

# Northern New Jersey

Tenant's Guide ■ North American Markets ■ Fourth Quarter 2009

## Overview

As hope grows that the economic situation is beginning to stabilize, both class A and B office markets in northern New Jersey have shown signs of improvement during the 4th quarter. Positive absorption brought the vacancy rate for class A properties down by about 0.4%, and the class B market also exhibited a slight gain in occupancy during the 4th quarter of 2009.

Class A rental rates have dropped by about eight percent over the past year, and class B rents have gone down by about four percent during the same period. In addition to taking advantage of lower face rental rates, tenants have benefitted further from increased concessions such as free rent and construction funding.

If job losses begin to taper off as predicted by some economists, demand for office space may approach a new equilibrium with supply during 2010. Also, New Jersey's industry leaders have voiced some optimism that concerns about the state's business environment may finally be addressed during 2010 under a new governor. For now, northern New Jersey remains a tenant's market.

## Market Trends

- Net effective office real estate leasing costs will remain at historic lows.
- Demand for office space will be represented mostly by existing space users.
- Landlords will continue to offer large financial concessions to attract or retain tenants.

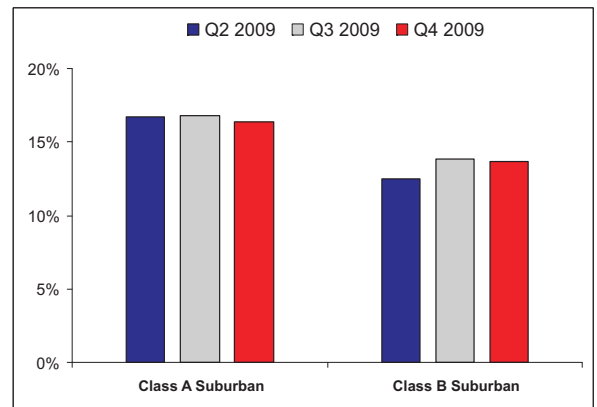
## Tenant's Perspective

Reduced costs for office space in northern New Jersey presents historic opportunities to those tenants whose leases are scheduled to expire in the next two years.

## Major Transactions

Tenant/Buyer	Size	Type	Lease/Sale
Broadridge Financial Solutions	320,000	Office	Lease
Samsung Electronics America	193,000	Office	Lease
Smiths Detection	80,400	Office	Lease
Solix	56,200	Office	Lease
Budd Larner, P.C.	54,900	Office	Lease
Johnson & Johnson Healthcare	51,000	Office	Lease
Peapack Gladstone Bank	40,800	Office	Lease
Schenk, Price, Smith & King	34,600	Office	Lease
Dotcom Distribution	400,000	Industrial	Lease
DeLonghi	200,000	Industrial	Lease

## Vacancy Rate



## Average Rental Rates

Suburban	Q2 2009	Q3 2009	Q4 2009
Class A Office	\$26.98	\$26.71	\$26.46
Class B Office	\$21.71	\$21.65	\$21.26

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