

CONCLUSION

The Greater Princeton Office Market has a temporary problem which may or may not fix itself. It has over 4 million square feet of speculative office space with more being delivered in 2007. The market has absorbed an average of approximately 800,000 square feet each year over the last three years, which calculates to over two years of supply before rent growth occurs. This scenario does take longer and will cause rent erosion in certain areas. The other scenario is NY delivers migration after missing for over three years which comes in the form of Data Centers or office space and is driven by the financial industry. Large pharma invests heavily into the Bio sector which Princeton is famous for and increases the need for research space and the two major hospitals close their transactions and cause demand for medical space which doctors have held back on because of the uncertainty of the current hospital approval processes.

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%
Jun 02	423,859	90,000	574,374	16,970,000	2,978,767	17.59%
Dec 02	161,141	0	183,626	16,970,000	2,898,684	17.07%
Jun 03	408,978	232,000	340,000	16,979,000	2,978,000	18.16%
Dec 03	279,716	36,000	350,000	16,938,000	2,963,767	17.65%
Jun 04	450,000	0	300,000	16,979,000	2,964,000	17.46%
Dec 04	300,000	150,000	100,000	17,550,000	2,813,000	16.71%
Jun 05	555,000	100,000	110,000	18,000,000	2,810,000	16.02%
Dec 05	452,000	691,000	375,000	18,450,000	3,425,000	18.16%
Jun 06	278,230	315,000	280,000	18,850,000	4,141,000	21.96%
Dec 06	282,811	375,000	150,000	18,967,000	4,048,533	21.34%

Believing that markets will manage themselves but not feeling confident about the perception of NJ, we need to identify our strengths such as a large availability of immediate office and housing stock, and industrial stock. The perception of NJ is that it is expensive compared to Pennsylvania, this is true. However, NJ is less expensive than NY and Connecticut.

It is critical for Princeton to be viewed as a location where great inventions were created and the need for companies to come here in spite of potential extra cost. Princeton has a distinct research history, David Sarnoff invented the color TV, Albert Einstein developed his theory of relativity, and John Nash wrote his nobel prize theory on economics.

Several factors can help us make Princeton and NJ a destination for research companies including; 1: Initiate 270 million grant on Stem Cell research; 2: relocate the hospitals, particularly University Medical Center which is a teaching hospital and will draw some of the greatest medical minds; 3: Privatise some of the governmental responsibility such as the permit process which is failing under the weight of political factions. This will accomplish two goals; accelerate the building process for companies which need speed to win; and, lower the tax basis which has a negative impact on NJ.

It is critical for the residents of The Greater Princeton area to look at population growth as good because this helps real estate values stay high. It also creates the ability of companies to move into the area. Last year NJ had a negative population growth. Manufacturing, warehousing, internet software industries all suffered from a reduction of workforce in 2006. NJ can reverse that trend by focusing on incentivizing companies into NJ and making it easy for them to operate and grow.

