

FIGURES | NORTHERN & CENTRAL NEW JERSEY | Q1 2026

Availability Remains Stable Amid Tepid Quarterly Leasing



Note: Arrows indicate change from previous quarter.

QUICK FACTS

- Quarterly leasing activity totaled 621,000 sq. ft., down 22% from the prior quarter, and 47% below the five-year quarterly average.
- Renewals totaled 618,000 sq. ft. in Q1, or 50% of total leasing velocity.
- The availability rate remained flat quarter-over-quarter at 24.2%.
- Quarterly net absorption was 830,000 sq. ft. in Q1 2026.
- Average asking rent was \$32.11 per sq. ft., up 1% quarter-over-quarter.

Market Overview

Leasing activity tallied less than one million square feet for the third consecutive quarter, totaling 621,000 sq. ft. in Q1—down 22% quarter-over-quarter and 47% below the five-year quarterly average. This represents the lowest quarterly leasing volume on record, narrowly surpassing the prior low of 623,000 sq. ft. in Q1 2021. The slowdown was driven primarily by the absence of large-format transactions causing the average new deal size to drop from 15,200 sq. ft in 2024 to 10,000 sq. ft since the start of 2025. Prime assets remained more resilient than the overall market with availability 520 basis points (bps) lower than the overall market and asking rents at a 30% premium.

New Jersey leasing activity continued to lag as broader macro trends favor urban markets over suburban locations. Other market headwinds persisted, including an uncertain labor market, tenant reluctance to deploy capital for build-outs, and landlords navigating various debt challenges. As landlords faced increased costs in delivering turnkey space, some occupiers have turned toward renewals or the new trend of owner-user purchase amid depressed asset values. New Jersey has recorded three owner-user sales larger than 100,000 sq. ft. over the past two quarters.

The size of the New Jersey market saw an accelerated contraction in Q1 2026, as approximately 800,000 sq. ft. of office inventory was slated for demolition or conversion. Cumulative removals since 2019 now total 23.5 million sq. ft. as the market rebalances.

Economic Overview

The current business cycle may be five years old, but U.S. growth appears resilient, despite clear risks on the horizon. GDP growth should average 2.1%, matching 2025 and exceeding peer economies. America’s aggressive build-out of AI infrastructure is a unique edge. Hyperscaler capex is nearing 3% of GDP—just below residential investment. Concerns about the sustainability of this growth and its broader impact are rattling both credit and equity markets. Operation Epic Fury and global energy prices are also a concern. Assuming the conflict is resolved quickly, and U.S. oil prices stay in the \$80/barrel range, the impact on U.S. growth should be minimal. The impact on headline inflation, which is forecast to average 3.2% this year, up from the mid-2% range in February, will be material. Should the conflict escalate, this would elevate inflation and long-term yields and would likely impact the commercial real estate market.

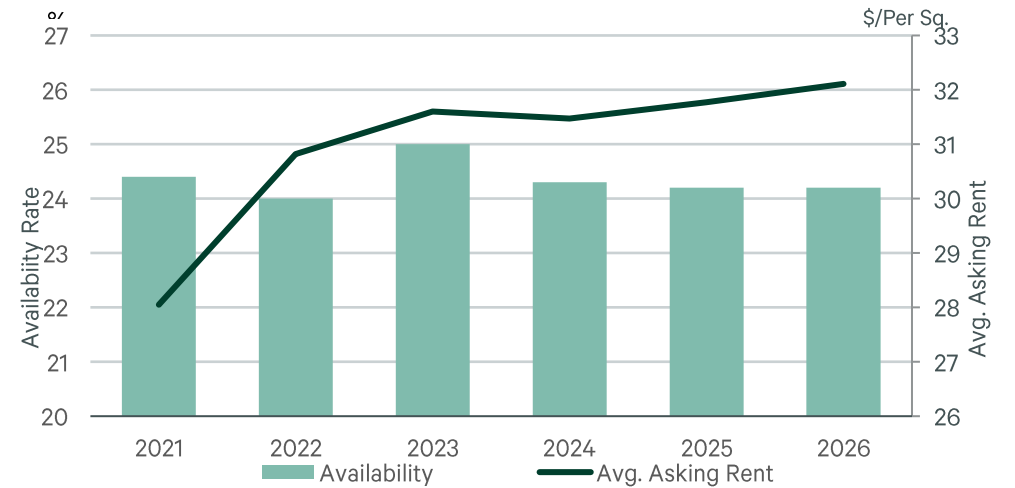
New Jersey’s labor market increased by 900 positions quarter-over-quarter in Q4 (0.0%) and was up by 9,000 positions year-over-year (+0.2%). New Jersey’s Office Using Employment (OUE) fared worse than the state as a whole in Q4, letting go of 2,600 jobs (-0.2%). The information sector shrank by 100 positions (-0.1%) and professional and business services reduced payroll by 3,300 positions (-0.5%). Financial activities bucked the trend and added 800 roles quarter-over-quarter (+0.3%). Year over year, OUE in New Jersey is up a net of 5,200 jobs (+0.5%). New Jersey’s OUE peaked at 1.07 million positions in July 2022 and currently stands at 98.7% of that level.

New Jersey’s overall unemployment rate was 5.4% in December 2025, up from 5.2% in the end of Q3. The national unemployment rate was 4.4% as of December 2025.

FIGURE 1: New Jersey Office-Using Employment (Thousands)



FIGURE 2: Historical Availability and Asking Rent



Source: BLS

Source: CBRE Research, Q1 2026

Leasing Activity

Office leasing activity across Northern and Central New Jersey declined 14% quarter-over-quarter to 621,000 sq. ft. in Q1, marking the lowest quarterly total on record. The two largest deals of the quarter were Organon’s 71,000 sq. ft. lease at 100 Park Avenue in Florham Park and Jersey Mike Subs’ 69,000 sq. ft. lease at 1 CommVault Way in Tinton Falls. Both transactions were for turnkey spaces, reinforcing tenants’ preference for fully built-out space. Organon’s lease further highlights the resilience of prime assets, which collectively recorded 90,000 sq. ft. of activity during the quarter—accounting for 15% of total leasing despite representing just 9% of overall inventory.

Renewal activity strengthened materially, increasing 47% quarter-over-quarter to 618,000 sq. ft. in Q1. Renewals accounted for 50% of total leasing velocity, marking the first time since Q2 2021 that renewals comprised at least half of total activity when they represented 62%.

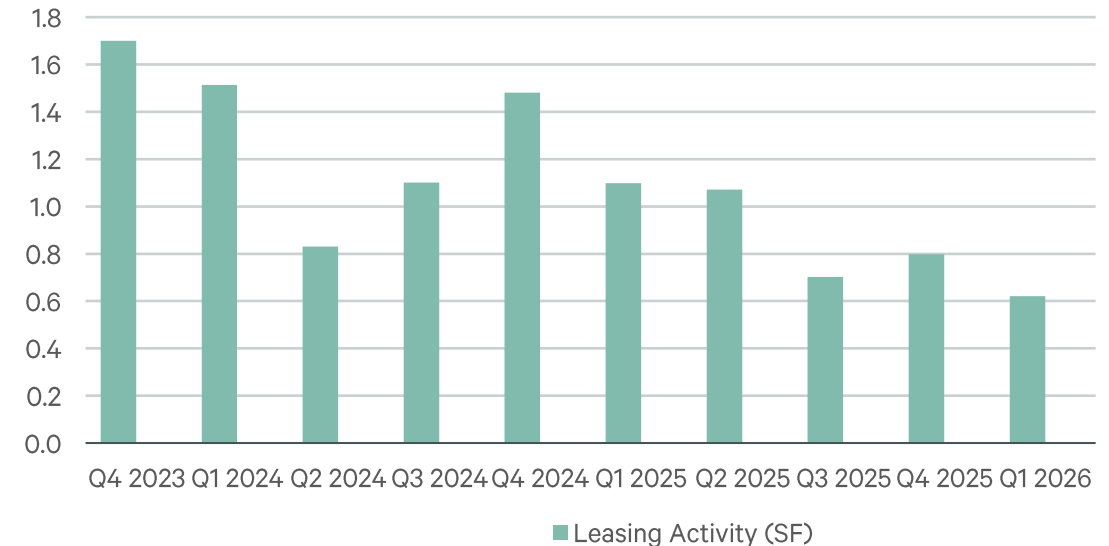
Northern New Jersey recorded 280,000 sq. ft. of leasing activity in Q1, a 53% decline from Q4 and 61% below its five-year quarterly average. Suburban Essex/Eastern Morris led the region with 99,000 sq. ft. of activity, reflecting an 808% increase quarter-over-quarter and outperforming its five-year average by 131%. Organon’s 71,000 sq. ft. relocation to 100 Park Avenue in Florham Park was the largest Northern New Jersey transaction of the quarter. The tenant relocated from 30 Hudson Street in Jersey City into a plug-and-play space, bringing 100 Park Avenue to full occupancy.

For the first time since Q1 2025, Central New Jersey outpaced Northern New Jersey in leasing activity, recording 341,000 sq. ft. in Q1—up 71% quarter-over-quarter from 199,000 sq. ft. The Parkway Corridor was the only submarket to exceed 100,000 sq. ft. of leasing activity, totaling 146,000 sq. ft. for the quarter. This performance was driven primarily by a 50,000 sq. ft. expansion by a financial tenant and a 47,000 sq. ft. new lease by CLS Bank International at Wood Avenue South in Iselin.

FIGURE 3: Top Lease Transactions, Q1 2026

Tenant	Address	Size (SF)	Transaction Type
Confidential Tenant	765 Broad Street	211,336	Renewal/Expansion
Wilentz Goldman & Spitzer	90 Woodbridge Center Drive	73,500	Renewal
Organon	100 Park Avenue	70,624	New Lease
Jersey Mike Sub’s	1 CommVault Way	68,750	New Lease
Mandelbaum Barrett	3 Becker Farm Road	60,873	Renewal/Expansion

FIGURE 4: Office Leasing Activity (Million Sq. Ft.)



Source: CBRE Research, Q1 2026

Net Absorption and Availability

The ongoing contraction in office inventory in New Jersey counterbalanced the deceleration in leasing activity during Q1. Net absorption remained positive in Q1, with approximately 830,000 sq. ft. withdrawn from the market. This performance was driven by continued removal of obsolete stock from the inventory. The addition of sublease space also slowed. The total available sublease space declined by 14.2% annually, helping to keep overall availability below its cyclical peak. As a result, market-wide availability held steady at 24.2% for the second consecutive quarter, remaining below the all-time high of 25.0% recorded in Q3 2023.

Availability within prime assets increased 60 bps quarter-over-quarter to 19%. While this represented upward pressure, availability in these buildings remained 520 bps below the broader market and commanded a 30% premium in asking rents. Ongoing supply constraints within the prime segment suggested that leasing conditions are likely to remain competitive, despite challenges in the broader market.

Positive absorption was recorded in seven of the 20 tracked submarkets, resulting in localized declines in availability. Absorption was heavily concentrated in the Montvale/Woodcliff Lake submarket, which posted 259,000 sq. ft. of positive absorption and saw its availability rate decline by 600 bps to 18.9%. While often overlooked, Montvale/Woodcliff Lake exemplifies a broader statewide trend. Since 2020, the submarket’s total inventory has contracted by 16% due to an accelerating pace of demolition of office space and conversions. The most recent example, 300 Chestnut Ridge Road in Woodcliff Lake—now slated for residential redevelopment—was the single largest contributor to the quarter’s positive absorption, underscoring the impact of structural supply reductions on market fundamentals. Similarly, the Route 17 Corridor submarket, also in Bergen County, has seen an even more dramatic contraction, declining 42% in total inventory since 2020. Since 2019, these two markets combined have 2.22 million sq. ft. of office space slated for demolition and conversion. Since 2020, the overall Northern and Central Jersey market has contracted 5.5%.

FIGURE 5: Net Absorption (Million Sq. Ft.)



Source: CBRE Research, Q1 2026

FIGURE 6: Availability Rate (%)



Source: CBRE Research, Q1 2026

Rent Trends

Average asking rent in the Northern and Central New Jersey office market, rose 1% quarter-over-quarter to \$32.11 per sq. ft. in Q1 2026. Class A asking rents also increased 1% during the quarter to \$35.02 per sq. ft.—a 9% premium over the market-wide average. Northern New Jersey posted an average asking rent of \$33.71 per sq. ft., flat quarter-over-quarter, while Central New Jersey experienced modest upward movement—up 2% to \$29.37 per sq. ft. With the supply of premium space tightening, prime assets maintained strong pricing power, commanding an average asking rent of \$41.61 per sq. ft.—approximately 30% above the overall market average.

Rent growth remained limited across the region, as only seven of the 20 submarkets recorded an increase in average asking rents during the quarter. Greater Monmouth County led submarket rent growth, posting a 3% quarterly increase following the absorption of low-priced space in Tinton Falls.

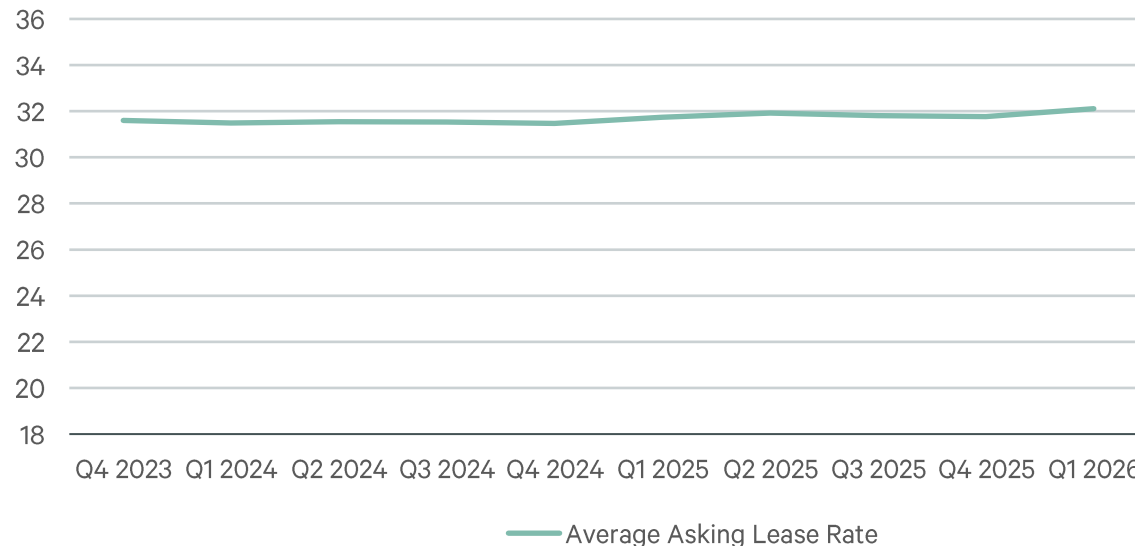
Despite generally modest rent growth statewide, Downtown Summit continues to set new benchmarks. In the first quarter, some deals reached as high as \$70 per sq. ft. base rent. With limited availability for small- to mid-sized occupiers in the downtown area, Summit has consistently captured the top five highest asking rents in the market over the past year. Also of note, the Morristown submarket asking rent is down 3% annually after seeing high priced turn key space leased off the market. Meanwhile, the Waterfront’s asking rent is up 1% annually.

Investment Sales

After gaining momentum in Q4 2025, investment sales activity only registered two deals over \$10 million and declined sharply in Q1 2026, falling 63% quarter-over-quarter to \$66 million. The quarter was led by the \$17.5 million sale of 62 Flanders Bartley Road in Flanders, a Class A office property acquired by a confidential owner-user. At more than 300,000 sq. ft., this transaction also represented the largest occupier transaction of the quarter.

With the tightening of available turnkey space and value compression across office assets, owner-user acquisitions remain a viable alternative for occupiers seeking long-term cost control and immediate usability. Depressed valuations and limited plug-and-play availability position owner-user purchases as an attractive strategy for select tenants in the current market environment. While this trend may not sustain for the long-term, this flash of activity is worth paying attention to.

FIGURE 7: Average Asking Rents (\$/Per Sq. Ft.)



Source: CBRE Research, Q1 2026

FIGURE 8: Notable Sales Transactions

Address	Size (Sq. Ft.)	Price (Millions)	Price/Sq. Ft	Buyer
62 Flanders Bartley Road	308,000	\$17.50	\$17.6	Confidential Occupier
959 Rte 46 E	131,439	\$10.00	\$76	Shree 959 RT-46 LLC
535 High Mountain Rd	18,367	\$9.54	\$519	Borough of North Haledon
1120 Bloomfield Ave	46,600	\$8.50	\$182	Dandro properties
645 Martinsville Rd	83,000	\$6.10	\$73	645 Martinsville Road LLC

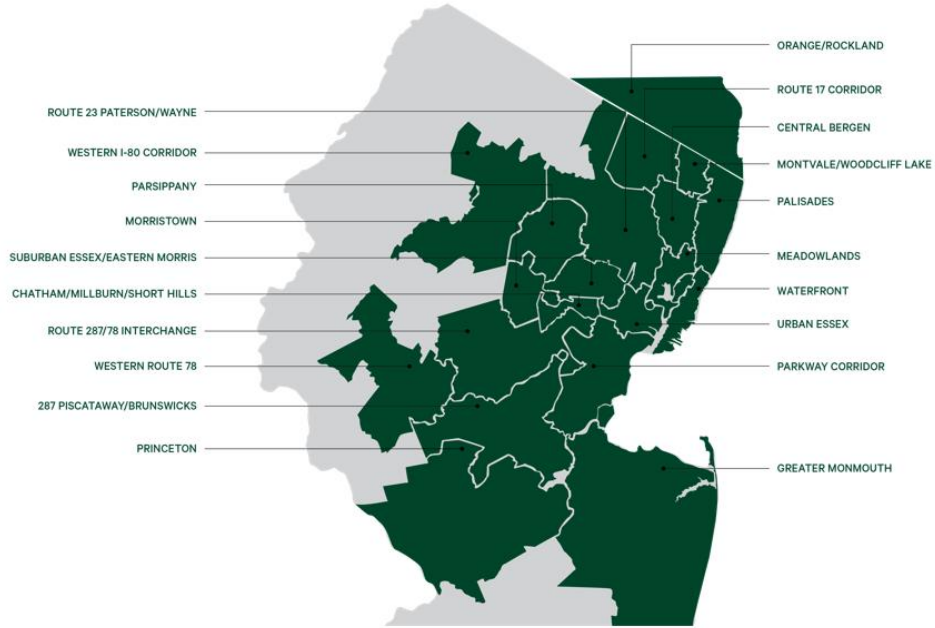
Source: CBRE Research, Q1 2026

FIGURE 19: Q3 2025 Submarket Statistics

Submarket	Market Rentable Area (Millions Sq. Ft.)	Availability Rate (%)	Avg. Asking Rent (\$/Sq. Ft./Yr)	Leasing Activity (Sq. Ft.)	Renewal Activity (Sq. Ft.)	Net Absorption (Sq. Ft.)	YTD Net Absorption (Sq. Ft.)
Orange/Rockland	2.55	34.7%	\$22.32	0	0	0	0
Palisades	4.92	20.8%	\$27.49	0	0	(4,091)	(4,091)
Montvale/Woodcliff Lake	2.87	18.9%	\$26.42	9,560	12,155	259,134	259,134
Route 17 Corridor	1.66	5.6%	\$21.48	0	0	0	0
Central Bergen	5.64	17.9%	\$28.64	13,682	55,710	(59,047)	(59,047)
Route 23/Paterson/Wayne	5.51	16.3%	\$22.47	0	17,673	(57,724)	(57,724)
Waterfront	19.55	33.0%	\$44.54	4,171	10,361	(175,082)	(175,082)
Meadowlands	4.63	25.4%	\$29.31	19,040	21,602	1,283	1,283
Newark	12.94	20.8%	\$32.56	17,529	212,300	26,101	26,101
Suburban Essex/Eastern Morris	5.77	24.5%	\$26.34	99,198	39,546	173,951	173,951
Parsippany	13.11	26.1%	\$28.31	29,227	131,247	(131,301)	(131,301)
Morristown	8.84	19.9%	\$31.76	87,469	7,786	312,468	312,468
Western I-80 Corridor	0.79	36.6%	\$24.87	0	0	(13,204)	(13,204)
Chatham/Millburn/Short Hills	0.90	19.0%	\$44.07	0	0	0	0
Northern New Jersey Total	89.68	24.3%	\$33.71	279,876	508,380	332,488	332,488
Parkway Corridor	8.43	24.0%	\$36.01	146,032	92,551	56,284	56,284
Route 287/78 Interchange	19.80	23.6%	\$29.32	52,725	6,268	185,148	185,148
Western Route 78	2.43	48.6%	\$26.78	0	0	291,000	291,000
Route 287/Piscataway/Brunswicks	6.79	18.9%	\$20.93	11,305	3,194	(17,034)	(17,034)
Greater Monmouth County	5.03	18.6%	\$27.87	96,276	2,120	(52,158)	(52,158)
Princeton	15.07	24.9%	\$29.85	35,099	5,435	34,189	34,189
Central New Jersey Total	57.56	24.1%	\$29.37	341,437	109,568	497,429	497,429
New Jersey Total	147.25	24.2%	\$32.11	621,313	617,948	829,917	829,917

Source: CBRE Research, Q1 2026

Market Area Overview



DEFINITIONS

Availability: Space that is being actively marketed and is available for tenant build-out within 12 months. Includes space available for sublease as well as space in buildings under construction

Asking Rent: Weighted average asking rent

Leasing Activity: Total amount of sq. ft. leased within a specified period of time, including pre-leasing and purchases of space for occupancy, excluding renewals

Leasing Velocity: Total amount of sq. ft. leased within a specified period of time, including pre-leasing and purchases of space for occupancy, including renewals

Net Absorption: The change in the amount of committed sq. ft. within a specified period of time, as measured by the change in available sq. ft.

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

T.I.: Tenant Improvements

Vacancy: Unoccupied space available for lease

Survey Criteria: CBRE’s market report analyzes fully modernized office buildings that total 75,000+ sq. ft. in NNJ and CNJ markets including owner occupied buildings.

Contacts

Michael Slattery

Field Research Director

+1 212 656 0583

Michael.Slattery@cbre.com

Michael Philibosian

Research Data Analyst

+201 712 5632

Michael.Philibosian@cbre.com

© Copyright 2026. All rights reserved. This report has been prepared in good faith, based on CBRE’s current anecdotal and evidence-based views of the commercial real estate market. Although CBRE believes its views reflect market conditions on the date of this presentation, they are subject to significant uncertainties and contingencies, many of which are beyond CBRE’s control. In addition, many of CBRE’s views are opinions and/or projections based on CBRE’s subjective analyses of current market circumstances. Other firms may have different opinions, projections, and analyses, and actual market conditions in the future may cause CBRE’s current views to later be incorrect. CBRE has no obligation to update its views herein if its opinions, projections, analyses, or market circumstances later change.

Nothing in this report should be construed as an indicator of the future performance of CBRE’s securities or of the performance of any other company’s securities. You should not purchase or sell securities—of CBRE or any other company—based on the views herein. CBRE disclaims all liability for securities purchased or sold based on the information herein, and by viewing this report, you waive all claims against CBRE as well as against CBRE’s affiliates, officers, directors, employees, agents, advisers and representatives arising out of the accuracy, completeness, adequacy or your use of the information herein

