

10

2022

INDUSTRIAL REPORT

1Q 2022 INDUSTRIAL REPORT



Economic Overview



The U.S. job market remained strong with employment rising by nearly 700,000 jobs in February while unemployment moved down to 8.3%. The job market has recovered faster post-pandemic than in other periods of economic downturn including the dot com bust in 2000-01 and the great financial crisis of 2008-09. The economy is however, facing headwinds leading into the second quarter. The conflict in eastern Europe has sent gas prices soaring on top of consumer prices that are rising at the fastest pace in more than 40 years. A prolonged situation could provide an additional hit to energy and food supply chains and lower business and consumer confidence.



New Jersey employers continued to expand their payrolls in February, with an increase of 25,900 jobs. The unemployment rate of 4.6% is lower than the national average and is off considerably from the same time last year when it was 7.2%, New Jersey has regained more than 90.0% of the jobs it lost due to the Coronavirus pandemic in March and April of 2020. Many of the job gains have been in trade, transportation and utilities, financial services, and construction.

Market Overview

The New Jersey industrial market continued to maintain momentum into the first quarter of 2022, despite challenges from the Omicron variant and ongoing supply chain issues. Surging demand for warehouse and distribution centers is being driven by e-commerce companies and their suppliers as consumers look to have products delivered faster. Cold-storage demand has also hastened as online shopping spreads to the food and beverage industry. Other industries looking for space include pharmaceutical and technology firms.

As a result of unabated demand, market indicators remained strong in the first three months of the year. Average asking rents reached historical highs as the vacancy rate moved lower, and robust leasing activity has led to 11 consecutive quarters of positive absorption. Of the 14 submarkets tracked by NAI James E Hanson, 13 have vacancy rates under 5.0%. Meanwhile, average asking rates range from a low of \$8.00 per square foot to just over \$16.00 per square foot across northern and central New Jersey.

1Q 2022 INDUSTRIAL REPORT

Market Pricing

Overall average asking rents passed the \$11.00 per square foot mark for the first time, finishing at \$11.27 per square foot. Rates are up by more than 15.0% year-over-year and are now 27.0% higher than pre-pandemic levels recorded in early 2020.

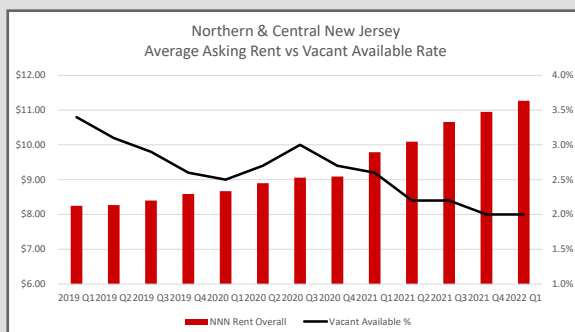


\$11.27 PSF
Asking Rental Rate



15.1%
Increase versus
1Q 2021

Average asking rents moved higher across all submarkets with only three of 14 having rates under \$10.00 per square foot. The markets with the highest rents are Ports, Meadowlands, Exits 10/12 and 8A. While Warren & Sussex, Exit 7A and the Morris Region have the lowest.



Vacancy, Absorption & Leasing

1Q2022 vs. 1Q2021



2.0%
Vacancy Rate



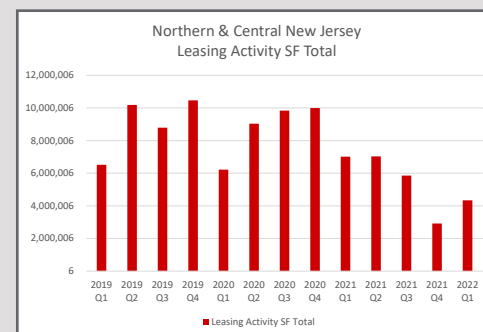
969,419 SF
Absorption



4.3M SF
Leasing Activity



Total leasing activity measured over 4.0 million square feet during the first quarter and is down considerably over the same period last year. The drop in activity, however, is not a function of less demand, but rather there is less space to lease as overall vacancy stands at a mere 2.0%

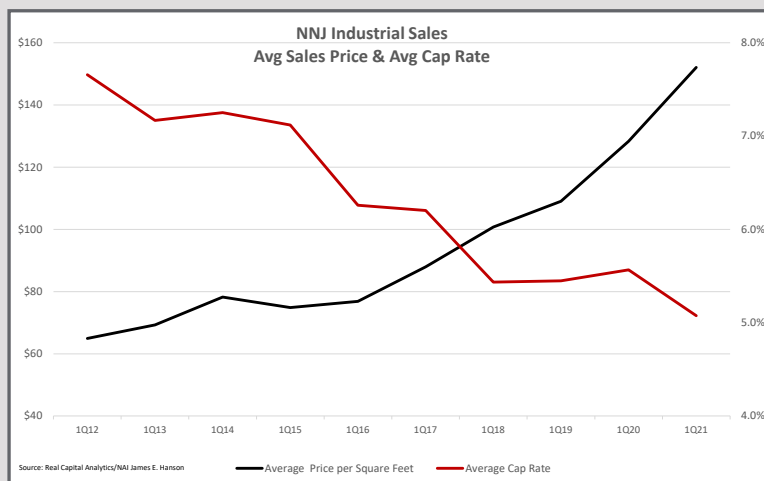


Investment Sales

The investment sales market remained strong through the first quarter with total dollar volume reaching \$206 million. The average price per square foot continues to rise, finishing the quarter at \$162 per square foot, up from \$152 year-over-year.



More than 1.1 million square feet of industrial property changed hands during the first quarter, as cap rates continued to hover in the low-to-mid 5.0% range as it did for most of 2021.

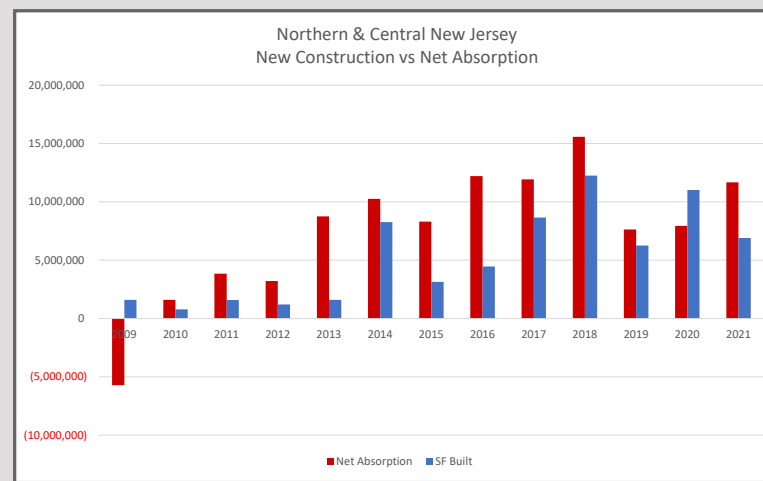


New Construction

Currently there are 16.6 million square feet of new construction slated for delivery over the next two years in Northern and Central New Jersey. Most new projects have been largely pre-leased as the tight market conditions persist.



With unwavering demand, new construction deliveries have not been able to keep pace with absorption allowing vacancy to remain at record low levels.



Market Statistics

	Total RBA	Total Vacant Available SF	Total Vacant Available %	Total Net Absorption	Total SF Leased	RBA Under Construction	Average Asking Rate
Northern & Central NJ	692,034,985	13,751,125	2.0%	969,419	4,334,976	14,724,043	\$11.27
Middlesex	209,962,418	1,611,331	0.8%	(497,650)	681,795	4,718,968	\$11.28
Bergen	91,287,948	2,499,662	2.7%	202,680	1,210,680	1,838,991	\$12.80
Hudson	81,038,155	1,885,107	2.3%	254,499	811,527	1,691,388	\$16.07
Essex	65,973,518	979,993	1.5%	437,156	296,083	328,396	\$11.61
Union	64,258,027	1,167,994	1.8%	201,582	333,899	2,241,329	\$12.06
Passaic	55,684,980	1,060,327	1.9%	(91,262)	117,581	205,350	\$12.23
Morris	39,499,839	1,871,861	4.7%	178,051	191,676	224,940	\$8.52
Mercer	34,582,948	1,256,958	3.6%	343,398	153,503	1,906,717	\$7.71
Somerset	30,848,427	548,094	1.8%	(157,892)	269,962	145,746	\$10.16
Warren	8,753,095	570,600	6.5%	(39,950)	253,000	1,408,200	\$6.82
Hunterdon	6,865,231	153,078	2.2%	99,022	-	-	\$10.11
Sussex	3,280,399	146,120	4.5%	39,785	15,270	14,018	\$5.76
Orange, NY	31,896,624	1,765,249	5.5%	(587,731)	268,458	2,692,094	\$9.02
Rockland, NY	15,801,367	579,327	3.7%	(42,928)	36,140	-	\$14.72

	Total RBA	Total Vacant Available SF	Total Vacant Available %	Total Net Absorption	Total SF Leased	RBA Under Construction	Average Asking Rate
Ports	138,957,679	2,658,453	1.9%	601,382	617,382	4,160,413	\$16.15
Exits 10/12	113,772,760	1,386,625	1.2%	(442,485)	304,259	3,139,505	\$13.55
Meadowlands	95,244,932	2,095,293	2.2%	(24,471)	1,281,540	1,939,691	\$15.80
Exit 8A	73,357,233	108,701	0.1%	(19,718)	283,997	1,539,963	\$13.39
Route 46/23/3 Corridor	55,344,037	1,016,435	1.8%	(78,762)	109,360	205,350	\$12.17
Exit 7A	45,137,637	1,832,561	4.1%	154,823	432,686	3,250,607	\$8.07
Morris Region	37,667,083	1,863,265	4.9%	155,479	155,479	224,940	\$8.51
Somerset	30,644,248	547,994	1.8%	(157,832)	269,962	145,746	\$10.16
Central Bergen County	25,998,863	813,899	3.1%	221,565	464,676	-	\$12.29
Suburban Essex	22,881,324	463,254	2.0%	(240,874)	44,600	-	\$12.01
Brunswick/ Exit 9	22,832,425	199,111	0.9%	(35,447)	88,454	39,500	\$10.34
Northern Bergen County	21,697,697	459,579	2.1%	230,018	244,076	-	\$11.88
Warren & Sussex	12,033,494	753,845	6.3%	(165)	244,076	1,422,218	\$6.76
Hunterdon	6,800,231	88,078	1.3%	99,022	99,022	-	\$10.11

Top Transactions

Top SALE Transactions

114,593 SF | \$35,400,000

24 Munsonhurst Road, Franklin
Buyer: Innovative Industrial Properties
Seller: Ascend Wellness Holdings

131,205 SF | \$32,000,000

241 Oraton Street, Newark
Buyer: Thor Equities
Seller: Jewels Transportation Holdings

75,900 SF | \$62,750,000

120 Frontage Road, Newark
Buyer: LBA Realty
Seller: S. Hekemian Group

36,320 SF | \$7,391,000

301 Hollywood Ave. South Plainfield
Buyer: Blusv I NJ 301 Hollywood Ave LLC
Seller: Morris Neuman

Top LEASE Transactions

425,000 SF

1 Emerson Lane
Secaucus
ZT Systems

166,000 SF

567-575 N. Midland Avenue
Saddle Brook
ReadySpaces


152,736 SF

7 Fitzgerald Avenue
Monroe Township
Access Bio, Inc.

108,103 SF*

16 McKee Drive
Mahwah, NJ
Undisclosed

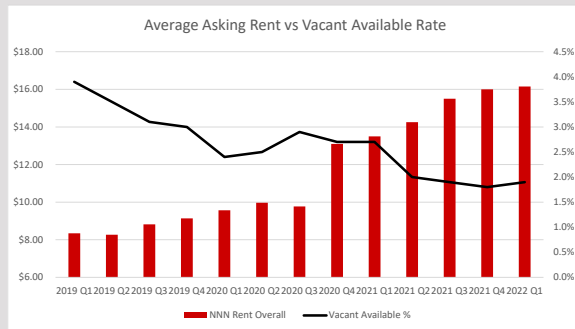
*NAI Hanson Transaction



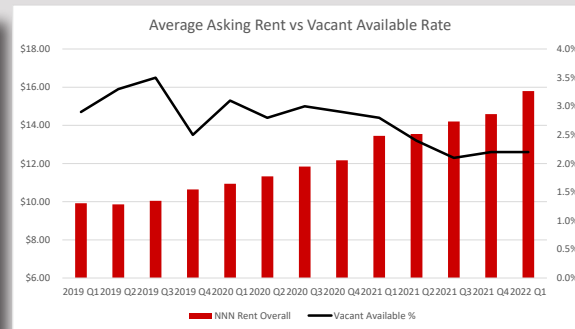
TOP 10 CONSTRUCTION PROJECTS				
ADDRESS	SIZE (SF)	COMPLETION	DEVELOPER	SUBMARKET
1000-2000 Rand Boulevard	1,408,200	3Q22	Bridge Development Partners	Warren & Sussex
904 Cranbury South River Road	1,281,000	3Q22	JV Brookfield & Sansone Group	Exit 8A
1289 Rahway Avenue	1,215,238	4Q22	The Morris Companies	Exit 10/12
3000 Valley Brook Avenue	932,168	3Q23	JV Forsgate & Russo Development	Meadowlands
42 Military Ocean Terminal	886,256	4Q22	Lincoln Equities Group LLC	Ports
1365 Lamberton Road	845,078	2Q22	Hilco Global	Exit 7A
700 Linden Logistics Way	735,220	14Q22	JV Greek Dev. & Advance Realty	Ports
200 Linden Logistics Way	516,600	2Q23	JV Greek Dev. & Advance Realty	Ports
300 Salt Meadow Road	479,700	2Q22	Crow Holdings Industrial	Exit 10/12
300 Linden Logistics Way	472,610	3Q22	JV Greek Dev. & Advance Realty	Ports

Submarket Highlights

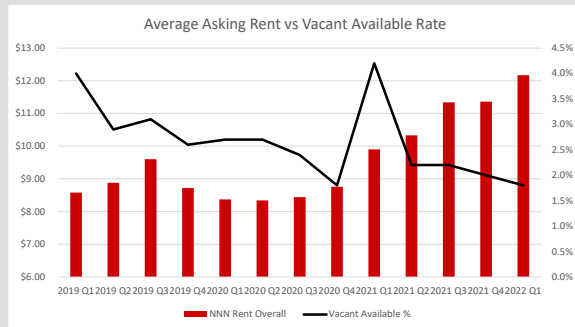
Ports



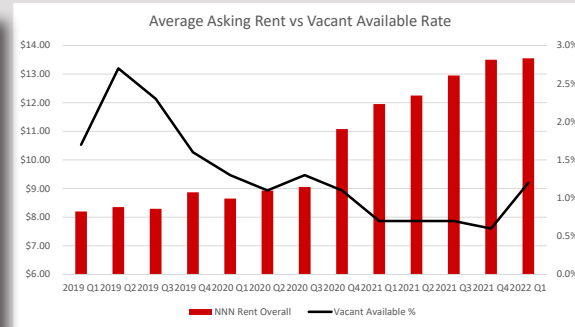
Meadowlands



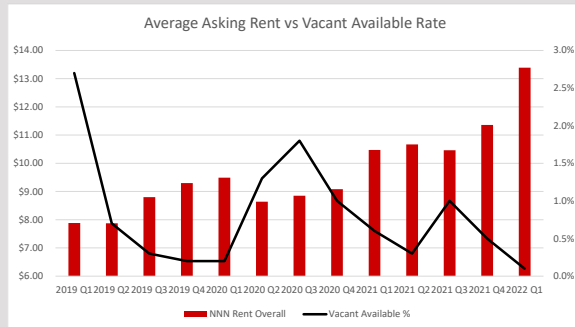
Route 46/23/3 Corridor



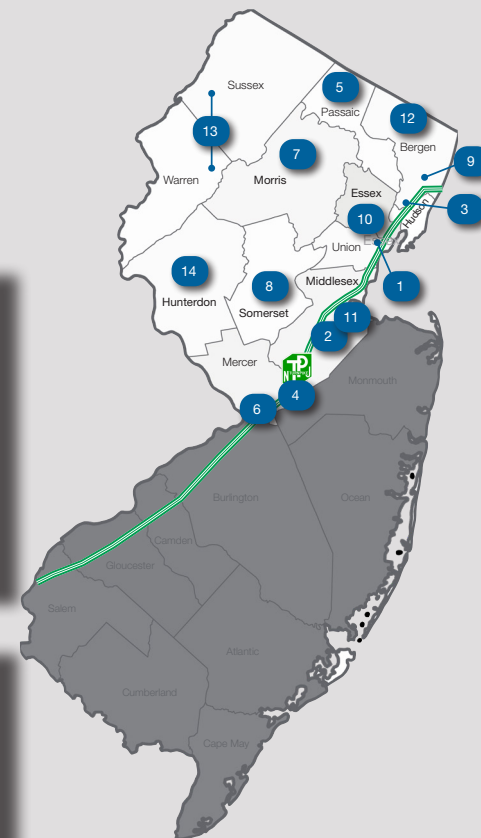
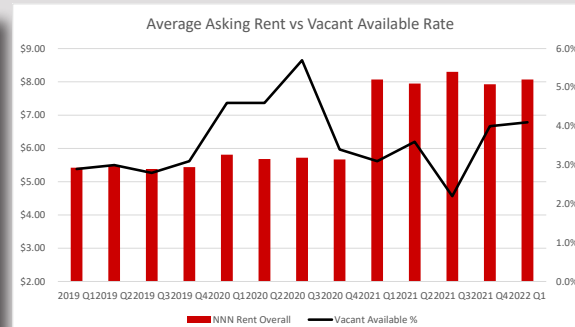
Exit 10/12



Exit 8A



Exit 7A



#	SUBMARKET	VACANCY
1	PORTS	1.9%
2	EXIT 10/12	1.2%
3	MEADOWLANDS	2.2%
4	EXIT 8A	0.1%
5	46/23/3 CORRIDOR	1.8%
6	EXIT 7A	4.1%
7	MORRIS REGION	4.9%
8	SOMERSET	1.8%
9	CENTRAL BERGEN	3.1%
10	SUBURBAN ESSEX	2.0%
11	BRUNSWICK/EXIT 9	0.9%
12	NORTHERN BERGEN	2.1%
13	WARREN & SUSSEX	6.3%
14	HUNTERDON	1.3%

10^Q 2022 INDUSTRIAL REPORT

NAI James E. Hanson
COMMERCIAL REAL ESTATE SERVICES, WORLDWIDE

NAI GLOBAL

43± Countries
300± Offices
5,100± Market Leaders

For more information, please contact:

William C. Hanson, SIOR
President
201 488 5800 x145
whanson@naihanson.com

FOLLOW US!



195 North Street, Suite 100 • Teterboro, NJ 07608 • 201 488 5800 | 10 Lanidex Plaza W., Parsippany, NJ 07054 • 973 463 1011 | naihanson.com

THE INFORMATION CONTAINED HEREIN HAS BEEN OBTAINED FROM SOURCES CONSIDERED TO BE RELIABLE, BUT NO GUARANTEE OF ITS ACCURACY IS MADE BY NAI JAMES E. HANSON.

NAI JAMES E. HANSON

75
REAL ESTATE PROFESSIONALS

Superior
information
management
and market
research
capabilities



46
Agents



12 SIOR'S-
THE HIGHEST OF ANY
CRE FIRM IN NJ

293
TRANSACTIONS IN 2021

\$952
MILLION - VALUE OF
TRANSACTIONS IN 2021

Consistently
ranked as
Top "Power
Broker" by
Costar Group