News Release

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PS Business Parks, Inc. announces FFO of $0.72 per share for the third quarter of 2000 compared to $0.62 in 1999, an increase of 16.1%. PSB also announces "Same Park" net operating income growth of 10.2%.

Glendale, California - PS Business Parks, Inc. (AMEX: PSB), announced today operating results for the third quarter and nine months ending September 30, 2000.

Net income allocable to common shareholders for the third quarter of 2000 was $10.2 million or $0.44 per diluted share on revenues of $38.5 million compared to net income allocable to common shareholders of $9.4 million or $0.40 per diluted share on revenues of $33.3 million for the same period in 1999. Net income allocable to common shareholders for the nine months ended September 30, 2000 was $29.9 million or $1.28 per diluted share on revenues of $112.3 million compared to net income allocable to common shareholders of $28.2 million or $1.19 per diluted share on revenues of $93.8 million for the same period in 1999.

Funds from operations ("FFO") for the third quarter of 2000 were $22.0 million or $0.72 per share compared to $19.4 million or $0.62 per share for the same period in 1999. This represents an increase of 16.1% in FFO per share based on 30.6 million and 31.2 million weighted average shares outstanding during the third quarter of 2000 and 1999, respectively. FFO for the nine months ended September 30, 2000 were $63.8 million or $2.07 per share compared to $56.8 million or $1.83 per share for the same period in 1999. This represents an increase of 13.1% in FFO per share based on 30.8 million and 31.1 million weighted average shares outstanding for the nine months ended September 30, 2000 and 1999, respectively.

The growth in FFO is due to the performance of the Company's "Same Park" operations (see below) combined with income from acquisitions and developments made or completed during 1999 and 2000. The Company's "Same Park" operations continued to benefit from strong demand resulting in increased rental rates and continued high occupancies. The Company also continues to rationalize its cost structure through improving economies of scale and operating efficiencies, resulting in continued improvement in operating margins.

<u>Property Operations</u>

In order to evaluate the performance of the Company's overall portfolio, management analyzes the operating performance of a consistent group of 107 properties (10.5 million net rentable square feet). These 107 properties in which the Company currently has an ownership interest (herein referred to as the "Same Park" facilities) have been owned and operated by the Company for the comparable periods. These properties do not include properties that have been sold during the year. The "Same Park" facilities represent approximately 87% of the square footage of the Company's portfolio at September 30, 2000.

The following tables summarize the pre-depreciation historical operating results of the "Same Park" facilities in addition to information on the entire portfolio, excluding the effects of accounting for rental income on a straight-line basis.

“Same Park” Facilities (107 Properties)

	Three Months Ended September 30, 2000	Three Months Ended September 30, 1999	Change
Rental income [1]	$ 30,290,000	$ 28,219,000	7.3%
Cost of operations	8,043,000	8,026,000	0.2%
Net operating income	$ 22,247,000	$ 20,193,000	10.2%
Gross margin [2]	73.4%	71.6%	1.8%
Weighted average for period:			
Occupancy	97.1%	97.0%	0.1%
Annualized realized rent per occupied sq. ft.[3]	$11.84	$11.03	7.3%

	Nine Months Ended September 30, 2000	Nine Months Ended September 30, 1999	Change
Rental income [1]	$ 89,018,000	$ 83,148,000	7.1%
Cost of operations	23,883,000	23,432,000	1.9%
Net operating income	$ 65,135,000	$ 59,716,000	9.1%
Gross margin [2]	73.2%	71.8%	1.4%
Weighted average for period:			
Occupancy	97.2%	96.9%	0.3%
Annualized realized rent per occupied sq. ft.[3]	$11.59	$10.86	6.7%

(1) Rental income does not include the effect of straight-line accounting.

(2) Gross margin is computed by dividing property net operating income by rental income.

(3) Realized rent per square foot represents the actual revenues earned per occupied square foot.

Total Portfolio Statistics

	Three Months Ended September 30, 2000	Three Months Ended September 30, 1999	Change
Rental income [(1)]	$ 36,071,000	$ 31,631,000	14.0%
Cost of operations	9,762,000	8,920,000	9.4%
Net operating income	$ 26,309,000	$ 22,711,000	15.8%
Gross margin [(2)]	72.9%	71.8%	1.1%
Weighted average for period:			
Square footage [(3)]	12,164,000	11,789,000	3.2%
Occupancy	96.7%	96.8%	(0.1%)
Annualized realized rent per occupied sq. ft.[(4)]	$12.27	$11.09	10.6%

	Nine Months Ended September 30, 2000	Nine Months Ended September 30, 1999	Change
Rental income [(1)]	$105,314,000	$ 90,000,000	17.0%
Cost of operations	29,432,000	25,951,000	13.4%
Net operating income	$ 75,882,000	$ 64,049,000	18.5%
Gross margin [(2)]	72.1%	71.2%	0.9%
Weighted average for period:			
Square footage [(3)]	12,362,000	11,441,000	8.0%
Occupancy	96.7%	96.5%	0.2%
Annualized realized rent per occupied sq. ft.[(4)]	$11.75	$10.87	8.1%

(1) Rental income does not include the effect of straight-line accounting.

(2) Gross margin is computed by dividing property net operating income by rental income.

(3) Square footage for the three and nine months ended September 30, 1999 excludes new developments placed in service.

(4) Realized rent per square foot represents the actual revenues earned per occupied square foot.

Financial Condition

The Company continued to maintain financial strength and flexibility. The following are the Company's key financial ratios with respect to its leverage for the three months ended September 30, 2000.

Ratio of FFO to fixed charges [(1)]	33.2x
Ratio of FFO to fixed charges and preferred distributions [(2)]	5.1x
Debt and preferred equity to total market capitalization (based on the common stock price of $27 ¼ at September 30, 2000)	22%
Available under line of credit at September 30, 2000	$100 million

(1) Fixed charges include interest expense of $502,000 and capitalized interest of $308,000.

(2) Preferred distributions include amounts paid to preferred shareholders of $1,272,000 and preferred OP unitholders of $3,157,000.

Line of Credit Extension

The Company's line of credit, which was scheduled to expire in August 2002, has been extended through August 2003. Borrowings under the renewed line of credit will continue to bear interest at LIBOR plus 1.00%. Extension fees of $152,000 were expensed during the third quarter.

Property Acquisitions

The Company continues to build its presence in existing markets by acquiring high quality facilities in those markets. The Company targets properties with below market rents which offer the Company the ability to achieve economies of scale resulting in more efficient operations.

On September 22, 2000, the Company expanded its presence in Southern California by acquiring a 161,000 square foot office building in Irvine, California for approximately $25.4 million. This increases the Company's ownership in Orange County to 1,072,000 square feet.

Property Dispositions

Certain properties that were identified as not meeting the Company's ongoing investment strategy were designated for sale in 2000. This process was completed during the third quarter. The Company sold two properties for approximately $17.9 million in the third quarter of 2000 at a gain of $159,000. There are no additional property dispositions planned for the year 2000.

Development

The Company continued to develop office and flex properties that are located within or adjacent to existing parks. The properties are being developed using the expertise of local development companies. The Company is currently developing approximately 335,000 square feet of flex and office buildings in Northern Virginia, Dallas, Texas and Beaverton, Oregon at an aggregate cost of approximately $37 million. Approximately 33% of the developments have either been pre-leased or have leases out for signature.

Interest expense of $308,000 and $996,000 for the three and nine months ended September 30, 2000, respectively, was capitalized as part of building costs associated with these properties and completed developments.

Interest in Pacific Gulf Properties ("PAG")

The Company owns approximately one million shares of PAG common stock representing an investment of approximately $20 million. PAG announced the disposition of its industrial portfolio and the planned disposition of its multi-family portfolio. PAG announced that it has established November 9, 2000 as the date of its special meeting of shareholders to vote on proposals to sell the Company's remaining assets and liquidate. PAG expects to make a cash distribution to shareholders in the fourth quarter of 2000 of up to $25.50 per share from the sale proceeds. This would result in net proceeds of approximately $25.5 million to the Company or $5.5 million in excess of our original investment. The investment is currently reflected on the balance sheet at $26.5 million reflecting the fair market value of the stock at September 30, 2000. The unrealized gain is not reflected in net income or FFO. There is no assurance that the Company will realize the estimated net proceeds.

Financial Outlook

The following statements are based on current expectations. These statements are forward-looking and actual results may differ materially.

Management expects continued growth in "Same Park" net operating income but at more moderate levels during the fourth quarter of 2000. The increase in net operating income is expected to be partially offset by the effect of property dispositions and higher general and administrative costs. Accordingly, management expects the fourth quarter FFO per share amount to equal the third quarter FFO per share amount of $0.72. Management has also reviewed the First Call mean FFO estimate for 2001 of $3.04 per share and has determined that it is a reasonable estimate at this time. There can be no assurance however that either of these estimates will in fact be accurate. PSB does not intend to publish all revisions to management's estimates of future operating results. Factors that might cause PSB's actual performance to differ from these estimates include those listed below under "Forward-Looking Statements."

Company Information

PSB is a self-advised and self-managed equity real estate investment trust specializing in the ownership, management, acquisition, development and redevelopment of business parks containing principally office "flex" space. The Company defines "flex" space as buildings that are configured with a combination of office and warehouse space and can be designed to fit an almost limitless number of uses (including office, assembly, showroom, laboratory, light manufacturing and warehouse under one roof). As of September 30, 2000, PSB had interests in 123 commercial properties (approximately 12.1 million net rentable square feet) with approximately 3,500 customers located in 9 states, concentrated primarily in California (4,749,000 sq. ft.), Texas (2,881,000 sq. ft.), Oregon (1,191,000 sq. ft.), Virginia (1,612,000 sq. ft.) and Maryland (866,000 sq. ft.).

Forward-Looking Statements

When used within this press release, the words "expects," "believes," "anticipates," "should," "estimates," and similar expressions are intended to identify "forward-looking statements" within the meaning of that term in Section 27A of the Securities Exchange Act of 1933, as amended, and in Section 21F of the Securities Exchange Act of 1934, as amended. Such forward-looking statements involve known and unknown risks, uncertainties, and other factors, which may cause the actual results and performance of the Company to be materially different from those expressed or implied in the forward-looking statements. Such factors include the impact of competition from new and existing commercial facilities which could impact rents and occupancy levels at the Company's facilities, the Company's ability to evaluate, finance, and integrate acquired and developed properties into the Company's existing operations; the Company's ability to effectively compete in the markets that it does business in; the impact of the regulatory environment as well as national, state, and local laws and regulations including, without limitation, those governing Real Estate Investment Trusts; the impact of general economic conditions upon rental rates and occupancy levels at the Company's facilities; and the availability of permanent capital at attractive rates.

Additional information about PS Business Parks, Inc. including more financial analysis of the third quarter's operating results is available on the Internet. The Company's web site is www.psbusinessparks.com.

Additional financial data attached.

PS BUSINESS PARKS, INC.
Selected Financial Data
(Unaudited)

Balance Sheet Data:	At September 30, 2000 (Unaudited)	At December 31, 1999
Cash and cash equivalents	$ 56,613,000	$ 74,220,000
Construction in progress	$ 19,178,000	$ 8,616,000
Properties held for disposition, net	$ -	$ 14,235,000
Real estate facilities, before accumulated depreciation	$ 885,891,000	$ 830,401,000
Total assets	$ 923,518,000	$ 903,741,000
Total debt	$ 31,168,000	$ 37,066,000
Minority interest – common units	$ 159,740,000	$ 157,199,000
Minority interest – preferred units	$ 144,750,000	$ 132,750,000
Perpetual preferred stock	$ 55,000,000	$ 55,000,000
Common shareholders' equity	$ 505,844,000	$ 500,531,000
Total common shares outstanding at period end	23,113,000	23,645,000
Total common shares outstanding at period end, assuming conversion of all Operating Partnership units into common stock	30,449,000	31,089,000

PS BUSINESS PARKS, INC.
Selected Financial Data
(Unaudited)

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2000	1999	2000	1999
Revenues:				
Rental income	$ 36,798,000	$ 32,568,000	$107,265,000	$ 92,544,000
Facility management fees from affiliates	131,000	121,000	383,000	351,000
Business services	82,000	-	349,000	-
Interest income	1,035,000	581,000	3,046,000	845,000
Dividend income	439,000	11,000	1,297,000	40,000
	38,485,000	33,281,000	112,340,000	93,780,000
Expenses:				
Cost of operations	9,762,000	8,920,000	29,432,000	25,951,000
Cost of facility management	27,000	24,000	77,000	70,000
Cost of business services	78,000	-	142,000	-
Depreciation and amortization	9,449,000	7,594,000	26,723,000	21,641,000
General and administrative	995,000	742,000	2,859,000	2,339,000
Interest expense	502,000	977,000	1,246,000	2,658,000
	20,813,000	18,257,000	60,479,000	52,659,000
Income before disposition of real estate and minority interest	17,672,000	15,024,000	51,861,000	41,121,000
Gain on disposition of real estate	159,000	-	256,000	-
Income before minority interest	17,831,000	15,024,000	52,117,000	41,121,000
Minority interest in income – preferred units	(3,157,000)	(1,022,000)	(8,998,000)	(1,236,000)
Minority interest in income – common units	(3,203,000)	(3,347,000)	(9,393,000)	(9,533,000)
Net income	$ 11,471,000	$ 10,655,000	$ 33,726,000	$ 30,352,000
Net income allocation:				
Allocable to preferred shareholders	$ 1,272,000	$ 1,272,000	$ 3,816,000	$ 2,134,000
Allocable to common shareholders	10,199,000	9,383,000	29,910,000	28,218,000
	$ 11,471,000	$ 10,655,000	$ 33,726,000	$ 30,352,000
Net income per common share:				
Basic	$ 0.44	$ 0.40	$ 1.28	$ 1.19
Diluted	$ 0.44	$ 0.40	$ 1.28	$ 1.19
Weighted average common shares outstanding:				
Basic	23,117,000	23,641,000	23,354,000	23,639,000
Diluted	23,216,000	23,724,000	23,426,000	23,713,000

PS BUSINESS PARKS, INC.
Computation of Funds from Operations (“FFO”)
(Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2000	1999	2000	1999
Net income allocable to common shareholders	$10,199,000	$ 9,383,000	$29,910,000	$28,218,000
Less: Gain on disposition of real estate	(159,000)	-	(256,000)	-
Depreciation and amortization	9,449,000	7,594,000	26,723,000	21,641,000
Minority interest in income – common units	3,203,000	3,347,000	9,393,000	9,533,000
Less: Straight line rent adjustment	(727,000)	(937,000)	(1,951,000)	(2,544,000)
Consolidated FFO allocable to common shareholders	$21,965,000	$19,387,000	$63,819,000	$56,848,000
Computation of Diluted FFO per Common Share (1):				
Consolidated FFO allocable to common shareholders	$21,965,000	$19,387,000	$63,819,000	$56,848,000
Weighted average common shares outstanding	23,117,000	23,641,000	23,354,000	23,639,000
Weighted average common OP units outstanding	7,336,000	7,443,000	7,372,000	7,423,000
Dilutive effect of stock options	99,000	84,000	72,000	74,000
Weighted average common shares and OP units for purposes of computing fully-diluted FFO per common share	30,552,000	31,168,000	30,798,000	31,136,000
Fully diluted FFO per common share	$ 0.72	$ 0.62	$ 2.07	$ 1.83
Computation of Funds Available for Distribution (“FAD”) (2)				
Consolidated FFO allocable to common shareholders	$21,965,000	$19,387,000	$63,819,000	$56,848,000
Less capitalized expenditures:				
Maintenance capital expenditures	(1,120,000)	(731,000)	(2,301,000)	(2,153,000)
Tenant improvements	(984,000)	(1,192,000)	(3,058,000)	(3,857,000)
Capitalized lease commissions	(747,000)	(601,000)	(2,239,000)	(1,479,000)
Total capitalized expenditures	(2,851,000)	(2,524,000)	(7,598,000)	(7,489,000)
FAD	$19,114,000	$16,863,000	$56,221,000	$49,359,000
FAD per share/OP unit	$ 0.63	$ 0.54	$ 1.83	$ 1.59

(1) Funds from operations (“FFO”) is a term defined by the National Association of Real Estate Investment Trusts, Inc. (“NAREIT”) by which real estate investment trusts (“REITs”) may be compared. It is generally defined as net income before depreciation and extraordinary items. FFO computations do not factor out the REIT’s requirement to make either capital expenditures or principal payments on debt. The Company excludes straight line rent adjustments and gains on disposition of real estate to more accurately reflect cash flow from real estate operations. Other REITs may not exclude these adjustments in computing FFO.

(2) Funds available for distribution (“FAD”) is computed by deducting recurring capital expenditures, tenant improvements and capitalized leasing commissions from FFO.