

YoY
Chg 12-Mo.
Forecast**21.4%**
Vacancy Rate**-784K**
YTD Net Abs., SF**\$33.10**
Asking Rent, PSF

(Overall, All Property Classes)

**ECONOMIC INDICATORS
Q3 2022**YoY
Chg 12-Mo.
Forecast**1.6M**
Northern NJ
Employment**4.1%**
Northern NJ
Unemployment Rate**3.5%**
U.S.
Unemployment Rate

Source: BLS

ECONOMY: Robust Employment Remains in New Jersey

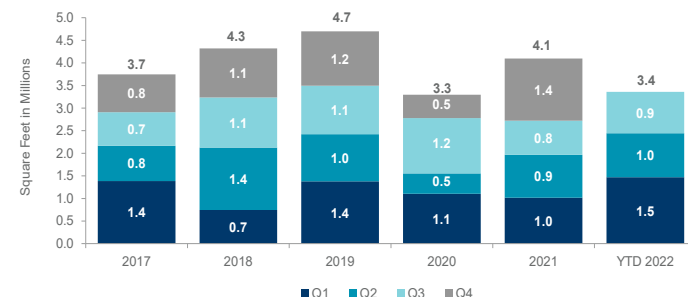
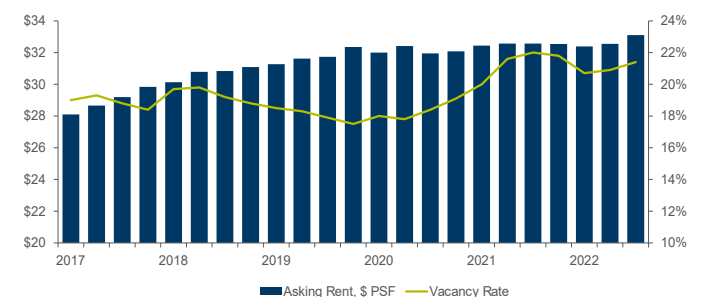
The Northern New Jersey's unemployment rate remained stable quarter-over-quarter (QOQ) at 4.1%, while employment levels were steady at 1.6 million jobs. Compared to one year ago, the unemployment rate dropped 240 basis points (bps). On a state level, New Jersey has recovered approximately 99.0% of jobs lost during the pandemic and recorded consecutive job growth over the last 21 months.

DEMAND: Leasing Slowed in Q3, Despite YTD Volume Reaching Highest Level Since 2016

Although new leasing fell by 1.6% during the third quarter of 2022 to 915,929 square feet (sf), year-to-date (YTD) leasing increased 28.0% from one year ago, with more than 3.4 million square feet (msf) transacted. Bergen County's Route 4 East and Morristown submarkets led leasing this quarter, making up 19.8% and 14.8% of the overall activity, respectively. Transactions less than 10,000 sf accounted for 38.3% of new leasing in the third quarter, followed by 19.1% for leases between 10,000 and 25,000 sf. Renewal activity was strong, reaching 510,544 sf for the quarter, which brought the YTD total to 1.1 msf. The largest renewal recorded this quarter belonged to Avis Budget Group, signing a 212,535-sf extension at 6 Sylvan Way in Parsippany.

SUPPLY & PRICING: Vacancy Ticks Upward from Q2 2022 while Rental Rates Increase Almost 2.0%

Northern New Jersey's vacancy trended downwards, dipping 60 bps YOY; however, compared to the previous quarter, vacancy was up 50 bps, rounding out the third quarter at 21.4%. The increase was due to five large blocks of space that returned to market, led by a 208,304-sf sublet that expired at 200 Plaza Drive in Secaucus. Other notable new vacancies included Goldman Sachs's addition of 145,343 sf at 30 Hudson Street in Jersey City and Biomet's 102,619-sf sublease at 399 Jefferson Road in Parsippany. Sublease vacant space remained elevated and accounted for 19.9% of total availabilities for the third quarter—an uptick of 20 bps from one year ago. Although vacancy rose from the prior quarter, average asking rates improved. The overall average asking rent increased by 1.7% QOQ to \$33.10 per square foot (psf). The Hudson Waterfront remained the most expensive submarket with an overall average asking rate of \$44.42 psf. All the other submarkets in Northern New Jersey stayed below \$32.00 psf. Class A overall average asking rates also increased by \$0.43 from the second quarter of 2022 to \$36.80 psf. Two of the higher-priced Class A submarkets included the Hudson Waterfront (\$44.73 psf) and Bergen Route 17 South Corridor (\$36.75 psf).

LEASING ACTIVITY BY QUARTER (2017-2022)**OVERALL VACANCY & ASKING RENT**

MARKETBEAT NORTHERN NEW JERSEY

Office Q3 2022



CUSHMAN &
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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	25,806,288	3,762,704	829,607	17.8%	-209,675	-292,496	1,004,763	0	\$27.98	\$30.51
Essex County	26,007,841	3,034,263	878,352	15.0%	-67,871	418,521	563,303	0	\$30.29	\$33.93
Hudson County	24,657,349	4,770,836	1,210,665	24.3%	-554,769	-548,619	655,406	0	\$43.10	\$43.83
Morris County	28,867,622	6,663,489	1,676,660	28.9%	-497,215	-320,403	1,057,562	120,000	\$29.03	\$31.48
Passaic County	5,340,140	720,259	116,761	15.7%	-25,104	-41,408	77,715	60,000	\$23.22	N/A
NORTHERN NJ TOTALS	110,679,240	18,951,551	4,712,045	21.4%	-1,354,634	-784,405	3,358,749	180,000	\$33.10	\$36.80
SELECTED SUBMARKETS										
Hudson Waterfront	21,290,044	4,034,271	1,146,301	24.3%	-288,943	-502,037	559,975	0	\$44.42	\$44.73
Newark	14,498,997	1,677,603	734,231	16.6%	17,401	-9,527	198,336	0	\$31.39	\$35.97
Parsippany	12,191,017	3,354,191	861,589	34.6%	-297,748	-361,071	457,219	0	\$28.21	\$30.85
Route 10/24 Corridor	9,272,520	1,769,605	615,078	25.7%	-160,803	77,989	160,540	0	\$30.43	\$32.50
Essex Rt. 280 Corridor	7,810,781	936,744	16,486	12.2%	35,672	189,463	264,485	0	\$30.31	\$31.58
Meadowlands	6,350,647	1,123,987	228,844	21.3%	-264,473	-69,184	199,072	0	\$28.26	\$31.01
Morristown	5,593,406	1,053,465	183,329	22.1%	-35,804	26,857	367,960	120,000	\$31.84	\$33.89

*Leasing activity does not include renewals

KEY LEASE TRANSACTIONS Q3 2022

PROPERTY	SF	TENANT	TRANSACTION TYPE	SUBMARKET
6 Sylvan Way, Parsippany	212,535	Avis Budget Group	Renewal*	Parsippany
445 South Street, Morris Township	55,188	Travelers Insurance	Renewal*	Morristown
340 Mount Kemble Avenue, Morris Township	53,295	Zelis	New Lease	Morristown
2 Gatehall Drive, Parsippany	43,138	Siemens	New Lease	Parsippany
412 Mount Kemble Avenue, Morris Township	42,860	Siemens	Sublease	Morristown

*Renewals not included in leasing statistics

KEY SALES TRANSACTIONS Q3 2022

PROPERTY	SF	SELLER/BUYER	PRICE/\$PSF
520 Broad Street, Newark	484,000	Rafael Holdings, Inc. / The Sinai Equity Group	\$ 49.4M / \$102
9 Sylvan Way, Parsippany	56,640	Gladstone Commercial Corporation / Cardinal Point Real Estate LLC	\$ 6.0M / \$106
23-00 Route 208, Fair Lawn	28,000	Stonegate Realty / TYH Acquisitions LLC	\$ 5.6M / \$200
150 Smith Road, Parsippany	19,569	Francis Holdings Co., LLC / Iryna Hevko	\$ 4.5M / \$228
21 Philips Parkway, Montvale	15,200	Ridgecrest Realty Associates, Inc. / 21 Philips Parkway LLC	\$ 2.7M / \$174

JOHN OBEID

Senior Research Manager, New Jersey

Tel: +1 201 351 0885

john.obeid@cushwake.com

KRISTEN COSTANZA

Senior Research Analyst, New Jersey

Tel: +1 201 268 3739

kristen.costanza@cushwake.com

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