

OCTOBER 2007

INDUSTRIAL REAL ESTATE MARKETS OF NORTH AND CENTRAL NEW JERSEY

HOW IS OUR MARKET PERFORMING?



VACANCY RATES?

AVERAGE RENTAL RATES?

ABSORPTION RATES?

LB COMMERCIAL IS DEDICATED TO ASSIST LANDLORDS,
TENANTS, BUYERS + SELLERS.

“VALUE BEYOND THE TRANSACTION”



The Record BUSINESS

FRIDAY, OCTOBER 12, 2007

THE MARKETS

DOW

63.57

Close:
14,015.12

S&P 500

8.06

Close:
1,554.41

NASDAQ

39.41

Close:
2,772.20

Market Movers B-2

Industrial real estate reverses 2nd-quarter slide

By JAMES QUIRK
STAFF WRITER

The industrial real estate markets of North and Central Jersey resumed their slow marches of improvement in the third quarter, according to new reports from Cushman & Wakefield and Grubb & Ellis.

Average rents per square foot in North and Central Jersey rose to \$6.02 in the third quarter from

\$5.96 in the second. Tenants signed leases for more than 5.2 million square feet in the summer alone. The largest concentration of those deals – 43 percent – took place in Middlesex County, according to Cushman & Wakefield.

With 1.2 million square feet of positive absorption in the third quarter, the industrial market has regained the momentum that

See SLIDE Page B-4

Slow improvement

Northern and Central New Jersey's industrial markets:

■ Average rents per square foot are \$6.02, up from \$5.96 in the second quarter.

■ Average rent prices in the Northern Bergen County submarket, North Jersey's most expensive industrial market, rose 14 cents in the third quarter to \$8.76.

Source: Grubb & Ellis

■ Vacancy rates stand at 8.8 percent, up from 8.7 percent.

■ The markets experienced roughly 1.2 million square feet of positive absorption, a significant turnaround from the second quarter's 1.3 million square feet of negative absorption.

Slide: Industrial real estate reverses 2nd-quarter drop

From Page B-1
previously sustained it, according to Grubb & Ellis' new report, "Demand Refuels the Industrial Market."

"The summer months, historically, have been a slow period for the real estate market," said Stephen Jenco, research director for Grubb & Ellis, a Chicago-based real estate company. "So it was encouraging to see that in that period, there was about 1.2 million square feet being absorbed."

The third-quarter performance followed a second period in which more than 1 million square feet of negative absorption – space left empty by vacated tenants – were posted in North and Central Jer-

sey. That had ended a seven-quarter streak of positive absorption in the region. From the third quarter of 2005 to the first quarter of 2007, roughly 9.4 million square feet of industrial space was absorbed, according to data from Grubb & Ellis.

Eastern Monmouth County currently commands the highest average industrial rent per square foot at \$9.25, according to Grubb & Ellis.

The largest lease deal of the summer was KMM Telecommunications' bid for 209,023 square feet at 60 Distribution Blvd. in Edison. Nearly a half dozen other companies signed leases for more than 100,000 square feet in

Middlesex County.

However, vacancy rates in Central New Jersey could rise if the 4 million square feet of speculative development expected to come on line in 2008 is not filled, said Gil Medina, executive managing director of Cushman & Wakefield in New Jersey. The fact that there is such an amount of speculative construction is an indicator that the fundamentals of Central Jersey's industrial market remain strong, he said.

The 8 percent average vacancy rate in North and Central Jersey's industrial market stands in contrast to the 20 percent vacancy rate of its office market. Industrial demand continues to spur sup-

ply; there was 6.6 million square feet of industrial space under construction at the end of the third quarter, and 55.7 million square feet remains available across North and Central Jersey, according to Grubb & Ellis.

"The economy of New Jersey continues to maintain some momentum," Medina said.

"More importantly, the [commercial] real estate market continues to trend in a positive direction. That's the major news: Despite the fears with the subprime mortgage market, the commercial real estate markets continue to improve."

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