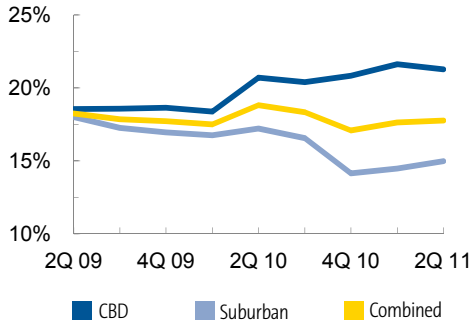
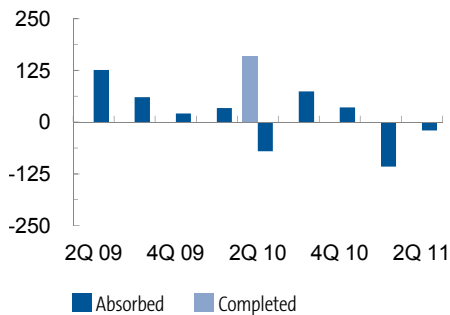


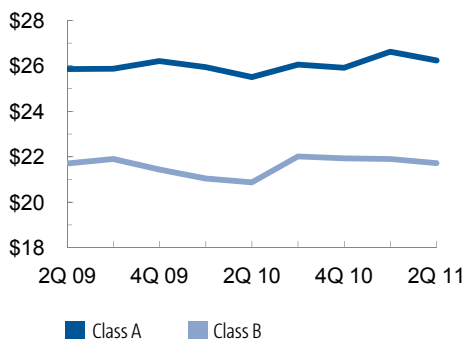
Vacancy Rate



Completions vs. Absorption (in Thousands of SF)



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



Recovery Yet to Be Felt

The New Castle County office market weakened during the second quarter of 2011. To date, nearly 130,000 square feet of occupancy has been lost in 2011, erasing most of the gains posted during the first few months following the recession's end. Furthermore, the pace with which available space has been added to the market has remained steady in spite of varying quarters in which vacancy either went down or sideways. This portends an even softer market in the future once these leases with shadow space burn off.

Retraction by financial firms as well as pharmaceutical companies accounts for the bulk of occupancy losses over the past four quarters in the New Castle County office market. Looming space give-backs by the former Wilmington Trust now M&T Bank, implies further demand deterioration for the CBD market. The suburbs, which had been showing signs of recovery back in 2010, have stalled as evidenced by the over 76,000 square feet of negative absorption so far this year. While the 17.8 percent vacancy rate for this market is in line with the national average, a lack of deal activity and any signs of demand's return to the market paint a somewhat less than optimistic picture for the market in the near term.

From a pricing perspective, most deals continue to be struck at or below the \$20 per-square-foot-per-year range in spite of asking rents that hover around the \$23.00 mark. Free rent remains standard in most deals and averages around one month for every two years of term. Overall, lease terms have trended longer over the past year, averaging around six to seven years. While this does create more income stability for assets in the market, it also perpetuates lower property values as these deals are getting signed at significant discounts compared to deals inked just four years ago.

FORECAST

- Expected downsizing by M&T bank will add to near-term vacancy in the CBD.
- Deals will continue to be signed at or below the \$20 per-square-foot mark.
- The suburbs should fare better than the CBD in the short term.

Office Trends Report—Second Quarter 2011

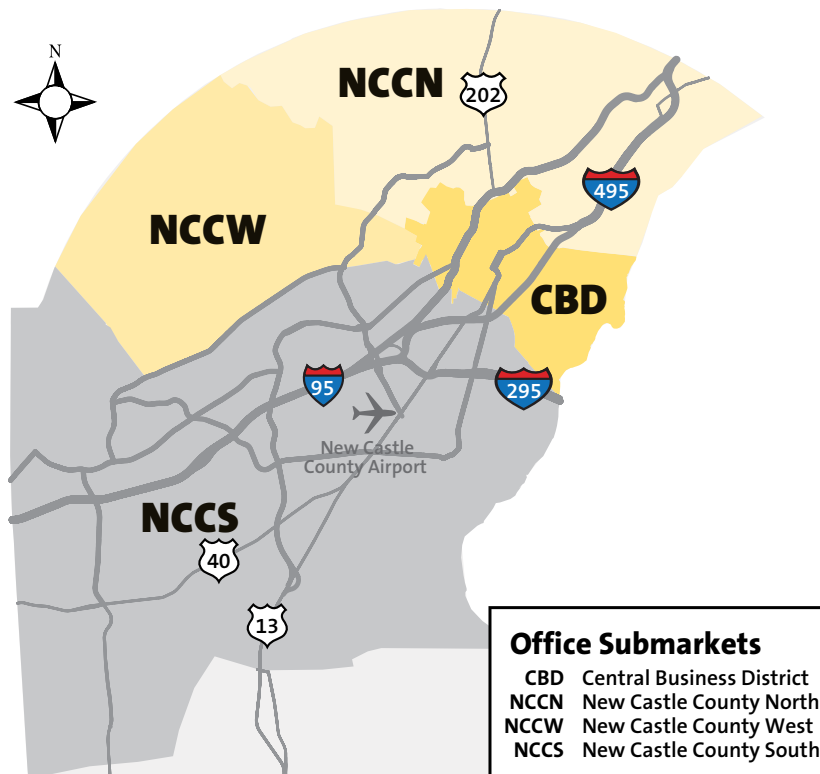
Wilmington, DE



GRUBB & ELLIS
From Insight to Results

By Submarket	Total SF	Vacant SF	Vacant %	Available	NET ABSORPTION		Under Construction SF	ASKING RENT	
					Current	Year To		Class A	Class B
Wilmington CBD	7,316,709	1,555,812	21.3%	21.6%	26,046	(52,372)	-	\$27.00	\$20.92
Wilmington North	3,296,295	719,915	21.8%	28.0%	(25,017)	(89,107)	-	\$27.30	\$22.09
Wilmington South	4,061,513	562,216	13.8%	23.1%	(12,961)	13,409	-	\$21.88	\$22.08
Wilmington West	1,836,729	93,925	5.1%	5.7%	(8,547)	(307)	-	\$27.98	\$20.79
Suburban Total	9,194,537	1,376,056	15.0%	21.4%	(46,525)	(76,005)	-	\$25.14	\$22.07
Totals	16,511,246	2,931,868	17.8%	21.5%	(20,479)	(128,377)	-	\$26.24	\$21.71

By Class	Total SF	Vacant SF	Vacant %	Available	Current	Year To	Under Construction SF	AVAILABLE FOR SUBLEASE	
								CBD	Suburban
Class A	8,463,491	1,331,088	15.7%	16.7%	(31,547)	(100,468)	-	94,063	20,781
Class B	7,623,323	1,450,929	19.0%	25.5%	13,910	(29,426)	-	7,933	224,467
Class C	424,432	149,851	35.3%	42.2%	(2,842)	1,517	-	-	-
Totals	16,511,246	2,931,868	17.8%	21.5%	(20,479)	(128,377)	-	101,996	245,248



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.*

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