





### **Economic** Overview



Although the pace of hiring has slowed in recent months, the U.S. job market remained strong throughout the summer months with more than 300,000 jobs added in August. The largest gains were in the business services, healthcare, and retail sectors. The strong performance of the job market allowed the unemployment rate to remain under 4.0%, closing at 3.7%. Wage increases were less than expected leading to concerns that paychecks may not be able keep up with stubbornly high inflation. A slowdown in consumer spending is possible if recent interest rate hikes by the Federal Reserve don't control inflation



New Jersey robust employment growth continued through the second quarter with 15,400 jobs added in August. The Garden State has now had 21 consecutive months of job growth. The unemployment rate of 4.0% is slightly higher than the national rate but is off substantially from the same time last year, when the rate stood at 6.5%. Six of the nine private industry sectors recorded job growth in August. Many of the job gains have been in trade, transportation and utilities, education and healthcare and construction.

## **Market** Overview

The New Jersey office market remained stable through the summer months despite uncertainty in the national economy and a slow return to the office by employees. With pandemic slowing and under control in most areas, employers are weighing options to get workers back into the office. In the short-term, occupiers are looking for ways to accommodate a change to hybrid work, while landlords look to create buildings and spaces that will attract tenants. As the office market adjusts to changes created by the COVID-19 pandemic, recent announcements of layoffs in the financial and tech sectors could slow any recovery.

Activity in the New Jersey office market has been driven largely by short-term renewals and a flight to quality as tenants look to take advantage of current market conditions. With a generous amount of sublease space on the market, there are plenty of opportunities for tenants who can make longer commitments. New demand in the market has come largely from the lifescience and pharmaceutical sectors—a trend that is likely to continue into the final quarter of the year

# **REPORT** M James E. Hanson

# **Market Pricing**

Overall average asking rents surpassed \$12.00 per square foot, reaching yet another historical high, finishing at \$12.56 per square foot. Rates are up by 18.0% year-over-year and are 50.0% higher than pre-pandemic levels recorded in late 2019.

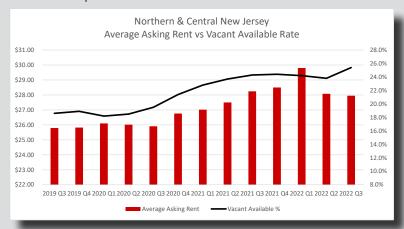


**\$27.95 PSF**Asking Rental Rate



1.0% Increase versus 3Q 2021

Average asking rents range from nearly \$35.00 per square foot in the Hudson Waterfront submarket to just under \$19.00 per square foot in Hunterdon. While asking rates have been somewhat stable, net effective rents have shifted as landlords remain competitive with concessions.



# Vacancy, Absorption & Leasing

3Q2022 vs. 3Q2021



25.4% Vacancy Rate





**-2.0 MM SF** Absorption



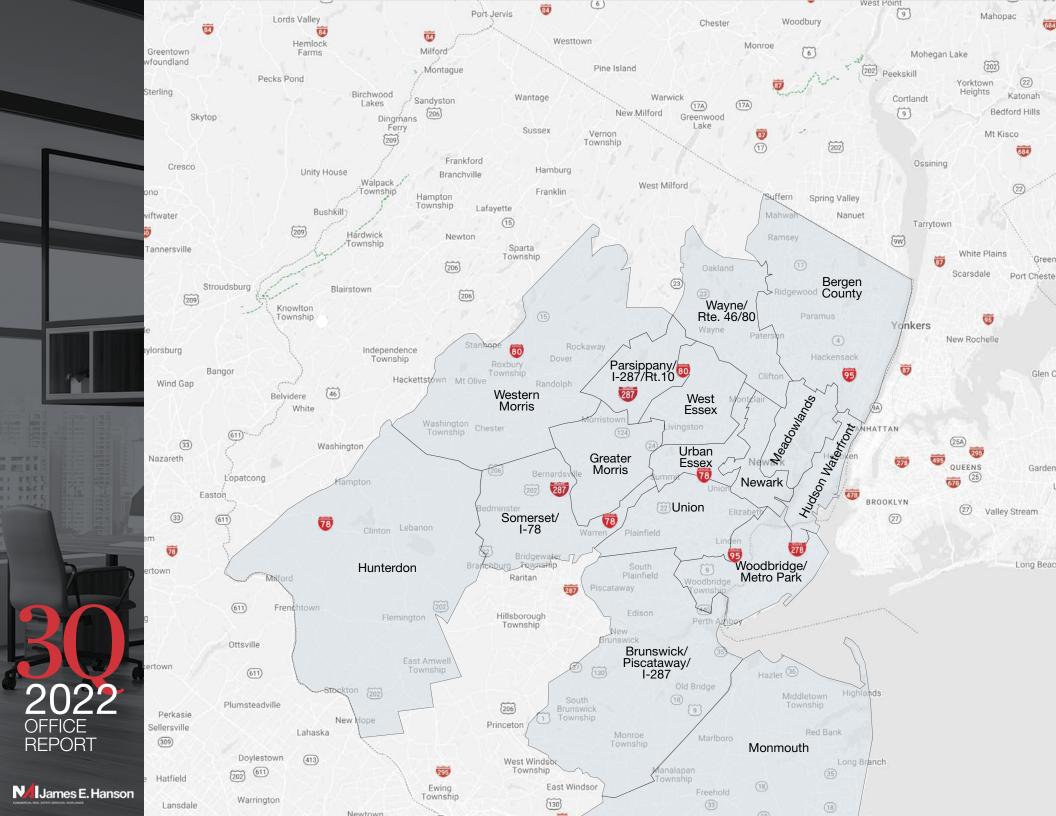


**4.6 MM SF** Leasing Activity



Total leasing activity measured over 4.6 million square feet during through the first three quarters and was up slightly from 4.3 million square feet at the same time last year. Despite the improvement in leasing, absorption levels remained in negative territory.





# 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	108,700,441	27,575,268	25.4%	(2,070,389)	4,649,060	\$27.95
Bergen County	13,460,690	2,731,260	20.3%	(153,973)	923,759	\$25.24
Brunswick/Piscataway/I-287	10,761,920	3,297,118	30.6%	(279,947)	625,005	\$24.32
Hudson Waterfront	15,148,258	3,962,833	26.2%	(192,735)	503,035	\$34.99
Hunterdon	2,175,248	1,275,999	58.7%	(2,975)	90,769	\$18.64
Meadowlands	4,306,106	574,040	13.3%	54,222	203,124	\$26.77
Greater Morris	8,228,803	1,784,106	21.7%	(167,243)	396,463	\$29.35
Monmouth	6,430,468	987,711	15.4%	(57,721)	307,630	\$24.36
Morris West/I-80	742,377	295,458	39.8%	(44,425)	13,067	\$22.63
Newark	7,252,082	1,736,653	23.9%	(64,546)	97,592	\$29.73
Urban Essex	1,389,943	191,525	13.8%	83,625	43,773	\$23.96
Parsippany/I-287/Rt. 10	10,609,050	3,493,624	32.9%	(407,217)	335,840	\$24.01
Somerset/I-78	10,177,786	3,732,812	36.7%	(345,886)	297,721	\$24.78
Union	2,289,329	440,389	19.2%	(14,893)	162,854	\$24.74
Wayne/Rt. 80	2,515,898	649,473	25.8%	(21,083)	39,236	\$19.83
West Essex/Rt. 24	7,097,684	1,766,045	24.9%	(678,428)	357,618	\$27.01
Woodbridge/Metro Park	6,114,799	656,222	10.7%	222,836	251,574	\$32.79





**REPORT** 

# 2022 OFFICE REPORT N James E. Hanson

# **Market Statistics**

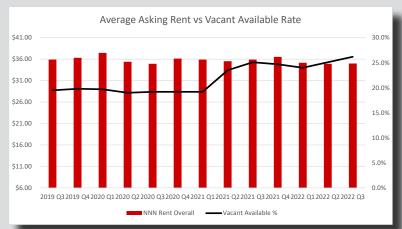
CLASS A	Total RBA	Total Vacant Available SF	Total Vacant Available %	Total Net Absorption	Total SF Leased	Average Asking Rate
Overall Class A	77,144,087	20,392,138	26.4%	(1,446,771)	3,323,445	\$28.31
Bergen County	7,761,342	1,687,148	21.7%	(81,085)	673,435	\$25.79
Brunswick/Piscataway/I-287	6,333,657	2,069,898	32.7%	(147,301)	333,050	\$25.66
Hudson Waterfront	13,618,829	3,603,134	26.5%	(160,139)	438,856	\$37.49
Hunterdon	1,453,761	1,000,546	68.8%	(4,815)	37,550	\$18.94
Meadowlands	2,990,190	368,941	12.3%	30,568	137,803	\$28.26
Greater Morris	7,071,989	1,556,497	22.0%	(131,530)	333,719	\$30.01
Monmouth	3,655,904	585,949	16.0%	(51,661)	229,633	\$28.06
Morris West/I-80	414,059	233,334	56.4%	(44,959)	2,909	\$23.55
Newark	5,524,223	1,441,558	26.1%	13,700	75,884	\$30.20
Urban Essex	972,226	85,904	8.8%	84,225	38,247	\$26.76
Parsippany/I-287/Rt. 10	7,442,194	2,628,852	35.4%	(409,505)	234,552	\$25.28
Somerset/I-78	7,823,862	2,658,049	34.0%	(264,370)	220,013	\$25.47
Union	909,840	261,269	28.7%	(24,378)	57,989	\$26.14
Wayne/Rt. 80	1,382,435	481,773	34.8%	(18,605)	31,628	\$19.50
West Essex/Rt. 24	4,846,026	1,260,122	16.7%	(514,229)	303,443	\$28.01
Woodbridge/Metro Park	4,943,550	469,164	9.5%	277,313	174,734	\$34.16

CLASS B	Total RBA	Total Vacant Available SF	Total Vacant Available %	Total Net Absorption	Total SF Leased	Average Asking Rate
Overall Class B	31,556,354	7,183,130	22.8%	(623,618)	1,325,615	\$23.25
Bergen County	5,699,348	1,044,112	18.3%	(72,888)	250,324	\$24.36
Brunswick/Piscataway/I-287	4,428,263	1,227,220	27.7%	(132,646)	291,955	\$22.06
Hudson Waterfront	1,529,429	359,699	23.5%	(32,596)	64,179	\$33.95
Hunterdon	721,487	275,453	38.2%	1,840	53,219	\$17.55
Meadowlands	1,315,916	205,099	15.6%	23,654	65,321	\$24.10
Greater Morris	1,156,814	227,609	19.3%	(35,713)	62,744	\$24.85
Monmouth	2,774,564	401,762	14.5%	(6,060)	77,997	\$18.97
Morris West/I-80	328,318	62,124	18.9%	534	10,158	\$19.16
Newark	1,727,859	295,095	17.1%	(78,246)	21,708	\$27.44
Urban Essex	417,717	105,621	25.3%	(600)	5,526	\$21.69
Parsippany/I-287/Rt. 10	3,166,856	864,772	27.3%	2,288	101,288	\$20.15
Somerset/I-78	2,353,924	1,074,763	45.7%	(81,516)	77,708	\$23.06
Union	1,379,489	179,120	13.0%	9,485	104,865	\$22.71
Wayne/Rt. 80	1,133,463	167,700	14.8%	(2,478)	7,608	\$20.78
West Essex/Rt. 24	2,251,658	505,923	22.5%	(164,199)	54,175	\$24.53
Woodbridge/Metro Park	1,171,249	187,058	16.0%	(54,477)	76,840	\$29.34

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# **Submarket Activity**

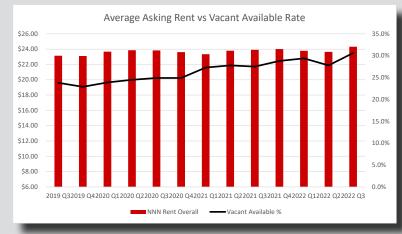
### **Hudson Waterfront**



### Bergen County



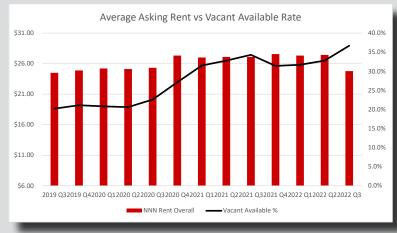
### Brunswick/Piscataway



### Parsippany 287



### Brunswick/Piscataway





# **Top** Transactions

# **Top SALE Transactions**

496,000 SF 520 Broad Street, Newark

Price: \$49,400,000

Buyer: Sinai Investment Group LLC

Seller: Rafael Holdings Inc; David Polinsky

### 33,595 SF 80 E Ridgewood Avenue, Paramus

Price: \$16,500,000

Buyer: WRD 80 Ridgewood LLC
Seller: Ares Management

### 230,518 SF 477 Martinsville Road, Basking Ridge

Price: \$10,700,000 Buyer: Edgewood Props Seller: Icahn Enterprises

# 41,000 SF\* 703 Jersey Avenue, New Brunswick Price: \$9,625,000

Buyer: Amar US Holdings Inc Seller: Jersey Brunswick Partners LLC

# **Top LEASE Transactions**

230,000 SF 1405-1425 Route 206, Bedminster Tenant: AT&T

69,000 SF 90 Matawan Road, Matawan Tenant: K. Hovnanian

47,000 SF 1085 Morris Avenue, Union Tenant: TSA

43,138 SF 2 Gatehall Drive, Parsippany Tenant: Siemens Corp.





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

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