

Sitar–Rutgers

Regional Report

James W. Hughes and Joseph J. Seneca, editors

2004: A Breakout Year for the New Jersey Economy?

By James W. Hughes and Joseph J. Seneca

As the fourth quarter of 2003 commenced, there were increasing signals that a decided pick-up in the United States' economic recovery was taking place. The broadest measure of the economy's performance, gross domestic product (GDP), grew by an explosive 7.2 percent in the third quarter of 2003. This was more than double the rate of growth in the second quarter (3.3 percent) and the highest growth rate since the first quarter of 1984, more than 19 years ago. It also marked the eighth-straight quarter of GDP growth in the United States. Thus, the nation has now experienced two full years

of increases in economic output. While the 7.2 percent rate of growth is not sustainable, the next several quarters could see solid GDP growth in the vicinity of 4 percent.

Moreover, business investment soared by 11.1 percent in the third quarter of 2003. As we have pointed out before, the past downturn was unique in the post-World War II period. The 2001 recession was triggered by the bursting of the business capital investment bubble of the late 1990s. The subsequent recovery was then encumbered by a continuing capital investment decline. *(continued, next page)*

A Cure for the Common Vacancy Problem: The Pharmaceutical and Biotech Industries

By Linda Tanaka

The Route 1 corridor between New Brunswick and Princeton and the Bridgewater area are well known pharmaceutical "hot spots" in New Jersey. However, pharmaceutical companies are located throughout the state as shown in the map on page 11. These companies comprise the state's largest industry and employ approximately 70,000 people. The third largest drug maker in the world, Merck alone employs approximately 8,000 in the state. In addition, New Jersey boasts a whopping 120 biotechnology companies that employ a total of approximately 6,000 New Jerseyans. The top ten biotechnology firms occupy 1,139,622 square feet of office and warehouse space throughout the state,

with three companies located in Somerset County, two in Middlesex County, and the remaining five in Bergen, Mercer, Monmouth, Union, and Morris Counties.

Recently, competition from generic drugs, products coming off patent protection, and a lack of new blockbuster drugs have forced even these proven drug manufacturers to suffer some financial disappointments and announce staff reductions. However, analysts feel the industry still holds promise as a serious growth industry. The pharmaceutical industry has been one of the fastest growing and largest industries in the United States. Its \$1.3 trillion output in 2002 accounted for *(continued, p. 11)*

A quarterly report on employment and office markets in Northern and Central New Jersey

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The major “however” to the robust growth in economic output has been the lagging national job market.

TABLE 1
Nonfarm Payroll Employment Change, 1998 to 2003
United States vs. New Jersey
(Numbers in thousands)

		United States			New Jersey		
		Total Employment	Change from Preceding Year		Total Employment	Change from Preceding Year	
			Number	Percent		Number	Percent
1998	(December)	127,364			3,842.6		
1999	(December)	130,509	3,145	2.5%	3,948.2	106	2.7%
2000	(December)	132,445	1,936	1.5	4,027.4	79	2.0
2001	(December)	130,661	(1,784)	-1.3	3,993.2	(34)	-0.8
2002	(December)	130,198	(463)	-0.4	3,984.6	(9)	-0.2
2003	(September)	130,006	(192)	-0.1	4,016.4	32	0.8

Note: Years are measured from December to December. 2003 data are for December 2002 to September 2003.

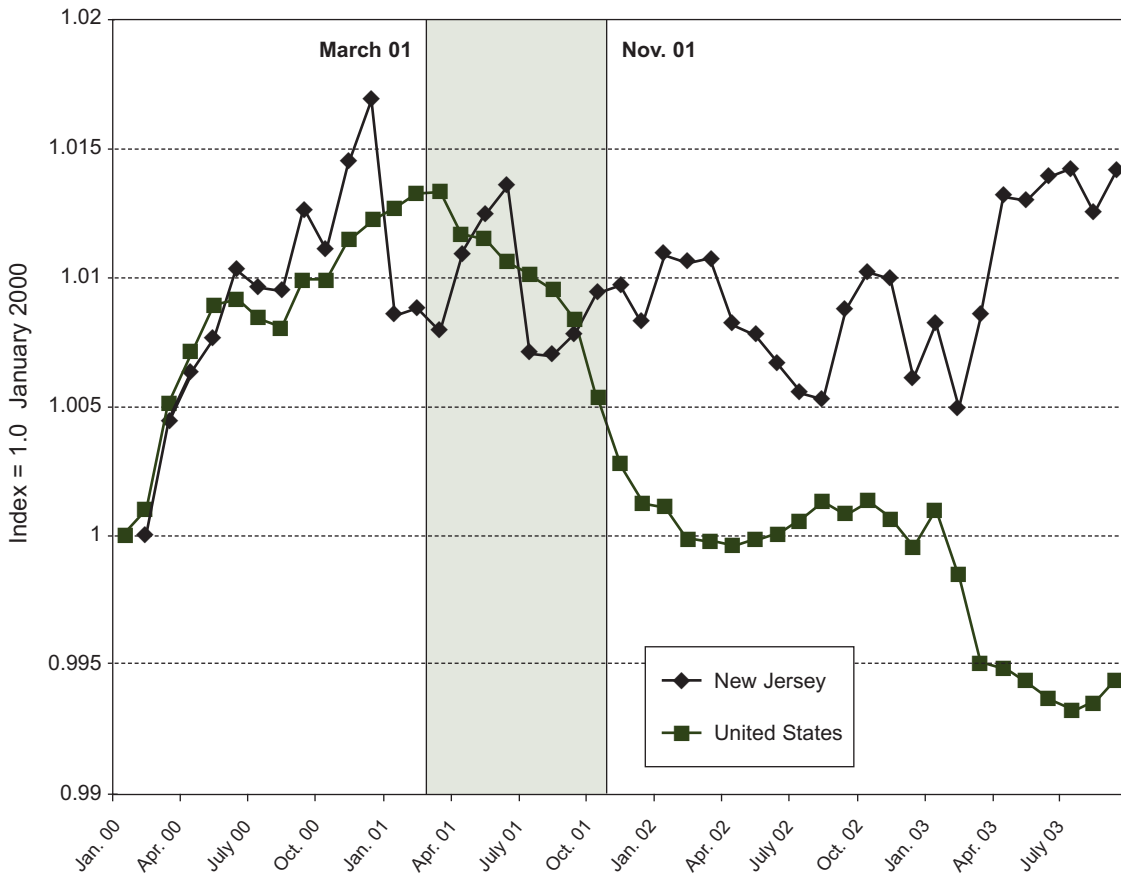
Source: New Jersey Department of Labor
U.S. Bureau of Labor Statistics

At the same time, it was the strong performance of housing and consumer spending—the usual culprits instigating recessions when the Federal Reserve pushes up interest rates to quell inflation—that kept the economy afloat, supported by a low-interest rate FED policy. Most forecasters agreed that a strong recovery and expansion would only come with the renewal of business capital investment. This is now happening, with the third quarter’s 11.1 percent gain following a 7.3 percent gain in the second quarter.

In addition, business spending on information technology (equipment and software) soared by 15.4 percent in the third quarter of 2003 (the best

performance since the first quarter of 2000), following a strong 8.3 percent gain in the second quarter. Information technology is the main productivity tool of our economy. The gains registered in the second and third quarters certainly bode well for 2004. Moreover, the overall business capital investment surge has started to accelerate the national economic train. If business investment gains full traction, and if consumer spending and residential investment—which grew by 6.6 percent and 20.4 percent, respectively, in the third quarter—retain their resiliency, 2004 could turn out to be the strongest economic year for the nation since 2000.

FIGURE 1
Employment Index, New Jersey and the United States
January 2000 to September 2003



The shift from a “job-devouring” economy to a “job-creating” economy increases the probability of a broad-based national economic advance in 2004.

Source: New Jersey Department of Labor
 U.S. Bureau of Labor Statistics

The Employment Picture

The major “however” to the robust growth in economic output has been the lagging national job market. Although there were 20 months of sustained growth in GDP between November 2001, the end of the recession, and July 2003, the nation lost 1.1 million jobs during this time. The United States endured “job-loss,” not “job-less” economic growth. But, starting in August, employment grew for three straight months. The fledgling employment

turnaround that began in August (+ 35,000 jobs) accelerated in September (+125,000 jobs) and October (+126,000 jobs). This signals that the nation’s labor market finally turned the corner, although there is a long road ahead to recovering the 2.4 million jobs lost between March 2001 (the start of the national recession) and October 2003. The shift from a “job-devouring” economy to a “job-creating” economy increases the probability of a broad-based national economic (*continued, p. 4*)

4 2004, *continued*

advance in 2004. This would be particularly good news for New Jersey.

During 2003, the state's employment base was expanding, albeit modestly, in contrast to the overall national decline. In the first nine months of 2003, there was a widening divergence between New Jersey and the United States. As shown in Table 1, the nation lost 192,000 jobs (-0.1 percent) between December 2002 and September 2003, while during the same period of time New Jersey has gained 32,000 jobs (+0.8 percent). This performance gap is

depicted in Figure 1, which tracks the monthly employment ratio (the ratio of each month's total employment to the employment total of January 2000) for the state and nation. Through the first nine months of 2003, the pattern consisted of an almost "jaws-like" gap opening up, with the nation's ratio descending below 1 and the state's ratio ascending above it.

This differential is not totally surprising. As also shown in Table 1, New Jersey's employment change has consistently exceeded (*continued, p. 6*)

. . . New Jersey's employment change has consistently exceeded that of the United States since 1998

TABLE 2
Sector Employment, 2002
New Jersey Share of United States Total

	Employment Distribution		
	NJ	US	NJ Share of US (percent)
TOTAL	100.0%	100.0%	3.1%
Educational and Health Services	13.2	12.4	3.3
Professional and Business Services	14.6	12.3	3.7
Trade, Transportation, & Utilities	22.1	19.6	3.5
Financial Activities	6.9	6.0	3.5
Leisure and Hospitality	7.7	9.2	2.6
Government	15.4	16.5	2.9
Other Services	3.7	4.1	2.8
Construction	4.1	5.2	2.4
Natural Resources and Mining	0.0	0.4	0.3
Information	2.9	2.6	3.4
Manufacturing	9.2	11.7	2.4

Note: North American Industrial Classification (NAICS) employment sectors

Source: New Jersey Department of Labor

TABLE 3
New Jersey Professional and Business Services Employment
Annual Averages, 1990 and 2002
(Numbers in thousands)

	1990	2002	Change:	
			Number	Percent
PROFESSIONAL AND BUSINESS SERVICES	438.2	584.6	146.4	33.4%
PROFESSIONAL, SCIENTIFIC, & TECHNICAL SERVICES	213.3	266.6	53.3	25.0
Legal Services	36.3	39.5	3.2	8.8
Accounting/Tax Prep/Bookkeeping/Payroll Services	31.5	35.5	4.0	12.6
Architectural, Engineering & Related Services	33.7	43.9	10.2	30.3
Computer Systems Design & Related Services	26.4	51.8	25.4	96.4
Management, Sci & Tech Consulting Services	16.4	28.3	11.9	72.5
Scientific Research & Development Services	32.8	30.8	(2.0)	-6.0
Advertising and Related Services	15.4	16.3	0.9	5.7
MANAGEMENT OF COMPANIES AND ENTERPRISES	53.6	62.2	8.6	16.0
ADM/SUPPORT WASTE MGT/REMEDIATION SERVICES	171.4	255.8	84.4	49.3
Administrative and Support Services	159.9	245.0	85.1	53.2
Employment Services	46.7	105.2	58.5	125.2
Business Support Services	16.4	22.1	5.7	34.7
Investigation and Security Services	21.5	25.0	3.5	16.1
Services to Buildings and Dwellings	46.9	58.3	11.4	24.2
Waste Management & Remediation Services	11.4	10.8	(0.6)	-5.0

Note: North American Industrial Classification (NAICS) employment sectors

Source: New Jersey Department of Labor

The New Jersey economy is now uniquely concentrated in those sectors that are linked to the office market.

6 2004, *continued*

The combination of tax cuts, higher federal spending, and low interest rates has set the stage for a strong second half of 2003

that of the United States since 1998 (the past four full calendar years). In 1999 (2.7 percent versus 2.5 percent) and 2000 (2.0 percent versus 1.5 percent), the state's growth rate was higher than that of the nation, and in 2001 (-0.8 percent versus -1.3 percent) and 2002 (-0.2 percent versus -0.4 percent), the rate of decline was lower. Through September 2003, New Jersey has experienced job expansion (+0.8 percent) while the United States has experienced contraction (-0.1 percent). Thus, for the fifth straight year, the state is again going to outperform the nation.

There is no reason to believe this will not continue in 2004, particularly since federal cuts in high marginal income tax rates and lower rates of dividend taxation will disproportionately benefit New Jersey households because of their top-ranked personal income position. Thus, more money will be staying in, and will be spent in, the state and region, and less will be transferred to Washington. The key question will be the strength of the national economy in 2004. If the national job market continues to gain traction, New Jersey could have a breakout year in 2004.

Economic Specialization

The New Jersey economy is now uniquely concentrated in those sectors that are linked to the office market. Table 2 provides the percentage distribution of total employment for the state and nation across the major North American Industrial Classification (NAICS) super sectors for 2002. Overall, New Jersey accounts for 3.1 percent of the nation's total employment. However, the state accounts for 3.7 percent of the nation's employment in professional and business services, 3.5 percent of the nation's employment in financial activities, 3.4 percent of nation's employment in information, and 3.3 percent of the nation's employment in education and health services.

Thus, the state's economy is "over-represented" in these key super sectors, a reality not surprising for the nation's fifth largest office market.

Professional and Business Services

Professional and business services is of particular importance in this context (Table 3). Between 1990 and 2002, this sector grew by one-third (33.4 percent), or 146,300 jobs. Administrative and support services grew by 85,100 jobs (53.2 percent); professional, scientific and technical services grew by 53,300 jobs (25.0 percent); and management of companies and enterprises—predominantly corporate headquarters employment—grew by 8,600 jobs (16 percent).

Conclusion

The combination of tax cuts, higher federal spending, and low interest rates has set the stage for a strong second half of 2003 and will provide significant momentum in economic activity heading into 2004. The New Jersey office market should benefit from a growing national economy and the continuation of expansionary fiscal and monetary policy. The state already has a head start in 2003 in terms of employment growth. There are, however, several caveats. The federal budget deficit and the international trade deficit are at record levels. The orderly depreciation of the dollar seems to be assisting exports, but the concern remains the willingness of foreigners to continue to lend to the United States at low interest rates. The federal deficit in fiscal year 2004, which began on October 1, will come close to \$500 billion by the time the year ends and may also threaten the low interest rate policy of the FED. With a presidential election approaching and a recovering but still vulnerable economy, it should be an interesting year from many perspectives. ■

And the Good News is... There isn't More Bad News

By Linda Tanaka

As of September 30, 2003, the commercial office market continues to find vacancies at near historic highs. While those in the industry continue to wait for the job-hiring portion of the already-established economic turnaround to kick in, recent data indicates that their patience may be rewarded sooner rather than later.

While an abundance of commercial space still exists, the steady addition of more space into the market seems to have slowed, perhaps signaling that the market's bottom has been reached. Vacancy rates and the net negative absorption have decreased over the past three months. The significance of this is not so much the magnitude of the decline, which is small and not statistically significant, but the fact that these

measures of the health of the market did not worsen for the first time in a year.

In addition to the improvement in general economic conditions, local supply and demand market forces have been helping to stem the tide of the declining commercial office environment. Asking rents have shown a slight decline from the previous quarter, averaging \$25.38 for the region.

The 3,347 buildings in the Northern-Central New Jersey commercial real estate industry showed that direct and total (direct plus sublet) vacancy rates (15.9 percent and 22.4 percent, respectively) are statistically unchanged from the previous quarter. Overall absorption for the quarter was positive at 272,855 square feet, reducing the *(continued, p. 8)*

While an abundance of commercial space still exists, the steady addition of more space into the market seems to have slowed

Northern and Central New Jersey Total Office Market Third Quarter 2003

County	Buildings	Total Inventory	Direct		Total (Direct + Sublet)		Average Asking Rent	3rd Qtr. Net Absorption	2003 YTD Net Absorption
			Available Space	Vacancy Rate	Available Space	Vacancy Rate			
Bergen	550	29,025,689	4,281,723	14.8%	5,775,263	19.9%	\$25.98	(312,015)	(454,416)
Essex	373	27,825,632	3,899,024	14.0%	4,328,824	15.6%	\$25.20	233,375	203,561
Hudson	159	23,689,961	2,890,795	12.2%	4,873,577	20.6%	\$28.36	64,733	190,831
Hunterdon	46	1,291,147	146,538	11.3%	164,226	12.7%	\$21.22	(11,396)	(21,744)
Mercer	334	16,037,057	1,654,626	10.3%	2,357,239	14.7%	\$25.05	(6,424)	(16,576)
Middlesex	409	24,894,980	4,210,362	16.9%	6,468,632	26.0%	\$24.31	68,622	123,962
Monmouth	367	13,640,153	1,466,535	10.8%	2,129,731	15.6%	\$23.92	129,401	(418,450)
Morris	402	27,154,637	5,721,077	21.1%	8,135,296	30.0%	\$26.13	(28,100)	(830,757)
Passaic	156	6,251,017	819,362	13.1%	862,927	13.8%	\$22.68	(1,227)	(16,194)
Somerset	263	19,630,700	5,235,512	26.7%	7,723,330	39.3%	\$25.94	156,112	(23,575)
Union	288	10,466,248	1,492,284	14.3%	1,868,204	17.8%	\$24.20	(20,226)	30,343
TOTAL	3,347	199,907,221	31,817,838	15.9%	44,687,249	22.4%	\$25.38	272,855	(1,233,015)
Central NJ	1,661	84,669,138	14,059,319	16.6%	20,547,136	24.3%	\$24.95	327,485	(304,296)
Northern NJ	1,686	115,238,083	17,758,519	15.4%	24,140,113	20.9%	\$25.72	(54,630)	(928,719)

*Includes all office buildings, 10,000 square feet and greater. Does not include owner-occupied facilities.

8 Good News, *continued*

Somerset County continues to mire in the highest vacancy rates of the region, currently offering more than one quarter of inventory (26.7 percent) on a direct basis and a staggering 39.3 percent available either directly or via sublet.

heavily negative year to date absorption to -1,233,015.

Vacancies for Class A space remain slightly higher than for all types of space combined, at 17.4 percent for direct space and 26.6 percent for direct plus sublet space. These rates are relatively unchanged from the previous quarter. The average asking rent for high-end office space is down a negligible amount since June to \$27.84.

Somerset County continues to mire in the highest vacancy rates of the region, currently offering more than one quarter of inventory (26.7 percent) on a direct basis and a staggering 39.3 percent available either directly or via sublet. Asking rents here are below the \$26 mark, reflecting landlords' flexibility to offer aggressive deals to prospective tenants. This strategy may be working—net absorption for the year

moved from -243,303 in June down to a relatively low -23,575, demonstrating some activity in the area.

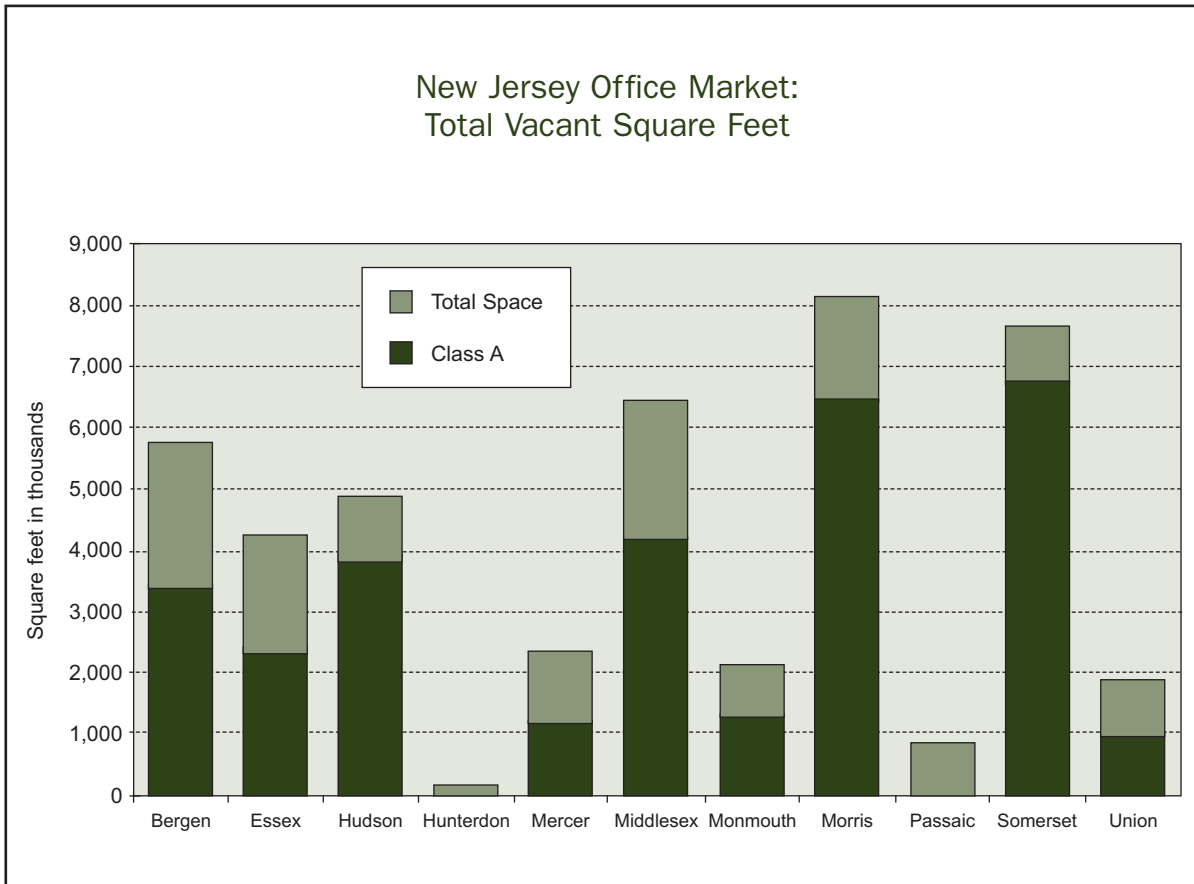
Some of these transactions include Biovail Pharmaceuticals' lease of 116,000 square feet in the Bridgewater Hills Corporate Center; Couch Bransdorf Insurance Company's lease of 32,000 square feet in Bernards Township and James J. Johnston's purchase of this same building from Prologis; UBS Realty Advisors' purchase of a 211,000 square foot building in Basking Ridge from Unilever for \$60.3 million; and J.G. Petrucci Co., Inc.'s purchase of an 85,000 square foot building in Somerville.

The Class A space market in Somerset County continues to suffer. Nearly half (46.8 percent) of the Class A inventory is available either directly or on a sublease basis. Of the 14.3 million square feet of premium space, 31.1 percent is offered directly. As a

Northern and Central New Jersey Class "A" Office Market Third Quarter 2003

County	Buildings	Total Inventory	Direct		Total (Direct + Sublet)		Average Asking Rent	3rd Qtr. Net Absorption	2003 YTD Net Absorption
			Available Space	Vacancy Rate	Available Space	Vacancy Rate			
Bergen	94	15,034,063	2,297,161	15.3%	3,403,227	22.6%	\$28.53	24,048	(432,961)
Essex	61	14,990,607	2,075,378	13.8%	2,383,046	15.9%	\$28.59	(19,377)	(764,795)
Hudson	56	18,742,955	1,929,329	10.3%	3,837,846	20.5%	\$30.23	(503)	152,589
Hunterdon	6	387,791	29,564	7.6%	29,564	7.6%	\$27.68	—	(362)
Mercer	74	7,090,170	545,791	7.7%	1,160,333	16.4%	\$30.07	18,793	68,934
Middlesex	111	15,307,148	2,575,801	16.8%	4,209,610	27.5%	\$26.83	514,261	435,212
Monmouth	56	5,723,569	749,284	13.1%	1,332,376	23.3%	\$27.62	9,241	(436,878)
Morris	126	18,151,666	4,519,169	24.9%	6,437,990	35.5%	\$26.93	(89,813)	(783,929)
Passaic	23	2,561,069	332,875	13.0%	364,755	14.2%	\$26.14	—	(1,149)
Somerset	101	14,318,097	4,454,853	31.1%	6,705,795	46.8%	\$27.50	65,565	(47,953)
Union	28	3,572,573	612,880	17.2%	986,404	27.6%	\$27.82	12,038	(135,650)
TOTAL	736	115,879,708	20,122,085	17.4%	30,850,946	26.6%	\$27.84	534,253	(1,946,942)
Central NJ	370	46,011,557	8,938,609	19.4%	14,394,518	31.3%	\$27.50	619,898	(116,335)
Northern NJ	366	69,868,151	11,183,476	16.0%	16,456,428	23.6%	\$28.12	(85,645)	(1,830,607)

*Includes all office buildings, 10,000 square feet and greater. Does not include owner-occupied facilities.



Monmouth and Mercer Counties continue to be bright spots in this gloomy market.

result, asking rents have dropped, although only by a small percentage, to their current average of \$27.50.

Monmouth and Mercer Counties continue to be bright spots in this gloomy market. The direct vacancy rates are running at 10.8 percent and 10.3 percent, respectively. Factoring in sublet space brings the total vacancy rate for these counties up to 15.6 percent and 14.7 percent, well below the average for the region. Asking rents are averaging \$23.92 in Monmouth County and \$25.05 in Mercer County.

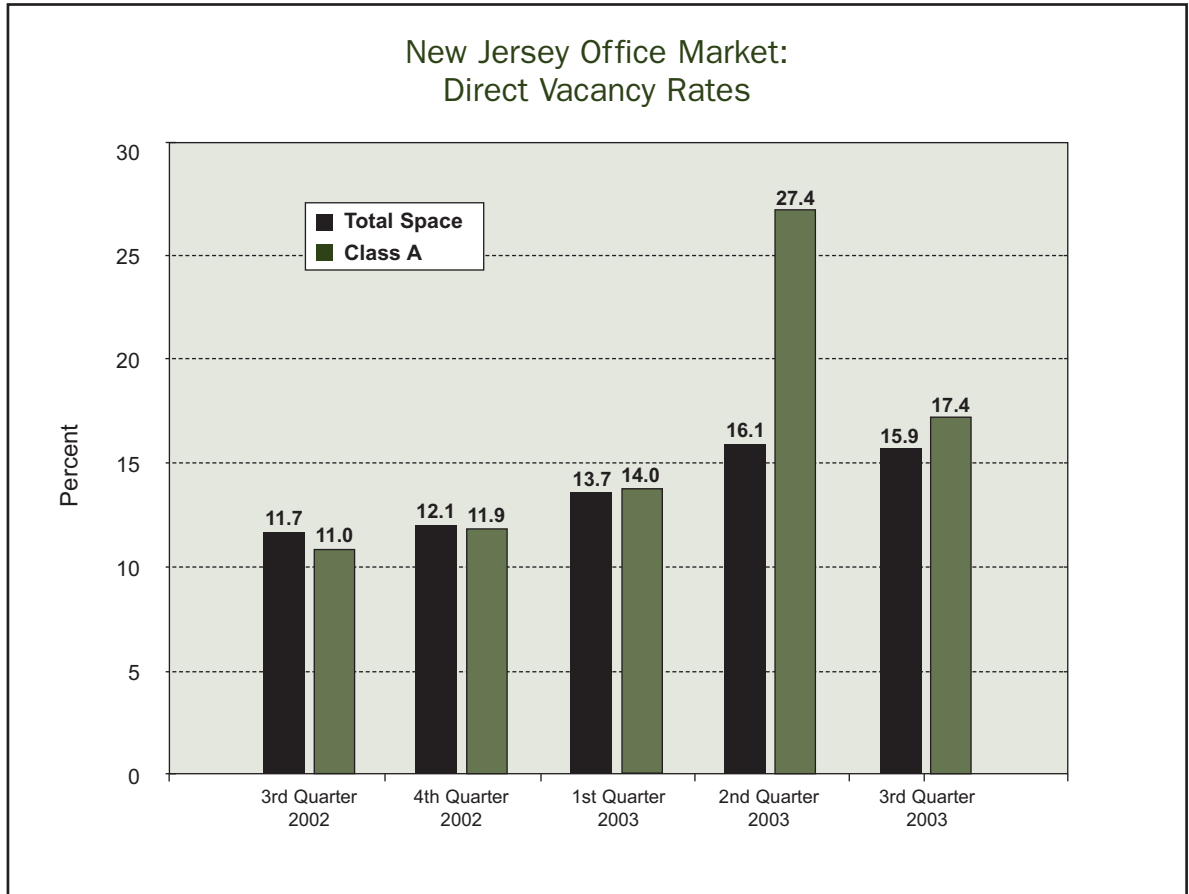
When examining Class A space, Monmouth County appears to be in a better position than many of the other counties, but it is not among those with the highest occupancy rates. Thirteen percent of inventory is available directly. Available Class A space increases to 23.3 percent when sublease space is factored in to the calculation. With asking rents averaging \$27.62, space in this county is a good deal.

Mercer and Hunterdon Counties maintain the lowest direct vacancy rates at 7.7 percent and 7.6 percent, respectively. Under these market conditions, Mercer County landlords are able to command a high average rent of \$30.07. Perhaps this prompted Brandywine Realty Trust's purchase of a 56,000 square-foot building in Lawrenceville from Northwestern National Casualty for \$5.3 million. In Hunterdon County, asking rents are averaging \$27.68.

Vacancies in Middlesex County remain relatively high—16.9 percent of space is available directly and 26.0 percent is available in total. However, the county experienced an improvement in Class A occupancy since June. Total vacancy dropped to 27.5 percent from 31.1 percent. As a result, asking rents are up slightly to \$26.83. Year-to-date absorption is positive for both the total market (123,962) and Class A space (435,212.) (*continued, p. 10*)

10 Good News, *continued*

. . . Essex County showed the most improvement over the previous quarter in terms of lowering its direct and total vacancy rates and the total amount of square footage available.



Morris County maintains the top position in terms of square feet available both directly (5.7 million) and with sublet (8.1 million.) Its vacancy rates, at 21.1 percent direct and 30.0 percent in total, are second only to those of Somerset County. One recent transaction is Warner Chilcott's lease of 42,000 square feet in Rockaway.

The office space markets in Bergen, Essex, Hudson, and Union Counties are experiencing similar patterns. Vacancies are historically high but have held steady over the past three months. Direct vacancy rates range from 12.2 percent in Hudson County to 14.8 percent in Bergen County. Total vacancy rates start at 15.6 percent in Essex County and reach 20.6 percent in Hudson County. Total Class A space vacancies vary from 15.9 percent in Essex County to 27.6 percent in Union County.

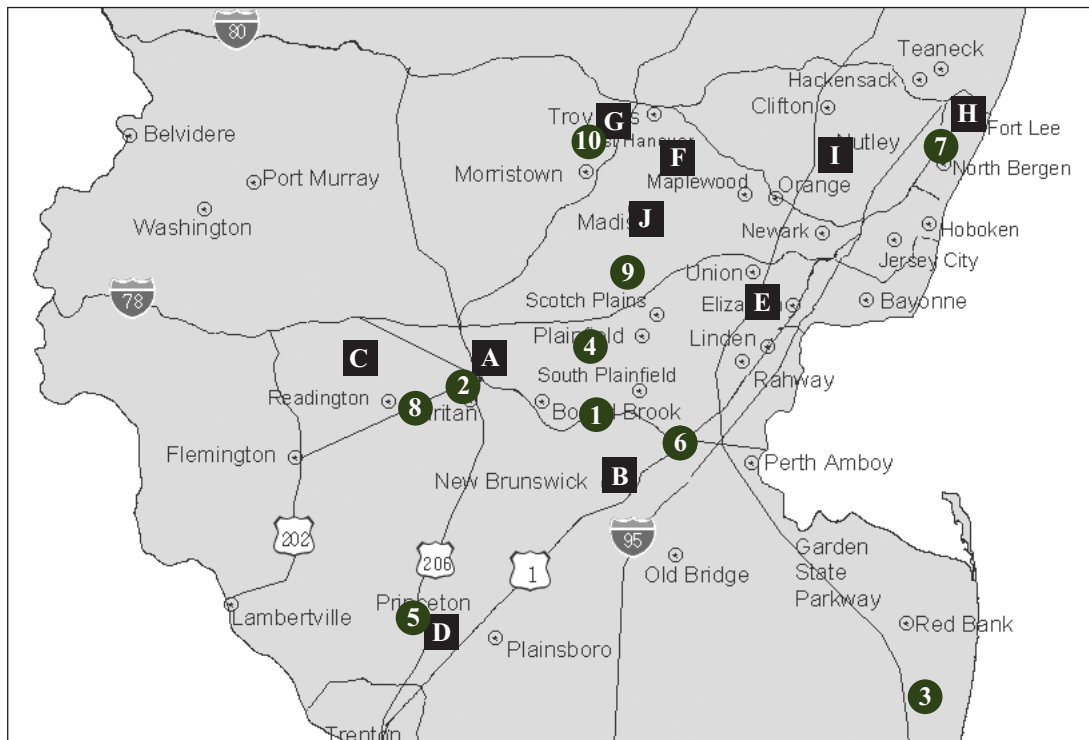
Considering all types of available space, Essex County showed the most improvement over the

previous quarter in terms of lowering its direct and total vacancy rates and the total amount of square footage available. The area saw a 17.1 percent decline in total available space, dropping to 4.3 million square feet, and a 15 percent decrease in its total vacancy rate. Bergen, Hudson, and Union Counties saw no significant change in vacancy rates since June.

Average asking rents are ranging from \$24.20 to \$28.36 and \$27.82 to \$30.23 for Class A space. Not surprisingly, the ideal location and economic incentives offered by Hudson County allow it to command premium rents. Recent activity in the area includes Mack-Cali's purchase of a 67,000 square foot building in Cranford, Union County, for \$8.3 million and an institutional investor's purchase of a 578,000 square-foot Harborside Financial building in Jersey City, Hudson County, for \$194 million. ■

Largest Pharmaceutical and Biotechnology Employers in New Jersey

According to the Biotechnology Council of New Jersey, the state has one of the world's highest concentrations of scientists and engineers per square mile.



■ Pharmaceutical Companies

● Biotechnology Companies

- | | | | |
|---------------------------|----------------------------|------------------------|----------------------------|
| A Aventis Pharmaceuticals | F Novartis Pharmaceuticals | 1 Amersham Biosciences | 6 New Brunswick Scientific |
| B Johnson & Johnson | G Pfizer | 2 Ortho Biotech | 7 Genzyme |
| C Merck | H Alpharma | 3 Osteotech | 8 LifeCell |
| D Bristol-Myers-Squibb | I Hoffmann-La Roche | 4 Celgene | 9 Genta |
| E Schering-Plough | J Wyeth | 5 Medarex | 10 Immunomedics |

13 percent of the nation's GDP. One segment of the pharmaceutical industry, biotechnology, is shaping up to be the runaway leader, growing even faster than the pharmaceutical industry itself. Business insiders predict that biotechnology, defined as the science of making products via the manipulation of biological organisms, will become this century's most dynamic business. Supporting this prediction is the fact that the top five biotechnology companies spent

approximately four times as much on research and development as the leading pharmaceutical companies just five years ago.

New Jersey, known as "the world's medicine chest," competes with other states for the placement of these desirable and growing pharmaceutical and biotechnology businesses. New Jersey ranks among the top destinations for these growing companies, offering an excellent labor pool, (*continued, p. 12*)

12 Cure, *continued*

first-rate research facilities, outstanding academic institutions, supportive government economic programs, and an established base of leading pharmaceutical and biotechnology companies. According to the Biotechnology Council of New Jersey, the state has one of the world's highest concentrations of scientists and engineers per square mile. It is not surprising that New Jersey has a worldwide reputation as a pharmaceutical industry leader.

Through the New Jersey Economic Development Authority (NJEDA), New Jersey offers a variety of support and incentive programs to encourage companies to locate facilities in the state. These programs include the Business Employment Incentive Program (BEIP) that allows new or expanding companies a grant of 10 to 80 percent on state income taxes; The New Jersey Seed Capital Program that provides loans of between \$25,000 and \$500,000; The New Jersey Technology Funding Program that provides loans of between \$100,000 and \$5 million in partnership with commercial banks to second-stage tech companies; and The Technology Business Tax Certificate Transfer Program that allows tax losses and credits to be converted into cash. These programs help strengthen New Jersey's position as a desirable location in which the pharmaceutical companies can thrive.

Biovail Pharmaceuticals Inc. recently decided to relocate office space to New Jersey. Formerly located in the competing pharmaceutical center Raleigh-Durham, North Carolina, the Canadian company will occupy 115,558 square feet on Route 202/206 in the heart of the struggling Somerset County office market.

According to Ken Howling, Vice President of Finance for Biovail Pharmaceuticals, the New Jersey office space provided an opportunity to consolidate

the offices of two recent acquisitions, but more importantly, it allowed BioVail to "have a presence in the 'Center of the Pharmaceutical Universe.'" BioVail plans to add 100 additional operations and product development employees in the coming year and the New Jersey location will allow BioVail to have access to a large pool of pharmaceutical executive talent to meet this need. Mr. Howling added, "The New Jersey site allows us to be in close proximity to our pharmaceutical partners and will allow us to tap an experienced work force as we grow."

Also in Somerset County, Technip-BioPharm is subleasing 38,000 square feet in Bernards Township. As pharmaceutical, and especially biotechnology companies, continue to grow, expand, and relocate to the Garden State, the commercial office space industry may experience some relief from its current ails. ■

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