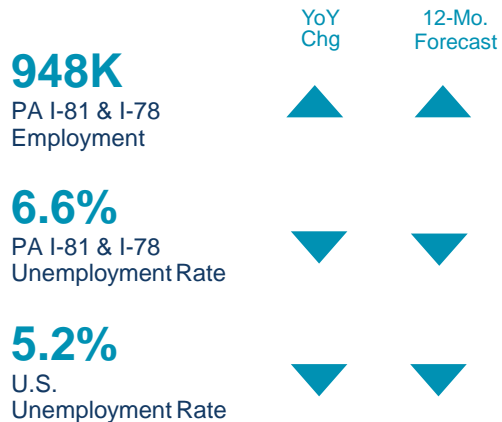


ECONOMIC INDICATORS Q3 2021



Source: BLS

ECONOMY

Total employment along the PA I-81 & I-78 distribution corridor continued to recover after the it struggled throughout much of the COVID-19 pandemic. The unemployment rate in the region dropped by 330 basis points (bps) year-over-year (YOY), from 9.9% to 6.6% this quarter. The combined forces of the healthcare/education and transportation/utilities sectors continued to outperform the overall economy, improving by a combined 4.3% YOY. Simultaneously, e-commerce sales continued to feel the aftershocks of the quarantine, bolstering further demand for warehouse and distribution space to satisfy consumer markets.

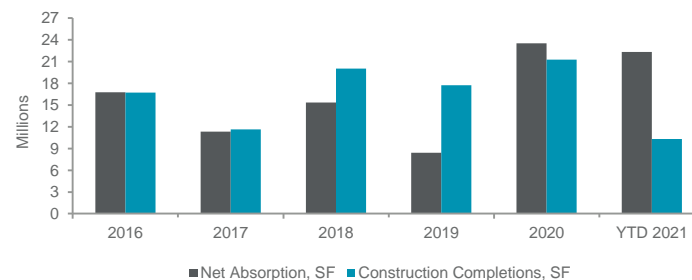
SUPPLY AND DEMAND

The PA I-81 & I-78 distribution corridor vacancy rate dropped another 210 bps to a five-year low of 3.9% as record levels of leasing activity persisted throughout the market, easily surpassing the region's five-year average of 20.1 million square feet (msf) annually. Quarterly net absorption totals reached a record high of 11.2 msf, with Central PA's 4.3 msf of net absorption leading the pack. Eleven deals were completed throughout the quarter greater than 500,000 square feet (sf), and another 18 leases were completed in the 200,000 – 500,000 sf-range. Healthy rent growth continued, and Lehigh Valley's rates remained strongest by a substantial margin, boasting a 24.3% premium over the regional average. Another 4.6 msf of deliveries occurred throughout the third quarter, pushing the total to 10.3 msf. An additional 34.6 msf of developments are currently under construction, with approximately 75.0% of the near-term anticipated deliveries already preleased. The market is on pace to register 11.9 msf of annual deliveries, though this number could reach 14.0 msf as the need for space is perpetuated by record demand. As the market experiences record-low vacancy rates and demand continues to surge, expect to see build-to-suit deliveries likely increase compared to speculative developments.

OUTLOOK

The I-81 & I-78 distribution corridor remains an ideal geography for institutions wishing to expand in the region. Expect record rent growth over the coming year, as rising land costs are coupled with noticeable capital infusion from the struggling retail and office sectors. Delays within the construction pipeline will likely disrupt the amount of speculative space delivered throughout the market, and by 2023, historically low vacancies will persevere along with a dearth of entitled land. Robust preleasing activity will persist as the appetite for large distribution and logistics facilities in the Eastern region will likely not waver. Leasing activity will be distributed across a larger geography as companies search for entitled land, and developers will build in places not normally occupied by logistics users. Due to extremely tight market conditions and limited space options, the market may begin to yield more modest absorption totals next year.

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & ASKING RENT



Industrial Q3 2021

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)
Lehigh Valley	90,176,700	2,693,590	3.0%	7,522,573	8,409,220	9,222,438	3,646,527	N/A	N/A	\$6.39
Northeastern PA	66,318,852	3,658,342	5.5%	5,000,772	7,967,296	9,145,238	1,988,144	\$3.75	\$4.50	\$4.58
Central PA	137,204,448	5,394,201	3.9%	4,750,134	9,813,325	7,625,822	2,885,178	N/A	N/A	\$4.99
Split	43,029,481	1,334,543	3.1%	5,055,345	5,034,460	8,626,748	1,802,060	N/A	N/A	\$4.85
PA I-81 & I-78 TOTALS	336,729,481	13,080,676	3.9%	22,328,824	31,224,301	34,620,246	10,321,909	\$3.75	\$4.50	\$5.19

*Rental rates reflect weighted net asking \$psf/year **Does not include renewals

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

KEY LEASE TRANSACTIONS Q3 2021

PROPERTY	SUBMARKET	TENANT	RSF	TYPE
270 Midway Road	Split	Confidential	1,082,200	New Lease
71 Mall Road	Split	Ryder Logistics (Bed Bath and Beyond)	1,014,490	New Lease
145 Market	Northeastern PA	VidaXL	749,736	New Lease

*Renewals not included in leasing statistics

KEY SALES TRANSACTIONS Q3 2021

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE/\$ PSF
951 Willowbrook Road	Lehigh Valley	Rockefeller Group / CenterPoint Properties	1,031,524	\$201.5M / \$195

KEY CONSTRUCTION COMPLETIONS Q3 2021

PROPERTY	SUBMARKET	MAJOR TENANT	SF	OWNER/DEVELOPER
735 Killinger Road	Split	Hershey Company	800,000	Hershey Company
Rosedale Avenue	Central PA	D&H Distributing	745,200	D&H Distributing
1 Court Street	Split	Speculative	587,100	J.G. Petrucci

KEY PROJECTS UNDER CONSTRUCTION Q3 2021

PROPERTY	SUBMARKET	MAJOR TENANT	SF	OWNER/DEVELOPER
2281 United Drive	Central PA	Speculative	1,823,600	Matrix Development
Greencastle	Central PA	Confidential	1,500,000	Northpoint Development
Hazleton Logistics Park	Northeastern PA	Conversion	1,410,000	Hillwood
1000-2000 Rand Blvd, Bldg 1	Lehigh Valley	Speculative	1,408,200	Bridge Development
Rausch Creek Logistics Center	Split	Speculative	1,346,755	Panattoni
29 Ludwig Court	Split	Speculative	1,240,000	Keith Corporation
11 Old Mountain Road	Northeastern PA	Speculative	1,229,136	NorthPoint Development

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