

# Winter 2016

Morris County, New Jersey Report



1 Bloomfield Avenue, Mountain Lakes

# Morris County, New Jersey Winter 2016 Office Report

By: **Joshua Levering, SIOB**

With jobs comes demand. Although we had diminutive job growth in our state as compared to 2015, it is positive to note that we did not have any seemingly reduction in the overall employment. Joel Naroff, President and Chief Economist of Naroff Economics Advisors Inc. of Holland, PA. noted in a recent article that, "The Industries that experienced employment gains in December included education and health services, 4,200; other services, 2,500; financial activities, 1,700; manufacturing, 1,200; construction, 900; information, 900; and leisure and hospitality, 700. The sectors that saw losses were professional and business services, down 5,300, and trade, transportation and utilities, dropping 4,200. The public sector added 500 jobs." Naroff said he expects health care to continue to be the key engine driving employment in New Jersey.

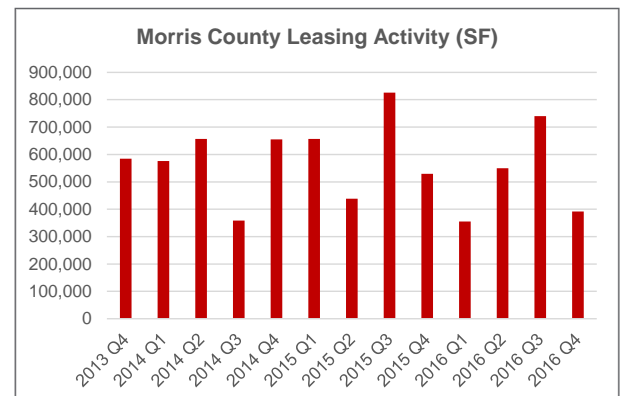
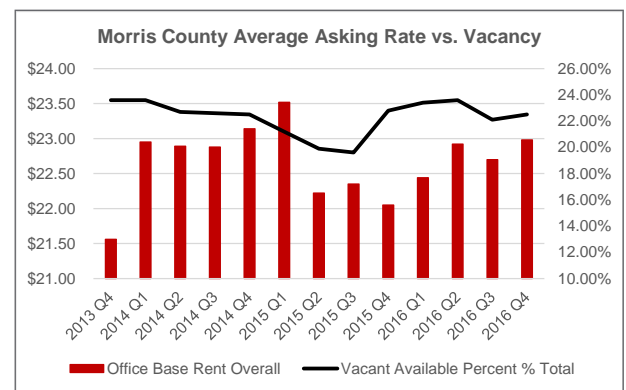
In-line with this above is that there is good activity from a myriad of industries with a wide swath of markets benefiting. We continue to see the activity on the waterfront as the best in the region. Northern New Jersey Market overall remains stable with the unfortunate vacancy rate in many of our northern counties hovering somewhere in the 15-20% range. Rental rates also remain somewhat constant with a slight increase in most markets. Overall, we see a sustained flight to those buildings that provide the quality of location, access and amenities necessary for corporate leaders to commit to new leases when that opportunity presents itself. We also see a continued strong demand by investors, developers and speculators for buildings that need fresh capital for improvements and upgrades necessary to be sought after by the market. Many recent examples can be noted whereby renovations and upgrades have been quickly followed with long-term lease commitments. Overall many office buildings are sold at prices substantially below replacement and are providing good opportunities for investors and tenants alike to take advantage of the many positive attributes of our Northern New Jersey Market.

Looking forward we see a continuation of these trends. We will be reporting on many of the individual buildings, complexes and various office parks that have recently traded or are getting ready to trade to new ownership. Our market should remain stable and the hope is for internal growth and some expansion by our New York brethren beyond the waterfront. This will all lead to a continuation of what we describe as a stable and hopefully improving office market overall for 2017.

Class A&B



300 Kimball Drive, Parsippany



## Trends for Winter'16

ASKING RATE

VACANCY RATE

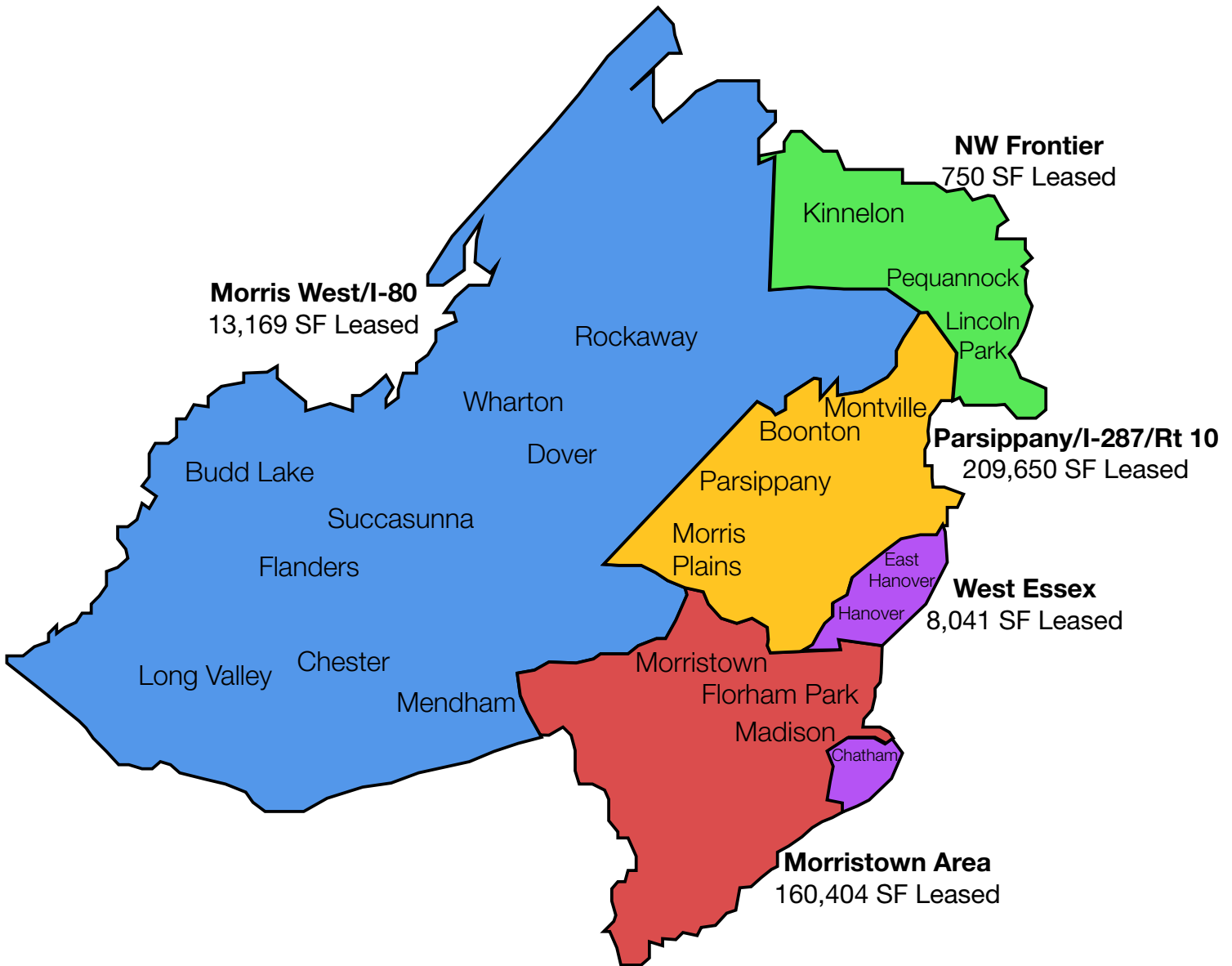
LEASING ACTIVITY

NET ABSORPTION

Trends are compared to Fall'16

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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.

For more information, visit [naihanson.com](http://naihanson.com) or call 973-463-1011.

## Submarket Overview:

Submarket	Total RBA SF	Total Vacant Available SF	Total Vacant Available %	Total Net Absorption SF	Total SF Leased	Average Asking Rate PSF
Morris County Overall	<b>38,880,159</b>	<b>8,753,402</b>	<b>22.5%</b>	<b>(47,562)</b>	<b>392,014</b>	<b>\$22.98</b>
Parsippany/I-287/Rt 10	19,605,158	4,021,810	20.5%	141,557	209,650	\$22.54
Morristown Area	12,977,560	3,235,517	24.9%	(179,570)	160,404	\$25.54
Morris West/I-80	3,285,300	1,210,424	36.8%	5,564	13,169	\$19.75
West Essex	2,673,549	201,895	7.6%	(6,063)	8,041	\$21.61
NW Frontier	338,592	83,765	22.7%	(9,050)	750	\$15.71

## Lease Transactions:

Tenant	Address	Size (SF)	Submarket
Ogilvy CommonHealth Worldwide *Renewal	400 Interpace Parkway, Parsippany	86,104	Parsippany
CRC Insurance Services	389 Interpace Parkway, Parsippany	18,844	Parsippany
AdvanSix	300 Kimball Drive, Parsippany	18,082	Parsippany

## Sale Transactions:

Address	Size (SF)	Price	Buyer	Seller
10 Sylvan Way, Parsippany	125,735	\$44,000,000	Griffin Capital Essential Asset REIT II, Inc.	Normandy Real Estate Partners
1 Bloomfield Avenue, Mountain Lakes	51,711	\$15,900,000	Euroimmun US	Vision Real Estate Partners LLC
91 S Jefferson Road, Whippany	21,200	\$6,000,000	Punia Company LLC/ The KRE Group	M. Gordon Construction