



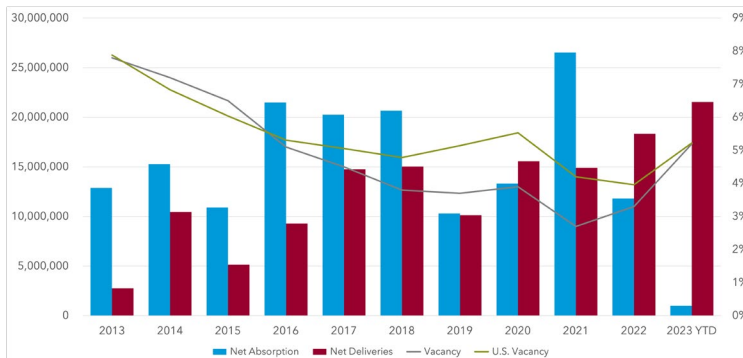
INDUSTRIAL MARKET OVERVIEW

MICHAEL MALMSTONE, *Director of Research and Valuation*

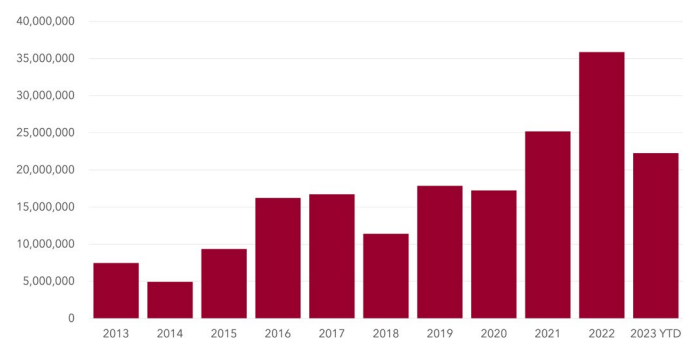
Q3 rental growth halted, with rents at \$13.49 PSF NNN. Rents are holding in core markets while tempering in secondary and tertiary markets, mainly in non-institutionally owned buildings. 6M SF was leased, the lowest since 2008 and 49% of the 5-year average. Leases averaged a record-breaking 4 months to be inked. There were 19 leases over 100,000 SF signed. Wise tenants are waiting longer to renew, if at all. Some are taking a short-term loss in subleasing their current spaces to find a fiscal opportunity to a better building in the long run, resulting in available sublet space at a 13-year high of 7.8M SF, more than doubling YoY. Net absorption dipped negative for the first time since 2015. Sales volume fell to \$354M, the lowest since 2014, 25% of the 5-year average. Cap rates fell 50 bps to 7.7%, as did pricing, down 29% to \$157 PSF.

MARKET INDICATORS	Q3 2023	Q2 2023	Q1 2023	Q4 2022	Q3 2022
▼ Qtrly Net Absorption SF	(2,670,295)	202,133	3,467,688	2,199,848	2,447,444
▲ Vacancy Rate	5.2%	4.1%	3.6%	3.3%	2.8%
◀ ▶ Avg NNN Asking Rate PSF	\$13.49	\$13.49	\$13.30	\$12.28	\$12.01
▼ SF Under Construction	22,259,690	29,425,374	33,027,968	35,866,653	38,075,169
▲ Inventory SF	1,037,894,578	1,029,086,305	1,023,094,762	1,016,355,506	1,008,805,452

NET ABSORPTION, NET DELIVERIES, & VACANCY



UNDER CONSTRUCTION



TOP SALE TRANSACTIONS BY SF	SIZE	SALE PRICE	BUYER / SELLER	BUILDING CLASS
571 Jersey Avenue New Brunswick, NJ	301,626 SF	\$64,000,000 \$212.18 PSF	B10 571 Jersey Owner LLC Principal Global Investors	Class B
34 Engelhard Drive Monroe, NJ	203,000 SF	\$53,750,000 \$264.78 PSF	GLP Capital Partners Clarion Partners	Class B
2572 Brunswick Pike Lawrence Township, NJ	195,550 SF	\$12,100,000 \$61.88 PSF	Velocity Venture Partners LLC Aurobindo Pharma USA	Class C

TOP LEASE TRANSACTIONS BY SF	SIZE	LANDLORD	TENANT	TENANT INDUSTRY
20 Sigle Lane Dayton, NJ	387,744 SF	Heller Industrial Parks	East Coast Logistics	Warehousing & Transportation
100-200 Saw Mill Pond Road Edison, NJ	269,362 SF	Heller Industrial Parks	Hall's Warehouse	Warehousing & Transportation
20-30 Corporation Row Edison, NJ	220,000 SF	Heller Industrial Parks	Adrie Express	Warehousing & Transportation

The information and details contained herein have been obtained from third-party sources believed to be reliable, however, Lee & Associates has not independently verified its accuracy. Lee & Associates makes no representations, guarantees, or express or implied warranties of any kind regarding the accuracy or completeness of the information and details provided herein, including but not limited to, the implied warranty of suitability and fitness for a particular purpose. Interested parties should perform their own due diligence regarding the accuracy of the information.

The information provided herein, including any sale or lease terms, is being provided subject to errors, omissions, changes of price or conditions, prior sale or lease, and withdrawal without notice. Third-party data sources: CoStar Group, Inc., The Economist, U.S. Bureau of Economic Analysis, U.S. Bureau of Labor Statistics, Congressional Budget Office, European Central Bank, GlobeSt.com, CoStar Property, and Lee & Associates Proprietary Data. ©

© Copyright 2023 Lee & Associates all rights reserved. Third-party Image sources: sorbis/shutterstock.com, shutterstock.com, pixabay.com, istock.com