



OFFICE MARKET OVERVIEW

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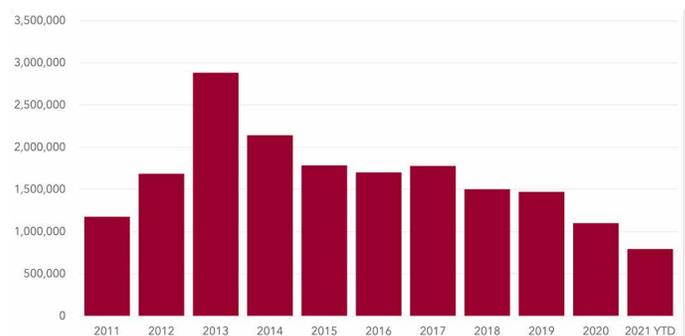
Q2 saw a renewed demand for larger lease footprints, with a 924 SF increase. 655 inked leases averaged 3,910 SF. Lease-up time shrank to 8.8 months. Available space grew 20 bps to 16%, a 6-year high. Rental rates clocked a record high of \$27.09 PSF gross. Fifth consecutive quarter of negative net absorption. NJ unemployment finished 30 bps lower QoQ at 7.2%. Sales volume grew to \$854MM, 114% of the 5-year average, while pricing fell 10% to \$165 PSF. Cap Rates decompressed 120 bps to 8.5%. 793k SF is under construction, the lowest on record due to hybrid working and tighter lender underwriting. 20.6MM SF is approved, mostly in the Hudson Waterfront, Trenton and Newark submarkets at 6.8MM, 2.1MM and 2MM SF respectively.

MARKET INDICATORS	Q2 2021	Q1 2021	Q4 2020	Q3 2020	Q2 2020
▲ Net Absorption SF	(788,961)	(1,444,895)	(3,131,384)	(731,728)	(184,717)
▲ Vacancy Rate	11.9%	11.7%	11.2%	10.4%	10.1%
▲ Avg GRS Asking Rate	\$27.09	\$26.81	\$26.90	\$26.83	\$26.68
▼ SF Under Construction	793,406	1,021,246	1,099,984	935,584	1,294,513
▲ Inventory SF	378,605,607	378,342,282	378,162,875	378,142,187	377,648,681

NET ABSORPTION, NET DELIVERIES, & VACANCY



UNDER CONSTRUCTION



TOP SALE TRANSACTIONS BY SF	SIZE	SALE PRICE	BUYER / SELLER	BUILDING CLASS
150 John F Kennedy Pky. Short Hills, NJ	262,354 SF	\$78,630,121 \$299.71 PSF	The Birch Group Mack-Cali	Class B
51 John F Kennedy Pky. Short Hills, NJ	260,750 SF	\$89,807,402 \$344.42 PSF	The Birch Group Mack-Cali	Class A
101 John F Kennedy Pky. Short Hills, NJ	197,196 SF	\$54,218,212 \$274.95 PSF	The Birch Group Mack-Cali	Class A

TOP LEASE TRANSACTIONS BY SF	SIZE	LANDLORD	TENANT	TENANT INDUSTRY
435 South Street Morristown, NJ	189,999 SF	Harrison Street Capital	Atlantic Health System	Health Care and Social Assistance
30 Knightsbridge Road Piscataway, NJ	145,430 SF	Keystone Property Group	QualCare, Inc.	Health Care and Social Assistance
30 Knightsbridge Road Piscataway, NJ	97,948 SF	Keystone Property Group	Infinity Biologix	Professional, Scientific, and Technical Services

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