# Optimism grows in New Jersey's industrial sector as 2025 approaches



As 2025 approaches, there is a palpable sense of cautious optimism pervading the industrial sector, particularly in New Jersey and Pennsylvania. This sentiment comes after a period of uncertainty marked by fluctuating market conditions. Recent reports indicate that the industrial real estate market is stabilising, characterised by levelling vacancies, sustained demand, and a reduction in new deliveries.

The final quarter of 2024 saw positive indicators for the sector, supported by a robust macroeconomic environment driven by consumer spending. Jason Wolf, founder and Managing Principal of WCRE, reflected on this in the firm’s Q4 report, stating, “Market fundamentals were strong this quarter despite the ongoing challenge of persistently higher financing costs. As in the third quarter, consumer spending drove a resilient macroeconomic environment, and the effects helped to buoy CRE markets.”

Emerging trends reveal that increased activity aligns with the expansion of e-commerce, particularly surrounding non-discretionary goods, which has spurred a significant uptick in warehouse leasing. In anticipation of a fruitful year ahead, builders are prepping for new projects despite some lingering hesitation observed in late 2024. Matthew Zangara, project manager at Greek Design | Build, indicated, “Everybody seemed to be a little on the fence about starting new jobs at the end of last year,” yet noted that many projects were gearing up for a more active 2025.

Greek Design | Build, based in East Brunswick, specialises in design and construction services for various industrial facility types, including distribution centres and cold storage. The firm boasts a history of over 1,000 projects and a substantial portfolio reflecting over 30 million square feet of industrial properties. Zangara observed a noticeable increase in activity, particularly in the closing months of last year.

Recent projections from the New Jersey Alliance for Action suggest a notable increase in local construction spending, estimating expenditures exceeding $57 billion over the next two years, marking over a 5% rise from previous forecasts. Alliance for Action President Jerry Keenan stated, “These numbers represent significant growth and optimism for New Jersey’s construction industry, which means great news for the entire state.”

Positive trends in material costs and supply chain stability appear to facilitate new project initiation. Zangara noted improvements in pricing for materials such as steel and roofing, stating, “Looking at it, as those prices kind of balance themselves out and get lower, … it’s hopefully making not only us but other developers look at those numbers.” However, he pointed out that electrical components still pose challenges.

Despite some optimism, reports caution that potential policy changes resulting from the new federal administration add layers of uncertainty. WCRE's analysis indicates that while tax cuts and a business-friendly climate may spur growth in the long run, supply-side challenges could hinder construction activity.

The industrial market's resilience is reinforced as substantial leasing activity is noted across the northern and central regions of New Jersey. Cushman & Wakefield’s Q4 report highlighted that, despite a rise in new supply, strong leasing activity marked the region. Senior Research Manager John Obeid remarked, “Key tenants are demonstrating continued confidence in New Jersey’s strategic location and infrastructure,” which positions the state as a logistics hub for major players.

Moreover, Savills noted an upswing in groundbreakings towards the end of 2024, correlating with the Federal Reserve’s interest rate cuts. The firm reported that under-construction projects surged nearly 3 million square feet, reflecting significant speculative and build-to-suit developments.

In terms of specific projects, Zangara detailed Greek's plans for multiple new warehouses, including a 644,000-square-foot facility in Fair Lawn and an 840,000-square-foot project in Pohatcong, both expected to kick off during the upcoming year.

The cold storage segment appears to be especially dynamic, spurred by heightened demand from grocers and logistical firms looking to enhance their supply chain capabilities near critical ports. Zangara pointed to the Port of Philadelphia’s prominence for seafood imports as driving demand for proximity to such trade hubs.

Greek Design Build is actively completing a 287,000-square-foot warehouse in Philadelphia and initiating a significant cold storage project in Mount Laurel that promises advanced design features, including multiple temperature-controlled environments.

As the industrial sector continues to evolve, with shifting tenant preferences and market demographics, the renovation and redevelopment landscape remains vibrant. Zangara noted the growing interest in smaller building footprints, as market demands shift towards spaces ranging from 150,000 to 300,000 square feet.

Overall, the industrial real estate market in New Jersey and nearby regions displays a complex but optimistic outlook as stakeholders adapt to emerging trends and navigate the ongoing challenges.

Source: [Noah Wire Services](https://www.noahwire.com)

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