

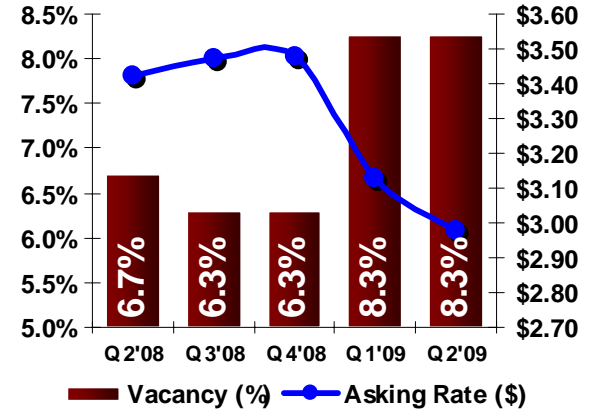
Market Statistics

	Total Inventory (sf)	Vacancy (%)	Net Absorption (sf)
DOWNTOWN MOUNTAIN VIEW	1,243,024	10.39%	19,844
MOUNTAIN VIEW	5,873,911	8.27%	(14,957)
SILICON VALLEY	58,006,722	18.65%	(485,023)

Availability

	Total Available (sf)	Direct (sf)	Sublease (sf)
DOWNTOWN MOUNTAIN VIEW	129,135	81,868	47,267
MOUNTAIN VIEW	485,598	407,145	78,453
SILICON VALLEY	11,005,348	9,452,477	1,552,871

Mountain View Office Market
Historical Vacancy vs Asking Rates



SUBMARKET UPDATE

After sitting at 8.3% for the previous two quarters, the vacancy rate in the Mountain View office market actually dipped to 8.27% in the Second Quarter. In the downtown Mountain View submarket, two deals completed at the end of the Second Quarter drove the vacancy rate down by two percentage points from 12.39% to 10.39%. One of these deals was a 17,589 square foot sublease between eBay/PayPal (sublessor) and Webjuice Media (sublessee) at 303 Bryant Avenue.

Two buildings in the downtown market, 650 Castro Street and 800 W. El Camino, have been fully leased for several quarters but now have direct space available. There are also three large spaces available for sublease, ranging from 10,120 square feet at 444 Castro Street to another 17,589 square feet space at 303 Bryant. Although the asking rates on these spaces are lower than on direct spaces, they are not significantly lower because either the master leases were signed at a time when the rents were higher and the Sublessors are trying to recoup some of their costs or because the spaces are offered Plug & Play for a premium.



303 Bryant, Mountain View



Landmark Office Center, Mountain View

TRANSACTIONS

The largest deal in Mountain View during the Second Quarter was a renewal by EHealthInsurance on two spaces located at 440 Middlefield and 435 Whisman Road for a total of 25,484 square feet. The renewals were both short term through next August. This continues the trend of companies doing short term renewals as they wait to see what the economic future brings.

The Landmark located on Landings Drive across from the Google complex completed two significant deals in the Second Quarter. Omnipoint Communications (T-Mobile) leased 7,663 square feet for 5 years with three months of free rent, a starting rate of \$3.10 Full Service and an effective rate of \$3.34 Full Service with \$5 per square foot in Tenant Improvements. Go Internet Media completed a deal for 6,941 square feet for 18 months with two months of free rent, a \$3.20 Full Service starting rate, an effective rate of \$3.23 Full Service and no Tenant Improvements.

Significant Lease Transactions

Tenant	Square Feet	Type	Location
EHealth Insurance Services	25,484	Renewal	440 Middlefield & 435 Whisman Road, Mountain View
Webjuice Media, LLC	17,589	Sublease	303 Bryant Street, Mountain View
Omnipoint Communications (T-Mobile)	7,663	Direct Lease	1911 Landings Drive, Mountain View
Census Bureau	7,111	Direct Lease	200 Evelyn Avenue (W), Mountain View
Go Internet Media	6,941	Direct Lease	2093 Landings Drive, Mountain View

Significant Lease Availabilities

Property	Landlord	SF	Type	Price
2440 El Camino Real (W), Mountain View	Tishman Speyer Properties	62,090	Direct Lease	\$2.75 NNN
465 Fairchild Drive, Mountain View	Nearon Enterprises, LLC	22,911	Direct Lease	\$2.00 Gross
2700 Garcia Avenue, Mountain View	BE-Witched, LLC	18,522	Direct Lease	\$1.25 NNN
303 Bryant Street 2nd Flr, Mountain View	Convergys (Sublessor)	17,589	Sublease	\$3.75 FS
301 Whisman Road (N), Mountain View	Peery/Arrillaga	17,100	Direct Lease	\$1.95 NNN



440 Middlefield Road, Mountain View

EHealthInsurance Services signed a short one year renewal for their space at 440 Middlefield Road



2440 El Camino Real, Mountain View

High identity building with extensive remodel and secured underground parking. Open office layout with tenant improvement allowance available.

Forecast

In the Third Quarter of 2008, Rental rates in Mountain View peaked at \$3.47 Full Service and the downtown Mountain View submarket reached a high of \$4.33 Full Service. Over the last three quarters, Mountain View rates have decreased by \$0.49 and downtown rates have gone down \$0.58. Asking rates on direct spaces will most likely fall slightly over the next few quarters but not as dramatically as the drop in the last three quarters. Vacancy should remain steady, but there is the potential it will make another jump up as more than 180,000 square feet of leases expire between now and the end of 2009 in Mountain View. A majority of this is less than 10,000 square feet and won't make a large impact on the vacancy rate, but some large chunks of space may come on the market and there is always the potential of more sublease space coming available.

Office Availability by Submarket (Millions of SF)

