THE BLAU & BERG COMPANY

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*Established in 1932*

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# Market Sound Bites: April 2015

**In The News**

- Fed Rate Hike Reverse: September Now More Likely 4/8/2015
- ADP: Private-Sector Added 2,700 N.J. Jobs in March 4/8/2015
- Fulop: Chain Store Ordinance Designed to Keep Jersey City 'Desirable' 4/8/2015
- Declining Labor Participation Remains a Key Qualifier 4/7/2015
- How Buffalo Wild Wings Turned the Sports Bar Into a $1.5 Billion Juggernaut 4/6/2015

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## Unlocking Potential Investments

*The Blau & Berg Company*
Alessandro (Alex) Conte
Senior Director
April 10, 2015

As we charge full speed ahead in this expansion period, one obstacle continues to hinder explosive growth for brokers and buyers alike – lack of product. One may consider this a sign and good times; I say nay, this is a real conundrum that requires careful consideration and insight.

We are well into the expansion period, with most professionals projecting it to last into late 2017/early 2018, yet small and large investors looking for quality real estate to park their money are outpacing developers. This could be for any number of reasons such as, high land values, lack of quality land sites in core markets, unsustainable rental rates to justify land acquisition, lack of confidence, or any combination of the latter.

When you get right down to the numbers, rental rates have been increasing across the board and net positive absorption will bring us to historically low vacancy rates in the near future. With limited inventory on the market, investors have been chasing deals with cap rates in the low to sub five (5) range. We have now been looking to leverage on this gap between the developers and the investors, and advise our clients to go bullish on land! By purchasing land in this market and renting it out to a surface user for the remainder of this cycle, investors will be positioned to outpace their developer counterparts moving forward. Should a user enter the market looking for a build-to-suit opportunity, the investor will already be in a position to provide that product to them.