LEE & ASSOCIATES
COMMERCIAL REAL ESTATE SERVICES

Q2 2025
NEW JERSEY, NJ

OFFICE MARKET OVERVIEW

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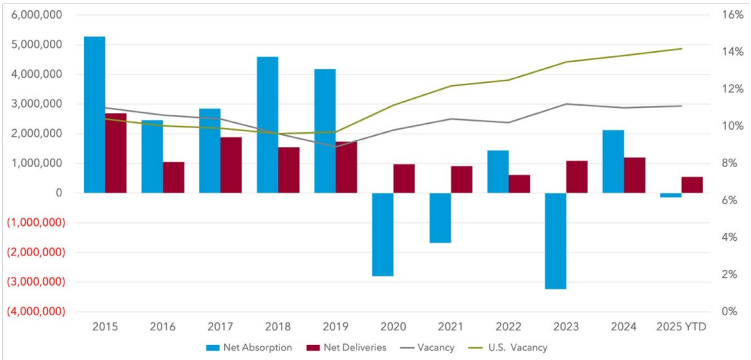
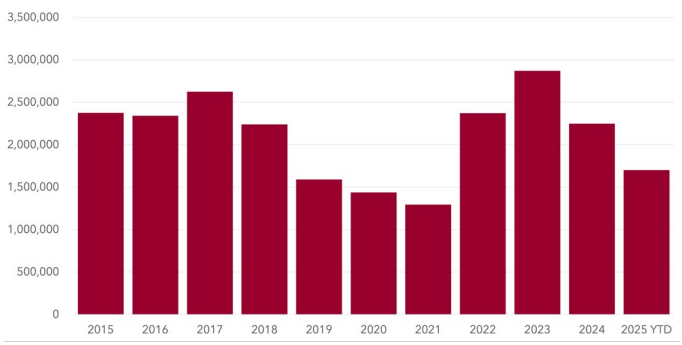
Q2 leasing activity fell 8% QoQ to 2.2MM SF, 65% of the 5-year average. 19 20k+ SF leases were inked, of which 5 were subleases. Lease terms are shorter, averaging 3.4 years. Lease-up time hastened a month, down to 9 months. Rental rates flat, up $0.02 PSF QoQ to $28.64 PSF gross. 612k SF of occupied space was lost during Q2. As of May, NJ unemployment remained flat at 4.8%, up 20 bps QoQ and 30 bps YoY. Sales volume remained flat, finishing at $400MM, 60% of the 5-year average. Median pricing grew 8.7% to $175 PSF while median cap rates compressed slightly by 110 bps to 7.1%. 27 office properties encompassing 5.2MM SF and $635MM ($121 PSF) of active CMBS debt are currently specially serviced, while 35 properties with $1.6B ($160 PSF) of active debt are projected to default in the next 24 months. 9.7MM SF is approved, 986k SF being medical.

MARKET INDICATORS	Q2 2025	Q1 2025	Q4 2024	Q3 2024	Q2 2024
▼ Qtrly Net Absorption SF	(611,526)	465,713	1,623,451	1,537,711	(44,967)
▲ Vacancy Rate	11.1%	11.0%	11.0%	11.3%	11.5%
▲ Avg GRS Asking Rate PSF	$28.64	$28.62	$28.50	$28.14	$28.09
▲ Sale Price PSF	$175.00	$161.02	$170.31	$163.74	$169.42
▼ Cap Rate	7.10%	8.20%	7.90%	8.20%	6.70%
▼ Under Construction SF	1,701,155	1,771,870	2,246,573	2,280,102	2,937,373
▲ Inventory SF	416,733,820	416,660,095	416,183,592	416,022,488	415,344,717

NET ABSORPTION, NET DELIVERIES, & VACANCY



UNDER CONSTRUCTION



TOP SALE TRANSACTIONS BY SF	SIZE	SALE PRICE	BUYER / SELLER	BUILDING CLASS
400 Parsons Pond Drive Franklin Lakes, NJ	726,738 SF	$32,100,000 $44.17 PSF	The S. Hekemian Group The Cigna Group	Class C
1 CommVault Way Tinton Falls, NJ	276,900 SF	$36,000,000 $130.01 PSF	Inspired by Somerset Development Commvault	Class A
240 Cedar Knolls Road Cedar Knolls, NJ	117,492 SF	$14,100,000 $120.01 PSF	Iron Ore Properties Highstone Equity Group	Class A

TOP LEASE TRANSACTIONS BY SF	SIZE	LANDLORD	TENANT	TENANT INDUSTRY
135 Greene Street Jersey City, NJ	123,410 SF	American Equity Partners	Kessler Rehabilitation Center	Outpatient Care Centers
1 CommVault Way Tinton Falls, NJ	75,000 SF	Commvault	Commvault	Computer Systems Services
210 Carnegie Center Princeton, NJ	52,771 SF	BXP. Inc.	Acadia Pharmaceuticals	Pharmaceutical Manufacturing

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