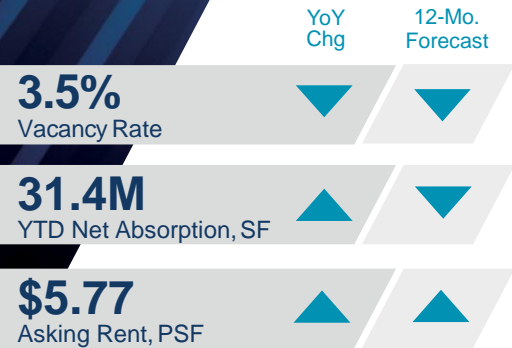


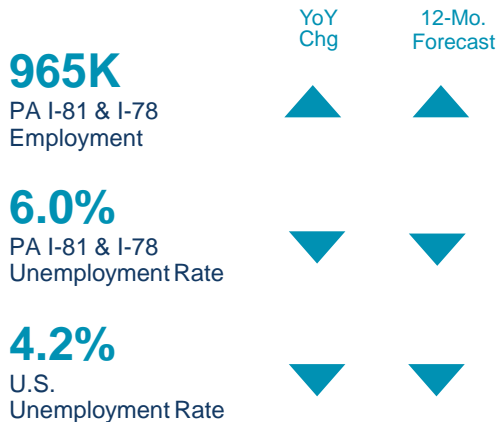
PA I-81 & I-78

Industrial Q4 2021



Overall, Triple Net Asking Rent

ECONOMIC INDICATORS Q4 2021



Source: BLS

ECONOMY

Employment within the PA I-81 & I-78 distribution corridor continued its path to recovery following the beginnings of the COVID-19 pandemic, climbing 2.7% year-over-year (YOY) at year-end. The unemployment rate in the region dropped by 100 basis points (bps) since one year ago to 6.0%. Simultaneously, while e-commerce sales surged further, in-store retail sales yielded a healthy increase over the last year, which should bode well for the distribution and logistics market in the new year.

SUPPLY AND DEMAND

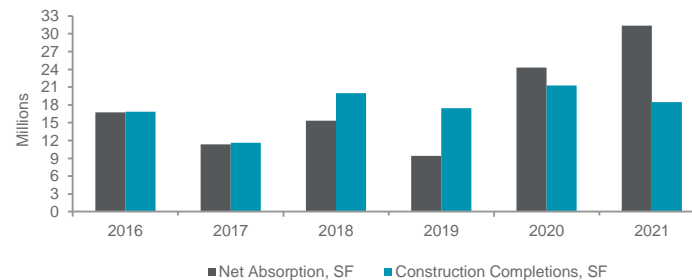
The PA I-81 & I-78 distribution corridor's vacancy rate dropped another 40 bps from the third quarter to a record low of 3.5%, as another 8.3 million square feet (msf) of industrial product was absorbed through the market. This helped propel the recorded annual net absorption total to an all-time high of 31.4 msf, one of the highest marks in the country. The Central Pennsylvania region accounted for more than half of the region's quarterly total. Annual new leasing activity continued to skyrocket, resulting in a record high of 37.6 msf, 65.4% higher than the 2020 total. Ten deals were completed throughout the fourth quarter measuring above 200,000 sf, with four of those transactions surpassing 400,000 sf.

Healthy and brisk rent growth persisted throughout the Corridor, with Lehigh Valley's average asking rental rates pushing noticeably above other submarkets, boasting a 31.4% premium over the regional average. Meanwhile, a robust 8.1 msf of deliveries occurred throughout the fourth quarter, pushing the 2021 total to 18.5 msf, among the highest in the nation. However, building delays remained evident across the nation due to delays in building material manufacturing and distribution, and almost 6.0 msf of construction starts were pushed to early 2022 along the I-81/I-78 Corridor. The Corridor boasted one of the most robust construction pipelines in the country with an additional 33.7 msf of developments currently underway, which could lead to more than 30.0 msf of new Class A product added to the inventory throughout the new year.

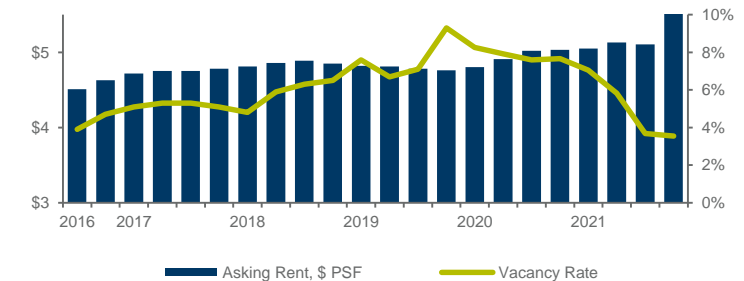
OUTLOOK

The I-81 & I-78 distribution corridor remains an ideal geography for institutions wishing to expand within and enter into the region. Expect continued brisk rent appreciation over the coming year, as historically right market conditions coupled with noticeably higher land and construction costs will help propel asking and taking rent growth. Furthermore, unavoidable delays within the construction pipeline will likely disrupt the amount of speculative space delivered throughout the market. Despite expected delays, the new supply pipeline will remain robust, with healthy preleasing activity expected to occur throughout the majority of 2022. Geographic distribution of construction will continue to expand as developers eagerly seek any entitled land they can find. Due to record-low vacancies, the Corridor will likely yield more tempered absorption totals over the next few years.

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)
Lehigh Valley	91,874,223	3,213,301	3.5%	8,697,386	9,760,879	9,261,678	5,341,051	N/A	N/A	\$7.58
Northeastern PA	67,608,852	3,029,318	4.5%	6,919,796	8,994,262	8,165,521	3,278,144	\$3.75	N/A	\$4.55
Central PA	140,117,551	3,448,648	2.5%	9,639,998	13,734,932	9,893,001	5,829,489	N/A	N/A	\$5.45
Split	45,280,974	2,545,481	5.6%	6,095,900	5,155,492	6,376,562	4,053,553	N/A	N/A	\$5.40
PA I-81 & I-78 TOTALS	344,881,600	12,236,748	3.5%	31,353,080	37,645,565	33,696,762	18,502,237	\$3.75	N/A	\$5.84

*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 Q4 2021

PROPERTY	SUBMARKET	TENANT	RSF	TYPE
5125 Commerce Drive York, PA	Central PA	Amazon	1,075,200	New Lease
601 Memory Lane York, PA	Central PA	Harley-Davidson	787,600	Renewal
150 Cesanek Road Northampton, PA	Lehigh Valley	Kichler Lighting	601,836	New Lease

*Renewals not included in leasing statistics

KEY SALES TRANSACTIONS Q4 2021

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE/\$ PSF
200 North 8 th Street	Lehigh Valley	CCC Real Estate/R&R Fish	395,477	\$2.8M/\$7.08

KEY CONSTRUCTION COMPLETIONS Q4 2021

PROPERTY	SUBMARKET	MAJOR TENANT	SF	OWNER/DEVELOPER
2281 United Drive	Central PA	Confidential	1,823,600	Matrix Development
Berks Park 78	Split	Mars Petcare	1,011,615	NorthPoint Development
8449 Congdon Hill Drive	Lehigh Valley	Speculative	925,910	ProLogis

KEY PROJECTS UNDER CONSTRUCTION Q4 2021

PROPERTY	SUBMARKET	MAJOR TENANT	SF	OWNER/DEVELOPER
Greencastle	Central PA	Confidential	1,500,000	Northpoint Development
1000-2000 Rand Blvd, Bldg 1	Lehigh Valley	Speculative	1,408,200	Bridge Development
Rausch Creek Logistics Center	Split	Speculative	1,346,755	Panattoni
972 East Canal Road	Central PA	Speculative	1,319,360	Hillwood Development Company
29 Ludwig Court	Split	Speculative	1,240,000	Keith Corporation
11 Old Mountain Road	Northeastern PA	Speculative	1,229,136	NorthPoint Development
Mountain Valley Logistics Center	Split	Speculative	1,229,100	NorthPoint Development

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