

An aerial photograph of a city skyline, likely Delaware, featuring numerous modern office buildings and a river. The word "NEWMARK" is overlaid in white text in the top left corner.

NEWMARK

Delaware Office Market Overview

1Q26

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Delaware Office Market Observations



Economy

- Greater Philadelphia ended 2025 with payroll growth still running ahead of the national pace, with metro employment up 1.2% year over year in December versus 0.2% nationally on the latest comparison.
- Labor market conditions softened modestly but remained relatively stable overall, as the Philadelphia metro unemployment rate stood at 4.6% in December 2025, compared with 4.3% for the U.S.
- Sector performance remained uneven but constructive, as growth in Education & Health and other office-oriented industries helped support the regional labor market and reinforce demand drivers for office space.



Leasing Market Fundamentals

- Total net absorption for the Wilmington office market registered 4,846 SF during the first quarter of 2026. With modest net absorption, vacancy remained unchanged from year-end 2025, to register 17.3% as of the first quarter.
- With positive absorption in 2025 and Wilmington University's purchase of the fully vacant 3 Beaver Valley Road during the fourth quarter, vacancy has declined 70 basis points over the past 12 months. This is well below the market's peak vacancy of 22.0% recorded in the first quarter of 2024.
- Direct asking rents declined 310 basis points over the past year to \$25.91/SF as of the first quarter, continuing a trend of rate compression that started in 2025. While this decrease is notable, it is largely due to Wilmington University's purchase of 3 Beaver Valley Road during the fourth quarter of 2025. The fully vacant building had been offered at \$31.50/SF, so the removal of a large block of vacancy at an above-average rate was a significant factor in the rate decline.



Major Transactions

- In November 2025, Wilmington University purchased the 260,000-square-foot Three Beaver Valley Road building in the Wilmington North Submarket for \$12.5 million, or \$47.71 per/SF. The owner/user purchase of this fully vacant building significantly reduced vacancy in the Wilmington office market.
- The most recent major leasing transaction was Corteva's lease for 45,842 SF at the Brandywine Building at 1000 N. West Street in the Wilmington CBD, signed during the fourth quarter of 2025. The agriculture company moved in early 2026.
- Approximately 85,000 SF of office leases were signed during the first quarter. While this figure is below the historical average, it is likely that more leases will be recorded as activity that occurred near the end of the quarter is tallied. In total, over 2.0 million SF of leasing has been recorded since the beginning of 2023, a level of activity expected to continue lowering vacancy rates and supporting positive absorption in the near term as these tenants move in.



Outlook

- There are no office projects currently under construction in the Wilmington market, and no new office projects have delivered since 2024. Delle Donne & Associates' 3205 Avenue North Boulevard was the most recent office completion. The 100,000-square-foot Class A property delivered during the third quarter of 2024 and is currently 84.0% leased. The absence of new product is providing an opportunity for occupiers to absorb existing vacant space, helping to bring market supply into closer alignment with current office demand.
- Modern office buildings built after 2000 demonstrate notably stronger performance than the overall market. These contemporary assets report a vacancy rate of 14.6% as of the first quarter, 270 basis points below the market average of 17.3%. This substantial gap underscores the persistent demand for high-quality, modern work environments.

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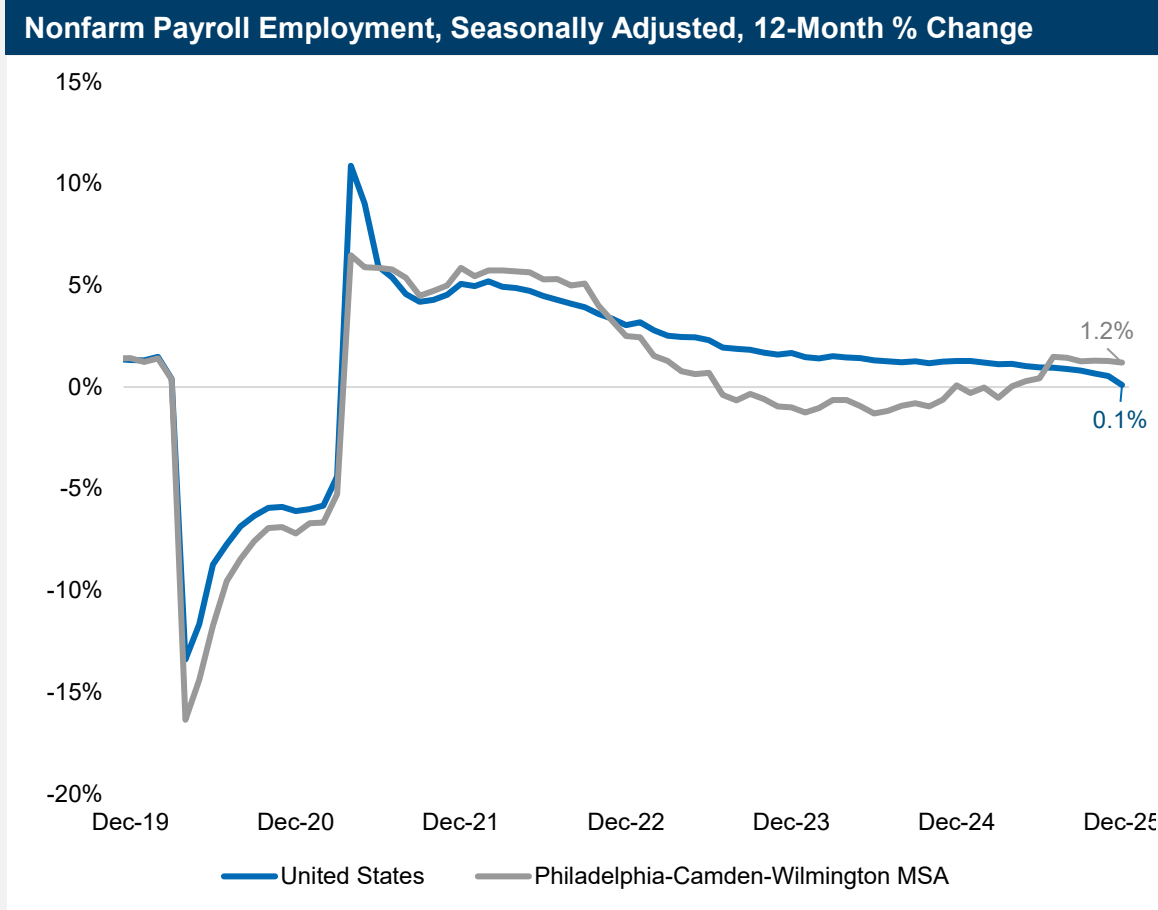
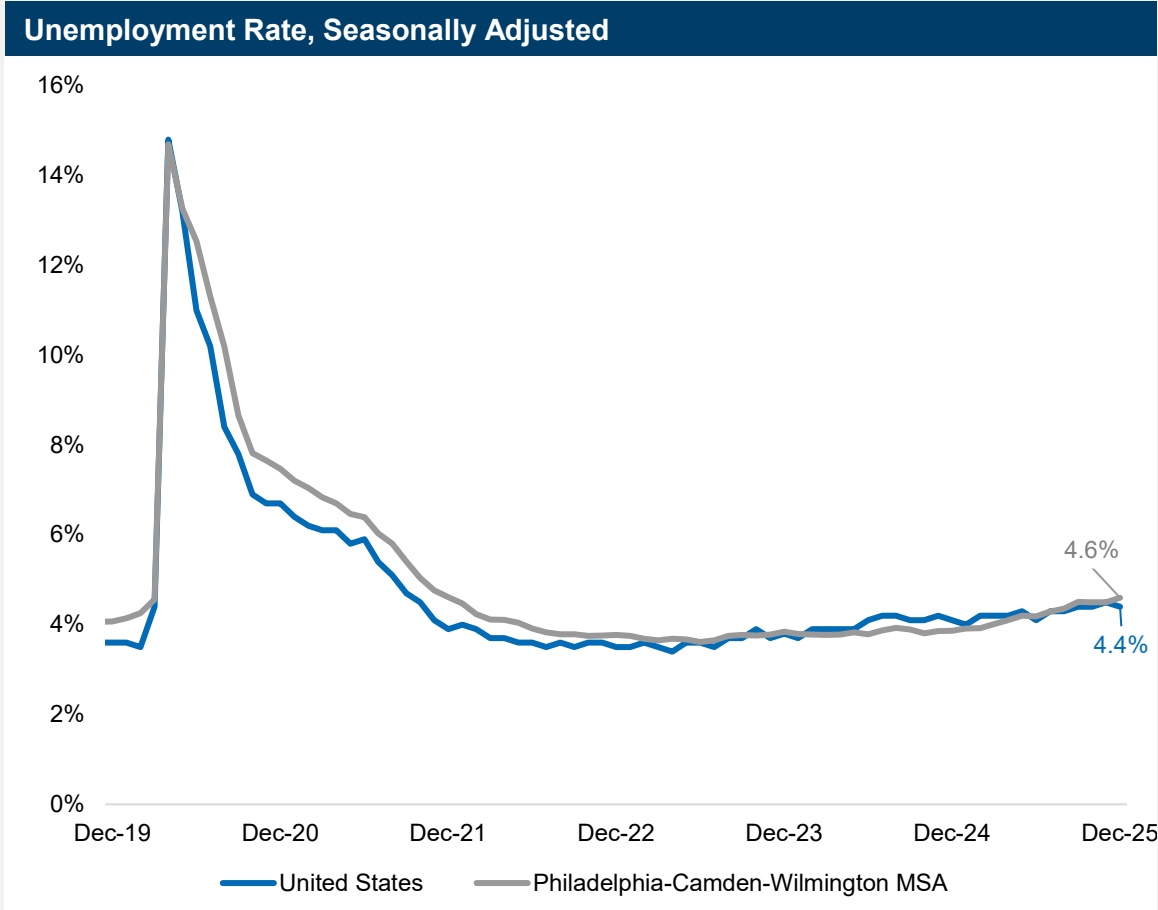
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Economy



Region Maintains Favorable Labor Markets

The Philadelphia metro area's economy looks to continue its resiliency into 2026, with local payrolls increasing by 1.2% year-over-year as of December 2025, breaking through the stagnating national employment growth. The unemployment rate has been steadily rising across the region, but unemployment trends are in line with the U.S. average. Several sectors have contributed to economic growth, with key office-related industries reporting above-average job growth over the past 12 months.

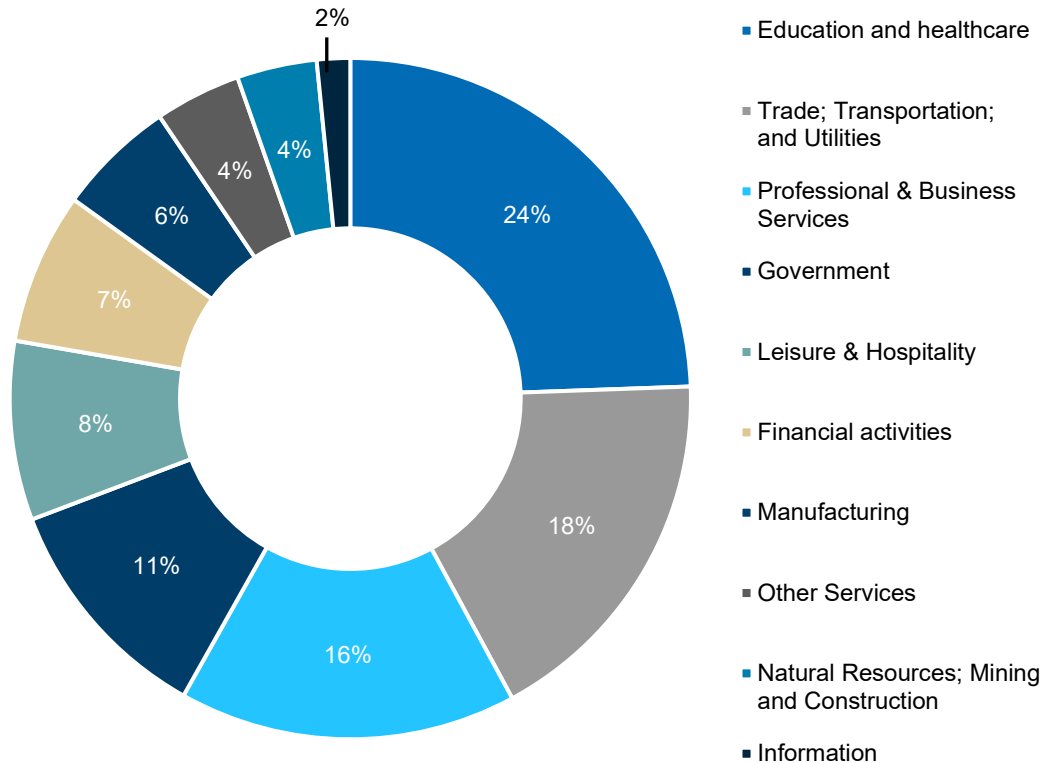


Source: Moody's, U.S. Bureau of Labor Statistics, Philadelphia-Camden-Wilmington MSA. Employment data for October and November is limited due to the federal government shutdown. A national unemployment rate has been released for November, but the market unemployment is carried from September.

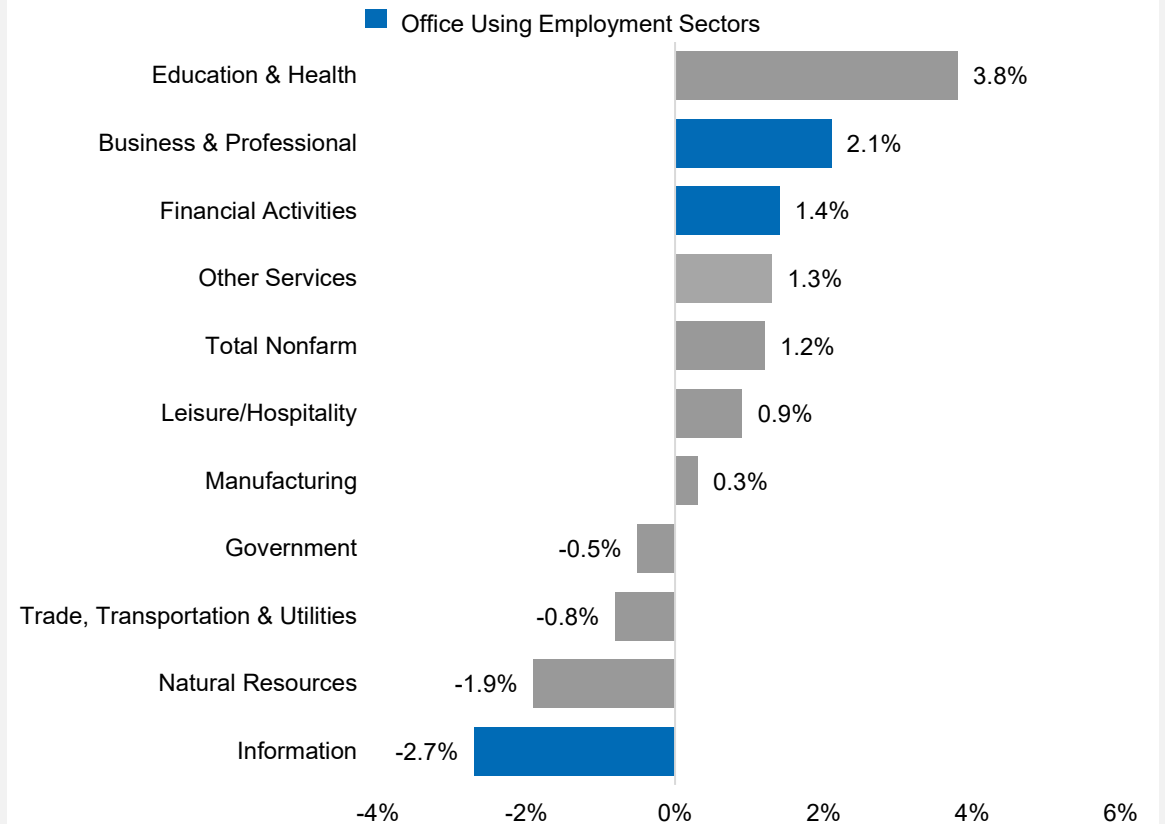
Local Job Market Rides Eds & Meds Momentum

Education & Health continues to anchor the market's employment base and remains the strongest source of job growth, with payrolls up 3.8% over the past year. The next two sectors topping the growth chart are key office-related industries, including Business & Professional and Financial Activities. While hiring trends were not broad-based across all industries, gains in these key segments combined account for over 23.0% of total employment in the market, and this growth creates tailwinds for office demand. The benefits of these sectors far outweigh the headwinds in the Information sector, which accounts for the smallest share of total employment and has seen the steepest job loss over the 12 months ending in December 2025.

Employment by Industry, December 2025

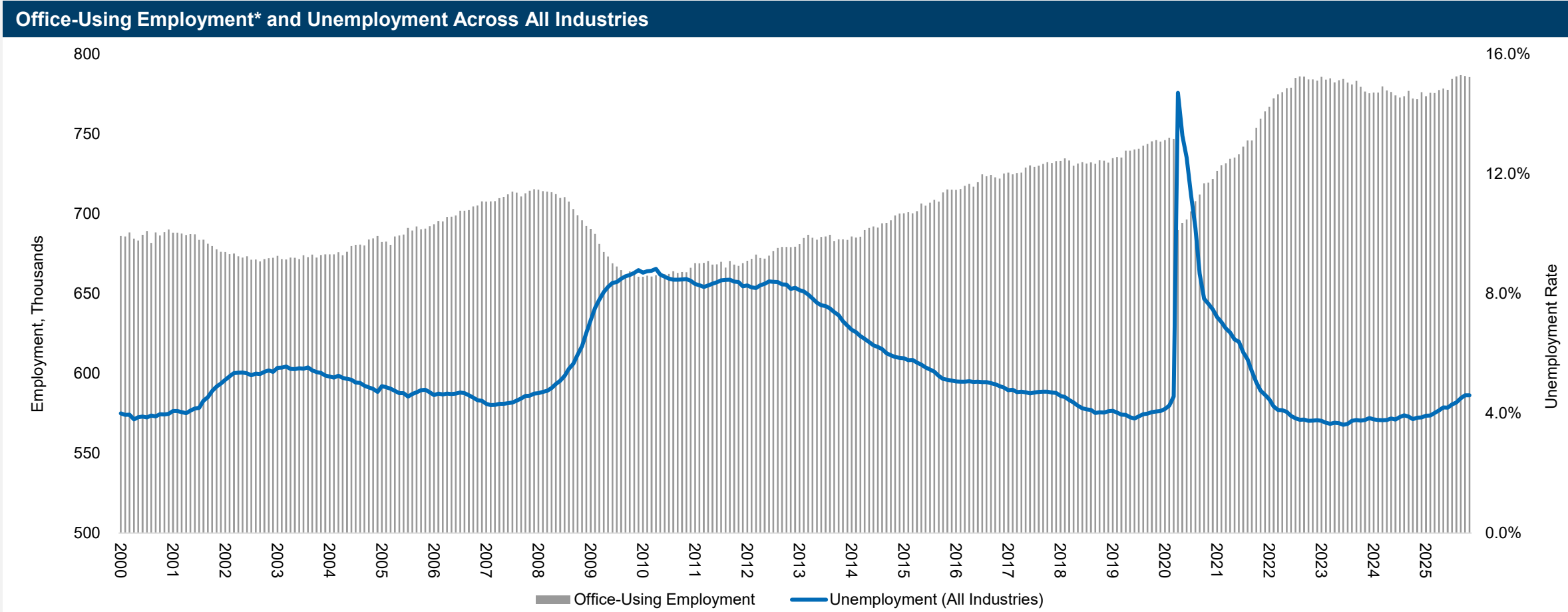


Employment Growth by Industry, 12-Month % Change, December 2025



Office Job Base Continues To Rebuild

Office users rebounded in 2025, capping the year with roughly 790,000 total office-using jobs in December 2025, a level not seen since the post-pandemic return in mid-2022. Annual growth across office-related sectors reached 1.6%, modestly ahead of the region’s 1.2% overall employment growth rate. This also contrasts with the region’s growing unemployment rate, which rose 70 basis points year-over-year in December of 2025.



Source: Moody's, U.S. Bureau of Labor Statistics, Philadelphia-Camden-Wilmington MSA.
 *Office-using employment includes Professional & Business Services, Financial Activities and Information.

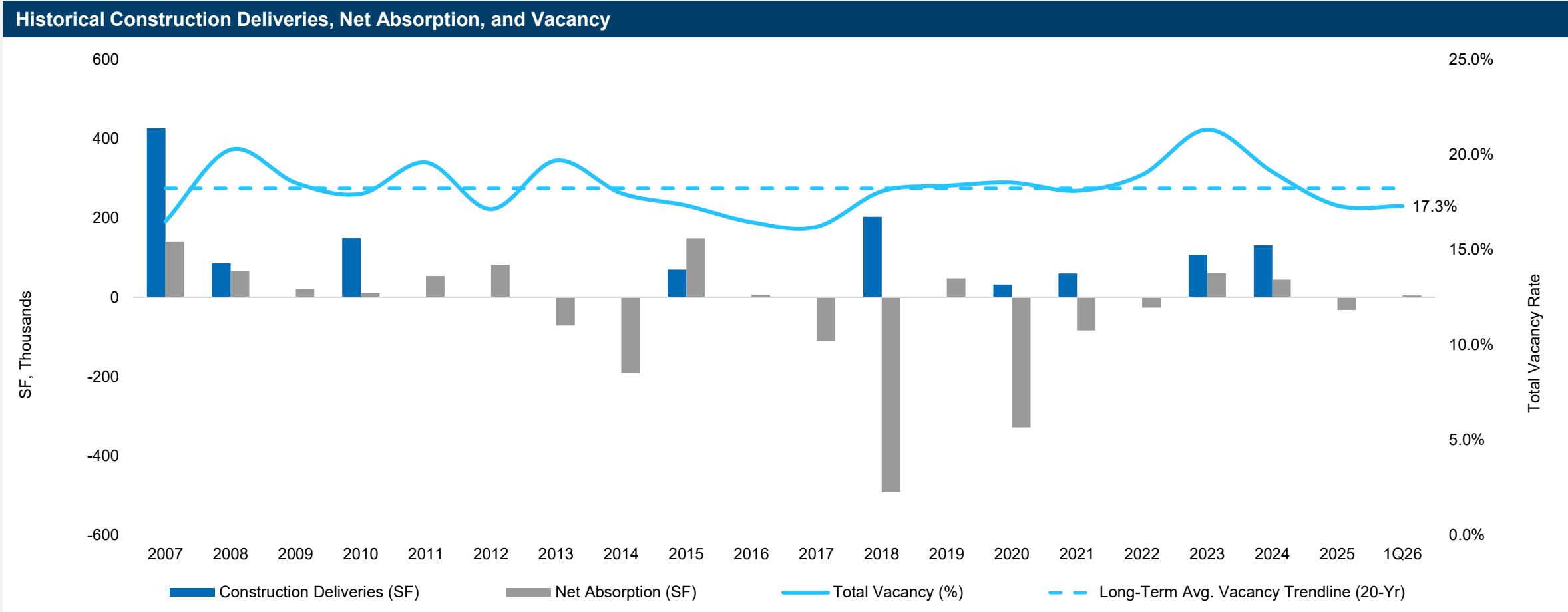
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Leasing Market Fundamentals



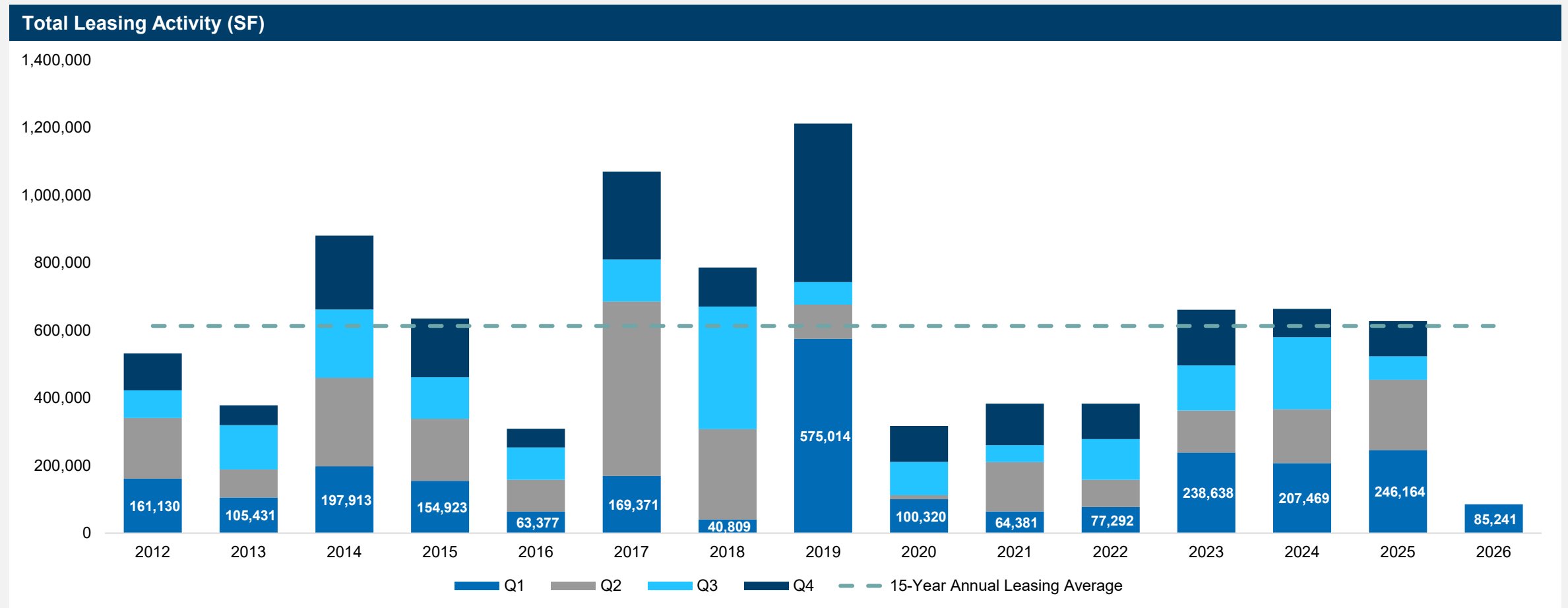
Market Posts Moderately Positive Absorption; Vacancy Unchanged From Year-End

Total net absorption for the Wilmington office market registered 4,846 SF during the first quarter of 2026. With modest net absorption, vacancy remained unchanged from year-end 2025, to register 17.3% as of the first quarter. With positive absorption in 2025 and Wilmington University's purchase of the fully vacant 3 Beaver Valley Road during the fourth quarter, vacancy has declined 70 basis points over the past 12 months. This is well below the market's peak vacancy of 22.0% recorded in the first quarter of 2024.



Wilmington Leasing Activity Strong Since 2023

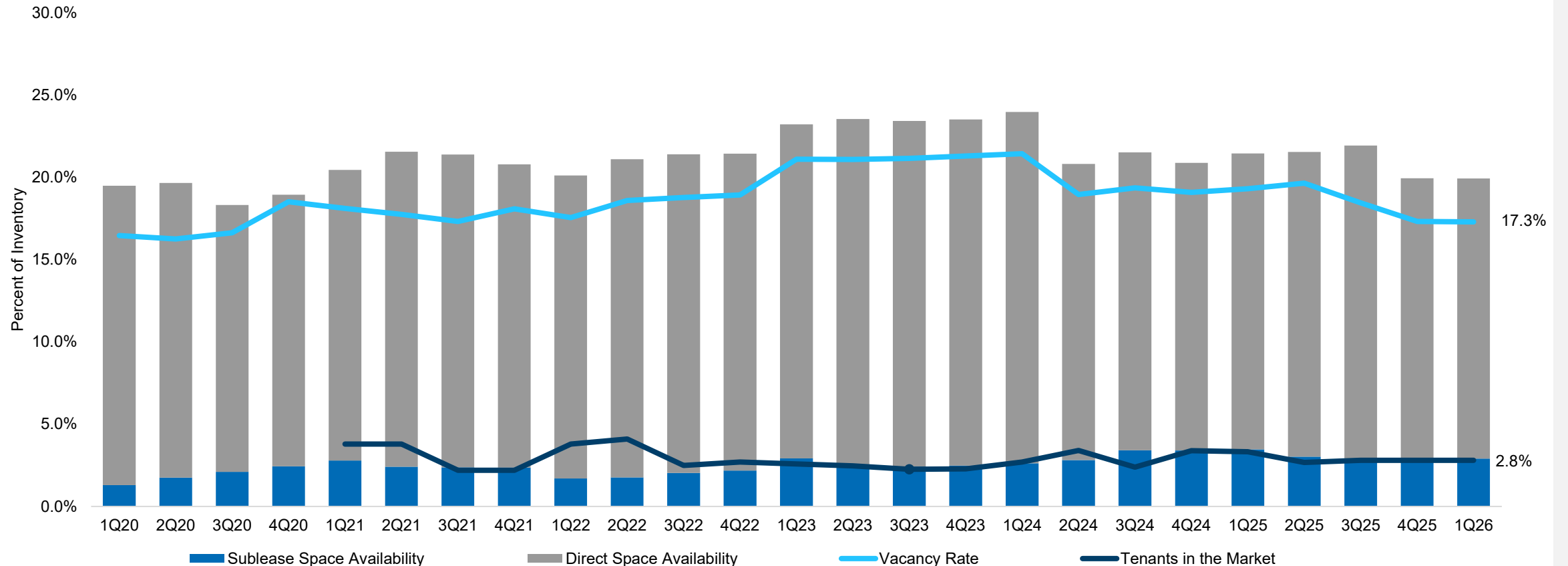
During the first quarter, approximately 85,000 SF of office space was leased. While this figure is below the historical average for first-quarter leasing activity, it is likely that more leases will be recorded as activity that occurred near the end of the quarter is tallied. This follows three exceptional years of leasing activity from 2023 to 2025. In total, over 2.0 million SF of leasing has been recorded since the beginning of 2023, a level of activity expected to continue lowering vacancy rates and supporting positive absorption in the near term as these tenants move in.



Tenant Demand Pipeline Remains Above 400,000 SF

Office demand in Wilmington, measured by the total square footage that tenants in the market are actively seeking, stood at 443,327 SF as of the first quarter of 2026, with an average requirement size of approximately 17,000 SF. Current demand represents 2.8% of the market's inventory, unchanged from the prior quarter. More than 50,000 SF of current demand comprises tenants that are growing or new to the market, a positive sign for future market growth.

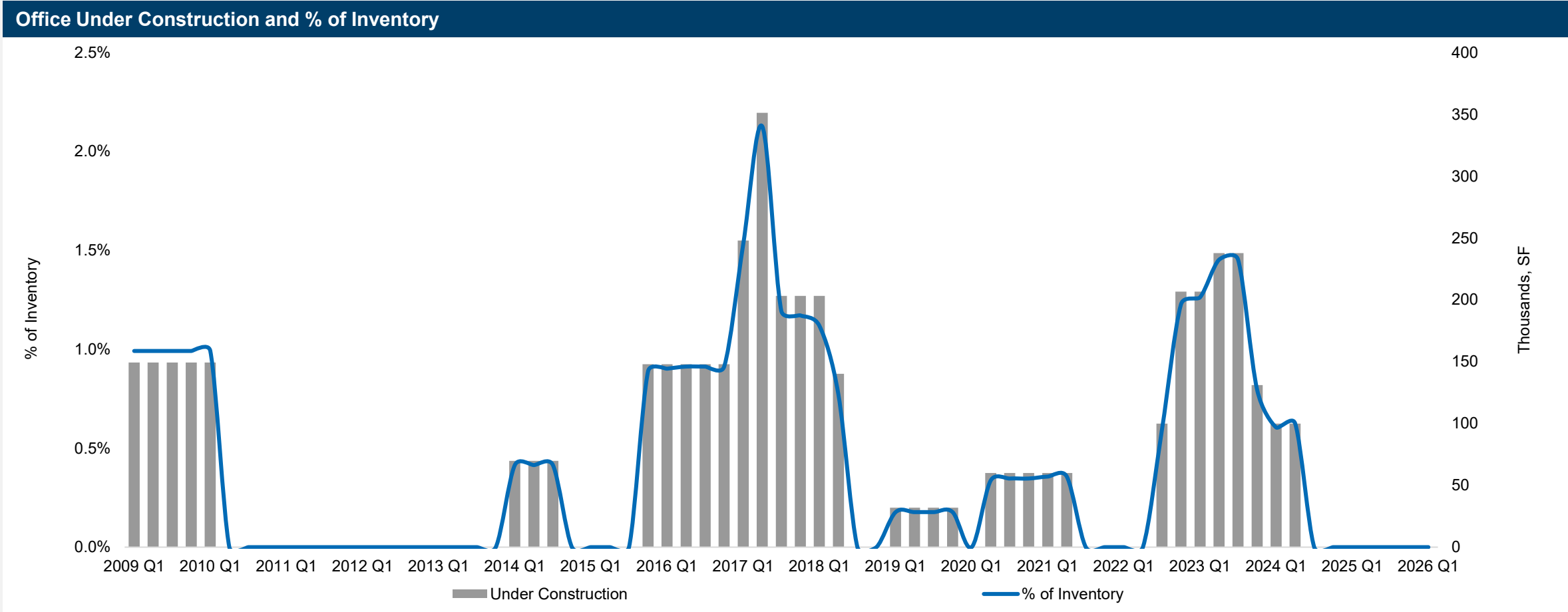
Available Space and Tenant Demand as Percent of Overall Market



Source: Newmark Research
 Note: No tenants in the market surveys were produced between Q2 2020 and Q4 2020 due to the COVID-19 Pandemic

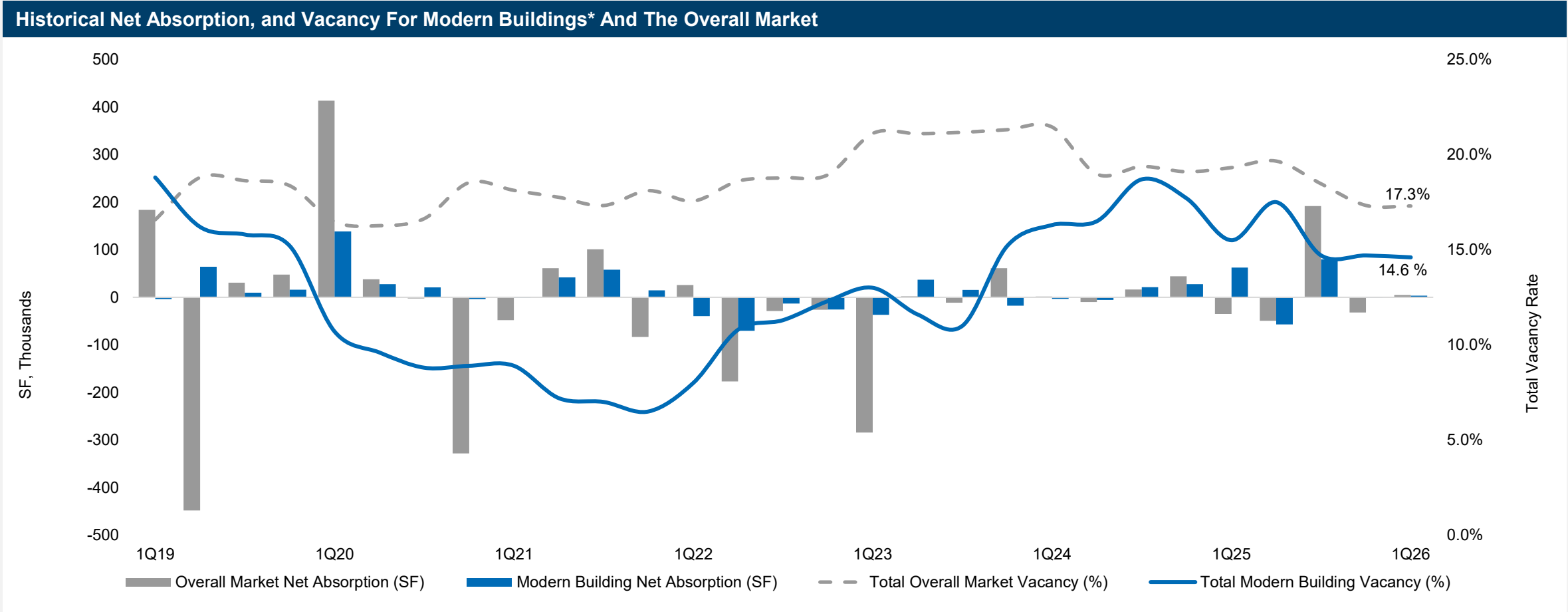
Lack of New Supply Aids Decline In Vacancy

There are no office projects currently under construction in the Wilmington market, and no new office projects have been delivered since 2024. Delle Donne & Associates' 3205 Avenue North Boulevard was the most recent office completion. The 100,000-square-foot Class A property delivered during the third quarter of 2024 and is currently 84.0% leased. The absence of new product is providing an opportunity for occupiers to absorb existing vacant space, helping to bring market supply into closer alignment with current office demand.



Modern Buildings Continue To Outperform The Broader Market

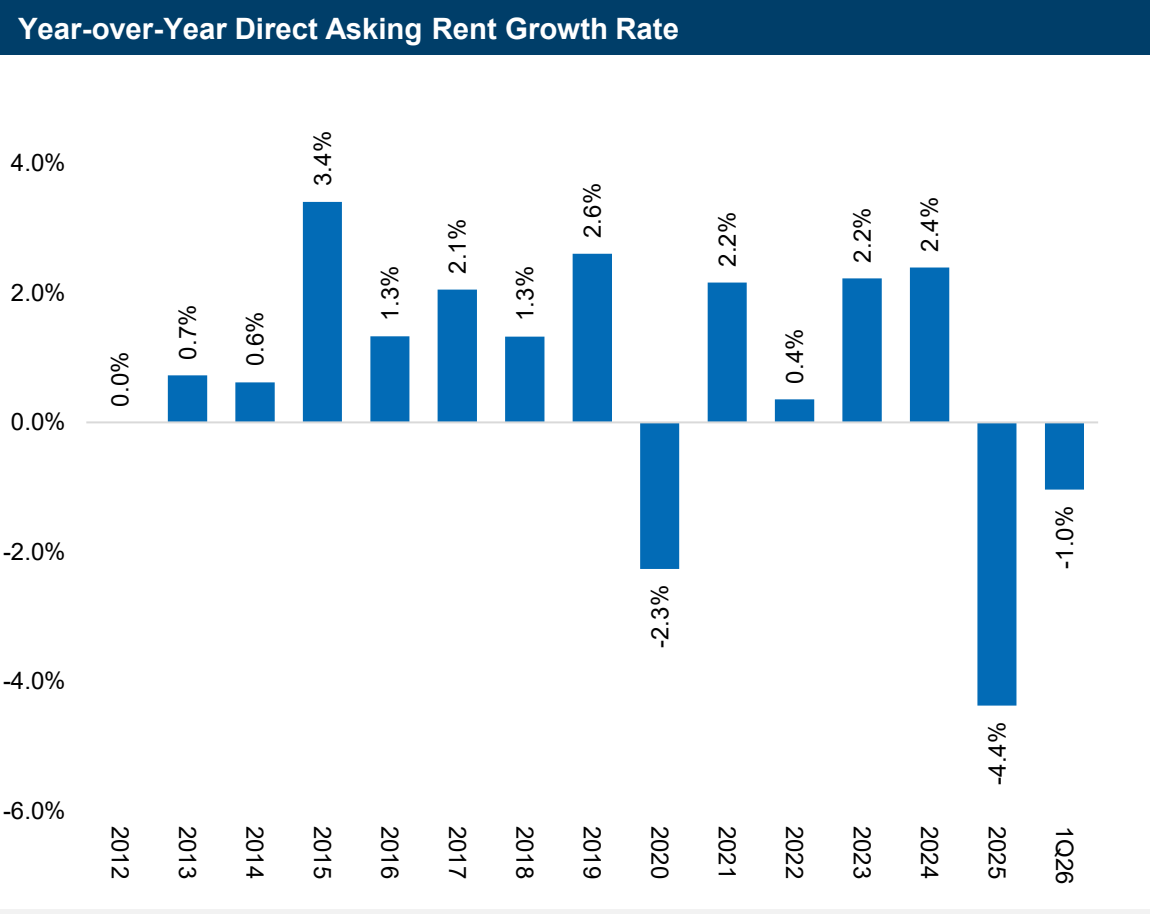
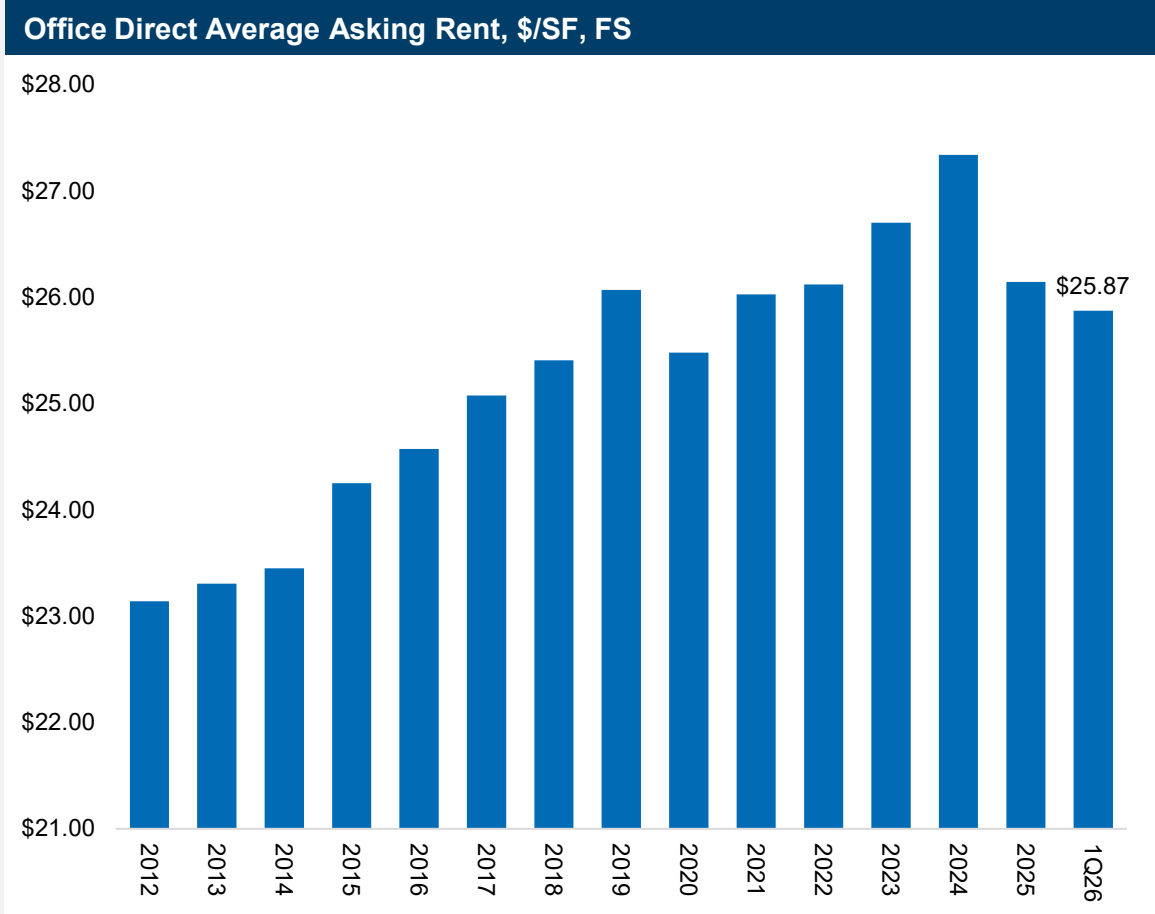
Modern office buildings built after 2000 demonstrate notably stronger performance than the overall market. These contemporary assets report a vacancy rate of 14.6% as of the first quarter, 270 basis points below the market average of 17.3%. This substantial gap underscores the persistent demand for high-quality, modern work environments. The strength of this trend is further evidenced by elevated levels of preleasing activity. For instance, the market's most recent office delivery, 3205 Avenue North Boulevard, was completed during the third quarter of 2024 and achieved 75% occupancy within its first year, an indicator of the ongoing shift toward newer, amenity-rich office space.



Source: Newmark Research
 *Modern buildings are all offices built in 21st century

Direct Asking Rents See Slight Decline After Steady Growth

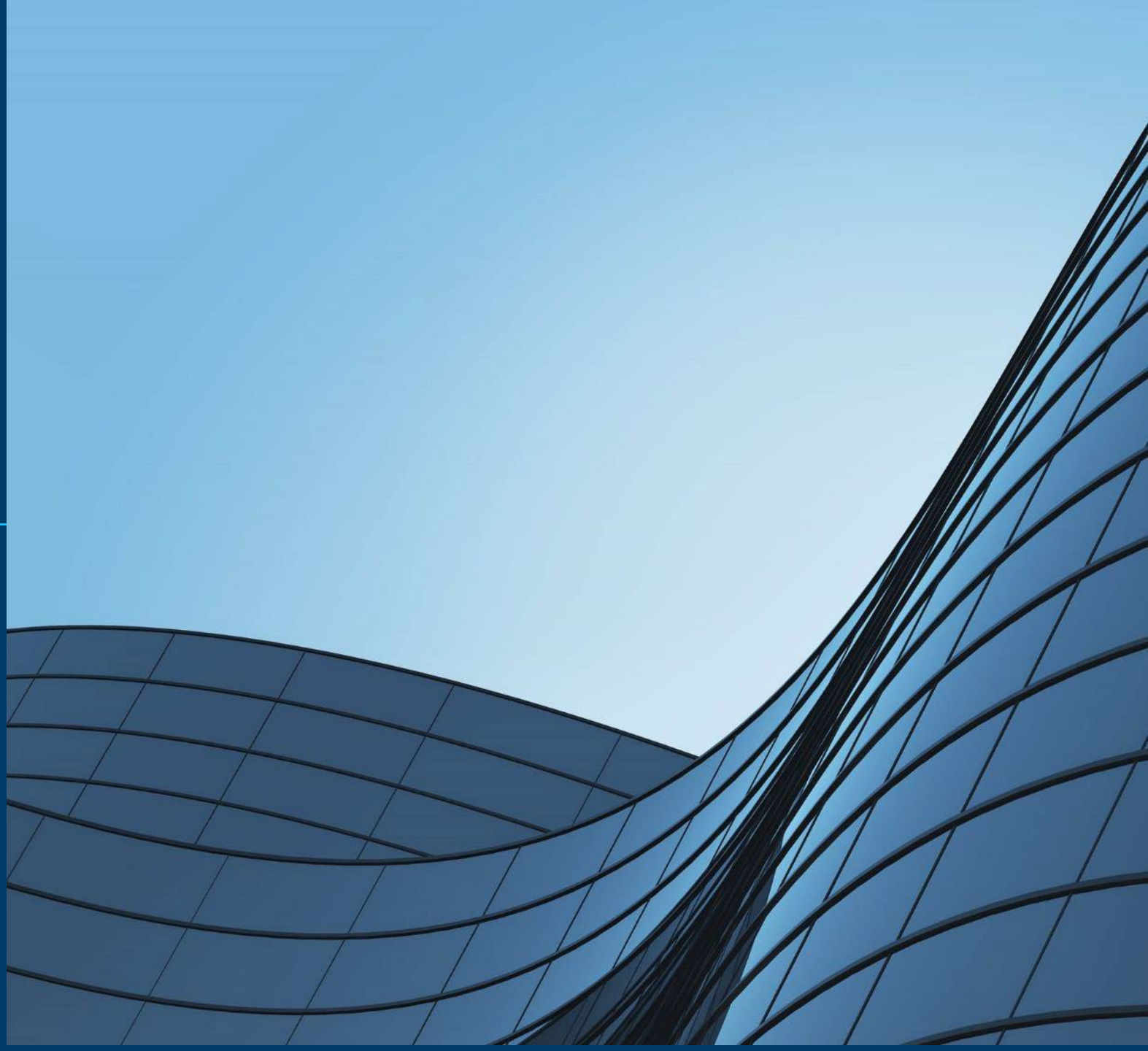
Direct asking rents declined 310 basis points over the past year to \$25.91/SF as of the first quarter, continuing a trend of rate compression that started in 2025. While this decrease is notable, it is largely due to Wilmington University’s purchase of 3 Beaver Valley Road during the fourth quarter of 2025. The fully vacant building had been offered at \$31.50/SF, so the removal of a large block of vacancy at an above-average rate was a significant factor in the rate decline. Rent growth has been solid since 2023, so this change is not necessarily an indicator of weakening demand. The rental premium for Class A space remains significant, with a spread of \$5.23/SF over Class B space.



Please reach out to your
Newmark business contact for this information

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Market Statistics



Submarket Overview

1Q 26 Submarket Statistics—All Classes

	Total Inventory (SF)	Total Vacancy Rate	Total Available (SF)	Sublease Available (SF)	Total Availability Rate	Qtr. Net Absorption (SF)	Direct Average Rent (Price/SF)
Wilmington CBD	6,912,860	20.5%	1,404,124	43,922	20.3%	(5,770)	\$25.79
Wilmington North	2,975,244	12.5%	482,167	74,884	16.2%	70,697	\$26.91
Wilmington South	4,447,577	16.6%	1,031,988	334,357	23.2%	(73,328)	\$22.65
Wilmington West	1,479,165	14.1%	232,291	7,564	15.7%	13,247	\$34.07
Wilmington – Total	15,814,846	17.3%	3,150,570	460,727	19.9%	4,846	\$25.87

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