



Pricing in the southern New Jersey real estate market is feeling the pressure of today's economy

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Commercial real estate markets are showing the effects of the economic slowdown that started in the U.S. and spread worldwide, and southern N.J. is not excluded from this. After several years of strong growth, transactions sharply declined in the area, but this spring, there are good deals to be had as owners reduce prices for lease and sale, and some owners are encouraging brokers to "bring all offers to the table."

Adam Lashner, vice president of NAI Mertz, says of the current state of the market, "Current conditions are causing the majority players in the Greater Philadelphia industrial and flex market to hold off on making any real estate moves at the moment, with the exception of some companies who are forced to downsize. We're also seeing tenants shrewdly approaching their current landlords to request a rental rate reduction. Surprisingly, we still haven't seen many owners being forced to put their properties on the market due to financial difficulties. The general feeling, though, is that the supply of industrial and flex buildings will dramatically increase at some point this year."

Tony DiDio, vice president and seasoned Mertz sales specialist in Atlantic, Cumberland and Gloucester Counties, is representing a 30,000 s/f industrial property in Turnersville, Gloucester County, on 3.7+ acres with office, three loading docks and seven drive-in doors that just had the price reduced. He represents another industrial property in Mays Landing, Atlantic County, which includes two buildings totaling 138,000 s/f that are leasing at a reduced \$2 per s/f with offers considered for sale. Some of DiDio's inventory that he is marketing includes 6,000-36,000 s/f in Williamstown, 72,000 s/f in Sewell, 30,000 s/f in Berlin, 31,500 s/f in Vineland and Hamilton Business Park in Atlantic County. There are very aggressive deals to be made at some of these locations.

Alan Good, industrial specialist, is marketing a 42,000+ s/f industrial property located in Somerdale, Camden County, which had a \$150,000 price reduction. Good said there is a Walmart Super Store that they are breaking ground for in a neighboring shopping center to this property that has been vacant, and the owner of the building feels this an excellent opportunity for a company to warehouse goods or sell to the public from his building. There are 5.9 acres, giving the property ample parking for the retail element.

One bright spot in our market is DP Partners' 1,000 acre LogistiCenter at Logan in Gloucester County. Lead brokers for the center marketing efforts are Steve Blau and Fred Meyer, SIOR, myself, DiDio, and Roy Kardon, SIOR. It is one of the largest industrial parks with available land in South Jersey. They just completed a 599,000 s/f build-to-suit lease transaction for Kimberly-Clark located on 60 acres; and DP has completed a 365,560 s/f building that is substantially leased. In addition, design and approval work are underway for a spec building 756,000 s/f in size.

Jeffrey Licht, SIOR and senior vice president at Mertz, stresses that sites are also immediately

available in the Keystone Industrial Port Complex (KIPC) that he is marketing with Meyer, corporate services specialist. These 1,258 acres are divisible into 5 acres and designated KOIZ and offering tax-free status through 2018. Zoned heavy industrial, it features a deep water port on site and two class 1 railroads on site. There is tremendous capacity for all utilities at competitive prices per usage. Located in Fairless Hill, Penn., KIPC has easy highway access to I-96, the Penn. and N.J. Turnpikes and I-295.

So while we see our market as slow through the end of '09, there are definitely deals out there to be made!

Scott Mertz, SIOR, is the corporate vice president at NAI Mertz, Mount Laurel, N.J.

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