

Greater Philadelphia Industrial Market Overview

1. Economy
2. Leasing Market Fundamentals
3. Market Statistics

Market Observations

Economy

- The Greater Philadelphia economy experienced a slight uptick in unemployment for the 12 months ending in August, with the unemployment rate rising to 5.1%— 60 basis points higher than the national rate of 4.5%. However, the region grew payroll employment by 1.9% over the 12 months ending in August, a faster rate of growth than the national rate of 0.9%. The Education and Health Services sector, the region’s largest industry, remains the primary engine of employment growth, continuing to underpin the area’s economic resilience.
- The Trade, Transportation, & Utilities industry grew by 70 basis points for the 12 months ending in August 2025. In December, the industry experienced its first annual job growth in 12 months. Despite the Manufacturing sector growing only 10 basis points and the Construction sector declining by 190 basis points for the 12 months ending in August, the Trade, Transportation, and Utilities sector—which is considerably larger in the Philadelphia MSA—offset this decline. Consequently, when combining the industrial industries, the region saw a net gain of 20 basis points for the same period.

Major Transactions

- The third quarter of 2025 was marked by the execution of several major leases in the Logistics sector spanning counties across the region. This activity underscores the continued vitality of the market. Notably, Burlington County has posted particularly strong leasing performance year-to-date, with net absorption totaling 1,937,652 square feet.
- After a slow start to the year, industrial leasing activity has ticked up, with 4.8 million square feet leased during the third quarter. Significant contributions to this leasing activity included JW Fulfillment’s lease of 705,900 square feet at 2 Gateway Boulevard in Salem County and Olam International’s lease of 574,480 square feet at 198 Democrat Road in Gloucester County.

Leasing Market Fundamentals

- Industrial construction deliveries saw a marked decline in 2024, but picked back up in 2025, with nearly one million square feet of deliveries through the first three quarters. With little preleasing activity, the 33 buildings that have delivered over the course of this year have a combined vacancy rate of 96.9%, thus pushing the overall market’s vacancy rate to 8.0%, an increase of 230 basis points over the past year. Quarterly net absorption registered negative one million square feet, largely driven by a tenant bankruptcy resulting in 1.3 million square feet of space becoming vacant. This brings the market’s year-to-date absorption total to 445,654 square feet after strong positive absorption posted during the second quarter.
- The Greater Philadelphia construction pipeline totaled 6.9 million square feet at the end of the third quarter, down nearly 10 million square feet from the prior year—a reduction of 58.5%. Major projects that broke ground this quarter include 600 Irick, a 310,000-square-foot warehouse in Burlington County and One Collins Drive, a 274,400-square-foot distribution facility in Salem County.
- After annual declines in 2024, asking rents have increased 4.1% over the past twelve months to average \$11.43 per square foot as of the third quarter. The growth in asking rents has been driven primarily by Class A warehouse availabilities. As of the end of the third quarter, there is approximately 22 million square feet of Class A warehouse space available at an average asking rate of \$13.05 per square foot.

Outlook

- After a surge in construction starts in the second quarter of 2024, industrial construction activity in the region has moderated, with construction starts totaling 1.3 million square feet during the third quarter of 2025. Developers are exercising caution due to rising construction costs, concerns over tariffs, and challenges in securing financing.
- Over the past three years, more than 41 million square feet of Class A industrial space delivered to the market, vastly increasing Class A inventory and in turn, asking rents. After a significant jump in 2023, direct asking rents for Class A properties have demonstrated steady, year-over-year growth. Over the past year alone, Class A rents increased by 10.7%. This sustained upward trend is expected to continue, supported by the superior features of Class A spaces, which include higher ceiling heights, expansive floor plates, and dock-high loading doors. These premium amenities continue to distinguish Class A properties in the marketplace, allowing them to command higher asking rents relative to other property types.

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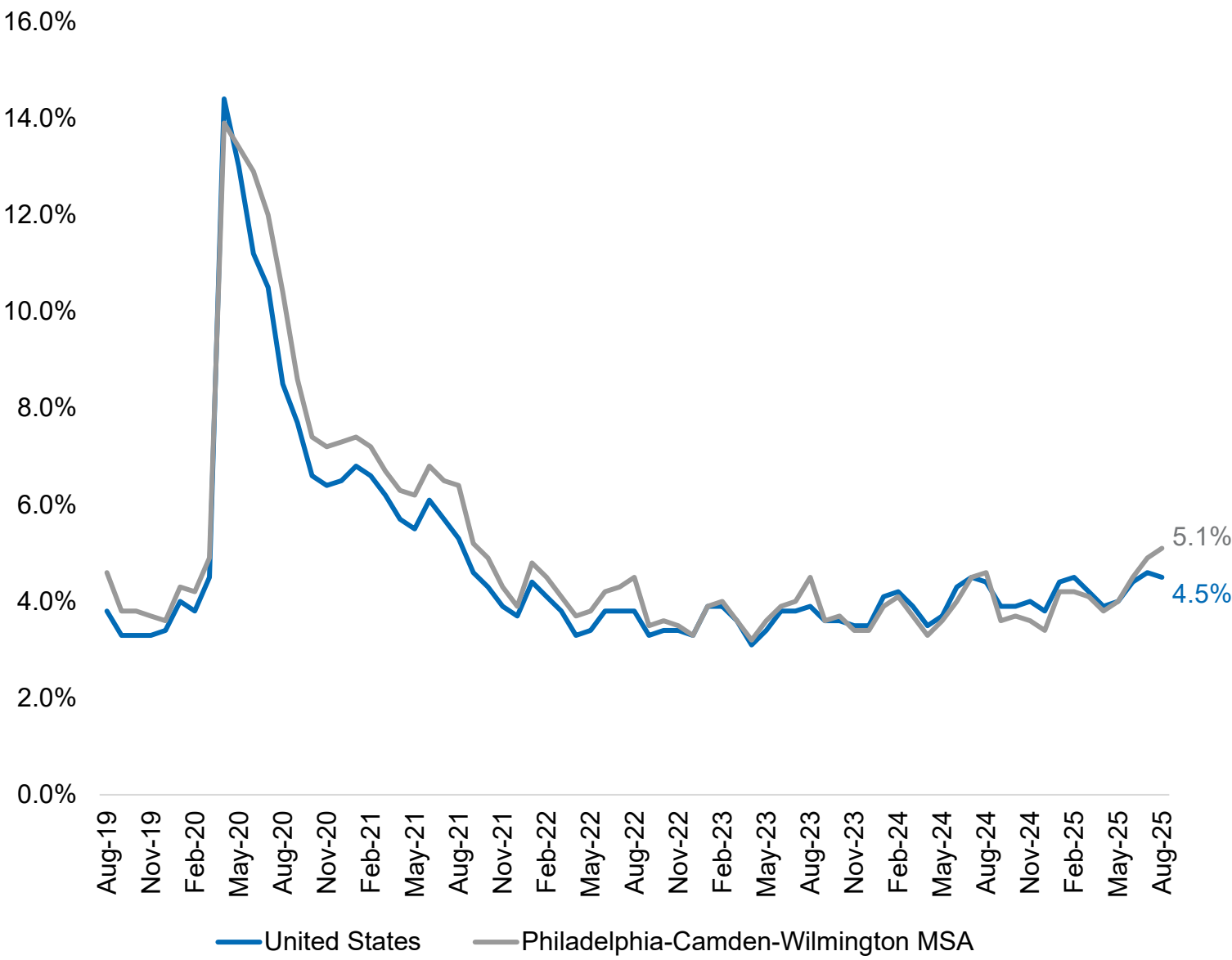
Economy



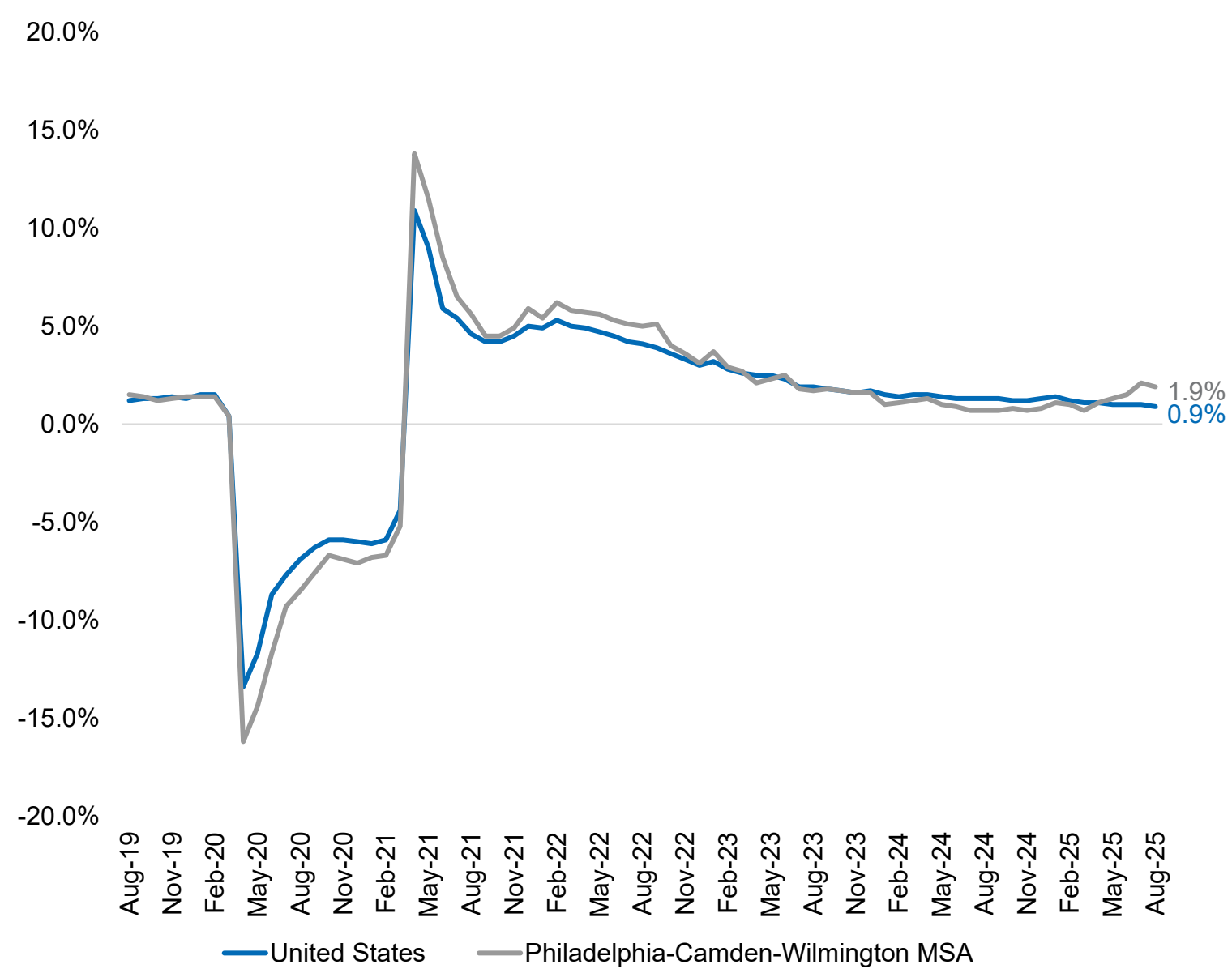
Philadelphia's Job Growth Outpaces National Average

The Greater Philadelphia economy experienced a slight uptick in unemployment for the 12 months ending in August, with the unemployment rate rising to 5.1%— 60 basis points higher than the national rate of 4.5%. However, the region grew payroll employment by 1.9% over the 12 months ending in August, a faster rate of growth than the national rate of 0.9%. The Education and Health Services sector, the region's largest industry, remains the primary engine of employment growth, continuing to underpin the area's economic resilience.

Unemployment Rate, Non-Seasonally Adjusted



Nonfarm Payroll Employment, Non-Seasonally Adjusted, 12-Month % Change



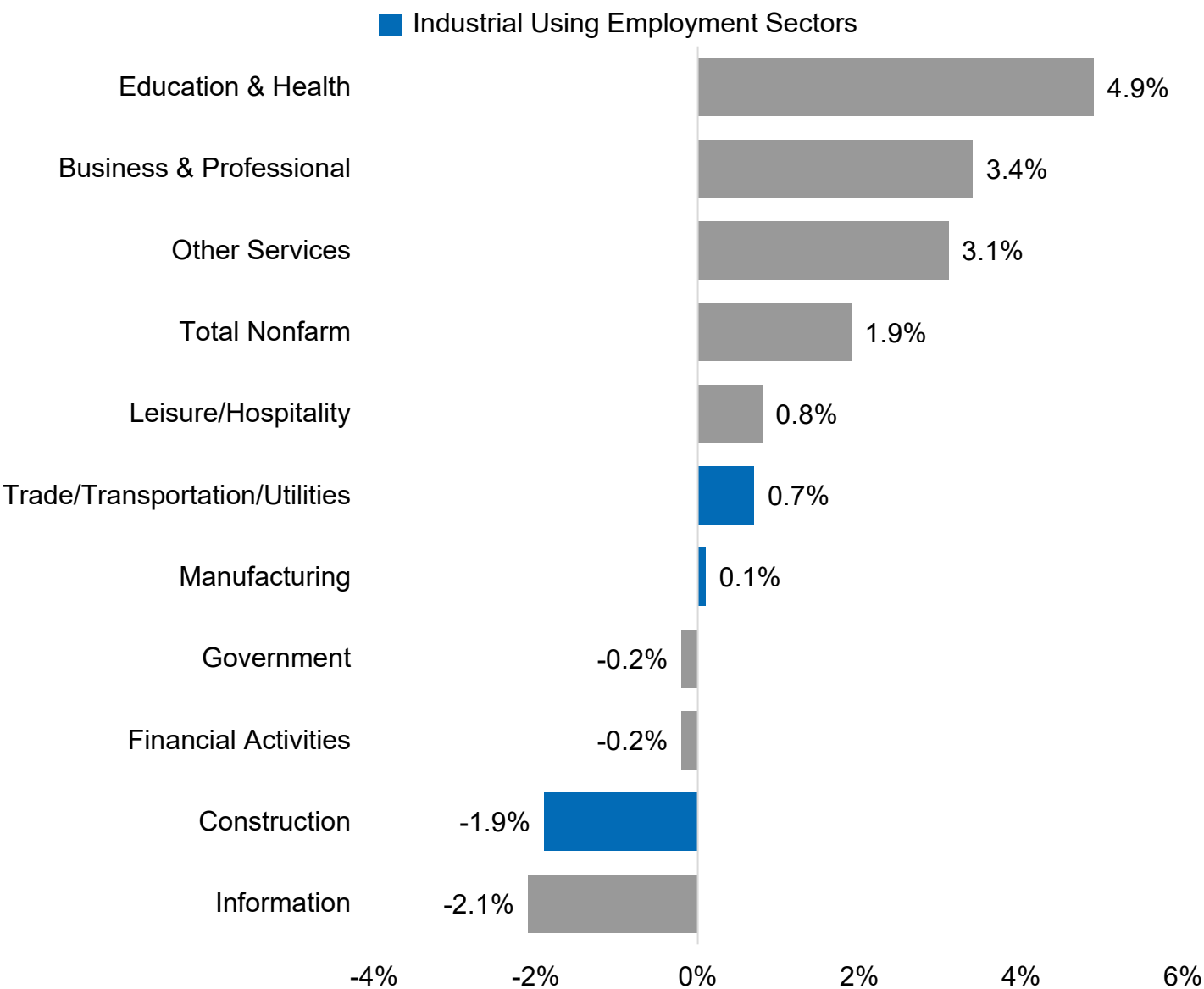
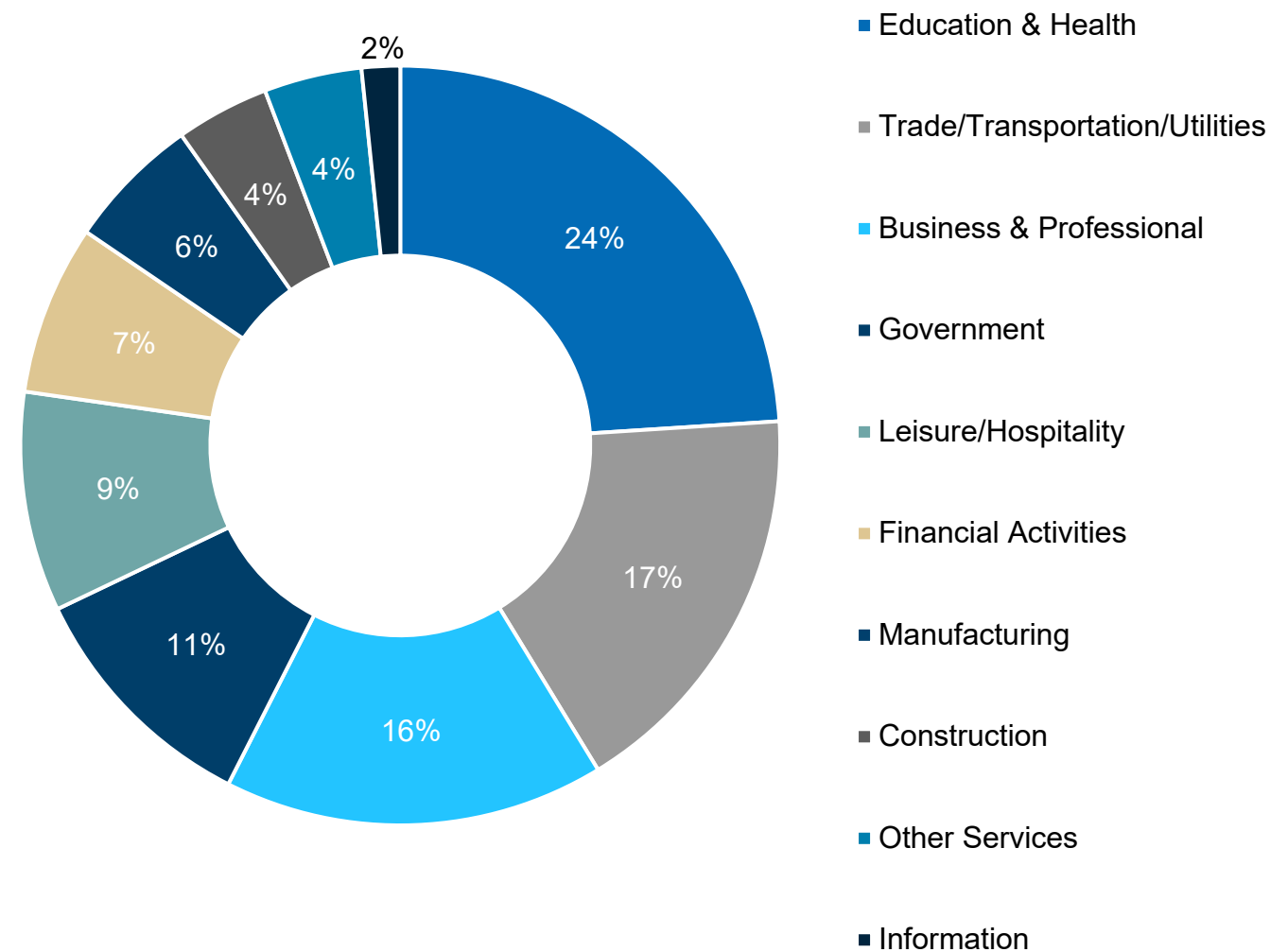
Source: U.S. Bureau of Labor Statistics, Philadelphia-Camden-Wilmington MSA

Job Growth Driven by Education & Health and Business & Professional Services

The Education & Health, Business & Professional Services and Other Services sectors each grew by more than 3.0% for the 12 months ending in August. These three industries collectively account for approximately 44% of Greater Philadelphia’s labor force. Robust annual employment gains across these sectors are a positive sign for the regional economy, indicating diverse sources of job growth and economic resilience.

Employment by Industry, August 2025

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

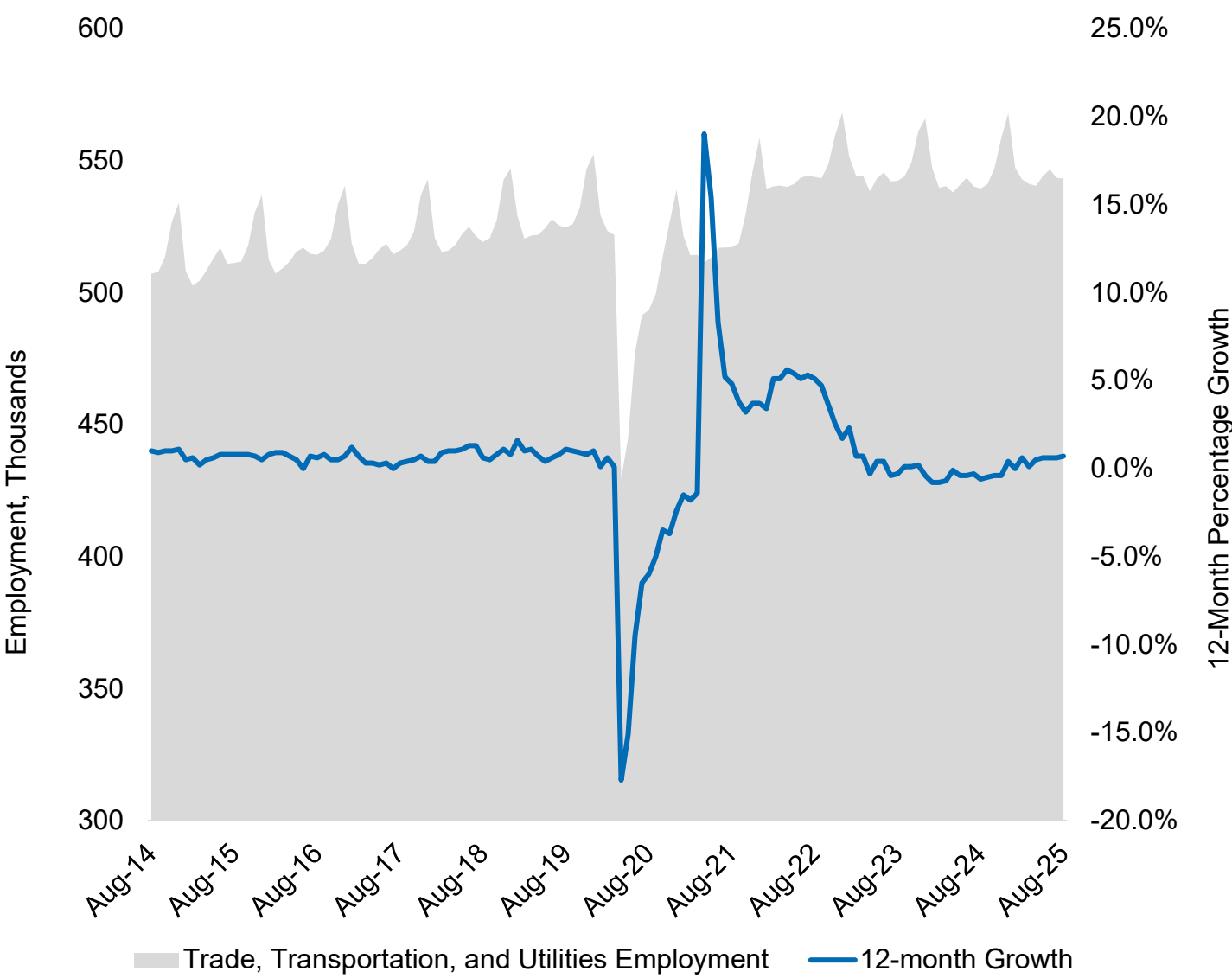


Source: U.S. Bureau of Labor Statistics, Philadelphia-Camden-Wilmington MSA

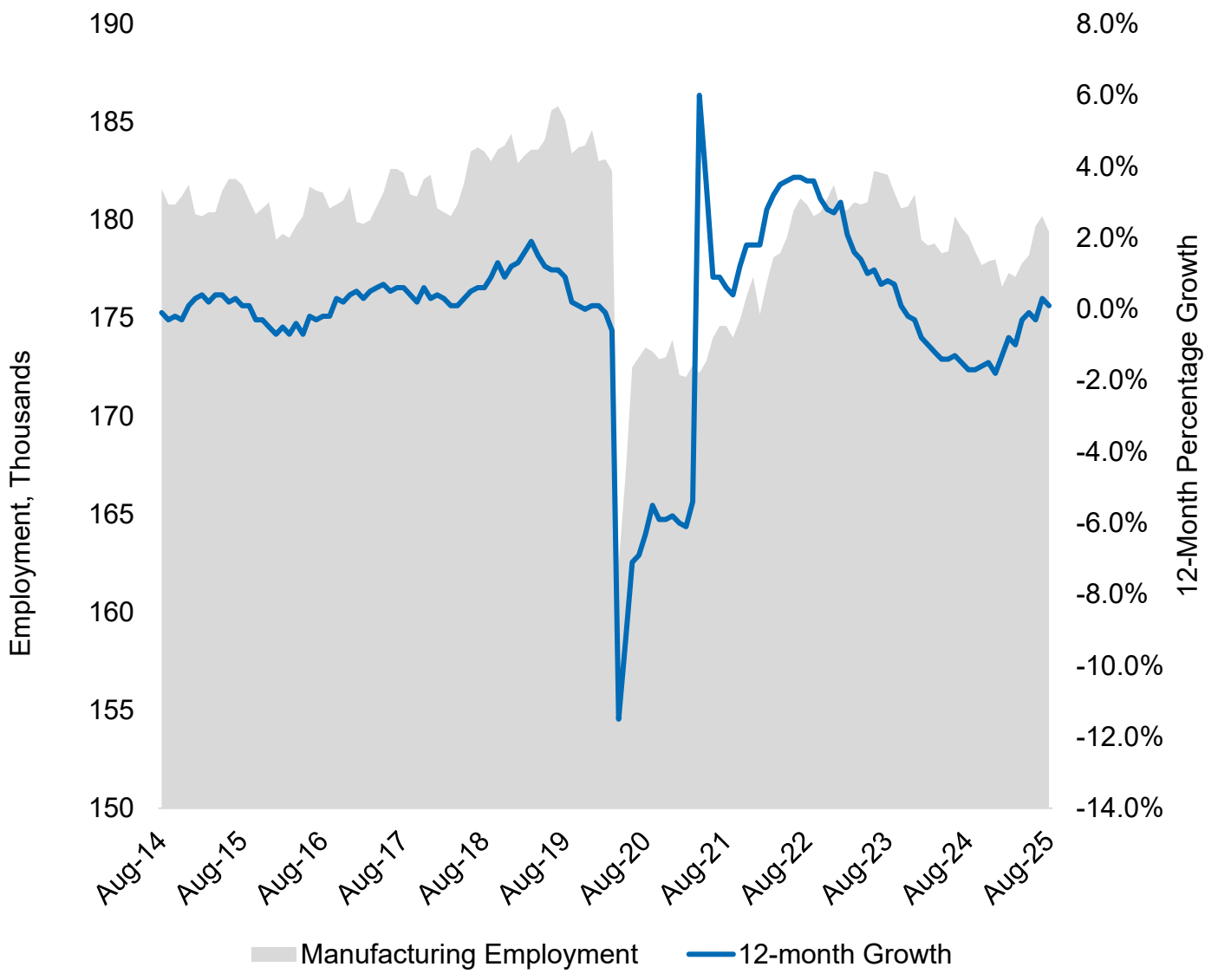
Industrial Employment Sectors Combined For Gain

The Trade, Transportation, & Utilities industry grew by 70 basis points for the 12 months ending in August 2025. In December, the industry experienced its first annual job growth in 12 months. Despite the Manufacturing sector growing only 10 basis points and the Construction sector declining by 190 basis points for the 12 months ending in August, the Trade, Transportation, and Utilities sector—which is considerably larger in the Philadelphia MSA—offset this decline. Consequently, when combining the industrial industries, the region saw a net gain of 20 basis points for the same period.

Total Employment and 12-Month Growth Rate, Trade/Transportation/Utilities



Total Employment and 12-Month Growth Rate, Manufacturing



Source: U.S. Bureau of Labor Statistics, Philadelphia-Camden-Wilmington MSA

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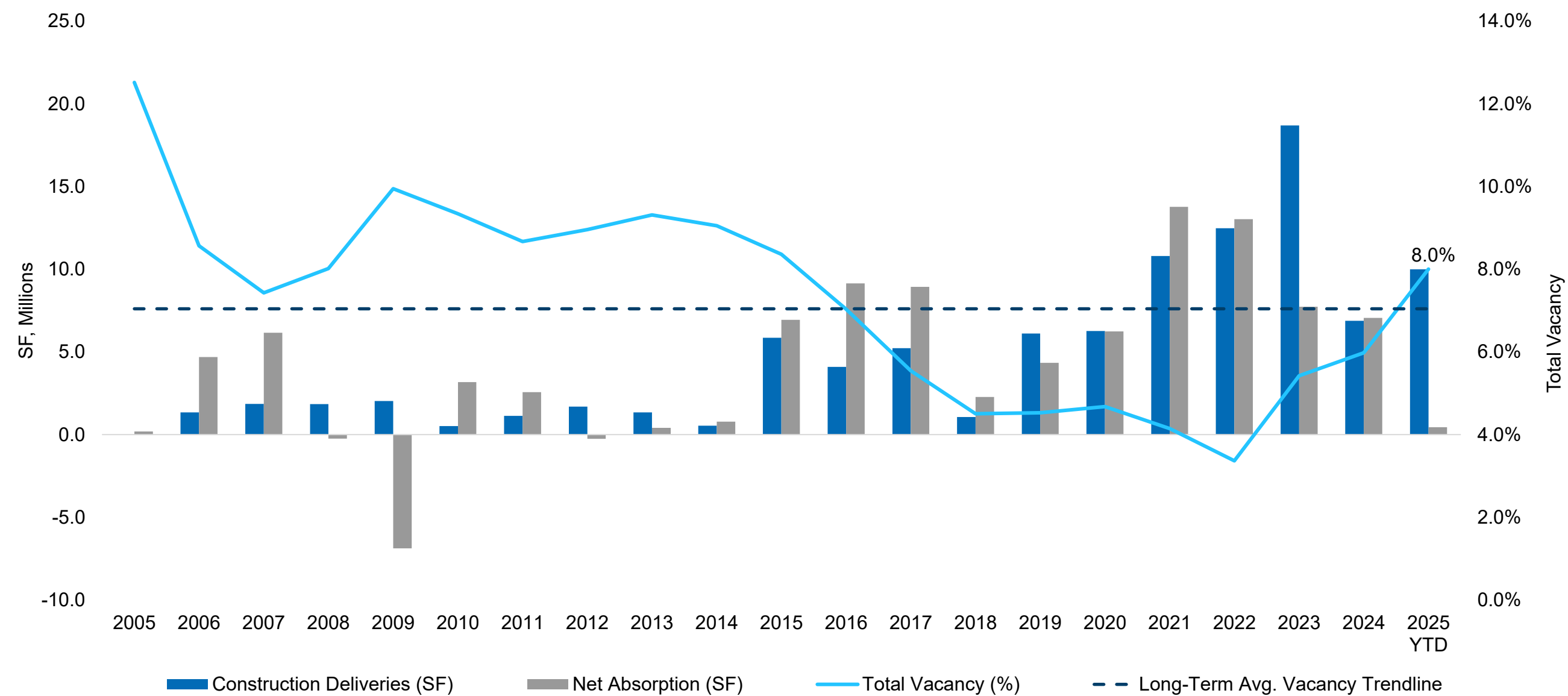
Leasing Market Fundamentals



Vacancy Rises with Speculative New Construction

Industrial construction deliveries saw a marked decline in 2024, but picked back up in 2025, with nearly one million square feet of deliveries through the first three quarters. With little preleasing activity, the 33 buildings that have delivered over the course of this year have a combined vacancy rate of 96.9%, thus pushing the overall market's vacancy rate to 8.0%, an increase of 230 basis points over the past year. Quarterly net absorption registered negative one million square feet, largely driven by a tenant bankruptcy resulting in 1.3 million square feet of space becoming vacant. This brings the market's year-to-date absorption total to 445,654 square feet after strong positive absorption posted during the second quarter.

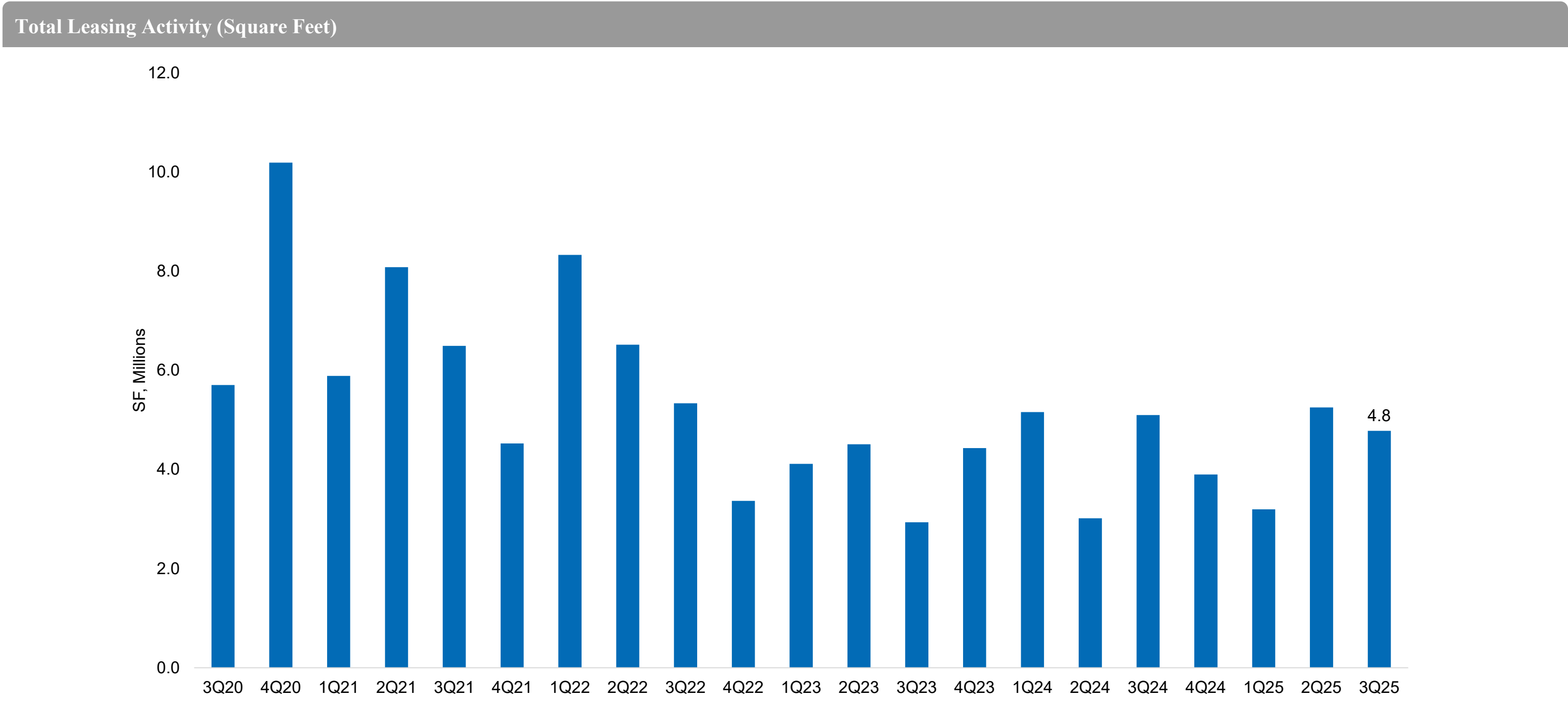
Historical Construction Deliveries, Net Absorption, and Vacancy



Source: Newmark Research

Industrial Leasing Activity Remains Strong

After a slow start to the year, industrial leasing activity has ticked up, with 4.8 million square feet leased during the third quarter. Significant contributions to this leasing activity included JW Fulfillment's lease of 705,900 square feet at 2 Gateway Boulevard in Salem County and Olam International's lease of 574,480 square feet at 198 Democrat Road in Gloucester County.

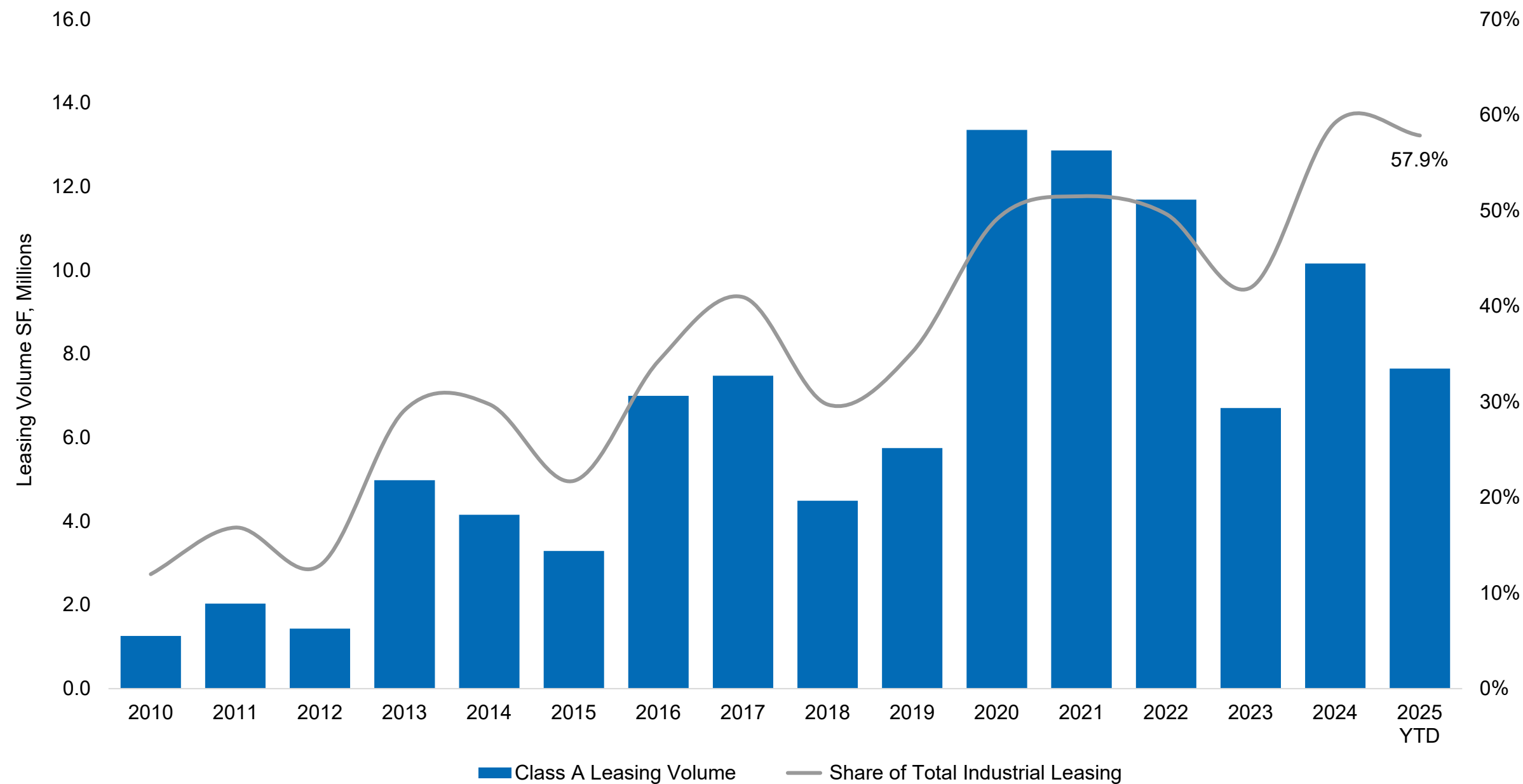


Source: Newmark Research, CoStar

Class A Industrial Exceeds Half Of Quarterly Leasing Volumes

Class A properties continue to appeal to large users, exceeding 7.6 million square feet of leasing volume for the first three quarters of 2025. These properties offer higher clear heights, wider column spacing, and greater power capacity, meeting the demands of users transitioning towards more automated and power-intensive operations. Class A properties have secured an impressive 57.6% of the industrial leasing market share in the Greater Philadelphia region despite representing approximately one-third of the inventory.

Industrial Class A Leasing Volume and Percentage of Total Industrial Leasing Volume

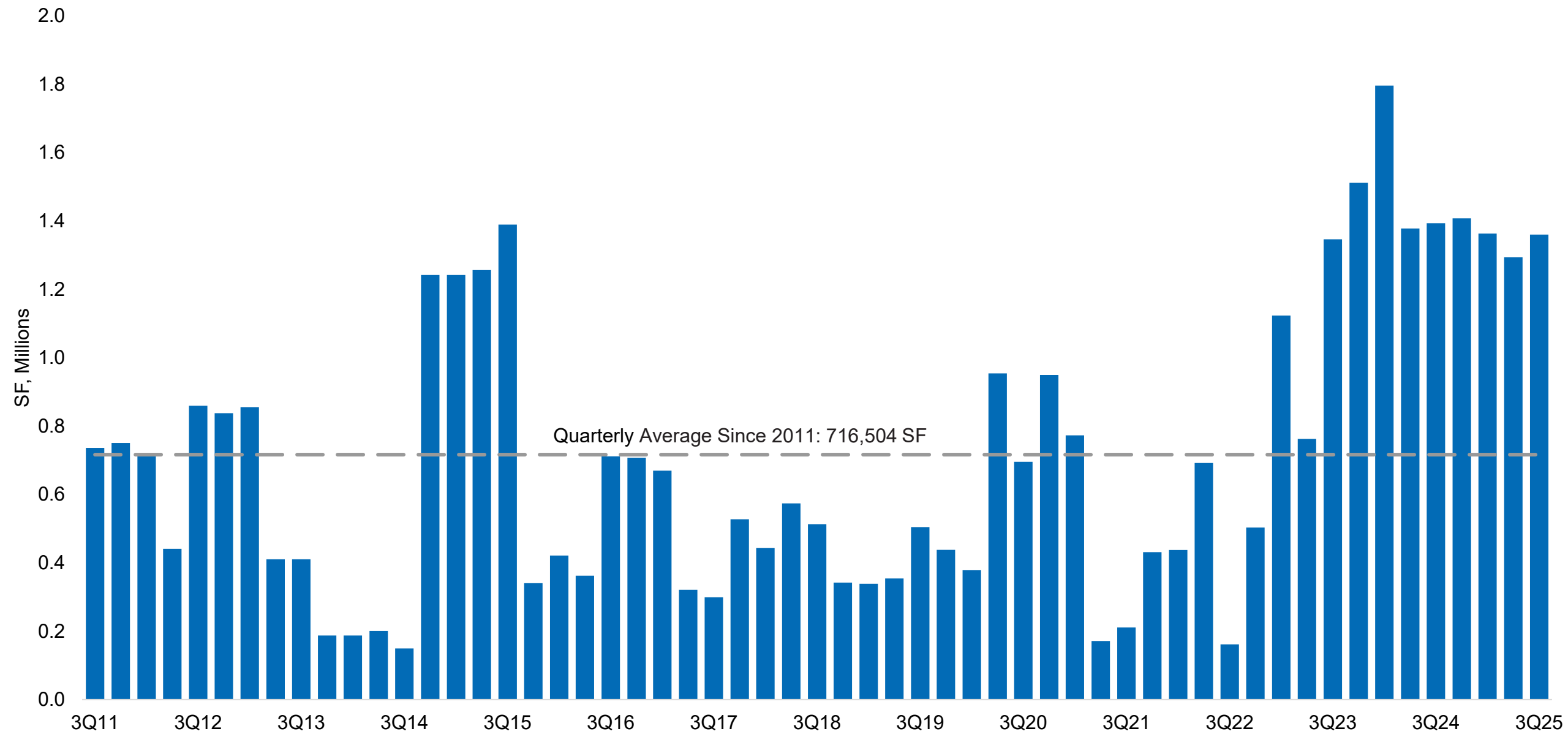


Source: Newmark Research, CoStar
Note: Newmark defines Class A warehouses as buildings constructed since 2000 and over 100,000 square feet

Southern New Jersey Has Outsized Share Of Industrial Sublease Availability

Available sublease space in the Southern New Jersey region remains elevated at nearly 1.4 million square feet as of the third quarter. Southern New Jersey constitutes 33.1% of the market's sublease availabilities despite comprising only 28.4% of the region's total inventory.

Southern New Jersey Available Industrial Sublease Volume (MSF)

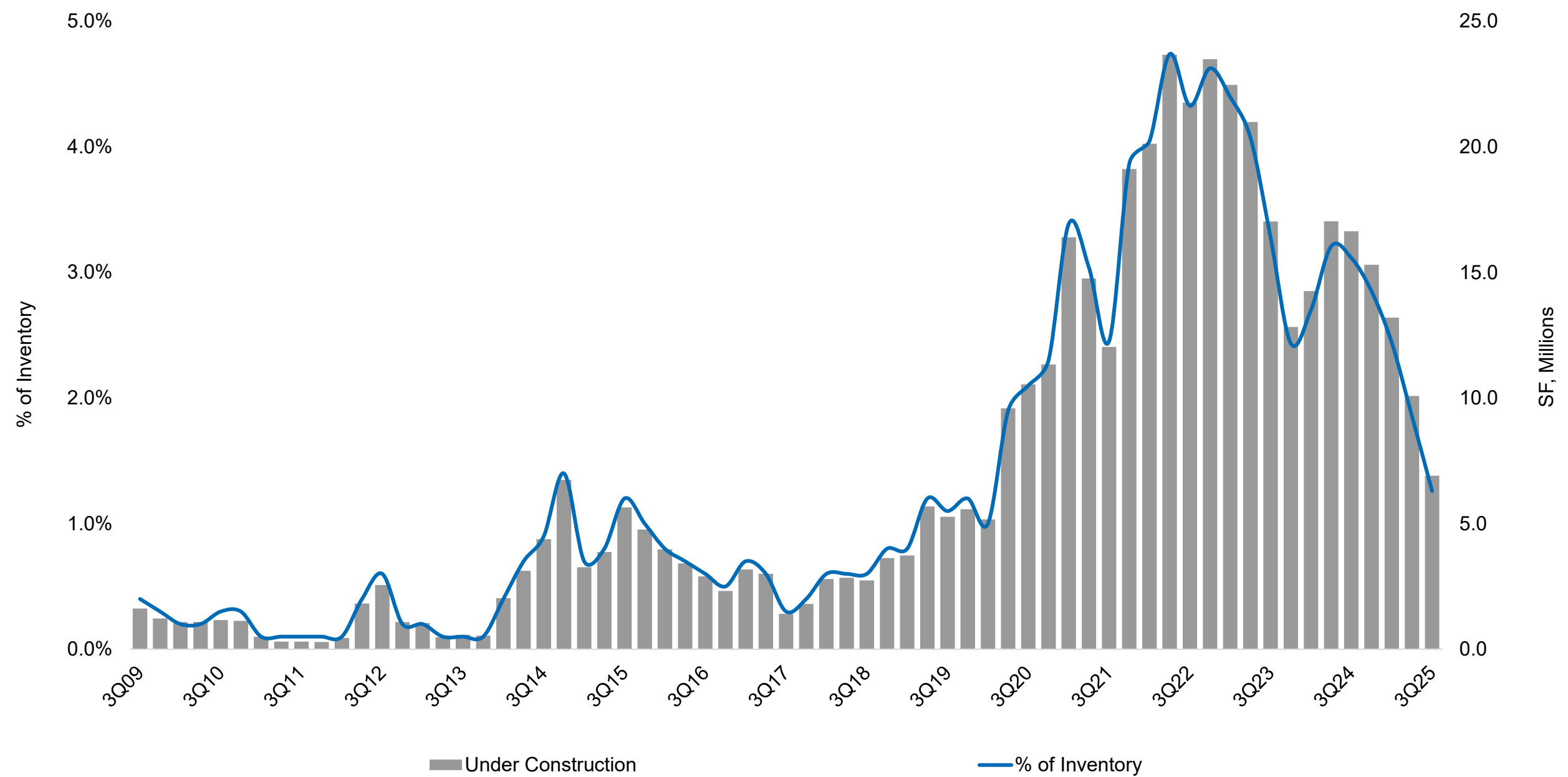


Source: Newmark Research, CoStar

Construction Pipeline Down Nearly 60% Year-Over-Year

The Greater Philadelphia construction pipeline totaled 6.9 million square feet at the end of the third quarter of 2025, down nearly 10 million square feet from the prior year—a reduction of 58.5%. A significant portion of the decline is due to industrial projects at the Keystone Trade Center being repurposed for data center use. For example, the 1 million-square-foot site at 6 River Road is now planned to become a data center rather than an industrial facility. Major projects that broke ground this quarter include 600 Irick, a 310,000-square-foot warehouse in Burlington County and One Collins Drive, a 274,400-square-foot distribution facility in Salem County.

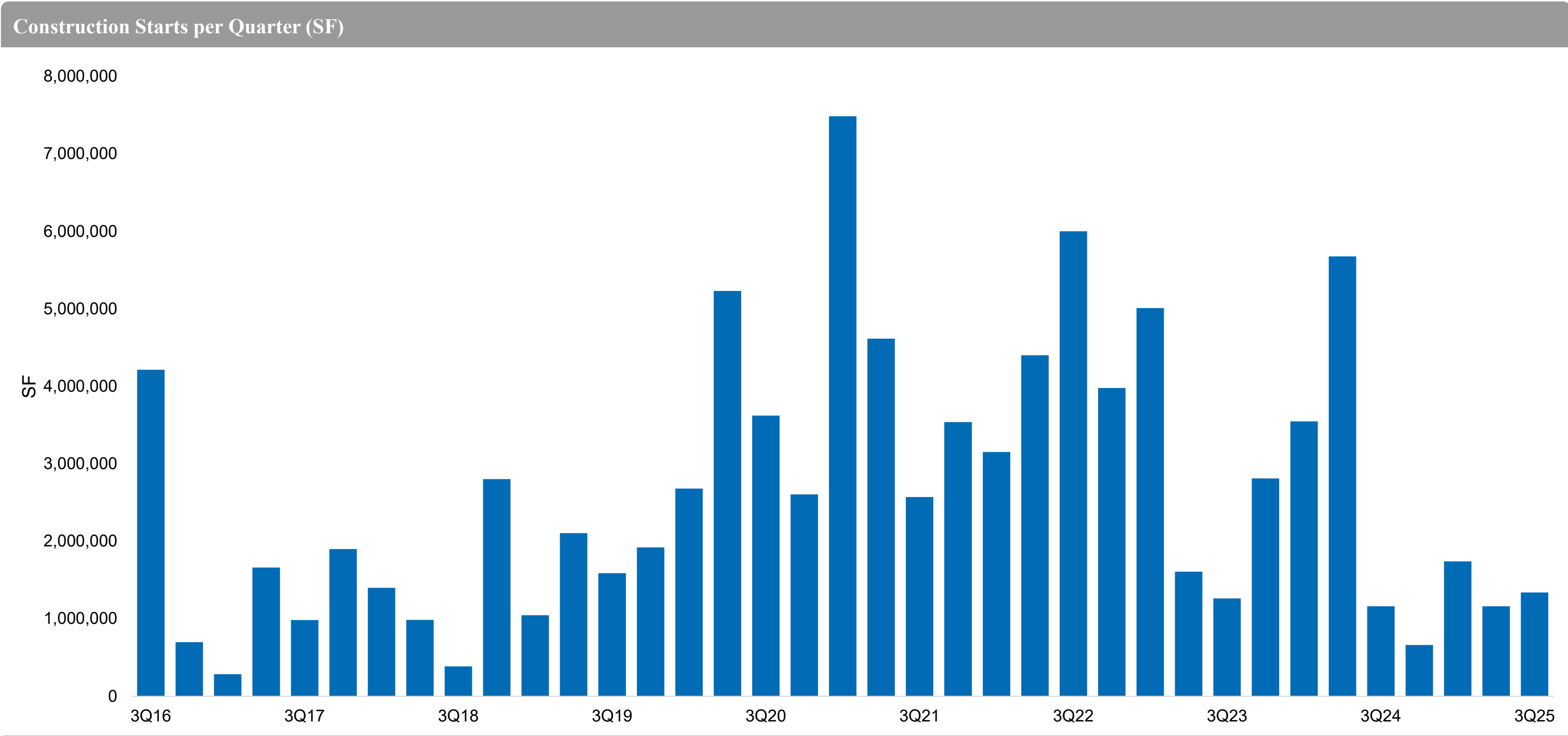
Industrial Under Construction and % of Inventory



Source: Newmark Research, CoStar

Construction Starts Take A Dip

After a surge in construction starts in the second quarter of 2024, industrial construction activity in the region has moderated, with construction starts totaling 1.3 million square feet during the third quarter of 2025. Developers are exercising caution due to rising construction costs, concerns over tariffs, and challenges in securing financing.

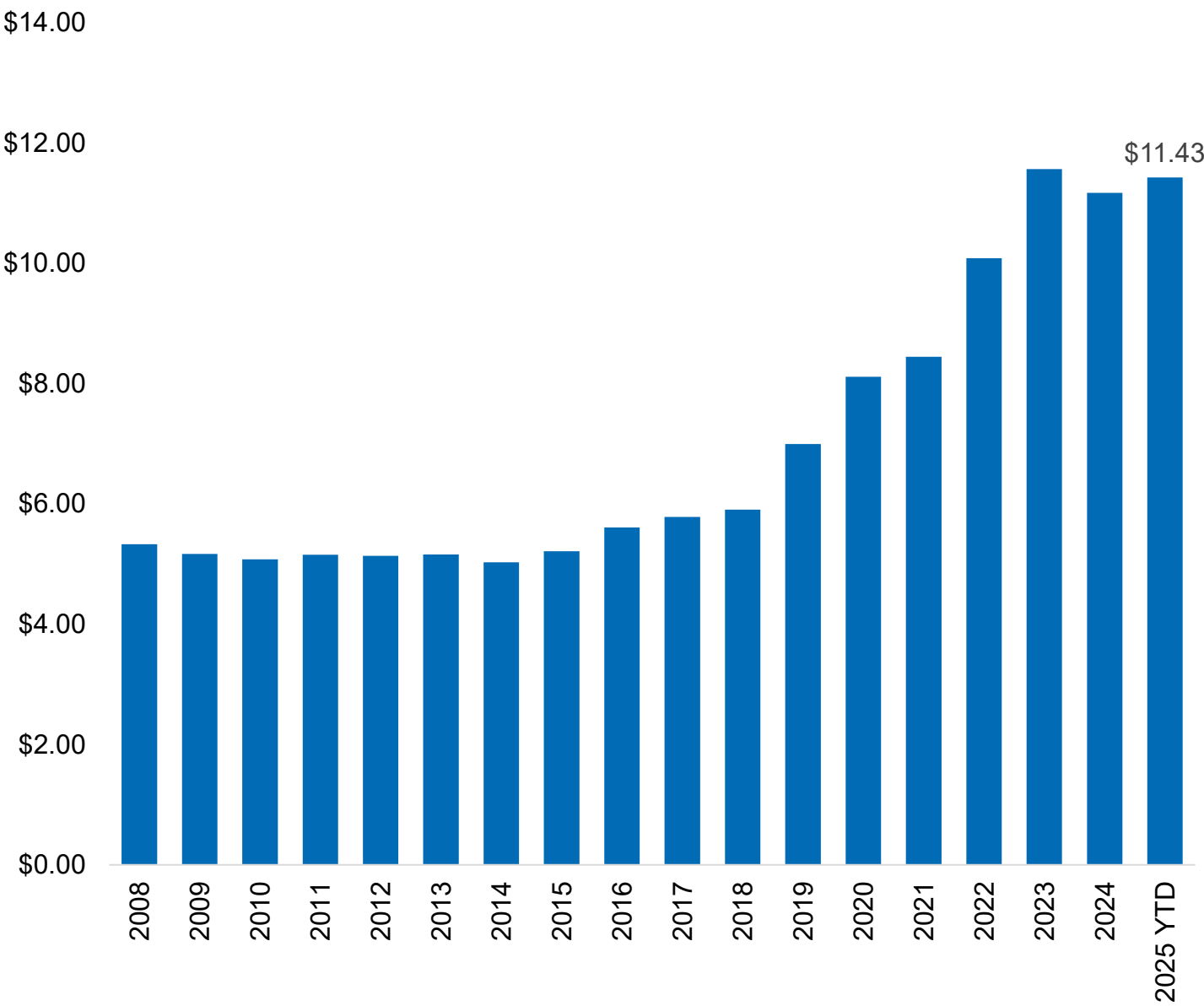


Source: CoStar, Newmark Research

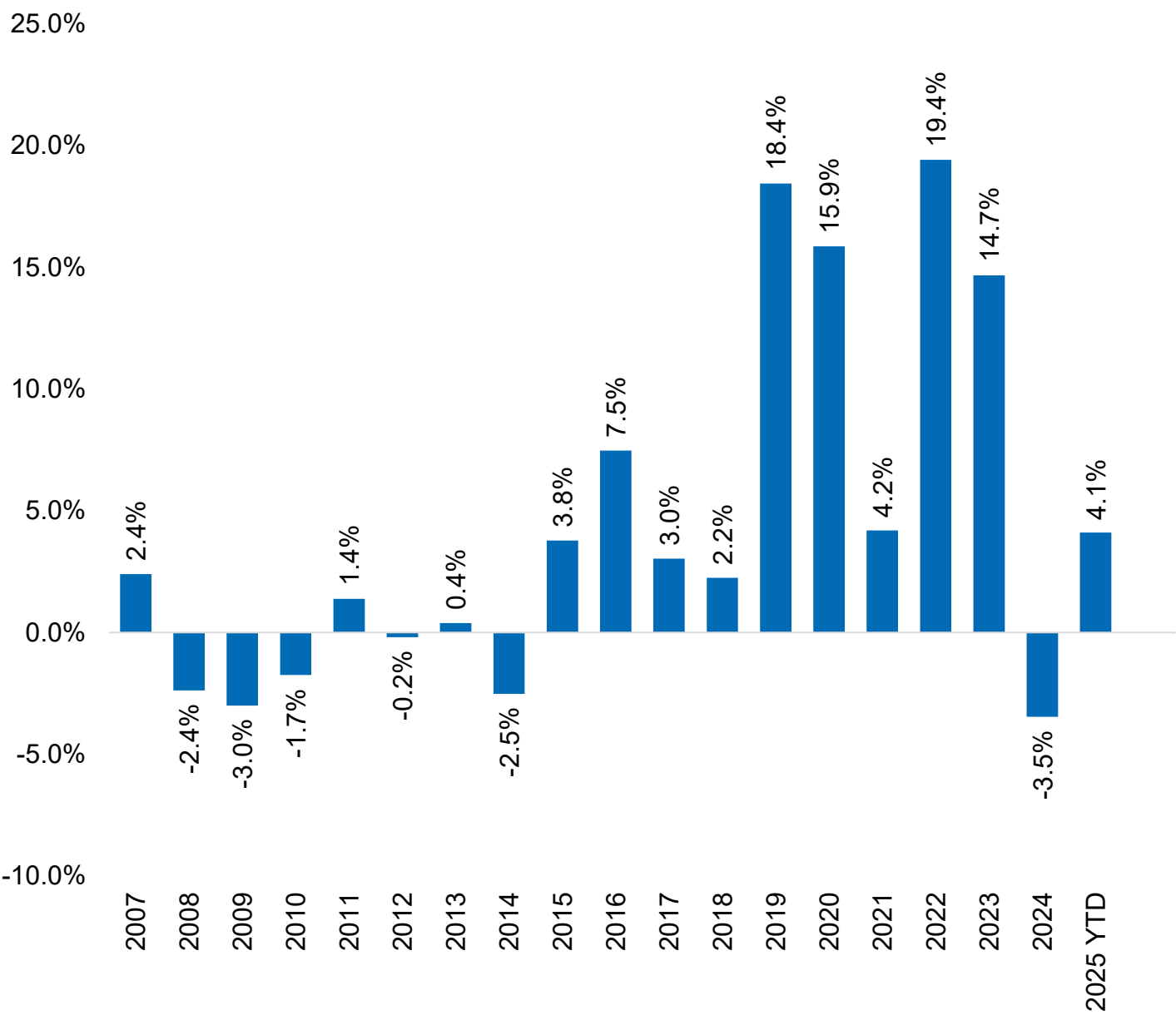
Asking Rents up 4.1% Year-Over-Year

After annual declines in 2024, asking rents have increased 4.1% over the past twelve months to average \$11.43 per square foot as of the third quarter. The growth in asking rents has been driven primarily by Class A warehouse availabilities. As of the end of the third quarter, there is approximately 22 million square feet of Class A warehouse space available at an average asking rate of \$13.05 per square foot.

Industrial Average Direct Asking Rent, \$/SF



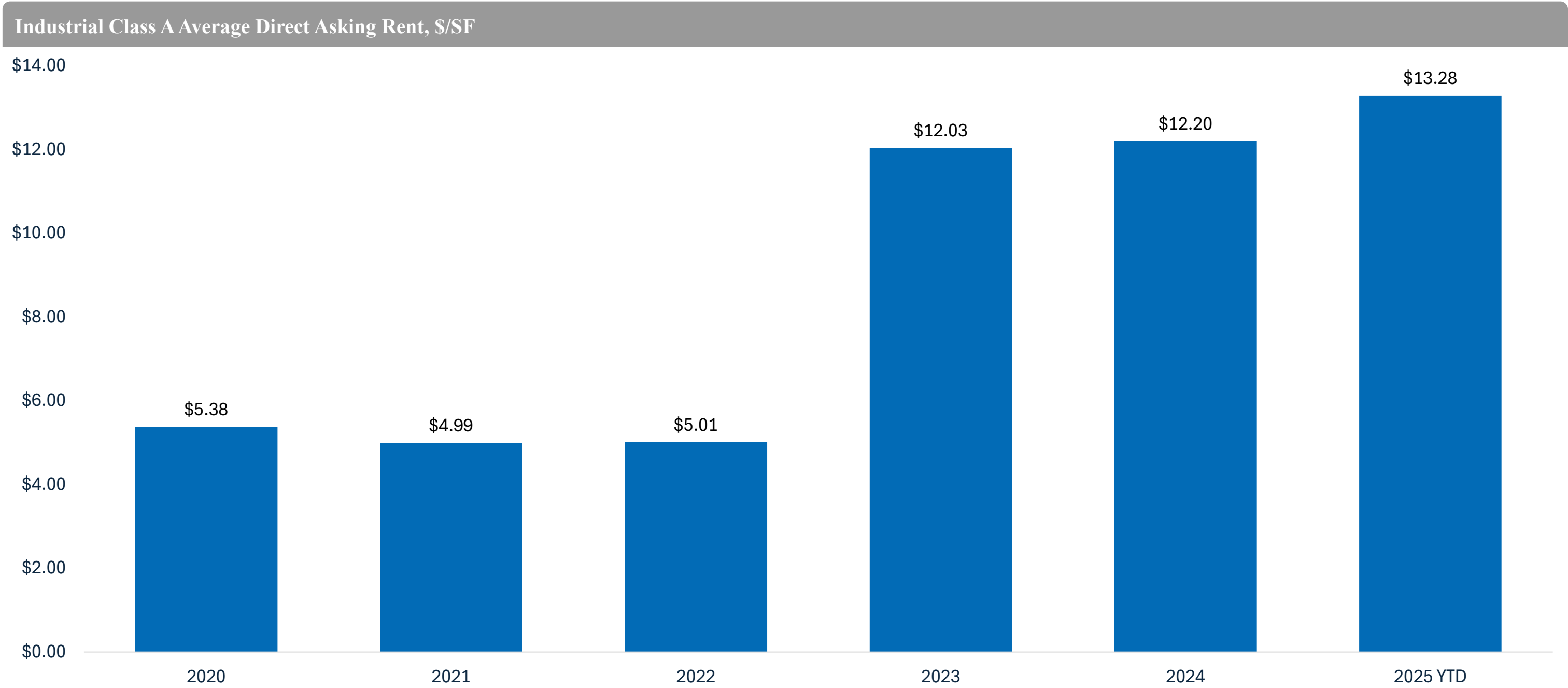
Year-over-Year Direct Asking Rent % Change



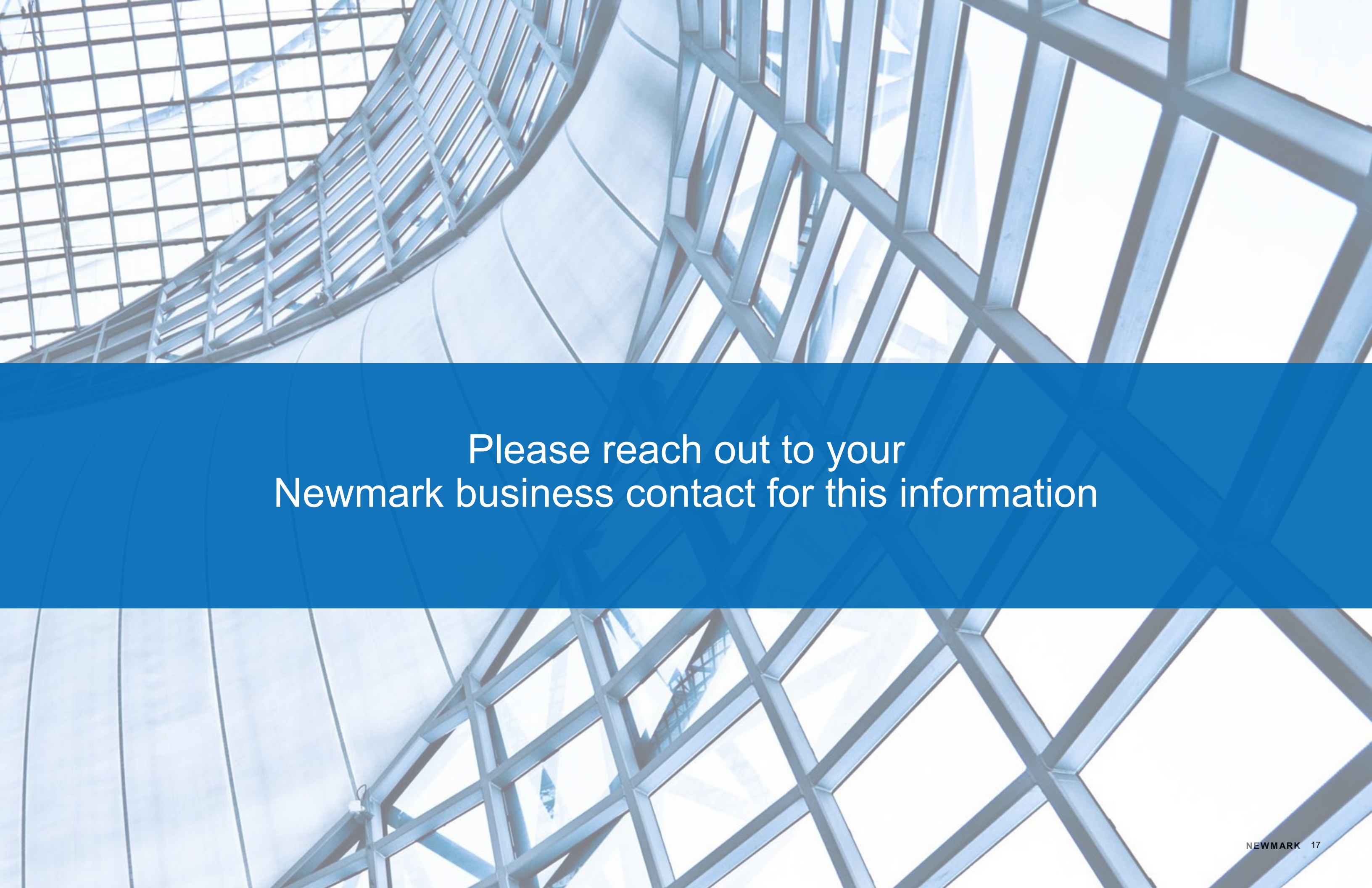
Source: Newmark Research, CoStar

Class A Rent Growth Continues To Outpace the Broader Market

Over the past three years, more than 41 million square feet of Class A industrial space delivered to the market, vastly increasing Class A inventory and in turn, asking rents. After a significant jump in 2023, direct asking rents for Class A properties have demonstrated steady, year-over-year growth. For the 12 months ending in the third quarter of 2025 alone, Class A rents increased by 10.7%. This sustained upward trend is supported by the superior features of Class A spaces, which include higher ceiling heights, expansive floor plates, and dock-high loading doors. These premium amenities continue to distinguish Class A properties in the marketplace, allowing them to command higher asking rents relative to other property types.



Source: Newmark Research



Please reach out to your
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Market Statistics



Submarket Overview (page 1 of 2)

Submarket Statistics – All Classes

	Total Inventory (SF)	Under Construction (SF)	Total Vacancy Rate	Qtr Net Absorption (SF)	YTD Net Absorption (SF)	Qtr. Construction Deliveries (SF)	YTD Construction Deliveries (SF)	Total Direct Asking Rent (Price/SF)	Total Class A* Direct Asking Rent (Price/SF)
New Castle County	36,317,960	1,436,770	7.9%	(34,724)	294,597	0	0	\$11.72	\$12.63
Southern New Jersey	155,948,773	2,219,669	11.7%	527,218	1,553,374	1,582,277	4,184,901	\$11.62	\$12.05
Greater Philadelphia	356,365,158	3,248,849	6.4%	(1,529,845)	(1,402,317)	2,329,539	5,802,494	\$11.61	\$14.56
Market	548,631,891	6,905,288	8.0%	(1,037,351)	445,654	3,911,816	9,987,395	\$11.63	\$13.28

Submarket Statistics By Subtype

	Total Inventory (SF)	Under Construction (SF)	Total Vacancy Rate	Qtr Net Absorption (SF)	YTD Net Absorption (SF)	Qtr. Construction Deliveries (SF)	YTD Construction Deliveries (SF)	Total Direct Asking Rent (Price/SF)	Total Class A Direct Asking Rent (Price/SF)
General Industrial	249,311,268	2,495,310	4.4%	(117,883)	(237,423)	760,011	948,006	\$10.15	\$13.21
R&D/Flex	81,574,649	0	5.5%	(32,735)	(321,301)	0	0	\$12.71	\$39.00
Warehouse/Distribution	217,745,974	4,409,978	13.0%	(886,733)	1,004,378	3,151,805	9,039,389	\$12.06	\$13.05
Market	548,631,891	6,905,288	8.0%	(1,037,351)	445,654	3,911,816	9,987,395	\$11.63	\$13.28

Source: Newmark Research

Submarket Overview (page 2 of 2)

Submarket Statistics – All Classes									
	Total Inventory (SF)	Under Construction (SF)	Total Vacancy Rate	Qtr Net Absorption (SF)	YTD Net Absorption (SF)	Qtr. Construction Deliveries (SF)	YTD Construction Deliveries (SF)	Total Asking Rent (Price/SF)	Total Class A* Asking Rent (Price/SF)
Bucks County	65,337,306	29,500	8.2%	(389,095)	268,037	1,303,200	2,438,017	\$10.53	\$12.38
Chester County	38,189,876	372,850	4.4%	(2,799)	129,005	0	636,120	\$11.97	\$12.95
Delaware County	31,017,703	0	4.6%	165,961	270,245	105,000	105,000	\$11.46	\$15.48
Lancaster County	61,591,703	254,612	3.5%	341,629	596,338	478,354	478,354	\$8.85	\$8.51
Montgomery County	72,693,689	365,986	6.3%	(190,635)	(625,652)	266,880	434,880	\$11.60	\$13.82
Philadelphia County	87,534,881	2,225,901	8.6%	(1,454,906)	(2,040,290)	176,105	1,710,123	\$12.52	\$16.95
Greater Philadelphia	356,365,158	3,248,849	6.4%	(1,529,845)	(1,402,317)	2,329,539	5,802,494	\$11.61	\$14.56
Burlington County	71,893,850	934,714	8.8%	33,393	1,937,652	754,206	1,638,006	\$11.73	\$12.59
Camden County	33,714,409	541,456	7.4%	(237,981)	(476,952)	279,600	279,600	\$9.72	-
Gloucester County	37,806,639	469,099	11.8%	26,806	(205,121)	548,471	1,310,946	\$11.97	\$12.03
Salem County	12,533,875	274,400	40.0%	705,000	297,795	0	956,349	\$11.57	\$11.69
Southern New Jersey	155,948,773	2,219,669	11.7%	527,218	1,553,374	1,582,277	4,184,901	\$11.62	\$12.05
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Source: Newmark Research
* Some Class A rates are lower than total asking rates due to the mix of subtypes within the submarket

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