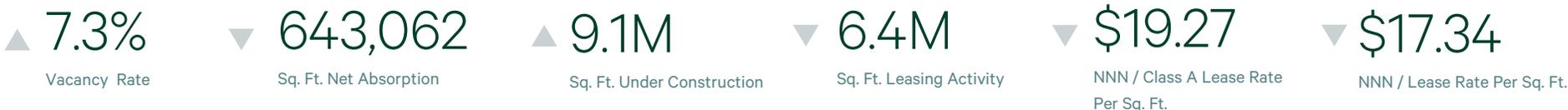


CLASS A DEMAND DRIVES CONTINUED VACANCY STABILIZATION



Note: Arrows indicate change from previous quarter.

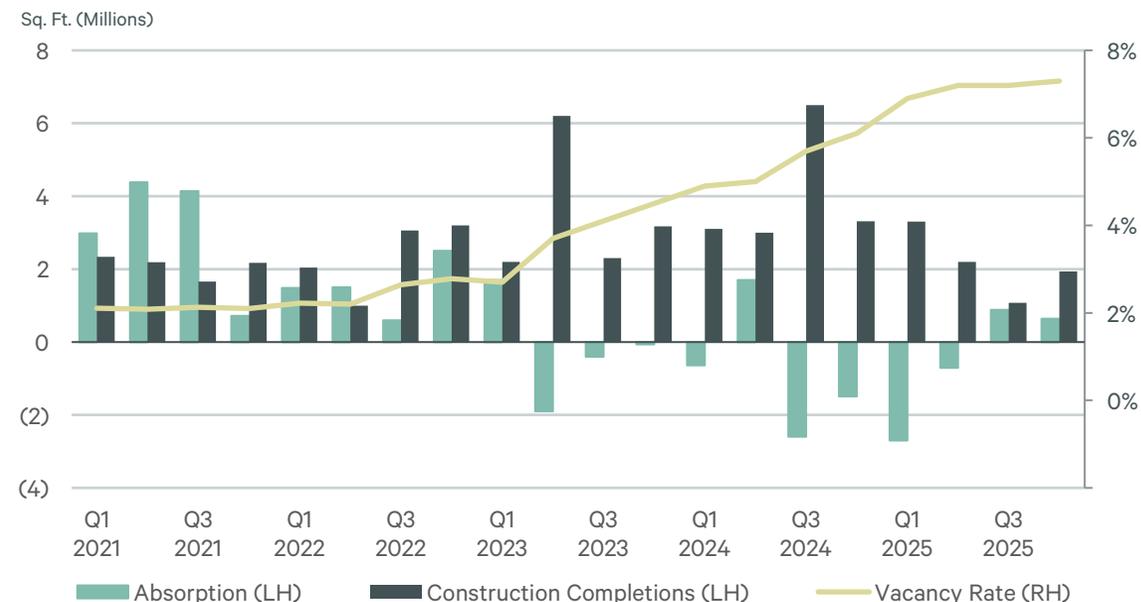
Market Overview

The New Jersey industrial leasing market stabilized in Q4 2025, recording positive net absorption for the second consecutive quarter. Gains were concentrated in Class A assets, as tenants prioritized modern facilities offering efficiency.

Leasing activity fell 4.5% from Q3 as renewals increasingly substituted for new leases, reflecting landlords' emphasis on tenant retention. Third-party logistics (3PL) firms anchored demand, while the renewal surge was reinforced by sizable commitments from prominent retail and e-commerce tenants, broadening the overall tenant mix.

Despite positive absorption, vacancy rose 10 basis points (bps) to 7.3%, driven by 1.9 million sq. ft. of unleased construction completions. The development pipeline expanded by 3.1 million sq. ft. following 2020 Acquisition's launch of the second phase of its logistics park in Old Bridge. However, Q4 was the second consecutive quarter without a major start along the Turnpike Corridor while Northern New Jersey had no major starts.

FIGURE 1: NJ Overall Historical Absorption, Construction Completions, and Vacancy



Source: CBRE Research, Q4 2025

Average asking rents, both overall and for Class A product, showed a modest decline, with concessions remaining the primary lever in deal-making. Annually, overall rents decreased 3.3% while Class A rents tracked 2.6% lower.

Demand

Leasing activity slowed slightly in the fourth quarter, abating 4.5% from Q3 yet remaining 5.0% above the five-year quarterly average. Sixteen new leases surpassed 100,000 sq. ft., compared with 21 in the prior quarter. This decline in new transactions coincided with a sharp rise in renewals, which climbed to 4.0 million sq. ft.—the highest level since 2010—as landlords concentrated on retaining quality tenants in an increasingly competitive environment. For the full year, new leases and expansions totaled 25.4 million sq. ft., representing an 11% drop from 2024’s robust performance.

Tenant demand in Q4 reflected a diverse mix of industries, highlighted by the re-emergence of major retail and wholesale occupiers making significant commitments. Most notably, a leading e-commerce company executed 1.4 million sq. ft. in new leases and renewals, including 585,000 sq. ft. at the newly delivered 3000 Continental Dr. in Morris County.

3PL firms remained a central driver of leasing, signing 18 leases totaling 2.6 million sq. ft.—essentially matching Q3’s volume. However, Asian 3PLs scaled back, completing four leases for 890,000 sq. ft., a sharp decline from seven leases totaling 1.7 million sq. ft. in the prior quarter.

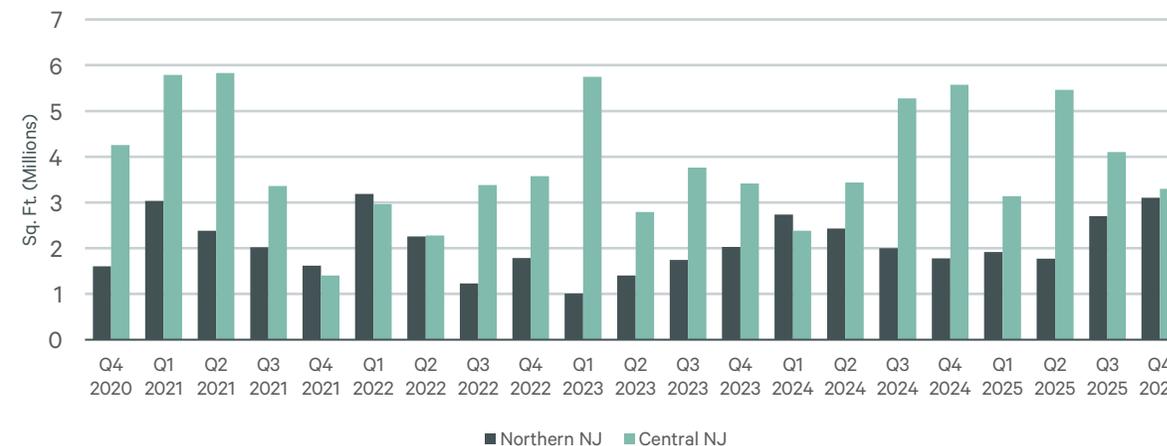
High-quality assets attracted tenants seeking efficiency and consolidation opportunities. Class A buildings accounted for 37% of new leasing, consistent with Q3, as occupiers leveraged favorable market conditions to secure modern, well-located space.

FIGURE 2: Notable Lease Transactions, Q4 2025

Size	Tenant	Address	City	Transaction Type
923,000	E-Commerce Tenant	2170 Route 27	Edison	Renewal
585,000	E-Commerce Tenant	3000 Continental Dr	Budd Lake	New Lease
439,000	4DS	301 Broadway	Jersey City	New Lease
219,365	NJ-Cal Warehouse Expeditors	26 Engelhard Dr	Monroe Twp.	Renewal
230,101	Fortune Logistics	1005 W Middlesex Ave	Port Reading	New Lease

Source: CBRE Research, Q4 2025

FIGURE 3: Historical Industrial Leasing Activity by Market



Source: CBRE Research, Q4 2025

Supply

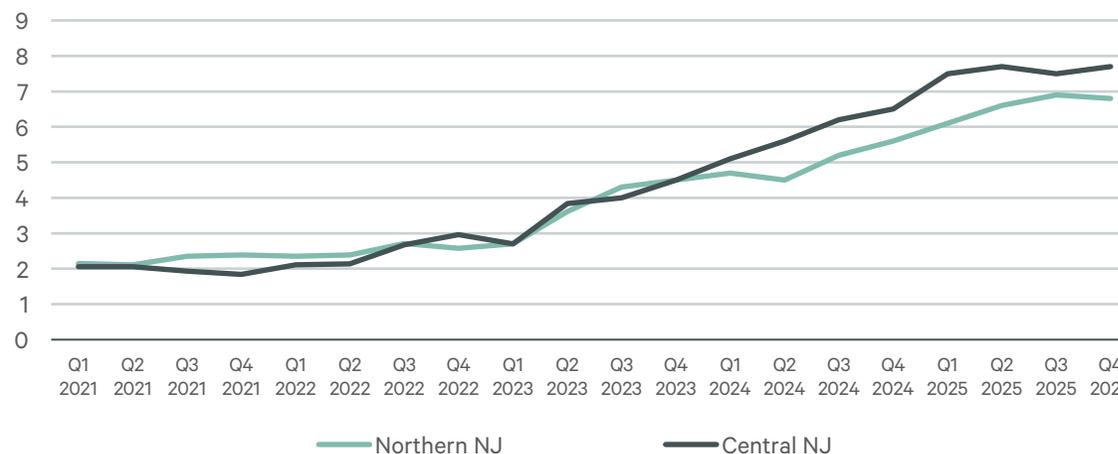
Vacancy edged 10 bps higher at year-end 2025, closing at 7.3%—110 bps above year-end 2024. Net absorption had its second consecutive positive quarter, the first back-to-back gain since 2023, suggesting the market may be nearing peak vacancy. The increase was driven by 1.9 million sq. ft. of newly completed construction that delivered without pre-leasing.

Demand was concentrated in Class A assets, as large firms with advanced logistics operations consolidate into modern facilities. Second-generation properties with low clear heights are increasingly viewed as obsolete for occupiers with modern logistics operations; these tenants prefer high-quality space that supports operational efficiency. Reflecting this shift, second-generation space posted negative net absorption of 680,000 sq. ft., extending this downward trend.

Occupancy-minded landlords have responded with aggressive concession packages and selective base rent discounts to attract credit tenants. Many are also demising large blocks of space into the current “sweet spot” of demand—units ranging between 100,000 and 300,000 sq. ft.—to better align with tenant requirements.

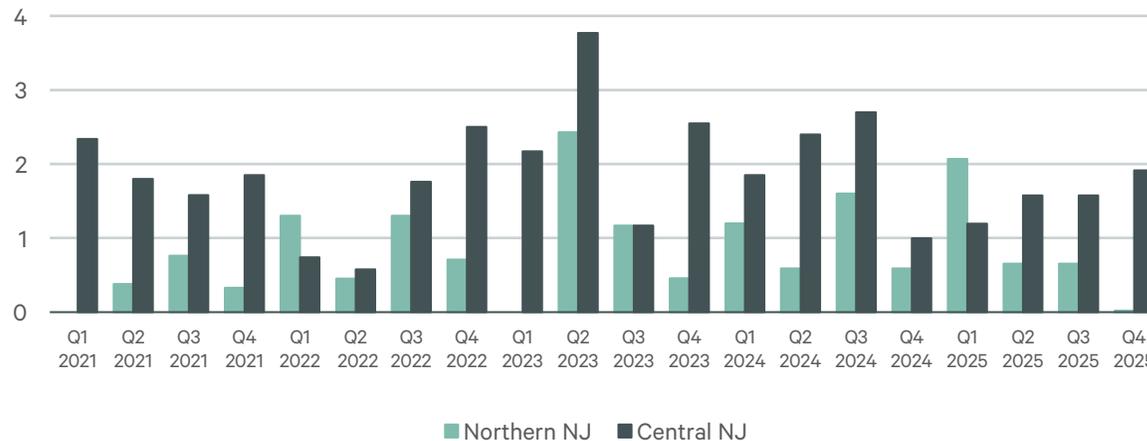
Construction activity picked up in Q4 with ten project starts totaling 3.1 million sq. ft. The second phase of 2020 Acquisition’s logistics park in Old Bridge accounted for 2.2 million sq. ft. after securing financing. Despite this increase, Q4 was the second consecutive quarter without a major construction start along the Turnpike Corridor. Reinforcing this trend, only one project broke ground in the Northern New Jersey Turnpike Corridor submarket during 2025. The total pipeline under construction rose to 9.1 million sq. ft. following 1.9 million sq. ft. of completions in Q4.

FIGURE 4: Historical Vacancy Rate by Market (%)



Source: CBRE Research, Q4 2025

FIGURE 5: Historical Construction Completions by Market (Million Sq. Ft.)



Source: CBRE Research, Q4 2025

Rent Trends

Average asking rents trended lower as landlords prioritized occupancy over holding out for maximum rent. Across all property classes, rents declined 1.8% quarter-over-quarter and 3.3% year-over-year, landing at \$17.34 per square foot. Class A properties recorded a 1.6% quarterly decline and a 2.9% drop from Q4 2024, bringing average rents to \$19.27 per sq. ft.

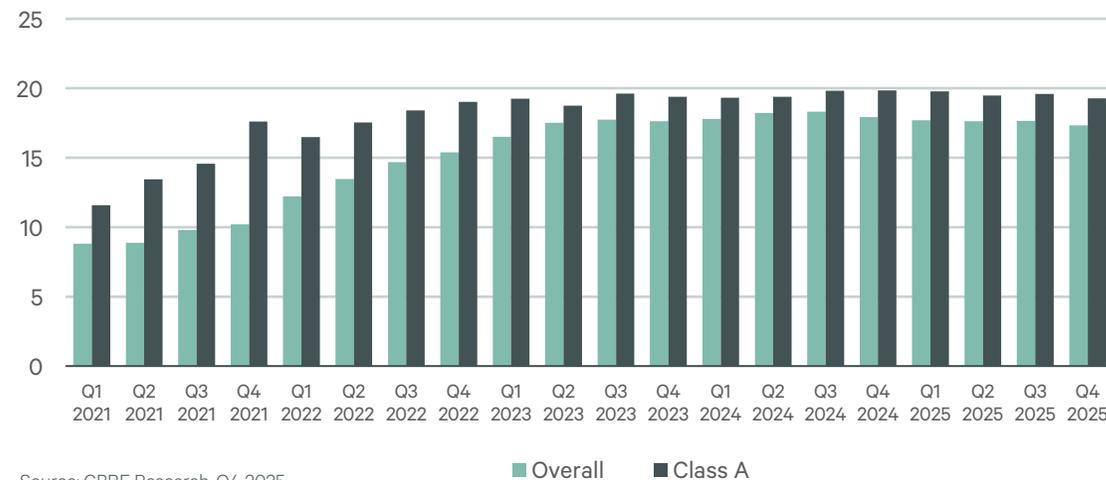
Effective rents were variable, shaped by landlords’ portfolio strength and vacancy conditions across submarkets. Concessions remain the preferred approach to attract tenants, with creditworthy occupiers requiring large footprints more likely to secure base rent discounts. Conversely, non-credit tenants are encountering steep security deposit requirements, underscoring landlords’ focus on mitigating income risk and safeguarding asset valuations.

Economic Overview

The U.S. economy is sending some mixed signals. Financial markets are focused on the upside, particularly AI’s sizable contribution to growth in recent quarters. Some indicators of business activity, such as capital goods orders, are improving, and strengthening credit markets are helping to usher real estate into a new cycle. Conversely, consumer confidence remains weak, with spending reportedly driven by a smaller segment of affluent households. Annual average GDP growth will be steady in 2026, at 2. A key catalyst is a softer labor market, as companies are ‘slow to hire, slow to fire’—a trend that is likely to last a few quarters.

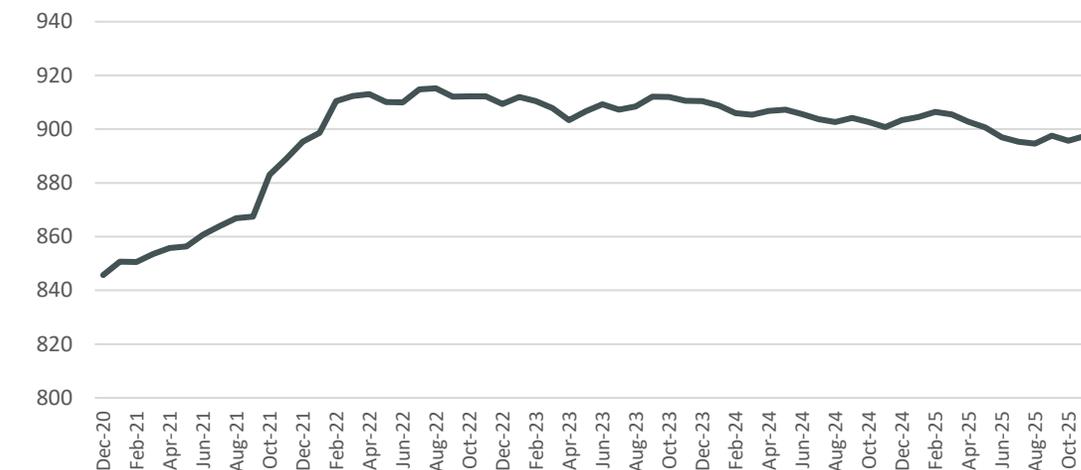
New Jersey’s labor market grew by 23,900 positions quarter-over-quarter in Q3 (+0.5%) and was up 15,500 positions year-over-year (+0.6%). New Jersey’s industrial employment saw modest improvement in Q3 2025, gaining 2,100 positions quarter-over-quarter (+0.2%) but was down 7,700 positions year-over-year (-0.4%). Overall industrial employment in New Jersey is currently 101.5% of the 2019 level.

FIGURE 6: NJ Overall Historical Industrial Asking Rents (\$/ Per Sq. Ft.)



Source: CBRE Research, Q4 2025

FIGURE 7: NJ Trade, Transportation, and Utilities Employment (Thousands)



Source: BLS

FIGURE 8: Submarket Statistics

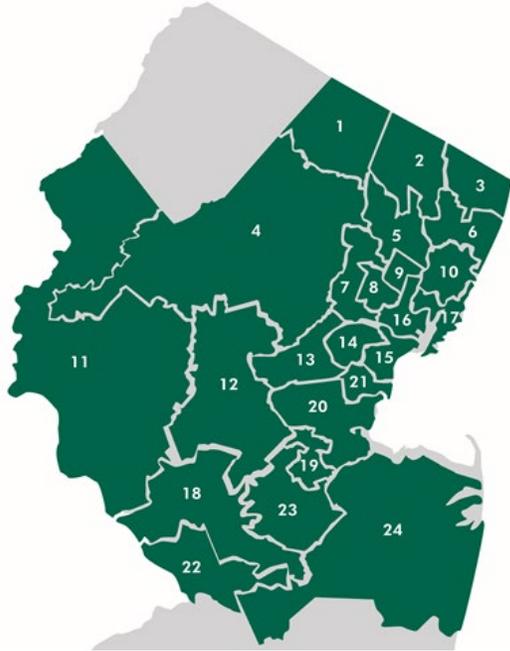
District	Inventory (Million Sq. Ft.)	Vacancy Rate (%)	Class A Avg. Asking Rent (\$/Sq. Ft.)	All Space Avg. Asking Rent (\$/Sq. Ft.)	Leasing Activity (Thousand Sq. Ft.)	Net Absorption (Thousand Sq. Ft.)	Under Construction (Thousand Sq. Ft.)
Central Bergen	32.1	6.3	-	17.42	51.1	-178.5	0.0
Fairfield Market	18.6	6.3	-	15.31	46.4	-59.4	0.0
Hudson Waterfront	67.8	8.7	26.65	21.31	945.7	-235.1	0.0
Meadowlands	94.1	7.2	25.29	19.86	785.0	523.0	1,286.4
Morris Region	43.7	10.7	17.79	16.47	721.7	331.4	1,128.0
Newark	53.4	4.3	28.21	21.53	211.3	244.0	474.9
Northeast Bergen	8.2	2.8	-	15.29	6.6	-1.1	0.0
Northwest Bergen	19.5	7.1	21.65	17.28	101.4	-82.5	0.0
Rt 23 North	0.6	3.3	-	-	0.0	0.0	0.0
Rt 280 Corridor	4.4	7.1	-	12.44	0.0	-59.1	0.0
Rt 46/23/2 Interchange	58.2	4.5	-	14.66	253.0	-208.8	0.0
Suburban Essex	6.7	4.7	24.50	22.22	0.0	-3.6	0.0
Northern NJ Total	407.2	6.8	22.44	18.43	3,121.9	270.2	2,889.4
Brunswicks/Exit 9	29.7	7.5	18.00	17.03	212.1	185.5	359.0
Carteret/Avenel	31.2	11.3	19.78	19.12	562.9	21.9	0.0
Central Union	23.6	4.3	19.25	16.97	87.1	-5.3	0.0
Exit 8A	81.1	11.8	16.30	15.79	886.7	-142.7	28.0
Hunterdon/Warren	15.7	9.8	13.50	12.62	120.6	-17.7	954.9
Linden/Elizabeth	45.9	8.2	24.85	19.39	202.0	-903.0	0.0
Monmouth	29.3	6.7	17.04	16.04	305.5	313.5	2,661.5
Princeton	16.4	5.3	13.50	13.77	55.0	-175.3	0.0
Route 287/Exit 10	113.1	5.9	19.38	17.27	544.8	984.6	61.4
Route 78 East	9.7	1.6	-	15.72	45.0	81.3	142.7
Somerset	42.6	5.2	17.50	15.70	94.0	-52.2	447.0
Trenton/295	32.5	8.4	14.53	14.20	166.7	112.2	1,582.8
Central NJ Total	470.8	7.7	17.99	16.68	3,282.4	372.9	6,228.2
NJ Total	878.0	7.3	19.27	17.34	6,404.4	643.1	9,117.6

Source: CBRE Research, Q4 2025.

- Indicates no direct space available for rent analysis

Market Area Overview

- 1. Route 23 North
- 2. Northwest Bergen
- 3. Northeast Bergen
- 4. Morris Region
- 5. Route 46/23/3 Corridor
- 6. Central Bergen
- 7. Fairfield Market
- 8. Route 280 Corridor
- 9. Suburban Essex
- 10. Meadowlands
- 11. Hunterdon/Warren
- 12. Somerset



- 13. Route 78 East
- 14. Central Union
- 15. Linden/Elizabeth
- 16. Newark
- 17. Hudson Waterfront
- 18. Princeton
- 19. Brunswicks/Exit 9
- 20. Route 287/Exit 10
- 21. Carteret/Avenel
- 22. Trenton/295
- 23. Exit 8A
- 24. Monmouth

DEFINITIONS

Asking Rent: Weighted average asking rent.

Availability Rate: The amount of space currently being marketed for lease, divided by the total current inventory of built space in the market, expressed as a percentage.

Leasing Activity: Total amount of sq. ft. leased within a specified period of time, including new deals, expansions, and pre-leasing, but excluding renewals.

Leasing Velocity: Total amount of sq. ft. leased within a specified period of time, including new deals, expansions, and pre-leasing and renewals.

Net Absorption: The change in the amount of occupied sq. ft. within a specified period of time.

Taking Rent: Actual, initial base rent in a lease agreement.

Vacancy: Unoccupied space available for lease

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