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Market Update

4th Quarter 2011 - NJ



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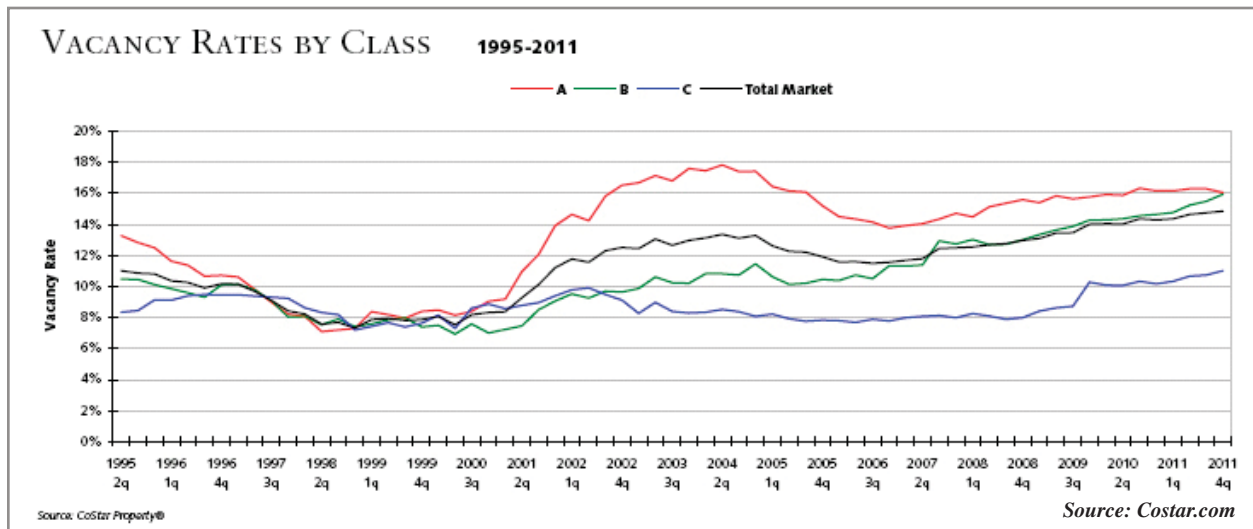


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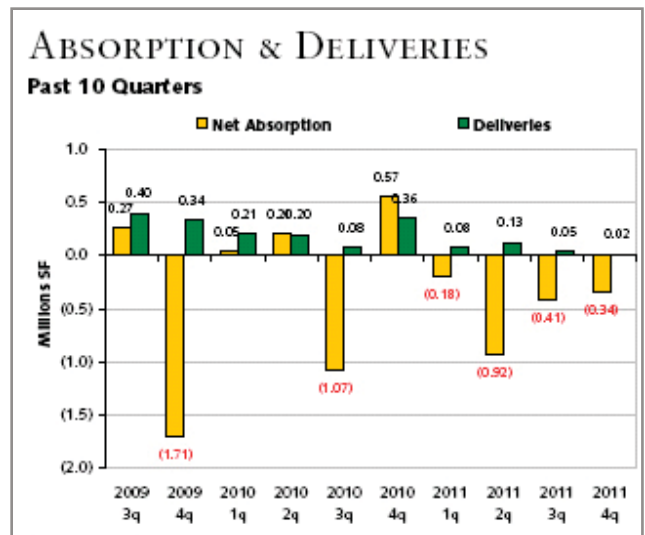
4th Quarter 2011 Office Update

According to CoStar Group's 4th Quarter 2011 market data, the Northern New Jersey office market vacancy rate was reported at 14.9% at the end of the 4th quarter 2011. This was a slight increase from a vacancy at the end of the 3rd quarter 2011 of 14.8%. Class A office space reported a vacancy of 16.1% at the end of the 4th quarter, which was a slight decrease from a 16.3% vacancy rate at the end of the 3rd quarter of 2011. Class B space reported a vacancy rate of 15.9% at the end of the 4th quarter, an increase from the 3rd quarter rate of 15.5%. The vacant sublease space decreased at the end of the 4th quarter 2011 to 3,275,768 square feet from 3,534,684 square feet at the end of the 3rd quarter.

The office sector ended the 4th quarter with a net absorption of negative (342,968) square feet. This compares to negative (405,217) square feet in the 3rd quarter, negative (479,180) square feet in the 2nd quarter, and negative (184,187) square feet in the 1st quarter. According to CoStar, Class A office space reported a net absorption of positive 384,968 square feet in the 4th quarter of 2011, compared to negative (2,712) square feet in the 3rd quarter. The Class B office sector reported a net absorption of negative (510,097) square feet in the 4th quarter 2011, compared to a negative (230,509) square feet in the 3rd quarter 2011.



With regard to delivery and construction, three buildings totaling 15,654 square feet were completed in Northern New Jersey market area in the 4th quarter 2011. This compares to 2 buildings totaling 50,000 square feet in the 3rd quarter 2011. Additionally, according to CoStar, there was 1,073,272 square feet of office space under construction at the end of the 4th quarter 2011.

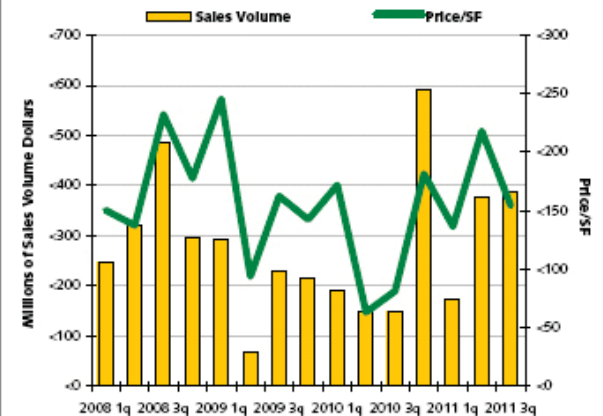


According to CoStar Group, total office inventory in the Northern New Jersey market totaled 349,236,135 square feet in 15,232 buildings at the end of the 4th quarter. Total Class A office properties consisted of 153,763,295 square feet and the Class B office sector reported 114,978,687 square feet.

In terms of sale activity, total year-to-date office building sales activity of buildings 15,000 square feet or above rose in dollar volume at the end of the 3rd quarter 2011 compared to the 2nd quarter 2011. In the 3rd quarter, CoStar reported 16 office transactions closed with a total volume of \$386,528,205 with an average price per square foot of \$153.90 per square foot. In the 2nd quarter 2011, there were 19 transactions totaling \$377,998,996 and average price per square foot of \$217.99. Cap rates have been higher in 2011, with an average of 8.23% in 2011 compared to an average of 7.29% during the same period in 2010.

SALES VOLUME & PRICE

Based on Office Building Sales of 15,000 SF and Larger

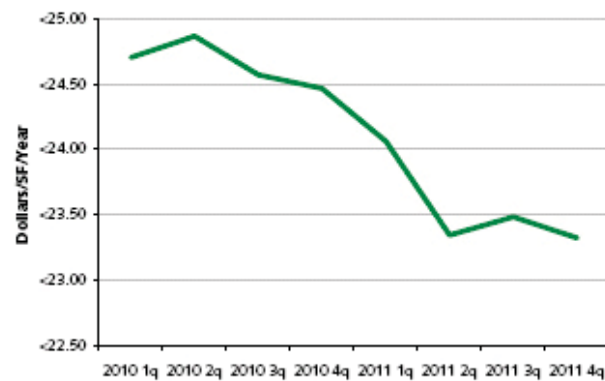


Source: CoStar COMP5®

Source: Costar.com

QUOTED RENTAL RATES

Historical Analysis, All Classes



Source: CoStar Property®

Source: Costar.com

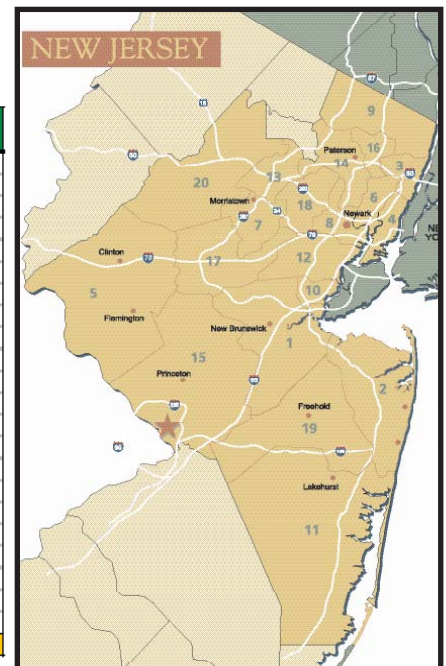
According to CoStar, the average rental rate was \$23.20 per square foot at the end of the 4th quarter 2011. This reflected a 0.2% decrease compared to quoted rental rates at the end of the 3rd quarter in 2011. The average rental rate for Class A space was \$26.44 per square foot at the end of the 4th quarter 2011, and the average rental rate for Class B space was \$21.28 per square foot.

TOTAL OFFICE MARKET STATISTICS

Market	Existing Inventory		Vacancy			YTD Net Absorption	YTD Deliveries	Under Const SF	Quoted Rates
	# Bids	Total RBA	Direct SF	Total SF	Vac %				
Bergen Central	461	10,764,056	1,210,466	1,501,718	14.0%	(80,172)	2,500	0	<23.32
Bergen East	729	15,556,544	2,816,722	2,897,631	18.6%	(130,418)	7,200	0	<26.00
Bergen North	621	15,383,646	1,404,989	1,490,140	9.7%	(6,681)	56,350	0	<24.06
Brunswick/Piscataway/I-287	1,493	28,772,003	4,426,405	4,851,325	16.9%	(330,773)	4,624	0	<21.16
Hudson Waterfront	1,061	30,092,447	1,809,032	2,017,431	6.7%	179,152	4,560	30,000	<27.15
Hunterdon	274	6,404,790	785,462	798,791	12.5%	(126,899)	8,800	0	<19.01
Meadowlands	382	8,458,510	1,342,337	1,594,417	18.8%	21,759	0	0	<24.90
Monmouth East	1,391	21,125,031	3,881,758	3,928,189	18.6%	(13,752)	53,500	0	<20.36
Monmouth West	425	5,116,457	664,662	670,087	13.1%	(17,571)	7,000	12,000	<21.92
Morris West/I-80	428	5,868,654	1,525,719	1,535,273	26.2%	(31,916)	6,400	0	<19.44
Morristown Area	361	14,489,841	1,391,872	1,554,282	10.7%	469,163	0	614,747	<28.32
Newark/Urban Essex	781	25,423,223	3,473,024	3,627,130	14.3%	(512,155)	30,000	0	<23.58
Ocean County	690	6,646,862	808,180	818,390	12.3%	(182,147)	18,430	0	<20.79
Orange/Rockland	924	12,242,326	1,112,354	1,112,354	9.1%	(62,039)	33,000	0	<21.11
Parsippany/I-287/Rt 10	373	21,756,286	4,706,150	5,429,699	25.0%	(495,003)	0	57,600	<21.22
Pike County	35	278,491	35,659	35,659	12.8%	(16,740)	0	0	<15.09
Princeton Area	1,392	42,723,053	6,691,735	6,920,435	16.2%	84,717	2,400	285,783	<24.47
Somerset/I-78	675	26,432,751	2,978,960	3,161,927	12.0%	(150,113)	25,000	73,142	<24.66
Union	1,191	13,372,182	1,164,649	1,216,806	9.1%	(70,802)	18,500	0	<20.74
Wayne/Paterson	854	16,863,368	2,910,619	3,015,993	17.9%	(326,443)	0	0	<21.79
West Essex	446	13,581,181	1,950,348	2,048,037	15.1%	(89,370)	0	0	<25.78
Woodbridge/Edison	245	7,894,433	1,605,800	1,660,971	21.0%	35,737	0	0	<28.62
Totals	15,232	349,236,135	48,610,917	51,886,685	14.9%	(1,852,466)	278,264	1,073,272	\$23.20

Source: CoStar Property®

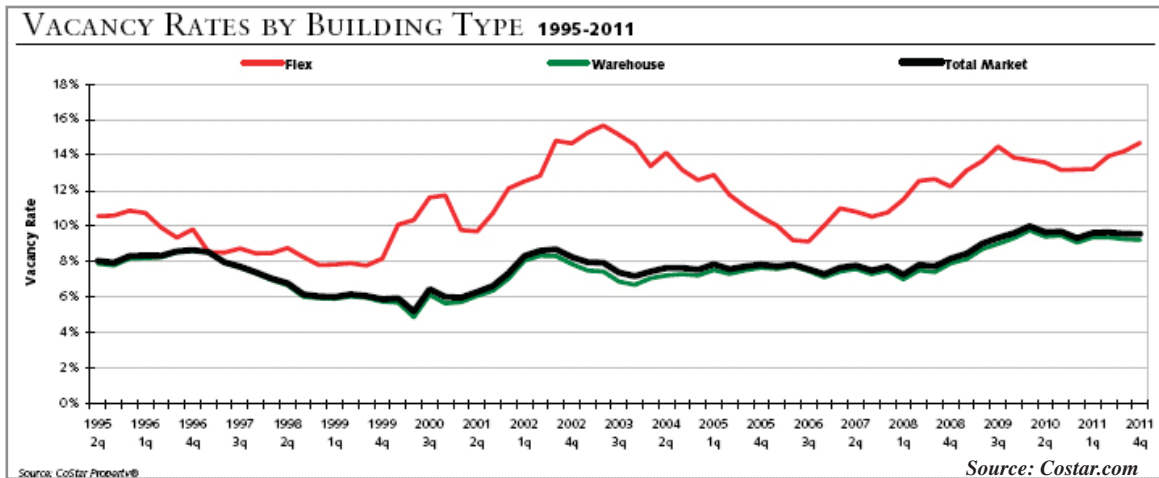
Source: Costar.com



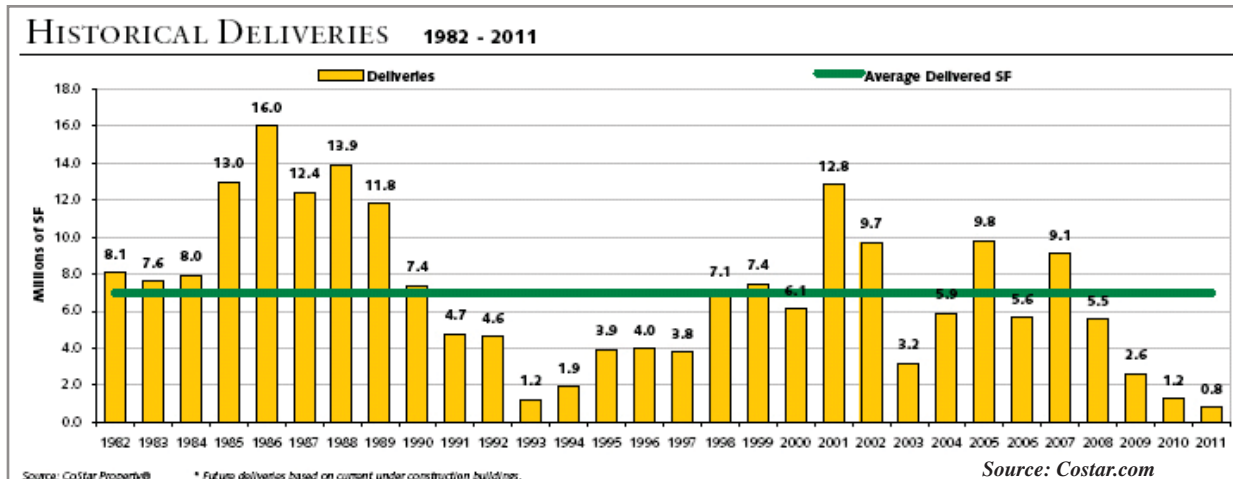
4th Quarter 2011 Industrial Update

The industrial sector in Northern and Central New Jersey ended the 4th quarter 2011 with a vacancy rate that remained unchanged from the previous quarter. According to CoStar Group's 4th quarter 2011 market data, the Northern New Jersey industrial market ended the quarter with a vacancy rate of 9.6%. The vacant rate was also 9.6% at the end of the 3rd quarter 2011 and 9.7% at the end of the 2nd quarter 2011. Flex projects reported a 14.7% vacancy rate in the 4th quarter, which is an increase from a 14.2% rate at the end of the 3rd quarter. Warehouse projects had a vacancy rate of 9.2%, a slight decrease from the 3rd quarter rate of 9.3%. Sublease vacancy increased to 4,165,678 square feet in the 4th quarter from 3,924,866 square feet at the end of the 3rd quarter.

According to CoStar Group, net absorption was positive 301,795 for the 4th quarter. This compares to positive 760,963 square feet in the 3rd quarter 2011, and negative (339,441) square feet in the 2nd quarter 2011. The CoStar Group also reported total industrial inventory in the Northern New Jersey market totaled 812,637,319 square feet in 16,612 buildings at the end of the 4th quarter. Total flex properties consisted of 49,685,331 square feet and the warehouse sector consisted of 762,951,988 square feet in 15,299 buildings.



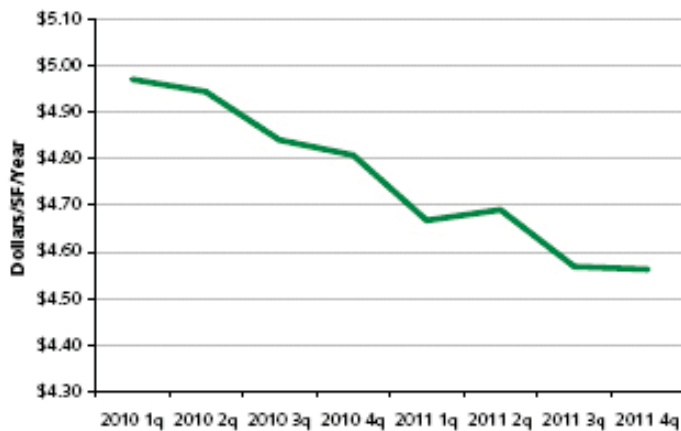
With regard to delivery and construction, there were 2 buildings totaling 261,016 square feet completed in the 4th quarter, according to CoStar Group. This compares to 4 buildings totaling 335,856 square feet completed in the 3rd quarter. There were 543,578 square feet under construction at the end of the 4th quarter.



In terms of sale activity, total year-to-date industrial building sales activity in 2011 is up compared to the previous year according to CoStar Group. There were 134 industrial sales transactions in the first nine months of 2011 with a total volume of \$601,681,330. The price per square foot averaged \$53.16. Cap rates have been lower in 2011, with a 8.13% average. This compares to an average cap rate of 7.59% in the first nine months of 2011.

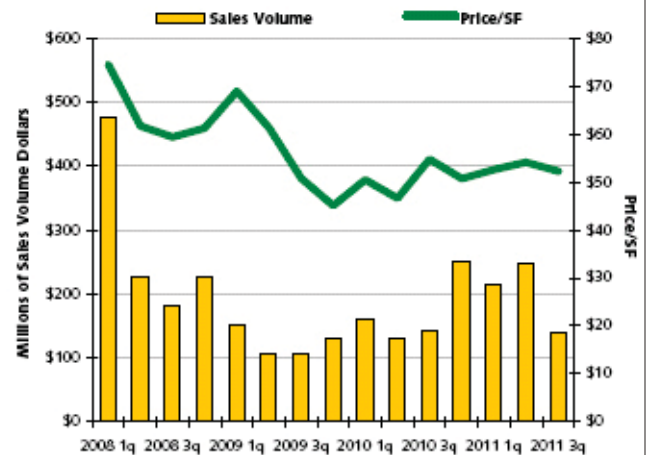
According to CoStar Group, average rental rates at the end of the 4th quarter were \$5.59 PSF, an increase of 0.7% from the previous quarter's average rate of \$5.55 PSF. Average rental rates from flex properties was \$11.19 per square foot in the 4th quarter 2011, compared to \$11.30 per square foot in the 3rd quarter.

QUOTED RENTAL RATES Historical Analysis, Flex and Warehouse



Source: CoStar Property®

SALES VOLUME & PRICE Based on Industrial Building Sales of 15,000 SF and Larger



Source: CoStar COMPS®

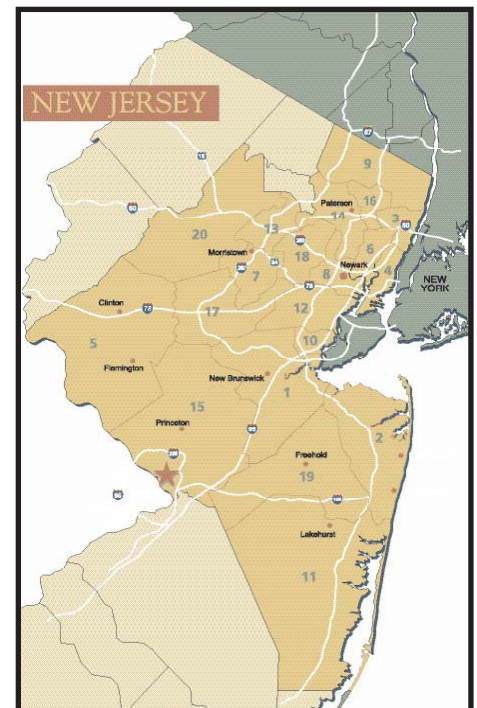
Source: Costar.com

TOTAL INDUSTRIAL MARKET STATISTICS

Market	Existing Inventory		Vacancy			YTD Net		Year-End 2011	
	# Bldg	Total RBA	Direct SF	Total SF	Vac %	Absorption	Deliveries	Under Const SF	Quoted Rates
Brunswick/Piscataway Ind	2,117	17,578,809	15,473,480	17,157,317	9.8%	737,434	227,000	61,700	\$4.56
Central Bergen Ind	1,118	33,113,688	2,332,501	2,339,385	7.1%	273,146	0	0	\$6.91
Eastern Morris Ind	406	21,998,284	2,617,251	2,751,300	12.5%	(724,397)	0	0	\$6.76
Hudson Waterfront Ind	977	39,380,090	3,658,169	3,682,269	9.4%	(557,354)	0	0	\$5.86
Hunterdon Ind	117	7,117,821	1,848,055	1,848,055	26.0%	(15,560)	0	0	\$4.16
Meadowlands Ind	1,577	99,272,543	10,408,701	11,056,032	11.1%	(1,060,537)	261,016	345,350	\$5.87
Mercer Ind	607	33,527,577	5,859,920	5,859,920	17.5%	699,712	0	0	\$4.71
Monmouth Ind	862	24,702,595	2,024,094	2,028,294	8.2%	127,898	90,856	0	\$7.05
Morris West/I-90 Ind	335	16,706,924	1,395,361	1,842,392	11.0%	152,332	0	0	\$5.77
Morristown Area Ind	111	6,647,913	306,587	306,587	4.6%	67,020	0	0	\$7.13
Newark Ind	1,237	46,131,238	2,474,486	2,474,486	5.4%	(175,051)	0	180,000	\$5.28
North Bergen Ind	714	27,799,587	2,493,544	2,609,969	9.4%	(756,174)	3,800	0	\$7.40
NW Frontier Ind	112	3,160,084	270,890	270,890	8.6%	96,807	0	0	\$6.14
Ocean County Ind	369	11,132,515	865,228	939,491	8.4%	31,475	0	0	\$6.44
Orange County Ind	513	26,089,833	2,513,466	2,533,466	9.7%	(202,632)	0	0	\$4.70
Pike County Ind	12	219,738	0	0	0.0%	0	0	0	\$15.53
Rockland County Ind	354	17,807,250	1,179,186	1,200,786	6.7%	158,934	0	0	\$7.03
Rt 46/23/3-I Ind	1,245	55,130,235	3,713,569	3,829,894	6.9%	(221,569)	0	0	\$5.30
Somerset Ind	619	34,896,350	3,051,349	3,102,703	8.9%	(43,280)	0	0	\$5.93
Sussex County Ind	122	2,793,584	690,843	690,843	24.7%	(215,872)	0	0	\$5.45
Union Ind	2,085	89,659,710	7,455,990	7,969,299	8.9%	597,920	150,826	0	\$5.25
Warren Ind	160	6,950,559	672,767	878,338	12.6%	(177,732)	0	0	\$4.95
West Essex Ind	843	32,611,392	2,193,295	2,292,694	7.0%	(160,527)	68,000	0	\$6.92
Totals	16,612	812,637,319	73,498,732	77,664,410	9.6%	(1,368,007)	801,498	587,050	\$5.59

Source: CoStar Property®

Source: Costar.com

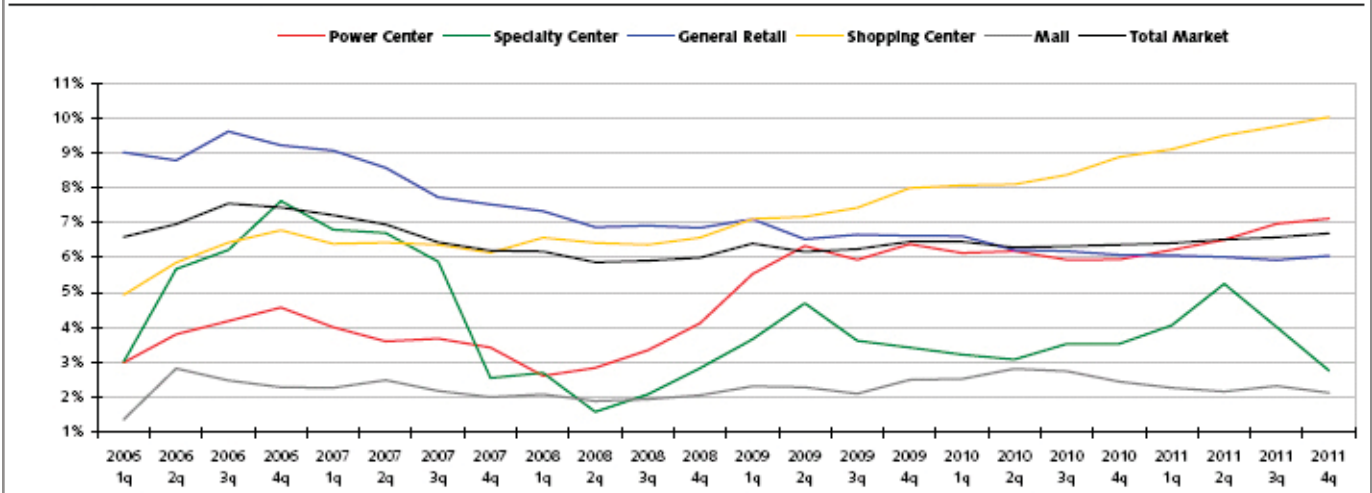


4th Quarter 2011 Retail Update

The retail sector in Northern and Central New Jersey reported little change in the 4th quarter 2011. According to CoStar Group's 4th quarter 2011 market data, the Northern New Jersey retail market vacancy rate was reported at 6.7% at the end of the 4th quarter 2011. This was a very slight increase from a vacancy at the end of the 3rd quarter 2011 of 6.6%. The amount of sublease space vacancy decreased over the past 4 quarters. At the end of the 1st quarter 2011 there was 755,763 square feet of vacant sublease space. Currently there is 594,001 square feet vacant.

The retail sector ended the 4th quarter with a net absorption of negative (262,710) square feet, according to CoStar Group. This compares to a positive 34,969 square feet of net absorption in the 3rd quarter, and positive 16,553 square feet in the 2nd quarter of 2011.

VACANCY RATES BY BUILDING TYPE 2006-2011



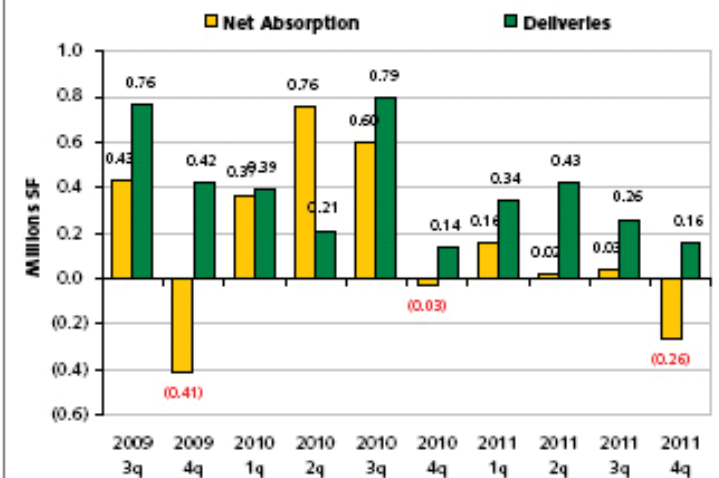
Source: Costar.com

According to CoStar Group, total retail inventory in the Northern/Central New Jersey market totaled 337,086,185 square feet in 29,166 buildings and 1,918 centers at the end of the 4th quarter.

With regard to delivery and construction, 7 buildings totaling 156,078 square feet were completed in the Northern New Jersey market area in the 4th quarter. According to CoStar Group, a total of 1,182,633 square feet of retail space has been built in Northern/Central New Jersey over the past four quarters. There was 551,412 square feet of retail space under construction at the end of the 4th quarter 2011.

ABSORPTION & DELIVERIES

Past 10 Quarters

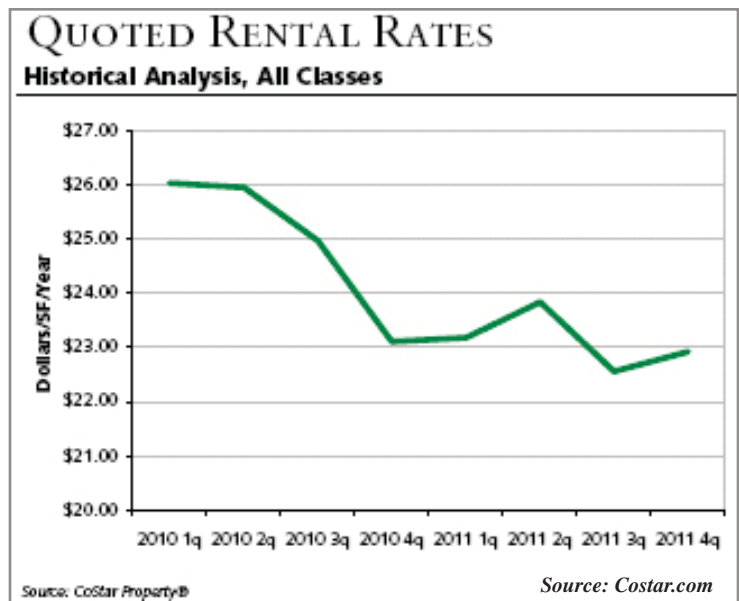
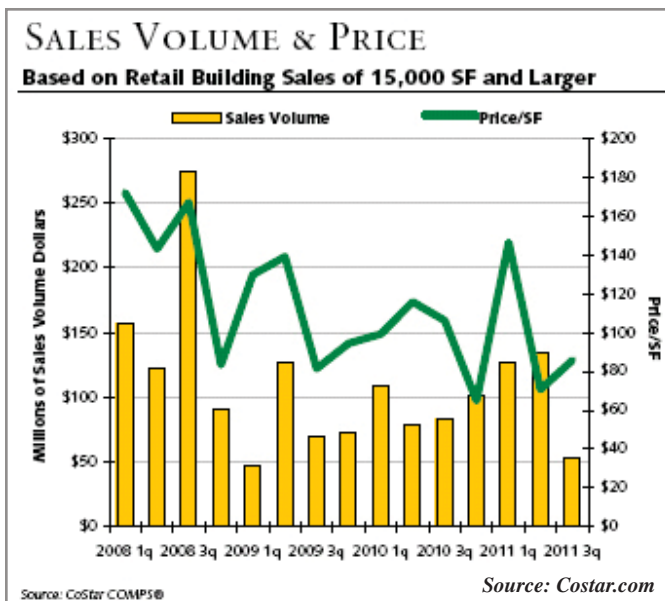


Source: CoStar Property*

Source: Costar.com

In terms of sale activity, total year-to-date retail building sales activity of buildings 15,000 square feet fell in dollar volume during the 3rd quarter 2011 compared to the 2nd quarter 2011. In the 3rd quarter, CoStar reported 17 retail transactions closed with a total volume of \$53,021,668. There were 19 retail sales transactions in the 2nd quarter of 2011 for a total volume of \$134,682,500. Also, the price per square foot averaged \$92.86 per square foot in the first nine months of 2011, compared to a price per square foot of \$105.80 in same nine months of 2010. Cap rates were higher in 2011, with an average of 8.89% in 2011 compared to an average of 8.48% in the same period of 2010.

According to CoStar, the average rental rate was \$19.31 per square foot at the end of the 4th quarter 2011. This reflected a 0.9% decrease compared to quoted rental rates at the end of the 3rd quarter of \$19.49 per square foot.



TOTAL RETAIL MARKET STATISTICS

Market	Existing Inventory		Vacancy			YTD Net Absorption	YTD Deliveries	Under Const SF	Quoted Rates
	# Bids	Total GLA	Direct SF	Total SF	Vac %				
Bergen Central	948	16,378,193	884,956	988,322	6.0%	104,314	0	0	\$22.92
Bergen East	999	10,225,010	449,336	465,398	4.6%	(64,749)	0	96,800	\$24.64
Bergen North	882	10,341,889	608,974	619,068	6.0%	6,101	30,000	16,000	\$26.05
Brunswick/Piscataway/I-287	2,207	29,225,400	2,270,824	2,276,570	7.8%	(252,184)	105,012	138,229	\$18.56
Hudson Waterfront	5,354	31,191,173	1,032,476	1,065,399	3.4%	304,018	367,214	0	\$22.25
Hunterdon	367	5,128,092	347,903	349,403	6.8%	39,789	0	0	\$17.88
Meadowlands	1,100	8,798,526	471,621	471,621	5.4%	27,161	0	0	\$20.37
Monmouth East	2,089	26,848,077	1,553,898	1,607,800	6.0%	166,266	0	13,960	\$18.68
Monmouth West	527	12,431,992	960,980	1,006,911	8.1%	67,023	166,494	0	\$17.60
Morris West/I-80	767	11,764,240	940,068	943,720	8.0%	(100,738)	0	103,000	\$18.34
Morristown Area	237	2,729,940	336,759	358,089	13.1%	(50,504)	0	0	\$22.99
Newark/Urban Essex	2,896	21,257,553	1,397,977	1,414,777	6.7%	(32,557)	60,543	0	\$22.08
Ocean County	1,231	20,566,532	1,706,144	1,714,144	8.3%	(35,484)	181,024	0	\$16.54
Orange/Rockland	1,939	30,997,202	2,239,588	2,261,860	7.3%	297,718	233,246	83,410	\$14.24
Parsippany/I-287/Rt 10	299	4,507,870	308,727	308,727	6.8%	46,276	0	20,000	\$18.43
Pike County	60	1,273,676	19,630	19,630	1.5%	23,570	0	0	\$14.78
Princeton Area	1,468	24,262,373	1,905,296	1,994,415	8.2%	(269,748)	18,500	39,192	\$17.77
Somerset/I-78	628	10,039,355	868,225	972,050	9.7%	(232,073)	0	0	\$19.38
Union	1,998	19,776,997	968,281	973,504	4.9%	46,853	1,600	12,821	\$20.17
Wayne/Paterson	2,066	22,966,819	1,355,761	1,379,761	6.0%	(39,452)	19,000	20,000	\$19.95
West Essex	619	9,561,652	762,850	793,106	8.3%	(137,436)	0	0	\$24.24
Woodbridge/Edison	485	6,813,624	561,923	561,923	8.2%	31,165	0	8,000	\$19.82
Totals	29,166	337,086,185	21,952,197	22,546,198	6.7%	(54,671)	1,182,633	551,412	\$19.31

Source: Costar.com

