

# NEW JERSEY INDUSTRIAL MARKET

Q4 2024



## TRENDLINES

	Q4 2024	Q4 2023	ONE-YEAR TREND	FIVE-YEAR AVERAGE	12-MONTH FORECAST
UNEMPLOYMENT RATE	4.7	4.8	↑	5.8	↑
NET ABSORPTION (MSF)	1.1	1.0	↑	1.7	↓
OVERALL VACANCY RATE	6.7%	5.1%	↑	3.8%	↑
OVERALL VACANT SF (MSF)	51.3	38.5	↑	28.4	↑
UNDER CONSTRUCTION (MSF)	10.8	16.0	↓	15.5	↓
ASKING RENT, NNN (PSF)	\$13.78	\$14.01	↓	\$11.90	↑
SALES VOLUME (MILLIONS)	\$881.8	\$879.0	↑	\$1,030.6	↑
SALES PRICE (PSF)	\$217	\$187	↑	\$174	↓

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

## FIFTEEN YEARS OF GROWTH

After softening for the first six months, more than 1 million SF of industrial space was absorbed in both the third and fourth quarter, moving total net absorption into positive territory for 2024. This marked the fifteenth consecutive year of occupancy growth for the New Jersey industrial market. However, substantial new development and increasing sublease availabilities pushed the vacancy rate higher for the third consecutive year. As rents continued to stabilize, increasing availability levels have caused a shift where some landlords are increasing incentives to win deals.

The New Jersey unemployment rate was 4.7% as of November, having barely moved during the past 15 months, while industrial employment was relatively unchanged during the quarter increasing 0.8% during the past 12 months. The Port of New York and New Jersey continued to record double-digit annual cargo growth as retailers maintained high inventory levels facing a potential dockworkers' strike and tariffs.



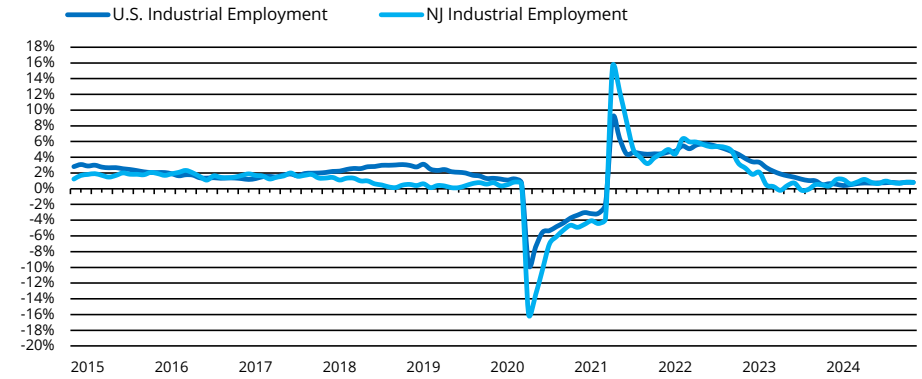
### ECONOMY

#### Trucking Jobs Rebound

- The U.S unemployment rate moved slightly higher, rising to 4.1% as of November 2024, 10 basis points above the average for the previous quarter and 50 basis above the same time a year ago.
- The labor participation rate for the U.S. decreased by 20 basis points to 62.5% during the quarter and fell 30 basis points when compared year-over-year. It remains 80 basis points below pre-pandemic levels.
- Jobs supporting industrial real estate increased by 0.8% during the past 12 months, remaining at the highest level of growth since September 2023. Construction and manufacturing job gains were fairly strong in November, while trucking employment improved after a period of losses.
- The New Jersey unemployment rate remained at 4.7%, 10 basis points lower when compared year-over-year. Industrial employment was relatively unchanged during the quarter but increased by 0.8% during the past 12 months.
- The Port of New York and New Jersey continued to record double-digit annual cargo growth as retailers maintained high inventory levels facing a potential dockworkers' strike and tariffs.

### Y-O-Y CHANGE IN INDUSTRIAL JOBS

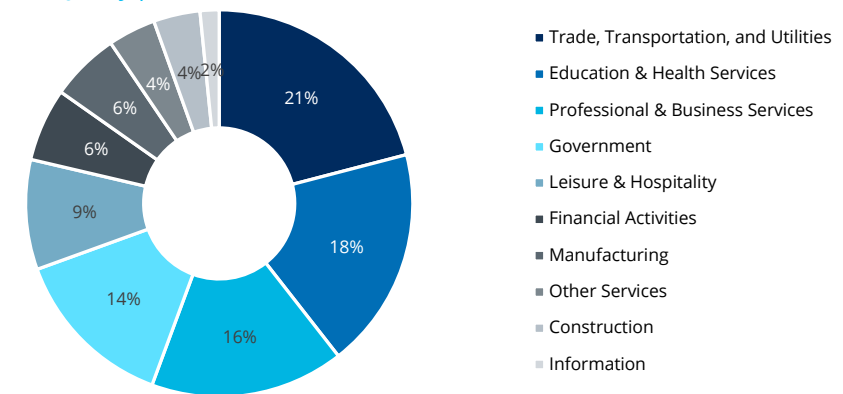
New Jersey | November 2024



Source: Bureau of Labor Statistics, Transwestern

### SHARE OF EMPLOYEES BY INDUSTRY

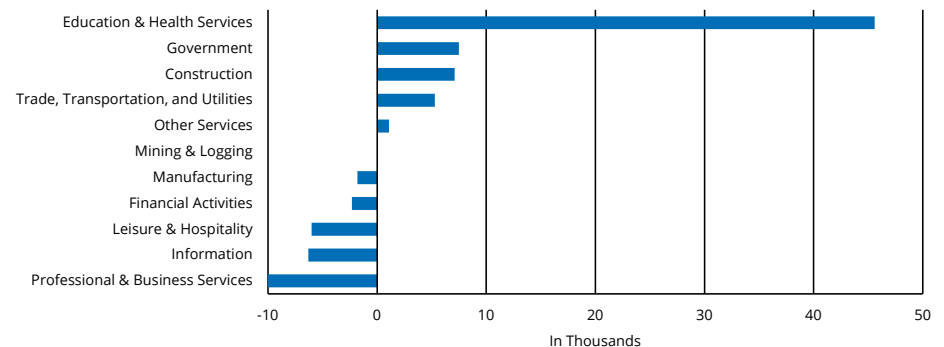
New Jersey | November 2024



Source: Bureau of Labor Statistics, Transwestern

### Y-O-Y CHANGE IN JOBS BY INDUSTRY

New Jersey | November 2024



Source: Bureau of Labor Statistics, Transwestern

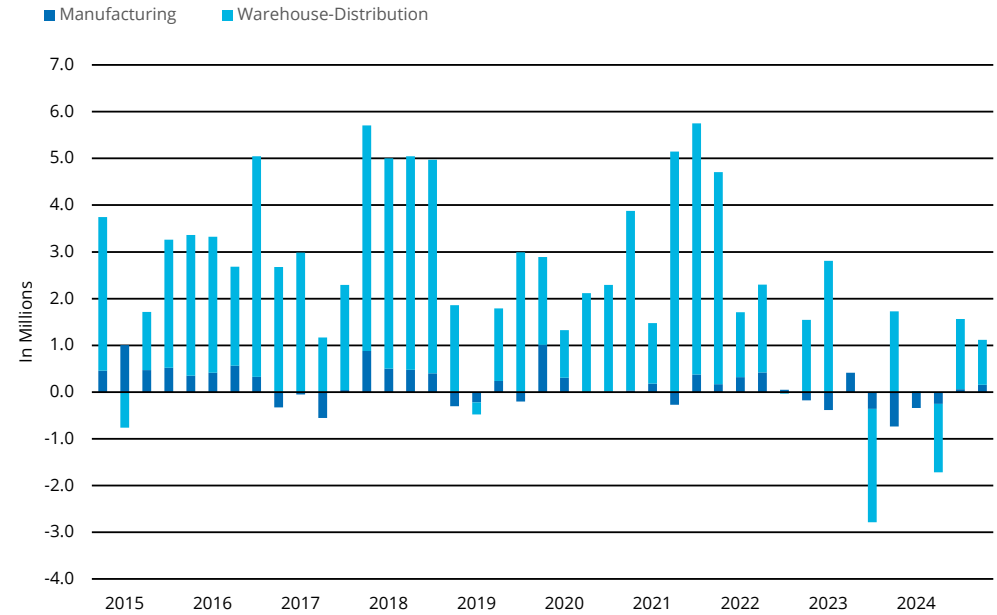


### NET ABSORPTION

#### Second Half Recovery

- The New Jersey industrial market recorded back-to-back quarters of positive net absorption for the first time since Q2 2023.
- Total occupancy grew by more than 1 MSF for the second consecutive quarter and growth has been positive in 20 of the past 23 and 47 of the past 50 quarters.
- The recovery during the second half of the year pushed total net absorption into positive territory for 2024.
- While it was the fifteenth consecutive year of occupancy growth in the New Jersey industrial market, it was the first year during the cycle that less than 1 MSF was absorbed.
- Manufacturing companies signed the highest number of leases in 2024, followed by retailers. Transportation and warehousing companies amassed the most amount of space.

### NET ABSORPTION BY PRODUCT TYPE



Source: CoStar, Transwestern

### NOTABLE LEASES

#### Q4 2024

TENANT	ADDRESS	SUBMARKET	TYPE	SF LEASED
<b>LOGISTICS PLUS</b>	505 State Route 33	Monmouth	New	668,679
<b>CAMPBELL'S</b>	100-400 Nixon Ln	Exit 10/Edison	New	450,933
<b>DISCOVERY SCM</b>	600 Fairway Ln	Exit 11/Perth Amboy/GSP	New	271,348
<b>STACI</b>	1240-1248 S River Rd	Exit 8A	Renewal	238,446
<b>FOREST SHIPPING</b>	300 Middlesex Ave	Exit 12/Carteret-Avenel	New	214,779

Source: CoStar, Transwestern

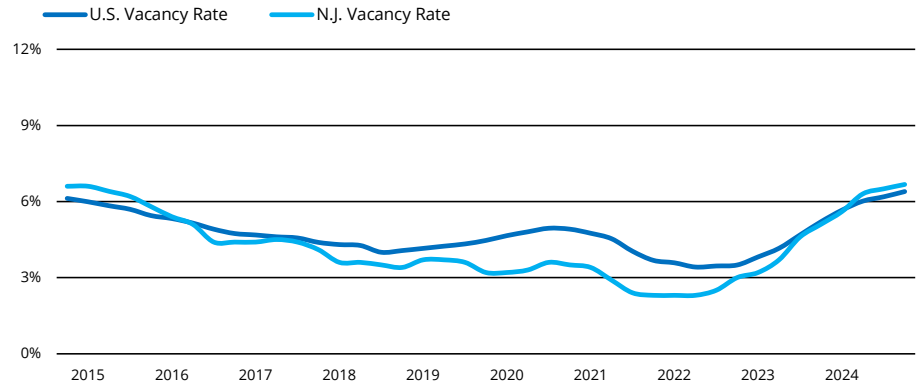


### VACANCY

#### More Opportunities

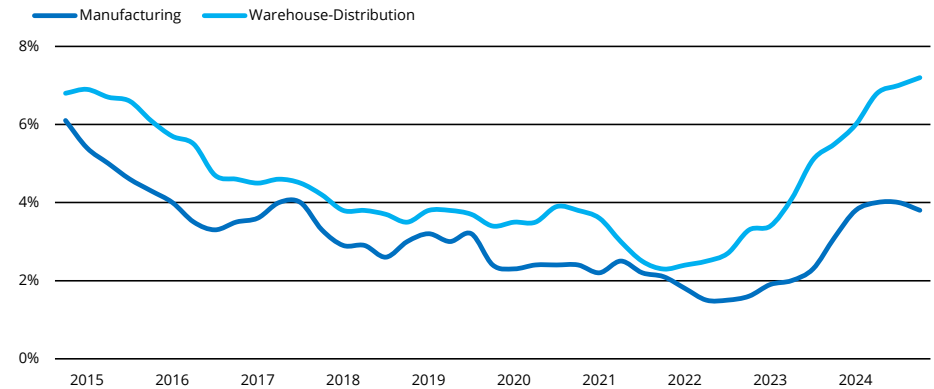
- The vacancy rate continued higher in 2024 as new deliveries outpaced leasing activity, pushing the level of unoccupied space 160 bps higher when compared year-over-year, including a 20 basis point jump in Q4.
- Total vacant space has increased every quarter during the past three years and at 6.7% is at its highest level since Q4 2014.
- At 7.2%, the vacancy rate for warehouse-distribution buildings is at its 10-year high and more than double pre-pandemic levels.
- Vacancy rate increases were recorded in slightly more than half of submarkets during the quarter and 19 of 29 when compared year-over-year.
- The amount of sublease space listed on the market increased to the highest level on record for the second consecutive quarter and represented 13.2% of total available space, a 530 bps increase over a year ago.

### OVERALL VACANCY RATE



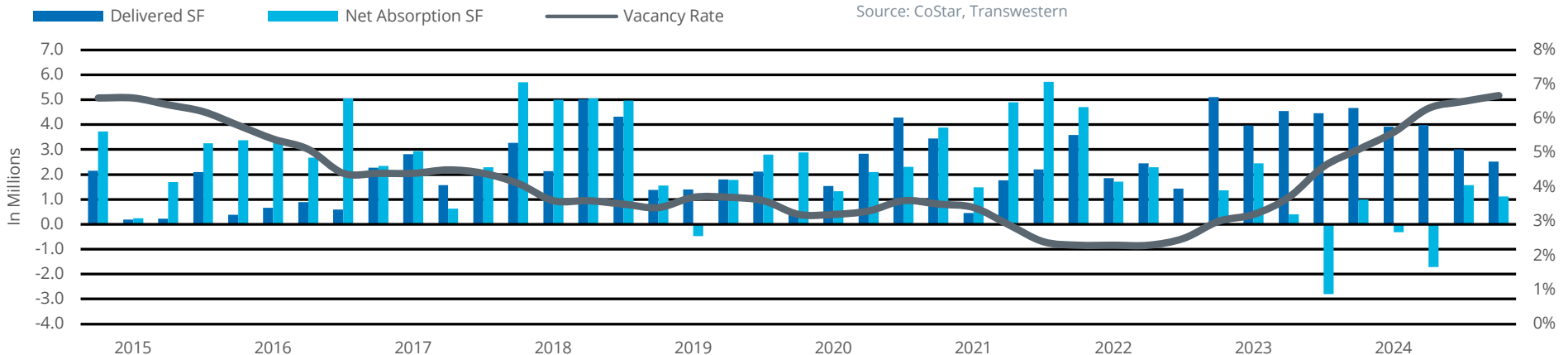
Source: CoStar, Transwestern

### OVERALL VACANCY RATE BY PRODUCT TYPE



Source: CoStar, Transwestern

### DELIVERY IMPACT ON KEY INDICATORS



Source: CoStar, Transwestern

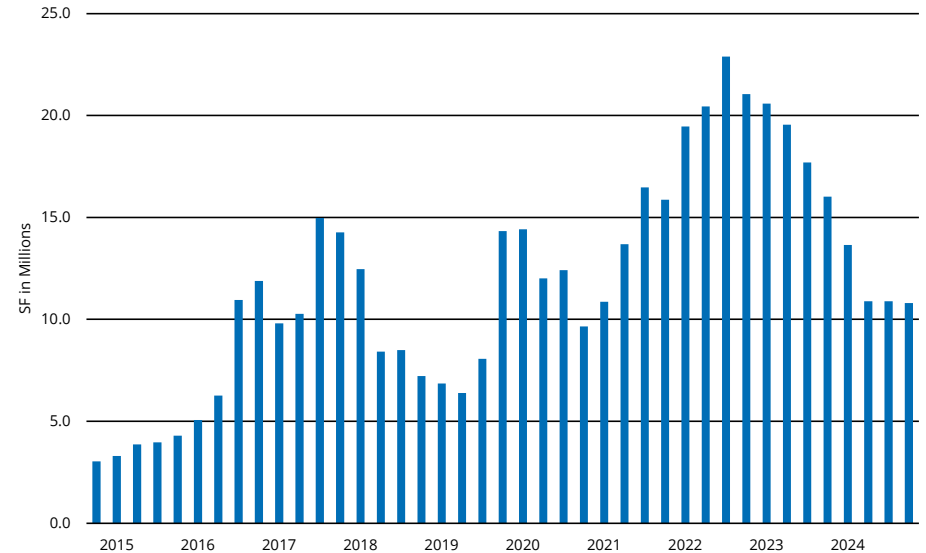


### UNDER CONSTRUCTION

#### Options Remain Plentiful

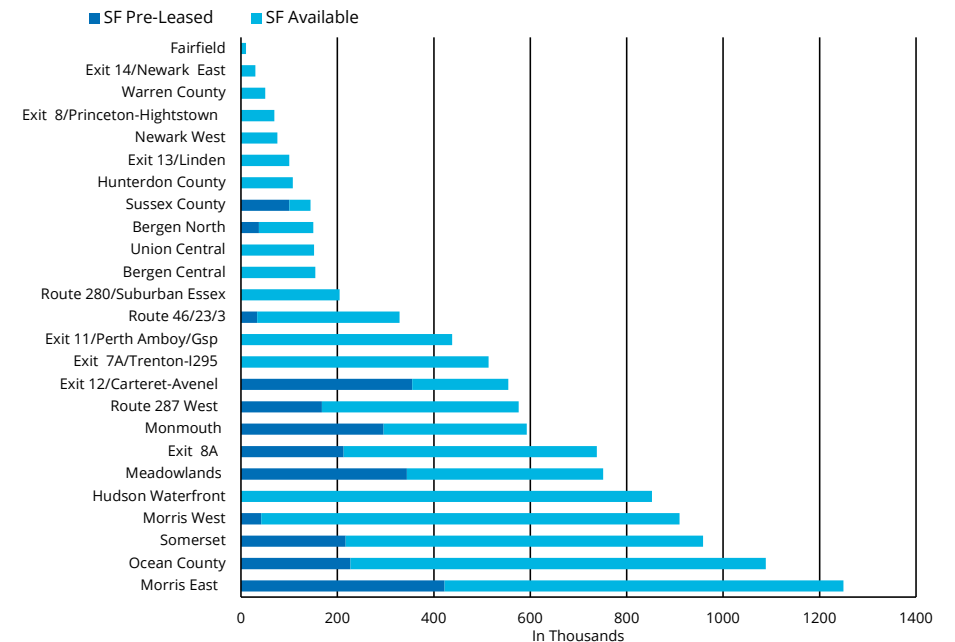
- Product under construction decreased for the ninth consecutive quarter, while 2.5 MSF was delivered to the market, the lowest level since Q3 2022, though still outpacing occupancy growth.
- The 10.8 MSF under construction is the down by one-third of the level of a year ago, and the lowest level since Q4 2020. It is well below both three and five-year averages of 17.0 MSF and 15.5 MSF, respectively, but on par with the pre-pandemic average of 9.1 MSF.
- More than 13 MSF was delivered during the past 12 months, the second highest calendar year total following a record-setting 2023.
- New development geographically balanced as 26 of 29 submarkets have product under construction, with only Morris East and Ocean County exceeding 1 MSF.
- Options to lease new space remain plentiful, but decreased, with 77% of space under construction available, down from 87% the previous quarter and 90% when compared to year-end 2023.

### UNDER CONSTRUCTION



Source: CoStar, Transwestern

### UNDER CONSTRUCTION BY SUBMARKET



Source: CoStar, Transwestern

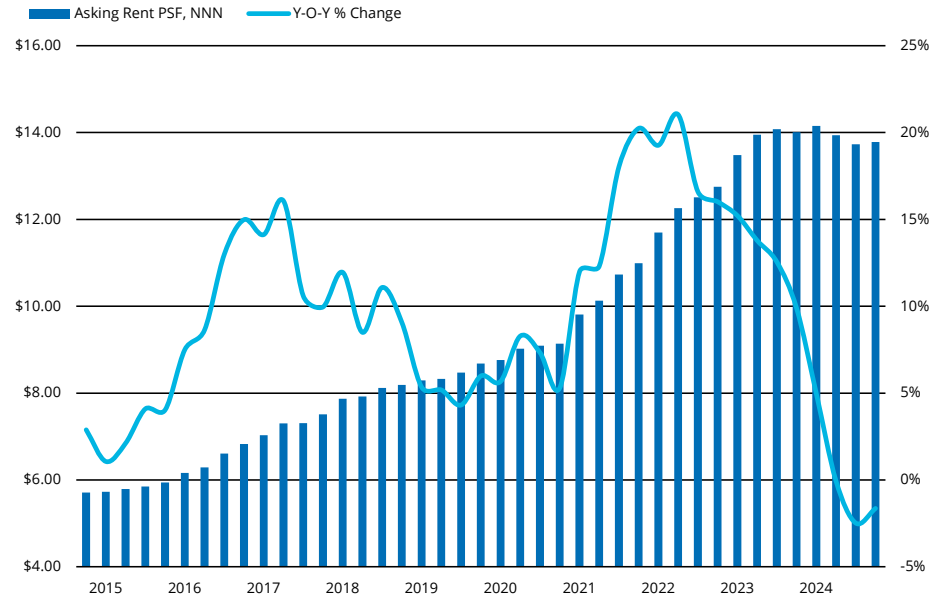


### RENTAL RATES

#### Stabilizing

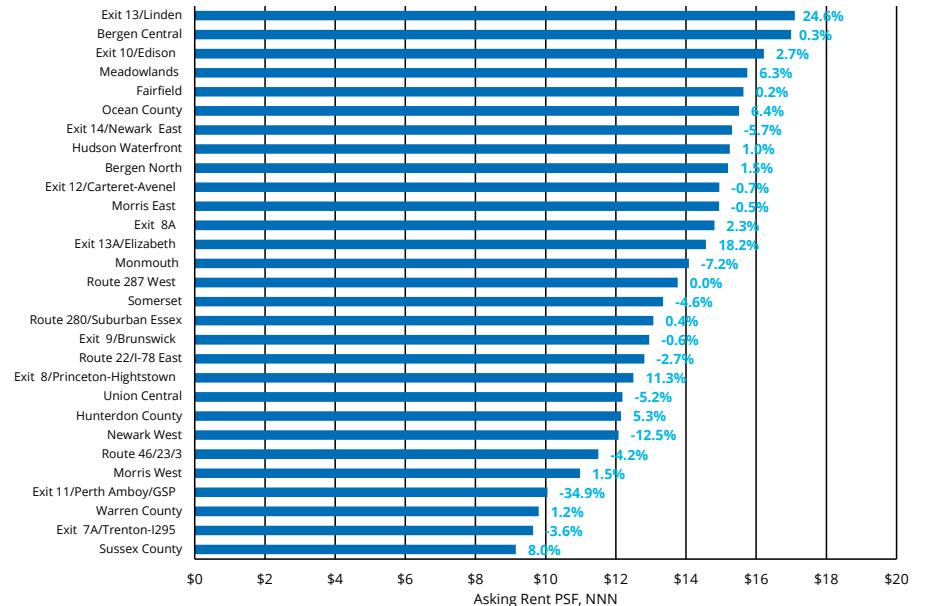
- Rents seem to be stabilizing; after falling in three of the previous four quarters, the average asking rent increased five cents to \$13.78 PSF.
- When compared year-over-year, rents fell 1.6%, the first calendar year decrease since 2011.
- Despite trending lower of late, the average asking rent remains well above the post-pandemic average of \$11.86 PSF.
- Rents increased in nearly 60% of submarkets in the past quarter but were lower in 18 of 29 submarkets when compared year-over-year.
- While rents are stabilizing, increasing availability levels have caused a shift where some landlords are increasing incentives to win deals.

### ASKING RENT



Source: CoStar, Transwestern

### ASKING RENTS BY SUBMARKET AND Y-O-Y GROWTH



Source: CoStar, Transwestern

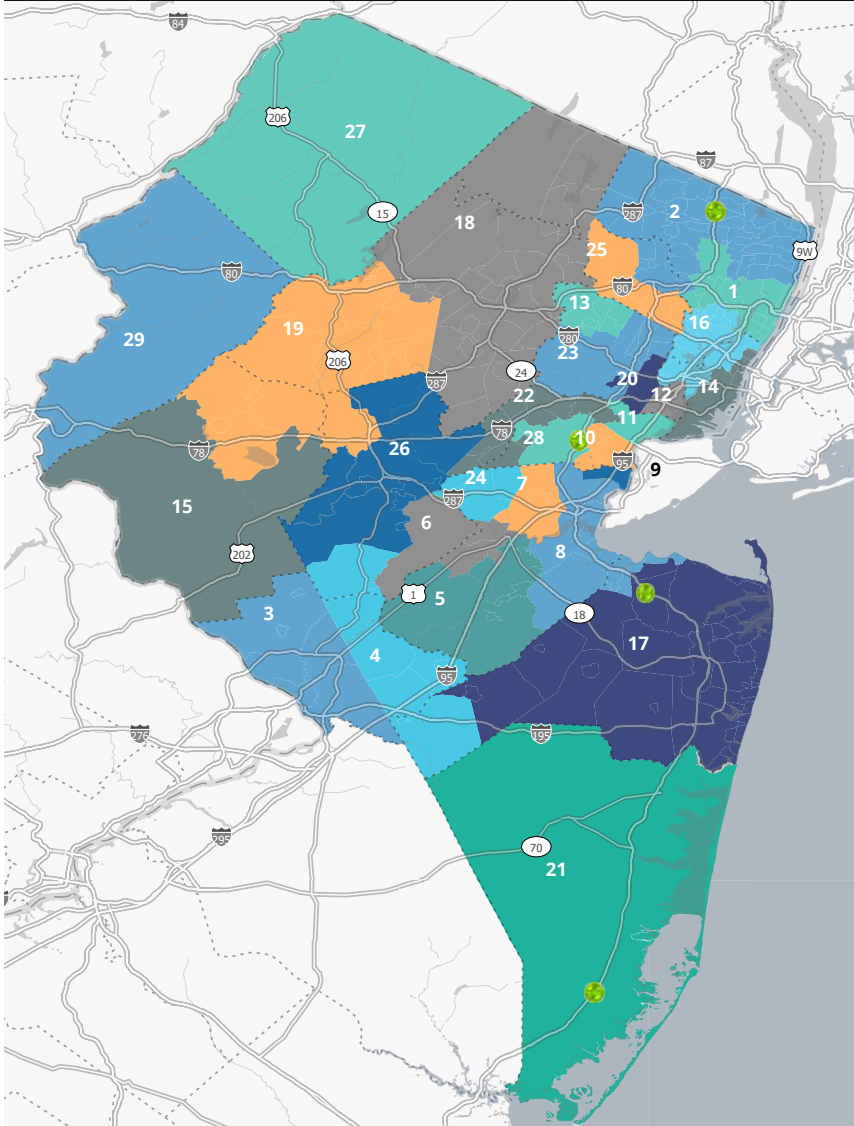


MARKET INDICATORS BY SUBMARKET | Q4 2024

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	26,306,145	1,865,785	7.1%	7.9%	154,240	27,975	(54,115)	\$17.00
BERGEN NORTH	22,243,776	798,522	3.6%	3.9%	150,000	34,491	397,880	\$15.20
EXIT 7A/TRENTON-I295	30,510,372	2,493,930	8.2%	8.5%	513,624	242,682	(628,295)	\$9.64
EXIT 8/PRINCETON-HIGHTSTOWN	8,236,410	54,638	0.7%	0.7%	69,213	(1,000)	121,976	\$12.50
EXIT 8A	78,163,853	2,842,096	3.6%	4.4%	737,980	(402,068)	171,678	\$14.81
EXIT 9/BRUNSWICK	23,873,541	2,215,143	9.3%	10.7%	0	(3,561)	(323,315)	\$12.95
EXIT 10/EDISON	45,181,866	1,530,940	3.4%	4.6%	0	83,635	182,436	\$16.22
EXIT 11/PERTH AMBOY/GSP	26,494,664	3,966,965	15.0%	15.0%	437,842	319,450	513,696	\$10.05
EXIT 12/CARTERET-AVENEL	20,694,163	3,188,157	15.4%	17.2%	554,400	(139,731)	(385,143)	\$14.95
EXIT 13/LINDEN	26,462,083	1,361,962	5.1%	5.6%	100,000	450,842	417,251	\$17.10
EXIT 13A/ELIZABETH	20,359,938	1,641,885	8.1%	9.5%	0	(334,441)	(589,755)	\$14.57
EXIT 14/NEWARK EAST	25,006,402	801,670	3.2%	3.8%	30,000	(28,207)	(335,804)	\$15.31
FAIRFIELD	13,046,141	284,003	2.2%	2.4%	10,558	(62,268)	24,510	\$15.64
HUDSON WATERFRONT	34,386,452	3,139,832	9.1%	9.4%	852,524	13,108	501,132	\$15.25
HUNTERDON COUNTY	5,949,809	580,979	9.8%	9.8%	107,200	(305,201)	(204,892)	\$12.15
MEADOWLANDS	95,797,766	6,236,523	6.5%	7.4%	750,926	(232,608)	(937,993)	\$15.75
MONMOUTH	21,967,472	1,565,321	7.1%	7.1%	592,771	881,644	1,459,666	\$14.08
MORRIS EAST	24,692,540	784,112	3.2%	4.0%	1,249,464	(72,352)	437,138	\$14.94
MORRIS WEST	16,905,110	749,034	4.4%	4.5%	909,483	(2,613)	(94,046)	\$10.98
NEWARK WEST	17,676,006	1,337,480	7.6%	7.6%	75,254	164,915	(254,096)	\$12.08
OCEAN COUNTY	14,363,663	1,837,559	12.8%	12.9%	1,088,719	(209,197)	237,929	\$15.51
ROUTE 22/I-78 EAST	20,117,414	744,919	3.7%	3.8%	0	118,750	(82,152)	\$12.81
ROUTE 280/SUBURBAN ESSEX	11,052,144	504,801	4.6%	4.7%	204,407	230,171	321,027	\$13.07
ROUTE 287 WEST	33,917,571	1,202,562	3.5%	3.7%	575,856	255,687	(2,321)	\$13.76
ROUTE 46/23/3	53,177,228	2,255,214	4.2%	4.8%	328,848	(51,799)	(367,205)	\$11.50
SOMERSET	31,658,965	1,654,074	5.2%	5.9%	958,133	226,942	329,717	\$13.35
SUSSEX COUNTY	3,427,335	247,856	7.2%	7.2%	144,000	21,799	(105,586)	\$9.15
UNION CENTRAL	7,214,755	182,815	2.5%	4.2%	151,676	(7,469)	(11,154)	\$12.19
WARREN COUNTY	10,453,921	494,645	4.7%	5.3%	50,000	(98,246)	(90,581)	\$9.80
<b>TOTAL</b>	<b>769,337,505</b>	<b>46,563,422</b>	<b>6.1%</b>	<b>6.7%</b>	<b>10,797,118</b>	<b>1,121,330</b>	<b>649,583</b>	<b>\$13.78</b>

MARKET INDICATORS BY PROPERTY TYPE | Q4 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	639,497,632	41,899,011	6.6%	7.2%	10,797,118	961,558	1,020,322	\$13.91
MANUFACTURING	129,839,873	4,664,411	3.6%	3.8%	0	159,772	(370,739)	\$12.78
<b>TOTAL</b>	<b>769,337,505</b>	<b>46,563,422</b>	<b>6.1%</b>	<b>6.7%</b>	<b>10,797,118</b>	<b>1,121,330</b>	<b>649,583</b>	<b>\$13.78</b>



### 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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