News Release

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WCRE REPORT: NEW INVESTMENT, SMALL BUSINESS EXPANSION STRENGTHEN SOUTHERN NEW JERSEY COMMERCIAL REAL ESTATE MARKET

July 8, 2014 – Marlton, NJ – The Southern New Jersey office market seems to have shifted from recovery mode toward the first steps of real growth, according to the latest analysis by Wolf Commercial Real Estate (WCRE). The firm's quarterly market report finds a mix of mostly positive trends during the second quarter, making for an overall bullish tone in the market for 2014. The CRE market was very busy during the quarter, bouncing back from the setbacks imposed by the harsh winter to reclaim another portion of vacancy and set up a healthy pipeline of deals that are expected to close later in the year.

There were approximately 310,493 square feet of new leases and renewals executed in Burlington, Camden, and Gloucester Counties during the second quarter, including several large spaces, ranging in size from 6,000 to 44,000 square feet. Notably, expansions and new deals remained strong this quarter, representing 52 percent of all transactions. Net absorption for the quarter was approximately 112,368 sf, and prospect activity was extremely active, with a pipeline of approximately 350,000 square feet of pending deals expected to close during the third quarter.

“Vacancy rates continue to fall, and conditions in our region have improved to the point where we expect to see them fall even further,” said Jason Wolf, founder and principal of WCRE. “We're seeing lower unemployment, including gains in office jobs, and a general boost in small business confidence, which is fueling expansion.”

The report noted that for the second straight quarter, many of the subject properties were located in prime 3M locations within Burlington County, and that the tightening of those areas was causing demand to shift toward vacancies in Camden County.

Other office market highlights from the report:

- Both Burlington County and Camden County saw significant decreases in vacancy this quarter, though Burlington continued to maintain a markedly lower vacancy rate than Camden, at 9.1 percent compared with Camden's 18.1 percent.

- Average rents for Class A & B product continue to show strong support in the range of $11.00-$14.00/sf NNN or $21.00-$24.00/sf gross, with an overall market average showing strong support in the $10.00-$12.00/sf NNN or $20.00-$22.00/sf gross for the deals completed during the first quarter. This is essentially unchanged from the previous quarter.

- New lease activity for Q1 is in the range of approximately 161,316 square feet of new deals and/or expansions and approximately 149,177 square feet of renewals.

- All of the major private owners and REITS showed a significant increase in prospect activity for the quarter, and all continue to remain cautiously optimistic for 2014.

WCRE also reported on the local retail market, where the news is quite bright for Center City Philadelphia, but less so for Southern New Jersey. Highlights from the retail section of the report include:

- Several major retailers are moving into large Center City spaces, including Nordstrom Rack, Forever 21, and American Eagle Outfitters.

- Southern New Jersey welcomed a new Whole Foods and saw a new outlet center break ground in Deptford, but there are some troubled centers amid those still experiencing growth.

- Overall retail vacancy in the tri-county area is at 15.7%, up for the second straight quarter..

- Class A retail product rental rates continue to show strong support in the range of $30.00-$40.00/sf NNN, which is essentially unchanged from the previous several quarters.

- Class B product shows support in the range of $15.00-$25.00/sf NNN, which is also unchanged.

The full report is available upon request.

About WCRE

WCRE is a full-service commercial real estate brokerage and advisory firm specializing in office, retail, medical, industrial and investment properties in Southern New Jersey and the Philadelphia region. We provide a complete range of real estate services to commercial property owners, companies, banks, commercial loan servicers, and investors seeking the highest quality of service, proven expertise, and a total commitment to client-focused relationships. Through our intensive focus on our clients' business goals, our commitment to the community, and our highly personal approach to client service, WCRE is creating a new culture and a higher standard. We go well beyond helping with property transactions and serve as a strategic partner invested in your long term growth and success.

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