



News Release

951 Route 73 North | Suite D
Marlton, NJ 08053
P 856 857 6300 | F 856 283 3950
www.wolfcre.com

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Contact: Andrew Becker
Phone: 856.449.5220
Email: andrew.becker@wolfcre.com

WCRE SECOND QUARTER REPORT: 2015 CONTINUES HOT STREAK *New Investments, Large Deals, and Redevelopment Plans Keep the Southern New Jersey CRE Market Going Strong*

July 7, 2015 – Marlton, NJ – Commercial real estate brokerage WCRE reported in its latest quarterly analysis that 2015 has seen the market transition from humming along to starting to step on the gas. During the second quarter, several large renewals and new leases were completed, planned relocations and developments were announced, and GROW NJ drew yet more interest in Camden.

“This has been another quarter marked by business expansion and improving job growth,” said Jason Wolf, founder and managing principal of WCRE. “The tone in our region continues to be optimistic, shored up by increasing demand, and a lending climate that remains favorable.”

The report details relocation plans by some of the area's major employers, such as New Jersey American Water and Subaru, and addresses concerns about the vacancies relocating companies will leave behind. It also examines ongoing REIT repositioning, and an influx of demand for office space from investors based outside the region.

According to WCRE, the second quarter posted approximately 1,038,801 of new leases and renewals executed. This is more than triple the total square feet of transactions that closed during the second quarter a year ago. Several large transactions contributed to this spike in deal activity. New tenant leases consisted of approximately 289,432 square feet, and renewals and expansions made up approximately 749,369 square feet. New leasing activity represented approximately 27.9% of all deals for the first quarter. Overall, gross absorption for Q2 is in the range of approximately 248,684 square feet. In addition to the consummated deals, there is a pipeline of approximately 250,000 square feet of significant pending lease deals expected to close in the near term.

Other office market highlights from the report:

- Overall vacancy in the market continues to drop, and is now down to approximately 12.9 percent, an improvement of more than half a point over the previous quarter.
- 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-\$13.00/sf NNN or \$20.00-\$23.00/sf gross for the deals completed during the quarter. Rents have remained stable.
- All of the major private owners and REITS showed moderate leasing and prospect activity for the quarter – with Burlington County vacancies tightening up, many larger vacancy

opportunities are also shifting towards Camden County, which is not controlled by these ownership entities.

- Enticed by low interest rates that make the cost of ownership more attractive than leasing, many mid-size businesses are acquiring properties and becoming owner-occupants.

WCRE also reported on the local retail market, noting that the job market and lending environment have contributed to a retail development renaissance, bringing new restaurants, healthcare facilities, banks, and stores to many of the major markets across the Philadelphia-Southern New Jersey region.

“Retail sales, consumer confidence, and employment figures are all on an upswing, and all of these factors have positively influenced the retail CRE market in Philadelphia and South Jersey,” said Leor Hemo, executive vice president of WCRE.

Highlights from the retail section of the report include:

- Overall retail vacancy in the tri-county area is hovering around 10.5%, which is unchanged from the first quarter, but is still encouraging compared to recent years.
- Class A retail product rental rates continue to show strong support in the range of \$30.00-\$40.00/sf NNN, as rents have remained stable.

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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