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REAL ACCESS ALLIANCE
EXECUTIVE SUMMARY

EXECUTIVE SUMMARY — AUGUST 1999

Charlton Research Company is pleased to present this Executive Summary of a survey conducted on behalf of the Real Access Alliance. This study, which was conducted from July 26 to August 4, 1999, consisted of 316 interviews. Questionnaires were mostly distributed and returned via facsimile, although a select few were distributed via email or conducted by telephone. The margin of error for a sample this size is ± 5.5%. Please refer to Appendix A for a detailed methodology.

OBJECTIVES

The overall objective of this study was to gather information from real estate owners, managers, and decision makers on the issue of telecommunications leases. Specific key objectives of this study included:

- **Assessing the level of access granted to competitive telecommunications services by real estate owners and managers.**
- **Effectively gauging the length of time it takes to negotiate telecommunications leases.**
- **Determining the primary motivation for real estate owners and managers offering telecommunications services to tenants.**

KEY FINDINGS

A number of different key findings were uncovered during the course of this study. Real estate owners and managers are being inundated with solicitations from competitive telecommunications providers. However, the results of this study prove that owners and managers are responding positively to these solicitations. In fact, most of the solicitations within the past year have either resulted in a signed contract or are currently in negotiation. Additionally, while these new telecommunications leases take somewhat longer to negotiate than traditional tenant leases, they generally take less than six months to fully negotiate. Finally, the data show that above all else, tenant satisfaction is the primary driver for providing service in the emerging telecommunications marketplace.

Real Estate Owners and Managers are Being Heavily Solicited

Among the 316 owners and managers interviewed, altogether they recalled 805 total solicitations – an average of 2.5 solicitations per respondent. The data collected from owners and managers also reveal they are being solicited by a wide variety of companies. When asked which competitive telecommunications providers have contacted them in the past year to offer service, a list of 134 different service providers resulted. Given such a large number of competitive service providers and the finite leasable space in demand, owners and managers clearly cannot accommodate every solicitation they receive.

Competitive Telecommunications Providers are Gaining Access, but Supply Exceeds Demand

Owners and managers are actively and positively responding to approximately two-thirds of business solicitations. Among the aforementioned 805 solicitations, 522 solicitations resulted either in a final contract or are in contract negotiations. Further, the data reveal that owners and managers are signing or negotiating with a plethora of companies. In fact, the 522 solicitations negotiated or currently in negotiations span a list of 104 competitive companies. Thus, owners and managers are actively negotiating contracts with over three-fourths of the competitive telecommunications providers actively soliciting new business. While just over one-third of real estate owners and managers have denied access, they did usually did so *after* beginning negotiations with providers. In fact, most of those who have denied access believe it was because of problems on the providers behalf.

In fact, the high volume of solicitations and the long list of companies seeking market entry within the past year indicate that market saturation may be a serious problem within the telecommunications industry. A reasonable conclusion is that this new industry has not yet stabilized, and that an equilibrium of supply and demand has not yet been reached.

Traditional Tenants are the Primary Drivers of Demand

When asked what motivates owners and managers to offer telecommunications services to their tenants, the responses overwhelmingly centered around tenant interests. In fact, 61% of owners and managers said some form of tenant interest was their primary motivation for offering such services. More specifically, *to offer tenants options and amenities* was the most frequently mentioned answer, cited by 27% of respondents. Additionally, 20% of owners and managers said *tenant demand* was their primary reason. Further, 11% said their primary motivation was *to offer tenants better services.* Finally, three percent said their main reason for offering telecommunications services to their tenants is *to keep their tenants satisfied.*

Another important reason for offering telecommunications services is to *keep buildings competitive and marketable.* Twenty-one percent of owners and managers said this was their primary reason for offering telecommunications services. Interestingly, only nine percent mentioned revenue or income as their primary motivation.

Telecommunications Leases are Marginally Longer to Negotiate than Traditional Tenant Leases

Given the mature industry of traditional tenant real estate, many leases for traditional tenants have become streamlined and uniform. Owners and managers were asked how long it takes to negotiate a traditional tenant lease for the purpose of creating a benchmark by which to judge telecommunications leases. The underlying assumption is that a traditional tenant lease is the least amount of time possible to negotiate any kind of real estate lease. A corollary of that assumption is that since competitive telecommunications leases are relatively new, they have not become uniform, and will take somewhat longer to negotiate than a traditional tenant lease.

Ninety-one percent of owners and managers said a traditional tenant lease usually takes six months or less to negotiate. In comparison, 71% said a telecommunications lease typically takes six months or less to negotiate. While there is still a gap between traditional tenant leases and telecommunications leases, close to three-quarters said telecommunications leases take half a year or less.

Respondents were then asked to disclose the longest it has ever taken to negotiate a telecommunications lease in order to glimpse the worst-case scenarios. The results were split fairly evenly, with 41% saying negotiations still took less than half a year, and 35% saying negotiations took seven months or more. Almost one-quarter were unable to recall the length of negotiation time.

For a simpler comparison among the three questions, averages were computed for each question. The average length of time for a traditional tenant lease is three months, while the average length of time for a telecommunications lease is almost five months. The average length of time to negotiate an unusually long telecommunications is seven months. Hence, the length of time it takes to negotiate a typical telecommunications lease, a relatively new type of lease, is not much longer than the length of time it takes to negotiate a traditional tenant lease. Further, even among atypical negotiations, the average length of time taken is still significantly shorter than one year.

A detailed methodology for this survey is provided in Appendix A. The key points highlighted in this Executive Summary, as well as additional interesting research findings, are augmented with quantitative data in Appendices B through G.

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APPENDIX A: METHODOLOGY

APPENDIX A — AUGUST 1999

The research study design consisted of a one page fax survey distributed to all members of the following real estate associations listed below:

- **National Association of Real Estate Investment Trusts (NAREIT)**
- **Building Owners and Managers Association (BOMA)**
- **National Realty Committee/The Real Estate Roundtable (NRC/RER)**
- **Institute of Real Estate Management (IREM)**
- **National Association of Industrial and Office Properties (NAIOP)**
- **International Council of Shopping Centers (ICSC)**

The questionnaire was limited to one page to avoid confusion among the returned surveys. A select few were distributed via email as per respondents' request, and the initial thirteen were conducted via telephone by professional interviewers. The telephone interviews were used to pre-test the questionnaire and to receive feedback from respondents.

The respondents were faxed the questionnaire twice, with one to two follow-up faxes in between. The follow-up fax was a reminder about the study and a request to complete and return the questionnaire. The data collection period began Monday, July 26, 1999 and ended August 4, 1999.

The questionnaire was sent to 6,211 members among the various associations, and a total of 316 were properly completed and received. The collected data was analyzed on a personal computer using Wincross for crosstabulations and the Statistical Package for the Social Sciences (SPSS) for multivariate analysis.

SPECIFIC TASKS

The survey methodology consisted of a number of different tasks, including: questionnaire design, sample development, data collection, code list development, and analysis.

Questionnaire Design

The questionnaire designed was conducted by Charlton Research Company, an independent polling agency, with extensive input from representatives of the participating associations. The representatives from the real estate associations provided additional areas of inquiry that were important in the decision making process. These subjects had been discussed and reviewed by real estate professionals, lawyers specializing in real estate, real estate portfolio CEOs, and building owners and managers throughout the nation. Meetings were held to discuss both the subjects and questions to assure that the contents of the designed questionnaire would meet the needs of the National Real Estate Coalition. Charlton Research provided expertise in the objectivity of the wording and order of the questions. Charlton Research also ensured the questions were understandable and answerable.

After extensive collaboration and final consensus, the questionnaire was pretested among thirteen respondents chosen for their extensive knowledge on the subject. The pretest was conducted by two professional interviewers employed by Charlton Research Company. The pretest revealed that only minor logistical changes were necessary, and were included in the 316 surveys received and accepted.

Sample Frame Development

Anticipating a response rate between 2%-10%, questionnaires were faxed to all members of participating organizations to ensure an adequate number or surveys were completed properly and returned. Since members of some organizations are also members of several other organizations, the sample was compiled into one database by Charlton Research, and purged of duplicate names. In addition, recipients were instructed not to complete the questionnaire more than once. The headers on the returned surveys—which include the respondent's fax number and often the company's name and telephone number—were used to check for duplicate respondents. Due to the crossover membership among the various organizations, the sample was not stratified by association member. Additionally, the sample could not statistically be predetermined as it was heavily dependent on the willingness of recipients to accept, properly complete, and return the questionnaire.

Data Collection

Data collection consisted of a survey distributed and returned by fax. The questionnaires were faxed to recipients by both the National Association for Real Estate and Investment Trusts (NAREIT) and the Building Owners and Managers Association (BOMA). The number of distributors was limited to two to minimize logistical and technical problems including fax machine capabilities, phone line capabilities and personnel availability. BOMA distributed the questionnaire solely to its own members, and NAREIT distributed questionnaires to its members and the members of the remaining four associations. The return procedure for the surveys was also designed in this manner. BOMA respondents faxed their survey back to BOMA, and all remaining respondents faxed their surveys back to NAREIT. The return procedure was designed in this manner for the same reasons as the distribution method.

Data collection commenced on Sunday night, July 25, 1999, with the intent of members receiving the questionnaire Monday morning. On Tuesday, July 27, 1999, NAREIT sent reminder faxes to their members, as well as members of NRC, IREM, NAIOP and ICSC, asking them to complete and return the questionnaire. On Wednesday, July 28, 1999, all members of all participating associations were sent reminder faxes. The data collection period ended on August 3, 1999. The total response rate of this study is estimated at 5%, well within initial expectations.

Code List Development

The responses to 25% of the surveys returned were used as the foundation for the code lists. The developed code lists defined numerical codes for all questions in the survey, including open ended responses. Questionnaires were marked with an identification code; once they had been coded and entered into the database, the actual surveys could be matched with their corresponding data in the database. This enables various crosstabulations and analyses to be performed.

Analysis

Once the data quality had been verified and assured, various descriptive statistics were computed using Wincross and SPSS. Survey responses were compared to general industry data including the following: business function, number of buildings owned and/or managed, and classification of buildings. All analyses conducted assume a confidence level of 95%. In general, the characteristics were similar to the real estate industry and the data verified the decision not to stratify the sample by association.

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APPENDIX B: ACCESS GRANTED TO COMPETITIVE TELECOMMUNICATIONS SERVICE PROVIDERS

APPENDIX B — AUGUST 1999

Question 8 of the survey asked respondents to recall which competitive telecommunications service providers contacted them in the past year, while Question 9 asked respondents which competitive telecommunications providers were granted access. Additionally, Questions 15A and 15B asked respondents if they have ever denied access to a competitive telecommunications provider and, if so, why.

Owners and managers are actively and positively responding to approximately two-thirds of business solicitations *(see figure B1)*. Among 805 solicitations from a total of 134 different competitive telecommunication service providers *(see figure B2)*, 522 solicitations resulted either in a final contract or are in contract negotiations. Further, the data reveal that owners and managers are signing or negotiating with a plethora of companies. In fact, the 522 solicitations negotiated or currently in negotiations span a list of 104 competitive companies *(see figure B3)*. Thus, owners and managers are actively negotiating contracts with over three-fourths of the competitive telecommunications providers actively soliciting new business.

PERCENT OF SOLICITATIONS BY PROVIDER VERSUS PERCENT OF CONTRACTS AND NEGOTIATIONS BY PROVIDER

	Solicitation* %	Access** %
Teligent	17	17
Winstar	14	16
AT&T/TCG	8	6
MCI/MFS/Worldcom	7	5
Nextlink	4	4
ICG	3	2
Sprint	3	4
e.Spire	2	2
Hyperion	2	2
Intermedia	2	2
Level 3	2	3
US West	2	2
Ameritech	1	*
BellSouth	1	1
Brooks Fiber	1	1
CellularOne	1	1
Cox Communication	1	1
Cypress Communications	1	1
GST	1	1
Nextel	1	*
Southwestern Bell	1	1
Other	25	28

*Based on a total of 805 solicitatons from 134 providers

**Based on a of total 522 contracts/negotiations with 104 different providers

figure B1

The following telecommunications service providers which requested building access are listed below.

21st Century	CTCI	Kivexicom	RCN
A-Link	Curient	KMC	Riser
ACC Net	Cypress	Lahman Internet	Satellite Choice
Acciel Risor	Data First	Level 3	Shared Technologies
ACSI	Devnet	Lightpath	Shell
Advanced Radio Telecom	Direct Digital	Logix	Skytel
Air Touch	DTG	Lucent	Snet
Alvec	E.Spire	MCI Worldcom	Soho
Allied Riser	Eclipse Coastal	MDG	Southwestern Bell
Allied Riser Corp	EGI	Media One	Sprint
Alltel	Electric Lightwave	Mediacom	TCG
American Metrocom	ELI	Metro Media Fiber	TCI
American Telco	EMIU	Metrocall	Telco
Ameritech	Enhanced	Metrocom	Teledata
Apex	Entergy Hyperion	Motorola	Telephone Exchange
AT&T	Executone/Datatel	Neon	Teleport
Bell	Express Tell	Net 2000	Teletrade
Bell Atlantic	Fibernet	Next Link	Teligent
Bell South	First World	Nextel	Thorne
Bestline	Frontier	Nextwave	Time Warner
Bluestar	Geo Trans	Nis Group	United Cellular
Brooks Fiber	Global	Oceanic	US LEC
Cablevision	Gst	Omnicell	US RealTel
Capital Cable	GTE	Omnipoint	US West
CellularOne	Hyperion	One Network	US Online
Chicago	ICG	One Point	WCI
Choice One	Infomedia	Onsite Access	Wedgewood
Choicecom	Intel	Optel	Western Wireless
Comcast	Intellicom	Pacific Bell	Williams
Commco Tec	Intelligence	Pagemart	Winstar
Corecomm	Intellispace	Powers Court	Worknet
Covad	Intermedia	Powertel	
Cox	Internet Express	Quantum	
CSW Net	Jones	Quest	

figure B2

The following telecommunications service providers who were granted contracts or currently negotiating contracts are listed below.

21st Century	E.Spire	Lucent	Rooftop
Acciel Risor	Eclipse Coastal	Mci Worldcom	Satellite Choice
Acsi	Egi	Media One	Shared Technologies
Advanced Radio Telecom	Electric Lightwave	Mediacom	Skytel
Air Touch	Enhanced	Metro Media Fiber	Snet
Allied Riser	Entergy	Metrocall	Soho
Alltel	Executone/Datatel	Metrocom	Southwestern Bell
American Telco	Fibernet	Net 2000	Sprint
Ameritech	First World	Nextel	TCG
Apex	Frontier	Nextlink	Telephone Exchange
At&T	Geo Trans	Nextwave	Teleport
Bell Atlantic	Global	Oceanic	Teletrade
Bell	Gst	Omnicall	Teligent
Bell South	Gte	Omnipoint	Thorn Communications
Bestline	Hyperion	One Network	Time Warner
Brooks Fiber	Icg	One Point	U.S. West
Cablevision	Intelligence	Onsite	United Cellular
Cellular One	Intellispace	Optel	U.S. Lec
Chicago	Intermedia	Pacific Bell	U.S. Realtel
Corecomm	Internet Express	Pagemart	USonline
Covad	Jones	Powers Court	Western Wireless
Cox	Kivexicom	Quantum	Winstar
Csw Net	Kmc Telecom	Quest	Worknet
Ctsi	Level 3	Rcg	
Cypress	Lightpath	Rcn	
Devnet	Logix	Riser	

figure B3

While more than one-third of respondents have denied access to a competitive telecommunications provider *(see figure B4)*, the data from a follow up question reveal that most of the denials were the result of problems on the part of the service provider *(see figure B5)*. Additionally, many of the responses to the follow up question clearly indicate that in most cases of denied access, real estate owners and managers had first entered into negotiations with the service provider.

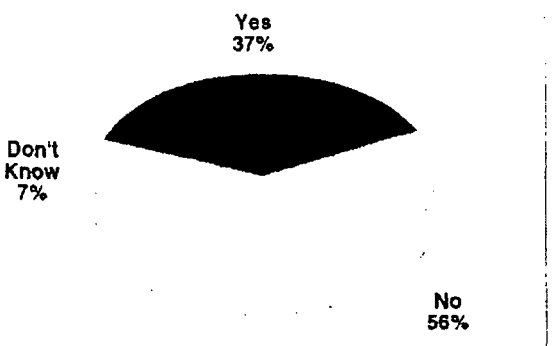

figure B4

Interestingly, of the 37% who said they have denied access to a competitive telecommunications service provider, 74% of those respondents have, in fact, granted access to other competitive providers.

Further, except for the category *Breakdown in Contract Negotiations*, the reasons provided for denying access are business reasons. In fact, even using a fair estimate that half of the 33% who cited *Breakdown in Contract Negotiations* were being unreasonable, over 70% said they denied access for entirely sound business reasons relating to the building, the provider, or demand for the service.

REASONS FOR DENIED ACCESS*

N = 107	First %	Total %
Net: Breakdown in Contract Negotiations	33	37
Provider refused to pay competitive rents/fees	20	23
Could not agree on contract terms	13	15
Net: Provider Problems	21	24
Provider not credible/no history	8	10
Unethical negotiation tactics/marketing	5	6
Provider would not adhere to code/regulations	3	3
Provider wanted exclusive rights	2	2
Provider would not assume liability	2	3
Provider attempted to bypass building management	1	2
Net: Lack of Space/Security Issues	19	21
Limited/no room	15	16
Aesthetics/equipment too big	2	4
To Maintain control/building security	2	3
No tenant demand/not enough	15	16
Other	12	15

*Base is those who have denied access; N=107

figure B5

Finally, almost two-in-ten say that competitive telecommunications service providers have in the past failed to meet contractual or tenant service obligations *(see figure B6)*. Interestingly, when asked specifically about what went wrong, one-quarter say the provider either never installed the equipment or never provided service *(see figure B7)*. Also, the data indicate problems with installation procedures, including mistakes, failure to meet regulations, and installation of illegal equipment.

PROVIDER FAILURE TO MEET OBLIGATIONS

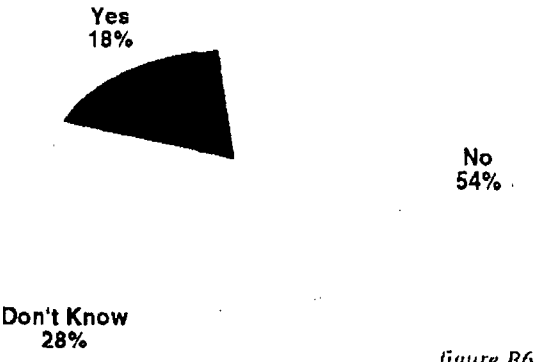

figure B6

REASONS FOR FAILURE TO MEET OBLIGATIONS*

N = 45	First %	Total %
Never installed/provided service	18	24
Poor service/poor technology	18	20
Slow/untimely installation	18	18
Failure to meet regulations	9	9
Errors/mistakes with installation	4	4
Bad management	2	2
Installed equipment not agreed upon	2	2
Other	29	29

*Base is those who have had providers fail to meet obligations; N=45

figure B7

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APPENDIX C: REQUESTED SERVICE DENIALS

APPENDIX C — AUGUST 1999

Questions 17A asked respondents if they have ever requested access from a competitive telecommunications service provider and been denied. Question 17B is an open ended follow up question which asked respondents to recall the provider's reason for denying service.

More than ten percent of respondents say they have contacted competitive telecommunications service providers only to be denied service *(see figure C1)*. The providers predominantly gave three reasons for denying service: *insufficient building structure, provider did not want building or area,* and *building not big enough (see figure C2).*

DENIED SERVICE BY PROVIDER

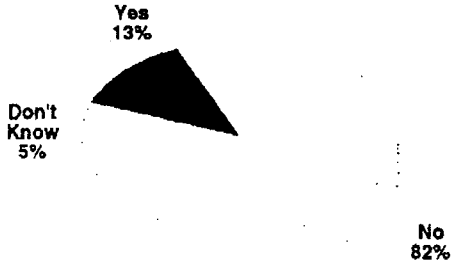

figure C1

PROVIDER REASONS FOR DENYING SERVICE*

N=34	First %	Total %
Building/area infrastructure insufficient	29	29
Provider didn't like our building/area	29	29
Building not big enough	15	15
Other	27	27

*Base is those who have been denied service upon request; N=34

figure C2

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APPENDIX D: REQUESTS FOR EXCLUSIVE CONTRACTS

APPENDIX D — AUGUST 1999

Question 10 asked respondents what percentage of providers who contacted them requested exclusive contracts. This question was open-ended.

While three-quarters of respondents said that none of the providers who contacted them requested exclusive contracts, one-quarter said that providers had requested exclusivity *(see figure D1)*. In fact, 15% said all of the providers that contacted them requested exclusivity.

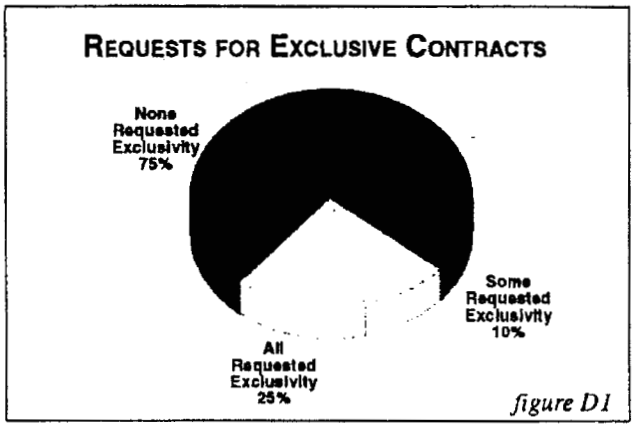

figure D1

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APPENDIX E:
LENGTH OF NEGOTIATION PER LEASE TYPE

Questions 18, 19 and 21 of the survey asked respondents to estimate the length of time it takes to negotiate specific kinds of leases.

The time it takes to negotiate a typical telecommunications lease—a relatively new type of lease—is not much longer than the negotiation time for a traditional tenant lease. The average negotiation time for a traditional tenant lease is three months, while the average amount of time for a telecommunications lease is almost five months *(see figure E1)*. Further, the average negotiation time for an unusually long telecommunications leases is seven months. Thus, even among atypical negotiations, the average length of time taken is still significantly less than one year.

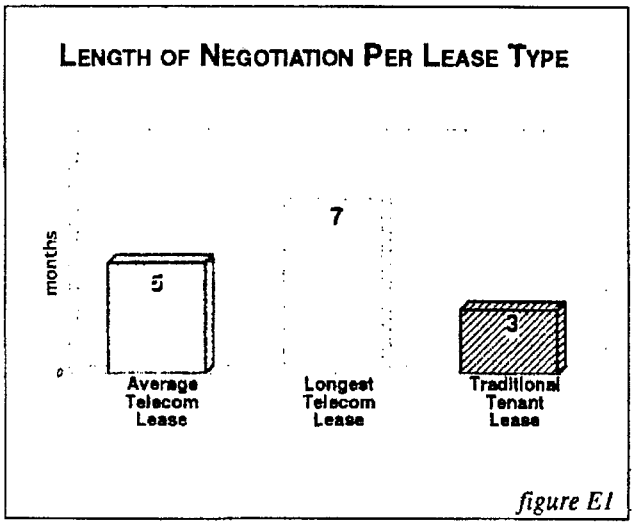

figure E1

Respondents were given categories to choose from and asked which time frame best reflects the amount of time it takes to negotiate certain types of leases: a traditional tenant lease, a typical telecommunications lease, and the most time-consuming telecommunications lease respondents' have ever negotiated. Each category was given a value equal to the midpoint of that category. The category *Over One Year* was assigned a value of 24 months to ensure a conservative average. *Don't Know* responses were excluded from this computation. The categories and midpoints are as follows:

Category	Midpoint Value
1 - 3 Months	2 Months
3 - 6 Months	4.5 Months
7 - 11 Months	9 Months
Over 1 Year	24 Months

Next, the number of responses for each category were multiplied by the Midpoint Value. An example is provided using the data from question 18. The number of responses were then multiplied by the Midpoint Value to obtain a Weighted Score. The Sum of the weighted scores was then divided by the sum of responses to obtain the computed average.

Category	Number of People		Midpoint Value		Weighted Score
1 - 3 Months	118	x	2	=	236
3 - 6 Months	101	x	4.5	=	454.5
7 - 11 Months	32	x	9	=	288
Over 1 Year	11	x	24	=	264
	262				**1242.5**

1242.5 ÷ 262 = 4.7 Months

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APPENDIX F: MOTIVATION FOR OFFERING TELECOMMUNICATIONS SERVICES

Question 24 asked real estate owners and managers why they provide telecommunications services to their tenants.

When asked what motivates owners and managers to offer telecommunications services to their tenants, the responses overwhelmingly centered around tenant interests *(see figure F1)*. In fact, 61% of owners and managers said some form of tenant interest was their primary motivation for offering such services, including: *to offer tenants options and amenities, tenant demand, to offer tenants better services, and to keep tenants satisfied.* Finally, three percent said their main reason for offering telecommunications services to their tenants is *to keep their tenants satisfied.* Many also said they offered these service *to keep buildings competitive.* Interestingly, less than ten percent mentioned revenue as their primary motivation.

REASONS FOR OFFERING TELECOMMUNICATIONS SERVICES TO TENANTS

N=245	First %	Total %
Net: Tenant interests	61	69
To offer tenants choice/options/amenities	27	33
Tenant request/demand	20	25
To offer tenants best services/improve services	11	13
To keep tenants/to keep tenants satisfied	3	4
To keep building(s) competitive/marketable	21	30
Additional revenue/income	9	21
Don't Know	9	9

figure F1

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APPENDIX G: MOTIVATION FOR OFFERING TELECOMMUNICATIONS SERVICES

APPENDIX G — AUGUST 1999

Questions 25A and 25B asked real estate owners and managers what costs and inconveniences are associated with installing new wireless and wired services.

Real estate owners and managers revealed there are a wide variety of costs and inconveniences associated with installing new telecommunications services *(see figures G1 and G2)*. While the installation costs are often times absorbed by the provider, the data reveal many indirect and secondary costs associated with any new installation. In particular, management time and construction inconvenience comprise about half of the general costs and inconveniences.

COSTS AND INCONVENIENCES OF INSTALLING NEW WIRED TECHNOLOGY

N=191	First %	Total %
Net: Time inconvenience/Costs	31	47
Finding room/limited space	17	26
Time/management/coordination of installation	12	22
Difficulty with layout/routes/placement	3	8
Net: Construction inconvenience/Costs	24	35
General construction/installation	6	8
Tenant inconvenience disruption/noise	6	9
Getting into risers	5	12
Core drilling	3	6
Building security	3	5
Wiring mistakes/incorrect labeling	1	4
No installation cost/provider absorbs cost	19	19
Net: Direct Costs	13	28
Repairs to building	6	10
Professional costs (legal, architectural engineers)	3	9
Must provide more power/HVAC	2	7
Traditional tenant space lost	1	3
Provider does not absorb costs	1	2
Little/no inconvenience	1	11
Other	9	14
Don't Know	3	3

figure G1

COSTS AND INCONVENIENCES OF INSTALLING NEW WIRELESS TECHNOLOGY

N=194	First %	Total %
Net: Time inconvenience/Cost	29	41
Finding room/limited space	16	21
Time/management/coordination of installation	12	20
Difficulty with Layout/routes/placement	2	5
No installation cost/provider absorbs cost	24	27
Net: Construction inconveniences/Costs	16	26
General construction/installation	7	9
Tenant inconvenience disruption/noise	4	7
Getting into risers	3	8
Building security	2	4
Core drilling	1	2
Wiring mistakes/incorrect labeling	1	2
Net: Direct Costs	8	20
Professional costs (legal, architectural engineers)	3	8
Repairs to building	3	8
Must provide more power/HVAC	2	4
Traditional/valuable tenant space lost	1	3
Provider does not absorb costs	1	1
Little/no inconvenience	1	15
Other	13	17
Don't Know	9	9

figure G2

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REAL ACCESS ALLIANCE
MEMBERSHIP SURVEY
AUGUST 1999

1. What is your company's or office's primary business function?
N=314

Ownership	16%
Management	26
Both	58

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2. Are you the person responsible for negotiating contracts with telecommunication service providers for your building or organization?
N=310

Yes	99%
No	1

---

3. What percentage of your buildings fall into each of the following:
N=308
List provided for open ended percentages
Percentages are average percentages per category

Office	62%
Industrial	11
Retail	8
Mixed	8
Residential	7
Corporate facility	4
Other	1

STRATEGISTS FOR BUSINESS, POLITICS AND LAW
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[illegible] K Street, Northwest Suite 800 • Washington, DC [illegible] • 202 [illegible] • 202 [illegible] fax

4. How many buildings do you own or manage?
N=292
Open ended question

1-2	24%
3-5	17
6-10	16
11-20	14
21-50	13
51-100	6
101-200	5
201-500	5
More than 500	*

Average number of buildings per respondent: 50.6

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5. What is the total square footage of your building(s)?
N=309

Less than 100K	3%
100K - 300K	14
300K - 600K	20
600K - 1 million	17
1- 5 million	28
More than 5 million	18

*** This sample represents an estimated aggregated total of 619.1 million square feet.**

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6. Where is (are) your building(s) generally located?
N=307

Northeast	17%
South	24
Midwest	18
West	29
National	12

7.a If you are a multiple building owner or manager, what percent are:
N=262
Percentages are average percentages per category
Open ended question

Class A	51%
Class B	37
Class C	6
N/A	6

7.b If you are a single- building owner or manager is your building:
N=46
Open ended question

Class A	72%
Class B	19
Class C	5
Not Applicable	4

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8. Which competitive telecommunications providers have contacted you in the past year to request access to your building(s)?
N-size not applicable
Open ended question

Total solicitations: 805
Average solicitations per respondent: 2.5

Major solicitors

Teligent	17%
Winstar	14
AT&T/TCG	8
MCI/MFS/Worldcom	7
Nextlink	4
ICG	3
Sprint	3
E-spire	2
Hyperion	2
Intermedia	2
Level 3	2
US West	2
Ameritech	1
Bellsouth	1
Brooks Fiber	1
CellularOne	1
Cox Communications	1
Cypress Communications	1
GST	1
Nextel	1
Southwestern Bell	1
Other	25

---

9. Of those who contacted you, to whom did you provide access or are in current contract negotiations?
N-size not applicable
Open ended question

Total provider offers negotiated or in negotiation: 522
Average provider offers negotiated or in negotiation per respondent: 1.65

Companies awarded contracts or in negotiation:

Teligent	17%
Winstar	16
AT&T/TCG	6
MCI/MFS/Worldcom	5
Nextlink	4
Sprint	4
Level 3	3
E-spire	2
Hyperion	2
ICG	2
Intermedia	2
US West	2
ART	1
Bellsouth	1
Brooks Fiber	1
CellularOne	1
Cypress Communications	1
GST	1
GTE	1
Pacific Bell	1
Southwestern Bell	1
TimeWarner	1
Other	25

*** 65% of all provider offers resulted in either a contract or are current negotiations**

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10. Of those who contacted you, what percent requested exclusive contracts?
N=256
Open ended question

75% of respondents said **none** of the providers that contacted them in that past year requested exclusive contracts.

10% of respondents said **some, but not all** of the providers that contacted them in that past year requested exclusive contracts.

15% of respondents said **all** of the providers that contacted them in that past year requested exclusive contracts.

Single-building owner/managers: answer 11&12, then skip to 15

11. For each company in Question 8, please provide the number of buildings, percentage of portfolio, and percentage of tenants the competitive telecommunications provider proposed to serve.

Average number of buildings per provider offer: 8.04

1	46%
2	15
3	7
4	6
5-10	14
11-25	6
26-75	5
More than 75	1

---

12. For each company, what percent of those buildings were:
Average provider offer based on 458 aggregated provider offers

Urban	56%
Suburban	41
Rural	0.5

---

13. For each company, what percent of those buildings were:
Average provider offer based on 543 aggregated provider offers

Class A	63%
Class B	32
Class C	4

---

14. For each company, what percentages of those buildings were:
Average provider offer based on 530 aggregated provider offers

Office	81%
Industrial	9
Retail	2
Mixed	3
Residential	1
Corporate facility	2
Other	2

---

15. Has your building or organization ever denied a competitive telecommunications provider access?
N=304

Yes	37%
No	56
Don't know	7

15b. If so, why?
N=107
Base is those who have ever denied access to any service provider

	First Mentions	Total Mentions
Net: Breakdown in Contract Negotiations	33%	37%
Provider refused to pay competitive rent/fees	20	23
Could not agree on contract terms	13	15
Net: Provider Problems	21%	24%
Provider not credible/no history	8	10
Unethical negotiation tactics/marketing	5	6
Provider would not adhere to codes/regulations	3	3
Provider would not assume liability	2	2
Provider wanted exclusive rights	2	3
Provider attempted to bypass building management	1	2
Net: Lack of Space/Security Issues	19%	21%
Limited room/no room	15	16
To maintain control/building security	2	4
Unaesthetic equipment/too big/antennas	2	3
No tenant demand/not enough	15%	16%
Other mentions	12%	15%

16. Have competitive telecommunications providers failed to meet contractual or tenant service obligations?
N=287

Yes	18%
No	54
Don't know	28

16b. If so, why?
N=45
Base is those who have had providers fail to meet obligations

	First Mentions	Total Mentions
Poor service/poor technology	18%	20%
Never installed equipment/provided service	18	24
Slow/untimely installation	18	18
Failure to meet regulations	9	9
Errors/mistakes with installation	4	4
Bad management at service provider	2	2
Installed equipment not agreed upon/illegal	2	2
Other mentions	29	29

---

17. Have you ever contacted a competitive telecommunications provider to request service for your building or organization, and been denied?
N=304

Yes	13%
No	82
Don't know	5

17b. If so, why?
N=34
Open ended question
Base is those who have been denied service upon request

	First Mentions	Total Mentions
Building/area infrastructure insufficient	29%	29%
Cost Issues	15	15
Provider didn't like our building/area	29	29
Other mentions	27	27

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18. How long would you say it usually takes to negotiate an agreement with a competitive telecommunications provider?
N=307

Net: 6 Months or Less	71%
1-3 months	38
3-6 months	33
Net: 7 Months or More	14%
7-11 months	11
Over 1 year	3
Don't know	15%

---

19. What is the longest it has ever taken to negotiate an agreement with a competitive telecommunications provider?
N=297

Net: 6 Months or Less	41%
1-3 months	14
3-6 months	27
Net: 7 Months or More	35%
7-11 months	16
Over 1 year	19
Don't know	24%

20. Why did that particular negotiation take the length of time it did?
N=181
Base is those who felt that particular negotiation took longer than usual

	First Mentions	Total Mentions
Net: Delays in Contract Negotiations	41%	45%
Legal delays/contract language	19	21
Conflict in negotiations (unspecified)	13	14
Provider had conflicts with rent/fees	8	12
Technical disagreements/delays	1	1
Net: Provider Problems	16%	18%
Provider was slow	5	7
High turnover at provider/mergers	4	4
Provider did not want to assume liability	3	3
Provider wanted exclusivity	2	3
Unethical negotiation tactics/marketing	2	2
Net: No Unique Reason	10%	12%
Normal/no difference	4	4
Corporate bureaucracy	4	4
Not a priority/not urgent	2	3
Net: Problems with Physical Space	8%	9%
Difficulty with layout/routes/placement	5	5
Space requirements	3	4
Owner was slow/unavailable	6%	6%
Provider had access difficulty with carrier	2%	3%
Other mentions	13%	14%
Don't know	4%	4%

21. How long does it usually take to negotiate leases with traditional tenants?
N=302

Net: 6 Months or Less	91%
1-3 months	67
3-6 months	24
Net: 7 Months or More	4%
7-11 months	4
Over 1 year	-
Don't know	5%

---

22. How long does it usually take to negotiate leases with rooftop tenants that are NOT competitive telecommunications providers?
N=296

Net: 6 Months or Less	61%
1-3 months	47
3-6 months	15
Net: 7 Months or More	4%
7-11 months	4
Over 1 year	*
Don't know	35%

Comparison of average length of negotiaton per lease type

Average traditional tenant lease	3 months
Average telecommunications lease	4 months
Average longest telecommunicatios lease	7 months

---

23. How many service providers currently serve your tenants, or use your building(s) as a platform from which to serve others, for:
N=275
List provided for open ended percentages
Percentage of respondents who currently serve below providers:

Local Phone	82%
Cable	63
Internet	57
Long Distance	46
Cellular	46
Tenant-owned equipment	43
Satellite	40
Paging	35
PCS	22
Broadcaster	12
Other	3

---

24. What was your motivation or reason for offering these services to your tenants?
N=245
Open ended question

	First Mentions	Total Mentions
Net: Tenant Interests	61%	69%
To offer tenants choice/options/amenities	27	33
Tenant demand/request	20	25
To offer tenants best services/improve services	11	13
To keep tenants/to keep tenants satisfied	3	4
To keep building competitive/marketable	21%	30%
Additional revenue	9%	21%
Other Mentions	9%	9%

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25. What costs or inconveniences, if any, are associated with installing a new competitive telecommunications provider using:

Wireless Technology
N=194
Open ended question

	First Mentions	Total Mentions
Net: Time Inconvenience/Costs	29%	41%
Finding space/room	15	21
Time/management/coordination of installation	12	20
Difficulty with layout/routes/placement	2	5
No Direct Cost/Provider Absorbs Cost	24%	25%
Net: Construction Inconveniences/Costs	16%	26%
General construction/installation	7	9
Tenant inconvenience/disruption/noise	4	7
Getting into risers	3	6
Building security concerns	2	4
Core drilling	1	2
Wiring mistakes/incorrect labeling	1	2
Net: Direct Costs:	8%	20%
Professional costs/legal fees/A&E fees	3	8
Repairs to building/building damage	3	8
Must provide more power/HVAC	2	4
Traditional/valuable space lost	1	3
Provider does not absorb cost	1	1
Little/no inconvenience	1%	15%
Other mentions	13%	17%
Don't know	9%	9%

Wired Technology
N=191
Open ended question

	First Mentions	Total Mentions
Net: Time Inconvenience/Costs	31%	47%
Finding space/room	17	26
Time/management/coordination of installation	12	22
Difficulty with layout/routes/placement	3	8
Net: Construction Inconvenience/Costs	24%	35%
General construction/installation	6	8
Tenant inconvenience/disruption/noise	6	9
Getting into risers	5	12
Core drilling	3	6
Building security concerns	3	6
Wiring mistakes/incorrect labeling	1	4
No Cost/Provider Absorbs Cost	19%	19%
Net: Direct Costs	13%	28%
Repairs to building/building damage	6	10
Professional costs/legal fees/A&E fees	3	9
Must provide more power/HVAC	2	7
Traditional/valuable space lost	1	3
Provider does not absorb cost	1	2
Little/No Inconvenience	1%	11%
Other mentions	9%	14%
Don't know	3%	3%

Optional Name: _____

Optional Phone: _____

Optional Title: _____

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[redacted]

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