
Downtown Newark Real Estate Report Third Quarter 2023



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About This Report

The Newark Downtown District (NDD) has provided this report to share downtown real estate trends, findings, development projects, and comprehensive insights with the district's community, businesses, and stakeholders. This report will be updated quarterly and available on www.downtownnewark.com.

Cover Photo:

Treat Place between William Street and Branford Place

Photos to the Left:

- 23 Pennsylvania Avenue (Link Charter School)
- NDD Rock the Block event
- 12 Halsey Street (also 27 Central Avenue)
- Kilkenny Alehouse
- Broad Street at the intersection of Branford Place
- 1010 Broad Street – Paramount Assets’ [Symphony Flats](#) development site adjacent to Symphony Hall

Newark Downtown District

About the NDD:

The Newark Downtown District (NDD), Newark's special improvement district (SID) of the central business area, is a privately funded 501(c)(3) non-profit organization, dedicated to enhancing cleanliness, safety, and beautification in Downtown Newark, while preserving and enriching culture, commerce, and community.

NDD works hard to enrich the quality of life for those who live, labor, and leisure in Newark by providing supplemental cleaning and quality of life services, as well as physical improvements, horticulture, marketing, and event programs. These efforts make downtown Newark attractive to residents, businesses, students, and visitors.

The NDD is funded through a special assessment on district commercial and residential properties and is overseen by a Board of Trustees consisting of business and property owners within the District, representatives of non-profit organizations, as well as municipal officials and staff.

The NDD defines downtown Newark as the area generally bounded by Route 280 to the north, the Passaic River and the New Jersey Transit and AMTRAK rail to the east, Poinier Street to the south, and University Avenue, Washington Street, and Pennsylvania Avenue to the west. The adjacent map shows the specific boundaries as defined by the NDD. Property statistics in this report represent properties in the NDD special improvement district.





Executive Summary

Weakness is noted in Newark’s downtown office operating performance in the third quarter; however, aside from office, operating statistics for the balance of the commercial property sectors improved in Q3. New supply has affected multifamily statistics with the delivery of 726 apartment units since the fourth quarter of 2022. Highlights are as follows:

- The downtown office occupancy rate declined 1.8% to 81.0% in the third quarter of 2023 from 82.8% in the second quarter of 2023
- Retail occupancy increased 2.5% to 91.7% in the third quarter of 2023, from 89.2% in the second quarter of 2023
- Multifamily occupancy increased 0.8% to 88.4% in the third quarter of 2023, from 87.6% in the second quarter of 2023
- Finally, hospitality RevPar increased 38% for the month of August 2023 (latest available)

Newark Downtown Real Estate Operating Statistics

Property	2020 Q3	2020 Q4	2021 Q1	2021 Q2	2021 Q3	2021 Q4	2022 Q1	2022 Q2	2022 Q3	2022 Q4	2023 Q1	2023 Q2	2023 Q3	YOY* Chg
Office Occupancy	85.5%	86.3%	83.2%	83.3%	84.2%	84.3%	83.9%	84.1%	84.0%	83.4%	83.9%	82.8%	81.0%	-3.0%
Retail Occupancy	90.2%	89.9%	89.3%	90.5%	91.6%	91.7%	90.4%	88.7%	89.6%	90.1%	90.0%	89.2%	91.7%	2.1%
Multifamily Occupancy	92.7%	92.6%	91.5%	94.3%	96.8%	96.9%	96.9%	96.5%	96.5%	90.2%	92.3%	87.6%	88.4%	-8.1%
Hospitality RevPar**	-67%	-60%	5%	142%	150%	129%	63%	48%	22%	12%	25%	16%	38%	NM

Source: CoStar; NDD. *Year-Over-Year (YOY) ** Revenue per available room. RevPar monthly as of the quarter's end except 2023 Q3 - August.

Downtown News

Newark’s Central Planning Board Approves Three Cannabis Dispensaries

At its July 24, 2023 [meeting](#), Newark’s Central Planning Board (CPB) approved three cannabis dispensaries for downtown Newark. All three locations are currently vacant buildings within Newark’s Four Corners commercial corridor.

Plans include renovating close to 22,000 square feet of vacant space with the dispensaries employing approximately 70 employees.

The locations are as follows:

- 776-778 Broad Street – Community Greenhouse
- 799-805 Broad Street – Hashstoria: Cannabis Dispensary and Consumption Lounge
- 42 Commerce Street – Natural Neighborhood Dispensary

Downtown Office Statistics

We note general weakness in office fundamentals for the second consecutive quarter. The downtown office occupancy rate declined 1.8% to 81.0% in the third quarter of 2023 from 82.8% in the second quarter of 2023.



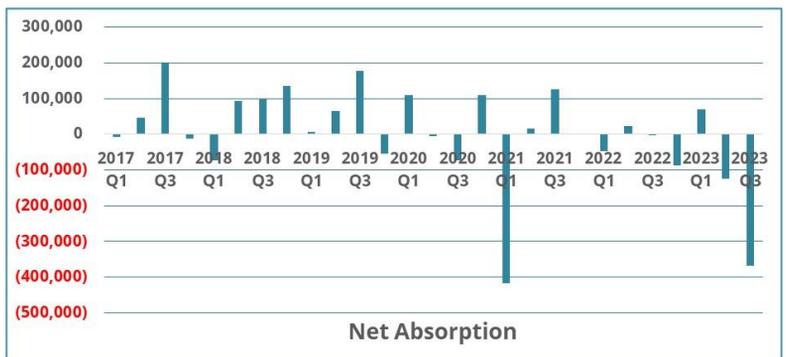
Direct vacancy increased 1.9% to 14.6% in the third quarter of 2023 from 12.7% in the second quarter of 2023. Sublet vacancy declined 0.1% to 4.4% in the third quarter of 2023 from 4.5% in the second quarter of 2023.



Market rents increased 1.0% to \$30.83 per square foot in the third quarter of 2023 in a sequential-quarter comparison and increased 2.5% from \$30.07 per square foot in the third quarter of 2022 in a year-over-year comparison.



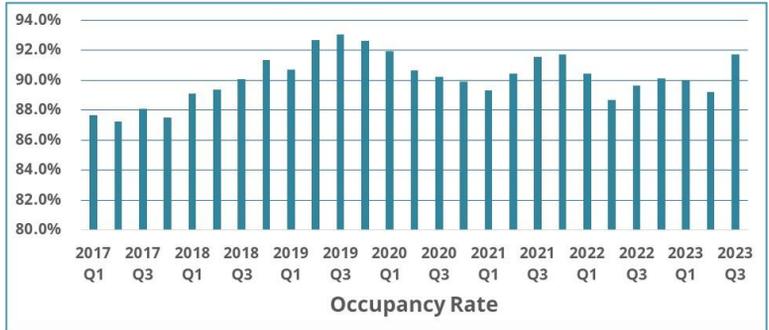
Net absorption declined over 370,000 square feet in the third quarter as new space came on the market.



Net Absorption is space leased minus space vacated with negative net absorption reflecting increased vacancy.

Downtown Retail Statistics

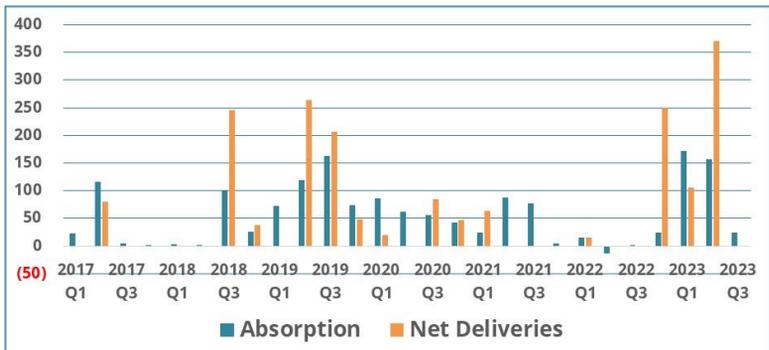
After a decline in occupancy of 0.9% from the fourth quarter of 2022, retail occupancy bounced back in the quarter. Retail occupancy increased 2.5% to 91.7% in the third quarter of 2023, from 89.2% in the second quarter of 2023.



Retail rents increased to \$29.88 per square foot in the third quarter of 2023, from \$29.38 per square foot in the second quarter of 2023.



Absorption totaled close to 62,000 square feet, reflecting the increase in occupancy in the third quarter.



Net Absorption is space leased minus space vacated with negative net absorption reflecting increased vacancy.

Downtown Multifamily Market Rate* Statistics

Downtown multifamily occupancy increased 0.8% to 88.4% for the third quarter of 2023, from 87.6% in the second quarter of 2023.

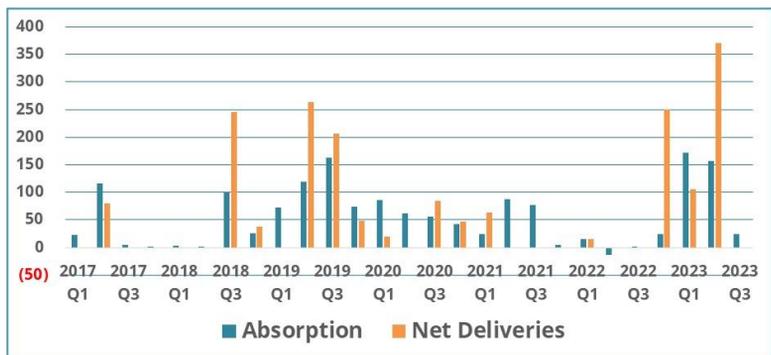
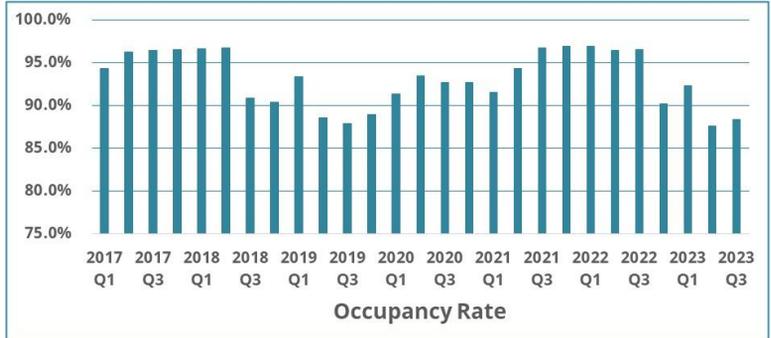
CoStar's data includes the completion of the following apartment towers since the fourth quarter of 2022:

- The 250-unit Newark Urby;
- The 106-unit Indigo Residence and;
- The 370-unit ICONIQ 777

The projects are in lease-up and have affected the downtown occupancy and vacancy rates, which peaked at 96.9% in the first quarter of 2022. We expect occupancy should continue to trend up, reflecting positive absorption since no new supply will come online until 2024.

Effective rents per unit declined 2.6% to \$2,190 per unit in the third quarter of 2023, from \$2,249 per unit in the second quarter of 2023.

CoStar's results beginning in the second quarter of 2023 include both the ICONIQ 777 and Indigo Residence rents for the first time. If we exclude these properties, rents per unit declined 2.7% to \$2,061 per unit in the third quarter of 2023, from \$2,119 per unit in the second quarter of 2023.



* Data reflect multifamily market rate and market rate with affordable properties (versus affordable properties) to highlight operating statistics for properties that principally consist of market-rate units.

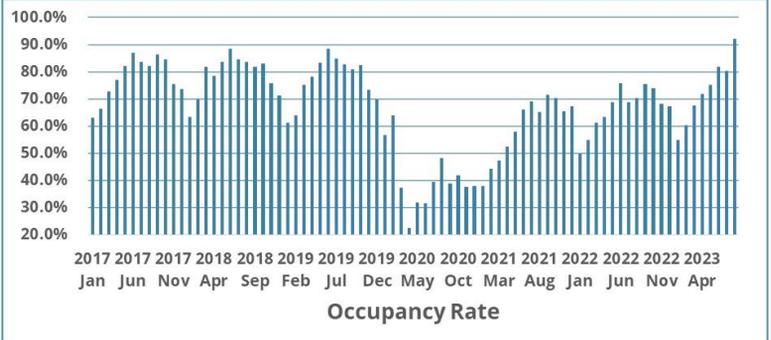
Absorption is space leased.

Absorption totaled approximately 25 units in the third quarter of 2023.

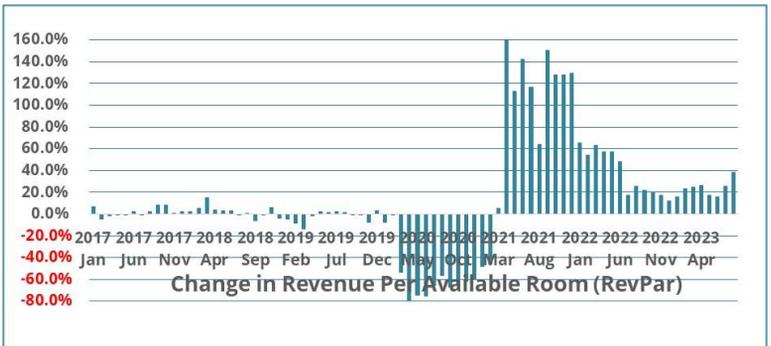
Downtown Hospitality Statistics

Hospitality occupancy increased to its highest level in the last seven years!

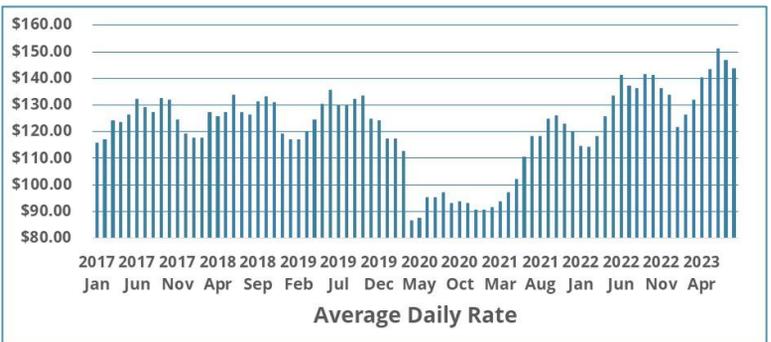
Occupancy increased 10.8% to 92.1% in August 2023 (latest available) versus 80.3% in June 2023.



RevPar continues to trend positive and totaled 38.2% in August 2023 versus 15.7% in June 2023.



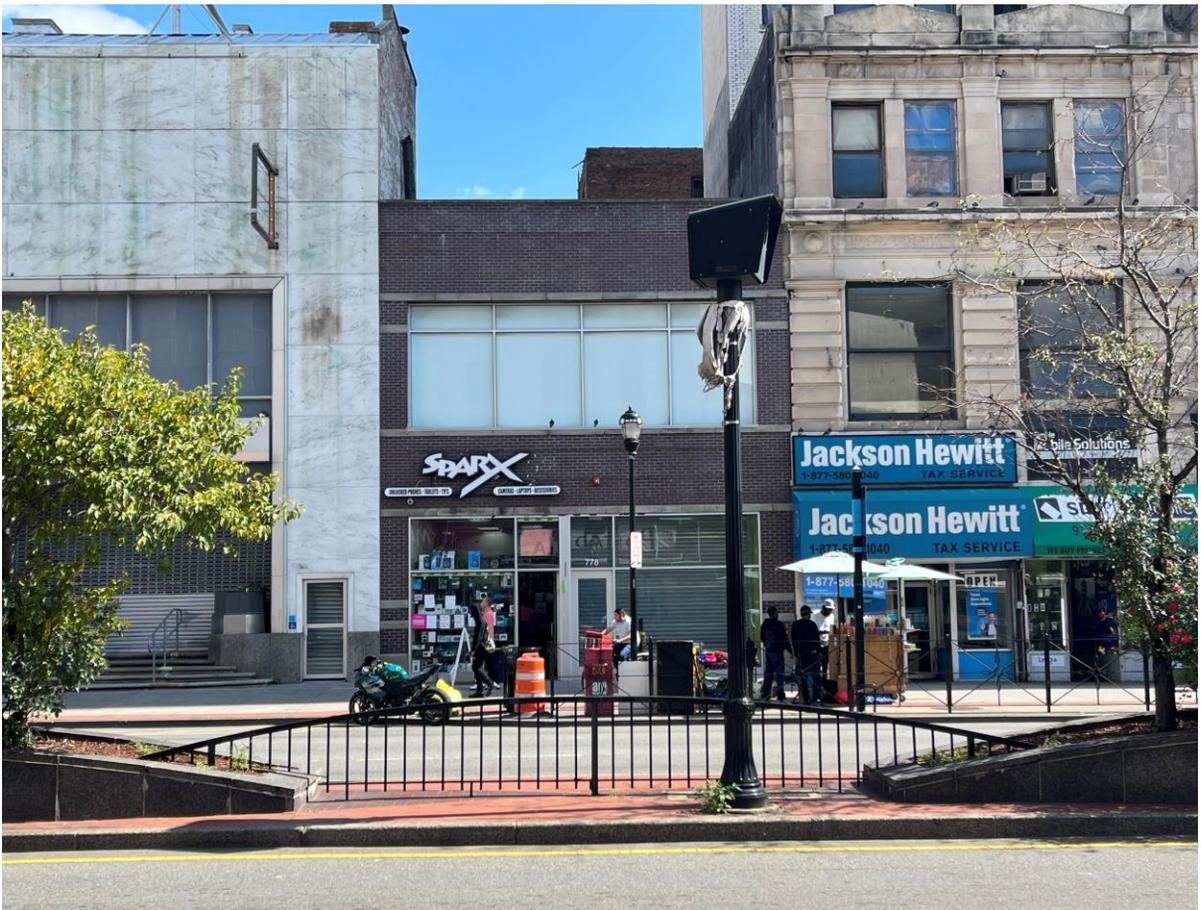
Average daily rate totaled \$143.79 in August 2023 versus \$151.22 in June 2023.



Downtown News - Dispensaries

Community Greenhouse – 776-778 Broad Street

776-778 Broad Street is on the eastern side of Broad Street between Clinton Street and Commerce Street and is the previous location of SpaRX – an electronics repair store – and Amerigroup – a health insurance company. Paramount Assets owns the building and plans an entire renovation of it, which includes two floors and a basement. The ground floor will serve as retail, the upper floor will be for business use, and the basement will be used for storage. The three floors total 8,942 square feet, with the dispensary employing approximately 25 employees. Click [here](#) for the application and plans filed with the CPB.



Downtown News – Dispensaries (continued)

Hashstoria: Cannabis Dispensary and Consumption Lounge – 799-805 Broad Street

799-805 Broad Street is on the west side of Broad Street between Market Street and Branford Place and is the previous location of Ashley Stewart and Payless Shoe Source. BMHC, LLC – a New York-based real estate company – owns the building. BMHC also owns several properties on the southwest corner of Broad Street and Market Street. Plans are to renovate the previous Ashley Stewart space into a dispensary and to renovate the second-floor space into a consumption lounge. Of the building’s approximately 28,000 square feet, this project entails renovating 11,000 square feet with the dispensary and consumption lounge, employing approximately 35 employees. Click [here](#) for the application and plans filed with the CPB.



Downtown News – Dispensaries (continued)

Natural Neighborhood Dispensary – 42 Commerce Street

42 Commerce Street is off Broad Street on the south side of Commerce Street, and is the previous location of China Express Authentic Chinese Food. The application filed with the Central Planning Board lists Young S. Sohn as the owner, who is also the owner of additional properties in the Four Corners retail corridor. Plans are to renovate the 1,743-square-foot storefront with the dispensary, employing approximately ten (10) employees. Click [here](#) for the application and plans filed with the CPB.

