

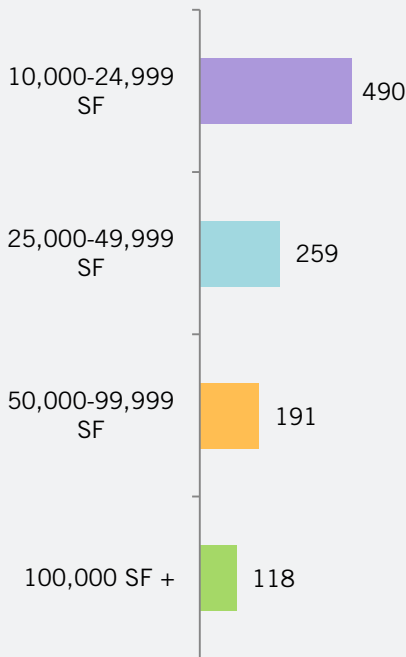
Industrial Market Report

New Jersey
Second Quarter 2010



Northern NJ Industrial Market

Northern NJ Industrial



Units Available by SF

Market Size: 425 Million SF

Vacancy Rate: 7.4%

Rental Rate



Vacancy Rate



Absorption Rate



The Northern New Jersey industrial market consists of Bergen, Essex, Hudson, Morris, Passaic, and Union counties. With the close of the second quarter of 2010, there were 7,091 industrial buildings with a total of 425,065,124 square feet of space in the Northern New Jersey industrial market.

The vacancy rate for the second quarter of 2010 was 7.4%, decreasing from the first quarter's rate of 7.7%. This is the first decrease in vacancy in over two years. Prior to this quarter, the vacancy rate had been on the rise after hitting a low of 5% in the first quarter of 2008. Overall the rate remains at historically high levels.

In the second quarter of 2010, the average asking rental rate was \$5.89/SF. This reflects a decrease from the first quarter when the rate was \$5.96/SF. The average asking rate reached its peak of \$6.76/SF in the third quarter of 2008. From there, the average asking rates have been steadily declining and are now at the lowest rate in over six years.

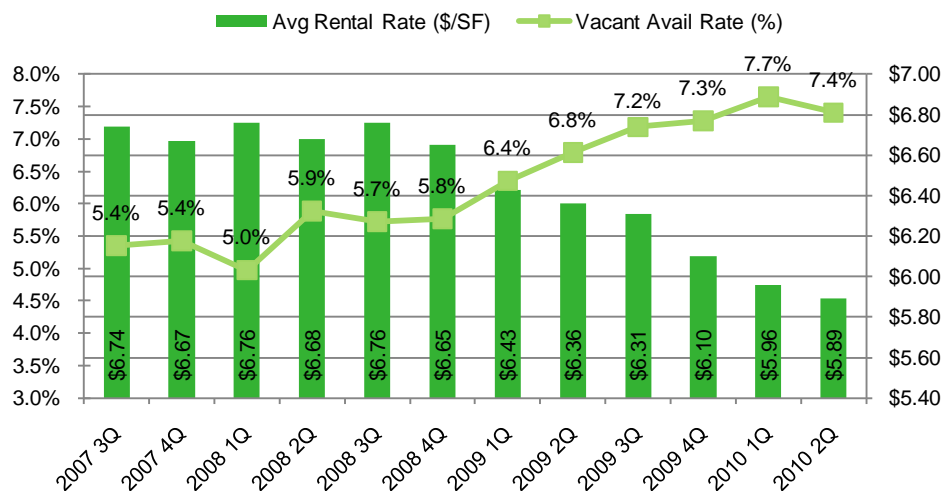
There were no deliveries or projects under construction reported in the second quarter.

This trend is likely to continue for the remainder of 2010 and into 2011, allowing for existing space to be absorbed. On a positive note, the market is starting to see indications of stabilization. An increase in manufacturing employment as well as

improvements in retail sales and consumer confidence are necessary catalysts to promote a positive and lasting change in the market.

Port of New York and New Jersey Overview

The Port of New York and New Jersey reported an increase of both import and export traffic from January to May 2010. In comparison to January through May of 2009, imports have increased by 13.6% and exports have increased by 11.7%. There is a clear relationship between port activity and change in industrial demand in New Jersey. Favorable port conditions provide a foundation for the turnaround in demand for industrial, distribution, and warehousing centers as well as labor growth. Furthermore, as part of a recent initiative to adapt to the changing economy, the Port of New York and New Jersey purchased the 98 acre Global Terminal on the Port Jersey Peninsula in Jersey City and Bayonne. With this transaction, the Global Container Terminal expands to 170 acres which will assist in handling future cargo growth. The Port remains focused on making improvements in other areas such as the on-dock rail system and the channel-deepening program to accommodate larger vessels after the Panama Canal expansion is complete.

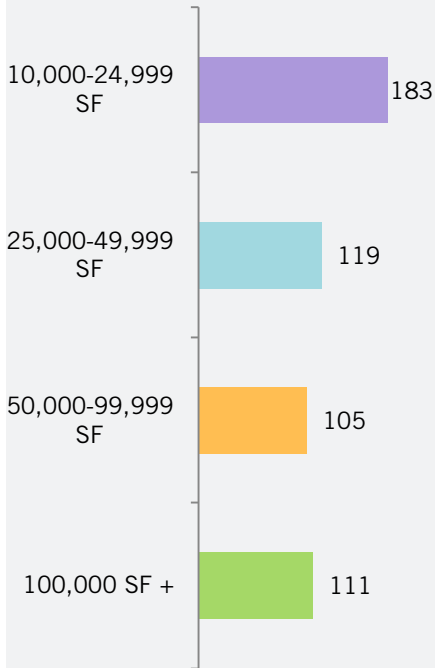


Submarket Comparison

Submarket	Total Inventory	Direct Available	Sublet Available	Total Available	Vacancy Rates	Net Absorption	Completions	Under Construction	Avg. Asking Rent
CENTRAL BERGEN									
	33,489,276	2,095,934	15,000	2,110,934	6.3%	362,120	0	0	\$6.63
EASTERN MORRIS									
	30,557,867	2,412,972	39,410	2,452,382	8.0%	(14,611)	0	0	\$7.94
HUDSON WATERFRONT									
	32,325,033	1,592,725	0	1,592,725	4.9%	308,669	0	0	\$5.73
MEADOWLANDS									
	77,673,617	6,918,857	621,738	7,540,595	9.7%	(94,683)	0	0	\$6.11
NORTHERN BERGEN									
	19,092,732	1,191,669	174,298	1,365,967	7.2%	91,714	0	0	\$8.40
PASSAIC									
	58,529,225	4,096,150	175,800	4,271,950	7.3%	106,335	0	0	\$5.33
PORT/AIRPORT									
	45,241,284	1,852,580	94,354	1,946,934	4.3%	303,104	0	0	\$5.72
UNION COUNTY									
	48,156,915	3,467,737	61,900	3,529,637	7.3%	(29,058)	0	0	\$5.33
WEST ESSEX									
	24,630,716	1,084,628	217,819	1,302,447	5.3%	61,476	0	0	\$7.50
WESTERN NJ									
	19,094,291	2,217,314	405,000	2,622,314	13.7%	(11,185)	0	0	\$5.40

Central NJ Industrial Market

Central NJ Industrial



Availability by Size

Market Size: 280.3 Million SF

Vacancy Rate: 10.2%

The Central New Jersey industrial market consists of Hunterdon, Mercer, Middlesex, Monmouth, Ocean and Somerset counties. With the close of the second quarter of 2010, there were 3,294 industrial buildings with a total of 280,256,177 square feet of space in the Central New Jersey industrial market.

The vacancy rate for the second quarter of 2010 was 10.2%, slightly decreasing from the first quarter's rate of 10.3%. This is the third consecutive quarter which resulted in falling vacancy rates. Prior to these decreases, the vacancy rate had been on a steady climb since the first quarter of 2008.

In the second quarter of 2010 the average asking rental rate was \$4.57/SF, dropping from \$4.67/SF in the first quarter. Since reaching a peak of \$5.42/SF in the fourth quarter of 2007, the average asking rates have continuously dropped. The last time asking rates were reported below \$5.00/SF was in 2003.

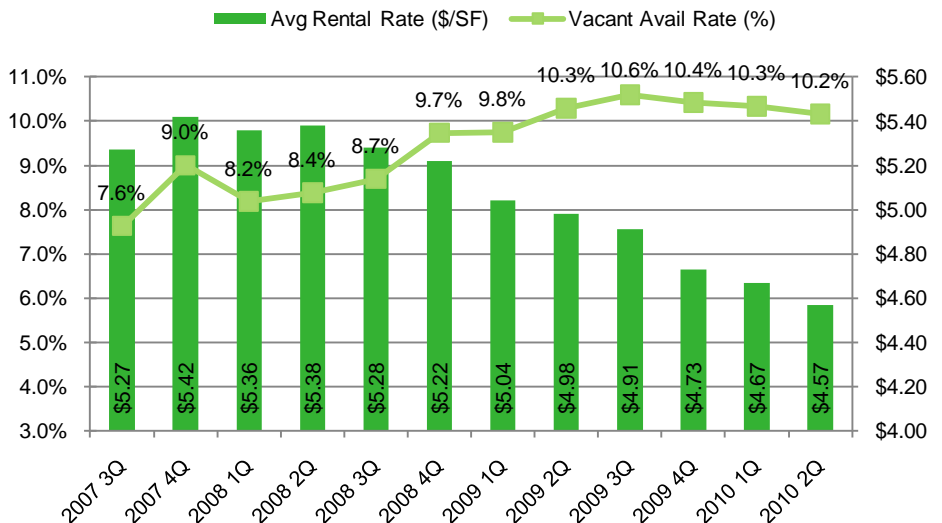
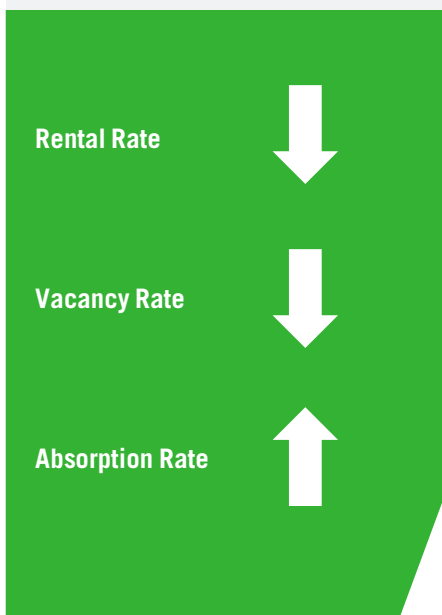
The Exit 8A and Exit 7A submarkets continue to face the challenges of abnormally high vacancy rates. The Exit 8A submarket, whose central location in proximity to Manhattan, Boston, Philadelphia and Washington D.C.

became an ideal location for big box warehouses, is now at a vacancy rate of 19.1%. The Exit 7A submarket continues to experience negative absorption, resulting in a vacancy rate of 36.1% in the first quarter.

There was one delivery of 31,000 square feet reported in the second quarter. Mirroring Northern New Jersey, new construction will be very limited throughout 2010 and into 2011, allowing for existing space to be absorbed.

Unemployment Overview

In the second quarter, the New Jersey Unemployment rate decreased to 9.7% from 9.8% at the end of the first quarter of 2010. In May, five out of ten private industry sectors recorded job gains, one of which was manufacturing. According to the US Bureau of Labor Statistics, Manufacturing employment increased by 2,500 and small gains were spread across industries in both the durable (+1,200) and nondurable (+1,300) good components. New Jersey employment must be stimulated, along with consumer spending and confidence in order to improve industrial market conditions and create a lasting impact.



Submarket Comparison

Submarket	Total Inventory	Direct Available	Sublet Available	Total Available	Vacancy Rates	Net Absorption	Completions	Under Construction	Avg. Asking Rent
EXIT 7A									
	13,066,411	4,717,885	0	4,717,885	36.1%	(20,705)	0	0	\$4.50
EXIT 8A									
	59,928,804	10,753,217	674,466	11,427,683	19.1%	300,471	0	0	\$3.79
EXIT 9									
	21,860,027	1,937,549	0	1,937,549	8.9%	306,251	0	0	\$4.64
EXIT 10									
	74,036,507	9,131,773	1,050,150	10,181,923	13.8%	(368,102)	0	0	\$4.67
EXIT 12									
	18,290,627	2,043,454	0	2,043,454	11.2%	(46,060)	0	0	\$5.72
MONMOUTH COUNTY									
	20,334,001	1,430,582	17,500	1,448,082	7.1%	265,104	0	0	\$6.75
OCEAN COUNTY									
	10,850,890	913,639	21,380	935,019	8.6%	20,745	0	0	\$5.87
SOMERSET COUNTY									
	27,559,530	2,151,850	0	2,151,850	7.8%	306,852	0	0	\$5.72

NJ Market Highlights

HUDSON WATERFRONT SUBMARKET

Continental Terminals signed a five-year lease for 190,000 SF of industrial space at 45 East Linden Avenue in Jersey City. The manufacturing building is located on 10 acres and contains a total of 263,000 SF of space. Additional building features include 20 foot ceilings, 5 interior and 6 exterior loading docks, 1 drive in, and 1,600 amps of electrical service.

CENTRAL BERGEN SUBMARKET

A joint venture between Prism Capital Partners and New Boston Fund sold a 43,000 SF flex building located at 60 Commerce Way in Hackensack to a private jewelry importer. The building was purchased at \$3,750,000 or \$72 per SF. The Flex/light manufacturing building sits on 4 acres and recently received \$1.5 million in upgrades including a new façade and infrastructure, as well as mechanical and roof upgrades. The jewelry importer plans to relocate their headquarters to the new location which offered centralized access to transportation and support services, abundant parking, and zoning that allows a portion of the property to be used for retail sales.

EXIT 8A SUBMARKET

A notable sale transaction in this submarket occurred at 30 Engelhard Drive in Monroe Township. Cosmetics and Perfume Filling and Packaging purchased the 198,400 SF industrial facility from Kwartler Associates for \$9,500,000 or \$48 per SF. The warehouse building sits on approximately 15.3 acres, has 24 foot ceiling clearance, contains 8 exterior loading docks and provides 2,000 amps of electrical service. In addition, the facility offers convenient access to major highways and distribution routes, and is located right off of the New Jersey Turnpike.

Cosmetics and Perfume Filling and Packaging is relocating their operations from their facility in Bloomfield. The company has specialized in fragrances filling and assemblies for over 30 years.

MEADOWLANDS SUBMARKET

Atlantic Hoisting and Scaffolding has purchased 700 Commercial Avenue in Carlstadt from YRC Incorporated. This deal was made possible by the New Jersey Meadowlands Commission's variance approval that permits Atlantic Hoisting and Scaffolding to store heavy construction equipment in a light industrial zone. Furthermore, the company was approved for a \$1.27 million grant from the state Economic Development Authority under its Business Employment Incentive Program. These two approvals assisted in the relocation process of the commercial construction company from Brooklyn to New Jersey.

The 92 door truck terminal contains 85,000 SF of space and sits on 8.5 acres. The site closed for \$8.3 million or approximately \$98 per SF. Building amenities include 21,400 square feet of office space, 92 tailgate loading positions, 2 drive ins, and a separate 12,600 square foot truck repair garage shop with 6 double door drive through bays. This site is unique for the area being that there is only one 85,000 SF building on a piece of property with relatively large acreage.

PASSAIC SUBMARKET

Bindi USA recently announced that they will be moving their US operations facility from their current location at 405 Minnisink Road in Totowa. The company plans on building a new 64,000 SF facility on a vacant lot near the intersection of the Belleville Turnpike and Barszczewki Street in Kearny. The project's first phase, which consist of warehouse and office space, is scheduled for completion in May of 2011. A second phase of additional warehouse and office space will follow. Bindi, an Italian dessert maker, will house 50 employees at the new location and will also continue operations at their production plant in Belleville.

NJ INDUSTRIAL LEASING ACTIVITY (partial list)

TENANT	LOCATION	SUBMARKET	SF LEASED	OWNER
International Intimates	1 Industrial Road	Exit 8A	179,225	Heller Industrial Parks
ZT Systems	350 Meadowlands Parkway	Meadowlands	163,140	Hartz Mountain Industries
Williams Scotsman	15 Jensen Drive	Somerset	123,438	Heller Industrial Parks
World Wide Packaging	1 Passaic Street	Meadowlands	103,148	Cammeby's International Incorporated
Road Tex	13 Jensen Drive	Somerset	77,667	AMB Property Corporation
Integrated Microwave Technologies	200 International Drive	Western Morris	65,000	Mount Olive Industrial Realty Corporation LLC
Axis Global Logistics	13 Jensen Drive	Somerset	50,000	AMB Property Corporation
Grandstone & Tile Company	16 Herbert Street	Newark	46,000	Weissman Realty Company
Holiday Image Incorporated	135 West Commercial Ave	Meadowlands	45,117	N/A
Coronet Incorporated	75 Wood Street	Passaic	40,000	GHB Fidelco LLC
Copack International	23 Carol Street	Passaic	39,600	63 rd Street Equities
AYS Distribution	45 Fernwood Avenue	Exit 10	34,020	Summit Associates Incorporated
Michael Halebian & Company	700 Gotham Parkway	Meadowlands	33,828	Key Properties LLC
I. Weiss	815 Fairview Avenue	Central Bergen	30,307	Safer Development
Tong-In International Incorporated	13 Division Street	Central Bergen	27,058	Bonanno Real Estate Group II LLC

NJ INDUSTRIAL SALES ACTIVITY (partial list)

BUYER	LOCATION	SUBMARKET	SF	PRICE	\$/SF	SELLER
Middle Atlantic Products	300-330 Fairfield Rd	West Essex	417,744	\$29,800,000	\$70	Commercial Realty Group
DCT Industrial Trust	400 Kennedy Drive	Exit 10	150,000	\$9,450,000	\$63	WKDC LLC
Continental Concession Supplies, Incorporated	20 Pulaski Street	Hudson Waterfront	95,000	\$5,130,000	\$54	V&J Incorporated
Classic Properties LLC	35-57 Kentucky Ave	Passaic	72,000	\$3,400,000	\$47	Iowa Street LLC
Strategic Storage Trust Incorporated	112 State Route 23	Morris	63,000	\$6,380,000	\$103	RGK Development Incorporated
DGA Security Systems, Incorporated	2 Stahuber Avenue	Union	50,000	\$5,500,000	\$110	Stahuber Associates

SIGNIFICANT INDUSTRIAL PROJECTS UNDER CONSTRUCTION

DEVELOPER	LOCATION	SUBMARKET	SF	COMPLETION DATE
Gillette Enterprises, Incorporated	287 Cheesequake Road	Exit 10	61,700	November 2010
17 Thomas Rhodes LLC	17 Thomas J Rhodes Industrial Drive	Mercer	57,600	September 2010
Triangle Business Park LLC	165 Amboy Avenue	Monmouth	36,000	September 2010

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