

On April 21st, The J Street Companies, one of the Washington area's leading commercial and residential real estate companies through affiliates Randall Hagner and J Street Development, and Woodmark announced their merger agreement in principle and set the stage for the emergence of a premier, multi-disciplinary real estate company. The companies share strong cultural values and each has a strong presence in service lines and geographic areas of interest to the other. The principals of both companies have known each other for 25 years, allowing the companies to aggressively and seamlessly move forward with their shared vision of creating the best real estate company in the Washington Metropolitan Area.

Going forward, the extensive Randall Hagner commercial service lines will operate under the Woodmark banner so that the J Street Companies will now be known through three highly-regarded and branded companies: Randall Hagner Residential, J Street Development and Woodmark for all commercial leasing, sales and property management business.

OFFICE MARKET OUTLOOK:

Washington Center Cities First Quarter 2008*

Pace of Washington Economic Growth Slows; Unemployment Remains Low at 3.0%

The Washington area economy slowed during the first few months of 2008, although unemployment remains the lowest in the nation at 3.0%. Despite cooling conditions, the metro area remains one of the top economic centers in the nation.

With 3.0 million payroll jobs, the Washington metro area ranks the fourth largest job base among metro areas, behind New York, the LA Basin and Chicago. Payroll employment increased 27,600 in the Washington metro area over the 12 months ending January 2008, ranking 8th among metro areas in the nation. This pace of growth, compared to the 15-year average of 53,400 per annum, feels like a significant slow down, especially after growth levels of 55,000 to 60,000 in 2003-2006. But it is sturdy enough to support a healthy commercial real estate market if product production is held in check. The Washington metro area experienced a 0.9% rate of job growth over the past 12 months, compared to 0.6% nationally.

The top three sectors leading job growth in the metro area over the past 12 months are Professional and Business Services, Government, and Education/Health.

- The Professional and Business Services sector gained 13,300 jobs during the last 12 months, below the 15-year average of 20,600.
- The Government sector added 10,000 new jobs in the past 12 months. All new positions were at the local government level.
- The Education and Health sector gained 8,300 new jobs in the previous 12 months, just above the 15-year average of 8,100.
- Of note, the Financial sector lost 4,700 jobs over the past 12 months, as even the Washington area was not immune from the impact of the Credit Crunch.

The Washington area unemployment rate ticked up 10 basis points during the past year to 3.5% in January 2008. Today's unemployment rate is below the average unemployment rate of the 1990s, which was

3.9%. The Washington metro area has the lowest unemployment rate among comparable metros and compares favorably to the national rate of 4.9% in January 2008.

Federal procurement spending increased 0.5% in 2007, after a 4.0% rise in 2006. Although procurement spending in the metro area remains solid, spending growth has eased significantly, after growing by 19.0% in 2004 and 16.9% in 2003. As procurement spending growth eases, so does job growth, given that roughly 7,000 new jobs are created per \$1 billion in additional procurement spending.

We expect the Washington metro area economy to make modest gains in 2008, as the aftermath of the Credit Crunch continues to unravel. Although we expect growth to slow this year, we anticipate improving conditions in 2009 and 2010 as the economy regains its footing.

Center Cities Office Market

The Center Cities office market experienced moderating conditions in the 1st quarter of 2008, as overall vacancy began to edge northward from 2007. Although leasing activity was steady this quarter, absorption was boosted by pre-leased deliveries. The construction pipeline decreased from the previous quarter, which should help to alleviate pressure on the rising vacancy rate. Investment sales came to halt after a robust 2007, due to tighter lending requirements for investors. Despite softening conditions, the Center Cities office market continues to remain one of the top performing markets in the nation.

Net Absorption: Strong During Q1 2008

Direct net absorption of office space totaled positive 904,000 SF in the Center Cities during the 1st quarter of 2008, nearly recording half of the 1.8 million SF achieved in all of 2007. Absorption in Arlington was boosted by the delivery of Waterview, a 633,000 SF building pre-leased by the Corporate Executive Board. Alexandria also experienced strong absorption gains in the first three months of the year, due to healthy leasing activity. The District absorbed a modest 37,000 SF this quarter, due to light leasing activity and the Corporate Executive Board vacating its office space in the CBD to relocate to the Waterview building in Arlington, VA.

** Center Cities include Washington D.C., Arlington, and Alexandria, Virginia.*

Net Absorption of Direct and Sublease Space In the Center Cities - 1st Quarter 2008

Submarket	Direct Space Net Absorption	Sublease Space Absorption	Net Absorption Including Sublet Space
District	37,000	13,000	50,000
Arlington	711,000	(61,000)	650,000
Alexandria	156,000	48,000	204,000
Total Center Cities:	904,000	0	904,000

Class A direct net absorption totaled positive 1.1 million SF in the Center Cities during the 1st quarter of 2008, just shy of the 1.2 million SF absorbed in 2007. Of the 1.1 million SF of Class A space absorbed, Arlington accounted for 827,000 SF, or 73% of the total direct net absorption in the Center Cities in the 1st quarter.

Overall Vacancy Rate: Edges Up

The overall vacancy rate ticked up to 7.0% in the Center Cities at March 2008, from 6.9% at year-end 2007, but is down from 8.1% one year ago. By comparison, the overall metro-wide vacancy rate is 9.7%. The direct vacancy rate in the Center Cities is 6.2%, slightly up from 6.1% three months prior, but down from 7.2% one year ago.

It is important to note that vacancy declined over the past year due to Constitution Center, a vacant 1.4 million SF building located in the District, changing status during the 3rd quarter of 2007 from "available and vacant" to "under renovation".

Center Cities Vacancy Rates 1st Quarter 2008

Submarket	Direct Rate For All Space	Including Sublease Space	Direct Class A Rate
District	5.8%	6.5%	7.3%
Arlington	7.9%	9.0%	8.2%
Alexandria	5.1%	5.9%	5.4%
Total Center Cities:	6.2%	7.0%	7.3%

The overall Class A vacancy rate in the Center Cities decreased to 8.2% at March 2008, from 8.4% at year-end 2007 and one year ago. The direct Class A vacancy rate edged down to 7.3%, from 7.4% the quarter prior and one year ago.

Construction & Pre-Leasing Down

There is 10.7 million SF of office space under construction or renovation in the Center Cities at March 2008, down from 12.2 million SF in December 2007, but up from 8.6 million SF one year ago. Pipeline projects are currently 27% pre-leased, compared to 29% at December 2007, and 39% one year ago.

Notable speculative projects under construction or renovation:

- Constitution Center 1,400,000 SF April 2009
- 700 2nd Street, NE 505,000 SF October 2009
- 801 17th Street, NW 245,000 SF March 2009

Office Buildings Under Construction/Renovation Center Cities: March 2008

Submarket	Square Feet	% Pre-Leased
District	8,692,000	26%
Arlington	1,387,000	46%
Alexandria	824,000	3%
Total Center Cities:	10,694,000	27%

Office deliveries (including renovations) in the District totaled 442,000 SF during the 1st quarter 2008, at 27% leased upon delivery, compared to 1.2 million SF at 63% leased upon delivery during the 4th quarter of 2007. In Arlington, the only building that delivered in the 1st quarter was the 633,000 SF Waterview Building, while the 250,000 SF Carlyle Overlook building was the only completed project in Alexandria during the same period.

Supply vs. Demand: Vacancy to Rise

We expect the vacancy rate in the Center Cities to rise consistently over the next two years, as the supply outpaces demand. We project vacancy to increase due to a handful of pipeline projects set to deliver in the Center Cities during this period, with modest occupancy rates. If Victory Center I at 5001 Eisenhower Avenue fails to secure tenants before its renovations are completed this year, Alexandria should experience an increase in vacancy by the end of 2008, while the District will encounter a large influx of empty space in 2009 if pre-leasing does not pick up pace. The overall vacancy rate will settle in the mid-10% range by March 2010, compared to 6.9% today, as new supply outpaces demand by approximately 7.4 million SF. At that vacancy rate, the Center Cities would remain a healthy market, but conditions would feel soft by recent standards.

Rents: Up 3.7% in 2007

Rents increased roughly 3.7% in the Center Cities during 2007. The District saw rents increase 3.8% during 2007, while Arlington and Alexandria rents increased 2.6% and 2.2%, respectively, over the same period.

With construction costs on the rise, developing new projects has become an expensive task. In response to higher costs, property owners have increased asking rental rates in order to make deals pencil. At year-end 2007, to construct a high-rise downtown office project, the minimum rent needed was \$60.00/SF. To construct a suburban office project, the approximate rent needed was \$42.00/SF. Given easing market conditions, we expect inking leases at these rates will become increasingly difficult.

Center City office rents should continue to increase albeit at a slower pace this year, as a large amount of spec space is currently in the construction pipeline. We expect rents to rise 1.0% to 2.0% in 2008.

Investment Sales: Volume and Prices Down

Investment sales volume totaled \$318.3 million in the Center Cities during the 1st quarter of 2008. At the current pace, sales volume in the Center Cities for 2008 is expected to reach \$1.3 billion when annualized, significantly lower than the \$6.0 billion achieved in 2007. The District completed three transactions with a total of \$133.8 million in sales activity, while sales reached \$184.5 million in Arlington on two transactions. There were no notable sales in Alexandria during the past three months. Like many other markets around the nation, Center Cities' investment sales are expected to remain slow through most of 2008, though a rebound is likely toward the end of the year if credit requirements ease for investors.

Sale prices averaged \$348/SF in the Center Cities during the 1st quarter. In the District, the average sales price was \$453/SF, compared to \$460/SF in all of 2007. Sales prices in Arlington averaged \$298/SF, down sharply from \$493/SF in 2007, although last year's sale of the Waterview Building inflated the price per square foot average in 2007. Prices should continue to ease as the Credit Crunch pulls leveraged bidders out of competition for assets.

The average cap rate for District assets sold during 2007 was 5.4%, compared to 5.9% in 2006. However, cap rates are showing signs of stabilizing after a seven-year decline, as competition pushed prices high enough to affect returns.

Selected 1st Quarter 2008 sales:

<u>Address/Submarket</u>	<u>Sale Price/Buyer</u>
1111 19th Street, NW CBD	\$115 million (\$456/SF) ING Clarion Partners, LLC
2500 Wilson Boulevard RCB Corridor	\$34.5 million (\$338/SF) TIAA-CREF
918 F Street, NW East End	\$13.6 million (\$439/SF) Douglas Development Corporation

Washington Center Cities Outlook

The Center Cities office market should experience slower market conditions through the balance of 2008, as vacancy is projected to peak above 10% over the next 24 months, due in part to several projects set to deliver with low pre-leased rates. Given these conditions, rents should increase minimally, around 1.0% to 2.0% per annum. Overall, the outlook for the Center Cities is positive, as vacancy is currently low, rents continue to edge up, and tenants continue to seek office space.

Tenant Perspective ~ By Petch Gibbons

There is an old adage that goes something like, "one thing is for certain; things will change." That said, whether you are looking for 2,500 square feet, 25,000 square feet, or 250,000 square feet, how do you plan for the future? Generally, office space is, along with payroll, one of a company's highest costs. Typically, leases are signed in five and ten year increments. As you implement your business plan, we have all found it is difficult enough to plan for who we are here and now, much less who we will become in the future. Do you take additional space now for future growth? Do you plan your space so that it can be easily divided to potentially sublease? These are some of the questions you should be considering as you evaluate your move. In the event you may need to contract your space, the lay out for space disposition (sublease and/or assignment) is critical. For growth, option space in time increments that match up with future growth is an additional consideration.

Be sure to discuss these issues with a professional space planner.

TABLE
SUMMARY OF OFFICE MARKET - 2007 THROUGH 1st QUARTER 2008

1:

Submarket	First Quarter 2008		Direct Vacancy Rate			SF Under Constr. or Renovation at Mar-08	Net Absorption (SF)		
	Total Rentable SF All Bldgs. ^{1/}	SF Avail. Immediately All Bldgs. ^{2/}	2007	Q1 2008	Vacancy w/ Sublet at End of Q1 2008		2006	2007	Q1 2008
CBD	38,789,025	1,900,662	3.9%	4.9%	6.0%	1,511,944	730,000	(132,000)	(388,000)
East End	42,025,454	2,366,400	5.7%	5.5%	6.1%	1,725,161	899,000	1,270,000	322,000
Capitol Hill/ NoMa	15,464,021	958,769	6.3%	6.2%	6.3%	2,509,034	1,748,000	212,000	15,000
Southwest	11,590,385	1,089,496	9.8%	9.4%	9.5%	2,945,606	(764,000)	313,000	46,000
Georgetown	2,964,995	157,145	7.2%	5.3%	8.6%	-	42,000	(89,000)	56,000
West End	3,700,894	436,705	11.2%	11.8%	12.7%	-	(67,000)	(237,000)	(22,000)
Uptown	8,210,990	262,752	3.3%	3.2%	4.0%	-	107,000	(41,000)	8,000
TOTAL - District	123,745,764	7,171,930	5.6%	5.8%	6.5%	8,691,745	2,695,000	1,296,000	37,000
Arlington, Virginia	35,079,114	2,781,957	8.3%	7.9%	9.0%	1,177,879	1,034,000	303,000	711,000
Alexandria, Virginia	16,792,390	855,392	4.6%	5.1%	5.9%	824,425	(26,000)	240,000	156,000
TOTAL	175,617,268	10,809,278	6.1%	6.2%	7.0%	10,694,049	3,703,000	1,839,000	904,000

^{1/} Includes buildings 15,000 SF RBA and greater. Does not include buildings under construction or buildings owned by the government.

^{2/} Does not include sublet space.

Source: Inventory and Vacancy from analysis of CoStar data, Net Absorption computed by Delta Associates, created for Woodmark Commercial Services; April 2008.

TABLE 2:
SUMMARY OF OFFICE MARKET INDICATORS - CLASS A ^{1/}
WASHINGTON CENTER CITIES - 2006 THROUGH 1st QUARTER 2008

Submarket	First Quarter 2008					Net Absorption (SF)		
	Total Rentable SF ^{2/}	SF Available Immediately ^{3/}	Vacancy Rate	Vacancy Rate with Sublet Space	SF Under Constr. or Renovation	2006	2007	Q1 2008
CBD	8,654,824	311,574	3.6%	5.5%	802,206	645,000	-	(147,000)
East End	22,853,388	1,622,591	7.1%	7.8%	1,624,568	738,000	1,010,000	210,000
Capitol Hill/NoMa	9,325,011	690,051	7.4%	7.6%	2,372,234	1,906,000	93,000	-
Southwest	5,379,323	726,209	13.5%	13.6%	1,206,606	903,000	224,000	43,000
Georgetown	735,802	62,543	8.5%	15.2%	-	52,000	(113,000)	65,000
West End	1,335,283	241,686	18.1%	19.8%	-	4,000	(206,000)	(15,000)
Uptown	2,530,175	58,194	2.3%	3.1%	-	116,000	(18,000)	-
TOTAL - District	50,813,806	3,712,847	7.3%	8.2%	6,005,614	4,364,000	990,000	156,000
Arlington, Virginia	18,009,335	1,474,398	8.2%	9.4%	562,234	1,246,000	105,000	827,000
Alexandria, Virginia	9,451,093	506,969	5.4%	6.2%	218,427	58,000	153,000	157,000
TOTAL	78,274,234	5,694,214	7.3%	8.2%	6,786,275	5,668,000	1,248,000	1,140,000

^{1/} Class A is defined as buildings greater than 50,000 SF and built after 1984.

^{2/} Includes buildings 50,000 SF RBA and greater and which were built after 1984. Does not include buildings under construction or buildings owned by the government.

^{3/} Does not include sublet space.

Source: Inventory and Vacancy from analysis of CoStar data, Net Absorption computed by Delta Associates, created for Woodmark Commercial Services; April 2008.

TABLE 3:
RENT RATE ANALYSIS
WASHINGTON CENTER CITIES - 2004 THROUGH 2007

Market	Average Asking Rent (\$/s/SF, GFS):				Average Taking Rent (\$/s/SF, GFS):				% Change 12/06 - 12/07	Avg. TI Package (\$/SF) December 2007
	2004	2005	2006	2007	2004	2005	2006	2007		
Washington D.C.										
Class A	\$42.10	\$43.35	\$45.30	\$47.70	\$41.15	\$42.25	\$44.15	\$45.75	3.6%	\$55.00
Class B	\$34.05	\$35.00	\$36.40	\$39.60	\$33.50	\$34.30	\$35.70	\$37.15	4.1%	\$26.00
Class C	\$26.25	\$27.60	\$28.50	\$29.80	\$26.00	\$27.00	\$27.90	\$28.50	2.2%	\$17.00
Arlington, VA	\$31.10	\$31.15	\$32.42	\$33.40	\$30.85	\$30.90	\$32.15	\$33.00	2.6%	\$29.00
Alexandria, VA	\$26.50	\$26.90	\$27.27	\$28.05	\$26.25	\$26.55	\$27.15	\$27.75	2.2%	\$23.00

Note: We report rent rate trends on a semi-annual basis, so as to assure sufficient data exists to make informed observations on these trends.

Source: Proprietary database of lease transactions from Transwestern and Delta Associates, CoStar; created for Woodmark Commercial Services; April 2008.

TABLE 4:
OFFICE BUILDING SALES SUMMARY
ARLINGTON AND ALEXANDRIA, VIRGINIA
2006 THROUGH 1st QUARTER 2008.

ARLINGTON	2008 SALES	
Total/Avg. for 2 Sales:	\$184,500,000	\$298.00
Total Net Rentable Square Feet:	619,000 SF	
Average Cap Rate 2008:	N/A	
Average Class A Price 2008 (0 Sales):		
Average Class A Cap Rate 2008:		

ALEXANDRIA		
Total/Avg. for 0 Sales:		
Total Net Rentable Square Feet:		
Average Cap Rate 2008:		
Average Class A Price 2008 (0 Sales):		
Average Class A Cap Rate 2008:		

ARLINGTON	2007 SALES	
Total/Avg. for 9 Sales:	\$2,448,880,000	\$493.00
Total Net Rentable Square Feet:	4,963,000 SF	
Average Cap Rate 2007:	5.80%	
Average Class A Price 2007 (5 Sales):	\$502.00	
Average Class A Cap Rate 2007:	5.75%	

ALEXANDRIA		
Total/Avg. for 7 Sales:	\$402,090,000	\$449.00
Total Net Rentable Square Feet:	895,000 SF	
Average Cap Rate 2007:	6.10%	
Average Class A Price 2007 (3 Sale):	\$565.00	
Average Class A Cap Rate 2007:	5.10%	

ARLINGTON	2006 SALES	
Total/Avg. for 11 Sales:	\$908,940,000	\$332.00
Total Net Rentable Square Feet:	2,737,000 SF	
Average Cap Rate 2006:	6.50%	
Average Class A Price 2006 (5 Sales):	\$381.00	
Average Class A Cap Rate 2006:	6.30%	

ALEXANDRIA		
Total/Avg. for 4 Sales:	\$178,880,000	\$233.00
Total Net Rentable Square Feet:	768,000 SF	
Average Cap Rate 2006:	7.30%	
Average Class A Price 2006 (1 Sales):	\$237.00	
Average Class A Cap Rate 2006:	6.40%	

Notes: Average sale prices are weighted. Excludes portfolio sales.
Source: Real Capital Analytics, Delta Associates for Woodmark Commercial Services; April 2008.

TABLE 5:
OFFICE BUILDING SALES SUMMARY
DISTRICT OF COLUMBIA
2005 THROUGH 1st QUARTER 2008

DISTRICT OF COLUMBIA	2008 SALES	
Total/Avg. for 3 Sales:	\$133,750,000	\$453.00
Total Net Rentable Square Feet:	295,000 SF	
Average Cap Rate 2008:	N/A	
Average Class A Price 2008: (0 Sales)		
Average Class A Cap Rate 2008:		

DISTRICT OF COLUMBIA	2007 SALES	
Total/Avg. for 40 Sales:	\$3,155,390,000	\$460.00
Total Net Rentable Square Feet:	6,865,000 SF	
Average Cap Rate 2007:	5.40%	
Average Class A Price 2007: (19 Sales)	\$542.00	
Average Class A Cap Rate 2007:	5.30%	

DISTRICT OF COLUMBIA	2006 SALES	
Total/Avg. for 44 Sales:	\$3,964,320,000	\$438.00
Total Net Rentable Square Feet:	9,048,000 SF	
Average Cap Rate 2006:	5.90%	
Average Class A Price 2006: (18 Sales)	\$510.00	
Average Class A Cap Rate 2006:	5.80%	

DISTRICT OF COLUMBIA	2005 SALES	
Total/Avg. for 50 Sales:	\$4,575,540,000	\$430.00
Total Net Rentable Square Feet:	10,629,000 SF	
Average Cap Rate 2005:	6.00%	
Average Class A Price 2005: (15 Sales)	\$517.00	
Average Class A Cap Rate 2005:	5.90%	

Notes: Average sale prices are weighted. Excludes portfolio sales.
Source: Real Capital Analytics, Delta Associates for Woodmark Commercial Services; April 2008.

TABLE 6:
OFFICE LAND SALES
DISTRICT OF COLUMBIA - 2003 THROUGH 1st QUARTER 2008

	Size (Sq. Ft.)	Gross FAR SF	Sale Price	Land Price Per SF	Price Per FAR SF ¹
2008 Total/Average:	NA				
2007 Total/Average:	191,730	1,139,680	\$159,192,950	\$830.30	\$101.21
2006 Total/Average:	452,090	2,544,000	\$213,350,000	\$471.92	\$59.71
2005 Total/Average:	189,476	1,129,084	\$82,370,953	\$434.73	\$72.95
2004 Total/Average: ²	195,353	1,214,000	\$132,290,000	\$677.17	\$108.97
2003 Total/Average:	NA	1,388,000	\$43,000,000	NA	\$30.98

1/ Based on planned FAR if known. 2/Includes estimates for land prices.

Note: Excludes from averages parcels for which complete data is unavailable or which would cause a disproportionate effect.

Source: Washington Business Journal, DC Newsletter, Delta Associates for Woodmark Commercial Services; April 2008.

TABLE 7:
OFFICE LAND SALES
ARLINGTON AND ALEXANDRIA, VIRGINIA - 2003 THROUGH 1st QUARTER 2008

	Acres	Gross FAR SF	Sale Price	Land Price Per SF	Price Per FAR SF ¹
2008 SALES					
Alexandria Total/Average:	NA	NA	NA	NA	NA
Arlington County Total/Average:	NA	NA	NA	NA	NA
2008 Northern Virginia Total/Average:	NA	NA	NA	NA	NA
2007 SALES					
Alexandria Total/Average:	NA	NA	NA	NA	NA
Arlington County Total/Average:	NA	NA	NA	NA	NA
2007 Northern Virginia Total/Average:	NA	NA	NA	NA	NA
2006 SALES					
Arlington County Total/Average: ²	2.4	282,738	\$26,760,000	\$260.31	\$94.65
2006 Northern Virginia Total/Average:	2.4	282,738	\$26,760,000	\$260.31	\$94.65
2005 SALES					
Alexandria Total/Average:	1.3	NA	\$12,751,000	\$234.18	NA
Arlington County Total/Average:	25.0	1,936,000	\$57,914,000	\$53.18	\$27.74
2005 Northern Virginia Total/Average: ³	26.3	1,936,000	\$70,665,000	\$61.68	\$27.74
2004 SALES					
Alexandria Total/Average:	2.3	NA	\$21,430,000	\$213.90	NA
Arlington County Total/Average:	10.7	NA	\$24,930,000	\$53.49	NA
2004 Northern Virginia Total/Average:	13.0	NA	\$46,360,000	\$81.87	NA
2003 SALES					
Alexandria Total/Average:	NA	NA	\$6,500,000	NA	NA
2003 Northern Virginia Total/Average:	NA	NA	\$6,500,000	NA	NA

1/ Based on planned FAR if known. 2/Sale includes multiple uses. 3/Total FAR and FAR/SF figures apply to the properties for which FAR is known.

Note: Excludes from averages parcels for which complete data is unavailable or which would cause a disproportionate effect.

Source: Washington Business Journal, Arlington Newsletter, Delta Associates for Woodmark Commercial Services; April 2008.

TABLE 8:
OFFICE BUILDING DELIVERIES
WASHINGTON CENTER CITIES - 1st QUARTER 2008

MARKET AREA	NRSF Delivered			NRSF Available At Delivery	NRSF Leased at Delivery	
	New Construction	Renovation	Total		Sq. Ft.	%
District of Columbia:	250,000	192,040	442,040	322,406	119,634	27.1%
Compared to District of Columbia - 1st Quarter 2007:	469,036	0	469,036	342,162	126,874	27.0%
Arlington County:	633,000	0	633,000	9,748	623,252	98.5%
Compared to Arlington- 1st Quarter 2007:	0	0	0	0	0	NA
Alexandria:	250,000	0	250,000	126,250	123,750	49.5%
Compared to Alexandria - 1st Quarter 2007:	0	0	0	0	0	NA
Center Cities:	1,133,000	192,040	1,325,040	458,404	866,636	65.4%
Compared To Center Cities Total - 1st Quarter 2007:	469,036	0	469,036	342,162	126,874	27.0%

Source: CoStar, Delta Associates for Woodmark Commercial Services; April 2008.

TABLE 9:
PROJECTED VACANCY RATES - TWO YEARS OUT
WASHINGTON CENTER CITIES OFFICE MARKET - AS OF MARCH 2008 (Millions of Square Feet)

INVENTORY	Arlington & Alexandria, Virginia	The District	Washington Center Cities Total
Inventory at 3/08	51.9	123.7	175.6
Pipeline Thru 3/10 ¹	3.0	9.2	12.2
Inventory at 3/10	54.9	132.9	187.8
SUPPLY VS. DEMAND			
Avail Space (w/sublet) at 3/08	4.2	8.0	12.2
New Supply Thru 3/10	3.0	9.2	12.2
Avail Space (w/sublet) Thru 3/10	7.1	17.2	24.3
Total Demand Thru 3/10 ²	1.8	3.0	4.8
Avail Space (w/sublet) at 3/10	5.3	14.2	19.5
VACANCY			
Vacancy with Sublet at 3/08	8.0%	6.5%	6.9%
Vacancy with Sublet at 3/10	9.7%	10.7%	10.4%

1/ Office buildings currently under construction and those planned that may deliver by March 2010.

2/ Projected total demand is derived from:

1) Underlying demand -- driven by new job growth.

2) Variable demand -- driven by market conditions and may add or detract from total. For example: A firm's decision to lease more space than currently needed to accommodate future growth -- or conversely, a firm may be returning excess space to the market.

Source: Delta Associates for Woodmark Commercial Services; April 2008.



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