



Paul Leone, Senior Vice President

REAL ESTATE OVERVIEW



RICHARDS BARRY JOYCE & PARTNERS, LLC

Today's Real Estate Perceptions

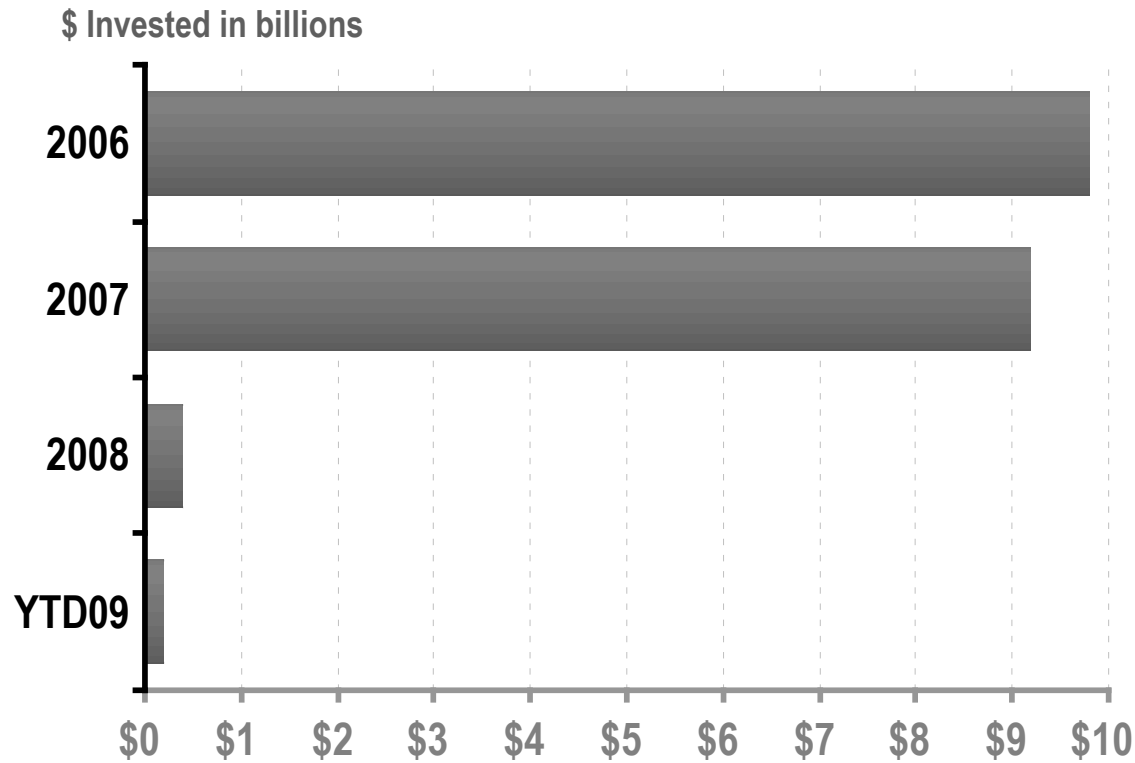


**Macklowe
Properties**



Today's headlines drive public sentiment

Real Estate Investment has Plummeted



Greater Boston real estate investment, annual \$ invested in office assets

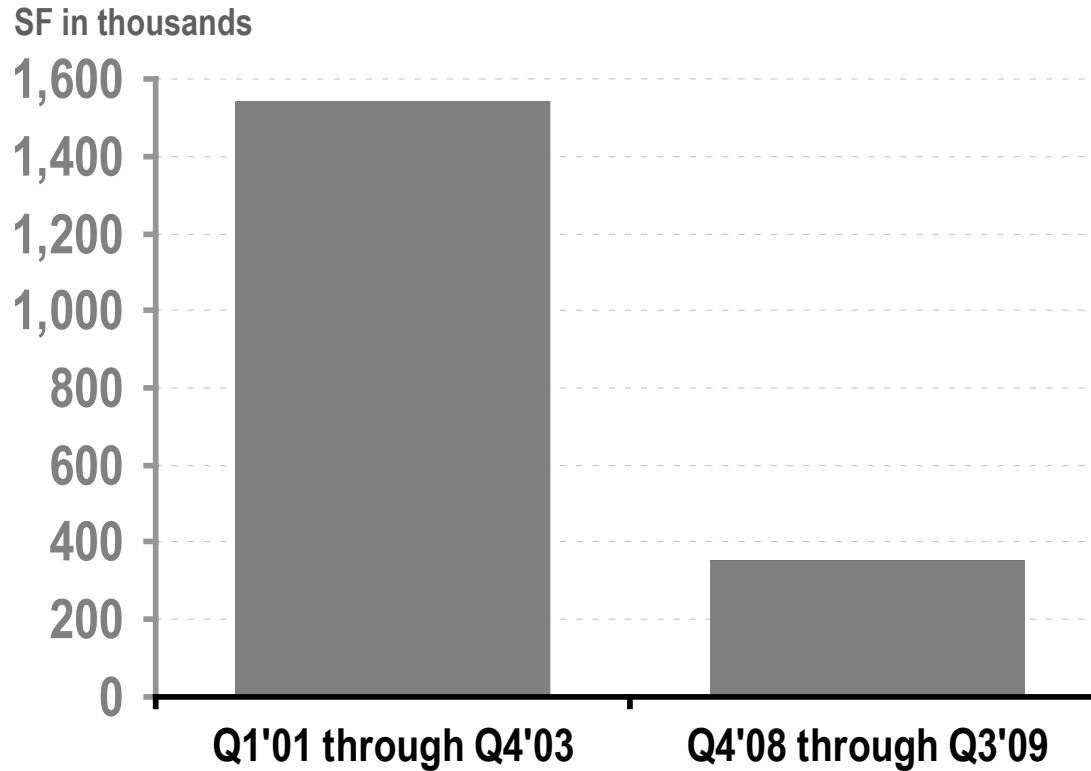
Market Slowdown in Context



Magnitude of today's situation compared to Tech Bust of '01 – '03

Today vs Tech Bust

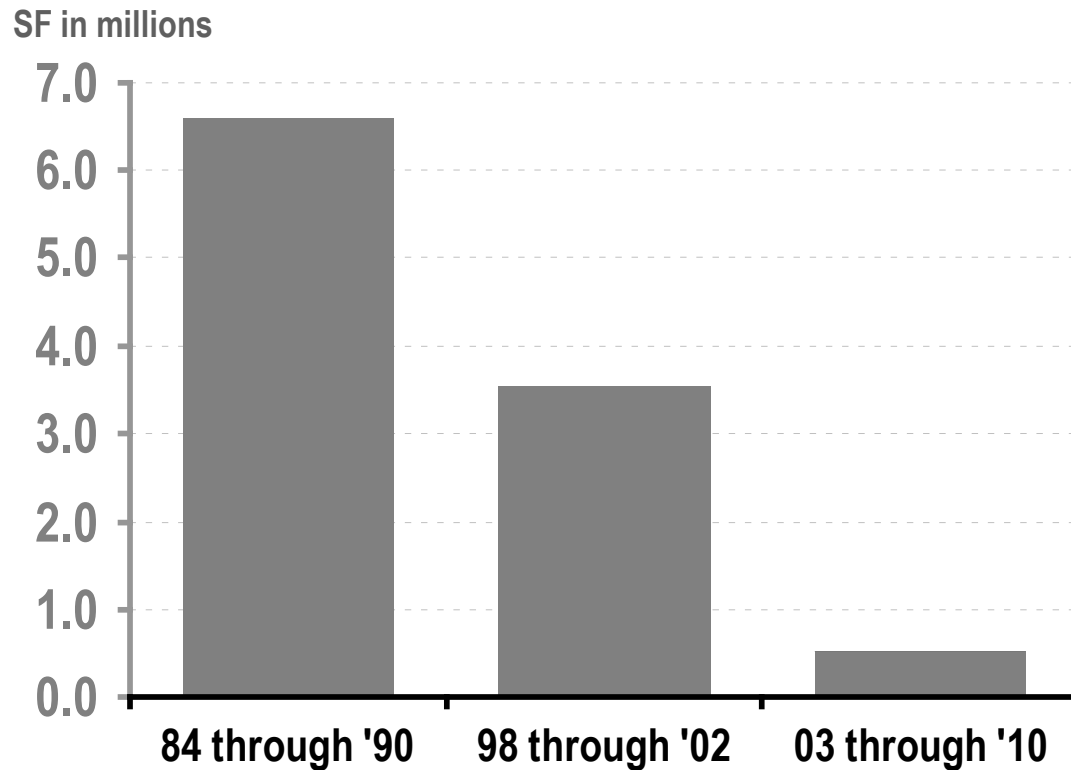
Absorption



SF negative absorption, or SF vacated, time period indicated, 495/MetroWest

Today vs Tech Bust:

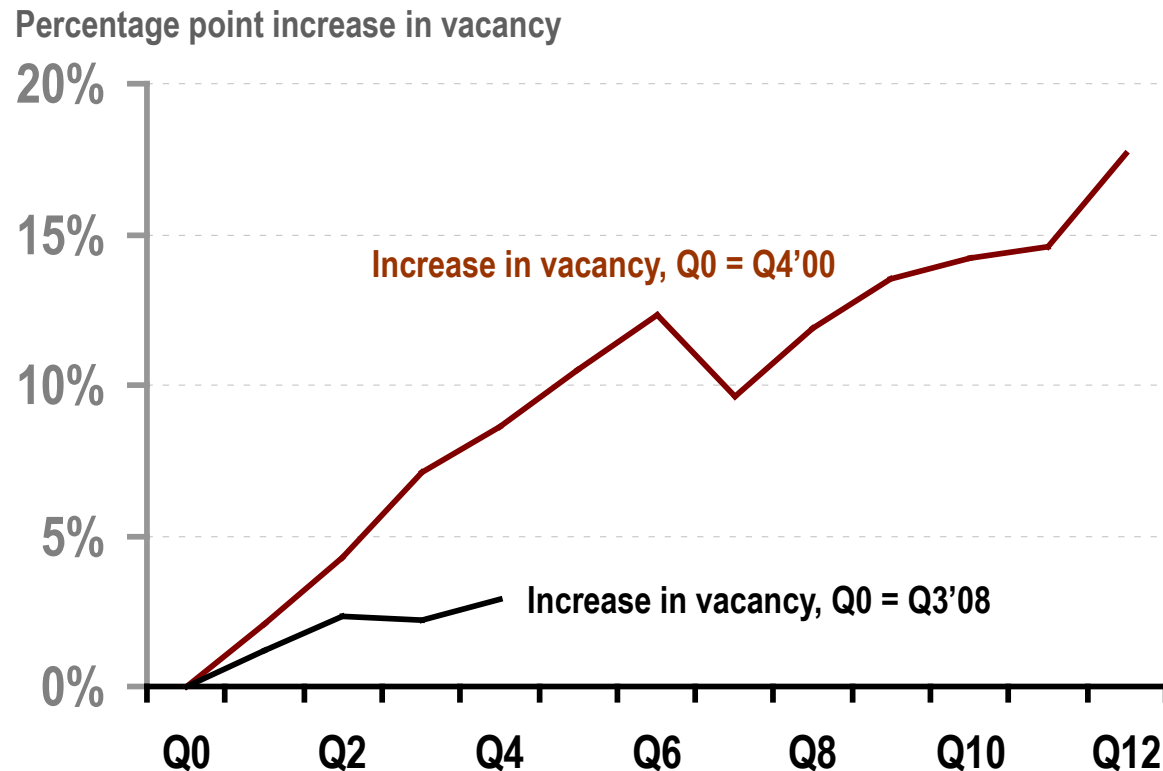
Construction



SF office constructed in 495/MetroWest, time period indicated

Today vs Tech Bust:

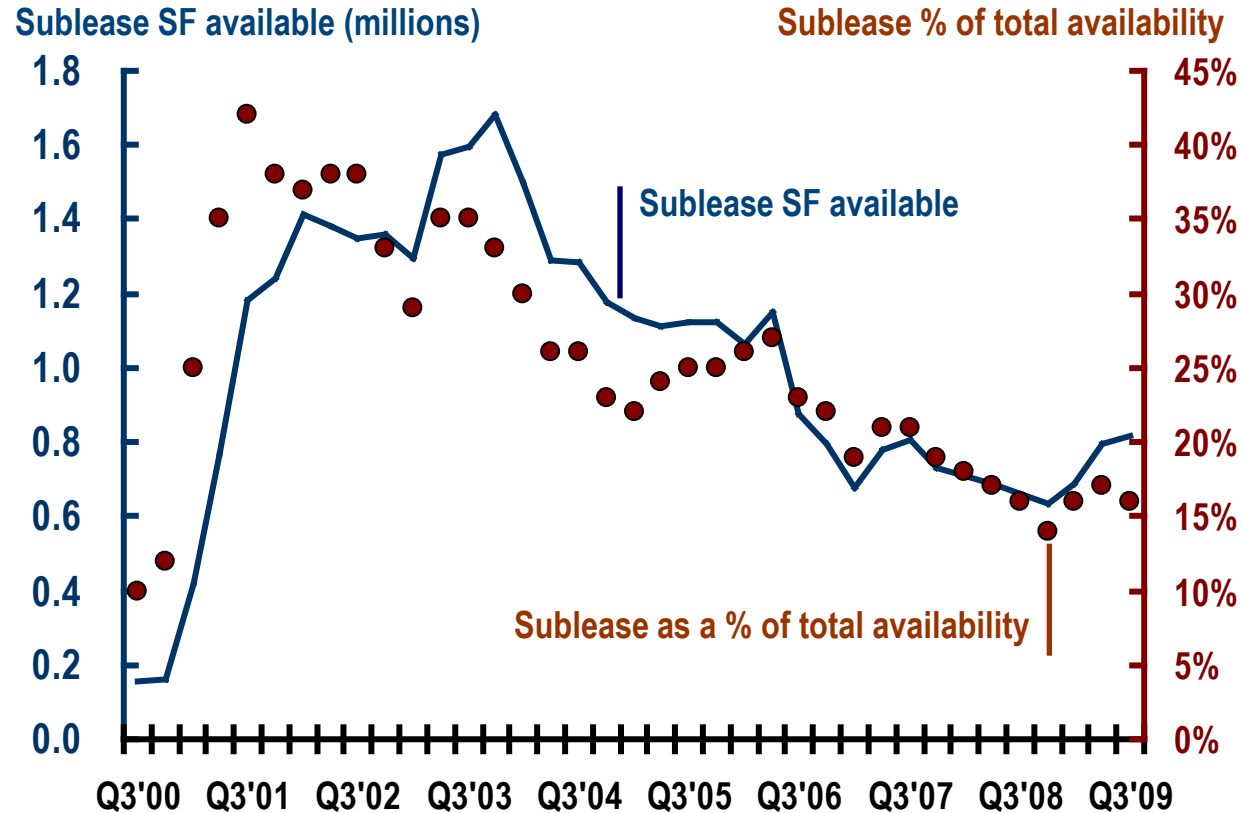
Rate of Vacancy Increase



Percentage point increase in vacancy from vacancy low to peak, Q4'00 through Q4'03 and Q3'08 to present, along 495/MetroWest

Today vs Tech Bust:

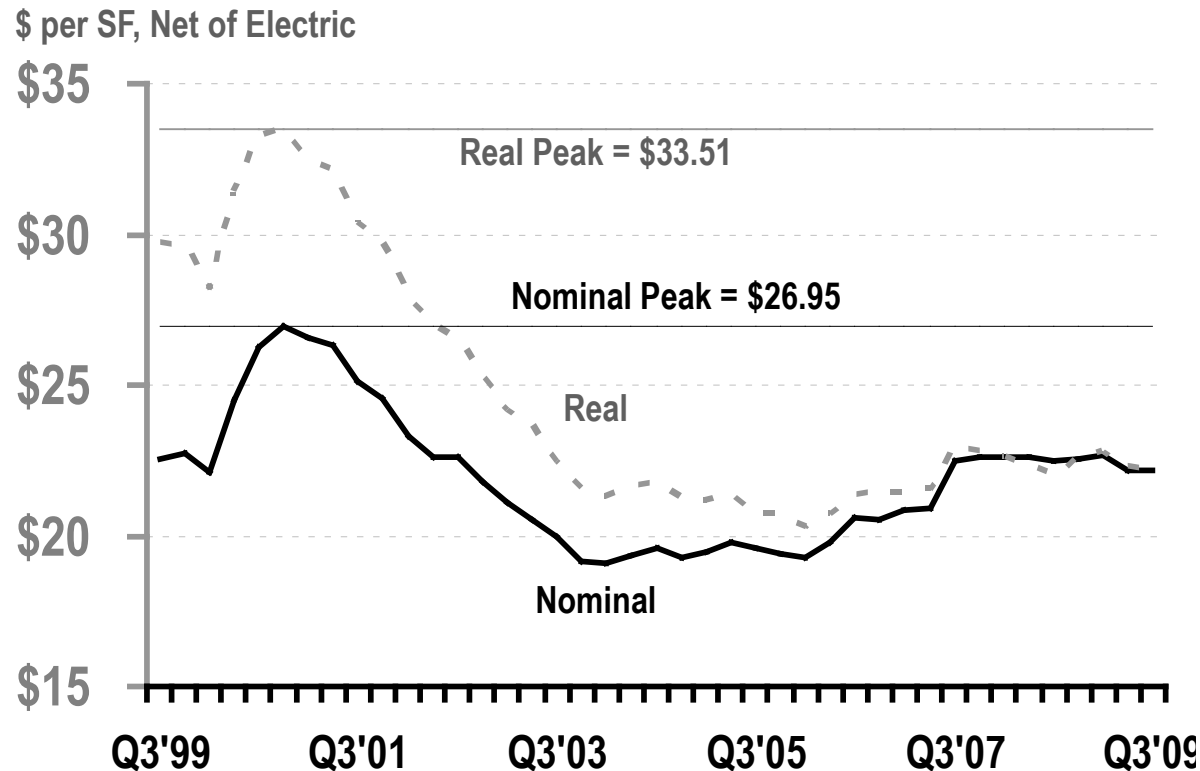
Sublease Availability



SF sublease space available and % sublease of total availability in 495/MetroWest, last nine years

Today vs Tech Bust:

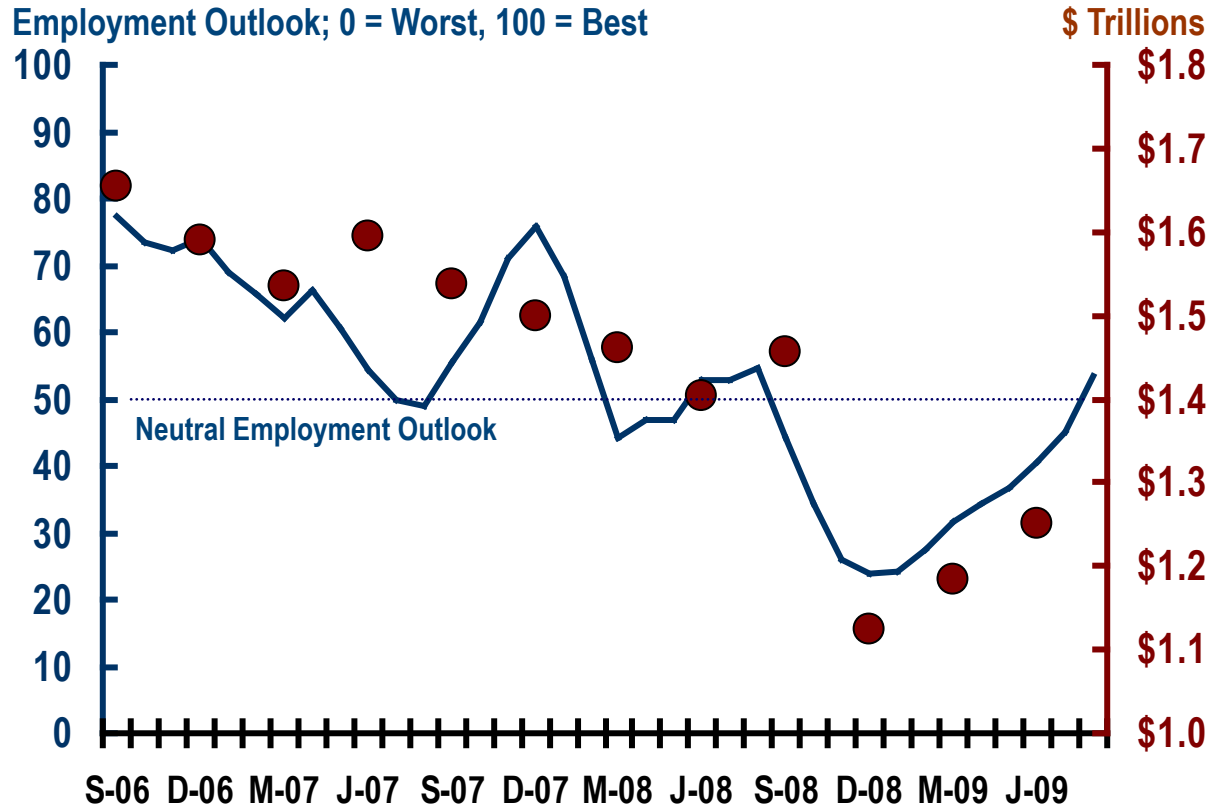
Class A Lease Rates



Class A asking lease rates, Nominal (stated at time) vs Real (adjusted for inflation), last ten years

Economy Today

Corporate Profits & Boston Area Employment Outlook



US Corporate Profits (US Bureau of Economic Analysis) and three quarter average Boston area managers' employment outlook (Institute for Supply Management)

Real Estate Lags

Timing and Lag of Real Estate vs Indicators, Post-Tech Bust

Indicator	Timing	Qtr Lag
GDP Growth (Bureau of Economic Analysis)	Q4'01	9
Business Confidence (Institute for Supply Management)	Q4'01	9
US Personal Income (Bureau of Economic Analysis)	Q4'02	5
Stock Market (DJIA, S&P 500, NASDAQ)	Q4'02	5
Mass. Mass Layoffs (Bureau of Labor Statistics)	Q3'01	4
US Corporate Profits (Bureau of Economic Analysis)	Q2'03	3
Boston Employment Outlook (Bureau of Labor Statistics)	Q2'03	3
Gross Domestic Invest. (Bureau of Economic Analysis)	Q3'03	2
Average Lag in Quarters		5

Timing of “trough” of select indicators and quarters by which Q1'2004 start of absorption recovery lagged

Large Tenants Scaling Back

Tenants Looking to Optimize Space Allocation Next Several Years



Large 495/MetroWest tenants with currently active space optimization agendas

Tenants with Requirements

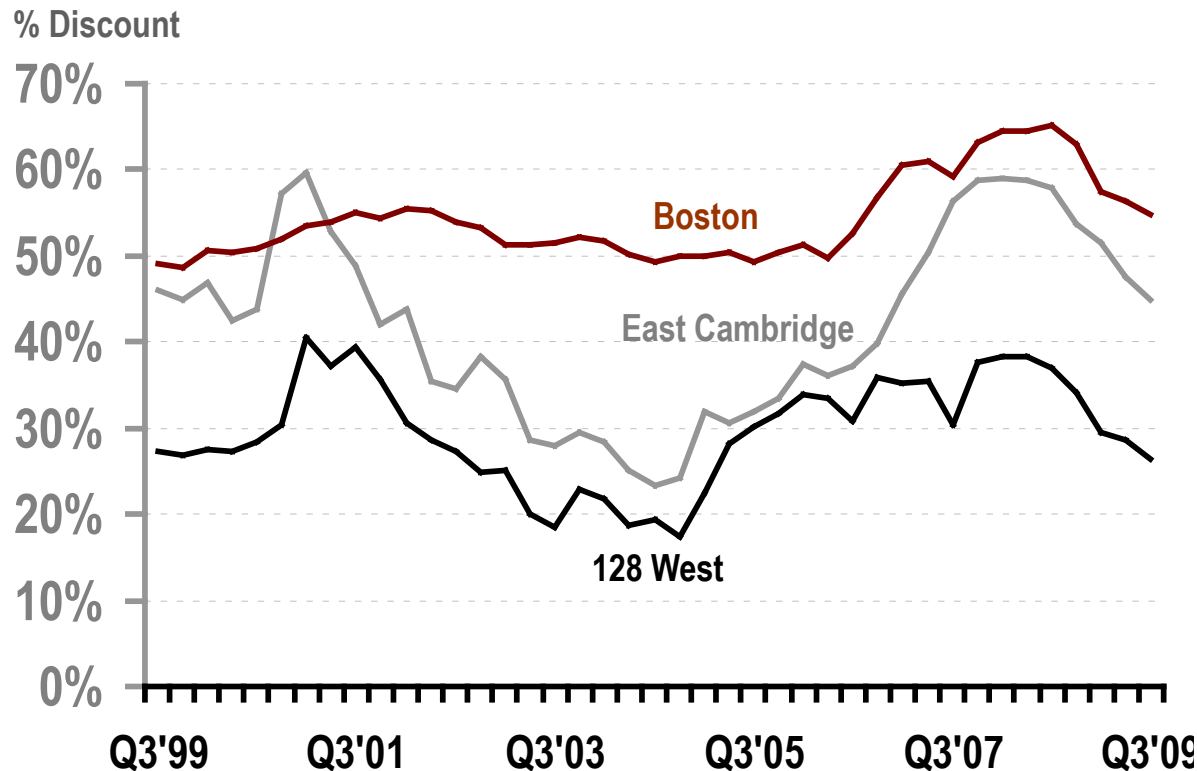
Tenants Stand to Fill Vacancy



Currently active tenants in 495/MetroWest

Cost Remains a Driver

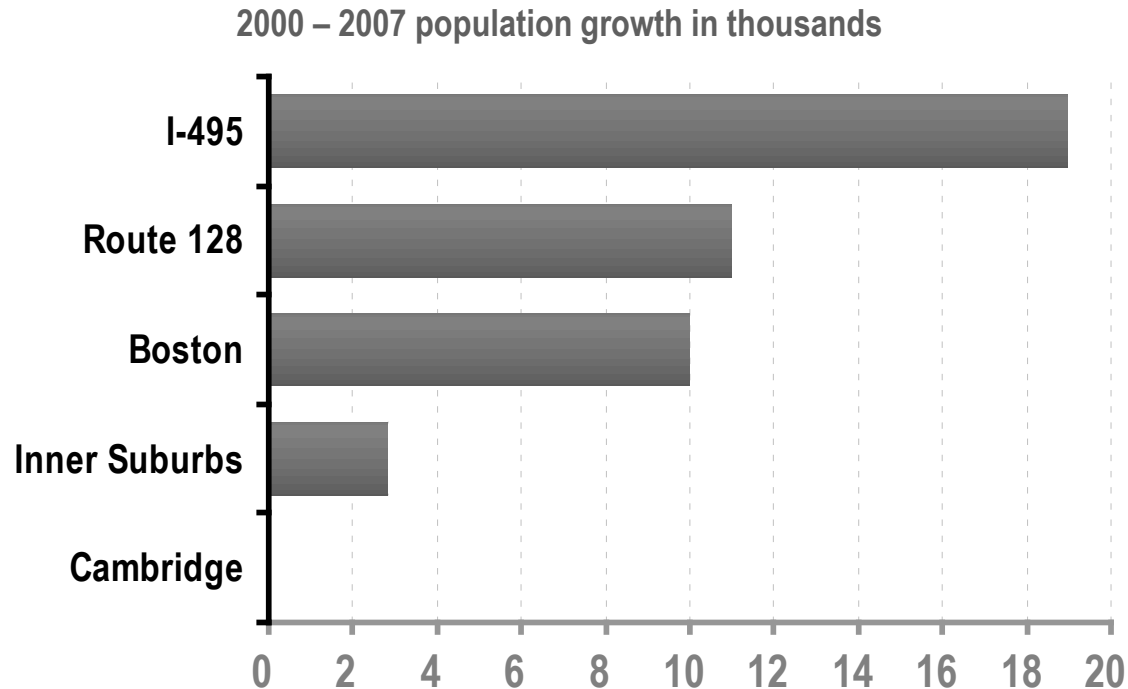
495/MetroWest Discount to Nearby other Submarkets



% Discount 495/MetroWest area offers when compared to select other submarkets, based on average asking lease rate

Population Growth is the Future

I-495 Belt Leads Boston Metro Area in Growth



Population growth by Greater Boston area, 2006 through 2007