MARKETBEAT
PHILADELPHIA
INDUSTRIAL Q3 2024

CUSHMAN & WAKEFIELD

MARKET FUNDAMENTALS

	YOY Chg	12-Month Forecast
8.6% Vacancy Rate	▲	▲
2.3M YTD Net Absorption, SF	▼	▼
$12.33 Asking Rent, PSF	▼	—

(Overall, Net Asking Rent)

ECONOMIC INDICATORS

	YOY Chg	12-Month Forecast
3.1M Philadelphia Employment	▲	▲
3.8% Philadelphia Unemployment Rate	▲	▲
4.1% U.S Unemployment Rate	▲	▼

Source:BLS

ECONOMY

Total Q3 2024 employment levels in the Philadelphia Metropolitan Area grew another 1.6% year-over-year (YOY) – further emphasizing the region's resilience amid economic headwinds. However, the regional unemployment rate rose 20 basis points (bps) YOY to 3.8%.

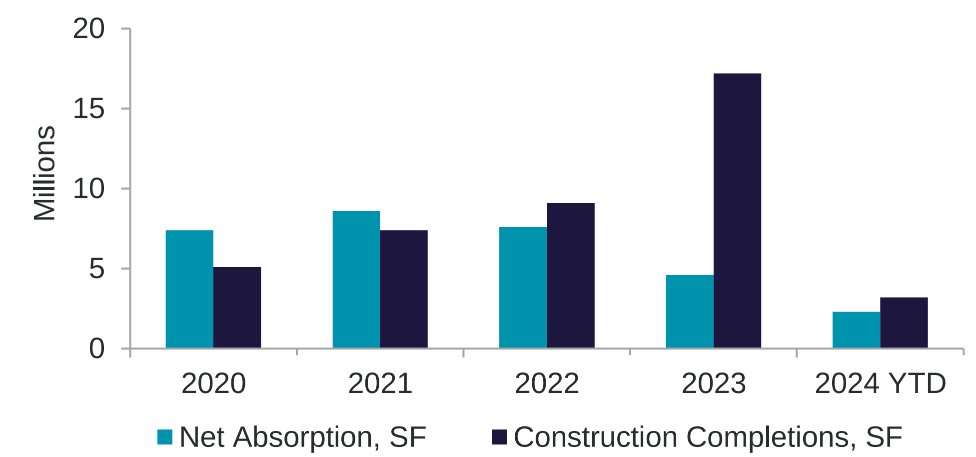
SUPPLY AND DEMAND

Tenant demand continued its strong growth in 2024 with 7.2 million square feet (msf) leased year-to-date (YTD), up 53.0% YOY, while the MSA's tenant activity remained dominated by third-party logistics (3PL) providers. Additionally, as seven new transactions greater than or equal to 100,000 square feet (sf) were finalized during Q3, lease renewals continued to be a notable part of the discussion, with active tenants exhibiting their continued commitment to the region. The average overall vacancy rate for the market dropped by 60 bps to 8.6% quarter-over-quarter (QOQ) – driven by Delaware and Burlington Counties' quarterly declines. Furthermore, the Southern New Jersey market demonstrated a significant YOY increase in Q3 absorption. In doing so, SNJ more than doubled its Q3 2023 total by recording 2.6 msf. Developers and investors continued to express their confidence in the region, with the market's under-construction pipeline expanding by 8.5% YOY to 13.8 msf.

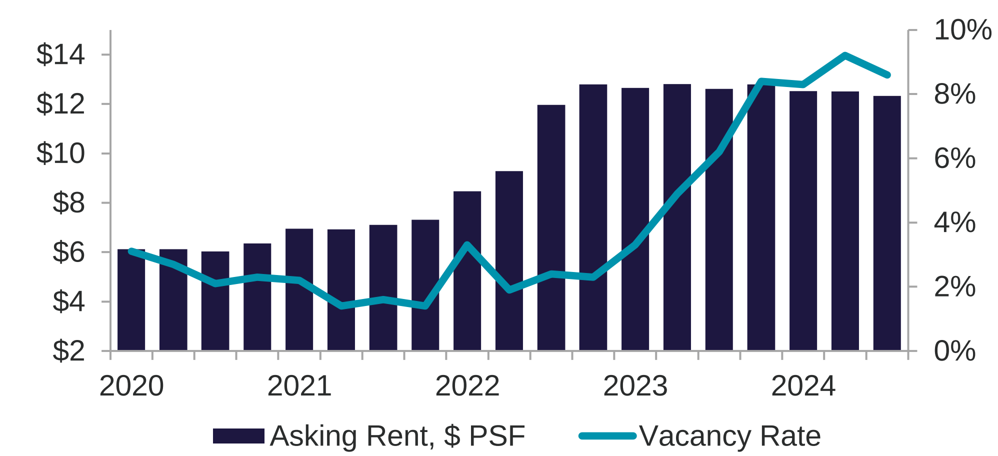
OUTLOOK

Looking forward to Q4 2024 and beyond, asking rents are anticipated to stabilize across the next several quarters – and as construction deliveries slow during the first half of 2025, vacancy rates are expected to normalize as well. In conclusion, tenants seeking space will likely continue to take advantage of the region's core economic and logistical assets. Philadelphia's quality labor pool – in combination with healthy consumer spending behavior – will continue to elevate the Philadelphia MSA to a new height of industrial investment.

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & ASKING RENT



MARKET STATISTICS

SUBMARKET	INVENTORY (SF)	OVERALL VACANT (SF)	OVERALL VACANCY RATE	CURRENT QTR OVERALL NET ABSORPTION (SF)	YTD OVERALL NET ABSORPTION (SF)	UNDER CNSTR (SF)	CNSTR COMPLETIONS (SF)	OVERALL WEIGHTED AVG NET RENT (MF)	OVERALL WEIGHTED AVG NET RENT (OS)	OVERALL WEIGHTED AVG NET RENT (W/D)
Philadelphia County	26,264,333	1,550,944	5.9%	37,611	-82,182	2,663,010	172,000	N/A	N/A	$14.28
Lower Bucks County	25,071,736	3,408,159	13.6%	0	-27,119	2,854,907	453,110	$10.50	N/A	$11.41
Upper Bucks County	8,836,653	110,984	1.3%	0	50,000	330,000	100,984	N/A	N/A	$11.80
Montgomery County	23,659,733	2,359,658	10.0%	-259,997	-1,111,135	0	0	$10.84	$11.11	$10.60
Chester County	9,160,431	318,914	3.5%	0	-184,451	636,120	0	N/A	N/A	$11.08
Delaware County	7,730,734	810,229	10.5%	-53,040	-65,040	0	479,400	N/A	$11.00	$15.54
SUBURBAN PHILADELPHIA TOTALS	100,723,620	8,558,888	8.5%	-275,426	-1,419,927	6,484,037	1,205,494	$10.77	$11.03	$12.15
Burlington County	52,650,572	5,690,902	10.8%	2,236,814	3,382,693	1,853,772	1,081,670	N/A	N/A	$13.10
Camden County	13,399,749	80,000	0.6%	-20,000	-80,000	279,600	0	N/A	N/A	$10.95
Gloucester County	27,552,258	1,629,537	5.9%	338,256	274,153	1,413,570	336,700	N/A	N/A	$11.83
Salem County	7,882,871	1,420,999	18.0%	0	125,251	3,795,741	587,500	N/A	N/A	$11.61
SOUTHERN NEW JERSEY TOTALS	101,485,450	8,821,438	8.7%	2,555,070	3,702,097	7,342,683	2,005,870	N/A	N/A	$12.60
NORTHERN DELAWARE TOTALS	23,301,203	583,456	2.5%	41,271	775,614	1,607,240	487,168	N/A	N/A	$9.85
PHILADELPHIA MSA TOTALS	**202,209,070**	**17,380,326**	**8.6%**	**2,279,644**	**2,282,170**	**13,826,720**	**3,211,364**	**$10.77**	**$11.03**	**$12.39**

**Northern Delaware statistics not included in regional totals*

***Rental rates reflect weighted net asking $psf/year*

KEY LEASE TRANSACTIONS Q3 2024

PROPERTY	SUBMARKET	TENANT	SF	TYPE
1900 River Road	Burlington County	LeCangs	845,280	New Lease
1183 Florence Columbus Road	Burlington County	Elogistics	806,000	New Lease
1170 Florence Columbus Road	Burlington County	Elogistics	413,820	New Lease
201 Oak Grove Road	Gloucester County	Zenith Logistics	336,700	New Lease
2951 Orthodox Street, Bldg. 1	Philadelphia County	Veho Logistics	148,611	New Lease

**Renewals not included in leasing statistics*

KEY SALES TRANSACTIONS Q3 2024

PROPERTY	SUBMARKET	SELLER/BUYER	SF	PRICE / $ PSF
240 Mantua Grove Road	Gloucester County	Link Properties/KKR	650,000	$90.8M / $139.69
1001 Lower Land Road/1951 Old Cuthbert Road	Camden County	Bleznak/DH Property	398,400	$48.6M / $121.86

KEY CONSTRUCTION COMPLETIONS YTD 2024

PROPERTY	SUBMARKET	MAJOR TENANT	SF	OWNER/DEVELOPER
37 South Golfwood Avenue	Salem County	N/A	587,500	Portman Holdings
1620 East Old Lincoln Highway	Lower Bucks County	N/A	453,110	Foxfield Industrial

RYAN HULL
Senior Research Analyst
Tel: +1 215 963 4041
ryan.hull@cushwake.com

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