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OFFICE MARKET



Office Market Overview ¹

Number of Buildings ²	1,296
Total Square Feet (RBA)	100,257,400sf
Vacancy Rate	5.5%
Vacancy Rate with Sublet	7.6%
Average Rental Rate (PSF) ²	\$38.61/fs
Under Construction/Renovation	6,283,344sf
Under Construction/Renovation Pre-Leased	48.8%

Class A Office Space²

Number of Buildings	249
Total Square Feet (RBA)	60,337,743sf
Vacancy Rate	6.9%
Vacancy with Sublet	8.5%
Average Rental Rate (PSF)	\$42.31/fs

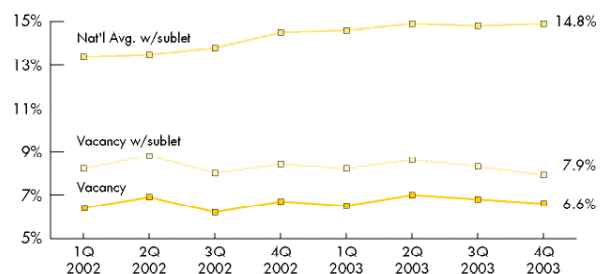
Class B Office Space²

Number of Buildings	466
Total Square Feet (RBA)	42,805,263sf
Vacancy Rate	6.0%
Vacancy with Sublet	7.2%
Average Rental Rate (PSF)	\$34.42/fs

Federal Government ³

Number of Owned Buildings	1,556
Owned Building Area	65,747,818sf
Number of Leased Buildings	266
Leased Building Area	21,658,514sf

DC Office Vacancy Rates²



Washington, DC's office environment remains one of the top performing office markets in the nation. With strong net absorption, rising rental rates and decreasing vacancy rates, DC's office market is the healthiest it's been since the 1980s.

The District contains over 100 million square feet of private office space, with approximately 22 million square feet occupied by federal offices and GSA affiliates. Over 6.2 million square feet of new office space is currently under construction, and almost half of that space is pre-leased.

DC offers one of the best markets for real estate investors in corporate office projects. The District is currently ranked the #1 national and international investment market by the Association for Foreign Investors in Real Estate, and it continues to attract investment from around the world.



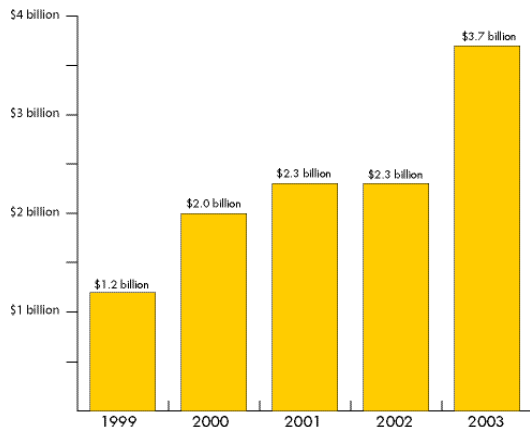
CONSTRUCTION ACTIVITY

With over 6.2 million square feet of new office space already under construction and even more projects on the drawing board, it's clear that DC's office market continues to attract investors. The following list represents some of the major office projects that have broken ground and are scheduled to be completed within two years.

Address	Delivery	Size
1875 Pennsylvania Avenue, NW	2006	286,000sf
1900 Pennsylvania Avenue, NW	2005	648,000sf
1700 K Street, NW	2005	533,000sf
500 12th Street, SW	2005	520,000sf
600 2nd Street, NE	2005	400,000sf
395 E Street, SW	2005	280,000sf
875 15th Street, NW	2005	220,000sf
1601 K Street, NW	2005	215,000sf
701 8th Street, NW	2005	127,000sf
100 F Street, NE	2004	650,000sf
901 New York Avenue, NW	2004	538,000sf
1025 F Street, NW	2004	354,000sf
900 7th Street, NW	2004	350,000sf
616 H Street, NW	2004	237,000sf
1740 Rhode Island Avenue, NW	2004	159,000sf

Source: GWCAR/DC Marketing Center

Total Building Sales



Source: Advantis/GVA

WASHINGTON, DC MARKETING CENTER

The Washington, DC Marketing Center is a non-profit, public/private partnership dedicated to facilitating economic development in the District of Columbia by promoting business development opportunities throughout the city. The Marketing Center is your first point of contact for realizing development opportunities and for facilitating partnerships between District officials and the regional and national development community.



1213 K Street, NW
Washington, DC 20005
Phone: (202) 638-7333
Fax: (202) 638-6763
www.dcmarketingcenter.com

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OFFICE DEVELOPMENT HIGHLIGHTS

Station Place – 100 F Street, NE & 600 2nd Street, NE & 700 2nd Street, NE

The first two phases of this project have been leased to the Security & Exchange Commission, totaling over 990,000 sq. ft. The third building (540,000 sq. ft.) is currently being marketed. There will also be underground parking to accommodate over 1,180 cars.



Rendering courtesy of Kevin Roche & John Dinkelak & Assoc.

Developer: Louis Dreyfus Property
 Estimated Cost: \$407 million
 Size: 1,575,000sf
 Completion (Bldg 1): 2004
 Completion (Bldg 2): 2005
 Status: under construction

901 New York Avenue, NW

About one block from the new Washington Convention Center, this will be one of the largest office projects in DC to deliver in 2004. Designed by the award-winning firm of Davis Carter Scott, it will feature parking, security, a fitness center and roof deck.



Rendering courtesy of Boston Properties

Developer: Boston Properties
 Estimated Cost: \$180 million
 Size: 538,000sf
 Completion: 2004
 Status: under construction

IMF – 1900 Pennsylvania Avenue, NW

The IMF's new headquarters is being built on the former Pepco building site, which was demolished. The 12-story building will have three-levels of underground parking, a 450-seat meeting facility, a two-story restaurant and retail space.



Rendering courtesy of Pei Cobb Freed & Partners

Developer: CarrAmerica Urban Development
 Estimated Cost: \$145 million
 Size: 648,000sf
 Completion: 2005
 Status: under construction

1601 K Street – 1601 K Street, NW

The former Solar Building will be demolished and a new 11-story, 215,000 sq. ft. class-A office building will be built at the corner of 16th & K Streets. The law firm Kirkpatrick & Lockhart has pre-leased 75% of the space.



Rendering courtesy of CoStar

Developer: JBG
 Estimated Cost: \$80 million
 Size: 215,000sf
 Completion: 2006
 Status: under construction

1700 K Street – 1700 K Street, NW

This new class A office building, located at Farragut Square & K Street, will replace the former Commerce & Ridell buildings, which were demolished. The new 12-story building will include 18,000 sq. ft. of retail and restaurant space and parking.



Rendering courtesy of CoStar

Developer: Charles E. Smith
 Estimated Cost: \$100 million
 Size: 533,000sf
 Completion: 2005
 Status: under construction