



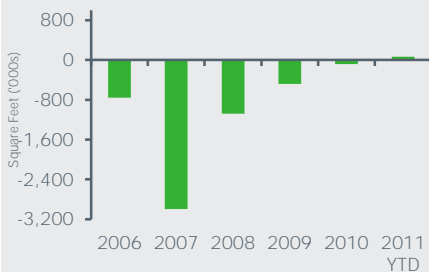
CENTRAL NEW JERSEY OFFICE

## Economic Indicators

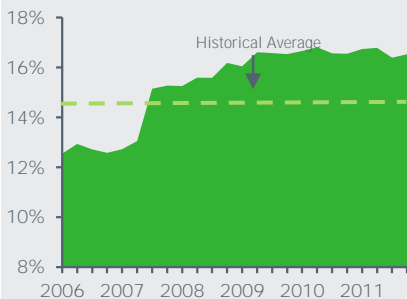
	Q4 11	Q4 10
Central NJ* Employment	1.217M	1.228M
Central NJ** Unemployment	7.8%	7.8%
U.S. Unemployment (Seasonally Adjusted)	8.6%	9.6%
U.S. CCI (Consumer Confidence Index)	53.53	57.05

\*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  
16.5%

▼ Net Absorption  
(144,647) SF

▼ Deliveries  
0 SF

▼ Asking Rent  
\$23.24 SF

## Positive Annual Net Absorption for 2011

Even though market activity slowed in the fourth quarter, the Central New Jersey office market posted positive, albeit minimal, net absorption for 2011 for the first time since 2005. The vacancy rate in the fourth quarter was 16.5%, slightly increasing from 16.4% in the previous quarter, however the rate is down from 16.7% in the first quarter of the 2011. The average asking rental rate fell by \$0.08 over the quarter but has increased \$0.12 year over year, coming in at \$23.24/SF. There were no deliveries or projects under construction in the fourth quarter, and construction was limited throughout the year with 83,500 SF of deliveries in 2011.

A major trend for 2011, which is evidenced in the annual absorption statistics, was a “flight to quality” movement by tenants in the market. In the fourth quarter, Class A space accounted for 178,237 SF of positive absorption whereas Class B space reported 322,884 SF of negative demand. For the year, Class A space captured over 550,000 SF of leasing demand whereas Class B space reported 544,000 SF of negative absorption. Overall, the annual numbers demonstrate that market activity has increased, in comparison to previous years, and this year’s positive absorption is a welcome sign that confidence among tenants is improving.

The Woodbridge/Edison submarket exhibited the highest amount of positive absorption in the Central New Jersey market with over 140,000 SF of demand. Notable transactions include Ansell Limited 43,210 SF lease at 111 Wood Ave South, Investors Bank 38,800 SF lease and Amerigroup 31,400 SF lease both at 101 Wood Ave South, and Penn Mutual’s lease of 24,665 SF at 110 Fieldcrest Avenue. The submarket that led market activity for the year was the Princeton Area submarket with over 700,000 SF of positive absorption for 2011. The surge of activity in this submarket can primarily be attributed to the life sciences sectors/pharmaceutical sectors, most notably, Danish pharmaceutical company Novo Nordisk’s 770,000 SF lease at 800 Scudders Mill Road. This deal marked the largest office transaction in New Jersey for 2011.

According to preliminary estimates, employment in New Jersey increased by 10,300 jobs in November and 51,700 private sector jobs since January. However the state’s unemployment rate remains unchanged at 9.1% over the month as more people are returning to the labor force. Private sector employment increased by 10,400 jobs, whereas public sector employment decreased by 100 jobs from the prior month. Sizable increases in job gains can be attributed to the trade, transportation, and utilities sector (+9,900 jobs) which is inclusive of more than expected seasonal hiring in retail trade (+7,800 jobs). These increases demonstrate growing consumer confidence in the state as retail sales and hiring improved throughout the holiday shopping season.

## Forecast

- Modest occupancy growth will continue throughout 2012.
- Life Sciences companies will continue to be prevalent among leasing activity and serve as a primary driver for demand, particularly in Somerset County which is a hub for the pharmaceutical industry.
- Rental Rates will stabilize throughout the year.
- Continued private sector job growth will encourage demand for office space.
- Vacancy rates will begin to tick downward as leasing activity increases.

# Cassidy Turley Office Market Snapshot

Central New Jersey • Fourth Quarter • 2011

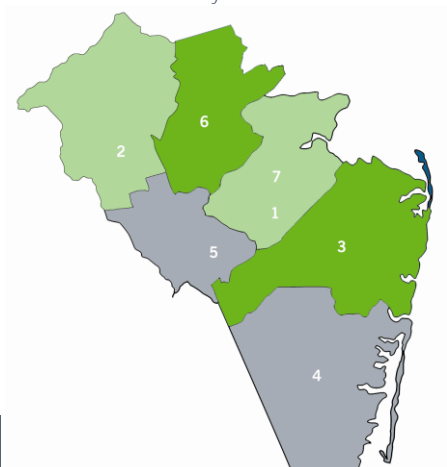
	TOTAL BLDGS	INVENTORY	SUBLET VACANT	TOTAL VACANT	VACANCY RATE	CURRENT NET ABSORPTION	YTD NET ABSORPTION	UNDER CONSTRUCTION	AVERAGE ASKING RATE
<b>Featured Submarkets</b>									
Brunswick/Piscataway/I-287	389	18,666,697	387,466	3,793,832	20.3%	35,323	(241,320)	0	\$21.39
I-78 West	124	4,087,676	8,492	634,066	15.5%	(48,275)	(142,330)	0	\$18.69
Monmouth County	598	16,924,750	39,642	2,337,910	13.8%	(24,933)	25,212	0	\$22.44
Ocean County	217	4,079,151	1,250	604,024	14.8%	(67,786)	(178,175)	0	\$21.84
Princeton Area	684	34,923,679	217,285	4,534,634	13.0%	(157,470)	711,666	0	\$25.15
Somerset/I-78	311	24,082,175	179,903	2,889,836	12.0%	(120,959)	(252,634)	0	\$25.11
Woodbridge/Edison	169	9,859,990	54,335	1,944,267	19.7%	140,536	173,651	0	\$26.77
<b>Central NJ Market Totals</b>									
Class A	403	60,627,053	619,598	9,385,199	15.5%	178,237	550,625	0	\$25.83
Class B	1,211	43,640,416	242,561	7,844,639	18.0%	(322,884)	(544,017)	0	\$20.11
<b>CENTRAL NJ TOTAL</b>	<b>1,614</b>	<b>104,267,469</b>	<b>862,159</b>	<b>17,229,838</b>	<b>16.5%</b>	<b>(144,647)</b>	<b>6,608</b>	<b>0</b>	<b>\$23.24</b>

## Key Lease Transactions Q4 11

PROPERTY	SF	TENANT	TRANSACTION TYPE	SUBMARKET
40 Cragwood Road	55,775	PSE&G	Lease	Brunswick/ Piscataway/ I-287
111 Wood Avenue South	43,210	Ansell Limited	Lease	Woodbridge/Edison
101 Wood Avenue South	38,800	Investors Bank	Lease	Woodbridge/Edison
101 Wood Avenue South	31,400	Amerigroup	Lease	Woodbridge/Edison
110 Fieldcrest Avenue	24,655	Penn Mutual Life Insurance Company	Lease	Woodbridge/Edison

## Office Submarkets

Central New Jersey



1. Brunswick / Piscataway / I-287
2. I-78 West
3. Monmouth County
4. Ocean County
5. Princeton Area
6. Somerset / I-78
7. Woodbridge / Edison

## Key Sales Transactions Q4 11

PROPERTY	SF	SELLER/BUYER	PRICE	SUBMARKET
30 Independence Boulevard	211,000	Charter Hill/ Beacon Capital Partners	\$35,000,000	Somerset/ I-78
184 Liberty Corner Road	365,000	Hanover Real Estate Partners/ Normandy Real Estate Partners	N/A	Somerset/ I-78

## About Cassidy Turley

Cassidy Turley is a leading commercial real estate services provider with over 3,200 professionals in 60 offices nationwide. The firm completed transactions valued over \$17 billion in 2010, manages over 430 million square feet on behalf of private, institutional and corporate clients and supports over 25,700 domestic corporate services locations. Cassidy Turley serves owners, investors and occupiers with a full spectrum of integrated commercial real estate services—including capital markets, corporate services, project leasing, property management, project and development services, and tenant representation. Outside of North America, Cassidy Turley has served the international needs of its clients since 1985. In 2010, the firm enhanced its global service delivery through its partnership with GVA. The firm recently ranked in the Top 10 on the Lipsey Co.'s Commercial Real Estate Top Brands Survey, and was ranked #1 by Real Estate Alert for Office Sales in 3 of the Top 6 Markets. Please visit [www.cassidyturley.com](http://www.cassidyturley.com) for more information about the company.

Michelle Clifford  
Research Analyst

395 West Passaic Street  
Suite 205  
Rochelle Park, NJ 07662  
T 201.518.7520  
F 201.518.7521

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