



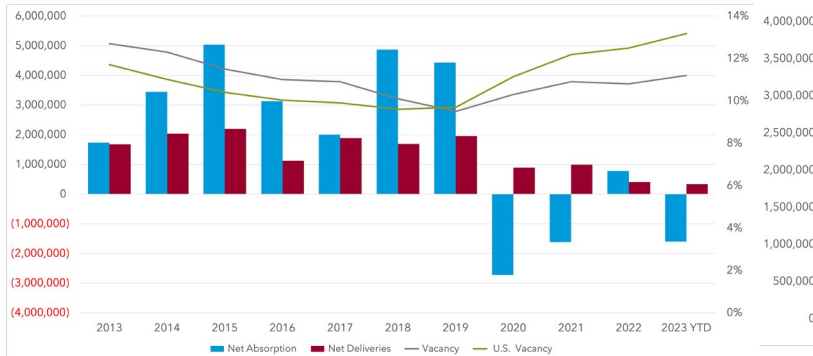
OFFICE MARKET OVERVIEW

MICHAEL MALMSTONE, *Director of Research and Valuation*

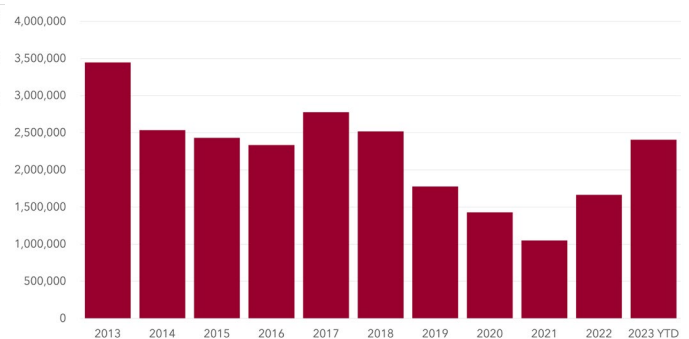
Q2 leasing velocity continued to slow by 9% to 2.4M SF, 72% of the 5-year average. Lease-up time hastened just over a month to 8.4 months. Vacant and available space grew 20 and 30 bps each to 11.3% and 15.0% respectively. Rental rates remained flat, up only \$0.02 QoQ and \$0.36 PSF YoY, to \$27.92 PSF gross. Net absorption remained flat QoQ at negative 806,000 SF, the third consecutive quarter of negative absorption, down nearly threefold YoY and the lowest since Q1 2021. NJ unemployment rose 10 bps to 3.6% in May versus February. Sales volume grew 141% to \$683M. Pricing grew 56% to \$187 PSF while cap rates decompressed 70 bps to 7.9%. 2.4M SF is under construction. 16.6M SF is approved, 1M SF being medical.

MARKET INDICATORS	Q2 2023	Q1 2023	Q4 2022	Q3 2022	Q2 2022
▼ Qtrly Net Absorption SF	(806,004)	(797,904)	(685,365)	889,346	(276,108)
▲ Vacancy Rate	11.3%	11.1%	10.8%	10.6%	10.8%
▲ Avg GRS Asking Rate PSF	\$27.92	\$27.90	\$27.64	\$27.67	\$27.56
▲ SF Under Construction	2,406,595	1,778,595	1,664,368	1,684,543	1,692,933
▲ Inventory SF	421,449,939	421,409,939	421,113,066	421,068,691	420,904,691

NET ABSORPTION, NET DELIVERIES, & VACANCY



UNDER CONSTRUCTION



TOP SALE TRANSACTIONS BY SF	SIZE	SALE PRICE	BUYER / SELLER	BUILDING CLASS
200 Hudson Street Jersey City, NJ	837,829 SF	\$170,506,884 \$203.51 PSF	The 601W Companies Veris Residential, Inc.	Class A
210 Hudson Street Jersey City, NJ	761,200 SF	\$148,303,660 \$194.83 PSF	The 601W Companies Veris Residential, Inc.	Class A
150 Hudson Street Jersey City, NJ	421,771 SF	\$101,189,456 \$239.92 PSF	The 601W Companies Veris Residential, Inc.	Class A

TOP LEASE TRANSACTIONS BY SF	SIZE	LANDLORD	TENANT	TENANT INDUSTRY
2 Gateway Center Newark, NJ	396,464 SF	Prudential/Onyx Equities/Garrison Inv. Group	NJ Transit	Transport
400 W. Route 38 Moorestown, NJ	164,988 SF	Cooper University Health Care	Cooper University Health Care	General Medical and Surgical Hospitals
200 Crossing Boulevard Bridgewater, NJ	57,558 SF	Alexander Property Holdings, LLC	Syneos Health	Health Care and Social Assistance

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 2023 Lee & Associates all rights reserved. Third-party Image sources: sorbis/shutterstock.com, shutterstock.com, pixabay.com, istock.com