



4Q14 NEW JERSEY INDUSTRIAL MARKET

Newmark Grubb Knight Frank

HIGH DEMAND AND NEW DELIVERIES IN 2014

The New Jersey Industrial market recorded an impressive year, marked by four consecutive quarters of positive demand. Asking rates were at \$6.29/SF, the highest level since 2008. Likewise, construction activity was on the rise, and deliveries were in excess of 7.4 million square feet, the most since 2007. The market captured an impressive roster of new tenants and retained existing ones throughout the year, as facilities with value pricing and optimal locations enticed tenants to commit. Notable transactions for the year include OHL, Home Depot, Tyler Distribution, NFI Industries and Amazon.

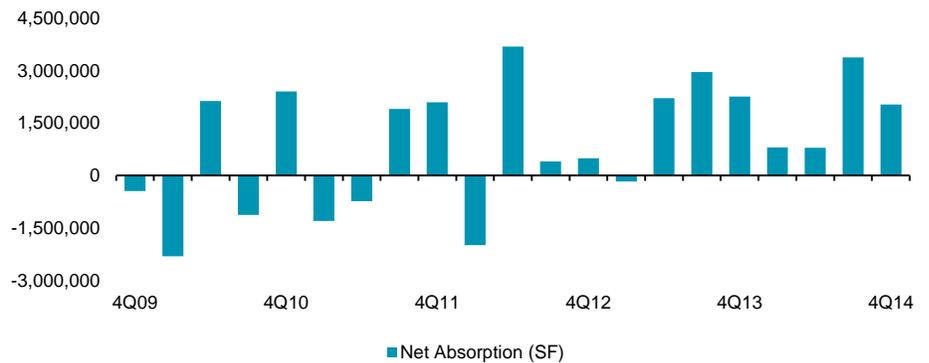
The market experienced stellar activity, with 2.0 million square feet of positive demand in the fourth quarter and a robust 6.9 million square feet in 2014. However, the availability rate remained flat at 12.4% over the quarter, as 2.1 million square feet of new inventory hit the market. The availability rate remains well below the peak of 14.7% in third-quarter 2010.

The largest new transaction signed in fourth-quarter 2014 was in the Middlesex/Exit 10 submarket, where SHI International, a global provider of IT products and services, leased 305,751 square feet at 10 Knox Drive. This transaction positioned the Middlesex submarket as the leader of market activity for the fourth quarter, with 652,069 square feet of positive net absorption. Mercer County reported the highest annual net absorption in 2014, with over 2.7 million

Asking Rent and Availability



Absorption



Key Indicators			
Total Inventory (SF)	728,074,304		
	4Q14	3Q14	4Q13
Asking Rent (Price/SF)	\$6.29	\$6.22	\$5.97
Availability Rate (%)	12.4%	12.4%	12.6%
Under Construction (SF)	2,058,262	2,830,857	5,701,055
	4Q14	3Q14	YTD
Net Absorption (SF)	2,025,803	3,371,878	6,981,988
Deliveries (SF)	2,136,446	3,095,578	7,405,732



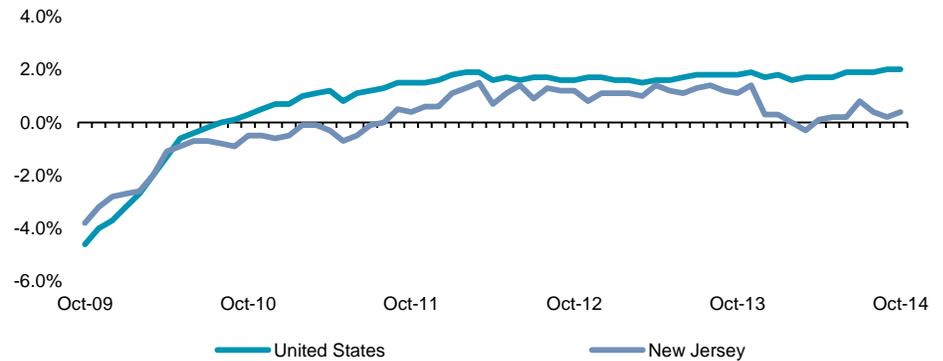
square feet of demand, which was primarily fueled by the delivery of Amazon's 1.0 million-square-foot distribution center in Robbinsville. Middlesex County also finished the year with a notable performance of 1.9 million square feet of positive net absorption, as the submarket captured many big-box tenants along the Turnpike Corridor.

Six buildings were delivered fourth-quarter 2014, totaling 2.1 million square feet, the largest of which included the distribution buildings at 965 Cranbury South River Road in Monroe Township and 810 East Linden Avenue in Linden, with 550,050 and 494,396 square feet, respectively. Both facilities were built on a speculative basis to meet the growing demand for upgraded distribution centers along the New Jersey Turnpike corridor.

Looking ahead to 2015, leasing activity will remain robust and asking rates will rise as supply decreases. Development activity for modern facilities that are capable of housing high-level fulfillment and distribution services will increase to capture the high demand created by e-commerce, retail, food and logistics tenants.

Payroll Employment

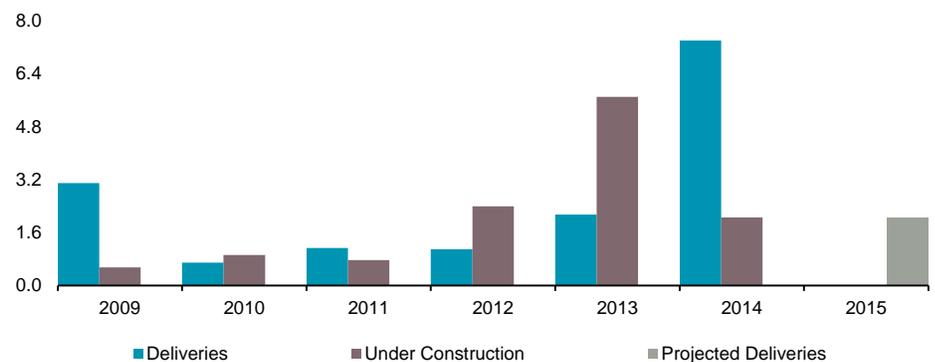
Total Nonfarm, Not Seasonally Adjusted, 12-Month % Change



Source: U.S. Bureau of Labor Statistics

Construction and Deliveries

Square Feet, millions



Select Lease Transactions

Tenant	Building	Submarket	Square Feet
SHI International Corp.	10 Knox Drive	Middlesex/Exit 10	305,751
Undisclosed	1000 Secaucus Road	Hudson/Meadowlands	202,148
Home Depot*	130 Interstate Boulevard	Middlesex/Exit 8A	192,000
Moulton Fulfillment	200 Docks Corner Road	Middlesex/Exit 8A	172,249
Sealed Air Corporation	301 Mayhill Street	Bergen/Central Bergen	161,600

*Renewal

Select Sales Transactions

Building	Submarket	Square Feet	Sale Price	Price/SF
680 Belleville Turnpike	Hudson/Meadowlands	135,115	\$32,100,000	\$238
111 Cokesbury Road	Hunterdon	730,000	\$28,100,000	\$38
50 Route 46 East	Passaic/Rt.46/23	206,000	\$26,300,000	\$127
11 Cragwood Road	Middlesex/Exit 12	317,500	\$25,200,000	\$79
1 Jebara Way	Middlesex/Exit 8A	\$293,420	23,500,000	\$80



Submarket Statistics								
	Total Inventory (SF)	Under Construction (SF)	Total Availability Rate	Qtr Absorption (SF)	YTD Absorption (SF)	Direct Asking Rent (Price/SF)	Sublet Asking Rent (Price/SF)	Total Asking Rent (Price/SF)
Central NJ	365,798,152	1,250,262	13.1%	1,195,441	6,506,391	\$6.27	\$4.29	\$6.13
Hunterdon	7,366,043	0	23.3%	370,881	335,409	\$3.92	-	\$3.92
Mercer	34,989,279	0	14.4%	-25,135	2,781,205	\$4.28	-	\$4.28
Middlesex	191,384,824	1,023,851	13.5%	652,069	1,946,867	\$6.61	\$4.24	\$6.21
Monmouth	23,282,384	0	10.0%	120,331	482,178	\$6.96	-	\$6.96
Ocean	11,236,306	38,000	8.8%	50,763	154,672	\$6.09	-	\$6.09
Somerset	33,888,362	0	13.6%	-3,517	40,182	\$8.45	\$5.25	\$8.45
Union	63,650,954	188,411	11.9%	30,049	765,878	\$5.93	\$6.08	\$5.93
Northern NJ	362,276,152	808,000	11.6%	830,362	475,597	\$6.42	\$7.33	\$6.48
Bergen	99,768,758	0	10.6%	292,618	968,044	\$7.41	\$7.53	\$7.42
Essex	72,466,593	0	10.2%	111,723	4,263	\$6.28	\$8.39	\$6.40
Hudson	86,501,262	628,000	13.9%	70,282	-287,797	\$5.90	\$6.52	\$5.96
Morris	45,625,486	180,000	12.7%	-14,827	76,773	\$6.08	\$7.60	\$6.17
Passaic	57,914,053	0	10.5%	370,566	-285,686	\$5.39	\$5.11	\$5.38
New Jersey	728,074,304	2,058,262	12.4%	2,025,803	6,981,988	\$6.34	\$5.61	\$6.29



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Glossary of Terms**Absorption**

A measure of the change in occupied space

Availability

Space marketed for lease regardless of when the space will be available or whether the space is vacant or occupied

Deliveries

The total RBA of properties added to the inventory once construction has been completed

Direct Space

Available space offered for lease by the building owner, landlord, or owner representative

Leasing Activity

The volume of leases signed including new leases, direct and sublet leases, extensions and renewals, and leases signed in proposed or under construction buildings

Occupancy

Any space physically occupied by a tenant, regardless of lease status of the space

Rentable Building Area (RBA)

A measurement of the total square feet in a building including the tenant and common areas such as the lobby and hallways

Sublet Space

Available space offered for lease by a building tenant seeking a subtenant to fulfill the remaining lease obligation

Under Construction

Buildings under construction are defined by the time the foundation is poured through the time the building is certified for occupancy

Vacancy

Space not physically occupied by a tenant, regardless of the lease status or availability of space

Weighted Average Rent

Rental rate data refer to space that is available on the market at the end of the quarter. Rates are per square foot, quoted on a triple net basis. Rates for each building are weighted by the amount of available space within the building.

Industrial inventory includes all multi-tenant and single tenant buildings at least 10,000 square feet in total rentable building area. Owner occupied buildings are included in the inventory.

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