

FIGURES | NE INDUSTRIAL & LOGISTICS | Q3 2024

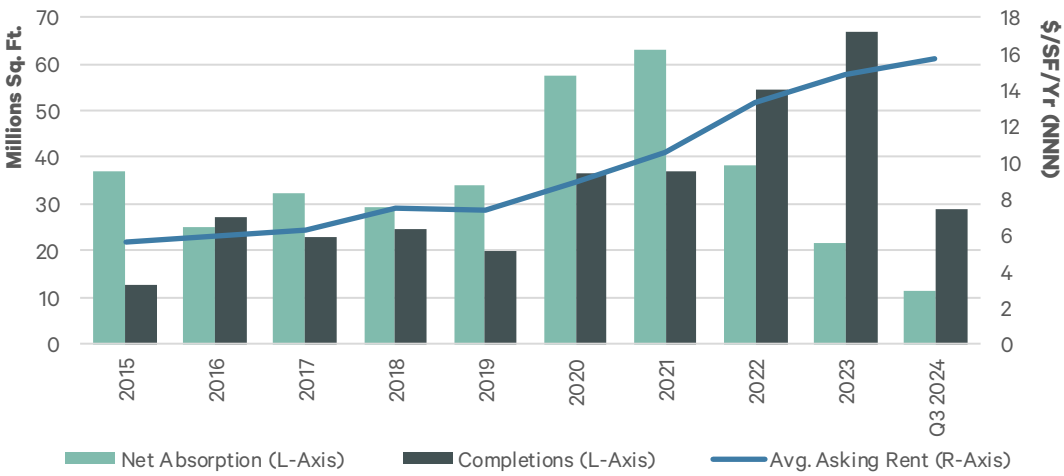
Asking rents hit record high, even as rent growth slows



Note: Arrows indicate change from previous quarter.

- Northeast U.S. industrial & logistics (I&L) average asking rents increased 3.3% quarter-over-quarter and 6.3% year-over-year to \$15.74 per-sq.-ft.
- The vacancy rate rose 20 basis points (bps) quarter-over-quarter to 6.4% as construction deliveries continued to bring unleased space to the market.
- Construction completions brought 12.8 million sq. ft. of new space to the market in Q3 2024, pushing 2024 YTD construction completions to 32.4 million sq. ft.
- Construction starts slowed considerably quarter-over-quarter, with just 5.9 million sq. ft. breaking ground.
- Leasing activity totaled 17 million sq. ft. in Q3 2024, up 13.3% from the previous quarter and 33.9% compared to Q3 2023.
- Third-party logistics companies continued to dominate leasing activity, from an industry perspective, while demand from retail/wholesale remained muted compared to pandemic-era levels. Notably, leasing from the “Other” category rose significantly this quarter, pointing toward more diverse demand drivers.

Figure 1: Net Absorption, Construction Completions and Lease Rates

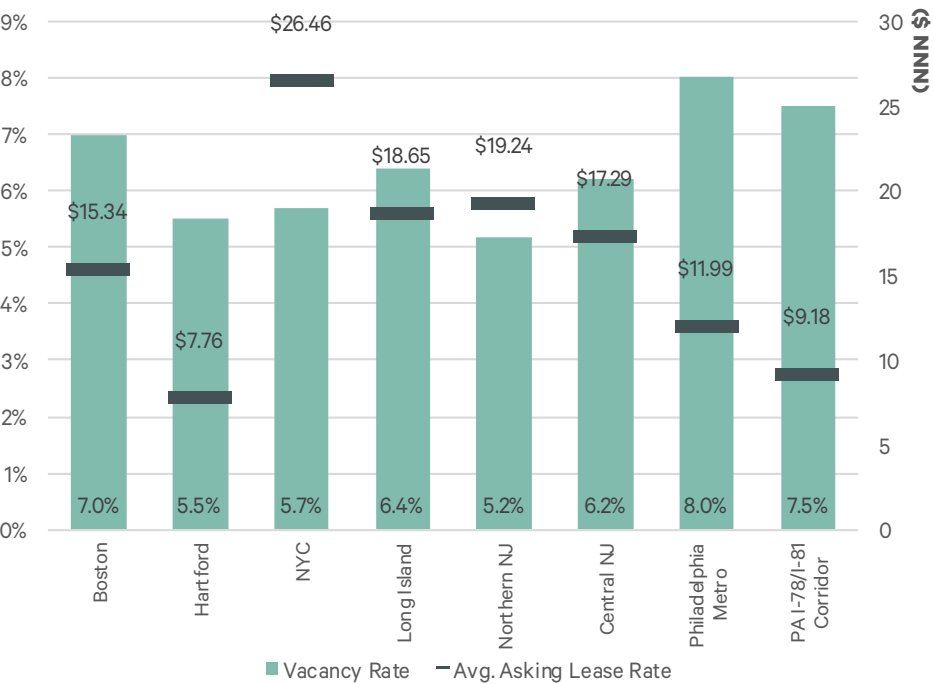


Source: CBRE Research, Q3 2024

Key Market Stats

Rent growth continued to decelerate across the Northeast US Logistics market after peaking in 2022. Asking rents grew 6.3%, year-over-year, compared to 11.2% in 2023 and 26.1% in 2022. But performance varied across markets. Since the start of the year, Hartford and New York City posted double-digit rent growth rates. Other portions of the market such as Central NJ, the PA I-78/I-81 Corridor, the Philadelphia Metro, and Long Island saw pricing move very little since the end of 2023.

FIGURE 2: Total Vacancy and Asking Lease Rates



Source: CBRE Research, Q3 2024

FIGURE 3: Market Stats

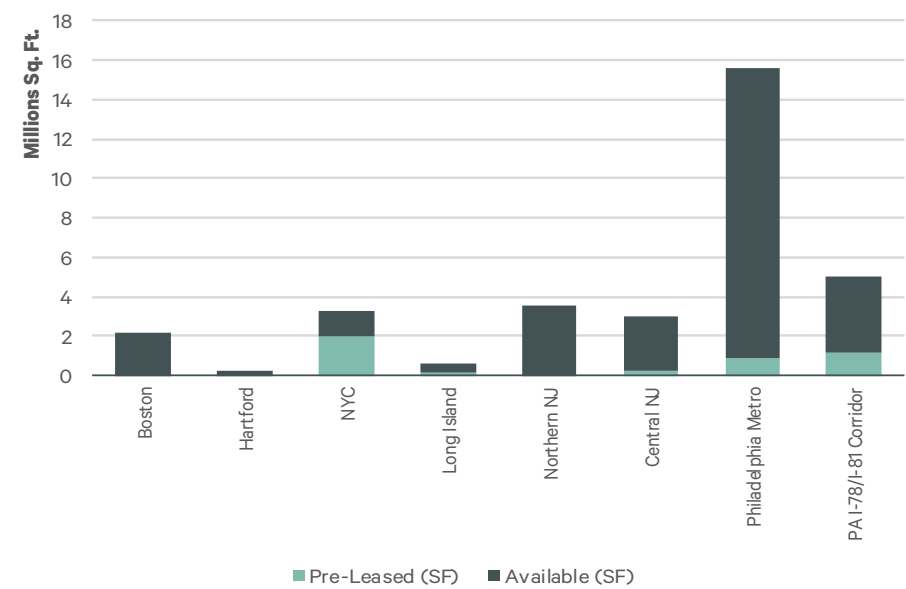
MARKET	TOTAL RENTABLE AREA (MSF)	AVAILABILITY RATE (%)	VACANCY RATE (%)	Q3 2024 COMPLETIONS SF	Q3 2024 NET ABSORPTION SF	AVG. ASKING RENT (NNN)	AVG. CLASS A ASKING RENT (NNN)
Boston	315.0	860.0	7.0	1.10	0.47	15.34	14.9
Hartford	80.3	7.9	5.5	0.00	-1.03	7.76	10.72
Long Island	106.0	6.7	6.4	0.11	-0.46	18.65	22.01
NYC	167.8	5.7	5.7	0.73	0.72	26.46	35.18
Northern NJ	405.9	5.6	5.2	1.59	-1.75	19.24	24.26
Central NJ	466.9	7.0	6.2	2.74	-0.77	17.29	18.33
Philadelphia Metro	380.2	8.3	8.0	1.15	1.53	11.99	13.21
PA I-78/I-81 Corridor	535.9	7.9	7.5	5.38	0.01	9.18	9.61

Source: CBRE Research, Q3 2024

Construction Activity

The under construction pipeline in the Northeast decreased quarter-over-quarter from 38.0 million sq. ft. to 33.4 million sq. ft. This is well below the 78.3 million sq. ft. underway at the end of Q1 2022 when construction peaked. Compared to last year, the under construction pipeline fell 12.1%. Construction starts were down considerably at 5.9 million sq. ft. as developers continued to slow new starts in the face of rising vacancy as well as a steady fall in the pre-leasing rate that dropped by 380 basis-points (bps) quarter-over-quarter to 12.7%. Year-over-year, this rate was down a significant 1,030 bps. Increasingly, new construction was competing with sublease space in some pockets of the market, diverting demand away from new construction to some degree and accounting for falling pre-lease rates.

FIGURE 4: Under Construction Sq. Ft.



Source: CBRE Research, Q3 2024

FIGURE 5: Pre-Leasing Stats

MARKET	UNDER CONSTRUCTION (MSF)	AVAILABLE SPACE (MSF)	AVAILABILITY RATE (%)	PRE-LEASED (MSF)	PRE-LEASED (%)
Boston	2.18	2.18	100.0	0.00	0.0
Hartford	0.25	0.25	100.0	0.00	0.0
Long Island	0.59	0.49	82.7	0.10	17.3
NYC	3.25	1.24	38.1	2.01	61.9
Northern NJ	3.58	3.58	100.0	0.00	0.0
Central NJ	2.95	2.69	91.1	0.26	8.9
Philadelphia Metro	15.61	14.75	94.5	0.85	5.5
PA I-78/I-81 Corridor	4.99	3.86	77.3	1.13	22.7

Source: CBRE Research, Q3 2024

Lease Activity

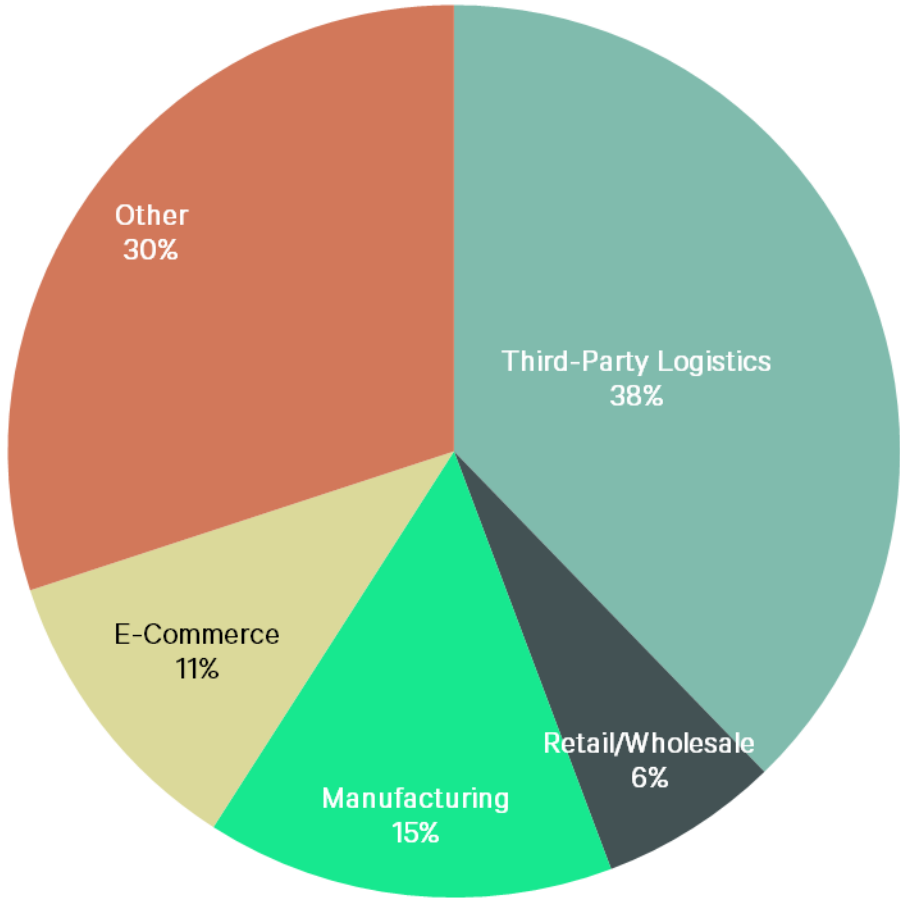
Third-party logistics (3PL) companies continued to account for the largest share of leasing activity. Demand from retail/wholesale tenants persisted well below pandemic peaks, partially a result of diverting more of this activity to 3PL firms in order to create some flexibility and agility in supply chain strategies. Notably, demand drivers were more diverse this quarter with the “Other” category, including video production studios and pickleball court tenants, accounting for a significant share of activity. And while vacancy continued to grow across the Northeast, new leasing activity totaled 17 million sq. ft., up 13.3% from the previous quarter and 33.9% year-over-year. Modest recovery in leasing along with a shrinking construction pipeline should result in the market reaching peak vacancy in the near term.

FIGURE 6: Occupier Leasing and User Sale Activity by Type



Source: CBRE Research, Q3 2024

FIGURE 7: Occupier Leasing and User Sale Activity by Industry



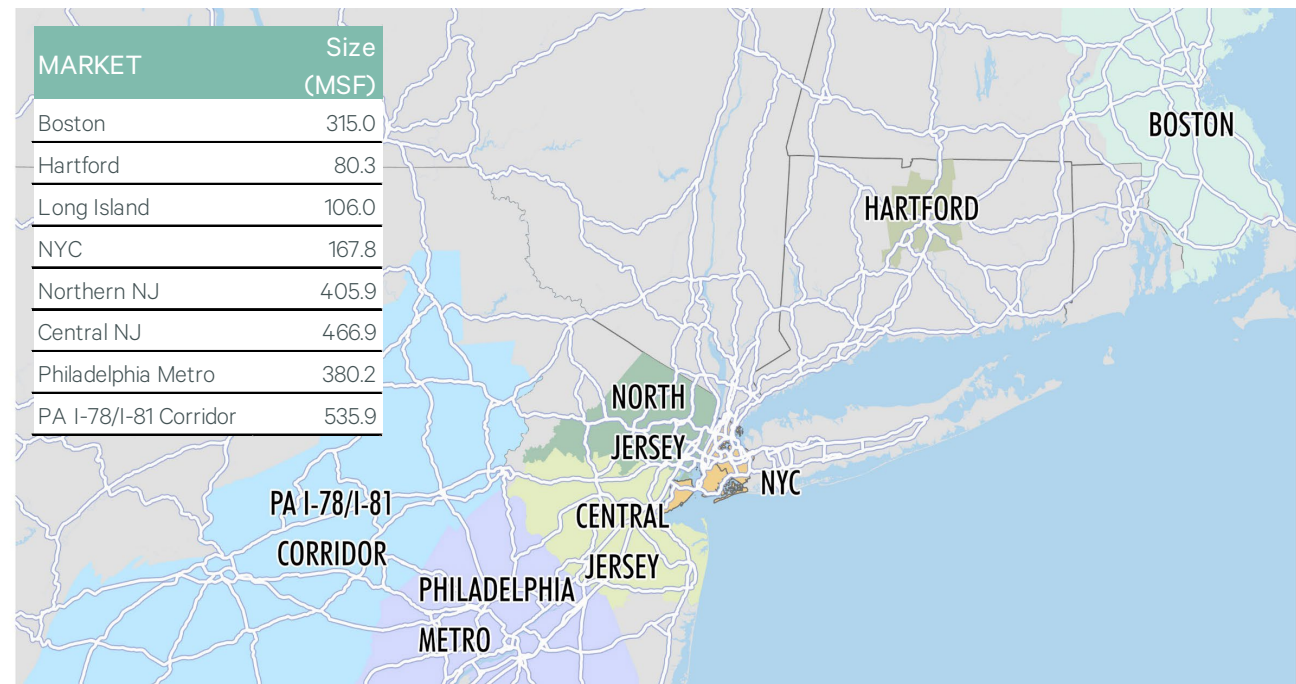
Source: CBRE Research, Q3 2024

FIGURE 8: Significant Industrial Leases and User Sales

TENANT	MARKET	SIZE (SF)	INDUSTRY
Western Post	PA I-78/I-81 Corridor	1,006,128	Third-Party Logistics
Ryder Logistics	PA I-78/I-81 Corridor	951,080	Third-Party Logistics
Reckitt Benckiser Group	PA I-78/I-81 Corridor	812,425	Retail/Wholesale
CEVA Contract Logistics U.S.	PA I-78/I-81 Corridor	770,000	Third-Party Logistics
US ELogistics Service Corporation	Philadelphia	698,500	Third-Party Logistics
Home Depot	Worcester Metro	604,800	Wholesale/Retail
Undisclosed E-commerce	Central New Jersey	565,405	Retail/Wholesale
RealCold	Northern New Jersey	410,285	Warehousing/Storage
RK Pharma	Central New Jersey	406,669	Life Sciences
Time-Cap Labs, Inc.	Long Island	93,847	Retail/Wholesale

Source: CBRE Research, Q3 2024

Market Area Overview



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