

Northern New Jersey Office Market Overview

Market Observations

Economy

- Year-over-year payroll employment rose 1.5%, led by gains in the Health & Education, Services and Government sectors. New Jersey's unemployment rate declined 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, recording 4.9% annual job growth. Office-occupying industries posted a 0.3% gain in the February 2025 figures. The Financial Activities and Business & Professional Services sectors recorded growth, while the Information sector posted a slight decline of 0.3%.
- Both office-using and overall employment registered net positive gains in the February 2025 report. Most employment sectors posted increases, and the financial sector is positioned for potential growth in the coming quarters, supported by recent interest rate cuts that may stimulate hiring.

Major Transactions

- MetLife's 180,859 SF new deal at 400 Warren Corporate Center in Warren marked the largest transaction of the first quarter of 2025.
- BlackRock Inc. renewed its 175,200 SF lease at 1 University Square Drive in Princeton.
- Tapestry completed a 105,527 SF renewal at 5901 West Side Avenue in North Bergen.
- Audible Inc. signed a 10-year, 74,100 SF new lease at 33 Washington Street in Newark.



Leasing Market Fundamentals

- The Northern New Jersey office market recorded a 30-basis-point quarter-over-quarter decline in vacancy, falling to 18.8%, supported by moderate leasing activity and steady tenant demand. Occupiers continue to favor newer, recently upgraded buildings.
- Leasing activity surged in 2024, surpassing 10.3 MSF—the highest annual total in five years. Activity moderated in the first quarter of 2025, with approximately 2.3 MSF leased. Top-tier assets remain in demand, highlighted by BlackRock Inc.'s 175,200 SF renewal at 1 University Square Drive in Princeton.
- Availability rose 110 basis points quarter-over-quarter to 24.3% in the first quarter of 2025. Large block additions contributed to the increase, including Bank of America's 328,966 SF listing at 101 Hudson Street in Jersey City near the end of the quarter.



Outlook

- Upcoming deliveries of new construction are expected to support rent and occupancy growth in submarkets offering premier office space. Class A properties will continue to lead the market, currently accounting for more than 55% of total leasing activity.
- Office redevelopments and conversions will help address oversupply, as owners of underperforming assets explore redevelopment opportunities—primarily for industrial or multifamily use.
- Demand is expected to remain strong for buildings that undergo significant capital improvements.
- Asking rents are projected to grow modestly throughout 2025, supported by the removal of outdated space.

TABLE OF CONTENTS

1. Economy
2. Leasing Market Fundamentals

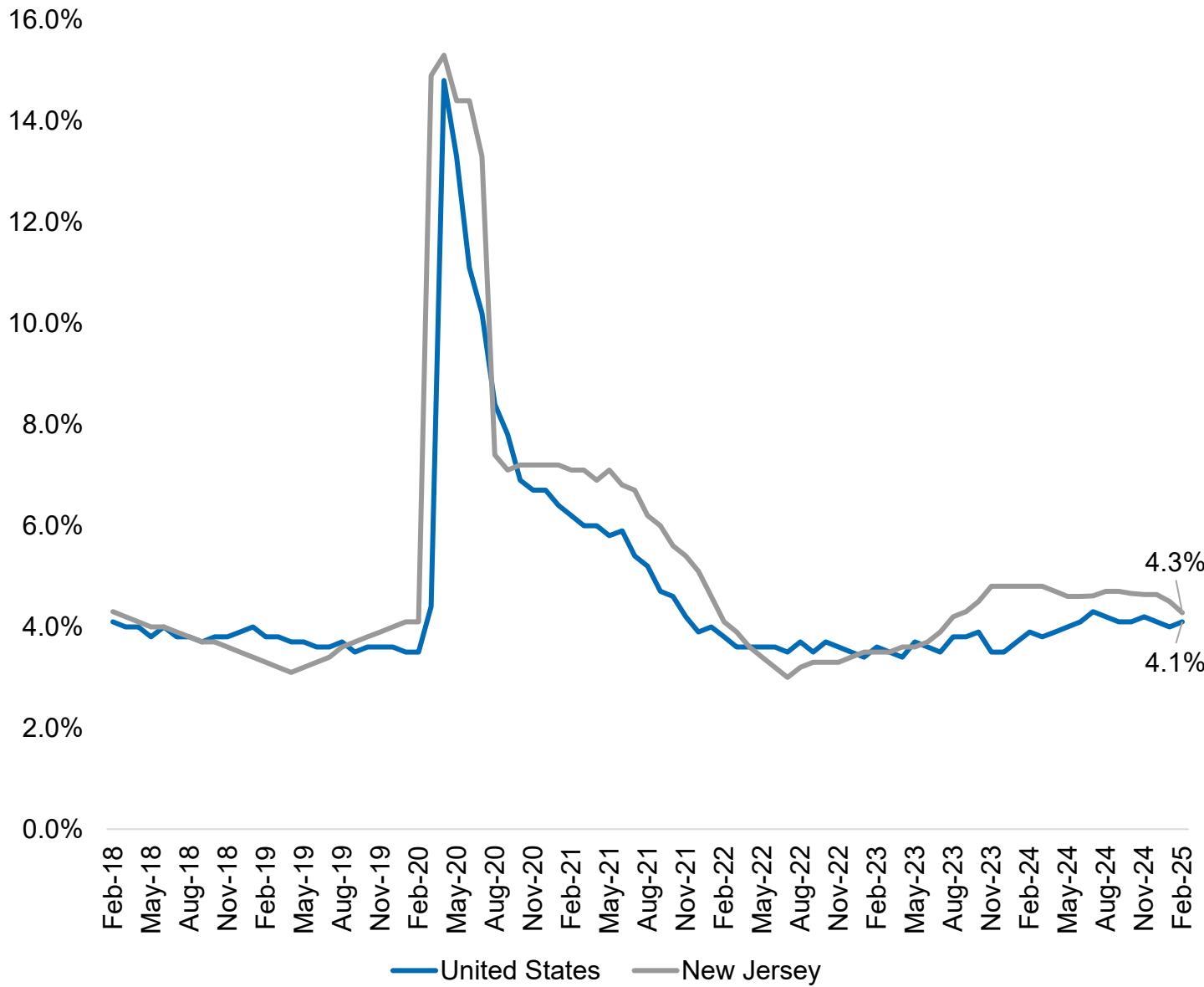
Economy



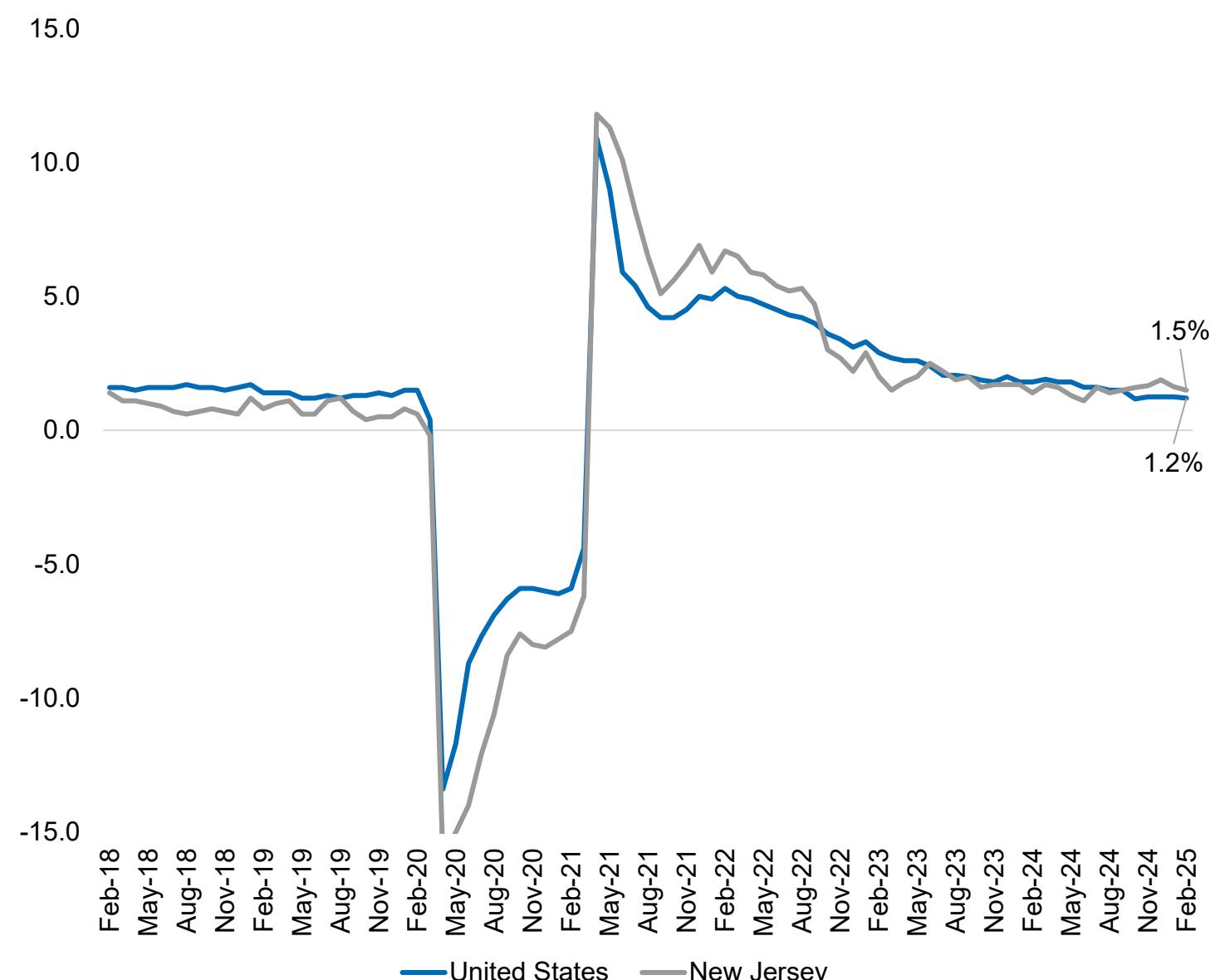
Metro Employment Shows Positive Signals

Year-over-year payroll employment rose 1.5%, led by gains in the Health & Education, Services and Government sectors. New Jersey's unemployment rate declined 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, Seasonally Adjusted, 12-Month % Change

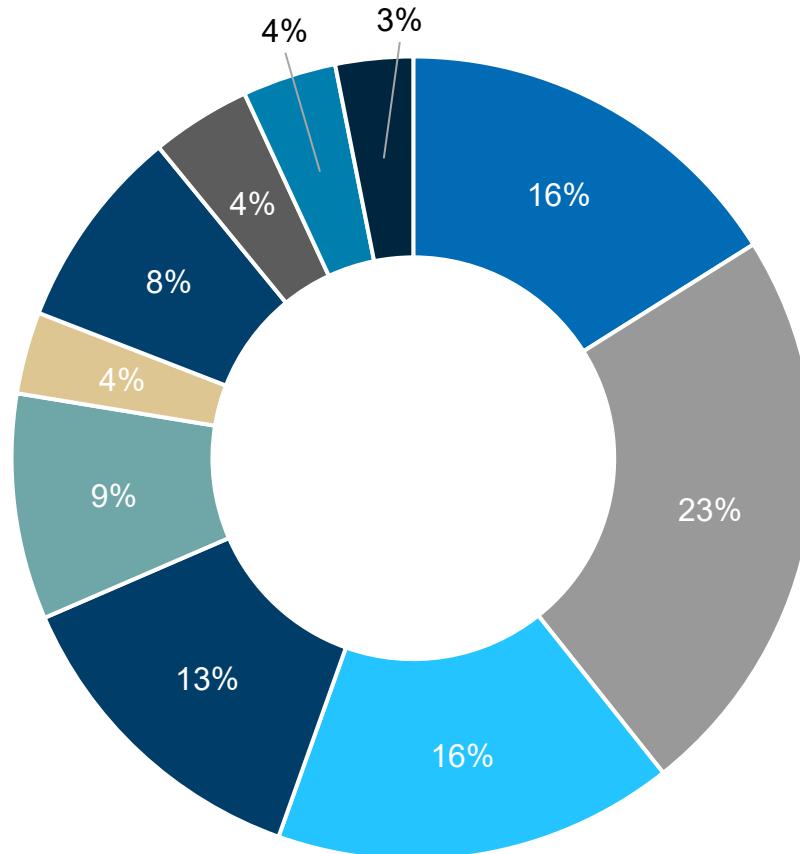


Source: U.S. Bureau of Labor Statistics, New Jersey

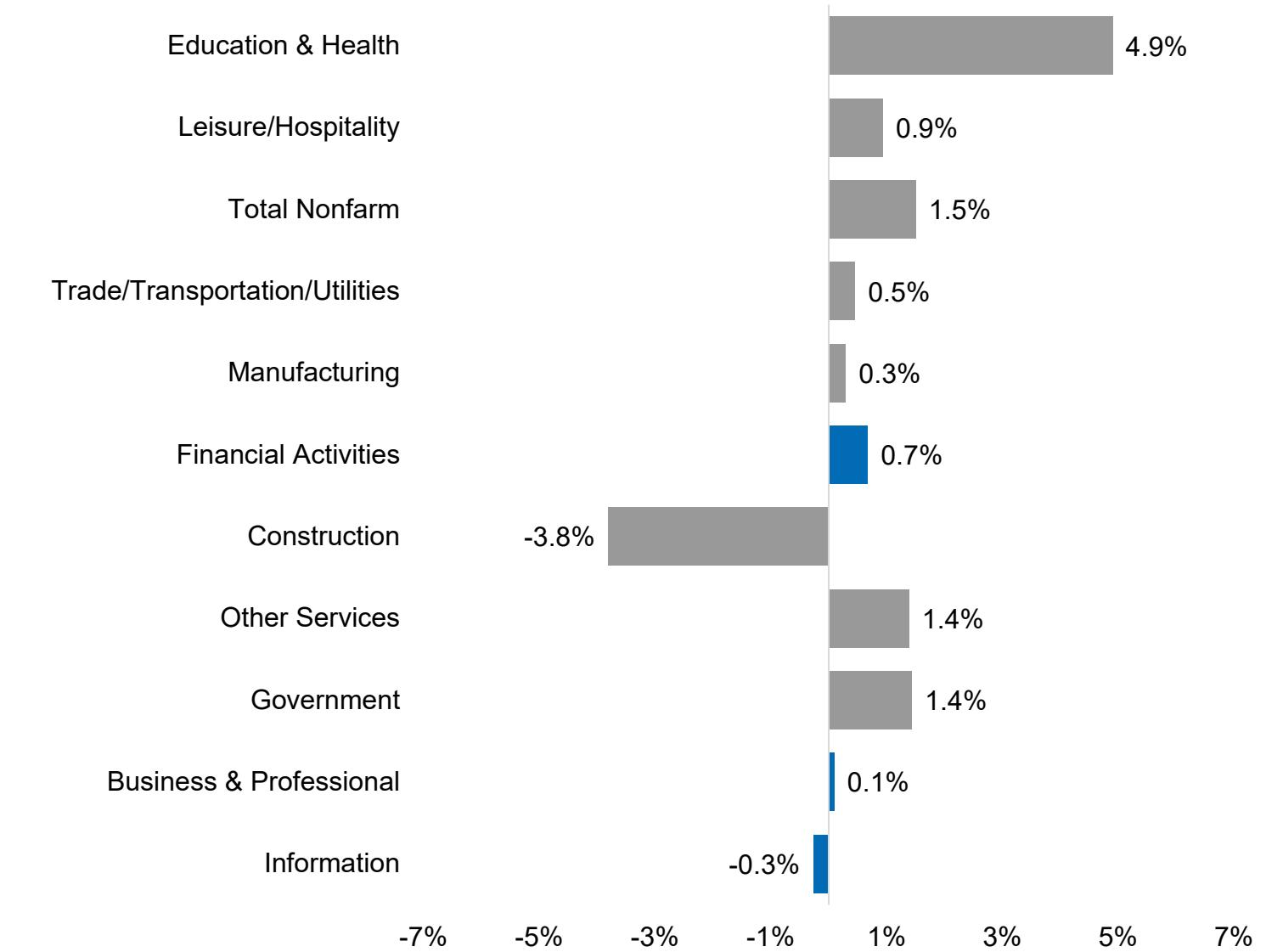
Office-Using Employment Posts Year-Over-Year Gain

Education and Health led all industries in Northern New Jersey, recording 4.9% annual job growth. Office-occupying industries posted a 0.3% gain in the latest February 2025 figures. The Financial Activities and Business & Professional Services sectors saw gains, while the Information sector recorded a slight decline of 0.3%.

Employment by Industry, February 2025



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

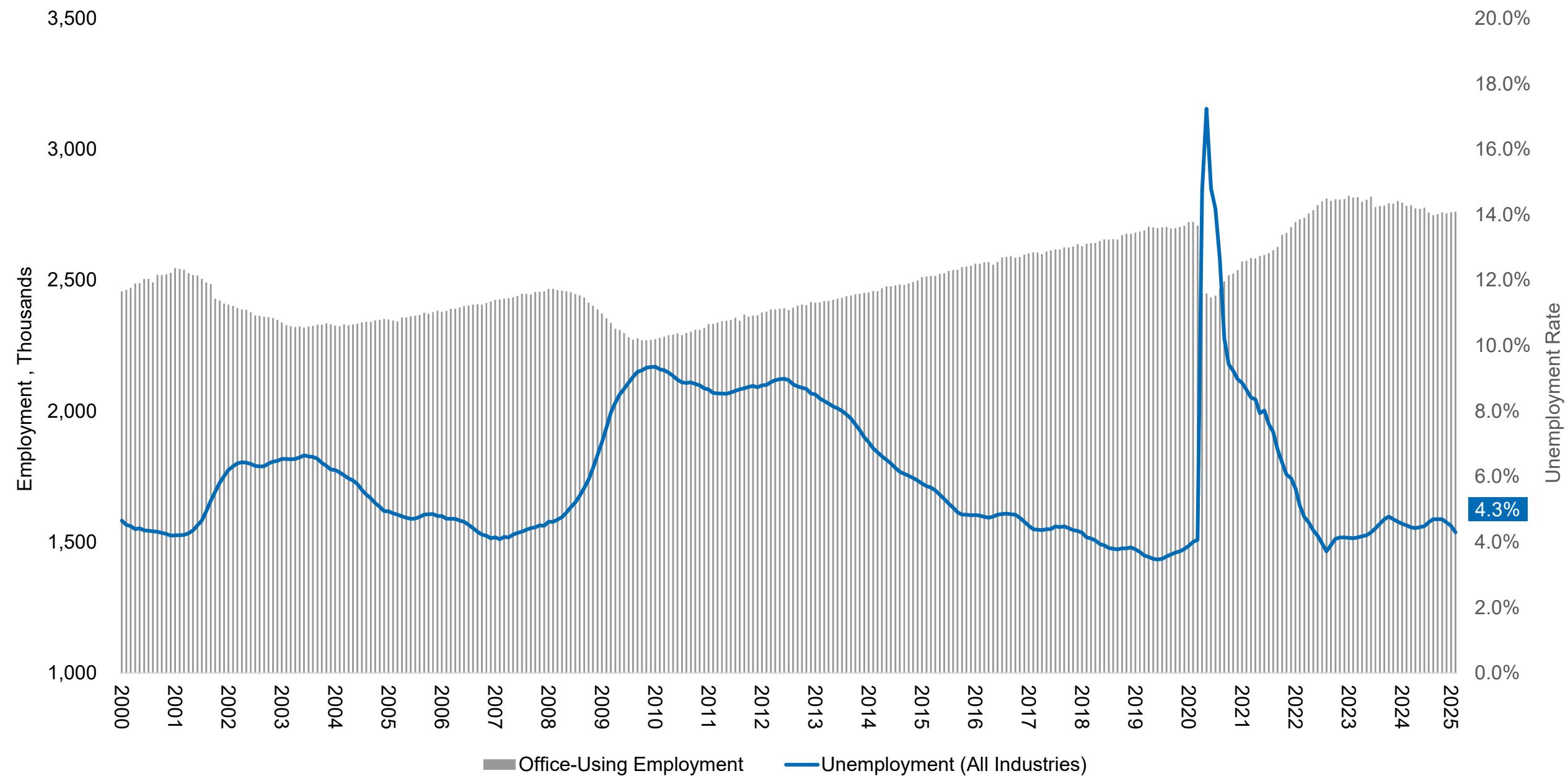


Source: U.S. Bureau of Labor Statistics, New Jersey

Overall Office-Using Employment Has Rebounded

Both office-using and overall employment recorded net positive gains in the February 2025 report. Most employment sectors posted growth, while the financial sector is positioned for potential gains in the coming quarters, supported by recent interest rate cuts that could stimulate hiring.

Office-Using Employment* and Unemployment Across All Industries



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

Note: February 2025 data is preliminary.

*Office-using employment includes employment in the following industry sectors: Professional & Business Services, Financial Activities and Information.

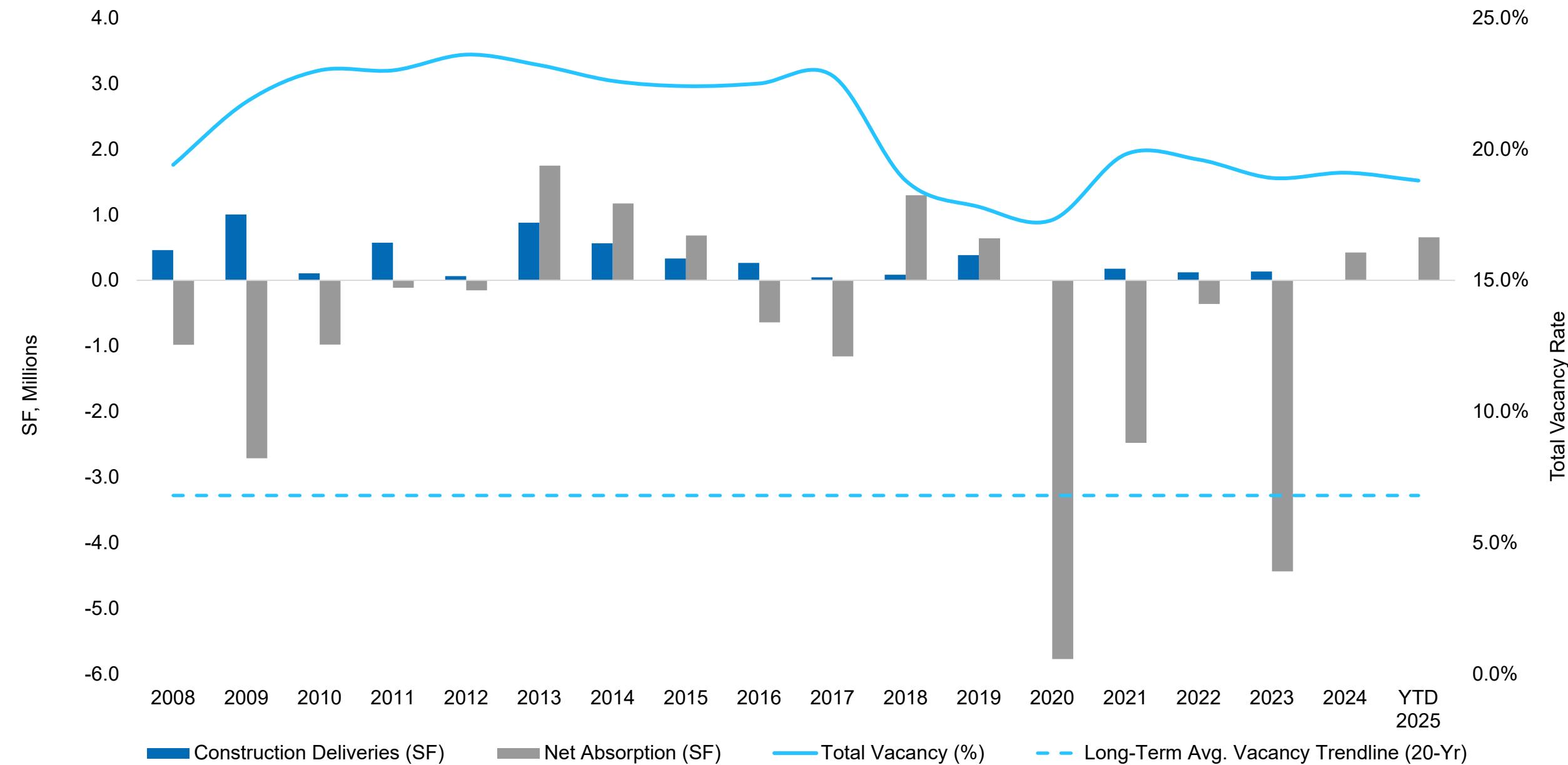
Leasing Market Fundamentals



Vacancy Declines Further as Net Absorption Remains Positive

The Northern New Jersey office market recorded a 30-basis-point quarter-over-quarter decrease in vacancy, reaching 18.8%, driven by moderate leasing activity and steady tenant demand. Occupiers are increasingly gravitating toward newer, recently optimized buildings, with amenity-rich properties experiencing stronger leasing activity and rental rate growth. Net absorption was a positive 655,647 SF in the first quarter of 2025, as demand continues to outpace supply.

Historical Construction Deliveries, Net Absorption, and Vacancy

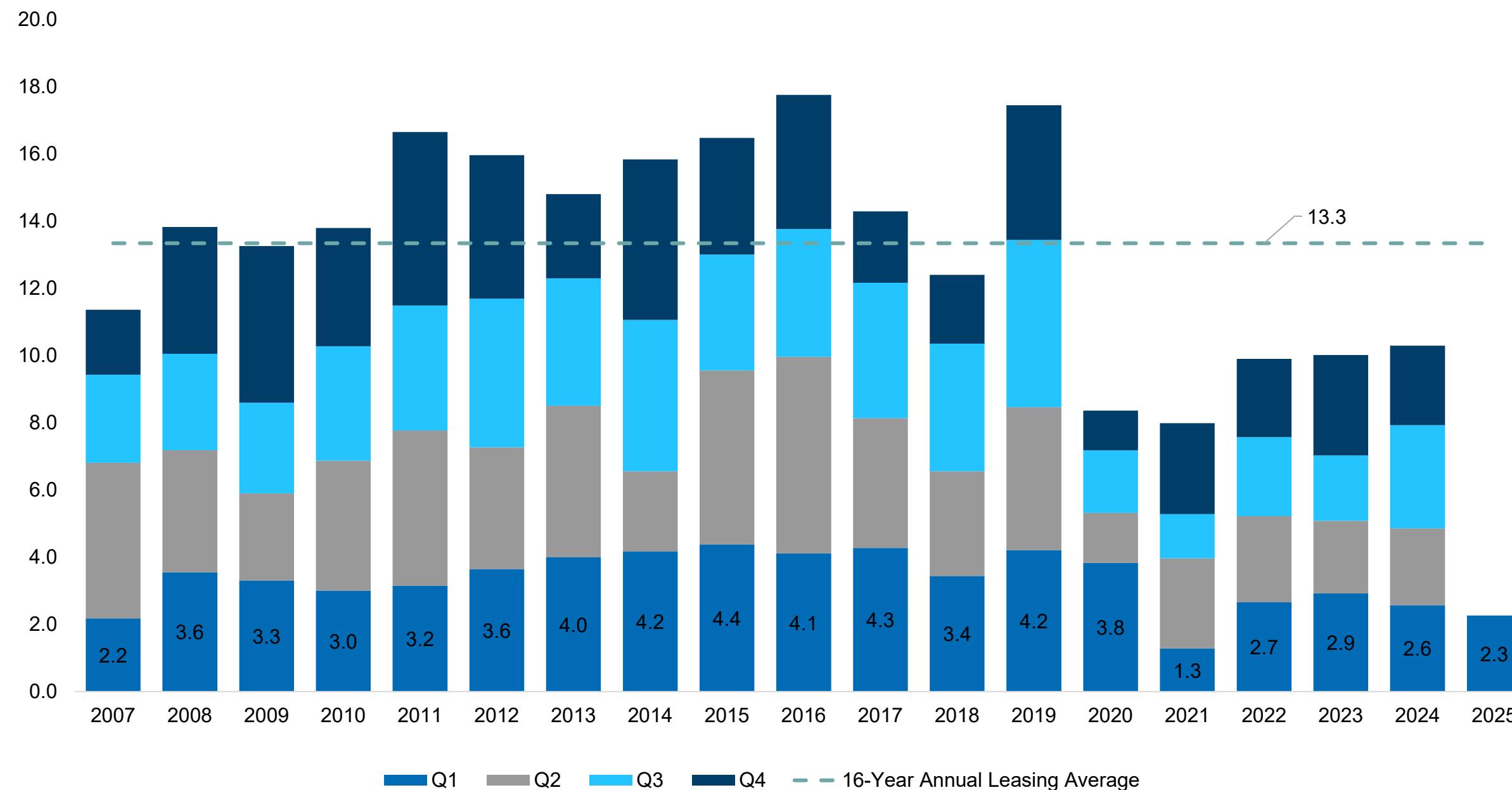


Source: Newmark Research

Leasing Activity

Leasing activity surged throughout 2024, exceeding 10.3 MSF—the highest annual total in the past five years. Activity slightly slowed in the first quarter of 2025, with approximately 2.3 MSF leased across Northern New Jersey. Class A assets continue to draw significant space commitments, highlighted by BlackRock Inc.'s 175,200 SF renewal at 1 University Square Drive in Princeton. The average deal size during the first quarter reached 3,394 SF.

Total Leasing Activity (msf)

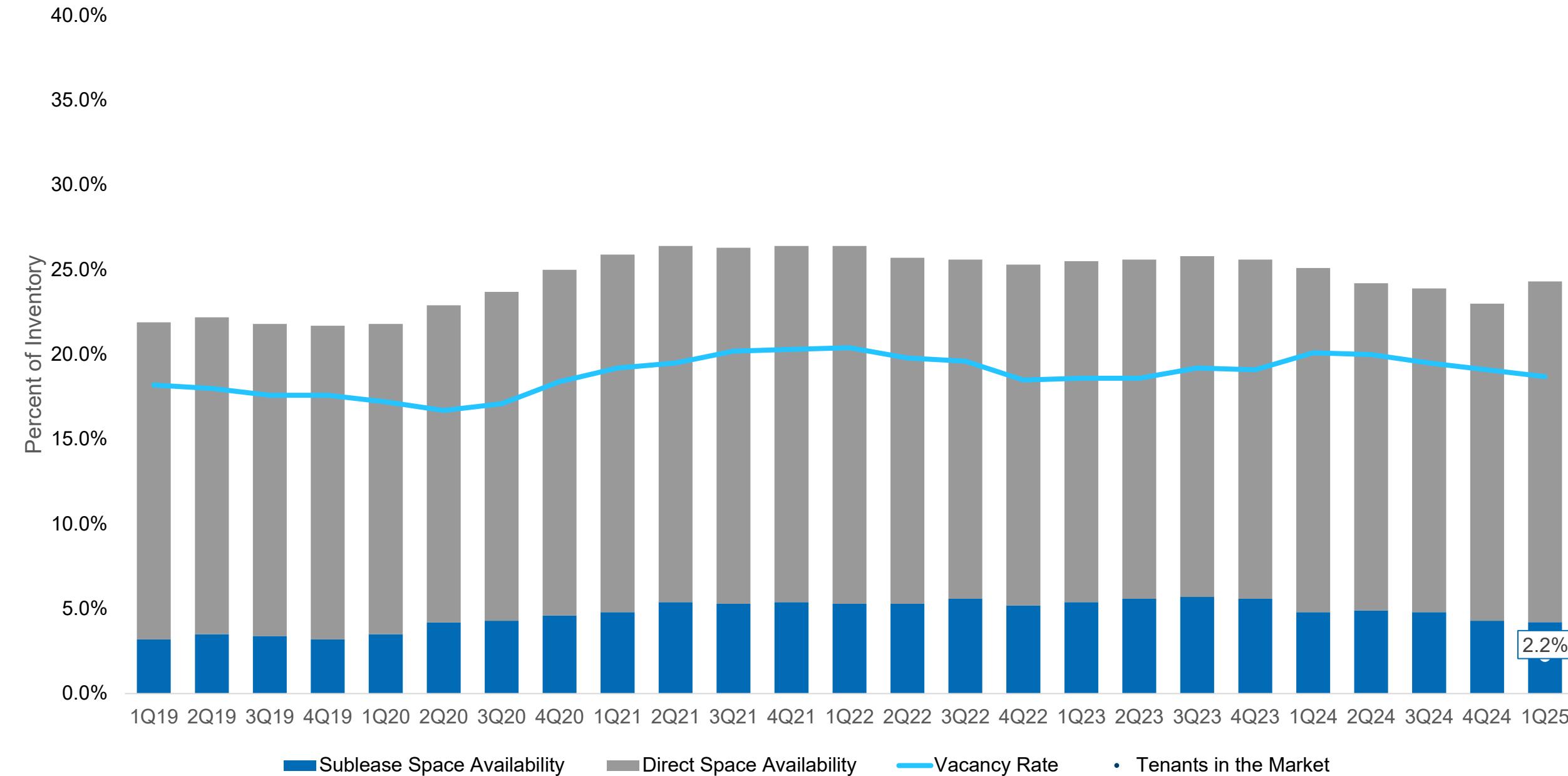


Source: Newmark Research, CoStar

Vacancy Drops to Two-Year Low

The overall vacancy rate declined to 18.8%, marking a new low over the past two years. Availability rose 110 basis points quarter-over-quarter to 24.3% in the first quarter of 2025, driven by significant large block additions—most notably, Bank of America's 328,966 SF listing at 101 Hudson Street in Jersey City near the end of the quarter. Despite the increase in availability, market momentum remains positive, with sublease availability continuing to decline, now at 4.2%—its lowest level since the first quarter of 2020.

Available Space and Tenant Demand as Percent of Overall Market

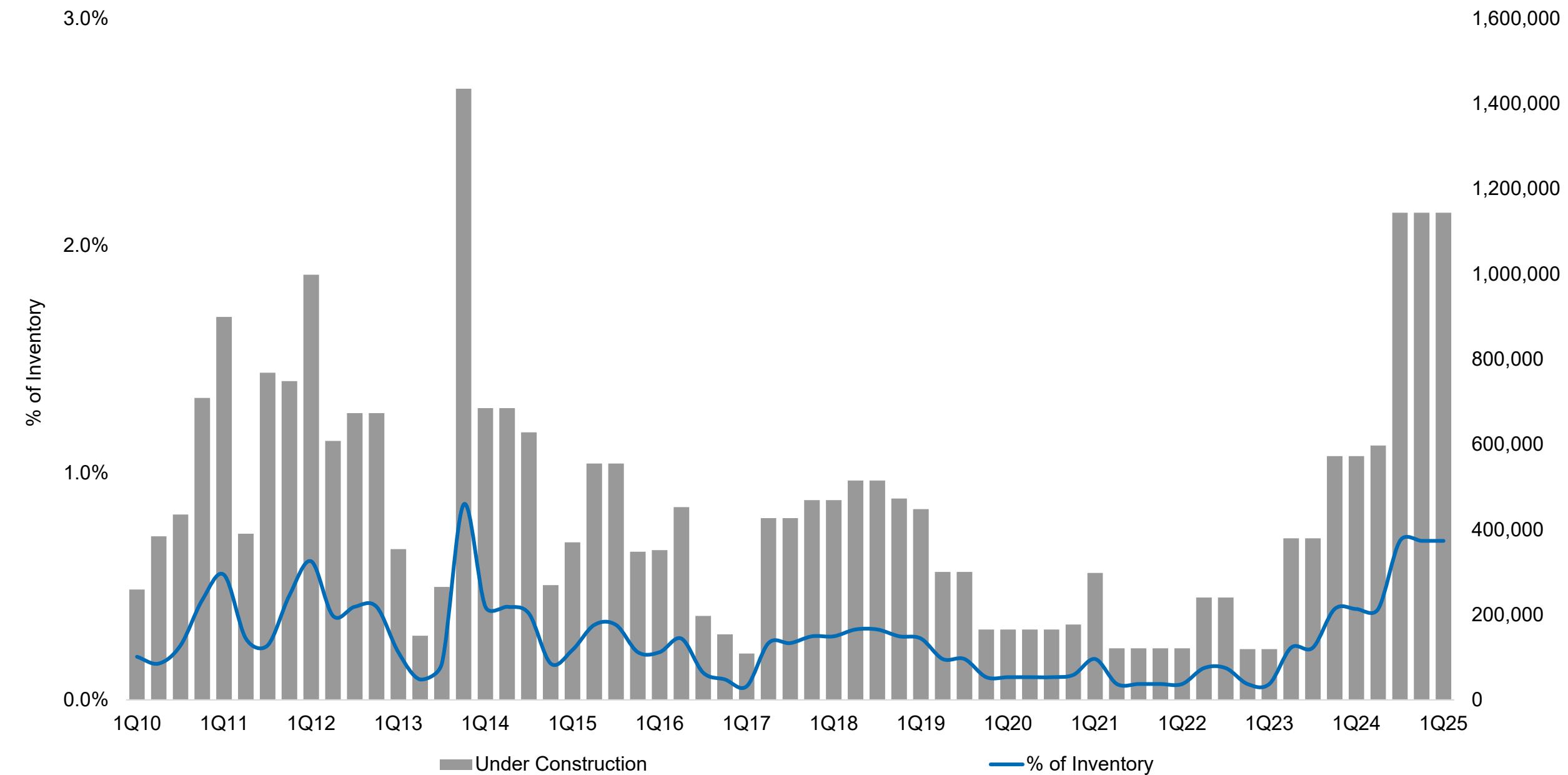


Source: Newmark Research

New Construction

Under-construction volume remained steady at 1,143,787 SF in the first quarter of 2025, representing just 0.7% of the market's total inventory. Construction is progressing at Helix H-1 in New Brunswick, a 570,000-SF property slated for delivery in August 2025. Additionally, M Station West—a 260,000-SF property at 100 Morris Street—is scheduled for completion in the second half of 2025, with Sanofi set to occupy the entire building.

Office Under Construction and % of Inventory

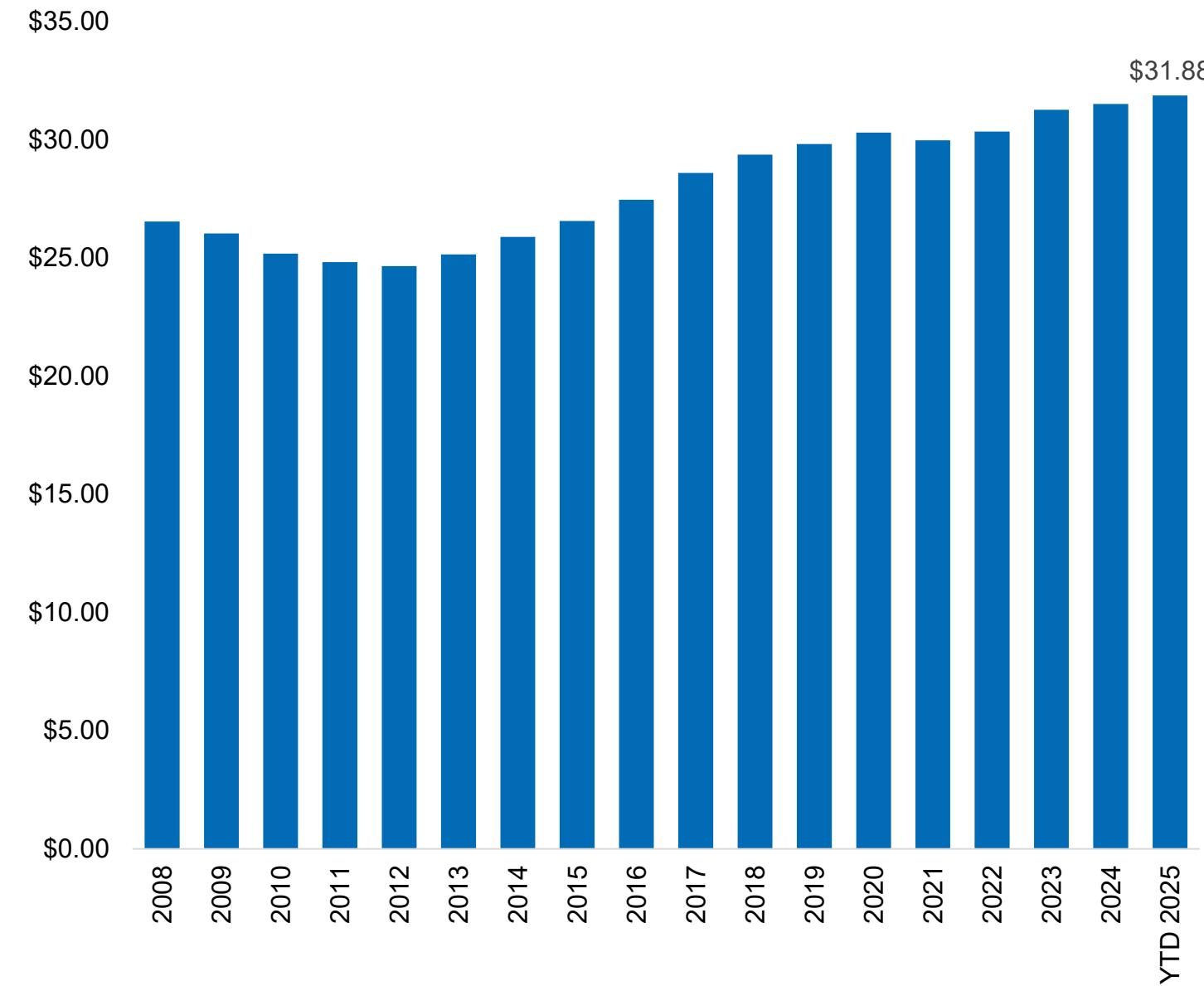


Source: Newmark Research, CoStar

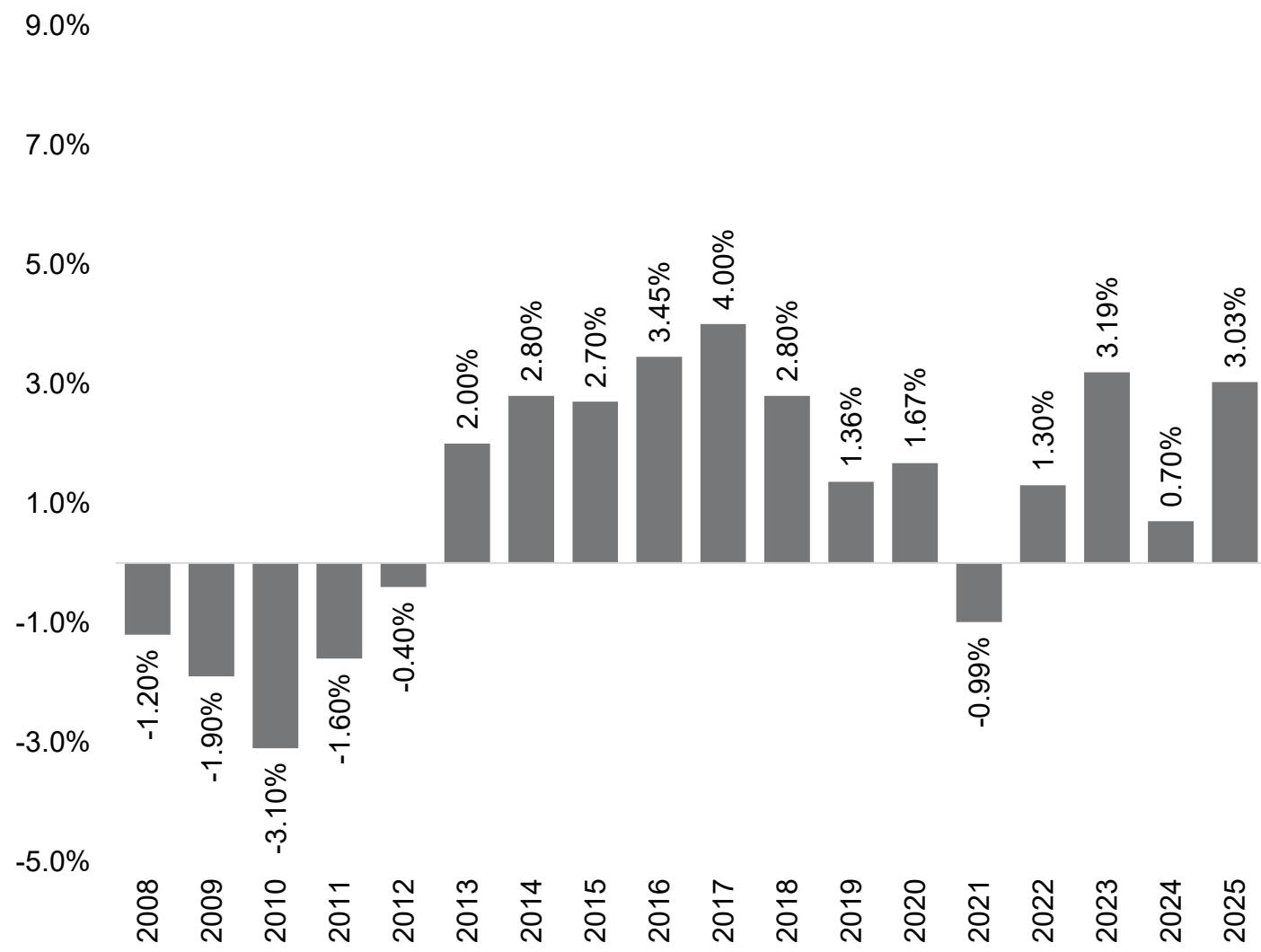
Asking Rents Rise

Overall asking rents averaged \$31.88/SF in the first quarter of 2025, reflecting a \$0.36/SF increase from the previous quarter. Year-over-year, rents rose modestly by 3.03%. Asking rents are expected to remain elevated, supported by increased tenant demand and improving leasing activity.

Office Average Asking Rent, \$/SF, FS



Year-over-Year Asking Rent Growth Rate

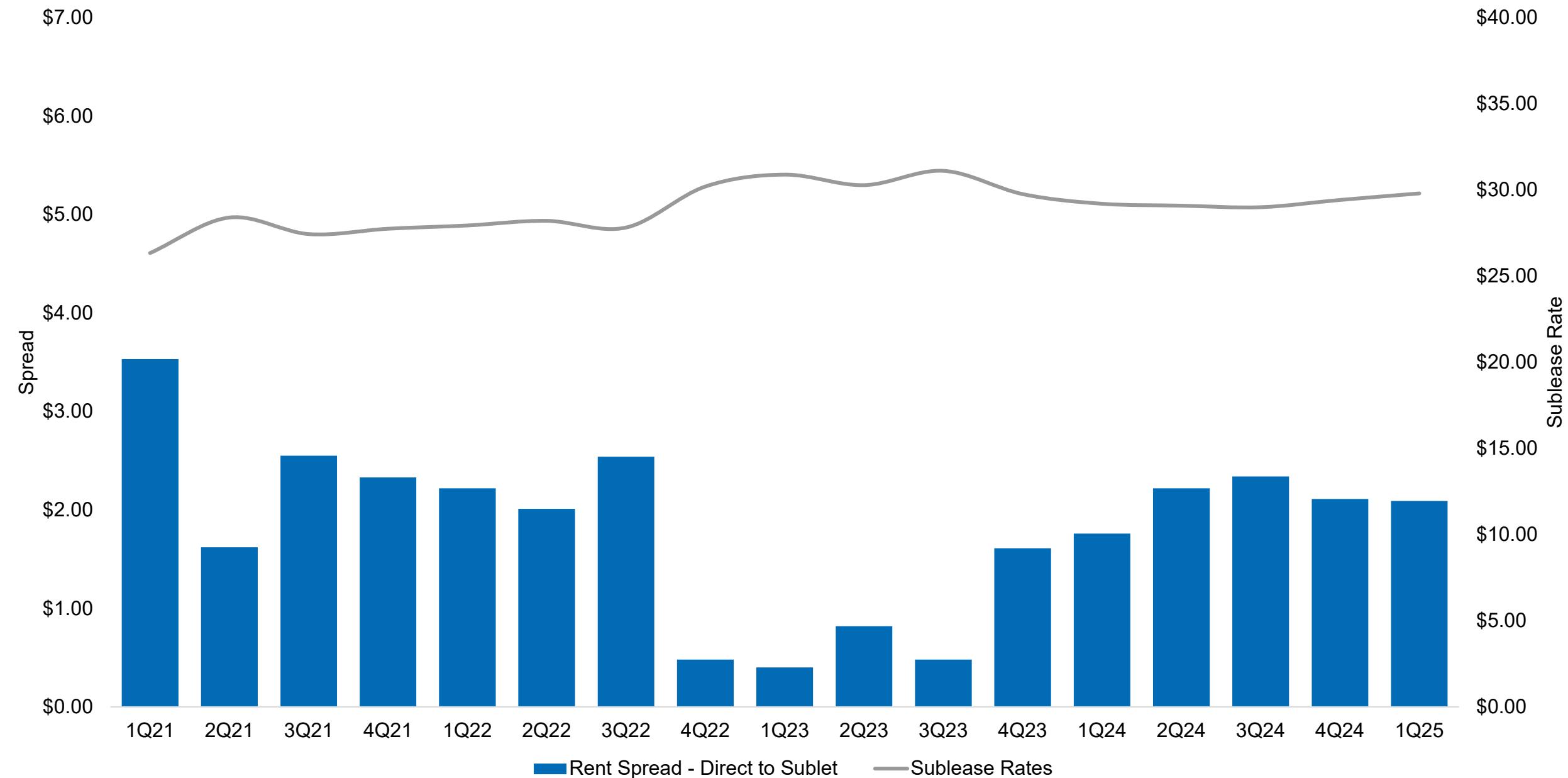


Source: Newmark Research, CoStar

Spread Between Direct and Sublease Rates Stabilizes

The influx of high-end space into the market during 2022 and 2023 narrowed the rent spread between direct and sublease spaces. Sublease rates have since stabilized, rising 2.1% year-over-year to \$29.79/SF in the first quarter of 2025.

Sublease Rates



Source: Newmark Research, CoStar

Notable Lease Transactions

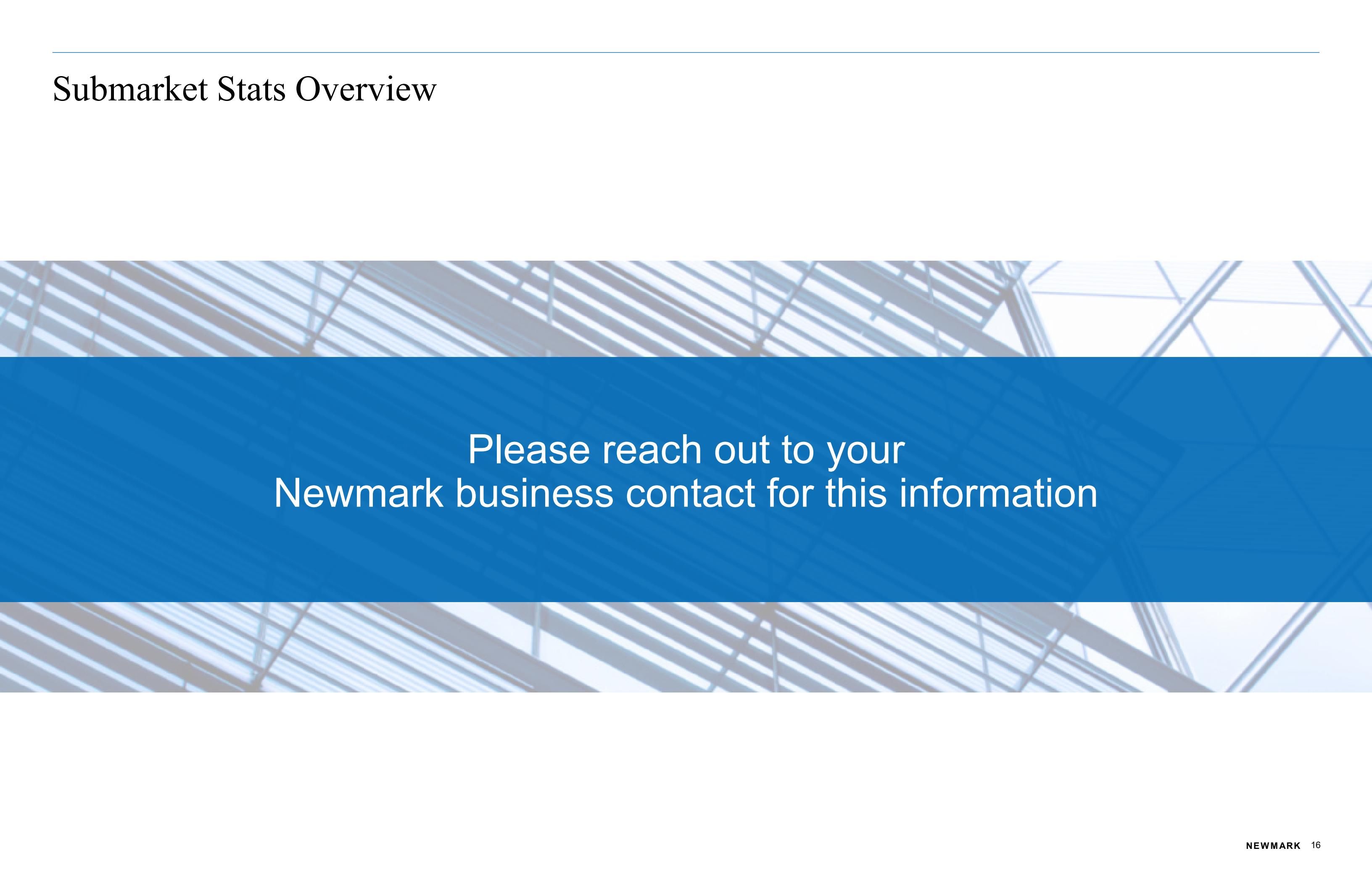
Leasing activity remained steady, surpassing 2.2 MSF in the first quarter of 2025—a 4.5% decrease quarter-over-quarter. Class A space led the market, accounting for 55% of total leasing activity by SF. Average lease sizes in Class A properties reached 7,777 SF, significantly larger than the overall market average of 3,394 SF.

Notable 1Q25 Lease Transactions

Tenant	Building(s)	Submarket	Type	Square Feet
MetLife	400 Warren Corporate Center	Somerset/I-78	Direct New	180,859
<i>MetLife's 180,859 SF new deal at 400 Warren Corporate Center in Warren was the largest deal during the first quarter of 2025.</i>				
BlackRock, Inc	1 University Square Drive	Princeton Area	Direct Renewal	175,200
<i>Blackrock, Inc renewed its lease for 175,200 SF at 1 University Drive in Princeton.</i>				
Tapestry	5901 West Side Avenue	Meadowlands	Direct Renewal	105,527
<i>Tapestry's renewal at 5901 West Side Avenue in North Bergen was for 105,527 SF.</i>				
Audible, Inc	33 Washington Street	Newark CBD	Direct New	74,100
<i>Audible, Inc signed a 10-year, 74,100 SF new deal at 33 Washington Street in Newark.</i>				
Jersey Central Power & Light Company	101 Crawfords Corner Road	Monmouth	Extension	69,870
<i>Jersey Central Power & Light Company leased 69,870 SF at 101 Crawfords Corner Road in Holmdel.</i>				

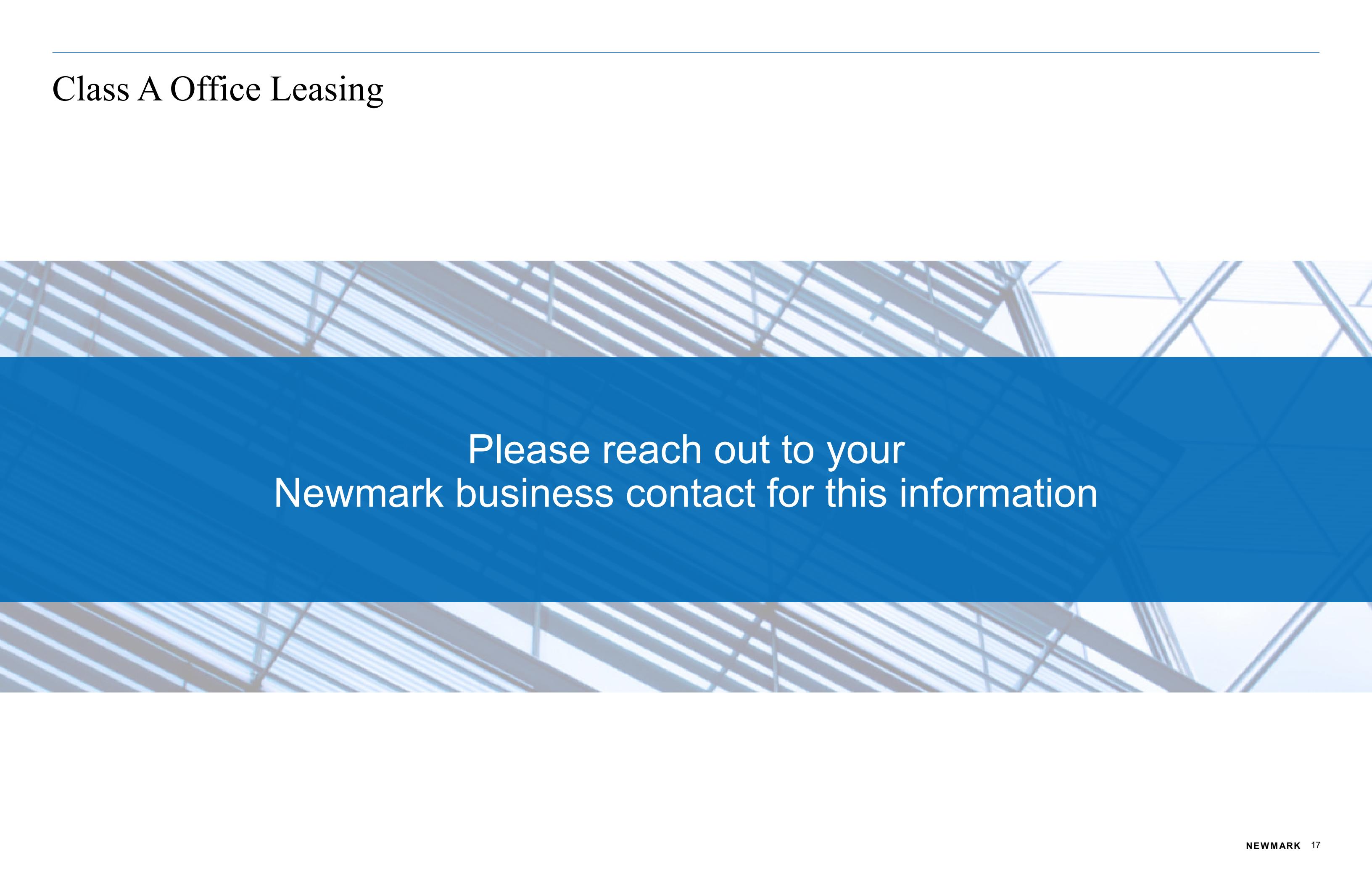
Source: Newmark Research

Submarket Stats Overview



Please reach out to your
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Class A Office Leasing



Please reach out to your
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