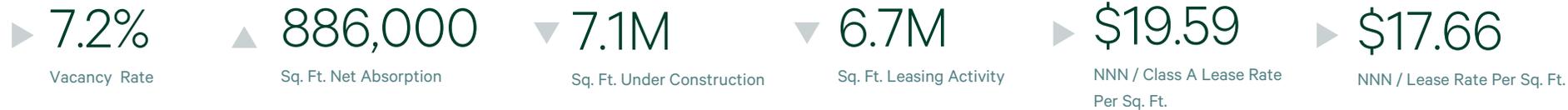


NEW JERSEY INDUSTRIAL MARKET SIGNALS STABILIZATION AS CLASS A DEMAND HOLDS FIRM



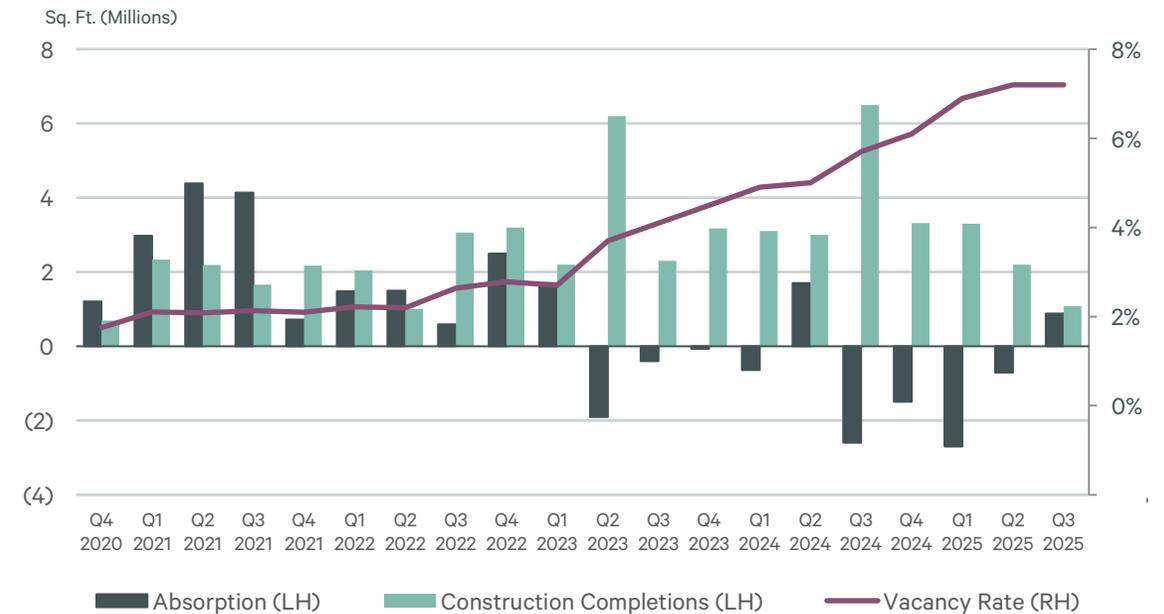
Note: Arrows indicate change from previous quarter.

Market Overview

The New Jersey industrial leasing market showed clear signs of stabilization in Q3 2025 following ten consecutive quarters of rising vacancy. A combination of positive net absorption and fewer vacant deliveries from new construction held the vacancy rate steady at 7.2%. Class A demand remained strong, driving 1.3 million sq. ft. of net absorption. Development activity also moderated, with the pipeline shrinking to 7.1 million sq. ft.—its second-lowest level since Q2 2019.

Leasing activity was vigorous, surpassing the five-year quarterly average by 13%. Tenant demand was driven by third-party logistics (3PL) firms seeking favorable terms on Class A space. Average asking rents declined slightly as landlords prioritized occupancy over rent growth.

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



Source: CBRE Research, Q3 2025

Demand

Leasing momentum was robust in third quarter, with 21 transactions exceeding 100,000 sq. ft., surpassing Q2 levels. However, the average deal size declined by 14%, resulting in a 6.7% dip in leasing activity quarter-over-quarter. Despite this modest pullback, total activity outpaced the five-year quarterly average by 13%, underscoring sustained tenant demand and market resilience.

Tenant demand remained focused on high-quality space while leverage still allowed for favorable concession packages. Class A buildings recorded 18 leases — just two fewer than Q2— though its share of total leasing fell to 37% from 52%. The decline reflects smaller 3PL requirements in Q3 and increased leasing in Class B assets.

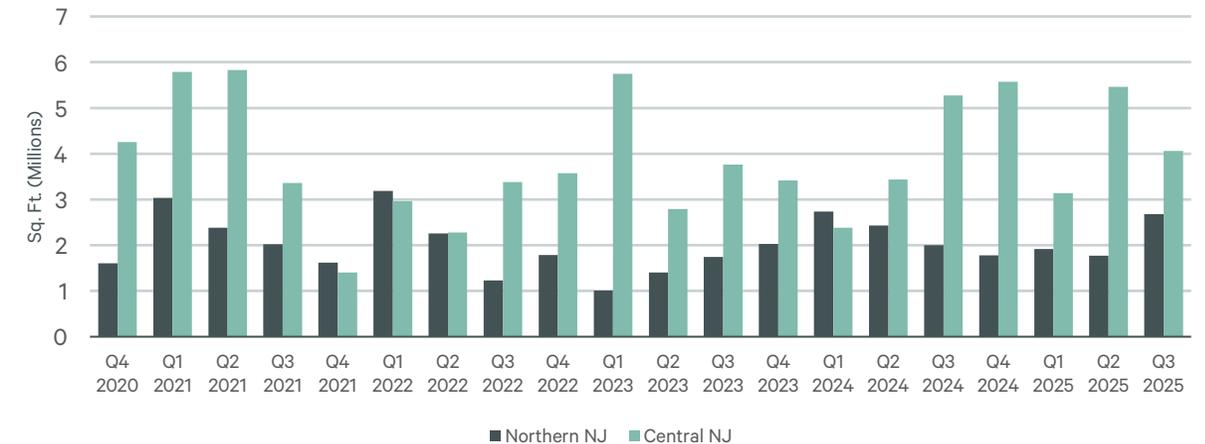
Industry demand stayed stable quarter-over-quarter, with 3PL firms leading the charge. 3PLs signed 16 leases totaling 2.3 million sq. ft., favoring price and quality over proximity to port infrastructure. Offshore 3PLs were particularly active, executing seven major leases totaling 1.7 million sq. ft. — a 23% increase from Q2. Retail and wholesale firms represented the second-largest demand segment, leasing 524,000 sq. ft. Leasing activity among nationally recognized retailers remained limited in Q3, as they continue to streamline operations and divest from in-house distribution networks.

FIGURE 2: Notable Lease Transactions, Q3 2025

Size	Tenant	Address	City	Transaction Type
409,425	JD.com	400 Fairway Ln.	Old Bridge	New Lease
296,848	Niwo Partners	117 Interstate Blvd.	Monroe Twp.	New Lease
269,362	MySales	100-200 Saw Mill Pond Rd.	Edison	New Lease
255,069	TWTH Express	169 Pulaski St.	Bayonne	New Lease
220,695	JCR Logistics	505 State Rt. 33	Millstone	New Lease

Source: CBRE Research, Q3 2025

FIGURE 3: Historical Industrial Leasing Activity by Market



Source: CBRE Research, Q3 2025

Supply

Vacancy was unchanged at 7.2%, marking the first quarter in ten without an increase—suggesting the early stages of market stabilization. Net absorption turned positive for the first time since Q2 2024, driven predominantly by sustained demand for Class A assets. Additionally, the spread between availability and vacancy compressed to 20 basis points (bps), indicating limited new vacancy entering the market.

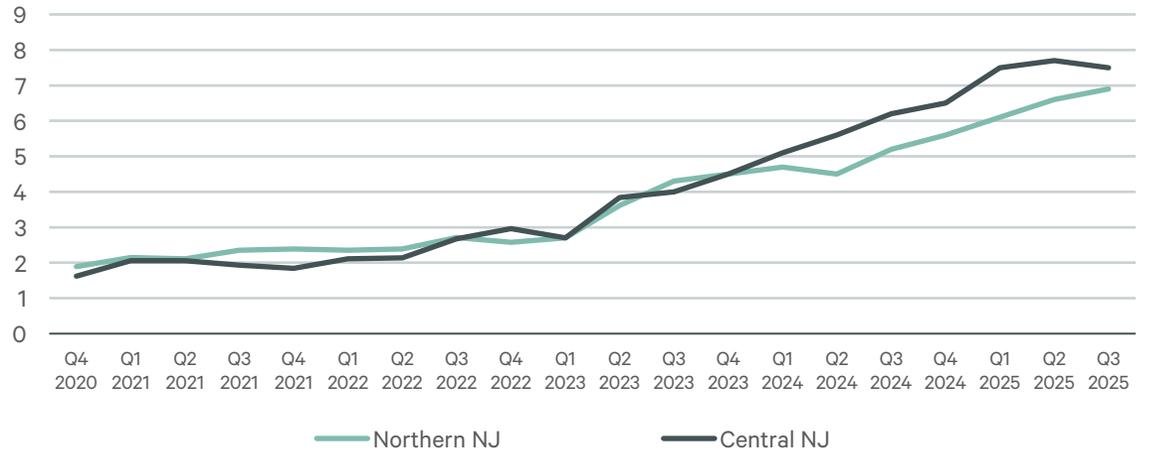
Class A product recorded 1.3 million sq. ft. of net absorption as occupiers sought out deals on modern facilities in core markets. In contrast, Class B and C assets experienced a combined net loss of 209,000 sq. ft., underscoring the ongoing shift away from older buildings with functional limitations.

Development activity moderated further in Q3. Completions totaled 1.1 million sq. ft., significantly outpacing the 280,000 sq. ft. of new construction starts. Notably, both starts occurred outside the NJ Turnpike corridor, suggesting that core submarkets may be approaching a vacancy ceiling. The total pipeline under construction declined to 7.1 million sq. ft., the second-lowest level since Q2 2019. With fewer projects planned in the near term, the development pipeline is expected to continue contracting.

Rent Trends

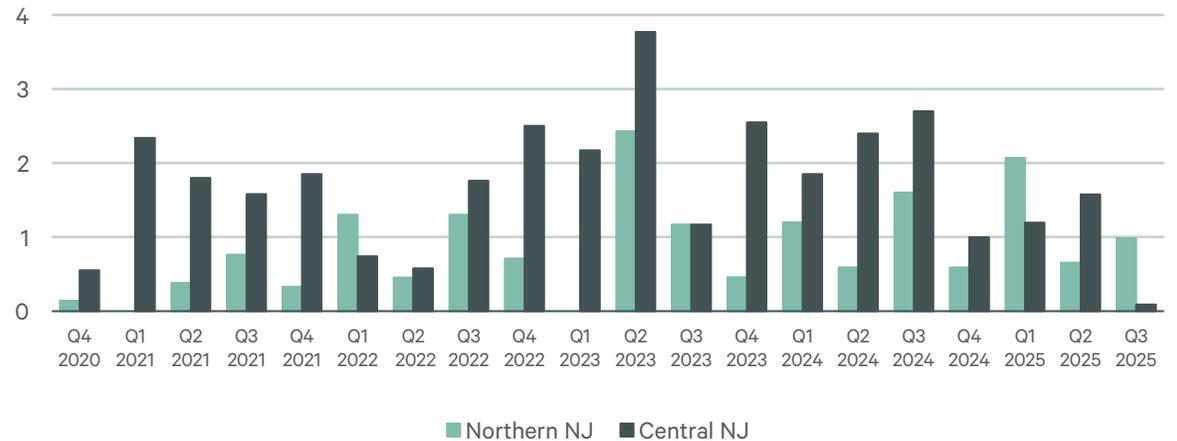
New Jersey’s average asking rent edged down slightly in Q3, declining less than 1% to \$17.66 per sq. ft., upholding the trend of modest quarterly decreases.

FIGURE 4: Historical Vacancy Rate by Market (%)



Source: CBRE Research, Q3 2025

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



Source: CBRE Research, Q3 2025

Year-over-year, rents fell 3.7%, underscoring landlords’ efforts to backfill extended vacancies—particularly in submarkets with elevated availability.

Class A asking rents remained stable, holding flat quarter-over-quarter and decreasing 1.2% year-over-year to \$19.59 per sq. ft. However, executed leases in high-vacancy areas reveal selective base rent reductions and enhanced concession packages.

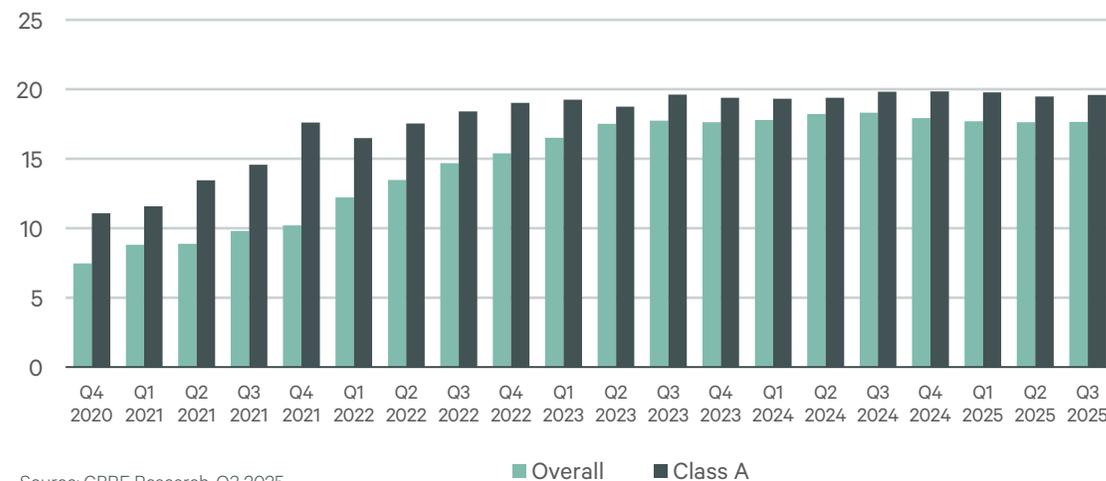
Looking ahead, if Class A net absorption maintains its current pace and new deliveries stay limited in core submarkets, landlords may begin to firm up pricing for high-demand size ranges by 2026.

Economic Overview

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%). New Jersey’s industrial employment saw a modest decline in Q3 2025, letting go of 3,800 positions quarter-over-quarter (-0.3%) and 5,600 positions year-over-year (-0.5%). Overall industrial employment in New Jersey is currently 101.3% of the 2019 level.

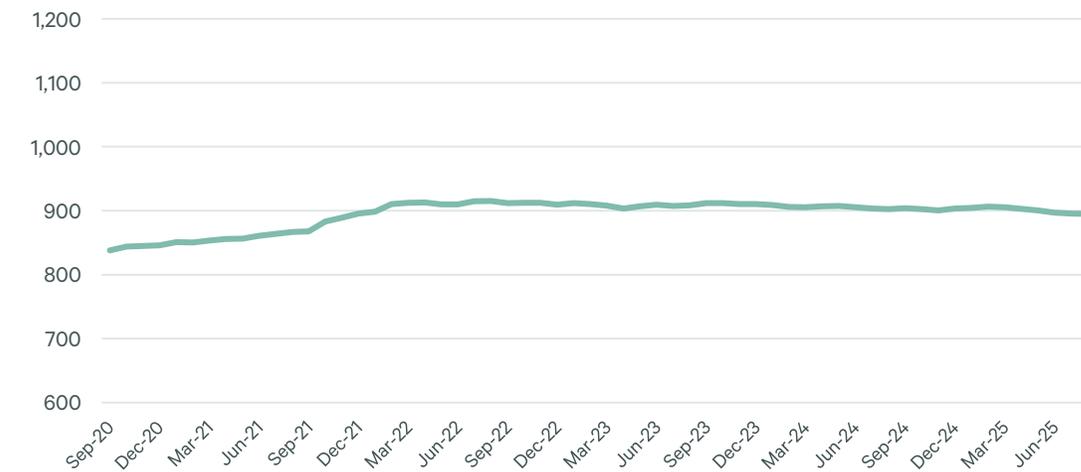
Manufacturing employment added 1,000 positions quarter-over-quarter (0.4%), largely maintaining the same employment level since Q3 2023. The significantly larger trade, transportation, and utilities sector – which includes logistics and fulfillment center employment – reduced payroll by 5,700 positions quarter-over-quarter in Q3 (-0.6%) and has been trending downward since peaking in Q3 2022.

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



Source: CBRE Research, Q3 2025

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



Source: BLS

FIGURE 8: Submarket Statistics

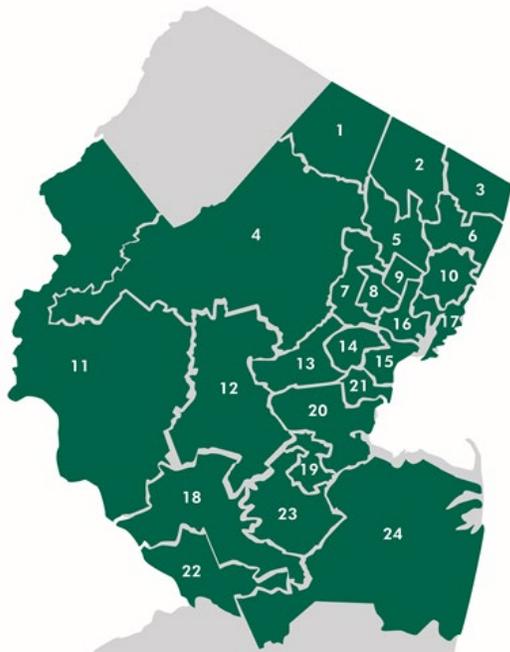
District	Inventory (Million Sq. Ft.)	Vacancy Rate (%)	Class A Avg. Asking Rent (\$/Sq. Ft.)	All Space Avg. Asking Rent (\$/Sq. Ft.)	Leasing Activity (Thousand Sq. Ft.)	Net Absorption (Thousand Sq. Ft.)	Under Construction (Thousand Sq. Ft.)
Central Bergen	32.1	5.8	-	17.34	96.7	-8.8	0.0
Fairfield Market	18.6	5.9	-	15.95	148.7	-25.2	22.0
Hudson Waterfront	67.8	8.2	26.65	21.73	808.0	136.2	0.0
Meadowlands	94.1	7.8	25.29	19.21	932.5	-97.2	1,286.4
Morris Region	43.7	11.5	17.79	16.89	319.5	-699.5	1,060.8
Newark	53.4	4.8	27.63	22.33	27.3	203.8	474.9
Northeast Bergen	8.2	2.8	-	15.42	31.9	-14.3	0.0
Northwest Bergen	19.5	6.6	21.65	17.74	143.3	-35.0	0.0
Rt 23 North	0.6	3.3	-	15.42	0.0	8.0	0.0
Rt 280 Corridor	4.4	5.7	-	15.12	0.0	-25.5	0.0
Rt 46/23/2 Interchange	58.2	4.1	-	15.04	168.2	277.3	0.0
Suburban Essex	6.7	4.7	24.50	22.22	2.2	5.1	0.0
Northern NJ Total	407.2	6.9	22.63	18.87	2,678.3	-275.2	2,844.2
Brunswicks/Exit 9	29.7	8.1	18.00	16.95	162.2	66.2	163.6
Carteret/Avenel	31.2	11.4	19.82	19.01	165.3	-2.2	0.0
Central Union	23.5	3.6	19.25	17.03	151.7	-73.3	151.7
Exit 8A	81.1	11.7	16.38	15.94	708.6	-924.8	0.0
Hunterdon/Warren	15.1	6.6	13.50	12.96	60.2	-230.5	1,025.9
Linden/Elizabeth	45.9	6.1	24.49	20.56	380.5	812.5	0.0
Monmouth	29.2	7.4	17.06	16.31	885.7	812.2	557.6
Princeton	16.0	2.0	-	14.80	29.0	19.2	374.8
Route 287/Exit 10	112.9	6.6	19.38	16.88	1,043.1	629.4	302.4
Route 78 East	9.7	2.5	-	15.73	18.8	5.9	0.0
Somerset	42.5	4.9	17.50	16.40	177.4	-15.5	151.0
Trenton/295	32.5	8.8	15.39	14.72	276.1	62.3	1,523.2
Central NJ Total	469.3	7.5	18.22	16.92	4,058.4	1,161.4	4,250.1
NJ Total	876.5	7.2	19.59	17.66	6,736.7	886.2	7,094.3

Source: CBRE Research, Q3 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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