

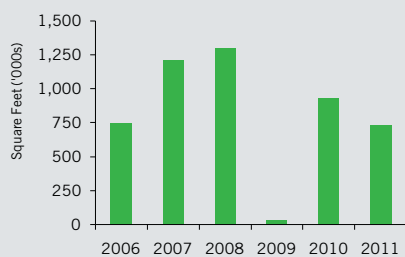


NASHVILLE OFFICE

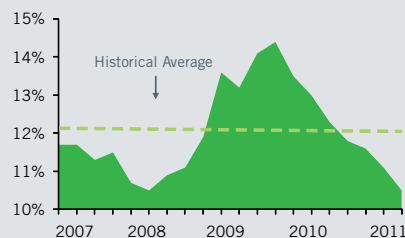
Economic Indicators

	Q4 10	Q4 11
Nashville Employment	757,842	778,134
Nashville Unemployment	8.0%	7.7%
US CCI	57.05	53.53
US Unemployment Rate	9.6%	8.6%

Net Absorption



Vacancy Rate



Market Tracker

Arrows =
From previous quarter
*Class A and B only

▼ Vacancy 10.5% ▼ Net Absorption 211,161 SF ▼ Deliveries 0 SF ▼ Asking Rent* \$19.87 FS

It's A Good Wrap For 2011

Site Selection magazine ranked Tennessee a "Top Ten Business Climate in the US" based on several factors, including a pro-business state, ease of doing business and work-force availability, to name a few. Both Nashville and Tennessee have been awarded several noteworthy rankings over the past couple of months, including "Top Choices for Places to Live" and "Top Ten Best State for Retirement."

With national attention, the local office market continued to experience positive leasing and absorption to finish out the year. Among the high notes, LifePoint Hospitals announced a new corporate headquarters location at Seven Springs Office Park. Construction on the 203,000 SF building is slated to begin in 2012 which will allow LifePoint to consolidate into one building. Also, Healthcare Management Systems signed for an additional 45,000 SF in Nine Corporate Centre, quickly adding to the 32,888 SF that was inked last quarter. Downtown law firm Frost Brown Todd leased 29,771 SF at The Pinnacle at Symphony Place and H3GM signed for 26,500 SF at 333 Commerce. Although both law firms will vacate other downtown buildings, it is an expansion for both firms and positive absorption for an otherwise flat submarket.

Direct vacancy for the office market reported 10.5%, down from 14.5% during first quarter 2009, one of the highest vacancies Nashville has seen since the post 9/11 fallout. Absorption ended the year with a positive 730,446 SF. While this number is encouraging, it falls short of the 2006 - 2008 benchmarks when absorption totals were well over 1.0 million square feet each year.

Overall asking rates remained steady this quarter, but the market did see a rise in Class A rates in Brentwood, Cool Springs and MetroCenter. We expect rates to slowly increase over the next year due to limited supply and continued increase in tenant demand creating market pressure for developers to add higher end space. Many economists agree the market is out of quality space, and with only 265,000 SF of speculative product underway, look for several ground breakings in 2012 to help fill the gap.

Forecast

- Absorption will continue to be positive in 2012
- Several speculative projects will begin
- Asking rates will slowly climb

Cassidy Turley Office Market Snapshot

Nashville • Fourth Quarter • 2011

SUBMARKET	TOTAL BLDGS	INVENTORY	DIRECT VACANT	DIRECT VACANCY RATE	SUBLEASE AVAILABLE	OVERALL VACANCY RATE	YTD NET ABSORPTION	YTD DELIVERIES	UNDER CONSTRUCTION	CLASS A AVERAGE ASKING RENT*
Submarket										
Airport North	44	4,406,036	566,460	12.9%	105,090	15.2%	-45,067	0	0	\$20.22
Airport South	60	2,676,962	533,945	19.9%	30,628	21.1%	82,165	0	0	\$20.00
Brentwood	78	4,965,344	227,439	4.6%	38,652	5.4%	244,364	0	0	\$21.98
CBD	64	7,814,213	1,305,869	16.7%	284,152	20.3%	198,105	42,052	90,000	\$24.11
Cool Springs	70	5,750,986	293,392	5.1%	49,685	6.0%	215,779	0	175,000	\$23.53
Green Hills/Music Row	50	2,009,235	157,321	7.8%	14,141	8.5%	30,419	26,600	0	\$29.06
MetroCenter	16	1,451,891	157,719	10.9%	26,232	12.7%	14,868	101,510	68,496	\$17.46
North Nashville	15	469,000	75,371	16.1%	0	16.1%	12,933	0	0	\$18.77
West End	41	3,790,541	196,645	5.2%	105,269	8.0%	-23,120	0	0	\$25.93
By Class										
Class A	119	17,355,157	1,306,300	7.5%	529,975	10.6%	330,249	26,600	175,000	\$23.09
Class B	232	13,220,610	1,808,762	13.7%	116,790	14.6%	248,798	143,562	158,496	\$17.10
Class C	87	2,758,441	399,099	14.5%	7,084	14.7%	151,399	0	0	\$15.36
TOTALS	438	33,334,208	3,514,161	10.5%	653,849	12.5%	730,446	170,162	333,496	\$19.42

*Office asking rents converted to Full Service

Key Lease Transactions 4Q 11

PROPERTY	SF	TENANT	TRANSACTION TYPE	SUBMARKET
Seven Springs	203,000	LifePoint Hospitals	New	Brentwood
Nine Corporate Centre	45,000	Healthcare Management Systems	New	Cool Springs
MAC Business Center	45,000	Windsor Health Group	New	Airport North
The Pinnacle at Symphony Place	29,771	Frost Brown Todd	New	CBD
333 Commerce	26,500	H3GM	New	CBD
One Grassmere Place	22,644	Vanderbilt	New	Airport South

Bold Text = Cassidy Turley Transactions

Key Sale Transactions 4Q 11

PROPERTY	SF	SELLER / BUYER	PRICE	SUBMARKET
FBI Building	30,858	LNR Property Corporation / HCI LP	\$5,075,000	Airport North
220 25th Avenue	27,815	Athlon Sports Inc / Giarratana Development LLC	\$3,250,000	West End
St. Cloud Corner	76,588	Giarratana Development LLC / St. Cloud Partners	\$3,100,000	CBD
Autumn Springs Business Center	19,797	Autumn Springs II LLC / 300 Seaboard Lane LLC	\$2,770,000	Cool Springs
357 Office Building	42,202	First Southern National Bank / Arrowhead Realty Corporation	\$2,360,000	Cool Springs

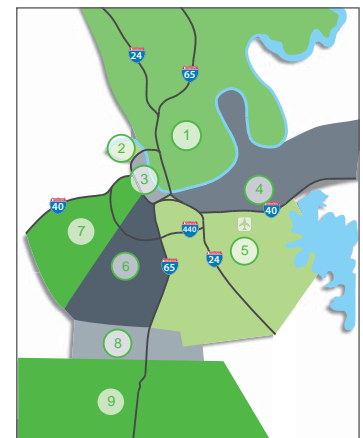
Bold Text = Cassidy Turley Transactions

About Cassidy Turley

Cassidy Turley is a leading commercial real estate services provider with more than 3,400 professionals in more than 60 offices nationwide. The company represents a wide range of clients—from small businesses to Fortune 500 companies, from local non-profits to major institutions. The firm completed transactions valued at \$18 billion in 2010, manages 455 million square feet on behalf of private, institutional and corporate clients and supports more than 25,000 domestic corporate services locations. Cassidy Turley serves owners, investors and occupiers with a full spectrum of integrated commercial real estate services—including capital markets, tenant representation, corporate services, project leasing, property management, project and development services, and research and consulting. In 2010, the firm enhanced its global service delivery outside of North America through its partnership with GVA. Please visit www.cassidyurley.com for more information about Cassidy Turley.

Office Submarkets

Nashville



1. North Nashville
2. MetroCenter
3. CBD
4. Airport North
5. Airport South
6. Green Hills/Music Row
7. West End
8. Brentwood
9. Cool Springs

Cassidy Turley

5250 Virginia Way
Suite 100
Brentwood, TN 37027
Tel: 615.301.2800
Fax: 615.301.2958

The information contained within this report is gathered from multiple sources considered to be reliable. The information may contain errors or omissions and is presented without any warranty or representations as to its accuracy.

Copyright © 2011 Cassidy Turley.
All rights reserved.