



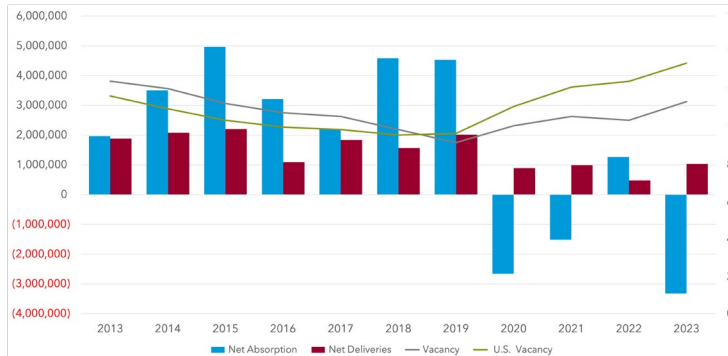
OFFICE MARKET OVERVIEW

MICHAEL MALMSTONE, *Director of Research and Valuation*

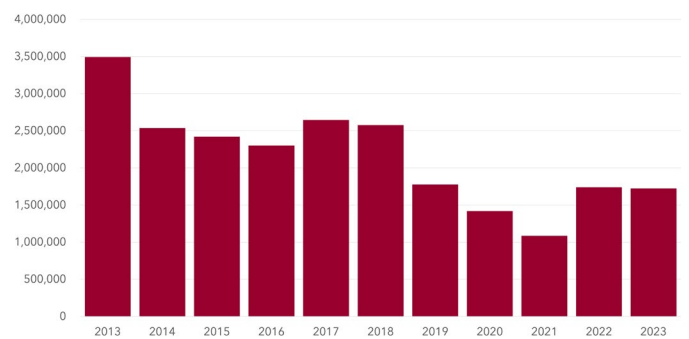
Q4 leasing remained flat QoQ at 2.4MM SF, 74% of the 5-year average, and ended 2023 at 11.2MM SF. Lease-up time averaged 9.2 months. Rental rates fell \$0.06 PSF QoQ to \$27.97 PSF gross. 3.3MM SF of occupied space was vacated during 2023, marking the lowest net absorption year on record. NJ unemployment was 4.7% in November, rising 50 bps QoQ and 140 bps YoY. Sales volume finished Q4 an anemic \$233MM and \$1.5B for 2023, the lowest year since 2009's \$1.1B. More sales are forced by notes coming due and properties, even those performing, becoming unfinanceable as cap rates eclipse mortgage rates. Pricing fell 20% to \$133 PSF while cap rates decompressed 60 bps to 8.3%. 15.8MM SF is approved, 1.1MM SF being medical.

MARKET INDICATORS	Q4 2023	Q3 2023	Q2 2023	Q1 2023	Q4 2022
▲ Qtrly Net Absorption SF	14,904	(1,821,223)	(783,717)	(729,061)	(466,506)
▲ Vacancy Rate	11.4%	11.3%	10.9%	10.7%	10.4%
▼ Avg GRS Asking Rate PSF	\$27.96	\$28.02	\$27.93	\$27.92	\$27.67
▼ SF Under Construction	1,724,840	2,162,256	2,322,698	1,702,698	1,738,703
▲ Inventory SF	423,010,601	422,553,385	422,392,943	422,344,943	421,977,084

NET ABSORPTION, NET DELIVERIES, & VACANCY



UNDER CONSTRUCTION



TOP SALE TRANSACTIONS BY SF	SIZE	SALE PRICE	BUYER / SELLER	BUILDING CLASS
23 Main Street Holmdel, NJ	350,000 SF	\$17,500,000 \$50.00 PSF	CHA Partners Veris Residential, Inc.	Class A
61 S. Paramus Road Paramus, NJ	287,704 SF	\$55,900,000 \$194.30 PSF	Crown Acquisitions Onyx Equities	Class A
169 Lackawanna Avenue Parsippany, NJ	256,000 SF	\$25,000,000 \$97.66 PSF	Greek Real Estate Partners RVI America Insurance Company	Class A

TOP LEASE TRANSACTIONS BY SF	SIZE	LANDLORD	TENANT	TENANT INDUSTRY
110 Plaza New Brunswick, NJ	360,000 SF	New Brunswick Development Corp	Nokia Bell Labs	Professional, Scientific, and Technical Services
340 Mount Kemble Avenue Morristown, NJ	73,272 SF	Onyx Equities / PCCP	Marcum LLP	Finance and Insurance
101 Hudson Street Jersey City, NJ	60,000 SF	The Birch Group	Jefferies	Finance and Insurance

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