



News Release

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WCRE FIRST QUARTER 2019 REPORT: MODEST GAINS CONTINUE IN SOUTHERN NEW JERSEY & PHILLY CRE MARKETS

Another Solid Quarterly Performance Despite Ongoing Political Uncertainty

April 9, 2019 – Marlton, NJ – Commercial real estate brokerage WCRE reported in its analysis of the first quarter of 2019 that the Southern New Jersey and Southeastern Pennsylvania markets continued to show overall solid fundamentals, buoyed by new investments from outside the region and economic inflows to support local expansions. Leasing, net absorption, and prospecting activity all were up in the first quarter, while sales dipped slightly.

“We’ve been in this cycle for several years at this point, with steady growth supported by strong fundamentals,” said Jason Wolf, founder and managing principal of WCRE. “The financial markets and political climate have been somewhat less predictable, but commercial real estate has performed very reliably, and we believe will continue to do so.”

There were approximately 373,362 square feet of new leases and renewals executed in the three counties surveyed (Burlington, Camden and Gloucester), which was an increase of 10 percent over the previous quarter. The sales market stayed active, too, with about 1.59 million square feet on the market or under agreement. Sales were active, with \$24.7 million totaling approximately 186,000 square feet.

New leasing activity accounted for approximately 50 percent of all deals for the three counties surveyed. Overall, gross leasing absorption for the first quarter was in the range 411,000 square feet, an increase of 30 percent over the fourth quarter.

Other office market highlights from the report:

- Overall vacancy in the market is now approximately 11.60 percent, which is 65 basis points higher 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 stayed near this range throughout 2018 and have remained there into 2019.
- Vacancy in Camden County dropped to 11.1 percent for the quarter, which is an improvement of 40 basis points compared to the fourth quarter.
- Burlington County's vacancy jumped to 12.1 percent after two straight quarters at 10.4 percent. Burlington was impacted by several large blocks of space returning to the market.

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 first quarter in Pennsylvania include:

- The vacancy rate in Philadelphia's office market moved to 9 percent, up from 7.8 percent at the end of the year. The market's vacancy rate is at a 17-year low and below that of other major markets. Despite this cooling off, demand for office space remains strong, and vacancy in Philadelphia is still below other major cities.
- Net office space absorption in Philadelphia was 1.1 square feet for the quarter.
- The industrial sector in Philadelphia remains very strong, though there may be signs of slowing down a bit. The first quarter saw a further decrease in vacancy rates, to 5.1 percent, but net absorption was off, at 4.7 million square feet.
- Philadelphia retail is treading water to avoid a major spike in vacancy. The vacancy rate ticked down two tenths of a point, to 4.3 percent, while net absorption was positive at 161,406 square feet after two straight quarters in negative territory.

WCRE also reports on the Southern New Jersey retail market. Highlights from the retail section of the report include:

- Retail vacancy in Camden County dropped to 5.8 percent, with average rents in the range of \$16.25/sf NNN.
- Retail vacancy in Burlington County increased to 7.9 percent, with average rents in the range of \$13.10/sf NNN.
- Retail vacancy in Gloucester County stood at 8.1 percent, with average rents in the range of \$13.75/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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