



TRANSWESTERN

NEW JERSEY INDUSTRIAL MARKET

Q1 2024



TRENDLINES

	Q1 2024	Q1 2023	ONE-YEAR TREND	FIVE-YEAR AVERAGE	12-MONTH FORECAST
UNEMPLOYMENT RATE	4.8	3.9	↑	5.6	↑
NET ABSORPTION (MSF)	(0.4)	2.3	↓	1.9	↓
OVERALL VACANCY RATE	5.8%	3.2%	↑	3.5%	↑
OVERALL VACANT SF (MSF)	43.8	23.7	↑	25.1	↑
UNDER CONSTRUCTION (MSF)	12.6	20.4	↓	15.1	↓
ASKING RENT, NNN (PSF)	\$14.15	\$13.47	↑	\$11.08	↑
SALES VOLUME (MILLIONS)	\$127.4	\$890.3	↓	\$1,046.7	↑
SALES PRICE (PSF)	\$206	\$195	↑	\$162	↓

Source: Bureau of Labor Statistics, CoStar, Real Capital Analytics, Transwestern

STABLE DEMAND OFFSET BY NEW LISTINGS

The New Jersey industrial market kicked off 2024 with fairly strong demand offset by new development and a substantial increase of sublease space returned to the market. As a result, the market recorded its second largest quarterly net absorption loss in five years while the overall vacancy rate increased for the eighth consecutive quarter. Tenant activity has been fairly balanced as manufacturing, retail, and transportation companies each accounted for nearly 25% of recent leasing. Total product under construction decreased for the sixth consecutive quarter, while new deliveries were at the lowest level since Q1 2023. Rent growth has appeared to level off.

Jobs supporting industrial real estate continued higher, however the growth rate decelerated. Warehouse jobs continued to decline while trucking totals were flat. January and February volumes at The Port of New York and New Jersey have increased when compared to 2023, and Baltimore's Key Bridge collapse will likely mean more cargo will be rerouted to the area.



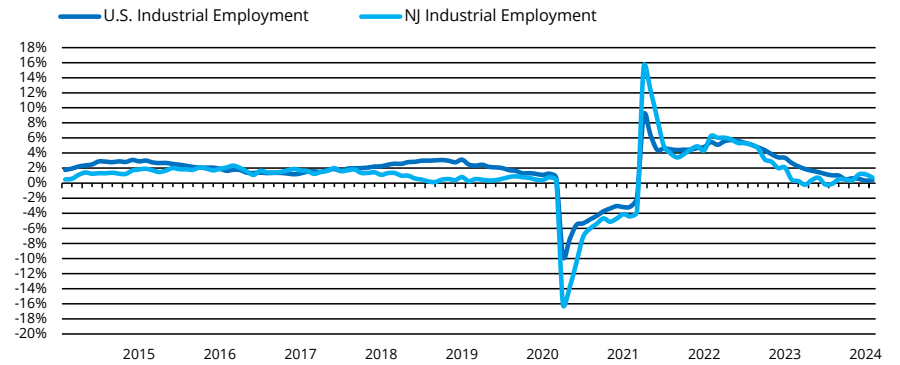
ECONOMY

Increased Cargo Volume

- The U.S unemployment rate ticked up slightly to 3.8%, 10 basis points higher than the previous quarter, but 20 basis points higher when compared year-over-year.
- The labor participation rate for the U.S. fell slightly during the quarter and increased minimally when compared year-over-year. It remains below pre-pandemic levels.
- Jobs supporting the industrial real estate sector continued higher however the growth rate decelerated for the seventh consecutive quarter. Warehouse jobs continued to decline while trucking employment totals were flat.
- The New Jersey unemployment rate has remained at 4.8% for six consecutive months through February 2024 and was 90 basis points higher than 12 months ago.
- January and February volumes at The Port of New York and New Jersey have increased when compared to 2023, and the Baltimore Bridge collapse will likely mean more cargo will be rerouted to the area.

Y-O-Y CHANGE IN INDUSTRIAL JOBS

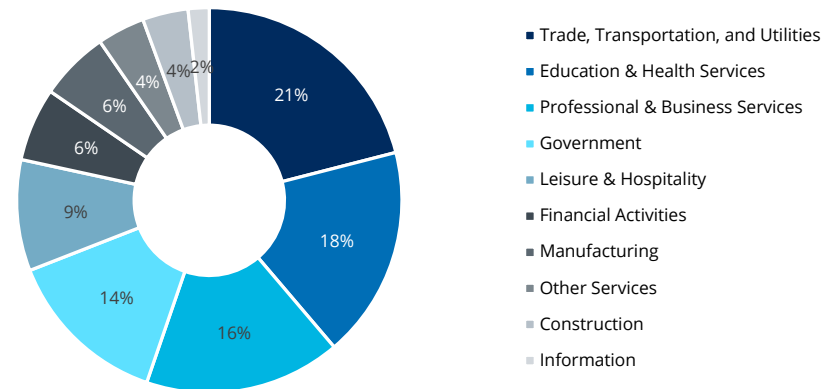
New Jersey | February 2024



Source: Bureau of Labor Statistics, Transwestern

SHARE OF EMPLOYEES BY INDUSTRY

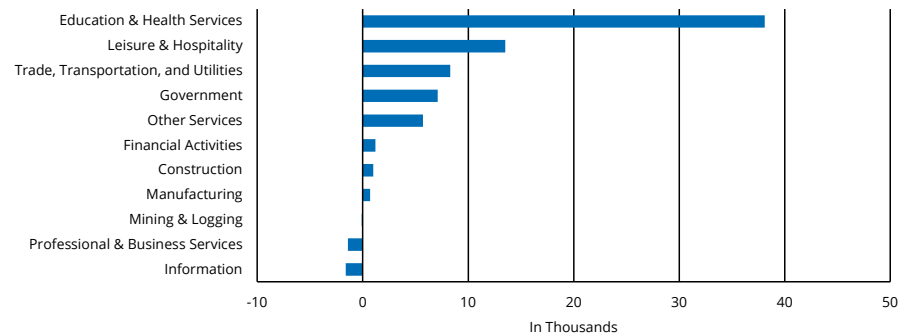
New Jersey | February 2024



Source: Bureau of Labor Statistics, Transwestern

Y-O-Y CHANGE IN JOBS BY INDUSTRY

New Jersey | February 2024



Source: Bureau of Labor Statistics, Transwestern

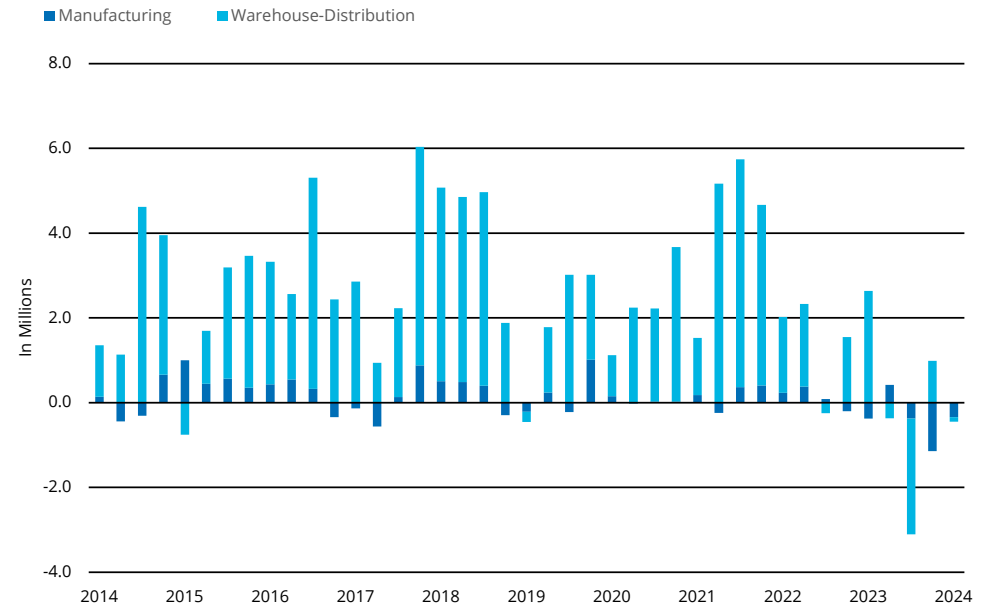


NET ABSORPTION

Industry Balance

- The market recorded its second largest quarterly net absorption loss in five years as nearly one-half million square feet was returned to the market.
- More than one million square SF of direct positive absorption was outpaced by the addition of more one and a half million SF of available sublease space to the market.
- For only the second time since Q1 2019, net absorption was negative for both manufacturing and warehouse-distribution buildings, with the latter accounting for three-quarters of the losses.
- Nearly 3.7 million SF was returned to the market during the past 12 months, the largest year-over-year occupancy loss in fourteen years.
- Tenant activity has been fairly balanced among the top industrial users, as manufacturing, retail, and transportation companies each accounted for nearly 25% of leasing during the past 12 months.

NET ABSORPTION BY PRODUCT TYPE



Source: CoStar, Transwestern

NOTABLE LEASES

Q1 2024

TENANT	ADDRESS	SUBMARKET	TYPE	SF LEASED
ELOGISTEK	1001 W Middlesex Ave	Exit 11/Perth Amboy/GSP	New	607,417
REFRESCO	80-98 N Main St	Morris West	Renewal	502,403
ANIXTER	7 Santa Fe Way	Exit 8A	Renewal/Expansion	501,400
WAKEFERN	60 Tower Rd	Exit 8A	Renewal	419,900
MEDICAL DEPOT	200 Docks Corner Rd	Exit 8A	New	270,642

Source: CoStar, Transwestern

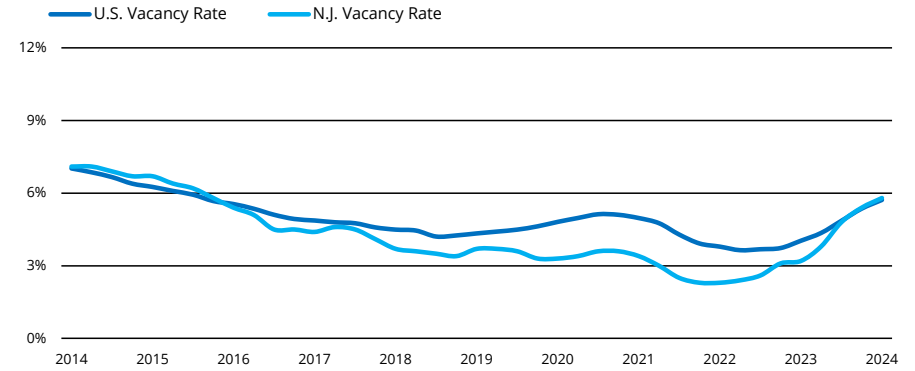


VACANCY

Sublease Space Skyrockets

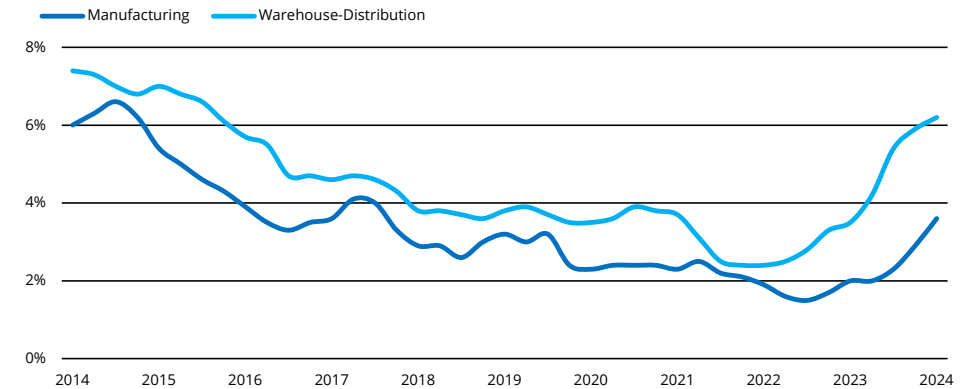
- The overall vacancy rate increased for the eighth consecutive quarter, rising to its highest level since Q4 2015.
- The level of unoccupied space 260 bps higher when compared year-over-year including a 40-bps jump in Q4.
- Vacant sublease space increased by 60% during Q1 to its highest level since 2003.
- At 6.2%, the vacancy rate for warehouse-distribution buildings is at its highest level since Q3 2015.
- Occupancy losses were recorded in 17 of 29 submarkets during Q1 2024, and 16 submarkets when compared year-over-year.

OVERALL VACANCY RATE



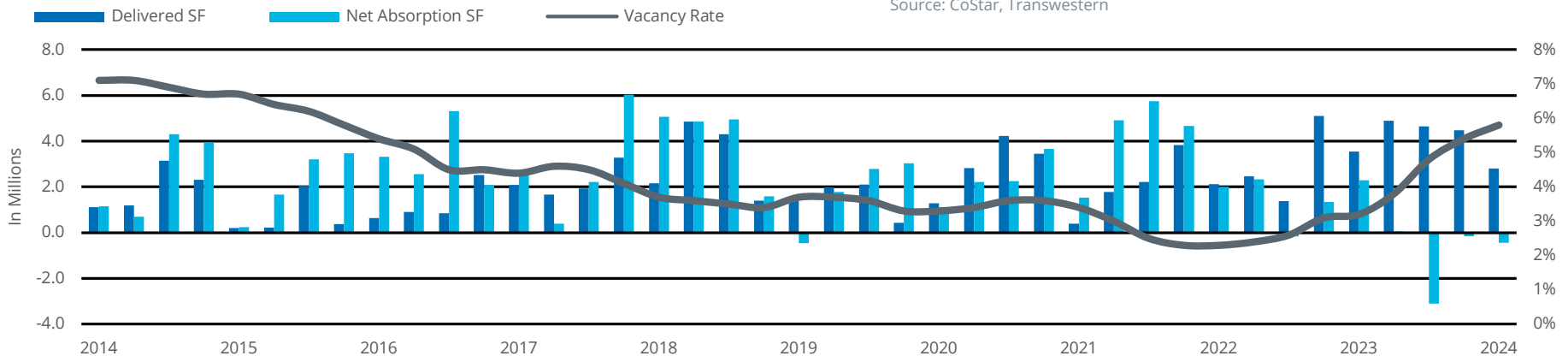
Source: CoStar, Transwestern

OVERALL VACANCY RATE BY PRODUCT TYPE



Source: CoStar, Transwestern

DELIVERY IMPACT ON KEY INDICATORS



Source: CoStar, Transwestern

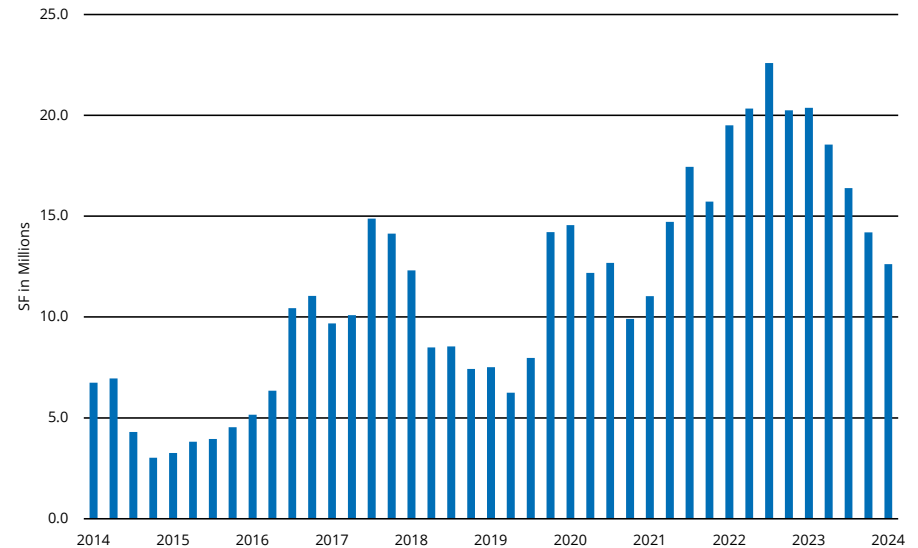


UNDER CONSTRUCTION

Continued Cooling

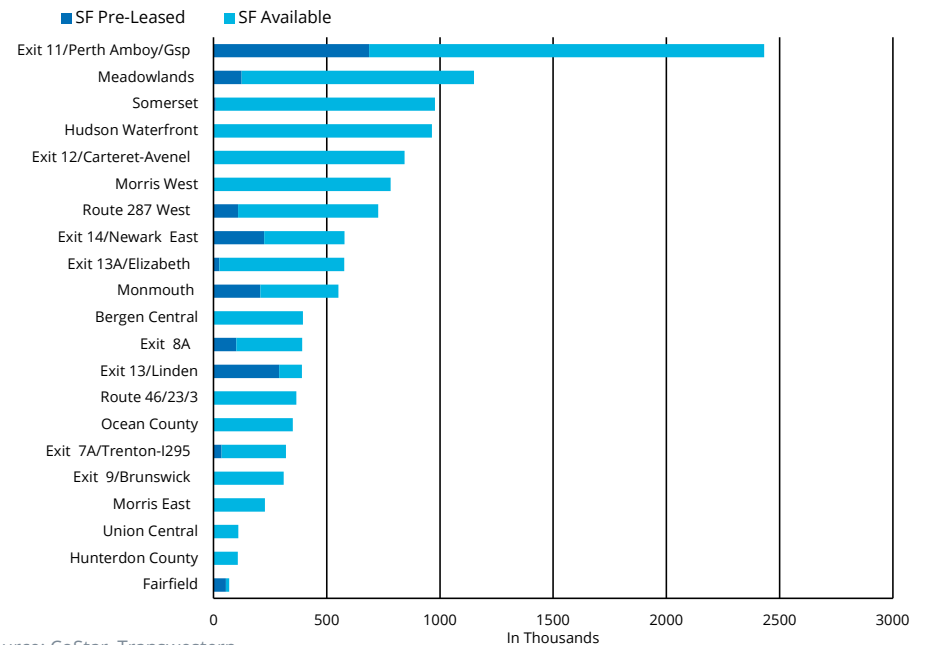
- Total product under construction decreased for the sixth consecutive quarter, while 2.8 million SF was delivered to the market, the lowest level since Q1 2023.
- The 12.6 million SF under construction is the lowest since Q1 2021, and 2.2 million SF below the five-year average.
- 21 of 29 submarkets have product under construction, down from 22 the previous quarter, and 24 when compared year-over-year.
- Two submarkets have more than one million SF under construction: Exit 11/Perth Amboy/GSP in central New Jersey and Meadowlands, the largest submarket in northern New Jersey. A year ago, seven submarkets had more than one million SF under construction.
- Options to lease new space are abundant as 85% of space under construction is available.

UNDER CONSTRUCTION



Source: CoStar, Transwestern

UNDER CONSTRUCTION BY SUBMARKET



Source: CoStar, Transwestern

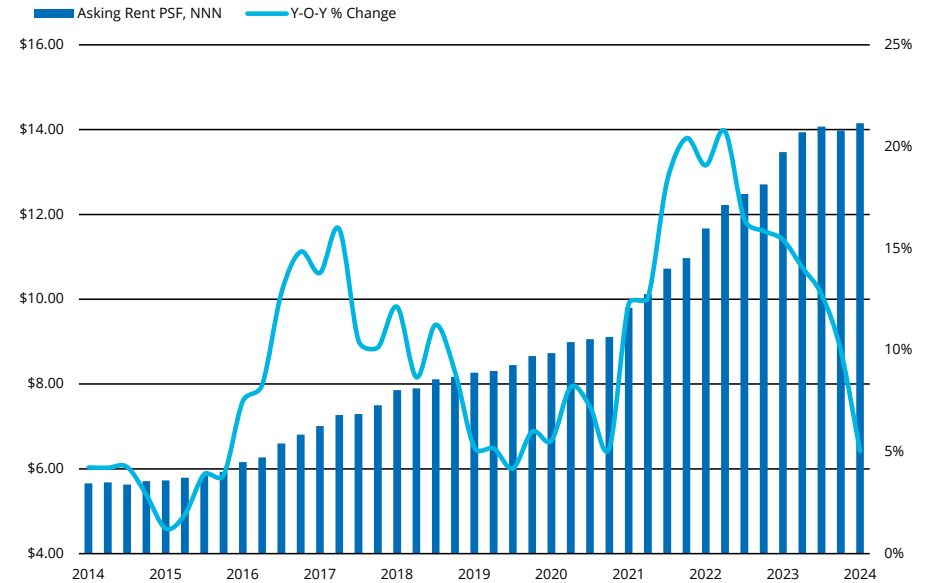


RENTAL RATES

Leveling Off

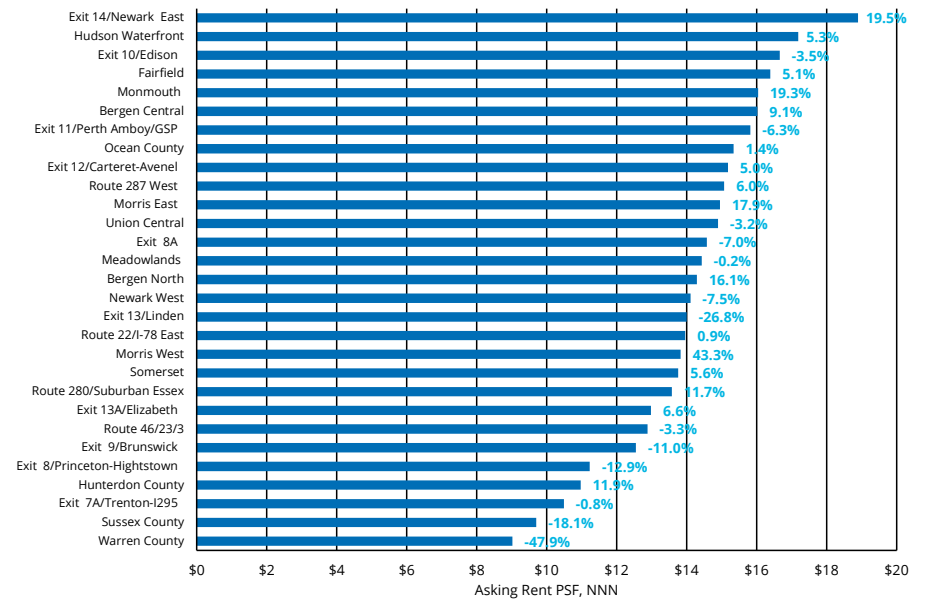
- Rents have appeared to level off as demand has cooled and the lower amount of new product delivered has less of an impact on overall averages.
- After decreasing for the first time since Q3 2014, asking rents pushed slightly higher to return the average above \$14 PSF.
- Rents continue to grow in most areas, recording quarterly increases in two-thirds of submarkets.
- Year-over-year rent growth continued, though the 5.0% increase during the past 12 months is the smallest since Q3 2019.
- Rents were 62% above pre-pandemic levels and are substantially above the five-year average of \$10.79 PSF.

ASKING RENT



Source: CoStar, Transwestern

ASKING RENTS BY SUBMARKET AND Y-O-Y GROWTH



Source: CoStar, Transwestern

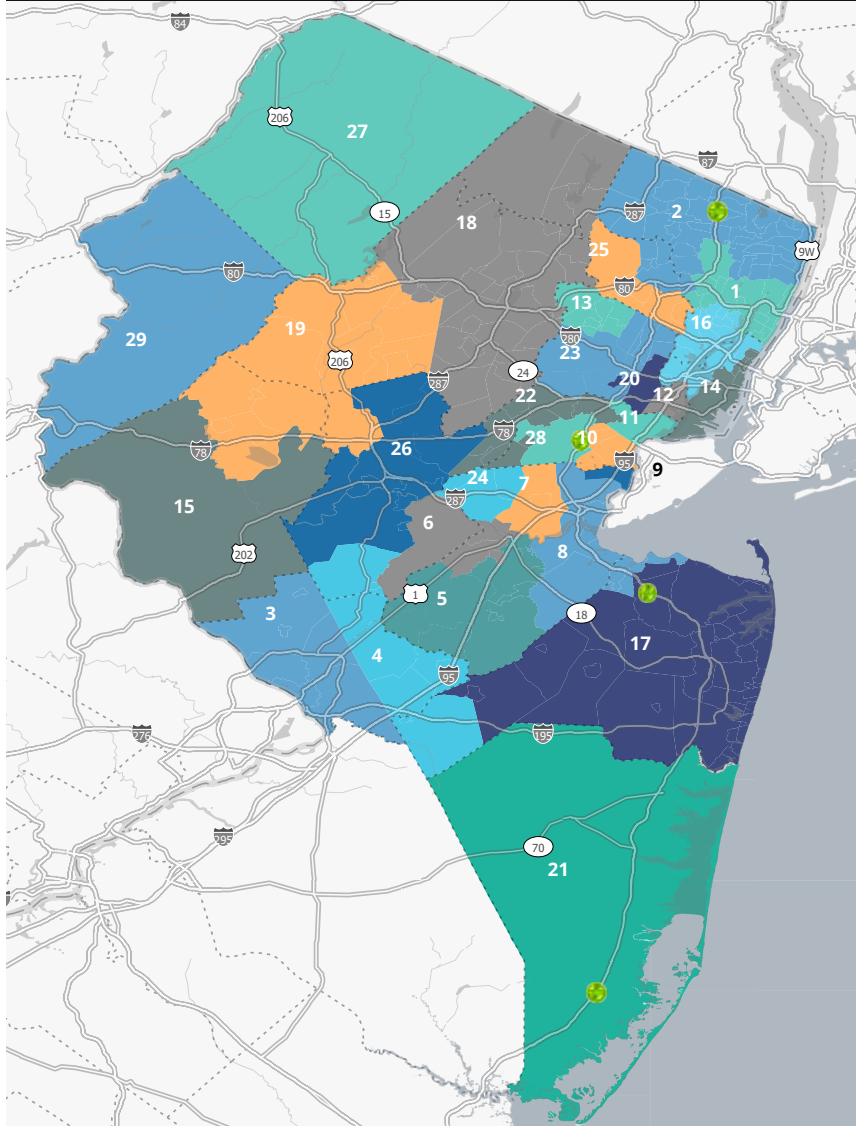


MARKET INDICATORS BY SUBMARKET | Q1 2024

SUBMARKET	INVENTORY SF	DIRECT VACANT SF	DIRECT VACANCY RATE	OVERALL VACANCY RATE	UNDER CONSTRUCTION SF	NET ABSORPTION SF	Y-O-Y NET ABSORPTION SF	ASKING RENT PSF, NNN
BERGEN CENTRAL	25,848,250	1,604,622	6.2%	7.1%	394,356	(204,677)	(302,909)	\$16.02
BERGEN NORTH	22,359,970	908,366	4.1%	5.3%	0	94,519	60,824	\$14.29
EXIT 7A/TRENTON-I295	30,292,232	1,857,454	6.1%	6.6%	320,243	356	640,517	\$10.49
EXIT 8/PRINCETON-HIGHTSTOWN	8,315,632	176,614	2.1%	2.2%	0	(3,000)	81,000	\$11.23
EXIT 8A	76,491,306	1,756,628	2.3%	2.9%	391,758	1,072,125	85,625	\$14.58
EXIT 9/BRUNSWICK	23,560,294	1,909,722	8.1%	10.3%	310,180	(389,506)	(547,427)	\$12.55
EXIT 10/EDISON	43,618,717	1,933,274	4.4%	5.3%	0	(54,586)	(1,385,066)	\$16.66
EXIT 11/PERTH AMBOY/GSP	24,220,679	2,012,483	8.3%	8.3%	2,431,783	475,052	109,272	\$15.82
EXIT 12/CARTERET-AVENEL	20,432,576	2,858,590	14.0%	14.3%	843,544	(41,766)	(162,748)	\$15.18
EXIT 13/LINDEN	25,610,653	1,508,380	5.9%	9.0%	390,005	(704,289)	153,152	\$14.00
EXIT 13A/ELIZABETH	19,678,531	1,021,578	5.2%	5.2%	577,687	(263,617)	(625,699)	\$12.98
EXIT 14/NEWARK EAST	24,507,164	199,911	0.8%	0.9%	578,260	52,617	(85,416)	\$18.90
FAIRFIELD	12,757,031	272,128	2.1%	2.3%	68,985	(854)	(25,598)	\$16.39
HUDSON WATERFRONT	33,651,914	2,767,413	8.2%	8.5%	964,508	365,693	360,812	\$17.19
HUNTERDON COUNTY	5,923,972	608,401	10.3%	10.3%	107,200	(232,314)	(459,601)	\$10.97
MEADOWLANDS	95,605,102	5,192,863	5.4%	6.1%	1,150,010	(501,125)	(1,993,527)	\$14.43
MONMOUTH	21,624,039	2,246,134	10.4%	10.4%	551,009	74,647	403,601	\$16.04
MORRIS EAST	24,817,492	1,318,138	5.3%	5.3%	226,749	28,390	(310,019)	\$14.95
MORRIS WEST	16,266,780	642,529	3.9%	4.1%	781,748	(33,941)	(100,431)	\$13.83
NEWARK WEST	17,781,408	1,381,937	7.8%	7.8%	0	(125,843)	(324,315)	\$14.11
OCEAN COUNTY	13,533,602	1,444,915	10.7%	10.8%	349,712	19,875	60,166	\$15.34
ROUTE 22/I-78 EAST	20,136,518	706,159	3.5%	3.8%	0	(88,642)	20,692	\$13.96
ROUTE 280/SUBURBAN ESSEX	11,219,922	881,301	7.9%	8.0%	0	(56,873)	(376,296)	\$13.58
ROUTE 287 WEST	32,975,917	535,402	1.6%	1.8%	727,165	(35,094)	587,128	\$15.07
ROUTE 46/23/3	53,144,376	1,689,441	3.2%	3.6%	365,505	377,547	(697,847)	\$12.88
SOMERSET	30,992,341	1,284,774	4.1%	4.4%	978,276	(292,405)	346,687	\$13.76
SUSSEX COUNTY	3,533,185	162,186	4.6%	4.6%	0	(19,916)	(25,406)	\$9.70
UNION CENTRAL	7,141,148	199,097	2.8%	2.8%	109,200	11,732	(99,997)	\$14.90
WARREN COUNTY	10,614,356	505,100	4.8%	4.8%	0	29,564	960,472	\$9.02
TOTAL	756,655,107	39,585,540	5.2%	5.8%	12,617,883	(446,331)	(3,652,354)	\$14.15

MARKET INDICATORS BY PROPERTY TYPE | Q1 2024

SUBMARKET	INVENTORY SF	DIRECT VACANT SF	DIRECT VACANCY RATE	OVERALL VACANCY RATE	UNDER CONSTRUCTION SF	NET ABSORPTION SF	Y-O-Y NET ABSORPTION SF	ASKING RENT PSF, NNN
WAREHOUSE-DISTRIBUTION	626,966,738	35,358,667	5.6%	6.2%	12,617,883	(103,057)	(2,646,430)	\$14.40
MANUFACTURING	129,688,369	4,226,873	3.3%	3.6%	0	(343,274)	(1,005,924)	\$12.93
TOTAL	756,655,107	39,585,540	5.2%	5.8%	12,617,883	(446,331)	(3,652,354)	\$14.15



NEW JERSEY SUBMARKETS

- 1 BERGEN CENTRAL
- 2 BERGEN NORTH
- 3 EXIT 7A/TRENTON-I295
- 4 EXIT 8/PRINCETON-HIGHTSTOWN
- 5 EXIT 8A
- 6 EXIT 9/BRUNSWICK
- 7 EXIT 10/EDISON
- 8 EXIT 11/PERTH AMBOY/GSP
- 9 EXIT 12/CARTERET-AVENEL
- 10 EXIT 13/LINDEN
- 11 EXIT 13A/ELIZABETH
- 12 EXIT 14/NEWARK EAST
- 13 FAIRFIELD
- 14 HUDSON WATERFRONT
- 15 HUNTERDON COUNTY
- 16 MEADOWLANDS
- 17 MONMOUTH
- 18 MORRIS EAST
- 19 MORRIS WEST
- 20 NEWARK WEST
- 21 OCEAN COUNTY
- 22 ROUTE 22/I-78 EAST
- 23 ROUTE 280/SUBURBAN ESSEX
- 24 ROUTE 287 WEST
- 25 ROUTE 46/23/3
- 26 SOMERSET
- 27 SUSSEX COUNTY
- 28 UNION CENTRAL
- 29 WARREN COUNTY

RESEARCH METHODOLOGY

The information in this report is the result of a compilation of information on industrial properties located in northern and central New Jersey. This report includes properties 10,000 square feet and larger.

FOR MORE INFORMATION

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TRANSWESTERN

Five dynamic, integrated companies make up the Transwestern enterprise, giving us the perspective to think broadly, deeply and creatively about commercial real estate. Clients and investors rely on us for expertise that spans institutional and opportunistic investment, development, hospitality, and brokerage and asset services. Our award-winning, collaborative culture empowers team members with resources and independence to work across boundaries in pursuit of innovative solutions, reinforcing a reputation for service excellence that translates to measurable results. Through offices nationwide and alliance partners around the globe, we positively impact the built environment and our communities while fostering a work climate that champions career vitality for all. Learn more at transwestern.com and [@Transwestern](https://twitter.com/Transwestern).