

# Is Commercial Leasing Starting to Rebound in New Jersey?

by Victor Kinon on July 13, 2012

For both landlords and tenants, it is important to understand the state of the New Jersey commercial leasing market. As we have mentioned in previous posts, shifts in supply and demand can greatly influence the bargaining power of the respective parties when negotiating a new lease or lease renewal.

The office-leasing market is finally showing signs of life, according to a new report by Jones Lang LaSalle. Data from the second quarter of 2012 revealed increased demand for leased office spaces in cities along the Hudson River, the Route 78 and 24 corridors, Princeton, and other areas of New Jersey.

Office vacancy rates declined slightly to 25 percent from 25.4 percent last year, according to the report. In addition, sublease vacancies have reached the lowest rate in almost 15 years. Leasing activity of new leases and renewals totaled 800,000 square feet, which is more than triple last year's second quarter figures.

There is also speculation that Amazon's decision to open a distribution center in New Jersey could spur new interest among other online retailers. This could be good news for the industrial leasing market as other companies look to move e-commerce operations to New Jersey.

While there is some good news in the commercial leasing market, there is still significant uncertainty regarding whether the market will continue to pick up. As the Jones Lang LaSalle report acknowledges, many companies signing new leases are relocating rather than expanding. Therefore, for every property that is now filled, another one is vacant. Therefore, tenants looking to relocate to new locations or renew their existing leases still hold significant bargaining power.

To ensure that you secure the most favorable lease terms, we recommend consulting with a member of Scarinci Hollenbeck's Commercial Real Estate Group.