
2Q25

Northern New Jersey Industrial Market Overview

NEWMARK

Market Observations

Economy

- Year-over-year, national payroll employment rose 1.1%. New Jersey’s unemployment rate held steady at 4.5% in May 2025 and has remained above the national average of 4.2% since May 2023.
- Education and health services led all industries in Northern New Jersey, posting 4.7% annual job growth. In contrast, industrial-occupying sectors experienced year-over-year job losses across trade, transportation, utilities and manufacturing. Construction also contracted by 2.5%.
- Firms in trade, transportation, utilities and manufacturing are adjusting 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.

Major Transactions

- Nissan North America Inc.’s 519,544 SF, 12-year renewal at 1501 Cottontail Lane in Somerset was the largest deal of the second quarter.
- Western Carriers signed a 515,421 SF new deal at 1 Malcolm Avenue in Teterboro.
- Elogistek subleased World Distribution Services’ 480,844 SF footprint at 500 Linden Logistics Way.
- Iron Mountain renewed for 453,030 SF at 1065 Cranbury South River Road in South Brunswick.
- ID Logistics signed a 355,790 SF new deal at 1 Wiley Drive in Somerset.

Leasing Market Fundamentals

- The vacancy rate rose by 110 basis points year-over-year to 6.2% in the second quarter of 2025. Northern New Jersey currently sits 60 basis points below the 20-year trendline of 6.8%.
- Sublease availability reached over 11.7 MSF at the close of the second quarter of 2025, marking a 4.2% quarter-over-quarter increase. The continued growth is a concern, with availability up 15% since the end of Q4 2024. The trend underscores that occupiers remain focused on trimming industrial footprints as they navigate broader macro headwinds.
- Industrial leasing activity was just under 7.0 MSF in the second quarter of 2025, totaling just under 13.5 MSF year-to-date. Activity surged in the second half of 2024, reaching over 17.7 MSF. 3PLs remain active, accounting for four of the five largest new leases during the quarter.

Outlook

- With competition to fill sublease space intensifying, the prevalence of below-market rents will continue to influence overall pricing adjustments.
- Tenant move-outs will contribute to elevated vacancy levels, with the Northern New Jersey market needing time to absorb the excess space.
- As developers shift away from speculative construction—over 90% of which remains available—the market is better positioned for occupancy gains in the latter half of 2025.
- The Port of New York and New Jersey is on pace to return to 2022 TEU volume levels, potentially fueling renewed industrial demand in the second half of 2025.

1. Economy
2. Leasing Market Fundamentals

2Q25

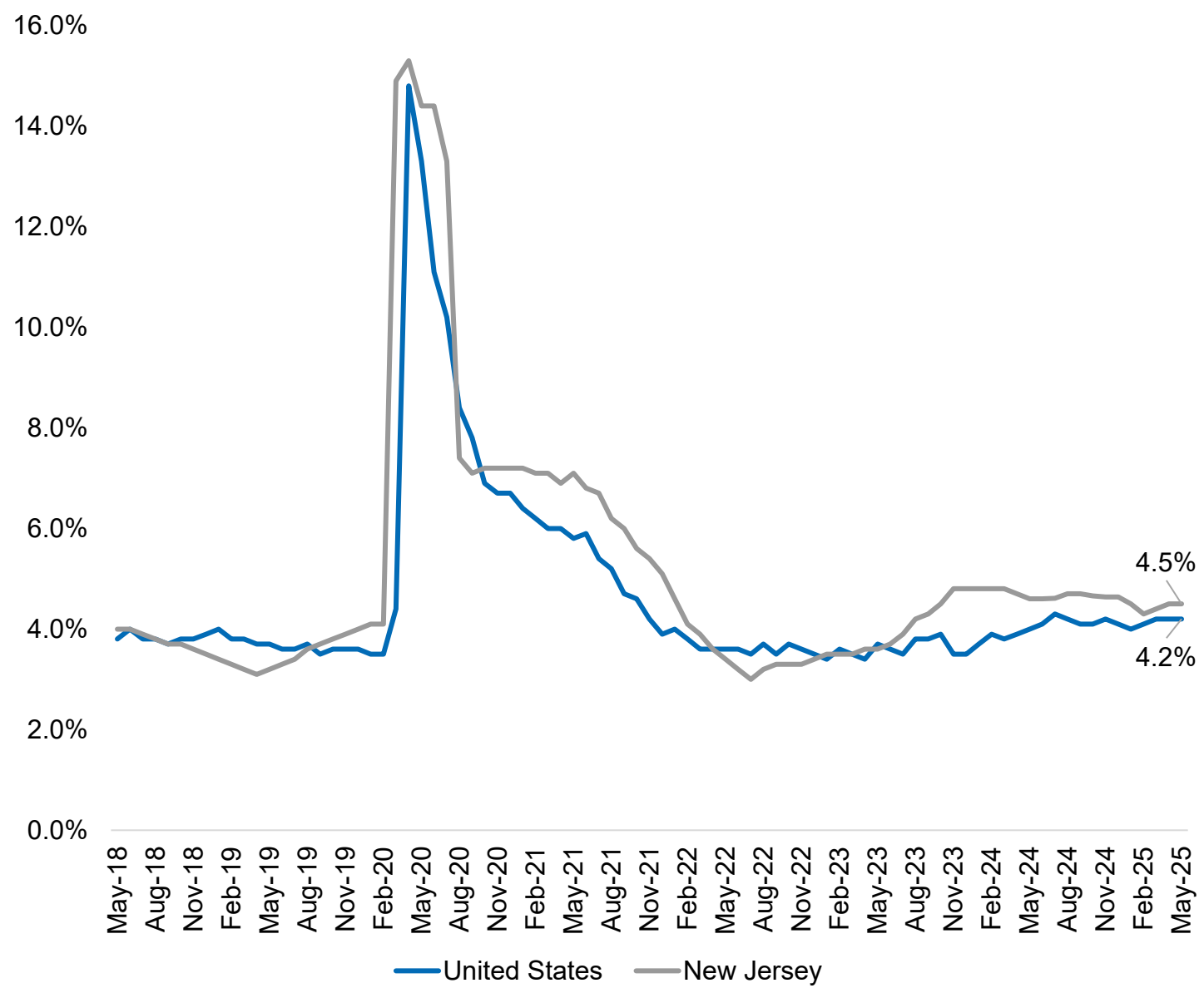
Economy



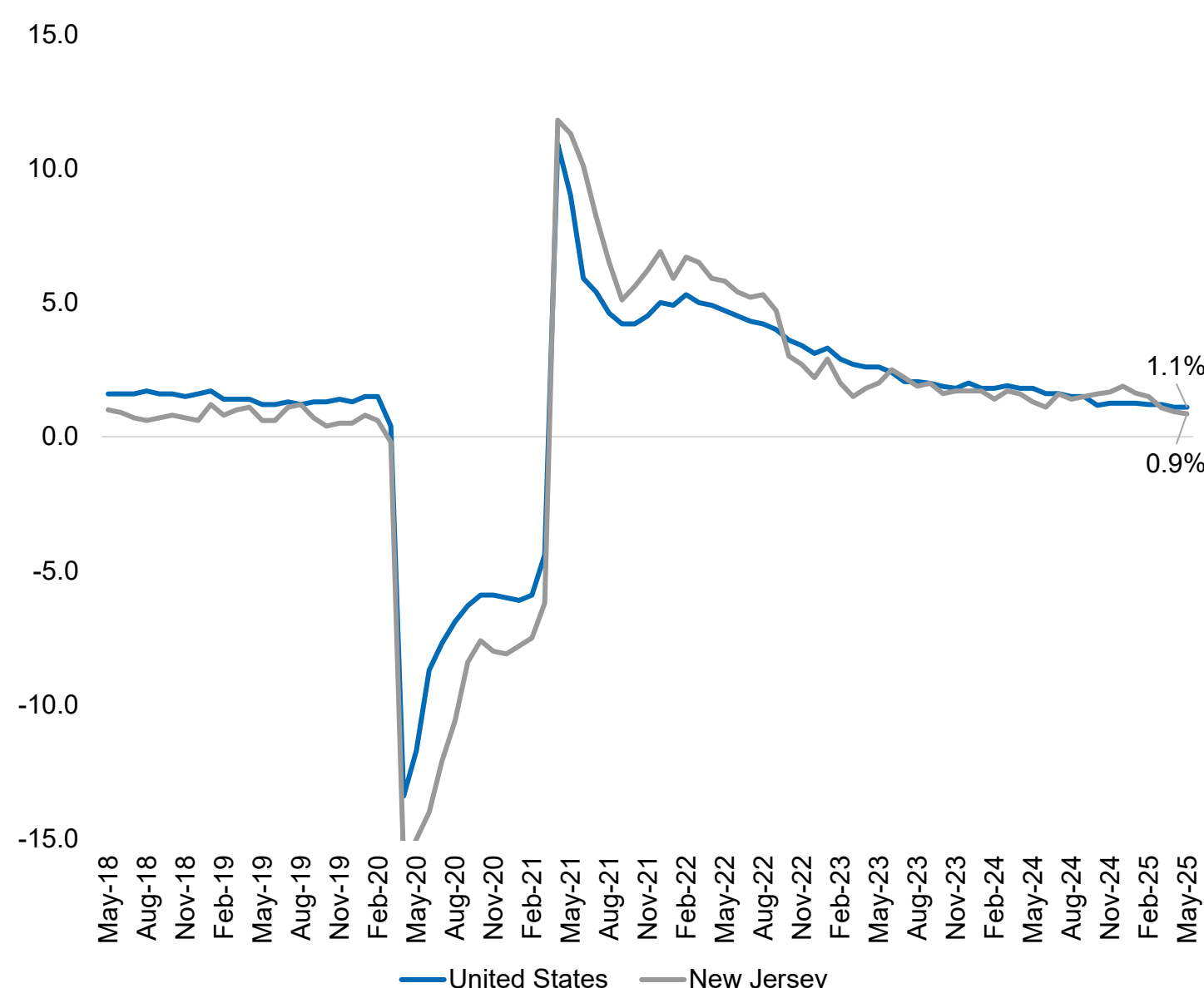
Metro Employment Shows Positive Signals

Year-over-year, national payroll employment rose 1.1%. New Jersey’s unemployment rate held steady at 4.5% in May 2025 and has remained above the national average of 4.2% since May 2023.

Unemployment Rate, Seasonally Adjusted



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

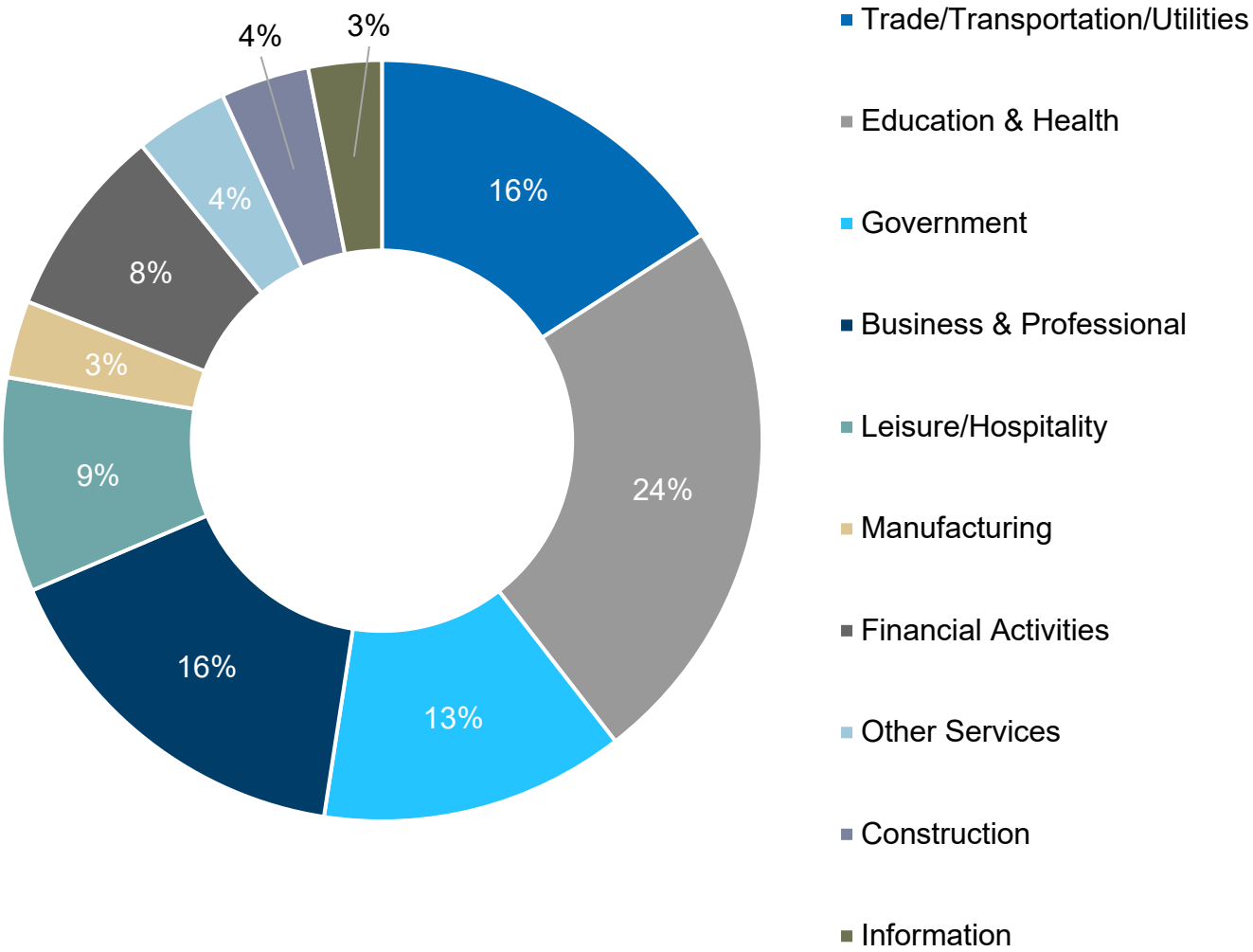


Source: U.S. Bureau of Labor Statistics, New Jersey

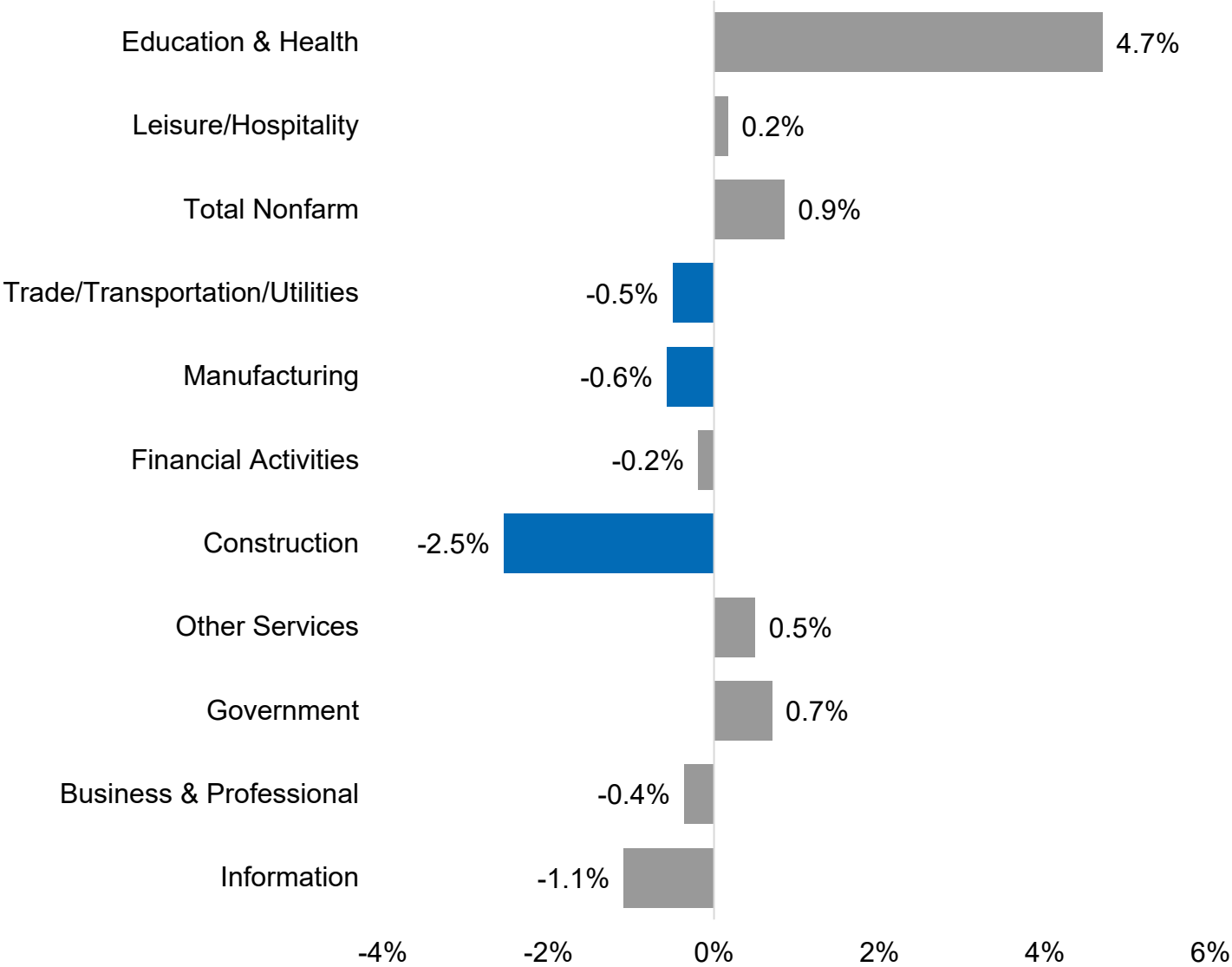
Industrial Employment Posts Year-Over-Year Losses

Education and health services led all industries in Northern New Jersey, posting 4.7% annual job growth. Industrial-occupying sectors saw year-over-year losses across trade, transportation, utilities and manufacturing, while the construction sector contracted by 2.5%.

Employment by Industry, May 2025



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

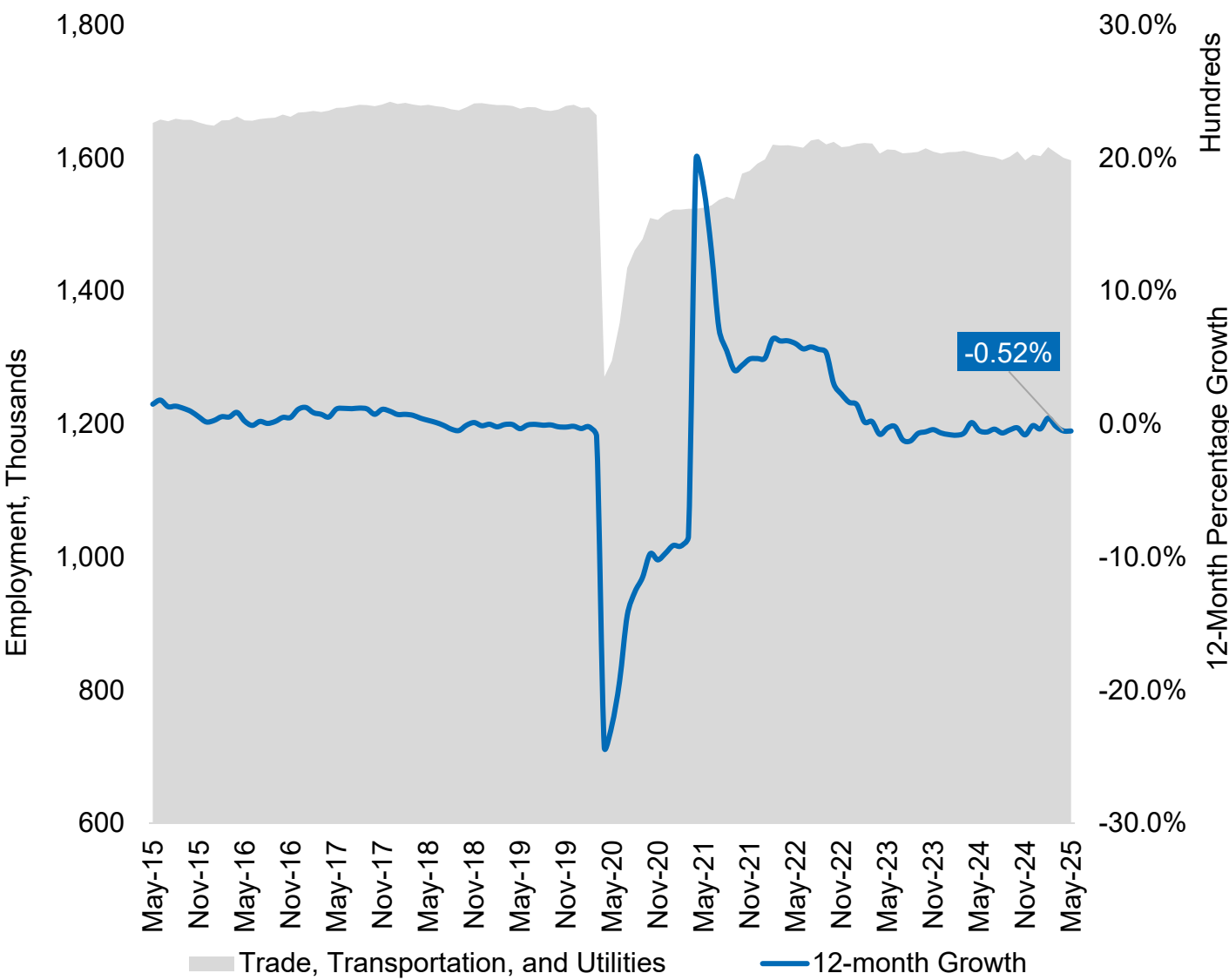


Source: U.S. Bureau of Labor Statistics, New Jersey

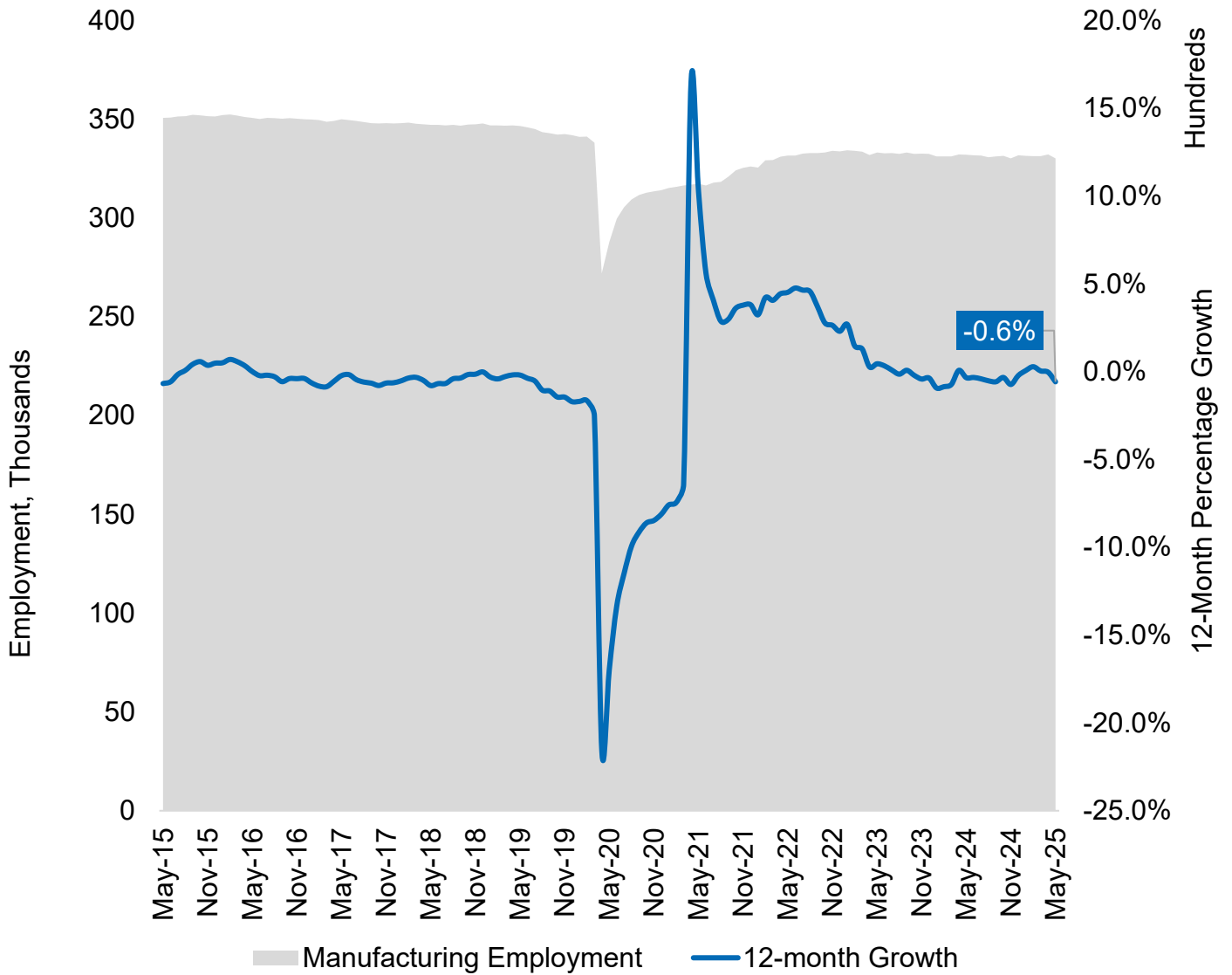
Industrial Employment Growth

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 sectors posted year-over-year job losses across trade, transportation, utilities and manufacturing, while the construction sector contracted by 2.5%.

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

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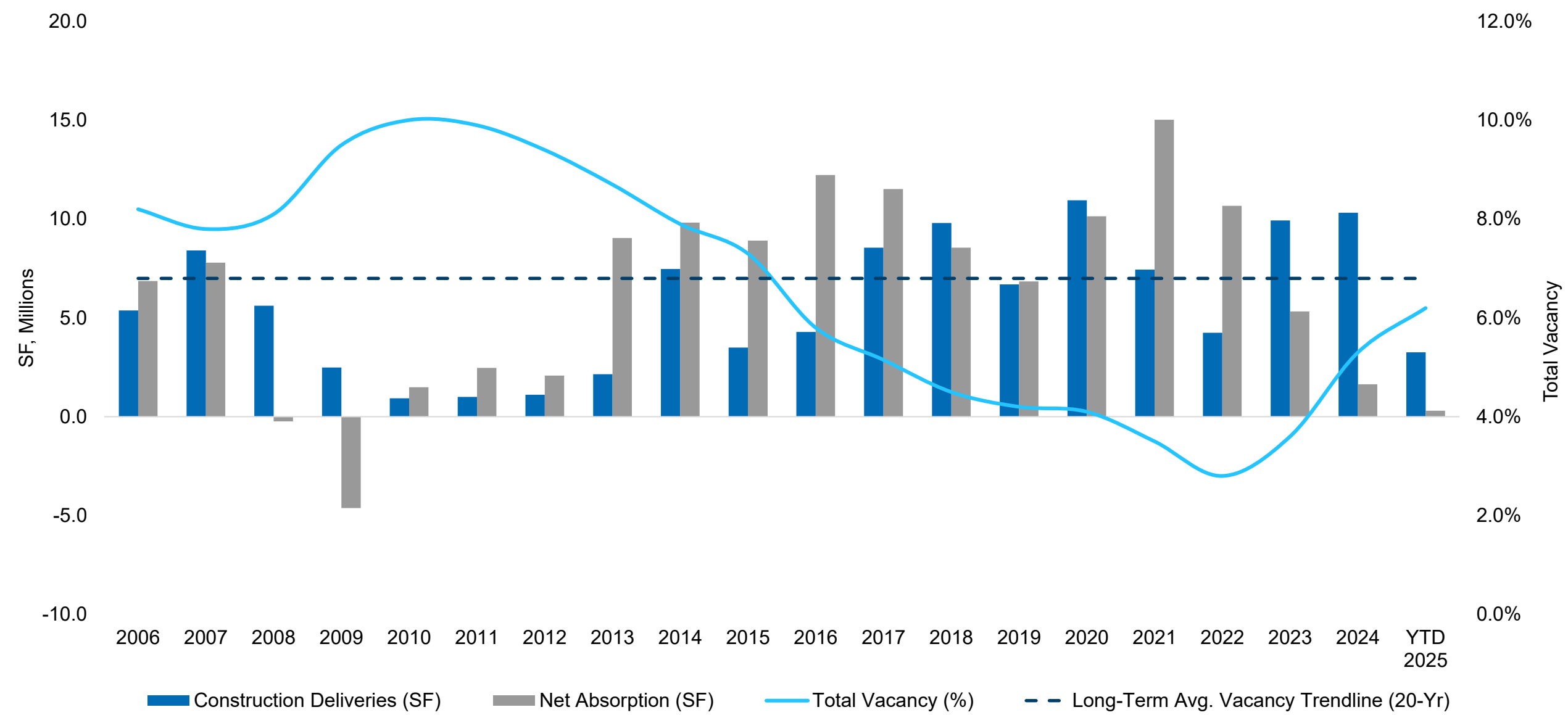
Leasing Market Fundamentals



Vacancy Edges Up 30 Basis Points Quarter-Over-Quarter

The vacancy rate rose by 110 basis points year-over-year to 6.2% in the second quarter of 2025. Northern New Jersey currently sits 60 basis points below the 20-year trendline of 6.8%. Submarkets like Exit 8A have played a key role in shaping overall market conditions, with new deliveries—such as the 400,000 SF Monroe 8A Logistics Center II, which delivered vacant—and a surge of large sublet availabilities coming to market during the quarter. Net absorption registered at negative 299,903 SF during the second quarter.

Historical Construction Deliveries, Net Absorption, and Vacancy

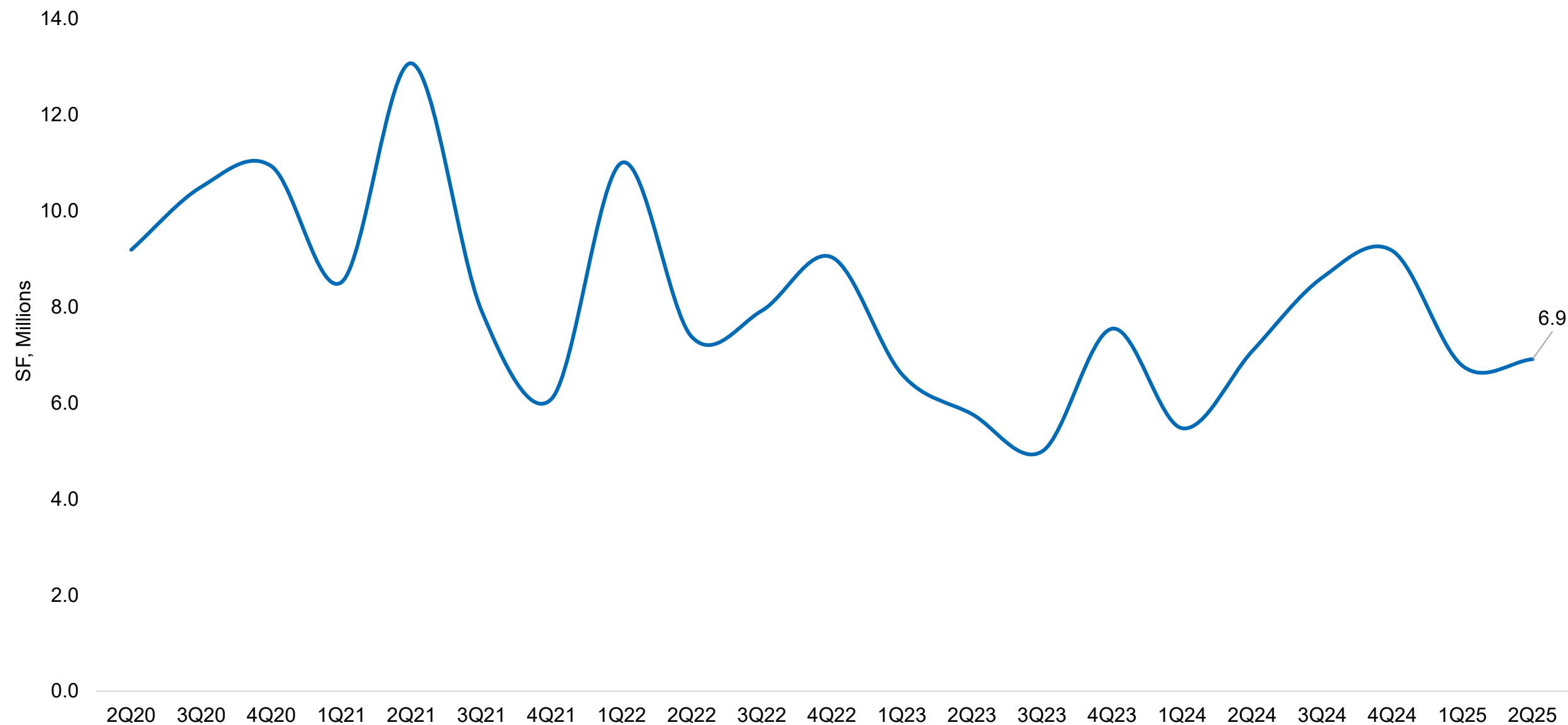


Source: Newmark Research

Industrial Leasing Activity

Industrial leasing activity was just under 7.0 MSF in the second quarter of 2025, totaling just under 13.5 MSF year-to-date. Activity surged in the second half of 2024, reaching over 17.7 MSF. The deceleration can be attributed to a more cautious approach from occupiers amid rising economic uncertainty. While some are pausing decisions due to market and trade volatility, 3PLs remain active, accounting for four of the five largest new leases during the quarter.

Total Leasing Activity (SF)

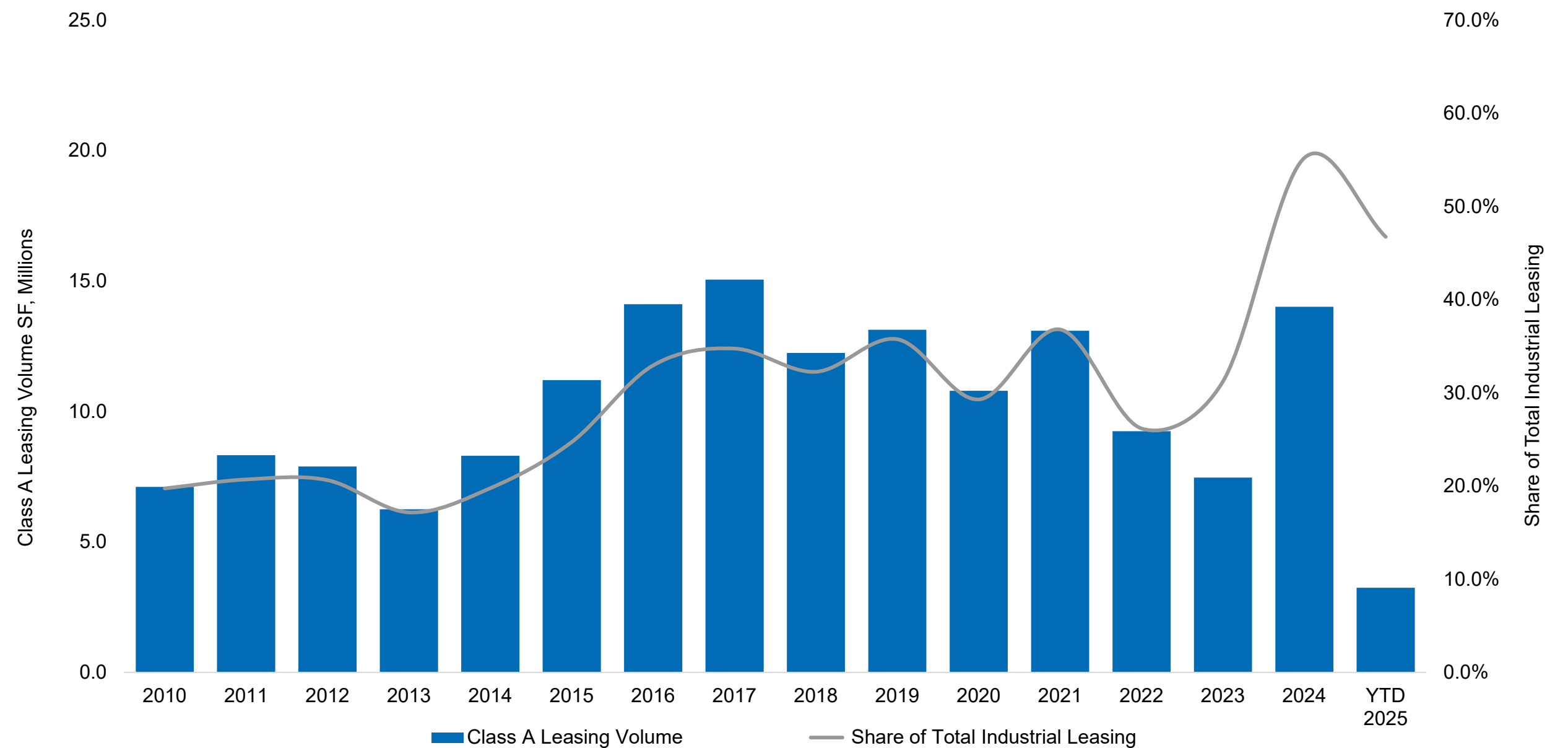


Source: Newmark Research, CoStar

Class A Warehouse Leasing Activity

Despite a more moderate pace of leasing in the first quarter of 2025, Class A warehouse space accounted for 46.7% of total leasing volume during the second quarter. Well-located, recently delivered Class A properties remain in demand, continuing to post positive net absorption despite broader market headwinds.

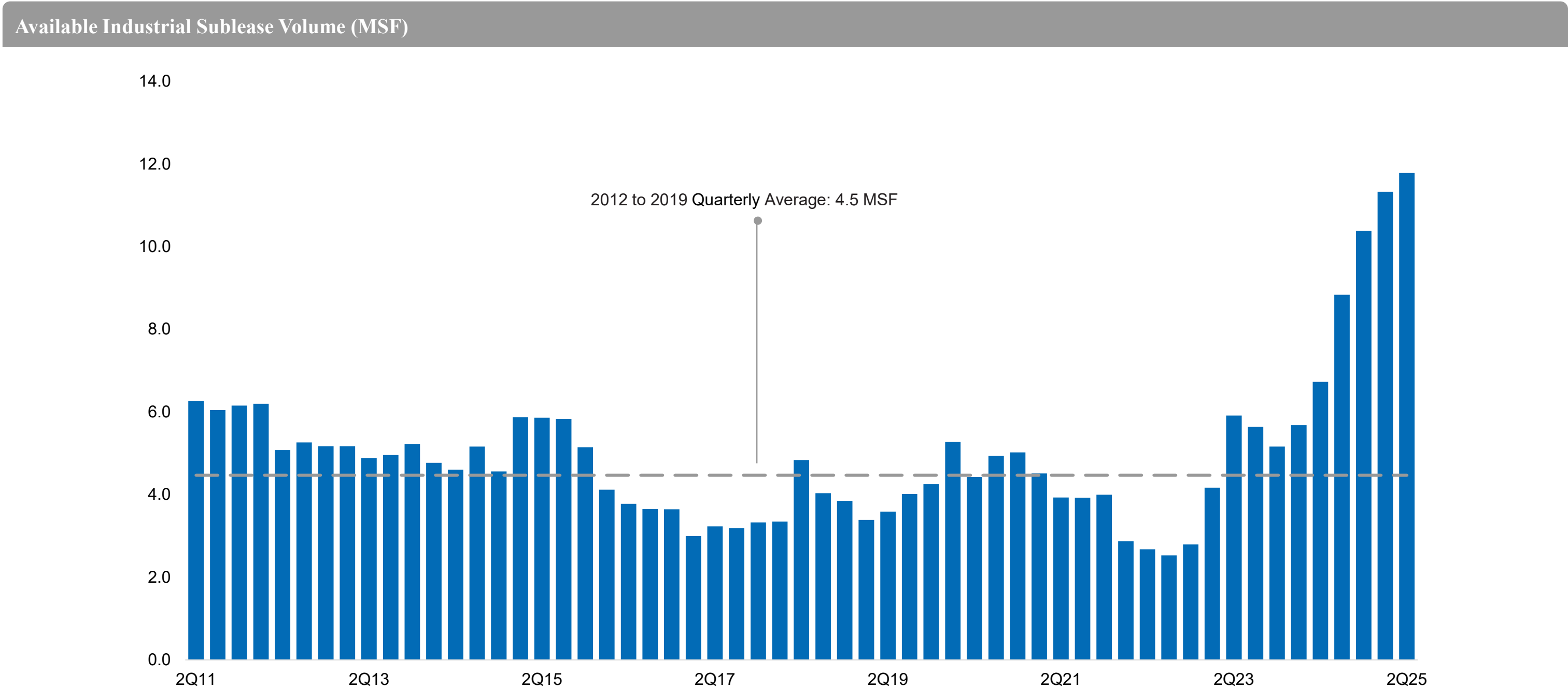
Industrial Class A Leasing Volume and Percentage of Total Industrial Leasing Volume



Source: Newmark Research, CoStar

Industrial Sublease Availability at Record High

Sublease availability reached over 11.7 MSF at the close of the second quarter of 2025, marking a 4.2% quarter-over-quarter increase. The continued growth is a concern, with availability up 15% since the end of Q4 2024. The trend underscores that occupiers remain focused on trimming industrial footprints as they navigate broader macro headwinds.

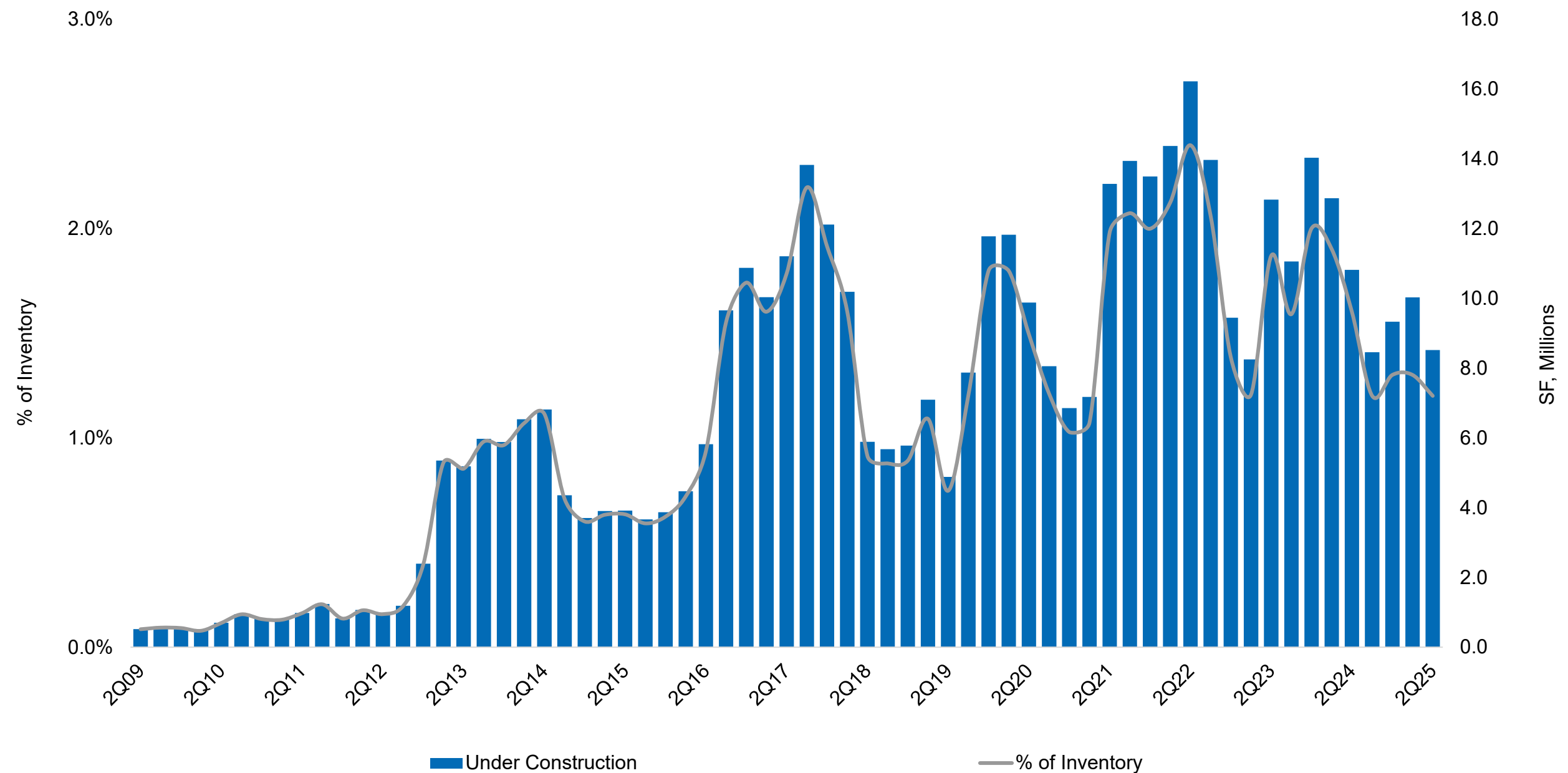


Source: Newmark Research, CoStar

Industrial Deliveries Rise

The construction pipeline declined over the past year, while completions rose to 2,516,346 SF in the second quarter. Pre-leasing in build-to-suit projects is helping mitigate vacancy risk. In June 2025, Forsgate and Russo began construction on Northern New Jersey’s largest project—2000 Valley Brook Avenue in the Meadowlands. The 1.28 MSF build-to-suit is fully pre-leased to The TJX Companies. With speculative construction slowing—over 90% remains available—the market is better positioned for occupancy gains in the second half of 2025.

Industrial Under Construction and % of Inventory

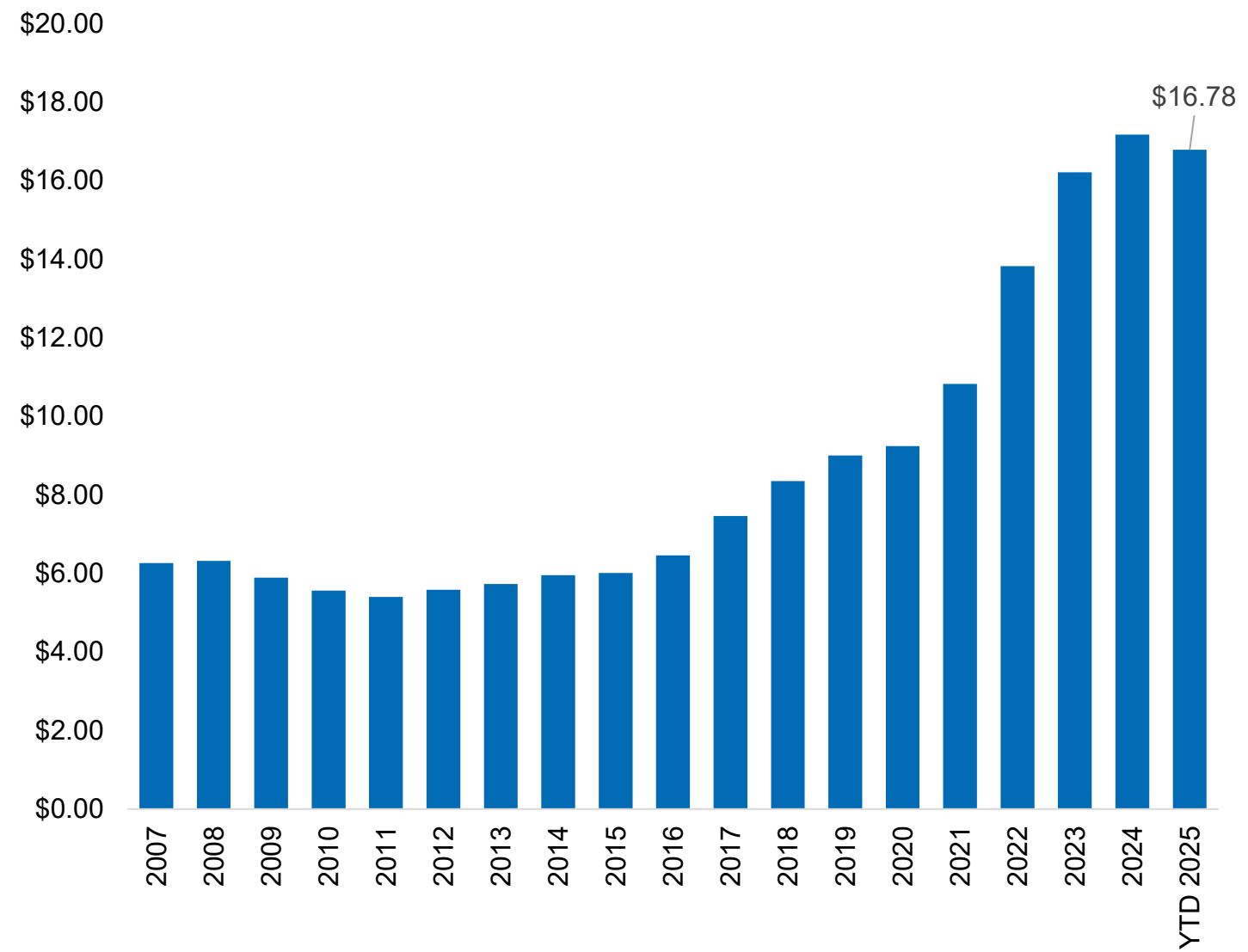


Source: Newmark Research, CoStar

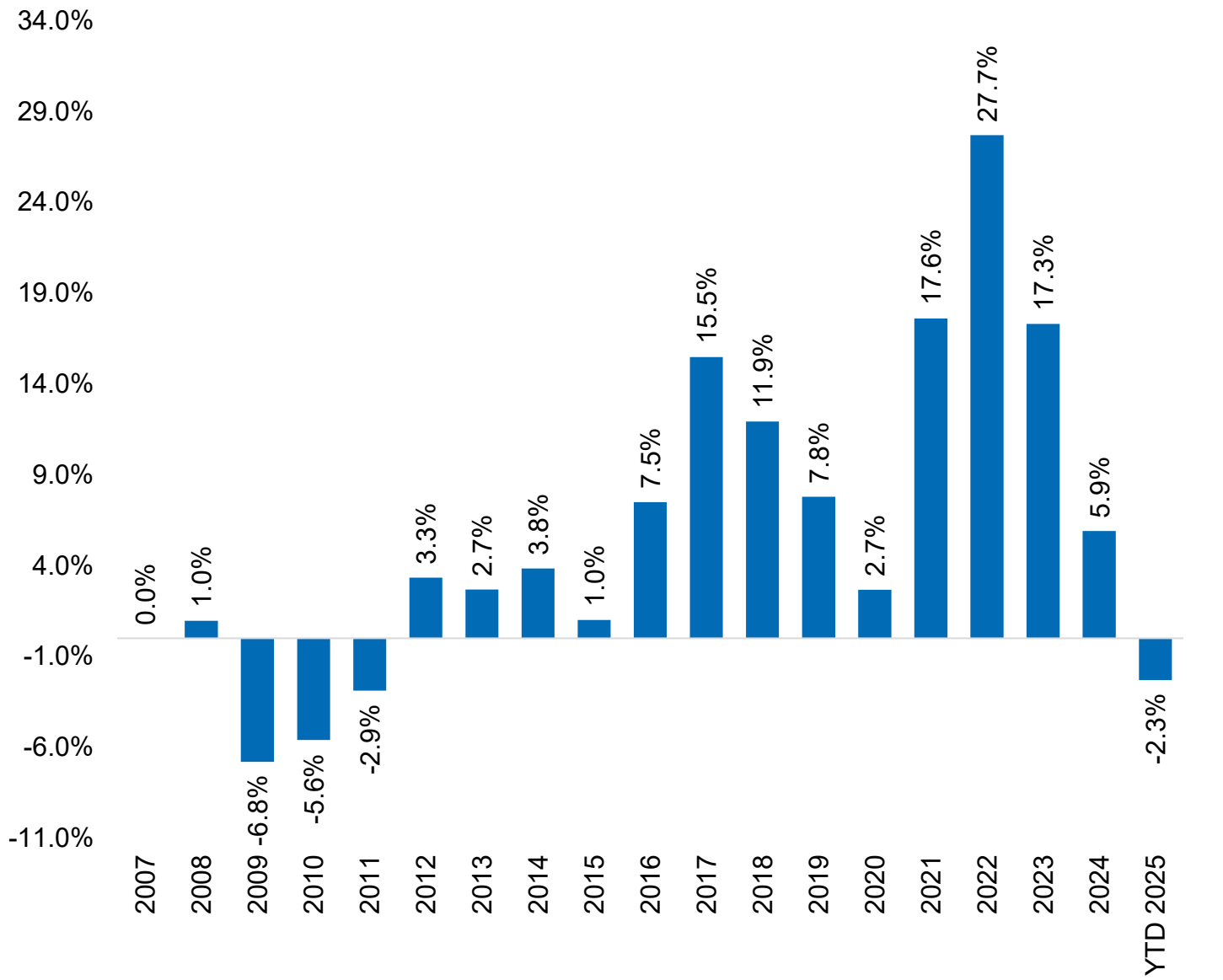
Industrial Asking Rents Decline

Industrial average asking rents in Northern and Central New Jersey declined quarter-over-quarter to \$16.78 PSF in the second quarter of 2025. Year-over-year, rents fell 2.3%, marking a shift from the rapid growth seen between 2021 and 2023. The moderation signals a stabilization phase as supply and demand begin to rebalance amid softening fundamentals and ongoing macroeconomic pressures.

Industrial Average Asking Rent, \$/SF, NNN



Year-over-Year Asking Rent Growth Rate % Change



Source: Newmark Research, CoStar

Notable 2Q25 Lease Transactions

Industrial leasing activity totaled just under 7.0 MSF in the second quarter of 2025, bringing year-to-date volume to approximately 13.5 MSF. This marks a slowdown from the second half of 2024, which saw over 17.7 MSF. The deceleration reflects a more cautious stance from occupiers amid growing economic uncertainty and trade-related volatility. Despite the pullback, 3PLs remained a key driver of demand, accounting for four of the five largest new leases during the quarter.

Select Lease Transactions				
Tenant	Building	Submarket	Type	Square Feet
Nissan North America Inc <i>Nissan North America Inc's 519,544 SF renewal over 12 years at 1501 Cottontail Lane in Somerset was the largest deal of the second quarter.</i>	1501 Cottontail Lane	I-287 Corridor	Direct Renewal	519,544
Western Carriers <i>Western Carriers new deal at 1 Malcolm Avenue in Teterboro was for 515,421 SF.</i>	1 Malcolm Avenue	Meadowlands	Direct New	515,421
Elogistek <i>Elogistek subleased World Distribution Services 480,844 SF footprint at 500 Linden Logistics Way.</i>	500 Linden Logistics Way	Linden/Elizabeth	Sublease New	480,844
Iron Mountain <i>Iron Mountain renewed for 453,030 SF at 1065 Cranbury South River Road in South Brunswick.</i>	1065 Cranbury South River Road	Exit 8A	Direct Renewal	453,030
ID Logistics <i>ID Logistics signed a 355,790 SF new deal at 1 Wiley Drive in Somerset.</i>	1 Wiley Drive	I-287 Corridor	Direct New	355,790

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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