



## News Release

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### FOR IMMEDIATE RELEASE

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## WCRE FIRST QUARTER 2021 REPORT: SOUTHERN NEW JERSEY & PHILLY MARKETS DOWN DUE TO THE PANDEMIC, BUT NOT OUT

*Good News on Public Health and the Economy Holds the Promise of Better Days Ahead for CRE*

**April 12, 2021 – Marlton, NJ** – Commercial real estate brokerage WCRE reported in its analysis of the first quarter of the new year that the Southern New Jersey and Southeastern Pennsylvania markets may be through the worst of the downturn brought on a year ago by the pandemic. The widespread availability of effective COVID-19 vaccinations, coupled with large-scale financial relief from the federal government, may bring an optimistic note back to the market. For the moment, market performance on several indicators remains off.

“CRE performance in the first quarter seems to be tracking with our lived experience. As expected, office vacancy is quite high, while demand for industrial space is surging,” said Jason Wolf, founder and managing principal of WCRE. “Market fundamentals are shaky, but there are pockets of strength and resiliency.”

There were approximately 555,988 square feet of new leases and renewals executed in the three counties surveyed (Burlington, Camden and Gloucester), which was more than double the previous quarter. New tenant leases comprised approximately 44,952 square feet, or only about 8% of all deals for the three counties.

Other office market highlights from the report:

- Overall vacancy in the market is now approximately 13.55 percent, virtually unchanged from the previous quarter, and an increase of two full points since Q2 last year.
- Unsurprisingly, office vacancy rates have risen throughout the region. At 11.2%, the rate is the highest it's been since 2014.
- On the other end of pandemic-induced usage shifts, the already strong industrial vacancy rate improved to 5.4%.
- 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.

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 rose another half a point, and now stands at 10.1 percent, after hovering near a 20-year low. Despite the pandemic fallout, the city is still seeing rent and occupancy levels ahead of other major markets.
- The industrial sector in Philadelphia remained the bright spot. The last year saw 4 million SF of net absorption and 7.8% rent growth.
- Retail remains the most responsive to market conditions and the most vulnerable sector. Infection prevention measures and other economic pressures have brought existing issues from before the pandemic into sharper relief. Average retail net absorption for 2020 was 1.8 million square feet, but for the 12 months just concluded, it is -1.4 million square feet.

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

- The Consumer Confidence Index rose slightly in February, before rocketing to its highest level in a year in March.
- Retail vacancy in Camden County ticked up to 10.9 percent after posting a large increase in the middle of 2020. While average rents changed little, in the range of \$11.76/sf NNN.
- Burlington County inched up to 10.4 percent, representing a small increase on top of the jump from 7.6 percent in Q3 2020. Average rents increased to the range of \$14.39/sf NNN.
- Gloucester County saw the biggest jump, up to 15.9 after increasing throughout last year, with average rents up almost a full dollar per square foot in the range of \$14.11/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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