

# 2026 STARTS STRONG WITH RECORD LEASING AND CONTINUED CLASS A DEMAND

▲ 8.0%  
Vacancy Rate

▼ -1.2M  
Sq. Ft. Net Absorption

▼ 7.7M  
Sq. Ft. Under Construction

▲ 9.2M  
Sq. Ft. Leasing Activity

▼ \$18.92  
NNN / Class A Lease Rate  
Per Sq. Ft.

▼ \$17.09  
NNN / Lease Rate Per Sq. Ft.

Note: Arrows indicate change from previous quarter.

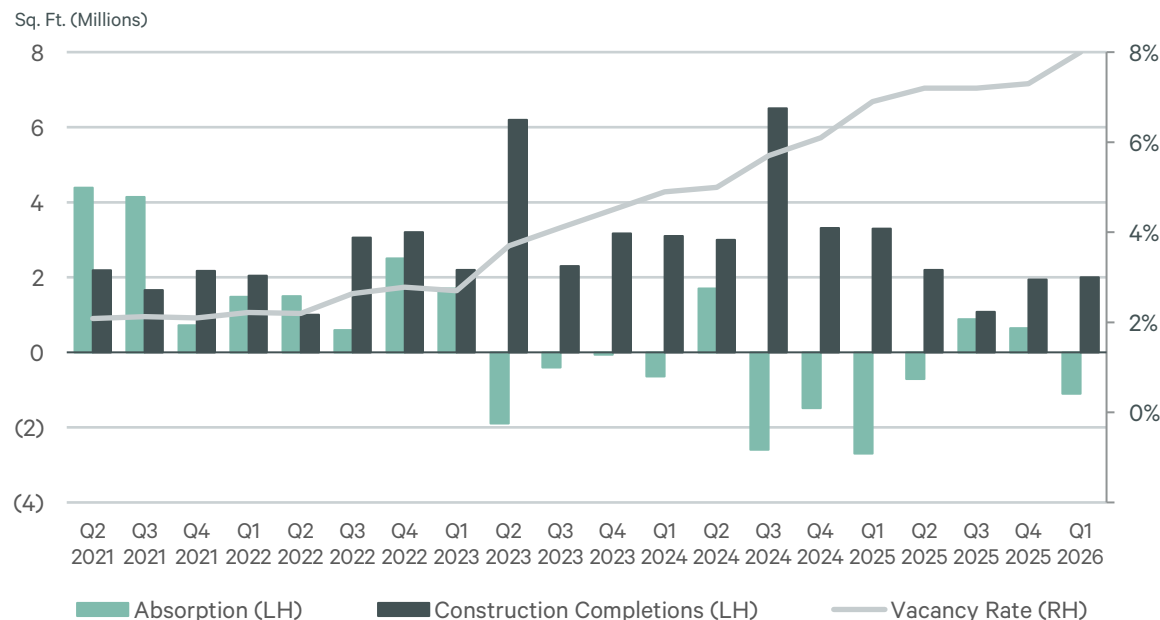
## Market Overview

The Northern and Central New Jersey industrial markets opened 2026 with exceptional momentum. Leasing activity surged to record levels, fueled by robust third-party logistics (3PL) activity, renewed e-commerce engagement, and a sustained flight to quality that drove another strong quarter of Class A absorption.

At the same time, vacancy ticked higher as unleased completions and soft net absorption in legacy inventory offset the strength of deal activity. Construction starts slowed, though several projects are poised to advance in the coming months, setting the stage for a more active development pipeline in Q2.

Rent trends remained mixed, with asking rents easing as landlords prioritized occupancy, while effective rents showed signs of stabilization amid elevated concessions and tightening availability in key size segments. Together, these dynamics underscore a market in transition defined by strong tenant demand, selective landlord/tenant leverage, and deal specific effective rents.

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



Source: CBRE Research, Q1 2026

## Demand

A combination of favorable market conditions and 3PL providers focusing on operational efficiency drove an exceptional surge in leasing activity at the start of 2026, resulting in the strongest quarterly performance ever recorded in the Northern and Central New Jersey industrial market.

Twenty-eight new leases and expansions of over 100,00 square feet (sq. ft.) were completed during the quarter, with an average deal size of 224,000 sq. ft., compared to 16 transactions in the prior quarter averaging 214,000 sq. ft. This rise in activity reflects a clear push among occupiers to secure space ahead of anticipated tightening in market conditions. While average deal size remained relatively stable, several large requirements continue to circulate, particularly for Class A space in prime Northern New Jersey submarkets.

Occupiers’ flight to quality, combined with increased flexibility among property owners, fueled robust leasing in Class A product. Twenty-four Class A leases totaling 4.8 million sq. ft. were completed—the second-highest quarterly tally on record—trailing only Q1 2021, when 20 Class A leases totaled 7.0 million sq. ft.

Tenant demand in Q1 was led by 3PLs, which accounted for 54% of all leasing activity for spaces 50,000 sq. ft. and larger. Retail and wholesale occupiers represented an additional 39%, underscoring broad-based expansion across those categories. The remaining 7% of activity came from food and beverage users.

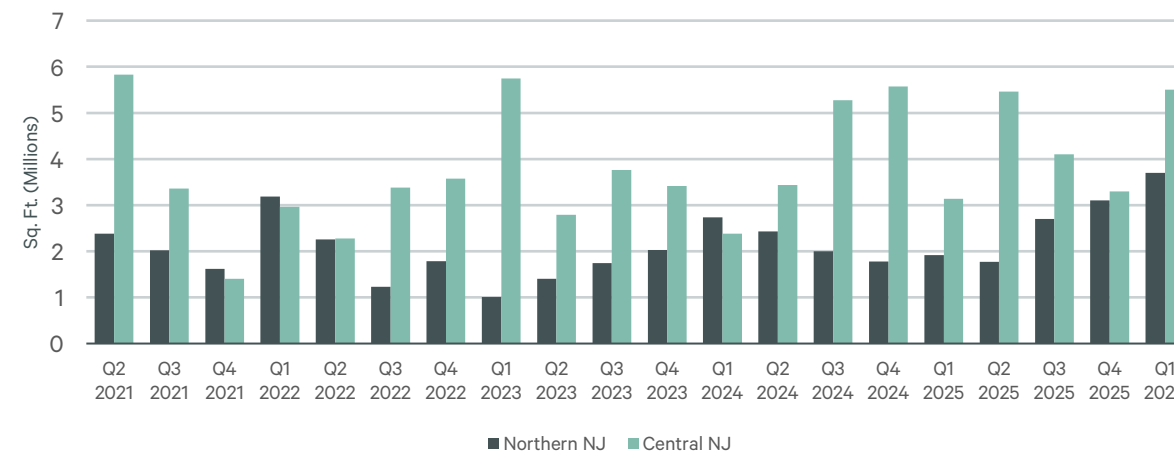
Offshore 3PLs remained active, signing 985,000 sq. ft. of new leases and contributing 26% of total 3PL activity for the quarter. Also notable was the second consecutive quarter featuring a significant new lease from a major e-commerce company, signaling renewed momentum in that segment.

FIGURE 2: Notable Lease Transactions, Q1 2026

Size	Tenant	Address	City	Transaction Type
600,000	DSV	201 Middlesex Center Blvd	South Brunswick	New Lease
490,000	Confidential E-Commerce	1075 Secaucus Rd	Jersey City	New Lease
452,000	Worldwide Logistics	76 Callahan Blvd	Sayreville	New Lease
310,000	S & D Transfer	200 Docks Corner Rd	South Brunswick	New Lease
276,000	Quick Box	100 Performance Dr	Mahwah	New Lease

Source: CBRE Research, Q1 2026

FIGURE 3: Historical Industrial Leasing Activity by Market



Source: CBRE Research, Q1 2026

Renewal activity also reached an all time high in Q1, totaling 4.5 million sq. ft. and driven largely by top tier occupiers securing long term commitments. These tenants typically invest heavily in advanced, technology enabled infrastructure, making relocation costly and operationally disruptive. As a result, they tend to favor long lease terms, which in turn support favorable deal structures.

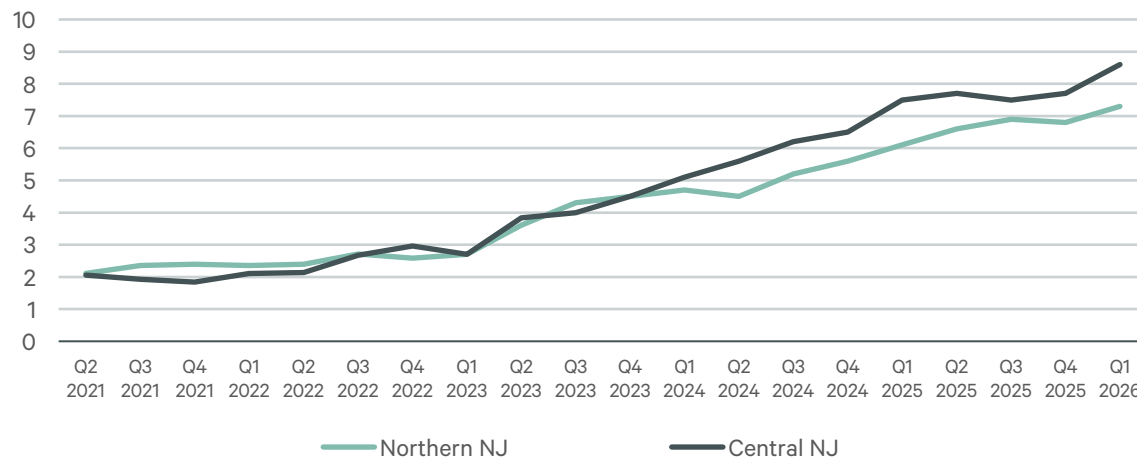
## Supply

Vacancy moved 70 basis points (bps) higher to start 2026, ending Q1 at 8.0%. The increase was jointly driven by a decline in net absorption and significant unleased construction completions. Net absorption broke its consecutive positive streak, posting negative 1.2 million sq. ft. for the quarter, while 1.4 million sq. ft. of newly delivered but unleased space added further upward pressure on vacancy. Despite this rise, the strong leasing activity recorded over the past two quarters is expected to translate into meaningful positive absorption as tenants begin to occupy recently signed spaces, helping vacancy trend downward in the coming quarters.

The market’s flight to quality dynamic is equally evident on the supply side. Although overall vacancy increased, Class A vacancy remained relatively stable at 18%. Class A net absorption totaled a positive 1.8 million sq. ft., outpacing vacant completions by roughly 400,000 sq. ft. Moreover, among the newly vacated Class A spaces in Q1, only four exceeded 100,000 sq. ft.—and none were located within the core Turnpike submarkets of Northern New Jersey, where large footprint vacancies remain in short supply.

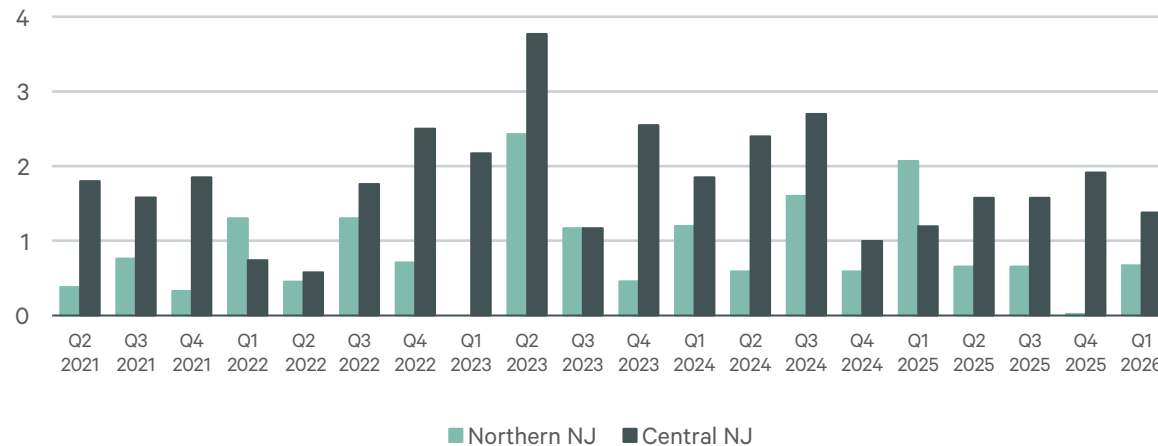
Construction activity slowed in Q1, due in part to adverse weather across the region, with only seven project starts totaling 801,000 sq. ft., marking another quarter without a major start in the northern Turnpike corridor. Activity is expected to accelerate in Q2, however, as several significant projects are slated to go vertical, including a limited number in the northern Turnpike corridor.

FIGURE 4: Historical Vacancy Rate by Market (%)



Source: CBRE Research, Q1 2026

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



Source: CBRE Research, Q1 2026

The overall construction pipeline contracted to 7.7 million sq. ft., reflecting a net decrease of 1.4 million sq. ft.

## Rent Trends

Landlords continued to emphasize occupancy, resulting in a modest pullback in average asking rents and extending the gradual decline that began in the second half of 2024. The average asking rent across all classes slipped 1.7% quarter-over-quarter and 3.0% year-over-year to \$17.09 per sq. ft. Class A properties recorded a 1.8% quarterly decrease and a 4.3% annual decline, bringing the average to \$18.92 per sq. ft. It's worth noting that the Class A decline is partially influenced by the limited availability of product in the high-priced Northern New Jersey Turnpike submarkets.

Effective rents showed greater stability in Q1, supported by elevated concessions and steady taking rents, even as select landlords offered low rates driven by vacancy fatigue. Given the scarcity of supply in certain submarkets' size segments and a growing roster of active requirements, a single transaction can meaningfully influence pricing for subsequent deals within a submarket. With limited availability in key size bands and tenant activity picking up, landlords may regain selective pricing power, though deal-to-deal variability will remain a defining feature of the market.

## Economic Overview

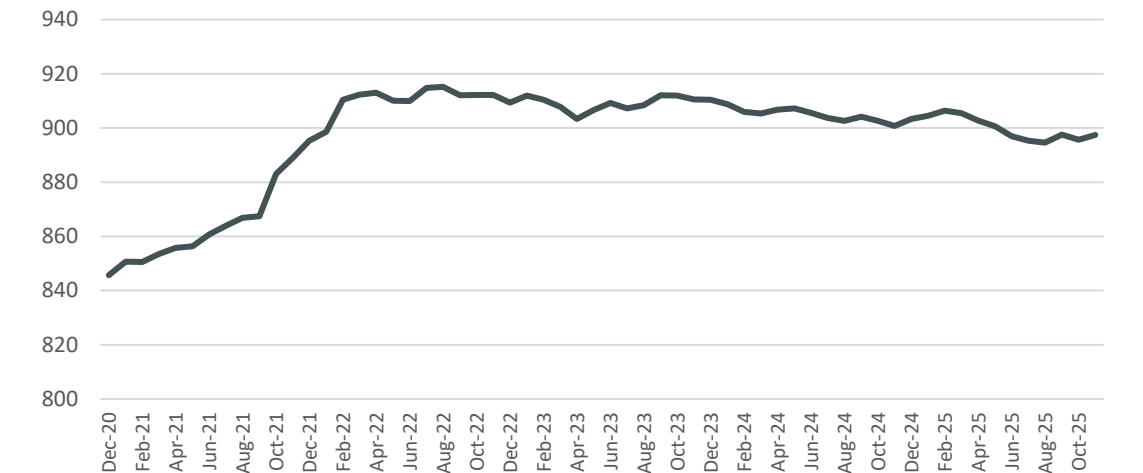
New Jersey's industrial employment shrank by 4,700 positions quarter-over-quarter in Q4 (-0.4%) and was down 9,300 positions year-over-year (-0.8%). Overall industrial employment in New Jersey is currently 101.1% of the 2019 level. The trade, transportation, and utilities sector – which includes logistics and fulfillment center employment – reduced payroll by 4,000 positions quarter-over-quarter in Q4 (-0.4%) and has been trending downward since peaking in Q3 2022.

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



Source: CBRE Research, Q1 2026

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



Source: BLS

FIGURE 8: Submarket Statistics

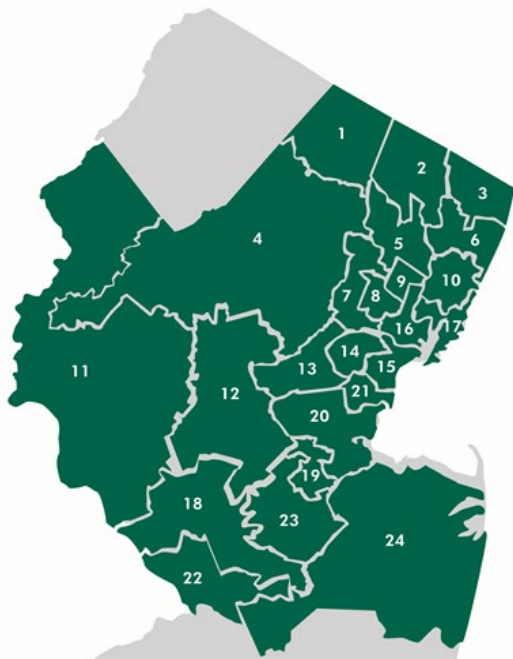
District	Inventory (Million Sq. Ft.)	Vacancy Rate (%)	Class A Avg. Asking Rent (\$/Sq. Ft.)	All Space Avg. Asking Rent (\$/Sq. Ft.)	Leasing Activity (Thousand Sq. Ft.)	Net Absorption (Thousand Sq. Ft.)	Under Construction (Thousand Sq. Ft.)
Central Bergen	30.1	7.2	-	16.14	78.7	-133.5	0.0
Fairfield Market	18.5	6.3	-	17.06	191.2	17.1	0.0
Hudson Waterfront	60.8	8.9	25.01	18.74	619.2	307.7	76.9
Meadowlands	92.3	7.0	25.29	19.17	1,355.0	373.3	1,286.4
Morris Region	44.2	12.3	17.46	16.42	320.7	-601.6	1,055.8
Newark	48.5	5.6	28.50	18.15	193.1	132.7	0.0
Northeast Bergen	7.8	3.3	-	16.10	71.5	-29.9	0.0
Northwest Bergen	18.5	8.6	21.65	17.76	278.6	-214.3	0.0
Rt 23 North	0.7	3.2	-	-	89.3	-3.5	0.0
Rt 280 Corridor	4.1	7.0	-	11.87	23.0	29.8	0.0
Rt 46/23/2 Interchange	56.6	4.7	-	16.24	440.7	-53.3	0.0
Suburban Essex	5.3	5.7	24.50	22.58	0.0	15.0	0.0
<b>Northern NJ Total</b>	<b>387.4</b>	<b>7.3</b>	<b>21.66</b>	<b>17.88</b>	<b>3,661.2</b>	<b>-160.3</b>	<b>2,419.2</b>
Brunswicks/Exit 9	29.6	7.7	18.00	15.32	468.7	108.0	195.4
Carteret/Avenel	34.4	8.7	19.29	18.79	601.0	551.2	0.0
Central Union	22.2	5.3	19.25	17.05	61.8	-162.0	0.0
Exit 8A	82.0	11.4	16.16	15.65	1,974.3	252.5	0.0
Hunterdon/Warren	15.1	20.4	13.50	12.76	8.5	-28.5	370.0
Linden/Elizabeth	44.0	8.8	24.85	19.17	551.8	-123.0	0.0
Monmouth	28.5	7.2	16.38	15.51	80.3	54.2	2,583.7
Princeton	14.6	7.9	13.50	13.60	79.8	-279.8	0.0
Route 287/Exit 10	112.5	6.8	19.47	17.58	1,080.3	-882.6	155.3
Route 78 East	9.2	3.4	-	14.64	0.0	-33.0	0.0
Somerset	41.0	6.8	17.85	16.19	301.3	-522.5	370.8
Trenton/295	30.8	10.1	14.11	13.76	308.5	48.3	1,618.1
<b>Central NJ Total</b>	<b>463.8</b>	<b>8.6</b>	<b>18.18</b>	<b>16.61</b>	<b>5,516.3</b>	<b>-1,018.2</b>	<b>5,293.3</b>
<b>NJ Total</b>	<b>851.2</b>	<b>8.0</b>	<b>18.92</b>	<b>17.09</b>	<b>9,177.5</b>	<b>-1,178.4</b>	<b>7,712.4</b>

Source: CBRE Research, Q1 2026,

- 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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