

# Summer 2016

## Morris County, New Jersey Report



400 Interpace Parkway, Parsippany

# Morris County, New Jersey Summer 2016 Office Report

Class A&B

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Morris County is one of the largest office markets in New Jersey. It seemingly has all the attributes to be not only the largest office market, but also the strongest. It has a great highway system with I-80, I-287, I-280, Routes 24, 46 and 10 providing access to Newark Airport as well as to New York City. It has large well designed office parks, a well-educated work force, various retail stores and restaurants and good support infrastructure. Yet, it has been plagued for years of high vacancy rates and stagnate rents.

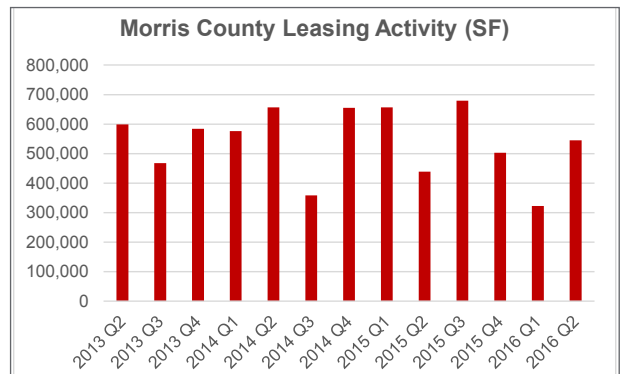
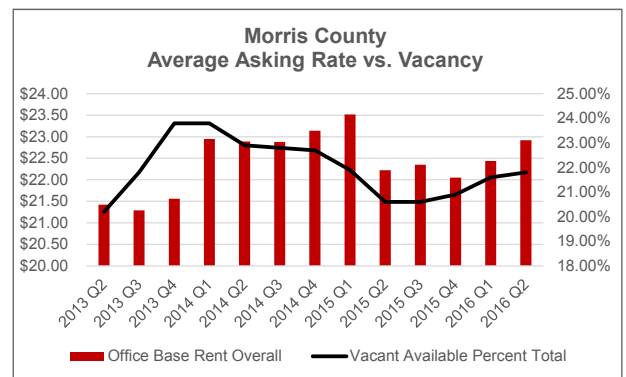


169 Lackawanna Avenue, Parsippany

A majority of the buildings in Morris County were constructed in the 1980's and 1990's and are showing their age. Morris County's inventory of Class "A" and "B" buildings over 20,000 sf constructed during that period, not including owner occupied buildings, is approximately 268 buildings. Of the 268 buildings, 208 buildings (21,890,000 sf) were built between 1981 and 2001 and 60 buildings (6,000,000 sf) were built or renovated between 2001 and 2015. The vacancy rate in the older group is over 30% while in the later group is under 10%. Part of the reason for this was stricter lending standards for new construction to include preleasing requirements. Alternatively, recently purchased and renovated properties drew demand away from the non-renovated properties.

Older buildings that have had major renovations like 9 Entin Road, 10 Waterview Boulevard and Mountain Lakes Corporate Center II, are almost fully leased. 100 IMS Drive, which stood as a steel skeleton for many years, was completed by Commercial Property Managers and is now 100% leased to IMS. Commercial Property Managers also purchased 119 Littleton Road with plans to completely renovate the building. Other positive news for the market includes UPS constructing a 200,000 square foot technology center in Parsippany with 900 employees and Summit Medical Group (SMG) and University of Texas constructing a 130,000 square foot cancer research center next to SMG's new 100,000 square foot building in Florham Park.

The key to success seems to be upgrading facilities to meet the new demand for amenities and technology that the new generation of workers and companies now require. The risk for the reward might well be worth taking.



## Trends for 2Q16



LEASING



VACANCY RATE



NET ABSORPTION

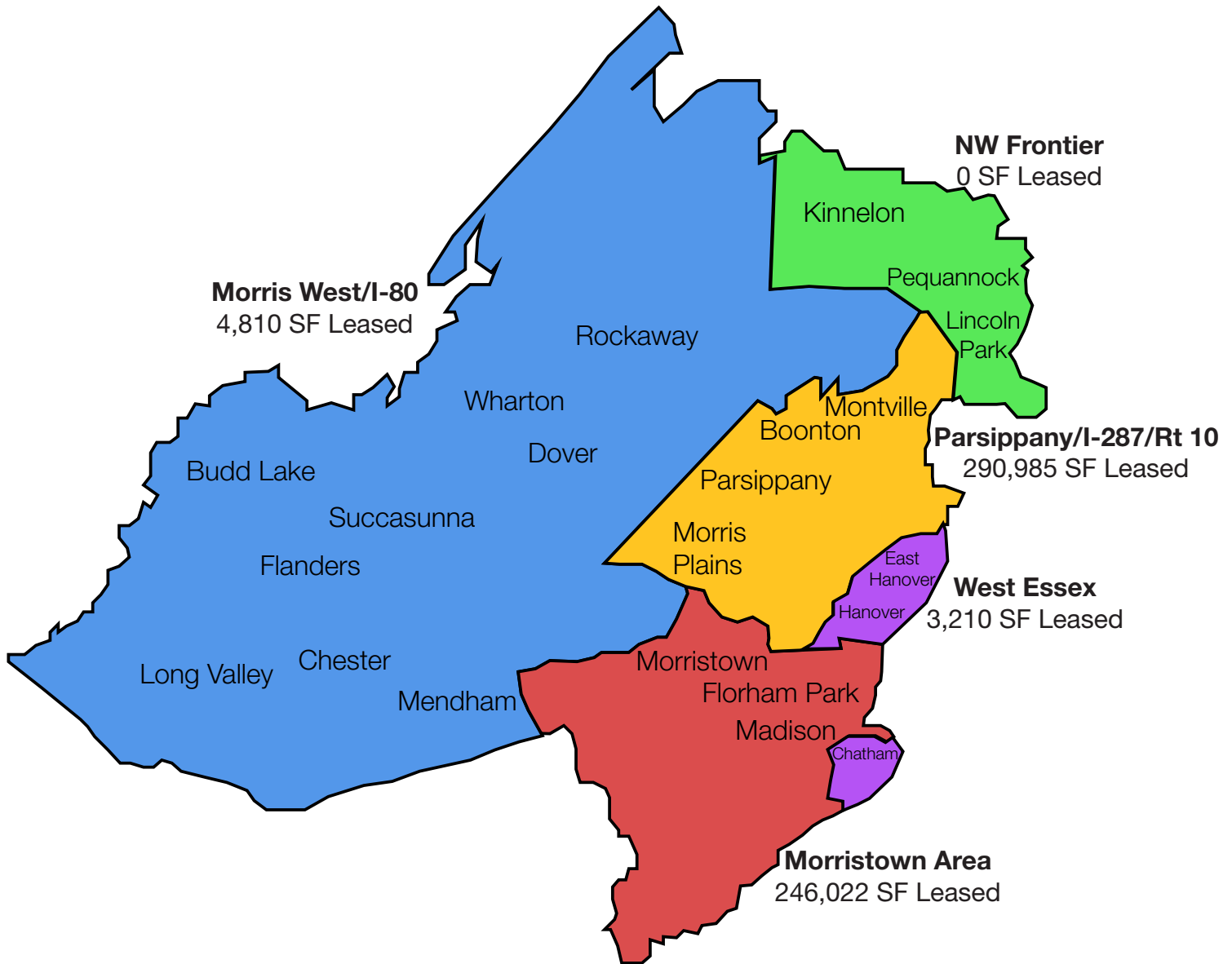


ASKING RATES

Trends are compared to 1Q2016

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## Submarket Clusters

### **Morris West/I-80**

Western Morris

### **Morristown Area**

Morristown Region

### **Parsippany/I-287/Rt 10**

Parsippany

### **NW Frontier**

Eastern Morris

### **West Essex**

Suburban Essex/Route 280

Short Hills/Millburn

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## Contact Us:

Please feel free to contact us regarding the information contained herein. We would be happy to provide an evaluation of your current situation and see how YOU can benefit from the market conditions.

Visit our website for more information at [naihanson.com](http://naihanson.com) or call us at 973-463-1011.

## Submarket Overview:

| Submarket              | Total RBA         | Total Vacant Available SF | Total Vacant Available % | Total Net Absorption | Total SF Leased | Total Average Asking Rate |
|------------------------|-------------------|---------------------------|--------------------------|----------------------|-----------------|---------------------------|
| Morris County Overall  | <b>38,210,273</b> | <b>8,329,387</b>          | <b>21.8%</b>             | <b>-205,307</b>      | <b>545,027</b>  | <b>\$22.92</b>            |
| Parsippany/I-287 Rt 10 | 19,255,896        | 4,393,726                 | 22.8%                    | -116,115             | 290,985         | \$22.54                   |
| Morristown Area        | 12,988,885        | 2,392,422                 | 18.4%                    | -44,138              | 246,022         | \$25.30                   |
| Morris West/I-80       | 2,953,351         | 1,233,017                 | 41.7%                    | -22,500              | 4,810           | \$20.33                   |
| West Essex             | 2,673,549         | 219,316                   | 8.2%                     | -2,554               | 3,210           | \$21.04                   |
| NW Frontier            | 338,592           | 90,906                    | 26.8%                    | -20,000              | 0               | \$12.51                   |

## Lease Transactions:

| Tenant                  | Address                           | Size (SF) | Submarket       |
|-------------------------|-----------------------------------|-----------|-----------------|
| Ogilvy                  | 400 Interpace Parkway, Parsippany | 86,104    | Parsippany      |
| Tangoe, Inc.            | 169 Lackawanna Avenue, Parsippany | 59,848    | Parsippany      |
| Shionogi, Inc. *Renewal | 300 Campus Drive, Florham Park    | 57,772    | Morristown Area |

## Sale Transactions:

| Address                               | Size (SF) | Price        | Buyer                                | Seller                          |
|---------------------------------------|-----------|--------------|--------------------------------------|---------------------------------|
| 305 Madison Avenue, Morristown        | 201,773   | \$44,300,000 | United States Fire Insurance Company | Normany Real Estate Partners    |
| 1055 Parsippany Boulevard, Parsippany | 86,160    | \$6,900,000  | Northside Packaging Corp             | Professional Consortium Limited |
| 1 Drew Plaza, Boonton                 | 100,000   | \$4,725,000  | AvalonBay Communities, Inc.          | Marron Gildea Realty, Inc.      |