



NEWMARK

*Office Market Overview:*  
Northern New Jersey

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1Q26

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# Key Takeaways

The Northern New Jersey office market began the first quarter of 2026 with 240,846 SF of positive net absorption. The availability rate decreased 20 basis points quarter over quarter to 22.7%.



Northern New Jersey office leasing totaled 1.9 MSF in the first quarter of 2026, slightly below the two-year quarterly average of 2.1 MSF.



Sublease availability declined to 5.9 MSF, the lowest level in six years.



Class A office leasing accounted for more than 72.3% of overall activity in 1Q26.



Overall asking rents averaged \$32.12/SF in the first quarter of 2026, rising 0.38% year over year.

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## Economy

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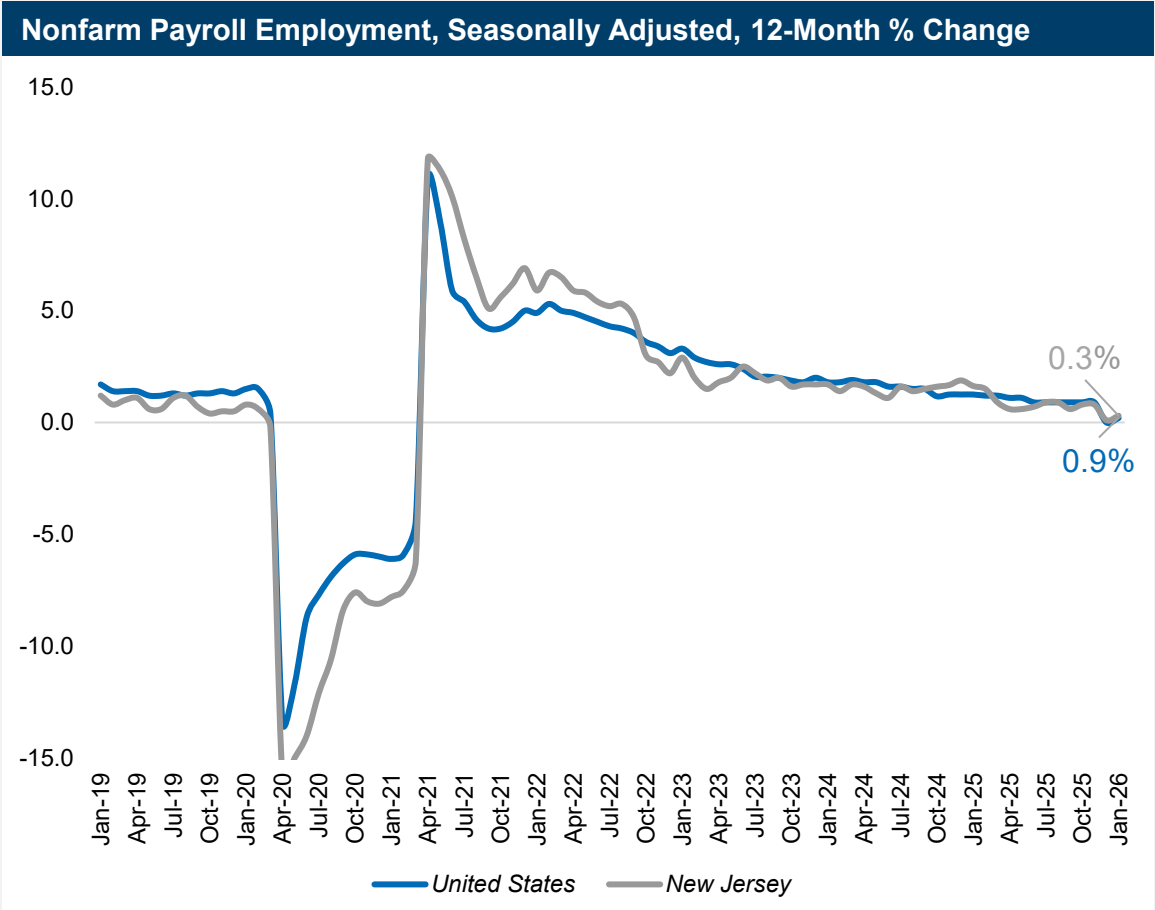
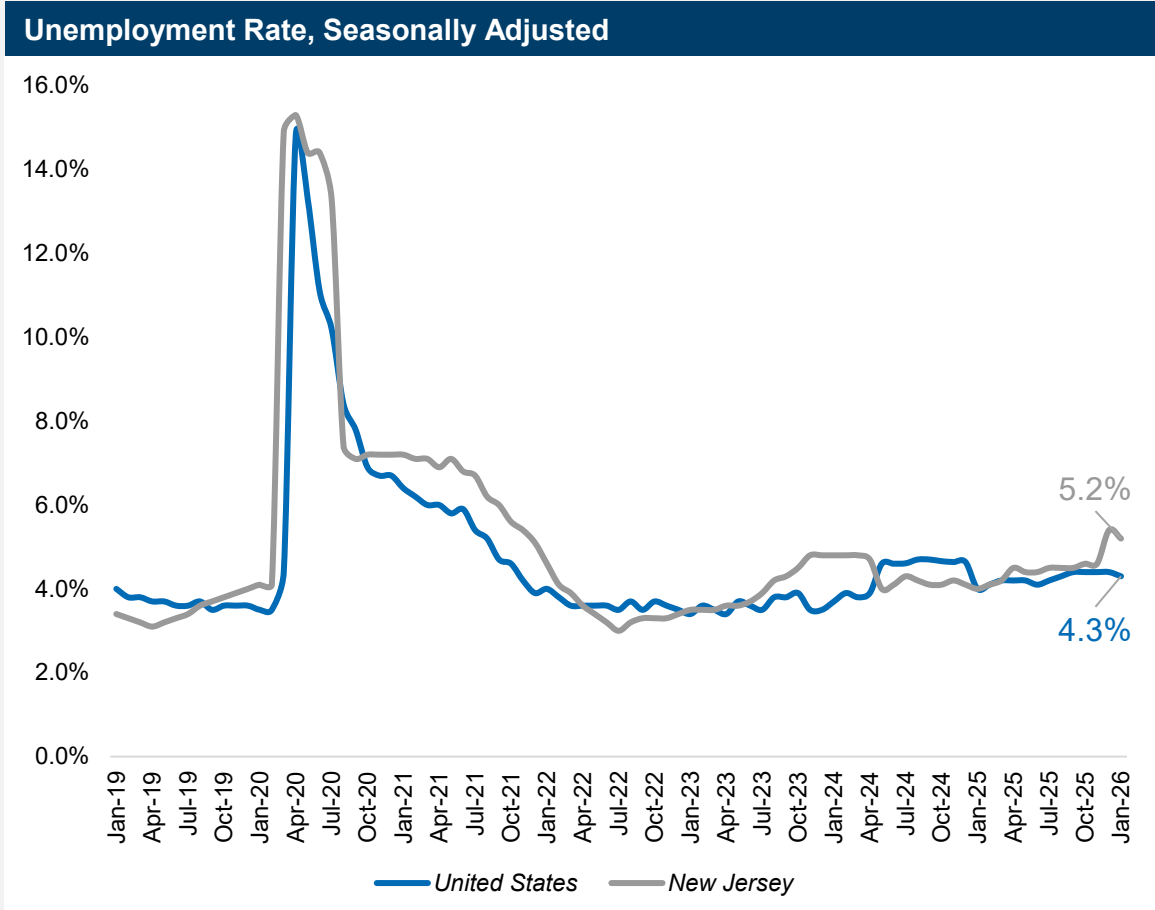
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# Metro Employment

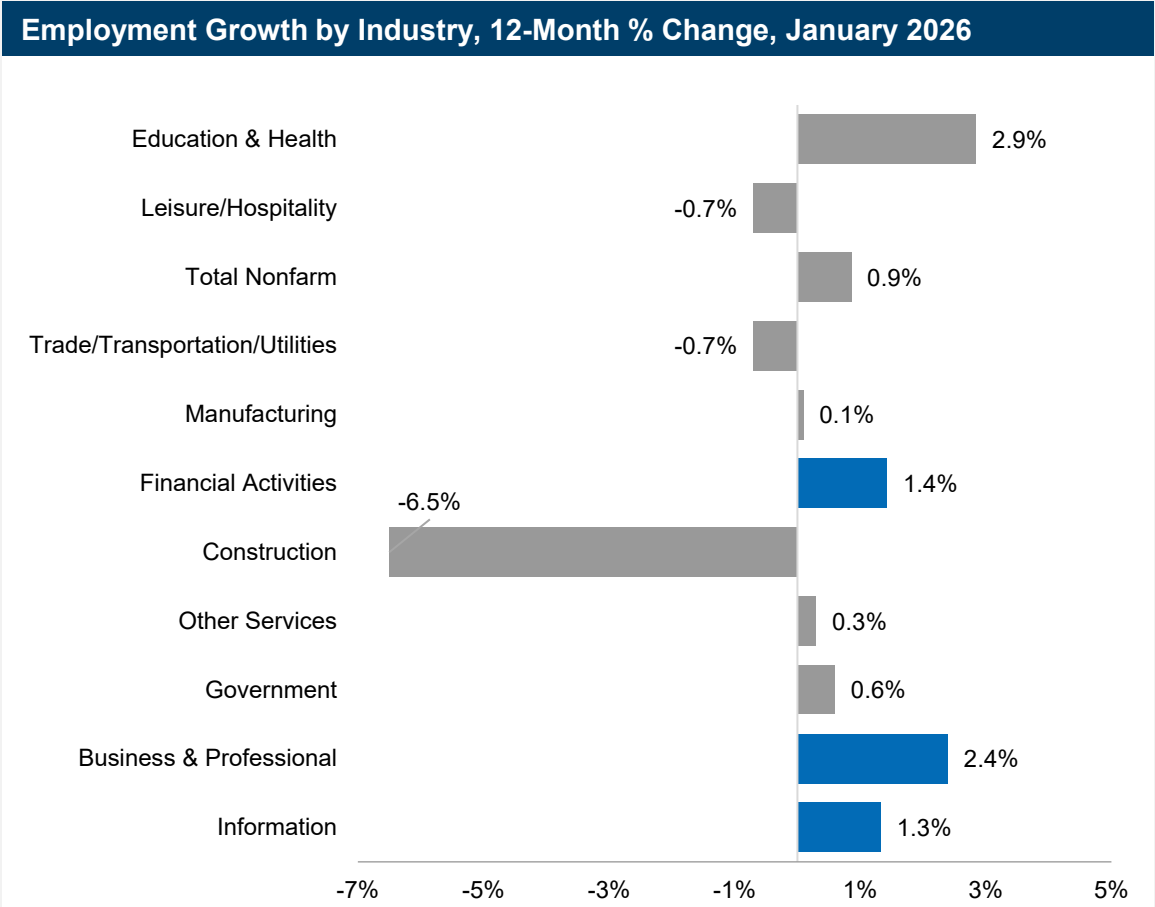
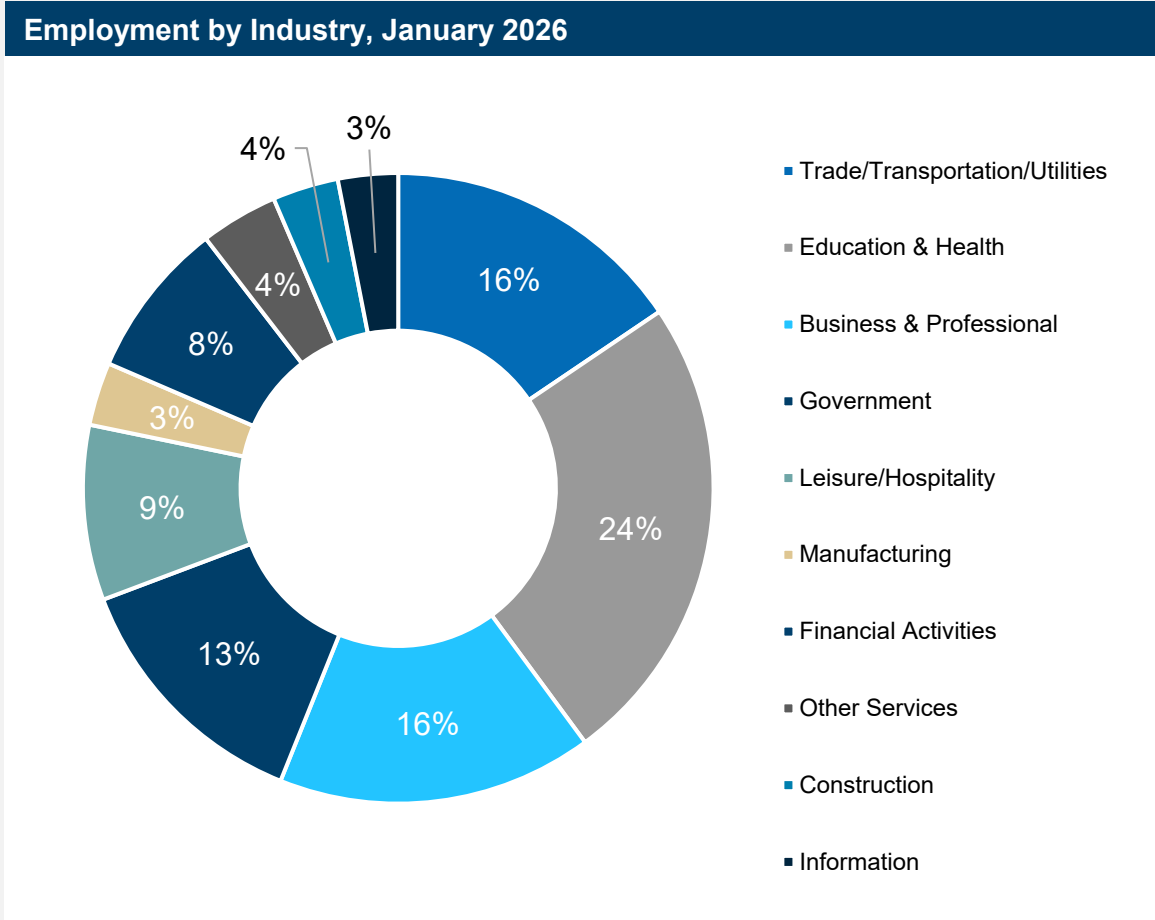
Year-over-year payroll employment rose 0.3% in New Jersey. The state's unemployment rate decreased to 5.2% in January 2026 and has remained above the national average of 4.3% since May 2023.



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

# Education & Health Lead All Industries

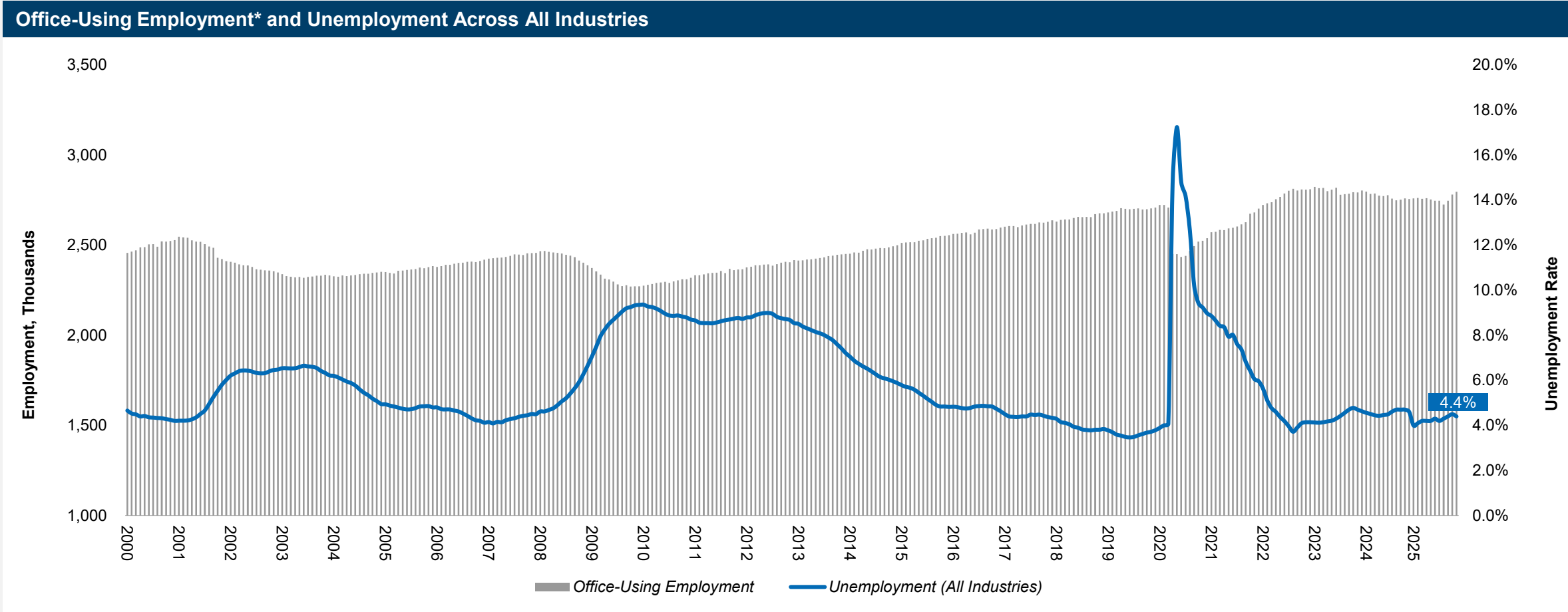
Education and health services led all industries in Northern New Jersey, recording 2.9% annual job growth. Business and professional services posted the second-largest gain at 2.4%, while information grew 1.3% in January 2026.



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

# Office-Using Employment Rebounds

Office-occupying industries posted year-over-year gains across business and professional services and information in December 2025. A positive indicator is the continued rise in return-to-office activity among major corporate employers, which is expected to drive increased demand for office space.



Source: U.S. Bureau of Labor Statistics, New Jersey. Note: December 2025 data is preliminary. \*Office-using employment includes employment in the following industry sectors: Professional & Business Services, Financial Activities and Information.

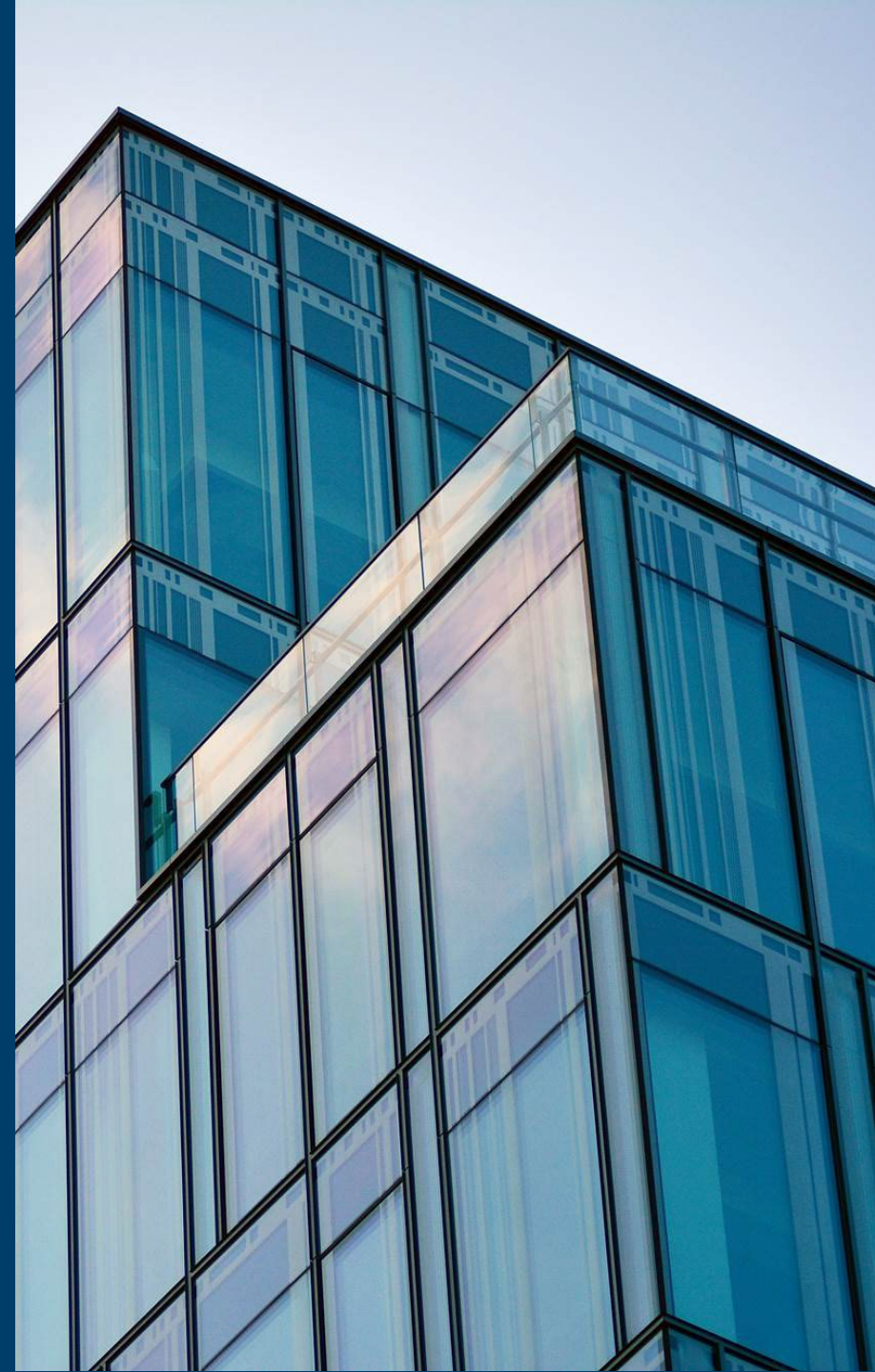
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## Leasing Market Fundamentals

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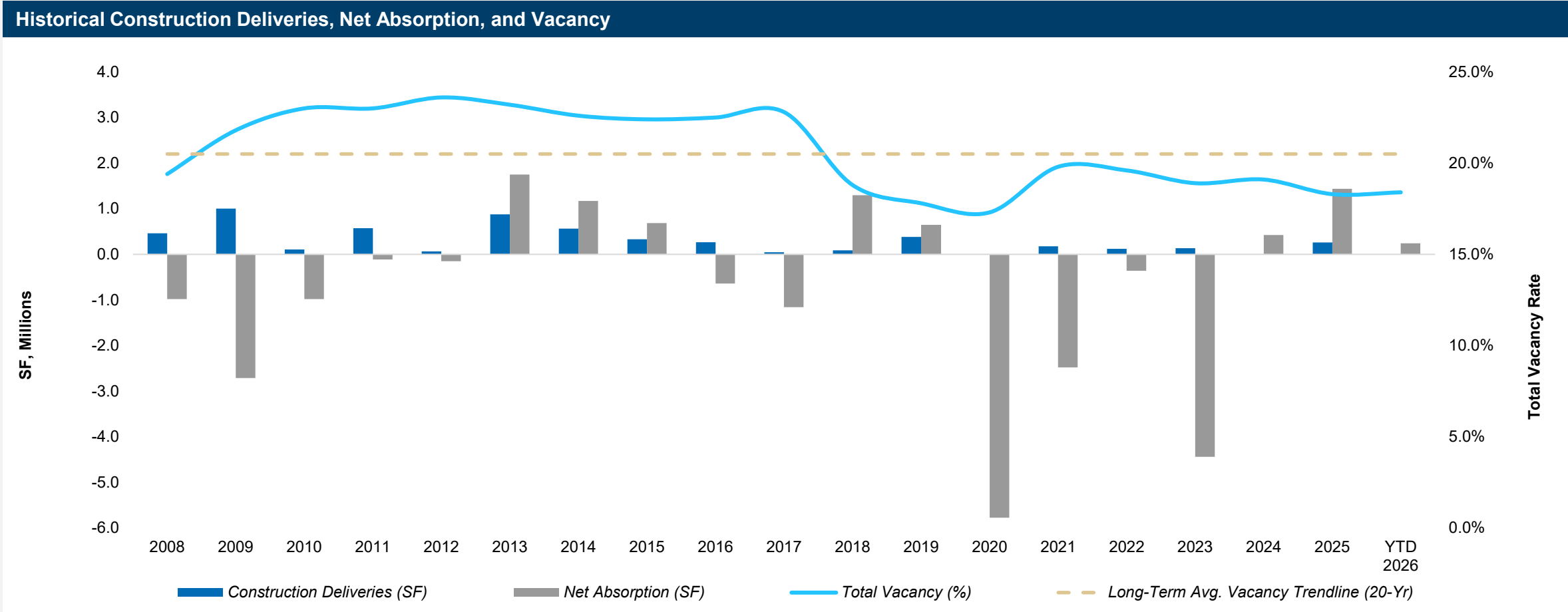
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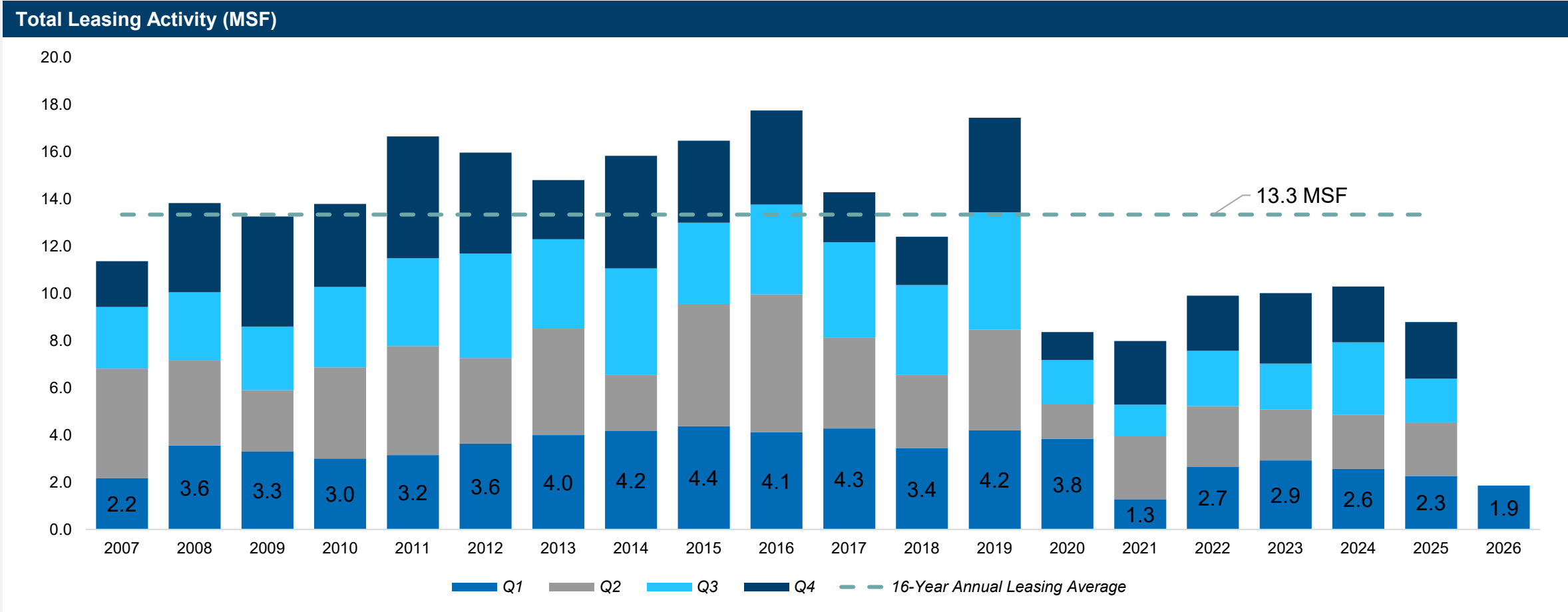
# Net Absorption Remains Positive

The vacancy rate held steady at 18.4%, supported by 240,846 SF of positive net absorption. This reflects two trends: the removal of obsolete office stock and a clear preference for Class A space in key submarkets such as Morristown Area and Metropark/GSP, where modernized properties continue to see the strongest leasing velocity.



# Leasing Activity Decreases Quarter-over-Quarter

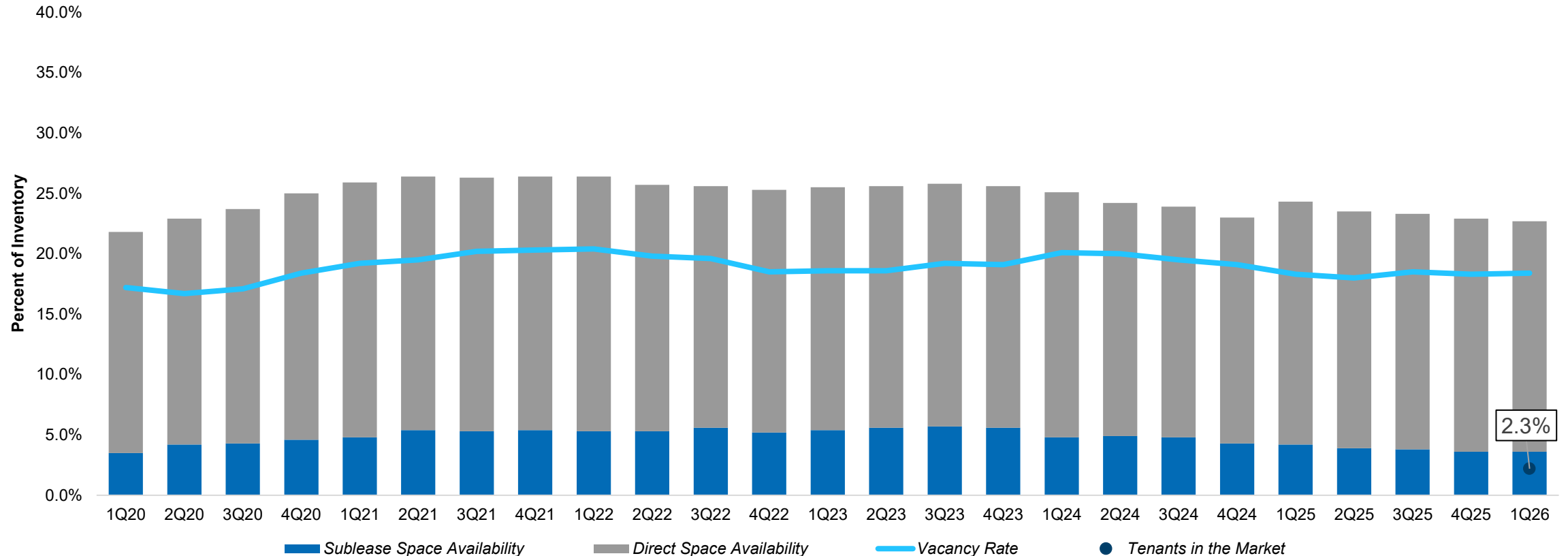
Northern New Jersey office leasing totaled 1.9 MSF in the first quarter of 2026, slightly below the two-year quarterly average of 2.1 MSF. While the market showed resilience, volume remains well below pre-pandemic averages as the region continues to adjust to smaller deal sizes and fewer large-scale transactions. Despite softer leasing activity, the market tightened, with availability declining from 22.9% to 22.7%. This improvement was driven by 240,846 SF of positive net absorption, supported by the removal of obsolete inventory and a limited number of new large availabilities.



# Sublease Supply Declines To 6-Year Low

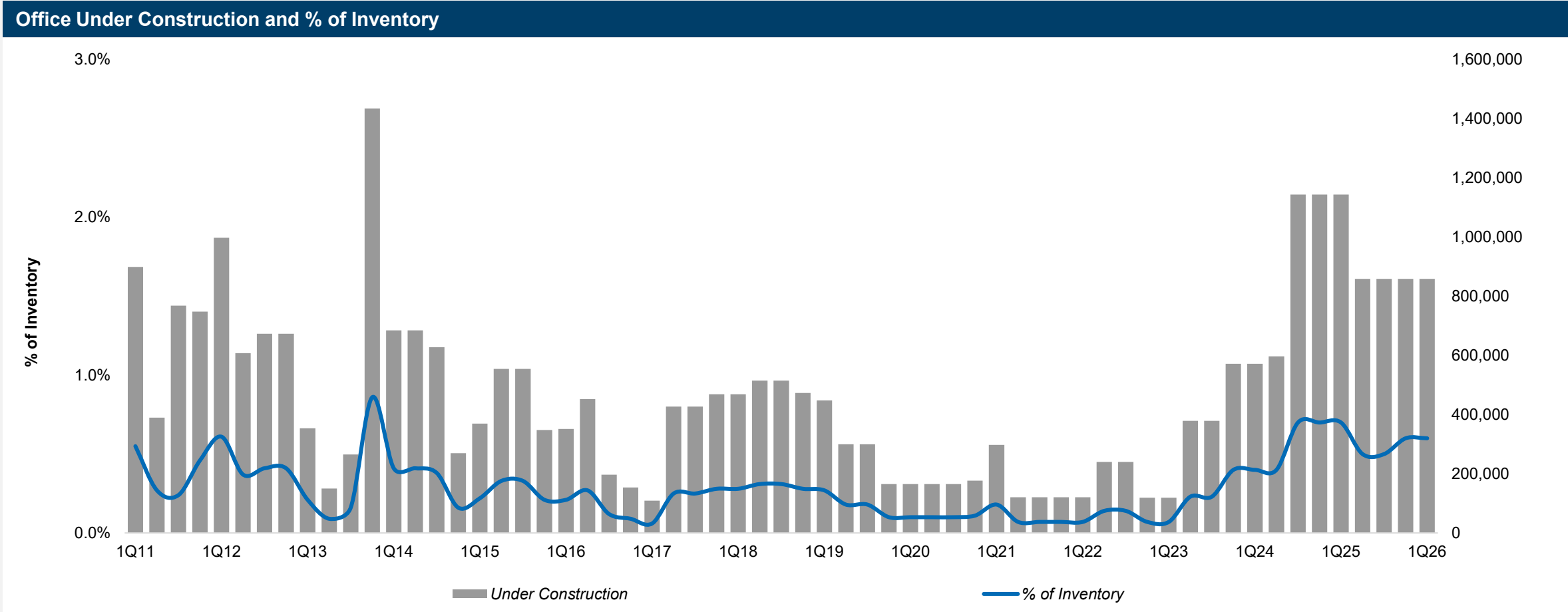
The overall availability rate decreased 20 basis points to 22.7%, a 90-basis-point improvement year over year, as demand remained steady. Office conversions have played a key role in curbing vacancies by removing obsolete space from the market. Sublease availability declined to 5.9 MSF, the lowest level in six years. More occupiers are committing to long-term space or reoccupying previously listed space. As the sublease market tightens, tenants will find fewer discounted options available.

Available Space and Tenant Demand as Percent of Overall Market



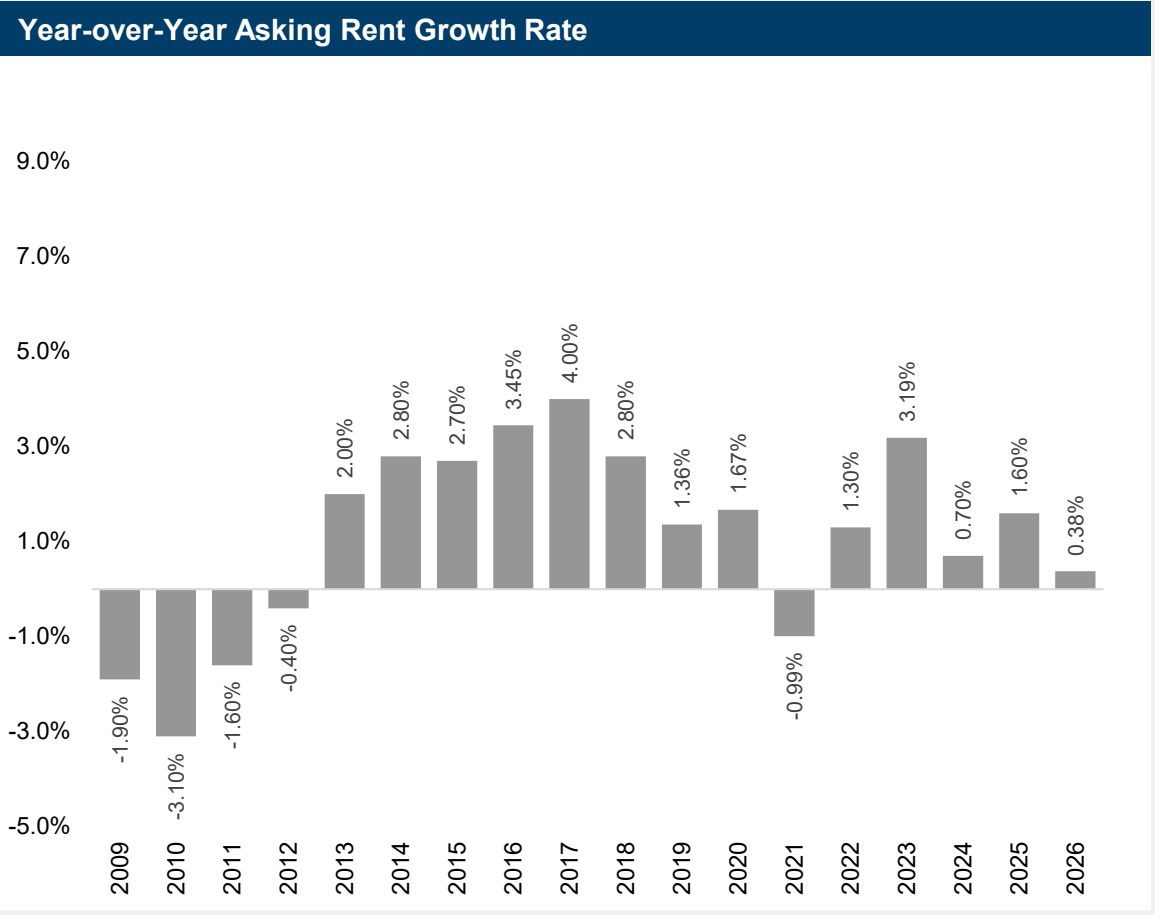
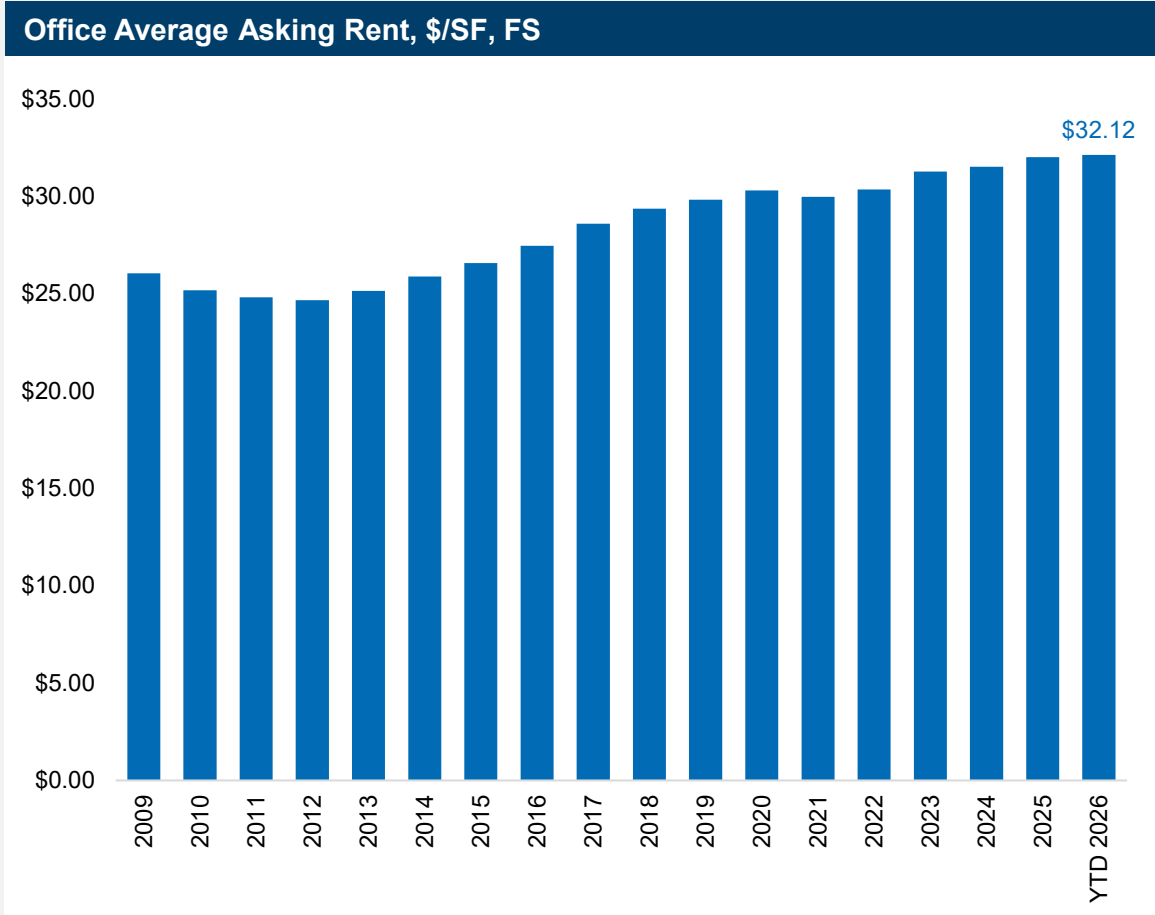
# New Construction Holds Steady

Under-construction volume held at 858,787 SF in the first quarter of 2025, representing just 0.6% of the market's total inventory. Construction is ongoing at Helix H-1 in New Brunswick, a 570,000 SF property slated for delivery in August 2026.



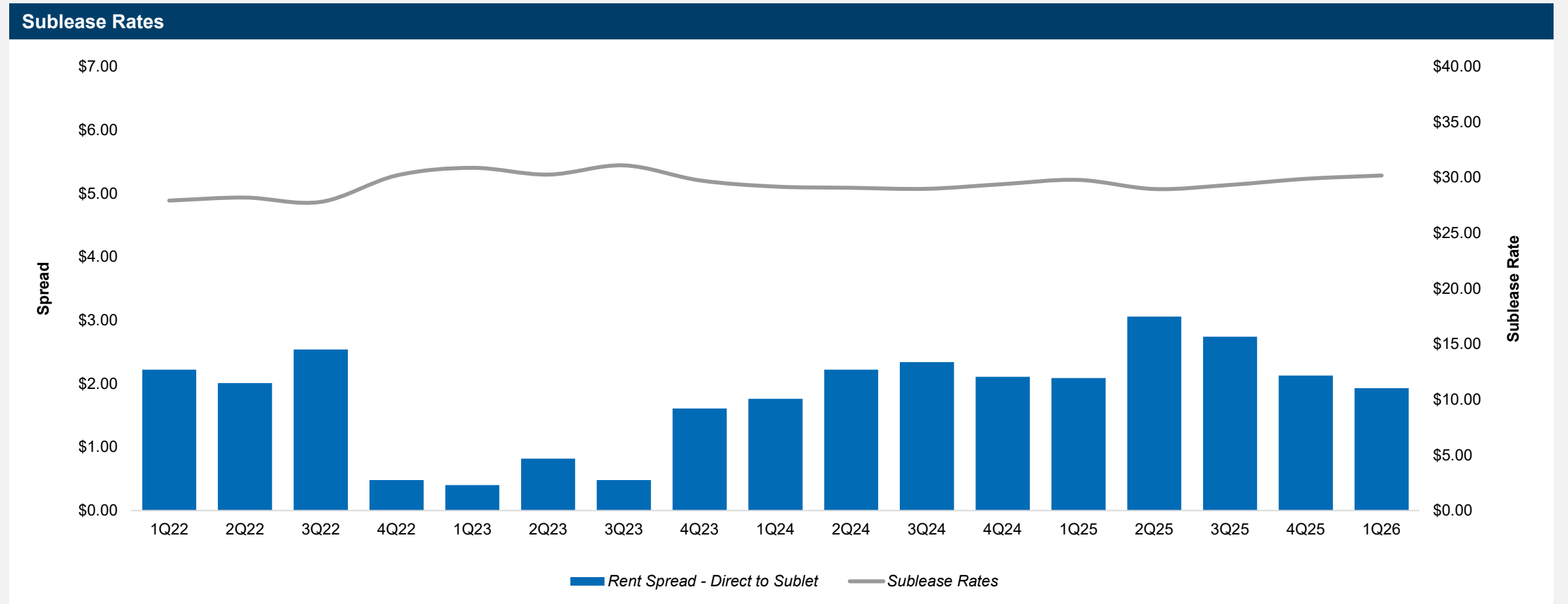
# Asking Rents Rise

Overall asking rents averaged \$32.12/SF in the first quarter of 2026, reflecting a \$0.10/SF increase from the previous quarter. Year over year, rents rose 0.38%, while Class A pricing increased 1.5% to \$35.29/SF, a 9.3% premium over the overall average asking rent. Asking rents are expected to remain firm, supported by steady tenant demand.



# Spread Between Direct & Sublease Rates

The influx of high-end space into the market in 2022 and 2023 narrowed the rent spread between direct and sublease space. Sublease rates have since stabilized, rising 1.3% year over year to \$30.19/SF in the first quarter of 2026.



# Notable Lease Transactions

Northern New Jersey's office market recorded nearly 1.9 million SF of leasing activity in 1Q26, slightly below the two-year quarterly average of 2.1 million SF. However, the market tightened as availability declined from 22.9% to 22.7%. This improvement was driven by 240,846 SF of positive net absorption, supported by the removal of obsolete inventory and a limited number of new large availabilities.

## Notable 4Q25 Lease Transactions

Tenant	Building(s)	Submarket	Type	Square Feet
<b>Newark Board of Education</b>	765 Broad Street	Newark CBD	Renewal/Expansion	211,336
<i>Newark Board of Education renewed and expanded at 765 Broad Street in Newark.</i>				
<b>Wilentz, Goldman &amp; Spitzer</b>	90 Woodbridge Center Drive	MetroPark/GSP	Direct Renewal	73,500
<i>Wilentz, Goldman &amp; Spitzer renewed for 73,500 SF at 90 Woodbridge Center Drive in Woodbridge.</i>				
<b>Organon</b>	100 Park Avenue	Morristown Area	Direct New	70,624
<i>Organon signed the largest new deal of the quarter for 70,624 SF at 100 Park Avenue in Florham Park.</i>				
<b>Jersey Mike's</b>	1 Commvault Way	Monmouth	Direct New	70,000
<i>Jersey Mike's signed a 70,000 SF new deal at 1 Commvault Way in Titon Falls.</i>				
<b>Mandelbaum Barrett</b>	3 Becker Farm Road	Essex West/I-280	Renewal/Expansion	60,873
<i>Mandelbaum Barrett renewed and expanded for 60,873 SF at 3 Becker Farm Road in Roseland.</i>				

# 1Q26 Northern/Central New Jersey Office Submarket Overview

## Submarket Statistics – All Classes

	Total Inventory (SF)	Total Vacancy Rate	Total Available (SF)	Sublease Available (SF)	Total Availability Rate	Qtr Net Absorption (SF)	Total FS Asking Rent (Price/SF)
<b>Northern NJ</b>	<b>97,818,105</b>	<b>18.1%</b>	<b>23,186,472</b>	<b>3,885,037</b>	<b>23.7%</b>	<b>(68,981)</b>	<b>\$32.17</b>
Bergen Central	9,290,591	12.3%	1,350,546	130,213	14.5%	(2,941)	\$30.37
Bergen East	4,373,989	10.2%	716,104	178,916	16.4%	(24,252)	\$27.52
Bergen North	4,852,427	12.6%	1,065,813	382,608	22.0%	(20,953)	\$26.05
Essex West/I-280	4,180,816	20.5%	945,886	3,251	22.6%	131,697	\$28.54
Hudson Waterfront	21,440,999	26.7%	7,095,121	1,336,748	33.1%	(137,250)	\$44.76
Meadowlands	5,456,004	14.6%	1,422,645	270,776	26.1%	(4,825)	\$31.02
Morris West/I-80	1,451,078	23.0%	352,459	14,132	24.3%	15,041	\$25.14
Morristown Area	12,284,770	15.9%	2,815,034	544,305	22.9%	(33,090)	\$29.62
Newark	12,240,029	19.4%	2,940,887	501,926	24.0%	18,783	\$30.42
Parsippany/Route 10	12,230,661	20.1%	3,283,216	418,796	26.8%	8,471	\$28.30
Route 46/Wayne	7,627,121	9.8%	900,521	84,415	11.8%	(57,314)	\$23.80
Short Hills/Route 24	2,389,620	11.8%	298,240	18,951	12.5%	37,652	\$41.64

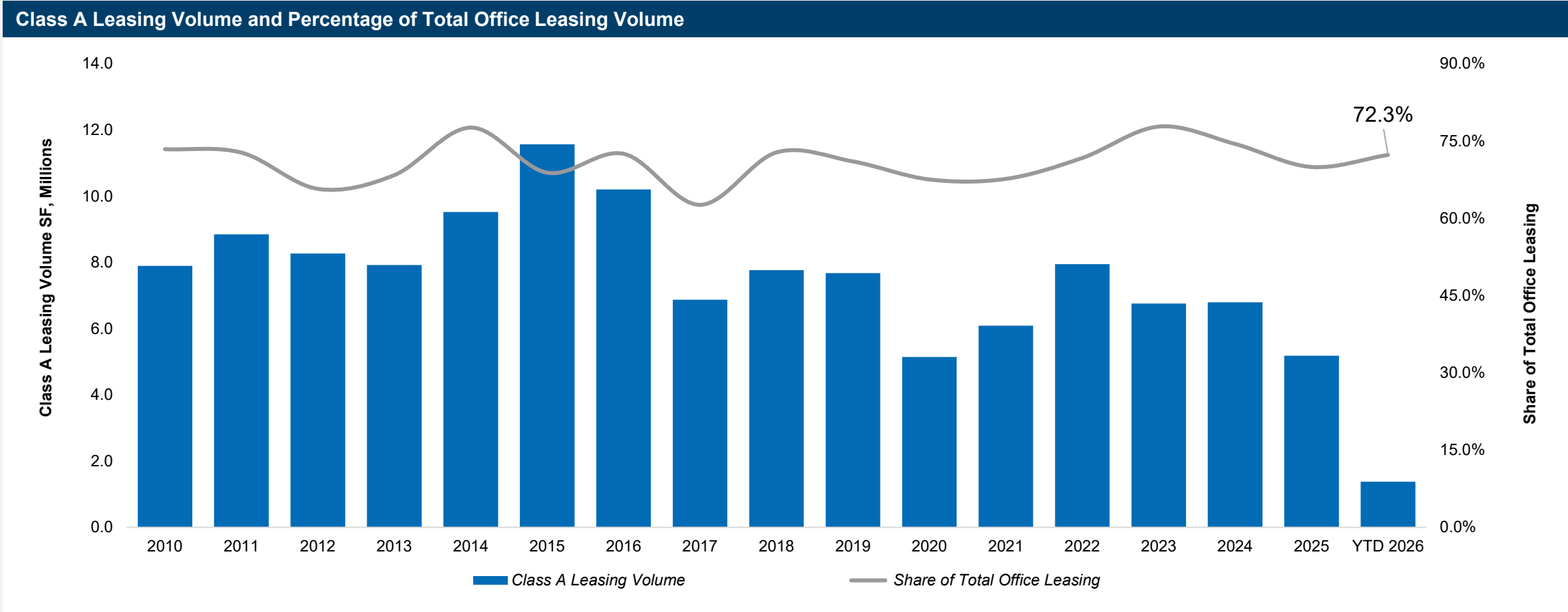
# 1Q26 Northern/Central New Jersey Office Submarket Overview

## Submarket Statistics – All Classes

	Total Inventory (SF)	Total Vacancy Rate	Total Available (SF)	Sublease Available (SF)	Total Availability Rate	Qtr Net Absorption (SF)	Total FS Asking Rent (Price/SF)
<b>Central NJ</b>	<b>67,176,379</b>	<b>19.0%</b>	<b>14,440,922</b>	<b>2,076,390</b>	<b>21.5%</b>	<b>309,827</b>	<b>\$27.96</b>
Hunterdon/I-78	2,610,155	50.5%	1,332,877	0	51.1%	1,500	\$24.89
MetroPark/GSP	6,150,359	24.0%	1,925,214	253,849	31.3%	113,103	\$38.81
Monmouth	10,112,173	11.7%	1,324,046	249,534	13.1%	15,341	\$27.05
Piscataway/I-287 South	8,441,160	11.4%	1,124,955	101,634	13.3%	18,614	\$19.58
Princeton Area	17,652,297	22.9%	4,358,363	884,543	24.7%	207,511	\$27.96
Route 18/8A Middlesex	2,864,079	13.1%	409,106	69,212	14.3%	(3,985)	\$28.53
Somerset/I-78	16,330,658	19.1%	3,537,182	480,754	21.7%	(64,181)	\$29.96
Union Area	3,015,498	9.0%	429,179	36,864	14.2%	21,924	\$23.75
<b>Northern/Central NJ</b>	<b>165,473,415</b>	<b>18.4%</b>	<b>37,627,394</b>	<b>5,961,427</b>	<b>22.7%</b>	<b>240,846</b>	<b>\$32.12</b>

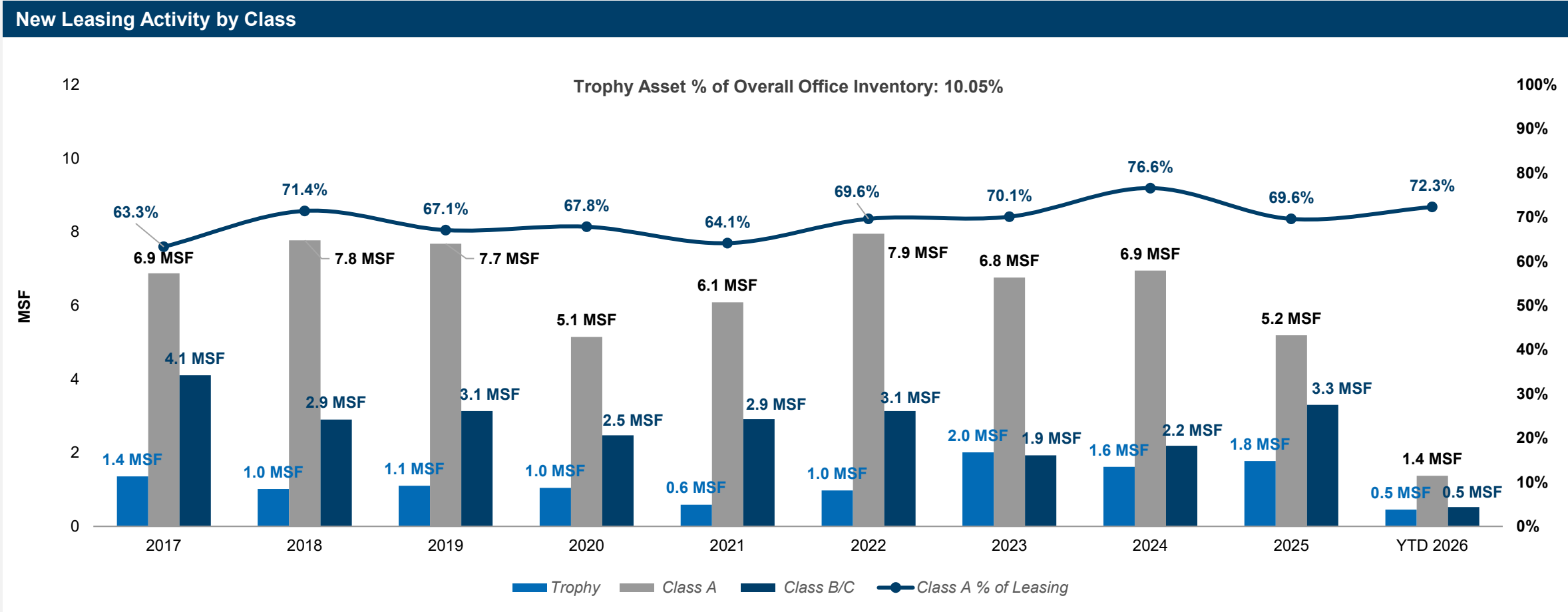
# Flight to Quality Trend Remains Consistent

Class A office leasing remained resilient, accounting for more than 72.3% of overall activity in 2026. Despite broader market softening, premier Class A properties in the Morristown Area, MetroPark/GSP and Monmouth submarkets secured significant new leases. The flight-to-quality trend continues, with tenants gravitating toward modern, amenity-rich assets, while outdated Class B and C buildings face rising vacancy and obsolescence as companies relocate to higher-quality options.



# Flight to Quality | Northern New Jersey Leasing

Demand for high-quality space remains strong, with premier office buildings outperforming the broader market in absorption. As the flight-to-quality trend concentrates activity in trophy assets, limited availability in those buildings has driven increased leasing activity within non-trophy Class A properties.



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