

# NEW JERSEY OFFICE MARKET

Yardi® Matrix

## Market Analysis

Third Quarter 2019

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## 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.