

10Q
2025
INDUSTRIAL
REPORT

1Q 2025 INDUSTRIAL REPORT

Economic Overview



The U.S. economy showed signs of slowing during the first quarter. The unemployment rate rose slightly as job growth exhibited some signs of weakening. Over the next few months, the unemployment rate is poised to move higher as layoffs at the federal level could have an effect on the broader economy. Mixed messages on tariffs for products from Mexico, China and Canada, meanwhile, have led to lower consumer confidence. The threat of higher prices have reignited fears that inflation could return after being tempered over the last several quarters.



New Jersey's unemployment rate remains in the mid-4.0% range where it has been since early 2023. The unemployment rate in the State continues to be above the national average. According to the New Jersey Department of Labor, recent job growth in the Garden State has been largely in the professional and business sector along with health and education services, and leisure and hospitality. While there have been positive gains in the government sector over the last year, federal layoffs could have a potential impact on New Jersey's overall employment picture during the year.

Market Overview



The Northern New Jersey industrial market appears to have entered a period of balance after several years of unprecedented growth and despite the macroeconomic uncertainty around increased tariffs. Market indicators remained relatively stable heading into the first three months of 2025. Although properties with logistics and distribution tenants have more exposure to a decline in imports, these types of companies were significant drivers of demand in the first quarter. Net absorption, the balance between leasing activity and available space, was nearly flat with minor negative absorption measured during the first quarter. While absorption has remained negative for eight consecutive quarters due in large part to speculative construction deliveries, it appears that the trend could finally be reversing.

The overall vacancy rate was nearly stationary from the end of last year, finishing at 6.1%. Year-over-year however, the rate is up by more than a full percentage point. Among the submarkets, vacancy rates range from a low of 3.1% in Hunterdon, to a high of 9.7% in Brunswick/Exit 9. Vacancy rates in the larger submarkets of Ports, Exits 10/12, Meadowlands and Exit 8A have increased but remain between 5.0%-7.5%.

Market Pricing

Average asking rates are down by 1.6% from the same period last year, but just slightly lower from the end of the fourth quarter, closing at \$14.03 per square foot. Average rates have remained above \$14.00 per square foot since the first quarter 2023 but are down from a historical high of \$14.35 reached in the middle of last year.

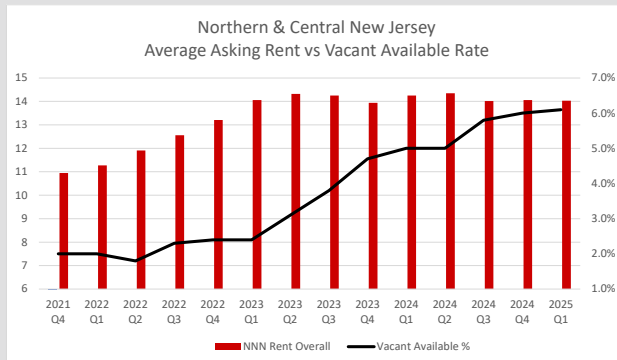


\$14.03 PSF
Asking Rental Rate



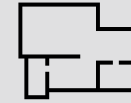
1.5%
Decrease
versus 1Q 2024

While average asking rates are slightly above \$14.00 per square foot for the overall market, actual starting rents are considerably higher particularly in the larger submarkets. Average starting rents for space in the Meadowlands and Ports areas, for example, are over \$17.00 per square foot, while in Exit 8A they are slightly below that threshold.



Vacancy, Absorption & Leasing

1Q2025 vs. 1Q2024



6.1%
Vacancy Rate



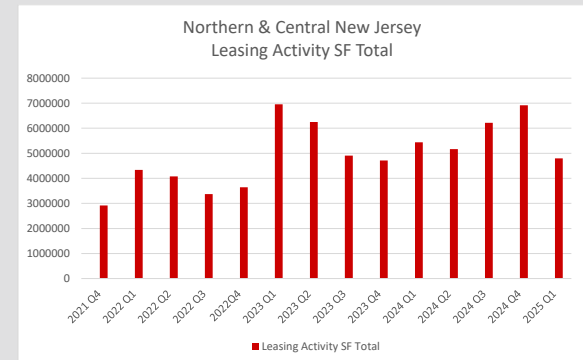
-191,157 SF
Absorption



4.7M SF
Leasing Activity



As a result of lower leasing activity and new construction deliveries, absorption finished the in negative territory at the close of the quarter. Year-over-year leasing activity was off by 2.0 million square feet, as more than 3.0 million square feet of available space came on the market from new construction, absorption levels, however, showed signs of improvement.

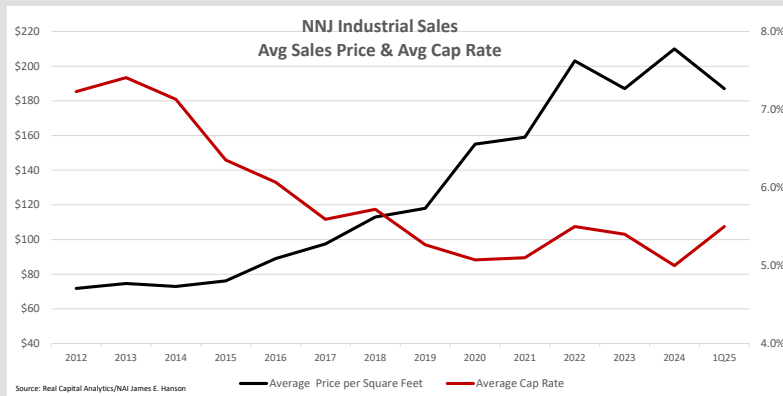


Investment Sales

Despite a challenging interest rate environment, institutional investors have been the most active buyers of industrial properties on a national level for the past several years. During the first quarter the most active buyers were Prologis, Thor Equities, Investco Real Estate and private owners and developers including Faropoint Investments and Ardena US, LLC.



Cap rates held steady in the mid 5.0% range where they have been for more than a year, similarly, the average price per square foot remained in the \$190-\$200 where it has been for the last two years.

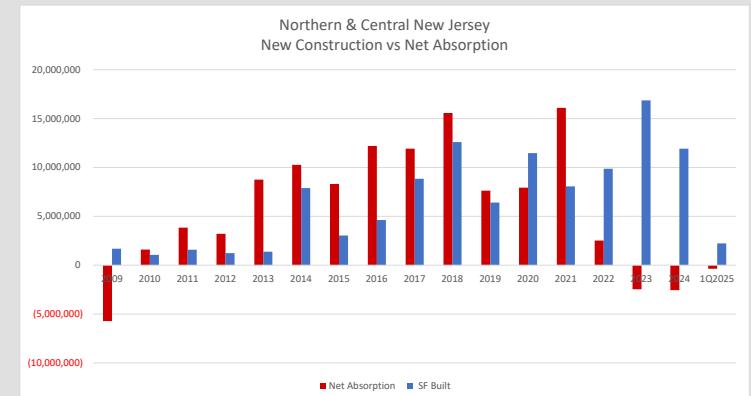


New Construction

The pace of new construction deliveries slowed during the first quarter with 2.2 million square feet completed. Comparatively, there were 4.6 million square feet delivered in first quarter 2024 and 14.0 million square feet added to the market for the year. Currently, there are 8.3 million square feet under construction with 6.0 million slated for completion this year.



For the period between 2010 and 2022, there were 6.0 million square feet of new product delivered on average per year, while absorption averaged 8.0 million square feet. Beginning in 2023, however, speculative construction deliveries began to outpace leasing and absorption and has led to nearly two years of negative absorption.



Market Statistics

	Total RBA	Total Vacant Available SF	Total Vacant Available %	Total Net Absorption	Total SF Leased	RBA Under Construction	Average Asking Rate
Northern & Central NJ Overall	733,262,889	44,375,826	6.1%	(191,157)	4,796,765	8,210,347	\$14.03
Middlesex	228,271,628	15,665,401	6.9%	(505,066)	1,716,576	1,551,957	\$14.58
Bergen	93,576,302	6,091,178	6.5%	217,043	359,588	1,055,166	\$15.87
Hudson	83,229,904	5,089,408	6.1%	618,670	913,493	496,944	\$15.64
Essex	67,405,978	3,114,675	4.6%	(131,340)	353,735	331,615	\$13.55
Union	72,454,116	3,758,713	5.2%	129,226	291,742	327,878	\$13.51
Passaic	56,644,724	2,929,450	5.2%	(40,751)	201,445	33,342	\$11.90
Morris	40,665,082	2,123,172	5.2%	(63,895)	159,331	2,749,610	\$14.27
Mercer	38,264,666	2,886,549	7.5%	(335,169)	100,000	93,600	\$9.75
Somerset	32,635,511	1,587,484	4.9%	165,709	356,462	1,376,235	\$13.50
Warren	10,542,634	691,510	6.6%	(285,139)	23,399	50,000	\$8.74
Hunterdon	6,075,009	190,430	3.1%	39,555	320,994	-	\$10.84
Sussex	3,497,335	247,856	7.1%	-	-	144,000	\$8.80

	Total RBA	Total Vacant Available SF	Total Vacant Available %	Total Net Absorption	Total SF Leased	RBA Under Construction	Average Asking Rate
Ports	150,997,823	9,106,881	6.0%	369,340	1,079,001	930,076	\$15.20
Exits 10/12	127,210,483	9,461,142	7.4%	640,824	956,317	744,975	\$14.74
Meadowlands	95,391,291	5,748,927	6.0%	526,155	625,587	750,926	\$15.52
Exit 8A	77,311,999	3,888,764	5.0%	(1,035,860)	577,529	643,372	\$14.35
Route 46/23/3 Corridor	56,098,970	2,850,872	5.1%	(25,575)	174,045	33,342	\$12.45
Exit 7A	51,864,375	4,280,782	8.3%	(587,185)	112,055	112,055	\$10.89
Morris Region	39,121,310	2,106,804	5.4%	(5,515)	156,831	2,749,610	\$13.20
Somerset Region	31,831,685	1,575,484	4.9%	344,206	356,432	1,376,235	\$13.10
Central Bergen County	26,319,307	1,734,963	6.6%	33,889	72,839	154,240	\$16.04
Suburban Essex	24,018,256	848,685	3.5%	(119,262)	95,733	226,361	\$14.30
Brunswick/ Exit 9	23,749,146	2,315,495	9.7%	(192,330)	182,730	163,610	\$12.75
Northern Bergen County	22,262,719	721,464	3.2%	167,088	104,445	150,000	\$15.37
Warren & Sussex	14,039,969	939,366	6.7%	(285,139)	23,399	194,000	\$9.18
Hunterdon	6,075,009	190,430	3.1%	39,555	320,994	-	\$10.98

Source: CoStar® & NAI Hanson - 10,000+ SF

Top Transactions

Top SALE Transactions

1,097,652 SF | \$197,400,000
 Atlantic Realty NJ Portfolio (2 Prop.)
 Middlesex Center Blvd & Cranbury S. River Rd., Monroe Twp.
 Buyer: Prologis
 Seller: Atlantic Realty Development

577,360 SF | \$111,000,000
 Lovett Portfolio (18 Properties)
 Bound Brook
 Buyer: Thor Equities
 Seller: Lovett Industrial

8.25 AC | \$55,000,000*
 349-369 1st Street
 Buyer: Yankee Bus Line
 Seller: CenterPoint Properties

204,780 SF | \$36,000,000
 500 Halls Mill Rd., Freehold
 Buyer: Invesco Real Estate
 Seller: DH Property Holdings

*NAI Hanson Transaction

Top LEASE Transactions

405,256 SF
 1115 W. Middlesex Avenue
 Port Reading
 Tenant: Ryder

173,174 SF
 760 Washington Avenue
 Carlstadt
 Tenant: Northern Eagle Beverage Co.

115,175 SF
 425-429 Elizabeth Avenue
 Somerset
 Tenant: Blackbird Consulting

107,600 SF
 10 Empire Blvd.
 Moonachie
 Tenant: Blue Diamond Coffee

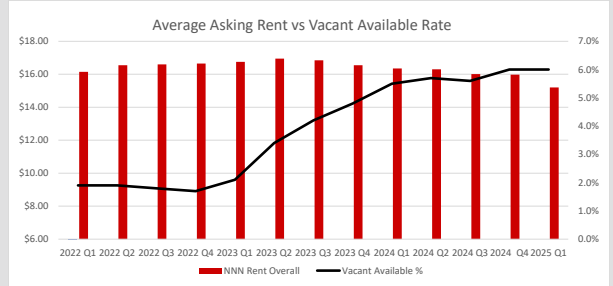


TOP 10 CONSTRUCTION PROJECTS

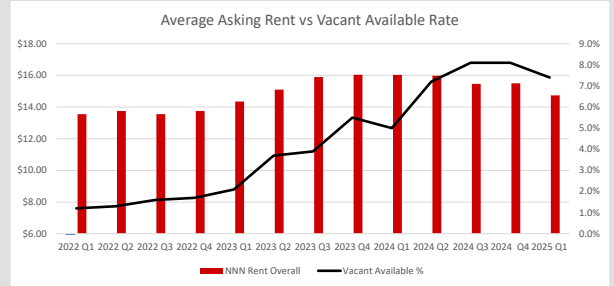
ADDRESS	SIZE (SF)	COMPLETION	DEVELOPER	SUBMARKET
45 State Route 10, East Hanover	600,000	1Q26	Onyx Equities	Morris Region
3000 Continental Dr (Matrix Logistics), Mt. Olive	585,000	2Q25	Matrix Development	Morris Region
395 Elizabeth Avenue, Somerset	438,960	2Q25	Prologis	Somerset Region
145 Industrial Drive (Liberty Commerce Ctr.), Jersey City	426,275	2Q25	Brookfield	Port
265 Rhode Hall Road, Monroe Township	409,598	3Q25	Brookfield	Exit 8A
128 Iron Mountain Rd, Mine Hill	393,335	4Q25	Brookfield	Morris Region
45 State Route 10, East Hanover	380,000	1Q26	Russo Development	Morris Region
3000 Valley Brook Ave (Building B)- 2000 Valley Brook Ave, Lyndhurst	344,110	4Q25	JV Forsgate Industrial Partners & Russo Development	Meadowlands
400-600 Atrium Drive (Bldg. A), Somerset	255,111	1Q26	Woodmont Properties	Somerset Region
10 Normandy Dr, Piscataway	241,000	4Q25	Rockefeller Group	Exits 10/12

Submarket Highlights

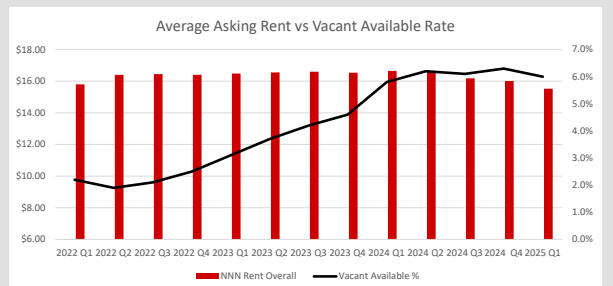
Ports



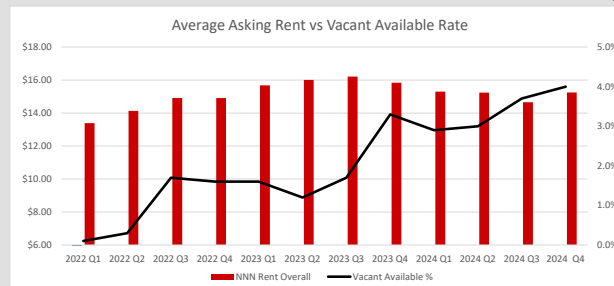
Exit 10/12



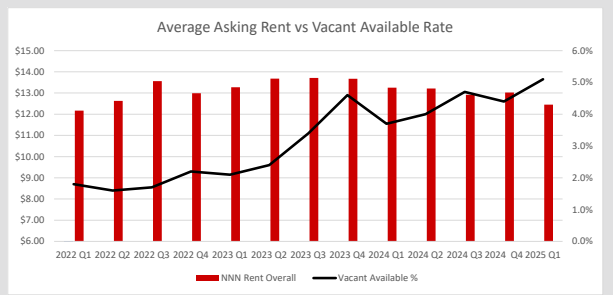
Meadowlands



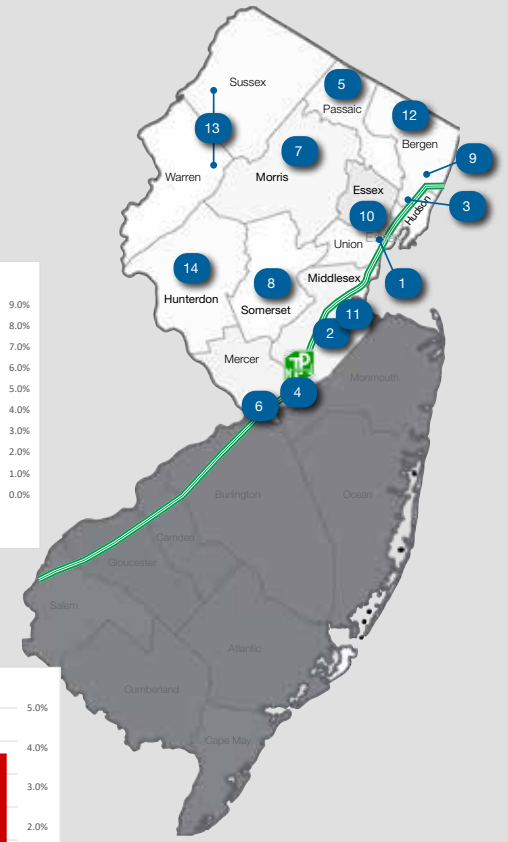
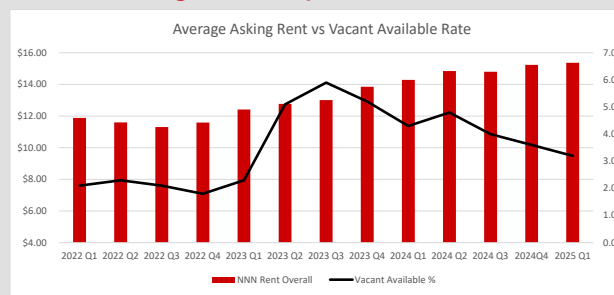
Exit 8A



Route 46/23/3 Corridor



Northern Bergen County



#	SUBMARKET	VACANCY
1	PORTS	6.0%
2	EXIT 10/12	7.4%
3	MEADOWLANDS	6.0%
4	EXIT 8A	5.0%
5	46/23/3 CORRIDOR	5.1%
6	EXIT 7A	8.3%
7	MORRIS REGION	5.4%
8	SOMERSET	4.9%
9	CENTRAL BERGEN	6.6%
10	SUBURBAN ESSEX	3.5%
11	BRUNSWICK/EXIT 9	9.7%
12	NORTHERN BERGEN	3.2%
13	WARREN & SUSSEX	6.7%
14	HUNTERDON	3.1%

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