	YoY Chg	12-Mo. Forecast
4.3% Vacancy Rate	▼	▼
3.7M YTD Net Absorption, SF	▲	▲
$5.83 Asking Rent, PSF	▲	▲

Overall, Triple Net Asking Rent

ECONOMIC INDICATORS Q4 2019

	YoY Chg	12-Mo. Forecast
2.98M Philadelphia Employment	▲	▲
3.9% Philadelphia Unemployment Rate	▼	▲
3.6% U.S. Unemployment Rate	▼	▲

Source: BLS

ECONOMY
The Philadelphia Metropolitan Statistical Area's (MSA) economy continued to move in a positive direction in the fourth quarter of 2019, adding more than 26,000 jobs over the past 12 months, representing a 0.9% increase. The trade, transportation and utilities sectors gained 4,800 jobs in November, representing a 16.4% increase from the prior year. The regional unemployment rate declined to 3.9% in the fourth quarter 2019, a 20-basis-points drop (bp) from the fourth quarter of 2018.

SUPPLY AND DEMAND
Philadelphia industrial new leasing activity totaled over 1.7 million square feet (msf) in the fourth quarter 2019, bringing the year-end total to just under 6.0 msf. DHL continued to expand its distribution network in the United States by signing the largest lease of the quarter in Philadelphia County. The Germany-based logistics company pre-leased the entire 465,000-square-foot (sf) cross-dock distribution facility located at 11601 Roosevelt Boulevard prior to full entitlements being in place. Clutter, an on-demand storage service provider that manages the pickup, storage and retrieval of customers' belongings, also expanded its presence in the region by leasing the entire warehouse and distribution facility at 2473 Old York Road in Burlington County. The 434,250-sf building is currently under construction with completion scheduled for late 2020. Expect the leasing momentum to continue throughout 2020 as there are a significant number of pending leases projected to close in the first half of 2020. Overall absorption for the year totaled just under 3.7 msf of positive absorption, 34.5% higher from the same time last year. Meanwhile, overall vacancy for the market finished the fourth quarter at 4.3%, a marginal 10-bp drop since the fourth quarter of 2018.

Construction activity was robust in the fourth quarter with over 1.8 msf delivered, more than 95% of which was speculative development (spec). Year-to-date deliveries totaled more than 4.8 msf with an occupancy rate around 48%. At the close of the fourth quarter of 2019, the construction pipeline in the market remained strong with 17 projects totaling over 5.0 msf set to deliver by the end of 2020. More than 90.8% of this new inventory is spec construction, 23.9% of which is preleased.

PRICING
Expect rents to continue to rise throughout 2020 as demand for new spec development remains strong. 2019 witnessed triple net asking rental rates for warehouse/distribution space increase 8.8% year-over year from 2018. Another trend that was noticed in 2019 is a smaller delta between asking rents and actual rents, which is further driven by strong demand for quality product and low vacancy throughout the market.

SPACE DEMAND / DELIVERIES

■ Net Absorption, SF ■ Construction Completions, SF
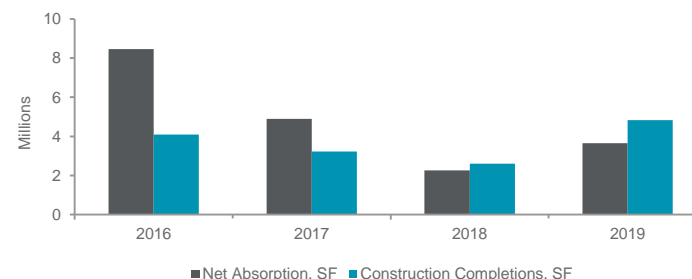
OVERALL VACANCY & ASKING RENT

■ Asking Rent, $ PSF — Vacancy Rate
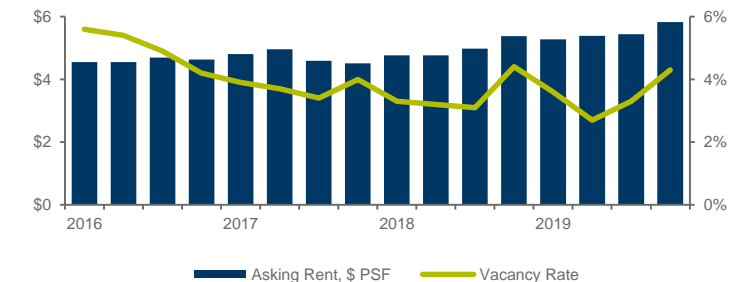
MARKET STATISTICS

SUBMARKET	INVENTORY (SF)	OVERALL VACANT (SF)	OVERALL VACANCY RATE	YTD OVERALL NET ABSORPTION (SF)	YTD LEASING ACTIVITY (SF)**	UNDER CNSTR (SF)	YTD CONSTR COMPLETIONS (SF)	OVERALL WEIGHTED AVG NET RENT (MF)	OVERALL WEIGHTED AVG NET RENT (OS)	OVERALL WEIGHTED AVG NET RENT (W/D)
Philadelphia County	23,925,807	883,515	3.7%	263,983	1,218,938	565,167	246,652	$5.69	$0.00	$6.22
Lower Bucks County	20,236,577	642,963	3.2%	214,028	513,083	0	602,840	$4.75	$0.00	$5.35
Upper Bucks County	7,226,566	429,320	5.9%	-4,800	110,200	125,000	362,120	$0.00	$0.00	$6.35
Montgomery County	18,048,197	964,965	5.3%	363,639	572,800	176,700	240,000	$4.35	$7.50	$5.23
Chester County	9,399,681	771,017	8.2%	-8,408	345,202	0	0	$4.95	$5.85	$6.32
Delaware County	5,359,902	0	0.0%	0	178,000	0	0	$0.00	$0.00	$0.00
SUBURBAN PHILADELPHIA	**84,196,730**	**3,691,780**	**4.4%**	**828,442**	**2,938,223**	**866,867**	**1,451,612**	**$5.25**	**$7.28**	**$5.75**
Burlington County	30,785,507	1,359,386	4.4%	2,112,162	1,750,680	3,025,910	2,560,766	$0.00	$6.00	$6.42
Camden County	13,932,224	0	0.0%	0	140,800	0	0	$0.00	$0.00	$0.00
Gloucester County	19,871,256	1,357,513	6.8%	544,294	916,881	963,430	812,389	$0.00	$0.00	$5.70
Salem County	3,560,969	158,400	4.4%	176,400	176,400	213,900	0	$0.00	$0.00	$5.75
SOUTHERN NEW JERSEY	**68,149,956**	**2,875,299**	**4.2%**	**2,832,856**	**2,984,761**	**4,203,240**	**3,373,155**	**$0.00**	**$6.00**	**$6.05**
Northern Delaware***	15,012,475	363,781	2.4%	-26,237	99,428	188,600	0	$0.00	$0.00	$5.18
PHILADELPHIA MSA TOTALS	**152,346,686**	**6,567,079**	**4.3%**	**3,661,298**	**5,922,984**	**5,070,107**	**4,824,767**	**$5.25**	**$7.20**	**$5.91**

*Rental rates reflect weighted net asking $psf/year   **Does not include renewals   ***Northern Delaware market not included in Philadelphia MSA Totals

MF = Manufacturing OS = Office Service/Flex W/D = Warehouse/Distribution

KEY LEASE TRANSACTIONS Q4 2019

PROPERTY	SUBMARKET	TENANT	RSF	TYPE
11601 Roosevelt Boulevard	Philadelphia County	DHL International	465,000	New
2473 Old York Road	Burlington County	Clutter, Inc.	434,250	New

*Renewals not included in leasing statistics

KEY CONSTRUCTION COMPLETIONS Q4 2019

PROPERTY	SUBMARKET	MAJOR TENANT	SF	OWNER/DEVELOPER
1800 North Route 130	Burlington County	Speculative	913,466	ProLogis, Inc.
2320 Center Square Road	Gloucester County	Speculative	369,000	DP Partners
3750 State Road	Lower Bucks County	Speculative	235,240	Ivy Realty

KEY PROJECTS UNDER CONSTRUCTION 2019

PROPERTY	SUBMARKET	MAJOR TENANT	SF	OWNER/DEVELOPER
Mansfield Logistics Park / Bldg. 2	Burlington County	Speculative	719,648	Clarion Partners / MRP Industrial
201 Old York Road	Burlington County	Modell's, Inc.	569,145	Matrix Development Group

VINCENT PLANQUE
Senior Analyst
+1 215 963 4125
vincent.planque@cushwake.com

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