Fairchild Partners
Commercial Real Estate Services

January 21st, 2009

MIAMI-DADE OFFICE MARKET

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CCIM

"An optimist stays up until midnight to see the new year in.

A pessimist stays up to make sure the old year leaves."

- Bill Vaughan, real estate investor

2008

Market Indicator	Status	Comments
Supply	→	Those buildings delivering in 2008 have been **significantly preleased**.
Vacancy	→	Vacancy rates will stabilize and will not decline as new product enters the market.
Demand/ Absorption	↓	Tenants will continue to "right-size", primarily due to the financial and mortgage crisis effecting its respective industries.
Rental Rates	↗	After several record years of rent appreciation, rent increases will be very moderate.

2009

Market Indicator	Status	Comments
Supply	↗	Several new spec buildings are delivering to the market with very little, if any pre-leasing.
Vacancy	↗	Vacancy rates began an upward trend in late 2008 and will continue due to the sluggish economy.
Demand/ Absorption	↓	Due to rising unemployment and widespread layoffs, demand will continue to weaken and create negative absorption.
Rental Rates	↘	Rental rates will continue to be depressed at a moderate pace, and concessions such as free rent, higher TI's, etc. are being reintroduced to the market.

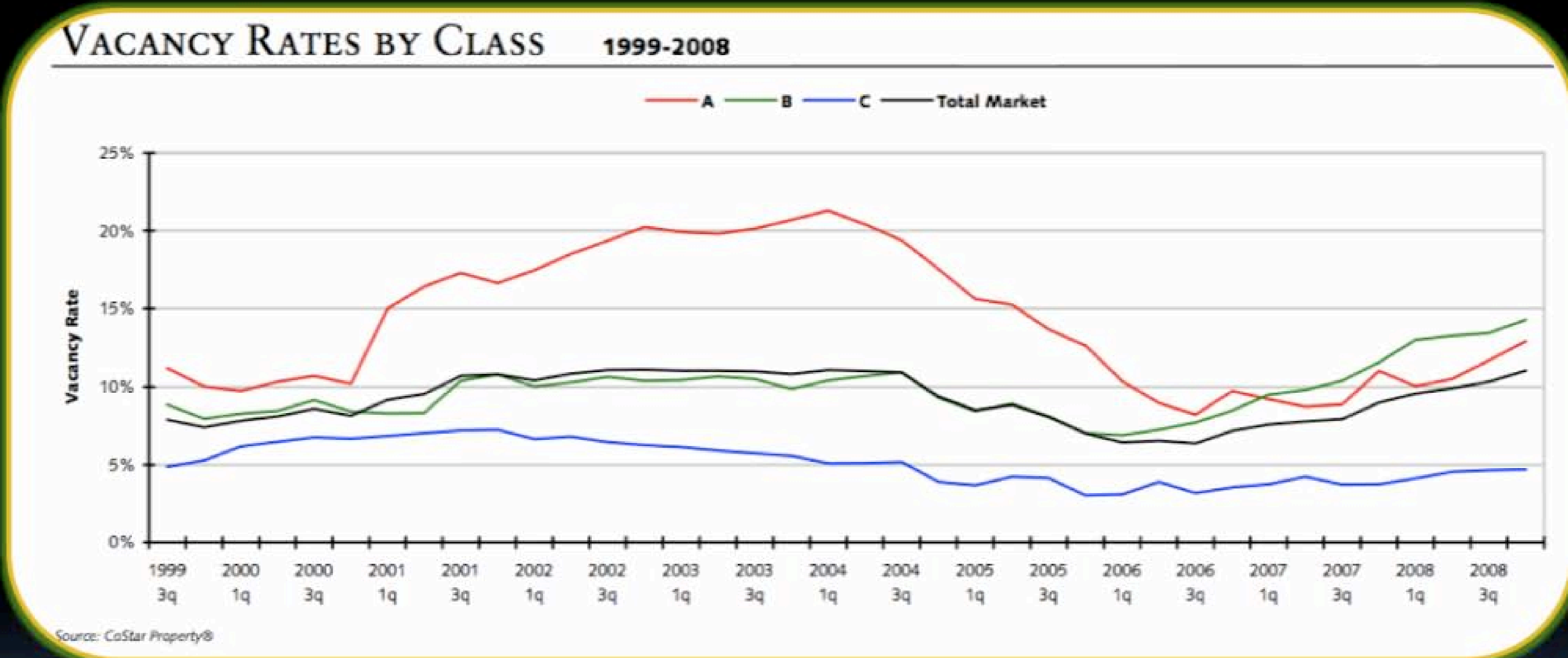
Office Supply

- In 2009, the office market will complete several brand-new buildings in various submarkets with **very little pre-leasing**.

- The market will continue to see new and converted **office condo buildings** on the market on a **For Sale & For Lease basis**. The Coral Gables market specifically has seen several new-to-market condo office projects now for lease.

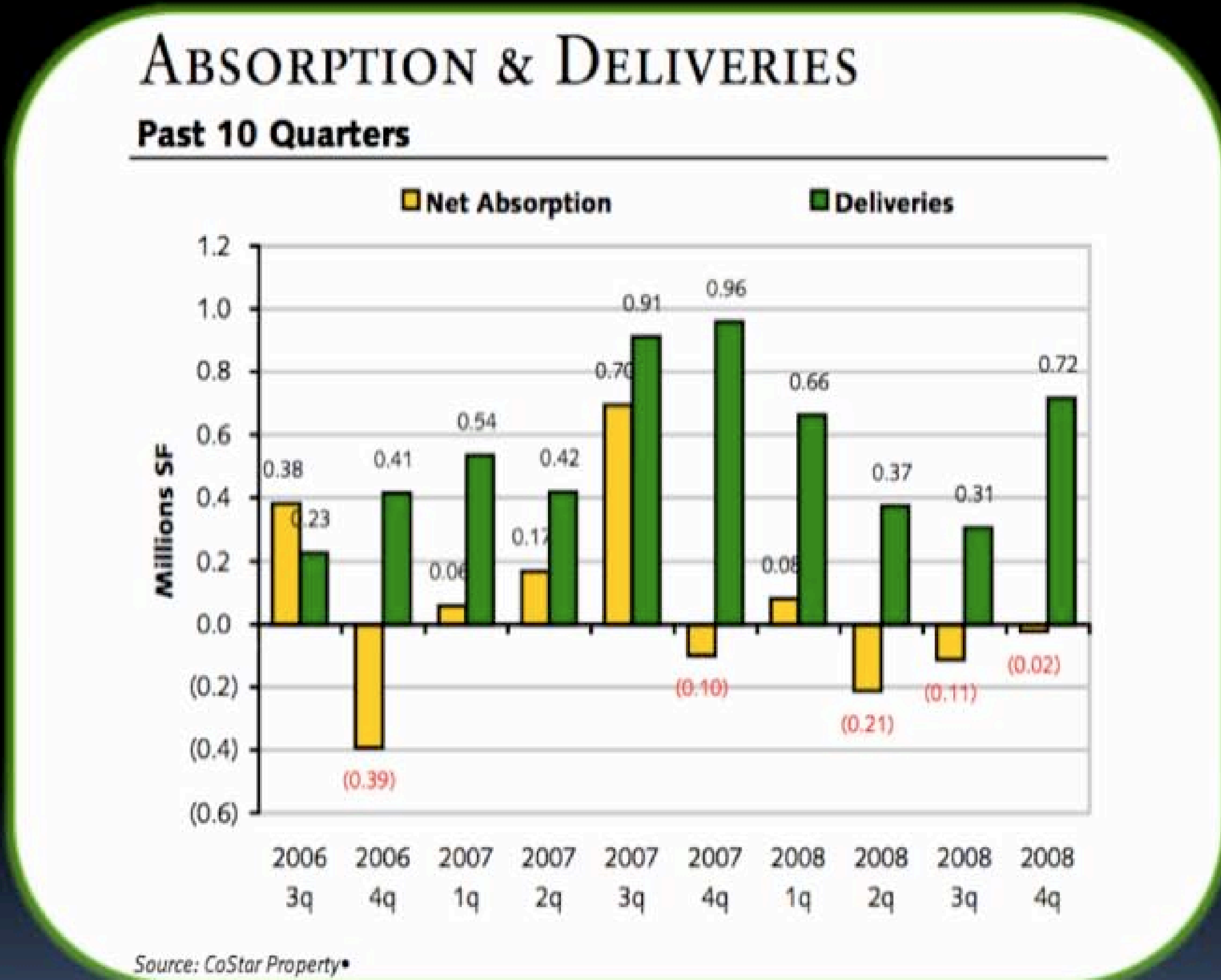
- Office Pipeline: Over **3 million square feet** of office space is under construction and due to deliver over the **next 30 months**, with the largest square footage to be delivered by late 2010/2011.
  - Most proposed buildings that have not commenced construction have been **put on hold**. (This represents an additional 1 million square of space not being built.

Vacancy Trends
Miami-Dade County



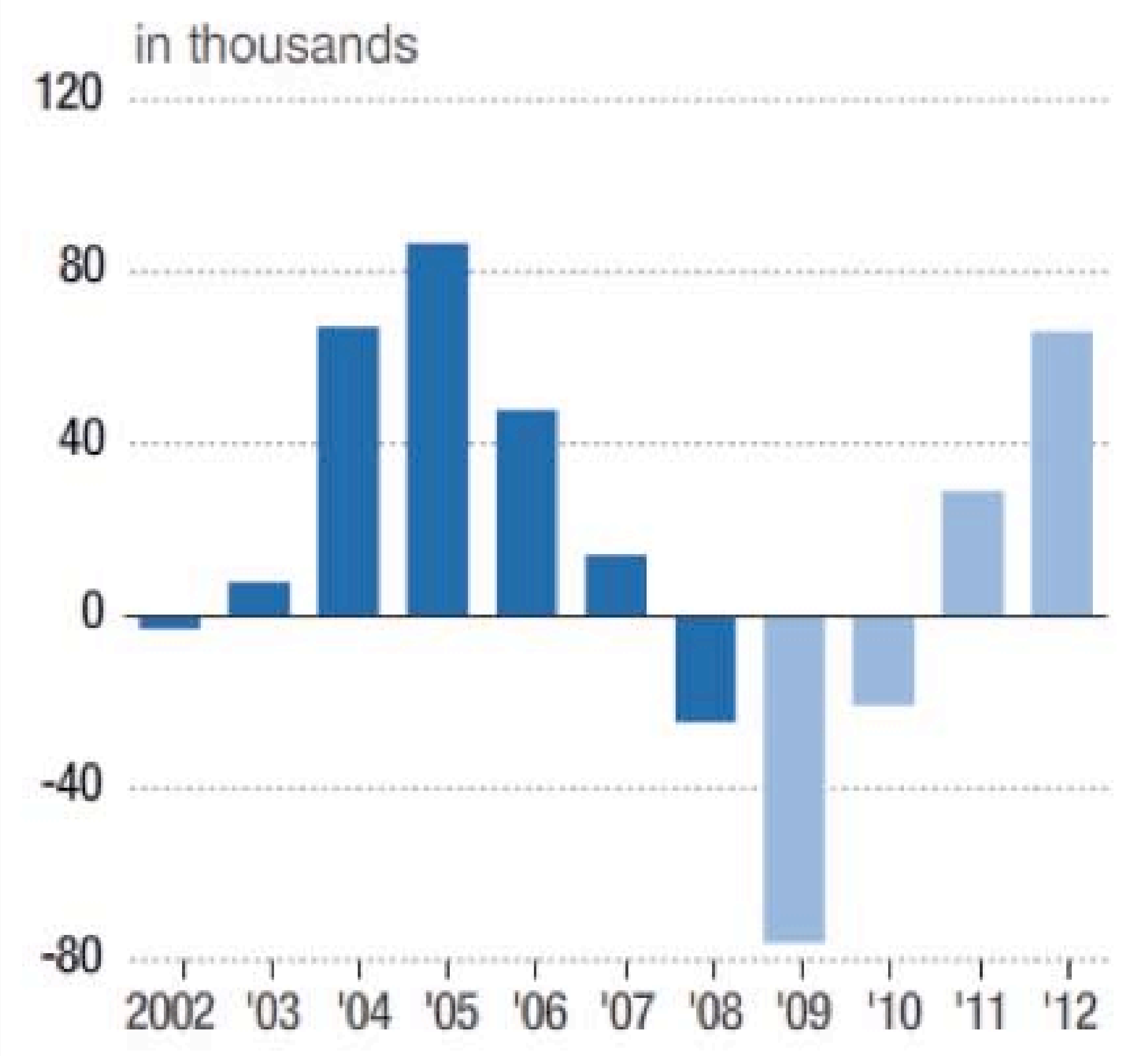
Office Space Demand/Absorption

Miami-Dade County



Office Employment Growth
Miami-Dade County

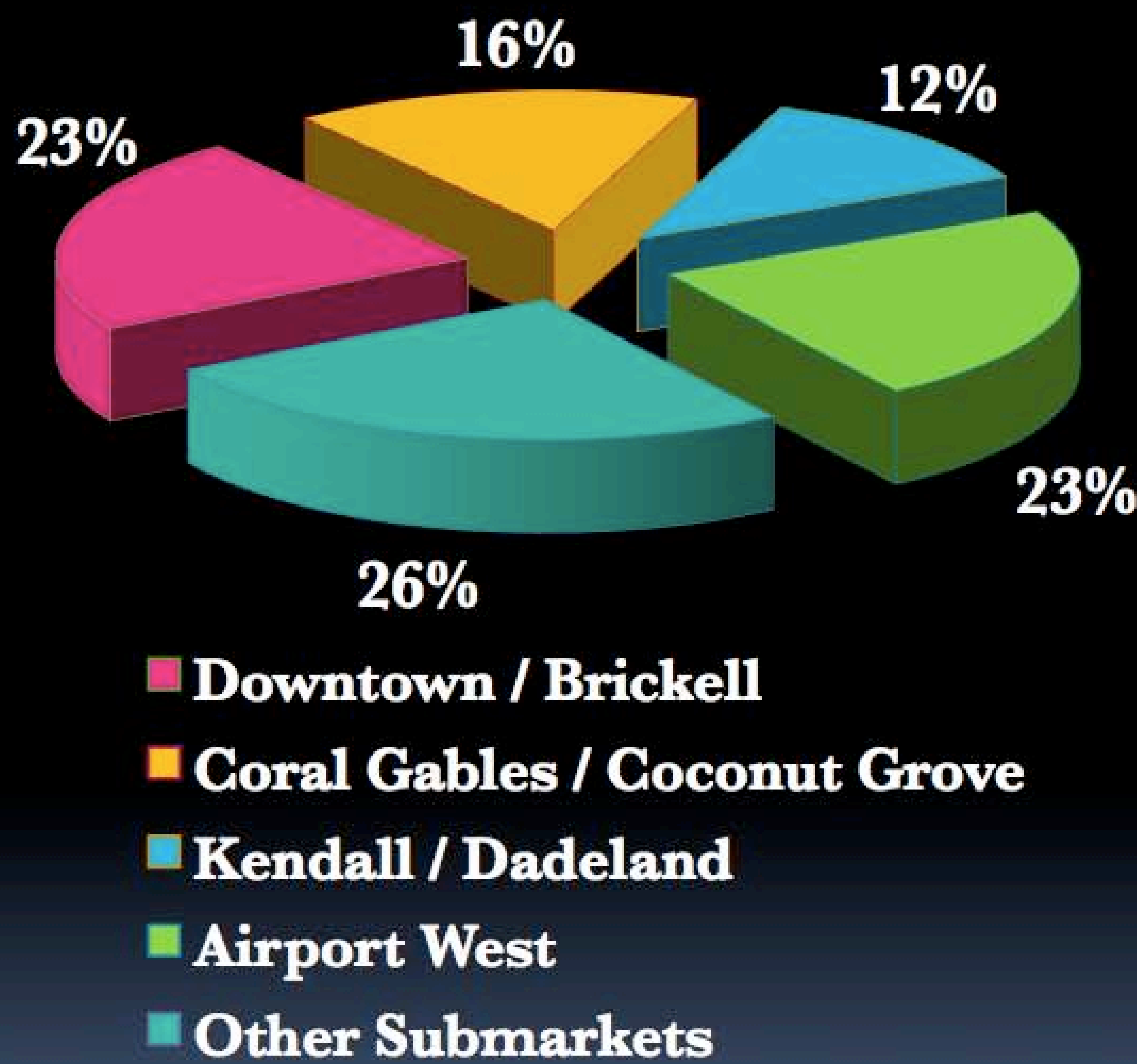
Jobs Gained or Lost



Unemployment Rate

Source: University of Central Florida Institute for Economic Competitiveness

Market Statistics
(% of Total Office Market)

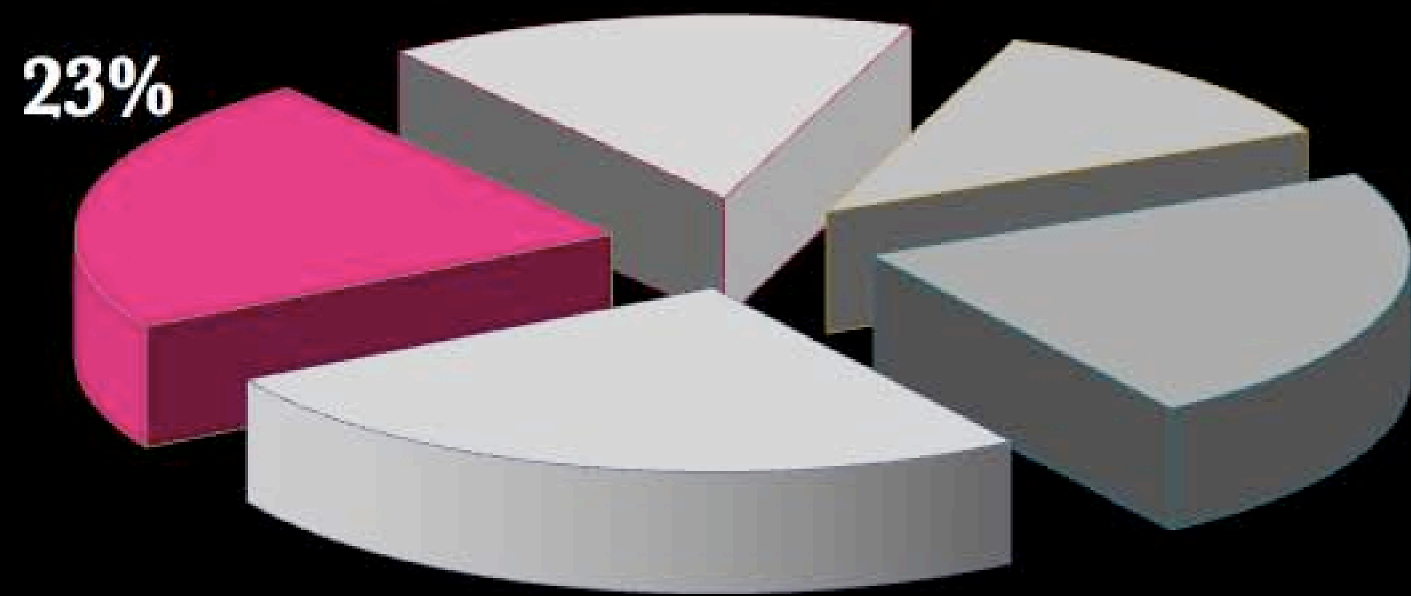


Source: CoStar Property, JLL Research, FP Research

Significant New Construction

Brickell/Downtown	**Size**	**Delivery**
1450 Brickell Ave.	570,000 SF	2011
680 Brickell Ave.	596,000 SF	2011
Met 2 Tower, 301 SE 2nd Ave.	705,000 SF	2010
Offices at The Omni	300,000 SF	2009
Coral Gables		
Miami Green Tower I	100,000 SF	2009
Bacardi Headquarters	230,000 SF	2009
Ponce de Leon Towers	203,000 SF	2010
Merrick View	78,000 SF	2008 (completed)
Doral/Airport Area		
Flagler Station	100,000 SF	2008 (completed)
Crossroads (Procacci)	110,000 SF	2009
Doral Center	150,000 SF	2009
1000 Waterford	257,000 SF	2009
Park Square at Doral	231,000 SF	2009
Kendall/Dadeland Area		
Dadeland Centre II	113,000 SF	2008 (completed)
One Seventeen Professional	67,000 SF	2008 (completed)
Town Center One	210,000 SF	2009
North Miami-Dade/Miami Lakes		
Parkside Corporate IV	40,000 SF	2008 (completed)
City Place, Waterway Blvd.	50,000 SF	2009

Downtown & Brickell



Greatest exposure to overdevelopment as market evolves into true 24/7 core

Source: CoStarProperty, JLL Research, FP Research

Under Construction	Size	Delivery
1450 Brickell Ave.	570,000 SF	2011
680 Brickell Ave.	596,000 SF	2011
Met 2 Tower	705,000 SF	2010
Offices at The Omni	300,000 SF	2009

2008 Significant Transactions

- Greenberg Traurig
- Bilzin Sumberg
- Colwell House
- Sony Ericsson / Latin America
- Gray Robinson
- The Sol Group
- Fidelity Real Estate Group
- Banco Itau Europa
- The Tata Group

Quoted Rental Rates

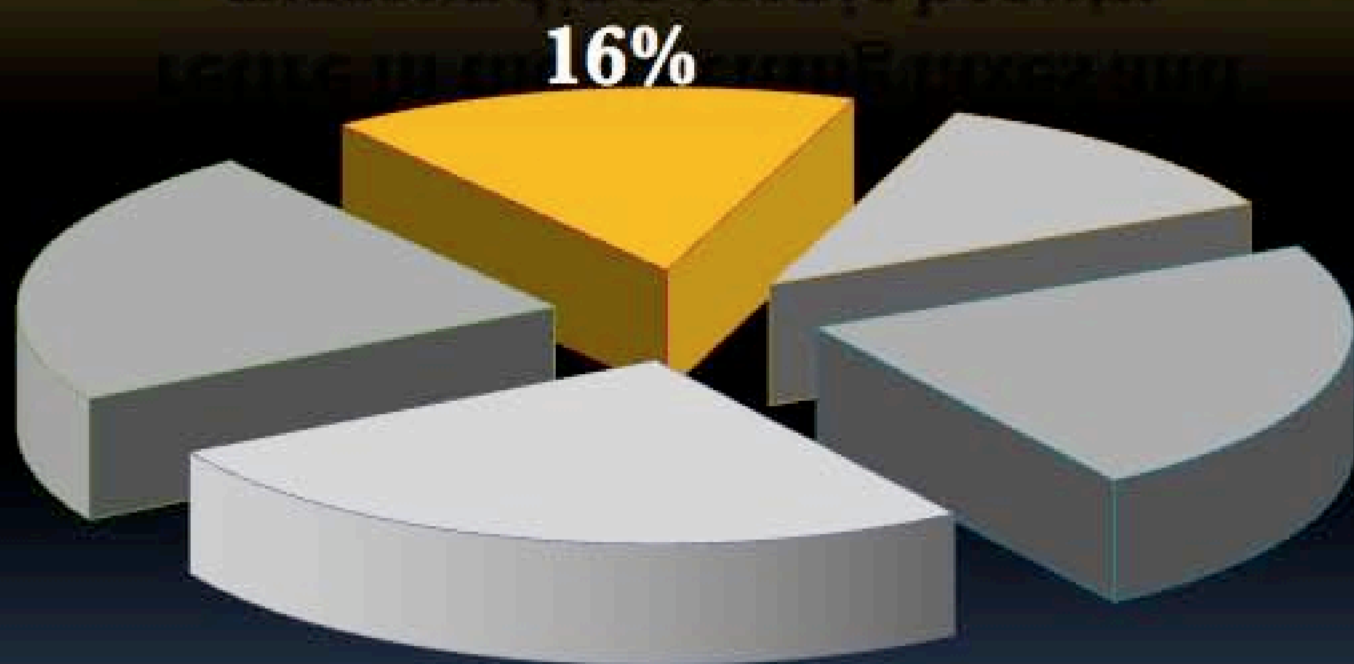
New Construction	$43.00 - $50.00
Class A	$38.00 - $52.00
Class B	$30.00 - $37.00
Class C	$25.00 - $29.00

Average Direct Vacancies

Class A	8 %
Class B/C	16%
Overall	10.05 %

Airport West

City of Doral has been recently named as one of the 10 best places to retire in the US citing taxes and surrounding scenic beauty.
- U.S. News & World Report



Source: CoStarProperty,JLL Research,FP Research

Under Construction	Size	Delivery
Flagler Station	100,000 SF	2008
Crossroads (Procacci)	110,000 SF	2009
Doral Center	150,000 SF	2009
1000 Waterford	257,000 SF	2009
Park Square at Doral	231,000 SF	2009
8750 Gateway Center	160,000 SF	2009

Recent Transactions

- Molina Healthcare
- Intec
- Agency for Healthcare
- Luxotica
- Alliance for Aging
- Mintzer Saroitz

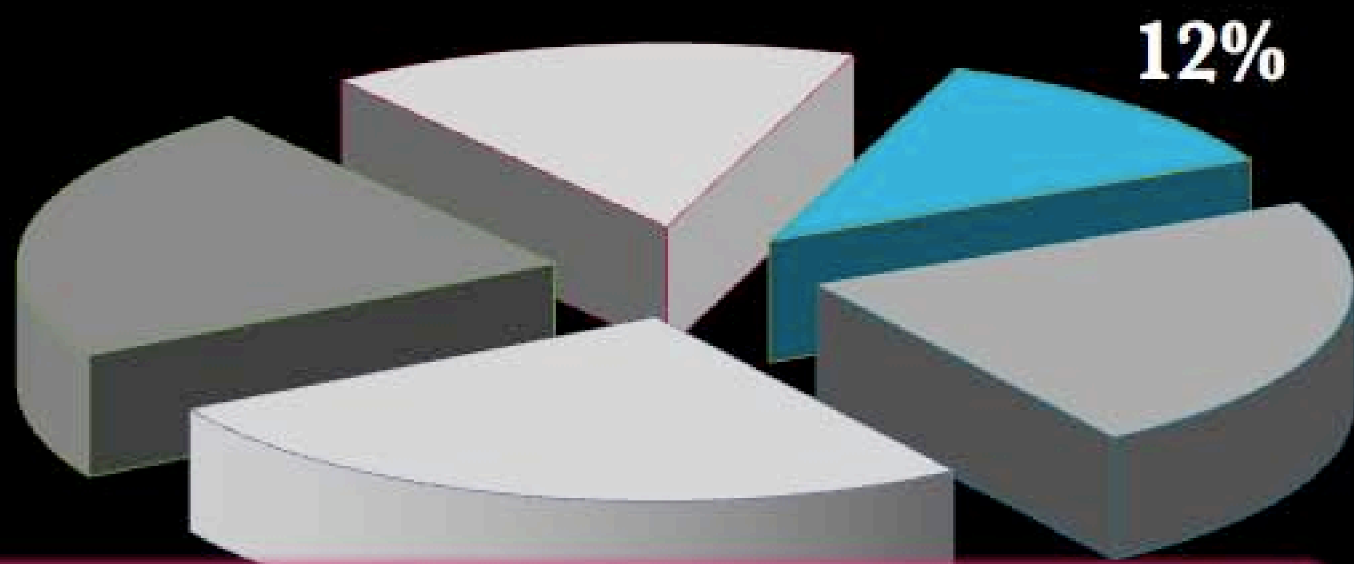
Quoted Rental Rates

New Construction	\$31.00 - \$37.00
Class A	\$29.00 - \$34.00
Class B	\$24.00 - \$28.00
Class C	\$20.00 - \$24.00

Average Direct Vacancies

Class A	9.7 %
Class B/C	13.77 %
Overall	11.7 %

Gables & The Grove



Trolley, downtown wireless connectivity, and historical preservation keep Coral Gables at top of the list for office tenants looking to stay closer to home

Under Construction	Size	Delivery
Miami Green Tower I	100,000 SF	2009
Bacardi Headquarters	230,000 SF	2009
Ponce de Leon Towers	203,000 SF	2010
Merrick View	78,000 SF	2008 (completed)

Recent Transactions

- Clorox Greenworks
- Buena Vista – Disney
- Bermello Ajamil
- Kaplan Inc.
- Fleishman Hillard
- Rodriguez Valdes-Fauli

Quoted Rental Rates

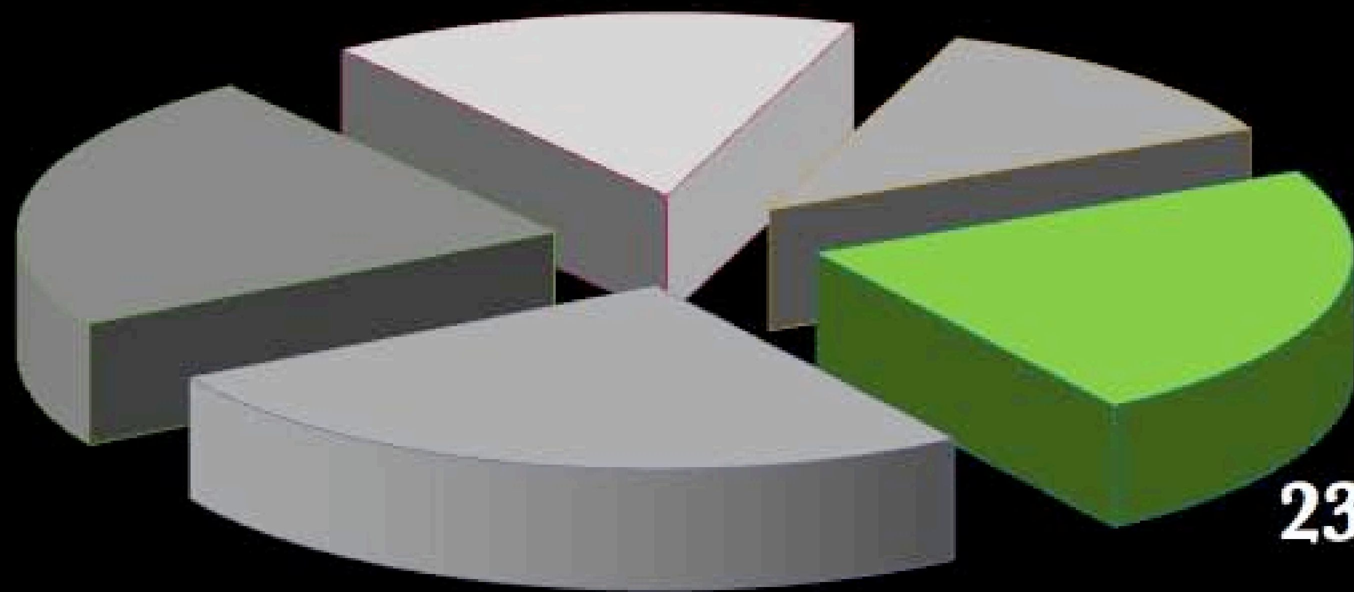
New Construction	$45.00 - $55.00
Class A	$39.00 - $46.00
Class B	$30.00 - $37.00
Class C	$26.00 - $30.00

Average Direct Vacancies

Class A	7.1 %
Class B/C	17.4 %
Overall	10.75 %

Source: CoStar Property, JLL Research, FP Research

Kendall / Dadeland



Bearing the brunt of small business downturn, but still attracting formidable tenancy

Under Construction	Size	Delivery
Dadeland Centre II	113,000 SF	2008 (completed)
One Seventeen Professional	67,000 SF	2008 (completed)
Town Center One	210,000 SF	2009

Recent Transactions:

- Cole Scott and Kissane
- REVEST
- New England Financial

Quoted Rental Rates	
New Construction	\$35.00 - \$37.00
Class A	\$36.00 - \$40.00
Class B	\$27.00 - \$29.00
Class C	\$20.00 - \$26.00

Average Direct Vacancies	
Class A	9.4 %
Class B/C	12.3 %
Overall	11.45 %

Source: CoStarProperty,JLL Research,FP Research

Large Tenants Looking For Homes in 2009

URS

L'ORÉAL

WELLS FARGO

GE

Turner
Building the Future

HUNTON & WILLIAMS

Conclusions and Forecasts for 2009

- **Slumping Office Market** – Landlords best able to adapt to changing tenant's needs will be most successful. Buildings with strong ownership/management teams will perform better.

- **Leasing Market Stagnation** - Most tenants are being very conservative in their real estate decisions due to their own forecasting. As leases continue to expire, tenants are leaning towards holding to the "status quo" and settling for safer renewal options.

- **Rental rates under pressure** - 2009 will bring lower effective rents due to rent abatement, higher tenant improvement allowances, and lower base rates. Landlords and lenders will prefer more concessions before lowering rental rates.

Conclusions and Forecast for 2009

- Demand for office investments by institutions has slowed significantly. Buyers are expecting **higher cap rates**, reducing the sale value of most buildings.

- The **Sub-lease market is growing** and already a significant player in office availability, offering competitive short/long term alternatives for tenants in the marketplace.

- **Green is the color of money.** Both existing buildings and new construction are trending towards environmentally-friendly, energy-conserving initiatives and construction standards. LEED certified professionals will be sought after.