
Downtown Newark Real Estate Report First Quarter 2024



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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 Renderings:

- New Jersey Performing Arts Center (NJPAC) rendering of ArtSide on Center Street
- Cooperman Center Rendering on Mulberry Street and Center Street
- *The ArtSide rendering is from NJPAC's application with the Newark Central Planning Board. Click [here](#) to access the application. Architect: Skidmore, Owings, Merrill*
- [Cooperman Center](#) rendering by architect Weiss/Manfredi



Renderings to the Left:

- Cooperman Center renderings of the arts, educational, and professional rehearsal spaces by Weiss/Manfredi.

Newark Downtown District

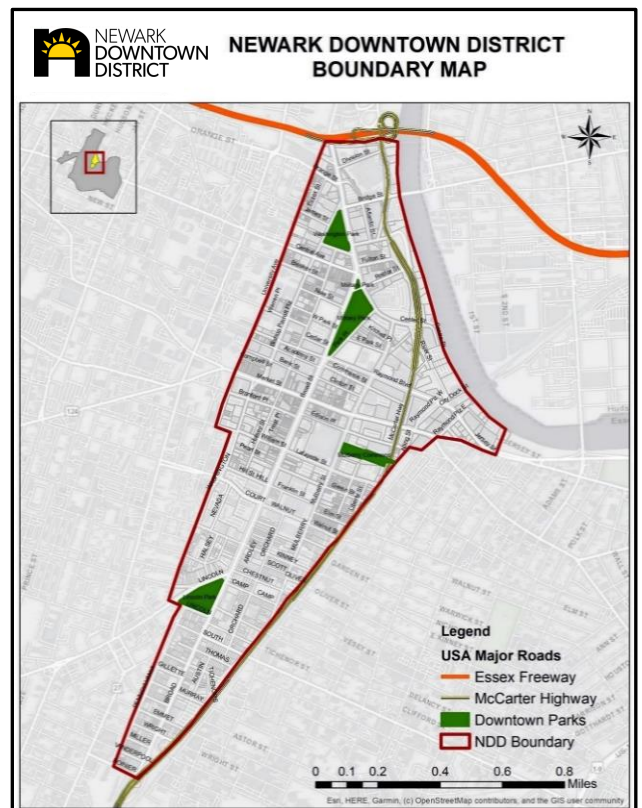
About the NDD:

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, tourists, 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 I280 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

For the commercial real estate statistics that we track through CoStar, we note a negative comparison for office where occupancy continues to be under pressure but improvement in retail, multifamily, and hospitality operating fundamentals. Statistics are as follows:

- Office occupancy declined 0.4% to 80.2% in the quarter in a sequential comparison
- Retail occupancy increased 0.7% to 91.4% in the quarter
- We have segmented multifamily properties into two categories: multifamily market rate and multifamily affordable since there are distinct differences in the operating performance of both asset classes.
 - Multifamily market rate increased 2.0% to 94.0% as new supply delivered last year continues to be lease up
 - Multifamily affordable increased 0.5% to 98.0% and remains substantially leased (above 95%)
- Finally, hospitality RevPar increased 4% for the month of February 2024 (latest available). After a strong post-pandemic recovery RevPar growth has moderated

Newark Downtown Real Estate Operating Statistics

Property	2021 Q1	2021 Q2	2021 Q3	2021 Q4	2022 Q1	2022 Q2	2022 Q3	2022 Q4	2023 Q1	2023 Q2	2023 Q3	2023 Q4	2024 Q1	YOY* Chg
Office Occupancy	83.2%	83.3%	84.2%	84.3%	83.9%	84.1%	84.0%	83.4%	83.9%	82.8%	81.0%	80.6%	80.2%	-3.7%
Retail Occupancy	89.3%	90.5%	91.6%	91.7%	90.4%	88.7%	89.6%	90.1%	90.0%	89.2%	91.7%	90.7%	91.4%	1.4%
Multifamily Occupancy	91.5%	94.3%	96.8%	96.9%	96.9%	96.5%	96.5%	90.2%	92.3%	87.6%	88.4%	92.0%	94.0%	1.7%
Multifamily Affordable Occupancy	98.2%	98.5%	98.6%	98.6%	98.7%	98.6%	98.6%	98.5%	98.4%	98.2%	97.8%	97.5%	98.0%	-0.4%
Hospitality RevPar**	5%	142%	150%	129%	63%	48%	22%	12%	25%	16%	17%	11%	4%	NM

Source: CoStar; NDD.

**Year-Over-Year (YOY) ** Revenue per available room. RevPar monthly as of the quarter's end except 2024 Q1 - February.

Downtown News – NJPAC's 577,940 Sq. Ft. Mixed-Use Project Receives a \$199.7 Million Aspire Tax-Credit Award

The New Jersey Performing Arts Center (NJPAC) and its partners received a \$199.7 million Aspire tax credit award from the New Jersey Economic Development Authority for its 577,940 square foot mixed-use “transformative” project. The development – Phase 1 of its 2-phase Masterplan – entails development of a mixed-use residential complex known as ArtSide. It includes 350 residential units, 12,600 square feet of retail space, and 10,500 square feet of office space. NJPAC also will develop the 53,000 square foot Cooperman Family Arts Education and Community Center and conversion of the 17,000 square foot Episcopal Church building – now used as office space for a not-for-profit entity. The two buildings are across Center Street from NJPAC and will be used for arts and education, community activities, and offices.

Downtown Office Statistics

Office occupancy declined 0.4% to 80.2% in the first quarter of 2024 from 80.6% in the fourth quarter of 2023 in a sequential comparison.

For the trailing 12-month period, occupancy declined 3.7% from 83.9% in the first quarter of 2023.

Direct vacancy increased 0.3% to 15.2% in the first quarter of 2024 from 14.9% in the fourth quarter of 2023 while sublet vacancy increased 0.1% to 4.6% in the first quarter of 2024 from 4.5% in the fourth quarter of 2023.

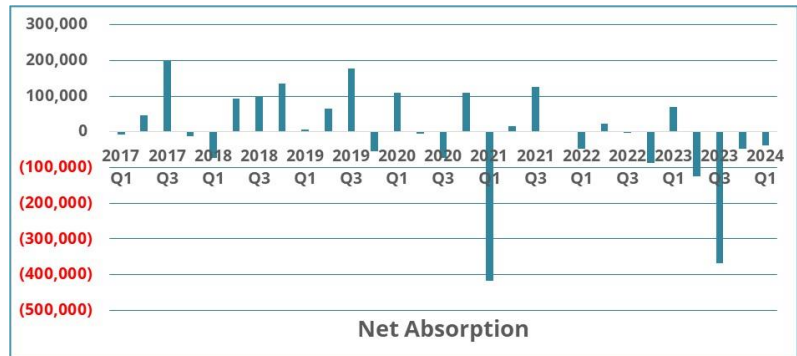
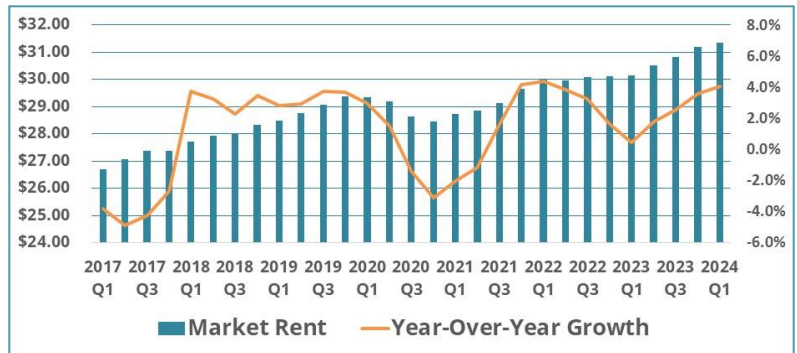
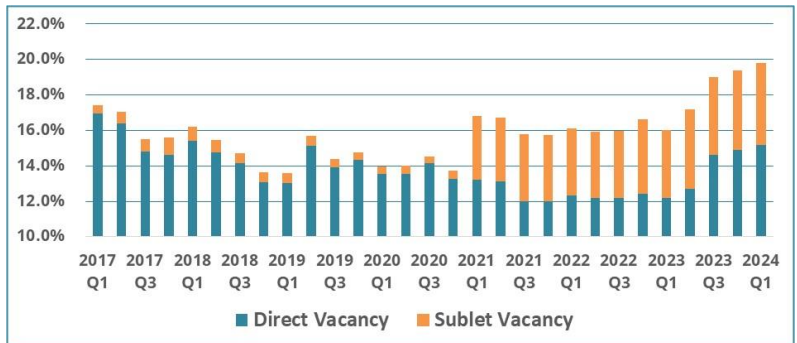
For the trailing 12-month period, vacancy increased 3.7% with direct vacancy increasing 3.0% from 12.2% in the first quarter of 2023. Sublet vacancy increased 0.7% from 3.9% in the first quarter of 2023.

Market rents increased 0.5% to \$31.35 per square foot in the first quarter of 2024 from \$31.20 per square foot in the fourth quarter of 2023.

For the trailing 12-month period, market rents increased 4.0% from \$30.13 per square foot in the first quarter of 2023.

Net absorption totaled approximately negative 37,000 square feet in the first quarter of 2024.

For the 12-month period, negative absorption totaled approximately 575,000 square feet.

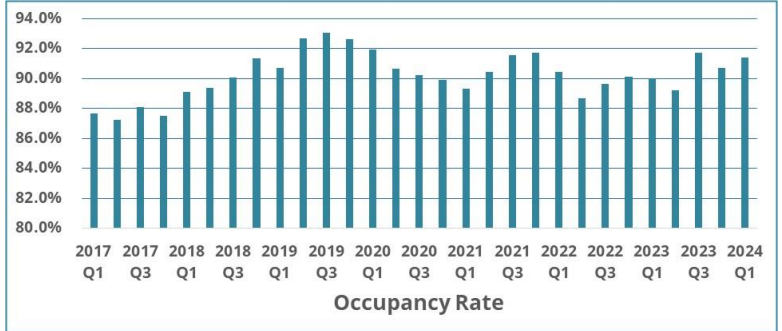


Net Absorption is space leased minus space vacated with negative net absorption reflecting increased vacancy.

Downtown Retail Statistics

Retail occupancy increased 0.7% to 91.4% in the first quarter of 2024 from 90.7% in the fourth quarter of 2023.

For the trailing 12-month period, retail occupancy increased 1.4% from 90.0% in the first quarter of 2023.



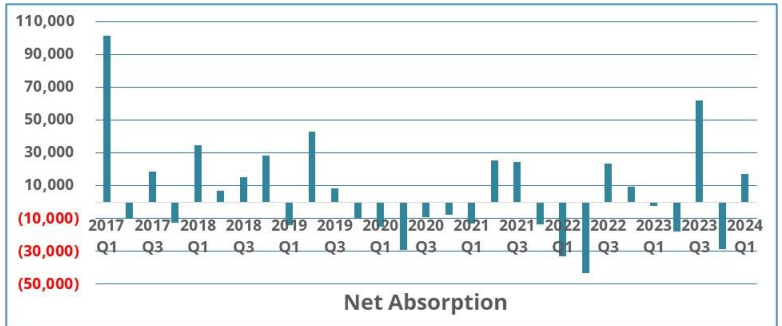
Retail market rents increased 0.8% to \$28.93 per square foot in the first quarter of 2024 from \$29.70 per square foot in the fourth quarter of 2023.

For the trailing 12-month period, retail market rents declined 1.7% from \$29.43 per square foot in the first quarter of 2023.



Net absorption increased approximately 17,000 square feet in the fourth quarter of 2023.

For the trailing 12-month period, net absorption increased approximately 33,000 square feet.



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

Downtown Multifamily Market Rate* Statistics

Multifamily occupancy increased 2.0% to 94.0% the first quarter of 2024 from 92.0% in the fourth of 2023.

For the trailing 12-month period, occupancy increased 1.7% from 92.3 in the fourth quarter of 2023%.

The comparison includes completion of the following apartment towers since the third quarter of 2022:

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

The projects have a total of 726 units in lease-up, which have affected downtown occupancy and vacancy rates.

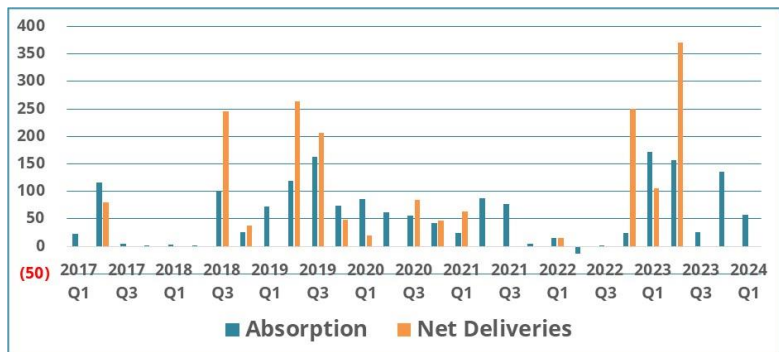
Occupancy peaked at 96.9% in the fourth quarter of 2021 and continues a positive trend as the new supply is leased.

Effective rents per unit increased 1.7% to \$2,204 per unit in the first quarter of 2024 from \$2,168 per unit in the fourth quarter of 2023.

For the trailing 12-month period, effective rents increased 6.9% from \$2,061 per unit in the first quarter of 2023.

Absorption totaled 57 units in the quarter as projects continued to lease up.

For the trailing 12-month period, absorption totaled 562 units.



* 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 units leased.

Downtown Multifamily Affordable* Statistics

Downtown multifamily affordable occupancy increased 0.5% to 98.0% in the first quarter of 2024 from 97.5% in the fourth quarter of 2023.

For the trailing 12-month period, occupancy declined 0.4% from 98.4% in the first quarter of 2023.



Downtown multifamily affordable vacancy decreased 0.5% to 2.0% in the first quarter of 2024 from 2.5% in the fourth quarter of 2023.

For the trailing 12-month period, vacancy increased 0.4% from 1.6% in the first quarter of 2023.



Effective rents were flat in the first quarter of 2024 at \$1,599 per unit.

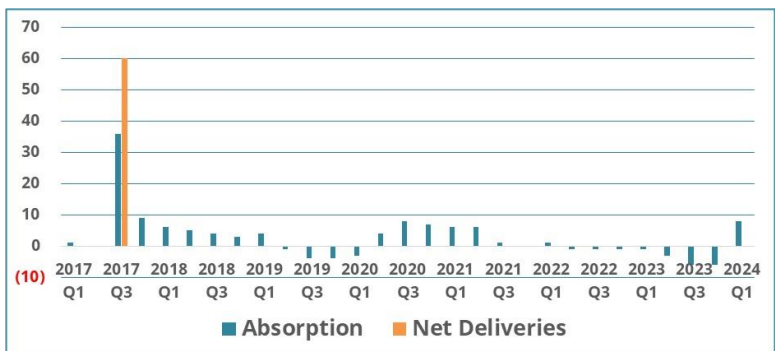
For the trailing 12-month period, effective rents increased 5.3% from \$1,519 per unit in the first quarter of 2023.



Average effective rent for affordable housing units is 27.5% lower than average rent for market-rate apartment units of \$2,204 per unit.

Absorption was 8 units in the first quarter of 2024.

For the trailing 12-month period, absorption was negative 7 units.



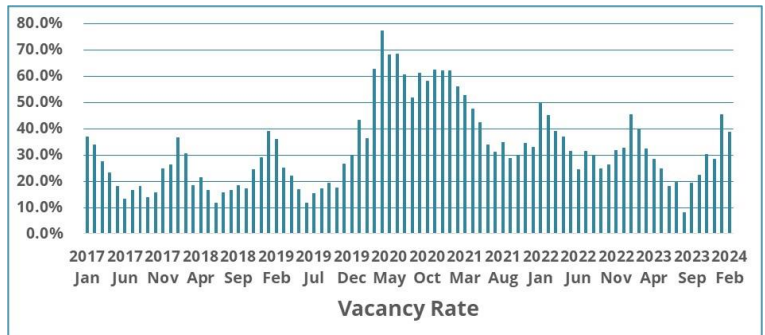
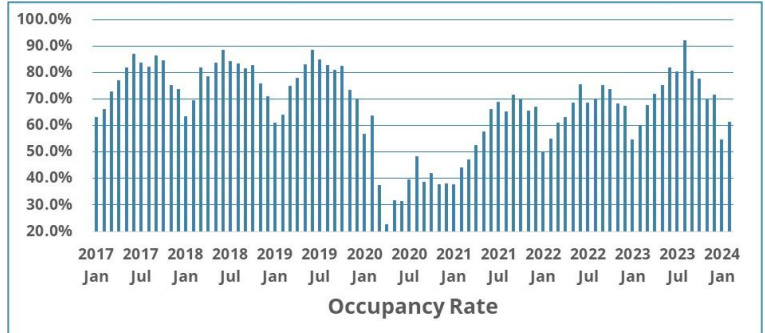
* We have segmented multifamily properties. Data on this page reflects 100% affordable housing properties.

Absorption is space leased.

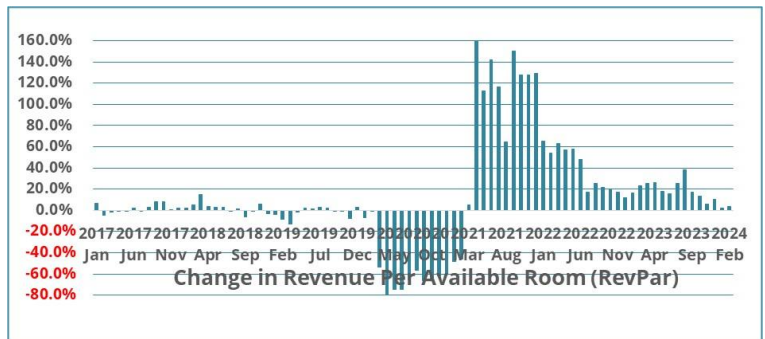
Downtown Hospitality Statistics

Hospitality occupancy moderated to 61.3% in February 2024 (latest available) from 71.5% in December 2023 in a typical seasonal pattern.

In a year-over-year comparison, occupancy increased 1.1% from 60.2% in February 2023.

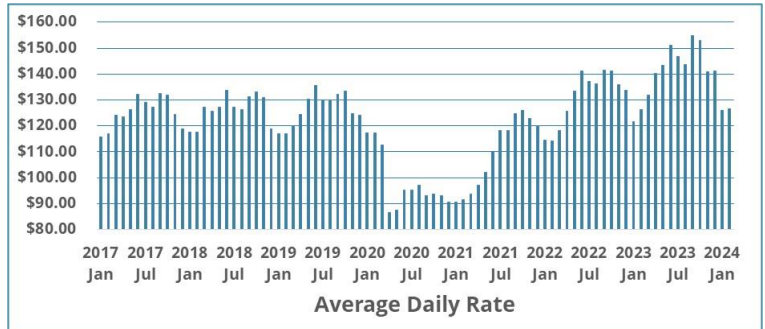


RevPar increased 3.5% in February of 2024 following a 2.3% increase in January 2024. The moderation follows a strong post-pandemic recovery.



Average daily rate totaled \$126.59 in February 2024 versus \$141.04 in December 2023.

In a year-over-year comparison, average daily rate increased 0.2% from \$126.38 in February 2023.



Downtown News – NJPAC’s Mixed-Use Development

NJPAC’s Mixed-Use Development Receives a \$199.7 Million Aspire Tax Credit Award

NJPAC will develop and renovate 577,940 square feet mixed-use space on what is its surface parking lots and a portion of its front lawn. LMXD - an affiliate of L+M Development Partners – is the project developer and plans to commence construction this summer. The Aspire program - operated by the New Jersey Economic Development Authority - determined the NJPAC development to be a “transformative project”, which means that the project should have greater economic benefits than the project itself. The total project cost is approximately \$356.0 million. Excluding certain costs, the award size is \$332.8 million not to exceed 60% of total costs - \$199.7 million. NJPAC has an 80% ownership interest in it with LMXD and apparently Goldman Sachs owning the balance.

The project includes a mixed-use residential component known as ArtSide, which will be built adjacent to NJPAC on the current parking field and grounds there. ArtSide includes 350 residential units totaling 384,840 square feet, 12,600 square feet of retail space, and 10,500 square feet of office space. NJPAC also will develop the 53,000 square foot Cooperman Family Arts Education and Community Center and convert the 17,000 square foot Episcopal Church building. The two buildings will be adjacent to each other and used for arts-education, community activities, and offices. The project also will include upgrades to the existing 100,000 square foot NJPAC, redevelopment of NJPAC’s front lawn, and significant site improvements needed for the development.

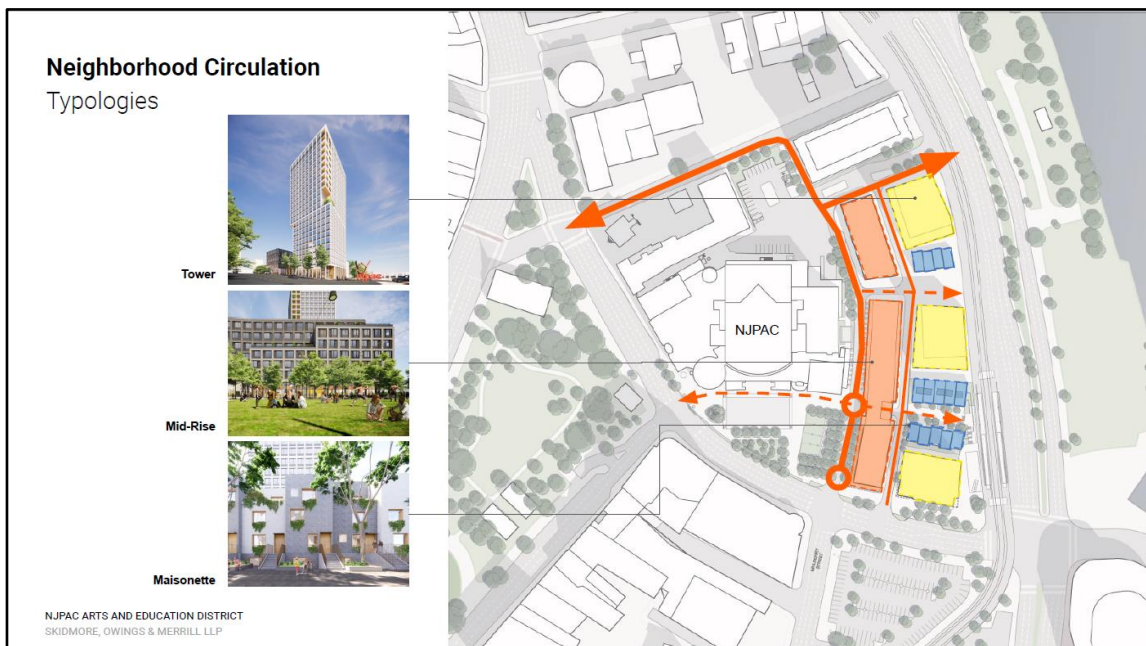


Downtown News – NJPAC’s Mixed-Use Development (Continued)

The rendering on the preceding page is from NJPAC’s [application](#) it filed with Newark’s Central Planning Board. We note that the rendering is identified as Phase 1 of the Masterplan, which has 2 phases. Phase 2 includes two additional apartment towers, a mid-rise building, and townhomes (see details and renderings on page 13). We have listed below the components of the Masterplan from the current phase (Phase 1) along with details on the Cooperman Center.

- A 25-story 189-unit mixed-use building on Center Street
- A seven-story 146-unit mixed use building on the extended Mulberry Street
- Two townhomes with a total of 15 units
- The 53,000 square foot Cooperman Center
- Renovation of the 17,000 square foot Episcopal Church building
- Partial demolition of Cathedral House at 24 Rector Street to accommodate site improvements
- Improvements to the 100,000 square foot NJPAC
- Redevelopment of NJPAC’s front lawn

The project also includes significant site work to the NJPAC grounds. The site work consists of developing a one-way entrance at Center Street and Mulberry Street (an extension of Mulberry Street) onto the NJPAC grounds, which leads to an internal roadway. The roadway will include a left turn onto Rector Street and a two-way boulevard onto McCarter Highway illustrated in the below rendering.



Downtown News – NJPAC’s Mixed-Use Development (Continued)

The NJEDA determined that the project is transformative, which means that the economic benefits should be felt more broadly in downtown Newark and New Jersey and located in proximity to public transportation. It specifically highlighted that NJPAC will have access to Riverfront Park, which today is not open to the public in downtown Newark. However, the bulkhead and pathway are completed to and beyond NJPAC from Newark Penn Station, but the access points have not been built out. A primary access point is adjacent to the NJPAC light rail station. Riverfront Park will serve as a recreational area but also a pedestrian corridor to Newark Penn Station. It includes an atrium on the Passaic River and additional green space immediately across from NJPAC that will become Newark’s front lawn.

The map below is from the City of Newark’s 2022 [Municipal Public Access Plan](#) posted on the New Jersey Department of Environmental Protection’s Internet site. Sections C, D and 1 are in the downtown. We also have included descriptions of each section from this report.

C. Downtown Riverfront Park: A swath of open space down the hill from NJPAC has been designated to become Newark’s future front yard.

D. Downtown Riverfront Trail: A trail following the conservation easement trail through Matrix properties to the FBI building that will soon extend from Penn Station to NJPAC, with additional park-dedicated land available between the FBI building and Bridge Street.

1. Matrix segment of Downtown Riverfront Trail: A modest trail following the conservation easement trail through Matrix properties to the FBI building.



Downtown News – NJPAC’s Mixed-Use Development (Continued)

Masterplan Vision

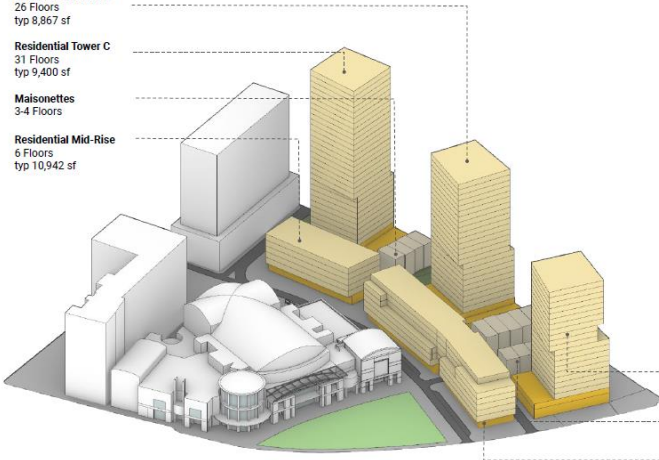
Phase 2

Residential Tower B
26 Floors
typ 8,867 sf

Residential Tower C
31 Floors
typ 9,400 sf

Maisonettes
3-4 Floors

Residential Mid-Rise
6 Floors
typ 10,942 sf



	PHASE 01	PHASE 02*	TOTAL
RESIDENTIAL	366,916	541,872	908,788
TOWERS	186,026	487,260	673,286
MID-RISE	152,952	58,515	211,467
MAISONETTE	27,938	54,612	82,550
RETAIL/CULTURAL	17,452	10,328	27,780
TOTAL BUILDING GSF	384,368	552,200	936,568

*Phase 02 areas are approximate estimates and are subject to change.

Phase 1

Residential Tower A
22 Floors
typ 7,855 sf

Maisonettes
3-4 Floors

Residential Mid-Rise
6 Floors
typ 22,433 sf

NJPAC ARTS AND EDUCATION DISTRICT

njpac Prudential SOM

