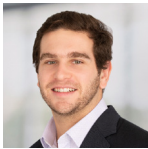


New Jersey



The New Jersey industrial market continued its consistently strong performance during Q2 2020, even with the complications and economic turmoil caused by COVID-19.



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While COVID-19 strongly impacted other asset classes such as retail and office in New Jersey, the industrial market remained resilient, continuing its strong performance.

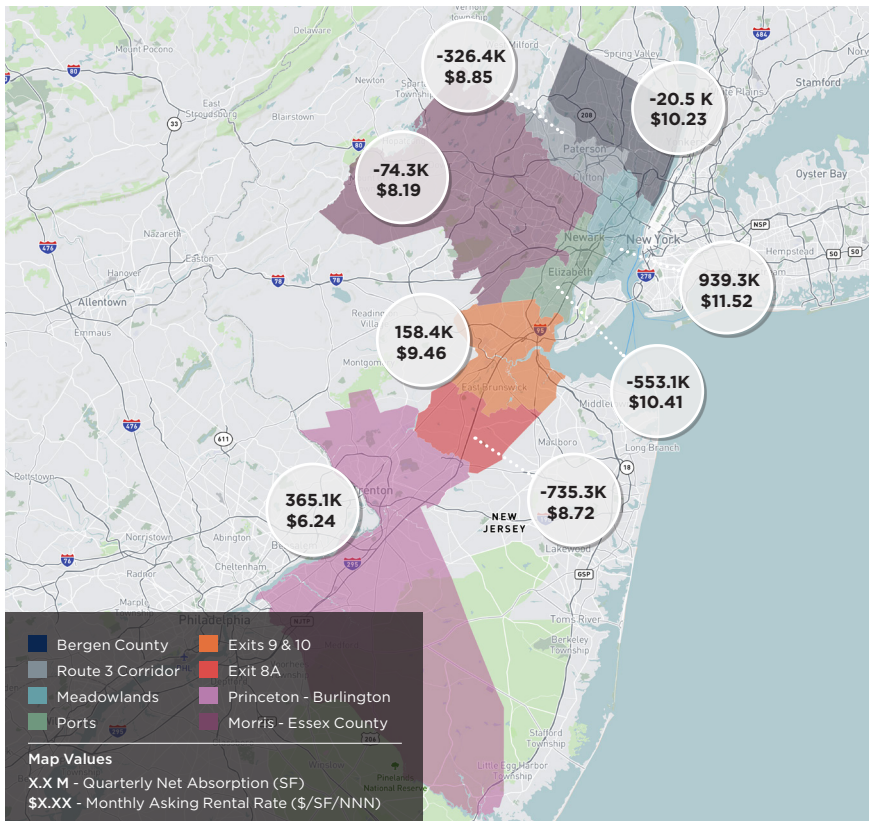
The number of significant transactions in the second quarter declined slightly, but the fundamentals of the New Jersey industrial market are strong and cushioned it from the sharp declines that other markets and product types are experiencing. There was a very minimal increase in vacancy from last quarter, ending Q2 with a 3.8% vacancy rate, up 10 basis points from the previous quarter, but is still 60 basis points lower than it was this time last year. Net absorption for the quarter totaled negative 246,801 square feet (sf), well below the 5-year average of 2.1 million square feet (msf). Asking rental rates continued to climb in the New Jersey industrial market, up \$0.17 from the previous quarter to \$8.34 psf. The impacts of COVID-19 did not quell the demand for new space in the market, in spite of rising

KEY STATISTICS

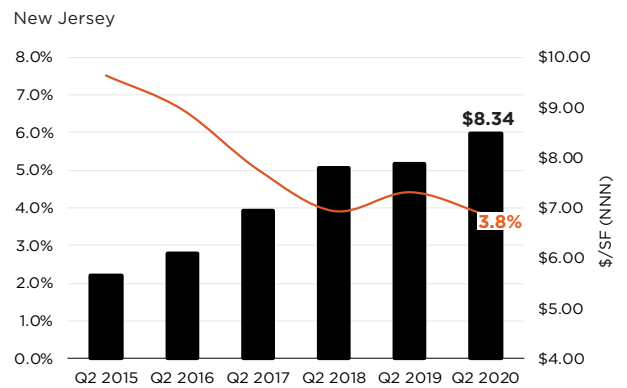
	Q2 2019	Q2 2020	y-o-y Change
Inventory	522,881,713	526,232,649	▲
Vacancy Rate	4.4%	3.8%	▼
Net Absorption	1,105,791	(246,801)	▼
Under Construction	4,596,827	11,495,297	▲
Overall Asking Rent (NNN)	\$7.88	\$8.34	▲

construction cost, there was nearly 12 million square feet (msf) of new construction under way in the second quarter. The Exit 8A, 9 & 10 submarkets accounted for almost half of the new projects under construction in the second quarter.

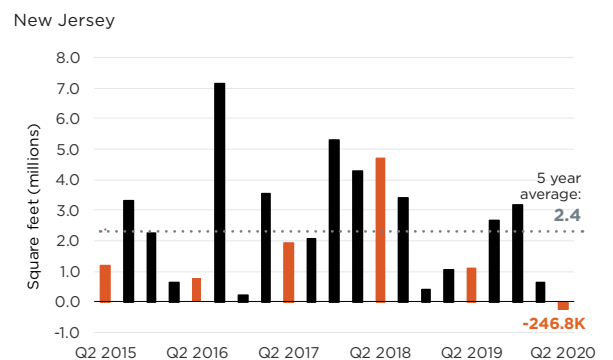
The large portfolio transactions that had been occurring in prior quarters were absent from this quarter. However, there were a couple of notable transactions; CalPERS purchased a brand new 926,000 sf facility from the Carlyle Group for \$164 million and Prologis purchased 4 properties from V. Paulis & Associates, which totaled \$169 million for 700,000 sf.



VACANCY AND ASKING RENT TRENDS



NET ABSORPTION



“The New Jersey market has shown resilience throughout the early months of COVID-19, despite a slight decrease in leasing and sales activity. We expect the prime locations to hold strong through the next two quarters.”

– 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	24,933,182	1,164,557	1,270,989	4.7%	(72,283)	0	0	\$10.23
Route 3 Corridor	420	51,053,927	1,899,879	2,194,043	3.7%	52,328	0	250,000	\$8.85
Meadowlands	552	78,658,706	2,577,777	3,146,907	3.3%	426,401	415,533	1,468,116	\$11.52
Ports	360	62,135,607	2,596,649	2,600,904	4.2%	(803,212)	0	2,031,771	\$10.41
Exits 9 & 10	614	99,395,495	1,726,411	1,894,567	1.7%	647,128	50,400	3,901,817	\$9.46
Exit 8A	267	69,866,878	1,733,264	1,834,178	2.5%	(421,398)	301,320	1,824,545	\$8.72
Princeton - Burlington	429	77,008,138	4,421,339	4,770,023	5.7%	767,285	1,256,895	1,717,728	\$6.24
Morris - Essex County	562	63,180,716	4,393,178	4,427,449	7.0%	(76,707)	0	0	\$8.19

MAJOR TRANSACTIONS

Sales

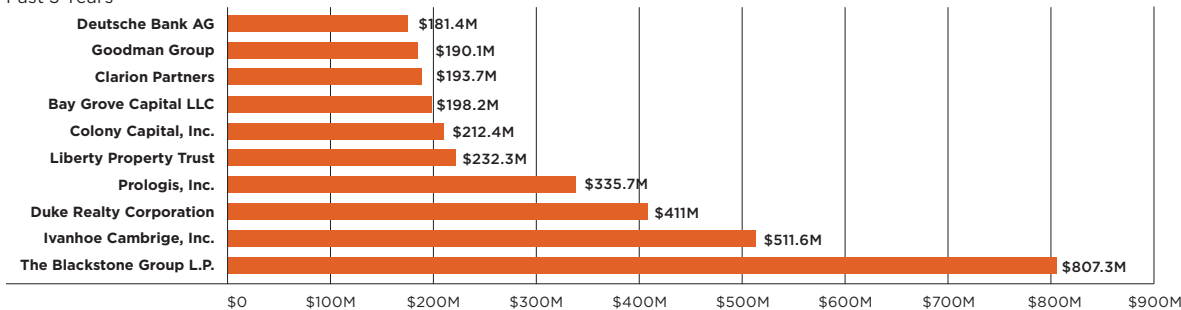
Owner/Buyer	Seller	Date	Address	Square Feet	Built	Land Area (acres)	Price	Submarket
Black Creek Group	Bohren's Moving & Storage	6/3/2020	3 Applegate Drive	200,000	2000	11.72	\$22,586,627	Trenton/295
CalPERS	The Carlyle Group	6/2/2020	50 Veronica Avenue	926,392	2020	99.79	\$164,000,000	Somerset
Prologis	V Paulis & Associates	3/12/2020	760 Port Carteret Drive	215,000	2008	15.29	\$50,754,564	Carteret/Avenel
Prologis	V Paulis & Associates	3/12/2020	1000 Port Carteret Drive	235,000	1992	11.79	\$39,747,421	Carteret/Avenel
Prologis	V Paulis & Associates	3/12/2020	300 Middlesex Avenue	215,000	1989	18.54	\$38,102,690	Carteret/Avenel

Leases

Tenant	Square Feet	Address	Transaction Type	Submarket	Landlord
Amazon	616,032	601 Randolph Road	New Lease	Western Rt. 287	Bridge Development
Amazon	415,533	50 Central Avenue	New Lease	Lyndhurst/Harrison	Seagis Property Group
Anixter International	296,000	7 Santa Fe Way	New Lease	Exit 8A	Prologis
Amazon	386,000	1800 Lower Road	New Lease	Linden	CenterPoint Properties
Subaru	1,000,100	2020 Route 130	Lease Expansion	Burlington	NFI Industries

TOP BUYERS

Past 3 Years



Source Savills Research

Market Trends



Consistent Rent Growth



Vacancy still steadily decreasing

2019: 4.4% | Today: 3.8%



Cost of development and construction are on the rise

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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Savills helps organizations find the right solutions that ensure employee success. Sharply skilled and fiercely dedicated, the firm's integrated teams of consultants and brokers are experts in better real estate. With services in tenant representation, workforce and incentives strategy, workplace strategy and occupant experience, project management, and capital markets, Savills has elevated the potential of workplaces around the corner, and around the world, for 160 years and counting.

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