



# NEW JERSEY OFFICE MARKET

Yardi® Matrix

## Market Analysis

Third Quarter 2019

### Contacts

#### Jeff Adler

*Vice President & General  
Manager of Yardi Matrix*  
Jeff.Adler@Yardi.com  
(800) 866-1124 x2403

#### Jack Kern

*Director of Research and  
Publications*  
Jack.Kern@Yardi.com  
(800) 866-1124 x2444

#### Chris Nebenzahl

*Senior Analyst*  
Chris.Nebenzahl@Yardi.com  
(800) 866-1124 x2200

#### Veronica Grecu

*Senior Real Estate Market Analyst*  
Veronica.Grecu@Yardi.com  
(306) 955-1855 x7583

#### Author

#### Jeff Hamann

*Associate Editor*  
Jeffrey.Hamann@Yardi.com  
(212) 977-0041 x8598

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expense and lease expiration  
data is available to Yardi Matrix  
subscribers. Please contact us  
for details!

For more information please contact:

#### Ron Brock, Jr.

*Industry Principal, Matrix*  
JR.Brock@Yardi.com  
(480) 663-1149 x2404

## Growth at a Time of Uncertainty



New Jersey's office market moved at a slow but steady pace through July. Office-using employment in the area gained more than 10,000 jobs in the 12 months ending in June, with heavy losses in the financial activities sector offset by strong gains in professional and business services. The Garden State's future business climate is uncertain, however, after both of the state's tax incentive programs expired earlier in the year with no clear pathway on introducing new initiatives to draw in businesses.

The market remained an affordable nearby alternative to New York City, with asking prices averaging less than 40% of Manhattan's average rate. Class A space was in demand, with tenants shifting from the metro's more distant, dated assets to amenitized space in submarkets nearer to the Hudson. Regus dominated the coworking scene in square footage, but a number of local shared space providers are building a presence in the market.

Office investment gained momentum, with \$1.1 billion closing during the first seven months of the year, almost on par with 2018's total transaction volume. More than 75% of transactions involved Class B assets, as investors seek out value-add opportunities. Development, however, remained sluggish, with Edison Properties' 450,000-square-foot warehouse conversion in Newark the sole delivery of the year.