



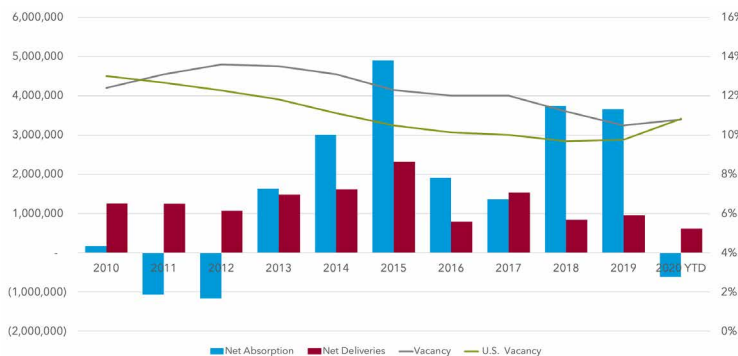
OFFICE MARKET OVERVIEW

MICHAEL MALMSTONE, *Real Estate Analyst*

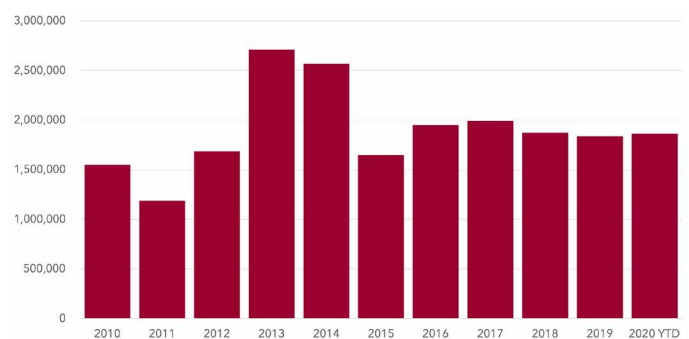
The Pandemic has caused many tenants to adopt a hybrid work schedule, thereby shrinking users' office footprint by 388 SF. Net absorption finished the lowest since Q1 2016, -86% of the 5-year average. 444 inked leases averaged 4,016 SF. Lease-up time remained at 8.6 months. Available space grew 70 bps to 15.3%, the highest in 2 years. NJ unemployment in August fell to 10.9% down from June's high of 16.8% as COVID-19 lockdowns ended. Sales volume finished at \$615MM, about 79% of the 5-year average and up 66% QoQ. Pricing grew 50% QoQ to \$180 PSF, although cap rates lost 10 bps to 7.7%. 1.9MM SF is under construction. 22.1MM SF is approved, most in the Hudson Waterfront and Brunswick/Piscataway/I-287 submarkets at 8.2MM SF and 3.1MM SF respectively.

MARKET INDICATORS	Q3 2020	Q2 2020	Q1 2020	Q4 2019	Q3 2019
▼ Net Absorption	(627,161) SF	(119,117) SF	926,303 SF	2,209 SF	970,235 SF
▲ Vacancy Rate	10.6%	10.3%	10.3%	10.5%	10.4%
▲ Avg GRS Asking Rate	\$26.81 PSF	\$26.67 PSF	\$26.42 PSF	\$26.21 PSF	\$26.02 PSF
▼ Under Construction	1,862,773 SF	2,166,782 SF	1,638,693 SF	1,836,796 SF	1,888,502 SF
▲ Inventory	377,864,800 SF	377,420,662 SF	377,408,751 SF	377,210,648 SF	377,052,901 SF

NET ABSORPTION, NET DELIVERIES, & VACANCY



UNDER CONSTRUCTION



TOP SALE TRANSACTIONS BY SF	SIZE	SALE PRICE	BUYER / SELLER	BUILDING CLASS
194 Wood Avenue South Iselin, NJ	470,692 SF	\$140,000,000 \$297.43 PSF	Opal Holdings AIG Global Asset Mgmt Hldgs Corp	Class A
700 Sylvan Avenue Englewood Cliffs, NJ	321,207 SF	\$142,200,000 \$442.71 PSF	700 SYLVAN OWNER DST Mesirow Financial	Class B
8 Campus Drive Parsippany, NJ	215,265 SF	\$29,306,410 \$136.14 PSF	Onyx Equities, LLC Mack-Cali Realty Corp.	Class A

TOP LEASE TRANSACTIONS BY SF	SIZE	LANDLORD	TENANT	TENANT INDUSTRY
200 Metro Boulevard Nutley, NJ	306,471 SF	Prism Capital Partners	Eisai Inc.	Health Care and Social Assistance
30 Hudson Street Jersey City, NJ	227,852 SF	Goldman Sachs & Co. LLC	AIG	Finance and Insurance
525 Washington Boulevard Jersey City, NJ	152,448 SF	Sun Life Institutional Investments	BNP Paribas Corporate & Investment Banking	Finance and Insurance

The information and details contained herein have been obtained from third-party sources believed to be reliable, however, Lee & Associates has not independently verified its accuracy. Lee & Associates makes no representations, guarantees, or express or implied warranties of any kind regarding the accuracy or completeness of the information and details provided herein, including but not limited to, the implied warranty of suitability and fitness for a particular purpose. Interested parties should perform their own due diligence regarding the accuracy of the information.

The information provided herein, including any sale or lease terms, is being provided subject to errors, omissions, changes of price or conditions, prior sale or lease, and withdrawal without notice. Third-party data sources: CoStar Group, Inc., The Economist, U.S. Bureau of Economic Analysis, U.S. Bureau of Labor Statistics, Congressional Budget Office, European Central Bank, GlobeSt.com, CoStar Property and Lee Proprietary Data. ©

© Copyright 2020 Lee & Associates all rights reserved. Third-party Image sources: sorbis/shutterstock.com, shutterstock.com, pixabay.com, istock.com