

NEWMARK



Southern New Jersey Office Market Overview

1Q26

Southern New Jersey Office Market Observations



Economy

- Greater Philadelphia ended 2025 with one of the strongest labor markets in the U.S., with year-over-year employment gains reaching 1.2%. Compared to other large metro areas, this region ranks among the top for job growth last year.
- The education and health services sector, a long-time stalwart in the local economy, fueled much of this strength in the local economy. Continued growth in professional services and financial activities, as well as a comparatively low cost of living, have also benefited economic growth here.
- Despite outsized job gains over the last year, Greater Philadelphia's unemployment rate stood at 4.6% in December 2025, compared with 4.3% for the U.S. Unemployment has been gradually increasing since 2024 as well.



Leasing Market Fundamentals

- Net absorption for the Southern New Jersey office market totaled negative 109,704 SF during the first quarter of 2026, which pushed office vacancies up by 70 basis points compared to the end of 2025.
- Southern New Jersey's first-quarter weakness is likely an aberration rather than a consistent trend. Office vacancies have been gradually declining over the past five years, when rates were nearing 19.0%. Moreover, the market boasts the lowest vacancy rate within the larger Greater Philadelphia region. Compared with Delaware, office vacancies ended the first quarter of 2026 at 17.3%, and office vacancy rates in the Philadelphia metro area remain elevated, well above 20.0%.
- Average direct asking rents in Southern New Jersey have fully rebounded and now surpass pre-2020 levels, averaging \$21.79/SF as of the first quarter. Over the past several quarters, rent growth has accelerated, with current rates representing a 1.1% year-over-year increase.



Major Transactions

- While office leasing velocity moderated during the first quarter of 2026, conditions in Southern New Jersey's office market remain favorable. Most tenants looking to transact in this market are focused on high-quality options, including advantageous subleases that offer value pricing and plug-and-play space. During the first quarter of 2026, the lion's share of leasing activity was dominated by smaller users under 10,000 SF.
- The investment landscape in Southern New Jersey appears to be improving as well. Over the last year, several office transactions took place. Late in the fourth quarter of 2025, Net Lease Office Properties divested the fully-occupied 66,000-square-foot 308 W Route 38 in Moorestown for \$6.25 million or \$94.7/SF. More recently, the 44,739-square-foot 161 Gaither Dr. at Centerpointe in Mount Laurel changed hands in March of 2026 for \$3.15 million or \$70.41/SF. Additionally, Newmark brokered sales of Moorestown Corporate Center and 6000-8000 Midlantic on behalf of the sellers in Moorestown and Mount Laurel, respectively.



Outlook

- While vacancy ticked up over the quarter, it has been on a gradual decline since its peak of 18.9% at the end of 2021, signaling strengthening market conditions.
- The flight-to-quality will continue to drive leasing trends within the Southern New Jersey office market, as occupiers look to upgrade their spaces. As the availability of higher-quality options diminishes, tenants can expect continued pressure on office space asking rents.
- The absence of new office construction projects is supporting market stability by preventing oversupply and keeping vacancy stable. For new construction to be feasible, market demand would need to increase enough to absorb an additional 200,000 to 300,000 SF of office space per year, ensuring healthy occupancy and long-term viability for future projects.

Table of Contents

Economy	01
Leasing Market Fundamentals	02
Market Statistics	03

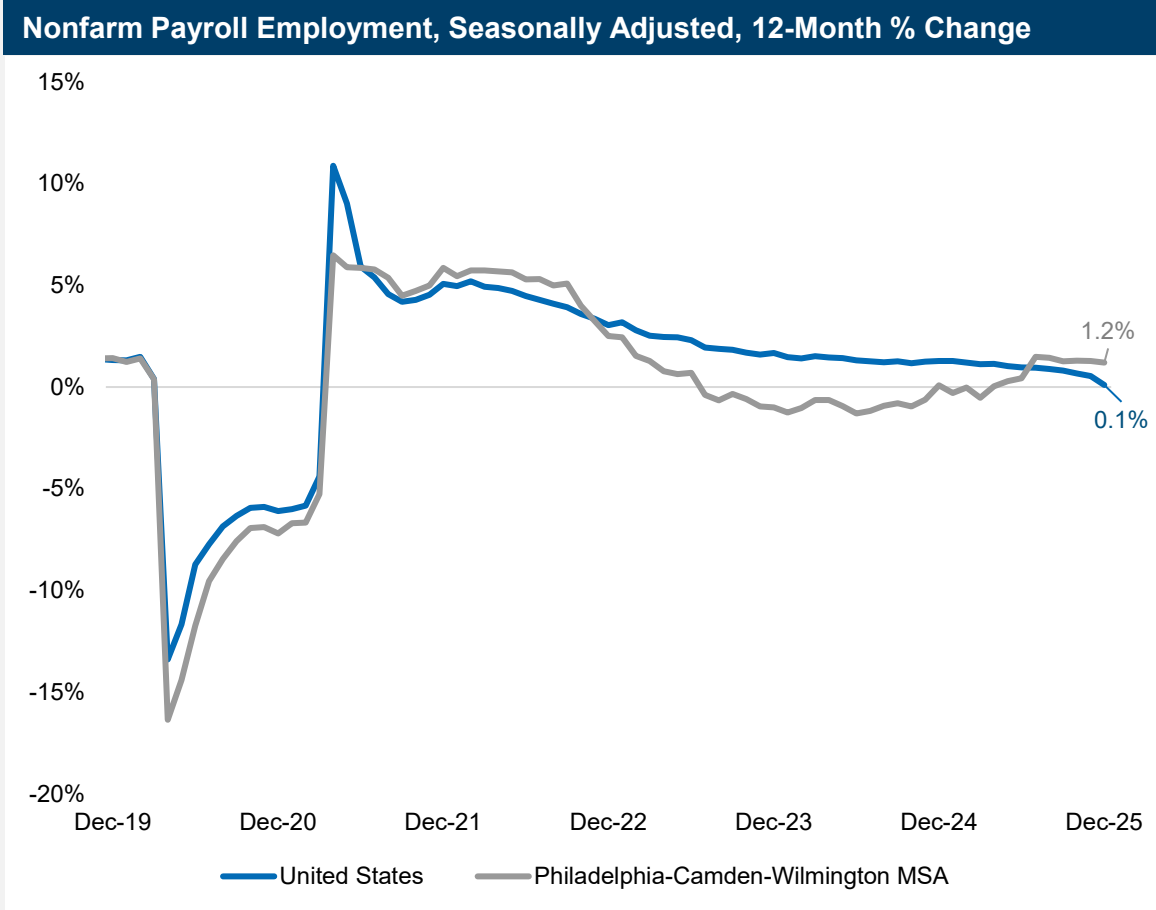
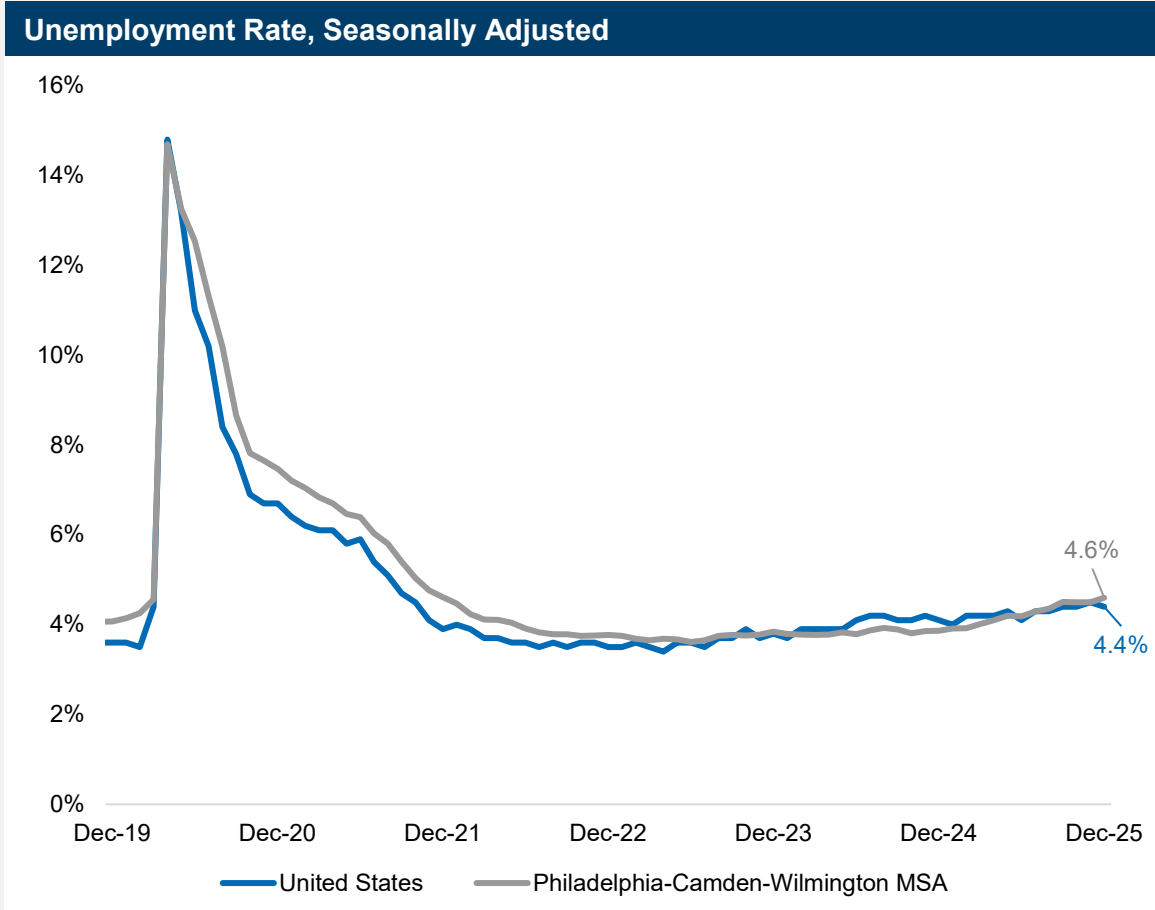
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Economy



Greater Philadelphia Maintains Favorable Labor Markets

The Philadelphia metro area's economy looks to continue its resiliency into 2026, with local payrolls increasing by 1.2% year-over-year as of December 2025, breaking through the stagnating national employment growth. The unemployment rate has been steadily rising across the region, but unemployment trends are in line with the U.S. average. Several sectors have contributed to economic growth, with key office-related industries reporting above-average job growth over the past 12 months.

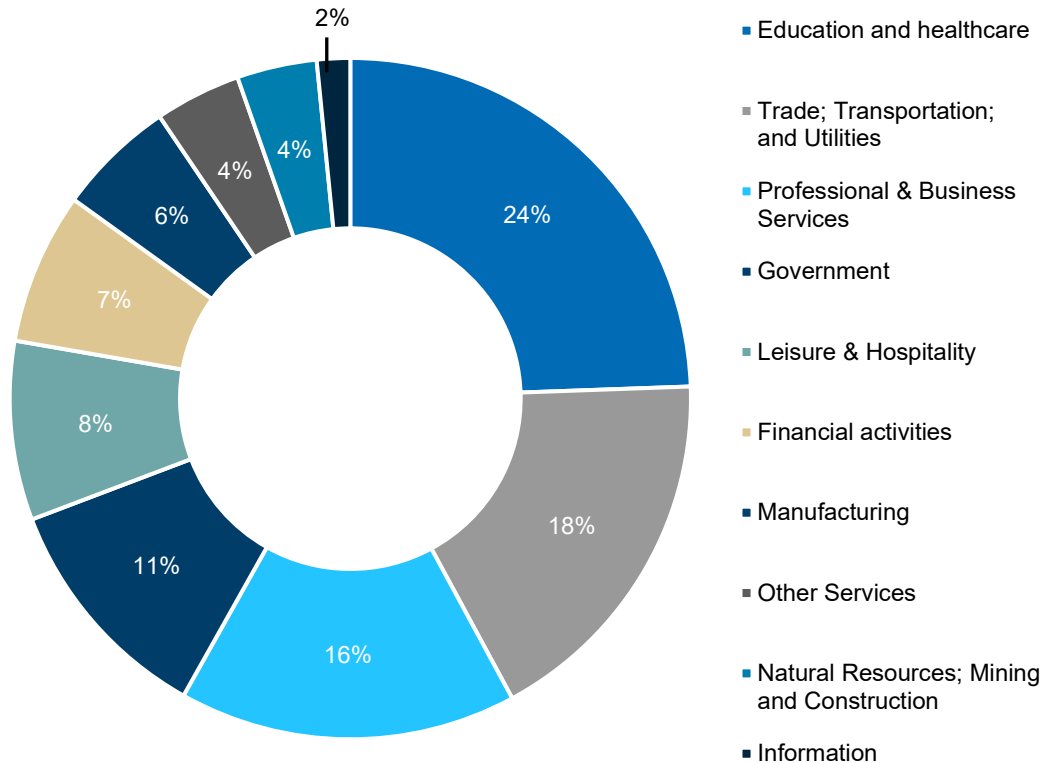


Source: Moody's, U.S. Bureau of Labor Statistics, Philadelphia-Camden-Wilmington MSA. Employment data for October and November is limited due to the federal government shutdown. A national unemployment rate has been released for November, but the market unemployment is carried from September.

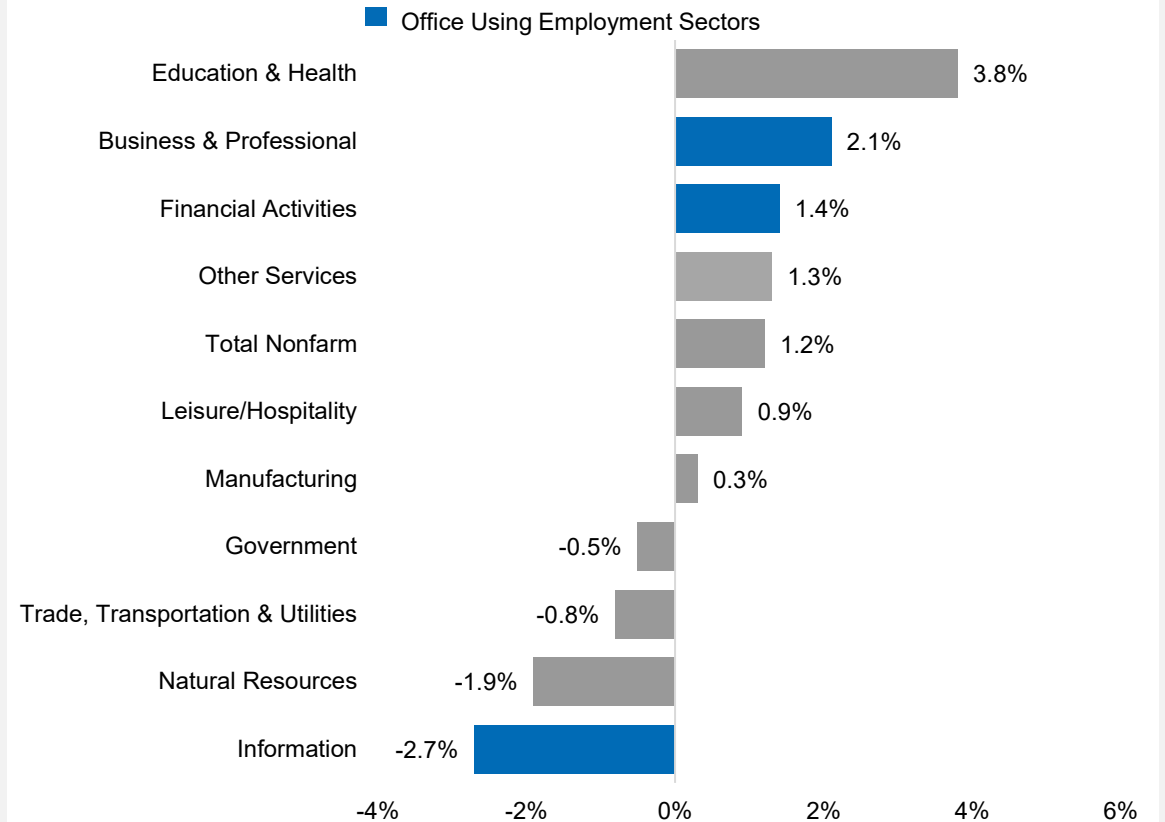
Local Job Market Rides Eds & Meds Momentum

Education & Health continues to anchor the market's employment base and remains the strongest source of job growth, with payrolls up 3.8% over the past year. The next two sectors topping the growth chart are key office-related industries, including Business & Professional and Financial Activities. While hiring trends were not broad-based across all industries, gains in these key segments combined account for over 23.0% of total employment in the market, and this growth creates tailwinds for office demand. The benefits of these sectors far outweigh the headwinds in the Information sector, which accounts for the smallest share of total employment and has seen the steepest job loss over the 12 months ending in December 2025.

Employment by Industry, December 2025

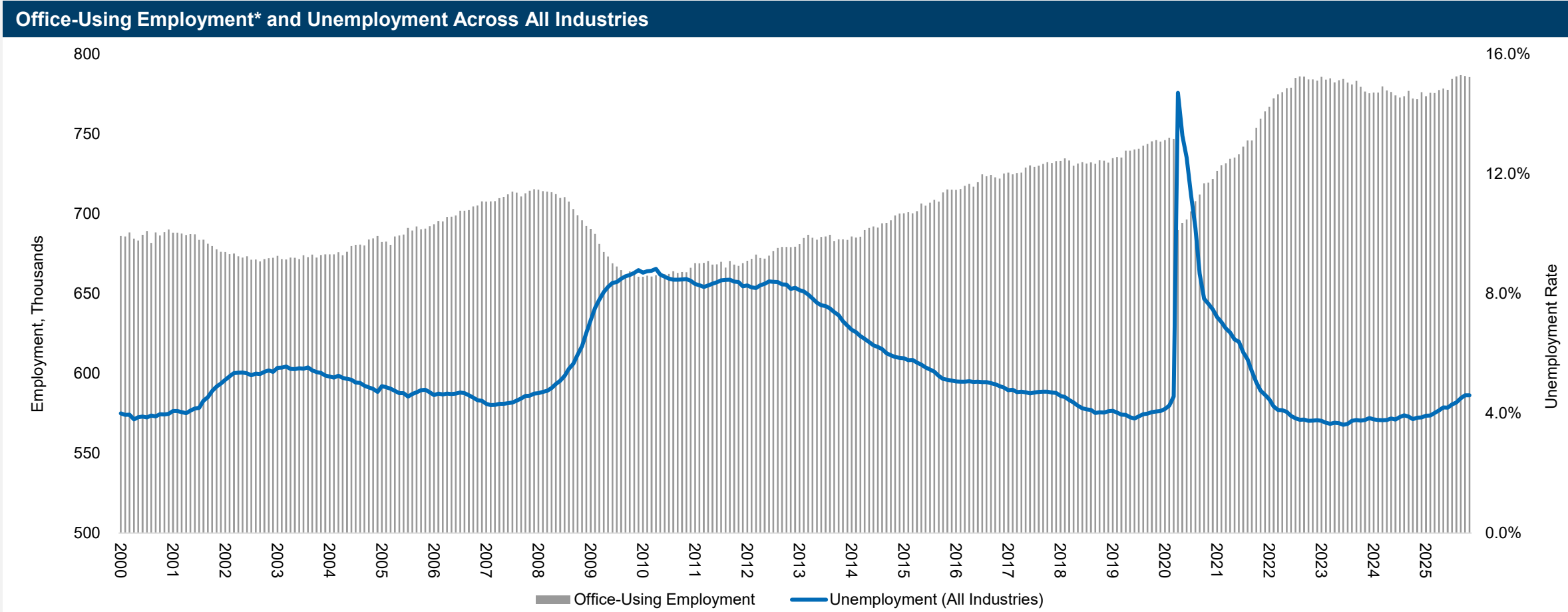


Employment Growth by Industry, 12-Month % Change, December 2025



Office Job Base Continues To Rebuild

Office users rebounded in 2025, capping the year with roughly 790,000 total office-using jobs in December 2025, a level not seen since the post-pandemic return in mid-2022. Annual growth across office-related sectors reached 1.6%, modestly ahead of the region’s 1.2% overall employment growth rate. This also contrasts with the region’s growing unemployment rate, which rose 70 basis points year-over-year in December of 2025.



Source: Moody's, U.S. Bureau of Labor Statistics, Philadelphia-Camden-Wilmington MSA.
 *Office-using employment includes Professional & Business Services, Financial Activities and Information.

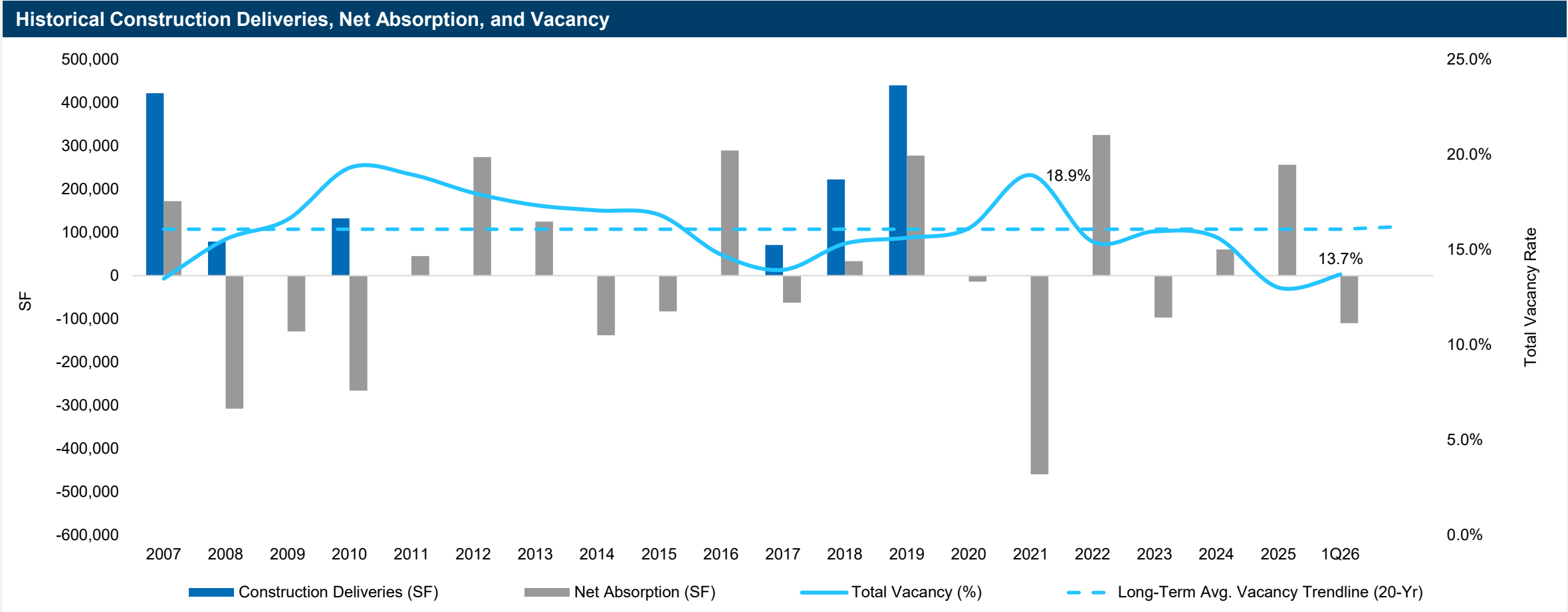
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Leasing Market Fundamentals



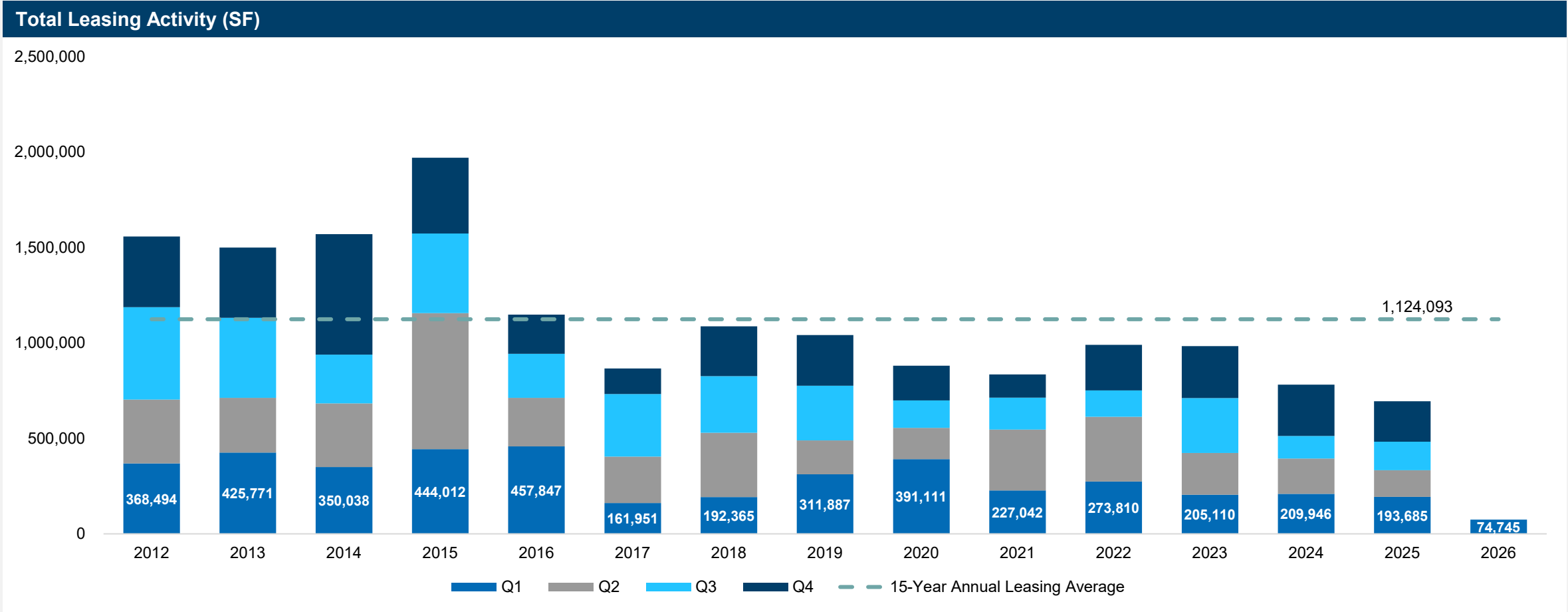
Despite Recent Uptick, Office Fundamentals Remain Favorable

Net absorption for the Southern New Jersey office market totaled negative 109,704 SF during the first quarter of 2026, pushing the vacancy rate up 70 basis points to 13.7% from the end of 2025. Current vacancies in the region are currently more than 500 basis points below the cyclical peak at 18.9% reported in 2021 and well below the long-term average. Moreover, Southern New Jersey's office fundamentals are the tightest among the larger Greater Philadelphia market. Comparatively, Delaware office vacancies ended the first quarter at 17.3%, and the Philadelphia metro area continues to boast an office vacancy rate above 22.0%.



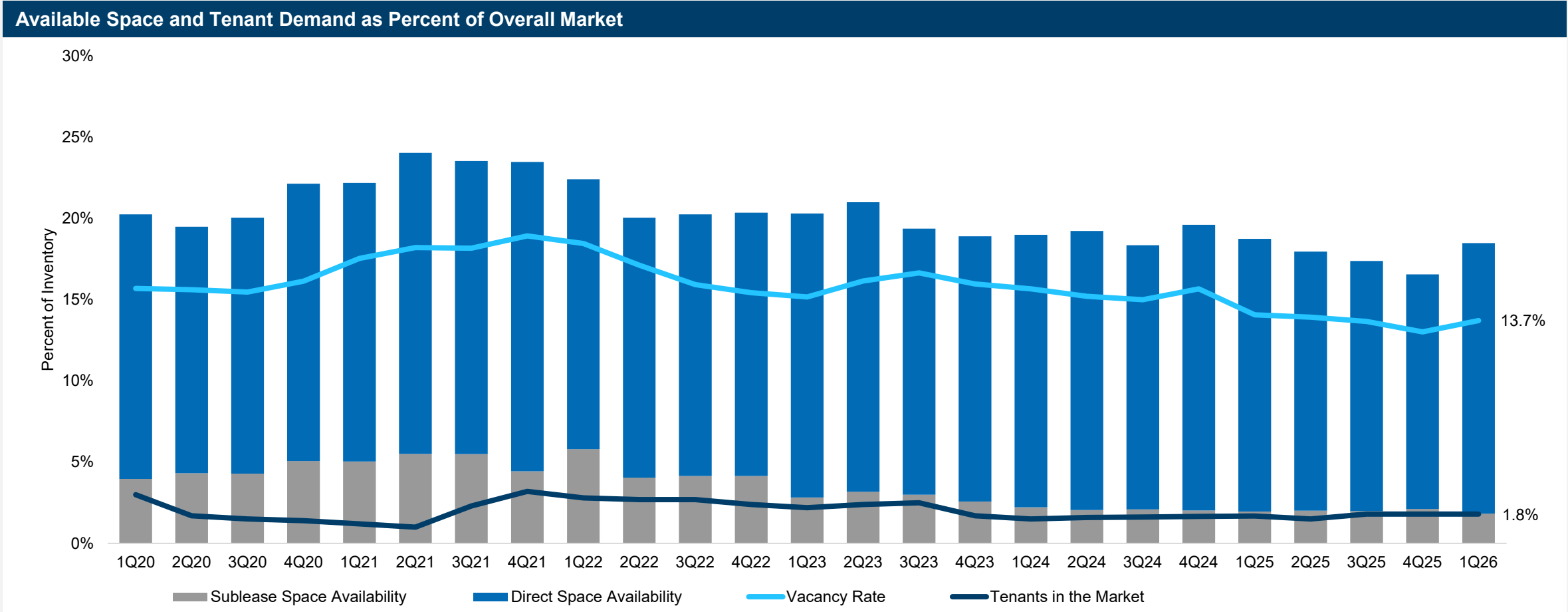
First-Quarter Leasing Volume Below Historical Average

Annual leasing volumes in the Southern New Jersey office market have been trending downward since 2023, with first-quarter totals trailing historic norms. First-quarter leasing was dominated by smaller users, with Guaranteed Rate executing a sublease for 3,487 SF at 56 N Haddon Ave. in Haddonfield, while Freedom Mortgage Corporation extended its 6,390-square-foot lease at the Horizon Corporate Center in Mount Laurel. Most tenants looking to transact in this market are focused on high-quality options, including advantageous subleases that offer value pricing and plug-and-play space.



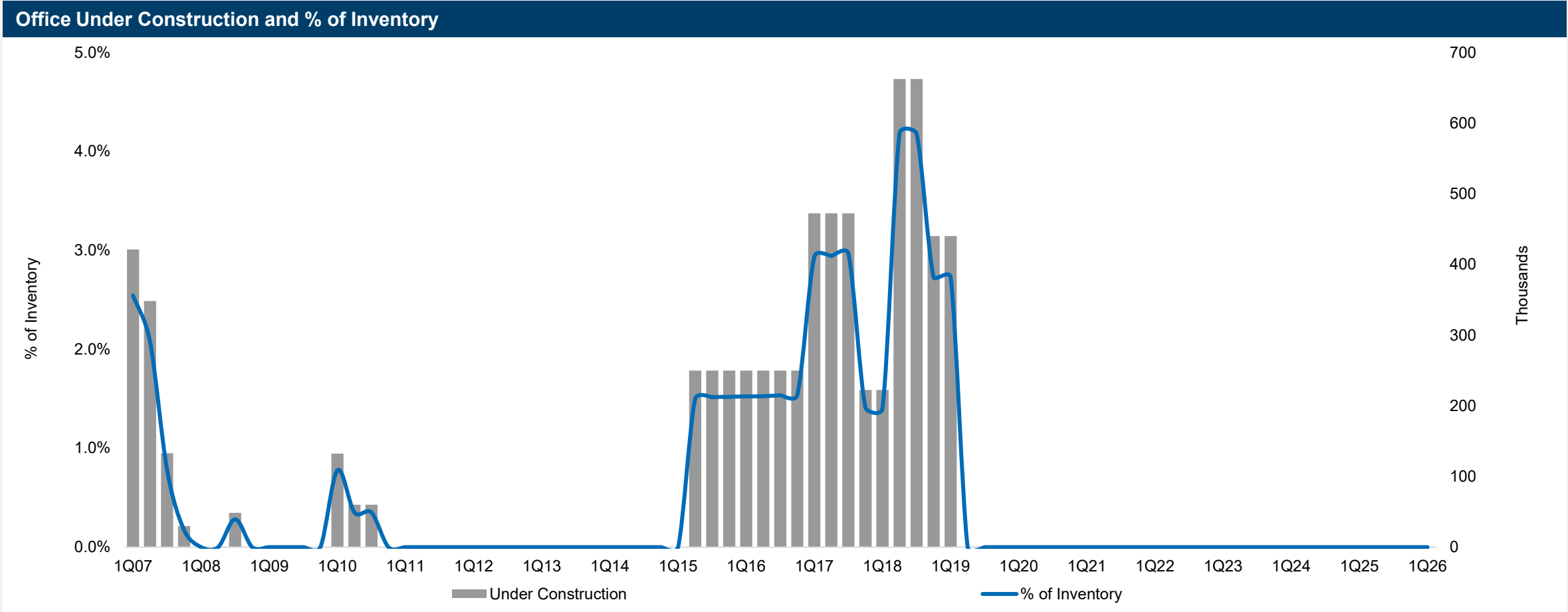
Active User Demand Remains Historically Consistent

As of the first quarter of 2026, the percentage of active users relative to inventory registered 1.8%, a rate that has remained relatively consistent since the beginning of 2024. Market demand is being driven by tenants seeking an average of approximately 11,000 SF of space. Notably, users new to the market or expanding their footprint account for approximately 46% of market demand, suggesting potential for future market growth.



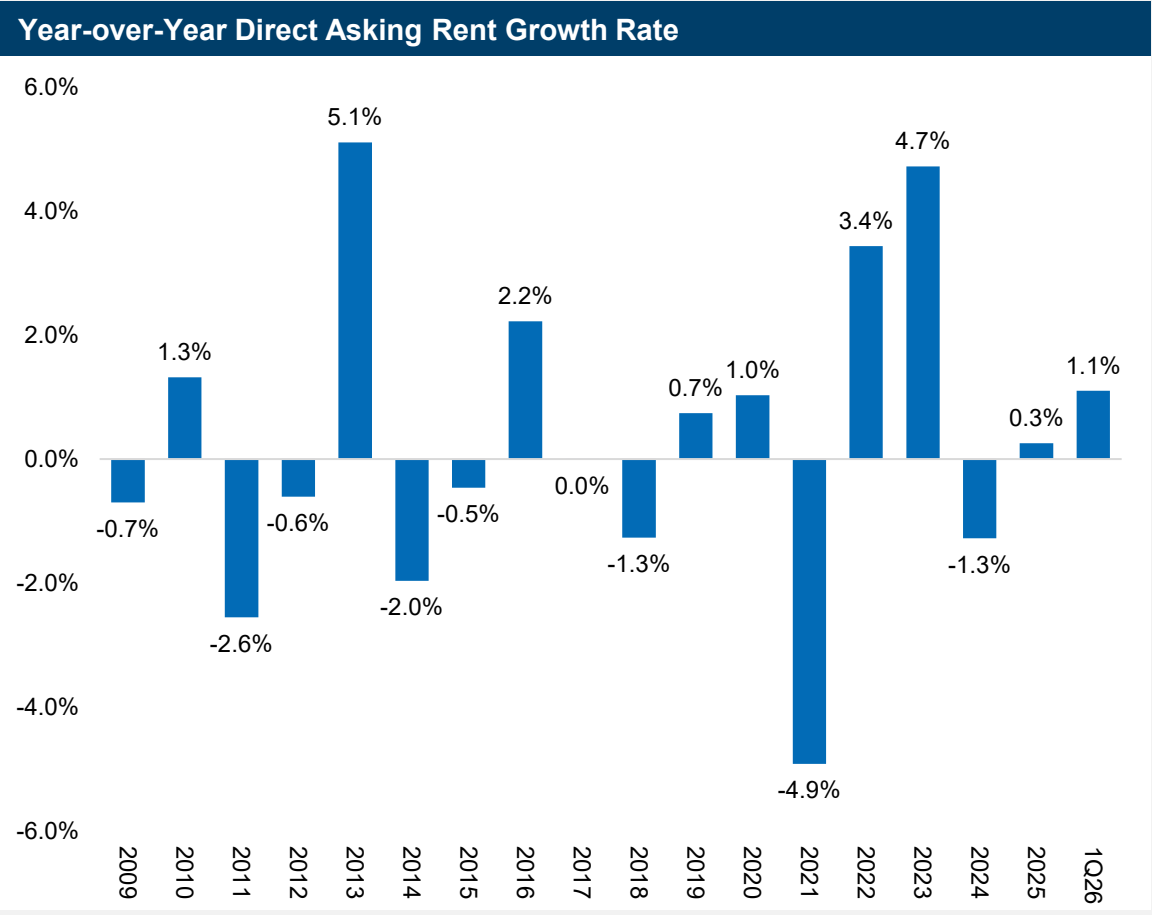
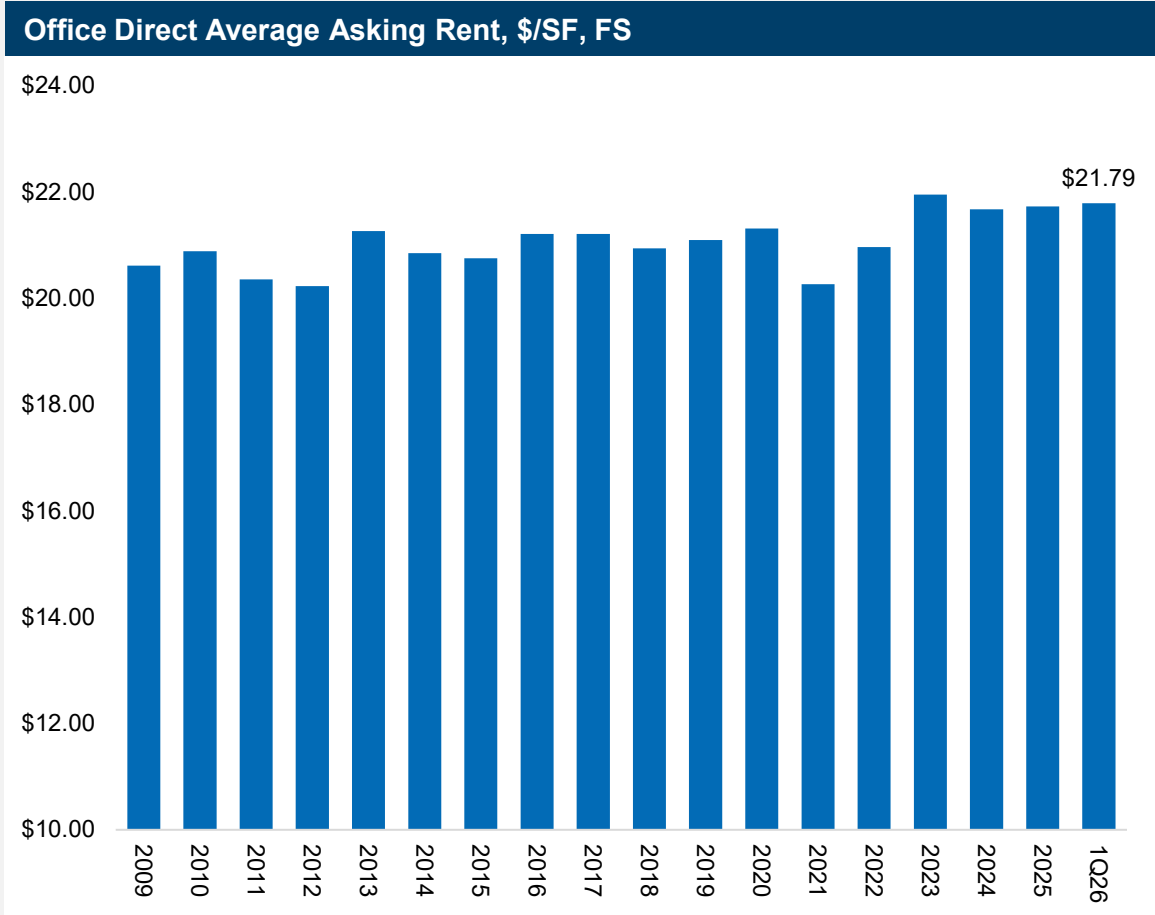
Lack Of New Supply Aids Decline In Vacancy

There were no office groundbreakings or deliveries during the first quarter of 2026. The last new office delivery in Southern New Jersey occurred in 2019 at 2 Cooper Street in Camden. The absence of new office construction projects is supporting market stability by preventing oversupply and keeping vacancy stable. For new construction to be feasible, market demand would need to increase enough to absorb an additional 200,000 to 300,000 SF of office space per year, ensuring healthy occupancy and long-term viability for future projects.



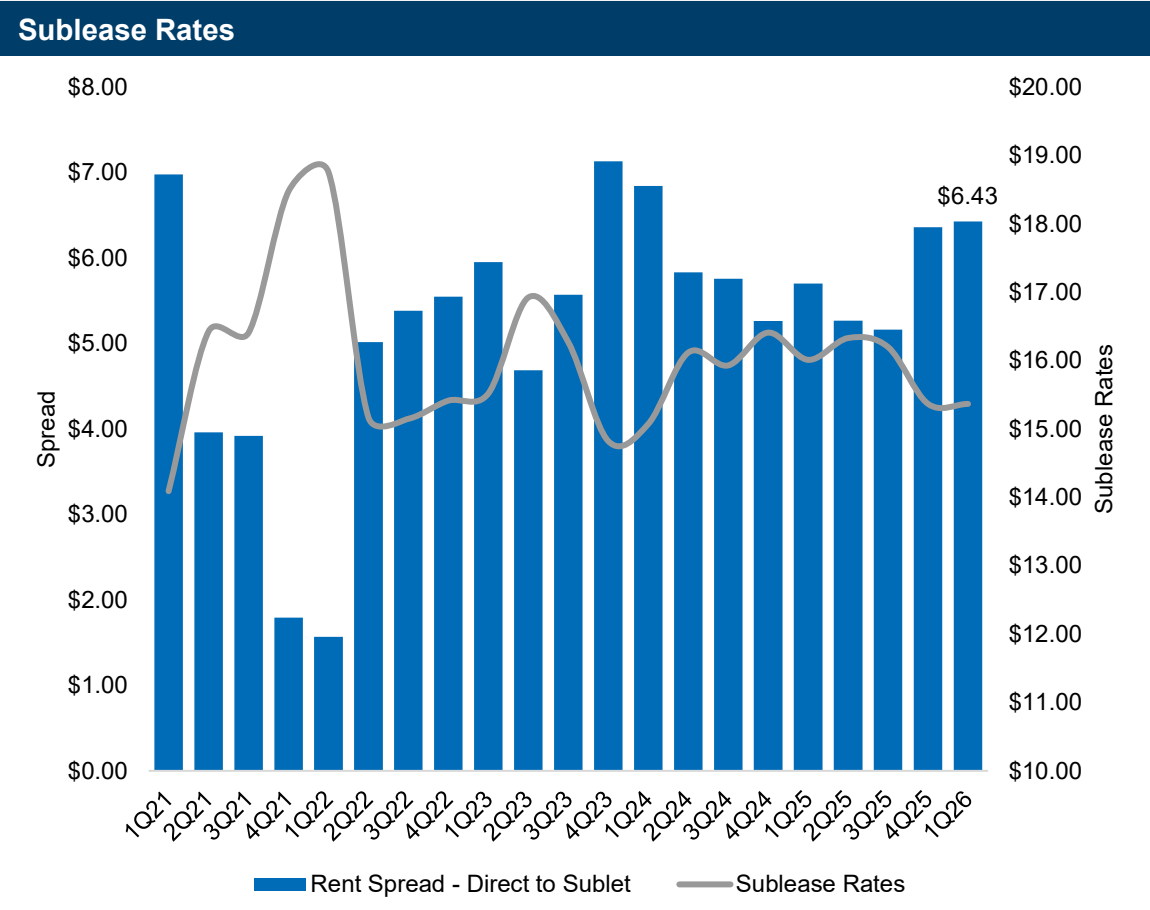
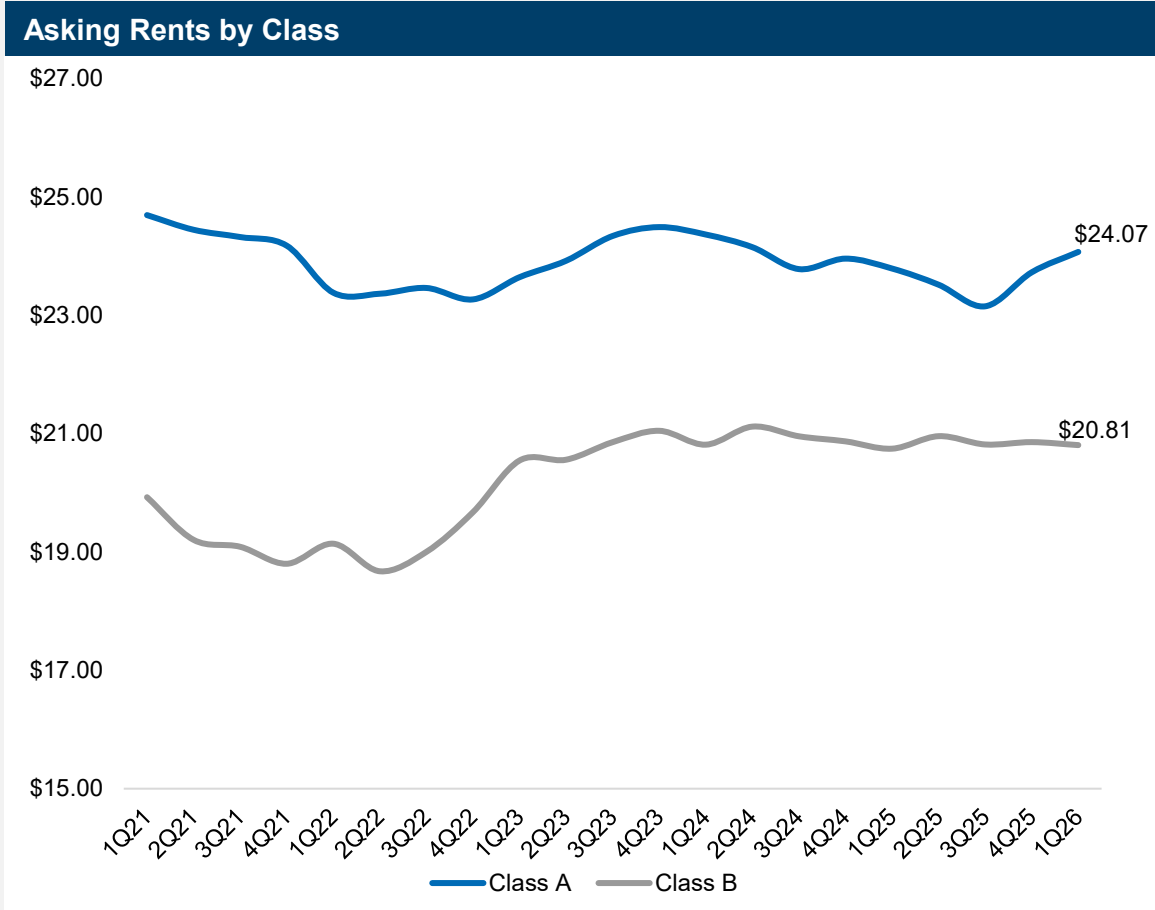
Office Asking Rents Post Moderate Gains

Average direct asking rents in Southern New Jersey have fully rebounded and now surpass pre-2020 levels, averaging \$21.79/SF as of the first quarter. Over the past several quarters, rent growth has accelerated, with current rates up 1.1% year-over-year. Continued flight-to-quality among office occupiers has allowed Southern New Jersey landlords of Class A space to push on pricing.



Class A And B Direct Asking Rents Increase While Sublease Rates Remain Flat

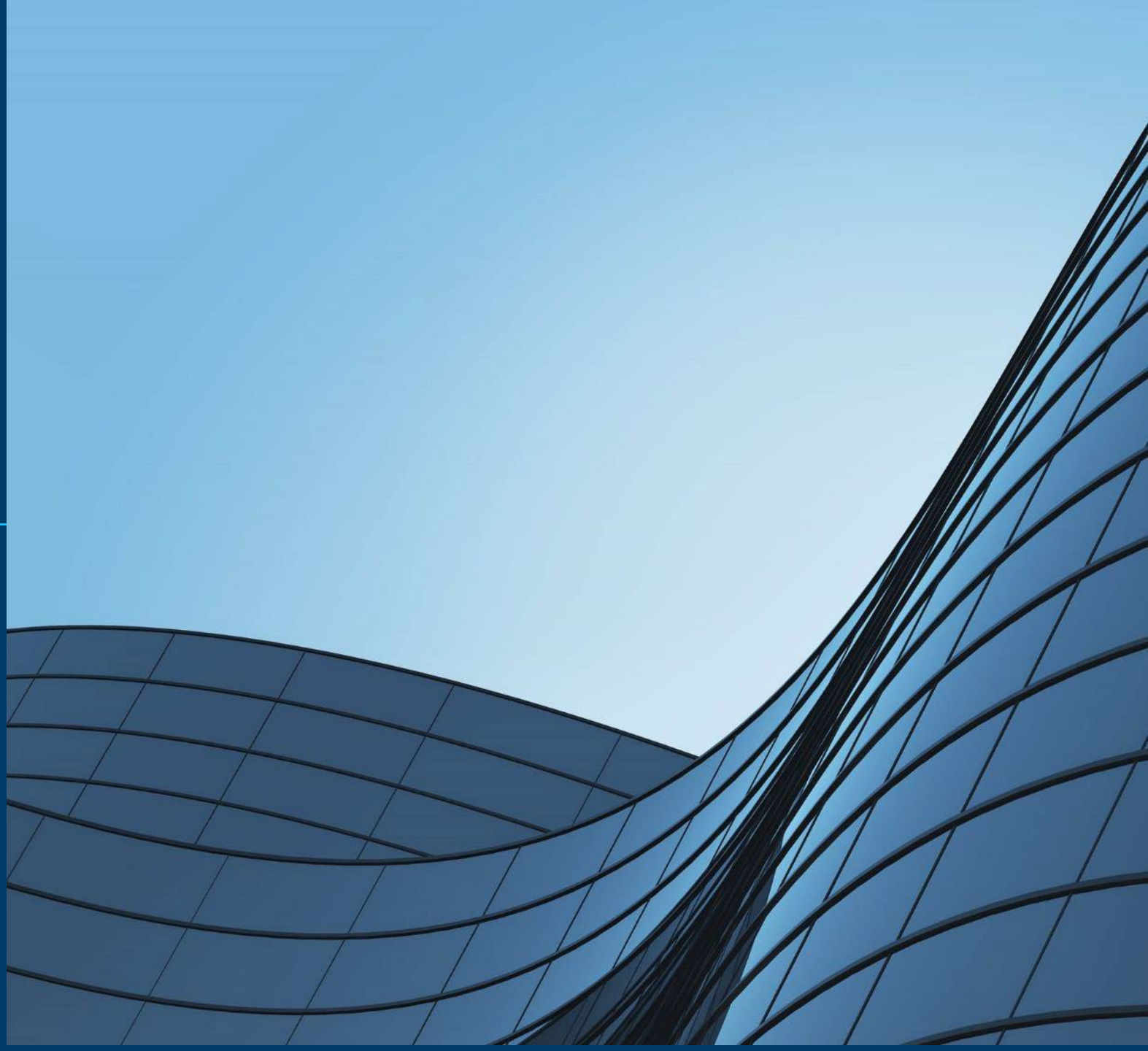
Asking rents for Class A space registered \$24.07/SF as of the first quarter of 2026, an increase of 2.4% over the past year. Class B rents were essentially unchanged over the period, edging up just 0.3% to \$20.81/SF as of the first quarter of 2026. Asking rents for sublease space were unchanged from the prior quarter, continuing to average \$15.37/SF, but down 4.0% over the past year. Tenant demand for high-quality plug-and-play space has resulted in the absorption of sublease space within the region, which is also impacting pricing.



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03

Market Statistics



Submarket Overview

1Q26 Submarket Statistics—All Classes							
	Total Inventory (SF)	Total Vacancy Rate	Total Available (SF)	Sublease Available (SF)	Total Availability Rate	Qtr. Net Absorption (SF)	Direct Average Rent (Price/SF)
Cherry Hill	3,456,881	20.5%	859,553	110,100	24.9%	(458)	\$21.44
Marlton	2,224,030	11.6%	283,676	60,564	12.8%	(3,352)	\$21.85
Moorestown	1,047,939	17.5%	212,798	13,285	20.3%	(9,269)	\$22.57
Mount Laurel	5,291,029	13.9%	1,026,027	65,718	19.4%	(36,573)	\$22.37
Pennsauken/Camden	2,478,545	8.8%	242,179	12,607	9.8%	(49,101)	\$19.77
Voorhees/Gibbsboro	1,168,147	4.2%	270,338	23,725	23.1%	(10,951)	\$22.08
Southern New Jersey	15,666,571	13.7%	2,894,571	285,999	18.5%	(109,704)	\$21.79

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