



News Release

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WCRE FOURTH QUARTER 2023 REPORT: SOUTHERN NEW JERSEY & PHILLY MARKETS PROVE MOSTLY RESILIENT

Uncertainty in the Office Market, Robust Demand in Industrial and Retail

January 11, 2023 – Marlton, NJ – Commercial real estate brokerage WCRE reported in its analysis of the fourth quarter that the commercial real estate sector - powered largely by retail and industrial - seems to have weathered the challenging economy for now. Although the office market remains hamstrung by the same forces it has faced since the pandemic and its aftermath, a gradual easing of both inflation and the policies aimed at taming it may be cause for optimism there, too.

“Earlier in 2023, the CRE market was negatively impacted by the Fed’s anti-inflation measures, with rising interest rates leading to tightening credit. But by Q4, signs of easing inflation, combined with strong consumer spending and favorable market conditions, strengthened at least the retail and industrial sectors in our region,” said Jason Wolf, founder and managing principal of WCRE.

In the fourth quarter of 2023, approximately 297,206 square feet of new leases and renewals were executed in Burlington, Gloucester, and Camden Counties. New tenant leases accounted for approximately 171,689 square feet, while renewals and expansions made up about 125,517 square feet. Prospecting remains on track, with a pipeline of approximately 500,000 square feet of pending lease deals expected to close in the near term.

Other office market highlights from the report:

- Overall vacancy in the market is now approximately 20.25 percent, a major setback compared with the previous quarter, which saw 14.9 percent vacancy.
- The quarter saw \$54,285,000 in completed sales, comprising 488,376 square feet of space.
- New leasing activity represented approximately 58% of all deals in Q4.
- 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 are essentially unchanged and have hovered near this range for more than a year.

WCRE has expanded into southeastern Pennsylvania, and the firm's quarterly reports include a section on transactions, rates, and news from Philadelphia and the suburbs. Highlights from the fourth quarter in Pennsylvania include:

- Philadelphia's office leasing market is faring better than similar markets, but there is still a long road ahead. The area's office vacancy rate of 11% for Q4 is unchanged from the previous quarter, and still the second lowest among the top 15 markets.
- The industrial sector in Philadelphia dipped somewhat in Q4, but it is still quite strong. Over the past 12 months, industrial saw net absorption of 6.9 million square feet even as new deliveries (22 million SF) continued to rise.
- Retail has shown particular resiliency in the region, especially in the suburbs. Retail vacancy for Philadelphia held steady at 4.2% for the quarter. Average retail net absorption in Philadelphia fell somewhat to 1.1 million square feet for the 12 months just concluded.

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

- Retail vacancy in Camden County shot up to 8.7 percent from 6.3, while average rents inched up, to \$16.48/sf NNN.
- Burlington County retail vacancy lost ground, at 6.9 percent, while average rents rose slightly, to the range of \$16.09/sf NNN.
- Gloucester County retail vacancy rose to 10 percent, with average rents unchanged at \$18.22/sf NNN.

The full report is available upon request.

About WCRE

WCRE | CORFAC International is a full-service Philadelphia, South Jersey and New York commercial real estate brokerage, advisory and property management services company specializing in office, retail, medical, industrial and investment properties in Southern New Jersey, the Greater Philadelphia region, Southeastern Pennsylvania, Northeastern Pennsylvania, the Lehigh Valley, North Jersey and the Greater New York Metro markets.

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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