

Northern New Jersey

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Leasing activity cooled despite a diverse tenant mix

Northern New Jersey office leasing activity decreased by 23.0% from Q1 2024 to 1.6 million square feet (msf) in Q2 2024, the lowest level in three quarters. Although moderated, this quarter's leasing volume was in-line with the 1.6 msf five-year Q2 average. Despite a diverse tenant mix, the lowered demand in the second quarter caused leasing activity in the first half of the year to fall 14.4% from the first half of 2023, from 4.1 msf to 3.6 msf. The I-78 submarket captured the largest share of activity, 22.3%. Three of the top 10 transactions were signed in this submarket. In the largest of the three, Regeneron Pharmaceuticals will relocate and expand within the submarket from 110 Allen Road in Basking Ridge to 300 Warren Corporate Center Drive in Warren. Tenants in the Financial Services & Insurance industry signed three of the top 10 transactions, accounting for 36.7% of activity. Overall, the Pharmaceutical and TAMI sectors were active participants in the market, each posting two of the top 10 transactions and accounting for 17.3% and 10.1%, respectively.

Sublease space increases amid a decrease in overall availability

Even as leasing activity was muted, it offset space additions to the market. The overall availability rate in the Northern New Jersey office market decreased by 20 basis points (bps) over the quarter to 25.4%. Both the direct and sublet supply reversed direction from the first quarter. The direct available space decreased for the first time in six quarters, down 1.4% to 30.7 msf. Sublease space ticked up 2.3% to 7.5 msf. Three blocks of sublease space greater than 50,000 square feet came to the market, including Solvay S.A.'s 121,000-square-foot block at 504 Carnegie Center in Princeton and UBS's 111,300-square-foot block at 1000 Harbor Boulevard in Weehawken. Available sublease space is concentrated in three submarkets: Morristown (19.9%), Waterfront (18.5%), and Princeton (15.8%).

Landlords hold firm on asking rents

The overall asking rent in the Northern New Jersey market ticked down a modest 0.1% quarterly to \$31.48 per square foot (psf). Class A asking rents were relatively flat at \$32.76 psf, while Class B/C asking rents inched up 1.1% to \$24.70 psf.

Key Statistics

	Q2 2023	Q2 2024	Y-0-Y
Inventory	148.9 msf	150.4 msf	+1.5 msf
Availability Rate	25.8%	25.4%	-30 bps
Asking Rental Rate	\$31.61	\$31.48	-0.4%
Class A Asking Rental Rate	\$32.69	\$32.76	+0.2%
Quarterly Leasing Activity	1.8 msf	1.6 msf	-0.2 msf
Available Sublease Space	8.7 msf	7.5 msf	-1.2 msf

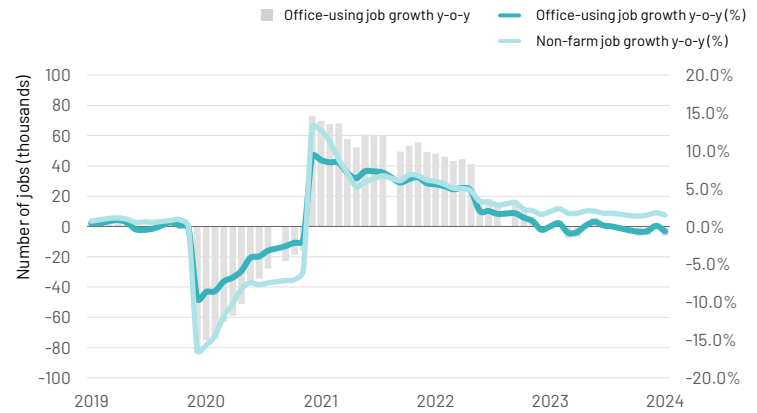
Outlook

01 Available sublease space could continue to tick up as tenants with multiple locations consolidate their footprint

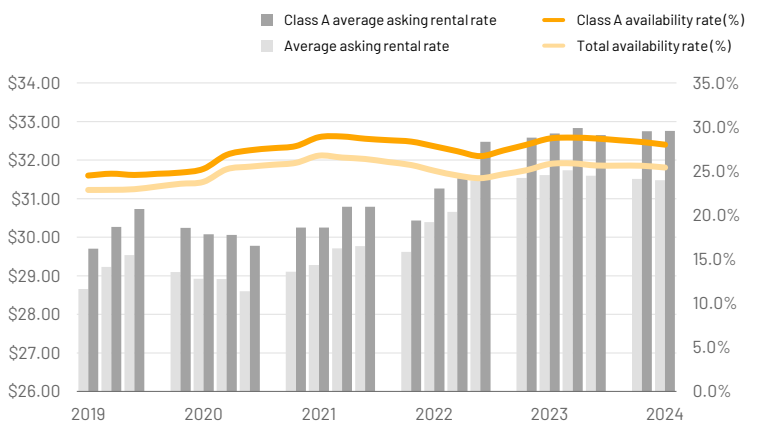
02 Leasing activity may pick up in the second half of the year as negotiations are in progress for several large blocks of space across the market

03 Concessions could flatten out in high demand properties as occupier flight to quality continues

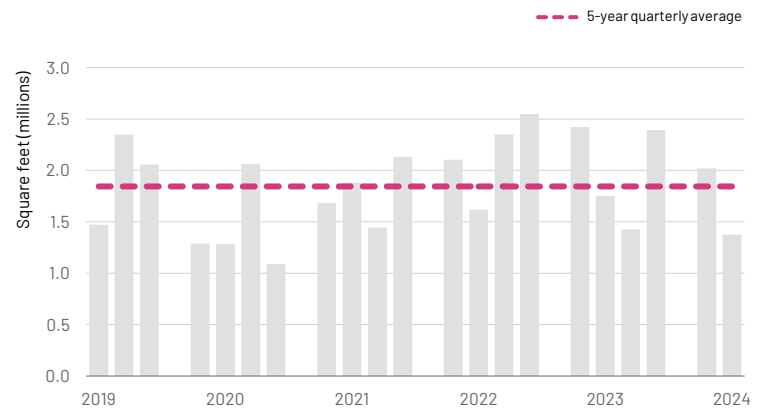
Office-using Employment Growth



Asking Rent and Availability



Leasing Activity



Top Transactions

*Trophy Building

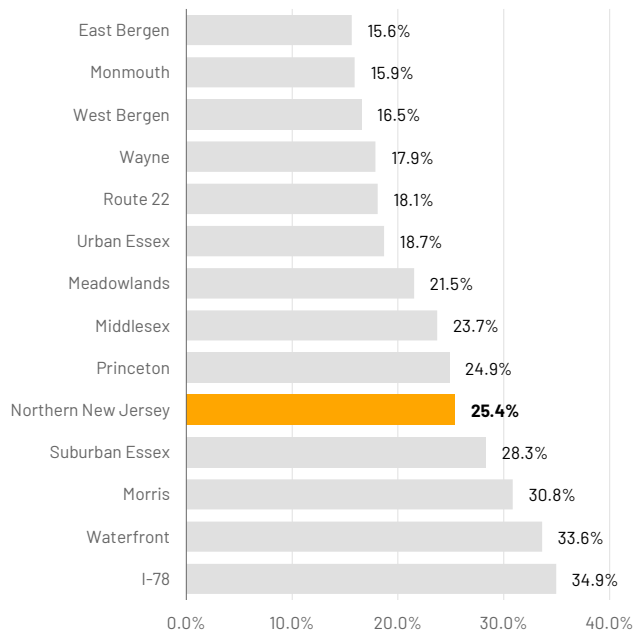
**Sublease

Source: Savills Research

TENANT	INDUSTRY	SUBMARKET	ADDRESS	SIZE (SF)	TRANSACTION TYPE
National Financial Service	Financial Services and Insurance	Waterfront	499 Washington Boulevard	184,961	Renewal
Regeneron Pharmaceuticals	Pharmaceuticals	I-78	300 Warren Corporate Center Drive	126,678	Relocation
Peapack Gladstone	Financial Services and Insurance	I-78	500 Hills Drive	81,250	Renewal
New Jersey Institute of Technology	Education	Urban Essex	494 Broad Street	74,356	Relocation**
FM Global	Financial Services and Insurance	Morris	369 Interpace Parkway	60,601	Relocation
Day Pitney	Legal Services	Morris	8 Sylvan Way	55,000	Relocation
Syneos Health	Pharmaceuticals	Princeton	301 College Road E	43,865	Renewal
Wallenius Wilhelmsen Logistics	Transportation	Parsippany	300 Interpace Parkway	40,993	Renewal
Axtria	TAMI	I-78	300 Connell Drive	38,783	Renewal
Coreweave	TAMI	Suburban Essex	290 W Mount Pleasant Avenue	31,000	Relocation

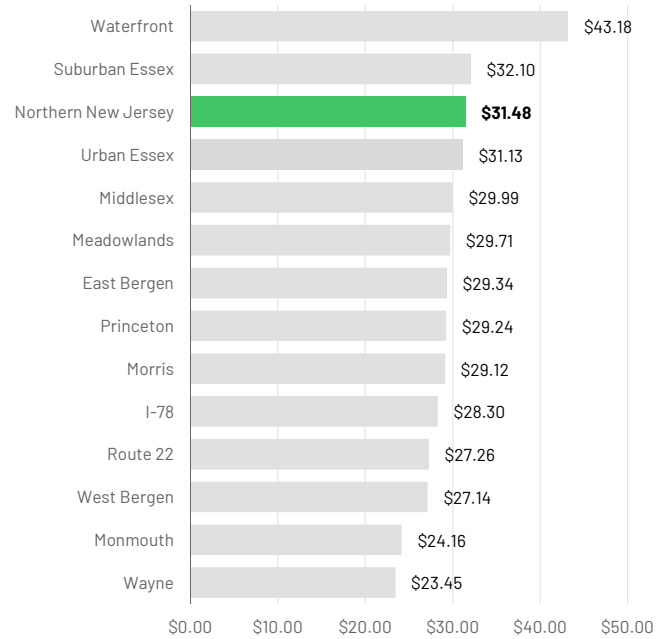
Availability Rate Comparison (%)

NORTHERN NEW JERSEY SUBMARKETS



Rental Rate Comparison (\$/sf)

NORTHERN NEW JERSEY SUBMARKETS



Northern New Jersey Q2 2024 - Office

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Unless otherwise noted, all rents quoted throughout this report are average asking gross (full service) 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.

The information in this report is obtained from sources deemed reliable, but no representation is made as to the accuracy thereof. Unless otherwise noted, source for data is Savills Research.

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