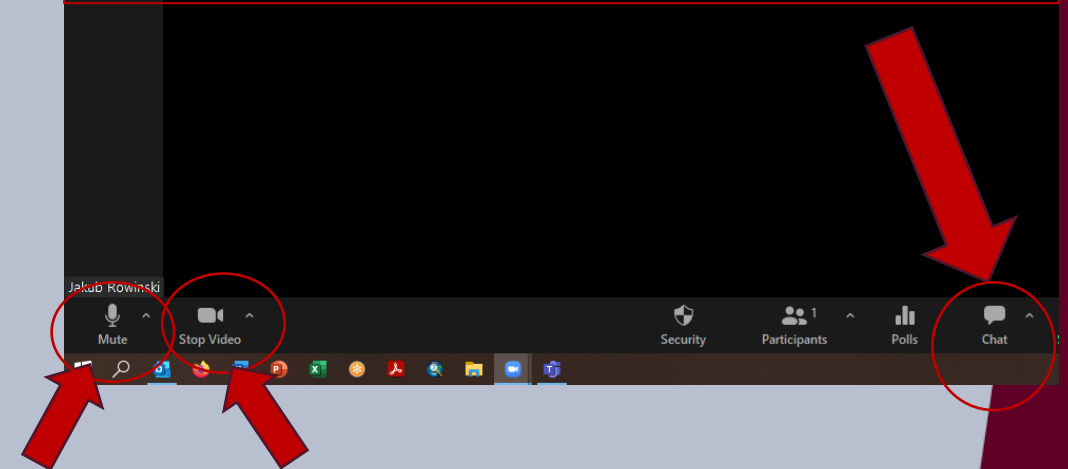


# February 20 Freight Initiatives Committee Agenda

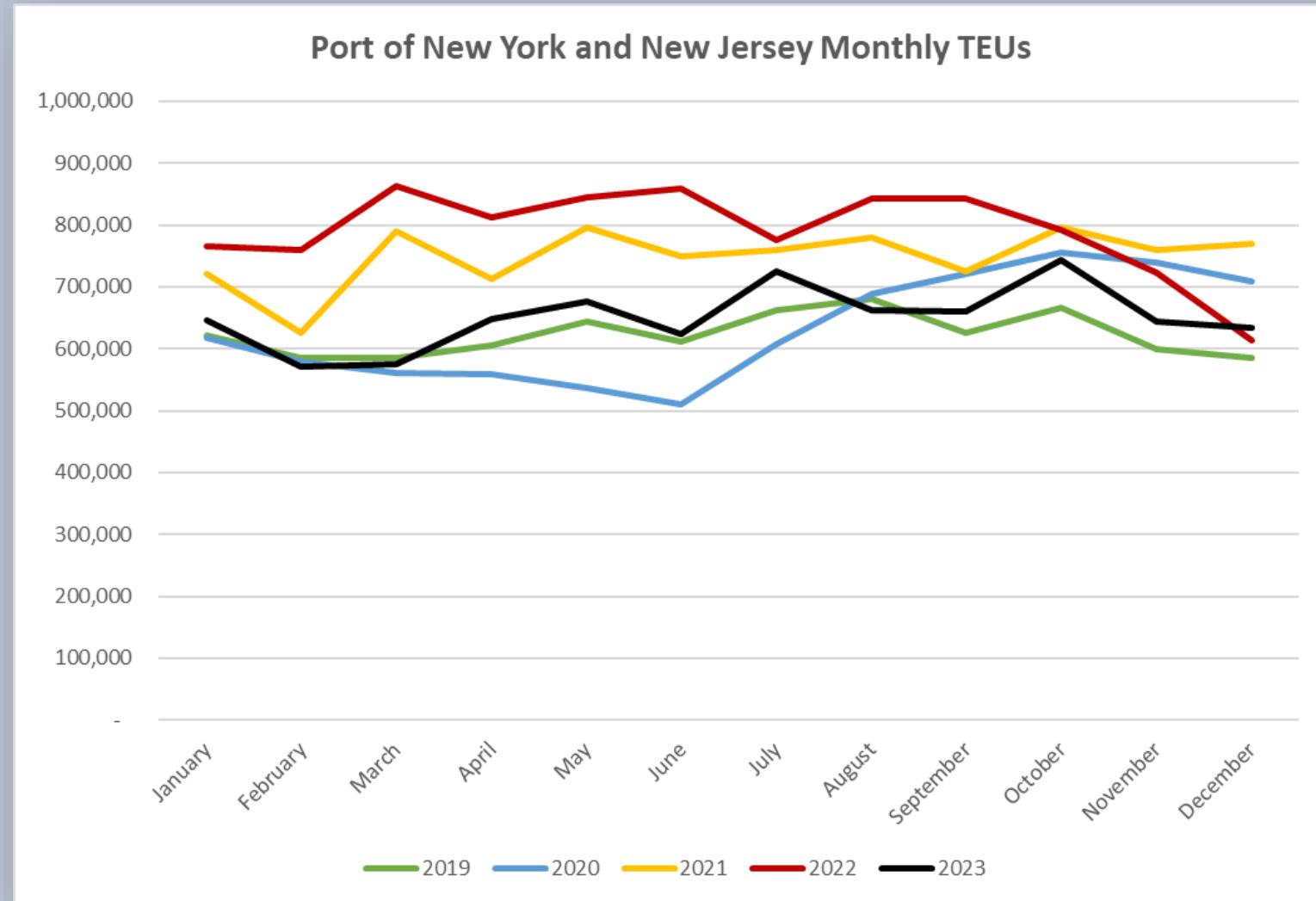
- Roll Call of Members
- Approval of Minutes
- Update on NJTPA Freight Division Activities
- Annual Regional Industrial Real Estate Update
  - State of and Outlook for the Region's Industrial Real Estate Market, Bill Waxman, Vice Chair, Cushman and Wakefield
  - Industrial Real Estate Considerations, Eric M. Bernstein, Esquire, Eric M. Bernstein and Associates LLC
- Two-Minute Reports on Freight Activities from Committee Members
- Next Meeting: Monday, April 15, 2024: Annual Port and Maritime Update
- Adjournment

Please use the Chat box to ask questions during the presentations and if requesting credits, please post your name and email, followed by either AICP or PE with your PE license number



Please mute and turn off your video when not speaking.

# Freight in the NJTPA Region



Source: Port Authority of New York and New Jersey

# 4Q23 Industrial Market

- 866 million SF of industrial property
- Over 10 million under construction, primarily in smaller buildings
- The largest deals involved subleasing and renewal activity during the quarter, led by wholesale and retail tenants (66%) and 3PLs (31%).



Source: <https://re-nj.com/>

# 2050 Freight Industry Level Forecasts Update

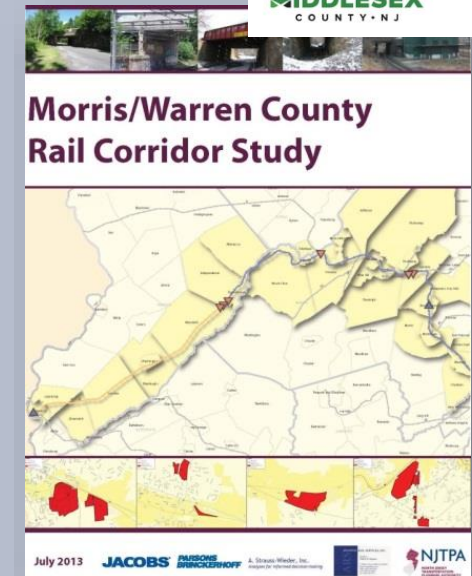
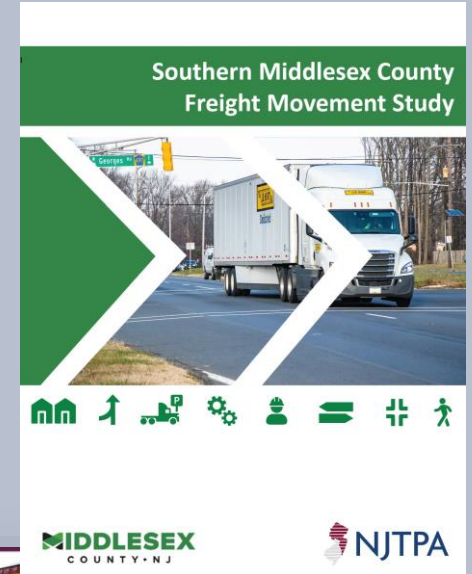
- Commodity and Area Profiles, Forecasts and Flows
- First Technical Advisory Committee Meeting in March
- Details available at: <https://njtpa.org/Planning/Regional-Programs/Studies/Active/2050-Freight-Industry-Level-Forecasts-Update.aspx>
- June 2025 Completion

# MAP Forum Multi-State Freight Working Group April 18 Webinar

- Uses for and Approaches for Disaggregating Freight Analysis Framework (FAF) Information Workshop
- April 18, 2024, 10 AM to Noon on Zoom
- Agenda and connection information to be posted shortly.
- Previous webinars available at: <https://map-forum-njtpa.hub.arcgis.com/pages/freight>

# Freight Concept Development Program

- Completed Project Intake Process
- Selecting 2 Projects for FY 2025 FCDP
  - Southern Middlesex County North-South Truck Corridor Project in Cranbury and Monroe, Middlesex County
  - Hanover Avenue Bridge Catenary Rail Clearance Project in Morris Plains, Morris County
- Pending Board Approval

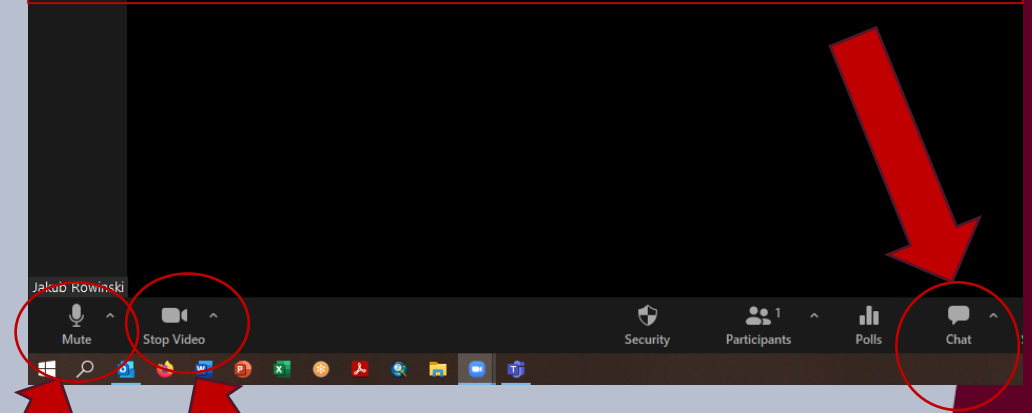


# Presentations

## Annual Regional Industrial Real Estate Update

- State of and Outlook for the Region's Industrial Real Estate Market, Bill Waxman
- Industrial Real Estate Considerations, Eric M. Bernstein, Esquire

Please use the Chat box to ask questions during the presentations and if requesting credits, please post your name and email, followed by either AICP or PE with your PE license number



Please mute and turn off your video when not speaking.



# New Jersey Industrial

## Key Trends/Takeaways



New Vacancies Soar **AS A RECORD NUMBER OF VACANT COMPLETIONS** Enter to the Market

---

14.4 MSF Completed in 2023, With 10.2 MSF Delivered Vacant



3PLs & LOGISTICS USERS **EXHIBITS STRONG DEMAND**

---

The Industry Accounted for Nearly 35% of all Leases signed Greater Than 50,000 SF in 2023



Taking **RENTS** & Guidance on **NEW CONSTRUCTION** Remain at **ALL-TIME HIGHS**

---

Record Pricing Persists Throughout the State, Particularly in Core Submarkets. Expect Future Growth to be Moderated



New Construction **DELIVERED VACANT** At a Faster Pace

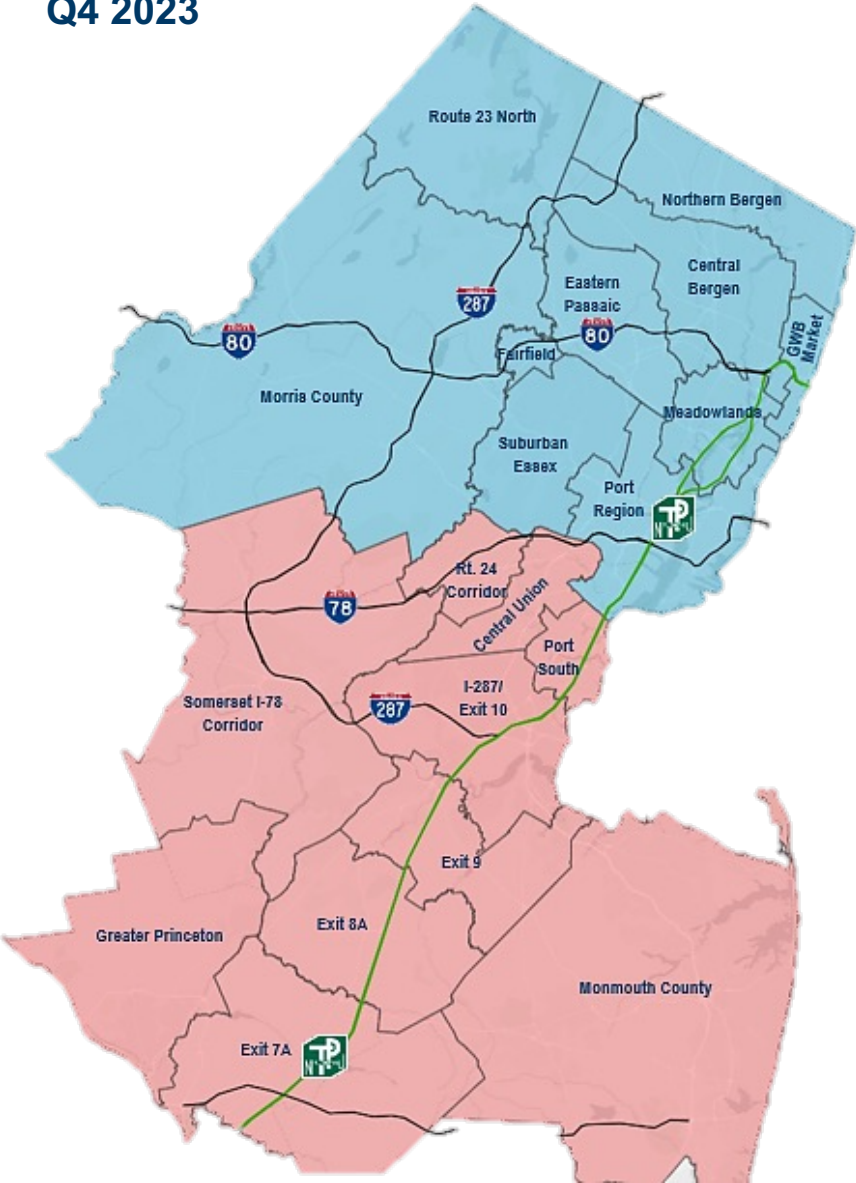
---

71.2% of New Construction Has Been Delivered Vacant This Year, Compared to 45.6% last year and 23% in 2021.



# New Jersey Industrial Warehouse/Distribution Market Statistics

Q4 2023



21,508,153 SF

2023 Leasing Activity



-2,047,708 SF

2023 Net Absorption



5.8%

Overall Vacancy



\$17.56

Average Asking Rent

## Key Drivers

### Port of NY/NJ

Home to busiest port  
on the East Coast

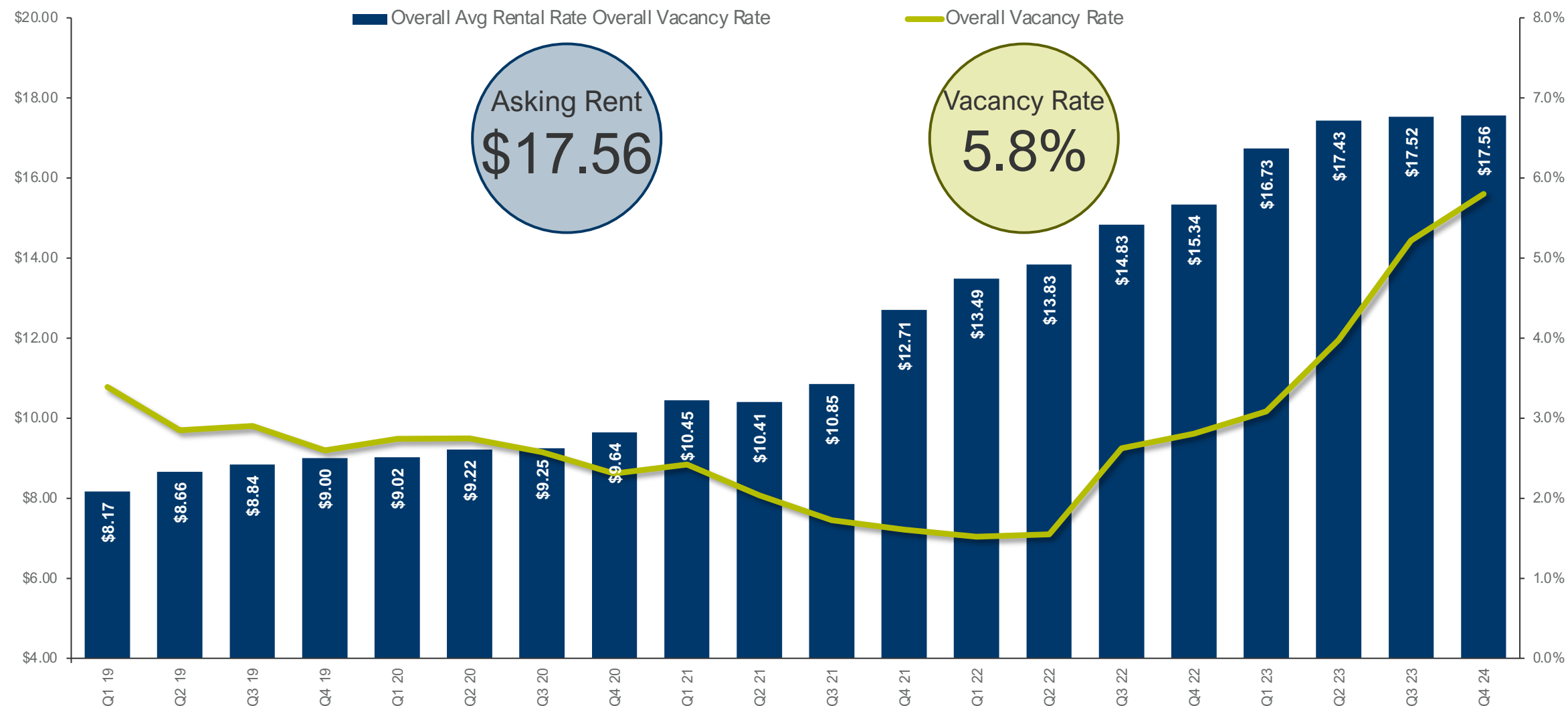
### Connectivity

Located within the heart of the I-95  
Corridor, connecting Boston to D.C.

### Access to Consumer

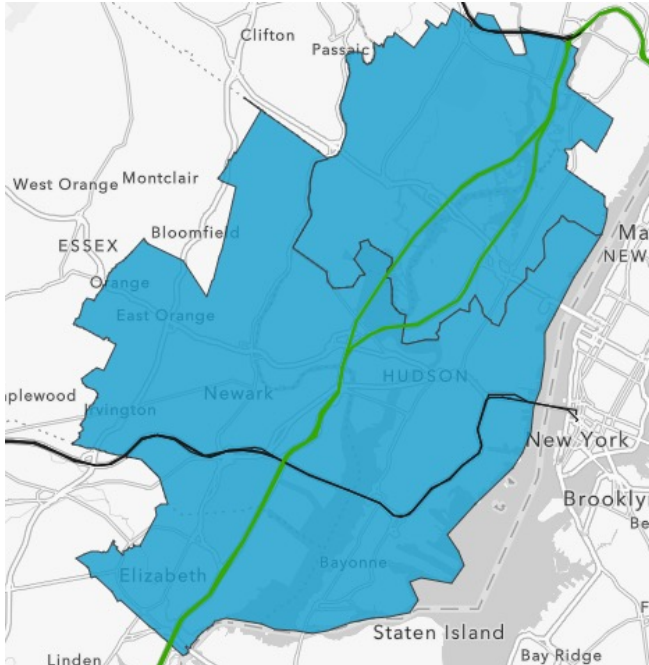
Within a day's drive to 1/3  
of the U.S. population

# Historical Vacancy Rate vs. Average Asking Rent



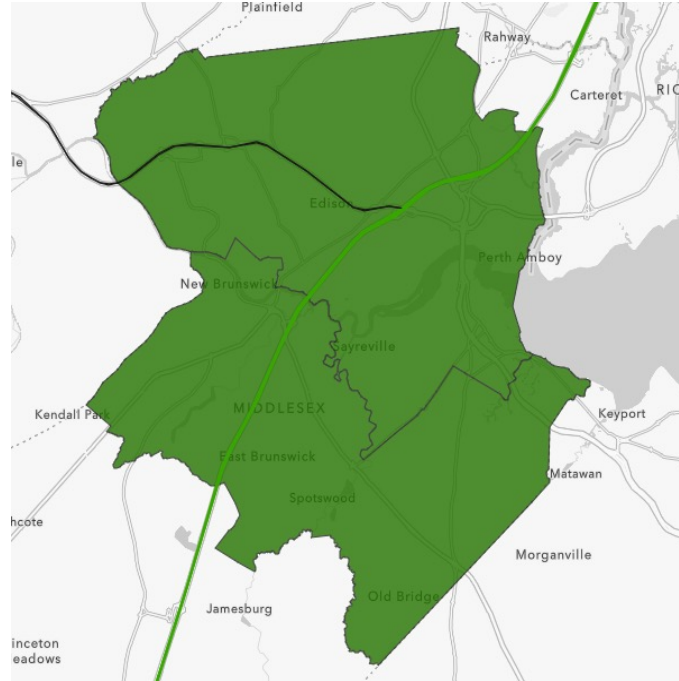
# New Jersey Industrial

## Under Construction Pricing Guidance



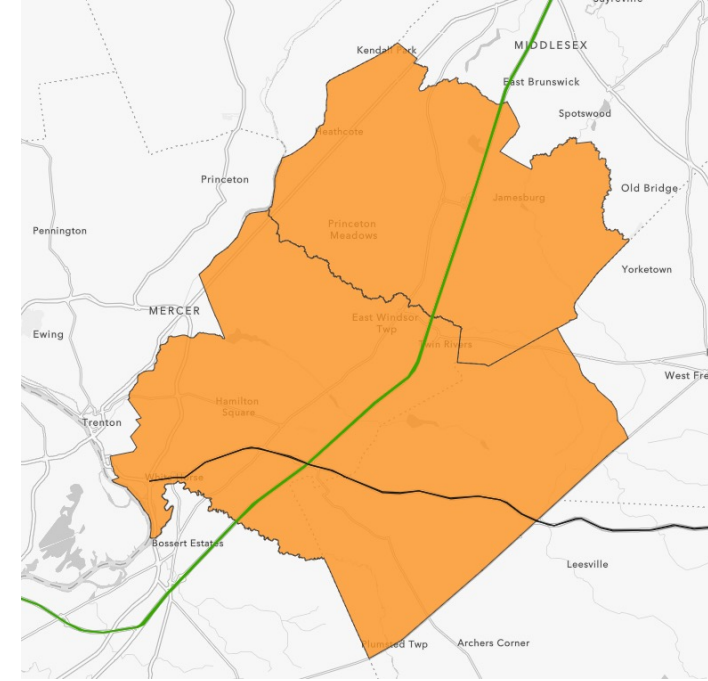
**Meadowlands & Port Region**

**\$23.00 - \$35.00 NNN**



**I-287/Exit 10**

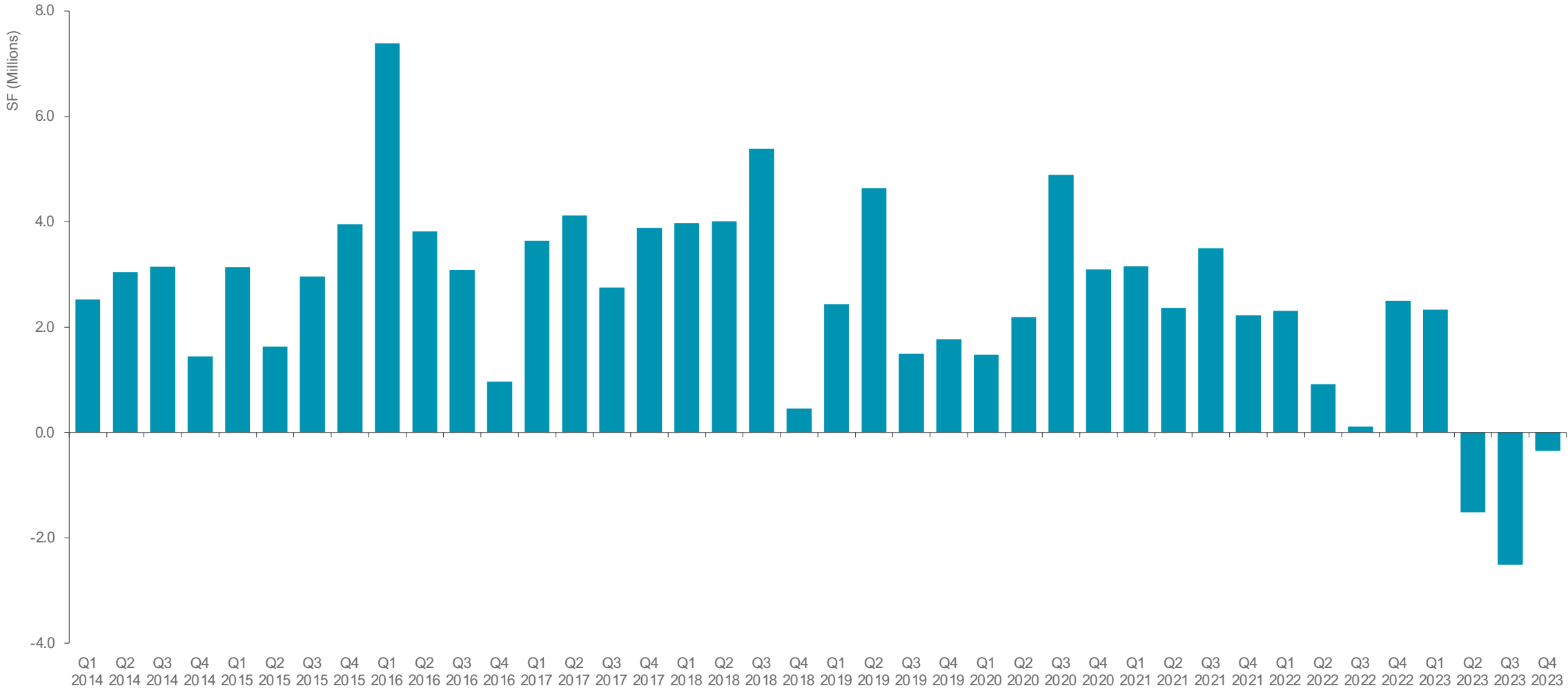
**\$16.50 - \$20.00 NNN**



**Exit 8A/8/7A**

**\$15.50 NNN**

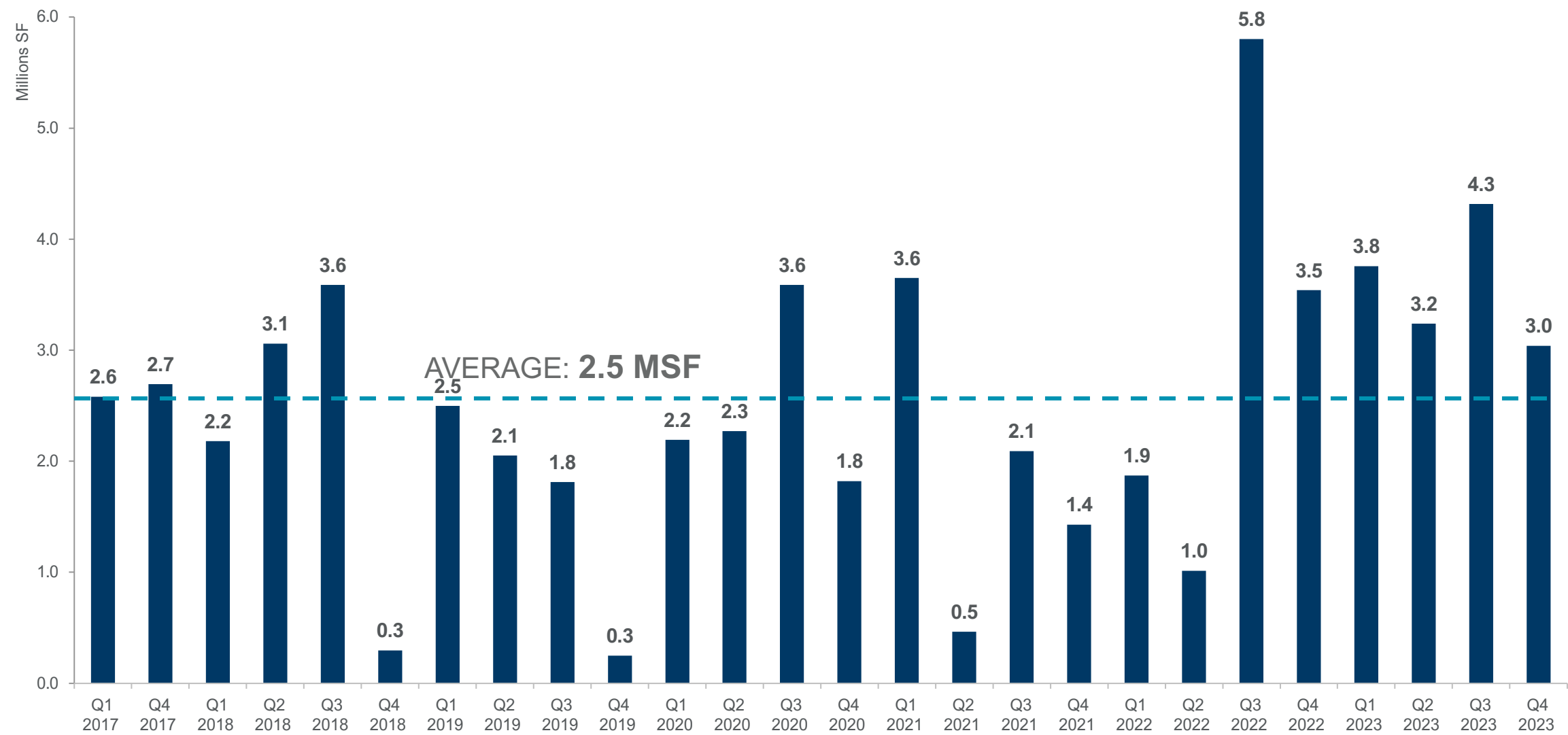
# Historical Net Absorption - Overall



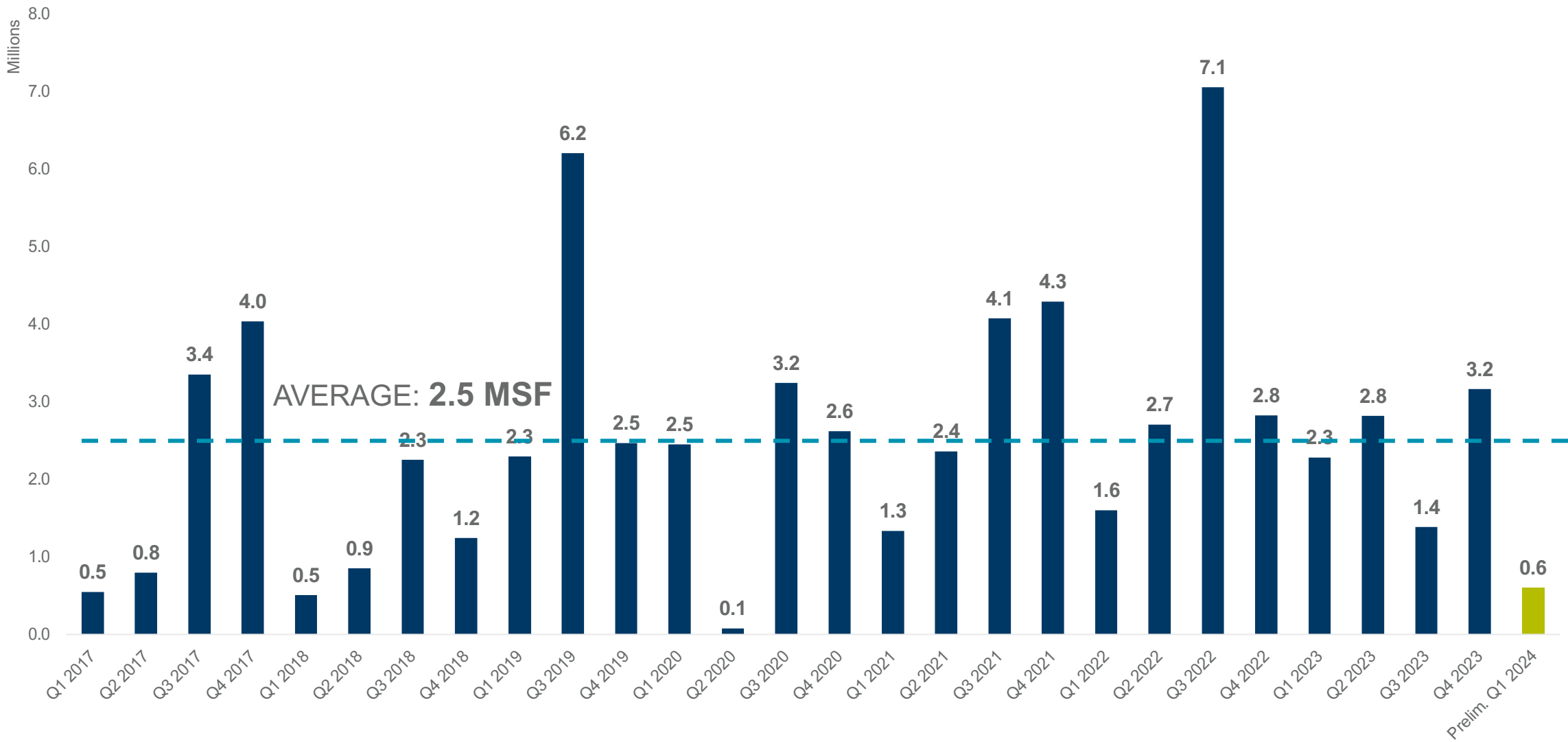
# Historical Net Absorption – Class A vs. Non-Class A



# Historical New Deliveries

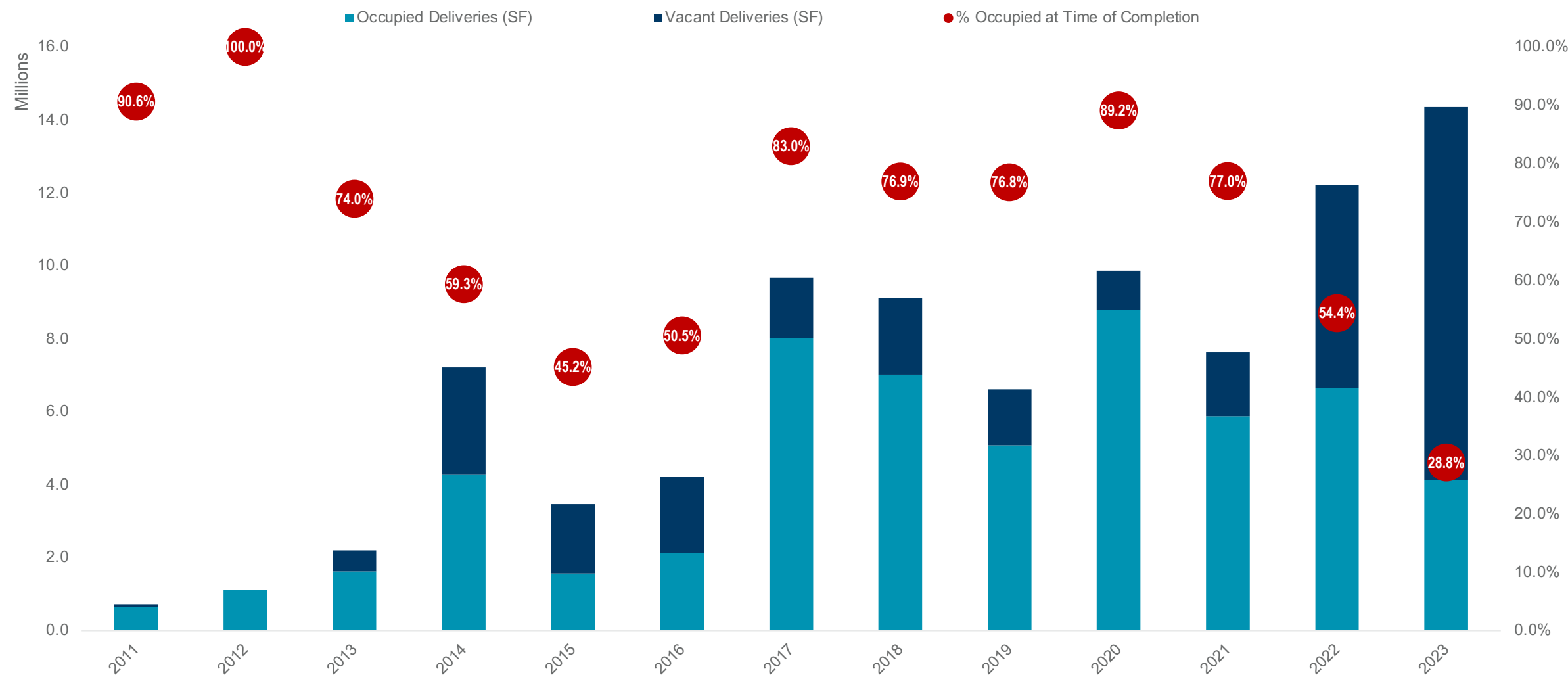


# Historical Construction Starts





# Historical Pre-Leasing Activity

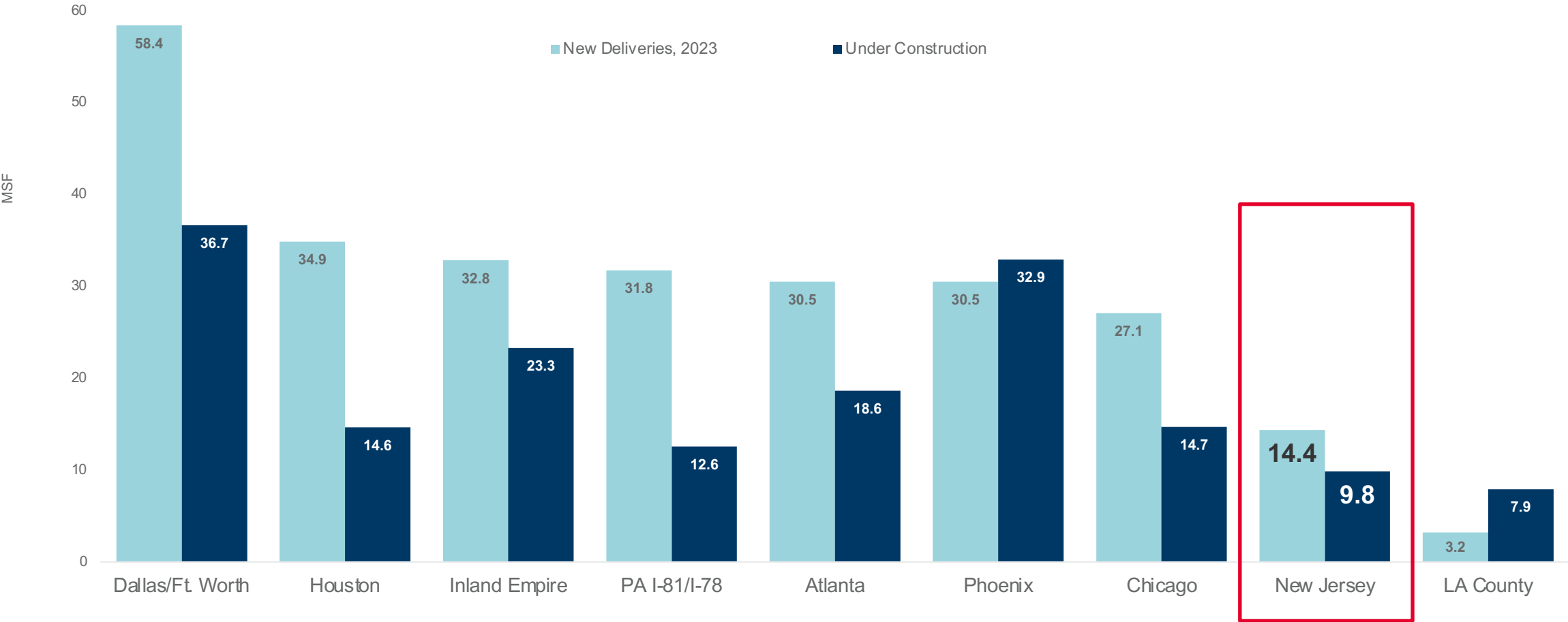


# Peer Comparison – New Supply



# Peer Comparison – Construction Pipeline

Construction Pipeline



# NORTH JERSEY TRANSPORTATION PLANNING AUTHORITY FREIGHT INITIATIVES COMMITTEE

By Eric Martin Bernstein, Esq.

# WAREHOUSES + DEVELOPERS = ????

For years, most developers wanted nothing to do with “warehouses”

Then COVID struck and my wife, and many like her, became everyone’s favorite person

All of a sudden, it was AMAZON, AMAZON, AMAZON

And any piece of land, developable or otherwise, needed a BIG concrete prefab bunker.....

In a State where all we hear about is the need for more housing, both affordable and market rate... all every developer NOW wants for the Holidays..... is a WAREHOUSE!!!!

This caught municipalities flat footed because of properties that were zoned for industrial/warehouse use and vacant and which no one was looking to build on, then POOF  
LET'S BUILD ANOTHER WAREHOUSE (but it won't look like Amazon...)

This presentation focuses on the speaker's journey through representing planning, zoning and land use boards throughout New Jersey and why most developers will NEVER get to build their dream bunker.

The first problem is the term "WAREHOUSE"

Board members/public ask what is being proposed to be built and applicants say it is not this or it is not that, but when pressed, applicants can rarely say what it will be, because they do not understand the fundamental concept of defining what they propose to build.....

# DON'T TELL ME WHAT IT ISN'T... TELL ME WHAT IT IS!

Conger Industries Online Catalog... updated January 17, 2024 defines thirteen (13) types of warehouses:

- (1) Government (Federally owned – 15% of total industry)
- (2) Private (property – owned by company that produces the goods stored)
- (3) Public (owned and operated by companies that lease space to others for storage)
- (4) Fulfillment Centers (a/k/a Amazon)
- (5) Contract (Like public warehouses, except guarantees storage space whenever needed)



- (6) Bonded (Store imported goods for up to 5 years) (US Border Protection Agency lists 11 classes of bonded warehouses)
- (7) Distribution Center (Intermediate storage between a manufacturer and an end user)
- (8) Crossdocking (Goods from inbound trucks are sorted and routed to outbound trucks)
- (9) Cooperative (run by co-ops for co-ops)
- (10) Climate Controlled (storage of perishable items requiring certain temperatures and/or moisture ranges)

(11) Hazmat (storage of chemicals, weapons, radioactive materials etc)  
(not near population areas)

(12) Reverse Logistics (process of deciding what happens to any item  
once it is returned)

(13) Smart (heavy use of automated technology to replace manual  
labor)

And still – when you generally ask the question, “what sort of warehouse will  
it be” and with thirteen (13) categories to choose from – you still get “it  
won’t be a fulfillment center”

The old real estate adage applies – “location, location, location”!!

Here are suggested inappropriate locations:

- (1) In a residential neighborhood
- (2) Five or more miles from a major throughfare
- (3) Across the street, down the road or next door to an age restricted community
- (4) Near a school or place of worship
- (5) On a narrow 2 lane, NO shoulder road
- (6) Not near public transportation for the workforce

Check the zoning – all of it!

Just because it is permitted in a zone does not mean it can be built – it means it can not be prevented from potentially being built

All of these things matter (not in any particular order)

- (1) Height
- (2) Size
- (3) Number of bays
- (4) Storage of trucks
- (5) Hours of operation
- (6) Traffic
- (7) Landscaping
- (8) Noise
- (9) Site movement
- (10) Stormwater/runoff
- (11) Lighting
- (12) Idling (Truck and other vehicles)

The answer from the experts should not be “I don’t know”  
or “You’ve asked that question before, I won’t answer it again”  
or “During peak hours....” or “It is being built on spec etc”  
or my absolute favorite answer – “CAUSE”

Board members and the public all now know the State Planning guidelines – so should the applicants:

- (1) What’s a major distribution center?
- (2) What’s a large fulfillment center?
- (3) What’s a last mile fulfillment center?

Relying on ITE trip generation does not cut the mustard

18 Wheelers scare the residents and politicians – as do online social media/lawn signs and people at meetings

How many employees will really work there? Shifts?

How many real vehicles will enter and exit per day?

Try not to be the last building in the neighborhood/on the block

The no-kiddie argument holds only just so much weight – the public, strangely enough, would rather have houses than bunkers!

How many angels can dance on a head of a pin?

Areas in need of redevelopment/rehabilitation could be a solution if located correctly.

Why do they have to be so big/high/wide?

No one knows from creativity....

Last items:

- (1) Square peg ... round hole
- (2) My “favorite” warehouse
- (3) Adam Smith – Time Value of \$\$\$ (or do you understand how easy it is to say NO?)

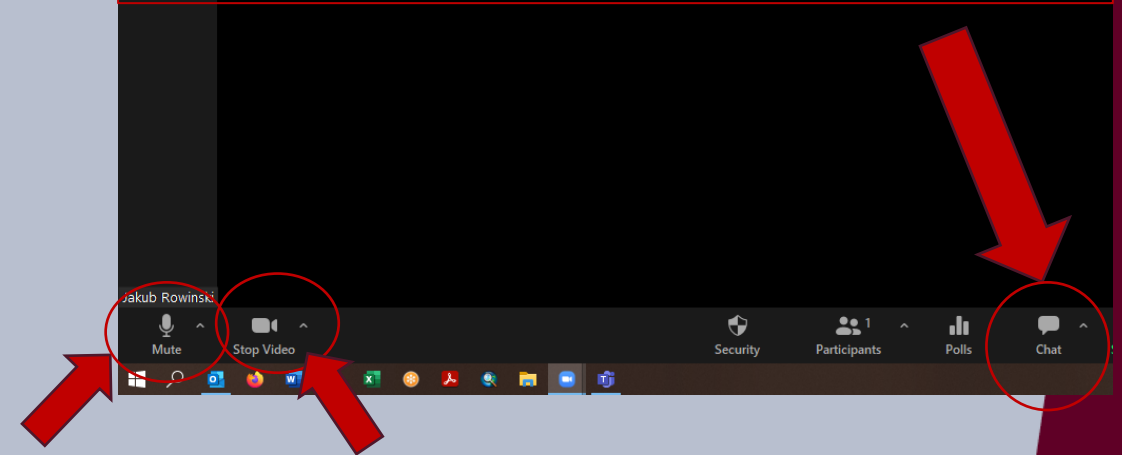
HAD ENOUGH???



# February Freight Initiatives Committee



Please use the Chat box to ask questions during the presentations and if requesting credits, please post your name and email, followed by either AICP or PE with your PE license number

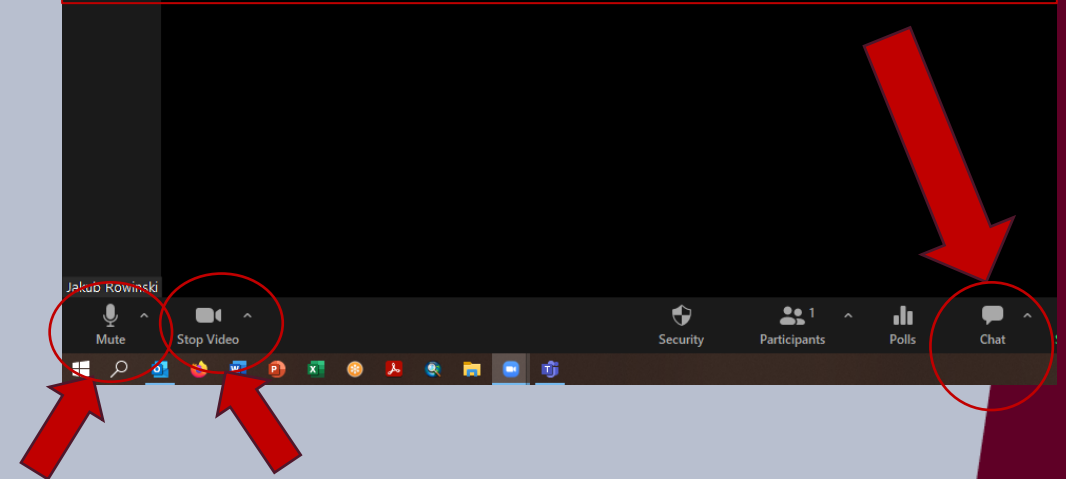


Please mute and turn off your video when not speaking.

# February 20 Freight Initiatives Committee Agenda

- Roll Call of Members
- Approval of Minutes
- Update on NJTPA Freight Division Activities
- Annual Regional Industrial Real Estate Update
- Two-Minute Reports on Freight Activities from Committee Members
- Next Meeting: Monday, April 15, 2024: Annual Port and Maritime Update
- Adjournment

Please use the Chat box to ask questions during the presentations and if requesting credits, please post your name and email, followed by either AICP or PE with your PE license number



Please mute and turn off your video when not speaking.