

FIGURES | NORTHEAST US LOGISTICS | Q4 2021

Record absorption drives down vacancy, pushes rent new high

▼ 2.9%

Vacancy Rate

▼ 10.2M

SF YTD Net Absorption

▲ 74.6M

SF Under Construction

▲ \$10.34

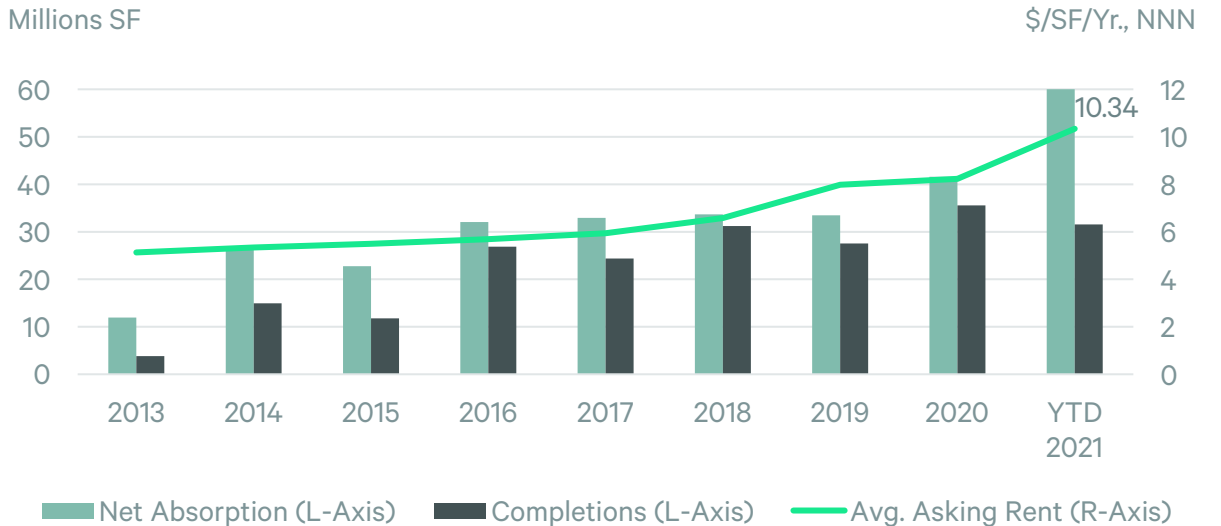
NNN / Asking Rate

Note: Arrows indicate change from previous quarter.

- Average industrial asking rents reached \$10.34 per sq. ft. in Q4 2021, up 21% year-over-year and marking the first time the region hit double-digit rents.
- Nearly 50% of product under construction was pre-leased while vacancy trended lower, pointing to little supply relief in the near term.
- The market absorbed a record 60.14 million sq. ft. in 2021 as the demand for warehouse space from both retailers and third-party logistics (3PL) occupiers soared.
- Construction deliveries and net absorption slowed in Q4 2021 compared to Q3 as supply chain delays impacted construction deliveries, the primary driver of occupancy growth.

Northeast industrial and logistics (I&L) markets saw record-setting market fundamentals in 2021, from soaring asking rents and absorption to a deep construction pipeline, fueled by the escalating demand for warehouse space driven by an increased need to fulfill online consumer demand. Net absorption for Q4 2021 softened from Q3 2021 due to lack of product delivering to the market. This stemmed from supply-chain woes that persisted throughout 2021, delaying construction completions as developers faced longer wait times for materials. Scarcity of available Class A industrial product fueled increasing asking rents; Northern and Central New Jersey's combined Class A rent increased 55% and the Philadelphia metro saw a 45% increase year-over-year.

Figure 1: Northeast Net Absorption, Construction Completions & Average Asking Rates

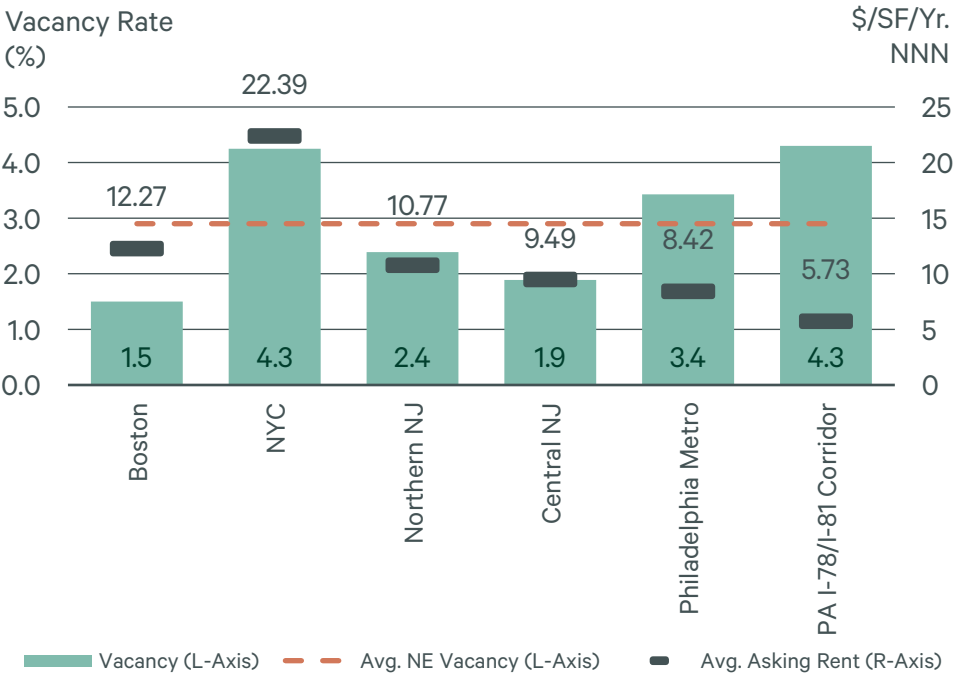


Source: CBRE Research, Q4 2021

Key Market Stats

A 15% quarter-over-quarter increase in average asking rates within the Philadelphia Metro market during Q4 2021 contributed the most to rents in the Northeast U.S. corridor reaching \$10.34 per-sq. ft. at year's end. The Boston and Northern New Jersey industrial markets saw a 6% and 9% increase in asking rates, respectively, during the same timeframe. The low 2.9% vacancy rate throughout the region drove the increase in asking rents, as industrial stock remained scarce while demand continued to soar beyond pre-pandemic levels, particularly for Class A product. Central New Jersey Class A asking rent increased 84% year-over-year, while Northern New Jersey and Philadelphia Metro recorded a 55% and 45% year-over-year increase, respectively.

FIGURE 2 Total Vacancy and Average Asking Rent, Northeast Markets



Source: CBRE Research, Q4 2021

FIGURE 3: Northeast Industrial Market Stats

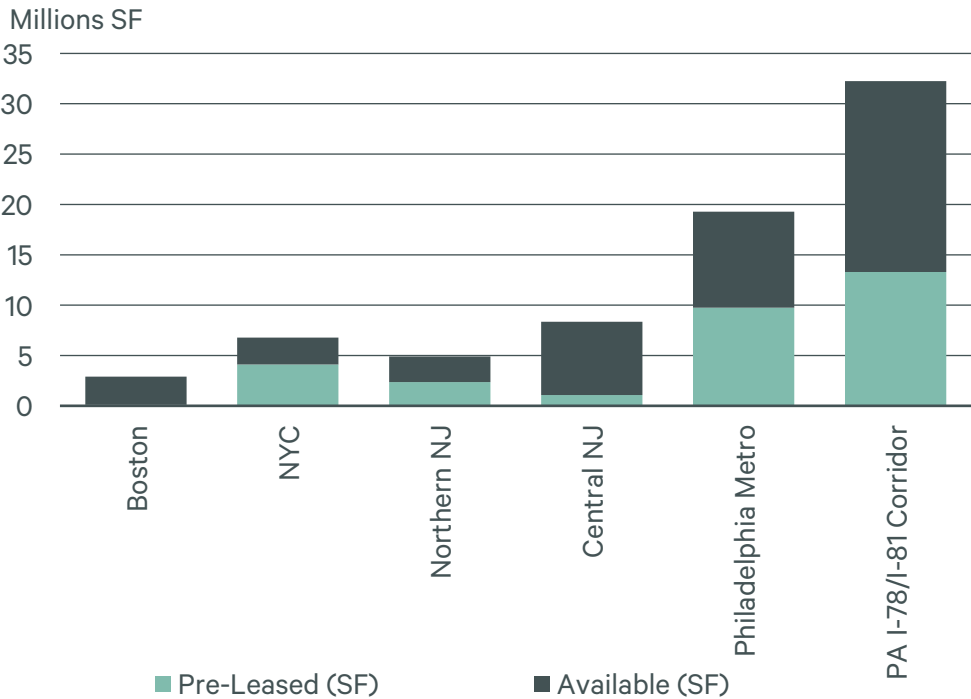
MARKET	TOTAL RENTABLE AREA (MSF)	AVAILABILITY RATE (%)	VACANCY RATE (%)	Q4 2021 CONSTRUCTION COMPLETIONS (MSF)	Q4 2021 NET ABSORPTION (MSF)	AVG. ASKING RENT (\$/SF, NNN)	AVG. CLASS A ASKING RENT (\$/SF,NNN)
Boston	267.10	3.2	1.5	0.24	1.58	12.27	11.33
NYC	160.84	7.3	4.3	0.13	1.11	22.39	29.82
Northern NJ	407.71	5.2	2.4	0.33	1.07	10.77	22.44
Central NJ	449.44	4.6	1.9	1.85	(0.34)	9.49	17.61
Philadelphia Metro	354.33	4.7	3.4	2.39	0.88	8.42	9.22
PA I-78/I-81 Corridor	485.14	5.3	4.3	4.51	5.85	5.73	6.50

Source: CBRE Research, Q4 2021

Construction Activity

The construction pipeline continued to grow in the Northeast markets in Q4 2021, rising to 74.58 MSF of product under construction. The PA I-78/I-81 corridor and Philadelphia markets posted the most development throughout the Northeast, largely attributable to the greater availability of developable land in those markets. Pre-leasing rates remained consistent with 41% of under construction product in the Northeast pre-leased. NYC saw a 61% jump in pre-leasing rates. Occupiers' interest in both Northern New Jersey and the Philadelphia Metro persisted, with nearly 50% pre-leased in Q4 2021.

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



Source: CBRE Research, Q4 2021

FIGURE 5: Pre-Leasing Statistics

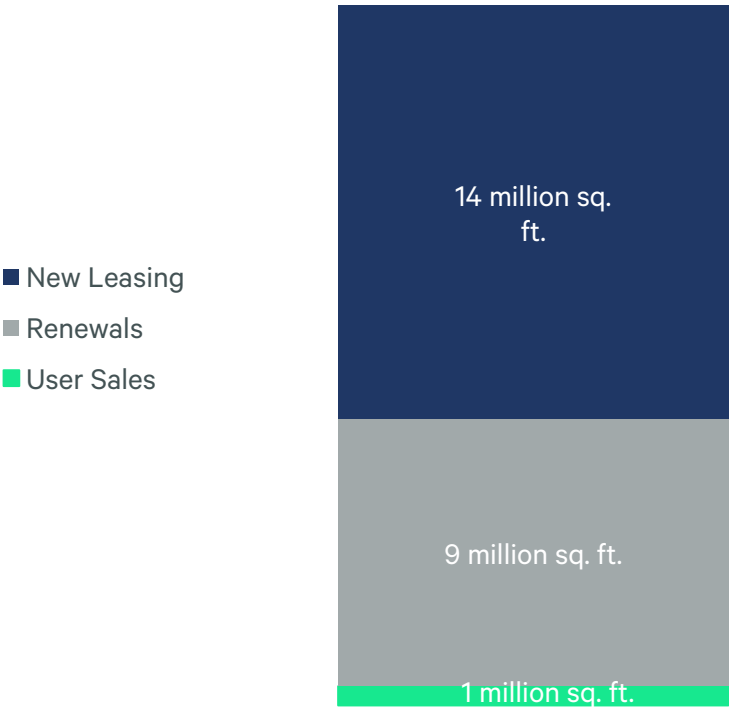
MARKET	UNDER CONSTRUCTION (MSF)	AVAILABLE SPACE (MSF)	AVAILABILITY RATE (%)	PRE-LEASED (MSF)	PRE-LEASED (%)
Boston	2.90	2.79	96.2	0.11	3.8
NYC	6.90	2.67	38.7	3.50	61.3
Northern NJ	4.91	2.55	51.9	2.36	48.1
Central NJ	8.35	7.28	87.1	1.08	12.9
Philadelphia Metro	19.28	9.52	49.4	9.76	50.6
PA I-78/I-81 Corridor	32.25	18.95	58.8	13.30	41.2

Source: CBRE Research, Q4 2021

Leasing Activity

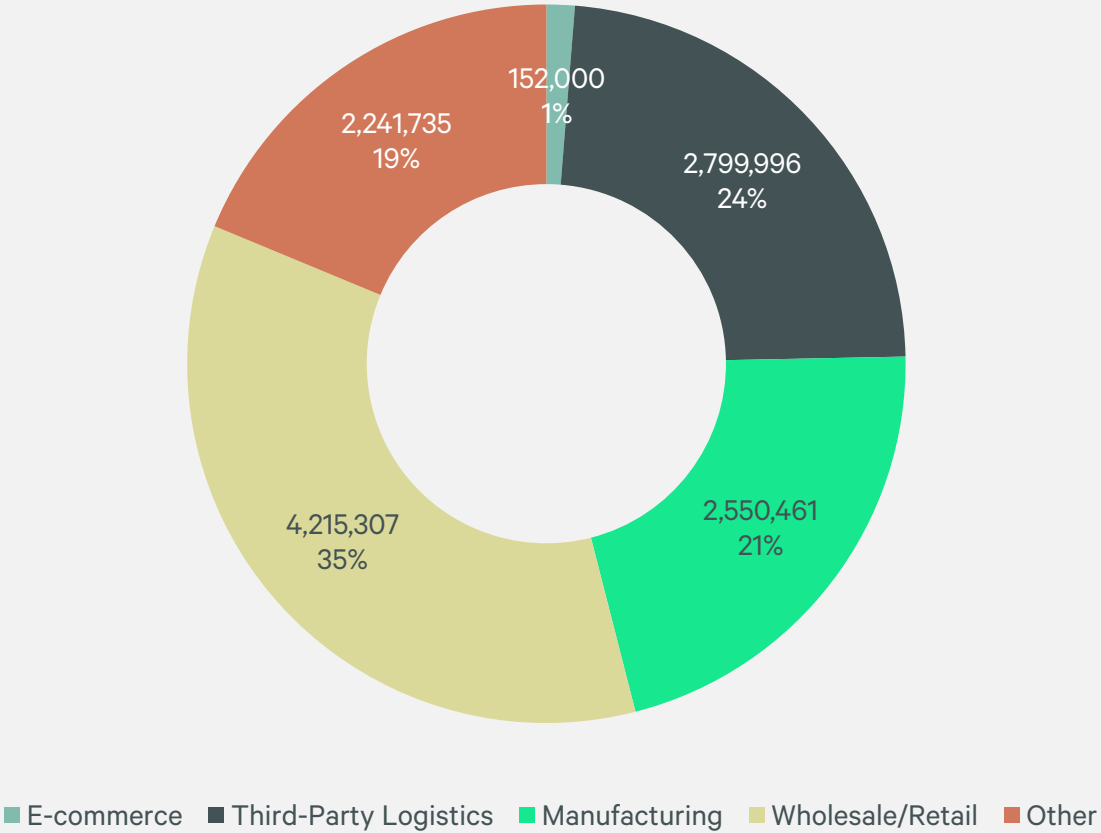
Northeast industrial markets continued to see strong leasing activity to close out 2021, with 23.01 million sq. ft. of deals signed in Q4. Wholesale/retail and third-party logistics occupiers were the most active in Q4 2021, making up 35% and 24% of leasing activity, respectively. Supply chain disruptions prompted retailers and wholesalers to shift priorities and keep inventory closer to consumers, while increasing the use of third-party logistics providers at the same time.

FIGURE 6: Q4 2021 Occupier Leasing & User Sale Activity by Type



Source: CBRE Research, Q4 2021

FIGURE 7: Q4 2021 Occupier Leasing & User Sale Activity by Industry



Source: CBRE Research, Q4 2021

Figure 8: Significant Northeast I&L Leases and User Sales Q4 2021

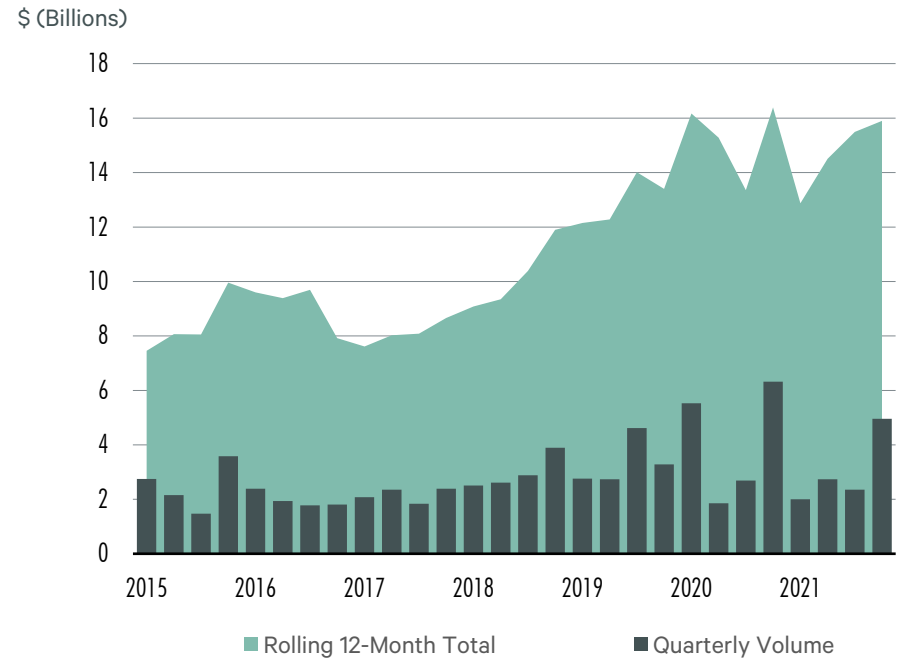
TENANT	MARKET	SIZE	INDUSTRY
Unilever	PA I-78/I-81 Corridor	1,370,000	Manufacturing
Keurig Green Mountain, In.c	Central New Jersey	905,000	Wholesale/Retail
Blue Triton	PA I-78/I-81 Corridor	526,260	Wholesale/Retail
Hormel Foods	PA I-78/I-81 Corridor	341,193	Wholesale/Retail
Daimler Trucks North America LLC	Philadelphia Metro	359,573	Manufacturing
Toll Global Forwarding	Central New Jersey	299,973	Third-Party Logistics
Dell EMC	Boston	288,000	Other
Praxis Modular	PA I-78/I-81 Corridor	275,556	Manufacturing
The Shyft Group	PA I-78/I-81 Corridor	252,200	Manufacturing
Modaexpress of USA, Inc.	Northern New Jersey	164,232	Third-Party Logistics

Source: CBRE Research, Q4 2021

Sale Activity

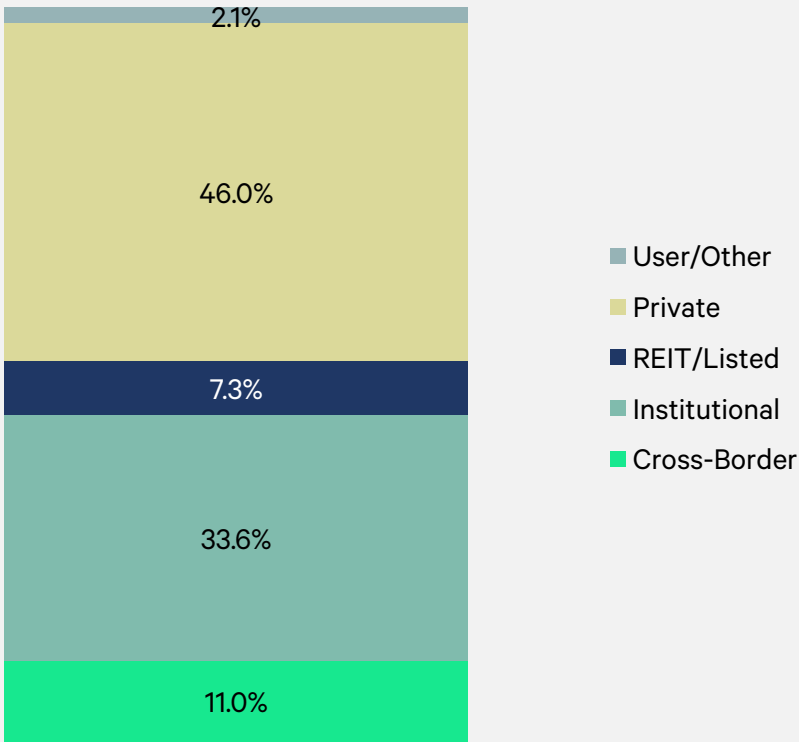
Institutional and private investors remained attracted to I&L product in 2021. In 2021, investment sales totaled \$15.90, down only modestly from the \$16.39 billion for 2020. Private investors made up nearly half of total investment in industrial product in Q4 2021. Portfolio transactions comprised a nearly half of the top industrial investment sales in the Northeast in Q4 2021. These larger commitments underscored investors’ optimism in Northeast U.S. I&L fundamentals growing even stronger.

FIGURE 9: Northeast Industrial Investment Sale Volume



Source: Real Capital Analytics, CBRE Research, Q4 2021

FIGURE 10: Q4 2021 Northeast Industrial Investment Buyer Composition



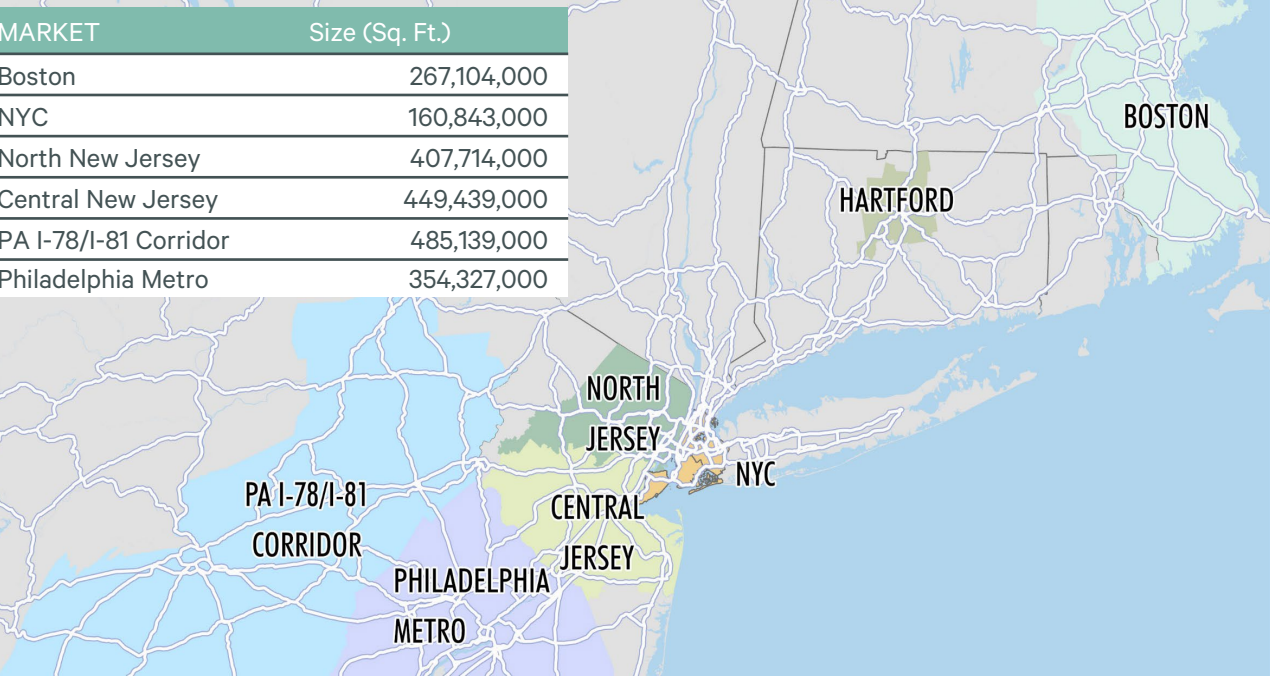
Source: Real Capital Analytics, CBRE Research, Q4 2021

Figure 11: Significant Northeast Industrial Investment Sales

BUYER	BUILDING/PORTFOLIO	MARKET	SIZE (MSF)	PURCHASE PRICE (\$/SF)
BREIT	Cabot Fund V US Industrial Portfolio 2021	Multiple Markets	15.14	76.06
AXA IM - Real Assets	Dermody Fund II US Ind Recap 2021	PA I-78/I-81 Corridor, Philadelphia Metro	6.10	97.85
Realty Income Corp	Realty Income Corp/ VREIT	Multiple Markets	3.23	N/A
Investcorp	Investcorp US Industrial Portfolio 2021	Philadelphia Metro	2.04	N/A
GLP Capital Partners	Northeast Logistics Portfolio 2021	Boston	1.08	99.03
GIC	400 1st Avenue	PA I-78/I-81 Corridor	1.02	46.91
BREIT	141 Commercial Boulevard	PA I-78/I-81 Corridor	1.00	92.04
Blackstone	Quakertown Distribution Center	Philadelphia Metro	0.94	53.38
AXA IM - Real Assets	AEW Capital MA Portfolio 2021	Multiple Markets	0.83	186.97
MRA Group	Amazon Fulfillment Center	Philadelphia Metro	0.82	101.22

Source: CBRE Research, Q4 2021

Market Area Overview



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