

New Jersey



The New Jersey industrial market ended Q3 2020 on a high note due to a flurry of leasing activity driven by demand in the e-commerce industry as consumers continue shifting toward online shopping for consumer goods.



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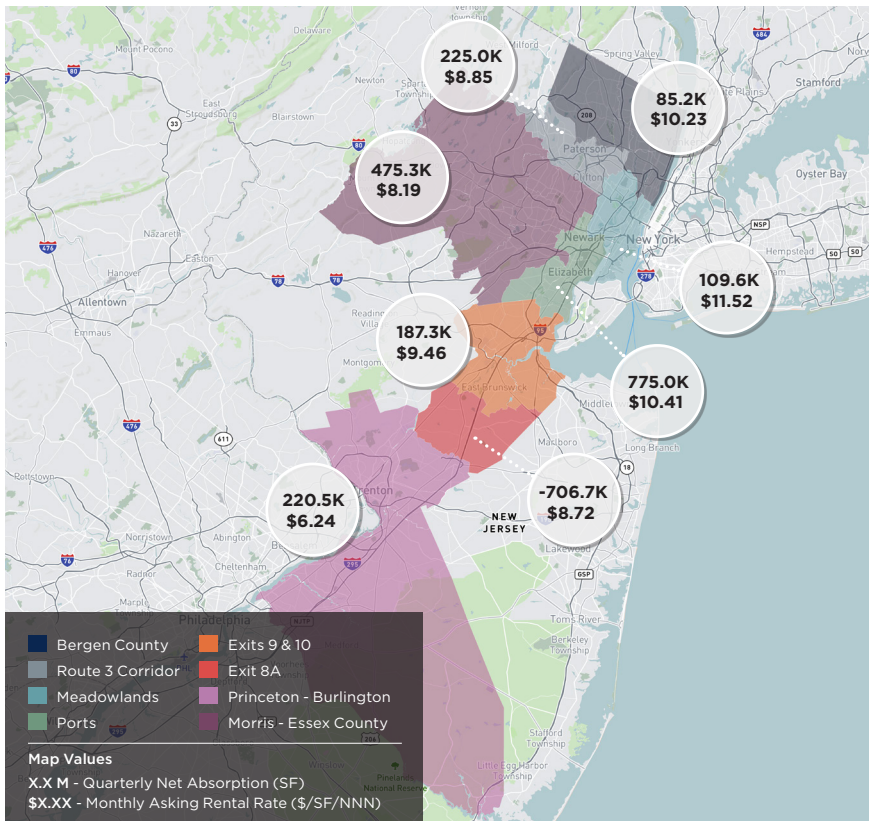
In total, leasing activity reached 7.1 million square feet (msf) with institutional occupiers looking to new construction to satisfy their growing appetite for warehouse and distribution space. In fact, e-commerce giant Amazon signed three of the five largest deals in the market during Q3 2020, the largest of which was for 900 square feet (sf) at Rockefeller Group's 10Edison development in the Exit 9 & 10 submarket. G-III Apparel Group, which signed the second largest lease in Q3 2020, renewed its lease at 140 Docks Corner Road in the Middlesex Intermodal Center that's owned by BlackRock, Inc.

Demand for industrial real estate is expected to continue trending upward as key drivers such as e-commerce activity and port activity have remained robust while the COVID-19 pandemic has caused retailers and e-commerce firms to maintain a safety inventory, increasing their overall need for space. Cold storage demand is expected to continue to increase as well as grocers have experienced a notable uptick in online orders while consideration must also be given to the life sciences industry's need to store vaccinations.

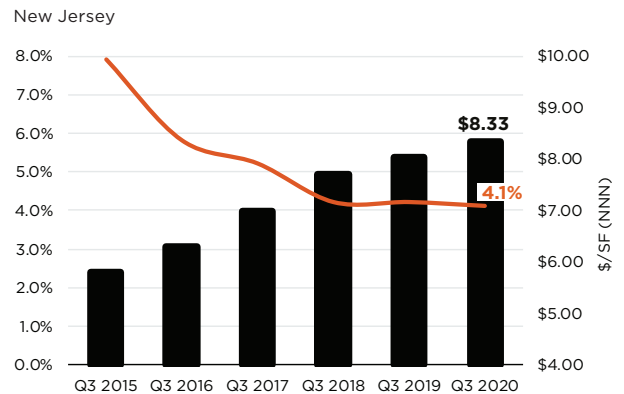
KEY STATISTICS

	Q3 2019	Q3 2020	y-o-y Change
Inventory	523,625,667	528,261,970	▲
Vacancy Rate	4.2%	4.1%	▼
Net Absorption	2,005,656	1,371,400	▼
Under Construction	6,136,527	11,930,287	▲
Overall Asking Rent (NNN)	\$8.02	\$8.33	▲

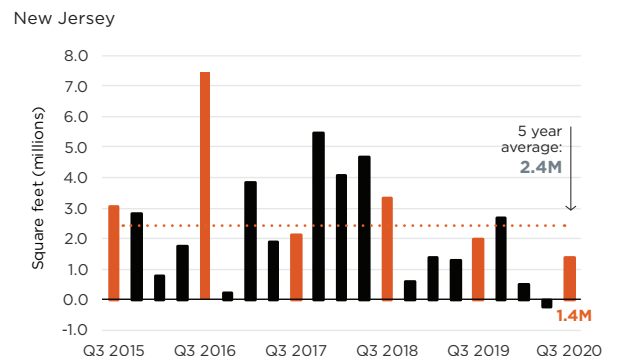
Developers have taken notice too as 11.9 msf of industrial real estate is currently underway in the New Jersey market with the more bullish developers acquiring in-fill sites in hopes of securing premium rents that have been on the rise with some instances of rates reaching the low-teens. While world-class developers such as Prologis, or Duke Realty, have been active in the market, entrepreneurial developers backed by private capital are beginning to emerge as well, hoping to capitalize on the increasing demand. The high-demand, low-supply sentiment currently present in the New Jersey market has caused asking rent growth to occur as market-wide asking rates reached \$8.33 per square foot (psf) in Q3 2020, increasing 3.9% from the \$8.02 psf rate observed in Q3 2019.



VACANCY AND ASKING RENT TRENDS



NET ABSORPTION



“Industry adaptation to a post-pandemic world has caused businesses ranging from brick-and-mortar retailers, e-commerce companies, and life sciences firms to increase their real estate footprint while revised marijuana legislation, if passed, will allow cultivators to open new facilities and increase their yield to satisfy market demand.”

– John McWilliams, Research Manager

SUBMARKET OVERVIEW

50,000 SF and up (owner occupied included)

Submarket	Existing Inventory		Vacancy			Q3 2020 Net Absorption (SF)	Q3 2020 Deliveries (SF)	Under Construction (SF)	Overall Asking Rent (NNN)
	# Bldgs	Total (SF)	Direct (SF)	Total (SF)	Vac %				
Bergen County	241	24,885,675	1,075,769	1,082,769	4.4%	85,279	0	0	\$12.05
Route 3 Corridor	419	50,977,529	1,735,856	1,969,020	3.9%	225,023	0	540,385	\$8.54
Meadowlands	552	78,708,556	1,983,260	2,471,358	2.5%	109,577	0	589,338	\$11.33
Ports	364	61,980,384	2,375,785	2,380,040	3.8%	775,015	564,856	2,607,710	\$8.95
Exits 9 & 10	617	100,774,803	1,660,747	1,963,781	1.9%	187,348	1,232,830	921,085	\$8.70
Exit 8A	265	69,734,762	2,201,611	2,519,737	3.6%	(706,688)	0	1,824,545	\$10.00
Princeton - Burlington	433	77,945,844	4,601,446	5,405,752	6.9%	220,546	589,400	5,447,224	\$6.19
Morris - Essex County	563	63,254,417	3,863,823	3,989,424	6.3%	475,300	0	0	\$8.13

MAJOR TRANSACTIONS

Sales

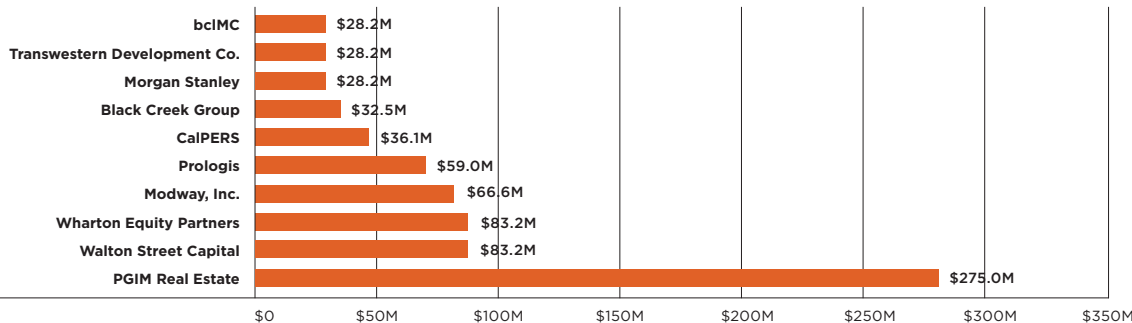
Owner/Buyer	Seller	Date	Address	Square Feet	Built	Land Area (acres)	Price	Submarket
BentallGreenOak	Crow Holdings Industrial	June-20	50 Veronica Avenue	926,392	2020	99.79	\$164,000,000	Somerset
Modway, Inc.	Exeter	Aug-20	329-359 Wyckoff Mills Road	634,495	2018	51.01	\$66,655,540	Princeton-Burlington
Black Creek Group	QTS Realty Trust	Sep-20	148 Princeton Hightstown Road	560,000	1962	194.00	\$32,500,000	Princeton-Burlington
High Street Logistics Properties	Vineland Construction Co	Jul-20	3100 N Mill Road	432,000	1989	28.85	\$23,200,000	Vineland/Bridgeton
Duke Realty	David F Bolger Revocable Trust	Sep-20	65 Industrial Road	197,000	1998	7.17	\$14,400,000	Route 3 Corridor

Leases

Tenant	Square Feet	Address	Transaction Type	Submarket	Landlord
Amazon	900,022	2205 State Route 27	Lease	Exit 9&10	Rockefeller Group
G-III Apparel Group	583,376	140 Docks Corner Road	Lease	Exit 8A	BlackRock
Amazon	340,400	10 Princess Road	Lease	Princeton - Burlington	Penwood Real Estate Investment Management
TSG Cabinets	308,550	101 Randolph Road	Lease	Somerset IND	Bridge Development Partners
Amazon	301,320	Farrington Boulevard	Lease	Princeton - Burlington	MRP Industrial

TOP BUYERS

Past 3 Years



Source Savills Research

Market Trends



Consistent Rent Growth



Vacancy still steadily decreasing

Q3 2019: **4.2%** | Today: **4.1%**



Cost of development and construction are on the rise

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