

Northern New Jersey Industrial Market Overview

Market Observations

Economy

- Year-over-year payroll employment rose 1.5%, led by gains in the health and education, services and government sectors. New Jersey's unemployment rate declined by 50 basis points year-over-year to 4.3% in February 2025 but has remained above the national average of 4.1% since May 2023.
- Education and health led all industries in Northern New Jersey, posting 4.9% annual job growth. Industrial-occupying industries recorded year-over-year job gains in trade, transportation, utilities and manufacturing, while the construction sector contracted by 3.8%.
- Firms in trade, transportation, utilities and manufacturing are adjusting to current economic conditions and shifting consumer demand by recalibrating labor strategies. However, competition for talent remains a challenge for many occupiers in the market.

Major Transactions

- Distribution Management Group's 409,792 SF renewal was the largest deal of the first quarter of 2025.
- Nestlé leased 405,256 SF at 1115 W Middlesex Avenue in Port Reading.
- Shaw Industries signed a 338,721 SF lease at 30 Sigle Lane in Dayton.
- Chinese 3PL HYTX Logistics secured 332,635 SF at 100 Linden Logistics Way in Linden.
- Pedowitz Machinery Movers of NJ leased 320,994 SF at 111 Cokesbury Road in Lebanon.



Leasing Market Fundamentals

- The vacancy rate rose by 30 basis points quarter-over-quarter to 5.9% in the first quarter of 2025. Northern New Jersey currently sits 90 basis points below the twenty-year trendline of 6.8%. Net absorption registered at 582,000 SF, even as industrial leasing activity settled into a more measured pace.
- Industrial leasing totaled 6.6 MSF in the first quarter of 2025, following a strong second half of 2024 that reached over 9.1 million SF. The slowdown reflects a more cautious approach from occupiers amid growing economic uncertainty. While some tenants are delaying decisions due to ongoing market and trade volatility, Chinese 3PLs have remained active in leasing so far in 2025.
- Despite the overall moderation in activity, Class A warehouse leasing accounted for 49.2% of total leasing volume year to date.

Outlook

- Continued volatility in pricing and vacancy is likely until growth in the sublease market begins to slow.
- Tenant move-outs will contribute to elevated vacancy levels, with the Northern New Jersey market needing time to absorb the excess space.
- The current under-construction pipeline poses a risk for further vacancy increases, as approximately 92% of speculative development remains available.
- Ongoing uncertainty around new tariff policies is adding to volatility across the Northern New Jersey industrial market.

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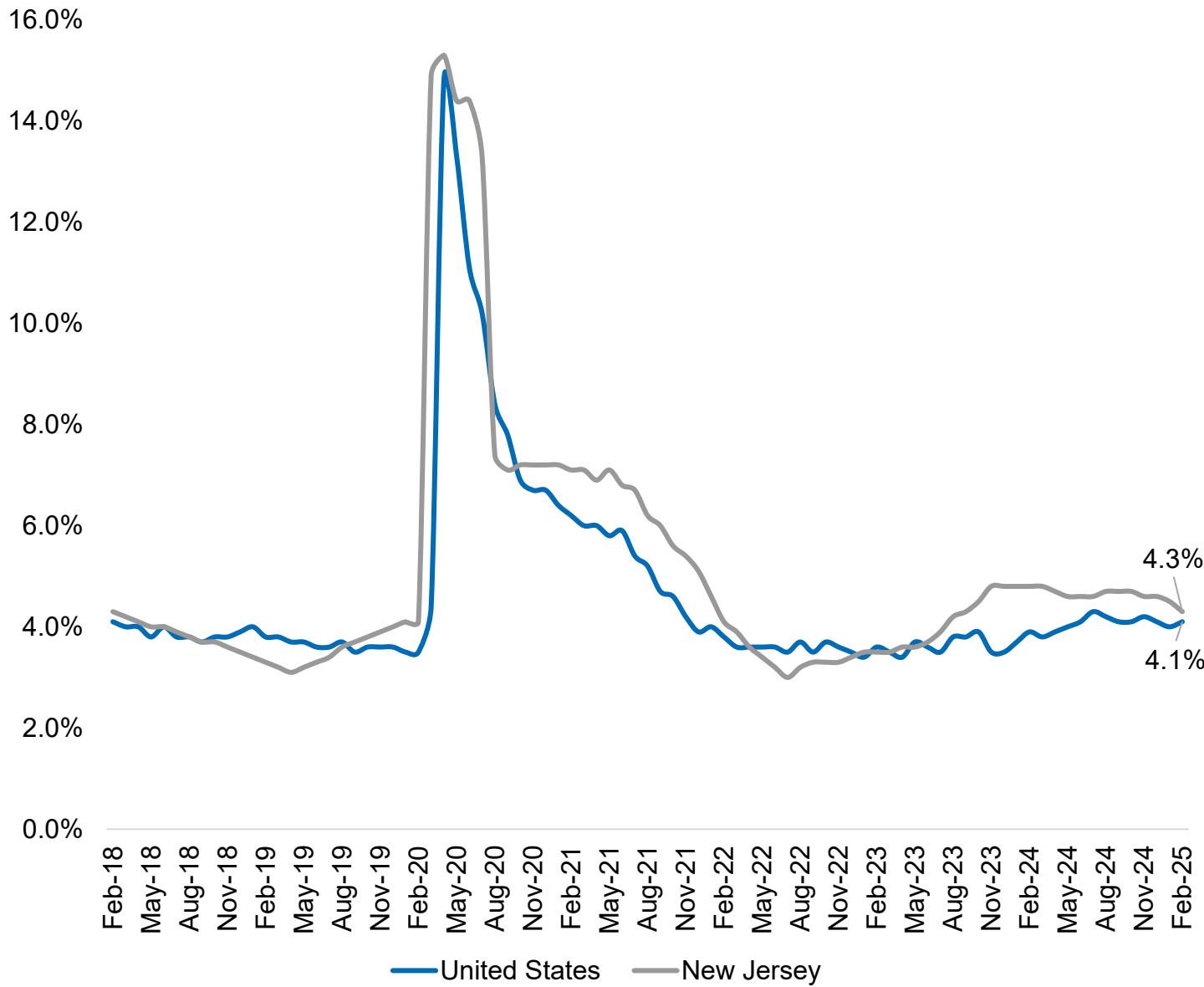
Economy



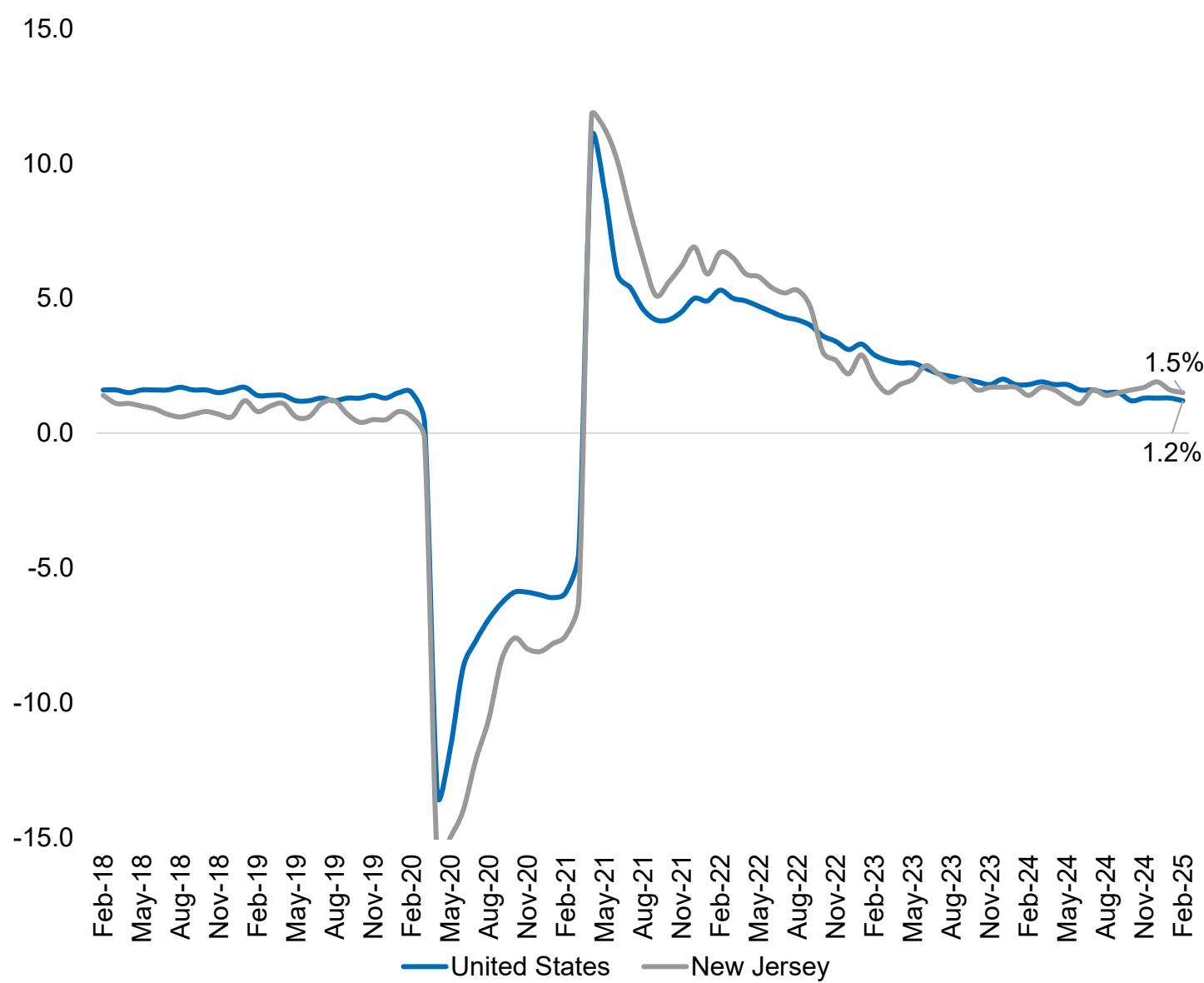
Metro Employment Trends Upward

Year-over-year payroll employment rose 1.5%, led by gains in the health and education, services and government sectors. New Jersey's unemployment rate declined by 50 basis points year-over-year to 4.3% in February 2025 but has remained above the national average of 4.1% since May 2023.

Unemployment Rate, Seasonally Adjusted



Nonfarm Payroll Employment, Non-Seasonally Adjusted, 12-Month % Change

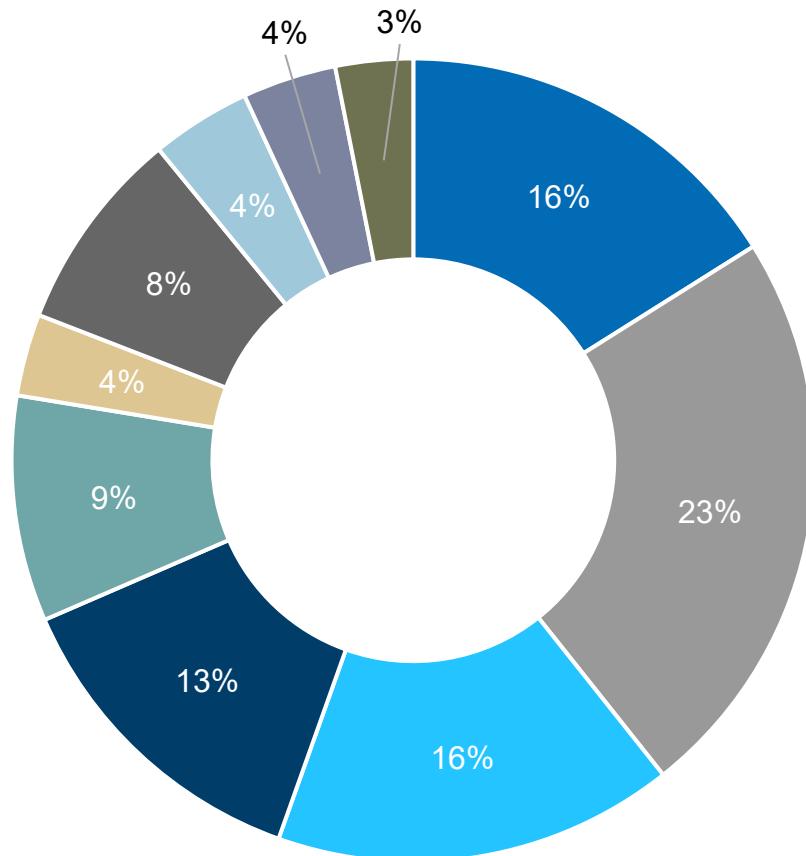


Source: U.S. Bureau of Labor Statistics, New Jersey

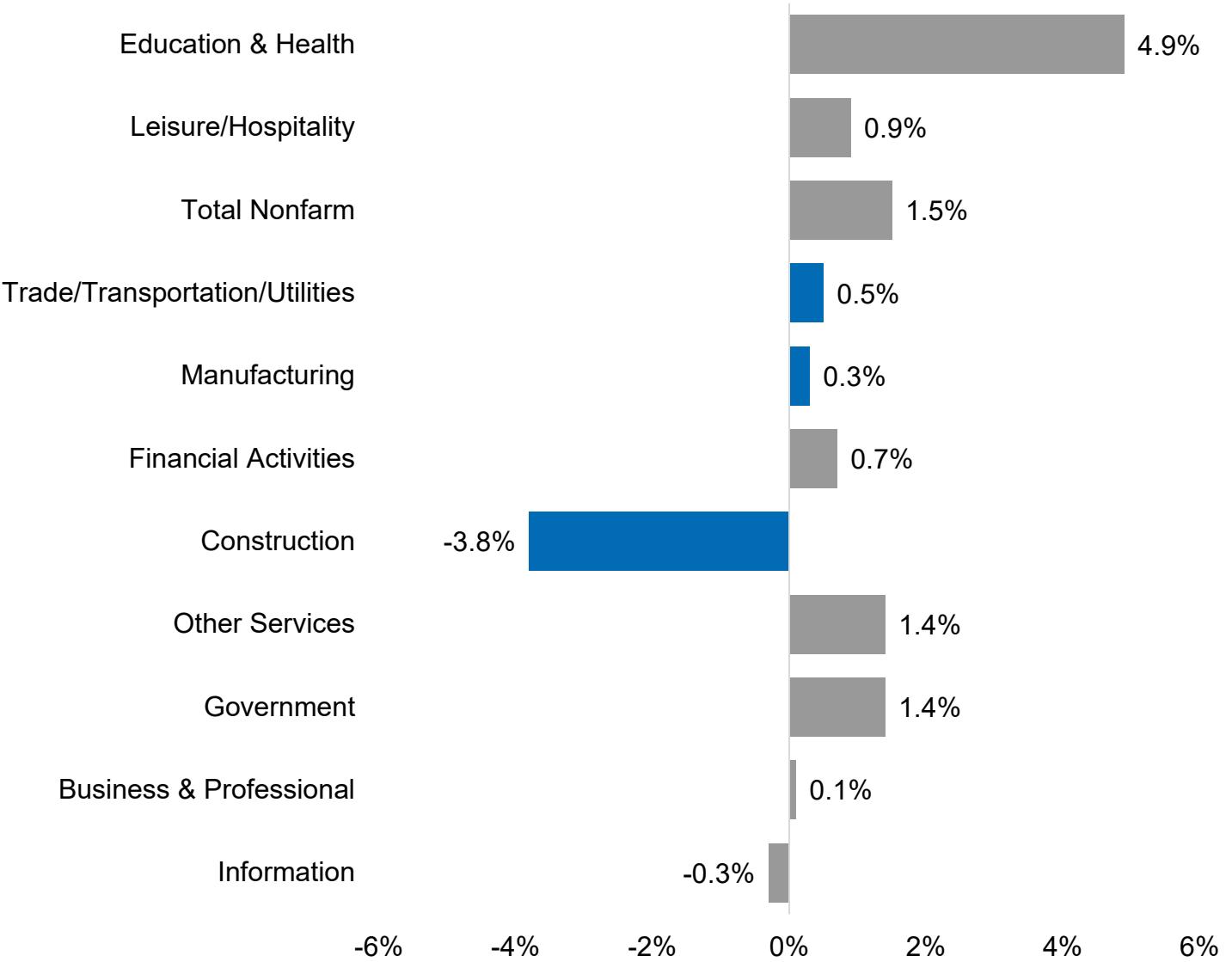
Industrial Employment Posts Year-Over-Year Gains

Education and health led all industries in Northern New Jersey, posting 4.9% annual job growth. Industrial-occupying industries recorded year-over-year gains in trade, transportation, utilities and manufacturing, while the construction sector contracted by 3.8%.

Employment by Industry, February 2025



Employment Growth by Industry, 12-Month % Change, February 2025

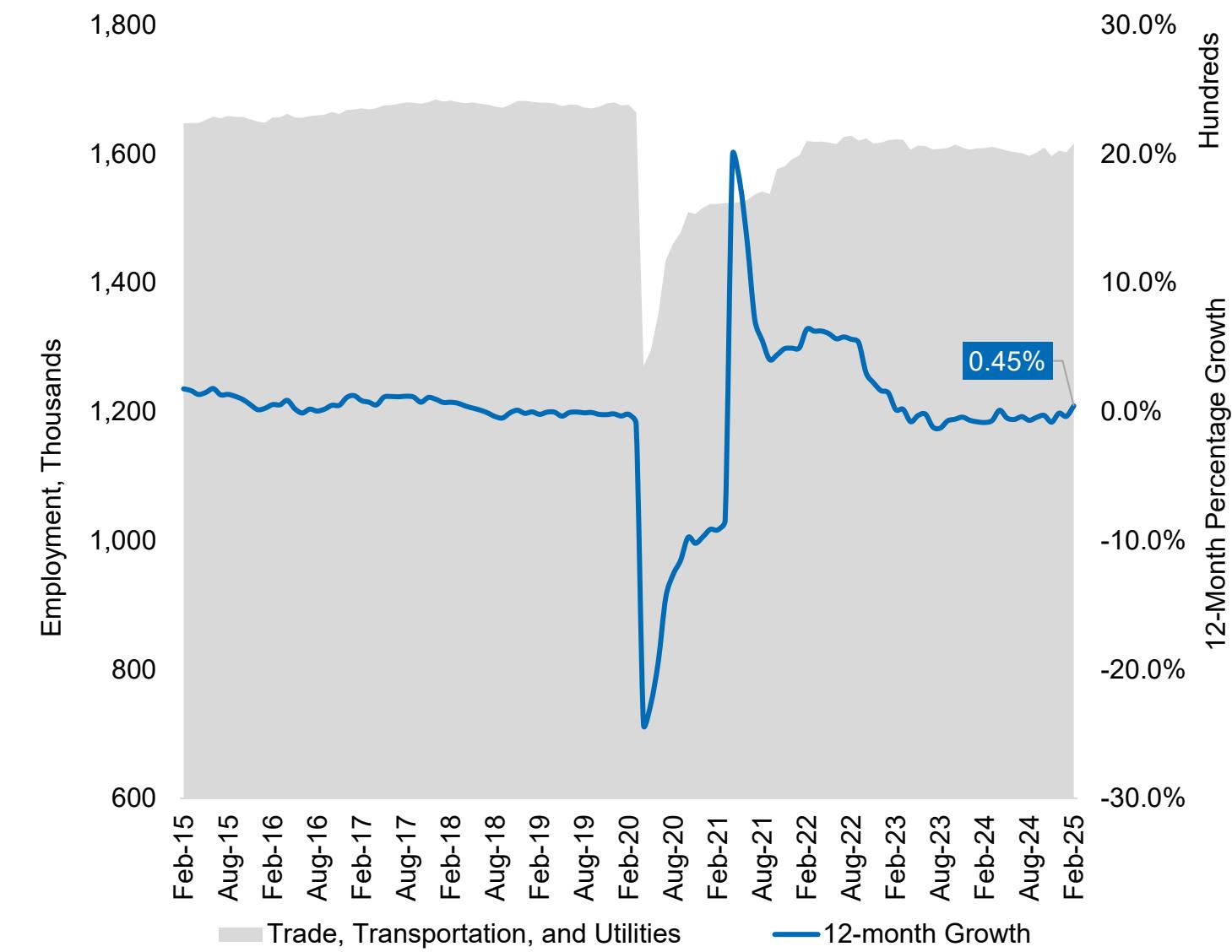


Source: U.S. Bureau of Labor Statistics, New Jersey

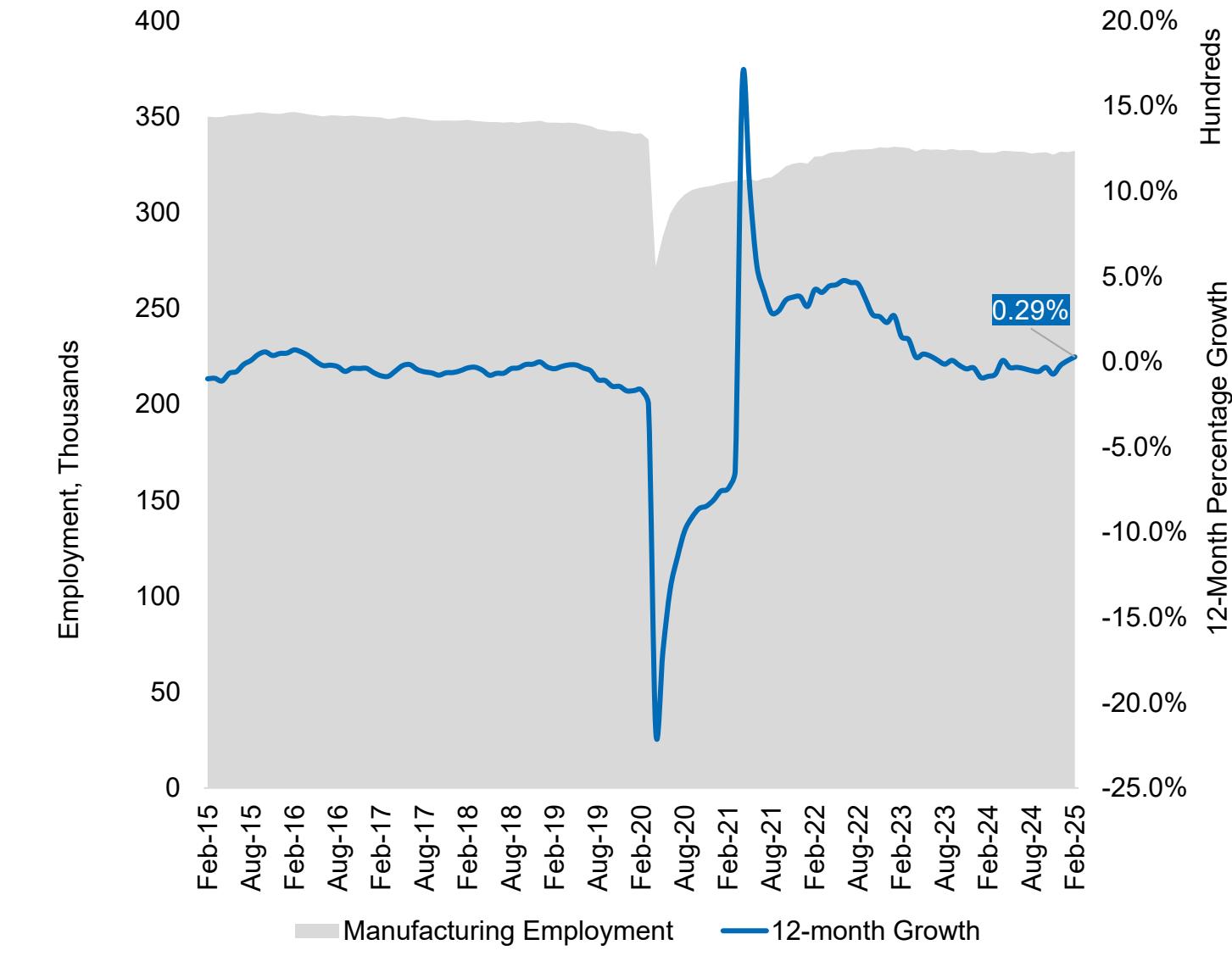
Industrial Employment Growth

Trade, transportation, utilities and manufacturing firms are adapting to the economic climate and evolving consumer demand by recalibrating their labor strategies. However, competition for talent remains a challenge for many occupiers in the market. Industrial-occupying industries recorded year-over-year job gains in trade, transportation, utilities and manufacturing, while the construction sector contracted by 3.8%.

Total Employment and 12-Month Growth Rate, Trade/Transportation/Utilities



Total Employment and 12-Month Growth Rate, Manufacturing



Source: U.S. Bureau of Labor Statistics, New Jersey

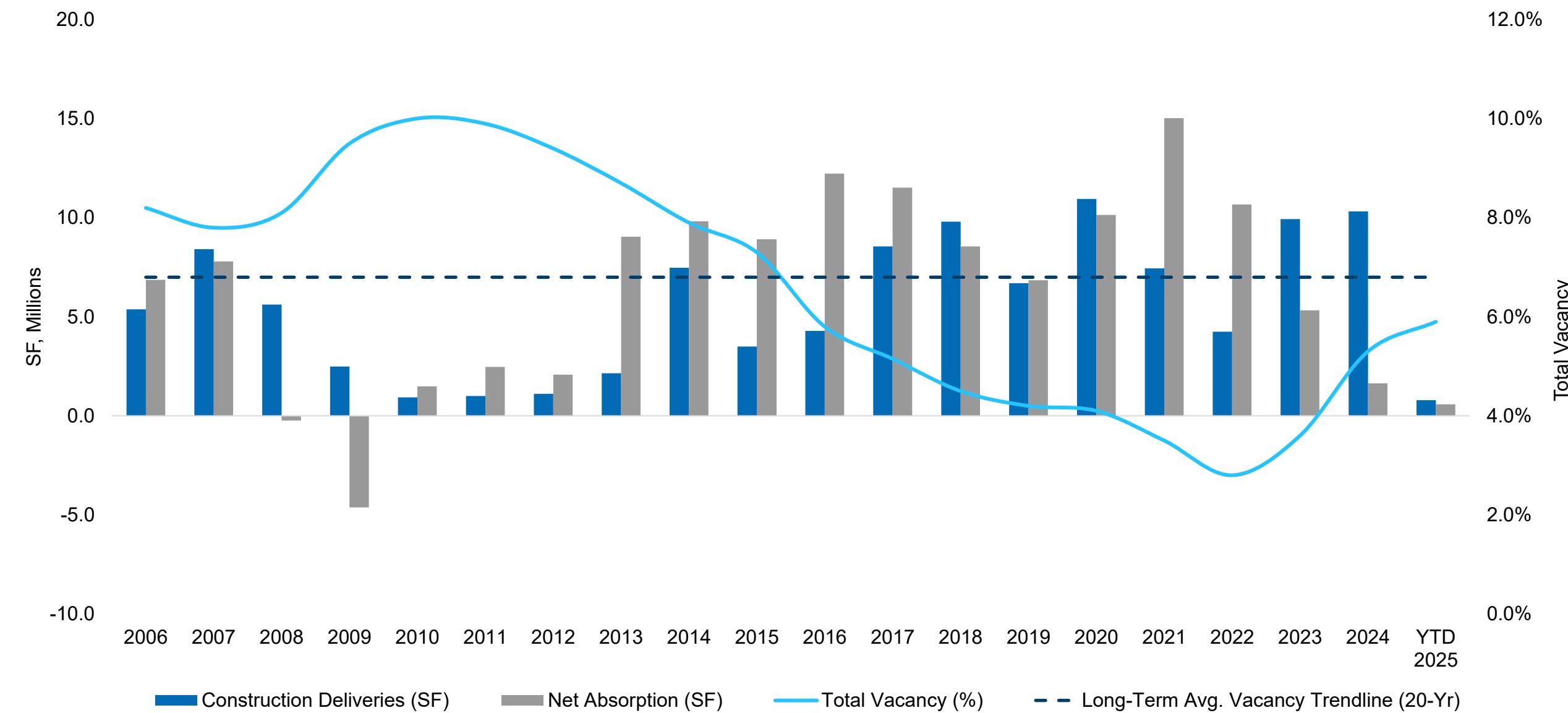
Leasing Market Fundamentals



Vacancy Continues To Rise

The vacancy rate rose by 30 basis points quarter-over-quarter to 5.9% in the first quarter of 2025. Northern New Jersey currently sits 90 basis points below the twenty-year trendline of 6.8%. Net absorption registered at 582,000 SF, even as industrial leasing activity moderated, totaling 6.6 MSF—down from 9.1 MSF in the previous quarter.

Historical Construction Deliveries, Net Absorption, and Vacancy

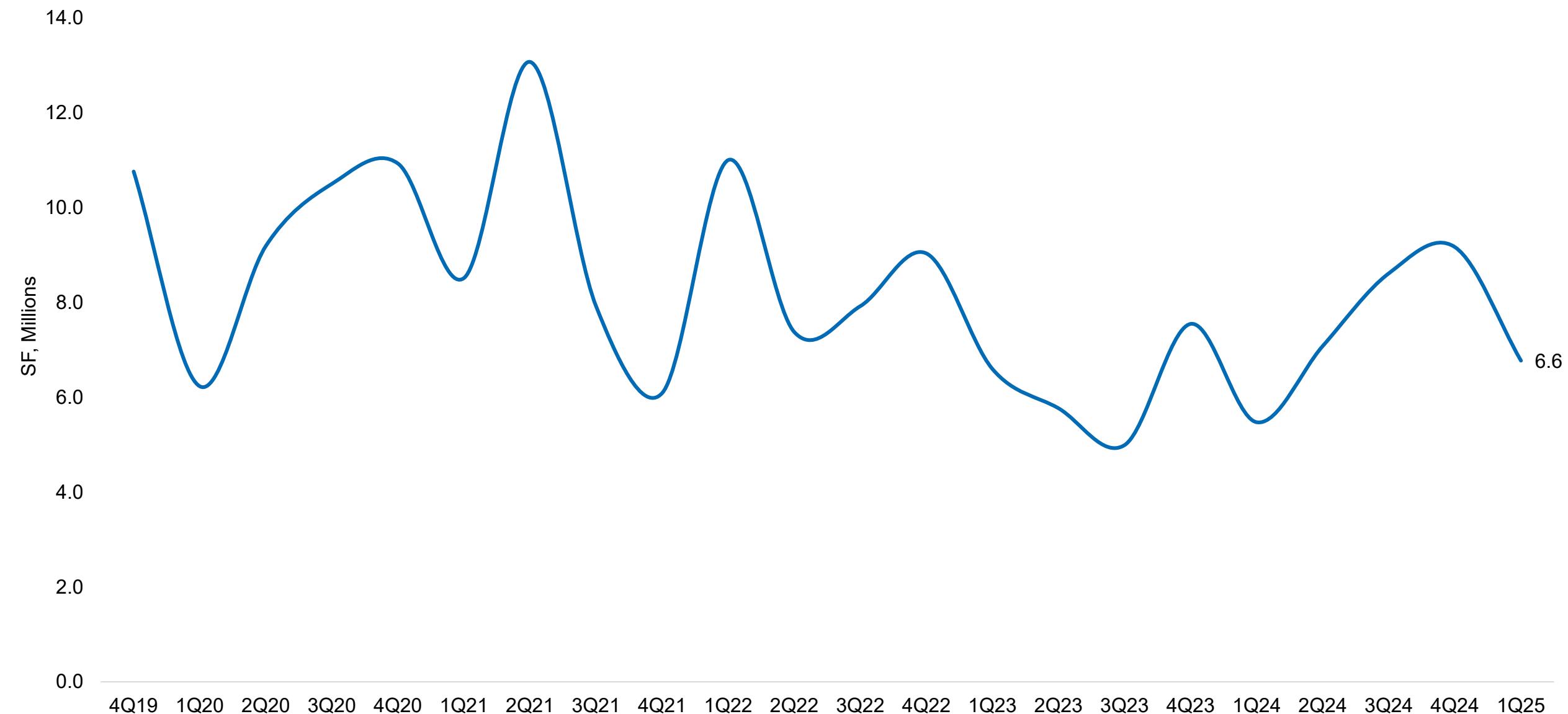


Source: Newmark Research

Industrial Leasing Activity Slows

Industrial leasing activity slowed in the first quarter of 2025, totaling 6.6 MSF after surging to over 9.1 MSF in the fourth quarter of 2024. The deceleration reflects a more cautious approach from occupiers amid rising economic uncertainty. While some are pausing decisions due to market and trade volatility, Chinese 3PLs remain active. HYTX Logistics signed one of the largest leases in Linden/Elizabeth, with JingStar and YunExpress also securing sizable blocks.

Total Leasing Activity (SF)

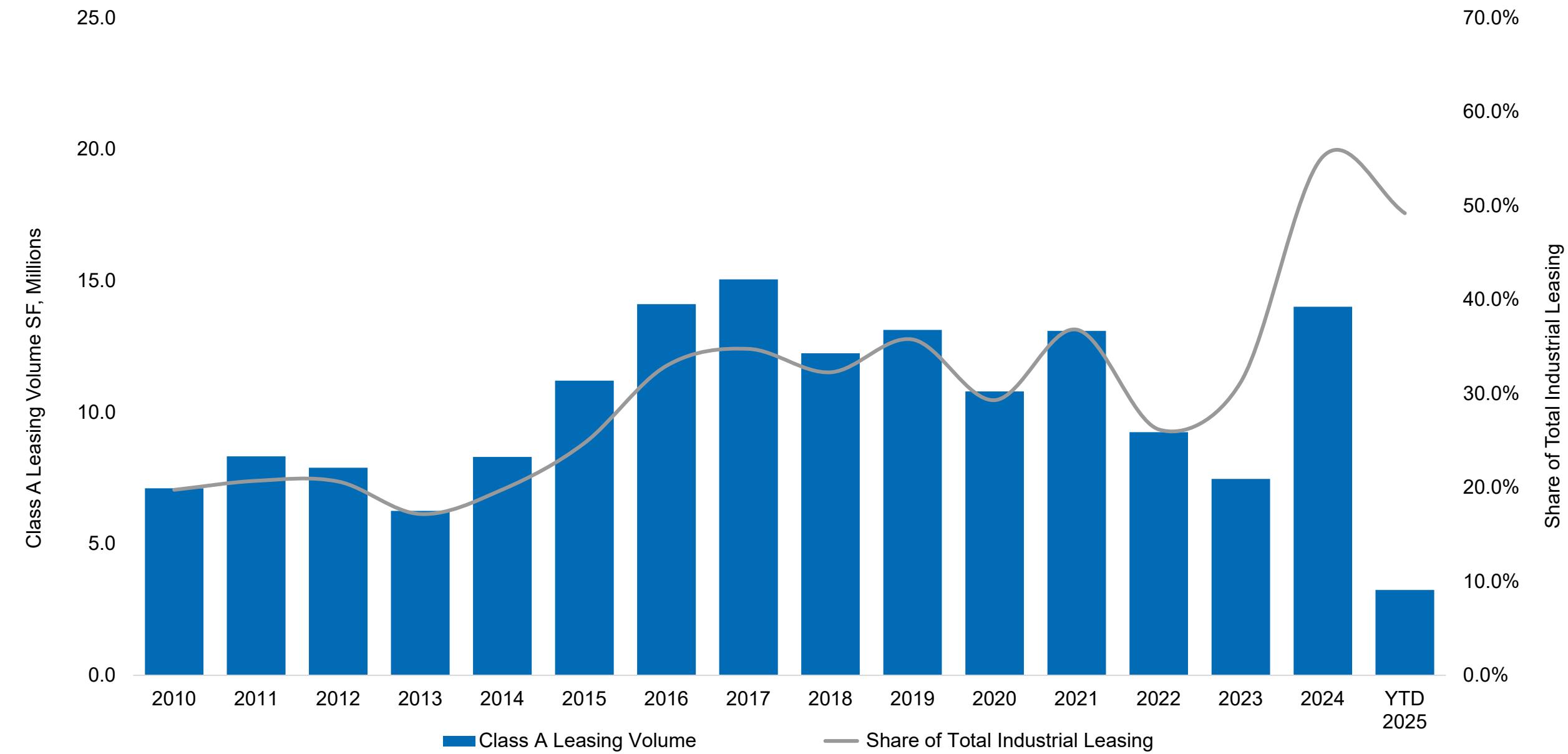


Source: Newmark Research, CoStar

Class A Warehouse Leasing Activity

Despite a more moderate pace of leasing in the first quarter of 2025, Class A warehouse space accounted for 49.2% of total leasing volume year to date. Well-located, recently delivered Class A properties remain in demand, continuing to post positive net absorption despite broader market headwinds.

Industrial Class A Leasing Volume and Percentage of Total Industrial Leasing Volume

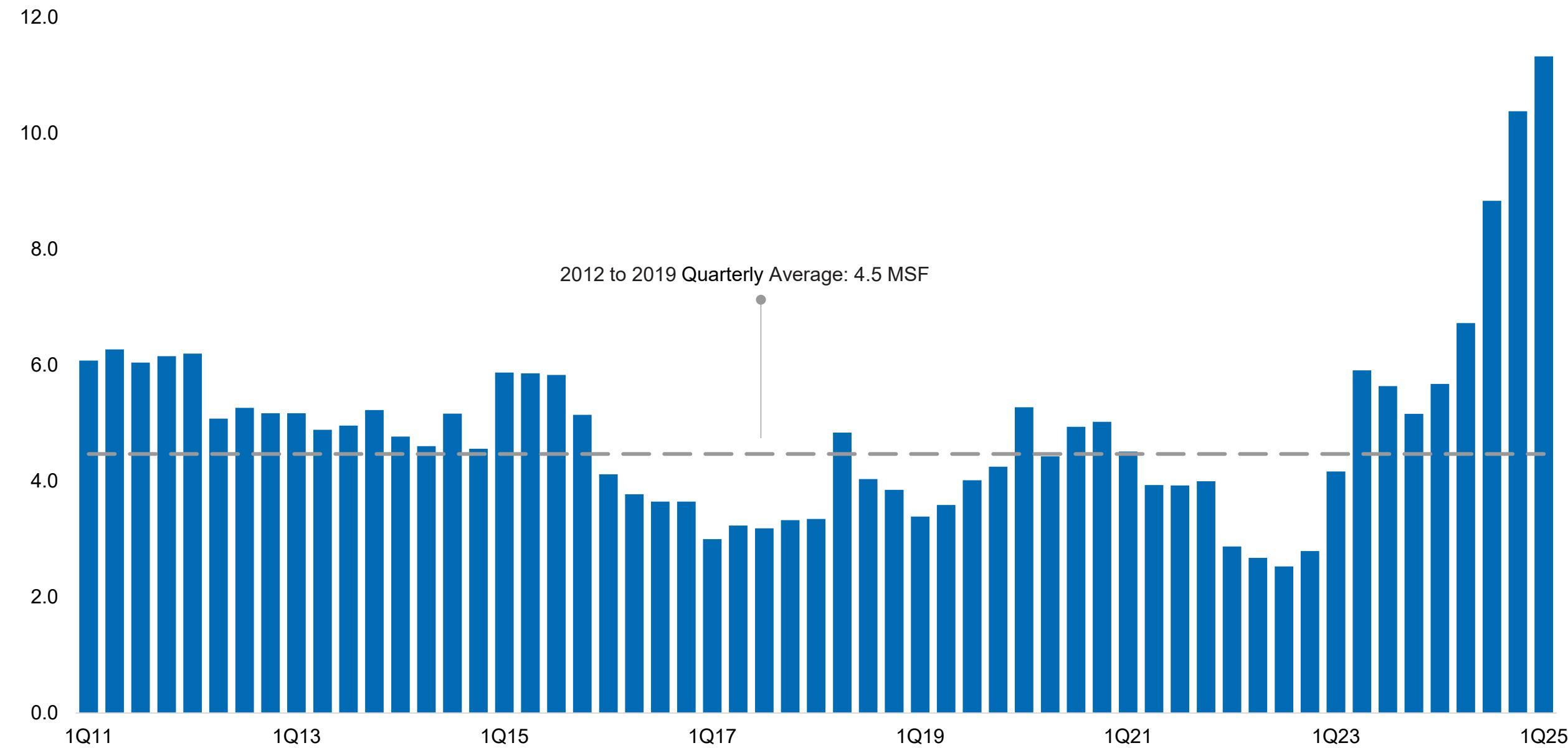


Source: Newmark Research, CoStar

Industrial Sublease Availability At New High

Sublease availability reached 11.3 MSF at the close of the first quarter of 2025, marking a 9.7% quarter-over-quarter increase. In response to shifting economic conditions, many companies are looking to reduce costs through space consolidation and supply chain optimization, resulting in more underutilized space being offered for sublease.

Available Industrial Sublease Volume (MSF)

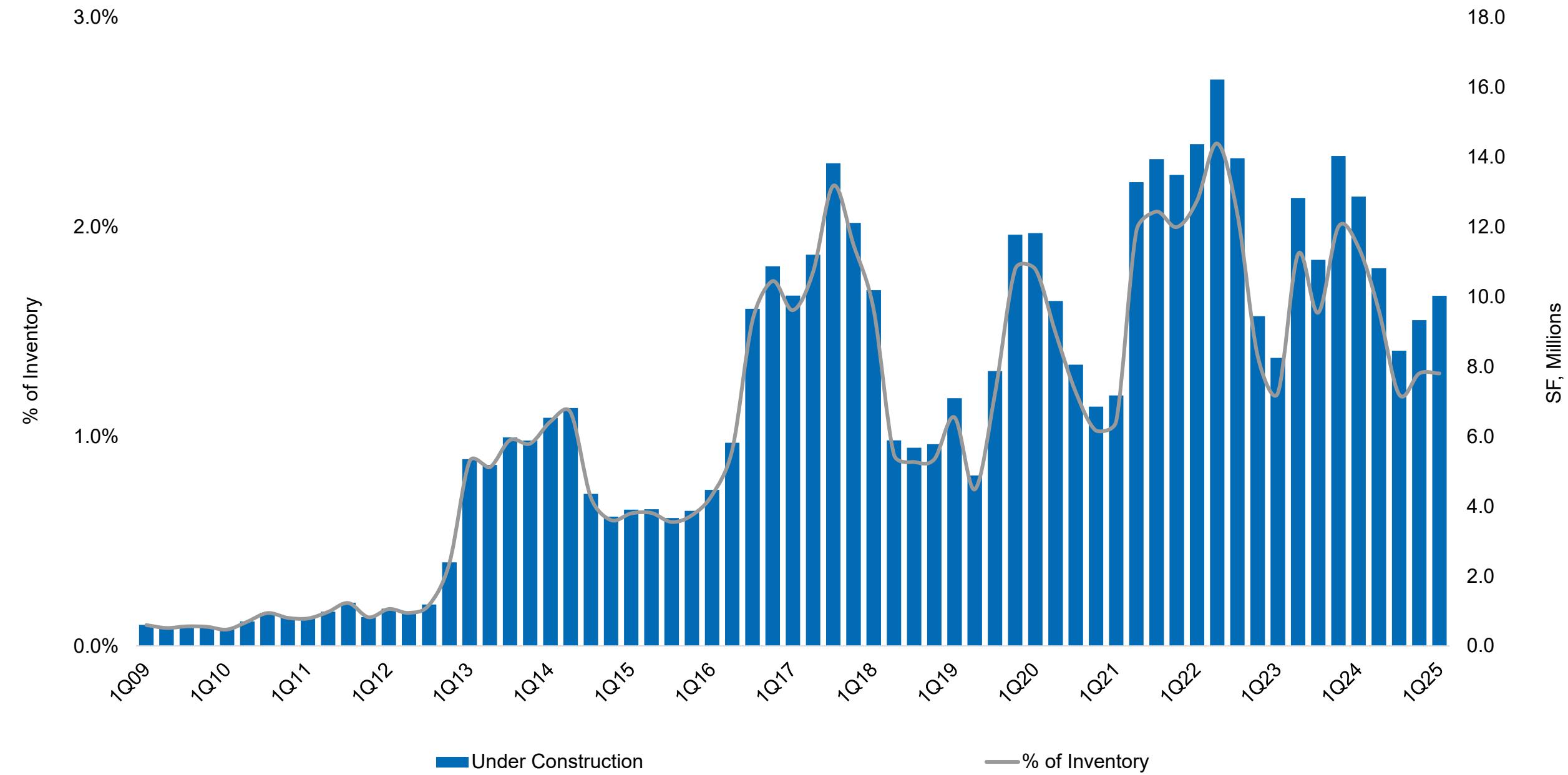


Source: Newmark Research, CoStar

Industrial Deliveries Slow

The construction pipeline declined over the past year, with completions falling to 787,304 SF—the lowest since 2017. Pre-leasing in build-to-suit projects has increased, helping reduce vacancy risk. As developers shift away from speculative construction—over 90% of which remains available—the market is better positioned for occupancy gains in 2025.

Industrial Under Construction and % of Inventory

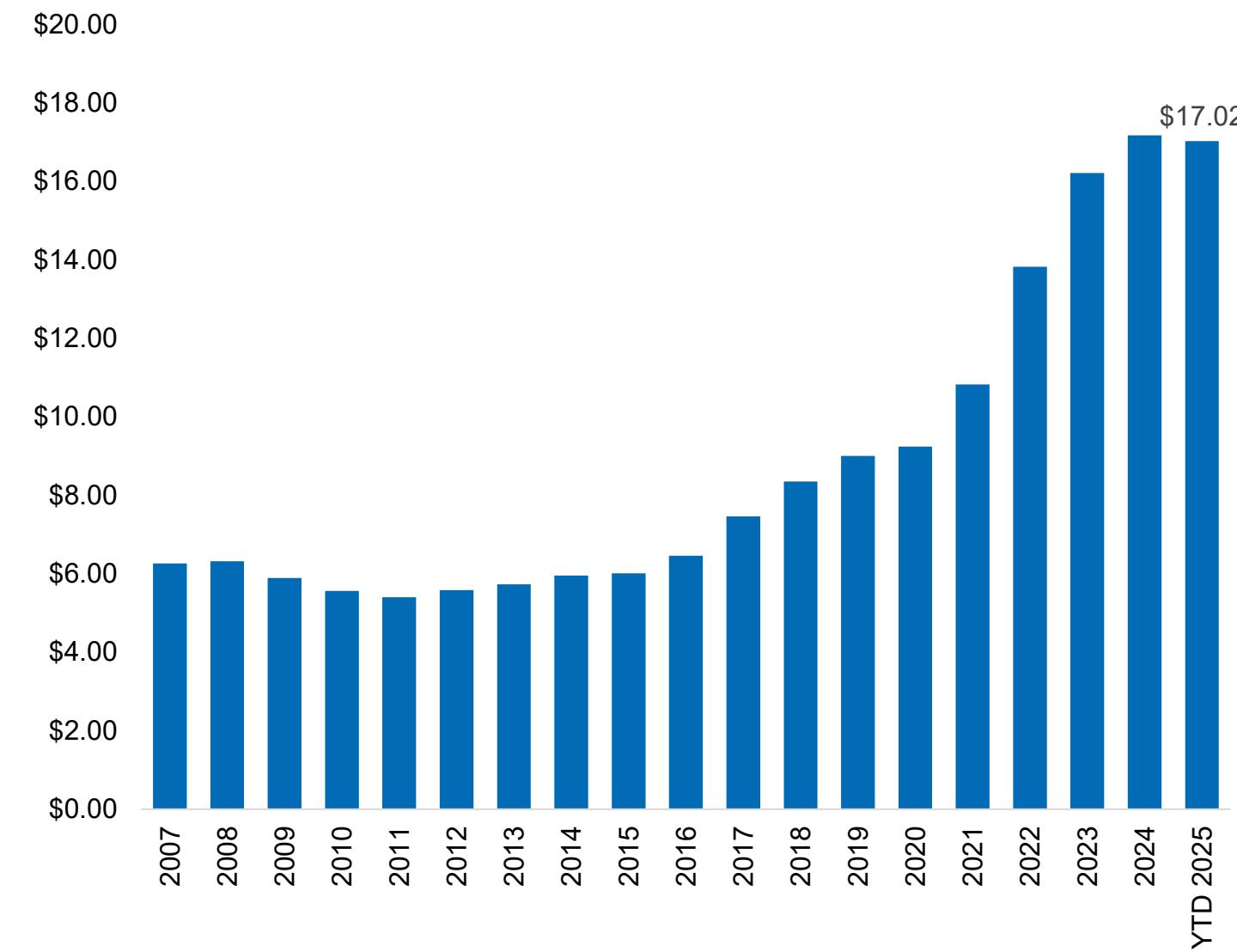


Source: Newmark Research, CoStar

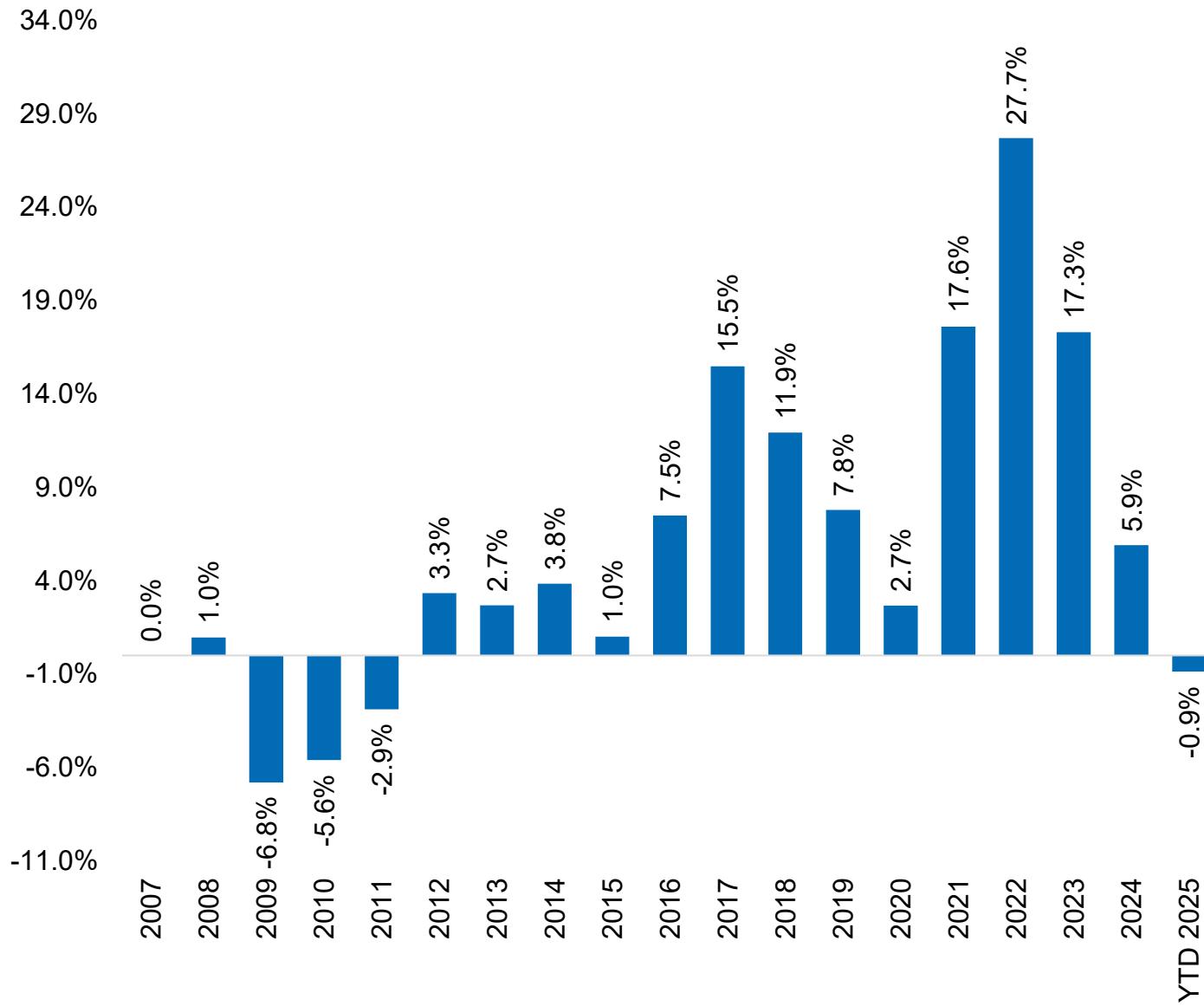
Industrial Asking Rents Decline

Industrial average asking rents in Northern and Central New Jersey declined quarter-over-quarter to \$17.02/SF in the first quarter of 2025. Year-over-year, rents rose 0.5%, signaling a shift from the rapid growth seen from 2021 to 2023. This marks the first quarterly decline after 24 consecutive increases, with rents expected to stabilize following an all-time high at the end of 2024.

Industrial Average Asking Rent, \$/SF, NNN



Year-over-Year Asking Rent Growth Rate % Change



Source: Newmark Research, CoStar

Notable 1Q25 Lease Transactions

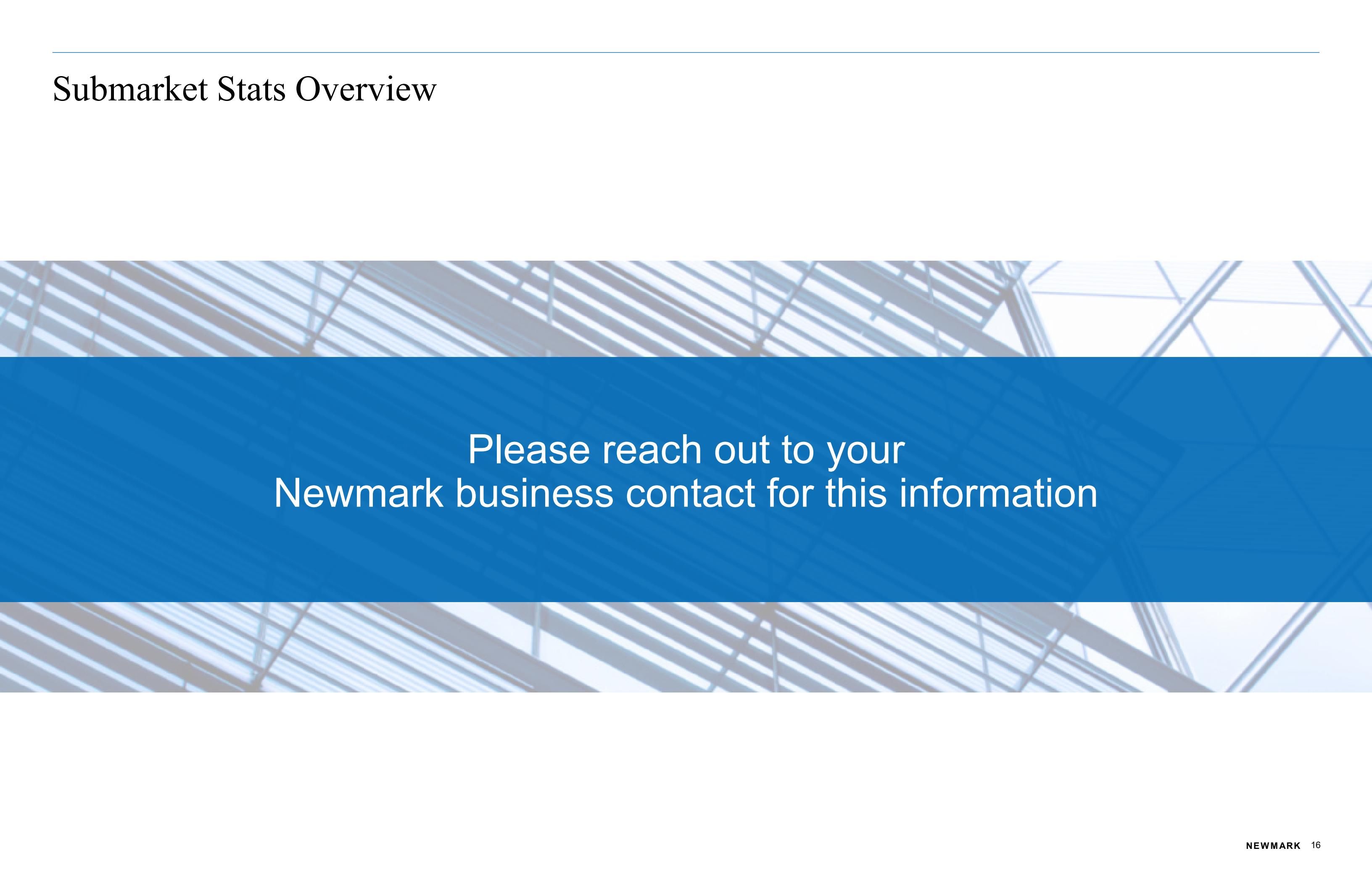
Industrial leasing activity eased in the first quarter of 2025, totaling 6.6 MSF after surging to over 9.1 MSF in the fourth quarter of 2024. While some occupiers are delaying decisions amid market and trade uncertainty, Chinese 3PLs remain active. HYTX Logistics signed one of the quarter's largest leases in Linden/Elizabeth, with JingStar and YunExpress also securing sizable blocks.

Select Lease Transactions

Tenant	Building	Submarket	Type	Square Feet
Distribution Management Group	201-207 Meadow Road	Exit 10	Direct Renewal	409,792
<i>Distribution Management Group's 409,792 SF renewal was the largest deal during the first quarter of 2025.</i>				
Nestle	1115 W Middlesex Avenue	Exit 12	Direct New	405,256
<i>Nestle leased 405,256 SF at 1115 W Middlesex Avenue in Port Reading.</i>				
Shaw Industries	30 Sigle Lane	Exit 8A	Direct New	338,721
<i>Shaw Industries signed a lease for 338,721 SF at 30 Sigle Lane in Dayton.</i>				
HYTX Logistics	100 Linden Logistics Way	Linden/Elizabeth	Direct New	332,635
<i>The Chinese 3PL company HYTX Logistics leased 332,635 SF at 100 Linden Logistics Way in Linden.</i>				
Pedowitz Machinery Movers of NJ	111 Cokesbury Road	Western I-78 Corridor	Direct New	320,994
<i>Pedowitz Machinery Movers of NJ leased 320,994 SF at 111 Cokesbury Road in Lebanon.</i>				

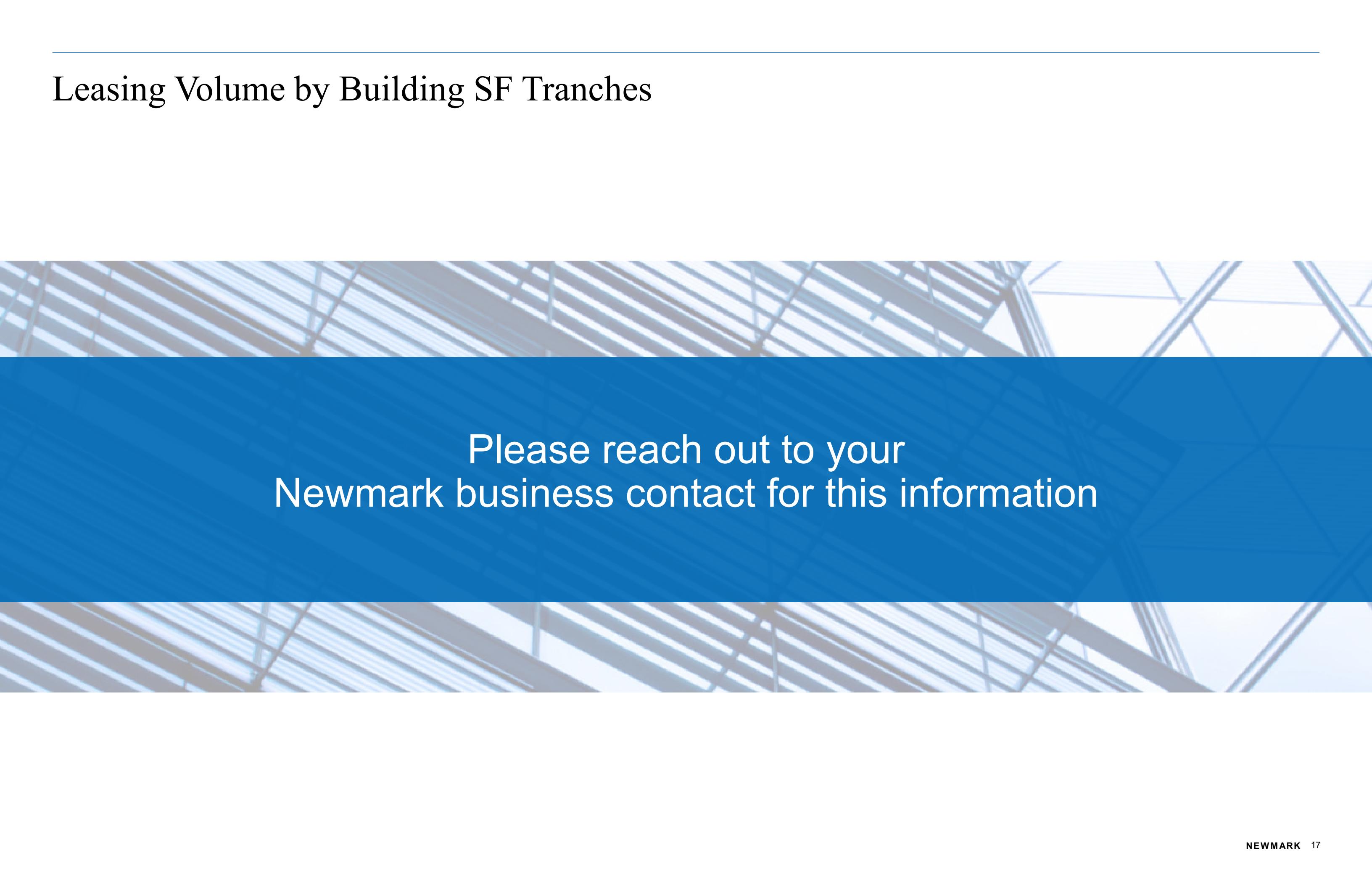
Source: Newmark Research

Submarket Stats Overview



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Leasing Volume by Building SF Tranches



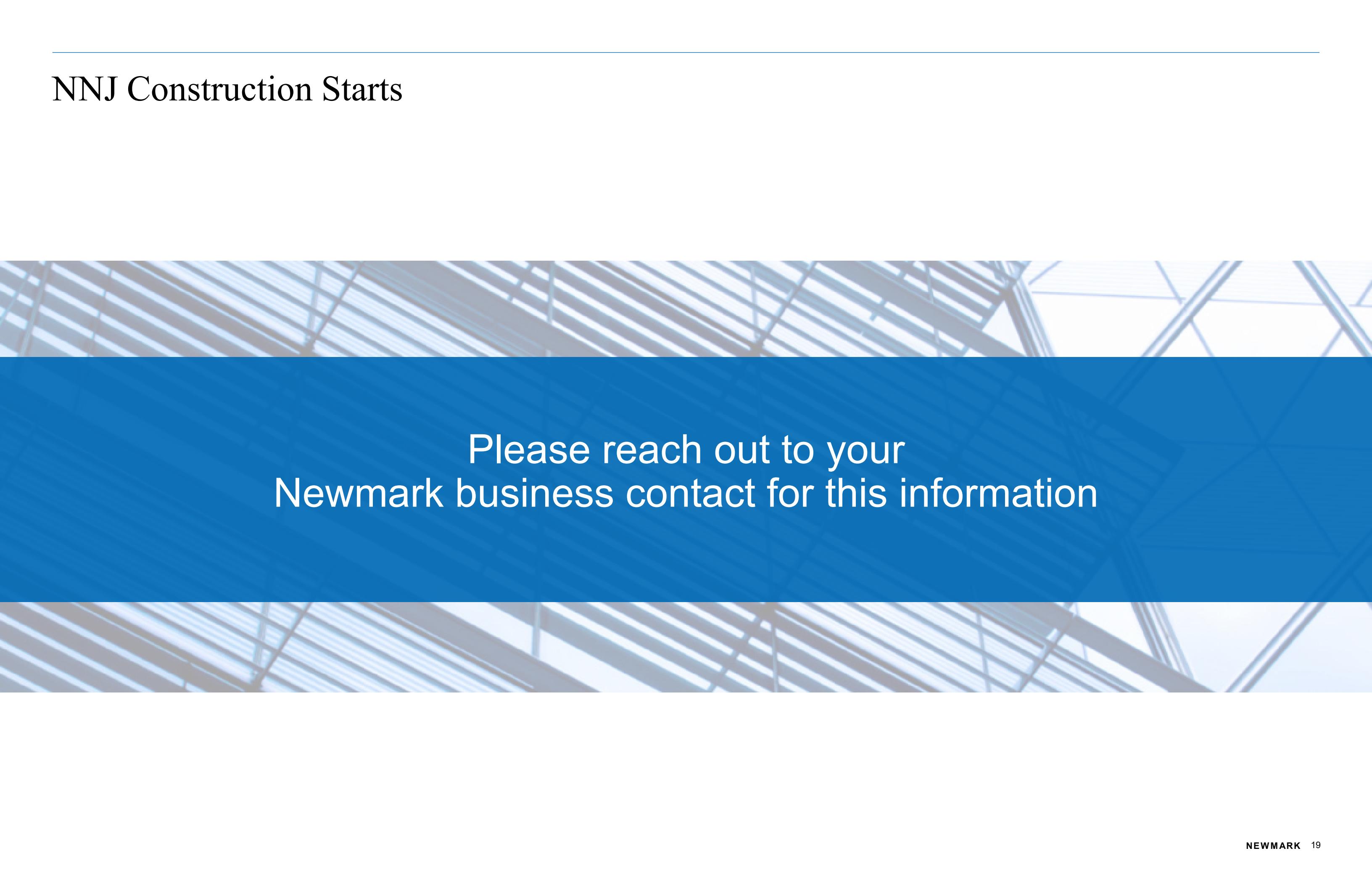
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Warehouse Development



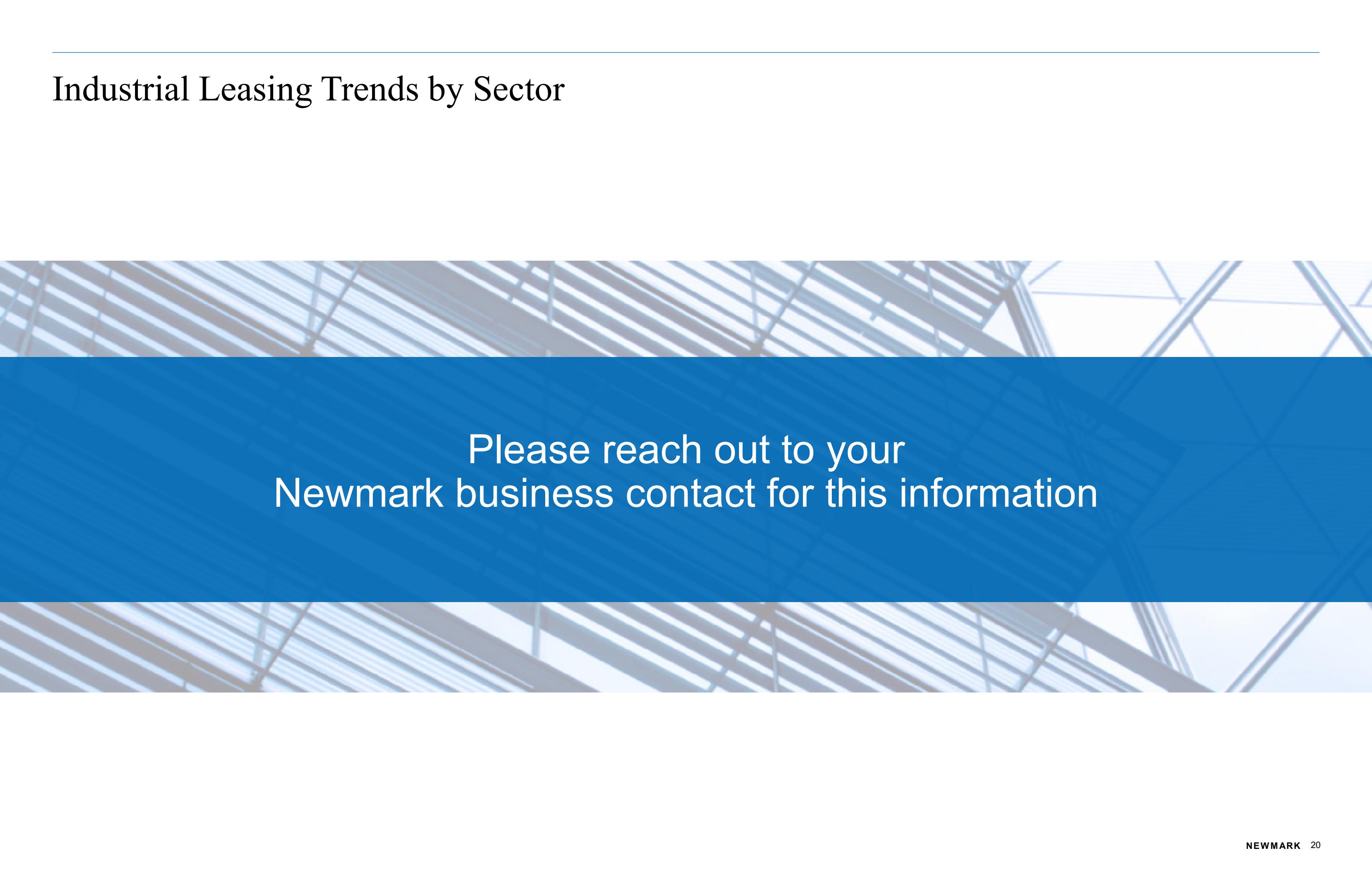
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NNJ Construction Starts



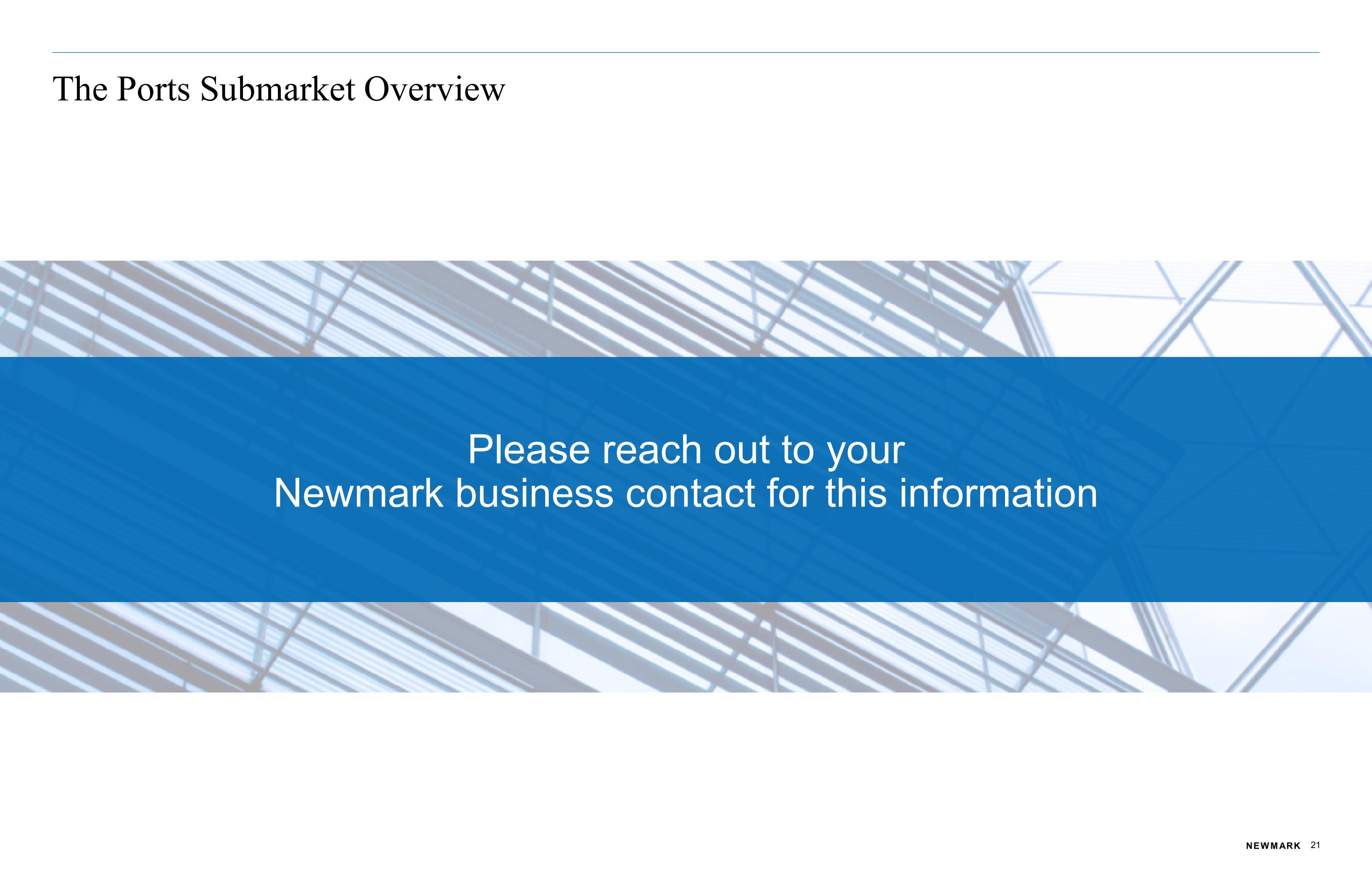
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Industrial Leasing Trends by Sector



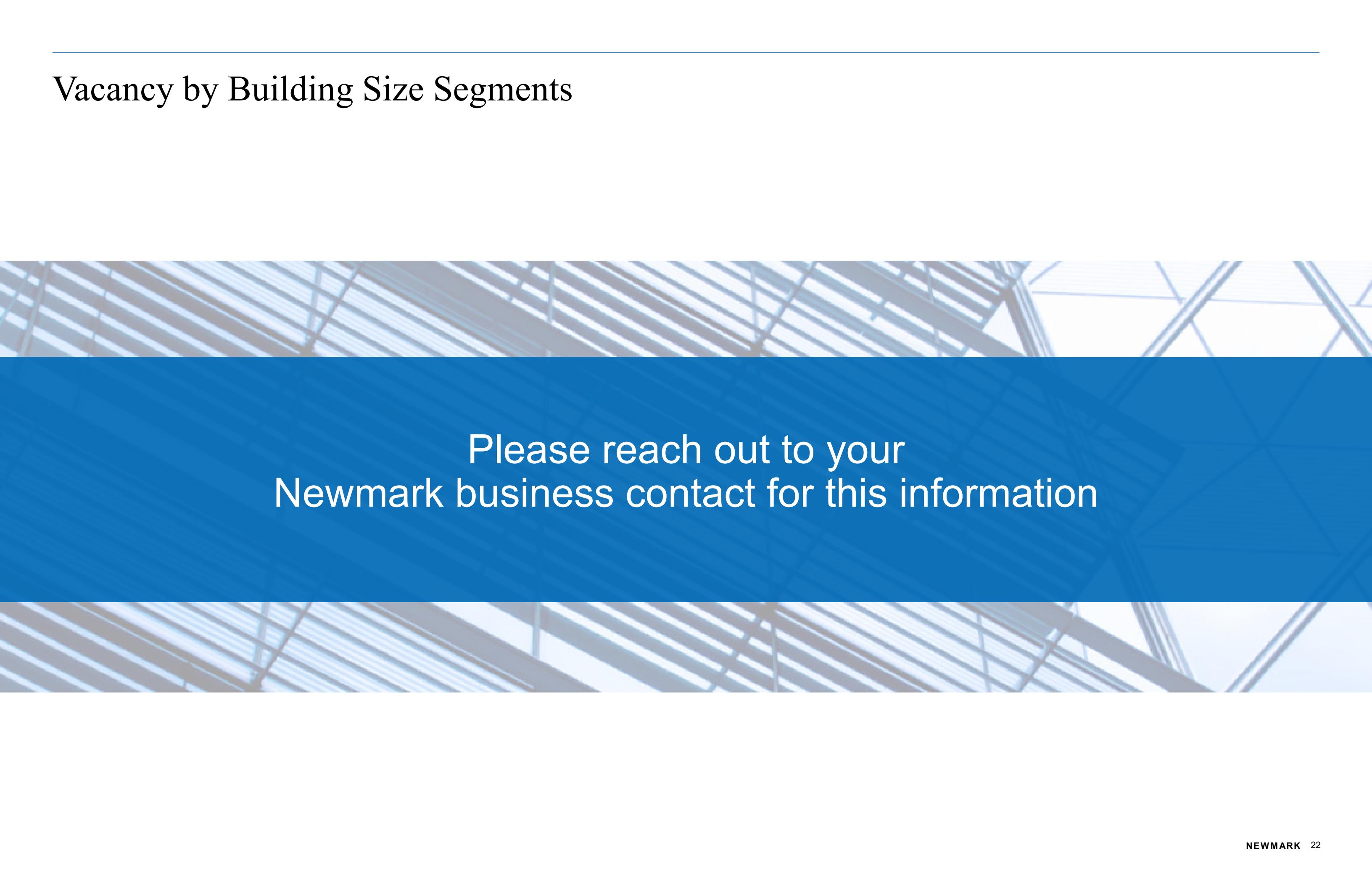
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The Ports Submarket Overview



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Vacancy by Building Size Segments



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