

**BLACK'S** GUIDE

***Trends, Challenges and Outlook of  
Commercial Real Estate Industry – A Study***

**July 2005**

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## Sample & Methodology

➤ Total sample includes 905 professionals in the commercial real estate industry:

Broker	35%
Property manager	13%
Developer	8%
Tenant rep	10%
Landlord rep	8%
Tenant	4%
Investor	6%
Other	15%

➤ All interviews were conducted online (using the Black's Guide user database) between June 23 - July 8, 2005.

## Sample & Methodology (cont.)

➤ The 10-question multiple-choice survey was national in scope.

Specific markets polled were:

- Atlanta
- Baltimore
- Boston
- Chicago
- Connecticut/New York
- Dallas
- Denver
- Houston
- Jacksonville
- Los Angeles
- Michigan
- New Jersey
- Orlando
- Philadelphia
- Richmond
- San Francisco
- South Florida
- Tampa
- Washington, DC

## Executive Summary

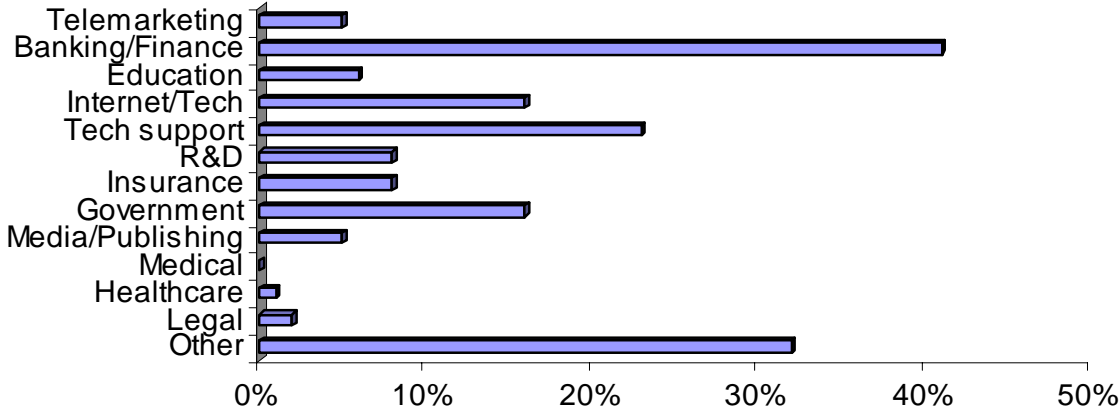
- Banking/finance was cited as the leading industry to have leased commercial space over the past 6 months.
- WiFi was cited as the most popular building amenity currently being requested by tenants; second was food services.
- The biggest challenges of leasing commercial space are: lack of parking (27%), excess inventory (26%) and lack of inventory (23%).
- 43 percent of respondents cited an average space requirement between 1,000-5,000 square feet over the last 6 months.
- Approximately half the respondents said that space requirements have been stable and will continue to be so.

## Executive Summary (cont.)

- The majority (64%) of respondents leased up to 100,000 square feet of space over the past year; 2 percent leased more than 1 million square feet.
- The majority (55%) of respondents cited 3-5 years as the average term of a lease entered into in their market.
- The majority (58%) of respondents noted their average leasing deal this year was worth up to \$500,000; 14 percent had average deals between \$1 million–\$5 million.
- A quarter of the respondents listed the typical value of tenant improvement allowances at \$5-\$10 per square foot.

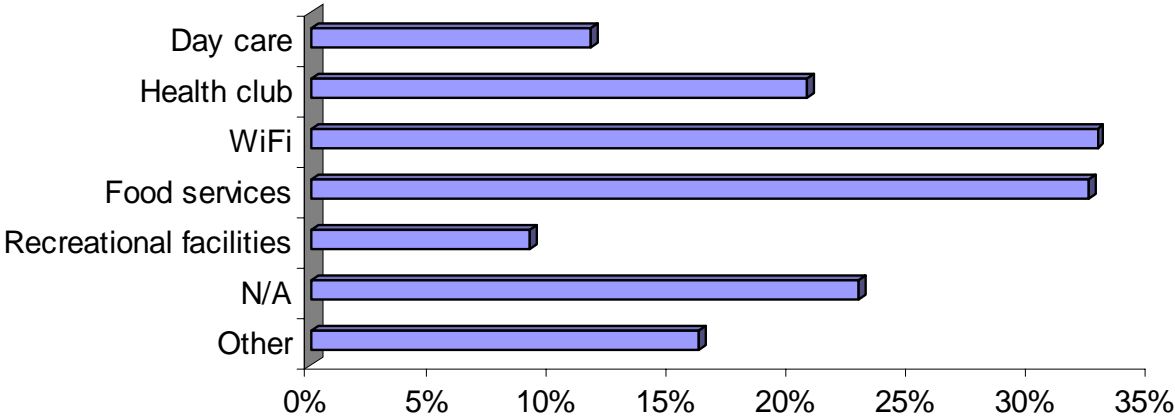
# Detailed Findings

### Industries Leasing the Most Space



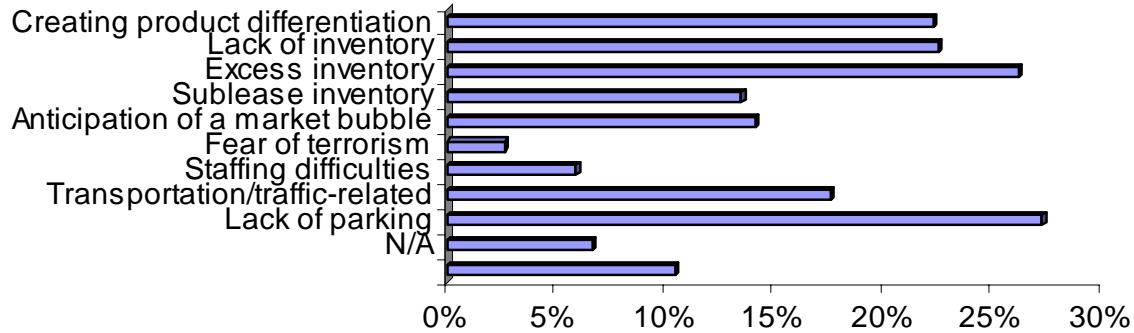
Telemarketing	5%
<b>Banking/Finance</b>	<b>41%</b>
Education	6%
Internet/Tech	16%
Tech support	23%
R&D	8%
Insurance	8%
Government related	16%
Media/Publishing	5%
Medical	0%
Healthcare	1%
Legal	2%
Other	32%

### Building Amenities Currently Requested



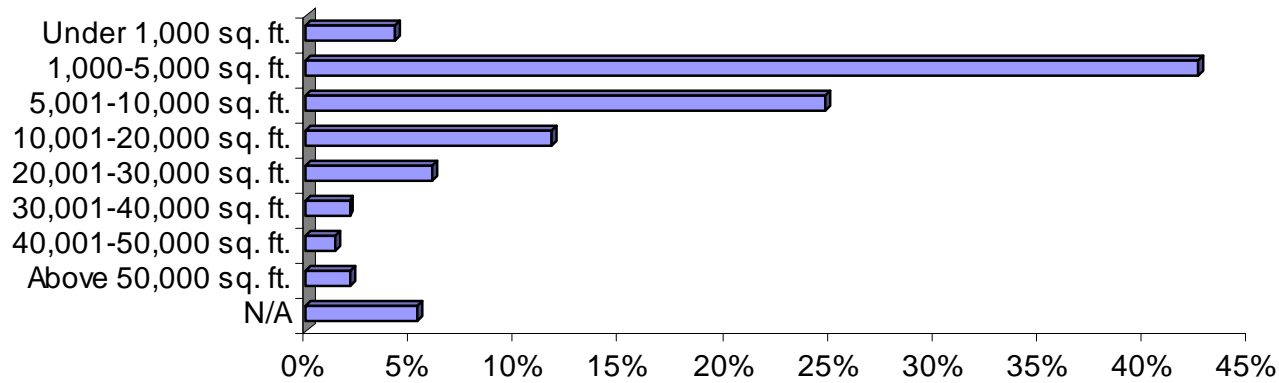
Day care	12%
Health club	21%
<b>WiFi</b>	<b>33%</b>
Food services	32%
Recreational facilities	9%
N/A	23%
Other	16%

## Major Challenges in Leasing Commercial Space



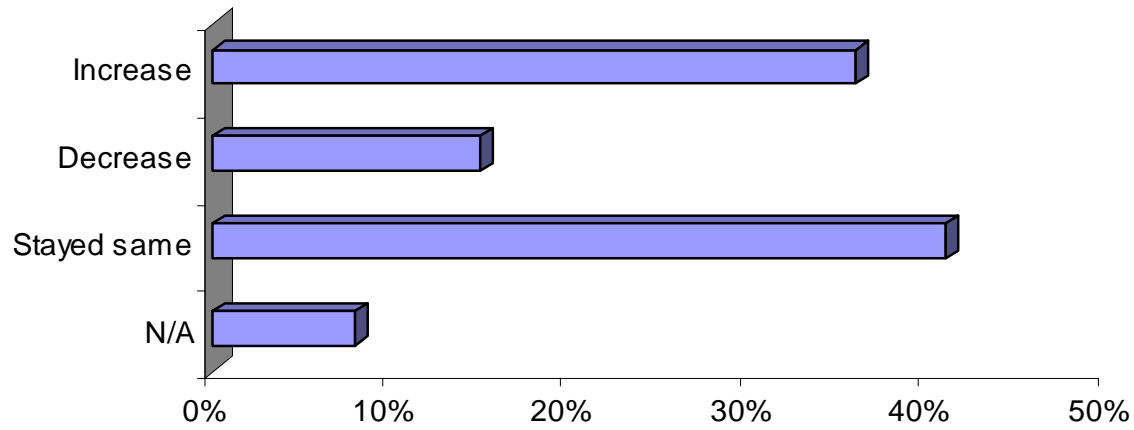
Creating product differentiation	22%
Lack of inventory	23%
Excess inventory	26%
Sublease inventory	13%
Anticipation of a market bubble	14%
Fear of terrorism	3%
Staffing difficulties	6%
Transportation/traffic-related issues	18%
<b>Lack of parking</b>	<b>27%</b>
N/A	7%
Other (please specify)	10%

## Average Space Requirement Over Last 6 Months



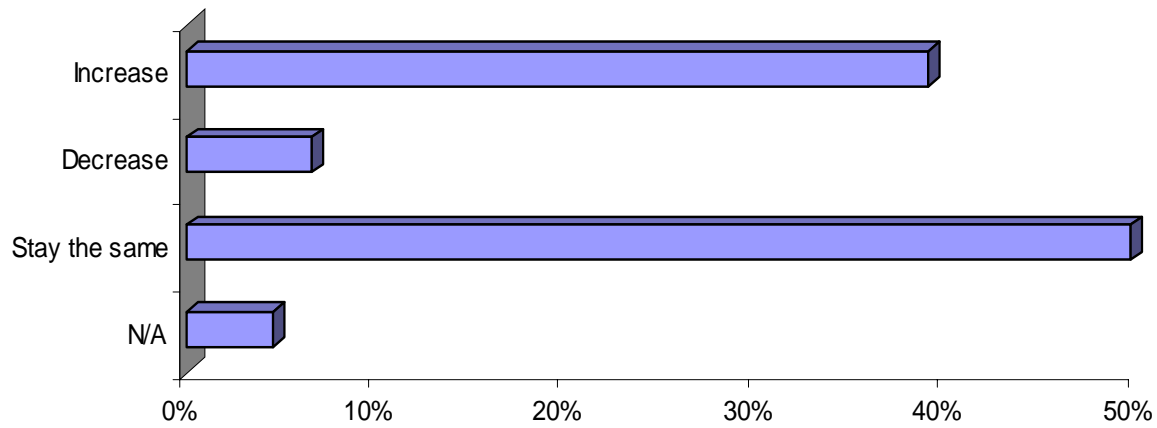
Under 1,000 sq. ft.	4%
<b>1,000-5,000 sq. ft.</b>	<b>43%</b>
5,001-10,000 sq. ft.	25%
10,001-20,000 sq. ft.	12%
20,001-30,000 sq. ft.	6%
30,001-40,000 sq. ft.	2%
40,001-50,000 sq. ft.	1%
Above 50,000 sq. ft.	2%
N/A	5%

### Change in Average Space Requirement From Prior 6 Months



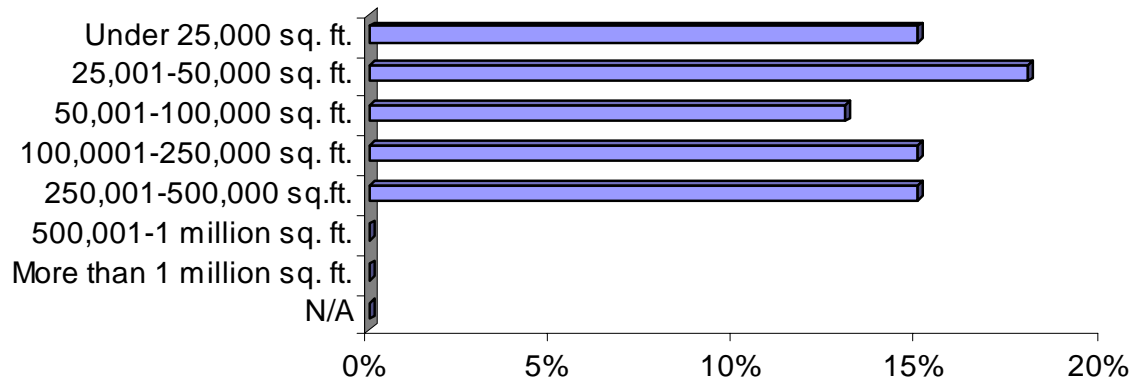
Increase	36%
Decrease	12%
<b>Stayed same</b>	<b>46%</b>
N/A	6%

### Anticipated Average Space Requirements Over Next 6 Months



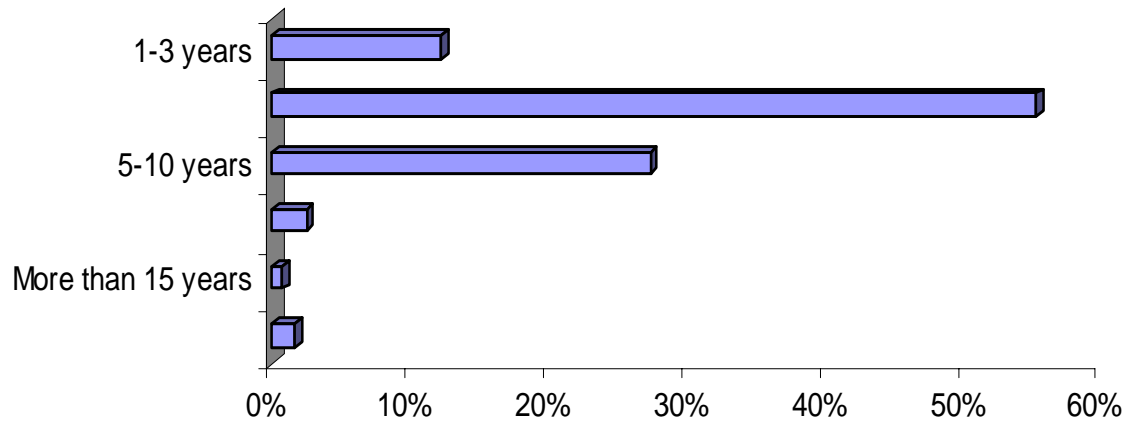
Increase	39%
Decrease	7%
<b>Stayed same</b>	<b>50%</b>
N/A	5%

## Total Space Leased Over Past Year



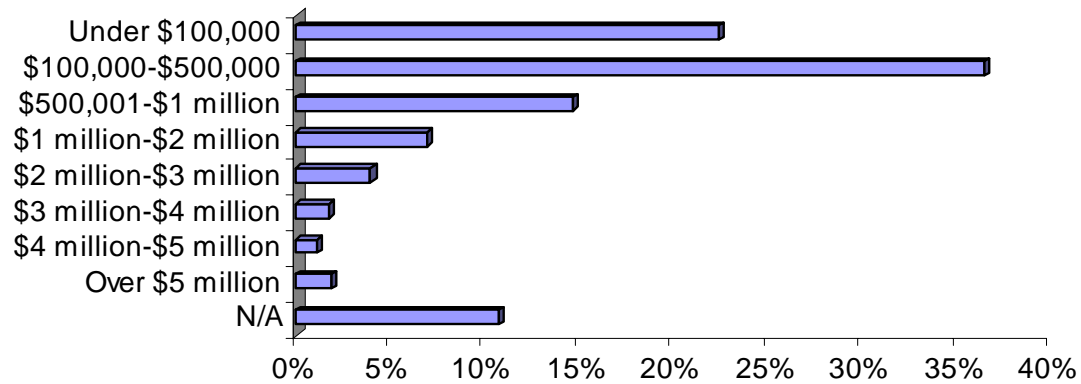
<b>Under 25,000 sq. ft.</b>	<b>25%</b>
25,001-50,000 sq. ft.	20%
50,001-100,000 sq. ft.	19%
100,0001-250,000 sq. ft.	14%
250,001-500,000 sq. ft.	6%
500,001-1 million sq. ft.	2%
More than 1 million sq. ft.	2%
N/A	12%

### Average Term of Lease



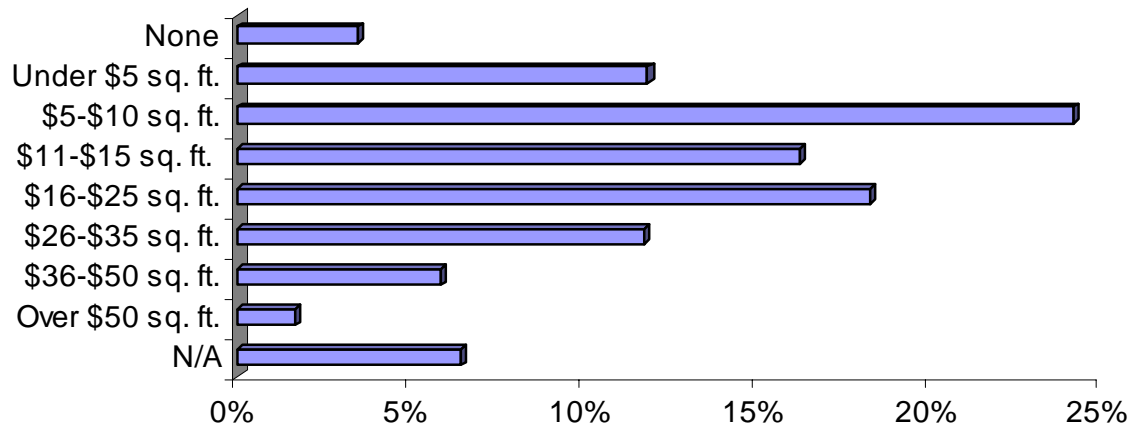
1-3 years	12%
<b>3-5 years</b>	<b>55%</b>
5-10 years	27%
10-15 years	3%
More than 15 years	1%
N/A	2%

## Average Leasing Deal



Under \$100,000	22%
<b>\$100,000-\$500,000</b>	<b>36%</b>
\$500,001-\$1 million	15%
\$1 million-\$2 million	7%
\$2 million-\$3 million	4%
\$3 million-\$4 million	2%
\$4 million-\$5 million	1%
Over \$5 million	2%
N/A	11%

## Typical Value of Tenant Improvement Allowances



None	4%
Under \$5 sq. ft.	12%
<b>\$5-\$10 sq. ft.</b>	<b>24%</b>
\$11-\$15 sq. ft.	16%
\$16-\$25 sq. ft.	18%
\$26-\$35 sq. ft.	12%
\$36-\$50 sq. ft.	6%
Over \$50 sq. ft.	2%
N/A	6%

# Respondent Profile

## Occupation:

<b>Broker</b>	<b>35%</b>
Property manager	13%
Developer	8%
Tenant rep	10%
Landlord rep	8%
Tenant	4%
Investor	6%
Other (please specify)	15%

## Market:

Atlanta	6%
Baltimore	2%
Boston	2%
Chicago	6%
Connecticut/New York	5%
Dallas	8%
Denver	3%
Houston	6%
Jacksonville	1%
Los Angeles	4%
Michigan	1%
New Jersey	6%
New York City	4%
Orlando	5%
Philadelphia	5%
Richmond	0%
San Francisco	1%
South Florida	11%
Tampa	5%
Washington DC	7%
<b>Other</b>	<b>12%</b>