

COMMERCIAL REAL ESTATE SERVICES, WORLDWIDE

2022 INDUSTRIAL REPORT

TELEVELET

2022 INDUSTRIAL REPORT

N James E. Hanson

Economic Overview



Although the pace of hiring has slowed in recent months, the U.S. job market remained strong throughout the summer months with more than 300,000 jobs added in August. The largest gains were in the business services, healthcare, and retail sectors. The strong performance of the job market allowed the unemployment rate to remain under 4.0%, closing at 3.7%. Wage increases were less than expected leading to concerns that paychecks may not be able keep up with stubbornly high inflation. A slowdown in consumer spending is possible if recent interest rate hikes by the Federal Reserve don't control inflation.



New Jersey robust employment growth continued through the second quarter with 15,400 jobs added in August. The Garden State has now had 21 consecutive months of job growth. The unemployment rate of 4.0% is slightly higher than the national rate but is off substantially from the same time last year, when the rate stood at 6.5%. Six of the nine private industry sectors recorded job growth in August. Many of the job gains have been in trade, transportation and utilities, education and healthcare and construction.

Market Overview

The New Jersey industrial market remained strong through the third quarter. Unwavering demand for warehouse and distribution centers has kept market conditions extremely tight. Demand is still being driven by e-commerce and big box retailers, while pharmaceutical companies and technology firms remain in the market. There are warning signs that the market could cool somewhat heading into the final quarter of the year. If inflation starts to affect consumer confidence, e-commerce and retailers could experience slower sales, which could temper demand in the industrial sector.

Despite uncertainty in the national economy, market indicators remained strong heading into the final quarter of 2022. Average asking rents reached historical highs and the overall vacancy rate stayed under 3.0%. Except for the Warren & Sussex submarkets, all other submarkets have vacancy rates under 4.0%. Average asking rents meanwhile, have crossed the double-digit market in all but two of fourteen submarkets. Average rents are highest in the larger submarkets of the Meadowlands, Ports and Exits 10/12.



Market Pricing

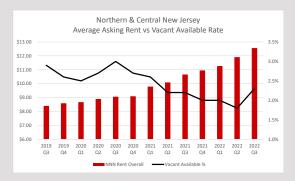
Overall average asking rents surpassed \$12.00 per square foot, reaching yet another historical high, finishing at \$12.56 per square foot. Rates are up by 18.0% year-over-year and are 50.0% higher than pre-pandemic levels recorded in late 2019.





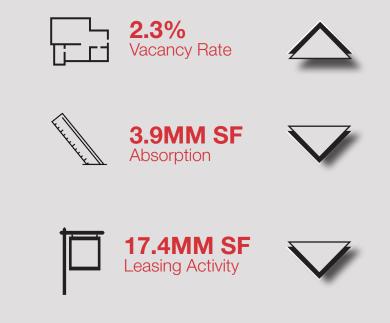


Average asking rents range from highs of over \$16.00 per square foot in the Meadowlands and Ports to just over \$8.00 per square foot in the Warren & Sussex submarkets. Pricing has increased this year in all of the fourteen submarkets tracked by NAI James E. Hanson.

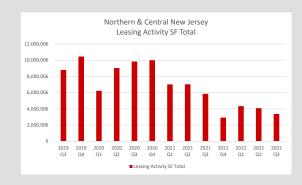


Vacancy, Absorption & Leasing

3Q2022 vs. 3Q2021



Total leasing activity measured over 17.4 million square feet during through the first three quarters of year but is down considerably over the same period last year, when it measured 20.3 million square feet. The drop in activity, however, is not a function of less demand, but rather less supply, with overall vacancy under 3.0%.



A James E. Hansol



Investment Sales

Despite rising interest rates, the sales market continued to draw investors to industrial market with quarterly dollar volume reaching \$635 million. While interest remains strong, the number of potential investors has declined. The average price per square foot continues to rise, finishing the quarter at \$184 per square foot, up from \$162 year-over-year.

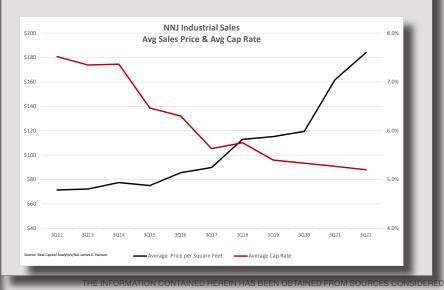


\$12.56 PSF Asking Rental Rate



13.0% Increase versus 3Q 2021

More than 2.8 million square feet of industrial property changed hands during the third quarter, as cap rates held steady in the low-to-mid 5.0% range as it has for most of 2022.

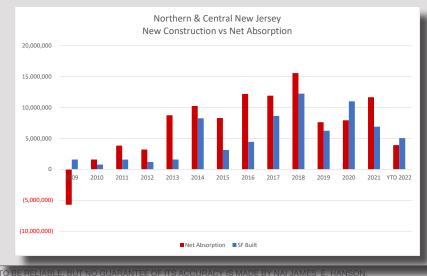


New Construction

In an effort to meet sustained demand, the construction pipeline has remained robust, Currently there is 16.5 million square feet of new construction slated for delivery over the next five quarters in Northern and Central New Jersey. The submarkets with the most square footage under construction include Ports, Exits 10/12 and Exit 7A.



Except for 2020, new construction deliveries have not been able to keep pace with absorption allowing vacancy to remain at record low levels. Heading into the final quarter of 2022, absorption is lagging new supply mirroring the trend of 2020.





. Hanson

FIJAINES E REAL ESTATE SERVICES, WORLDWIDE

Market Statistics

Hunterdon

	Total RBA	Total Vacant Available SF	Total Vacant Available %	Total Net Absorption	Total SF Leased	RBA Under Construction	Average Asking Rate
Northern & Central NJ	695,903,442	15,978,161	2.3%	(247,058)	3,286,419	14,377,623	\$12.56
Middlesex	211,524,322	4,671,006	2.2%	(1,324,325)	1,280,065	3,820,648	\$13.84
Bergen	89,732,633	1,803,917	2.0%	675,589	489,468	1,461,779	\$14.37
Hudson	82,053,243	1,845,827	2.2%	(163,435)	232,297	2,119,051	\$16.30
Essex	66,789,994	881,386	1.3%	(85,307)	321,668	1,186,069	\$13.30
Union	64,675,766	1,192,751	1.8%	115,086	342,424	2,557,717	\$12.55
Passaic	55,845,831	880,919	1.6%	(63,826)	256,722	0	\$13.58
Morris	39,502,400	944,285	2.4%	(11,271)	204,974	470,044	\$10.67
Mercer	34,686,340	769,627	2.2%	444,639	48,000	1,749,264	\$8.15
Somerset	30,795,939	864,681	2.8%	(170,305)	80,823	1,013,051	\$10.38
Warren	10,051,337	1,858,242	18.5%	368,750	-	0	\$7.25
Hunterdon	6,950,886	158,300	2.3%	(34,200)	29,978	0	\$10.11
Sussex	3,294,751	107,220	3.3%	1,547	-	0	\$8.65
Orange, NY	33,448,658	1,848,719	5.5%	1,247,498	128,392	3,370,170	\$9.61
Rockland, NY	15,875,963	728,301	4.6%	(125,229)	133,899	23,000	\$15.28
							Average
	Total RBA	Total Vacant Available SF	Total Vacant Available %	Total Net Absorption	Total SF Leased	RBA Under Construction	Asking Rate
Ports	140,571,191	2,515,980	1.8%	96,407	436,961	5,210,364	\$16.60
Exits 10/12	113,779,140	1,964,266	1.6%	(468,471)	197,443	3,153,004	\$13.55
Meadowlands	95,284,848	2,003,191	2.1%	26,991	364,405	697,135	\$16.45
Exit 8A	74,707,931	2,445,088	3.3%	(913,539)	862,607	408,963	\$14.91
Route 46/23/3 Corridor	55,367,098	958,546	1.7%	(98,457)	276,647	0	\$13.56
Exit 7A	45,414,815	1,220,577	2.7%	236,881	84,644	2,964,084	\$9.03
Morris Region	37,754,729	848,758	2.2%	32,660	201,049	470,044	\$10.67
Somerset	30,526,760	864,681	2.8%	(170,305)	80,823	1,013,051	\$10.38
Central Bergen County	24,947,796	415,710	1.7%	322,457	252,340	532,000	\$12.95
Suburban Essex	23,447,570	341,153	1.5%	(47,480)	105,118	1,013,051	\$13.44
Brunswick/ Exit 9	23,037,251	361,692	1.6%	86,085	220,015	258,681	\$12.25
Northern Bergen County	21,299,140	447,282	2.1%	116,723	100,270	232,644	\$11.31
Warren & Sussex	13,346,088	1,965,462	14.7%	370,297	-	0	\$8.02

2.3%

(34,200)

29,978

0

\$10.10

158,300

6,950,886



Top Transactions

Top SALE Transactions

170,000 SF | \$89,500,000

3301 & 3351 Tremley Point Road, Linden, NJ Buyer: Bridge Logistics Properties Seller: Steven Partner

330,000 SF | \$52,000,000

153-215 Linden Street, Passaic, NJ Buyer: Thor Equities Seller: Waitex Group

109,775 SF | \$44,000,000

305 Veterans Boulevard, Carlstadt, NJ Buyer: Pennwood Real Estate Investment Management Seller: Joseph Cohen

117,000 SF | \$37,100,000

20 E Union Avenue, East Rutherford, NJ Buyer: EverWest Real Estate Investors, LLC Seller: Diamond Chemical

Top LEASE Transactions

509,335 SF

18 Thatcher Road, South Brunswick, NJ Hankook Tire America Corp. (renewal)

406,437 SF*

200 Middlesex Avenue, Carteret, NJ Continental Terminals (renewal)

400,000 SF

100-400 Nixon Lane, , Edison, NJ Dotcom Distribution (renewal)

249,611 SF

1165 Cranbury South River Road, South Brunswick, NJ GigaCloud Technology

*NAI Hanson Transaction

TOP 10 CONSTRUCTION PROJECTS						
ADDRESS	SIZE (SF)	COMPLETION	DEVELOPER	SUBMARKET		
1000-2000 Rand Blvd	1,408,200	4Q22	Bridge Development Partners	Warren & Sussex		
1289 Rahway Ave	1,215,238	4Q22	The Morris Companies	Exit 10/12		
505 State Route 33	1,000,000	4Q22	Crow Holdings	Exit 7A		
3000 Valley Brook Ave	932,168	3Q23	JV Forsgate & Russo Development	Meadowlands		
1365 Lamberton Rd	845,078	4Q22	Hilco Global	Exit 7A		
700 Linden Logistics Way	735,220	4Q22	JV Greek Dev.& Advance Realty	Port		
200 Linden Logistics Way	516,600	2Q23	JV Greek Dev. & Advance Realty	Port		
300 Salt Meadow Rd	479,700	4Q22	Crow Holdings Industrial	Exit 10/12		
300 Linden Logistics Way	472,610	4Q22	JV Greek Dev. & Advance Realty	Port		
1879 Route 46	470,044	2Q23	Dalfin Industrial	Morris Region		

MERCIAN FEAT SERVICE WORLDWIFE



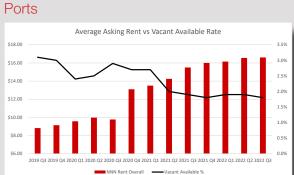
.Hansor

REAL ESTATE SERVICES, WORLDWIDE

1

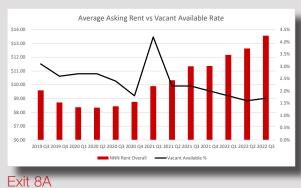
10

Submarket Highlights





Route 46/23/3 Corridor





Exit 7A







Morris

Warren

14

Hunterdon

#	SUBMARKET	VACANCY
1	PORTS	1.8%
2	EXIT 10/12	1.6%
3	MEADOWLANDS	2.1%
4	EXIT 8A	3.3%
5	46/23/3 CORRIDOR	1.7%
6	EXIT 7A	2.7%
7	MORRIS REGION	2.2%
8	SOMERSET	2.8%
9	CENTRAL BERGEN	1.7%
10	SUBURBAN ESSEX	1.5%
11	BRUNSWICK/EXIT 9	1.6%
12	NORTHERN BERGEN	2.1%
13	WARREN & SUSSEX	14.7%
14	HUNTERDON	2.3%

Meadowlands

Exit 10/12

2022 INDUSTRIAL REPORT

N James E. Hanson

NAI GLOBAL

$43 \pm$ Countries $300 \pm$ Offices $5,100 \pm$ Market Leaders

0.

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



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