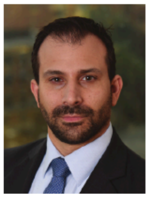
REAL ESTATE NJ
The Voice of New Jersey Commercial Real Estate

2026 MARKET FORECAST

Even with stretches of volatility in 2025, it was clear to many of our industry experts that capital and confidence had returned to the market in a way not seen in several years. That sets the stage for what could be a stronger and perhaps smoother 2026, one marked by conviction in fundamentals rather than cautious optimism.

You can read all about it in our 2026 Market Forecast, which features a distinguished list of commercial real estate experts and predictions on everything from leasing and lending to affordable housing, energy and capital markets.

REALESTATENJ MARKET FORECAST



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2025 started off slowly but proved to be more transactional as the year progressed. We anticipate this increased activity to continue, especially given the impact of lower interest rates and more stability around tariffs, which will ultimately lead to greater transaction volume in 2026. With this renewed stability in the market along with less new construction availability, product that has been vacant will receive additional activity, ultimately leading toward tenancy. In addition, the increased stability will provide more certainty to investors, allowing for greater transactional volume. With the focus on occupancy, rents in 2026 will remain flat and there will still be concessions within the market, especially in the beginning of the year. Vacancy rates should decrease across New Jersey to the extent where you could see additional construction starts preparing for 2027 and 2028 deliveries. The strong real estate fundamentals Rockefeller Group has built its industrial portfolio on continue to be a priority for occupiers and institutional investors: functionality, design, location and a flight to quality.

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AMBOY Bank

Amboy Bank is the most established, continually operating, full-service commercial bank in New Jersey. Amboy always looks at the unique circumstances of each borrower's position and goals before recommending the best possible options and solutions. Every individual situation deserves a thorough understanding of their particular objectives and Amboy has been so successful, in part, because of their expertise in offering creative options to even the most challenging circumstances. Being able to match the right loan with the right borrower, along with ongoing support and timely responsiveness, are a few of the reasons Amboy has continued to be voted 'Best Bank in Central New Jersey' for the past 28 years in a row. Amboy has proudly financed some of the most extensive and impactful building and housing projects in New Jersey, becoming one of the largest construction lenders in the state, a distinction that has earned it the title of "The Builder's Bank."

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2025 was a year of false starts — there were sporadic moments of forward momentum followed by immediate corrections. Recent rate cuts have not impacted the market the way they have historically because of the lack of underlying fundamentals supporting them and the uncertainty of future cuts. I think 2026 will be a very active year both on the new development and leasing side. There is a clearer pathway ahead of us than there has been for the last few years. Spaces continue to absorb here in the Northeast, and you cannot make more land, unfortunately. Whether the market will shift to a more landlord-favorable market or not is hard to say, but I think absorption at current rates will be really strong. Stability and predictability in leasing will directly translate to stronger and more liquid capital markets.

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CSG law

2025 saw twists, turns and some big thrills in the New Jersey real estate market. A new administration in Washington, D.C., our gubernatorial contest and the Jersey City and New York City mayoral races all demanded our attention. Interest rates, tariffs and affordable housing were factors challenging many proformas. Still, the resilience of the Garden State has never been more evident. Gold Coast residential lease velocity and rates are impressive. "Hollywood East" keeps expanding with Netflix Studios in Fort Monmouth, Lionsgate in Newark and 1888 Studios in Bayonne. Maher Terminals and Maersk affiliate, APM Terminals, each inked landmark 30+ year lease extensions in Elizabeth. Retail leasing is on the upswing. On the flip side, owners with maturing sub 4 percent loans are in an improving but still uneasy rate environment. Some office owners are looking to residential conversion as a lifeline. Back to good news, conventional lenders are back in the market and equity investors stand ready for the right project. The glass is more than half full. In 2026, CSG Law's market-leading Real Estate Group will continue to adapt, grow and work tirelessly to meet our clients' ever-changing real estate needs.

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MICHAEL BULDO, AIA
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This year, architectural strategies will align closely with value creation, every square foot will deliver measurable utility and market appeal. Layouts that maximize functionality without compromising aesthetics, particularly in high-density urban environments where space is at a premium. Flexible floorplans, multiuse spaces and design solutions that enhance both livability and long-term asset performance.

Balancing density with livability is critical for sustaining long-term demand. Architects will integrate shared spaces that foster social interaction such as landscaped courtyards, communal lounges and mixed-use amenities while maintaining privacy and comfort for residents. This approach creates vibrant, connected communities that feel inclusive and adaptable to evolving lifestyle needs.

Amenities beyond traditional offerings that enhance lifestyle appeal like wellness-focused features (fitness studios and meditation rooms), work-from-home infrastructure (coworking lounges) and experiential spaces (rooftop gardens and entertainment zones) will strengthen tenant retention.

Locations near mass transit will continue to be prime investment zones. Designs with connectivity in mind integrating bike storage, EV charging stations and pedestrian-friendly layouts that complement transit access and support sustainable mobility trends.

Smart building technologies will become standard, enabling energy optimization, predictive maintenance and seamless tenant services. Features like app-based access control, IoT-enabled appliances, and automated climate systems will reduce operating costs while elevating the tenant experience. This tech-forward approach positions properties for long-term competitiveness.

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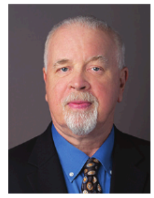

THOMAS F. CARROLL III
PARTNER AND CHAIR, LAND USE DEPARTMENT

We expect the commercial real estate market in 2026 to be driven by continued demand for multifamily housing, mixed-use projects and data centers, among other uses. Our clients also continue to be busy developing, buying and selling industrial properties, especially last-mile distribution facilities. While various factors affecting steel, aluminum and other building materials inflated costs in 2025, market conditions are improving as pricing stabilizes, interest rates go down and investors return to the market.

The market for multifamily housing and mixed-use projects should remain strong in 2026. As a result of the landmark legislation reforming New Jersey's affordable housing framework, known as "A4," municipal fair share obligations for a 10-year compliance period were established in 2025, and fair share plans designed to meet those obligations were drafted and evaluated by the Affordable Housing Dispute Resolution Program. The A4 proceedings have generated the obligation to rezone for many thousands of new homes, mostly in the multifamily and mixed-use sectors. This will undoubtedly increase the supply of both market-rate and affordable housing throughout New Jersey as the new developments are approved and, ultimately, constructed. There is no doubt a shortage of opportunities to build single-family homes, largely due to the scarcity of vacant, developable land throughout the state, presenting a challenge to planners and governmental officials, especially as redevelopment opportunities arise. Demand for new retail and other nonresidential uses can closely track the construction of new housing, so the year ahead should present many opportunities.

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EDWIN COHEN
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We are extremely bullish on trophy, Class A office product heading into 2026. Today, "Class A" has a different connotation than it once did. It ties to more than just the beautification of a building and how great it looks from the street. It's where you can walk to, not where you can drive to. It's the lifestyle amenities integrated within the building and the immediate surroundings. We truly believe the old adage "location, location, location" is more relevant than ever. Properties that deliver the whole package will perform very well in both the short term and the long term. That said, this is not an environment of "easy" dealmaking. Every transaction has its own nuances, yet across the board they mandate a flexible, market-reactive approach. The key to success as an owner today — beyond offering top-level, high-demand product — is staying power, which requires deep resources and good partners.

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CHRISTOPHER J. COILEY
FIRST SENIOR VICE PRESIDENT CRE REGIONAL MARKET PRESIDENT

As 2026 unfolds I remain cautiously optimistic about the commercial real estate market in New Jersey. With interest rates trending lower, many companies tightening their return-to-office policies and ecommerce continuing to have success, the real estate market should continue to ride the tide. There doesn't seem to be a shortage of access to capital, and we've definitely seen an uptick in commercial real estate activity during the past 12 months (acquisition, development and refinances). Specific asset classes that continue to flourish are in the multifamily, industrial and retail sectors. Office continues to be a bit of a question mark, but we've definitely seen some positive traction on that front. Multifamily and industrial sectors continue to lead, driven by persistent housing demand and robust logistics growth. However, challenges remain: regulatory uncertainty, evolving environmental restrictions and the need for resilient infrastructure are top concerns for developers and investors. The flight to quality persists, with tenants and buyers prioritizing modern amenities, energy efficiency and strategic locations. Technology integration — especially AI and data centers — is reshaping asset selection and operational efficiency. While risks such as refinancing hurdles and policy shifts linger, those who adapt to changing fundamentals and leverage granular market intelligence will be best positioned to thrive in this dynamic landscape.

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GREGORY J. DEMARCO, PE
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AI is transforming the MEP/FP (mechanical, electrical, plumbing and fire protection) consulting engineering field in significant ways by improving efficiency, lowering risk, enhancing collaboration and enabling better design decisions. AI is by no means replacing MEP/FP engineers yet enhancing their capabilities through automation. We've seen the incorporation of AI into existing design applications for quite some time now and it is continually evolving. Not only does AI reduce repetitiveness, but it also detects errors while improving coordination and documentation. Judgement, licensing and code responsibility, on the other hand, can never be replaced and will always remain 100 percent human.

The technology sector is booming and shows no signs of slowing down. We've seen a tremendous uptick in data center design and feasibility studies as firms work to capture the ever-evolving AI world. It's important to note that power distribution is emerging as a major bottleneck in the development of these sites, as reliable electrical capacity is increasingly becoming a premium resource. Our outlook for 2026 remains very solid in the technology, health care and life sciences sectors as commercial office space still lags considerably.

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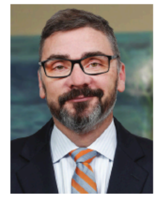

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New Jersey's energy future remains unpredictable, and as new development opportunities like data centers continue to be pursued, project success will depend significantly on effective risk management. Our energy team includes former senior administrative agency executives who offer the firm's clients decades of insider perspective and the benefit of lessons learned through their involvement with a wide range of energy projects and users. A complex and layered landscape of energy, environmental and land use regulations will continue to define this sector of the market, making a reliable roadmap to navigate these regulatory issues a key component of ensuring both predictability and confidence in successfully identifying and mitigating energy project risks.

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Since 1906

The New Jersey commercial real estate market continues to adjust following the rapid economic changes of the past several years. While higher interest rates and inflationary pressures tempered transaction volume, the market has remained active and increasingly disciplined. Over the past year, pricing expectations have become more realistic, lending conditions have stabilized and both buyers and sellers have shown greater willingness to transact, particularly for well-located and well-performing assets.

New Jersey's commercial real estate sector has historically demonstrated durability through economic cycles, supported by its dense population, strong employment base and proximity to major metropolitan markets. Market activity today is being driven by fundamentals rather than speculation, with investors prioritizing cash flow, long-term stability and locations with proven demand. This environment has reinforced the importance of local market knowledge, thoughtful underwriting and strategic advisory services.

Investment real estate in New Jersey remains a core allocation for both private and institutional investors seeking long-term value. Multifamily continues to lead the market, underpinned by sustained housing demand, limited new supply in many submarkets and ongoing affordability challenges for homeownership. In addition, select retail, industrial and mixed-use properties in established corridors and transit-oriented locations remain in demand, reflecting the resilience and diversity of New Jersey's commercial real estate market.

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2025 was an exciting year in affordable housing law. Municipal obligations for the fourth round were established; plans were submitted and developers filed objections. Deals have been cut through the program, producing an unprecedented number of "as of right" housing units to be constructed in New Jersey. 2026 will be even more exciting. There are still many deals to be cut between municipalities and developers. The amended Fair Housing Act requires zoning for all these projects to be in place by March 15. Planning boards will be very busy in 2026, and massive construction will occur in New Jersey for the next several years. Inglesino Taylor is poised to assist developers with their real estate needs as we continue through the most exciting chapter of development in New Jersey's history.

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CROW HOLDINGS

Considering current movement in industrial leasing, supply and capital markets — as well as a really productive year within our own portfolio — the Crow Holdings team is entering 2026 with a positive outlook. On the leasing front, the market is seeing strong activity and recorded positive net absorption during Q3 for the first time in more than a year. This was boosted by the return of household-name tenants in the market after being sidelined during tariff negotiations. New product deliveries remain limited, contributing to healthy fundamentals. More capital on the lending side than available deals to finance is creating deep benches and competitive terms for new debt. And if the 10-year holds steady, the trend of large equity getting back into the market will likely continue. Putting aside our lack of a crystal ball, these indicators all point to an encouraging start for 2026.

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As we pivot from the headwinds of 2025, the Northeast housing market continues to outpace the nation, transitioning into a more balanced and stabilized landscape. With construction costs leveling and interest rates moderating, the pause in new construction starts has created a supply shortage that owners with zoning approvals are now well-positioned to fill.

The pipeline for quality residential housing communities remains active, driven by New Jersey's affordable housing policies, a lifestyle shift toward downtown convenience and robust suburban rental demand fueled by high homeownership costs.

For Minno & Wasko, the focus is clear: designing high-quality, multigenerational communities that foster a true sense of place and wellbeing. The projects that will outperform in 2026 are those integrating diverse housing typologies with curated, memorable experiences — offering residents a convenient and flexible living environment and lasting value to owners and community stakeholders.

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As New Jersey's commercial real estate market moves into 2026, the story is one of stability, not volatility. Activity across the major asset classes remains steady, with market participants focused less on speculation and more on fundamentals like location, tenant demand and long-term viability.

Multifamily continues to anchor the market. While rent growth has moderated in some submarkets, demand remains strong, particularly in areas tied to jobs, transit and everyday amenities. The market is settling into a healthier balance, where value, livability and affordability matter more than aggressive pricing.

Retail has proven more resilient than many expected. Neighborhood centers and Main Street locations anchored by food, service, fitness and dining continue to perform well, especially when they reflect local needs.

Industrial demand remains solid, driven by New Jersey's strategic position in the Northeast corridor. Tenants are prioritizing efficiency, flexibility and proximity, reinforcing the value of well-located, high-quality assets.

Overall, 2026 favors thoughtful planning, strong locations and assets aligned with how people actually live, work and shop.

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wiss

The prognostication of the real estate market can be left to the brokers and owners who operate daily in New Jersey's dynamic real estate environment. Instead, this is an update on the evolving accounting firm landscape.

Client demand has fundamentally changed. Today, accountants sit at the center of nearly every financial, operational and strategic decision a client makes. Our success is driven by our clients, and Wiss has intentionally reinvested in the firm to meet those changing expectations.

Wiss has made significant investments in technology, data and process transformation particularly in AI and automation — to modernize the way accounting and advisory services are delivered especially through our partnerships with BASIS and Rillet. Through firmwide initiatives such as Wiss Labs and the deployment of AI-enabled workflows, we have automated core accounting processes, enhanced data accuracy, accelerated reporting timelines and unlocked deeper, real-time insights for our clients. These investments allow our professionals to spend less time on manual compliance work and more time advising clients on higher-value, forward-looking decisions.

At the same time, our service mix has expanded meaningfully. Clients are increasingly demanding data analytics, financial and strategic consulting, family office services (including wealth management and insurance), advisory, recruiting, IT and systems implementation, automation services, trusts and estates, outsourced accounting and deep, specialized tax expertise — particularly within the real estate industry. Wiss has built and integrated these capabilities intentionally, recognizing that clients no longer want fragmented service providers.

The objective for leading firms today is to function as a true one-stop platform — combining technical excellence, industry specialization and technology-enabled delivery. If you are not hearing this from your firm, it is worth asking why.

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REALESTATENJ MARKET FORECAST

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North Jersey's multifamily market is poised for another strong year in 2026, with transaction volume expected to surpass 2025 — the most active year since 2022. Cap rates will continue to stabilize, and garden-style value-add assets will remain the preferred investment choice. Institutional capital and bank financing have returned, driving robust liquidity. New construction rents are likely to level off as the market absorbs recent deliveries, except in high-demand submarkets, where rents are expected to continue rising. — Ozturk

Northern New Jersey's multifamily market is positioned for stronger transaction activity in 2026. Improving capital markets, anticipated Fed rate cuts and 10-year Treasury yields stabilizing near 4 percent should continue to boost both debt and equity liquidity. Significant dry powder accumulated during the Fed's rate-hiking cycle is poised for deployment, and the permanent reinstatement of 100 percnt bonus depreciation under the One Big Beautiful Bill enhances buyer returns. The fundamentals are aligning for a compelling investment environment as we head into 2026. — Gatto

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After a challenging period marked by higher interest rates, rising construction costs and regulatory pressure, New Jersey's commercial real estate market is entering 2026 with cautious optimism. While many large projects will remain on hold, well-capitalized adaptive reuse and mixed-use developments are likely to move forward, particularly where municipalities recognize the need to preserve ratables and revitalize aging retail assets. Health care facilities and ambulatory centers are emerging as some of the most viable development opportunities, benefiting from community support and fewer entitlement hurdles. At the same time, data center demand remains strong, though constrained by infrastructure, utility capacity and public scrutiny. Affordable housing mandates will continue to shape project design and approval timelines, placing additional strain on the bottom line for developers. Success in 2026 will favor developers and municipalities that collaborate early, plan strategically and remain flexible in navigating financial and regulatory realities.

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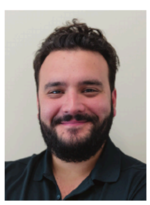

JOSEPH SWANEKAMP
CO-FOUNDER AND VICE PRESIDENT

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As in recent years, activity in 2025 did not pick up until the third and fourth quarters amid continued uncertainty. The post-COVID pattern persisted: year-end brought a rise in CapEx activity, but with a clear shift toward maintenance-driven improvements and phasing larger plans into smaller, more manageable projects.

Looking to 2026, we expect similar conditions — measured spending, selective capital planning and a sustained focus on keeping properties fully operational. In response, we've invested in advanced equipment and technology within our maintenance services division, allowing us to work more efficiently on active sites and complete critical exterior improvements without disrupting tenants.

Drainage systems, parking lots and pavement remain major expenses for commercial and industrial properties in New Jersey. We anticipate steady demand for preventative and structural repairs as owners work to defer full replacements and control long-term costs. At the same time, rising insurance premiums driven by more frequent storms are pushing owners to prioritize exterior upgrades that reduce flooding, minimize surface failures and strengthen overall site resilience.

Overall, 2026 presents a promising opportunity for well-planned exterior improvements to strengthen assets and support long-term performance.

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