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Market Report South Jersey Medical Office

The Supply Squeeze Has Begun

Healthy occupancy, measured rent growth, and continued institutional investment point to a stable market with tightening availability.

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KEY TAKEAWAYS

1 The Competition for Quality Space Heats Up

With availability shrinking and no meaningful new construction in the pipeline, competition for viable medical office space is set to intensify. Quality built-out space is already hard to come by, and the deals that happen increasingly surface off-market, through broker and market relationships rather than public listings. The practical advice for tenants is to act with urgency: move decisively on existing space that works, or get ahead of the curve with a build-to-suit while developers are actively courting anchor tenants.

2 Private and Institutional Capital Is Driving Opportunities to Access Tenant Improvements

As private and institutional capital continues to focus on the medical office asset class nationwide, South Jersey has been a beneficiary with many well capitalized investors and institutions taking a larger share of the South Jersey MOB market. These Landlords are increasingly willing to fund tenant improvement allowances to win and keep quality tenants.

3 Class A Rates to Rise, Class B Plateaus

Asking rents have plateaued after a long climb, giving tenants a more favorable negotiating window than they've had in years. That said, in institutionally owned buildings, expect face rates to trend upward over time, not because the market is overheating, but because owners often build the cost of tenant improvement allowances into the rate and recover that capital over longer lease terms. The takeaway for tenants is to weigh headline rent against the value of the TI package: a slightly higher rate that delivers a fully funded buildout can be the better deal.

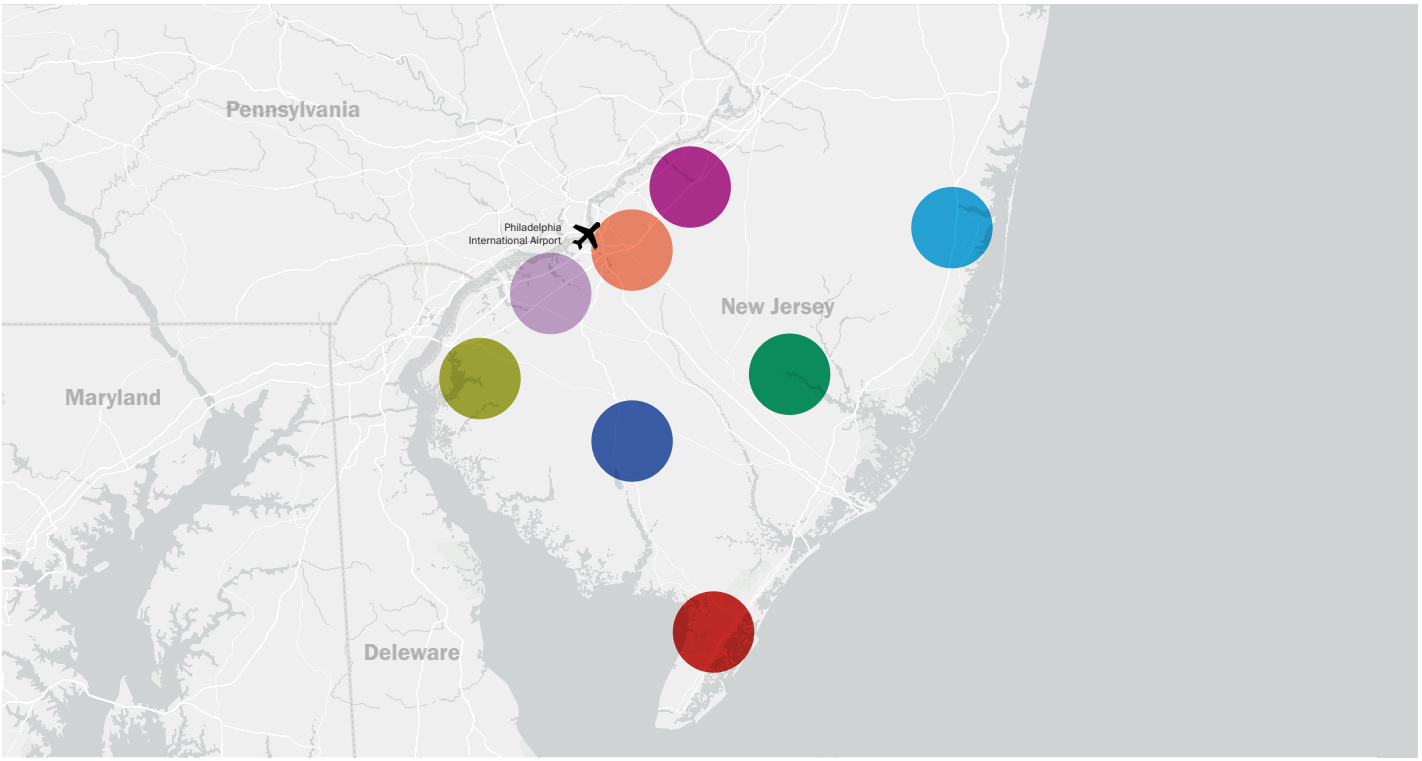
MARKET SNAPSHOT

Existing Inventory (SF)
11.2M

Availability Rate (%)
6.2

Avg. Asking Rents ($/SF)
26.62

Under Construction (SF)
15k - Outpatient
260,000 - Inpatient



SUBMARKET SNAPSHOTS

Camden County

- Inventory: 3.2M SF
- Vacancy Rate: 3.3% (-1.0 pt YoY)
- Avg Asking Rent/SF: $27.93/SF (-1.7% YoY)
- Net Absorption: 31.9K SF (+347.3% YoY)

Note: The region's largest submarket and one of its tightest — vacancy fell to 3.3% on strong 31.9K SF of absorption, though asking rents eased 1.7%.

Ocean County

- Inventory SF: 2.6M SF
- Vacancy Rate: 6.1% (flat YoY)
- Avg Asking Rent/SF: $26.42/SF (+3.7% YoY)
- Net Absorption: 141K SF (+1,510% YoY)

Note: The demand standout: 141K SF absorbed (the bulk of regional net absorption) with rents up 3.7% on flat vacancy.

Burlington County

- Inventory SF: 2.1M SF
- Vacancy Rate: 7.9% (+0.5 pt YoY)
- Avg Asking Rent/SF: $26.41/SF (-1.9% YoY)
- Net Absorption: 11.9K SF (-126% YoY)

Note: The softening outlier among the large submarkets — vacancy rose to 7.9%, rents fell 1.9%, and absorption swung negative.

Gloucester County

- Inventory SF: 1.2M SF
- Vacancy Rate: 9.8% (-0.1 pt YoY)
- Avg Asking Rent/SF: $28.06/SF (-1.6% YoY)
- Net Absorption: 1.5K SF (+29,764% YoY)

Note: Carries the region's highest vacancy at 9.8% (edging down), with the top asking rent of the major counties but a 1.6% decline and only marginal absorption.

Atlantic City / Hammonton

- Inventory SF: 1.0M SF
- Vacancy Rate: 8.2% (+3.7 pt YoY)
- Avg Asking Rent/SF: $24.17/SF (+4.0% YoY)
- Net Absorption: 38.9K SF (-233% YoY)

Note: Mixed signals — vacancy jumped 3.7 pts to 8.2% even as asking rents rose 4.0%, with absorption turning negative year over year.

Vineland / Bridgeton

- Inventory SF: 554K SF
- Vacancy Rate: 3.2% (-1.4 pt YoY)
- Avg Asking Rent/SF: $21.98/SF (+4.3% YoY)
- Net Absorption: 7.6K SF (+50% YoY)

Note: Tight and improving on every measure — vacancy down to 3.2%, rents up 4.3% — though it carries the lowest rents in the region at $21.98/SF.

Salem County

- Inventory SF: 144K SF
- Vacancy Rate: 4.8% (+1.0 pt YoY)
- Avg Asking Rent/SF: $25.65/SF (-1.8% YoY)
- Net Absorption: 1.5K SF (-135% YoY)

Note: A thin market — vacancy ticked up to 4.8% and rents slipped 1.8% on negligible absorption.

Cape May County

- Inventory SF: 119K SF
- Vacancy Rate: 7.4% (+4.0 pt YoY)
- Avg Asking Rent/SF: $24.44/SF (+4.4% YoY)
- Net Absorption: 4.8K SF (-485% YoY)

Note: The smallest, most seasonal submarket — vacancy rose 4 pts to 7.4% and absorption turned sharply negative, even as asking rents climbed 4.4%.

Submarket inventory sums to ~10.9M SF, consistent with the 11.2M SF market total after rounding and boundary differences.

NOTABLE DEVELOPMENTS

Cooper University Health Care
Gloucester Township

- Announces Major New $300 Million Gloucester Township Campus
- Adjacent to Route 42 near the Gloucester Premium Outlets
- 184,000 SF on 39 acres
- Delivering - 2029

AtlantiCare
Galloway

- Bacharach Park, about one mile east of the Mainland Campus in Galloway.
- 3-story, 60-bed rehabilitation hospital
- Specialized post-acute care for patients recovering from strokes, brain and spinal cord injuries, orthopedic trauma, amputations, and neurological disorders
- Delivering - H2 2026

Inspira
Mullica Hill

- 5 Story, $250 Million Expansion to Inspria's Mullica Hill Hospital
- Delivering - Q1 2027

South Jersey Periodontics
Sewell

- South Jersey Periodontics is building their future 15,000 SF home at 336 Egg Harbor Rd in Sewell
- Delivering - H2 2026

NOTABLE LEASE TRANSACTIONS

1 **405 Hurffville Cross Keys Road, Sewell, NJ**
Submarket: Gloucester County
Tenant Name: The Heart House
Square Feet: 10,000 SF
Deal Type: Direct
Commencement: Jun 2026

2 **502 Centennial Blvd, Voorhees, NJ**
Submarket: Camden County
Tenant Name: Virtua Health
Square Feet: 11,602 SF
Deal Type: Direct
Commencement: Jan 2026

3 **500 Boulevard of Americas, Lakewood, NJ**
Submarket: Ocean County
Tenant Name: Accela Healthcare
Square Feet: 20,000 SF
Deal Type: Direct
Commencement: Feb 2026

4 **220 Sunset Rd, Willingboro, NJ**
Submarket: Burlington County
Tenant Name: Undisclosed
Square Feet: 7,056 SF
Deal Type: Direct
Commencement: Jan 2026

5 **1940 Route 70, Cherry Hill, NJ**
Submarket: Camden County
Tenant Name: Undisclosed
Square Feet: 6,500 SF
Deal Type: Direct
Commencement: Jan 2026

South Jersey's medical office market remains strong as supply tightens.

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