

2.1%
Vacancy Rate



6.4M
YTD Net Absorption, SF



\$6.79
Asking Rent, PSF



Overall, Triple Net Asking Rent

ECONOMIC INDICATORS Q1 2022

987K
PA I-81 & I-78
Employment



5.3%
PA I-81 & I-78
Unemployment Rate



3.6%
U.S.
Unemployment Rate



Source: BLS

ECONOMY

Employment within the PA I-81 & I-78 corridor continued its lengthy recovery from the COVID-19 pandemic, climbing 4.3% year-over-year (YOY), while the unemployment rate in the region dropped by 200 basis points (bps) from one year ago to 5.3%. Consumer confidence and retail sales remained strong throughout the first quarter due to strong employment growth, despite geopolitical uncertainties and expectations for inflation.

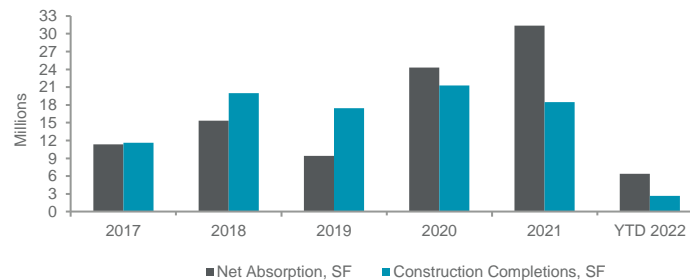
SUPPLY AND DEMAND

The market's vacancy rate dropped substantially by 140 bps from the preceding quarter to yet another record-low of 2.1%, as another 6.4 million square feet (msf) of industrial space was absorbed throughout the market. This helped propel a 67.4% increase in absorption YOY, finishing the quarter with the fifth-highest level of absorption in the United States. The Lehigh Valley region accounted for over one third of the region's quarterly total. Year-to-date leasing activity climbed further, rising by 18.2% YOY in the first quarter, with more than 10.3 msf of deals finalized. Impressively, 10 deals greater than 400,000 sf were completed throughout the quarter, two of which surpassed 1.0 msf. As a result of the robust demand coupled with historically tight market conditions, substantial rent growth persisted throughout the Corridor. Lehigh Valley's average asking rental rate climbed noticeably above other submarkets, once again boasting a significant premium over the regional average. Almost 2.7 msf of new product were delivered throughout the quarter, and the construction pipeline for the remainder of the year remains extremely healthy. Though construction delays will likely push several million square feet of space towards the end of 2022, the corridor's development pipeline boasts 43.8 msf currently under construction. With a preleasing rate of almost 30.0%, healthy interest has persisted, and the speculative remainder of this pipeline displays a bullish outlook by developers.

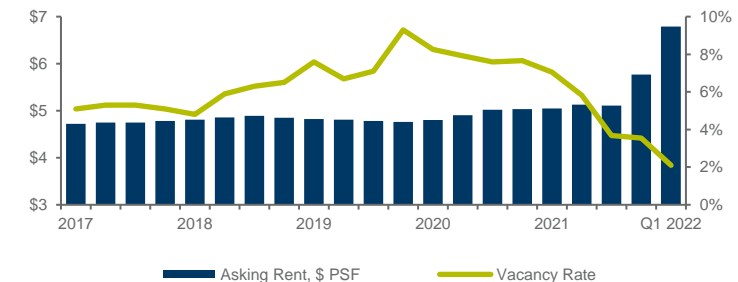
OUTLOOK

The PA distribution corridor remains a promising geography for businesses seeking greater distribution access to the eastern seaboard and northeast region. Expect continued marked rent growth over the coming year due to rising land and construction costs coupled with record low vacancy levels. Furthermore, though construction delays are expected to lessen over the course of the year, expect several projects in the construction pipeline to be pushed further into the future. The new supply pipeline will remain robust, with preleasing activity expected to swell throughout 2022. Furthermore, the I-81S market will continue to transform into a prominent industrial hub due in part to significant economic development initiatives in Berkeley and Washington counties. Finally, as vacancy is anticipated to remain at historically low levels, expect the Corridor to yield more tempered absorption totals over the next few years with minimal existing space options to absorb.

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & ASKING RENT



Industrial Q1 2022

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)
Lehigh Valley	93,604,637	2,404,762	2.6%	2,284,841	2,868,959	8,285,868	1,476,134	N/A	N/A	\$8.90
Northeastern PA	68,053,952	1,330,555	2.0%	1,718,188	2,524,831	9,045,238	N/A	\$3.75	N/A	\$4.50
Central PA	121,210,752	857,105	0.7%	1,047,856	2,187,944	10,549,263	704,250	N/A	N/A	\$6.68
Split	45,280,974	1,985,838	4.4%	559,643	559,643	7,836,818	N/A	N/A	N/A	\$6.25
I-81S	47,916,121	1,349,393	2.8%	750,859	2,181,266	8,049,643	494,193	N/A	N/A	\$5.56
PA I-81 & I-78 TOTALS***	376,066,436	7,927,653	2.1%	6,361,387	10,322,643	43,766,830	2,674,577	\$3.75	N/A	\$7.00

*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 Q1 2022

PROPERTY	SUBMARKET	TENANT	RSF	TYPE
400 First Avenue Scranton, PA	Northeastern PA	Costco	1,026,000	Renewal
16822 National Pike Hagerstown, MD	I-81S	Black & Decker	1,010,896	New Lease
175 Cesanek Road, Bldg 1 Northampton, PA	Lehigh Valley	Unis	953,336	New Lease

*Renewals not included in leasing statistics

KEY SALES TRANSACTIONS Q1 2022

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE/\$ PSF
1002 Patriot Way Reading, PA	Split	Matrix Development Group/TA Realty	708,960	\$80.5M/\$113.55

KEY CONSTRUCTION COMPLETIONS Q1 2022

PROPERTY	SUBMARKET	MAJOR TENANT	SF	OWNER/DEVELOPER
150 Cesanek Road, Bldg 2	Lehigh Valley	Kichler Lighting	601,836	Jaindl Land Company/Watson
800 Willowbrook Road	Lehigh Valley	Speculative	453,600	Rockefeller Group
600 Male Road	Lehigh Valley	Speculative	318,448	J.G. Petrucci

KEY PROJECTS UNDER CONSTRUCTION Q1 2022

PROPERTY	SUBMARKET	MAJOR TENANT	SF	OWNER/DEVELOPER
Greencastle	I-81S	Confidential	1,500,000	Northpoint Development
Rausch Creek Logistics Center	Split	Speculative	1,346,755	Panattoni
972 East Canal Road	Central PA	Speculative	1,319,360	Hillwood Development Company
1000-2000 Rand Blvd, Bldg 1	Lehigh Valley	Speculative	1,248,176	Bridge Development
55 West Oak Drive	I-81S	Speculative	1,247,111	Johnson Development Associates
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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