



News Release

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WCRE FIRST QUARTER REPORT: HEAVY SNOW DID NOT DAMPEN FIRST QUARTER COMMERCIAL REAL ESTATE ACTIVITY IN SOUTHERN NEW JERSEY *WCRE Analysis Finds a Strong Start to 2014*

April 7, 2014 – Marlton, NJ – The second snowiest winter on record couldn't stop the enthusiasm in the regional commercial real estate markets, according to the latest quarterly report by Wolf Commercial Real Estate (WCRE). Driven by job gains and growth in some industries, the region bounced back from the slight slow-down of the fourth quarter, posting a 26 percent increase in square feet leased compared with the first quarter of last year.

The report by the Southern New Jersey firm noted many positive trends during the first quarter, setting up for a solid 2014. "This year we've seen vacancy rates continue their slow, steady declines, unemployment in New Jersey heading in the right direction, and locally we have seen big shifts by some of the largest corporate players," said Jason Wolf, founder and principal of WCRE. "A few national trends and headlines, such as declining unemployment nationwide, a cooling of international tensions, and expected increases in consumer confidence, are fueling the increased activity we've seen in our region."

Even with historic severe weather, the CRE market was very busy during first quarter, with further stabilization of rents, the consummation of a mega-deal for a 24-building office/flex portfolio, and another large group of assets coming onto the market. There were approximately 397,141 square feet of new leases and renewals executed in the three counties surveyed. Notably, expansions and new deals remained strong this quarter, representing 54 percent of all transactions. Net absorption for the quarter was approximately 123,746 sf, a 20-point increase over the fourth quarter of 2013.

The report noted that many of the quarter's subject properties were located in prime 3M locations within Burlington County, and that the tightening of those areas was causing demand to shift toward large vacancies in Camden County.

The two most noteworthy developments in the quarterly report were the closing of Liberty Property Trust's (NYSE: LRY) disposition of its entire office/flex portfolio in the region, and Brandywine Realty Trust's (NYSE: BDN) listing a portion of its area portfolio for sale. The Liberty Property Trust portfolio, comprising 1,188,285 square feet in 24 buildings, was purchased by Somerset Properties. Brandywine has listed five office buildings totaling 397,000 square feet.

Other office market highlights from the report:

- Burlington County continued to maintain a significantly lower vacancy rate than Camden County, at 9.6 percent compared with Camden's 19.3 percent, though both counties saw decreases of more than a point this quarter.

- Average rents for Class A & B product continue to show strong support in the range of \$11.00-\$14.00/sf NNN or \$21.00-\$24.00/sf gross, with an overall market average showing strong support in the \$11.00-\$11.50/sf NNN or \$21.00-\$21.50/sf gross for the deals completed during the first quarter. This is essentially unchanged from the previous quarter.
- New lease activity for Q1 is in the range of approximately 215,910 square feet of new deals and/or expansions and approximately 181,231 square feet of renewals, for a total of approximately 397,141 square feet of leasing activity.
- All of the major private owners and REITS showed a significant increase in prospect activity for the quarter, and are all cautiously optimistic for 2014.
- Businesses that specialize in banking, consulting, government, information technology and financial services all were very active in Southern New Jersey during the first quarter.

WCRE also reported on the local retail market, noting that the first quarter experienced a lull, which was driven in part by the weather and in part by a weak holiday shopping season. Highlights from the retail section of the report include:

- Overall retail vacancy in the tri-county area is hovering around 15.2%, up several points from a fourth quarter marked by disappointing retail sales figures.
- Class A retail product rental rates continue to show strong support in the range of \$30.00-\$40.00/sf NNN, which is essentially unchanged from the previous several quarters.
- Class B product shows support in the range of \$15.00-\$25.00/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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