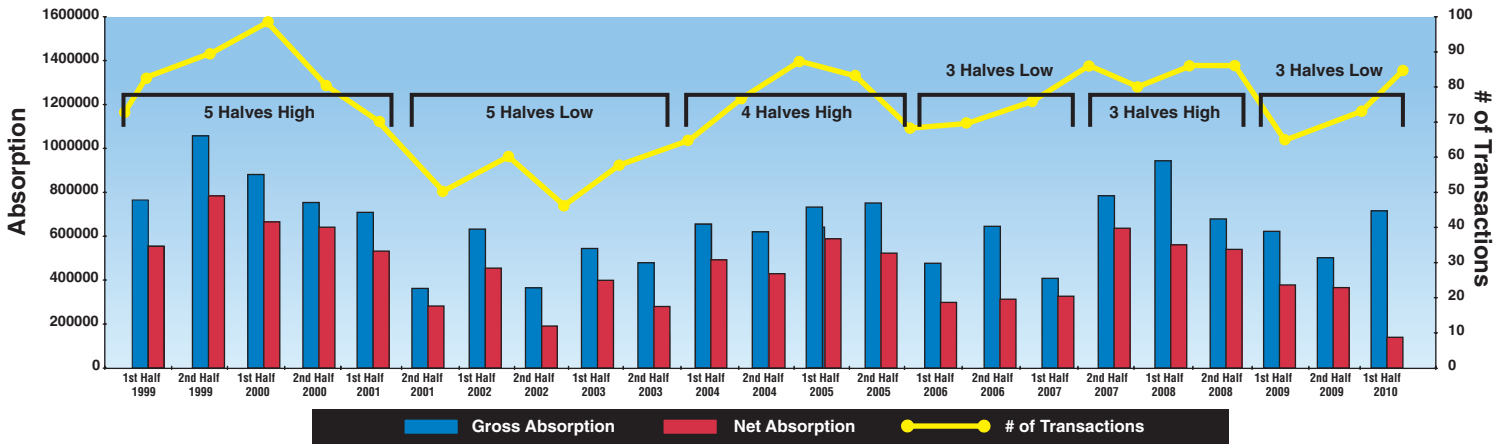


# CONCLUSION



**BREAKDOWN OF HIGH AND LOW OFFICE DEMAND OVER THE DECADE**

The Greater Princeton market experienced a decrease of approximately one quarter percent in the vacancy rate, from one year ago, to 21.88 %. The first half of the year was the more difficult period as companies chose to jettison excess space.

The service industry is hiring in anticipation of a rebounding economy, but mostly based on being prepared for overregulation or whiplash as the federal government punishes Wall Street for the financial meltdown in its quest to reach stabilization. Goldman Sachs, CS First Boston, Duetsche Bank, Nomura of Japan has increased their staff by more than 2,000 people since the beginning of the year with a large amount of growth occurring in Manhattan. The NJ state government is in a no holds barred negotiation to decrease the size of State government and try to limit entitlements. The Governor's strategy to place a cap on property taxes, although not perfect, is the right concept at this time. The legacy of waste and entitlements has been passed down, generation after generation, creating jobs that may not be needed today created 30-40 years ago as political pay backs are fueled by state money and can be eliminated by the lack of the same.

The Federal government will grow, while the State government, under scrutiny, will pause or downsize, and the service industry has started early growth. The real estate economy is at the point where there is a measurable commercial failure, as Banks succumb to a strategy of "extend and pretend of mortgages" to the harsh realities of foreclosure. This is the first step to correcting an economy, getting the bad mortgages off the books and re-establishing real values for real times. Usually, within eighteen months of this event, values start to rise as inventories of Bank properties dwindle.

The vacancy has been over 21% for four and a half years, establishing a ceiling due to limited development. The corporations have been placing inventory on the market for the last thirty months which is the only supply driver due to developers waiting for the lending markets to open. Overall rents have lowered since 2008 by 5-10% with the most aggressive rents in the Class B and C properties.

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	21.84%
Dec 08	1,125,000	387,000	300,000	21,310,000	4,630,000	21.72%
Dec 09	726,854	0	200,000	22,157,000	4,864,000	22.18%
Jun 10	79,738	25,000	200,000	22,175,000	4,895,000	21.88%

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