

2022 MID-YEAR

NORTHERN NEW JERSEY

Multifamily Report

BERKADIA[®]

a Berkshire Hathaway and Jefferies Financial Group company





Jobs Added / Lost

LAST 12 MONTHS

60,800

↑ 5.2%

NEXT 12 MONTHS*

16,300

↑ 1.3%

Unemployment

MID-YEAR 2022

3.2%

↓ 350 BPS YOY

MID-YEAR 2023*

2.6%

↓ 60 BPS YOY

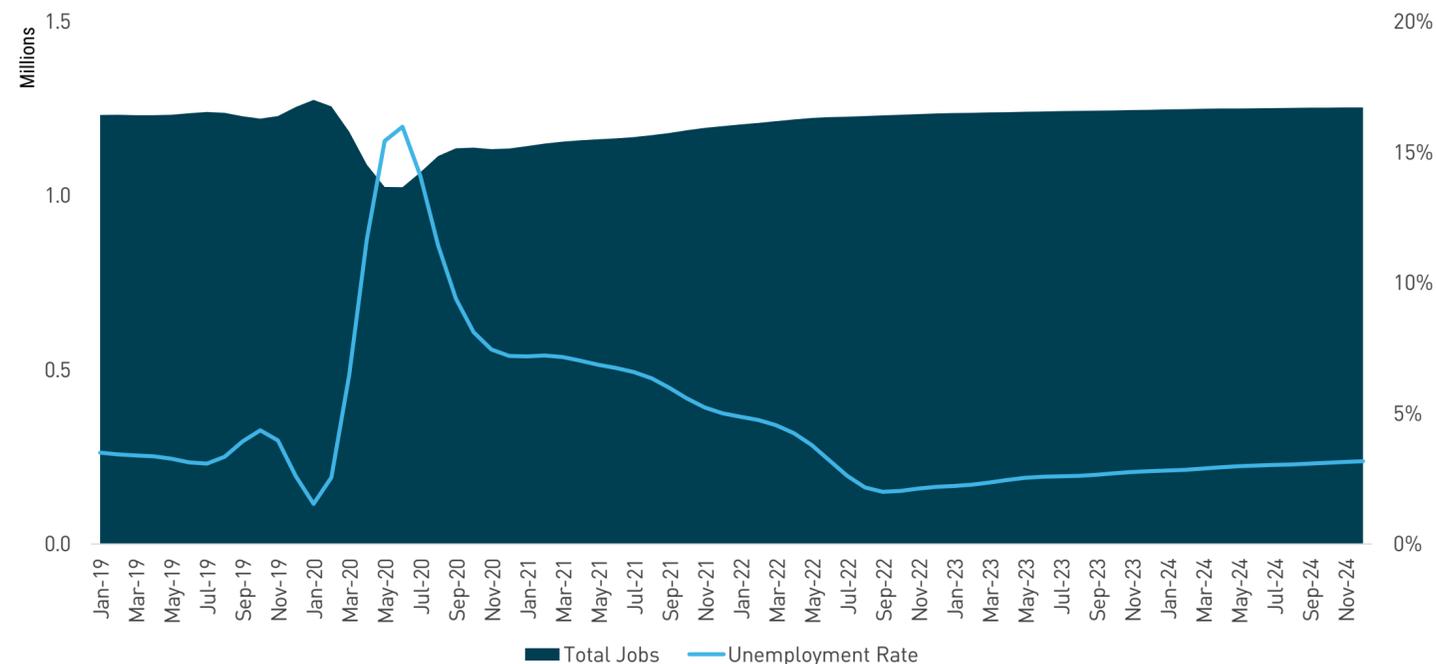
*Projected

NORTHERN NEW JERSEY EMPLOYMENT

Vigorous white-collar hiring underpinned the economic recovery across Northern New Jersey. The metro workforce reached 1.2 million in June 2022, 96% of pre-pandemic payrolls. With more jobs available, many residents also returned to work, driving down the unemployment rate to 3.2% by mid-2022, a 350-basis-point, year-over-year drop. As the largest employment sector in Northern New Jersey, the professional and business services industry was a pillar in the revitalization. By June 2022, the sector's payrolls surpassed the previous peak in January 2020. Professional and business services hiring was capped by a metro leading 16,600 workers added to headcounts in

the last year. These positions on average earn \$105,300 annually, helping to sustain Class A apartment demand across Greater New Jersey. Another white-collar employment sector that surpassed pre-pandemic payrolls by June 2022 was the information industry, where workers make \$115,700 on average every year. Continued job growth across the professional and business services and the information sectors are projected over the next year, expanding 1.1% and 1.3% respectively. The additions would be part of 16,300 new total nonfarm jobs forecast metrowide for a 1.3% increase by mid-2023. Steady growth would shift payrolls 97% of the previous high in January 2020.

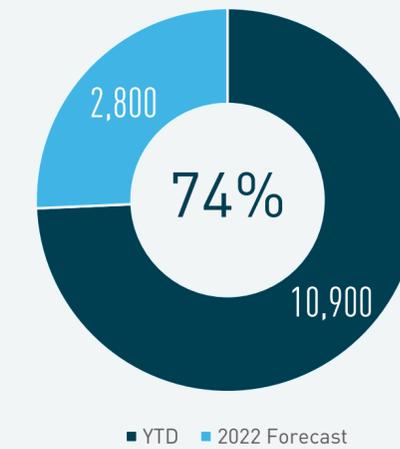
Employment Trends



SOURCE: Moody's Analytics

Who's Hiring?

TRADE, TRANSPORTATION, & UTILITIES INDUSTRY



20% OF ALL JOBS IN THE METRO

\$47,900 AVERAGE ANNUAL SALARY

Top Trade, Transportation, & Utilities Employers

	8,500 JOBS
	6,300 JOBS
	6,300 JOBS

In The News

- [Lionsgate Production Studio, 600 jobs coming to Newark](#)
- [Jersey City Medical Center unveils \\$100M expansion](#)
- [Applegreen to bring corporate HQ, 100 jobs to Bergen County](#)



NORTHERN NEW JERSEY DELIVERIES & ABSORPTION

2022 Units*

DELIVERIES

14,414

ABSORPTION

12,598

2023 Units*

DELIVERIES

19,220

ABSORPTION

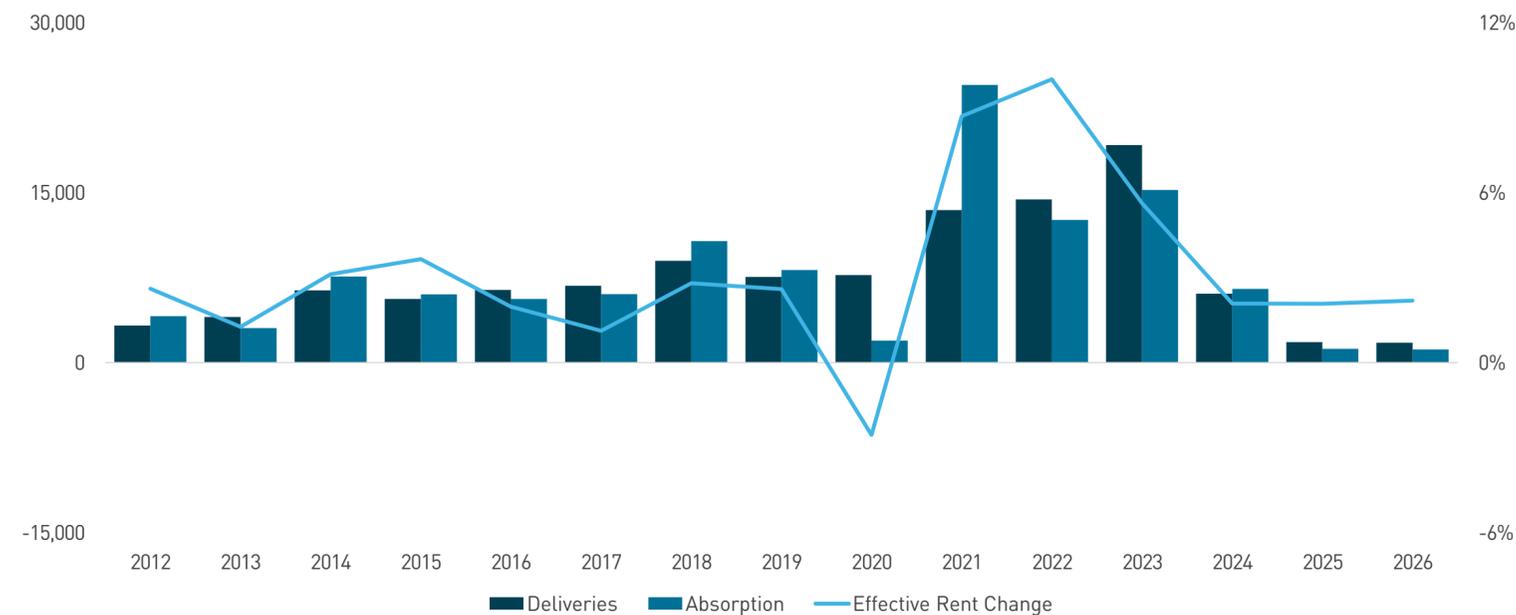
15,245

*Projected

Multifamily developers were bullish on the Northern New Jersey apartment market in recent years. More than 14,000 units came online in the last four quarters, up from approximately 10,100 deliveries during the previous year. A significant share of the latest additions was in the Jersey City submarket, with more than 5,100 units since mid-2021. The area is a more affordable alternative option to Manhattan for renters and developers. The largest project to begin lease-up last year was the 56-story Haus25. The 750-unit community in Jersey City is scheduled to complete in the second half of 2022. Haus25 was one of four new high-rise apartment buildings in the submarket in the last year. The majority of all other additions across Northern New Jersey came online in

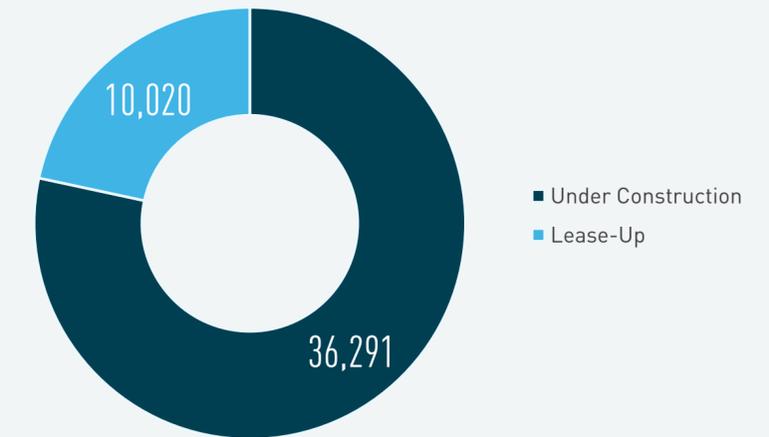
mid-rise communities. Renters responded favorably to the new inventory with 10 units absorbed on average per month per property. Metrowide, approximately 24,300 units were newly leased in the last four quarters, more than double the rate during the year prior. With sustained rental demand in recent years, elevated construction activity is expected to continue across Northern New Jersey. Builders are on pace to add nearly 16,000 units by mid-2023, 13.9% more than additions in the year prior. While deliveries in the Jersey City submarket again will lead all other areas next year, activity will uptick in the Union County submarket as developers focus on suburban locations near transit stations.

Deliveries, Absorption, & Effective Rent Change

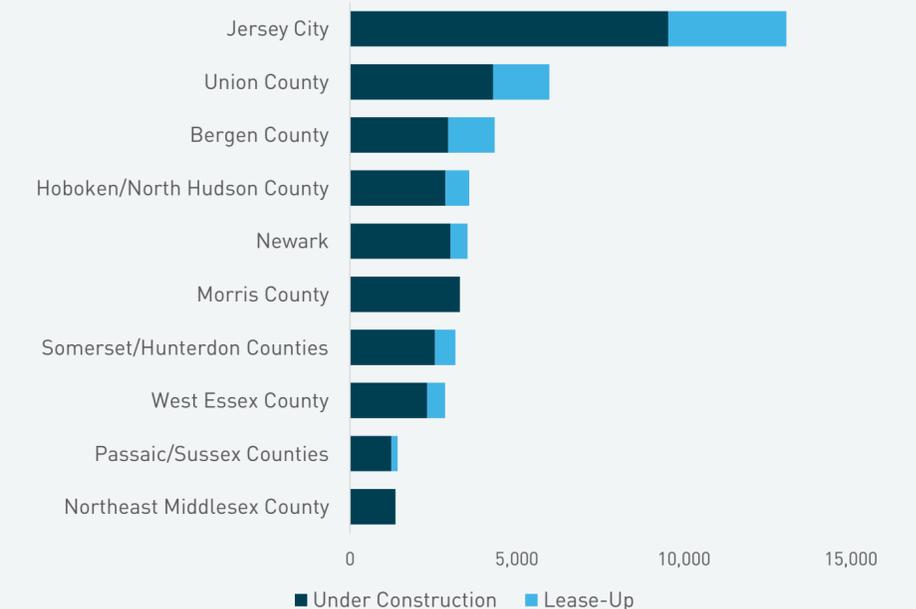


Source: RealPage

Market Pipeline



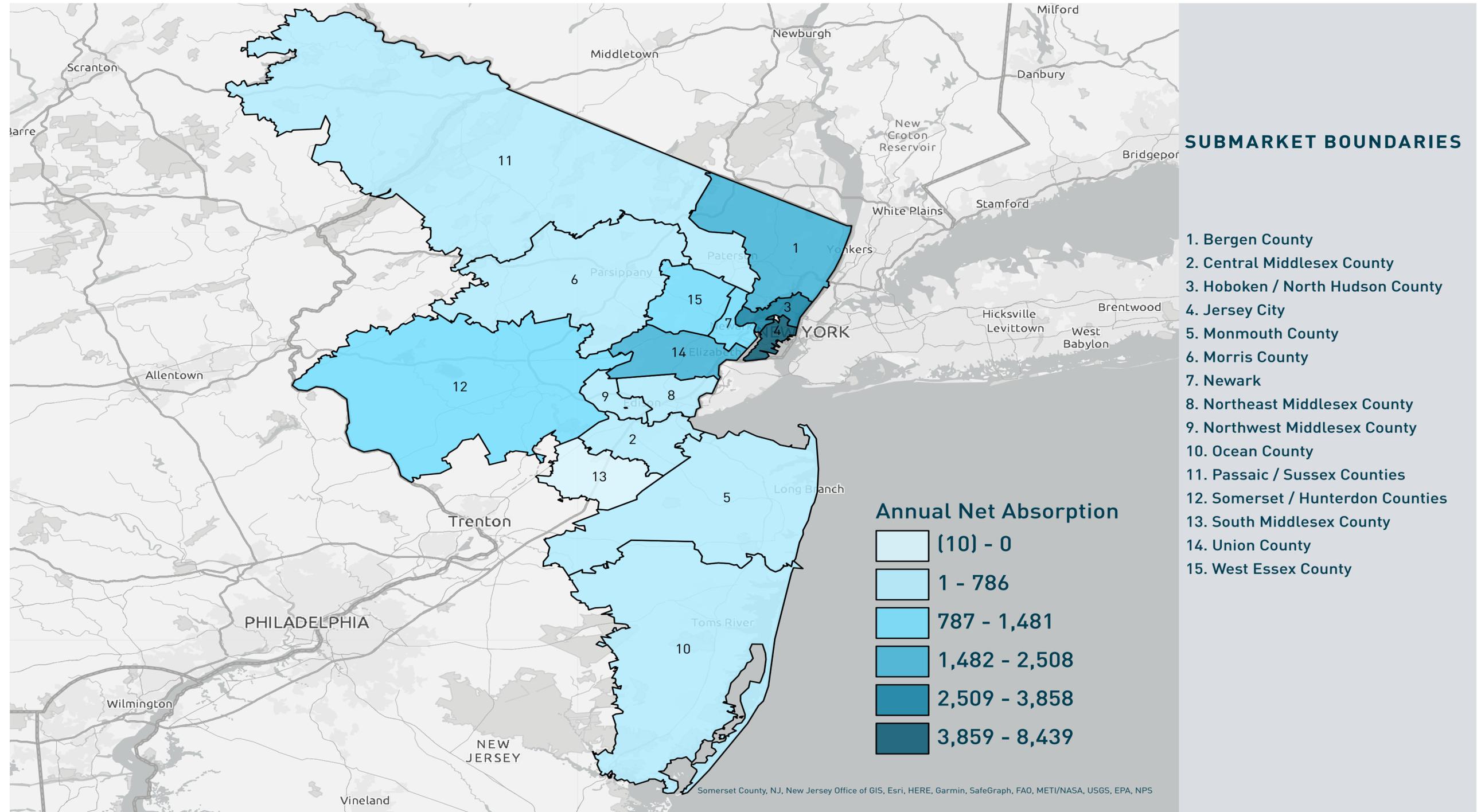
Top 10 Submarket Pipelines





NORTHERN NEW JERSEY SUBMARKET ANNUAL ABSORPTION

Renters were attracted to new inventory across Northern New Jersey as leasing activity exceeded deliveries in the last year for every submarket where builders brought units online. The trend was most evident in the Jersey City submarket, where more than 8,400 units were absorbed by mid-2022 as approximately 5,100 units came online. Underpinning demand for apartments was the rising cost of homeownership. Single-family home prices in Jersey City averaged \$550,000 in June 2022, an annual increase of 12.2%. The average cost of renting remained approximately \$500 per month less than the median mortgage payment for the city. This trend is forecast to continue over the next year, reinforcing residents' decision to rent over buying. Apartment operators in the Jersey City submarket are again expected to record the most net units absorbed over the next four quarters.





NORTHERN NEW JERSEY RENT & OCCUPANCY

Effective Rent

2Q 2022

\$2,355

↑ 12.7% YOY

Occupancy

2Q 2022

98.2%

↑ 200 BPS YOY

With robust leasing activity amid an influx of new inventory, Northern New Jersey apartment fundamentals rebounded during the last year. Average apartment occupancy reached 98.2% in the second quarter of 2022, up 200 basis points year over year. Contributing to high occupancy was the recent exodus of renters from neighboring New York City as Northern New Jersey provided more affordable rental options.

At an average of \$2,355 per month in the second quarter of 2022, the cost of renting in the market was approximately 40% less than leasing an apartment in New York City. The gap remained even as Northern New Jersey effective rent advanced 12.7% since mid-2021, more than

erasing the 0.6% dip in lease rates during the preceding year.

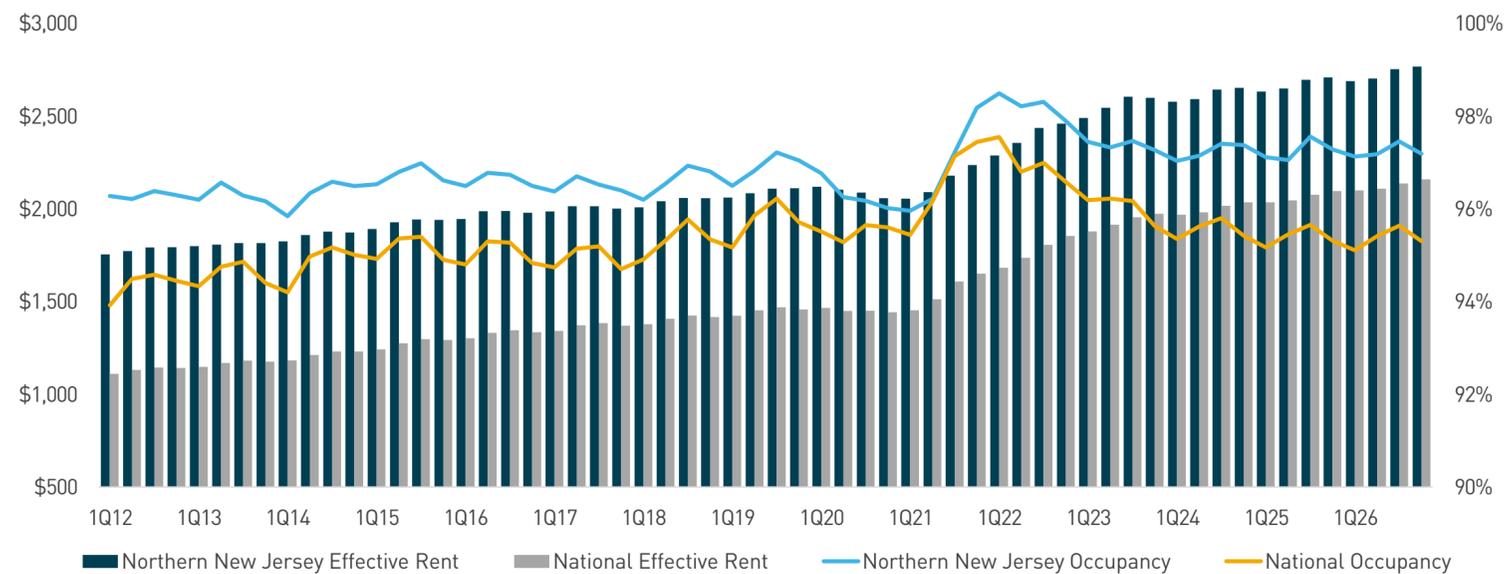
Apartment fundamentals are forecast to remain healthy over the next four quarters. Average apartment occupancy is expected to shift closer to the long-term average with an influx of new inventory. The rate is projected to settle at 97.3% in the second quarter of 2023, still higher than the 96.7% average since mid-2017.

Apartment operators are estimated to respond to the drop in occupancy by moderating rent growth at the same time. Effective rent is forecast to reach \$2,545 per month by the second quarter of 2022, an 8.1% annual increase.

Submarket Performance

SUBMARKET NAME	2022 OCCUPANCY	YOY (BPS)	2022 EFFECTIVE RENT	YOY
Bergen County	97.9%	160	\$2,565	8.9%
Central Middlesex County	97.5%	150	\$1,845	13.3%
Hoboken/North Hudson County	97.6%	410	\$3,196	13.6%
Jersey City	97.8%	500	\$3,322	18.3%
Monmouth County	99.2%	40	\$2,039	13.1%
Morris County	98.1%	120	\$2,060	10.0%
Newark	98.5%	150	\$1,606	9.8%
Northeast Middlesex County	98.0%	90	\$1,925	10.1%
Northwest Middlesex County	98.9%	220	\$1,936	13.8%
Ocean County	99.7%	30	\$1,690	7.6%
Passaic/Sussex Counties	98.6%	0	\$1,842	9.3%
Somerset/Hunterdon Counties	98.6%	180	\$2,137	13.0%
South Middlesex County	97.6%	-10	\$1,973	23.5%
Union County	98.3%	150	\$2,084	9.3%
West Essex County	98.4%	150	\$2,139	9.9%

Northern New Jersey vs. National Effective Rent & Occupancy



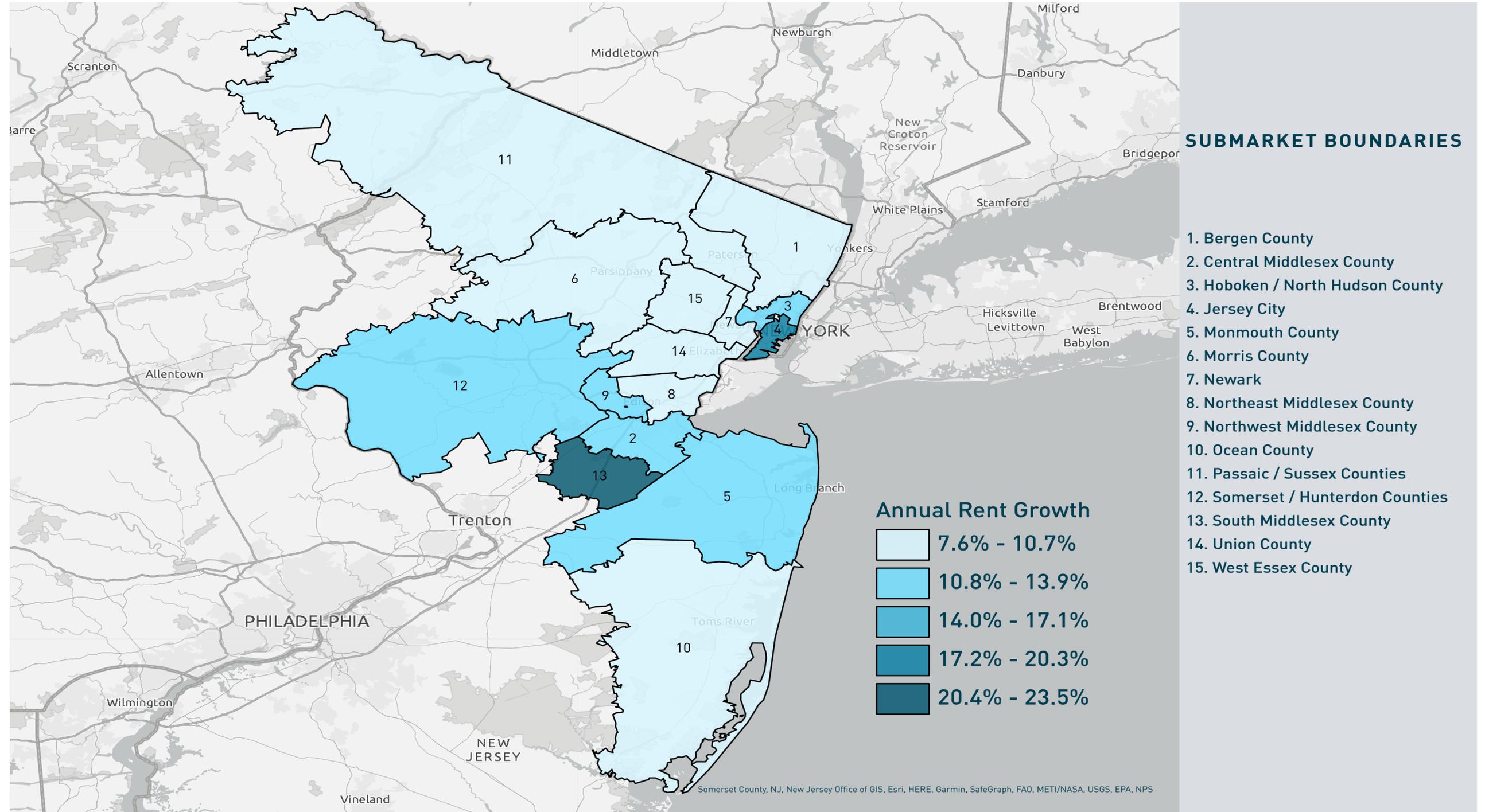
Source: RealPage



NORTHERN NEW JERSEY

SUBMARKET ANNUAL RENT CHANGE

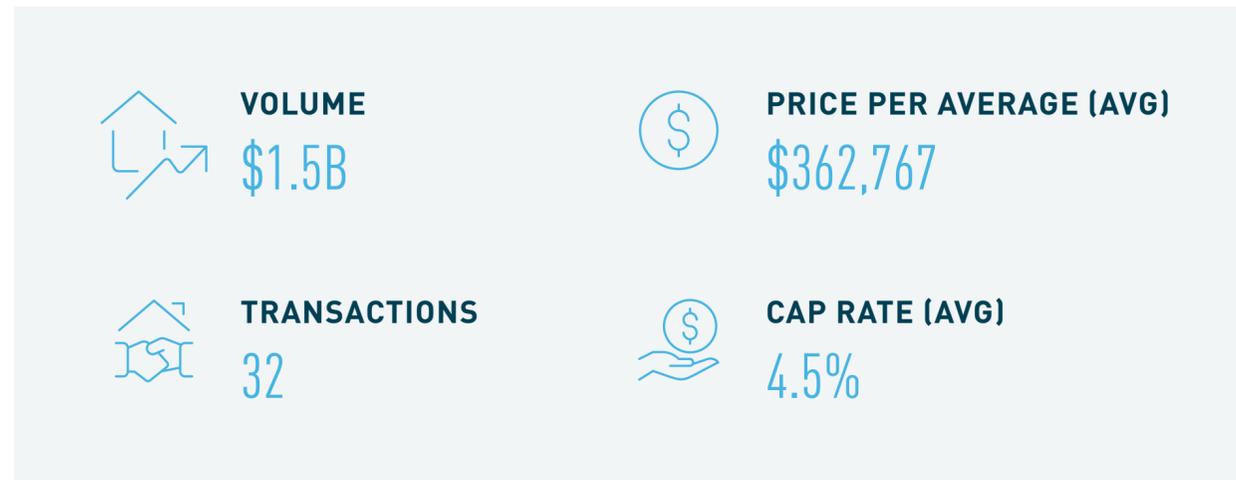
Even with a significant inflow of new apartment inventory since mid-2021, Jersey City apartment operators substantially advanced rents as more residents sought apartments in the highly sought submarket. At an average of \$3,322 in the second quarter of 2022, monthly effective rent advanced 18.3% annually. The latest increase more than offset the 10.1% drop in rent during the preceding year. Part of the decrease in effective rent came as Jersey City apartment operators expanded concessions at the start of the pandemic to attract renters while facing increased competition. With approximately 5,100 deliveries in the last year, apartment concessions settled at 12.3% in the second quarter of 2022. Even with a 10-basis-point, year-over-year decrease, recent concessions were still higher than the 7.5% average during the previous five years.



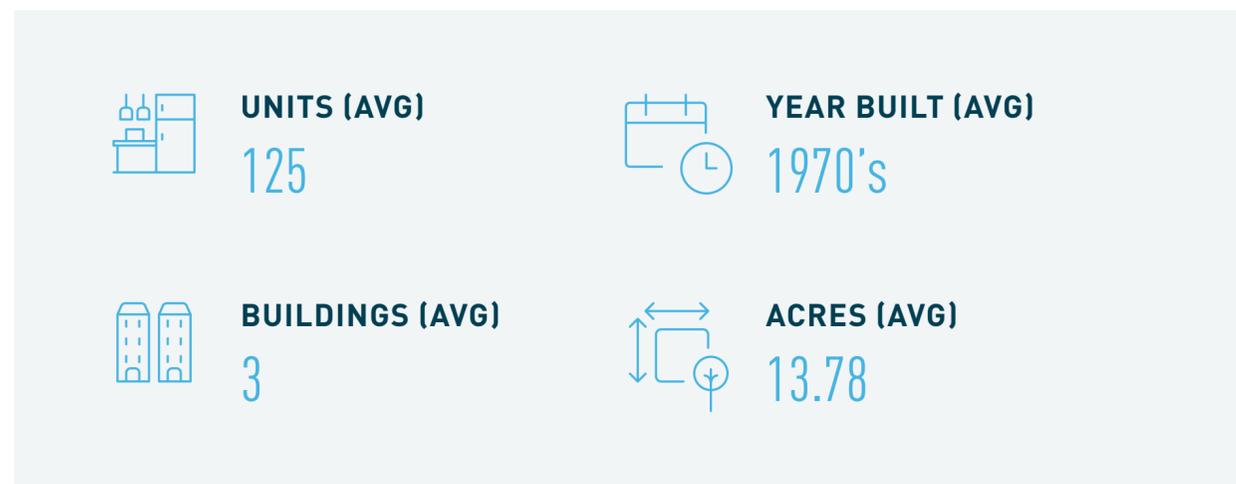


NORTHERN NEW JERSEY SALES

2022 Year to Date*



What's Trading?*



Source: Real Capital Analytics
*\$10m+

Top Buyers**

BUYER	LOCATION
Cammeby's	New York, NY
Harbor Group Int'l	Norfolk, VA
Skylight Real Estate Partners	New York, NY
Pacific Coast Capital Partners	Los Angeles, CA
AION Partners	New York, NY

Top Sellers**

SELLER	LOCATION
Salem Management Company	Union, NJ
Pantzer Properties	New York, NY
Barings	Charlotte, NC
Novel Property Ventures	New York, NY
AvalonBay	Arlington, VA

**Past 24 Months

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

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