



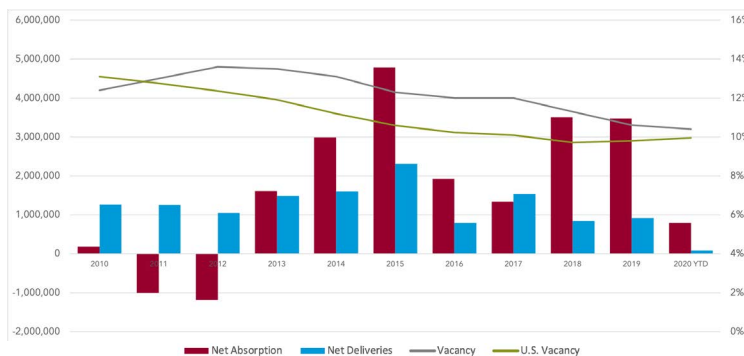
OFFICE MARKET OVERVIEW

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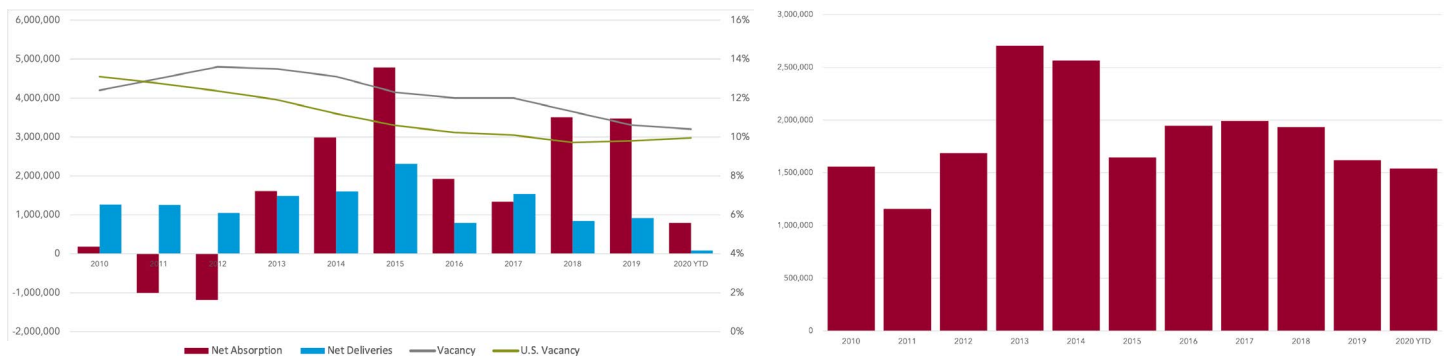
NNJ Office market remains a tenant's market. Net absorption remains at the 5-year rolling average, with only 610 inked leases, the lowest since Q4 2015. The average lease size shrank 33% to 3,802 SF, the lowest in 2 years. Lease-up time shrank by 6 days to 249 days. Available space remains at 13.8%. Q1's strongest sub-markets included Trenton, Newark and Parsippany all with 505k+ SF of net absorption. NJ unemployment stands at 3.8% as of February. All sales fundamentals grew in Q1. Volume nearly doubled to \$1.22B, the 4th highest quarter ever. Pricing rose 36% to \$222 PSF. Cap rates compressed 40 bps to 7%. Route 22 East and the Meadowlands continue to foster the most new construction, at 200k+ SF each. Continued demand for medical space expected.

MARKET INDICATORS	Q1 2020	Q4 2019	Q3 2019	Q2 2019	Q1 2019
▲ Net Absorption	793,796 SF	(31,701) SF	904,176 SF	1,995,243 SF	603,059 SF
▼ Vacancy Rate	10.40%	10.60%	10.50%	10.70%	11.20%
▲ Avg NNN Asking Rate	\$26.41/SF	\$26.20/SF	\$25.99/SF	\$25.87/SF	\$25.56/SF
▼ Under Construction	1,541,131 SF	1,619,043 SF	1,666,194 SF	1,453,883 SF	1,816,357 SF
▲ Inventory	377,271,920 SF	377,194,008 SF	377,046,261 SF	377,008,261 SF	376,553,791 SF

NET ABSORPTION, NET DELIVERIES, & VACANCY



UNDER CONSTRUCTION



TOP SALE TRANSACTIONS BY SF	SIZE	SALE PRICE	BUYER / SELLER	BUILDING CLASS
545 Washington Blvd Jersey City, NJ	866,706 SF	\$372,750,000 \$430.08/SF	Harbor Group International, LLC LeFrak	Class A
401-433 Hackensack Ave Hackensack, NJ	647,947 SF	\$123,000,000 \$189.83/SF	Lionstone Investments JD Companies, Capstone	Class A
100 Campus Drive, Bldg. 100 Florham Park, NJ	397,170 SF	\$101,556,323 \$255.70/SF	Opal Holdings KBS REIT II, Inc.	Class A

TOP LEASE TRANSACTIONS BY SF	SIZE	LANDLORD	TENANT	TENANT INDUSTRY
499 Thornall St Edison, NJ	114,384 SF	Alfieri LLC	Hackensack Meridian Health	Medical
5 Garret Mountain Plaza Woodland Park, NJ	100,000 SF	Mountain Development Corp.	John P. Holland Charter School	Education
40 Technology Dr Warren, NJ	66,413 SF	Ivy Realty Services, LLC	Huber+Suhner	Manufacturing