



New Jersey industrial market report

Q4 2023

AVISON
YOUNG

New Jersey industrial market trends

\$16.37

average asking rent (NNN)

2023 saw a continued increase in asking rents, experiencing a 3.54% increase year-over-year.

Compared to previous years this is much less drastic. For example, in 2021 New Jersey witnessed a 43% increase in asking rents.

It is expected that the average asking rent will level for the first half of 2024 based on new deliveries exceeding the demands for industrial space.

22.5 msf

of leasing volume

Leasing activity continued to be strong throughout 2023 with deliveries being pre-leased or leased shortly after delivery.

2023 leasing volume beat the annual average of 20.3 msf since 2012.

It is expected that leasing volume will remain at or near its current levels in 2024 as demand catches up to deliveries.

-31.89%

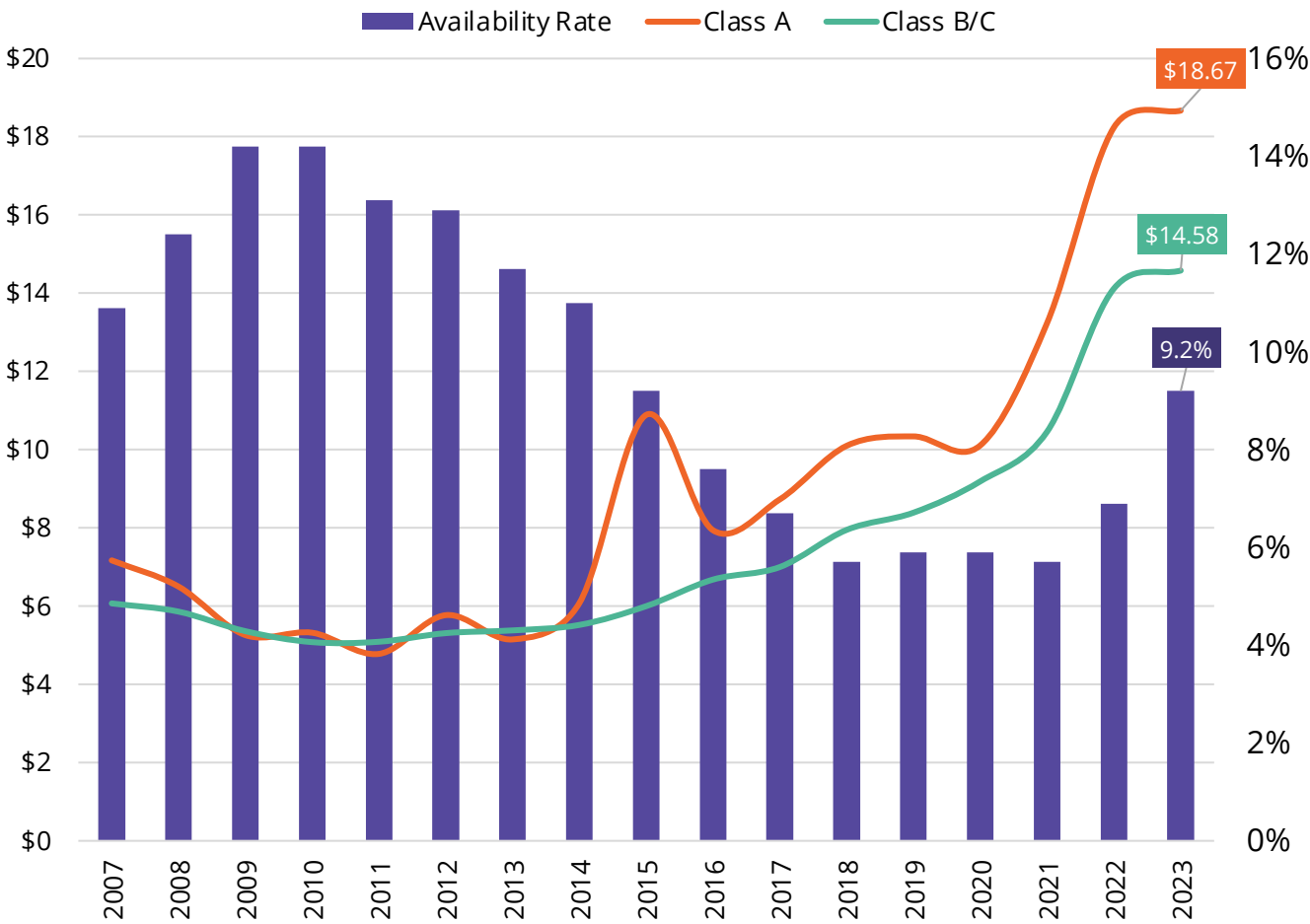
investment sales volume year-over-year

In Q4 2023, investment sales volume amounted to \$294 million.

2023 established the lowest amount of investment sales volume since 2017.

Despite this slowdown in investment sales volume, New Jersey remains attractive for industrial real estate due to its strategic location, offering access to one-third of the U.S. population within a day's drive. This advantageous positioning enhances logistical efficiency and distribution capabilities for businesses.

NNN asking rents and availability



2023 saw a continued increase in asking rents by 3.54% year-over-year.

Compared to previous years this is much less drastic. 2021 saw a 43% increase in asking rents.

It is expected that the average asking rent will level off in the first half of 2024 as deliveries outpace the demand, as seen by the increasing availability rate which stood at 9.2% at year-end.

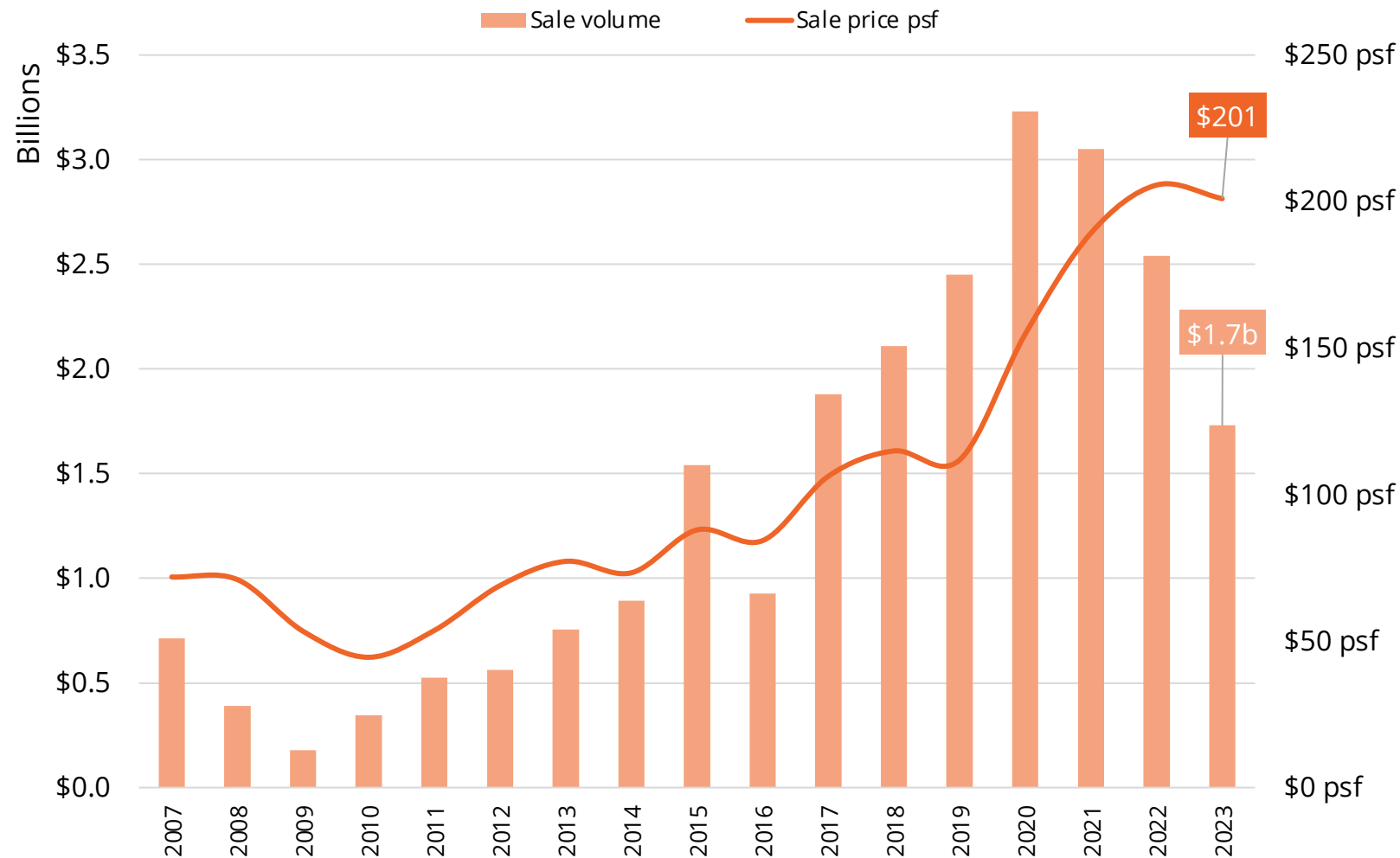
Leasing volume



There was a total of 22.5 msf of leasing activity in 2023.

Year-over-year leasing volume has decreased, however it is still above average as compared to 2012 which stands at 20.3 msf.

Investment sales volume is down 32% YoY



In Q4 2023, investment sales volume amounted to \$294 million.

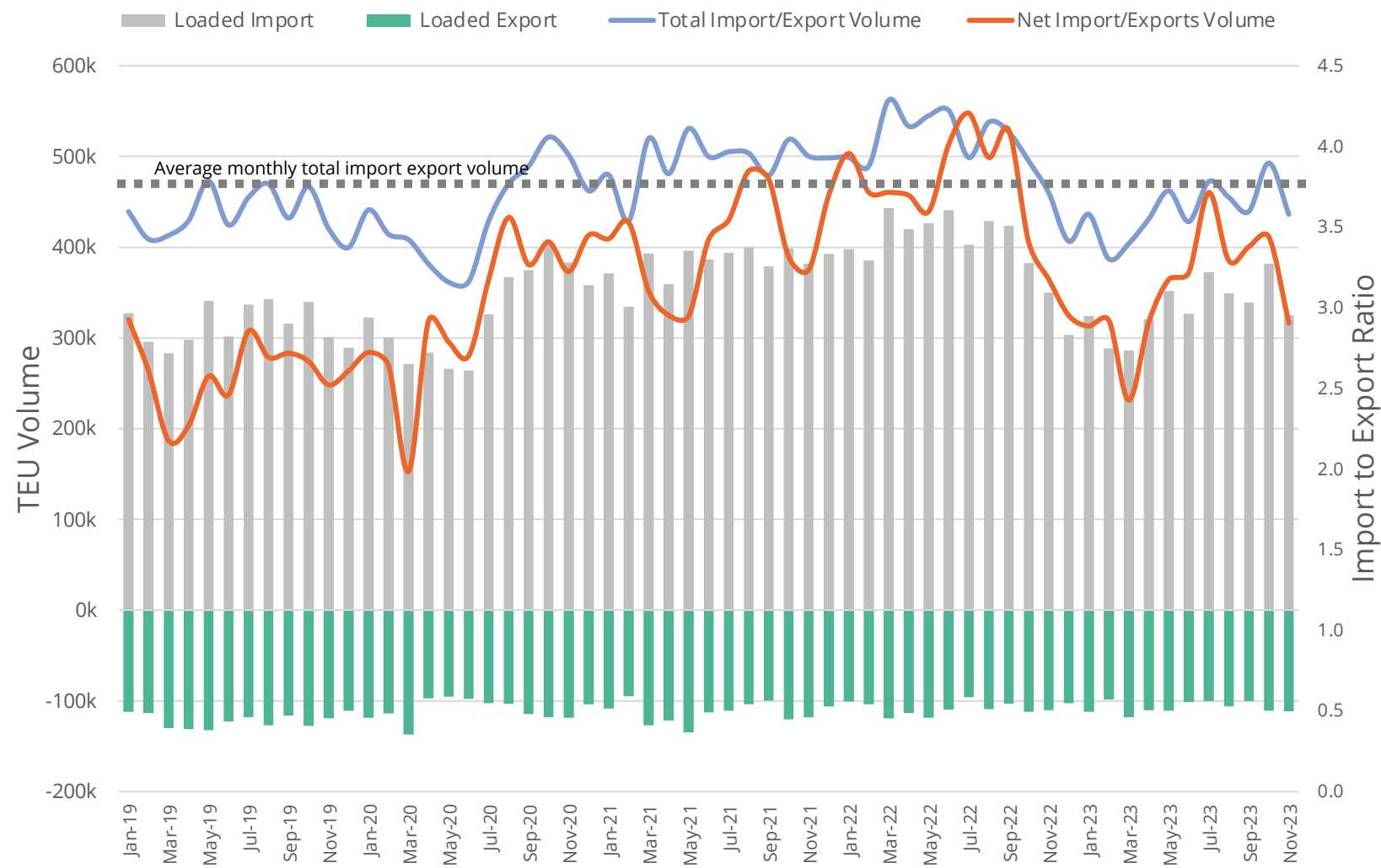
2023 established the lowest amount of investment sales volume since 2017.

This was due to higher than normal interest rates and the impact of inflation on the market

TEU and Shipping Volume



Ports of NY and NJ shipping volume decreases



Source: Port Authority of NY/NJ
Note: TEU = Twenty Equivalent Unit (standard shipping container)

Total loaded volume year-over-year has decreased by 18.6%.

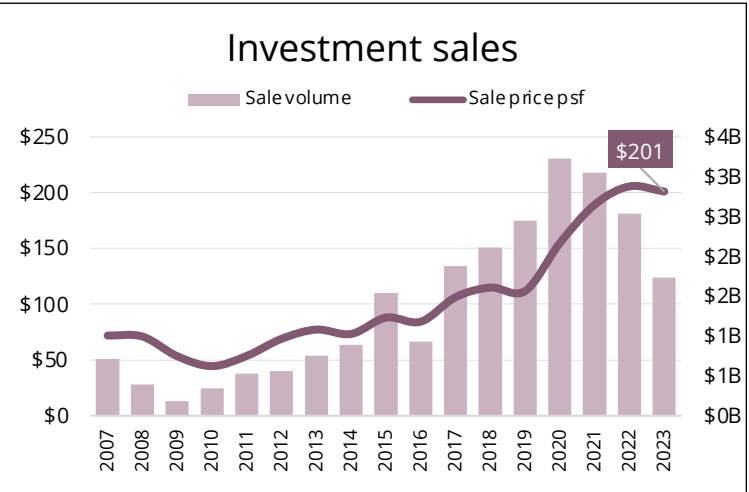
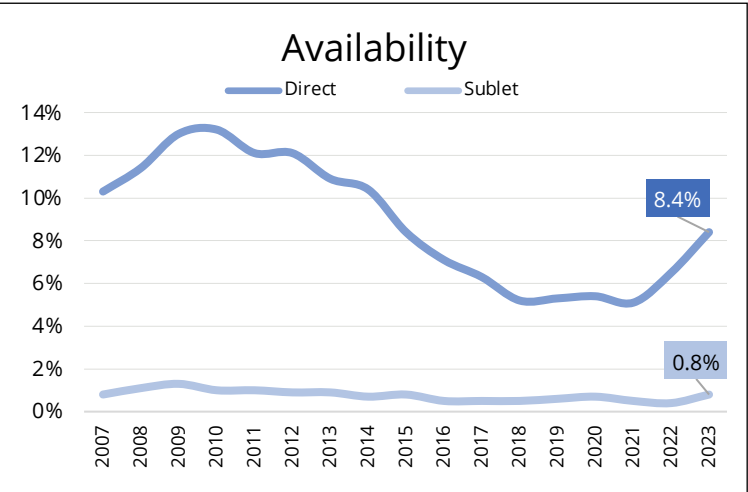
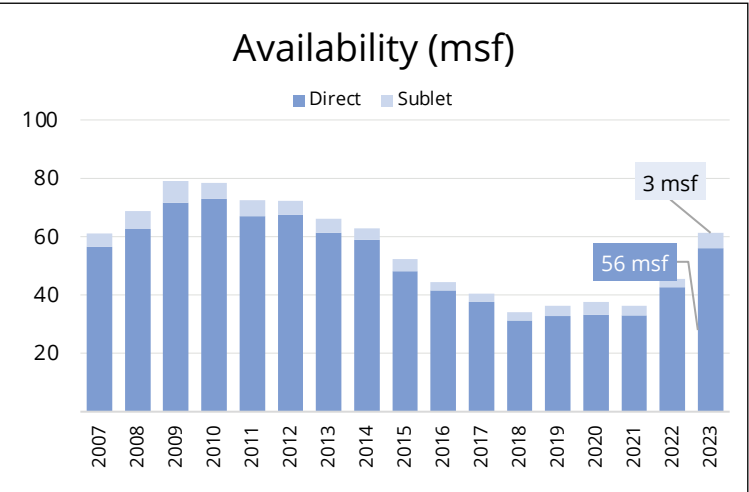
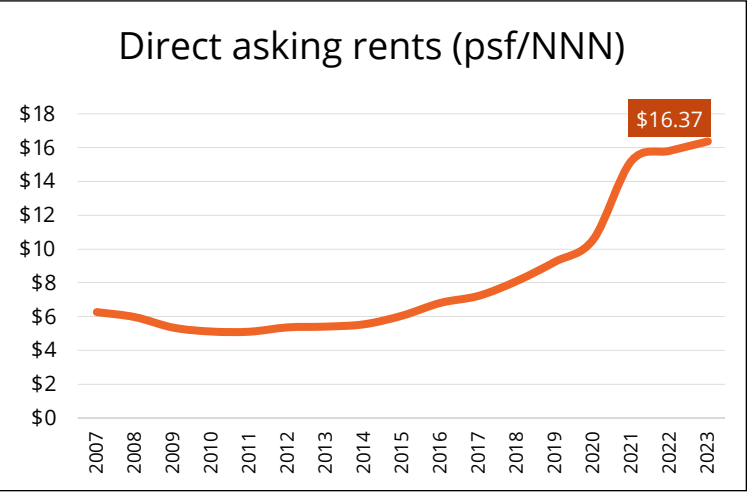
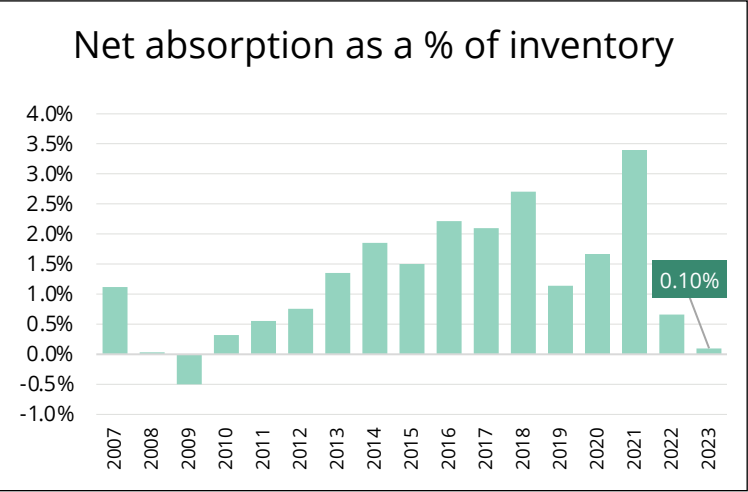
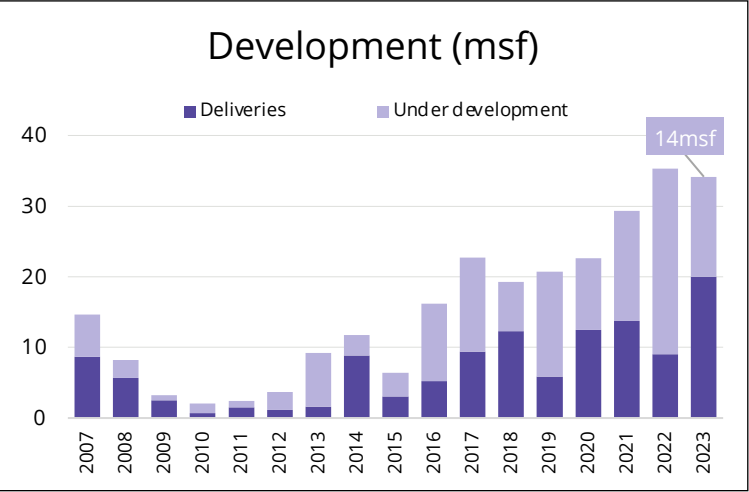
Despite a rough start to the year, loaded volume recovered in the latter half of 2023.

It is expected that there will be an increase in occupancy within a 50 mile radius of the Ports of NY/NJ in 2024 as economic conditions improve and port activity remains strong.

Appendix



New Jersey industrial market indicators



New Jersey Industrial market activity

Quarterly leasing activity

Tenant name	Tenant Industry	Address	Size (sf)	Deal type	Space use	Landlord
TJX Companies	Retailer	3000 Valley Brook Ave. A & B, Lyndhurst	1.3 msf	Direct/New	Warehouse	Russo Development
CVS	Retailer	134 Van Keuren Ave., Jersey City	427,155	Direct/New	Warehouse	Hilco
Healthcare Cargo	Logistics, Distribution	45 Patrick Ave., Edison	213,348	Sublease/New	Warehouse	Prologis
Paragon Packaging	Logistics, Distribution	Jake Brown Rd. – Building 2, Old Bridge	192,100	Direct/New	Industrial	2020 Acquisitions

Quarterly sales activity

Buyer	Address	Sale price	Sale price psf	Percent leased at sale	Seller
Faropoint	Allendale – Mahwah Industrial Parks	\$ 144,500,000	\$188.1	100%	Camber Real Estate Partners
Saxum/Morgan Stanley	Murray Road Portfolio	\$ 217,500,000	\$175.79	100%	Urban Edge Properties
Service Tire Truck Centers	1900 Lower Rd.	\$ 21,000,000	\$306.57	100%	Turtle & Hughes
Marcus Partners	100 Fulton St.	\$ 20,900,000	\$188.04	100%	Dauphin

Notable Development

Address	Subtype	Delivery	Building Size (sf)	Total available sf	Owner
3000 Valley Brook Ave, Lyndhurst	Distribution	Q4 2025	1.18 msf	1.18 msf	Russo Development
59 State Route 10, East Hanover	Warehouse	Q4 2025	599,255	599,255	Russo Development
Central 9 Logistics Park, Old Bridge	Warehouse	Phase 1 - Q2 2024	4.21 msf	4.02 msf	2020 Acquisitions

New Jersey industrial market stats

By Submarket	Existing Inventory	Deliveries sf (YTD)	Under development sf	Direct Vacancy	Sublet Vacancy	Total Vacancy	Net absorption % of inventory (YTD)	Annual direct asking rent psf NNN
Orange/Rockland/N.Bergen	69,290,388	3,309,729	2,630,517	5.2%	1.7%	7%	1.3%	\$15.45
Orange County	28,489,101	2,385,700	1,843,691	3.8%	2.5%	6.3%	6.0%	\$8.06
Rockland County	13,628,597	150,000	580,000	9.3%	0.0%	9.3%	(2.0%)	\$14.84
North East Bergen	3,582,913	0	0	5.6%	0.0%	5.6%	(4.9%)	\$14.64
Route 17	8,602,079	208,345	0	4.0%	4.5%	8.4%	(3.5%)	\$15.62
Western Bergen	14,987,698	565,684	206,826	5.0%	0.6%	5.6%	(0.4%)	\$20.30
Western Rural Jersey	44,604,461	524,644	1,560,162	3.9%	.1%	4%	1.0%	\$11.53
Sussex	1,360,079	0	0	4.3%	0.0%	4.3%	(4.2%)	\$6.70
Warren	6,239,256	0	1,249,122	6.4%	0.0%	6.4%	0.6%	\$8.67
Western Morris	16,729,162	470,044	0	4.3%	0.1%	4.4%	0.1%	\$10.65
Bridgewater	14,676,725	54,600	311,040	2.5%	0.2%	2.7%	2.8%	\$12.90
Hunterdon	4,964,848	0	0	4.0%	0.0%	4.0%	0.7%	\$9.43
Southern Somerset	634,391	0	0	0.0%	0.0%	0.0%	0.0%	**
Meadowlands	127,783,048	1,236,879	1,657,101	5.5%	.3%	5.8%	(2.2%)	\$16.39
Paterson	11,317,483	0	0	5.7%	0.0%	5.7%	(3.9%)	\$11.96
Meadowlands Market	28,065,331	512,387	698,734	5.2%	0.4%	5.7%	(0.9%)	\$17.99
Route 46/Route 3	21,657,904	0	295,500	3.6%	0.0%	3.6%	(1.1%)	\$10.79
Secaucus	30,847,321	0	0	4.4%	0.8%	5.2%	(1.6%)	\$18.32
Kearny Industrial	15,885,135	108,993	371,287	4.6%	0.0%	4.6%	(2.0%)	\$23.06
West Newark	12,959,383	278,537	112,580	9.0%	0.0%	9.0%	(4.3%)	\$11.44
GWB Market	7,050,491	336,962	179,000	12.9%	0.0%	12.9%	(6.6%)	\$19.60
Port Market	77,237,875	3,641,364	1,802,976	6.2%	.1%	6.4%	0.1%	\$18.60
Port Jersey	16,896,171	1,406,232	0	9.9%	0.6%	10.4%	(0.8%)	\$20.72
Port Elizabeth/Port Newark Market	35,303,878	171,128	366,351	2.5%	0.0%	2.5%	(1.1%)	\$12.83
Hudson Waterfront	9,434,703	80,000	1,114,860	7.0%	0.0%	7.0%	0.6%	\$22.79
Linden Market	15,603,123	1,984,004	321,765	10.2%	0.1%	10.3%	3.3%	\$18.37
New Jersey Total	652,986,560	19,038,100	15,183,145	5.4%	.5%	5.9%	0.3%	\$16.37

New Jersey industrial market stats

By Submarket	Existing Inventory	Deliveries sf (YTD)	Under development sf	Direct Vacancy	Sublet Vacancy	Total Vacancy	Net absorption % of inventory (YTD)	Annual direct asking rent psf NNN
Essex/Union/Morris County	66,678,613	584,413	100,000	4.6%	.4%	5.0%	(0.2%)	\$14.52
Eastern Morris	12,415,783	0	0	3.9%	0.1%	4.0%	(1.3%)	\$13.67
Fairfield	23,398,109	0	0	4.3%	1.0%	5.3%	(2.6%)	\$14.80
Route 24 Corridor	9,513,272	584,413	0	5.7%	0.0%	5.7%	6.7%	\$14.19
Eastern Essex	3,369,311	0	0	10.6%	0.0%	10.6%	1.4%	\$19.93
Union	17,982,138	0	100,000	3.7%	0.0%	3.7%	(0.2%)	\$10.07
I-287 Corridor	111,687,105	3,902,960	2,496,547	5.6%	.2%	5.8%	0.2%	\$17.61
Exit 10 Route 440	53,658,360	171,673	1,046,300	3.4%	0.5%	3.9%	(1.7%)	\$17.51
Piscataway	39,178,142	1,434,154	1,095,147	2.9%	0.0%	3.0%	4.3%	\$16.75
Exit 12 Market	18,850,603	2,297,133	355,100	17.4%	0.0%	17.4%	(3.0%)	\$18.79
Greater Trenton	15,013,580	376,339	0	6.6%	.5%	7.1%	9.8%	\$11.13
Trenton	3,803,921	0	0	11.9%	0.0%	11.9%	(1.3%)	\$11.27
Princeton	11,209,659	376,339	0	4.8%	0.7%	5.5%	13.6%	\$11.08
NJ Turnpike Corridor	120,282,310	3,518,564	4,613,988	4.5%	.7%	5.2%	1.4%	\$16.35
Exit 7A Market	13,345,302	441,442	390,500	3.0%	0.0%	3.0%	1.1%	\$14.61
Exit 8	7,851,609	1,132,930	160,000	12.7%	0.0%	12.7%	7.7%	\$14.00
Exit 8A Market	74,034,741	781,510	774,209	3.5%	0.7%	4.2%	1.2%	\$13.23
Exit 9	18,761,592	383,255	784,352	5.1%	1.3%	6.4%	(1.2%)	\$16.51
Old Bridge/Sayreville	6,289,066	779,427	2,504,927	8.3%	0.0%	8.3%	4.5%	\$17.39
GSP South	20,409,180	1,943,208	321,854	12.4%	.1%	12.5%	1.1%	\$14.49
Monmouth	11,699,256	435,050	271,854	10.9%	0.1%	11.0%	(1.5%)	\$14.37
Ocean	8,709,924	1,508,158	50,000	14.5%	0.0%	14.5%	4.6%	\$15.30
New Jersey Total	652,986,560	19,038,100	15,183,145	5.4%	.5%	5.9%	0.3%	\$16.37

New Jersey industrial market stats by property subtype

Property Type	Existing inventory sf	Deliveries sf (YTD)	Under development sf	Direct vacancy	Sublet vacancy	Total vacancy	Net absorption sf (YTD)	Net absorption % of inventory (YTD)	Annual direct asking rent psf NNN
Distribution	190,493,445	11,143,791	6,211,663	6%	0.7%	6.8%	3,826,681	2.1%	\$18.12
General Warehouse	325,994,781	8,202,076	6,953,914	5.7%	0.4%	6.2%	634,281	0.2%	\$15.81
Manufacturing	96,263,661	413,600	861,466	3.5%	0.2%	3.6%	(1,442,226)	(1.5%)	\$14.29
Office Showroom	28,335,638	0	0	5.3%	0.6%	6.0%	114,411	(0.2%)	\$13.56
R&D	11,899,035	270,000	100,000	3.8%	0%	3.8%	(22,988)	(0.0%)	\$12.01
Market total	653,977,927	20,029,467	14,127,043	5.4%	0.5%	5.9%	(40,881)	0.3%	\$16.37



New Jersey Industrial Submarkets

**1. Orange/Rockland/
N. Bergen/Rt 17**
Orange
Rockland County
Northeast Bergen
Route 17
West Bergen

2. Western Rural Jersey
Sussex
Warren
Western Morris
Bridgewater
Hunterdon
Southern Somerset

3. Meadowlands
Paterson
Meadowlands
Route 46/Route 3
Secaucus
Kearny
West Newark
GW Bridge

4. Port Market
Port Jersey
Port Elizabeth
Hudson waterfront
Linden

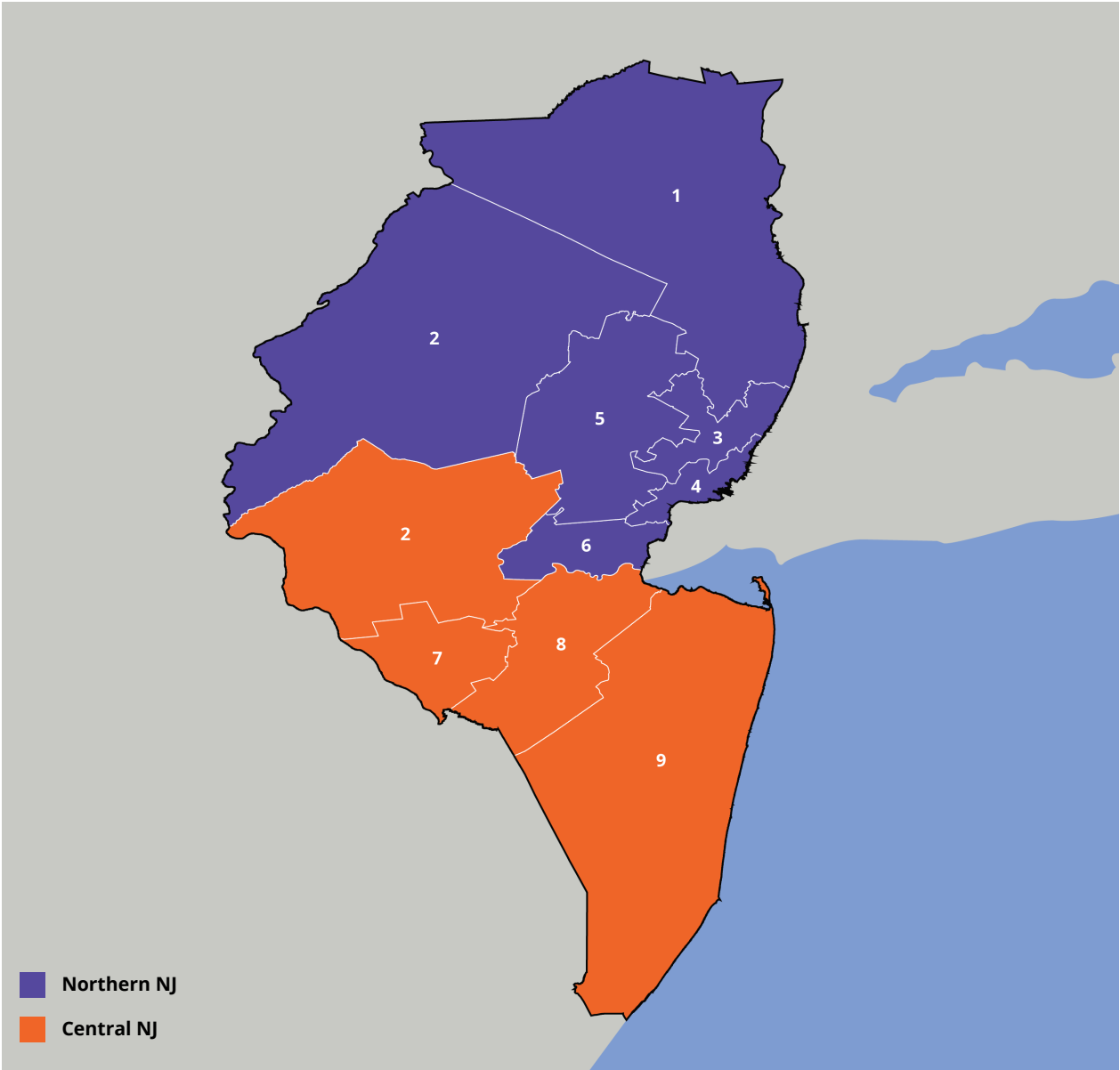
5. Essex/Union/Morris County
Eastern Morris
Fairfield
Route 24
Eastern Essex
Union

6. I-287 Corridor
Exit 10 Route 440
Piscataway
Exit 12

7. Greater Trenton
Trenton
Princeton

8. NJ Turnpike Corridor
Exit 9
Old Bridge/Sayreville
Exit 8
Exit 8A
Exit 7A

9. GSP South
Monmouth
Ocean



Industrial insights glossary of terms

Demand

- **Leasing activity:** total square footage of relocations, renewals, expansions and subleases expressed when the leases are signed, not when tenants take physical occupancy of the space
- **Absorption:** period-over-period change in occupied square footage

Supply

- **Direct vacancy rate:** space operated by landlords that is ready for immediate occupancy
- **Sublease vacancy rate:** space operated by sublandlords that is ready for immediate occupancy
- **Total vacancy rate:** sum of direct vacancy rate and sublease vacancy rate
- **Availability rate:** space that is vacant plus space that will become vacant over an indefinite time horizon, including spaces that are occupied by vacating tenants and under-construction properties

Industrial rents and concessions

- **Triple net rents:** tenant is responsible for paying rent, utilities, taxes, operating expenses and common area maintenance
- **Asking rents:** pricing guidance provided by landlords to tenants for available space expressed as triple net (NNN)
- **Base rents:** fair market value of market-level lease pricing based on representative executed leases, expressed as triple net (NNN)
- **Free rent period:** months of free rent that are typically provided upfront by landlords to tenants as a concession to offset the total cost of a lease and/or the construction timeline of an industrial suite
- **Tenant improvement allowance:** an allowance expressed in dollars per square foot provided from landlords to tenants to offset build-out, engineering, space planning and related permit costs
- **Net effective rent:** base rents discounted by the dollar values of tenant improvement allowance and free rent concessions expressed as full service (FS)

Property subtypes

- **Distribution:** properties used primarily to ship good with higher proportions of dock doors and taller clear heights
- **General Warehouse:** properties used to store goods and materials
- **Manufacturing:** properties where goods are produced and assembled with heavier power and stronger floor loads for equipment

Capital markets

- **Investment volume:** industrial sales dollars expressed when the transactions close and based on inventory thresholds; partial-interest sale dollar amounts are not grossed-up to reflect the 100% value of the sale
- **Asset pricing:** unweighted average per-square-foot asset pricing of market-level closed sales
- **Cap rate:** net operating income divided by sale price; this measurement of market-level investment returns is calculated as an unweighted average based on closed investment sales

For more market insights and
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