LEE & ASSOCIATES
COMMERCIAL REAL ESTATE SERVICES

Q4 2022
NEW JERSEY, NJ

OFFICE MARKET OVERVIEW

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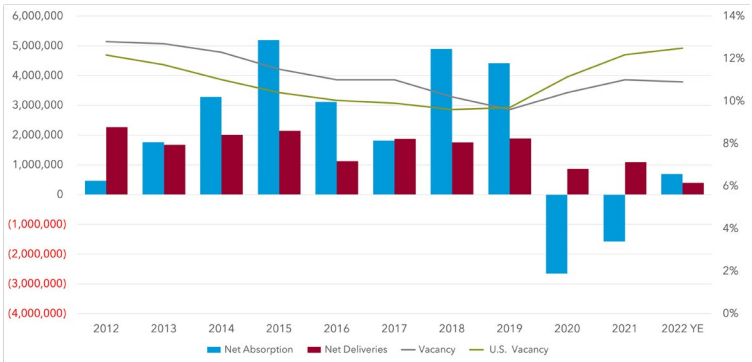
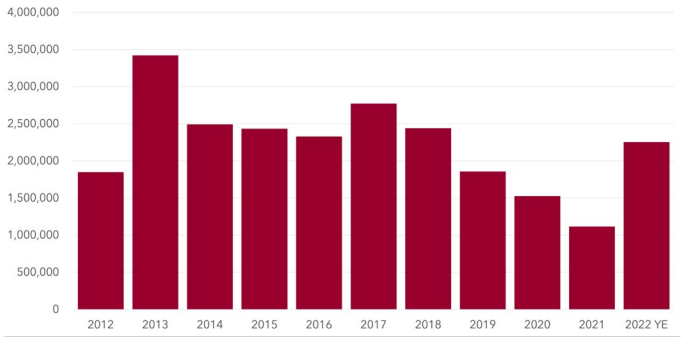
Q4 leasing velocity slowed by 37% to 2.3MM SF, 70% of the 5-year average. Lease-up time shrank nearly two months to 9.7 months. Vacant and available space grew 20 and 40 bps to 10.9% and 14.5% respectively. Rental rates fell for the first time in 7 quarters to $27.66 PSF gross. Net absorption clocked (613k) SF, down 182% QoQ and the lowest since Q2 2021. Unemployment fell 60 bps to 3.4% in November versus August. Sales volume dropped 15% to $720MM, about 92% of the 5-year average. Pricing grew 22% to $208 PSF while cap rates decompressed 110 bps to 7.8%. 2.3MM SF is under construction. 18.9MM SF is approved, 1.1MM SF being medical. A handful of larger 100k+ SF buildings are slated for conversion to industrial and multi-family.

MARKET INDICATORS	Q4 2022	Q3 2022	Q2 2022	Q1 2022	Q4 2021
▼ Qtrly Net Absorption SF	(612,568)	743,688	(311,842)	870,787	130,565
▲ Vacancy Rate	10.9%	10.7%	10.9%	10.8%	11.0%
▼ Avg GRS Asking Rate PSF	$27.66	$27.70	$27.59	$27.45	$27.23
▲ SF Under Construction	2,253,325	2,226,117	2,242,507	2,186,320	1,117,745
▲ Inventory SF	421,292,929	421,255,937	421,091,937	420,956,673	420,896,921

NET ABSORPTION, NET DELIVERIES, & VACANCY



UNDER CONSTRUCTION



TOP SALE TRANSACTIONS BY SF	SIZE	SALE PRICE	BUYER / SELLER	BUILDING CLASS
101 Hudson Street Jersey City, NJ	1,347,712 SF	$346,000,000 $256.73 PSF	The Birch Group Veris Residential, Inc.	Class A
300 Kimball Drive Parsippany, NJ	428,000 SF	$88,000,000 $205.61 PSF	Signature Acquisitions Sovereign Partners	Class A
73 Mountainview Boulevard Basking Ridge, NJ	126,360 SF	$51,750,000 $409.54 PSF	CU Capital Management Affinity Federal Credit Union	Class A

TOP LEASE TRANSACTIONS BY SF	SIZE	LANDLORD	TENANT	TENANT INDUSTRY
5 Giralda Farms Madison, NJ	250,000 SF	The Alliven Group	Bristol Myers Squibb	Manufacturing
1405 U.S. Rt. 206 Bedminster, NJ	230,000 SF	Simon Halegoua	AT&T	Telecommunication Services
100 Park Avenue Florham Park, NJ	92,122 SF	BASF	AbbVie	Manufacturing

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