NEWMARK

Greater Philadelphia Industrial Market Overview

3Q26



NMRK.COM

Key Takeaways

Strong absorption and a steady, low development pipeline kept Greater Philadelphia industrial vacancy near its long-term average in the third quarter, even as leasing activity slowed.



Vacancy hold steady near long-term average.



Net absorption reached 9.6 MSF YTD as deliveries remain low.



Leasing totaled 18.1 MSF YTD, after 4.7 MSF in the third quarter.



Class A space continues to command the rent premium.

Market Observations

Economy

- Greater Philadelphia unemployment fell to 3.8% in August, 30 basis points below the U.S. rate of 4.1%, while payroll employment grew 0.8% year over year, more than double the national pace of 0.3%.
- Manufacturing is turning a corner, adding 2,300 jobs since its November 2025 low and growing 0.6% year over year in August after turning positive in July.
- Trade, Transportation & Utilities employment holds at 538,100 jobs, about 8,400 above its February 2020 level, though down 1.1% year over year.

Leasing Market Fundamentals

- Leasing totaled 4.7 million SF in the third quarter, down from 6.6 million SF in the second quarter, but 18.1 million SF year-to-date is in line with 2025's pace and just shy of the 2023 full-year total of 18.7 million SF.
- Net absorption of 498,709 SF in the third quarter brought year-to-date absorption to 9.6 million SF against just 1.8 million SF of deliveries, holding vacancy at 7.4%, down from 8.7% at the end of 2025.
- Southern New Jersey posted 1.1 million SF of absorption in the quarter, led by Burlington County (+982,109 SF), while the Pennsylvania counties recorded negative 1.0 million SF, driven by Philadelphia County (-826,738 SF).

Major Transactions

- The largest lease of the quarter was Metropolitan Warehouse & Delivery's 530,000 SF direct lease at 67 Route 40 in Salem County, followed by Diversified Rack & Shelving's 275,955 SF direct lease in Burlington County.
- Additional leasing included MEI Industrial Solutions' 150,821 SF direct lease in New Castle County and two Philadelphia County direct leases: AAA Distributor (119,728 SF) and Thackray Crane Rentals (97,591 SF).
- Sales volume reached $793 million across 40 properties, up 53% year over year and already above each of the last three full years, led by 100 Crossings Drive in Bucks County at $52.75 million ($187/SF).

Outlook

- Supply-side risk remains contained, with the development pipeline steady at 6.5 million SF (1.2% of inventory), no deliveries in the third quarter, and developers likely to remain cautious until existing space is absorbed.
- Vacancy of 7.4% sits near the long-term average of 7.2%, and absorption well ahead of new supply positions 2026 as a strong reversal from the delivery-heavy years of 2023 to 2025.
- Class A space captured 47% of leasing despite being about one-third of inventory, and its 42% ($3.92/SF) rent premium over Class B, along with record pricing of $158/SF, points to continued strength for modern product.

Table of Contents

Economy 01

Leasing Market Fundamentals 02

Market Statistics 03

01

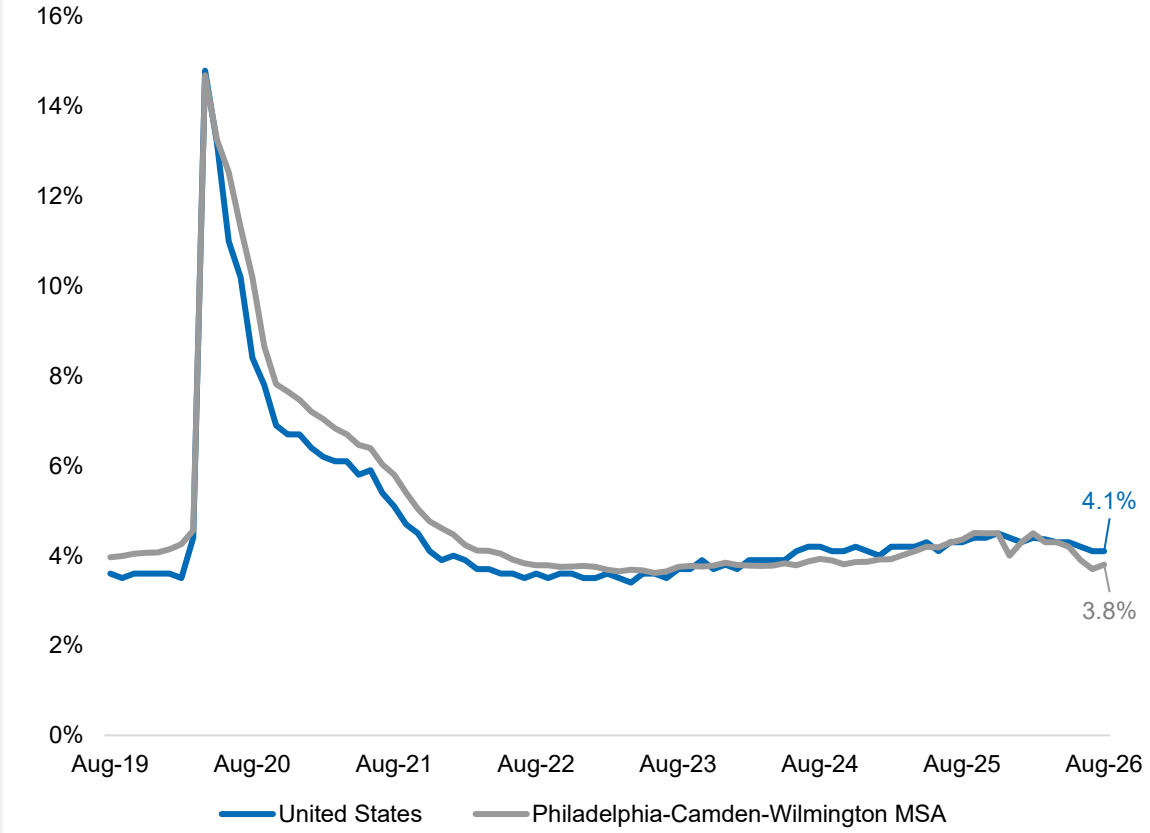
Economy



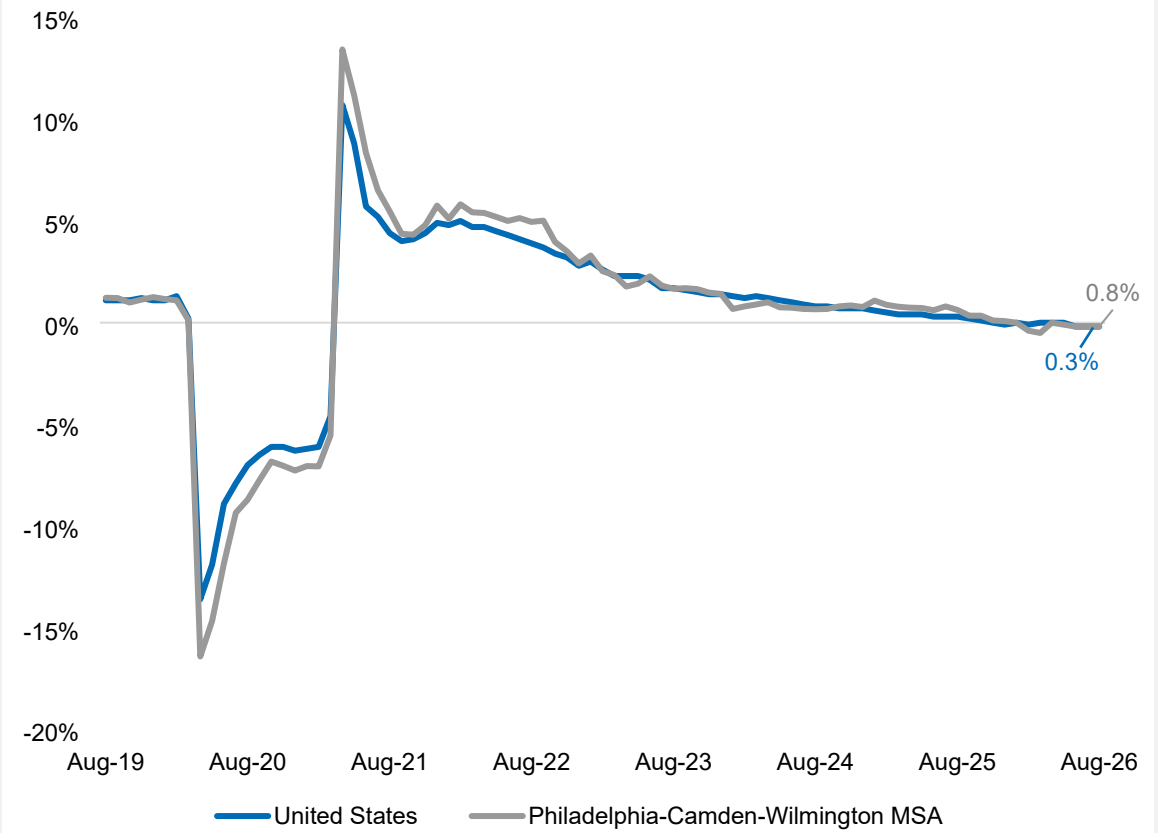
Greater Philadelphia Unemployment Stays Below National Rate

Greater Philadelphia's labor market entered the second half of 2026 on strong footing. Unemployment fell to 3.8% in August, 30 basis points below the overall U.S. rate of 4.1%. Payroll employment is up 0.8% year-over-year, more than double the national pace of 0.3%. Job growth has moderated from its post-2020 pace, in line with a tightening national labor market. The metro unemployment rate has also moved well below its 14.7% pandemic peak and has edged below the national rate in recent months, after tracking it closely since 2022. Steady job growth and low unemployment give the office market a stable employment base heading into the close of 2026.

Unemployment Rate, Seasonally Adjusted



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

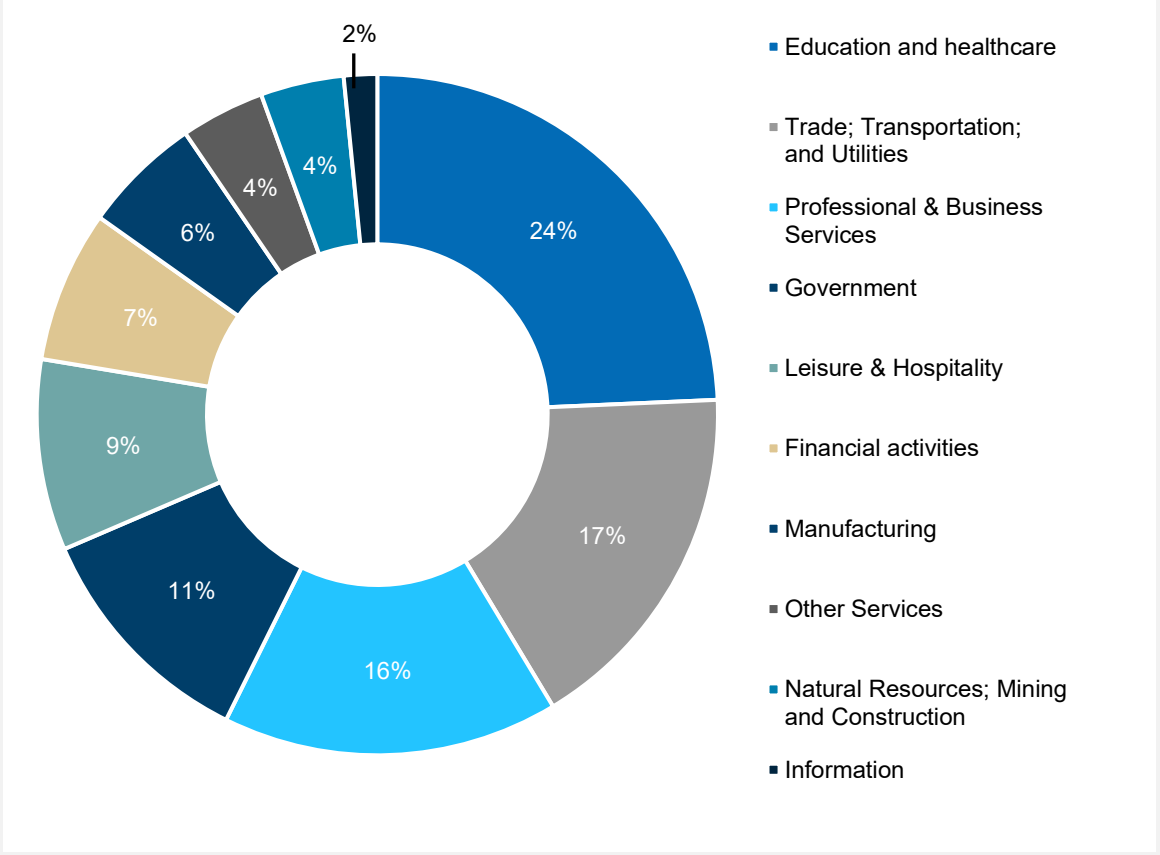


Source: U.S. Bureau of Labor Statistics, Philadelphia-Camden-Wilmington MSA. *May numbers are preliminary

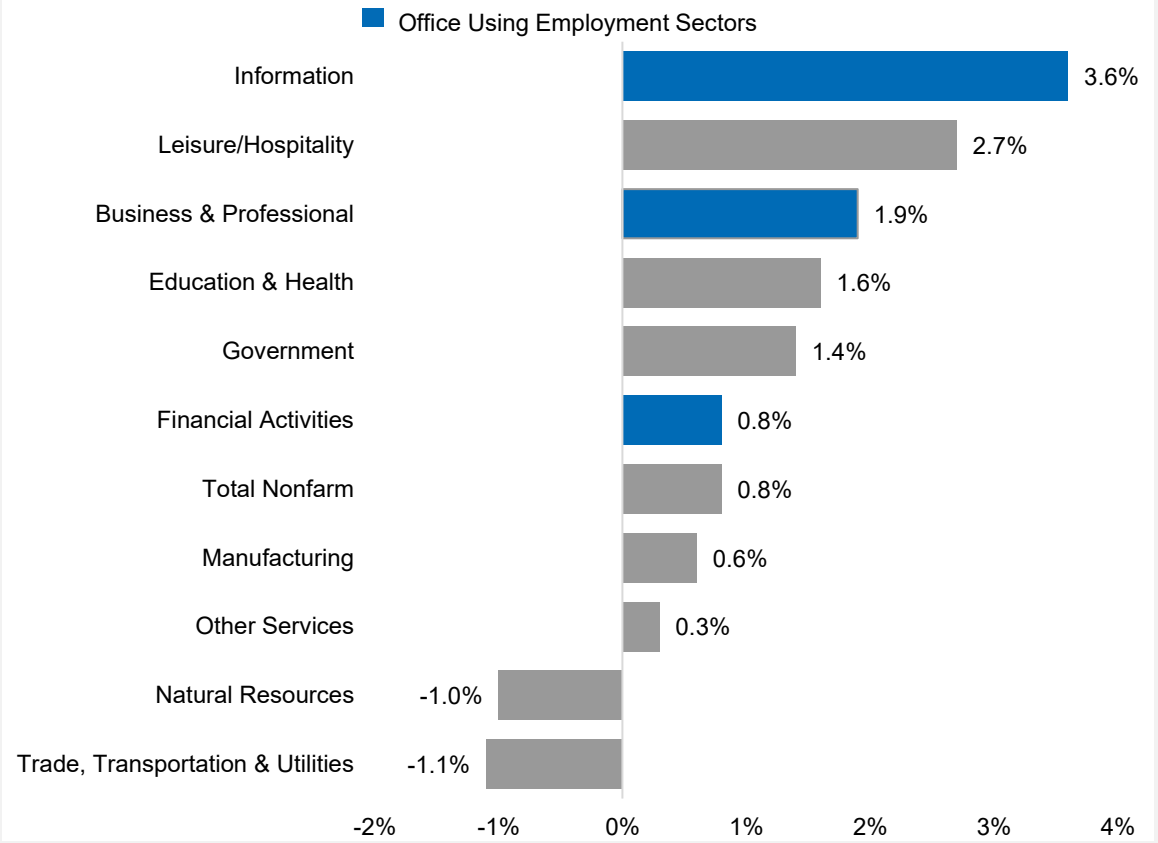
Information And Business Services Led Growth In Office-Using Sectors

Employment grew in 8 of 10 industries over the past year, while total nonfarm payrolls rose 0.8%. Education and Healthcare, the region's largest sector, grew a modest 1.6%, down from 2.1% in May. Two of the three office-using sectors outpaced the metro average: Information grew 3.6%, rebounding from -1.7% in May, and Business & Professional Services grew 1.9%, up from -0.02% in May. Financial Activities matched the average at 0.8%, up from 0.4% in May. Declines were limited to Trade, Transportation & Utilities and Natural Resources, which together account for about a fifth of employment.

Employment by Industry, August 2026



Employment Growth by Industry, 12-Month % Change, August 2026

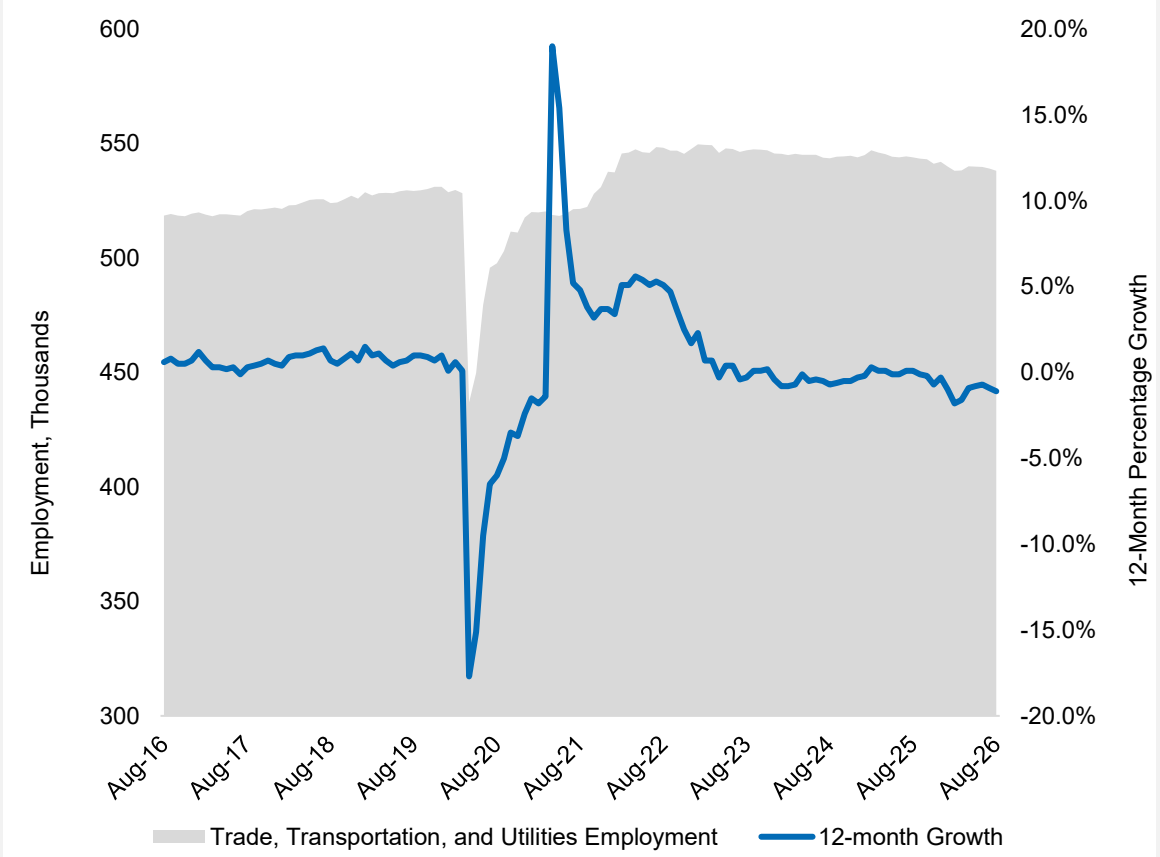


Source: U.S. Bureau of Labor Statistics, Philadelphia-Camden-Wilmington MSA

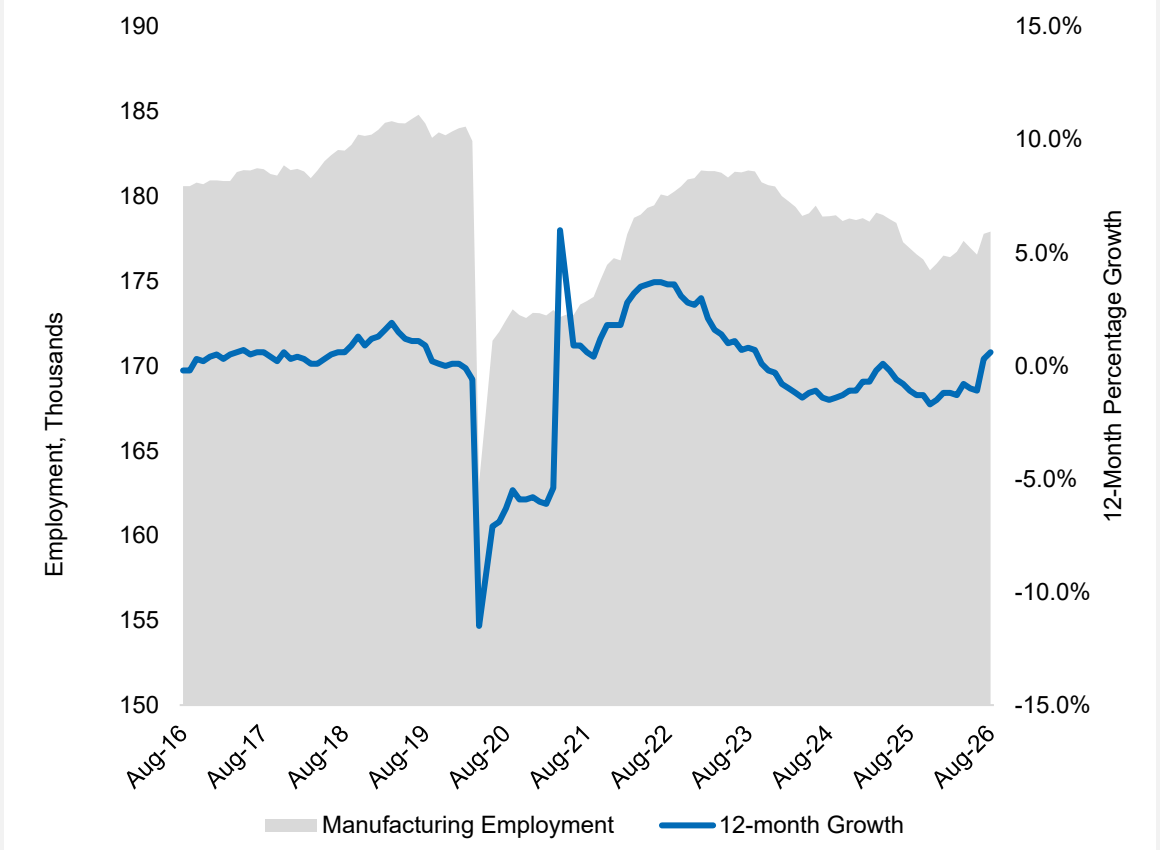
Industrial Employment Stabilizes, Led By A Manufacturing Rebound

Greater Philadelphia's industrial labor base remains broad and resilient. Trade, transportation and utilities employment holds at 538,100 jobs, about 8,400 above its February 2020 level, and has stayed within a narrow band since 2022. Manufacturing is turning a corner: after a low of 175,600 jobs in November 2025, it added 2,300 jobs, and 12-month growth returned to positive territory in July 2026 (+0.6% in August).

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



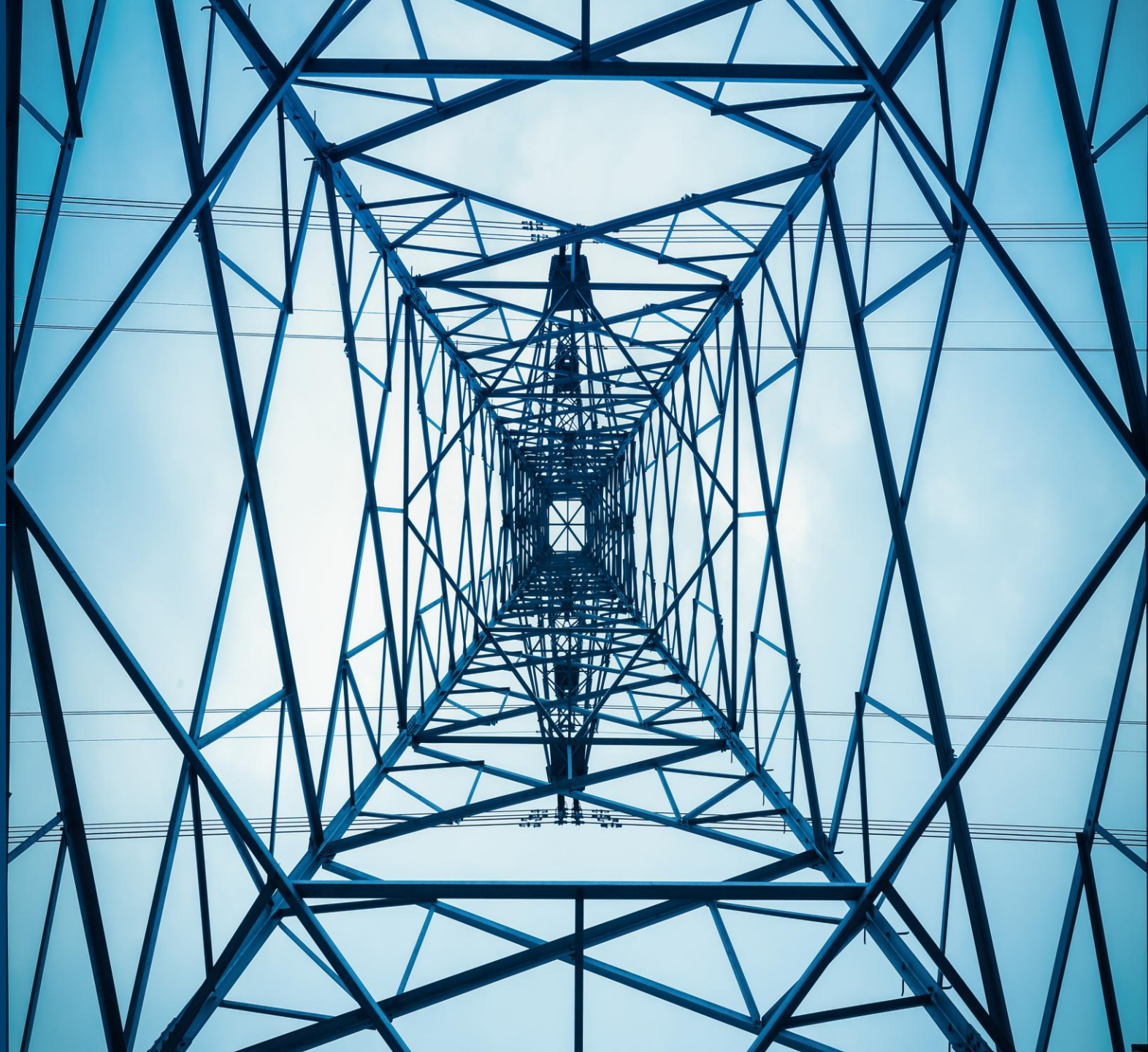
Total Employment and 12-Month Growth Rate, Manufacturing



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

02

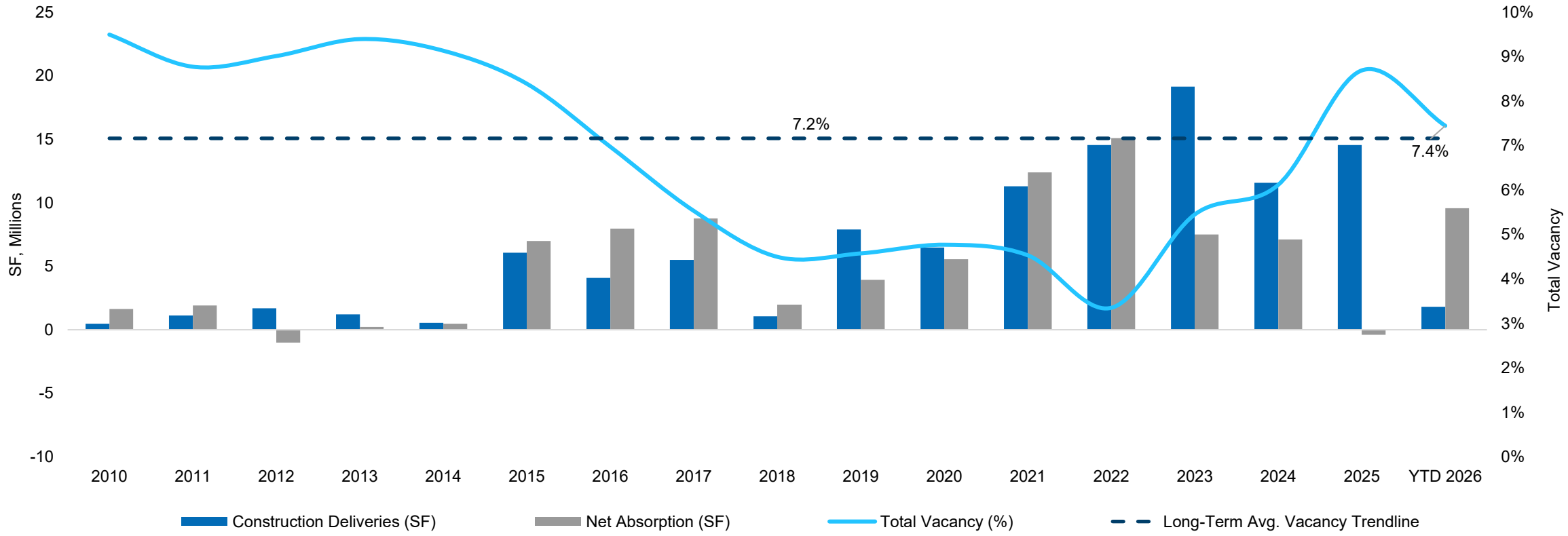
Leasing Market Fundamentals



Vacancy Steady Near Long-Term Average

With new supply outstripping industrial demand for much of the last three years, the region's vacancy rate more than doubled from 2022 to 2025, peaking at 8.6%. The third quarter appeared relatively muted compared to the strong absorption in the first half of 2026. Regardless, the third quarter recorded approximately 499,000 SF of positive net absorption, positioning 2026 to be a strong reversal from overweight construction delivery years.

Historical Construction Deliveries, Net Absorption, and Vacancy

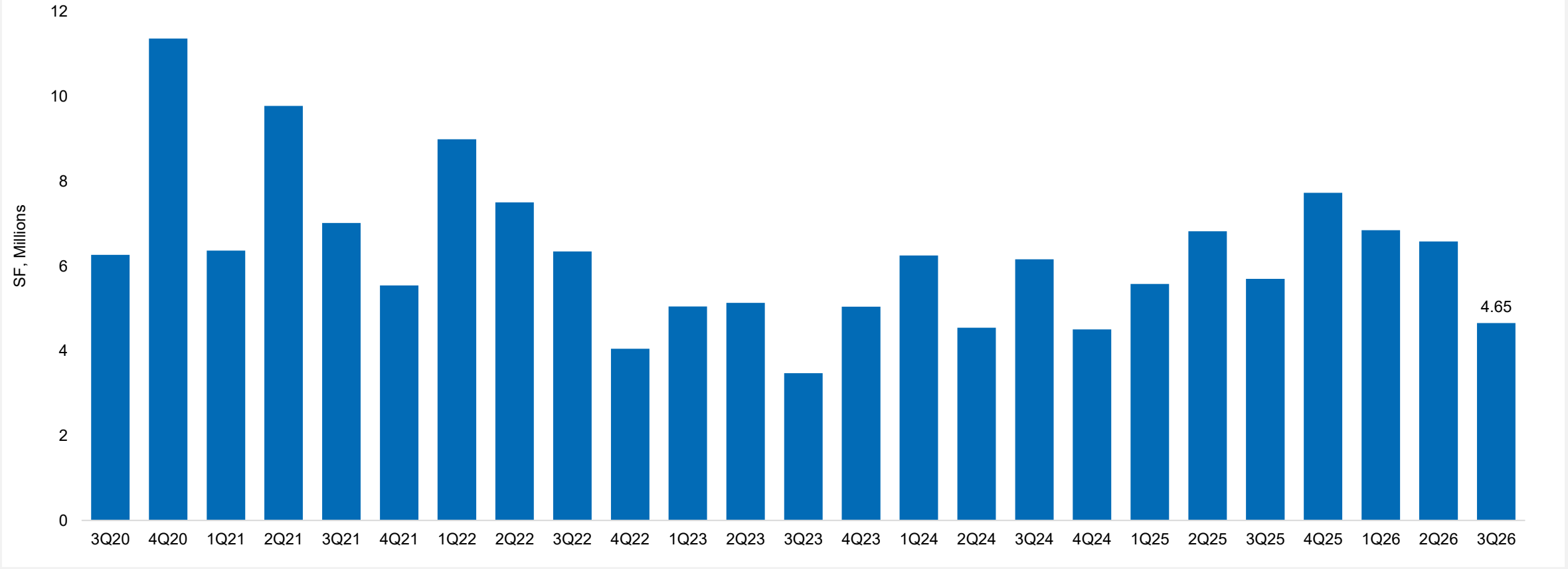


Source: Newmark Research

Industrial Leasing Activity Slows, Yearly Activity Strong

The Greater Philadelphia region slowed slightly in industrial leasing activity in the third quarter. The market continues to show strong demand and a shrinking pipeline, which is strengthening market fundamentals. Through three quarters, 2026 has totaled 18.1 million SF of industrial leasing activity, just shy of the yearly total for 2023 (18.7 million square feet) and 2024 (21.5 million square feet).

Total Leasing Activity (Square Feet)

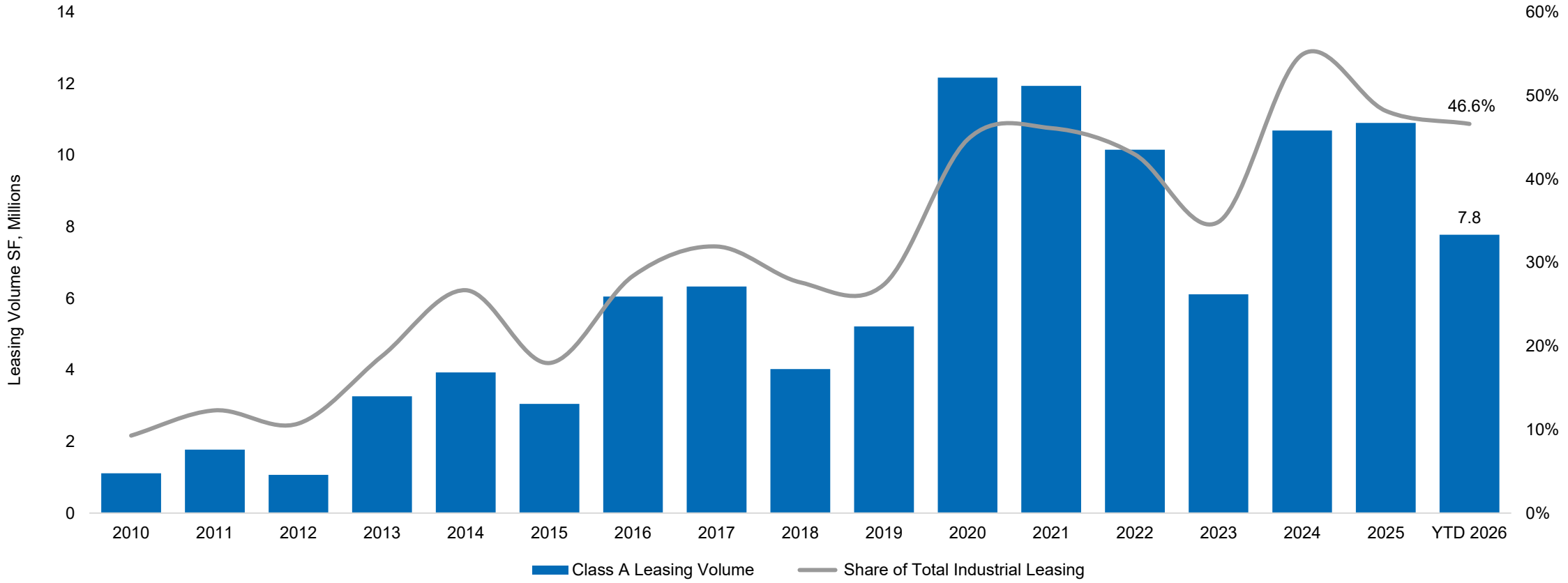


Source: Newmark Research, Costar

Class A Continues To Drive Leasing Activity In The Market

Class A properties continue to appeal to large users, with roughly 1.5 million square feet of leasing volume in the third quarter and 7.8 million square feet year-to-date. Class A activity has slowed since the record pace to start the year but remains on track for another strong showing in line with 2024 and 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 47% 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

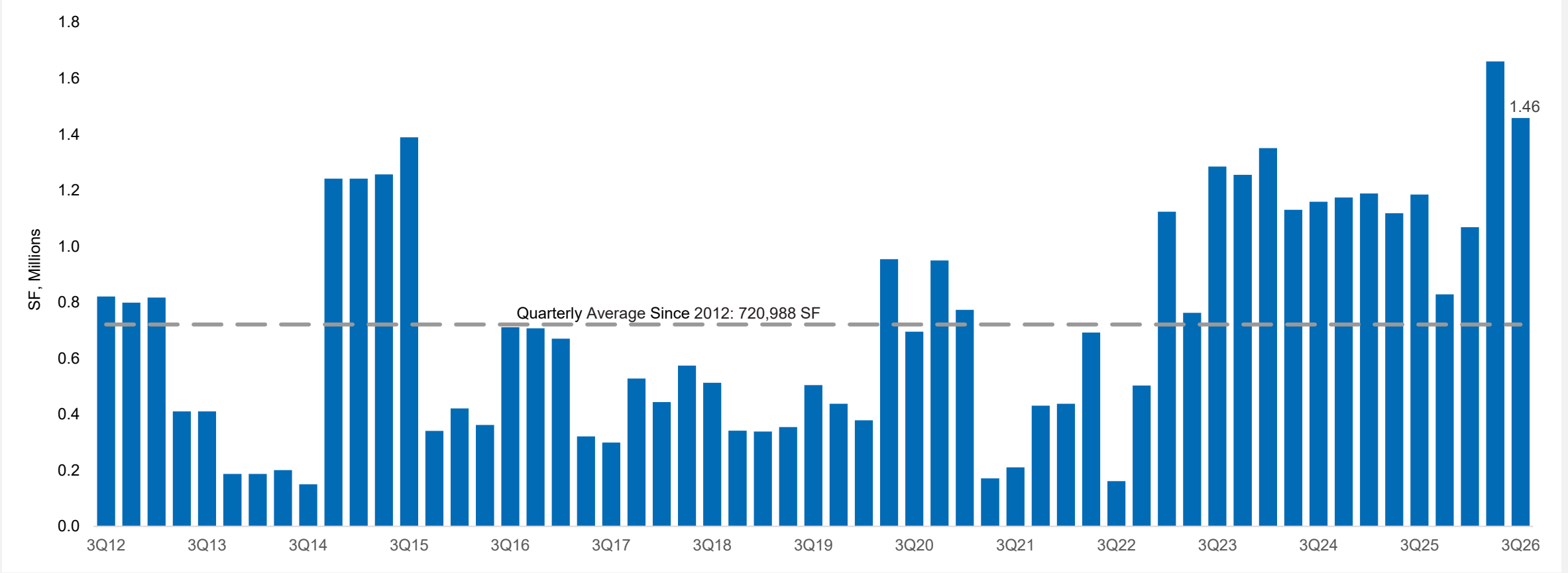


Source: Newmark Research, CoStar
Note: Newmark defines Class A warehouses as buildings constructed since 2000 and over 100,000 square feet

Sublease Availability Remains Elevated In Southern NJ Despite Improvements

As of the third quarter of 2026, Southern New Jersey maintained 1.5 million SF of available sublease space, down about 200,000 SF from the last quarter. Total availability decreased by nearly 1 million SF. The strong quarter of positive net absorption helped Southern New Jersey claw back 20 basis points of vacancy, to 9.2%. Most of the sublease space is in Class A, which has strong leasing fundamentals in the market and is a good attribute as we look ahead to what's next for the sublease inventory.

Southern New Jersey Available Industrial Sublease Volume (MSF)as we look ahead to

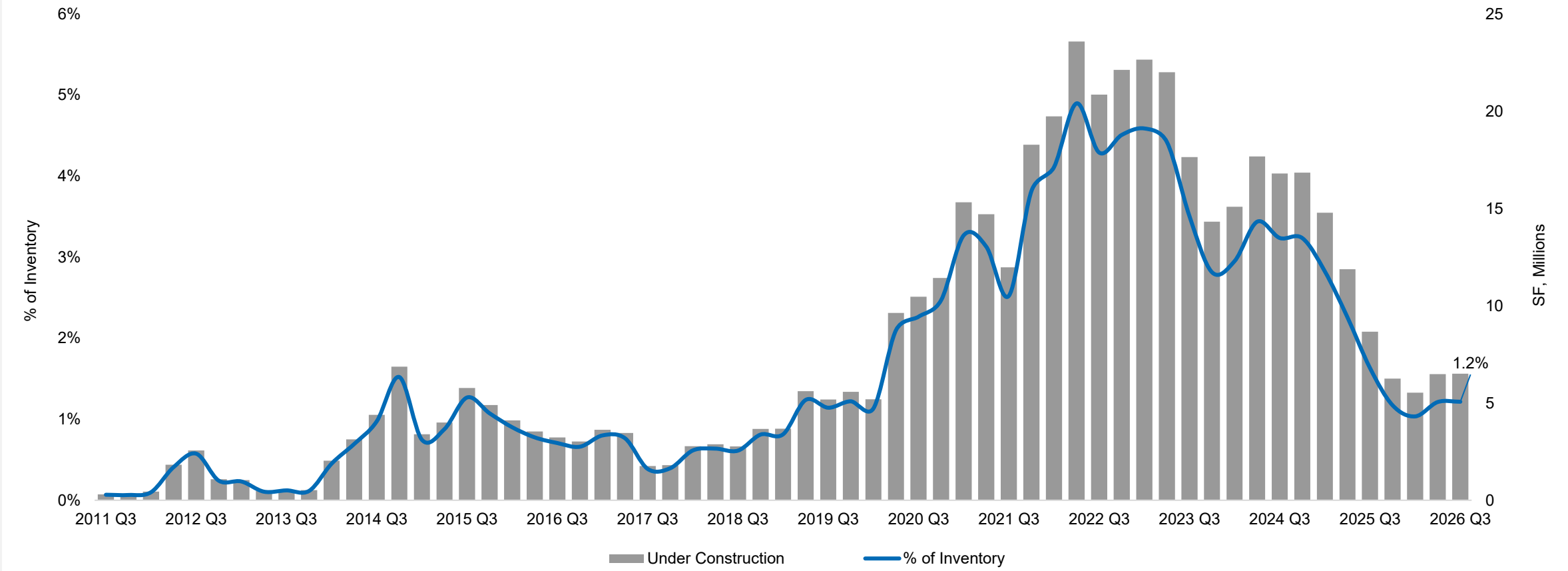


Source: Newmark Research

Development Activity Steadies

Across the region, active development has appeared to stabilize, remaining near 6.5 million in the third quarter of 2026. As the market has found a new low pipeline level, supply-side risk has diminished. Despite the steady vacancy this quarter, developers will likely continue to exercise caution in moving forward with new developments in the near term until the market absorbs the large volume of new supply and tampers down the amount of available space.

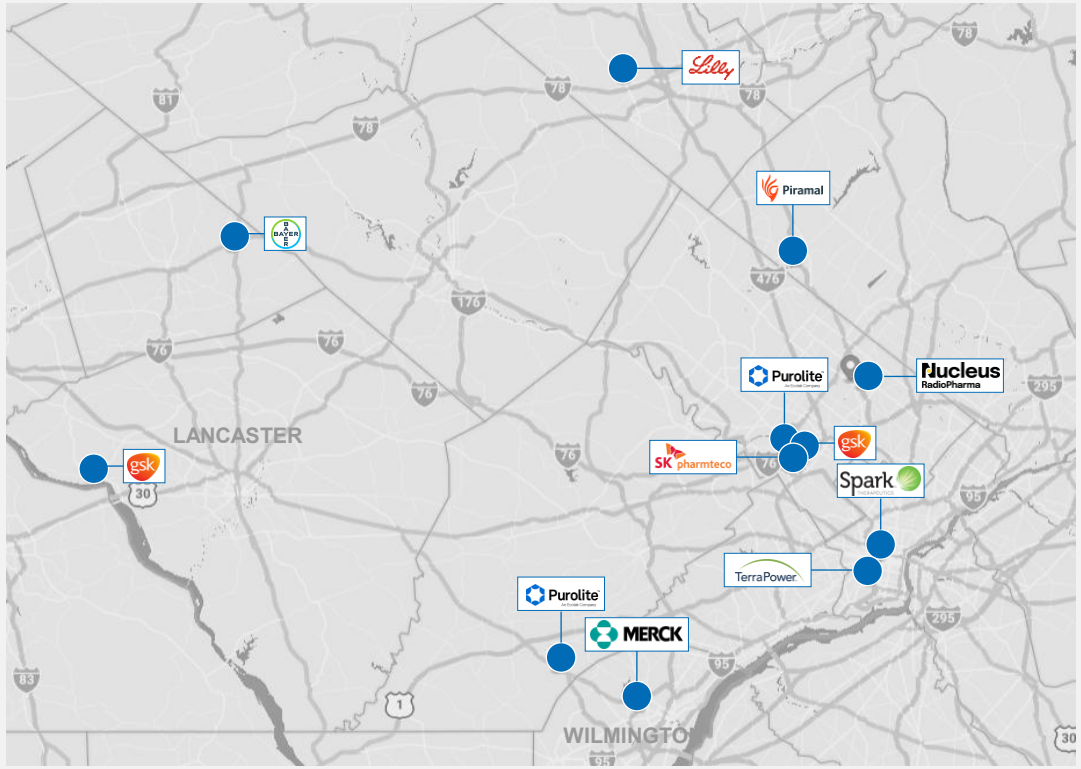
Industrial Under Construction and % of Inventory



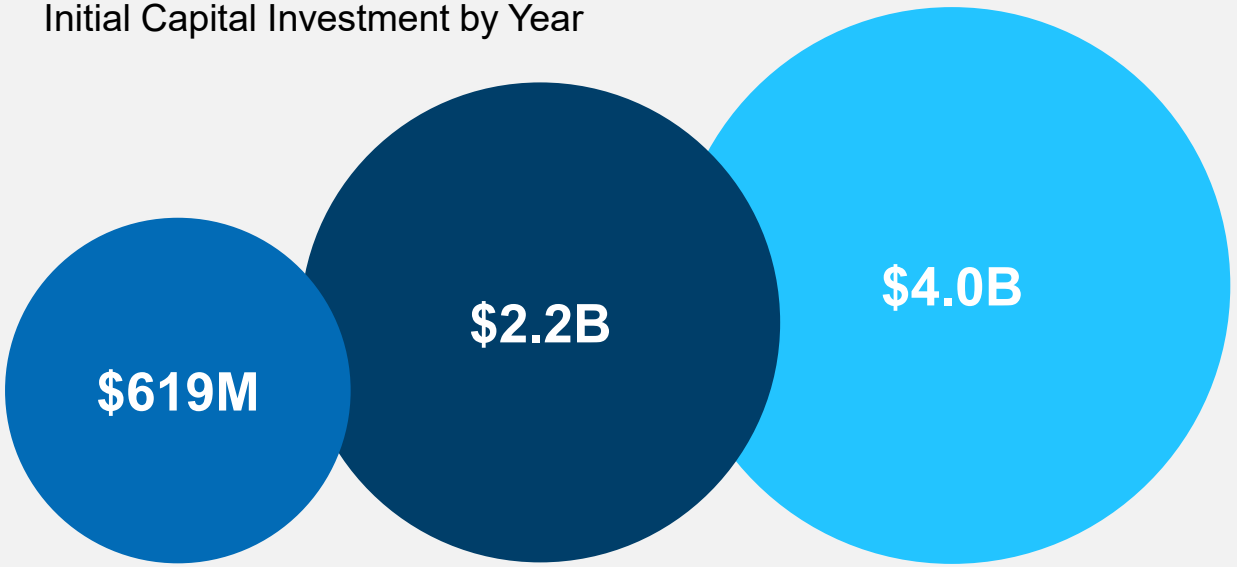
Source: Newmark Research

Biomanufacturing Is Redefining Pennsylvania's 'Pharm Country'

Map of Recent Biomanufacturing Investment



Initial Capital Investment by Year



2020-2022

Spark Therapeutics' gene therapy facility represents the largest project announced in the region.

2023-2025

GSK accounted for the lion's share investment dollars pledged, with two new facilities planned.

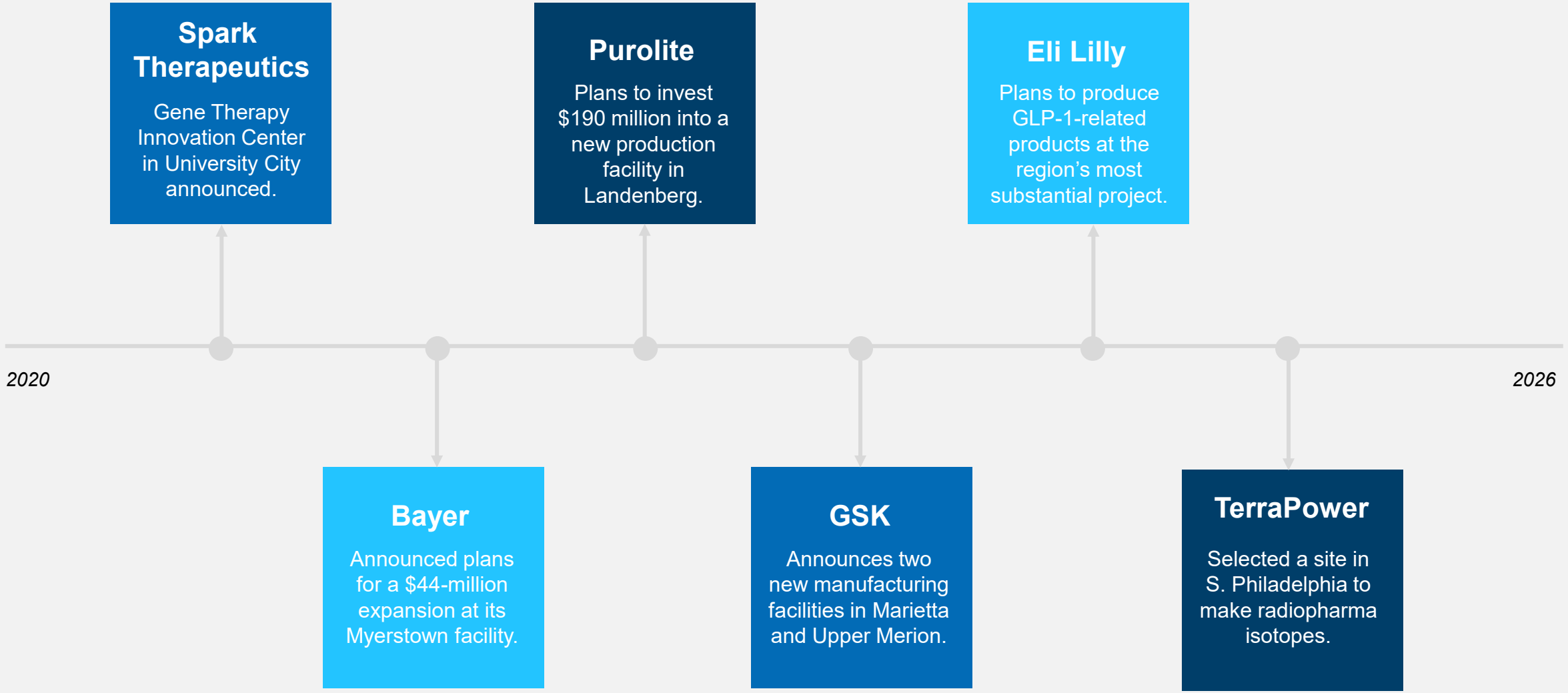
2026

Planned investment surged in early-2026, with three major plants announced.

$6.8 Billion	Initial capital investment pledged
2.0 MSF	New production facility development / expansion
1,995 Jobs	Biomanufacturing jobs created
#4	Best MSA for pharma manufacturing

Source: Newmark Research, Global Location Strategies, Various media outlets

Planned Biomanufacturing Investment is Flooding the Region

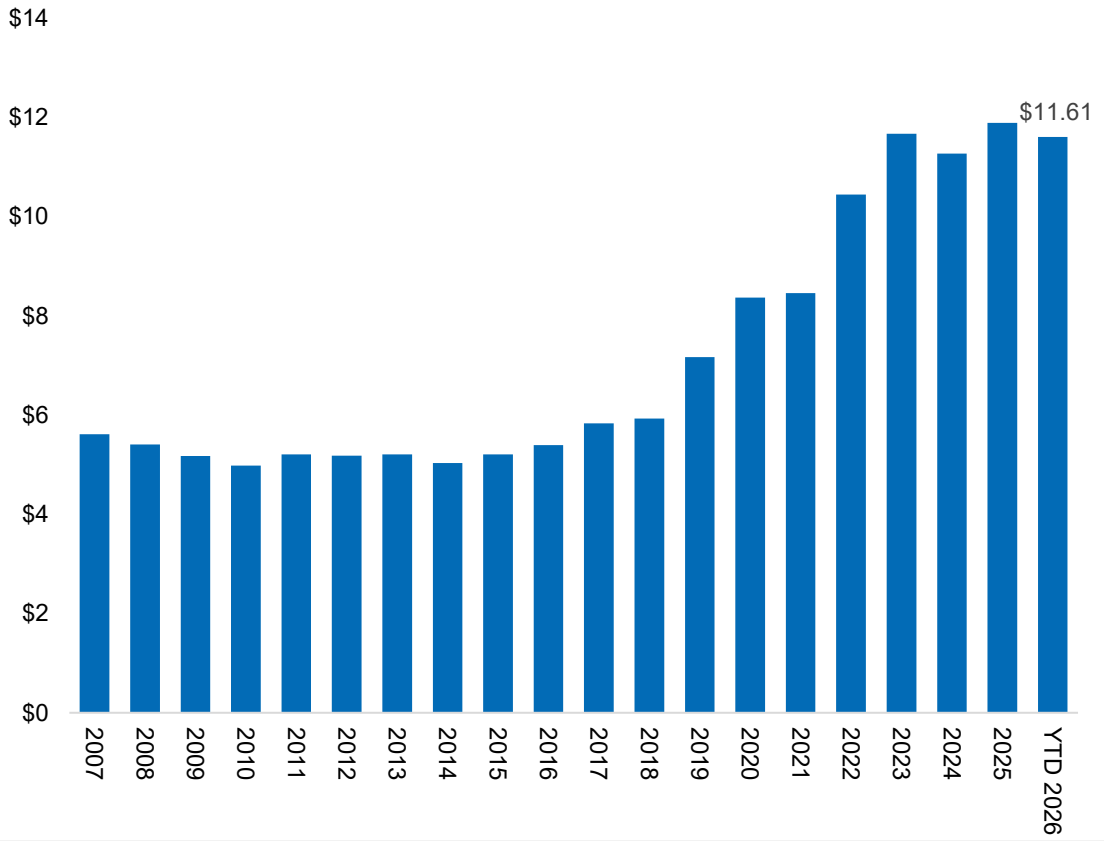


Source: Newmark Research, Global Location Strategies, Various media outlets

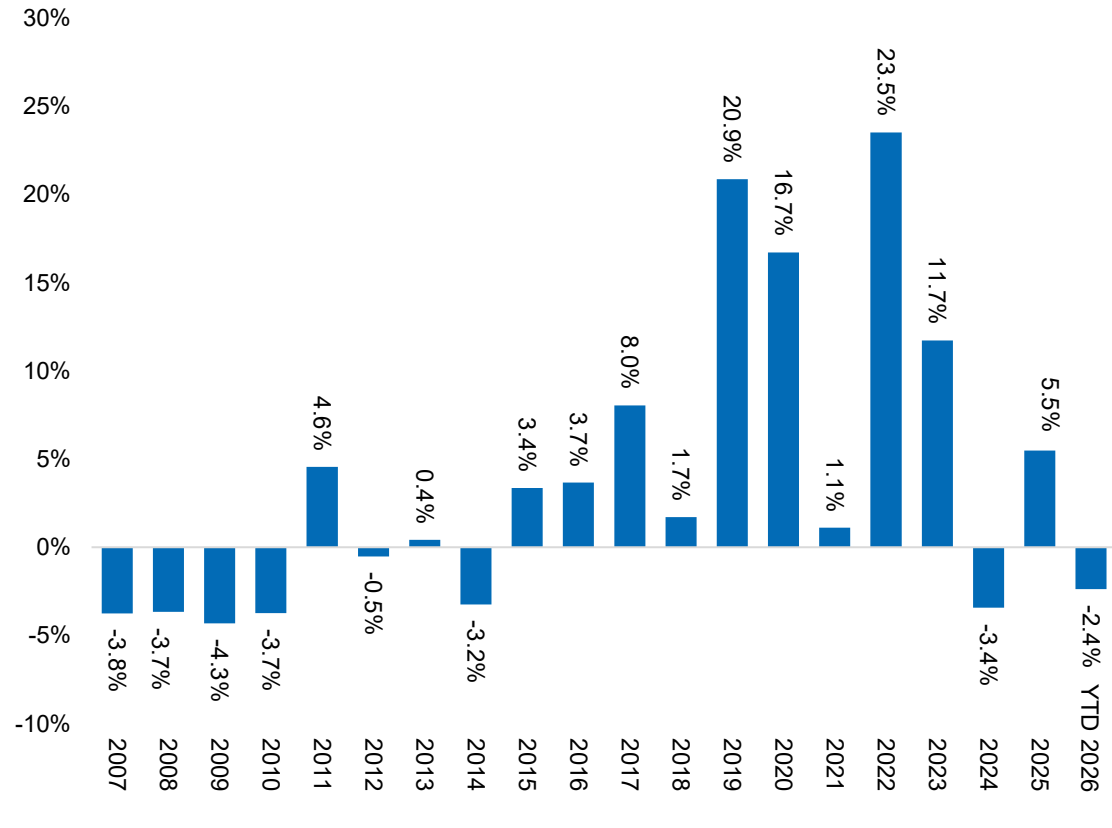
Asking Rents Decline Slightly In Greater Philadelphia

Asking rents in the third quarter of 2026 match the third quarter asking rents of the year prior but rent levels have trended down from the brief high to end 2025. Landlords with modern, high-bay warehouse space will likely be able to maintain a pricing premium in the flight-to-quality industrial environment. The Philadelphia suburbs showed rent growth, while Philadelphia County, Southern New Jersey and Delaware pulled back year-over-year. Price decline was steepest in Camden County.

Industrial Average Direct Asking Rent, $/SF



Year-over-Year Direct Asking Rent % Change

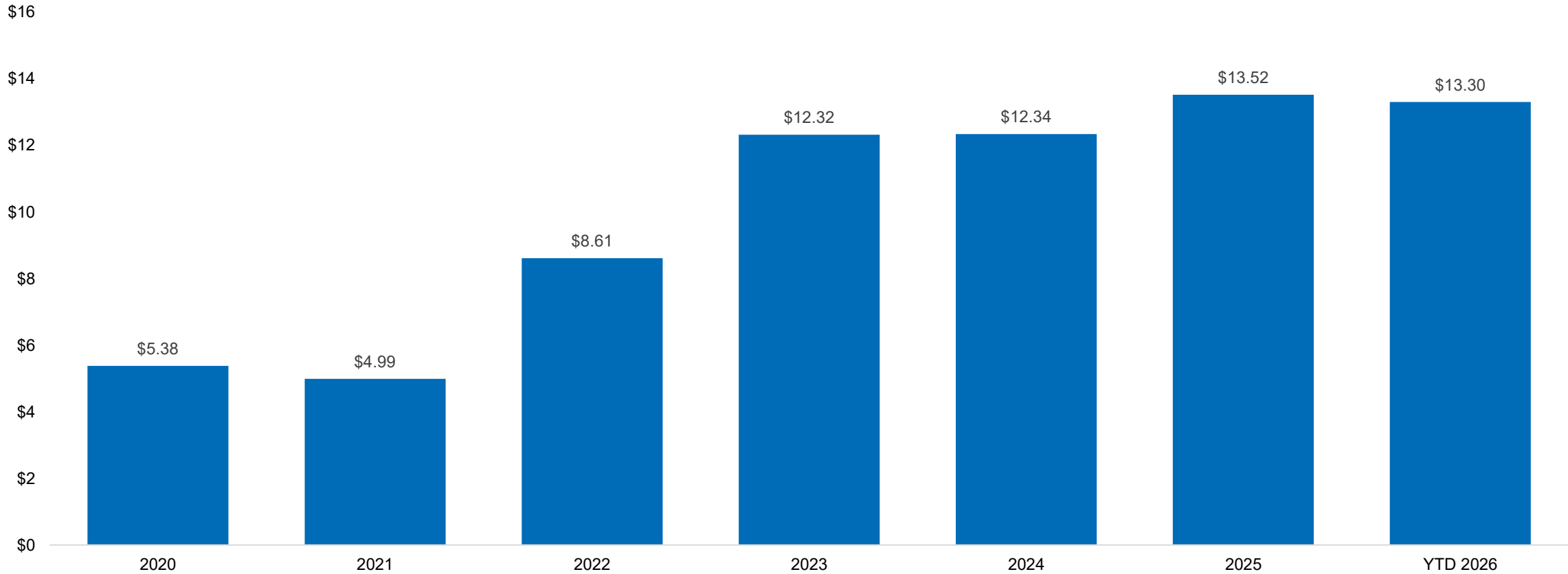


Source: Newmark Research, CoStar

Class A Growth Maintains Lead Over Broader Market

Since 2024, more than 23 million SF of Class A industrial space has been delivered to the market, greatly increasing Class A inventory and, with it, asking rents. Following a significant jump in 2023, direct asking rents for Class A properties have sustained steady, year-over-year growth. This upward trend is supported by the value-added features of Class A spaces, including higher ceiling heights, expansive floor plates, and dock-high loading doors. These enhanced amenities continue to differentiate Class A properties in the marketplace, positioning them to secure higher asking rents than other property types. Like the wider market, Class A direct asking rates are unchanged year-over-year but maintain a 42% ($3.92 PSF) premium over the Class B space in the market as of the third quarter.

Industrial Class A Average Direct Asking Rent, $/SF

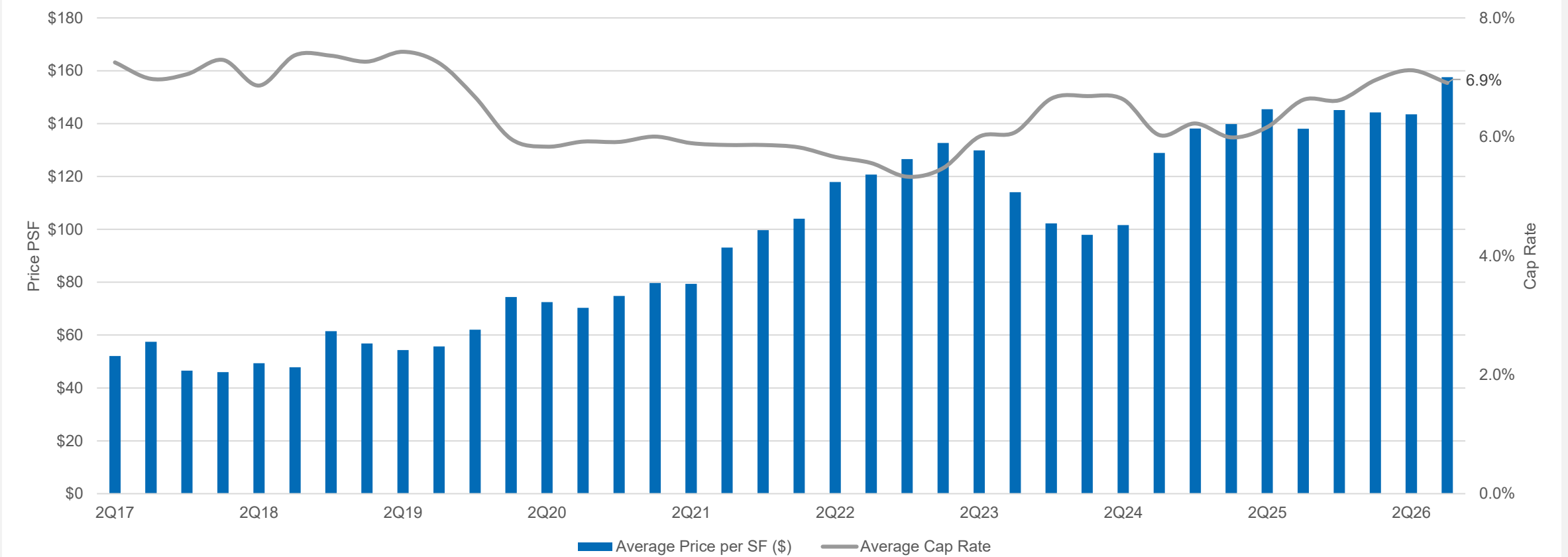


Source: Newmark Research

Average Price Edges Higher, Cap Rates Steady

This year has shown increasing industrial pricing, reaching a new high watermark of $158 per SF on average in the third quarter. Cap rates have remained near 7% throughout 2026 but have ticked down to 6.9% in the third quarter.

Pricing & Cap Rate Trend



Source: Real Capital Analytics

Please reach out to your
Newmark business contact for this information

03

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	36,745,123	1,512,530	8.1%	456,346	190,949	-	295,680	$11.04	$12.63
Southern New Jersey	152,504,214	2,284,232	9.2%	1,085,683	6,752,637	-	1,153,134	$11.09	$12.15
Greater Philadelphia	346,115,707	2,711,554	6.6%	(1,043,320)	2,628,901	-	357,324	$11.89	$14.20
Total Market	**535,365,044**	**6,508,316**	**7.4%**	**498,709**	**9,572,487**	**-**	**1,806,138**	**$11.61**	**$13.30**

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	231,789,790	2,169,494	4.2%	(1,762)	921,970	-	105,844	$9.90	$13.80
R&D/Flex	78,481,337	-	5.1%	111,962	196,901	-	-	$14.10	$27.95
Warehouse Distribution	225,093,917	4,338,822	11.6%	388,509	8,453,616	-	1,700,294	$11.83	$13.12
Total Market	535,365,044	6,508,316	7.4%	498,709	9,572,487	-	1,806,138	$11.61	$13.30

Source: Newmark Research

Submarket Overview (page 2 of 2)

Submarket Statistics – All Counties and 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)
Bucks County	64,677,963	236,664	6.4%	(45)	1,599,473	-	208,980	$11.26
Chester County	37,670,546	99,000	6.3%	(26,993)	(678,650)	-	-	$14.53
Delaware County	29,496,941	158,156	7.3%	(76,009)	(259,867)	-	-	$12.01
Lancaster County	61,958,258	300,000	3.8%	(142,601)	443,096	-	35,844	$8.29
Montgomery County	72,409,345	-	5.5%	29,066	428,746	-	112,500	$12.09
Philadelphia County	79,902,654	1,917,734	9.9%	(826,738)	1,096,103	-	-	$12.14
Greater Philadelphia	**346,115,707**	**2,711,554**	**6.6%**	**(1,043,320)**	**2,628,901**	**-**	**357,324**	**$11.89**
Burlington County	70,825,330	1,040,376	5.4%	982,109	4,672,928	-	757,835	$11.00
Camden County	31,266,323	267,389	4.8%	(825)	545,313	-	-	$7.73
Gloucester County	37,612,996	276,467	13.0%	(375,601)	116,471	-	395,299	$11.73
Salem County	12,799,565	700,000	29.8%	480,000	1,417,925	-	-	$11.45
Southern New Jersey	**152,504,214**	**2,284,232**	**9.2%**	**1,085,683**	**6,752,637**	**-**	**1,153,134**	**$11.09**
New Castle County	**36,745,123**	**1,512,530**	**8.1%**	**456,346**	**190,949**	**-**	**295,680**	**$11.04**
Total Market	**535,365,044**	**6,508,316**	**7.4%**	**498,709**	**9,572,487**	**-**	**1,806,138**	**$11.61**

Source: Newmark Research

Liz Berthelette
Head of Northeast Research & National Life Science Research
Elizabeth.Berthelette@nmrk.com

Alex Hamm
Senior Research Analyst
Greater Philadelphia Research
Alex.Hamm@nmrk.com

Kelsey Foster
Research Analyst
Greater Philadelphia Research
Kelsey.Foster@nmrk.com

Philadelphia
2005 Market St, Suite 900
Philadelphia, PA 19103
t 215-561-8300

King of Prussia
1000 Continental Drive, Suite 200
King of Prussia, PA 19406
t 610-265-0600

New York Headquarters
125 Park Ave.
New York, NY 10017
t 212-372-2000

Licensed in Pennsylvania as Newmark Real Estate

Newmark has implemented a proprietary database and our tracking methodology has been revised. With this expansion and refinement in our data, there may be adjustments in historical statistics including availability, asking rents, absorption and effective rents. Newmark Research Reports are available at nmrk.com/insights.

All information contained in this publication (other than that published by Newmark) is derived from third party sources. Newmark (i) has not independently verified the accuracy or completeness of any such information, (ii) does not make any warranties or representations, express or implied, concerning the same and (iii) does not assume any liability or responsibility for errors, mistakes or inaccuracies of any such information. Further, the information set forth in this publication (i) may include certain forward-looking statements, and there can be no guarantee that they will come to pass, (ii) is not intended to, nor does it contain sufficient information, to make any recommendations or decisions in relation to the information set forth therein and (iii) does not constitute or form part of, and should not be construed as, an offer to sell, or a solicitation of any offer to buy, or any recommendation with respect to, any securities. Any decisions made by recipient should be based on recipient's own independent verification of any information set forth in this publication and in consultation with recipient's own professional advisors. Any recipient of this publication may not, without the prior written approval of Newmark, distribute, disseminate, publish, transmit, copy, broadcast, upload, download, or in any other way reproduce this publication or any of the information it contains with any third party. This publication is for informational purposes only and none of the content is intended to advise or otherwise recommend a specific strategy. It is not to be relied upon in any way to predict market movement, investment in securities, transactions, investment strategies or any other matter. If you received this publication by mistake, please reply to this message and follow with its deletion, so that Newmark can ensure such a mistake does not occur in the future.