



New Jersey office market report

Q3 2022

Northern & Central New Jersey

**AVISON
YOUNG**

Office market trends

01

Office-dependent employees returning to the workplace

Industries that have traditionally relied upon a collaborative culture, such as financial services, life sciences and healthcare, have driven the bulk of the return to the office. Industries with less of a need for a tangible environment, such as customer service, software development and information technology, have been slower to return to the office.

02

Economic conditions shift labor dynamics

As hiring slows and unemployment expected to increase, the hiring pendulum will likely swing in the employer's favor. This shift is being influenced in part due to 47%* of those who exited the workforce during the "Great Resignation" are now looking to rejoin the labor force.

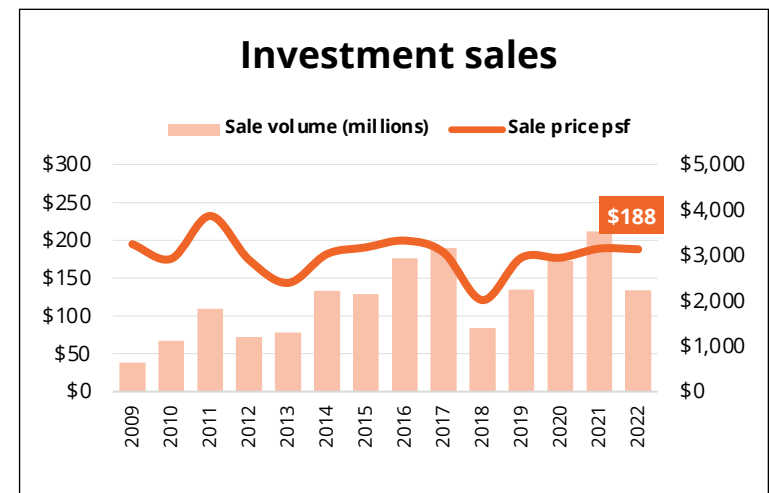
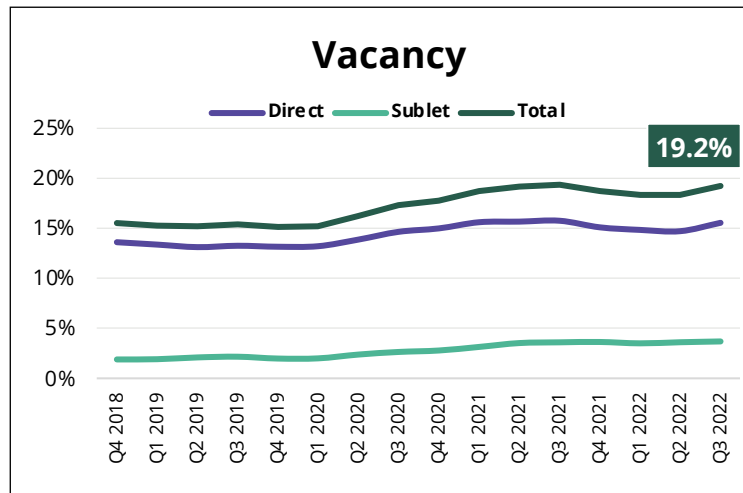
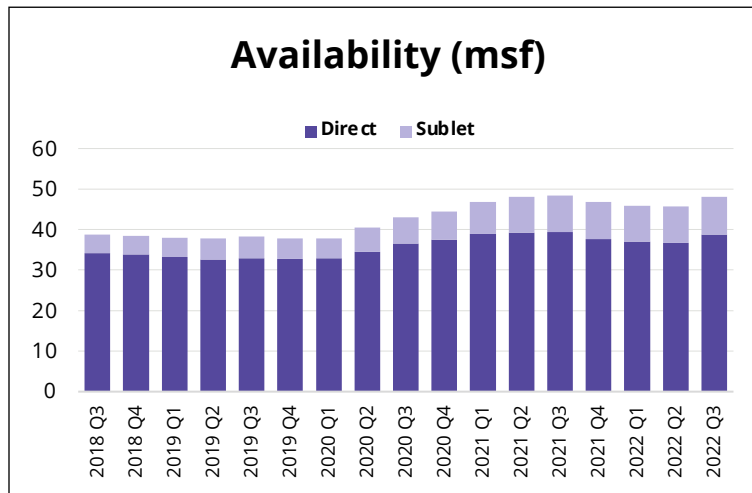
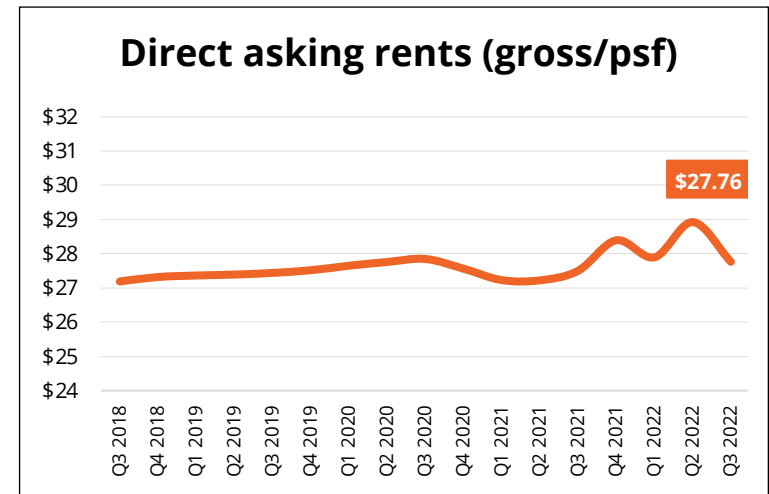
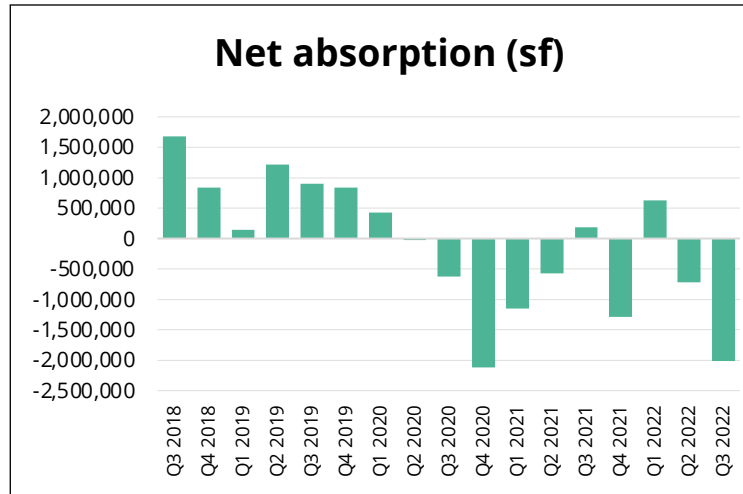
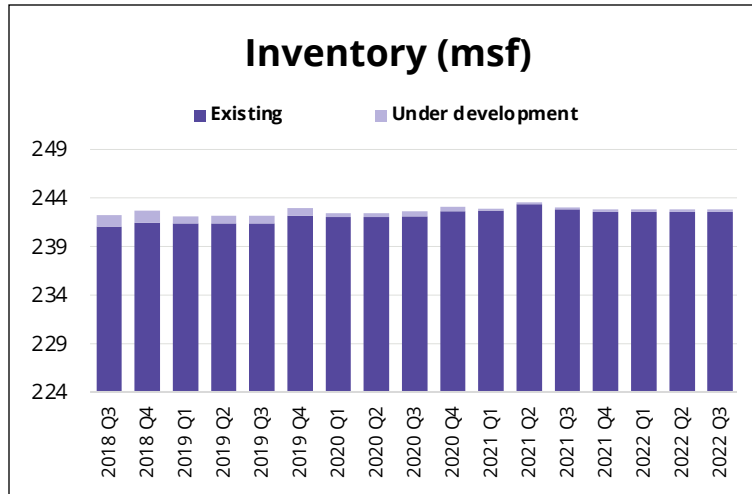
03

Debt is "at risk"

Amid an increase in vacancy rates and slowing leasing velocity due to deteriorating economic conditions, a growing number of owners may struggle to carry heavily leveraged assets with financing tied commonly to unsecured loans. This is expected to impact owners, lenders and occupiers alike. As more space is given back and interest rates continue to rise, special servicers are expected to step in to cash manage "at risk" assets.



Office market indicators



*All asset classes are included in market indicator graphs

Office market activity

Quarterly leasing activity

Tenant name	Industry	Address	Size (sf)	Deal type	Lease type
Morgan Stanley	Finance	340 Mount Kemble Ave, Morristown	116,578	New	Direct
Gilead Sciences	Life Science	399 Interpace Pky, Parsippany	96,382	New	Direct
Zelis Healthcare	Life Science	340 Mount Kemble Ave, Morristown	53,295	New	Direct
U.S. Transportation Administration	Government	1085 Morris Ave, Union	47,000	Renewal/Expansion	Direct
Siemens Energy & Automation	Technology	2 Gatehall Dr, Parsippany	43,138	New	Direct

Quarterly sales activity

Buyer	Address	Sale price	Sale price psf	Percent leased at sale	Seller
Birch Group, Lionstone Development	1700-1800 American Blvd, Pennington	\$70,000,000*	\$228	100%	Zell Kravinsky
Sinai Equity Group	520 Broad St, Newark	\$49,400,000	\$100	24.9%	Rafael Holdings
IDI Logistics	370 Scotch Rd, Ewing	\$25,887,500**	\$203	0%	Klingbeil Capital Management
Edgewood Properties	477 Martinsville Rd, Basking Ridge	\$10,700,000	\$43	0%	American Real Estate Partners

**Apart of a portfolio sale*
 ***Repositioning of asset*

Notable occupier vacancies

Address	Former occupier	Space given back	Building size	Total available sf	Landlord
80 Livingston Ave, Roseland	Prudential Financial	362,500	362,500	362,500	Atlantic Realty Development Corp.
55 Livingston Ave, Roseland	Prudential Financial	200,000	200,000	200,000	Atlantic Realty Development Corp.
8 Sylvan Way, Parsippany	The Medicine Company	176,062	176,062	176,062	Orion Office REIT Inc.
200 Somerset Corporate Blvd, Bridgewater	Cognizant Technology Solutions Corp.	73,145	256,000	104,053	SJP Properties
2 Crossroads Dr, Bedminster	Zelis Healthcare	64,000	64,000	64,000	Eden Wood Realty Corp.

Office market stats by submarket

Submarket	Inventory (sf)	Availability Rate	Net Absorption		SF Under	Average Asking Rent
		Total	3Q22	YTD	Construction	Total
Route 23/Wayne	7,986,509	11.8%	-126,283	135,054	-	\$23.41
Route 17 North	5,215,085	10.5%	-157,365	-201,489	-	\$26.04
North Central Bergen	3,994,075	19.5%	-36,835	-123,276	-	\$27.01
GW Bridge	8,730,188	13.6%	-24,675	-102,643	-	\$31.27
Central Bergen	10,600,255	13.5%	-111,379	-63,871	-	\$29.28
GSP/Route 3	4,438,277	7.9%	-18,493	73,251	-	\$27.60
Meadowlands	6,269,356	12.8%	-19,949	49,762	-	\$30.78
Waterfront	24,368,498	16.7%	-195,502	-308,941	-	\$39.34
Newark	20,899,097	11.6%	-28,416	-48,664	-	\$31.26
Suburban West Essex	7,021,119	16.6%	-548,486	-554,443	-	\$25.44
Greater Parsippany	19,554,528	20.2%	-292,590	-429,529	-	\$23.85
Western 1-80 Corridor	1,622,211	21.2%	-4,326	-20,135	-	\$20.97
Morristown	5,633,786	18.6%	-42,254	-184,369	134,500	\$32.04
I-24 West Corridor	8,055,038	18.5%	-90,865	-75,173	25,000	\$32.42
Union	6,005,608	12.6%	-15,166	-22,528	-	\$24.50
Route 78 East	7,893,028	23.7%	-7,188	-22,432	-	\$29.23
Route 78 West	14,341,018	16.7%	-110,647	-50,339	-	\$28.45
Northern New Jersey	162,627,676	20.8%	-1,837,261	-2,950,991	159,500	\$29.77

Office market stats breakdown

Submarket	Inventory (sf)	Availability Rate	Net Absorption		SF Under	Average Asking Rent
		Total	3Q22	YTD	Construction	Total
Hunterdon	4,666,672	35.4%	-4,228	-345,960	-	\$22.38
Warren County	432,161	10.3%	-	-	-	\$20.13
Edison/Woodbridge	9,775,236	10.1%	-43,933	363,487	-	\$31.04
Lower Route 287	14,321,678	12.4%	-11,998	-250,244	-	\$23.32
Eastern Middlesex	757,258	12.2%	8,590	-11,170	-	\$20.58
Greater Monmouth	13,682,778	9.9%	-61,268	2,273	-	\$26.01
South Middlesex	8,328,776	15.8%	-12,177	7,311	-	\$28.45
Trenton	24,972,258	8.6%	-47,624	-21,993	-	\$26.86
Ocean County	2,241,513	5.8%	-2,400	-13,395	84,000	\$27.89
Central New Jersey	79,178,330	16.6%	-175,038	-252,281	84,000	\$25.95
New Jersey	242,586,871	15.5%	-2,012,299	-3,203,272	243,500	\$27.76

Class	Inventory (sf)	Average Asking Rent
Trophy	5,169,708	\$34.23
A	120,586,197	\$30.30
B	84,385,146	\$26.17
C	32,445,820	\$22.40
New Jersey	242,586,871	\$27.76

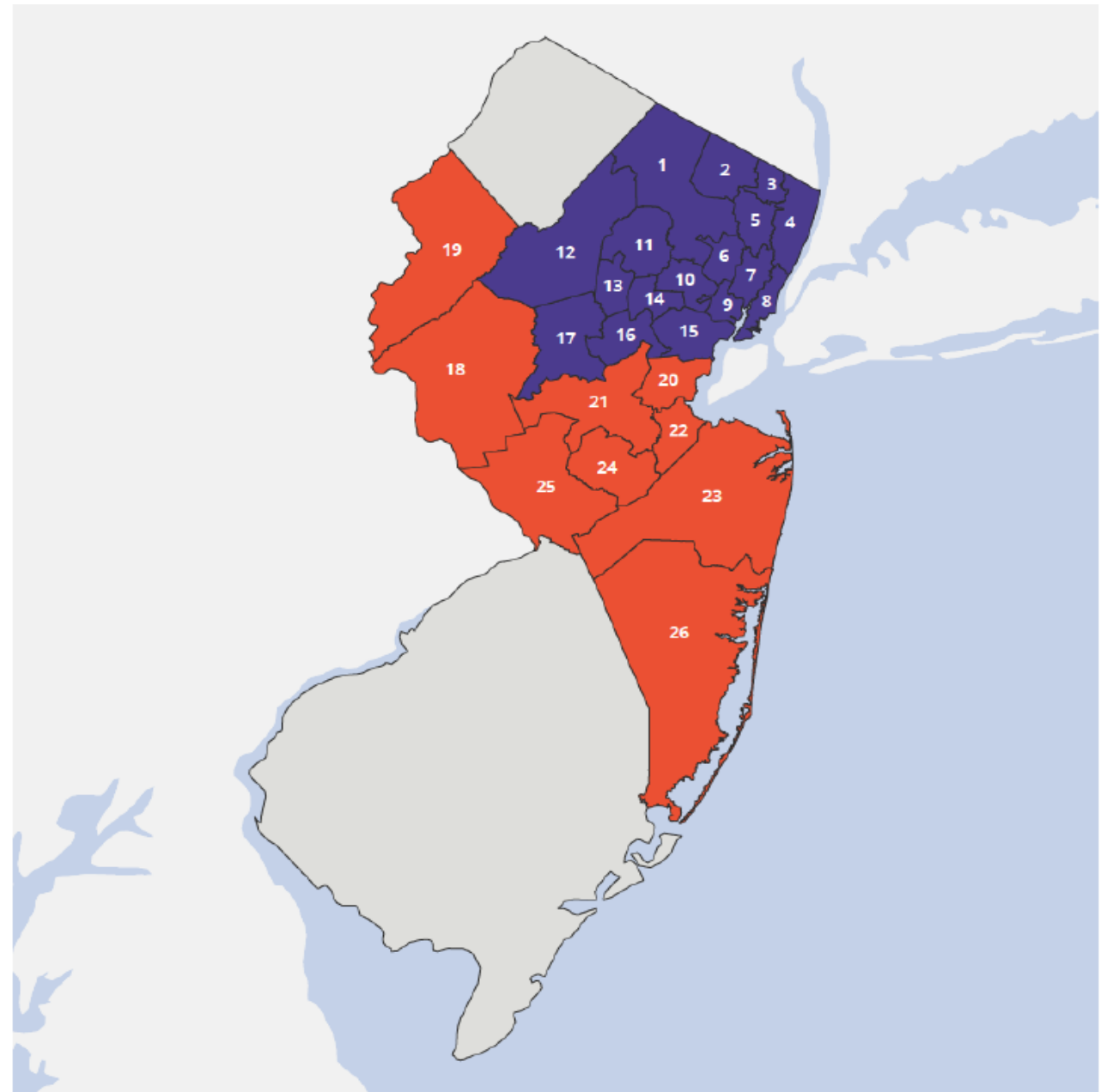
Submarket map

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



For more market insights
and information visit
avisonyoung.com

Jeff Heller

Principal, Managing Director
+ 1 973 753 1100
jeff.heller@avisonyoung.com

Tucker White

Northeast Regional Manager, Insight
+ 1 979 828 5141
tucker.white@avisonyoung.com

Nick Balancia

Insight Analyst
+ 1 973 898 6379
nicholas.balancia@avisonyoung.com