

## Industrial Q1 2023

**3.3%**  
Vacancy Rate



**2.2M**  
YTD Net Absorption, SF



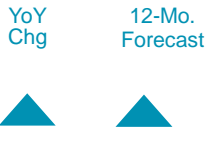
**\$12.65**  
Asking Rent, PSF



Overall, Triple Net Asking Rent

### ECONOMIC INDICATORS Q1 2023

**3.1M**  
Philadelphia Employment



**4.0%**  
Philadelphia Unemployment Rate



**3.5%**  
U.S. Unemployment Rate



Source: BLS

### ECONOMY

The local economy in the first quarter showed steady growth, with total employment climbing 3.1% year-over-year (YOY). In addition to stable employment growth, the Philadelphia region demonstrated strong market activity, dominated by both the 3PL and food-and-beverage industries – showcasing the region’s consistent demand for space.

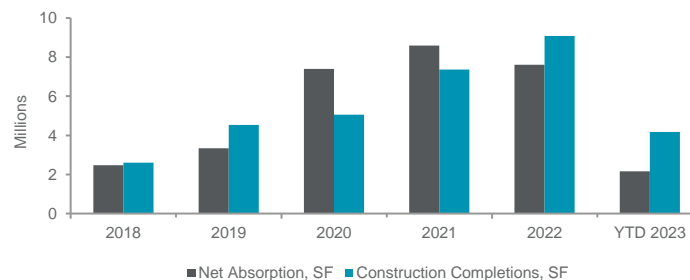
### SUPPLY AND DEMAND

In the Southeastern PA region, the first quarter recorded a decline in the market’s overall vacancy rate by 80 basis points (bps). Annual rent growth remained robust, yielding a 49.4% increase in asking rates throughout the Philadelphia MSA – with both Philadelphia and Delaware Counties playing significant roles in this growth trend. Delaware and Salem Counties led the way in leasing activity growth, with the former exhibiting a 26.8% YOY rise in transaction volume. The Philadelphia MSA recorded seven signed lease transactions surpassing 100,000 square feet (sf) throughout the first quarter, as 3PL, food-and-beverage, and e-commerce users took advantage of the market’s strong consumer fundamentals. Speculative construction throughout the region continued, as premium deliveries of space surged by 110.5% YOY to 4.2 million square feet (msf). Impressively, 58.9% of this space was released. The market’s development pipeline represented a 16.0% increase YOY for Q1, as five projects exceeding 1.0 msf helped push the market’s under-construction total to just under 17.0 msf – of which 82.7% is due to deliver in the remainder of the year.

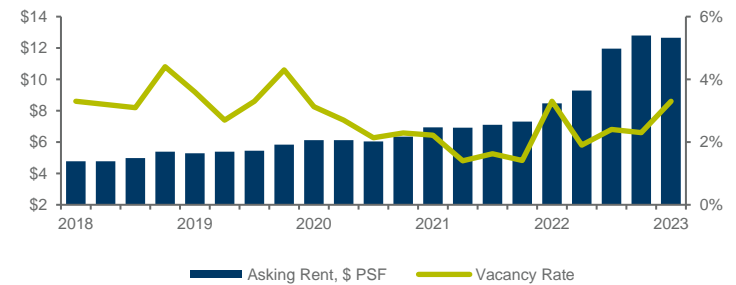
### OUTLOOK

Overall, one may anticipate rent growth to continue on a moderate basis, as tenant interest throughout the region is expected to remain relatively strong due to well-established market fundamentals. Vacancy levels will likely rise, though this trend may be tempered by preleased projects coming online over the course of the year. In summary, the Philadelphia region is poised to experience further growth as both location and labor help to attract continued tenant demand.

### 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	24,703,911	411,700	1.7%	0	98,652	1,172,536	381,200	N/A	N/A	\$13.25
Lower Bucks County	21,035,545	396,617	1.9%	1,011,000	504,431	4,783,081	1,011,000	N/A	N/A	\$12.40
Upper Bucks County	8,351,069	105,840	1.3%	0	0	120,000	0	N/A	N/A	\$9.75
Montgomery County	23,647,109	801,090	3.4%	243,292	86,717	164,899	563,920	\$12.14	\$8.49	\$10.15
Chester County	9,160,431	7,800	0.1%	0	0	0	0	N/A	N/A	N/A
Delaware County	7,250,712	420,000	5.8%	438,665	438,665	374,400	0	N/A	N/A	\$16.50
<b>SUBURBAN PHILADELPHIA</b>	<b>94,148,777</b>	<b>2,143,047</b>	<b>2.3%</b>	<b>1,692,957</b>	<b>1,128,465</b>	<b>6,614,916</b>	<b>1,956,120</b>	<b>\$12.14</b>	<b>\$8.49</b>	<b>\$13.06</b>
Burlington County	46,348,445	3,864,838	8.3%	656,075	352,000	5,268,776	2,216,258	\$12.75	N/A	\$12.59
Camden County	13,236,750	0	0.0%	0	0	162,150	0	N/A	N/A	N/A
Gloucester County	25,329,710	179,785	0.7%	-179,785	252,750	2,180,685	0	N/A	N/A	\$11.50
Salem County	6,336,621	0	0.0%	0	245,749	2,671,699	0	N/A	N/A	N/A
<b>SOUTHERN NEW JERSEY</b>	<b>91,251,526</b>	<b>4,044,623</b>	<b>4.4%</b>	<b>476,290</b>	<b>850,499</b>	<b>10,283,310</b>	<b>2,216,258</b>	<b>\$12.75</b>	<b>N/A</b>	<b>\$12.55</b>
<b>NORTHERN DELAWARE***</b>	<b>21,767,140</b>	<b>289,917</b>	<b>1.3%</b>	<b>0</b>	<b>127,000</b>	<b>2,252,840</b>	<b>0</b>	<b>N/A</b>	<b>N/A</b>	<b>\$8.93</b>
<b>PHILADELPHIA MSA TOTALS</b>	<b>185,400,303</b>	<b>6,187,670</b>	<b>3.3%</b>	<b>2,169,247</b>	<b>1,978,964</b>	<b>16,898,226</b>	<b>4,172,378</b>	<b>\$12.30</b>	<b>\$8.49</b>	<b>\$12.71</b>

\*Rental rates reflect weighted net asking \$psf/year \*\*Does not include renewals \*\*\*Northern Delaware market not included in Philadelphia MSA Totals

MF = Manufacturing OS = Office Service/Flex W/D = Warehouse/Distribution

KEY LEASE TRANSACTIONS Q1 2023

PROPERTY	SUBMARKET	TENANT	SF	TYPE
Keystone Trade Center, Bldg. 3   Fairless Hills, PA	Lower Bucks County	Jillamy	504,431	New Lease
1500 East 2 <sup>nd</sup> Street   Eddystone, PA	Delaware County	Barry Callebaut	350,000	New Lease

KEY CONSTRUCTION COMPLETIONS Q1 2023

PROPERTY	SUBMARKET	MAJOR TENANT	SF	OWNER/DEVELOPER
995 Taylors Lane   Cinnaminson, NJ	Burlington County	Speculative	1,200,000	Logistics Property Co.
Keystone Trade Center, Bldg. 3   Fairless Hills, PA	Lower Bucks County	Jillamy/Savino Del Bene	1,011,000	Northpoint Development

KEY PROJECTS UNDER CONSTRUCTION 2023

PROPERTY	SUBMARKET	MAJOR TENANT	SF	OWNER/DEVELOPER
373 North Broadway, Bldg. 1   Pennsville Twp, NJ	Salem County	Speculative	1,200,507	CT Realty
Keystone Trade Center, Bldg. 4   Fairless Hills, PA	Lower Bucks County	Speculative	1,200,000	Northpoint Development

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