3Q25

Northern New Jersey Office Market Overview

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, recording 5.8% annual job growth. Office-occupying industries posted year-over-year gains across most sectors except financial activities, while the information sector registered a 1.1% increase.
- A positive indicator is the continued rise in return-to-office activity among major corporate employers, which is expected to drive increased demand for office space.

Leasing Market Fundamentals

- The Northern New Jersey office market recorded an 80-basis-point year-over-year decline in vacancy, reaching 18.5%, even as leasing activity slowed. Occupiers are increasingly gravitating toward newer, recently modernized buildings, with amenity-rich properties experiencing stronger leasing velocity and rental rate growth. Net absorption totaled 324,502 SF in the third quarter of 2025, positioning the market on pace for a full year of positive absorption.
- Leasing activity declined 17.4% quarter-over-quarter, totaling just over 1.9 MSF in the third quarter of 2025. However, the slowdown did not weaken overall market fundamentals, as net absorption remained positive and availability edged down 20 basis points to 23.3%.
- Class A space continues to lead the market, with demand concentrated in top-tier and trophy assets, which accounted for 69% of total leasing activity by SF.

Major Transactions

- The National Basketball Association renewed its lease for 264,973 SF at 100 Plaza Drive in Secaucus.
- Reckitt Benckiser signed a new sublease for 81,352 SF at 100 Metro Boulevard (ON3 Campus) in Nutley.
- PBF Energy renewed its lease for 74,407 SF at 1 Sylvan Way in Parsippany
- JCP&L renewed its lease for 69,870 SF at 101 Crawfords Corner Road (Bell Works) in Holmdel.

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 representing more than 69% of total leasing activity.
- Office redevelopments and conversions are anticipated to advance throughout the year, helping to address oversupply as owners of underperforming assets pursue redevelopment opportunities—primarily for industrial or multifamily use.
- Average asking rents are expected to remain relatively stable as landlords focus on maintaining competitiveness in the market.

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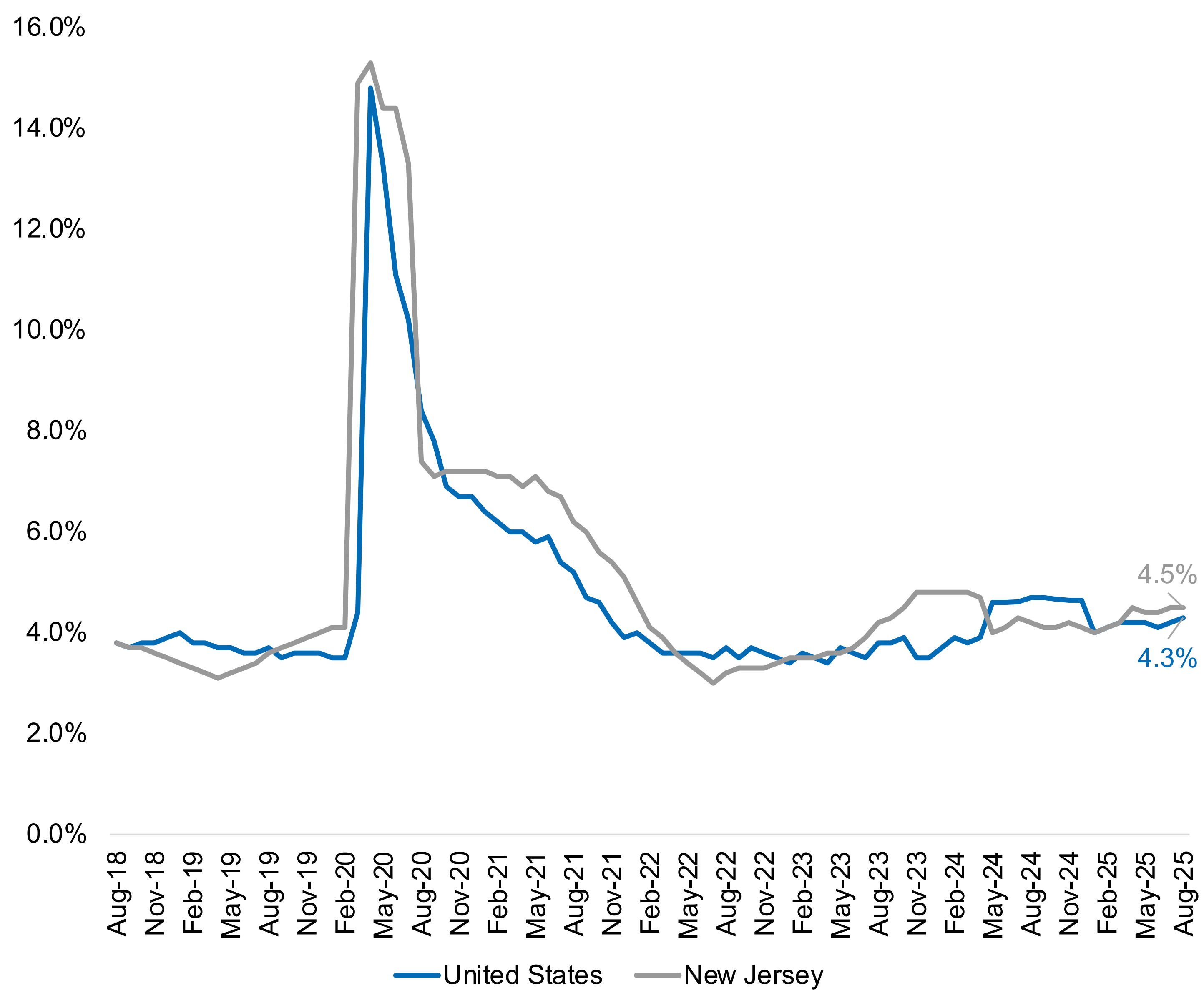
Economy

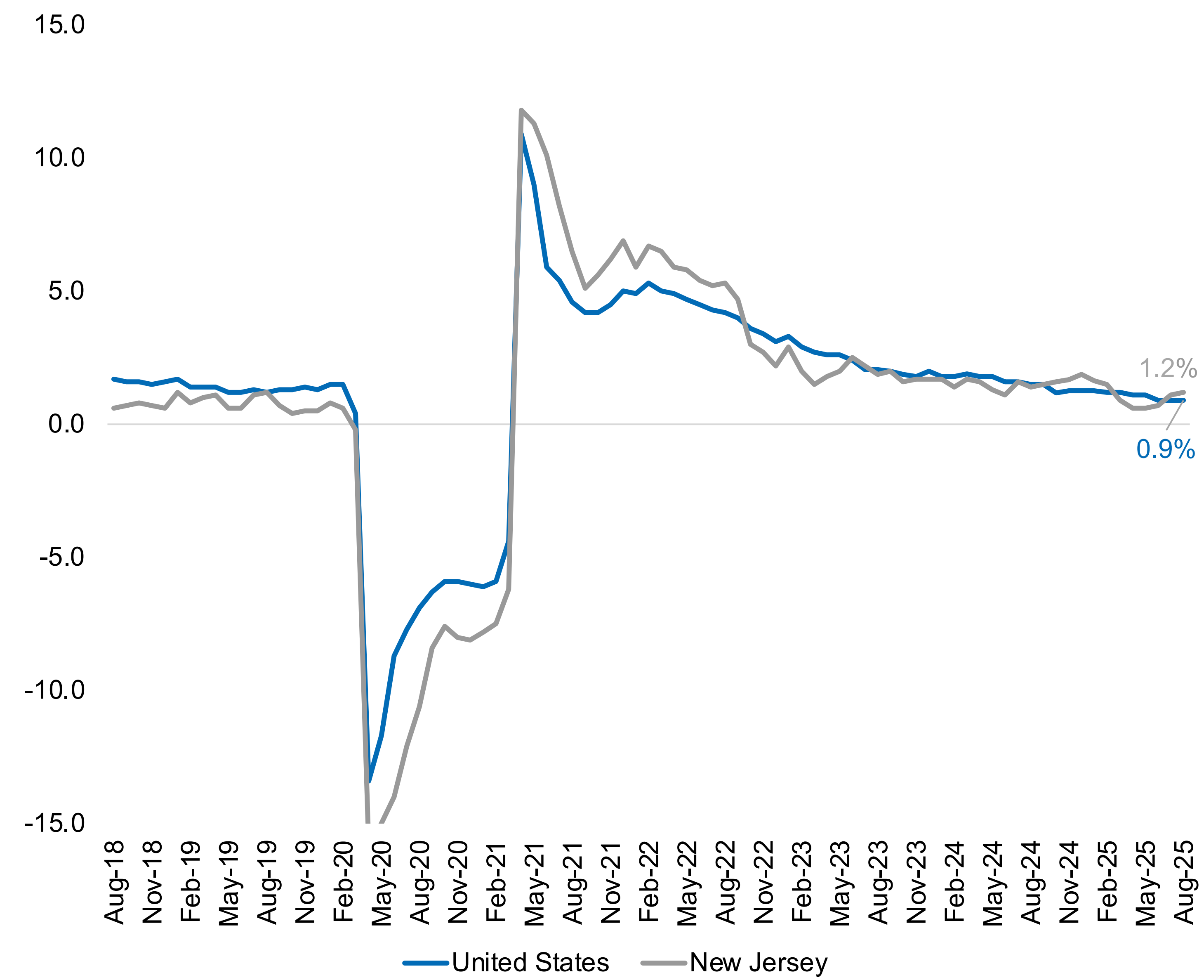
Metro Employment Shows Positive Signals

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

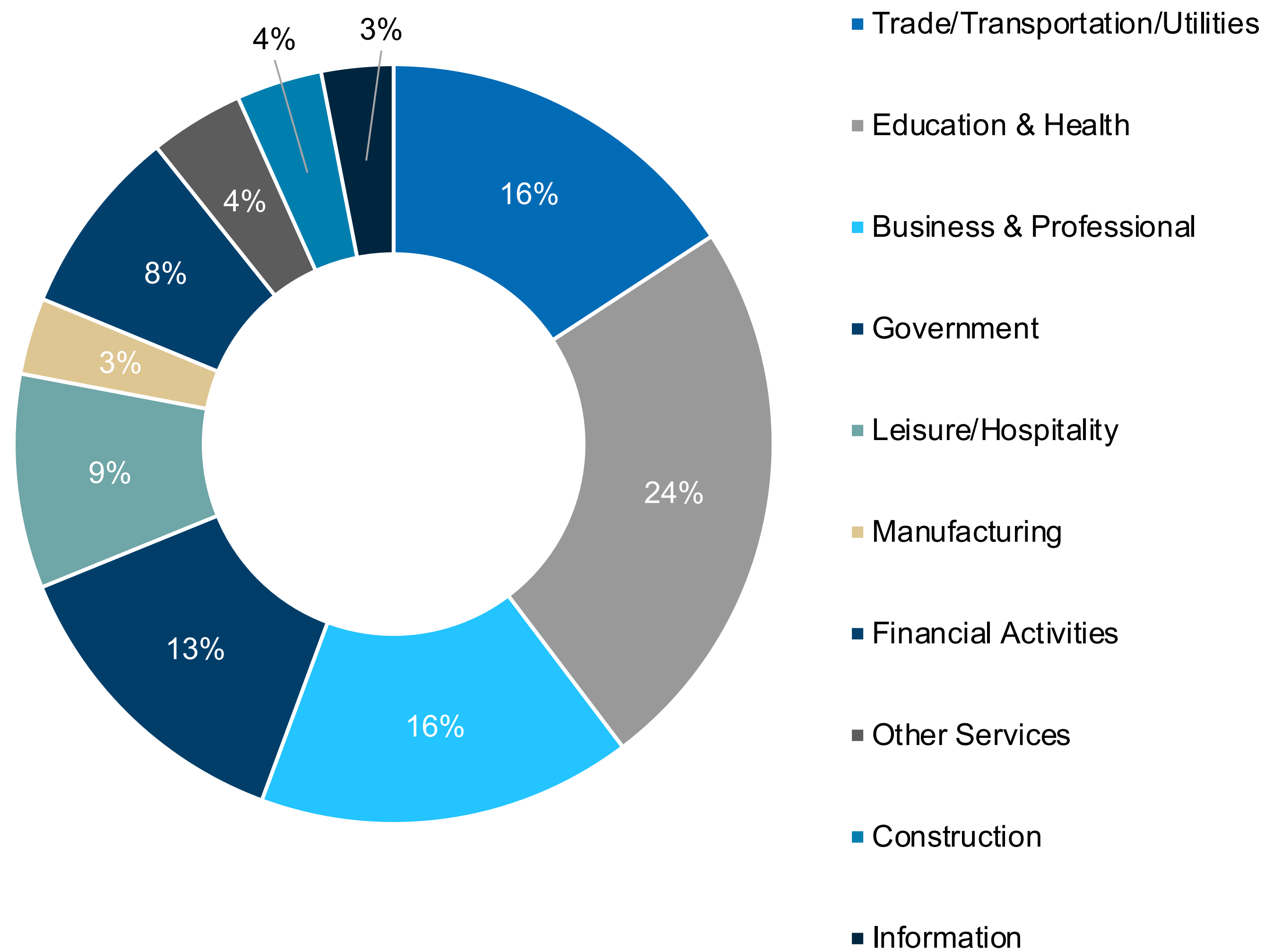


Source: U.S. Bureau of Labor Statistics, New Jersey

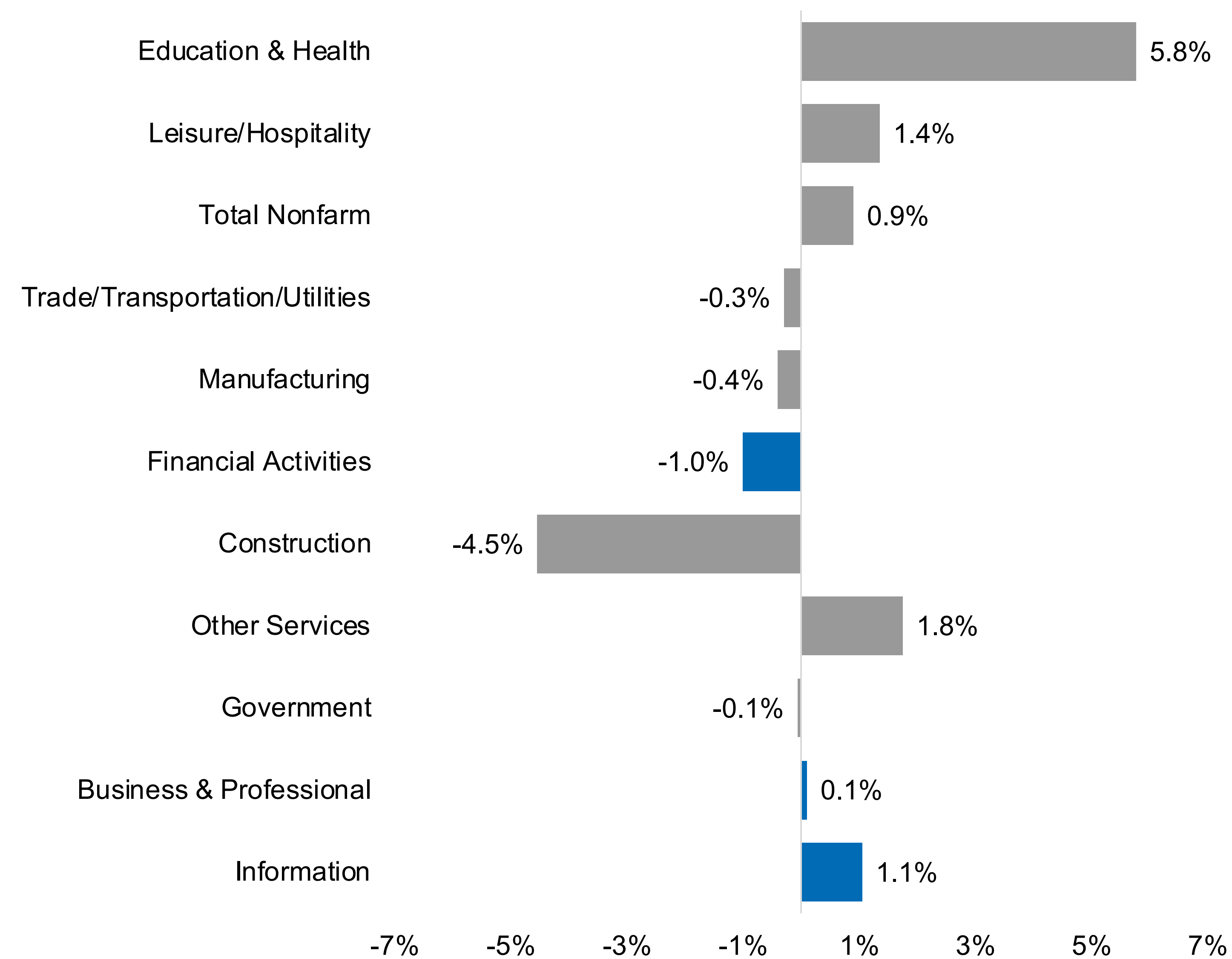
Education & Health Lead All Industries

Education and health services led all industries in Northern New Jersey, recording 5.8% annual job growth. Office-occupying industries posted year-over-year gains across all sectors except financial activities, while the information sector registered a 1.1% increase in August 2025.

Employment by Industry, August 2025



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

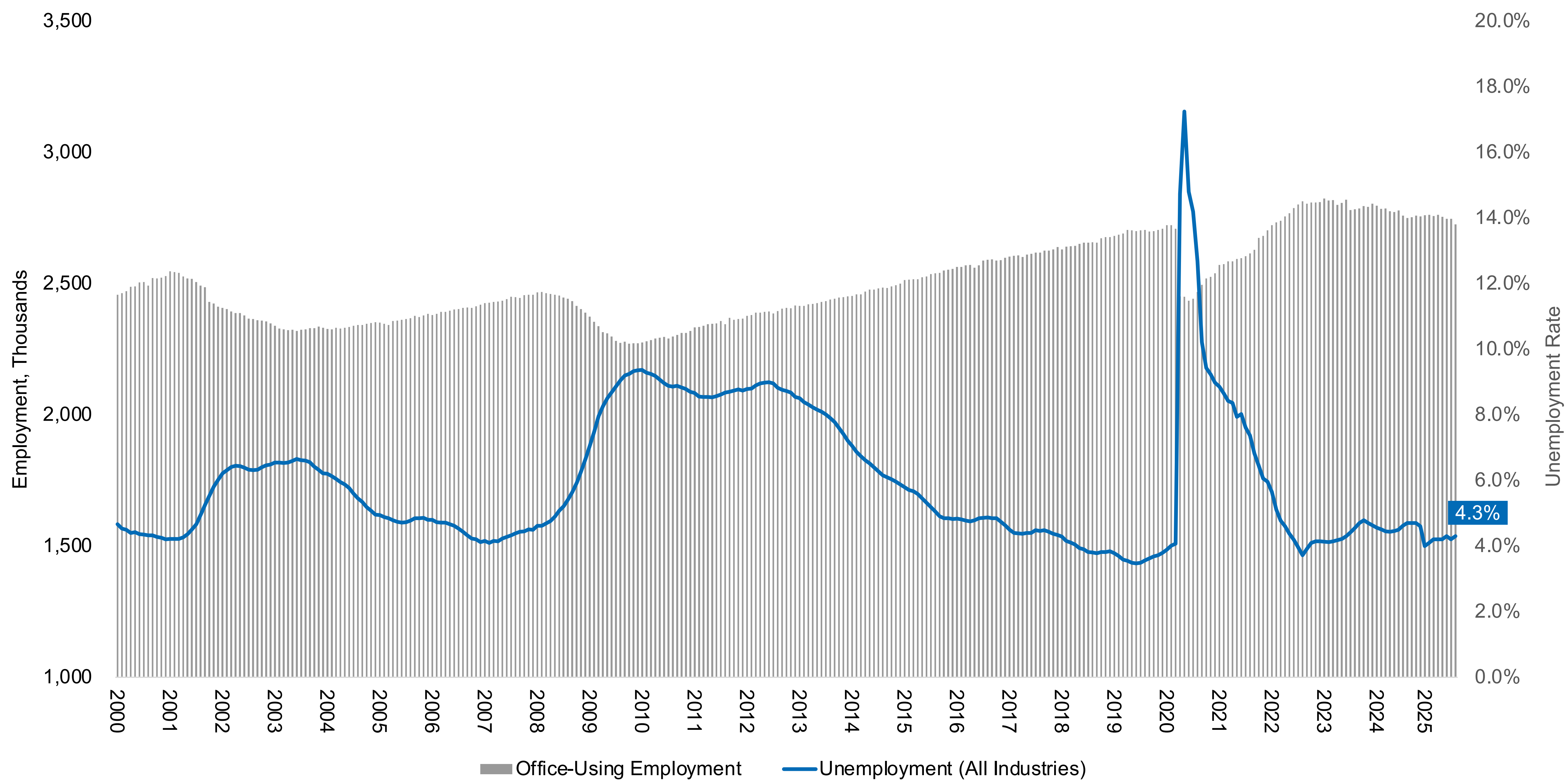


Source: U.S. Bureau of Labor Statistics, New Jersey

Office-Using Employment Has Rebounded

Office-occupying industries posted year-over-year gains across all sectors except financial activities in August 2025. A positive indicator is the continued 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: August 2025 data is preliminary.
*Office-using employment includes employment in the following industry sectors: Professional & Business Services, Financial Activities and Information.

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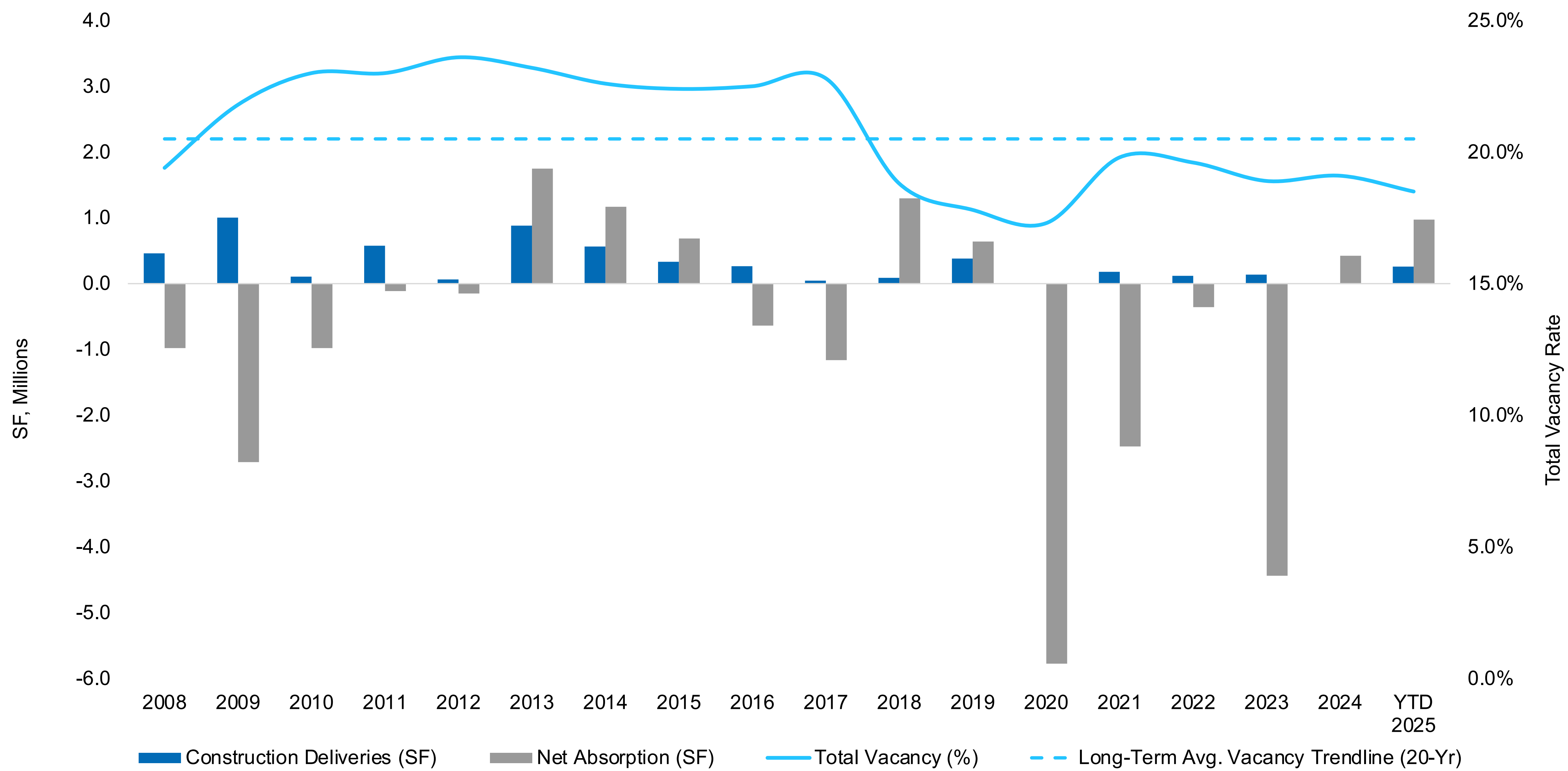
Leasing Market Fundamentals

Net Absorption Continues Positive

The Northern New Jersey office market recorded an 80-basis-point year-over-year decline in vacancy, reaching 18.5%, even as leasing activity slowed. Occupiers are increasingly gravitating toward newer, recently modernized buildings, with amenity-rich properties experiencing stronger leasing velocity and rental rate growth. Net absorption totaled 324,502 SF in the third quarter of 2025, positioning the market on pace for a full year of positive absorption.

Historical Construction Deliveries, Net Absorption, and Vacancy

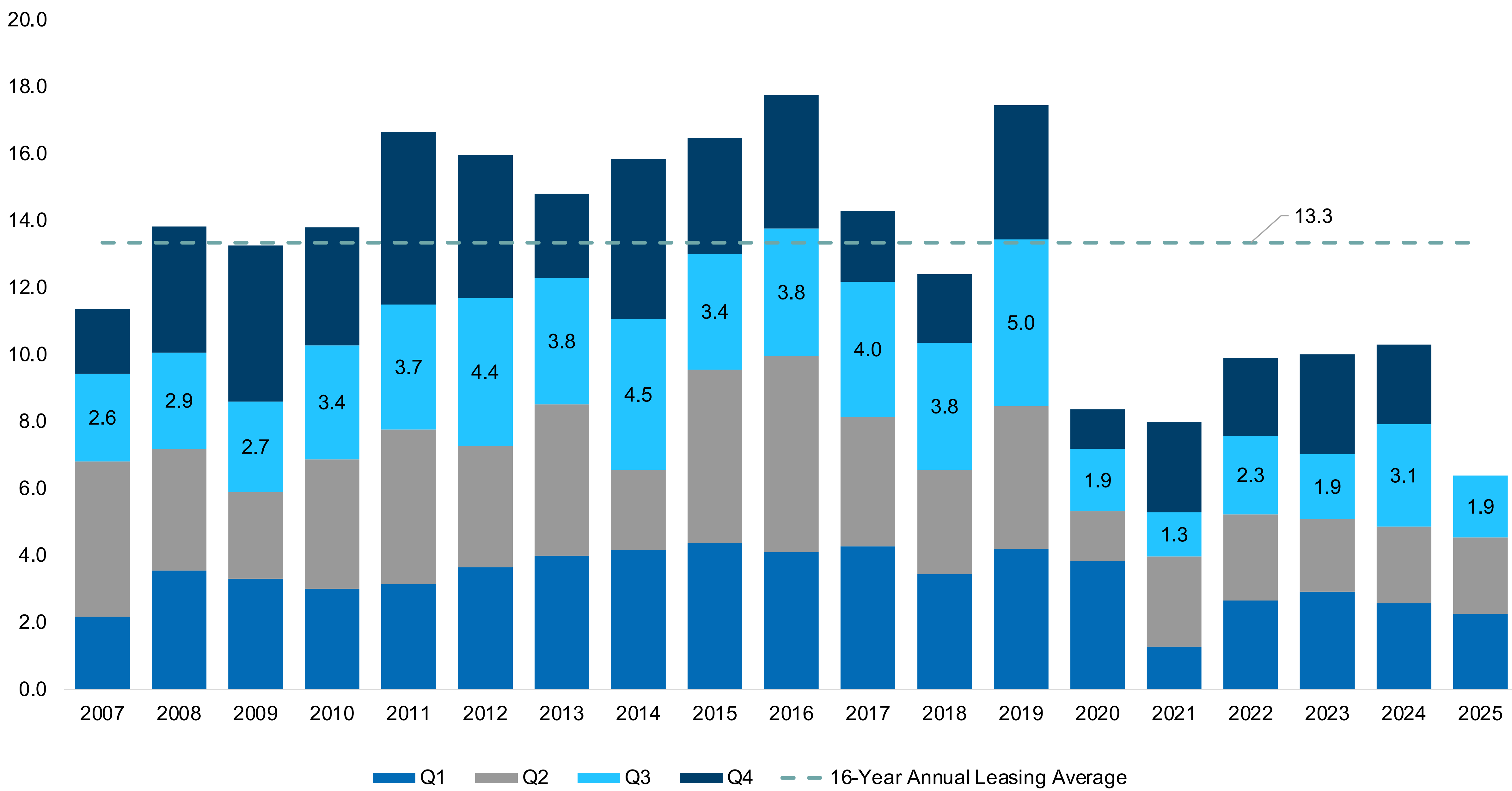


Source: Newmark Research

Leasing Activity Moderate

Leasing activity surged throughout 2024, surpassing 10.3 MSF—the highest annual total in the past five years. Activity moderated in the third quarter of 2025, with approximately 1.9 MSF leased across Northern New Jersey. However, the slowdown did not weaken overall market fundamentals, as net absorption remained positive and availability declined 20 basis points to 23.3%.

Total Leasing Activity (MSF)

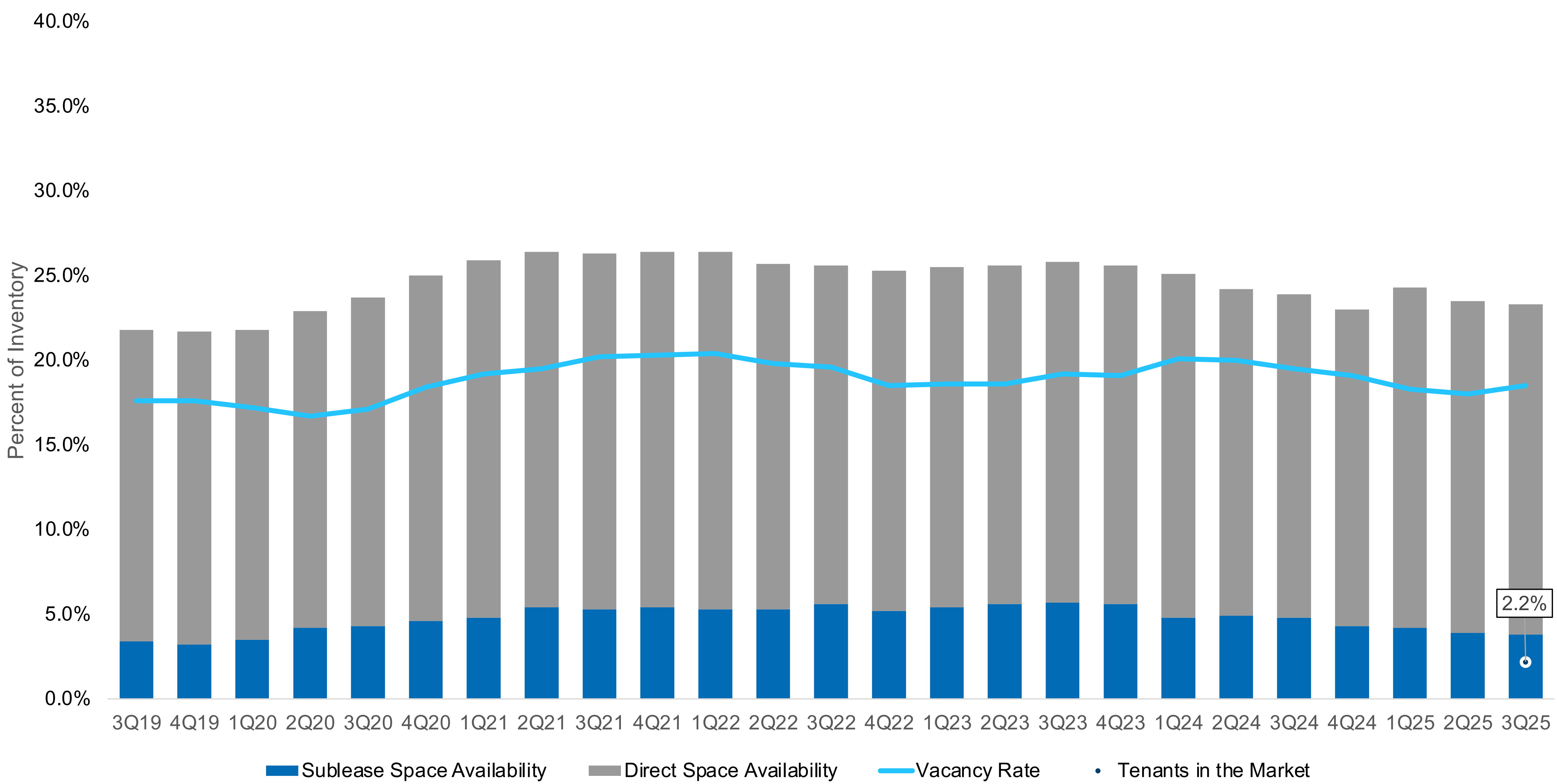


Source: Newmark Research, CoStar

Sublease Supply Declines To 5 Year Low

The overall vacancy rate rose 20 basis points to 18.5%, still an 80-basis-point improvement 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 declined to 6.3 MSF—the lowest level in the past five years—driven in part by Reckitt Benckiser's 81,392 SF sublease at the ON3 Campus in Nutley. More occupiers are committing to long-term spaces, further aligning with the reduction in sublease availability.

Available Space and Tenant Demand as Percent of Overall Market

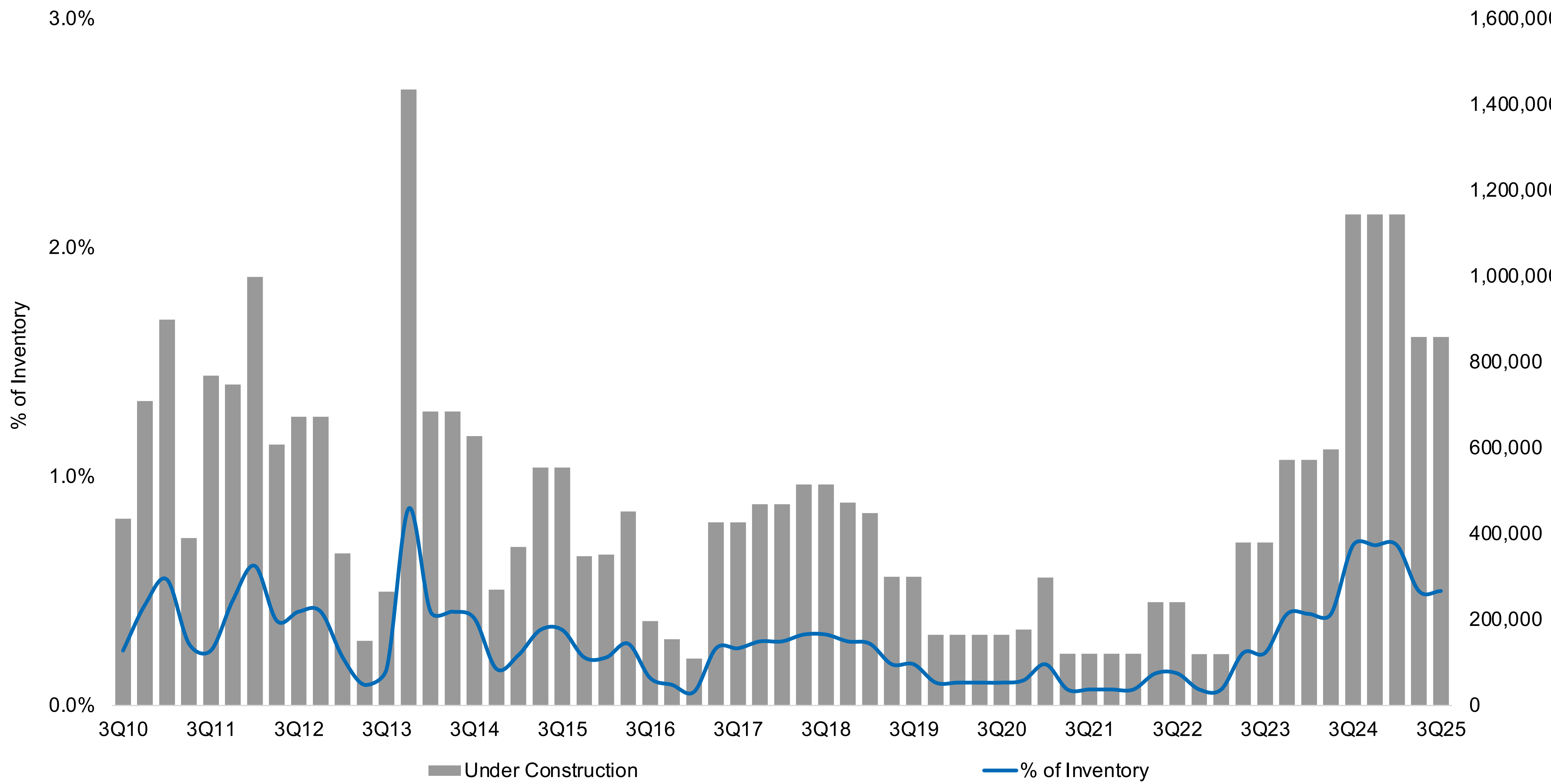


Source: Newmark Research

New Construction Shrinks

Under-construction volume held at 858,787 SF in the third 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 during the second quarter, with Sanofi occupying the entire building. Construction is ongoing at Helix H-1 in New Brunswick, a 570,000-SF property slated for delivery in August 2026.

Office Under Construction and % of Inventory

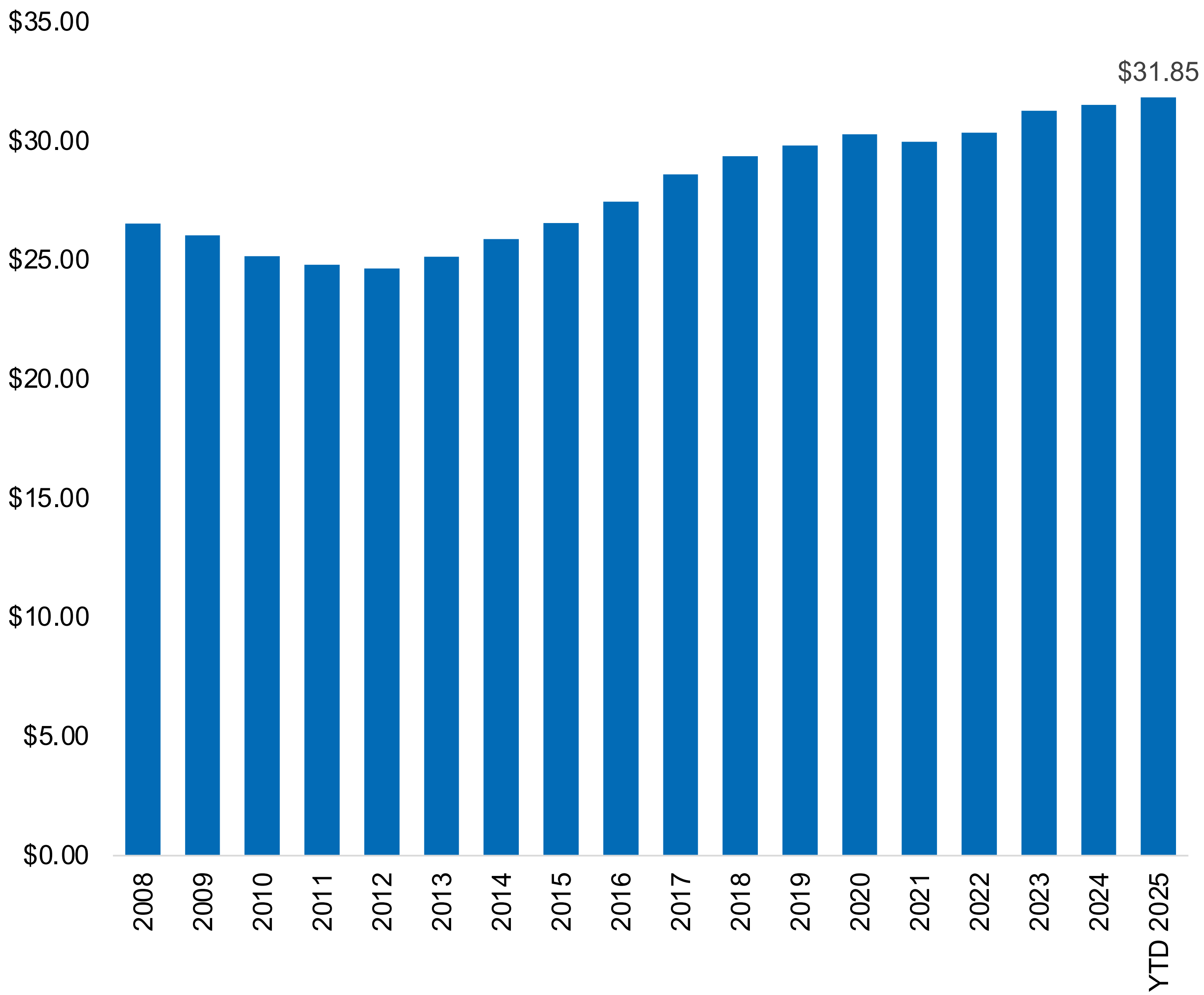


Source: Newmark Research, CoStar

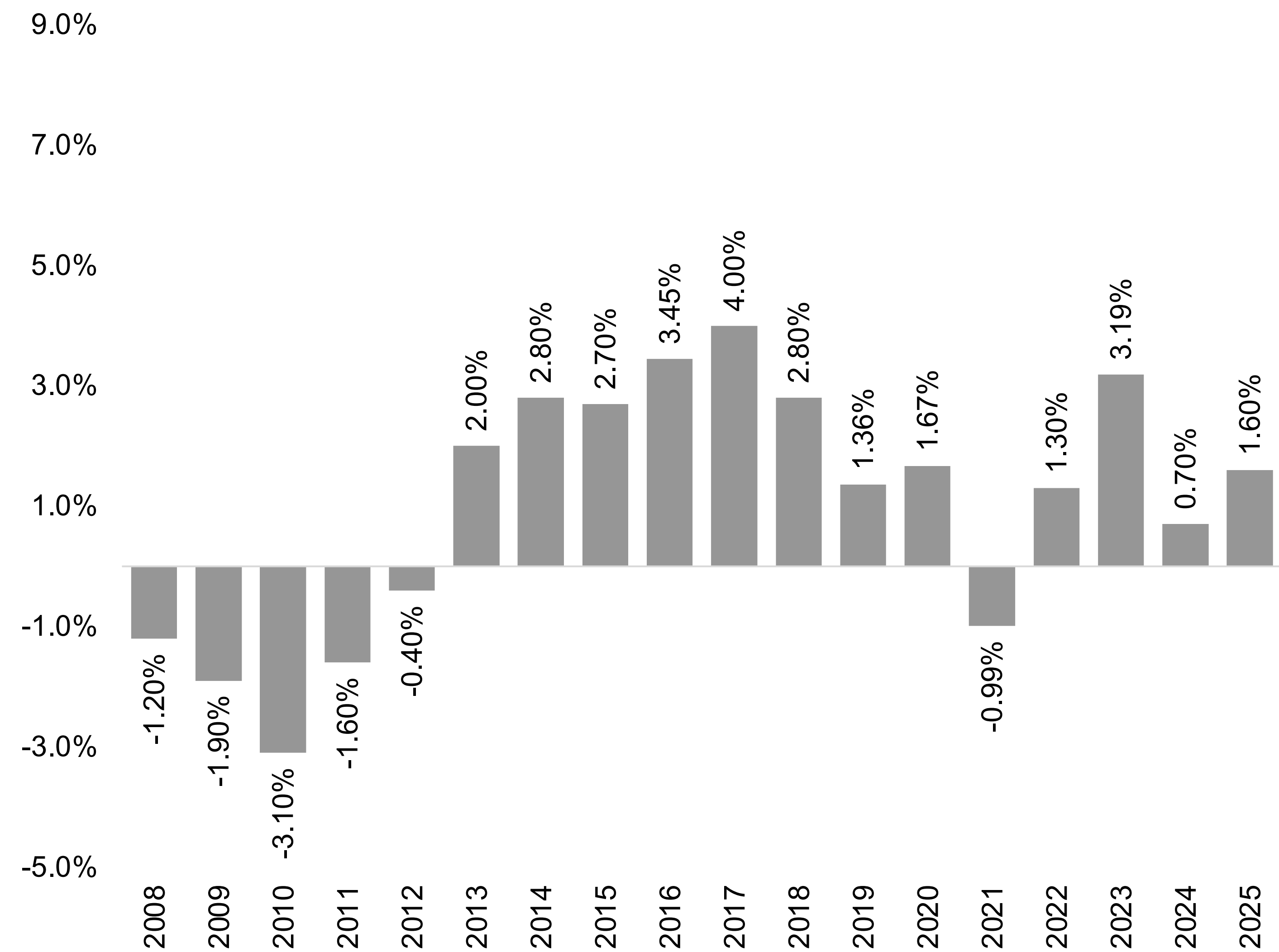
Asking Rents Rise

Overall asking rents averaged $31.85 PSF in the third quarter of 2025, reflecting a $0.18 PSF decrease from the previous quarter. Year-over-year, rents rose modestly by 1.6%, while class A pricing increased 2.5% to $35.39 PSF—an 11.1% premium over the overall average asking rent. Asking rents are expected to remain firm, supported by steady tenant demand.

Office Average Asking Rent, $/SF, FS



Year-over-Year Asking Rent Growth Rate

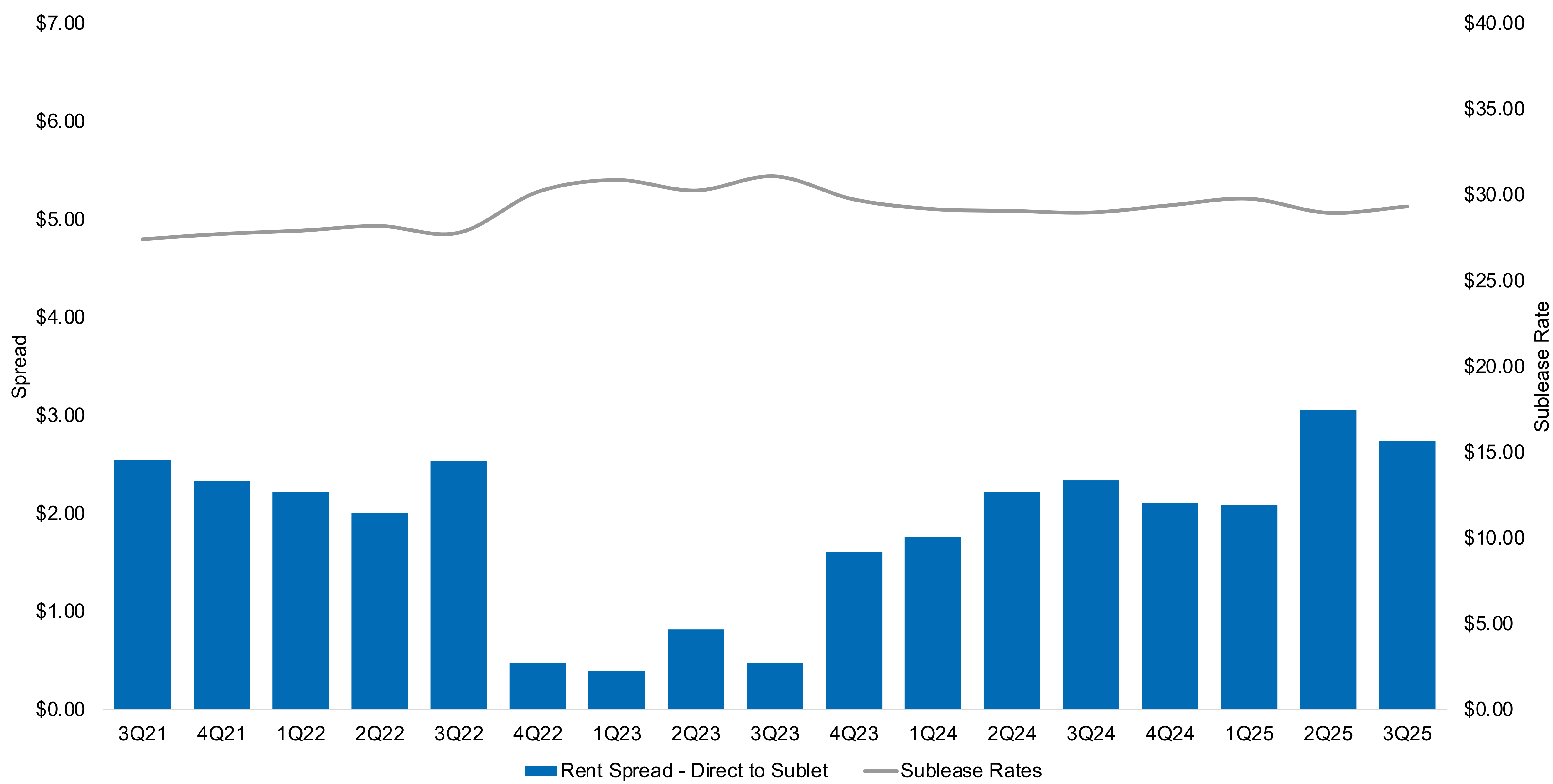


Source: Newmark Research, CoStar

Spread Between Direct & Sublease Rates

The influx of high-end space into the market during 2022 and 2023 narrowed the rent spread between direct and sublease space. Sublease rates have since stabilized, edging down 0.2% year-over-year to $29.34 PSF in the third quarter of 2025.

Sublease Rates



Source: Newmark Research, CoStar

Notable Lease Transactions

Leasing activity declined 17.4% quarter-over-quarter, totaling just over 1.9 MSF in the third quarter of 2025. However, the slowdown did not weaken overall market fundamentals, as net absorption remained positive and availability decreased 20 basis points to 23.3%. Class A space continues to lead the market, with demand concentrated in top-tier and trophy assets, which accounted for 69% of total leasing activity by SF.

Notable 3Q25 Lease Transactions

Tenant	Building(s)	Submarket	Type	Square Feet
NBA	100 Plaza Drive	Meadowlands	Renewal	264,973
The National Basketball Association opted to renew for 264,973 SF at 100 Plaza Drive in Secaucus.				
Reckitt Benckiser	100 Metro Boulevard	Route 46/Wayne	Sublease New	81,352
Reckitt Benckiser's new sublease at 100 Metro Boulevard (ON3 Campus) in Nutley was for 81,352 SF.				
PBF Energy	1 Sylvan Way	Parsippany/I-287/Rt.10	Renewal	74,407
PBF Energy renewed at 1 Sylvan Way in Parsippany for 74,407 SF.				
JCP&L	101 Crawfords Corner Road	Monmouth	Renewal	69,870
JCP&L renewed their lease for 69,870 SF at 101 Crawfords Corner Road (Bell Works) in Holmdel.				
Hackensack Meridian Health	331 Newman Springs Road	Monmouth	Direct New	53,000
Hackensack Meridian Health signed a 53,000 SF new deal at 331 Newman Springs Road in Red Bank.				

Source: Newmark Research

3Q25 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	**97,758,590**	**17.8%**	**23,653,121**	**4,158,893**	**22.9%**	**128,977**	**$30.52**
Bergen Central	9,290,591	11.7%	1,325,025	97,841	14.3%	21,278	$29.72
Bergen East	4,373,989	10.2%	796,347	256,120	18.2%	-114,829	$27.04
Bergen North	4,852,427	11.9%	1,088,249	387,026	22.4%	4,063	$25.88
Essex West/I-280	4,221,816	23.5%	1,081,622	5,251	25.6%	13,631	$27.98
Hudson Waterfront	21,291,212	25.1%	6,808,680	1,322,393	32.0%	137,206	$44.88
Meadowlands	5,456,004	19.3%	1,409,561	245,689	25.8%	15,002	$31.20
Morris West/I-80	1,451,078	26.7%	404,688	14,132	27.9%	-3,602	$24.61
Morristown Area	12,284,770	15.4%	2,768,934	545,623	22.5%	115,020	$29.38
Newark	12,240,029	19.0%	2,955,489	515,663	24.1%	-421,697	$30.51
Parsippany/Route 10	12,279,933	21.4%	3,494,960	474,757	28.5%	234,607	$28.22
Route 46/Wayne	7,627,121	10.6%	1,016,570	264,328	13.3%	98,453	$23.79
Short Hills/Route 24	2,389,620	18.9%	502,996	30,070	21.0%	29,845	$42.99

Source: Newmark Research

3Q25 Northern/Central New Jersey Office Submarket Overview

Submarket Statistics – All Classes

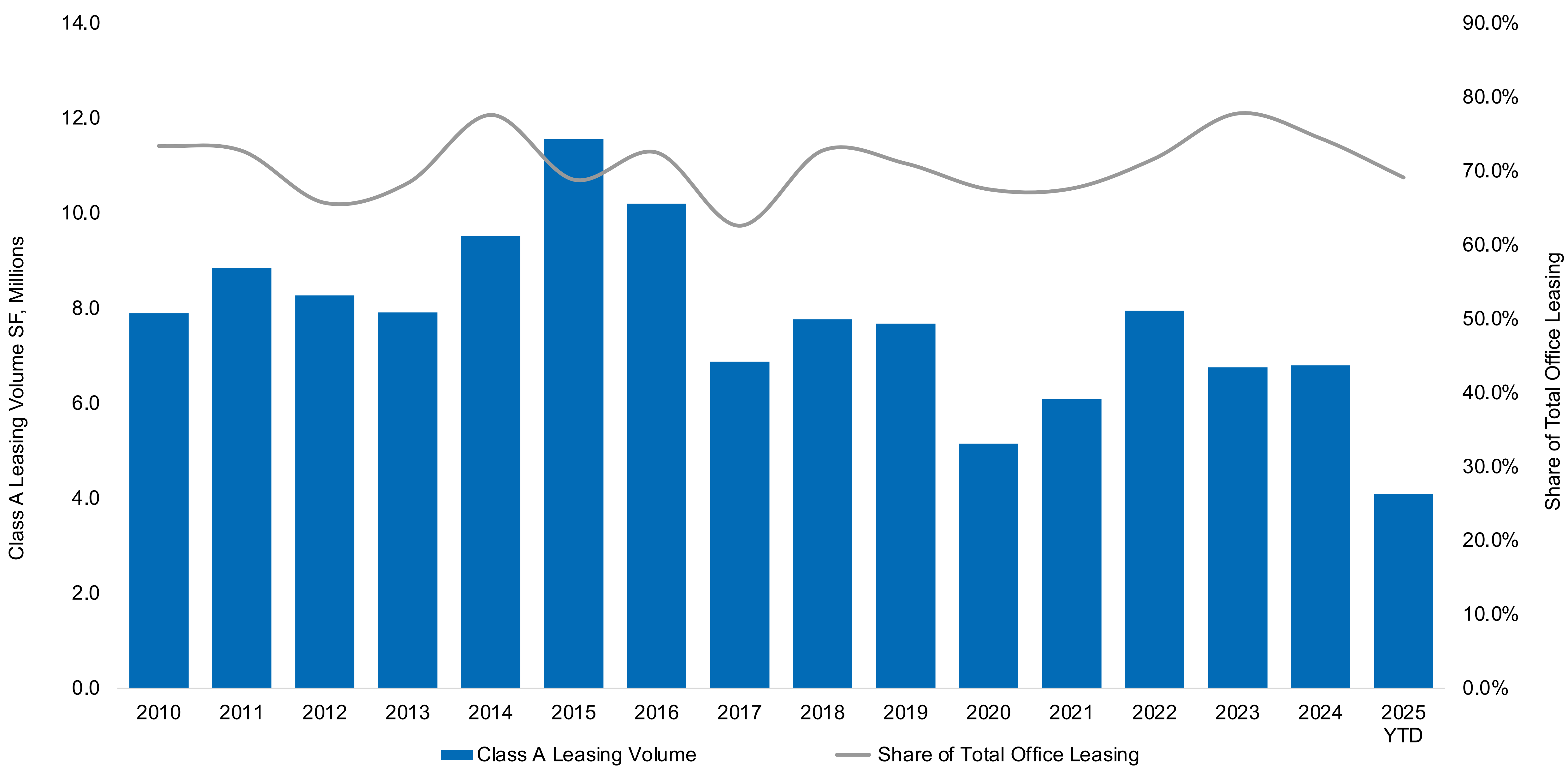
	Total Inventory (SF)	Total Vacancy Rate	Total Available (SF)	Sublease Available (SF)	Total Availability Rate	Qtr Net Absorption (SF)	Total FS Asking Rent (Price/SF)
Central NJ	**67,929,348**	**19.9%**	**15,068,398**	**2,146,730**	**23.3%**	**195,525**	**$27.59**
Hunterdon/I-78	2,610,155	50.4%	1,331,657	0	51.0%	6,641	$24.91
MetroPark/GSP	6,150,359	22.3%	1,953,376	193,411	31.8%	-37,891	$38.25
Monmouth	10,112,173	11.8%	1,319,728	259,122	13.1%	11,538	$27.19
Piscataway/I-287 South	8,986,953	8.5%	1,078,490	122,348	12.0%	55,085	$20.41
Princeton Area	17,652,297	23.2%	4,621,864	1,063,137	26.2%	114,213	$27.91
Route 18/8A Middlesex	2,864,079	12.0%	367,052	46,712	12.8%	25,003	$28.41
Somerset/I-78	16,537,834	20.2%	3,931,829	418,600	23.8%	-29,017	$29.92
Union Area	3,015,498	10.6%	464,402	43,400	15.4%	49,953	$23.72
Northern/Central NJ	**166,166,869**	**18.5%**	**38,721,519**	**6,305,623**	**23.3%**	**324,502**	**$31.85**

Source: Newmark Research

Flight to Quality Trend Remains Consistent

Class A office leasing has remained steady, representing more than 69.1% of overall activity year-to-date in 2025. The flight-to-quality trend continues to accelerate as tenants gravitate toward modern, amenity-rich assets, while outdated Class B and C buildings face increasing vacancy and obsolescence as companies relocate to higher-quality options.

Class A Leasing Volume and Percentage of Total Office Leasing Volume

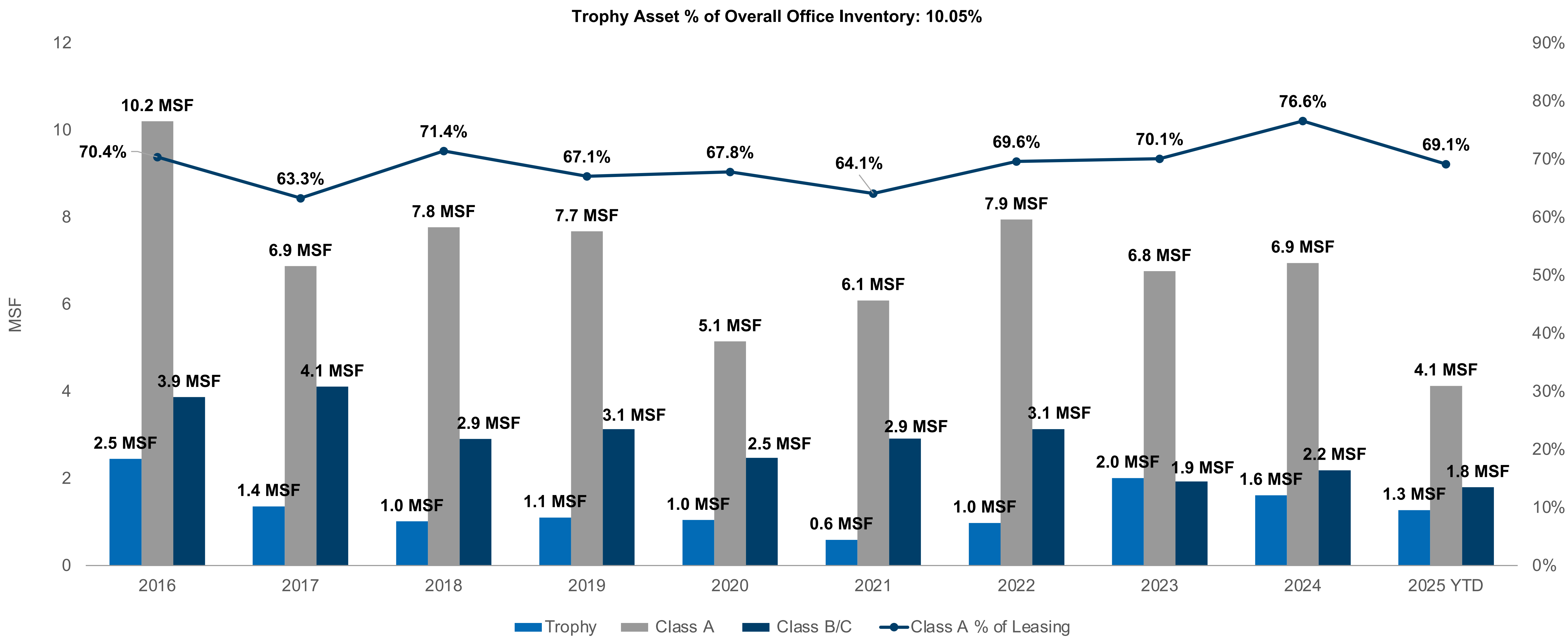


Source: Newmark Research, CoStar

Flight to Quality | Northern New Jersey Leasing

There remains strong demand for quality space, as premier office buildings continue to achieve higher absorption than the broader market. As the flight-to-quality trend has driven activity toward trophy assets, limited availability in those buildings has led to increased leasing activity within non-trophy Class A properties.

New Leasing Activity by Class



Source: Newmark Research

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Newmark has implemented a proprietary database and our tracking methodology has been revised. With this expansion and refinement in our data, there may be adjustments in historical statistics including availability, asking rents, absorption and effective rents. Newmark Research Reports are available at nmrk.com/insights.

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