MARKET REPORT

HVS Market Pulse: Newark/Jersey City, New Jersey

APRIL 18, 2019

Developers are eyeing Newark and Jersey City as alternatives to Manhattan.

The neighboring cities of Newark and Jersey City are the largest populated municipalities within their respective counties. Downtown skylines in these cities have expanded with high-rise, mixed-use residential and commercial buildings, as developers have sought opportunities outside of Manhattan, which has become limited or too expensive.

Notable Newark Developments

- Nearby in Lyndhurst, the Meadowlands Sports Complex will be expanded with the American Dream Meadowlands development, a mixed-use project consisting of a 2,557,000-square-foot shopping/entertainment center, 1,500,000 square feet of Class-A office space, a 50,000-square-foot warehouse/distribution center, and a mass-transit facility. Construction of the long-delayed project is slated for completion in late 2019.
- The $120-million renovation of the former Bell Building at 540 Broad Street will feature 265 residential units and 80,000 square feet of office and retail space.
- One Theater Square, a 23-story rental property with 243 apartments, was the first ground-up apartment building in Newark in more than 50 years. Leasing began in late 2018, and the building is anticipated to be fully occupied in the spring of 2019.

- Recently opened hotels include the Tryp by Wyndham Newark Downtown (April 2018) and the Home2 Suites by Hilton Newark Airport (January 2019).

Economic development officials report roughly $2 billion in total investments. Although Newark's hotel market has historically been exclusive to demand generated by the Newark Liberty International Airport, the city is experiencing a renaissance and transitioning toward more tourism given its easy access to across the Hudson.

	Occupancy	ADR	Size of Market	New Rooms Planned
Newark	High 70s	$130s	4,000+ rooms	
Jersey City	Low 80s	$150s	2,000+ rooms	400+
NYC	*High 80s*	*$260s*	*100,000+ rooms*	*16,000+*
Top Employers	RWJ Barnabas Health Rutgers University Prudential Financial JPMorgan Chase & Co.		31,683 Employees 29,336 9,470 8,000	
Unemployment	Declining, at 4% and 5.4% in Hudson and Essex Counties, respectively, for the month of January 2019			
Airport	Passenger activity up 6% in 2018 at EWR; activity was roughly 46 million			

Sources: HVS, Bureau of Labor Statistics, STR, Choose NJ, Port Authority of NY & NJ

Notable Jersey City Developments

- Journal Squared, a retail and three-tower luxury residential complex that initially broke ground in October 2014, will include some of the tallest buildings in the city (at 54, 60, and 70 stories each). According to Kushner Real Estate Group, the entire development should be completed by 2024.
- The Harborside neighborhood of the city's waterfront has been transformed by Mack-Cali Realty Corporation over the last four years to include a $75-million, multi-phase plan with luxury apartments, shopping outlets, and dining establishments.
- Ironstate Development and Kushner Real Estate Group are constructing a new, multi-unit residential development at 235 Grand Street; the 549 apartments are scheduled for completion in 2019.
- Hotel projects under construction include the Holiday Inn Express & Suites (89 rooms) and a boutique, independent property (18 rooms).

Much of the new development in Jersey City is clustered in the Downtown and Journal Square districts, which are proximate to transit hubs. Although considered a relatively young hotel market, development picked up in 2017 with the opening of the Hyatt House, Residence Inn by Marriott, and Holiday Inn Express & Suites, with additional new supply planned.

The driving force behind the development of Newark and Jersey City remains the proximity to Downtown Manhattan and the excellent access provided by trains, ferries, and the Holland Tunnel. The residential and commercial booms that Newark and Jersey City are experiencing suggest that the reputations of both cities are improving. Continued demand growth should bode well for area hotels.

HVS continues to regularly consult in this city, with nearby offices in both New York City, NY, led by Anne Lloyd-Jones, MAI, CRE, and in Wilmington, DE/Philadelphia, PA, led by Jerod Byrd, MAI. Both Anne and Jerod are ready to assist you on any consulting need you may have. Eric Guerrero with HVS Brokerage can also discuss any Northern New Jersey asset you may be considering selling in 2019.