



News Release

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WCRE SECOND QUARTER 2020 REPORT: UNDER SEVERE CORONAVIRUS RESTRICTIONS, THE SOUTHERN NEW JERSEY & PHILLY CRE MARKETS STILL OUTPERFORMED EXPECTATIONS

Despite Widespread Lockdowns, Closures, and Uncertainty, the Market Showed Strength

July 9, 2020 – Marlton, NJ – Commercial real estate brokerage WCRE reported in its analysis of the second quarter of 2020 that the Southern New Jersey and Southeastern Pennsylvania markets held their own amid the most uncertain quarter in recent history. The coronavirus pandemic has upended every aspect of life and deeply impacted the economy. Still, quarterly CRE performance indicators showed some positive news, even as the effects of the crisis began taking hold. Vacancy rates across every property type remained low, and the sales market stayed active.

“In the face of global calamity, and under severe but necessary restrictions, the CRE market in our area showed strong fundamentals and resiliency,” said Jason Wolf, founder and managing principal of WCRE. “The performance was a mixed bag, but we saw sufficient reasons for optimism.”

There were approximately 277,716 square feet of new leases and renewals executed in the three counties surveyed (Burlington, Camden and Gloucester), which was a drop of 26% from the previous quarter. New tenant leases comprised approximately 129,569 square feet, or approximately 46.7% of all deals for the three counties surveyed. To help compare Q2 2020 vs Q2 2019, there were approximately 286,707 square feet of new leases and renewals executed during the same time period a year ago,

Other office market highlights from the report:

- Overall vacancy in the market is now approximately 11.5 percent, which is a slight uptick from the previous quarter, but still not far off from a 20-year low.
- Average rents for Class A & B product remain unchanged, as they 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 increased a full point to 12.6 percent for the quarter.
- Burlington County's vacancy further dropped to 10.4 percent after dropping more than a point during 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:

- The vacancy rate in Philadelphia's office market dropped slightly to 8.5 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. Q2 saw vacancy rates at 5.5 percent, only slightly higher than the previous quarter. Net absorption dropped about 20 percent, to 4.3 million SF, which was still strong. Rent growth jumped again, to 5.3 percent. Rent growth for the past few quarters has far exceeded the long-term average of 1.7 percent.
- Retail may be most at risk from the crisis. Rising wages and low unemployment had been fueling retail spending, buoying the CRE market. But with unprecedented job loss and many businesses temporarily shuttered by stay-home orders, retail will bear the brunt. The vacancy rate inched up to 5.0 percent, while net absorption was negative 546,300 square feet over the last twelve months. These figures may well become more dire in Q2, as the true economic effects of the pandemic take hold.

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 5.4 percent from 6.2 percent in Q1. While average rents fell slightly to the range of \$17.20/sf NNN.
- Retail vacancy in Burlington County dropped to 7.6 percent, with average rents in the range of \$12.14/sf NNN.
- Retail vacancy in Gloucester County ticked down to 12.4 from after posting a major increase in Q1, with average rents in the range of \$14.21/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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