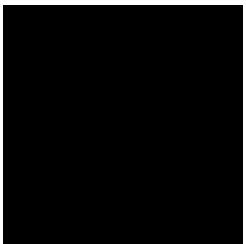


# NAI Long Island

Office Report | 3rd Quarter 2007



**NAI** Long Island

Commercial Real Estate Services, Worldwide.

# Long Island



## TRENDS:

Vacancy Rate



Net Absorption



Construction



Asking Rents



## OVERVIEW:

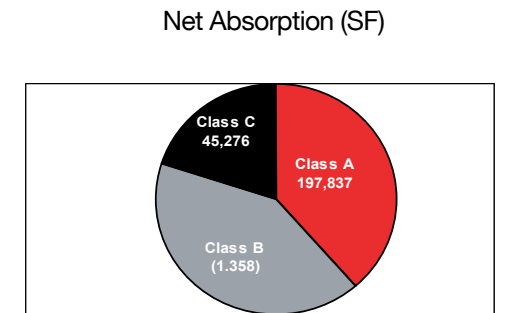
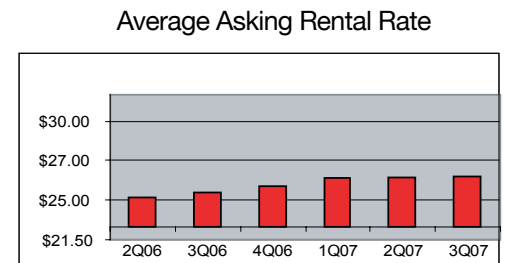
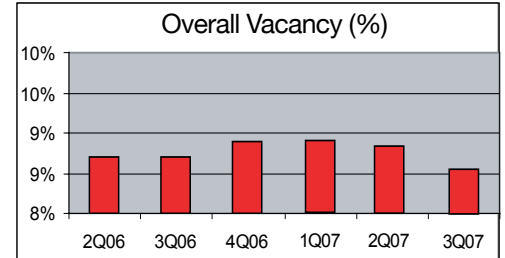
Long Island **vacancy** decreased to 9.0%, with net absorption positive 241,755 SF in the 3rd quarter. **RENTAL RATE AVERAGES** on all classes were quoted to be \$26.71 per-square-foot in the Long Island market area. **ABSORPTION** on office space on Long Island amounted to 241,755 SF and **INVENTORY** amounted to 129,474,663 SF in 4,794 buildings on Long Island at the end of the 3rd quarter. 4 buildings also delivered to market in the 3rd quarter totaling 32,582 SF, with 1,016,891 SF still under construction at the end of the quarter.

## NEWS:

**Suffolk Market** - Citibank NA moving into 202,920 SF at Melville Expressway II in Melville.

**Suffolk Market** - Honeywell International, Inc. moving into 133,884 SF at Olympus North America in Melville.

**Brooklyn Market** - Visiting Nurse Regional Health Care System moving into 70,290 SF at South Bldg, 15 Metrotech.



## Major Lease Transactions

| Tenant:                                   | Building:                            | Size (SF): | Submarket:      |
|---|--------------------------------------|------------|-----------------|
| Broadridge Financial Solutions            | Gateway South                        | 70,000 SF  | Nassau Market   |
| InterDigital Communications               | 2 Huntington Quadrangle              | 50,502 SF  | Suffolk Market  |
| Antech Diagnostics                        | I. Park Main Building                | 50,000 SF  | Nassau Market   |
| NYC Employee's Retirement System (NYCERS) | Brooklyn Renaissance Plaza, Brooklyn | 117,718 SF | Brooklyn Market |
| Berkman, Henoch, Peterson & Peddy PC      | 100 Garden City Plaza, Garden City   | 47,817 SF  | Nassau Market   |

\*All rents are per SF/per YR unless otherwise noted.

# NAI Long Island

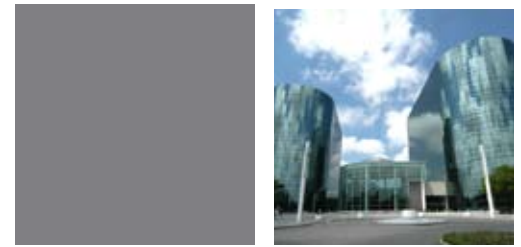
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| SUBMARKET/<br>CLASS         | # BLDGS. | TOTAL RBA<br>(SF) | TOTAL AVAIL.<br>(SF) | TOTAL VACANT<br>AVAIL (%) | TOTAL NET<br>Absorption (SF) | TOTAL AVERAGE<br>RATE (\$/SF/YR) | UNDER<br>CONSTRUCTION (SF) |
|-----------------------------|----------|-------------------|----------------------|---------------------------|------------------------------|----------------------------------|----------------------------|
| <b>Central Nassau</b>       |          |                   |                      |                           |                              |                                  |                            |
| Class A                     | 32       | 6,639,896         | 547,416              | 8.2%                      | (169,386)                    | \$37.20                          | 0                          |
| Class B                     | 111      | 5,165,099         | 437,937              | 8.5%                      | 66,260                       | \$26.96                          | 0                          |
| Class C                     | 272      | 3,668,565         | 152,973              | 4.2%                      | (3,309)                      | \$24.54                          | 0                          |
| <b>Eastern Nassau</b>       |          |                   |                      |                           |                              |                                  |                            |
| Class A                     | 28       | 4,339,681         | 516,707              | 11.9%                     | 227,381                      | \$33.01                          | 0                          |
| Class B                     | 128      | 5,551,562         | 964,039              | 17.5%                     | (186,729)                    | \$26.14                          | 25,000                     |
| Class C                     | 187      | 2,769,971         | 405,142              | 14.6%                     | (61,263)                     | \$22.03                          | 0                          |
| <b>Northern Nassau</b>      |          |                   |                      |                           |                              |                                  |                            |
| Class A                     | 1        | 324,544           | 9,508                | 2.9%                      | 227,381                      | \$33.01                          | 0                          |
| Class B                     | 22       | 285,216           | 22,340               | 7.8%                      | (17,860)                     | \$21.00                          | 0                          |
| Class C                     | 56       | 506,014           | 51,348               | 10.1%                     | 14,647                       | \$22.94                          | 0                          |
| <b>Southern Nassau</b>      |          |                   |                      |                           |                              |                                  |                            |
| Class A                     | 3        | 240,440           | 57,908               | 24.1%                     | 0                            | \$0.00                           | 0                          |
| Class B                     | 106      | 2,128,379         | 128,953              | 6.1%                      | (3,885)                      | \$27.29                          | 0                          |
| Class C                     | 245      | 2,310,961         | 133,256              | 5.8%                      | 30,211                       | \$21.02                          | 0                          |
| <b>Southeast Nassau</b>     |          |                   |                      |                           |                              |                                  |                            |
| Class A                     | 1        | 20,000            | 7,299                | 36.5%                     | (5,096)                      | \$28.07                          | 0                          |
| Class B                     | 28       | 325,275           | 25,585               | 7.9%                      | (7,885)                      | \$0.00                           | 0                          |
| Class C                     | 77       | 602,765           | 13,425               | 2.2%                      | 11,908                       | \$22.86                          | 0                          |
| <b>Western Nassau</b>       |          |                   |                      |                           |                              |                                  |                            |
| Class A                     | 27       | 4,994,167         | 611,506              | 12.2%                     | 131,665                      | \$33.14                          | 0                          |
| Class B                     | 104      | 3,387,783         | 288,770              | 8.5%                      | (16,248)                     | \$30.09                          | 0                          |
| Class C                     | 166      | 1,930,049         | 117,010              | 6.1%                      | (9,390)                      | \$22.11                          | 0                          |
| <b>Central Suffolk</b>      |          |                   |                      |                           |                              |                                  |                            |
| Class A                     | 19       | 1,260,948         | 35,468               | 2.8%                      | 30,608                       | \$22.09                          | 29,284                     |
| Class B                     | 142      | 3,279,260         | 521,544              | 15.9%                     | 19,443                       | \$20.32                          | 29,775                     |
| Class C                     | 198      | 2,052,803         | 91,314               | 4.4%                      | 30,456                       | \$17.84                          | 0                          |
| <b>Eastern Suffolk</b>      |          |                   |                      |                           |                              |                                  |                            |
| Class A                     | 0        | 0                 | 0                    | 0.0%                      | 0                            | \$22.00                          | 12,000                     |
| Class B                     | 44       | 507,999           | 115,584              | 22.8%                     | (80,930)                     | \$20.54                          | 10,020                     |
| Class C                     | 71       | 796,349           | 36,247               | 4.6%                      | 4,843                        | \$20.21                          | 0                          |
| <b>Western Suffolk</b>      |          |                   |                      |                           |                              |                                  |                            |
| Class A                     | 73       | 10,322,670        | 1,219,693            | 11.8%                     | 337,120                      | \$29.11                          | 33,400                     |
| Class B                     | 254      | 7,110,462         | 507,539              | 7.1%                      | 9,037                        | \$22.02                          | 163,700                    |
| Class C                     | 256      | 3,194,218         | 131,066              | 4.1%                      | (32,626)                     | \$22.52                          | 0                          |
| <b>Southwestern Suffolk</b> |          |                   |                      |                           |                              |                                  |                            |
| Class A                     | 1        | 14,000            | 0                    | 0%                        | 0                            | \$00.00                          | 0                          |
| Class B                     | 40       | 654,751           | 157,196              | 24.0%                     | 16,627                       | \$20.11                          | 0                          |
| Class C                     | 126      | 996,562           | 69,990               | 7.0%                      | (30,211)                     | \$20.70                          | 0                          |
| <b>Central Queens</b>       |          |                   |                      |                           |                              |                                  |                            |
| Class A                     | 3        | 850,247           | 36,785               | 4.3%                      | 3,354                        | \$32.13                          | 0                          |
| Class B                     | 39       | 830,258           | 37,699               | 4.5%                      | (8,413)                      | \$30.55                          | 51,934                     |
| Class C                     | 86       | 805,897           | 15,810               | 2.0%                      | (3,890)                      | \$25.58                          | 0                          |
| <b>Northeast Queens</b>     |          |                   |                      |                           |                              |                                  |                            |
| Class A                     | 6        | 568,360           | 39,500               | 6.9%                      | 4,830                        | \$37.00                          | 0                          |
| Class B                     | 295      | 4,776,872         | 87,928               | 1.8%                      | 13,814                       | \$33.68                          | 141,233                    |
| Class C                     | 172      | 2,802,630         | 164,449              | 5.9%                      | 13,251                       | \$23.93                          | 0                          |
| <b>Northwest Queens</b>     |          |                   |                      |                           |                              |                                  |                            |
| Class A                     | 10       | 3,555,078         | 254,364              | 7.2%                      | 127,677                      | \$32.55                          | 493,000                    |
| Class B                     | 70       | 4,405,400         | 359,600              | 8.2%                      | 56,652                       | \$21.17                          | 1,714                      |
| Class C                     | 120      | 1,743,577         | 411,533              | 23.6%                     | (328,958)                    | \$25.18                          | 0                          |
| <b>South Queens</b>         |          |                   |                      |                           |                              |                                  |                            |
| Class A                     | 2        | 223,469           | 6,100                | 2.7%                      | (6,100)                      | \$ 0.00                          | 0                          |
| Class B                     | 46       | 1,423,305         | 160,071              | 11.2%                     | (22,387)                     | \$24.65                          | 0                          |
| Class C                     | 159      | 2,785,419         | 176,287              | 6.3%                      | (14,226)                     | \$23.26                          | 0                          |

# NAI Long Island

## Methodology / Definitions / Market Map



### Absorption (Net)

The change in occupied space in a given time period.

### Available Square Footage

Net rentable area considered available for lease; excludes sublease space.

### Average Asking Rental Rate

Rental rate as quoted from each building's owner/management company, For office space, a full service rate was requested; for retail, a triple net rate requested; for industrial, a NN basis.

### Building Class

Class A Product is office Space of steel and concrete construction, built after 1980, quality tenants, excellent amenities & premium rates. Class B product is office Space built after 1980, fair to good finishes & wide range of tenants.

### Direct Vacancy

Space currently available for lease directly with the landlord or building owner.

### Market Size

Includes all existing and under construction office buildings (office, office condo, office loft, office medical, all classes and all sizes, both multi-tenant and single-tenant, including owner-occupied buildings) within each market.

### Overall Vacancy

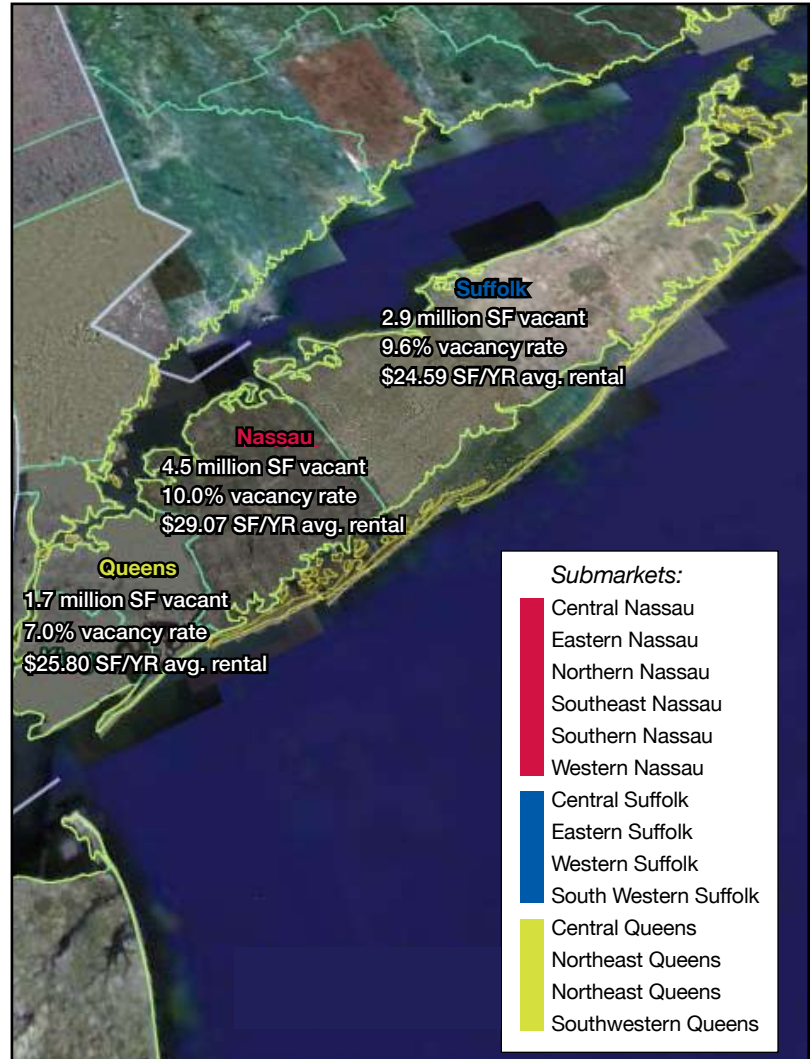
All unoccupied lease space, either direct or sublease.

### SF/PSF

Square foot/per square foot, used as a unit of measurement.

### Sublease

Arrangement in which a tenant leases rental property to another, and the tenant becomes the landlord to the subtenant.



### Sublease Space

Total square footage being marketed for lease by the tenant. Sublease space is not considered in the overall occupancy or absorption numbers - only direct leases are included.

### Sublease Vacancy

Space currently available in the market for sublease with an existing tenant within a building acting as the landlord.