

OFFICE

Northern NJ 1Q 2022 Report

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The Masks are off...is the Return to the Office Next?

It is with great enthusiasm that we approach what we hope is the light at the end of the COVID-19 tunnel. While it is clear that COVID-19 has reshaped our lives, the specifics of that transformation, particularly on our workplaces are less clear. As of now questions like; do we have full offices? Can we fill the empty office buildings throughout our state? What does the future office layout look like? What is a 'work week' going to be? At this point, all these remain unanswered.

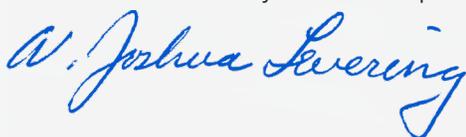
As many of my colleagues and I have made predictions throughout the past few years, most of them have been proven incorrect. Our rapidly changing macroeconomic, political and social circumstances continue to make it incredibly difficult to provide any meaningful predictions beyond educated guesses. While we do predict (with hope and belief) that very soon we will be able to engage with our fellow employees, clients, friends and others in a manner we all took for granted just a short time ago, we still are uncertain of when, where and how this will unfold.

In an article recently submitted to me by a very prominent lawyer called 'Betting That the Office is Not Dead' (you can google it), it speaks about law firms' re-engagement of personnel and the prospects for office facilities. The overall thesis is that any re-engagement within our office environment is going to be mutually beneficial to not just the firms' business but the employees who make them up. Based on the return-to-work experience at NAI Hanson, we fully agree with this sentiment. Unfortunately, because we simply don't know what this re-engagement is specifically going to look like, we have the following thoughts;

It will be a while for the masses to become comfortable to interact with one another, although that time is ostensibly around the corner. Simultaneously, over a relatively short period we will begin to better understand our micro and macro-office market. As I have noted in many of my recently written statements, I am confident that the extraordinary talent throughout the N.J. commercial real estate community has positioned the New Jersey's market well for the future!! Understandably there will continue to be short-term ripples and impacts, so we must wait with bated breath and fingers crossed!

On behalf of myself and all my colleagues at NAI James E. Hanson, we want to extend everybody good thoughts as spring is around the corner. As such, we look forward to once again being TOGETHER in the offices, restaurants, golf courses, and other work and social activities that we so desire.

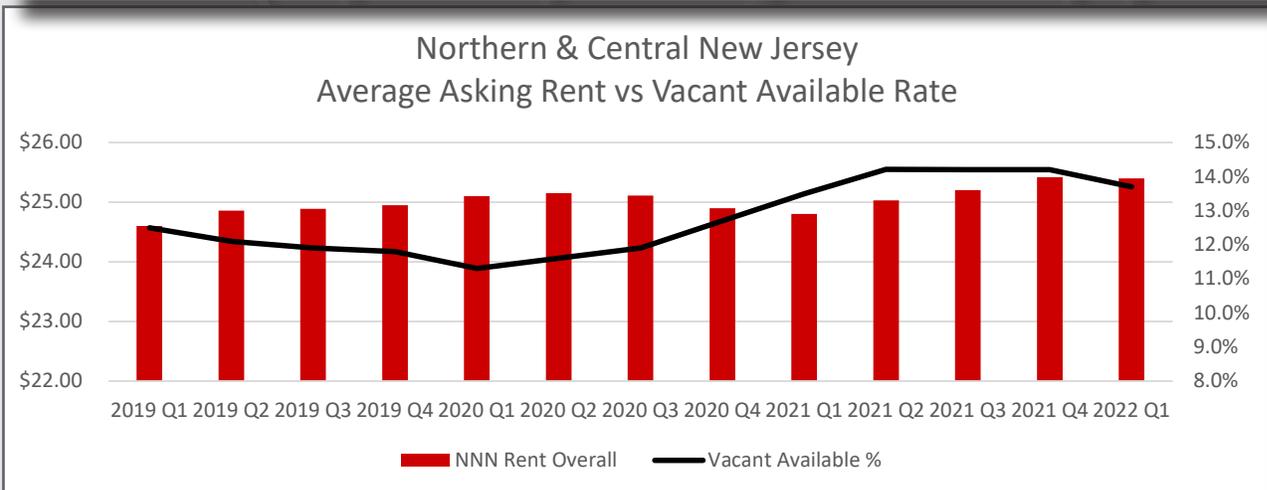
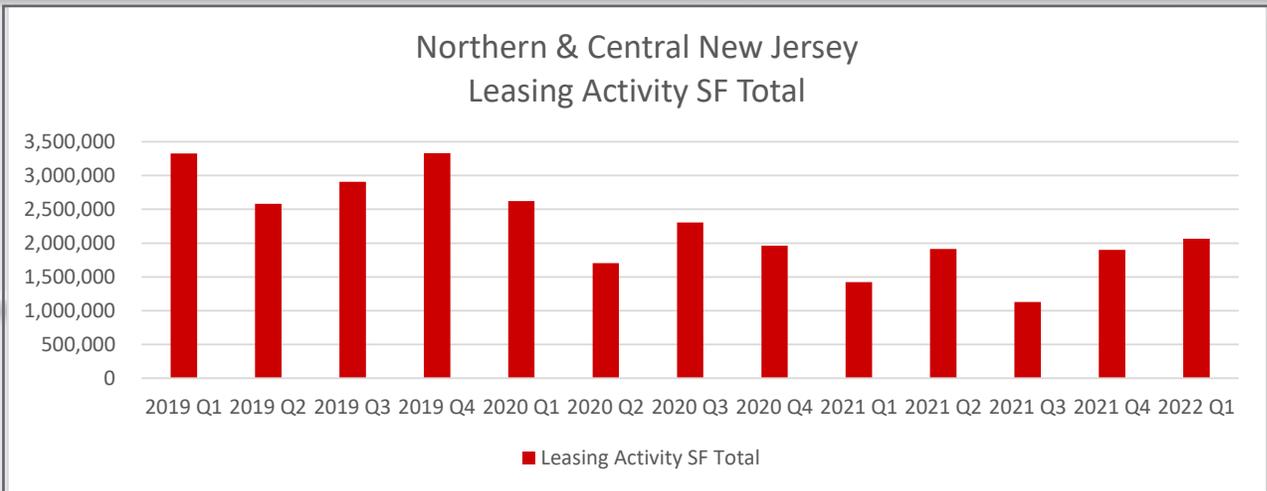
Best wishes to everyone and hope see you soon!



W. Joshua Levering, SIOR
Senior Vice President

	Total RBA	Total Vacant Available SF	Total Vacant Available %	Total Net Absorption	Total SF Leased	Average Asking Rate
Northern NJ	234,181,981	32,027,380	13.7%	(184,616)	2,063,509	\$25.40
Morris	36,648,069	6,822,713	18.6%	81,313	339,818	\$25.16
Essex	32,939,006	3,342,425	10.1%	160,048	217,435	\$26.98
Bergen	32,651,895	3,678,297	11.3%	(420,598)	375,210	\$25.25
Middlesex	31,040,171	4,168,571	13.4%	257,651	349,272	\$25.46
Hudson	27,448,656	4,088,006	14.9%	115,349	424,696	\$33.37
Somerset	24,292,423	4,467,087	18.4%	(172,655)	184,245	\$22.19
Mercer	22,746,391	2,052,341	9.0%	(44,692)	130,866	\$25.49
Union	12,001,112	1,076,545	9.0%	(167,177)	35,110	\$29.45
Passaic	8,198,581	927,876	11.3%	3,552	2,591	\$19.18
Hunterdon	5,084,483	1,349,086	26.5%	(1,023)	-	\$17.86
Sussex	601,533	19,370	3.2%	(650)	-	\$11.36
Warren	529,661	35,063	6.6%	4,266	4,266	\$19.03
Rockland, NY	4,262,761	629,944	14.8%	(5,846)	30,514	\$22.99
Orange, NY	3,443,642	359,534	10.4%	41,488	41,488	\$17.28

Leasing Activity



1Q2022 vs. 1Q2021

 **13.3%**
Vacancy Rate



 **\$0.60**
Asking Rate



 **2,158,517 SF**
Leasing Activity



Top Transactions

LEASED

130,000 SF | 210 Hudson Street, Jersey City
Collectors Holdings

37,875 SF | 525 Washington Boulevard, Jersey City
Industrious

26,174 SF | 305 Madison Avenue, Morristown
Intercept Pharmaceuticals

SOLD

674,340 SF | 55 Corporate Drive, Bridgewater
Price: \$261,000,000

Buyer: AVG Partners
Seller: The Necessity Retail REIT, Inc

76,308 SF | 25 Lindsley Drive, Morristown
Price: \$9,725,000

Buyer: Pentaurus Properties
Seller: Lindsley Drive Associates LLC



TOP SALE OF THE QUARTER

431,281 SF | 70 Hudson Street, Jersey City
Price: \$300 Million

Buyer: Vision Properties & Hana Alternative Asset Management
Seller: PFA Pension & Spear Street Capital

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NAI James E. Hanson is the largest independently owned commercial real estate firm in the state with over 65 years of experience in the New Jersey industrial market and has one of the largest industrial teams. NAI Hanson currently holds 12 SIOR designations, the most SIORs over any other commercial real estate firm in the state.

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