THIRD QUARTER 2023

# BEHIND THE VACANCY

**Peeling Back New Jersey's Warehouse/Distribution Vacancy Rate**

CUSHMAN & WAKEFIELD

# NEW JERSEY

## OVERVIEW

This analysis delves into New Jersey's current industrial vacancy landscape and evaluates the potential impact on projected vacancy rates if all ongoing construction properties are delivered according to their current preleasing levels.

A recent surge in completed vacant properties in 2023 significantly expanded the market's warehouse/distribution supply, resulting in a 5.2% vacancy rate by the close of Q3 2023. This rise is primarily attributed to the introduction of newly completed product, spanning 250,000 square feet (sf) and larger.

When segmented by property size, buildings within the 250,000 sf to 499,999 sf range emerged as the primary contributors to the overall vacant space, accounting for 10.2 million square feet (msf), representing an 8.8% vacancy rate. This size category also forecasts a notably higher vacancy rate than the market's projected average.

While preleasing levels may improve closer to a building's completion, with more than 9.0 msf of new product under construction, sustained robust demand is crucial to prevent further increases in vacancy rates.

## KEY CONSTRUCTION STATS

Warehouses measuring 250,000 sf and larger constitute a 62.9% of the total square footage under construction. With the current preleasing rate at 5.4% for this size segment, there's an anticipation that the ongoing increase in vacancies may persist.

| TOTAL SF | TOTAL AVAILABLE | PRELEASED |
|---|---|---|
| 9.4 MSF TOTAL PIPELINE | 8.6 MSF TOTAL PIPELINE | 8.1% TOTAL PIPELINE |
| 5.9 MSF BUILDINGS 250,000 SF+ | 5.6 MSF BUILDINGS 250,000 SF+ | 5.4% BUILDINGS 250,000 SF+ |

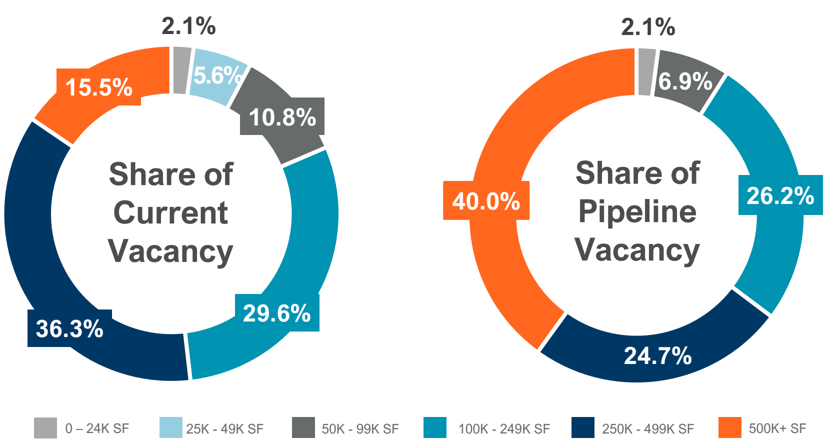
## KEY TERMS

**CURRENT VACANCY**
The total available completely vacant product, excluding spaces leased by tenants who have not yet occupied them.

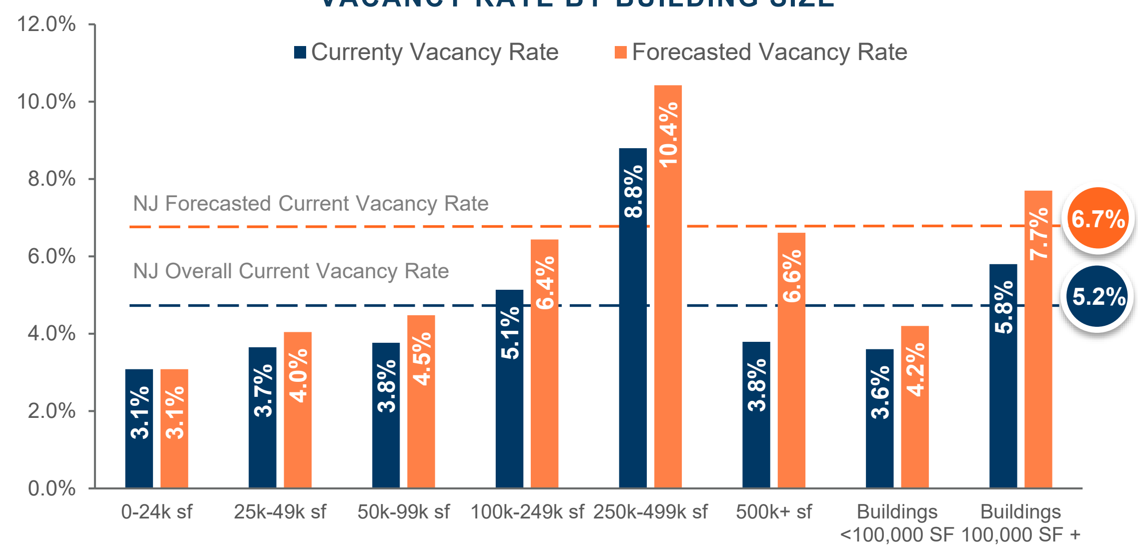
**FORECASTED VACANCY**
The total available vacant product plus all space presently under construction, with current preleasing included.

**PIPELINE**
The total inventory of industrial product under construction, encompassing both speculative and build-to-suit constructions.

## SHARE OF VACANCY




## VACANCY RATE BY BUILDING SIZE



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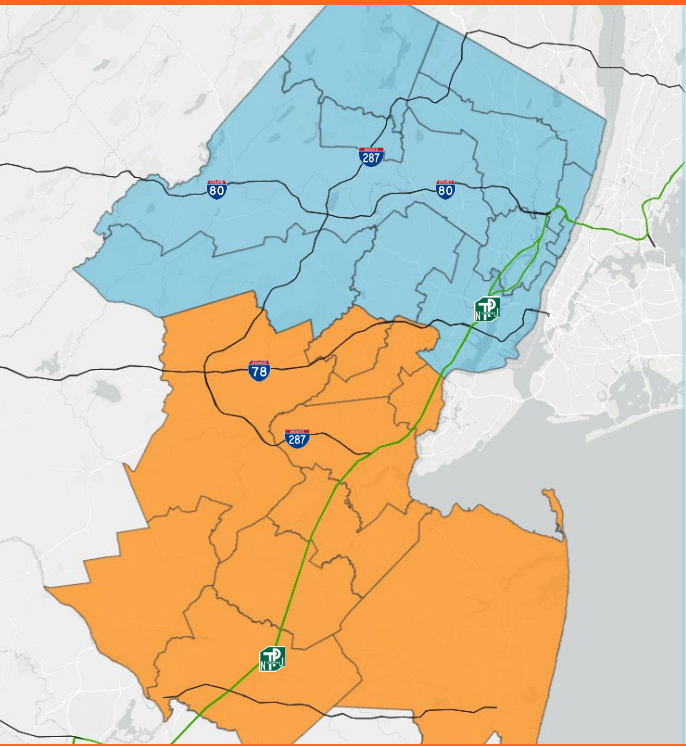


| Northern New Jersey | Central New Jersey | New Jersey Overall |
| --- | --- | --- |
| **248.4 MSF** Total Size | **286.9 MSF** Total Size | **535.3 MSF** Total Size |
| **5.5%** Current Vacancy Rate | **5.0%** Current Vacancy Rate | **5.2%** Current Vacancy Rate |
| **6.4%** Forecasted Vacancy Rate | **7.0%** Forecasted Vacancy Rate | **6.7%** Forecasted Vacancy Rate |
| **2.4 MSF** Pipeline | **7.0 MSF** Pipeline | **9.4 MSF** Pipeline |

## ABOUT CUSHMAN & WAKEFIELD

Cushman & Wakefield (NYSE: CWK) is a leading global commercial real estate services firm for property owners and occupiers with approximately 52,000 employees in approximately 400 offices and 60 countries. In 2022, the firm reported revenue of $10.1 billion across its core services of property, facilities and project management, leasing, capital markets, and valuation and other services. It also receives numerous industry and business accolades for its award-winning culture and commitment to Diversity, Equity and Inclusion (DEI), Environmental, Social and Governance (ESG) and more. For additional information, visit www.cushmanwakefield.com.


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