



Photos courtesy of Gale International

**FOR MORE
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ADVISORY
BROKERAGE
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PROPERTY MANAGEMENT

Thank you for taking a moment to read our 1st edition of the Jackson Cross Partners Green Paper. The goal of the publication is to promote business efficiencies by providing you with information that aides in your reduction of occupancy costs, through "green" initiatives, as well as innovative cost reduction platforms.

GREENGONEGLOBAL

The "Green" City

By: Kyle O'Brien

It's 45,000 SF of "greenery" atop an office building in downtown Philadelphia that grows devoid of traditional soil, reduces summertime rooftop temperatures by 60-80 degrees, and cuts heating and cooling costs. It's PECO's green roof sitting upon their Headquarters in Philadelphia, and it's step one of a five year plan that implements numerous LEED designs and technology that make PECO more environmentally friendly, while reducing operational costs. It's a wonderful step in the right direction for the Philadelphia marketplace, but it's only the beginning of an exciting phase of development and redevelopment in our own backyard, whose pathway may be best brought to life through description of development taking place halfway around the world.

New Songdo City, located in South Korea and within the nucleus of Yellow Sea trade and industry, is a joint venture between Gale International and Posco E&C, and is leading the way in pursuit of LEED designation for the entire 1,500 acre city.

Scheduled for completion in 2014, New Songdo City is the world's largest sustainable development project, registering over 120 commercial and residential buildings for LEED certification.



Photos courtesy of Gale International

Reduce Occupancy Costs ASAP

By: Keith O'Brien

Real Estate is a cyclical industry. It is not always possible to take advantage of market swings, but there are definitive times when it makes sense to act, especially during a depressed economic cycle.

Jackson Cross has developed a process designed to "value engineer" Tenants' strategic real estate position in a single location or across a portfolio, providing the following immediate benefits: (a)Reduced Occupancy Costs (b)Renegotiation of nonmonetary lease terms (c)Increased operational efficiency through proactive reevaluation of space configuration and needs.

Most times companies will react to real estate needs based on expiration dates or space demands rather than market conditions. In today's commercial real estate market the average rental rate, including Landlord concessions, at which commercial leases are being executed has slid 10-20%, due to a drastic decline in new leasing activity.

A decline in new leasing activity, in tandem with a decline in rental rates, increased Landlord concessions, and costly retrofit costs for new tenants, provides a definitive opportunity for Tenant's to restructure current

leases with existing Landlords, generating a win-win outcome for both parties, but considerable opportunity for the Tenant to capitalize on the soft market, and the Landlord's risks.

For Landlords, restructuring a lease creates Tenant retention by extending the lease term, which reduces the risk of vacancy, thus preserving the building's equity

and net income during a down market. The alternative, building vacancy, results in lost revenues coupled with the need to invest new capital for releasing and retrofit costs, which range between \$25.00-\$40.00+ per square foot for a new Tenant.

In exchange for an extended lease term, typically three to five years outside of the Tenant's current term, Tenants are provided the opportunity to renegotiate financial terms (rental rate, rent escalations, base year, operating expense caps, tenant improvement allowance, free rent concession, etc.), non-financial lease terms, and proactively reevaluate the operational efficiency of the current space configuration and needs, which may result in additional savings.

A successful end result for the Tenant is dependent upon an organized approach of the Landlord, the demonstration of sound financial logic, and comprehensive market information that supports the Tenant's case. ■

**" Opportunity for
Tenants to capitalize
on a soft market. "**

The city will employ 300,000 people in its forty-five million square feet of office space, house 65,000 people in it's

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OFFICE MARKET STATISTICS

Ending Q1 2009

Market	Inventory/Existing		Vacancy			YTD Net Absorption	YTD Deliveries	SF Under Const	Asking Rates
	# Bldgs	Total RBA	Direct SF	Total SF	Vac %				
Philadelphia CBD									
Market Street West	157	35,358,629	3,230,309	3,835,989	10.8%	(173,905)	0	0	\$25.75
Market Street East/Indep Hall	110	16,973,116	1,245,800	1,298,075	7.6%	(91,552)	0	0	\$22.75
Pennsylvania Suburbs									
Delaware County	336	10,496,277	1,434,298	1,490,865	14.2%	79,418	40,477	0	\$23.75
Lower/Central Bucks	337	8,936,174	1,441,402	1,514,036	16.9%	(16,036)	12,600	754,131	\$23.50
Upper Bucks	145	2,047,074	281,913	297,946	14.6%	(17,239)	0	0	\$22.75
Bala Cynwyd	49	3,077,720	337,250	411,168	13.4%	12,831	0	0	\$31.00
Conshohocken	92	4,239,352	334,016	445,876	10.5%	44,377	0	0	\$30.25
Plym Mtg/Blue Bell	149	7,144,490	1,083,662	1,133,671	15.9%	(13,072)	0	0	\$24.25
FtWash/Springhouse	100	4,150,548	634,454	684,700	16.5%	(49,951)	0	154,662	\$22.00
Horsham/Willow Grove	231	10,327,886	1,179,320	1,477,995	14.3%	(1,735)	0	0	\$22.50
King of Prussia/Wayne	253	13,067,907	1,645,993	1,896,250	14.5%	(9,361)	0	0	\$26.25
Radnor/Main Line	189	5,609,422	689,085	762,588	13.6%	(131,472)	0	0	\$29.00
Exton/Whitelands/WChester	464	13,387,999	1,289,619	1,362,813	10.2%	(22,597)	24,400	369,420	\$24.50
Norristown/Valley Forge	154	4,167,736	940,199	1,002,718	24.1%	26,624	14,300	27,000	\$22.00
Southern New Jersey									
Burlington County	349	11,702,898	1,344,399	1,562,823	13.4%	64,811	0	38,000	\$20.50
Camden County	430	9,586,544	1,279,886	1,335,458	13.9%	(38,827)	20,482	65,800	\$19.00
Gloucester County	149	1,692,341	214,290	214,290	12.7%	85,594	70,140	275,763	\$18.00
New Castle County, Delaware									
Wilmington, CBD	122	9,956,792	1,645,877	1,666,156	16.7%	46,044	0	0	\$24.00
New Castle County Suburbs	380	15,245,486	1,787,510	1,978,627	13.0%	(9,528)	0	73,500	\$23.75
Lehigh Valley	513	17,113,937	2,065,754	2,179,845	12.7%	127,493	59,041	130,000	\$20.50
Total	4,709	204,282,328	24,105,036	26,551,889	13.0%	(88,083)	241,440	1,888,276	\$23.50

Source: CoStar Property®

"The Green City"

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thirty million square feet of residential space, will allocate fifteen million square feet for hotel/hospitality and retail, and ten million square feet for open/green space.

Songdo City's sustainable design has six goals of foremost importance; maximization of open/green space, effective transportation, water conservation, reduction of carbon emissions & energy efficiency, innovative recycling measures, and sustainable city operations.

Songdo City has incorpo-

rated 600 acres of open space (parks, trails, golf courses and other) utilizing low water demand native plants, which promote public gathering areas and walking/biking corridors, as well as a higher quality of life to residents.

Access to the city's amenities is quite accommodating due to its pedestrian-friendly design and lack of parking, which reduces traffic and carbon emissions, while promoting its easily accessible bus service, bicycle paths/lanes, subway, and water taxi. The minimal parking that is available will be located underground or under a canopy to reduce the urban heat island effect and to capitalize on open space. The design of the city focuses largely on reducing potable water consumption

by as much as 40%. Potable water used for irrigation will be reduced by creating efficient landscape design, capable irrigation systems, and the re-use of treated grey water and storm water. Storm water runoff will be reduced through the use of vegetated/green roofs which will also reduce the urban heat island effect, resulting in savings in heating and cooling costs. Energy efficient lights, pumps and motors as well as a centralized waste collection system, eradicating the need for waste removal vehicles, will cover the cities footprint.

Recycled, locally produced, and low-VOC (volatile organic compounds) materials will be used as frequently as possible in construction, as well as within public goods. Facilities manage-

ment and maintenance contracts will implement recycling guidelines and sustainable procurement goals.

The design of New Songdo City provides for long term sustainable growth due to its centralized location, and environmentally sound policies. These policies have a direct impact on the environment, as well as operational costs for residents and businesses, all while producing desirable amenities that draw a growing population. The benefit to using green principles in development and re-development go beyond environmental cognizance, they provide short term and long term financial benefits, while attracting new residents and businesses, all of which add to the vitality of our economies.

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