

## Industrial Q2 2024

	YoY Chg	12-Mo. Forecast
<b>5.6%</b> Vacancy Rate	▲	▲
<b>7.3M</b> YTD Net Absorption, SF	▼	▼
<b>\$8.51</b> Asking Rent, PSF	▲	▬

Overall, Triple Net Asking Rent

### ECONOMIC INDICATORS Q2 2024

	YoY Chg	12-Mo. Forecast
<b>1.0M</b> PA I-81 & I-78 Employment	▲	▲
<b>3.5%</b> PA I-81 & I-78 Unemployment Rate	▬	▲
<b>4.1%</b> U.S. Unemployment Rate	▲	▲

Source: BLS

### ECONOMY

Employment statistics within the PA Distribution Corridor proved more than capable of evading economic uncertainty, as general employment in the region grew by another 1.4% year-over-year (YOY), while the local unemployment rate held steady YOY at 3.5%. Third-party logistics companies and consumer product entities held sway over tenancy as consumer trends pushed back against market fluctuations, continuing the readoption of strong consumer spending as reported by the U.S. Department of Commerce and Census Bureau.

### SUPPLY AND DEMAND

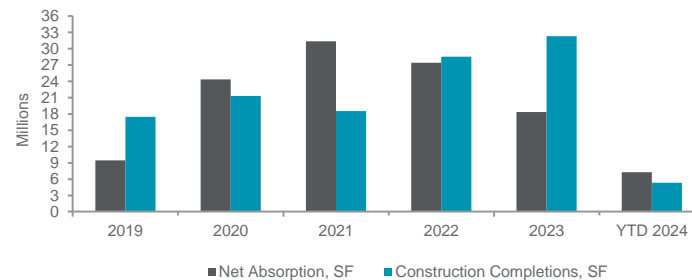
The overall vacancy rate in the Corridor dropped by a further 10 basis points (bps) quarter-over-quarter (QOQ) to 5.6% in Q2 as vacant construction deliveries slowed. The Split and I-81S submarkets both yielded decreases in vacancy, stemming primarily from healthy tenant occupancies throughout the timeframe. Though Lehigh Valley reported a noticeable increase in Q2 absorption, the region's Q2 absorption totals dipped by 41.1% YOY amid multiple vacating tenancies. Despite these trends, the PA Distribution Corridor (when including the I-81S submarket), ranked fourth of 83 industrial markets in the United States for 2024 annual absorption totals – behind only Dallas/Fort Worth, Houston, and Phoenix.

As tenants regained substantial confidence in the Corridor geography, Q2 leasing totals swelled by 74.1% YOY, with most markets showcasing significant increases, and Central PA comprising 42.1% of the regional total. As previously referenced, tenancy was dominated by consumer product and 3PL companies, with a smaller segmentation dedicated to e-commerce entities. User demand within the Corridor remained relatively positive, as exhibited by a 1.9% YOY increase in weighted average asking rents despite global economic adversity. Annual construction completions were down by 70.2% YOY following the construction boom of 2023, though 40.6% of 2024's new inventory has been released.

### OUTLOOK

The second half of 2024 is poised to be one of relative success for the PA Distribution Corridor. Tenant confidence is projected to remain steady over the duration of the year, as 2023's supply shock wanes and vacancy rates stabilize. As reduced speculative construction starts tighten the supply market and tenants settle into a new economic state, leasing will remain relatively healthy, likely settling at a slightly lower level than that of 2023. While the preleased segment of the region's under-construction pipeline sits at nearly half, there could likely be a standardization of weighted average asking rates and the region's aforementioned vacancy rate trends in the second half of the year, as owners push for potential users to occupy their remaining premium space amidst economic pressure.

### 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)
Lehigh Valley	104,893,249	5,609,353	5.3%	629,124	1,494,170	1,152,229	1,596,452	N/A	N/A	\$11.59
Northeastern PA	80,837,095	2,647,351	3.3%	286,154	1,453,908	4,733,056	1,390,407	\$6.50	N/A	\$7.74
Central PA	134,572,567	3,029,798	2.3%	2,419,529	4,824,603	3,251,692	1,501,712	N/A	N/A	\$8.34
Split	56,726,008	5,064,721	8.9%	1,634,913	1,014,913	1,239,940	570,000	N/A	N/A	\$8.31
I-81S	64,508,542	8,474,885	13.1%	2,288,208	2,909,871	0	291,600	N/A	N/A	\$6.89
<b>PA I-81 &amp; I-78 TOTALS</b>	<b>441,537,461</b>	<b>24,826,108</b>	<b>5.6%</b>	<b>7,257,928</b>	<b>11,697,465</b>	<b>10,376,917</b>	<b>5,350,171</b>	<b>\$6.50</b>	<b>N/A</b>	<b>\$8.53</b>

\*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 2024

PROPERTY	SUBMARKET	TENANT	RSF	TYPE
71 Mall Road   Frackville, PA	Split	ID Logistics	1,014,913	New Lease
6 Kane Lane   Scranton, PA	Northeastern PA	Hub Group	966,753	New Lease
Manchester Commerce Center, Bldg. 3   York, PA	Central PA	Wolf	814,320	New Lease

KEY SALES TRANSACTIONS Q2 2024

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE/\$ PSF
2070 North Union Street   Middletown, PA	Central PA	Endurance Real Estate Group/Ares Management	251,200	\$38.0M/\$151.27

KEY CONSTRUCTION COMPLETIONS Q2 2024

PROPERTY	SUBMARKET	MAJOR TENANT	SF	OWNER/DEVELOPER
3363 Gun Club Road   Nazareth, PA	Lehigh Valley	Speculative	1,006,050	NorthPoint Development
900 Rosedale Avenue   Middletown, PA	Central PA	Speculative	418,608	Kinsley Properties
156 West Harrisburg Avenue   Elizabethtown, PA	Central PA	Speculative	392,040	Catalyst Commercial Development

KEY PROJECTS UNDER CONSTRUCTION Q2 2024

PROPERTY	SUBMARKET	MAJOR TENANT	SF	OWNER/DEVELOPER
3379 Pennsylvania Route 940   Mt. Pocono, PA	Northeastern PA	All Ways Pacific	1,204,494	Newland Capital
Hazleton Logistics 141   Hazleton, PA	Northeastern PA	Speculative	1,058,483	NorthPoint Development
Rausch Creek Logistics Center, Bldg. 2   Frailey Twp., PA	Split	Speculative	1,005,060	Panattoni Development Company
Manchester Commerce Center, Bldg. 3   York, PA	Central PA	Wolf	814,320	NorthPoint Development
PNK Harmony – Route 940   Blakeslee, PA	Northeastern PA	Speculative	699,847	PNK
500 West Timberline Drive   Hazleton, PA	Northeastern PA	Speculative	592,813	Flint Development
Manchester Commerce Center, Bldg. 1   York, PA	Central PA	Woodstream	586,780	NorthPoint Development

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