

CENTRAL JERSEY OVERVIEW

The central New Jersey industrial market consists of four separate submarkets totaling approximately 144,000,000 square feet of space. Each of these areas are comprised of any number of townships and municipalities. Included in the subject market are Exits 8a, 9, & 10 along the New Jersey Turnpike, and Route 287 from Keasbey, heading west through Exit 12 in Somerset County.

throughout the majority of this market coupled with the steady demands in these areas has pushed rental rates to levels not seen since the late 1980's. conversely, the open space at exit 8a has allowed for a multitude of new construction projects running the gamut from minor flex development to regional distribution centers reaching 700,000 square feet.



On the dot com side of the coin, internet companies have slowed absorption of space as they have fallen out of favor with Wall Street. Additionally, venture capitalists have become skeptical as their funding has decreased. The influx of fiber related operations has also saturated the market almost to the point of creating the false impression for the need of telco-hotel facilities.

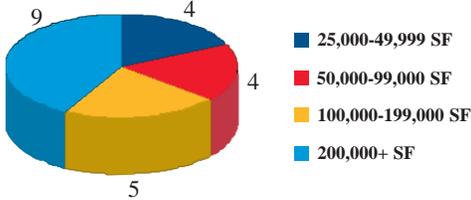


The absorption of space continues to keep lease rates steady throughout central New Jersey. Such rental costs may make it possible for owners to improve existing buildings, by satisfying the demand for higher ceilings, deeper trailer courts, and more modern sprinkler systems.

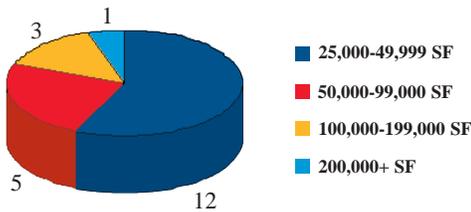
Demand for space in central New Jersey continued with the veteran players along with the introduction of some new participants into the market. Throughout the 4th quarter of 2000, the industrial market continued to experience healthy activity and modest growth. At year end, the total market stood at roughly 144 million square feet with slightly over 11 million square feet of direct vacancy, representing a vacancy rate of 7.8% for the overall central New Jersey region.

The slowing of the economy and several interest rate increases have not effected the demand for space by the traditional distributor requiring a location along the northeast corridor somewhere between Boston and Washington D.C. With the exception of select sub-markets, ie. exit 8a on the New Jersey Turnpike. The increasing lack of available land has limited new construction. This lack of new development

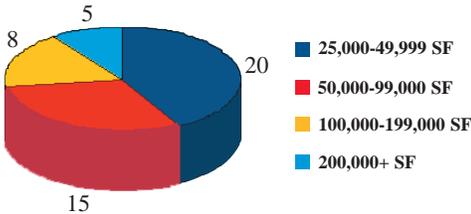
Number of Units Available at Exit 8A



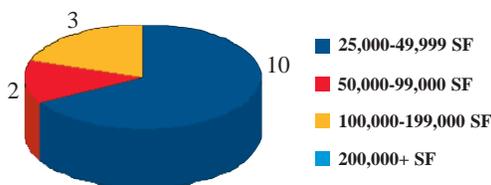
Number of Units Available at Exit 9



Number of Units Available at Exit 10/Route 287



Number of Units Available in Franklin Township

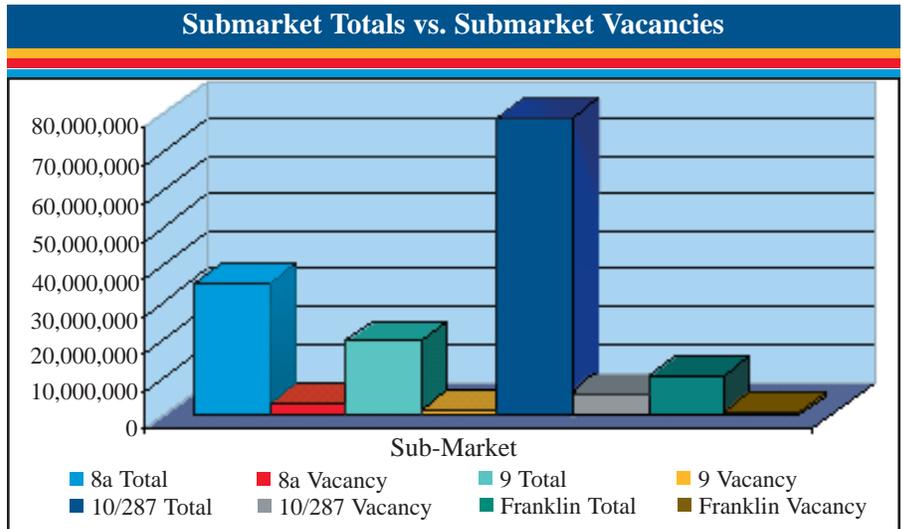


CONSTRUCTION & VACANCY TRENDS

North of Exit 8A, in Edison at Exit 10, there were four speculative projects totaling 1,700,000 square feet. Proposed speculative construction for 2000 on the Turnpike Corridor will add over 4 million square feet of new product to the market (a large portion of this construction has commenced and will be completed in 2001). Heller Industrial Parks is erecting a 958,000 square foot speculative building in Edison, while Frank A. Greek & Son will construct 650,000 square feet in Woodbridge. The balance of the speculative construction will take place at Exit 8A. Opus is planning a three building complex totaling 1.2 million square feet, Keystone Properties will be building 975,000 square feet in two buildings; Prologis will construct 800,000 square feet in Cranbury and Matrix has begun construction on a 528,000 square foot facility in Monroe. Also noteworthy, Heller Construction has received approvals for 3.9 million square feet on

Route 522 at Exit 8A. The 8A sub-market is currently running at a vacancy of 9.9%, but the more significant statistic is the gross absorption in the market, which has been running between 2.5 and 3 million square feet annually. Anticipated new construction for 2001 (exclusive of the product previously discussed) will yield an additional 3,000,000

square feet of industrial space. Economic prognosticators have indicated a slowdown in the economy, which could discourage the development of new product. With 3 million square feet coming to market by 2nd Quarter 2001, and minimal pre-leasing taking place, there very well could be downward pressure on rents in the coming year.



NJ ECONOMIC & JOB GROWTH

The accompanying projections represent the latest studies of New Jersey's economy by breaking down employment by occupation, population, and labor force. The percentages

shown are out of the total number of people employed in New Jersey. Employment in the Central New Jersey region advanced at a faster rate (+1.8%) than in the Southern (+1.4%) or Atlantic Coastal (+1.2%) areas of

the state from 1999 to 2000. The region's 1.8% growth rate also outperformed this year's overall state rate of 1.6%. The region's economy should continue a moderate rate of expansion in 2001. With the continuing population expansion, most of the job rate growth will again be in services and wholesale/retail trade. Along with the ongoing projects previously mentioned and others ready to start, construction payrolls could get an additional boost from the \$8.6 billion school construction bill recently signed by the governor to renovate and improve school buildings statewide.

In 2000, the Middlesex/Somerset labor area continued to be one of job creation leaders in the state. For the first ten months of the year, total non-farm employment reached a record level, averaging 642,800, or 14,100 jobs more than the same period in 1999. The labor area's central location and wide transportation network continue to attract new businesses.

Estimated & Projected Employment Totals By Occupation, 1998-2008

Occupational Title	1998	1998	2008	2008	Change: 1998-2008		Mean Wage
	Number	Percent	Number	Percent	Number	Percent	
Operators/Fabricators/Laborers	547,200	13.7	580,000	13	33,600	6.1	\$14.50
Helpers/Laborers/Movers	98,600	2.5	113,900	2.6	15,300	15.5	8.00
Hand Packers & Packagers	41,200	1.0	51,400	1.2	10,200	24.7	8.00
Vehicle/Equipment Cleaners	6,700	0.2	7,200	0.2	500	8.6	8.20
Unskilled Laborers/Helpers	51,700	1.3	55,300	1.2	3,600	9.0	not avail.
Freight/Stock/Material Movers	36,700	0.9	35,700	0.8	-1,000	-2.8	20.90
Excavator Equipment Operators	1,900	0.1	1,700	0	-200	-13	20.90
Refuse/Recyclable Material Collectors	3,300	0.1	3,300	0.1	0	0	14.00
Freight/Stock Movers	31,500	0.8	30,800	0.7	-700	-2.5	10.40
Machine Feeders	6,000	0.2	5,900	0.1	-100	-1.1	9.60
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Mechanic & Repairer Helpers	4,200	0.1	4,600	0.1	400	7.7	10.50
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Motor Vehicle Operators	94,800	2.4	109,500	2.5	14,700	39.5	13.73
Truck Drivers, Heavy	43,600	1.1	49,900	1.1	6,300	14.4	16.10
Truck Drivers, Light	40,300	1.0	48,100	1.1	7,800	19.3	12.40
Transit Bus Drivers	10,900	0.3	11,500	0.3	600	5.8	12.70

Source: NJ Dept. of Labor, Division of Labor Market & Demographic Research.

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For more information or to request a detailed report on a specific submarket, please call or e-mail Mike Markey, Jon Tesser, or Adam Citron at (732) 868-5111.