



Economic Overview

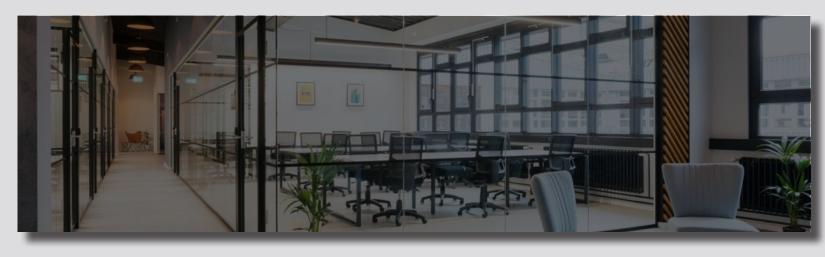
The U.S. economy remained strong into the first few months of 2023 despite the ongoing challenges of high inflation and increasing interest rates. Wage increases have allowed consumers to maintain some level of confidence against rising prices. The labor market continues to be resilient with the unemployment hovering in the 3.5% range throughout the first quarter. Notable job gains over the last few months have been in leisure and hospitality, retail trade government and healthcare. New concerns about the health of the banking system along with persistent inflation and interest rates could slow the economy heading into the second quarter.

The economy of New Jersey mirrored national trends with the unemployment rate remaining in the 3.4-3.6% range in the first quarter. Over the past year, the Garden State has added more than 105,000 jobs. Over the last 12 months the industries with the highest number of job gains were education and health services, leisure and hospitality, trade, transportation and utilities and manufacturing.

Market Overview

The New Jersey office market maintained stability into the first three months of 2023, despite an uncertain economic outlook and a slow return to the office by employees. Rising interest rates and layoffs in the technology sector have placed additional pressure on market. Occupiers are weighing options when it comes to space needs since hybrid work is altering the size requirements of many companies. Landlords, meanwhile, are looking to secure tenants by offering more generous concession packages.

Activity in the New Jersey office market has been driven largely by a flight to quality as tenants look to take advantage of current market conditions. Well-located buildings with modern amenities are garnering a majority of the demand. Sublease space remains at an all-time high, further complicating pricing for landlords looking to capture or maintain tenants. New demand in the market has come largely from the life- science and pharmaceutical sectors—a trend that is likely to continue into the second quarter.





Market Pricing

Overall average asking rents finished the first quarter at \$26.46 per square foot. Rates have hovered in the mid \$26.00 per square foot range since the second quarter of 2021. Pricing in Class A properties closed at \$28.66 per square foot, holding steady from year-end 2022.



\$26.46 PSFAsking Rental Rate



1.0% Increase versus 1Q 2022

Pricing varies widely across submarkets, from a high of over \$39.00 per square foot on the Hudson Waterfront to under \$15.00 per square foot in Hunterdon. The Hudson Waterfront typically competes with Lower Manhattan, while Hunterdon is a more suburban area. While asking rates have been stable, net effective rents have shifted periods of free rent and tenant improvement allowances have risen.

Vacancy, Absorption & Leasing

1Q2023 vs. 1Q2022



27.9% Vacancy Rate





-829,712 SF Absorption





961,552 SF Leasing Activity



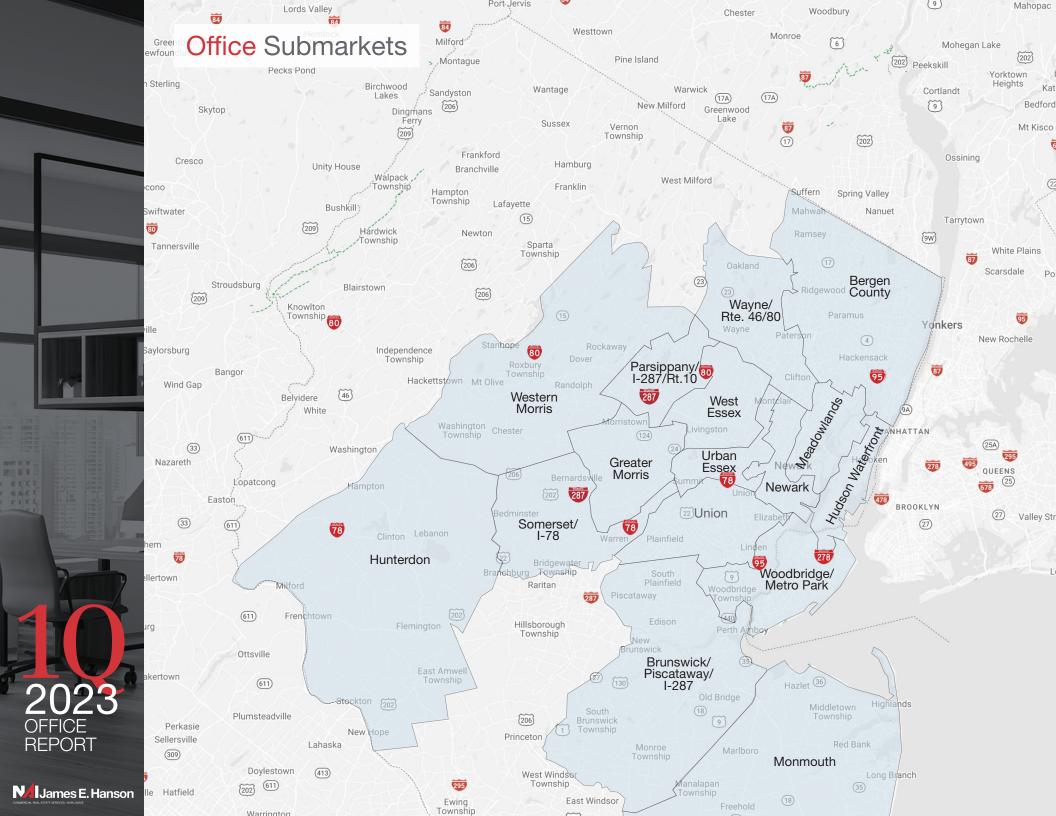
Total leasing activity measured just under one million square feet during through the first three quarters and was off considerably from the same time last year. Absorption levels remained in negative territory and the amount of space coming onto the market outpaced leasing activity.



Market Statistics

CLASS A & B	Total RBA	Total Vacant Available SF	Total Vacant Available %	Total Net Absorption	Total SF Leased	Average Asking Rate
Overall Class A & B	108,237,475	28,731,449	26.5%	(1,201,453)	981,730	\$27.49
Bergen County	13,496,484	2,698,097	20.0%	(142,568)	149,045	\$25.16
Brunswick/Piscataway/I-287	10,069,443	3,111,359	30.9%	29,702	84,074	\$24.05
Hudson Waterfront	16,618,376	4,400,827	26.5%	(390,216)	95,126	\$39.60
Hunterdon	2,394,511	1,531,694	64.0%	10,446	10,507	\$13.56
Meadowlands	4,475,764	580,290	13.0%	(37,496)	10,503	\$26.98
Greater Morris	8,085,207	1,762,126	21.8%	(97,562)	27,777	\$29.11
Monmouth	5,584,250	933,794	16.7%	36,577	95,889	\$23.77
Morris West/I-80	773,377	289,307	37.4%	(11,212)	0	\$22.49
Newark	6,099,938	1,484,027	24.3%	53,552	64,544	\$30.00
Urban Essex	1,412,344	133,488	9.5%	(534)	35,194	\$25.48
Parsippany/I-287/Rt. 10	10,447,821	3,526,537	33.8%	(53,527)	72,585	\$24.33
Somerset/I-78	10,323,818	3,900,469	37.8%	(91,590)	39,230	\$27.14
Union	2,062,887	391,511	19.0%	(13,908)	27,560	\$24.87
Wayne/Rt. 80	2,684,911	630,698	23.5%	(64,368)	11,211	\$21.14
West Essex/Rt. 24	7,395,360	2,347,138	31.7%	(325,888)	111,779	\$27.75
Woodbridge/Metro Park	6,312,984	1,010,087	16.0%	(102,861)	146,706	\$28.50

Source: CoStar®. Inventory includes buildings over 30,000 sf, exclusive of owner occupied





Market Statistics

CLASS A	Total RBA	Total Vacant Available SF	Total Vacant Available %	Total Net Absorption	Total SF Leased	Average Asking Rate
Overall Class A	78,372,482	21,861,485	27.9%	(829,712)	645,544	\$28.66
Bergen County	8,038,776	1,603,893	20.0%	21,083	82,334	\$25.77
Brunswick/Piscataway/I-287	6,080,672	1,913,516	31.5%	75,308	76,521	\$25.59
Hudson Waterfront	15,112,967	4,051,430	26.8%	(389,775)	73,859	\$39.99
Hunterdon	1,748,098	1,388,694	79.4%	2,493	2,493	\$13.14
Meadowlands	2,989,006	364,042	12.2%	(34,330)	8,900	\$28.36
Greater Morris	6,902,707	1,504,800	21.8%	(77,369)	14,951	\$29.86
Monmouth	3,492,767	455,464	13.0%	104,436	74,306	\$26.41
Morris West/I-80	414,059	221,174	53.4%	(11,212)	0	\$23.48
Newark	4,750,265	1,289,128	27.1%	(2,928)	7,004	\$29.65
Urban Essex	972,226	60,869	6.3%	2,251	35,194	\$29.72
Parsippany/I-287/Rt. 10	7,153,296	2,626,932	36.7%	(94,678)	30,600	\$25.64
Somerset/I-78	8,241,855	3,212,724	39.0%	(99,829)	33,496	\$28.04
Union	801,532	236,126	29.5%	(7,656)	12,904	\$26.35
Wayne/Rt. 80	1,665,920	481,257	28.9%	(58,509)	11,211	\$21.71
West Essex/Rt. 24	4,949,586	1,645,621	33.2%	(172,778)	72,347	\$28.69
Woodbridge/Metro Park	5,058,750	805,815	15.9%	(86,219)	109,424	\$27.54

Source: CoStar®. Inventory includes buildings over 30,000 sf, exclusive of owner occupied



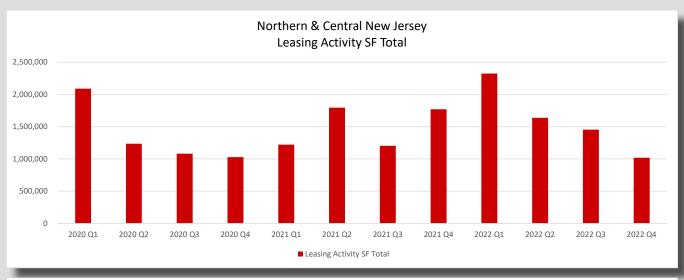
Market Statistics

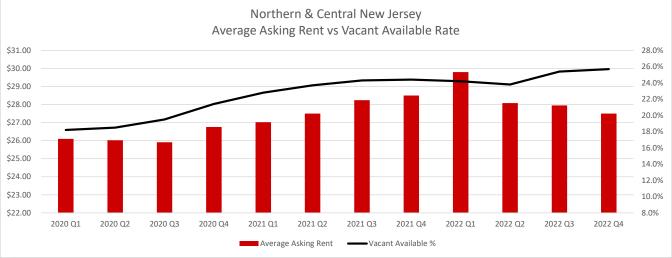
CLASS B	Total RBA	Total Vacant Available SF	Total Vacant Available %	Total Net Absorption	Total SF Leased	Average Asking Rate
Overall Class B	29,864,993	6,869,964	23.0%	(371,741)	336,186	\$23.78
Bergen County	5,457,708	1,094,204	20.0%	(163,651)	66,711	\$24.26
Brunswick/Piscataway/I-287	3,988,771	1,197,843	30.0%	(45,606)	7,553	\$21.58
Hudson Waterfront	1,505,409	349,397	23.2%	(441)	21,267	\$35.11
Hunterdon	646,413	143,000	22.1%	7,953	8,014	\$17.61
Meadowlands	1,486,758	216,248	14.5%	(3,166)	1,603	\$24.65
Greater Morris	1,182,500	257,326	21.8%	(20,193)	12,826	\$24.75
Monmouth	2,091,483	478,330	22.9%	(67,859)	21,583	\$21.25
Morris West/I-80	359,318	68,133	19.0%	0	0	\$19.28
Newark	1,349,673	194,899	14.4%	56,480	57,540	\$32.35
Urban Essex	440,118	72,619	16.5%	(2,785)	-	\$21.92
Parsippany/I-287/Rt. 10	3,294,525	899,605	27.3%	41,151	41,985	\$20.52
Somerset/I-78	2,081,963	687,745	33.0%	8,239	5,734	\$22.92
Union	1,261,355	155,385	12.3%	(6,252)	14,656	\$22.62
Wayne/Rt. 80	1,018,991	149,441	14.7%	(5,859)	0	\$19.30
West Essex/Rt. 24	2,445,774	701,517	28.7%	(153,110)	39,432	\$25.53
Woodbridge/Metro Park	1,254,234	204,272	16.3%	(16,642)	37,282	\$32.27

Source: CoStar®. Inventory includes buildings over 30,000 sf, exclusive of owner occupied

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Leasing Activity

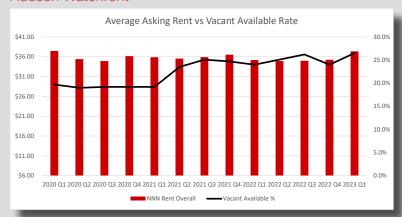




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Submarket Activity

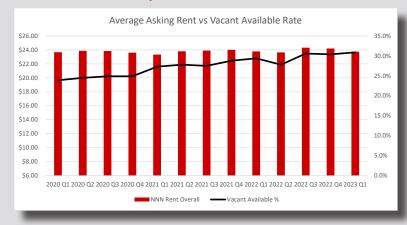
Hudson Waterfront



Bergen County



Brunswick/Piscataway



Parsippany 287



Somerset/78





Top Transactions

Top Sale Transactions

51,828 SF 909 Broad Street, Newark

Price: \$13,257,500 Buyer: Benjamin Carson Seller: RBH Group, Goldman Sachs

45,000 SF 1139 E Jersey Street, Elizabeth

Price: \$7,500,000 Buyer: Teresita Levato Seller: Edron Realty, LLC

31,655 SF 921-923 Elizabeth Ave, Elizabeth

Price: \$6,367,549 Buyer: County of Union Seller: 921 Elizabeth Avenue, LLC

64,709 SF* 100 Davidson Avenue, Somerset

Price: \$5,000,,000 Buyer: Ifet Kapo Seller: Torsiello Organization



Top LEASE Transactions

260,000 SF

100 Morris Street Morristown Tenant: Sanofi

69,280 SF

101 JFK Parkway Short Hills Tenant: Virtu Financial

40,420 SF

331 Newman Springs Road Red Bank Tenant: Life Time Fitness (co-working space)



2022 NAI Hanson Office Transactions 58 Transactions uxedo Park 336,000+ SF-Leased/Sold West Milford Transaction Value Suffern Monsey Mahwah Nanuet Ramsey √Sparta Blairstown Ridgewood nship 80 Paramus **Yonkers** Rockaway Montclair White MANHATTAN Washington Newark Great Swamp National **New York** Refuge Bedminster Elizabeth Clinton Lebanon Warren Plainfield Branchburg Township South Plainfield Piscataway chtown Edison Hillsborough Perth Amboy Brunswick James E. Hanson

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195 North Street, Suite 100 • Teterboro, NJ 07608 | 201 488 5800

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