

MARKET FUNDAMENTALS

	YOY Chg	Outlook
8.1% Vacancy Rate	▼	▼
9.0M YTD Net Absorption, SF	▲	▬
\$16.12 Asking Rent, PSF <i>(Overall, Net Asking Rent)</i>	▼	▬

ECONOMIC INDICATORS

	YOY Chg	Outlook
4.7M New Jersey Employment	▲	▬
4.3% New Jersey Unemployment Rate	▼	▬
4.2% U.S. Unemployment Rate	▲	▲

Source: BLS

ECONOMY: THE PORT OF NEW YORK AND NEW JERSEY REMAINS STEADY IN AUGUST

The Port of New York and New Jersey (Port of NY & NJ) maintained a steady pace in August, as volume eased from last year’s tariff-driven surge. Volume in August decreased 5.5% year-over-year (YOY) to 789,875 Twenty-Foot Equivalent Units (TEU), bringing year-to-date (YTD) volume to 6.0 million TEUs—down 1.1%. Imports dipped 1.4% YTD to 3.0 million TEUs, while exports declined 2.1% to 942,028 TEUs.

Rail volume fell 9.8% YOY in August to 55,028 containers, while auto volume declined 6.8% to 31,225 vehicles, leaving YTD rail and auto volume down 4.1% and 8.1%, respectively.

OVERVIEW: LARGE TRANSACTIONS CONTINUE TO SUPPORT OCCUPANCY GROWTH

New Jersey’s industrial market demonstrated persistent demand in Q3 2026, as new leasing activity coupled with the delivery of additional build-to-suit (BTS) and preleased speculative projects resulted in a third consecutive quarter of occupancy gains. Several large blocks were once again removed from the market, as net absorption totaled 4.8 million square feet (msf)—the strongest quarterly total of 2026. The market also recorded 25 new leases exceeding 100,000 (square feet) sf, most of which occurred within Class A properties.

As occupiers re-evaluated their space needs, sublease availability declined from the previous quarter and moved further below the peak recorded at the end of 2025.

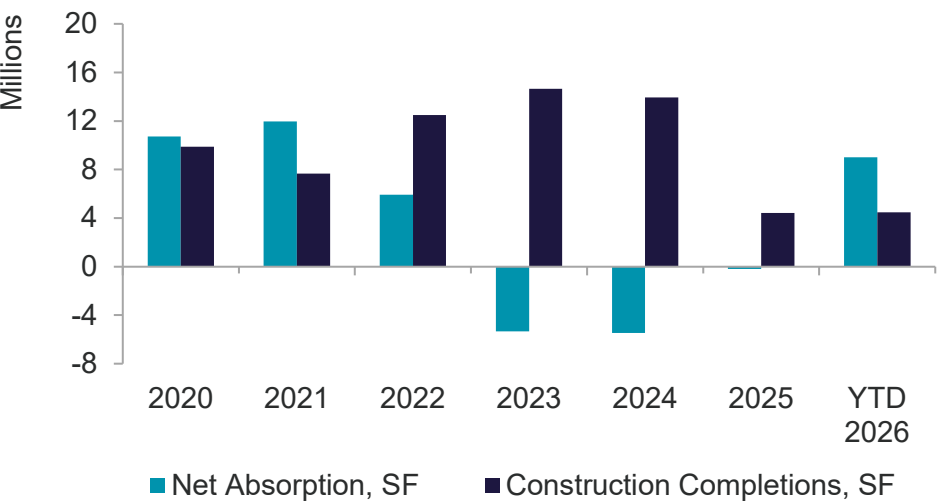
DEMAND: STRONG OCCUPIER DEMAND DRIVES LEASING ACTIVITY

New Jersey’s industrial market posted strong demand in the third quarter, with 9.3 msf of new leasing activity. Leasing volume decreased 4.4% YOY but exceeded the two-year quarterly average of 8.1 msf by 13.9%, bringing the YTD total to 26.9 msf—a 15.8% increase YOY.

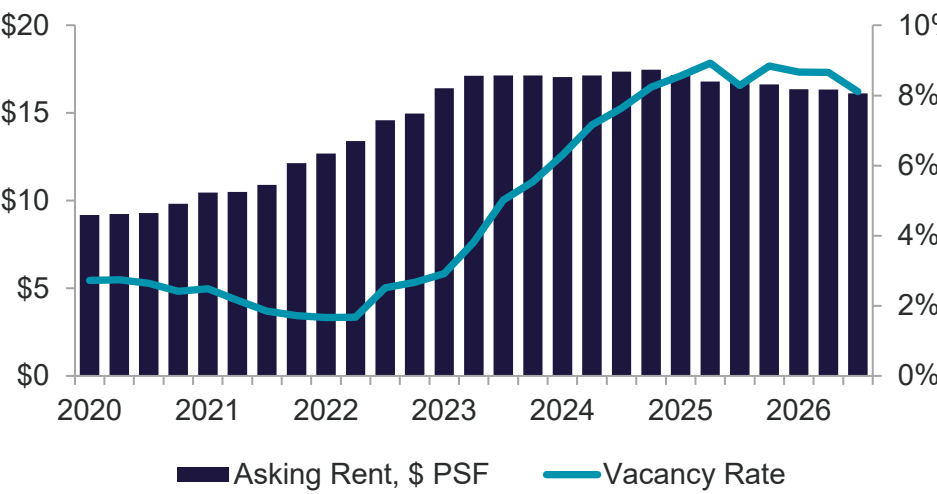
Leasing was concentrated in the Turnpike Corridor, which accounted for 74.2% of YTD demand—led by the Exit 8A (4.7 msf) and the I-287/Exit 10 (4.0 msf) submarkets. Much of the new leasing occurred in recently completed buildings that had remained vacant since delivery. Though absorption has taken time, occupiers continue to favor modern warehouse facilities located within key Turnpike Corridor submarkets.

As leases signed during the COVID-era begin to expire, YTD renewal activity increased 76.2% from the prior year. Through the third quarter, occupiers completed 15.8 msf of lease renewals, including 5.4 msf signed during the quarter.

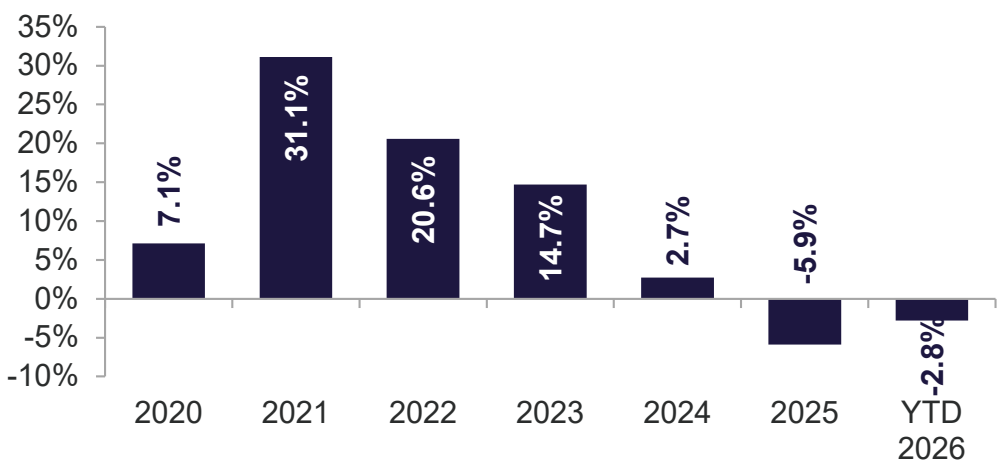
SPACE DEMAND / DELIVERIES



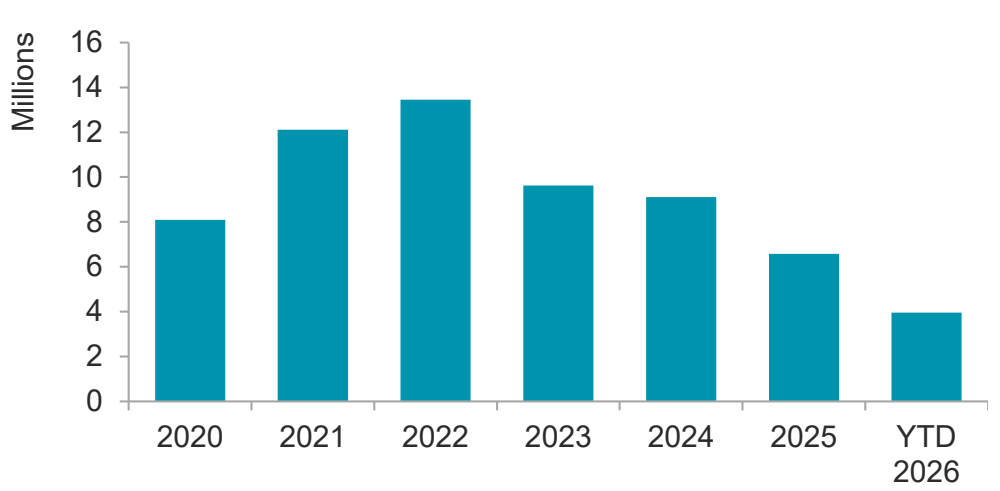
OVERALL VACANCY & ASKING RENT



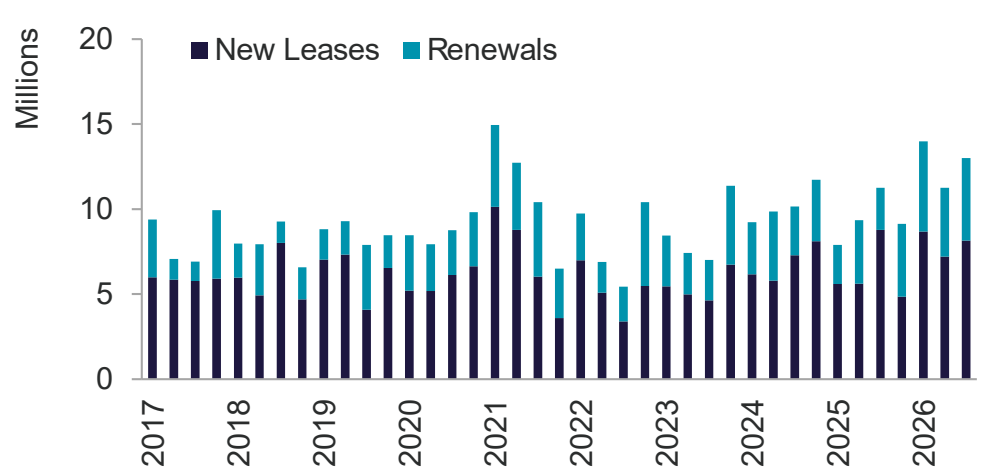
ANNUAL WAREHOUSE RENT GROWTH (%)



CONSTRUCTION STARTS



YTD HISTORICAL WAREHOUSE NEW LEASING ACTIVITY



User-sales activity gained momentum in the third quarter, driven by buyers pursuing strategic acquisition opportunities amid elevated rents and ongoing market uncertainty. The most notable transaction was F.W. Webb’s \$55.0-million acquisition of 1 Cragwood Road in South Plainfield, a newly delivered speculative warehouse that was vacant at the time of sale.

SUPPLY: OCCUPANCY GAINS ACCELERATE AS SUBLEASE AVAILABILITY DECLINES

Occupancy gains continued for the third consecutive quarter, at an accelerated pace, as net absorption totaled 4.8 msf—bringing the YTD total to 9.0 msf. Demand was concentrated within Class A warehouse and distribution space, which accounted for 3.6 msf of absorption during the quarter and 11.1 msf YTD. This momentum helped bring the warehouse and distribution vacancy rate under 9.0% for the first time since Q3 2024, while keeping YTD warehouse and distribution net absorption positive at 9.7 msf.

As occupiers re-evaluated their space needs, sublease availability declined 4.4% from the previous quarter to 8.6 msf—16.8% below the all-time high of 10.1 msf recorded in Q4 2025. Vacant sublease space accounted for 15.2% of total market vacancy, down 110 basis points (bps) from its peak. The overall vacancy rate decreased 60 bps from the previous quarter and 20 bps YOY to 8.1%.

Non-Class A warehouse and distribution properties showed signs of recovery, with third quarter net absorption totaling 1.5 msf, though YTD net absorption remained negative at 1.3 msf.

PRICING: ASKING RENTS MODERATE AS WAREHOUSE AND DISTRIBUTION SPACE RETAINS A PREMIUM

Industrial rents softened modestly during the quarter as new supply entered the market, though pricing remained historically elevated. The average asking rate decreased 4.0% YOY to \$16.12 per square foot (psf).

At \$16.43 psf, warehouse and distribution buildings continued to command the highest rents, reflecting sustained tenant demand for modern logistics space. Additionally, YTD average taking rent for Class A space reached \$16.67 psf, representing a 15.8% premium over non-Class A warehouse and distribution properties.

CONSTRUCTION: DELIVERIES REBOUND AS NEW STARTS SLOW AMID HEALTHY TENANT DEMAND

After warehouse and distribution completions moderated in the second quarter, development activity rebounded in the third quarter, with five projects delivered totaling 813,677 sf—nearly double the previous quarter’s volume. The largest delivery was Johnson Development Associates’ 333,580-sf facility at 740 Corporate Boulevard in Robbinsville, which was preleased to Dunlop. BTS development also remained active, highlighted by Core & Main’s 53,315-sf warehouse at 500 Belleville Turnpike in North Arlington.

Only one project totaling 60,060 sf broke ground during the third quarter, bringing YTD construction starts to 4.0 msf. Currently, 35 warehouse and distribution projects totaling 8.1 msf are under construction, led by the I-287/Exit 10 submarket with 1.9 msf underway. As demand for quality warehouse space persists, 59.4% of the new construction delivered so far this year has been preleased or occupied upon completion.

OUTLOOK

- Leasing momentum is expected to remain healthy, supported by occupier demand for modern warehouse and distribution facilities and continued renewal activity.
- Class A properties are likely to outperform older inventory, as non-Class A space may continue to experience occupancy challenges.
- Vacancy rates are expected to remain elevated in the near term as additional speculative developments and recently completed projects enter the market.
- Elevated vacancy is expected to temper industrial rent growth in the near term; however, Class A warehouse buildings should maintain a pricing advantage as tenants continue to favor modern distribution facilities.

MARKET STATISTICS

SUBMARKET	INVENTORY (SF)	OVERALL VACANCY RATE	YTD LEASING ACTIVITY (SF)**	CURRENT QTR OVERALL NET ABSORPTION (SF)	YTD OVERALL NET ABSORPTION (SF)	UNDER CNSTR (SF)	YTD CNSTR COMPLETIONS (SF)	OVERALL WEIGHTED AVG NET RENT (HT)*	OVERALL WEIGHTED AVG NET RENT (MF)*	OVERALL WEIGHTED AVG NET RENT (W/D)*
Northern Bergen	17,220,416	5.7%	692,328	60,029	421,446	-	-	\$15.97	\$15.55	\$15.91
GW Bridge Market	3,665,066	7.9%	41,085	-20,554	25,580	-	-	\$21.70	-	\$17.63
Central Bergen	21,559,876	7.0%	482,615	370,864	266,299	533,240	-	\$17.53	\$11.30	\$17.57
Meadowlands	82,076,745	7.7%	2,897,518	346,325	1,861,368	118,268	1,329,593	\$19.35	\$18.55	\$17.91
Port Region	98,497,051	10.4%	3,225,012	1,246,910	352,927	76,912	354,400	\$32.59	\$14.38	\$17.92
Suburban Essex	10,561,892	3.3%	146,716	-7,200	165,855	-	-	\$17.10	\$15.50	\$16.31
Greater I-80 Corridor	86,849,084	7.1%	2,896,132	-38,965	382,943	766,930	494,559	\$17.99	\$13.73	\$15.96
Route 23 North	572,179	14.2%	87,626	0	104,115	-	-	\$10.00	\$11.00	\$13.00
Morristown Market	10,994,290	9.4%	345,704	242,233	718	674,409	-	\$14.04	\$15.00	\$17.00
Route 23 Corridor	1,986,877	3.7%	45,894	-12,733	19,361	-	-	-	-	\$18.56
Port South	44,686,898	8.6%	2,433,860	311,428	575,791	277,818	-	\$16.50	\$14.67	\$18.02
Central Union	19,582,364	7.5%	284,964	-171,592	-351,548	-	-	\$18.57	\$12.11	\$15.08
Route 24 Corridor	5,316,937	2.1%	18,300	8,000	-7,631	-	-	\$17.28	\$24.00	\$13.37
Somerset/ I-78 Corridor	34,822,273	8.6%	1,098,879	6,219	-675,962	572,386	513,130	\$16.11	\$13.98	\$16.13
I-287/Exit 10	97,496,409	5.1%	4,003,806	657,437	1,767,522	1,929,683	61,363	\$15.94	\$10.04	\$16.25
Exit 9	28,927,802	7.4%	1,446,288	521,909	988,824	1,789,643	163,610	\$18.21	\$12.00	\$16.04
Exit 8A	81,388,987	9.3%	4,699,566	1,000,469	2,512,415	100,000	-	\$15.16	\$12.00	\$15.30
Greater Princeton	10,111,541	11.4%	297,995	13,102	-240,883	284,400	-	\$10.74	\$10.17	\$11.98
Exit 7A/8	29,229,344	13.2%	1,280,752	162,297	701,474	480,777	1,151,368	\$15.79	\$8.25	\$13.59
Monmouth County	17,823,192	10.7%	500,163	64,542	142,918	843,792	395,790	\$14.67	\$11.87	\$13.75
NORTHERN NJ TOTALS	317,075,841	7.9%	10,137,579	1,322,102	3,816,166	2,169,759	2,178,552	\$17.36	\$14.47	\$17.43
CENTRAL NJ TOTALS	386,293,382	8.3%	16,787,624	3,438,618	5,197,366	6,278,499	2,285,261	\$14.65	\$11.32	\$15.73
NEW JERSEY TOTALS	703,369,223	8.1%	26,925,203	4,760,720	9,013,532	8,448,258	4,463,813	\$15.99	\$12.91	\$16.43

*Rental rates reflect weighted net asking \$psf/year

**Leasing activity totals do not include renewals

HT = High Tech/Flex MF = Manufacturing W/D = Warehouse/Distribution

KEY LEASE TRANSACTIONS Q3 2026

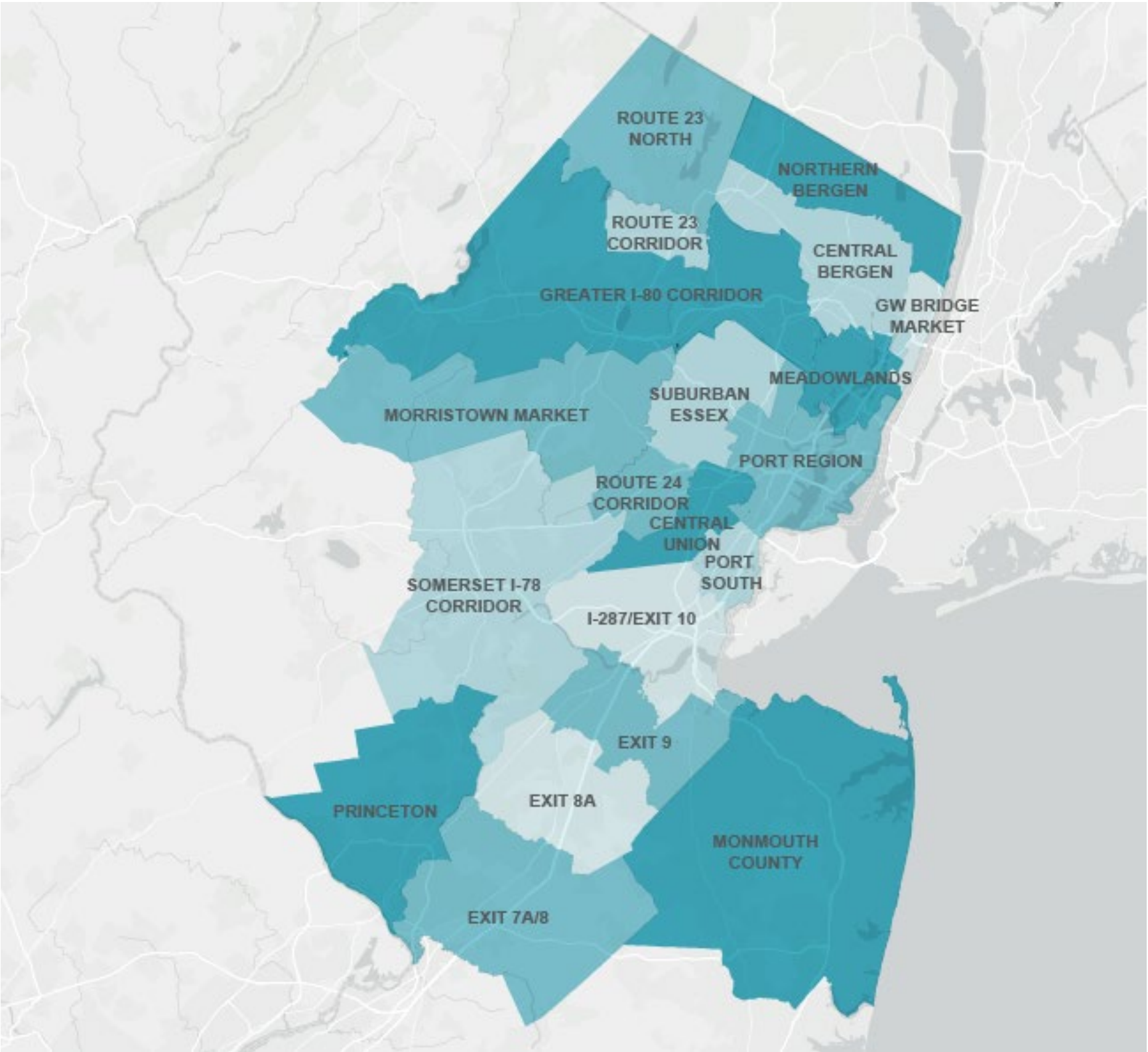
PROPERTY	SUBMARKET	TENANT	SF	LEASE TYPE	PROPERTY TYPE
50 Veronica Avenue	Somerset/I-78 Corridor	LG Electronics	926,362	Renewal	Warehouse/Distribution
1 Costco Drive	Exit 8A	US Elogistics	611,320	New Lease	Warehouse/Distribution
140 Docks Corner Road	Exit 8A	GIII Apparel Group	583,376	Renewal	Warehouse/Distribution
1665 Jersey Avenue	Exit 9	Pioneer Commodities USA	547,334	Renewal	Warehouse/Distribution
145 Industrial Drive	Port Region	Amazon	426,275	New Lease	Warehouse/Distribution

*Renewals not included in leasing statistics

KEY PROJECTS UNDER CONSTRUCTION

PROPERTY	SUBMARKET	DEVELOPER	SF	MAJOR TENANT	PROPERTY TYPE
577 Smith Street	I-287/Exit 10	BGRE	973,395	-	Warehouse/Distribution
201 Jake Brown Road	Exit 9	2020 Acquisitions	808,510	-	Warehouse/Distribution
40 Jake Brown Road	Exit 9	2020 Acquisitions	646,278	-	Warehouse/Distribution
111 Route 10	Morristown Market	Russo Development/Onyx Equities	602,409	RealCold	Warehouse/Distribution
555 Market Street	I-287/Exit 10	Kurv Industrial	471,231	-	Warehouse/Distribution

SUBMARKETS



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