planned downsizing moves in the deal pipeline, a quarter or two of occupancy losses may be on the horizon. But, in spite of a relatively stalled market, there are plenty of bright spots worth mentioning.

The third quarter bore witness to the first quarter in six to post significant reductions in sublease space, shedding 36,000 square feet over the past 90 days. Available space, while still abundant, fell by 150,000 square feet, a 100 basis point reduction in that rate. Furthermore, no significant office constructions are slated to add supply to the market in the short term. And finally, according to Moody's Economy.com, the financial activities and professional and business services employment sectors are thought to have bottomed during this past quarter with gains expected from here out for the near future. These two sectors are considered the primary drivers of office space demand. From a price perspective, though, appreciable rental rate increases are still most likely a 2012 story, at best.

One last bright spot to mention is developers' prudence during and leading up to this down market. While significant projects completed over the past few quarters, adding some vacancy to the market, added supply accounted for relatively minute upward vacancy measures. Furthermore, with only the redevelopment of the Courthouse at 11th & King Street in downtown Wilmington, an empty pipeline of future new supply will position the market to most quickly shed its current glut of vacancy.

## FORECAST

- Known downsizing plans may add another quarter or two of occupancy losses in the near term.
- Asking rents will maintain current levels, with significant growth not expected over the next year.
- A recovering employment sector should translate into demand traction over the next year.

# Office Trends Report—Third Quarter 2010

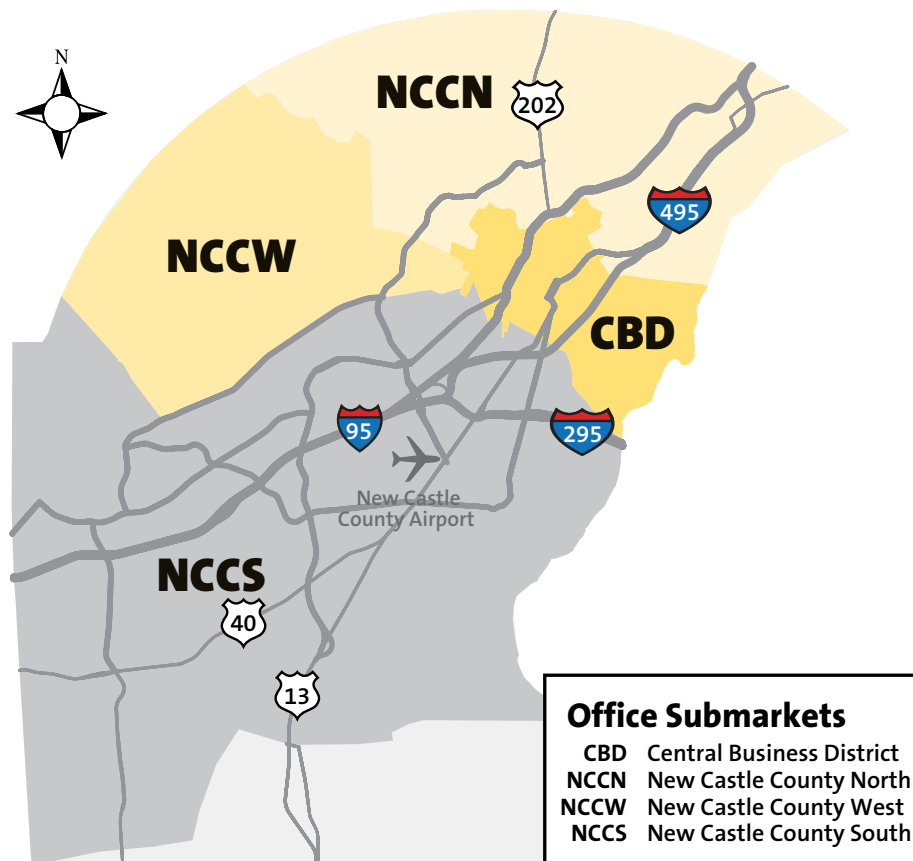
## Wilmington, DE



**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	1,434,830	20.5%	17,494	24,461	-	\$26.75	\$21.84
<b>CBD Total</b>	<b>6,998,639</b>	<b>1,434,830</b>	<b>20.5%</b>	<b>17,494</b>	<b>24,461</b>	<b>-</b>	<b>\$26.75</b>	<b>\$21.84</b>
Wilmington North	3,296,295	657,367	19.9%	22,054	(4,712)	-	\$27.32	\$22.11
Wilmington South	4,115,113	592,595	14.4%	52,765	91,031	-	\$21.81	\$22.38
Wilmington West	861,781	108,866	12.6%	(14,733)	(47,685)	-	\$27.92	\$21.64
<b>Suburban Total</b>	<b>8,273,189</b>	<b>1,358,828</b>	<b>16.4%</b>	<b>60,086</b>	<b>38,634</b>	<b>-</b>	<b>\$25.03</b>	<b>\$22.25</b>
<b>Totals</b>	<b>15,271,828</b>	<b>2,793,658</b>	<b>18.3%</b>	<b>77,580</b>	<b>63,095</b>	<b>-</b>	<b>\$26.06</b>	<b>\$22.11</b>

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	1,314,625	15.8%	8,197	(32,377)	-	68,247	28,360
Class B	6,520,565	1,339,140	20.5%	69,383	104,058	-	4,149	389,105
Class C	411,148	139,893	34.0%	-	(8,586)	-	-	-
<b>Totals</b>	<b>15,271,828</b>	<b>2,793,658</b>	<b>18.3%</b>	<b>77,580</b>	<b>63,095</b>	<b>-</b>	<b>72,396</b>	<b>417,465</b>



### 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.

**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.*

*Reproduction in whole or part is permitted only with the written consent of Grubb & Ellis Company. Some of the data in this report has been gathered from third party sources and has not been independently verified by Grubb & Ellis. Grubb & Ellis makes no warranties or representations as to the completeness or accuracy thereof.*