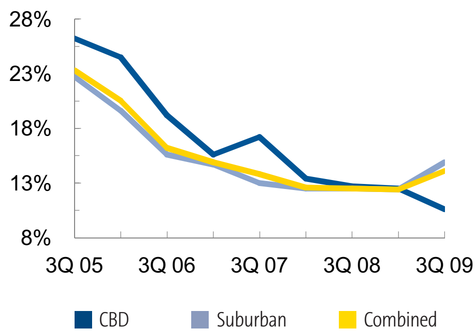
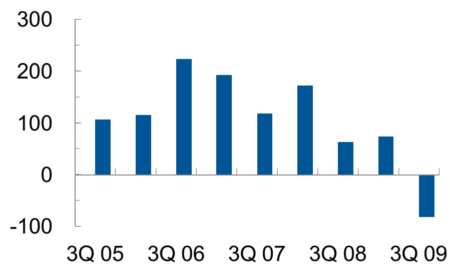
# Office Trends Report—Third Quarter 2009
# Appleton, WI

GRUBB & ELLIS
From Insight to Results

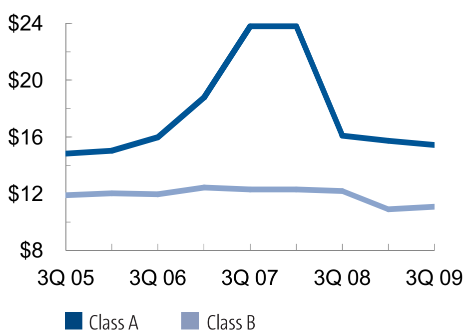
**Vacancy Rate**
Quarterly




**Absorption**
Quarterly (in Thousands of SF)




**Asking Rental Rates**
Quarterly ($/SF/Yr. Full Service)




## Overall Office Vacancy Increases

Overall office vacancy rose 170 basis points in the last six months, due to an additional 115,000 square feet being available in the marketplace. The increase is primarily attributable to major employers in the area reducing the amount of leased office in the west side of Appleton. This appears to be a permanent reduction. As a result, the office vacancy in the west side of Appleton rose from 9.5 percent six months ago to 15.1 percent at the end of the third quarter.

Other areas of the Appleton/Oshkosh market area that experienced slight increases in vacancies were the outlying areas increasing from 20.0 percent to 21.7 percent and Oshkosh increasing from 5.5 percent to 6.5 percent. Vacancy on the east side of Appleton remained virtually unchanged while downtown Appleton had a slight decrease.

All of the increases in vacancy occurred in Class A buildings while Class B properties experienced a slight decline that may be reflective of the economic times. With slightly increasing vacancies and the increasing competitiveness of landlords, many companies are seeking concessions at renewal time. As expected, the asking rents for Class A properties continue to soften as there was an average of $.30 per square foot reduction in asking rents on a gross basis down to $15.44 per square foot over the entire marketplace.

### FORECAST

- Many tenants are seeking concessions with their renewal terms.
- Class A properties will continue to see reductions in asking rents.
- Class B properties experienced a slight decline that may be reflective of the economic times.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| By Submarket | Total SF | Vacant SF | VACANCY % Direct | VACANCY % Total | NET ABSORPTION Current | NET ABSORPTION Year-To-Date | Under Construction SF | ASKING RENT Class A | ASKING RENT Class B |
|---|---|---|---|---|---|---|---|---|---|
| Downtown | 1,045,225 | 110,391 | 10.6% | 10.6% | 20,000 | 22,701 | - | $17.23 | $12.06 |
| East | 836,642 | 150,118 | 17.9% | 17.9% | (8,552) | 2,068 | - | $17.09 | $11.47 |
| West | 1,629,743 | 246,300 | 15.1% | 15.1% | (47,568) | (37,166) | - | $15.39 | $9.08 |
| Oshkosh | 1,388,088 | 90,041 | 6.5% | 6.5% | (25,243) | (16,133) | - | $14.19 | $12.55 |
| Outlying Area | 1,265,178 | 274,934 | 21.7% | 21.7% | (20,763) | 20,537 | - | $14.19 | $10.49 |
| **Totals** | **6,164,876** | **871,784** | **14.1%** | **14.1%** | **(82,126)** | **(7,993)** | **-** | **$15.13** | **$11.03** |

| By Class | Total SF | Vacant SF | VACANCY % Direct | VACANCY % Total | NET ABSORPTION Current | NET ABSORPTION Year-To-Date | Under Construction SF |
|---|---|---|---|---|---|---|---|
| Class A | 4,866,963 | 720,286 | 14.8% | 14.8% | (99,466) | (30,006) | - |
| Class B | 1,200,462 | 143,534 | 12.0% | 12.0% | 17,340 | 22,013 | - |
| Class C | 20,471 | - | 00.0% | 00.0% | - | - | - |
| **Totals** | **6,164,876** | **871,784** | **14.1%** | **14.1%** | **(82,126)** | **(7,993)** | **-** |

## GRUBB & ELLIS OFFICE LOCATIONS


## Grubb & Ellis—Appleton
## Real Estate Advisors


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## OFFICE 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.

**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 and includes direct and sublease vacant. The availability rate is the amount of space available for lease divided by the inventory.

**Direct Vacant:** This is the vacancy rate in space offered on the market directly by the landlord in single and multi-tenant buildings. This excludes vacant space offered for sublease and vacant space that is not offered on the market, for whatever reason.

**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 full service where all costs of operation are paid for by the landlord up to a base year or expense stop. The asking rent for each building in the market is weighted by the amount of available space in the building.

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