

# PNC Real Estate Finance, Grubb & Ellis Publish Report On Technology's Impact on the Office Market

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PNC Real Estate Finance, a member of The PNC Financial Services Group (NYSE: PNC), in conjunction with research associate Grubb & Ellis (NYSE: GBE), recently published the results of a comprehensive research study that examined the wide-ranging impact of technology on the U.S. commercial office market.

The study found that technology's most dramatic impact on the office market -- by far -- is the unprecedented demand for space generated by technology companies. A few of the report's other key findings include:

- The risks related to new economy companies are perceived to be significant and far-reaching, having the potential to affect the broader commercial real estate market in several technology-heavy regions.
- While few markets report a substantial amount of space returning to the market due to economic failures and consolidation, many report the appearance of "warning signs," such as companies scaling back growth projections and expansion plans.
- Perceived risks are mitigated by substantial security deposits, guarantees by a corporate parent or venture capital partner, loan structure and conservative underwriting.

"Demand from high-tech companies has resulted in record-low vacancies, record-high rents and a wave of new construction," explains the report's author, Liz Ptacek, assistant vice president, PNC Real Estate Finance. "It remains to be seen, though, how some of these tech-heavy markets will be impacted if the pace of tech start-up failures continues or even accelerates. Many of the participants in the survey reported 'warning signs,' and it's unclear whether this will change the dynamics of what has been a landlord's market in many metropolitan areas."

Grubb & Ellis Company was PNC's research associate in this report and contributed market insight and data from local research offices across the country. "We were pleased to work with PNC and contribute significant research to the report," said Bob Bach, national director of Market Analysis with Grubb & Ellis. "We feel strongly that it's important to participate in studies such as this in order to strengthen the overall quality of information that's available to the marketplace."

The 34-page report offers an analysis of numerous issues as they relate to real estate and technology, such as:

- Current tenant preferences regarding technology, including such things as sophisticated telecommunications service packages and fiber optic capability.
- How technology companies are impacting office design, with open space design, flexible work environments and movable floor plates.

The study will be updated periodically to highlight emerging market trends, and is available to the media free of charge by calling 412-762-1841.

Grubb & Ellis Company (NYSE: GBE) is one of the nation's largest commercial real estate services firms. Through its offices, affiliates and global strategic alliance with Knight Frank, one of the leading property consulting firms in Europe, Africa and Asia Pacific, the company provides a full range of real estate services, including advisory, management and consultative services, to users and investors worldwide. With the collective resources of nearly 8,000 people in 200 offices in 29 countries, Grubb & Ellis professionals arrange the sale or lease of such business properties as industrial, retail and office buildings, as well as the acquisition and disposition of multi-family and hospitality properties and commercial land. Major multiple-market clients have a single point of contact through the firm's corporate and institutional units for coordination of all of the firm's services as well as site selection, feasibility studies, market forecasts and research. For more information, visit the company's website at [www.grubb-ellis.com](http://www.grubb-ellis.com).

PNC Real Estate Finance provides credit products, capital markets financing, treasury management,

commercial mortgage loan servicing and other products and services to developers, owners and investors in commercial real estate. PNC Real Estate Finance is headquartered in Pittsburgh and operates nationally with offices in East Brunswick, N.J.; Philadelphia; Wilmington, Del.; Washington, D.C.; Cincinnati; Louisville; Kansas City; Little Rock; and Portland, Ore. PNC's commercial real estate financial services platform includes Columbia Housing Partners, LP, a leading national syndicator of affordable housing equity, and Midland Loan Services, Inc., a leading national servicer of commercial mortgage loans, among other businesses.

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