LEE & ASSOCIATES
COMMERCIAL REAL ESTATE SERVICES

Q2 2025
NEW JERSEY, NJ

INDUSTRIAL MARKET OVERVIEW

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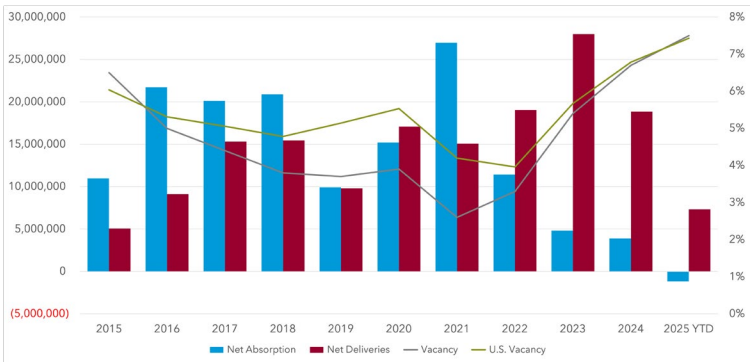
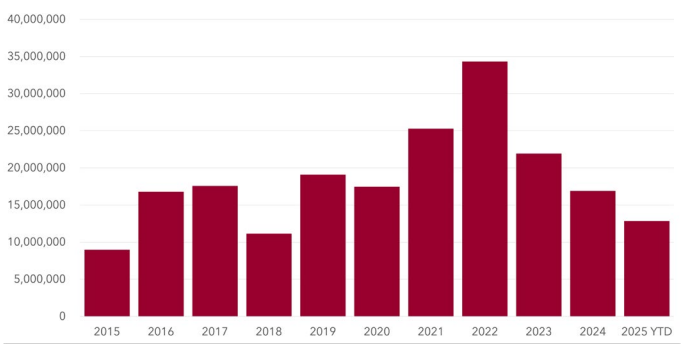
The NJ Industrial market continues to regulate to a more balanced equilibrium between tenants and landlords. Rental growth remained nearly flat. Despite record Class A asking rates, effective taking rents show the largest discount off sticker price in at least a cycle as owners offer more generous free rent, now averaging 4 months and growing. Despite some market uncertainty, leasing picked up to 83% of the 5-year average at 10.4MM SF leased; in 5 months on average. 32 leases over 100k SF were signed. 15 leases totaling 935k SF or 9% of all inked space were subleases, nearly triple QoQ. Available sublet space hit another consecutive new record of 13.9MM SF. Net absorption clocked (95k) SF as occupiers react to tariffs. Sales volume finished Q1 at $1.1B, 84% of the 5-year average. Median pricing gained 5.6% to $188 PSF while median cap rates decompressed 150 bps up to 7.9% as the Fed kept its target rates of 4.25% - 4.5% unchanged in June. 73.4MM SF is proposed.

MARKET INDICATORS	Q2 2025	Q1 2025	Q4 2024	Q3 2024	Q2 2024
▲ Qtrly Net Absorption SF	(95,095)	(1,068,046)	2,837,394	2,286,665	(1,206,692)
▲ Vacancy Rate	7.5%	7.2%	6.7%	6.7%	6.3%
▲ Avg NNN Asking Rate PSF	$13.45	$13.43	$13.48	$13.58	$13.62
▲ Sale Price PSF	$188.43	$178.41	$162.75	$186.05	$163.86
▲ Cap Rate	7.90%	6.40%	7.20%	8.70%	6.00%
▼ Under Construction SF	12,861,429	15,389,935	16,903,712	17,645,291	20,886,596
▲ Inventory SF	1,073,982,898	1,070,891,268	1,066,699,024	1,062,818,697	1,056,788,898

NET ABSORPTION, NET DELIVERIES, & VACANCY



UNDER CONSTRUCTION



TOP SALE TRANSACTIONS BY SF	SIZE	SALE PRICE	BUYER / SELLER	BUILDING CLASS
5206 US Highway 130 Mansfield, NJ	610,183 SF	$141,750,000 $232.31 PSF	EQT Real Estate 2020 Acquisitions	Class A
1501 Cottontail Lane Somerset, NJ	519,544 SF	$145,090,333 $279.26 PSF	Morgan Stanley & Co. Nissan	Class B
169 Pulaski Street Bayonne, NJ	433,204 SF	$84,630,000 $195.36 PSF	Turnbridge Equities Waitex International Ltd.	Class B

TOP LEASE TRANSACTIONS BY SF	SIZE	LANDLORD	TENANT	TENANT INDUSTRY
995 Taylors Lane Cinnaminson, NJ	1,200,000 SF	Logistics Property Co.	Maersk	Freight Transport
1501 Cottontail Lane Somerset, NJ	519,544 SF	Nissan North America	Nissan North America	Automobile Manufacturing
1 Malcolm Avenue Teterboro, NJ	515,421 SF	Hartz Mountain Industries	Western Carriers	Wine & Spirits Warehousing

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