

INTRODUCTION



The Greater Princeton office market felt the wrath of the financial pullback, Pharmaceutical malaise and technological research stagnation that has plagued our economy for the last thirty months. The decline in growth has gone to unprecedented levels over the last decade. In the 1990's there was the creation of 20 million jobs in the US, fueled by 530 IPO'S per year for the first nine years. Compared to the 2000 decade, only 126 IPO'S per year were taken public decreasing the ability to take companies from an idea to a fully scaled operation. It can be argued, "That Big bursts of innovation give way to periods when the pace slows." Therefore, do we succumb to the fact that slower technological changes, constricted credit flows, and the looming whiplash of bigger and over governing government will limit the growth in the economy?

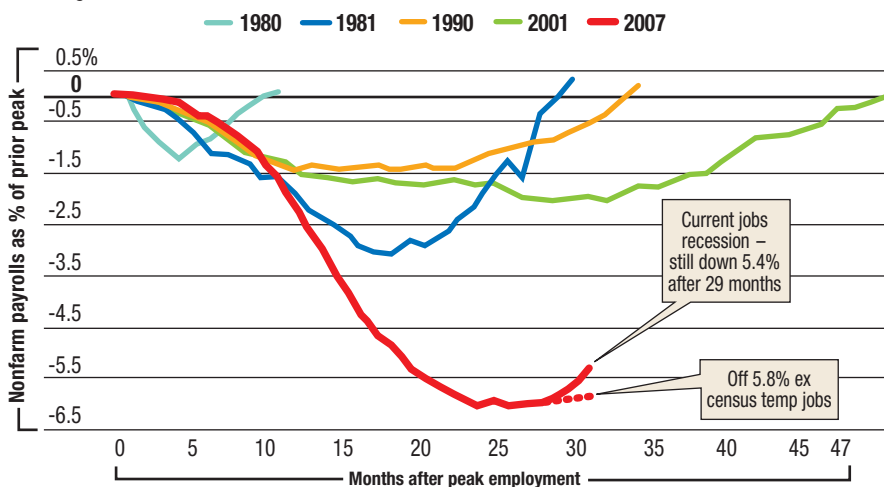
There is a good chance that the office sector will be in slow growth for the next twelve to eighteen months facing challenging times. The time period for the "Next Big Thing" has slowed as certain consumer sectors reach maturation, such as the microprocessor, which debuted in the 70's and led the way for rapid industry growth over the next thirty years. The same holds true for the Pharmaceutical industry which faces strong generic competition and a lack of new blockbuster drug discovery.

We are in a period of debt deflationary cycle, as consumers pay down over 37.4 billion in household debt, since the debt peak of mid 2008 (most coming from the reduction of mortgage debt). Now all we have to do is apply the same saving discipline to the national debt, which is now at 1.6 trillion dollars in debt; the highest debt ever for the Federal Government fueled by a Keynesian Stimulus model that propped up the financial industry, automobile industry and distribution of monies to local and state governments.

Risk Management is in favor as risks which were thought to be small, complex technologies or business models that cannot be grasped by management, regulators or even the consumer, will not be tolerated as everyone searches for transparency and complete understanding. This pause caused by cautious strategies will lead to a slow job growth as companies adjust to a new level of regulation and increased costs from local and federal governments.

Job Recoveries Taking Longer

Each recession since 1980 has taken longer for the economy to return to the prior employment peak. The current jobs recession, already the deepest since World War II, seems likely to become the longest.



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? This is a resounding YES? The best time to go into something is when everyone else is confused, lacking capital and lacking clarity, due to chaos in the financial markets.

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 2010.