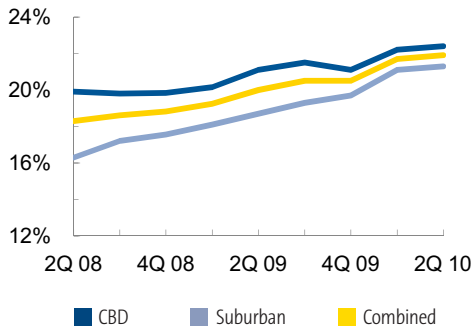


Vacancy Rate



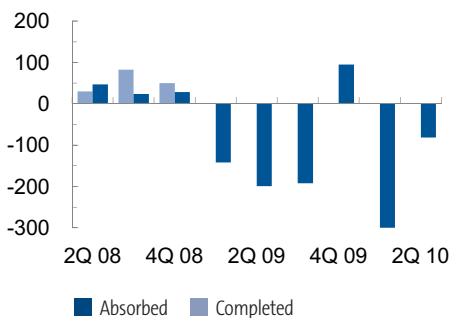
The Dust Clears

Going into the summer of 2010, the Northeast Ohio office market has begun to level out and significant job losses have dwindled, prompting occupancy levels to stabilize in most office properties. Vacancy decreased 30 basis points since the first quarter, mainly as a result of Key Bank moving into over 200,000 square feet of peripheral office space in the Higbee Building downtown, from a non-survey building that is slated to be repositioned as housing.

New construction on the first new CBD office tower in over twenty years is expected to commence this summer, after developers filled the remaining gaps in financing for the Ernst & Young Tower. In addition, Eaton Corporation's new headquarters is now officially underway in the Eastern suburbs and will be an owner-occupied project upon completion in 2012, when Eaton relocates their headquarters from the downtown, Class A, Eaton Center. Conversely, encouraging news of new development leaves some landlords in a quandary: With no significant job growth anticipated in the near-term, large blocks of space will be vacated after these tenants relocate, some of which will be difficult to re-lease. One example of this is the historic Huntington Building, a 1.29 million-square-foot office building in the CBD, recently purchased by Optima International, LLC for \$18.5 million. The new owner is already working on contingency plans for a large portion of the building to be redeveloped as a new hotel, after nearly 400,000 square feet of tenancy, including Ernst & Young and Tucker Ellis, relocate to the Ernst & Young Tower. The addition of another hotel will coincide with the construction of the new Medical Mart and Convention Center just blocks away, which will increase demand for hotel rooms; this new hotel will add needed rooms and will bolster Cleveland's ability to compete for convention business.

Completions vs. Absorption

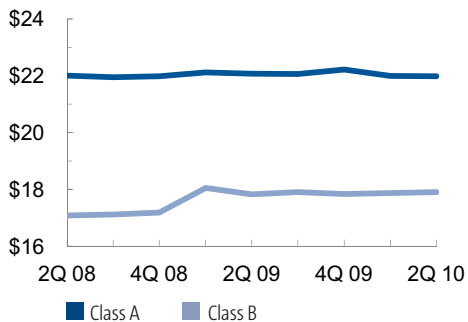
(in Thousands of SF)



Retrofitting obsolete office space for alternative use has been prevalent the last few decades as owners of out-moded downtown office buildings have removed millions of square feet from Grubb & Ellis' competitive inventory and redeveloped these properties into housing, hotels and niche retail, which increased the CBD residency by thousands of residents over a 20-year period.

Asking Rental Rates

(\$/SF/Yr. Full Service)



KEY TRANSACTIONS

Lessee/Buyer	Lessor/Seller	Property	Size (SF)/Price
Windstream Communications	Luxtotta Retail *	1925 Enterprise ^S	37,450
Grubb & Ellis Healthcare REIT II *	Parkway Medical Center, LLC	3609 Park East	10,900,000
Kaiser Foundation	14600 Detroit Holdings *	Lakewood Center North ^R	16,344
RAV Financial Services *	Chagrin Headquarters Venture	One Chagrin Highlands	13,812

■ Leasing ■ Sales

(R) = Renewal (S) = Sublease

* Indicates Transaction Represented by Grubb & Ellis

Office Trends Report—Second Quarter 2010

Cleveland, OH



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
CBD	21,705,078	4,668,605	21.5%	157,232	(16,932)	-	\$22.18	\$18.77
CBD Total	21,705,078	4,668,605	21.5%	157,232	(16,932)	-	\$22.18	\$18.77
East	7,708,764	1,541,965	20.0%	(27,118)	(50,122)	24,000	\$23.04	\$17.75
South	4,797,768	1,082,513	22.6%	(14,562)	(119,209)	-	\$22.09	\$18.05
Southwest	1,444,494	227,076	15.7%	(5,032)	(2,538)	-	\$17.47	\$15.32
West	3,387,155	849,470	25.1%	189	(126)	-	\$19.94	\$14.76
Suburban Total	17,338,181	3,701,024	21.3%	(46,523)	(171,995)	24,000	\$21.86	\$16.82
Totals	39,043,259	8,369,629	21.4%	110,709	(188,927)	24,000	\$21.98	\$17.92

By Class	Total SF	Vacant SF	Vacant %	Current Qtr	Year To Date	Under Construction SF	AVAILABLE FOR SUBLEASE	
							CBD	Suburban
Class A	14,861,020	2,516,848	16.9%	(887)	(156,002)	24,000	79,906	164,473
Class B	17,031,897	3,752,564	22.0%	116,187	198,590	-	227,851	124,746
Class C	7,150,342	2,100,217	29.4%	(4,591)	(231,515)	-	29,414	53,230
Totals	39,043,259	8,369,629	21.4%	110,709	(188,927)	24,000	337,171	342,449

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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.