

Fall 2016

Morris County, New Jersey Report



Morris County, New Jersey Fall 2016 Office Report

By: Nick DePaolera

The Morris County office market has begun to rebound strongly and we believe it will continue to do so. Vacancy has decreased slightly and we are seeing positive net absorption as well as healthy sales activity.

In our Summer 2016 report, we discussed the importance of upgrading facilities to meet the new demand for amenities and technology that the new generation of workers and companies now require. Therefore, a vast majority of office buildings that exist require major (and sometimes complete) interior/exterior renovations in order to attract new companies as well as the ever-important millennial work force.

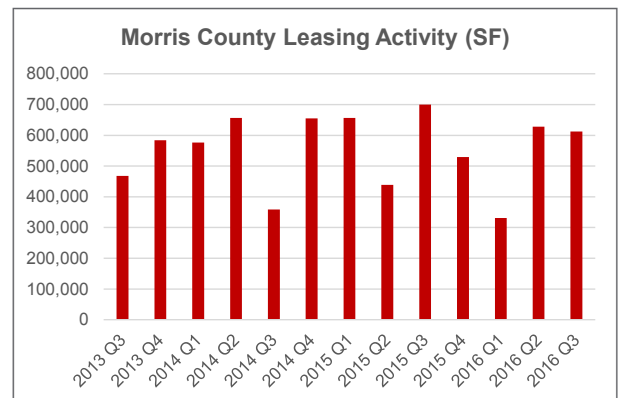
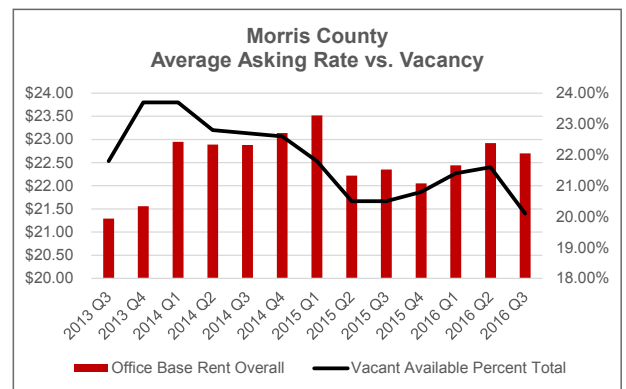
Millennials have not only become a large percentage of the work population but what most hiring managers focus on as the future of their companies' ability to keep pace with the ever changing technological workplace. With a different generation comes a different mindset. The millennial generation and its employers look for imaginative floor plans, layouts and other items that will encourage a collaborative work environment. Typically, we see a work atmosphere much different than that of past years. The 'traditional more reserved office layouts' are simply a thing of the past. As a result, CRE developers, contractors and architects reinvent their approach in order to adapt. Developers and investors alike look to construct, reposition and remodel specifically with an eye on the future. They recognize and adhere to the yearning for change.

So, it is essential building owners/landlords adhere to this and reinvest back into their buildings. As millennials flock toward the best and brightest opportunities, providing a work environment through new renovation of these existing buildings has proven itself time and time again as nearly all new and renovated buildings are totally leased within a relatively short period. With the leasing of these updated buildings, comes a stronger and more attractive Morris County office market overall!

Class A&B



67 Whippany Road, Whippany



Trends for Fall'16

ASKING RATE

VACANCY RATE

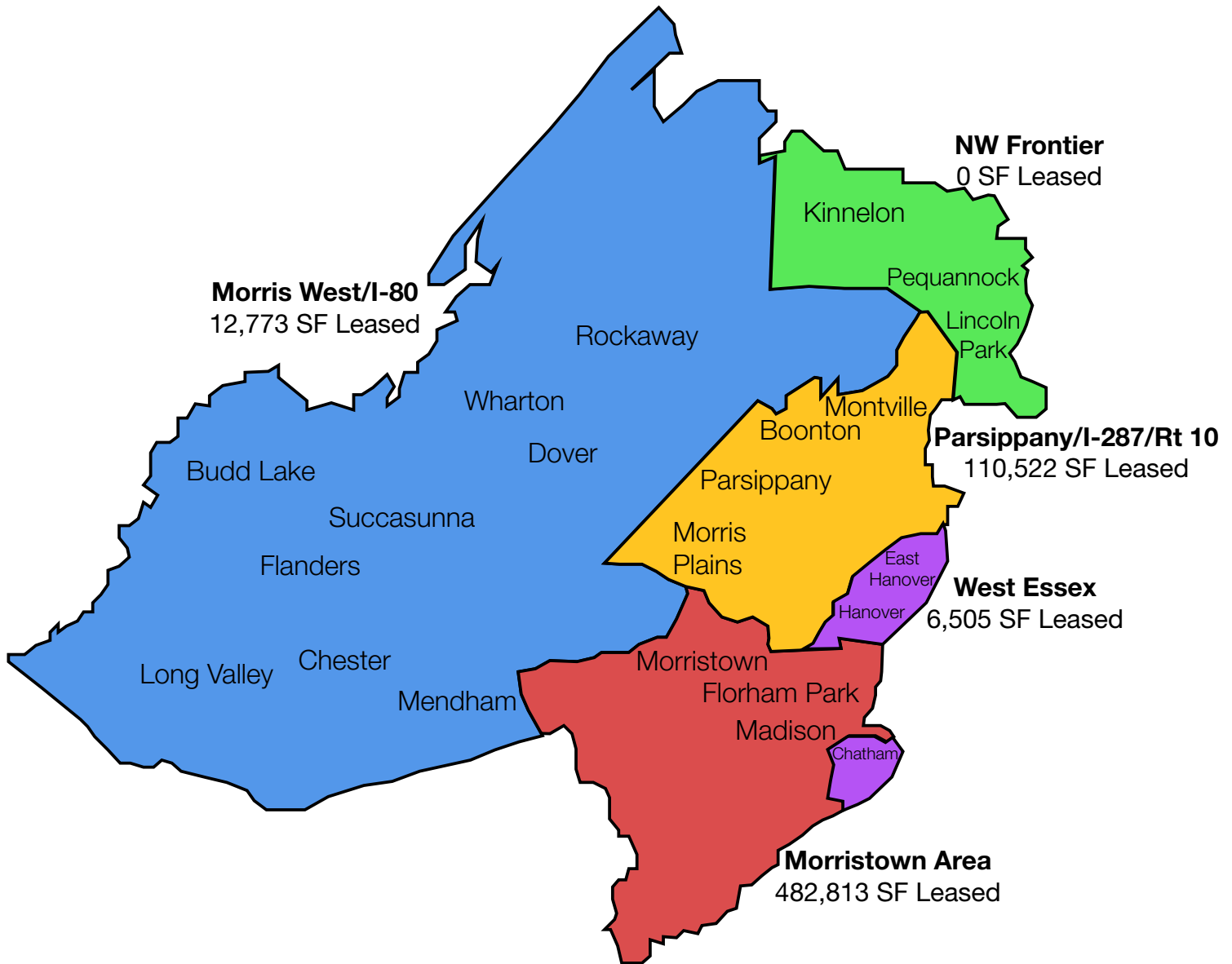
LEASING ACTIVITY

NET ABSORPTION

Trends are compared to Summer'16

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Class A&B



Submarket Clusters

Morris West/I-80

Western Morris

Morristown Area

Morristown Region

Parsippany/I-287/Rt 10

Parsippany

NW Frontier

Eastern Morris

West Essex

Suburban Essex/Route 280

Short Hills/Millburn

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Class A&B

Contact Us:

Please feel free to contact us regarding the information contained herein. We would be happy to provide an evaluation of your current situation and see how YOU can benefit from the market conditions.

Visit our website for more information at naihanson.com or call us at 973-463-1011.

Submarket Overview:

Submarket	Total RBA SF	Total Vacant Available SF	Total Vacant Available %	Total Net Absorption SF	Total SF Leased	Average Asking Rate PSF
Morris County Overall	38,421,885	7,722,803	20.1%	832,331	612,613	\$22.70
Parsippany/I-287/Rt 10	19,478,833	4,247,761	21.9%	363,585	110,522	\$22.40
Morristown Area	12,977,560	1,961,058	15.1%	416,976	482,813	\$24.96
Morris West/I-80	2,953,351	1,213,185	41.1%	15,347	12,773	\$19.44
West Essex	2,673,549	199,093	7.4%	20,223	6,505	\$20.95
NW Frontier	338,592	74,706	22.1%	16,200	0	\$12.59

Lease Transactions:

Tenant	Address	Size (SF)	Submarket
Allergan	5 Giralda Farms, Madison	431,493	Morristown Area
LGS Innovation LLC	15 Vreeland Road, Florham Park	24,146	Morristown Area
Tetra Tech	6 Century Drive, Parsippany	20,867	Parsippany/I-287/Rt 10

Sale Transactions:

Address	Size (SF)	Price	Buyer	Seller
67 Whippany Road, Whippany	185,000	\$98,450,000	SALUS Government Properties, LLC	Rubenstein Partners JV Vision Equities
600 Parsippany Road, Parsippany	99,665	\$10,850,000	Mountain Development Corp.	Mack-Cali Realty Corporation
34 Maple Avenue, Pine Brook	134,000	\$2,500,000	CHT Group Management	Starwood Capital Group