

Office Market Trends New Hampshire

Grubb & Ellis Research

Third Quarter 2007



Grubb & Ellis
Property Solutions Worldwide

Coldstream
Real Estate
Advisors, Inc.

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New Hampshire Office Market Trends

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Office Market Cool

Executive Summary

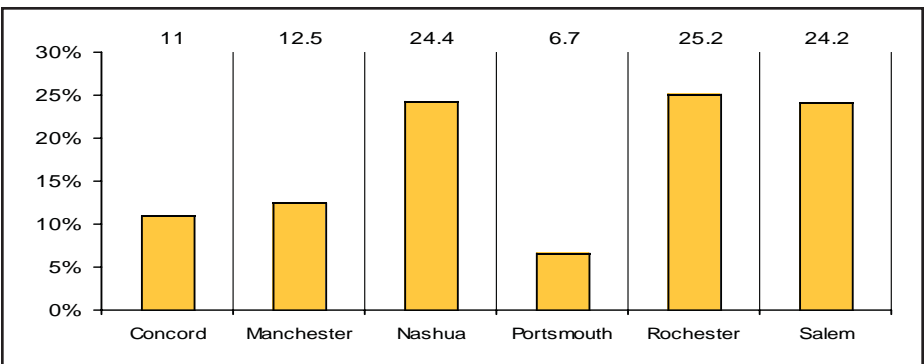
Since our last office market survey in Q1 of 2007, Southern New Hampshire's office market tightened up slightly in Q3 of 2007 with a total net absorption of 26,277 square feet. The Nashua submarket reported 167,089 square feet of negative absorption this quarter putting a drain on any of the positive absorption reported in all the other five submarkets.

New construction is at a bare minimum as well. Bank financed projects generally require a certain percentage of pre-leasing activity before allowing developers to break ground, thereby reducing the risk of building that "white elephant". Capital Commons, a brand new 62,000 + square foot Class A office building located in Concord, was brought to market in Q2 of 2007 and contributed slightly to Southern New Hampshire's vacancy rate increase. The new structure came on line with over 50 percent of its Class A office space pre-leased to tenants, limiting the impact of unoccupied new space.

The Manchester submarket reported no change in its office vacancy rate of 12.5 percent this quarter, while the Concord, Portsmouth, Rochester and Salem submarkets all experienced a decrease in their vacancy rates with an overall 193,366 square feet of positive absorption. Konica Minolta Business Solutions, USA recently leased over 9,000 square feet of Class A office space in one of Salem's newest professional buildings, The Ananda Building.

Office space leases ranging in size from 300 to 5,000 square feet outpaced large space deals, a trend we have seen throughout 2007. Investment activity was slow, but consistent this quarter, while the office condo market continued its upward trend. Great Bay Commons is a prime example with over 32,000 square feet sold in the last fifteen months.

The average asking rental rate rose slightly from \$16.30 in Q1 of 2007 to \$16.44 in Q3 of 2007.



Office Vacancy Rate*

* All Classes of Space

Office Market Snapshot New Hampshire Third Quarter 2007

By Submarket (All Classes)	Total SF(1)	Vacant SF(2)	Vacant %	Net Absorption		Under Construction(3)	Asking Rent(4)	
				Current Qtr.	Year-to-date		Class A	Class B
Concord	1,649,942	181,391	11.0%	43,858	18,674	-	\$21.53	\$15.13
Manchester	6,678,662	836,261	12.5%	26,217	(209,773)	-	\$19.17	\$13.51
Nashua	2,999,755	731,532	24.4%	(167,089)	(183,695)	28,000	\$17.90	\$8.85
Portsmouth	2,568,135	170,927	6.7%	23,438	(18,728)	-	\$22.83	\$16.63
Rochester	881,639	222,298	25.2%	46,996	11,980	-	\$14.00	\$13.93
Salem	550,260	133,179	24.2%	52,857	24,394	36,000	\$23.75	\$14.97
Suburban Total	15,328,393	2,275,588	14.8%	26,277	(357,148)	64,000	\$19.72	\$12.84
Totals	15,328,393	2,275,588	14.8%	26,277	(357,148)	64,000	\$19.72	\$12.84
By Class (All Submarkets)							Available for Sublease	
							CBD	Suburban
Class A	7,819,167	1,215,525	15.5%	45,150	(154,667)	64,000	-	169,768
Class B	6,625,467	979,138	14.8%	(32,145)	(204,190)	-	-	68,978
Class C	883,759	80,925	9.2%	13,272	1,709	-	-	10,116
Totals	15,328,393	2,275,588	14.8%	26,277	(357,148)	64,000	-	248,862

(1) Inventory includes multi-tenant and single tenant buildings with at least 10,000 sq. ft.

(2) Vacant space includes both vacant direct and vacant sublease space.

(3) Space under construction includes speculative and build-to-suit for lease projects.

(4) Asking rates are per square foot per year full service. Rates for each building are weighted by the size of the building.

* Grubb & Ellis statistics are audited annually and may result in revisions to previously reported quarterly and final year-end figures.

Office Market Terms and Definitions

Inventory: Office inventory includes all multi-tenant and single tenant buildings at least 10,000 square feet. Owner-occupied, government and medical buildings are not included.

Construction Type: Speculative ("spec") construction is designed to attract tenants likely to be in the market when the project is leasing. Build-to-suit construction is designed for a specific tenant.

Office Building Classifications: Grubb & Ellis adheres to the BOMA guidelines. Class A properties are the most prestigious buildings competing for premier office users with rents above average for the area. Class B properties compete for a wide range of users with rents in the average range for the area. Class C buildings compete for tenants requiring functional space at rents below the area average.

Vacancy and Availability: The vacancy rate is the amount of physically vacant space divided by the inventory. The availability rate is the amount of space available for lease divided by the inventory.

Net Absorption: The net change in physically occupied space over a period of time.

Asking Rent: The dollar amount asked by landlords for available space expressed in dollars per square foot per year in most parts of the country and dollars per square foot per month in areas of California and selected other markets. Office rents are reported as full service where all costs of operation are paid by the landlord up to a base year or expense stop.

Average Weighted Asking Rent: An average market rent where the asking rent for each building in the market is weighted by the building size.

Recent Transactions

G&E|Coldstream Real Estate Advisors, Inc. is pleased to announce recent representative office transactions:

<p>Millyard Realty, LLC Class B 4,884 square feet 186 Granite Street, Manchester Grubb & Ellis Coldstream represented the Lessor</p>

<p>Arun Real Estate Leasing, LLC Class A 9,064 square feet 25 Pelham Road, Salem Grubb & Ellis Coldstream represented the Lessor</p>

<p>S.G. Torrice Company Class B 5,132 square feet 235 Heritage Avenue, Portsmouth Grubb & Ellis Coldstream represented the Lessor</p>
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