



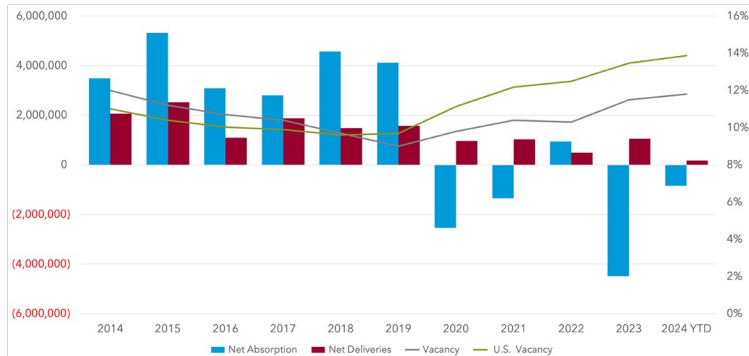
OFFICE MARKET OVERVIEW

MICHAEL MALMSTONE, *Director of Research and Valuation*

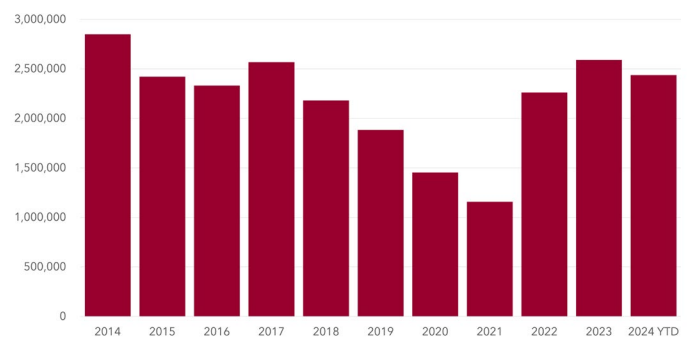
Q2 leasing fell 10% QoQ to 2.4MM SF, 75% of the 5-year average. Seven 50k+ SF leases were inked. Lease-up time remained flat at 9 months. Rental rates gained \$0.20 PSF QoQ to \$28.17 PSF gross. 240k SF of occupied space was added during Q2, marking the first positive quarter since Q3 2022 and (9.7MM) SF loss since COVID. As of May, NJ unemployment remained at 4.2% since April, down 20 bps QoQ and up 30 bps YoY. Sales volume finished at \$188MM, the lowest quarter since Q3 2001. 50 office properties encompassing 12.6MM SF and \$800MM of active CMBS debt are currently specially serviced, while 30 properties with \$1B of active debt are projected to default in the next 24 months. Average pricing fell 11% to \$136 PSF while cap rates hovered around 6.6%. 11.6MM SF is approved, 761k SF being medical.

MARKET INDICATORS	Q2 2024	Q1 2024	Q4 2023	Q3 2023	Q2 2023
▲ Qtrly Net Absorption SF	239,842	(1,081,477)	(274,580)	(1,753,740)	(1,695,248)
◀▶ Vacancy Rate	11.8%	11.8%	11.5%	11.4%	10.9%
▲ Avg GRS Asking Rate PSF	\$28.17	\$27.97	\$28.07	\$28.10	\$27.89
▼ SF Under Construction	2,436,828	2,557,204	2,590,954	3,044,197	2,982,024
▲ Inventory SF	421,987,973	421,867,597	421,815,847	421,357,804	421,176,477

NET ABSORPTION, NET DELIVERIES, & VACANCY



UNDER CONSTRUCTION



TOP SALE TRANSACTIONS BY SF	SIZE	SALE PRICE	BUYER / SELLER	BUILDING CLASS
900 US Highway 9 N Woodbridge, NJ	112,705 SF	\$11,169,000 \$99.10 PSF	TrueStone LLC TFE Properties	Class B
710 Route 46 E Fairfield, NJ	103,502 SF	\$12,258,333 \$118.44 PSF	Blinds To Go Stonewater Equities	Class B
80 Main Street West Orange, NJ	101,000 SF	\$8,000,000 \$79.21 PSF	Iron Ore Properties LLC Lawrence Drill	Class B

TOP LEASE TRANSACTIONS BY SF	SIZE	LANDLORD	TENANT	TENANT INDUSTRY
499 Washington Boulevard Jersey City, NJ	184,341 SF	LeFrak	Fidelity Investor Center	Finance & Insurance
300 Warren Corporate Center Drive Warren, NJ	157,546 SF	Rubenstein Partners & Vision	Regeneron	Information
494 Broad Street Newark, NJ	74,356 SF	Fidelco Realty	NJIT	Educational Services