

OFFICE

Northern New Jersey 4Q 2021 Report

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Insights and Outlook into Y-2022 W. Joshua Levering, SIOR Senior Vice President

We turn the page but not necessarily the narrative

Although the New Jersey Office market had faced uncertainty due to Covid-19, there is optimism that the latest wave of the pandemic will be short-lived and not as extraordinary as 2020-21. While the major New Jersey office indexes and statistics remain vulnerable, most owners, investors, and developers see signs of opportunity. Similarly, tenants are taking advantage of current market conditions.

Although many transactions in 2021 occurred within traditional FIRE (finance, insurance and real estate) sector, other industries have been incredibly active including legal services and medical/research services. It is likely that these trends will continue into 2022.


In addition to Covid-19, there are two other factors that will affect the market heading into the new year: the labor market and the potential impact of rising interest rates. While New Jersey has a tremendous labor pool, job openings are increasing difficult to fill, particularly in our new just-in-time economy. Another concern facing employers is the transition to a work-from-home labor force. It is anticipated that interest rates (borrowing rates) will likely increase marginally over the course of the year. The immediate impact of this remains unclear, including how it will affect lenders' willingness to provide liquidity to New Jersey's office sector, investments and redevelopments. Speculative lending is expected to remain fairly tight, which may force active participants to seek non-traditional sources of financing.


Overall, there is cautious optimism for the New Jersey office market heading into 2022. There will be plenty of opportunities for tenants, investors, developers, and speculators. Navigating through uncertainty will be nothing new from 2021—yet looking forward, the challenges of the past two years have brought a greater understanding of the market and the confidence to move ahead.

As advisors, we are guiding our customers and clients to uncover opportunities that do exist, especially within markets that have remained strong. As we look ahead and prepare owners, tenants, and investors the information to gain insights into many of the market unknowns we have grown to expect in these unknown times, we have been able to identify and process many meaningful transactions that on the surface were unexpected. With focus and professional diligence, opportunities for those with foresight and risk tolerance has been very positive.

YE2021 vs. YE2020

 **13.8%**
Vacancy Rate ↑

 **\$0.51**
Asking Rate ↑

 **6,797,953 SF**
Leasing Activity ↓

**excludes portfolio sales

Top Transactions

LEASED

358,678 SF | 100 Connell Drive, Berkeley Heights
Fiserv

247,067 SF | 11 Centre Place, Newark
FBI (Renewal)

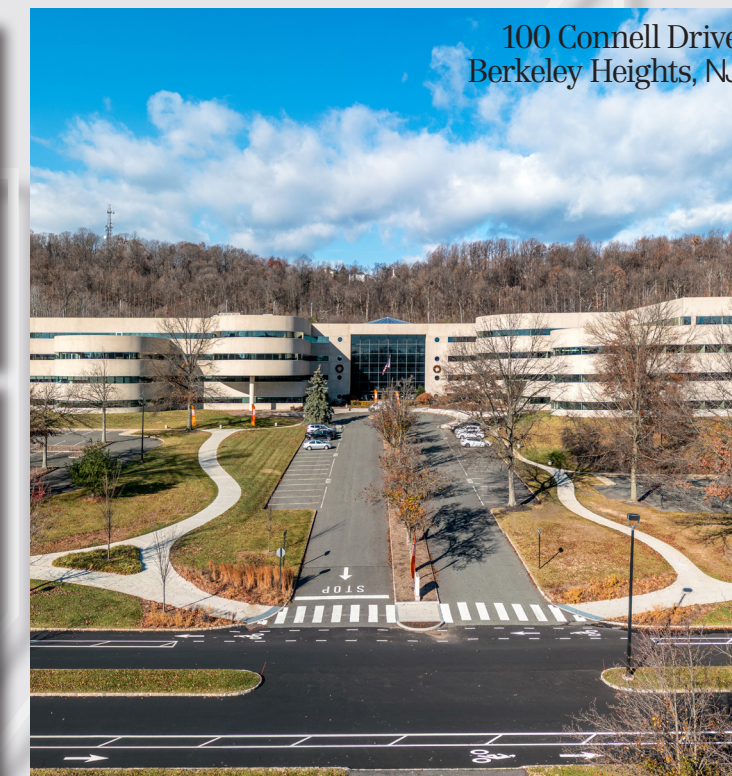
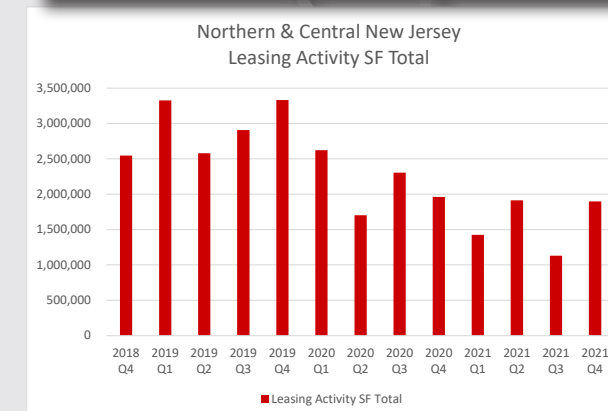
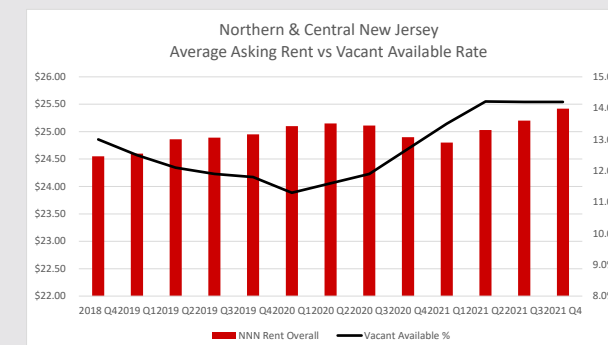
208,911 SF | 100 Tice Blvd., Woodcliff Lake
Party City

SOLD

620,000SF | 1000 Harbor Blvd., Weehawken
Price: \$219,000,000
Buyer: KTB Investment & Securities, Wharton Prop.
Seller: Hartz Mountain

315,086 SF | 253 King George Road, Warren
Price: \$150,266,666
Buyer: Mirabaud Group, EXAN Capital
Seller: Rubenstein Partners, Vision RE Partners

Leasing Activity



County	Total RBA	Total Vacant Available SF	Total Vacant Available %	Total Net Absorption	Total SF Leased	Total Average Asking Rate
Northern NJ	236,699,557	33,517,453	14.2%	(434,276)	1,897,653	\$25.42
Morris	36,861,175	7,102,613	19.3%	105,243	167,270	\$24.97
Essex	33,662,552	3,534,045	10.5%	213,226	137,832	\$27.09
Bergen	33,207,624	3,988,820	12.0%	(291,263)	542,456	\$25.32
Middlesex	31,073,297	4,665,483	15.0%	(152,678)	199,966	\$25.38
Hudson	27,521,529	4,233,555	15.4%	(7,252)	185,342	\$33.93
Somerset	24,210,100	4,397,400	18.2%	(108,959)	83,504	\$22.45
Mercer	23,140,988	2,099,424	9.1%	99,952	87,218	\$25.31
Union	12,657,117	1,144,724	9.0%	(56,472)	476,800	\$29.17
Passaic	8,120,596	925,308	11.4%	(69,996)	17,265	\$20.66
Hunterdon	5,114,681	1,372,298	26.8%	(166,077)	-	\$17.78
Sussex	601,533	18,720	3.1%	-	-	\$11.25
Warren	528,365	35,063	6.6%	-	-	\$19.03
Rockland, NY	4,174,597	632,921	15.2%	39,143	31,260	\$22.79
Orange, NY	3,416,714	404,229	11.8%	-	-	\$17.48

Source: CoStar® 20,000+ sf A&B office



1000 Harbor Blvd.
Jersey City, NJ

Teterboro, N.J. (January 3, 2022) – NAI James E. Hanson announces the hiring of Susan Mason as Senior Vice President. Mason will join NAI James E. Hanson's office leasing team in its Teterboro office.

One of the most respected and distinguished office leasing experts in New Jersey, Mason is a highly motivated commercial real estate professional with a storied history of success throughout her 25-plus year career. Mason's attention to detail and commitment to client service has earned her the trust of leading private and institutional clients in meeting their office leasing needs. Outside of her specialization in office lease negotiations and marketing, Mason's well-rounded background in tenant construction and property management will further bolster NAI James E. Hanson's already robust full-service commercial real estate services.

Welcome



Susan M. Mason
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NAI James E. Hanson
COMMERCIAL REAL ESTATE SERVICES, WORLDWIDE

"Susan is widely regarded as one of the state's preeminent office leasing experts," said William C. Hanson, SIOR, President of NAI James E. Hanson. "We are confident that her highly sought-after expertise and local market knowledge will be of tremendous value to our team and our clients. We welcome Susan to the team and look forward to further cementing our standing as northern New Jersey's most-trusted full-service commercial real estate services firm."

Prior to joining NAI James E. Hanson, Mason served as Executive Vice President for JLL in its Parsippany, N.J. office specializing in agency representation. Mason oversaw leasing for some of the state's largest office portfolios and executed aggressive marketing and leasing campaigns that consistently drove high occupancy from many of the region's premier corporate tenants. Previously, Mason also served as Leasing Director for CBRE and held positions with Lincoln Property Company as a Portfolio Manager, Aegon USA as an Assistant Vice President, and Troast Group as a Leasing Representative and Property Manager where she honed her strong negotiation, representation, and construction management skills.

Throughout her career, Mason has represented both private owners and developers as well as institutional investors for a diverse number of firms.

Mason added, "The unprecedented conditions of New Jersey's commercial office market are more competitive than ever, and NAI James E. Hanson stands in a league of their own when it comes to local market expertise and global resources that can assist clients with making informed and educated real estate decisions. I look forward to working closely with their exceptional team of professionals to add to that expertise as we strive to help our clients capitalize on opportunities in the market."

4Q2021

Office Market Update

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NAI James E. Hanson is the largest independently owned commercial real estate firm in the state with over 65 years of experience in the New Jersey industrial market and has one of the largest industrial teams. NAI Hanson currently holds 11 SIOR designations, the most SIORs over any other commercial real estate firm in the state.

For more information, please contact:

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