

# INTRODUCTION



2009 is over and many people, and companies, are happy it is behind them. The year was a quandary of unanswered questions; I will attempt to answer several of these. First, why did President Obama win the Nobel Peace Prize? He won the coveted prize because he showed the world that they need to be at their highest productivity in tough times. Why did 140 banks fail this year? Compared to the last recession when 3,000 banks failed, it doesn't seem as bad. This is part of the clean up required to restore lending. The banking industry is coming off a period of free flowing credit which expanded throughout the world, and ultimately created a global recession.

The banks are under duress by the regulators not to lend, but at the same time, to lend. They are confused and are discarding people or companies that they lent money to within the last twenty four months. This has added extreme pressure to owners as they are asked to leave the banks that helped them purchase properties. This pressure has led

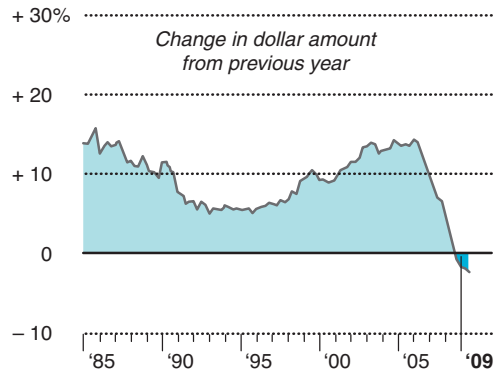
people to increase their savings, lower debt and look for opportunities that they can purchase as a way to create greater net worth. Saving is not a sin, unless you are a retailer. It creates a cushion, makes people plan instead of impulsively buying anything that passes by their eyes. For real estate, this time will set a new price, as opposed to artificial prices that were created by overheated markets.

Finally, when will the commercial real estate market rebound? This is a great time to view real estate for portfolios as values have lowered by 10-30%. Does it take guts, planning, vision and cooperative lenders to succeed? Resoundingly, YES! The best time to go into something is when everyone else is confused, lack capital and clarity due to chaos in the financial markets. That is really the concept, "When do the bad times turn into Good." Considering the economy went into this recession in March of 2007, led by a complete lack of residential home sales, commercial followed one year later giving the world three years of tough times under its belt. This is the time to plan for the turnaround, looking for new business opportunities; even as people fight with their lenders and are under pressure to survive. It may not be 2010 when things get much better, but we should look for greater results in 2011, only twelve months away. For some, this seems like a decade, for others it is time to strike when the decrease in value and demand are in the investors favor.

In this report, we will explore the supply and demand of office space in the Greater Princeton office marketplace and make predictions for the first half 2010.

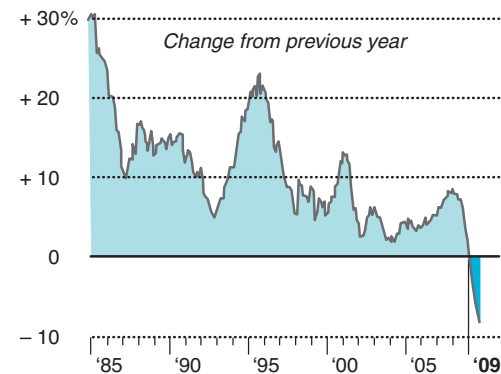
## MORTGAGES

### Residential mortgage loans outstanding

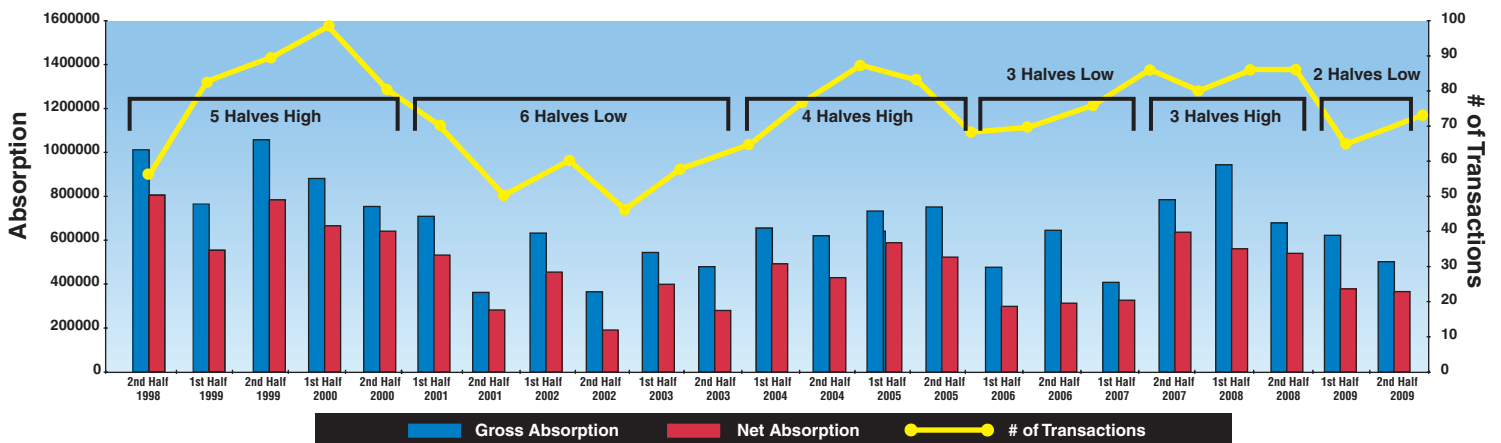


## CREDIT CARDS

### Credit card debt outstanding



Source: Federal Reserve Board & Mortgage Banker Association



BREAKDOWN OF HIGH AND LOW OFFICE DEMAND OVER THE DECADE