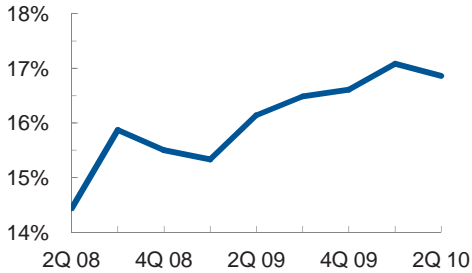
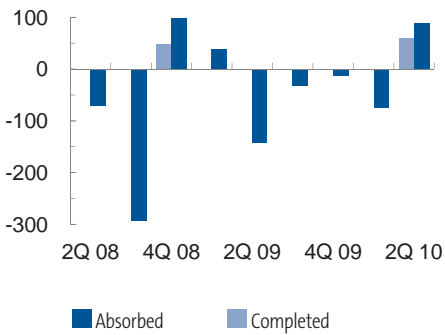




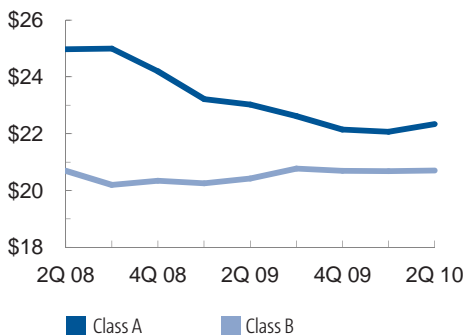
Vacancy Rate



Completions vs. Absorption (in Thousands of SF)



Asking Rental Rates (\$/SF/Yr. Full Service)



Fundamentals Showing Modest Signs of Strength

The continued growth of the education and health care or “Eds and Meds” sector along with a modest return by financial institutions accounts for occupancy gains of over 88,000 square feet during the past 90 days. From a subtype perspective, Class B product tallied the greatest demand gains as over 64,000 square feet of vacancy reductions pulled the sector’s vacancy rate back from the 20 percent range with current measures at 18.6 percent, down 85 basis points from the first quarter. Class A space also enjoyed modest demand with over 27,000 square feet of positive net absorption erasing some of the loss incurred in the first quarter. As it stands, only 13,000 square feet of negative absorption for that sector has been realized year-to-date. Overall vacancy fell 20 basis points to 16.9 percent, its first drop since the first quarter of 2009.

An even more pronounced sign of moderating market fundamentals lies in the fact that available sublease space is at its lowest since pre-recession levels. ARI’s acquisition of 4001 Leadenhall Road last year and the resultant removal of PH&H’s 107,000-square-foot sublease from that same campus certainly accounts for the bulk of discounted space erased from the market. The total effect of ARI’s move to Bishop Gate on the leasing market will be an addition of approximately 70,000 square feet of vacancy in the third quarter, pushing year-to-date absorption totals below the zero mark. But, with demand showing signs of stabilizing in the context of relatively low vacancy rates, from a regional perspective southern New Jersey’s normal organic growth should direct the market toward a year of either no losses or slight gains – the first since 2007.

From a price perspective, a significant demand shift toward the positive will be needed before ground lost during the recession is made up. Class A space will be the first to recover as this sector underwent the sharpest and steepest rent losses during the past two years in an effort to shore up vacancies. As this sector’s vacancy sits just above the 15 percent mark, a 100,000-square-foot reduction in vacant space could initiate rental rate appreciation. The timing for this, however, may lie still far further in the future than most would like.

FORECAST

- Southern New Jersey could post its first year of occupancy gains since 2007
- Rents will remain stagnant at current levels in the long run, with Class A space poised to be the first to recover once significant demand returns to the market
- The dearth of available sublease space will put the brakes on any further significant rent depreciation in the short run

Office Trends Report—Second Quarter 2010

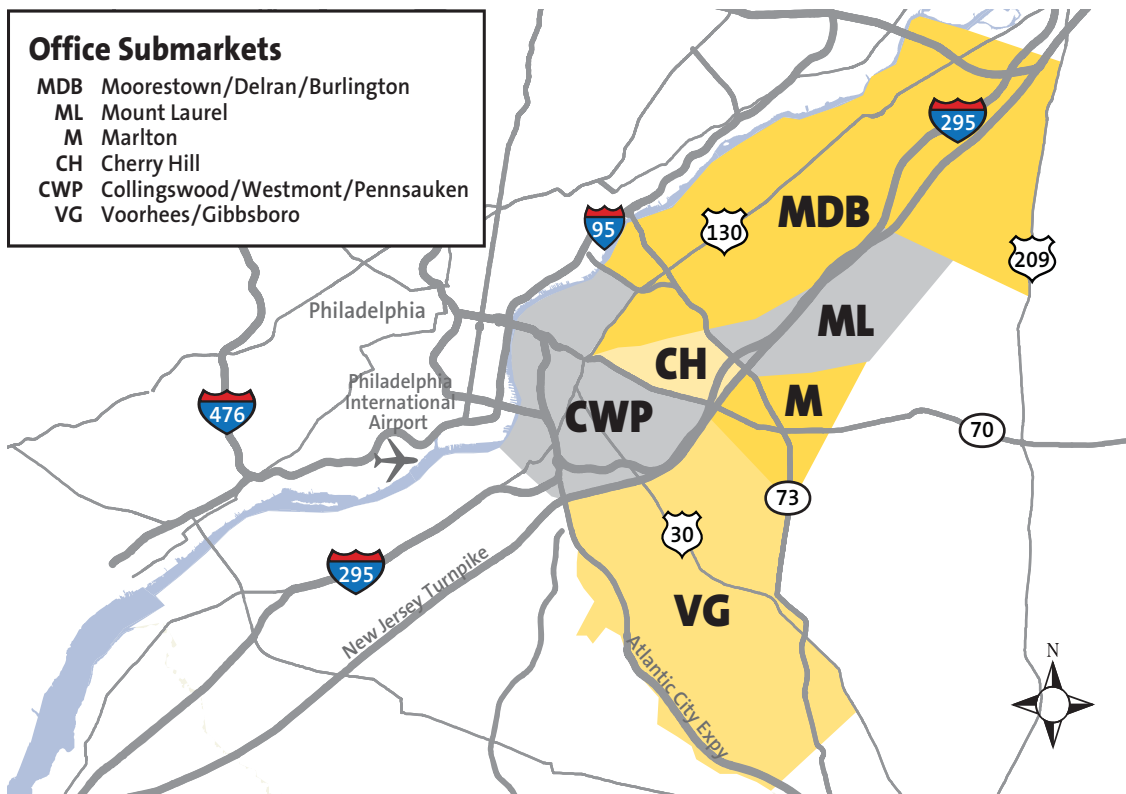
Southern New Jersey



GRUBB & ELLIS
From Insight to Results

By Submarket	Total SF	Vacant SF	Vacant %	NET ABSORPTION		Under Construction SF	ASKING RENT	
				Current Qtr	Year To Date		Class A	Class B
Cherry Hill	3,741,455	750,282	20.1%	8,594	(59,891)	60,000	\$24.03	\$21.49
Collingswood/Westmont/Pennsauken	1,392,204	224,283	16.1%	1,696	(9,933)	-	\$25.75	\$21.63
Marlton	2,550,203	362,802	14.2%	58,270	75,192	-	\$23.25	\$19.64
Moorestown/Delran/Burlington	2,173,977	296,097	13.6%	79,837	59,637	-	\$26.13	\$21.40
Mount Laurel	6,127,683	949,672	15.5%	(31,887)	(29,810)	-	\$21.35	\$19.16
Voorhees/Gibbsboro	1,550,374	373,334	24.1%	(27,905)	(20,526)	-	\$20.00	\$21.27
Totals	17,535,896	2,956,470	16.9%	88,605	14,669	60,000	\$22.33	\$20.70

By Class	Total SF	Vacant SF	Vacant %	Current Qtr	Year To Date	Under Construction SF	AVAILABLE FOR SUBLEASE	
							CBD	Suburban
Class A	5,419,986	853,744	15.8%	27,047	(13,010)	60,000	-	43,937
Class B	7,586,452	1,430,357	18.9%	64,703	50,590	-	-	80,452
Class C	4,529,458	672,369	14.8%	(3,145)	(22,911)	-	-	89,346
Totals	17,535,896	2,956,470	16.9%	88,605	14,669	60,000	-	213,735



OFFICE TERMS AND DEFINITIONS

Total SF: Office inventory includes all multi-tenant and single tenant buildings at least 20,000 square feet. Owner-occupied, government and medical buildings are not included.

Office Building Classifications: Grubb & Ellis adheres to the BOMA guidelines. Class A properties are the most prestigious buildings competing for premier office users with rents above average for the area. Class B properties compete for a wide range of users with rents in the average range for the area. Class C buildings compete for tenants requiring functional space at rents below the area average.

Vacancy and Availability: The vacancy rate is the amount of physically vacant space divided by the inventory and includes direct and sublease vacant. The availability rate is the amount of space available for lease divided by the inventory.

Direct Vacant: This is the vacancy rate in space offered on the market directly by the landlord in single and multi-tenant buildings. This excludes vacant space offered for sublease and vacant space that is not offered on the market, for whatever reason.

Net Absorption: The net change in physically occupied space over a period of time.

Asking Rent: The dollar amount asked by landlords for available space expressed in dollars per square foot per year in most parts of the country and dollars per square foot per month in areas of California and selected other markets. Office rents are reported full service where all costs of operation are paid for by the landlord up to a base year or expense stop. The asking rent for each building in the market is weighted by the amount of available space in the building.

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