

FIGURES | NE INDUSTRIAL & LOGISTICS | Q3 2023

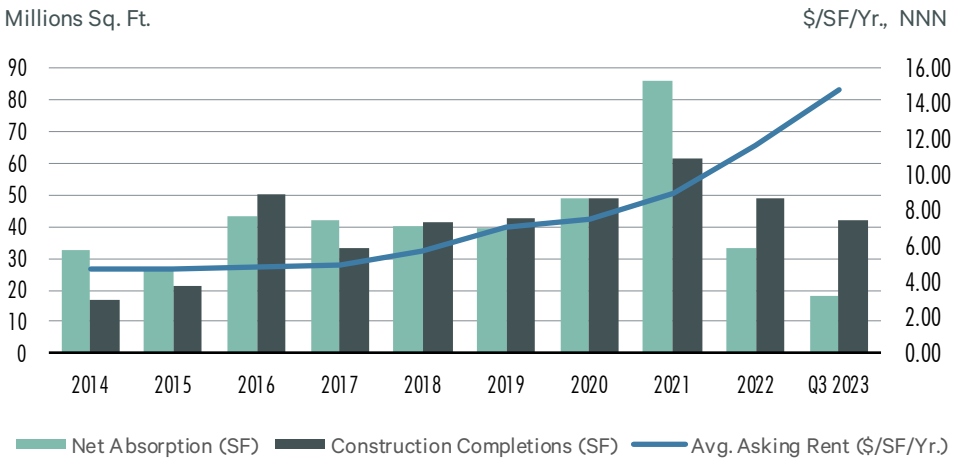
Asking rents hit record high, even as vacancy rises



Note: Arrows indicate change from previous quarter.

- Northeast U.S. industrial & logistics (I&L) average asking rents decreased 1.2% quarter-over-quarter and rose 7.9% year-over-year to \$14.81 per sq. ft. in Q3 2023.
- The vacancy rate rose 60 basis points (bps) quarter-over-quarter to 4.9% as new construction deliveries outpaced occupancy growth.
- Negative net absorption totaled 3.8 million sq. ft. in Q3 2023, bringing total year-to-date net absorption to 18.3 million sq. ft.
- Leasing activity totaled 12.7 million sq. ft., up 21.2% from 10.5 million sq. ft. in Q2 2023. Leasing activity was dominated by third-party logistics occupiers who accounted for 35.3% of all new leases and user sales, up from 23.4% in Q2 2023. Wholesale/retailer occupier activity fell to 29.9%, down from 39.4% in Q2 2023.
- Year-over-year leasing activity is up 27.0% compared to Q3 2022.
- Construction completions brought 15.3 million sq. ft. of new space to the market, bringing year-to-date total 41.7 million sq. ft., just 7.2 million sq. ft. less than last year's total.
- Total under construction sq. ft. decreased to 46.1 million sq. ft., down from 50.7 million sq. ft. in Q2 2023.

Figure 1: NE Net Absorption, Construction Completions & Lease Rates

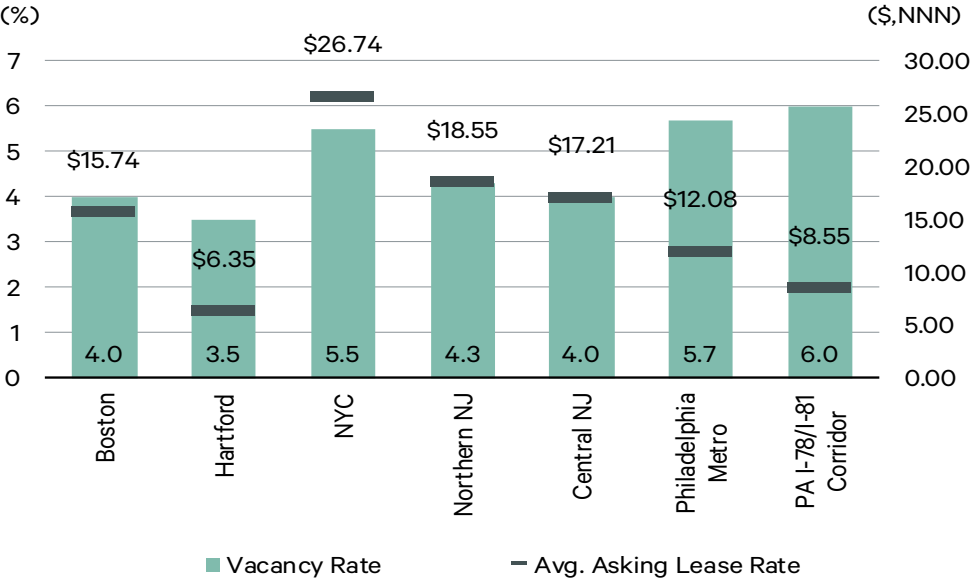


Source: CBRE Research, Q3 2023.

Key Market Stats

In Q3 2023, the average asking rent in the Northeast region continued to stabilize from pandemic highs as new construction completions declined. Overall asking rents fell 1.2% quarter-over-quarter, but grew 7.9% year-over-year to \$14.81 per sq. ft. The decrease in the average asking rent can be attributed to an increase in cheaper-than-market space on the market. The combined Northern and Central New Jersey market saw a modest 1.0% increase quarter-over-quarter and an 8.7% increase year-over-year. The Philadelphia Metro market average asking rent increased 1.7% quarter-over-quarter and 21.8% year-over-year. The PA I-78/I-81 Corridor’s average asking rent rose just 1.1% quarter-over-quarter but was still up 40.6% year-over-year. Average asking rents were constant quarter-over-quarter in Boston and grew 3.6% year-over-year. The New York City market saw a quarter-over-quarter increase of 2.4% and constant average asking rents year-over-year. The Hartford market saw a quarter-over-quarter increase of 19.4%.

FIGURE 2 Total Vacancy and Asking Lease Rates, Northeast Markets (%)



Source: CBRE Research, Q3 2023.

FIGURE 3: Northeast Industrial Market Stats

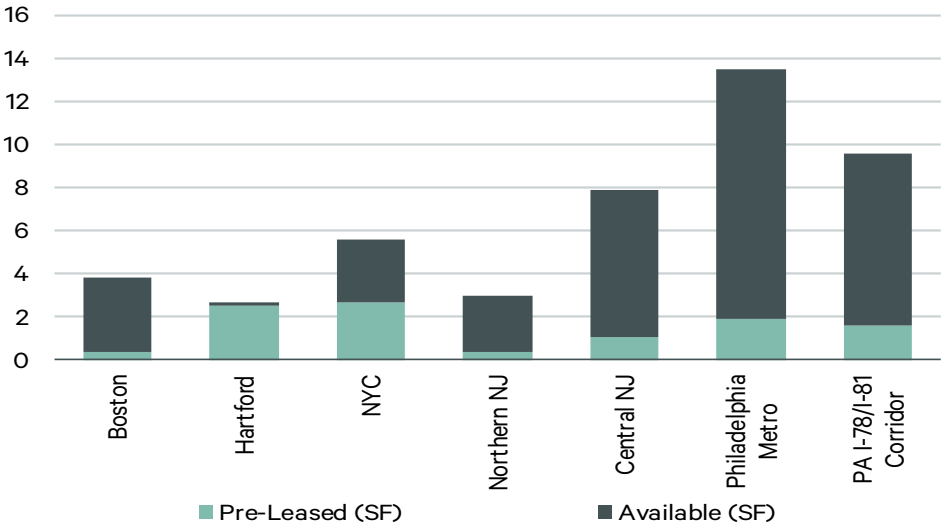
MARKET	TOTAL RENTABLE AREA (SF)	AVAILABILITY RATE (%)	VACANCY RATE (%)	Q3 2023 COMPLETIONS (SF)	Q3 2023 NET ABSORPTION (SF)	AVG. ASKING RENT (NNN)	AVG. CLASS A ASKING RENT (NNN)
Boston	280,822,802	6.8	4.0	639,895	68,970	15.74	13.95
Hartford	73,186,689	6.8	3.5	530,000	131,351	6.35	7.50
NYC	159,219,661	6.5	5.5	262,119	486,646	26.74	28.90
Northern NJ	403,992,013	4.6	4.3	1,170,963	(1,263,737)	18.55	23.68
Central NJ	459,537,438	4.6	4.0	1,168,343	882,931	17.21	18.17
Philadelphia Metro	366,573,829	6.4	5.7	5,968,062	1,664,981	12.08	12.93
PA I-78/I-81 Corridor	522,248,905	6.6	6.0	5,557,379	1,854,864	8.55	9.13

Source: CBRE Research, Q3 2023.

Construction Activity

The development pipeline decreased in Q3 2023 to 46.1 million sq. ft., down 9.1% from the previous quarter. A sharp decrease in new construction starts constrained the development pipeline as developers evaluate changing market conditions and reacted to lower leasing activity than was posted in 2021 and 2022. Construction starts totaled only 3.8 million sq. ft. in Q3 2023, compared to 11.1 million sq. ft. that broke ground in Q2 2023. The combined Philadelphia Metro and PA I-78/I-81 Corridor markets have 23.1 million sq. ft. under construction after 11.5 million sq. ft. of new product delivered. The Tristate markets of Northern New Jersey, Central New Jersey, New York City, and Hartford have a combined 19.1 million sq. ft. under construction and saw total deliveries of 3.1 million sq. ft. The Greater Boston area has 3.8 million sq. ft. under construction and deliveries totaling 640,000 sq. ft. that pushed the Northeast’s quarterly completions to 15.3 million sq. ft. Pre-leasing rates decreased by 100 basis points (bps) quarter-over-quarter to 23% in the region.

FIGURE 4: Under Construction Sq. Ft., Northeast U.S. Markets
Millions Sq. Ft.



Source: CBRE Research, Q3 2023.

FIGURE 5: Pre-Leasing Statistics

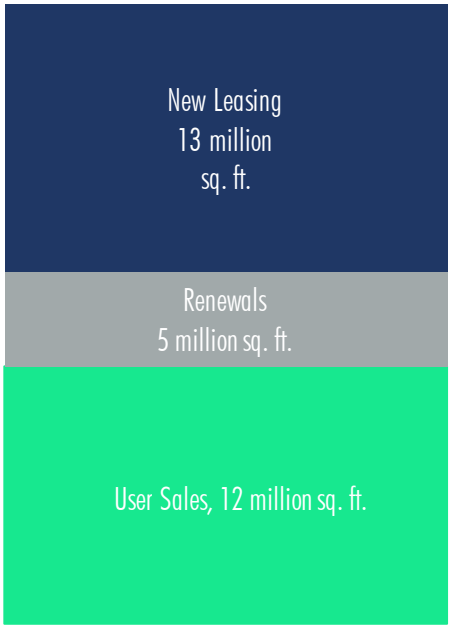
MARKET	UNDER CONSTRUCTION (SF)	AVAILABLE SPACE (SF)	AVAILABILITY RATE (%)	PRE-LEASED (SF)	PRE-LEASED (%)
Boston	3,843,513	3,486,313.0	90.7	357,200	9.3
Hartford	2,686,050	170,300.0	6.3	2,515,750	93.7
NYC	5,605,693	2,895,907.0	51.7	2,709,786	48.3
Northern NJ	2,983,310	2,596,724.0	87.0	386,586	13.0
Central NJ	7,868,400	6,766,456.0	86.0	1,101,944	14.0
Philadelphia Metro	13,486,803	11,569,486.0	85.8	1,917,317	14.2
PA I-78/I-81 Corridor	9,599,249	7,963,862.0	83.0	1,635,387	17.0

Source: CBRE Research, Q3 2023.

Lease Activity

Leasing activity totaled 12.7 million sq. ft. in Q3 2023, up 21.2% from the previous quarter and 27.0% higher than Q3 2022. Third-party logistics occupiers became the most active occupier type with 35.3% of all leasing and user sale activity. This represented an increase of 120 bps quarter-over-quarter. Wholesale/retail occupiers reduced their demand for space from 39.4% in Q2 2023 to 29.9% in Q3 2023. Manufacturing occupiers reduced their demand for space by 40 bps quarter-over-quarter and e-commerce occupiers increased their demand for space by 40 bps quarter-over-quarter.

FIGURE 6: Q3 2023 Occupier Leasing & User Sale Activity by Type



Source: CBRE Research, Q3 2023.

FIGURE 7: Q3 2023 Occupier Leasing & User Sale Activity by Industry

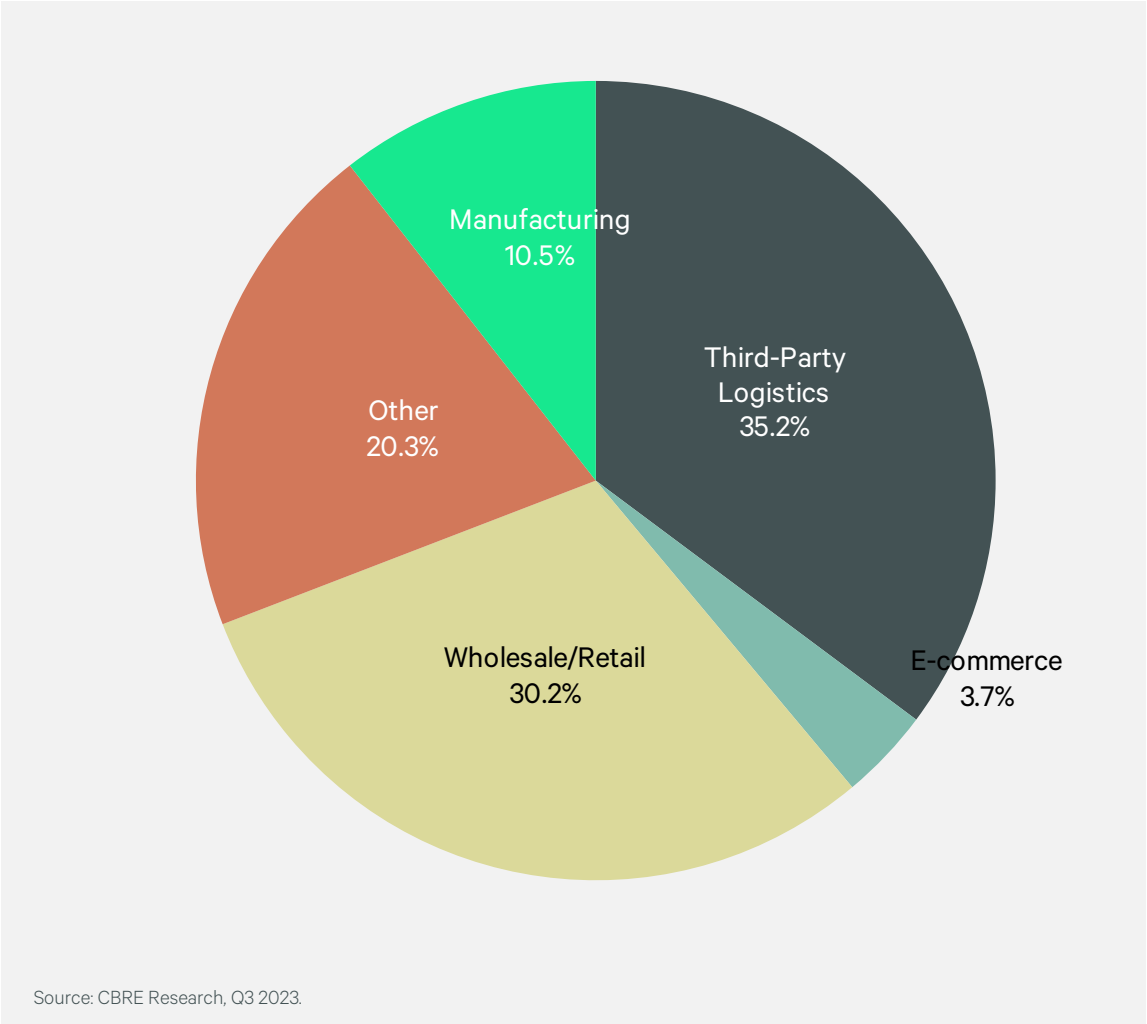


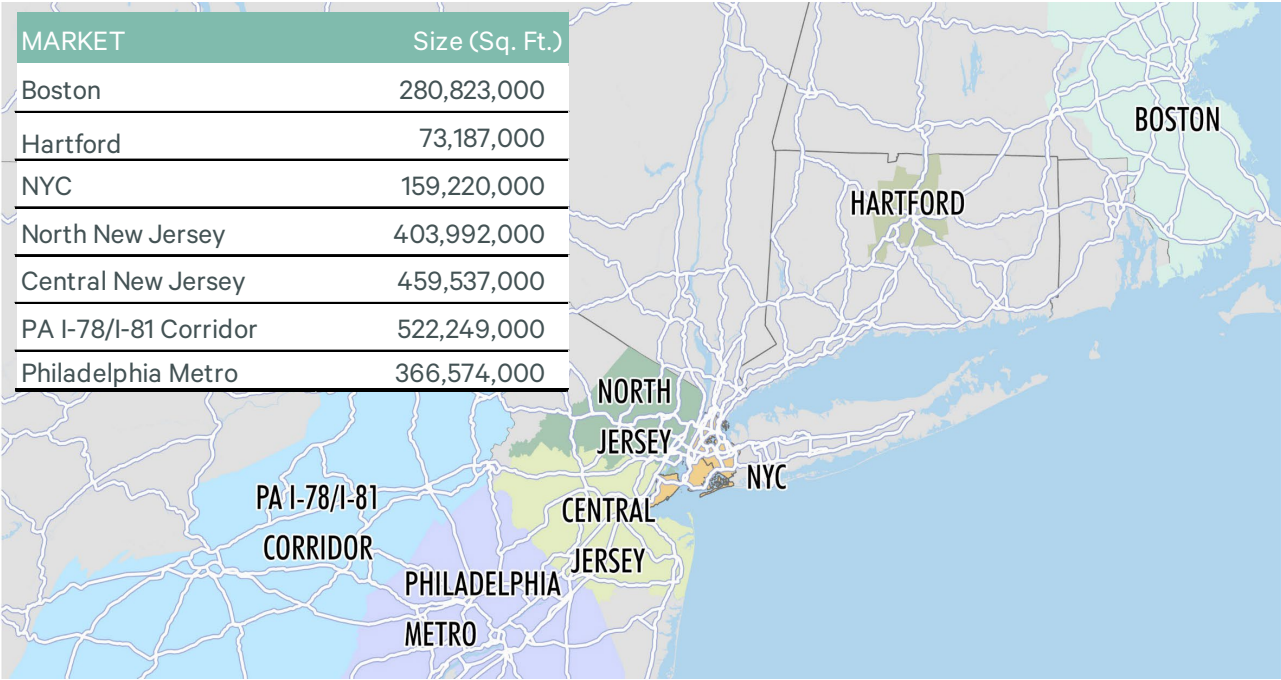
FIGURE 8: Significant Northeast Industrial Leases and User Sales Q3 2023

TENANT	MARKET	SIZE (SF)	INDUSTRY
Ryder Integrated Logistics	PA I-78/I-81 Corridor	1,200,000	Third-Party Logistics
Kane Warehousing	PA I-78/I-81 Corridor	921,356	Third-Party Logistics
Efulfill	Central New Jersey	469,600	Third-Party Logistics
East Coast Warehouse And Distribution	Central New Jersey	387,744	Third-Party Logistics
Anixter, Inc.	Boston	306,662	Wholesale/Retail
Vistar	Southern NJ	300,618	E-commerce
Express Scripts	Southern NJ	253,732	Wholesale/Retail
Confidential Retailer	Northern New Jersey	197,286	Wholesale/Retail
Western Carriers	Northern New Jersey	191,688	Third-Party Logistics
Net Zero	Brooklyn	70,200	Wholesale/Retail
United Delivery	Hartford	43,000	Third-Party Logistics

Source: CBRE Research, Q3 2023.

Market Area Overview

MARKET	Size (Sq. Ft.)
Boston	280,823,000
Hartford	73,187,000
NYC	159,220,000
North New Jersey	403,992,000
Central New Jersey	459,537,000
PA I-78/I-81 Corridor	522,249,000
Philadelphia Metro	366,574,000



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