

BRC REVIEW

THE MARKET IN REVIEW
BY STEVE BUSSEL, SIOR, PRES.

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Forget market stats to know if we are currently in a “hot” industrial market. Backhoes and bulldozers are the best market indicators. Why? As tenants absorb industrial space, rents rise when demand outpaces supply. When rents rise enough, they hit the point that justifies new construction.

Hence the presence of backhoes and bulldozers as developers construct new projects to keep up with tenant demand for quality industrial product. Development has picked up with more than 2.3 million sf in new construction underway in NJ, and 750,000 sf of new product delivered during the quarter.

With the lack of buildable land in No./Central NJ, the key this cycle is not development but “re-development”. That’s how you accommodate demand for industrial product in and around the Port of Newark/Elizabeth, where much of this demand is emanating from and where there are few – if any – shovel ready sites. What was yesterday’s obsolete industrial building “past its prime” is tomorrow’s development opportunity – if it sits on a location within proximity to the Port.

With more distribution shifting from West Coast ports to the East Coast, developers and REITs are buying old properties within a 20-30 mile radius of the Port to build new high cube warehouses. Once the Bayonne Bridge is raised and the Hudson is dredged between the Port and Staten Island, expect this trend to intensify.

Market Watch Word:



Redevelopment

Just look at what has occurred recently:

- Three build-to-suit projects completed in Elizabeth for FedEx (150,000 sf), Wakefern (500,000 sf) & Seafrigo (175,000 sf)
- Seagis broke ground on a 200,000 sf spec building in Elizabeth and purchased another 150,000 sf property on the same street and leased it to Continental Terminals last year
- Hampshire Cos. purchased an old Pathmark facility in Carteret, demolished it and developed a 265,000 sf facility for FedEx
- KTR purchased the old Pathmark facility in Avenel and leased 500,000 sf to Amazon

It’s no coincidence, all of these projects were redevelopments. SB



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2Q13 NORTHERN/CENTRAL NEW JERSEY REVIEW

Average Asking Net Rents

Submarket	1Q13	2Q13	+/-
The Port	\$5.17	\$5.16	-\$0.01
Exit 12	\$5.37	\$5.42	+\$0.05
Exit 10/I-287	\$4.99	\$4.99	(NC)
Exit 7A-8A	\$3.99	\$4.25	+\$0.26

New Jersey

Vacancy Analysis

Vacancy Analysis

Exit 10/I-287	1Q13	2Q13	+/-
Available SF	3.66MM	4.12MM	460,000
Availability Rate	5.6%	6.4%	+0.8%

The Port	1Q13	2Q13	+/-
Available SF	3.04MM	3.05MM	100,000
Availability Rate	6.9%	7.0%	+0.1%
Exit 12			
Available SF	3.22MM	3.12MM	-100,000
Availability Rate	10.1%	9.8%	-0.3%

Central New Jersey

Vacancy Analysis

Exit 7A-8A	1Q13	2Q13	+/-
Available SF	7.41MM	8.33MM	920,000
Availability Rate	10.9%	11.5%	+0.6%

Market Trends

- » Although the market typically experiences "summer doldrums" don't expect demand to take a vacation with tenants absorbing more space in coming quarters.
- » Few shovel ready landsites means more redevelopment projects as the old makes way for new high cube LEED-efficient buildings.

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Notable 2Q13 BRC Transactions

	SF	Address	Brokers
Sale	243,000	44 Talmadge Road Edison, NJ	David Blitt John Cascio Stephen Nozza Robert Sager
Sale	146,750	461 Ridge Road South Brunswick, NJ	David Blitt Robert Sager
Lease	120,329	50 Executive Avenue Edison, NJ	David Blitt Robert Sager
Lease	93,702	51 Saw Mill Pond Road Edison, NJ	David Blitt Leo Esses
Lease	79,920	67 Route 46 Fairfield, NJ	David Blitt Robert Sager
Lease	78,954	380 Mill Road Edison, NJ	David Blitt Jordan Metz Robert Sager
Lease	68,200	40A Cotters Lane East Brunswick, NJ	John Cascio Stephen Nozza
Lease	63,600	1301 West Elizabeth Avenue Linden, NJ	Earl Lapidés
Lease	48,600	1355 West Front Street Plainfield, NJ	John Cascio Stephen Nozza
Lease	47,670	2401 Linden Avenue Linden, NJ	Jordan Metz
Sale	43,726	1771 West Edgar Road Linden, NJ	James Hodgkins Herb Zimmerman
Lease	42,270	751 Rahway Avenue Union, NJ	Steve Bussel
Lease	40,000	100 Readington Road Branchburg, NJ	Steve Bussel
Lease	39,000	21 Englehard Drive Monroe, NJ	Leo Esses Anthony Mircovich Herb Zimmerman
Lease	32,520	260-256 Lackland Drive Middlesex, NJ	Gregory Irving Earl Lapidés
Lease	22,390	365 Blair Road Avenel, NJ	Earl Lapidés

Featured Availabilities

62 Veronica Way Somerset, NJ



99,000 SF

40 Camptown Road Maplewood, NJ



66,000 SF

70 East Willow Street Millburn, NJ



53,500 SF

50 Parkway Place, Edison, NJ



50,422 SF

150 West Ethel Road Piscataway, NJ



33,000 SF



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