



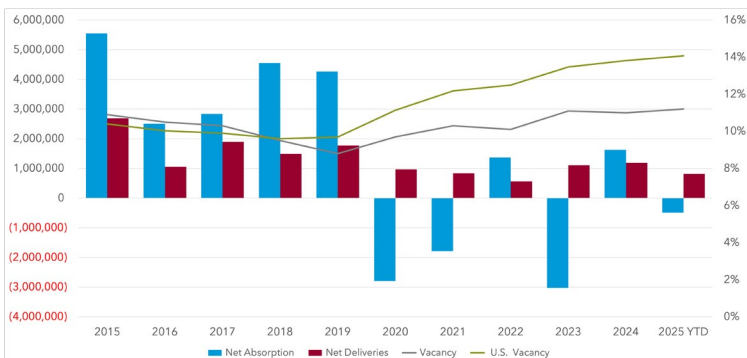
OFFICE MARKET OVERVIEW

MICHAEL MALMSTONE, *Director of Research and Valuation*

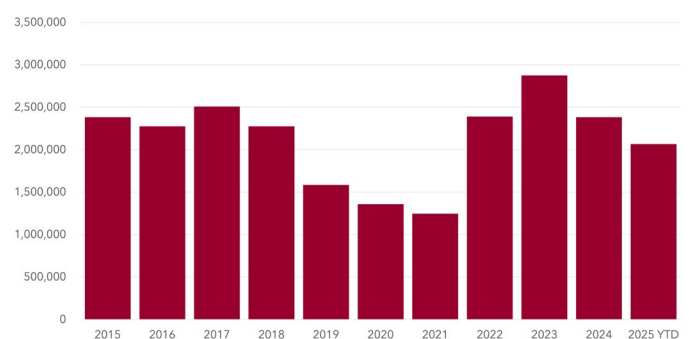
Q3 leasing activity fell 3% QoQ to 2.4MM SF, 71% of the 5-year average. 17 20k+ SF leases were inked, of which 8 were renewals. Lease terms are shorter, averaging 3.1 years. Lease-up time grew a month, up to 10 months. Rental rates fell \$0.04 PSF QoQ to \$28.61 PSF gross. 792k SF of occupied space was lost during Q3. As of August, NJ unemployment grew to 5%, up 20 bps QoQ and 40 bps YoY. Sales volume almost halved, finishing at \$311MM, 45% of the 5-year average. Average pricing dived 37% to \$98 PSF as mostly troubled assets traded, while median cap rates decompressed 50 bps to 7.7%. 30 office properties encompassing 6.3MM SF and \$829MM (\$131 PSF) of active CMBS debt are currently specially serviced, while 31 properties with \$1.5B (\$141 PSF) of active debt are projected to default in the next 24 months, averaging 42 years old. 9.4MM SF is approved 1.2MM SF being medical.

MARKET INDICATORS	Q3 2025	Q2 2025	Q1 2025	Q4 2024	Q3 2024
▼ Qtrly Net Absorption SF	(791,657)	(342,993)	648,117	1,424,255	1,250,597
▲ Vacancy Rate	11.2%	11.0%	10.9%	11.0%	11.3%
▼ Avg GRS Asking Rate PSF	\$28.61	\$28.65	\$28.67	\$28.53	\$28.17
▼ Sale Price PSF	\$98.35	\$156.82	\$152.95	\$133.72	\$105.37
▲ Cap Rate	7.7%	7.2%	8.1%	8.2%	7.8%
▲ Under Construction SF	2,065,586	1,959,786	1,908,161	2,382,864	2,327,193
▲ Inventory SF	416,649,797	416,385,597	416,311,872	415,835,369	415,674,265

NET ABSORPTION, NET DELIVERIES, & VACANCY



UNDER CONSTRUCTION



TOP SALE TRANSACTIONS BY SF	SIZE	SALE PRICE	BUYER / SELLER	BUILDING CLASS
200 Franklin Square Drive Somerset, NJ	200,000 SF	\$7,208,625 \$36.04 PSF	AXRIA, Inc. LNR Partners	Class C
10 Mountainview Road Upper Saddle River, NJ	193,332 SF	\$26,000,000 \$134.48 PSF	Garden Homes The Apex	Class A
201 Laurel Road Vorhees, NJ	185,000 SF	\$4,300,000 \$23.24 PSF	G. F. Management LLC Twenty Lake Holdings	Class B

TOP LEASE TRANSACTIONS BY SF	SIZE	LANDLORD	TENANT	TENANT INDUSTRY
100 Plaza Drive Secaucus, NJ	264,973 SF	Howard Hershkovich	NBA	Sports Associations
101 Crawfords Corner Road Holmdel, NJ	69,870 SF	Somerset Mezz Holdings LP	JCP&L	Utilities
331 Newman Springs Road Red Bank, NJ	53,000 SF	Paramount, Crown, First Mile Capital	Hackensack Meridian Health	Healthcare

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