



News Release

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WCRE THIRD QUARTER 2022 REPORT: SOUTHERN NEW JERSEY & PHILLY MARKETS REBOUND SLIGHTLY, BUT FACE NEW CHALLENGES

Potentially Difficult Obstacles On the Horizon, Though Silver Linings Remain

October 13, 2022 – Marlton, NJ – Commercial real estate brokerage WCRE reported in its analysis of the third quarter that issues in the broader economy have caused a slowdown in CRE, but pockets of strength persist. Stubbornly high inflation, rising interest rates, and fear of a recession are among the headwinds that played havoc on the markets in the third quarter.

“Economic uncertainty and rising borrowing costs, among other issues, have led to some reshuffling in terms of where the CRE strengths are,” said Jason Wolf, founder and managing principal of WCRE. “There are still bright spots, and in the third quarter those were driven by retail, a flight to quality among suburban office tenants, and the life sciences/healthcare category.”

In the third quarter there were approximately 294,246 square feet of new leases and renewals executed in the three counties surveyed (Burlington, Camden and Gloucester). This is a small decrease from Q2, which in turn was well below Q1. New tenant leases comprised approximately 197,906 square feet, or about 67.3% of all deals for the three counties.

Other office market highlights from the report:

- Overall vacancy in the market is now approximately 15.65 percent, essentially unchanged from the previous quarter.
- The sales market-maintained momentum, with 1,367,763 square feet actively on the market or under agreement.
- Both the total dollars and square feet of completed sales dropped again in the third quarter, with \$38,705,000 in completed sales comprising 369,753 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:

- Philadelphia's office leasing market has improved vastly since the worst days of the pandemic, but it is still averaging 15% below the three-year average before the pandemic. Net absorption was negative 1,000,000 SF for the past 12 months, as several sizeable office tenants shift to permanent remote or hybrid work.
- The industrial sector in Philadelphia continues its incredible run. Over the past 12 months, 14.3 million new square feet of inventory became available, and the sector saw 10.1 million square feet in net absorption. Rents grew an average 10.8%.
- 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 2.2 million square feet for the 12 months just concluded. Average rents dropped half a percentage point.

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

- Retail vacancy in Camden County posted another improvement, to 8.2 percent, while average rents jumped to the range of \$16.98/sf NNN.
- Burlington County retail vacancy improved more than 1.5 points, to 6.8 percent, while average rents inched down, to the range of \$14.32/sf NNN.
- Gloucester County improved slightly, to 10.7 percent, building on a solid improvement last year, with average rents increasing by more than a dollar per square foot, to the range of \$17.59/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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