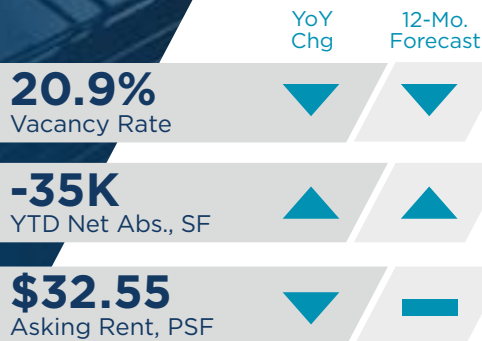
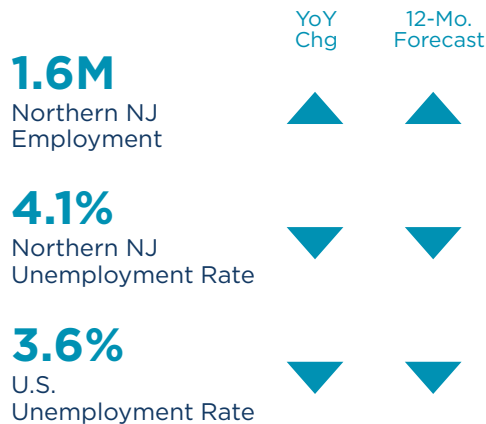


Office Q2 2022



(Overall, All Property Classes)

ECONOMIC INDICATORS  
Q2 2022

Source: BLS

## ECONOMY: Unemployment Rate in Northern New Jersey Ticks Lower

The Northern New Jersey (NNJ) unemployment rate continued its downward trend in the first half of 2022, falling 140 basis points (bps) quarter-over-quarter (QOQ) to 4.1%. NNJ's employment levels remained stable at 1.6 million. On the state level, New Jersey employment continued to rise, improving for the 18th consecutive quarter. Office-using employment increased by 42,100 jobs, representing a 4.2% year-over-year (YOY) gain.

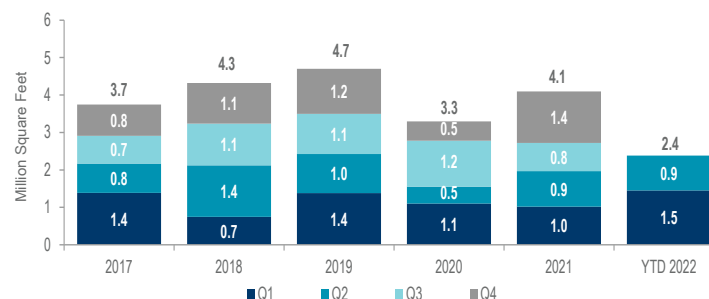
## DEMAND: Leasing Activity Rebounds to 2019 Levels

Although new leasing activity dipped during the second quarter of 2022 to 930,763 square feet (sf), strong demand in the first quarter brought midyear leasing volume to 2.4 million square feet (msf), up 14.1% from the same period last year. After two years of declining activity, leasing has rebounded to pre-pandemic levels. The submarkets that drove year-to-date (YTD) activity included the Waterfront (19.2%), Parsippany (14.5%), and Morristown (9.6%). Smaller transactions, of under 10,000 sf continued to account for most of the demand, making up 33.3% of the leasing activity. Only two new leases greater than 75,000 sf were executed during the second quarter, both in Morris County. Morgan Stanley leased 116,523 sf at 340 Mount Kemble Avenue, where it will consolidate multiple offices, while Gilead chose Latitude in Parsippany as its new east coast hub, leasing 96,391 sf. Renewal activity persisted, with over 580,000 sf of renewals inked YTD. Notable renewals for the quarter included March McLennan's renewal of 54,376 sf at 445 South Street in Morris Township and Saiber's 34,328-sf expansion and extension at 18 Columbia Turnpike in Florham Park.

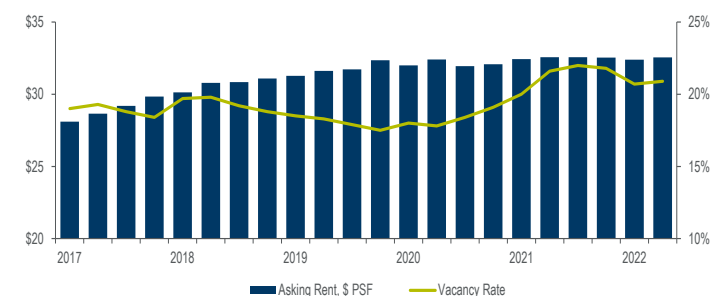
## SUPPLY &amp; PRICING: Rental Rates Continued to Rise While Vacancy Improves Incrementally

Vacancy levels remained stable and ended the second quarter at 20.9%, an improvement of 70 bps YOY. The headway was wide-ranging as all counties saw progress except Hudson County, which rose 1.1% due to Verisk's 114,483-sf new sublease at 545 Washington Boulevard in Jersey City. Although Morris County was home to the top two new leases, vacancy declines in the county were muted as two large blocks of sublease space were made available. At \$32.55 per square foot (psf), the overall average asking rent increased by \$0.16 psf QOQ, while Class A rents climbed by \$0.26 psf to \$36.37 psf. The Morristown submarket yielded the largest YOY growth, up 8.4% to \$31.23 psf, which was driven by upward repricing at Headquarters Plaza. The Waterfront and Bergen Route 17 South submarkets achieved the highest Class A asking rents at \$45.62 psf and \$36.75 psf, respectively.

## LEASING ACTIVITY BY QUARTER (2017-2022)



## OVERALL VACANCY &amp; ASKING RENT



# MARKETBEAT NORTHERN NEW JERSEY

Office Q2 2022



## MARKET STATISTICS

SUBMARKET	INVENTORY (SF)	DIRECT VACANT (SF)	SUBLET VACANT (SF)	OVERALL VACANCY RATE	CURRENT QTR OVERALL NET ABSORPTION (SF)	YTD OVERALL NET ABSORPTION (SF)	YTD LEASING ACTIVITY (SF)	UNDER CNSTR (SF)	OVERALL AVG ASKING RENT (ALL CLASSES)*	OVERALL AVG ASKING RENT (CLASS A)*
Bergen County	25,586,289	3,730,625	870,781	18.0%	-25,894	-255,168	628,736	0	\$27.89	\$30.47
Essex County	25,444,440	3,135,527	891,001	15.8%	-65,774	418,223	442,132	0	\$30.39	\$33.93
Hudson County	24,657,349	4,340,635	1,290,437	22.8%	-249,767	-214,058	498,717	0	\$43.41	\$44.50
Morris County	29,012,622	6,354,249	1,612,644	27.5%	-163,879	33,785	775,880	120,000	\$28.81	\$31.18
Passaic County	5,340,140	690,918	112,578	15.1%	-80,214	-18,181	40,470	60,000	\$22.25	\$28.75
<b>NORTHERN NJ TOTALS</b>	<b>110,040,840</b>	<b>18,251,954</b>	<b>4,777,441</b>	<b>20.9%</b>	<b>-585,528</b>	<b>-35,399</b>	<b>2,385,935</b>	<b>180,000</b>	<b>\$32.55</b>	<b>\$36.37</b>
SELECTED SUBMARKETS										
Hudson Waterfront	21,290,044	3,847,185	1,062,984	23.1%	-258,914	-247,502	459,158	0	\$45.28	\$45.62
Newark	14,498,997	1,833,480	743,247	17.8%	-25,419	-57,396	153,437	0	\$31.63	\$35.89
Parsippany	12,191,017	3,207,924	756,091	32.5%	-196,991	-110,815	346,055	0	\$28.32	\$31.02
Route 10/24 Corridor	9,417,520	1,633,969	662,514	24.4%	65,566	157,351	133,494	0	\$29.77	\$32.14
Essex Rt. 280 Corridor	7,248,281	1,011,029	18,248	14.2%	-25,755	115,744	203,066	0	\$30.21	\$31.59
Meadowlands	6,350,647	882,754	395,449	20.1%	46,828	5,444	136,507	0	\$27.27	\$30.21
Morristown	5,593,406	1,028,856	177,375	21.6%	-21,436	48,567	230,237	120,000	\$31.23	\$31.96

\*Leasing activity does not include renewals

## KEY LEASE TRANSACTIONS Q2 2022

PROPERTY	SF	TENANT	TRANSACTION TYPE	SUBMARKET
340 Mount Kemble Avenue, Morristown	116,523	Morgan Stanley	New Lease	Morristown
369-379 Interpace Parkway, Parsippany	96,391	Gilead	New Lease	Parsippany
300 Kimball Drive, Parsippany	55,000	embecta	New Lease	Parsippany
445 South Street, Morris Twp.	54,376	March McLennan	Renewal*	Morristown
707 Broad Street, Newark	37,752	HAX	New Lease	Newark

\*Renewals not included in leasing statistics

## KEY SALES TRANSACTIONS Q2 2022

PROPERTY	SF	SELLER/BUYER	PRICE/\$PSF
200 Metro Boulevard, Nutley	332,818	Prism Capital Partners & Baupost Group / Cantor Fitzgerald Investors	\$131.7M / \$396
25 Hanover Road Bldgs A & B, Florham Park	128,780	The Silverman Group	\$24.5M / \$190

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