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News Release

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WCRE THIRD QUARTER 2024 REPORT: REGIONAL CRE MARKETS SHOW EARLY SIGNS OF STABILIZATION

Though challenges remain, most property sectors performed well in Q3

October 11, 2024 – Marlton, NJ – Commercial real estate brokerage WCRE has expanded its quarterly reporting to include the New York metro area in addition to Southern New Jersey and Southeastern Pennsylvania. The firm's analysis of the third quarter of 2024 indicates that these markets largely seem to be stabilizing, driven by the mid-September interest rate cut, the anticipation of further cuts, and their effects on the broader economy.

"We have noted steady economic growth, which has fueled increased demand for commercial real estate across several property types," said Jason Wolf, founder and managing principal of WCRE. "I am especially encouraged by improving vacancy rates and retail absorption - both of which can be ascribed to continued consumer spending."

Several indicators in addition to absorption suggest the CRE market may be stabilizing. Property prices have risen modestly, and transaction volumes recorded their first quarterly gain since 2022. Additionally, fewer banks are tightening lending standards for CRE loans, and loan originations have improved in recent months.

In the three Southern New Jersey counties surveyed (Burlington, Camden and Gloucester), approximately 219,129 square feet of new leases and renewals were executed during the third quarter. New tenant leases accounted for 76,175 square feet and renewals/expansions comprised 142,954 square feet. New leasing activity constituted about 35% of all deals, indicating consistent market activity despite cooling-off periods driven by inflation and high interest rates.

Other highlights from the report:

- Overall office vacancy in Southern New Jersey is now approximately 15.65 percent, which is an improvement of about 0.85 points from Q2.
- Smaller retail spaces (1,000–3,000 SF) remain in high demand, accounting for 85% of all completed Philadelphia retail leases over the past year.

- Southern New Jersey has led the region in industrial leasing in recent years. As of Q3 2024, Burlington County posted the highest annual net absorption at 3 million SF, followed by New Castle County, Delaware with 1.2 million SF, and Bucks County, Pennsylvania with 900,000 SF.
- The Philadelphia office market continues to struggle, but even this sector may be showing signs of stabilizing. Net negative absorption for the third quarter was 1.1 million SF, which is a marked improvement from the five-year average of -1.3 million SF.
- After a cool-down during the first half of the year, industrial leasing in New York saw a 20% increase in Q3.

The quarterly report also covers notable transactions across property types and markets. For the third quarter, these include:

- Plainsboro Plaza, a 230,000-SF retail center in Princeton, NJ, anchored by tenants like Asian Food Markets, Planet Fitness, McDonald's, and CVS, sold for \$42 million.
- Morgan Stanley renewed its 31,832 SF office lease in Mount Laurel, NJ.
- In New York, DSV leased 355,000 SF, and JW Fulfillment, leased 342,000 SF.
- TD Bank sold its multi-building 255,708 SF office portfolio in Cherry Hill for \$10,995,444.
- Bain & Co. leased 235,000 SF at 22 Vanderbilt in Manhattan, a recently renovated building adjacent to Grand Central Station.

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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