

Industrial Q2 2021

1.6%
Vacancy Rate



4.3M
YTD Net Absorption, SF



\$6.82
Asking Rent, PSF



Overall, Triple Net Asking Rent

ECONOMIC INDICATORS Q2 2021

2.8M
Philadelphia Employment



7.1%
Philadelphia Unemployment Rate



5.9%
U.S. Unemployment Rate



Source: BLS

ECONOMY

The Philadelphia MSA's economy continued to recover from the COVID-19 pandemic, as total employment has climbed by 7.3% over the last year. The unemployment rate has almost been cut in half, finishing the quarter at 7.1% as many businesses have reopened their doors for business. As a result of the surging industrial sector, transportation and warehousing employment has outpaced the remainder of the labor market and has added more than 220,151 jobs year-over-year, a 26.9% increase.

SUPPLY AND DEMAND

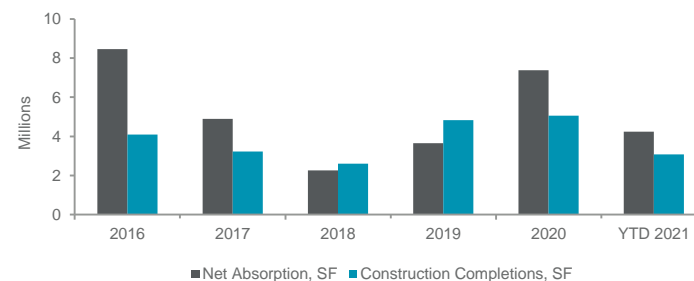
As the regional and national economies continue to strengthen, the local industrial markets have yielded further occupancy gains and healthy demand. Amid both a strong labor pool and favorable demographics metrics, both the Suburban Philadelphia and Southern New Jersey industrial markets boast extremely tight market conditions as the demand for modern, Class A warehouse and logistics space continues to flood the market. As a result, the market's vacancy rate edged lower to 1.6%, a historical low, and has now improved each of the last three quarters. Burlington and Gloucester counties led the way in terms of quarterly net absorption totals, which have helped fuel the year-to-date net absorption total for the region to 4.3 million square feet (msf), the market's strongest midyear performance since 2016.

Meanwhile, new leasing activity in both Southern New Jersey and Suburban Philadelphia surged throughout the second quarter, finishing 72.0% ahead of the first quarter total as six new leases were inked greater than 200,000 square feet (sf). 3PL, logistics, and consumer goods companies relocated to and expanded throughout the marketplace as the need for distribution centers in this key region remained a necessity for supply chains. As existing Class A space remained scarce, leasing velocity within new developments surged, accounting for 53.4% of the square footage leased in the second quarter. Another 2.7 msf of product was delivered during the quarter, 94.3% of which was already preleased by tenants.

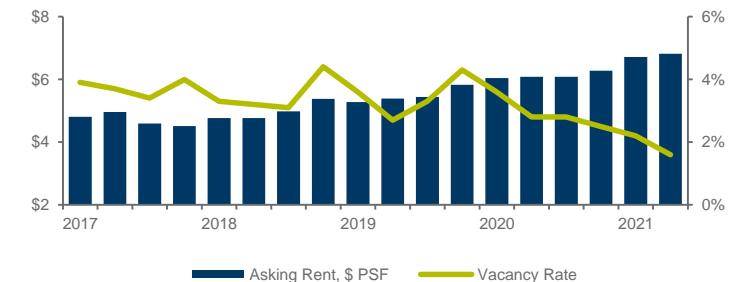
OUTLOOK

With more than 15.0 msf currently under construction, the market's pipeline remains extremely healthy and will help replenish much needed Class A supply to both the Suburban Philadelphia and Southern New Jersey markets. Of that total, 40.0% of the space has been preleased, a trend which is expected to continue. Of that 15.0 msf under development, almost 10.0 msf is slated to deliver by year-end, pushing the annual total to a historical high. In Suburban Philadelphia, Hilco and Northpoint boast sites which could deliver upwards of 20.0 msf total of new industrial product over the next few years. As historically tight market conditions are projected to persist and space is absorbed rapidly, expect a shrinking delta between asking and taking rents as competition for warehouse and logistics space should not waiver. In fact, many landlords have not quoted asking rents on their assets due to how quickly rents are trending upwards.

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & ASKING RENT



MARKET STATISTICS

SUBMARKET	INVENTORY (SF)	OVERALL*** VACANT (SF)	OVERALL*** VACANCY RATE	YTD OVERALL NET ABSORPTION (SF)***	YTD LEASING ACTIVITY (SF)**	UNDER CNSTR (SF)***	YTD CNSTR COMPLETIONS (SF)***	OVERALL WEIGHTED AVG NET RENT (MF)	OVERALL WEIGHTED AVG NET RENT (OS)	OVERALL WEIGHTED AVG NET RENT (W/D)
Philadelphia County	24,086,396	500,855	2.1%	180,725	159,867	839,503	250,000	\$6.95	N/A	\$6.88
Lower Bucks County	19,904,055	456,709	2.3%	295,408	549,729	2,240,456	0	\$4.93	N/A	\$6.66
Upper Bucks County	7,556,029	505,290	6.7%	-53,390	301,650	355,440	0	\$4.14	N/A	\$6.47
Montgomery County	22,093,338	581,603	2.6%	-354,595	259,160	1,089,435	0	\$6.33	\$7.50	\$4.78
Chester County	9,826,211	209,741	2.1%	239,454	261,863	0	0	N/A	N/A	\$9.83
Delaware County	5,821,712	191,454	3.3%	-191,454	0	1,254,000	0	N/A	N/A	\$8.50
SUBURBAN PHILADELPHIA	89,287,741	2,445,652	2.7%	116,148	1,532,269	5,778,834	250,000	\$5.85	\$7.50	\$6.87
Burlington County	37,178,379	208,942	0.6%	2,054,181	4,076,621	6,170,335	1,542,831	N/A	N/A	\$8.60
Camden County	12,914,676	0	0.0%	116,284	150,000	140,000	0	N/A	N/A	N/A
Gloucester County	23,310,054	0	0.0%	1,803,267	813,863	1,519,220	1,285,000	N/A	N/A	N/A
Salem County	4,701,149	0	0.0%	158,400	158,400	1,485,968	0	N/A	N/A	N/A
SOUTHERN NEW JERSEY	78,104,258	208,942	0.3%	4,132,132	5,198,884	9,315,523	2,827,831	N/A	N/A	\$8.60
PHILADELPHIA MSA TOTALS	167,391,999	2,654,594	1.6%	4,248,280	6,731,153	15,094,357	3,077,831	\$5.85	\$7.50	\$7.08

*Rental rates reflect weighted net asking \$psf/year **Does not include renewals *** Statistics not reflective of U.S. MarketBeat Tables

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

KEY LEASE TRANSACTIONS Q2 2021

PROPERTY	SUBMARKET	TENANT	SF	TYPE
3280 US-Route 206	Burlington County	Western Post	768,750	New Lease
100 Western Drive	Burlington County	Walmart	634,400	New Lease

KEY CONSTRUCTION COMPLETIONS Q2 2021

PROPERTY	SUBMARKET	MAJOR TENANT	SF	OWNER/DEVELOPER
2858 US Route 322	Gloucester County	Speculative	1,105,000	Advance Realty / Greek Development
1800 Route 130	Burlington County	Speculative	913,466	ProLogis, Inc.

KEY PROJECTS UNDER CONSTRUCTION 2021

PROPERTY	SUBMARKET	MAJOR TENANT	SF	OWNER/DEVELOPER
747 Courses Landing Road	Salem County	Amazon	1,085,468	Arbok/Panattoni
2961 Route 322	Gloucester County	Speculative	1,028,530	J.G. Petrucci Co., Inc.

RYAN HULL

Senior Research Analyst - Industrial
+1 215 963 4041/ryan.hull@cushwake.com

MICHAEL HANES

Senior Research Manager – Philadelphia Region
+1 215 963 4037/Michael.hanes@cushwake.com

JASON S. PRICE

Director of Research – Tri-State & Americas Industrial
+1 202 508 5208/Jason.price@cushwake.com

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