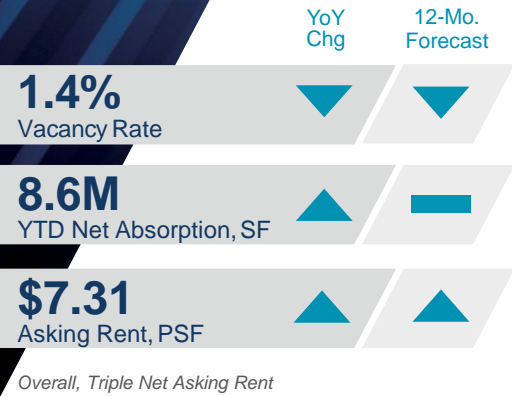
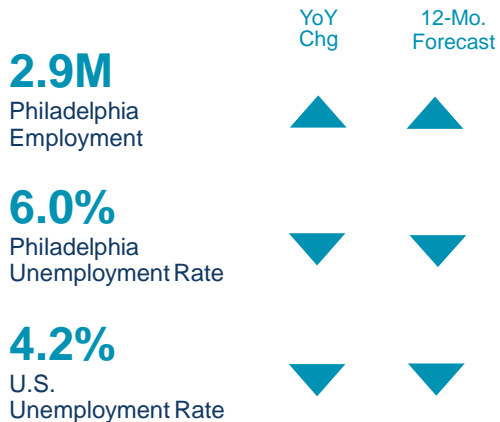


## Industrial Q4 2021



### ECONOMIC INDICATORS Q4 2021



Source: BLS

### ECONOMY

The Philadelphia MSA's economy continued to recover amid the ongoing COVID-19 pandemic, as total employment climbed by 3.7% year-over-year (YOY), while the unemployment rate continued along its downward trend, reaching 6.0%. As the industrial sector sustained its unprecedented momentum, e-commerce and distribution properties benefited from customers' renewed confidence in their wallets, with holiday spending rising by its highest margin in over a decade. Consumer confidence reached its highest point since July and has risen for three straight months.

### SUPPLY AND DEMAND

As both consumer and supplier optimism remained elevated due to improving economy and workplace, the local industrial market's unprecedented expansion cycle persisted. Traditional warehouse and distribution properties remained in high demand, and the market's vacancy rate tightened further to 1.4%. Meanwhile, Southern New Jersey's vacancy rate of 0.5% remained among the lowest in the nation, fueled by record lows in Camden and Salem counties. Burlington and Salem counties drove strong quarterly net absorption totals in Southern New Jersey, while Montgomery and Delaware counties led the way in net occupancy gains in the Southeastern Pennsylvania region. These areas helped push the year-to-date (YTD) total for the region to 8.6 million square feet (msf), setting a recent historical record and surpassing 2016's previous high. Amid strong demand coupled with extremely limited supply, asking rents for all asset classes reached new heights, as both asking and taking rents continued to rise rapidly across the region. Southern New Jersey accounted for 72.1% of the region's annual leasing activity, and fourth quarter demand was driven primarily by five leases exceeding 150,000 sf. Annual leasing in Southern New Jersey notably surpassed the five-year historical average for the region, and was relatively steady compared to 2020's total. E-commerce and logistics tenants sought even more space throughout the region as they continued to expand footprints due in part to rising transportation costs. As a result, new construction completions reached a record high, boasting a 42.6% increase over 2020. To meet the constant demand for big-box space, the average footprint of new development projects has persistently risen by almost 40.0% since 2019, as Southern New Jersey has transformed into a dynamic warehouse and distribution hub in the northeast.

### OUTLOOK

With over 14.0 msf currently under construction, 27.4% has already been preleased -- the market's pipeline remains robust despite limited available land, and developers continue to push construction starts amid a lack of Class A product. The first half of 2022 is expected to yield 6.3 msf of new inventory, and the annual total is projected to double that of 2021. Historically tight market conditions are anticipated to persist, and strong absorption totals should outstrip new deliveries, with rental rates projected to rise to new historical heights.

### 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	24,421,099	390,257	1.6%	626,026	739,212	790,800	584,703	\$6.95	N/A	\$6.06
Lower Bucks County	20,129,055	426,709	2.1%	550,408	783,761	2,174,206	225,000	\$4.93	N/A	\$7.80
Upper Bucks County	7,805,629	398,575	5.1%	302,925	473,188	370,440	249,600	\$6.50	N/A	\$6.49
Montgomery County	22,424,863	582,285	2.6%	-166,649	1,189,083	757,910	331,525	\$6.30	\$7.50	\$5.00
Chester County	9,826,211	209,741	1.5%	298,921	261,863	0	0	N/A	N/A	\$9.05
Delaware County	5,821,712	150,274	1.2%	-72,300	119,154	1,254,000	0	N/A	N/A	\$8.50
<b>SUBURBAN PHILADELPHIA</b>	<b>90,428,569</b>	<b>2,020,400</b>	<b>2.2%</b>	<b>1,539,331</b>	<b>3,566,261</b>	<b>5,347,356</b>	<b>1,390,828</b>	<b>\$6.23</b>	<b>\$7.50</b>	<b>\$6.99</b>
Burlington County	40,778,184	232,369	0.6%	3,696,093	4,984,430	5,448,480	3,208,170	N/A	N/A	\$8.94
Camden County	12,914,676	44,985	0.3%	71,299	322,074	150,000	0	N/A	N/A	N/A
Gloucester County	23,342,471	164,266	0.7%	1,639,001	3,331,956	2,911,532	1,285,000	N/A	N/A	\$7.00
Salem County	6,187,117	0	0.0%	1,644,368	558,900	149,504	1,485,968	N/A	N/A	N/A
<b>SOUTHERN NEW JERSEY</b>	<b>83,222,448</b>	<b>441,620</b>	<b>0.5%</b>	<b>7,050,761</b>	<b>9,197,360</b>	<b>8,659,516</b>	<b>5,979,138</b>	<b>N/A</b>	<b>N/A</b>	<b>\$8.14</b>
<b>PHILADELPHIA MSA TOTALS</b>	<b>173,651,017</b>	<b>2,462,020</b>	<b>1.4%</b>	<b>8,590,092</b>	<b>12,763,621</b>	<b>14,006,872</b>	<b>7,369,966</b>	<b>\$6.23</b>	<b>\$7.50</b>	<b>\$7.25</b>

\*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	SF	TYPE
2221 US Route 322   Woolwich Township, NJ	Gloucester County	UPS	455,280	New Lease
2062 US Route 322   Woolwich Township, NJ	Gloucester County	J&J Snack Foods	262,200	New Lease

## KEY CONSTRUCTION COMPLETIONS Q4 2021

PROPERTY	SUBMARKET	MAJOR TENANT	SF	OWNER/DEVELOPER
1100 West Front Street	Burlington County	Speculative	508,200	Black Creek Group
1950 River Road	Burlington County	Speculative	486,540	Carson Companies

## KEY PROJECTS UNDER CONSTRUCTION 2021

PROPERTY	SUBMARKET	MAJOR TENANT	SF	OWNER/DEVELOPER
2961 Route 322   Logan Township, NJ	Gloucester County	Speculative	1,028,530	J.G. Petrucci Co., Inc.
Delco Logistics Center, Bldgs 1 & 2   Eddystone, PA	Delaware County	Speculative	770,000	Alliance HP

## RYAN HULL

Senior Research Analyst - Industrial  
+1 215 963 4041/[ryan.hull@cushwake.com](mailto:ryan.hull@cushwake.com)

## MICHAEL HANES

Senior Research Manager – Philadelphia Region  
+1 215 963 4037/[Michael.hanes@cushwake.com](mailto:Michael.hanes@cushwake.com)

## JASON S. PRICE

Director of Research – Tri-State & Americas Industrial  
+1 202 508 5208/[Jason.price@cushwake.com](mailto:Jason.price@cushwake.com)

## A CUSHMAN &amp; WAKEFIELD RESEARCH PUBLICATION

©2022 Cushman & Wakefield. All rights reserved. The information contained within this report is gathered from multiple sources believed to be reliable. The information may contain errors or omissions and is presented without any warranty or representations as to its accuracy.

[cushmanwakefield.com](http://cushmanwakefield.com)