



News Release

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WCRE THIRD QUARTER 2019 REPORT: SOLID FUNDAMENTALS, BUT MODEST GAINS IN SOUTHERN NEW JERSEY & PHILLY CRE MARKETS

Favorable Economic Conditions Expected to Continue into 2020

October 8, 2019 – Marlton, NJ – Commercial real estate brokerage WCRE reported in its analysis of the third quarter of 2019 that the Southern New Jersey and Southeastern Pennsylvania markets continued to show modest gains, continued investments, and overall solid fundamentals. Sales volume and prospecting activity held steady, leasing was up in Camden County, and especially in Cherry Hill, but dipped for the region overall. Gross leasing absorption was positive but trending lower quarter over quarter.

“We are in a continuing period of a strong economy with low unemployment. This has supported a long streak of slow, steady growth supported by strong fundamentals,” said Jason Wolf, founder and managing principal of WCRE. “Although a given indicator might fluctuate one quarter to the next, commercial real estate in this region remains strong, and there is reason to stay optimistic.”

There were approximately 266,867 square feet of new leases and renewals executed in the three counties surveyed (Burlington, Camden and Gloucester), which was a decrease of seven percent compared to the previous quarter. The sales market increased, with about 1.67 million square feet on the market or under agreement. However, completed sales slowed to approximately 329,769 square feet trading hands, less than half the previous quarter, which had been notably active.

New leasing activity accounted for approximately 36 percent of all deals for the three counties surveyed. Overall, gross leasing absorption for the third quarter was in the range 70,000 square feet, down from 150,000 in the second quarter.

Other office market highlights from the report:

- Overall vacancy in the market is now approximately 11.50 percent, which is a slight uptick from the previous quarter. This is still near a 20-year low.
- 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 hovered near this range for more than a year.
- Vacancy in Camden County dropped slightly to 11.1 percent for the quarter, back to where it stood in the first quarter.
- Burlington County's vacancy stood at 11.9 percent, increasing 40 basis points. Burlington's vacancy rate jumped earlier in the year due to 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 third quarter in Pennsylvania include:

- The vacancy rate in Philadelphia's office market dropped slightly to 8.6 percent, the second consecutive quarter to post a decrease of two tenths of a percent. The office vacancy rate is still near a 20-year low, and below that of comparable major cities.
- The industrial sector in Philadelphia remains very strong. The third quarter saw vacancy rates virtually unchanged, at 5.0 percent, while net absorption was constrained by a shrinking volume of available space. Rent growth of 6.0 percent has far exceeded long-term average of 1.7 percent.
- Philadelphia retail is so far avoiding a major spike in vacancy due to the shift toward e-commerce. Rising wages and low unemployment are fueling retail spending, buoying the CRE market. The vacancy rate inched up to 4.7 percent, while net absorption was negative 562,000 square feet over the last twelve months.

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

- Retail vacancy in Camden County jumped to 6.9 percent from 5.7 percent in Q2. While average rents increased in the range of \$17.05/sf NNN.
- Retail vacancy in Burlington County ticked up very slightly, to 7.6 percent, with average rents in the range of \$12.68/sf NNN.
- Retail vacancy in Gloucester County dropped to 7.4 percent, with average rents in the range of \$13.41/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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