



News Release

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WCRE THIRD QUARTER REPORT: SOUTHERN NEW JERSEY MARKET BEGINS PICKING UP STEAM

Area Bucks Traditional Summer Slow-Down, Spurred by Growth and Policy Moves

October 2, 2013 – Voorhees, NJ – Aided by increased confidence among area businesses, and further boosted by positive financial news, the commercial real estate market in Southern New Jersey exceeded expectations in the third quarter, according to a new report by Wolf Commercial Real Estate (WCRE). During what has traditionally been the slowest quarter of the year, the firm identified approximately 443,173 sf of new leases and renewals executed - a gain of nearly 48% compared to the third quarter of 2012. New leasing activity accounted for approximately 57% of the total transactions, a sign that the regional CRE market is truly in recovery mode.

"Instead of a summer slow-down we found many signs that optimism and confidence have returned," said Jason Wolf, founder and principal of WCRE. "There were several large lease transactions, slight improvement in the state's unemployment rate, repositioning projects commenced or have been announced, and near the end of the quarter, a new state law was signed that is expected to retain and attract many new businesses to the South Jersey region."

The new law is the Economic Opportunity Act of 2013, which created Grow New Jersey (GrowNJ) and the Economic Redevelopment and Growth Program (ERG). These programs are designed to incentivize growth and investment by large and small companies across several industries.

WCRE reported encouraging news even in areas that had been vulnerable, particularly Camden County. Vacancy rates continued to fall slowly, coming in at 17% for the region, with Camden County at 21% and Burlington stronger at 13%. "This market is still challenged by a surplus of vacant space, but we have seen steady progress in positive absorption for several consecutive quarters, and the conditions are in place to potentially speed up the pace," Wolf said.

WCRE's research includes snapshots of the office and retail markets and details on the major deals being consummated or planned.

Office market highlights from the report:

- Total leasing activity for the quarter comprised 443,173 sf of new leases and renewals executed.

- New lease and expansion deal activity comprised approximately 252,631 square feet. This is a 37% increase over Q2 figures.
- Positive absorption for the second quarter was in the range of 148,000+/-sf of new deals and/or expansions.
- Average rents for Class A & B product were up by 5% over the previous quarter. Rents 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 \$11.60/sf NNN or \$21.60/sf gross for the deals completed during the third quarter.
- The unemployment rate in New Jersey ticked down from 8.6 percent at the end of Q2 to 8.5 percent at the end of Q3. It has dropped steadily over the past year, and is now at the lowest point since March 2009. Figures continue to improve, but the state rate remains above the national rate of 7.3%.

Retail market highlights from the report include:

- Area retail businesses and landlords did experience the expected summer slow-down in the form of slower growth, but growth remained positive.
- Overall retail space vacancy has continued to drop. It hovered around 10.5% for the quarter, compared to 15% in the previous quarter.
- Average rents for upscale lifestyle centers continue to show strong support in the range of \$30-\$40.00/sf NNN, and average rents for neighborhood and strip shopping centers remain in the range of \$15-\$23/sf NNN.

The full report, including details about several key deals, 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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