



GreenGate Capital

tREnds

Commercial Real Estate News

Ian M. Grusd *CCIM SIOR*

Principal

GreenGate Capital

732-763-6330 • ian@greengatecapital.com



tREnds Commercial Real Estate Newsletter provides a “snapshot” overview of current real estate market conditions that you can read in 5 minutes or less during a coffee break. No graphs, no pie charts, just the facts.

WHAT'S HOT?

Modern Warehouse/Distribution space:

- New Jersey Industrial vacancy rate has decreased by 24% since 2010
- Overall, national Industrial vacancy will decline to 7.1% and rents are expected to increase by 26% in the next 3 years. This is the lowest US vacancy rate since 1st quarter 2001
- There is 380 million SF of NEW Industrial coming online nationally
- 6.8 million square feet of Industrial space was delivered in Northern and Central New Jersey in 2014. Two-thirds of that space was built on spec



Class A “Trophy” Office space:

- 7 million SF of Class A/trophy office space under construction mostly concentrated in New York, Houston and San Francisco
- NYC Office market vacancy rate dropped to 9.5% from over 11% at EOY 2013
- Average Asking rents increased by over 5% to \$65.00 psf+
- Hudson Waterfront/NJ Class A space averages \$37.50+- psf
- In New Jersey demand is primarily from financial services and insurance firms who account for 25+ percent of those looking for space

Retail market, surprisingly, is improving in light of online shopping:

- Vacancy in retail buildings has fallen to 5.6% in northern New Jersey, which is less than the 6.2% rate at the start of the recession
- Strong demand for single tenant, NNN Investment properties. Lots of competition + low interest rates = cap rate compression
- Most demand sectors: Auto Parts, Casual dining, Banks and Dollar stores
- Capital is moving from the management intensive multifamily markets into these NNN long-term, low risk, cash-flowing investments



Did you know?

- New Jersey multi-family vacancy is a healthy 3.3% with strong demand for luxury transit village rentals
- Outlet Centers out perform traditional malls. Most stores: Dress Barn, Coach, Tommy Hilfiger, Gap and Nike
- Most popular fast food INVESTMENT in order: Burger King, Wendy's, KFC
- NYC has 25,000 NEW hotel rooms under construction which is over 23% of existing supply. Next closest? Houston with 8,500 NEW under construction



RECENT ASSIGNMENTS

Sold a 35,000 SF Flex building in Union County to a Telecom company that will utilize the building for its Corporate Headquarters. With limited inventory for sale we obtained multiple offers and ultimately closed with no financing contingency in 60 days.

Sources include: SIOR Magazine, WSJ, CCIM Magazine, NNNet Advisors.com, Reis, Real Capital Analytics, The OTTEAU Group