NEWMARK

Office Market Overview:

Northern New Jersey

2Q26

NMRK.COM

Key Takeaways

The Northern and Central New Jersey office market posted 129,082 SF of positive net absorption in 2Q26, while overall availability held steady at 22.7%.

Northern New Jersey office leasing totaled 1.9 MSF in the second 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, continuing to ease competitive pressure from discounted space.

Flight to quality remained the market's defining theme, with Class A space accounting for approximately 74% of year-to-date leasing activity.

Average asking rent increased to $32.17/SF, supported by stable fundamentals and continued pricing discipline in the market's highest-quality assets.

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Economy

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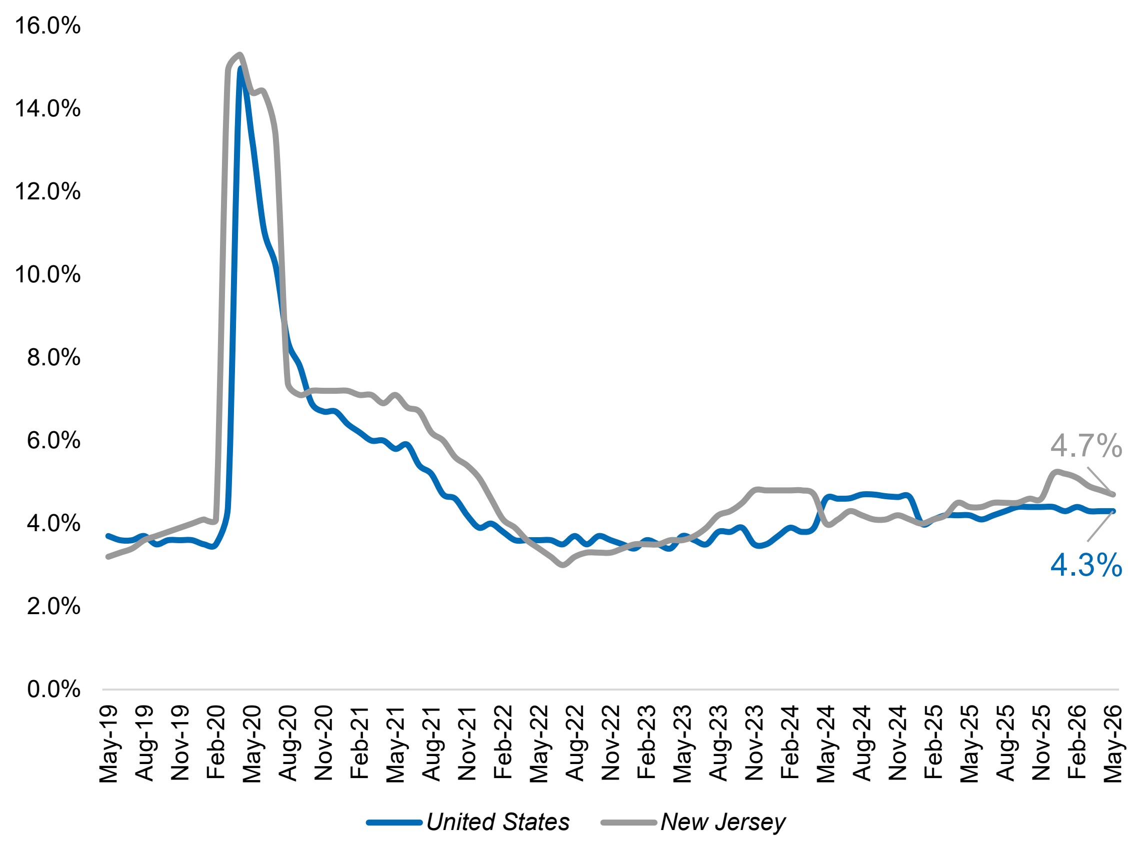
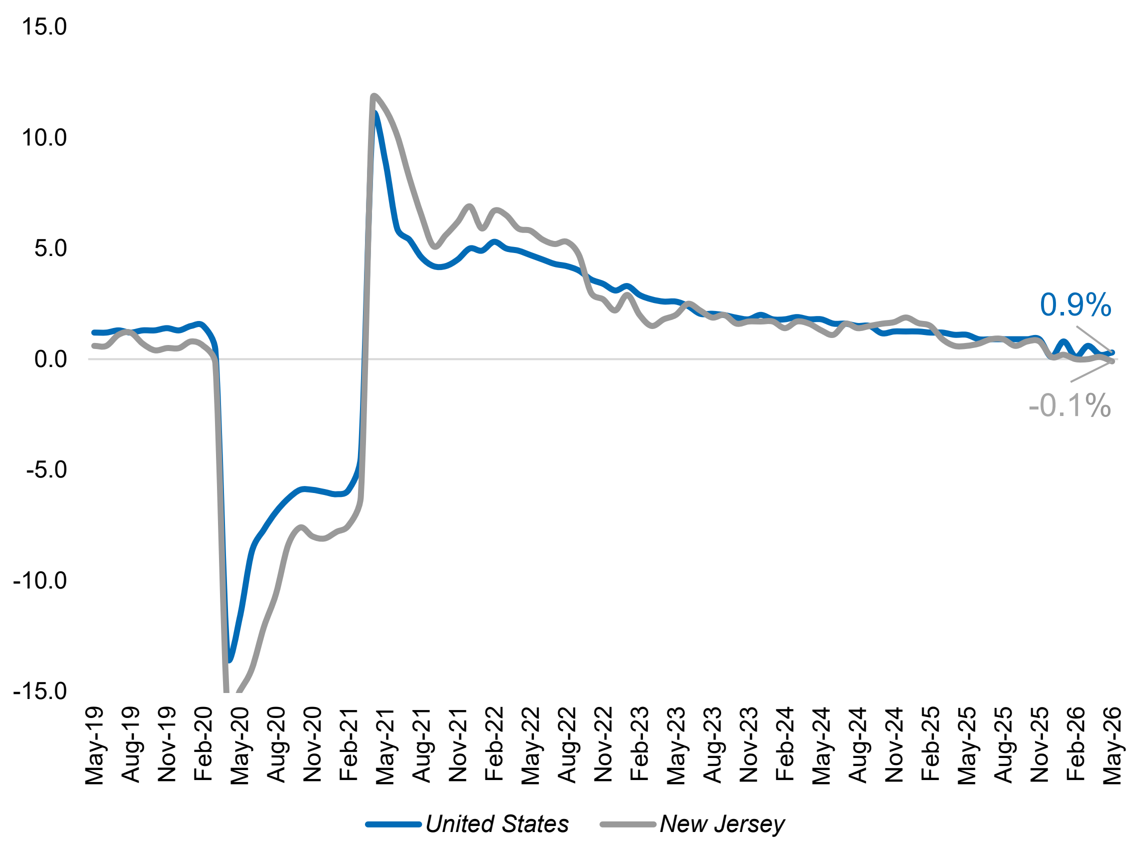
Metro Employment

New Jersey payroll employment declined 0.1% year over year as of May 2026, while the state's unemployment rate was 4.7%, above the national rate of 4.3%. Labor market conditions remain mixed, with modest headline softness but continued stability across major office-using sectors.

Unemployment Rate, Seasonally Adjusted



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

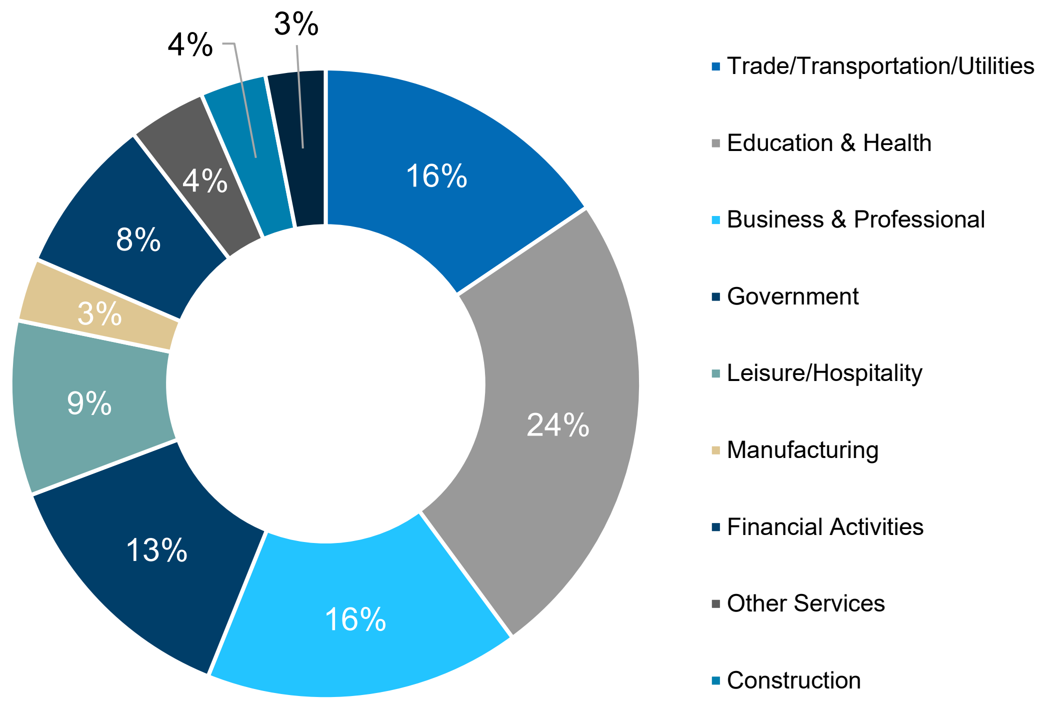


Source: U.S. Bureau of Labor Statistics, New Jersey

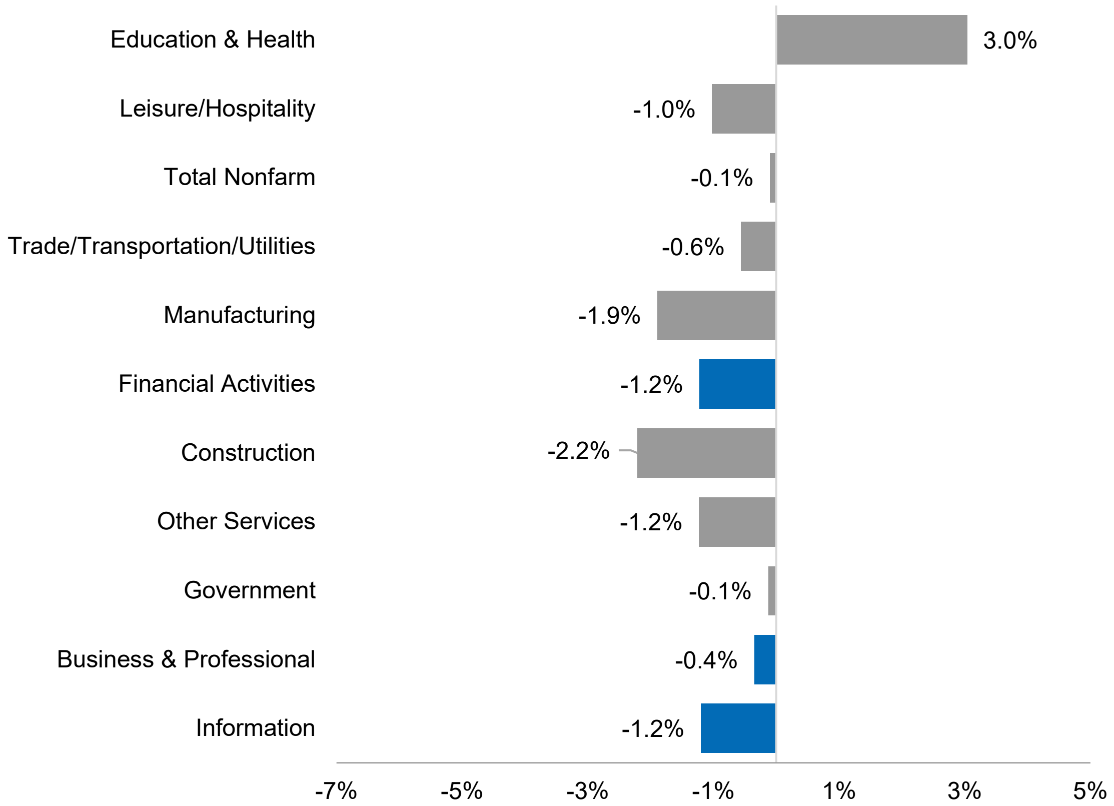
Education & Health Lead All Industries

Education and health services remained New Jersey's strongest-performing sector as of May 2026, while most other major industries posted flat or negative annual growth. This uneven employment backdrop continues to limit broad-based office demand, though it has not materially disrupted leasing in the region's top-performing submarkets.

Employment by Industry, May 2026



Employment Growth by Industry, 12-Month % Change, May 2026

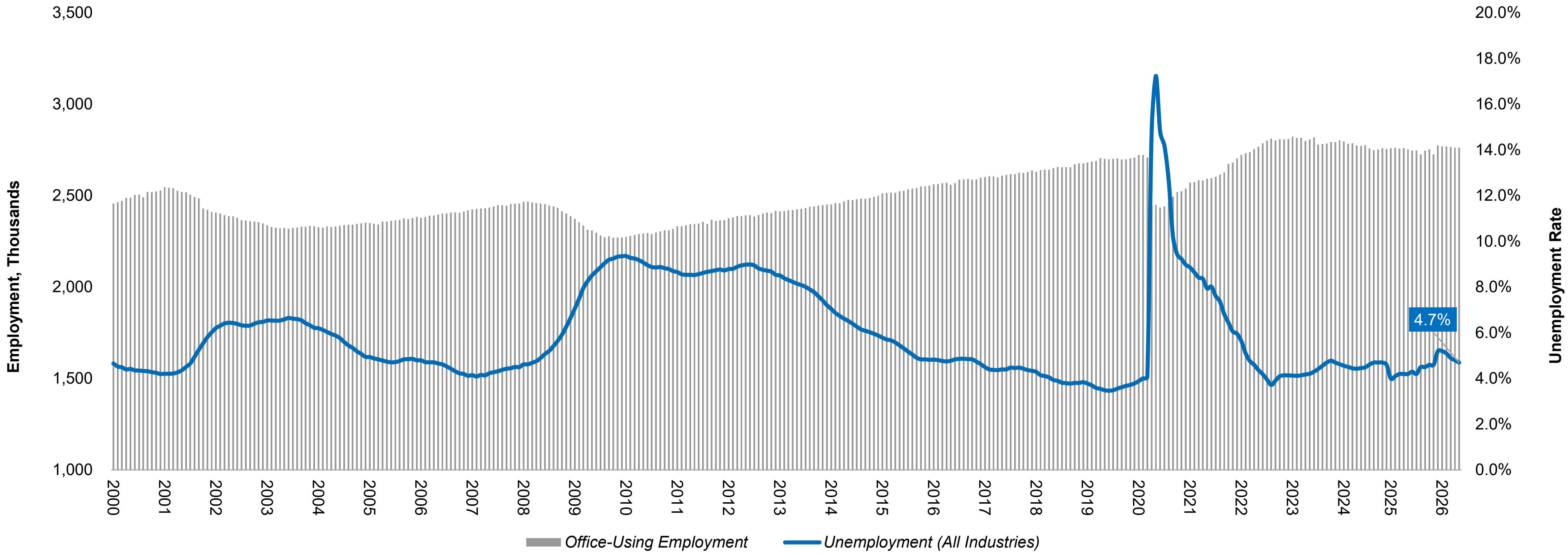


Source: U.S. Bureau of Labor Statistics, New Jersey

Office-Using Employment Rebounds

Office-using employment has stabilized, supported by longer-term gains across professional and business services, financial activities and information, as shown in the chart. While office demand remains selective, improving return-to-office trends and steadier white-collar employment are supporting leasing in higher-quality buildings.

Office-Using Employment* and Unemployment Across All Industries

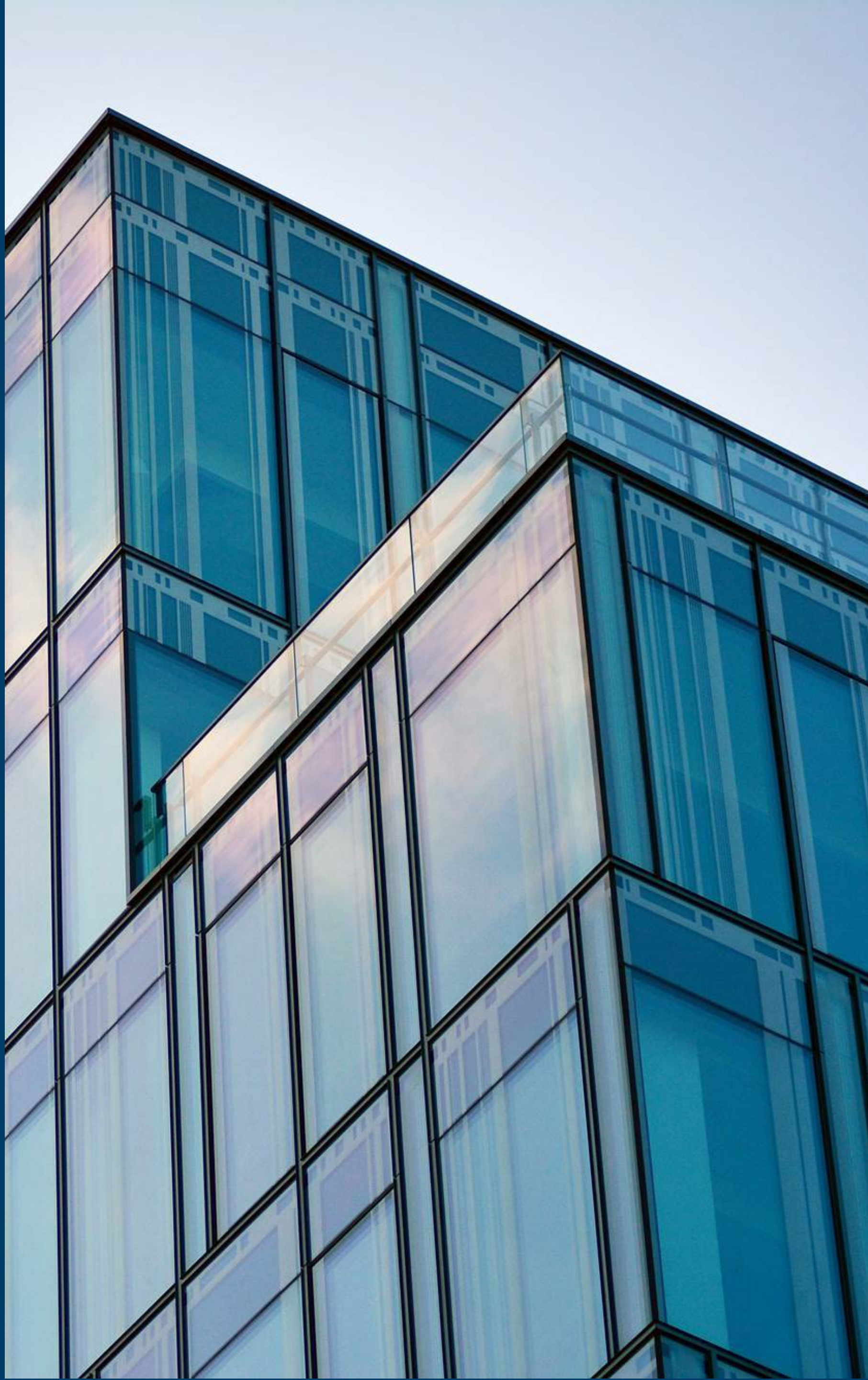


Source: U.S. Bureau of Labor Statistics, New Jersey. Note: May 2026 data is preliminary. *Office-using employment includes employment in the following industry sectors: Professional & Business Services, Financial Activities and Information.

02

Leasing Market Fundamentals

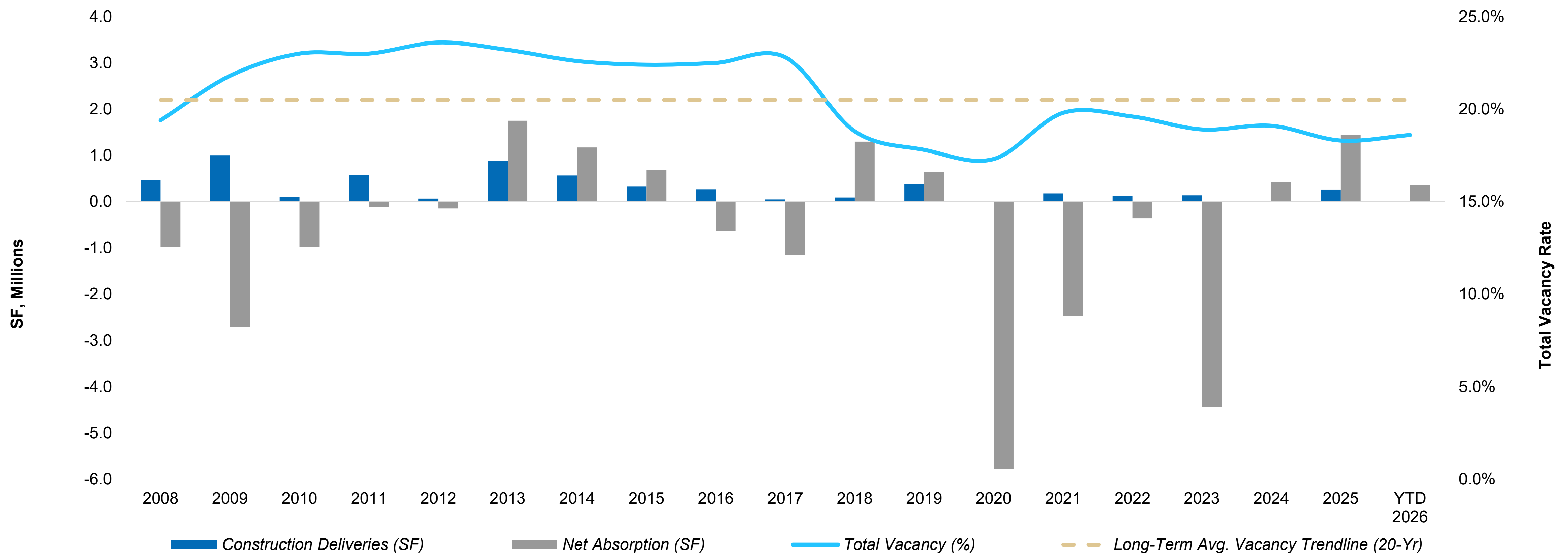
2Q26



Net Absorption Remains Positive

The Northern and Central New Jersey office market posted 129,082 SF of positive net absorption in 2Q26, while overall vacancy was 18.6%. Positive absorption continues to be supported by selective leasing, limited new large availabilities and the ongoing removal of obsolete inventory from the competitive set.

Historical Construction Deliveries, Net Absorption, and Vacancy

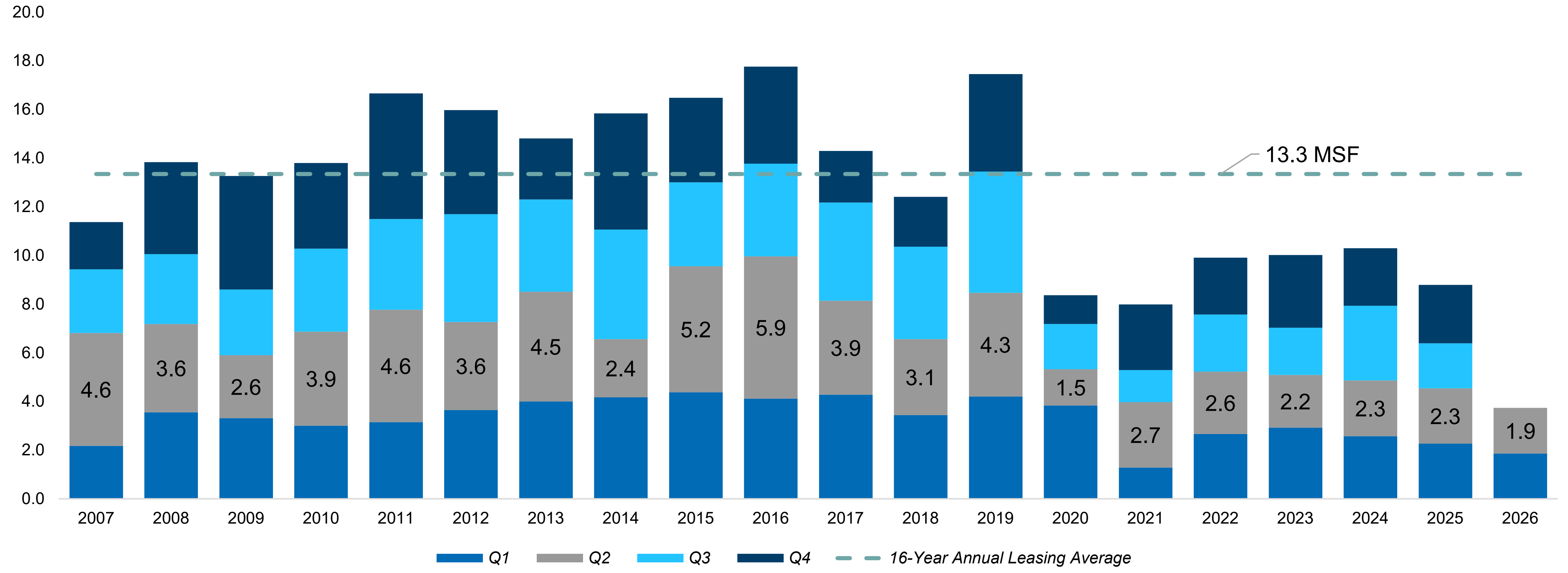


Source: Newmark Research

Leasing Activity Improves Quarter-over-Quarter

Leasing activity totaled 1.87 MSF in 2Q26, up modestly from 1.86 MSF in 1Q26 but still below long-term historical norms. Deal volume remains concentrated in smaller and mid-sized transactions, though improving availability trends suggest the market is gradually tightening despite limited large-block demand.

Total Leasing Activity (MSF)

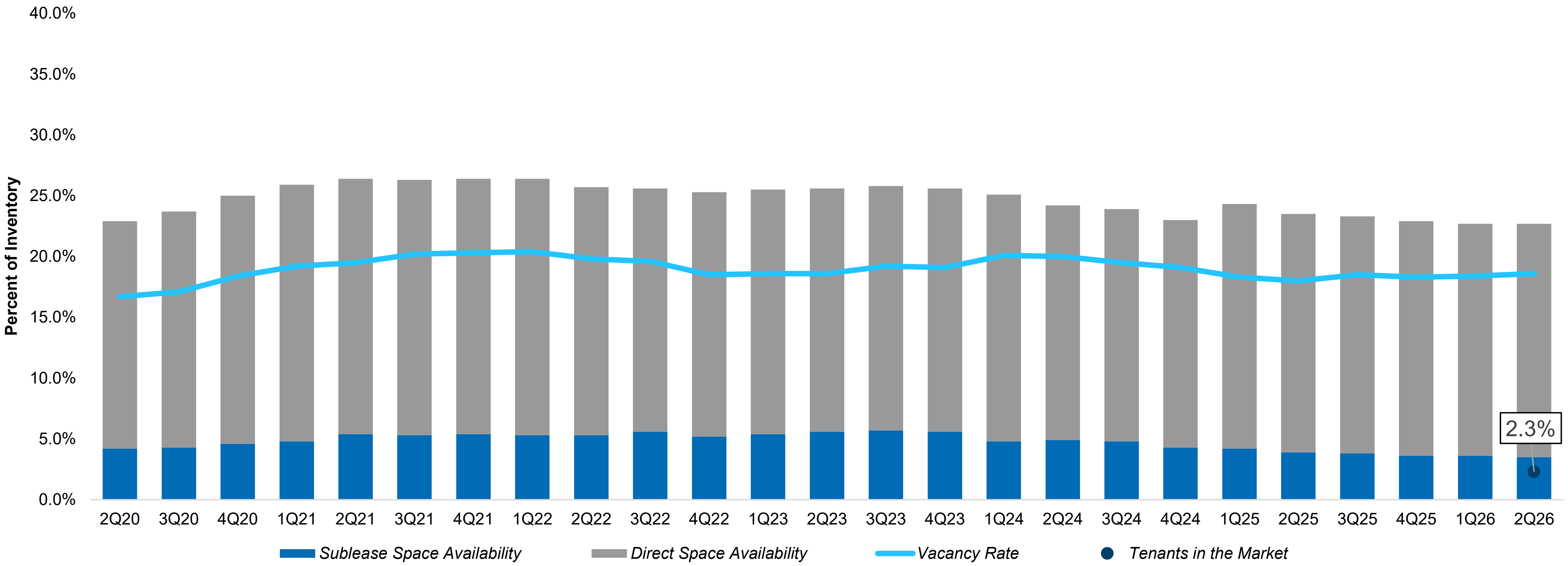


Source: Newmark Research, CoStar

Sublease Supply Hold Steady at 6-Year Low

The overall availability rate held steady at 22.7%, improving 70 basis points year over year, as demand remained steady but below long-term norms. Office conversions have played a key role in curbing vacancy by removing obsolete space from the market. Sublease availability declined to 5.9 MSF, its 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 Space and Tenant Demand as Percent of Overall Market

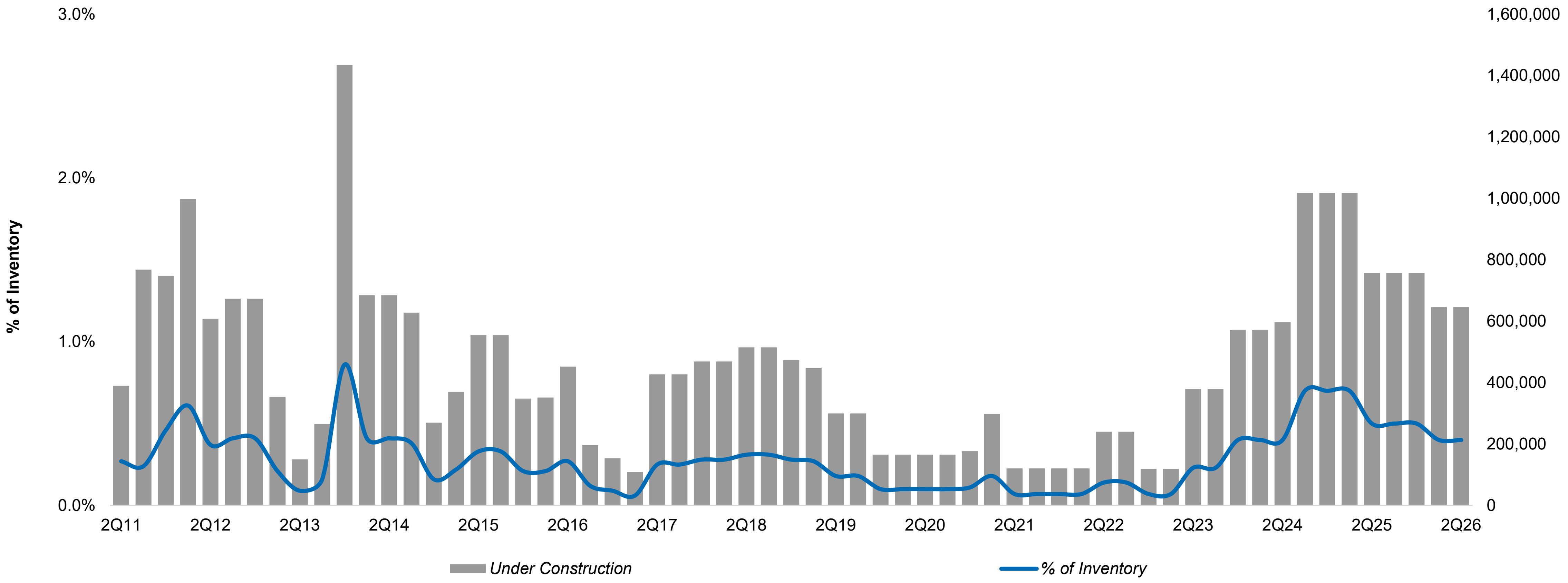


Source: Newmark Research

New Construction Holds Steady

Office construction remained limited at 646,250 SF in 2Q26, representing only a small share of total inventory. The pipeline remains highly constrained, with Helix H-1 in New Brunswick as the most notable project underway and few new deliveries expected to materially pressure near-term fundamentals.

Office Under Construction and % of Inventory

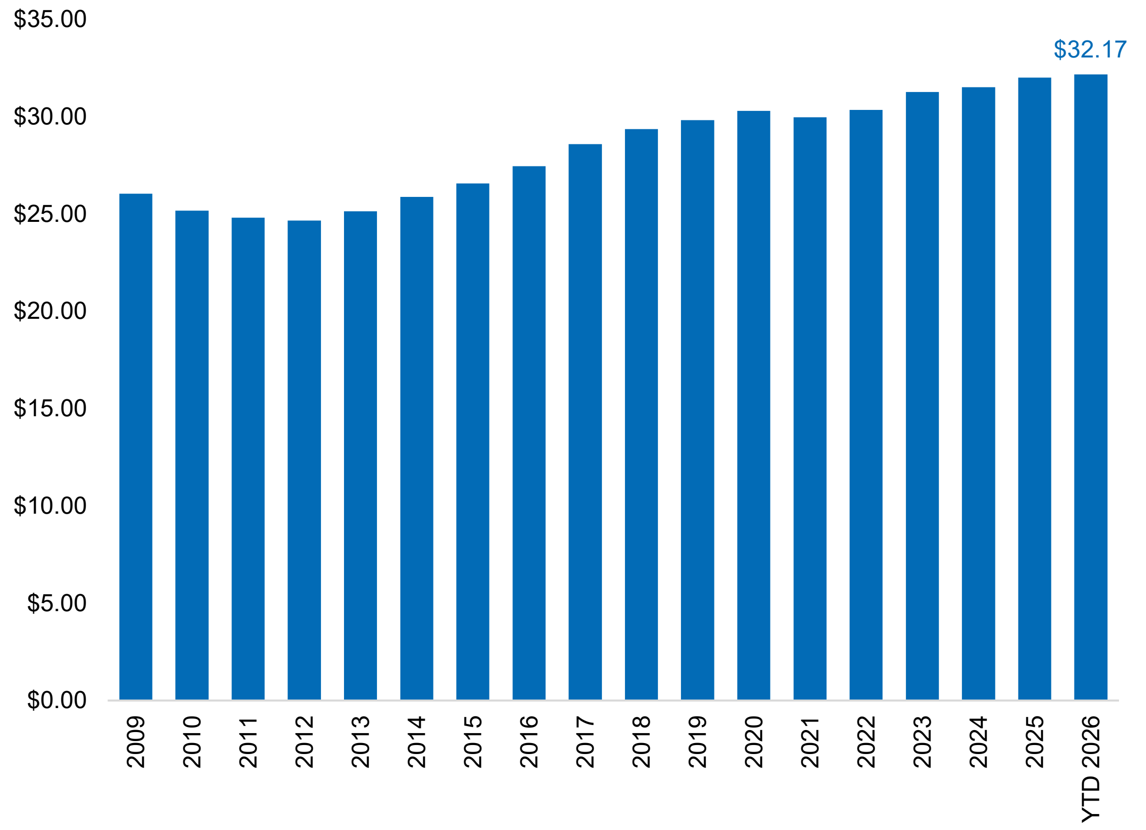


Source: Newmark Research, CoStar

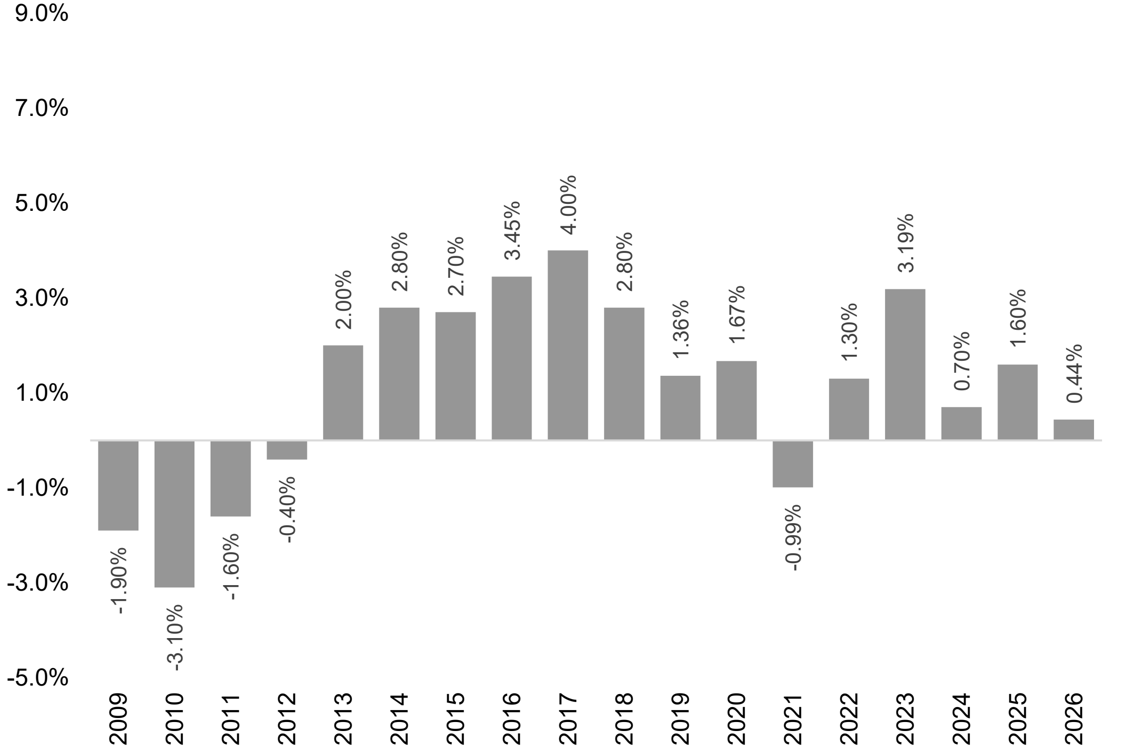
Asking Rents Rise

Average asking rent reached $32.17/SF in 2Q26, extending the market's gradual upward trend. Pricing remains firm for institutional-quality assets, with Class A rents maintaining a clear premium as occupiers prioritize modern building specifications, amenities and strategic locations.

Office Average Asking Rent, $/SF, FS



Year-over-Year Asking Rent Growth Rate

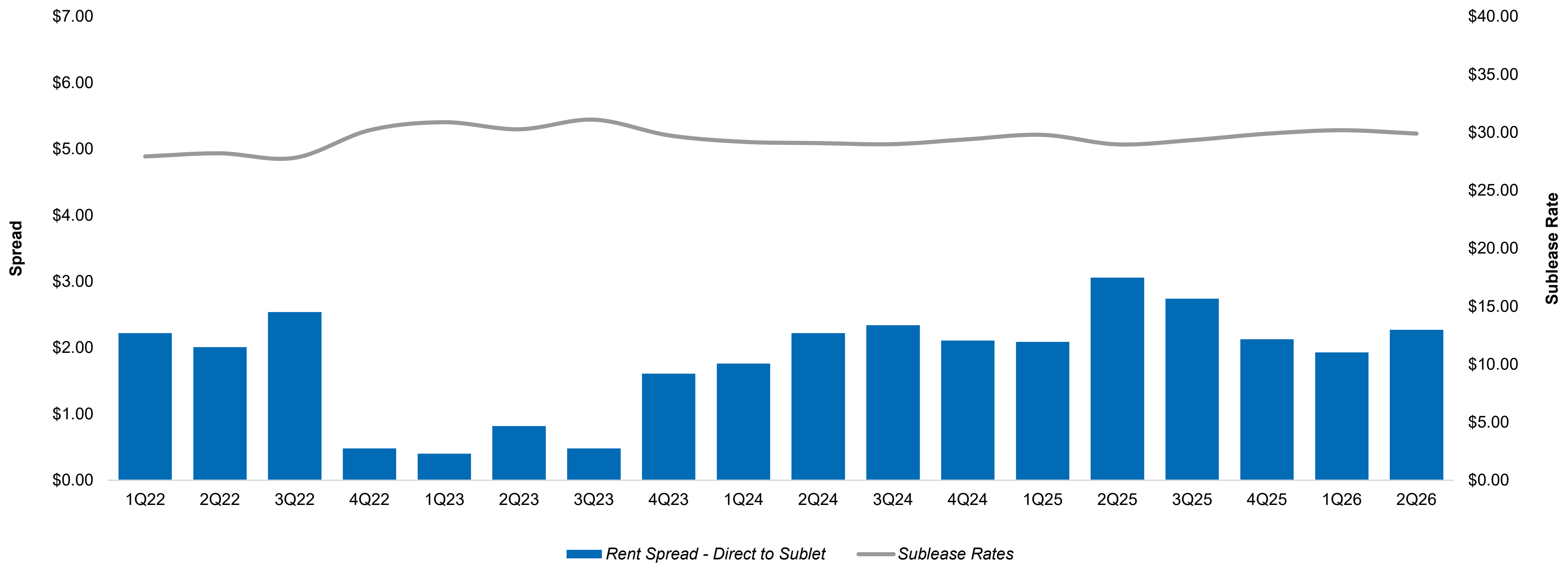


Source: Newmark Research, CoStar

Spread Between Direct & Sublease Rates

The spread between direct and sublease asking rents remained relatively narrow in 2Q26, with sublease rents at $29.90/SF and the direct-to-sublease spread at $2.27/SF. The narrower gap reflects a more competitive sublease market than in past cycles, though declining sublease supply is beginning to reduce discounted alternatives.

Sublease Rates



Source: Newmark Research, CoStar

Notable Lease Transactions

The 2Q26 leasing market recorded 1.87 MSF of activity, essentially in line with 1Q26, while overall availability held at 22.7% and net absorption remained positive at 129,082 SF. Against this backdrop, the quarter's notable transactions reflected a healthy mix of renewals, direct new leases and sublease deals across Northern and Central New Jersey.

Notable 2Q26 Lease Transactions

Tenant	Building(s)	Submarket	Type	Square Feet
ACE American Insurance Company	10 Exchange Place	Hudson Waterfront	Renewal	117,280
ACE American Insurance Company renewed 117,280 SF at 10 Exchange Place in Jersey City.				
Englewood Health	930-940 Sylvan Avenue	Bergen East	Sublease	101,325
Englewood Health subleased 101,325 SF at 930-940 Sylvan Avenue in Englewood Cliffs.				
PNC Bank	2 Tower Center	Rt.18/8A Middlesex	Renewal	91,915
PNC Bank renewed 91,915 SF at 2 Tower Center in East Brunswick.				
Capital Health	275 Phillips Boulevard	Princeton Area	Direct New	72,000
Capital Health signed a 72,000 SF new deal at 275 Phillips Boulevard in Ewing.				
Celldex Therapeutics	53 Frontage Rd	Hunterdon/I-78	Direct New	65,995
Celldex Therapeutics signed a 65,995 SF new deal at 53 Frontage Rd in Hampton.				

Source: Newmark Research

2Q26 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)
Northern NJ	**97,825,884**	**18.4%**	**23,085,604**	**3,902,473**	**23.6%**	**100,868**	**$32.46**
Bergen Central	9,290,591	12.3%	1,330,996	135,418	14.3%	19,550	$30.55
Bergen East	4,373,989	11.6%	821,810	203,798	18.8%	(105,706)	$27.13
Bergen North	4,852,427	14.8%	977,611	341,057	20.1%	88,202	$26.12
Essex West/I-280	4,180,816	20.6%	887,581	0	21.2%	58,305	$28.09
Hudson Waterfront	21,440,999	27.2%	7,130,281	1,363,727	33.3%	(35,160)	$44.87
Meadowlands	5,456,004	14.2%	1,357,499	259,949	24.9%	65,146	$31.38
Morris West/I-80	1,451,078	23.7%	364,329	14,132	25.1%	(11,870)	$25.13
Morristown Area	12,292,549	15.4%	2,751,569	532,783	22.4%	63,465	$29.17
Newark	12,240,029	19.8%	2,896,903	503,727	23.7%	43,984	$30.32
Parsippany/Route 10	12,230,661	20.5%	3,407,451	460,065	27.9%	(124,235)	$28.30
Route 46/Wayne	7,627,121	9.8%	916,019	86,055	12.0%	(15,498)	$23.85
Short Hills/Route 24	2,389,620	10.7%	243,555	1,762	10.2%	54,685	$42.37

Source: Newmark Research

2Q26 Northern/Central New Jersey Office Submarket Overview

Submarket Statistics – All Classes

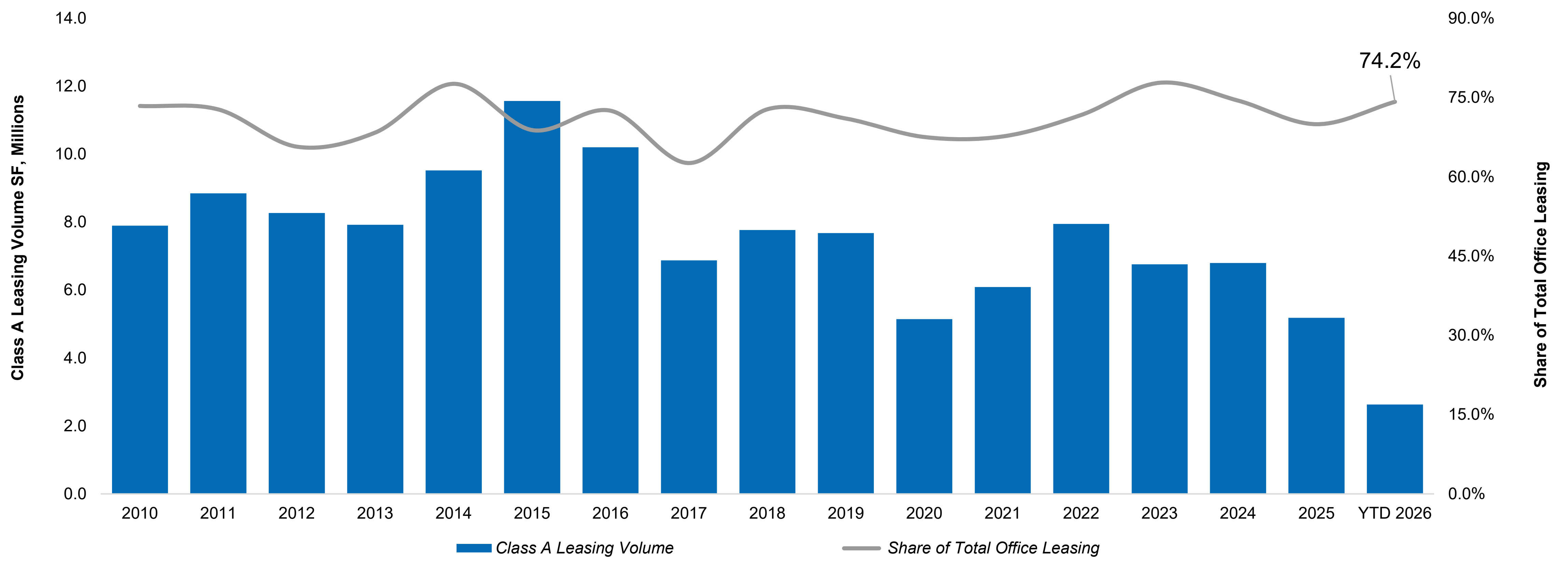
	Total Inventory (SF)	Total Vacancy Rate	Total Available (SF)	Sublease Available (SF)	Total Availability Rate	Qtr Net Absorption (SF)	Total FS Asking Rent (Price/SF)
Central NJ	**67,655,310**	**18.9%**	**14,412,708**	**1,877,649**	**21.3%**	**28,214**	**$28.16**
Hunterdon/I-78	2,610,155	52.9%	1,298,971	0	49.8%	33,906	$25.05
MetroPark/GSP	6,150,359	24.4%	1,870,163	236,019	30.4%	55,051	$38.90
Monmouth	10,112,173	11.0%	1,249,887	181,277	12.4%	74,159	$27.04
Piscataway/I-287 South	8,441,160	11.9%	1,153,349	104,401	13.7%	(28,394)	$19.67
Princeton Area	18,131,228	22.4%	4,444,401	630,050	24.5%	(86,038)	$28.13
Route 18/8A Middlesex	2,864,079	12.9%	412,845	70,055	14.4%	(3,739)	$28.92
Somerset/I-78	16,330,658	18.8%	3,598,732	623,196	22.0%	(61,550)	$30.30
Union Area	3,015,498	9.5%	384,360	32,651	12.7%	44,819	$24.28
Northern/Central NJ	**165,481,194**	**18.6%**	**37,498,312**	**5,780,122**	**22.7%**	**129,082**	**$32.17**

Source: Newmark Research

Flight to Quality Trend Remains Consistent

Flight to quality remained the defining leasing trend in 2Q26, with Class A space accounting for approximately 74% of year-to-date office leasing activity. Demand continues to favor modern, amenitized assets, while lower-quality properties face greater rollover risk and weaker backfill demand.

Class A Leasing Volume and Percentage of Total Office Leasing Volume

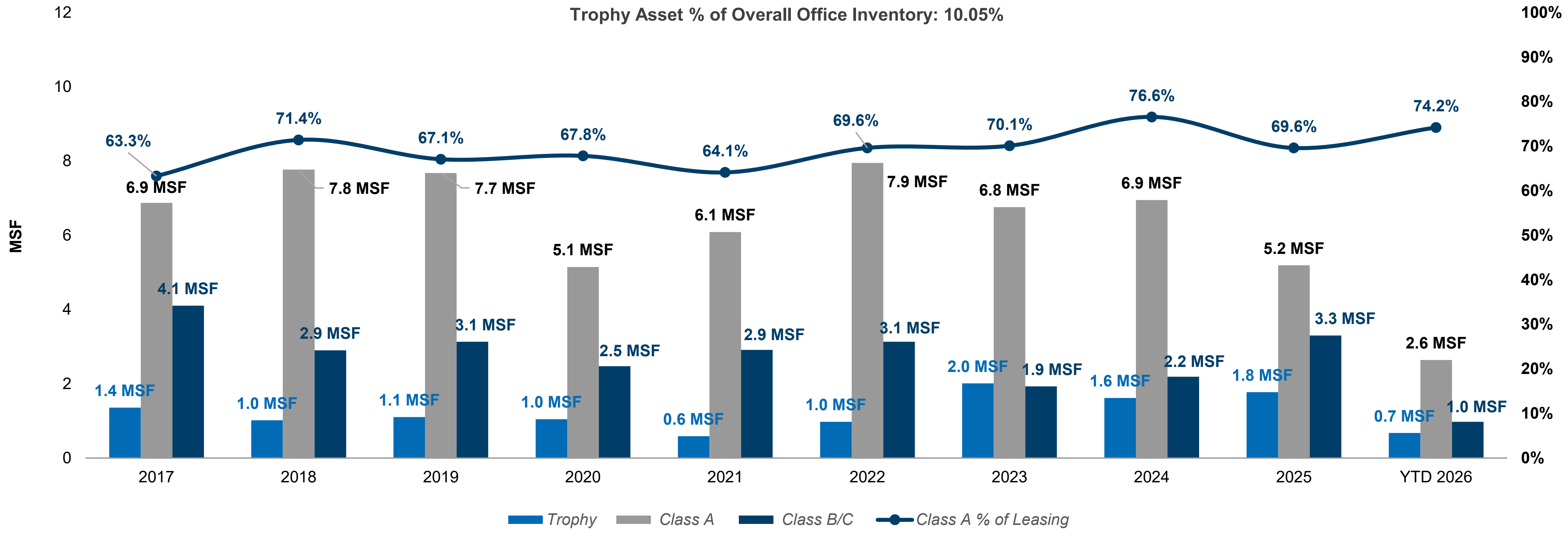


Source: Newmark Research, CoStar

Flight to Quality | Northern New Jersey Leasing

In Northern New Jersey, leasing continues to concentrate in Class A and trophy assets, even as tenants remain disciplined on space size and overall occupancy costs. Limited availability in the best-performing buildings is also pushing some users into adjacent non-trophy Class A product, reinforcing the broader market bifurcation.

New Leasing Activity by Class



Source: Newmark Research

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