

# CAM's Industrial Corner

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## Commentary from Cohen Asset Management®

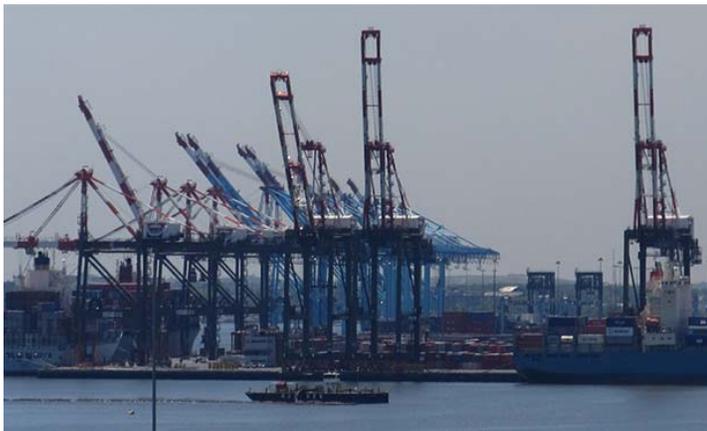
By Maxx Cohen, Acquisitions Associate

The following article notes demand drivers in the New Jersey industrial market, and describes how the market's location and fundamentals offset higher labor and real estate costs in the region – a trend that is expected to continue to strengthen the New Jersey industrial real estate market.

## Feature Article

### New York-New Jersey Port Ranked Top Distribution Market In JLL Study

By Steve Lubetkin



Port Newark-Elizabeth Marine Terminal is a major component of the Port of New York and New Jersey. (Ken Lund photo/Flickr.com via Creative Commons License.)

#### NEW YORK CITY AND NEWARK, NJ—

Increasing demands for rapid delivery and rising transportation costs are pressuring retailers and e-commerce companies to locate distribution facilities as close as possible to customers, factors that continue to drive industrial space planning decisions in the country's number one distribution market, metropolitan New York and New Jersey, according to a new report from **Jones Lang LaSalle**.

In a golf course-themed research study, *The Leaderboard: The Top 18 Distribution Markets in the*

*United States*, **JLL** says the market's ability to service cities up and down the eastern seaboard, combined with its connections to the #3-ranked Central and Eastern Pennsylvania markets, offsets higher labor and real estate costs in the region.

“While real estate costs are higher nearer to the Northern New Jersey and New York population nexus, the region also provides diversity in site selection options as well as labor availability and costs that are not extreme, although a few related metrics like unionization rates tend to slightly offset an overall strong labor score in our model,” **JLL** says in the report, adding that Central and Eastern Pennsylvania markets “provide more ‘large-block’ development opportunities and a lower average land basis, as well as a beneficial business operating environment—at the likely sacrifice of increased transportation or service costs.”

Because it is so densely populated, the New York and New Jersey Metro Area, already boasting the largest seaport on the East Coast, has the potential to grow even more because of the newly expanded Panama Canal, **JLL** says. The metro area “is an immensely important driver of industrial space which cascades down from the Port and Meadowlands submarkets



through a corridor of industrial markets that include the big-box hub Exits 8A and 7A submarkets,” JLL says.

While Chicago is a “not too distant fourth” in the JLL rankings, the firm says “it does not have the broader population density of a New Jersey or Central Pennsylvania market—or the population growth potential that other larger markets do,” but is the undisputed champion “when it comes to intermodal (in Joliet, for example), Class I rail and other infrastructure benefits (like O’Hare International Airport), and it remains the central node for much freight and cargo in the country.”

“Increases in freight costs, trucking capacity concerns, labor availability, the impact of e-commerce, more competitive customer service requirements, talent management, global complexities, risk mitigation—these are just some of the operational concerns that keep corporate supply chain professionals up at night,” the JLL study concludes. “When it comes to supply chain optimization, specifically distribution network strategy, companies must ultimately make site selection decisions that pin their strategy down to the ground.”

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CAM has acquired, developed, and sold real estate throughout the United States and its principals have had hands-on experience over many market cycles. CAM combines the talents and hands-on operating expertise of an entrepreneurial company with the discipline and research capabilities of an investment firm. CAM has established a reputation for excellence by providing superior results to its investors while focusing on a measurable goals and what it takes to achieve them. It is this commitment that allows CAM and its Affiliates to continue attracting new investors while at the same time expanding its asset base.

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