

| | YoY Chg | 12-Mo. Forecast |
|--|---------|-----------------|
| 15.3% Vacancy Rate | ▲ | ▲ |
| -573.9K YTD Net Absorption, SF | ▼ | ▲ |
| \$33.23 Asking Rent, PSF | ▲ | ▬ |

(Overall Gross, All Property Classes)

ECONOMIC INDICATORS Q1 2022

| | YoY Chg | 12-Mo. Forecast |
|---|---------|-----------------|
| 700.0K Philadelphia Employment | ▲ | ▲ |
| 7.4% Philadelphia Unemployment Rate | ▼ | ▼ |
| 3.6% U.S. Unemployment Rate | ▼ | ▼ |

Source: BLS

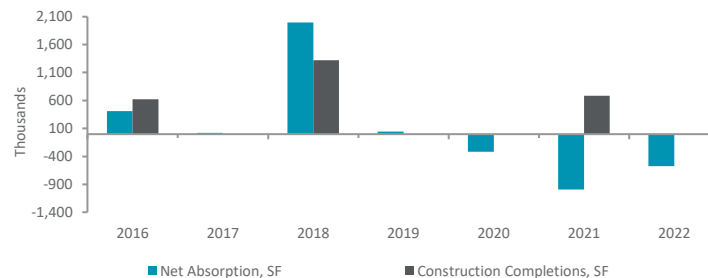
ECONOMY:

Philadelphia is poised for growth in 2022. As a region, Philadelphia has seen a steady increase of people returning to the labor force, and as of the first quarter, the regional labor force is less than 25,000 participants from pre-pandemic totals. Despite the increase in participants, regional unemployment, at 5.3%, remains above the national average but still trends downwards. The unemployment rate in the City of Philadelphia was 7.4% at the end of the first quarter 2022. Down from 10.8% from a year ago, the unemployment rate still trails both the region and the national average. However, we should view the glass as half full, as 23,000 less people are unemployed than a year ago. 30,000 more people have returned to the workforce since first quarter 2021, and over 48,000 more people are employed than a year prior. The gains made in 2021 in sectors like business services and information, 7.4% and 16.5% increase year-over-year (YOY) respectively, have held through the first quarter of 2022 and are expected to increase per the Bureau of Labor Statistics. Anecdotally, Kastle systems, which tracks workplace occupancy in major U.S. metro markets, noted that Philadelphia workplace occupancy ranked fifth highest among the top 10 U.S. metro markets, ending the first quarter at 37.7% occupancy, the highest mark to date since the start of the pandemic and 100 basis-points (bps) higher than the previous peak set in third quarter 2021.

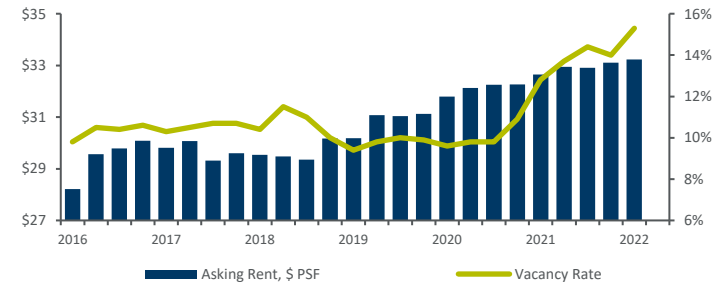
SUPPLY AND DEMAND:

The overabundant supply of sublease vacancy has been an important metric to monitor throughout the pandemic. Sublease vacancy rose dramatically over the pandemic, yet signs of a slow-down for new sublease vacancy coming onto the market were emerging by the end of 2021 and continued into 2022. As of the end of the first quarter, 996,712 square feet (sf) of sublease vacancy exists in the CBD. Less than 75,000 sf has come onto the market in the past two quarters, for an average of 5,300 sf per availability. When looking at all the current sublease vacancies in the CBD, 20.8% are less than 5,000 sf and have an expiration date less than 24 months out. Of the remaining 79.2% sublease vacancies, more than two thirds of that vacant space is class A, for a total of 509,602 sf. Only 38,274 sf has come onto the market in the past two quarters. However, sublease vacancy trends have differed slightly on the east and west side of Broad Street. Over the last 12 months East of Broad class A sublease vacancy is trending down ending the first quarter at 1.9%, 20 bps lower than the highwater mark set in second quarter 2021. In West of Broad, class A sublease vacancy may be plateauing. Class A sublease vacancy in West of Broad rose 30 bps quarter-over-quarter (QOQ) to 2.4%, back to its previous peak from third quarter 2021. Yet, class A future sublease availabilities in West of Broad have steadily decreased over the past three quarters, down 20 bps during that time. These trends on West and East of Broad may continue into the year, as will the continued consumption of class A sublease space. By example, the top deals this past quarter; the Jewish Federation and Community Legal Services, were both West of Broad class A subleases.

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & ASKING RENT



MARKET STATISTICS

| SUBMARKET | INVENTORY (SF) | DIRECT VACANT (SF) | SUBLET VACANT (SF) | OVERALL VACANCY RATE*** | CURRENT QTR OVERALL NET ABSORPTION (SF)** | YTD OVERALL NET ABSORPTION (SF) | YTD LEASING ACTIVITY (SF)** | UNDER CNSTR (SF) | OVERALL AVG ASKING RENT (ALL CLASSES)* | OVERALL AVG ASKING RENT (CLASS A)* |
|--------------------------------|--------------------|--------------------|--------------------|-------------------------|---|---------------------------------|-----------------------------|------------------|--|------------------------------------|
| East of Broad | 12,668,511 | 1,755,178 | 246,463 | 15.8% | -66,055 | -66,055 | 55,623 | 462,000 | \$32.14 | \$34.48 |
| West of Broad | 28,883,954 | 3,612,024 | 750,249 | 15.1% | -507,880 | -507,880 | 191,319 | 305,000 | \$33.69 | \$35.03 |
| CBD*** | 41,552,465 | 5,367,202 | 996,712 | 15.3% | -573,935 | -573,935 | 246,942 | 767,000 | \$33.23 | \$34.91 |
| Naval Yard | 1,058,788 | 28,212 | 205,170 | 22.0% | -210,076 | -210,076 | 49,939 | 265,000 | \$31.37 | \$31.37 |
| University City | 5,688,632 | 276,107 | 21,931 | 5.2% | 24,999 | 24,999 | 5,958 | 1,545,000 | \$42.01 | \$44.27 |
| Bala Cynwyd | 2,718,024 | 436,112 | 108,338 | 20.0% | -17,756 | -17,756 | 55,757 | 0 | \$35.33 | \$36.23 |
| Southern Bucks County | 6,342,779 | 1,170,355 | 171,488 | 21.2% | -52,042 | -52,042 | 42,949 | 0 | \$25.04 | \$27.48 |
| Southern Route 202 Corridor | 6,199,423 | 898,862 | 54,899 | 15.4% | -27,914 | -27,914 | 33,664 | 0 | \$25.91 | \$26.53 |
| Delaware County | 4,537,028 | 476,628 | 20,342 | 11.0% | 55,380 | 55,380 | 28,508 | 0 | \$26.74 | \$27.86 |
| Blue Bell/Ply. Mtg./Ft. Wsh. | 12,236,300 | 2,498,858 | 111,570 | 21.3% | -119,874 | -119,874 | 148,825 | 0 | \$26.40 | \$27.86 |
| Main Line | 3,568,028 | 312,621 | 31,123 | 9.6% | -19,773 | -19,773 | 25,481 | 0 | \$36.67 | \$39.73 |
| Conshohocken | 4,190,979 | 736,203 | 115,202 | 20.3% | -65,597 | -65,597 | 69,335 | 0 | \$38.93 | \$40.10 |
| Horsham/Willow Grove/Jenkt. | 5,329,243 | 1,138,799 | 70,317 | 22.7% | -57,121 | -57,121 | 156,926 | 0 | \$21.38 | \$23.37 |
| King of Prussia/Valley Forge | 18,066,121 | 2,440,082 | 628,633 | 17.0% | -150,216 | -150,216 | 164,343 | 0 | \$27.68 | \$28.84 |
| SUBURBAN PHILADELPHIA | 63,187,925 | 10,108,720 | 1,311,912 | 18.1% | -454,913 | -454,913 | 725,788 | 0 | \$27.77 | \$29.67 |
| Burlington County | 7,852,029 | 1,163,928 | 182,489 | 17.2% | -43,190 | -43,190 | 148,647 | 0 | \$21.26 | \$24.56 |
| Camden County | 6,377,581 | 1,085,663 | 13,103 | 17.2% | -16,132 | -16,132 | 50,287 | 0 | \$21.25 | \$25.78 |
| SOUTHERN NEW JERSEY | 14,227,610 | 2,249,591 | 195,592 | 17.2% | -59,322 | -59,322 | 198,934 | 0 | \$21.25 | \$24.99 |
| Wilmington-CBD | 7,117,093 | 1,772,284 | 6,500 | 25.0% | -52,538 | -52,538 | 31,637 | 0 | \$28.14 | \$28.53 |
| New Castle-Suburban | 9,377,123 | 1,122,867 | 80,085 | 12.8% | -48,080 | -48,080 | 16,316 | 0 | \$22.88 | \$23.47 |
| NEW CASTLE CTY-DE TOTAL | 16,494,216 | 2,895,151 | 86,585 | 18.1% | -100,618 | -100,618 | 47,953 | 0 | \$26.13 | \$27.05 |
| Lehigh & North Hamp. Counties | 7,631,540 | 1,401,264 | 32,905 | 18.8% | -61,638 | -61,638 | 44,590 | 0 | \$21.56 | \$23.86 |
| PHILADELPHIA TOTALS*** | 135,462,216 | 20,620,664 | 2,590,801 | 17.1% | -1,188,788 | -1,188,788 | 1,219,617 | 767,000 | \$28.47 | \$30.91 |

*Rental rates reflect full service asking

KEY LEASE TRANSACTIONS Q1 2022

| PROPERTY | SUBMARKET | TENANT | RSF | TYPE |
|-----------------------------------|---------------|--------------------------|--------|----------|
| 2001 Market Street | West of Broad | Jewish Federation | 23,000 | Sublease |
| 100 North 18 th Street | West of Broad | Community Legal Services | 17,494 | Sublease |
| 1100 Ludlow Street | East of Broad | Block Inc. | 35,000 | New |
| 1818 Market Street | West of Broad | American Cancer Society | 14,839 | Renewal |
| 1818 Market Street | West of Broad | Pietragallo | 12,909 | Renewal |

*Renewals not included in leasing statistics

MICHAEL HANES

Sr. Research Manager

+1 215 963 4037

Michael.hanes@cushwake.com

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