

# Princeton, New Jersey

Tenant's Guide ■ North American Markets ■ Second Quarter 2010

## Overview

Renewals, renegotiations, and recasts, the three "R's" of survival in a tight credit market, speak to the experienced landlord, seasoned broker, and forward-thinking tenant. Princeton's largest transaction by far is the long awaited announcement of BlackRock Financial which has selected University Square for 137,344 SF of class A office space. This transaction and a 45,756 SF lease by Parsons Brinckerhoff at 2000 Lenox Drive topped off with rents in excess of \$ 30.00 to \$ 35.00/SF, mark a return to stabilized rents and the possible tightening of this soft market in the months ahead.

## Market Trends

- The market shows signs of future rebound as class A vacancy rates begin to fall.
- There is marked activity in the class B market as firms relocate to lower cost space.
- The early recasting of leases will still prove to be a wise move for now!
- Anticipated cost increases and pass-throughs suggest the need for tenants to capitalize on current conditions.

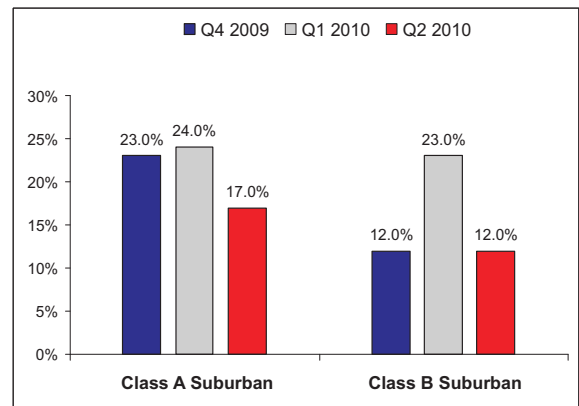
## Tenant's Perspective

These transactions and trends point toward an impending shift in leverage that may occur later this year from the current tenant's advantage to the landlord's advantage. For those firms now projecting subsequent year budgets, serious consideration of an early renewal or lease recast is warranted. While lenders are still sensitive to vacancy concerns and credit-worthy tenants, the advantage rests with the tenant. Landlords are facing a dearth of refinancing challenges as balloon payments come due.

## Major Transactions

Tenant/Buyer	Size	Type	Lease/Sale
L.A. Enterprises Inc.	372,000	Industrial	Lease
BlackRock Financial	137,344	Office	Lease
Parsons Brinckerhoff	45,756	Office	Lease
Affiliated Computer Sys.	43,882	Office	Renewal
Red Nucleus	10,750	Office	Renewal

## Vacancy Rate



## Average Rental Rates

Suburban	Q4 2009	Q1 2010	Q2 2010
Class A Office	\$30.62	\$30.62	\$32.62
Class B Office	\$24.33	\$24.19	\$22.73

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