

MARKET FUNDAMENTALS

	YOY Chg	Outlook
21.7% Vacancy Rate	▼	▼
-799K YTD Net Absorption, SF	▼	▲
\$31.96 Asking Rent, PSF (Overall, Net Asking Rent)	▼	▬

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: LABOR MARKET REMAINS RELATIVELY STEADY IN NEW JERSEY

Labor market conditions continued to improve in New Jersey through Q3 2026, with the unemployment rate falling to 4.3% in August 2026 from 4.9% in March and total employment rising to approximately 4.7 million jobs. Despite the overall positive trend, employment performance varied across industries. Education & health services continued to expand, posting 2.9% year-over-year (YOY) growth, while information (-4.3%), construction (-2.3%), and leisure & hospitality (-1.5%) recorded the largest employment declines.

SUPPLY & DEMAND: NEW LEASING ACTIVITY HIGHLIGHTS STRONG DEMAND

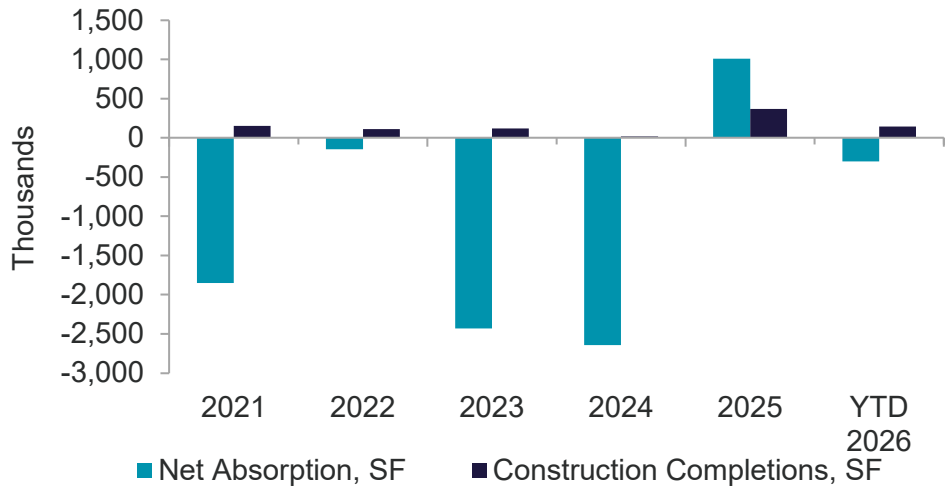
Following five consecutive quarters of positive absorption totaling 1.7 million square feet (msf), the New Jersey office market gave back space in Q3 2026, posting 798,745 square feet (sf) of negative absorption. Despite this pause in occupancy gains, market conditions remained stronger YOY. Overall vacancy ended the quarter at 21.7%, down 20 basis points (bps) from Q3 2025, and new leasing activity totaled 1.9 msf, 39.3% above the trailing four-quarter average. Supply-side changes also contributed to the decline in vacancy, as 1.7 msf of office space came offline between Q3 2025 and Q3 2026 as the conversion of obsolete properties continued to affect the market.

The 21.7% headline vacancy rate was materially influenced by a limited number of large-format vacancies. When adjusted for these outliers using the Median Vacancy Rate (MVR), vacancy fell to 16.1%, reflecting healthier underlying conditions across most office properties. Another way to evaluate the availability of competitive space is to consider only availabilities that have been on the market for two years or less. Although some trophy properties take longer to reposition, this approach helps illustrate current supply constraints. Applying that filter, vacancy dropped to just 5.4%. Together, the two measures suggest that the headline vacancy rate overstates the amount of readily competitive space available in the market.

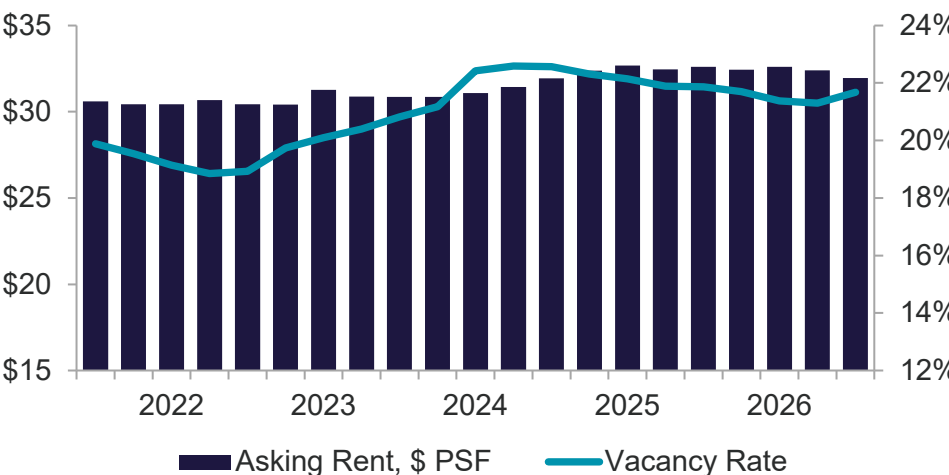
Leasing activity totaled 1.9 msf in Q3 2026, up 20.1% quarter-over-quarter (QOQ) from Q2 2026 and 53.0% from Q1 2026, extending the positive trend in new commitments across Q2 2026 and Q3 2026. Renewal activity reached 1.1 msf, up 67.1% QOQ. Demand remained concentrated in high-quality office space, with Class A properties accounting for 66.8% of total leasing volume. Notable transactions included Collectors Holdings' 259,852-sf expansion and renewal at 210 Hudson Street in Jersey City, Fidelity's 139,080-sf expansion at 499 Washington Boulevard in Jersey City, CACI's 133,021-sf expansion and renewal at 15 Vreeland Road in Florham Park, and Universal Technical Institute's 116,060-sf expansion and renewal at 1515 Broad Street in Bloomfield. Activity was broad-based, with significant leasing recorded across multiple submarkets rather than concentrated in a few key regions.

Despite negative absorption during the quarter, strengthening demand and the removal of out-of-date properties led to a YOY decline in vacancy and a healthier market. Tenants continued to favor well-maintained, highly amenitized Class A buildings, prioritizing efficiency, accessibility, and workplace experience over expansion. This ongoing flight to quality trend continues to support the performance of top-tier assets, even with vacancy still elevated across the broader market.

SPACE DEMAND/DELIVERIES



OVERALL VACANCY & ASKING RENT



PRICING: OVERALL ASKING RENTS EASE QOQ IN Q3 2026

Overall asking rents eased to \$31.96 per square foot (psf), down 1.4% from \$32.40 psf in Q2 2026 and 2.0% below the Q3 2025 average of \$32.61 psf. Class A properties continued to command a premium, averaging \$35.89 psf, roughly 12% above the market average and 44% above non-Class A product, which averaged \$24.93 psf.

The highest Class A asking rents were concentrated in the Union Route 24 Corridor at \$70.00 psf, followed by the Hudson Waterfront at \$45.43 psf and the Woodbridge/Edison submarket at \$41.46 psf.

NORTHERN NEW JERSEY

After five consecutive quarters of positive absorption totaling 2.2 msf, Northern New Jersey recorded 518,051 sf of negative absorption in Q3 2026. Despite this, overall vacancy declined 40 bps YOY to 21.4%, as the removal of 1.3 msf of inventory since Q3 2025 more than offset the decrease in occupied space.

The Hudson Waterfront drove leasing activity in Q3 2026 with 486,619 sf of new leases and an additional 214,282 sf of renewals. Central Bergen also recorded strong demand, with 210,489 sf of new leasing and 97,317 sf of renewals. By industry, financial services tenants accounted for 489,588 sf of overall leasing, followed by technology tenants at 288,675 sf.

CENTRAL NEW JERSEY

Central New Jersey recorded 588,733 sf of new leasing activity in Q3 2026, supported by steady demand across the Woodbridge/Edison, Greater Princeton, and the I-78 Corridor submarkets. Despite healthy leasing volume, the region posted 280,694 sf of negative absorption and a modest 20-bp QOQ increase in vacancy to 22.0%.

The Woodbridge/Edison submarket remained a key source of strength, recording the region's highest leasing volume at 180,134 sf of new leasing, representing approximately 31% of Central New Jersey's total activity. The submarket also continued to command some of the region's highest asking rents, averaging \$36.84 psf overall and \$41.46 psf for Class A assets. Metropark led demand within the submarket, capturing 86,921 sf (48.3%) of leasing activity and posting 69,493 sf of positive absorption as tenants continued to favor its highly accessible location.

OUTLOOK

- Demand in New Jersey is expected to remain firm, supported by two consecutive quarters of rising new leasing activity, a 67.1% QOQ increase in renewals, and activity spread across a broad range of submarkets. Strategically located, well-capitalized, and highly amenitized properties should continue to attract high-quality tenants.
- Despite an overall vacancy rate of 21.7%, the supply of competitive office space remains tight, which should support leasing velocity and pricing power for the best positioned assets. Counting only availabilities on the market for two years or less, vacancy falls to just 5.4%. With only 82,793 sf of speculative space under construction, competition for high-quality space is expected to intensify.



MARKET STATISTICS

SUBMARKET	INVENTORY (SF)	DIRECT VACANT (SF)	SUBLET VACANT (SF)	OVERALL VACANCY RATE	CURRENT QTR OVERALL NET ABSORPTION (SF)	YTD OVERALL NET ABSORPTION (SF)	YTD LEASING ACTIVITY (SF)*	UNDER CNSTR (SF)	OVERALL AVG ASKING RENT (ALL CLASSES)	OVERALL AVG ASKING RENT (CLASS A)
Bergen Rt 17 No/GSP No Corridor	5,827,231	957,306	31,306	17.0%	15,065	2,415	170,411	-	\$26.84	\$28.58
GW Bridge Market	4,432,737	319,344	80,552	9.0%	-16,259	18,172	206,982	-	\$27.02	\$27.46
Central Bergen	11,278,224	1,422,545	191,610	14.3%	-64,494	-7,553	331,766	-	\$29.92	\$32.84
The Meadowlands	6,169,087	1,089,827	336,484	23.1%	-167,832	-42,407	227,388	-	\$30.35	\$31.79
Clifton & Passaic Market	1,287,640	125,695	-	9.8%	-24,828	12,528	11,263	-	\$24.66	\$35.00
Suburban Passaic/Fairfield	5,071,646	613,460	110,401	14.3%	-80,795	5,794	75,572	-	\$23.94	\$27.50
Hudson Waterfront Region	21,493,643	5,181,244	1,226,566	29.8%	-74,097	-274,156	602,177	-	\$45.34	\$45.43
Newark Market	14,273,496	2,225,937	698,655	20.5%	1,432	220,357	113,377	-	\$35.08	\$37.58
Essex Rt 23 So/GSP So Corridor	2,107,462	156,123	-	7.4%	-44,233	33,604	53,780	-	\$28.39	\$28.25
Essex Route 280 Corridor	6,665,661	928,813	7,012	14.0%	76,426	286,383	235,487	-	\$30.57	\$31.96
Parsippany Market	10,918,073	3,194,179	276,041	31.8%	-125,455	-273,308	220,370	-	\$28.06	\$31.00
Morristown Market	5,853,907	859,882	134,325	17.0%	-9,237	25,850	177,479	-	\$31.19	\$31.44
Morris Route 10/24 Market	9,717,612	1,789,458	497,759	23.5%	-818	-84,615	253,150	82,793	\$29.00	\$33.28
Morris Route 23 Corridor	271,593	73,676	-	27.1%	0	3,548	2,283	-	\$26.75	N/A
Morris Route 206 Corridor	779,781	157,995	-	20.3%	1,790	-33,903	15,122	-	\$23.43	\$27.25
Western Morris Region	647,311	189,537	-	29.3%	-4,716	-1,555	9,425	-	\$28.55	\$29.13
Union Route 24 Corridor	3,464,311	372,592	3,862	10.9%	-2,245	35,687	98,373	-	\$36.99	\$70.00
Clark & Cranford	3,133,978	553,331	22,276	18.4%	15,823	116,347	112,820	-	\$23.65	\$31.50
Woodbridge/Edison Market	8,614,173	1,905,173	245,360	25.0%	49,064	154,805	449,875	-	\$36.84	\$41.46
Upper 287 Corridor	8,494,252	1,415,196	103,797	17.9%	-275,546	-307,617	67,194	-	\$21.02	\$20.38
I-78 Corridor	16,024,707	4,294,905	469,927	29.7%	-43,832	-155,510	345,746	-	\$27.52	\$28.25
Monmouth County	12,422,242	908,006	158,073	8.6%	-9,434	115,489	303,270	-	\$25.97	\$31.21
I-78 West	2,819,009	1,481,378	-	52.5%	-8,613	-11,433	82,502	-	\$27.54	\$28.61
Greater Princeton	22,658,123	4,976,681	579,078	24.5%	24,595	-109,655	544,907	-	\$28.75	\$32.88
The Brunswicks	2,538,042	259,740	40,586	11.8%	-30,506	-32,331	88,846	761,904	\$27.70	\$30.25
Elizabeth Market	686,792	19,054	-	2.8%	0	820	0	-	\$26.75	N/A
NORTHERN NJ TOTALS	106,795,104	19,285,021	3,590,711	21.4%	-518,051	-108,846	2,706,032	82,793	\$34.38	\$37.52
CENTRAL NJ TOTALS	80,855,629	16,186,056	1,622,959	22.0%	-280,694	-193,398	2,093,533	761,904	\$28.55	\$32.32
NEW JERSEY TOTALS	187,650,733	35,471,077	5,213,670	21.7%	-798,745	-302,244	4,799,565	844,697	\$31.96	\$35.89

*Leasing activity does not include renewals

KEY LEASE TRANSACTIONS Q3 2026

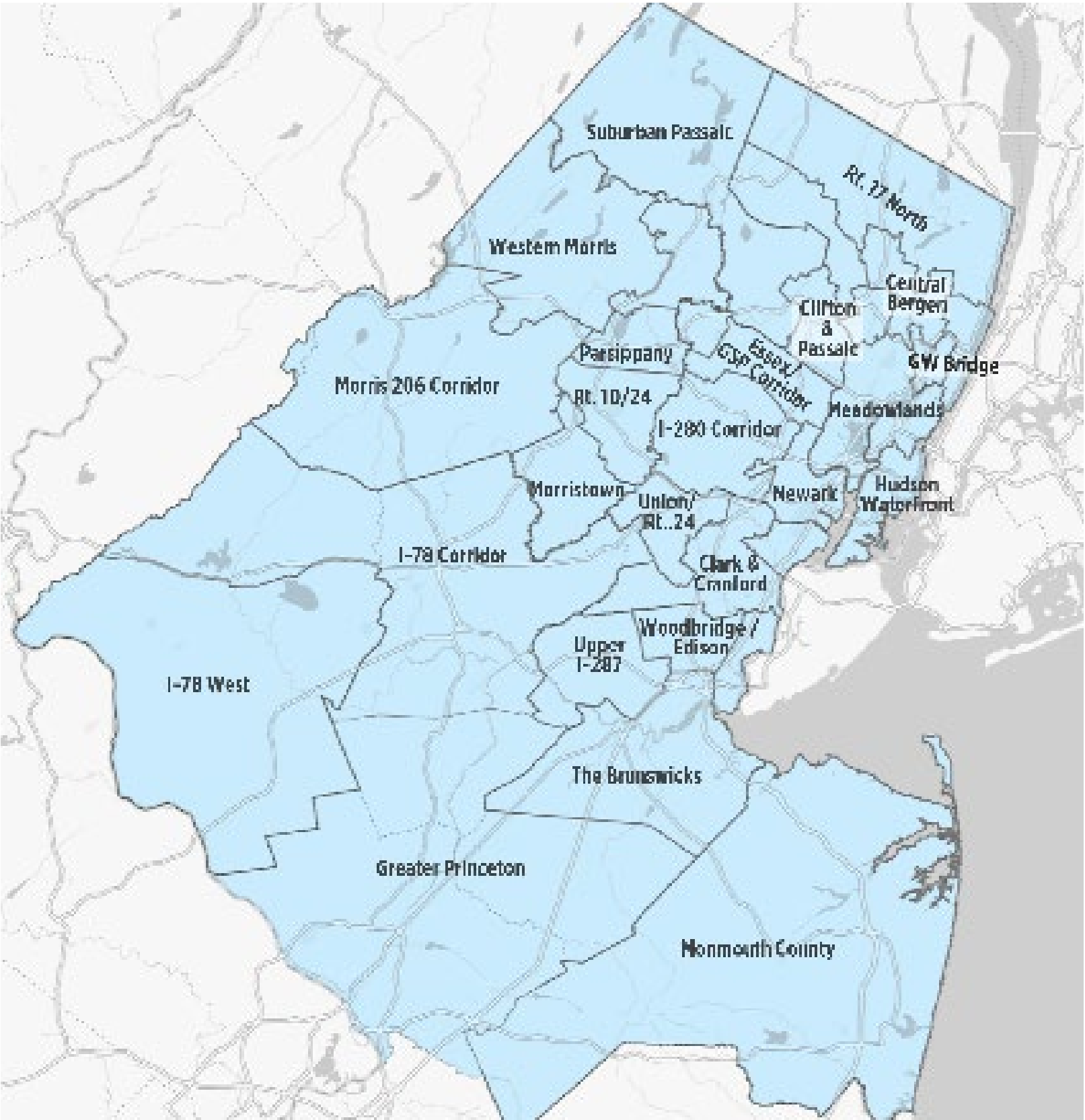
PROPERTY	SF	TENANT	TRANSACTION TYPE	SUBMARKET
210 Hudson Street	259,852	Collectors Holdings	Expansion/Renewal	Hudson Waterfront Region
499 Washington Boulevard	139,080	Fidelity	Expansion	Hudson Waterfront Region
15 Vreeland Road	133,021	CACI	Expansion/Renewal	Morris Route 10/24 Market
1515 Broad Street	116,060	Universal Technical Institute Northeast, LLC	Expansion/Renewal	Essex Rt 23 So/GSP So Corridor
4 Sylvan Way	105,135	T-Mobile USA, Inc.	Renewal	Parsippany Market

*Renewals not included in leasing statistics

KEY SALES TRANSACTIONS Q3 2026

PROPERTY	SF	SELLER / BUYER	PRICE / \$PSF
Edison Square West	96,015	Friendwell Management USA, LLC/2035 Lincoln Hwy, LLC	\$11.7M / \$121.93
Executive Quarters At Bedminster II	54,300	A-K Bedminster Associates LP/Frazier Property LLC	\$7.0M / \$128.91
Forest Executive Plaza	40,000	Morey Menacker/Denis Real Estate Management Group	\$15.7M / \$392.50
60 Route 46	39,304	Prismatic Development Corporation/A-V Services	\$6.5M / \$165.25

SUBMARKETS



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