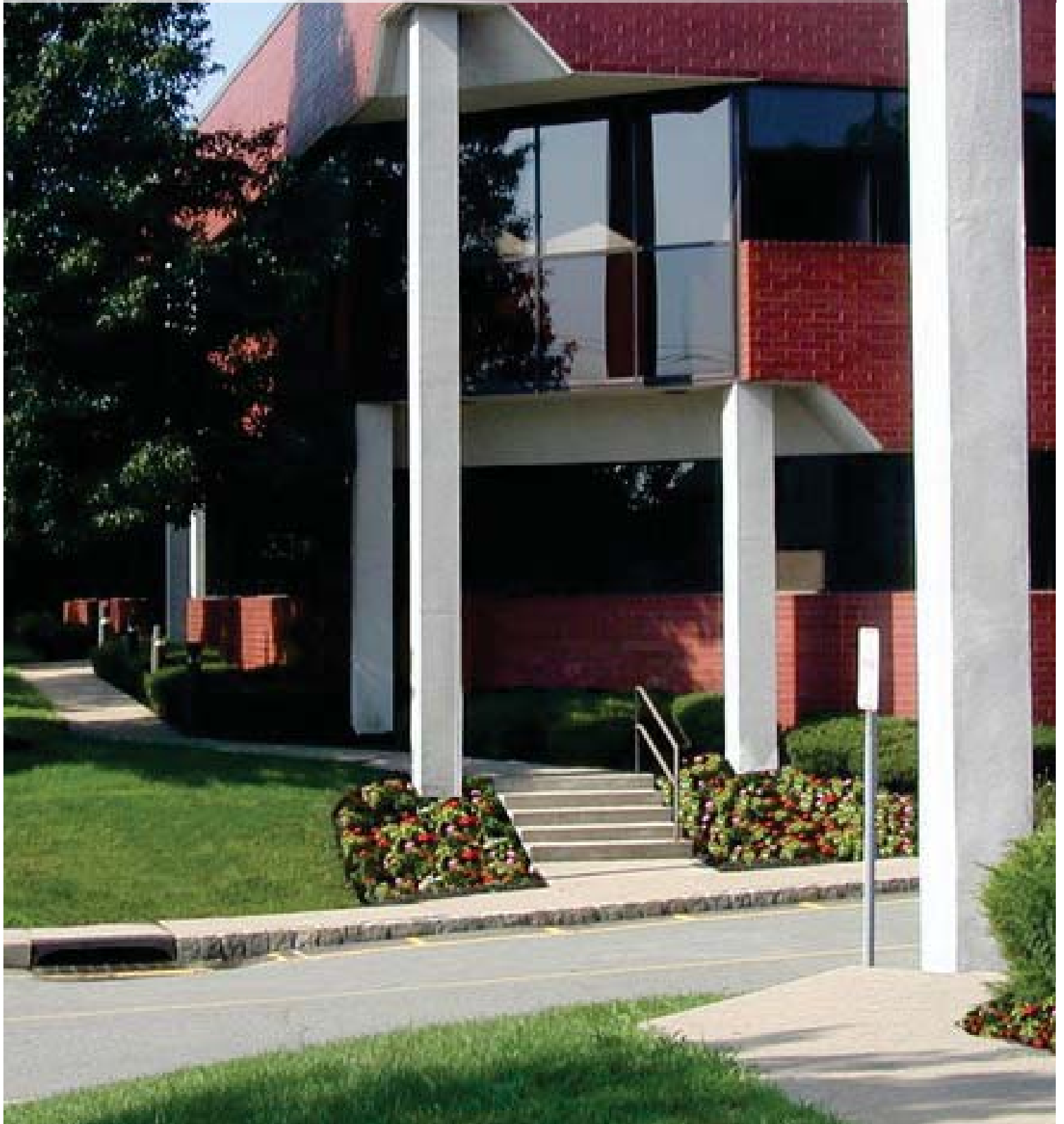


Northern & Central New Jersey *2Q'15 Office Report*



Northern & Central New Jersey 2Q'15 Office Report

The Northern and Central New Jersey class A and B office market consists of 229,935,061 square feet. Vacancy rose .2% from the first quarter to the second quarter and average asking rates decreased by \$0.22 to \$24.93 per square foot. Although net absorption decreased by 100,000 square feet, there was over 3.8 million square feet leased, an increase from the first quarter.

The trend for corporate lease backs is on-going. Verizon sold their 1.35 million square foot building located at 295 N Maple Avenue in Basking Ridge for \$650.3 million or \$482 per square foot to Mesirow Financial's joint venture with Kawa Capital Management. Verizon leased back 1,306,380 square feet of the building.

Another significant sale for the quarter included the selling of 14 Sylvan Way in Parsippany from Mack-Cali to GC Essential Asset REIT II for \$81.4 million or \$400 per square foot. NAI Hanson helped to facilitate the selling of 1140 and 1160 Parsippany Boulevard in Parsippany for \$4.3 million or \$91 per square foot. Micro Strategies purchased the two properties from The Hampshire Companies.

Parsippany as well as Montvale is seeing an uprise in activity. Memorial Sloan-Kettering Cancer Center purchased 225 Summit Avenue for \$37,000,000. They plan to open a regional cancer center in the 142,500 square foot building. The building was previously home to Toys "R" Us and Barr Laboratories. 5 Paragon Drive in Montvale was also purchased as part of a 49 property portfolio from Equity Commonwealth to Lone Star Funds. They allocated \$10,700,000 for the building.

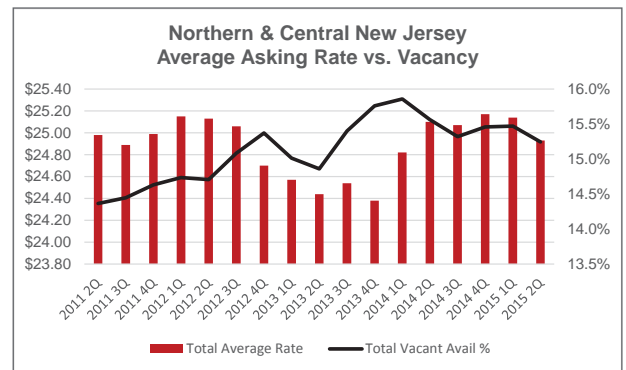
Some of the top lease transactions include GlaxoSmithKline leasing 144,536 square feet at 184 Liberty Corner Road in Warren and Brown Brothers Harriman leasing 114,798 square feet at Harborside Plaza 5 in Jersey. GlaxoSmithKline's deal is for 10 years and the company will occupy in March of 2016.

Buildings are continually trying to modernize and attract tenants. GAF purchased 1 Campus Drive in Parsippany in the fourth quarter of 2014 and has invested about \$50 million into the building. More buildings are now trying to become LEED certified and create a more modern environment.

Office



295 N Maple Avenue, Basking Ridge



184 Liberty Corner Road, Warren

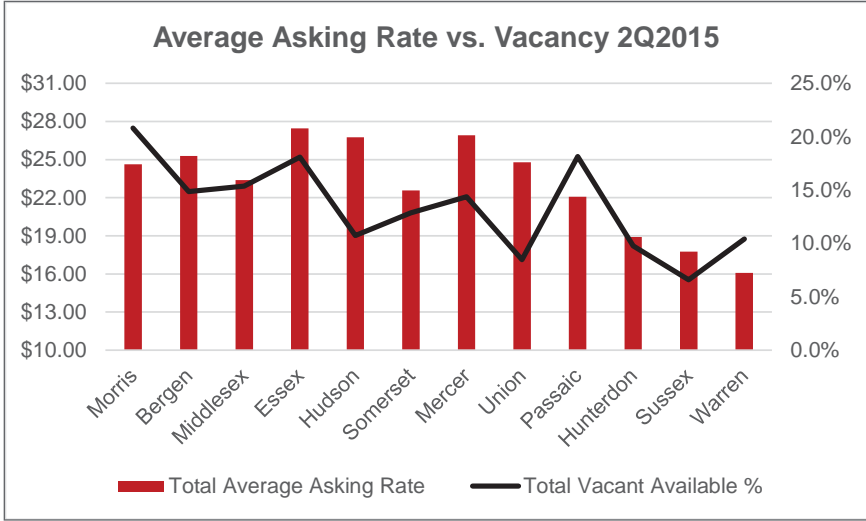
Trends for 2Q15

NET ABSORPTION
CONSTRUCTION

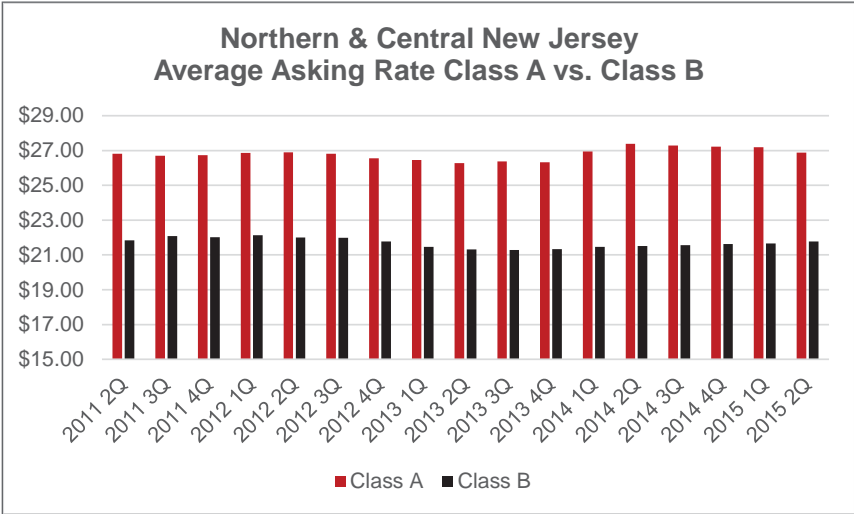
VACANCY RATE
ASKING RATES

Compared to 1Q2015

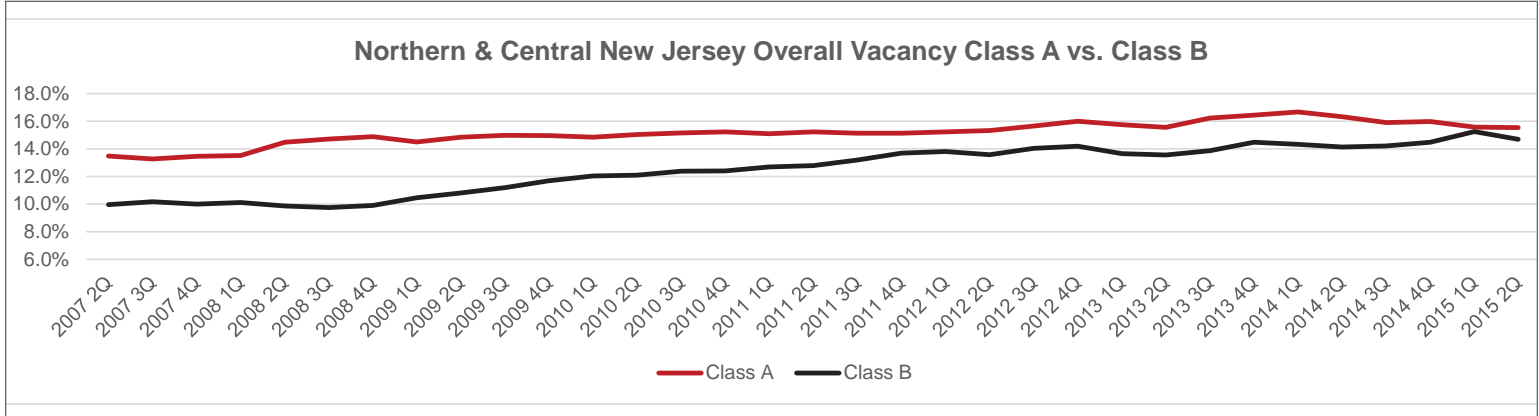
Northern & Central New Jersey 2Q'15 Office Report



Harborside Plaza 5, Jersey City



140 E Ridgewood Avenue, Paramus



*All information comes from sources deemed reliable from NAI James E. Hanson. Numbers are based on transactions 20,000 + sf

Northern & Central New Jersey 2Q'15 Office Report

Office

County Overview:

	Total RBA	Total Vacant Available SF	Total Vacant Available %	Total Net Absorption	Total SF Leased	RBA Under Construction	Total Average Asking Rate
NJ Overall	229,935,061	35,051,729	15.2%	(199,785)	3,826,748	2,076,900	\$24.93
Morris	38,162,485	7,936,259	20.8%	2,528	343,829	185,000	\$24.62
Bergen	32,340,771	4,806,814	14.9%	(13,811)	493,378	41,400	\$25.28
Middlesex	30,600,180	4,704,777	15.4%	(230,901)	310,063	50,000	\$23.39
Essex	30,038,340	5,432,721	18.1%	(346,425)	145,859	999,000	\$27.45
Hudson	26,729,102	2,872,838	10.7%	55,150	538,334	0	\$26.75
Somerset	24,190,562	3,109,490	12.9%	271,663	1,648,568	0	\$22.56
Mercer	22,508,886	3,234,501	14.4%	(92,251)	268,411	676,500	\$26.91
Union	11,892,721	1,009,943	8.5%	52,461	10,742	0	\$24.78
Passaic	7,686,107	1,393,532	18.1%	71,244	35,749	125,000	\$22.08
Hunterdon	4,745,865	463,582	9.8%	7,574	36,556	0	\$18.91
Sussex	550,673	36,262	6.6%	0	0	0	\$17.76
Warren	489,369	51,010	10.4%	22,983	0	0	\$16.09
Rockland, NY	3,720,733	331,838	8.9%	1,544	8,734	32,595	\$24.88
Orange, NY	2,963,364	225,925	7.6%	60,534	0	0	\$19.51

Significant Lease Transactions:

Tenant	Address	Size (SF)
Verizon Wireless	295 N Maple Avenue, Basking Ridge	1,306,380
GlaxoSmithKline	184 Liberty Corner Road, Warren	144,536
Brown Brothers Harriman	Harborside Plaza 5, Jersey City	114,798
New York Life Insurance Company	30 Hudson Street, Jersey City	114,961
Department of Public Utilities	2 Gateway Center, Newark	90,000
Valley Hospital, Inc.	140 E Ridgewood Avenue, Paramus	73,978
BASF Corp.	33 Wood Avenue S, Iselin	59,375
Ophthotech Corporation	1 University Square Drive, Princeton	35,200
Cenlar Federal Savings Bank	370 Scotch Road, Ewing	32,639
Tilcon New York	9 Entin Road, Parsippany	32,026
Victoria Classics	5901 West Side Avenue, North Bergen	31,080
Paychex, Inc.	1 Centennial Avenue, Piscataway	30,000
York Risk Services	1 Upper Pond Road, Parsippany	28,000
Premier Response	5901 West Side Avenue, North Bergen	25,817
Pulte Homes	150 Allen Road, Basking Ridge	25,000

Significant Sale Transactions:

Address	Sale Price	Size (SF)	Price/SF	Buyer	Seller
295 N Maple Avenue, Basking Ridge	\$650,300,000	1,350,000	\$482	Mesirow Financial JV Kawa Capital Management	Verizon
14 Sylvan Way, Parsippany	\$81,400,000	203,506	\$400	GC Essential Asset REIT II	Mack-Cali
9 Polito Street, Lyndhurst	\$50,600,000	268,000	\$189	Rabin Alexander LLC	Piedmont REIT
225 Summit Avenue, Montvale	\$37,000,000	142,500	\$260	Memorial Sloan-Kettering Cancer Center	Chambers Street Properties
5 Paragon Drive, Montvale (part of 49 property portfolio)	\$10,700,000	119,089	\$90	Lone Star Funds	Equity Commonwealth
260 Cherry Hill Road, Parsippany	\$5,000,000	121,544	\$41	Ferring Pharma	Time, Inc.
1140 & 1160 Parsippany Boulevard, Parsippany*	\$4,300,000	47,257	\$91	Micro Strategies, Inc.	Hampshire Companies

*NAI Hanson Deal

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