OFFICE SPACE REPORT-JUNE 2005

The Greater Princeton Office Market
A Section of “Einstein Alley”

NAI Fennelly

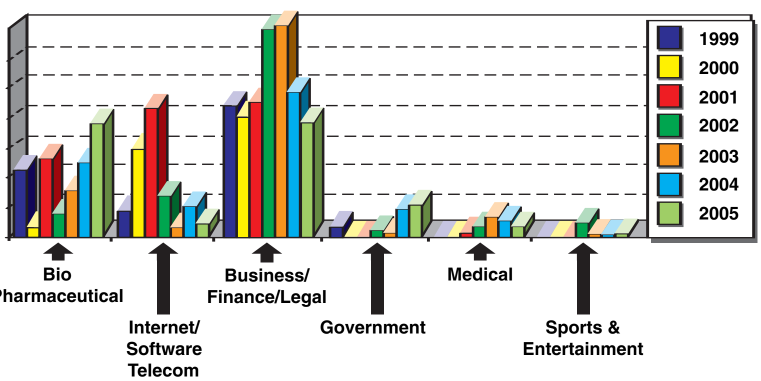
Commercial Real Estate Services, Worldwide.

INTRODUCTION

The Greater Princeton Office Market is beginning to show signs of an increase in demand for space finishing off 2004 at just under one million square feet of net absorption or growth. 2005 may follow suit with 581,000 square feet of net absorption in the first half. This is despite the fourth year of the Iraqi war where billions of dollars are being spent, the price of oil reaching $60.00 per barrel and the imbalance of trade with China. It seems fragile, but this could be the beginning of an office recovery similar to 1995. The amount of transactions are similar to the 1995 to 2000 time frame except that the average size of office lease transaction is significantly smaller.

The real demand came from the Bio sector which is being refueled with capital and has absorbed almost 40% of all the transactions in the first half. This leaves only 215,000 square feet of office absorption, a rather modest growth with a majority of this coming from Tyco (72,000 SF). This is a good reason why we have to continue to aggressively attract companies to relocate their corporate headquarters to Princeton. The other item to note is the difference from the net absorption and gross absorption. This study shows the growth of companies and is significantly close (page 3 Aver Size Trans). Instead of companies moving from one space to another without taking additional space, there is for the first time since 2001 a signal of growth. This certainly is coming from small to medium sized companies in the office sector and the migration of companies from other areas which include BT America and ACS Healthcare.The Biotech field also had migration including Amicus from North Brunswick and Phyton Biotech from upstate New York.

This is an interesting time: all-time sales price levels which are disconnected to rents, a lowering vacancy rate which will increase rents over time, an increase in commodity prices (steel, aluminum and concrete), an elongated and more costly township approval process which all adds up to higher replacement costs. The question is "Are we in a real estate bubble or a market that is pricing higher due to higher building construction costs?" We will try to analyze this question in relation to the leasing market.



ABSORPTION PERCENTAGE BY INDUSTRY

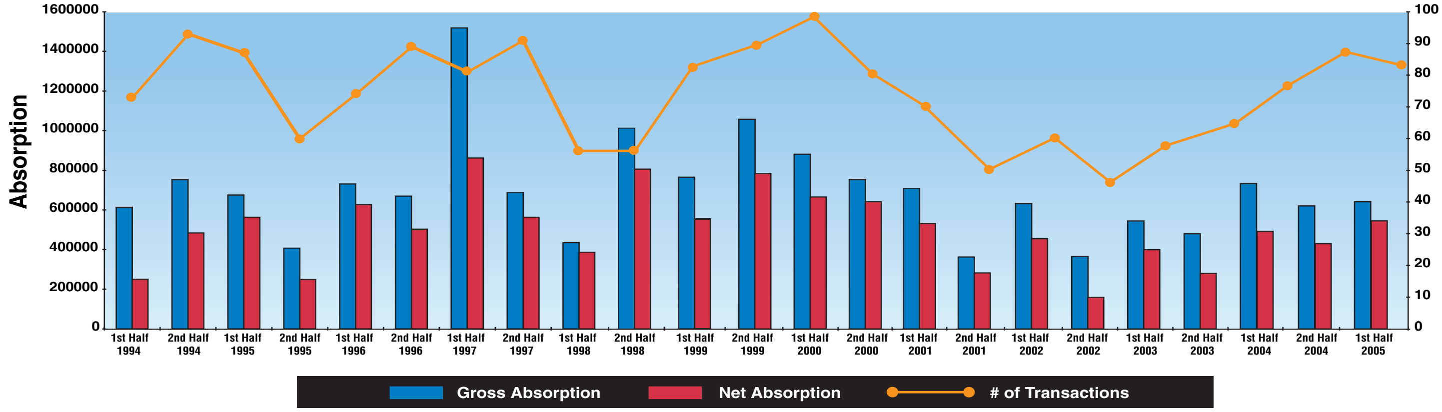
Industry	1999	2000	2001	2002	2003	2004	6/05
Bio Pharmaceutical	24.00%	7.39%	28.00%	7.24%	14.9%	24.7%	38.27%
Internet/Software/Electronic	10.00%	27.91%	45.00%	14.57%	3.7%	10.6%	4.50%
Service/Business/Finance/Legal	49.00%	46.20%	46.81%	70.58%	71.36%	49.4%	42.24%
Government	4.00%	0.00%	0.00%	1.415%	1.04%	7.5%	11.60%
Medical	0.00%	0.00%	0.02%	3.16%	8.0%	7.3%	3.22%
Sports and Entertainment	0.00%	0.00%	0.00%	3.69%	1.0%	1.0%	1.40%

John Comp
Vice President
Office Specialist

CJ McCourt
Vice President
Corporate Services

Andrew S. Weinstein
Office Specialist

DEMAND ECONOMICS



A significant note regarding the office market in the first half of 2005 is the lower average size transaction (5,100 square feet) by the service/business/financial/legal user category compared to the average overall user figure of 7,085 square feet. The table below details the overall transaction summary.

	Service/ Business/ Fin'l/Legal	Government/ Education	Bio Pharma Chemical	Internet/ Software/ Telecom	Medical	Sports and Entertain.
Total Absorption Growth	40.53%	11.50%	38.27%	4.35%	3.00%	1.40%
Total Absorption by Category	258,733 S.F.	72,711 S.F.	237,704 S.F.	29,750 S.F.	22,950 S.F.	8,200 S.F.
Average Size Transaction	5,100 S.F.	14,542 S.F.	18,285 S.F.	4,958 S.F.	4,590 S.F.	4,100 S.F.
# of Transactions	51	5	13	6	5	2

Service/Business/Financial/Legal: The 3 largest office space transactions in the first half of 2005 were: Tyco's continued expansion by an additional 60,000 S.F., Patient Marketing Group's expansion to 23,000 S.F. in Forrestal Village and BT America's (migrated in from overseas) leasing of 14,700 S.F. in Forrestal Center.

Government/Education: There may be a trend for government to increase in size. The State of New Jersey has leased 39,000 S.F in Bordentown and 3,600 S.F. in Cranbury. The State of New Jersey continues to contract out certain services, creating over 54,882 S.F. of absorption in Hamilton at American Metro through ACS Healthcare. The FBI recently leased 9,000 S.F. at this same location. The average size Government/Education transaction was 14,542 square feet. Look forward to more State of New Jersey and GSA transactions.

Bio-Technology: The bio-tech sector's increased laboratory space needs contributed to 38.27% of the total growth for absorption of office/lab space. The average size transaction for lab space was 18,285 S.F., three and a half times the average size of the Service/Business/Financial/Legal sector. Major transactions were Rhodia for 90,000 S.F., Pharmaset's relocation from Florida for 30,000 S.F. and Amicus' 35,000 S.F. relocation from North Brunswick. The bio-tech sector is experiencing its greatest absorption since 1999. Single and 2-story buildings will benefit from this demand.

Internet/Software/Electronics/Telecom:
It has been a slow climb back from this implosion in this category since the year 2001. Migrations to the area by Thompson Electric and V-Comm resulted in each company leasing 6,000 S.F. which shows a growth in the Telecom sector. The Internet/Software demand still comes from small companies. Look for data center requirements to occur resulting in a need for redundancy systems and heavy electrical requirements.

Medical: Medical expansion was reduced from last year, thus contributing only 3.95% to the total growth. An increase in this leasing number is anticipated over the next twelve months due to several major hospitals implementing their final planning phases to relocate facilities and open up new medical markets.

Sports and Entertainment: This sector has a low impact on conventional office space. It typically will help the single story or free standing flex building.

ABSORPTION LEVELS 1994-2004

	Gross Absorp.	Net Absorp.	# of Trans.
1st Half 1994	613,088	249,688	73
2nd Half 1994	753,277	482,799	93
1st Half 1995	674,933	562,933	87
2nd Half 1995	406,849	249,292	60
1st Half 1996	730,701	626,457	74
2nd Half 1996	668,761	501,950	89
1st Half 1997	1,517,627	861,837	81
2nd Half 1997	687,021	562,128	91
1st Half 1998	434,346	385,296	56
2nd Half 1998	1,007,642	727,172	55
1st Half 1999	729,881	537,231	84
2nd Half 1999	1,061,332	799,098	89
1st Half 2000	827,374	644,845	98
2nd Half 2000	911,119	817,883	80
1st Half 2001	652,266	545,966	70
2nd Half 2001	331,704	222,704	50
1st Half 2002	631,730	414,430	61
2nd Half 2002	351,017	173,072	49
1st Half 2003	533,538	408,978	56
2nd Half 2003	444,419	283,839	68
1st Half 2004	695,067	504,610	76
2nd Half 2004	683,586	471,411	87
1st Half 2005	619,008	581,008	82

AVERAGE SIZE TRANSACTIONS

	Gross Absorp.	Net Absorp.	# of Trans.	Gross Avg.	Net Avg.
1997	2,204,648	1,423,965	172	12,817	8,278
1998	1,441,988	1,112,468	111	12,990	10,022
1999	1,791,213	1,336,329	173	10,353	7,724
2000	1,738,493	1,462,728	178	9,766	8,217
2001	983,980	768,670	120	8,199	6,405
2002	982,747	587,502	110	8,934	5,286
2003	982,957	692,817	124	7,927	5,587
2004	1,378,653	976,021	163	8,458	5,988
6/05	619,008	581,008	82	7,548	7,085

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2005 OFFICE ABSORPTION

Class A

	TENANT	TOTAL S.F.	SPACE VACATED	NET ABSORP.	BUILDING
1	Rhodia	90,000	0	90,000	Cedar Brook Drive
2	Tyco	60,000	0	60,000	7-9 Roszel Road
3	Patient Marketing Group	23,000	12,000	11,000	155 Village Blvd
4	BT America	14,700	0	14,700	600 College Road East
5	CMG	13,000	0	13,000	155 Village Blvd
6	Tyco	12,000	0	12,000	212 Carnegie Center
7	IFS	10,000	0	10,000	155 Village Blvd
8	GPC	6,000	0	6,000	101 College Road East
9	TJA Associates	7,948	3,000	4,948	650 College Road East
10	Robert Half	6,500	0	6,500	989 Lenox Drive
11	NERC	5,000	0	5,000	136 Village Road
12	Barrier Therapeutics	6,300	0	6,300	600 College Road East
13	Rockwood	5,000	0	5,000	100 Overlook Drive
14	Teijin America	4,800	3,000	1,800	202 Carnegie Center
15	NJ Cure	5,000	0	5,000	214 Carnegie Center
16	Fox Rothschild	4,154	0	4,154	997 Lenox Drive
17	Intech	4,000	1,500	2,500	One Palmer Square
18	Kerlin Securities	3,306	0	3,306	103 Carnegie Center
19	Princeton Investment Advisor	2,242	0	2,242	212 Carnegie Center
20	Biovid	3,000	0	3,000	5 Vaughn Drive
21	Zargis Medical	2,489	0	2,489	2 Research Way
22	Q Med	2,615	0	2,615	103 Carnegie Center
23	Peoples Choice	2,568	0	2,568	103 Carnegie Center
24	Segal McCambridge	2,342	0	2,342	103 Carnegie Center
25	Tapestry Asset Management	2,000	0	2,000	155 Village Blvd
26	Ashkay International	1,600	0	1,600	Carnegie Center
27	Public Consulting Group	900	0	900	202 Carnegie Center
		300,464	**19,500**	**280,964**	

Class B

	Tenant	Total S.F.	Space Vacated	Net Absorp.	Building
1	ACS State Healthcare	43,882	0	43,882	American Metro
2	Pharmaset	30,000	0	30,000	307 College Road East
3	Amicus	30,000	0	30,000	Cedar Brook Drive
4	Valera	21,000	0	21,000	Cedar Brook Drive
5	Cornerstone	20,000	0	20,000	Cedar Brook Drive
6	Phyton Biotech	20,000	0	20,000	279 Princeton Hightstown
7	Mathtec	13,000	5,000	8,000	American Metro
8	ACS State	11,000	0	11,000	American Metro
9	FBI	9,929	0	9,929	American Metro
10	Bracco Research	10,500	0	10,500	107 College Road East
11	Coldwell Banker Residential	6,100	0	6,100	2 Centre Drive
12	Xceleris	10,750	0	10,750	American Metro
13	Vcom	6,000	0	6,000	Cedar Brook Drive
14	Service By Air	5,000	0	5,000	Cedar Brook Drive
15	S-Link	5,000	0	5,000	Cedar Brook Drive
16	Thompson Electric	5,000	0	5,000	2 Independence Way
17	Symbiance	5,100	3,200	1,900	231 Clarksville Road
18	Princeton University	4,300	0	4,300	One Palmer Square
19	Infinerute	4,600	0	4,600	4365 Route 1
20	McCardy Clinical Research	3,982	0	3,982	3131 Princeton Pike
21	Princeton Hospital	3,800	0	3,800	731 Alexander Road
22	Aeritech	3,760	0	3,760	Quakerbridge Executive Center
23	State Of NJ	3,600	0	3,600	Constitution Center
24	Dr Grabowski	3,500	0	3,500	100 Canal Pointe Blvd
25	Prolong Pharmecuticals	3,300	0	3,300	Deer Park Drive
26	Gateway Funding	2,999	0	2,999	850 Bear Tavern Road
27	Capital Health	2,650	0	2,650	Golden Crest
28	Medavante	2,600	0	2,600	850 Bear Tavern Road
29	Cody Eckert	2,600	0	2,600	Rockingham Way
30	Addecco	2,600	0	2,600	Rockingham Way
31	Colfax	2,200	0	2,200	American Metro
32	Sterns & Weinroth	2,200	0	2,200	5 Mapleton Road
33	Frascella Esq	2,000	0	2,000	100 Canal Pointe Blvd
34	NJ Press	2,000	0	2,000	840 Bear Tavern Road
35	Kaplan Esq	2,000	0	2,000	Triple A
36	Bernstein& Monahan	1,500	0	1,500	2633 Main Street
37	Ford 3	2,000	1,000	1,000	32 Nassau Street
38	Sperion	1,900	0	1,900	3 Independence Way
39	Pursuit Software	1,200	0	1,200	105 College Road East
		268,470	**9,200**	**259,270**	

Class C

	Tenant	Total S.F.	Space Vacated	Net Absorp.	Building
1	Dr Allen	7,000	1,500	5,500	3131 Princeton Pike
2	Dr Gomez	6,000	2,000	4,000	3131 Princeton Pike
3	Laser Energetics	5,000	3,750	1,250	IBIS Plaza
4	Exclusive Garage & Concrete	5,000	0	5,000	45 Everest Drive
5	Golds Gym	5,000	0	5,000	4260 US Route One
6	Ideal Tile	3,200	0	3,200	1589 Reed road
7	Soccer King	3,200	0	3,200	45 Everest Drive
8	American Capital Finance	3,172	0	3,172	196 Princeton Hightstown Road
9	Alfian	3,145	0	3,145	196 Princeton Hightstown Road
10	Display Presentation	2,261	850	1,411	Research Park
11	Blue Star Infotech	2,000	1,200	800	666 Plainsboro Road
12	The Mortgage Store	1,190	0	1,190	196 Princeton Hightstown Road
13	Silver Tree Capital	1,056	0	1,056	Research Park
14	Astra Pharma	1,000	0	1,000	Deer Park Drive
15	Infrastore	950	0	950	Research Park
16	Literacy Volunteers Of America	900	0	900	IBIS Plaza
		50,074	**9,300**	**40,774**	

LOCATION CHART

THE CHARTS BELOW DEPICT VACANCIES FOR SPECIFIC SUBMARKETS AS DELINEATED ON THE MAP IN THIS REPORT.

LOCATION

SECTION 1 — ***South Brunswick - West, Plainsboro, West Windsor, Princeton Junction (Princeton Address)***
Vacancy decreases by .2 of a percentage with the majority of space being leased along Alexander Road. The Class B Market, lowered 10% from 34.92 to 23.42%, still elevated but going in the right direction.

SECTION 2 — ***Downtown Princeton, Princeton Township***
Rental growth begins. Vacancy still low compared to the rest of the market. Major parking re-development project completed creating new opportunities for parking.

SECTION 3 — ***Route 206 Market, Montgomery***
Vacancy rate stays the same. Small user market, medical and office mix. Demand stays low due to location.

SECTION 4 — ***Ewing, Lawrenceville, Northern Hamilton, Hopewell***
Delivery of American Metro and Technology Center at Princeton increase supply by 470,000 s.f. of office space increasing the vacancy rate by 3.8%. Space is needed due to tightening at Princeton Pike Corp. Center.

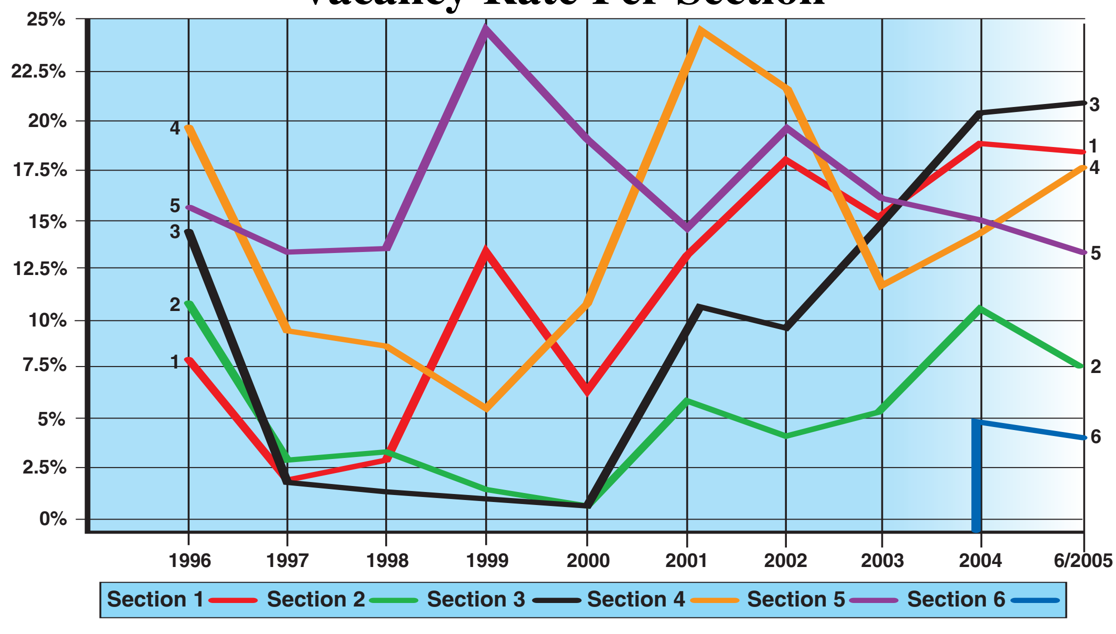
SECTION 5 — ***Cranbury, South Brunswick, Monroe, E.Windsor***
New capital in the biotech sector creates demand for space. New construction of 340,000 S.F. starts. Leases 177,000 S.F. of tech space absorbing 38% of all the transactions in the market.

SECTION 6 — ***Southern Hamilton, Washington Township***
Major land grab, most major sites have been purchased or placed under contract. Millennium Building completed, Washington Town Center and Roma Headquarters complete 126,000 s.f. of new construction. Vacancy rate is below 5% - look for more build-to-suit transactions.

The vacancy since 1996 has ranged according to the following:

	Year	Vacancy Rate %	Rent Range $
SECTION 1	1996	7.85	20-23
	1997	4.35	21-24.75
	1998	2.62	24-31
	1999	13.72	26-31
	2000	6.68	27-34
	2001	12.93	25-34
	2002	18.84	19.5-31
	2003	20.66	18-31
	2004	18.72	17.5-30
	6/2005	18.62	18.5-32
SECTION 2	1996	11.06	19.25-28
	1997	2.64	19.25-28
	1998	2.94	19.5-30
	1999	1.94	20-33
	2000	1.00	25-36
	2001	6.45	28-36
	2002	4.03	25-38
	2003	2.69	25-37
	2004	10.87	26-36
	6/2005	7.25	26-37
SECTION 3	1996	14.21	12-18.5
	1997	2.39	12-18.5
	1998	1.819	12.5-20
	1999	1.5	14-22
	2000	1.00	15-23.5
	2001	11.0	16-26.5
	2002	9.59	16-25
	2003	20.72	16-22
	2004	20.60	17-21.5
	6/2005	20.6	17-22
SECTION 4	1996	19.43	19.5-21
	1997	9.00	19.5-21
	1998	8.025	19.5-24
	1999	5.98	16.5-25
	2000	11.65	17-27
	2001	24.56	18-28
	2002	22.15	19-22
	2003	12.11	19-26
	2004	14.00	17-27.5
	6/2005	17.83	19-27.5
SECTION 5	1996	16.55	17
	1997	13.235	17
	1998	13.3	17-21.75
	1999	24.58	16-21
	2000	18.05	16-22
	2001	14.64	16-24
	2002	19.06	19.5-25
	2003	16.25	15-22
	2004	14.90	16-23.5
	6/2005	13.59	17-24
SECTION 6	2004	5.96	15-23
	6/2005	4.71	17-23

Vacancy Rate Per Section



Contiguous Units Per Section

Section 1

Sq. Ft.	12/01	12/02	12/03	12/04	6/05
50,000 +	5	9	5	8	7
30-49,999	3	12	13	10	13
20-29,999	7	17	26	16	22
10-19,999	7	23	24	22	22
5-9,999	13	23	25	29	18
2-4,999	15	16	17	14	17

Section 2

Sq. Ft.	12/01	12/02	12/03	12/04	6/05
10-15,000	3	0	0	1	1
5-9,999	1	0	0	1	2
2-4,999	3	3	3	2	3

Section 3

Sq. Ft.	12/01	12/02	12/03	12/04	6/05
21-90,000	0	0	1	1	1
15-20,000	2	2	2	1	1
10-14,999	1	0	0	1	1
5-9,999	2	1	2	1	1
2-4,999	8	4	2	2	2

Section 4

Sq. Ft.	12/01	12/02	12/03	12/04	6/05
50,000 +	2	2	2	2	0
50-80,000	4	2	2	2	2
20-49,999	5	3	2	3	4
10-19,999	4	7	6	11	9
5-9,999	4	14	9	11	8

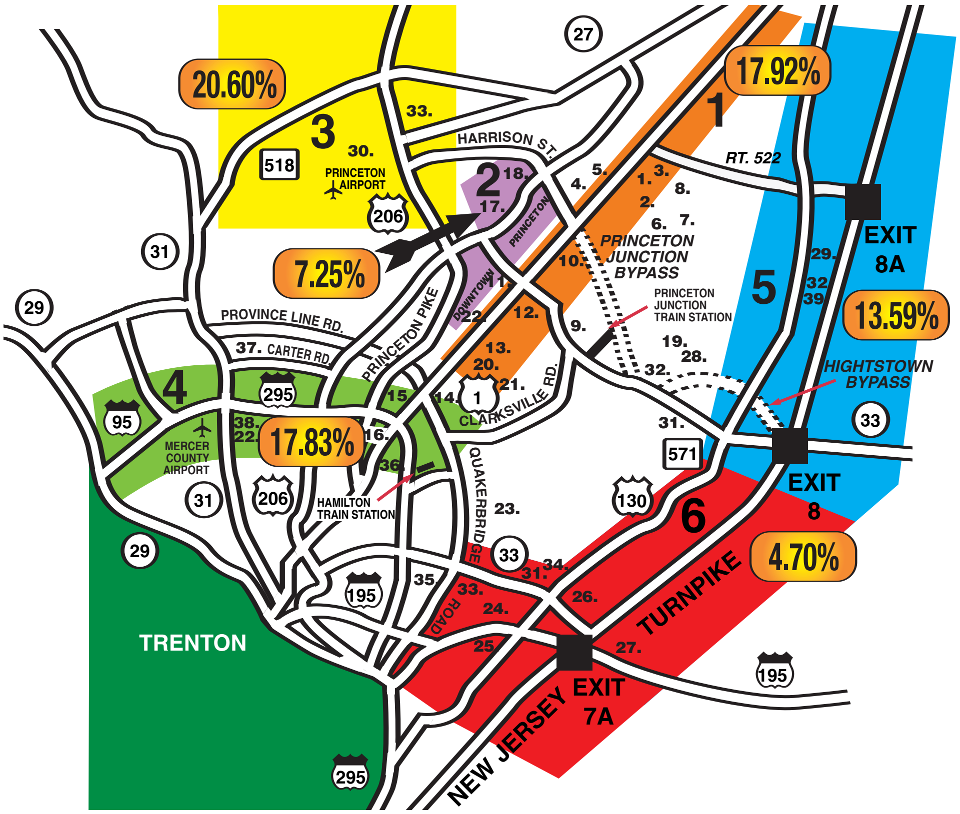
Section 5

Sq. Ft.	12/01	12/02	12/03	12/04	6/05
100,000 +	2	1	1	1	1
50-99,999	2	2	2	2	2
20-49,999	4	4	3	3	2
10-19,999	3	6	3	5	4
5-9,999	1	7	10	6	6

Section 6

Sq. Ft.	12/01	12/02	12/03	12/04	6/05
100,000 +	-	-	-	0	0
50-99,999	-	-	-	0	0
20-49,999	-	-	-	0	0
10-19,999	-	-	-	1	1
5-9,999	-	-	-	3	2

MAP (THE GREATER PRINCETON OFFICE MARKET, A PART OF EINSTEIN ALLEY)

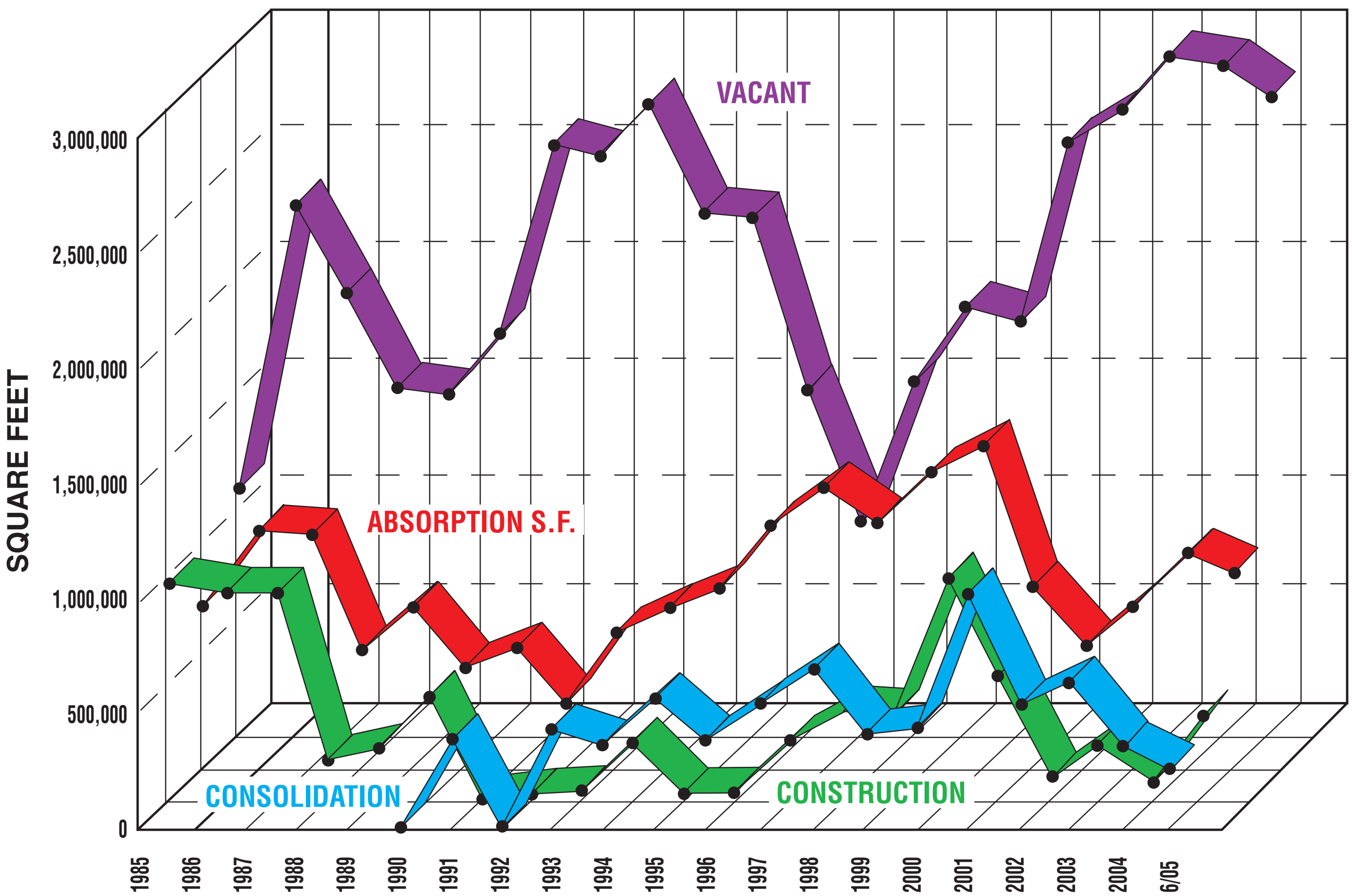


A= Approved NA= Not Approved
UC= Under Construction AU= Approval Underway

1. Princeton Corp. Center, 150,000 s.f. NA
2. Trustees of Princeton, 620,000 s.f. AU
3. CP2, 350,000 s.f. A
4. Patrenelli, 140,000 s.f. Built
5. Patrenelli, 75,000 s.f. Built
6. Patrenelli, 157,000 s.f. UC
7. Siemens, 110,000 s.f. NA
8. E-Park, 90,000 s.f. NA
9. Mack-Cali, 98,500 s.f. A
10. University Square, 310,000 s.f A
11. Overlook, 150,000 s.f. A
12. Carnegie Center, 200,000 s.f A
13. Mack-Cali, 650,000 s.f. A
14. General Growth, 30,000 s.f. NA
15. Brandywine, 390,000 s.f. A
16. Princeton South, 250,000 s.f. A
17. Chambers St., 8,000 s.f. NA
18. Albert, 10,000 s.f. UC
19. Old Trenton Road, 300,000 s.f. NA
20. Sweitzenbaum Dev., 160,000 s.f. A
21. Windsor Comm. Center, 180,000 s.f. NA
22. Advance, 120,000 s.f. A
23. Gold Bldg., 78,000 s.f. NA
24. Millenium Tech. Park, 500,000 s.f. NA
25. Horizon Center, 300,000 s.f. A
26. Triple A Park, 151,000 s.f. A
27. Northeast Business Park, 500,000 s.f. NA
28. Windsor Center, 500,000 s.f. NA
29. Cranbury Campus, 212,000 s.f. A
30. Princeton Airport Park, 75,000 s.f. NA
31. Washington Town Center, 36,000 s.f. Built
32. Gordon Construction, 100,000 s.f. A
33. Gordon Construction, 30,000 s.f. AU
34. Washington Town Center, 72,000 s.f. UC
35. Millenium Building, 48,000 s.f. Complete
36. American Metro, 450,000 s.f. UC
37. Tech. Center At Princeton, 500,000 s.f. UC
38. Sierra Park, 190,000 s.f. A
39. Condos at Monroe, 60,000 s.f. A
40. 901 Carnegie Center, 140,000 s.f. UC
41. Dunnmill Road, 60,000 s.f. UC

	CONSTRUCTED	AVAILABLE	TYPE
DELIVERIES IN 2002			
104 Morgan Lane	45,000	0	SINGLE STORY
DELIVERIES IN 2003			
Cedarbrook	86,000	0	LAB
Cedarbrook	120,000	0	LAB
Forrestal Campus	20,000	12,000	OFFICE
	226,000	**12,000**	
DELIVERIES IN 2004			
American Metro Center	150,000	0	OFFICE B
Vaughn Associates	6,000	1,500	OFFICE B
Washington Town Center	37,000	12,000	OFFICE/MEDICAL B
Millennium Building	48,000	0	OFFICE/LAB
East Windsor Medical	40,000	15,000	MEDICAL
Total Built 2002-2004	**552,000**		
Left Over From New Construction		**40,500**	
DELIVERIES IN 2005			
Technology Center of Princeton, Princeton	220,000	220,000	OFFICE/LAB A
Thanet Circle, Princeton	40,000	31,000	OFFICE/MEDICAL A
American Metro, Hamilton	250,000	250,000	OFFICE B
Madison Corporate, Hamilton	25,000	0	OFFICE/MEDICAL B
	535,000	**501,000**	
DELIVERIES IN 2006			
Patrinely (Forrestal), Plainsboro	157,000	157,000	OFFICE A
Condos At Monroe, Monroe	60,000	60,000	OFFICE/RETAIL/MED
901 Carnegie, West Windsor	140,000	140,000	OFFICE A
Washington Town Center, Washington Twp.	37,000	24,000	OFFICE/MEDICAL B
Madison Corporate Center II, Hamilton	25,000	25,000	OFFICE/MEDICAL B
1 Dunnmill Road, Cranbury	60,000	30,000	OFFICE/LAB
	479,000	**436,000**	

HISTORICAL VACANCY CHART



YEAR	ABSORPTION S.F.	CONSTRUCTION	CONSOLIDATION	VACANT
1985	750,000 S.F.	900,000	0	1,908,000
1986	1,180,000 S.F.	800,000	0	2,379,000
1987	1,100,000 S.F.	800,000	0	1,932,000
1988	590,000 S.F.	190,000	0	1,562,000
1989	725,000 S.F.	200,000	0	1,500,000
1990	428,000 S.F.	471,000	0	1,770,000
1991	562,000 S.F.	0	400,000	2,619,000
1992	288,000 S.F.	23,000	0	2,549,000
1993	579,000 S.F.	60,000	407,000	2,779,000
1994	732,000 S.F.	221,000	329,000	2,286,000
1995	811,000 S.F.	35,000	648,000	2,264,000
1996	1,128,000 S.F.	40,000	346,000	1,505,000
1997	1,423,000 S.F.	218,000	532,000	961,000
1998	1,112,468 S.F.	390,000	650,000	1,600,000
1999	1,336,327 S.F.	327,000	327,000	1,882,000
2000	1,462,728 S.F.	927,000	350,000	1,300,000
2001	796,670 S.F.	522,000	1,047,045	2,638,194
2002	585,000 S.F.	90,000	574,374	2,717,568
2003	688,694 S.F.	232,000	690,000	2,978,767
2004	976,021 S.F.	76,500	275,000	2,809,935
6/05	581,008 S.F.	350,000	150,000	2,758,000

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The Greater Princeton Office Market has buildings selling for $200 per square foot and in some institutional buildings for over $300 per square foot. The real question is “Are we in a real estate bubble or are these values justifiable?” The answer is that values have disconnected from the rents on the near term due to investors increased desire to place money into hard assets at lower returns than two years ago. Strategically the office market is showing a downward vacancy trend despite delivering 400-500,000 square feet of new space this year. It is probable that the vacancy can lower to 13-14% over the next 12-18 months, which would cause an increase in rental rates. Certainly Class A in the Alexander Road market will continue to enjoy elevated rents and maintain rents in the low to mid $30.00 per square foot, causing a better return for the investors who purchased over the last two years.

The Alexander Road Class A submarket will experience an increase in rents due to the vacancy rate being 11.7% on a isolated basis, even with new product being delivered twelve months from now. The Class B office market at Alexander Road has a slightly elevated vacancy of 13.8% and will achieve rents of $25-27 per square foot plus utilities. There should be a significant rise in rents in this market if the demand for space increases.

The submarkets to the north of Route One, where there is a substantial vacancy, will also become stronger but it may take 24-30 months from now. This area has the greatest opportunity for lease value than any other submarket primarily based on a large part of the employment market commutes from the south. Rents in the northern Route One sector have been effected by an oversupply particularly in the Class B product. The Class B rent is experiencing values in the $18.50-19.50 per square foot range with tenant installations of $30.00 per square foot. The Class A market in this submarket is strengthening and has achieved values of $25.75-27.00 per square foot.

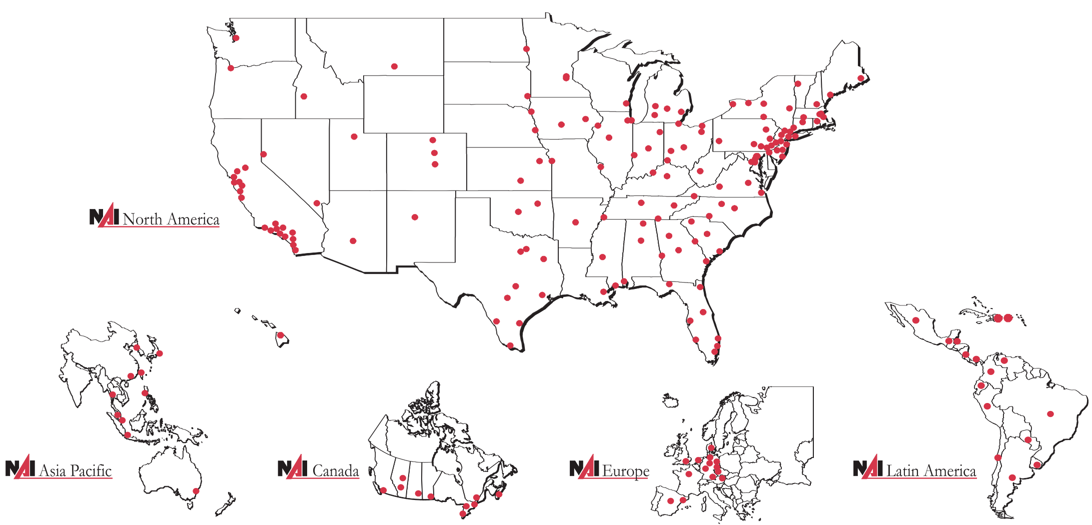
The I-295 Beltway has just delivered over 400,000 square feet of newly renovated buildings at The Technology Center of Princeton and American Metro, which are both strategically located. This market needed the development and continues to enjoy stable rents in the mid to high $20.00 per square foot.

The New Jersey Turnpike Exit 8 and 8A areas have seen a decrease of the vacancy to 13.75 % and have benefited by the Bio expansion markets.

Generally speaking all the markets except for the northern Route One sector are poised for rents increases when the office demand expands. If history repeats itself, rents can go up fast and dramatically. This is a good time to evaluate your company’s real estate position and look for any savings,profits or possible future cost increases.

Construction Starts

Section 1	
2002	6,000
2003	0
2004	157,000
2005	140,000
Section 2	
2002	0
2003	0
2004	7,500
2005	0
Section 3	
2002	0
2003	0
2004	0
2005	0
Section 4	
2002	0
2003	0
2004	650,000
2005	0
Section 5	
2002	90,000
2003	116,000
2004	207,000
2005	60,000
Section 6	
2004	0
2005	80,000



NAI Fennelly

Is... Corporate Headquarters

330 Carter Road, Princeton, NJ

220,000 S.F. AVAILABLE ON 190 ACRES. WILL DIVIDE TO 10,000 SQUARE FEET
MANSION: 27,000 S.F. ON A PRIVATE NATURAL SETTING
10 MINUTES TO ROUTE ONE, ROUTE 295 AND DOWNTOWN PRINCETON
DUEL POWER FEEDS, HEAVY FLOOR LOADS, NEWLY CLASS A RENOVATED
CAMPUS GOOD FOR SECURITY CONSCIOUS COMPANIES
FOOD SERVICES, HELIPAD ON SITE
EDUCATIONAL / DATA CENTER / LABORATORY AND OFFICE HEADQUARTERS FACILITY

NAI Fennelly *Is... The Office Specialist*

4 INDEPENDENCE WAY SOUTH BRUNSWICK, NJ

39,250 SQUARE FEET; DIVISIBLE TO 3,000
1ST FLOOR – UNIT 2: 7,100 S.F.
UNIT 3: 3,950 S.F. AND UNIT 4: 5,000 S.F.
4TH FLOOR – 16,700 S.F. EXECUTIVE OFFICE
6,500 S.F. EXECUTIVE OFFICE
3 ELEVATORS
AMENITIES INCLUDE:
NEW EXERCISE ROOM, TENNIS COURTS,
TWO BASKETBALL COURTS, RUNNING PATH
& ON-SITE HOTEL
PRINCETON MAILING ADDRESS
IMMEDIATE ACCESS TO US HIGHWAY 1

NAI Fennelly

Is... Town Center Locations

West Lake Office Building, Washington Township, NJ

TOTAL SQUARE FEET: 74,000
DIVISIBLE TO 2,500 S.F.
SITUATED AMONGST A PRIVATE LAKE, RESIDENTIAL COMMUNITY AND SHOPPING WITHIN WALKING DISTANCE OF ROUTES 130 AND 33
LOCATE YOUR OFFICE NEAR WHERE YOU LIVE
FIRST FLOOR: 2,650 S.F. • SECOND FLOOR: 12,000 S.F.

NAI Fennelly

Is... Headquarters Buildings

2 Commerce Drive, South Brunswick, NJ

TOTAL SQUARE FEET: 54,000 S.F.
11,000 - 35,000 S.F. AVAILABLE
FRONTAGE ON ROUTE 32
DESIRABLE LOCATION DIRECTLY OFF US HIGHWAY 130
HALF MILE FROM NJ TURNPIKE EXIT 8A
FOR SALE OR LEASE

NAI Fennelly

Is... Small Office Buildings

2997 Princeton Pike, Lawrenceville, NJ

PUT YOUR NAME ON THE BUILDING
CREATE YOUR OWN IDENTITY
15,920 SQUARE FEET; WILL DIVIDE
LOCATED IN LAWRENCEVILLE'S PROFESSIONAL DISTRICT

33 Third Street, Bordentown, NJ

GREAT OFFICE SPACE NEAR RIVER LINE
LEAST EXPENSIVE OFFICE SPACE IN MARKET: $13.00/S.F. PLUS UTILITIES
6,500 S.F. AVAILABLE; DIVISIBLE
EASY ACCESS TO NJTP, I-295, ROUTES 130 AND 206

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JUNE 2005
GREATER PRINCETON OFFICE REPORT

Market Availability Report

TOTAL SQ. FT.	SHELL SPACE	RELET SPACE	SUBLET SPACE	TOTAL AVAILABLE	VACANCY RATE
Class A					
6,334,432	351,000	411,965	117,114	880,079	13.89%
Class B					
7,168,251	519,060	785,629	169,000	1,477,689	20.61%
Class C					
4,163,755	35,000	358,371	7,500	400,871	9.63%
17,666,438	**905,060**	**1,559,965**	**293,614**	**2,758,639**	

Overall Vacancy Rate = 15.61%