

N. New Jersey - Hudson Waterfront / Newark

RECORD CONCESSIONS PUSH EFFECTIVE RENT LOWER

Takeaway

Following two consecutive years of steady leasing and sustained rent increases, trends turned to the favor of tenants in the second half of 2017. Leasing activity stumbled and a spike in sublet space availability significantly increased options in the Hudson Waterfront. Leasing activity in Newark gained some ground in 2017, but most buildings still have ample availability. Landlords will have to remain aggressive with concessions in 2018 as they face a spike in availability.

Negotiated Rent

\$35.36

TOTAL GROSS RENT

▼ -6.2%

Concessions

\$81.00

▲ 1.1%

\$57.00

IMPROVEMENT
ALLOWANCE
AVERAGE

9.0

FREE RENT
AVERAGE
(MONTHS)

Tenant Effective Rent

\$24.78

▼ -9.0%

Building Expenses

\$9.35

OPEX

▲ 1.1%

\$3.50

RE TAXES

▲ 2.9%

Landlord Effective Rent

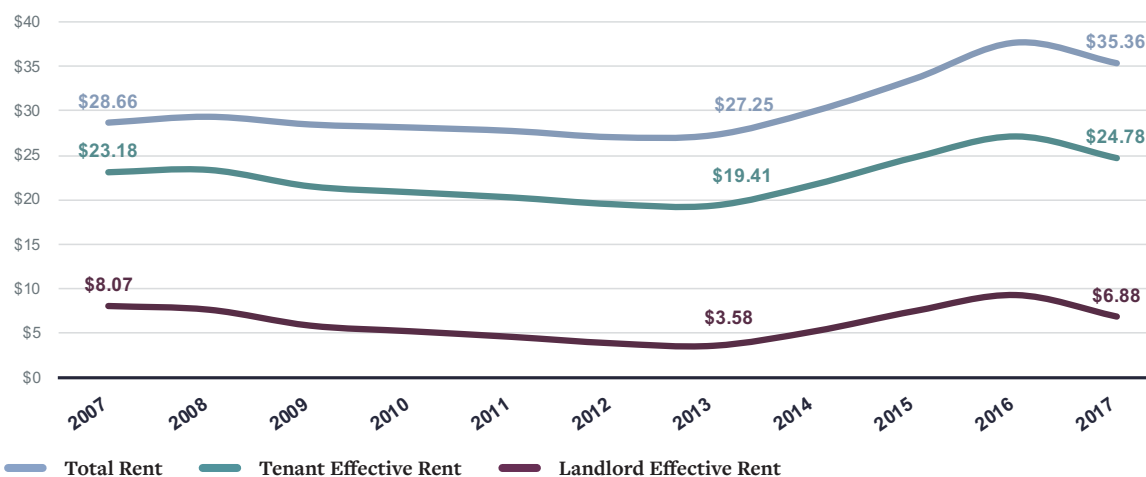
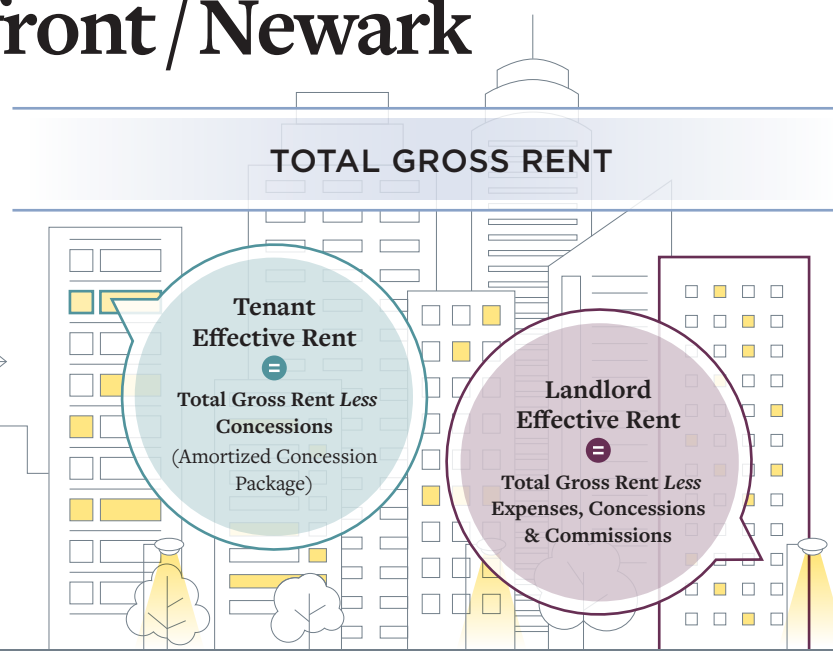
\$6.88

▼ -26.1%



RENT SENSIBLY.

DO YOU KNOW WHERE
YOUR RENT GOES?



METHODOLOGY

The *Effective Rent Index* tracks what tenants truly pay for top tier Class A office space (tenant effective rent) and what landlords ultimately walk away with (landlord effective rent) once building expenses and leasing costs are deducted from net rent. Derived from negotiated office leases, the index provides critical insight into the health of each market and its position along the 'landlord-tenant favorable' spectrum. For more information about the report or detailed methodology visit: www.savills-studley.com/research/us/effective-rent-indexes.aspx.

