

30
2025
INDUSTRIAL
REPORT

3Q 2025 INDUSTRIAL REPORT

NAI James E. Hanson
COMMERCIAL REAL ESTATE SERVICES, WORLDWIDE

Economic Overview



After a period of relative resiliency, the U.S. economy began to show signs of slowing during the third quarter. Disappointing job figures and higher inflation data point to uncertainty heading into the final three months of 2025. Revised job figures released in late summer suggest that there were nearly one million fewer positions created from March 2024 through March 2025, than originally reported. The unemployment rate, which hovered between 4.0%-4.2% through mid-year rose to 4.3% in August, reaching its highest level since 2021. Recent CPI data suggests that inflation is still persistent as the effects of recent tariffs begin to affect the economy. As a result, the Federal Reserve finally lowered interest rates in September by 0.25%.



New Jersey's unemployment rate continues to lag the national rate, with the rate remaining close to 5.0%, according to the New Jersey Department of Labor. Year-over-year, most gains in employment have been in private education and health services, government, financial services and manufacturing. Industries that have shed positions over the last year include, information, government, trade, transportation and utilities and construction. New Jersey's life sciences and technology sectors and its strategic location for transportation and logistics should drive economic activity over the long term.

Market Overview



The Northern New Jersey industrial market has entered a period of adjustment with slowly rising vacancy rates, stable asking rents and a decrease in speculative construction deliveries. Demand for high-quality Class A industrial space has been the main driver of activity for much of the year. Third party logistics (3PL) and distribution tenants, in particular, are responsible for significant leasing in that segment of the market. Net absorption, the measure of change in occupied space, which was negative for the nine consecutive quarters due in large part to speculative construction deliveries, was positive for the third quarter. Year-to-date however, the amount of space placed on the market continues to outpace leasing activity.

After reaching 6.0% at the end of last year, the overall vacancy rate has remained in the 5.8%-6.1% range for the last five quarters. The amount of sublease space is another important factor impacting vacancy with more than 11.0 million square feet currently available. Vacancy rates range from a low of 3.6% in Northern Bergen County to a high of 9.5% in Brunswick/Exit 9. Among the five largest submarkets, the Route 45/23/3 Corridor has the lowest vacancy rate at 4.9% followed by Meadowlands at 5.5%, and the Ports at 5.9%.

Market Pricing

Average asking rates were down minimally by just 1.0% from the same period last year, closing at \$13.87 per square foot. Rates are down by more than 3.0% from the peak reached in early 2023. and have dropped below \$14.00 per square foot for the first time since the fourth quarter of 2022.

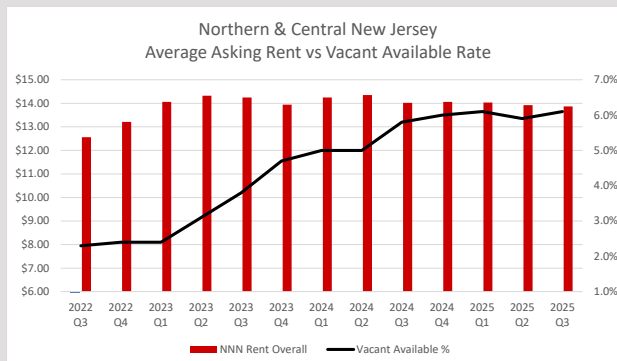


\$13.87 PSF
Asking Rental Rate



1.0%
Decrease
versus 3Q 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

3Q2025 vs. 3Q2024



6.1%
Vacancy Rate



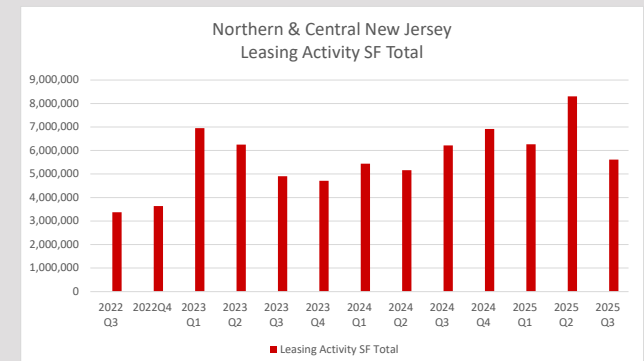
906,404 SF
Absorption



6.0 MSF
Leasing Activity



Leasing activity measured nearly 6.0 million square feet during the quarter, down slightly from 6.2 million square feet leased at the same time last year. Leasing activity to date has been boosted by several large transactions. Through the third quarter, there have been 15 leases in excess of 300,000 square feet signed with nearly half of them over 400,000 square feet.

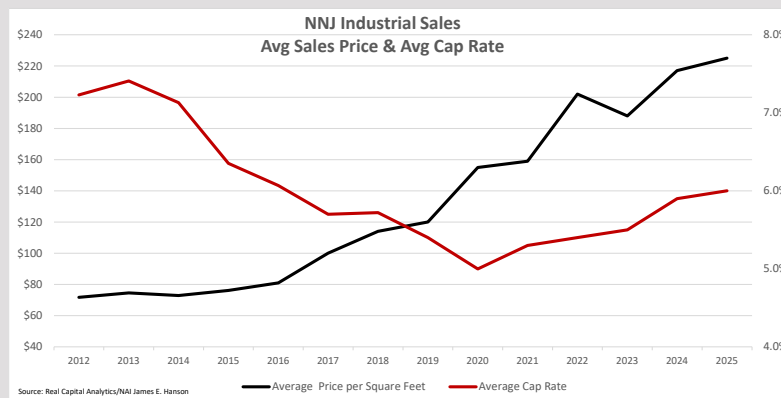


Investment Sales

Uncertainty around Interest rates, tariff policies and the geopolitical environment have impacted leasing, which in turn, has affected the investment sales market. Institutional investors have been active buyers of industrial properties on a national and local level for the past several years. Investors that have recently purchased industrial assets in New Jersey include Principal RE Investors, Faropoint Investments and Prologis.



Cap rates have remained relatively stable over the last several years, averaging in the high 5.0% range. Cap rate compressing may occur given the recent reduction in interest rates. The average price per square foot meanwhile, has remained in the \$190-\$225 range where it has been for the last two and a half years.

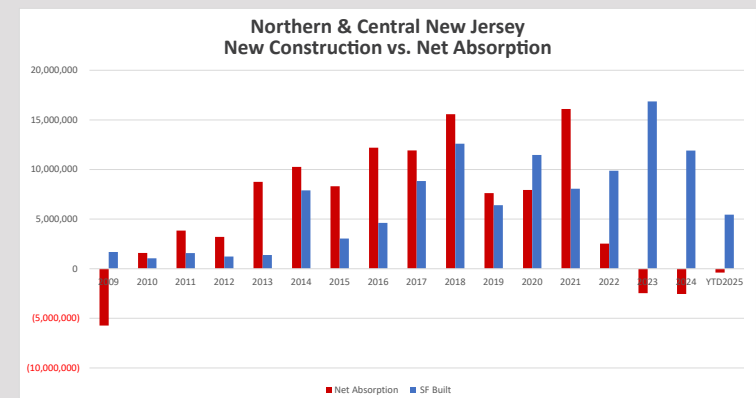


New Construction

The pace of new construction deliveries continues to slow with 5.4 million square feet delivered so far this year. Comparatively, there were 11.9 million square feet delivered at the same time last year. Currently, there are 7.1 million square feet under construction with 5.7 million slated for completion this year. The pipeline for 2026 drops drastically, with only 1.4 million square feet of construction currently underway.



In 2023 speculative construction deliveries began to outpace leasing and absorption and led to more than two years of negative absorption. The slowing of available space from new construction coupled with sustained or increased demand should finally lead to positive absorption during the last quarter of 2025 or in early 2026.



Market Statistics

	Total RBA	Total Vacant Available SF	Total Vacant Available %	YTD Total Net Absorption	YTD Total SF Leased	RBA Under Construction	Average Asking Rate
Northern & Central NJ Overall	727,074,436	44,487,193	6.1%	(383,925)	20,186,731	6,437,213	\$13.87
Middlesex	227,689,934	16,612,509	7.3%	(971,339)	7,879,518	356,000	\$13.82
Bergen	92,231,917	5,719,419	6.2%	78,510	2,276,089	1,397,841	\$15.75
Hudson	82,098,834	5,901,756	7.2%	(474,868)	1,638,705	-	\$14.99
Essex	67,460,398	2,890,491	4.3%	274,596	1,130,717	376,354	\$13.20
Union	71,055,193	3,038,557	4.3%	516,923	2,430,578	294,336	\$13.61
Passaic	54,991,511	2,739,154	5.0%	54,803	673,616	-	\$13.33
Morris	40,737,282	2,265,157	5.6%	44,271	586,329	2,063,882	\$15.88
Mercer	38,217,854	2,782,766	7.3%	(58,659)	1,210,048	420,024	\$9.70
Somerset	32,487,919	1,446,225	4.5%	75,568	1,831,753	663,419	\$13.81
Warren	10,548,939	694,269	6.6%	(218,249)	93,108	721,357	\$8.92
Hunterdon	6,074,868	290,480	4.8%	211,473	402,770	-	\$10.91
Sussex	3,479,787	106,410	3.1%	83,046	33,500	144,000	\$6.90
Orange, NY	36,613,622	3,386,483	9.2%	(960,172)	680,849	1,477,161	\$10.20
Rockland, NY	15,531,982	382,843	2.5%	85,470	90,525	1,401,963	\$14.61

	Total RBA	Total Vacant Available SF	Total Vacant Available %	YTD Total Net Absorption	YTD Total SF Leased	RBA Under Construction	Average Asking Rate
Ports	148,563,045	8,760,460	5.9%	684,387	4,039,288	648,736	\$14.17
Exits 10/12	126,349,296	8,432,561	6.7%	1,867,814	4,985,931	328,000	\$14.05
Meadowlands	94,949,270	5,252,523	5.5%	(228,625)	2,324,477	1,397,841	\$15.22
Exit 8A	77,730,751	5,948,456	7.7%	(2,688,531)	2,205,417	-	\$13.38
Route 46/23/3 Corridor	54,549,931	2,650,885	4.9%	63,070	658,503	-	\$13.53
Exit 7A	51,816,756	4,446,219	8.6%	(444,255)	1,520,457	1,123,498	\$11.04
Morris Region	39,193,510	2,224,838	5.7%	65,722	583,829	2,063,882	\$13.78
Somerset Region	31,811,763	1,434,225	4.5%	87,568	1,831,753	663,419	\$13.83
Central Bergen County	25,964,152	1,893,701	7.3%	(80,181)	441,739	-	\$16.48
Suburban Essex	24,172,384	978,179	4.0%	(76,569)	331,134	21,954	\$13.79
Brunswick/ Exit 9	23,609,887	2,231,492	9.5%	(150,622)	688,170	-	\$13.37
Northern Bergen County	21,195,575	767,801	3.6%	55,578	379,211	-	\$14.91
Warren & Sussex	14,028,726	800,679	5.7%	(135,203)	126,608	865,357	\$9.08
Hunterdon	6,074,868	290,480	4.8%	211,473	402,770	-	\$11.74

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

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Select 3Q Transactions

SALES

296,463 SF | \$108,000,000

12 Porete Ave, N. Arlington,
30 Cross St, Ridgefield Park/Bogota
Buyer: Principal RE Investors
Seller: Hampshire Co., Invesco RE

221,448 SF | \$75,000,000

333 North St, Teterboro
Buyer: Principal RE Investors
Seller: Hampshire Co., Invesco RE

198,772 SF | \$69,500,000

17 Schoolhouse Rd, Somerset
Buyer: CBRE Investment Management
Seller: Brookfield AM

133,421 SF | \$24,100,000

4 Pleasant Hill Rd, Rossmoor,
100 Raskulinecz Rd, Carteret
Buyer: EQT Exeter RE Income Trust (EQRT)
Seller: Gramercy (Blackstone)

LEASES

323,610 SF

35 Henry St, Secaucus
Tenant: NRS

301,470 SF

2015 Route 206, Bordentown
Tenant: Ameziel

296,064 SF

117 Interstate Blvd, So. Brunswick
Tenant: NIWO

125,500 SF*

111 Central Ave, Teterboro
Tenant: Northern Architectural Systems, Inc.

100,000 SF

205 Maywood Ave, Maywood
Tenant: Sustainable

*NAI Hanson transaction - renewal



TOP 10

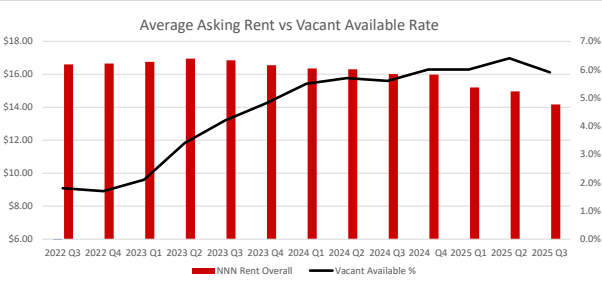
CONSTRUCTION PROJECTS

ADDRESS	SIZE (SF)	COMPLETION	DEVELOPER	SUBMARKET
2000 Valley Brook Avenue (Bldg A), Lyndhurst	1,286,241	1Q27	JV Forsgate Industrial Partners & Russo Development	Meadowlands
45 State Route 10, East Hanover	600,000	1Q26	Russo Development, Related Fund Management, Onyx Equities	Morris Region
3000 Continental Dr (Matrix Logistics), Mt. Olive	585,000	4Q25	Matrix Development	Morris Region
5 Edge Road, Alpha	450,457	1Q26	Brookfield Properties	Warren & Sussex
395 Elizabeth Avenue, Somerset	438,960	4Q25	Prologis	Somerset Region
825 Sloan Avenue, Hamilton	420,024	4Q25	PGIM	Exit 7A
128 Iron Mountain Road, Mine Hill	393,335	4Q25	Brookfield	Morris Region
105-161 Hyatt Avenue, Newark	354,400	2Q26	Link Logistics Real Estate	Port
201 Industrial Drive, Alpha	270,900	4Q25	CRG	Warren & Sussex
10 Normandy Drive, Piscataway	241,000	4Q25	Rockefeller Group	Exits 10/12

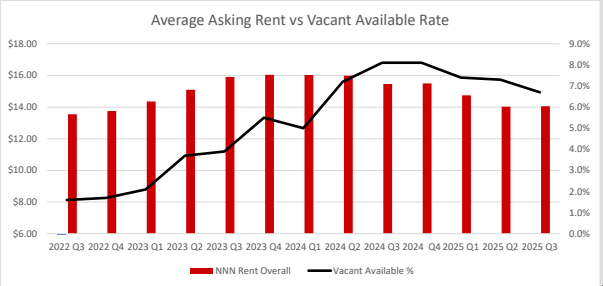


Submarket Highlights

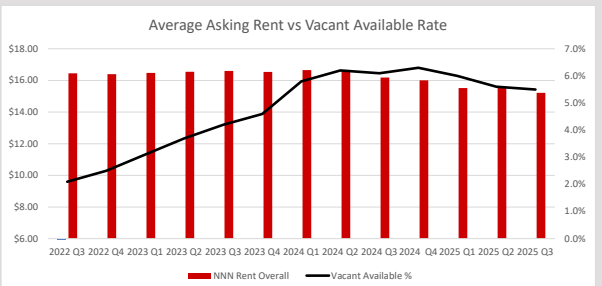
Ports



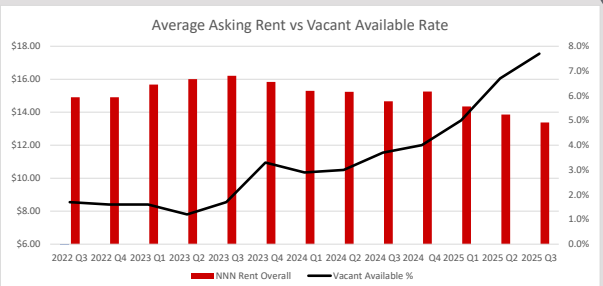
Exit 10/12



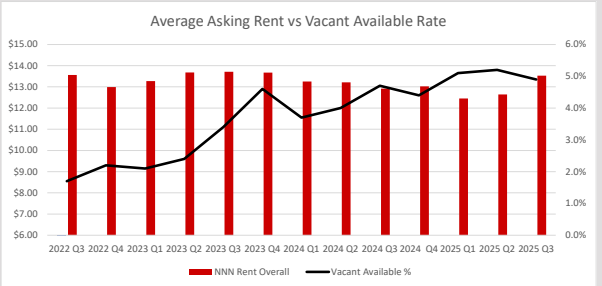
Meadowlands



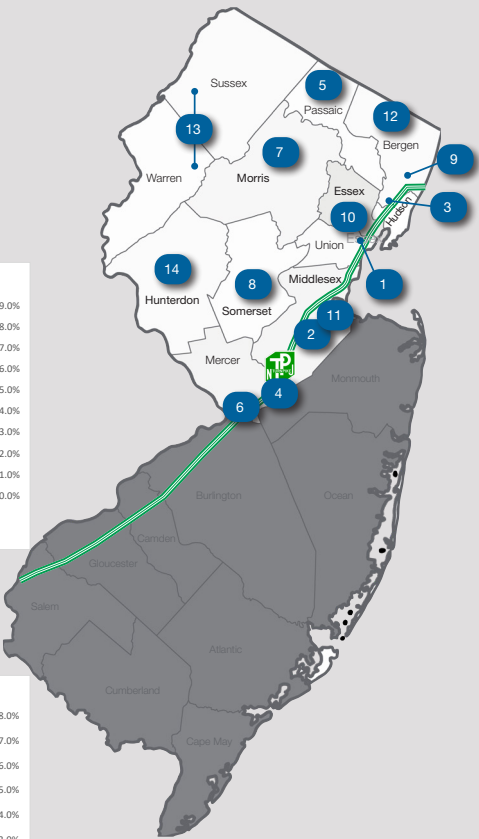
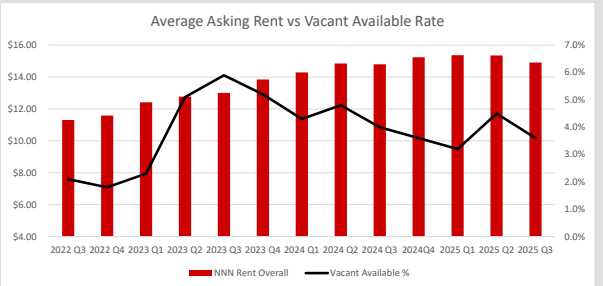
Exit 8A



Route 46/23/3 Corridor



Northern Bergen County



#	SUBMARKET	VACANCY
1	PORTS	5.9%
2	EXIT 10/12	6.7%
3	MEADOWLANDS	5.5%
4	EXIT 8A	7.7%
5	46/23/3 CORRIDOR	4.9%
6	EXIT 7A	8.6%
7	MORRIS REGION	5.7%
8	SOMERSET	4.5%
9	CENTRAL BERGEN	7.3%
10	SUBURBAN ESSEX	4.0%
11	BRUNSWICK/EXIT 9	9.5%
12	NORTHERN BERGEN	3.6%
13	WARREN & SUSSEX	5.7%
14	HUNTERDON	4.8%

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65 $\pm$ Countries
325 $\pm$ Offices
5,800 $\pm$ Market Leaders

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55
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TRANSACTIONS IN 2024

\$848
MILLION - VALUE OF
TRANSACTIONS IN 2024

Consistently
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