



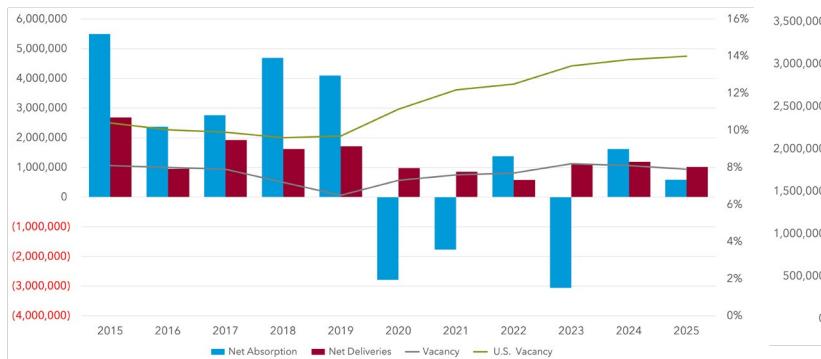
### OFFICE MARKET OVERVIEW

MICHAEL MALMSTONE, Director of Research and Valuation

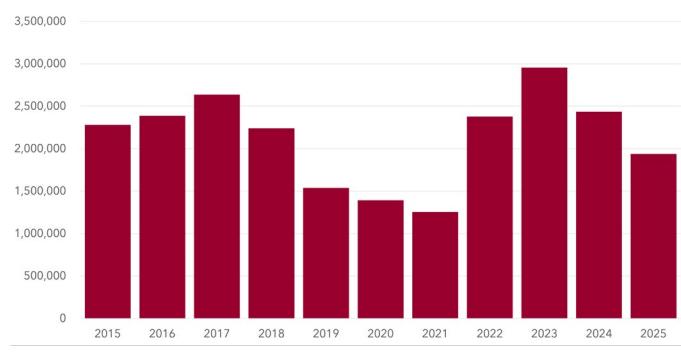
Q4 leasing activity fell 10% QoQ to 2.2MM SF, 67% of the 5-year average. 16 20k+ SF leases were inked, of which 6 were renewals. Lease-up time fell a month, down to 9 months. Rental rates fell a quarter QoQ to \$28.57 PSF gross. 1MM SF of occupied space was gained during Q4, the 7th positive quarter in the last 5 years. As of November, NJ unemployment grew to 5.4%, up 40 bps QoQ and 80 bps YoY. Sales volume grew 9%, finishing at \$395MM, 61% of the 5-year average. Average pricing was flat at \$112 PSF as mostly troubled assets traded, while average cap rates decompressed 80 bps to 8.3%. 24 office properties encompassing 3.8MM SF and \$583MM (\$153 PSF) of active CMBS debt are currently specially serviced, while 29 properties with \$1.5B (\$150 PSF) of active debt are projected to default in the next 24 months, averaging 44 years old. 9.1MM SF is approved, 900k SF being medical.

MARKET INDICATORS	Q4 2025	Q3 2025	Q2 2025	Q1 2025	Q4 2024
▲ Qtrly Net Absorption SF	1,042,779	(765,626)	(341,727)	651,096	1,427,034
▼ Vacancy Rate	7.9%	8.2%	8.0%	7.9%	8.1%
▲ Avg GRS Asking Rate PSF	\$28.83	\$28.56	\$28.60	\$28.62	\$28.49
▼ Sale Price PSF	\$111.80	\$112.38	\$158.50	\$159.03	\$132.03
▲ Cap Rate	8.3%	7.5%	7.2%	8.1%	8.2%
▼ Under Construction SF	1,938,568	2,135,082	2,029,282	1,966,231	2,435,858
▲ Inventory SF	411,967,727	411,771,213	411,507,013	411,429,714	410,953,211

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



#### UNDER CONSTRUCTION



TOP SALE TRANSACTIONS BY SF	SIZE	SALE PRICE	BUYER / SELLER	BUILDING CLASS
199 Grandview Road Skillman, NJ	360,000 SF	\$6,927,416 \$19.24 PSF	E. Kahn Development Corporation Johnson & Johnson	Class A
6000-8000 Midatlantic Drive Mount Laurel, NJ	340,261 SF	\$12,535,175 \$36.84 PSF	Needleman Mgmt. Co., Inc. Whitesell Construction Co., Inc.	Class B
14 Sylvan Way Parsippany, NJ	203,506 SF	\$33,000,000 \$162.16 PSF	Signature Acquisitions Peakstone Realty Trust	Class A

TOP LEASE TRANSACTIONS BY SF	SIZE	LANDLORD	TENANT	TENANT INDUSTRY
40 Avenue A Bayonne, NJ	285,000 SF	Moore Capital Management LP	Paramount	Telecommunications
103 John F Kennedy Parkway Short Hills, NJ	123,000 SF	Columbia Pacific Advisors	Selective Insurance	Insurance
259 Prospect Plains Road Cranbury, NJ	107,000 SF	Matrix Development	MJH Life Sciences	Healthcare



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