



News Release

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WCRE SECOND QUARTER REPORT: SOUTHERN NEW JERSEY & PHILLY CRE MARKETS SEE MODERATE GAINS WHILE WAITING FOR ANTICIPATED BENEFITS FROM TAX REFORM LAW

July 11, 2018 – Marlton, NJ – Commercial real estate brokerage WCRE reported in its latest quarterly analysis that the Southern New Jersey market remains in good shape, making moderate gains and showing strong fundamentals. The firm believes the market may be poised for strong growth as benefits of the new tax law begin to materialize.

“Our market continues to show quiet strength and may take off as consumers and businesses feel the effects of lower tax rates,” said Jason Wolf, founder and managing principal of WCRE. “We expect the new law to be a net positive for overall economic growth in 2018 and be especially beneficial to the commercial real estate industry.”

There were approximately 303,656 square feet of new leases and renewals executed in the three counties surveyed (Burlington, Camden and Gloucester), which was a gain of about 10 percent over the previous quarter. Leasing picked up, and the sales market stayed active, with about 1.46 million square feet on the market or under agreement and an additional 317,961 square feet trading hands.

New leasing activity accounted for approximately 61.4 percent of all deals. Overall, net absorption for the quarter was in the range of approximately 253,000 square feet.

Other office market highlights from the report:

- Overall vacancy in the market is now approximately 10.4 percent, which is nearly one point better than the previous quarter.
- Average rents for Class A & B product continue to show strong support in the range of \$10.00-\$15.00/sf NNN or \$20.00-\$25.00/sf gross for the deals completed during the quarter. These averages have stayed near this range for most of 2018, though they are trending a bit higher.
- Vacancy in Camden County improved dramatically, to 11.6 percent for the quarter.
- Burlington County vacancy was at 9.2 percent, which was also lower than the first quarter.

WCRE has expanded into southeastern Pennsylvania, and the firm's quarterly reports now include a section on transactions, rates, and news from Philadelphia and the suburbs. Highlights from the second quarter in Pennsylvania include:

- Philadelphia's office market vacancy rate was unchanged during Q2 2018. Though positive absorption was 547,339 square feet, a 20 percent improvement over the first quarter. Vacancy rates for Class A properties stood at 10.5 percent, while Class C properties had vacancy of 5.5 percent.
- Average asking rent across all office property classes in the Philadelphia market was \$22.72/SF in the second quarter. Within the CBD it was \$29.64/SF.
- There are about 3.8 million square feet of office space currently under construction in Philadelphia. During the second quarter 590,632 new square feet became available via completed new construction.
- Philadelphia's retail market is moving in the right direction. Average asking rents have jumped the past few quarters, net positive absorption was 909,884 square feet, and retail vacancy rates ticked down to 4.4 percent.
- Industrial vacancy in Southeastern Pennsylvania was down to 5.6 percent. The market saw positive net absorption of more than 6.6 million square feet.

WCRE also reports on the Southern New Jersey and Philadelphia retail market. The second quarter saw a drop in consumer confidence as well as a generally positive outlook for consumer spending, buoyed by a strong job market. Other highlights from the retail section of the report include:

- Retail vacancy in Camden County stood at 7.7 percent, with average rents in the range of \$13.75/sf NNN.
- Retail vacancy in Burlington County stood at 9.8 percent, with average rents in the range of \$14.59/sf NNN.
- Retail vacancy in Gloucester County stood at 7.4 percent, with average rents in the range of \$14.74/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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