



News Release

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REPORT: FOURTH QUARTER CAPS A YEAR OF MOSTLY SOLID GROWTH IN SOUTHERN NEW JERSEY COMMERCIAL REAL ESTATE

WCRE Finds Strengthening Fundamentals Throughout 2013, Hinting at a Strong 2014

January 7, 2014 – Marlton, NJ – Though there was some moderation in leasing activity in the fourth quarter of 2013, overall the year was a strong one for commercial real estate that likely paved the way for an even better 2014, WCRE said in its latest quarterly analysis. The report by the Southern New Jersey firm noted many positive trends during the fourth quarter and the year, with the market again proving its resiliency.

“Total leasing activity was slightly off this quarter compared with the fourth quarter of 2012, but we saw 14.5% growth in activity in our market in 2013,” said Jason Wolf, founder and principal of WCRE. “As exciting as it is to report this surge, based on the conditions in place, we expect 2014 to be even stronger.”

According to WCRE, the fourth quarter featured a very busy market, with further stabilization of rents, a pending mega-deal for a 24-building office/flex portfolio, and a great deal of prospecting setting up a high number of transactions that will consummate in the early part of the new year. There were approximately 374,121 square feet of new leases and renewals executed in the three counties surveyed, which was a decline of nearly 1.7% compared to the fourth quarter of 2012. But for the year WCRE reported +/- 1,625,190 square feet of total activity, compared to +/-1,419,276 square feet in 2012. Notably, expansions and new deals remained strong this quarter, with net absorption at approximately 102,294 sf.

The report noted that strong demand in the local market has been powered in part by the continuing nationwide economic rebound. The stock market achieved several record high closes, finishing the year up 26%, and both New Jersey's and the nation's unemployment rates improved. New Jersey's unemployment rate closed the fourth quarter at 7.8%, falling nearly two full points over the course of the year. The national unemployment rate stood at 7% as the year ended.

The two most noteworthy developments in the quarterly report were the further reduction of the region's vacancy rate, which now is down to approximately 15%, and Liberty Property Trust's (NYSE: LRY) announcement that its entire office/flex portfolio in the region was put under agreement. The portfolio comprises 1,188,285 square feet in 24 buildings. Other office market highlights from the report:

- 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 \$11.00-\$11.50/sf NNN or \$21.00-\$21.50/sf gross for the deals completed during the fourth quarter. This is essentially unchanged from the previous quarter.

- Moorestown, Marlton and Mount Laurel (3M) continue to show strength, while a large share of the region's vacancies remain in Voorhees, Pennsauken, and the west side of Cherry Hill. Burlington County continued to maintain a significantly lower vacancy rate than Camden County.
- There was a very active pipeline of deals that will be completed soon, covering approximately 400,000 sf.
- All of the major private owners and REITS showed a significant increase in prospect activity for the quarter, and are all cautiously optimistic for 2014.

WCRE also reported on the local retail market, noting that even amid weak holiday sales figures, retail leasing activity in the region was strong, with owners cautiously optimistic. Highlights from the retail section of the report include:

- Overall retail vacancy in the tri-county area is hovering around 10.7%, marking tremendous improvement from the end of 2012, when it was hovering in the 17-18% range.
- Class A retail product rental rates continue to show strong support in the range of \$30.00-\$40.00/sf NNN.
- Class B product shows support in the range of \$15.00-\$23.00/sf NNN.

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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