



New Jersey

industrial market report

Q3 2024

**AVISON
YOUNG**

New Jersey industrial market trends

\$15.15

average asking rent (NNN)

Average asking rent continued to decline, falling 6.3% or \$1.01 sf since the end of 2023.

It is anticipated that the average asking rent will decrease to \$14.97, or an additional 1.1%, by year end.

This projection is based on new deliveries outpacing demand, an increase in sublease availability, and overall negative net absorption.

17.28 msf

of leasing volume year-to-date

Year-over-year leasing activity decreased by 5.4 msf, or 31.1%.

Fourth quarter leasing is projected at 5.76 msf based on the average of the first three quarters of 2024.

Economic factors such as inflation, wage increases, and interest rates continue to negatively impact leasing activity.

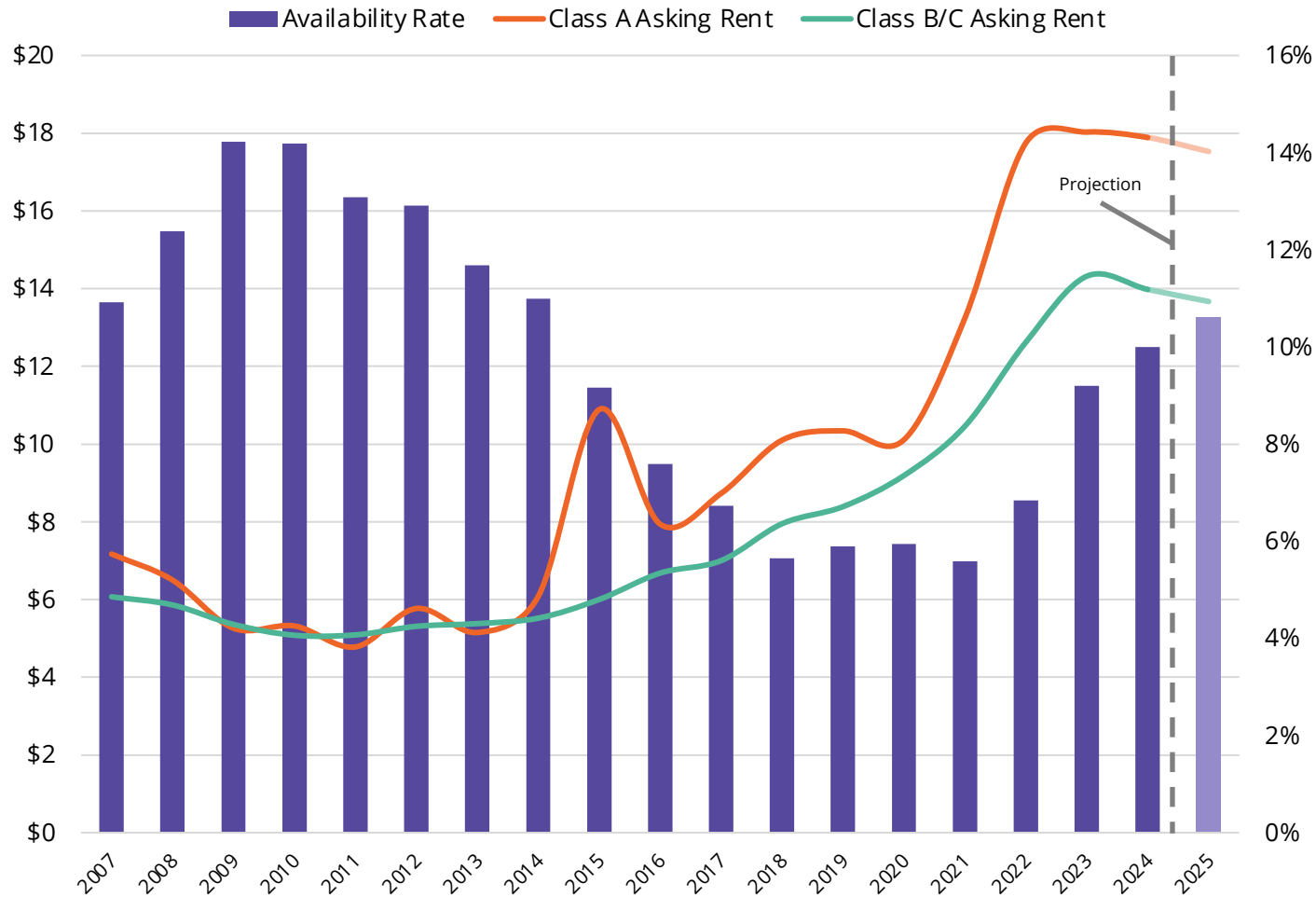
49.1%

of new supply has been leased

There has been 7.9 msf delivered year-to-date. Of the deliveries and under development inventory 5.8 msf is pre-leased representing 49.1% of that inventory.

Since construction starts have slowed these numbers will continue to improve as less inventory will be entering the market, allowing demand to catch up to the influx of supply seen since 2020.

NNN asking rents and availability

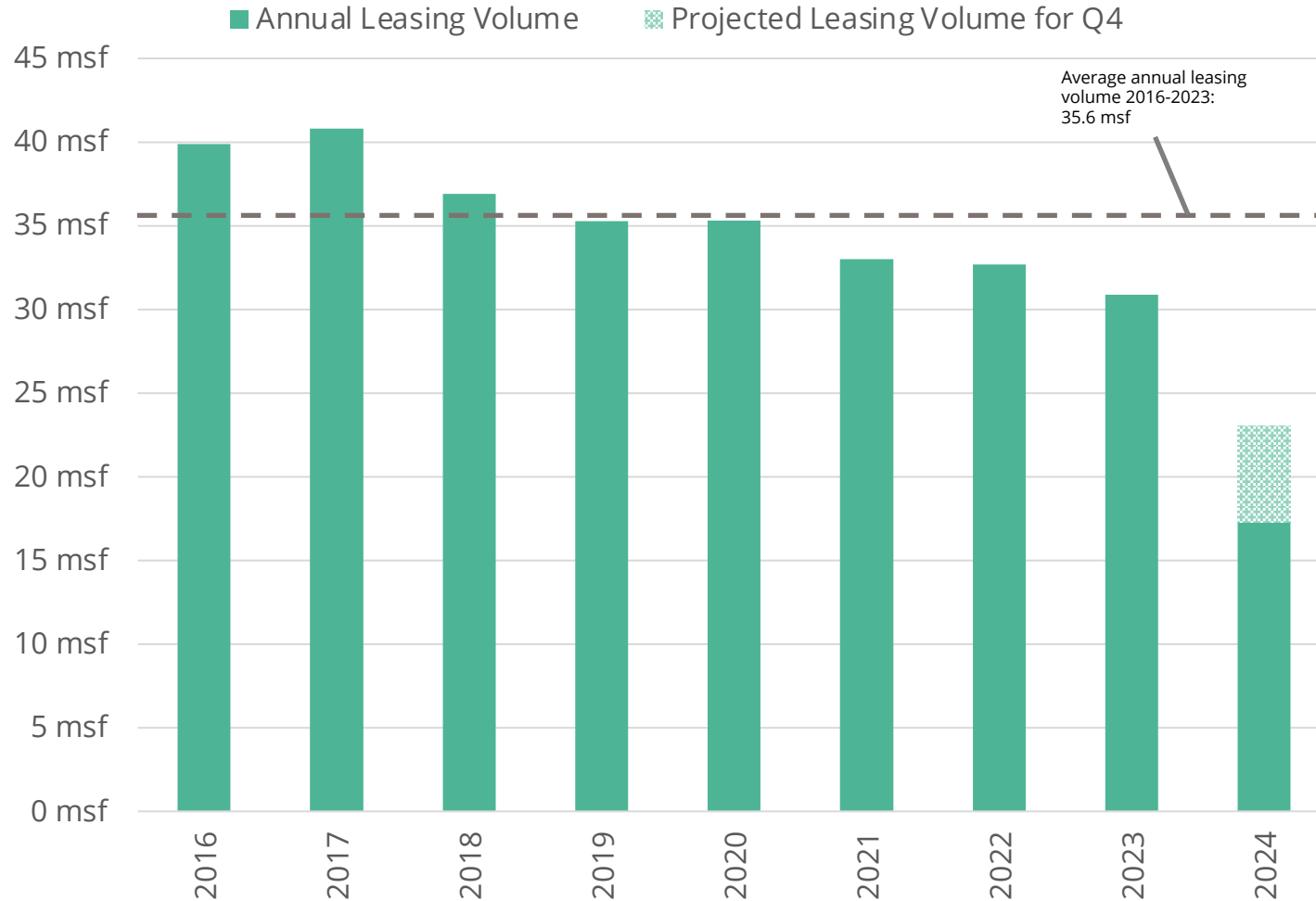


The average asking rent has declined after the accelerated rise witnessed post-COVID, dropping by 6.3% to \$15.15 psf since the end of 2023.

The availability rate rose by 0.4% to 10.0%.

It is expected that average asking rents will continue to decline through the end of 2024 and into 2025 until demand catches up to supply.

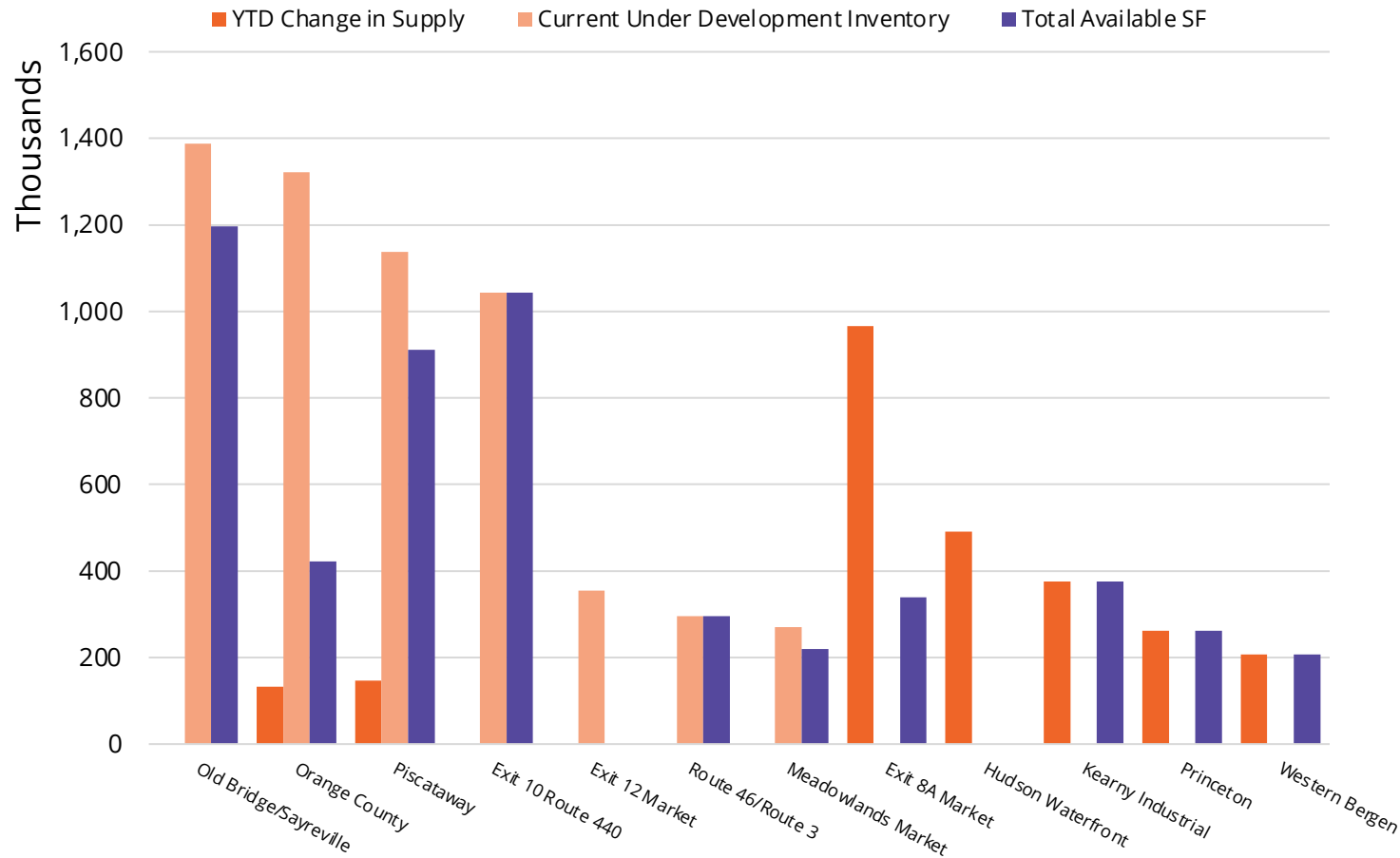
Leasing volume



There has been 17.3 msf of leasing activity year to date. Estimated to reach 23.1 msf through year-end.

This represents a 35.1% decrease in leasing volume compared to the annual average since 2016 of 35.6 msf.

New deliveries and under development by submarket



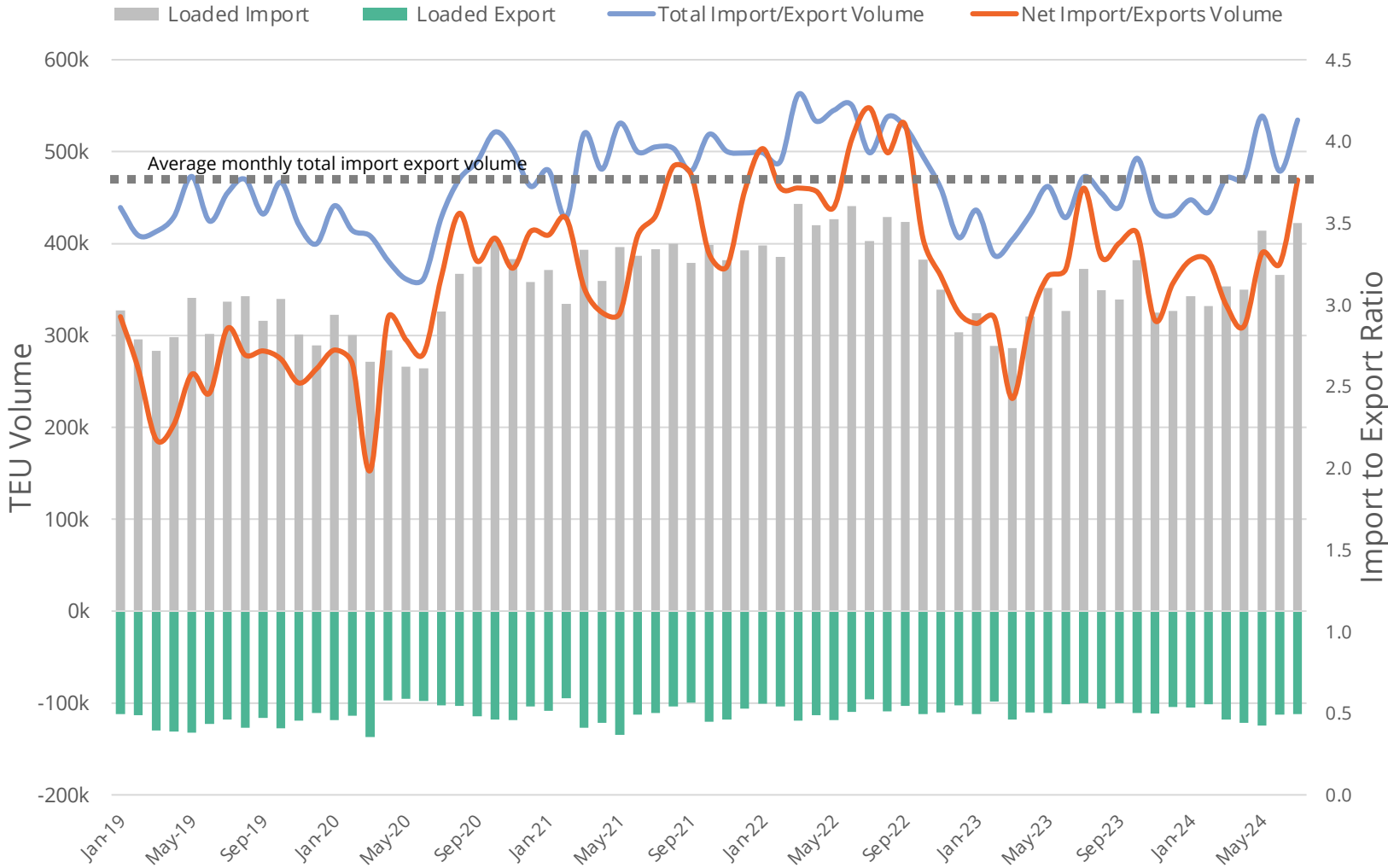
49.1% of the space delivered YTD has been leased. There has been 3.41 msf delivered and 1.67 msf has been leased.

Exit 8A has seen the most deliveries this year, totaling nearly 965,967 sf of new product. The Hudson Waterfront market has seen the second most with 490,428 sf delivering YTD.

Market-driving trends



Ports of NY and NJ shipping volume increases



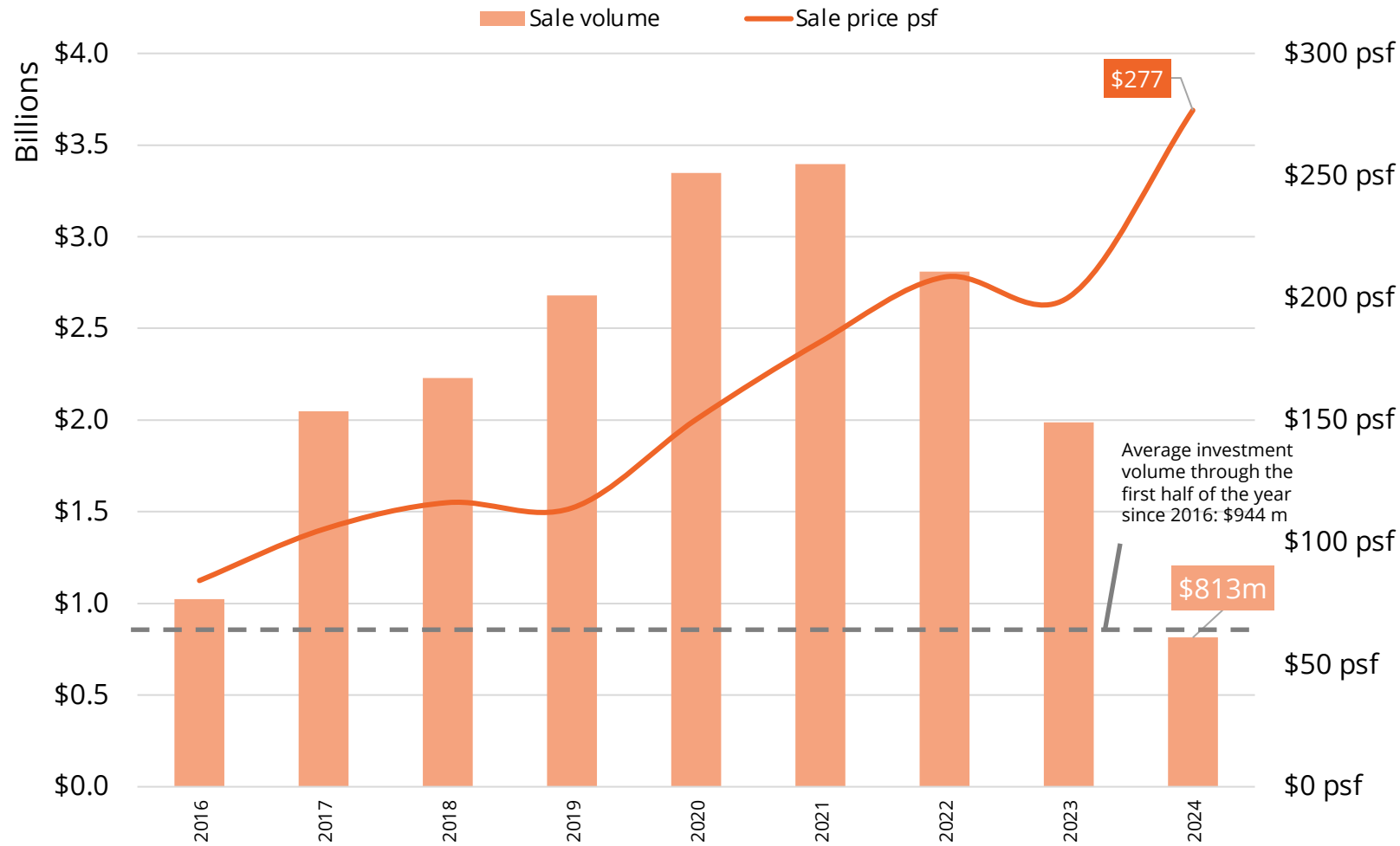
Source: Port Authority of NY/NJ
 Note: TEU = Twenty Equivalent Unit (standard shipping container)

Total TEU* volume increased by 12.3% year-over-year.

This rise indicates a growing demand for goods, leading to increased imports and a need for transfer or shipping from industrial locations.

As economic conditions improve and port activity continues to rise, it is expected that occupancy within a 50-mile radius of the Ports of NY/NJ will increase in 2025.

Investment sales volume



Year-to-date investment sales volume has totaled \$813 million. In the first half of 2024 investment sales volume totaled \$331 million, a 56% decrease compared to the same period in 2023.

Sales price per square foot climbed to \$277 psf.

Industrial development pipeline

51 properties

under construction

7.53 msf

under construction

1.57%

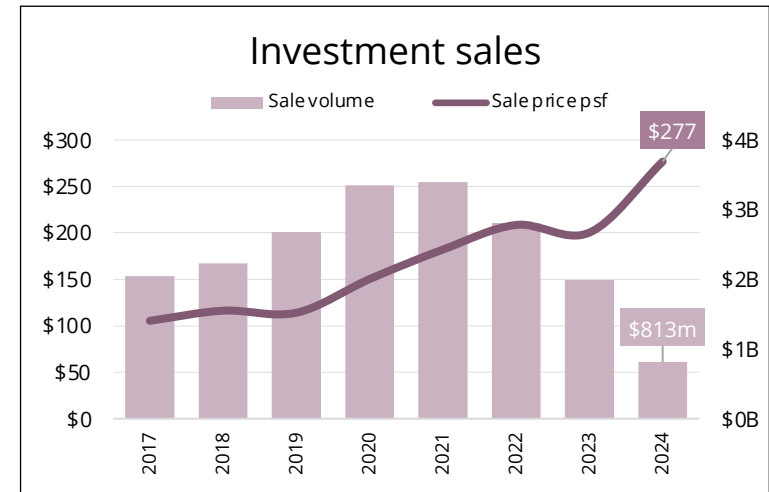
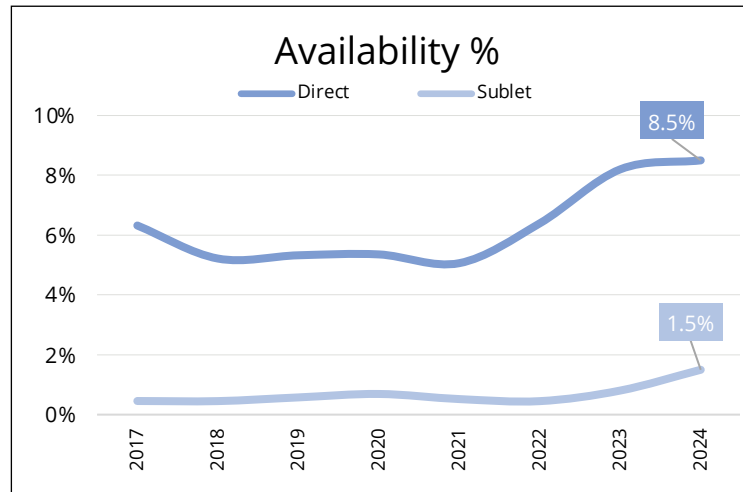
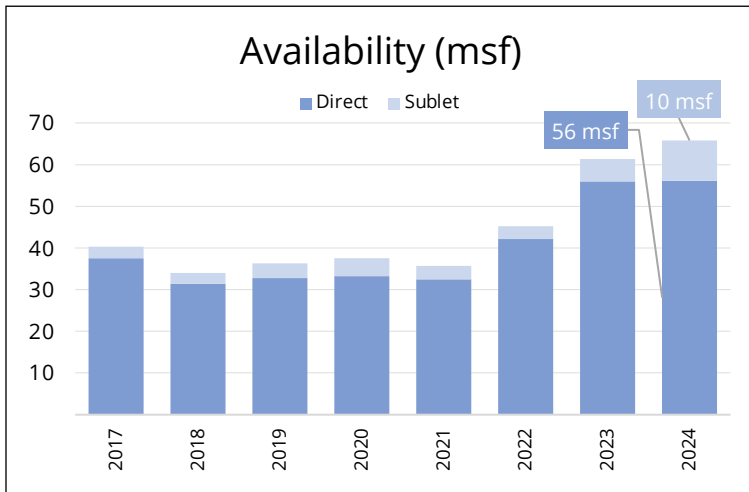
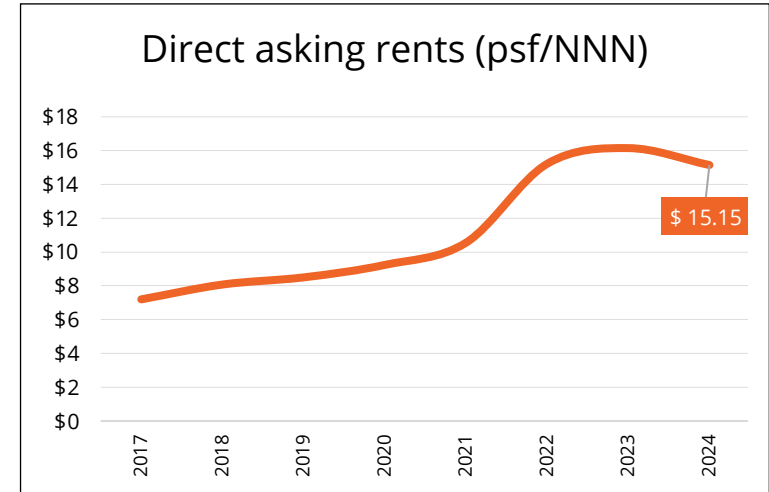
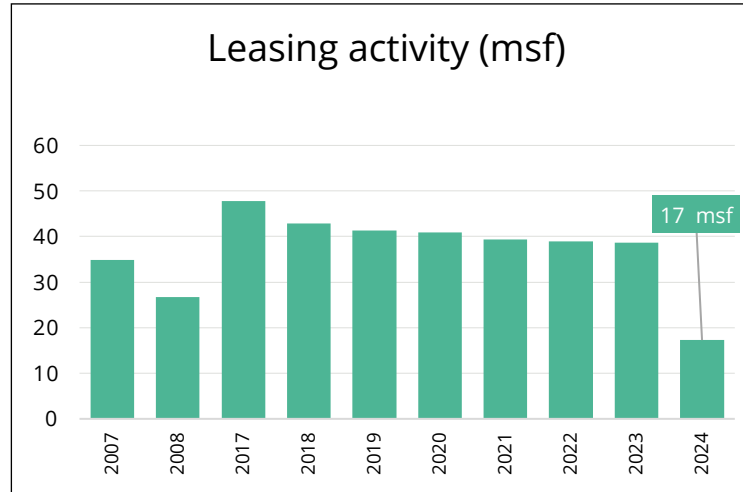
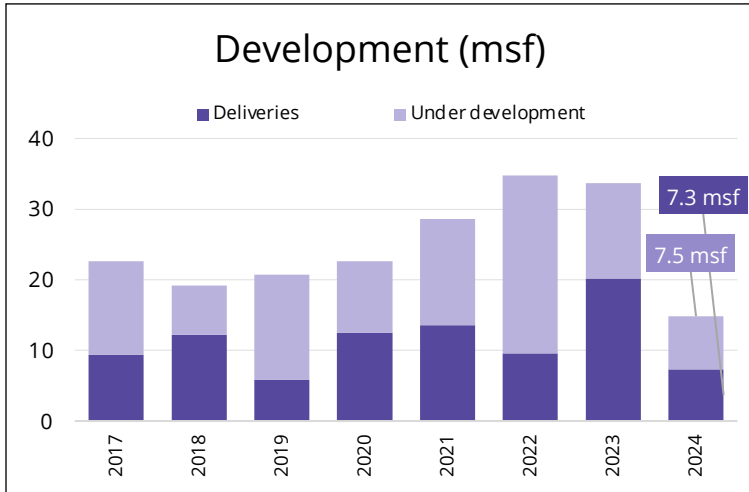
share of industrial inventory

32.1%

Preleased (under development only)



New Jersey industrial market indicators



New Jersey industrial market activity

Recent leasing activity

Tenant	Address (Building Name)	Submarket	Sign date	Size (sf)	Transaction type	Lease type
Amazon	301 Blair Rd., Avenel	Exit 12	July 2024	562,230	Direct	Renewal
RealCold	45 State Route 10, East Hanover	Route 24 Corridor	July 2024	410,285	Direct	New
Adjco Warehouse and Logistics	113 Interstate Blvd., Monroe Township	Exit 8A	June 2024	418,300	Direct	Renewal
DSV	300 Salt Meadow Rd., Carteret	Exit 12	June 2024	355,100	Direct	New
RK Pharma	148 Princeton Highstown Rd., East Windsor	Exit 8	Aug. 2024	406,669	Direct	New

Recent sales activity

Buyer	Address (Building Name)	Sale date	Building size (sf)	Sale price	Sale price psf	Seller
TA Realty	Fairfalls Logistics - 31 Property Portfolio*	Q3 2024	1.4 msf	\$300,000,000 (Recapitalization)	\$220	Link Logistics
DeKo International	325 Midland Ave., Garfield	Q3 2024	73,000	\$16,500,000	\$226	Snowball Developments
MCB Real Estate	400 Fairfield Rd., Freehold	Q3 2024	368,050	\$69,900,000	\$190	Active Acquisitions
Abaline Supply	3091 US Highway 22, Branchburg	Q2 2024	311,040	\$65,000,000	\$209	Transwestern

■ - Indicates Avison Young was involved in the deal

* Indicates part of a portfolio

New Jersey industrial market activity

Notable building deliveries

Address (Building Name)	Submarket	Delivery date	Building size sf	% Leased	Developer
85 Main St., Spotswood, NJ (Main Street Logistics Center)	Exit 9	Q3 2024	654,640	0%	Rockefeller Group
55 Jake Brown Rd., Old Bridge, NJ (Central 9 Logistics – Building 6)	Exit 9	Q3 2024	495,086	0%	2020 Acquisitions
999 Cranbury South River Rd., Monroe Township, NJ (Bridge Point Building B)	Exit 8A	Q3 2024	291,758	100%	Bridge Industrial
30 Sigle Ln., Dayton, NJ (Building 5)	Exit 8A	Q2 2024	674,209	0%	Bridge Industrial

Notable projects under development

Address (Building Name)	Submarket	Delivery date	Building size sf	% Preleased	Developer
45 State Route 10, East Hanover, NJ (Matrix Logistics Park – Mt. Olive)	Route 24 Corridor	Q3 2025	600,000	68.4%	The Related Companies
2500 Route 17M, Goshen, NY (Tri-State Logistics Center)	Orange County	Q4 2024	500,124	100%	GFI Partners
41 Echo Lake Rd., Goshen, NY (Amys Kitchen Manufacturing)	Orange County	Q4 2024	369,000	100%	Amy's Kitchen
63 Hook Rd., Bayonne, NJ (Bridge Point Bayonne)	Port Jersey	Q4 2024	355,580	0%	Bridge Industrial

New Jersey industrial submarket stats

By Submarket	Existing Inventory	Deliveries sf (YTD)	Under development sf	Direct Vacancy	Sublet Vacancy	Total Vacancy	Net Absorption sf (YTD)	Net absorption % of inventory (YTD)	Annual direct asking rent psf NNN
Orange/Rockland/N. Bergen	70,038,080	1,485,826	1,856,794	5.2%	1.7%	7.%	902,905	1.3%	\$14.13
North East Bergen	3,600,413	0	0	4.9%	0.1%	5.1%	17,977	0.5%	\$16.42
Orange County	28,974,620	1,059,000	1,856,794	4.7%	1.8%	6.6%	959,972	3.3%	\$9.85
Rockland County	13,858,597	220,000	0	8.2%	0.2%	8.5%	313,689	2.3%	\$13.92
Route 17	8,602,079	0	0	4.2%	0.3%	4.5%	340,092	4.0%	\$17.42
Western Bergen	15,002,371	206,826	0	6.1%	2.0%	8.1%	(160,153)	(1.1%)	\$13.07
Western Rural Jersey	44,560,639	0	73,429	3.9%	.1%	4.%	448,920	1.0%	\$11.88
Bridgewater	14,893,781	0	73,429	3.0%	0.1%	3.1%	(58,698)	(0.4%)	\$15.29
Hunterdon	3,564,848	0	0	4.1%	0.0%	4.1%	51,350	1.4%	\$11.25
Southern Somerset	634,391	0	0	0.0%	0.0%	0.0%	-	0.0%	**
Sussex	1,360,079	0	0	6.5%	0.0%	6.5%	(30,560)	(2.2%)	**
Warren	7,488,378	0	0	4.7%	0.8%	5.4%	(5,300)	(0.1%)	\$10.00
Western Morris	16,619,162	0	0	4.8%	0.1%	5.0%	(95,897)	(0.6%)	\$10.96
Meadowlands	125,272,773	618,387	775,383	5.5%	.3%	5.8%	(2,768,678)	(2.2%)	\$14.23
GWB Market	6,919,231	0	187,530	10.3%	0.0%	10.3%	201,498	2.9%	\$16.05
Kearny Industrial	15,796,446	375,274	0	6.1%	0.3%	6.4%	98,309	0.6%	\$20.53
Meadowlands Market	27,865,966	243,113	219,599	8.7%	1.1%	9.8%	(324,780)	(1.2%)	\$16.69
Paterson	11,317,483	0	0	3.6%	0.2%	3.8%	209,384	1.9%	\$9.93
Route 46/Route 3	21,598,904	0	295,500	4.5%	0.1%	4.6%	(295,280)	(1.4%)	\$10.70
Secaucus	29,531,306	0	0	4.6%	0.6%	5.2%	92,900	0.3%	\$15.66
West Newark	12,243,437	0	72,754	12.4%	0.0%	12.4%	(244,745)	(2.0%)	\$10.08
Port Market	78,682,229	1,098,404	376,367	6.2%	.1%	6.4%	58,383	0.1%	\$20.37
Hudson Waterfront	11,316,050	490,428	0	10.1%	0.0%	10.1%	204,324	1.8%	\$29.66
Linden Market	15,969,265	290,000	100,005	5.9%	4.1%	10.0%	306,285	1.9%	\$19.15
Port Elizabeth/Port Newark Market	34,940,493	200,640	276,362	4.1%	0.4%	4.5%	(477,411)	(1.4%)	\$13.38
Port Jersey	16,456,421	117,336	0	11.1%	0.6%	11.6%	(173,630)	(1.1%)	\$19.29
Essex/Union/Morris County	65,571,525	83,975	796,450	4.6%	.4%	5.%	(109,973)	(0.2%)	\$13.54
Eastern Essex	2,999,311	0	0	9.0%	0.0%	9.0%	86,669	2.9%	\$9.09
Eastern Morris	12,370,435	0	0	2.0%	0.4%	2.4%	230,348	1.9%	\$14.11
Fairfield	23,327,254	0	97,195	3.2%	1.0%	4.2%	254,707	1.1%	\$14.63
Route 24 Corridor	8,874,272	0	599,255	3.1%	0.0%	3.1%	270,119	3.0%	\$16.50
Union	18,000,253	83,975	100,000	4.3%	0.8%	5.1%	(162,716)	(0.9%)	\$13.35
I-287 Corridor	110,666,397	147,115	2,535,722	5.6%	.2%	5.8%	202,066	0.2%	\$17.40
Exit 10 Route 440	53,736,012	0	1,043,600	3.6%	0.6%	4.3%	(214,449)	(0.4%)	\$16.78
Exit 12 Market	18,067,150	0	355,100	18.3%	0.2%	18.5%	(489,712)	(2.7%)	\$18.92
Piscataway	38,863,235	147,115	1,137,022	4.3%	0.5%	4.7%	(533,173)	(1.4%)	\$16.51
Greater Trenton	14,743,380	261,646	0	6.6%	.5%	7.1%	1,471,817	9.8%	\$9.90
Princeton	11,071,459	261,646	0	8.2%	3.9%	12.1%	(455,941)	(4.1%)	\$11.97
Trenton	3,671,921	0	0	13.7%	0.0%	13.7%	(51,357)	(1.4%)	\$7.84
NJ Turnpike Corridor	124,015,029	3,138,738	893,097	4.5%	.7%	5.2%	1,679,903	1.4%	\$15.36
Exit 7A Market	13,737,262	390,500	0	8.1%	0.5%	8.6%	(660,175)	(4.8%)	\$12.96
Exit 8	7,810,036	160,462	0	12.8%	0.0%	12.8%	160,462	2.1%	{Null}
Exit 8A Market	75,166,413	965,967	0	3.7%	0.8%	4.5%	700,913	0.9%	\$14.71
Exit 9	19,398,911	784,352	0	8.1%	1.9%	10.0%	44,200	0.2%	\$16.32
Old Bridge/Sayreville	7,902,407	837,457	893,097	25.9%	0.0%	25.9%	(736,138)	(9.3%)	\$17.43
GSP South	20,130,470	0	222,274	12.4%	.1%	12.5%	232,449	1.1%	\$12.65
Monmouth	11,512,106	0	130,714	7.8%	0.0%	7.8%	385,877	3.4%	\$12.22
Ocean	8,618,364	0	91,560	14.6%	0.0%	14.7%	(16)	(0.0%)	\$13.08
New Jersey Total	653,680,522	6,834,091	7,529,516	5.4%	.5%	5.9%	2,117,792	0.3%	\$15.15

*Orange county is not included for the purposes of statistics in this chart, this leads to a disparity between this chart and deliveries seen on slide 10

New Jersey Industrial Submarkets

**1. Orange/Rockland/
N. Bergen/Rt 17**

Orange
Rockland County
Northeast Bergen
Route 17
West Bergen

2. Western Rural Jersey

Sussex
Warren
Western Morris
Bridgewater
Hunterdon
Southern Somerset

3. Meadowlands

Paterson
Meadowlands
Route 46/Route 3
Secaucus
Kearny
West Newark
GW Bridge

4. Port Market

Port Jersey
Port Elizabeth
Hudson waterfront
Linden

5. Essex/Union/Morris County

Eastern Morris
Fairfield
Route 24
Eastern Essex
Union

6. I-287 Corridor

Exit 10 Route 440
Piscataway
Exit 12

7. Greater Trenton

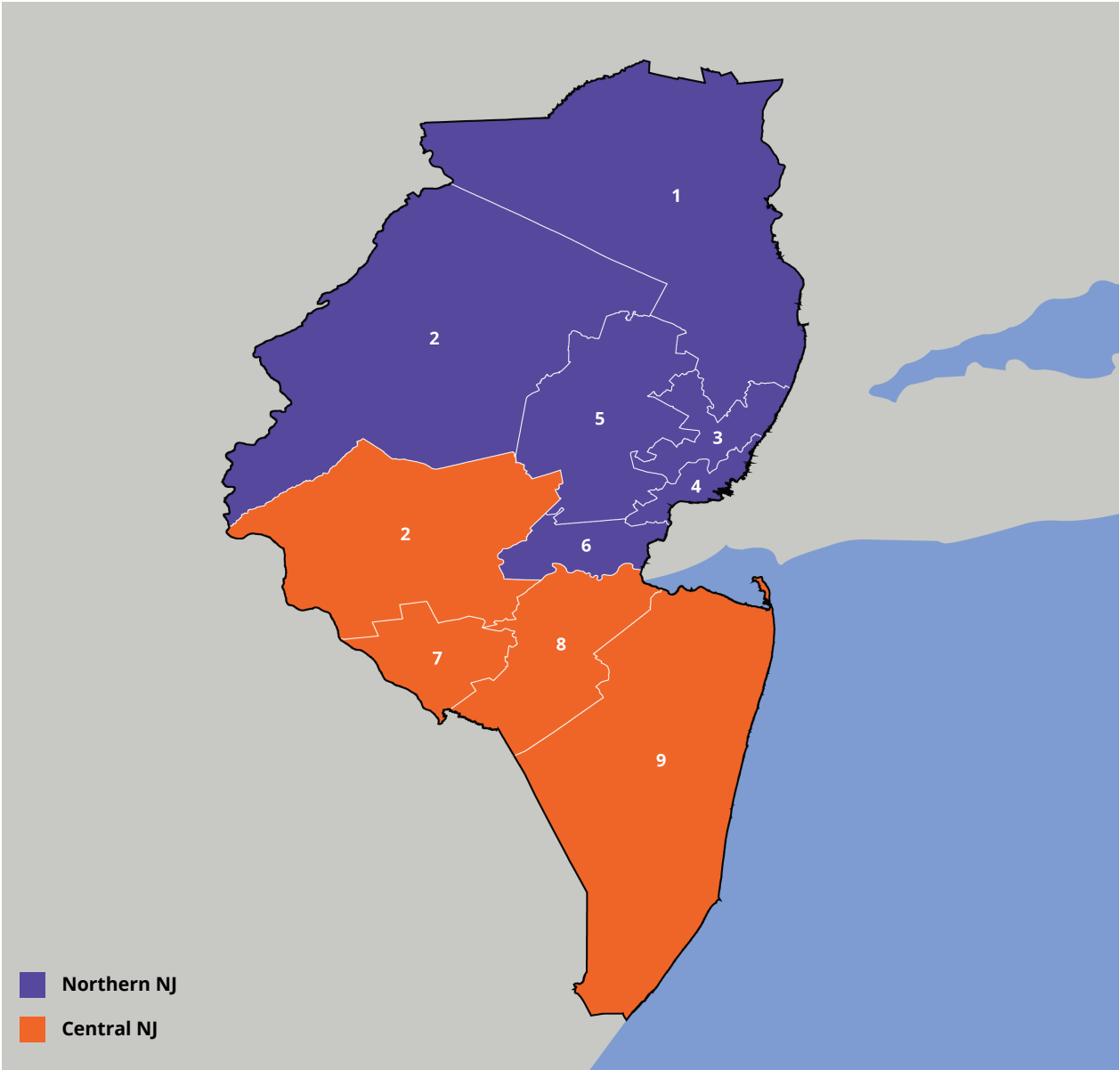
Trenton
Princeton

8. NJ Turnpike Corridor

Exit 9
Old Bridge/Sayreville
Exit 8
Exit 8A
Exit 7A

9. GSP South

Monmouth
Ocean



Industrial insights glossary of terms

Demand

- **Leasing activity:** total square footage of relocations, renewals, expansions and subleases expressed when the leases are signed, not when tenants take physical occupancy of the space
- **Absorption:** period-over-period change in occupied square footage

Supply

- **Direct vacancy rate:** space operated by landlords that is ready for immediate occupancy
- **Sublease vacancy rate:** space operated by sublandlords that is ready for immediate occupancy
- **Total vacancy rate:** sum of direct vacancy rate and sublease vacancy rate
- **Availability rate:** space that is vacant plus space that will become vacant over an indefinite time horizon, including spaces that are occupied by vacating tenants and under-construction properties

Industrial rents and concessions

- **Triple net rents:** tenant is responsible for paying rent, utilities, taxes, operating expenses and common area maintenance
- **Asking rents:** pricing guidance provided by landlords to tenants for available space expressed as triple net (NNN)
- **Base rents:** fair market value of market-level lease pricing based on representative executed leases, expressed as triple net (NNN)
- **Free rent period:** months of free rent that are typically provided upfront by landlords to tenants as a concession to offset the total cost of a lease and/or the construction timeline of an industrial suite
- **Tenant improvement allowance:** an allowance expressed in dollars per square foot provided from landlords to tenants to offset build-out, engineering, space planning and related permit costs
- **Net effective rent:** base rents discounted by the dollar values of tenant improvement allowance and free rent concessions expressed as full service (FS)

Property subtypes

- **Distribution:** properties used primarily to ship good with higher proportions of dock doors and taller clear heights
- **General Warehouse:** properties used to store goods and materials
- **Manufacturing:** properties where goods are produced and assembled with heavier power and stronger floor loads for equipment

Capital markets

- **Investment volume:** industrial sales dollars expressed when the transactions close and based on inventory thresholds; partial-interest sale dollar amounts are not grossed-up to reflect the 100% value of the sale
- **Asset pricing:** unweighted average per-square-foot asset pricing of market-level closed sales
- **Cap rate:** net operating income divided by sale price; this measurement of market-level investment returns is calculated as an unweighted average based on closed investment sales

For more market insights and
information visit **avisonyoung.com**

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