



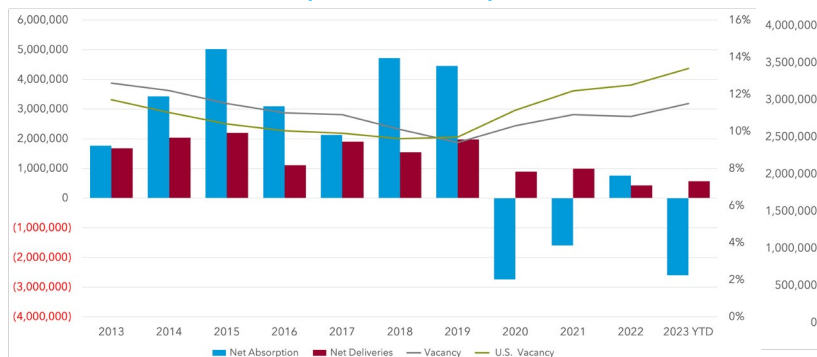
OFFICE MARKET OVERVIEW

MICHAEL MALMSTONE, *Director of Research and Valuation*

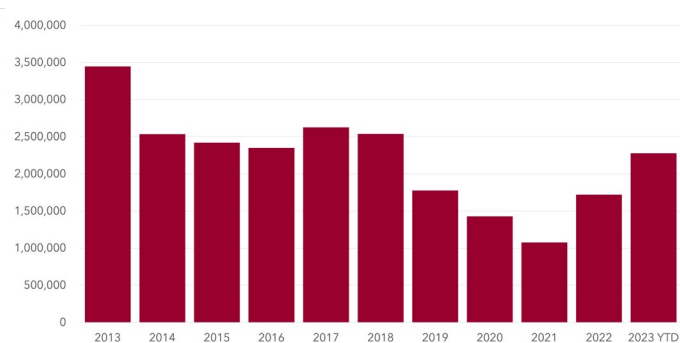
Q3 leasing decelerated to 2.3MM SF, 68% of the 5-year average, down 23% QoQ and 43% YoY. Lease-up time averaged 8.7 months. Rental rates gained \$0.26 PSF QoQ and \$0.52 PSF YoY, to \$28.19 PSF gross. 1.1MM SF of occupied space was vacated, marking a full four consecutive quarters of negative net absorption totaling (3.3MM) SF, and the lowest since Q1 2021. NJ unemployment rose 60 bps to 4.2% in August versus May, the highest monthly level since February 2022. Sales volume finished an anemic \$211MM, the lowest quarter since Q1 2012 and about 27% and 36% of the 10-year and 25-year averages respectively. Pricing fell 13% to \$161 PSF while cap rates remained flat at 7.5%. 16.2MM SF is approved, 950k SF being medical.

MARKET INDICATORS	Q3 2023	Q2 2023	Q1 2023	Q4 2022	Q3 2022
▼ Qtrly Net Absorption SF	(1,066,689)	(802,110)	(729,914)	(740,704)	893,908
▲ Vacancy Rate	11.5%	11.2%	11.0%	10.8%	10.6%
▲ Avg GRS Asking Rate PSF	\$28.19	\$27.93	\$27.90	\$27.64	\$27.67
▼ SF Under Construction	2,278,331	2,424,581	1,804,581	1,721,307	1,748,982
▲ Inventory SF	422,574,592	422,415,892	422,367,892	422,005,566	421,953,691

NET ABSORPTION, NET DELIVERIES, & VACANCY



UNDER CONSTRUCTION



TOP SALE TRANSACTIONS BY SF	SIZE	SALE PRICE	BUYER / SELLER	BUILDING CLASS
135 Greene Street Jersey City, NJ	245,364 SF	\$46,000,000 \$187.48 PSF	American Equity Partners, Inc. Veris Residential, Inc.	Class A
5 Paragon Drive Montvale, NJ	119,089 SF	\$14,750,000 \$123.86 PSF	Exclusive Management Nessel Development	Class A
399 Hoes Lane Piscataway, NJ	61,200 SF	\$3,800,000 \$62.09 PSF	Atrium Holding 399 LLC Hilton Head	Class A

TOP LEASE TRANSACTIONS BY SF	SIZE	LANDLORD	TENANT	TENANT INDUSTRY
600 College Road, East Princeton, NJ	60,000 SF	Nuveen	State Street	Finance and Insurance
600 College Road, East Princeton, NJ	53,000 SF	Nuveen	Dr. Reddy's Laboratories	Professional, Scientific, and Technical Services
221 River Street Hoboken, NJ	40,000 SF	SJP Properties / Mitsui Fudosan America, Inc.	Hain Celestial Group	Foodstuffs

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