



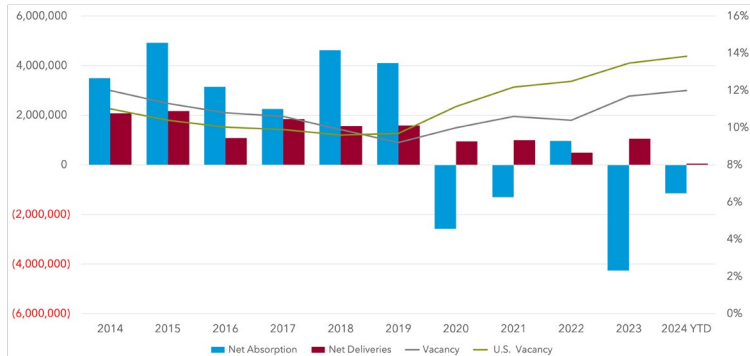
### OFFICE MARKET OVERVIEW

MICHAEL MALMSTONE, *Director of Research and Valuation*

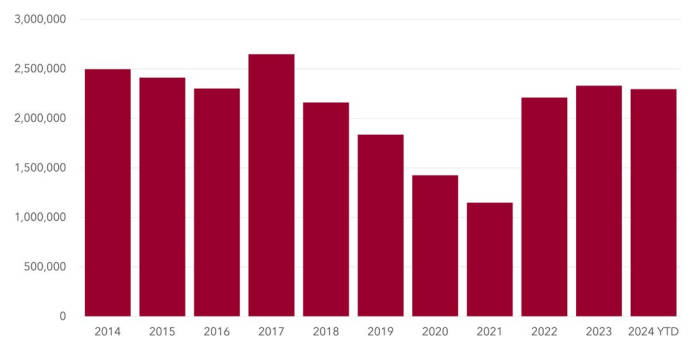
Q1 leasing dipped 1.2MM QoQ to 2.5MM SF, 78% of the 5-year average. Lease-up time remained flat at 9.2 months. Rental rates fell \$0.08 PSF further QoQ to \$27.98 PSF gross. 1.1MM SF of occupied space was vacated during Q1, marking the sixth consecutive quarterly loss of net absorption, totaling (5.9MM) SF and (9.9MM) SF since COVID. As of February, NJ unemployment remained at 4.8% since September, flat QoQ and 80 bps higher YoY. Sales volume finished Q1 at \$218MM, the lowest quarter since Q1 2012. More sales are forced by notes coming due and properties, even those performing, becoming unfinanceable as cap rates eclipse mortgage rates. Average pricing fell 23% to \$91 PSF while cap rates hovered around 7.5%, about the cost of debt. 13.4MM SF is approved, 761k SF being medical.

MARKET INDICATORS	Q1 2024	Q4 2023	Q3 2023	Q2 2023	Q1 2023
▼ Qtrly Net Absorption SF	(1,144,536)	(25,138)	(1,816,798)	(1,694,448)	(726,494)
▲ Vacancy Rate	12.0%	11.7%	11.6%	11.1%	10.7%
▼ Avg GRS Asking Rate PSF	\$27.98	\$28.06	\$28.11	\$27.90	\$27.91
▼ SF Under Construction	2,295,877	2,330,147	2,782,563	2,734,005	1,913,255
▲ Inventory SF	423,181,161	423,128,891	422,671,675	422,492,233	422,444,233

#### NET ABSORPTION, NET DELIVERIES, & VACANCY



#### UNDER CONSTRUCTION



TOP SALE TRANSACTIONS BY SF	SIZE	SALE PRICE	BUYER / SELLER	BUILDING CLASS
185 Hudson Street Jersey City, NJ	983,234 SF	\$85,000,000 \$86.45 PSF	The 601W Companies Veris Residential, Inc.	Class A
2 Peach Tree Hill Road Livingston, NJ	250,000 SF	\$12,000,000 \$48.00 PSF	Atlas Capital Group LLC Corebridge Financial	Class B
23 Orchard Road Skillman, NJ	234,351 SF	\$4,350,000 \$18.56 PSF	Scannapieco Development Co. Estate of Vick Bolanos Pena	Class B

TOP LEASE TRANSACTIONS BY SF	SIZE	LANDLORD	TENANT	TENANT INDUSTRY
777 Scudders Mill Road Plainsboro, NJ	135,000 SF	AVG Partners	Genmab	Professional, Scientific, and Technical Services
232 Strawbridge Drive Moorestown, NJ	52,785 SF	Keystone Development & Investment	Berkley Insurance Company	Insurance Agents
1401 Wheaton Avenue Millville, NJ	50,992 SF	Emanuel Pollak	Nipro	Wholesaler

