

# Northern New Jersey

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## Stagnating rent growth continues as price cuts emerge in top-tier submarkets

As rent growth has remained relatively flat over the last few quarters, up 2.5% year over year, price cuts in a handful of preeminent submarkets have begun. Port and interstate-centric submarkets such as Bergen Central, Newark, and Linden/Elizabeth are measuring modest declines in asking rents from 12 months prior. Vacancy, measuring 6.2% and up 240 basis points year over year, will continue to weigh on the market as the construction pipeline of 10.7 million square feet (msf) remains 92.0% available. From 2019 through 2023, yearly net absorption averaged 8.4 msf, with over 9.0 msf of available speculative construction still underway, there remains about one year's worth of warehouse supply in the pipeline alone. The headwind fighting near-term rent growth is most likely sustained vacancy at new higher levels, setting the stage for further cuts to 'top of market' pricing.

### Exit 10 and Exit 8A remain active, continue to draw occupier interest

The I-95 Corridor continues to be a uniting force for occupiers, and just one quarter removed from attracting notable commitments such as Elogistek (Exit 10), Staci, and SLM (Exit 8A), the submarkets continued that momentum in the second quarter. Chinese third-party logistics (3PL) firm JW Fulfillment took 342,000 square feet (sf) at the Arsenal Trade Center, while food wholesaler E.B. Express Provisions acquired 85 New Brunswick Avenue in one of the largest sale transactions of the quarter. Not to be outdone, Exit 8A withstood a flurry of commitments from Rising Pharm, Amerilife, and Cheetah Logistics, who committed to the 87,000-sf sublet availability at 117 Interstate Boulevard.

### Bounce back year at Port of New York and New Jersey emerging

Through April, TEU volumes at the Port of New York and New Jersey are up 9.0% from the same time last year. While still off the record volumes observed in 2021 and 2022, positive port activity continues to be a bellwether for strong industrial demand. The most notable threat to derail such a bounce-back year is the ongoing labor dispute for East and Gulf Coast port workers.

## Key Statistics

	Q2 2023	Q2 2024	Y-0-Y
Inventory	642.9 msf	669.5 msf	+26.6 msf
Vacancy Rate	3.8%	6.2%	+240 bps
Asking Rental Rate	\$16.99	\$17.41	+2.5%
Net Absorption	-0.1 msf	1.0 msf	+1.1 msf
Under Construction	17.7 msf	10.7 msf	-7.0 msf
Deliveries	3.0 msf	1.7 msf	-1.3 msf

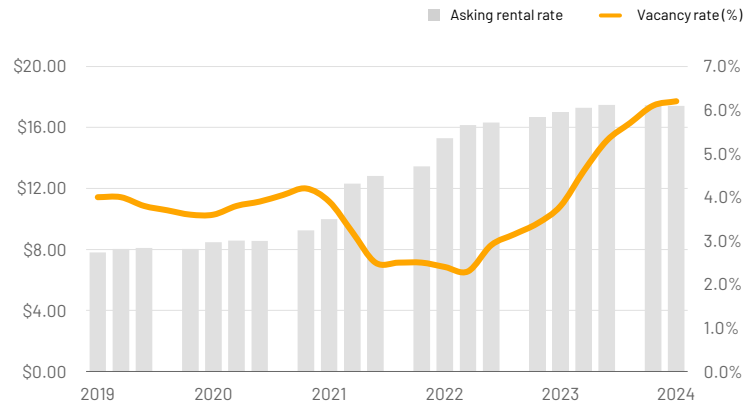
## Outlook

**01** Preeminent submarkets with 'top of market' pricing appear to be the first movers on rental rate declines. The amount of speculative construction still to be delivered threatens to further cuts

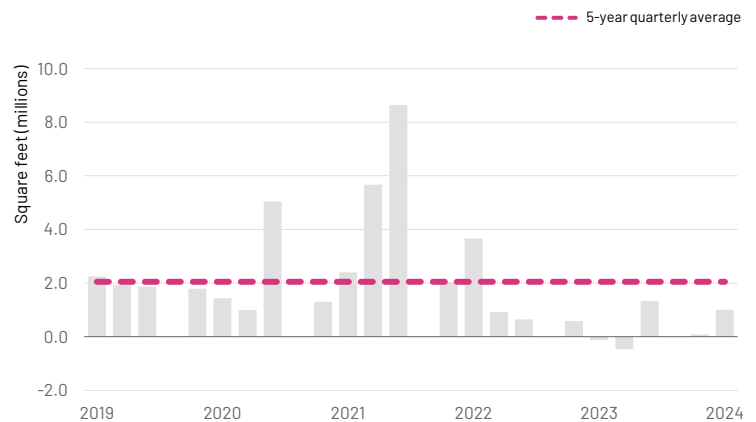
**02** Submarkets that can offer excellent interstate access and relatively less expensive rents, such as Exit 10 and Exit 8A, continue to attract occupiers

**03** Port volumes have rebounded; the largest threat to derail the bounce-back year is the ongoing labor dispute, potentially threatening the first strike at East and Gulf Coast ports since 1977

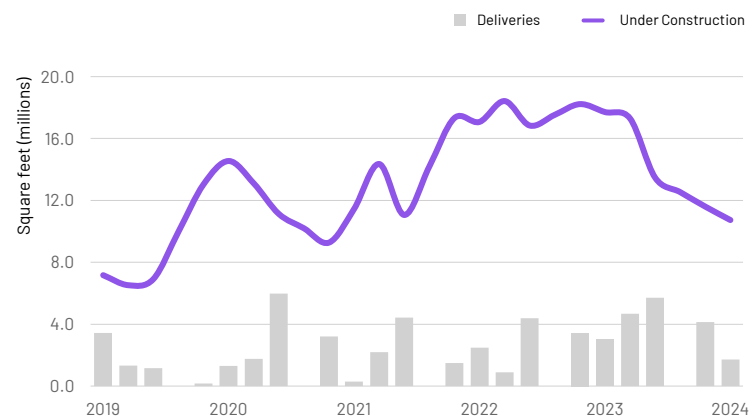
## Asking Rent and Vacancy



## Net Absorption



## Deliveries and Under Construction



## Top Leases

Source: Savills Research

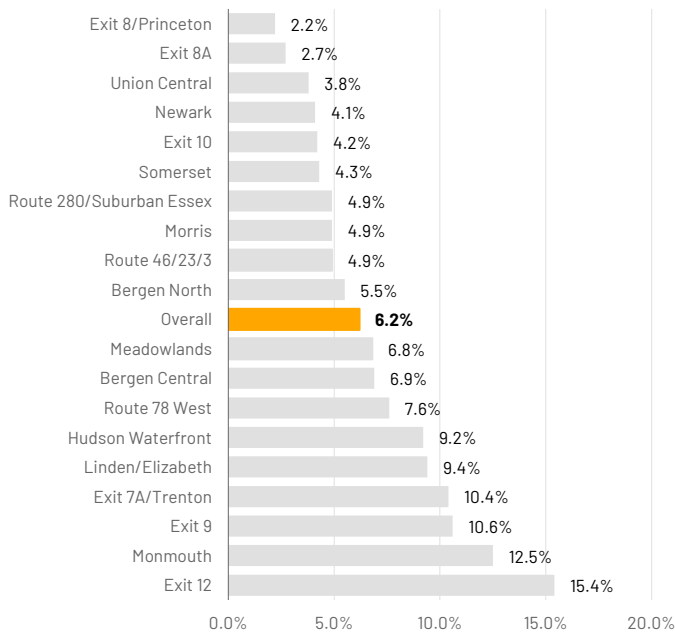
TENANT	SIZE (SF)	SUBMARKET	ADDRESS	TRANSACTION TYPE	INDUSTRY
JW Fulfillment	342,371	Exit 10	99 Callahan Boulevard	New Lease	Logistics & Distribution/3PLs
United Distribution Services	299,000	Exit 8A	8 Santa Fe Way	Renewal	Logistics & Distribution/3PLs
Cibo Vita	284,347	Route 46/23/3	11 Taft Road	New Lease	Food & Beverage
DMI Personal Care	254,246	Morris	80-98 N Main Street	Renewal	Consumer Goods
Veritiv	226,169	Route 280/Suburban Essex	675 Main Street	New Lease	Paper & Packaging

## Top Sales

OWNER/BUYER	SIZE (SF)	SUBMARKET	ADDRESS	PRICE / \$/SF	SELLER
Abaline Supply Co.	311,040	Somerset	3091 U.S. Highway 22	\$65.3 M / \$210	Transwestern Development Company
Eagle Cliff Real Estate Partners	192,000	Route 46/23/3	75 Wood Street & 90 6 <sup>th</sup> Avenue	\$32.5 M / \$169	Marcus Partners
E.B. Express Provisions	101,425	Exit 10	85 New Brunswick Avenue	\$32.5 M / \$320	Sagard Real Estate
Blackstone	124,260	Bergen Central	600 Willow Tree Road	\$29.8 M / \$239	CenterPoint Properties
Ambient Capital Partners	72,000	Meadowlands	433 Bergen Avenue	\$25.0 M / \$347	Supor Properties

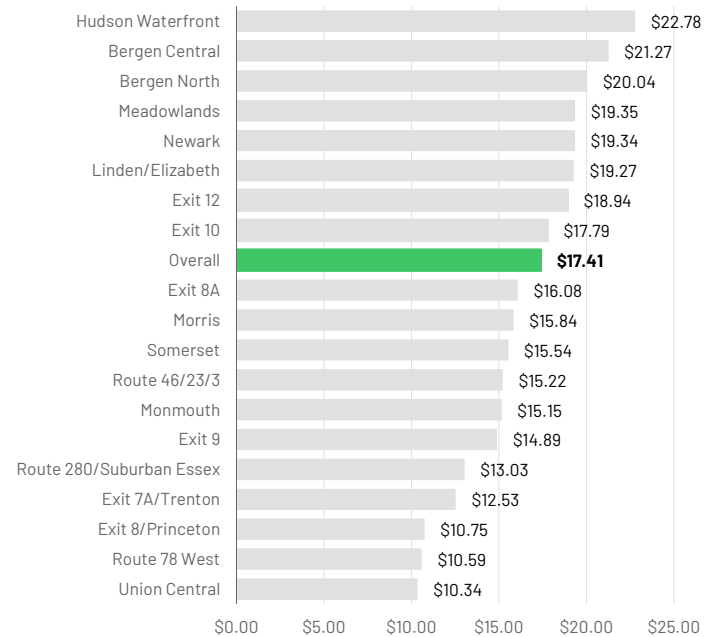
## Vacancy Rate Comparison (%)

NORTHERN NEW JERSEY SUBMARKETS



## Rental Rate Comparison (\$/sf)\*

NORTHERN NEW JERSEY SUBMARKETS



\*based on all classes of available inventory

## Northern New Jersey Q2 2024 - Industrial

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Unless otherwise noted, all rents quoted throughout this report are average asking net (NNN) rents per square foot. Statistics are calculated using both direct and sublease information. Current and historical availability and rent data are subject to change due to changes in inventory.

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