Office Market Trends Southern New Jersey

Grubb & Ellis Research

Second Quarter 2007

Grubb&Ellis
Property Solutions Worldwide

Contents

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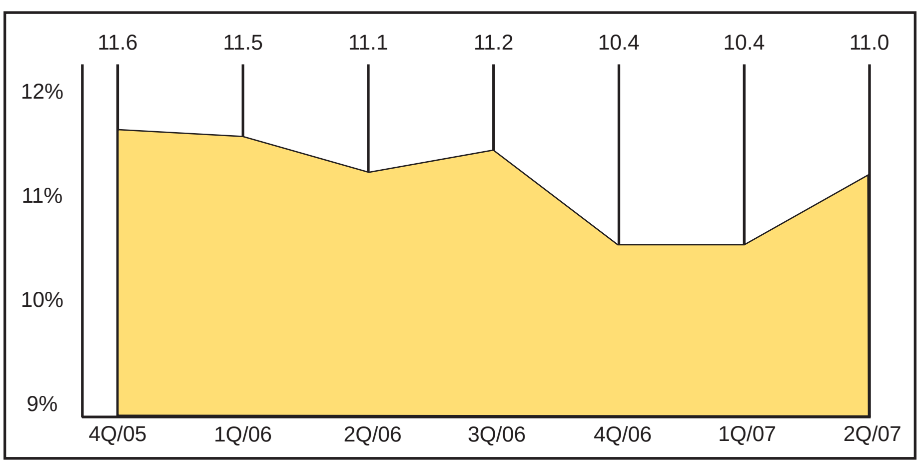
Vacancy Creeps Up, Rates Hold Steady

Executive Summary

The second quarter witnessed a slight loss in the Southern New Jersey office market fundamentals, posting 10,471 square feet of negative absorption. The Mount Laurel and Voorhees/Gibbsboro submarkets accounted for most of this retraction, having tallied 29,188 and 21,596 square feet of red ink, respectively. American Express, downsizing out of 14,700 square feet at 5000 Atrium Way, accounted for most of the negative absorption in Mount Laurel, while Advanced Power's move out of 78,205 square feet in 1007 Laurel Oak, and subsequently the entire market, takes claim of the rising vacancy in Voorhees/Gibbsboro. On the flip side, the Collingswood / Westmont / Pennsauken submarket faired well as Susquehanna Bank christened the new 100,907-square-foot Ferry Terminal Building by taking 25,000 square feet of space, accounting for most of the 33,308 square feet of positive absorption seen in this submarket during the quarter. With the balance of this building unoccupied and the net addition of 10,471 square feet of space back to the market, vacancy increased 60 basis points to settle at 11 percent for the second quarter.

Rates remained stable this quarter, rising only $0.03 overall to $20.19 per square foot. Class A rents did slip slightly as a few spaces were returned to the market at rates lower than market averages, while previously existing available spaces' rents held fast or increased modestly. As a result, quarter over quarter rates for premium space dipped $0.31 to $23.80 PSF. In contrast, Class B space fetched a higher rate of $20.24 PSF this quarter, an increase of $0.08 from the first quarter. Overall rates should increase by year end as the 348,388 square feet of Class A space currently under construction is completed, and factors into the weighted average.



Office Vacancy Rate*

** All Classes of Space*

Office Market Snapshot Southern New Jersey Second Quarter 2007

By Submarket (All Classes)	Total (1) SF	Vacant (2) SF	Vacant %	Net Absorption Current	Net Absorption Year To Date	Under Const. (3) SF	Asking Rent (4) Class A	Asking Rent (4) Class B
Cherry Hill	3,708,425	396,194	10.7%	(2,347)	660	48,000	$24.27	$21.26
Collingswood/Westmont/Pennsau	1,546,052	229,961	14.9%	33,308	32,000	-	$27.50	$20.35
Marlton	2,601,845	228,768	8.8%	8,467	(34,148)	-	$23.72	$20.56
Moorestown/Delran/Burlington	1,951,977	324,371	16.6%	885	1,324	30,000	-	$20.01
Mount Laurel	5,969,334	519,518	8.7%	(29,188)	15,455	270,388	$23.32	$18.80
Voorhees/Gibbsboro	1,501,674	203,299	13.5%	(21,596)	(25,621)	-	$23.25	$21.02
Suburban Total	**17,279,307**	**1,902,111**	**11.0%**	**(10,471)**	**(10,330)**	**348,388**	**$23.80**	**$20.24**
Totals	**17,279,307**	**1,902,111**	**11.0%**	**(10,471)**	**(10,330)**	**348,388**	**$23.80**	**$20.24**

By Class (All Submarkets)	Total SF	Vacant SF	Vacant %	Net Absorption Current	Net Absorption Year To Date	Under Const. SF	Available for Sublease CBD	Available for Sublease Suburban
Class A	4,980,738	362,234	7.3%	49,570	58,203	300,388	-	148,284
Class B	7,313,260	974,962	13.3%	(51,865)	(56,221)	48,000	-	51,881
Class C	4,985,309	564,915	11.3%	(8,176)	(12,312)	-	-	37,028
Totals	**17,279,307**	**1,902,111**	**11.0%**	**(10,471)**	**(10,330)**	**348,388**	**-**	**237,193**

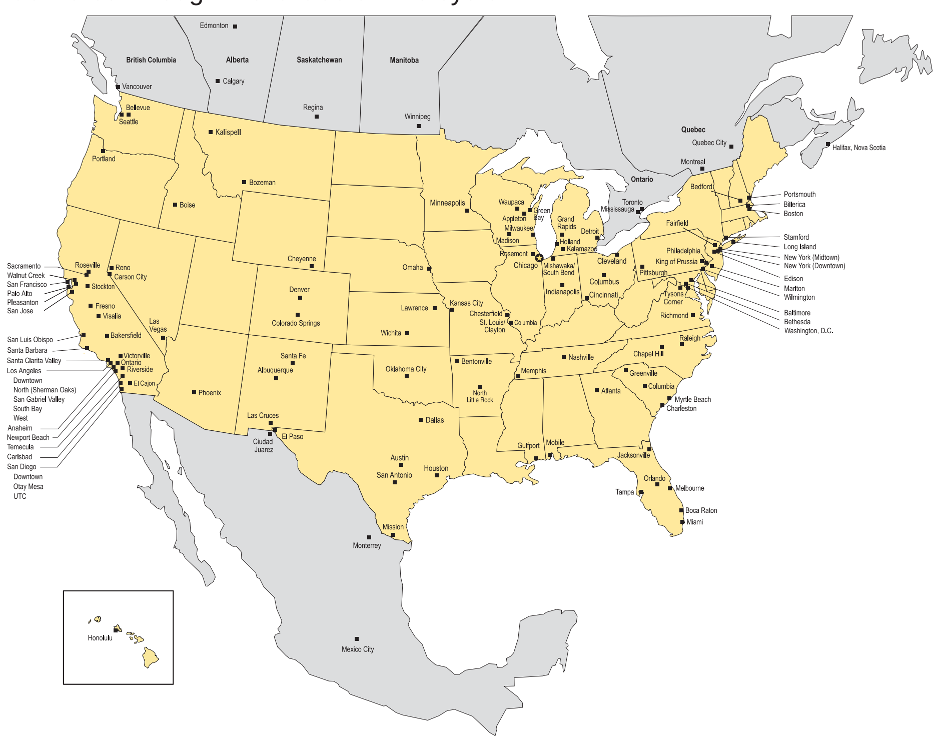
** Grubb & Ellis statistics are audited annually and may result in revisions to previously reported quarterly and final year-end figures.*

Construction Second Quarter 2007

	New Speculative Development				New Build-to-Suit Development		
	Under Construction	Preleased	Completed This Qtr	Completed YTD	Under Construction	Completed This Qtr	Completed YTD
Suburban	348,388	2.3%	100,907	100,907	-	-	-
Total	**348,388**	**2.3%**	100,907	**100,907**	-	**-**	**-**

Office Locations

Nationwide coverage delivered through the Grubb & Ellis system.



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