

1.9%
Vacancy Rate



10.8M
YTD Net Absorption, SF



\$6.83
Asking Rent, PSF



Overall, Triple Net Asking Rent

ECONOMIC INDICATORS Q2 2022

995K
PA I-81 & I-78
Employment



4.6%
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 exhibited further growth since the apex of the COVID-19 pandemic, climbing 4.4% year-over-year (YOY), while the unemployment rate in the region dropped by 230 basis points (bps) from one year ago to 4.6%. Consumer confidence held strong during the first quarter, while contending with strong inflation headwinds and some economic uncertainty. Regardless, consumer goods and logistics continued to dominate new occupancy in the Corridor.

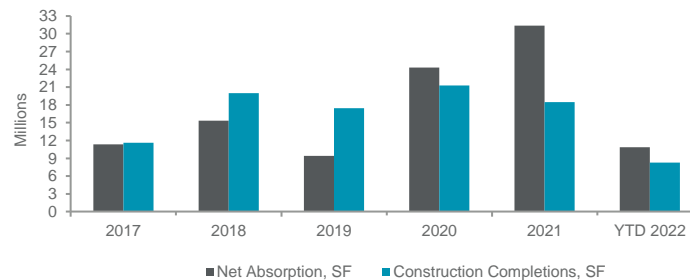
SUPPLY AND DEMAND

The market's vacancy rate dipped by 20 bps from Q1 to yet another record-low of 1.9%, as the region absorbed another 5.8 million square feet (msf) of industrial space. This helped to spur a 24.5% increase in absorption YOY, culminating in the sixth-highest level of absorption in the United States. The Northeastern Pennsylvania region's 2.7 msf of absorption accounted for almost half of the region's quarterly total, with the Split submarket's 1.4 msf trailing not far behind. Year-to-date leasing activity climbed further, with more than 6.7 msf of deals finalized. Furthermore, nine deals greater than 500,000 square feet (sf) were completed throughout the quarter, three of which surpassed 1.0 msf. As a result of consistent demand for logistics space paired with historically tight market conditions, rent growth remained on an upward trajectory throughout the region. The I-81S submarket's average asking rate jumped 10.6% over Q1, climbing markedly above other submarkets, while Lehigh Valley once again maintained the premium rate in the region. An impressive 5.6 msf of new product were delivered throughout the quarter, and about half of the region's upcoming 2022 construction pipeline is already preleased. Though construction delays and supply chain challenges will likely push several million square feet of space towards the beginning of 2023, the Corridor is expected to deliver 44.3 msf by the end of the year. With the region's pipeline growing 67.7% YOY, developers are maintaining their bullish outlook on the region's future.

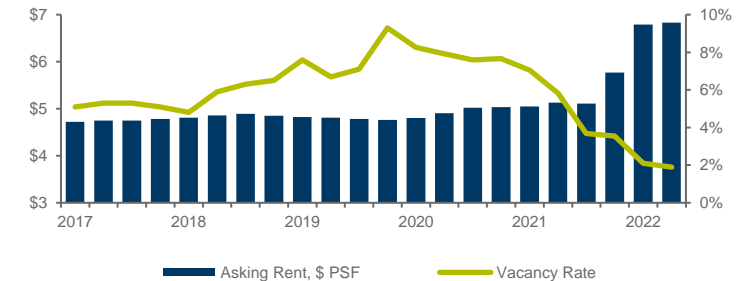
OUTLOOK

The PA Distribution Corridor remains a highlight for companies seeking greater access to one of the most active consumer regions in North America. With this in mind, inflation has been challenging for consumers to manage, and may pose challenges for entities looking to expand consumer goods distribution operations. Expect rent growth to plateau over the coming year while vacancy levels maintain record low 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 2023. This new supply pipeline is robust, with preleasing activity expected to remain high throughout 2022. Furthermore, the I-81S market is poised for its evolution into an industrial hub due to economic development initiatives in Maryland and West Virginia. Finally, as vacancy is due to remain historically low, expect Corridor absorption to yield more tempered totals over the next year or so.

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & ASKING RENT



Industrial Q2 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 CNSTR 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	1,301,271	1.4%	3,348,332	4,626,817	9,102,133	1,476,134	N/A	N/A	\$8.93
Northeastern PA	70,012,552	103,000	0.2%	4,918,932	5,141,543	7,676,638	1,958,600	N/A	N/A	N/A
Central PA	121,895,602	723,845	0.6%	1,769,998	4,760,573	10,466,140	1,389,100	N/A	N/A	\$6.65
Split	47,790,641	3,011,600	6.3%	1,944,761	1,184,193	6,739,996	2,210,000	N/A	N/A	\$6.29
I-81S	48,647,287	1,918,359	3.9%	-694,050	2,343,466	10,334,795	1,224,309	N/A	N/A	\$6.15
PA I-81 & I-78 TOTALS***	381,950,719	7,058,075	1.9%	10,847,973	18,056,592	44,319,702	8,258,143	N/A	N/A	\$6.83

*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 Q2 2022

PROPERTY	SUBMARKET	TENANT	RSF	TYPE
11 Old Mountain Road Wilkes-Barre, PA	Northeastern PA	Lowe's	1,229,136	New Lease
2771 North Market Street Elizabethtown, PA	Central PA	Boohoo	1,085,280	New Lease
597 Alexander Spring Road Carlisle, PA	Central PA	Mondelez	1,059,645	Renewal

*Renewals not included in leasing statistics

KEY SALES TRANSACTIONS Q2 2022

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE/\$ PSF
600 Brighton Street Bethlehem, PA	Lehigh Valley	SK Realty/Golden Touch Imports	235,000	\$18.0M/\$76.60

KEY CONSTRUCTION COMPLETIONS Q2 2022

PROPERTY	SUBMARKET	MAJOR TENANT	SF	OWNER/DEVELOPER
29 Ludwig Court, Bldg 1 Shoemakersville, PA	Split	Speculative	1,240,000	Keith Corporation
Humboldt Industrial Park, NW1 Hazleton, PA	Northeastern PA	Owner Occupied	1,202,800	Niagara Water
3000 State Drive Lebanon, PA	Split	Owner Occupied	970,000	DHL Supply Chain

KEY PROJECTS UNDER CONSTRUCTION Q2 2022

PROPERTY	SUBMARKET	MAJOR TENANT	SF	OWNER/DEVELOPER
Greencastle Logistics Center Greencastle, PA	I-81S	Confidential	1,500,000	NorthPoint Development
Rausch Creek Logistics Center Frailey Twp, PA	Split	Speculative	1,346,755	Panattoni
972 East Canal Road York, PA	Central PA	Speculative	1,319,360	Hillwood Development Company
3000 Rand Blvd, Bldg 1 Phillipsburg, NJ	Lehigh Valley	Speculative	1,248,176	Bridge Development
55 West Oak Ridge Drive Hagerstown, MD	I-81S	Speculative	1,247,111	Johnson Development Associates
10440 Downsview Pike Hagerstown, MD	I-81S	Speculative	1,234,240	Trammell Crow
11 Old Mountain Road Wilkes-Barre, PA	Northeastern PA	Speculative	1,229,136	NorthPoint Development

RYAN HULL

Senior Analyst

+1 215 963 4041/ryan.hull@cushwake.com

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