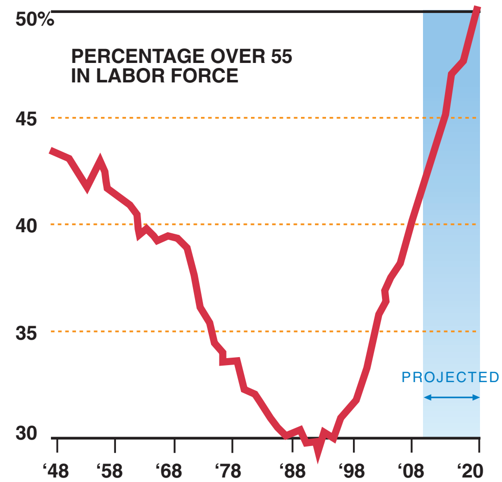
INTRODUCTION

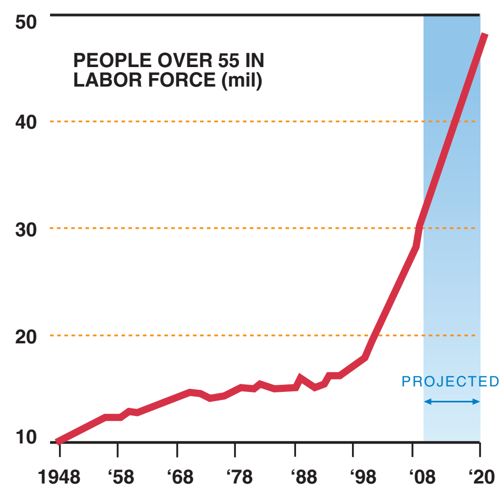
2009 is overshadowed by bad news; five weeks of continuous rain for the northeast, ten million bad housing loans and swine flu that became a pandemic throughout the world. Well it certainly is easy to view the world as covered by dark clouds due to these heavy burdens, or to turn it upside down and see the positives; "When the sun comes out again, we will have the rainbow because the dark clouds came first." Foreclosures will lead to investors, or cash that sits on the sideline to participate and start the foundation for price increases in real estate and the flu pandemic will boost Bio companies on a fast track for a vaccine(s).

The Greater Princeton market experienced an increase in the vacancy again reaching 23%, the highest since 1993. This leads to the question, when did the recession began, where are we now, when will it ease up and when will we begin the recovery? The Federal Reserve generally, or reluctantly, admits to it the recession beginning in December 2007 (nine months after the housing market weakened and faltered.) This places us twenty months into the downturn, however only eight months since the general public or common consumers were finally forced to reduce or just about stop all discretionary spending. The US has felt the wrath of a slumping economy with the household net worth declining by 7 trillion dollars over the last year. On average a US recession has lasted four years so therefore the end of the summer should have us half way through.

Half way through means we are in the thick of things and are still experiencing increasing unemployment, with the national average reaching 9.4%, the highest since 1983, up from 5.5 % a year ago,(NJ has an 8.8% unemployment rate). This certainly places additional stress on displaced workers who thought retirement was calculated based on a net worth graph that included a lopsided 401K plan, overleveraged real estate and credit card debt; the Baby Boomer, who was about to retire, is hanging in there and pressing up against Generation Y. The average age of a CEO in the United States is 56 years old. Given the recent performance in the financial sector, for example, Lehman Brothers, Barclays, Bear Sterns, AIG, Merrill Lynch, the baby boomer leadership will widen the distrust between these generational gaps and lead to a lack of understanding and willingness to trust each other in the workplace. The Baby Boomer and Generation Y both gambled that greater debt and risk would be better for them and were not looking at or planning for the possibility of failure. Now, it's a new day, with the possibility of having a strong economy again over the next several years, it requires a new plan utilizing a little less risk, a little less debt, and a whole lot of work.

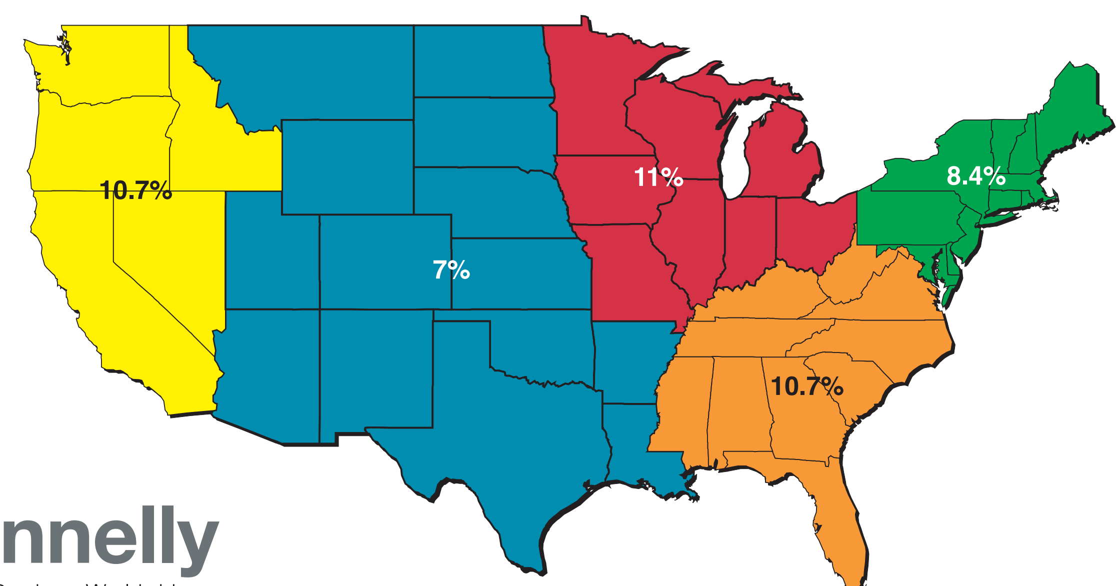
In this report, we will explore the supply and demand of office space in the Greater Princeton office marketplace and make predictions for the second half of 2009.





Source: Bureau of Labor Statistics

UNEMPLOYMENT RATE ACROSS THE COUNTRY BY AREA



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