



NEWMARK

Industrial Market Overview:
Northern New Jersey

4Q25

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Key Takeaways

The industrial market in Northern and Central New Jersey stabilized in the fourth quarter of 2025, recording positive net absorption for the second consecutive quarter. Class A demand continues to drive vacancy stabilization.



Occupancy gains were concentrated in Class A assets, garnering over 44% of leasing activity, as tenants prioritize modern facilities.



Tenant demand in the fourth quarter of 2025 reflected a more diverse mix of industry types, underscored by the reemergence of major retail occupiers.



Vacancy rose 20 BPS to 6.1%, driven by 1.85 MSF of construction deliveries during the fourth quarter, much of which delivered without pre-leasing.



Sublease availability reached a new historic high of 12,091,534 during the fourth quarter, increasing by 4.4% quarter-over-quarter.

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Economy

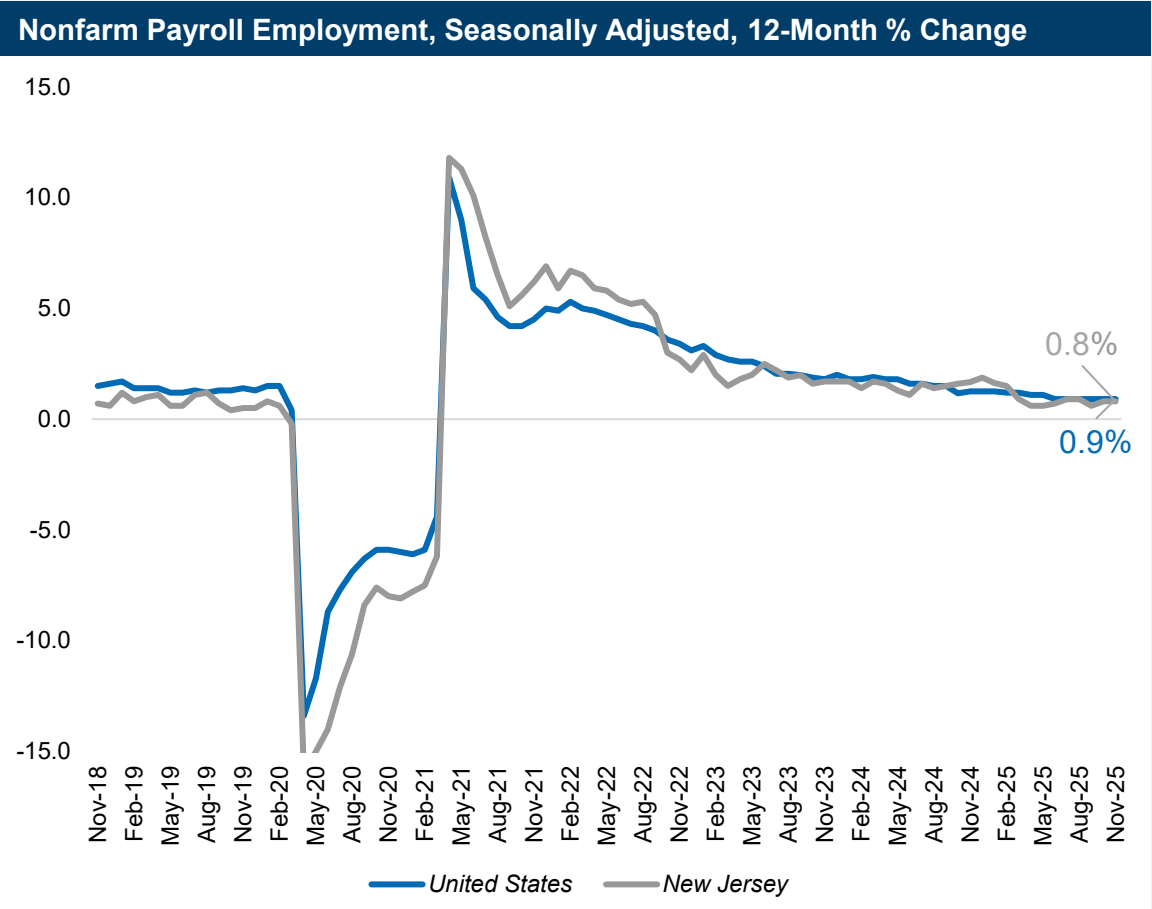
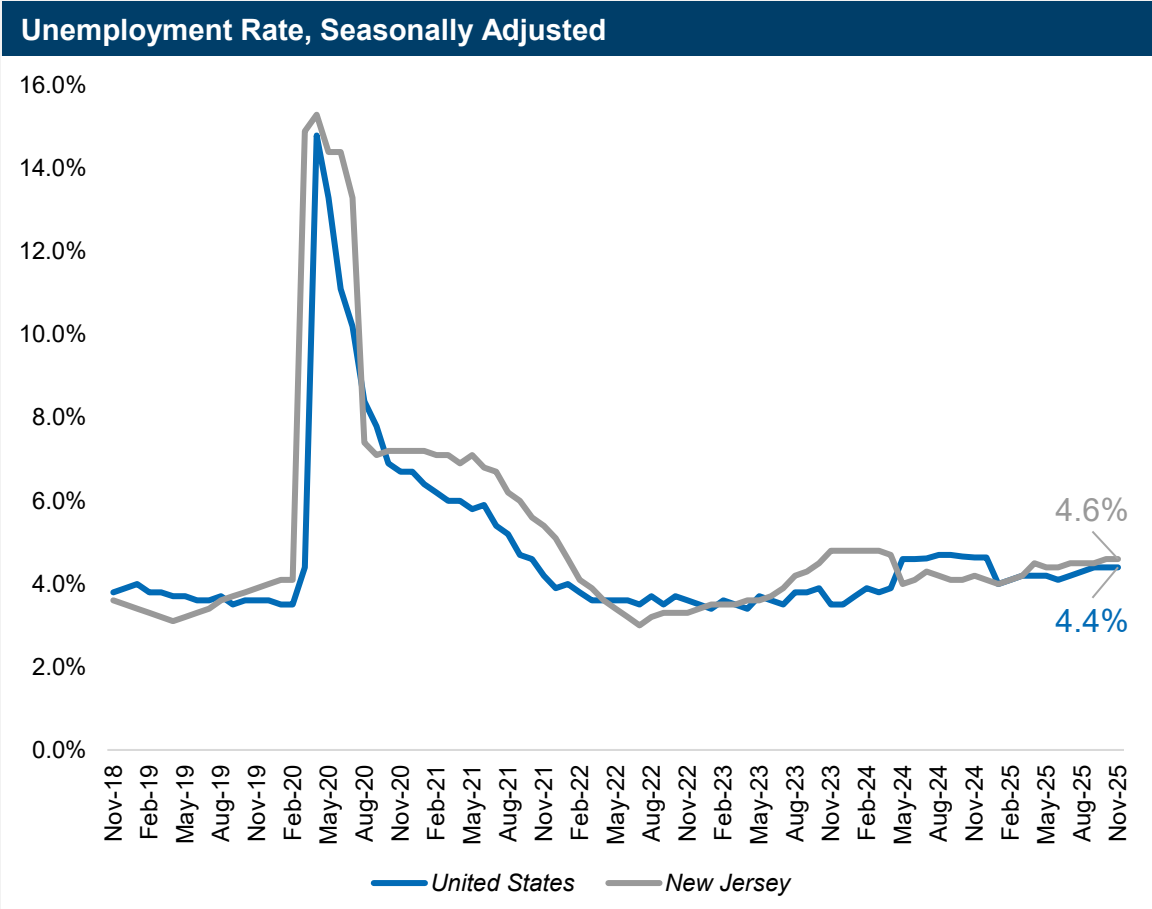
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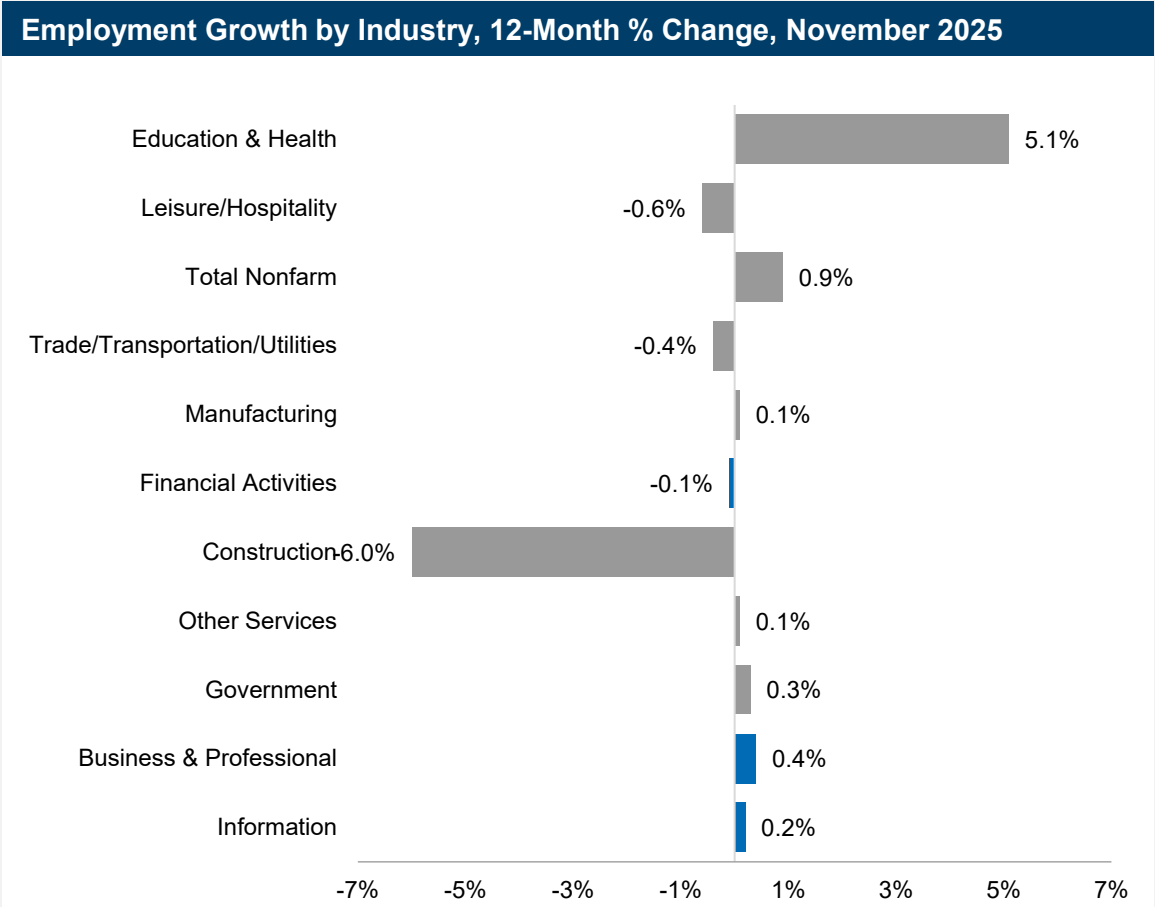
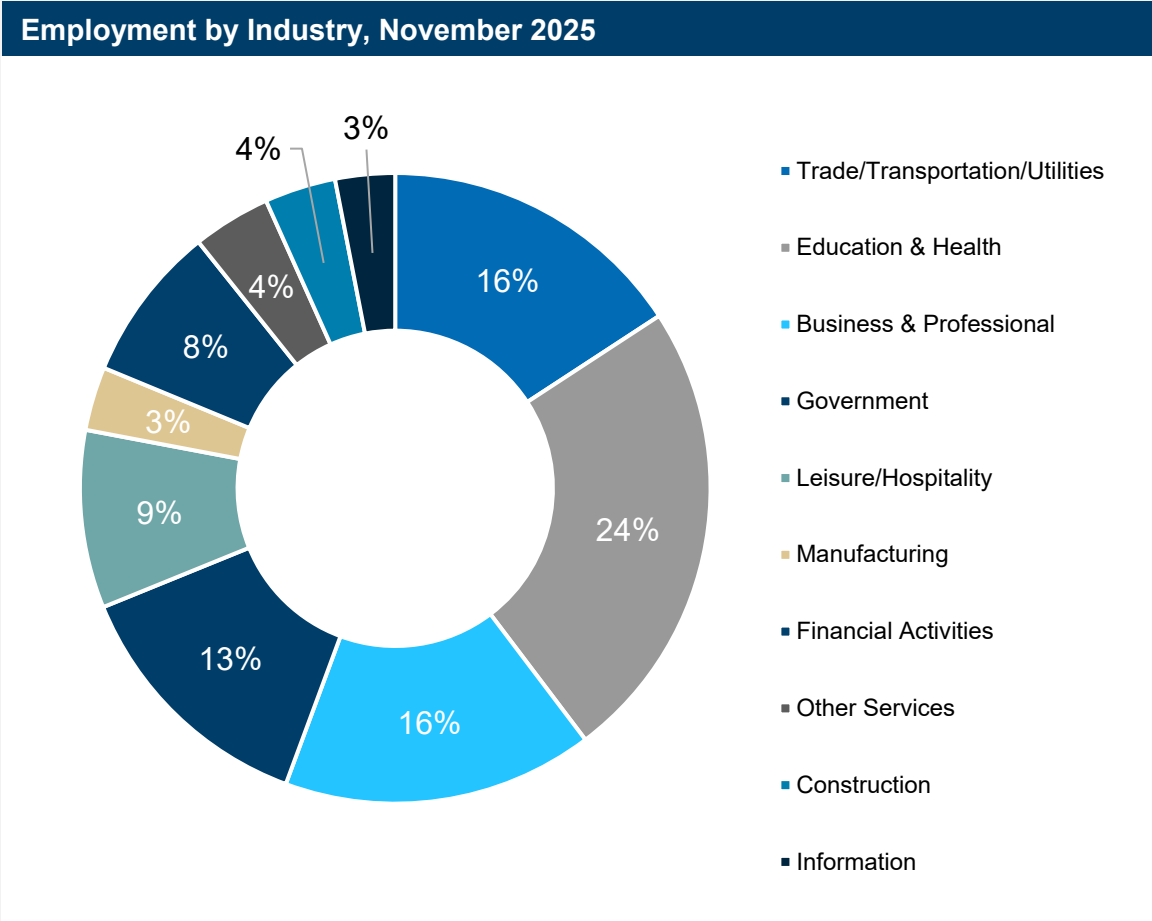
Metro Employment

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.



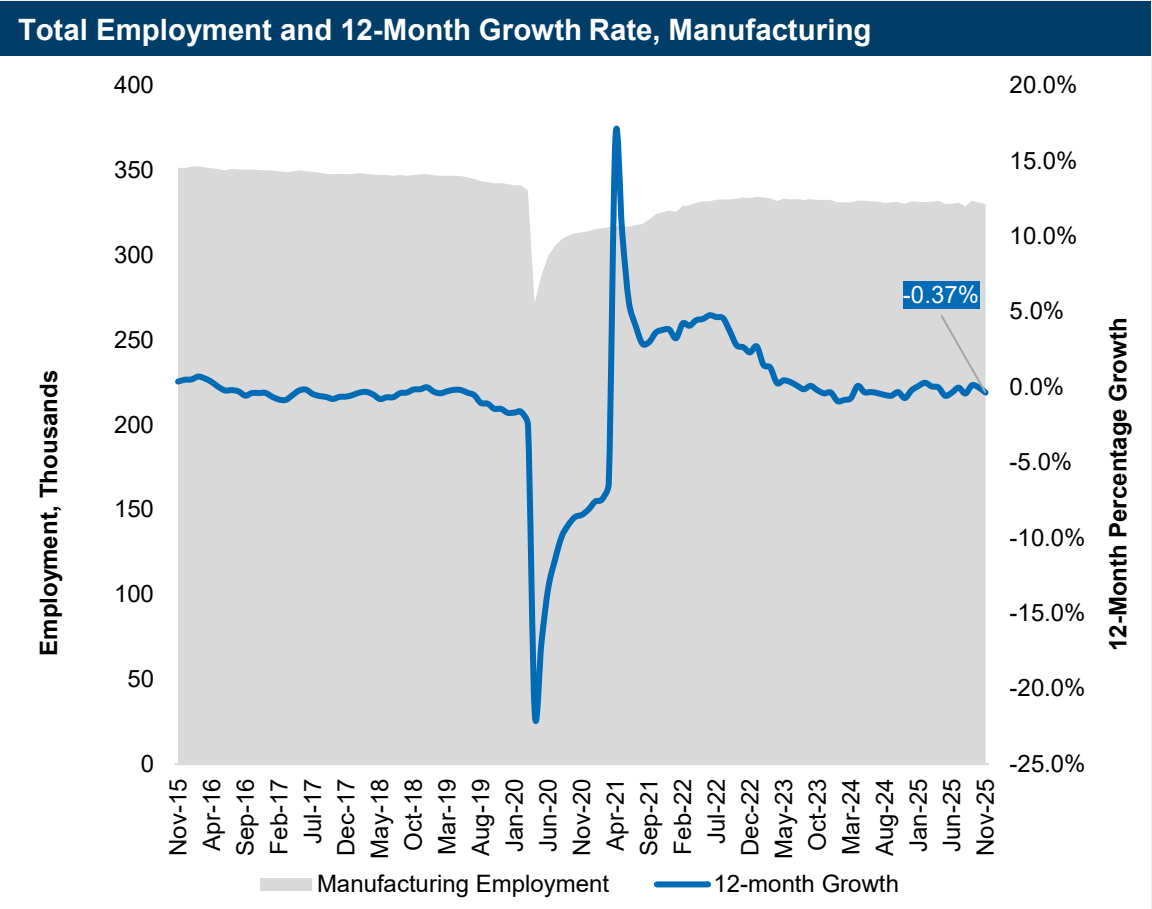
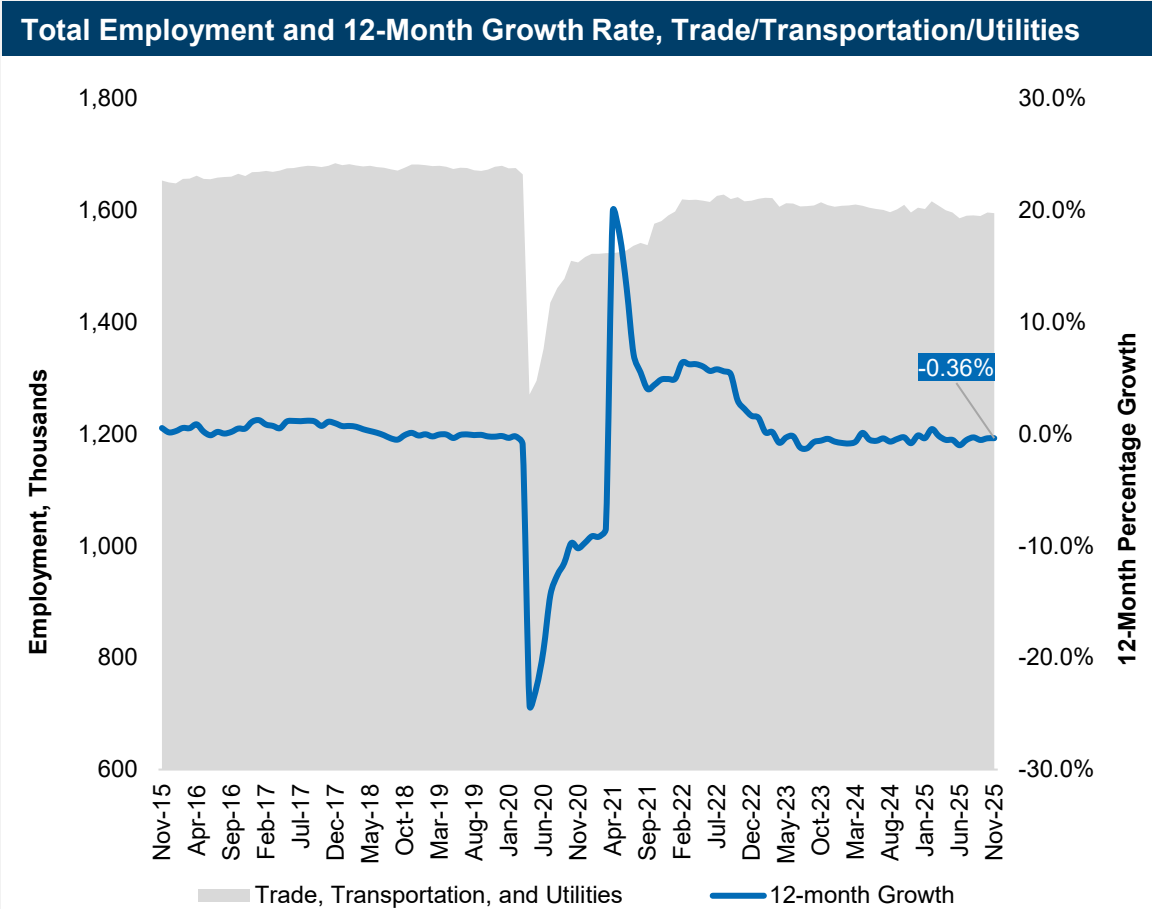
Most Industrial Employment Posts Year-Over-Year Losses

Education and health services led all industries in Northern New Jersey, recording 5.1% annual job growth. Trade, Transportation and Utilities experienced minimal year-over-year losses of -0.4%, while manufacturing experienced 0.1% gains. The construction sector continued to contract by 6.0%.



Industrial Employment Growth

Trade, transportation, utilities and manufacturing firms are adapting to the economic climate and shifting consumer demand by recalibrating their labor strategies. However, competition for talent remains a challenge for many occupiers in the market. Industrial-occupying sectors recorded year-over-year job losses across trade, transportation, utilities and manufacturing, while the construction sector contracted by 6.0%.



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Leasing Market Fundamentals

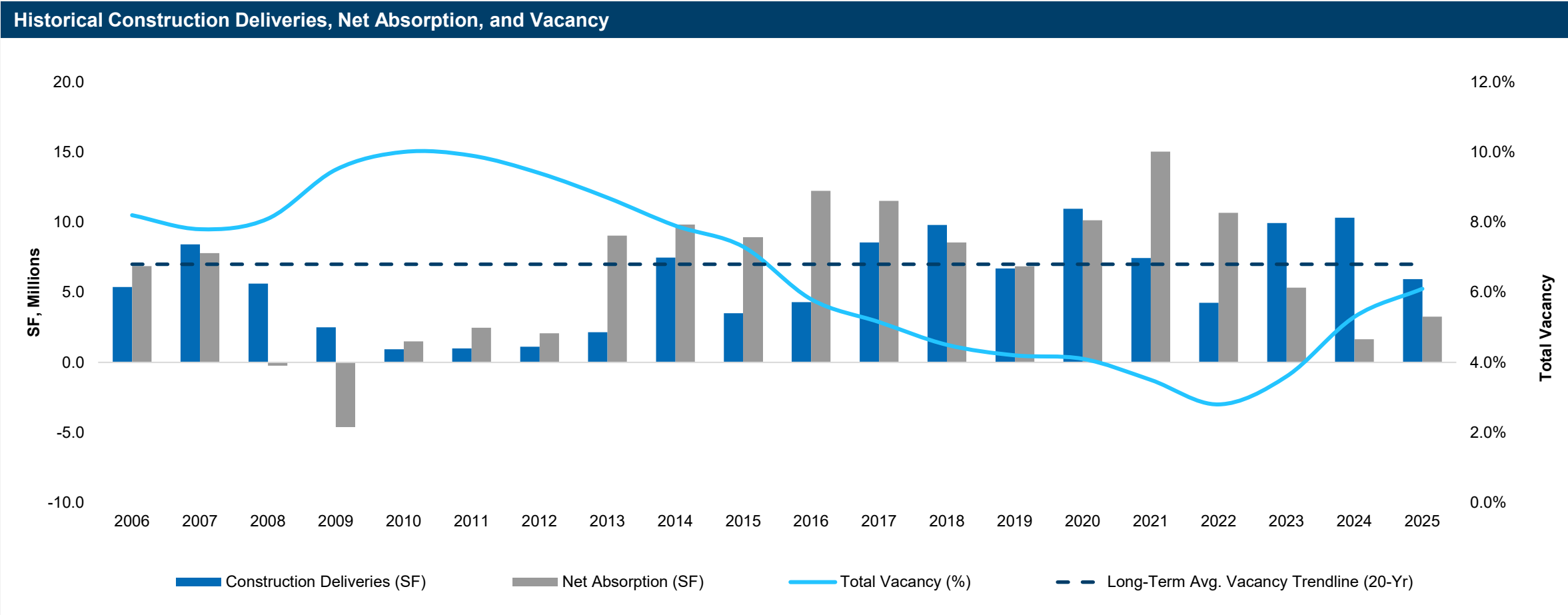
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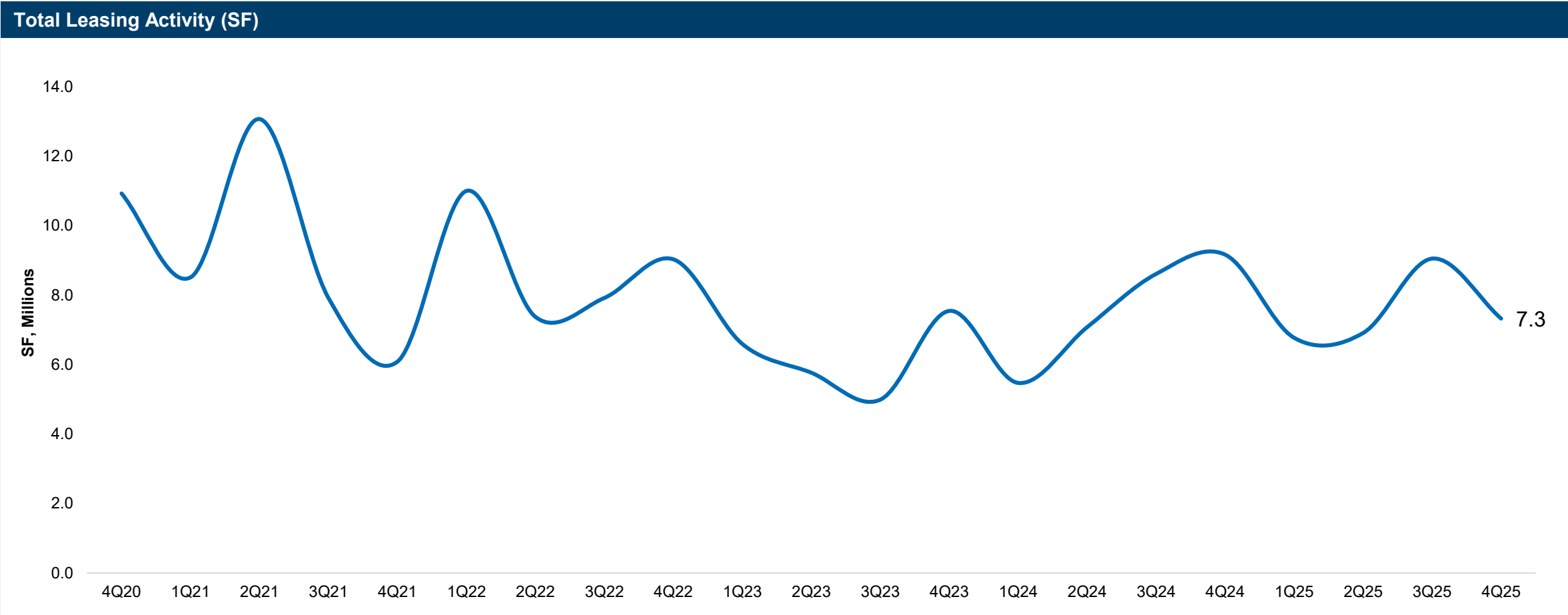
Market Signals Stabilization As Net Absorption Continues Positive

The industrial market in Northern and Central New Jersey stabilized in the fourth quarter of 2025, recording positive net absorption for the second consecutive quarter. Occupancy gains were concentrated in Class A assets, garnering over 44% of leasing activity, as tenants prioritize modern facilities. Despite positive net absorption, vacancy rose 20 basis points to 6.1%, driven by 1.85 MSF of construction deliveries during the fourth quarter, much of which delivered without pre-leasing.



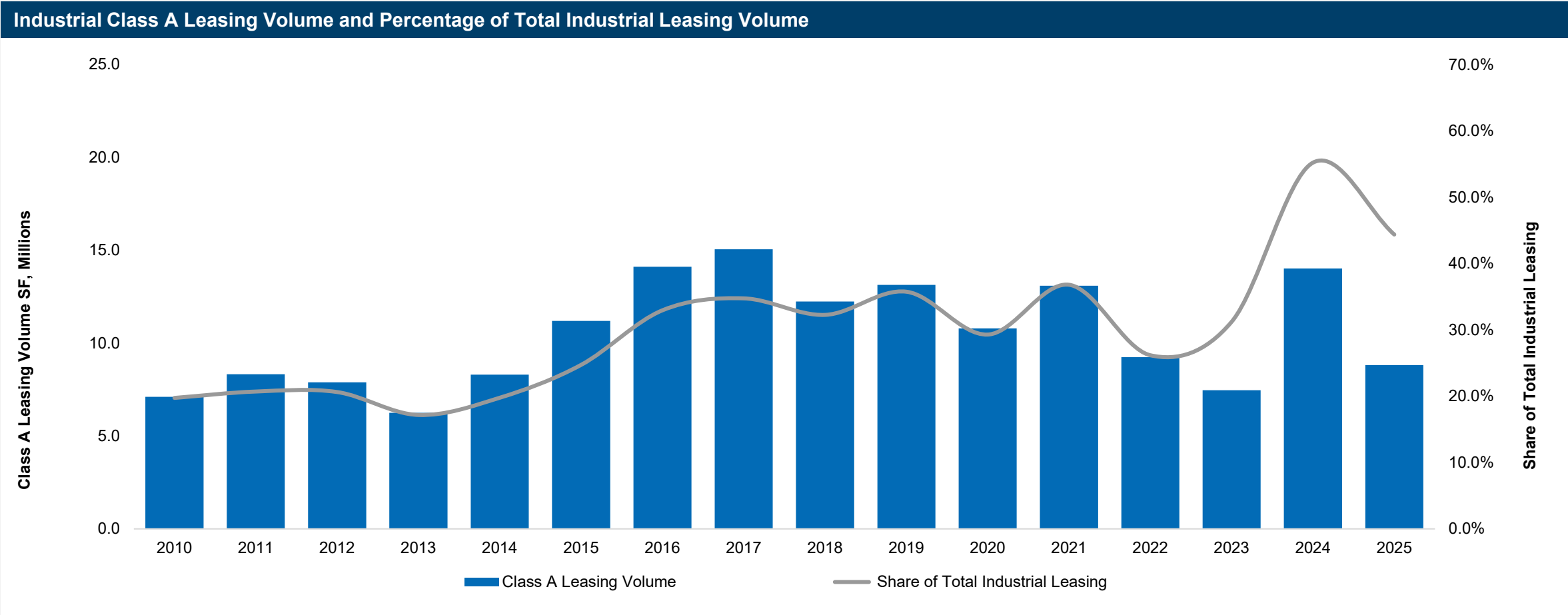
Industrial Leasing Activity Pulls Back

Industrial leasing activity slowed in the fourth quarter of 2025, totaling just under 7.3 MSF, a 19% quarter-over-quarter decrease. Tenant demand in the fourth quarter of 2025 reflected a more diverse mix of industry types, underscored by the reemergence of major retail occupiers. Demand was still heavily driven by 3PLs, which accounted for 43% of total activity and two of the five largest transactions. Asian 3PLs were more subdued, with under 900,000 SF leased, their activity fell by 47.6% quarter-over-quarter. Amazon drove a significant share of leasing activity, totaling 1.4 MSF across new leases and renewals, including 585,000 SF at the newly delivered 3000 Continental Drive in the Morris West submarket.



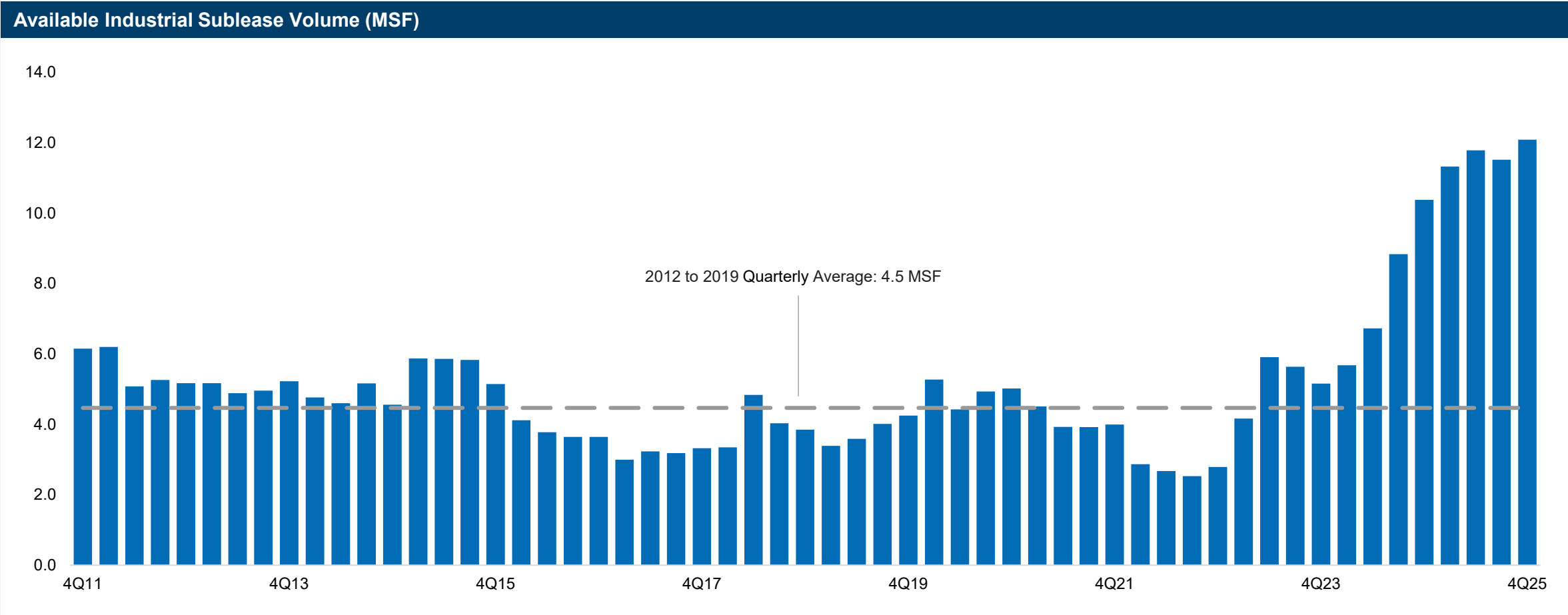
Class A Warehouse Leasing Activity

Class A warehouse space accounted for 44.3% of total leasing activity in 2025, significantly exceeding the 10-year average of 26.8%. Tenant demand remained focused on top-tier product as prospective tenants are seeking more efficient, modern, and well-located space



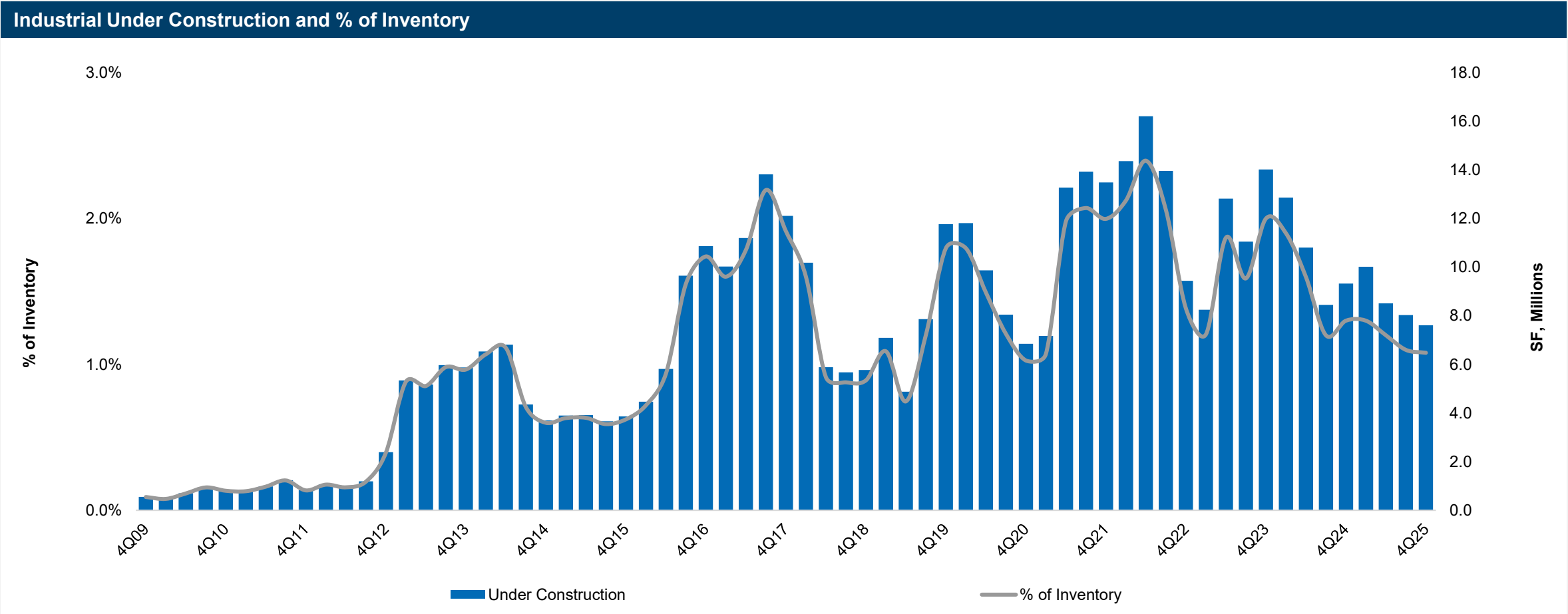
Industrial Sublease Availability Reaches All Time High

Sublease availability reached a new historic high of 12,091,534 during the fourth quarter, increasing by 4.4% quarter-over-quarter. The increase was mainly driven by the 1,249,200 SF addition at Bridge Point 78 in Phillipsburg (3000 Rand Blvd), the space previously occupied by Shopify. Additional sublease space will add supply pressures, potentially keeping vacancy rates elevated.



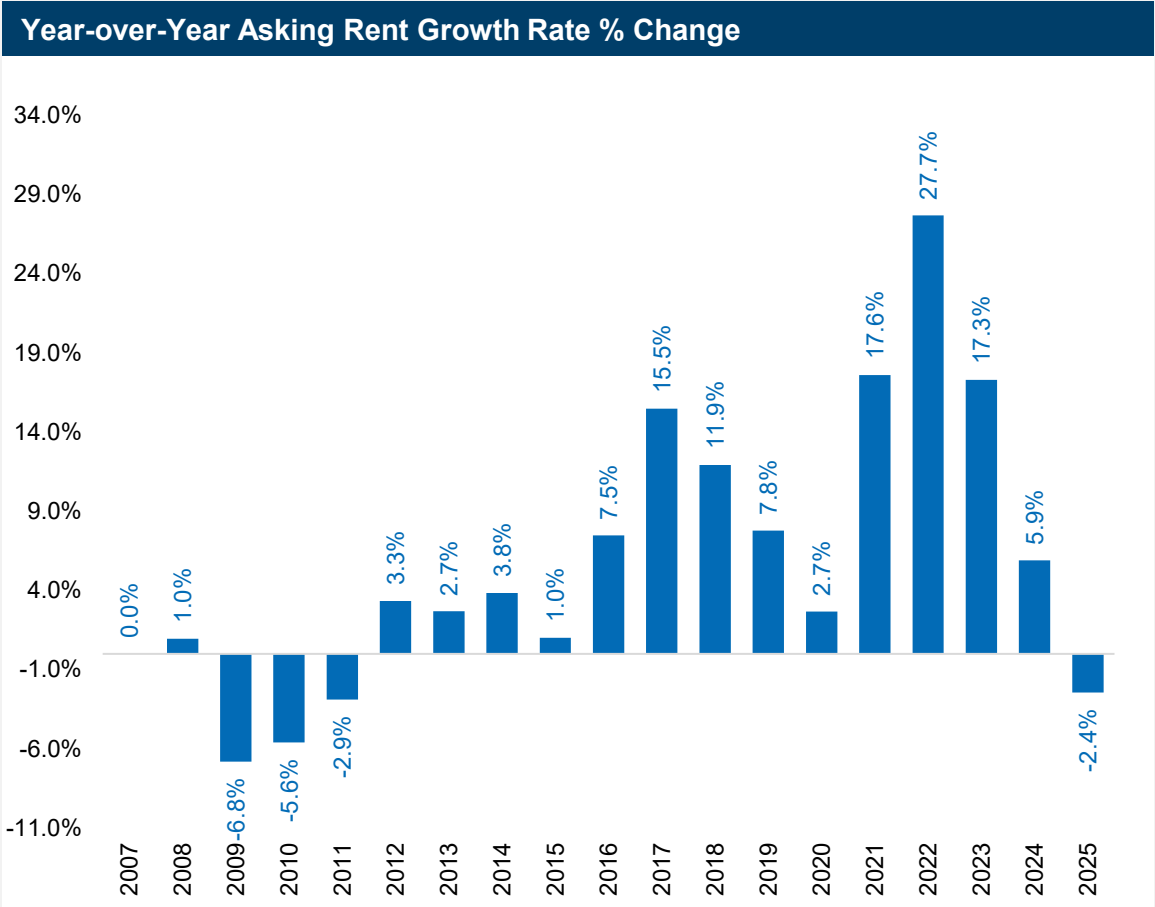
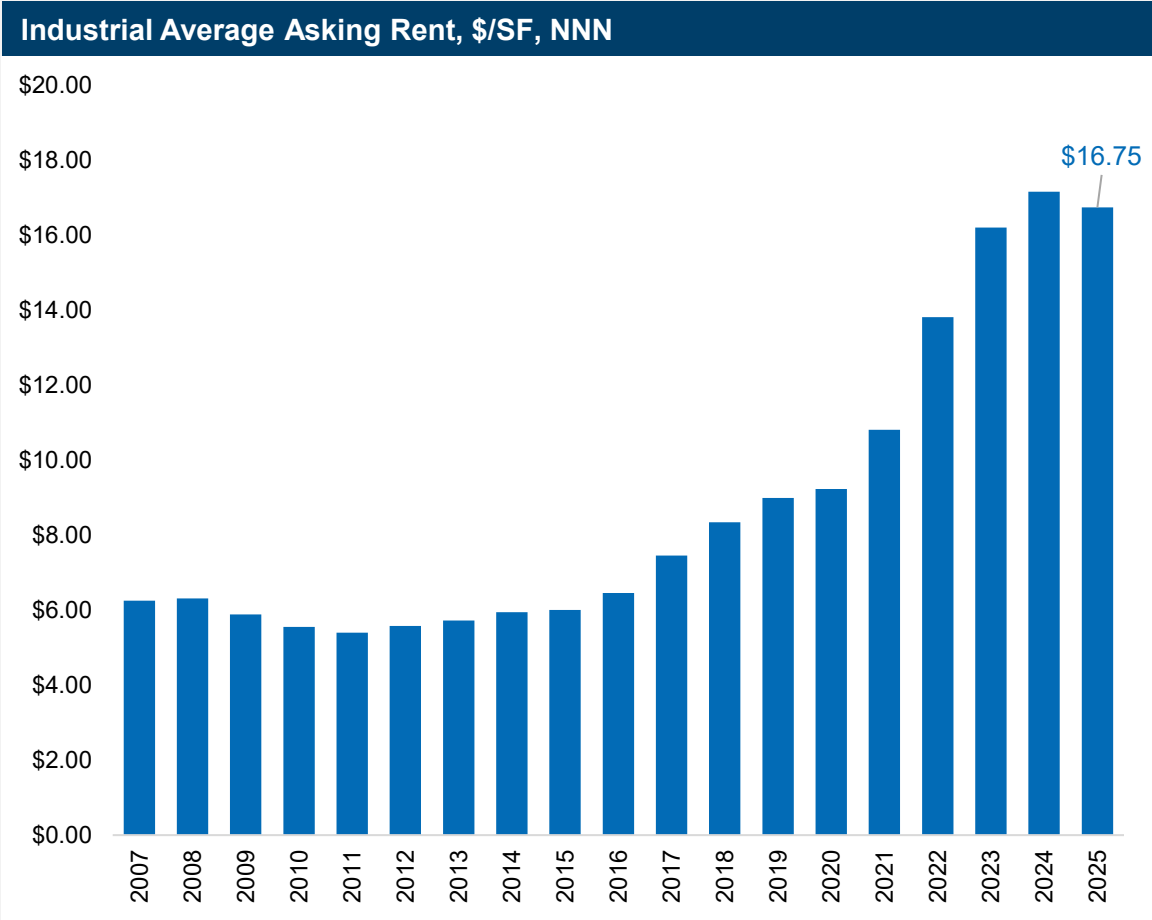
Under Construction Decreases

The construction pipeline dropped to 7.6 MSF, its smallest total since the first quarter of 2021, however 26.5% of the projects have pre-lease commitments. New starts outpaced deliveries during the fourth quarter, with ten starts totaling over 2.9 MSF, while deliveries totaled 1.85 MSF. Persistent speculative deliveries ahead of tenant demand had weighed on net absorption, contributing to the negative totals recorded over the past two years.



Industrial Asking Rents Decline

Industrial asking rents in Northern and Central New Jersey declined year-over-year to \$16.75 PSF in the fourth quarter of 2025, pulling back by 2.4%. This marks a notable shift from the rapid growth seen between 2021 and 2023. The decline reflects landlords’ efforts to backfill prolonged vacancies, particularly in submarkets with elevated availability, as they offer more aggressive concession packages.



Notable 4Q25 Lease Transactions

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Notable 4Q25 Lease Transactions				
Tenant	Building(s)	Submarket	Type	Square Feet
Amazon	2170 Route 27	Exit 10	Renewal	923,000
Amazon renewed for 923,000 at 2170 Route 27 in Edison.				
Williams-Sonoma	101 Middlesex Center Boulevard	Exit 8A	Renewal	751,450
Williams-Sonoma's renewal at 101 Middlesex Center Boulevard in Monroe Township was for 751,450 SF.				
Amazon	3000 Continental Drive	Morris West	Direct New	585,000
Amazon signed the largest new deal of the quarter, taking 585,000 SF at 3000 Continental Drive in Budd Lake.				
UPS	100 Middlesex Center Boulevard	Exit 8A	Renewal	347,965
UPS renewed for 347,965 SF at 100 Middlesex Center Boulevard in Monroe Township.				
NJ Cal Warehouse	26 Engelhard Drive	Exit 8A	Renewal	324,540
NJ Cal Warehouse's renewed for 324,540 SF at 26 Engelhard Drive in Monroe Township.				

4Q25 Northern/Central New Jersey Industrial Submarket Overview

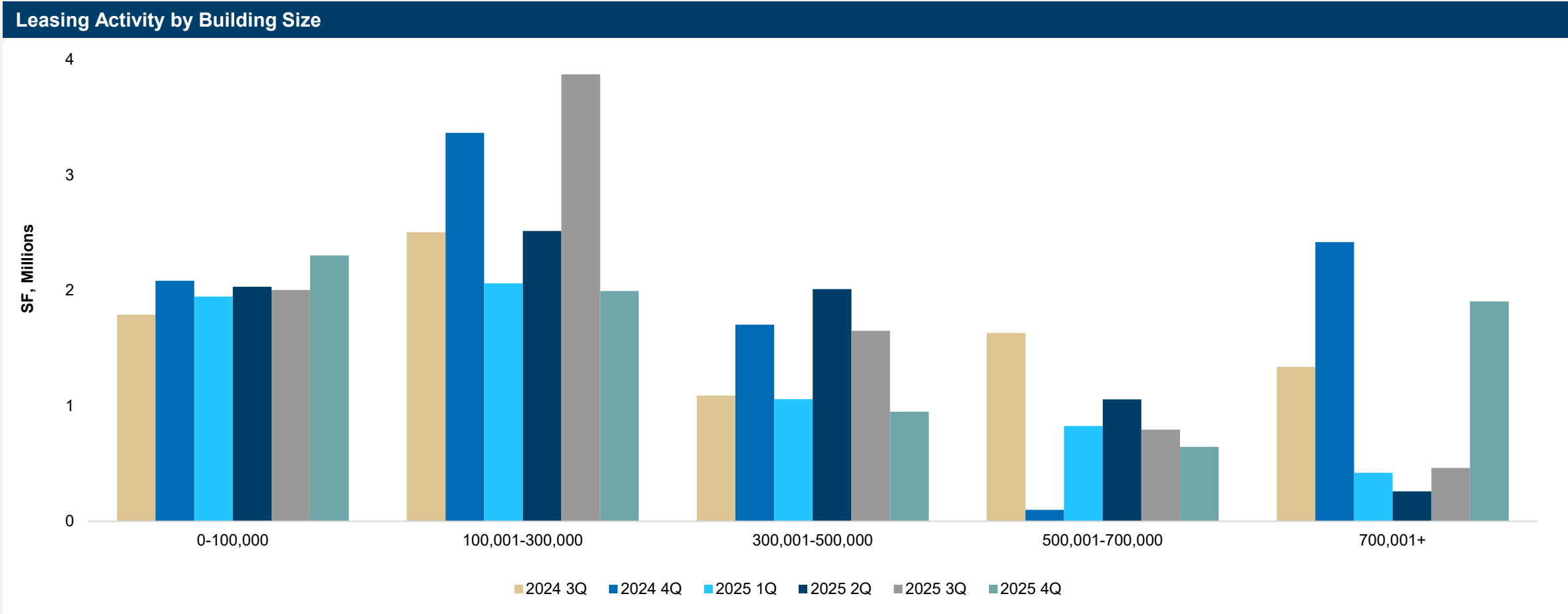
Submarket Statistics – All Classes								
	Total Inventory (SF)	Under Construction (SF)	Total Vacancy Rate	Qtr Net Absorption (SF)	2025 Net Absorption (SF)	Qtr. Construction Deliveries (SF)	2025 Construction Deliveries (SF)	Total Asking Rent (Price/SF)
Northern NJ	313,280,747	3,691,808	5.5%	494,849	1,339,696	493,335	2,109,241	\$16.43
Bergen Central	16,809,652	154,240	7.0%	5,247	198,996	0	0	\$16.80
Bergen Northeast	4,708,922	0	3.8%	-8,926	-34,714	0	0	\$14.39
Bergen Northwest	13,773,074	0	3.2%	88,252	64,593	0	113,000	\$17.69
Hudson Waterfront	33,006,782	0	10.9%	34,009	28,712	0	426,275	\$20.87
Meadowlands	91,660,386	1,397,841	4.9%	393,149	1,075,210	100,000	395,216	\$16.35
Morris East	23,453,207	930,595	6.9%	96,025	-47,343	0	494,750	\$16.89
Morris West	17,448,812	900,026	5.0%	-102,369	-249,792	393,335	393,335	\$16.76
Newark	39,509,072	309,106	3.7%	60,694	502,397	0	105,254	\$15.72
Paterson/Passaic	27,876,971	0	4.6%	16,440	-33,866	0	35,000	\$14.98
Route 280/Suburban Essex	10,148,886	0	6.1%	-50,311	-274,941	0	112,661	\$14.42
Route 46/23 Corridor	34,884,983	0	4.1%	-37,361	110,444	0	33,750	\$15.85

4Q25 Northern/Central New Jersey Industrial Submarket Overview

Submarket Statistics – All Classes								
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Central NJ	386,633,476	3,284,620	6.7%	-141,635	2,320,702	1,363,570	3,822,091	\$16.01
Exit 12	23,382,835	0	9.2%	-81,000	1,524,991	0	398,600	\$18.94
Exit 10	57,284,434	971,962	5.2%	-562,450	-172,321	0	0	\$15.83
Exit 9	31,108,310	163,610	10.0%	894,143	1,341,333	0	437,842	\$18.10
Exit 8A	83,794,094	100,000	7.7%	-462,807	-2,544,907	0	687,193	\$16.47
Exit 7A	31,548,934	851,424	6.5%	-20,353	552,495	0	93,600	\$15.93
I-287 Corridor	56,055,439	638,570	3.6%	743,951	1,056,457	478,234	747,908	\$14.42
Linden/Elizabeth	35,480,368	0	6.5%	-85,933	588,162	0	100,005	\$16.93
Monmouth	18,792,530	621,085	4.1%	251,435	759,455	0	431,607	\$13.40
Union Central	23,683,040	0	3.0%	103,116	98,493	294,336	294,336	\$15.33
Western I-78 Corridor	25,503,492	575,900	11.0%	-921,737	-883,456	591,000	631,000	\$14.78
Northern/Central NJ	699,914,223	7,614,359	6.1%	353,214	3,660,398	1,856,905	5,818,671	\$16.75

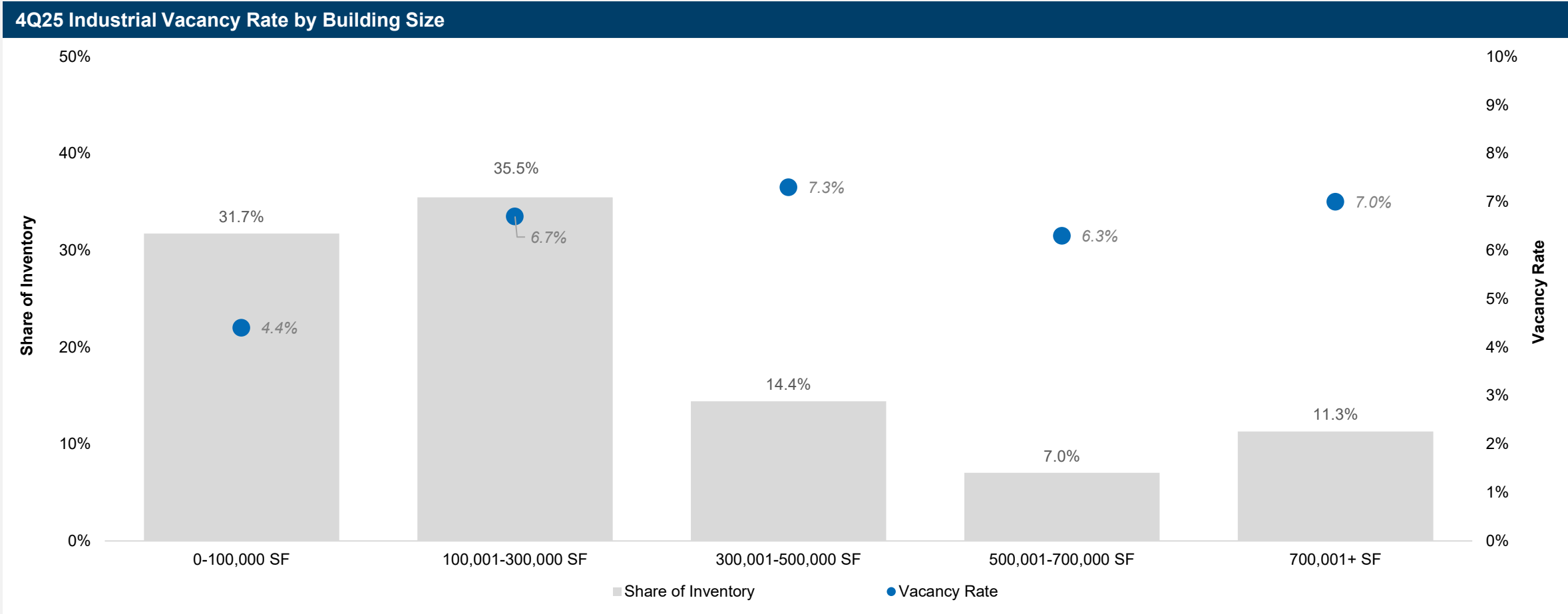
Buildings Under 100,000 SF Account for the Largest Share of Leasing Volume

Leasing activity in buildings under 100,000 SF accounted for more than 29.5% of total activity during the fourth quarter of 2025. Fourth quarter leasing in buildings over 700,000 SF was robust, marking the highest quarterly total since the fourth quarter of 2024 and accounting for 24.4% of overall activity.



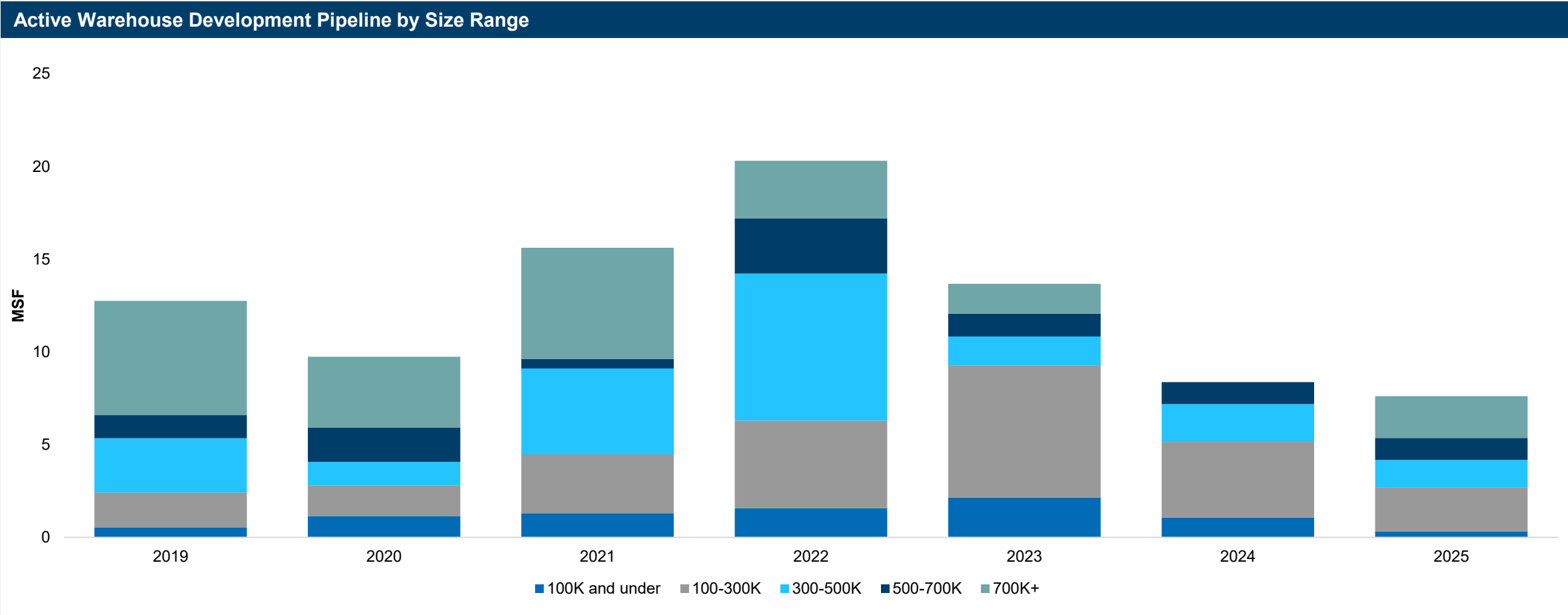
NNJ Buildings Under 100,000 SF Boast Lowest Vacancy of Any Size Segment

Vacancy trends indicate a market approaching equilibrium across varying size segments. Smaller-bay assets under 100,000 SF remained tight, with vacancy at 4.4%, while mid-sized buildings in the 100,001 to 300,000 SF range decreased 30 BPS quarter-over-quarter to 6.7%. Buildings larger than 500,000 SF posted vacancy rates between 6.3% and 7.0%, suggesting that supply and demand are gradually rebalancing following two years of elevated new deliveries.



Warehouse Development

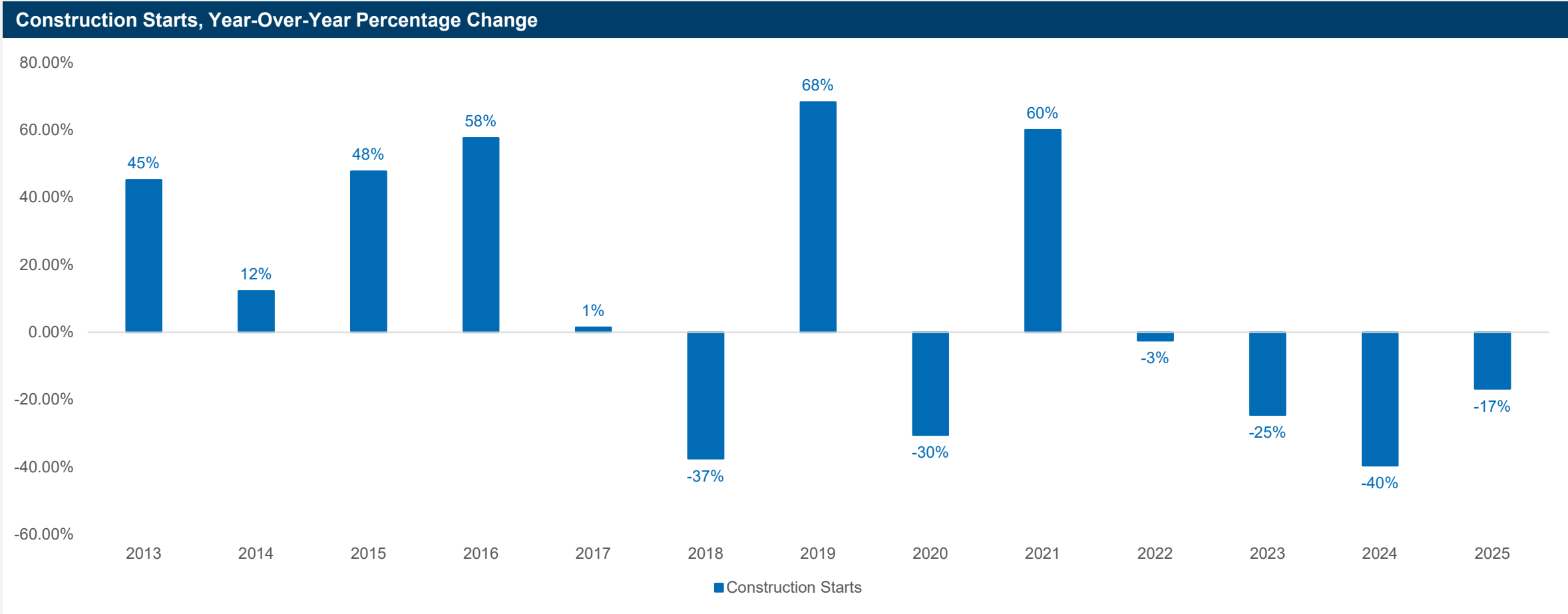
The development pipeline has moderated significantly since its 2022 peak, totaling under 7.7 MSF year-to-date, its lowest level in more than four years. The slowdown in big-box projects, particularly those exceeding 700,000 SF, reflects a healthier balance between supply and tenant demand. With most active construction now focused on mid-sized facilities ranging from 100,000 to 500,000 SF, the market appears to be entering a more sustainable phase that should help stabilize vacancy and support long-term fundamentals.



Source: CoStar, Newmark Research, January 2026.

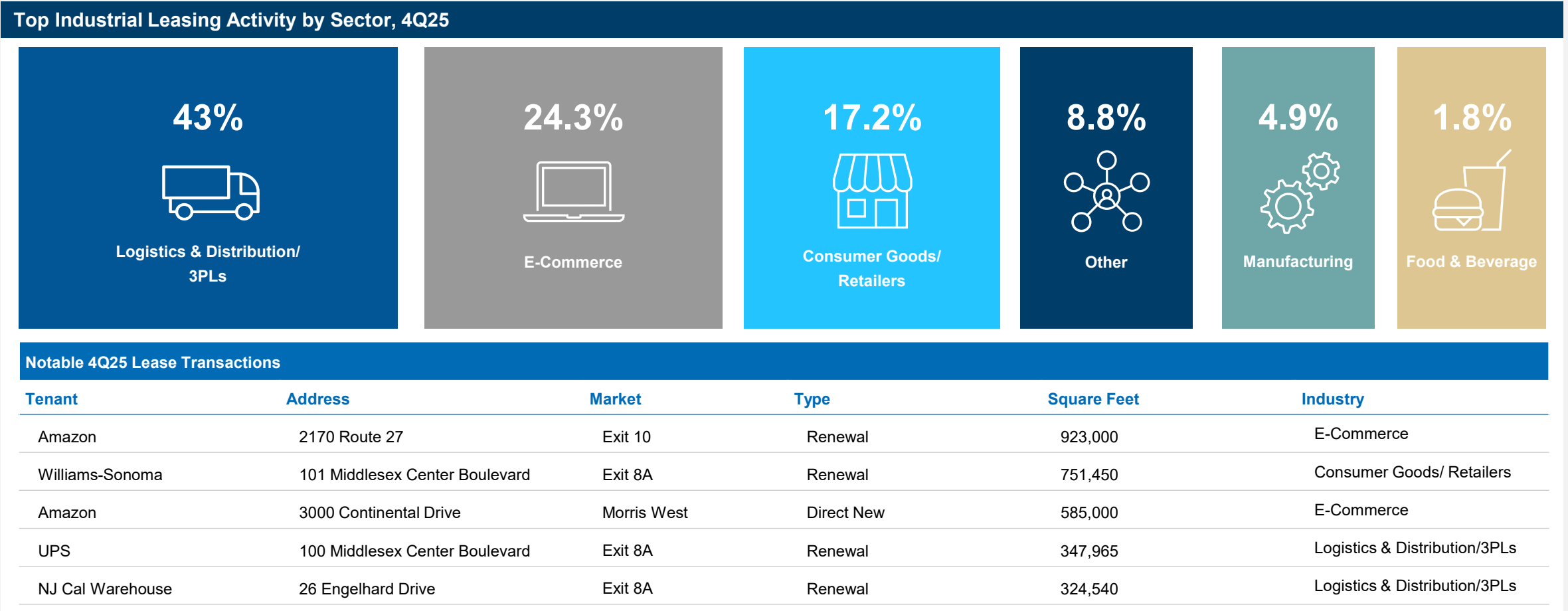
NNJ Construction Starts Down > 17% Year-over-Year

Construction activity rebounded in fourth quarter of 2025, with ten project starts totaling 2.99 MSF, driven largely by the 2.2 MSF second phase of 2020 Acquisition’s Central 9 Logistics Park in Old Bridge following the securing of financing. Despite the quarterly uptick, construction starts remain down 17% on a year-over-year basis, and Q4 marked the second consecutive quarter without a major groundbreaking along the Turnpike Corridor.



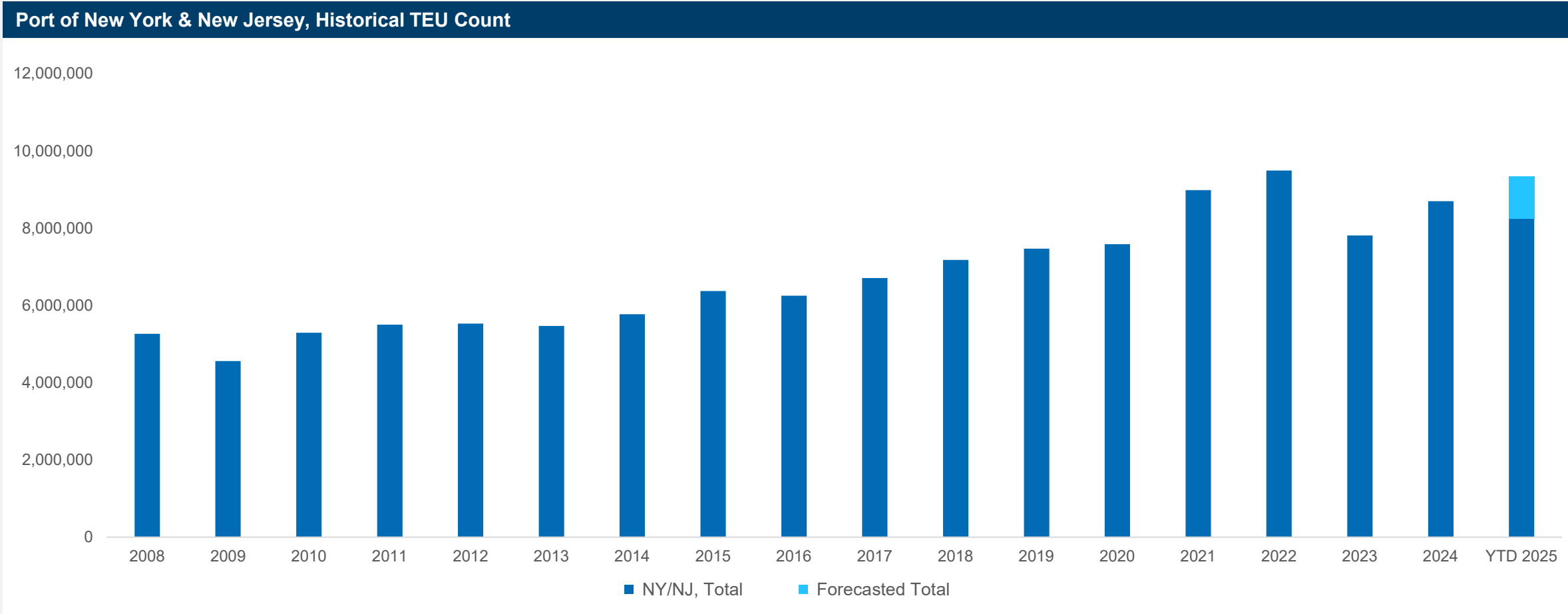
Industrial Leasing Trends By Sector

Industrial demand in the fourth quarter of 2025 reflected a more diverse mix of industry types, underscored by the reemergence of major retail occupiers. Demand was still heavily driven by 3PLs, which accounted for 43% of total activity and two of the five largest transactions. Asian 3PLs were more subdued, with under 900,000 SF leased, their activity fell by 47.6% quarter-over-quarter. Amazon drove a significant share of leasing activity, totaling 1.4 MSF across new leases and renewals, including 585,000 SF at the newly delivered 3000 Continental Drive in the Morris West submarket.



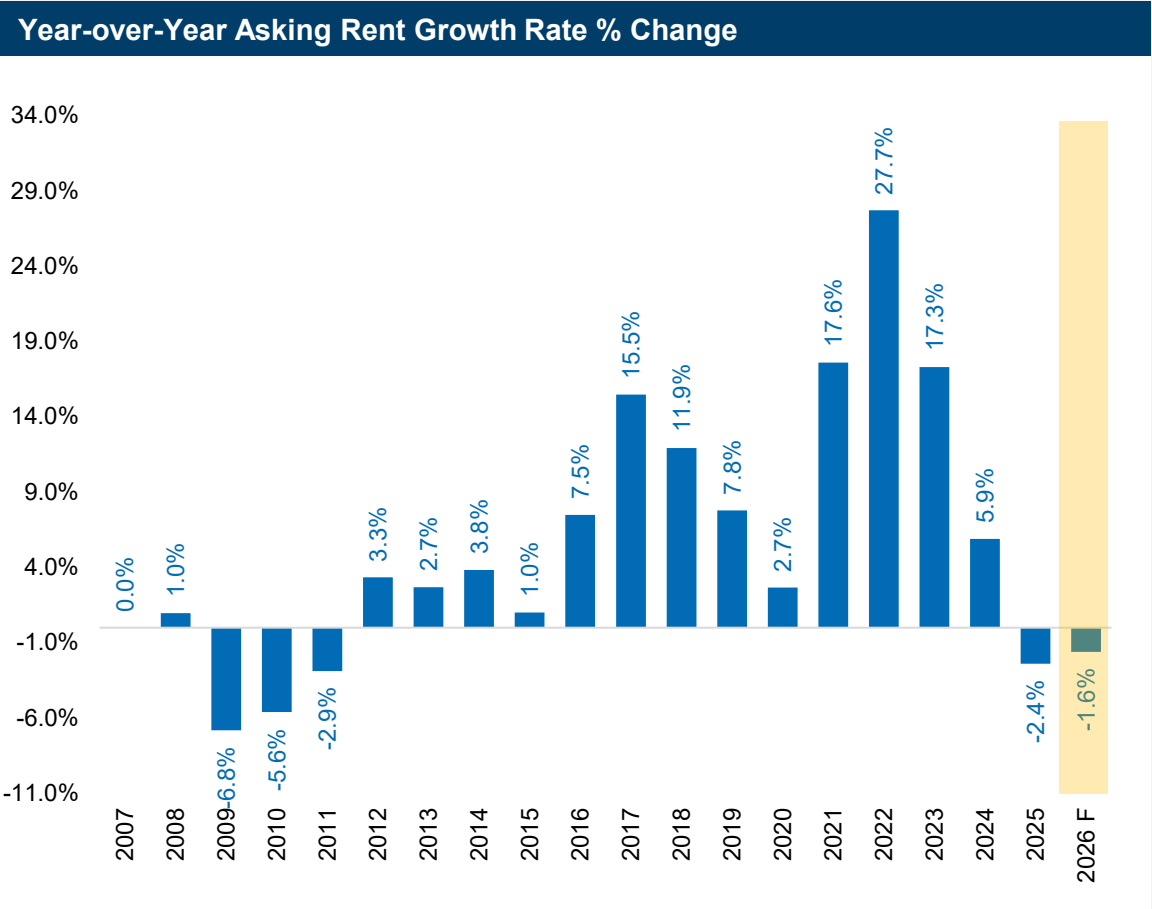
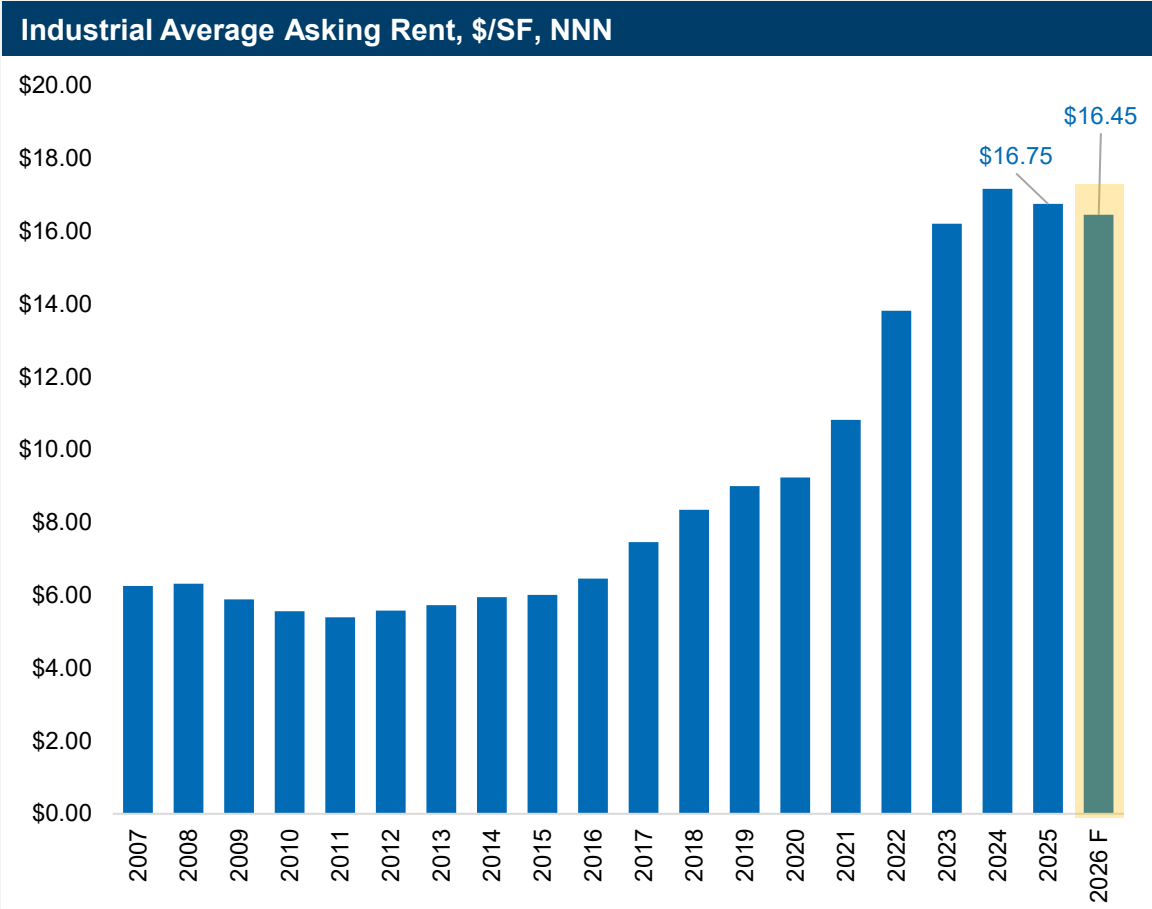
Port of NY/NJ: TEU & Import Growth Continues

Through November 2025, the Port of New York and New Jersey handled 6.05 million TEUs, up approximately 4% year-over-year and on pace to reach between 9.0 and 9.5 million TEUs by year-end. With what is shaping up to be one of the port’s busiest years, continued demand is anticipated from the logistics, distribution and 3PL sectors, reinforcing Northern and Central New Jersey’s position as a critical hub for goods movement and supply chain operations.



Industrial Asking Rent Forecasts

Average asking rents edged down slightly during the fourth quarter, as landlords prioritized occupancy over rent growth. Looking ahead, if Class A net absorption continues at its current pace and new deliveries remain limited in core submarkets, landlords may begin to firm pricing for high-demand size ranges by 2026.



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