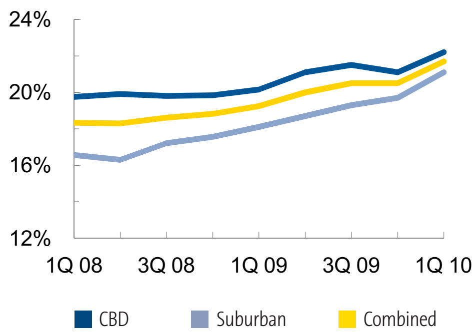
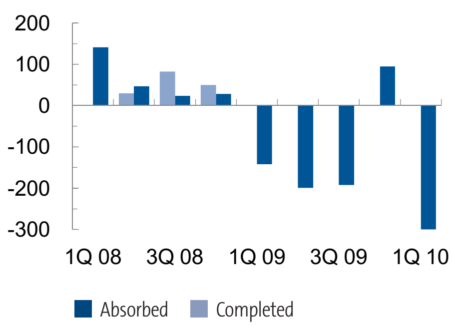
Office Trends Report—First Quarter 2010
Cleveland, OH

GRUBB & ELLIS.
From Insight to Results

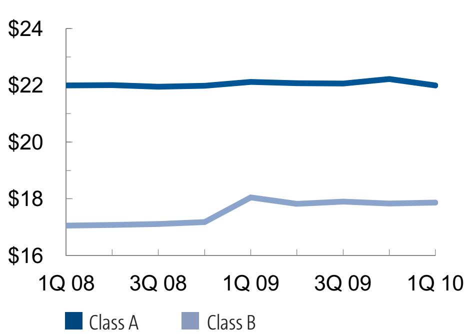
Vacancy Rate



Completions vs. Absorption
(in Thousands of SF)



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



Hopeful Signs

Although the Northeast Ohio office market showed signs of a turnaround, the residual effects of tenant economizing efforts and company closures continued to adversely impact occupancy statistics. From year-end 2009, vacancy increased by 120 basis points, largely due to PNC Bank vacating 140,000 square feet at Rosetta Center at 629 Euclid and consolidating into PNC Tower, (formerly National City Center).

Despite the effect on Cleveland's downtown real estate market due to PNC's acquisition of National City Bank, the Central Business District is showing momentum created by investment in public infrastructure and in private development. The Euclid Corridor Transportation Project and East 4th Street entertainment district have attracted retailers and urban residents to occupy long-vacant buildings along Euclid Avenue between Public Square and East 9th Street. This success is luring new office tenants to the downtown CBD. Among the new office users are Rosetta -- expanding in September 2010 from two suburban locations into 80,000 square feet of the PNC vacancy at 629 Euclid -- and Toronto-based SP Data LLC, which opened a new 22,000 square foot operation in the MK Ferguson Building, part of the Tower City complex at Public Square. SP Data's arrival in the Cleveland market is expected to bring 400 new jobs to the CBD in the next two years.

There was continued softness in the national and local investment market during the first quarter of 2010, however, fully-leased medical properties have exhibited a clear departure from this trend. Grubb & Ellis' Cleveland office completed the sale of nearly $33 million worth of medical buildings, including Select Medical in Akron for $20.5 million, the 6020 Enterprise Parkway building in Solon for $1.30 million and Parkway Medical Center in Beachwood for $11 million.

FORECAST

- Minimal net gain in occupancy will be realized through most of 2010.
- Other than Ernst & Young Tower in the CBD, no new construction of multi-tenant buildings is anticipated.

KEY TRANSACTIONS

Lessee/Buyer	Lessor/Seller	Property	Size (SF)/Price
Grubb & Ellis Healthcare REIT *	Parkway Medical Center LLC *	3609 Park East	$11,000,000
Brauvin Real Estate	Davis Development Group *	6020 Enterprise Pkwy	$1,300,000
SP Data, LLC *	Post Office Plaza Limited Partnership	MK Ferguson Plaza	22,434
Margolius Margolius & Associates *	Optima Management Group LLC	55 Public Square R	9,679

Leasing Sales (R) = Renewal (S) = Sublease ** Indicates Transaction Represented by Grubb & Ellis*

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By Submarket	Total SF	Vacant SF	Vacant %	NET ABSORPTION Current	NET ABSORPTION Year To Date	Under Construction SF	ASKING RENT Class A	ASKING RENT Class B
CBD	21,705,078	4,826,318	22.2%	(174,164)	(174,164)	-	$22.39	$18.55
CBD Total	**21,705,078**	**4,826,318**	**22.2%**	**(174,164)**	**(174,164)**	**-**	**$22.39**	**$18.55**
East	7,712,362	1,518,445	19.7%	(23,004)	(23,004)	24,000	$23.08	$17.81
South	4,797,768	1,067,951	22.3%	(104,647)	(104,647)	-	$22.01	$18.13
Southwest	1,444,494	222,044	15.4%	2,494	2,494	-	$18.19	$15.23
West	3,388,355	850,859	25.1%	(315)	(315)	-	$19.74	$14.84
Suburban Total	**17,342,979**	**3,659,299**	**21.1%**	**(125,472)**	**(125,472)**	**24,000**	**$21.78**	**$16.89**
Totals	**39,048,057**	**8,485,617**	**21.7%**	**(299,636)**	**(299,636)**	**24,000**	**$22.00**	**$17.87**

By Class							AVAILABLE FOR SUBLEASE CBD	AVAILABLE FOR SUBLEASE Suburban
Class A	14,861,020	2,515,961	16.9%	(155,115)	(155,115)	24,000	86,908	182,770
Class B	17,036,695	3,874,030	22.7%	82,403	82,403	-	306,767	123,625
Class C	7,150,342	2,095,626	29.3%	(226,924)	(226,924)	-	27,500	53,230
Totals	**39,048,057**	**8,485,617**	**21.7%**	**(299,636)**	**(299,636)**	**24,000**	**421,175**	**359,625**

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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.*