New Jersey office market report

Q2 2022

Northern & Central New Jersey

AVISON YOUNG

Office market trends

01
Hybrid model influences workplace strategy

Corporate users are reimagining their workplace strategy with hybrid work which is becoming a popular approach. This is resulting in many companies reducing office space and adapting to changing workplace needs, such as increasing collaboration areas.

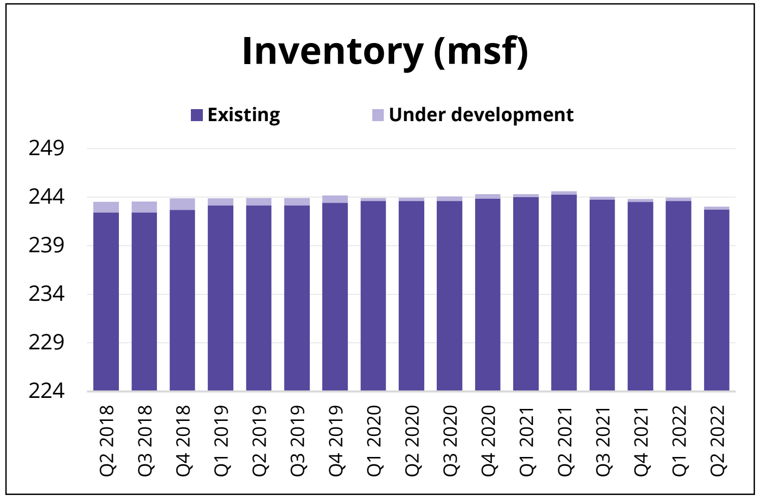
02
Investors evaluate office properties for potential conversion opportunities

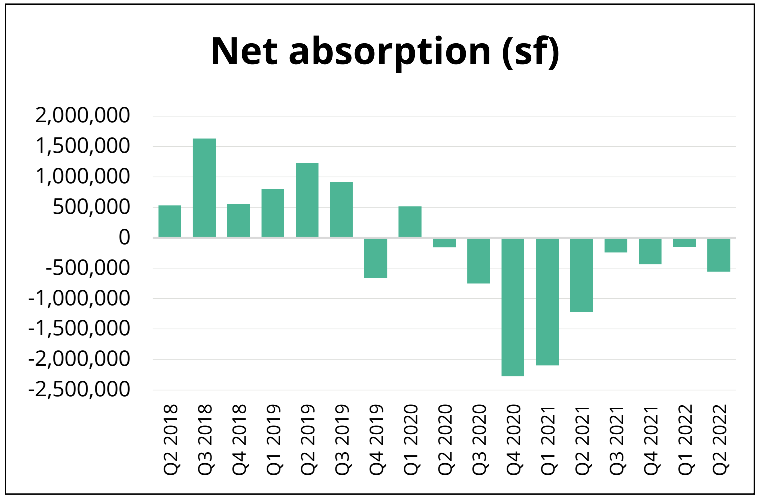
Investors and landlords are increasingly acquiring unstabilized office assets and evaluating potential conversion options to industrial, medical or residential properties. Through the repositioning of these assets, overall office inventory has declined by 1,014,165 sf over the last twelve months with only 352,000 sf of new supply delivering in the same time frame.

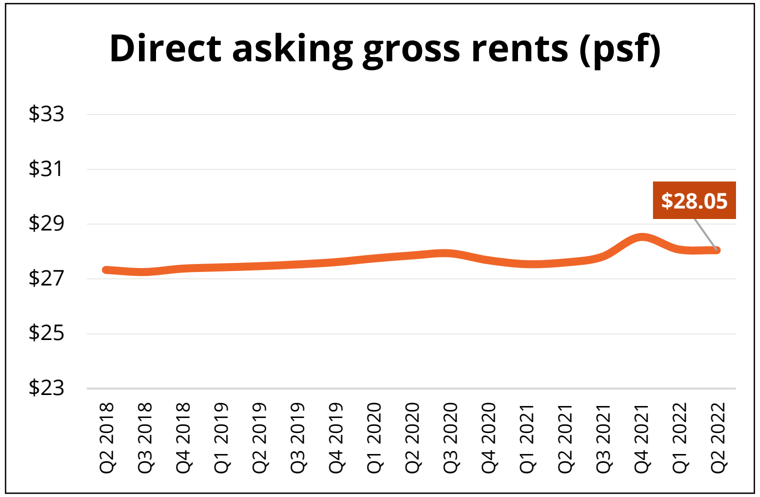
03
Workforce preferences help guide leasing decisions

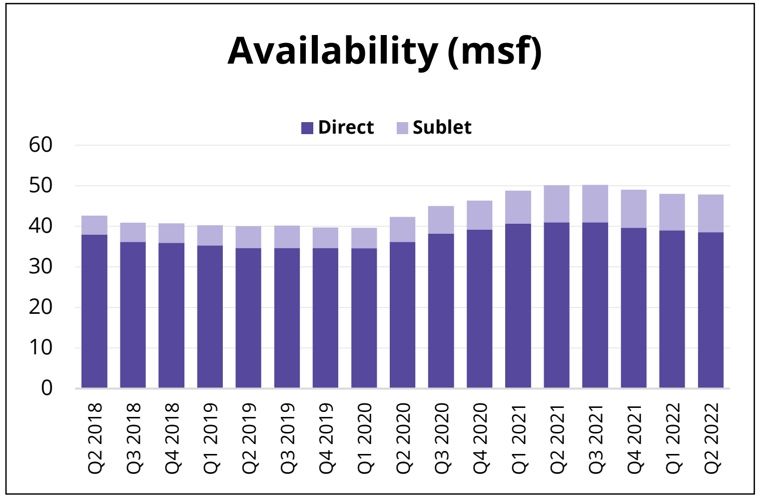
The agile work environment is becoming commonplace as the hybrid work model becomes a more prevalent option. This workplace approach retains and attracts talent in a tight labor market with continued emphasis on (ESG) environmental, social, and governance values.

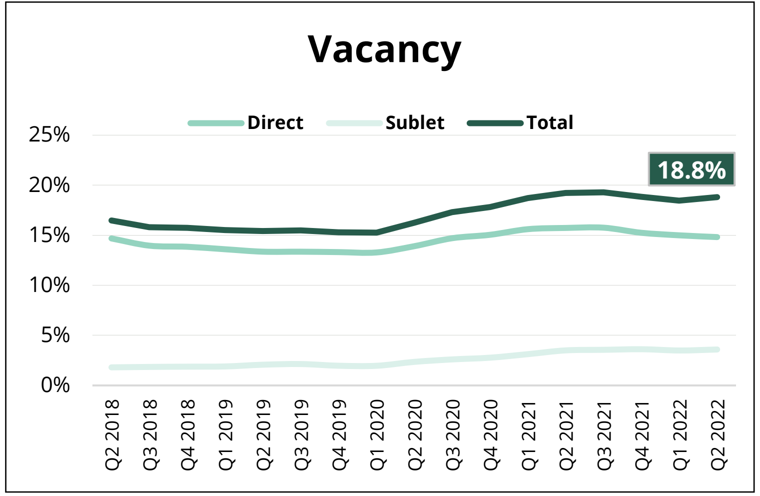
Office market indicators

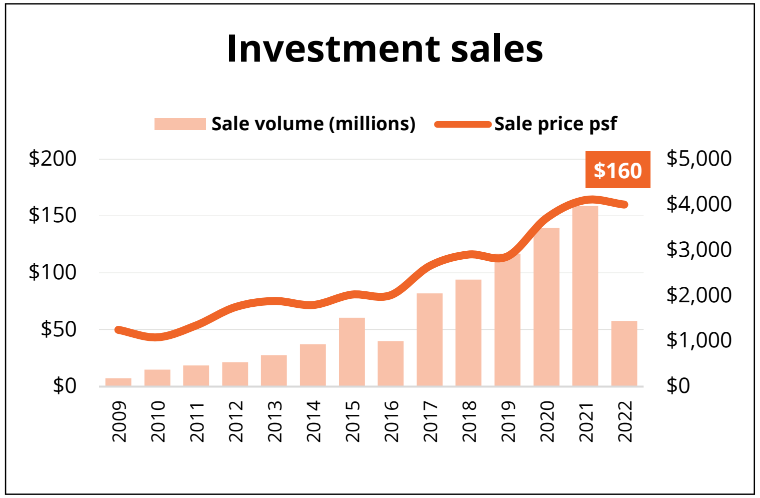












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Office market activity

Recent leasing activity

Tenant name	Industry	Address	Submarket	Sign date	Size (sf)	Deal type	Lease type
Lord Abbett and Company	Finance, Insurance & RE	30 Hudson St, Jersey City	Waterfront	March 2022	178,107	New	Direct
Collectors Universe	Retail	200 Hudson St, Jersey City	Waterfront	April 2022	130,000	New	Direct
Summit Healthcare	Life Sciences & Healthcare	17-17 Route 208, Fair Lawn	Central Bergen	March 2022	70,000	New	Direct
Siemens Energy & Automation	Tech	200 Wood Ave S, Iselin	Edison/Woodbridge	April 2022	65,600	New	Direct
Samsung SDS America	Tech	55 Challenger Rd, Ridgefield Park	Meadowlands	May 2022	57,783	New	Sublease

Recent sales activity

Buyer	Address	Sale date	Sale price	Sale price psf	Buyer type	Seller
Cantor Fitzgerald Investors	200 Metro Blvd, Nutley	April 2022	$129,277,108	$389	Institutional	Prism Capital Partners
American Equity Partners	15 Exchange Pl, Jersey City	March 2022	$48,000,000	$330	Private	Hartz Mountain Industries
Barings	701-801 Princeton S Corp Center, Ewing	March 2022	$39,496,607	$356	Institutional	Ladder Capital
Daniel Knoll	427-429 Bloomfield Ave, Montclair	June 2022	$18,000,000	$545	Private	Saxum Real Estate

Notable space availability

Address	Deal type	Quarter Listed on Market	Max size (sf)	Total available sf	Landlord
80 Park Plz, Newark	Direct	Q2 2013 & Q1 2021	973,000	396,142	Nightingale Properties LLC
55 Corporate Dr, Bridgewater	Direct	Q2 2020	674,340	436,746	AVG Partners
5 Giralda Farms, Madison	Direct	Q2 2021	431,495	250,000	The Alliven Group
340 Mount Kemble Ave, Morristown	Sublet	Q2 2022	276,055	221,046	CIT Group

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Office market stats by submarket

		Availability			Net Absorption		SF Under	Average Asking Rent		
Submarket	**Inventory (sf)**	**Class A**	**Class B**	**Total %***	**2Q22**	**YTD**	**Construction**	**Class A**	**Class B**	**Total***
Route 23/Wayne	7,908,604	17.8%	23.9%	23.7%	16,607	251,922	-	$22.84	$19.05	$20.95
Route 17 North	5,215,085	11.0%	10.8%	13.1%	-101,059	-108,474	-	$26.50	$24.97	$25.74
North Central Bergen	3,994,075	15.1%	15.1%	18.3%	3,301	-86,441	-	$27.80	$22.00	$24.90
GW Bridge	8,730,188	16.6%	6.5%	14.5%	-94,081	-233,118	-	$33.11	$29.62	$31.37
Central Bergen	10,600,255	13.8%	14.6%	16.5%	-33,203	-60,705	-	$31.38	$24.50	$27.94
GSP/Route 3	4,438,277	12.4%	11.0%	16.6%	7,150	102,990	-	$27.13	$22.43	$24.78
Meadowlands	6,329,356	22.8%	10.8%	25.2%	14,470	-3,404	-	$33.44	$26.48	$29.96
Waterfront	24,368,498	18.5%	11.4%	22.2%	-220,899	-114,541	149,787	$40.25	$36.35	$38.30
Newark	20,899,097	14.5%	6.4%	17.6%	-263,880	-269,133	-	$37.89	$27.80	$32.85
Suburban West Essex	7,224,289	17.9%	7.2%	14.2%	25,689	-289	-	$25.00	$24.44	$24.72
Greater Parsippany	19,444,197	24.4%	15.8%	25.8%	-207,622	-5,382	-	$31.05	$24.63	$27.84
Western 1-80 Corridor	1,622,211	42.8%	11.6%	29.8%	-19,523	-15,809	-	$20.75	$19.77	$20.26
Morristown	5,633,786	23.5%	6.5%	24.8%	-96,851	-173,357	120,000	$32.00	$30.59	$31.30
I-24 West Corridor	8,055,038	32.9%	19.0%	32.0%	86,859	7,192	-	$31.00	$27.10	$29.05
Union	6,038,608	39.6%	13.2%	25.5%	-155,906	14,030	-	$27.30	$24.13	$25.72
Route 78 East	8,093,028	26.7%	10.3%	22.9%	19,924	-22,266	-	$32.00	$26.18	$29.09
Route 78 West	14,341,018	19.3%	8.4%	20.4%	102,452	2,409	-	$26.77	$20.98	$23.88
Northern New Jersey	**162,935,610**	**26.1%**	**14.0%**	**19.5%**	**-324,505**	**-603,946**	**269,787**	**$33.46**	**$28.27**	**$30.12**

***Total columns include class A, B, and C product types**

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Office market stats by submarket

		Availability			Net Absorption		SF Under	Average Asking Rent		
Submarket	Inventory (sf)	Class A	Class B	Total %*	2Q22	YTD	Construction	Class A	Class B	Total*
Hunterdon	4,686,672	41.9%	21.4%	38.2%	-318,909	-348,732	-	$25.93	$20.08	$23.01
Warren County	432,161	1.5%	2.1%	7.0%	0	0	-	$11.00	$20.50	$15.75
Edison/Woodbridge	9,775,236	15.6%	14.0%	18.4%	-25,697	385,636	-	$38.79	$28.76	$33.78
Lower Route 287	14,777,168	15.1%	10.1%	15.4%	-133,173	-151,598	-	$25.53	$20.35	$22.94
Eastern Middlesex	757,258	14.0%	13.5%	18.7%	-1,251	-19,760	-	$31.00	$19.00	$25.00
Greater Monmouth	13,737,778	6.6%	13.1%	14.1%	-72,352	-7,244	-	$27.21	$25.30	$26.26
South Middlesex	7,888,587	19.2%	13.2%	18.7%	65,188	861	-	$29.15	$26.02	$27.59
Trenton	25,539,080	7.7%	15.6%	13.3%	68,858	-12,814	-	$31.66	$27.84	$29.75
Ocean County	2,201,513	8.0%	3.9%	4.9%	-8,003	-10,995	40,000	$32.17	$27.80	$29.99
Central New Jersey	**79,795,453**	**17.6%**	**15.4%**	**16.0%**	**-234,027**	**89,861**	**40,000**	**$30.54**	**$25.60**	**$27.44**
New Jersey	**242,731,063**	**23.4%**	**14.5%**	**18.3%**	**-558,532**	**-1,227,025**	**309,787**	**$32.16**	**$27.11**	**$28.05**

***Total columns include class A, B, and C product types**

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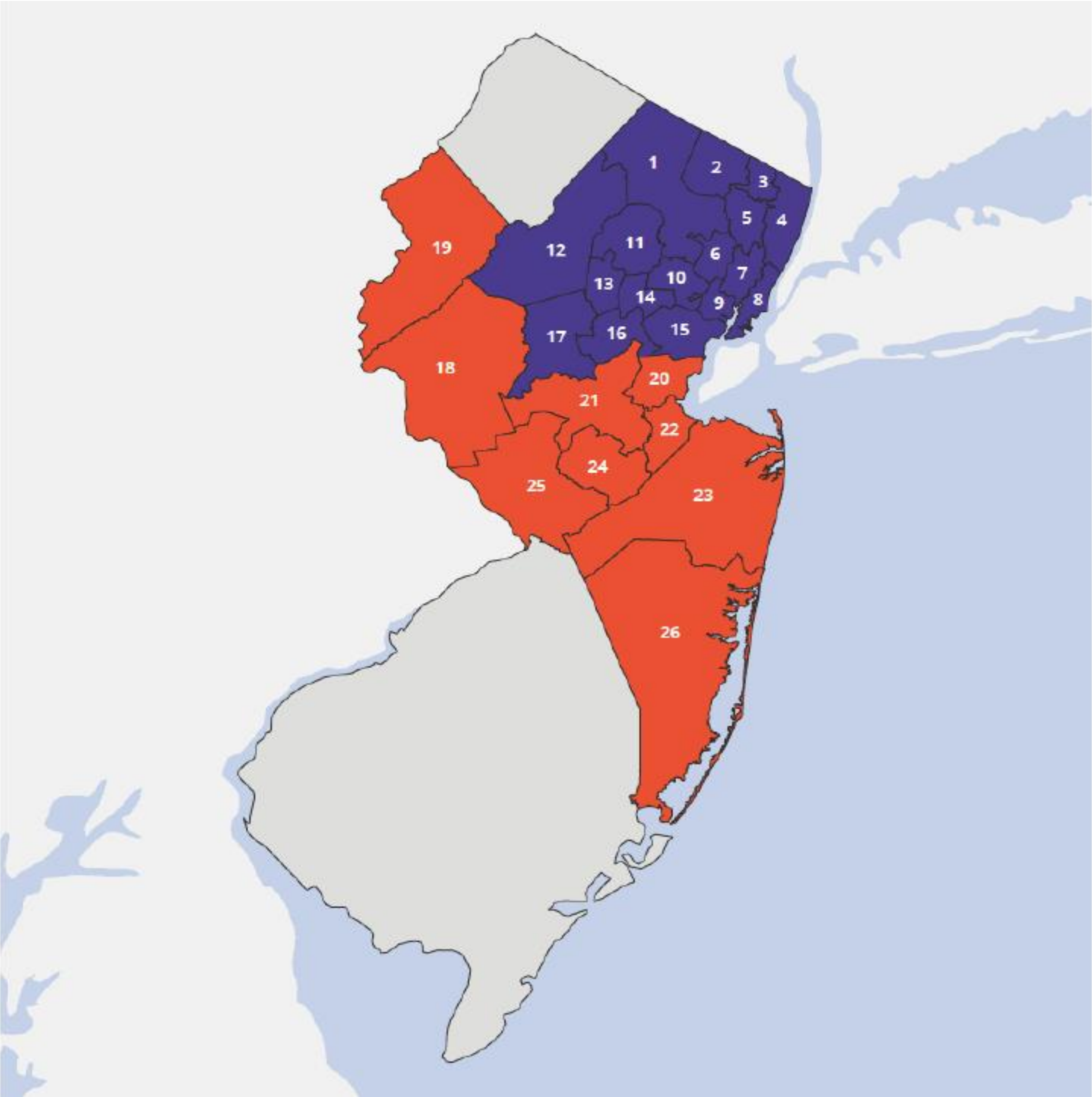
Submarket map

Northern New Jersey

1. Route 23/Wayne
2. Route 17 North Corridor
3. North Central Bergen
4. GW Bridge
5. Central Bergen
6. GSP/Route 3
7. Meadowlands
8. Waterfront
9. Newark
10. Suburban West Essex
11. Greater Parsippany
12. Western I-80 Corridor
13. Morristown
14. I-24 West Corridor
15. Union
16. Route 78 East
17. Route 78 West

Central New Jersey

18. Hunterdon
19. Warren County
20. Edison/Woodbridge
21. Lower Route 287
22. Eastern Middlesex
23. Greater Monmouth
24. South Middlesex
25. Trenton
26. Ocean County



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