

REALESTATE NJ

The Commercial Real Estate Voice of New Jersey

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PERSONALITIES



One on one with Greater Trenton CEO George Sowa

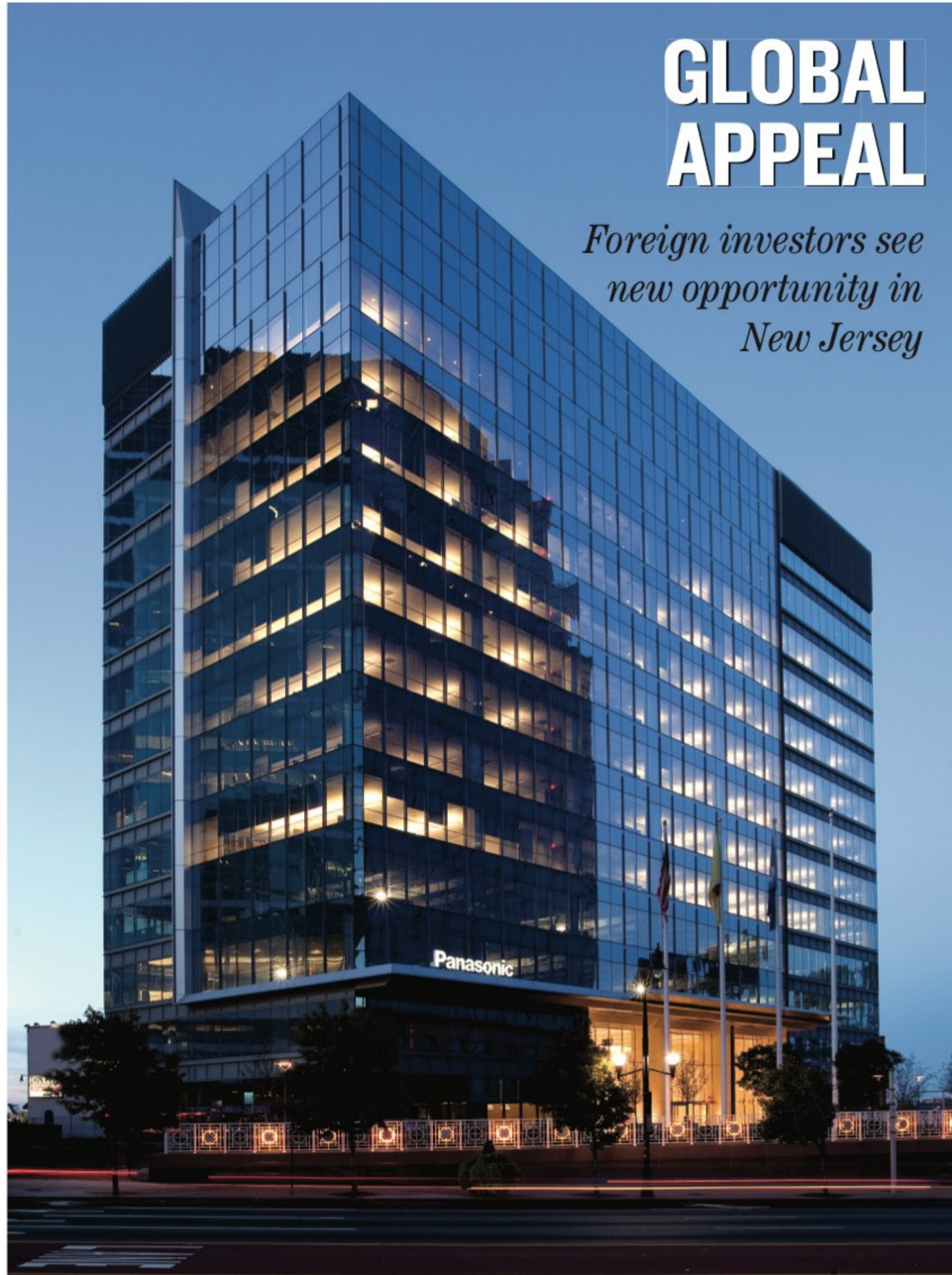
HOBOKEN'S BIG DIG



How Advance Realty turned an obstacle into an economic advantage

MARKET FORECAST

Our special report with predictions from industry experts



GLOBAL APPEAL

Foreign investors see new opportunity in New Jersey

If *Santa* didn't get you what you wanted, we can.



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SPECIAL REPORT: MARKET FORECAST



KEVIN WELSH
SENIOR VICE
PRESIDENT
CBRE (SADDLE
BROOK)

There was significant growth in New Jersey

office investment sales in 2016, with approximately \$2.6 billion in year-to-date sales (as of November 2016) and an additional \$200 million projected to take place before the end of the year.

The 2016 sales include 10 property sales greater than \$75 million, with five of those being trades of single-tenant buildings that have set records in terms of cap rates in the mid to high 5 percent range and in the sale price range of high \$400 per square foot to low \$500 per square foot. These single-tenant building trades are reflective of the investor demand for long-term investment-grade leases in the highest-quality buildings, with increasing rental rates creating secured yield and annual appreciation.

We're also seeing strong investor demand for trophy quality office buildings in urban environments with exceptional mass transit infrastructure and easy access to New York City — specifically, in the Waterfront and Newark. The recent high-profile trade of Panasonic Corp. of North America's headquarters in Newark is the perfect example of the single-tenant lease with urban-based investment profile in the highest-quality building.

Looking ahead, the potential of increasing interest rates, as evidenced by the recent 50 basis point increase on the 10-year Treasury since the election, is cause for uncertainty for investors. However, positive momentum has clearly taken hold since the election, evidenced by the rapid rise in the equities market based on the anticipation of lower taxes, deregulation and much stronger economic growth. This will also likely have a positive impact on the real estate capital markets and the psychology of investors in the first half of 2017.



JOHN SARTOR
CEO AND
PRESIDENT
PS&S (WARREN)

Several factors will drive the commercial real estate market in

2017 and beyond. Strong demand for multifamily housing continues in transit-oriented North Jersey, and cities and TOD communities that have been preparing for residential investment will be rewarded with continued multifamily and mixed-use growth. In South Jersey, we see increased demand for office space, particularly in Gloucester and Burlington Counties. The combination of easy access to Philadelphia and the lack of available land in central and northern New Jersey make that area particularly attractive for commercial growth.

A wide range of adaptive reuse concepts for underutilized suburban office parks will come into play next year. Also, densification of certain corporate office parks will be revealed in 2017.

Commercial retail will follow the urban/town center trends with strategic growth. Industrial growth along the I-95 corridor will continue in 2017. Overall, well capitalized investors will sustain real estate growth in 2017.



DEBRA TANTLEFF
FOUNDING
PRINCIPAL
TANTUM REAL
ESTATE (JERSEY
CITY)

For quite some time now, most

conversations about real estate have been defined by migration to large cities. As those markets continue to experience various degrees of saturation, we will see a return to incentives, normalization of leasing velocity and stabilization of rental rates. Growing attention and investment will be focused on replicating the urban experience in secondary markets, particularly in smaller, scalable communities with walkable downtowns and ample access to public transportation.

Additionally, significant affordable housing obligations will put local municipalities in a position where they must embrace the efforts of developers seeking to create dynamic mixed-use and mixed-income redevelopments. Through this perfect storm of market dynamics, timely government mandates and an unyielding desire for urban locales, these "urban-lite" communities stand to be the market's biggest beneficiaries in 2017.



KEVIN WOLFER
CEO AND
PRESIDENT
KENNEDY FUNDING
FINANCIAL
(ENGLEWOOD
CLIFFS)

Change is coming. With the new administration's promise to ease lending restrictions in 2017, it opens up all kinds of opportunities for real

estate borrowers. First, there will be more borrowers looking for loans, so the universe gets larger. With more people in the marketplace, there will be more competition in the lending environment and for that reason, despite an anticipated bump in interest rates, it will most likely keep rates low. We think that it will still be somewhat challenging to easily secure a commercial real estate loan, as lending requirements will be tougher than they used to be. That bodes well for bridge lenders. Real estate owners and investors will continue to look to private lenders for short-term money — until they can secure more permanent funding. That especially holds true for land since conventional lenders will rarely lend on land. And because we can provide millions faster with less red tape than the others, we think that will continue to make the difference for lenders like Kennedy Funding in the New Year. **RENU**

The results are in!

5 MILLION SF
LEASED in 2016

Our most sincere thanks to the following brokers:

<p>AJR Commercial <i>Art Reinitz</i></p> <p>Bussel Realty <i>David Blitt Manny Judah</i></p> <p>CBRE <i>Steven Beyda Tim Vogds</i></p> <p>Cushman & Wakefield <i>Jason Barton Frank Caccavo Larry Casey Stephen Elman Chuck Fern Jason Goldman Robin Ritter-Ceriello</i></p> <p>NAI Dileo Bram <i>Rich Galuppo</i></p> <p>Fischer & Company <i>Andy Henry</i></p>	<p>Jones Lang Lasalle <i>David Knee Joel Lubin</i></p> <p>Lance Bram Commercial <i>Joe D'Agostino Lance Shalit</i></p> <p>Lee & Associates <i>Christa Bartolomeo Rick Marchisio David Saltzman</i></p> <p>Logistics Realty <i>Bill Hettler</i></p> <p>RE/MAX Commercial <i>Joe Santoro Pat Tarczilo</i></p> <p>Team Resources <i>Greg Sholom</i></p> <p>Transwestern <i>John Brewer</i></p> <p>Weichert Commercial <i>Tony Baseil</i></p>
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Heller Industrial Parks

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