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## NEWS RELEASE

### FOR IMMEDIATE RELEASE

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## WCRE THIRD QUARTER 2026 REPORT:

### COMMERCIAL REAL ESTATE MOVES FORWARD: PRICING ALIGNS AS MARKET NORMALIZES

#### *Greater Alignment Between Buyers and Sellers, Limited Development, and Selective Demand Support Regional Stabilization*

**October 13 2026 - Marlton, NJ:** Wolf Commercial Real Estate (WCRE) has released its Q3 2026 Regional Market Report, examining commercial real estate conditions across Southern New Jersey, Philadelphia, Northern New Jersey, and the New York metropolitan area.

The third quarter reflected a market increasingly adapting to current financing and operating conditions. Buyers and sellers are finding greater common ground on valuations, helping transactions advance after an extended period of pricing uncertainty. Capital remains available, but investment decisions increasingly depend on achievable cash flow, acquisition cost, tenant quality, and future capital requirements.

Performance continues to differ across markets. Philadelphia-area industrial demand strengthened, led by Southern New Jersey, while New York office leasing maintained momentum. Office conditions elsewhere improved more gradually, with demand favoring modernized, accessible buildings. Retail remained comparatively resilient as limited construction and demand from necessity-based and service-oriented businesses supported occupancy.

Higher ownership costs remain a significant consideration. Insurance, taxes, maintenance, and tenant improvements are placing pressure on net operating income, making expense management and capital planning essential. With new development constrained, owners are also pursuing targeted improvements, repositioning, and adaptive reuse to strengthen existing properties.

“Greater alignment is helping the market move forward,” said Jason M. Wolf, Managing Principal and Founder of WCRE. “Buyers and sellers are finding common ground on value, while tenants and landlords are aligning on rents, improvement costs, and lease terms. As expectations become more closely matched, negotiations are becoming more productive and creating a clearer path to completed transactions.”

## Regional Market Highlights

**Southern New Jersey:** Office leasing remained steady, supported by renewals, selective expansions, and demand from healthcare, education, and professional-service users; vacancy held at 11.65%. Industrial demand remained a regional strength, with Burlington County generating approximately 3.8 million SF of annual absorption. Retail conditions varied by county, with vacancy at 4.5% in Burlington and 6.4% in Camden, while necessity-based and service-oriented tenants continued to support demand.

**Philadelphia:** Office conditions showed gradual stabilization, although smaller tenant footprints and uneven submarket performance continued to constrain recovery. Industrial annual absorption reached approximately 7.9 million SF, with slower deliveries helping vacancy improve to 8.6%. Retail vacancy remained stable at 4.2%, supported by limited construction and leasing from restaurants, personal services, healthcare-related businesses, and discount retailers.

**Northern New Jersey:** Office availability declined to 13.1% as positive absorption and the removal of obsolete inventory improved conditions, despite subdued new leasing. Industrial availability reached 9.1%, with recent warehouse deliveries creating greater competition while smaller facilities remained comparatively tight. Retail availability stood at 3.6%, supported by affluent households and limited development, although leasing volume moderated as expansion options remained scarce.

**New York Metro:** Manhattan office demand remained strong, with first-half leasing of 17.3 million SF exceeding the comparable pre-pandemic average and activity broadening beyond trophy properties. Industrial vacancy reached 7.7% as recent supply outpaced demand, although a sharply smaller construction pipeline should ease future pressure. Retail availability held at a historical low of 4.2%, supported by storefront backfilling and demand from food, apparel, fitness, and service-oriented tenants.

## Key Market Takeaways

- Industrial recovery is geographically uneven. Philadelphia's demand gains contrast with continued supply pressure in Northern New Jersey and the New York metro.
- Office performance remains tied to quality and location, although Manhattan's recovery is broadening and Northern New Jersey benefits from inventory reductions.
- Retail supply remains constrained. Functional storefronts and centers serving everyday needs retain stronger positioning than less competitive spaces.
- Smaller industrial buildings generally retain tighter conditions, even where larger logistics facilities are recording the strongest recent demand gains.
- Capital remains selective, favoring durable tenancy, modern facilities, and credible redevelopment opportunities.

## Q3 Transaction Highlights

**Philadelphia Office:** Brandywine Realty Trust sold the 441,000-SF property at 3151 Market Street to Burlington Stores for \$240 million, or approximately \$544/SF, on September 30, 2026. Burlington's planned headquarters relocation represents a significant corporate commitment to Philadelphia and a notable transaction for Brandywine, underscoring the appeal of high-quality office space in University City.

**Philadelphia Retail:** In September 2026, ECHO Realty and TPG acquired Water Tower Square at 751 Horsham Road in Montgomeryville from The Goldenberg Group. The approximately 269,000-SF center

**Philadelphia Retail (cont.):** is anchored by The Home Depot and Sprouts Farmers Market, demonstrating continued institutional interest in established, necessity-oriented retail. The transaction was announced by CBRE on September 21.

**Philadelphia Industrial:** Alliance Partners HSP, Taconic Partners, and Axonic Capital acquired the 330,000-SF flex and light-distribution property at 500 Virginia Drive in Fort Washington from Westport Capital Partners and Ajax Partners on July 27, 2026, for approximately \$50.5 million, or \$153/SF. The transaction illustrates continued investor interest in established suburban industrial locations.

**Southern New Jersey Industrial:** Atlantic Alliance HP Pennsauken, LLC acquired the 105,000-SF property at 9012 Pennsauken Highway in Pennsauken from Datwyler Pharma Packaging USA, Inc. on August 1, 2026, for \$13.55 million, or approximately \$129/SF. The owner-user acquisition highlights continued demand for industrial facilities serving operational needs.

### **Outlook for the Remainder of 2026**

Industrial conditions should improve gradually as construction slows, but the pace will differ by market. Philadelphia's leasing gains provide a stronger near-term foundation, while Northern New Jersey and the New York metro remain more exposed to warehouse supply and cautious expansion. Trade uncertainty, operating costs, and consumer spending remain important variables in tenant decisions.

Office recovery should remain selective. New York's constrained pipeline and diverse occupier base support further tightening, while Northern New Jersey benefits from redevelopment and inventory removals. Philadelphia continues to face smaller lease requirements and elevated availability. Across the region, owners must weigh improvement costs and concessions against achievable occupancy and sustainable rental income.

Retail occupancy should remain supported by limited new development and steady demand from grocery, discount, food service, fitness, and service-oriented businesses. Consumer uncertainty may restrain discretionary concepts, increasing the importance of tenant durability and proven trade areas. Investors are expected to remain focused on reliable cash flow and realistic leasing or repositioning assumptions.

WCRE's Q3 2026 Regional Market Report provides owners, investors, lenders, and occupiers with a practical framework for evaluating these differences and identifying opportunities grounded in local conditions. The full report is available upon request.

### **About WCRE | CORFAC International**

WCRE | CORFAC International is a full-service commercial real estate brokerage, advisory, and property management firm specializing in office, retail, medical, industrial, and investment properties across New Jersey, Philadelphia, and the New York metropolitan region. The firm serves property owners, businesses, banks, commercial loan servicers, and investors through brokerage, research, and advisory services tailored to their real estate objectives. WCRE combines regional expertise with a consultative approach to help clients make informed decisions and support long-term growth. Learn more at [www.wolfcre.com](http://www.wolfcre.com).

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