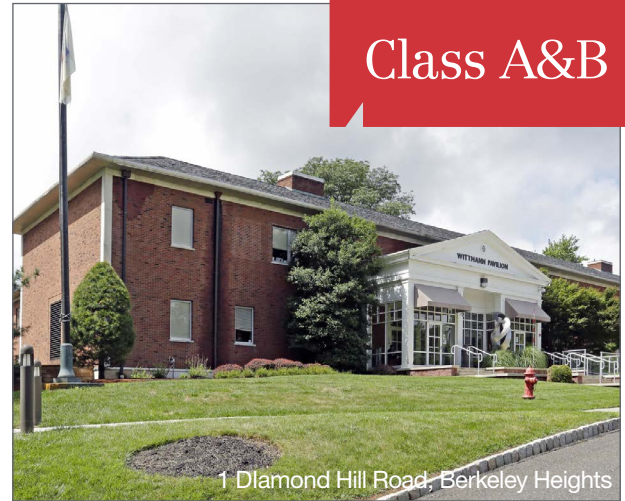


Northern & Central New Jersey 3Q'19 Office Report

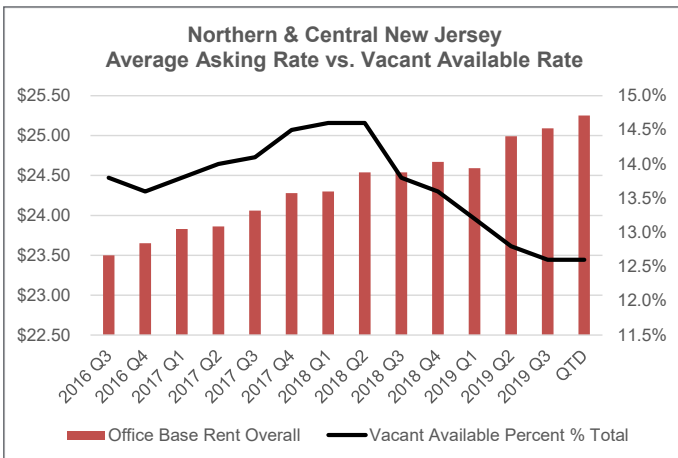
Class A&B

The Northern and Central New Jersey Class A and B office market consists of 232,859,971 square feet. Average asking rates ended the quarter at \$25.09 per square foot. Rates are up \$0.55 per square foot compared to the third quarter of 2018 and are up \$1.03 per square foot from the third quarter of 2017. Hudson County has the highest average asking rate of \$31.50 per square foot.

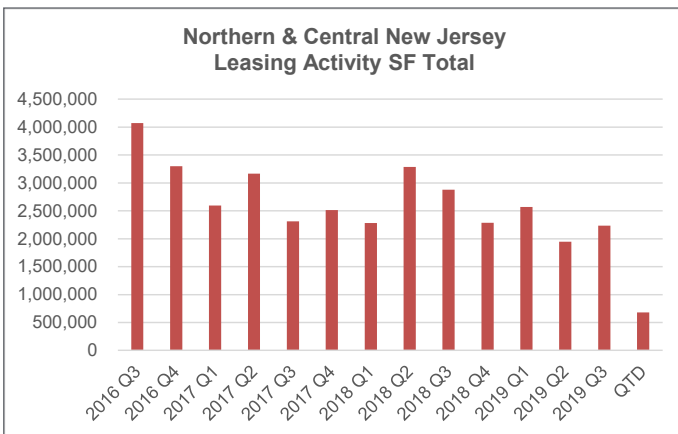


1 Diamond Hill Road, Berkeley Heights

The vacancy at the end of the quarter was 12.6%. Vacancy is down 1.2% from the third quarter of 2018 as well as being down 1.5% from the third quarter of 2017. Morris County currently has the highest vacancy rate at 18.2%, while Warren County has no availability.



Among the top lease transactions were CIT Group, Inc. leasing 200,418 square feet at 340 Mount Kemble Avenue in Morristown; Summit Medical Group leasing back 180,000 square feet at 1 Diamond Hill Road in Berkeley Heights; Everest Reinsurance leasing 157,517 square feet at 100 Warren Corporate Drive in Warren as well as 157,517 square feet at 200 Warren Corporate Drive; and IQVIA leasing 102,792 square feet at 77 Corporate Drive in Bridgewater.



Everest Reinsurance is relocating its US headquarters from 477 Martinsville Road in Liberty Corner to Warren Corporate Center. The company is expanding by 80,000 square feet and plans to occupy either late 2020 or early 2021.

The top sale transaction this quarter was Summit Medical Group selling 1 Diamond Hill Road in Berkeley Heights to Welltower, Inc. The 270,000 square foot building sold for \$140,000,000 or \$518.52 per square foot. Summit Medical Group leased back the building for 20 years.

Another top transaction included 333 Mount Hope Avenue in Rockaway, known as the Morristown Medical Center Health Pavilion. Atlantic Health System purchased the 92,326 square foot building on 8.28 acres from Davidson Kemlner Capital Management. The property, which opened in 2016, was purchased for \$25,900,000 or \$280.53 per square foot.

Another top transaction included 333 Mount Hope Avenue

Northern & Central New Jersey 3Q'19 Office Report

Class A&B

County Overview:

County	Total RBA	Total Vacant Available SF	Total Vacant Available %	Total Net Absorption	Total SF Leased	RBA Under Construction	Total Average Asking Rate
Northern & Central NJ Overall	232,859,971	29,295,449	12.6%	993,202	2,236,456	1,370,861	\$25.09
Morris	36,512,655	6,634,763	18.2%	222,802	544,065	64,000	\$26.15
Essex	32,175,756	4,018,655	12.5%	333,877	43,819	165,000	\$26.16
Bergen	32,002,718	3,388,521	10.6%	69,508	283,653	411,750	\$26.12
Middlesex	30,275,612	3,873,711	12.8%	40,415	277,887	60,000	\$23.49
Hudson	26,679,802	3,795,877	14.2%	222,413	50,442	465,000	\$31.50
Somerset	24,784,947	3,256,089	13.1%	27,664	519,460	0	\$22.16
Mercer	23,535,697	2,145,122	9.1%	15,004	128,973	0	\$25.10
Union	12,989,757	787,477	6.1%	8,251	336,914	205,111	\$24.68
Passaic	7,806,891	875,433	11.2%	58,163	33,512	0	\$19.89
Hunterdon	5,035,238	476,181	9.5%	(6,445)	15,031	0	\$17.49
Sussex	637,533	43,620	6.8%	1,550	2,700	0	\$11.44
Warren	423,365	0	0.0%	0	0	0	\$19.75
Rockland, NY	4,046,881	551,284	13.6%	39,150	7,726	74,052	\$22.77
Orange, NY	3,377,466	419,759	12.4%	(41,255)	745	0	\$17.17

Significant Lease Transactions:

Tenant	Address	Size (SF)	County
CIT Group, Inc.	340 Mount Kemble Avenue, Morristown	200,418	Morris
Summit Medical Group	1 Diamond Hill Road, Berkeley Heights	180,000	Union
Everest Reinsurance	100 Warren Corporate Drive, Warren	157,517	Somerset
Everest Reinsurance	200 Warren Corporate Drive, Warren	157,517	Somerset
IQVIA	77 Corporate Drive, Bridgewater	102,792	Somerset
CohnReznick (Sublease)	14 Sylvan Way, Parsippany	75,000	Morris
Wyndham Hotels (Sublease)	14 Sylvan Way, Parsippany	75,000	Morris
Fujitsu	340 Changebridge Road, Pine Brook	32,865	Morris
AmeriCredit Financial Services	15 E. Midland Avenue, Paramus	13,763	Bergen

Significant Sale Transactions:

Address	Size (SF)	Price	Buyer	Seller
1 Diamond Hill Rd., Berkeley Heights	270,000	\$140,000,000	Welltower, Inc.	Summit Medical Group
333 Mt. Hope Ave., Rockaway	92,326	\$25,900,000	Atlantic Health System	Davidson Kempner Capital Mgmt LP
1 W. Ridgewood Ave., Paramus	75,385	\$20,000,000	NuAve Investments	The Liva Eye Center LLC