



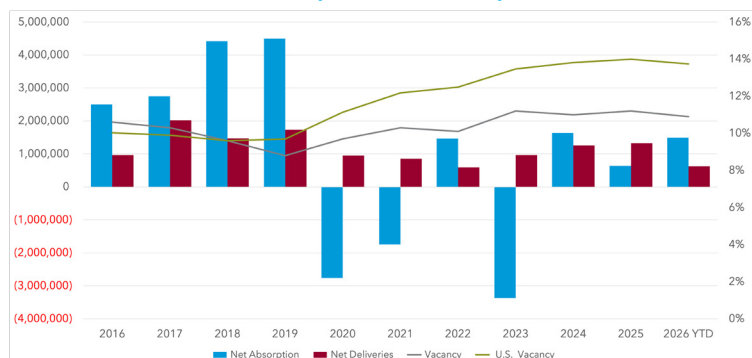
OFFICE MARKET OVERVIEW

MICHAEL MALMSTONE, *Director of Research and Valuation*

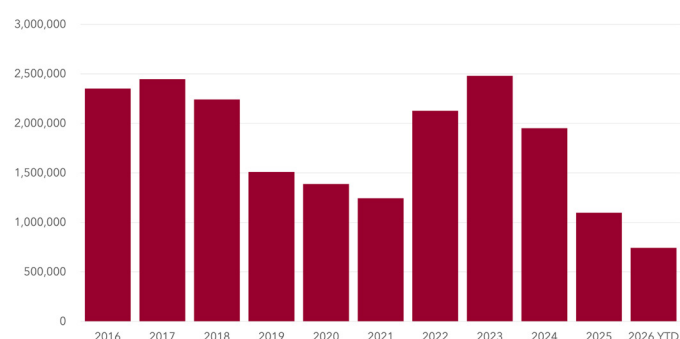
Q3 leasing activity rose 1% QoQ to 2.8M SF, while lease-up time increased to 10 months. Major leases involved financial, biotech and healthcare tenants. Gross asking rents rose \$0.44 to \$29.33 PSF. Net absorption remained positive at 291k SF, lowering vacancy 10 bps to 10.9%. NJ unemployment fell to 4.3% in August, down 120 bps YoY. Sales volume declined 43% QoQ to \$308MM, while average pricing nearly doubled to \$213 PSF and cap rates compressed 60 bps to 7.2%. Distressed assets and redevelopment opportunities continued to influence sales. Outpatient healthcare demand encouraged conventional office conversions. Active construction declined to 744k SF amid limited development and tighter financing conditions, as the Fed raised rates 25 bps to 3.75%-4.00%, its first hike since 2023.

MARKET INDICATORS	Q3 2026	Q2 2026	Q1 2026	Q4 2025	Q3 2025
▲ Qtrly Net Absorption SF	291,304	279,309	921,971	1,203,260	(898,445)
▼ Vacancy Rate	10.9%	11.0%	10.9%	11.2%	11.4%
▲ Avg GRS Asking Rate PSF	\$29.33	\$28.89	\$28.88	\$28.77	\$28.50
▲ Sale Price PSF	\$213.46	\$110.90	\$121.54	\$126.24	\$118.79
▼ Cap Rate	7.2%	7.8%	7.7%	7.8%	7.6%
▼ Under Construction SF	743,503	762,458	1,058,093	1,098,157	1,515,217
▲ Inventory SF	408,658,596	408,631,072	408,099,437	408,033,487	407,604,900

NET ABSORPTION, NET DELIVERIES, & VACANCY



UNDER CONSTRUCTION



TOP SALE TRANSACTIONS BY SF	SIZE	SALE PRICE	BUYER / SELLER	BUILDING CLASS
500 Atrium Drive Somerset, NJ	137,500 SF	\$15,276,299 \$111.10 PSF	ARES Madison Realities	Class A
140 Park Avenue Florham Park, NJ	100,000 SF	\$33,888,901 \$338.89 PSF	JLL Income Property Trust JLL Exchange	Class A
2035 Lincoln Highway Edison, NJ	98,566 SF	\$11,707,198 \$118.78 PSF	Amit Poonia Friendwell Management USA, LLC	Class A

TOP LEASE TRANSACTIONS BY SF	SIZE	LANDLORD	TENANT	TENANT INDUSTRY
210 Hudson Street Jersey City, NJ	207,424 SF	601W Companies	Professional Sports Authenticator (Collectors Holdings)	Business Services
499 Washington Boulevard Jersey City, NJ	139,080 SF	LeFrak	Fidelity Investor Center	Financial Services
15 Vreeland Road Florham Park, NJ	133,021 SF	Algin Management	CACI International Inc.	Computer System Design

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