



NEWMARK

Industrial Market Overview:
Northern New Jersey

3Q26

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Key Takeaways

The Northern and Central New Jersey industrial market built momentum through 3Q26, recording 7.38 MSF of year-to-date net absorption, the strongest pace since 2022, while overall vacancy declined to 6.5%, below the 20-year average.



Flight to quality continues: Class A product captured 53.2% of year-to-date leasing, as occupiers concentrate commitments in modern, high-clear facilities.



Demand is broadening beyond 3PLs, with retailers, consumer goods firms and e-commerce occupiers driving several of the quarter's largest transactions.



Construction starts are down 58% year to date, limiting new speculative supply and allowing absorption to outpace deliveries.



Average asking rents eased to \$16.43/SF, and the Class A premium narrowed to \$3.55/SF as landlords compete to lease up recently delivered space.

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Economy

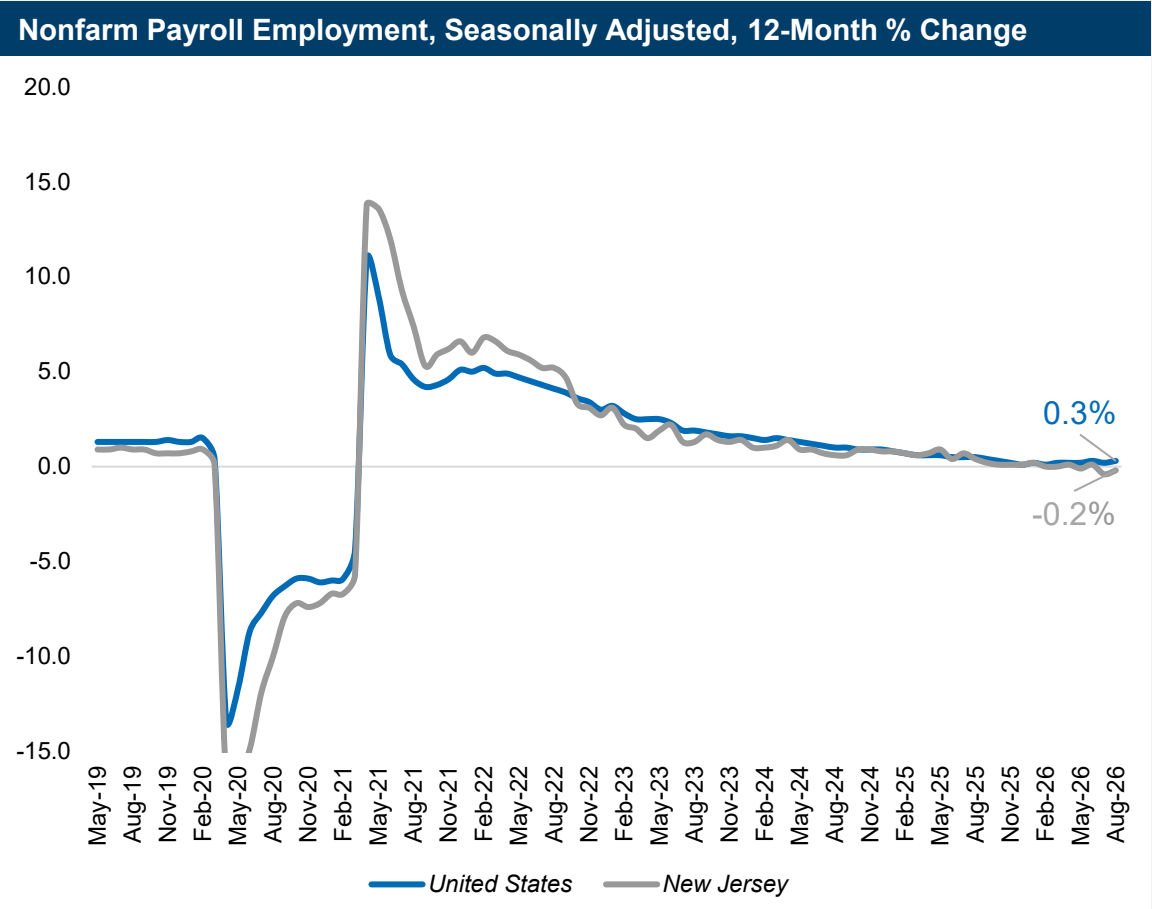
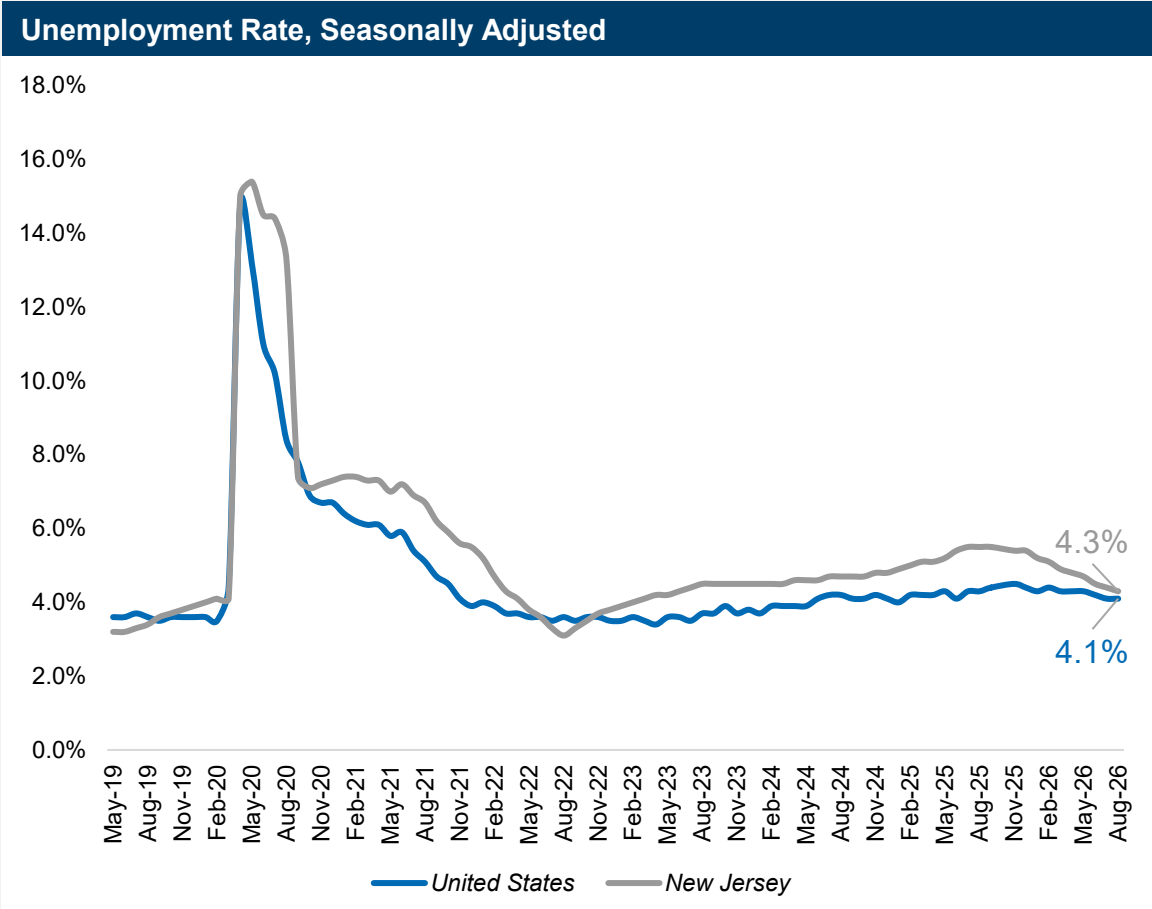
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New Jersey Unemployment Continues to Ease

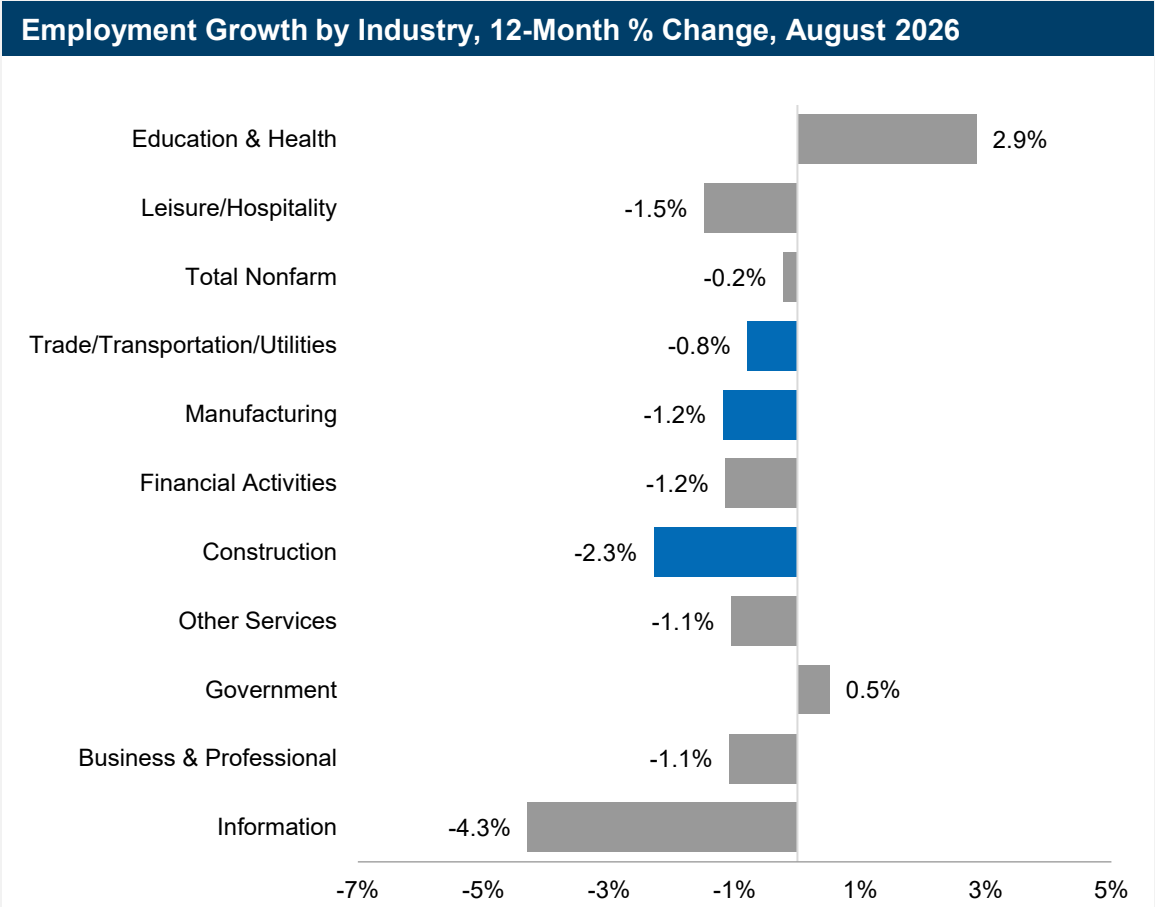
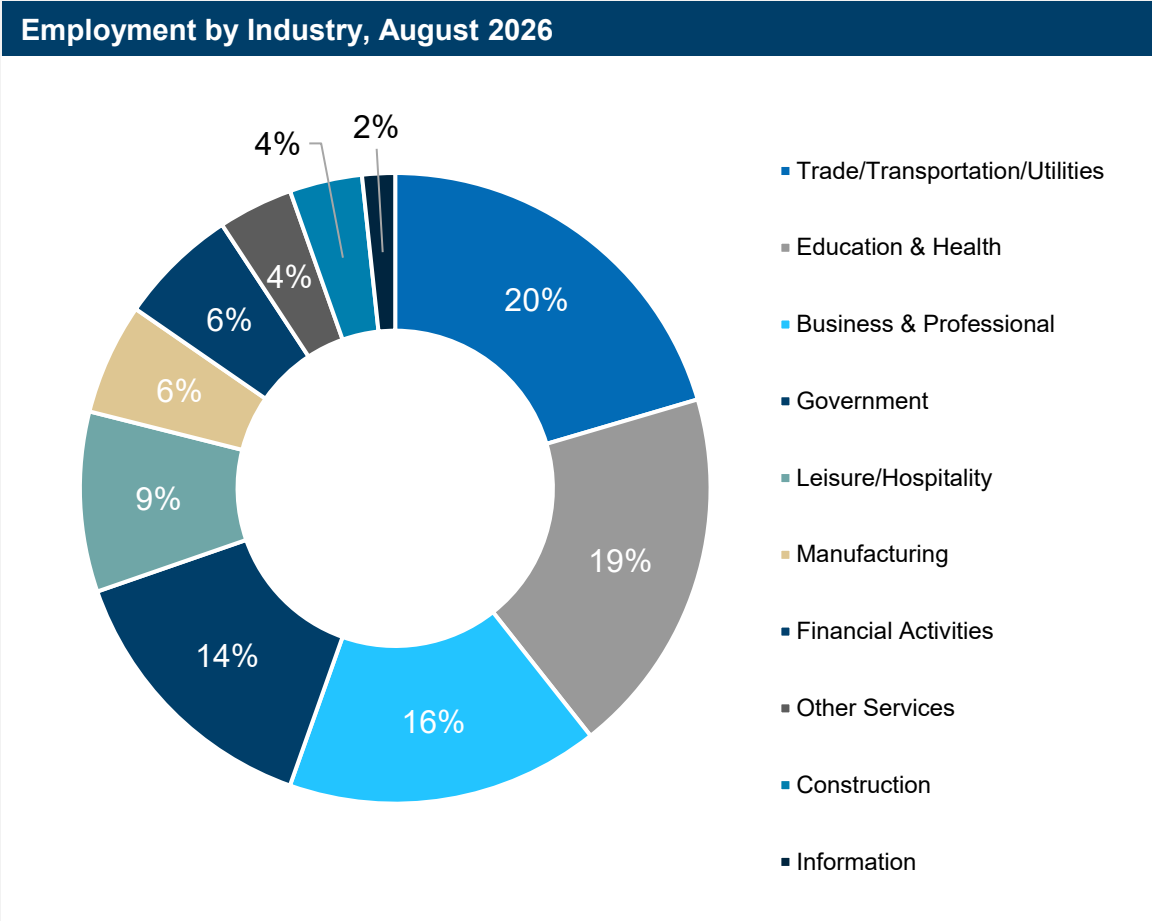
New Jersey’s unemployment rate fell to 4.3% in August 2026, down from a 5.5% peak in 3Q25 and now just 20 basis points above the national rate of 4.1%. Payroll employment declined 0.2% year over year, compared with 0.3% growth nationally, pointing to a labor market that is stabilizing but still soft.



Source: U.S. Bureau of Labor Statistics, New Jersey and United States, seasonally adjusted, data through August 2026. Note: August 2026 New Jersey data is preliminary.

Industrial Employment Posts Year-Over-Year Losses

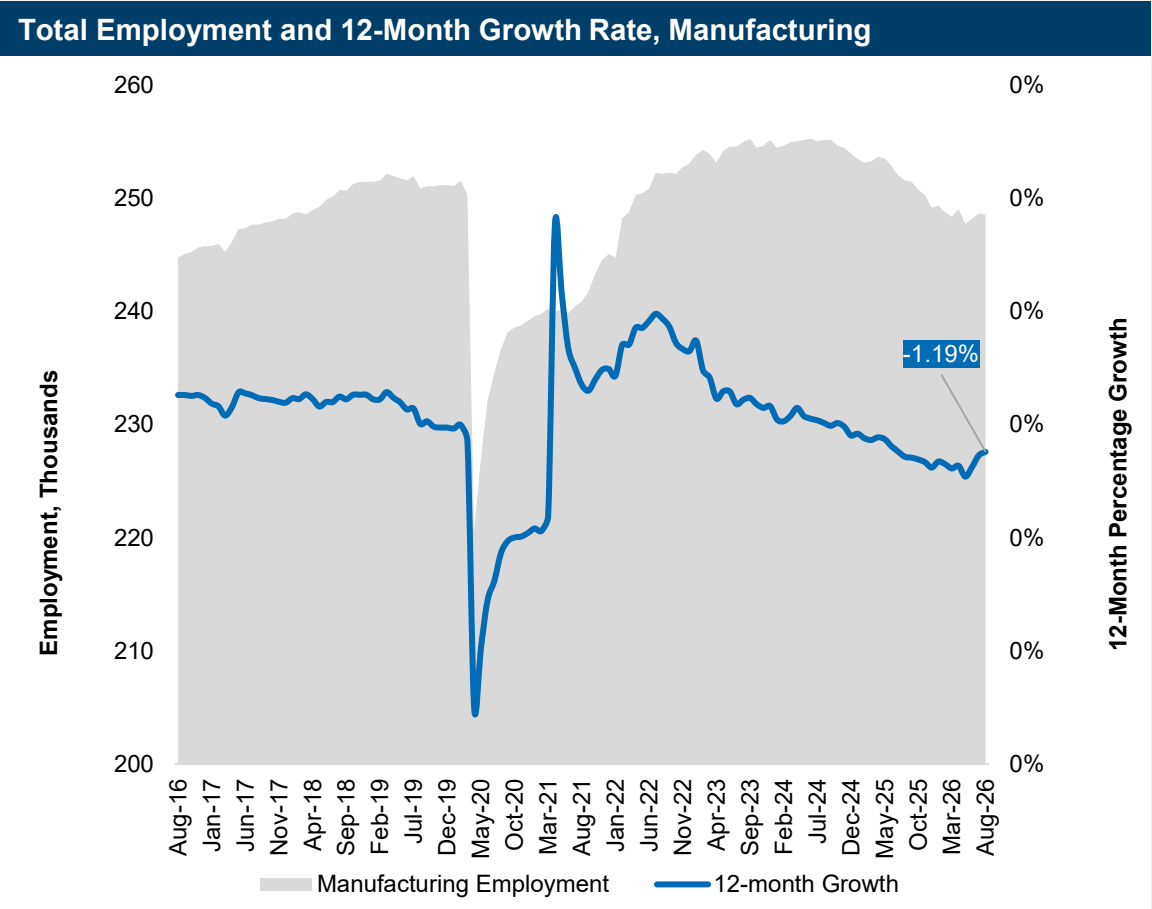
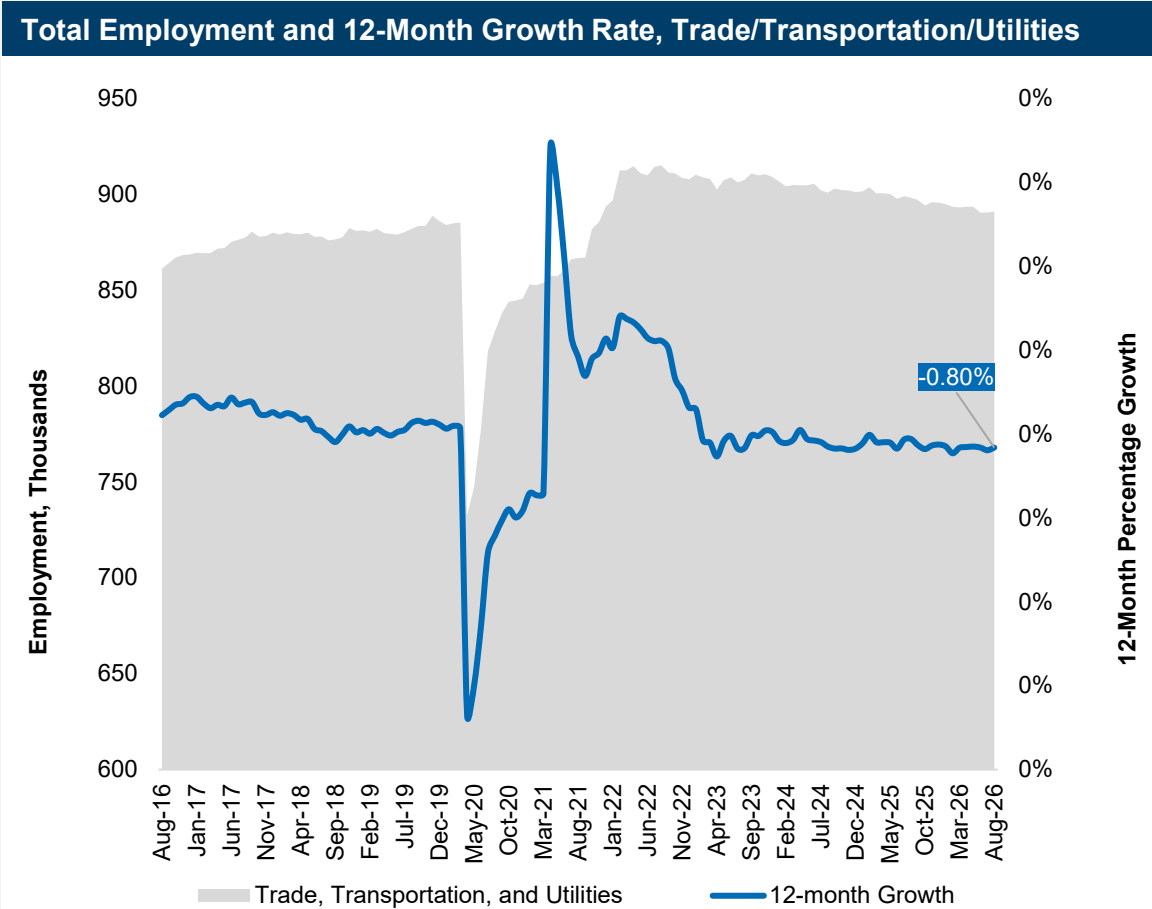
Education and health services led all industries, recording 2.9% annual job growth in August 2026. Among industrial-related sectors, trade, transportation and utilities contracted 0.8%, manufacturing declined 1.2% and construction fell 2.3%.



Source: U.S. Bureau of Labor Statistics, New Jersey, seasonally adjusted, August 2026. Note: August 2026 data is preliminary.

Industrial Employment Continues to Contract

Trade, transportation and utilities and manufacturing firms continue to adjust staffing amid shifting demand and economic headwinds. As of August 2026, trade, transportation and utilities employment declined 0.8% year over year to 891,200 jobs, while manufacturing employment fell 1.2% to 248,600.



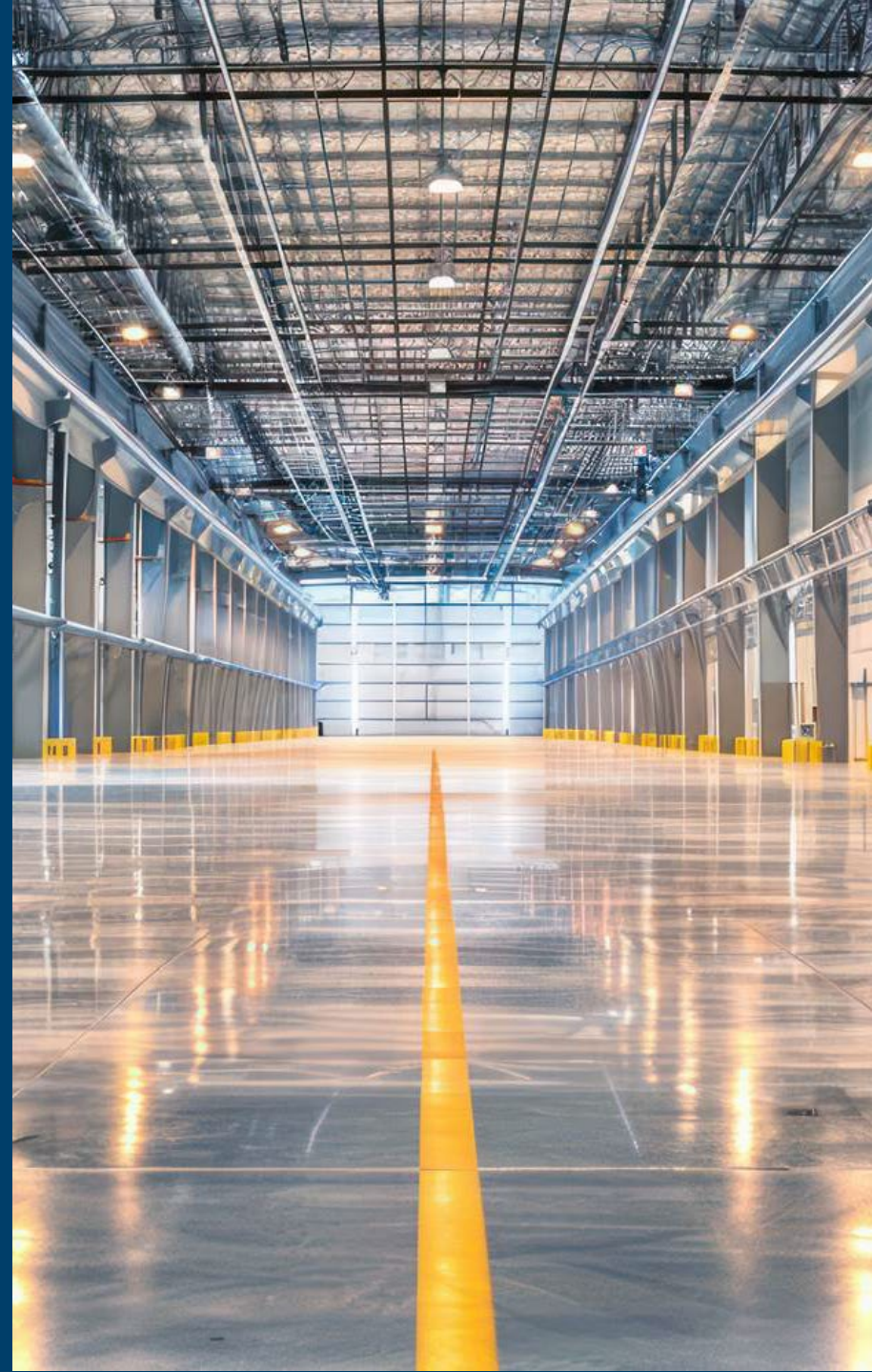
Source: U.S. Bureau of Labor Statistics, New Jersey, seasonally adjusted, data through August 2026. Note: August 2026 data is preliminary.

02

Leasing Market Fundamentals

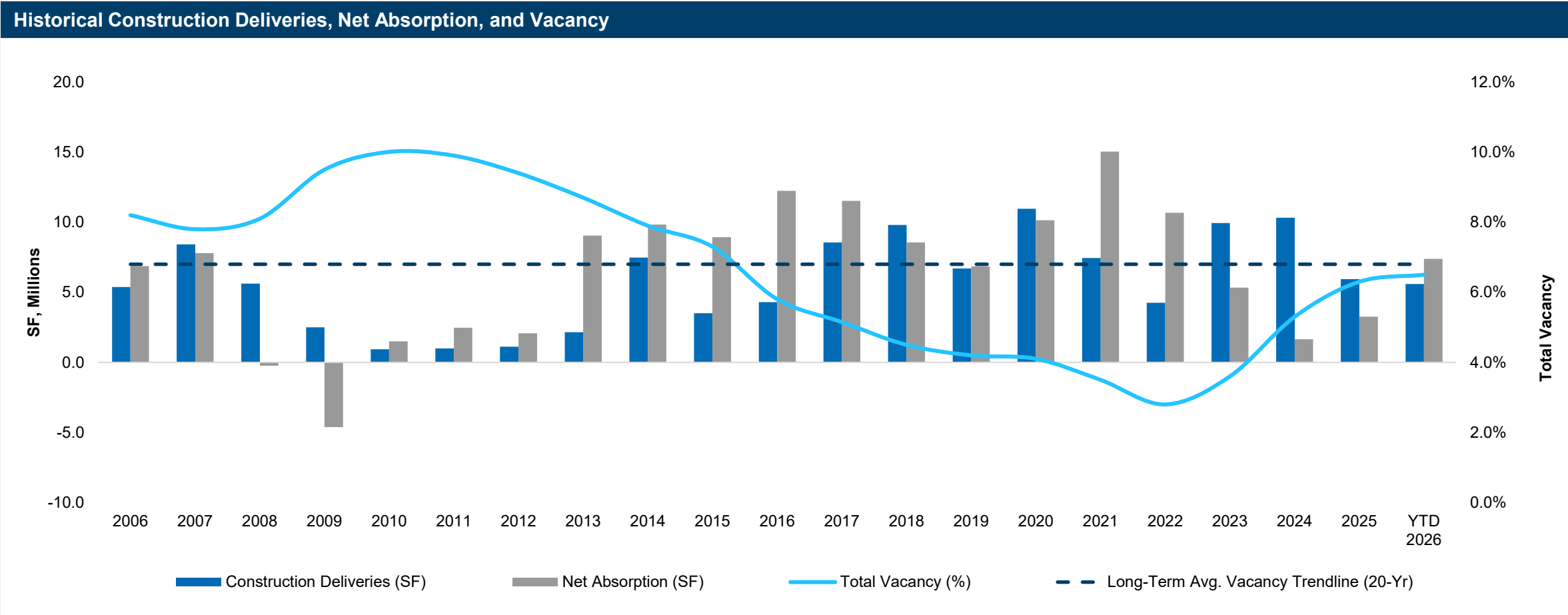
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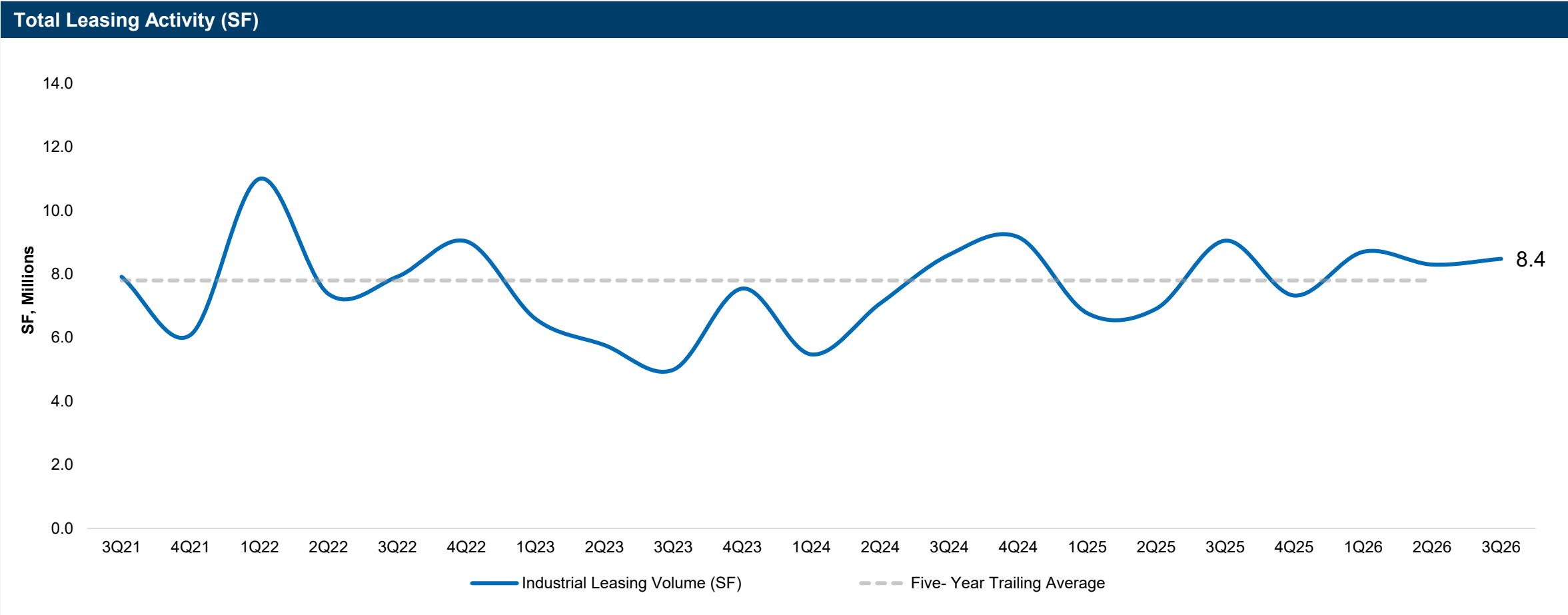
Market Stabilizes as Net Absorption Stays Positive

The Northern and Central New Jersey industrial market posted 3.22 MSF of net absorption in 3Q26, bringing the year-to-date total to 7.38 MSF, more than double the 2025 annual total and the strongest pace since 2022. Overall vacancy was 6.5%, still below the 20-year average of 6.8%, as net absorption outpaced 5.59 MSF of year-to-date deliveries. Central New Jersey drove 3.05 MSF of the quarter’s gains, led by Exit 8A, Linden/Elizabeth, Exit 10 and the I-287 Corridor submarkets.



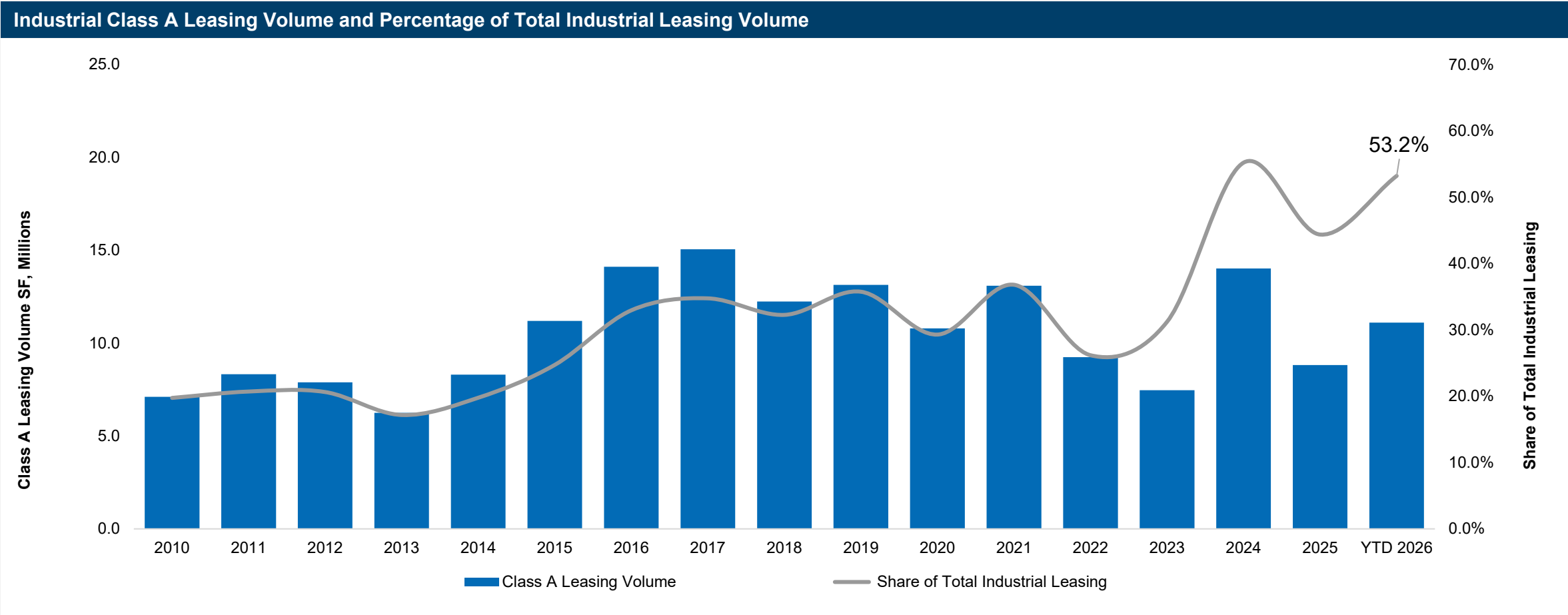
Industrial Leasing Activity Accelerates

Leasing activity totaled 8.48 MSF in 3Q26, the third consecutive quarter above the five-year trailing average of 7.8 MSF. Year-to-date volume reached 25.5 MSF, up 12.1% from the same period in 2025 and the most active first three quarters since 2022. As COVID-era leases began to expire, renewals rose 31% quarter over quarter and 68% year over year, led by LG Electronics' 926,362 SF and G-III Apparel's 583,376 SF commitments. Demand also broadened beyond 3PLs, as retailers, consumer goods firms and e-commerce occupiers accounted for several of the quarter's largest commitments.



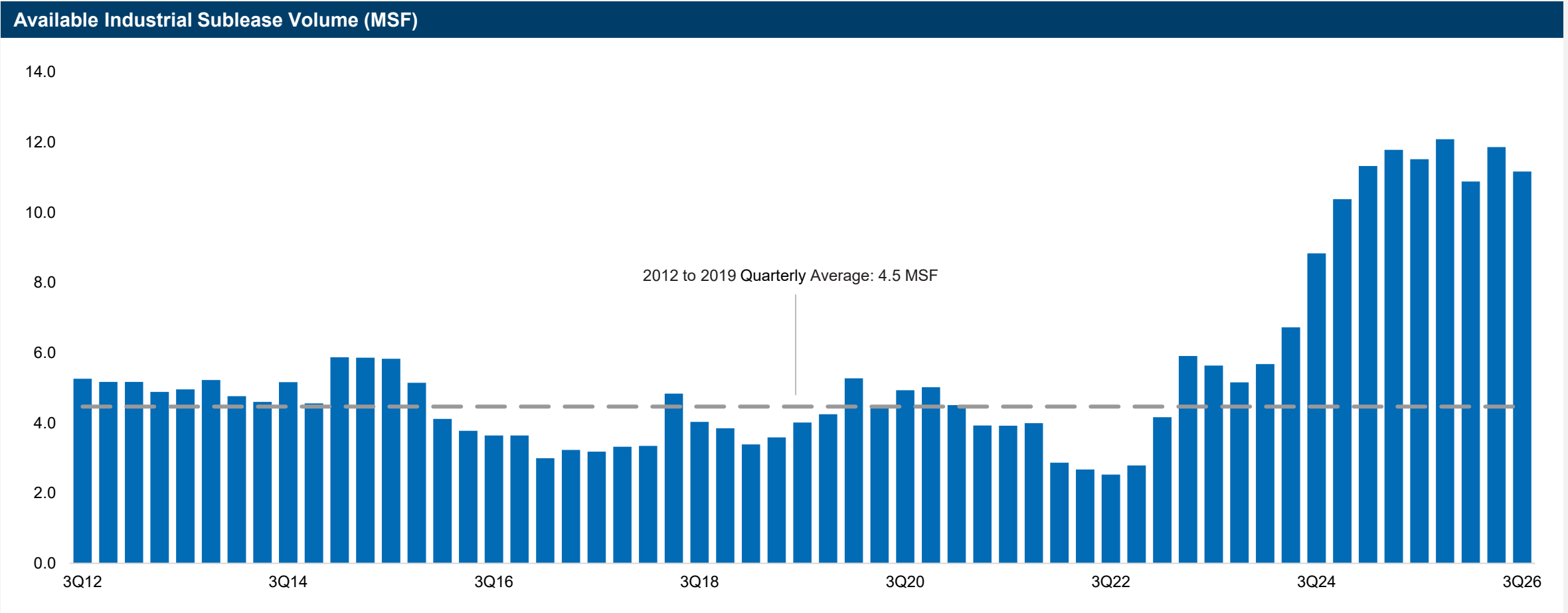
Class A Warehouse Leasing Activity

Class A warehouse product accounted for 53.2% of year-to-date leasing in 2026, second only to 2024 in a series dating to 2010. Class A volume reached 11.1 MSF through 3Q26, already surpassing the 2025 annual total of 8.8 MSF. Occupiers continue to prioritize higher clear heights, modern specifications and efficient layouts that support automation and fulfillment operations, widening the performance gap between new and older inventory.



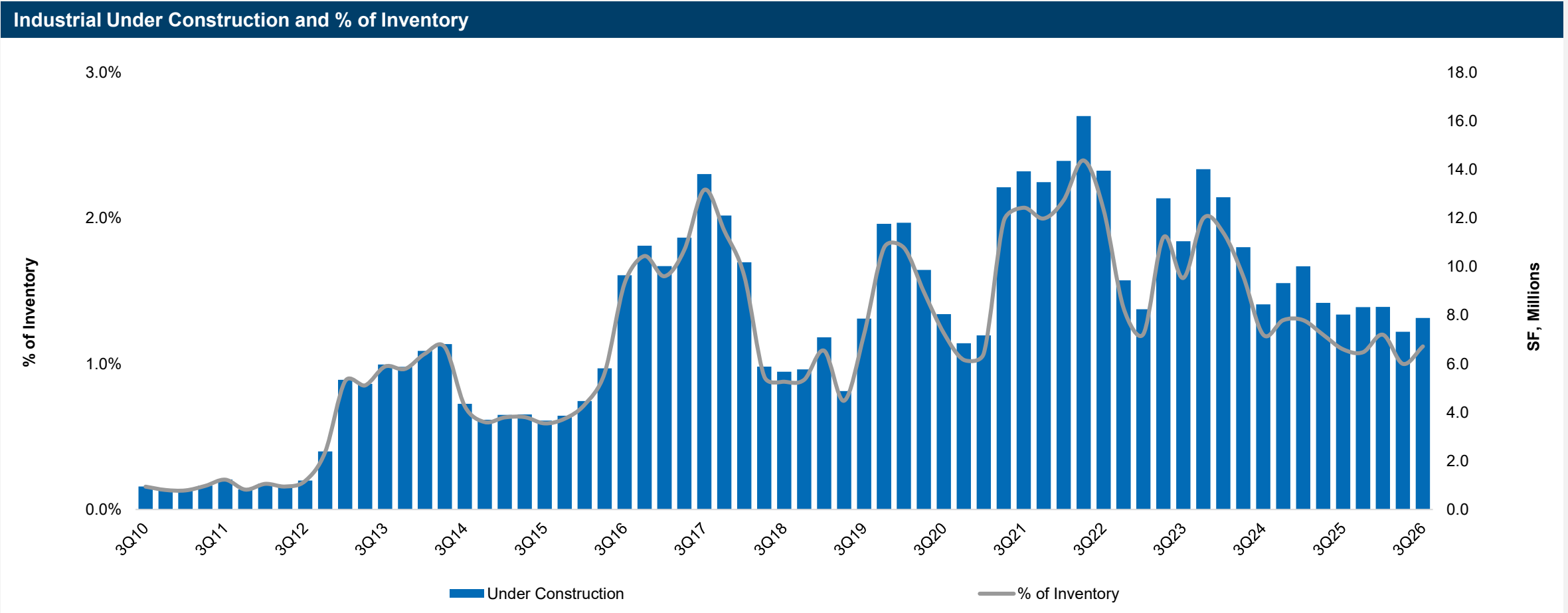
Industrial Sublease Availability Remains Elevated

Sublease availability eased to 11.2 MSF in 3Q26, down from 11.9 MSF in 2Q26 and below the 4Q25 peak of 12.1 MSF. However, it is still about 2.5 times the long-term average of 4.5 MSF. Although leasing demand has improved, some occupiers continue to evaluate space needs and timing, keeping sublease supply a factor in overall availability. As a result, sublease space is likely to remain a near-term headwind, particularly for older or less competitive product.



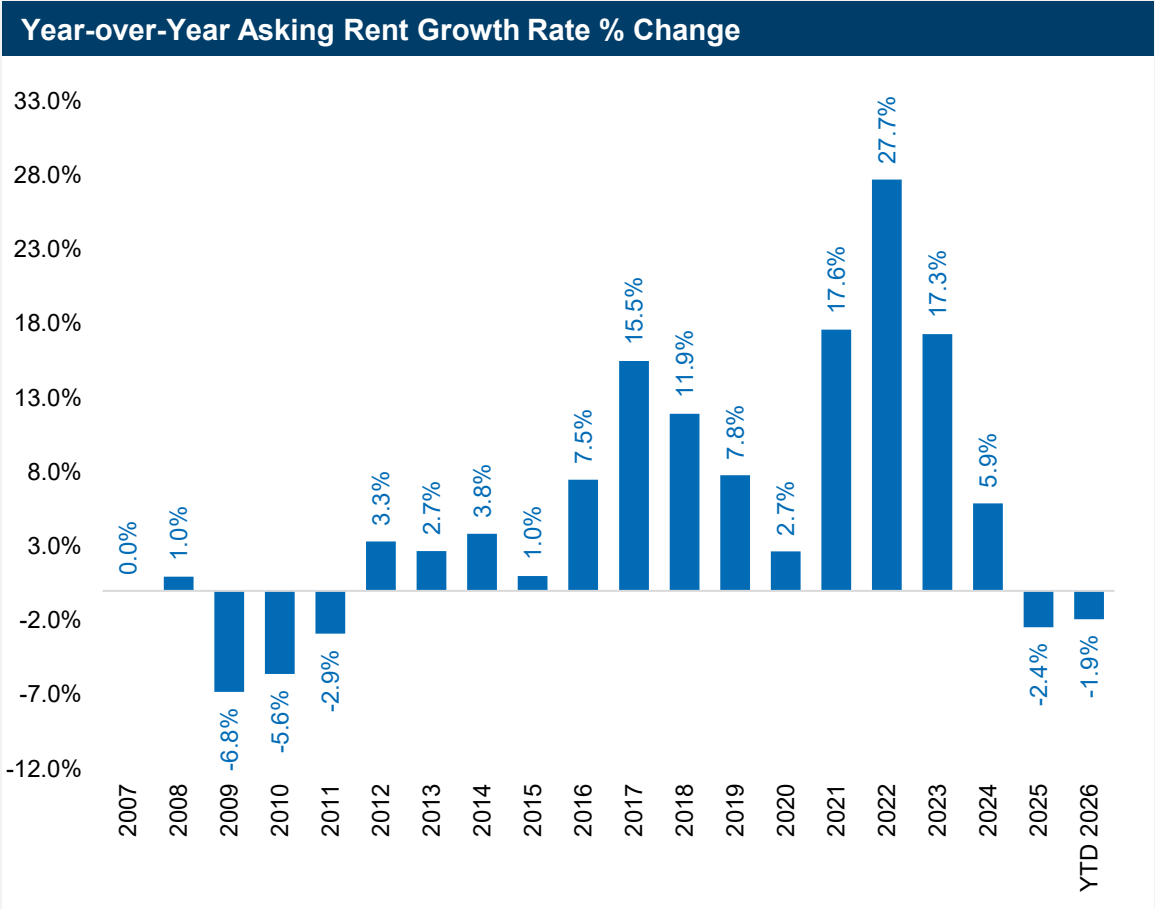
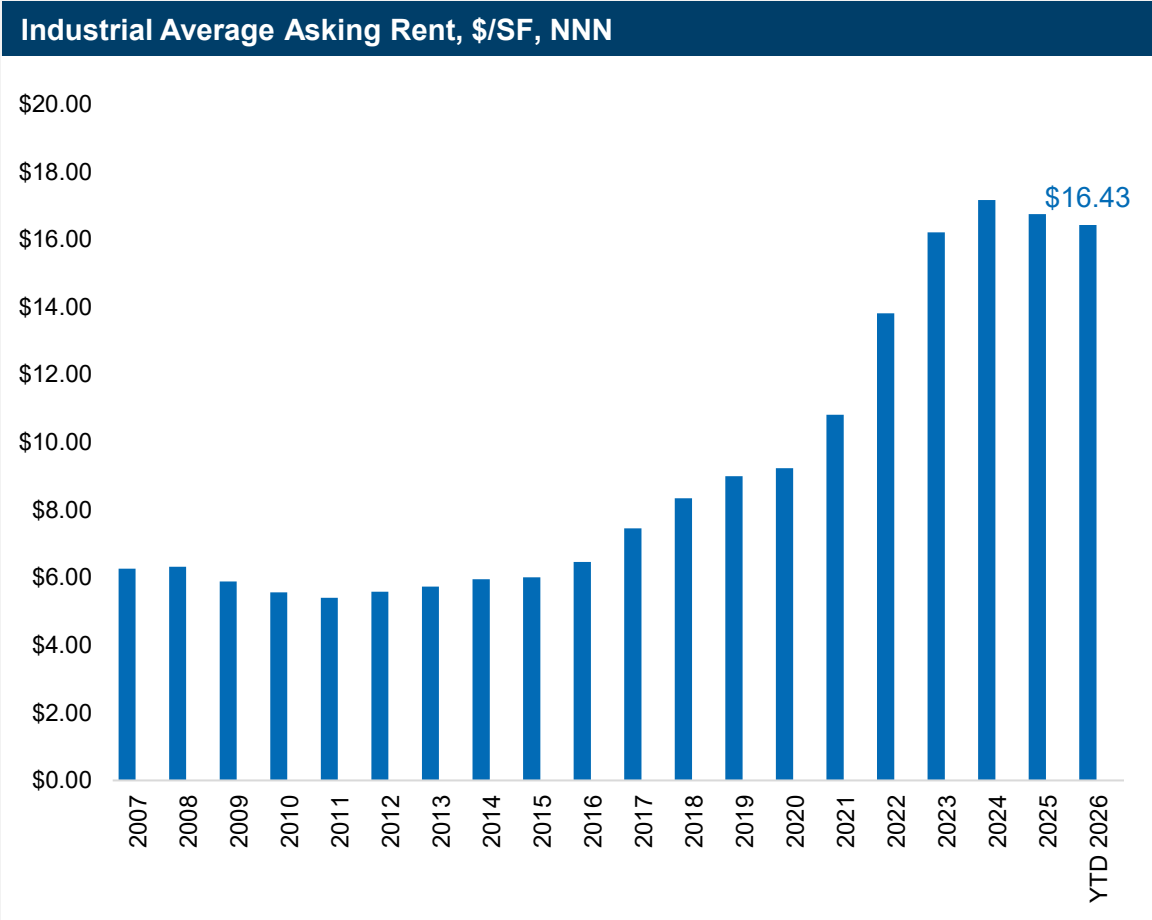
Under Construction Ticks Up but Remains Below Recent Peaks

The active construction pipeline rose to 7.89 MSF in 3Q26, or 1.1% of inventory, up from 7.32 MSF in 2Q26. It is still below the 8.34 MSF recorded at the start of the year and well below the 16.2 MSF peak in 2Q22. With fewer speculative starts than during the last development cycle, new supply is less of a headwind than in recent years, improving the market's ability to absorb space and tighten fundamentals over time. The quarterly uptick is worth watching, but the broader trend still points to a market shifting from a supply-led phase to a more demand-driven one.



Industrial Asking Rents Stabilize

Average asking rents eased to \$16.43/SF in 3Q26, down 1.9% from the 2025 average and 4.3% below the 2024 peak of \$17.17/SF. Landlords continue to offer concessions to lease up space delivered during the 2023–2024 construction cycle, keeping pricing in check despite stronger demand. As availability tightens in select submarkets and size ranges, well-located modern product is best positioned to lead a return to rent growth.



Notable 3Q26 Lease Transactions

The quarter’s largest deals reflect a broader tenant mix, with consumer goods, 3PL, e-commerce and manufacturing occupiers all represented among the top five. Major renewals by LG Electronics and G-III Apparel show occupiers recommitting to established Central New Jersey distribution hubs, while new leases from US Elogistics, Amazon and Dunlop highlight continued demand for modern space along the Turnpike corridor and in urban infill locations.

Notable 3Q26 Lease Transactions				
Tenant	Building(s)	Submarket	Type	Square Feet
LG Electronics	50 Veronica Ave.	I-287 Corridor	Renewal	926,362
LG Electronics renewed for 926,362 SF at 50 Veronica Ave. in Somerset, the largest transaction of the quarter.				
US Elogistics	1 Costco Drive	Exit 8A	Direct New	611,320
US Elogistics signed a 611,320 SF new deal at 1 Costco Drive in Exit 8A.				
G-III Apparel	140 Docks Corner Road	Exit 8A	Renewal	583,376
G-III Apparel renewed for 583,376 SF at 140 Docks Corner Road in Exit 8A.				
Amazon	145 Industrial Drive	Hudson Waterfront	Direct New	426,275
Amazon signed a 426,275 SF new deal at 145 Industrial Drive in Jersey City.				
Dunlop	740 Corporate Blvd.	Exit 7A	Direct New	333,580
Dunlop signed a 333,580 SF new deal at 740 Corporate Blvd. in Exit 7A, occupying a newly delivered property.				

3Q26 Northern/Central New Jersey Industrial Submarket Overview

Submarket Statistics – All Classes

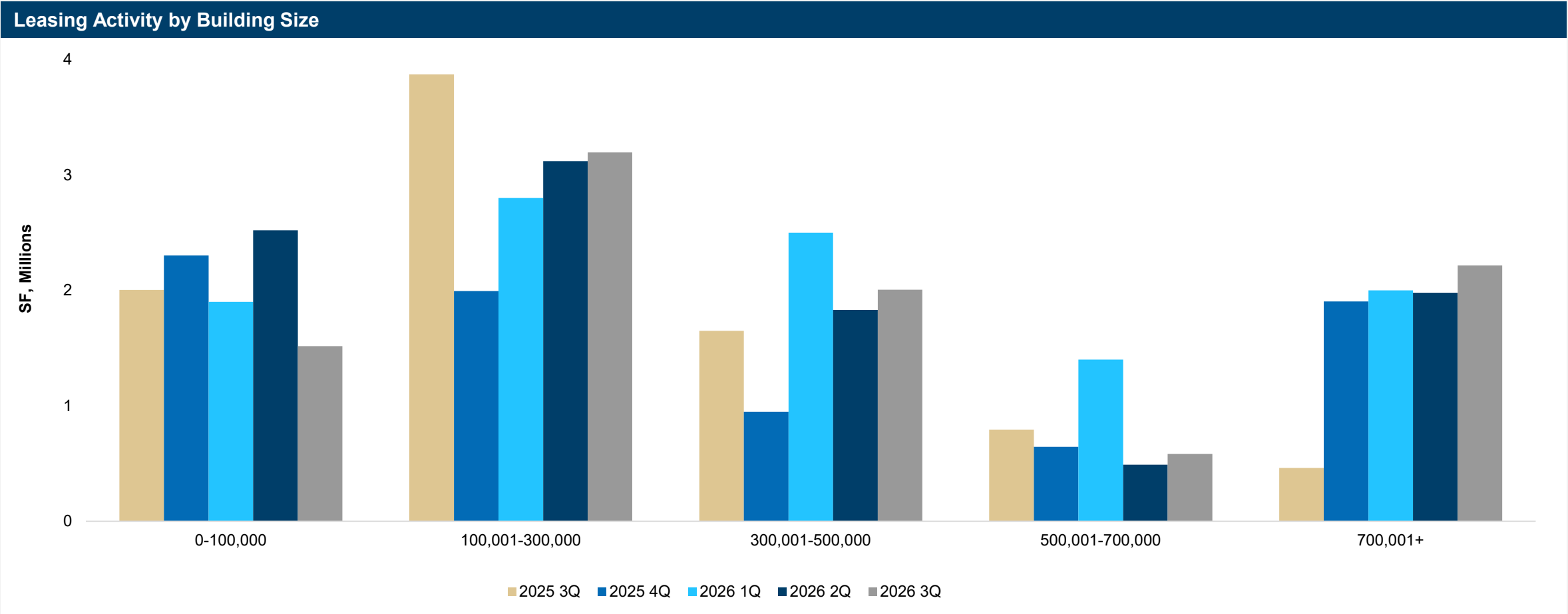
	Total Inventory (SF)	Under Construction (SF)	Total Vacancy Rate	Qtr Net Absorption (SF)	YTD 2026 Net Absorption (SF)	Qtr Construction Deliveries (SF)	YTD 2026 Construction Deliveries (SF)	Total Asking Rent (Price/SF)
Northern NJ	317,388,545	1,903,022	5.7%	169,617	3,510,103	585,431	2,843,284	\$16.36
Bergen Central	17,107,324	154,240	7.1%	222,706	452,787	0	0	\$16.58
Bergen Northeast	4,708,922	0	1.9%	2,801	87,276	0	0	\$13.77
Bergen Northwest	13,773,074	0	4.7%	(103,930)	(211,078)	0	0	\$15.77
Hudson Waterfront	33,077,451	0	8.4%	602,000	896,619	0	0	\$19.50
Meadowlands	93,416,890	952,180	5.6%	(428,430)	1,281,974	0	1,286,241	\$17.78
Morris East	23,706,502	602,409	6.8%	238,758	355,596	218,431	408,295	\$16.94
Morris West	18,713,204	140,878	6.6%	73,976	900,313	12,600	794,348	\$17.14
Newark	39,983,092	0	4.7%	(253,563)	6,690	354,400	354,400	\$18.37
Paterson/Passaic	27,768,971	0	5.7%	(195,195)	(312,519)	0	0	\$14.17
Route 280/Suburban Essex	10,240,632	53,315	5.3%	67,755	75,950	0	0	\$15.95
Route 46/23 Corridor	34,892,483	0	4.1%	(57,261)	(23,505)	0	0	\$14.02

3Q26 Northern/Central New Jersey Industrial Submarket Overview

Submarket Statistics – All Classes								
	Total Inventory (SF)	Under Construction (SF)	Total Vacancy Rate	Qtr Net Absorption (SF)	YTD 2026 Net Absorption (SF)	Qtr Construction Deliveries (SF)	YTD 2026 Construction Deliveries (SF)	Total Asking Rent (Price/SF)
Central NJ	389,781,708	5,991,303	7.4%	3,050,198	3,871,483	944,447	2,542,831	\$15.75
Exit 12	23,382,835	0	8.1%	(201,916)	272,497	0	0	\$18.43
Exit 10	57,284,434	973,395	3.7%	742,832	948,816	0	0	\$15.67
Exit 9	30,325,915	1,813,819	10.2%	(3,157)	(46,501)	0	36,000	\$15.90
Exit 8A	84,120,334	100,000	7.4%	448,222	2,318,686	0	0	\$15.29
Exit 7A	32,473,338	689,723	12.9%	(66,800)	(453,277)	333,580	753,604	\$13.52
I-287 Corridor	56,436,114	572,386	4.8%	637,137	(245,247)	0	436,960	\$15.74
Linden/Elizabeth	36,329,603	277,818	6.3%	1,111,188	977,021	0	0	\$17.38
Monmouth	19,268,178	1,493,525	5.4%	213,101	192,867	257,342	386,842	\$14.67
Union Central	23,728,040	0	3.6%	(136,427)	(4,774)	0	0	\$14.77
Western I-78 Corridor	26,432,917	70,637	16.4%	306,018	(88,605)	353,525	929,425	\$16.13
Northern/Central NJ	707,370,253	7,894,325	6.5%	3,219,815	7,381,586	1,529,878	5,586,115	\$16.43

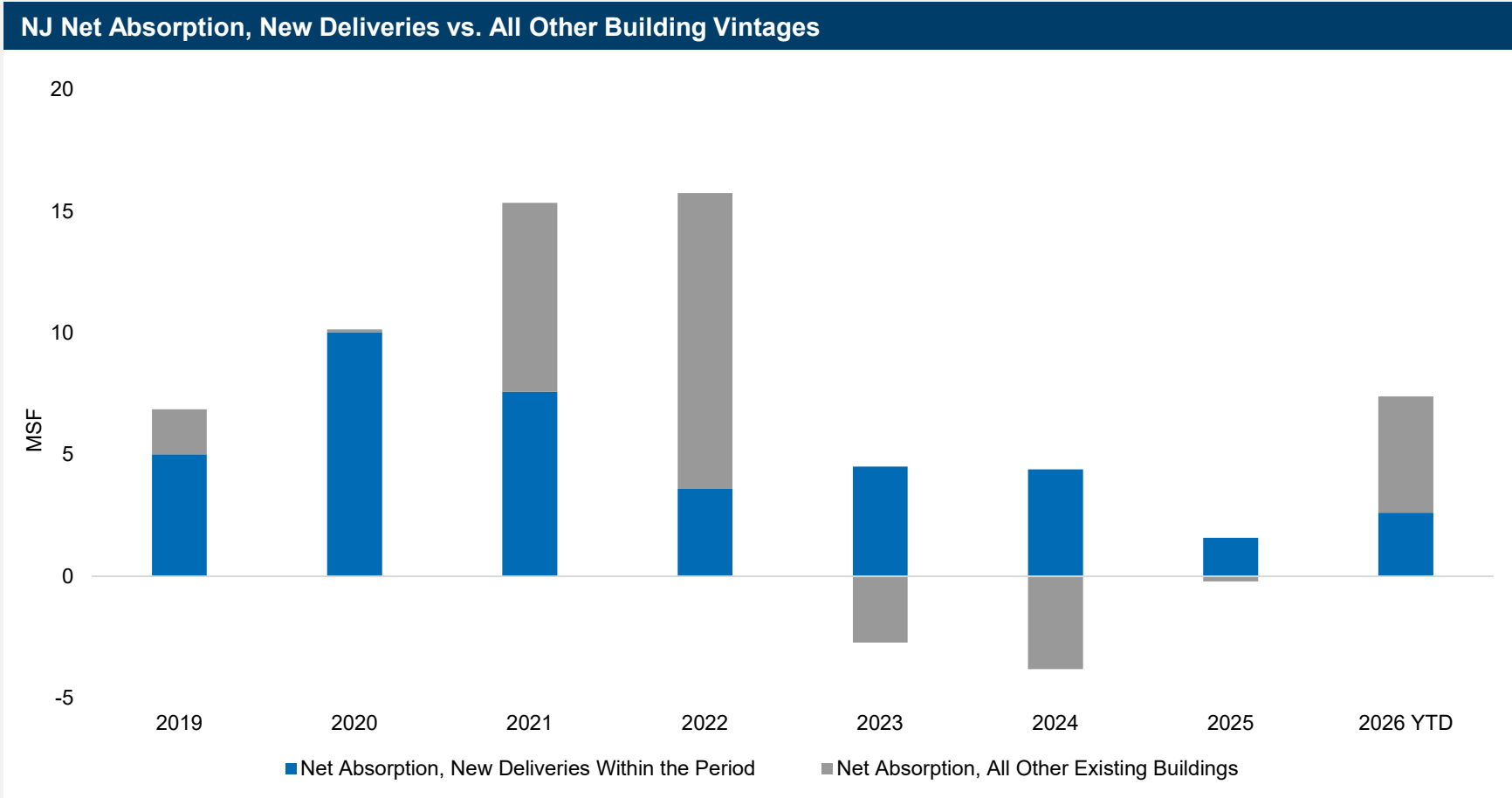
100,001-300,000 SF Buildings Account for Largest Share of Leasing Volume

Leasing activity in 3Q26 remained concentrated in the 100,001-to-300,000 SF range, which accounted for 3.19 MSF, the most of any size segment. Big-box demand also strengthened, as the 700,001 SF-plus category recorded 2.22 MSF, its highest total in the past five quarters, consistent with a broader rebound in large-block transactions. Activity in spaces under 100,000 SF slowed to 1.52 MSF, the lowest of the period, as limited small-bay availability constrained deal volume.



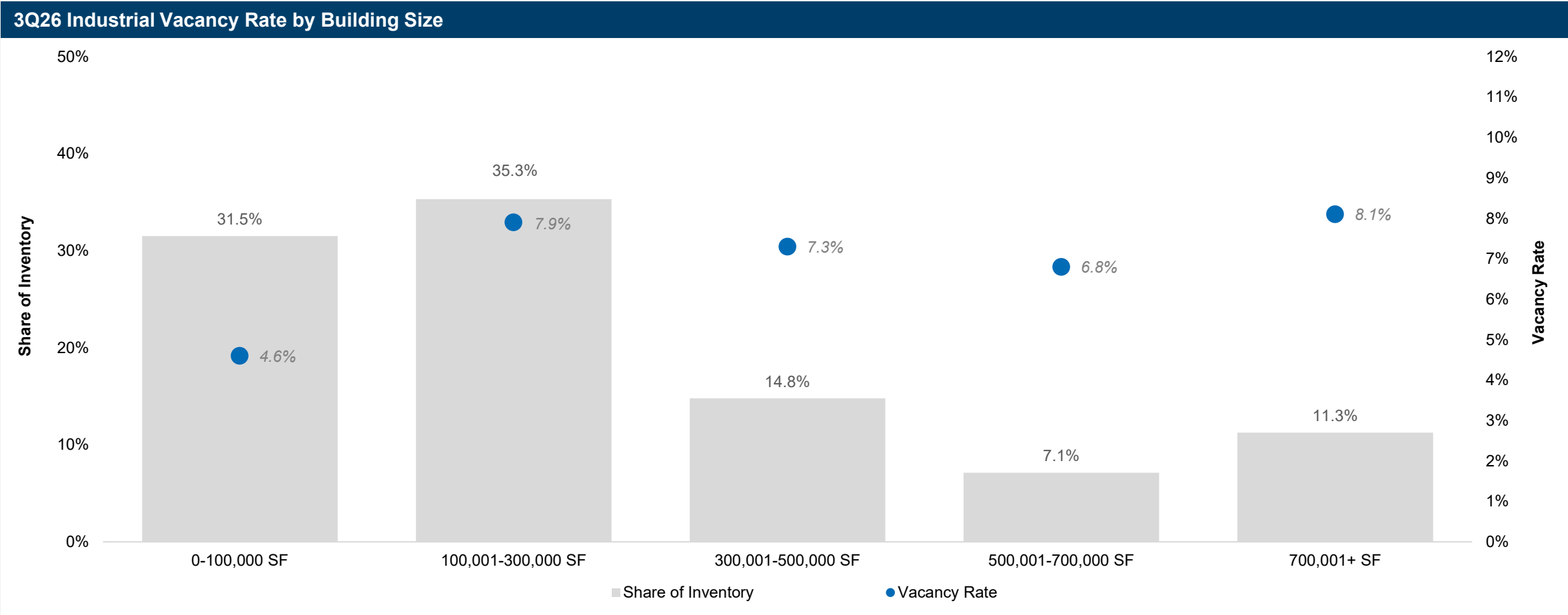
NNJ/CNJ Net Absorption Has Broadened Beyond New Deliveries

Demand has shifted toward existing buildings in 2026, as occupiers fill space that came online during the 2023–2024 development wave. Of the roughly 7.4 MSF absorbed year to date, 4.78 MSF occurred in existing buildings, the strongest total for that category since 2022 and a sharp turnaround from three consecutive years of losses. However, buildings completed since 2020 have still accounted for 91.6% of positive year-to-date absorption, reinforcing continued tenant preference for modern, high-quality space.



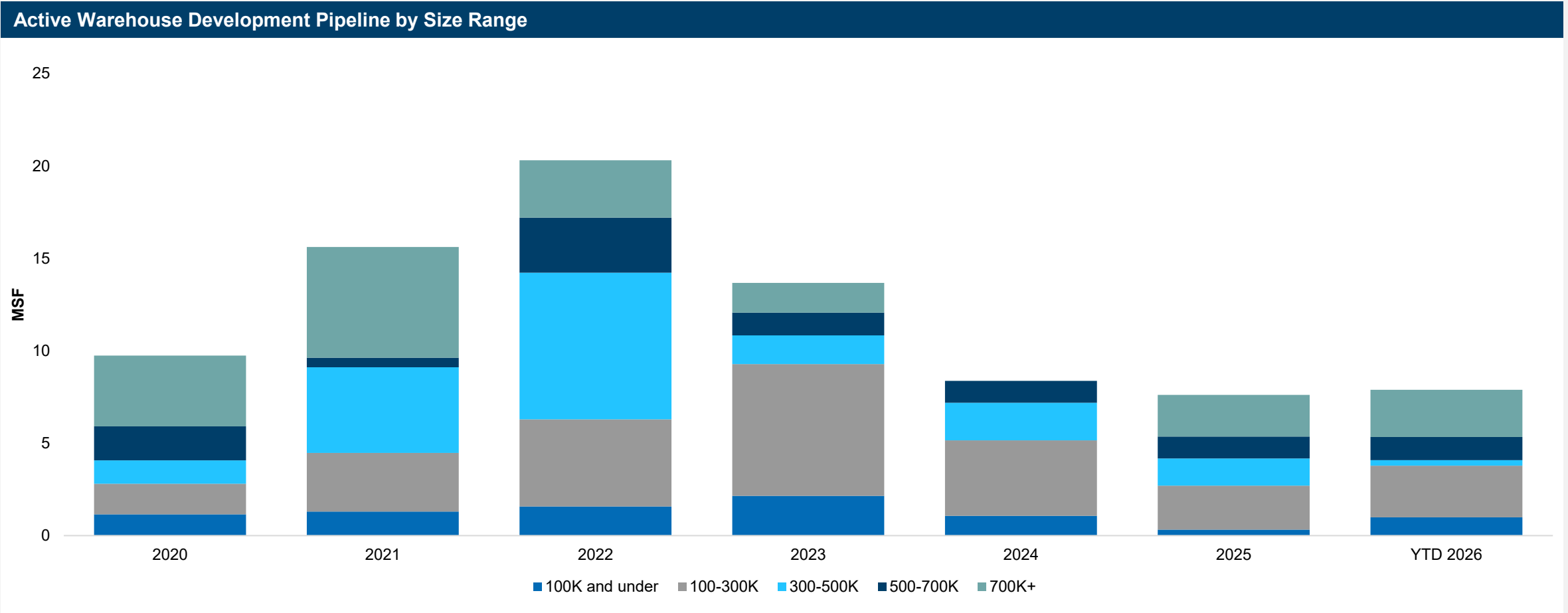
Smaller-Bay Space Remains Tight Despite Its Large Inventory Share

Smaller-bay product remains the tightest segment of the market, with buildings under 100,000 SF posting a 4.6% vacancy rate in 3Q26 despite representing 31.5% of total inventory. Vacancy was highest in the 700,001 SF-plus category at 8.1% and in the 100,001-to-300,000 SF range at 7.9%, where much of the recent speculative construction was concentrated. The 500,001-to-700,000 SF segment stood at 6.8%, reflecting limited large-format options as big-box demand returns.



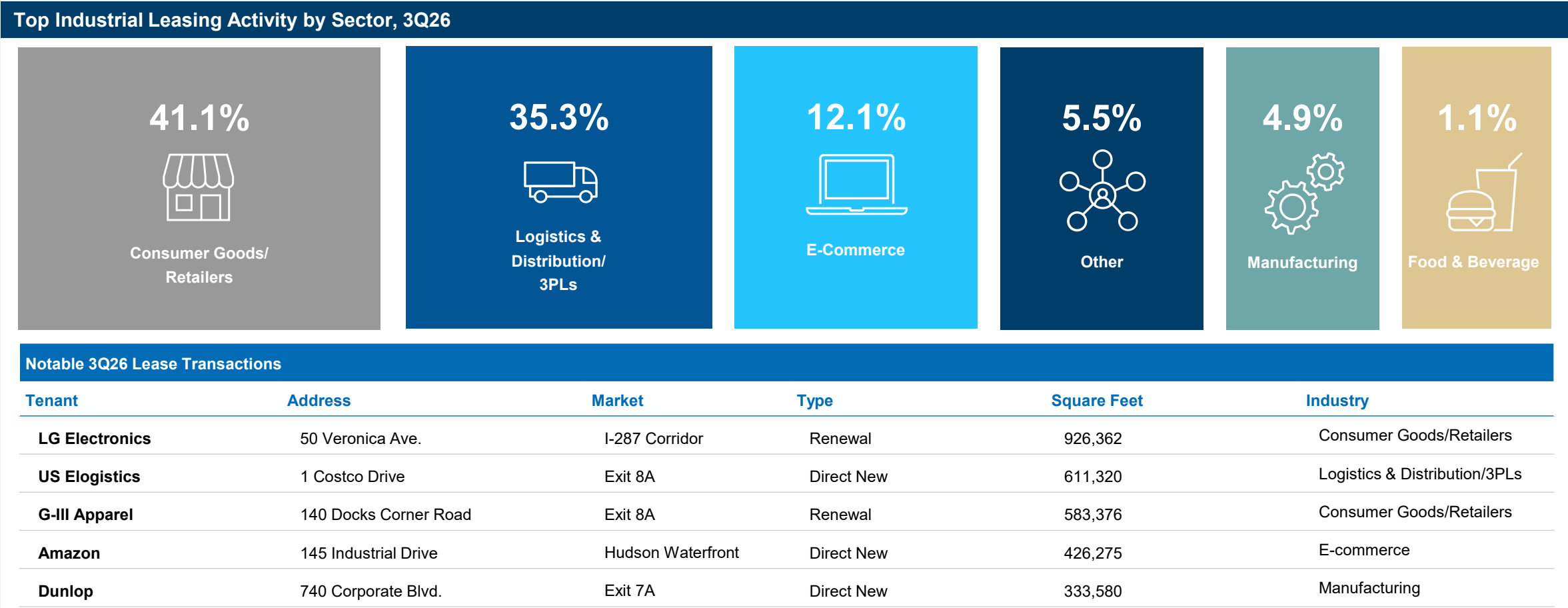
Warehouse Development

Development activity has become markedly more disciplined. The year-to-date 2026 pipeline of 7.9 MSF is roughly half of 2021's 15.6 MSF and well below the 2022 peak of 20.3 MSF. Facilities of 100,000 to 300,000 SF make up the largest share at 2.8 MSF, or 35%, better aligning with today's demand profile. Big-box projects of 500,000 SF and larger still account for 3.8 MSF, or nearly half the pipeline, so large-format supply remains a factor to watch. Overall, the reduced pipeline supports a healthier long-term balance between supply and demand.



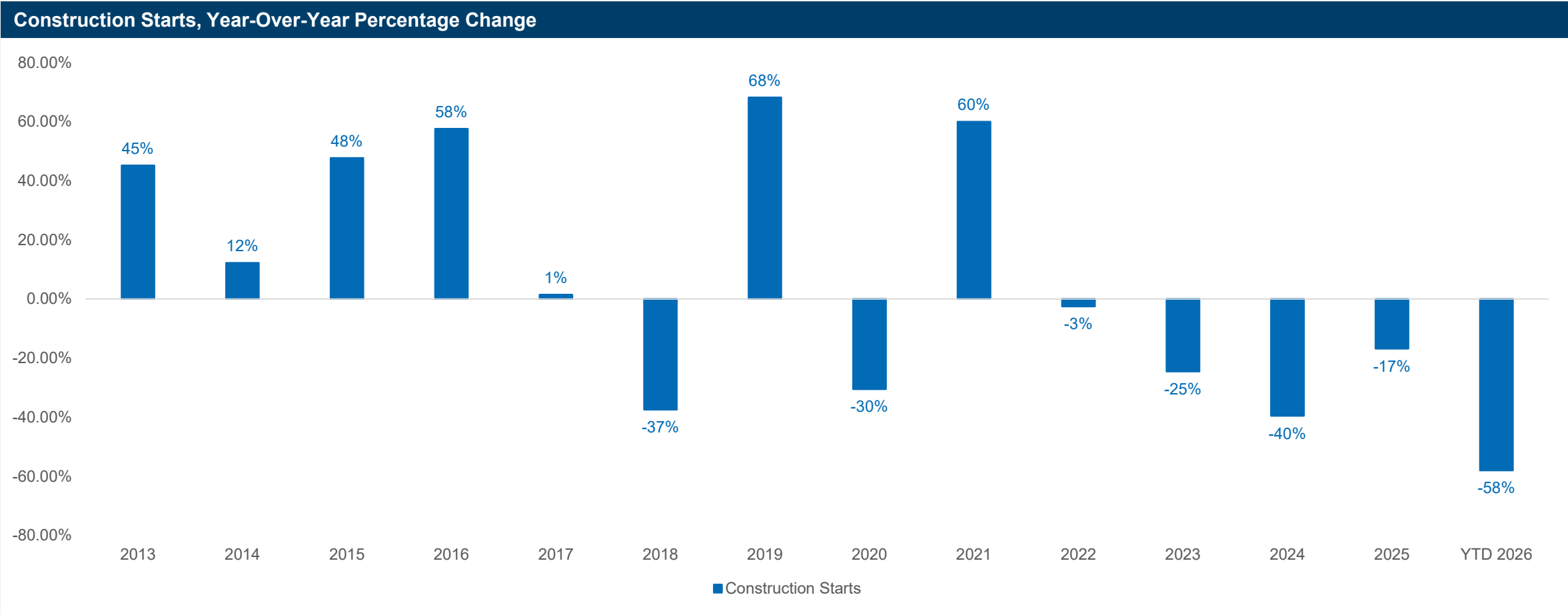
Industrial Leasing Trends by Sector

Demand broadened in 3Q26 as 3PLs ceded the top spot to consumer goods and retail occupiers, which captured 41.1% of leasing activity compared with 35.3% for 3PLs. Large-block renewals from LG Electronics and G-III Apparel led the shift, underscoring renewed commitment from direct users. Even so, 3PL demand remains healthy, highlighted by US Elogistics' 611,320 SF new deal at 1 Costco Drive. Logistics providers are expected to remain a major source of leasing in the quarters ahead.



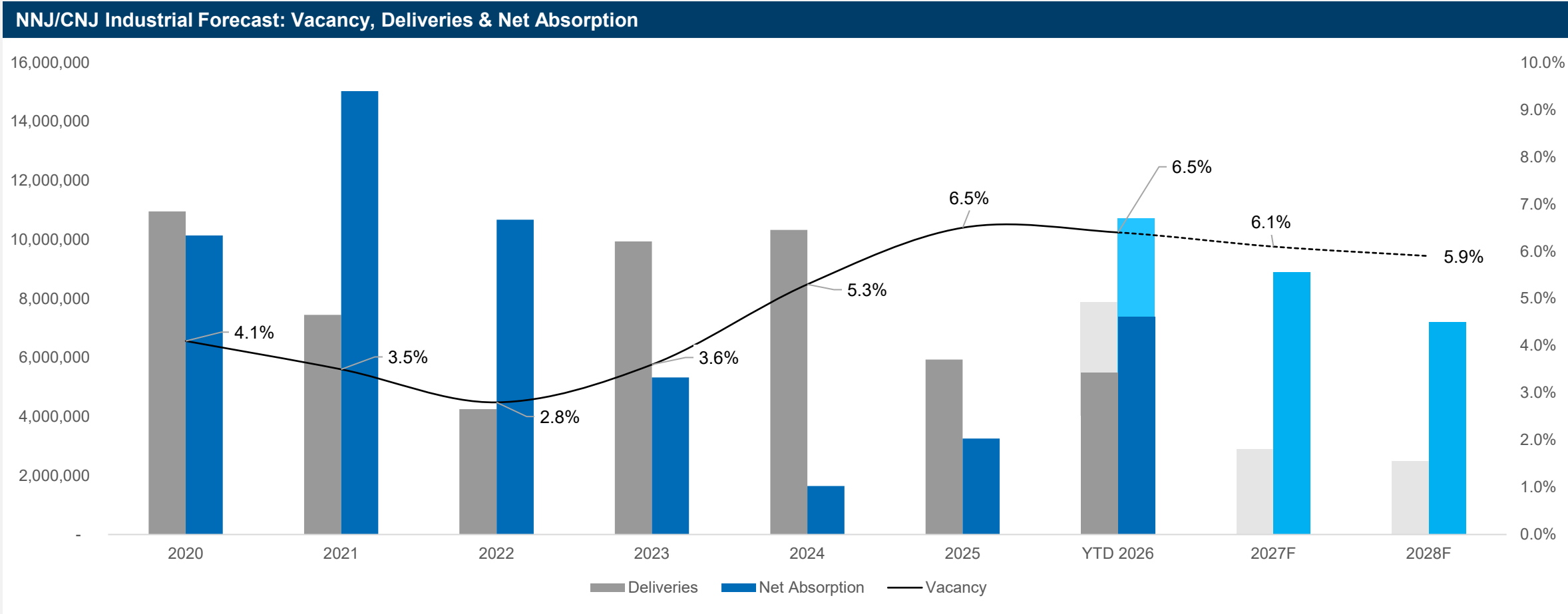
Construction Starts Down 58% Year-over-Year

Construction starts fell 58% year over year through 3Q26, marking a fifth consecutive annual decline since the 2021 peak. With few new speculative projects breaking ground, particularly along the Turnpike corridor, the market is better positioned to absorb existing vacancy over the next several quarters. The limited starts that have moved forward are largely targeting large-format product, where options remain scarce.



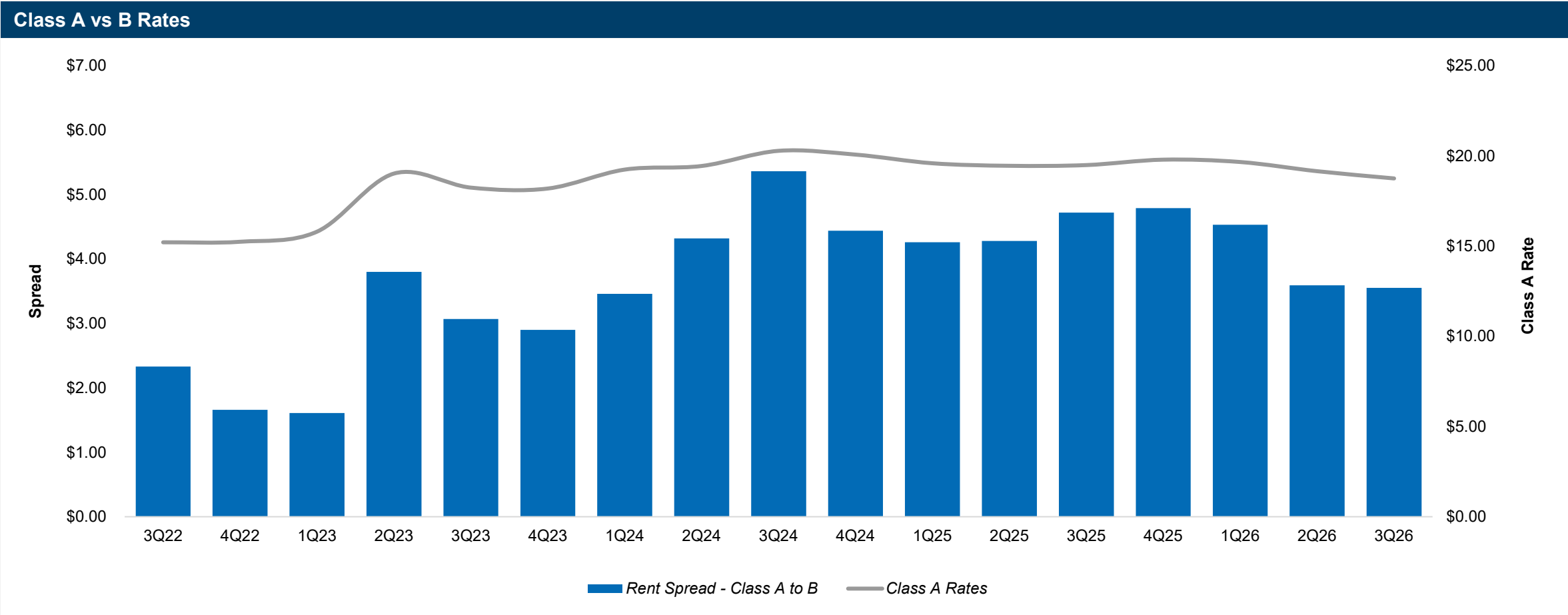
NNJ/CNJ Industrial Forecast: Vacancy, Deliveries & Net Absorption

The forecast calls for continued improvement through 2028, with net absorption projected at 8.9 MSF in 2027 and 7.2 MSF in 2028, well ahead of expected deliveries of 2.9 MSF and 2.5 MSF, respectively. As a result, vacancy is projected to decline to 6.1% in 2027 and 5.9% by 2028. Barring a major economic disruption, a thinner development pipeline and steady occupier demand should support a more balanced market.

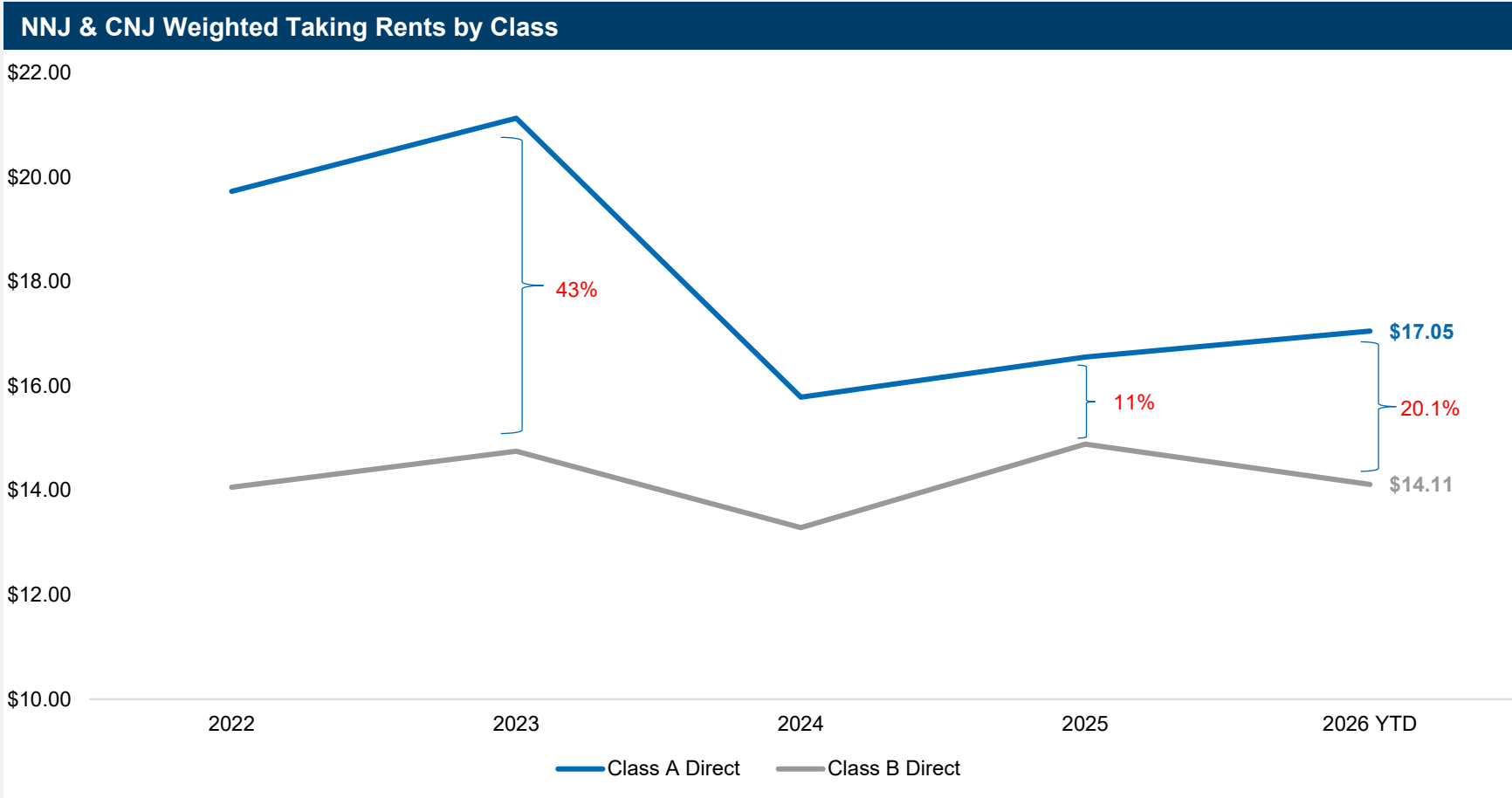


Spread Between Class A & B Asking Rent

Class A asking rents eased to \$18.75/SF in 3Q26, down from \$19.15/SF in 2Q26 and the lowest level since 4Q23. The premium over Class B product narrowed to \$3.55/SF, the tightest spread since 1Q24, as owners of newer buildings compete to lease up recently delivered space. With Class A still capturing the majority of leasing demand, the narrower spread reflects pricing discipline on new product rather than weaker tenant preference.



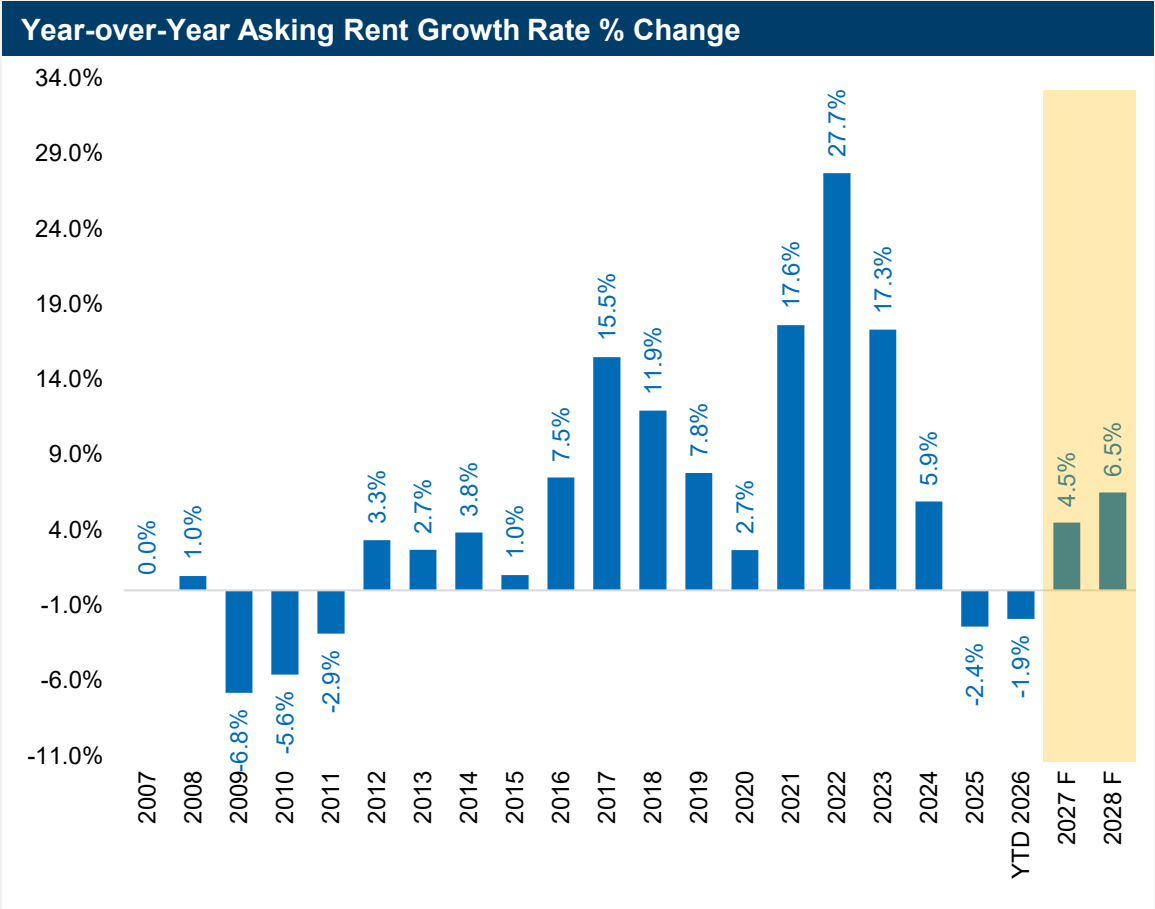
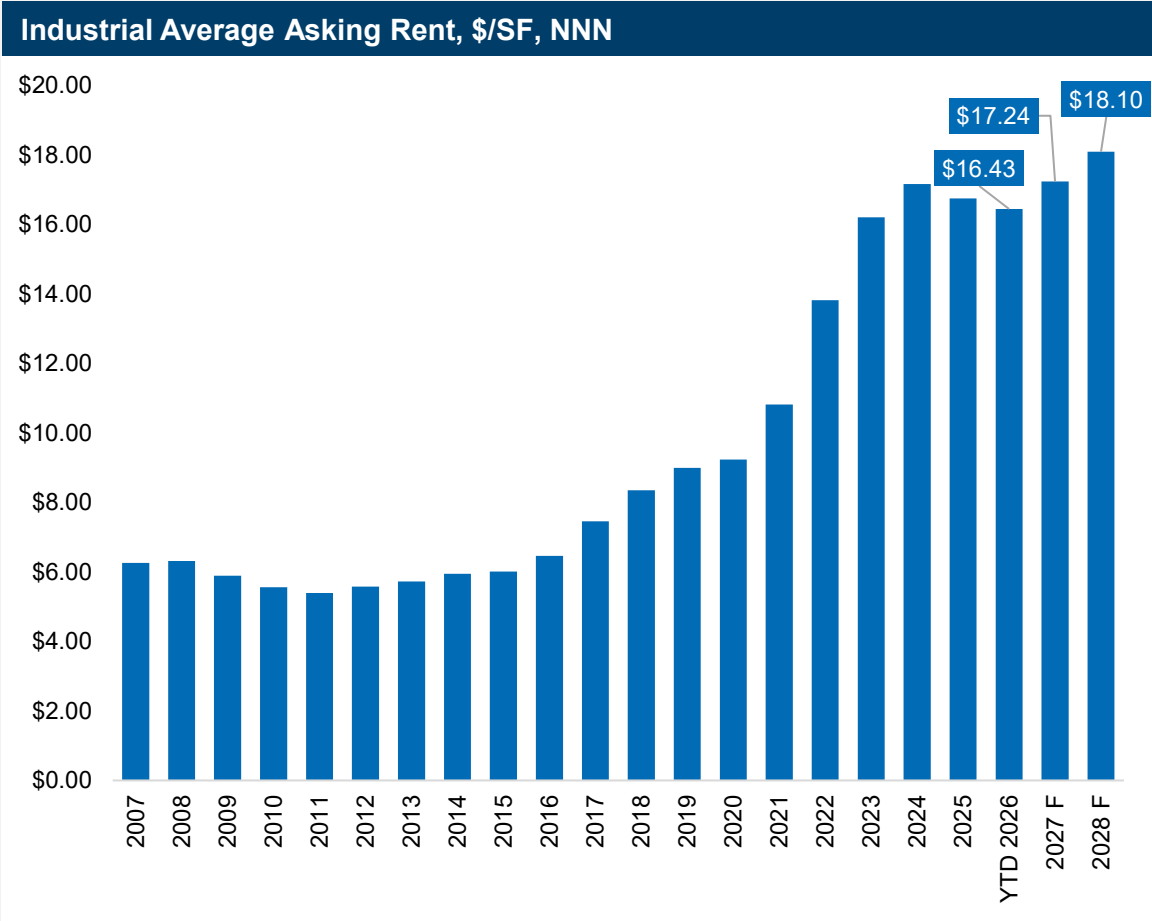
New Jersey Taking Rents Seeing the Quality Premium Re-Emerge



Source: Newmark Research. Class A specifically w/d product built since 2016.

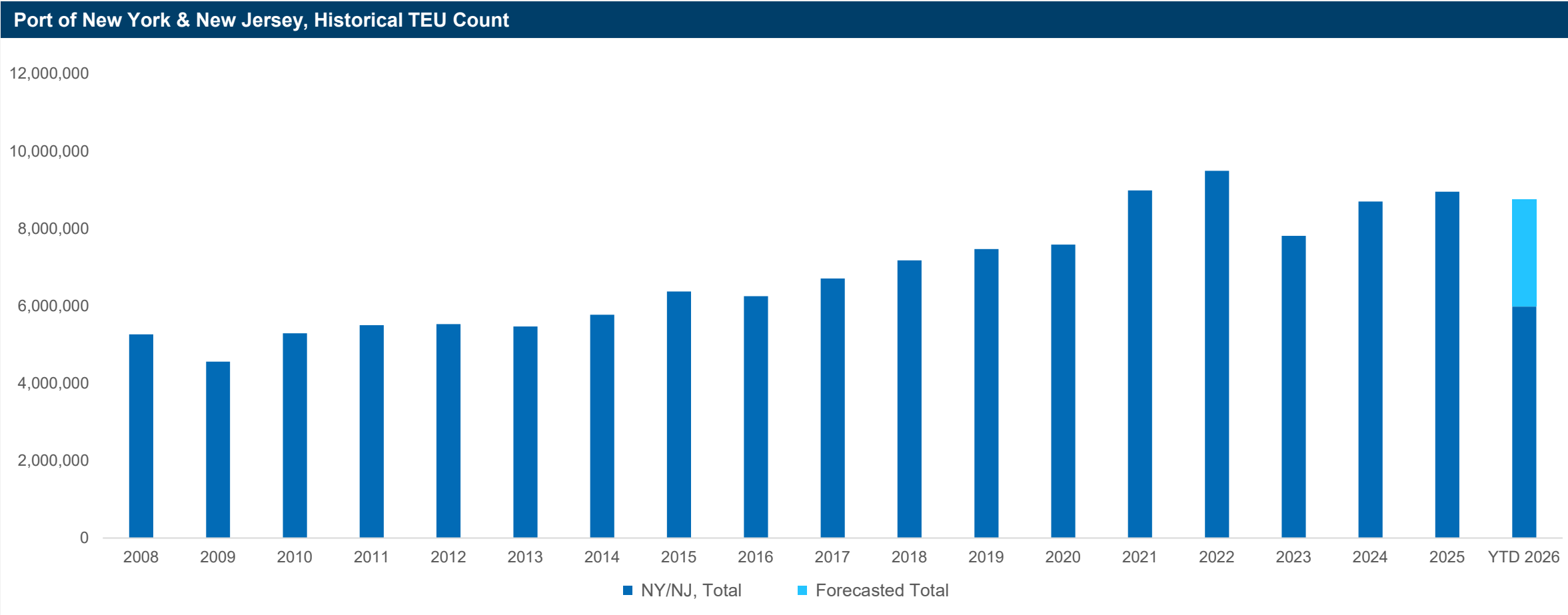
Industrial Asking Rent Forecasts

Asking rents are forecast to return to growth after resetting in 2025 and 2026, rising to \$17.24/SF in 2027 and \$18.10/SF in 2028. The outlook is supported by a thinner construction pipeline, strong absorption and continued Class A outperformance in core Turnpike submarkets. Rather than a return to broad-based rent spikes, the forecast points to a steadier pricing recovery led by modern, well-located product.



Port of NY/NJ: TEU & Import Growth Continues

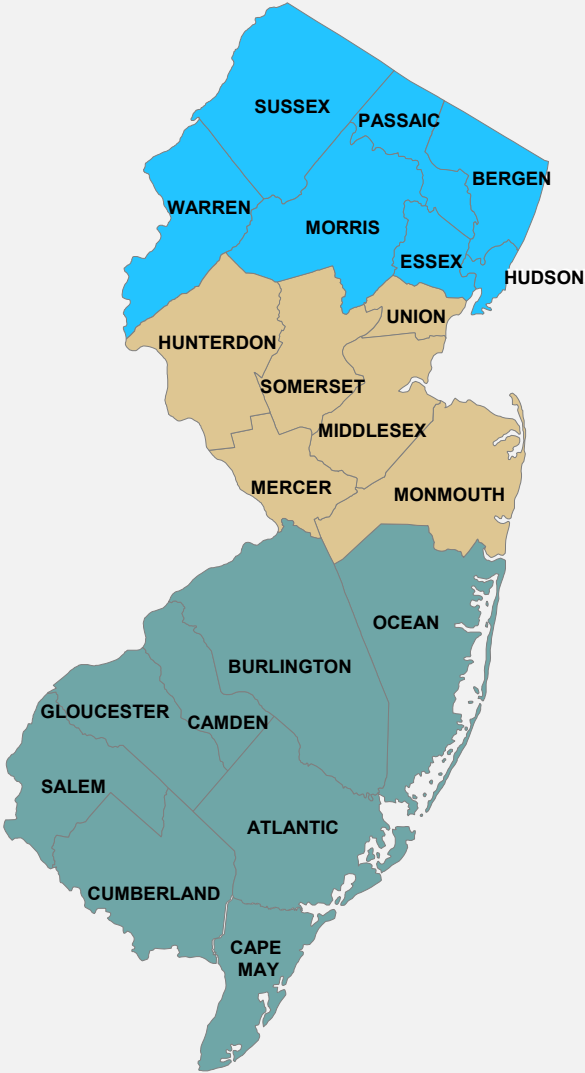
The Port of New York and New Jersey continues to anchor regional industrial demand, handling nearly 6.0 million TEUs year to date in 2026. Full-year volume is forecast at roughly 8.75 million TEUs, slightly below 2025’s 8.95 million as volumes normalize following last year’s tariff-driven surge. Throughput remains well above pre-pandemic levels, supporting steady demand from 3PLs, retailers and import-dependent occupiers.



New Jersey Industrial

TOTAL NJ

Inventory: 859,874,467 SF
Vacancy: 7.1%
Average Asking Rent: \$15.32/SF
Under Construction: 10,178,557 SF



NORTHERN NJ

Inventory: 316,586,198 SF
Vacancy: 5.4%
Average Asking Rent: \$16.47/SF
Under Construction: 2,488,453 SF

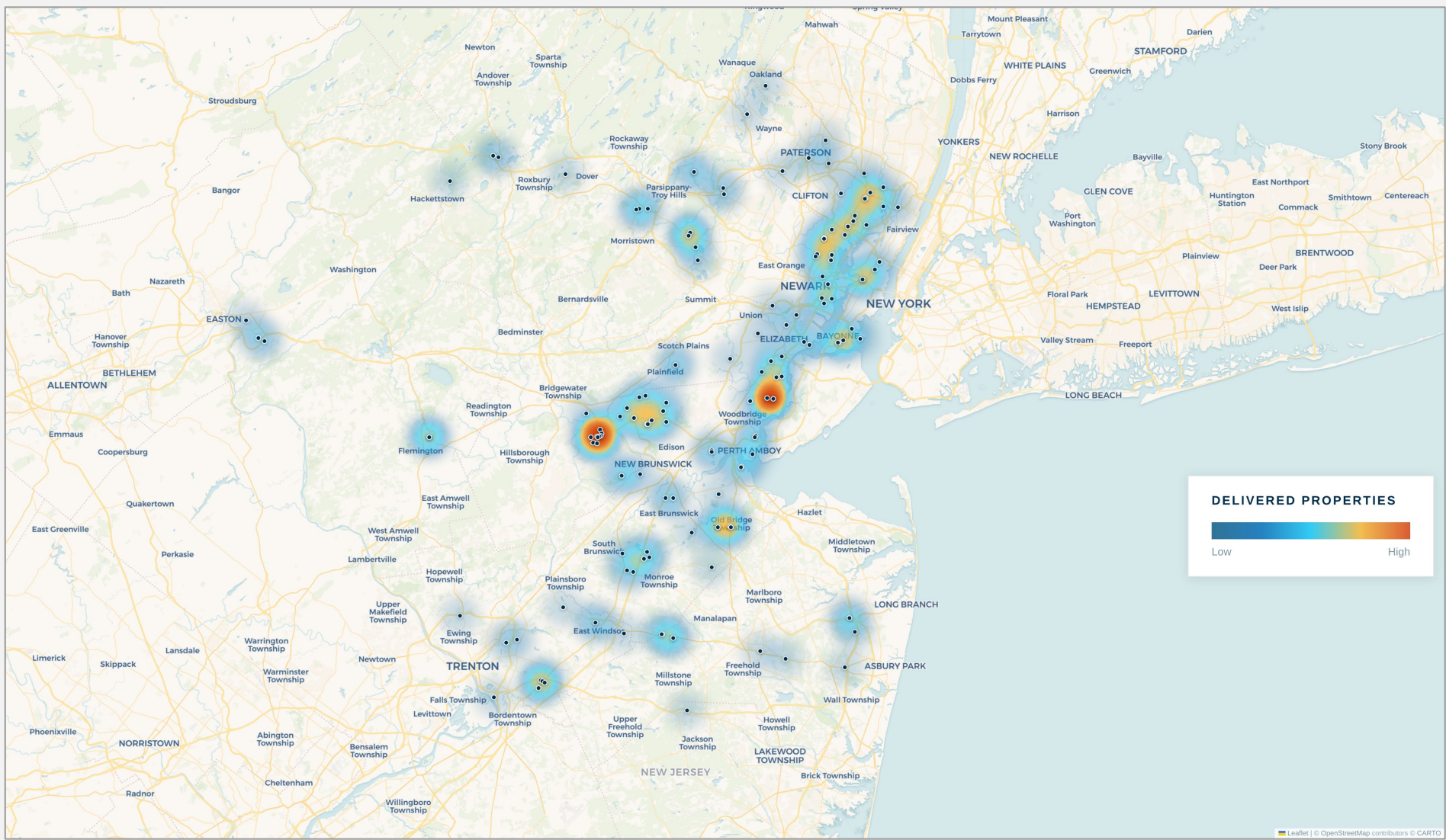
CENTRAL NJ

Inventory: 389,222,674 SF
Vacancy: 7.5%
Average Asking Rent: \$15.66/SF
Under Construction: 5,232,261 SF

SOUTHERN NJ

Inventory: 152,504,214 SF
Vacancy: 9.2%
Average Asking Rent: \$11.06/SF
Under Construction: 2,284,232 SF

Five-Year Industrial Deliveries Heat Map: Northern and Central New Jersey



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