



Market Sound Bites: December 2015

In The News

- 'Tis the Season to Spend Money 12/7/2015
- The Not-So-Bad Economy 12/7/2015
- Rout in Crude Sends U.S. Stocks Lower as Dollar Strengthens 12/6/2015
- 12 Million Jobs Added Since the Recession 12/5/2015

Northern NJ Industrial Market Reacts to Shortage of Space

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While many CRE experts have predicted that we would be in the third quadrant of the real estate cycle by now (hyper supply), most of us are astonished by the fact that we are still in a healthy part of the expansion period. The Northern NJ real estate market has been seeing record levels in low vacancy rates for the past two quarters, and although we have a healthy pipeline of new big box warehousing coming on to the market over the next year, those spaces already have a healthy number of suitors.

State aid through GROW NJ and similar programs have in part helped bridge the gap between developer – investor – and tenant. Low interest rates are still pushing small to mid-size companies to look to purchase rather than lease, which is also driving up sale prices.

The Blau & Berg Company is seeing more and more off market sales offerings due to a lack of actual inventory on the market. We have been advising clients on the fence to sell. Long term outlook for NJ CRE is strong, however it is cyclical, and timing a market is no easy task, with sales prices at peak levels, inventory at all-time lows, and economic indicators still relatively positive. This may be the right time to sell if selling is in your business model. Sale-leasebacks are still a favorable alternative to refinancing, as investors have an insatiable appetite for quality Class A and B facilities, seeking lower yields than CRE loan interest rates.

