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## Downtown Newark Real Estate Report Second 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 community, businesses, and stakeholders. This report will be updated quarterly and available on [www.downtownnewark.com](http://www.downtownnewark.com).



**Cover Photo:**

- Firemen’s Insurance Building at 10 Park Place and Symington-Continental House at 2 Park Place
- Photo from 10 Park Place Newark LLC’s application filed with the Newark Central Planning Board



**Photos to the Left:**

- Eleven80 at 1180 Raymond Boulevard
- Ruth Bader Ginsburg Hall at 15 Washington Street
- Hahne & Company at 50 Halsey Street
- Walker House at 540 Broad Street



## Newark Downtown District

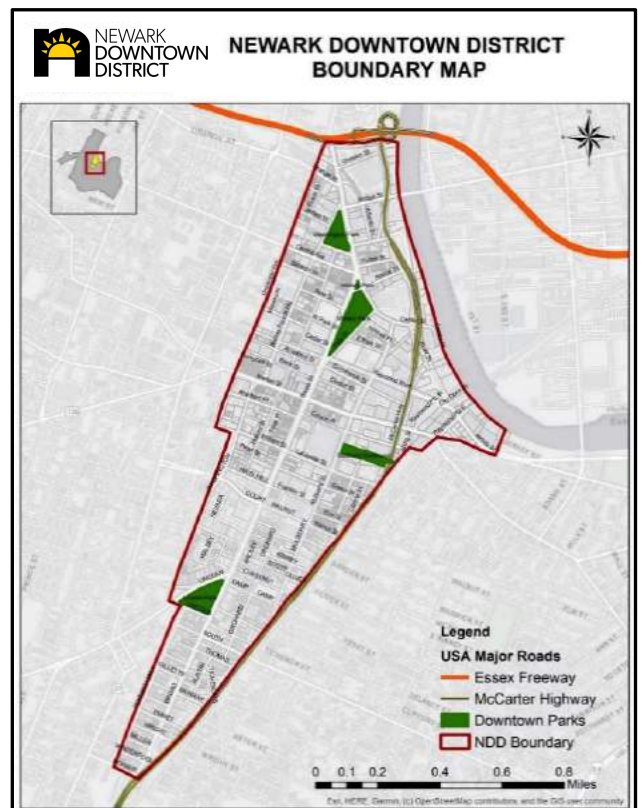
### About the NDD:

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 generally favorable comparisons for the second quarter of 2024. Retail occupancy declined slightly in the quarter in a sequential comparison, which we do not view as a trend where occupancy has held up well. Statistics are as follows:

- Office occupancy increased 0.8% to 81.0% in the quarter in a sequential comparison.
  - This marks the first positive comparison in the last several quarters driven by 74,000 square feet of space at Fidelco Realty Group’s 494 Broad Street subleased by the New Jersey Institute of Technology.
- Retail occupancy declined 0.5% to 90.9% in the quarter.
- Multifamily occupancy increased 0.9% to 94.9% as new supply delivered last year continues to be lease up.
- Finally, hospitality RevPar increased 7% for the month of May 2024 (latest available). Despite the consumer being pressured by inflation, hospitality operating trends continue to be resilient.

### Newark Downtown Real Estate Operating Statistics

Property	2021 Q2	2021 Q3	2021 Q4	2022 Q1	2022 Q2	2022 Q3	2022 Q4	2023 Q1	2023 Q2	2023 Q3	2023 Q4	2024 Q1	2024 Q2	YOY <sup>*</sup> Chg
Office Occupancy	83.3%	84.2%	84.3%	83.9%	84.1%	84.0%	83.4%	83.9%	82.8%	81.0%	80.6%	80.2%	81.0%	-1.8%
Retail Occupancy	90.5%	91.6%	91.7%	90.4%	88.7%	89.6%	90.1%	90.0%	89.2%	91.7%	90.7%	91.4%	90.9%	1.7%
Multifamily Occupancy	94.3%	96.8%	96.9%	96.9%	96.5%	96.5%	90.2%	92.3%	87.6%	88.4%	92.0%	94.0%	94.9%	7.3%
Hospitality RevPar <sup>**</sup>	142%	150%	129%	63%	48%	22%	12%	25%	16%	17%	11%	4%	7%	NM

Source: CoStar, NDD.

<sup>\*</sup>Year-Over-Year (YOY) <sup>\*\*</sup> Revenue per available room. RevPar monthly as of the quarter’s end except 2024 Q2 - May.

### Downtown News – Newark’s Historic Firemen’s Insurance Building is Slated to be Renovated Into 231 Affordable Housing Units

At its April 8, 2024 meeting, Newark’s Central Planning Board unanimously approved 10 Park Place Newark LLC’s application to renovate the 10-story 122,955 square foot office building located at 10 Park Place into 231 affordable apartments. The Symington-Continental House is part of the site and will remain as it is with some alterations to the exterior stairs to accommodate site improvements.

The Firemen’s Insurance Building is ideal for conversion to residential from office given the buildings smaller floor size. In addition, pre-war buildings are better candidates for conversion for reasons such as windows that open, as opposed to glass-wall curtains in modern office buildings. Finally, it is one of Newark’s historic jewels, designed by prominent Newark firm John H. & Wilson C. Ely, completed in 1928. The architectural feature on the exterior and major interior rooms is Classical Revival.

## Downtown Office Statistics

Office occupancy increased 0.8% to 81.0% in the second quarter of 2024, from 80.2% in the first quarter of 2024 in a sequential comparison.

For the trailing 12-month period, occupancy declined 1.8% from 82.8% in the second quarter of 2023.

Direct vacancy declined 0.1% to 15.1% in the second quarter of 2024 from 15.2% in the first quarter of 2024 while sublet vacancy declined 0.7% to 3.9% in the second quarter of 2024 from 4.6% in the first quarter of 2024.

For the trailing 12-month period, vacancy increased 1.8% with direct vacancy increasing 2.4% from 12.7% in the second quarter of 2023. Sublet vacancy decreased 0.6% from 4.5% in the second quarter of 2023.

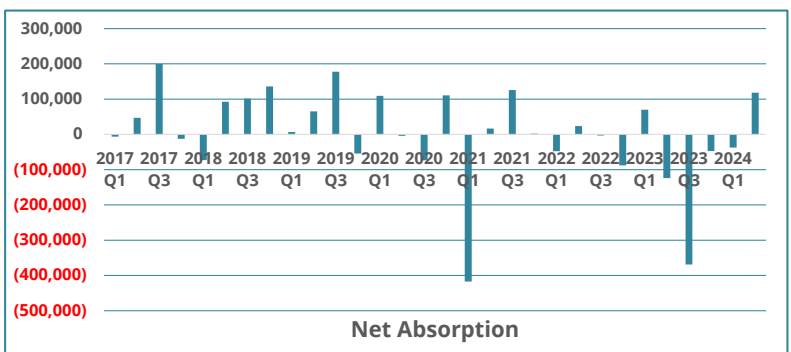
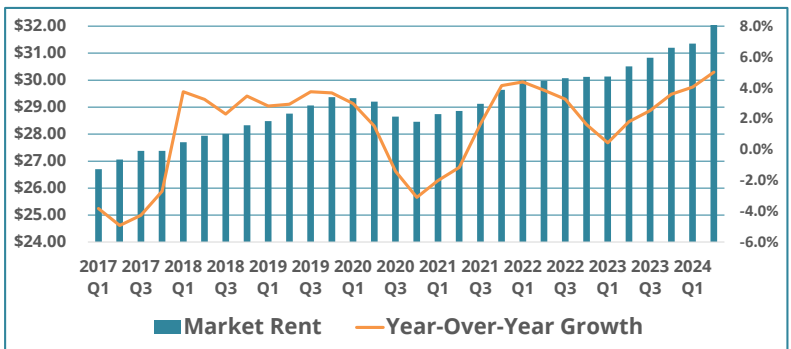
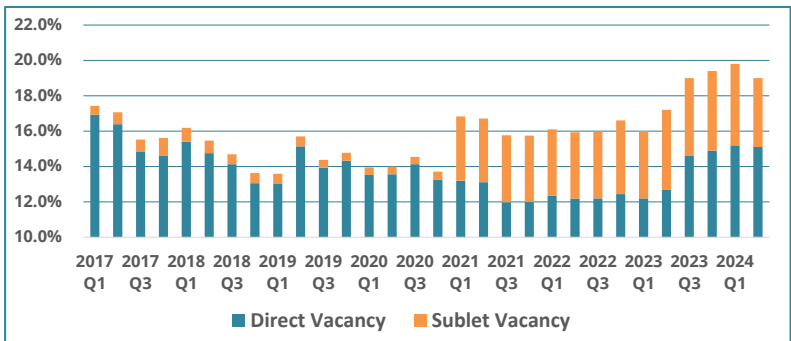
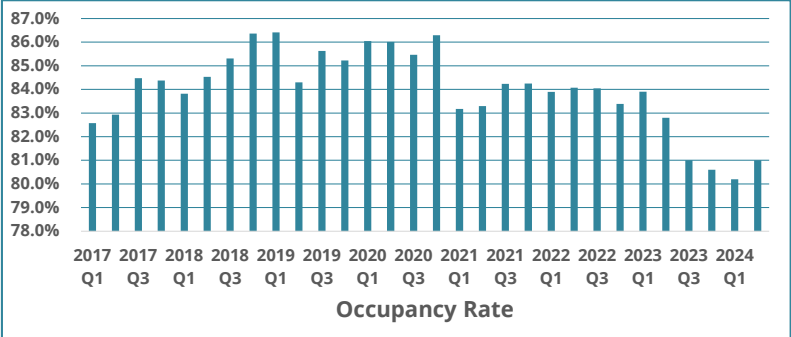
Market rents increased 2.2% to \$32.04 per square foot in the second quarter of 2024 from \$31.35 per square foot in the first quarter of 2024.

For the trailing 12-month period, market rents increased 5.0% from \$30.51 per square foot in the second quarter of 2023.

Net absorption totaled approximately 118,000 square feet in the second quarter of 2024.

For the 12-month period, negative absorption totaled approximately 335,000 square feet.

At Fidelco Realty Group's 494 Broad Street, the New Jersey Institute of Technology sublet 74,000 square feet of space available, which drove the positive absorption and occupancy comparisons in the quarter.

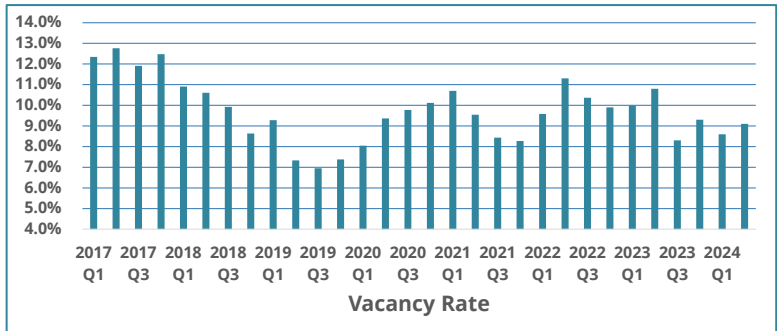
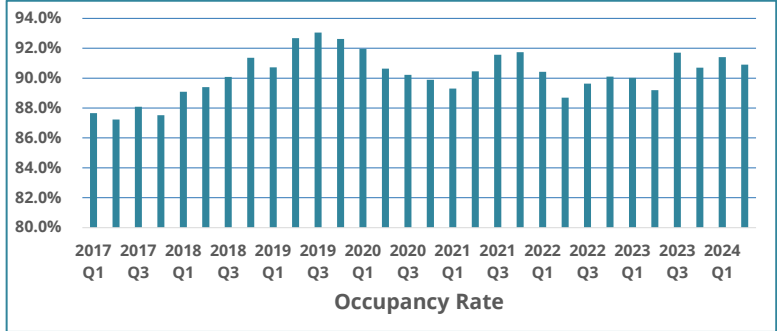


Net Absorption is space leased minus space vacated with negative net absorption reflecting increased vacancy.

## Downtown Retail Statistics

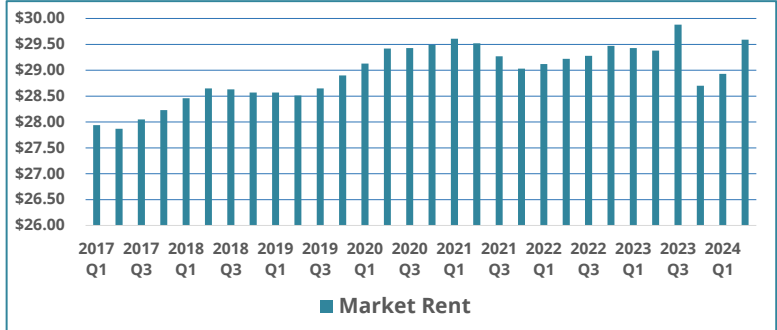
Retail occupancy declined 0.5% to 90.9% in the second quarter of 2024 from 91.4% in the first quarter of 2024.

For the trailing 12-month period, retail occupancy increased 1.7% from 89.2% in the second quarter of 2023.



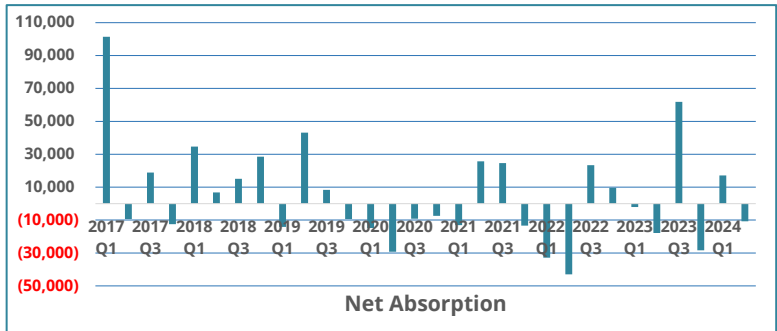
Retail market rents increased 2.3% to \$29.53 per square foot in the second quarter of 2024 from \$28.93 per square foot in the first quarter of 2024.

For the trailing 12-month period, retail market rents increased 0.7% from \$29.38 per square foot in the second quarter of 2023.



Net absorption declined approximately 11,000 square feet in the second quarter of 2024.

For the trailing 12-month period, net absorption increased approximately 40,000 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 0.9% to 94.9% the second quarter of 2024 from 94.0% in the first of 2024.

For the trailing 12-month period, occupancy increased 7.3% from 87.6% in the second 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.

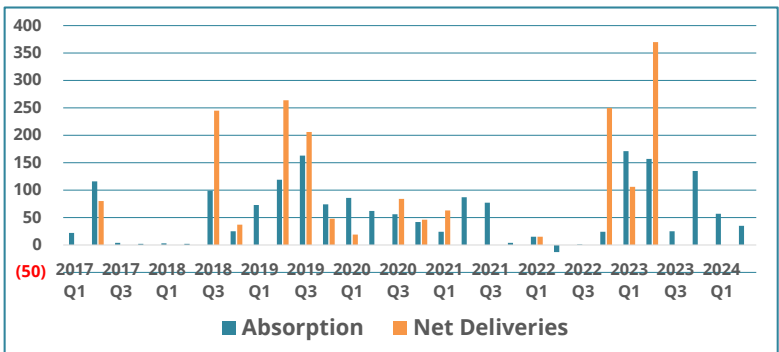
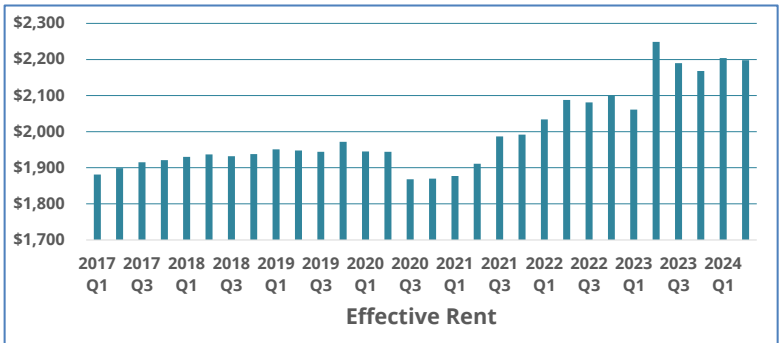
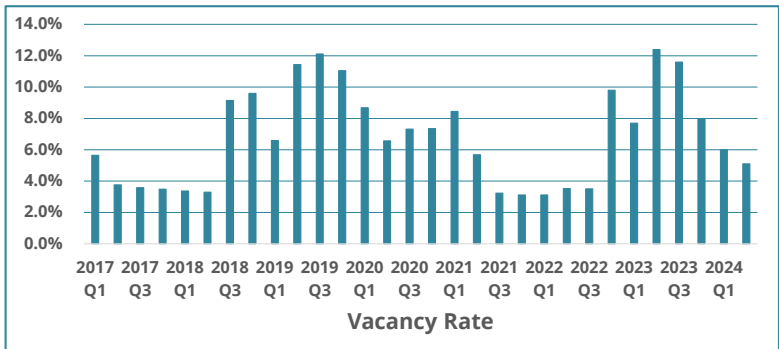
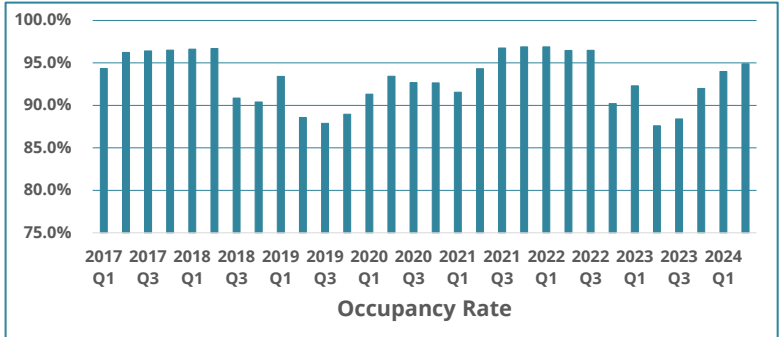
Occupancy peaked at 96.9% in the fourth quarter of 2021 and continues a positive trend as the new supply is leased.

Effective rents per unit decreased 0.3% to \$2,198 per unit in the second quarter of 2024 from \$2,204 per unit in the first quarter of 2024.

For the trailing 12-month period, effective rents decreased 2.3% from \$2,249 per unit in the second quarter of 2023.

Absorption totaled 35 units in the quarter as projects continued to lease up.

For the trailing 12-month period, absorption totaled 252 units.



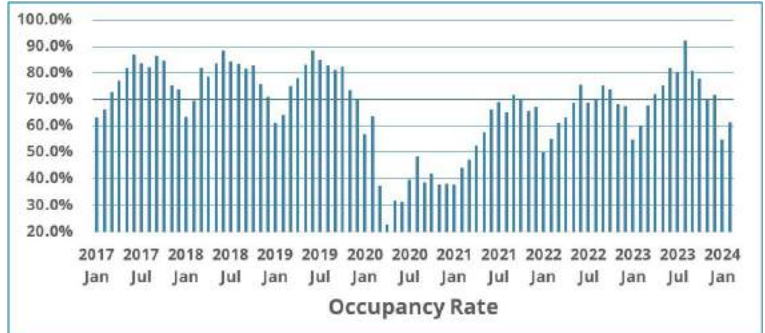
\* Data reflect multifamily market rate and market rate with affordable properties (versus affordable properties) to highlight operating statistics for properties that principally consist of market-rate units.

Absorption is units leased.

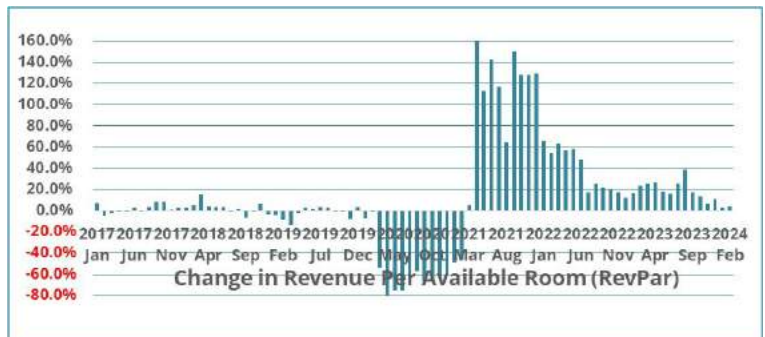
## Downtown Hospitality Statistics

Hospitality occupancy increased 79.0% in May 2024 (latest available) from 74.7% in March 2024 in a typical seasonal pattern.

In a year-over-year comparison, occupancy increased 4.9% from 75.1% in May 2023.



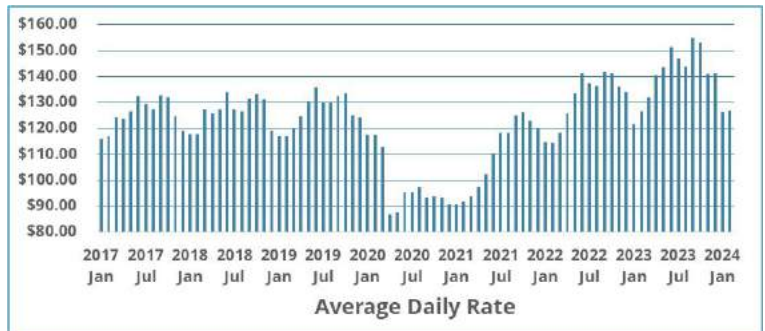
RevPar increased 6.7% in May of 2024 following a 3.5% increase in March 2024. The moderation follows a strong post-pandemic recovery.



Average daily rate increased 4.9% to \$146.48 in May 2024 from \$133.03 in March 2024.

In a year-over-year comparison, average daily rate increased 2.3% from \$143.23 in May 2023.

While hospitality trends moderated from the strong post-pandemic recovery, they remain quite resilient even when we see the consumer stretched in other aspects of spending patterns such as for retail sales.





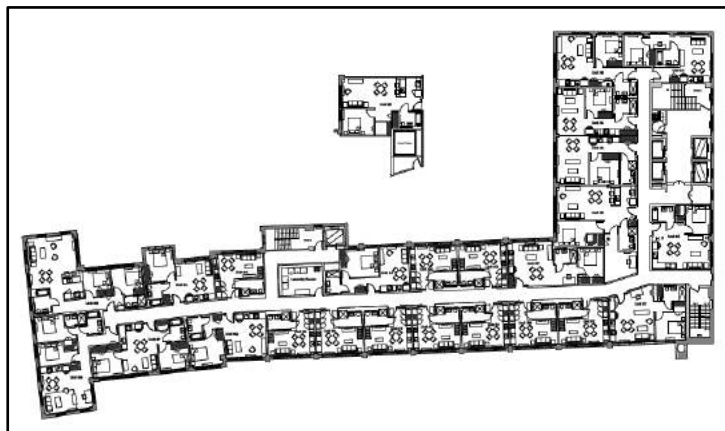
## Downtown News – 10 Park Place

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At its April 8, 2024 meeting, Newark’s Central Planning Board (CPB) approved [10 Park Place Newark LLC’s application](#) (in a seven to zero vote) to renovate the 10-story 122,955 square foot Firemen’s Insurance Building (located at 10 Park Place) into 231 affordable apartments. The partnership – an affiliation of the Berger Organization – will renovate the interior of the building, converting the office space into apartments. The Symington-Continental House located at 2 Park Place is part of the site and will remain as it is with some alterations to the exterior stairs to accommodate site improvements. The properties are ideally located adjacent to the New Jersey Performing Arts Center (NJPAC).

The conversion of the Firemen’s Insurance Building into a 100% affordable community is the second project that the Berger Organization has in the pipeline in the immediate vicinity of NJPAC. On November 3, 2021, Newark’s Landmarks and Historic Preservation Commission (LHPC) approved its first project - the construction of the 22-story 396-unit [22 Fulton Street](#), located a block away on Fulton Street. This site currently is a parking lot. 22 Fulton Street complies with Newark’s 20% inclusionary zoning with 80 units set aside as affordable housing at 50% or lower of the area median income (AMI). The two projects would add 311 affordable units in the immediate vicinity to NJPAC.

The Fireman’s Insurance Building is an ideal conversion to multifamily from office use for a few reasons. First, its floor plate is relatively narrow that we estimate is approximately 12,300 square feet, which offers excellent window exposure (see below floor plan). The L shape of the building also gives it excellent window exposure. Second, the building structurally is in good shape since the Berger Organization has maintained it over the years even though it currently is not occupied. Finally, it is a pre-war building where its windows open as opposed to glass walls in post-1960 office properties. The renovation will include the use of the existing window spaces.



*Floors 6-9 of 10 Park Place included in the “Architectural Report” filed with the project application. The architectural plans are by [Rawlings architects pc](#).*

## Downtown News – 10 Park Place (continued)

The Berger Organization will not alter the exterior of the building except for the set-back on the upper floors. The set-back will be altered into terraces, which will require installation of railings to comply with current building code. The courtyard is another story with extensive sitework at the ground level (see rendering, below). The sitework includes a new entrance on Park Place and exit on Rector Street. To accommodate the driveway and landscaping, two exterior staircases at the Symington-Continental House will be removed, with one replaced. Finally, the one-story garage will be demolished to accommodate the driveway and courtyard. The two-story garage next to it will remain.



The building is one of Newark's historic insurance buildings when Newark was a center for the insurance industry. It was built for the Firemen's Insurance Company as a headquarters building and was completed in 1928. The prominent Newark architectural firm John H. & Wilson C. Ely designed the building. The architectural feature on the exterior and major interior rooms is Classical Revival. Finally, it was added to the National Register of Historic Places in 1982.

## Downtown News – 10 Park Place (continued)

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Developers have converted several historic office buildings (and one retail building) in proximity to NJPAC. Prior conversions include:

- The Lefcourt Building, now [Eleven80](#) at 1180 Raymond Boulevard;
- The American Insurance Building, now [Ruth Bader Ginsburg Hall](#) at 15 Washington Street;
- Hahne & Company Department Store, now [Hahne & Company](#) at 50 Halsey Street;
- The New Jersey Bell Headquarters Building, now [Walker House](#) at 540 Broad Street

Two other properties warrant mention. The first is the renovated [The Kislak Building](#) at 10 Central Avenue. The Kislak Building is a post-war smaller office building. Finally, conversion of the pre-war Griffith Piano Company Building at 605-607 Broad Street is currently underway. The building is being converted into a multifamily property and is adjacent to Hahne & Company.

The above projects principally are multifamily with storefront retail but can include an office component. There is one exception, which is Ruth Bader Ginsburg Hall. It is a Rutgers University undergraduate and graduate dormitory. Finally, both the Walker House and Hahne & Company include office space. For more information on these properties, see our [Downtown Newark's Rental Apartment Market](#) report.

We view downtown as in need of additional multifamily, and we are not alone. We highlighted development activity in our report [Downtown Newark's Current & Planned Developments](#) where we are tracking 43 applications filed with Newark's CPB and LHPC. In addition, NJPAC started a major expansion in April, which will include 350 apartments and the construction of the Cooperman Family Arts Education and Community Center, which we featured in our [First Quarter 2024 Real Estate Report](#).