



4Q11 NEW JERSEY INDUSTRIAL MARKET

Newmark Knight Frank

The average asking rent in the New Jersey industrial market finished the fourth quarter of 2011 at \$5.06/sf, higher than the \$4.97/sf third quarter average and lower than the \$5.09/sf average measured one year ago. The availability rate was 16.6% in the quarter, essentially unchanged from the third quarter and an improvement on the 17.7% rate reported one year ago. There was 1.2 million square feet of positive absorption recorded in the fourth quarter in the market, bringing the year-end net total into positive territory at 483,908 square feet.

Hudson County reported the largest amount of positive net absorption in New Jersey in the fourth quarter at 492,395 square feet, and the year-end net total finished at negative 430,906 square feet. The availability rate for the county finished at 14.0%, higher than the 13.9% third quarter rate, although lower than the 14.9% rate reported one year ago. The average asking rent reached \$5.65/sf at the end of the fourth quarter, up from \$5.51/sf in the third quarter and \$5.48/sf one year ago.

Figure 1
Weighted Average Asking Rent & Availability

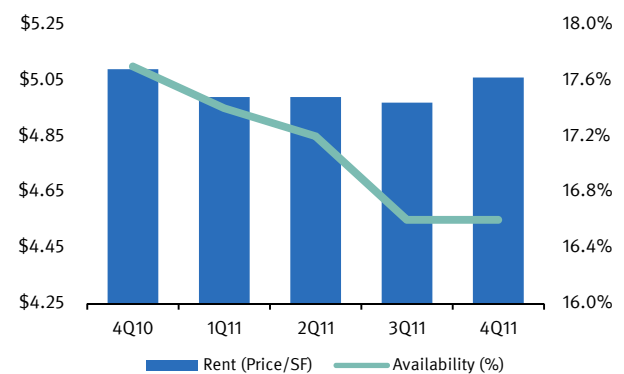


Figure 2
Net Absorption (SF)

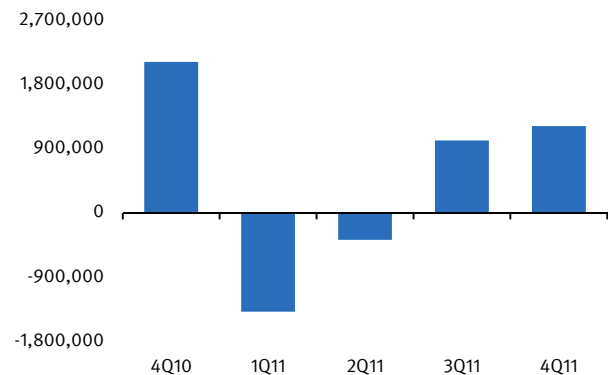


Figure 3
Newmark Knight Frank ModernTrax™ Forecast

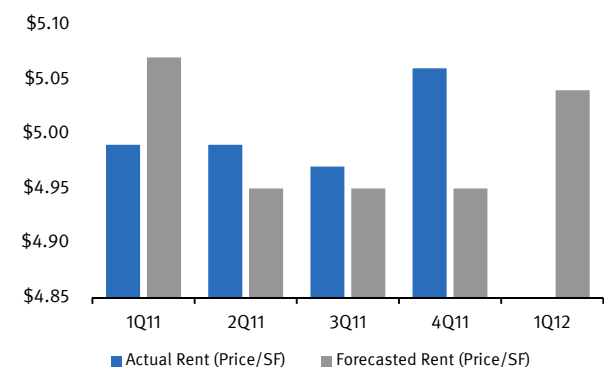


Table 1 Key Indicators		
Total Inventory (SF)		435,501,420
Average Asking Rent (Price/SF)	Total	\$5.06
	Direct	\$5.07
	Sublet	\$4.86
Availability Rate (%)	Total	16.6%
	Direct	15.4%
	Sublet	1.3%
Net Absorption (SF)	4Q11	1,221,012
	3Q11	1,018,731
	2Q11	-374,137
Under Construction (SF)		587,050

Table 2 Year Over Year			
	4Q10	4Q11	% Change
Availability Rate (%)	17.7%	16.6%	-6.2%
Average Asking Rent (Price/SF)	\$5.09	\$5.06	-0.6%



The Bureau of Labor Statistics (BLS) reported that the unemployment rate for New Jersey was 9.1% in November 2011, essentially unchanged from October and lower than the 9.2% rate one year ago. Total nonfarm employment increased by 0.8% for the 12 months ending in November, indicating a gain of 29,100 jobs including 10,300 in the month of November alone. The Consumer Price Index (CPI) for the New York-New Jersey metropolitan area increased 3.0% in the 12 months ending in November 2011.

For the U.S. overall, the BLS reported that total nonfarm employment increased 1.2%, or 1.6 million jobs, in the 12 months ending November 2011. The unemployment rate was 8.6%, compared to 9.0% in October and 9.9% in November 2010. The CPI increased 3.4% for the 12 months ending in November.

Figure 4
Total Nonfarm Employment, 12-Month % Change

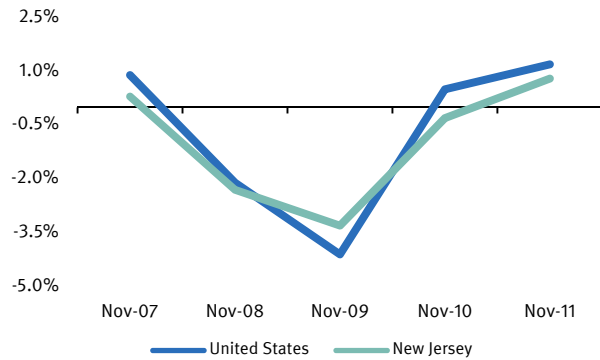


Figure 5
Consumer Price Index, 12-Month % Change

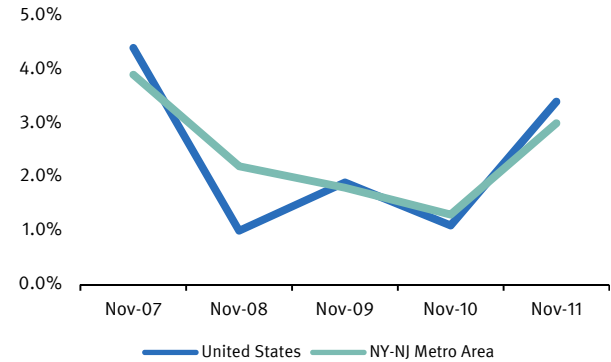


Figure 6
Unemployment Rate

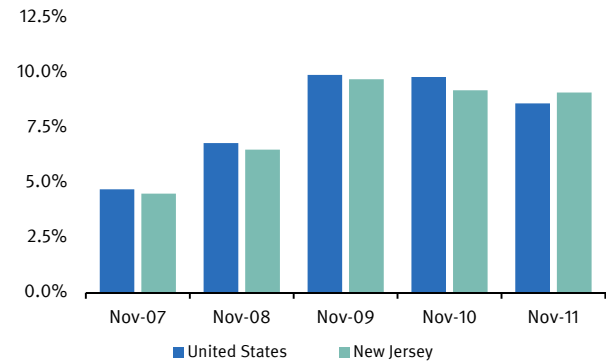


Table 3
Select Lease Transactions

Tenant	Address	Town	Square Feet
Tronex	300 International Dr	Mount Olive	125,736
Bosal, USA	200 International Dr	Mount Olive	112,598
Sun Taiyang	65 Oxford Dr	Moonachie	95,542
Fillo Factory	10 Fairway Ct	Northvale	85,411
The Hibbert Group	584 Rt 130	Hamilton	50,000

Table 4
Select Sales Transactions

Address	Town	Square Feet	Sale Price	Price/SF
7020 Kennedy Blvd	North Bergen	93,664	\$18,350,000	\$196
200 Theodore Conrad Dr	Jersey City	280,000	\$12,000,000	\$43
50 Bryla St	Carteret	240,000	\$9,375,000	\$39
119 Rockland Ave	Northvale	89,000	\$6,887,500	\$77
108 Fairway Ct	Northvale	80,000	\$6,000,000	\$75



Table 5
Submarket Statistics

	Total Inventory (SF)	Qtrly Net Absorption (SF)	Direct Availability Rate	Sublet Availability Rate	Total Availability Rate	Direct Avg. Asking Rent (Price/SF)	Sublet Avg. Asking Rent (Price/SF)	Total Avg. Asking Rent (Price/SF)
Central NJ	222,792,198	315,963	16.3%	1.4%	17.6%	\$4.29	\$4.20	\$4.29
Hunterdon	3,932,968	-196,600	42.2%	0.0%	42.2%	\$3.03	NA	\$3.03
Mercer	18,775,725	169,095	27.0%	0.0%	27.0%	\$3.59	NA	\$3.59
Middlesex	128,755,198	243,498	15.2%	2.2%	17.4%	\$3.94	\$4.18	\$3.97
Monmouth	10,391,198	-36,881	13.2%	0.0%	13.2%	\$6.33	NA	\$6.33
Ocean	7,530,131	-13,501	12.8%	0.0%	12.8%	\$6.11	NA	\$6.11
Somerset	17,518,731	34,206	12.0%	0.3%	12.3%	\$4.71	\$4.75	\$4.72
Union	35,888,247	116,146	15.3%	0.6%	15.8%	\$4.55	NA	\$4.55
Northern NJ	212,709,222	905,049	14.4%	1.1%	15.5%	\$5.85	\$5.61	\$5.84
Bergen	53,816,347	-494	14.9%	1.4%	16.3%	\$6.68	\$5.79	\$6.61
Essex	41,664,286	229,387	12.7%	0.0%	12.7%	\$5.47	\$5.95	\$5.47
Hudson	59,950,159	492,395	13.1%	0.9%	14.0%	\$5.74	\$4.72	\$5.65
Morris	24,374,471	56,008	22.3%	2.2%	24.5%	\$5.65	\$7.57	\$5.70
Passaic	32,903,959	127,753	12.4%	1.7%	14.1%	\$4.84	NA	\$4.84
New Jersey	435,501,420	1,221,012	15.4%	1.3%	16.6%	\$5.07	\$4.86	\$5.06

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