NJ PROPERTY VALUATION 2026: MARKET ECONOMIES & AI APPLICATION

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ARTIFICIAL INTELLIGENCE IN THE NEW JERSEY PROPERTY TAX SYSTEM

PRACTICAL APPLICATIONS FOR

- COUNTY TAX BOARD COMMISSIONERS
- COUNTY TAX BOARD ADMINISTRATORS
- MUNICIPAL TAX ASSESSORS
- DEPUTY AND ASSISTANT ASSESSORS

WHAT IS ARTIFICIAL INTELLIGENCE?

ARTIFICIAL INTELLIGENCE (AI) IS SOFTWARE CAPABLE OF:

- UNDERSTANDING LANGUAGE
- SUMMARIZING INFORMATION
- IDENTIFYING PATTERNS
- DRAFTING DOCUMENTS
- ORGANIZING LARGE AMOUNTS OF DATA
- ANSWERING QUESTIONS BASED ON INFORMATION PROVIDED

AI IS NOT:

- A LICENSED REAL ESTATE APPRAISER
- A TAX ASSESSOR
- AN ATTORNEY
- A JUDGE
- A REPLACEMENT FOR PROFESSIONAL JUDGMENT

THINK OF AI AS...

NOT A DECISION MAKER.

THINK OF AI AS YOUR:

- ✓ RESEARCH ASSISTANT
- ✓ ADMINISTRATIVE ASSISTANT
- ✓ TECHNICAL WRITER
- ✓ EDITOR
- ✓ DATA ANALYST
- ✓ BRAINSTORMING PARTNER

What makes an AI source “reliable”?

Grounded

Connects answers to identifiable documents or authoritative databases.

Transparent

Provides citations, links, quotations, or traceable reasoning.

Current

Can retrieve recent information when the task requires it.

Secure

Offers appropriate privacy, retention, and enterprise controls.

Fit for Intended Purpose

Designed for the task: legal, scientific, coding, productivity, or creative.

Verifiable

Practical method to check the output before relying on it.

BROAD REASONING, WRITING, AND ANALYSIS

General-purpose AI assistants

Microsoft 365 Copilot

Drafting and analysis in Word, Excel, PowerPoint, Outlook, Teams, and enterprise search.

ChatGPT

Strong general assistant for drafting, revising, brainstorming, file analysis, coding, and multimodal work.

Claude

Useful for complex document review, structured analysis, professional writing, coding, and multi-step knowledge work.

Additional general assistants

Google Gemini

Google ecosystem + multimodal work

Useful for text, images, audio, video, long-context documents, research, and workflows connected to Google services.

Legal AI Platforms

Westlaw Advantage

Case law, statutes, KeyCite

Legal research, authority validation, litigation analytics, drafting, document analysis, and professional-grade workflows.

Lexis+ with Protégé

Research, Shepard's, drafting

Authoritative legal research, citation treatment, litigation analytics, practical guidance, drafting, summarization, and document analysis.

CoCounsel Legal

Multi-step legal work

Research, analysis, drafting, deposition preparation, and document review grounded in Westlaw, Practical Law, and organizational knowledge.

Bloomberg Law AI

Dockets + business context

Litigation analytics, dockets, transactional intelligence, legal news, contract benchmarking, and cited conversational research.

WHERE AI CAN HELP A TAX ASSESSOR

DAILY ADMINISTRATIVE WORK

- DRAFT EMAILS
- PROPERTY OWNER CORRESPONDENCE
- APPEAL RESPONSES
- INSPECTION LETTERS
- CHAPTER 91 LETTERS
- ADDED ASSESSMENT NOTICES
- PUBLIC RELATION PROGRAMS
- DATA ANALYSIS

TIME SAVINGS

30–90%

EMAIL EXAMPLE

GEORGE, I'M LOOKING AT MY AUGUST TAX BILL FOR THIS YEAR AND AM FINDING THAT MY ASSESSMENT HAS NOT BEEN ADJUSTED AS PER OUR FINAL AGREEMENT. SEE THE ATTACHED. SO, I JUST WANTED TO CONFIRM THAT THIS IS STILL IN PROCESS AND WILL BE ADJUSTED BEFORE OUR AUGUST PAYMENT IS MADE. THANKS FOR YOUR ATTENTION IN THIS MATTER.

ORIGINAL RESPONSE: DAN, ITS LIKELY THE TAX COLLECTOR SENT OUT ESTIMATED TAX BILLS AND THE ADJUSTMENT IS NOT REFLECTED YET.

AI ASSISTED RESPONSE: HI DAN,

BASED ON WHAT YOU'VE DESCRIBED, IT IS MOST LIKELY THAT THE TOWNSHIP ISSUED ESTIMATED THIRD-QUARTER TAX BILLS BEFORE YOUR ASSESSMENT ADJUSTMENT WAS PROCESSED. IF THAT IS THE CASE, THE ADJUSTMENT RESULTING FROM OUR SETTLEMENT WOULD TYPICALLY BE REFLECTED ENTIRELY ON THE FOURTH-QUARTER TAX BILL.

THAT SAID, THE TAX COLLECTOR'S OFFICE IS RESPONSIBLE FOR THE PREPARATION AND ISSUANCE OF TAX BILLS AND WILL HAVE THE MOST CURRENT AND ACCURATE INFORMATION REGARDING THE STATUS OF YOUR BILLING AND WHEN THE ADJUSTMENT WILL BE REFLECTED. I WOULD ENCOURAGE YOU TO CONTACT THEIR OFFICE DIRECTLY TO CONFIRM THE TIMING OF THE ADJUSTMENT.

PLEASE LET ME KNOW IF YOU HAVE ANY QUESTIONS REGARDING THE ASSESSMENT ITSELF.

AI FOR PROPERTY RECORD REVIEW

UPLOAD:

PROPERTY RECORD CARD OR APPRAISAL

ASK:

"IDENTIFY INCONSISTENCIES."

AI MAY IDENTIFY:

- MISSING BATHROOMS
- INCORRECT GLA
- INCONSISTENT DEPRECIATION
- MISSING IMPROVEMENTS
- DATA ENTRY MISTAKES

AI AND SALES ANALYSIS

UPLOAD:

100 SALES

ASK AI:

- GROUP BY NEIGHBORHOOD
- AVERAGE SALE PRICE
- MEDIAN PRICE
- PRICE/SF
- TIME ADJUSTMENTS
- OUTLIERS

INSTEAD OF SPENDING HOURS...

RESULTS IN MINUTES.

AI FOR RESIDENTIAL APPEALS

AI CAN:

SUMMARIZE

- MLS SHEETS
- INSPECTION NOTES
- PHOTOGRAPHS
- APPRAISAL REPORTS

GENERATE:

- HEARING OUTLINE
- QUESTIONS FOR TAXPAYER
- WEAKNESSES IN APPRAISAL

AI FOR COMMERCIAL APPEALS

UPLOAD:

- RENT ROLL
- INCOME STATEMENTS
- APPRAISAL

ASK:

"WHAT ASSUMPTIONS APPEAR UNSUPPORTED?"

AI CAN IDENTIFY:

- UNSUPPORTED VACANCY
- EXPENSE ANOMALIES
- CAP RATE INCONSISTENCIES
- INTERNAL CONTRADICTIONS

AI FOR COUNTY TAX BOARDS

COMMISSIONERS CAN USE AI TO:

SUMMARIZE:

- APPRAISAL REPORTS
- LARGE EXHIBITS
- LEGAL DECISIONS
- EXPERT TESTIMONY

GENERATE:

- HEARING NOTES
- ISSUE LISTS
- CHRONOLOGIES

AI FOR TAX BOARD ADMINISTRATORS

PREPARE:

- AGENDAS
- MEETING MINUTES
- HEARING SCHEDULES
- CORRESPONDENCE
- PUBLIC NOTICES

REDUCE REPETITIVE WORK.

AI FOR LEGAL RESEARCH

EXAMPLE

ASK:

"WHAT ARE THE LEADING NEW JERSEY TAX COURT DECISIONS REGARDING COMPARABLE SALES?"

AI CAN IDENTIFY:

- LEADING CASES
- LEGAL PRINCIPLES
- CITATIONS

ALWAYS VERIFY!

Legal Research Workflow

1. **Discover** — Use Westlaw, Lexis or CoCounsel to identify authorities and issues.
2. **Retrieve** — Open the full opinion, statute, regulation, docket filing, or official guidance.
3. **Validate** — KeyCite or Shepardize; confirm jurisdiction, date, subsequent history, and negative treatment.
4. **Quote-check** — Compare every quotation and proposition against the original source and pinpoint cite.
5. **Apply judgment** — Evaluate facts, procedural posture, controlling authority, ethics, and confidentiality.

NEVER rely on an AI-generated citation without examining the authority itself.

Productivity, Coding, and Creation

Microsoft 365 Copilot

Office work products

Documents, spreadsheets, presentations, email, meetings, internal search, and enterprise workflows.

GitHub Copilot

Software development

Code completion, explanation, edits, testing, code review, agent workflows, IDE/CLI/GitHub integration.

Adobe Firefly

Commercial creative workflows

Image generation and editing integrated into Adobe creative applications; review licensing and content credentials.

Canva Magic Studio

Fast visual communications

Presentations, social graphics, layouts, brand content, and quick design iteration for non-designers.

Source by Task

Task	Primary choice	Secondary choice	Verification source
Legal authority	Westlaw / Lexis+	Bloomberg Law / CoCounsel	Full opinion + citator
Current web facts	Perplexity	Copilot / Gemini / ChatGPT	Original website or filing
Long document review	Claude	ChatGPT / Copilot	Document text + manual review
Scientific evidence	Elicit / Consensus	Gemini Notebook	Peer-reviewed paper / dataset
Work production	Microsoft 365 Copilot	ChatGPT / Claude	Underlying files and formulas

PITFALLS FOR EVERY AI TOOL

Fabricated Facts or Citations

Require linked sources; retrieve originals; independently validate material claims.

Outdated Information

Use web-enabled research; check effective dates, amendments, and version history.

Confidentiality and Privilege

Use approved enterprise systems; avoid inputting sensitive information into unapproved tools.

Bias or Incomplete Coverage

Use more than one search method; test counterarguments; identify omitted sources.

Automation Mistakes

Review formulas, code, calculations, quotations, and document changes line by line. *Always double check the calculations.*

Overreliance

Treat AI as an assistant—*not the final decision-maker or professional judgment.*

COURT DECISIONS DISCUSSING ARTIFICIAL INTELLIGENCE

AI FOR TAX COURT DECISIONS

UPLOAD A DECISION.

ASK:

SUMMARIZE:

- FACTS
- HOLDING
- RULE OF LAW
- PRACTICAL IMPLICATIONS

INSTEAD OF READING 35 PAGES...

RECEIVE A TWO-PAGE SUMMARY.

AI DURING A REVALUATION

ANALYZE:

- MARKET TRENDS
- SALES ACTIVITY
- NEIGHBORHOOD CHANGES

GENERATE:

- PUBLIC FAQS
- PRESS RELEASES
- PROPERTY OWNER LETTERS
- WEBSITE CONTENT

AI FOR PUBLIC COMMUNICATIONS

EXAMPLES:

"WHAT IS A REVALUATION?"

"HOW DOES CHAPTER 123 WORK?"

"WHY DIDN'T MY TAXES GO DOWN?"

AI CAN DRAFT EXPLANATIONS UNDERSTANDABLE TO THE PUBLIC.

AI FOR PRESENTATIONS

EXACTLY LIKE THIS SEMINAR.

AI HELPED:

- ORGANIZE
- RESEARCH
- DRAFT
- EDIT
- IMPROVE CLARITY

AI LIMITATIONS

AI DOES NOT KNOW:

- YOUR MUNICIPALITY.
- YOUR DATA.
- YOUR INSPECTIONS.
- YOUR APPRAISAL JUDGMENT.
- YOUR STATUTES UNLESS PROMPTED CORRECTLY.

AI CAN BE WRONG

SOMETIMES CONFIDENTLY WRONG.

EXAMPLES:

- INVENTED COURT CASES
- INCORRECT STATUTES
- OUTDATED LAW
- MATHEMATICAL MISTAKES
- HALLUCINATIONS
- ALWAYS VERIFY.

CONFIDENTIALITY

NEVER UPLOAD:

- TAXPAYER CONFIDENTIAL RECORDS
- ATTORNEY-CLIENT COMMUNICATIONS
- PENDING LITIGATION DOCUMENTS
- PERSONNEL RECORDS
- SENSITIVE FINANCIAL INFORMATION

UNLESS YOUR ORGANIZATION'S POLICIES AND THE AI PLATFORM'S PRIVACY PROTECTIONS PERMIT IT.

AI CANNOT

- DETERMINE VALUE.
- INSPECT PROPERTY.
- EXERCISE JUDGMENT.
- SIGN APPRAISAL REPORTS.
- EXERCISE STATUTORY AUTHORITY.
- THOSE REMAIN THE RESPONSIBILITY OF THE ASSESSOR, ADMINISTRATOR AND COMMISSIONERS.

THE BEST AI USES

- ✓ WRITING
- ✓ EDITING
- ✓ SUMMARIZING
- ✓ BRAINSTORMING
- ✓ ORGANIZING
- ✓ RESEARCH
- ✓ MARKET ANALYSIS
- ✓ PRESENTATION PREPARATION
- ✓ SPREADSHEET FORMULAS
- ✓ DATA CLEANUP

THE WORST AI USES

✗ "TELL ME WHAT MY ASSESSMENT SHOULD BE."

✗ "WRITE MY APPRAISAL."

✗ "DETERMINE TRUE MARKET VALUE."

✗ "TELL ME WHO WINS THIS APPEAL."

✗ "INTERPRET THIS LAW WITHOUT VERIFICATION."

PROMPT ENGINEERING

POOR PROMPT:

"WRITE A LETTER."

GOOD PROMPT:

"I AM A NEW JERSEY MUNICIPAL TAX ASSESSOR. DRAFT A PROFESSIONAL RESPONSE TO A PROPERTY OWNER EXPLAINING WHY THE ASSESSMENT WAS AFFIRMED AFTER AN APPEAL TO THE COUNTY TAX BOARD. USE A RESPECTFUL TONE AND EXPLAIN THE PRESUMPTION OF CORRECTNESS AND CHAPTER 123."

THE BETTER THE PROMPT...

THE BETTER THE RESPONSE.

REAL EXAMPLES FROM MY OFFICE

AI HAS BEEN USED TO:

✓ DRAFT TAXPAYER CORRESPONDENCE

✓ SUMMARIZE TAX COURT DECISIONS

✓ PREPARE PRESENTATIONS

✓ ORGANIZE APPEAL EVIDENCE

✓ IMPROVE LEGAL MEMORANDA

✓ ANALYZE LEGISLATION

✓ REVIEW APPRAISAL REPORTS

✓ ASSIST WITH POLICY DEVELOPMENT

FINAL THOUGHTS

- ARTIFICIAL INTELLIGENCE WILL NOT REPLACE TAX ASSESSORS.
- ARTIFICIAL INTELLIGENCE WILL NOT REPLACE COUNTY TAX BOARDS.

BUT PROFESSIONALS WHO LEARN TO USE AI EFFECTIVELY WILL LIKELY OUTPERFORM THOSE WHO DO NOT.

THE PRESUMPTION OF CORRECTNESS

- **WHAT DOES IT MEAN?**
- ORIGINAL ASSESSMENTS ARE PRESUMED VALID.
- THE BURDEN OF PROOF RESTS WITH THE TAXPAYER.
- THE TAXPAYER MUST PRODUCE SUFFICIENT EVIDENCE TO OVERCOME THE PRESUMPTION BEFORE THE COUNTY TAX BOARD OR TAX COURT CONSIDERS THE MERITS OF THE VALUATION CLAIM.
- THE PRESUMPTION IS ONE OF LAW, NOT MERELY A PROCEDURAL FORMALITY.
- **KEY CASES**
- PANTASOTE CO. V. PASSAIC
- MSGW REAL ESTATE FUND, LLC V. MOUNTAIN LAKES
- FORD MOTOR CO. V. EDISON TOWNSHIP

THE PROCESS

STAGE 1: THE TAXPAYER HAS THE BURDEN TO OVERCOME THE PRESUMPTION OF CORRECTNESS.

STAGE 2: IF THE PRESUMPTION IS OVERCOME, THE BOARD EVALUATES ALL COMPETENT EVIDENCE PRESENTED BY BOTH SIDES.

STAGE 3: THE BOARD DETERMINES TRUE MARKET VALUE.

STAGE 4: THE BOARD APPLIES CHAPTER 123, WHERE APPLICABLE.

WHAT MUST A TAXPAYER PROVE?

TAX COURT STANDARD

THE TAXPAYER MUST PRESENT:

- **COGENT EVIDENCE**
- **DEFINITE EVIDENCE**
- **POSITIVE EVIDENCE**
- **CERTAIN EVIDENCE**
- **THE EVIDENCE MUST RAISE A DEBATABLE QUESTION REGARDING THE CORRECTNESS OF THE ASSESSMENT.**

IMPORTANT POINT

- **THE TAXPAYER IS NOT REQUIRED TO PROVE THE ASSESSMENT IS WRONG.**
- **THE TAXPAYER IS REQUIRED TO PRESENT SUFFICIENT EVIDENCE THAT, IF ACCEPTED AS TRUE, COULD LEAD A REASONABLE FACTFINDER TO CONCLUDE THE ASSESSMENT MAY BE INCORRECT.**

KEY QUESTIONS EVERY COMMISSIONER SHOULD ASK

1. WHERE DID THE DATA COME FROM? WHO PROVIDED THE DATA?
2. ARE THE SALES VERIFIED? (HOW? WHO DID THEY CONTACT)?
3. ARE THE SALES COMPARABLE TO THE SUBJECT PROPERTY? (HOW?)
4. HOW DID YOU VERIFY THE INTERIOR CONDITION OF THE COMPARABLE SALE?
5. ARE THE DIFFERENCES MINOR OR MAJOR?
6. IF I ASSUME THE INFORMATION PRESENTED IS TRUE, DOES IT CREATE A DEBATABLE QUESTION AS TO VALUE?

RESIDENTIAL APPEALS:

BLACK & WHITE EVIDENCE REQUIRED

(IN LIEU OF AN APPRAISAL BEING SUBMITTED BY A LICENSED REAL ESTATE APPRAISER)

STRONG EVIDENCE

- ✓ VERIFIED COMPARABLE SALES (WITHIN THE RELEVANT TIME FRAME)
- ✓ MLS SHEETS/INFORMATION
- ✓ CLOSING STATEMENTS
- ✓ INTERIOR PHOTOGRAPHS

WEAK EVIDENCE

- DOES NOT HAVE FIRSTHAND KNOWLEDGE OF THE INTERIOR CONDITION
- COMPS THAT ARE OUTSIDE THE RELEVANT TIME FRAME
- NON-USEABLE SALES
- COMPS THAT ARE OF A DIFFERENT DESIGN OR STYLE
- COMPS OUTSIDE THE NEIGHBORHOOD
- COMPS THAT ARE SUBSTANTIALLY DIFFERENT IN SIZE & AMENITIES

RESIDENTIAL PROPERTY:

TO OVERCOME THE PRESUMPTION THE TAXPAYER MUST PROVIDE

Comparable Sales	Comparability
Arms-length transactions	Location
Market Exposed	Style/Design
Reasonably close to 10/1	Size (Home & Lot)
	Overall Condition
	Amenities

COMMON MISCONCEPTIONS

THESE DO NOT OVERCOME THE PRESUMPTION:

- ❌ TAXES ARE TOO HIGH
- ❌ NEIGHBOR HAS A LOWER ASSESSMENT OR TAXES
- ❌ ZILLOW VALUE
- ❌ REALTOR OPINION
- ❌ COST TO BUILD
- ❌ ASKING PRICES
- ❌ UNSUPPORTED OWNER TESTIMONY
- ❌ ASSESSMENT CHANGED IN ANOTHER YEAR

THE BURDEN OF PROOF NEVER SHIFTS

COMPARING THE ASSESSOR'S EVIDENCE TO THE TAXPAYER'S EVIDENCE

AT THE OUTSET OF AN APPEAL:

THE ASSESSMENT IS PRESUMED CORRECT

THE ASSESSOR IS **NOT REQUIRED** TO PROVE THE ASSESSMENT IS CORRECT.

THE TAXPAYER BEARS THE BURDEN OF PRODUCING COMPETENT EVIDENCE SUFFICIENT TO OVERCOME THE PRESUMPTION OF CORRECTNESS.

THE BURDEN OF PROOF REMAINS WITH THE TAXPAYER THROUGHOUT THE PROCEEDING.

STEP ONE: HAS THE TAXPAYER OVERCOME THE PRESUMPTION?

CONSIDER ONLY WHETHER THE TAXPAYER HAS PRESENTED COMPETENT, CREDIBLE EVIDENCE THAT CREATES A LEGITIMATE QUESTION REGARDING THE CORRECTNESS OF THE ASSESSMENT.

AT THIS STAGE, ASK:

- IS THE EVIDENCE COMPETENT?
- IS IT CREDIBLE?
- IS IT SUFFICIENT TO RAISE A DEBATABLE QUESTION AS TO VALUE?

DO NOT ASK WHETHER THE ASSESSOR'S EVIDENCE IS STRONGER.

STEP TWO: IF THE PRESUMPTION IS OVERCOME

ONLY AFTER THE PRESUMPTION HAS BEEN OVERCOME SHOULD THE BOARD EVALUATE AND WEIGH ALL THE EVIDENCE PRESENTED BY BOTH PARTIES.

AT THIS STAGE, THE BOARD MAY COMPARE:

- COMPARABLE SALES
- INCOME AND EXPENSE DATA
- CAPITALIZATION RATES
- ADJUSTMENTS
- EXPERT TESTIMONY
- MARKET ANALYSIS
- CREDIBILITY OF WITNESSES

COMPARING RESIDENTIAL EVIDENCE

Assessor

Mass appraisal supported by sales analysis

Assessment presumed correct

Not required to prove correctness initially

May rebut taxpayer's evidence

Taxpayer

Comparable sales or appraisal

Must overcome presumption

Bears burden of proof

Must present competent evidence

Important Point

The assessor does **not** have to "win" the comparison.
The taxpayer must first produce sufficient evidence to justify making the comparison.

COMMERCIAL PROPERTY:

FOR INCOME-PRODUCING PROPERTY, THE TAX COURT GENERALLY PLACES SIGNIFICANT WEIGHT ON THE INCOME APPROACH

THE TAXPAYER MUST PRESENT EVIDENCE REGARDING:

- **INCOME**
- **VACANCY**
- **EXPENSES**
- **CAPITALIZATION RATE**

COMMERCIAL APPEALS

BLACK & WHITE EVIDENCE REQUIRED:

(IN LIEU OF AN APPRAISAL BEING SUBMITTED BY A LICENSED APPRAISER)

INCOME	VACANCY	EXPENSES	CAPITALIZATION RATE
Actual Rent Roll	Historical Vacancy	Stabilized Operating Statements	Band of Investment
Comparable Rents	Market Vacancy Analysis	Profit & Loss Statements	Market Extraction
Market Rent Studies			Published Investor Surveys

COMMERCIAL APPEALS

EVIDENCE THAT TYPICALLY FAILS

- ❌ UNSUPPORTED CAP RATE
- ❌ UNSUPPORTED VACANCY ASSUMPTION
- ❌ OWNER OPINION OF VALUE
- ❌ ASKING RENTS
- ❌ PROJECTED FUTURE LOSSES
- ❌ UNVERIFIED MARKET DATA
- ❌ ONE-YEAR ABNORMAL OPERATING STATEMENT

COMPARING COMMERCIAL EVIDENCE

Assessor

- Assessment presumed correct
- May rely on assessment until presumption overcome
- May rebut expert testimony

Taxpayer

- Must prove value with competent evidence
- Must support income, expenses, vacancy, and capitalization rate
- Bears burden of persuasion

THE MOST COMMON ERROR

COMMISSIONERS SOMETIMES ASK:

"WHOSE APPRAISAL DO I LIKE BETTER?"

THAT IS **NOT** THE FIRST QUESTION.

THE CORRECT FIRST QUESTION IS:

"HAS THE TAXPAYER PRESENTED COMPETENT AND CREDIBLE EVIDENCE SUFFICIENT TO OVERCOME THE PRESUMPTION OF CORRECTNESS?"

ONLY IF THE ANSWER IS **YES** SHOULD THE BOARD COMPARE THE TAXPAYER'S EVIDENCE TO THE ASSESSOR'S EVIDENCE.

PRACTICAL TEST FOR COMMISSIONERS

ASK YOURSELF:

IF I ASSUME EVERYTHING THE TAXPAYER PRESENTED IS TRUE:

- WOULD A REASONABLE PERSON CONCLUDE THAT THE ASSESSMENT MAY BE EXCESSIVE?

IF THE ANSWER IS:

YES

- THE PRESUMPTION HAS LIKELY BEEN OVERCOME.

NO

- THE APPEAL SHOULD BE DISMISSED.

REMEMBER:

OVERCOMING THE PRESUMPTION DOES NOT AUTOMATICALLY ENTITLE THE TAXPAYER TO A REDUCTION. IT MERELY PERMITS THE BOARD TO CONSIDER THE EVIDENCE AND DETERMINE WHETHER THE TAXPAYER HAS PROVEN A DIFFERENT VALUE.

COMMISSIONERS TAKEAWAY

YOUR ROLE IS NOT TO MAKE ADJUSTMENTS, CREATE VALUATION MODELS, OR DEVELOP AN INDEPENDENT APPRAISAL.

YOUR ROLE IS TO DETERMINE:

1. **WHETHER COMPETENT EVIDENCE HAS BEEN PRESENTED;**
2. **WHETHER THAT EVIDENCE IS CREDIBLE; AND**
3. **WHETHER THAT EVIDENCE CREATES A LEGITIMATE DISPUTE REGARDING THE CORRECTNESS OF THE ASSESSMENT.**

THE MOST COMMON MISTAKE MADE BY COMMISSIONERS

TRYING TO APPRAISE THE PROPERTY FROM THE HEARING TABLE

REMEMBER

YOU'RE TRYING TO ESTABLISH IF THE QUANTUM OF EVIDENCE PRESENTED IS CREDIBLE AND PERSUASIVE ENOUGH TO WARRANT A REVISION TO THE ASSESSMENT.

ASSUMING THE TAXPAYER HAS PROVEN TRUE MARKET VALUE, WHAT DO WE DO WITH THAT VALUE?

- THE ANSWER IS CHAPTER 123.

CHAPTER 123 – WHAT IS IT?

N.J.S.A. 54:51A-6

CHAPTER 123 IS NEW JERSEY'S EQUALIZATION STATUTE.

ITS PURPOSE IS TO ENSURE THAT TAXPAYERS ARE TREATED UNIFORMLY WITHIN A MUNICIPALITY BY RECOGNIZING THAT ASSESSMENTS MAY NOT ALL BE AT 100% OF MARKET VALUE.

CHAPTER 123 DOES NOT DETERMINE VALUE

- **FIRST:**
- **DETERMINE TRUE MARKET VALUE**
- **THEN:**
- **APPLY CHAPTER 123**
- **VALUE COMES FIRST.**
  RATIO APPLICATION COMES SECOND.

WHY WAS CHAPTER 123 CREATED?

WITHOUT CHAPTER 123:

TWO IDENTICAL PROPERTIES COULD HAVE IDENTICAL MARKET VALUES BUT RECEIVE DIFFERENT APPEAL RESULTS SIMPLY BECAUSE THE MUNICIPALITY'S ASSESSMENTS ARE NOT AT 100% OF MARKET VALUE.

GOAL

PROMOTE:

- **UNIFORMITY**
- **EQUITY**
- **EQUAL TREATMENT**

CHAPTER 123 RECOGNIZES THAT MANY MUNICIPALITIES ASSESS PROPERTY AT LESS THAN 100% OF TRUE MARKET VALUE.

KEY TERMS

DIRECTOR'S RATIO (EQUALIZATION RATIO)

- THE AVERAGE ASSESSMENT-TO-MARKET-VALUE RATIO FOR THE MUNICIPALITY.

EXAMPLE:

- ASSESSMENT = $560,000
- MARKET VALUE = $636,400
- EQUALIZATION RATIO = 88.00%

COMMON LEVEL RANGE

THE RATIO PLUS OR MINUS 15%.

FORMULA: ASSESSMENT ÷ RATIO = MARKET VALUE

LOWER LIMIT = 88.00 × .85 = 74.80% $560,000 ÷ .7480 = $748,700

UPPER LIMIT = 88.00 × 1.15 = 101.20% $560,000 ÷ 1.00 = $560,000

REMEMBER: FOLLOWING A REVALUATION OR REASSESSMENT OR IN A NON-REVALUATION YEAR, ASSESSMENTS ARE INTENDED TO REFLECT 100% OF TRUE MARKET VALUE. THEREFORE, EVEN IF THE CHAPTER 123 UPPER LIMIT EXCEEDS 100%, AN ASSESSMENT MAY NOT BE SUSTAINED AT A VALUE GREATER THAN THE PROPERTY'S TRUE MARKET VALUE.

PRACTICAL FORMULA FOR EVERY APPEAL

STEP 1 - HAS THE TAXPAYER OVERCOME THE PRESUMPTION OF CORRECTNESS?

STEP 2 - HAS THE TAXPAYER PROVEN TRUE MARKET VALUE?

STEP 3 - DETERMINE THE PROPERTY'S ASSESSMENT-TO-VALUE RATIO.

STEP 4 - APPLY CHAPTER 123.

STEP 5 - DETERMINE WHETHER AN ADJUSTMENT IS REQUIRED.

THE ONE SENTENCE EVERY COMMISSIONER SHOULD REMEMBER

"CHAPTER 123 IS NOT A VALUATION STATUTE—IT IS AN EQUALIZATION STATUTE."

THE BOARD'S FIRST RESPONSIBILITY IS TO DETERMINE CREDIBLE MARKET VALUE.

THE BOARD'S SECOND RESPONSIBILITY IS TO DETERMINE WHETHER THE ASSESSMENT BEARS A FAIR AND UNIFORM RELATIONSHIP TO THAT MARKET VALUE WHEN COMPARED TO THE MUNICIPALITY AS A WHOLE.

MACRO ECONOMIC DATA

HOUSING AFFORDABILITY INDEX

This index measures housing affordability for the region. For example, an index of 120 means the median household income is 120% of what is necessary to qualify for the median-priced home under prevailing interest rates. A higher number means greater affordability.

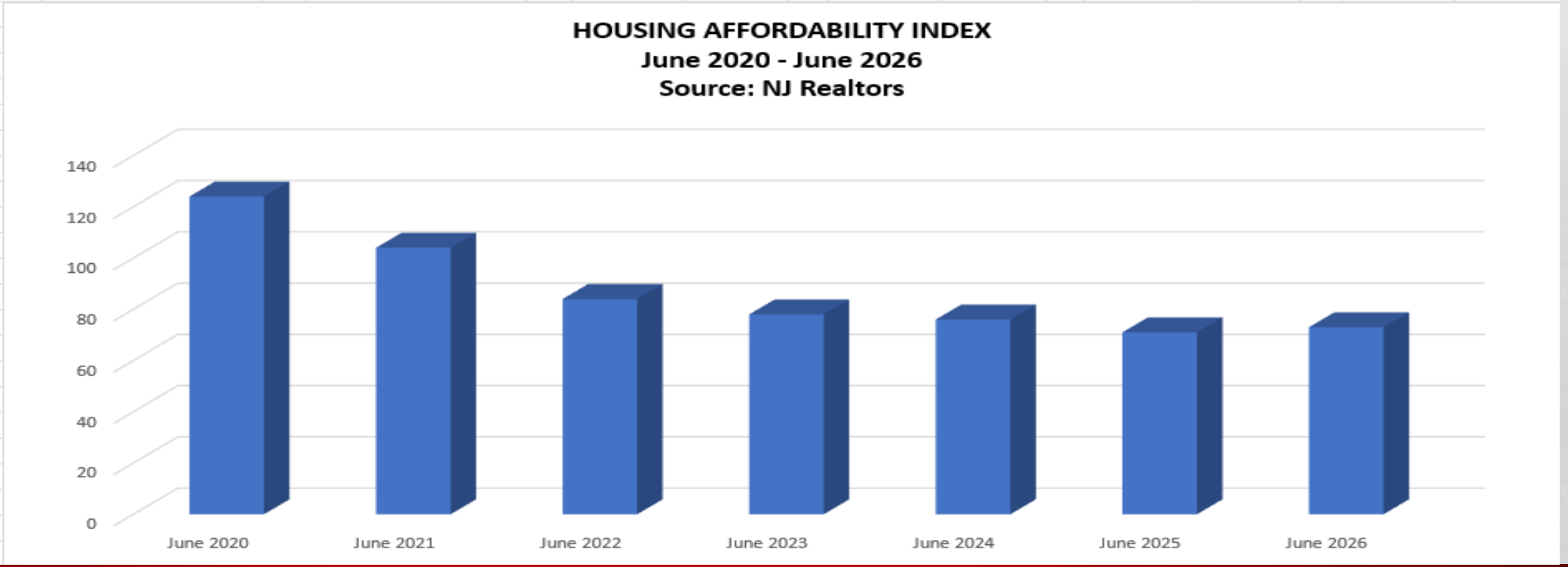
Single Family

Date	Index	Date	Index	Date	Index	Date	Index	Date	Index	Date	Index
June 2020	124	June 2021	104	June 2022	84	June 2023	78	June 2024	76	June 2025	71
June 2021	104	June 2022	84	June 2023	78	June 2024	76	June 2025	71	June 2026	73
% Change	-16.13%	% Change	-19.23%	% Change	-7.14%	% Change	-2.56%	% Change	-6.58%	% Change	2.82%

6 Year Change

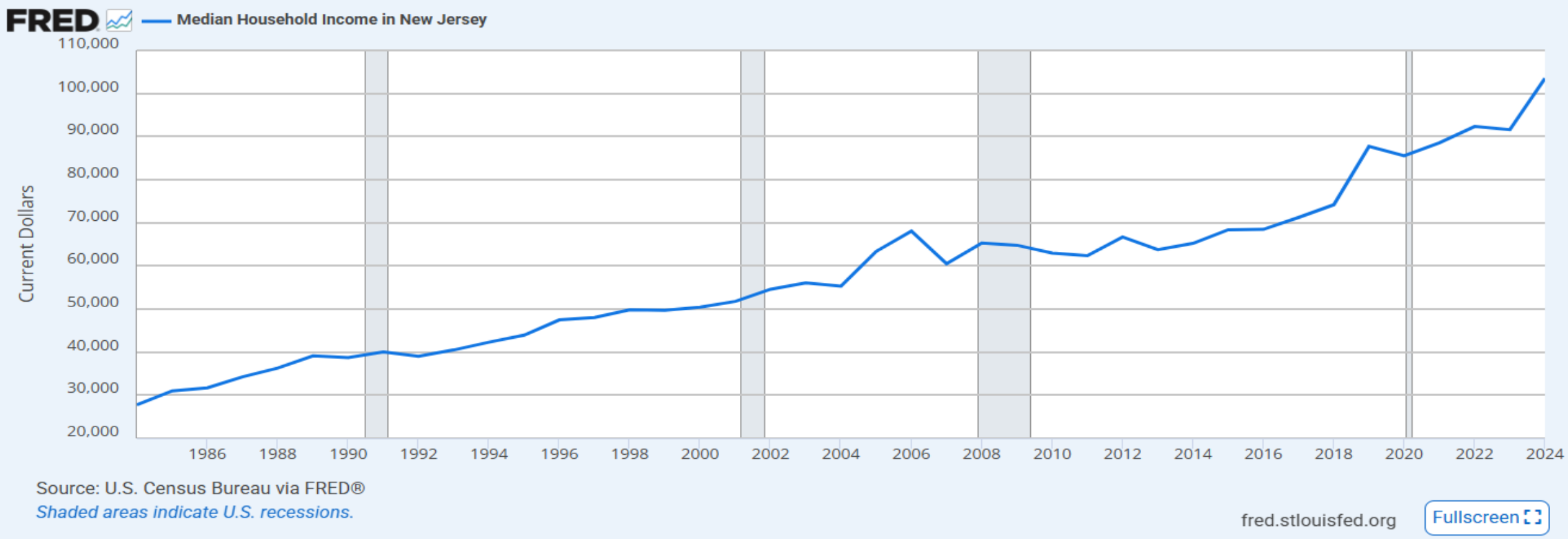
Date	Index
June 2020	124
June 2026	73
% Change	**-41.13%**

June 2020	124
June 2021	104
June 2022	84
June 2023	78
June 2024	76
June 2025	71
June 2026	73



MEDIAN HOUSEHOLD INCOME IN NEW JERSEY

For 2026 - $104,294.

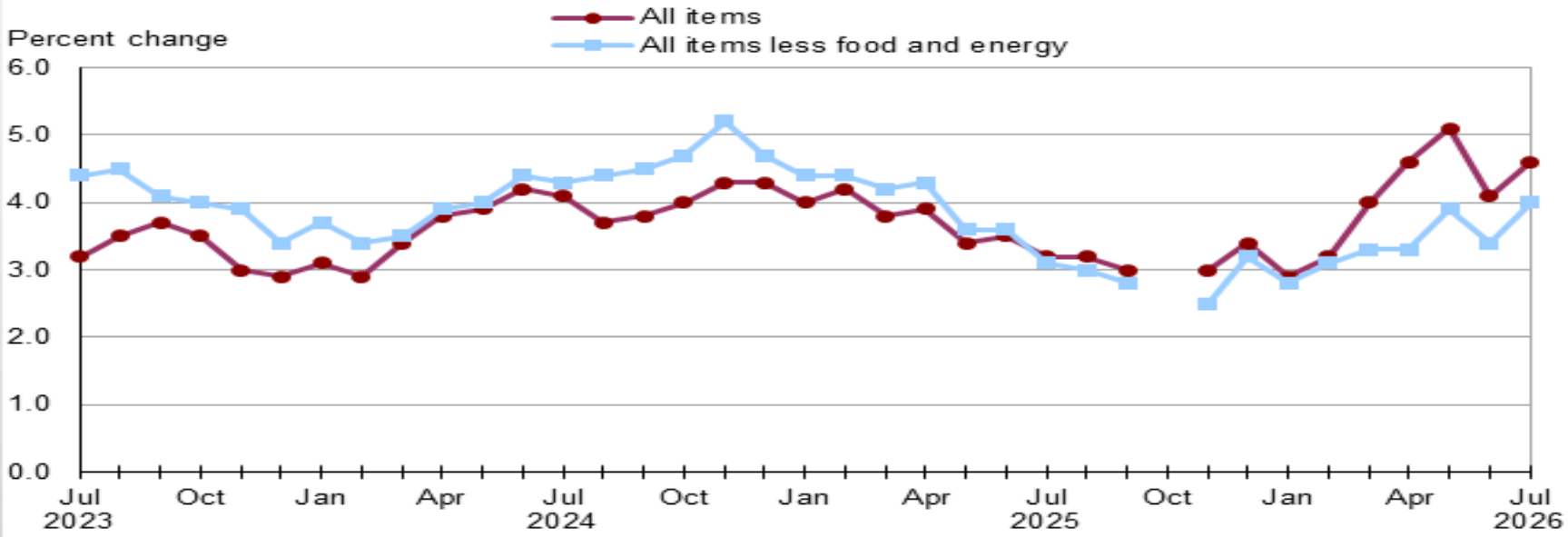


KEY TAKEAWAYS

- **HOUSING AFFORDABILITY HAS STEADILY DECLINED SINCE 2020** AS HOME PRICES AND MORTGAGE INTEREST RATES INCREASED FASTER THAN HOUSEHOLD INCOMES.
- **SINGLE-FAMILY HOMES REMAIN THE LEAST AFFORDABLE HOUSING SEGMENT**, WITH AFFORDABILITY INDICES WELL BELOW 100.
- DESPITE DECLINING AFFORDABILITY, **STRONG DEMAND AND LIMITED HOUSING INVENTORY CONTINUED TO SUPPORT RISING MARKET VALUES.**
- ***AFFORDABILITY INFLUENCES BUYER BEHAVIOR, BUT MARKET VALUE IS ULTIMATELY DETERMINED BY SUPPLY AND DEMAND.***

CONSUMER PRICE INDEX, NEW YORK-NEWARK-JERSEY CITY — JULY 2026 – *AREA PRICES UP 0.5% OVER THE MONTH, 4.6% OVER THE YEAR*

Chart 1. Over-the-year percent change in CPI-U, New York-Newark-Jersey City, NY-NJ-PA, July 2023–July 2026



Note: The October 2025 data values are not available due to the 2025 lapse in appropriations.
Source: U.S. Bureau of Labor Statistics.

TEST QUESTION!

TRUE OR FALSE

IF INFLATION IS 2%, A HOME'S MARKET VALUE SHOULD ONLY INCREASE BY 2%?

INFLATION ≠ PROPERTY APPRECIATION

TWO DIFFERENT ECONOMIC CONCEPTS

INFLATION MEASURE THE COST OF LIVING. PROPERTY APPRECIATION MEASURE THE VALUE OF REAL ESTATE.

INFLATION

- MEASURES THE INCREASE IN THE GENERAL PRICE LEVEL OF GOODS AND SERVICES.
- ECONOMY-WIDE MEASURE.
- REPORTED BY THE CONSUMER PRICE INDEX (CPI).
- AFFECTS PURCHASING POWER

PROPERTY APPRECIATION

- MEASURES THE INCREASE IN THE MARKET VALUE OF REAL PROPERTY.
- REAL ESTATE MARKET MEASURE.
- DETERMINED BY THE ACTUAL SALES AND MARKET BEHAVIOR.
- REFLECTS SUPPLY AND DEMAND FOR REAL ESTATE.

THE CAUSES

INFLATION

- 💵 MONEY SUPPLY
- 👷 LABOR COSTS
- ⛽ ENERGY PRICES
- 📦 SUPPLY CHAIN DISRUPTIONS
- 📈 CONSUMER DEMAND
- 🏛️ MONETARY POLICY

RESULT

HIGHER PRICES FOR EVERYDAY GOODS AND SERVICES.

PROPERTY APPRECIATION

- 🏠 LIMITED HOUSING INVENTORY
- 👥 BUYER DEMAND
- 📍 LOCATION
- 💼 EMPLOYMENT
- 🔮 MIGRATION
- 💲 HOUSEHOLD INCOME
- 🏦 MORTGAGE RATES
- 🚧 NEW CONSTRUCTION

RESULT

HIGHER MARKET VALUES.

WHY THEY OFTEN MOVE TOGETHER…
BUT NOT ALWAYS

INFLATION CAN CONTRIBUTE TO HIGHER PROPERTY VALUES BY INCREASING:

- CONSTRUCTION COSTS
- REPLACEMENT COSTS
- LABOR COSTS
- LAND DEVELOPMENT COSTS

HOWEVER…

PROPERTY APPRECIATION IS ULTIMATELY DETERMINED BY BUYERS AND SELLERS IN THE MARKETPLACE.

ASSESSMENT PERSPECTIVE

ASSESSORS MEASURE MARKET VALUE

ASSESSORS DO NO ADJUST ASSESSMENTS BASED ON INFLATION

ASSESSMENTS REFLECT:

✓VERIFIED MARKET SALES

✓SUPPLY & DEMAND

✓MARKET BEHAVIOR

✓STATUTORY VALUATION DATE AS OF 10/1

BOTTOM LINE

INFLATION MAY INFLUENCE REAL ESTATE VALUES, BUT IT DOES NOT DETERMINE ASSESSED VALUES. MARKET VALUE IS ESTABLISHED BY THE ACTIONS OF BUYERS AND SELLERS IN THE MARKETPLACE!

NEW JERSEY REAL ESTATE REPORT.COM

Come to Jersey!

Posted on July 15, 2026 by grim

From the NY Post:

Manhattan luxury real estate market plummets after Mamdani pied-à-terre tax goes into effect

Manhattan's luxury real estate market ground to a halt last week, with just one trophy home asking more than $10 million entering contract — as brokers told The Post that anti-wealth rhetoric from Mayor Zohran Mamdani and the controversial pied-à-terre tax are spooking affluent buyers.

Only one eight-figure-plus home found a buyer between July 6 and July 12, even as 29 Manhattan homes priced at $4 million or more went into contract during the period, according to Olshan Realty's weekly luxury market report.

Sell your soul to live in NJ

Posted on July 18, 2026 by grim

From ROI-NJ:

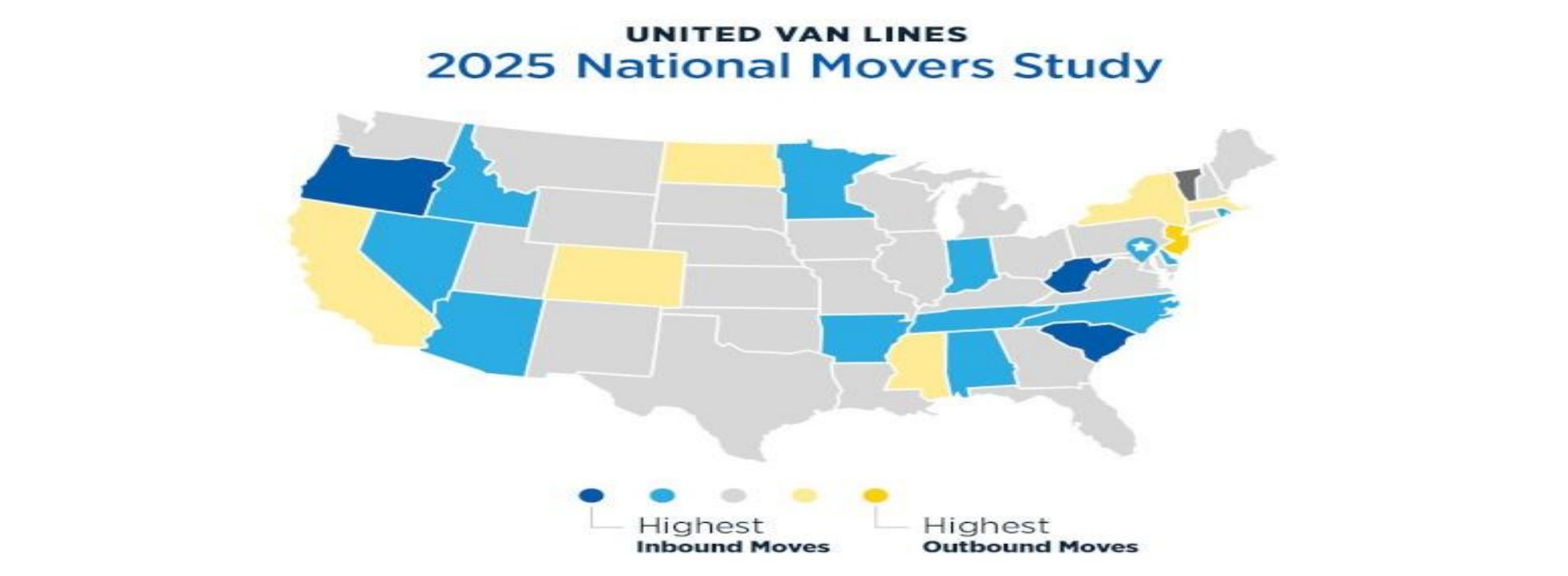
NJ Realtors' June housing market data shows ongoing affordability crisis

New Jersey's housing market continues to grapple with an affordability crisis, with single-family home prices reaching a median of $600,000, according to data given by New Jersey Realtors.

Although inventory has improved compared to a year ago, many first-time buyers continue to face significant barriers to homeownership amid elevated prices and mortgage rates.

Closed sales, pending sales, and new listings all increased year-over-year, while inventory continued its gradual improvement, giving buyers slightly more options than this time last year. At the same time, rising home prices and elevated mortgage rates continued to put pressure on affordability across the state.

UNITED VAN LINES
2025 NATIONAL MOVERS STUDY



UNITED VAN LINES
2025 NATIONAL MOVERS STUDY

MOVING IN - THE TOP INBOUND STATES* OF 2025 WERE:

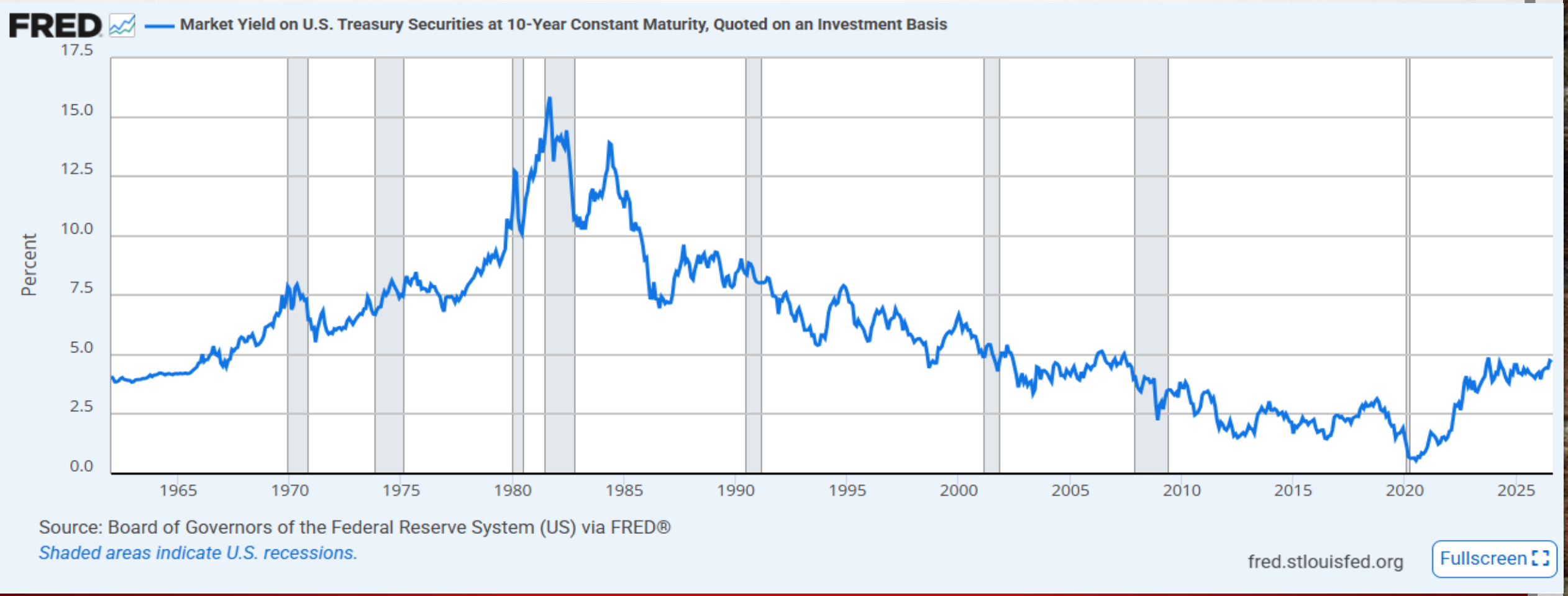
1. OREGON
2. WEST VIRGINIA
3. SOUTH CAROLINA
4. DELAWARE
5. MINNESOTA
6. IDAHO
7. NORTH CAROLINA
8. ARKANSAS
9. ALABAMA
10. NEVADA

MOVING OUT - THE TOP OUTBOUND STATES FOR 2025 WERE:

1. **NEW JERSEY**
2. NEW YORK
3. CALIFORNIA
4. NORTH DAKOTA
5. COLORADO
6. MISSISSIPPI
7. MASSACHUSETTS

NEW JERSEY HAS RANKED AMONG THE TOP 10 OUTBOUND FOR MORE THAN 15 YEARS. HOWEVER, 21% OF INBOUND MOVES TO NEW JERSEY WERE MOVERS AGED 18-34, AS THE STATE IS CONSIDERED A “LAUNCH STATE” FOR YOUNGER FAMILIES AND THOSE LOOKING TO START CAREERS.

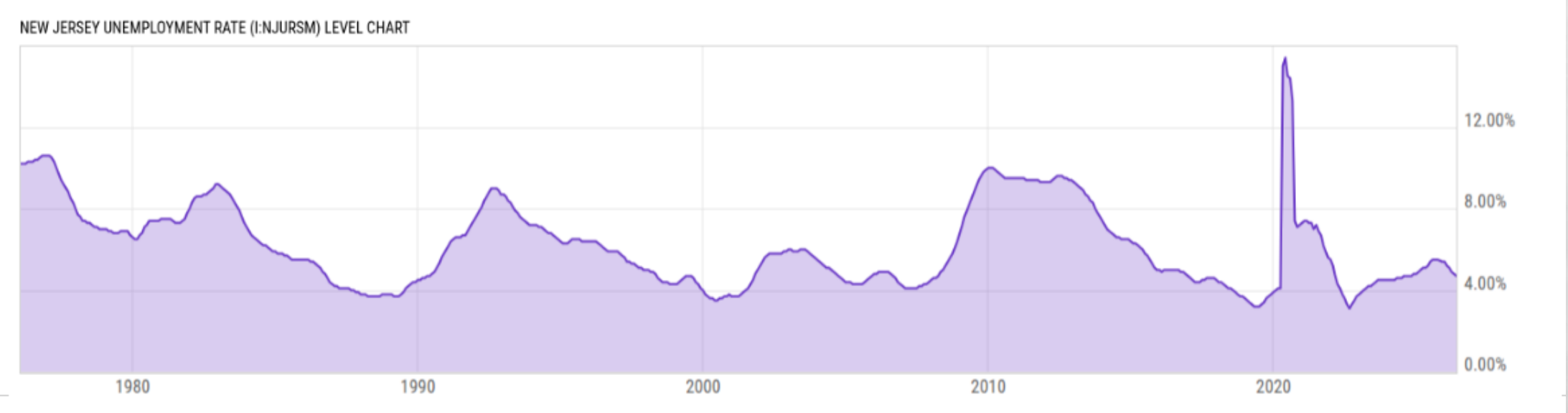
10 YEAR TREASURY YIELD IS CURRENTLY 4.71% (AS OF 8/24/26), 60% ABOVE ITS LONG-TERM AVERAGE OF 2.95%. HISTORICALLY, 10 YEAR TREASURY YIELD HAS RANGED FROM 0.52% TO 15.84%.



30-Year Fixed Rate Mortgage Average in the United States (MORTGAGE30US) – As of 8/20/2026 6.65%

NEW JERSEY UNEMPLOYMENT RATE

NJ UNEMPLOYMENT RATE IS AT 4.40% AS OF AUGUST 20, 2026, COMPARED TO 4.50% LAST MONTH AND 5.20% LAST YEAR. THIS IS LOWER THAN THE LONG-TERM AVERAGE OF 6.16%.



THE K-SHAPED ECONOMY

WHY SOME HOUSEHOLDS PROSPER WHILE OTHERS STRUGGLE

WHAT IS A K-SHAPED ECONOMY?

A K-SHAPED ECONOMY OCCURS WHEN DIFFERENT SEGMENTS OF SOCIETY RECOVER OR GROW AT SIGNIFICANTLY DIFFERENT RATES FOLLOWING AN ECONOMIC DISRUPTION.

📈 UPPER ARM OF THE "K“

- HIGHER-INCOME HOUSEHOLDS
- STRONG WAGE GROWTH
- APPRECIATING INVESTMENT
- GREATER PURCHASING POWER
- INCREASED WEALTH

📉 LOWER ARM OF THE "K“

- LOWER- AND MIDDLE-INCOME HOUSEHOLDS
- RISING COST OF LIVING
- HOUSING AFFORDABILITY CHALLENGES
- INCREASED CONSUMER DEBT
- SLOWER WEALTH ACCUMULATION

WHY DOES THIS MATTER TO ASSESSORS?

A K-SHAPED ECONOMY HELPS EXPLAIN HOW HOUSING AFFORDABILITY CAN DECLINE WHILE PROPERTY VALUES CONTINUE TO INCREASE.

MARKET VALUE IS ESTABLISHED BY THE BUYERS WHO ARE ACTIVELY PARTICIPATING IN THE MARKETPLACE—NOT BY THOSE WHO HAVE BEEN PRICED OUT OF IT.

UPPER ARM

- ✓ GREATER PURCHASING POWER
- ✓ EQUITY-RICH BUYERS
- ✓ CASH PURCHASES
- ✓ COMPETITIVE BIDDING
- ✓ CONTINUED DEMAND FOR HOUSING

LOWER ARM

- ✓ DECLINING AFFORDABILITY
- ✓ FIRST-TIME BUYERS PRICED OUT
- ✓ HIGHER DEBT BURDENS
- ✓ REDUCED PURCHASING POWER
- ✓ INCREASED FINANCIAL STRESS

ECONOMIC HEADWINDS FACING NEW JERSEY

ARE WE ENTERING A PERIOD OF STAGFLATION?

DEFINITION

STAGFLATION IS AN ECONOMIC CONDITION CHARACTERIZED BY:

📈 **PERSISTENT INFLATION** – RISING PRICES FOR GOODS AND SERVICES

📉 **SLOWING ECONOMIC GROWTH** – REDUCED BUSINESS ACTIVITY AND CONSUMER SPENDING

👷 **WEAK LABOR MARKET** – HIGHER OR SOFTENING UNEMPLOYMENT AND SLOWER JOB CREATION

WHY IT MATTERS TO NEW JERSEY

RECENT ECONOMIC CONDITIONS HAVE EXHIBITED SOME CHARACTERISTICS ASSOCIATED WITH STAGFLATION, INCLUDING:

- RISING COSTS FOR HOUSING, INSURANCE, LABOR, AND CONSTRUCTION MATERIALS.
- HIGHER MORTGAGE INTEREST RATES REDUCING HOUSING AFFORDABILITY AND CONSUMER PURCHASING POWER.
- SLOWING ECONOMIC GROWTH AND REDUCED CONSUMER CONFIDENCE IN SOME SECTORS.
- CONTINUED UPWARD PRESSURE ON OPERATING EXPENSES FOR INCOME-PRODUCING PROPERTIES.

HOWEVER, NEW JERSEY'S RELATIVELY STRONG EMPLOYMENT MARKET DISTINGUISHES CURRENT CONDITIONS FROM CLASSIC STAGFLATION.

ASSESSMENT IMPLICATIONS

- RESIDENTIAL AND COMMERCIAL MARKETS MAY RESPOND DIFFERENTLY TO PROLONGED INFLATION AND SLOWER ECONOMIC GROWTH.
- HIGHER OPERATING EXPENSES AND CAPITALIZATION RATES CAN INFLUENCE COMMERCIAL PROPERTY VALUES & CAN CAUSE A SHIFT IN PROPERTY TAXES.
- ASSESSORS SHOULD CONTINUE TO RELY ON **VERIFIED MARKET EVIDENCE** RATHER THAN ECONOMIC HEADLINES WHEN DETERMINING MARKET VALUE.

STATE-WIDE MARKET UPDATE

JUNE 2025 – JUNE 2026

NEW JERSEY REALTORS JULY HOUSING MARKET DATA

New Jersey home prices continued to climb in July; Year-to-date **median sales price** for single-family homes reached **$610,000**, **up 3.7%** from a year ago, while the statewide median sales price across all property types rose to $550,000.

Inventory continued to improve, with **21,637 homes for sale** in July, **up 5.9%** from the same month last year; Year-to-date **new listings** also **increased 3.3%. Closed sales** were **down 1.5%** year-over-year; **Pending sales declined 0.3%,** reflecting affordability pressures from elevated home prices and mortgage rates.

Statewide Market Highlights—Total Market *All data below reflects year-to-date through July 2026 unless otherwise indicated. The percentage reflects the year-over-year change.*

- Median Sales Price: $550,000 (+4.8%)
- Closed Sales: 45,843 (-1.5%)
- Pending Sales: 50,272 (-0.3%)
- New Listings: 75,278 (+3.3%)
- Homes for Sale in July: 21,637 (+5.9%)
- Days on Market: 40 (+8.1%)
- Percent of List Price Received: 101.5% (-0.4%)

New Jersey Realtors data reflects residential real estate activity reported through all New Jersey multiple listing services. For the full state and county reports, visit njrealtor.com/data.

SOURCE: NEW JERSEY REALTORS

State-Wide Market Update

June 2025 - June 2026

DAYS ON MARKET

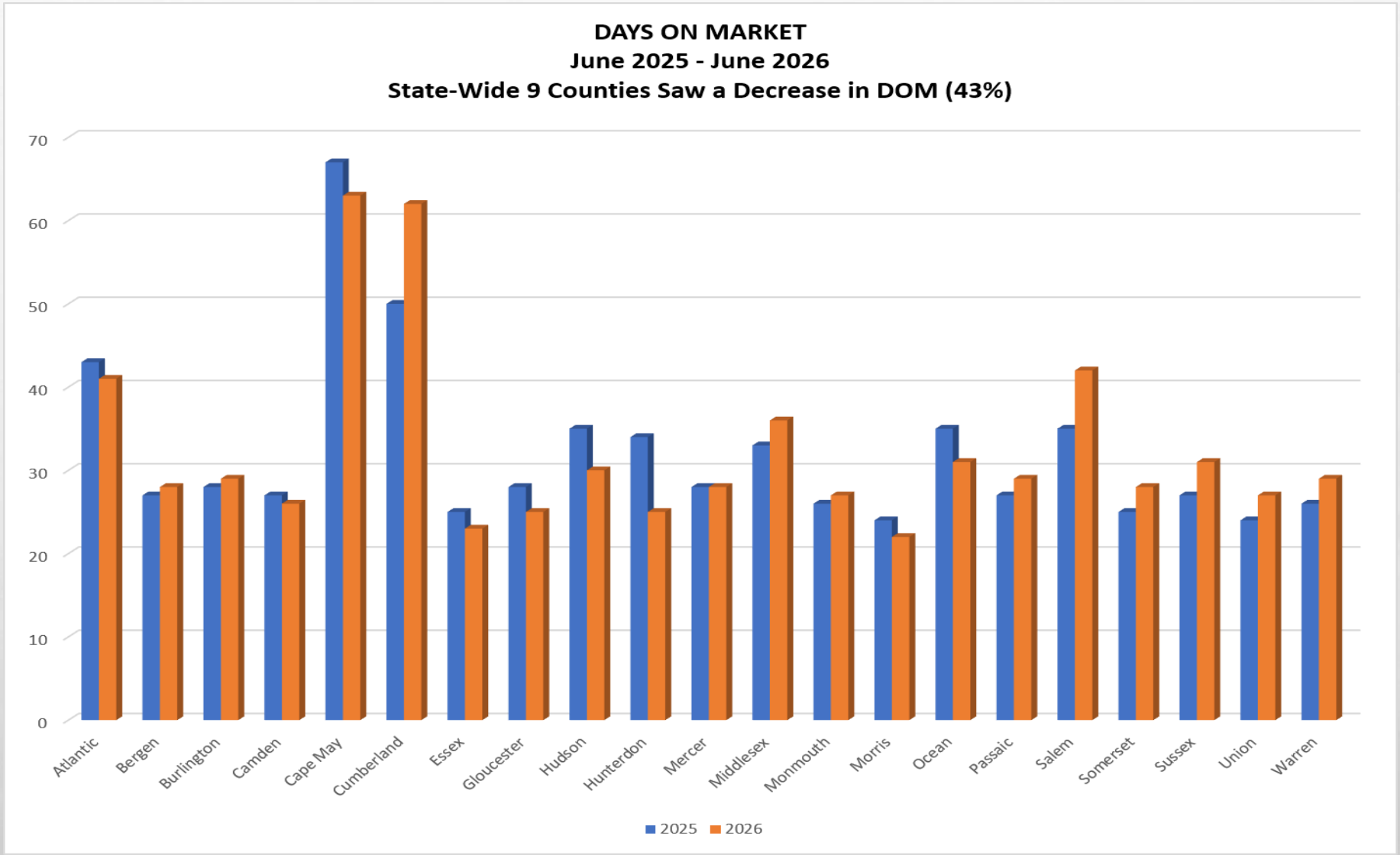
COUNTY	Jun-25	Jun-26	% CHANGE	COUNTY
Atlantic	43	41	-4.7%	Atlantic
Bergen	27	28	3.7%	Bergen
Burlington	28	29	3.6%	Burlington
Camden	27	26	-3.7%	Camden
Cape May	67	63	-6.0%	Cape May
Cumberland	50	62	24.0%	Cumberland
Essex	25	23	-8.0%	Essex
Gloucester	28	25	-10.7%	Gloucester
Hudson	35	30	-14.3%	Hudson
Hunterdon	34	25	-26.5%	Hunterdon
Mercer	28	28	0.0%	Mercer
Middlesex	33	36	9.1%	Middlesex
Monmouth	26	27	3.8%	Monmouth
Morris	24	22	-8.3%	Morris
Ocean	35	31	-11.4%	Ocean
Passaic	27	29	7.4%	Passaic
Salem	35	42	20.0%	Salem
Somerset	25	28	12.0%	Somerset
Sussex	27	31	14.8%	Sussex
Union	24	27	12.5%	Union
Warren	26	29	11.5%	Warren
State-Wide	30	30	0.0%	State-Wide

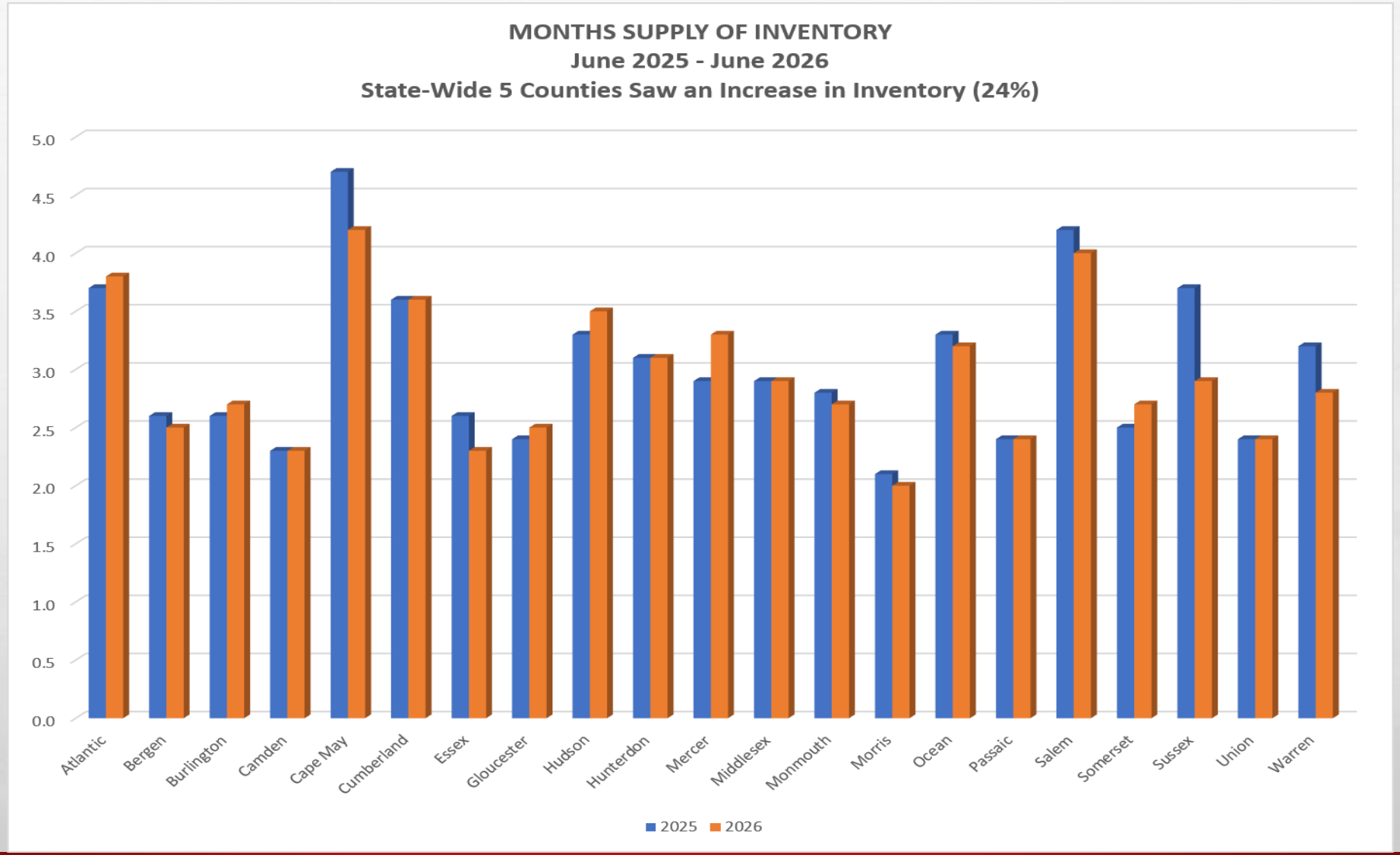
MONTHS SUPPLY OF INVENTORY

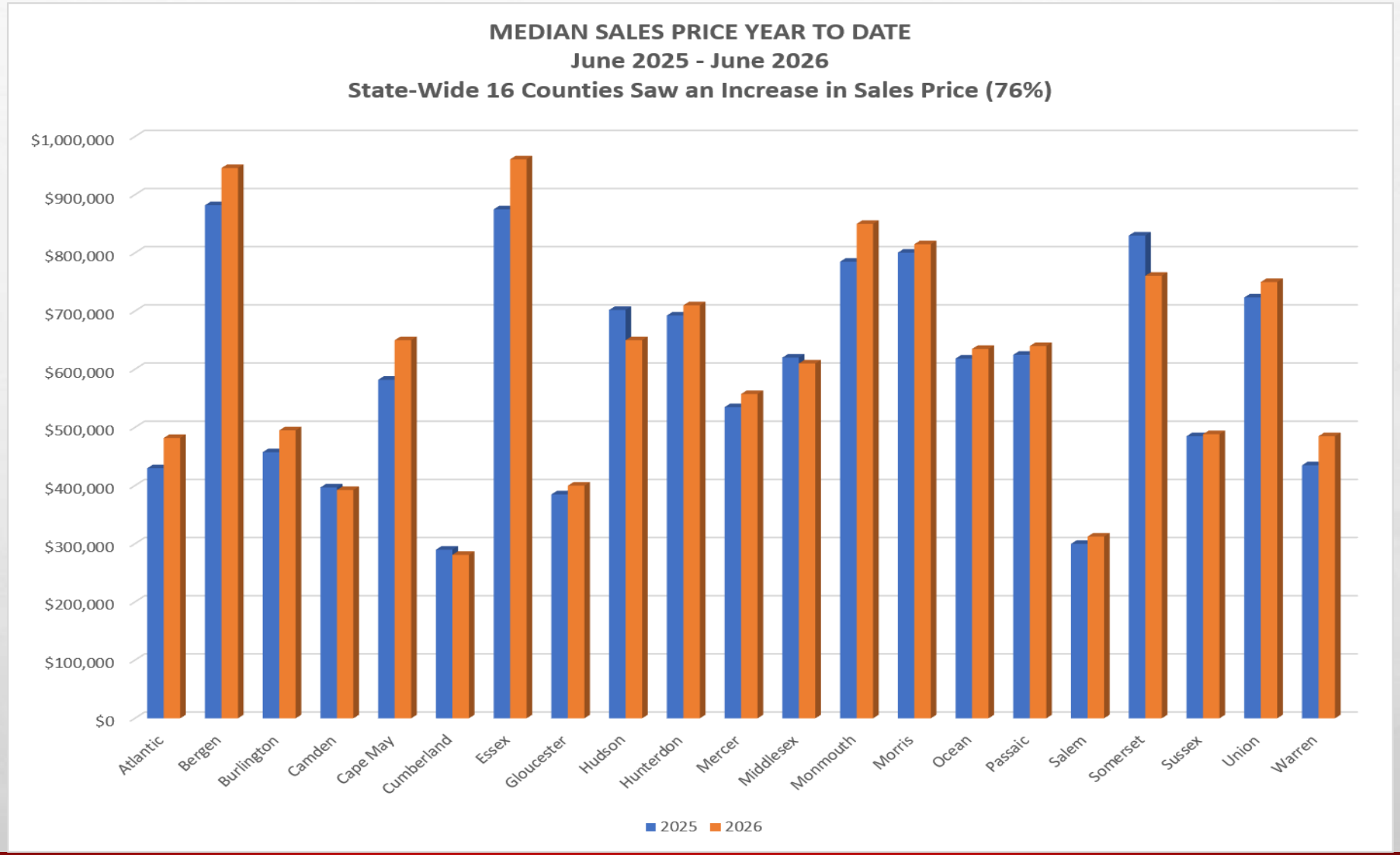
COUNTY	Jun-25	Jun-26	% CHANGE	COUNTY
Atlantic	3.7	3.8	2.7%	Atlantic
Bergen	2.6	2.5	-3.8%	Bergen
Burlington	2.6	2.7	3.8%	Burlington
Camden	2.3	2.3	0.0%	Camden
Cape May	4.7	4.2	-10.6%	Cape May
Cumberland	3.6	3.6	0.0%	Cumberland
Essex	2.6	2.3	-11.5%	Essex
Gloucester	2.4	2.5	4.2%	Gloucester
Hudson	3.3	3.5	6.1%	Hudson
Hunterdon	3.1	3.1	0.0%	Hunterdon
Mercer	2.9	3.3	13.8%	Mercer
Middlesex	2.9	2.9	0.0%	Middlesex
Monmouth	2.8	2.7	-3.6%	Monmouth
Morris	2.1	2.0	-4.8%	Morris
Ocean	3.3	3.2	-3.0%	Ocean
Passaic	2.4	2.4	0.0%	Passaic
Salem	4.2	4.0	-4.8%	Salem
Somerset	2.5	2.7	8.0%	Somerset
Sussex	3.7	2.9	-21.6%	Sussex
Union	2.4	2.4	0.0%	Union
Warren	3.2	2.8	-12.5%	Warren
State-Wide	2.8	2.8	0.0%	State-Wide

MEDIAN SALES PRICE YEAR TO DATE

COUNTY	Jun-25	Jun-26	% CHANGE	COUNTY
Atlantic	$429,900	$482,000	12.1%	Atlantic
Bergen	$882,000	$946,000	7.3%	Bergen
Burlington	$457,500	$495,000	8.2%	Burlington
Camden	$396,950	$392,500	-1.1%	Camden
Cape May	$582,000	$650,000	11.7%	Cape May
Cumberland	$289,950	$281,000	-3.1%	Cumberland
Essex	$875,000	$961,000	9.8%	Essex
Gloucester	$385,000	$400,000	3.9%	Gloucester
Hudson	$702,000	$650,000	-7.4%	Hudson
Hunterdon	$692,500	$710,000	2.5%	Hunterdon
Mercer	$535,000	$557,500	4.2%	Mercer
Middlesex	$620,000	$610,000	-1.6%	Middlesex
Monmouth	$785,000	$850,000	8.3%	Monmouth
Morris	$800,500	$815,000	1.8%	Morris
Ocean	$618,490	$635,000	2.7%	Ocean
Passaic	$625,000	$640,000	2.4%	Passaic
Salem	$300,000	$312,450	4.2%	Salem
Somerset	$830,000	$760,700	-8.3%	Somerset
Sussex	$485,000	$488,500	0.7%	Sussex
Union	$723,500	$750,000	3.7%	Union
Warren	$435,000	$485,000	11.5%	Warren
State-Wide	$625,000	$650,000	4.0%	State-Wide


DAYS ON MARKET
June 2025 - June 2026
State-Wide 9 Counties Saw a Decrease in DOM (43%)
70
60
50
40
30
20
10
0
Atlantic
Bergen
Burlington
Camden
Cape May
Cumberland
Essex
Gloucester
Hudson
Hunterdon
Mercer
Middlesex
Monmouth
Morris
Ocean
Passaic
Salem
Somerset
Sussex
Union
Warren
2025
2026


MONTHS SUPPLY OF INVENTORY
June 2025 - June 2026
State-Wide 5 Counties Saw an Increase in Inventory (24%)
5.0
4.5
4.0
3.5
3.0
2.5
2.0
1.5
1.0
0.5
0.0
Atlantic
Bergen
Burlington
Camden
Cape May
Cumberland
Essex
Gloucester
Hudson
Hunterdon
Mercer
Middlesex
Monmouth
Morris
Ocean
Passaic
Salem
Somerset
Sussex
Union
Warren
2025
2026


MEDIAN SALES PRICE YEAR TO DATE
June 2025 - June 2026
State-Wide 16 Counties Saw an Increase in Sales Price (76%)
$1,000,000
$900,000
$800,000
$700,000
$600,000
$500,000
$400,000
$300,000
$200,000
$100,000
$0
Atlantic
Bergen
Burlington
Camden
Cape May
Cumberland
Essex
Gloucester
Hudson
Hunterdon
Mercer
Middlesex
Monmouth
Morris
Ocean
Passaic
Salem
Somerset
Sussex
Union
Warren
2025
2026

WHAT COULD CHANGE THE MARKET?
Economic Warning Signs to Watch — 2026 & Beyond
INTEREST RATES
Higher-for-longer rates → reduced purchasing power, higher cap rates, slower transactions
AI & EMPLOYMENT
Automation/displacement → potential pressure on white-collar employment, income growth and office demand
FEDERAL DEBT & DEFICITS
Growing debt and interest costs → potential upward pressure on borrowing costs and less fiscal flexibility
(Source: CBO, May 2026 Baseline Outlook)
NJ PROPERTY VALUES
NJ MIGRATION / BUYER DEMAND
Slowing or reversal of NY-to-NJ migration → fewer affluent buyers competing for limited inventory
INFLATION
Persistent inflation → higher household, construction and commercial operating costs; potential pressure on interest rates
GEOPOLITICAL RISK / IRAN
Conflict and energy disruption → higher oil prices, renewed inflation and increased economic uncertainty
LABOR MARKET
Watch unemployment, job creation and wage growth. NJ unemployment was 4.5% in June 2026; total nonfarm employment only 0.2% above a year earlier.
(Source: NJ DOL, June 2026)
THE QUESTION IS NOT WHETHER ONE OF THESE RISKS EXISTS –
IT IS WHETHER SEVERAL BEGIN MOVING IN THE WRONG DIRECTION AT THE SAME TIME.

NJ COMMERCIAL REAL ESTATE-2026

MARKETBEAT
NEW JERSEY
OFFICE Q2 2026

CUSHMAN & WAKEFIELD

MARKET FUNDAMENTALS

	YOY Chg	Outlook
22.0% Vacancy Rate	▲	▼
-528K YTD Net Absorption, SF	▼	▲
$32.29 Asking Rent, PSF *(Overall, Net Asking Rent)*	▼	—

ECONOMIC INDICATORS

	YOY Chg	Outlook
4.7M New Jersey Employment	▲	—
4.7% New Jersey Unemployment Rate	▼	—
4.2% U.S. Unemployment Rate	—	▲

Source: BLS

ECONOMY: LABOR MARKET REMAINS RELATIVELY STEADY IN NEW JERSEY

Labor market conditions were relatively stable in Q2 2026, with overall employment ticking up to approximately 4.6 million jobs. Employment trends diverged meaningfully by industry. Education & health services continued to expand, posting 3.3% year-over-year (YOY) growth, while mining & logging (-6.7%), construction (-2.3%), and manufacturing (-2.0%) recorded the largest employment declines.

SUPPLY & DEMAND: VACANCY IMPROVES YOY DESPITE NEGATIVE ABSORPTION

Following a year of occupancy gains totaling 1.5 million square feet (msf), the New Jersey office market experienced a temporary setback in Q2 2026, posting negative absorption of 929,245 square feet (sf). Despite the quarterly decline, the market's headline vacancy rate fell 10 basis points (bps) YOY to 22.0%, reflecting the broader improvement achieved over the past year. Much of the negative absorption stemmed from a limited number of large blocks returning to the market rather than widespread tenant contraction, suggesting a pause in the market's recovery rather than a reversal of the trend.

While the quarter closed with a quarter-over-quarter (QOQ) increase in vacancy rate, that number is heavily influenced by a small number of large-format vacancies. When these outliers are adjusted for using the Median Vacancy Rate (MVR), vacancy measured 18.5%, indicating stronger occupancy conditions across the majority of office properties.

New leasing activity reached 1.6 msf during the quarter, significantly exceeding recent trailing-quarter averages. Tenant demand remained concentrated in premium office product, with Class A properties accounting for 55.4% of total leasing volume. Notable transactions included ACE American Insurance's 117,280-sf renewal at 10 Exchange Place on the Hudson Waterfront, Englewood Health's 101,325-sf sublease at 930/940 Sylvan Avenue in Englewood Cliffs, and Capital Health's 72,000-sf commitment at 275 Phillips Boulevard in the Greater Princeton submarket.

While absorption turned negative during the quarter, leasing momentum remained healthy and points to stable underlying demand. Tenants continue to prioritize modern, well-capitalized buildings that offer strong amenities, efficient floor plates, and convenient access to transportation. This dynamic has created an increasingly bifurcated market, with top-tier assets continuing to outperform while older, less competitive properties account for a disproportionate share of vacant space.

PRICING: OVERALL ASKING RENTS EASE IN Q2 2026

Overall asking rents declined QOQ to $32.29 per square foot (psf), slightly below the $32.45 psf recorded one year ago. Class A assets continued to command a significant premium, averaging $36.15 psf—10.7% above the market average.

SPACE DEMAND/DELIVERIES

OVERALL VACANCY & ASKING RENT

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The Union Route 24 Corridor recorded the highest Class A asking rents at $70.00 psf, followed by the Hudson Waterfront at $45.52 psf and the Woodbridge/Edison submarket at $41.18 psf. Notably, these submarkets represent a diverse mix of location types, including a walkable suburban downtown, a transit-oriented urban waterfront market, and a highly accessible suburban corridor. Their strong market performance underscores that tenant demand in New Jersey is shaped by a variety of location attributes rather than a single geographic model.

NORTHERN NEW JERSEY

After four consecutive quarters of positive absorption totaling 1.9 msf, Northern New Jersey recorded 650,202 sf of negative absorption in Q2 2026. Despite the quarterly occupancy decline, vacancy improved 30 bps YOY to 21.7%, reflecting continued progress over the past year.

Suburban markets remained the primary source of leasing activity. The GW Bridge submarket led new leasing volume with 143,333 sf of commitments, followed by the Morris Route 10/24 market with 108,235 sf and the Bergen County GSP North Corridor with 100,148 sf.

Healthcare remained a key driver of demand, accounting for 125,798 sf of new leases during the quarter, while professional services firms contributed an additional 93,244 sf. Tenant activity remained focused on well-located properties offering modern amenities and efficient workplace environments.

CENTRAL NEW JERSEY

Central New Jersey recorded 756,428 sf of new leasing activity during Q2 2026, bringing year-to-date leasing volume to 1.5 msf. Demand was concentrated in the I-78 Corridor, Greater Princeton, and Monmouth County, reinforcing a recurring theme across the New Jersey office market: performance is increasingly determined by individual building characteristics rather than geography alone.

New supply deliveries outpaced demand during the quarter, contributing to a 50-bp QOQ increase in vacancy and a 70-bp YOY rise to 22.4%. As a result, Central New Jersey recorded 279,225 sf of negative absorption in Q2 2026.

OUTLOOK

- Unlike some office markets where demand is concentrated in urban cores or inner-ring suburbs, New Jersey's strongest-performing assets can be found across a variety of locations. Whether supported by walkable downtowns, regional highway access, proximity to major universities, or connectivity to New York City, tenants continue to gravitate toward buildings that best support workforce attraction and operational efficiency.
- Market bifurcation is expected to continue through the remainder of 2026 and beyond, as top-tier office properties capture a disproportionate share of leasing activity and occupancy gains. Limited new supply will likely intensify competition for premier office space, further widening the performance gap between highly amenitized assets and functionally obsolete inventory regardless of submarket location. With only one office building currently under construction and already fully preleased, tenants seeking high-quality space will face an increasingly constrained set of options.

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NEW JERSEY
OFFICE Q2 2026

MARKET STATISTICS

SUBMARKET	INVENTORY (SF)	DIRECT VACANT (SF)	SUBLET VACANT (SF)	OVERALL VACANCY RATE	CURRENT QTR OVERALL NET ABSORPTION (SF)	YTD OVERALL NET ABSORPTION (SF)	YTD LEASING ACTIVITY (SF)*	UNDER CNSTR (SF)	OVERALL AVG ASKING RENT (ALL CLASSES)	OVERALL AVG ASKING RENT (CLASS A)
Bergen Rt 17 No/GSP No Corridor	5,827,231	971,683	40,441	17.4%	-39,204	-21,097	115,643	-	$26.87	$28.43
GW Bridge Market	4,532,737	321,574	83,416	8.9%	-63,359	13,078	177,839	-	$28.26	$27.61
Central Bergen	11,278,224	1,437,356	174,381	14.3%	-52,684	-5,135	118,438	-	$30.30	$33.11
The Meadowlands	6,169,087	1,165,309	208,669	22.3%	-19,946	8,132	78,088	-	$30.25	$31.85
Clifton & Passaic Market	1,287,640	102,704	-	8.0%	2,682	35,519	7,620	-	$22.51	N/A
Suburban Passaic/Fairfield	5,076,342	553,912	129,677	13.5%	50,482	45,587	27,531	-	$23.80	$27.50
Hudson Waterfront Region	21,493,643	5,203,556	1,292,539	30.2%	-168,571	-362,441	115,468	-	$45.43	$45.52
Newark Market	14,433,496	2,608,365	708,339	23.0%	-176,685	-171,755	83,457	-	$35.55	$37.69
Essex Rt 23 So/GSP So Corridor	2,107,462	114,391	-	5.4%	12,266	75,336	20,745	-	$28.31	$28.25
Essex Route 280 Corridor	6,755,189	1,015,179	7,012	15.1%	114,918	200,017	188,835	-	$30.76	$31.97
Parsippany Market	10,918,073	3,102,776	311,391	31.3%	-238,165	-217,255	117,454	-	$28.01	$31.02
Morristown Market	5,853,907	865,148	127,295	17.0%	-28,219	27,614	77,900	-	$30.74	$31.01
Morris Route 10/24 Market	9,717,681	1,818,998	489,042	23.8%	-16,333	-105,438	214,764	-	$29.44	$33.54
Morris Route 23 Corridor	271,593	73,676	-	27.1%	0	3,548	2,283	-	$26.75	N/A
Morris Route 206 Corridor	779,781	164,040	-	21.0%	-30,363	-39,948	9,800	-	$23.92	$27.25
Western Morris Region	647,311	184,821	-	28.6%	3,161	3,161	3,161	-	$29.53	$30.25
Union Route 24 Corridor	3,464,311	380,702	3,862	11.1%	12,875	27,577	90,245	-	$37.38	$70.00
Clark & Cranford	3,133,978	570,019	22,276	18.9%	37,075	99,959	92,497	-	$23.70	$31.50
Woodbridge/Edison Market	8,614,173	2,009,227	209,482	25.8%	126,612	107,741	273,644	-	$36.60	$41.18
Upper 287 Corridor	8,661,226	1,318,126	100,797	16.4%	-51,256	-40,575	29,600	-	$21.52	$20.38
I-78 Corridor	16,275,297	4,504,601	523,389	30.9%	-129,355	-127,810	215,361	-	$27.76	$28.52
Monmouth County	12,554,028	1,013,096	160,392	9.3%	-42,106	108,080	224,450	-	$26.43	$31.61
I-78 West	2,819,009	1,472,765	-	52.2%	-6,258	-2,820	77,087	-	$27.59	$28.61
Greater Princeton	22,610,123	5,055,060	566,722	24.9%	-214,580	-175,678	392,573	-	$29.48	$34.10
The Brunswicks	2,538,042	266,082	16,086	11.1%	-12,232	-14,173	75,052	360,000	$28.62	$31.56
Elizabeth Market	686,792	19,054	-	2.8%	0	820	0	-	$26.75	N/A
NORTHERN NJ TOTALS	**107,149,397**	**19,703,488**	**3,572,202**	**21.7%**	**-650,020**	**-511,077**	**1,359,026**	**-**	**$34.73**	**$37.80**
CENTRAL NJ TOTALS	**81,356,979**	**16,608,732**	**1,603,006**	**22.4%**	**-279,225**	**-16,879**	**1,470,509**	**360,000**	**$28.95**	**$32.71**
NEW JERSEY TOTALS	**188,506,376**	**36,312,220**	**5,175,208**	**22.0%**	**-929,245**	**-527,956**	**2,829,535**	**360,000**	**$32.29**	**$36.15**

**Leasing activity does not include renewals*

KEY LEASE TRANSACTIONS Q2 2026

PROPERTY	SF	TENANT	TRANSACTION TYPE	SUBMARKET
10 Exchange Place	117,280	ACE American Insurance Company	Renewal*	Hudson Waterfront Region
930/940 Sylvan Avenue	101,325	Englewood Health	Sublease	GW Bridge Market
275 Phillips Boulevard	72,000	Capital Health	New Lease	Mercer Route 295 Corridor
53 Frontage Road	65,995	Celldex Therapeutics	New Lease	Route 78 Corridor
3 Gateway Center	41,059	GSA	New Lease	Newark Market

**Renewal not included in leasing statistics*

KEY SALES TRANSACTIONS Q2 2026

PROPERTY	SF	SELLER / BUYER	PRICE / $PSF
30 Knightsbridge Road	694,327	Keystone Property Group / Saadia Group	$56.5M / $81.37
30 Montgomery Street	368,049	American Realty Advisors/Real Capital Solutions / Lamar Companies	$52.0M / $141.29
5 Wood Hollow Road	330,631	Northpath Investments / Deugen Development	$31.5M / $95.27
1 Giralda Farms	154,417	Onyx Equities, LLC / Russo Development	$25.3M / $163.84
2 Gatehall Drive	389,288	The Birch Group / Siemens	$21.0M / $53.94

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Northern NJ Office Market Cushman & Wakefield Marketbeat	2nd Quarter 2024	2nd Quarter 2025	2nd Quarter 2026	Loss in Inventory 2024 to 2026
Overall Vacancy	23.20%	22.20%	22.20%	
Total Inventory (SF)	108,061,795	107,967,217	107,149,397	912,398
Total Under Construction (SF)	340,000	260,000	-	
Asking Rent (All Classes)	$33.29	$34.59	$34.73	
Asking Rent (Class A)	$36.70	$37.68	$37.80	

Surveyed Office Capitalization Rates	1st Quarter 2024	1st Quarter 2025	1st Quarter 2026
ACLI-Total All Office Building Loans Average	7.72%	7.32%	9.19%
Korpacz 2nd Quarter 2024, 2025 & 2026-National Suburban Office Market-Average	6.54%	8.16%	8.00%
RERC -1st Tier East Suburban Office-Average	8.00%	8.10%	8.00%

Conversion of Office Space

Empty office buildings and half-vacant corporate campuses have become a familiar sight in New Jersey. In the wake of the pandemic, and the rise of remote and hybrid work, companies are using less space and leaving behind millions of square feet of surplus offices. At the same time, there's a pressing need for housing and modern industrial facilities. It's no surprise then that developers in the Garden State are increasingly turning these underused offices into multifamily residences and warehouses. This white paper explores the scale and characteristics of New Jersey's office conversion boom focusing on the transformation of offices into residential and industrial uses as well as the impact it will have on developers, investors and occupiers.

New Jersey has seen a dramatic shift in its office market fundamentals overall. Office vacancy rates are approximately 17 percent in northern and central New Jersey as tenants consolidate and relocate to highly amenitized buildings with financially stable owners. Statewide, elevated vacancies have pushed owners to reposition obsolete properties, often by demolition and redevelopment into alternative uses. In fact, over the past five years New Jersey has demolished or redeveloped more office space than it has built new, leading to a net decline in office inventory by 9.6 percent. This reflects a broader national trend: Since the mid-1990s, it is estimated that more than 150 million square feet of U.S. offices have been converted to other uses, with activity peaking in the last few years. The following sections delve into New Jersey's conversion projects in detail, using the latest data on redevelopment projects across the state.

Jeffrey L. Heller, SIOR
Principal and Executive Director
Avison Young

New Jersey Office Conversion Overview

	Number of Properties	Inventory (sf)	% of Inventory Removed
Converted or Under Construction	109	16,868,644	7.31%
Proposed Properties	32	5.503,131	2.38%
Total	**141**	**22,371,775**	**9.69%**

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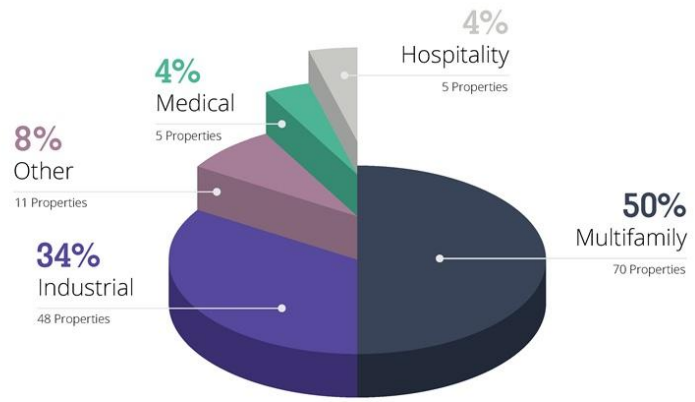
Number of New Properties by Type



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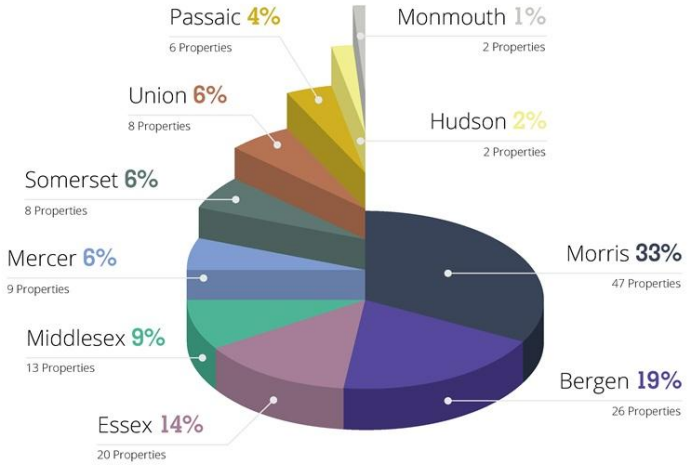
Conversions by County



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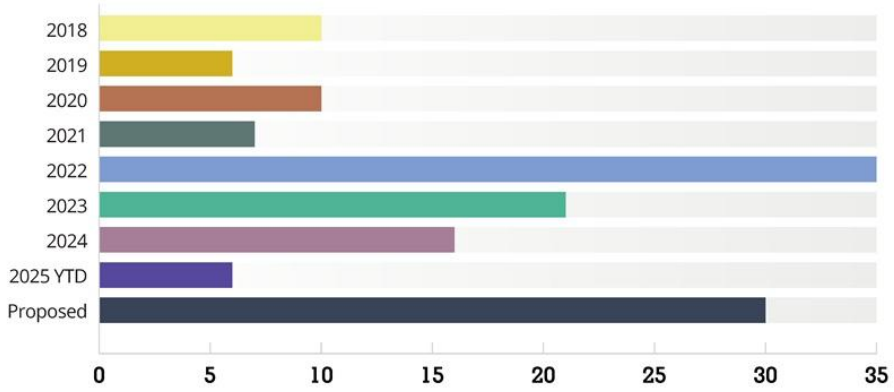
Properties Redeveloped



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MARKETBEAT
NEW JERSEY
INDUSTRIAL Q2 2026

CUSHMAN & WAKEFIELD

MARKET FUNDAMENTALS

	YOY Chg	Outlook
8.7% Vacancy Rate	▼	▼
3.8M YTD Net Absorption, SF	▲	▲
$16.36 Asking Rent, PSF *(Overall, Net Asking Rent)*	▼	—

ECONOMIC INDICATORS

	YOY Chg	Outlook
4.7M New Jersey Employment	▲	—
4.7% New Jersey Unemployment Rate	▼	—
4.2% U.S. Unemployment Rate	—	▲

Source: BLS

ECONOMY: THE PORT OF NEW YORK AND NEW JERSEY RESUMES A STEADY PACE

The Port of New York and New Jersey (Port of NY & NJ) resumed a steady pace in April, after volumes surged in March, making it the nation's busiest port. Volume in April decreased 8.4% year-over-year (YOY) year to 688,163 Twenty-Foot Equivalent Units (TEU), bringing year-to-date (YTD) volume to 2.9 million TEUs. Loaded exports through April rose to 475,438 TEUs, up 2.7% YOY while imports dipped 4.3% to 1.4 million TEUs.

Rail volume continued to post gains, up 2.4% YOY to 225,363 containers moved through the first four months of the year. Meanwhile, after strong activity in January, auto volume declined 7.0% YOY in April, with 28,013 vehicles moved through the port. As a result, YTD auto volume was down 8.2% from the same period in 2025.

OVERVIEW: OCCUPANCY GAINS REMAINS POSITIVE AS LARGE-SCALE TRANSACTIONS CONTINUE

In the second quarter, New Jersey's industrial market demonstrated persistent demand, as new leasing—coupled with the delivery of an additional build-to-suit (BTS) project—resulted in a second consecutive quarter of occupancy gains. Several large blocks were once again removed from the market, while 18 new leases exceeding 100,000 square feet (sf) were completed during the quarter. Although large-scale leasing activity remained active, third-party logistics providers and other logistics users—followed by retailers—led demand during the second quarter.

As occupiers re-evaluated their space needs, sublease availability increased from the previous quarter; however, it remained below the most recent peak recorded at the end of 2025.

DEMAND: OCCUPIER DEMAND REMAINS STRONG MIDWAY INTO THE YEAR

New Jersey's industrial market posted strong demand in the second quarter, with 8.3 million square feet (msf) of new leasing activity. Leasing volume increased 19.4% YOY and exceeded the two-year quarterly average of 8.0 msf by 3.8%, underscoring continued tenant demand across the state. This brought the mid-year total to 17.8 msf, a 31.4% increase compared to the same period last year.

Industrial occupiers continued to favor the Turnpike Corridor, with 75.2% of YTD leasing demand concentrated within its submarkets. Activity was led by the I-287/Exit 10 and Exit 8A submarkets during the second quarter. The I-287/Exit 10 submarket recorded 2.0 msf of new leasing activity, while the Exit 8A submarket continued its recovery, surpassing 1.0 msf for the second consecutive quarter with 1.4 msf transacted. Together, these submarkets accounted for three of the market's five largest new leases, all exceeding 400,000 sf and occurring in Class A warehouse and distribution properties.

SPACE DEMAND / DELIVERIES

OVERALL VACANCY & ASKING RENT

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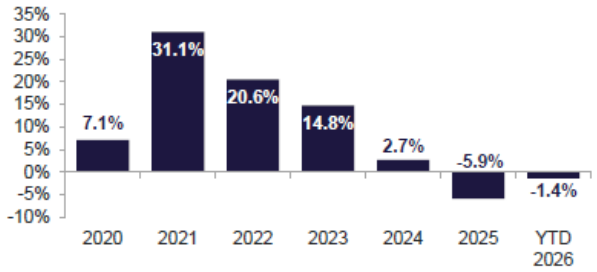
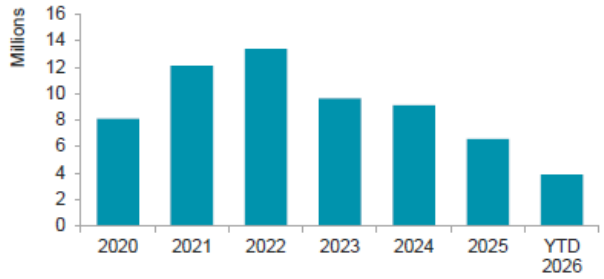
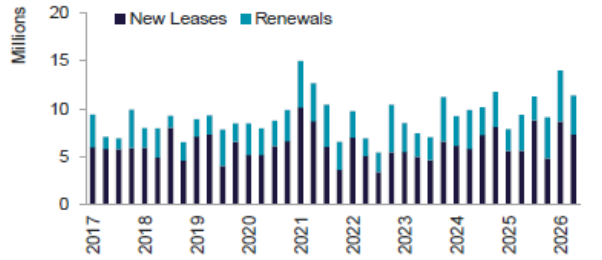
ANNUAL WAREHOUSE RENT GROWTH (%)



CONSTRUCTION STARTS



YTD HISTORICAL WAREHOUSE NEW LEASING ACTIVITY



With new sublease availability adding pressure to the market in the second quarter, sublease transaction activity helped support overall leasing performance, with two new leases exceeding 100,000 sf completed during the quarter. Renewal activity also remained robust, totaling 4.4 msf of lease recommitments—15.4% above the two-year quarterly average of 3.9 msf—as occupiers continued to prioritize long-term occupancy decisions amid evolving market conditions.

SUPPLY: OCCUPANCY GAINS REMAIN POSITIVE DESPITE HIGHER SUBLEASE AVAILABILITY

Occupancy gains continued for the second consecutive quarter, albeit at a slower pace, as net absorption totaled 250,154 sf—bringing the mid-year total to 3.8 msf. Demand was concentrated within Class A warehouse and distribution space, which accounted for 3.2 msf of absorption during the quarter and 7.4 msf of YTD occupancy gains.

As occupiers re-evaluated their space needs, sublease availability increased 7.4% from the previous quarter to 9.0 msf; however, this figure remained 11.6% below the all-time high of 10.2 msf recorded in Q4 2025. As larger blocks of sublease space were leased and removed from the market midway through the year, vacant sublease space accounted for 14.7% of total market vacancy—down 170 basis points (bps) from the most recent peak at the end of 2025. With the pace of new sublease additions slowing and several large vacancies being leased, the vacancy rate decreased 30 bps YOY to 8.7%.

Non-Class A warehouse and distribution properties continued to face occupancy challenges, with second-quarter net absorption totaling negative 2.8 msf. The decline highlights occupiers' increasing preference for modern, well-located warehouse facilities that offer great operational efficiency and access to key transportation corridors.

PRICING: AVERAGE TAKING RENTS REMAIN A PREMIUM FOR CLASS A SPACE

Industrial asking rents remained elevated as newly delivered projects entered the market. However, with the vacancy rate holding above 8.0%, Class A demand remaining resilient, and higher-priced space continuing to lease, rent growth stabilized during the quarter.

The overall industrial average asking rate declined 2.6% YOY to $16.36 per square foot (psf) but remained 66.4% above the average asking rate in 2020. Despite the moderation, Class A warehouse and distribution properties continued to command a premium, with the YTD average taking rent reaching $16.64 psf—4.9% above the overall market rate and 17.1% higher than non-class A warehouse and distribution space.

CONSTRUCTION: DEVELOPMENT PIPELINE REMAINS ACTIVE AMID HEALTHY TENANT DEMAND

After warehouse and distribution completions doubled in the first quarter, development activity moderated in the second quarter, with only four projects delivered totaling 425,761 sf. The largest delivery was FRP Holdings' 140,031-sf warehouse facility at 8 Lanidex Plaza West in Parsippany, which replaced an obsolete 56,000-sf office building. BTS development also remained active, highlighted by Dover Tubular Alloys' completion of an 80,000-sf warehouse at 220 West Clinton Street in Dover. Following the project's completion, the company sold its remaining land to SL Acquisitions, which plans to develop an additional 123,000-sf industrial facility on the site.

Eight projects totaling 1.4 msf broke ground during the second quarter, bringing YTD construction starts to 3.9 msf. Currently, 40 warehouse and distribution projects totaling 8.9 msf are under construction, led by the I-287/Exit 10 submarket with 1.9 msf underway. As demand for quality warehouse space persists, 55.6% of the new construction delivered so far this year has been preleased.

OUTLOOK

- Leasing momentum is expected to remain healthy, supported by occupier demand for modern warehouse and distribution facilities.
- Class A properties are likely to outperform older inventory, as non-class A space may continue to experience occupancy challenges.
- Vacancy rates are expected to remain elevated in the near term as additional speculative developments and recently completed projects enter the market.
- Industrial rent growth is likely to remain stable, with higher vacancy levels, while Class A buildings should continue to command premium rents.

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MARKET STATISTICS

SUBMARKET	INVENTORY (SF)	OVERALL VACANCY RATE	YTD LEASING ACTIVITY (SF)**	CURRENT QTR OVERALL NET ABSORPTION (SF)	YTD OVERALL NET ABSORPTION (SF)	UNDER CNSTR (SF)	QRTLY CONSTR COMPLETIONS (SF)	OVERALL WEIGHTED AVG NET RENT (HT)*	OVERALL WEIGHTED AVG NET RENT (MF)*	OVERALL WEIGHTED AVG NET RENT (W/D)*
Northern Bergen	17,133,977	5.5%	590,022	99,274	374,438	-	-	$15.41	$16.62	$16.26
GW Bridge Market	3,751,211	7.2%	28,039	44,080	46,134	-	-	$23.87	-	$17.72
Central Bergen	21,526,216	8.6%	224,309	-130,734	-104,565	533,240	-	$17.85	$11.82	$16.05
Meadowlands	82,207,459	8.1%	2,031,659	-827,987	1,473,893	158,583	-	$19.15	$17.38	$18.46
Port Region	98,252,766	11.6%	2,007,179	-977,209	-713,983	76,912	-	$29.55	$13.49	$18.85
Suburban Essex	10,459,804	3.2%	76,216	41,672	173,055	-	-	$13.49	-	$16.48
Greater I-80 Corridor	86,310,086	7.1%	2,099,096	996,895	120,356	981,437	220,031	$17.82	$13.82	$16.28
Route 23 North	572,179	14.2%	87,626	16,489	104,115	-	-	$10.00	$11.00	$13.00
Morristown Market	10,969,290	12.4%	38,175	-111,470	-241,897	674,409	-	$14.16	$15.00	$18.39
Route 23 Corridor	1,986,877	3.1%	38,494	19,268	32,094	-	-	$15.00	-	$18.56
Port South	44,678,773	9.7%	1,782,221	280,895	97,411	277,818	-	$16.50	$10.61	$18.19
Central Union	19,279,374	6.8%	153,339	48,797	-179,956	-	-	$19.83	$13.26	$15.65
Route 24 Corridor	5,506,187	2.2%	2,800	-9,904	-15,631	-	-	$17.28	-	$13.45
Somerset/ I-78 Corridor	34,808,408	8.6%	620,787	-354,503	-682,181	572,386	76,230	$16.47	$14.02	$16.11
I-287/Exit 10	98,254,777	6.0%	2,650,960	1,031,850	1,110,085	1,929,452	-	$16.44	$10.05	$16.07
Exit 9	28,884,796	9.4%	614,939	-69,764	364,792	1,789,643	-	$17.82	-	$16.32
Exit 8A	81,390,970	10.3%	3,547,315	251,831	1,587,130	100,000	-	$15.90	$12.00	$15.01
Greater Princeton	10,111,513	12.5%	175,277	-374,918	-353,985	284,400	-	$10.84	$10.17	$13.30
Exit 7A/8	28,675,919	12.2%	731,290	320,437	539,177	981,721	-	$16.33	$8.25	$13.57
Monmouth County	17,421,708	10.3%	275,479	-44,845	76,295	1,034,932	159,400	$15.34	$13.34	$13.66
NORTHERN NJ TOTALS	316,276,230	8.3%	6,586,764	260,822	2,344,001	2,424,581	220,031	$17.18	$13.90	$18.08
CENTRAL NJ TOTALS	385,906,060	9.1%	11,188,458	-10,668	1,462,776	6,970,352	235,630	$15.05	$11.37	$15.72
NEW JERSEY TOTALS	**702,182,290**	**8.7%**	**17,775,222**	**250,154**	**3,806,777**	**9,394,933**	**455,661**	**$16.11**	**$12.45**	**$16.68**

**Rental rates reflect weighted net asking $psf/year*
***Leasing activity totals do not include renewals*

HT = High Tech/Flex MF = Manufacturing W/D = Warehouse/Distribution

KEY LEASE TRANSACTIONS Q2 2026

PROPERTY	SUBMARKET	TENANT	SF	LEASE TYPE	PROPERTY TYPE
8003 Industrial Avenue	Port South	Amazon	1,064,515	Renewal*	Warehouse/Distribution
1160 State Street	I-287/Exit 10	Elogistics (GOFO)	800,000	New	Warehouse/Distribution
76 Callahan Boulevard	I-287/Exit 10	Worldwide Logistics	451,916	New	Warehouse/Distribution
26 Hightstown Cranbury Station Road	Exit 8A	Titanium Plus Auto Parts	444,940	New	Warehouse/Distribution
60 Lister Avenue	Port Region	HelloFresh	352,100	Renewal*	Warehouse/Distribution

**Renewals not included in leasing statistics*

KEY PROJECTS UNDER CONSTRUCTION

PROPERTY	SUBMARKET	DEVELOPER	SF	MAJOR TENANT	PROPERTY TYPE
577 Smith Street	I-287/Exit 10	Brookfield Properties	973,395	-	Warehouse/Distribution
201 Jake Brown Road	Exit 9	2020 Acquisitions	808,510	-	Warehouse/Distribution
40 Jake Brown Road	Exit 9	2020 Acquisitions	646,278	-	Warehouse/Distribution
111 Route 10	Morristown Market	Russo Development/Onyx Equities	602,409	RealCold	Warehouse/Distribution
500 Market Street	I-287/Exit 10	Kurv Industrial	471,000	-	Warehouse/Distribution

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New Jersey Industrial Cushman & Wakefield Marketbeat	2nd Quarter 2024	2nd Quarter 2025	2nd Quarter 2026	Increase in Inventory 2024 to 2025
Overall Vacancy	7.10%	9.10%	8.70%	
Total Inventory (SF)	683,769,548	694,752,547	702,182,290	18,412,742
Total Under Construction (SF)	6,892,371	6,442,859	9,394,933	
Asking Net Rent (Warehouse)	$17.67	$17.14	$16.68	

Surveyed Industrial Warehouse Capitalization Rates	1st Quarter 2024	1st Quarter 2025	1st Quarter 2026
ACLI-Total All Industrial Building Loans Average	6.13%	5.70%	6.02%
Korpacz 2nd Quarter 2024, 2025 & 2026-East Coast Region Warehouse	5.04%	5.22%	5.15%
RERC -1st Tier East Warehouse-Average	6.50%	6.30%	6.50%

N.J. industrial real estate remains strong amid economic uncertainty, report says

- Stephanie Loder | NJ.com
- NJ.com Express Desk

Published August 23, 2026

Despite economic uncertainty, industrial leasing activity in New Jersey and the region is on pace for its strongest year since 2021 as businesses continue investing in supply chains, according to a new report from commercial real estate services firm JLL.

The company's second-quarter 2026 Northeast Industrial report found that more than 80 million square feet of active tenant requirements are in the market.

Rob Kossar, vice chairman and head of JLL's Northeast Industrial Region, said companies are moving ahead with major real estate decisions rather than waiting for economic conditions to improve.

"What's particularly notable is that companies aren't sitting on the sidelines waiting for uncertainty to clear," Kossar said.

"There has been a noticeable increase in large leasing requirements from investment-grade tenants, while continued expansion by Chinese third-party logistics providers and e-commerce users is creating another important source of demand across the region," he said.

The report found that newer industrial properties remain especially attractive to tenants.

The regional vacancy rate has held steady at 5.9% for the past 15 months as companies continue to seek modern facilities, while the availability of large-format buildings exceeding 900,000 square feet remains limited.

JLL said e-commerce and logistics companies continue to drive demand.

Amazon has continued to gain parcel market share, while Chinese third-party logistics and e-commerce firms have leased 22.7 million square feet of space across the Northeast during the past two and a half years.

At the same time, new industrial development remains well below recent highs.

Construction activity across the region is running about 50% below peak levels, according to the report; that is helping new buildings lease more quickly and preventing an oversupply of space.

The report comes as businesses face challenges including inflation, geopolitical tensions and rising transportation costs.

However, Kossar said those pressures have underscored the need for resilient and efficient supply chains.

"The headlines continue to focus on inflation, geopolitical conflict and rising transportation costs, but companies still need resilient supply chains," Kossar said.

"Businesses are prioritizing network efficiency, modern facilities and proximity to consumers, and those factors continue to support healthy demand across the Northeast despite the uncertainty," he said.

JLL expects industrial leasing activity to remain strong through the rest of 2026.

The firm projects vacancy rates will continue to decline gradually, particularly for top-tier properties, while asking rents remain generally stable and capital market conditions improve.

"The outlook remains positive," Kossar said. "We expect leasing activity to stay healthy and vacancy to gradually trend lower as we near the year-end, particularly for Class A assets."

This article was produced with assistance from AI tools and reviewed by NJ.com staff.

Multi-Family Market

MARKET REPORT

Marcus & Millichap

MULTIFAMILY 2Q/26

Northern New Jersey Metro Area

Absorption Shows Resilience as Rent Controls Shift Supply Pressure to Market-Rate Units

Strong leasing faces heavy supply pipeline. Despite softer migration trends, the metro posted the third-smallest net absorption pullback among major markets over the year ended in March, falling just 10 percent and helping vacancy edge lower. High ownership costs, New York City spillover, and healthcare hiring should help sustain renter demand, especially with healthcare jobs up nearly 4 percent year-over-year as of May — leading all major East Coast metros. Still, roughly 33,000 units remain under construction, down only 13 percent from the 2022 peak, keeping lease-up pressure elevated and rent growth subdued near term.

Class C lock-in weighs on upper-tier rentals. Class A vacancy fell 200 basis points over the past year but still stood at 7.5 percent in March, the highest rate among major markets. Class B vacancy held flat at 5.4 percent, the ninth-highest rate nationally, while Class C vacancy was at just 3.0 percent. With Class B rents roughly $1,000 above Class C rents — trailing New York City for the widest gap nationally — lower-tier renters have strong incentives to stay put. This has pushed Class C renewal conversions near 80 percent, compared with the 60 percent U.S. average, reflecting a rent-control distortion that limits lower-end turnover while leaving upper-tier units to carry more of the lease-up burden.

2026 FORECAST

EMPLOYMENT

7,500	0.7%
Jobs will be created	Increase Y-O-Y

CONSTRUCTION

16,100	3.2%
Units will be added	Inventory increase Y-O-Y

VACANCY

5.3%	50
Vacancy rate	BPS increase Y-O-Y

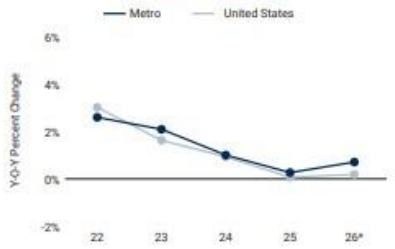
RENT

$2,595	2.1 %
Average effective rent by year-end	Increase Y-O-Y

Employment

Net job gains year-to-date through May have roughly matched the total for all of 2025, pointing to stronger hiring momentum. Outside health care, hiring has been led by leisure and hospitality, but World Cup-related gains may prove temporary. Still, comparatively stronger job growth in New York City should also aid local rental demand as households seek nearby, lower-cost alternatives. PATH's largest service expansion in 25 years, including restoration of seven-day service, should further strengthen the metro's link to New York City.

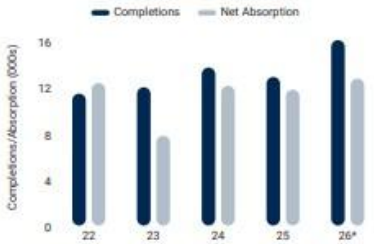
EMPLOYMENT TRENDS



Construction

Hudson County will remain the epicenter of new supply in 2026. About 5,400 units will open in Jersey City and 1,800 in Hoboken, with a large uptick in Hoboken offsetting a slight decline in Jersey City. Bergen and Essex counties are also slated to record roughly 1,000 deliveries each, keeping supply pressure more concentrated in the metro's core counties. In contrast, construction is slowing more sharply in Union, Morris, and Passaic counties, where fewer completions should begin to ease pressure on local fundamentals.

CONSTRUCTION TRENDS



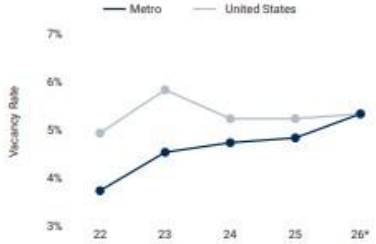
* Forecast

Sources: BLS; CoStar Group, Inc.; RealPage, Inc.

Vacancy

Hudson and Bergen counties led the metro in vacancy tightening over the past 12 months, with Class A and B rates declining sharply to below 7 percent and near 4 percent, respectively. Conditions softened elsewhere in the metro, with Class A and B rates in the 7 percent to 13 percent range across Morris, Union, Passaic, and Essex counties. Meanwhile, every submarket maintained Class C vacancy rates at or below 3.5 percent, underscoring persistent tightness in this segment.

VACANCY TRENDS



Rent

As of March 2026, every submarket recorded year-over-year rent growth of 2 percent or less, with Hudson and Bergen counties slightly outperforming the rest. Rent growth across all classes was also below 2 percent, underscoring broad pricing pressure. Around 20 percent of metro units offered concessions in early 2026, the highest share in several years but still below the U.S. rate of about 25 percent. Class C units posted the highest concession share, suggesting available older units still require incentives to lease.

RENT TRENDS

* Forecast ** Through 1Q

Sources: CoStar Group, Inc.; Real Capital Analytics; Real Page, Inc.

INVESTMENT HIGHLIGHTS

- Tax and regulatory pressures have kept private investors cautious, but institutional deal flow reaccelerated over the past 12 months. Trades above $10 million nearly doubled from the prior period, reaching the highest total since 2022. Post-2010 assets exempt from rent control remain appealing despite near-term vacancy pressure, as low Class C turnover concentrates new renter demand in market-rate Class A and B units, supporting stronger rent growth as supply pressure eases.
- A proposed 15 percent municipal property tax increase in Jersey City could shift investor strategies. Institutions may favor newer assets with PILOT agreements or remaining tax-abatement periods, while private buyers may seek properties with appealable assessments or renovation upside to mitigate higher tax costs.
- Some private buyers may look more closely at Essex County, including East Orange, where the $83.3 million Brick Church Station modernization should improve accessibility and strengthen transit-oriented demand. Newark may also regain appeal as Rutgers Health and University Hospital advance a multiyear campus redevelopment, supporting the city's health care anchor.
- Bergen County's affluent renter base has supported the metro's strongest Class C renewal conversion rate and lowest concession usage. This dynamic, combined with the resumed $16 billion Hudson Tunnel Project, could attract investors by adding construction-related renter demand and improving long-term transit reliability.

SALES TRENDS

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The information contained in this report was obtained from sources deemed to be reliable. Every effort was made to obtain accurate and complete information; however, no representation, warranty or guarantee, express or implied, may be made as to the accuracy or reliability of the information contained herein. Metro-level employment growth is calculated based on the last month of the quarter/year. Sales data includes transactions sold for $1 million or greater unless otherwise noted. This is not intended to be a forecast of future events and this is not a guarantee regarding a future event. This is not intended to provide specific investment advice and should not be considered as investment advice. Sources: Marcus & Millichap Research Services; Bureau of Labor Statistics; CoStar Group, Inc.; Real Capital Analytics; RealPage, Inc.

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Surveyed Apartment Capitalization Rates	1st Quarter 2024	1st Quarter 2025	1st Quarter 2026
ACLI-MidAtlantic Apartment Loans Average	5.33%	5.30%	5.54%
Korpacz 2nd Quarter 2024, 2025 & 2026-MidAtlantic Apartment Market	5.69%	5.46%	5.52%
RERC -1st Tier East Apartment-Average	5.90%	6.00%	6.10%

Bergen County projects to watch in 2026

Bergen Record 12/26/2025

Edgewater

Work on the former Hess site is expected to continue in 2026 on a project rising on the largest piece of undeveloped land along the Hudson River's Gold Coast. In the fall of 2025, the Maxal Group said it had closed on a $255 million short-term construction loan for a planned 25-story, 381-unit apartment tower at 615 River Road. The first phase of a $1 billion mixed-use development is expected to be completed in November 2027. The new apartments will be among 1,200 homes slated for the property. Plans also call for more than 1,000 parking spaces, ground-floor retail and a new public ferry terminal with direct service to Manhattan's West Side.

Fair Lawn

A redevelopment next to the Radburn train station will bring dozens of apartments and a new organic supermarket to town. The project is expected to break ground early in 2026 but won't be completed until 2028. Once finished, the four-story building dubbed Plaza Greene will have 145 age-restricted units and about 22,000-square-feet of retail space on the ground floor, including a Sprouts Farmers Market. The project, will offer 127 market rate apartments, along with 18 designated as affordable or for residents with disabilities.

Franklin Lakes

The borough is one of 16 in the state that could lose its immunity to developer lawsuits if it doesn't make more progress on meeting affordable housing quotas set by the state. The 89-acre former Cigna property was zoned for affordable housing in 2023 with two possible futures: a "residential option" that envisions 495 multifamily units, with 62designated as affordable, and a "federal option" that would allow for 250 multifamily units (62 affordable) and 330,000 square feet of office/warehouse space for federal use. The borough has scheduled meetings with state officials, but local leaders do not know if developer S. Hekemian Group will put forth a plan in 2026.

Paramus

One of the biggest retail and housing projects in the region, a major redevelopment at Westfield Garden State Plaza broke ground in early 2026. The first phase will add two five-story mixed-use buildings with 575 housing units to the mall's western parking lot. The project also includes 50,000 square feet of retail space and a 1-acre "town green" with outdoor markets, dining and gathering space. If all stages of the project are completed, developers expect to build as many as 1,400 apartments, additional shops, a hotel and a senior care facility.

Saddle River

The borough is another of the 16 towns warned by the nonprofit Fair Share Housing Center that immunity to developer lawsuits may be threatened if they don't comply with affordable housing rules. With that threat looming, Saddle River has several projects awaiting possible construction in 2026.

AvalonBay Communities won approval in November 2025 for construction of a four-story, 275-unit rental apartment complex at 1 Route 17 South off Boroline Road. The development includes 33 affordable units with 37 supportive housing rental bedrooms for people with disabilities. A revamped proposal for development of the 10-acre former estate of Rosie O'Donnell on East Allendale Road, near Wandell School, was approved on Dec. 9, 2025. It calls for 54 residential townhouse units, including eight affordable. Lastly, a 60-unit housing complex proposed for Algonquin Trail is and the project would include 12 affordable-housing units.

Passaic County projects to watch in 2026

Bergen Record 12/26/2025

Bloomingdale

Bloomingdale's development for 2026 will center on the multi-phased Meer Tract Redevelopment Plan off Union Avenue. Years of stalled attempts set the stage for the overhaul of the 45-acre site. The plan, which dates back several years, addresses affordable housing obligations and outlines as many as 500 residential units, including senior and affordable housing. It also allows up to 320,000 square feet of industrial and office space. The main potential activities in the new year involve site prep, infrastructure work and possibly the start of phase-one construction.

Clifton

Prism Capital Partners, the redeveloper of the former Roche pharma complex along Route 3 is developing retail uses on the property now known as ON3. In July 2026, a Chase Bank was completed and a Chipotle is nearing completion, Plans for a Panera Bread and Chick-Fil a are moving forward. was on the agenda. The developer is working with the city to see if it can reach a PILOT agreement to clear the way for a long-planned 264-room hotel with rooftop bar at the ON3 site.

Also on the site, are plans for 1,078 housing units. However a new ordinance was passed requiring that 20% of those units be affordable housing. However, according to the lawsuit filed on May 22, 2026 by PB Nutclif Master and Prism Capital Partners in Superior Court in Passaic County, the developer claims that Clifton's court-approved Housing Element and Fair Share Plan, submitted to satisfy the fourth round of the state's Fair Housing Act, which runs from 2025 to 2035, required the city to rehabilitate 884 housing units, but it wasn't required to add any new housing units. Clifton is one of 62 New Jersey municipalities designated as a qualified urban aid municipality. Instead of requiring new housing units in these often financially distressed towns, the state focuses on revitalizing existing properties.

Hawthorne

An apartment complex called The Franklin at Hawthorne is under construction at 542 Goffle Road. A 114-unit project with three buildings and 17 apartments will be for low-income families.

North Haledon

Construction of the High Mountain Promenade project will begin at 987 Belmont Ave. in the first quarter of 2026, according to Sonny Jumani, the president of Tulfra Real Estate. The complex will have 90 apartments, including 16 for low-income families, plus a 4,400-square-foot retail building with two tenants and a 75,000-square-foot self-storage facility.

Paterson

The much-delayed construction of 138 luxury apartments at the former site of the Paterson Armory on Market Street is due to be finished in the first three months of 2026. For decades in the mid-20th century, the Armory had been Paterson's community hub, with sports and social events until it was shut down in the 1980s and deteriorated into an

Pompton Lakes

Another major project, The Liberty at Pompton Lakes, is underway at 519 Ringwood Ave. The county-funded, $19.6 million development will provide 64 affordable units for seniors.

Wayne

A residential project called The Villas at Wayne Hills is under construction at 1361 Alps Rd, which was the former headquarters of GAF Materials Corp. There will be 449 units – 10 single-family homes and 439 townhomes – at the site90 units will be priced for low- and moderate-income families.

A townhome complex called Reservoir Point at Wayne is under construction at 1701 Hamburg Turnpike, K. Hovnanian Homes, is building the 105-unit project. 21 townhomes will be set aside as affordable housing. The complex is named for

Woodland Park

Developer Prism Capital Partners agreed to purchase the 30-acre former Bank of New York property on Rifle Camp Road in 2024 and has submitted construction plans to the borough's building department, according to Gene Diaz, Prism's founder. The borough rezoned the property in early 2024 to allow housing, specifically for a project that can include 370 residential units, 54 of them for low- and moderate-income tenants.

Morris County projects to watch in 2026

Bergen Record 12/26/2025

Parsippany

One of the largest residential projects in North Jersey, designed to fulfill affordable housing requirements, is likely to get bigger in Morris County's largest town. The site of the former Lanidex office park on Parsippany Road.

The first phase of the 500 PARQ project opened in June of 2024, offering 276 units. But while work continued on 75 townhomes at the site, a second phase promising 250 more apartments appeared to be delayed. In December 2025, however, Parsippany's town council authorized a revised development plan that included additional apartments and 100 townhomes, increasing the total planned build to more than 1,100 units.Town officials hope the expansion will help fulfill their mandate to provide low- and moderate-income housing options.

Redevelopment of commercial properties in Parsippany also includes new retail and entertainment destinations. Four office buildings were demolished to make way for a TopGolf along Route 46, which opened in July 2026.

Other properties on the highway to keep an eye on include the former Cerbo Lumber site and the Morris Hills Shopping Center, which is being eyed by town officials as a possible location for more residential housing.

East Hanover

Another major redevelopment project is underway along Route 10 in East Hanover, where a 380,000-square-foot cold-storage facility is replacing the former U.S. headquarters of international drugmaker Novartis. Construction is expected to be complete in the first quarter of 2026.

Mount Olive

The Route 80 corridor in Morris County, which has become a popular location for the nation's expansion of warehouse space, is still active. In Mount Olive, 781,000 square feet of new warehouse space is expected to open early in 2026 at Matrix Logistics Park, replacing the former American headquarters of BASF, which was demolished in 2023.