



# FUTURE OF NEW JERSEY'S SUBURBAN OFFICE MARKET

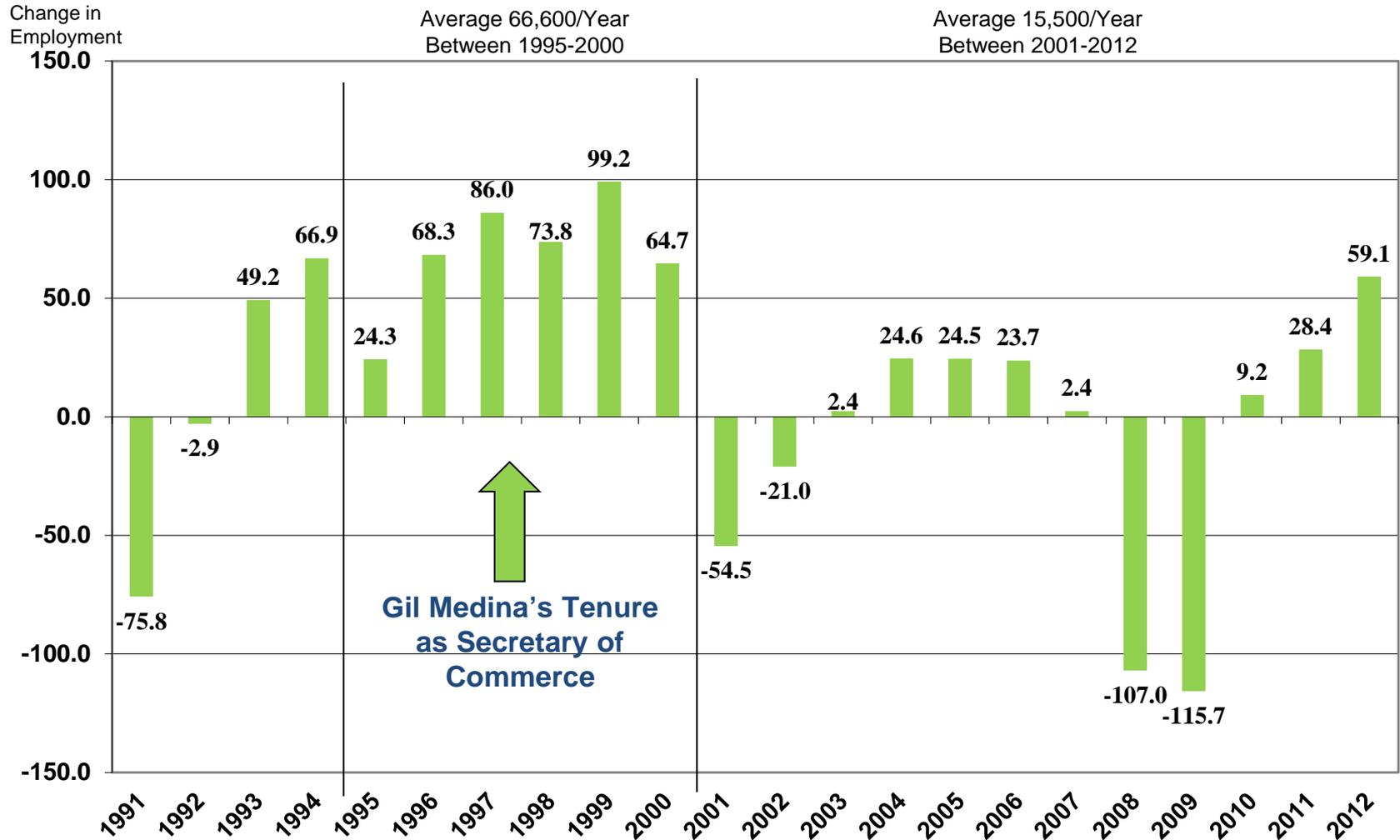
June 2013

**CBRE**



# NEW JERSEY EMPLOYMENT

## Y-o-Y Change in NJ's Private Sector Employment

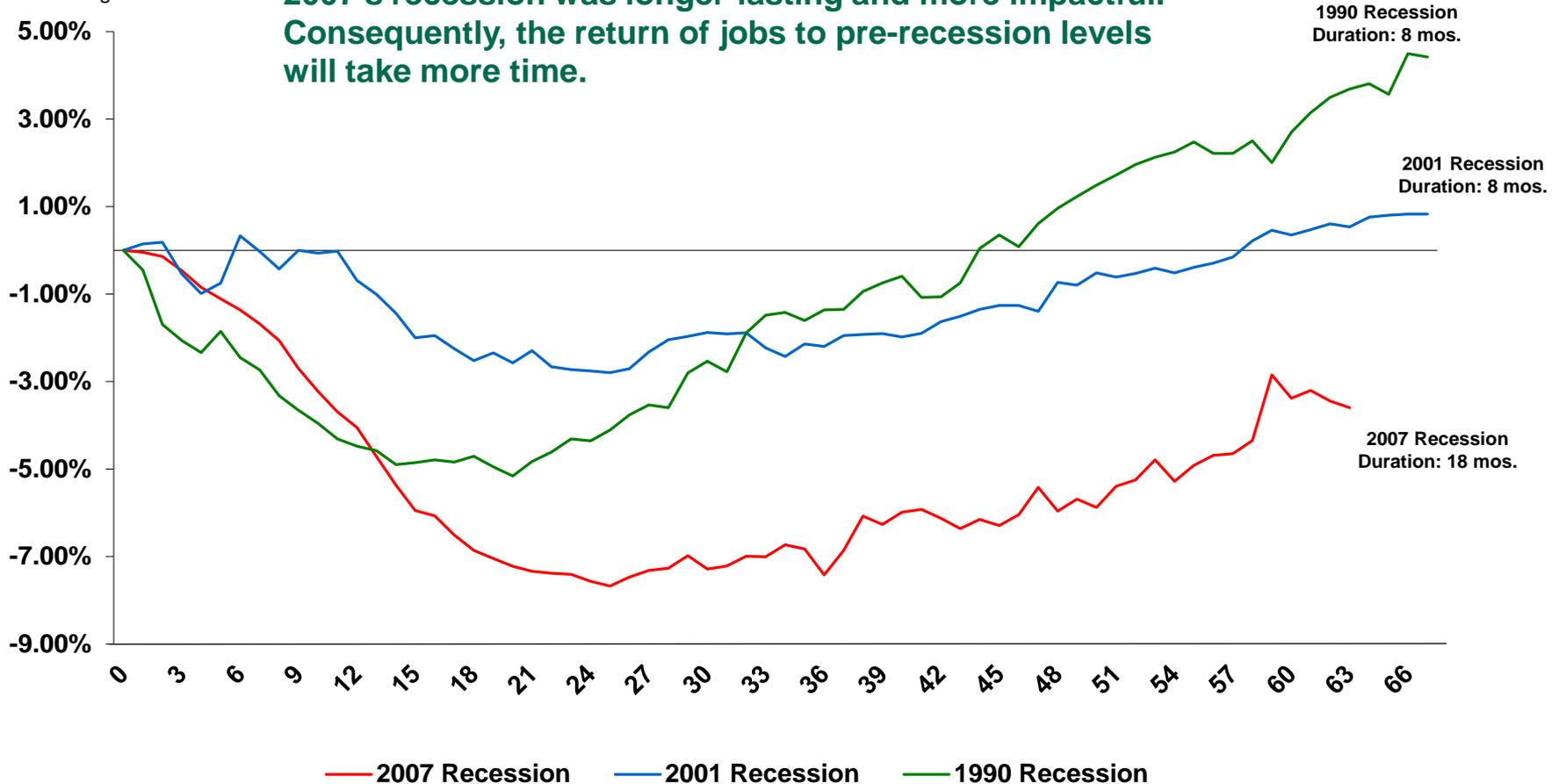


# NEW JERSEY EMPLOYMENT

## Percent Change in Office Jobs Since Start of Recession

% Change in Office-Using Jobs

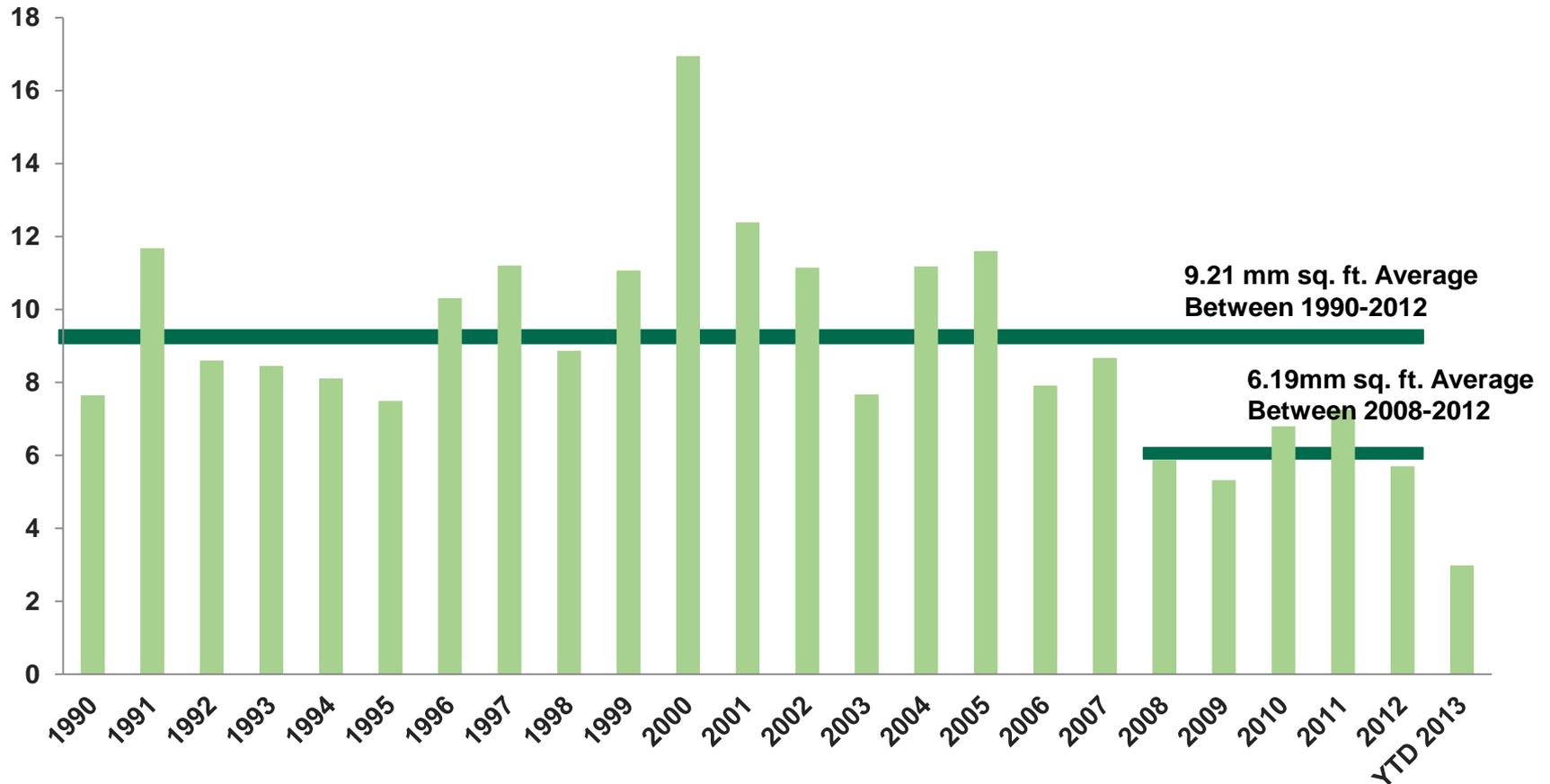
**2007's recession was longer-lasting and more impactful. Consequently, the return of jobs to pre-recession levels will take more time.**



# NEW JERSEY

## Historical Leasing Velocity

Sq. Ft. (mm)



# NEW JERSEY – OFFICE DEVELOPMENT 75,000 SF+

## Major Redevelopment or New Construction



**100 Park Ave**  
**Florham Park**  
**BASF**



**175 Park Ave**  
**Madison\*\***  
**Realogy**



**800 Scudders Mill**  
**Princeton\*\***  
**Novo-Nordisk**



**221 River St**  
**Hoboken**  
**Pearson**



**Broad & Halsey St**  
**Newark**  
**Prudential**

2012

2013

2014



**500 Princeton S.**  
**Ewing**  
**Church & Dwight**



**2 Riverfront Plz**  
**Newark**  
**Panasonic**



**14 Sylvan Way**  
**Parsippany**  
**Wyndham**

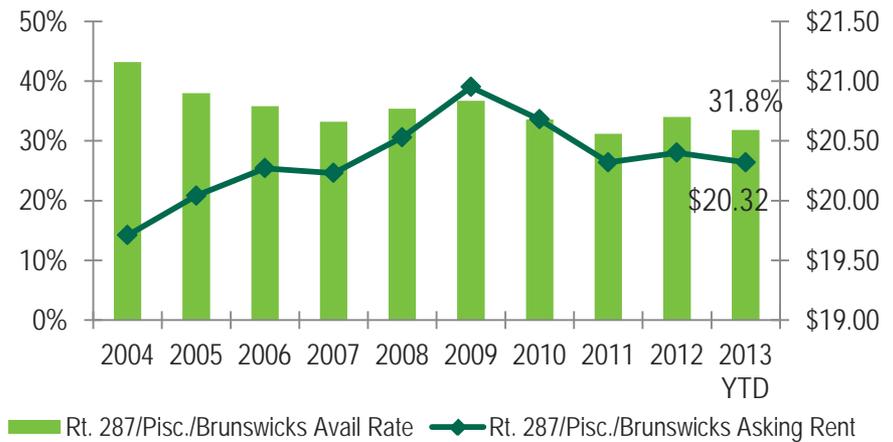
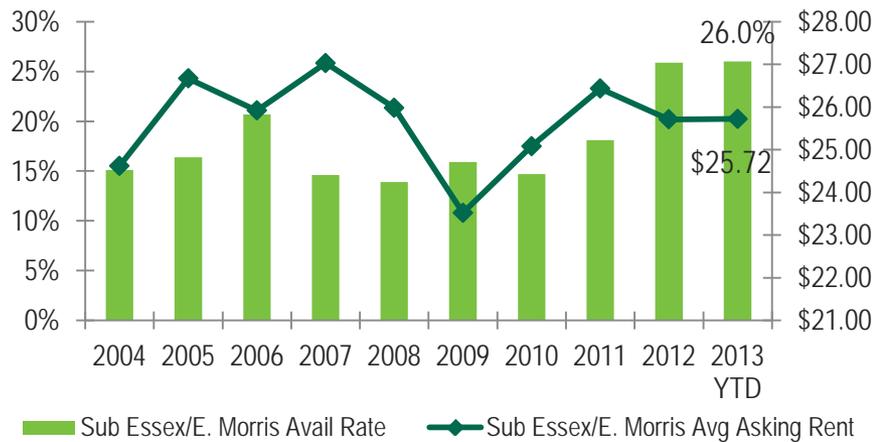
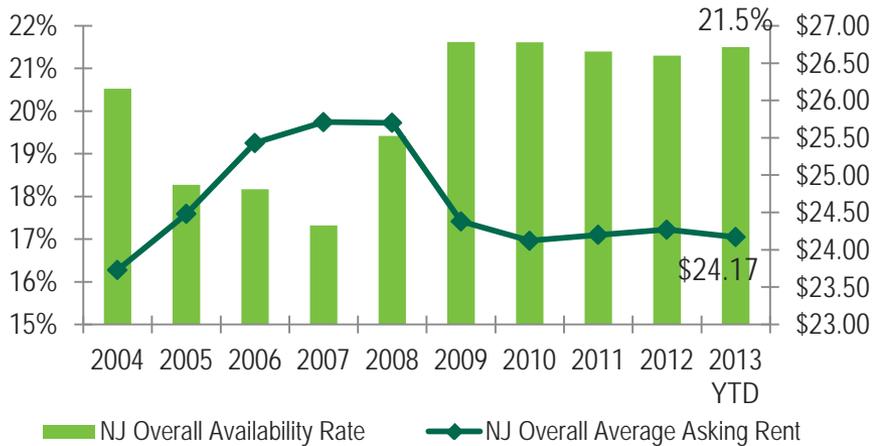


**300 Carnegie Ctr**  
**West Windsor**  
**Spec**

\*\* Major Renovation

# SELECT SUBMARKET STATS

## Availability Rates & Average Asking Rents



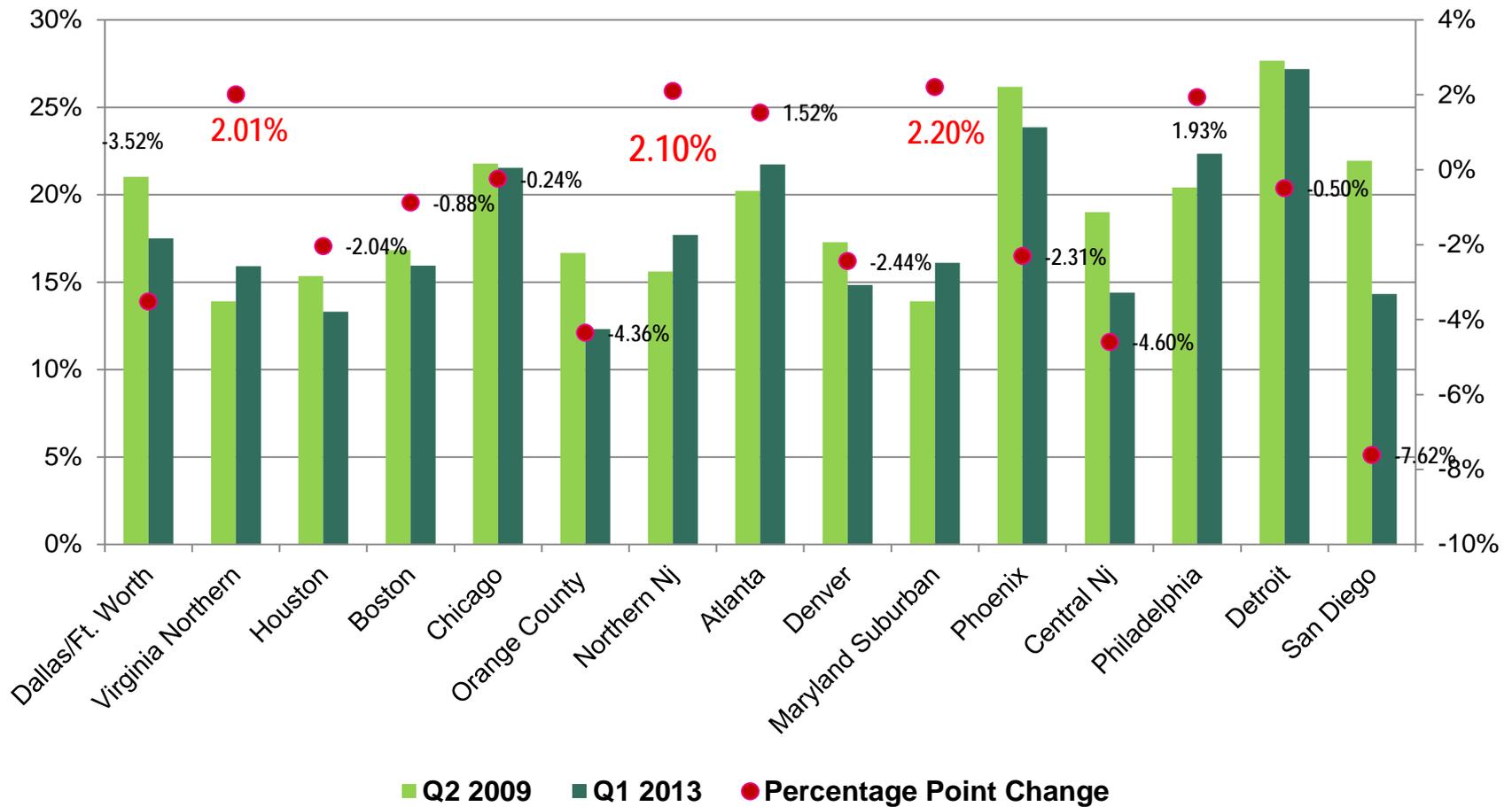
# NORTHERN/CENTRAL NEW JERSEY

## Northern NJ Vacancy Rate Recovery Lags

- Since the end of the recession in June 2009, the national market has begun to slowly recover.
- Of the **15 most historically-prominent suburban markets** in the US:
  - **10 have experienced a drop in vacancy since the recession's end.**
  - Greatest improvements among suburban areas: San Diego and Orange County saw 7.6% point and 4.4% point decreases, respectively.
  - Houston, with a 2.0% point decrease, experienced some of the strongest job growth in the country in the first months of the year and is expected to continue to flourish.
- Conversely, Northern Virginia and Suburban Maryland continue to experience a sharp rise in vacancy, having climbed over 2.0% since the end of the recession.
  - The Base Realignment and Closure (BRAC) Commission requires the closure and/or realignment of Department of Defense agencies.
  - Ultimately, over four million SF of leased office space in Arlington County will be vacated due to BRAC and sequestration.
- Unlike Northern NJ, Central NJ has seen a sharp decrease in vacancy, with a 4.6% point decrease since Q2 2009.
  - The Princeton and 287/78 Interchange submarkets lead the way, along with strong leasing in Metropark.
  - Meanwhile, the pharmaceutical industry drove the drop in 287/78, with brisk demand by firms such as Celgene, Advanced Health Media, and Savient Pharmaceuticals. BlackRock, Novo Nordisk and Lam Cloud Management together removed over one million SF of available space from the Princeton submarket
- Vacancy in Northern NJ has risen in recent months due to large corporate dispositions, such as Bayer and Crum & Forster, which each placed over 200,000 SF on the market during Q1 2013.
- Additionally, the prominent Hudson Waterfront has encountered challenges in the marketplace as large financial institutions—historically the area's defining industry—have unloaded space and continue making plans to consolidate their footprints, shedding several hundred thousand square feet at a time.
- In the near future, occupancy in Central NJ should continue to improve. However, due to the large blocks of space hitting the market, Northern NJ can be expected to slip further, barring an unexpected excess of new demand.

# NORTHERN/CENTRAL NEW JERSEY

## Northern NJ Vacancy Rate Recovery Lags



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