

PRESS RELEASE

Contact:
Carrie Holstead
412-833-1030
carrie@carrieholstead.com

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Carrie Holstead

Carrie Holstead Reveals \$371 Million Impact of Marcellus Shale On Pittsburgh Area Office Space to NAIOP

Pittsburgh, Pennsylvania – At the February 18, 2010 meeting of NAIOP Commercial Real Estate Development Association, Carrie Holstead, President of Carrie S. Holstead Real Estate Consultants/ITRA, became the first to reveal the significant financial impact of oil and gas companies on Pittsburgh area office space.

According to reports, Marcellus Shale could be one of the United State's most promising natural gas resources and is estimated to have trillions of cubic feet of natural gas trapped inside. Because horizontal fracturing technology has now made the rock accessible and cost efficient, it has created a boom to the Pittsburgh area resulting from oil and gas companies seeking to be near the increasing number of drill sites in the area.

To determine the impact on office space, Ms. Holstead initially identified the top one hundred oil and gas companies in the Pittsburgh area along with where they are located and why. The study showed a concentration of oil and gas companies particularly in the Southpointe and Cranberry/Wexford areas and a lesser concentration on the Parkway West Corridor. Having provided tenant representation services for a number of the oil and gas companies, she disclosed that they are generally seeking Class A and B office space with good access to: Drilling sites; Major arteries (70, 76 and 79); Executives and employees; And their other offices either via roadway or airplane.

Based on the research of her firm, Ms. Holstead has identified approximately 1,548,000 square feet of space that is leased by the oil and gas companies in the Pittsburgh area. She also believes that due to the dynamic nature of the industry, a number of these companies are not yet being tracked by any source and therefore the above referenced square footage is conservative.

She also talked about the impact of the oil and gas companies on vacancy levels and rental rates in the areas where these companies are most concentrated. She first talked about Southpointe where her firm has provided tenant representation services for a number of the oil and gas companies and shared one of her recent experiences of needing to assess proposed as well as existing office buildings for a client, due to the limited number of large blocks of space (over 15,000 square feet) remaining available at buildings already constructed. The vacancy level for Class A and B buildings in the Southpointe area is only 7%, which is below the benchmark 10.3% vacancy rate throughout the Pittsburgh area. Still, the vacancy rate in the Wexford/Cranberry area is at an even lower 5.7% while it is 16.6% on the Parkway West Corridor, where there are fewer oil and gas companies. Not surprising, vacancy levels in all these areas are declining and rental rates are increasing, due either in part or largely to the oil and gas companies absorbing space.

In addition to helping push vacancy levels down and rental rates higher, these companies are impacting other tenants by creating a competition for space. The oil and gas companies often win this competition because they tend to move quickly to finalize real estate transactions. Ms. Holstead has encountered this situation on a number of occasions recently, both from the standpoint of representing the oil and gas company that has leased space before another company was able to commit to it, and from the standpoint of representing the company interested in space and having an oil and gas company lease the space before her client was prepared to commit to it.

In addition to good access to major arteries, the oil and gas companies typically lease class A and B buildings and for those renewing office leases, they typically sign ten year terms but for those that are new to the area, they typically sign five year lease terms.

The level of inquiries for office space is fairly consistent but her research showed that the level of inquiries for field offices (industrial space) is directly tied to the price of gasoline. When the price goes up, inquiries go up. This was further proven when a client provided her with a chart showing the number of drill rigs in Western Pennsylvania and she compared it to the price of gasoline. Both bottomed out near March of 2009 and have been increasing ever since.

In a stunning revelation, Ms. Holstead then disclosed that the value of office leases signed by oil and gas companies over the last ten years is estimated by her company to be \$371,000,000, clearly a number which makes a very significant impact on Pittsburgh area real estate. She again noted that this is likely a conservative number given the dynamic nature of the industry. She also noted that she concentrated on the impact of oil and gas office leases exclusively and her study did not include the broader impact these companies have had on others with whom they do business... real estate companies, law firms, engineering firms, and many others. Clearly, she said, Marcellus Shale has had a positive impact on Pittsburgh area real estate and according to many reports this is likely to continue for the foreseeable future!

Carrie S. Holstead Real Estate Consultants, Inc, was founded in 1989 and is the longest established tenant representation firm in Pittsburgh. It provides tenant representation and consulting services for corporate users of office space in the Pittsburgh area as well as throughout the United States and on an international basis. The company is the exclusive Pittsburgh affiliate of International Tenant Representative Alliance (ITRA), a global organization dedicated to the representation of corporate tenants and buyers. In 2009, Ms. Holstead joined the Board of Directors of ITRA and is also chairperson of the Global Business Development Committee.

Further information about Carrie S. Holstead Real Estate Consultants, Inc. is available at its website, www.carrieholstead.com or by calling 1+ (412) 833-1030.

For more information about the International Tenant Representative Alliance, call toll-free, 1-888-925-ITRA, or visit the website, www.itraglobal.com.

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