



News Release

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WCRE THIRD QUARTER 2020 REPORT: THE SOUTHERN NEW JERSEY & PHILLY CRE MARKETS HEAT UP QUICKER THAN EXPECTED AFTER PANDEMIC-FUELED CHALLENGES

Economic Recovery Lost Steam Through the Quarter, But Leasing Activity was Strong

October 8, 2020 – Marlton, NJ – Commercial real estate brokerage WCRE reported in its analysis of the third quarter of 2020 that the Southern New Jersey and Southeastern Pennsylvania markets outperformed expectations tempered by the ongoing coronavirus pandemic. While the crisis reverberated through the economy and daily life, quarterly CRE indicators throughout the region showed resiliency and even some cause for muted optimism.

“Uncertainty is high, of course, and will remain high unfortunately, but an economy that seemed to be recovering delivered some good news in our markets,” said Jason Wolf, founder and managing principal of WCRE.

There were approximately 596,873 square feet of new leases and renewals executed in the three counties surveyed (Burlington, Camden and Gloucester), which was more than double the total for the previous quarter. The jump was driven by Lockheed Martin’s four renewals totaling approximately 320,000 square feet. Even without those transactions, Q3 leasing was about equal to the total for Q2. New tenant leases comprised approximately 93,544 square feet, or approximately 16% of all deals for the three counties surveyed.

Other office market highlights from the report:

- Overall vacancy in the market is now approximately 12.95 percent, which is a jump from the previous quarter’s 11.5 percent.
- 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 third quarter. These averages have hovered near this range for more than a year.
- Vacancy in Camden County increased to 14.9 percent for the quarter.
- Burlington County’s vacancy increased to 11 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 third quarter in Pennsylvania include:

- The vacancy rate in Philadelphia's office market rose more than half a point, to 9.1 percent, after having hovered near a 20-year low and below the vacancy rates of comparable major cities at the onset of the pandemic.
- The industrial sector in Philadelphia led the market, as it generally does. During Q3 vacancy rates ticked down to 5.3 percent, a slight drop from the previous quarter. Although net absorption turned negative for flex and specialized space, it increased by 167,035 square feet for logistics space.
- As vulnerable as retail CRE may be due to unprecedented job loss and businesses temporarily shuttering and/or reducing capacity, the vacancy rate held steady at 5.1 percent, representing a very small increase over Q2. Net absorption returned to positive territory at 284,752 square feet for the quarter, but is at negative 1.2 million 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 9.7 percent from 5.4 percent in Q2. While average rents fell by nearly a third to the range of \$11.68/sf NNN.
- Retail vacancy in Burlington County held steady at 7.6 percent, with average rents increasing to the range of \$13.82/sf NNN.
- Retail vacancy in Gloucester County ticked up half a point to 12.9 from after posting a major increase in Q1, with average rents down in the range of \$13.13/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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