

# CONCLUSION

## Government

New Jersey added 59,400 government jobs in the first half of the decade. This came in the form of increased educators, police, road workers, firefighters, health workers and court personnel all at rates that exceeded the state's meager population growth. Can we expect the government to fire themselves to balance our budget or are we going to cause our state to become less productive and over taxed? West Windsor just passed a law stating that large projects will have to be at prevailing wage and all workers shall receive benefits. Are we creating a price fixed environment prohibiting competitive development? We need to drive more competitive pricing for all development projects or we will continue to lose jobs.

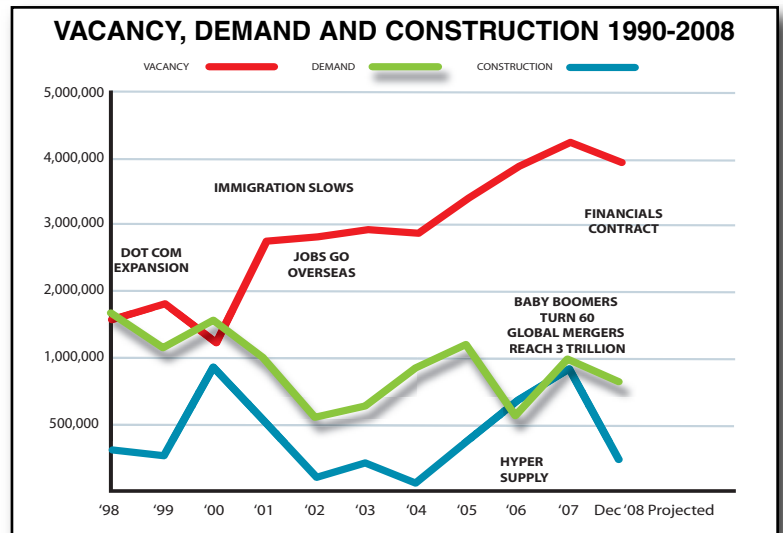
## Federal Reserve

The Federal Reserve has delivered on its goals by stopping what could have been 1929 all over again. They stepped in and forced the acquisition of Bear Stearns and financed many investment banks which were under water. Their strategy is to limit collateral damage to the rest of the financial system, especially the overall economy. This strategy includes "letting bubbles die of natural causes, then mopping up." Some critics say this strategy creates several super bubbles. For instance, they lowered the interest rates after the tech bubble which led to the housing bubble. It seems to me that they let free trade and business prosper, but if it crashes they make adjustments to protect everyone.

## The Market

We are going through a real estate bubble bust, most of which is in the residential sector. The Hedge funds lent a lot of money to operators in the commercial sector whose strategies were not proven and these owners are selling at discount either directly or having their debt purchased. This commercial adjustment is not as deep as the residential market and should get cleaned up relatively fast. Fortunately the construction cycle is slowly coming to a halt and will add to the strengthening of the market. Demand in the second half will most likely be slower due to the economic pressure on companies.

Year	Absorption SF	Construction SF	Consolidation SF	Total Market SF	Available SF	Vacancy Rate
2001	796,670	522,000	1,047,045	16,750,000	2,717,558	16.30%
Dec 02	161,141	90,000	758,000	16,970,000	2,898,684	17.07%
Dec 03	677,000	268,000	690,000	16,938,000	2,963,767	17.65%
Dec 04	750,000	150,000	700,000	17,550,000	2,813,000	16.71%
Dec 05	452,000	791,000	485,000	18,450,000	3,425,000	18.16%
Dec 06	561,041	849,000	400,000	18,967,000	4,048,533	21.34%
Dec 07	936,000	1,160,000	290,000	19,624,438	4,285,681	21.83%
Jun 08	595,000	289,000	89,000	20,749,288	4,248,500	20.47%
Dec 08	300,000	0	100,000	20,749,288	4,035,000	19.43%



Industry	2000	2001	2002	2003	2004	2005	2006	2007	2008
Bio/Pharmaceutical/Energy	7.39%	28.00%	7.24%	14.9%	24.7%	30.76%	34.03%	32.0%	23.68%
Internet/Software/Electronic/Fiber	27.91%	45.00%	14.57%	3.7%	10.6%	23.02%	(-1.3%)	20.88%	9.12%
Service/Business/Finance/Legal	46.20%	46.81%	70.58%	71.36%	49.4%	42.92%	41.00%	32.0%	23.93%
Government/Education/Non Profit	0.00%	0.00%	1.415%	1.04%	7.5%	8.06%	9.10%	8.27%	33.19%
Medical	0.00%	0.02%	3.16%	8.0%	7.3%	2.55%	12.5%	10.34%	3.91%

