# The Lee Office Brief

*Closing 2014 with a glance to 2015*

Q4

2014

*Click below. Interactive tabs*



LEE & ASSOCIATES®

COMMERCIAL REAL ESTATE SERVICES

**100%** increase in transaction volume over 5 years

**$7.9 billion** transaction volume 2013

**800** agents and growing nationwide

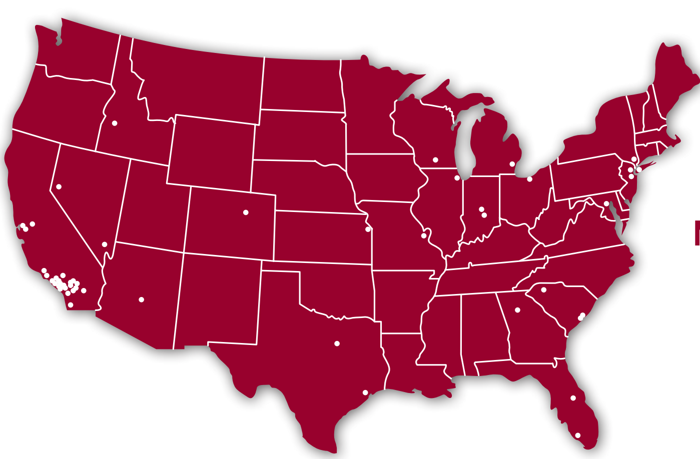
## LOCAL EXPERTISE. NATIONAL REACH. WORLD CLASS.

At Lee & Associates® our reach is national but our expertise is local market implementation. This translates into seamless, consistent execution and value driven market-to-market services.

Our agents understand real estate and accountability. They provide an integrated approach to leasing, operational efficiencies, capital markets, property management, valuation, disposition, development, research and consulting.

We are creative strategists who provide value and custom solutions, enabling our clients to make profitable decisions.

- OFFICE
- INDUSTRIAL
- RETAIL
- INVESTMENT
- APPRAISAL
- MULTI-FAMILY
- LAND
- PROPERTY MANAGEMENT
- FACILITY SERVICES
- VALUATION & CONSULTING

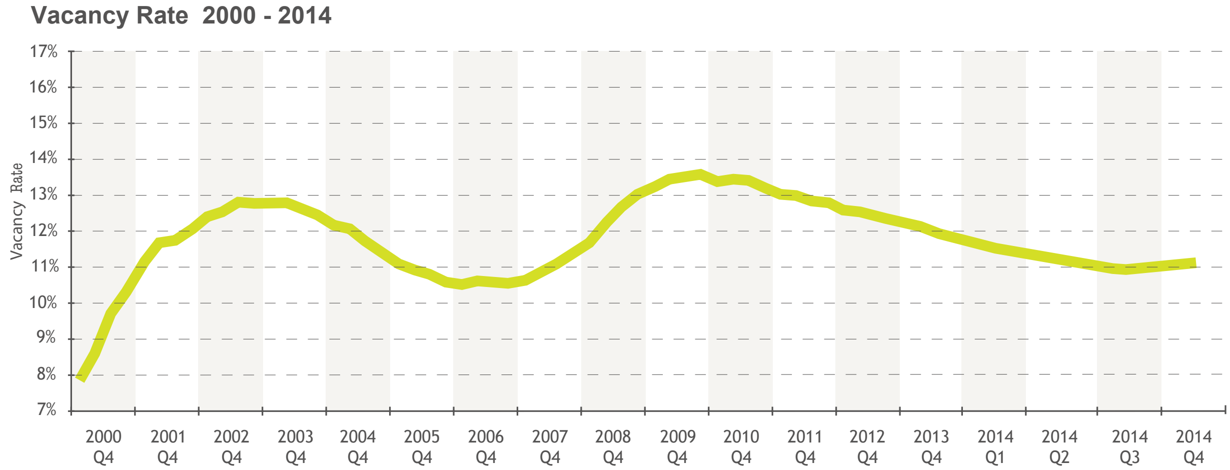


NATIONWIDE LOCATIONS

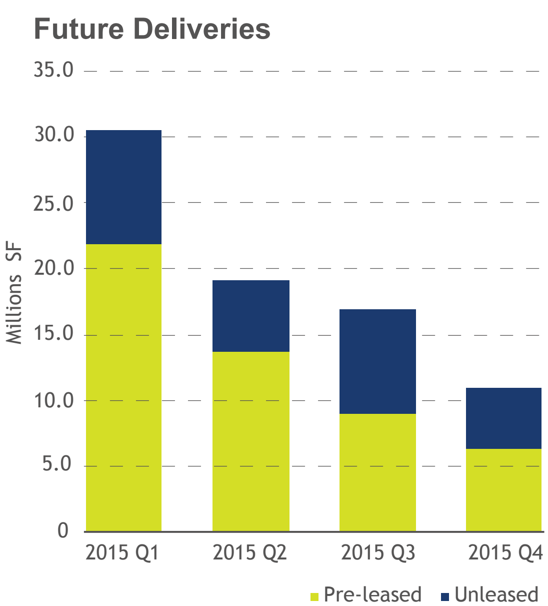
Houston, TX • Denver, CO • Long Island-Queens, NY • Chesapeake Region , MD • Charleston, SC • Edison, NJ • Orlando, FL • Fort Myers, FL • Kansas City, KS • Manhattan, NY • Greenville, SC • Atlanta, GA • Greenwood, IN • Indianapolis, IN • Long Beach, CA • Little Falls, NJ • Boise, ID • Palm Desert, CA • Santa Barbara, CA • Antelope Valley, CA • Dallas, TX • Madison, WI • Oakland, CA • Reno, NV • San Diego, CA • Ventura, CA • San Luis Obispo, CA • Southfield, MI • Santa Maria, CA • Calabasas, CA • St. Louis, MO • Chicago, IL • Victorville, CA • Temecula Valley, CA • Central LA, CA • Sherman Oaks, CA • West LA, CA • Pleasanton, CA • Stockton, CA • Las Vegas, NV • Phoenix, AZ • Carlsbad, CA • Industry, CA • Los Angeles, CA • Riverside, CA • Ontario, CA • Newport Beach, CA • Orange, CA • Irvine, CA

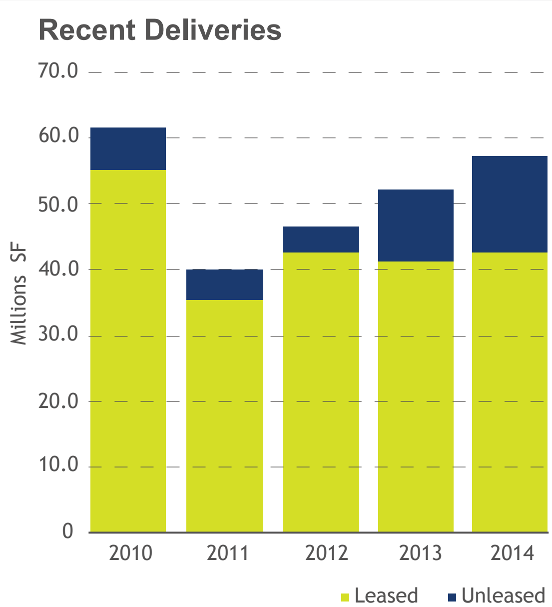
## LANDLORDS GAIN THE UPPER HAND

The US office market continued to tighten up in 2014. Vacancy across the country fell to 10.9% in the fourth quarter of 2014. Vacancy declines were reported across the board, but fell into single digits in some major markets. Expansion plans came off the shelf as uncertainty waned in response to an improving US economy. The energy and business services sectors led the way in office-using job creation, which resulted in more big moves from corporate users. As a result, large space blocks are becoming scarce in markets where employment growth is strongest.

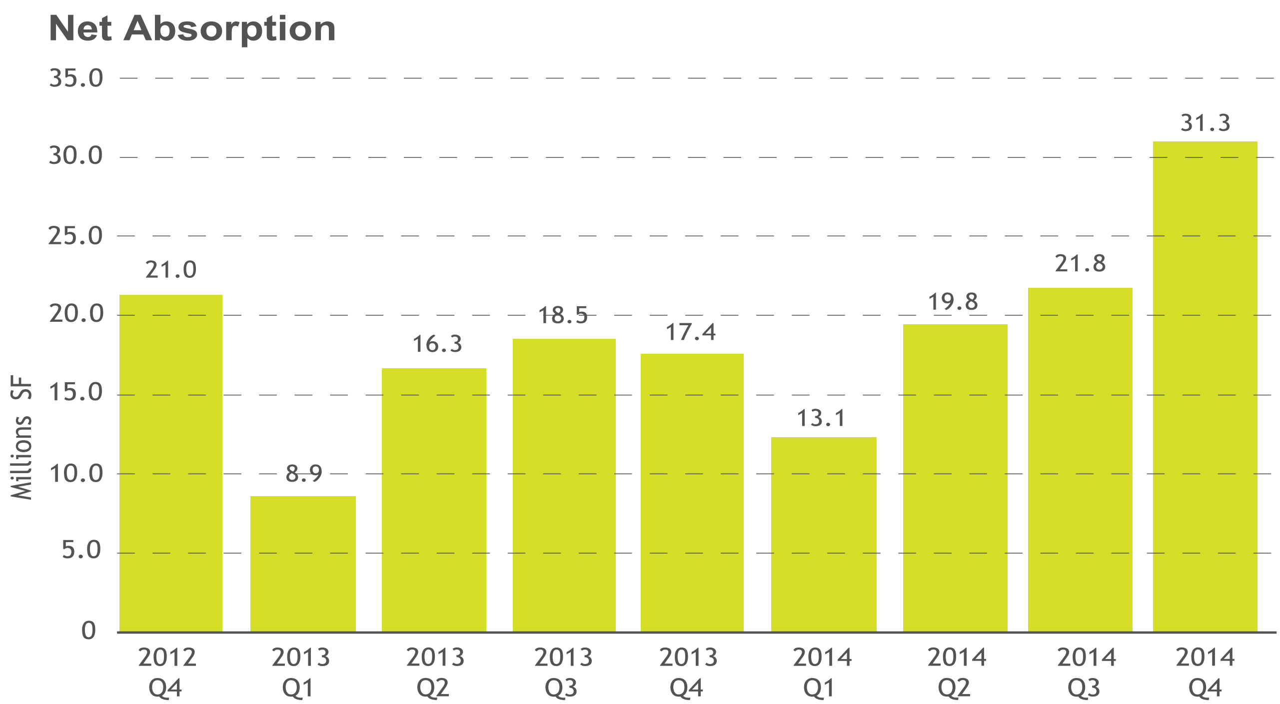



Development activity picked up, both on a speculative and build-to-suit basis, but new deliveries were sporadic, making it more difficult for larger users to relocate. Some businesses have decided to commit early and wait for new construction due to the short supply of quality first generation space. Restarting the development pipeline has been a challenge from coast to coast for a variety of reasons including low land supply, rising construction costs and conservative loan underwriting. Many developers, sensitive to the risk of overbuilding, are waiting for prelease commitments or phasing in delivery of new speculative inventory. Development in densely populated areas is moving toward mixed-use projects with office, retail and multi-family components that fetch higher rents and appeal to the live-work-play lifestyle of a younger workforce.



Net absorption for Q4 reached 37,525,000 square feet, bringing the total for the year to 104,369,000 square feet. Class A space in and around urban cores saw the biggest gains. Many users showed a willingness to pay higher rates to gain efficiencies realized through more open floor plans and new communication technologies. The new look and feel is not only preferred by the millennial workforce, but it has also reduced the amount of space required for each employee. Markets heavy in energy and technology saw the biggest net gains in occupied space for the year.



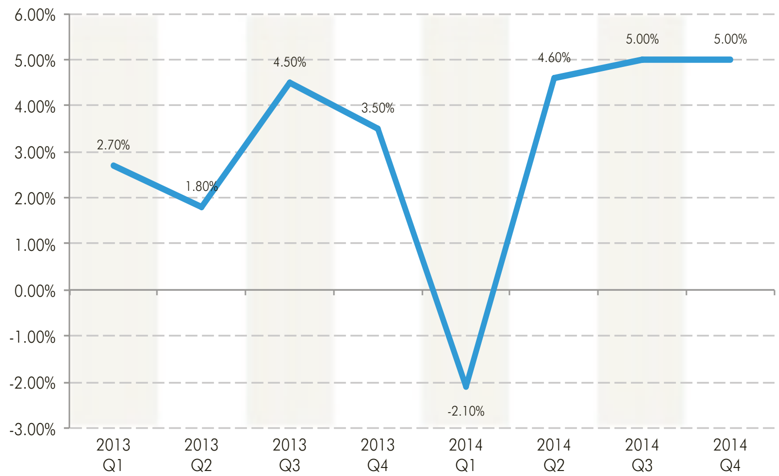

Average asking lease rates for the US moved up 1.1% year-over-year to $22.65 per square-foot. Concerned over further rate hikes, more tenants have opted to sign longer leases. Class A space led the way with an X% rise in rents, but the markets with the most job growth, including San Francisco and New York, moved up even faster. Class B rent growth was mixed. Activity in some suburban submarkets, lacking the amenities of more urban locales, did not keep pace with big move-outs, which resulted in flatter rent growth.

Investor interest in office properties intensified in 2014. Cap rate compression continued as domestic institutions competed aggressively with foreign buyers, flush with cash and anxious to find a safer haven for their capital. However, demand for class A product outstripped supply in virtually every metro area of the country. That has forced investors into suburban areas and increased their willingness to take on more leasing risk. Older projects, proximate to public transportation and retail amenities, attracted more interest from add-value buyers willing to modernize to achieve higher rents.

Driving all this activity was an overall economy that steadily improved over the course of the year. A closer look at key economic drivers brings 2014's office market performance into clearer perspective.

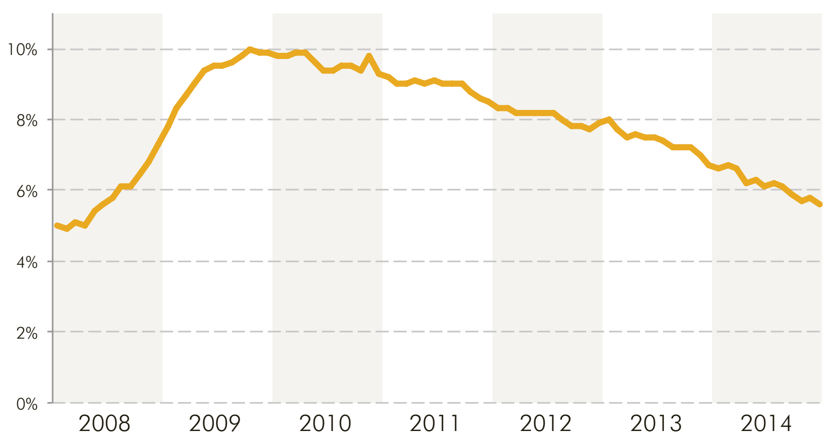
**After several years of anemic GDP growth in the 1.5% to 1.8% range, the nation's total output finally broke into new territory in 2014.** Following a 2.1% decline in the first quarter, attributed mainly to a record-cold winter, the US had quarterly growth spurts of 4.6% in Q2, 5.0% in Q3 and preliminary estimates for Q4 are coming in as high as 5%. This is welcome news for a nation held back by years of uncertainty and caution over the sustainability of an economic recovery that began back in 2010. Optimism that 2014's performance was no fluke, has users and investors feeling more confident in a sustainable recovery.

Quarter-to-Quarter Growth in Real GDP




**Job and wage growth, weaker in this recovery by historical standards, stepped up the pace in 2014.** Monthly net job gains exceeded 200,000 in all but one month last year, peaking at 353,000 in November. This proved helpful for unemployed and underemployed workers who have long been frustrated by the lack of quality full-time jobs on offer. Energy and technology jobs tended to be the highest paying, so gains were greatest in those states benefiting directly from the boom in oil and gas production. Technology hubs like San Francisco, Silicon Valley and Raleigh/Durham also saw a pick-up in year-over-year employment and wage growth for office-using tenants. It should be noted that overall wage growth remained relatively flat throughout the year, which has kept much of the middle class still feeling the pinch of tougher times. Also, there are preliminary signs of a slowdown in energy sector employment growth, as the oil and gas industry adjusts to sharply lower pricing.

Unemployment Rate



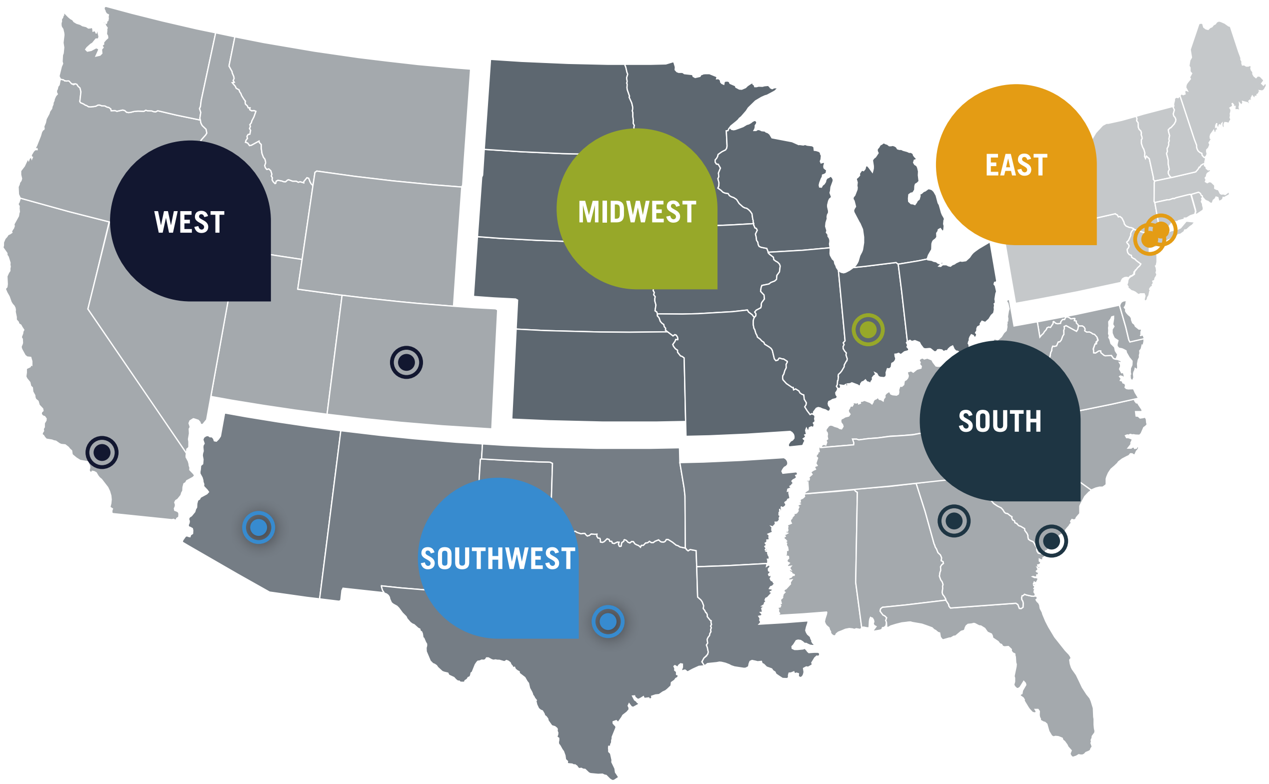

**The unemployment rate moved down significantly in 2014, falling to a post-recession low of 5.6%.** However, many experts now believe that the high number of part-time and lower-paying jobs makes the unemployment rate a less reliable indicator. More attention is now being centered on the Labor Participation Rate to gauge the health of the job market. It measures the number of people eligible to work compared to those who are gainfully employed, and it still hovers at a four decade low of 62.7%.

**The US Federal Reserve Bank's decision to hold the line on interest rates was another key driver and a bit of a surprise to many market experts.** As predicted, the massive bond-buying program known as Quantitative Easing was ended, but the much-anticipated rise in the Discount and Federal Fund rates failed to materialize. Most thought the bump in rates would have come before the year ended, but that estimate has been pushed back to at least the middle of 2015. Nominal US inflation, disappointing wage growth and concerns about the global economy prompted the Fed to maintain its current posture. That kept the equities market moving higher, cap rates going lower and businesses making moves to expand production while the cost of capital remains at historic lows.

**Concerns over global economic conditions grew deeper in 2014.** China's GDP growth fell to 7%, which was not unexpected, but Japan and Europe performed weaker than anticipated. Central banks in both regions increased their involvement to avoid a deflationary cycle that could result in a worldwide recession. Eurozone growth hovers near zero and that has weakened the Euro against the dollar and other currencies. Taking a page out of the Fed playbook, the European Central Bank recently announced a round of quantitative easing to boost GDP amongst its member nations. Challenges facing large Eurozone players like France, Italy and even Germany returned to the headlines in 2014. However, the resulting strength of the US Dollar increases buying power across the Atlantic.

**The fall in energy prices worldwide was the big surprise in 2014.** Oil prices plunged from $107 per barrel in June of 2014 to the low $50 range by year end, and industry experts are predicting further declines before the market stabilizes. OPEC has thus far refused to cut production in response, which many believe is a move to counter the impact of the huge increase in US production due to hydraulic fracturing. Fracking, as the process is commonly known, is more expensive than traditional drilling methods and the price of oil fell under the cost of extraction during 2014. However, the benefits of lower pricing to consumers and heavy users of fossil fuels, figured strongly into 2014's performance overall.

**A LOOK AHEAD.** The US office market will keep moving along its present course in 2015. Domestic GDP and job growth will be robust enough to overcome ongoing concerns over external forces. Low energy prices will give consumers a boost, which should fuel additional office leasing activity and job creation. Energy states like Texas will see slower job growth, but net employment gains in other sectors will minimize that impact. For the moment, the Fed continues to reassure the markets that the cost of capital will remain low in the short term. That will keep vacancy moving lower and net absorption on pace with or ahead of 2014 levels for the next several quarters. Net absorption will moderate in markets with the lowest vacancy, as fewer relocation options force tenants to stay put. Cap rates will remain compressed and development will be limited by the availability and cost of land, especially in the most mature markets. Expect the Affordable Health Care Act to return to center stage in the media and in corporate boardrooms, as new employer mandates kick in and the US Supreme Court rules on a key component of the law that could unravel its financial underpinnings.




To view a key market snapshot either click on a section of the interactive map above or on the cities below.

**ORANGE COUNTY**
**DENVER**

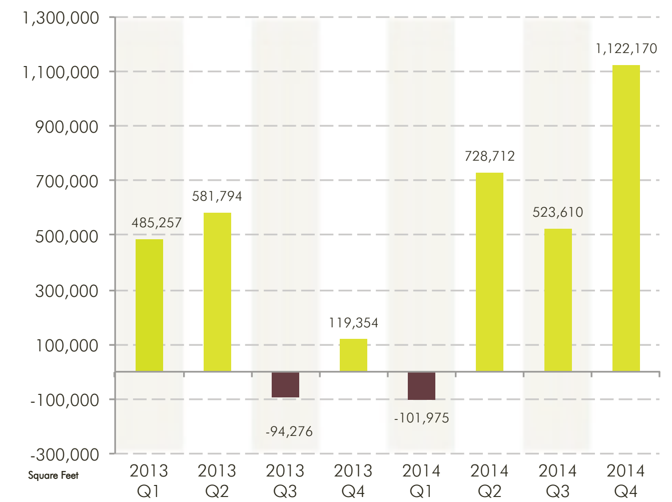
**DALLAS / FORT WORTH**
**PHOENIX**

**INDIANAPOLIS**

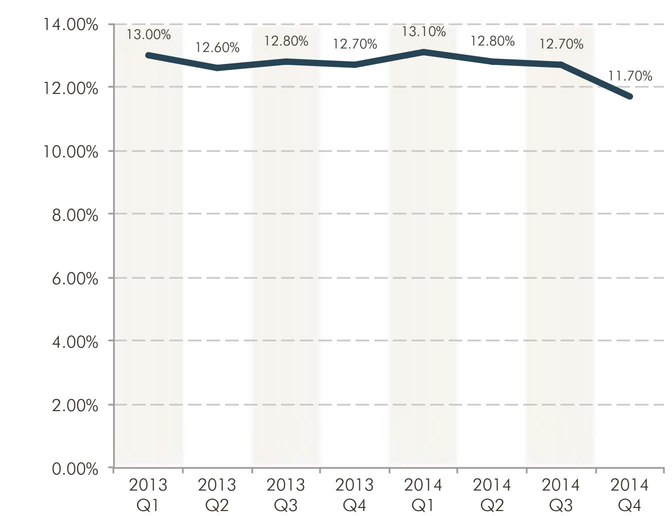
**CHARLESTON**
**ATLANTA**

**NEW YORK**
**NORTHERN NEW JERSEY**

Net Absorption




Vacancy Rate




## ORANGE COUNTY OVERVIEW

Orange County's office market continued to move back toward equilibrium in 2014, but it remains a market with wide variations in market metrics depending on submarket and building class. Overall, just 11.7% of the 110.5 million-square-foot base of office properties (in buildings 30,000 square feet and larger) stood vacant by the end of the year, as compared to 12.7% in December of 2013. In the Greater Airport submarket, where 40% of the county's space is found, only 11.5% remained vacant. However, Irvine Spectrum outperformed all submarkets, finishing 2014 with only 6% of the 10.1 million-square-foot base unoccupied.

Net absorption more than doubled for the year, but varied widely by submarket. The office sector saved the best for last, as Q4 was by far the best quarter of the year, posting a 1,122,000 square-foot gain in occupied space. This more than made up for a sluggish first half of the year and brought the yearly total to over 2.2 million square feet. However, looking at absorption from a submarket perspective reveals a different story altogether. North and Central Orange County, which have a combined inventory base of over 40 million square feet ended, contributed a negative 5,000 square feet to the county's absorption total.

Average asking lease rates moved up $0.15 to a monthly rate of $2.09 per square-foot over the course of the year, a gain of over 7%. Class A rents in the Airport Area hit $2.33 per square-foot, but ranged even higher in the Irvine Spectrum and Newport Center submarkets. The availability of larger blocks of contiguous space in quality projects continues to diminish, and delivery of new inventory remains low. At the end of the year, only 542,000 square feet was under construction and 467,000 of that total was in one Irvine Company building at Spectrum Center.

| 11.7% | $25.08 | 1,122,170 | 110,485,815 | 542,595 |
|---|---|---|---|---|
| VACANCY | AVG. SF RENTAL RATES | NET SF ABSORPTION | OFFICE SF INVENTORY | SF UNDER CONSTRUCTION |

## ORANGE COUNTY OVERVIEW (continued)

### Opportunities

Tenants:

- Rental rates are still well below the previous peak.
- New supplies of creative space are coming on line.

Buyers:

- Rents continue to move up.
- Conversion of second generation space to meet creative space demand.

Landlords:

- Fewer large blocks of space to compete with for renewals and new tenants.
- Low volume of new project deliveries.

Sellers:

- Cap rates significantly compressed.
- Buyers anxious to place idle capital are willing to risk acquire functionally obsolete product.

Developers:

- Shortage of large blocks of space create build-to-suit opportunities to anchor new projects.
- Declining vacancy mitigates the risk of speculative development.

### Challenges

Tenants:

- Prime submarkets are seeing double-digit rent spikes.
- Fewer large blocks of space to choose from.

Buyers:

- Competition is still increasing, even for marginal assets.
- Owner/user properties in extremely short supply.

Landlords:

- Demand for creative space increasing the cost of tenant improvements.
- Title 24 regulations are driving tenant improvement costs up by as much as 10%.

Sellers:

- Tax consequences of cashing out not an option for long-term properties holders.
- Low yield and thin supply of exchange alternatives.

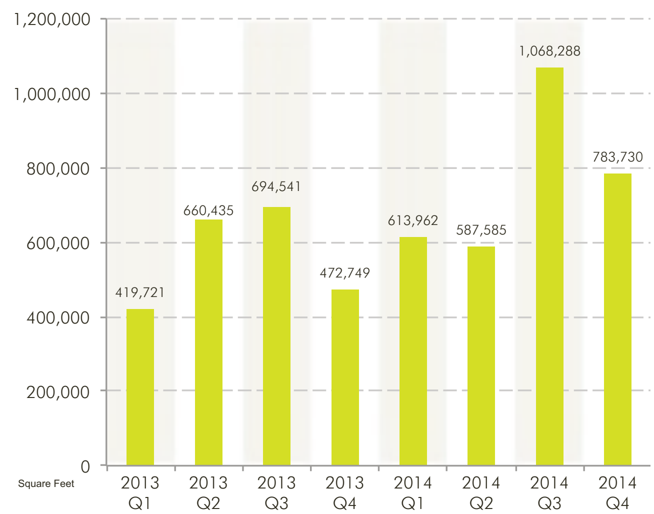
Developers:

- Land is expensive and in short supply.
- Current rent levels don't support development of class A product.

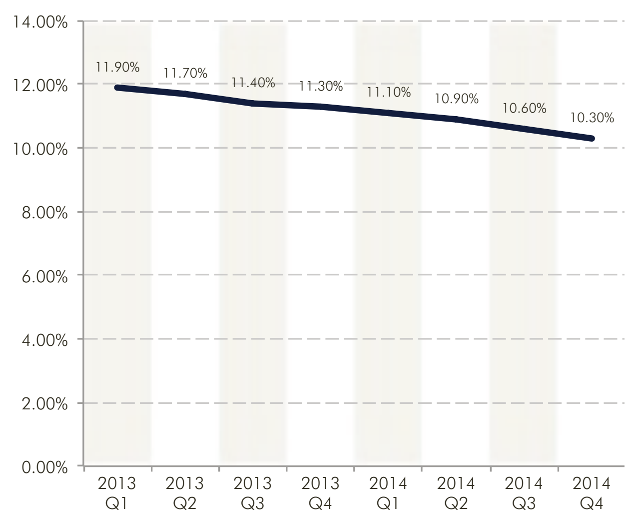
**A LOOK AHEAD.** Orange County's near-term future looks bright. During 2015, the unemployment rate should move down and up to 40,000 new jobs could be created, which will best all but a few of California's 58 counties. That means net absorption will stay in significant positive territory, but lower vacancy levels could slow net growth in occupied space due to dwindling supplies of high quality product. Look for rents to move up by at least 5% in the next year overall, but double-digit gains are likely in the best locations. Creative space, which caters to the expanding base of millennials in the workforce, will become more of a factor in 2015, as add-value developers take on more second generation product for conversion. Look for tech users and the healthcare industry to figure more into the absorption statistics.

## DENVER OVERVIEW

Net Absorption




Vacancy Rate




All major indicators, including vacancy, absorption and rental rates continued to shift in favor of landlords in 2014. Job growth was robust in several office-using employment sectors, especially in professional and business services and energy. In all, the workforce grew by over 3% over the course of the year, double the national rate. The area continues to attract highly educated millennials who enjoy the amenities offered in Denver's urban core and the access to a wide variety of outdoor activities.

Positive net absorption reached 3,053,000 square feet for the year, besting 2013's total by 805,000 square feet. Class B space accounted for two-thirds of the gain, 592,000 square feet of which came in the fourth quarter. Class A had its best result in Q3, with a total of 397,000 square feet. With gains in net occupancy at these levels, the choice of quality space has become a concern of tenants looking for larger blocks of space in quality buildings.

Delivery of new inventory lagged behind demand for the year, which brought the overall vacancy rate down to 10.3%, a full 100 basis point decline year-over-year. Class B vacancy posted an even bigger decline of 170 basis points, while Class A fell just 30 basis points for the year. In all, just under 1.5 million square feet was added to Denver's office inventory during 2014, but another 2.9 million square feet remained under construction at year-end, and the addition of that space is expected to moderate the rate of decline in vacancy.

Average annual rental rates continued to move up throughout the year, posting a combined year-over-year increase of $1.20 to $23.26. Class A rents moved up faster, ending the year at $28.83, up $1.45, compared to an increase of $.94 to $20.26 for class B. Last year also marked the fourth straight year of rent growth for the office sector.

| 10.3% | $23.26 | 783,730 | 189,081,287 | 2,936,711 |
|---|---|---|---|---|
| VACANCY | AVG. SF RENTAL RATES | NET SF ABSORPTION | OFFICE SF INVENTORY | SF UNDER CONSTRUCTION |

## DENVER OVERVIEW
## (continued)

### Opportunities

Tenants:
- Build-to-suit opportunities are available again.
- New projects have a chance for expanding businesses to upgrade the quality of their facilities.

Buyers:
- Add-value suburban office properties with high vacancy.
- Cost of capital remains low.

Landlords:
- Declining vacancy provides leverage on renewals.
- Concessions in decline and rents on the rise.

Sellers:
- Sales prices at all-time highs.
- Demand continues to increase for stabilized and add-value assets.

Developers:
- Rents have increased to levels that support speculative development.
- Increased tenant interest in build-to-suit transactions.

### Challenges

Tenants:
- Supply of quality space is tightening up in prime submarkets like LoDo.
- Much higher rents for prime locations.

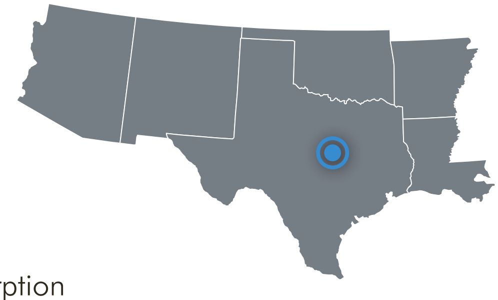
Buyers:
- Cap rate compression for investor buyers.
- Lack of owner/user inventory.

Landlords:
- Shortage of space to accommodate growth of existing tenants.
- Slowdown in the energy sector could negatively impact demand.

Sellers:
- Shortage of inventory for exchanges.

Landlords:
- Energy slowdown could negatively affect absorption of new projects.
- Rise in construction costs.

**A LOOK AHEAD.** The Denver office market should remain healthy in 2015, as multiple business sectors continue to expand. Millennials will continue to drive population growth because of Denver's unique blend of urban amenities and outdoor recreational activities. Net absorption will remain positive and vacancy will continue to decline, but both will moderate due to the increasing rate of new deliveries. Owner/user properties will become even more expensive and more difficult to find, but an action by the Fed to raise interest rates would moderate that demand, as SBA loans are indexed to the yield on 10 year US Treasuries. The big question for 2015 will be: what affect will the drastic drop in oil prices have on leasing activity and net absorption? Layoffs in energy sector, which have already begun, may continue until oil prices return to levels that make exploration and extraction of fossil fuels profitable again.



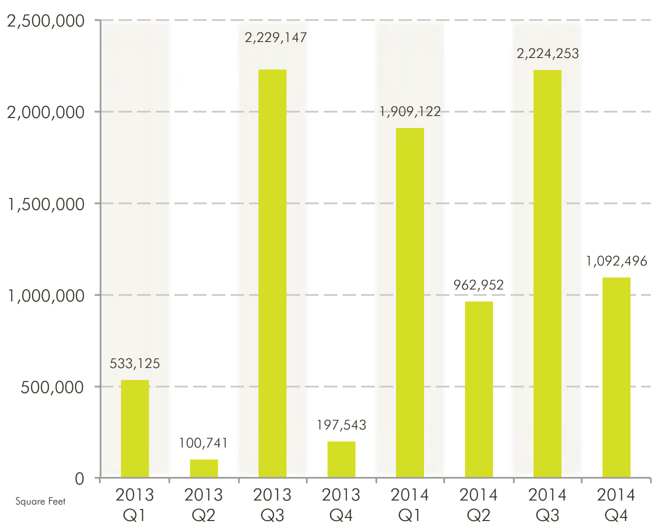
## DALLAS / FORT WORTH OVERVIEW

The Dallas/Fort Worth (DFW) metropolitan area continues to outperform other major markets across the United States. Leading indicators still point to strong economic growth and office-using business expansion. The unemployment rate fell to 4.6% by the end of 2014 and job creation remains robust throughout the region. Major corporations continue to choose the DFW metroplex as their location of choice. They like the strong population growth, diverse labor pool, low-tax environment and the combination of state and local governments offering financial incentives and a business-friendly regulatory structure.

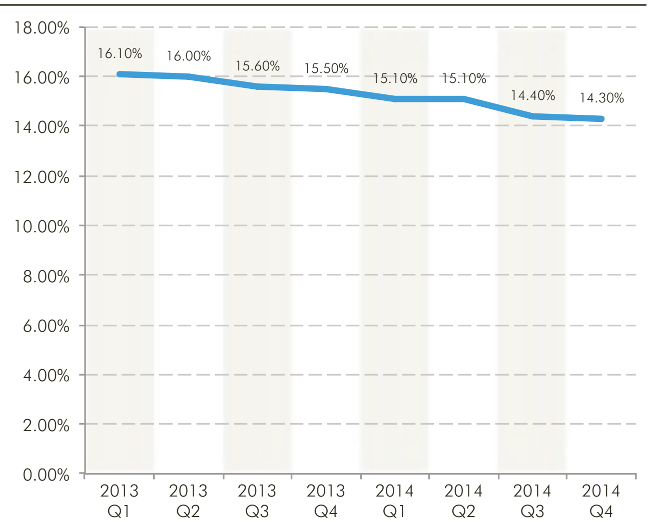
The office market ended 2014 with a vacancy rate of 14.3%, down 120 basis points for the year. Absorption was a positive 1,092,000 square feet in Q4, bringing 2014's net growth in occupied space up to 6,189,000 square feet, doubling 2013's total of 3,060,000. Suburban markets are seeing the bulk of the net absorption, as that is where most of the construction activity is centered. Rents are also moving up, but not enough to dissuade tenants from following through on plans for growth. The average asking lease rate for the quarter settled at $21.62, which represents a year-over-year rise of $1.12. Class A rates are moving up faster, but the rate of growth varies widely by submarket in all building classes.

Market confidence has spurred new development with several significant projects being delivered over the course of the year. In all, just over 3.8 million square feet of new space was delivered in 2014 and another 7.75 million square feet is still under construction. DFW is one of the few markets in the country that has substantial speculative development underway.

### Net Absorption




### Vacancy Rate




| 14.3% | $21.62 | 1,092,496 | 340,889,663 | 7,750,552 |
|---|---|---|---|---|
| VACANCY | AVG. SF RENTAL RATES | NET SF ABSORPTION | OFFICE SF INVENTORY | SF UNDER CONSTRUCTION |

## DALLAS / FORT WORTH OVERVIEW (continued)

### Opportunities

Tenants:
- Willingness to commit to longer term leases will reap long-term occupancy savings.
- Resurgence of development offers choice of quality space for major corporate relocations.

Buyers:
- More product offered for sale than in other major metro markets.
- Prospects are good for continuing rent growth.

Landlords:
- Concessions will decline as tenants compete for space with lower vacancy.
- Tenants will pay more per square-foot for efficient, technologically advanced space.

Sellers:
- Rent growth potential and investor competition is compressing cap rates.
- Add-value buyers allow sellers to exit functionally obsolete assets.

Developers:
- Large, out-of-area users for new space increase absorption potential.
- Recent development activity off SH 121 increases feasibility of more projects in the corridor.

### Challenges

Tenants:
- Increased choice of new inventory offers additional leverage in renewal negotiations.
- Rise in lease rates increases occupancy cost and affects when and where to relocate.

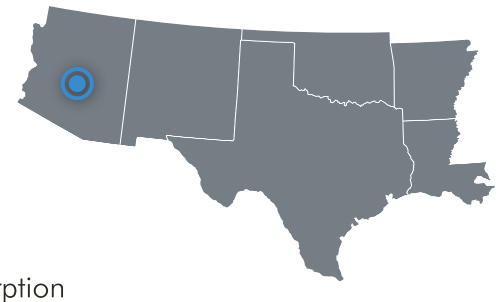
Buyers:
- Shortage of owner/user product for sale.
- Uncertainty over the cost of capital.

Landlords:
- Rising construction costs for tenant improvements.
- Longer lease-up times for older product.

Sellers:
- CMBS defeasance costs will force some sellers to keep unwanted assets.
- Rise in interest rates could cause cap rate decompression.

Developers:
- Land prices and construction costs are on the rise.
- Rise in cost of capital could delay business expansion and reduce net absorption.

**A LOOK AHEAD.** The Dallas/Fort Worth office market will continue to expand in 2015. Development projects, either under construction or planned for 2015, will create a steady supply of new, state-of-art space to attract business expansion both internal and external. With so much speculative product coming on line, the vacancy decline will moderate, as more of the existing base will be vacated, at least for the short term. Average asking lease rates will rise, but at a slower space, as the churning of space will keep landlords competing for the best tenants. Net absorption should remain near current levels. Look for further announcements by major companies on relocation and expansion in the DFW areas for the next several years. Local and state governments will continue to attract more business growth, by touting its business friendly environment, diverse labor base and land for future expansion.



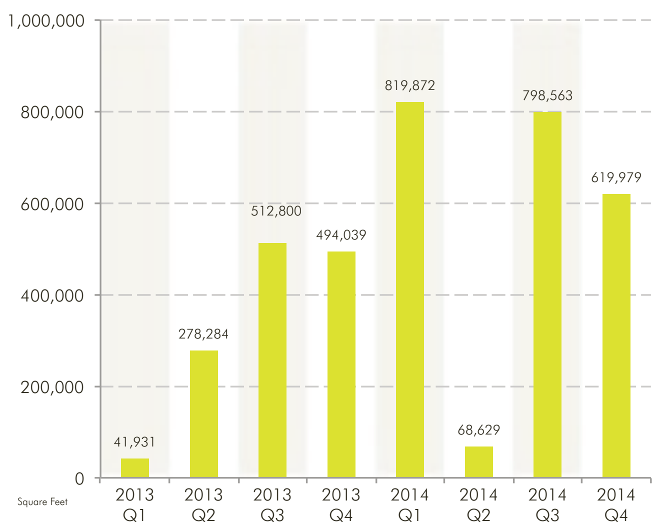
## PHOENIX OVERVIEW

2014 marked another good year for the Phoenix office market. Positive net absorption reached 2,367,000 square feet by year's end with 620,000 of that coming in the fourth quarter. This marks the fifth straight year of net growth in occupied space, and the highest yearly net since 2006. There was good news on the vacancy front, as well. The overall vacancy rate fell 10 basis points in Q4 to 20.6%, well off a high of 27.1% back in 2010. The market still has a vacancy challenge ahead, but things are moving in the right direction. Average asking lease rates moved up to $21.47, with the Downtown market posting the highest rate of $25.24. The Camelback Corridor came in just under that at $24.90.

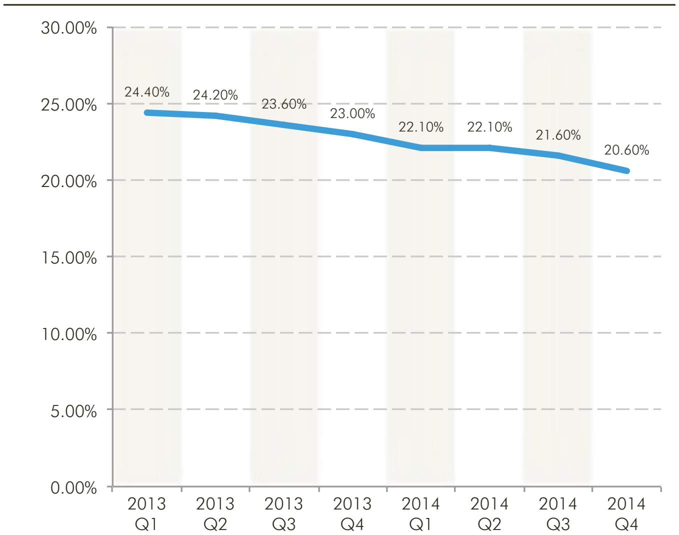
A leading indicator of future market growth is the robust construction activity in the office sector. Ten projects over 100,000 square feet were under construction at the end of Q4, the largest of which was State Farm's Marina Heights first phase of mid-rise towers in Tempe totaling over 1,000,000 square feet. When complete, the project will double in size and become Arizona's largest office development. In all, nearly 3,000,000 square feet of new space was underway at the end of year, with the Tempe and Chandler areas seeing the most activity.

Sales activity was the big news for the fourth quarter. Transaction volume hit $591 million in consideration, the largest portion of that coming from the $110 million acquisition of the top eight floors of the office tower at 333 N. Central Ave by American Realty Capital Properties. In all, the total consideration of the top five office property sales for the quarter topped $324 million. Investors showed interest in Phoenix office properties throughout the year, as the area has not experienced as much cap rate compression as other top ten metro markets.

### Net Absorption




### Vacancy Rate




| 20.6% | $21.47 | 619,979 | 81,054,198 | 2,997,726 |
|---|---|---|---|---|
| VACANCY | AVG. SF RENTAL RATES | NET SF ABSORPTION | OFFICE SF INVENTORY | SF UNDER CONSTRUCTION |

## PHOENIX OVERVIEW
## (continued)

### Opportunities

Tenants:

- Lease rates still well below previous market peak.
- Good choice of existing quality product.

Buyers:

- Pricing is still below replacement cost.
- Higher cap rates than other metro areas.

Landlords:

- Asking lease rates moving up.
- Vacancy declining.

Sellers:

- Stronger interest from institutional buyers.
- Fewer distressed assets to compete with for buyers.

Developers:

- Build-to-suit potential from large users expanding into Phoenix.
- Rent growth should accelerate with vacancy decline.

### Challenges

Tenants:

- Limited choice of quality space in prime areas.
- Rate of rent growth is likely to increase.

Buyers:

- Increasing competition from local and out-of-state investors.
- Expected rise in cost-of-capital will decrease long-term IRR's.

Landlords:

- Operating costs increases are out-pacing rent growth.
- Strict loan underwriting for landlords forced to refinance.

Sellers:

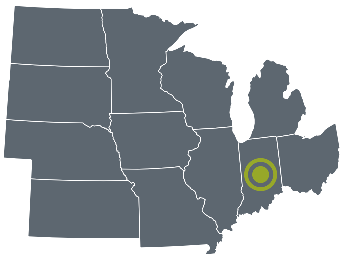
- Distressed assets are still holding valuations down.
- Tax consequences of cash-out dispositions.

Developers:

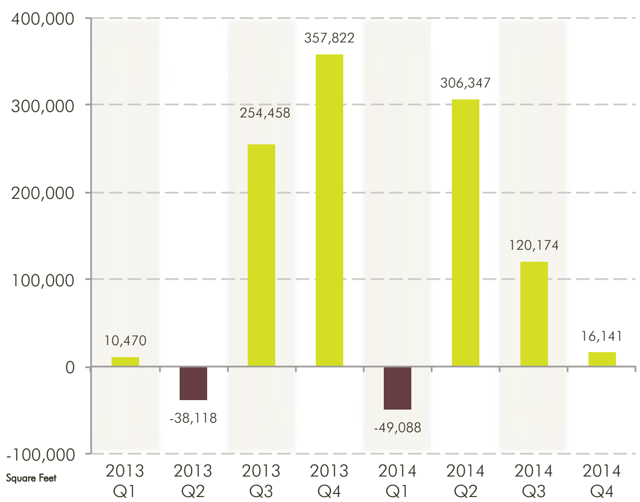
- Vacancy is still too high to risk significant speculative development.
- Rising construction costs.

**A LOOK AHEAD.** Optimism for sustainable growth is on the rise and key market metrics are pointing in the right direction going into 2015. Net absorption for the next year should remain at current levels, which will keep vacancy moving slowly in the right direction. By the middle of 2015, vacancy should break through the 20% barrier. Lease rates will continue to increase in the 3% range for the coming year, with the potential for localized spikes in prime submarkets. Interest in acquiring office properties in Phoenix will accelerate further but investors are likely to be frustrated by supply that falls well short of demand. There is enough in the construction pipeline to keep new deliveries going strong into 2016, especially in the Tempe and Chandler areas.

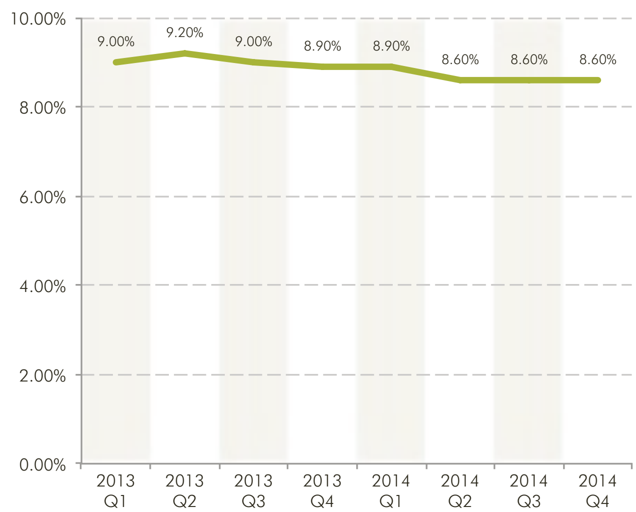
## INDIANAPOLIS OVERVIEW



Net Absorption




Vacancy Rate




The Indianapolis office market is making steady but moderate gains in terms of key market indicators. Rental rates made modest gains for the year, net absorption remained positive and vacancy dipped to a post recession low. Development is underway on both a speculative and build-to-suit basis. However, just 138,000 square feet was added to the to the 99 million-square-foot base inventory. Another 236,000 square feet of space remained under construction by the end of the year, most of which is preleased.

Average asking rental rates overall moved up $.27 to $16.80 in 2014. Class B space led the way with $.61 increase to $16.30. Class A rents rose just $.08 in 2014, ending the year at $19.11. Indianapolis office rents are now back to 2006 levels, but are expected to continue moving up, especially in new projects.

Net absorption for 2014 was positive 393,000 square feet despite a slow Q4 when the net gain was just 16,000 square feet. This is substantial decline from 2013's total net absorption of 584,000 square feet. In 2014, several major users moved within the market, which increased leasing activity without significantly impacting net absorption. Creative space with more open floor plans is becoming the preference of expanding companies looking to attract younger workers looking for the live-work-play lifestyle that has become a nationwide phenomenon of the millennial generations.

Vacancy fell 30 basis points in 2014, finishing the year at a healthy 8.6%, where it has been for the last three quarters. 2014 continued the slow but steady decline in vacancy that began back in 2009 when the rate hit a recession-high 10.9%. Class B vacancy ended 2014 with just 7.3% of the 53 million-square-foot base unoccupied while 11.3% of the 25 million square feet of class A space remained vacant. Indianapolis vacancy runs well below the national average of 11%.

| 8.6% | $16.80 | 16,141 | 99,141,870 | 235,847 |
|---|---|---|---|---|
| VACANCY | AVG. SF RENTAL RATES | NET SF ABSORPTION | OFFICE SF INVENTORY | SF UNDER CONSTRUCTION |

## INDIANAPOLIS OVERVIEW (continued)

### Opportunities

Tenants:

- Less expensive to operate a business in Indiana than in Ohio, Michigan and Illinois.
- Lower cost-of-living for employees.

Buyers:

- Conversion of class B buildings with higher vacancy to creative space.
- Favorable financing terms due to competition amongst lenders.

Landlords:

- Operating costs more predictable due to new tax standards and lower utility costs.
- Tenant preference for open floor plans has decreased tenant improvement costs.

Sellers:

- Rapid appreciation of owner/user properties.
- New construction is lagging behind immediate demand.

Developers:

- Mixed-use development that includes office, retail and multi-family.
- Growing demand from larger users for creative space options.

### Challenges

Tenants:

- Concessions on renewals are declining.
- Expectation of higher rental rates.

Buyers:

- Interest from national investors is increasing competition for assets.
- Very few distressed assets remaining.

Landlords:

- Functional obsolescence in class B and C properties.
- Parking issues in CBD.

Sellers:

- Shortage of local properties suitable for exchange.
- Cost of environmental remediation.

Developers:

- Higher land and construction cost.
- More interest from users to own their own facilities.

**A LOOK AHEAD.** Indianapolis has a history of stability and steady progress and 2015 will be no exception. Job growth is expected to continue to outpace the national average, with the business and professional services, healthcare and legal sectors leading the way in 2015. The preference for creative space will become a stronger trend in 2015 and development will be moving toward more mixed-use projects that blend office with retail and multifamily elements. Net absorption will stay in positive territory, but lower vacancy will reduce the choice of quality spaces for expanding tenants. New deliveries will continue to offer fresh alternatives going forward, but the pace of new construction will likely stay near current levels, as developers are keen to secure strong preleasing activity before getting underway.

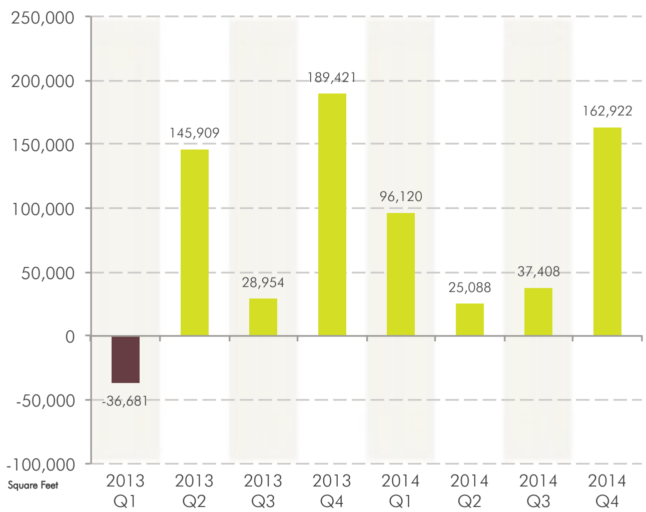
## CHARLESTON OVERVIEW

The Charleston office market tightened up significantly in 2014. Of the 26.35 million-square-foot inventory of office buildings, just 7.3% of that total, or 1.9 million square feet, was unoccupied at the end of 2014. That represents a 60 basis point drop year-over-year, and gives Charleston one of the lowest vacancy rates of any metro area in the nation. All building classes reported declines in vacancy for the year and the overall rate has fallen from a high of 16% back in 2010. Perhaps even more significant was the increase in average asking rental rates in 2014. Overall, rates were up 12.6% for the year with class A rates climbing even faster, in part due to tight supply in prime locations.

Net absorption hit a positive 163,000 square feet in Q4, which brought the total net gain in occupied space for 2014 to 321,000 square feet. Big moves contributing to 2014 absorption included the College of Charleston's 50,000-square-foot lease on Paramount Drive and Boeing's 40,000-square-foot lease 4340 Corporate Road. Year-over-year net absorption fell by 40,000 square feet, but that was not unexpected in a market with such low vacancy and limited speculative development.

New deliveries for the year totaled approximately 177,000 square feet, the largest of which was 100,000 square feet that was 44% leased by year end. Another 380,000 square feet was under construction as 2014 came to end, but 270,000 square feet of that total was 100% preleased, which offers little relief to the dwindling supply of quality space available to tenants looking to relocate. Most of the new construction is downtown, which presents an even greater challenge to businesses looking to grow in suburban submarkets.

Net Absorption




Vacancy Rate


| 7.3% | $19.70 | 162,922 | 26,352,279 | 380,854 |
|---|---|---|---|---|
| VACANCY | AVG. SF RENTAL RATES | NET SF ABSORPTION | OFFICE SF INVENTORY | SF UNDER CONSTRUCTION |

## CHARLESTON OVERVIEW (continued)

### Opportunities

Tenants:
- Choice of environment between the historic area, central business district and suburban areas.
- Locking in occupancy cost before further spike in rents.

Buyers:
- Cap rates not as compressed as other major markets.
- Rent growth should remain strong due to low vacancy and positive net absorption.

Landlords:
- Better negotiating position on renewals due to low vacancy.
- Lack of competition from new speculative product.

Sellers:
- Cap rates compressing.
- Low interest rates for leveraged buyers.

Developers:
- Strong demand increases prelease activity.
- Limited competition from other new projects.

### Challenges

Tenants:
- Existing inventory of quality product is getting picked over.
- Rents rising fast in prime submarkets.

Buyers:
- Low supply.
- Post-acquisition rise in interest rates could decompress cap rates.

Landlords:
- Competing with new speculative space
- Temporary vacancy spike for owners who lose large tenants to new projects.

Sellers:
- Limited choice and low cap rates for exchange properties.
- Conservative underwriting for new loans.

Developers:
- Higher land and construction cost.
- Limited activity in larger space blocks increases initial lease up time.

**A LOOK AHEAD.** Charleston's office market will keep moving in the same direction in 2015. Vacancy, already at very low levels, will move into the 6% range, but that could limit gains net absorption and leasing activity, as tenants looking to relocate will be faced with fewer options. Lease renewals will increase as a result, and some tenants will have to find ways to increase efficiency and accommodate growth without moving. Larger tenants, who must move to meet their growth needs, will have to plan further ahead, as developers, unsure about how much speculative space can be safely added to existing inventory, will wait for prelease commitments before breaking ground. That said, the current pipeline of planned projects calls for at least 500,000 square feet of new construction in 2015.

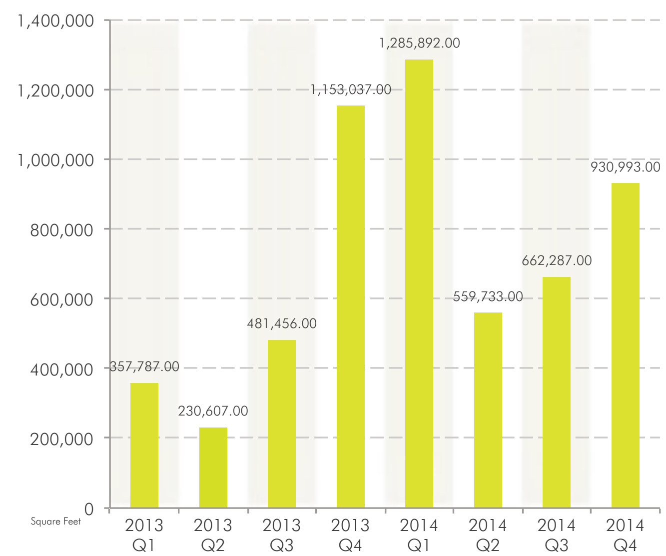
## ATLANTA OVERVIEW

Atlanta's office market made significant improvements again this year. Net absorption remained positive, with primary markets like Buckhead, Midtown and Central Perimeter leading the way. By the end of Q4, just 16.9% of the existing office space sat vacant, down from 18.2% at the end of 2013. Class A space fared even better, posting a year-end rate of just 13.8%. Like its retail and industrial counterparts, the office sector is benefiting from an economic recovery that has been steadily gaining strength. Atlanta's hub location makes it a great alternative for large corporate users whose growth depends on the area's population density, quality of life and highly qualified workforce. In 2014, companies like Cox Communications, Porsche, NCR, and Genuine Parts all chose Atlanta to build new buildings while State Farm and Mercedes Benz also decided to make major commitments to the area.

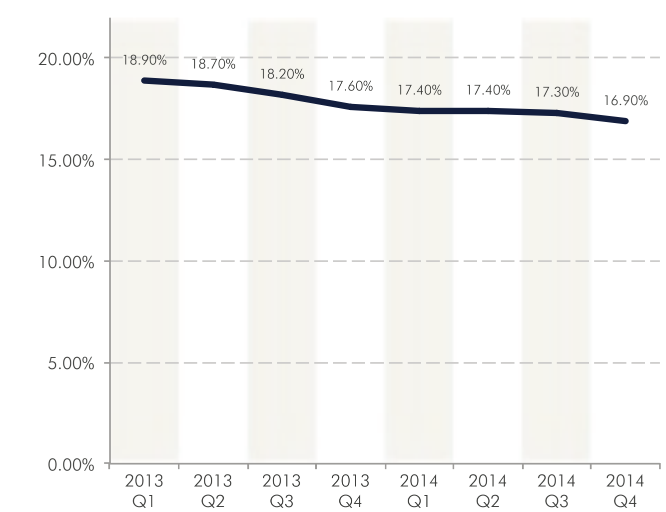
Office rents rose by 4.2% in 2014, with average asking lease rates for class A space topping out at $23.72 per square-foot by the end Q4. Class B rent growth lagged behind, but that had value-add buyers anxious to acquire and reposition those assets to make this move. At present, a shortage of existing blocks of space in excess of 50,000 square feet is limiting choice for bigger tenants looking to relocate.

That was good news for the development community. Both build-to-suit and speculative projects were back in play in 2014, and by the end of the year, 1,170,000 square feet of new office space had been delivered and another 1,900,000 square feet was still under construction, almost all of which was Class A.

Net Absorption




Vacancy Rate




*CLASS A OFFICE SPACE

| 16.9% | $20.37 | 930,993 | 211,515,803 | 1,928,189 |
|---|---|---|---|---|
| VACANCY | AVG. SF RENTAL RATES | NET SF ABSORPTION | OFFICE SF INVENTORY | SF UNDER CONSTRUCTION |

## ATLANTA OVERVIEW
## (continued)

### Opportunities

Tenants:

- Good supply of space for tenants requiring less than 50,000 square feet.
- Businesses able to make immediate moves will pay less.

Buyers:

- An adequate supply of add-value properties, especially suburban class B properties
- Loan underwriting becoming more favorable due to improving market conditions.

Landlords:

- Owners of Class A product seeing strong rent growth.
- Limited availability of large blocks of space favors landlords on lease renewals.

Sellers:

- Cap rate compression has pushed values of quality class A assets to record highs.
- Value-add buyers have created a market for older class B suburban assets.

Developers:

- Quality sites still available.
- Strong interest from larger users looking to increase efficiency through new technologies.

### Challenges

Tenants:

- Limited supply of existing spaces over 50,000 square feet.
- Landlords are reducing concessions and raising rents.

Buyers:

- Shortage of stabilized, quality assets offered for sale.
- Increased investment risk for those acquiring older properties with functional obsolescence.

Landlords:

- Competition for tenants in class B buildings is limiting rent growth.
- Owners of buildings with functional obsolescence face higher retrofit cost.

Sellers:

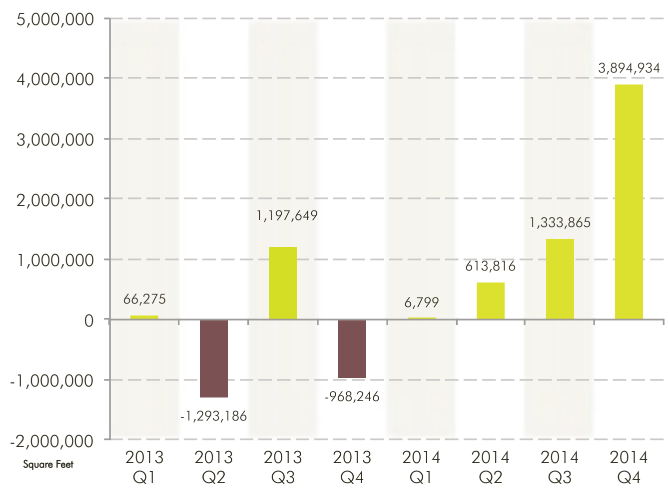
- Price penalty for properties lacking in amenities preferred by millennials exchange.
- Lack of product suitable for exchange.

Developers:

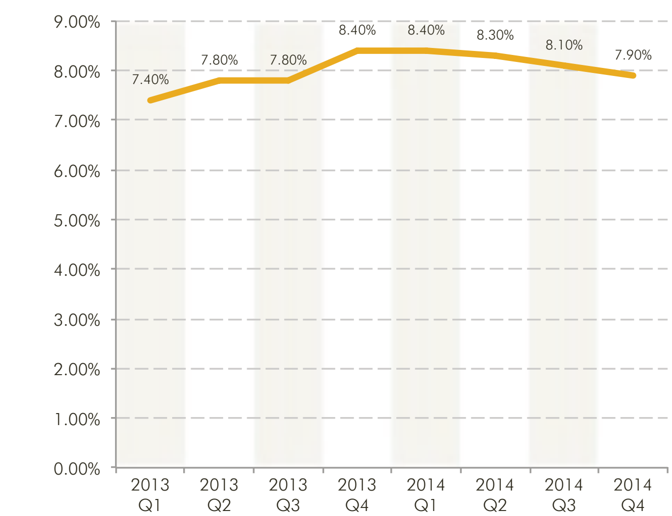
- Cost of building materials increasing due to the construction of stadiums for the Falcons and Braves.
- Many tenants are leveraging new technologies to downsize to more efficient space.

**A LOOK AHEAD.** The Atlanta office property market will continue its current expansion phase in 2015. Net absorption should move higher and more tenants will make long-term leasing decisions driven by a desire to consolidate through the use of more efficient floor plans and new technologies. Class A will continue to lead the growth in rents, but class B property owners, willing to make necessary upgrades, will also achieve higher rates. Overall, average asking lease rates are likely to rise another 5% in 2015. Vacancy will continue to fall, but the pace of decline will be moderated by new projects coming on line. Sales volume should hit record levels in the coming year, as interest in stabilized and value-add properties increases. Pricing for the highest quality assets in prime locations should exceed $400 per square-foot by the end of the year. The completion of new homes for both the Atlanta Braves and Falcons will also give the economy another boost.

Net Absorption




Vacancy Rate




## NEW YORK OVERVIEW

The Manhattan office market made significant gains in 2014. The average asking rental rate for direct lease space rose to $55.91 per square-foot by the end of Q4, up $3.43 year-over-year. Rent growth has been strongest in the Midtown South and Downtown markets, which continue to attract the most active business sectors. Technology, advertising media and information sector (TAMI) companies are leading the way in job creation and the need for new space that allows tenants to increase efficiency by leveraging new technologies. Professional and business services, financial services, and education and health services were also major contributors. In all, the number of jobs grew by 2.3% for the year

Leasing activity for the quarter hit 8.63 million square feet, bringing the annual total to 44.2 million square feet. The availability rate declined 22 basis points to 10% in Q4. However, the year's final quarter was significantly affected by the addition of the 3.1 million-square-foot One World Trade Center building to Downtown's inventory. Square-footage under construction for the quarter hit 6,104.000 square feet, with major projects in the Hudson Yards and Meatpacking areas as major contributors to that total. For the year just over 3,118,000 square feet of new product was delivered, and another 18 million square feet is planned for delivery in Manhattan by 2018.

Strong demand from domestic institutions combined with a massive influx of foreign capital has created a significant shortage of properties offered for sale. Cap rates have compressed to all-time lows, but aggressive buyers are still competing for everything from the highest quality class A properties to functionally obsolete add-value opportunities in secondary submarkets. There is simply too much money chasing too few opportunities, which has been nothing but good news for willing sellers.

| 7.9% | $55.91 | 3,894,934 | 558,599,443 | 6,103620 |
| --- | --- | --- | --- | --- |
| VACANCY | AVG. SF RENTAL RATES | NET SF ABSORPTION | OFFICE SF INVENTORY | SF UNDER CONSTRUCTION |

## NEW YORK OVERVIEW (continued)

### Opportunities

Tenants:

- Users can lower occupancy cost with longer lease terms.
- First generation space allows for greater efficiency through open plans and technological infrastructure.

Buyers:

- Mixed-use projects offer higher potential returns.
- Former “high rent” areas like Park Avenue and Avenue of the Americas offer good value.

Landlords:

- Competition for quality space allows landlords to demand stronger credit.
- Creative space users will pay higher rates to locate in submarkets popular with millennials.

Sellers:

- Low cost of capital allows sellers to refinance with cash out rather than sell.
- Strong demand offers new exit strategy for owners of functionally obsolete properties.

Developers:

- Shortage of technologically advanced space within existing inventory.
- Completion of the subway line to the far west side expands development opportunity.

### Challenges

Tenants:

- Limited availability of high-end space with good light, air and views.
- Rent spike is forcing some tenants out of their preferred locations.

Buyers:

- Aggressive foreign cash buyers reduce opportunities for leveraged transactions.
- Supply/demand imbalance.

Landlords:

- Owners in Midtown will have to get more aggressive to secure tenants considering Midtown-South and Downtown.
- Owners of functionally obsolete properties must make significant new investment to remain competitive.

Sellers:

- High retrofit costs substantially discount pricing for older assets in less desirable submarkets.
- High tax rates for sellers cashing out.

Developers:

- Very high land cost.
- Protracted and restrictive entitlement process.

**A LOOK AHEAD.** Leasing activity should remain relatively strong for the next 12 months. Average asking rents will continue to move up, but net absorption will moderate as many tenants will look to offset higher rental rates by reducing their footprint through open floor plans and new workplace technology. Older, obsolete space left vacant will require substantial new investment or sit vacant for longer periods. Construction will continue, with Mixed-use projects that include retail and residential components faring best, as these projects appeal to the lifestyle preferences of a younger workforce. Domestic investors will continue to face stiff competition from foreign investors motivated to place their capital in what they believe to be a safe and stable market relative to other parts of the world.

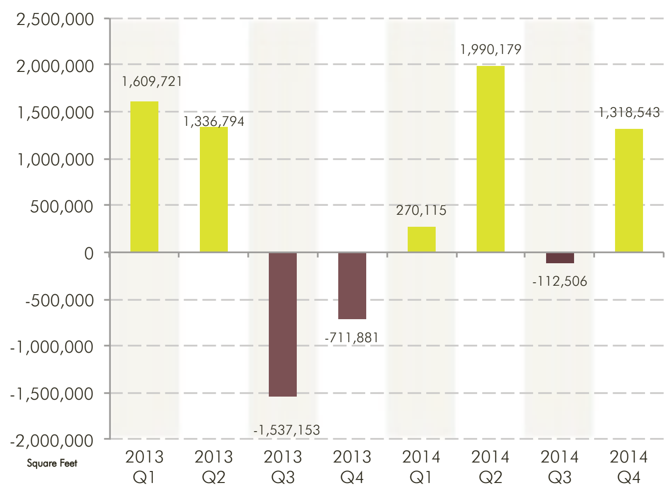
## NORTHERN NEW JERSEY OVERVIEW

Though the Grow New Jersey incentive program to attract big employers is gaining momentum, it's new jobs that drive net absorption and 2014 did not see enough of them to tackle Northern New Jersey's high vacancy rate, which ended the year at 14%, down 70 basis points year-over-year. Absorption was positive in Q4, posting a 1,318,000 square-foot net gain in occupied space. For the year, class A space led the way in net absorption, but the shift in interest to higher quality buildings has hit the class B market hard. Class B net absorption for 2014 was a positive 662,000 square feet as compared to a positive 2,396,000 square feet for class A.

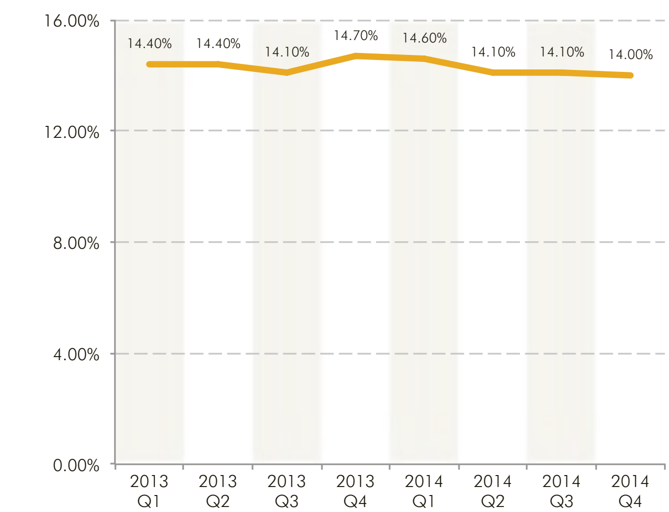
Changes in workplace preferences are largely to blame for the shift. The workforce is getting younger and has different ideas about what makes a good work environment. They prefer the live-work-play lifestyle offered in more urban areas, and that has employers looking to expand into space proximate to retail amenities with access to public transportation. These younger workers are less interested in home ownership and not as likely to own cars as their baby boomer counterparts. They are more interested in convenience and ready access to entertainment, dining and shopping areas. Thus, projects located in more urbanized areas fare best.

At year's end, average asking rental rate stood at $23.84 across the board. In Q4, class A came in at $27.33 compared to $21.74 for class B. Speculative development is still on hold until stronger net absorption accelerates the decline in vacancy. Until then, development will be confined to build-to-suit deals, the largest of which in 2014 was the 750,000-square-foot Prudential transaction.

### Net Absorption




### Vacancy Rate




| 14.0% | $23.84 | 1,318,543 | 359,062,777 | 1,125,795 |
| --- | --- | --- | --- | --- |
| VACANCY | AVG. SF RENTAL RATES | NET SF ABSORPTION | OFFICE SF INVENTORY | SF UNDER CONSTRUCTION |

## NORTHERN NEW JERSEY OVERVIEW (continued)

### Opportunities

Tenants:

- High vacancy is limiting rental rate growth.
- Landlords are willing to accept shorter lease terms.

Buyers:

- Properties can still be acquired below replacement cost.
- Low cost of capital for leveraged buyers.

Landlords:

- Higher rents for class A projects close to public transportation and retail amenities.
- Concessions on the decline for class A space.

Sellers:

- Adaptive re-use potential to multifamily or medical use.
- Cap rates remain at historic lows.

Developers:

- Build-to-suit potential for sites near urban centers.
- Demand for medical increasing near hospitals.

### Challenges

Tenants:

- Lack of quality Class A space in desirable CBD markets.

Buyers:

- Competition between local, foreign and institutional investors.
- High vacancy and weak job growth is limiting rent growth.

Landlords:

- Users taking less square-footage per employee.
- Labor intensive businesses are being lured by incentives from other states.

Sellers:

- Rising interest rates could impact pricing.
- Suburban properties that cannot be re-purposed.

Developers:

- Protracted entitlement process.
- Limited rent growth.

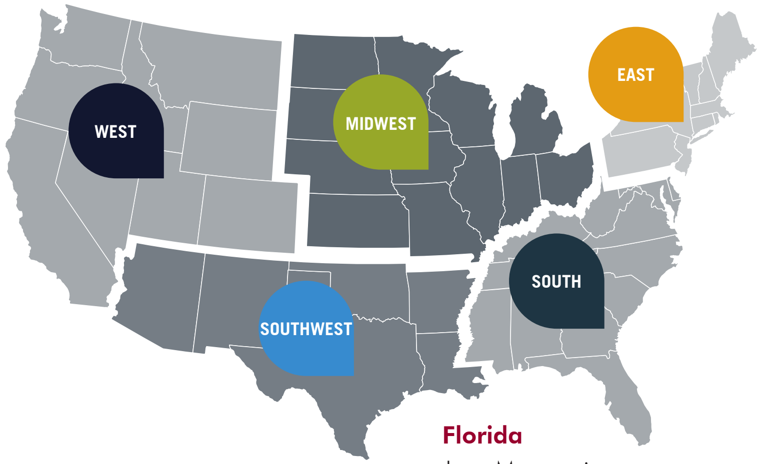
**A LOOK AHEAD.** Expect a modest increase in net absorption as larger tenants become more active. Average asking rental rates for class A could move up by as much as 10%, while class B rents in projects with nearby amenities could see a 5% rise in rates. The flight to quality will continue, especially for those businesses who need to recruit and retain younger workers to remain competitive in their industries. Cap rates will level off for higher quality product and development will be limited to build-to-suit deals as rent growth and leasing activity will not justify speculative projects for the next several quarters.

## Significant Transactions

| LOCATION | CONSIDERATION | RATE / SF | BUYER / TENANT | SELLER / LANDLORD |
|---|---|---|---|---|
| **ORANGE COUNTY** | | | | |
| 2030 MAIN ST<br>IRVINE, CA | $114,000,000<br>SALE OF 346,684 SF | $328.83 | THE PRAEDIUM GROUP, LLC | STATE TEACHERS RETIREMENT SYSTEM OF OHIO |
| 274 VALENCIA AVE<br>BREA, CA | $110,000,000<br>SALE OF 637,500 SF | $172.55 | GREENLAW PARTNERS | LEXINGTON REALTY TRUST |
| 200 E CENTER ST<br>ANAHEIM, CA | LEASE OF 191,647 SF | NOT AVAILABLE | ST. JOSEPH HERITAGE MEDICAL GROUP | PRES COMPANIES |
| **DENVER** | | | | |
| 370 17TH ST<br>DENVER, CO | $240,000,000<br>SALE OF 664,185 SF | $361.35 | METLIFE, INC. | BROOKFIELD OFFICE PROPERTIES, INC. |
| 1515 ARAPAHOE ST<br>DENVER, CO | $212,850,000<br>SALE OF 381.22 SF | $381.22 | INVESCO, LTD. | WALTON STREET CAPITAL, LLC |
| 1300 W 120TH AVE<br>WESTMINSTER, CO | $92,000,000<br>SALE OF 482,282 SF | $190.76 | GRIFFIN CAPITAL ESSENTIAL ASSET REIT, INC. | AVAYA INC. |
| **DALLAS** | | | | |
| ONE ARTS PLAZA<br>DALLAS, TX | LEASE OF 157,658 SF | NOT AVAILABLE | CROSSTEX ENERGY, INC. | BILLINGSLEY COMPANY |
| CHASE TOWER<br>DALLAS, TX | LEASE OF 127,670 SF | | LOCKE LORD LLP | HINES |
| 777 MAIN<br>FORT WORTH, TX | $167,000,000<br>SALE OF 954,895 SF | $174.89 | BROOKDALE GROUP | COUSINS PROPERTIES, INC. |
| **PHOENIX** | | | | |
| FREEPORT-MCMORAN TOWER<br>PHOENIX, AZ | $110,000,000<br>SALE OF 249,012 SF | $441.75 | AMERICAN REALITY CAPITAL PROPERTIES, INC. | NATIONAL REAL ESTATE ADVISORS |
| ANCHOR CENTRE<br>PHOENIZ, AZ | $85,100,000<br>SALE OF 33,284 SF | $255.34 | KBS REIT III | ANGELO, GORDON & CO. |
| 20022 N 31ST AVE<br>PHOENIX, AZ | $51,000,000<br>SALE OF 337,439 SF | $151.14 | GRIFFIN CAPITAL ESSENTIAL ASSET REIT, INC. | KANAM GROUP, LLC |
| **INDIANAPOLIS** | | | | |
| MARKET TOWER<br>10 W. MARKET<br>INDIANAPOLIS, IN | $52,700,000<br>SALE OF 517,000 SF | $101.93 | ZELLER REALTY | MARION COUNTY SHERIFF |
| 8909 PURDUE RD<br>INDIANAPOLIS, IN | $17,000,000<br>RENEWAL OF 91,418 SF | $185.96 | REPUBLIC AIRWAYS | GRIFFIN CAPITAL ESSENTIAL ASSET REIT, INC. |
| HERITAGE PARK III<br>INDIANAPOLIS, IN | $10,500,000<br>SALE OF 86,495 SF | $255.34 | GLADSTONE COMMERCIAL CORPORATION | FIRST HIGHLAND MGMT & DEVELOPMENT CORP |

| LOCATION | CONSIDERATION | RATE / SF | BUYER / TENANT | SELLER / LANDLORD |
|---|---|---|---|---|
| **CHARLESTON** | | | | |
| 385 MEETING ST CHARLESTON, SC | $15,610,000 SALE OF 80,903 SF | $192.95 | JUPITER HOLDINGS, LLC | CITY OF CHARLESTON DEPUTY CORPORATION |
| 1056 KING ST CHARLESTON, SC | $1,225,000 SALE OF 31,711 SF | $38.63 | NORTH CENTRAL APARTMENTS, LP | 585 KING, LLC |
| 2508 ASHLEY RIVER RD CHARLESTON, SC | $1,100,000 SALE OF 20,117 SF | $54.68 | ORANGE GROVE ELEMENTARY CHARTER | PIERPONT BAPTIST CHURCH |
| **ATLANTA** | | | | |
| NORTHPARK TOWN CENTER ATLANTA, GA | $348,000,000 SALE OF 1,527,720 SF | $227.79 | COUSINS PROPERTIES, INC. | AEW CAPITAL MANAGEMENT |
| AT&T CAMPUS ATLANTA, GA | $290,000,000 SALE OF 1,091,351 SF | $265.73 | FIG LLC | COLUMBIA PROPERTY TRUST |
| THE TERRACES ATLANTA, GA | $190,000,000 SALE OF 1,053,891 SF | $180.28 | METLIFE, INC. | ROYAL BANK OF SCOTLAND GROUP, LLC |
| **NEW YORK** | | | | |
| 7 W 34TH ST PENN PLAZA, NY, NY | LEASE OF 422,682 SF | NOT AVAILABLE | AMAZON | REP: VORNADO REALTY TRUST |
| FIVE TIMES SQUARE NY, NY | $1,550,000,000 SALE OF 1,101,779 SF | $1,406.82 | DAVID WERNER REAL ESTATE | AVR REALTY |
| TIME WARNER CENTER NY, NY | $1,310,000,000 SALE OF 1,076,562 SF | $1,216.84 | THE RELATED COMPANIES | TIME WARNER INC. |
| **NORTHERN NEW JERSEY** | | | | |
| 90 HUDSON ST JERSEY CITY, NJ | $52,000,000 LEASE OF 159,141 SF | $326.75 | CHARLES KOMAR & SONS, INC. | CHARLES STREET PROPERTIES |
| NEWPORT OFFICE CENTER 5 JERSEY CITY, NJ | $315,000,000 SALE OF 807,091 SF | $390.29 | JPMORGAN CHASE & CO. | LEFRAK ORGANIZATION |
| 55 CORPORATE DRIVE BRIDGEWATER, NJ | $252,400,000 SALE OF 736,572 SF | $342.67 | AMERICAN REALTY CAPITAL TRUST V, INC. | INLAND AMERICAN REAL ESTATE TRUST, INC. |

# Nationwide Lee Offices




**Arizona**
Fred Darche
602.956.7777
**Phoenix, AZ 85018**

**California**
Clarice Clarke
805.898.4362
**Santa Barbara, CA 93101**
**(Central Coast)**

Brian Ward
760.346.2521
**Palm Desert, CA 92260**
**(Greater Palm Springs)**

John Hall
949.727.1200
**Irvine, CA 92618**

Mike Tingus
818.223.4380
**LA North/Ventura, CA**

Craig Phillips
323.720.8484
**Commerce, CA 90040**
**(LA Central)**

Joe Chavez
213.623.1305
**Los Angeles, CA 90071**
**(LA ISG)**

Greg Gill
562.354.2500
**Los Angeles - Long Beach, CA**

Aleks Trifunovic
310.899.2700
**Santa Monica, CA 90404**
**(LA West)**

Steve Jehorek
949.724.1000
**Newport Beach, CA 92660**

Craig Phillips
562.699.7500
**City Of Industry, CA 91746**

Craig Hagglund
510.903.7611
**Oakland, CA 94607**

Don Kazanjian
909.989.7771
**Ontario, CA 91764**

**California** (continued)

Bob Sattler
714.564.7166
**Orange, CA 92865**

Mike Furay
925.737.4140
**Pleasanton, CA 94588**

Dave Illsley
951.276.3626
**Riverside, CA 92507**

Dave Howard
760.929.9700
**Carlsbad, CA 92008**
**(San Diego North)**

Steve Malley
858.642.2354
**San Diego, CA 92121**
**(San Diego UTC)**

Tom Davis
209.983.1111
**Stockton, CA 95206**

Dave Illsley
951.276.3626
**Murrieta, CA 92562**
**(Temecula Valley)**

Don Brown
760.241.5211
**Victorville, CA 92392**

**Denver**
John Bitzer
303.296.8770
**Denver, CO 80202**

**Florida**
Jerry Messonnier
239.210.7610
**Ft. Myers, FL 33966**
**(Naples)**

Tom McFadden
321.281.8501
**Orlando, FL 32839**

**Georgia**
Dick Bryant
404.442.2810
**Atlanta, GA 30326**

**Houston**
Chris Lewis
713.439.5323
**Houston, TX 77027**

**Idaho**
Matt Mahoney
208.343.2300
**Boise, ID 83703**

**Illinois**
Brian Tader
773.355.3050
**Rosemont, IL 60018**
**(Chicago)**

**Indiana**
Scot Courtney
317.218.1038
**Indianapolis, IN 46240**

**Kansas**
Nathan Anderson
913.890.2000
**Overland Park, KS 66211**
**(Kansas City)**

**Maryland**
J. Allan Riorda
443.741.4040
**Columbia, MD 21046**

**Michigan**
Jon Savoy
248.351.3500
**Southfield, MI 48034**

**Missouri**
Thomas Homco
314.400.4003
**St. Louis, MO 63114**

**Nevada**
Charles Witters
702.739.6222
**Las Vegas, NV 89119**

Lyle Chamberlain
775.851.5300
**Reno, NV 89501**

**New Jersey**
Rick Marchiso
973.475.7055
**Elmwood Park, NJ 07407**

**New York**
Jim Wacht
212.776.1202
**New York, NY 10022**

**Ohio**
Brad Coven
216.282.0101
**Beachwood, OH 44122**
**(Cleveland)**

**South Carolina**
Bob Nuttall
843.747.1200
**Charleston, SC 29492**

Randall Bentley
864.704.1040
**Greenville, SC 29601**

**Texas**
Trey Fricke
972.934.4000
**Addison, TX 75001**
**(Dallas/Fort Worth)**

**Wisconsin**
Todd Waller
608.327.4000
**Madison, WI 53713**

***Please contact individual managers for information in specific markets**

# The Lee Office Brief

lee-associates.com

Q4

2014

The information and details contained herein have been obtained from third-party sources believed to be reliable; however, Lee & Associates has not independently verified its accuracy.

Lee & Associates makes no representations, guarantees, or express or implied warranties of any kind regarding the accuracy or completeness of the information and details provided herein, including but not limited to the implied warranty of suitability and fitness for a particular purpose. Interested parties should perform their own due diligence regarding the accuracy of the information.

The information provided herein, including any sale or lease terms, is being provided subject to errors, omissions, changes of price or conditions, prior sale or lease, and withdrawal without notice.

Third-party data sources: CoStar Group, Inc., The Economist, U.S. Bureau of Economic Analysis, U.S. Bureau of Labor Statistics, GlobeSt.com, CoStar Property and Lee Propriety Data. 

Lee & Associates®

COMMERCIAL REAL ESTATE SERVICES