

1Q 2017

Northern & Central New Jersey Industrial Report



NAI Hanson sold 211 Island Road, Mahwah - 108,237 sf

1Q 2017 **Edition**



1Q 2017

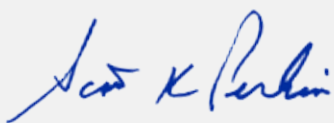
Industrial Overview

Development in Northern New Jersey has progressed at a measured pace since the Great Recession. We don't believe that overdevelopment will be the cause of the next economic downturn nor will it exacerbate a market "correction".

With the exception of Bridge Development, most developers are concentrating on one project at a time. Inexpensive money has contributed to the continued restrained trajectory in development. The real estate development industry is not known for its restraint. Bank regulation in the form of the Dodd-Frank Wall Street Reform and Consumer Protection Act and Basel III could be a contributing factor to the development restraint. It requires banks to hold more capital on their books as a means of managing risk. Alternative lenders, including private equity funds and mortgage real estate investment trusts, are poised to pick up some of the slack, particularly when it comes to acquisition, development and construction loans (ADC) classified under "High Volatility Commercial Real Estate." The rule—which was implemented on January 1, 2015 as a part of Basel III—forces banks to retain 150 percent of risk weight on a loan that falls under HVCRE, compared to the 100 percent required previously. In short, greater capital requirements on part of banks limit their ability to lend as much and to provide higher-leverage debt.

New projects have leased at a healthy rate. For example, Clarion's 991,348 square foot development in Cranbury, The Morris Companies 706,000 square foot development in Newark and Seagis' 923,000 square foot development in Edison have all been leased.

A relatively restrained pipeline of new development coupled with positive absorption has caused rents to increase. We anticipate rents to continue to climb this year, but at a measured pace. We also believe new developments will continue to be proposed this year, but at a slower pace as developers look beyond 2017 contemplating economic conditions.



Scott K. Perkins, SIOR, CCIM
Industrial Council Chairman

Overview



Trends 1Q2017

▲
ASKING RATE

▼
LEASING

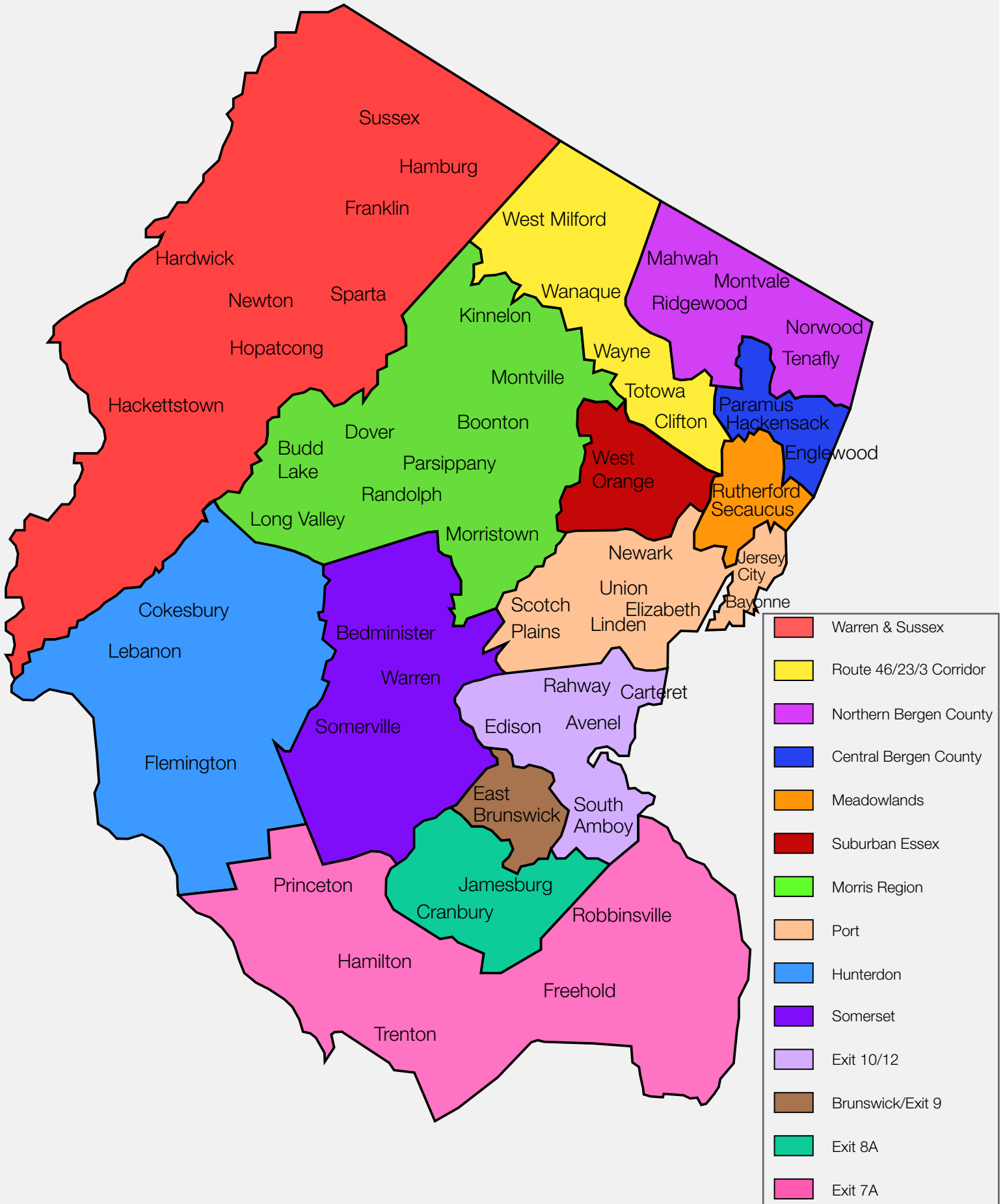
▲
NET ABSORPTION

◆
VACANCY

Numbers are compared to 4Q2016

Submarket Map

Submarkets



Northern & Central 1Q 2017

Market Snapshot

Overview

County Overview

	Total RBA	Total Vacant Available SF	Total Vacant Available %	Total Net Absorption	Total SF Leased	RBA Under Construction	Total Average Asking Rate
NJ Overall	653,451,097	29,780,479	4.6%	2,182,215	4,937,534	10,149,027	\$6.89
Middlesex	184,925,551	5,067,705	2.7%	1,714,723	2,354,736	4,637,181	\$6.77
Bergen	91,625,999	5,521,054	6.0%	1,024,499	744,806	436,656	\$7.91
Hudson	82,778,525	3,708,746	4.5%	(858,848)	533,166	717,097	\$8.29
Essex	65,334,444	2,740,209	4.2%	(439,171)	247,679	706,000	\$6.92
Union	61,063,795	3,592,555	5.9%	(95,818)	172,614	1,088,357	\$6.86
Passaic	53,832,271	2,296,066	4.3%	(41,914)	74,732	0	\$7.44
Morris	39,460,725	2,687,928	6.8%	154,851	222,085	65,000	\$6.69
Mercer	30,912,580	1,867,621	6.0%	374,039	360,450	2,295,136	\$4.44
Somerset	28,063,565	891,555	3.2%	461,495	201,086	28,000	\$6.79
Hunterdon	6,460,209	230,908	3.6%	(25,000)	16,380	0	\$5.20
Warren	6,396,626	856,786	13.4%	(126,825)	4,000	150,000	\$4.71
Sussex	2,596,807	319,346	12.3%	40,184	5,800	25,600	\$4.77
Orange, NY	26,952,798	1,698,959	6.3%	(90,228)	57,200	813,370	\$5.68
Rockland, NY	14,828,727	549,435	3.7%	35,238	39,565	30,000	\$8.93

Submarket Overview

	Total RBA	Total Vacant Available SF	Total Vacant Available %	Total Net Absorption	Total SF Leased	RBA Under Construction	Total Average Asking Rate
Ports	133,981,368	7,684,461	5.7%	(1,111,411)	436,714	1,966,607	\$7.21
Exit 10/12	104,197,571	2,973,234	2.9%	9,905	1,584,509	2,750,414	\$7.16
Meadowlands	93,190,736	4,171,058	4.5%	334,133	755,092	981,503	\$8.20
Exit 8A	61,749,490	1,511,443	2.4%	1,382,377	760,727	1,886,767	\$6.49
Route 46/23/3 Corridor	53,428,746	2,274,417	4.3%	(75,550)	72,882	0	\$7.45
Exit 7A	40,469,396	2,126,789	5.3%	257,648	382,319	2,295,136	\$4.99
Morris Region	37,581,719	2,642,742	7.0%	174,437	218,085	65,000	\$6.64
Somerset	27,900,703	876,555	3.1%	461,495	201,086	28,000	\$6.76
Central Bergen County	27,289,159	1,515,024	5.6%	360,757	255,656	0	\$7.28
Suburban Essex	23,793,067	787,840	3.3%	69,483	69,031	0	\$6.30
Brunswick/Exit 9	22,141,742	739,345	3.3%	258,520	9,500	0	\$5.41
Northern Bergen County	21,661,850	1,329,699	6.1%	55,671	187,622	0	\$8.85
Warren & Sussex	8,993,433	1,176,132	13.1%	(86,641)	9,800	175,600	\$4.73
Hunterdon	6,384,009	230,908	3.6%	(25,000)	16,380	0	\$5.20

“Ultimately business owners place a high premium on flexibility and adaptability when they are looking to purchase a space,” said Lennon. “A property like this given its location and adaptable layout with an existing tenant base can secure a high dollar amount on the open market and we were happy to negotiate a mutually beneficial sale on behalf of our client.”

-Patrick Lennon
NAI James E. Hanson

*Quote regarding the sale of 211 Island Road, Mahwah.

There was over \$412,000,000 in sale volume for the first quarter of 2017. The average price per square foot was \$79.82, an increase of \$7.11 per square foot from the previous quarter. The Ports submarket led with the most activity for the quarter.

Top transactions for the quarter included 350 Starke Road in Carlstadt; 13 Jensen Drive in Somerset; and 1735 Jersey Avenue in North Brunswick. 350 Starke Road in Carlstadt, a class A 353,349 square foot



350 Starke Road, Carlstadt

industrial warehouse, was purchased for \$73,000,000 or \$206.59 per square foot. The property sits on 18.24 acres and has 43 docks and 5 drive-in doors. The building is 100% leased to Medimedia, Stone Source and Toyo. 13 Jensen Drive in Somerset, a 366,896 square foot building, sold for \$44,600,000 from Prologis to Cabot Properties. The multi-tenanted building is 100% leased and sits on 26.53 acres with 50 exterior loading docks and 32' ceilings.

1735 Jersey Avenue in North Brunswick was purchased by private investor, Song B. Lee, from Murray Construction for \$18,900,000. The 360,000 square foot building sits on 16.5 acres and has 17 exterior docks and 1 drive-in. The property is 100% leased to a subtenant. The buyer has plans to raise the roof from 21' to 40' and install a energy efficient lighting program.



211 Island Road, Mahwah

NAI Hanson facilitated the transaction for 211 Island Road in Mahwah. The 108,237 square foot building sits on 7 acres and was purchased by Mahwah 2016 LLC from Ivy Realty.

The buyer plans on relocating from Rockland County and running its business out of 32,457 square feet. The buyer will also manage the other tenants in the building including an approximate 55,000 square foot lease to Ramsey Subaru.

Leasing Activity

Leasing

Leasing accounted for over 4,900,000 square feet leased in the first quarter of 2017 in the Northern and Central New Jersey industrial market. The vacancy rate remained stable at 4.6%, while net absorption remained positive ending the quarter with 2,182,215 square feet absorbed. Compared to the first quarter of 2016, vacancy is down 0.6%. Average asking rates rose \$0.20 per square foot from the previous quarter ending at \$6.89 per square foot. The market remains strong with tight vacancy and high asking rates.

The Exit 10/12 and Somerset submarkets saw the biggest increases in average asking rate price per square foot. The Exit 10/12 submarket ended the quarter at \$7.16 per square foot, an increase of \$0.71 per square foot from the fourth quarter of 2016. This submarket also saw the most leasing with over 1,580,000 square feet leased. Somerset saw an increase of \$0.68 per square foot from the previous quarter ending the first quarter at \$6.76 per square foot. The highest average asking rates remain in the Northern Bergen County submarket (\$8.85 per square foot) and the Meadowlands submarket (\$8.20 per square foot).



980 High Street, Perth Amboy

Notable transactions included Target, One Stop Logistics and Virginia Dare Extract Co., Inc. Target leased 718,219 square feet at Bridge Development's new building located at 980 High Street in Perth Amboy. The building boasts 36' clear ceilings and has 172 loading doors. The building is currently under construction and is set to be completed in 2Q2017. One Stop Logistics subleased 260,000 square feet at 77 Executive Avenue in Edison from UTI United States, Inc. and Virginia Dare Extract Co., Inc. leased 206,500 square feet at 900 Federal Boulevard in Carteret. 900 Federal Boulevard is currently under construction and is scheduled to be delivered in 4Q2017. Bridge Development Partners is currently developing the property. The building will have 36' clear ceilings and 36 exterior loading docks.



\$0.20

ASKING RATE



Unchanged

VACANCY RATE



3,844,278 SF

LEASING ACTIVITY

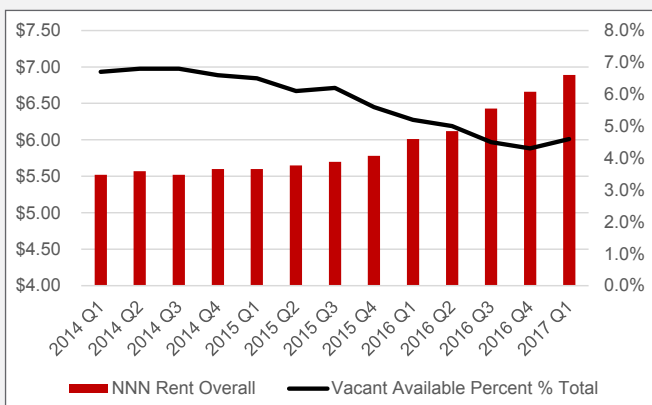


758,756 SF

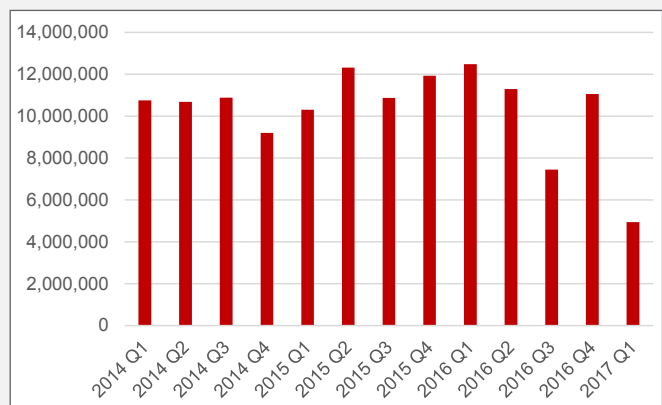
NET ABSORPTION

*Compared to 4Q16

Northern & Central NJ
Average Asking Rate vs. Vacant Available Rate



Northern & Central NJ
Leasing Activity



Under Construction

Construction



2 Brick Yard Road, Cranbury



215 Blair Road, Building B, Avenel

Address	Size (SF)	Completion	Developer	Usage
2 Brick Yard Road, Cranbury	991,348	3Q2017	Clarion Partners	Investment
2170 State Route 27, Edison	923,000	2Q2017	Seagis Property Group	Investment
980 High Street, Building C, Perth Amboy	718,219	2Q2017	Bridge Development Partners	Investment
67-71 Blanchard Street, Newark	706,000	3Q2018	The Morris Companies	Build-to-Suit
152 Route 206, Hillsborough	700,000	4Q2017	Industrial Realty Group	Investment
329-359 Wyckoff Mills Road, East Windsor	635,000	4Q2017	Exeter Property Group	Investment
203 Windsor Center Drive, Hightstown	567,000	1Q2018	Aurobindo Pharma USA, Inc.	Build-to-Suit
10 North Avenue, Building A, Elizabeth	538,840	4Q2017	Prologis	Investment
159 Milford Road, East Windsor	410,136	3Q2017	Trammell Crow Company	Investment
530-584 US Highway 130, Trenton	347,363	2Q2017	SunCap Property Group	Build-to-Suit
2575 Kuser Road, Hamilton	339,500	2Q2017	MRP Industrial/Industrial Property Trust	Investment
46 Meadowlands Parkway, Secaucus	302,727	1Q2018	Hartz Mountain Industries, Inc.	Investment
2349 US Highway 130, Building 3, Dayton	294,480	4Q2017	Clarion Partners	Investment
2563 Route 130, Cranbury	264,085	3Q2017	Bridge Development Partners	Investment
276 Old New Brunswick Road, Building 1, Piscataway	253,580	3Q2017	MRP Industrial/Industrial Property Trust	Investment
125 North Street, Teterboro	220,883	2Q2017	Forsgate Industrial Partners	Investment
960 High Street, Building B, Perth Amboy	220,200	2Q2017	Bridge Development Partners	Investment
900 Federal Boulevard, Carteret	206,500	4Q2017	Bridge Development Partners	Investment
10 North Avenue, Building B, Elizabeth	204,176	4Q2017	Prologis	Investment
215 Blair Road, Building B, Avenel	198,854	4Q2017	Sitex Group	Investment
1 Eastern Road, Kearny	197,000	4Q2017	Hugo Neu Realty Management	Investment
2351 Route 130, Building 2, South Brunswick	187,600	2Q2017	Clarion Partners	Investment
276 Old New Brunswick Road, Building 2, Piscataway	187,120	3Q2017	MRP Industrial/Industrial Property Trust	Investment
1075 King Georges Post Road, Edison	182,000	3Q2017	Liberty Property Trust	Investment
99 Avenue A, Bayonne	172,250	1Q2018	Penwood Real Estate Investment Management	Build-to-Suit
1590 Lower Road, Linden	156,040	2Q2017	Hartz Mountain Industries, Inc.	Build-to-Suit

Under Construction

Construction



11 Engelhard Drive, Monroe Township



1401 W Blancke Street, Linden

Address	Size (SF)	Completion	Developer	Usage
190 Strykers Road, Phillipsburg	150,000	3Q2017	Berry Plastics Corporation	User
38 Porete Avenue, North Arlington	139,255	4Q2017	Porete Development LLC	Build-to-Suit
11 Engelhard Drive, Monroe Township	132,102	3Q2017	J.G. Petrucci Company	Build-to-Suit
276 Old New Brunswick Road, Building 3, Piscataway	124,000	3Q2017	MRP Industrial/Industrial Property Trust	Investment
1 County Road, Building B, Secaucus	123,470	2Q2017	Bhasin Properties	Investment
1 County Road, Building A, Secaucus	118,650	2Q2017	Bhasin Properties	Investment
851 Julia Street, Elizabeth	90,000	2Q2017	Elberon Development Corp.	Investment
138 Talmadge Road, Building E, Edison	80,250	3Q2017	Wick Companies LLC	Investment
405 Murray Hill Parkway, East Rutherford	76,518	2Q2017	Branca Properties, Inc.	Investment
144 Grant Street, Perth Amboy	62,000	2Q2017	Unicon, Inc.	Investment
1401 W Blancke Street, Linden	44,411	2Q2017	Hub Realty	Build-to-Suit
662-758 S 2nd Street, Plainfield	44,000	2Q2017	J.G. Petrucci Company	Build-to-Suit
8 Middlebury Boulevard, Randolph	35,000	3Q2017	Kozak Precision Products	Investment

Market Snapshot

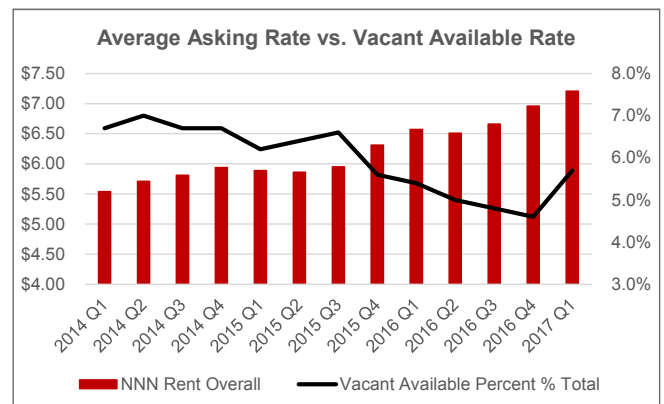
MARKET SIZE	133,981,368 SF	AVERAGE ASKING RATE	\$7.21 PSF
VACANT AVAILABILITY (SF)	7,684,461 SF	1Q17 NET ABSORPTION	(1,111,411) SF
VACANT AVAILABILITY (%)	5.7%	TOTAL 2017 NET ABSORPTION	(1,111,411) SF
1Q17 LEASING ACTIVITY	436,714 SF	UNDER CONSTRUCTION	1,966,607 SF
TOTAL 2017 LEASING ACTIVITY	436,714 SF	DELIVERED	0 SF

1Q2017 vs. 4Q2016



Trends

- Average asking rates ended the first quarter of 2017 at \$7.21 per square foot. Rates are up \$0.64 per square foot from the first quarter of 2016 and are up \$1.32 per square foot from the first quarter of 2015.
- Vacancy increased slightly this quarter ending at 5.7%. Rates are up 0.3% from the first quarter of 2016 and are down 0.5% from the first quarter of 2015.
- Leasing registered over 436,000 square feet in the first quarter while net absorption ended negatively at -1,111,411 square feet. Top lease transactions for the quarter included BMG Shipping taking an additional 35,000 square feet at 60 Lister Avenue in Newark and Whitsons Culinary Group leasing 23,000 square feet at 800 Dowd Avenue in Elizabeth. NAI Hanson facilitated the transaction at 60 Lister Avenue.
- Top sale transactions included 601 W Linden Avenue in Linden and a multi-property sale including 256 Sheffield Street and 270 Sheffield Street in Mountainside. 601 W Linden, a 155,000 square foot building, sold for \$8,000,000 from Weiss Realty to National Better Bags, Inc. 256 Sheffield Street, 30,000 square feet, and 270 Sheffield Street, 50,000 square feet, sold for \$9,000,000 or \$112.50 per square foot from Digital Color Concepts to Brookrace Properties LLC.



60 Lister Avenue, Newark

Market Snapshot

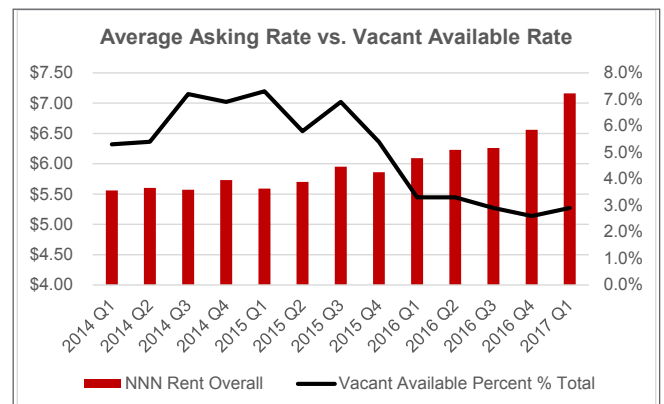
MARKET SIZE	104,197,571 SF	AVERAGE ASKING RATE	\$7.16 PSF
VACANT AVAILABILITY (SF)	2,973,234 SF	1Q17 NET ABSORPTION	9,905 SF
VACANT AVAILABILITY (%)	2.9%	TOTAL 2017 NET ABSORPTION	9,905 SF
1Q17 LEASING ACTIVITY	1,584,509 SF	UNDER CONSTRUCTION	2,750,414 SF
TOTAL 2017 LEASING ACTIVITY	1,584,509 SF	DELIVERED	724,250 SF

1Q2017 vs. 4Q2016



Trends

- The Exit 10/12 submarket saw the biggest increase in average asking rates in Northern and Central New Jersey. Rates ended the quarter at \$7.16 per square foot. Average asking rates are up \$1.07 per square foot from the first quarter of 2016 and are up \$1.57 per square foot from the first quarter of 2015.
- Vacancy in this submarket continues to remain tight ending the quarter at 2.9%. This submarket has one of the lowest vacancy rates in Northern and Central New Jersey. Rates are down 0.4% from the first quarter of 2016 and are down 4.4% from the first quarter of 2015.
- This submarket saw the most leasing activity with over 1,580,000 square feet leased and 9,905 square feet absorbed. Top lease transactions included Target leasing 718,219 square feet at Bridge Development's new building located at 980 High Street in Perth Amboy; One Stop Logistics subleasing 260,000 square feet at 77 Executive Avenue in Edison; and Virginia Dare Extract Company, Inc. leasing 206,500 square feet at 900 Federal Boulevard in Carteret.
- A top sale transaction included 4100 New Brunswick Avenue in Piscataway. Trans-Packers Services Corp. purchased the 95,483 square foot building for \$7,850,000 from AK Piscataway Associates LP.



4100 New Brunswick Avenue, Piscataway

Market Snapshot

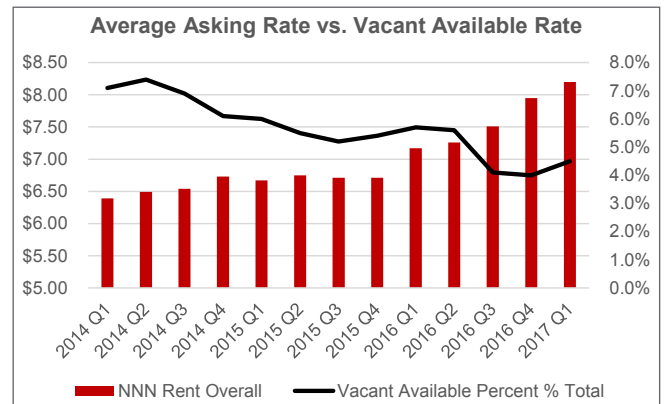
MARKET SIZE	93,190,736 SF	AVERAGE ASKING RATE	\$8.20 PSF
VACANT AVAILABILITY (SF)	4,171,058 SF	1Q17 NET ABSORPTION	334,133 SF
VACANT AVAILABILITY (%)	4.5 %	TOTAL 2017 NET ABSORPTION	334,133 SF
1Q17 LEASING ACTIVITY	755,092 SF	UNDER CONSTRUCTION	981,503 SF
TOTAL 2017 LEASING ACTIVITY	755,092 SF	DELIVERED	0 SF

1Q2017 vs. 4Q2016



Trends

- Average asking rates ended this quarter at \$8.20 per square foot. Rates are up \$1.03 per square foot from the first quarter of 2016 and are up \$1.53 per square foot from the first quarter of 2015.
- The vacancy slightly increased this quarter to end at 4.5%. Vacancy, however, is down 1.2% from the first quarter of 2016 and is down 1.5% from the first quarter of 2015.
- There was over 755,000 square feet leased in the first quarter. Net absorption remains positive with 334,133 square feet absorbed. Top transactions included Elegant Associates renewing their 174,000 square feet at 1 Passaic Street in Wood-Ridge; Staples leasing 126,286 square feet at 100 Electric Avenue in Secaucus; and Furnishare, Inc. leasing 51,000 square feet at 4000 Westside Avenue in North Bergen.
- Top sale transactions included 350 Starke Road in Carlstadt and 111 Moonachie Avenue in Moonachie. 350 Starke Road, a 353,349 square foot building, sold for \$73,000,000 from CIM Group LP to Bentall Kennedy. The Stro Companies purchased 111 Moonachie Avenue, a 52,000 square foot building, for \$5,300,000 from Imperial Hardware Corporation.



4000 Westside Avenue, North Bergen

Market Snapshot

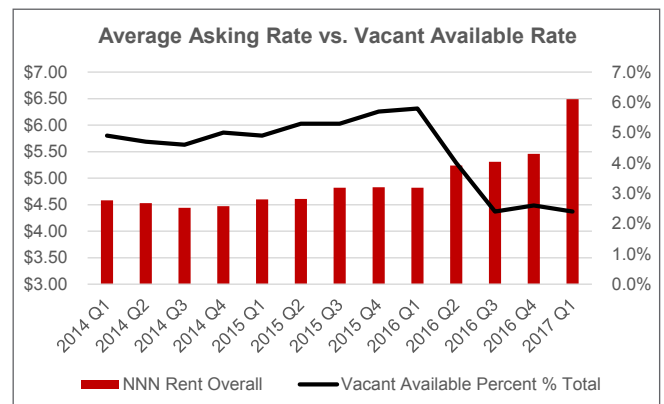
MARKET SIZE	61,749,490 SF	AVERAGE ASKING RATE	\$6.49 PSF
VACANT AVAILABILITY (SF)	1,511,443 SF	1Q17 NET ABSORPTION	1,382,377 SF
VACANT AVAILABILITY (%)	2.4%	TOTAL 2017 NET ABSORPTION	1,382,377 SF
1Q17 LEASING ACTIVITY	760,727 SF	UNDER CONSTRUCTION	1,886,767 SF
TOTAL 2017 LEASING ACTIVITY	760,727 SF	DELIVERED	488,800 SF

1Q2017 vs. 4Q2016



Trends

- The Exit 8A submarket ended the first quarter with average asking rates at \$6.49 per square foot. Rates are up \$1.67 per square foot from the first quarter of 2016 and are up \$1.89 per square foot from the first quarter of 2015.
- The vacancy rate is lowest in this submarket in Northern and Central New Jersey. Vacancy ended the first quarter at 2.4%. The rate has been on the decline and is down 3.4% from the first quarter of 2016 and is down 2.5% from the first quarter of 2015.
- There was over 760,000 square feet leased in the first quarter. Net absorption was highest in this submarket and ended with 1,382,377 square feet absorbed. Top transactions included Pacific Logistics renewing their 210,000 square feet at 111 Interstate Boulevard in East Brunswick and DistriLogik leasing 187,600 square feet at 2351 Route 130 in South Brunswick.
- A top sale transaction included 83 Stults Road in South Brunswick. EverWest Real Estate Partners LLC purchased the 369,000 square foot industrial warehouse from Hermanns Services, Inc. for \$25,340,000. The building was delivered vacant at the time of sale. EverWest plans to split the 45 acre lot and build a 200,000 sf building.



83 Stults Road, South Brunswick

Market Snapshot

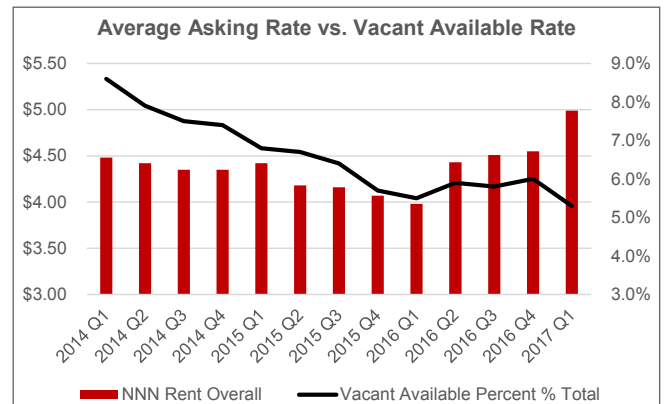
MARKET SIZE	40,469,396 SF	AVERAGE ASKING RATE	\$4.99 PSF
VACANT AVAILABILITY (SF)	2,126,789 SF	1Q17 NET ABSORPTION	257,648 SF
VACANT AVAILABILITY (%)	5.3%	TOTAL 2017 NET ABSORPTION	257,648 SF
1Q17 LEASING ACTIVITY	382,319 SF	UNDER CONSTRUCTION	2,295,136 SF
TOTAL 2017 LEASING ACTIVITY	382,319 SF	DELIVERED	14,872 SF

1Q2017 vs. 4Q2016



Trends

- Average asking rates ended the quarter at \$4.99 per square foot. Rates remain one of the lowest in this submarket. Rates are up \$1.01 per square foot from the first quarter of 2016 and are up \$0.57 per square foot from the first quarter of 2015.
- Vacancy ended the quarter at 5.3%. The rate is down 0.2% from the first quarter of 2016 and down 1.5% from the first quarter of 2015.
- There was over 382,000 square feet leased in the first quarter and 257,648 square feet absorbed. Top transactions included S&S Activewear leasing 187,500 square feet at 16 Applegate Drive in Robbinsville and a tenant leasing 132,800 square feet at 2 Applegate Drive in Robbinsville.
- A top sale transaction included 18 Applegate Drive in Robbinsville. Matrix Development Group purchased the building from W.W. Grainger, Inc. for \$31,500,000. The industrial distribution building is 597,000 square feet and sits on approximately 38 acres with 32' ceilings and 56 exterior loading docks.



16 Applegate Drive, Robbinsville

Market Snapshot

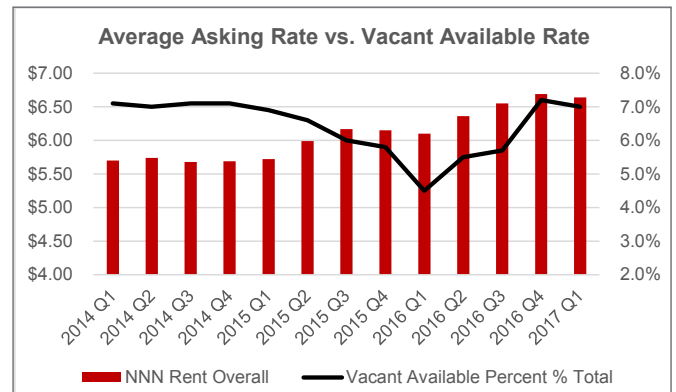
MARKET SIZE	37,581,719 SF	AVERAGE ASKING RATE	\$6.64 PSF
VACANT AVAILABILITY (SF)	2,642,742 SF	1Q17 NET ABSORPTION	174,437 SF
VACANT AVAILABILITY (%)	7.0%	TOTAL 2017 NET ABSORPTION	174,437 SF
1Q17 LEASING ACTIVITY	218,085 SF	UNDER CONSTRUCTION	65,000 SF
TOTAL 2017 LEASING ACTIVITY	218,085 SF	DELIVERED	0 SF

1Q2017 vs. 4Q2016



Trends

- The Morris Region submarket ended the first quarter with an average asking rate of \$6.64 per square foot. Average asking rates have increased \$0.54 per square foot from the first quarter of 2016 and are up \$0.92 per square foot from the first quarter of 2015.
- Vacancy has been slightly on the rise over the last few quarters ending the quarter at 7%. This is an increase of 2.5% from the first quarter of 2016 and an increase of 0.1% from the first quarter of 2015.
- Leasing accounted for over 218,000 square feet in the first quarter while there was 174,437 square feet absorbed. Top lease transactions included Wilfred MacDonald leasing 32,000 square feet at 10 New Maple Avenue in Pine Brook; Oldman Packaging leasing 22,688 square feet at 7 Eastmans Road in Parsippany; and TKO Installers leasing 15,544 square feet at 353 Richard Mine Road in Wharton. NAI Hanson facilitated the transaction at 10 New Maple Avenue in Pine Brook.
- A top sale transaction included 16 Bloomfield Avenue in Pine Brook. BBM Chocolate Distributors purchased the 44,106 square foot building from Seifer Distributors for \$5,250,018.



10 New Maple Avenue, Pine Brook

Market Snapshot

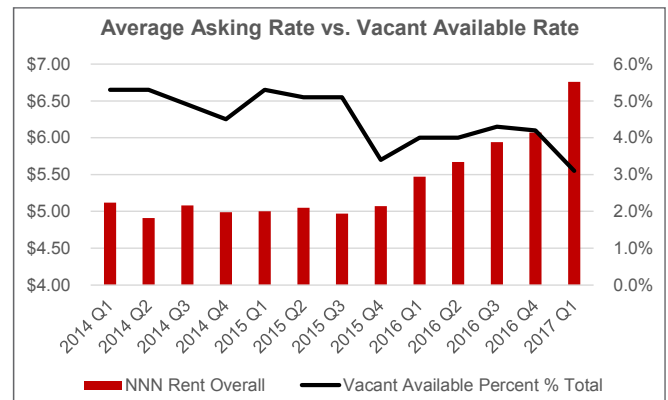
MARKET SIZE	27,900,703 SF	AVERAGE ASKING RATE	\$6.76 PSF
VACANT AVAILABILITY (SF)	876,555 SF	1Q17 NET ABSORPTION	461,495 SF
VACANT AVAILABILITY (%)	3.1%	TOTAL 2017 NET ABSORPTION	461,495 SF
1Q17 LEASING ACTIVITY	201,086 SF	UNDER CONSTRUCTION	28,000 SF
TOTAL 2017 LEASING ACTIVITY	201,086 SF	DELIVERED	122,350 SF

1Q2017 vs. 4Q2016



Trends

- The average asking rate ended the first quarter at \$6.76 per square foot. This submarket has seen one of the bigger jumps from the previous quarter increasing by \$0.68 per square foot. Rates are up \$1.29 per square foot from the first quarter of 2016 and up \$1.76 per square foot from the first quarter of 2015.
- Vacancy ended the quarter at 3.1%. Vacancy is down 0.9% from the first quarter of 2016 and down 2.2% from the first quarter of 2015.
- This submarket saw over 201,000 square feet leased in the first quarter and 461,495 square feet absorbed. Top lease transactions included Mack Boring & Parts Company leasing 99,636 square feet at 245 Belmont Drive in Somerset; a tenant leasing 67,000 square feet at 3 Millennium Way in Branchburg; and a tenant leasing 52,800 square feet at 24 Roosevelt Avenue in Somerset. NAI Hanson leased the space at 24 Roosevelt Avenue.
- Top sale transactions included 13 Jensen Drive in Somerset and 17 Veronica Avenue in Somerset. Cabot Properties purchased 13 Jensen, a 366,896 square foot building, from Prologis for \$44,600,000. 17 Veronica, a 183,000 square foot building, sold for \$12,800,000 from Gladstone Commercial Corporation to STAG Industrial.



245 Belmont Drive, Somerset

Market Snapshot

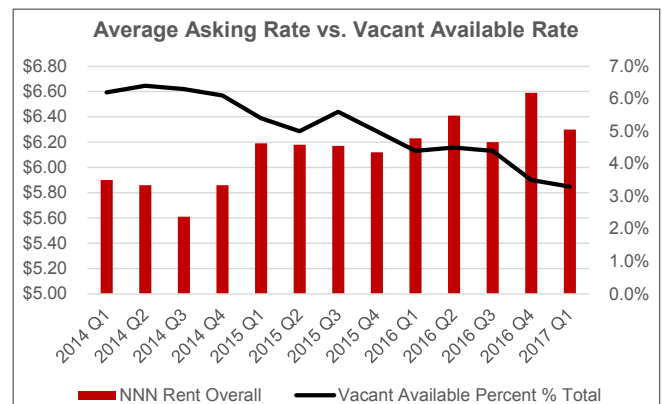
MARKET SIZE	23,793,067 SF	AVERAGE ASKING RATE	\$6.30 PSF
VACANT AVAILABILITY (SF)	787,840 SF	1Q17 NET ABSORPTION	69,483 SF
VACANT AVAILABILITY (%)	3.3%	TOTAL 2017 NET ABSORPTION	69,483 SF
1Q17 LEASING ACTIVITY	69,031 SF	UNDER CONSTRUCTION	0 SF
TOTAL 2017 LEASING ACTIVITY	69,031 SF	DELIVERED	0 SF

1Q2017 vs. 4Q2016



Trends

- Average asking rates ended the first quarter at \$6.30 per square foot. Rates are up \$0.07 from the first quarter of 2016 and are up \$0.11 per square foot from the first quarter of 2015.
- First quarter vacancy rates ended at 3.3%. Vacancy is down 1.1% from the first quarter of 2016 and down 2.1% from the first quarter of 2015.
- Leasing accounted for over 69,000 square feet in the first quarter and there was 69,483 square feet absorbed. Top leasing transactions included Stone Systems of NJ leasing 33,000 square feet at 5 Washington Avenue in Fairfield and CHIGO Electrical Appliances USA leasing 22,500 square feet at 18-20 Industrial Road in Fairfield. NAI Hanson facilitated the transaction at 5 Washington Avenue in Fairfield.
- Top sale transactions for the quarter included 22 Law Drive in Fairfield and 8 Kulick Road in Fairfield. Reliable Carriers, Inc. purchased 22 Law Drive from The Stro Companies for \$5,256,721. The building is 45,500 square feet. NAI Hanson sold 8 Kulick Road to Saddleback Realty II from Kulick Eisenberg LP for \$1,850,000. The building is 23,200 square feet.



5 Washington Avenue, Fairfield

Market Snapshot

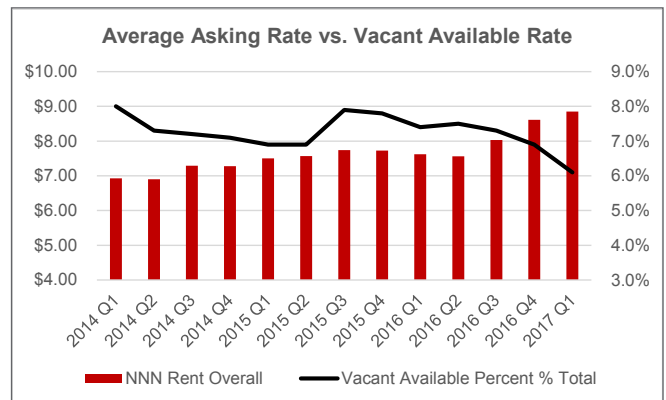
MARKET SIZE	21,661,850 SF	AVERAGE ASKING RATE	\$8.85 PSF
VACANT AVAILABILITY (SF)	1,329,699 SF	1Q17 NET ABSORPTION	55,671 SF
VACANT AVAILABILITY (%)	6.1%	TOTAL 2017 NET ABSORPTION	55,671 SF
1Q17 LEASING ACTIVITY	187,622 SF	UNDER CONSTRUCTION	0 SF
TOTAL 2017 LEASING ACTIVITY	187,622 SF	DELIVERED	0 SF

1Q2017 vs. 4Q2016



Trends

- The Northern Bergen County submarket has the highest average asking rate in Northern and Central New Jersey. Average asking rates ended the first quarter at \$8.85 per square foot. Rates are up \$1.23 per square foot from the first quarter of 2016 and are up \$1.35 per square foot from the first quarter of 2015.
- Vacancy ended the quarter at 6.1%. The rate is down 1.3% from the first quarter of 2016 and down 0.8% from the first quarter of 2015.
- There was over 187,000 square feet leased in the first quarter and 55,671 square feet absorbed. Top transactions included AMP Communications leasing 29,300 square feet at 32 Spruce Street in Oakland; Habitat for Humanity Restore leasing 16,875 square feet at 121 Carver Avenue in Westwood; and Capitol Wood Flooring leasing 14,200 square feet at 50 Spring Street in Ramsey.
- A top sale transaction for the quarter included 211 Island Road in Mahwah. The 108,237 square foot property sold for \$9,733,855 from Ivy Realty to Mahwah 2016 LLC. NAI Hanson represented ownership in the transaction.



32 Spruce Street, Oakland

Significant Leases & Sales

1Q2017

Significant Leases

Tenant	Address	Size (SF)	Submarket
Target	980 High Street, Perth Amboy	718,219	Exit 10/12
One Stop Logistics *Sublease	77 Executive Ave., Edison	260,000	Exit 10/12
Pacific Logistics *Renewal	111 Interstate Blvd., East Brunswick	210,000	Exit 8A
Virginia Dare Extract Co., Inc.	900 Federal Boulevard, Carteret	206,500	Exit 10/12
Distrilogik	2351 Route 130, South Brunswick	187,600	Exit 8A
S&S Activewear	16 Applegate Drive, Robbinsville	187,500	Exit 7A
Elegant Associates *Renewal	1 Passaic Street, Wood-Ridge	174,000	Meadowlands
Staples	100 Electric Avenue, Secaucus	126,286	Meadowlands
CHEMAID Laboratories, Inc. *Renewal	95 Mayhill Street, Saddle Brook	111,000	Central Bergen
Champion Pool Distribution	360 Mill Road, Edison	93,702	Exit 10/12
BMG Shipping*	60 Lister Avenue, Newark	35,000	Ports
Stone Systems of NJ*	5 Washington Avenue, Fairfield	33,000	Suburban Essex
Wilfred MacDonald*	10 New Maple Avenue, Pine Brook	32,000	Morris Region
AMP Communications	32 Spruce Street, Oakland	29,300	Northern Bergen County
Whitsons Culinary Group	800 Dowd Avenue, Elizabeth	23,000	Ports
Habitat for Humanity Restore	121 Carver Avenue, Westwood	16,875	Northern Bergen County

Significant Sales

Address	Size (SF)	Price	Buyer	Seller
350 Starke Rd, Carlstadt	353,349	\$73,000,000	Bentall Kennedy	CIM Group LP
13 Jensen Dr, Somerset	366,896	\$44,600,000	Cabot Properties, Inc.	Prologis
18 Applegate Dr, Robbinsville	597,000	\$31,500,000	Matrix Development Group	W.W. Grainger, Inc.
83 Stults Rd, South Brunswick	369,000	\$25,340,000	EverWest Real Estate Partners LLC	Hermanns Services
1735 Jersey Ave, North Brunswick	360,000	\$18,900,000	Song B. Lee	Murray Construction
17 Veronica Ave, Somerset	183,000	\$12,800,000	STAG Industrial	Gladstone Commercial Corporation
211 Island Road, Mahwah*	108,237	\$9,733,855	Mahwah 2016 LLC	Ivy Realty
601 W Linden Ave, Linden	155,000	\$8,000,000	National Better Bags	Weiss Realty
4100 New Brunswick Ave, Piscataway	95,483	\$7,850,000	Trans-Packers Services Corporation	AK Piscataway Associates LP
329 New Brunswick Ave, Rahway	212,309	\$7,500,000	Gramercy Real Estate Services	API Foils
22 Law Dr, Fairfield	45,500	\$5,256,721	Reliable Carriers, Inc.	The Stro Companies
8 Kulick Rd, Fairfield*	23,300	\$1,850,000	Saddleback Realty II	Kulick Eisenberg LP

1Q 2017

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