



News Release

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WCRE SECOND QUARTER 2022 REPORT: WITH OMICRON IN THE REARVIEW MIRROR, SOUTHERN NEW JERSEY & PHILLY MARKETS FACE NEW OBSTACLES

Uncertainty Returns to Commercial Real Estate in Q2 After a Strong First Quarter

July 13, 2022 – Marlton, NJ – Commercial real estate brokerage WCRE reported in its analysis of the second quarter that new challenges, including fear of a recession, knocked the post-pandemic recovery off course. Although some sectors and indicators remained strong, others were dragged down by persistent inflation, the war in Ukraine, and the ubiquity of hybrid and remote work models, among other pressures.

“Only a few months ago we were impressed by the unexpected strength of many indicators, but Q2 felt much more like a roller coaster with unpredictable twists, turns, and unfortunately some drops,” said Jason Wolf, founder and managing principal of WCRE. “As usual, industrial stayed far ahead of the pack, and retail leasing in the suburbs was strong, but the office market is still well below pre-pandemic levels, and vacancy is increasing.”

In the second quarter there were approximately 311,271 square feet of new leases and renewals executed in the three counties surveyed (Burlington, Camden and Gloucester). This is a decrease of about 35% from Q1. New tenant leases comprised approximately 215,554 square feet, or about 69% of all deals for the three counties.

Other office market highlights from the report:

- Overall vacancy in the market is now approximately 15.7 percent, a setback compared with the previous quarter.
- The sales market-maintained momentum, with 1,296,020 square feet actively on the market or under agreement.
- Both the total dollars and square feet of completed sales increased in the second quarter, with \$114,300,111 in completed sales comprising 906,903 square feet.
- 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 second quarter in Pennsylvania include:

- Vacancy in Philadelphia's office leasing market is still nearly 20% below the three-year average before the pandemic. There were modest gains in 2021, but those have largely been erased in the past few months. Net absorption was negative 300,000 SF for the past 12 months, which is a marked improvement.
- The industrial sector in Philadelphia continues its incredible run. Over the past 12 months, 17.5 million new square feet of inventory became available, and the sector saw 15.6 million square feet in net absorption. Rents grew an average 12.2%.
- 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 continues to improve and was at 1.7 million square feet for the 12 months just concluded. Average rents grew a modest .7%.

WCRE also reports on the Southern New Jersey retail market. Retail highlights from the report include:

- Retail vacancy in Camden County posted an improvement to 9.0 percent, while average rents were essentially unchanged, in the range of \$13.18/sf NNN.
- Burlington County retail vacancy ticked up slightly to 8.4 percent, while average rents increased by a dime, to the range of \$14.41/sf NNN.
- Gloucester County improved slightly, to 11 percent, building on a solid improvement last year, with average rents inching up further, to the range of \$16.53/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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