



News Release

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WCRE THIRD QUARTER 2021 REPORT: SOUTHERN NEW JERSEY & PHILLY MARKETS' ANTICIPATED COMEBACK DELAYED BY DELTA VARIANT

Investment Activity & Large Transactions Regained Steam, While Industrial Continued To Lead The Way

October 11, 2021 – Marlton, NJ – Commercial real estate brokerage WCRE reported in its analysis of the third quarter that the Southern New Jersey and Southeastern Pennsylvania markets will have to wait a bit longer for the post-pandemic recovery. While CRE seemed to rebound along with the broader economy earlier this year, the Delta variant caused havoc in recent months.

At the beginning of 2021, with vaccines and optimism becoming widespread, many employers looked ahead to the week after Labor Day as the beginning of the official return to the office. The emergence of the Delta variant and breakthrough infections pushed the return date into 2022. The effects of this shift have reverberated throughout the economy, including the office and retail CRE markets.

“A few months ago, CRE performance was trending in a positive direction and seemed poised for a return to pre-pandemic levels,” said Jason Wolf, founder and managing principal of WCRE. “While we are in a very positive investment transaction market, the Delta variant has put the office and retail markets into a holding pattern, but a comeback should still be on the horizon.”

In the third quarter there were approximately 225,717 square feet of new leases and renewals executed in the three counties surveyed (Burlington, Camden and Gloucester), a bit below the previous quarter. New tenant leases comprised approximately 119,213 square feet, or about 53% of all deals for the three counties.

Other office market highlights from the report:

- Overall vacancy in the market is now approximately 12.75 percent, an improvement of .85 of a point from the previous quarter.
- The sales market maintained momentum, with 1,200,393 square feet actively on the market or under agreement.
- There were \$70,164,500 in completed sales comprising 709,032 square feet during Q3.

- 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 third quarter in Pennsylvania include:

- The vacancy rate in Philadelphia's office market remained unchanged in Q3, still at 10.3% after hovering near a 20-year low for months. For the past few months, nearly 15% of the total office space in Philadelphia has been listed for sale or lease.
- As in many recent reports, the industrial sector in Philadelphia continued its impressive run, buoyed by its integral role in e-commerce. The last year saw a remarkable 15.8 million SF of net absorption and 11.7% rent growth.
- Retail remains the sector most responsive to market conditions, but it has also proved to be the most adaptable. Average retail net absorption in Philadelphia went into a tailspin when the pandemic began, but for the 12 months just concluded, it is back in positive territory, at 273,000 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 declined steadily throughout the third quarter after posting five consecutive months of increases.
- Retail vacancy in Camden County posted a huge improvement of more than three points to 10.7 percent, while average rents fell more than one dollar, in the range of \$11.81/sf NNN.
- Burlington County retail vacancy improved more than a point to 8.3 percent. But it is still above 7.6 percent, where it stood a year ago. Average rents dropped to the range of \$13.93/sf NNN.
- Gloucester County posted a decrease of two points, to 14.5 after increasing throughout last year, with average rents virtually unchanged in the range of \$14.04/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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