

# New Jersey



Ahead of disruption caused by the ongoing COVID-19 pandemic, the New Jersey industrial market showed vibrancy with numerous developments underway to meet increasing demand.

*Given the evolving nature of the COVID-19 situation, information is changing day by day. All data in this report is as of March 31st 2020, with the majority of information recorded prior to the pandemic onset and resulting disruption. This does not reflect any current or potential impact stemming from recent events.*



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First-quarter fundamentals in the New Jersey industrial market exhibited strength ahead of the onset of COVID-19 disruption and may provide resiliency as uncertainty persists.

New Jersey industrial, crowned as the most attractive location for “Last Mile” distributors thrived with its new submarkets created along the Northeast Corridor on Exit 9, Exit 8A and south. The impact of COVID-19 on industrial market fundamentals will become clearer as the situation progresses, but is currently unknown.

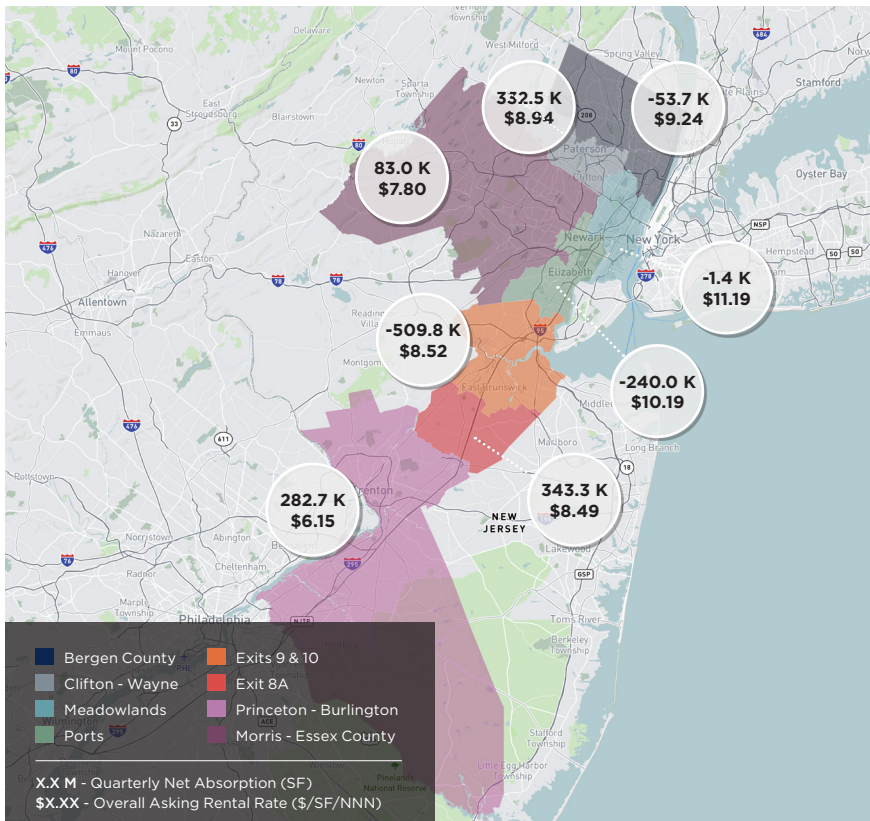
Overall vacancy was unchanged last quarter, ending Q1 at the same 3.6% as it ended Q4 2019, but down 50 basis points from where it was one year ago. Net absorption for the quarter totaled 1.25 million square feet (msf), well below the 5-year average of 2.1 msf.

## KEY STATISTICS

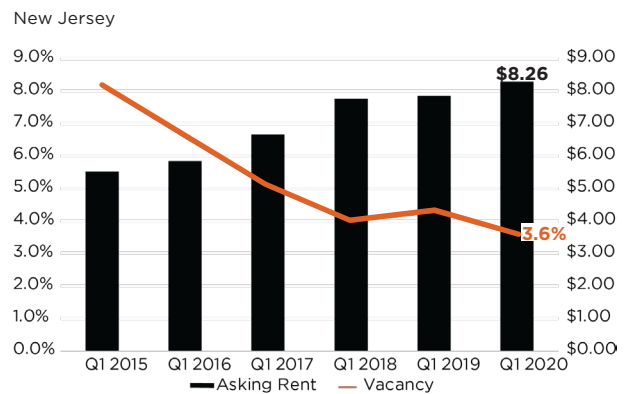
	Q1 2019	Q1 2020	y-o-y Change
<b>Inventory</b>	523,229,418	<b>527,763,900</b>	▲
<b>Vacancy Rate</b>	4.3%	<b>3.6%</b>	▼
<b>Net Absorption</b>	1,076,837	<b>1,256,331</b>	▲
<b>Under Construction</b>	5,814,523	<b>12,322,987</b>	▲
<b>Overall Asking Rent (NNN)</b>	\$7.85	<b>\$8.28</b>	▲

The Exits 9 & 10 submarket accounted for nearly half of the net absorption for the quarter. New developments that have sprouted along the Northeast Corridor are being built with higher clearance and more truck loading capabilities, and multi-story warehouse development is on the horizon.

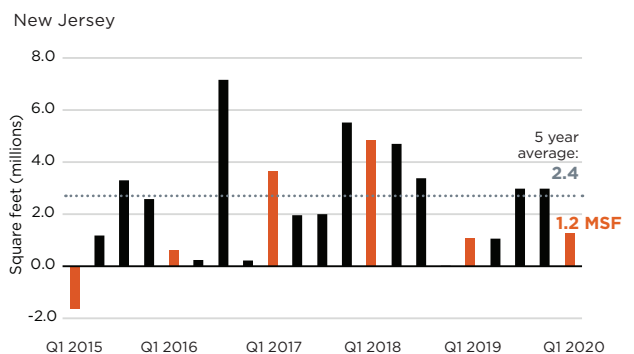
Several large acquisitions took place in Q1 including Prologis’ purchase of Black Creek Group’s industrial portfolio. The 236-property, 37.5-msf portfolio was purchased in January for approximately \$4 billion.



## VACANCY AND ASKING RENT TRENDS



## NET ABSORPTION



“As of today, planned construction and urban redevelopment projects remain in strong demand throughout New Jersey’s key industrial markets without any sign of slowing down despite COVID-19.”

– Tom Carragher, Executive Vice President

**SUBMARKET OVERVIEW**

50,000 SF and up (owner occupied included)

Submarket	Existing Inventory		Vacancy			Q1 2020 Net Absorption (SF)	Q1 2020 Deliveries (SF)	Under Construction (SF)	Overall Asking Rent (NNN)
	# Bldgs	Total (SF)	Direct (SF)	Total (SF)	Vac %				
Bergen County	242	24,959,090	1,197,540	1,336,272	5.4%	(53,765)	0	0	\$9.24
Clifton - Wayne	420	50,958,483	1,573,435	1,867,599	3.7%	332,531	0	250,000	\$8.94
Meadowlands	556	79,152,511	3,090,875	4,105,928	5.2%	(1,474)	415,533	1,533,901	\$11.19
Ports	359	62,003,307	2,033,447	2,037,702	3.3%	(240,010)	0	1,847,730	\$10.19
Exits 9 & 10	612	99,720,189	1,811,473	1,962,660	2.0%	509,866	0	3,885,117	\$8.52
Exit 8A	267	69,866,878	1,045,446	1,122,360	1.6%	343,393	0	2,125,865	\$8.49
Princeton - Burlington	430	77,899,037	3,864,058	4,004,266	5.1%	282,731	822,645	2,680,374	\$6.15
Morris - Essex County	562	63,204,405	4,372,727	4,424,894	7.0%	83,059	0	0	\$7.80

**MAJOR TRANSACTIONS**

Sales

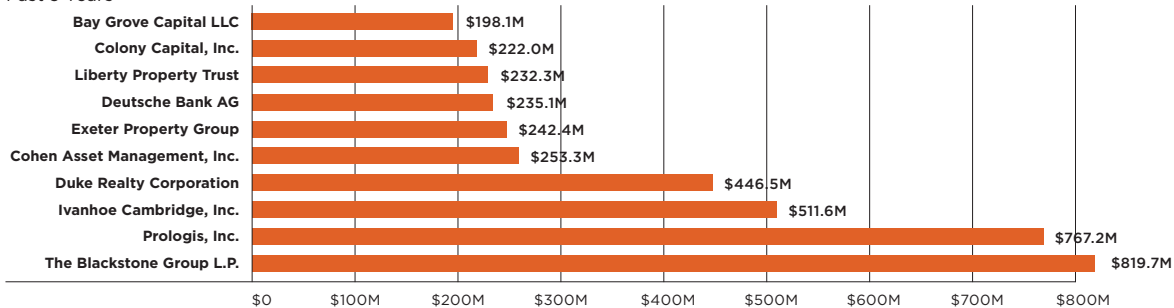
Owner/Buyer	Seller	Date	Address	Square Feet	Built	Land Area (acres)	Price	Submarket
Prologis	Black Creek Group	1/8/2020	2575 Kuser Road	339,500	2017	34.03	\$21,708,287	Trenton/295
Prologis	Black Creek Group	1/8/2020	1 Jebara Way	293,420	2004	16.00	\$26,836,619	Exit 8A
Black Creek Group	Endurance Real Estate Group	1/22/2020	2000 Bishop's Gate Boulevard	292,466	1998	6.39	\$32,200,000	Burlington
Prologis	Black Creek Group	1/8/2020	11 Applegate Drive	266,148	2008	23.18	\$17,018,018	Trenton/295
Prologis	V Paulius & Associates	3/12/2020	1000 Port Carteret Drive	235,000	1992	11.79	\$39,747,241	Carteret/Avenel

Leases

Tenant	Square Feet	Address	Transaction Type	Submarket	Landlord
Automann	382,400	251 Docks Corner Road	New Lease	Exit 8A	The KRE Group
Amware Logistics	84,320	1242-1248 South River Road	Renewal	Exit 8A	Link Industrial Properties
US Elogistics	570,777	703 Bartley Chester Road	New Lease	Route 80 Corridor	Saadia Group
Amazon	661,741	429 Delancy Street	New Lease	East Newark	Duke Realty
Cooper Electric Supply	650,213	315 Half Acre Road	New Lease	Exit 8A	Duke Realty

**TOP BUYERS**

Past 3 Years



Source Savills Research

**Market Trends**



Last mile distribution steadily increasing with E-commerce



Vacancy still steadily decreasing

2017: 4.9% | Today: 3.6%



Cost of Development Construction

Savills industrial specialists integrate advanced analytics, strategic planning, corporate finance, supply chain and operations strategy with real estate to ensure decisions are aligned with business goals. We provide a full range of services including comprehensive financial, logistics, brokerage and occupancy solutions to industrial space users across all industries.

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