

# The Superregional Report

## Greater New York Industrial Market

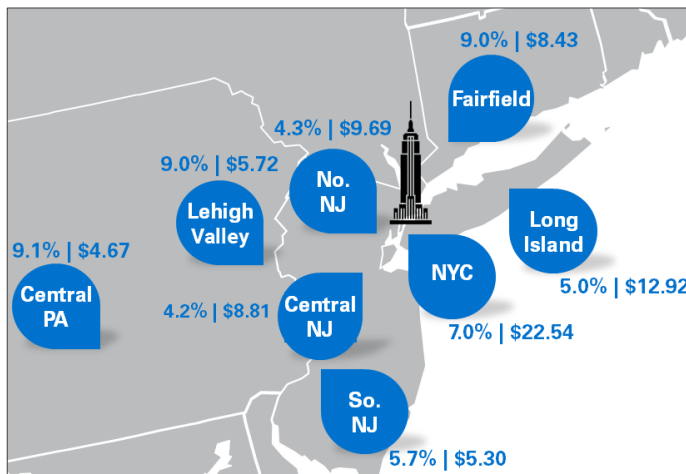
Land Area	Consumer Population	Warehouse Employment	Industrial Inventory	Vacancy Rate	Average Asking Rent
12,018 mi <sup>2</sup>	22.1M	230,324	1.5B SF	5.9%	\$9.91/SF

### Current Conditions

- Spanning portions of four states, a vast distribution network serves New York and its hinterlands which comprise the **largest consumer market** in the country with more than 22 million residents and the nation's third busiest container port.
- Vacancy and asking rents remained stable** in the Superregional industrial market over the past year despite widespread economic disruption.
- Online retailers and logistics companies continue to expand in both core and emerging markets as the **adoption of ecommerce accelerated amid the pandemic**.
- A record amount of new construction** was delivered in 2020 and was met with strong demand with the majority of buildings securing tenants prior to completion.

### Asking Rent and Vacancy Rate

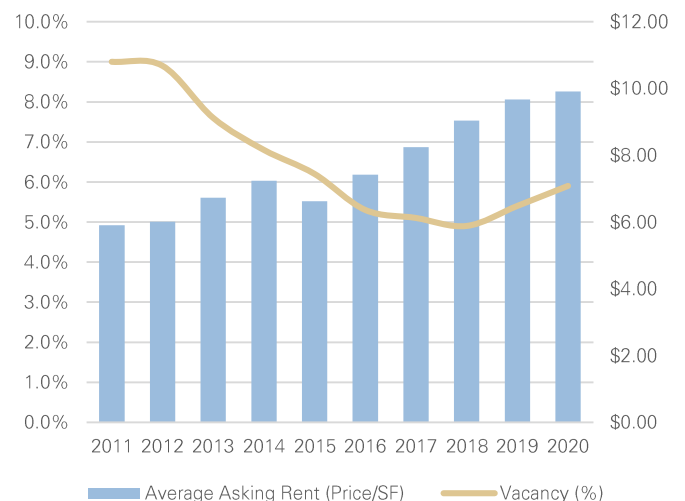
#### MARKETS COMPRISING SUPERREGION



Locations throughout New York, New Jersey, Pennsylvania and Connecticut are critical points in a complex logistics strategy.

### Asking Rent and Vacancy Rate

#### OVERALL SUPERREGION



# Supply and Demand

## Ecommerce Pushes Boundaries During Pandemic

Increased reliance on online shopping during the pandemic fueled leasing demand from online retailers. The ecommerce sector, which was already in a very strong position prior to 2020, accelerated its appetite for space over the past year to serve this densely populated Superregion. Amazon expanded by more than 10 million square feet during 2020, adding to its distribution network in New Jersey and New York City's outer boroughs, as well as its first two warehouses in Fairfield County, Connecticut. While many brick-and-mortar retailers scaled back warehouse requirements during the pandemic, others such as Walmart and Target are reconfiguring their supply chains in response to the growth of their ecommerce divisions, driving additional leasing activity in Pennsylvania and Southern New Jersey. Despite sustained demand, vacancy rose from 5.4% to 5.9% during 2020, but owners continued to raise asking rents, which grew by 2.5% to an average of \$9.91/SF.

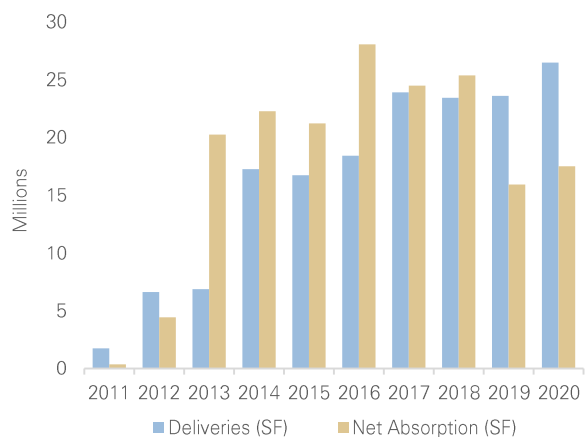
During 2020, more than 26.5 million square feet of new inventory was delivered in the Superregion—a historic record. Much of this space was met with tenant demand as the majority of construction was pre-leased, but net absorption ultimately trailed new supply by 9.0 million square feet. Central New Jersey, which is a core market for spec developers, accounted for the largest share of new completions. Lehigh Valley and Central Pennsylvania make up half of the Superregion's 33-million-square-foot construction pipeline. Due to its relative availability of land, Central Pennsylvania will likely continue to see frequent development of large-scale distribution centers. Developers are redeveloping obsolete buildings to add inventory in Northern New Jersey, the outer boroughs and Long Island, where land is scarce and modern inventory is lacking. In Brooklyn and the Bronx, a potential solution to the shortage of modern space suitable for the last mile is taking shape as multiple multistory warehouses are currently under construction, one of which was recently pre-leased by Amazon.

### Deliveries and Net Absorption Statistics by Market

	Total Inventory (SF)	Annual Deliveries (SF)	Annual Absorption (SF)	Under Construction (SF)
<b>Superregion</b>	<b>1.5B</b>	<b>26.5M</b>	<b>17.5M</b>	<b>33.0M</b>
Northern NJ	308.9M	717,499	3.9M	2.9M
Central NJ	358.3M	10.2M	5.9M	5.3M
Southern NJ	115.4M	3.6M	3.4M	5.7M
Lehigh Valley	137.8M	6.4M	6.7M	8.6M
Central PA	188.5M	3.0M	2.3M	7.8M
NYC Boroughs	146.4M	2.0M	-1.7M	2.1M
Fairfield County	44.8M	45,076	-1.0M	133,000
Long Island	160.8M	485,818	-2.0M	361,929

### Deliveries and Net Absorption

#### OVERALL SUPERREGION



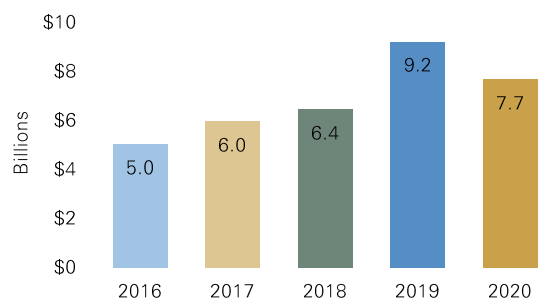
### Notable 2020 Lease Transactions

Tenant	Address	Market	Type	Square Feet
Walmart	Antrim Commons Drive	Central PA	Direct Lease	1.9M
Amazon	742 Courses Landing Road	Southern NJ	Direct Lease	1.3M
Geodis	951 Willowbrook Road	Lehigh Valley	Direct Lease	1.1M
Amazon	526 Gulf Avenue	NYC Boroughs	Direct Lease	1.0M
Amazon	343 Half Acre Road	Central NJ	Direct Lease	1.0M

# Capital Markets

## Sales Volume

### OVERALL SUPERREGION



## Investors Think Regionally

Investor demand is trending upward in the Superregion. While some transactions were delayed due to COVID-19, overall sales volume grew by 54% since 2016. Recent institutional investment highlights the regionalization of the market. The first phase of Bridge Point 78 in Warren County sold to PGIM for \$275 million. The development, which helped to establish the Western I-78 Corridor as a new hub for warehousing between Central New Jersey and Lehigh Valley, consists of four newly constructed buildings totaling 2.2 million square feet. Toward the end of 2020, Lincoln Equities sold a Long Island logistics center, which is leased to Home Depot, for \$381/SF.

## Notable 2020 Sales

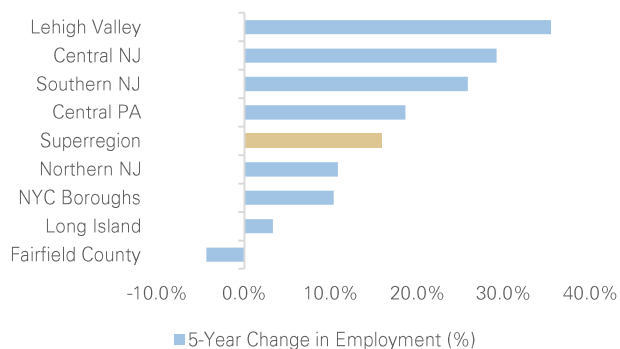
Building	Market	Sale Price	Price / SF	Square Feet
Bridge Point 78 (Phase I)	Central NJ	\$275M	\$125	2.2M
50 Veronica Avenue	Central NJ	\$164M	\$177	926,392
12 Tradeport Road	Central PA	\$133.6M	\$96	1.4M
270 Daniels Way	Southern NJ	\$105.8M	\$147	721,000

# Economic Conditions

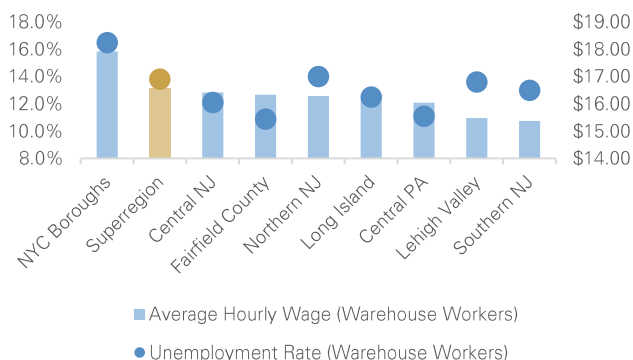
## Labor Costs and Availability a Key Concern

As industrial users continued to expand, demand for labor has increased. The number of warehouse workers employed in the Superregion rose by 15.9% over the past five years to 230,234, while overall employment declined by 4.1%. Large upswings in hiring tend to occur in the most active construction markets. The markets with the highest five-year employment growth are Central New Jersey and Lehigh Valley, which are also the top ranking markets in net absorption and deliveries over this period. Access to labor, as well as the varying costs of this labor depending on the location, are key considerations for prospective industrial occupiers. Staffing a warehouse is typically the easiest, but also the most expensive in and around New York City, while the opposite is true in the less densely-populated Pennsylvania and Southern New Jersey.

## Warehouse Employment

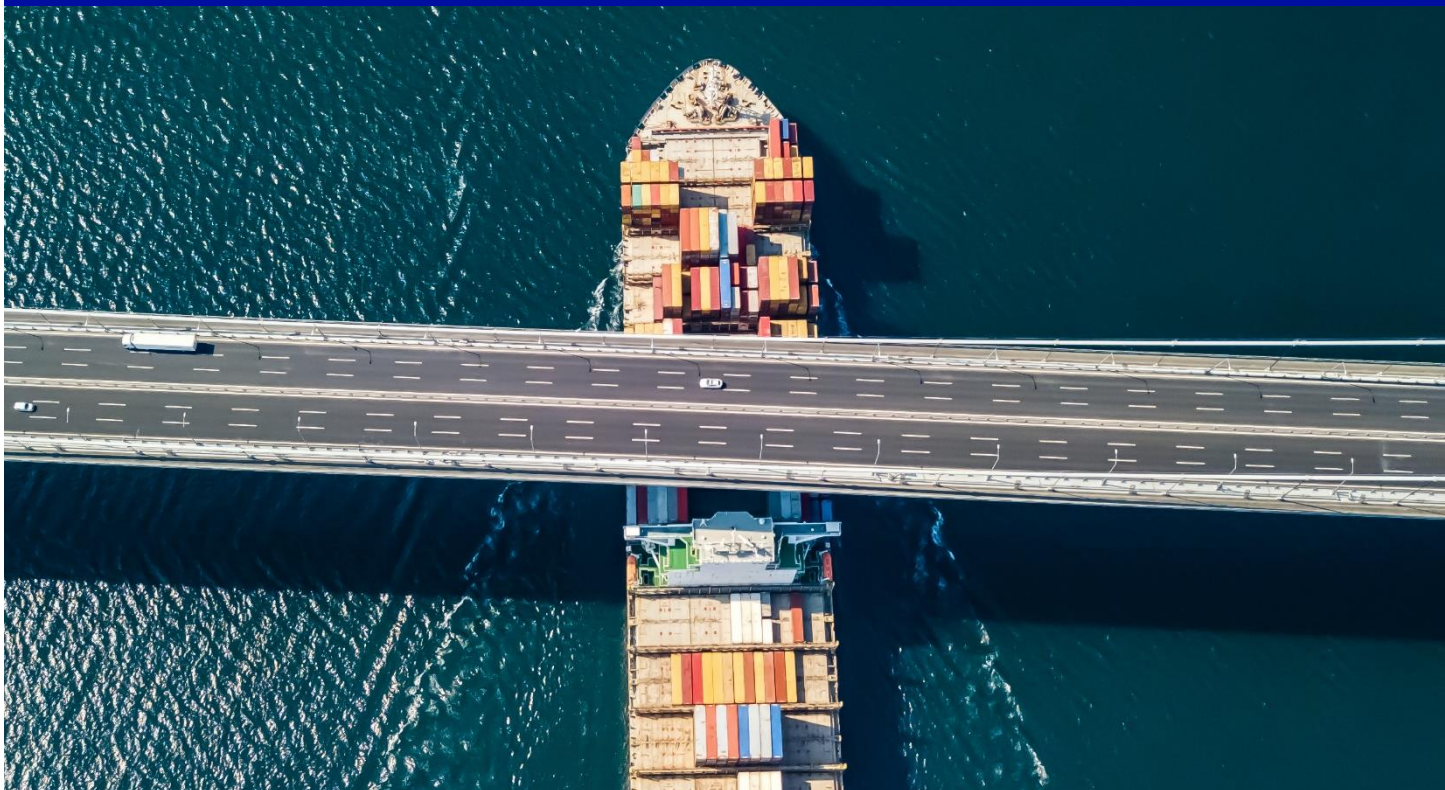


## Cost and Availability of Labor



## Key Takeaway

The pandemic sped up the growth of online shopping, which will continue to drive demand in the Superregion in 2021 and beyond, keeping vacancy low as new product is delivered. Owners and occupiers should consider emerging markets when making real estate decisions as the boundaries of these key areas are pushed in all directions.



### *For more information:*

#### **New York Headquarters**

125 Park Ave.  
New York, NY 10017  
t 212-372-2000  
**nmrk.com**

### *Primary Report Authors:*

#### **Mark Russo**

*Research Manager*  
Rutherford, NJ  
mark.russo@ngkf.com

#### **Colin Hyde**

*Research Analyst*  
Rutherford, NJ  
colin.hyde@ngkf.com

### *Contributing Researchers:*

#### **Lisa DeNight**

*Research Manager*  
Philadelphia, PA

#### **Jared Gordon**

*Research Analyst*  
Melville, NY

### *Sources:*

ESRI  
Chmura/ESRI  
CoStar

Newmark has implemented a proprietary database and our tracking methodology has been revised. With this expansion and refinement in our data, there may be adjustments in historical statistics including availability, asking rents, absorption and effective rents. Newmark Research Reports are available at [ngkf.com/research](https://ngkf.com/research).

All information contained in this publication is derived from sources that are deemed to be reliable. However, Newmark has not verified any such information, and the same constitutes the statements and representations only of the source thereof not of Newmark. Any recipient of this publication should independently verify such information and all other information that may be material to any decision the recipient may make in response to this publication and should consult with professionals of the recipient's choice with regard to all aspects of that decision, including its legal, financial and tax aspects and implications. Any recipient of this publication may not, without the prior written approval of Newmark, distribute, disseminate, publish, transmit, copy, broadcast, upload, download or in any other way reproduce this publication or any of the information it contains. This document is intended for informational purposes only, and none of the content is intended to advise or otherwise recommend a specific strategy. It is not to be relied upon in any way to predict market movement, investment in securities, transactions, investment strategies or any other matter.