

MEREDA FORECAST CONFERENCE

January 27, 2011



CBRE | The Boulos Company
CB RICHARD ELLIS

Presented by: Drew Sigfridson, SIOR

Greater Portland Office Market Summary

Total Market Size:	11,582,458 ± sf
Direct Vacancy:	1,166,787 ± sf (10.07%)
Sublease Availability:	130,219 ± sf (1.12%)
Total Available Space:*	1,297,006 ± sf (11.19%)

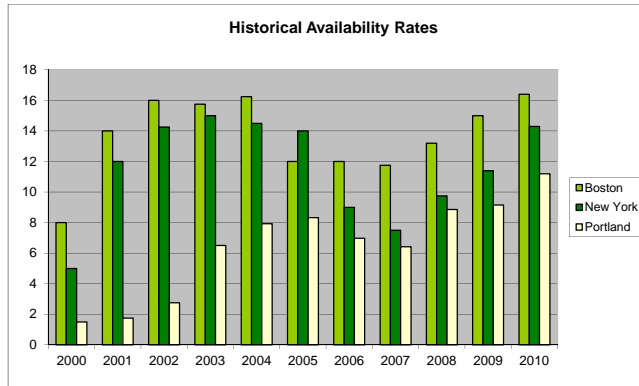
* Estimated totals as of December 1, 2010 per CBRE | The Boulos Company's Office Market Survey

New totals represent approximately 250,000 sf in additional vacancy from last year.

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Market Comparison



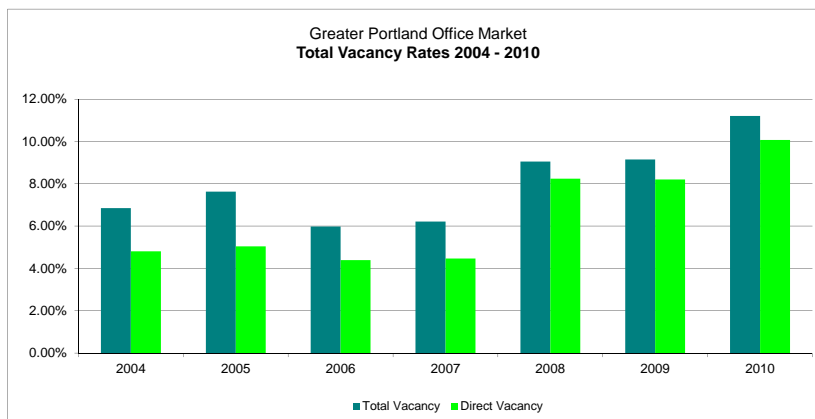
	Average	Hi / Lo Spread
New York	11.52%	10.00%
Boston	13.67%	8.41%
Portland	6.49%	9.72%

- Our overall vacancy rates are low historically and our swings are restrained.
- A very stable market from an investor perspective.

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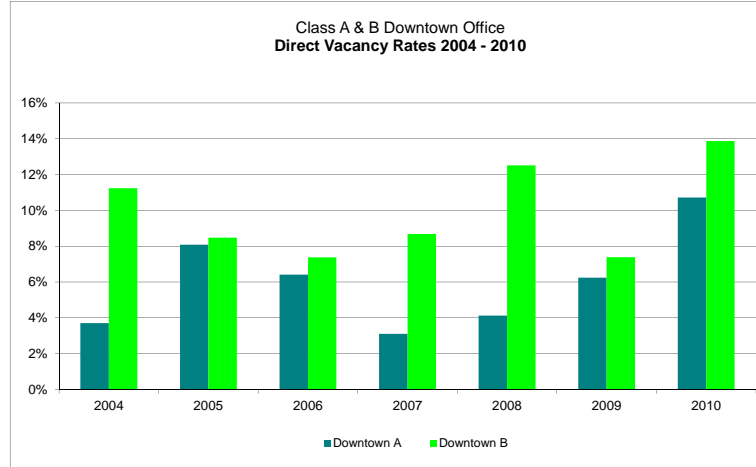
Market Snapshot: A Historical Perspective



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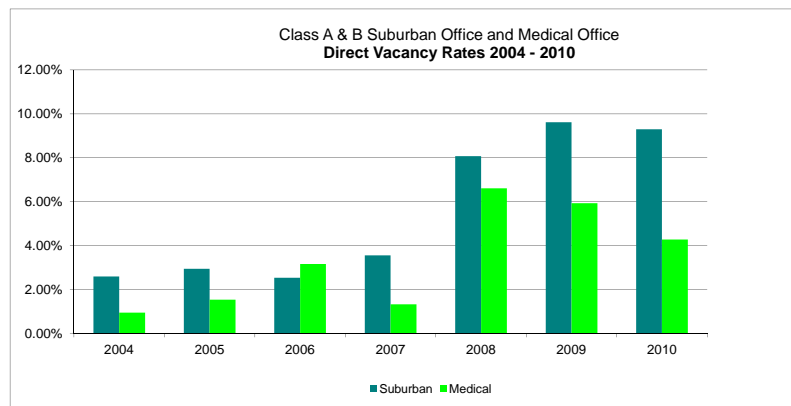
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Market Snapshot: A Historical Perspective



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Recent Trend In Rental Rates

Property Type	Blended Average Asking Rates*		
	2008	2009	2010
Downtown Class A	\$19.80/sf	\$19.80/sf	\$22.05/sf
Downtown Class B	\$16.22/sf	\$14.50/sf	\$15.80/sf
Suburban Class A	\$20.81/sf	\$18.68/sf	\$18.48/sf
Suburban Class B	\$16.62/sf	\$16.31/sf	\$15.85/sf
Medical Class A	\$23.48/sf	\$22.51/sf	\$19.76/sf
Medical Class B	\$18.75/sf	\$19.19/sf	\$20.21/sf

* All rates reflect a Modified Gross rental rate.

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Greater Portland : Significant Lease Transactions in 2010

▪ Pierce Atwood	258 Commercial Street, Portland	68,000± sf
▪ Confidential	6 Ashley Drive, Scarborough	38,390± sf
▪ Community Counseling Ctr.	165 Lancaster Street, Portland	33,074± sf
▪ Prudential	Two Portland Square, Portland	26,000± sf
▪ UnitedHealth Group	300 Southborough Drive, Scarborough	22,278± sf
▪ MaineToday Media	1 City Center, Portland	22,000± sf
▪ Coastal Women's Healthcare	71 US Route One, Scarborough	15,563± sf
▪ KG Partners	280 Fore Street, Portland	14,494± sf
▪ Wells Fargo Advisors	Two Portland Square, Portland	12,899± sf
▪ United Way	One Canal Plaza, Portland	10,574± sf
▪ U.S. Government	400 Congress Street, Portland	10,340± sf
▪ The Beacon Group	7 Custom House, Portland	10,337± sf

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Greater Portland : Significant Lease Renewal Transactions in 2010

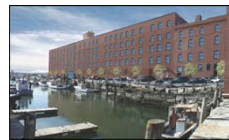
▪ FairPoint Communications	5 Davis Farm, Portland	80,683± sf
▪ Kepware	400 Congress Street, Portland	19,794± sf
▪ Blue Tarp Financial	443 Congress Street, Portland	15,840± sf
▪ AMEC	343 Gorham Road, South Portland	14,450± sf
▪ Vertafore	510 Congress Street, Portland	12,637± sf
▪ Merrill Lynch	350 Fore Street, Portland	12,500± sf
▪ WMTW-Hearst Argyle	477 Congress Street, Portland	11,703± sf
▪ New England Life Care	600 Southborough Drive, Scarborough	11,676± sf
▪ H.M. Payson & Company	One Portland Square, Portland	11,335± sf

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Significant Sale Transactions and Developments in 2010

- 258 Commercial Street, Portland
Merrill's Wharf (Pierce Atwood)
100,000± sf
Under Construction
- 27 Northport Drive, Portland
32,500± sf
Martin's Point Health Care
\$2,650,000
- 1685 Congress Street, Portland
32,123± sf
Stroudwater Associates, LLC
\$3,800,000



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Significant Sale Transactions and Developments in 2010 (cont.)

- 380 Route 1, Falmouth
4.24± acres
Tidesmart Realty, LLC and
Mt. Pleasant Realty Co.
Development in progress
- 71 US Route One, Scarborough
65,000± SF
Foundation Center, LLC
Development In Progress
- Martin's Point Health Care Campus, Portland
43,000± sf w/ 218 parking spaces
Development Completed



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Significant Vacancies

- 300 Southborough Drive
South Portland
95,000± sf
- Two Canal Plaza
Portland
34,065± sf
- Two Portland Square
Portland
59,107± sf
- 82 Running Hill Road
South Portland
26,000± sf



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Significant Vacancies (cont.)

- 390 Congress Street
Portland
61,460± sf



- 443 Congress Street
Portland
22,035± sf



- 71 US Route One
Scarborough
33,000± sf



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Significant Vacancies (cont.)

- 600 Sable Oaks
South Portland
34,000± sf



- 477 Congress Street
Portland
34,000± sf



- 100 Waterman Drive
South Portland
32,000± sf



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LOOKING FORWARD: WHAT WILL 2011 BRING?

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National Perspective

- Two quarters of office vacancy rate declines.
- National office vacancy rate is at 16.4%.
- Suburban markets continue to outperform downtown areas.
- Strong growth in energy, health care
- Rents stabilizing
- Continued improving demand and limited new construction will enhance future rental growth in 2012 and 2013.

** Based on data compiled by CBRE Econometric Advisors and its tracking of 57 major U.S. Office markets.*

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Accuracy of Last Year's Predictions

-  ▪ The worst is over
-  ▪ Renewals and blend-and-extend deals
-  ▪ Limited new development and new construction
-  ▪ Increased pressure on landlords to give incentives
-  ▪ Vacancies will start to fill slowly – organic growth
-  ▪ Rental rates will stabilize as we rise off the bottom
-  ▪ Over-leveraged properties will result in opportunities for savvy investors

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Predictions For 2011

- **NOW** we'll be at the bottom
- Market confidence is increasing
- Tenants and users are looking 3-5 years out rather than next 6 months
- Steady, gradual improvement will start to occur
- It will not be a booming 2011, but better than 2009-2010
- Rents stable to slight decrease
- Aggressive office landlords – incentives continue
- Highest quality spaces leased at lower rates
- Smart companies take advantage of down market
- Downtown vacancy increases, suburban market continues slow recovery

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