



CENTRAL NEW JERSEY INDUSTRIAL

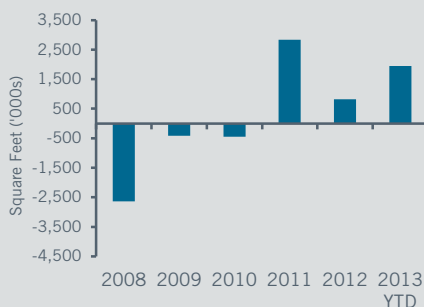
Economic Indicators

	Q2 13	Q2 12
Central NJ* Employment	1.278M	1.254M
Central NJ** Unemployment	7.5%	8.2%
U.S. Unemployment (Seasonally Adjusted)	7.6%	8.2%
U.S. CCI (Quarterly Avg.)	74.87	65.25

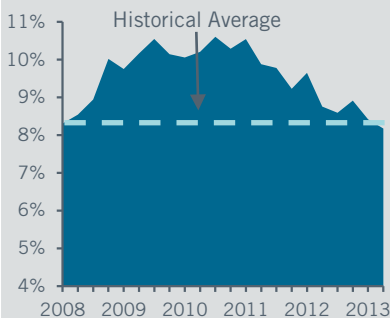
*Edison-New Brunswick/Trenton-Ewing (NJ BLS)

**Hunterdon, Mercer, Middlesex, Monmouth,
Ocean & Somerset Counties (NJ BLS)

Net Absorption



Vacancy Rates



Market Tracker

*Arrows = Current Qtr Trend

▼ Vacancy 8.2%	▲ Net Absorption 600,788 SF	▲ Deliveries 750,000 SF	◆ Asking Rent \$4.63 NNN
-------------------	--------------------------------	----------------------------	-----------------------------

Turnpike Corridor in High Demand

2013 appears to be a year of growth as the CNJ Industrial market continues to experience high leasing velocity with 600,788 SF of positive absorption for the quarter and 1,949,805 SF year to date. The vacancy rate for the second quarter was 8.2%, down from 8.4% in the previous quarter and well below the peak of 10.6% in third quarter of 2010. An abundance of "Big Box" warehouse users are in the market and fueling demand, which is leading to declining availability. Average asking rates remained stable at \$4.63/SF over the quarter, following last quarter's first increase since 2010. The uptick in market activity can be attributed to numerous factors, including value pricing, low interest rates, availability of tax credits/grants through state incentive programs, as well as an increase in retail sales and consumer confidence.

The Turnpike Corridor is once again on fire, capturing all 7 of the top leases in the second quarter. Online Retailers and Logistics companies represented a strong percentage of lease transactions and are primary drivers for market activity. The largest lease transaction of the quarter was in the Exit 8A submarket with Tory Burch's 526,400 SF lease at 115 Interstate Blvd. in South Brunswick. Other notable leases in the Exit 8A submarket include Kenco's 218,088 SF sublease at 2 S. Middlesex Ave., Wicked Fashions' 204,369 SF lease at 21 S. Middlesex Ave., Dipinto International Logistics' 135,000 SF lease at 20 S. Middlesex Ave., and Rugs USA's 108,105 SF lease at 8 Santa Fe Way. This influx of leasing activity contributed to the 401,963 SF of positive absorption in the submarket, effectively reducing the vacancy rate to 12.1% from 13.0% in Q1, making the Exit 8A submarket the top performer in the CNJ industrial market for the quarter.

Moreover, investment sale activity is on the rise along the turnpike corridor highlighted by the acquisition of 311-315 Half Acre Rd. in Cranbury for a total of 947,224 SF. The 2 buildings, which are fully leased to Crate & Barrel Distribution, were sold for \$75.3M or \$79/SF to Duke Realty from Deka Immobilien. Additional investment sales include the sale of 44 Talmadge Rd. in Edison for \$10M or \$41/SF to Romark Logistics from Sitex Realty Group and the sale of 20 S. Middlesex Ave. in Monroe for approximately \$7M or \$48/SF to Matrix Development from Sanchez Cano LLC.

As an example of the growing adaptive re-use trend, which entails converting a property from one zoning use to another to more aptly match current demand, the former Sanofi-Aventis R&D headquarters at 1041 Rt. 202/206 was sold to a joint venture between Advance Realty Group and CrossHarbor Capital from Sanofi-Aventis for \$45M or \$38/SF. In addition to existing flex space, the new owners are exploring mixed-use redevelopment plans for a portion of the property to maximize demand.

There were 2 buildings reported as under construction in Q2 for a total of 803,100 SF. The first project is the Middlesex Logistics Center at Mill Rd. in Edison (Exit 10 submarket) with 571,100 SF of Class A distribution space expected to deliver in Q4 13. The second project is 200 Milik St. in Carteret (Exit 12 submarket) with 232,000 SF expected to deliver in Q3 13. Both buildings are speculative developments along the Turnpike Corridor with a 100% availability rate. In addition, construction on the proposed 1,030,500 SF Matrix Business Park at 7A in Robbinsville is scheduled to begin next quarter after Falkin Tire signed for 250,000 SF.

Looking forward, there is a promising amount of tenants in the CNJ market, most of which are looking for occupancy within the next 90 days. Increasing competition and tightening availabilities are creating a sense of urgency in the market which is enticing tenants to act upon pending deals. Also, the market buzz created by Amazon and other e-commerce companies has led to increased demand for new development, big-box distribution facilities. Demand is expected to be high throughout 2013 based on the combination of these market drivers.

Forecast

- Looking forward to 2013, E-Commerce is expected to be a major driver of warehouse demand as well as new development for distribution facilities.
- Speculative development is resurging in the market.
- Buildings along the Turnpike Corridor up through the Meadowlands will continue to be a hot commodity for investment purchases. Buildings in ancillary markets need to be aggressively priced in order to be attractive to buyers.

Cassidy Turley Industrial Market Snapshot

Central New Jersey • Second Quarter • 2013

FEATURED SUBMARKETS	TOTAL BLDGS	INVENTORY	SUBLET VACANT	TOTAL VACANT	VACANCY RATE	CURRENT NET ABSORPTION	YTD NET ABSORPTION	UNDER CONSTRUCTION	AVERAGE ASKING RATE
Exit 7A	109	12,022,568	0	1,960,287	16.3%	79,359	275,861	0	\$5.12
Exit 8A	290	56,501,327	796,358	6,830,838	12.1%	401,963	102,281	0	\$6.58
Exit 9	290	21,916,117	322,362	2,846,790	13.0%	38,128	454,322	0	\$3.52
Exit 10	446	44,385,057	624,877	6,181,918	13.9%	(940,228)	(642,248)	571,100	\$5.11
Exit 12	200	16,951,599	6,700	948,230	5.6%	250,496	1,127,201	232,000	\$5.39
Western Route 287	443	25,156,942	84,092	1,708,041	6.8%	156,981	112,083	0	\$6.06
Monmouth County	478	19,156,403	4,600	1,617,888	8.4%	49,199	22,409	0	\$6.58
Ocean County	239	10,221,533	78,733	697,184	6.8%	(65,959)	(16,143)	0	\$6.74
Somerset County	454	27,310,554	0	2,085,308	7.6%	51,105	(86,881)	0	\$5.63
CENTRAL NJ TOTAL	3,297	272,581,879	746,427	22,281,663	8.2%	600,788	1,949,805	803,100	\$4.63

Asking rents converted to Triple Net

* Market statistics may vary from previous quarter as submarkets were reevaluated and updated for accuracy

Key Lease Transactions Q2 13

PROPERTY	SF	TENANT	TRANSACTION TYPE	SUBMARKET
115 Interstate Boulevard	526,400	Tory Burch	Lease	Exit 8A
2 South Middlesex Avenue	218,088	Kenco	Lease/ Sublease	Exit 8A
21 South Middlesex Avenue	204,369	Wicked Fashions	Lease	Exit 8A
1500 Rahway Avenue	176,170	RPM	Lease	Exit 12
8 Corporate Place	164,719	IDEA NUOVA	Lease	Exit 10
20 South Middlesex Avenue	135,000	Dipinto International Logistics Corporation	Lease	Exit 8A
8 Santa Fe Way	108,105	Rugs USA	Lease	Exit 8A

Key Sales Transactions Q2 13

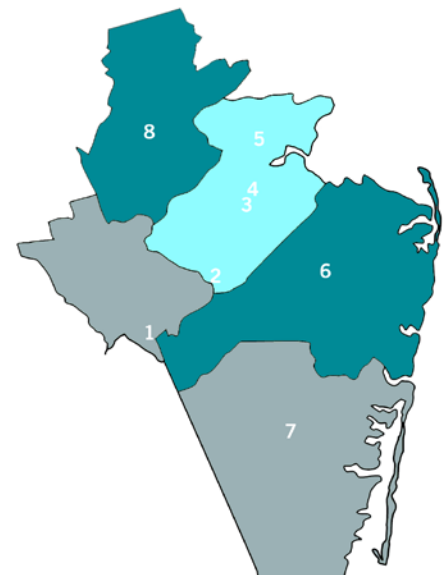
PROPERTY	SF	SELLER/BUYER	PRICE	SUBMARKET
311-315 Half Acre Road	947,224	Deka Immobilien/ Duke Realty	\$75,300,000	Exit 8A
1041 Route 202/206	1,200,000	Sanofi-Aventis/ Advance Realty Group JV CrossHarbor Capital	\$45,000,000	Somerset
44 Talmadge Road	243,000	Sitex Realty Group/ Romark Logistics	\$10,000,000	Exit 10
20 South Middlesex Avenue	146,529	Sanchez Cano LLC/ Matrix Development	\$7,033,392	Exit 8A

About Cassidy Turley

Cassidy Turley is a leading commercial real estate services provider with more than 3,800 professionals in more than 60 offices nationwide. Based in Washington, DC, the company represents a wide range of clients—from small businesses to Fortune 500 companies, from local non-profits to major institutions. The firm completed transactions valued at \$22 billion in 2012, manages approximately 400 million square feet on behalf of institutional, corporate and private clients and supports more than 23,000 domestic corporate services locations. Cassidy Turley serves owners, investors and tenants with a full spectrum of integrated commercial real estate services—including capital markets, tenant representation, corporate services, project leasing, property management, project and development services, and research and consulting. Cassidy Turley enhances its global service delivery outside North America through a partnership with GVA, giving clients access to commercial real estate professionals in 65 international markets. Please visit www.cassidyturley.com for more information about Cassidy Turley.

Industrial Submarkets

Central New Jersey



- | | |
|------------|--------------------|
| 1. Exit 7A | 5. Exit 12 |
| 2. Exit 8A | 6. Monmouth County |
| 3. Exit 9 | 7. Ocean County |
| 4. Exit 10 | 8. Somerset County |

Raymond Trevisan
Managing Principal

26 Main Street
Suite 202
Chatham, NJ 07028
T 973.908.6100

The information contained within this report is gathered from multiple sources considered to be reliable. The information may contain errors or omissions and is presented without any warranty or representations as to its accuracy.

Copyright © 2013 Cassidy Turley.
All rights reserved.