



CENTRAL NEW JERSEY INDUSTRIAL

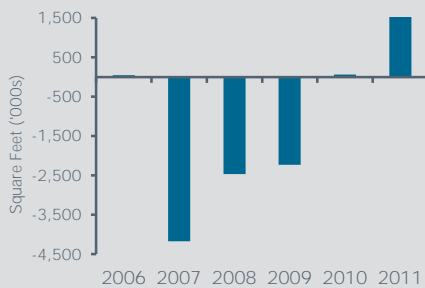
## Economic Indicators

	Q4 11	Q4 10
Central NJ* Employment	1.217M	1.228M
Central NJ** Unemployment	7.8%	7.8%
U.S. Unemployment (Seasonally Adjusted)	8.6%	9.6%
U.S. CCI (Consumer Confidence Index)	53.53	57.05

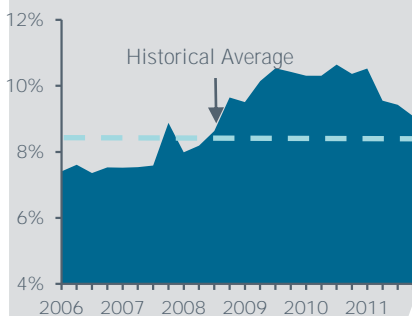
\*Edison-New Brunswick/Trenton-Ewing (NJ BLS)

\*\*Hunterdon, Mercer, Middlesex, Monmouth,  
Ocean & Somerset Counties (NJ BLS)

## Net Absorption



## Vacancy Rates



## Market Tracker

\*Arrows = Current Qtr Trend

▼ Vacancy  
9.1%

▲ Net Absorption  
951,485 SF

▼ Deliveries  
0 SF

▼ Asking Rent  
\$4.33 NNN

## A Turnaround Year

The Central New Jersey industrial market saw a dramatic improvement this year as leasing velocity increased, vacancies declined, and sizable transactions paved the way for recovery. The vacancy rate fell to 9.1% in the fourth quarter from 9.4% in the previous quarter, marking three consecutive quarters of positive demand. Although vacancies remain at historically high levels, there has been considerable improvement since year end 2010 when the rate was 10.4%. The average asking rental rate fell slightly by 3 cents over the quarter and 27 cents year over year, reported at \$4.33/SF in the fourth quarter. There were no deliveries or projects under construction in Q4, and a total of 244,856 SF of deliveries for 2011. The majority of delivered space this year can be attributed to the completion of 60 Deans Rhode Hall Road in South Brunswick. The 227,000 SF Class A warehouse building is located in the Exit 8A submarket and will be occupied by Coca-Cola. The recent uptick in demand and increased leasing activity have encouraged speculative development, which is now being considered for the first time in years.

2011 was a turnaround year for the Central New Jersey Industrial market with over 3,500,000 SF of positive absorption. This year's activity is a much stronger showing in comparison to 2010 in which the market had bottomed out with reported flat activity of just 63,399 SF of positive absorption. The Exit 8A submarket demonstrated the strongest leasing activity with 490,423 SF of positive demand in Q4 and 1,514,880 SF for the year. Notable leases for the quarter include Cooperfriedman Electric Supply Company's lease of 269,369 SF at 1 Matrix Drive and Propack Data Corporation's lease of 225,220 SF at 11 Commerce Court, both of which are located in the Exit 8A submarket. Also in the Exit 10 submarket, ICW Limited, a commodities warehouse/logistics company leases 154,000 SF at 2170 Lincoln Highway.

Prevalent tenants in the market for 2011 were those in the data/logistics sectors and food products companies. The most notable lease of the 2011 was Wakefern Food Corporation lease of 1,064,515 SF food distribution facility at 8003 Industrial Ave within the Exit 12 submarket. Another noteworthy lease was Synnex Corporation's 600,000 SF lease at 201 Middlesex Center Boulevard. Overall, activity in the Central New Jersey market picked up this year, particularly along the Turnpike corridor, with big box transactions giving the market a necessary jump start which tightened available space and lowered the vacancy rate below double digits.

## Forecast

- As leasing velocity increases, the market will provide fewer opportunities for tenants, which should lead to an increase in rental rates and a drop in overall landlord concessions.
- Data/logistics companies will continue to be prevalent among market transactions.
- As large building transactions occur in the market, considerations for spec products from Exit 10 to the Port submarkets are surfacing.
- As consumer confidence and spending improves, companies will become more lucrative and will have more options to expand.
- Tenants, who are not reliant on Port accessibility, are increasingly willing to expand from traditional markets seeking high quality buildings with value pricing that can accommodate larger users.

# Cassidy Turley Industrial Market Snapshot

Central New Jersey • Fourth Quarter • 2011

FEATURED SUBMARKETS	TOTAL BLDGS	INVENTORY	SUBLET VACANT	TOTAL VACANT	VACANCY RATE	CURRENT NET ABSORPTION	YTD NET ABSORPTION	UNDER CONSTRUCTION	AVERAGE ASKING RATE
Exit 7A	130	13,295,390	0	3,372,751	25.4%	(15,638)	1,011,336	0	\$3.94
Exit 8A	284	59,161,547	1,218,718	9,621,524	16.3%	490,423	1,514,880	0	\$3.61
Exit 9	289	21,773,951	747,362	2,272,672	10.4%	74,516	(934,184)	0	\$4.27
Exit 10	910	71,936,800	635,587	8,725,370	12.1%	194,392	113,069	0	\$4.51
Exit 12	213	17,396,611	358,241	1,620,021	9.3%	(325,190)	458,542	0	\$5.23
Monmouth County	498	20,297,820	4,200	1,400,888	6.9%	151,127	219,387	0	\$6.71
Ocean County	246	10,964,164	74,263	826,106	7.5%	(75,140)	(5,558)	0	\$6.32
Somerset County	444	28,063,969	51,354	1,779,603	6.3%	201,013	177,141	0	\$5.51
<b>CENTRAL NJ TOTAL</b>	<b>3,332</b>	<b>277,087,438</b>	<b>1,840,725</b>	<b>25,164,858</b>	<b>9.1%</b>	<b>951,485</b>	<b>3,520,767</b>	<b>0</b>	<b>\$4.33</b>

## Key Lease Transactions Q4 11

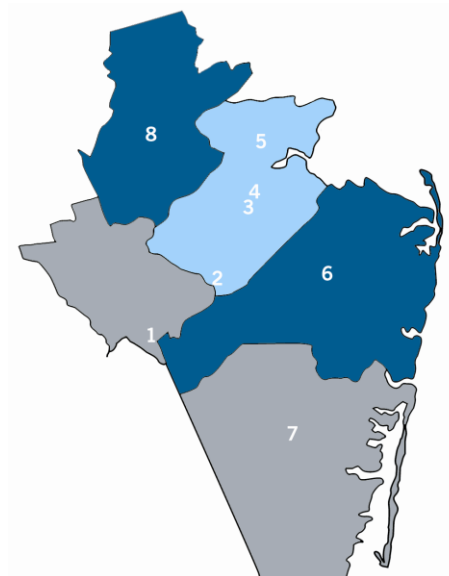
PROPERTY	SF	TENANT	TRANSACTION TYPE	SUBMARKET
1 Matrix Drive	269,369	Cooperfriedman Electric Supply Company	Lease	Exit 8A
11 Commerce Court	225,220	Propack Data Corporation	Lease	Exit 8A
2170 Lincoln Highway	154,000	ICW Limited	Lease	Exit 10
1980 US Highway 1	108,019	Yall Incorporated	Lease	Exit 9

## Key Sales Transactions Q4 11

PROPERTY	SF	SELLER/BUYER	PRICE	SUBMARKET
258 Prospect Plains Road	886,748	First Industrial Realty Trust/ Exeter Property Group	\$80,500,000	Exit 8A
147 West Manor Way	471,200	Allianz Life Insurance Company/ KTR Capital Partners	\$26,048,931	Exit 7A
113 Interstate Boulevard	418,300	Allianz Life Insurance Company/ KTR Capital Partners	\$15,045,705	Exit 8A

## Industrial Submarkets

Central New Jersey



- |            |                    |
|------------|--------------------|
| 1. Exit 7A | 5. Exit 12         |
| 2. Exit 8A | 6. Monmouth County |
| 3. Exit 9  | 7. Ocean County    |
| 4. Exit 10 | 8. Somerset County |

## About Cassidy Turley

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