



## News Release

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### FOR IMMEDIATE RELEASE

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## WCRE THIRD QUARTER REPORT: LOCAL MARKET REMAINS STEADY DESPITE NATIONAL ECONOMIC VOLATILITY

*Strong Employment Figures, Healthcare and Insurance Expansions Keep the Southern New Jersey CRE Market Moving*

**October 6, 2015 – Marlton, NJ** – While the national economy was affected by turmoil in the global markets, the Southern New Jersey commercial real estate market continued its progress for another quarter, according to the latest quarterly analysis from commercial real estate brokerage WCRE. An expected summer slow-down did slow the pace of transactions, but overall growth, expansion, and positive absorption stayed on track. Healthcare, insurance, financial services, defense contracting, and technology companies led the way.

“As in the past several quarters, we saw a healthy volume of transactions due to business expansion and improving job growth during the third quarter,” said Jason Wolf, founder and managing principal of WCRE. “We also saw an uptick in deal activity among small and mid-size businesses, which is welcome good news that the market had been waiting for.”

The report details many factors contributing to continued strength in the market, including large and small lease deals, the beginning of new construction activity, several investment acquisitions of office properties, and continued repositioning among the area's REITs. It also covers the latest coup for the GROW NJ program, a recently announced 1.7 million square-foot mixed use development along the waterfront in Camden, NJ.

According to WCRE, the third quarter posted approximately 477,983 of new leases and renewals executed. This is a nearly 20 percent improvement over the third quarter a year ago. New tenant leases consisted of approximately 280,360 square feet, and renewals and expansions made up approximately 197,623 square feet. New leasing activity represented approximately 58.7% of all deals for the quarter. Overall, gross absorption for Q3 is in the range of approximately 233,610 square feet. In addition to the consummated deals, there is a pipeline of approximately 350,000 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 12.15 percent, an improvement of three quarters of a point over the previous quarter. Vacancy in Burlington County is now down to 8 percent, while in Camden County it stands at 16.3 percent.
- The majority of leasing activity for the third quarter was comprised of deals ranging in size from 3,000-80,000 square feet.

- Average rents for Class A & B product continue to show strong support in the range of \$10.00-\$13.00/sf NNN or \$21.00-\$23.00/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.

WCRE also reported on the local retail market, finding moderate growth amid repositioning by major retailers and a few big events in our region. The biggest news was the opening of the Gloucester Premium Outlets in Blackwood, NJ in August, which features 90 retailers. The report also covers major moves involving PNC, Cheesecake Factory, Walgreens, and A&P Supermarkets.

“Even with major retailers like Macy’s and Walgreens shuttering under-performing locations nationwide, malls and outlets report steady consumer traffic and moderate growth, which is likely fueled by the rebound in the labor market,” 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 10.4%, which is virtually unchanged from the previous two quarters, 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 throughout the year to date.

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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