

Office Market Trends Southern New Jersey

Grubb & Ellis Research

First Quarter 2006



Additional Supply May Ease Tight Market

Executive Summary

Robust demand for office space in Southern New Jersey prevailed in first quarter 2006. Local companies took down space, further tightening the Class A and B sectors, as evidenced with the overall market posting 126,331 square feet of positive absorption by the end of March. High tenant demand was seen across several submarkets, although, Cherry Hill and Collingswood/Westmont/Pennsauken emerged as the areas of choice, posting a combined 159,000 square feet of growth in 1Q06. Contributing to the advance was Rutgers University and Gestalt, which both took down space at 200 Federal Street, along with Compas Inc., which occupied close to 20,000 square feet of space in Fairway Corporate Center I located at 4300 Haddonfield Road. Meanwhile, overall vacancy rested at 11.5 percent, whereas Class A vacancy settled at 8.9 percent in the first quarter, one of its lowest points in over two years. Developers and landlords have taken notice of the tightened fundamentals and are staging the market with several buildings designed to feed the appetite of tenants seeking high quality space. Redevelopment work continues on 112 W. Park Drive, and once completed in the summer of 2006, the 115,000 square foot building will be added to the area's Class A inventory. In the first quarter, development plans for a new speculative office project, Liberty Walk, were announced. The project will combine new construction with several existing structures and will feature two "green" buildings. On the supply side, the 70,000 square foot Class A building at 501 Fellowship Road was completed and came online in the first quarter. As the local office market demonstrated strong leasing activity, overall full-service asking rents swelled \$0.26 to \$19.56 ppsf/yr in the first quarter.

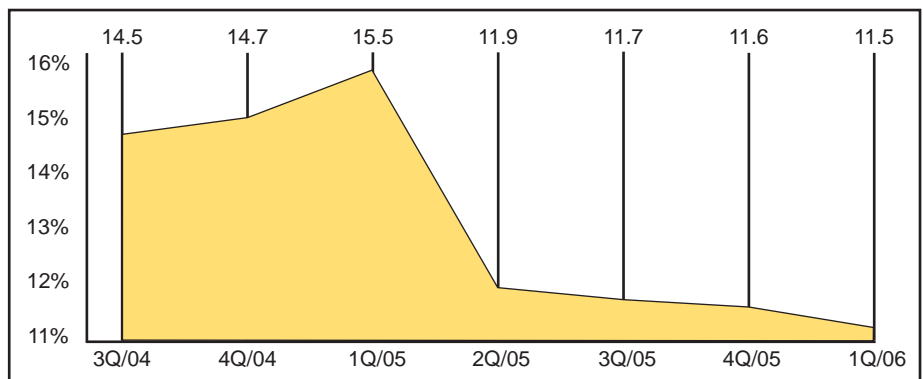
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Office Vacancy Rate*

* All Classes of Space

Office Market Snapshot Southern New Jersey First Quarter 2006

By Submarket (All Classes)	Total SF(1)	Vacant SF(4)	Vacant %	Net Absorption		Under Construction(2)	Asking Rent(3)	
				Current Qtr.	Year-to-date		Class A	Class B
Cherry Hill	3,827,025	580,620	15.2%	96,175	96,175	-	\$23.20	\$19.53
Collingswood/Westmont/Pennsauken	1,326,545	112,229	8.5%	62,900	62,900	-	-	\$20.62
Marlton	2,527,607	190,908	7.6%	55,017	55,017	87,500	\$24.11	\$20.39
Moorestown/Delran/Burlington	2,081,409	254,889	12.2%	(31,541)	(31,541)	-	-	\$20.09
Mount Laurel	5,866,342	683,105	11.6%	(67,626)	(67,626)	-	\$22.82	\$18.21
Voorhees/Gibbsboro	1,501,674	151,461	10.1%	11,406	11,406	-	\$23.25	\$21.44
Totals	17,130,602	1,973,212	11.5%	126,331	126,331	87,500	\$23.30	\$19.59
By Class (All Submarkets)								
							<u>Available for Sublease</u>	
Class A	4,745,639	425,448	9.0%	38,162	38,162	87,500	-	87,230
Class B	7,274,231	1,017,065	14.0%	78,555	78,555	-	-	213,562
Class C	5,110,732	530,699	10.4%	9,614	9,614	-	-	61,776
Totals	17,130,602	1,973,212	11.5%	126,331	126,331	87,500	-	362,568

(1) Inventory includes multi-tenant and single-tenant buildings with at least 10,000 sq. ft.

(2) Vacant space includes both vacant direct and vacant sublease space.

(3) Space under construction includes speculative and build-to-suit for lease projects.

(4) Asking rates are per square foot per year, full service. Rates for each building are weighted by the size of the building.

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

Major Transactions

Grubb & Ellis is pleased to announce that it represented the following companies during the first quarter of 2006:

<p>Tenant Representation Burns & Roe Enterprises LLC. (Lessee) 17,309 SF 2000 Crawford Pl, Mt. Laurel, NJ Joe Sklencar Sr., David Dolan, & Joe Sklencar Jr. Liberty Property Trust (Lessor)</p>	<p>Tenant Representation Laboratory Corporation of America (Lessee) 7,000 SF 500 Grove Street, Haddon Heights, NJ Scott Martin (Lessee)</p>	<p>Landlord & Tenant Representation Financial Services Inc. (Lessee) 4,863 SF 523 Fellowship Road Mount Laurel, NJ Anne Klein (Lessor) Jeff Tertel (Lessee)</p>
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