



NEWMARK

Southern New Jersey Office Market Overview

4Q25

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Southern New Jersey Office Market Observations



Economy

- Year-over-year employment growth for the Greater Philadelphia region reached 1.3% as of November 2025, which far outpaced the U.S. average of 0.5%. The region has ranked among the top for payroll gains among major U.S. markets.
- The region maintains healthy labor market conditions, with the local unemployment rate continuing to track in line with the U.S. average. Despite increasing modestly over the two years, the regional unemployment rate only reached 4.5% in the Fall of 2025.
- The region's large, diverse economy has helped drive recent improvements in growth. Strong year-over-year gains were reported in the Education & Health Services, Professional & Business Services, and Financial Activities sectors. The Leisure & Hospitality industry also posted above-average employment growth over the last year.



Leasing Market Fundamentals

- Southern New Jersey's office vacancy rate stood at 13.0% as of the fourth quarter, representing a 260-basis-point decrease over the past year and signaling ongoing market stabilization.
- Net absorption totaled 101,085 SF during the fourth quarter of 2025, bringing 2025's annual absorption total to 256,423 SF.
- Over the past year, modest rent growth has returned, with 0.3% growth since the fourth quarter of 2024 to average \$21.72/SF as of the fourth quarter of 2025.
- Asking rents for Class A space registered \$23.73/SF as of the fourth quarter, an increase of 2.5% from the prior quarter. Class B rents saw a smaller increase over the same period, rising 0.2% to register \$20.85/SF as of the fourth quarter. Asking rents for sublease space dropped slightly in the fourth quarter to an average of \$15.37/SF, a 6.4% decline over the past year.



Major Transactions

- Office leasing volume during the fourth quarter of 2025 totaled 187,697 SF, slightly below fourth-quarter totals registered over the past three years. Annual leasing volume in 2025 totaled 653,648 SF. Although leasing activity has been lower than average, positive absorption and decreasing vacancy rates reflect continuing demand in the Southern New Jersey office market.
- 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.



Outlook

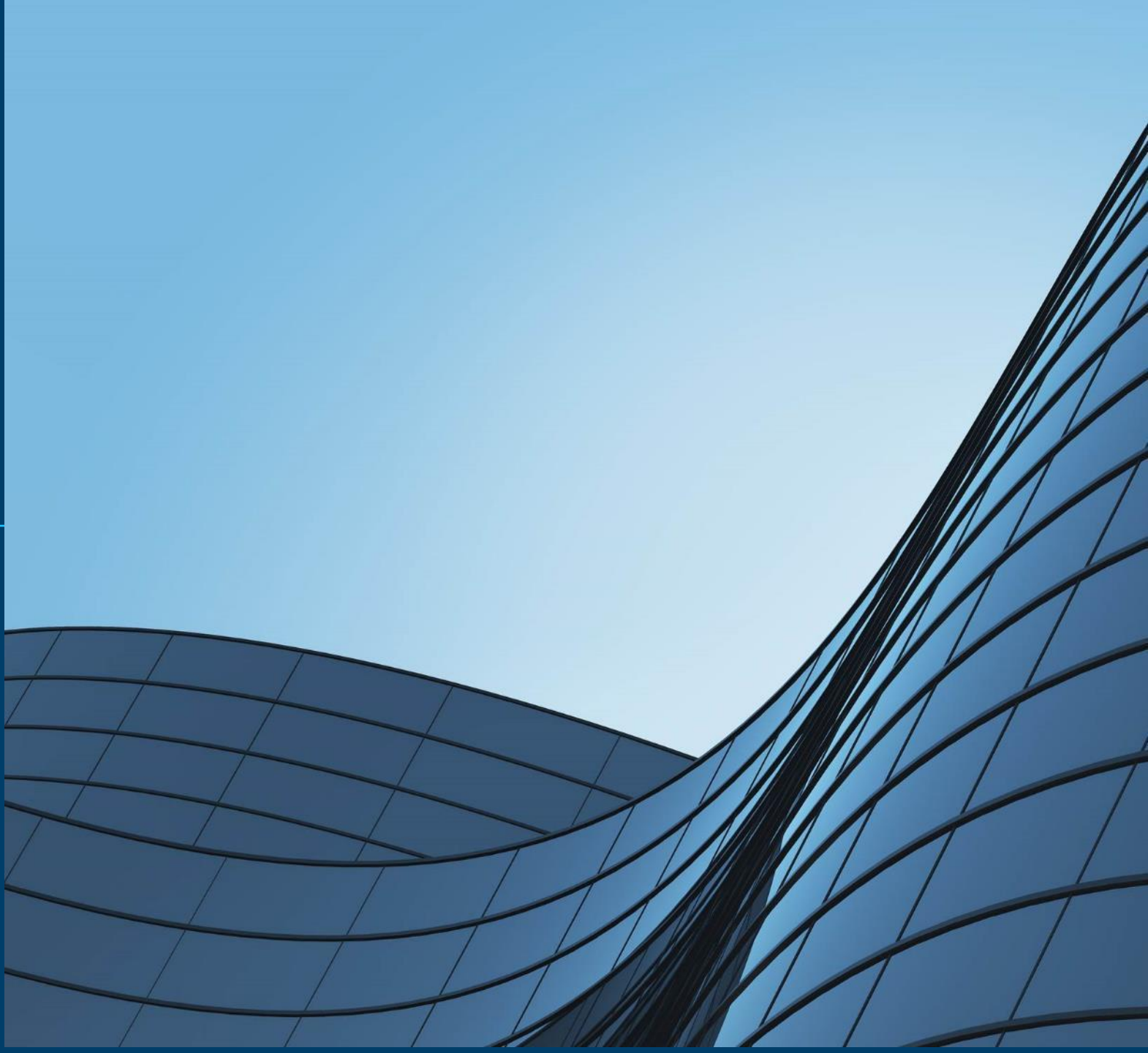
- The combination of declining vacancy rates and net positive annual absorption underscores a strengthening office market and bodes well for continued improvement into 2026.
- Market demand is being driven by smaller users. Notably, users new to the market or expanding their footprint account for approximately 46% of market demand, suggesting potential for future market growth.
- The absence of new office construction projects 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 SF of office space per year, ensuring healthy occupancy and long-term viability for future projects.

Table of Contents

Economy	01
Leasing Market Fundamentals	02
Market Statistics	03

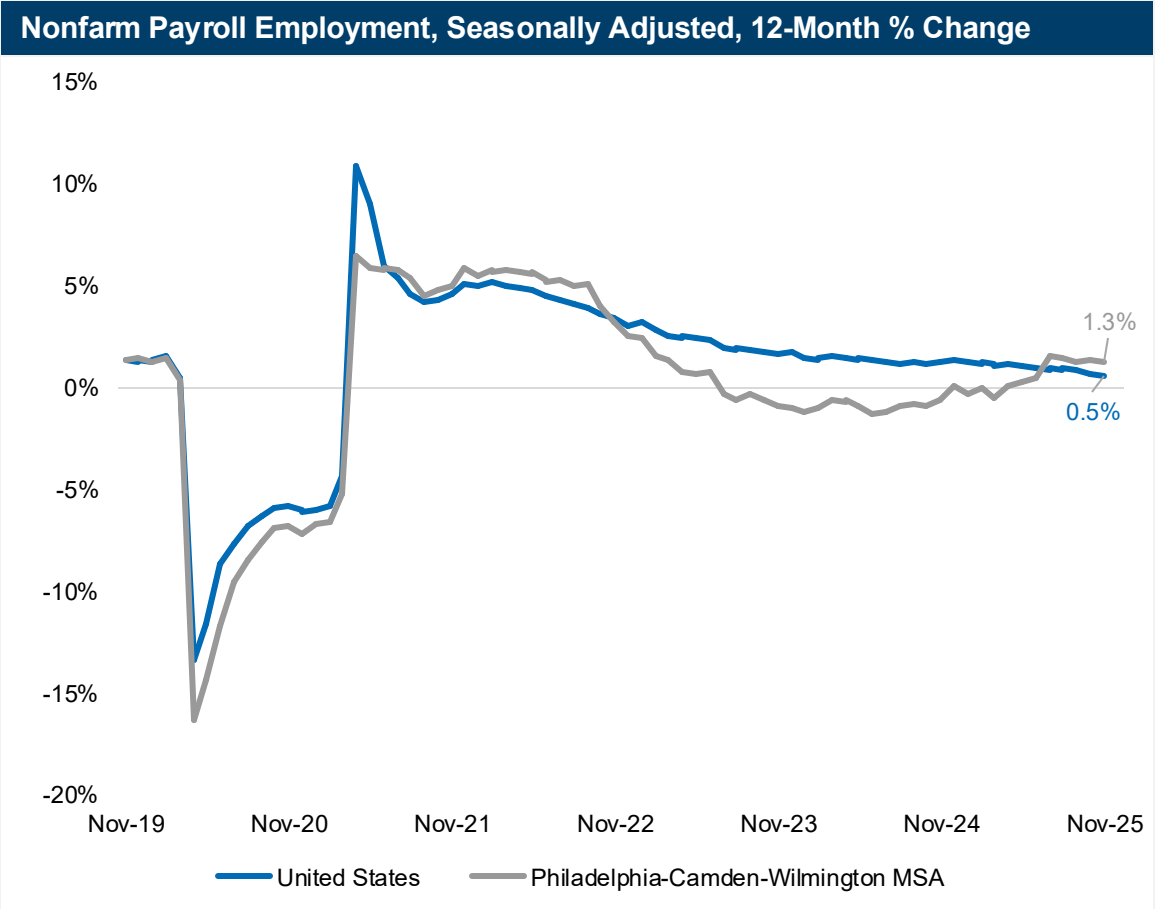
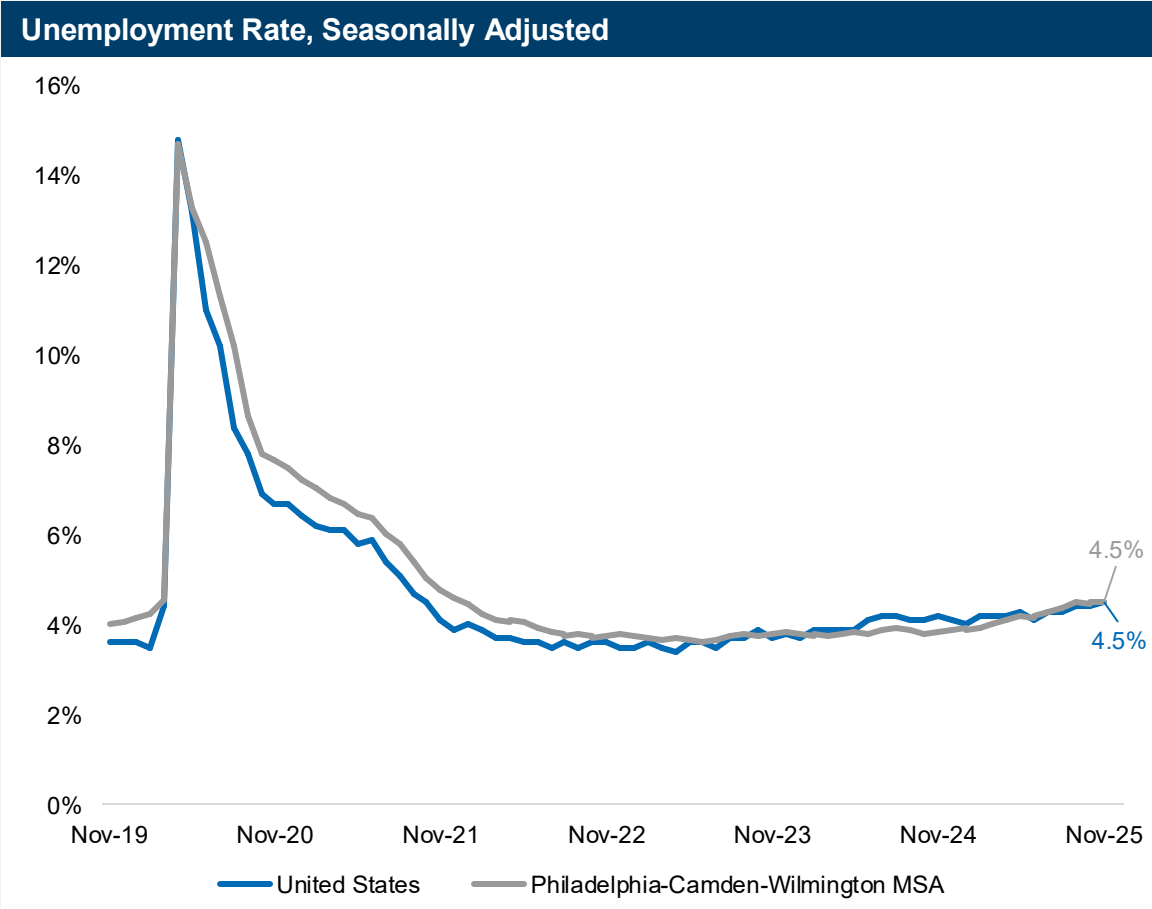
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Economy



Greater Philadelphia Maintain Favorable Labor Markets

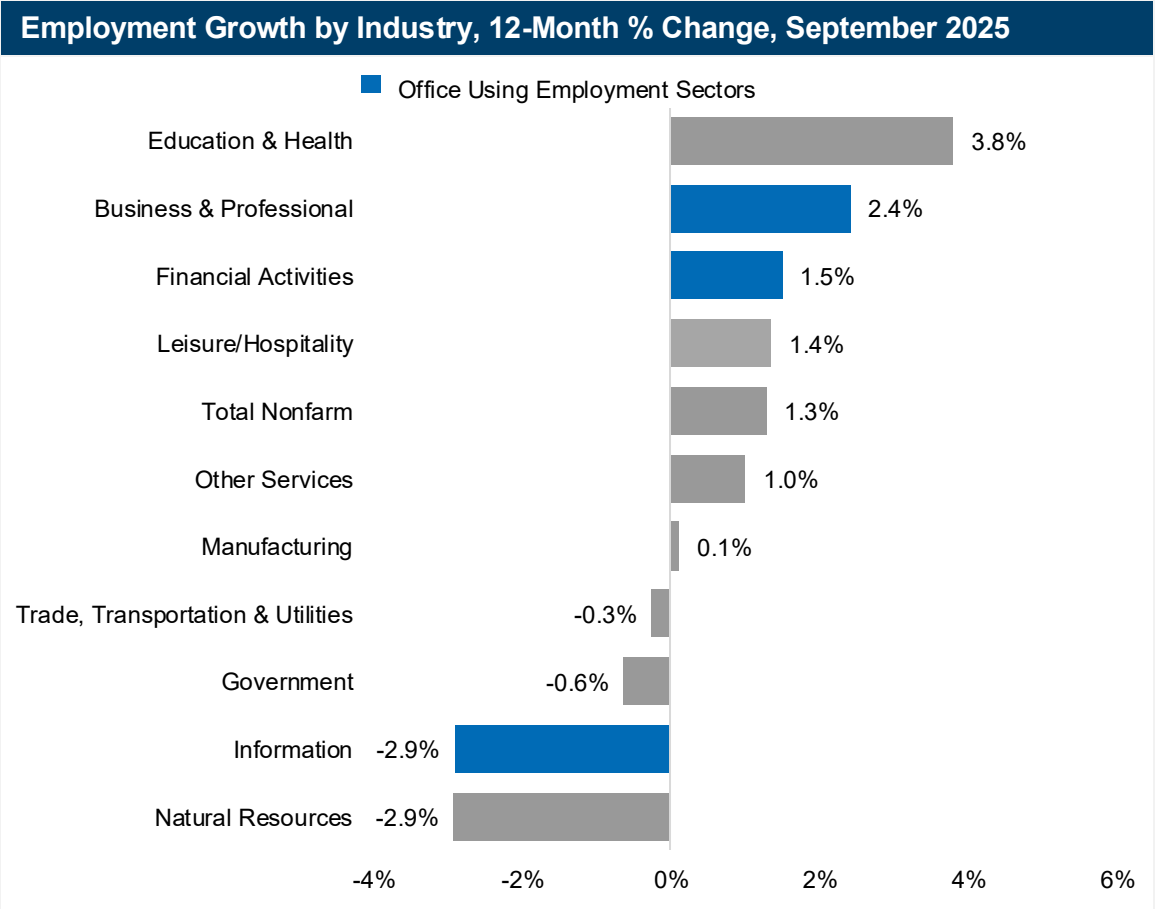
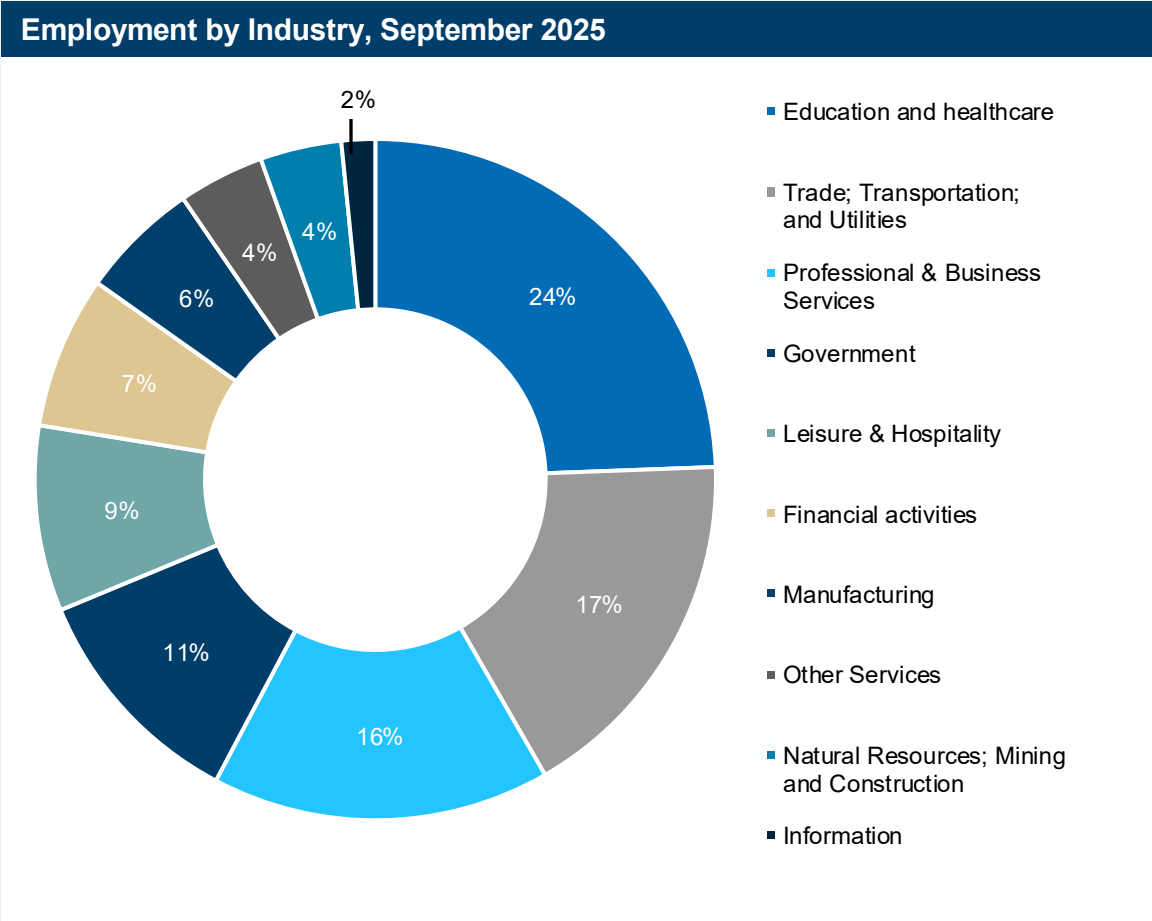
The Greater Philadelphia regional economy showed some resiliency during the second half of 2025, with local payrolls increasing by 1.3% year over year as of November 2025. The unemployment rate has been steadily rising across the region, but local labor markets are trending in line with the U.S. average. Several sectors have contributed to recent economic growth, with key office-related industries reporting above-average job growth over the past 12 months.



Source: Moody's, U.S. Bureau of Labor Statistics, Philadelphia-Camden-Wilmington MSA. Employment data for October and November is limited due to the federal government shutdown. A national unemployment rate has been released for November, but the market unemployment is carried from September.

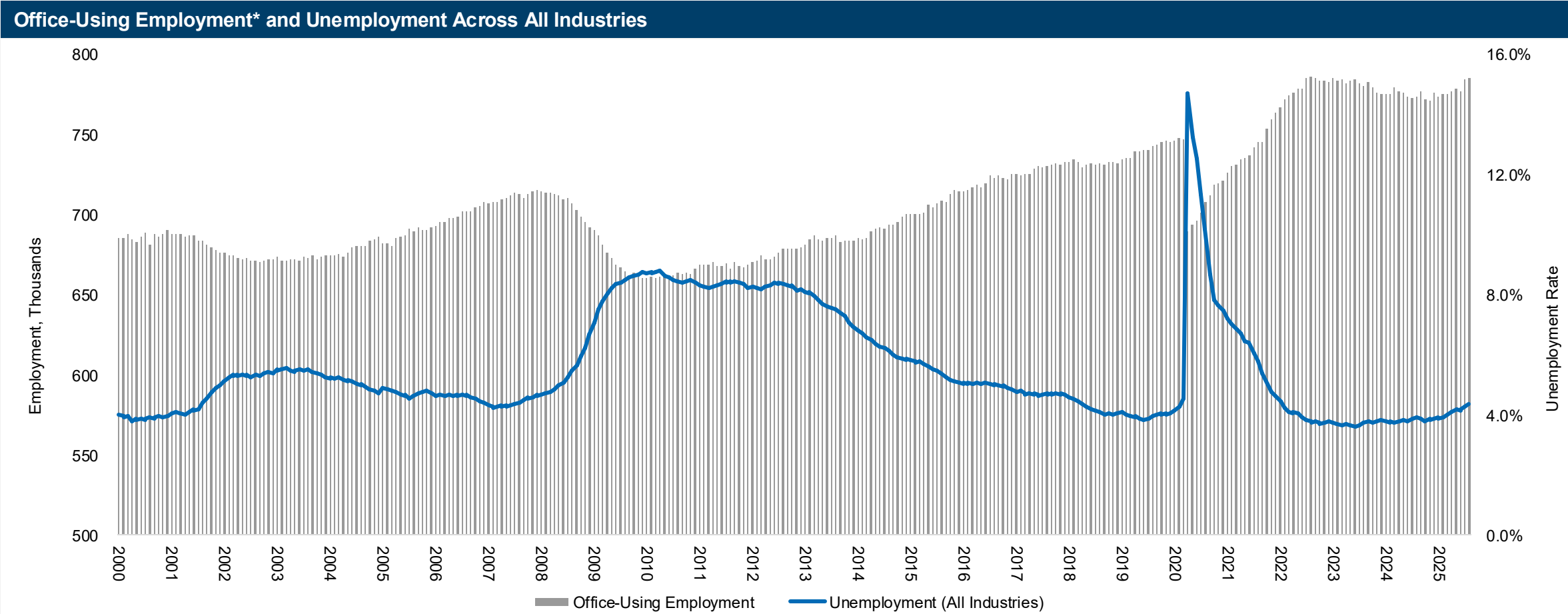
Eds & Meds Lead Local Job Growth

Education & Health stands alone as the market leader for total employment and growth, increasing local payrolls by 3.8% over the last 12 months. The next two sectors topping the growth chart are key office-related industries, including Business & Professional and Financial Activities. These sectors, combined, capture over 23.0% of the total employment in the market, and growth creates tailwinds for office demand. The benefits of these two sectors far outweigh the headwinds in the Information sector, which accounts for the smallest share of total employment and has seen some of the steepest job losses over the 12 months ending in September.



Office Employment Gains Traction

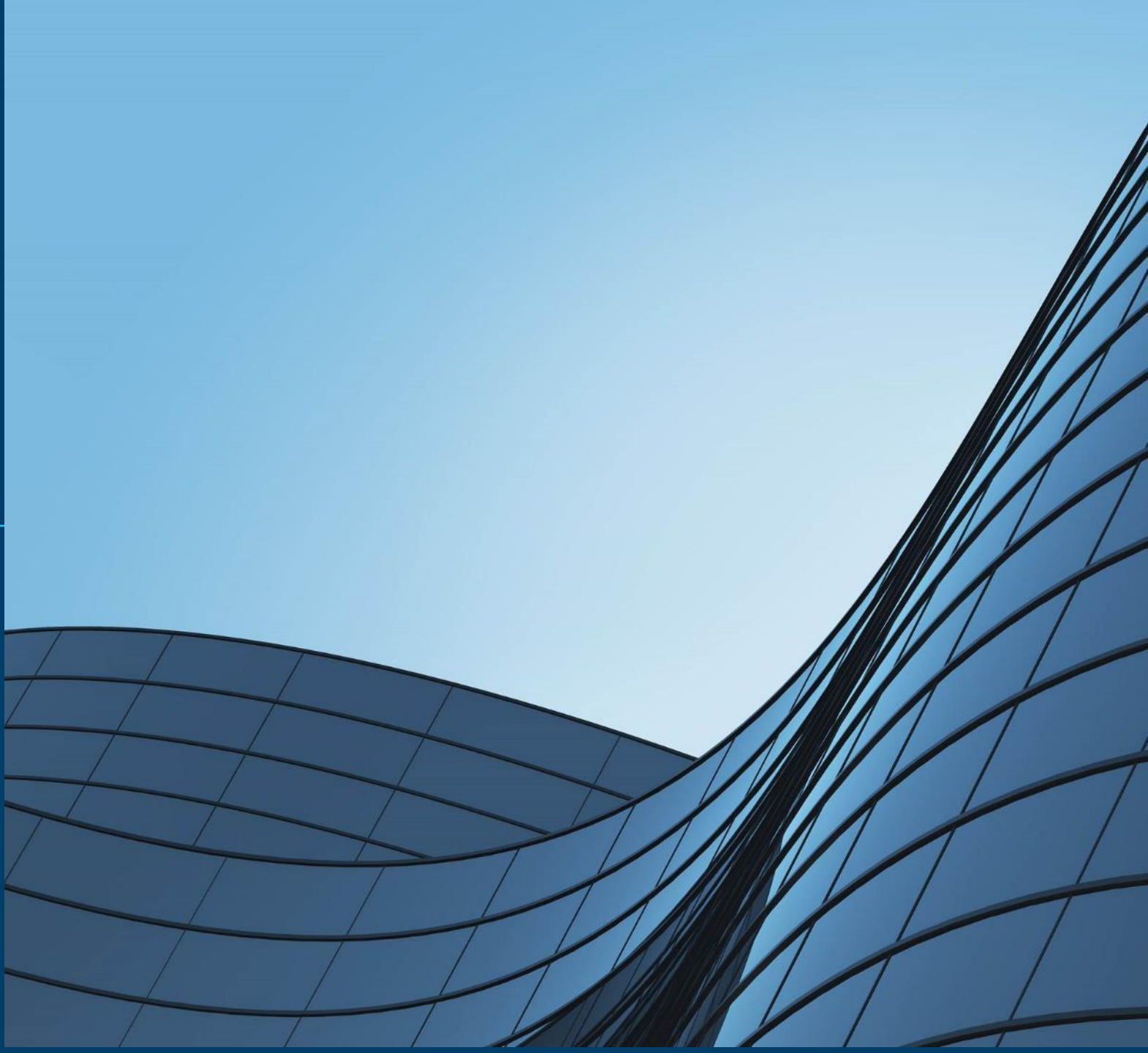
Office users rebounded in 2025, capping the year with roughly 785,000 total office-using jobs in November of 2025, a level not seen since the post-pandemic return in mid-2022. The 1.8% collective office-related employment growth over the prior year contrasts with the growing overall unemployment rate in the region, which rose about 60 basis points year-over-year in September of 2025.



Source: Moody's, U.S. Bureau of Labor Statistics, Philadelphia-Camden-Wilmington MSA.
*Office-using employment includes Professional & Business Services, Financial Activities and Information.

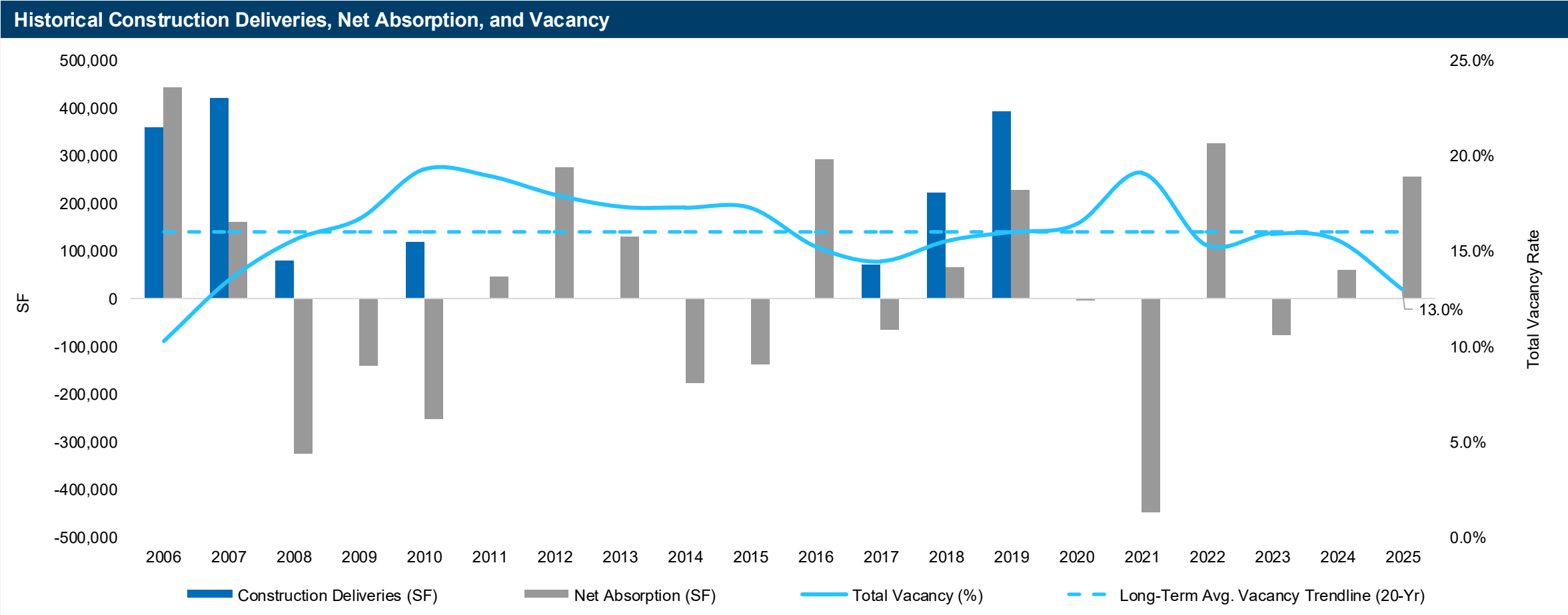
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Leasing Market Fundamentals



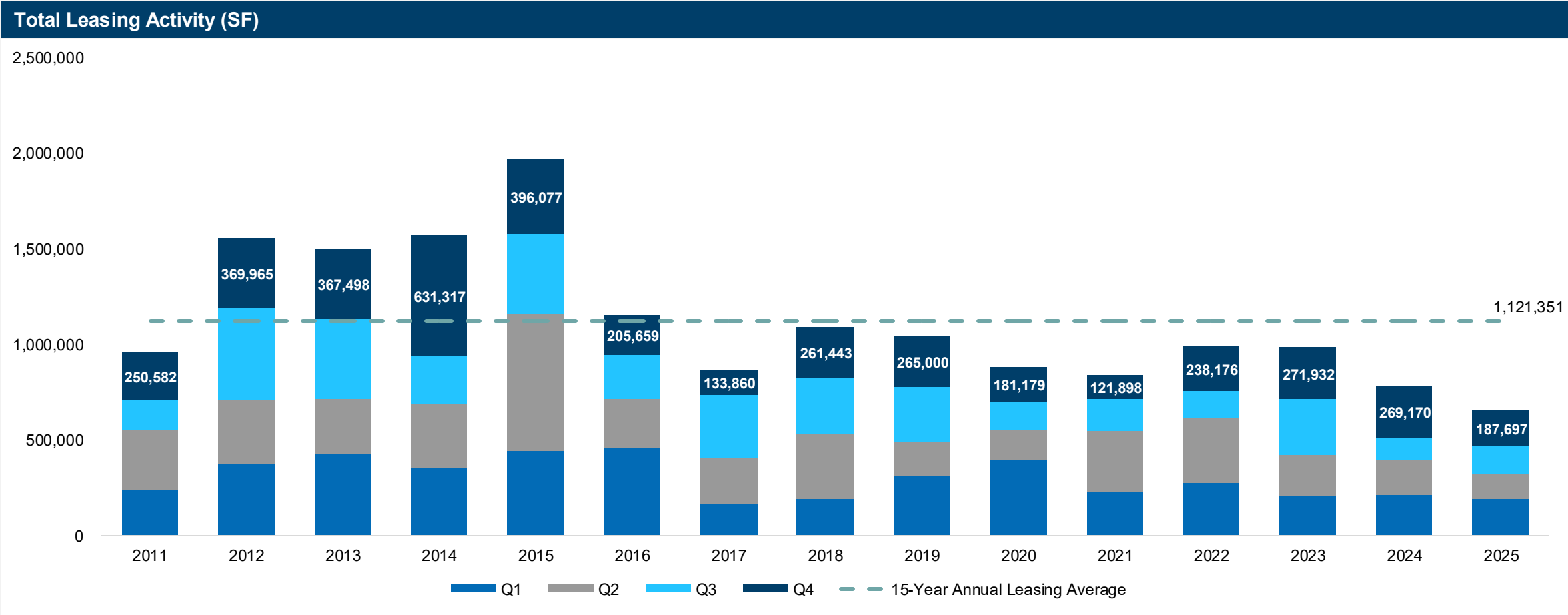
Market Fundamentals Continue to Improve

Southern New Jersey’s office vacancy rate stood at 13.0% as of the fourth quarter of 2025, representing a 260-basis-point decrease over the past year and signaling ongoing market stabilization. Net absorption totaled 101,085 SF during the fourth quarter of 2025, bringing 2025’s annual absorption total to 256,423 SF. The combination of declining vacancy rates and net positive annual absorption underscores a strengthening office market and bodes well for continued improvement into 2026.



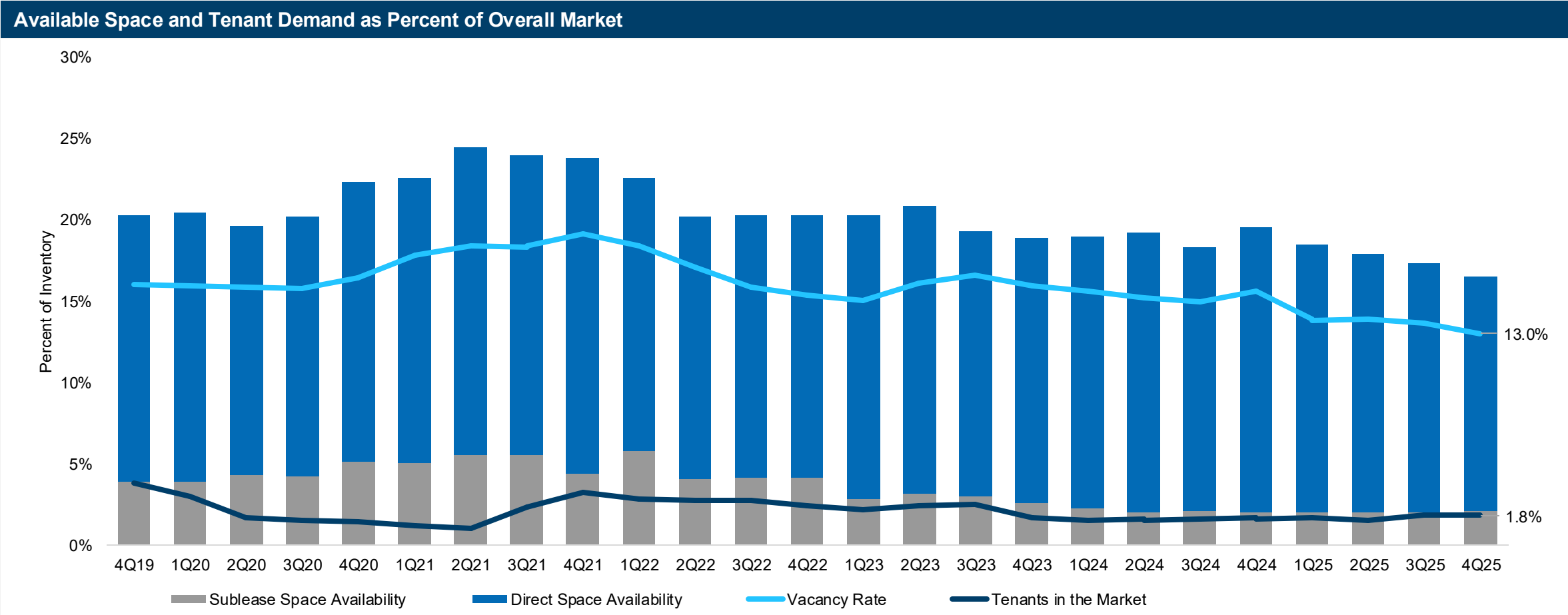
Market Metrics Remain Strong Despite Modest Leasing Volume

Office leasing volume during the fourth quarter totaled 187,697 SF, slightly below fourth-quarter totals registered over the past three years. Annual leasing volume in 2025 totaled 653,648 SF. Although leasing activity has been below average, positive absorption and declining vacancy rates reflect continued demand in the Southern New Jersey office market.



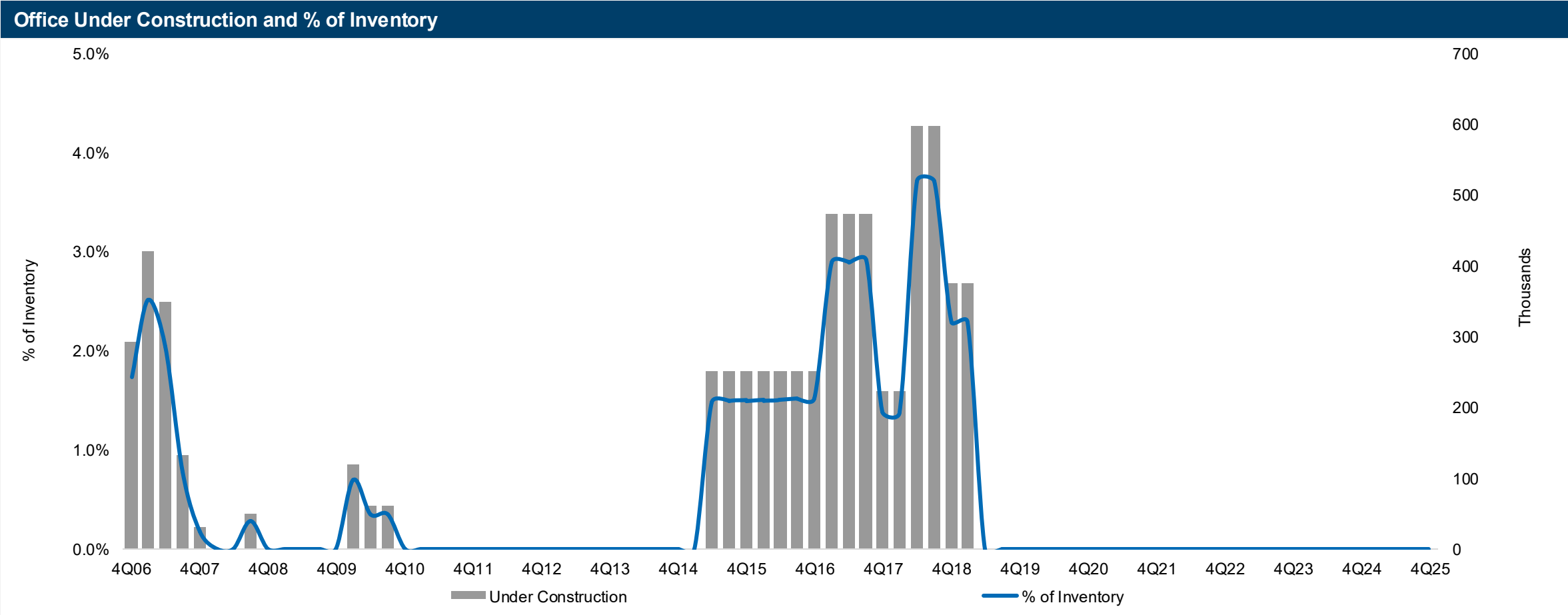
Active User Demand Remains Historically Consistent

As of the end of 2025, the percentage of active users relative to inventory registered 1.8%, a rate that has remained relatively consistent over the past two years. Market demand is being driven by tenants seeking an average of approximately 11,000 SF of space. Notably, users new to the market or expanding their footprint account for approximately 46% of market demand, suggesting potential for future market growth.



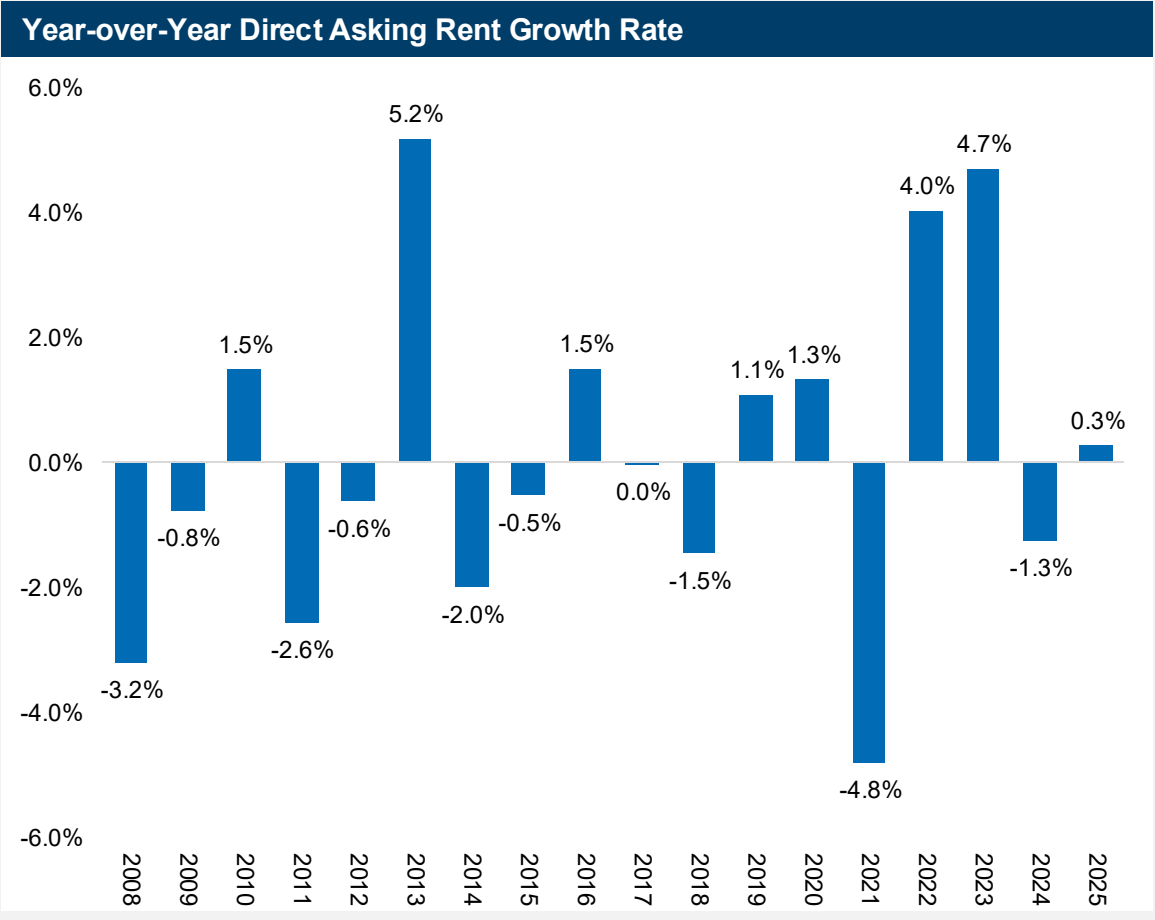
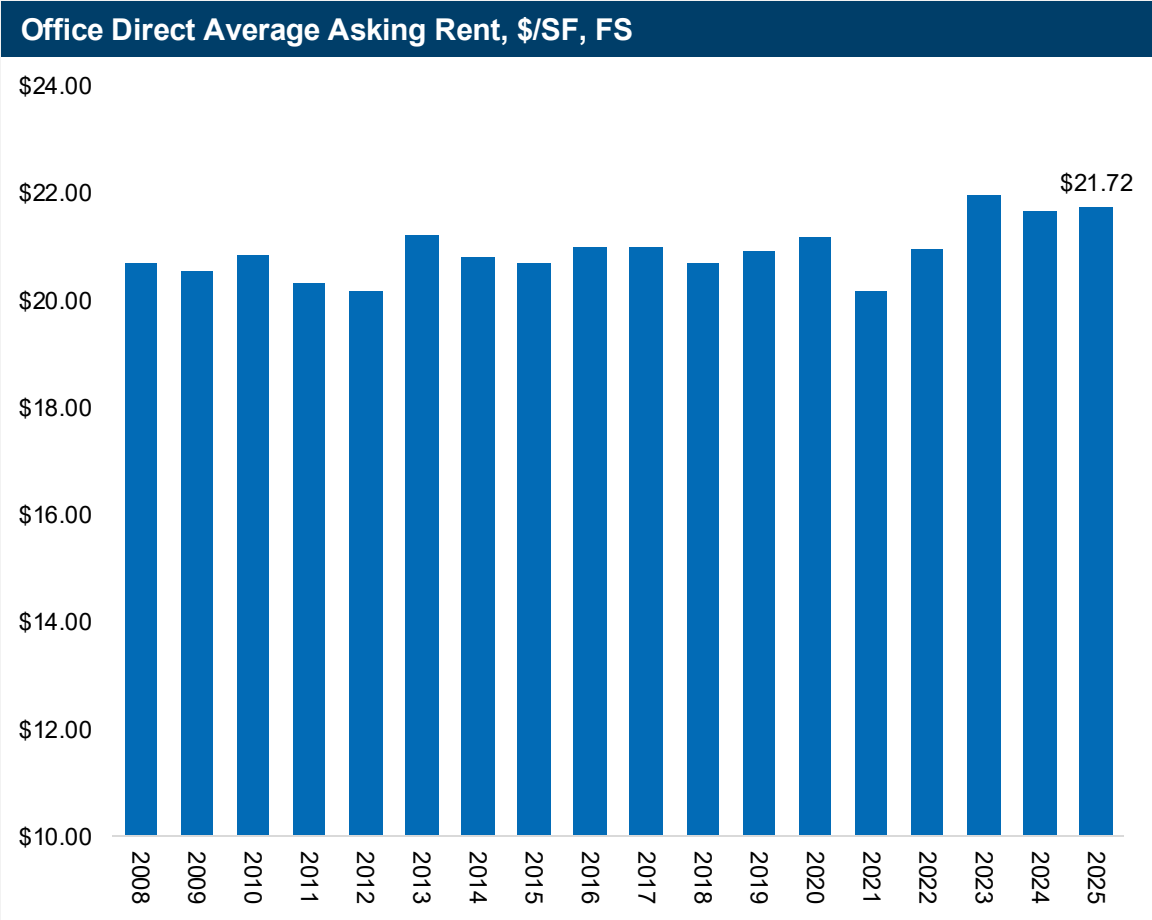
Lack of New Supply Aids Decline in Vacancy

There were no office groundbreakings or deliveries in 2025. The last new office delivery in Southern New Jersey occurred in 2019 at 2 Cooper Street in Camden. The absence of new office construction projects 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 SF of office space per year, ensuring healthy occupancy and long-term viability for future projects.



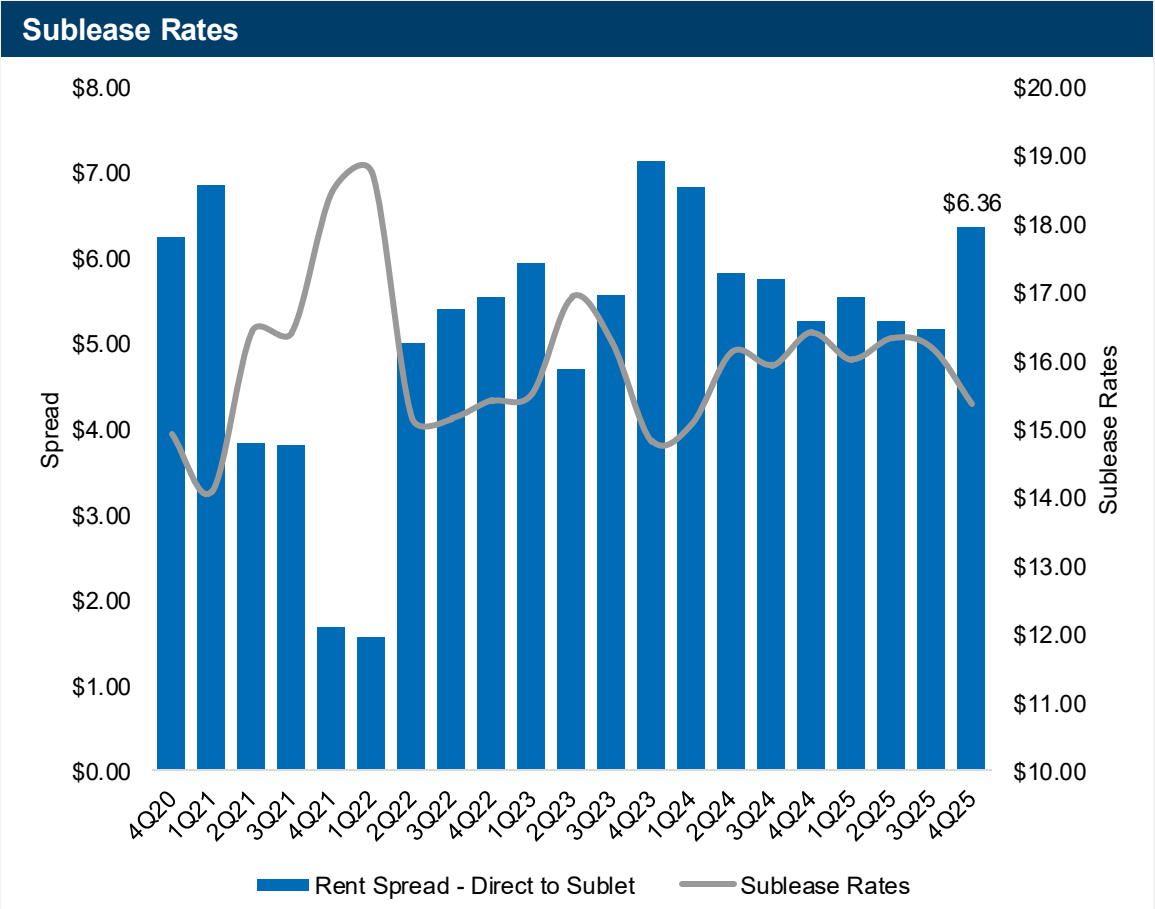
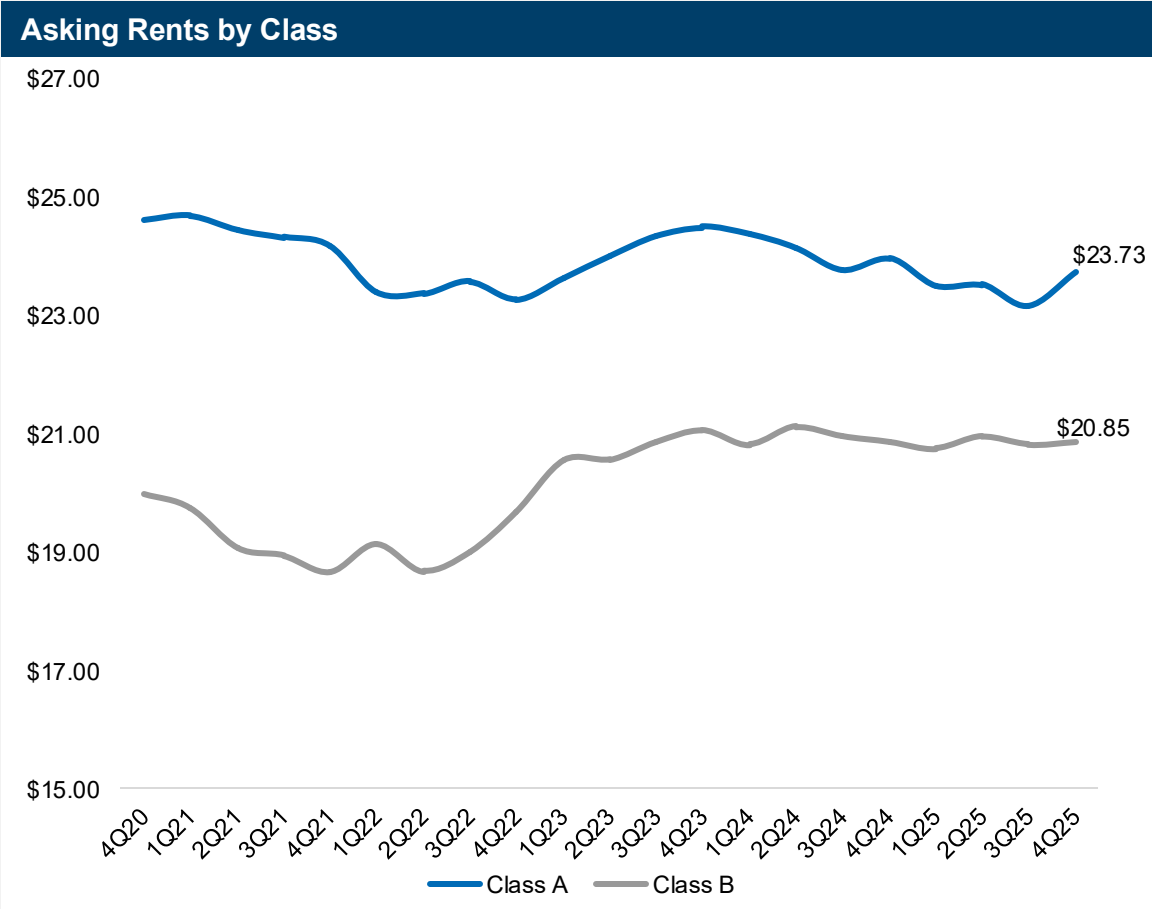
Rent Growth Returns in 2025

Average direct 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, rents contracted in 2024. However, over the past year, modest rent growth has returned, with 0.3% growth since the fourth quarter of 2024, bringing the average to \$21.72/SF as of the fourth quarter of 2025.



Direct Asking Rents Increase While Sublease Rates See Slight Drop

Asking rents for Class A space registered \$23.73/SF as of the fourth quarter, an increase of 2.5% from the prior quarter. Class B rents saw a smaller increase over the same period, rising 0.2% to register \$20.85/SF as of the fourth quarter of 2025. Asking rents for sublease space dropped slightly in the fourth quarter to an average of \$15.37/SF, a 6.4% decline over the past year. As a result of the drop in sublease rents, the spread between direct and sublease asking rents increased to \$6.36/SF as of year-end.



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03

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	20.5%	885,726	106,950	25.7%	(1,194)	\$20.62
Marlton	2,268,980	11.3%	284,868	60,564	12.6%	37,620	\$21.71
Moorestown	1,047,939	16.6%	199,473	19,620	19.0%	3,641	\$22.80
Mount Laurel	5,349,539	13.0%	793,314	108,041	14.8%	67,154	\$19.54
Pennsauken/Camden	2,442,317	6.9%	165,163	12,607	6.8%	(3,742)	\$21.67
Voorhees/Gibbsboro	1,167,617	3.2%	265,729	23,725	22.8%	(2,394)	\$21.77
Southern New Jersey	15,720,586	13.0%	2,594,273	331,507	16.5%	101,085	\$21.15

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