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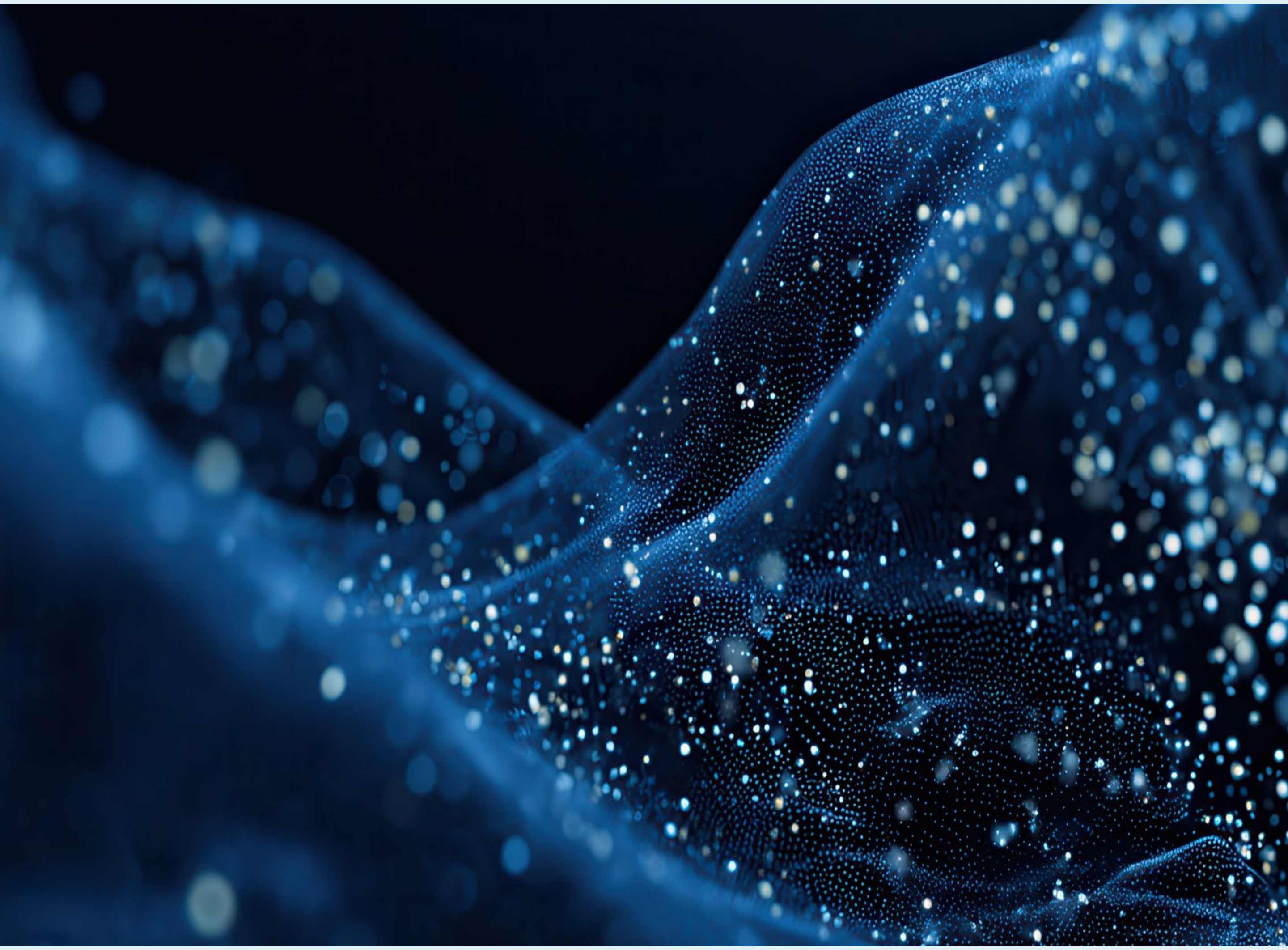
VANTAGE POINT



SUPPLY REALITY VS. VACANCY OPTICS

NEW JERSEY OFFICE MARKET REMAINS CONSTRAINED WHERE IT MATTERS

Introduction

Headline vacancy across Northern and Central New Jersey remains elevated, but underlying market conditions tell a more nuanced story. Demand has consolidated around a narrower set of requirements, with tenants prioritizing location, quality, and amenitization. As a result, the availability of space that meets current expectations is significantly more limited than top-line metrics suggest.

This dynamic is reinforced by the composition of the existing inventory. A substantial portion of the market is anchored in an earlier development cycle, with much of the stock built in the 1980s and early 1990s. While some assets have been repositioned, a large share no longer aligns with modern tenant requirements, contributing to elevated vacancy in older product while tighter conditions persist at the high end.

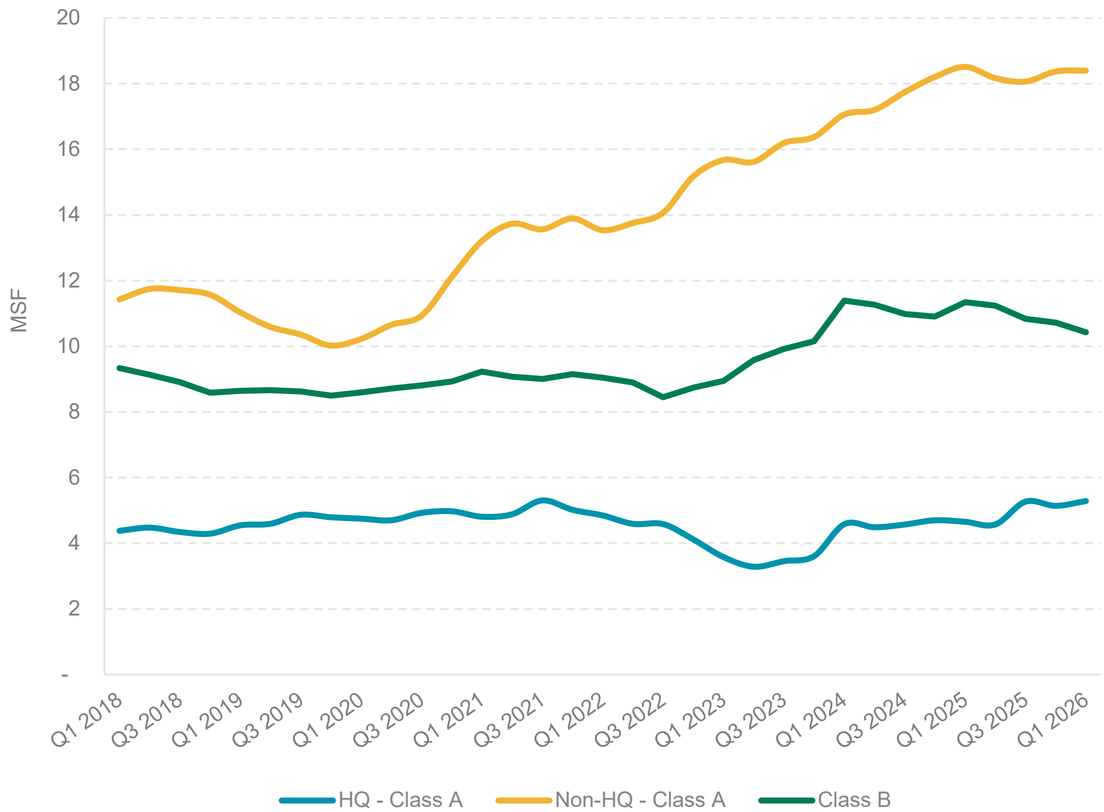
At the same time, new supply has remained constrained for an extended period. Development activity has slowed materially over the past two decades, limiting the ability of the market to naturally replenish its stock of competitive space. The result is a structurally imbalanced market, where availability exists, but functional supply remains limited.

Flight to Quality Concentrates Demand in HQ Assets

Consistent with national trends, Northern and Central New Jersey continue to exhibit a clear flight to quality, with HQ Quality buildings maintaining the lowest levels of direct vacancy. While stronger occupancy in well-amenitized product is a key driver, the more notable shift is rising vacancy across non-HQ Class A assets.

As tenant requirements narrow around location and building specifications, available options within the segment diminish quickly. This dynamic is reinforcing a bifurcated market, where headline vacancy overstates the availability of truly competitive space.

Vacant Square Footage by Building Class

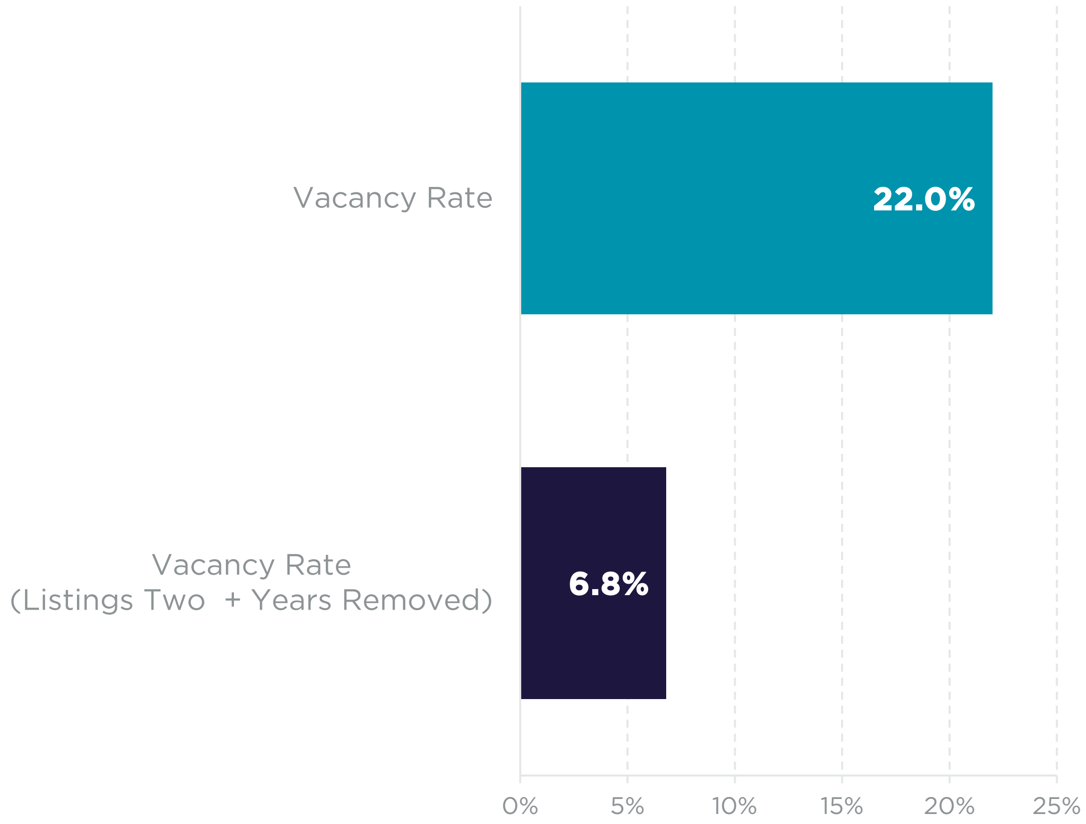


Adjusted Vacancy Reveals Limited Functional Supply

To better isolate competitive inventory, time on market is used as a proxy for quality, removing availabilities marketed for more than two years. While not a perfect filter, this approach provides a directional view of space still aligned with current tenant expectations.

On this basis, vacancy compresses from 22.0% to 6.8%, underscoring how little functional availability exists in the market. Despite elevated topline vacancy, competition remains concentrated among a narrow set of viable options, reinforcing the underlying supply constraint.

Vacancy Rate vs. Vacancy Rate of Competitive Inventory

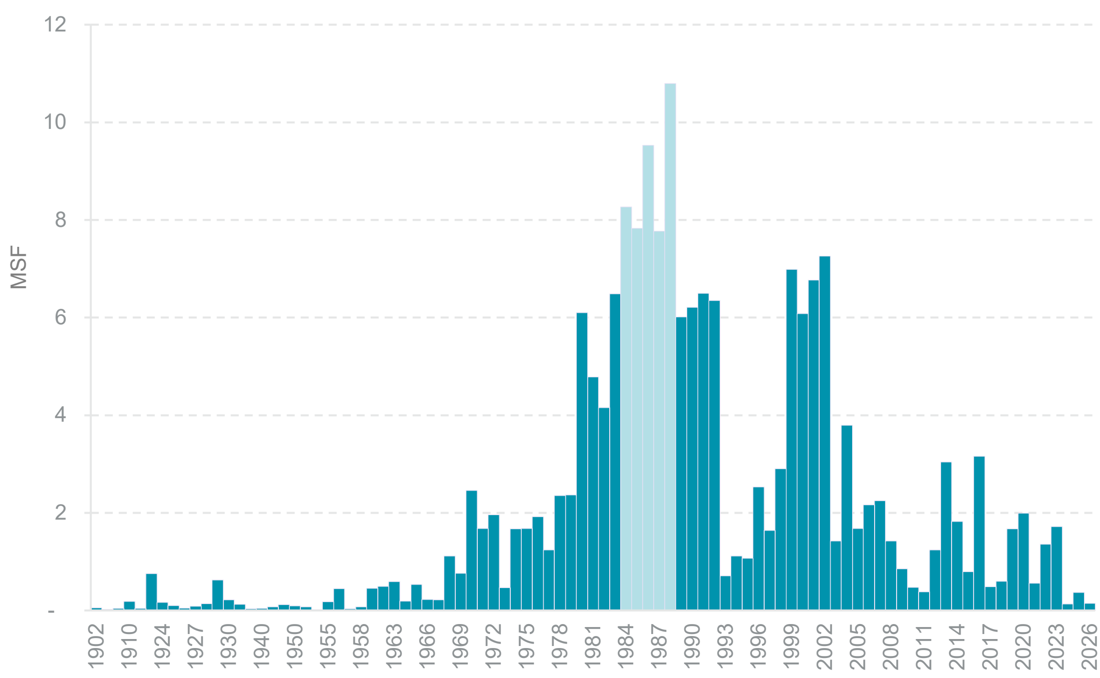


Aging Inventory Limits the Supply of Competitive Space

The current tightening in quality supply reflects the market's development cycle as much as tenant preference. Of New Jersey's 188.4 million square feet (msf) of office inventory, 51.9% was built or significantly renovated between 1980 and 1992, with nearly 30%, or 44.2 msf, delivered in a concentrated four-year period from 1984 to 1988. A smaller wave of construction followed between 1999 and 2002, accounting for just 9.5% of inventory, with development activity slowing materially thereafter.

Limited additions in recent decades, combined with evolving tenant expectations, have left a large portion of existing stock functionally outdated. As a result, the pool of space meeting current requirements remains constrained despite elevated overall vacancy.

Office Inventory by Year Built/Renovated

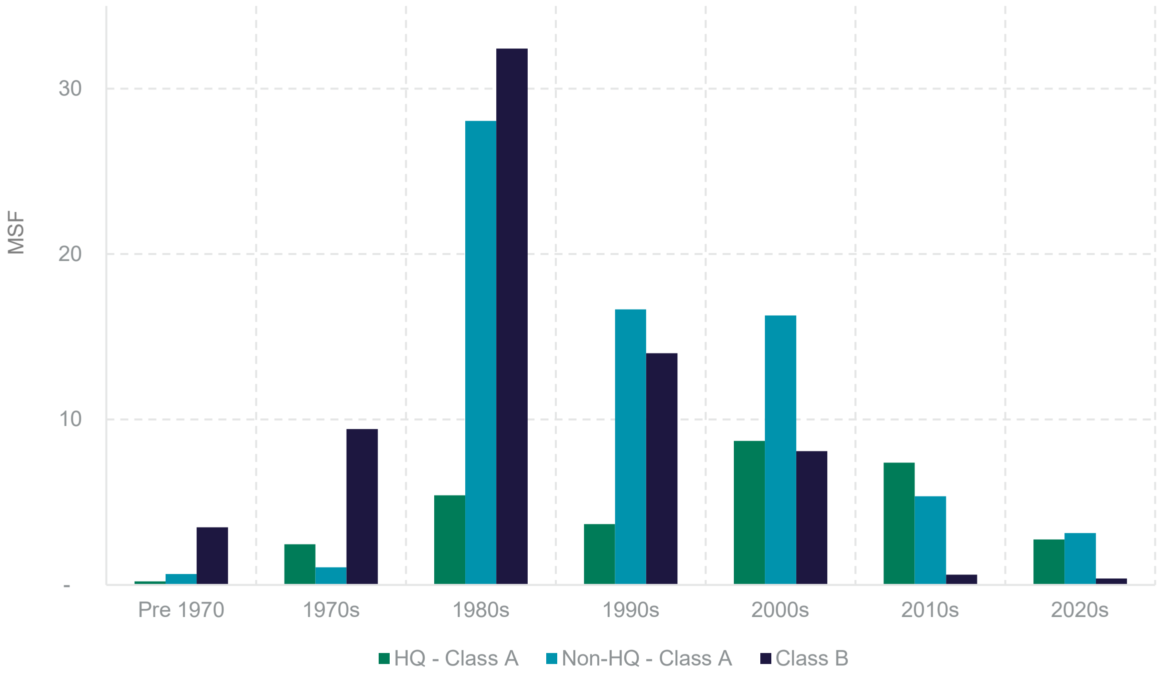


Development Trends Leave New Jersey Office Market Skewed Toward Older Inventory

Breaking down inventory by quality and vintage further highlights the imbalance in the market. Non-HQ Class A and Class B properties account for the majority of space delivered during the 1980s and 1990s, reinforcing the concentration of aging stock.

Most HQ-quality inventory has been built or substantially renovated since 2000, with very few recent deliveries falling into lower-quality categories. At the same time, development activity has declined sharply since its peak, particularly in the 2010s and 2020s, limiting the pace at which newer, competitive space can enter the market.

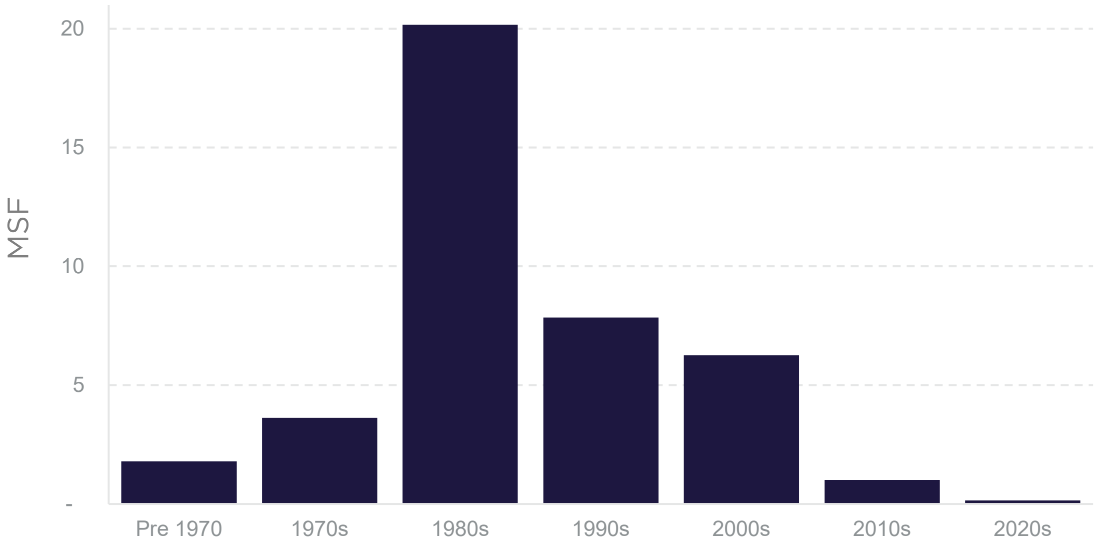
Inventory by Rating and Year Built/Renovated



Vacancy Concentrated in Legacy Inventory

Consistent with weaker demand for older product, nearly half of all vacant space is concentrated in buildings delivered in the 1980s. In contrast, recently built or renovated assets (post-2010) account for just 2.8% of total vacancy across Northern and Central New Jersey. This disparity highlights how limited the availability of newer, amenitized space remains despite elevated overall vacancy.

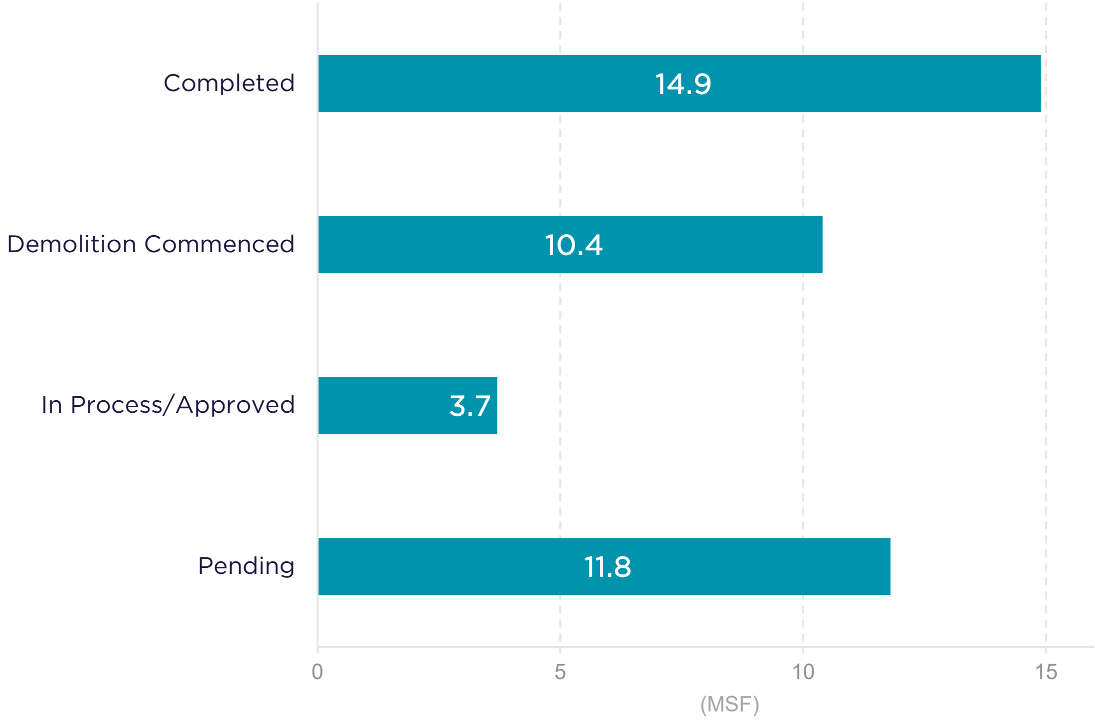
Vacant Square Feet by Year Built/Renovated



Planned Conversions & Distressed Assets Reshape Competitive Inventory

The market is undergoing a deliberate reset, with office conversions, removing a meaningful share of obsolete inventory. To date, 14.9 msf has been converted, alongside 10.4 msf currently in active conversion and demolition, and another 15.5 msf proposed.

This process is steadily reducing available supply, particularly within lower quality stock, and reshaping the competitive inventory base. In addition, 7.0 msf across 51 buildings in Northern and Central New Jersey is in special servicing, further constraining availability. The result is a market defined by tightening supply and increasing differentiation among remaining assets.



Minimal New Supply Fails to Offset Inventory Loss

While inventory is being removed through conversions, new supply remains virtually nonexistent.

Only one office building is currently under construction across Northern and Central New Jersey—the 370,000-square-foot HELIX (H-2) in New Brunswick, which is fully preleased to Nokia Bell Labs.

As a result, there is effectively zero available space being added to the market inventory. With buildings coming offline and tenants displaced, competition for remaining space is expected to intensify. The imbalance between a growing conversion pipeline and a limited construction pipeline continues to reinforce tightening conditions.

Structural Constraints Continue to Tighten Functional Supply

Across Northern and Central New Jersey, elevated vacancy continues to mask a more constrained set of market conditions. Demand has been concentrated in a limited pool of higher-quality assets, while a large share of existing inventory remains misaligned with current tenant requirements.

These dynamics are rooted in the composition of the market, with a significant portion of inventory tied to earlier development cycles and limited additions of new, competitive space in recent decades. Vacancy is increasingly concentrated in aging product, while newer and repositioned buildings maintain tight competition for limited space.

At the same time, inventory is actively being reduced through conversion and demolition, with minimal new construction to offset these losses. While some older assets may be repositioned over time, the pace and scale of reinvestment remain uncertain. In the near term, these conditions point to continued competition for a limited pool of competitive space.

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