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News Release

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WCRE SECOND QUARTER 2024 REPORT: SOUTHERN NEW JERSEY & PHILLY CRE MARKETS SHOW ADAPTABILITY WHILE AWAITING RATE CUTS

Markets Strive for Stability Amid High Borrowing Costs and Inflation

July 16, 2024 – Marlton, NJ – Commercial real estate brokerage WCRE reported in its analysis of the second quarter of 2024 that the Southern New Jersey and Southeastern Pennsylvania markets have adapted to an environment that has been dominated by inflation and higher interest rates. As the players bide their time until anticipated interest rate cuts, there is still some resiliency in CRE.

“Despite higher costs and interest rates, our market has proven to be both resilient and stable, with consistent leasing and prospecting activity in Q2,” said Jason Wolf, founder and managing principal of WCRE.

Approximately 365,537 square feet of new leases and renewals were executed during the second quarter in the three counties surveyed (Burlington, Camden and Gloucester). New tenant leases accounted for 144,730 square feet and renewals/expansions comprised 220,807 square feet. New leasing activity constituted about 40% of all deals, indicating consistent market activity despite prevailing economic conditions.

Other office market highlights from the report:

- Overall vacancy in the market is now approximately 16.5 percent, which is an increase of about one-third of a point from Q1.
- 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 second quarter. These averages have hovered near this range for more than a year, indicating consistency and stability.
- Vacancy in Camden County was virtually unchanged at 16 percent for the quarter.
- Burlington County's vacancy increased half a point to 17 percent.

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 fourth

quarter in Pennsylvania include:

- The vacancy rate in Philadelphia's office market dropped slightly in Q2, to 10.8 percent, after sitting at 11 percent for the three previous quarters. This is welcome news, but the sector still faces hybrid and remote work models, which have caused years of decreasing demand.
- The industrial sector in Philadelphia is coming off its sustained hot streak, but is still strong. Net absorption dropped to 5.1 million SF for the past 12 months, as even high demand is being outpaced by the flood of new supply being built in the region.
- Retail CRE remains strong, as it tracks with consumer spending. Average retail net absorption for the past 12 months was 486,000 square feet. The vacancy rate remains low, at 4.2 percent, which is where it has stood for a year.

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

- Retail vacancy in Camden County jumped more than three-quarters of a point to 6.4 percent. Average rents were essentially unchanged, in the range of \$16.56/sf NNN.
- Retail vacancy in Burlington County increased nearly as much as Camden County, to 6.6 percent, with average rents increasing just a few pennies to the range of \$16.11/sf NNN.
- Retail vacancy in Gloucester County ticked up very slightly, to 9.8, with average rents down slightly in the range of \$17.79/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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