



NEWMARK

*Office Market Overview:*  
Northern New Jersey

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4Q25

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# Key Takeaways

The Northern New Jersey office market closed 2025 with positive net absorption totaling 556,548 SF in the fourth quarter. The vacancy rate decreased 90 basis points year over year, landing at 18.3%.



Leasing activity increased 26.3% quarter over quarter, totaling just under 2.4 MSF in the fourth quarter of 2025.



Sublease availability declined to 5.9 MSF, the lowest level in the past five years.



Class A office leasing represented more than 69.9% of overall activity in 2025.



Overall asking rents averaged \$32.02 PSF in the fourth quarter of 2025, rising 1.6% year over year.

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## Economy

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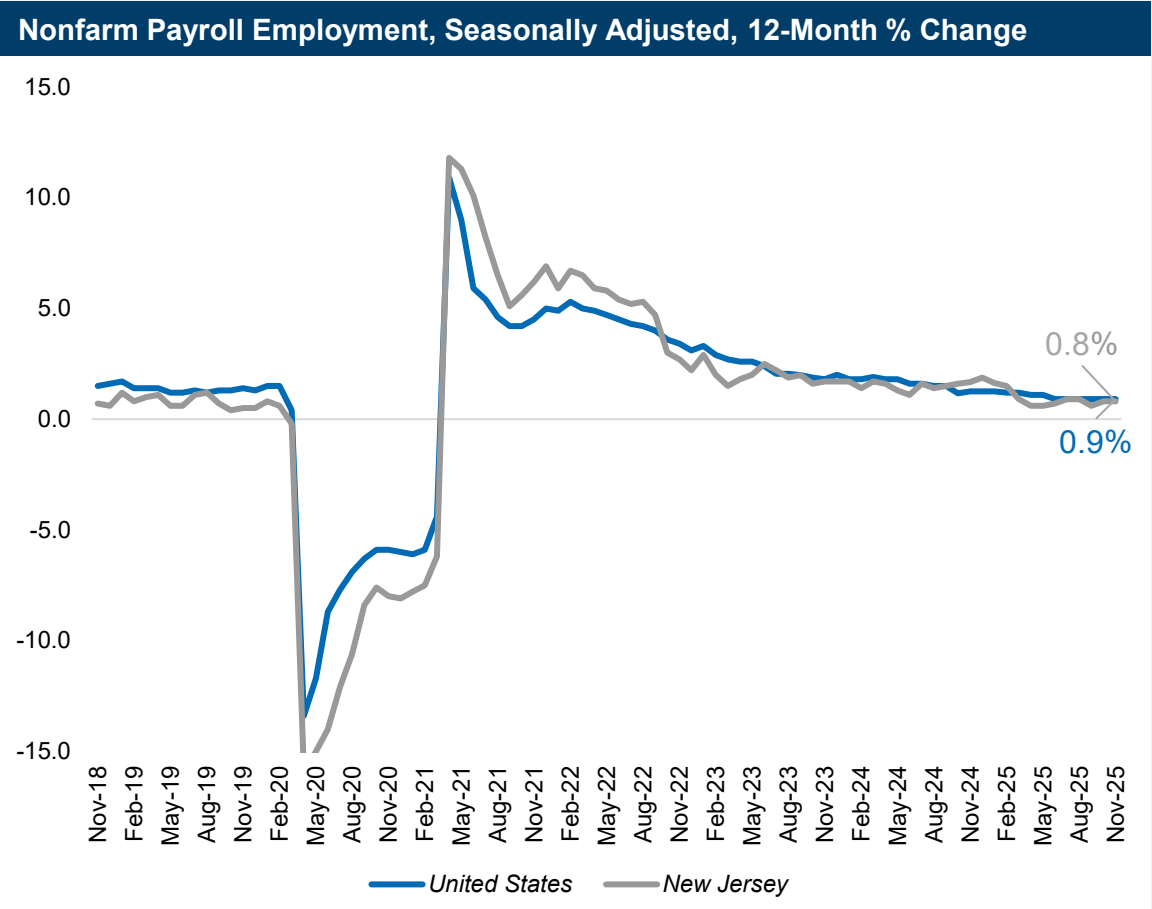
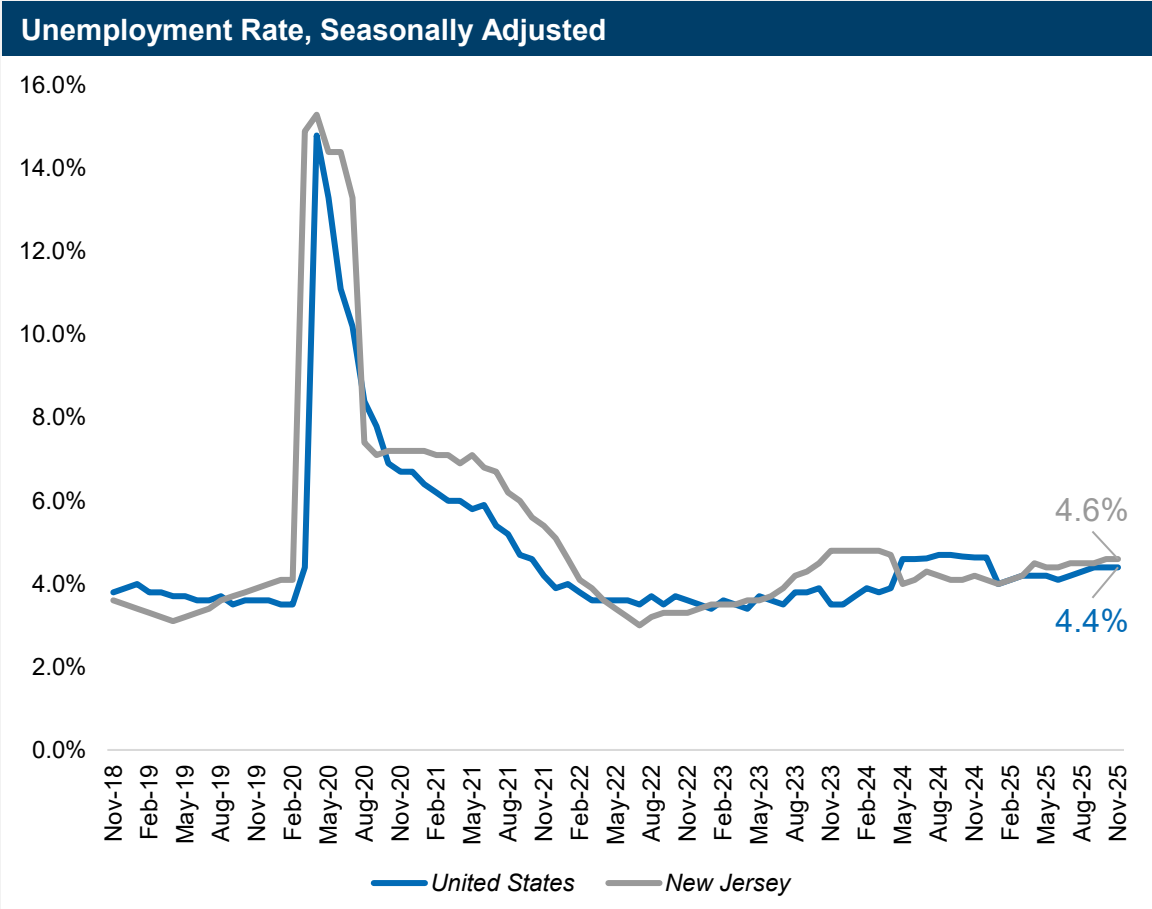
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# Metro Employment

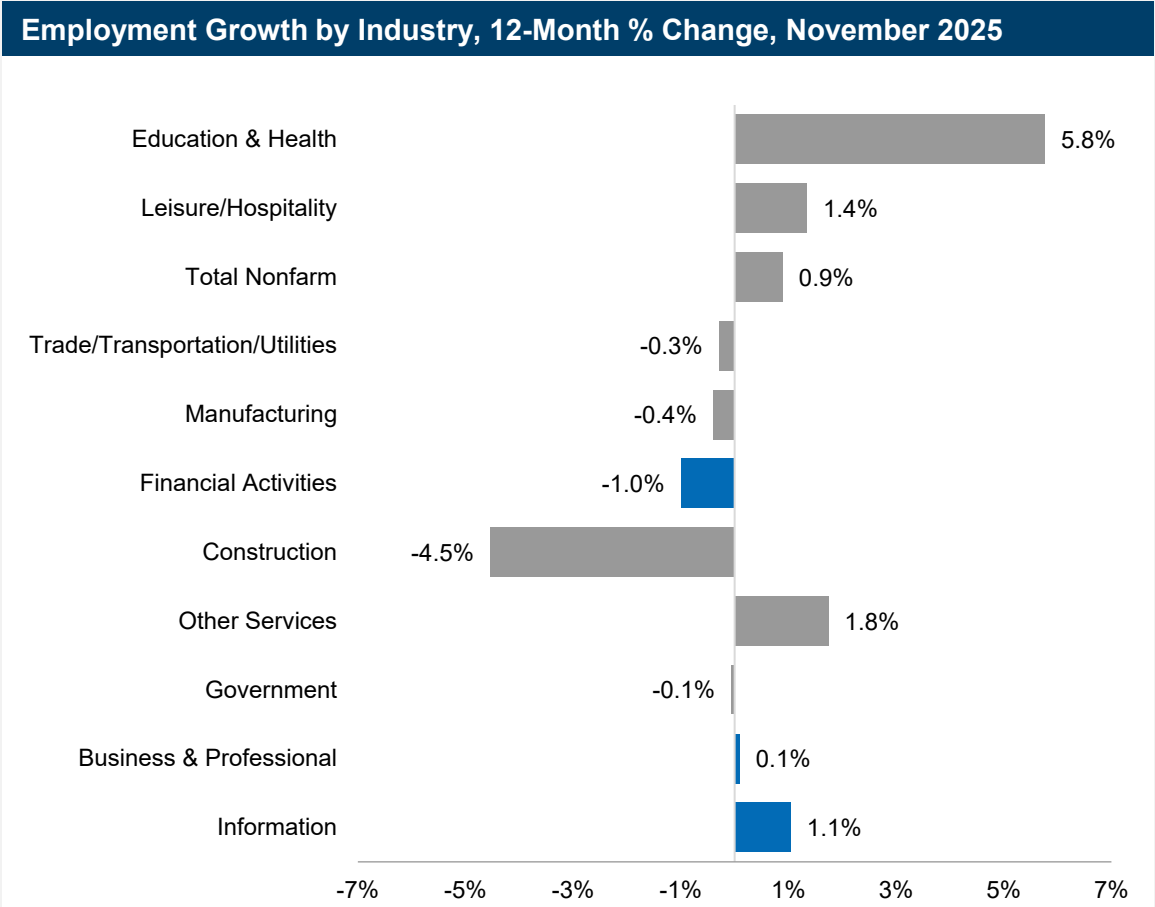
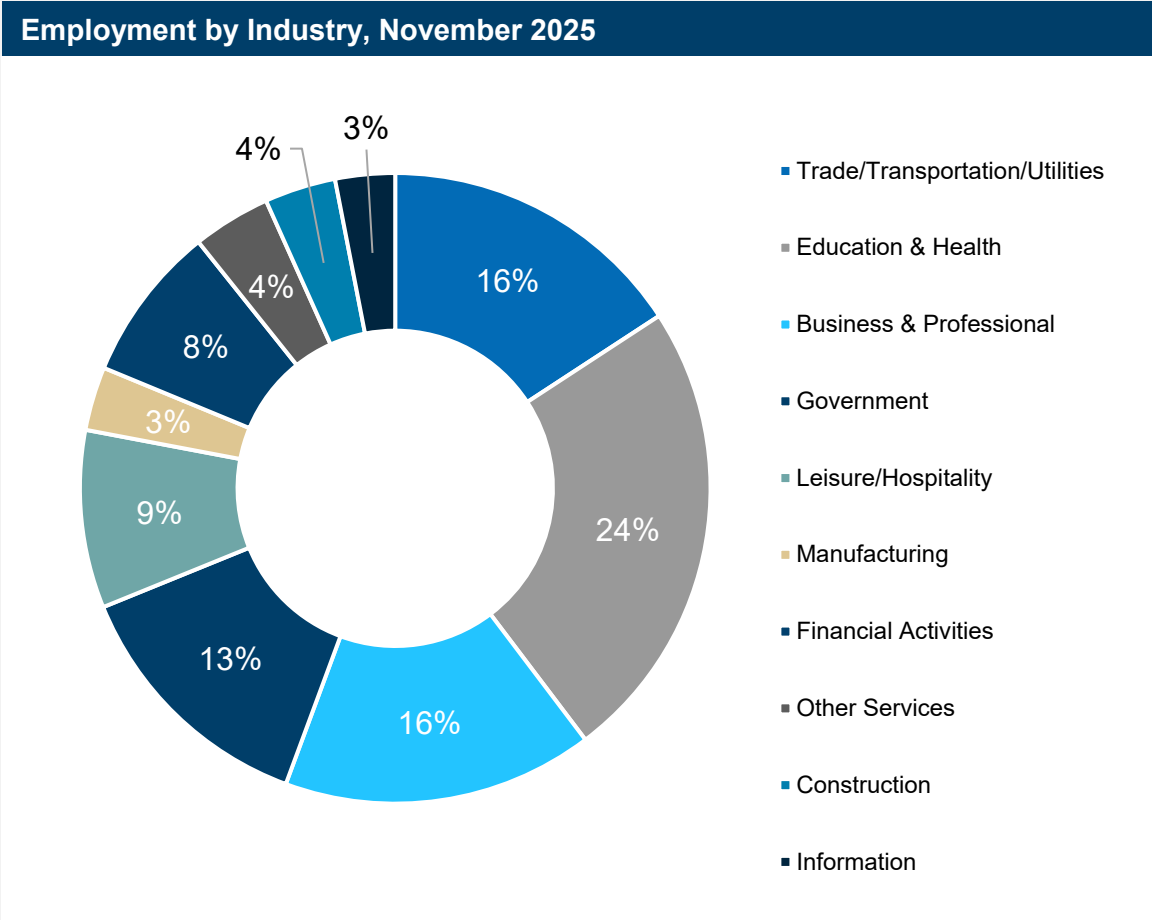
Year-over-year payroll employment rose 0.9% in New Jersey. The state’s unemployment rate increased to 4.6% in November 2025 and has remained above the national average of 4.4% since May 2023.



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

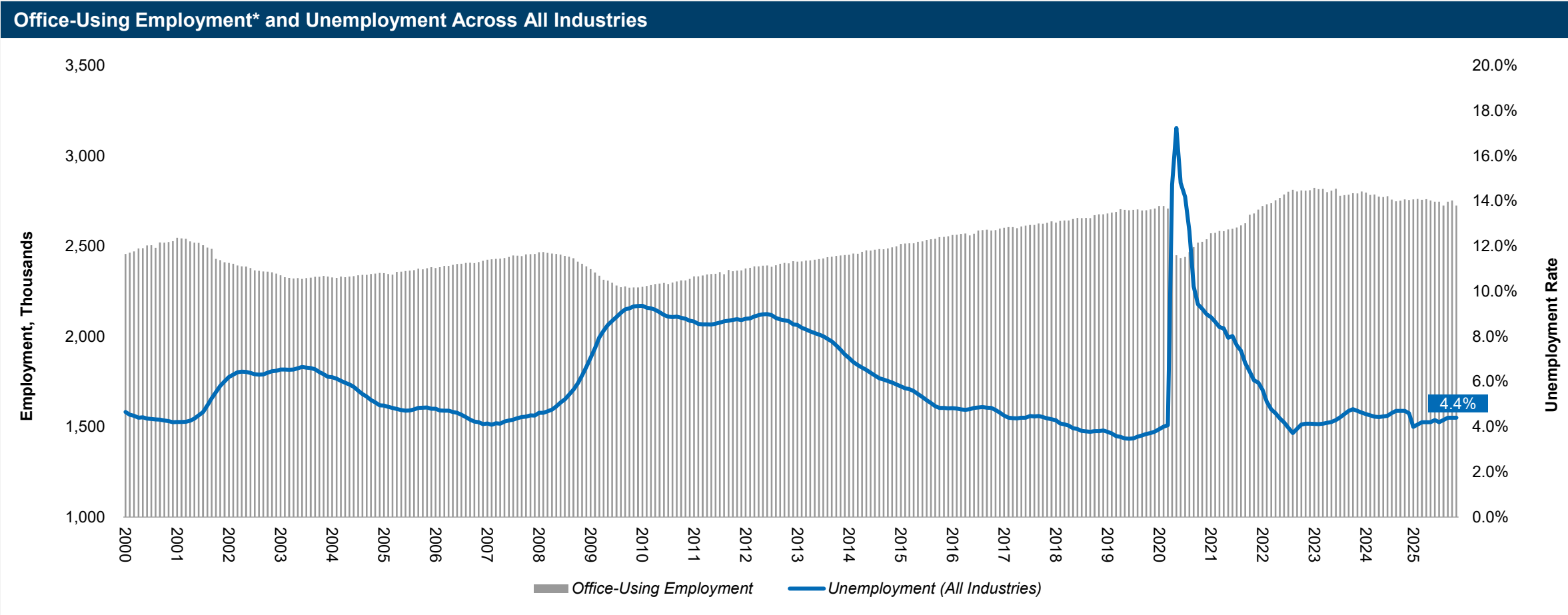
# Education & Health Lead All Industries

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 November 2025.



# Office-Using Employment Rebounds

Office-occupying industries posted year-over-year gains across all sectors except financial activities in November 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.



Source: U.S. Bureau of Labor Statistics, New Jersey. Note: November 2025 data is preliminary. \*Office-using employment includes employment in the following industry sectors: Professional & Business Services, Financial Activities and Information.

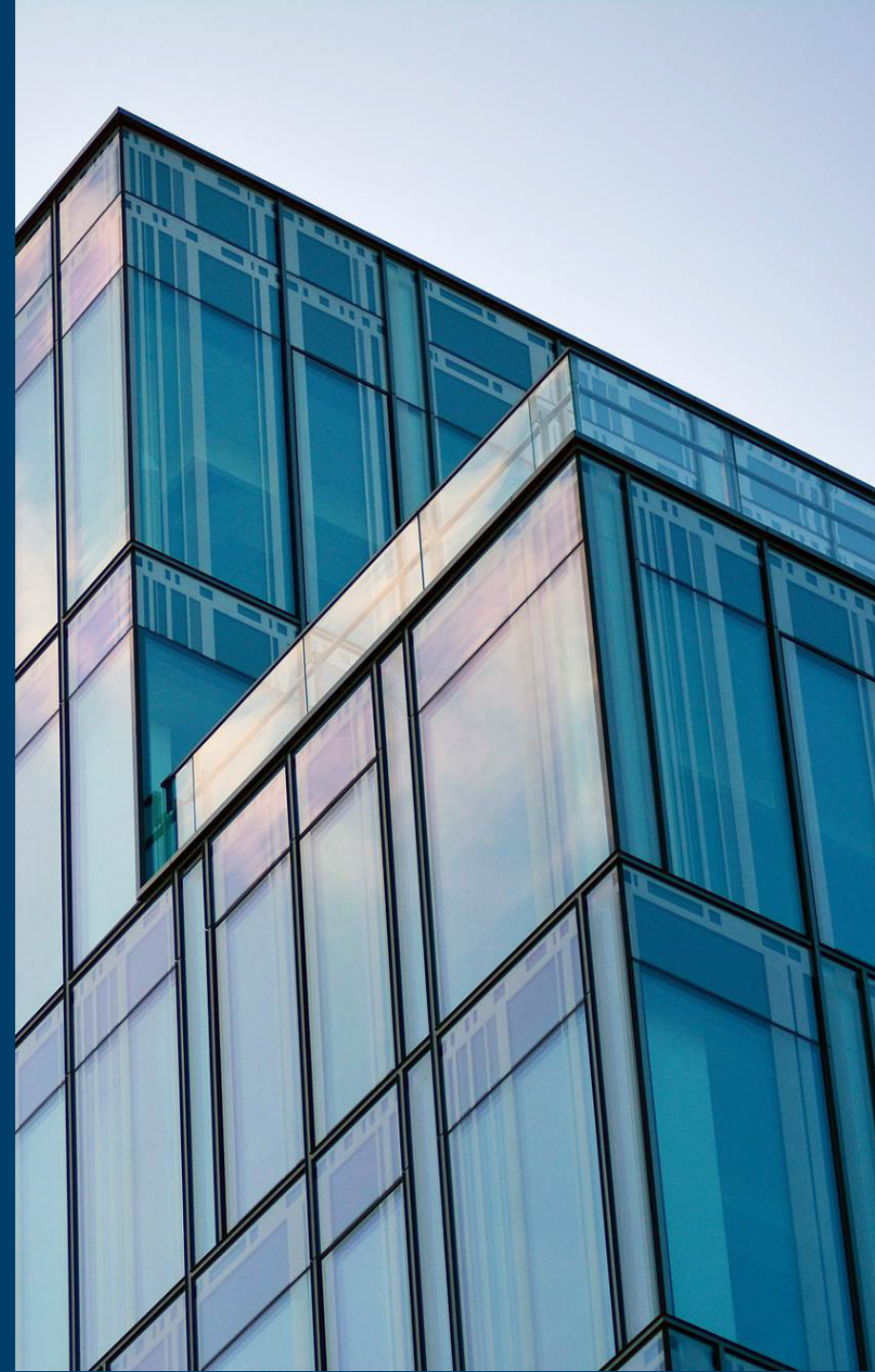
# 02

## Leasing Market Fundamentals

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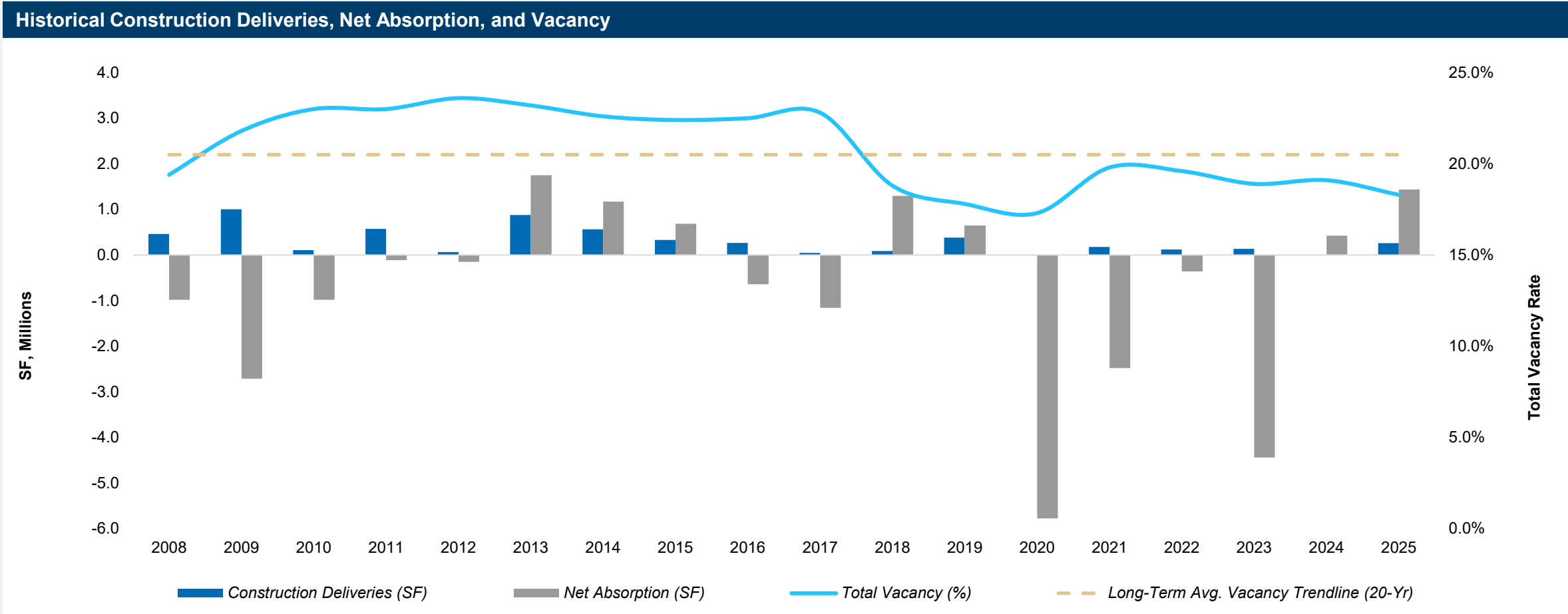
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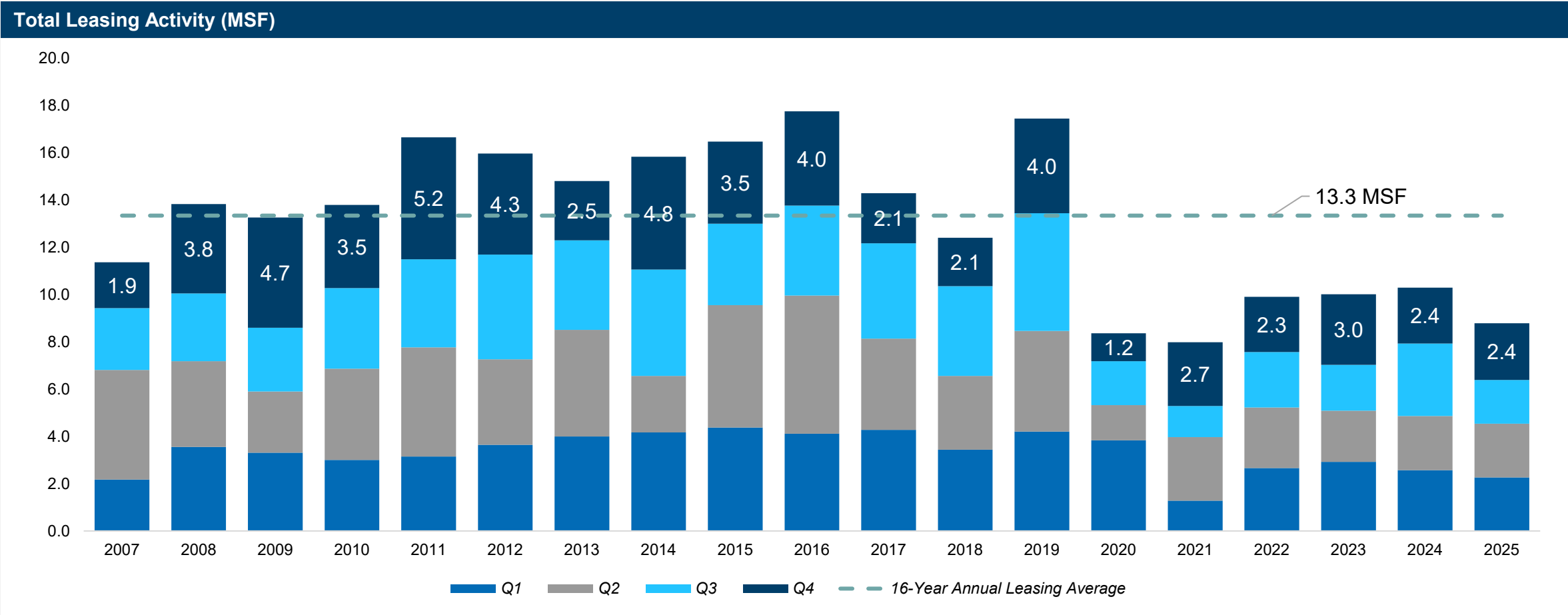
# Net Absorption Remains Positive

The Northern New Jersey office market recorded a 90-basis-point year-over-year decline in vacancy, reaching 18.3%, even as leasing activity slowed in 2025 compared to 2024. Occupiers are increasingly gravitating toward newer, recently modernized buildings, with amenity-rich properties experiencing stronger leasing velocity and rental rate growth. Net absorption totaled 556,548 SF in the fourth quarter of 2025, resulting in consecutive full years of positive absorption since 2019.



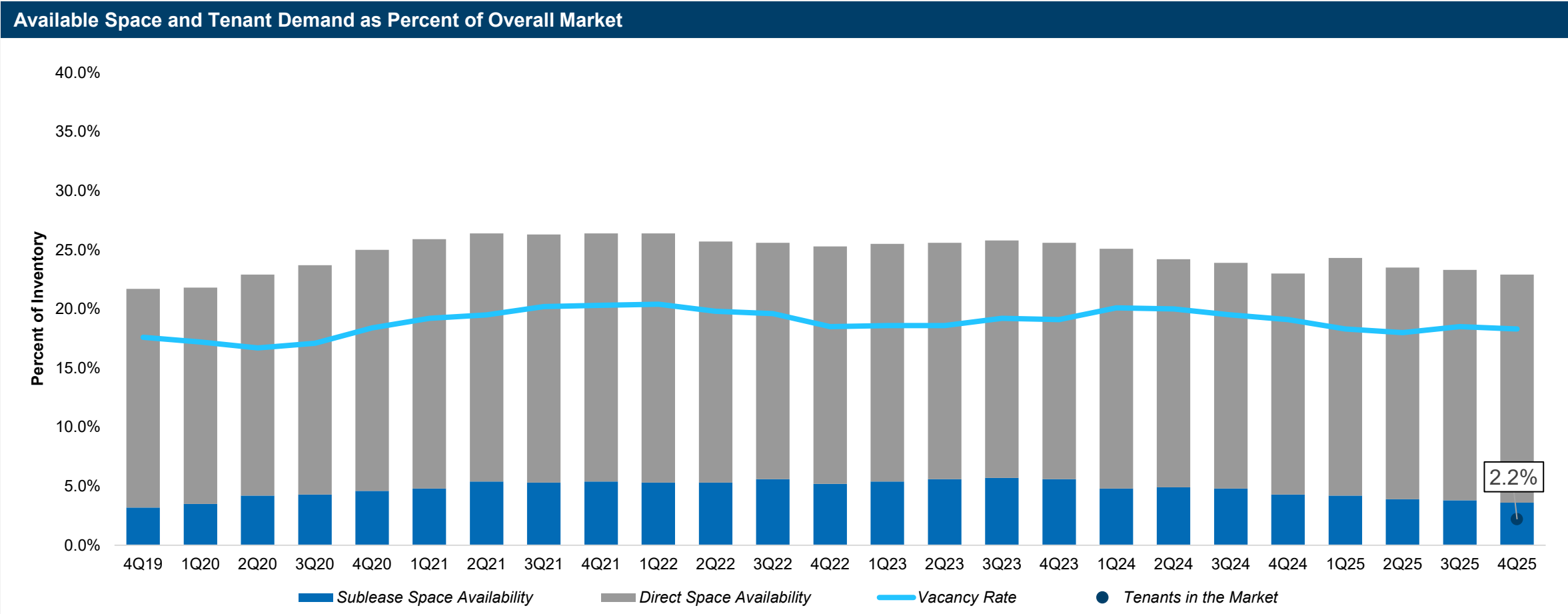
# Leasing Activity Increases Quarter-over-Quarter

Leasing activity surged throughout 2024, surpassing 10.3 MSF, the highest annual total in the past five years. Leasing activity across Northern New Jersey increased 26.3% quarter over quarter, driven by strong tenant demand and totaling just under 2.4 MSF in the fourth quarter of 2025.



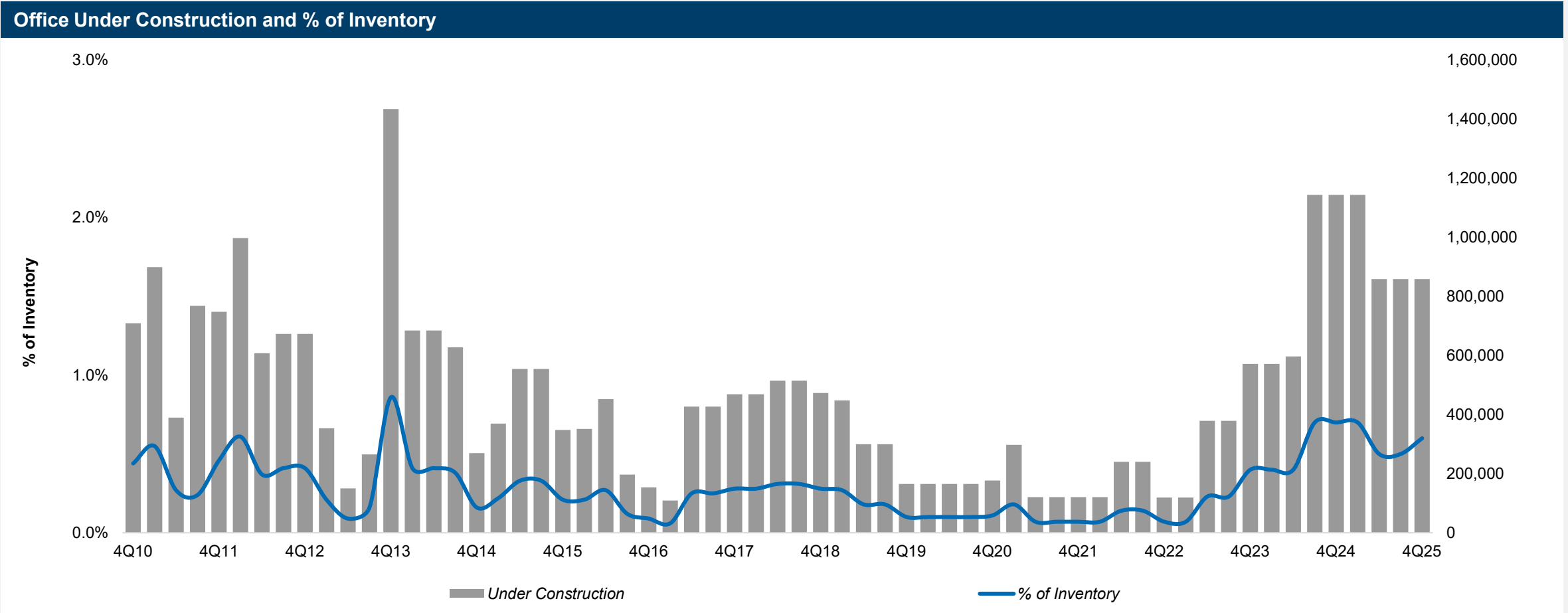
# Sublease Supply Declines To New 5 Year Low

The overall vacancy rate declined 20 basis points to 18.3%, a 90-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 5.9 MSF, the lowest level in the past five years. More occupiers are committing to long-term space, further aligning with the reduction in sublease availability.



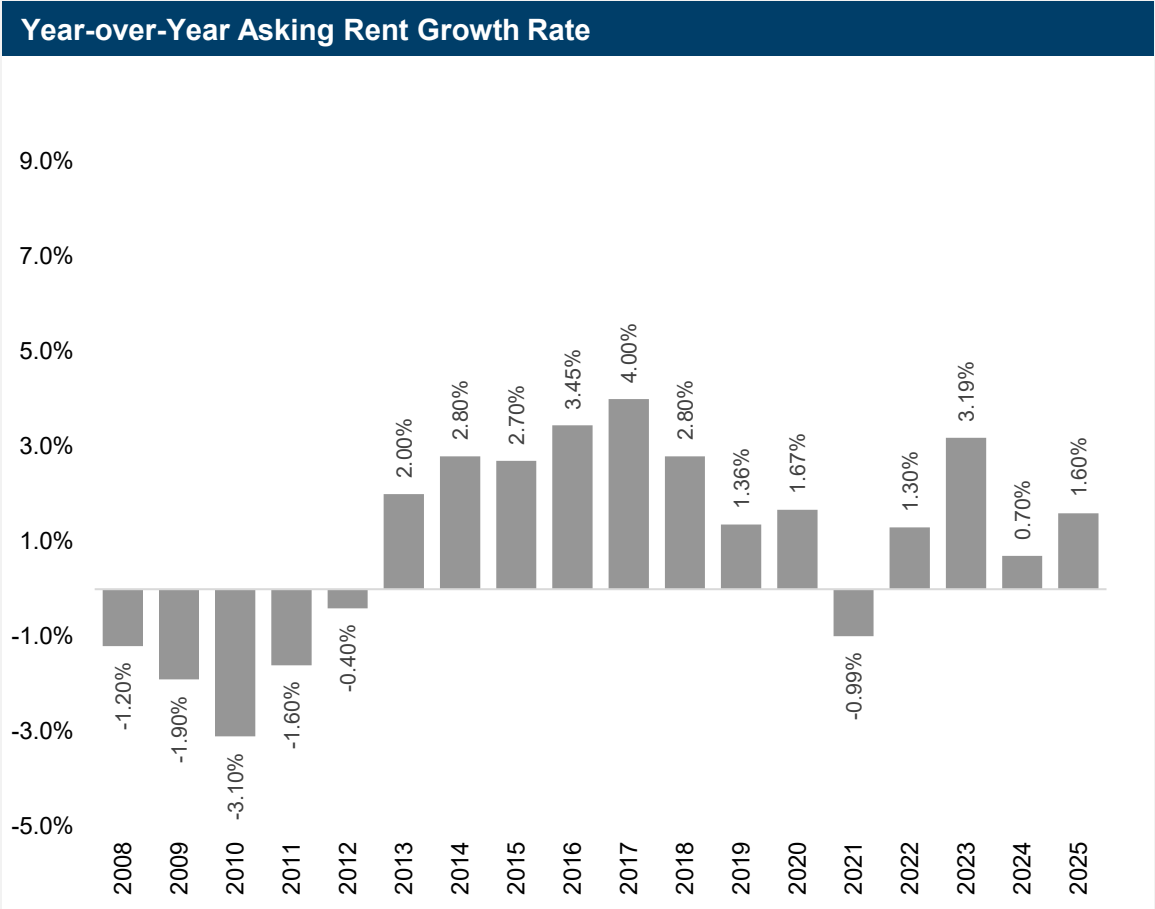
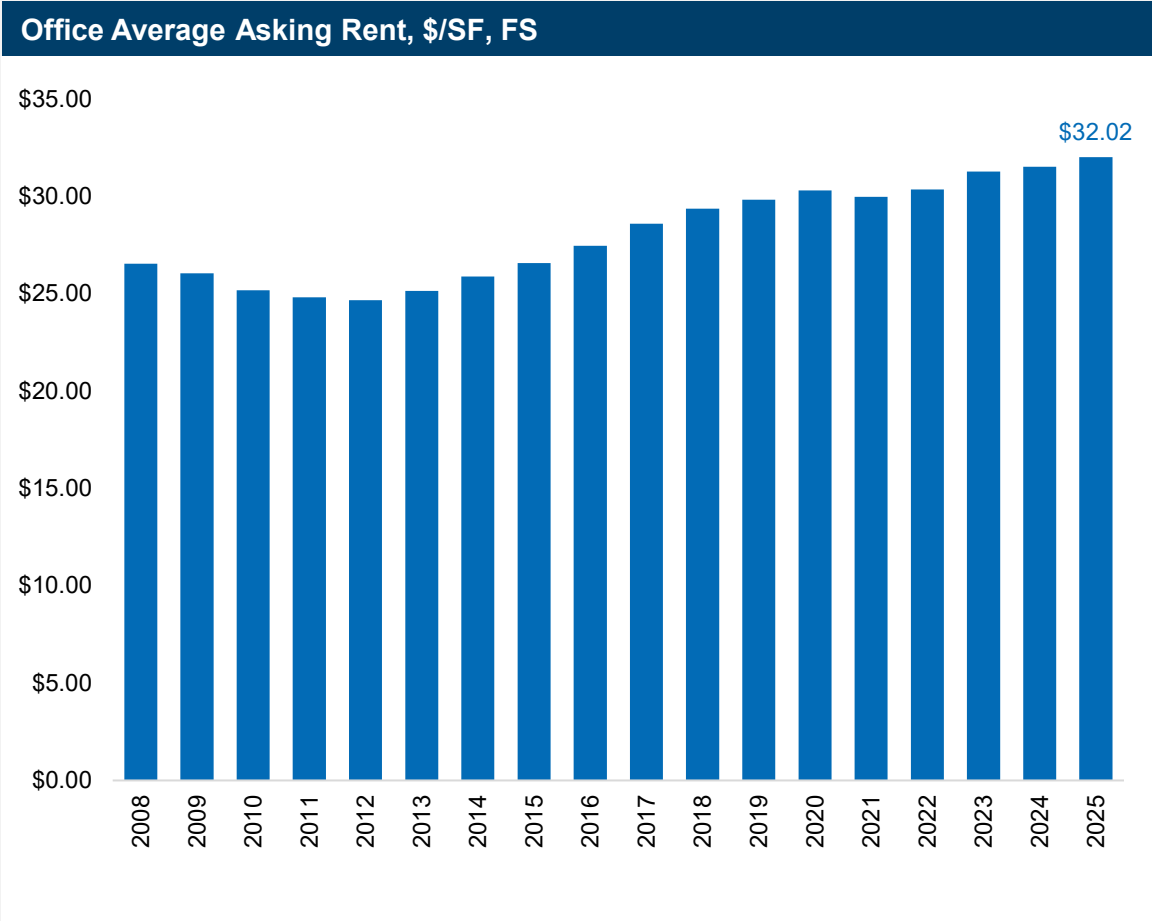
# New Construction Holds Steady

Under-construction volume held at 858,787 SF in the fourth 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 in 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.



# Asking Rents Rise

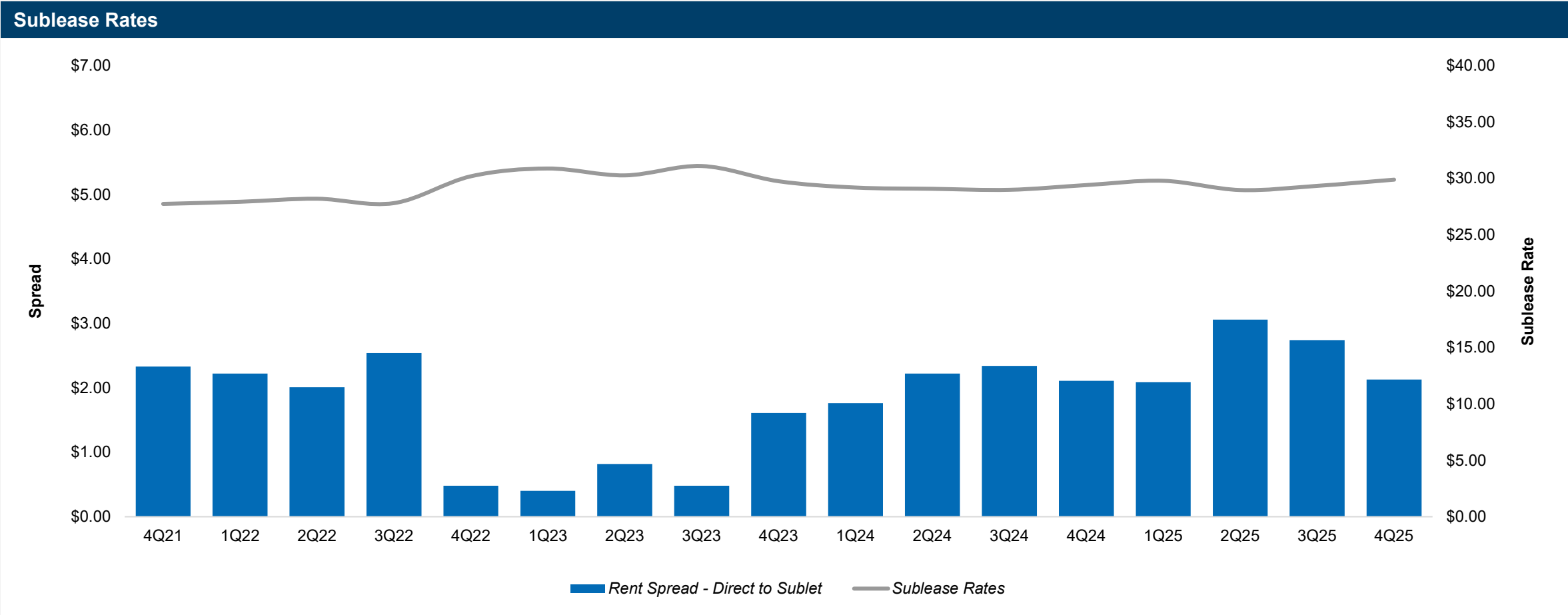
Overall asking rents averaged \$32.02 PSF in the fourth quarter of 2025, reflecting a \$0.17 PSF increase from the previous quarter. Year over year, rents rose modestly by 1.6%, while Class A pricing increased 1.5% to \$35.21 PSF, a 9.9% premium over the overall average asking rent. Asking rents are expected to remain firm, supported by steady tenant demand.





# 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, rising 1.6% year over year to \$29.89 PSF in the fourth quarter of 2025.



# Notable Lease Transactions

Leasing activity increased 26.3% quarter-over-quarter, totaling just under 2.4 MSF in the fourth quarter of 2025. Overall market fundamentals remain strong, as net absorption stayed positive and availability declined 40 basis points to 22.9%. Class A space continues to lead the market, exemplified by Selective Insurance’s relocating of its corporate headquarters to the Class A building at 103 JFK Parkway in Short Hills.

Notable 4Q25 Lease Transactions				
Tenant	Building(s)	Submarket	Type	Square Feet
Selective Insurance	103 JFK Parkway	Short Hills/I-24	Direct New	122,525
Selective Insurance’s signed a 122,525 SF new deal at 103 JFK Parkway in Short Hills while maintaining operations at its current Branchville location.				
JPMorgan Chase	545 Washington Blvd	Hudson Waterfront	Expansion	84,782
JPMorgan Chase expanded their footprint at 545 Washington Boulevard in Jersey City to 84,782 SF.				
Sandoz	777 Scudders Mill Road	Princeton Area	Direct New	78,391
Sandoz leased 78,391 SF at 777 Scudders Mill Road in Plainsboro.				
Mandelbaum Barrett	3 Becker Farm Road	Essex West/I-280	Direct Renewal	53,000
Mandelbaum Barret renewed for 60,873 SF at 3 Becker Farm Road in Roseland.				
Well Fargo Bank, N.A.	194 Wood Avenue S	MetroPark/GSP	Expansion	50,248
Wells Fargo leased 50,248 SF in Iselin.				

# 4Q25 Northern/Central New Jersey Office Submarket Overview

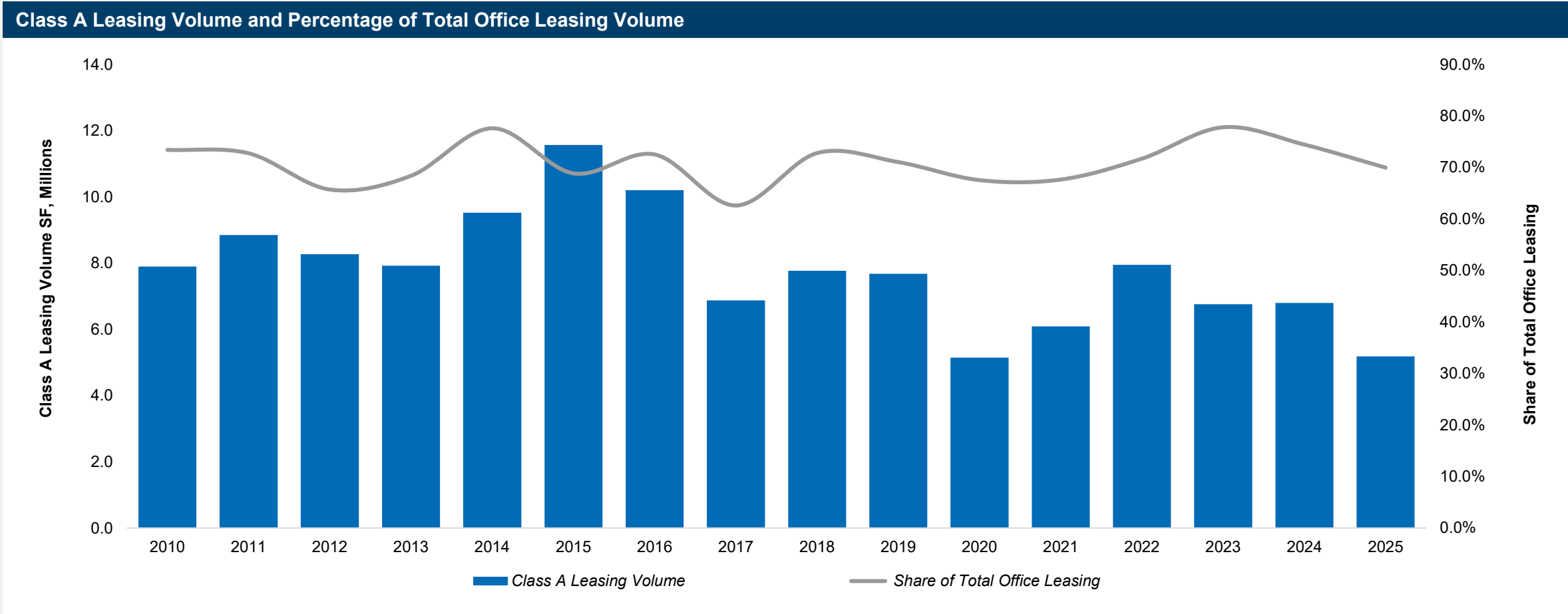
Submarket Statistics – All Classes							
	Total Inventory (SF)	Total Vacancy Rate	Total Available (SF)	Sublease Available (SF)	Total Availability Rate	Qtr Net Absorption (SF)	Total FS Asking Rent (Price/SF)
Northern NJ	97,758,590	16.4%	23,156,256	3,858,009	21.7%	646,652	\$30.71
Bergen Central	9,290,591	12.2%	1,330,033	97,542	14.3%	-5,008	\$30.05
Bergen East	4,373,989	9.8%	691,852	178,916	15.8%	104,495	\$28.66
Bergen North	4,852,427	10.9%	1,044,860	370,175	21.5%	43,389	\$26.32
Essex West/I-280	4,180,816	21.9%	1,077,583	3,251	25.8%	4,039	\$28.02
Hudson Waterfront	21,440,999	25.5%	6,957,871	1,355,846	32.5%	596	\$45.40
Meadowlands	5,456,004	15.0%	1,417,820	235,974	26.0%	-8,259	\$30.65
Morris West/I-80	1,451,078	22.6%	367,500	14,132	25.3%	37,188	\$25.18
Morristown Area	12,284,770	15.9%	2,781,944	543,335	22.6%	-13,010	\$29.89
Newark	12,240,029	19.5%	2,959,670	513,820	24.2%	-4,181	\$30.07
Parsippany/Route 10	12,279,933	21.2%	3,348,024	427,037	27.3%	146,936	\$29.12
Route 46/Wayne	7,627,121	9.4%	843,207	84,415	11.1%	173,363	\$23.84
Short Hills/Route 24	2,389,620	12.3%	335,892	33,566	14.1%	167,104	\$41.31

# 4Q25 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	67,176,379	20.1%	14,700,736	2,084,260	23.3%	-95,985	\$27.56
Hunterdon/I-78	2,610,155	50.6%	1,334,377	0	51.1%	-2,720	\$24.90
MetroPark/GSP	6,150,359	22.6%	1,988,304	195,033	32.3%	-34,928	\$38.33
Monmouth	10,112,173	12.0%	1,339,387	258,720	13.2%	-19,659	\$27.05
Piscataway/I-287 South	8,441,160	11.9%	1,143,569	89,233	13.5%	-65,079	\$20.60
Princeton Area	17,652,297	22.9%	4,565,874	1,027,098	25.9%	55,990	\$27.93
Route 18/8A Middlesex	2,864,079	12.8%	405,121	58,712	14.1%	-38,069	\$28.45
Somerset/I-78	16,330,658	18.5%	3,473,001	418,600	21.3%	1,062	\$29.92
Union Area	3,015,498	9.7%	451,103	36,864	15.0%	7,418	\$23.28
Northern/Central NJ	165,522,687	18.3%	37,856,992	5,942,269	22.9%	556,548	\$32.02

# Flight to Quality Trend Remains Consistent

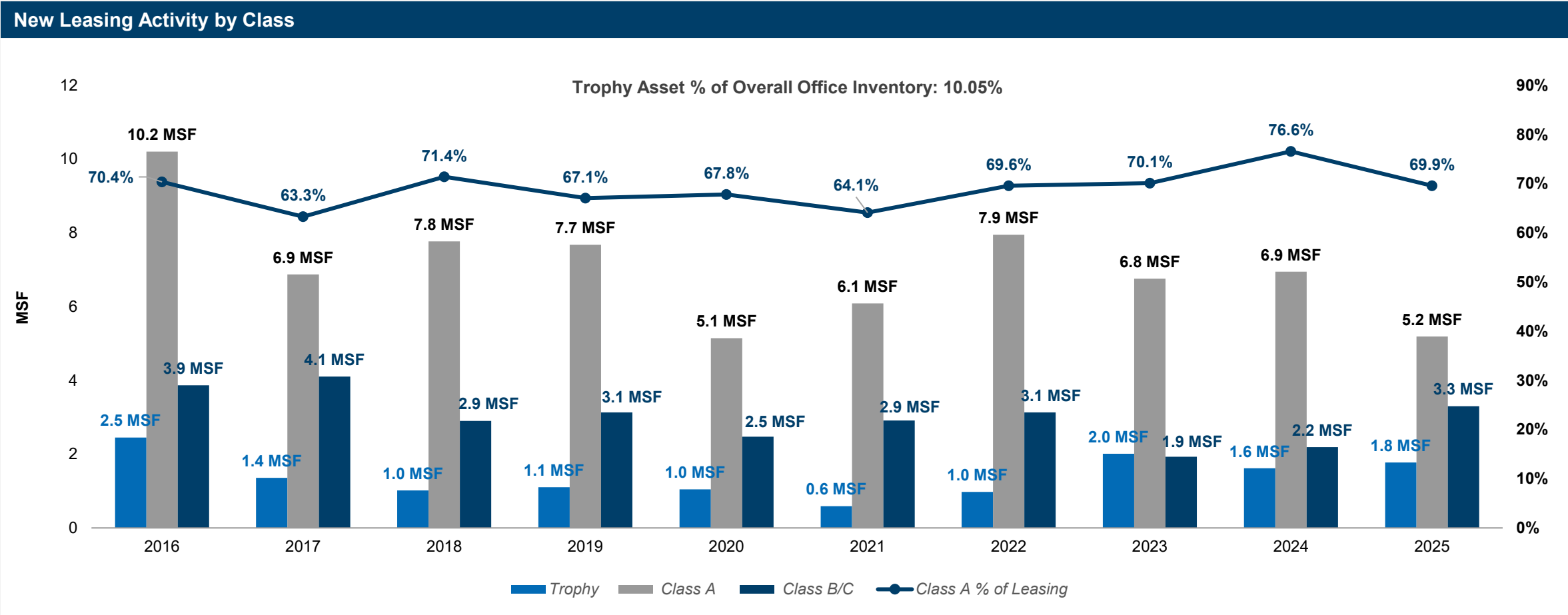
Class A office leasing remained steady, representing more than 69.9% of overall activity in 2025. The flight-to-quality trend continues, with tenants gravitating toward modern, amenity-rich assets, while outdated Class B and C buildings face rising vacancy and obsolescence as companies relocate to higher-quality options.





# Flight to Quality | Northern New Jersey Leasing

Demand for high-quality space remains strong, with premier office buildings achieving higher absorption than the broader market. As the flight-to-quality trend has concentrated activity in trophy assets, limited availability in those buildings has driven increased leasing activity within non-trophy Class A properties.



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