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Southern New Jersey Office Market Overview

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Economy

- The Greater Philadelphia economy experienced a slight uptick in unemployment for the 12 months ending in August, with the unemployment rate rising to 5.1%— 60 basis points higher than the national rate of 4.5%. However, the region grew payroll employment by 1.9% over the 12 months ending in August, a faster rate of growth than the national rate of 0.9%. The Education and Health Services sector, the region's largest industry, remains the primary engine of employment growth, continuing to underpin the area's economic resilience.
- For the 12 months ending in August 2025, office-using employment in the greater Philadelphia region grew by 2.0%, slightly outpacing the overall job growth rate for the same period. This growth was primarily driven by the region's largest office-using employment sector—Business & Professional Services—which expanded by 3.4%, playing a key role in supporting overall employment gains within the Greater Philadelphia market.

Leasing Market Fundamentals

- Southern New Jersey's office vacancy rate stood at 13.8% as of the third quarter, representing a 110-basis-point decrease over the past year and signaling ongoing market stabilization. Net absorption totaled 184,988 square feet during the third quarter, bringing 2025's year-to-date absorption total to 225,850 square feet. The combination of declining vacancy rates and net positive annual absorption underscores a strengthening office market and bodes well for continued improvement as the year comes to a close.
- Average asking rents in Southern New Jersey have fully rebounded and now surpass pre-2020 levels. Following substantial year-over-year gains in both 2022 and 2023, rent growth moderated in 2024 and saw a slight decline of 1.4% over the past year to average $21.37 per square foot as of the third quarter.
- As of the third quarter, the percentage of active users relative to inventory ticked up to 1.8%, above the eight-quarter average of 1.6%. Market demand is being driven by tenants seeking an average of approximately 11,000 square feet of space. Notably, users that are new to market or growing their footprint account for approximately 46% of market demand, suggesting potential for future market growth.

Major Transactions

- The largest leases signed in 2025 included direct leases, renewals and subleases located in a diverse range of submarkets across the Southern New Jersey office market. This blend of sizable deals across various sectors and submarkets underscores a healthy level of diversity and resilience in Southern New Jersey's office leasing activity.
- In June, Newmark sold Moorestown Corporate Center for the owner, Keystone Property Trust, to Melrose Solomon Enterprises. The corporate center comprises three buildings totaling 222,823 square feet. The building was sold for approximately $17.6 million, or $79 per square foot.

Outlook

- The last new office delivery in Southern New Jersey occurred in 2019 at 2 Cooper Street in Camden. Presently, the absence of additional projects in the development pipeline is supporting market stability by preventing oversupply and keeping vacancy stable. For new construction to be feasible, market demand would need to increase enough to absorb an additional 200,000 to 300,000 square feet of office space per year, ensuring healthy occupancy and long-term viability for future projects.
- Declining vacancy rates and positive quarterly absorption are encouraging indicators for the Southern New Jersey office market as the year progresses. These improvements can be partially attributed to an increasing trend toward a 5-day in-office work week. This shift suggests renewed confidence in office-based operations and points to a potential uptick in office demand as 2025 comes to a close.

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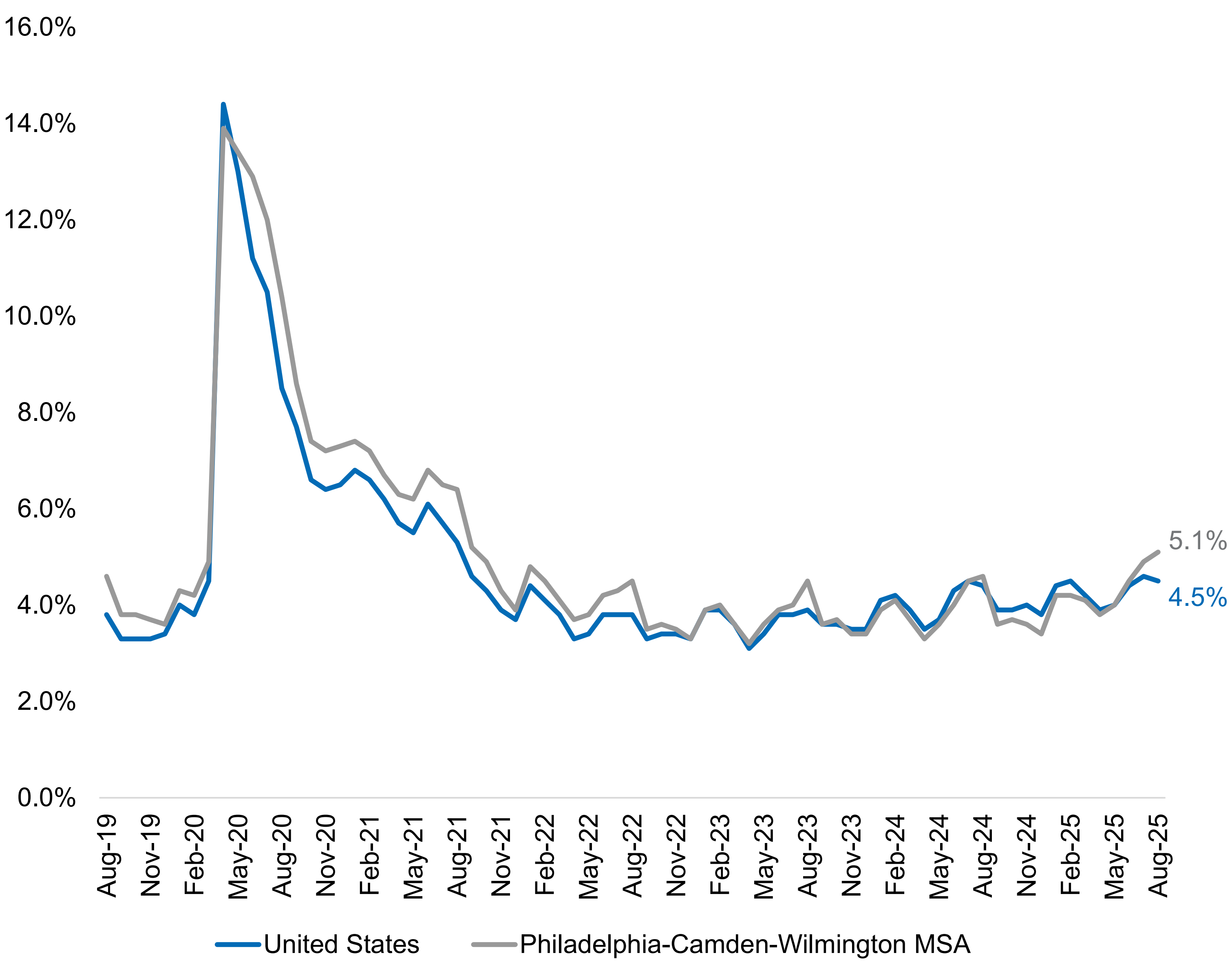
Economy

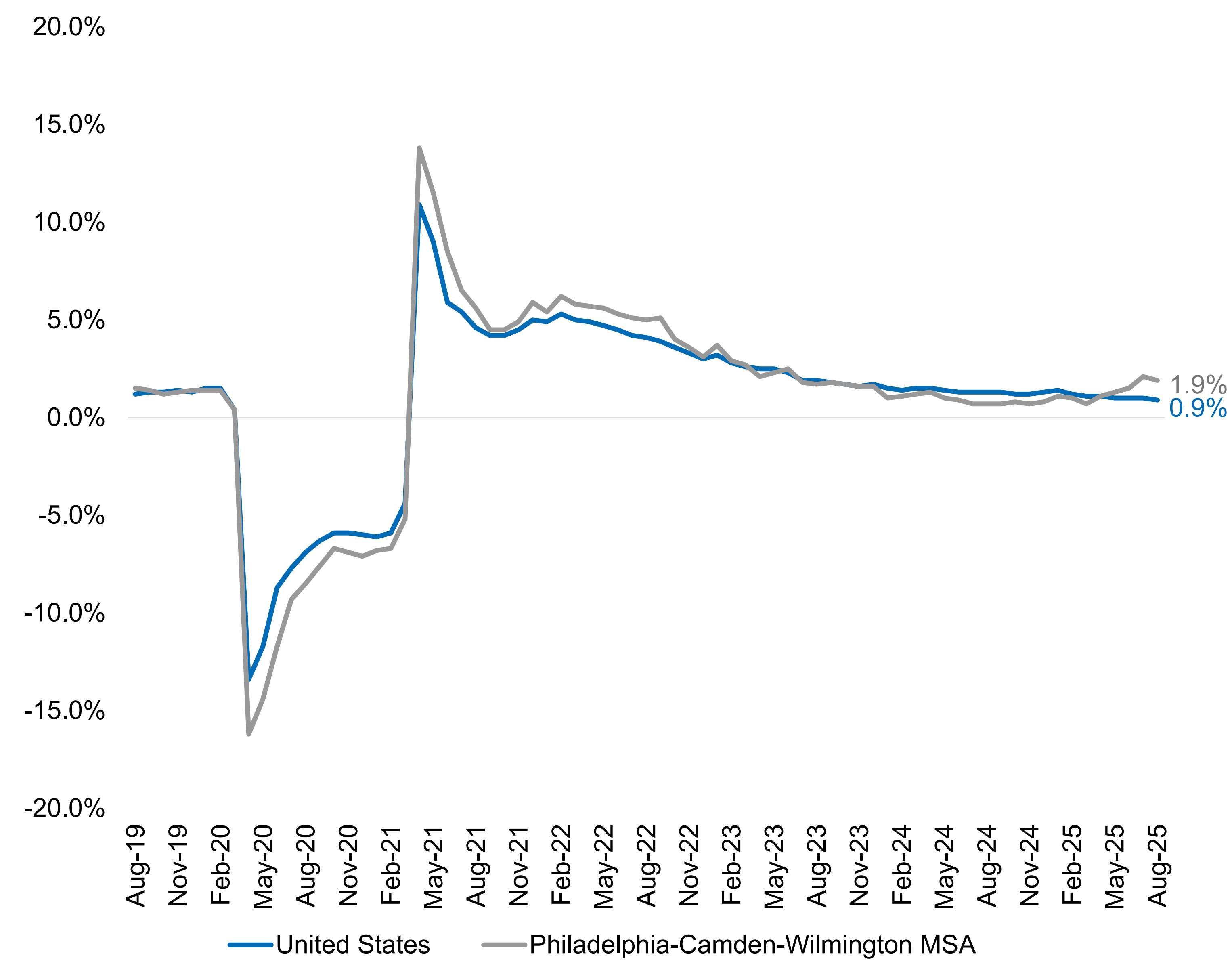
Regional Job Growth Outpaces National Average

The Greater Philadelphia economy experienced a slight uptick in unemployment for the 12 months ending in August, with the unemployment rate rising to 5.1%— 60 basis points higher than the national rate of 4.5%. However, the region grew payroll employment by 1.9% over the 12 months ending in August, a faster rate of growth than the national rate of 0.9%. The Education and Health Services sector, the region's largest industry, remains the primary engine of employment growth, continuing to underpin the area's economic resilience.

Unemployment Rate, Non-Seasonally Adjusted



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

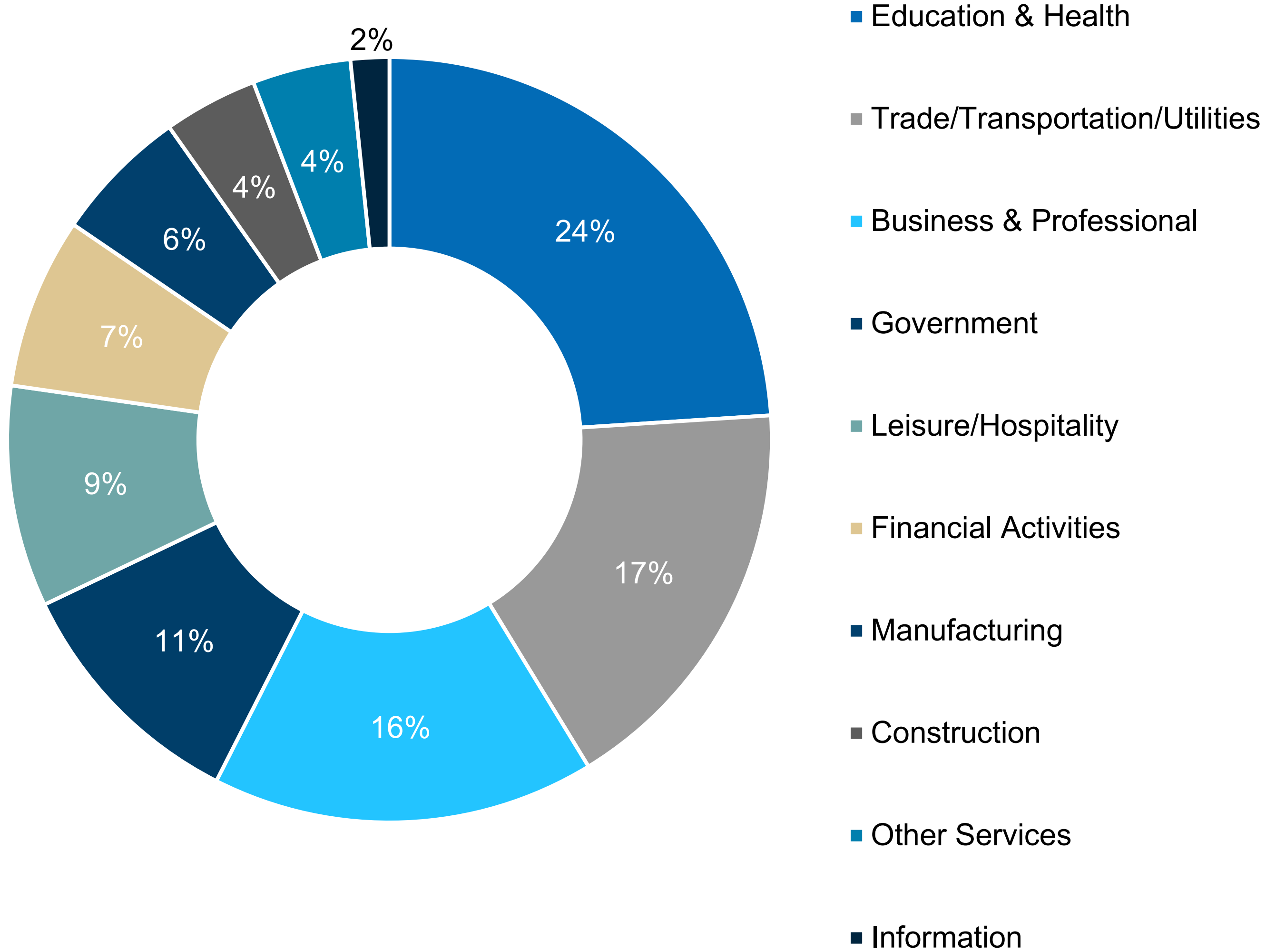


Source: U.S. Bureau of Labor Statistics, Philadelphia-Camden-Wilmington MSA

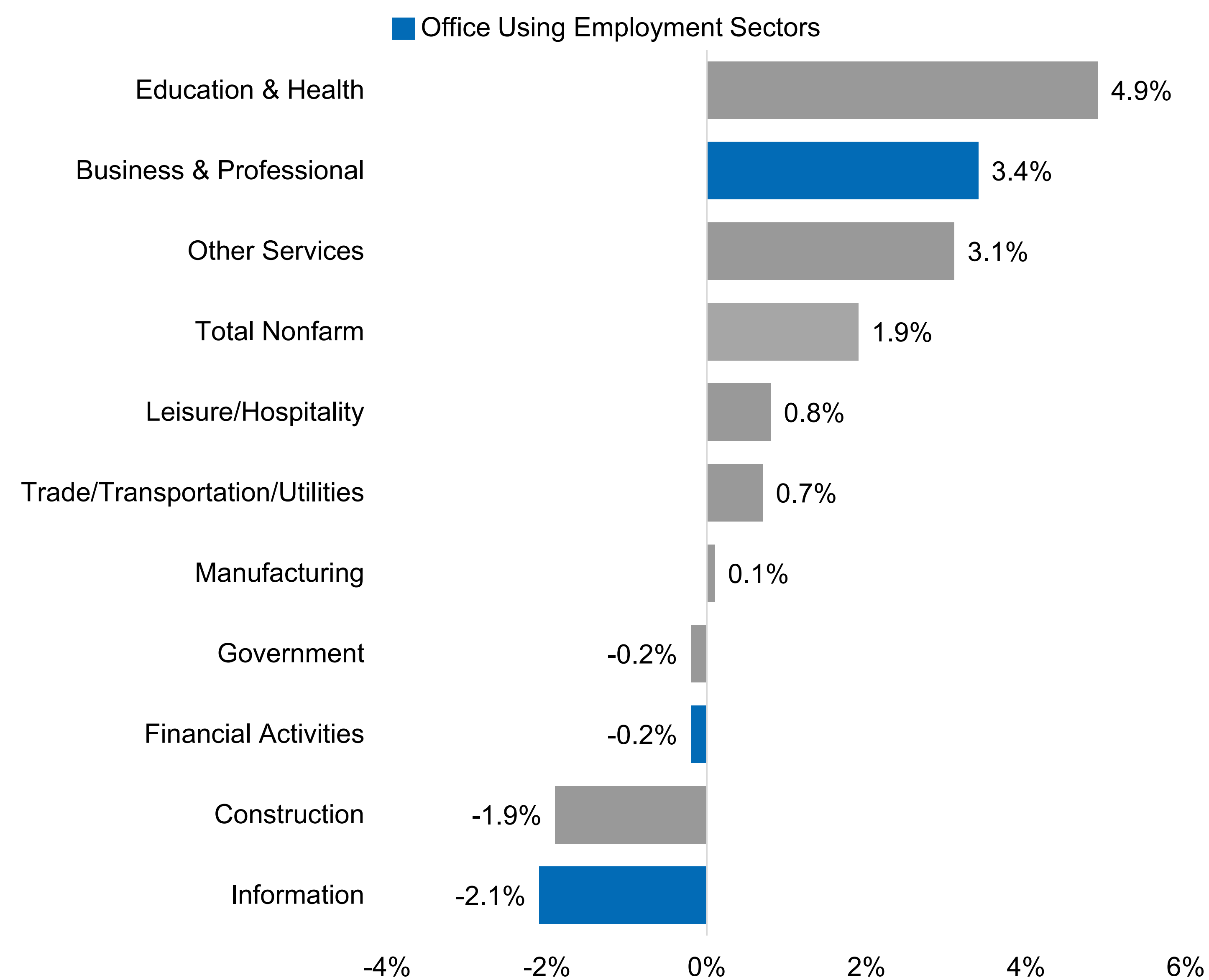
Job Growth Driven by Education & Health and Business & Professional Services

The Education & Health, Business & Professional Services and Other Services sectors each grew by more than 3.0% for the 12 months ending in August. These three industries collectively account for 44.3% of Greater Philadelphia's labor force. Robust annual employment gains across these sectors are a positive sign for the regional economy, indicating diverse sources of job growth and economic resilience.

Employment by Industry, August 2025



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

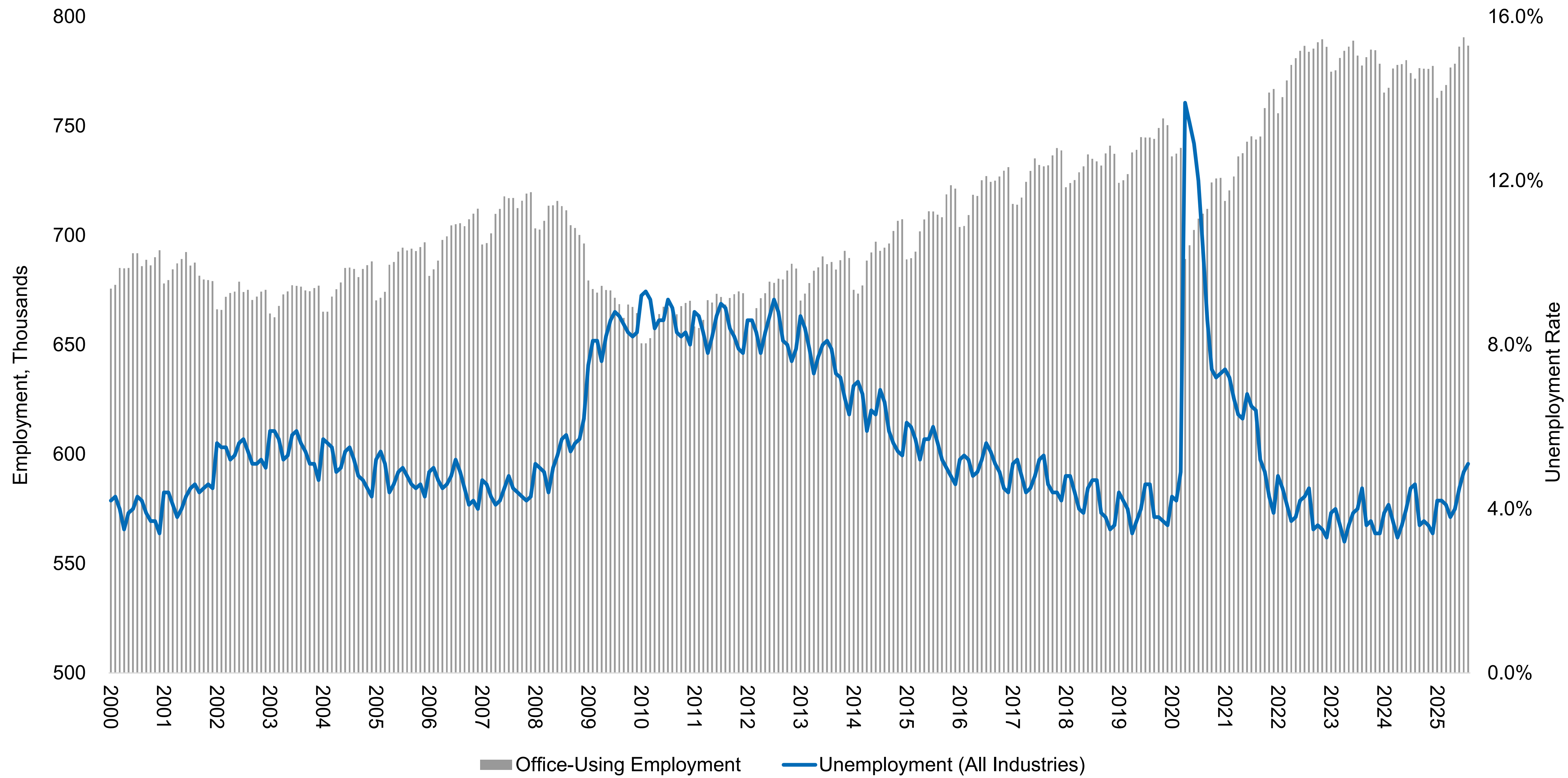


Source: U.S. Bureau of Labor Statistics, Philadelphia-Camden-Wilmington MSA

Office-Using Employment In The Region Remains Steady

For the 12 months ending in August 2025, office-using employment in the greater Philadelphia region grew by 2.0%, slightly outpacing the overall job growth rate for the same period. This growth was primarily driven by the region's largest office-using employment sector—Business & Professional Services—which expanded by 3.4%, playing a key role in supporting overall employment gains within the Greater Philadelphia market.

Office-Using Employment* and Unemployment Across All Industries



Source: U.S. Bureau of Labor Statistics, Philadelphia-Camden-Wilmington MSA.
*Office-using employment includes employment in the following industry sectors: Professional & Business Services, Financial Activities and Information.

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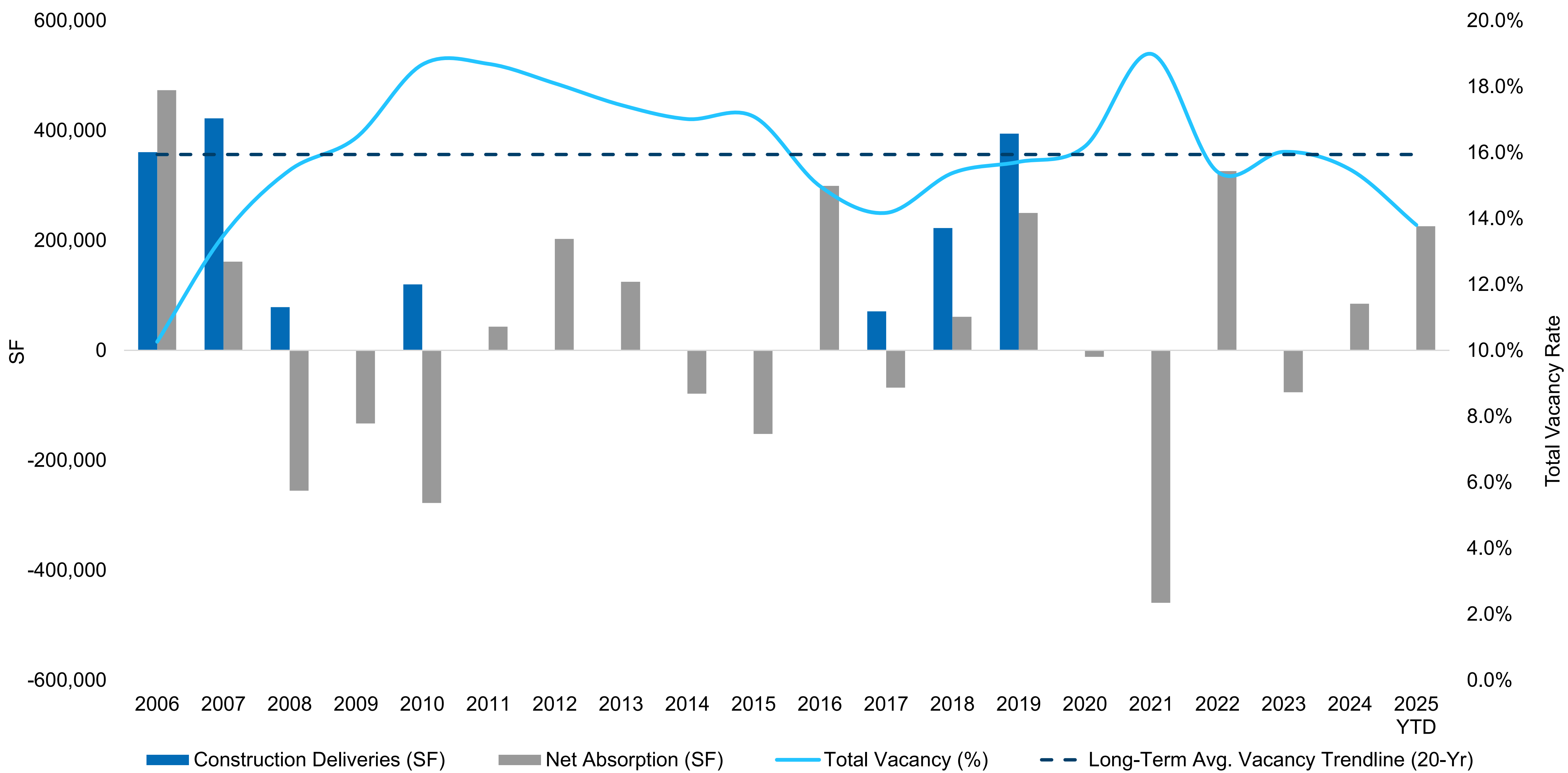
Leasing Market Fundamentals

Market Fundamentals Continue to Improve

Southern New Jersey's office vacancy rate stood at 13.8% as of the third quarter, representing a 110-basis-point decrease over the past year and signaling ongoing market stabilization. Net absorption totaled 184,988 square feet during the third quarter, bringing 2025's year-to-date absorption total to 225,850 square feet. The combination of declining vacancy rates and net positive annual absorption underscores a strengthening office market and bodes well for continued improvement as the year comes to a close.

Historical Construction Deliveries, Net Absorption, and Vacancy

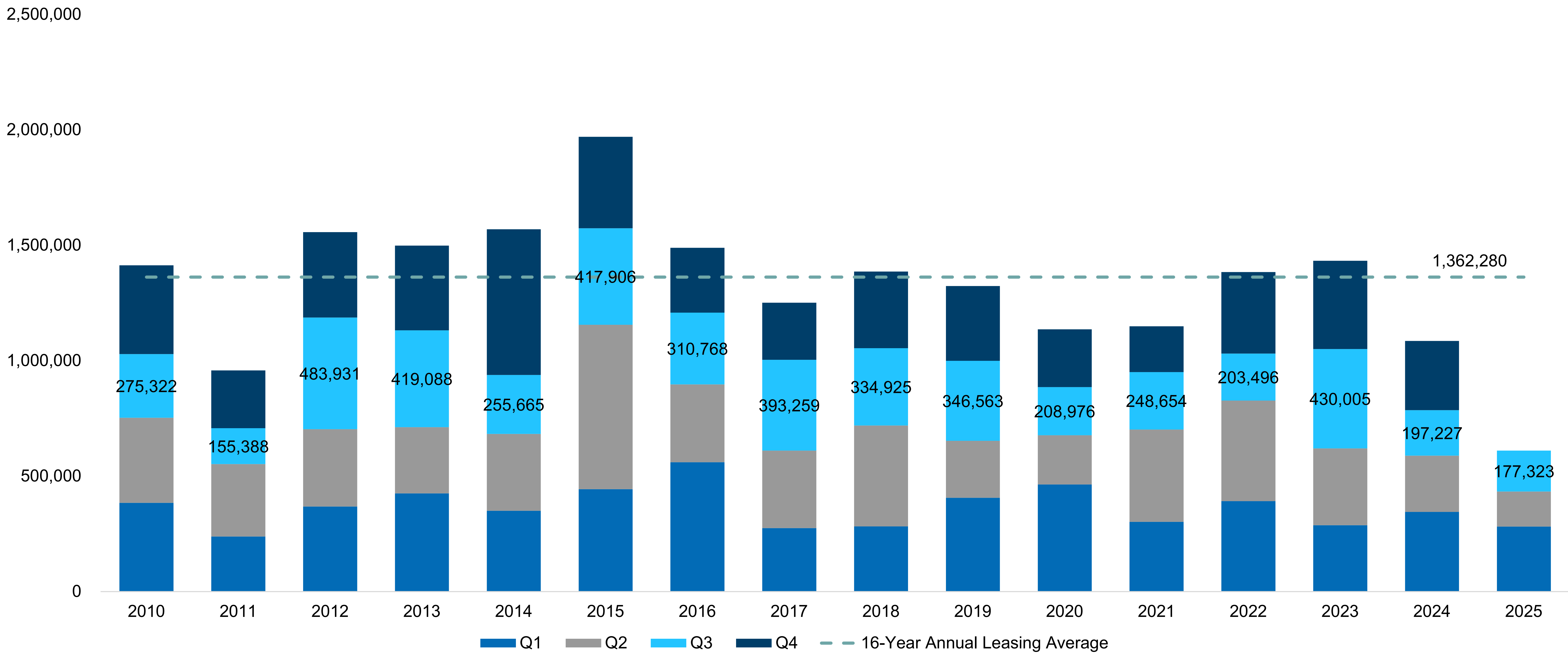


Source: Newmark Research

Leasing Volumes Modest But Market Metrics Remain Strong

Third-quarter leasing volumes reached 177,323 square feet, close to being on par with the third quarter of last year. Although leasing activity has been lower than average, positive absorption and decreasing vacancy rates reflect continuing demand in the Southern New Jersey office market.

Total Leasing Activity (msf)

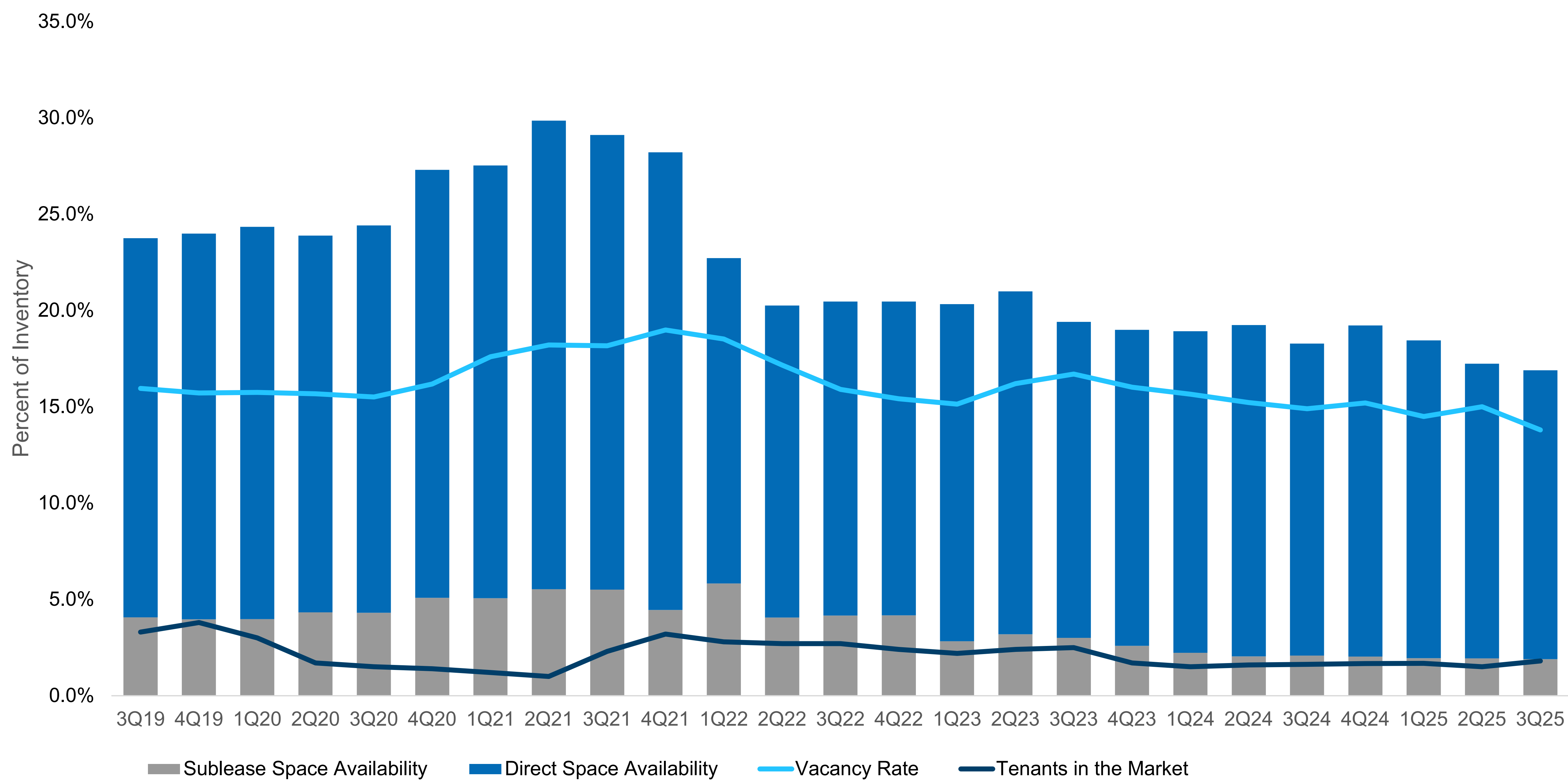


Source: Newmark Research, CoStar

Active User Demand Remains Historically Consistent

As of the third quarter, the percentage of active users relative to inventory ticked up to 1.8%, above the eight-quarter average of 1.6%. Market demand is being driven by tenants seeking an average of approximately 11,000 square feet of space. Notably, users that are new to market or growing their footprint account for approximately 46% of market demand, suggesting potential for future market growth.

Available Space and Tenant Demand as Percent of Overall Market

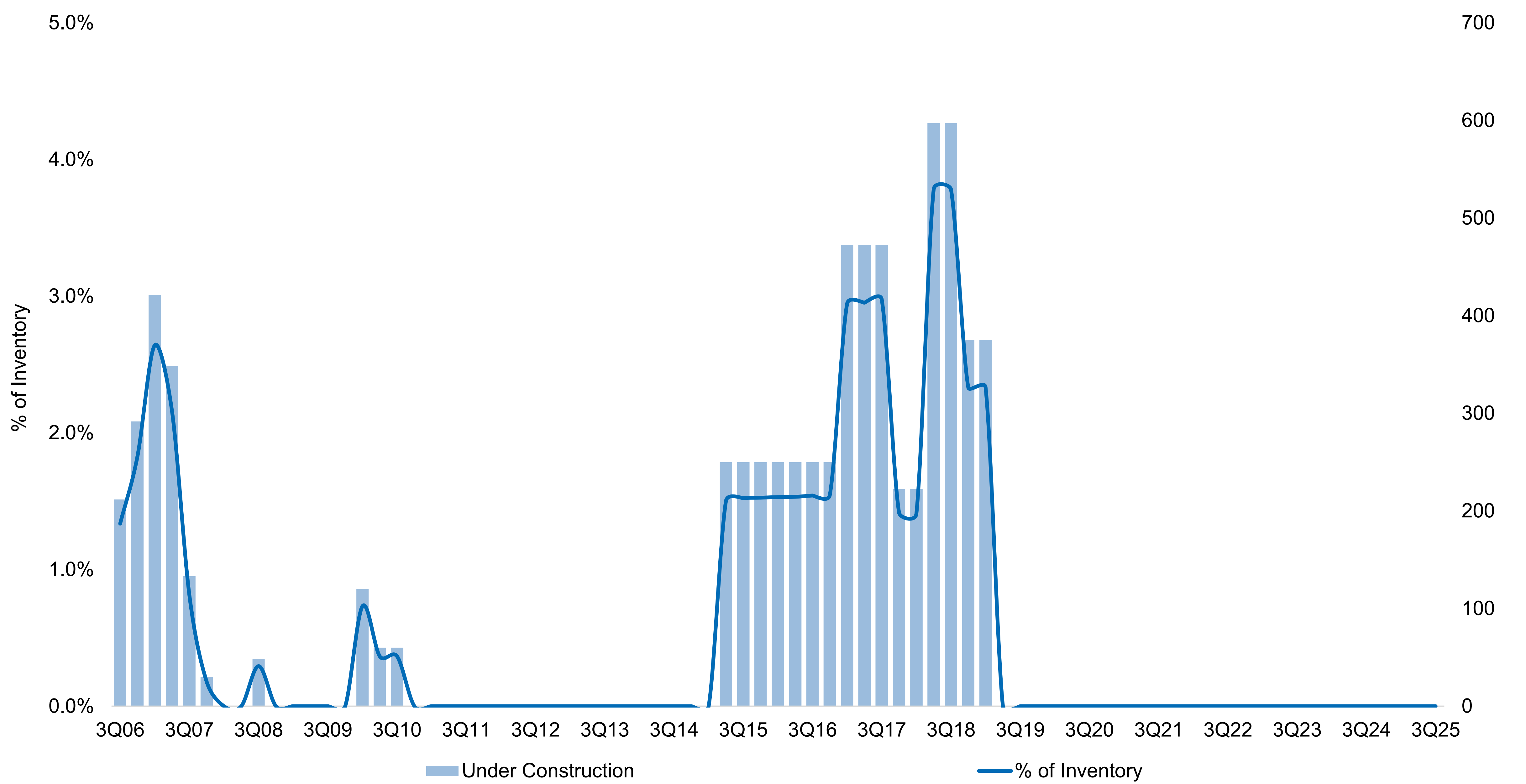


Source: Newmark Research

Lack of New Construction Benefits The Market

The last new office delivery in Southern New Jersey occurred in 2019 at 2 Cooper Street in Camden. Presently, the absence of additional projects in the development pipeline is supporting market stability by preventing oversupply and keeping vacancy stable. For new construction to be feasible, market demand would need to increase enough to absorb an additional 200,000 to 300,000 square feet of office space per year, ensuring healthy occupancy and long-term viability for future projects.

Office Under Construction and % of Inventory

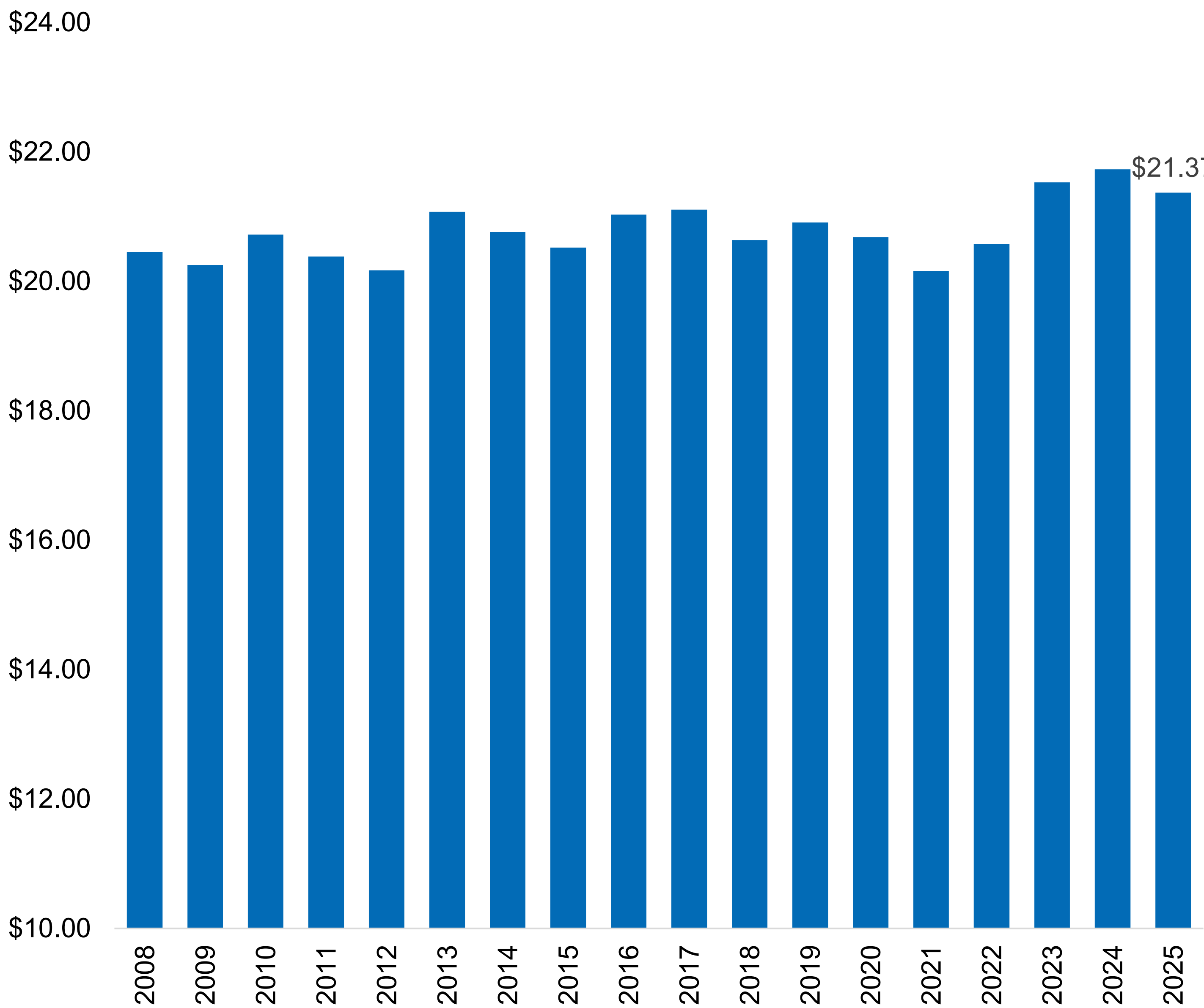


Source: Newmark Research, CoStar

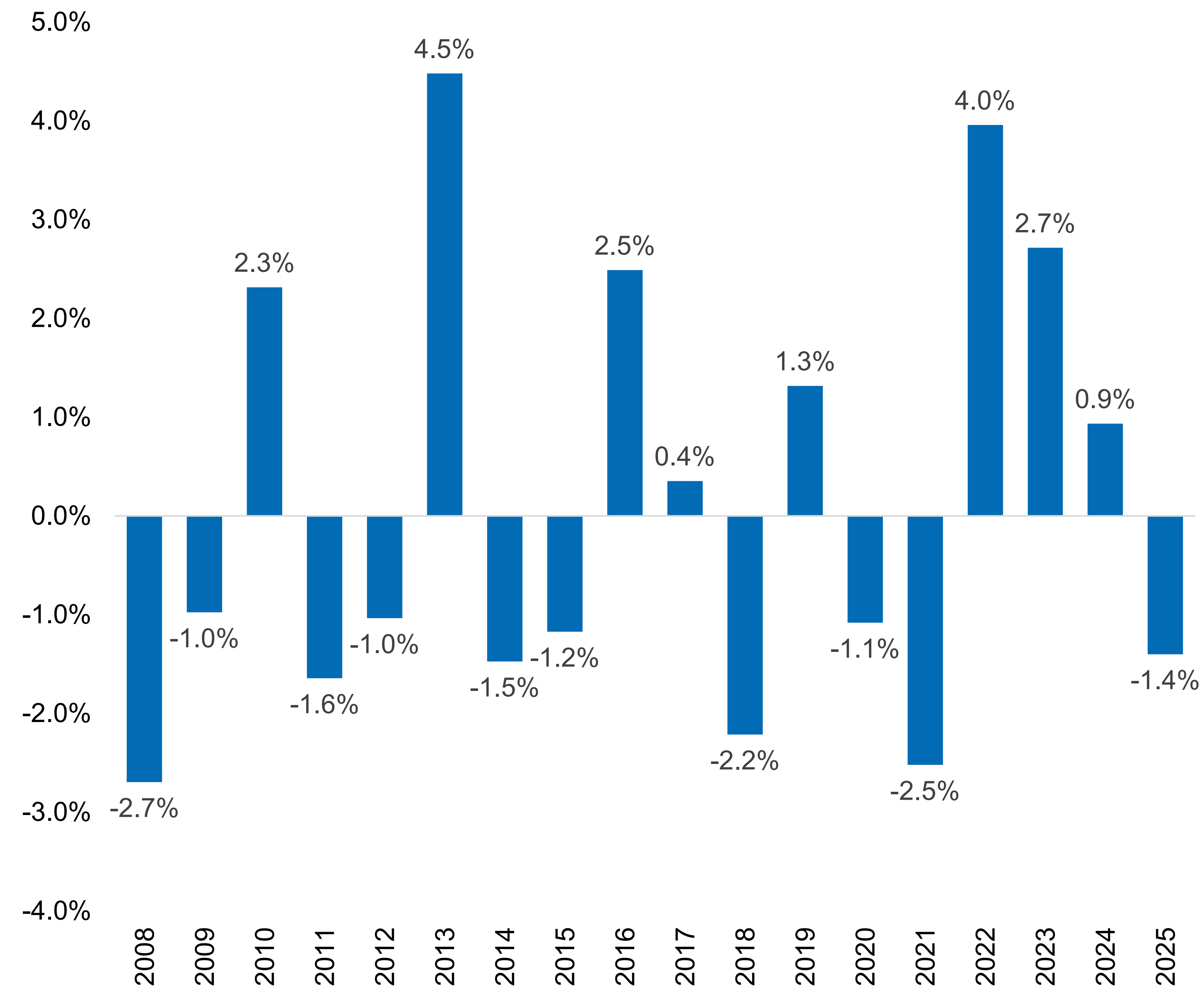
Rent Growth Continues To Stabilize

Average asking rents in Southern New Jersey have fully rebounded and now surpass pre-2020 levels. Following substantial year-over-year gains in both 2022 and 2023, rent growth moderated in 2024 and saw a slight decline of 1.4% over the past year to average $21.37 per square foot as of the third quarter.

Office Average Asking Rent, $/SF, FS



Year-over-Year Asking Rent Growth Rate

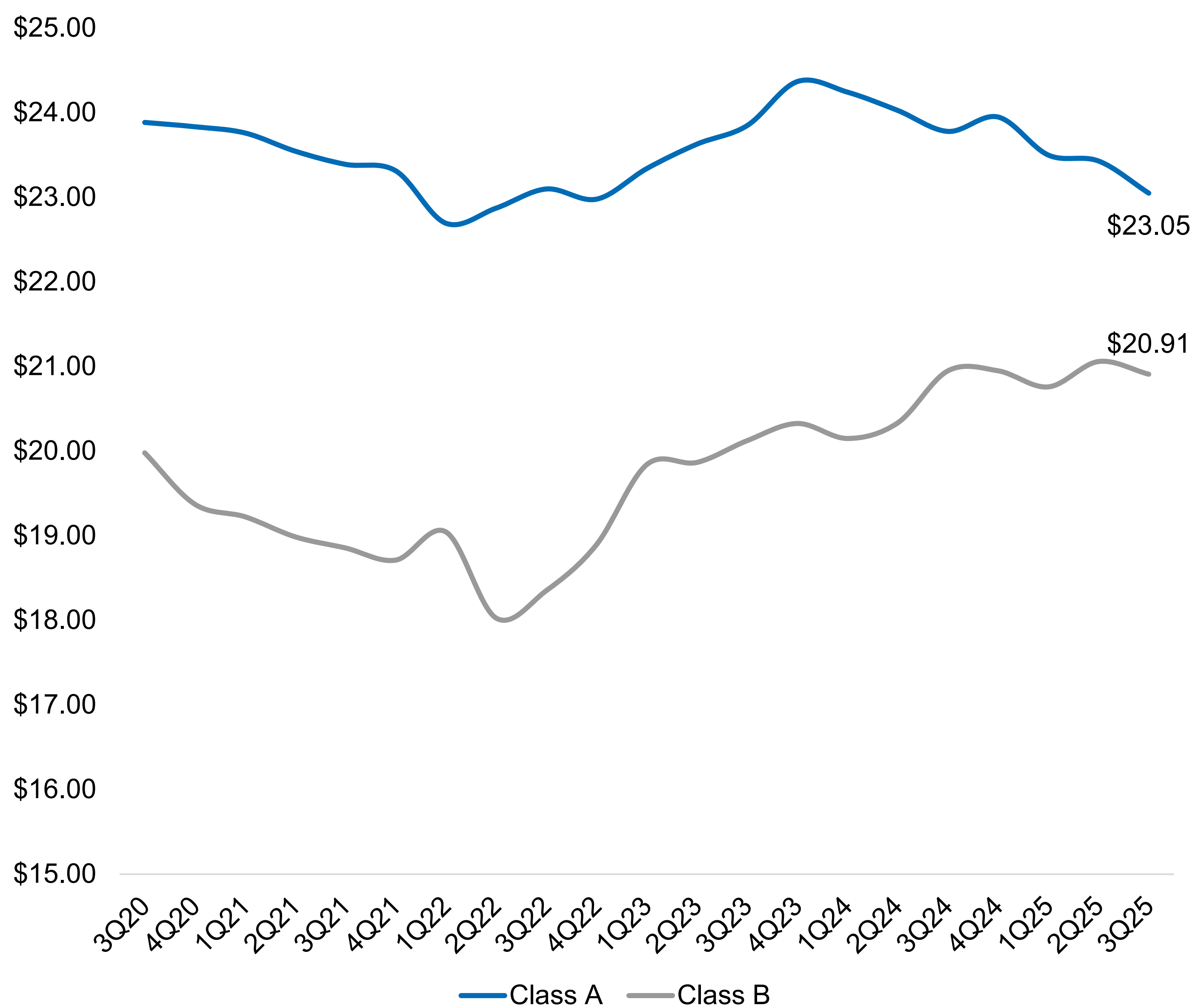


Source: Newmark Research

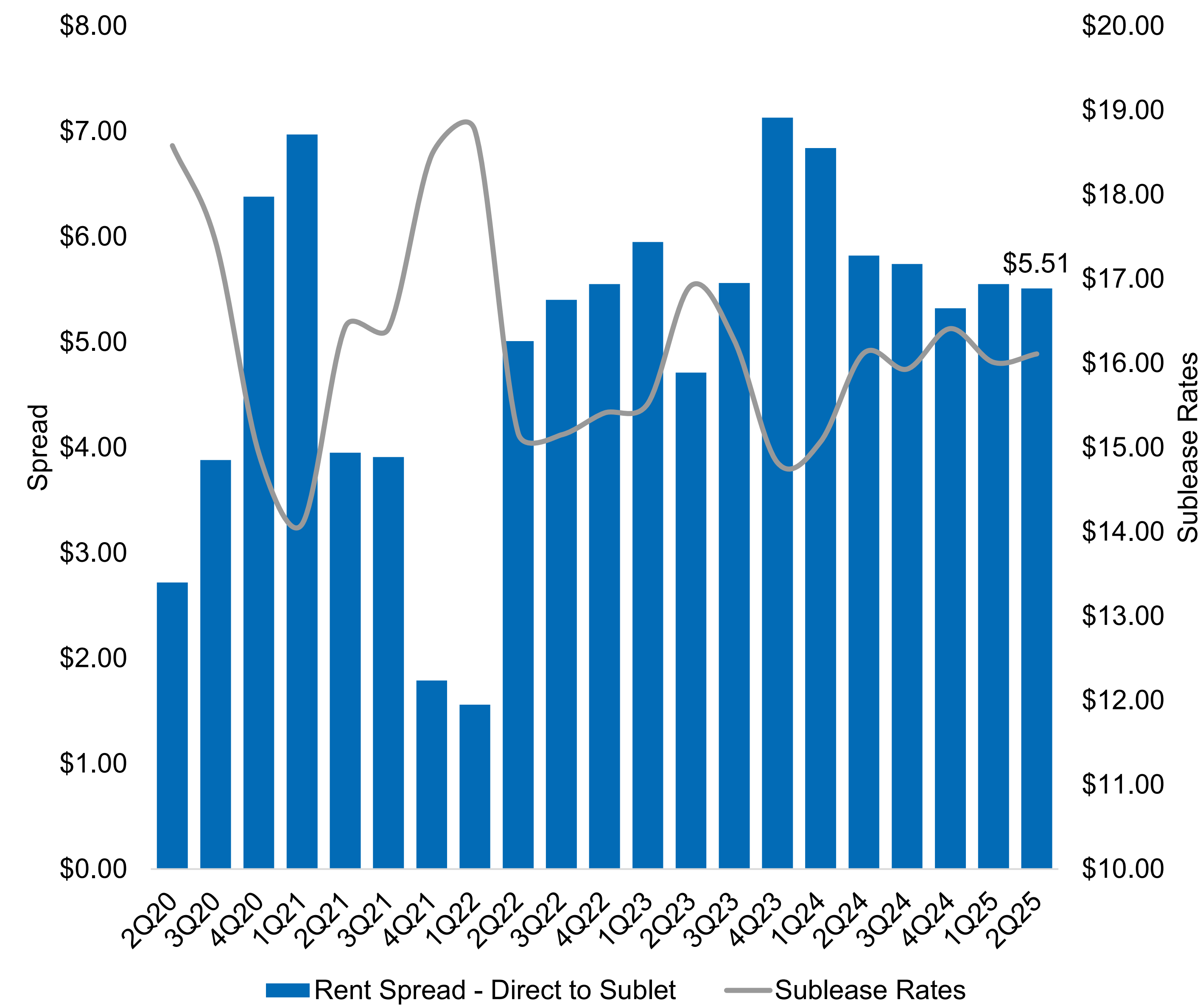
Direct Asking Rents See Slight Drop as Sublease Rates Remain Stable

Asking rents for Class A space registered $23.05 per square foot as of the third quarter, a decline of 3.1% over the past year. Class B rents saw a smaller decline over the same period, dropping 0.2% to register $20.91 per square foot. Asking rents for sublease space have remained relatively stable over the past year, registering $16.11 per square foot as of the third quarter, an increase of 1.1% year-over-year. The rent spread between direct and sublease asking rents has also remained mostly stable for the past several quarters, registering $5.51 per square foot as of the third quarter.

Class A and Class B Asking Rents



Sublease Rates



Source: Newmark Research, CoStar

Please reach out to your
Newmark business contact for this information

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Market Statistics

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)
Cherry Hill	3,444,194	21.3%	864,539	108,540	25.1%	(18,872)	$22.76
Marlton	2,236,409	13.2%	343,674	59,374	15.4%	(5,115)	$21.82
Moorestown	1,047,939	17.3%	208,752	19,620	19.9%	3,008	$22.46
Mount Laurel	5,348,688	14.4%	803,481	77,999	15.0%	27,156	$19.65
Pennsauken/Camden	2,442,317	7.4%	202,976	18,310	8.3%	(11,069)	$18.93
Voorhees/Gibbsboro	1,352,533	2.6%	257,141	23,725	19.0%	189,880	$22.35
Southern New Jersey	**15,872,080**	**13.8%**	**2,680,563**	**307,568**	**16.9%**	**184,988**	**$21.37**

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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