

NAI Long Island

Office Report | 4th Quarter 2007



NAI Long Island

Commercial Real Estate Services, Worldwide.

Long Island



TRENDS:

Vacancy Rate



Net Absorption



Construction



Asking Rents



OVERVIEW:

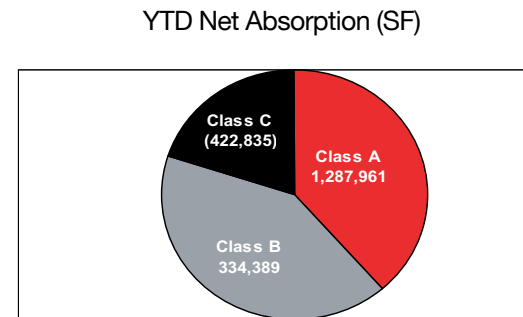
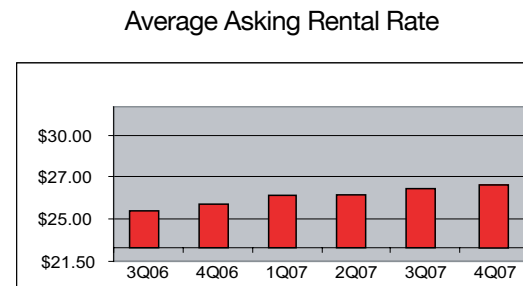
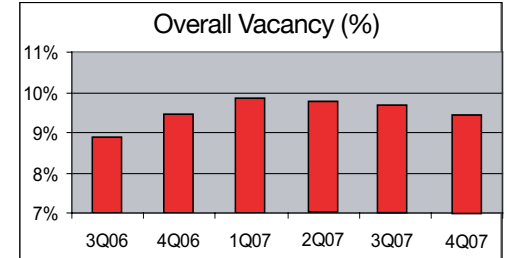
Long Island vacancy decreased to 9.2%, with net absorption positive 519,660 SF in the 4th quarter. **RENTAL RATE AVERAGES** on all classes were quoted to be \$26.81 per-square foot in the Long Island market area. **ABSORPTION** on office space on Long Island amounted to 519,660 SF and **INVENTORY** amounted to 132,473,386 SF in 5,004 buildings on Long Island at the end of the 4th quarter. 7 buildings also delivered to market in the 4th quarter totaling 173,771 SF, with 659,287 SF still under construction at the end of the quarter.

ABSORPTION 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:
Catholic Health Services	Melville Financial Plaza	120,000 SF	Western Suffolk Market
Travelers Indemnity	Corporate Quarters 1	84,858 SF	Western Market
Broadridge Financial Solutions	Gateway South	70,000 SF	Western Nassau Market
N/A	159-05 Union Turnpike	56,000 SF	Northeast Queens Market
N/A	Brooklyn Information Tech Center 1	55,240 SF	South Brooklyn Market

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

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SUBMARKET/ CLASS	# BLDGS.	TOTAL RBA (SF)	TOTAL AVAIL. (SF)	TOTAL VACANT AVAIL (%)	TOTAL NET Absorption (SF)	TOTAL AVERAGE RATE (\$/SF/YR)	UNDER CONSTRUCTION (SF)
Central Nassau							
Class A	31	6,611,790	448,986	7.1%	(91,417)	\$36.10	0
Class B	114	5,179,040	423,119	8.2%	82,778	\$26.88	8,265
Class C	275	3,686,501	111,961	3.0%	33,203	\$23.99	0
Eastern Nassau							
Class A	28	4,339,681	489,555	11.3%	254,533	\$33.01	0
Class B	131	5,550,211	972,543	18.0%	(209,832)	\$26.94	150,000
Class C	191	2,817,966	422,390	15.0%	(75,511)	\$22.10	0
Northern Nassau							
Class A	1	324,544	2,710	0.8%	6,290	\$29.31	0
Class B	22	285,216	20,190	7.1%	(15,710)	\$22.32	0
Class C	58	513,094	53,159	10.4%	14,136	\$24.77	0
Southern Nassau							
Class A	3	240,440	57,908	24.1%	0	\$0.00	0
Class B	106	2,128,759	124,821	5.9%	247	\$26.69	0
Class C	248	2,350,420	132,047	5.6%	(28,002)	\$21.51	0
Southeast Nassau							
Class A	1	20,000	7,299	36.5%	(5,096)	\$28.07	0
Class B	28	325,275	24,758	7.6%	(7,058)	\$21.73	0
Class C	78	607,887	18,360	4.7%	(3,527)	\$25.00	0
Western Nassau							
Class A	27	5,034,167	512,485	10.2%	235,886	\$32.43	0
Class B	109	3,466,795	312,039	9.0%	(30,630)	\$30.28	0
Class C	165	1,953,477	117,212	6.0%	(16,479)	\$22.11	0
Central Suffolk							
Class A	20	1,285,717	70,952	5.5%	29,993	\$22.16	60,027
Class B	149	3,394,995	528,112	15.6%	16,975	\$19.99	29,775
Class C	205	2,282,660	111,414	4.9%	24,656	\$17.90	0
Eastern Suffolk							
Class A	1	6,500	0	0.0%	6,500	\$22.00	12,000
Class B	52	667,478	122,533	18.4%	(62,227)	\$21.08	8,000
Class C	74	818,467	35,502	4.3%	(5,769)	\$19.22	0
Western Suffolk							
Class A	78	10,335,624	1,304,794	12.6%	286,103	\$30.59	161,400
Class B	295	7,460,774	552,221	7.7%	(24,336)	\$22.57	53,700
Class C	249	3,170,241	138,530	4.4%	(45,847)	\$22.05	0
Southwestern Suffolk							
Class A	1	14,000	0	0%	0	\$00.00	0
Class B	46	730,054	156,165	22.0%	266	\$19.97	16,000
Class C	126	980,222	81,868	8.4%	(19,158)	\$23.06	20,400
Central Queens							
Class A	4	912,247	34,946	3.8%	5,193	\$34.20	0
Class B	47	872,730	49,902	5.7%	32,318	\$30.58	0
Class C	86	1,031,881	21,850	3.0%	33,203	\$23.99	0
Northeast Queens							
Class A	7	1,085,410	43,514	4.0%	26,916	\$29.38	0
Class B	338	5,744,838	274,744	4.8%	2,602	\$32.14	96,300
Class C	153	1,945,419	47,678	2.5%	33,722	\$20.19	0
Northwest Queens							
Class A	11	4,030,078	231,127	5.7%	625,914	\$32.55	493,000
Class B	78	4,603,554	389,750	8.4%	49,602	\$21.27	0
Class C	135	1,839,518	319,935	21.7%	(311,158)	\$20.62	0
South Queens							
Class A	2	223,469	4,800	2.1%	(4,800)	\$23.76	0
Class B	52	1,558,530	142,859	9.2%	18,005	\$23.86	0
Class C	162	2,720,770	179,810	6.6%	(39,029)	\$23.79	0

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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

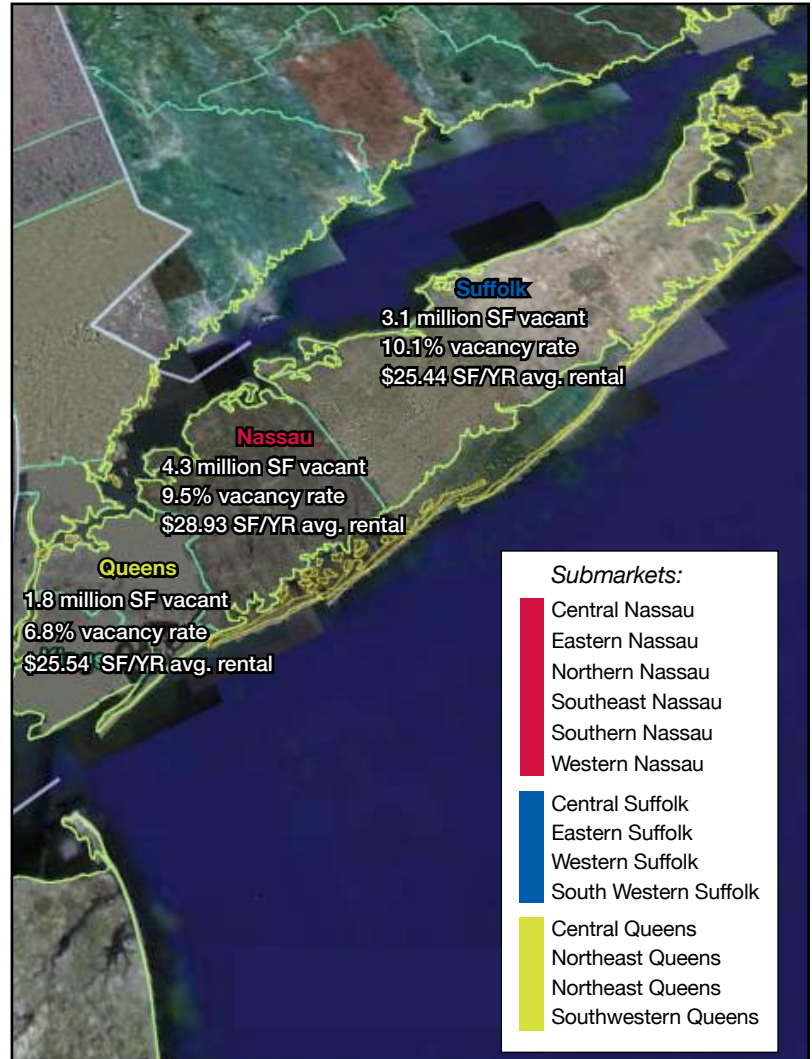
All unoccupied lease space, either direct or sublease.

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.