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# **Newark & Essex County Commercial Market Report**

## **INTRODUCTION**

As the Massey Knakal sales agent for Essex County, I have been tracking all transactions in the commercial real estate markets of Newark, East Orange and Irvington as well as suburban Essex County. Interesting trends have emerged this year in regards to overall volume of properties traded, types of properties traded, dollar amounts of trades and locations of trades. With this report I hope to shine some light on these trends and also provide some historical perspective.

## **INCLUDED HEREIN**

- Five year historical comparison of the markets of Newark, East Orange and Irvington versus suburban Essex County by dollar volume and number of transactions.
- Five year historical view of transactions compared by transaction dollar amount.
- 2009 transactions by product type and municipality.
- 2009 distribution of sales by product type for Newark, East Orange and Irvington as well as suburban Essex County.
- Individual comparable sales for reported transactions of \$1,000,000 and above.

## **COMMENTARY**

For the past five years, Newark, East Orange and Irvington have tracked rather consistently with suburban Essex County. Newark and its submarkets have historically accounted for over half the transactional volume and dollar aggregation except for 2006 and, interestingly, the past three quarters. In 2006, suburban Essex County lagged behind the denser cities of Essex County with nearly half the total dollar volume and almost 100 fewer transactions. Also in 2009 there appears to be an anomaly in the dollar volume with Newark, East Orange and Irvington accounting for nearly 80% of all volume in Essex County though almost a dead heat in transaction volume with suburban Essex. While on a price per square foot basis the properties in suburban Essex imply a higher value than those of Newark, East Orange and Irvington, a few higher value trades in the denser sub-markets appear to have made a significant difference in the aggregate dollar volume.

Analysis of these transactions based upon dollar volume shows that at the height of the market, from 2006 into 2007, the number of large trades nearly doubled, accounting for almost half of overall dollar volume. In 2008 and into 2009 these larger trades essentially evaporated, barely making a dent in transaction volume and only a minor blip in dollar volume.

More interesting is the stability in property transactions in the below \$5mm range during 2008 and 2009. There has been some reduction in the trading volume at this level, however nowhere near that of the larger properties. This relative stability can be attributed to the type, complexity and sources of financing required for these transactions. These transactions often can be purchased all cash, financed through a portfolio lender or owner financed. Financing of commercial properties at this dollar level was not as strongly influenced by the securitization that contributed to the boom and bust period for larger properties.

## **CLOSING**

This report is an overview of the entire market through the 3rd quarter of 2009. The fourth quarter thus far has not shown a significant increase in transaction volume or transaction size. I will update this report and make it available in 2010. Please feel free to contact me directly for more specific market information or to discuss any of the data contained in this report.

The Cap Rates, Gross Income Multipliers, Median Price per Square Foot and Total Volume presented in this report pertain to closed sales during the period 1/1/2009 – 9/31/2009 as researched by Massey Knakal Realty Services. These transactions were recorded by CoStar Realty Information, Inc. and may be found in public record.

This information has been compiled for informational purposes only and Massey Knakal Realty Services shall not be liable for any reliance thereon.

# NEWARK & ESSEX COUNTY COMMERCIAL MARKET REPORT

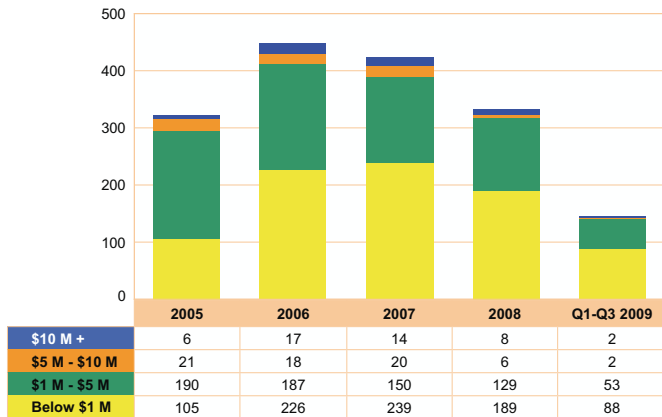
1<sup>ST</sup> - 3<sup>RD</sup> QUARTER 2009

ALL RECORDED TRANSACTIONS



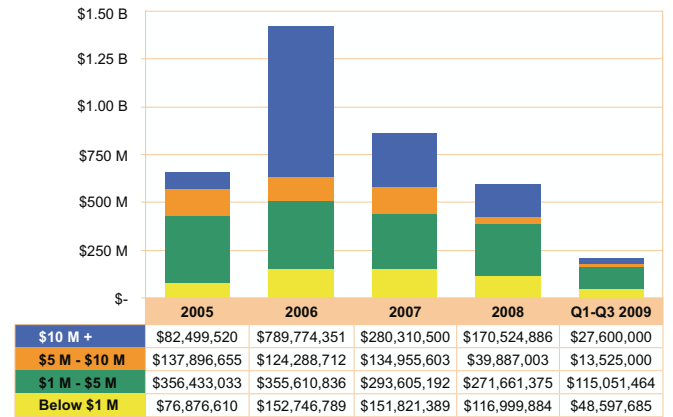
## TRANSACTION VOLUME BY VALUE

2005 - 3Q 2009



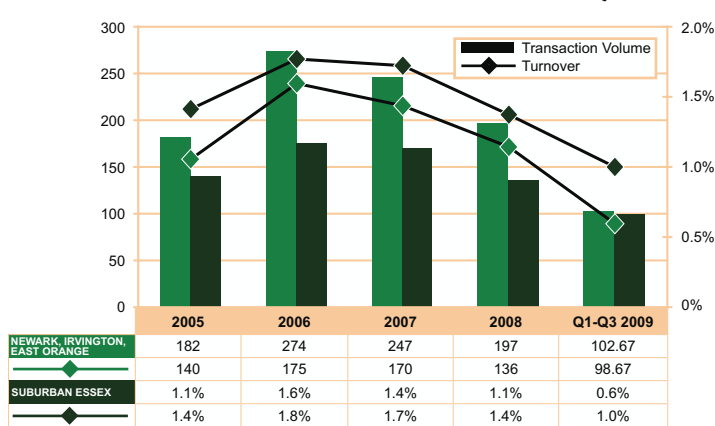
## DOLLAR VOLUME BY VALUE

2005 - 3Q 2009



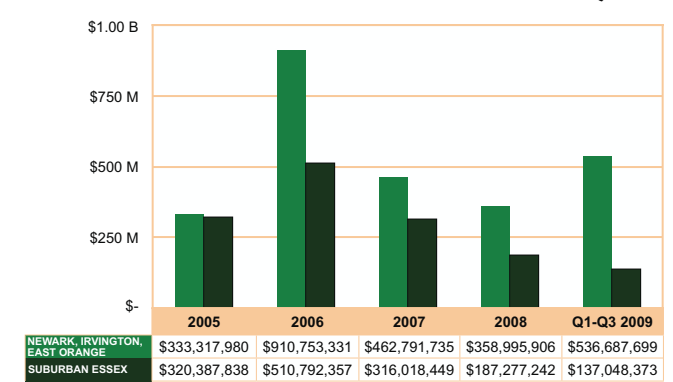
## BUILDING SALES VOLUME & ANNUALIZED TURNOVER RATE

2005 - 3Q 2009



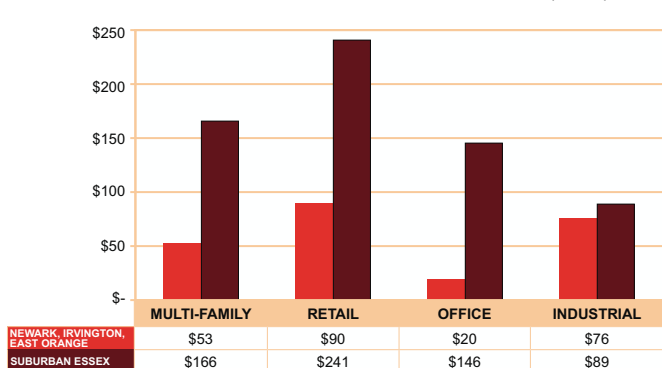
## DOLLAR VOLUME BY MARKET

2005 - 3Q 2009



## MEDIAN SALES PRICE PER SF BY PROPERTY TYPE

1Q - 3Q 2009



## TRANSACTION VOLUME BY PROPERTY TYPE

1Q - 3Q 2009

