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News Release

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WCRE Q3 2025 MARKET REPORT: CRE RESILIENCE IN TRANSITION

Market Recalibration Strengthens as Fundamentals Steady Across Key Sectors

October 9, 2025 - Marlton, New Jersey - Wolf Commercial Real Estate (WCRE) has released its Q3 2025 Regional Market Report, covering the Southern New Jersey, Philadelphia, Northern New Jersey, and New York Metro commercial real estate markets.

As the market continues to adapt to changing economic dynamics, signs of renewed balance and resilience are emerging. Leasing volumes have normalized, investors are targeting well-positioned assets, and limited new construction is helping many submarkets stabilize after two years of repricing and adjustment.

“Across all three (NJ/PA/NY) regions, we’re seeing a market defined by resilience and recalibration,” said **Jason M. Wolf, Managing Principal and Founder of WCRE**. “Leasing volumes have normalized, investors are targeting well-positioned assets, and limited new construction is helping many markets find their footing heading into 2026.”

Regional Market Highlights

Southern New Jersey’s commercial real estate market demonstrated steady performance through the third quarter of 2025, led by continued strength in the industrial and medical office sectors. Leasing and investment activity remained resilient across key submarkets such as Cherry Hill, Mount Laurel, and Marlton, where proximity to major transportation corridors continues to attract regional tenants. Meanwhile, redevelopment momentum accelerated, with several legacy retail and office properties being repositioned for multifamily or mixed-use projects, reflecting the market’s broader shift toward diversification and long-term stability.

Philadelphia’s commercial market showed mixed performance in Q3 2025. The industrial sector saw vacancy rise to 9.5% as 12 million SF of new supply met contracting demand, though Burlington County continued to outperform with over 3 million SF of positive absorption. The office market experienced a modest pullback, with -990,000 SF of negative net absorption amid continued tenant downsizing, though strong commitments from firms like FS Investments and Kirkland & Ellis reflected long-term confidence. Retail performance remained stable despite national closures, with experiential retail and food & beverage operators driving new leasing.

Northern New Jersey maintained its reputation as one of the nation’s premier industrial hubs, with healthy leasing activity along the Turnpike corridor and increasing tenant preference for mid-sized distribution centers. The office market continued to adapt to hybrid workplace models, while retail assets in prime suburban corridors benefited from resilient consumer spending and limited new construction, sustaining stable rent growth across the region.

New York’s recovery progressed unevenly across asset types. Retail leasing in prime corridors such as SoHo and the Upper East Side rebounded strongly, bolstered by luxury and flagship tenants returning to

Manhattan. The office sector saw renewed interest in high-quality Class A properties as tenants prioritized modern, amenity-rich environments. Meanwhile, industrial demand in outer boroughs like Brooklyn and Queens remained strong, driven by last-mile logistics and e-commerce operators seeking proximity to the urban core.

Key Market Takeaways:

- **Southern New Jersey:** Industrial and medical office properties lead in driving demand while redevelopment of older retail and office assets into multifamily and mixed-use projects continued to shape the region's evolving investment landscape.
- **Philadelphia:** Office demand contracted by nearly 1 million SF year-to-date, but the metro maintains one of the lowest national availability rates at 14.3%. Retail remains tight with a 5.1% availability rate and strong small-shop leasing activity.
- **Northern New Jersey:** Industrial fundamentals remain among the strongest nationally, supported by low vacancy and minimal new deliveries. Office absorption improved modestly as suburban submarkets attracted renewed interest.
- **New York:** Manhattan leasing rebounded in the Class A office segment, while outer-borough industrial and retail properties saw steady investor demand.
- **Capital Markets:** Sales activity remains concentrated among private buyers and owner-users, with cap rates leveling as interest-rate volatility stabilizes.
- **Outlook for 2026:** Moderate growth expected across all sectors, driven by steady job creation, limited new construction, and increasing demand for adaptive reuse projects. If rate cuts proceed as projected, capital markets should strengthen further, supporting improved pricing and transaction activity into next year.

Notable Transactions in Q3 2025:

- **Southern New Jersey:** EQT Exeter acquired a 512,000-SF logistics facility in Florence Township for $96 million ($187/SF)—one of the region's largest industrial transactions this year, reinforcing investor conviction in South Jersey's industrial corridor.
- **Philadelphia Office:** TF Cornerstone completed a $120 million acquisition of the 1.4-million-SF Wanamaker Building in Center City through foreclosure auction, with plans to convert six floors into 600 loft-style apartments.
- **Northern New Jersey Industrial:** CoreWeave purchased a 281,000-SF data center in Kenilworth for $322 million, signaling growing institutional demand for specialized digital infrastructure.
- **Northern New Jersey Office:** First Mile Capital acquired 340 Mount Kemble Avenue in Morristown for $118.5 million, reflecting continued strength in premier suburban submarkets.
- **New York Retail:** A $99 million sale of a retail condominium at 2 Times Square underscored investor appetite for trophy retail assets in Manhattan's core.
- **Philadelphia Industrial:** EQT Real Estate acquired a 610,200-SF distribution facility in Mansfield for $141.7 million ($232/SF), highlighting sustained activity in logistics despite elevated vacancies.

WCRE's **Q3 2025 Market Report** provides an in-depth look at current conditions, trends, and investment activity shaping the regional CRE landscape. The report helps clients and investors navigate a market in transition, identify emerging opportunities, and prepare strategic plans for the year ahead.

The full Q3 2025 market report is available upon request.

About WCRE

WCRE is a full-service commercial real estate brokerage, property management, and advisory firm specializing in office, retail, medical, industrial, and investment properties in Pennsylvania, New Jersey, and New York. 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 focus on our clients' business goals, our commitment to the community, and our highly personal approach to service, WCRE is creating a new culture and a higher standard. We go well beyond property transactions and serve as a strategic partner invested in our clients' long-term growth and success.

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