



News Release

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WCRE THIRD QUARTER REPORT: BUSINESS EXPANSION, NEW PROPERTY OWNERSHIP FUEL SOUTHERN NEW JERSEY COMMERCIAL REAL ESTATE MARKET

October 6, 2014 – Marlton, NJ – Continuing a trend first noted during the second quarter, the Southern New Jersey commercial real estate market appears to be shifting from recovery to growth, according to the latest analysis by Wolf Commercial Real Estate (WCRE). The firm's third quarter market report finds mostly positive trends during the third quarter. The CRE market continued building upon positive trends seen in the previous quarters, with increases in new leases and renewals, as well as further positive absorption of vacant properties.

There were approximately 398,778 square feet of new office 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 nearly 37,000 square feet. Expansions and new deals continued to pick up steam this quarter, representing 54 percent of all transactions, an uptick from the 52 percent represented in the second quarter. Positive absorption for the quarter was approximately 137,366 sf, an increase of more than 20 percent from the second quarter. Finally, there are approximately 530,000 square feet of pending deals expected to close by the end of the year or early 2015. While this is quite a large figure, four major pending transactions account for about 300,000 square feet.

"The market's fundamentals continue to strengthen, and it seems like the economy has found its footing after a prolonged period of recovery," said Jason Wolf, founder and principal of WCRE. "We're still a long way off from pre-recession levels, but hiring is up, office employment is up, and businesses are showing signs of expansion, all of which bodes well for the commercial real estate market."

The report noted that the prime 3M locations within Burlington County continue to outpace the rest of the region, and that the tightening of those areas is causing demand to shift toward vacancies in Camden County. This is a trend that has been underway all year.

Other office market highlights from the report:

- The vacancy rate for the third quarter stood at 14.2 percent.
- Average rents for Class A & B product continue to show strong support in the range of \$10.00-\$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. This is essentially unchanged from the previous quarter.

- New lease activity for Q3 is in the range of approximately 215,794 square feet of new deals and approximately 182,984 square feet of renewals and/or expansions. Both figures represent increases over the previous quarter.
- In the report's only bit of concern, all of the major private owners and REITS reported a noticeable slowdown in prospect activity for the quarter, though this may have been attributable to the expected summer slowdown.

WCRE also reported on the local retail market, where Southern New Jersey seems to have bounced back from a slow spring. Highlights from the retail section of the report include:

- Retail sales figures for the region were buoyed by an increase in tourism, which helped maintain slight growth.
- Overall retail vacancy in the tri-county area is at 15.1 percent, which is down about half a point from the second quarter. This is a particularly good sign, as vacancy had been ticking up for the first half of the year.
- 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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