LEE & ASSOCIATES
COMMERCIAL REAL ESTATE SERVICES

Q1 2025
NEW JERSEY, NJ

OFFICE MARKET OVERVIEW

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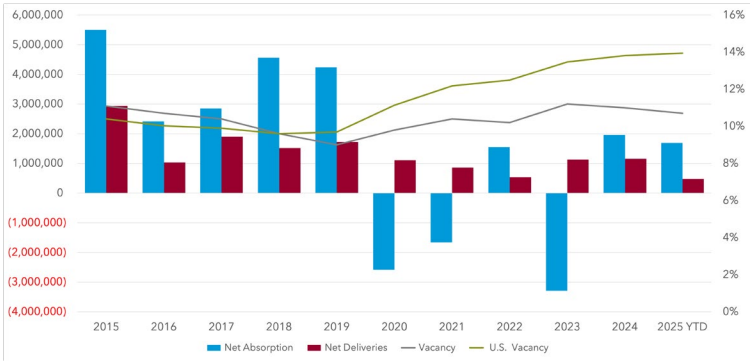
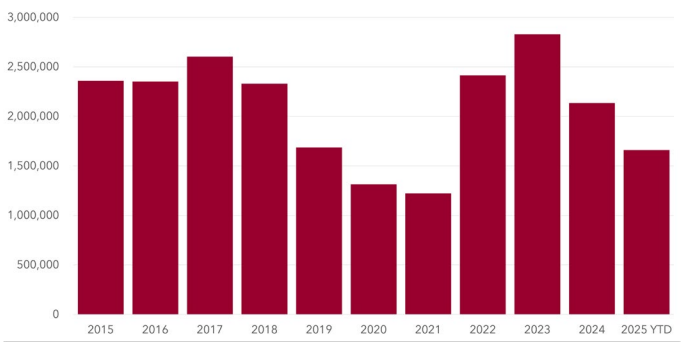
Q1 leasing activity fell 16% QoQ to 2.4MM SF, 71% of the 5-year average. 20 20k+ SF leases were inked. Lease-up time remained flat at 10 months. Rental rates gained $0.13 PSF QoQ to $28.63 PSF gross. 1.7MM SF of occupied space was added during Q1, marking the third consecutive 1MM+ gain since 2017. As of February, NJ unemployment remained flat at 4.6% since June, up 20 bps YoY. Sales volume finished at $322MM, half of the 5-year average. 30 office properties encompassing 5.6MM SF and $698MM ($124 PSF) of active CMBS debt are currently specially serviced, while 41 properties with $1.5B of active debt are projected to default in the next 24 months. Average pricing grew 26% to $163 PSF while cap rates remained flat at 8%. 9.9MM SF is approved, 723k SF being medical.

MARKET INDICATORS	Q1 2025	Q4 2024	Q3 2024	Q2 2024	Q1 2024
▲ Qtrly Net Absorption SF	1,694,084	1,336,959	1,664,672	(79,922)	(959,689)
▼ Vacancy Rate	10.7%	11.0%	11.3%	11.5%	11.5%
▲ Avg GRS Asking Rate PSF	$28.63	$28.50	$28.14	$28.09	$27.83
▲ Sale Price PSF	$162.64	$129.25	$126.72	$132.54	$95.07
▼ Cap Rate	8.0%	8.1%	7.8%	6.5%	7.4%
▼ Under Construction SF	1,660,295	2,134,998	2,256,102	2,933,873	2,980,192
▲ Inventory SF	417,729,206	417,252,703	417,091,599	416,413,828	416,260,219

NET ABSORPTION, NET DELIVERIES, & VACANCY



UNDER CONSTRUCTION



TOP SALE TRANSACTIONS BY SF	SIZE	SALE PRICE	BUYER / SELLER	BUILDING CLASS
500 Plaza Drive Secaucus, NJ	468,049 SF	$51,750,000 $110.57 PSF	Signature Acquisitions Manulife US Real Estate Inves. Trust	Class A
340 Mount Kemble Avenue Morristown, NJ	439,059 SF	$118,500,000 $269.90 PSF	First Mile Capital Onyx Equities	Class A
4 Becker Farm Road Roseland, NJ	291,000 SF	$10,245,000 $35.21 PSF	Oak Becker LLC Alma Realty Corp.	Class A

TOP LEASE TRANSACTIONS BY SF	SIZE	LANDLORD	TENANT	TENANT INDUSTRY
1 University Square Drive Princeton, NJ	175,200 SF	Argent Ventures	BlackRock, Inc.	Finance and Insurance
401 White Horse Road Voorhees, NJ	68,870 SF	ABS Mgmt. & Dev. Corp.	State of New Jersey	Public Administration
201 College Road E Princeton, NJ	56,845 SF	National Business Parks / ABS Partners	Biocentriq	Biological Product Manufacturing