



NEWMARK

Office Market Overview:
Northern New Jersey

3Q26

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Key Takeaways

Northern and Central New Jersey posted 728,060 SF of net absorption in 3Q26, its strongest quarter since 4Q24 and more than five times the 2Q26 total, lifting year-to-date absorption to 1.1 MSF.



Leasing surged 28% quarter over quarter to 2.4 MSF, the strongest quarter in two years, anchored by five renewals and expansions of more than 100,000 SF.



Availability dropped to 22.2%, the lowest in more than six years, as occupiers recommitted in place and conversions removed obsolete space.



Flight to quality intensified, with Class A capturing 76% of year-to-date leasing, its highest share since 2023.



Asking rents climbed to a new high of \$32.39/SF, up 1.0% year over year, led by Hudson Waterfront pricing above \$46/SF.

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Economy

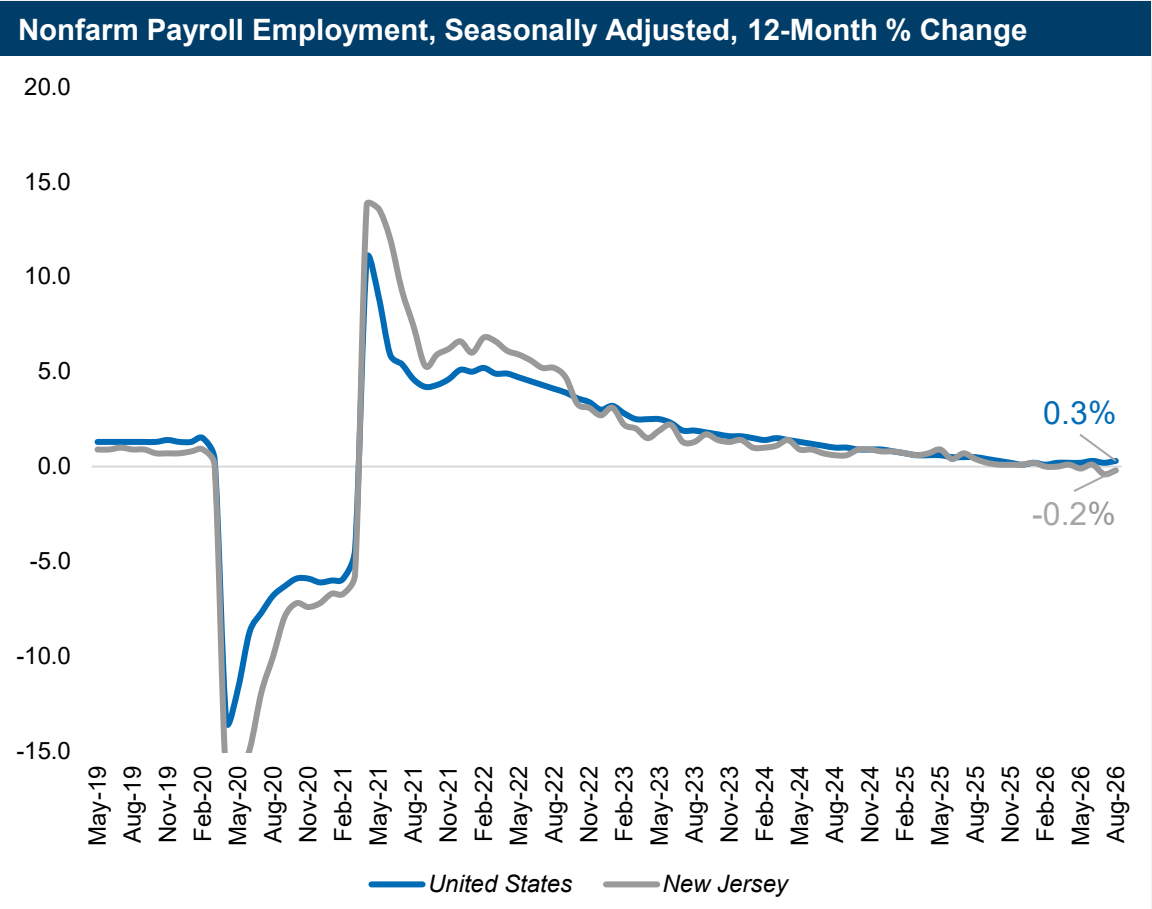
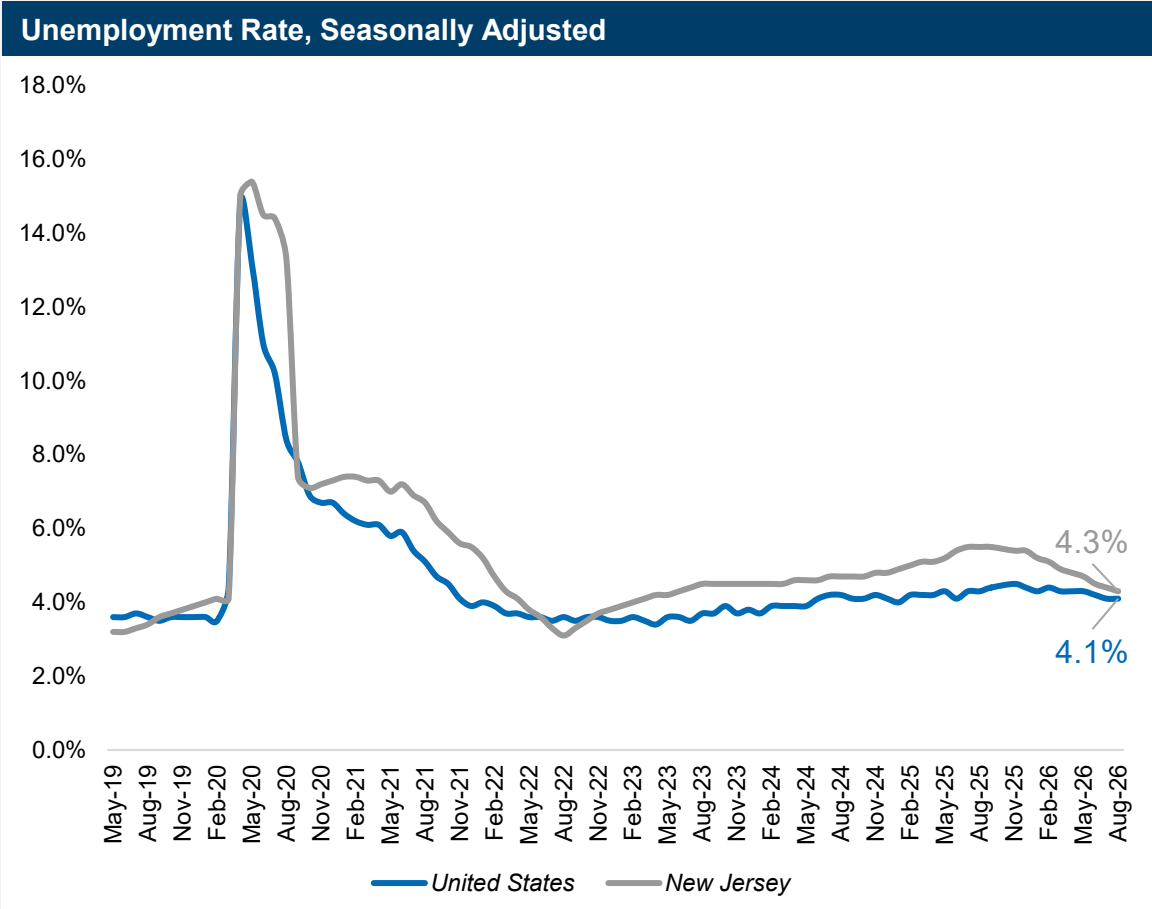
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New Jersey Unemployment Continues to Ease

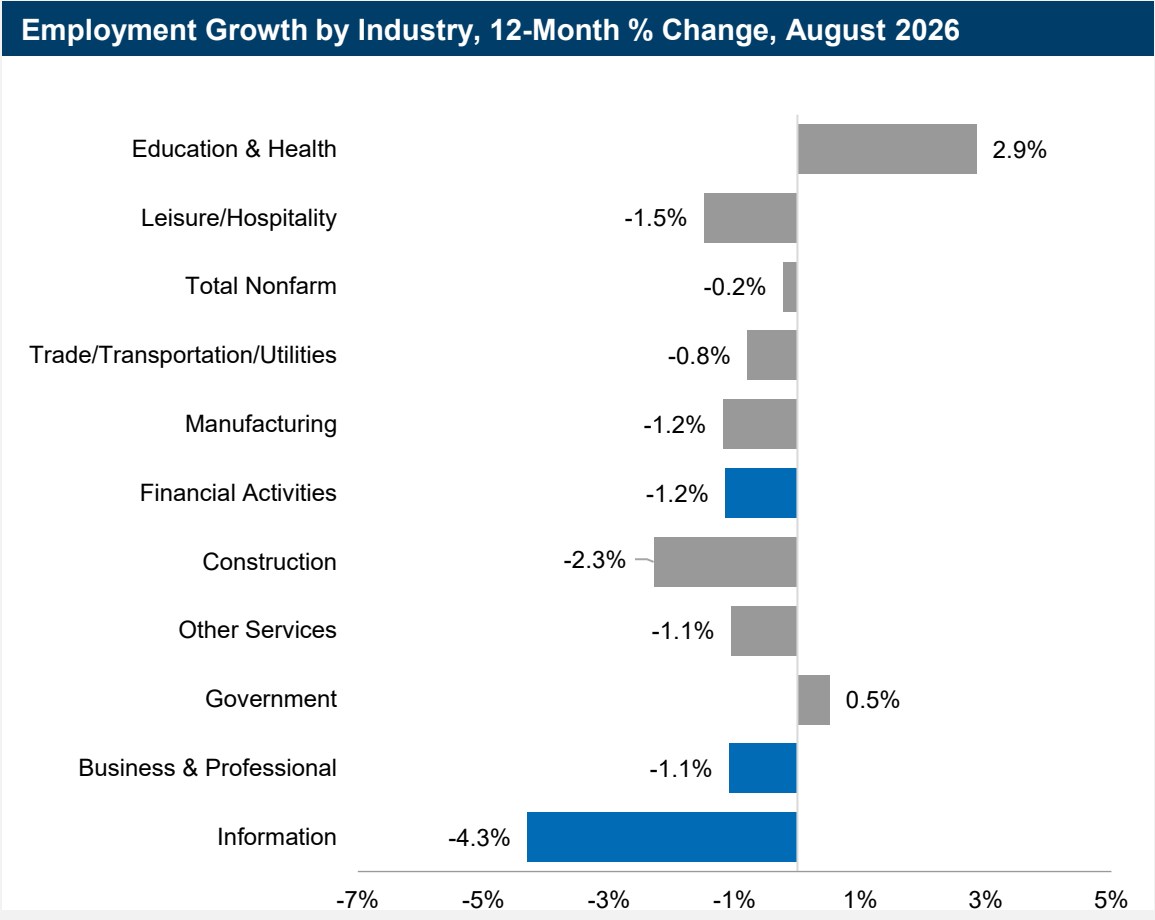
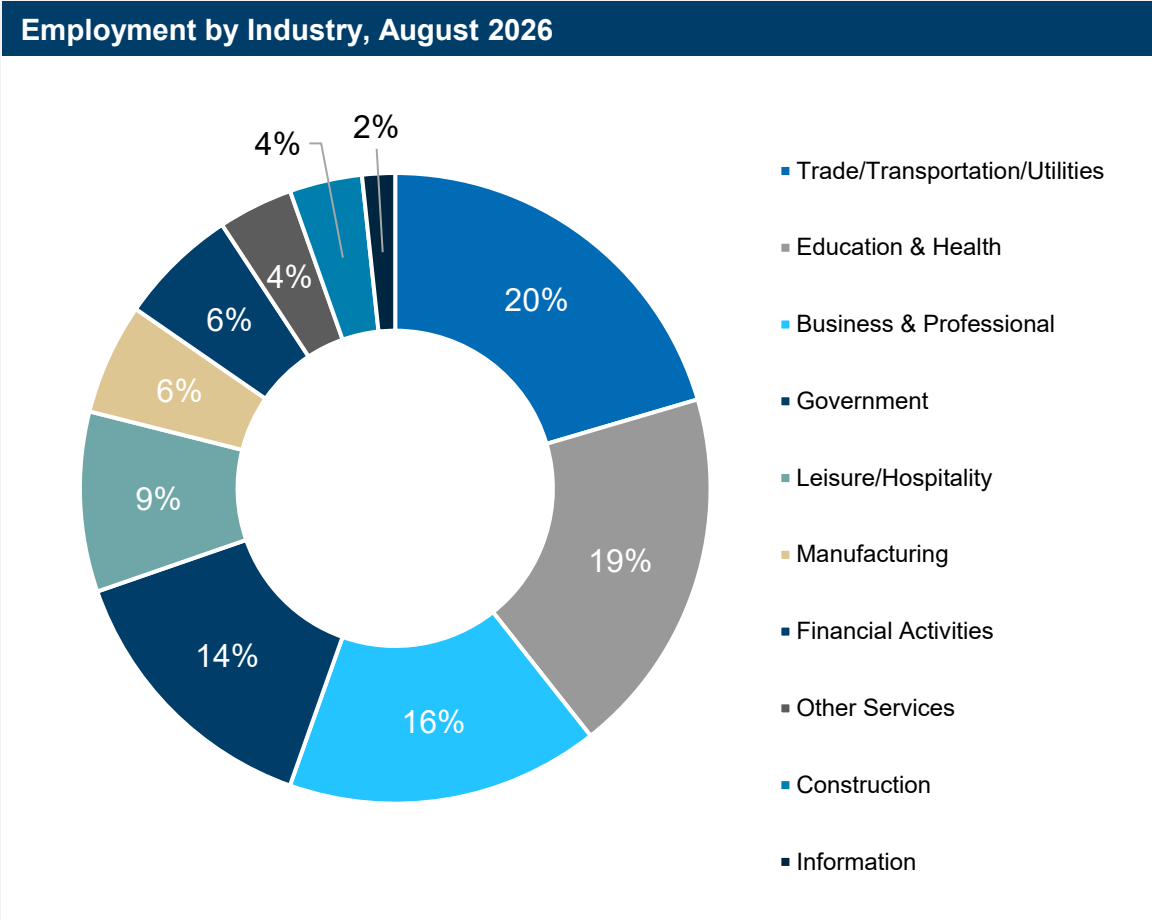
New Jersey’s unemployment rate fell to 4.3% in August 2026, down 120 basis points from its 5.5% peak in 3Q25 and narrowing the gap with the national rate of 4.1% to just 20 basis points. Payroll growth remains soft, with state employment down 0.2% year over year compared with 0.3% growth nationally. Still, the steady decline in unemployment points to a stabilizing labor market.



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.

Education & Health Lead All Industries

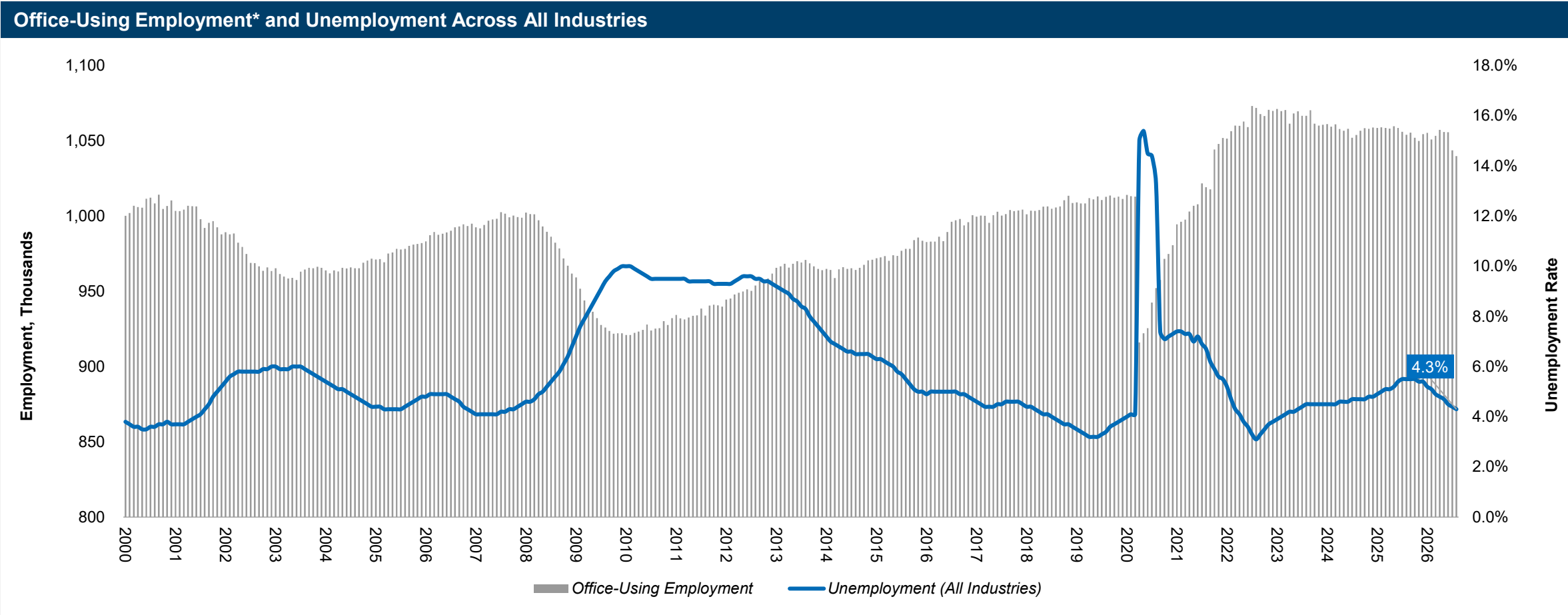
Education and health services remained New Jersey’s strongest-performing sector as of August 2026, growing 2.9% year over year, with government (up 0.5%) the only other major industry to expand. Information (down 4.3%), construction (down 2.3%) and leisure and hospitality (down 1.5%) posted the steepest declines, while professional and business services fell 1.1%. That limits broad-based office demand, even as leasing continues to concentrate in the region’s top-performing submarkets.



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

Office-Using Employment Softens

Office-using employment declined 1.3% year over year to about 1.04 million jobs in August 2026, its lowest level since 2021, with losses across professional and business services, financial activities and information. Even so, the state’s unemployment rate has fallen to 4.3%, and recent leasing activity shows occupiers continuing to commit to high-quality space despite a softer white-collar employment backdrop.



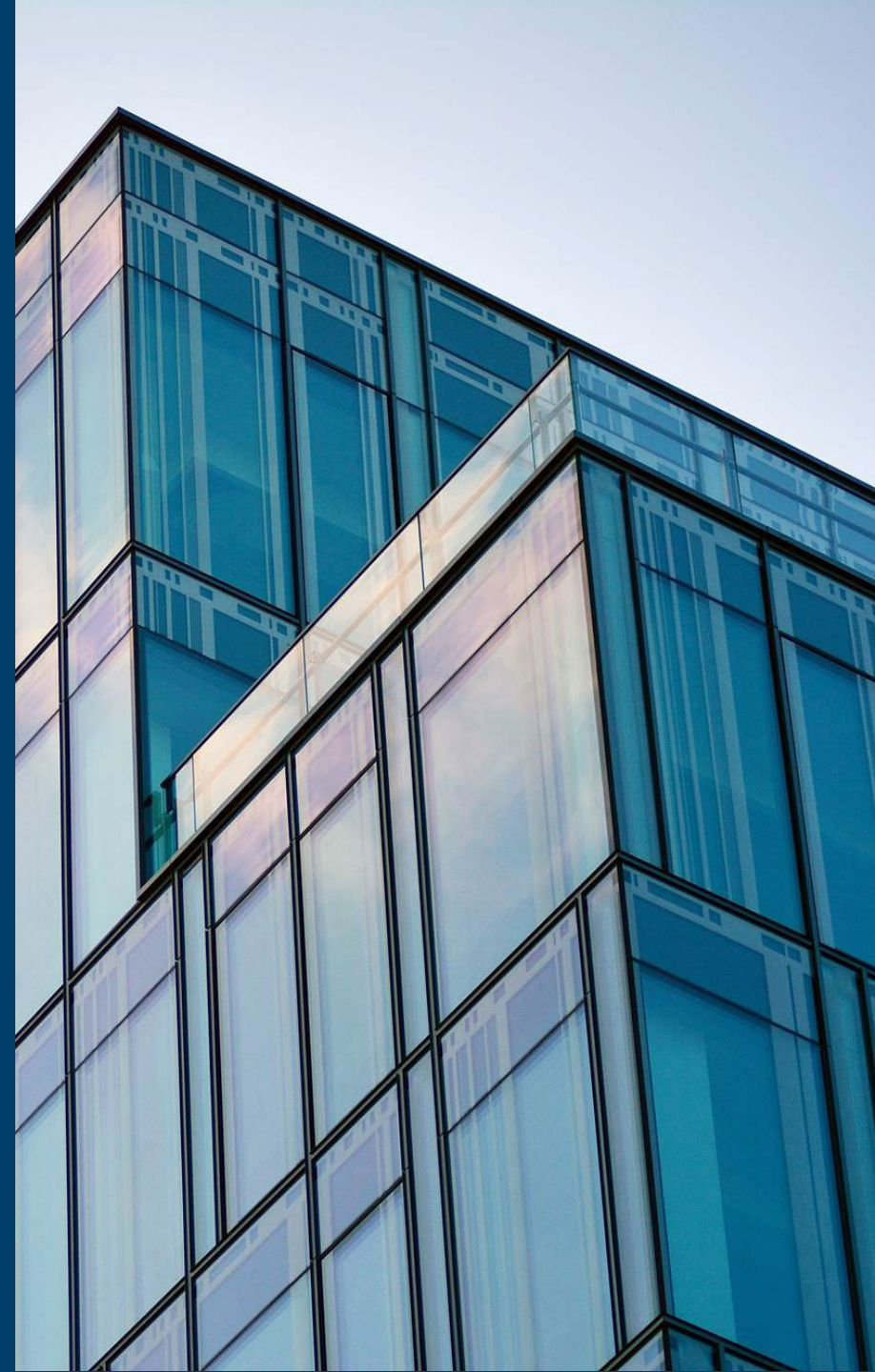
Source: U.S. Bureau of Labor Statistics, New Jersey, seasonally adjusted, data through August 2026 (preliminary). *Office-using employment includes Professional & Business Services, Financial Activities and Information.

02

Leasing Market Fundamentals

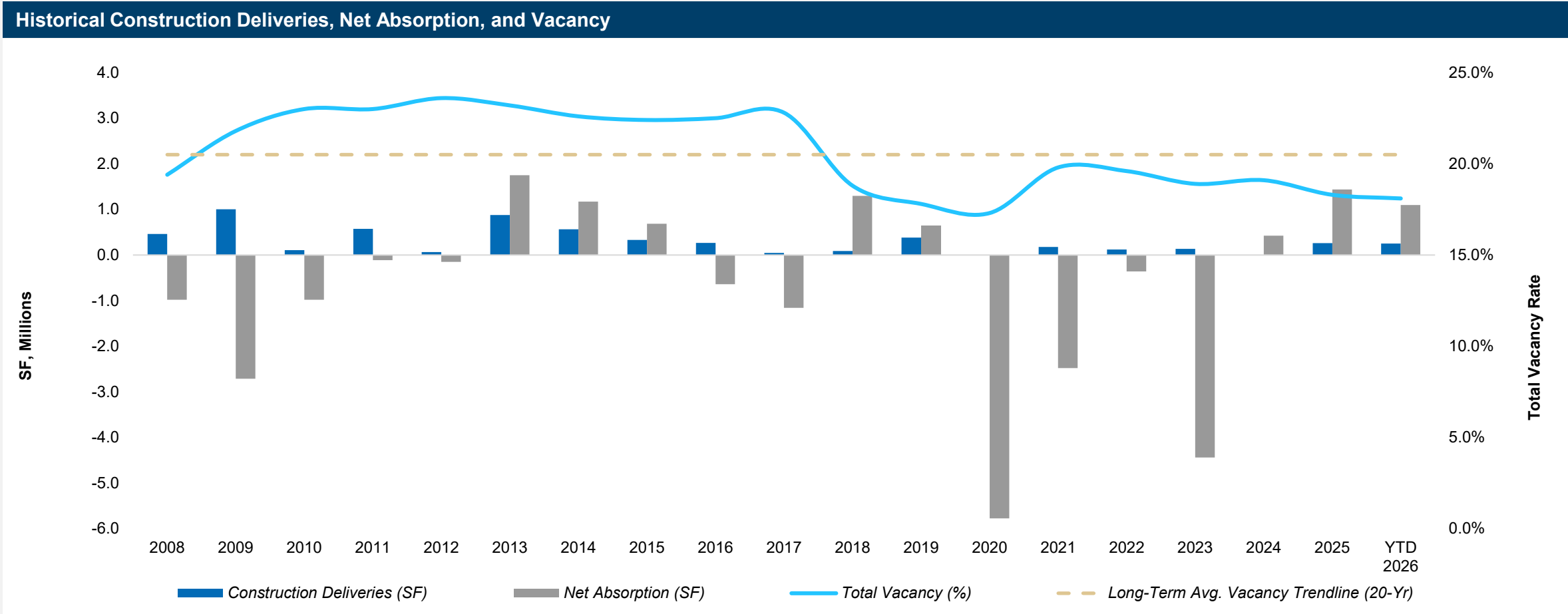
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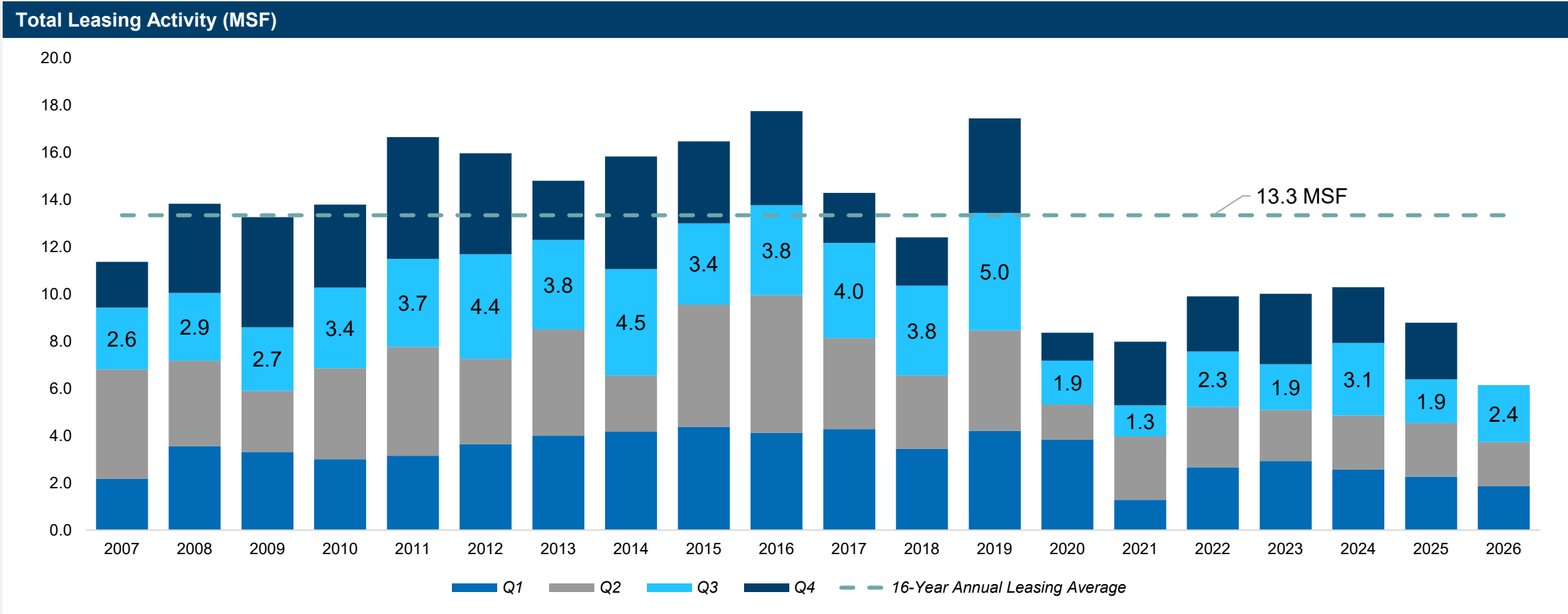
Net Absorption Accelerates

The Northern and Central New Jersey office market recorded 728,060 SF of positive net absorption in 3Q26, its strongest quarter since 4Q24, lifting year-to-date absorption to 1.1 MSF, more than three-quarters of the 2025 total. Gains were led by the Hudson Waterfront, Morristown and Parsippany, which together absorbed more than 1.2 MSF and offset losses in the Princeton Area. Vacancy fell 50 basis points to 18.1%, well below the 20-year average of 20.5%.



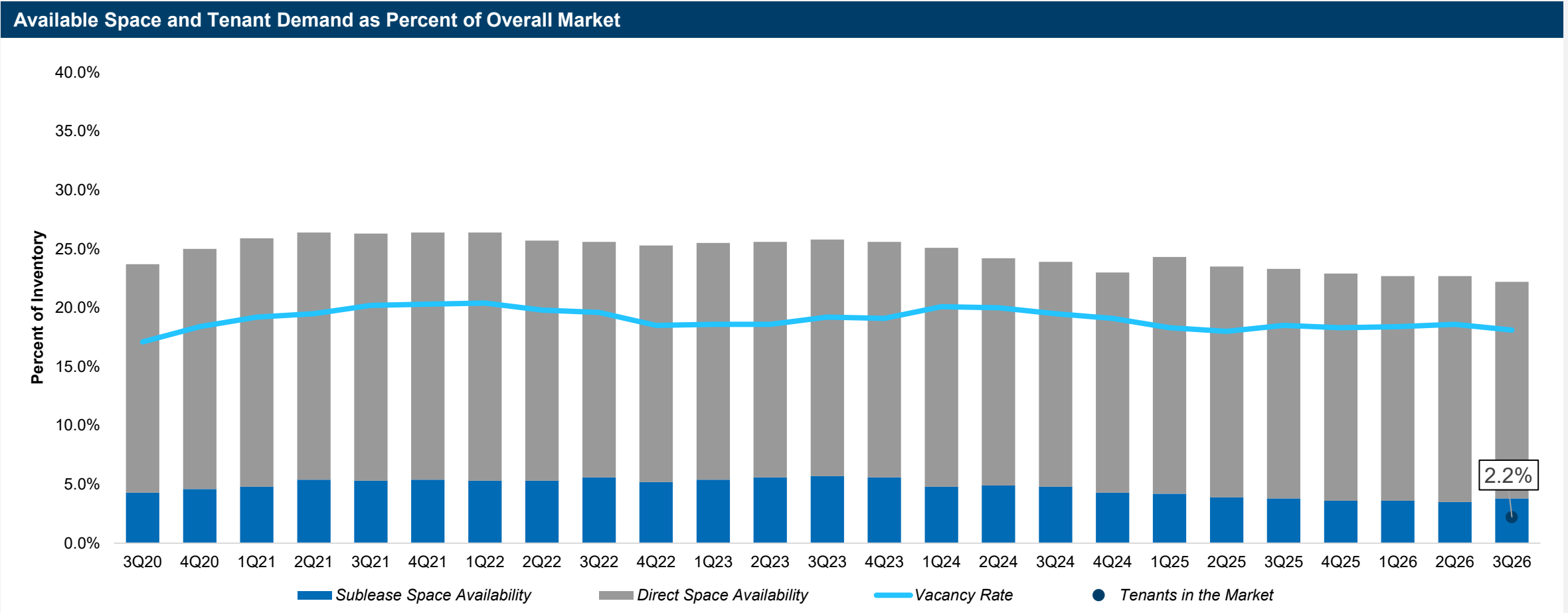
Leasing Activity Reaches Two-Year High

Leasing activity reached 2.41 MSF in 3Q26, up 28% quarter over quarter and 30% year over year, marking the highest quarterly volume since 3Q24. Large-block demand drove the increase, with five transactions exceeding 100,000 SF, all renewals or expansions. Year-to-date leasing totaled 6.1 MSF, slightly behind the same period in 2025, and quarterly volume remains below the long-term average of roughly 13.3 MSF.



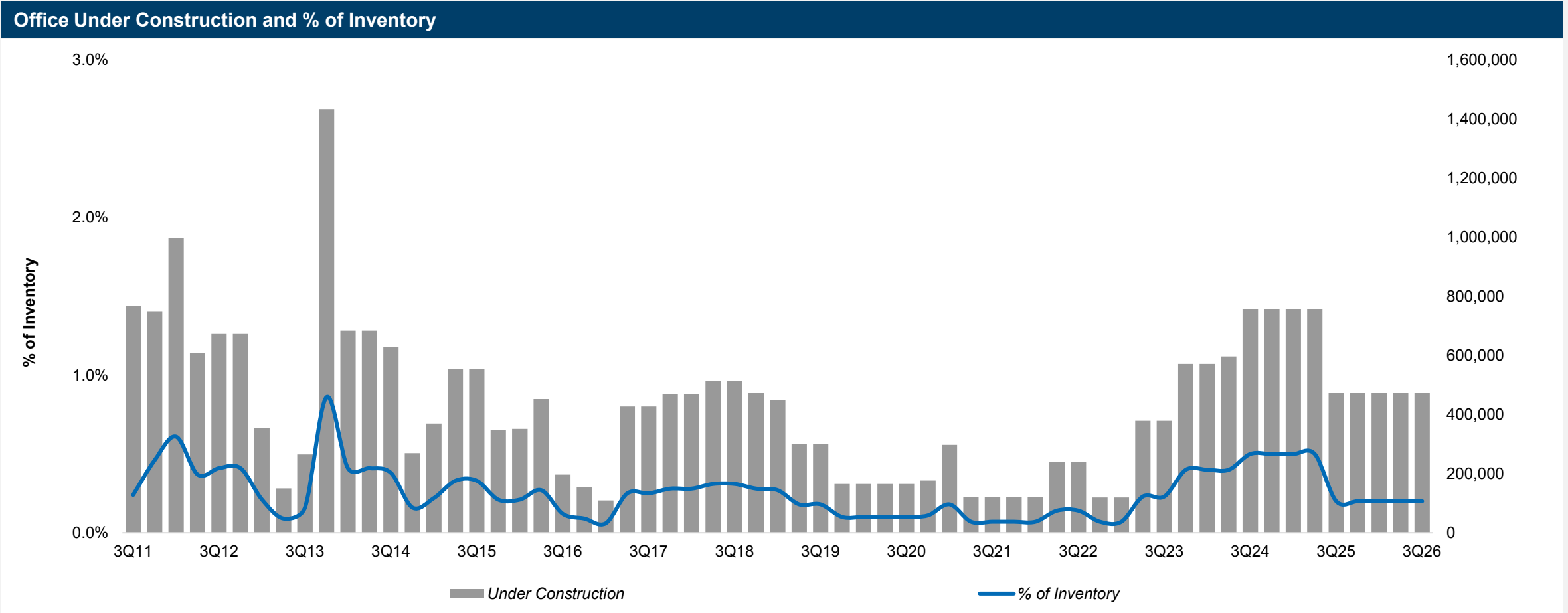
Availability Falls to Six-Year Low

The overall availability rate fell to 22.2% in 3Q26, its lowest level in more than six years and 110 basis points below a year ago. Direct availability drove the improvement, falling from 19.2% to 18.7% as occupiers renewed and expanded in place, while office conversions continued to remove obsolete buildings from the market. Sublease availability held near a six-year low at 5.75 MSF, though new large listings limited further gains. In particular, Samsung’s 321,005 SF block at 700 Sylvan Ave. in Englewood Cliffs more than doubled sublease availability in Bergen East.



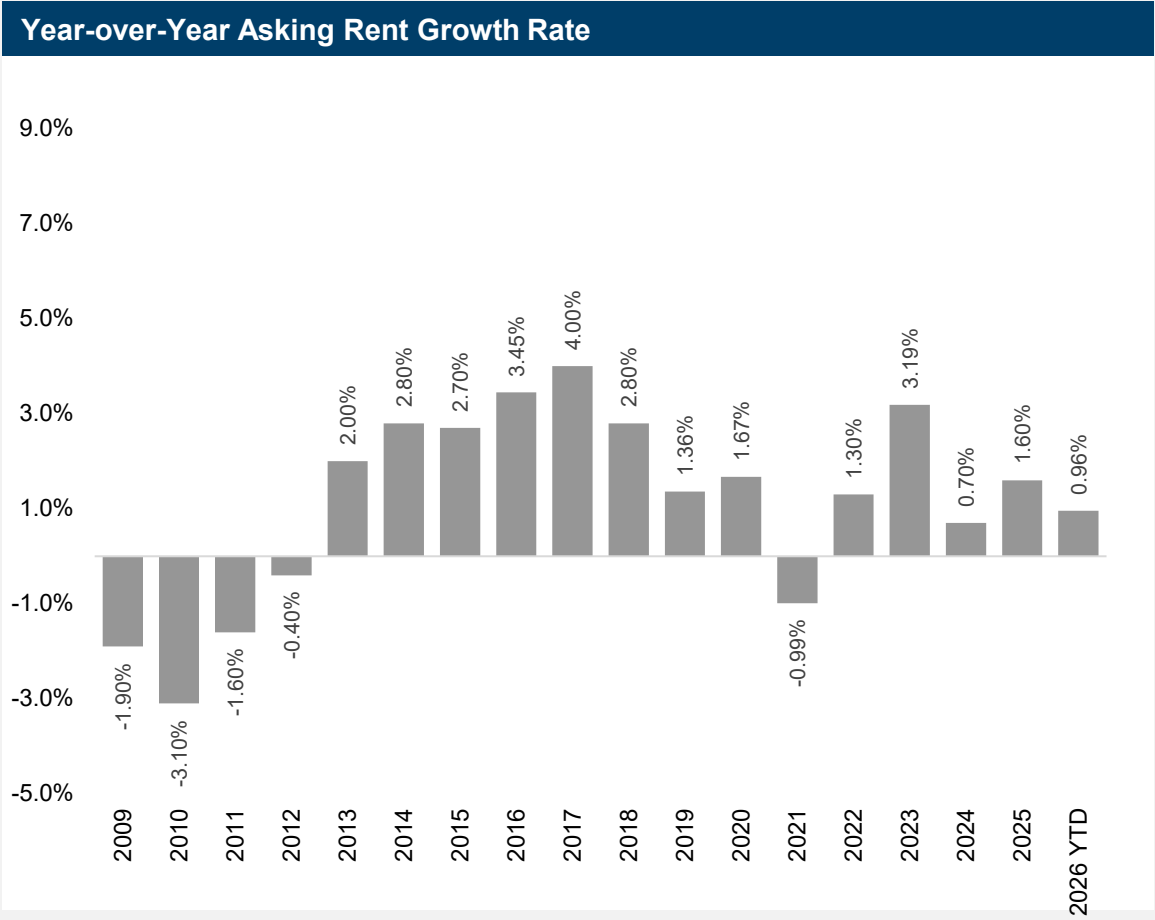
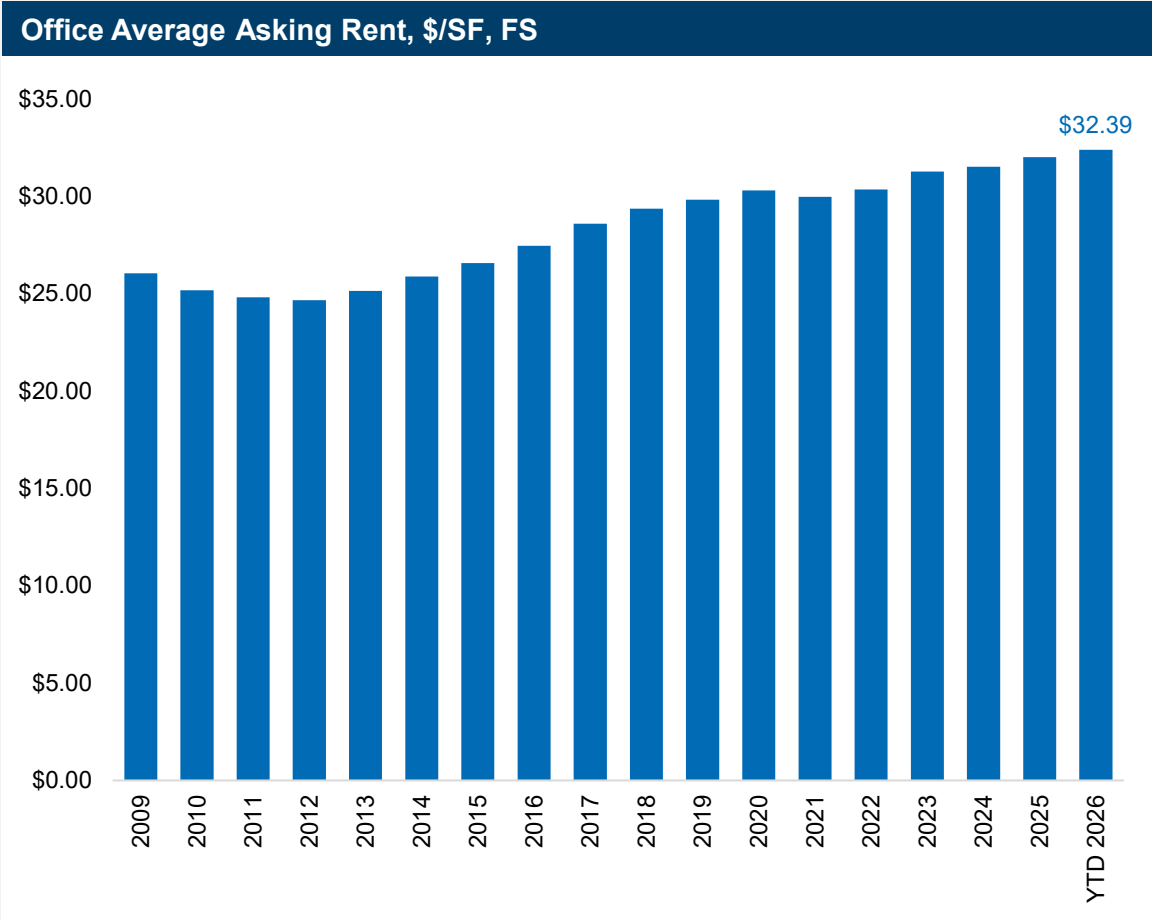
Construction Pipeline Remains Limited

Office construction held at 473,568 SF in 3Q26, or less than 0.3% of total inventory, while year-to-date deliveries totaled 250,000 SF. With little speculative supply on the horizon and obsolete buildings still being converted to other uses, new construction poses minimal risk to near-term fundamentals.



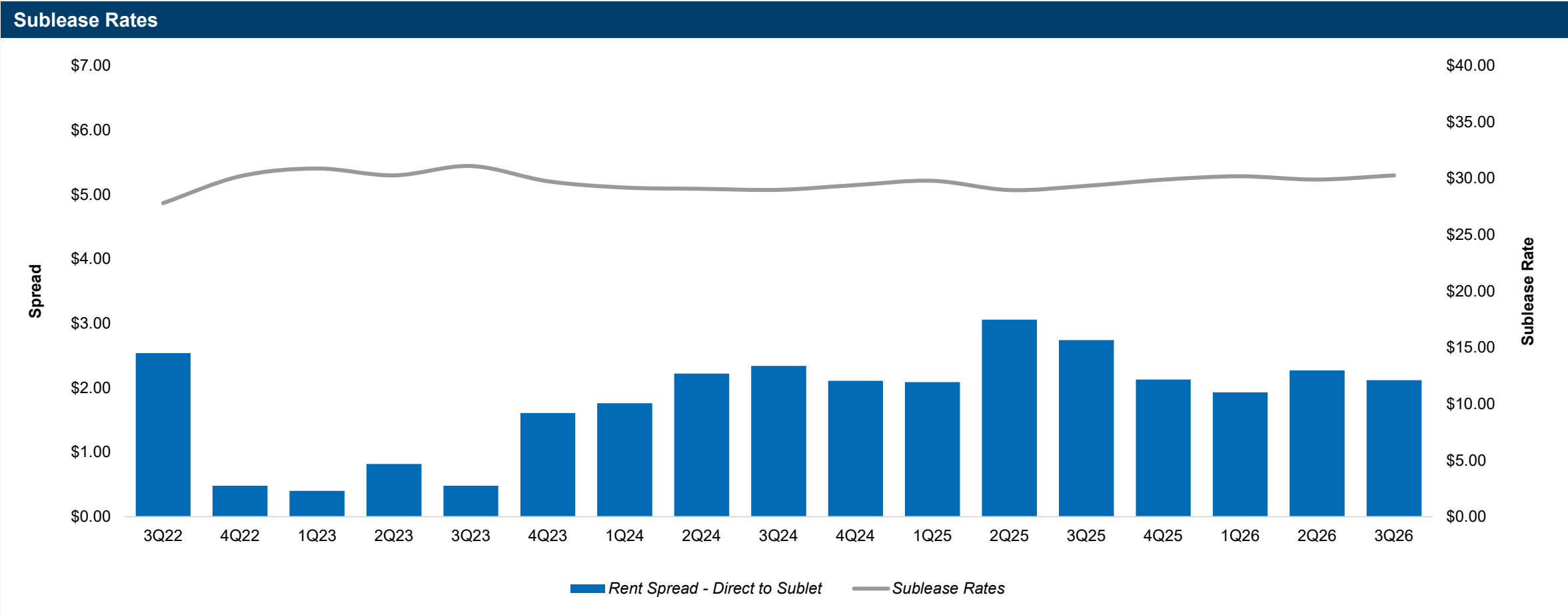
Asking Rents Continue to Climb

Average asking rent rose to \$32.39/SF in 3Q26, up \$0.22 quarter over quarter and 1.0% year over year. Rent growth remains concentrated in high-quality assets in prime locations, with the Hudson Waterfront (\$46.34/SF), Short Hills/Route 24 (\$43.16/SF) and MetroPark/GSP (\$39.00/SF) commanding the market’s highest rents.



Sublease Discount Narrows

Sublease asking rents rose to \$30.27/SF in 3Q26 from \$29.90/SF, narrowing the direct-to-sublease spread from \$2.27/SF to \$2.12/SF. With sublease supply at a six-year low, the remaining move-in-ready options are pricing closer to direct space, reducing the discount available to tenants.



Renewals and Expansions Drive Large-Block Leasing

The quarter’s largest transactions were all renewals or expansions rather than relocations, reflecting elevated build-out costs and landlord retention packages that make staying in place more cost-effective. Collectors Universe led activity with a 259,433 SF renewal and expansion at 210 Hudson St., followed by Fidelity’s expansion at 499 Washington Blvd. CACI, Universal Technical Institute and T-Mobile each recommitted to more than 100,000 SF in suburban submarkets.

Notable 3Q26 Lease Transactions				
Tenant	Building(s)	Submarket	Type	Square Feet
Collectors Universe	210 Hudson St.	Hudson Waterfront	Renewal/Expansion	259,433
Collectors Universe renewed and expanded to 259,433 SF at 210 Hudson St. in Jersey City.				
Fidelity	499 Washington Blvd.	Hudson Waterfront	Expansion	139,000
Fidelity signed a 139,000 SF expansion at 499 Washington Blvd. in Jersey City.				
CACI	15 Vreeland Road	Morristown Area	Renewal/Expansion	133,021
CACI renewed and expanded to 133,021 SF at 15 Vreeland Road in Florham Park.				
Universal Technical Institute	1515 Broad St.	Route 46/Wayne	Renewal/Expansion	116,060
Universal Technical Institute renewed and expanded to 116,060 SF at 1515 Broad St. in Bloomfield.				
T-Mobile	4 Sylvan Way	Parsippany/I-287/Rt.10	Renewal	105,135
T-Mobile renewed for 105,135 SF at 4 Sylvan Way in Parsippany.				

3Q26 Northern/Central New Jersey Office Submarket Overview

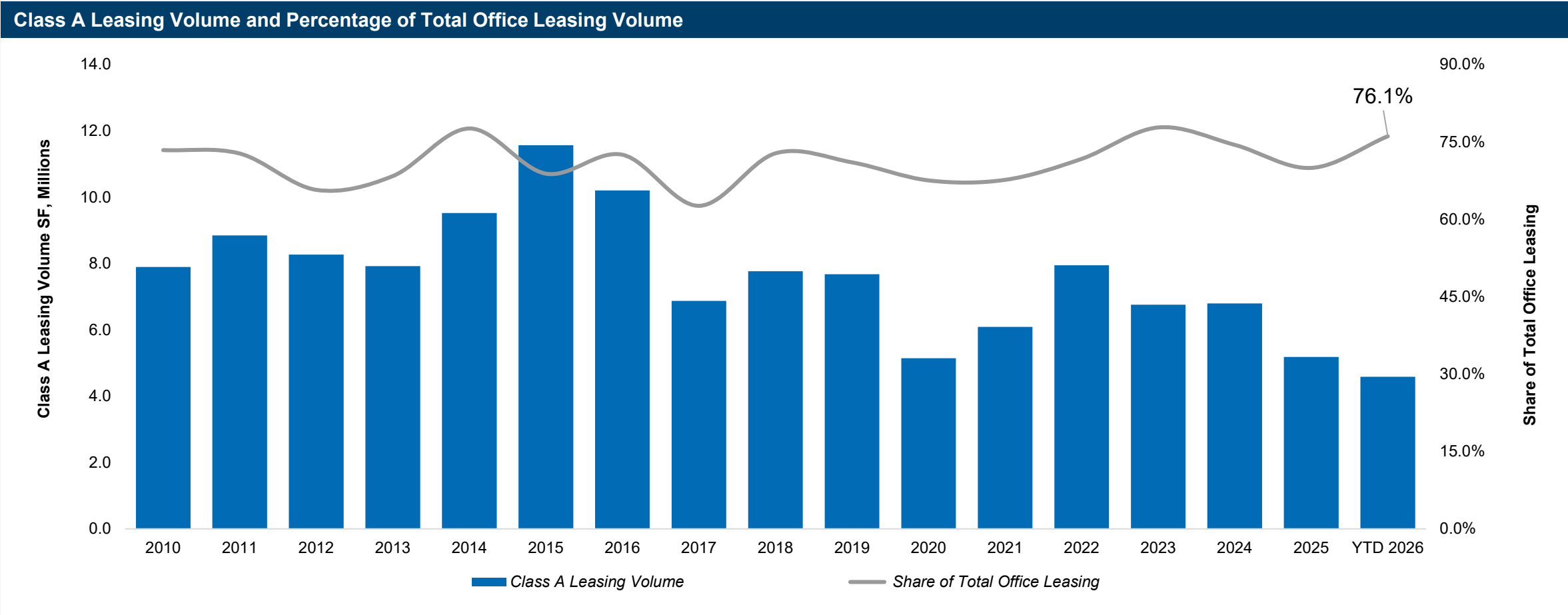
Submarket Statistics – All Classes							
	Total Inventory (SF)	Total Vacancy Rate	Total Available (SF)	Sublease Available (SF)	Total Availability Rate	Qtr Net Absorption (SF)	Total FS Asking Rent (Price/SF)
Northern NJ	97,825,884	18.0%	22,050,288	4,174,168	22.5%	1,035,316	\$33.12
Bergen Central	9,290,591	12.0%	1,291,926	139,164	13.9%	39,070	\$30.85
Bergen East	4,373,989	12.0%	1,034,504	518,588	23.7%	(212,694)	\$29.15
Bergen North	4,852,427	18.9%	1,031,341	348,101	21.3%	(53,730)	\$26.29
Essex West/I-280	4,180,816	18.8%	879,435	0	21.0%	8,146	\$28.04
Hudson Waterfront	21,440,999	25.6%	6,449,378	1,290,944	30.1%	680,903	\$46.34
Meadowlands	5,456,004	14.1%	1,436,539	394,048	26.3%	(79,040)	\$30.88
Morris West/I-80	1,451,078	24.3%	371,761	14,132	25.6%	(7,432)	\$25.31
Morristown Area	12,292,549	14.6%	2,459,658	532,705	20.0%	291,911	\$30.34
Newark	12,240,029	19.7%	2,921,990	502,898	23.9%	(25,087)	\$29.80
Parsippany/Route 10	12,230,661	20.3%	3,122,153	366,687	25.5%	285,298	\$29.06
Route 46/Wayne	7,627,121	9.2%	811,282	65,139	10.6%	104,737	\$24.45
Short Hills/Route 24	2,389,620	9.7%	240,321	1,762	10.1%	3,234	\$43.16

3Q26 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	18.3%	14,754,132	1,576,530	21.6%	(307,256)	\$29.02
Hunterdon/I-78	2,610,155	52.9%	1,288,194	0	49.4%	10,777	\$25.04
MetroPark/GSP	6,150,359	22.5%	1,811,954	266,786	29.5%	58,209	\$39.00
Monmouth	10,112,173	10.7%	1,226,830	178,958	12.1%	23,057	\$27.30
Piscataway/I-287 South	8,441,160	10.5%	1,120,147	107,401	13.3%	33,202	\$19.37
Princeton Area	18,131,228	23.1%	4,968,768	496,514	27.4%	(524,367)	\$29.75
Route 18/8A Middlesex	2,864,079	11.8%	439,186	61,466	12.8%	7,827	\$33.95
Somerset/I-78	16,330,658	17.6%	3,523,975	442,402	21.6%	74,757	\$31.07
Union Area	3,015,498	8.8%	375,078	23,003	12.4%	9,282	\$23.87
Northern/Central NJ	165,481,194	18.1%	36,804,420	5,750,698	22.2%	728,060	\$32.39

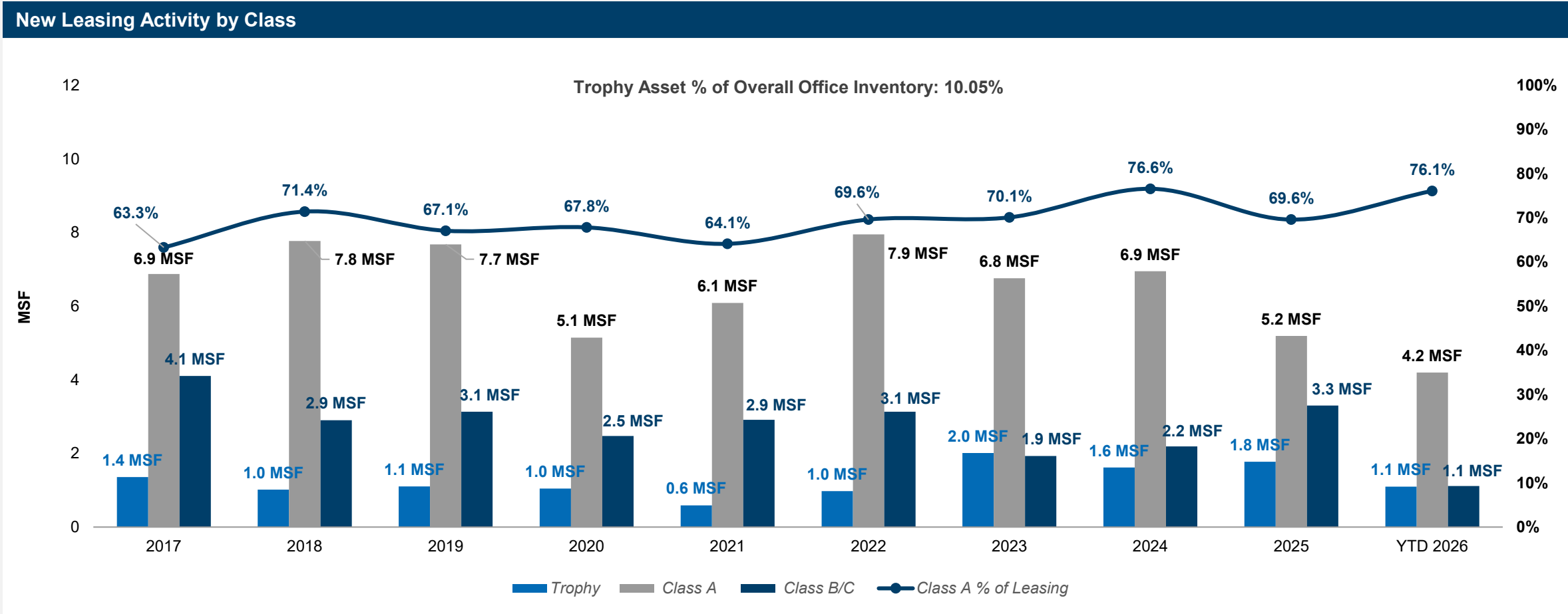
Class A Share of Leasing Climbs to 76%

Class A space accounted for 76.1% of year-to-date leasing in 3Q26, up from about 74% at midyear and 70.0% in 2025. Class A leasing has already reached 4.6 MSF this year, approaching the 2025 full-year total of 5.2 MSF. Occupiers continue to favor modern, amenitized buildings, while older properties face weaker backfill demand.



Flight to Quality | Northern New Jersey Leasing

Trophy assets represent about 10% of inventory but have captured 1.1 MSF of leasing year to date, well above their share of the market. Limited availability in top-tier buildings continues to push tenants into adjacent Class A product, while Class B/C leasing has slowed sharply from 2025, widening the gap between the strongest buildings and the rest of the market.



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