
2Q25

Northern New Jersey Office Market Overview



NEWMARK

Market Observations

Economy

- Year-over-year payroll employment rose 1.1% nationally. New Jersey’s unemployment rate remained at 4.5% in May 2025 and has remained above the national average of 4.2% since May 2023.
- Education and Health led all industries in Northern New Jersey, recording 4.7% annual job growth. Office-occupying industries posted year-over-year losses in all sectors in May 2025.
- A positive indicator is the rise in return-to-office activity among major corporate employers, which is expected to drive increased demand for office space.

Major Transactions

- Miami International Securities Exchange’s 94,445 SF renewal at 7 Roszel Road in Princeton was the largest deal of the second quarter of 2025.
- Walmart subleased 86,443 SF at 221 River Street in Hoboken.
- Haleon signed a new lease for 78,635 SF at 400 Connell Drive in Berkeley Heights.
- Somerset Development acquired 1 CommVault Way from Commvault for \$36.0 million, leasing back 75,000 SF to the seller.

Leasing Market Fundamentals

- Occupiers are increasingly gravitating toward newer, recently optimized buildings, with amenity-rich properties seeing stronger leasing activity and rental rate growth. Net absorption totaled 156,468 SF in the second quarter of 2025, as the office market continues to stabilize.
- Leasing activity moderated in the first half of 2025, with approximately 2.3 MSF leased across Northern New Jersey during the second quarter. Class A assets continue to attract significant space commitments, with all five of the quarter’s largest transactions occurring within this tier. The average deal size rose to 4,145 SF.
- The overall vacancy rate declined to 18.3%, improving by 150 basis points year-over-year as demand held steady. Office conversions have played a key role in curbing vacancy increases by removing obsolete space from the market.

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 over 68% of total leasing activity.
- Office redevelopments and conversions will progress throughout the year, helping address oversupply as owners of underperforming assets explore redevelopment opportunities—primarily for industrial or multifamily use.
- Demand is expected to stay strong for buildings that undergo significant capital improvements. Average asking rents are likely to remain relatively stable as landlords focus on staying competitive in the market.

1. Economy
2. Leasing Market Fundamentals

2Q25

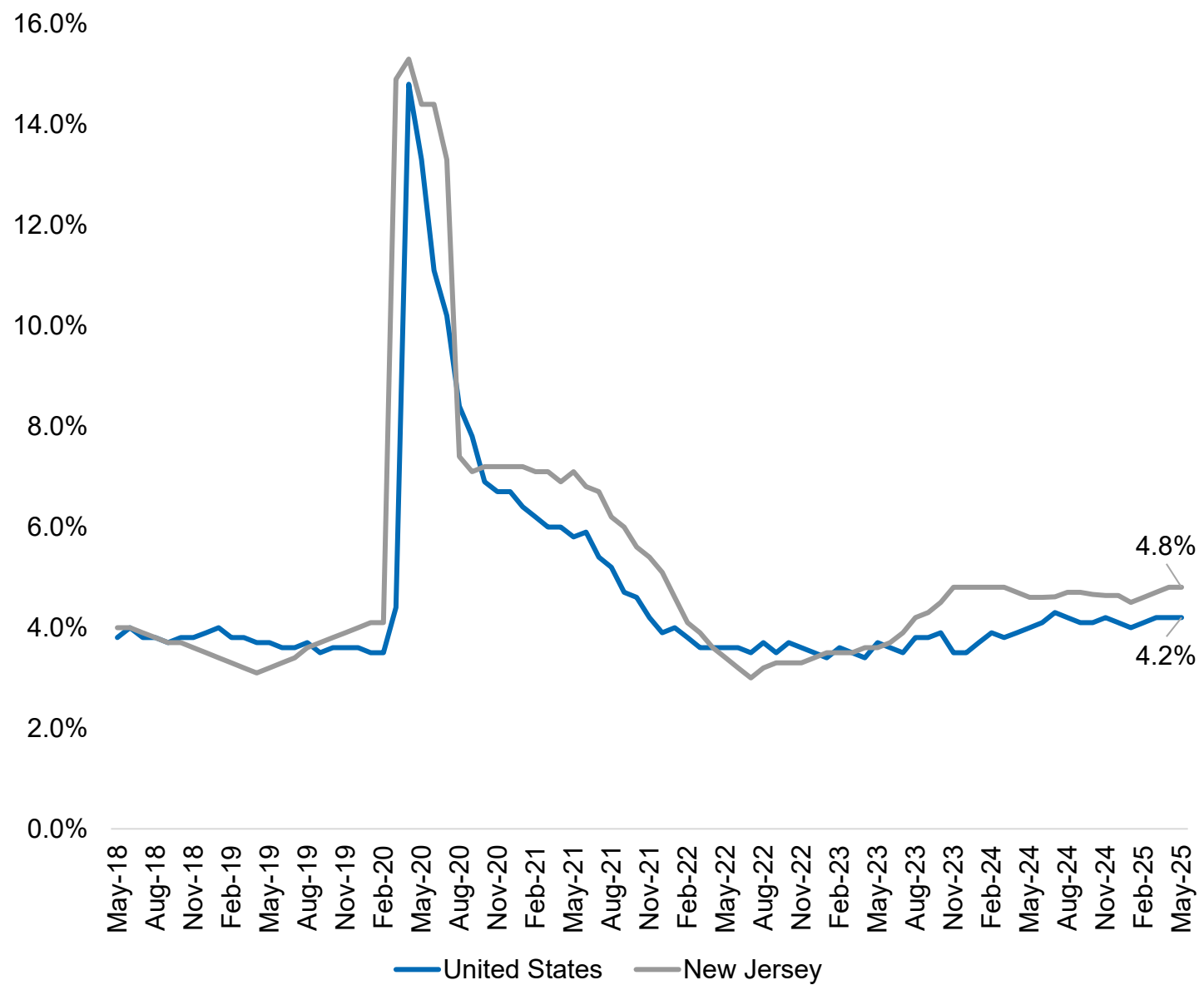
Economy



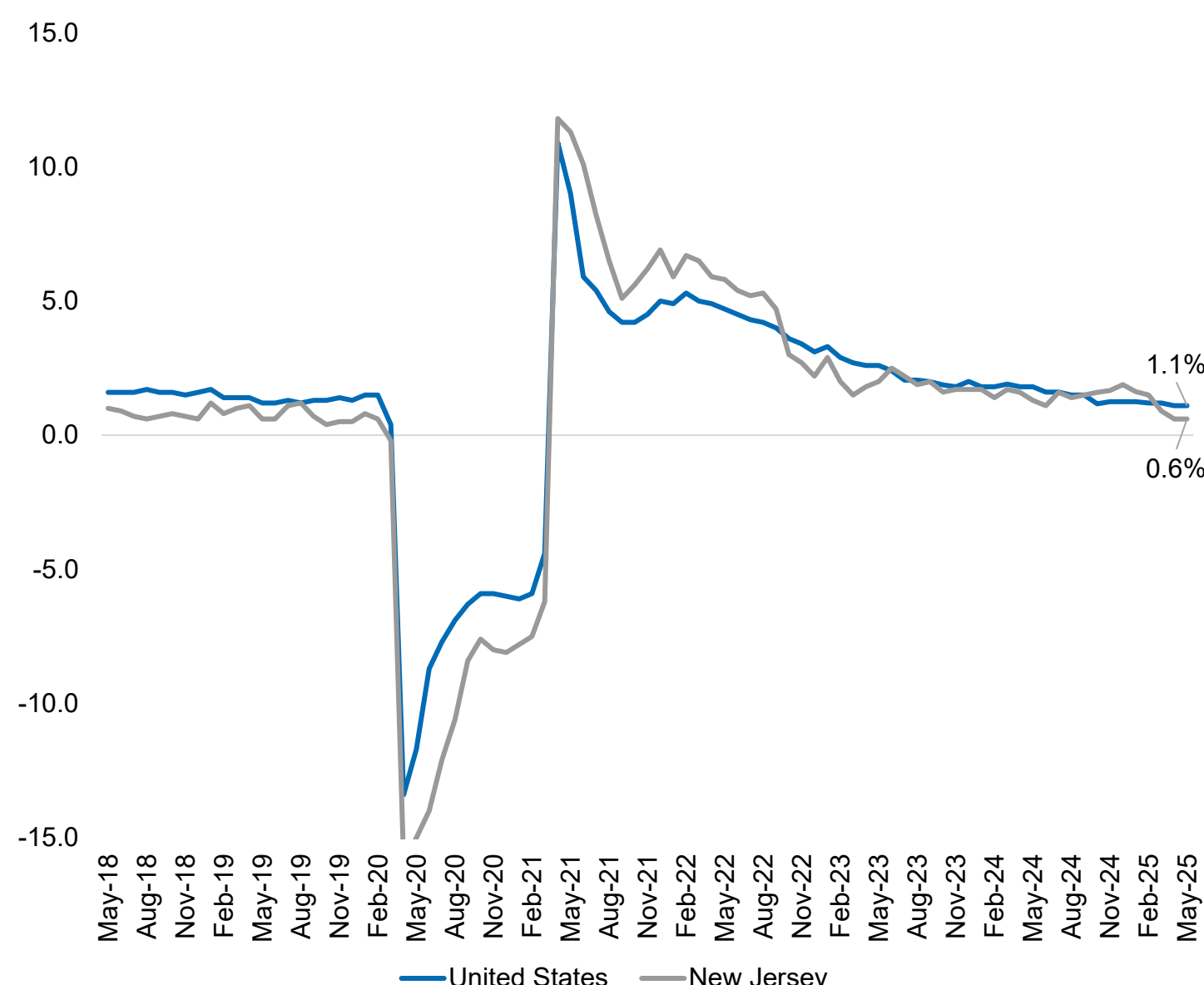
Metro Employment Shows Positive Signals

Year-over-year payroll employment rose 1.1% nationally. New Jersey’s unemployment rate remained 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

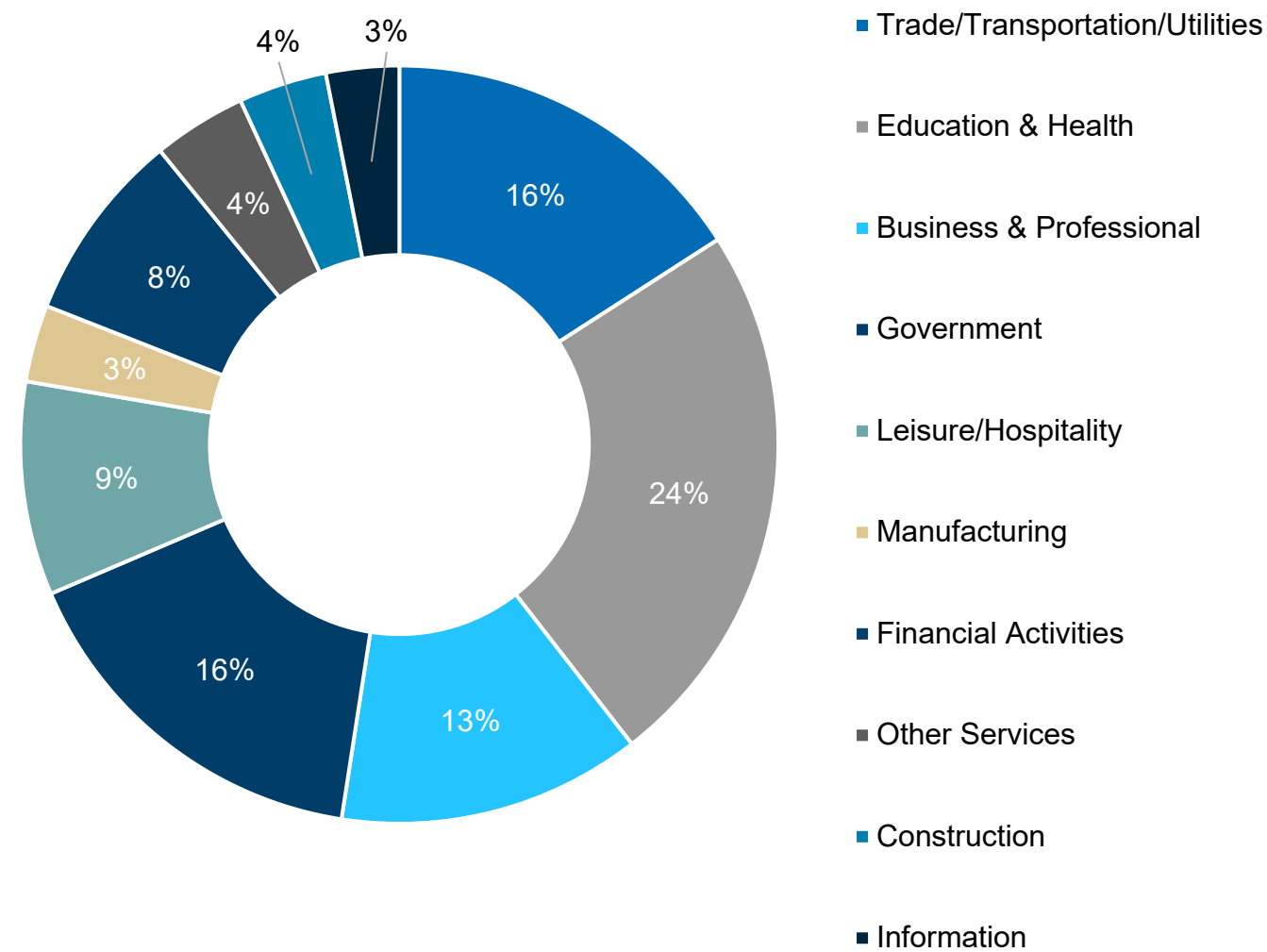


Source: U.S. Bureau of Labor Statistics, New Jersey

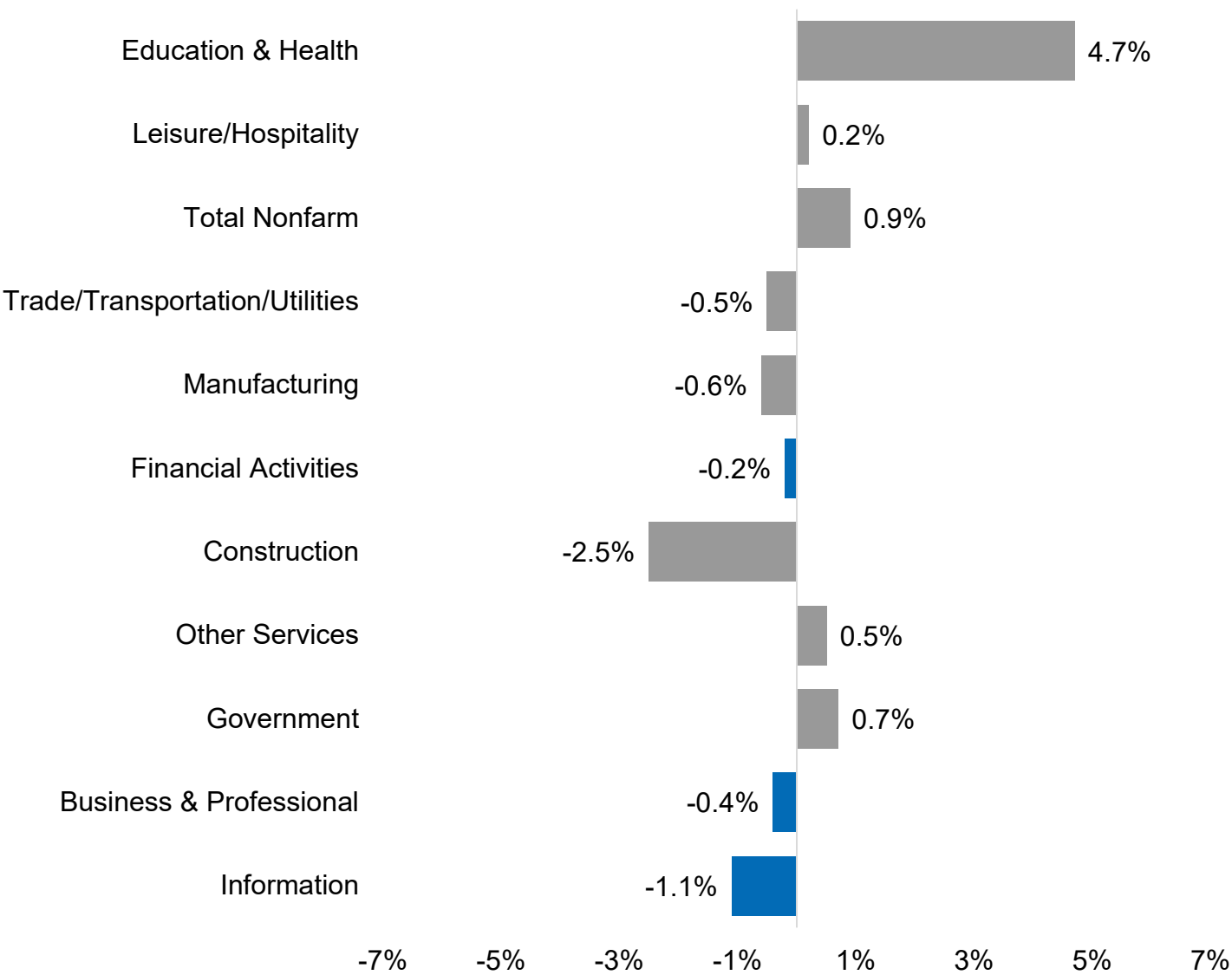
Education & Health Lead All Industries

Education and Health led all industries in Northern New Jersey, recording 4.7% annual job growth. Office-occupying industries posted year-over-year losses in all sectors in May 2025.

Employment by Industry, May 2025



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

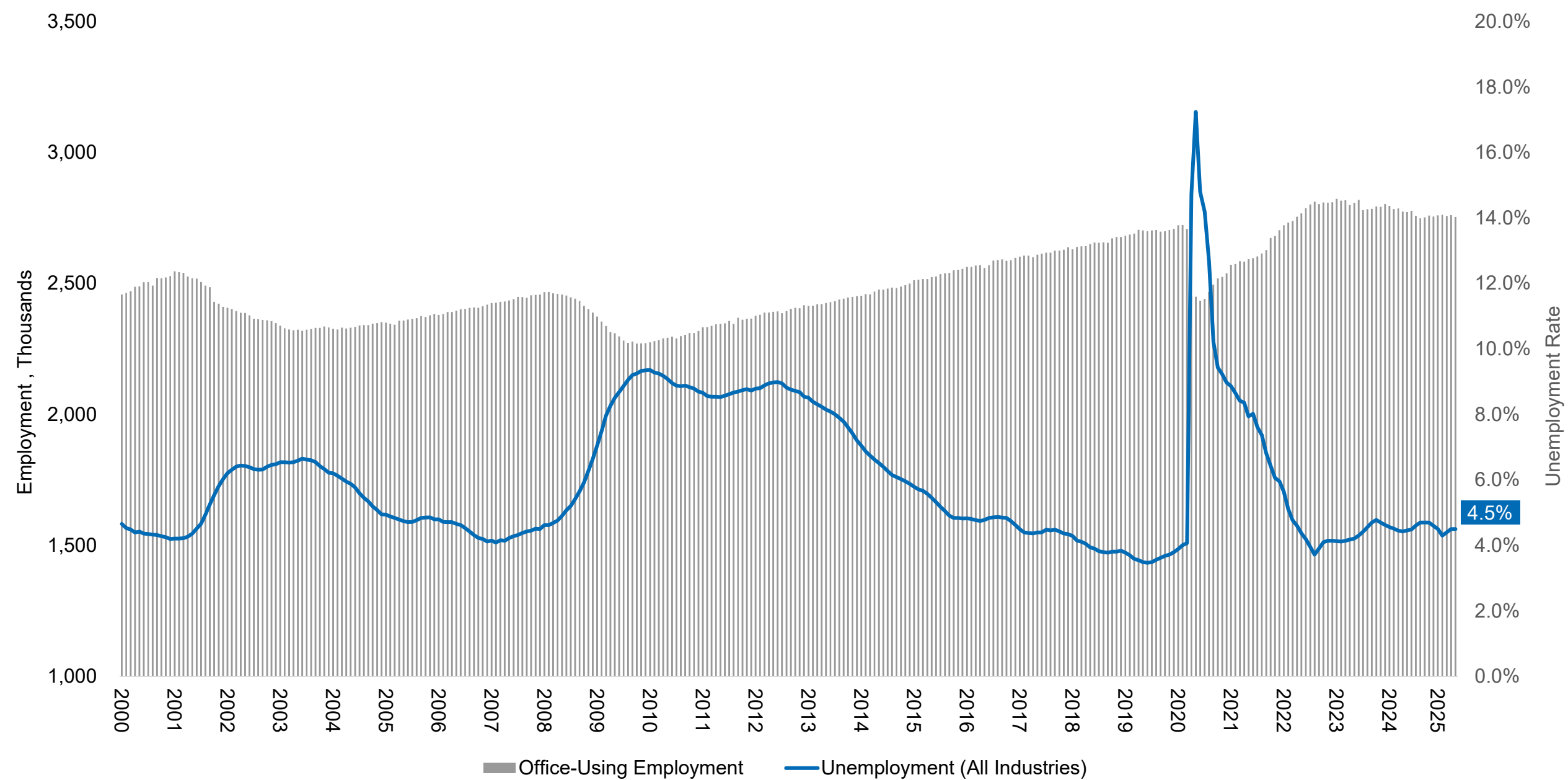


Source: U.S. Bureau of Labor Statistics, New Jersey

Office-Using Employment Has Rebounded

Office-occupying industries posted year-over-year losses in all sectors in May 2025. A positive indicator is the rise in return-to-office activity among major corporate employers, which is expected to drive increased demand for office space.

Office-Using Employment* and Unemployment Across All Industries



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

2Q25

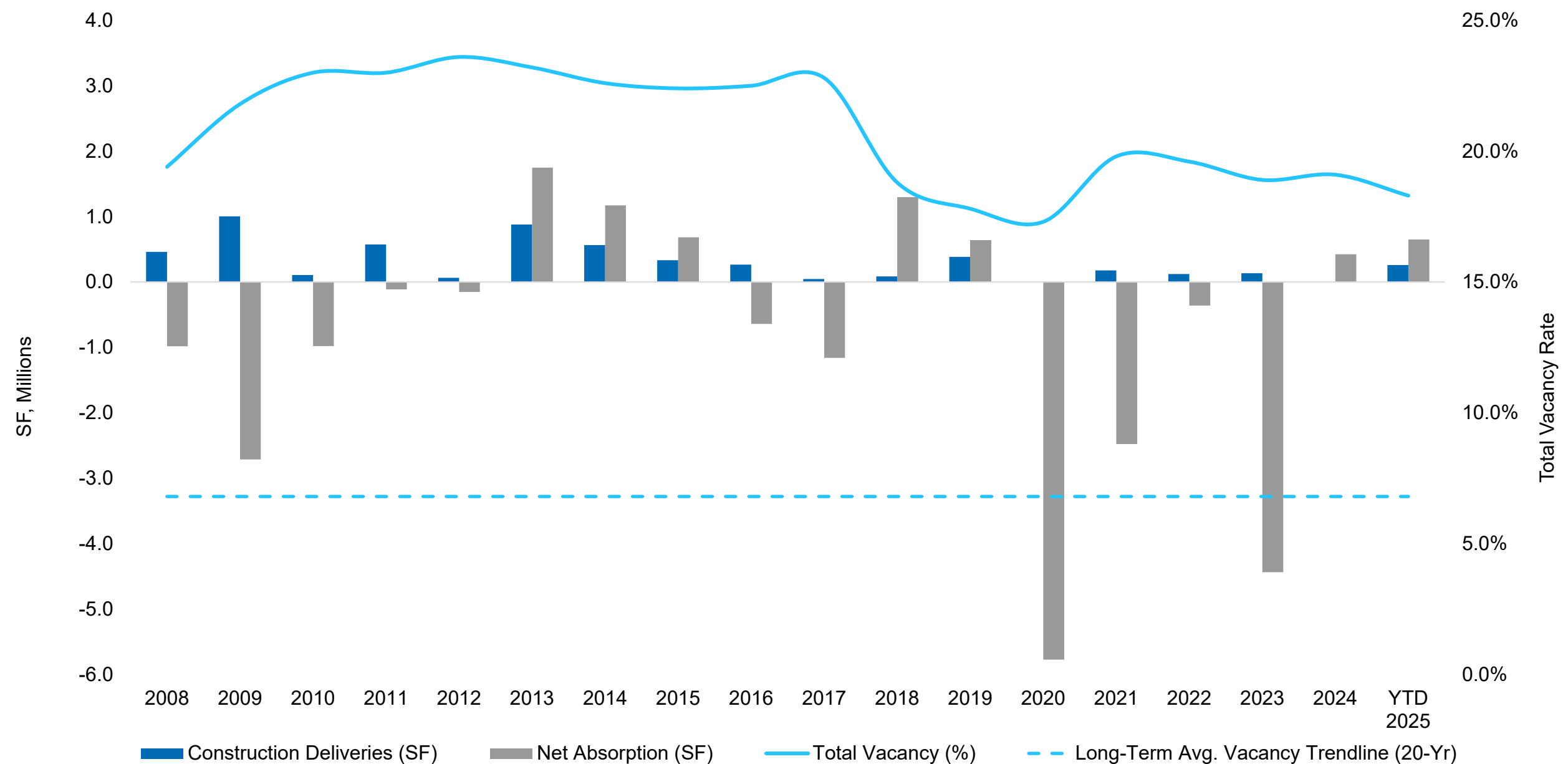
Leasing Market Fundamentals



Vacancy Declines Further

The Northern New Jersey office market recorded a 50-basis-point quarter-over-quarter decline in vacancy, reaching 18.3%, driven by moderate leasing activity and steady tenant demand. Occupiers are increasingly gravitating toward newer, recently optimized buildings, with amenity-rich properties seeing stronger leasing activity and rental rate growth. Net absorption totaled 156,468 SF in the second quarter of 2025, as the office market continues to stabilize.

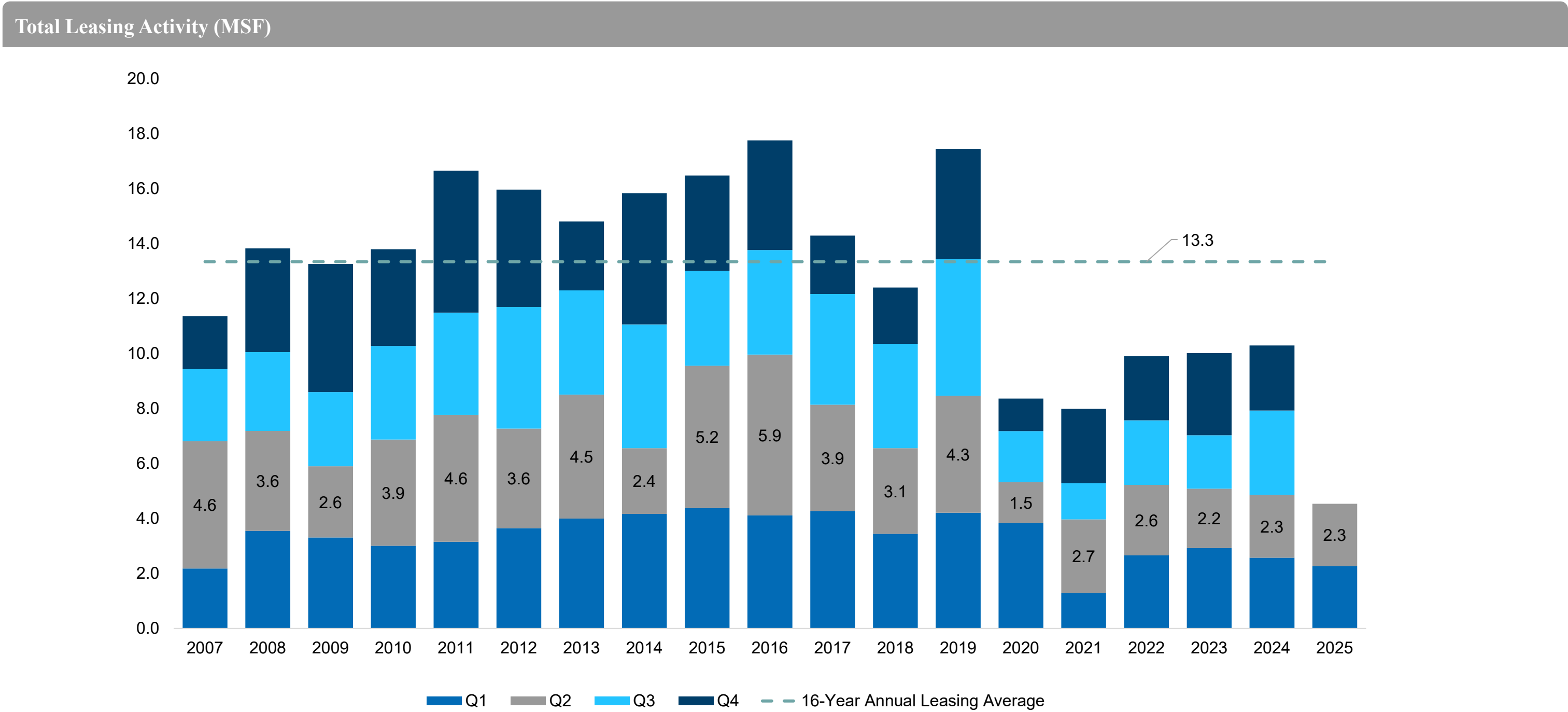
Historical Construction Deliveries, Net Absorption, and Vacancy



Source: Newmark Research

Leasing Activity Moderate

Leasing activity surged throughout 2024, exceeding 10.3 MSF—the highest annual total in the past five years. However, activity moderated in the first half of 2025, with approximately 2.3 MSF leased across Northern New Jersey during the second quarter. Class A assets continue to draw significant space commitments, with all five of the quarter’s largest transactions occurring within this tier. The average deal size rose during the second quarter to 4,145 SF.

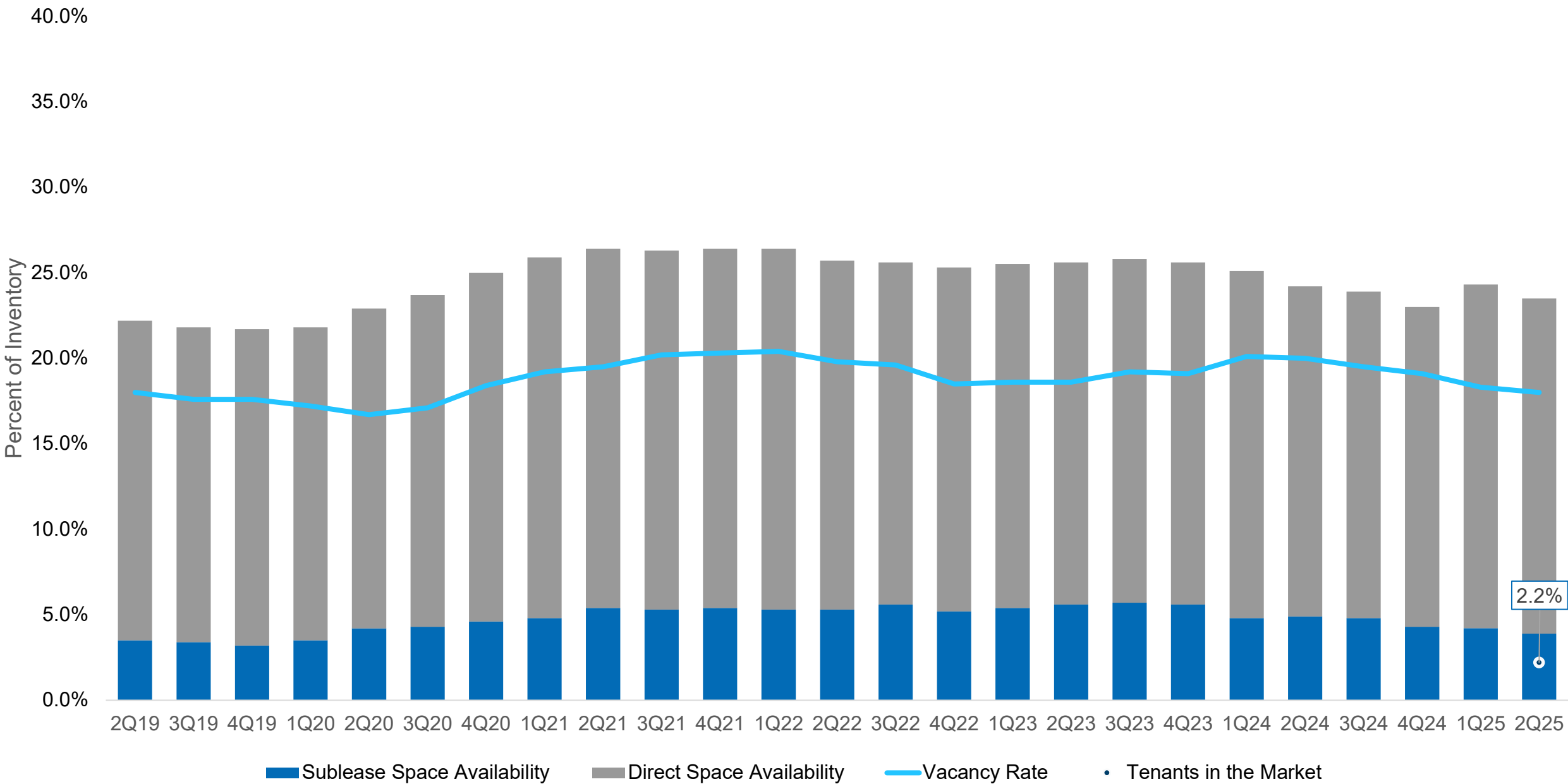


Source: Newmark Research, CoStar

Vacancy at Two-Year Low

The overall vacancy rate declined to 18.3%, improving by 150 basis points year-over-year, as demand remained steady. Office conversions have played a key role in curbing rising vacancies by removing obsolete space from the market. Sublease availability fell to 6.5 MSF—the lowest level in the past five years—driven in part by Walmart’s 86,443-SF sublease at 221 River Street in Hoboken. Consistent demand and a slowdown in new large block listings are expected to further reduce the availability rate through the remainder of 2025.

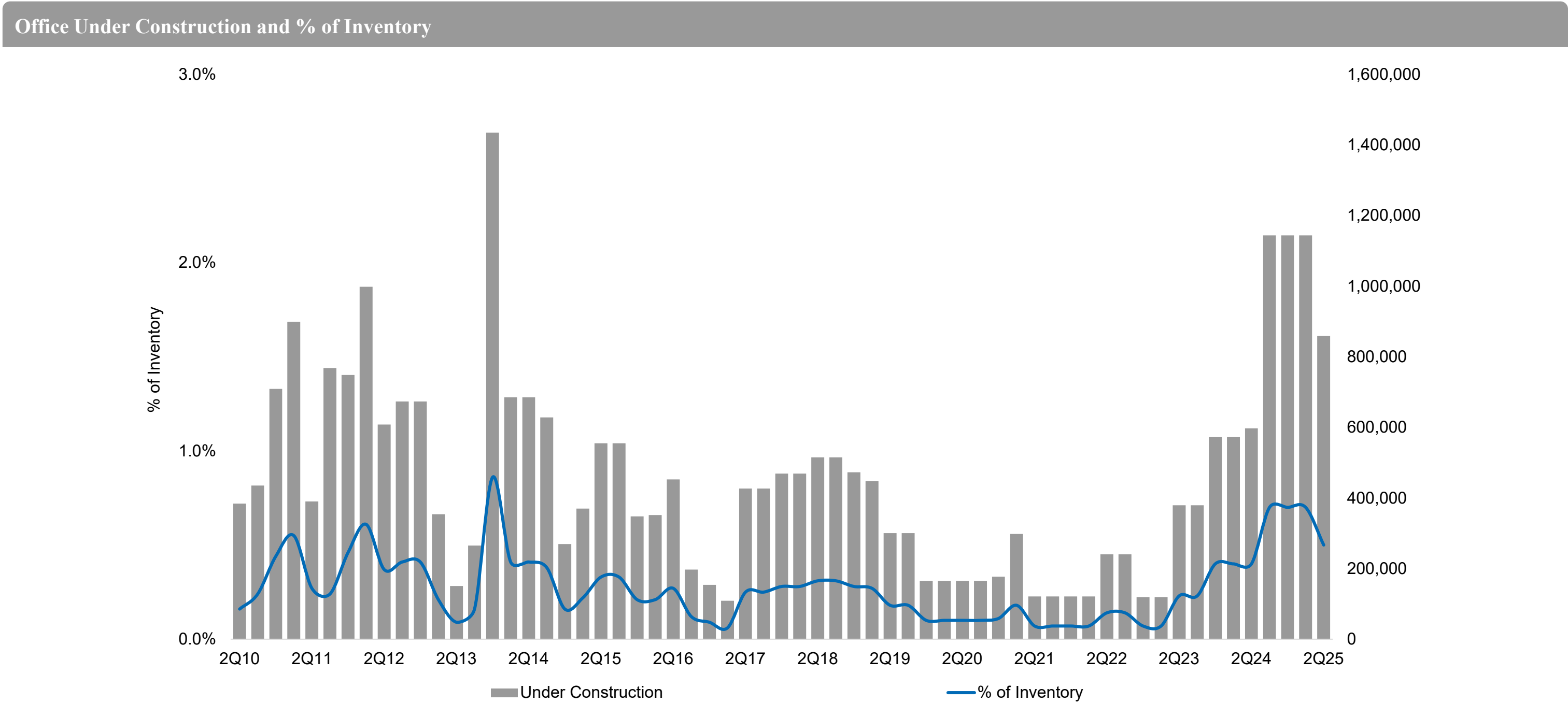
Available Space and Tenant Demand as Percent of Overall Market



Source: Newmark Research

New Construction Shrinks

Under-construction volume declined to 858,787 sf in the second quarter of 2025, representing just 0.5% of the market’s total inventory. M Station West—a 260,000-SF property at 100 Morris Street—delivered in April, with Sanofi set to occupy the entire building. Construction is progressing at Helix H-1 in New Brunswick, a 570,000-SF property slated for delivery in August 2026.

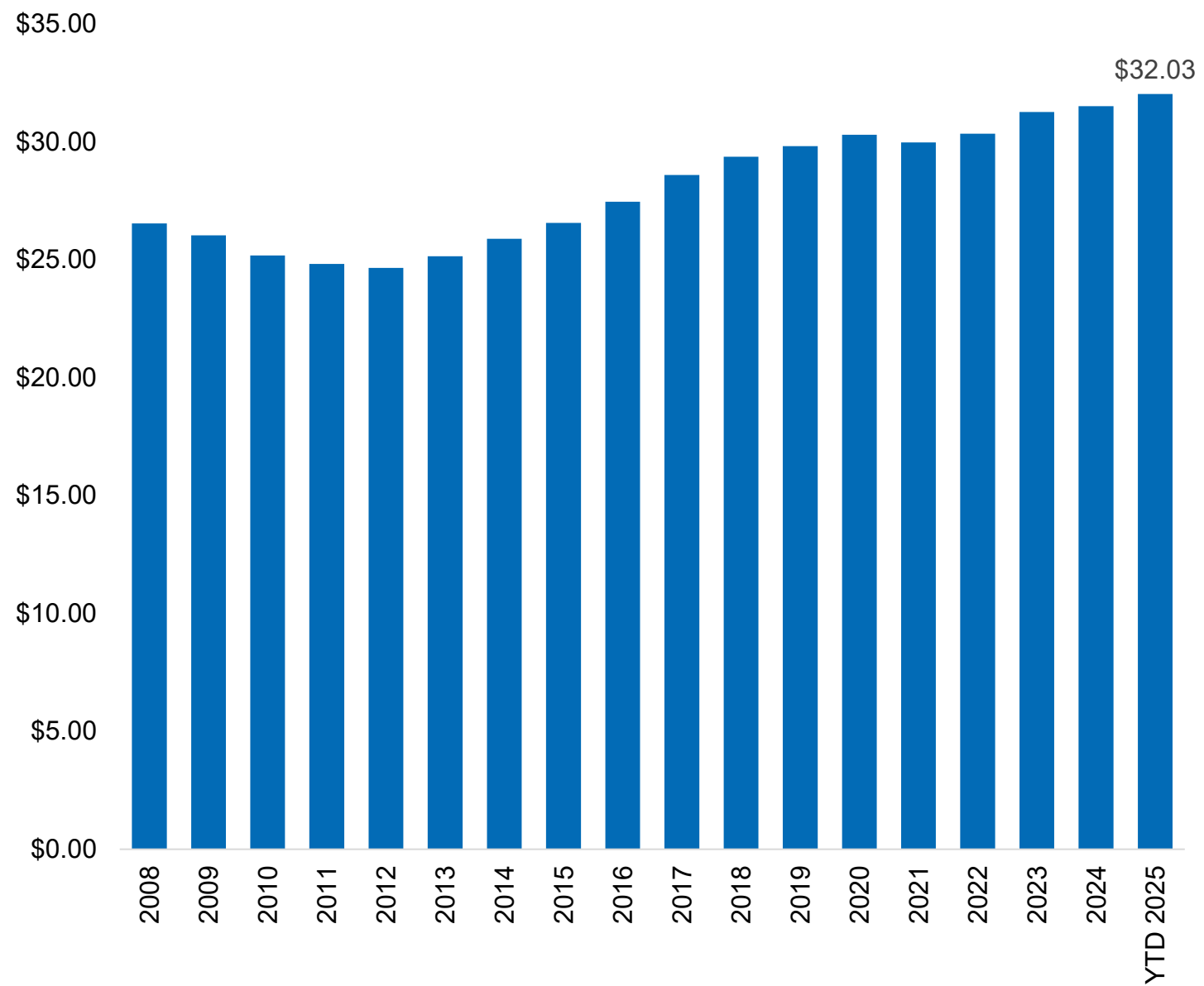


Source: Newmark Research, CoStar

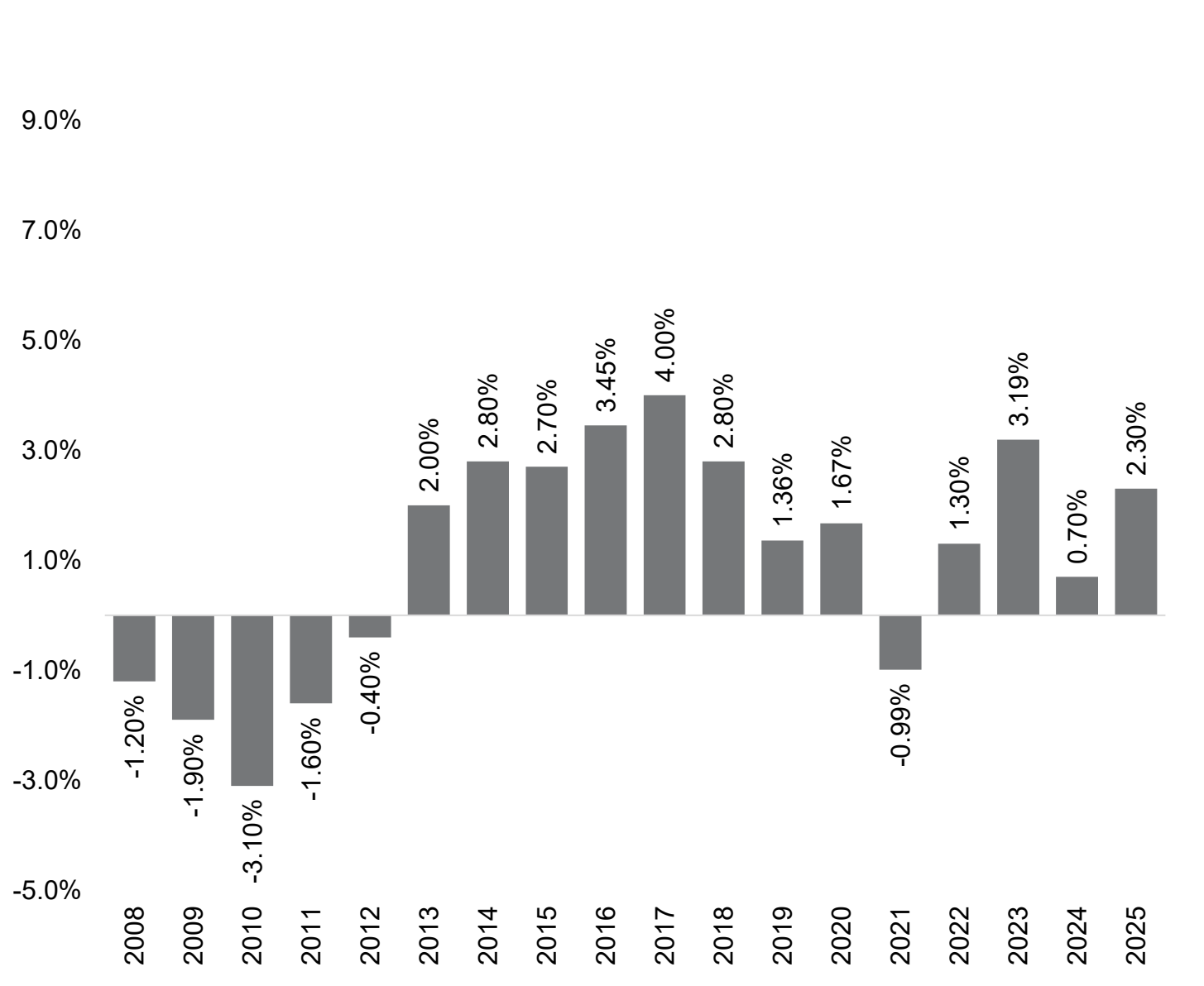
Asking Rents Rise

Overall asking rents averaged \$32.03 PSF in the first quarter of 2025, reflecting a \$0.15 PSF increase from the previous quarter. Year-over-year, rents rose modestly by 2.3%, while class A pricing grew by 4.2% to \$35.88 PSF—a 12% premium over the overall average asking rent. Asking rents are expected to remain elevated, supported by increased tenant demand and improving leasing activity.

Office Average Asking Rent, \$/SF, FS



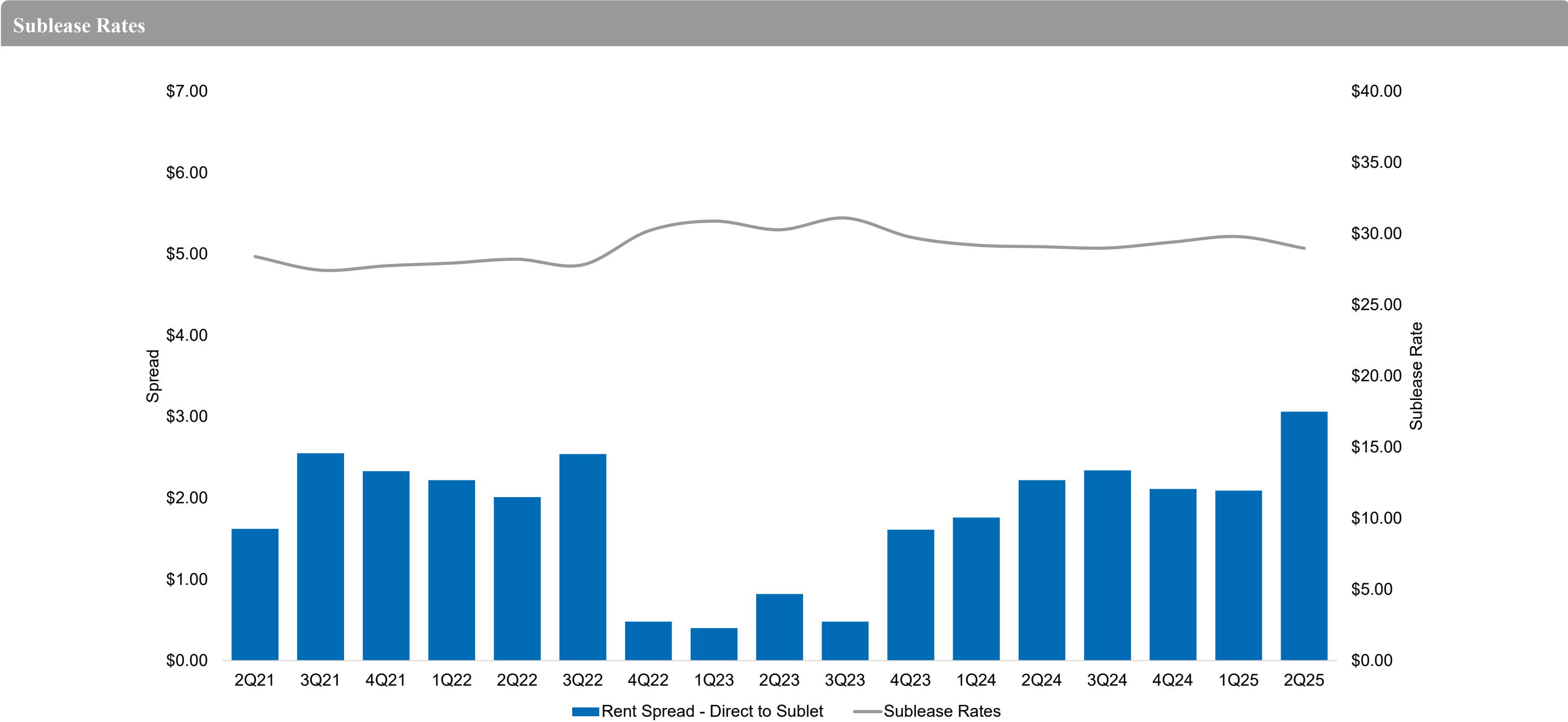
Year-over-Year Asking Rent Growth Rate



Source: Newmark Research, CoStar

Spread Between Direct & Sublease Rates Increases

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, declining slightly by 0.4% year-over-year to \$28.97 PSF in the second quarter of 2025.



Source: Newmark Research, CoStar

Notable Lease Transactions

Leasing activity remained steady, surpassing 2.3 msf in the second quarter of 2025. Class A space led the market as demand remained focused on top-tier and trophy assets, accounting for 68% of total leasing activity by sf. Average lease sizes in class A properties exceeded 9,000 sf, significantly larger than the overall market average of 4,145 sf.

Notable 2Q25 Lease Transactions				
Tenant	Building(s)	Submarket	Type	Square Feet
Miami International Securities Exchange	7 Roszel Road	Princeton Are	Renewal	94,445
Miami International Securities Exchange’s 94,445 SF renewal at 7 Roszel Road in Princeton was the largest deal during the second quarter of 2025.				
Walmart	221 River Street	Hudson Waterfront	Sublease New	86,443
Walmart subleased 86,443 SF at 221 River Street in Hoboken.				
Haleon	400 Connell Drive	Somerset/I-78	Direct New	78,635
Haleon’s new deal at 400 Connell Drive in Berkeley Heights was for 78,635 SF.				
Commvault	1 Commvault Way	Monmouth	Sale/Leaseback	75,000
Somerset Development acquired 1 CommVault way from Commvault for \$36.0M, while leasing back 75,000 SF to Commvault.				
Sills Cummis & Gross	1 Riverfront Plaza	Newark CBD	Renewal	73,157
Sills Cummis & Gross renewed for 73,157 SF at 1 Riverfront Plaza in Newark.				

Source: Newmark Research

Submarket Stats Overview

Please reach out to your
Newmark business contact for this information

Class A Office Leasing



Please reach out to your
Newmark business contact for this information

For more information:

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
Rutherford, NJ 07960
t 973-349-3030

New York Headquarters
125 Park Ave.
New York, NY 10017
t 212-372-2000

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