

## MARKET FUNDAMENTALS

	YOY Chg	12-Month Forecast
<b>21.4%</b> Vacancy Rate	▲	▲
<b>-623.3K</b> YTD Net Absorption, SF	▼	▼
<b>\$28.47</b> Asking Rent, PSF <i>(Overall, All Property Classes)</i>	▼	—

## ECONOMIC INDICATORS

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

Source: BLS

## ECONOMY:

The Bureau of Labor Statistics (BLS), Philadelphia ranks fifth out of all U.S. metros in total non-farm employment gains YOY. When looking at employment data for the suburbs, total employment as well as labor force participation are at all-time highs. However, gains have largely been unevenly distributed across office using sectors, with education and healthcare up 5.4% YOY followed by financial activities up slightly 1.5% YOY both sectors at all-time highs in the suburbs. This employment news coincides with the Federal Reserve's (Fed) choice to cut rates since the first time since COVID, which may provide some with a feeling of positive momentum as the Fed tees up more possible rate cuts in 2025.

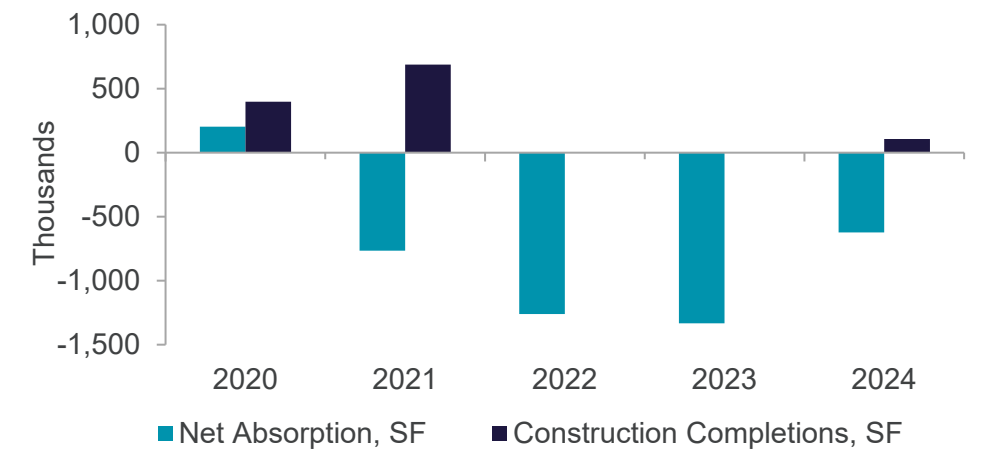
## SUPPLY AND DEMAND:

Overall vacancy continues to climb in the suburbs, now up for the tenth straight quarter. Direct vacancy has been on the rise, with 500,000 square feet becoming vacant in 2024 year-to-date (YTD). Sublease vacancy as well as sublease availability, while elevated, has been decelerating in 2024. After the sublease swell of 2022 and 2023, where sublease vacancy grew by 70.4% and 34.1% respectively, sublease vacancy is down 0.4% since Q4 2023.

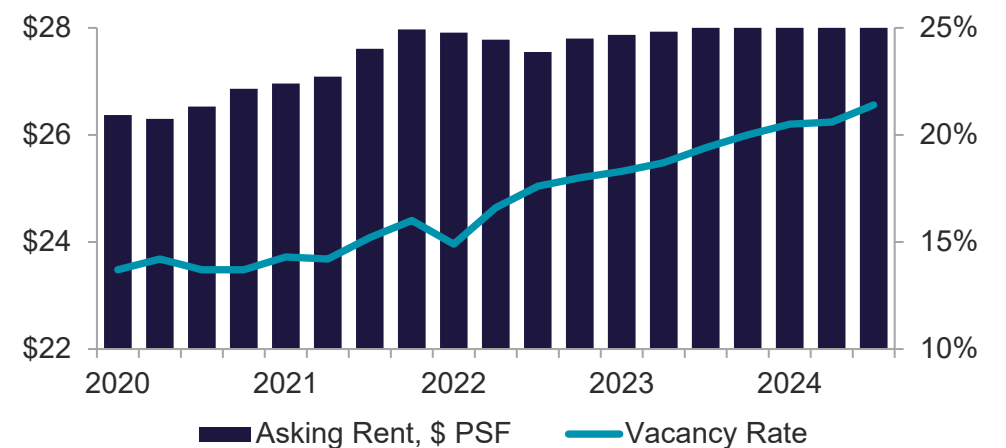
Subleases accounted for 7.6% of all leasing activity in 2022, which swelled to 20.7% of all leasing activity in 2023. This year subleases have accounted for only 6.9% of the total leasing activity YTD. Primary markets captured 62.4% of all subleasing activity in 2023. In 2024, that share has increased to 83.5%. However primary market overall easing activity is down YOY and is on pace to finish 2024 8.9% lower than 2023 totals.

Overall suburban leasing activity is also down, 14.9% lower YOY. As of Q3 2024, the suburban market is on pace to finish at the lowest leasing totals since 2020. 51.1% of all leasing activity YTD has been in the primary markets, more than any other year in the recovery. Secondary markets have had larger declines, down 37.6% YOY, and on pace to have the lowest leasing activity since 2020.

## 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	13,055,511	2,485,996	325,722	21.5%	-341,150	-222,306	124,701	0	\$31.75	\$34.32
West of Broad	28,484,214	4,835,718	916,709	20.2%	43,690	-395,383	642,752	438,000	\$34.13	\$35.51
CBD	41,539,725	7,321,714	1,242,431	20.6%	-297,460	-617,689	767,453	438,000	\$33.50	\$35.28
Naval Yard	782,997	10,308	207,779	27.9%	0	12,778	10,751	0	\$31.56	\$31.56
University City	3,393,545	157,087	76,476	6.9%	42,166	16,098	19,352	0	\$36.16	\$45.52
Bala Cynwyd	2,629,024	411,500	135,313	20.8%	-32,642	-44,167	46,976	0	\$35.63	\$36.20
Blue Bell/Ply. Mtg./Ft. Wash.	11,647,083	2,570,266	400,929	25.5%	-171,669	-177,449	256,048	0	\$26.71	\$28.69
Conshohocken	4,191,090	576,852	45,602	14.9%	-60,517	15,270	159,558	0	\$38.20	\$38.39
Delaware County	4,667,028	817,667	133,190	20.4%	-22,548	-15,998	79,741	0	\$28.00	\$28.65
Horsham/Willow Grove/Jenkin	5,221,411	1,202,426	21,314	23.4%	3,365	24,610	133,260	0	\$21.17	\$22.12
King of Prussia/Valley Forge	17,687,632	3,287,214	590,223	21.9%	73,401	-189,475	522,144	0	\$30.05	\$30.29
Main Line	3,570,734	474,327	53,242	14.8%	-23,884	-102,996	104,439	145,000	\$40.22	\$42.68
Southern Bucks County	6,262,103	1,104,416	216,294	21.1%	-42,431	-64,931	170,476	0	\$25.83	\$27.69
Southern Route 202 Corridor	6,231,124	1,107,356	132,925	19.9%	-22,425	-68,214	57,631	0	\$25.69	\$26.41
<b>SUBURBAN PHILADELPHIA</b>	<b>62,107,229</b>	<b>11,552,024</b>	<b>1,729,032</b>	<b>21.4%</b>	<b>-299,350</b>	<b>-623,350</b>	<b>1,530,273</b>	<b>145,000</b>	<b>\$28.47</b>	<b>\$29.85</b>
Burlington County	7,880,341	1,332,408	58,000	17.6%	34,985	-185,545	232,513	0	\$21.32	\$25.09
Camden County	6,379,005	1,130,609	0	17.7%	-37,037	-26,358	115,454	0	\$21.71	\$24.20
<b>SOUTHERN NEW JERSEY</b>	<b>14,259,346</b>	<b>2,463,017</b>	<b>58,000</b>	<b>17.7%</b>	<b>-2,052</b>	<b>-211,903</b>	<b>347,967</b>	<b>0</b>	<b>\$21.51</b>	<b>\$24.87</b>
New Castle County-Suburban	9,260,421	1,271,796	268,984	16.6%	38,479	-99,504	324,905	106,698	\$23.53	\$23.77
Wilmington-CBD	7,117,093	1,092,505	65,340	16.3%	-10,345	564,434	68,483	0	\$27.92	\$28.42
<b>DELAWARE</b>	<b>16,377,514</b>	<b>2,364,301</b>	<b>334,324</b>	<b>16.5%</b>	<b>28,134</b>	<b>464,930</b>	<b>393,388</b>	<b>106,698</b>	<b>\$25.73</b>	<b>\$26.37</b>
Lehigh & Northamp. Counties	7,551,415	1,441,123	48,919	19.7%	-98,814	-96,751	207,168	0	\$21.33	\$23.46
<b>PHILADELPHIA TOTALS</b>	<b>134,283,814</b>	<b>23,701,056</b>	<b>3,363,787</b>	<b>20.2%</b>	<b>-570,728</b>	<b>-988,012</b>	<b>3,039,081</b>	<b>689,698</b>	<b>\$29.20</b>	<b>\$31.27</b>

\*Rental rates reflect full service asking

KEY LEASE TRANSACTIONS Q3 2024

PROPERTY	SUBMARKET	TENANT	SF	TYPE
630 Allendale Road	King of Prussia/Valley Forge	David's Bridal	59,000	New
1700 Markley Street	Blue Bell/Ply. Mtg./Ft. Wash.	Norristown Library	47,992	New
600 Office Center Drive	Blue Bell/Ply. Mtg./Ft. Wash.	United Healthcare Services	46,666	New
300 Barr Harbor Drive**	Conshohocken	Citizens Bank	19,882	New
181 Washington Street**	Conshohocken	RBC Capital Markets	13,954	Renewal*

\*Renewals not included in leasing statistics

KEY SALES TRANSACTIONS 2024 YTD

PROPERTY	SUBMARKET	SELLER/BUYER	SF	PRICE / \$ PSF
Conshohocken Ridge Center	Conshohocken	Exeter/BET Investments	194,111	\$17M / \$84.56
1180 Welsh Road	Blue Bell/Ply. Mtg./Ft. Wash.	McGrath, B./Jefferson Health	42,594	\$4.5M / \$105.64
3331 & 3329 Street Road	Southern Bucks County	Brookwood/Greenwood Gaming	112,521	\$12.5M / \$111.09
1200 West Swedesford Road	King of Prussia/Valley Forge	T.E. Sch. Dist./Brandywine	86,500	\$15.9M / \$184.39

\*\*Cushman & Wakefield transaction

MICHAEL HANES

Senior Research Manager

Tel: +1 215 963 4037

[Michael.Hanes@cushwake.com](mailto:Michael.Hanes@cushwake.com)

©2024 Cushman & Wakefield. All rights reserved. The information contained within this report is gathered from multiple sources believed to be reliable, including reports commissioned by Cushman & Wakefield ("CWK"). This report is for informational purposes only and may contain errors or omissions; the report is presented without any warranty or representations as to its accuracy.

Nothing in this report should be construed as an indicator of the future performance of CWK's securities. You should not purchase or sell securities—of CWK or any other company—based on the views herein. CWK disclaims all liability for securities purchased or sold based on information herein, and by viewing this report, you waive all claims against CWK as well as against CWK's affiliates, officers, directors, employees, agents, advisers and representatives arising out of the accuracy, completeness, adequacy or your use of the information herein.