

Pittsburgh, Pennsylvania

Tenant's Guide ■ North American Markets ■ Fourth Quarter 2009

Overview

Pittsburgh is expected to continue to venture away from the national trend of high vacancy and decreasing rental rates. Pittsburgh's unemployment rate has remained lower than the national average, and the building boom that occurred in other markets did not happen in Pittsburgh. As some of Pittsburgh's major companies continue to expand, space in the north submarket continues to be in high demand, and supply in that market is becoming constricted.

Our Central Business District continues to see tenants evaluating relocations to cut costs, particularly parking costs, and some class A properties are offering class B rates. Recently, some speculative development has begun, and additional flex space will be coming onto the market. Historically, Western Pennsylvania has lacked flex space options, and office users continue to find that option attractive.

Market Trends

- Westinghouse continues to expand in Pittsburgh's north submarket.
- Developers are beginning to kick off speculative development opportunities along our I-79 corridor and Parkway West.
- Tenants are requesting shorter-term leases.
- EDMC announces it is expanding and creating 600 new jobs in the next three years.

Tenant's Perspective

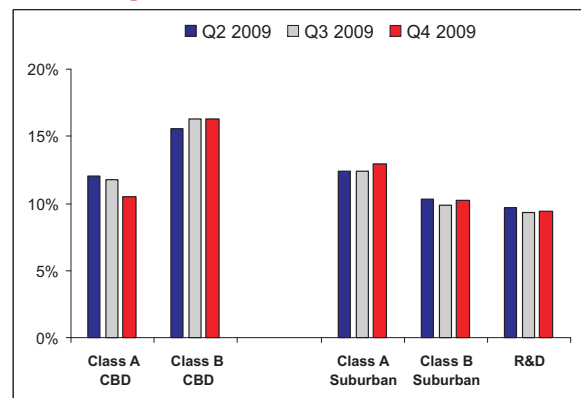
Over the past 12 months tenants have gravitated to short-term solutions executing one- or two-year leases to provide more flexibility. With market conditions currently being favorable to the tenant, but expected to improve in favor of the landlord, now is the time to evaluate longer-term solutions to lock in a more favorable rate and lease terms. With such low vacancy in the north submarket, tenants interested in that submarket need to begin their evaluation as early as possible to ensure enough options for a possible relocation.

Tenants need to scrutinize how well capitalized landlords are in order to perform the obligations they are proposing for tenant improvements. Lease restructuring will continue to be a good option for tenants with one to three years remaining on their existing obligation and the need to reduce costs or right-size their space. With the experience and advice of dedicated tenant representatives, tenants are able to make an informed decision and take advantage of concessions being offered in the marketplace.

Major Transactions

Tenant/Buyer	Size	Type	Lease/Sale
Westinghouse	178,200	Office	Lease
Westinghouse	122,100	Office	Lease
Duquesne Light	86,000	Office	Lease
ANH Refractory's	63,200	Office	Lease
SafeLite AutoGlass	37,136	Warehouse	Lease
PNC Financial Services	35,247	Office	Lease
Beam One	25,000	Office	Lease
InterTECH Security	18,000	Office	Lease
UBS	17,388	Office	Lease
NCJJ	14,500	Office	Lease
MCPC, Inc.	7,297	Office	Lease

Vacancy Rate



Average Rental Rates

CBD	Q2 2009	Q3 2009	Q4 2009
Class A Office	\$22.68	\$22.20	\$22.12
Class B Office	\$16.85	\$16.37	\$16.50
Suburban	Q2 2009	Q3 2009	Q4 2009
Class A Office	\$20.39	\$20.50	\$21.55
Class B Office	\$17.25	\$17.07	\$17.16
R&D	\$4.95	\$4.99	\$4.98

Prepared By CresaPartners
Spectra One, 2593 Wexford-Bayne Road, Suite 207
Sewickley, Pennsylvania 15143
412.336.3333 ■ www.cresapartners.com