



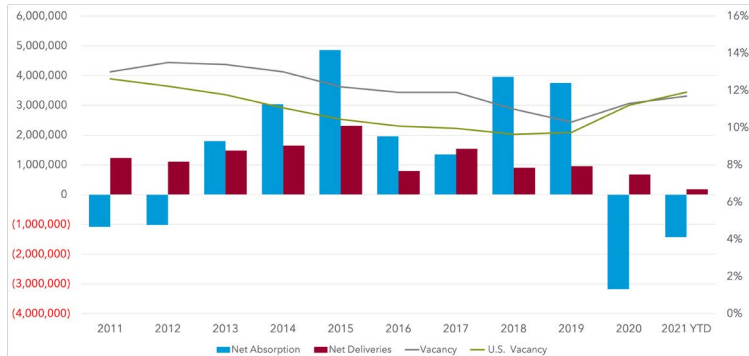
OFFICE MARKET OVERVIEW

MICHAEL MALMSTONE, *Real Estate Analyst*

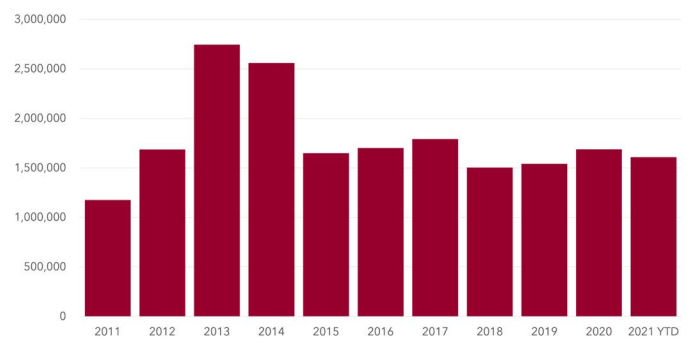
The continued pandemic work model has caused many new tenants to telecommute, thereby shrinking users' footprint by 1,115 SF. 576 inked leases averaged 3,004 SF, the smallest in at least 26 years. Lee & Associates NJ inked the largest office lease at 140k SF to St. Joseph's Health. Lease-up time shrank to 9.7 months. Available space grew 50 bps to 16%, a 5-year high. NJ unemployment finished 10 bps higher QoQ at 7.8%. Sales volume contracted to \$471MM, about 62% of the 5-year average, although pricing grew 30% to \$197 PSF. Cap Rates decompressed 50 bps to 7.3%. 22.4MM SF is approved, mostly in the Hudson Waterfront and Newark submarkets at 7.3MM and 2.5MM respectively.

MARKET INDICATORS	Q1 2021	Q4 2020	Q3 2020	Q2 2020	Q1 2020
▲ Net Absorption SF	(1,427,822)	(3,276,617)	(752,695)	(70,673)	920,881
▲ Vacancy Rate	11.7%	11.3%	10.4%	10.1%	10.1%
▼ Avg GRS Asking Rate	\$26.81 PSF	\$26.88 PSF	\$26.83 PSF	\$26.68 PSF	\$26.43 PSF
▲ Under Construction SF	1,608,294	1,687,032	1,516,632	1,862,209	1,334,120
▲ Inventory SF	377,537,552	377,358,145	377,343,457	376,849,951	376,838,040

NET ABSORPTION, NET DELIVERIES, & VACANCY



UNDER CONSTRUCTION



TOP SALE TRANSACTIONS BY SF	SIZE	SALE PRICE	BUYER / SELLER	BUILDING CLASS
99 Wood Avenue S Iselin, NJ	276,988 SF	\$64,016,397 \$231.12 PSF	Opal Holdings Mack-Cali Realty Corporation	Class A
101 Wood Avenue S Iselin, NJ	262,835 SF	\$79,092,866 \$300.92 PSF	Opal Holdings Mack-Cali Realty Corporation	Class A
333 Thornall Street Edison, NJ	196,128 SF	\$50,240,081 \$256.16 PSF	Opal Holdings Mack-Cali Realty Corporation	Class A

TOP LEASE TRANSACTIONS BY SF	SIZE	LANDLORD	TENANT	TENANT INDUSTRY
225 Minnisink Road Totowa, NJ	140,475 SF	Community Healthcare Associates	St. Joseph's Health	Healthcare
53 Frontage Road Hampton, NJ	101,641 SF	Shelbourne Global Solutions, LLC	Mallinckrodt Pharmaceuticals	Pharmaceutical Wholesaler
200 Plaza Drive Secaucus, NJ	64,063 SF	GAIA Real Estate	ZT Systems	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 & Associates Proprietary Data. ©

© Copyright 2021 Lee & Associates all rights reserved. Third-party Image sources: sorbis/shutterstock.com, shutterstock.com, pixabay.com, istock.com