

NEWMARK

Industrial Market Overview:
Northern New Jersey

1Q26

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Key Takeaways

The Northern and Central New Jersey industrial market started the year strong, posting 3.49 MSF of net absorption in the first quarter of 2026—its third straight positive quarter. Vacancy fell 10 basis points, driven by 8.7 MSF of leasing activity.



Occupancy gains were concentrated in Class A assets, accounting for over 51% of leasing activity, as tenants prioritize modern facilities.



The first quarter of 2026 saw a resurgence of blue-chip tenants, with activity still primarily driven by 3PLs.



Vacancy is plateauing, edging down 10 BPS to 6.3% in the first quarter of 2026.



Sublease availability fell 9.9% quarter-over-quarter to 10,885,831 SF, its lowest level in over a year.

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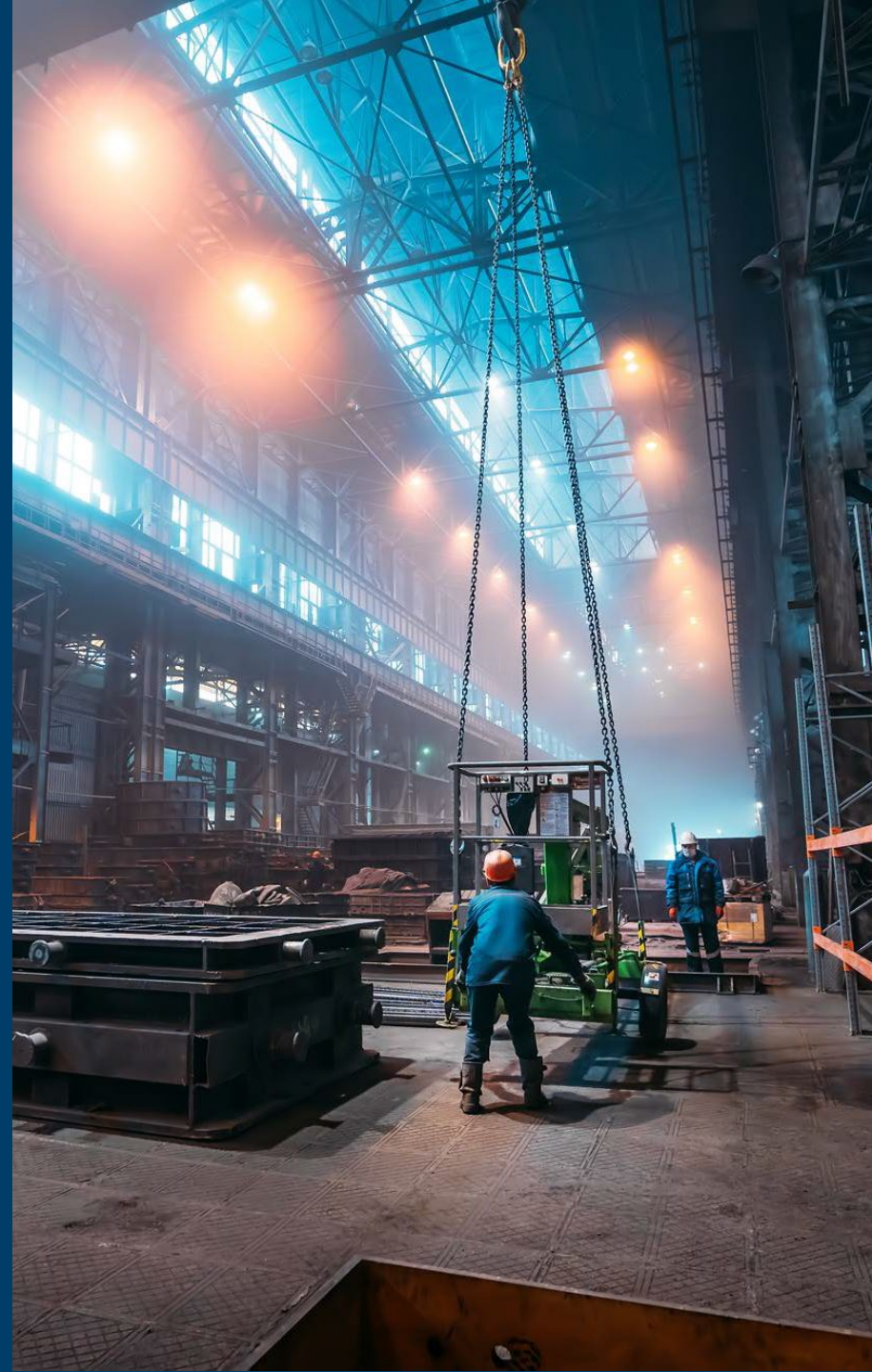
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Economy

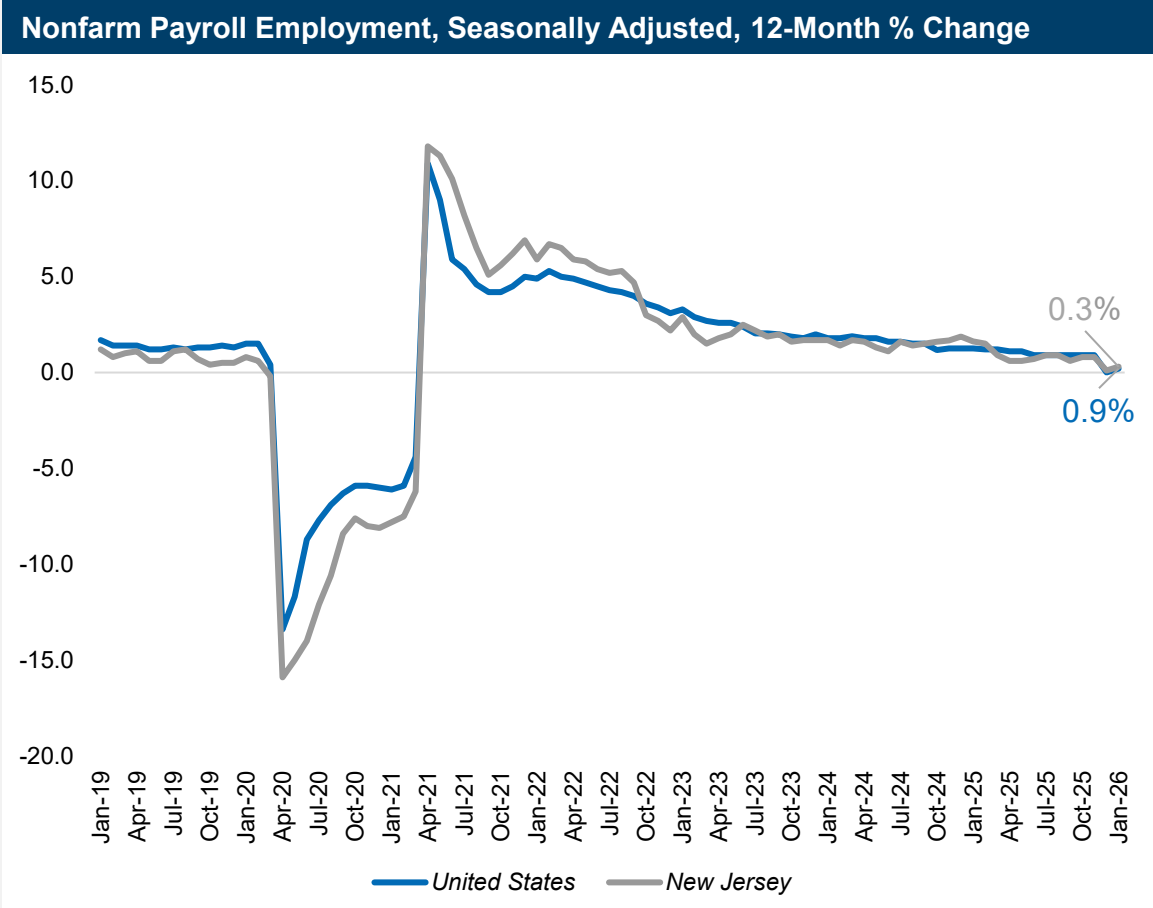
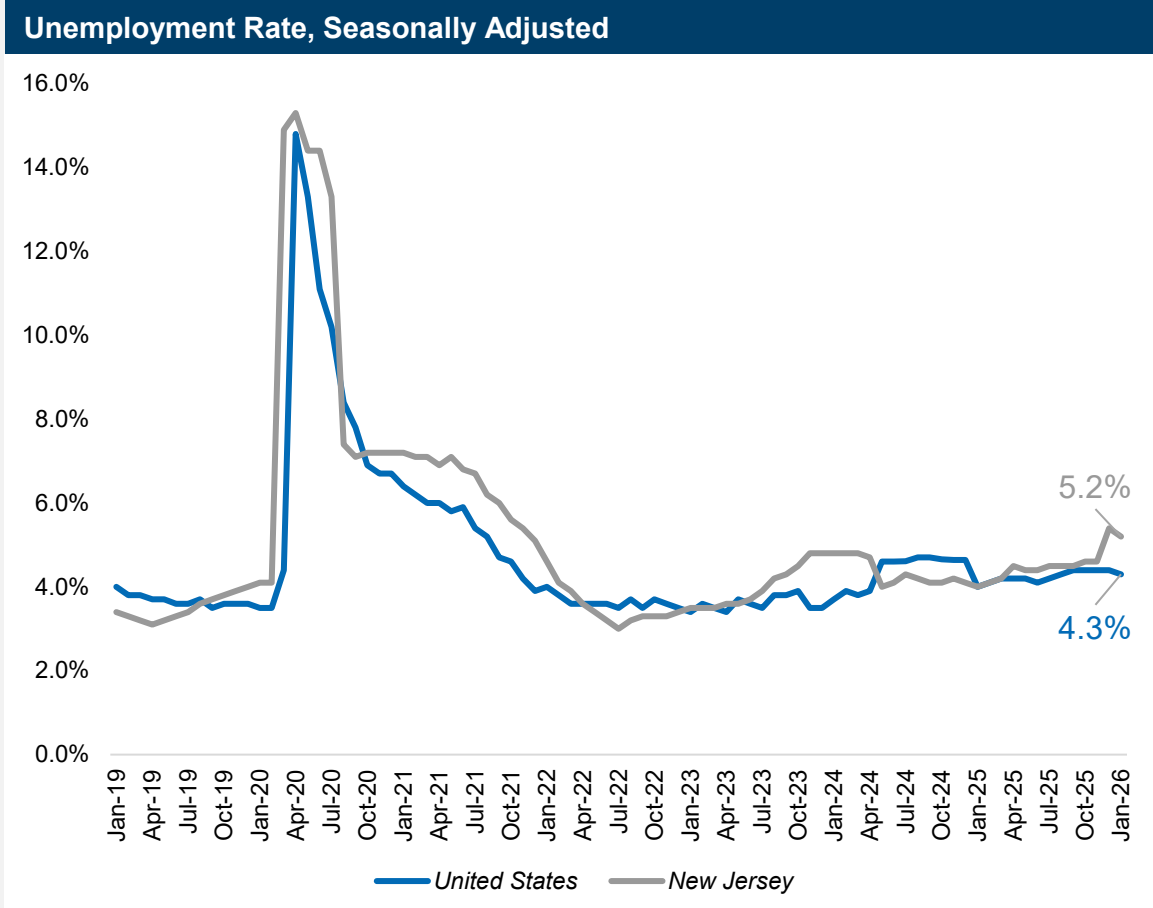
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Metro Employment

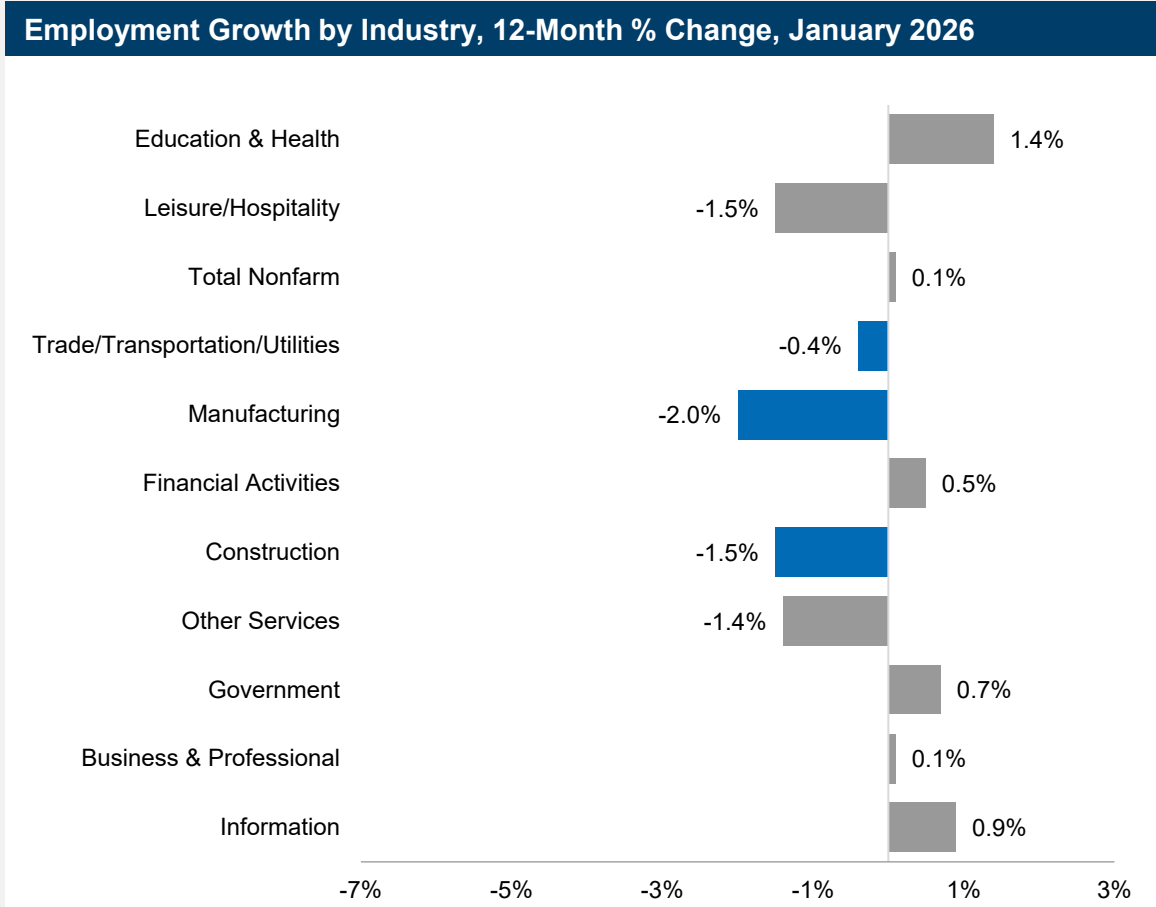
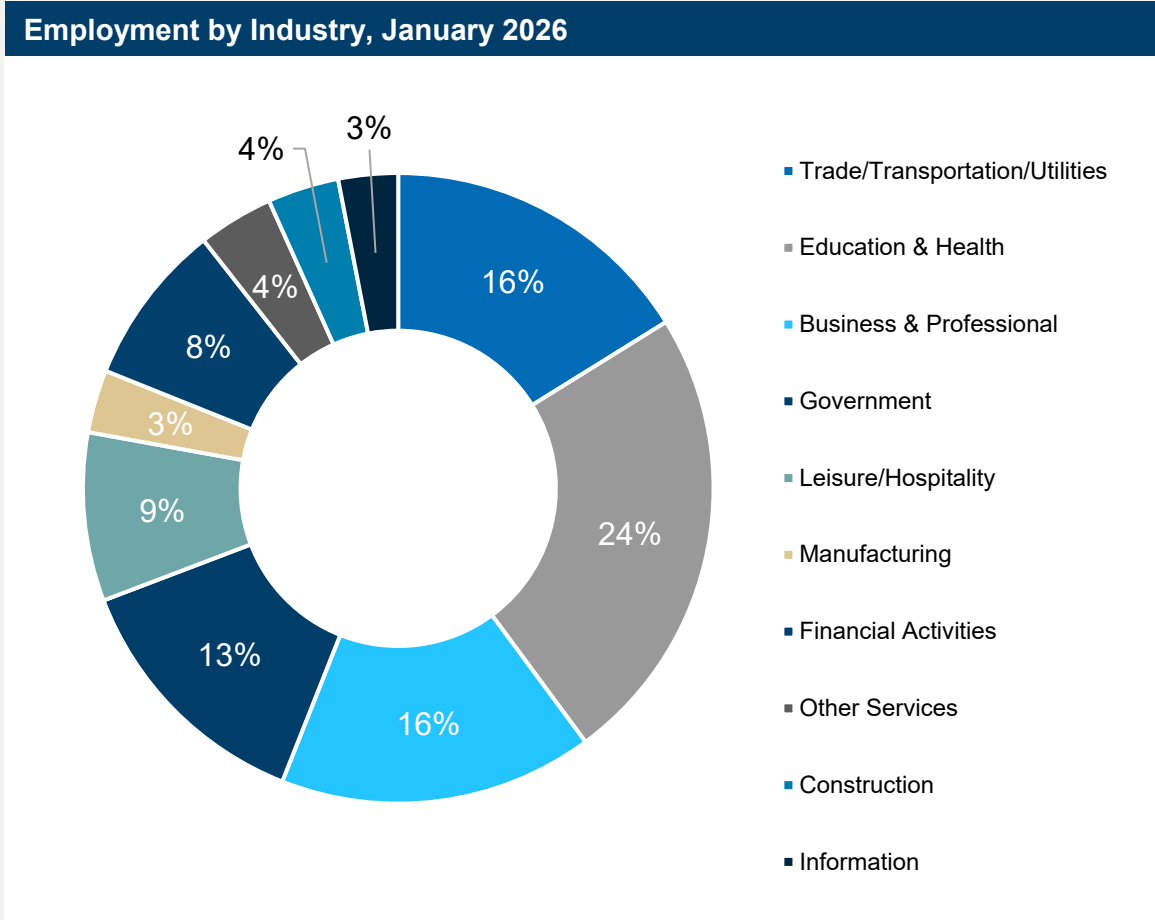
Year-over-year payroll employment rose 0.3% in New Jersey. The state's unemployment rate fell to 5.2% in January 2026 and has remained above the national average of 4.3% since May 2023.



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

Industrial Employment Posts Year-Over-Year Losses

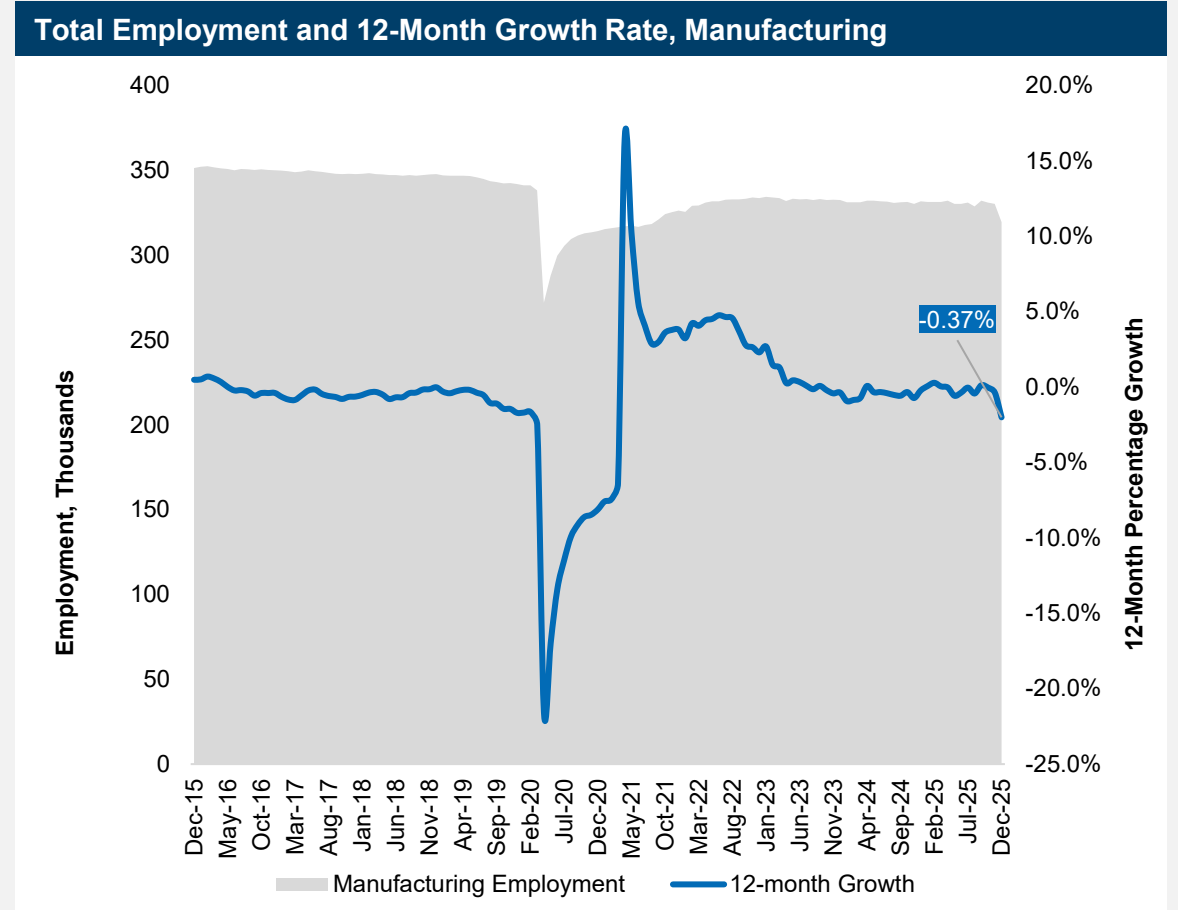
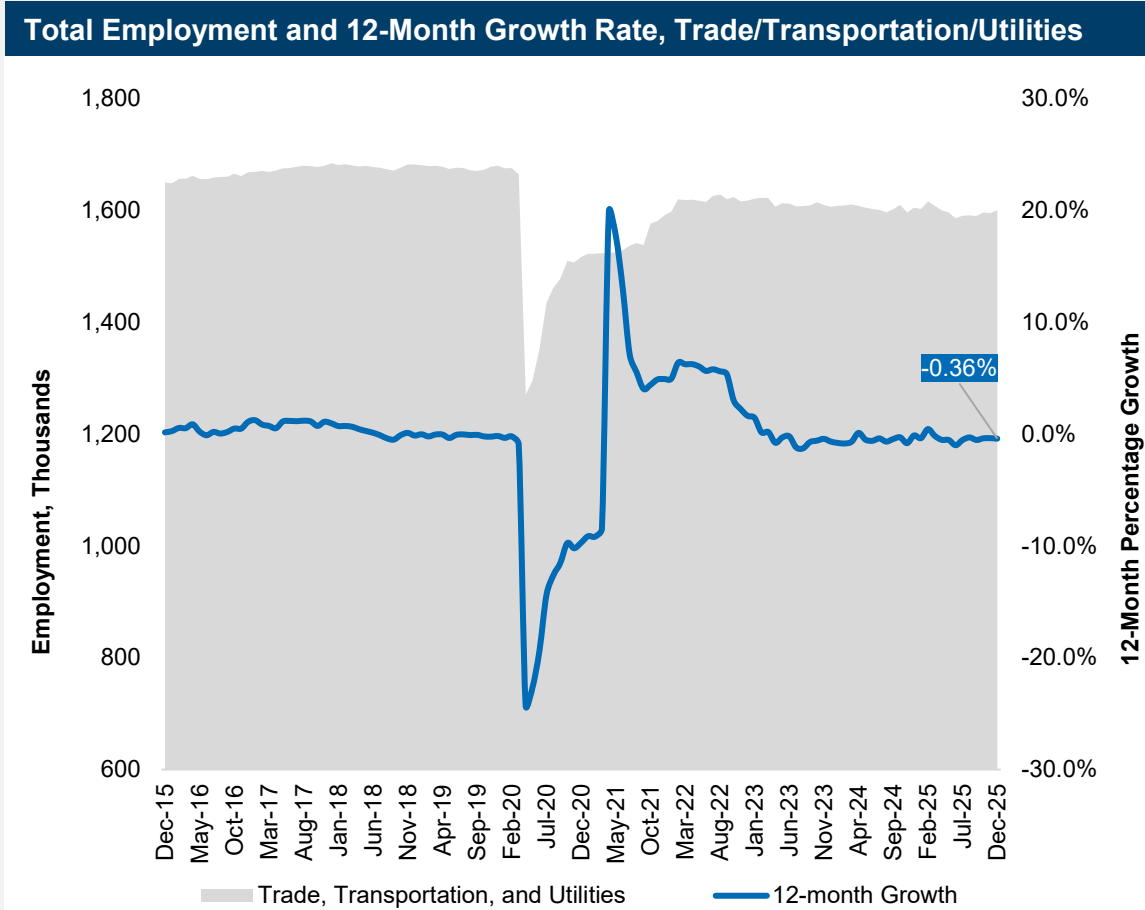
Education and health services led all industries, recording 1.4% annual job growth in January 2026. Financial activities rose 0.5% year over year and government grew 0.7%. Trade/Transportation/Utilities contracted 0.4%, manufacturing fell 2.0% and construction declined 1.5%.



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

Industrial Employment Growth

Trade, transportation, utilities and manufacturing firms continue to recalibrate labor strategies in response to shifting demand and economic headwinds. In January 2026, Trade, Transportation, and Utilities employment declined 0.4% year over year, while manufacturing employment also fell 0.4%.

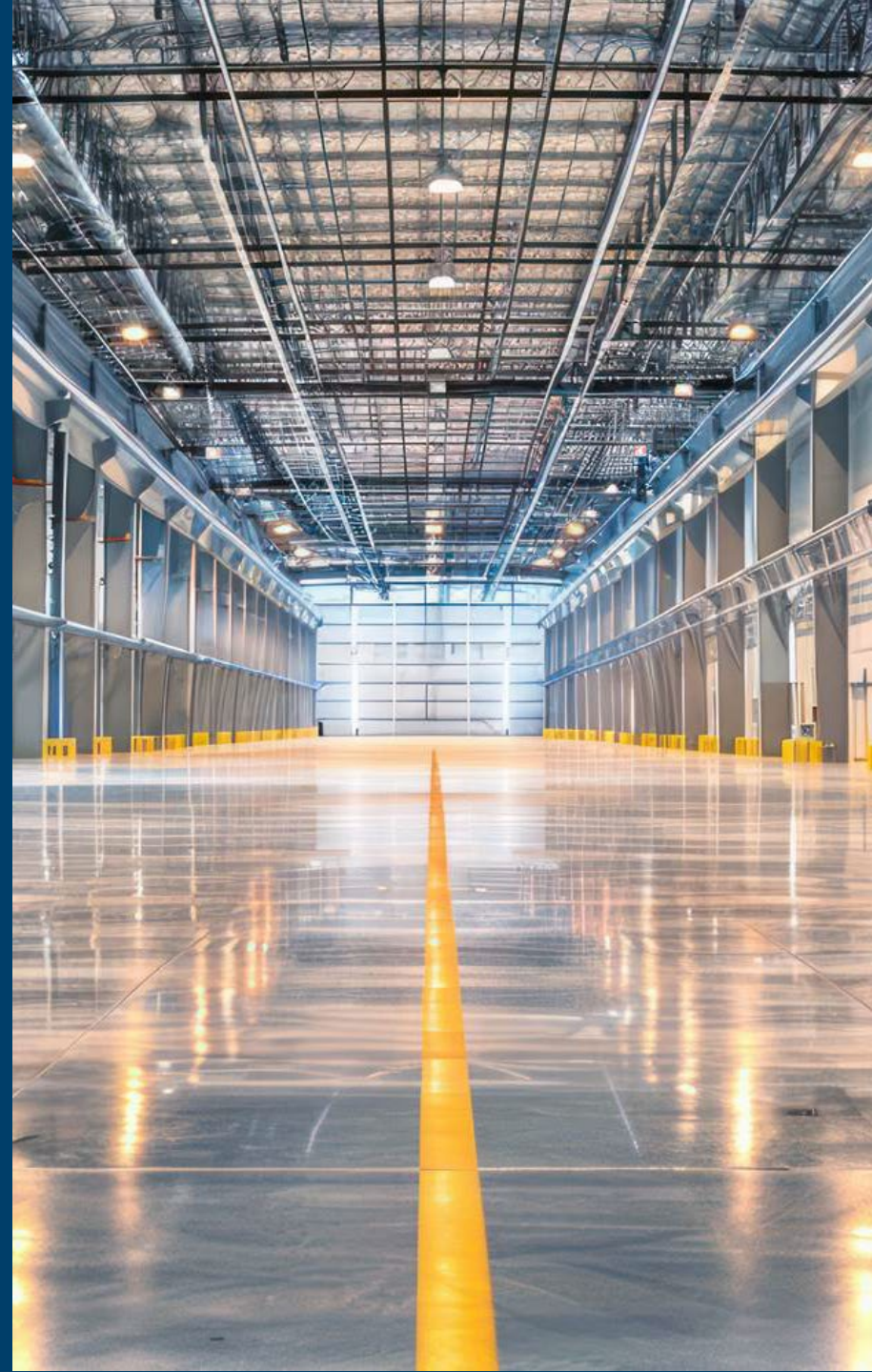


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Leasing Market Fundamentals

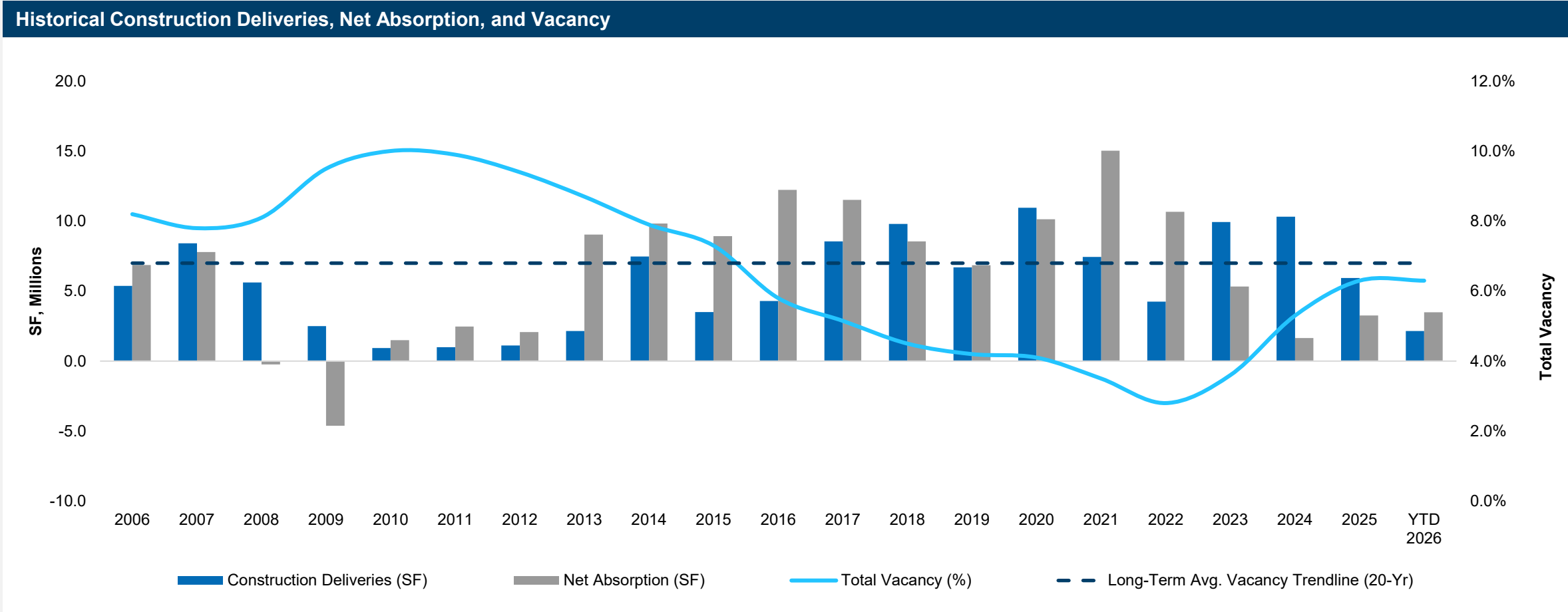
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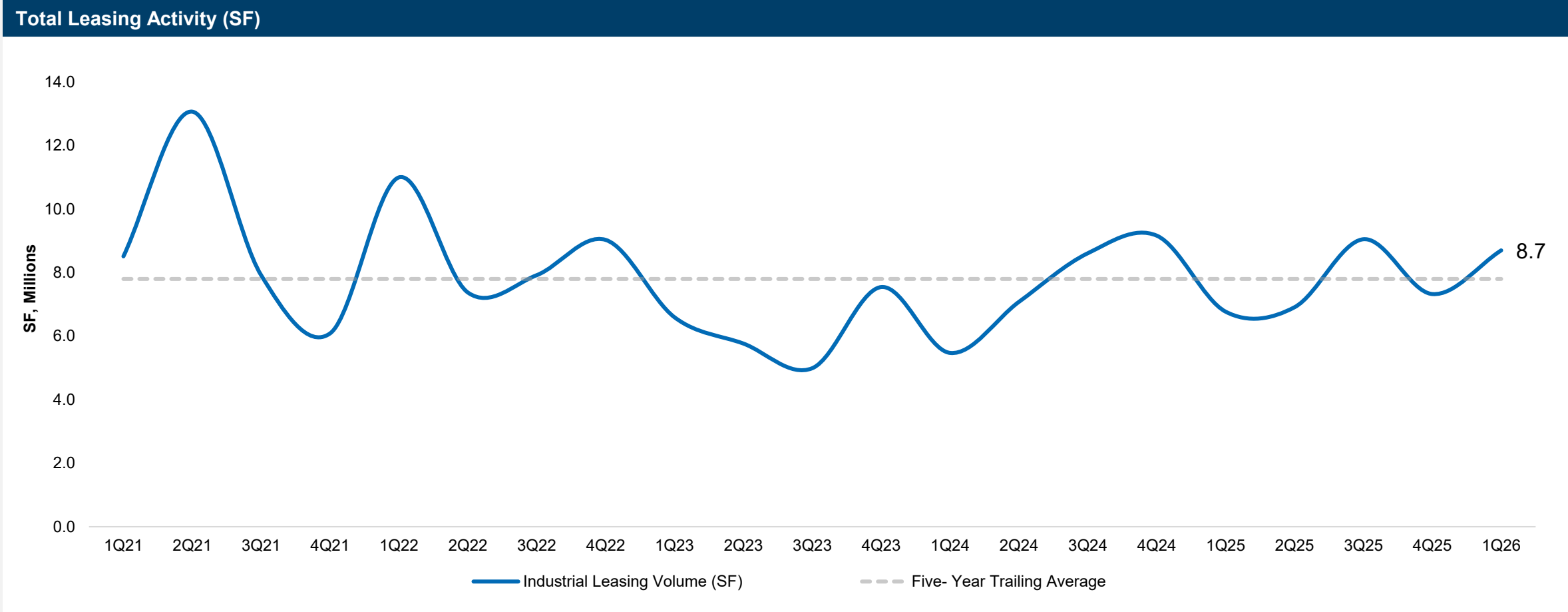
Market Stabilizes As Net Absorption Continues Positive

The Northern and Central New Jersey industrial market remained resilient in the first quarter of 2026, recording 3.49 MSF of positive net absorption—the third consecutive quarter of demand outpacing supply. Occupancy gains were concentrated in Class A assets, accounting for over 51% of leasing activity as tenants prioritize modern facilities. With vacancy stabilizing, edging down 10 BPS to 6.3% in the first quarter of 2026, the market is positioned for continued recovery.



Industrial Leasing Activity Accelerates

Industrial leasing activity surged in the first quarter of 2026, totaling 8.7 million square feet, a 19% quarter-over-quarter increase, and returned above the market's five-year trailing average. Tenant demand was driven by third-party logistics (3PLs), which accounted for 48.1% of total activity and two of the five largest transactions of the quarter. In total, 26 new leases were completed for spaces exceeding 100,000 square feet, underscoring the depth of occupier demand entering 2026.



Class A Warehouse Leasing Activity

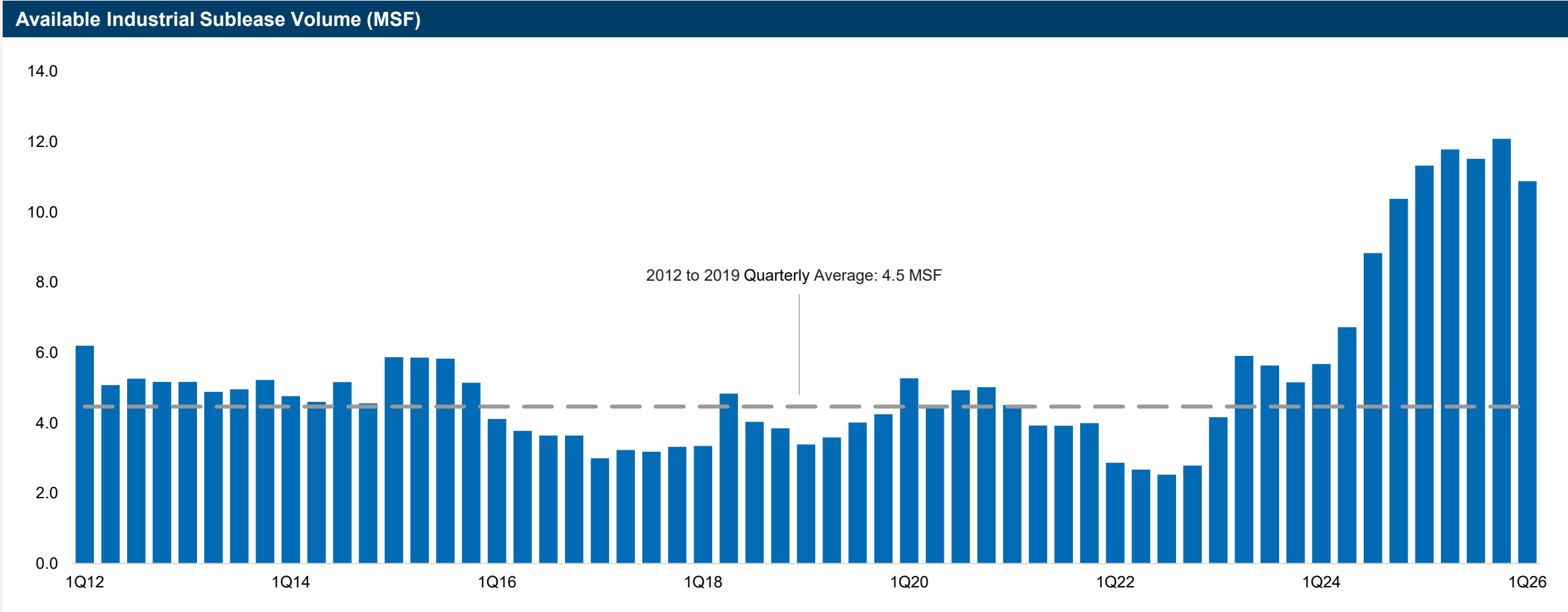
Class A warehouse space accounted for 51.8% of total leasing activity so far in 2026, well above the 10-year average of 26.8%. A return of blue-chip tenants helped reshape Class A demand this quarter and further highlight the flight-to-quality trend across the market. Companies with strong credit leased over 2.9 MSF of Class A space, nearly doubling activity from the prior year.



Source: Newmark Research, CoStar

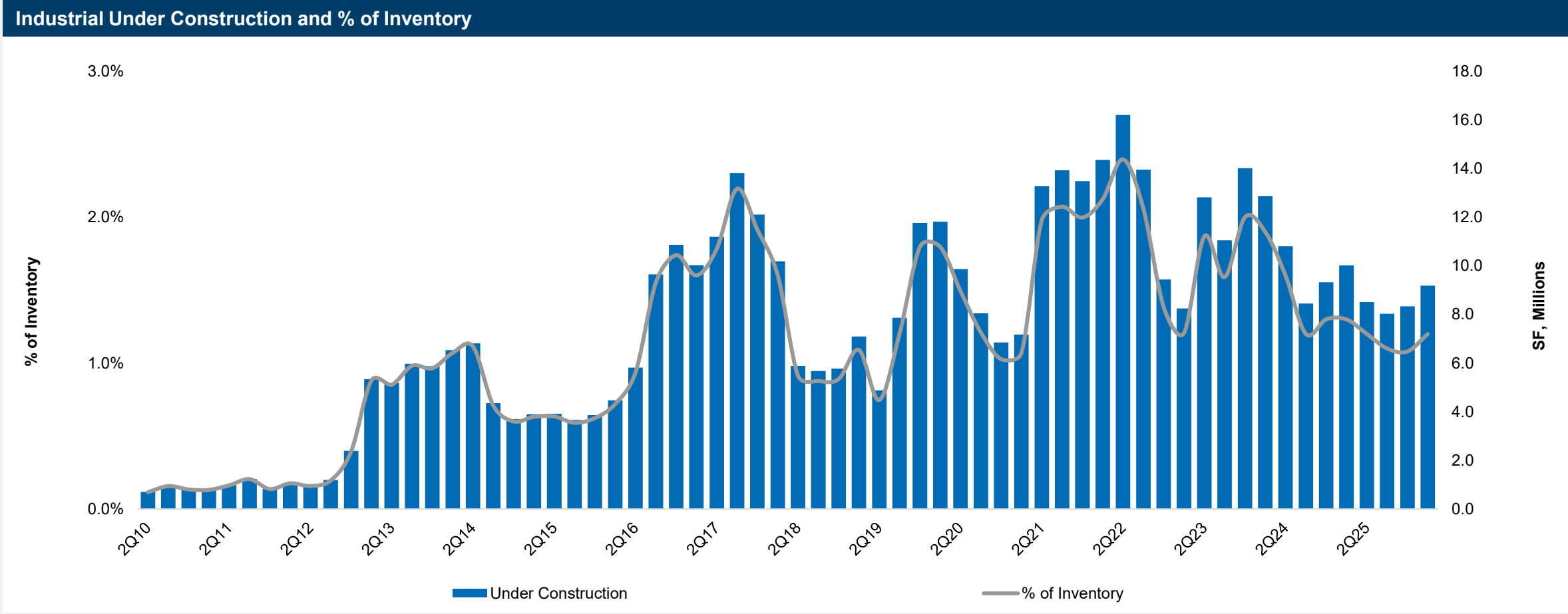
Industrial Sublease Availability Shows Positive Momentum

The steady climb in sublease inventory since 2023 reversed this quarter, as four major deals over 100,000 SF cleared significant blocks of space. This activity drove a 9.9% quarterly decline in sublease availability, which now stands at a one-year low of 10,885,831 SF. This momentum indicates excess inventory from recent years is being absorbed, further tightening the region's overall supply.



Under Construction Decreases

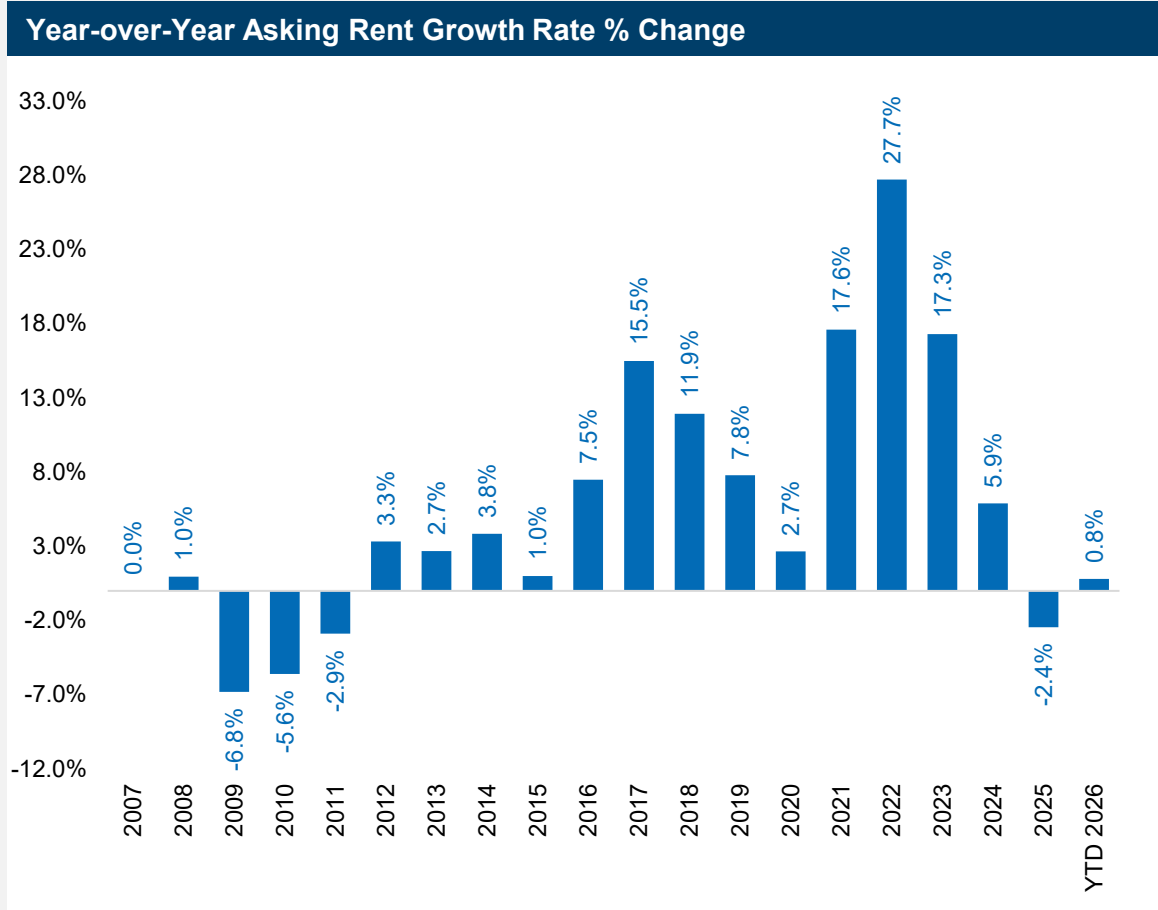
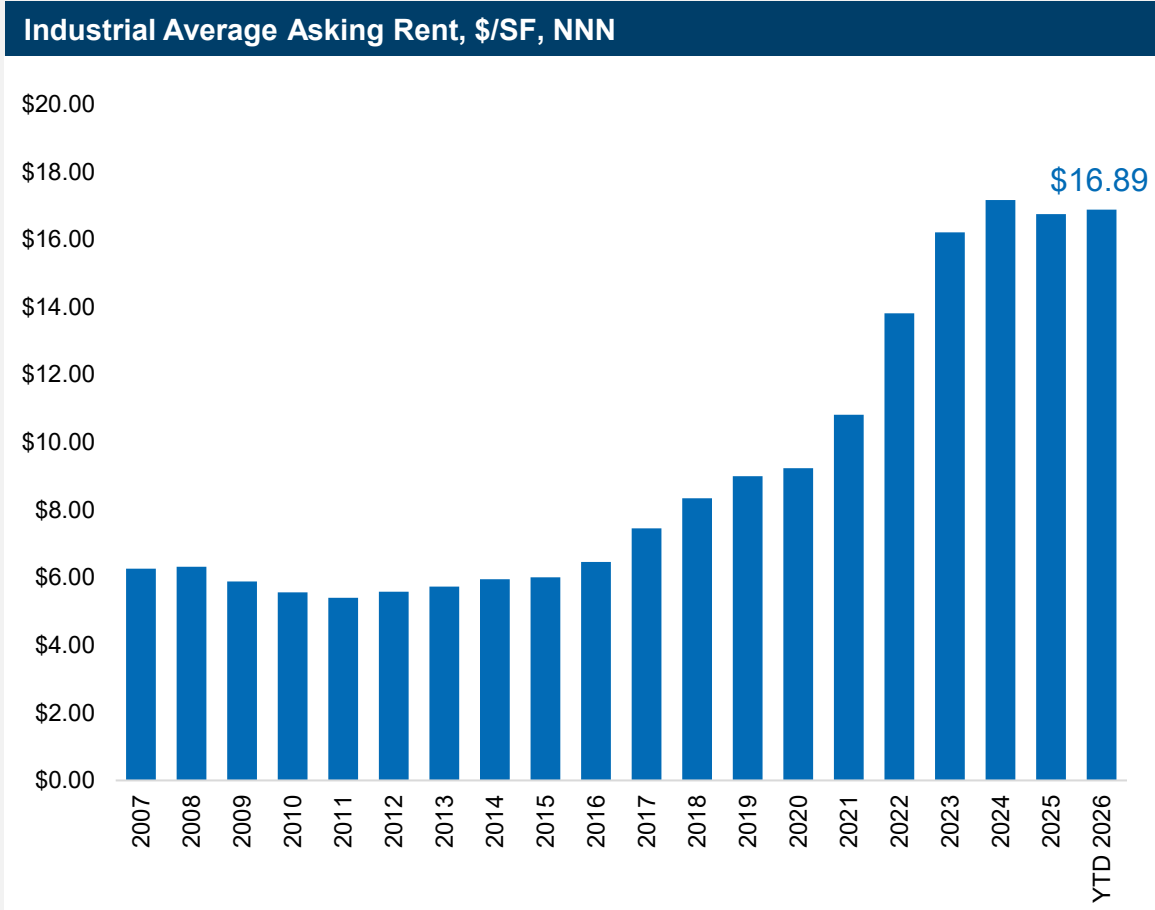
The Northern and Central New Jersey construction pipeline stood at 9.1 MSF in the first quarter of 2026—a fraction of the 16+ MSF that defined the peak development cycle and a clear signal that new supply is no longer the headwind it was in recent years. Developers remain disciplined in their approach to new starts, with build-to-suit projects comprising a growing share of the pipeline as speculative construction continues to pull back. Combined with strengthening absorption, the market is no longer contending with oversupply, setting the stage for tightening vacancy and accelerating rent growth.



Source: Newmark Research, CoStar

Industrial Asking Rents Stabilize

Industrial asking rents in Northern and Central New Jersey stabilized at \$16.89/SF in the first quarter of 2026, posting a 0.8% year-over-year gain. The market is finding its footing, as moderating new supply and strengthening absorption reduce pressure on landlords to offer aggressive concession packages to backfill prolonged vacancies.



Notable 1Q26 Lease Transactions

Industrial leasing activity surged in the first quarter of 2026, totaling 8.7 million square feet, a 19% quarter-over-quarter increase, and returned above the market’s five-year trailing average. Tenant demand was driven by third-party logistics (3PLs), which accounted for 48.1% of total activity and two of the five largest transactions of the quarter. In total, 26 new leases were completed for spaces exceeding 100,000 square feet, underscoring the depth of occupier demand entering 2026.

Notable 1Q26 Lease Transactions				
Tenant	Building(s)	Submarket	Type	Square Feet
Home Depot	61 Station Road	Exit 8A	Renewal	772,000
<i>Home Depot renewed for 772,000 SF at 61 Station Road in Cranbury.</i>				
FedEx	25-53 Talmadge Road	Exit 10	Renewal	695,073
<i>FedEx’s renewal at 25-53 Talmadge Road in Edison was for 695,073 SF.</i>				
DSV	201 Middlesex Center Boulevard	Exit 8A	Direct New	600,000
<i>DSV signed the largest new deal of the quarter, taking 600,000 SF at 201 Middlesex Center Boulevard in Monroe Township.</i>				
Amazon	1075 Secaucus Road	Meadowlands	Direct New	490,429
<i>Amazon signed a 490,429 SF new deal at 1075 Secaucus Road in Jersey City.</i>				
TJ Maxx	50 Bryla Street	Exit 12	Renewal	459,500
<i>TJ Maxx renewed for 459,500 SF at 50 Bryla Street in Carteret.</i>				

1Q26 Northern/Central New Jersey Industrial Submarket Overview

Submarket Statistics – All Classes								
	Total Inventory (SF)	Under Construction (SF)	Total Vacancy Rate	Qtr Net Absorption (SF)	YTD 2026 Net Absorption (SF)	Qtr Construction Deliveries (SF)	YTD 2026 Construction Deliveries (SF)	Total Asking Rent (Price/SF)
Northern NJ	315,009,566	3,096,491	5.7%	1,061,149	1,061,149	971,612	971,612	\$16.89
Bergen Central	17,107,324	154,240	7.0%	310,825	310,825	0	0	\$16.43
Bergen Northeast	4,708,922	0	2.1%	81,589	81,589	0	0	\$16.46
Bergen Northwest	13,773,074	0	3.8%	(84,997)	(84,997)	0	0	\$16.79
Hudson Waterfront	33,077,451	0	10.6%	172,199	172,199	0	0	\$20.80
Meadowlands	91,910,386	993,512	4.9%	503,602	503,602	0	0	\$17.15
Morris East	23,643,071	1,432,840	8.4%	(231,413)	(231,413)	189,864	189,864	\$17.02
Morris West	18,230,560	153,478	9.6%	(99,934)	(99,934)	781,748	781,748	\$17.32
Newark	39,588,692	309,106	3.4%	196,501	196,501	0	0	\$16.49
Paterson/Passaic	27,876,971	0	4.8%	(63,702)	(63,702)	0	0	\$14.35
Route 280/Suburban Essex	10,240,632	53,315	5.1%	100,933	100,933	0	0	\$16.33
Route 46/23 Corridor	34,852,483	0	3.5%	175,546	175,546	0	0	\$15.12

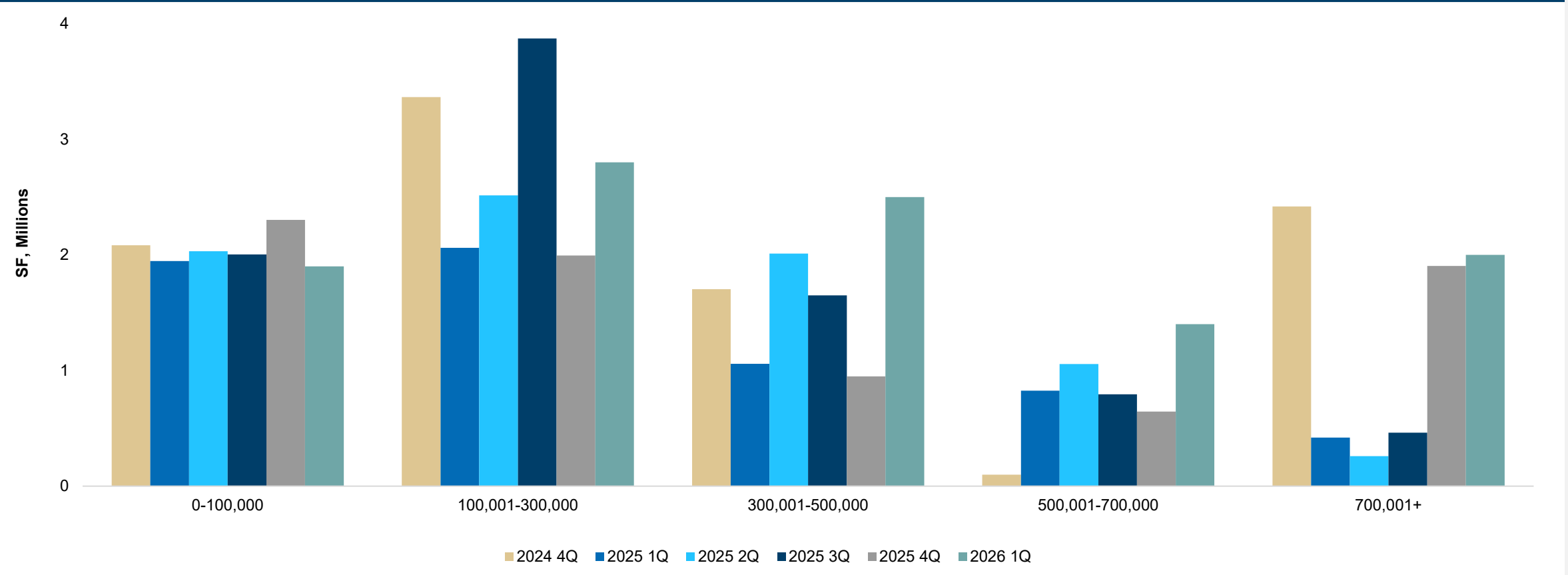
1Q26 Northern/Central New Jersey Industrial Submarket Overview

Submarket Statistics – All Classes								
	Total Inventory (SF)	Under Construction (SF)	Total Vacancy Rate	Qtr Net Absorption (SF)	YTD 2026 Net Absorption (SF)	Qtr Construction Deliveries (SF)	YTD 2026 Construction Deliveries (SF)	Total Asking Rent (Price/SF)
Central NJ	388,778,044	5,934,380	6.8%	2,507,409	2,438,207	1,178,360	1,178,360	\$15.74
Exit 12	23,382,835	0	9.1%	44,647	44,647	0	0	\$19.70
Exit 10	57,284,434	971,962	5.9%	(290,456)	(290,456)	0	0	\$16.41
Exit 9	31,144,310	1,005,309	9.2%	405,571	405,571	36,000	36,000	\$15.40
Exit 8A	84,120,334	100,000	6.5%	2,061,128	2,061,128	0	0	\$14.34
Exit 7A	31,548,934	1,838,299	6.2%	98,487	98,487	0	0	\$15.12
I-287 Corridor	56,335,767	317,275	5.5%	(628,703)	(628,703)	436,960	436,960	\$16.27
Linden/Elizabeth	35,996,968	277,818	6.0%	791,771	791,771	0	0	\$16.11
Monmouth	19,122,030	1,388,423	4.4%	242,325	242,325	129,500	129,500	\$15.13
Union Central	23,763,040	0	4.1%	(129,167)	(129,167)	0	0	\$15.19
Western I-78 Corridor	26,079,392	35,294	13.3%	(88,194)	(88,194)	575,900	575,900	\$15.67
Northern/Central NJ	703,787,610	9,188,117	6.3%	3,490,134	3,490,134	2,149,972	2,149,972	\$16.89

100,001-300,000 SF Buildings Account For Largest Share of Leasing Volume

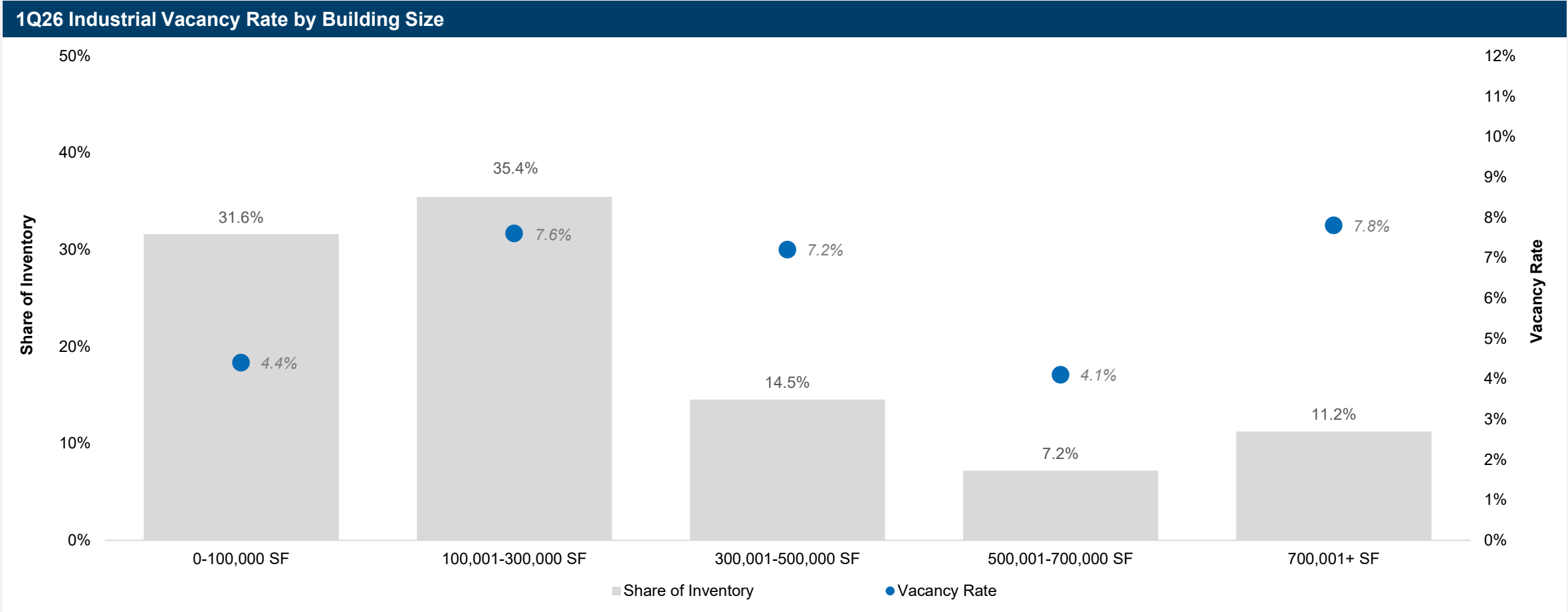
Leasing activity in the first quarter of 2026 was broadly distributed across building sizes, reflecting the depth of occupier demand across the market. The 100,001–300,000 SF tranche accounted for the largest share of activity at approximately 2.8 MSF, consistent with its role as the most active size tranche over the past several quarters, while the 300,001–500,000 SF segment showed strength, reaching its highest quarterly total in over a year. The rebound in 700,000 SF-plus leasing was also notable, approaching 2.0 MSF in 1Q26 after a subdued stretch, signaling renewed confidence among large-format occupiers and a broadening of demand across the size spectrum.

Leasing Activity by Building Size



NNJ Buildings Under 100,000 SF Boast Lowest Vacancy of Any Size Segment

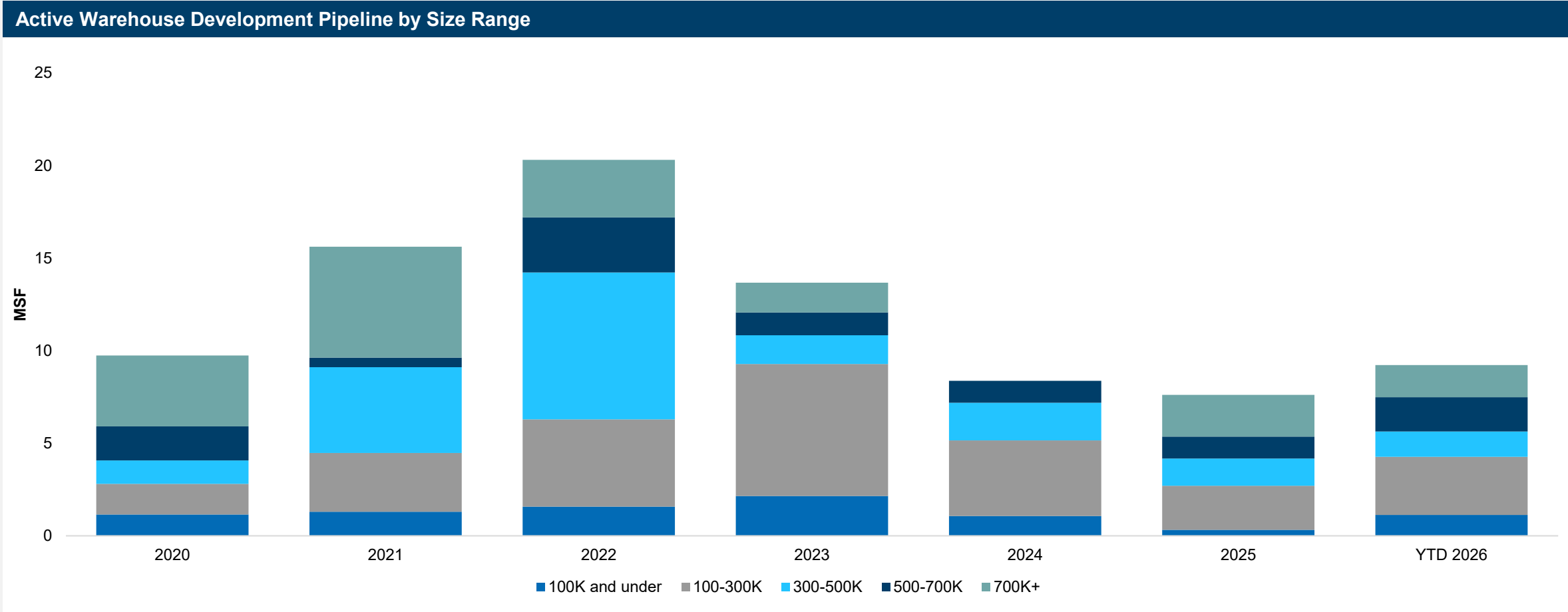
Vacancy trends indicate a market approaching equilibrium across varying size segments. Smaller-bay assets under 100,000 SF remained tight, with vacancy at 4.4%, while buildings in the 500,001 to 700,000 SF range decreased 370 BPS quarter-over-quarter to 4.1%.



Source: CoStar, Newmark Research, January 2026.

Warehouse Development

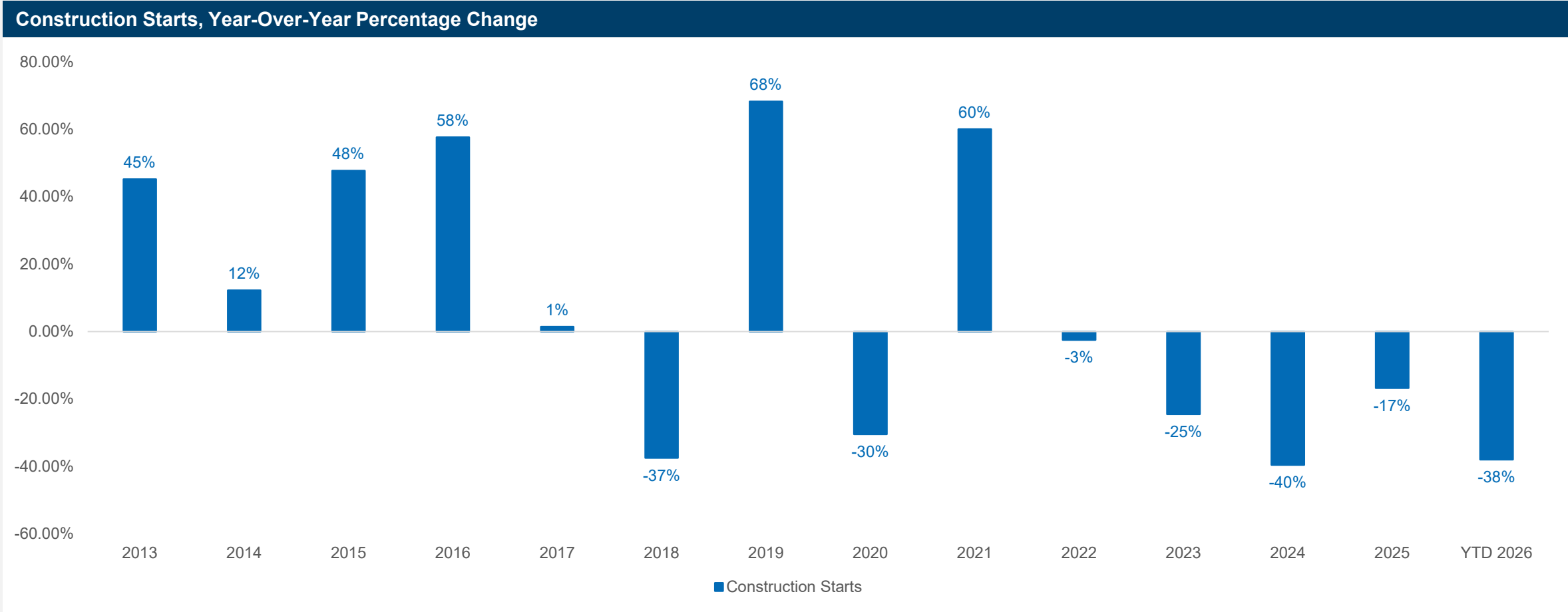
The construction pipeline stood at 9.1 MSF in the first quarter of 2026—a fraction of the 16+ MSF that defined the peak development cycle and a clear signal that new supply is no longer the headwind it was in recent years. The slowdown in big-box projects, particularly those exceeding 700,000 SF, reflects a healthier balance between supply and tenant demand. With most active construction now focused on mid-sized facilities ranging from 100,000 to 500,000 SF, the market is entering a more sustainable phase that should help stabilize vacancy and support long-term fundamentals.



Source: CoStar, Newmark Research, January 2026.

Construction Starts Down 38% Year-over-Year

Construction starts in Northern and Central New Jersey remained sharply curtailed through the first quarter of 2026, declining 38% year over year and extending a trend of annual decreases following the 2021–2022 development peak. Notably, 1Q26 marked another quarter without a major new groundbreaking along the Turnpike Corridor, reinforcing that the era of outsized, supply-driven speculative construction has given way to a more measured, demand-led approach to development.



Industrial Leasing Trends By Sector

Industrial demand in the first quarter of 2026 reflected a shift in tenant composition, with high-credit, name-brand occupiers returning alongside the continued dominance of third-party logistics providers. 3PLs accounted for 48.1% of total leasing activity and three of the five largest transactions of the quarter, while consumer goods and retailers re-emerged as a meaningful demand driver at 22.5%. E-commerce represented 19.2% of activity, consistent with the broader national trend supporting demand for modern logistics and fulfillment space.

Top Industrial Leasing Activity by Sector, 1Q26

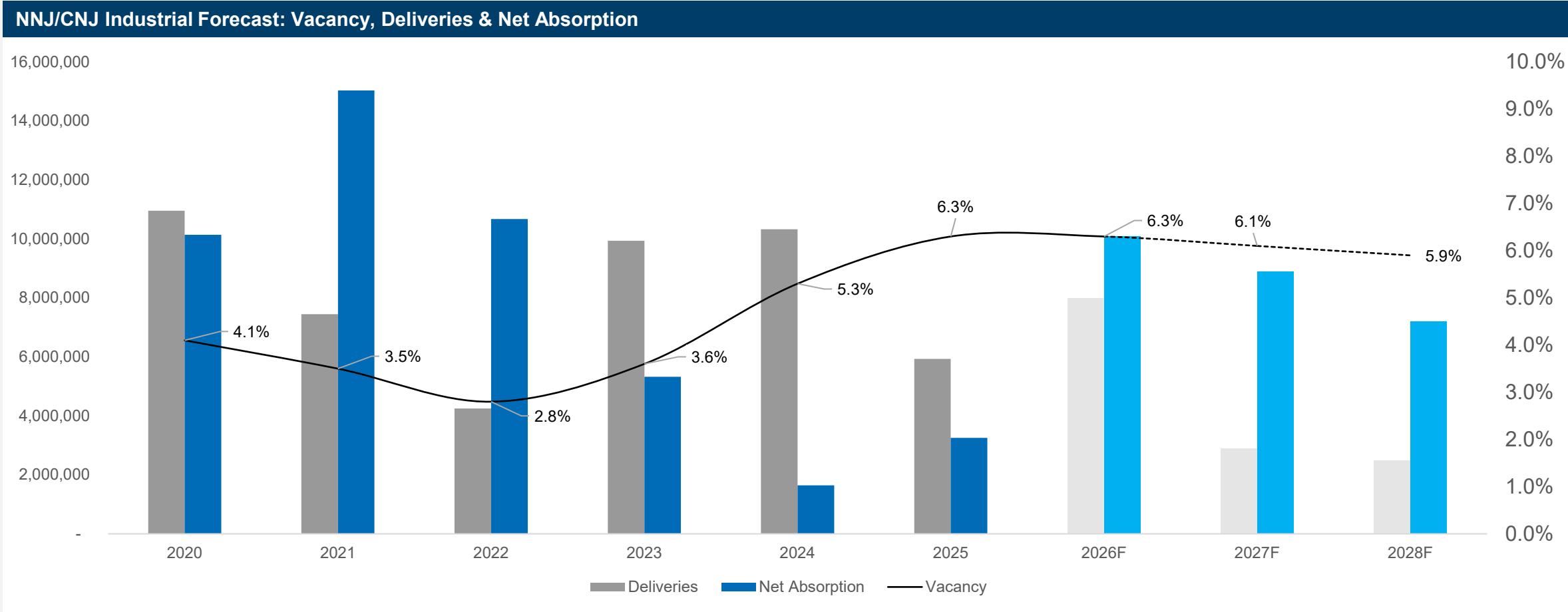


Notable 1Q26 Lease Transactions

Tenant	Address	Market	Type	Square Feet	Industry
Home Depot	61 Station Road	Exit 8A	Renewal	772,000	Consumer Goods/ Retailers
FedEx	25-53 Talmadge Road	Exit 10	Renewal	695,073	Logistics & Distribution/3PLs
DSV	201 Middlesex Center Boulevard	Exit 8A	Direct New	600,000	Logistics & Distribution/3PLs
Amazon	1075 Secaucus Road	Meadowlands	Direct New	490,429	E-Commerce
TJ Maxx	50 Bryla Street	Exit 12	Renewal	459,500	Consumer Goods/ Retailers

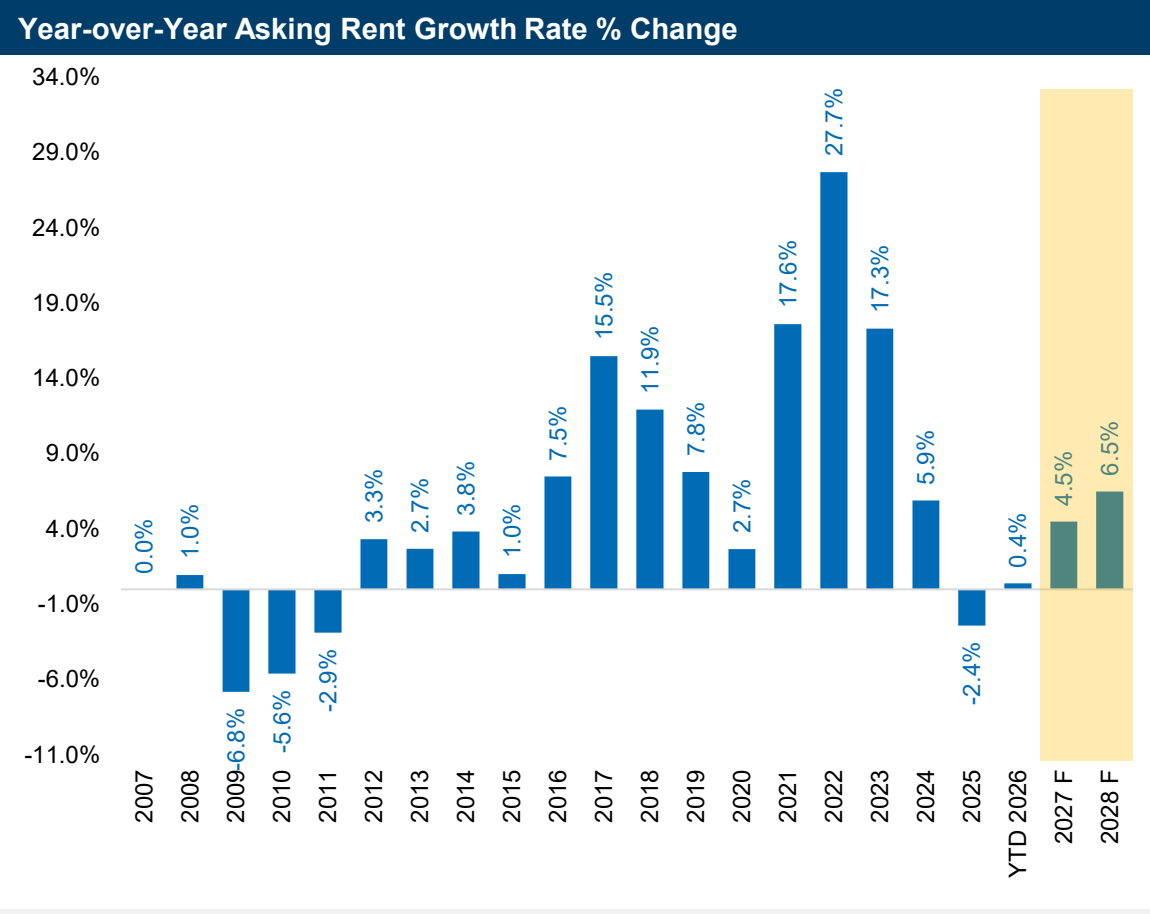
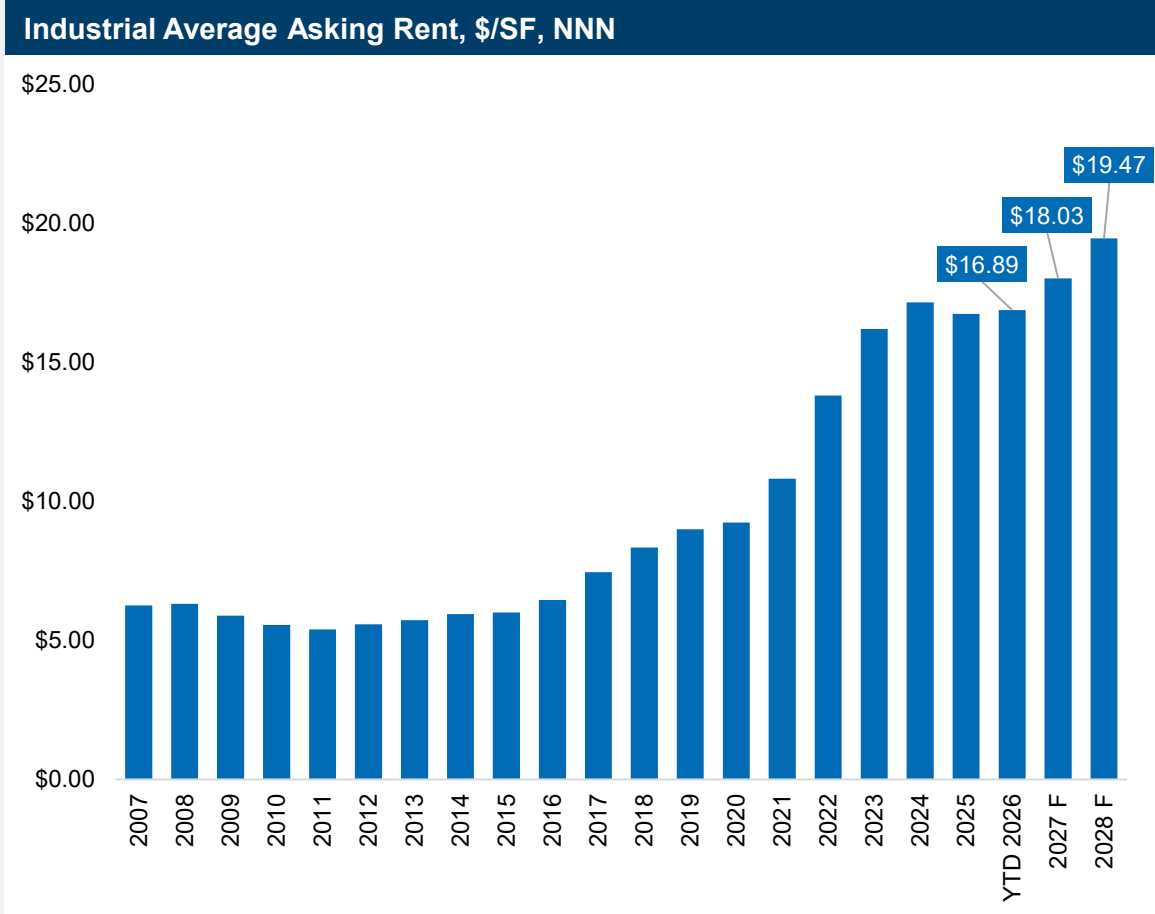
NNJ/CNJ Industrial Forecast: Vacancy, Deliveries & Net Absorption

Forecast data points to an accelerating recovery across Northern and Central New Jersey’s industrial market through 2028. Net absorption is projected at 10.1 MSF in 2026, outpacing deliveries of 8.0 MSF—a gap expected to widen as deliveries fall to 3.0 MSF in 2027 and 2.5 MSF in 2028 against projected demand of 9.0 MSF and 7.2 MSF, respectively. Vacancy is expected to compress from 6.3% to 5.9% over the forecast period, supporting the rent growth trajectory that began in 1Q26.



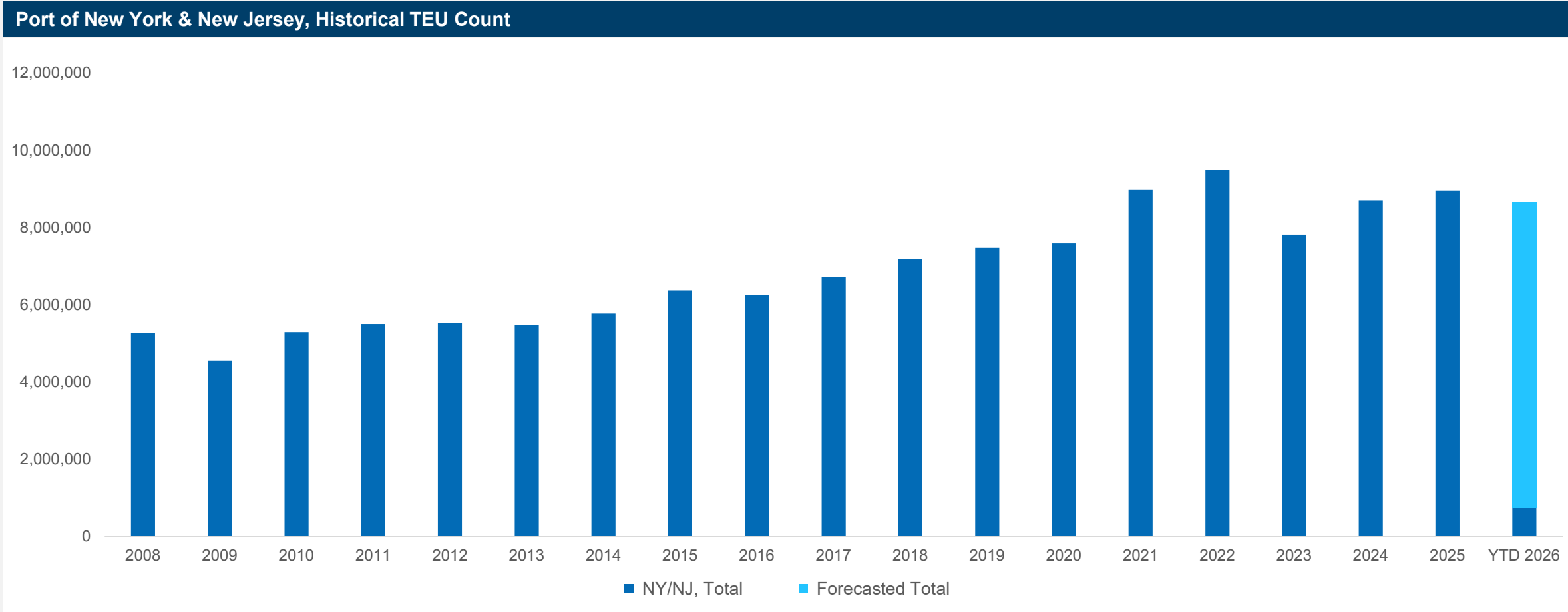
Industrial Asking Rent Forecasts

After posting a 2.4% year-over-year decline in 2025, industrial asking rents in Northern and Central New Jersey stabilized at \$16.89/SF in the first quarter of 2026, with gains of 0.4%. The shift toward creditworthy, name-brand occupiers prioritizing Class A space is translating into firmer pricing across core submarkets, as landlords regain leverage in well-located, modern facilities. With the development pipeline thinning, the market is on a trajectory toward projected rents of \$18.03/SF in 2027 and \$19.47/SF in 2028, setting the stage for a sustained recovery driven by constrained supply and strengthening demand.



Port of NY/NJ: TEU & Import Growth Continues

The Port of New York and New Jersey handled 8.9 million TEUs in 2025, its third-busiest year on record and a 2.3% increase over 2024, demonstrating resilience despite tariff uncertainty that weighed on national port volumes. Volume in 2026 is pacing in line with recent years, and with plans to deepen the harbor to 55 feet to accommodate larger vessels, the infrastructure is in place to sustain and grow throughput. The port remains a critical demand driver for Northern and Central New Jersey’s industrial market, reinforcing the region’s position as the top logistics hub on the East Coast.



Lukas Berasi*Research Manager**Northern New Jersey Research*

t 201-504-5134

lukas.berasi@nmrk.com

Northern New Jersey

201 Route 17 North

Rutherford, NJ 07070

t 201-842-6700

Central New Jersey

1 Tower Center Boulevard

East Brunswick, NJ 08816

t 732-867-9001

Morristown

1240 Headquarters Plaza, East Tower

Morristown, NJ 07960

t 973-349-3030

New York Headquarters

125 Park Ave.

New York, NY 10017

t 212-372-2000

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