NORTHERN NEW JERSEY
MULTIFAMILY REPORT

2024 | MID-YEAR

BERKADIA®

Jobs Added / Lost*

LAST 12 MONTHS

20,400

1.6%

Unemployment*

JUNE 2024

4.8%

20 BPS YOY

**Seasonally Adjusted*

NORTHERN NEW JERSEY

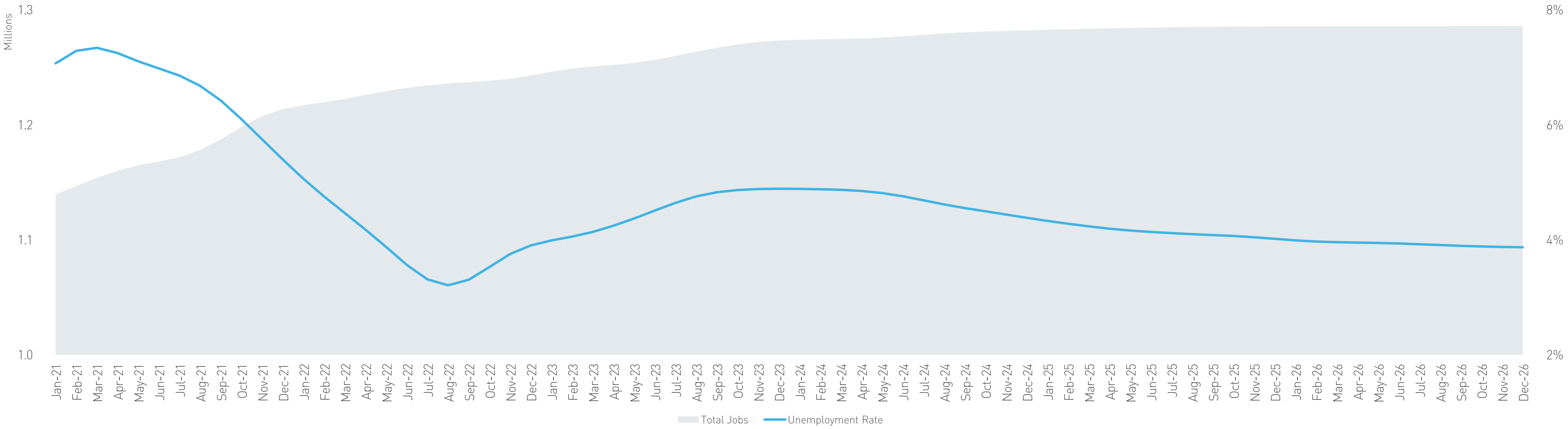
EMPLOYMENT

A diverse Northern New Jersey economy recorded broad-based gains across the labor market in the last year. Total nonfarm employment expanded 1.6%, or by 20,400 seasonally adjusted positions, since mid-2023. Hiring within the private education and healthcare sector led all others in that time with 8,100 additional personnel. Part of the hires came with the opening of several medical facilities across the Northern New Jersey area, including the University Hospital system. So far this year, University Hospital opened its first Health and Wellness Center in Newark and partnered with Rutgers New Jersey Medical School to launch a new multidisciplinary Weight Management Center. Hiring was also robust in the trade, transportation, and utilities sector with 3,800 more workers added to payrolls in the last 12 months. A pillar of the economy, approximately one out of every five Northern New Jersey are in the trade, transportation, and utilities sector. A rise in activity at the Port of Newark boosted the industry. Year-to-date trade volume through May was up more than 5.9% from the same period in 2023. The port's economic pull contributed to FreshRealm's decision to open a distribution center in Linden in 2023. Last year also had United Airlines occupy a new 224,900-square-foot, state-of-the-art distribution center adjacent to Newark Liberty International Airport.

In the News

- Hudson Tunnel Project to create 95,000 new jobs
- Two-tower mixed-use project approved near Jersey City Medical Center
- New Jersey aims to hire mail carriers

Employment Trends



Source: Moody's Analytics

2024 YEAR TO DATE

DELIVERIES
5,408 UNITS

ABSORPTION
3,360 UNITS

2024 TOTAL*

DELIVERIES
17,975 UNITS

ABSORPTION
16,732 UNITS

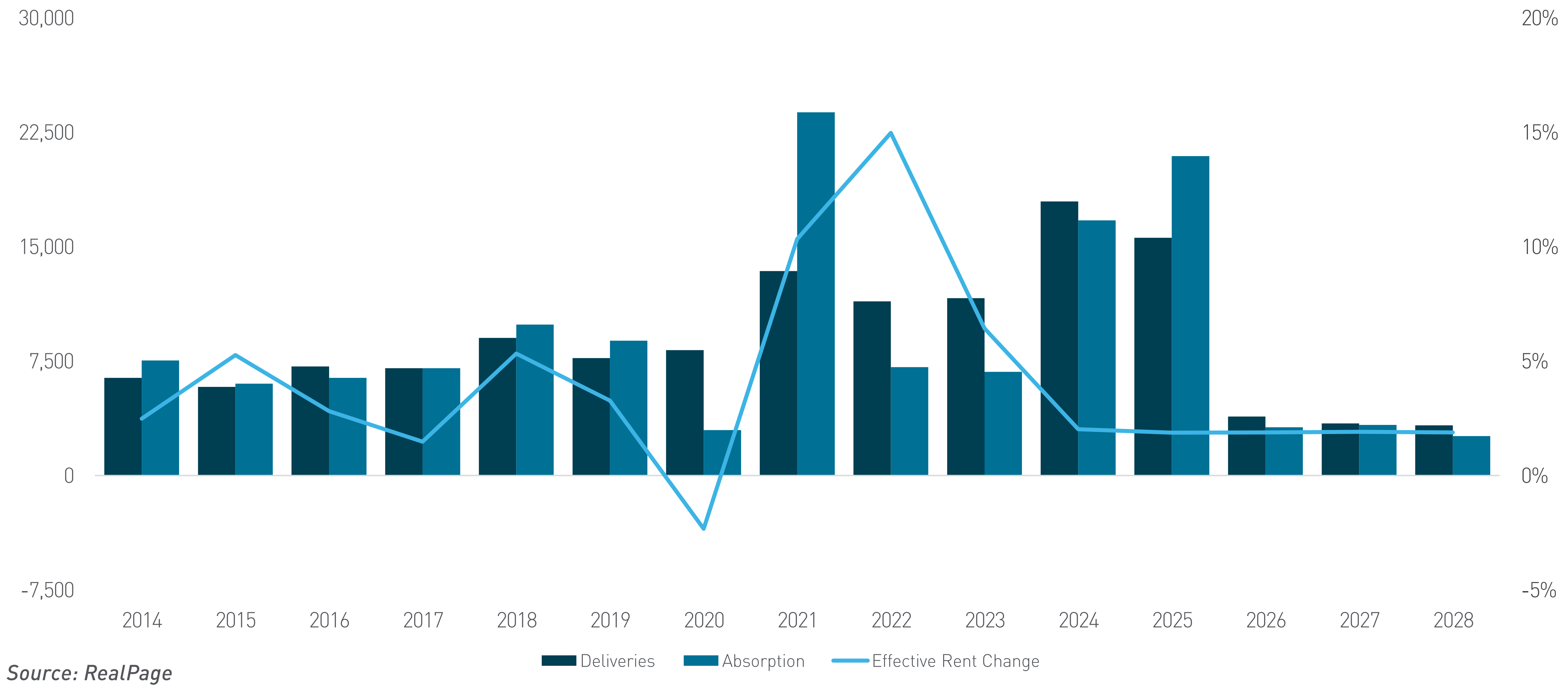
**Projected*

NORTHERN NEW JERSEY

DELIVERIES & ABSORPTION

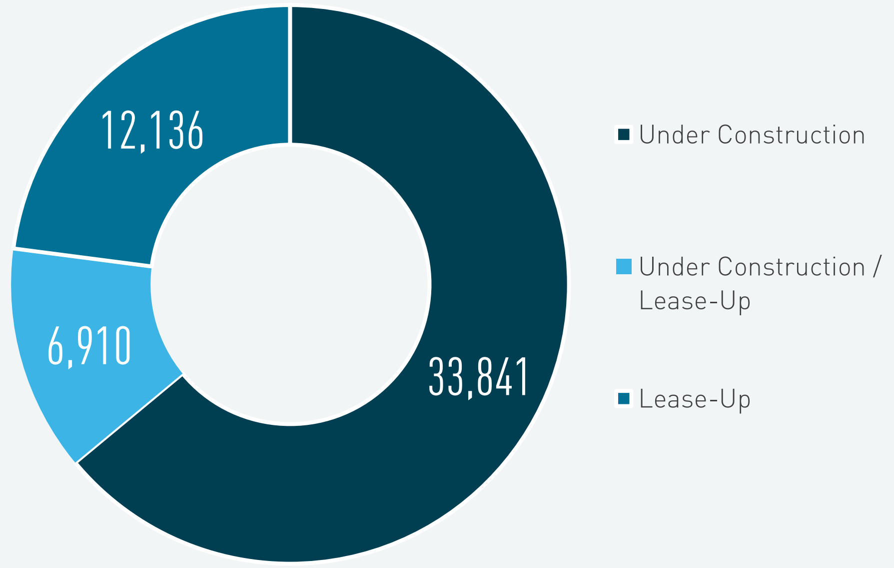
Apartment developers worked to fill the housing gap in Northern New Jersey amid a highly competitive homeownership environment. Builders delivered more than 5,400 units in the first half of 2024. While additions were spread throughout the market, more than 1,300 deliveries were in the Jersey City submarket to lead all areas so far this year. The submarket has been a hotspot for apartment development, with the inventory of market-rate units rising more than 49% in the last decade. Beyond the multifamily market, builders are active in Downtown Jersey City through the Historic Downtown Special Improvement District. More housing and more job opportunities contributed to more than 914 net units absorbed in the submarket in the first half of 2024, leading all areas for leasing activity in that time. Builders are optimistic about the submarket as approximately 13,000 units were under construction or in the under construction/lease-up phase at mid-year 2024. Of those communities, more than 3,000 units are scheduled to come online in the second half of this year to bring the annual total to nearly 4,400 units. An uptick in deliveries over the next two quarters is expected market wide as nearly 18,000 units are scheduled to begin lease-up this year. Additional housing is needed as monthly single-family listings across the market so far this year were less than half of the pre-pandemic levels.

Deliveries, Absorption, & Effective Rent Change

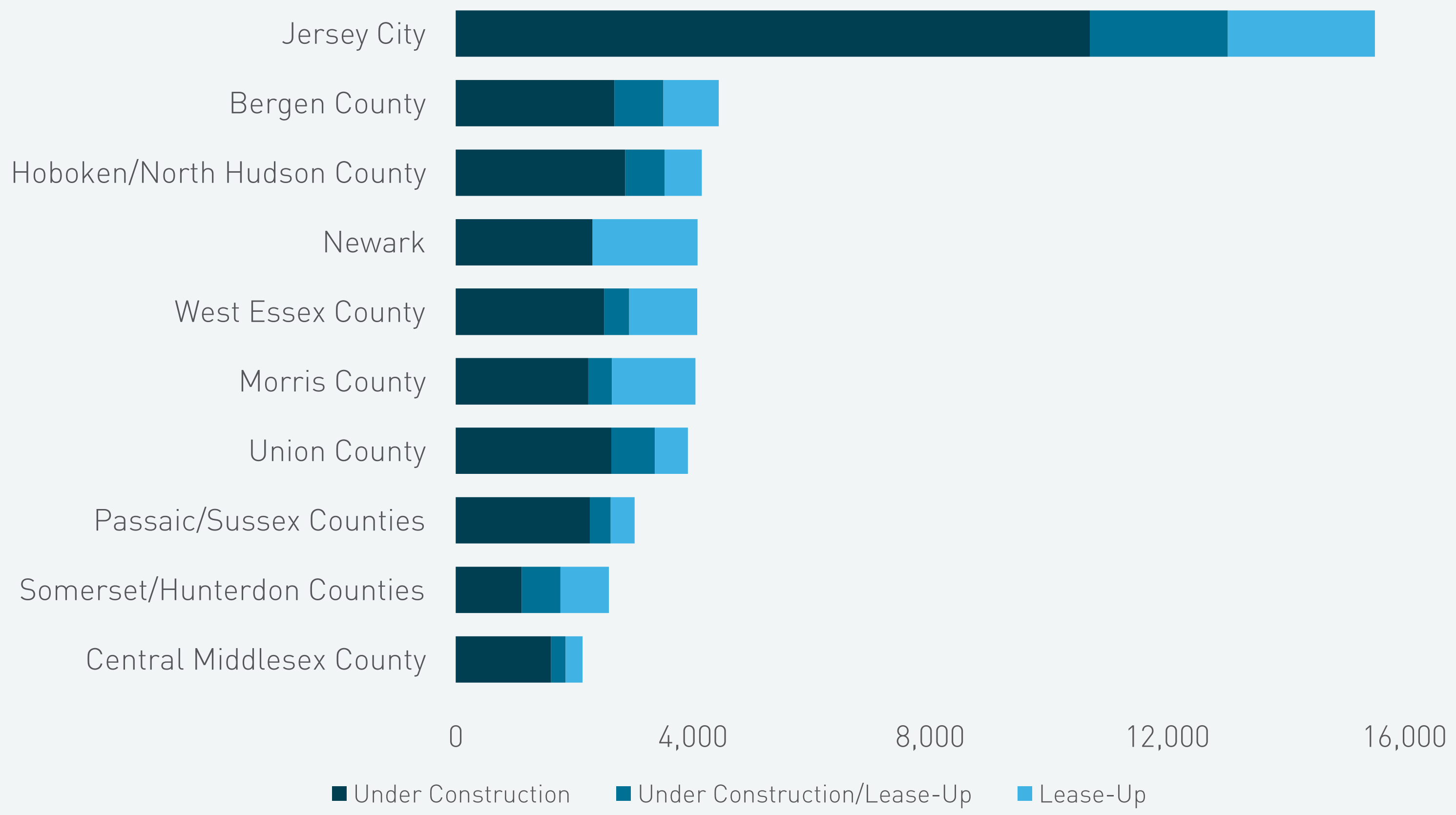


Source: RealPage

Market Pipeline



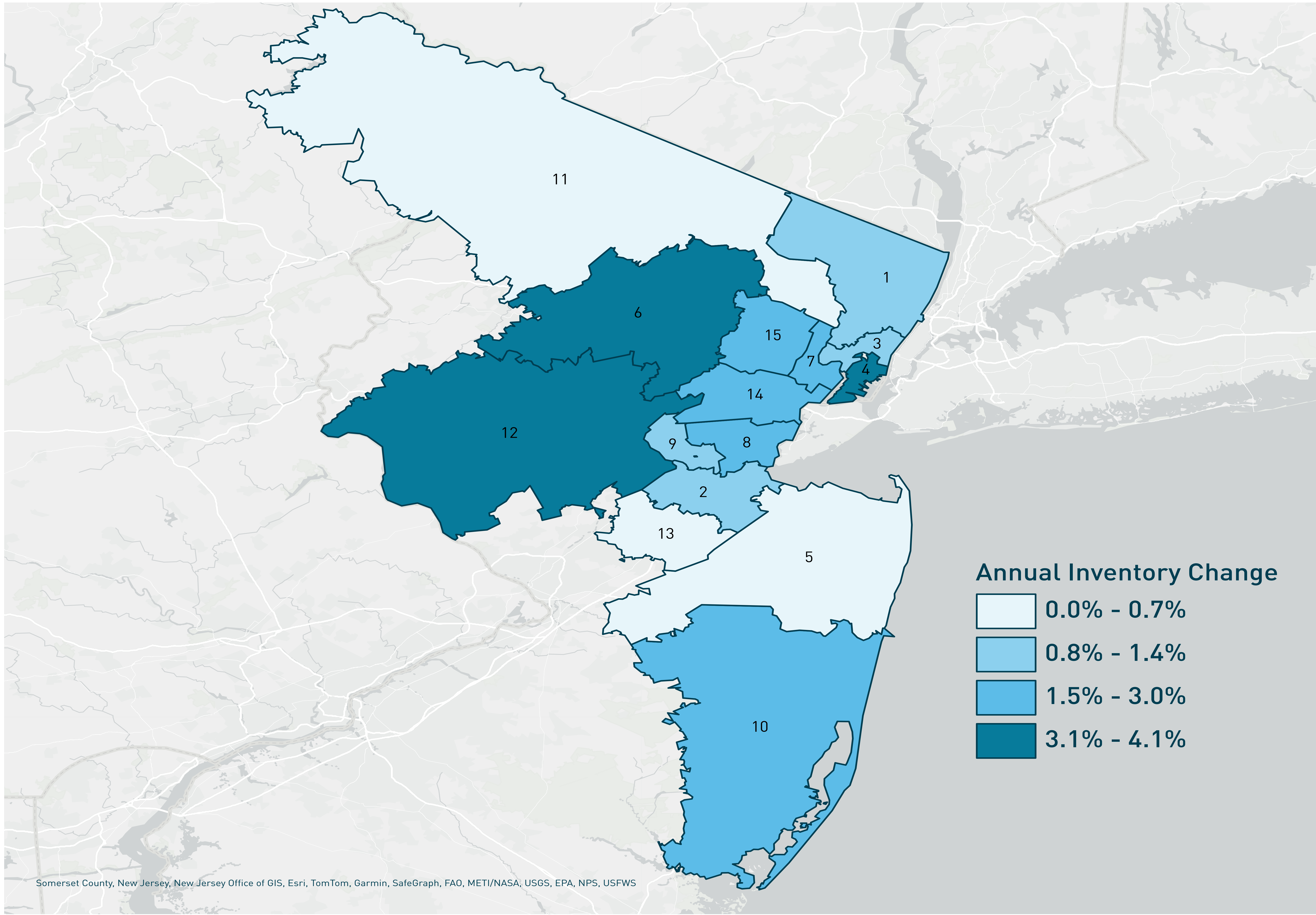
Top Submarket Pipelines



Over the last four quarters, builders brought more than 800 units online in the Somerset/ Hunterdon Counties submarket. The 4.1% annual inventory growth led all areas in Northern New Jersy in the last year. The submarket additions were spread across nine communities. Development was concentrated along major transportation routes that include Phillipsburg-Newark Express, U.S. Route 22, and U.S. Route 206. Builders will remain active in the submarket as nearly 1,800 units were under construction or in the under construction/lease-up phase at mid-year 2024. Sustained housing demand has benefited from the investments in the submarket. In recent years, net absorption has been near or above deliveries. The Somerset/Hunterdon Counties submarket presents a more affordable housing option, with the average effective rent approximately 14% discount to the market average.

NORTHERN NEW JERSEY

SUBMARKET MID-YEAR 2024 ANNUAL INVENTORY CHANGE



SUBMARKET BOUNDARIES

1. Bergen County
2. Central Middlesex County
3. Hoboken / North Hudson County
4. Jersey City
5. Monmouth County
6. Morris County
7. Newark
8. Northeast Middlesex County
9. Northwest Middlesex County
10. Ocean County
11. Passaic / Sussex Counties
12. Somerset / Hunterdon Counties
13. South Middlesex County
14. Union County
15. West Essex County

Effective Rent

Q2 2024

$2,715

4.9% YOY

Occupancy

Q2 2024

96.2%

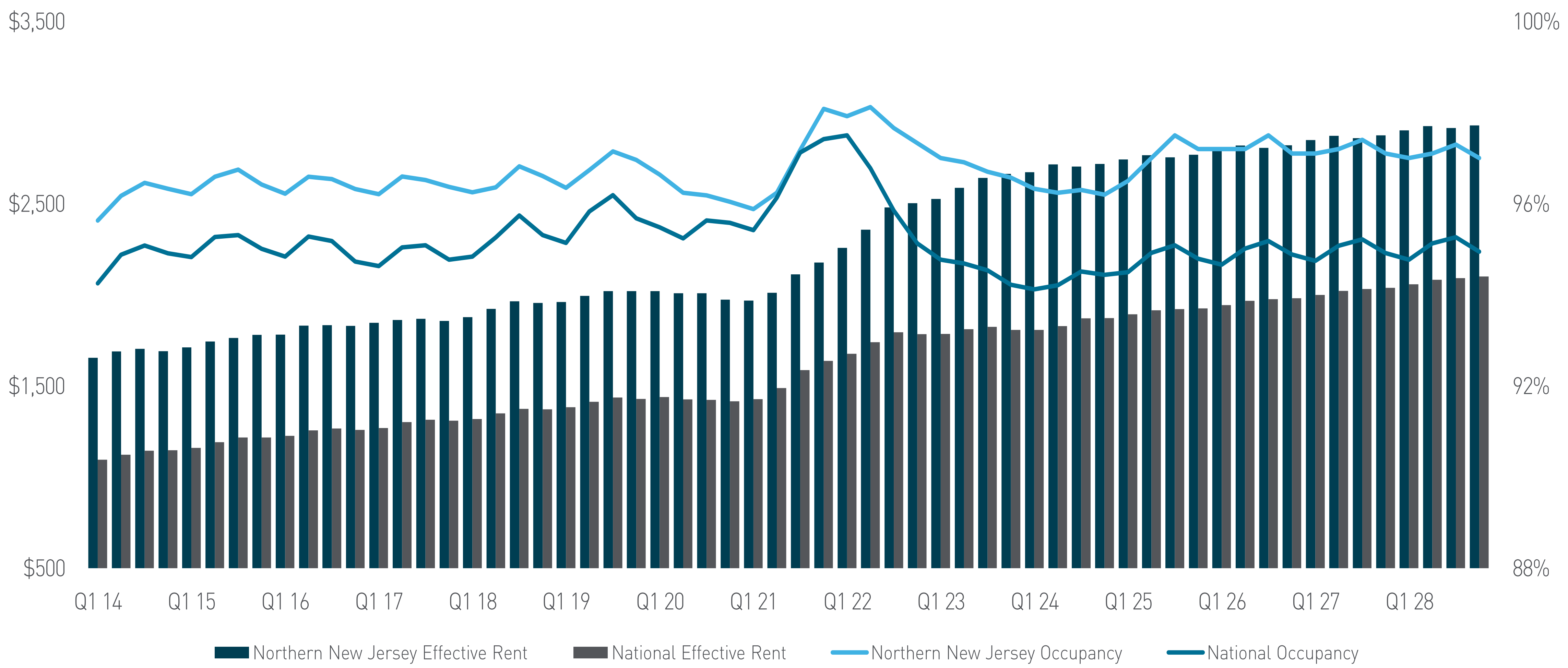
70 BPS YOY

NORTHERN NEW JERSEY

RENT & OCCUPANCY

Northern New Jersey multifamily market presents renters with more affordable housing options than the neighboring New York market. That gap tightened in the first half of 2024, as Northern New Jersey effective rent increased 1.9% while New York apartment operators dropped effective rent 0.9% on average at the same time. Even so, Northern New Jersey monthly effective rent in the second quarter of 2024 was approximately 39% under the New York market average. The largest rent gain was among Class B properties in Northern New Jersey, rising 2.9% in the first half of 2024. Rents for this product average 35% less than Class A. Effective rent for Class B also provides a more affordable option than homeownership, falling slightly under the median mortgage payment for market. Underpinning apartment operators' confidence to raise rents across all product classes was healthy occupancy. The Northern New Jersey apartment market occupancy averaged 96.2% in the second quarter of 2024; 200 basis points higher than the U.S. average at the same time. The market's latest occupancy rate was at the cycle average of 96.2% in the decade leading up to 2020. A large share of budget-conscious renters kept occupancy highest among Class C stock, averaging 97.4% in the second quarter of 2024. The rent for these properties was 27% less than the market average.

Northern New Jersey vs. National Effective Rent & Occupancy



Source: RealPage

Note: Effective rent and occupancy reflect stabilized properties and does not include preleased units or properties in lease-up. A newly constructed property is considered stabilized once it becomes 85% occupied.

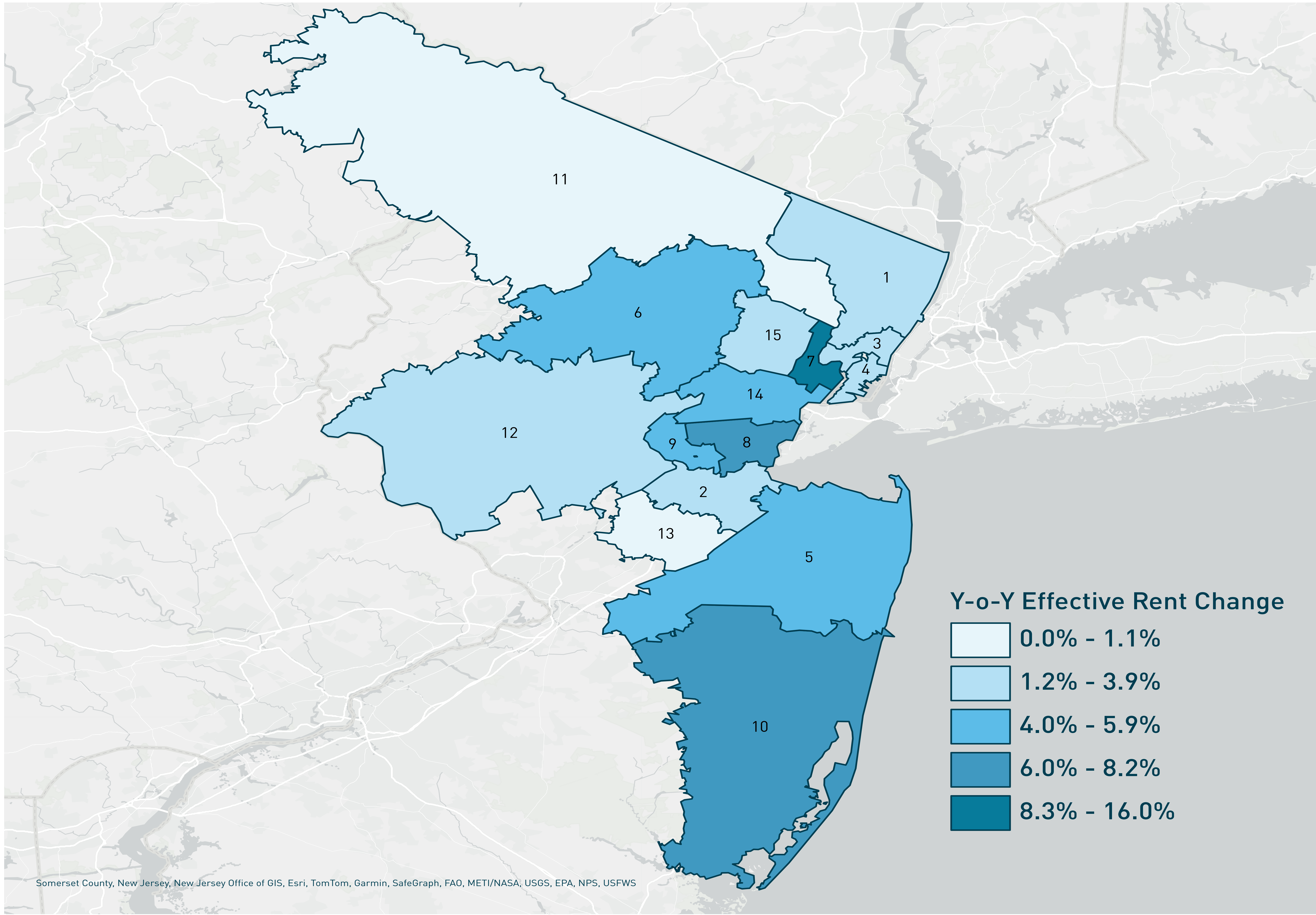
Submarket Performance

SUBMARKET NAME	Q2 2024 OCCUPANCY	YOY (BPS)	Q2 2024 EFFECTIVE RENT	YOY
Bergen County	96.6%	10	$2,850	3.9%
Central Middlesex County	97.1%	20	$2,059	3.5%
Hoboken/North Hudson County	96.4%	-20	$3,553	2.3%
Jersey City	95.9%	-50	$3,753	3.8%
Monmouth County	96.6%	-140	$2,291	5.9%
Morris County	96.7%	-50	$2,422	4.7%
Newark	94.2%	-310	$2,055	16.0%
Northeast Middlesex County	95.2%	-150	$2,367	8.2%
Northwest Middlesex County	96.8%	-150	$2,199	5.2%
Ocean County	98.3%	-90	$2,049	7.3%
Passaic/Sussex Counties	95.6%	-50	$2,087	1.1%
Somerset/Hunterdon Counties	95.7%	-90	$2,334	3.3%
South Middlesex County	95.2%	-120	$2,056	0.0%
Union County	96.0%	-10	$2,390	5.0%
West Essex County	96.0%	-160	$2,381	2.5%

With some of the lowest rents on average for the market, apartment operators in the Newark submarket had more leeway to raise leases. At an average of $2,055 per month in the second quarter of 2024, the Newark effective rent increased 16.0% in the last year. Even with the rise, Newark rents were only 76% of the market average. The submarket increase in rent comes as construction activity accelerates. More than 1,200 units began lease-up since mid-2023. Apartment operators for these properties recorded monthly effective rent at $2,479 in the second quarter of 2024, a premium compared to the submarket average. The share of communities in lease-up is expected to grow across the submarket in the near term. More than 2,100 units are scheduled to come online over the next four quarters, the highest annual total in more than a decade.

NORTHERN NEW JERSEY

SUBMARKET MID-YEAR 2024 ANNUAL RENT CHANGE



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NORTHERN NEW JERSEY

SALES

2024 Year to Date*

VOLUME $552.6M	**PRICE PER UNIT (AVG)** $240,971
TRANSACTIONS 39	**CAP RATE (AVG)** 5.9%

What's Trading?*

UNITS (AVG) 52	**YEAR BUILT (AVG)** 1960s
BUILDINGS (AVG) 2	**ACRES (AVG)** 2.81

Top Buyers*

BUYER	LOCATION
SYM Investments	Cedarhurst, NY
KKR	New York, NY
Birch Group	Jersey City, NJ
Maged Mouris	Edison, NJ
RCR Management	New York, NY

Top Sellers*

SELLER	LOCATION
Lennar Corp.	Miami, FL
Chetrit Group	New York, NY
Hampshire Cos.	Morristown, NJ
Woodmont Properties	Passaic, NJ
Veris Residential	Jersey City, NJ

Source: MSCI Real Capital Analytics
*$2.5m+

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Sources: RealPage; Moody's Analytics; Real Capital Analytics