

CONCLUSION

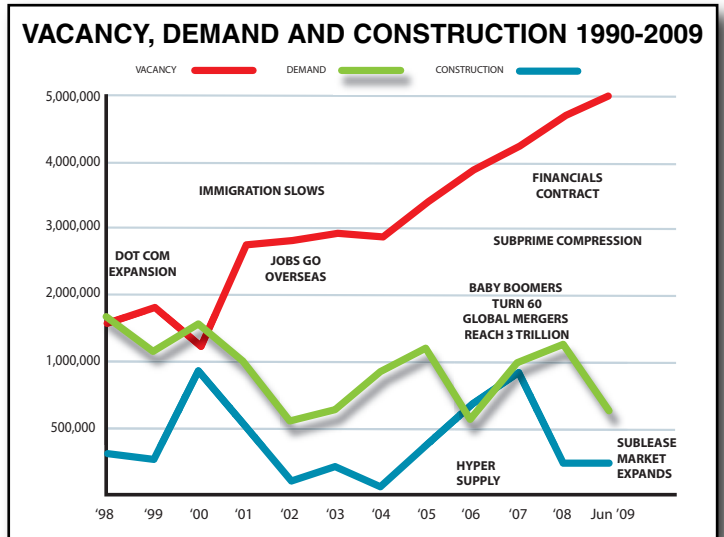
The investor demand and buying attitudes is changing due to pressure placed on them by increasing taxes and utility costs and the lowering of rents, making financial performance difficult to assess in addition to an uncertain lending market. Real Estate pricing has lowered by 10% or greater from peak in March of 2007, creating an opportunity for investors to achieve short and long term positive returns. Although interest rates have recently increased, which is the wrong direction to promote an economic recovery, relatively inexpensive money and lowered real estate pricing will create interesting wealth expansion opportunities over the next 12-24 months. Commercial real estate foreclosure activity is just starting to show up in New Jersey as select owners weaken under increasing costs and lowering revenue.

Government: State

The State of NJ is on the move, trying to save money and raise revenue. They are pulling back offices from the suburbs as leases expire, and backfilling 300,000 sq ft. of underutilized office space. As far as raising money, the State is undergoing amnesty tax programs, increasing audits on sales tax and escalating real estate taxes. The real question is how government revamps the way they operate and reduce their footprint, just like private corporations around the world are repositioning their strategies to lower costs and increase revenues.

Federal

The Federal Government is in the midst of battling the great economic recession of 2007. Their strategies include the distribution of TARP (Troubled Asset Recovery Program) money, to date of \$45 Billion, to prop up financial giants, such as, AIG, JP Morgan Stanley and other major Banks, who participated in the subprime lending business. The Tarp program is starting to see repayment as companies negotiate the settlement of these loans to avoid being managed by the government. The insurers of these bad mortgages are seeking money from the government; with Hartford Life & Property just recently receiving \$3.4 Billion. The Federal Government also instituted the mortgage modification program which has renegotiated 190,000 loans, yet a far cry from the



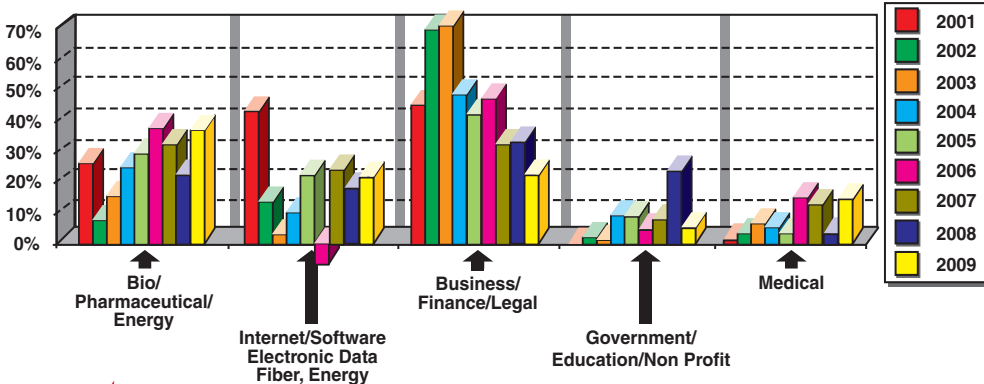
potential of millions of bad residential loans facing failure. Finally, the Public-Private Investment Program is a possible way to use private/public money to purchase distressed mortgage backed securities from banks, thus accelerating the cleanup of bad loans dragging down the economy.

The Market

Rents are lowering in most markets due to the withdrawal of companies from the landscape versus an oversupply of new product. With the increase of the sublet market, 639,950 sq ft. available this year, it is a resemblance of the 2002 office market when 600,000 sq ft. of "Dot Com." ventures went bad. The big difference is this recession is across the board touching the Bio, Fiber, Service, Consumer Products and Government. The transactions that owners close now will be more painful, but may be looked back upon as the right decision to hold onto real estate assets.

ABSORPTION PERCENTAGE BY INDUSTRY

Industry	2001	2002	2003	2004	2005	2006	2007	2008	6/09
Bio/Pharmaceutical/Energy	28.00%	7.24%	14.9%	24.7%	30.76%	34.03%	32.0%	21.00%	37.94%
Internet/Software/Electronic/Fiber	45.00%	14.57%	3.7%	10.6%	23.02%	(-1.3%)	20.88%	12.00%	21.33%
Service/Business/Finance/Legal	46.81%	70.58%	71.36%	49.4%	42.92%	41.00%	32.0%	32.00%	22.81%
Government/Education/Non Profit	0.00%	1.415%	1.04%	7.5%	8.06%	9.10%	8.27%	25.00%	4.47%
Medical	0.02%	3.16%	8.0%	7.3%	2.55%	12.5%	10.34%	4.00%	11.30%



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