



## NORTHERN NEW JERSEY INDUSTRIAL

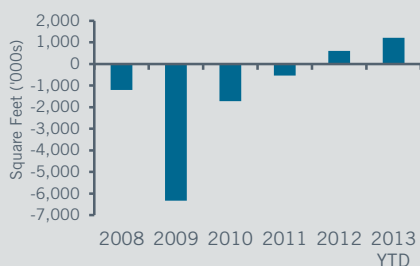
### Economic Indicators

	Q2 13	Q2 12
Northern NJ* Employment	1.886M	1.860M
Northern NJ** Unemployment	9.0%	9.4%
U.S. Unemployment (Seasonally Adjusted)	7.6%	8.2%
U.S. CCI (Quarterly Avg.)	74.87	65.25

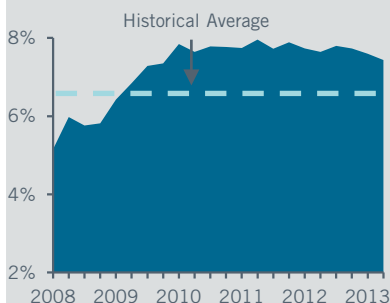
\*Newark-Union/Bergen-Hudson-Passaic(NJ BLS)

\*\*Bergen, Essex, Hudson, Morris, Passaic, & Union Counties (NJ BLS)

### Net Absorption



### Vacancy Rates



### Market Tracker

\*Arrows = Current Qtr Trend

▼ Vacancy  
7.4%

▲ Net Absorption  
662,057 SF

◀ Deliveries  
0 SF

▲ Asking Rent  
\$5.77 NNN

## Continued Signs of Strength in the Industrial Market

The Northern New Jersey industrial market reported another strong quarter of market activity with 662,057 SF of positive absorption, bringing the vacancy rate down to 7.4% from 7.6% in Q1. Market growth appears to be in effect, as evidenced by three consecutive quarters of declining vacancy rates and over 1.2M SF of positive demand in 2013, already doubling the annual absorption in 2012. Another positive market indicator is that the average asking rate, currently at \$5.77/SF, has been consistently increasing since hitting the bottom at \$5.58/SF in Q1 2012. Increases in average asking rates indicate that landlords and tenants have come to terms with current market rates and tenants are taking advantage of value pricing. Recent occupancy growth coupled with leading market indicators, such as employment growth and growing consumer confidence, demonstrate that the fundamentals of the industrial sector are strengthening. The recent uptick in market activity is being fueled by this positive momentum.

For the second consecutive quarter, the Meadowlands submarket reported the strongest leasing activity in NNJ with 280,878 SF of absorption, following last quarter's standout activity with 928,526 SF of positive demand. Notable transactions this quarter include a 123,000 SF lease at 78 John Miller Way in Kearny and a 85,308 SF lease at 60 Enterprise Avenue in Secaucus (neither tenant was disclosed). Sale activity in the submarket was highlighted by the acquisition of 200 Riser Road in Little Ferry by Sitex Realty Group from Mack Cali for \$32,275,000 or \$113/SF. This surge of activity was fueled by two major drivers, tax credit accessibility to tenants and increased retail sales. Many of the large tenants in the market are taking advantage of opportunistic incentives from the state, specifically the "Grow NJ" grant and "Urban Transit Hub" Tax credit.

Tenants in the market from key sectors such as technology/ data logistics, machinery and food products continue to be prevalent among market transactions. The largest transactions for the quarter occurred in the Hudson Waterfront submarket with Continental Terminals, a coffee and cocoa storage company, renewing their 191,000 SF warehouse space at 45 E. Linden Avenue and Dewell Logistics' 126,672 SF lease at 100 Industrial Drive, both in Jersey City.

Construction activity is on the rise, as evidenced by 1,706,561 SF under construction in Q2, 52% of which is located in the Hudson Waterfront submarket and 36% in the Port/Airport submarket. The buildings include 219-295 Route 1 & 9 in Jersey City (878,564 SF), 60 Lister Avenue in Newark (350,000 SF), the Elizabeth Logistics Center on Dowd Avenue (277,244 SF), 2 Peekay Drive in Clifton (167,753 SF), and 428 Sand Shore Road in Hackettstown. All projects have an anticipated delivery date between Q4 2013 and Q1 2014. New Construction activity is now at the highest point since Q1 2007, which indicates that market conditions have not only improved, but are prime for growth.

## Forecast

- Recent occupancy growth demonstrates that tenants are increasingly willing to commit to new space and that the fundamentals of the industrial sector are strengthening.
- Available tax credits and incentive programs coupled with increased retail sales will encourage tenants to act upon opportunities in the market.
- Tenants in the market from key sectors such as technology/ data logistics, machinery and food products will remain prevalent among market transactions.

# Cassidy Turley Industrial Market Snapshot

Northern New Jersey • Second Quarter • 2013

FEATURED SUBMARKETS	TOTAL BLDGS	INVENTORY	SUBLET VACANT	TOTAL VACANT	VACANCY RATE	CURRENT NET ABSORPTION	YTD NET ABSORPTION	UNDER CONSTRUCTION	AVERAGE ASKING RATE
Central Bergen	705	30,817,816	57,200	2,279,827	7.4%	169,977	129,892	0	\$7.13
Eastern Morris	413	27,788,990	68,580	2,732,186	9.8%	(3,027)	122,041	0	\$7.16
Hudson Waterfront	499	29,542,537	19,938	2,260,042	7.7%	71,752	(25,528)	878,564	\$6.20
Meadowlands	1,075	78,396,278	531,681	5,332,143	6.8%	280,878	1,209,404	0	\$6.25
Northern Bergen	362	16,395,005	108,000	1,909,744	11.6%	(55,928)	(287,266)	0	\$7.74
Passaic	1,271	58,182,561	17,390	3,832,624	6.6%	157,280	157,509	167,753	\$5.21
Port/Airport	594	44,298,587	42,564	2,958,427	6.7%	(131,898)	118,186	629,244	\$5.28
Union County	939	47,477,219	88,700	3,512,114	7.4%	(62,866)	(133,775)	0	\$5.02
West Essex	446	18,067,015	89,399	1,484,713	8.2%	202,240	223,310	0	\$7.92
Western NJ	352	23,178,488	571,091	2,656,082	11.5%	(10,733)	63,860	31,000	\$4.86
<b>NORTHERN NJ TOTAL</b>	<b>7,009</b>	<b>412,041,847</b>	<b>1,130,925</b>	<b>30,638,898</b>	<b>7.4%</b>	<b>662,057</b>	<b>1,214,821</b>	<b>1,706,561</b>	<b>\$5.77</b>

Asking rents converted to Triple Net

\* Market statistics may vary from previous quarter as submarkets were reevaluated and updated for accuracy

## Key Lease Transactions Q2 13

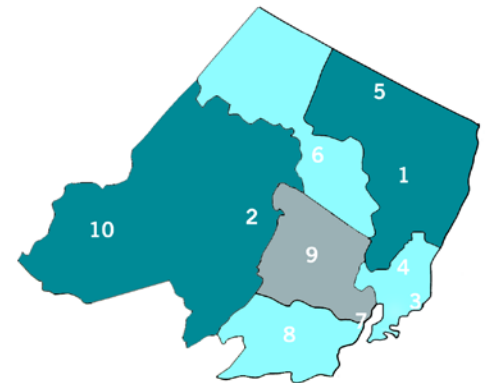
PROPERTY	SF	TENANT	TRANSACTION TYPE	SUBMARKET
45 E Linden Avenue	191,000	Continental Terminals	Lease/ Renewal	Hudson Waterfront
100 Industrial Drive	126,672	Dewell Logistics	Lease	Hudson Waterfront
78 John Miller Way	123,000	N/A	Lease	Meadowlands
60 Enterprise Avenue	85,308	N/A	Lease	Meadowlands
55 Webro Road	93,250	PSE&G	Lease	Passaic
67 US Highway 46	79,920	Max Finkelstein	Lease	Passaic
1000 Jefferson Avenue	70,000	Duro Bag Manufacturing Company	Lease	Port/Airport

## Key Sales Transactions Q2 13

PROPERTY	SF	SELLER/BUYER	PRICE	SUBMARKET
International Trade Center (8 buildings)	1,200,000	JP Morgan Asset Management/ Exeter Property Group	\$58,844,000	Western NJ
299 Jefferson Road	150,500	Vision Equities/ Cole Corp Income Trust	\$32,367,892	Eastern Morris
200 Riser Road	286,628	Mack Cali/ Sitex Realty Group	\$32,275,000	Meadowlands

## Industrial Submarkets

Northern New Jersey



1. Central Bergen
2. Eastern Morris
3. Hudson Waterfront
4. Meadowlands
5. Northern Bergen
6. Passaic
7. Port/Airport
8. Union County
9. West Essex
10. Western NJ

## About Cassidy Turley

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