

FIGURES | NORTHERN & CENTRAL NEW JERSEY | Q3 2025

# Quarterly Leasing Activity Declined to Lowest Level Since 2021



Note: Arrows indicate change from previous quarter.

## QUICK FACTS

- Quarterly leasing activity totaled 702,000 sq. ft., down 34% from the prior quarter and 40% below the five-year quarterly average.
- Year-to-date leasing was 2.87 million sq. ft., down 17% from the same period a year ago.
- Renewals totaled 792,000 sq. ft. in Q3, bringing the year-to-date total to 1.98 million sq. ft.
- The availability rate increased to 24.5%, up 10 basis points (bps) quarterly, but down 10 bps annually.
- Quarterly net absorption was negative 123,000 sq. ft. in Q3 2025, bringing the year-to-date total to negative 159,000 sq. ft.
- Average asking rent was \$31.81 per sq. ft., flat quarter-over-quarter and for the year.
- Sublease availability dropped 40 bps quarter-over-quarter to 3.7%, which equates to 5.56 million sq. ft. of sublease space, or 15% of all available space.

## Market Overview

Leasing activity trended downward for the third consecutive quarter, totaling 702,000 sq. ft. in Q3, a 34% decline quarter-over-quarter and 40% below the five-year quarterly average. This represents the lowest quarterly total since Q1 2021. The absence of large-block transactions was impactful—no new leases of 100,000 sq. ft. or greater were signed for the second straight quarter. Year-to-date leasing reached 2.87 million sq. ft., down 17% from the same period a year ago. Renewals made up a greater share of total velocity for the first time in several years reflecting cautious sentiment. Financially challenged owners, a softening labor market, tariff impacts and fewer quality options have made occupiers hesitant to commit capital toward relocations or expansions, opting instead to renew in place and defer major capital outlays.

Despite the pullback in leasing, the overall availability rate increased by only 10 basis points quarter-over-quarter to 24.5%. Unlike the broader market, supply within prime buildings continued to tighten. The availability rate for top-tier buildings fell 80 bps from the prior quarter to 18.3%. Average asking rent for prime buildings was \$41.68 per sq. ft.— 31% higher than the overall market’s \$31.81 per sq. ft.

The volume of repurposing of obsolete office buildings through demolition or conversion accelerated. Through Q3 2025, 3.8 million sq. ft. of office projects are slated for removal from the office stock—36% greater than the 2.8 million sq. ft. identified in full-year 2024. This brings the total amount of office stock removed in New Jersey since 2019 to 21.6 million sq. ft.

## Economic Overview

CBRE has revised its U.S. growth outlook upward, a shift from the more pessimistic view held in the spring. Greater clarity around trade policy and private sector resilience should equate to 1.6% GDP growth this year. Much of this growth should be frontloaded as higher inflation—peaking in the low-3% range by early 2026—creates some headwinds during the latter half of this year. The labor market is flashing important signals such as falling job openings and weak hiring by firms.

New Jersey’s labor market contracted by 3,100 positions quarter-over-quarter in Q3 (-0.1%) but was up 28,900 positions year-over-year (+0.7%). Office-using employment (OUE) performed better than the state as a whole in Q3. While the financial activities sector shrank by 300 positions (-0.1%) and information services contracted by 900 positions (-1.3%), professional and business services saw payroll increase by 15,800 positions quarter-over-quarter in Q3. Year over year, OUE in New Jersey is up a net of 14,900 jobs (+1.4%). New Jersey’s OUE peaked at 1.17 million positions in October 2023 and currently stands at 98.7% of that level.

New Jersey’s overall unemployment is 5.0%, up from 4.9% in the end of Q2 and above the national unemployment rate of 4.3%.

## Leasing Activity

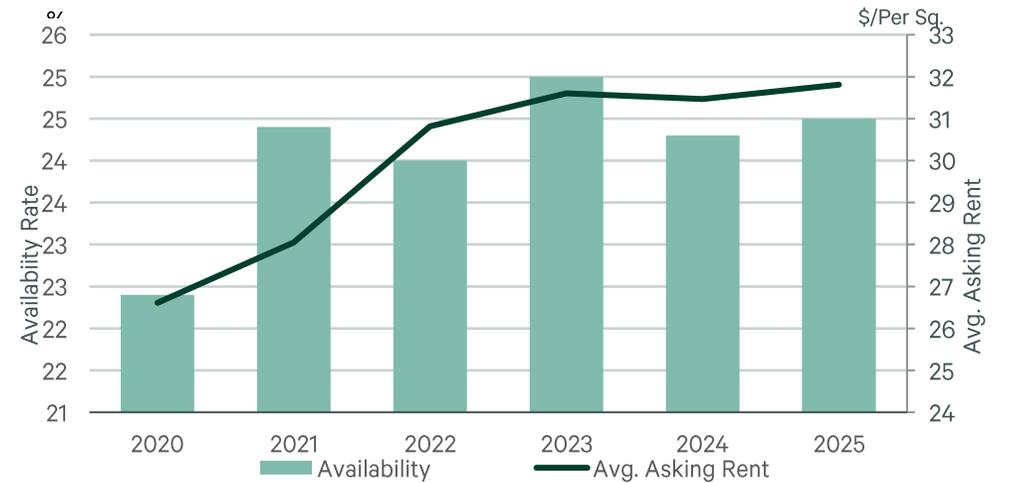
Office leasing activity across Northern and Central New Jersey totaled 702,000 sq. ft. in Q3 2025—the lowest quarterly volume recorded since Q2 2021. This marks the third consecutive quarterly decline, underscoring the slowdown in tenant demand. The reduced activity also impacted long-term performance metrics, with the five-year quarterly leasing average falling from 1.23 million sq. ft. to 1.17 million sq. ft. The lack of large-block transactions was a key factor: new leases of 50,000 sq. ft. or more accounted for only 19% of total leasing volume, down from 26% in Q2. Leasing in prime assets—the market’s highest-quality buildings—also saw a significant pullback.

These properties registered just 108,000 sq. ft. of leasing activity, a 49% drop from the 214,000 sq. ft. recorded in the previous quarter. This suggests a cautious approach from tenants amid a softening labor market.

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



FIGURE 2: Historical Availability and Asking Rent



Source: BLS

Source: CBRE Research, Q3 2025

In a notable shift, renewals accounted for a greater share of leasing velocity than new leases in Q3 2025—the first time this has occurred since Q2 2021. The largest deal of the quarter was The National Basketball Association’s renewal at 100 Plaza Drive in Secaucus. Renewal activity was 792,000 sq. ft.—up 39% quarter-over-quarter—bringing the year-to-date total to 1.98 million sq. ft. This trend reflects tenants’ preference to preserve capital through staying in place. Renewals represented 41% of total leasing velocity year-to-date, a sharp increase from 33% in 2024. However, despite the increased share, total renewal volume is slightly below last year’s pace, when 2.02 million sq. ft. had been renewed by this point.

For the third consecutive quarter, Northern Jersey leasing activity came in 41% below its five-year quarterly average, registering 431,000 sq. ft. of leasing activity in Q3. This is the second consecutive quarter Northern Jersey’s leasing activity has been below 450,000 sq. ft. The Route 23/Paterson/Wayne submarket led Northern Jersey with 89,000 sq. ft. of activity— up 74.8% quarter-over quarter and 183% above the five-year quarterly average. The 81,000 sq. ft. sublease by Reckitt Benckiser at 100 Metro Boulevard in Nutley helped propel the submarket.

After outpacing Northern New Jersey last quarter, Central Jersey’s leasing activity saw a substantial pullback, coming in at 271,000 sq. ft.—a 57% decrease from Q2. Despite the muted activity in Central Jersey, the Parkway Corridor led all submarkets this quarter with 103,000 sq. ft. of activity. This was mainly driven by a 25,000 sq. ft expansion from Provident Bank and an 18,000 sq. ft. new lease from Costar, both at 111 Wood Ave South in Iselin.

## Net Absorption and Availability

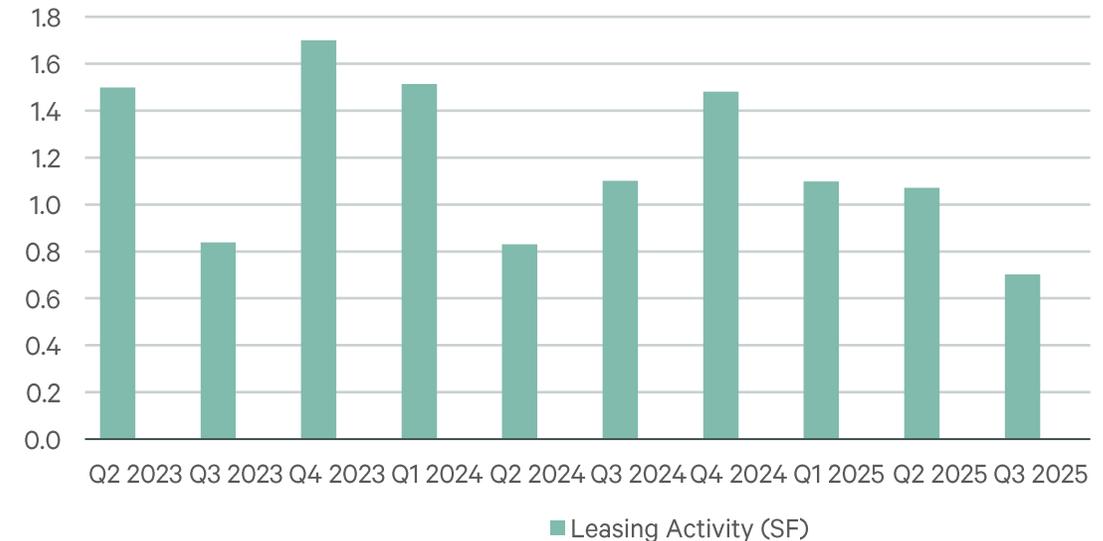
Net absorption was muted in Q3 2025, registering negative 123,000 sq. ft. This modest increase in supply pushed the overall availability rate up 10 bps quarter-over-quarter to 24.5%, reversing the 10 bps improvement seen in Q2. Still, availability has slightly improved compared to 24.6% a year ago. One factor that contributed to the negative absorption was the addition of direct space to the market.

Additions to sublease supply are relatively mild. Q3’s total 100,000 sq. ft. of gross additions was a 76% decrease from 421,000 sq. ft. in Q1 and a 50% decline from a quarter ago. As a result, total sublease availability was down 9% to 5.56 million sq. ft., now representing 15% of all available space—the lowest sublease volume since Q2 2020.

FIGURE 3: Top Lease Transactions, Q3 2025

Tenant	Address	Size (SF)	Transaction Type
National Basketball Association	100 Plaza Drive	265,000	Renewal
Reckitt Benckiser	100 Metro Boulevard	81,352	Lease
PBF Energy	1 Sylvan Way	74,407	Renewal
Jersey Central Power & Light	101 Crawfords Corner Road	69,870	Renewal
Hackensack Meridian	331 Newman Springs Road, Bldg 3	52,298	Lease

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



Source: CBRE Research, Q3 2025

The market continued to remove office inventory, with 1 million sq. ft. earmarked for removal through conversion, repurposing, or demolition in Q3. This brings the year-to-date total to 3.8 million sq. ft., the highest annual figure since 2022, when 6 million sq. ft. was removed. Since 2019, 21.6 million sq. ft. of office space has been taken out of New Jersey’s inventory, reflecting ongoing structural shifts in the market. Notably, nearly 500,000 sq. ft. of the Q3 removals came from the Montvale/Woodcliff Lake submarket, highlighting localized repositioning efforts.

An area of note with a declining supply is prime assets which saw availability decrease by 80 bps to 18.3%—620 bps tighter than the overall market. This is the widest gap between the two groups since prime buildings started to be tracked in 2022.

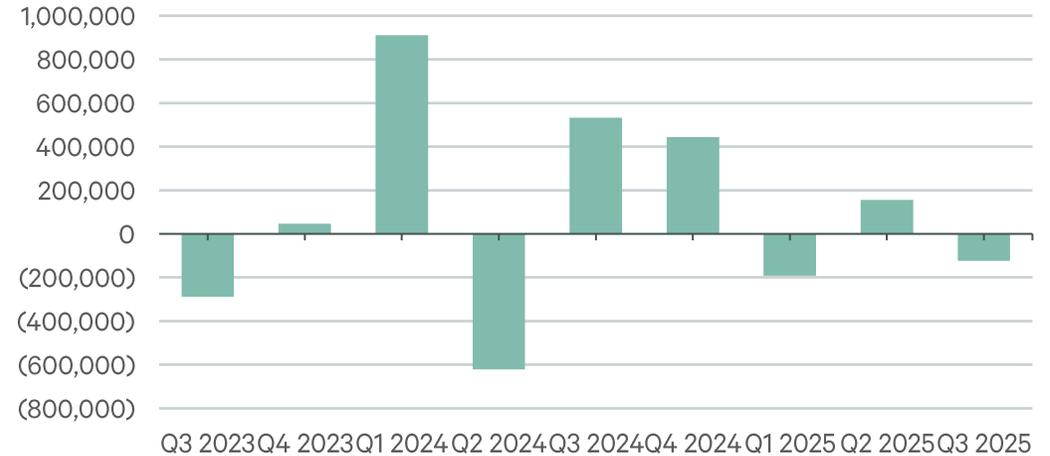
In Q3, nine out of 20 submarkets experienced positive absorption and a decline in availability rate. After experiencing negative absorption for back-to-back quarters, the Greater Monmouth County submarket led all Northern and Central Jersey with 108,000 sq. ft. of positive absorption, reducing its availability rate by 230 bps from the previous quarter to 18.5%. This is also the lowest availability rate for Greater Monmouth County since Q2 2020’s 14.4%. The decrease in availability was largely due to the 73,000 sq. ft. of leasing activity for the quarter. The Waterfront submarket registered another quarter of negative absorption after registering 71,000 sq. ft. of leasing activity—the lowest quarterly leasing total since Q2 2023. This caused its availability rate to jump 30 bps quarter-over-quarter to 33.1%.

## Rent Trends

The Q3 2025 average asking rent for the Northern and Central New Jersey office market was flat quarter-over-quarter at \$31.81 per sq. ft. Class A rent was also flat, finishing the quarter at \$34.63 per sq. ft., a 9% premium above the overall market. The average asking rent remained virtually unchanged from the prior quarter in both the Northern and Central Jersey markets at \$33.60 per sq. ft. and \$28.71 per sq. ft., respectively.

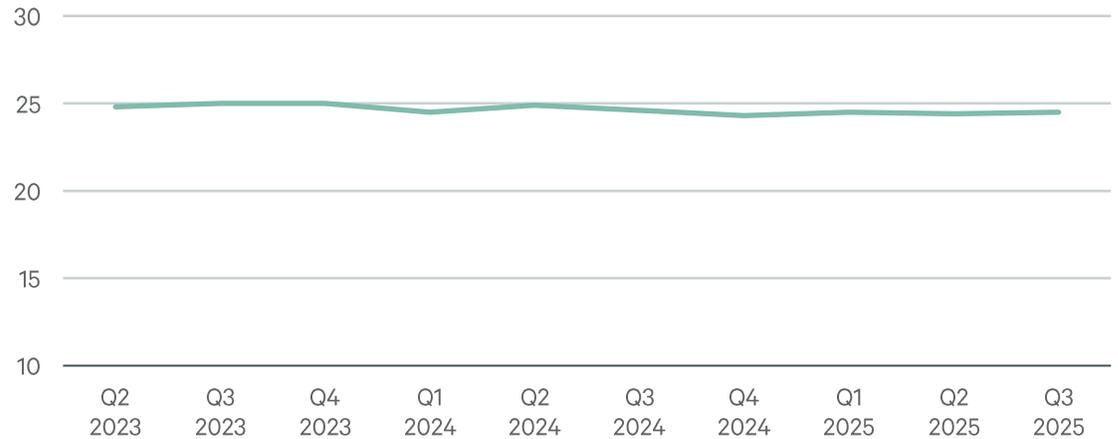
Only four of the 20 submarkets saw an increase in average asking rent. The biggest change was the Parsippany submarket with a 2% quarterly increase following the addition of higher priced space to the market on Waterview Blvd. The Route 23 Paterson/Wayne submarket saw a 6% decrease in asking rent in Q3 after 81,000 sq. ft. of higher priced sublease space was leased at 100 Metro Boulevard in Nutley.

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



Source: CBRE Research, Q4 2021

FIGURE 6: Availability Rate (%)

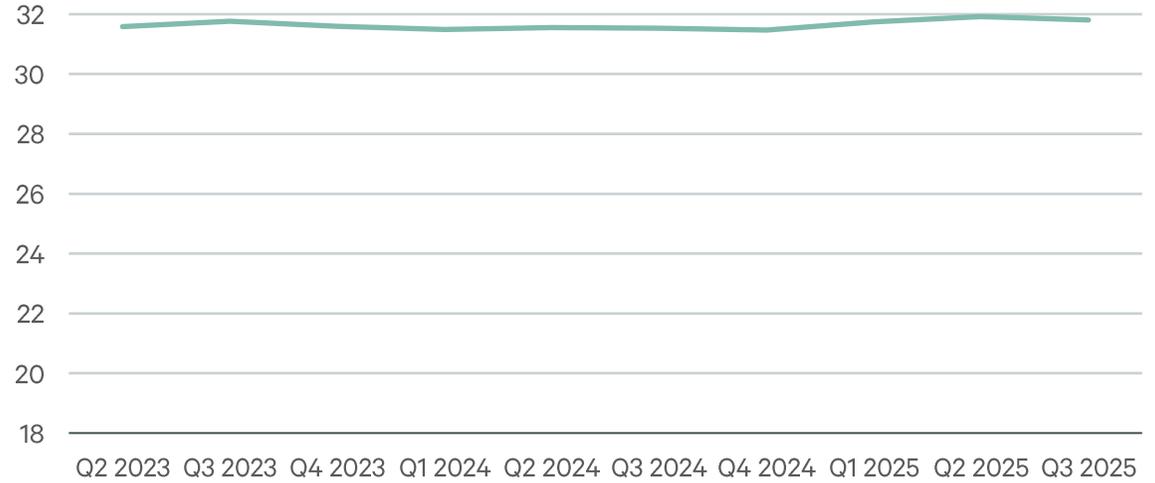


Source: CBRE Research, Q3 2025

## Investment Sales

Investment sales in Northern and Central New Jersey were limited in Q3 2025, with transaction volume totaling \$89 million—a 26% decline from the \$121 million recorded in Q2. The quarter was highlighted by the \$22.5 million sale of 500 North Franklin Turnpike, a Class A asset acquired by Blue Rock Properties. Despite back-to-back quarterly declines, year-to-date sales have reached \$327 million, representing a 54% increase over the \$212 million transacted during the same period in 2024. Earlier slowdowns were largely attributed to tariff-related uncertainty and tenant downsizing, which impacted investor sentiment. However, market conditions may begin to shift. The Federal Reserve lowered the federal funds rate by 25 bps this quarter, bringing the target range to 4%–4.25%. While it’s too early to gauge the impact, the anticipated rate cuts ahead could improve financing conditions and support a more active investment environment heading into 2026.

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



Source: CBRE Research, Q3 2025

FIGURE 8: Notable Sales Transactions

Address	Size (Sq. Ft.)	Price (Millions)	Price/Sq. Ft	Buyer
500 N Franklin Turnpike	138,400	\$22.50	\$163	Blue Rock Properties
68 Culver Road	57,280	\$10.02	\$175	SGS North America RE Holdings LLC
14 Cliffwood Avenue	48,000	\$9.30	\$194	Nicholas Bufano
2983 John F Kennedy Boulevard	4,913	\$9.00	\$1,831	Shree Kotiyark Realty LLC
200 Franklin Square Drive	20,000	\$7.21	\$36	Axria

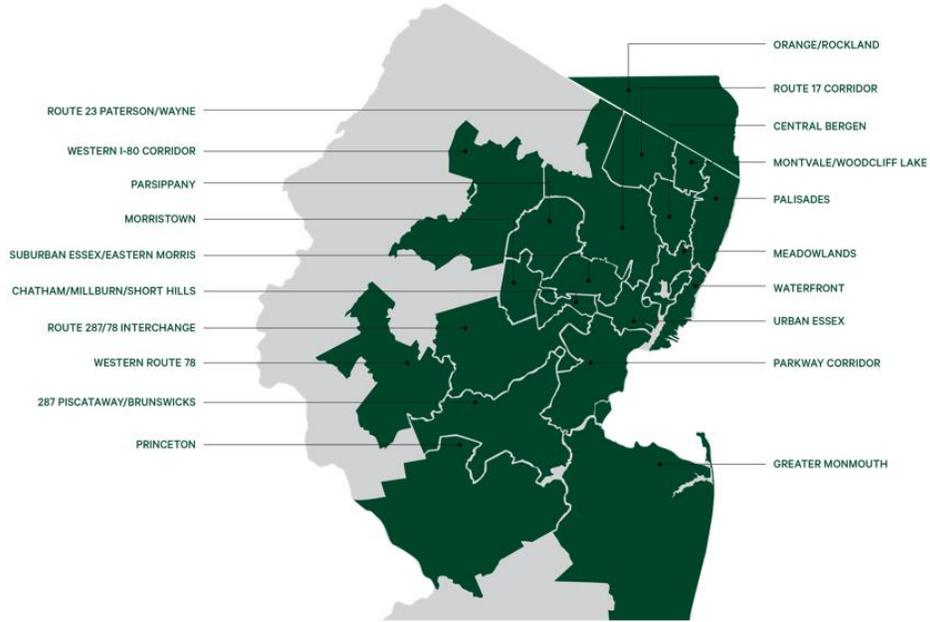
Source: CBRE Research, Q3 2025

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	33.0%	\$22.32	2,934	2,463	(3,869)	47,827
Palisades	4.91	20.6%	\$27.73	40,155	0	12,759	30,235
Montvale/Woodcliff Lake	3.22	25.2%	\$29.69	18,941	22,062	(34,669)	8,411
Route 17 Corridor	2.66	3.5%	\$21.48	0	0	0	15,984
Central Bergen	5.77	16.9%	\$28.70	36,894	50,468	(34,125)	5,180
Route 23/Paterson/Wayne	5.51	17.0%	\$22.78	88,860	51,472	66,411	150,223
Waterfront	19.86	33.1%	\$44.36	70,874	16,089	(41,935)	(259,822)
Meadowlands	4.63	25.4%	\$29.42	22,104	269,756	31,554	(79,078)
Newark	12.94	22.0%	\$32.44	2,585	26,899	(71,966)	(31,038)
Suburban Essex/Eastern Morris	6.06	26.2%	\$26.08	12,063	20,428	6,358	82,249
Parsippany	13.64	25.9%	\$27.71	65,938	88,052	24,901	395,145
Morristown	9.00	23.0%	\$32.27	57,868	41,428	52,568	176,258
Western I-80 Corridor	0.79	36.1%	\$24.55	0	0	(11,982)	9,334
Chatham/Millburn/Short Hills	0.90	33.7%	\$43.35	11,926	0	56,087	44,792
<b>Northern New Jersey Total</b>	<b>92.44</b>	<b>24.9%</b>	<b>\$33.60</b>	<b>431,142</b>	<b>589,117</b>	<b>52,092</b>	<b>595,700</b>
Parkway Corridor	9.43	21.7%	\$35.65	103,015	0	(44,763)	(10,700)
Route 287/78 Interchange	19.84	22.2%	\$28.51	14,339	62,851	(78,501)	(671,243)
Western Route 78	2.43	60.6%	\$25.34	0	0	0	(1,608)
Route 287/Piscataway/Brunswicks	6.79	18.5%	\$21.74	14,774	20,809	(197,202)	(133,268)
Greater Monmouth County	4.75	18.5%	\$26.79	72,723	69,870	108,399	22,888
Princeton	15.44	25.0%	\$29.15	66,078	49,015	36,827	38,741
<b>Central New Jersey Total</b>	<b>58.68</b>	<b>23.7%</b>	<b>\$28.71</b>	<b>270,929</b>	<b>202,545</b>	<b>(175,240)</b>	<b>(755,190)</b>
<b>New Jersey Total</b>	<b>151.12</b>	<b>24.5%</b>	<b>\$31.81</b>	<b>702,071</b>	<b>791,662</b>	<b>(123,148)</b>	<b>(159,490)</b>

Source: CBRE Research, Q3 2025

## 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.

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