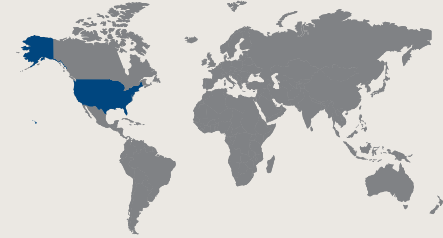


Market Research

OFFICE | THIRD QUARTER | 2008



MARKET INDICATORS

OFFICE

3Q 2008 4Q 2008*

VACANCY	↓	↓
NET ABSORPTION	↑	↑
CONSTRUCTION	↔	↔
RENTAL RATE	↓	↓

* PROJECTED

MARKET STATS

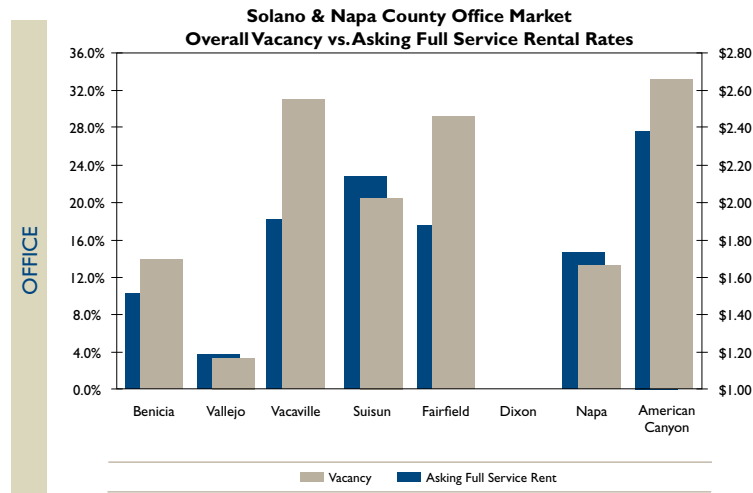
OFFICE INVENTORY	±3,571,598
CURRENT VACANCY	±23.7%
AVERAGE ASKING FULL SERVICE*	\$1.87 PSF

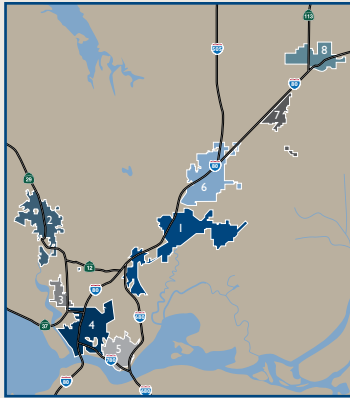
* Average Asking Full Service rents represent asking rents for all office product type and size. This number is used as a tool to track historical market rent trends only. Actual Asking Full Service rents vary dramatically depending on numerous variables. Please contact our Brokers for actual asking Full Service rents.

Solano & Napa County Overview

As the United States, and World, continue to experience symptoms of a sluggish economy, to include Post-World War II highs in corporate credit spreads (as reported by Citi Group), and credit rationing that has hindered daily activities for many firms in addition to increasing consumer's lack of confidence; Solano and Napa Counties have showed slight signs of improvement, with both Counties experiencing positive net absorption. Construction of new product is non-existent, and overall vacancies fell to ±23.7% from ±25.4% in the second quarter. As expected, average asking Full Service (FS) rents decreased to ±\$1.87 per square foot per month from ±\$1.89 per square foot per month in the second quarter. With abundant first generation Class A office product still available on the market, Solano and Napa Counties will continue to attract Bay Area firms seeking more financially friendly space closer to the homes of their employees. Though traditionally, local markets have housed an unusually high percentage of residential real estate brokerages, mortgage brokerages, and title companies, it is expected that these sectors have realized and fulfilled their downsizing agenda, with less impactful vacancies coming from this sector through the fourth quarter. Brooks Pedder, SIOR, Managing Partner of Colliers International-Fairfield comments, "We are seeing signs of office decentralization as employers appear to be more

VACANCY VS. RENTAL RATE





SUBMARKET MAP KEY

ID	SUBMARKET
1	Fairfield
2	Napa
3	American Canyon
4	Vallejo
5	Benicia
6	Vacaville
7	Davis
8	Dixon

willing to open smaller regional offices in suburban markets, especially as fuel costs spiked earlier this year. Markets like Solano, where an enormous labor pool travels great distances (to work), is going to benefit from this Regionalization Phenomenon.”

Solano County’s central location, between the San Francisco Bay Area and Sacramento, provide efficient transportation routes, I-80, I-680, I-505, and Highway 12, as well as affordable housing; make Solano County the logical and attractive destination for new and expanding businesses. With cities in such close proximity to each other and approximately ±500,000 residents, Solano County is viewed as one large metropolitan city. A large contribution to vacancy in Solano County is the approximate ±200,000 square feet of first generation office product still vacant and available on the market. Again, rising fuel costs are expected to stimulate office

activity, increasing absorption, as employers attempt to solve the transportation crisis by locating operations closer to their employees.

Napa County’s office market remains relatively healthy with vacancies finishing the quarter at 14.2%, down from 20.3% the previous quarter. Though Class A office product dominates the Napa County office market, Class B office product accounts for the majority of vacant square feet in the overall market. With new construction absent in the coming quarters, vacancies should drop as firms begin to decentralize and migrate to the local suburban communities. In addition, with falling rents, less expensive office product is expected to increase demand and decrease vacancy.



MARKET ACTIVITY
SIGNIFICANT THIRD QUARTER TRANSACTIONS

SIGNIFICANT LEASES

PROPERTY ADDRESS	MONTH/YEAR	SQUARE FEET	TENANT	TYPE
3333 Vaca Valley Pkwy., Vacaville	8/20/2008	9,827	Barrier Systems, Inc.	Office
299 Campus Lane, Fairfield	9/15/2008	6,811	Undisclosed	Office
600 East Main Street, Vacaville	8/15/2008	5,811	Banks Integration Group	Office

OFFICE MARKET STATISTICS
 THIRD QUARTER 2008

EXISTING PROPERTIES			DIRECT VACANCY		SUBLEASE VACANCY		TOTAL VACANCY		CONSTRUCTION		RENT
Class	Bldgs.	Total Inventory Square Feet	Square Feet	Rate	Square Feet	Rate	Square Feet	Rate Current Quarter	Completed Current Quarter	Under Constr.	Average Asking Full Service
SUBMARKETS											
BENICIA											
A	4	92,202	9,948	10.8%	-	0.0%	9,948	10.8%	-	-	\$1.87
B	8	87,583	15,250	17.4%	-	0.0%	15,250	17.4%	-	-	\$1.15
C	0	N/A	N/A	N/A	N/A	N/A	N/A	N/A	-	-	N/A
Total	12	179,785	25,198	14.0%	-	0.0%	25,198	14.0%	-	-	\$1.52
VALLEJO											
A	0	N/A	N/A	N/A	N/A	N/A	N/A	N/A	-	-	N/A
B	2	69,597	1,139	1.6%	-	0.0%	1,139	1.6%	-	-	\$1.39
C	5	76,145	4,200	5.5%	-	0.0%	4,200	5.5%	-	-	\$1.00
Total	7	145,742	5,339	3.7%	-	0.0%	5,339	3.7%	-	-	\$1.19
VACAVILLE											
A	12	309,448	93,229	30.1%	-	0.0%	93,229	30.1%	-	-	\$2.33
B	28	382,555	127,118	33.2%	-	0.0%	127,118	33.2%	-	-	\$1.67
C	3	18,469	-	0.0%	-	0.0%	-	0.0%	-	-	-
Total	43	710,472	220,347	31.0%	-	0.0%	220,347	31.0%	-	-	\$1.91
SUISUN											
A	2	122,000	31,231	25.6%	-	0.0%	31,231	25.6%	-	-	\$2.42
B	0	N/A	N/A	N/A	N/A	N/A	N/A	N/A	-	-	N/A
C	1	31,883	2,174	6.8%	-	0.0%	2,174	6.8%	-	-	\$1.05
Total	3	153,883	33,405	21.7%	-	0.0%	33,405	21.7%	-	-	\$2.14
FAIRFIELD											
A	31	1,055,458	346,634	32.8%	22,277	2.1%	368,911	35.0%	-	-	\$2.09
B	25	359,985	57,158	15.9%	-	0.0%	57,158	15.9%	-	-	\$1.38
C	5	63,692	11,395	17.9%	-	0.0%	11,395	17.9%	-	-	\$1.20
Total	61	1,479,135	415,187	28.1%	22,277	1.5%	437,464	29.6%	-	-	\$1.88
DIXON											
A	1	4,000	-	0.0%	-	0.0%	-	0.0%	-	-	-
B	1	6,328	-	0.0%	-	0.0%	-	0.0%	-	-	-
C	2	15,181	-	0.0%	-	0.0%	-	0.0%	-	-	-
Total	4	25,509	-	0.0%	-	0.0%	-	0.0%	-	-	-
NAPA											
A	21	538,811	39,534	7.3%	14,379	2.7%	53,913	10.0%	-	-	\$1.85
B	15	256,468	48,873	19.1%	1,768	0.7%	50,641	19.7%	-	-	\$1.55
C	2	31,462	3,363	10.7%	-	0.0%	3,363	10.7%	-	-	\$1.29
Total	38	826,741	91,770	11.1%	16,147	2.0%	107,917	13.1%	-	-	\$1.74
AMERICAN CANYON											
A	2	34,931	8,258	23.6%	-	0.0%	8,258	23.6%	-	-	\$2.61
B	1	15,400	8,506	55.2%	-	0.0%	8,506	55.2%	-	-	\$1.85
C	0	N/A	N/A	N/A	N/A	N/A	N/A	N/A	-	-	N/A
Total	3	50,331	16,764	33.3%	-	0.0%	16,764	33.3%	-	-	\$2.38
MARKET TOTAL											
A	73	2,156,850	528,834	24.5%	36,656	1.7%	565,490	26.2%	-	-	\$2.12
B	80	1,177,916	258,044	21.9%	1,768	0.2%	259,812	22.1%	-	-	\$1.55
C	18	236,832	21,132	8.9%	-	0.0%	21,132	8.9%	-	-	\$1.25
Total	171	3,571,598	808,010	22.6%	38,424	1.1%	846,434	23.7%	-	-	\$1.87
QUARTERLY COMPARISON AND TOTALS											
Q2-08	171	3,571,598	880,052	24.6%	28,963	0.8%	906,841	25.4%	-	-	\$1.89
Q3-08	171	3,571,598	808,010	22.6%	38,424	1.1%	846,434	23.7%	-	-	\$1.87

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293 OFFICES IN 61 COUNTRIES
 ON 6 CONTINENTS

USA 99
 Canada 19
 Latin America 18
 Asia Pacific 62
 EMEA 95

\$63.5 billion in annual transaction
 volume
 868 million square feet under
 management
 11,000 Professionals

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