3Q25

Northern New Jersey Industrial Market Overview

NEWMARK

Market Observations

Economy

- Year-over-year payroll employment rose 1.2% in New Jersey. The state's unemployment rate held steady at 4.5% in August 2025 and has remained above the national average of 4.3% since May 2023.
- Education and health services led all industries in Northern New Jersey, posting 5.8% annual job growth. Industrial-occupying sectors recorded minimal year-over-year losses across trade, transportation, utilities and manufacturing, while the construction sector contracted by 2.5%.
- Firms in trade, transportation, utilities and manufacturing continue to adapt to the economic climate and shifting consumer demand by recalibrating their labor strategies. However, competition for talent remains a challenge for many occupiers in the market.

Leasing Market Fundamentals

- Industrial vacancy in Northern and Central New Jersey declined in the third quarter of 2025, falling 30 basis points to 5.9%—the largest quarterly decrease in more than three years. Strong leasing momentum and a slowdown in new deliveries drove positive net absorption of 2.57 MSF.
- Industrial leasing activity surged during the third quarter, totaling just under 9.1 MSF, a 5.7% year-over-year increase. Tenant demand was led by third-party logistics (3PL) firms, which accounted for 50% of total leasing volume and all five of the quarter's largest transactions.
- Sublease availability contracted for the first time in two years, declining 1.7% quarter-over-quarter to just above 11.5 MSF at the close of the third quarter. The combination of reduced sublease space and positive absorption suggests the market may be moving past its vacancy peak.

Major Transactions

- Sino Investment completed a new deal for the entire 480,420 SF at 16 Applegate Drive in Robbinsville.
- BroadRange Logistics signed a 479,700 SF new deal at 500 Salt Meadow Road in Carteret.
- JD Logistics leased 409,425 SF at 400 Fairway Lane in Old Bridge.
- NIWO Logistics leased 296,064 SF at 117 Interstate Boulevard in South Brunswick.
- MySales signed a five-year lease for 269,362 SF at 100–200 Saw Mill Pond Road in Edison.

Outlook

- The recent dip in sublease availability, coupled with positive absorption, suggests the market may be moving past its vacancy peak.
- As developers pivot away from speculative construction—over 90% of which remains available—a more balanced relationship between supply and demand is expected to carry into 2026.
- The Port of New York and New Jersey is on pace to return to 2022 TEU volume levels, which could further support demand from the logistics & distribution/3PL industry.

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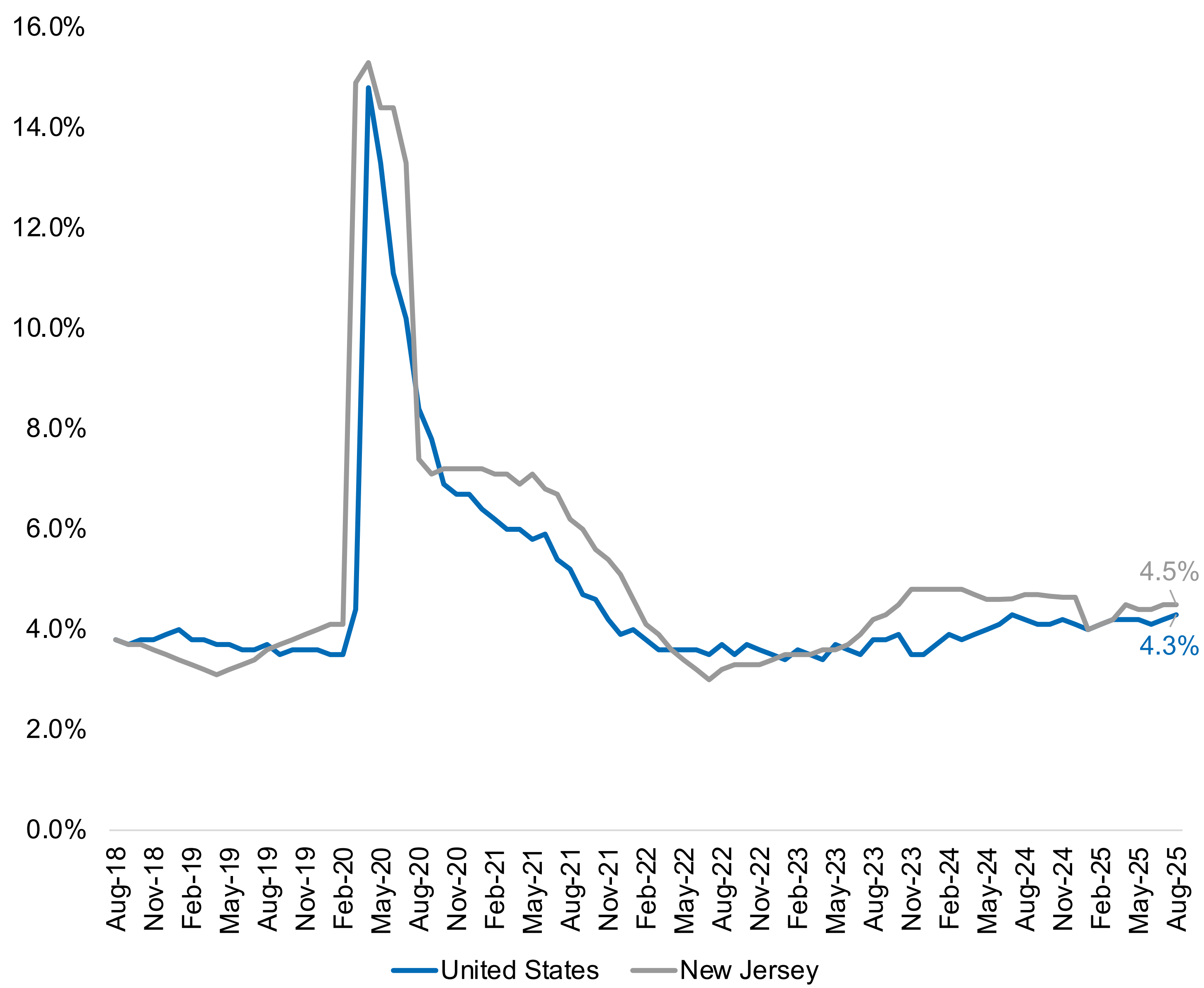
Economy

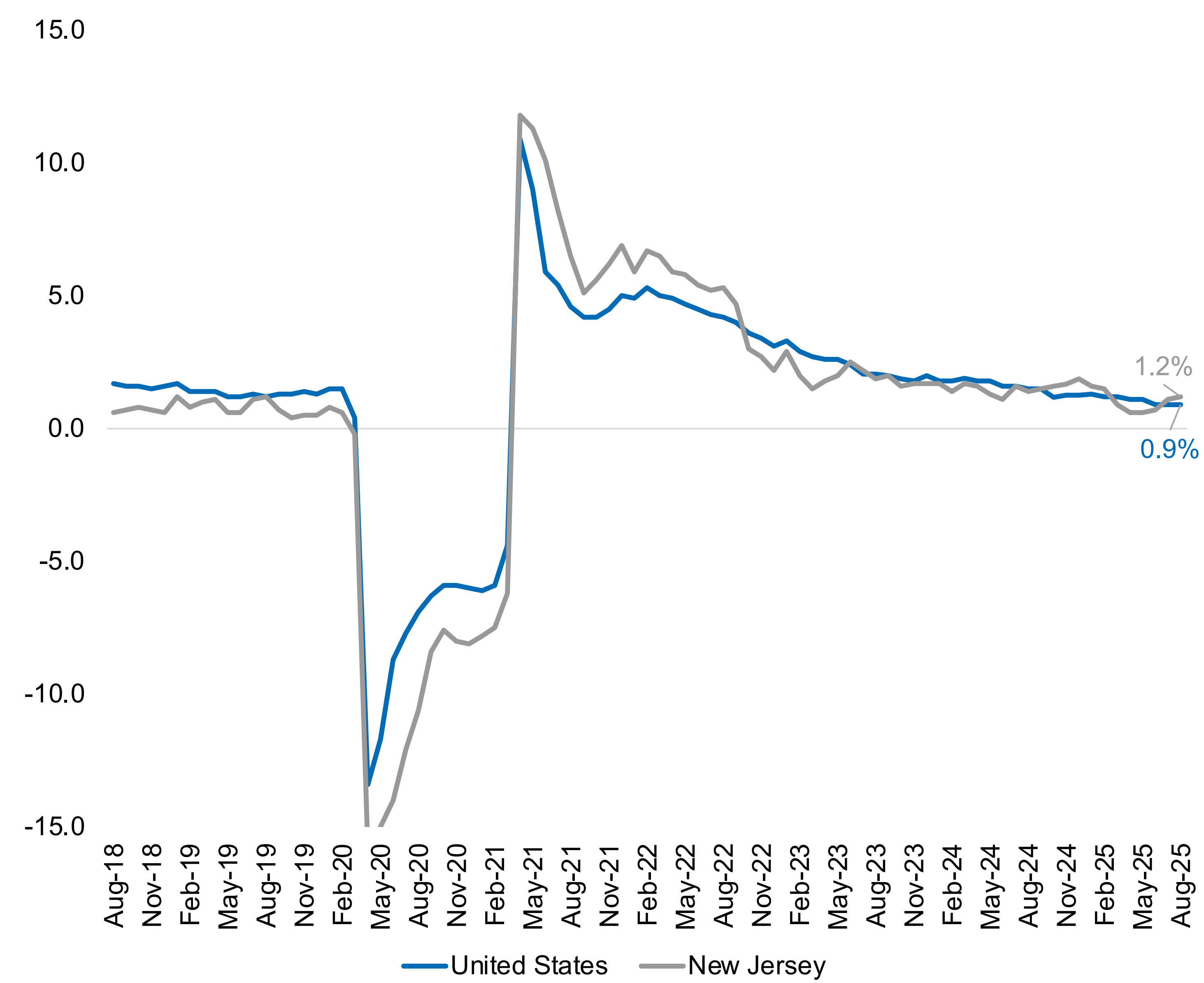
Metro Employment Shows Positive Signals

Year-over-year payroll employment rose 1.2% in New Jersey. The state's unemployment rate held steady at 4.5% in August 2025 and has remained above the national average of 4.3% since May 2023.

Unemployment Rate, Seasonally Adjusted



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

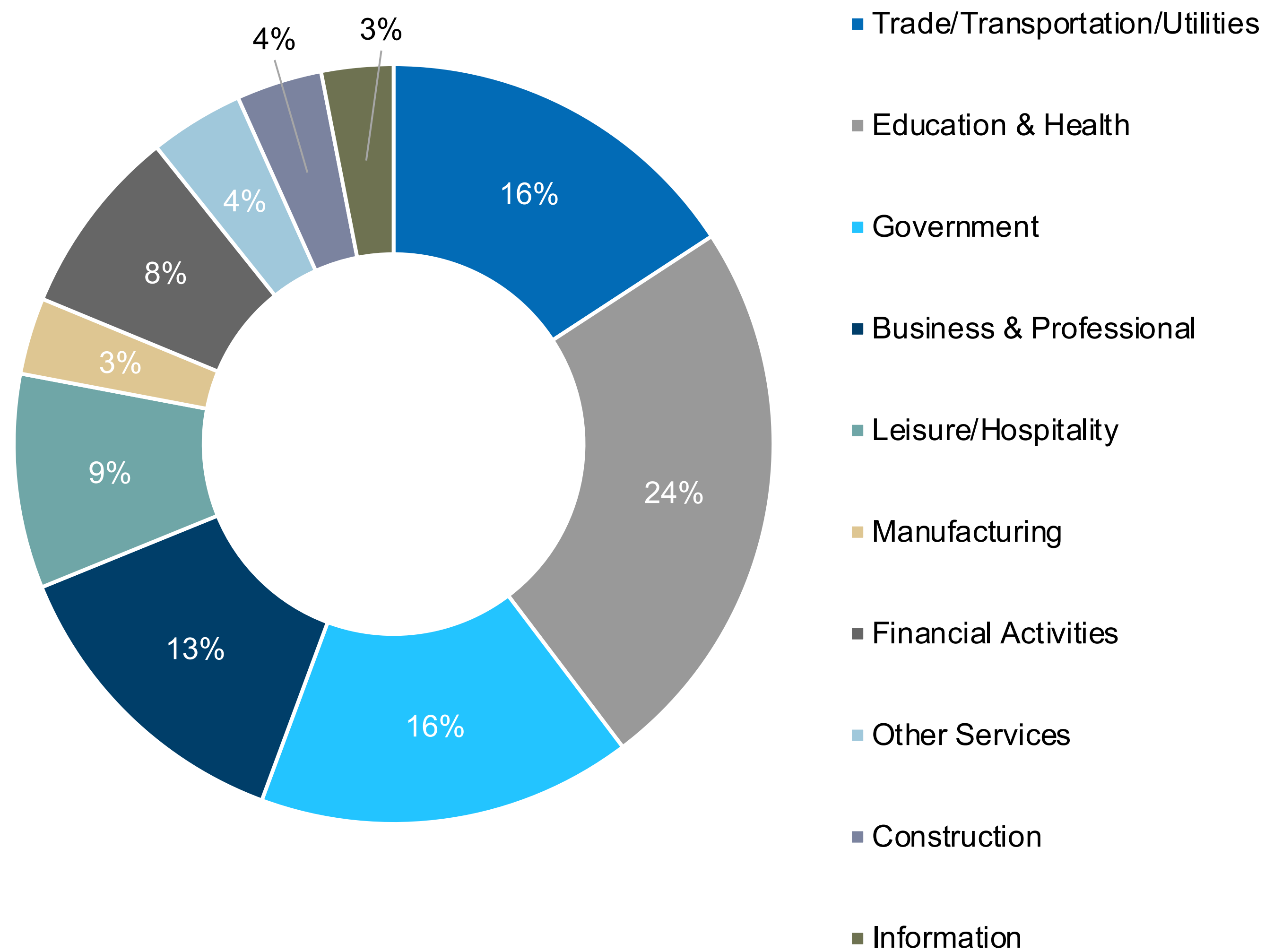


Source: U.S. Bureau of Labor Statistics, New Jersey

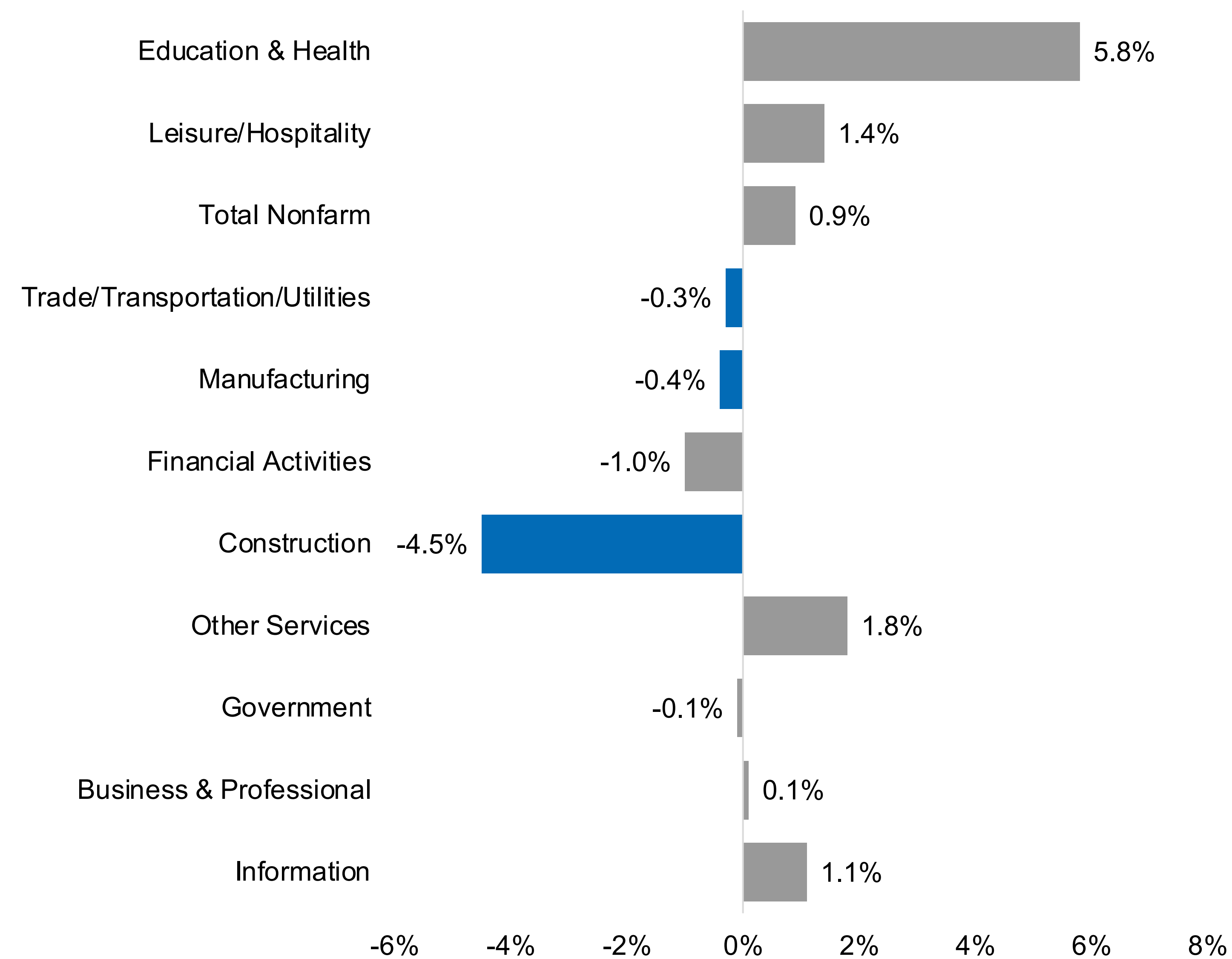
Industrial Employment Posts Year-Over-Year Losses

Education and health services led all industries in Northern New Jersey, recording 5.8% annual job growth. Industrial-occupying sectors experienced minimal year-over-year losses across trade, transportation, utilities and manufacturing, while the construction sector contracted by 2.5%.

Employment by Industry, August 2025



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

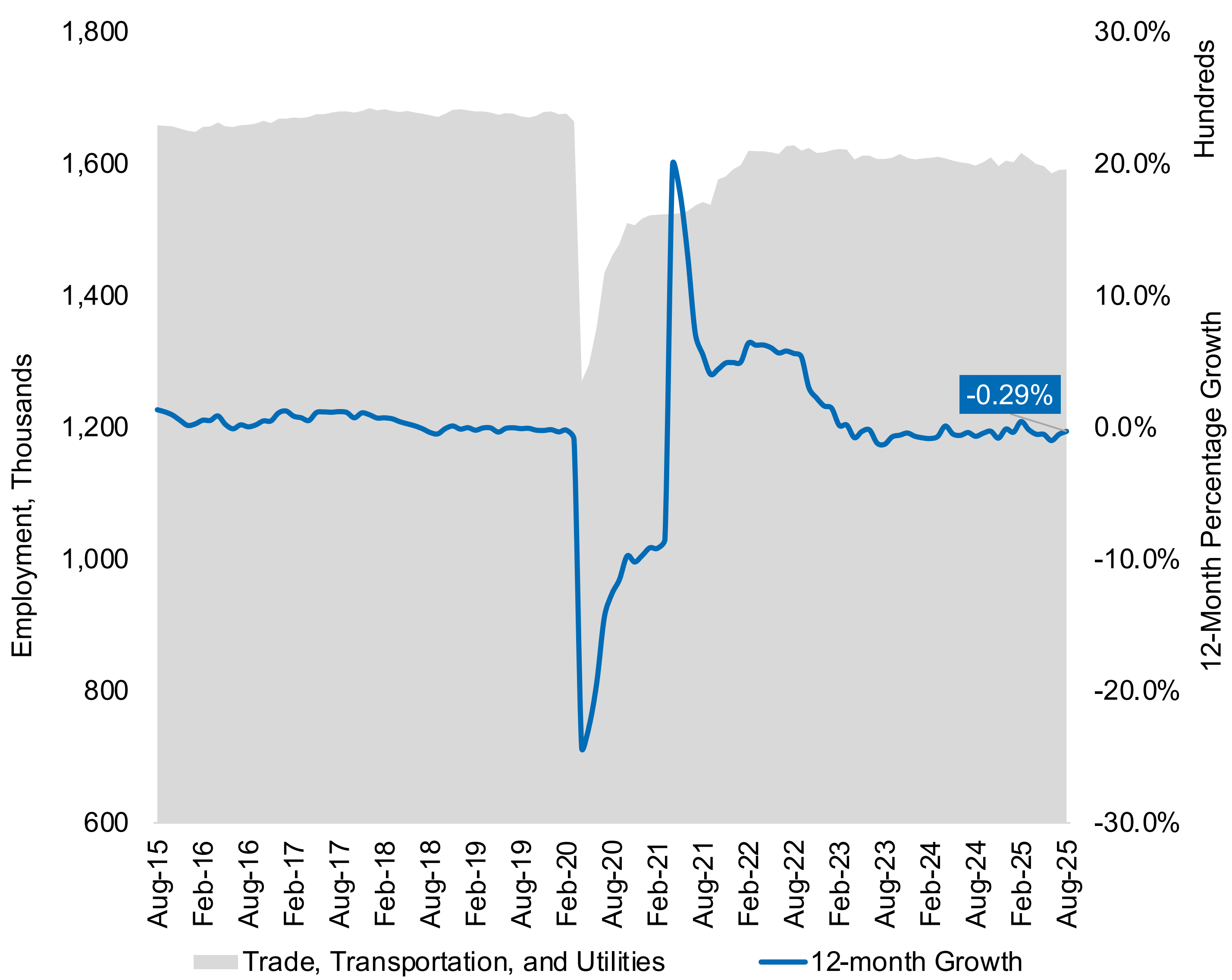


Source: U.S. Bureau of Labor Statistics, New Jersey

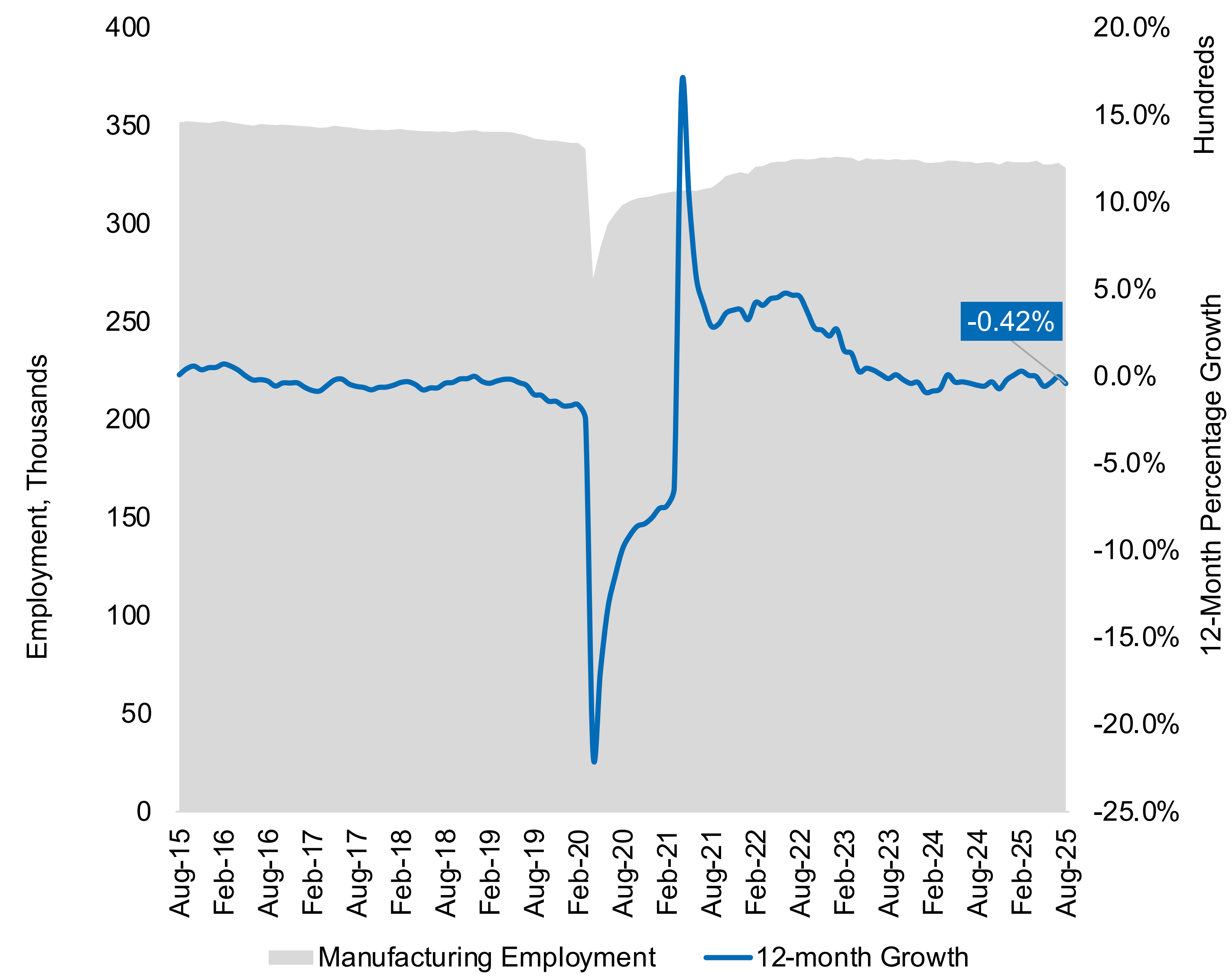
Industrial Employment Growth

Trade, transportation, utilities and manufacturing firms are adapting to the economic climate and shifting consumer demand by recalibrating their labor strategies. However, competition for talent remains a challenge for many occupiers in the market. Industrial-occupying sectors recorded year-over-year job losses across trade, transportation, utilities and manufacturing, while the construction sector contracted by 4.5%.

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

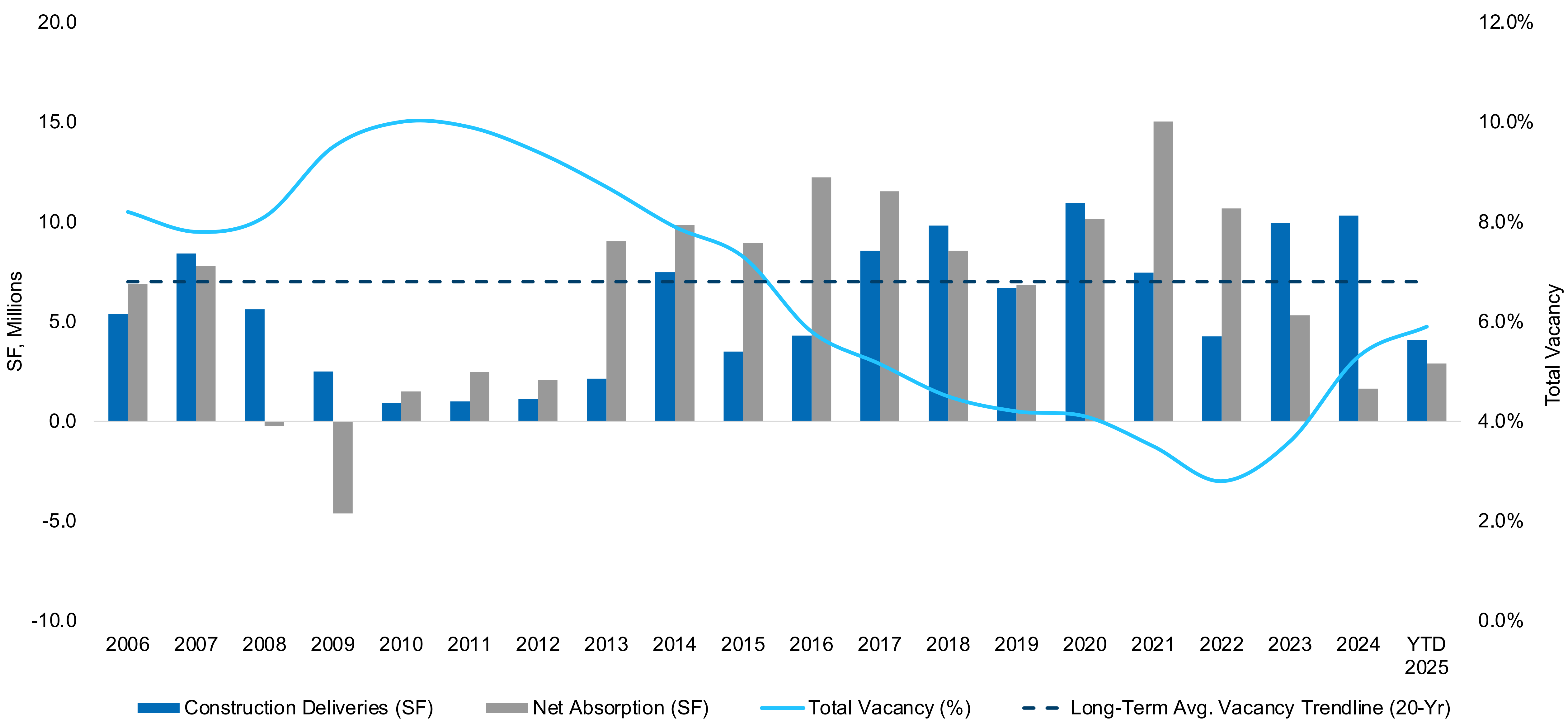
3Q25

Leasing Market Fundamentals

Market Signals Stabilization As Activity Surges

Industrial vacancy in Northern and Central New Jersey declined in the third quarter of 2025, falling 30 basis points to 5.9%—the largest quarterly decrease in more than three years. Strong leasing momentum and a slowdown in new deliveries drove positive net absorption of 2.57 MSF. The market currently sits 90 basis points below the 20-year vacancy trendline of 6.8%.

Historical Construction Deliveries, Net Absorption, and Vacancy

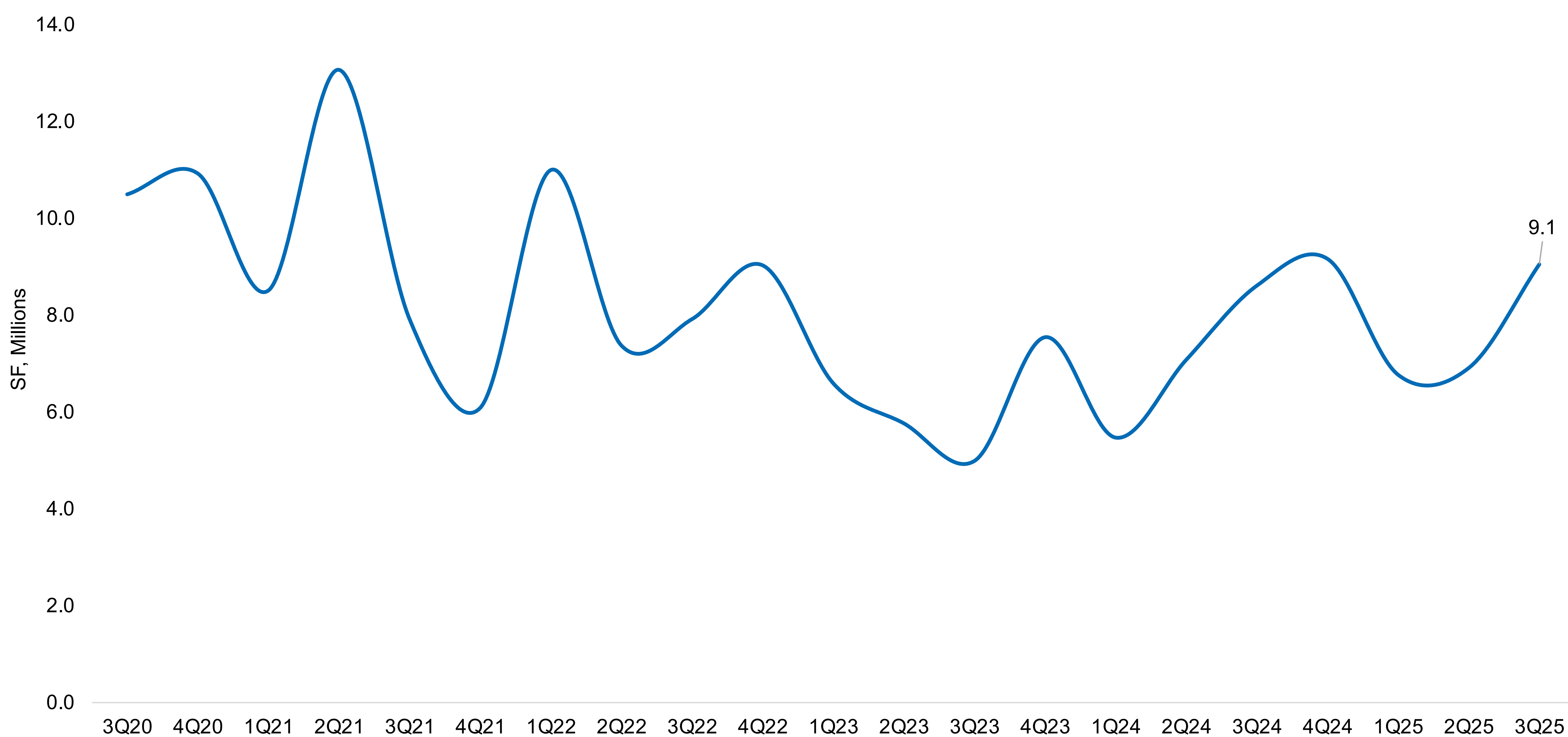


Source: Newmark Research

Industrial Leasing Activity Rises

Industrial leasing activity surged in the third quarter of 2025, totaling just under 9.1 MSF, a 5.7% year-over-year increase. Tenant demand was led by third-party logistics (3PL) firms, which accounted for 50% of total leasing volume and all five of the quarter's largest transactions. The resurgence of large class A leases and continued 3PL activity highlights that underlying demand fundamentals remain solid. Leasing was heavily concentrated along the New Jersey Turnpike corridor, which captured the majority of overall activity. More than 29 leases exceeding 100,000 SF were signed during the quarter, compared with 22 in the previous quarter.

Total Leasing Activity (SF)

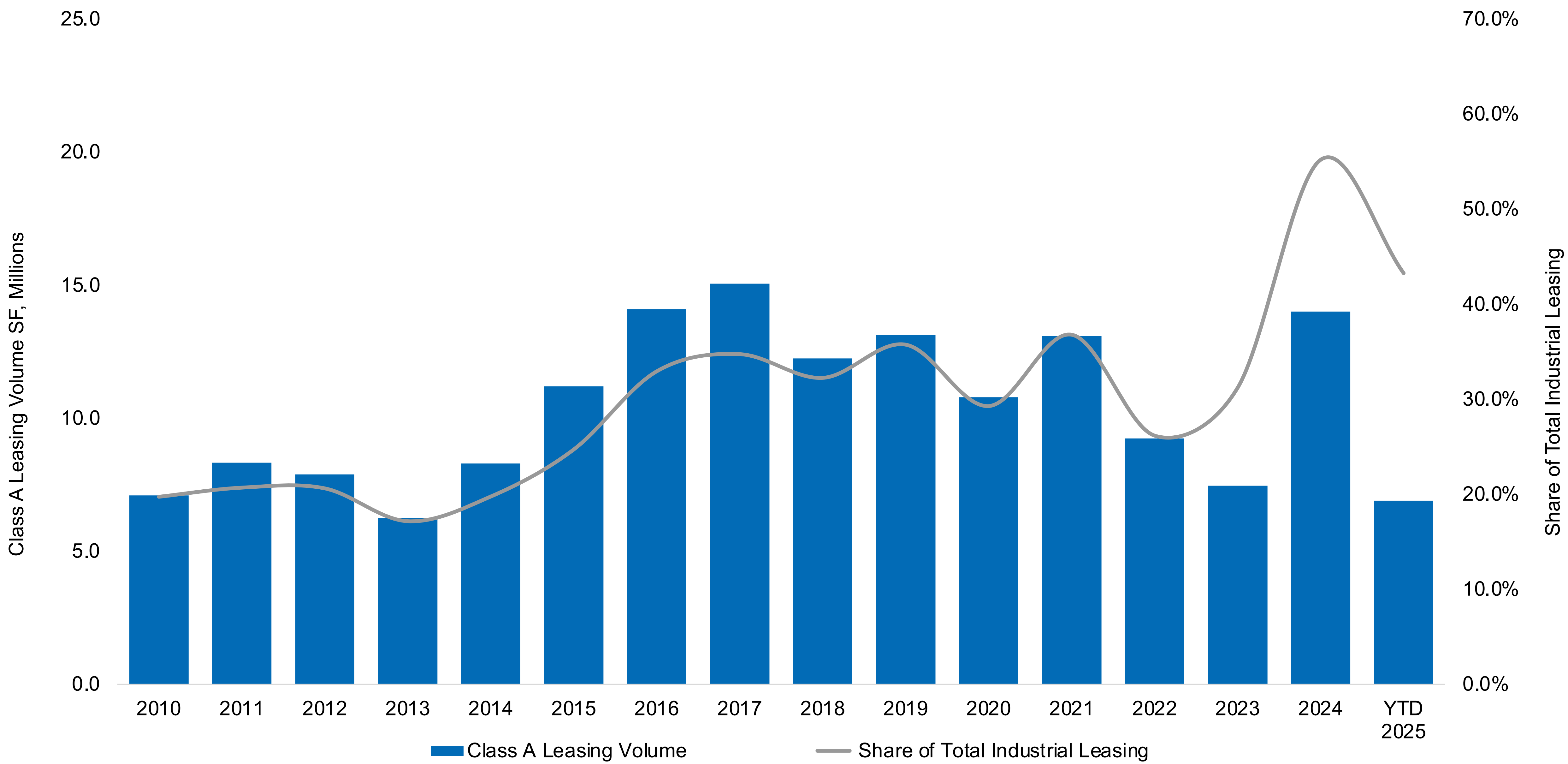


Source: Newmark Research, CoStar

Class A Warehouse Leasing Activity

Class A warehouse space accounted for 43.8% of total leasing activity in the third quarter. Tenant demand remained focused on top-tier product, while market conditions continued to support tenant-friendly concession packages.

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

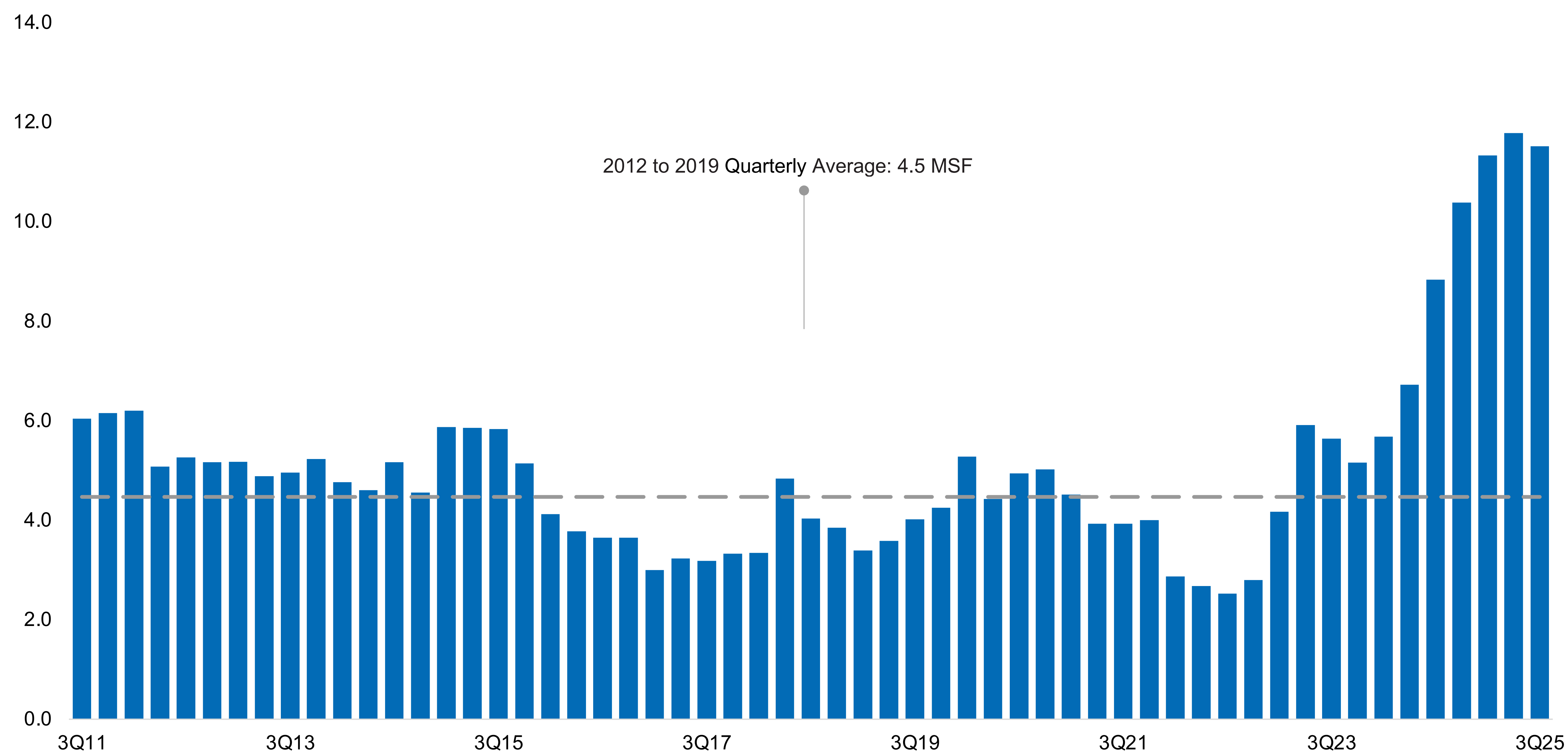


Source: Newmark Research, CoStar

Industrial Sublease Availability Decreases

Sublease availability contracted for the first time in two years, declining 1.7% quarter-over-quarter to just above 11.5 MSF at the close of the third quarter of 2025. The recent dip in sublease availability, coupled with positive absorption, suggests the market may be moving past its vacancy peak.

Available Industrial Sublease Volume (MSF)

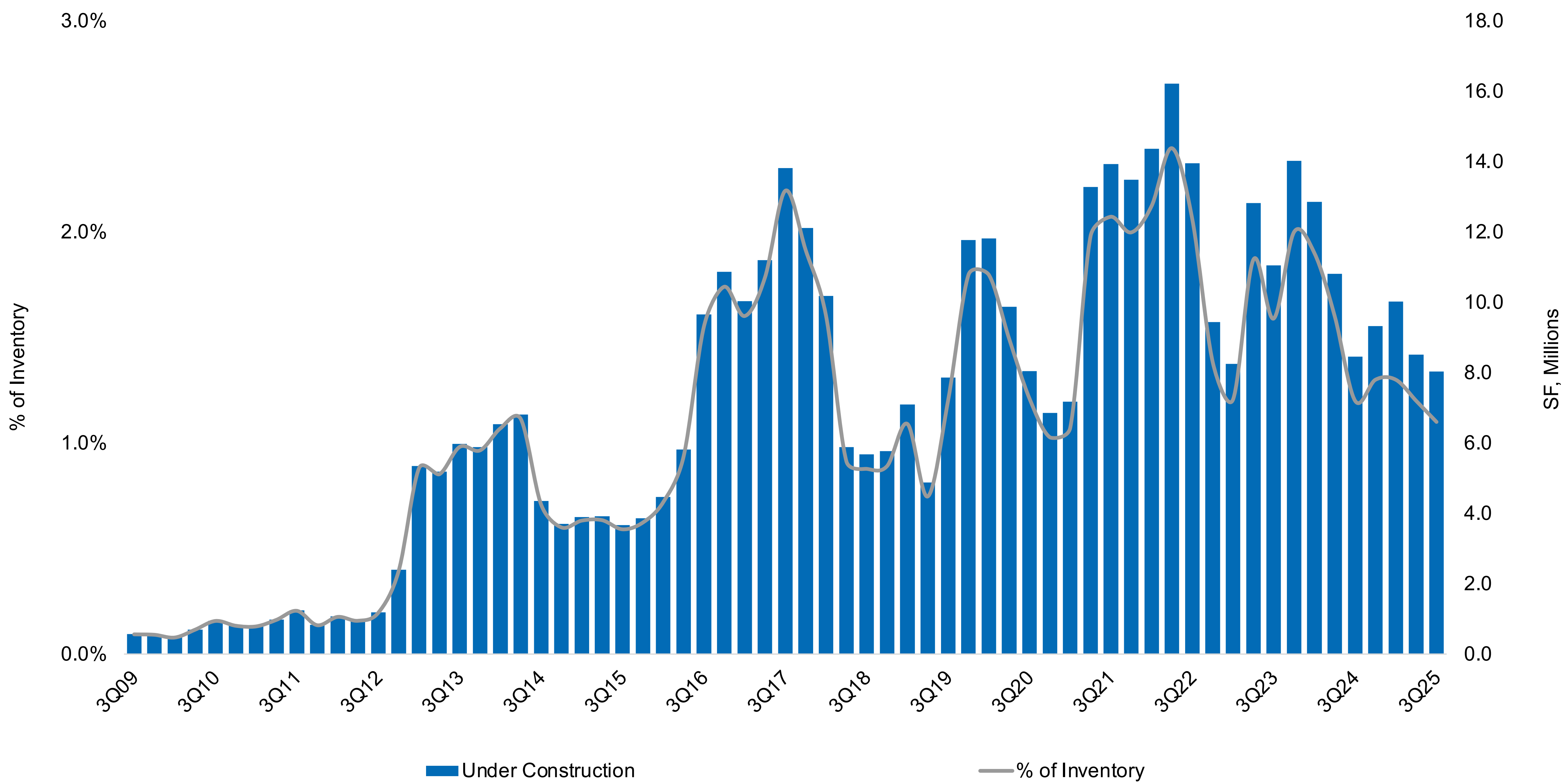


Source: Newmark Research, CoStar

New Construction Slows

Industrial construction activity continued to slow, with the development pipeline contracting to 8.0 MSF—its smallest total since the first quarter of 2021. Deliveries totaling 815,915 SF in the third quarter notably outpaced just 280,000 SF of new starts, underscoring a broader construction pullback. Persistent speculative deliveries ahead of tenant demand had weighed on absorption, contributing to the negative totals recorded over the past two years.

Industrial Under Construction and % of Inventory

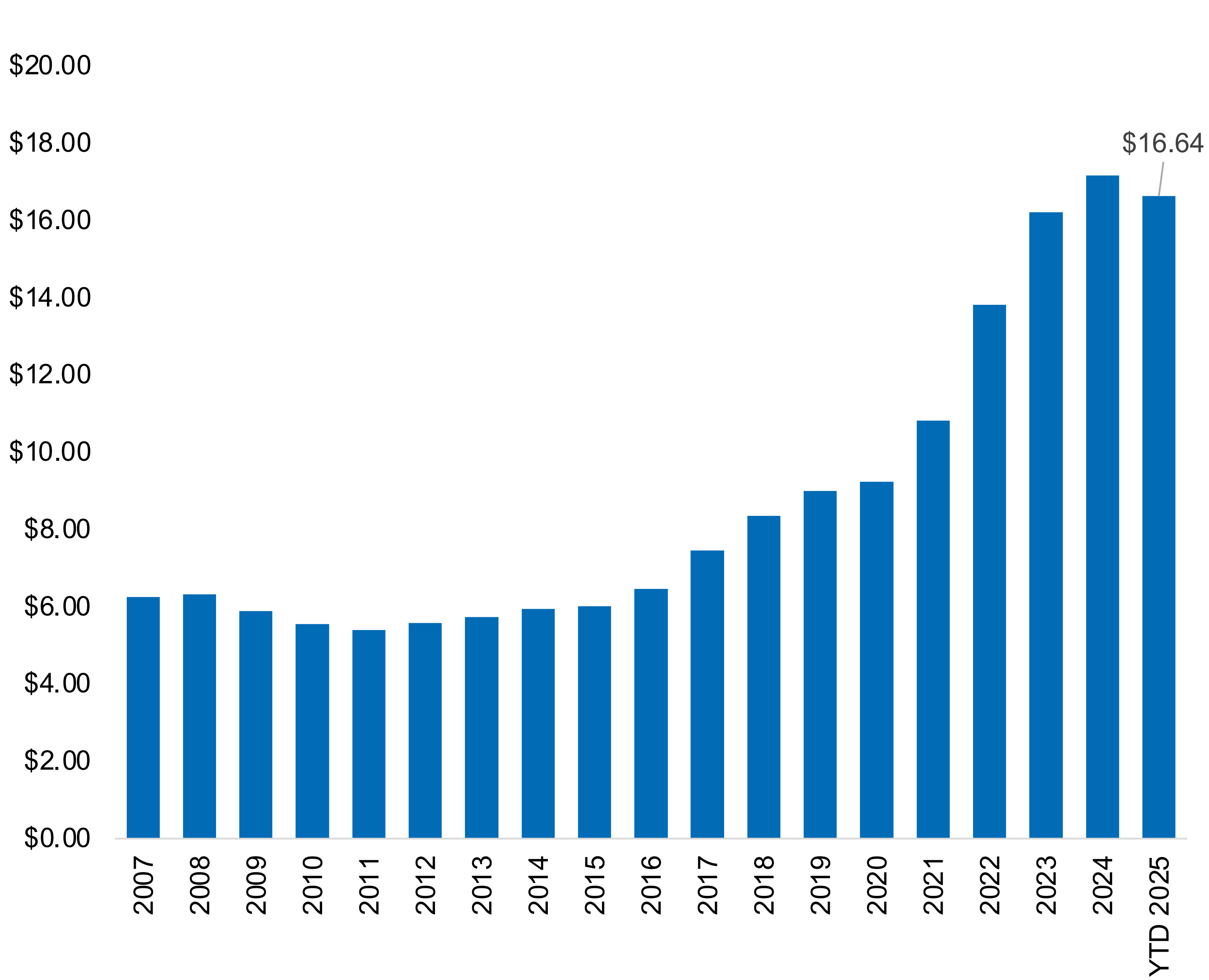


Source: Newmark Research, CoStar

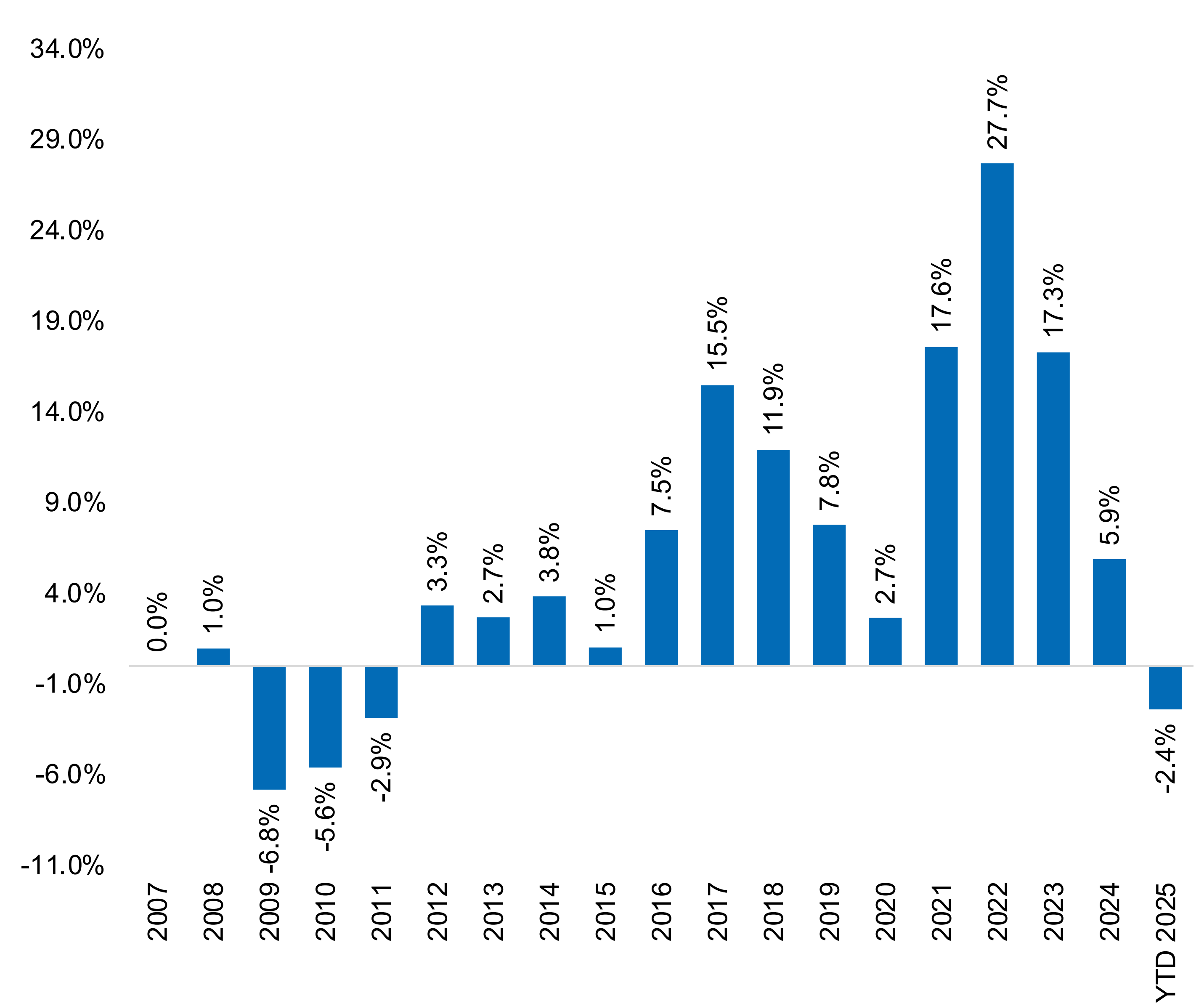
Industrial Asking Rents Decline

Industrial asking rents in Northern and Central New Jersey declined quarter-over-quarter to $16.64 PSF in the third quarter of 2025. Year-over-year, rents fell 2.4%, marking a notable shift from the rapid growth seen between 2021 and 2023. The decline reflects landlords' efforts to backfill prolonged vacancies, particularly in submarkets with elevated availability.

Industrial Average Asking Rent, $/SF, NNN



Year-over-Year Asking Rent Growth Rate % Change



Source: Newmark Research, CoStar

Notable 3Q25 Lease Transactions

Industrial leasing activity surged in the third quarter of 2025, totaling just under 9.1 MSF, a 5.7% year-over-year increase. Tenant demand was led by third-party logistics (3PL) firms, which accounted for 50% of total leasing volume and all five of the quarter's largest transactions. The resurgence of large class A leases and continued 3PL activity highlights that underlying demand fundamentals remain solid. Leasing was heavily concentrated along the New Jersey Turnpike corridor, which captured the majority of overall activity.

Select Lease Transactions

Tenant	Building	Submarket	Type	Square Feet
Sino Investment	16 Applegate Drive	Exit 7A	Direct New	480,420
Sino Investment's new deal was for the entire 480,420 SF at 16 Applegate Drive in Robbinsville.				
BroadRange Logistics	500 Salt Meadow Road	Exit 12	Direct New	479,700
BroadRange Logistics signed a 479,700 SF new deal at 500 Salt Meadow Road in Carteret.				
JD Logistics	400 Fairway Lane	Exit 9	Direct New	409,425
JD Logistics leased 409,425 SF at 400 Fairway Lane in Old Bridge.				
NIWO Logistics	117 Interstate Boulevard	Exit 8A	Direct New	296,064
NIWO Logistics leased 296,064 SF at 117 Interstate Boulevard in South Brunswick.				
MySales	100-200 Saw Mill Pond Road	Exit 10	Direct New	269,362
MySales signed a 5-year lease for 269,362 SF at 100-200 Saw Mill Pond Road in Edison.				

Source: Newmark Research

Submarket Overview

Submarket Statistics – All Classes

	Total Inventory (SF)	Under Construction (SF)	Total Vacancy Rate	Qtr Net Absorption (SF)	YTD Net Absorption (SF)	Qtr. Construction Deliveries (SF)	YTD Construction Deliveries (SF)	Total Asking Rent (Price/SF)
Northern NJ	313,709,436	4,085,143	5.3%	209,899	844,847	815,915	1,615,906	$16.32
Bergen Central	16,809,652	154,240	7.0%	-49,696	193,749	0	0	$17.42
Bergen Northeast	4,708,922	0	3.6%	-13,749	-25,788	0	0	$14.39
Bergen Northwest	14,567,098	0	3.6%	-32,679	-23,659	0	113,000	$17.74
Hudson Waterfront	33,143,782	0	11.0%	78,413	-5,297	426,275	426,275	$20.86
Meadowlands	91,551,386	1,397,841	5.2%	-12,482	682,061	166,725	295,216	$16.98
Morris East	23,453,207	930,595	7.3%	-46,919	-143,368	0	494,750	$16.65
Morris West	17,055,477	1,293,361	2.2%	44,848	-147,423	0	0	$13.88
Newark	39,509,072	309,106	3.8%	372,954	441,703	75,254	105,254	$15.92
Paterson/Passaic	27,876,971	0	4.6%	-7,659	-50,306	35,000	35,000	$15.41
Route 280/Suburban Essex	10,148,886	0	5.6%	-113,691	-224,630	112,661	112,661	$14.62
Route 46/23 Corridor	34,884,983	0	4.0%	-9,441	147,805	0	33,750	$15.69

Source: Newmark Research

Submarket Overview

Submarket Statistics – All Classes

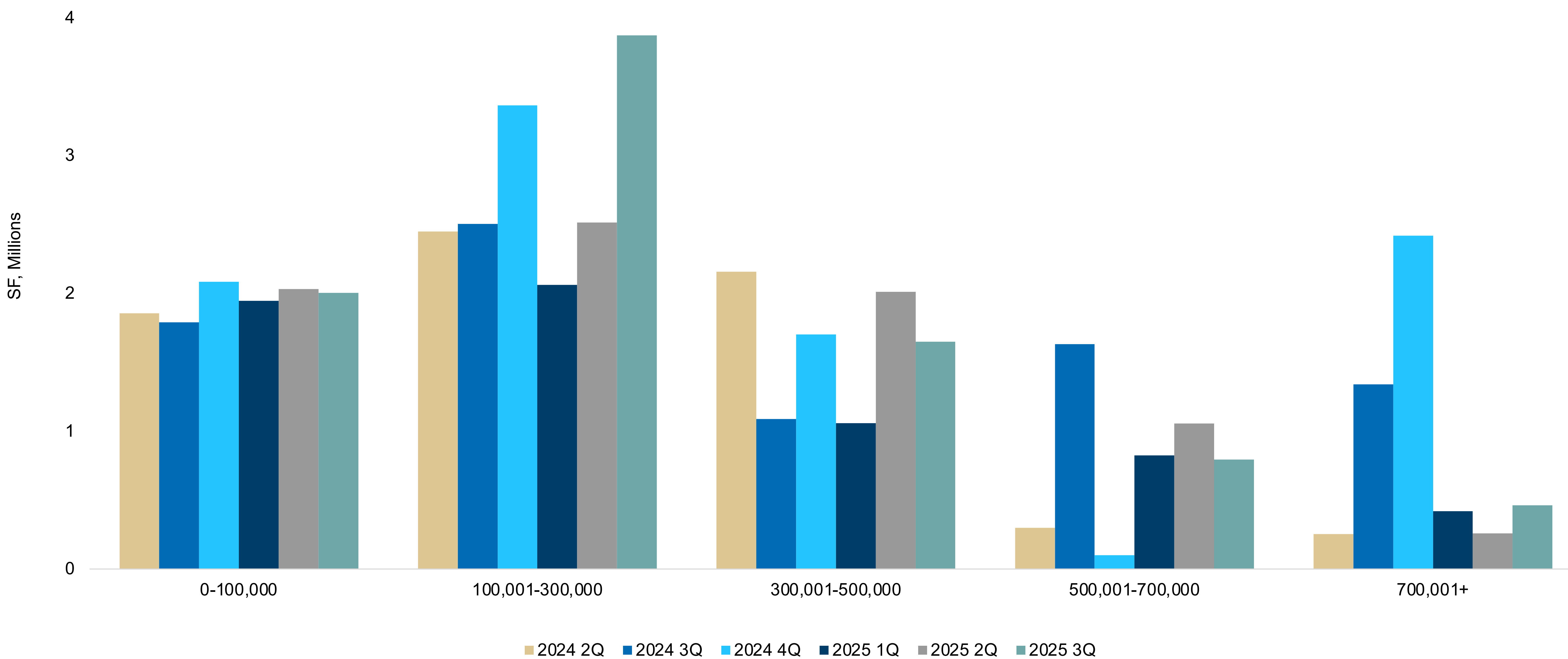
	Total Inventory (SF)	Under Construction (SF)	Total Vacancy Rate	Qtr Net Absorption (SF)	YTD Net Absorption (SF)	Qtr. Construction Deliveries (SF)	YTD Construction Deliveries (SF)	Total Asking Rent (Price/SF)
Central NJ	385,431,253	3,948,939	6.4%	2,363,702	2,055,937	0	2,458,521	$16.19
Exit 12	23,382,835	0	8.9%	588,625	1,605,991	0	398,600	$19.48
Exit 10	57,284,434	0	4.2%	315,867	390,129	0	0	$15.93
Exit 9	31,108,310	0	12.9%	132,947	447,190	0	437,842	$18.08
Exit 8A	83,794,094	100,000	7.2%	-453,555	-2,188,500	0	687,193	$16.57
Exit 7A	31,548,934	851,424	6.5%	533,623	572,848	0	93,600	$16.31
I-287 Corridor	55,715,552	915,194	4.0%	331,856	312,506	0	269,674	$13.55
Linden/Elizabeth	35,480,368	0	6.2%	779,681	674,095	0	100,005	$18.30
Monmouth	18,792,530	621,085	5.4%	232,697	508,020	0	431,607	$14.94
Union Central	23,411,704	294,336	2.4%	-42,372	-4,623	0	0	$15.43
Western I-78 Corridor	24,912,492	1,166,900	6.4%	-55,667	-261,719	0	40,000	$13.29
Northern/Central NJ	699,140,689	8,034,082	5.9%	2,573,601	2,900,784	815,915	4,074,427	$16.64

Source: Newmark Research

100,001 to 300,000 SF Buildings Account for the Largest Share of Leasing Volume

Leasing activity in buildings ranging from 100,001 to 300,000 SF accounted for more than 44% of total activity during the third quarter of 2025. Although big-box transactions regained momentum in the second half of 2024, third-quarter leasing in buildings under 500,000 SF was robust, comprising more than 85.6% of all activity and reflecting a more targeted, strategic approach among occupiers.

Leasing Activity by Building Size



Source: CoStar, Newmark Research, October 2025.

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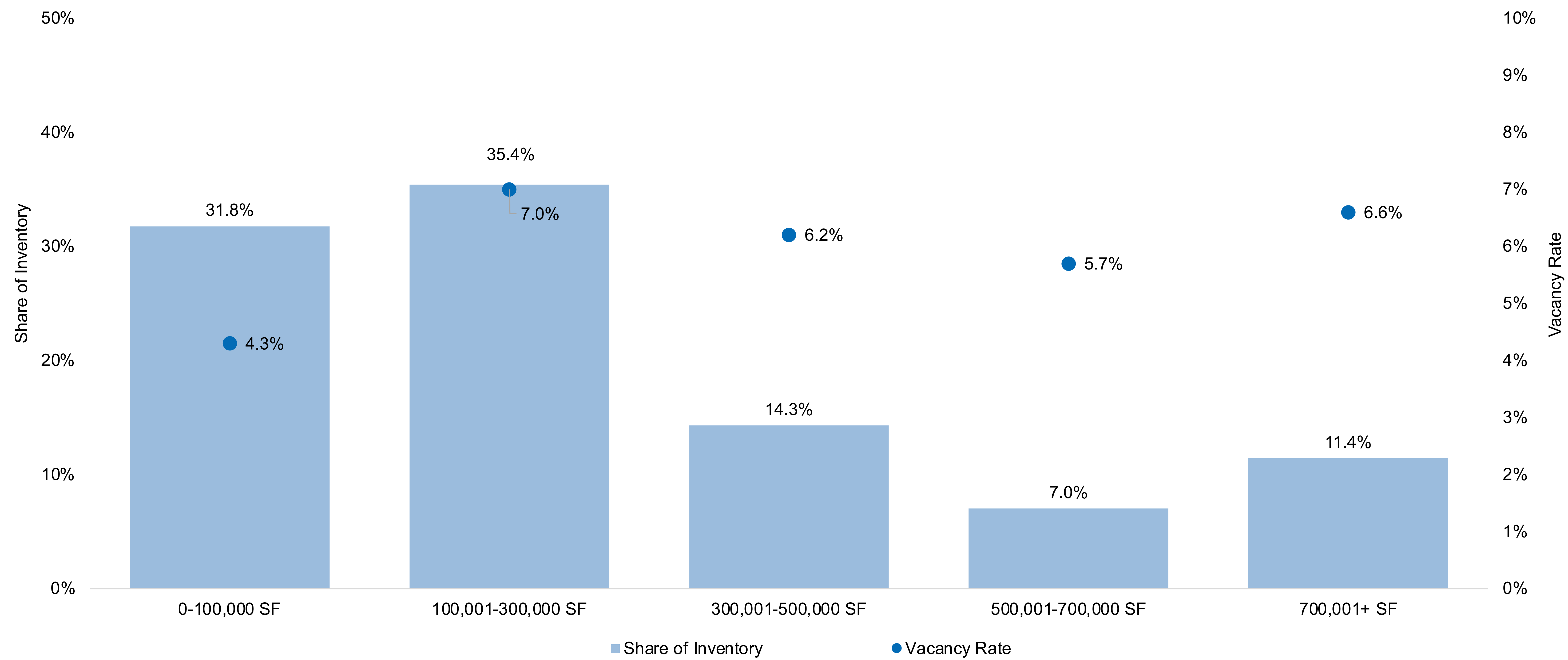
NNJ Buildings under 100,000 SF Boast Lowest Vacancy Of Any Size Segment

Vacancy trends indicate a market approaching equilibrium across varying size segments. Smaller-bay assets under 100,000 SF remained tight, with vacancy at 4.3%, while mid-sized buildings in the 100,001 to 300,000 SF range held steady at 7.0%. Buildings larger than 500,000 SF posted vacancy rates between 5.7% and 6.6%, suggesting that supply and demand are gradually rebalancing following two years of elevated new deliveries.

3Q25 Industrial Vacancy Rate by Building Size

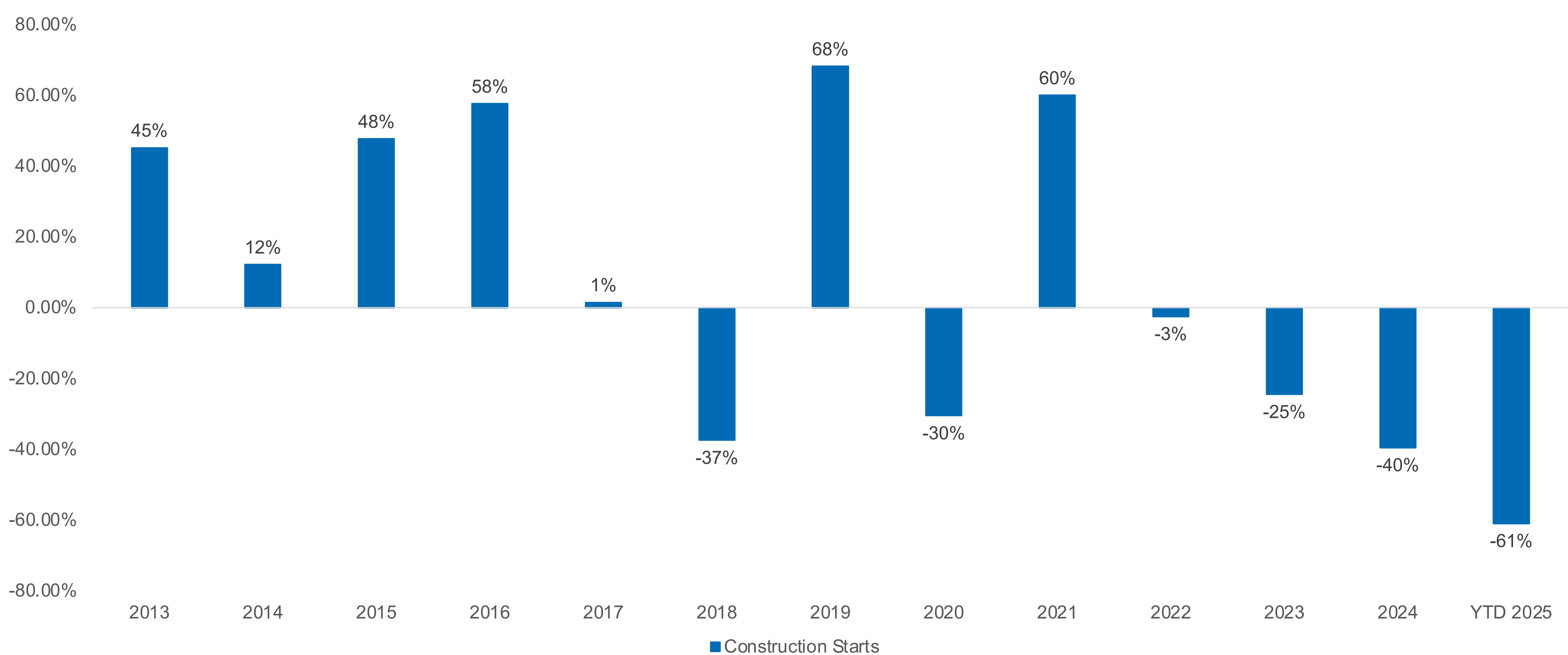


Source: CoStar, Newmark Research, October 2025.

NNJ Construction Starts Down > 61% Year-over-Year

The market is positioned for continued occupancy gains in the fourth quarter of 2025 and into 2026, supported by a smaller pipeline of speculative projects and a growing share of pre-leased and build-to-suit developments. As these projects deliver, they are anticipated to contribute to sustained positive net absorption. The increase in pre-leasing activity reflects a market adjusting to current conditions and setting the stage for a more stable, balanced environment ahead. With fewer projects planned in the near term, the development pipeline is expected to continue contracting.

Construction Starts, Year-Over-Year Percentage Change

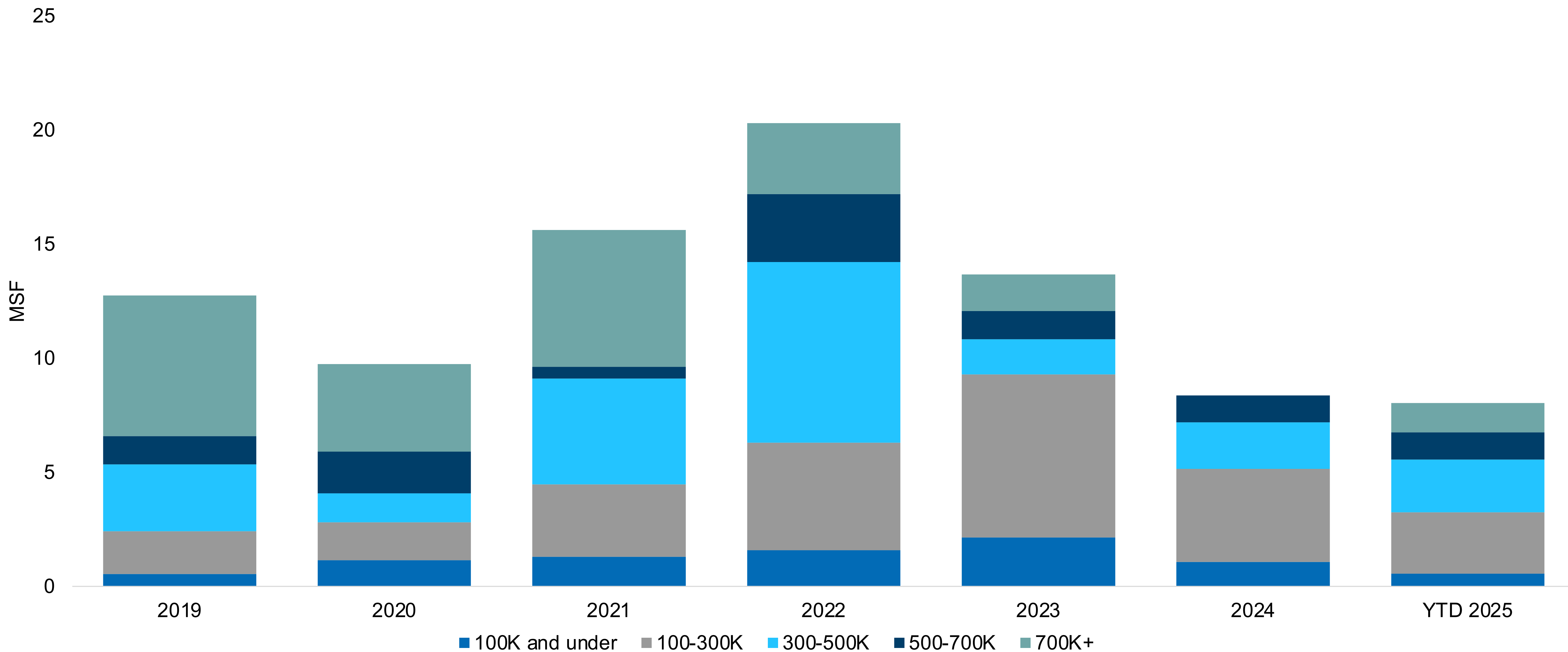


Source: Newmark Research, CoStar

Warehouse Development

The development pipeline has moderated significantly since its 2022 peak, totaling roughly 8 MSF year-to-date—its lowest level in more than four 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 appears to be entering a more sustainable phase that should help stabilize vacancy and support long-term fundamentals.

Active Warehouse Development Pipeline by Size Range



Source: Newmark Research, CoStar, October 2025.

Industrial Leasing Trends By Sector

Industrial demand in the third quarter of 2025 remained heavily logistics-driven, with 3PLs accounting for 50% of total activity and each of the five largest new leases. Offshore 3PLs were particularly active, increasing their activity by 19% quarter-over-quarter. The sustained strength of 3PL demand underscores continued confidence in overall market fundamentals as the market moves toward equilibrium.

Top Industrial Leasing Activity by Sector, 3Q25

50%
Logistics & Distribution/ 3PLs

22.3%
Consumer Goods/ Retailers

12.6%
Manufacturing

8.4%
Other

5.1%
E-Commerce

1.6%
Food & Beverage

Notable 3Q25 Lease Transactions

Tenant	Address	Market	Type	Square Feet	Industry
Sino Investment	16 Applegate Drive	Exit 7A	Direct New	480,420	Logistics & Distribution/3PLs
BroadRange Logistics	500 Salt Meadow Road	Exit 12	Direct New	479,700	Logistics & Distribution/3PLs
JD Logistics	400 Fairway Lane	Exit 9	Direct New	409,425	Logistics & Distribution/3PLs
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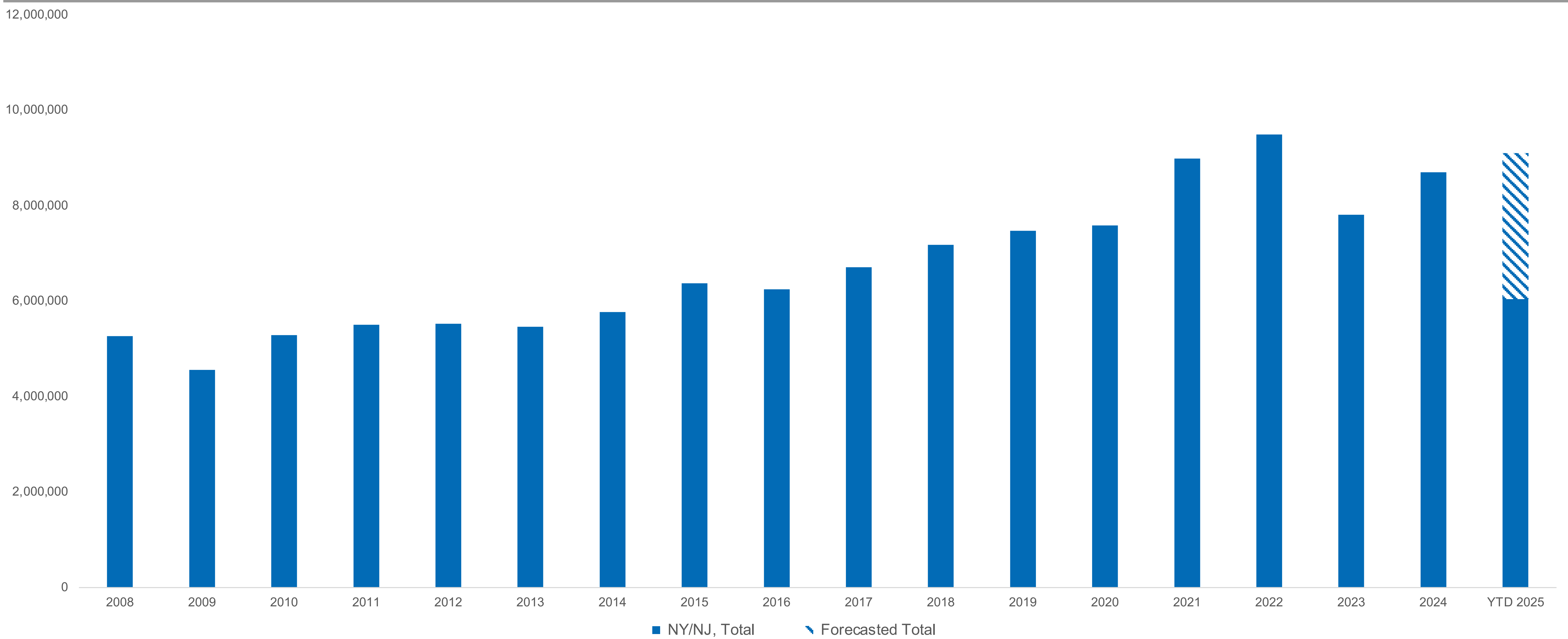
MySales	100-200 Saw Mill Pond Road	Exit 10	Direct New	269,362	Logistics & Distribution/3PLs

Source: Newmark Research, October 2025.
*Note: Based on top leasing activity in markets tracked by Newmark. Manufacturing sector includes automotive, aviation, industrial machinery industries as well.

Port of NY/NJ: TEU & Import Growth Continues

Through August 2025, the Port of New York and New Jersey handled 6.05 million TEUs, up approximately 4% year-over-year and on pace to reach between 9.0 and 9.5 million TEUs by year-end. With what is shaping up to be one of the port's busiest years, continued demand is anticipated from the logistics, distribution and 3PL sectors, reinforcing Northern and Central New Jersey's position as a critical hub for goods movement and supply chain operations.

Port of New York & New Jersey, Historical TEU Count

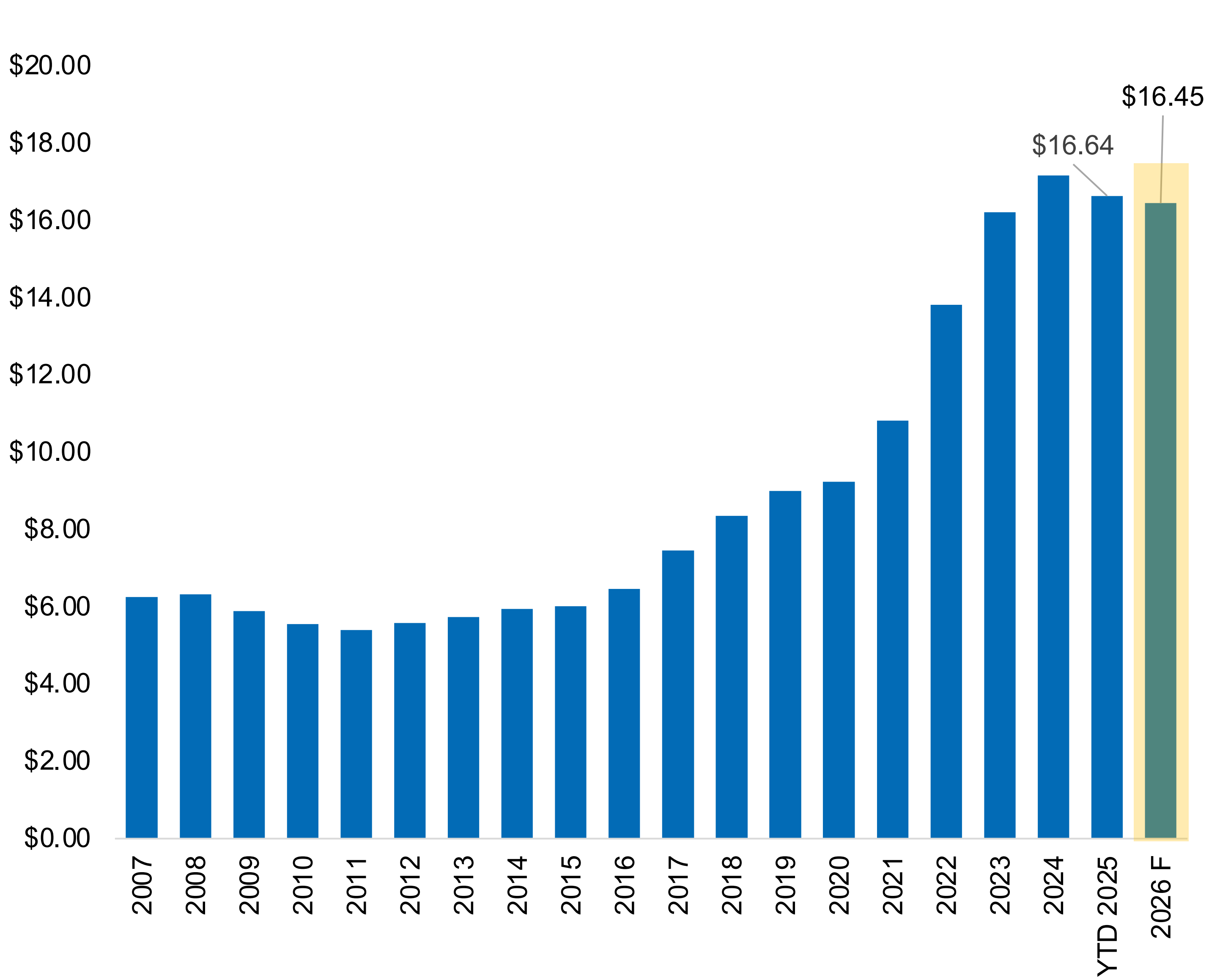


Source: Newmark Research, Port of NY/NJ, October 2025.

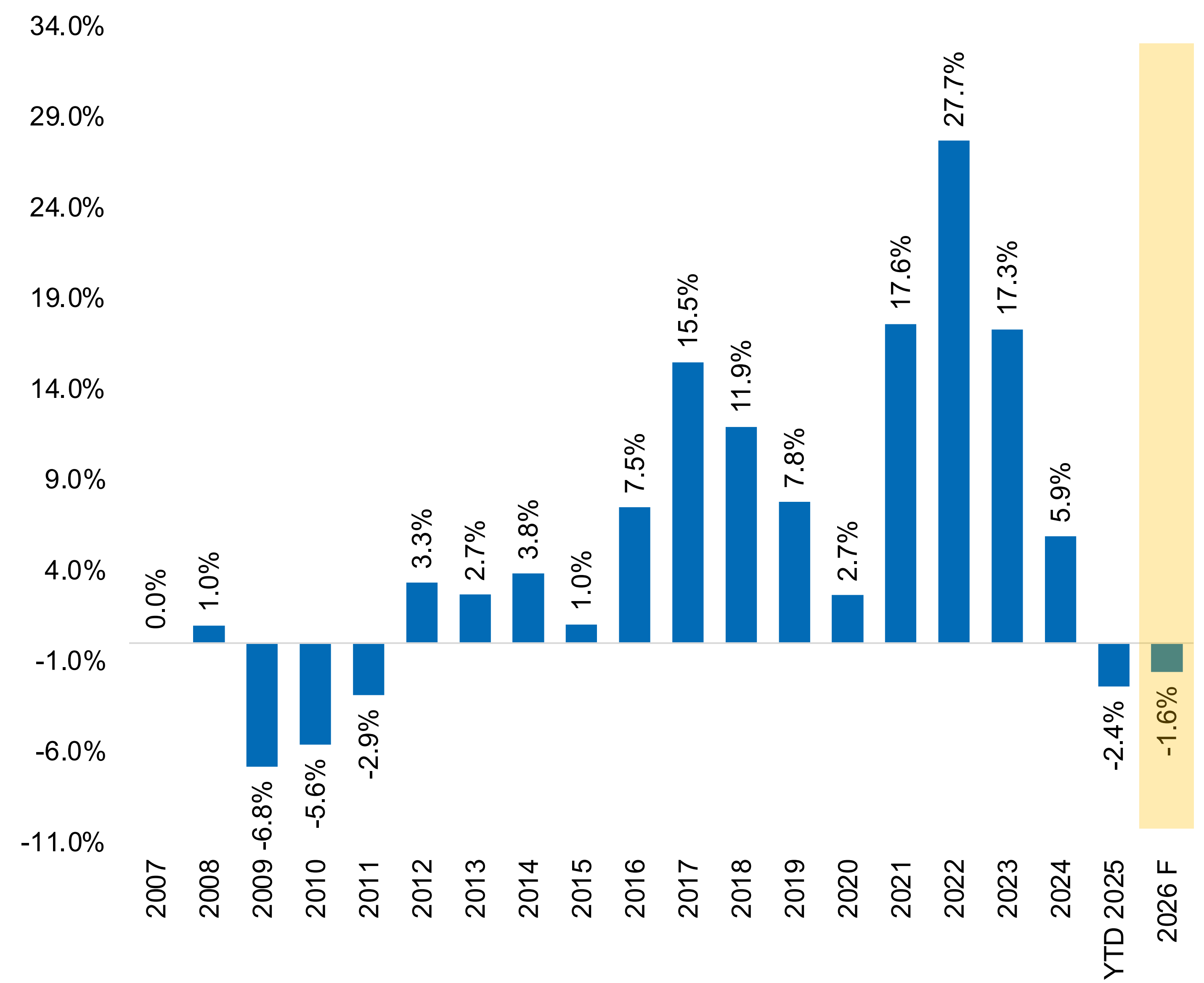
Industrial Asking Rent Forecasts

Average asking rents edged down slightly during the third quarter, as landlords prioritized occupancy over rent growth. Looking ahead, if class A net absorption continues at its current pace and new deliveries remain limited in core submarkets, landlords may begin to firm pricing for high-demand size ranges by 2026.

Industrial Average Asking Rent, $/SF, NNN



Year-over-Year Asking Rent Growth Rate % Change



Source: Newmark Research, CoStar

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