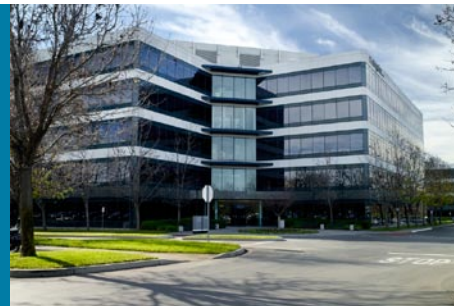




OFFICE

Colliers International Tri-Valley

Third Quarter - 2006 Market Overview



September 2006

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The Tri-Valley office market 3rd quarter overall vacancy increased to 12.2% from 11.5% the previous quarter. This resulted primarily from a sharp rise in San Ramon "Class A" space availability where vacancy rates increased to 14.6% from 11.5% at mid-year. The overall market vacancy consists of 10.5% direct space and 1.7% sublease space. Year-to-date net absorption after three quarters totaled -95,419 square feet, significantly due to -248,832 square feet of net absorption in San Ramon during the 3rd quarter. Year-to-date overall gross market absorption reached a total of 1,324,360+ square feet. The disparity between gross and net absorption is a result of large corporate give-backs by AT&T, Calpine, Chevron and others since the beginning of 2006, and because of relocations by tenants who already reside within the market. Due to slow 3rd quarter tenant velocity, average asking rents remained fundamentally unchanged from the previous quarter.

The Pleasanton submarket continued to improve; overall vacancy rates decreased to 9.9% from 10.5% at mid-year and from 11.8% one year ago. Pleasanton "Class A" vacancy decreased to 8.0% from 8.3%. Average "Class A" asking rates remained at \$2.25 per square foot, unchanged from the end of the 2nd quarter, yet 10.0% above the 2005 year end rate of \$2.05 per square foot. A projected increase in leasing activity during the 4th quarter and the decreased availability of space in the 2,000-5,000± square foot range will allow Pleasanton "Class A" landlords to further push up rents to small and mid-size office tenants.

Construction recently commenced on Pleasanton's first new speculative office building to be built since the year 2000. PJMB Company broke ground on Taylor Center, a two-story, 24,000± square foot garden office building, located at 4733 Chabot Drive, in Pleasanton. Building completion is scheduled for July of 2007. ExTerra Realty Partners LLC, of Pleasanton, expects to gain approval by year-end for Phase I of Montevino, a 78,000± square foot project to be located at the intersection of Constitution Drive and North Canyon Parkway, in Livermore. Phase I will consist of sixteen single story, block-construction buildings ranging from 3,500 to 13,000± square feet, which will be available for sale only. Phase I delivery is projected for Fall 2007. A future Phase II would provide an additional 136,200± square feet of small owner/user buildings.

COLLIERS
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The Pleasanton
 submarket continues
 to improve; overall
 vacancy rates
 decreased to 9.9%
 from 10.5% at
 mid-year and from
 11.8% one year ago.

SIGNIFICANT 3RD QUARTER DEALS

SAN RAMON:

Leases:

- Reply! Inc.: 39,413± square feet for 63 months at Bishop Ranch 15 – 12667 Alcosta Boulevard, 2nd floor, San Ramon.
- Innovative Claim Solutions: 12,030± square feet for 60 months at Bishop Ranch 6 – 2430 Camino Ramon, Suite 200, San Ramon.
- JP Morgan and Chase Company: 14,765± square feet at Bishop Ranch 3 – 2633 Camino Ramon, Suite 325, San Ramon.
- Peoples Choice Home Loan, Inc.: 11,000± square feet at Bishop Ranch 8 – 5000 Executive Parkway, Suite 530, San Ramon.

Sales:

- The Dahlin Group sold 2671 Crow Canyon Road (10,000± square feet) to Crow Canyon LLC (Gates & Associates Landscape Architect).

PLEASANTON:

Leases:

- Sun Microsystems: Renewed their lease for 26,117± square feet for 60 months at Hacienda West - 3875 Hopyard Road, Pleasanton. The Landlord is Harsch Investment Properties.
- FunMobility, Inc.: Leased 22,411± square feet for 52 months at Hacienda Lakes – 5568 Gibraltar Drive, Suite 100, Pleasanton.
- AccSys Technology, Inc.: Renewed for 36 months and expanded into 17,440± square feet at 1177 Quarry Lane, Suite “D”, Pleasanton. The Landlord is Sea Cliff Properties.
- WL Homes: Leased 17,189± square feet for 60 months at Sycamore Terrace – 6601 Koll Center Parkway, Suite 300, Pleasanton.

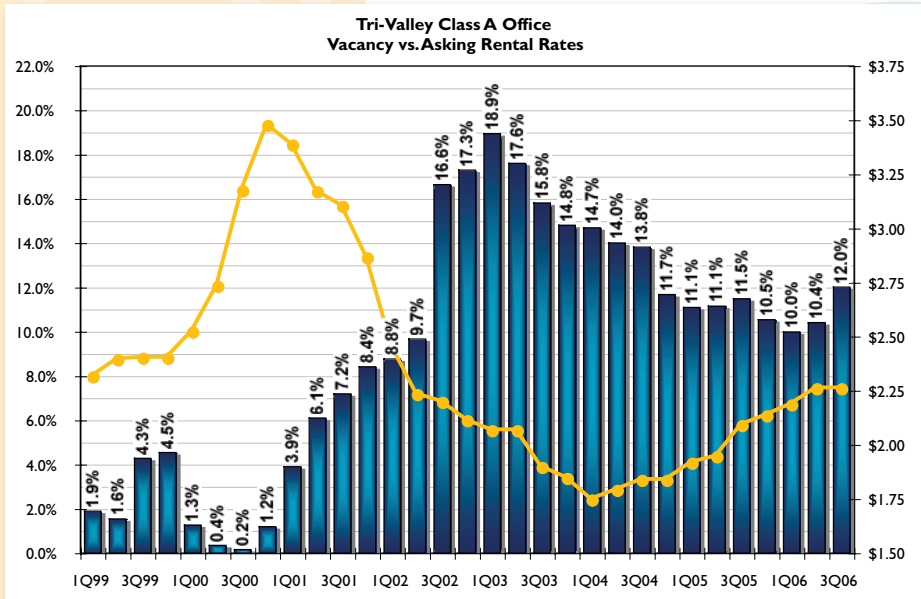
Sales:

- Park Lake Apartments purchased Sycamore Terrace – 6601 Koll Center Parkway, a 69,588± square foot, “Class A” office building.
- Park Lake Apartments purchased Inglewood Place – 5960 Inglewood Drive, a 103,44± square foot, “Class A” office building.

DUBLIN:

Leases:

- Franklin Templeton, Inc.: Renewed their Lease for 49,464± square feet for 84 months at Emerald Point – 5130 Hacienda Drive, Dublin. The Landlord is Wells Realty Trust.
- Black and Veatch: Leased 22,800± square feet for 65 months at Creekside Business Park 5875 Arnold Drive, Building “B”, Dublin. The Landlord is Glenborough Properties.





Colliers International Tri-Valley Third Quarter - 2006 Market Overview



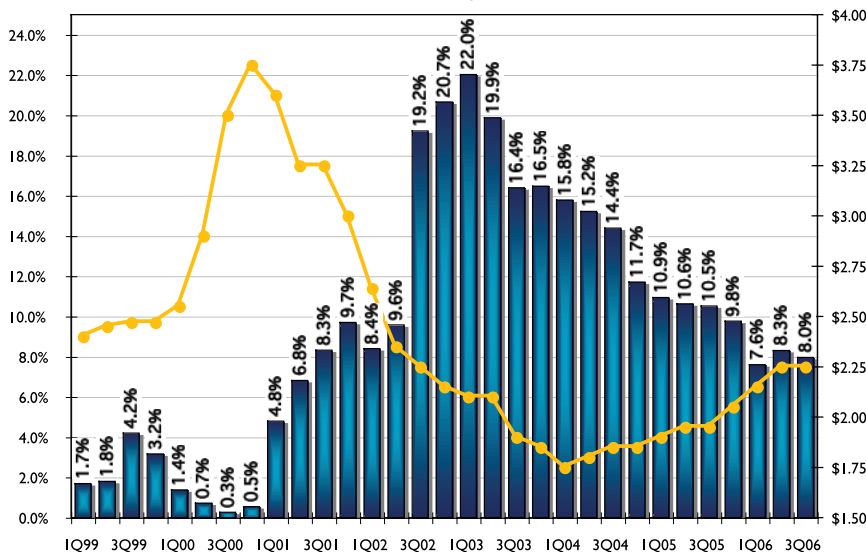
September 2006

Office Market Statistics, 3rd Quarter 2006

Class	Bldgs	EXISTING PROPERTIES						ABSORPTION			CONSTRUCTION		RENTS				
		Total Inventory SF	Direct Vacant SF	Direct Vacancy Rate	Sublease Vacant SF	Sublease Vacancy Rate	Total Vacant SF	Total Vacancy Rate	Vacancy Rate Prior Qtr	Current Occupied Space SF	Net Absorption Current Qtr SF	Net Absorption YTD SF	Gross Absorption YTD SF	Completions Current Qtr SF	Under Construction SF	Avg Asking Rate/Year	Avg Asking Rate/Month
Dublin																	
A	9	1,459,062	158,183	10.8%	70,125	4.8%	228,308	15.6%	13.5%	1,230,754	(30,799)	(47,929)	55,466	-	127,174	\$ 28.20	\$ 2.35
B	15	407,797	101,392	24.9%	12,108	3.0%	113,500	27.8%	30.0%	294,297	8,722	(26,136)	33,020	-	-	\$ 21.60	\$ 1.80
Flex	20	804,959	72,305	9.0%	-	0.0%	72,305	9.0%	12.0%	732,654	24,508	(14,856)	29,981	-	-	\$ 21.00	\$ 1.75
Total	44	2,671,818	331,880	12.4%	82,233	3.1%	414,113	15.5%	15.6%	2,257,705	2,431	(88,921)	118,467	-	127,174	\$ 25.02	\$ 2.09
Livermore																	
B	20	938,916	159,718	17.0%	6,240	0.7%	165,958	17.7%	17.7%	772,958	192	70,615	63,975	-	-	\$ 20.40	\$ 1.70
Flex	20	684,816	158,255	23.1%	9,869	1.4%	168,124	24.6%	23.9%	516,692	(4,249)	44,344	83,606	-	-	\$ 19.20	\$ 1.60
Total	40	1,623,732	317,973	19.6%	16,109	1.0%	334,082	20.6%	20.3%	1,289,650	(4,057)	114,959	147,581	-	-	\$ 19.89	\$ 1.66
Pleasanton																	
A	52	6,136,236	437,871	7.1%	50,668	0.8%	488,539	8.0%	8.3%	5,647,697	20,879	112,156	190,064	-	24,600	\$ 27.00	\$ 2.25
B	56	2,516,546	183,606	7.3%	63,293	2.5%	246,899	9.8%	11.9%	2,269,647	53,140	556	229,091	-	-	\$ 24.00	\$ 2.00
Flex	89	3,357,102	336,179	10.0%	111,522	3.3%	447,701	13.3%	13.5%	2,909,401	4,031	44,181	207,507	-	-	\$ 23.40	\$ 1.95
Total	197	12,009,884	957,656	8.0%	225,483	1.9%	1,183,139	9.9%	10.5%	10,826,745	78,050	156,893	626,662	-	24,600	\$ 25.37	\$ 2.11
San Ramon																	
A	34	7,640,686	1,017,626	13.3%	96,227	1.3%	1,113,853	14.6%	11.5%	6,526,833	(235,487)	(286,383)	371,755	-	-	\$ 27.00	\$ 2.25
B	25	942,283	70,678	7.5%	4,330	0.5%	75,008	8.0%	8.0%	867,275	(15,955)	(431)	54,041	-	-	\$ 23.40	\$ 1.95
Flex	9	699,945	-	0.0%	-	0.0%	-	0.0%	0.4%	699,945	2,610	8,464	5,854	-	-	\$ 21.00	\$ 1.75
Total	68	9,282,914	1,088,304	11.7%	100,557	1.1%	1,188,861	12.8%	10.1%	8,094,053	(248,832)	(278,350)	431,650	-	-	\$ 26.18	\$ 2.18
MARKET TOTAL																	
A	95	15,235,984	1,613,680	10.6%	217,020	1.4%	1,830,700	12.0%	10.4%	13,405,284	(245,407)	(222,156)	617,285	-	151,774	\$ 27.11	\$ 2.26
B	116	4,805,542	515,394	10.7%	85,971	1.8%	601,365	12.5%	13.5%	4,204,177	46,099	44,604	380,127	-	-	\$ 22.98	\$ 1.91
Flex	138	5,546,822	566,739	10.2%	121,391	2.2%	688,130	12.4%	12.9%	4,858,692	26,900	82,133	326,948	-	-	\$ 22.23	\$ 1.85
Total	349	25,588,348	2,695,813	10.5%	424,382	1.7%	3,120,195	12.2%	11.5%	22,468,153	(172,408)	(95,419)	1,324,360	-	151,774	\$ 25.28	\$ 2.11
QUARTERLY COMPARISON AND TOTALS																	
Q2-06	349	25,588,348	2,416,762	9.4%	531,025	2.1%	2,947,787	11.5%	11.8%	22,640,561	82,350	76,989	1,071,831	-	6,221	\$ 25.28	\$ 2.11
Q1-06	349	25,588,348	2,293,451	9.0%	736,686	2.9%	3,030,137	11.8%	11.8%	22,558,211	(5,361)	(5,361)	367,647	-	151,774	\$ 24.84	\$ 2.07
Q4-05	349	25,610,765	2,235,013	8.7%	789,763	3.1%	3,024,776	11.8%	12.6%	22,585,989	(15,212)	213,719	2,677,440	-	6,221	\$ 23.86	\$ 1.99
Q3-05	349	25,610,765	2,219,801	8.7%	1,012,996	4.0%	3,232,797	12.6%	13.0%	22,377,968	108,587	228,931	1,715,419	-	6,221	\$ 23.35	\$ 1.95
Q2-05	349	25,610,765	2,328,388	9.1%	1,011,161	3.9%	3,339,549	13.0%	12.6%	22,271,216	(50,083)	120,344	839,600	-	6,221	\$ 22.11	\$ 1.84

Pleasanton "Class A" Office, 3rd Quarter 2006

Pleasanton Class A Office
Vacancy vs. Asking Rental Rates



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