News Release

PS Business Parks, Inc.
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PS Business Parks, Inc. announces FFO per share of $0.80 for the third quarter of 2001, an increase of 11.1% from $0.72 per share in the prior year. PSB's earnings per share were $0.45 in the quarter, an increase of 2.3% from earnings of $0.44 per share in the prior year. PSB's "Same Park" net operating income growth was 5.1% for the quarter.

Glendale, California - PS Business Parks, Inc. (AMEX: PSB), announced today operating results for the third quarter and nine months ending September 30, 2001.

Net income allocable to common shareholders for the third quarter of 2001 was $10.0 million or $0.45 per diluted share on revenues of $43.9 million compared to net income allocable to common shareholders of $10.2 million or $0.44 per diluted share on revenues of $38.5 million for the same period in 2000. Net income allocable to common shareholders for the nine months ended September 30, 2001 was $31.1 million or $1.37 per diluted share on revenues of $124.4 million compared to net income allocable to common shareholders of $29.9 million or $1.28 per diluted share on revenues of $112.3 million for the same period in 2000.

Funds from operations ("FFO") for the third quarter of 2001 were $23.7 million or $0.80 per share compared to $22.0 million or $0.72 per share for the same period in 2000. This represents an increase of 11.1% in FFO per share based on 29.6 million and 30.6 million weighted average shares outstanding during the third quarter of 2001 and 2000, respectively. FFO for the nine months ended September 30, 2001 was $70.0 million or $2.34 per share compared to $63.8 million or $2.07 per share for the same period in 2000. This represents an increase of 13.0% in FFO per share based on 30.0 million and 30.8 million weighted average shares outstanding for the nine months ended September 30, 2001 and 2000, respectively. FFO and FFO per share exclude the gain on the Company's investment in PAG and the gain on the sale of real estate.

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 2000 and 2001 and a reduction in the number of the Company's outstanding common shares. The Company's "Same Park" operations continued to benefit from increased rental rates on expiring leases.

Property Operations

In order to evaluate the performance of the Company's overall portfolio, management analyzes the operating performance of a consistent group of properties (11.5 million net rentable square feet). These 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. The number of properties and square footage has been reduced since the first quarter for planned dispositions. The "Same Park" facilities represent approximately 85% of the square footage of the Company's portfolio at September 30, 2001.

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 (11.5 million square feet)

	Three Months Ended September 30, 2001	2000	Change
Rental income [1]	$ 35,481,000	$ 33,774,000	5.1%
Cost of operations	9,395,000	8,960,000	4.9%
Net operating income	$ 26,086,000	$ 24,814,000	5.1%
Gross margin [2]	73.5%	73.5%	0.0%
Weighted average for period:			
Occupancy	95.0%	96.6%	(1.6%)
Annualized realized rent per occupied sq. ft. [3]	$12.93	$12.11	6.8%

	Nine Months Ended September 30, 2001	2000	Change
Rental income [1]	$105,505,000	$ 98,899,000	6.7%
Cost of operations	28,290,000	27,210,000	4.0%
Net operating income	$ 77,215,000	$ 71,689,000	7.7%
Gross margin [2]	73.2%	72.5%	0.7%
Weighted average for period:			
Occupancy	95.6%	96.6%	(1.0%)
Annualized realized rent per occupied sq. ft. [3]	$12.74	$11.82	7.8%

(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, 2001	Three Months Ended September 30, 2000	Change
Rental income [1]	$ 43,002,000	$ 36,071,000	19.2%
Cost of operations	12,006,000	9,762,000	23.0%
Net operating income	$ 30,996,000	$ 26,309,000	17.8%
Gross margin [2]	72.1%	72.9%	(0.8%)
Weighted average for period:			
Square footage	13,258,000	12,164,000	9.0%
Occupancy	95.2%	96.7%	(1.5%)
Annualized realized rent per occupied sq. ft.[3]	$13.63	$12.27	11.1%

	Nine Months Ended September 30, 2001	Nine Months Ended September 30, 2000	Change
Rental income [1]	$120,793,000	$105,314,000	14.7%
Cost of operations	32,852,000	29,432,000	11.6%
Net operating income	$ 87,941,000	$ 75,882,000	15.9%
Gross margin [2]	72.8%	72.1%	0.7%
Weighted average for period:			
Square footage	12,892,000	12,362,000	4.3%
Occupancy	95.8%	96.7%	(0.9%)
Annualized realized rent per occupied sq. ft.[3]	$13.04	$11.75	11.0%

(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.

Preferred Unit Issuance

During the third quarter, the Company issued $53 million of 9¼ % Series E Cumulative Redeemable Preferred Units in a private placement. Net proceeds totaling $51.6 million are expected to be used for investment in real estate and general corporate purposes.

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, 2001.

	Actual
Ratio of FFO to fixed charges (1)	47.4x
Ratio of FFO to fixed charges and preferred distributions (2)...............	4.5x
Debt and preferred equity to total market capitalization (based on the common stock price of $27.70 at September 30, 2001).................	30%
Available under line of credit at September 30, 2001	$100 million

(1) Fixed charges include interest expense of $538,000 and capitalized interest of $103,000.

(2) Preferred distributions include amounts paid to preferred shareholders of $2,839,000 and preferred unitholders in the operating partnership of $3,323,000.

Planned Property Dispositions

Earlier this year, the Company identified two properties for planned dispositions. During the quarter, the Company removed one of the properties from its planned dispositions. Currently, a property with 77,000 square feet has been designated for sale in 2001. This property is currently being marketed. There is no assurance that the sale will be consummated.

Development

The Company has developed one office and two flex facilities that are currently shell complete and in the lease-up phase. The properties were developed using the expertise of local development companies. The office development was completed in the second quarter of 2001 in the Beaverton submarket of Portland, Oregon (97,000 square feet) and is 27% leased. The two flex space developments were completed in the fourth quarter of 2000 in the Chantilly submarket of Northern Virginia (141,000 square feet) and in the Las Colinas submarket of Dallas, Texas (102,000 square feet) and are 60% leased and 100% leased, respectively.

The projects total approximately 340,000 square feet and have an estimated aggregate cost of approximately $37 million. The Company capitalized $103,000 and $1,001,000 of interest expense for the three and nine months ended September 30, 2001, respectively.

Stock Repurchase Program

The Company's Board of Directors has authorized the repurchase from time to time of up to 2,500,000 shares of the Company's common stock on the open market or in privately negotiated transactions. From January 1, 2001 through September 30, 2001, the Company repurchased 1,423,011 shares of common stock and 30,484 common units in its operating partnership at an aggregate cost of approximately $39.8 million (average cost of $27.38 per share/unit). Since March 2000, the Company has repurchased an aggregate total of 2,145,611 shares of common stock and 30,484 common units in its operating partnership at an aggregate cost of approximately $56.4 million (average cost of $25.92 per share/unit).

Business Services

Tenant Advantage, Inc., a subsidiary of the Company was recently created to provide additional value to our tenants in order to achieve higher retention rates. One program, rolled out in February 2001, allows tenants to purchase business products and services directly from quality national suppliers. In addition, Tenant Advantage, Inc. created Tenant Marketplace, an online yellow pages directory of PS Business Parks' tenants, to allow PS Business Parks' tenants to market goods and services to each other. Tenant Marketplace commenced a roll out on a limited basis to the tenants in California starting in September 2001.

During the three and nine months ending September 30, 2001, Business Services generated net operating losses of $72,000 and $152,000, respectively. The Business Service Division's operations are not expected to have a material impact on the Company's operating results in 2001.

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, 2001, PSB had interests in approximately 13.6 million net rentable square feet of commercial space with approximately 3,500 customers located in 9 states, concentrated primarily in California (5,043,000 sq. ft.), Texas (2,983,000 sq. ft.), Oregon (1,288,000 sq. ft.), Virginia (2,621,000 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." 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; the availability of permanent capital at attractive rates, the outlook and actions of Rating Agencies and risks detailed from time to time in the Company's SEC reports, including quarterly reports on Form 10-Q, reports on Form 8-K and annual reports on Form 10-K.

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.

A conference call is scheduled for Tuesday, October 9, 2001 at 10:00 a.m. (PDT) to discuss these results. The toll free number is 1-877-716-4286, the passcode is "PS PARKS" and the conference call leader is Jack Corrigan. An instant replay of the conference call will be available through October 16, 2001 at 1-800-879-5571. The replay can also be accessed under the "Investor Relations" section of our web site. The conference ID # is 9384917 and the passcode is "PS PARKS."

Additional financial data attached.

PS BUSINESS PARKS, INC.
Selected Financial Data

	At September 30, 2001	At December 31, 2000
Balance Sheet Data:	(Unaudited)	
Cash and cash equivalents	$ 66,291,000	$ 49,295,000
Marketable securities	$ 8,657,000	$ 6,065,000
Construction in progress	$ -	$ 19,467,000
Properties held for disposition, net	$ 3,343,000	$ -
Real estate facilities, before accumulated depreciation	$ 1,046,050,000	$ 923,348,000
Total assets	$ 1,028,505,000	$ 930,756,000
Total debt	$ 30,354,000	$ 30,971,000
Minority interest – common units	$ 162,338,000	$ 161,728,000
Minority interest – preferred units	$ 197,750,000	$ 144,750,000
Perpetual preferred stock	$ 121,000,000	$ 55,000,000
Common shareholders' equity	$ 481,861,000	$ 509,343,000
Total common shares outstanding at period end	21,704,000	23,045,000
Total common shares outstanding at period end, assuming conversion of all Operating Partnership units into common stock	29,009,000	30,380,000

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

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2001	2000	2001	2000
Revenues:				
Rental income	$ 43,290,000	$ 36,798,000	$ 121,964,000	$ 107,265,000
Facility management fees primarily from affiliates	170,000	131,000	499,000	383,000
Business services	75,000	82,000	308,000	349,000
Interest income	346,000	1,035,000	1,659,000	3,046,000
Dividend income	4,000	439,000	12,000	1,297,000
	43,885,000	38,485,000	124,442,000	112,340,000
Expenses:				
Cost of operations	12,006,000	9,762,000	32,852,000	29,432,000
Cost of facility management	38,000	27,000	111,000	77,000
Cost of business services	147,000	78,000	460,000	142,000
Depreciation and amortization	10,679,000	9,449,000	30,058,000	26,723,000
General and administrative	1,037,000	995,000	3,157,000	2,859,000
Interest expense	538,000	502,000	932,000	1,246,000
	24,445,000	20,813,000	67,570,000	60,479,000
Income before gain on investment and minority interest	19,440,000	17,672,000	56,872,000	51,861,000
Gain on disposition of real estate	-	159,000	-	256,000
Gain on investment in PAG	-	-	15,000	-
Income before minority interest	19,440,000	17,831,000	56,887,000	52,117,000
Minority interest in income – preferred units	(3,323,000)	(3,157,000)	(9,696,000)	(8,998,000)
Minority interest in income – common units	(3,268,000)	(3,203,000)	(10,047,000)	(9,393,000)
Net income	$ 12,849,000	$ 11,471,000	$ 37,144,000	$ 33,726,000
Net income allocation:				
Allocable to preferred shareholders	$ 2,839,000	$ 1,272,000	$ 6,014,000	$ 3,816,000
Allocable to common shareholders	10,010,000	10,199,000	31,130,000	29,910,000
	$ 12,849,000	$ 11,471,000	$ 37,144,000	$ 33,726,000
Net income per common share – diluted:	$ 0.45	$ 0.44	$ 1.37	$ 1.28
Weighted average common shares outstanding - diluted:	22,295,000	23,216,000	22,685,000	23,426,000

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

	Three Months Ended September 30, 2001	Three Months Ended September 30, 2000	Nine Months Ended September 30, 2001	Nine Months Ended September 30, 2000
Net income allocable to common shareholders	$ 10,010,000	$ 10,199,000	$ 31,130,000	$ 29,910,000
Less: Gain on investment in PAG	-	-	(15,000)	-
Less: Gain on disposition of real estate	-	(159,000)	-	(256,000)
Depreciation and amortization	10,679,000	9,449,000	30,058,000	26,723,000
Minority interest in income – common units	3,268,000	3,203,000	10,047,000	9,393,000
Less: Straight line rent adjustment	(288,000)	(727,000)	(1,171,000)	(1,951,000)
Consolidated FFO allocable to common shareholders	$ 23,669,000	$ 21,965,000	$ 70,049,000	$ 63,819,000
Computation of Diluted FFO per Common Share (1):				
Consolidated FFO allocable to common shareholders	$ 23,669,000	$ 21,965,000	$ 70,049,000	$ 63,819,000
Weighted average common shares outstanding	22,210,000	23,117,000	22,610,000	23,354,000
Weighted average common OP units outstanding	7,305,000	7,336,000	7,307,000	7,372,000
Dilutive effect of stock options	85,000	99,000	75,000	72,000
Weighted average common shares and OP units for purposes of computing fully-diluted FFO per common share	29,600,000	30,552,000	29,992,000	30,798,000
Fully diluted FFO per common share	$ 0.80	$ 0.72	$ 2.34	$ 2.07
Computation of Funds Available for Distribution ("FAD") (2)				
Consolidated FFO allocable to common shareholders	$ 23,669,000	$ 21,965,000	$ 70,049,000	$ 63,819,000
Less capitalized expenditures:				
Maintenance capital expenditures	(1,366,000)	(1,120,000)	(2,589,000)	(2,301,000)
Tenant improvements	(1,453,000)	(984,000)	(3,091,000)	(3,058,000)
Capitalized lease commissions	(687,000)	(747,000)	(1,666,000)	(2,239,000)
Total capitalized expenditures	(3,506,000)	(2,851,000)	(7,346,000)	(7,598,000)
FAD	$ 20,163,000	$ 19,114,000	$ 62,703,000	$ 56,221,000
FAD per common share/OP unit	$ 0.68	$ 0.63	$ 2.09	$ 1.83

(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 and gains on liquidating distributions to more accurately reflect cash flow from real estate operations. Other REITs may not make 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.