



One Holtec Drive | Suite G100
Marlton, NJ 08053
P 856 857 6300 | F 856 283 3950
www.wolfcre.com

News Release

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Contact: Gabrielle Leonetti
Phone: 856.857-6300
mail: gab.leonetti@wolfcre.com

WCRE FOURTH QUARTER 2024 REPORT: REGIONAL CRE MARKETS POST STRONG CLOSE TO THE YEAR

Positive Trends in Q4 Presage a Bright Outlook for the New Year

January 9, 2025 – Marlton, NJ – In its latest quarterly report on the performance of commercial real estate markets across Southern New Jersey, Southeastern Pennsylvania, and the New York metro area, commercial real estate brokerage WCRE found that the markets had a solid fourth quarter and seemed poised for more as 2025 gets underway.

“Market fundamentals were strong this quarter despite the ongoing challenge of persistently higher financing costs,” said Jason Wolf, founder and managing principal of WCRE. “As in the third quarter, consumer spending drove a resilient macroeconomic environment, and the effects helped to buoy CRE markets.”

In the three Southern New Jersey counties surveyed (Burlington, Camden and Gloucester), approximately 347,356 square feet of new leases and renewals were executed during the fourth quarter. New tenant leases accounted for 222,292 square feet and renewals/expansions comprised 124,364 square feet. New leasing activity constituted about 64% of all deals, underscoring the adaptability of businesses navigating the higher-interest-rate environment.

The conditions that contributed to Q4 success seem to point to a solid 2025, too, but the commercial real estate market faces both challenges and opportunities resulting from the incoming presidential administration. New economic and social policies will shape the landscape in the coming years. Regulatory frameworks, tax policy, tariffs, and immigration policy may all change. Proposed policies suggest a near-term environment of higher inflation and slower growth. However, longer-term effects, such as tax cuts and a more lenient regulatory climate, could lead to accelerated economic activity and stronger demand.

Select highlights from the report:

- Overall office vacancy in Southern New Jersey is now approximately 15.7 percent, which is essentially unchanged from Q3.

- All major private owners and REITs in the market reported moderate leasing and prospecting activity in the fourth quarter.
- The office sector showed signs of long-awaited stabilization during the fourth quarter, with the "flight to quality" trend driving leasing activity.
- Retail vacancy rates remained stable for the eighth consecutive quarter, seeing a consistent pace of absorption bolstered by experiential categories like fitness, health, and beauty.
- The industrial sector regained momentum in the latter half of the year, after opening 2024 sluggishly. Burlington County, NJ, posted 3.2 million SF of net for the year, leading the region.
- The Philadelphia office market continues to struggle, averaging 25 percent lower annual leasing volumes in 2024 than for the three-year period prior to the pandemic.

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

- In northern New Jersey, Urban Edge Properties purchased The Shops at Ledgewood Commons for \$83.3 million. This 11-property portfolio includes national brands, such as Walmart, Marshalls, DSW, and Ulta.
- Hennick & Company acquired a 123,000-SF retail property at 410 E 60th Street in Manhattan for \$153 million, or \$1,242/SF. This fully leased asset, home to tenants like Home Depot and Starbucks, previously sold for \$73 million in 2017.
- Philadelphia developer Alterra purchased 1701 Market Street, a 304,000-SF office building in Center City, for \$26.3 million (\$86/SF), a 61.5% discount from its 2005 sale price of \$68.3 million (\$257/SF).
- Parky's signed a lease for a 100,000 SF entertainment center at the Moorestown Mall in southern New Jersey.
- Morgan Stanley purchased a \$217.5 million industrial portfolio in East Hanover, NJ.

The full Q4 2024 market 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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