

Q1 2024

# Eastern Pennsylvania, Greater Philadelphia & Southern New Jersey **Regional Big Box Report**



Colliers



# Eastern PA, Greater PHL & Southern NJ Regional Big Box Report

Q1 2024

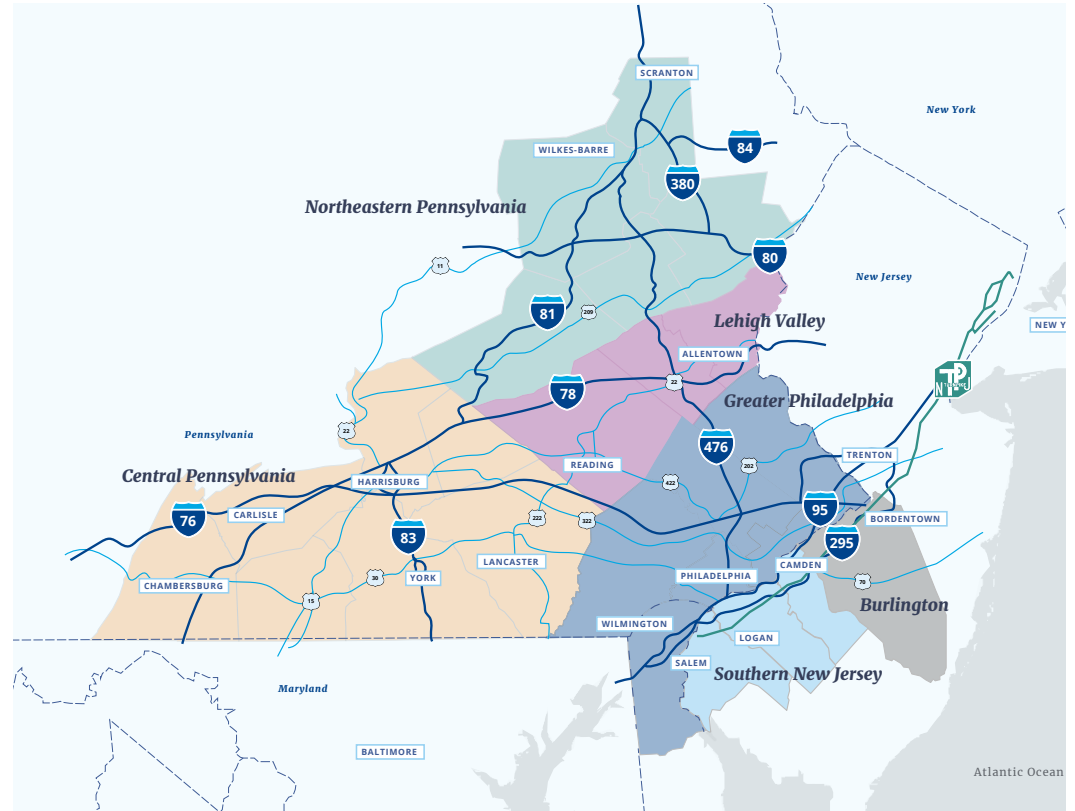
## Overview

The Eastern Pennsylvania, Greater Philadelphia, Southern New Jersey and Northern Delaware Big Box Market is comprised of two major regions: the greater Philadelphia Metro Area, and Eastern Pennsylvania which is comprised of the I-78 (Lehigh Valley), I-81 and I-83 distribution corridors in Pennsylvania. This is one of the most strategically located logistics markets in the country, centrally located along the East Coast with access to over 58 million people within 250 miles of the market core.

The region has access to four seaports: the Port of New York-New Jersey, the Port of Philadelphia-South Jersey, the Port of Wilmington (DE) and the Port of Baltimore, is served by two Class I railroads (CSX and Norfolk Southern) and five airports with major cargo handling capabilities. A complex highway network including I-78, I-80, I-81, I-83 and I-95 in addition to the Pennsylvania Turnpike and multiple U.S. highways transverse region.

The Eastern Pennsylvania and Greater Philadelphia Metro super region totals approximately 398MSF of industrial product with each major market comprised of three (3) unique sub-markets – The Lehigh Valley (102MSF), Central PA & Southern I-81 (130MSF), Northeast PA (71.4MSF), Greater Philadelphia (35.4MSF), Burlington (35.5MSF), and Southern New Jersey (24.4MSF). Our published statistics highlight those buildings which are considered modern bulk industrial property – warehousing and distribution buildings which are greater than 200,000 SF and 28' clear or greater.

As we conclude the first quarter of 2024, we continue to see steady activity in the overall marketplace albeit reduced from the red-hot demand seen during the pandemic. While we viewed 2023 as a period of “normalization,” we see 2024 as an opportunity for significant market absorption. Capital constraints (both equity and debt), land constraints, and prolonged entitlement processes have suppressed new construction starts regionally and with sustained demand, we predict vacancy will decrease sharply by year end.



### The Philadelphia Super Region Covers:

I-78 / I-81 Submarkets Lehigh Valley, Central PA & Northeast PA

I-476 / I-276 / I-95 Submarkets Greater Philadelphia

I-295 / NJTP Submarkets Burlington & Southern New Jersey



# Q1 2024 Super-Regional Takeaway

While Burlington and Southern New Jersey were the benefits of noteworthy leases in Q1, the bulk of industrial Tenant activity in early 2024 has been focused along major corridors in Central Pennsylvania. Rents regionally, even in sub-markets where Tenant demand has not yet met available supply, continue to climb albeit not at rates seen in previous years. Landlord's remain patient in their lease-up fundamentals and are holding steady on incentives including TI packages, rental abatement, and annual increases.

## Submarket Highlights

### Lehigh Valley

- Vacancy in Core Lehigh Valley sits at 5.15%. Core & Western Lehigh Valley saw 1,355,580 SF of occupier transactions in Q1.
- Consistent with the back half of 2023, there were no new construction starts in 2024.
- Over 1MSF of the 2.23MSF under construction attributed to one (1) project.
- Average asking rental rates in Core Lehigh Valley are approaching \$12.00 PSF with asking rents in the Western Lehigh Valley over \$9.00 PSF.

### Central Pennsylvania

- Vacancy in Central Pennsylvania clocks in at a regional low with 4.01%, with the I-83 corridor sub-3%.
- Vacancy and availability are projected to decrease in Q2 2024 even with new construction starts due to pending leasing for both existing vacancies and projects under construction.
- Asking and Strike rental rates now well north of \$8.00 PSF.

### Northeast Pennsylvania

- Only Eastern Pennsylvania market to register construction starts in Q1 of 2024.
- While 3.04MSF is under construction, 1.5MSF of that total is pre-leased. We project that vacancy will increase in Q2 2024 due to delivery of large format space nearing end of construction.
- Capital constraints will continue to suppress an expansive development pipeline through 2024.

### Greater Philadelphia

- Vacancy steady at near 13% with average asking rents approaching \$14.00 PSF across region.
- Limited supply behind the 5.9MSF of projects currently under construction in Philly Metro. Bulk of vacancy attributed to 2MSF in two buildings at Keystone Trade Center. Vacancy projected to decrease significantly by year end.
- There is limited supply behind the 6MSF of projects currently under construction. The bulk of vacancy can be attributed to 2MSF in two Buildings at Keystone Trade Center. We project vacancy to decrease significantly by YE.

### Burlington

- Notable leases executed in Q1 including SupplyHouse and LockTek which achieved rental rates north of \$13.00 PSF NNN.
- Market has reached peak vacancy levels with no projected construction starts in 2024.
- Even with peak vacancy, asking rents remain north of \$13.00 PSF NNN with patient Landlords holding rents and limiting concessions.

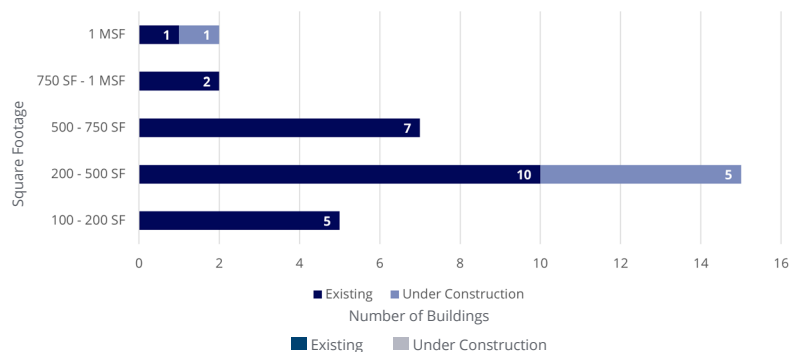
### Southern New Jersey

- We project a sharp increase in vacancy in Q2 with delivery of PGIM's Garden State Logistics Center.
- Notable leases in Q1 in Salem County and Logan County with Exeter and Greek Development.
- Projected that asking rents will hold steady throughout 2024 as new supply delivers.
- Asking rents are projected to grow conservatively in Southern New Jersey as new supply is absorbed into the market through 2024.

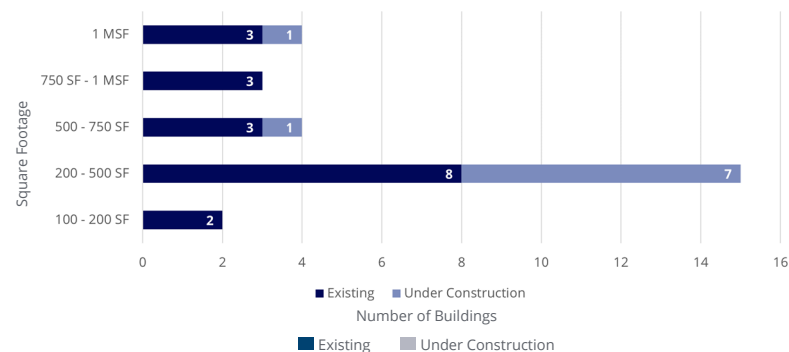
# Supply Pipeline Overview

## Existing Availabilites & Under Construction

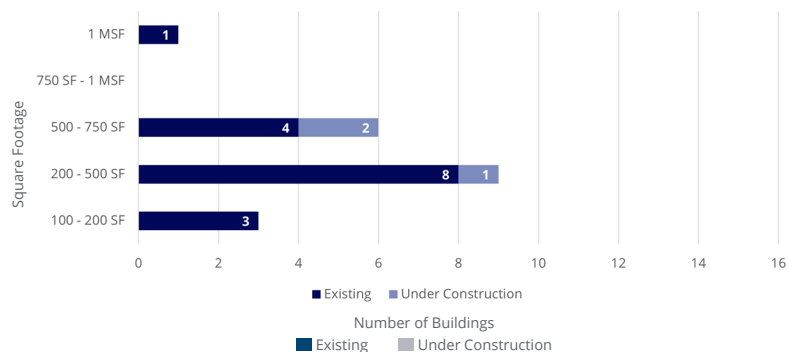
Lehigh Valley



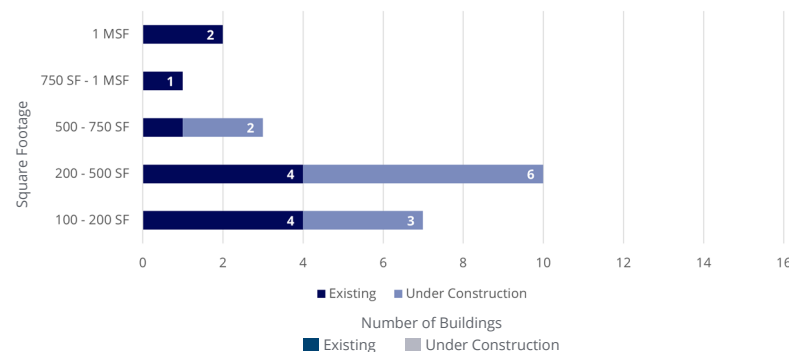
Central Pennsylvania



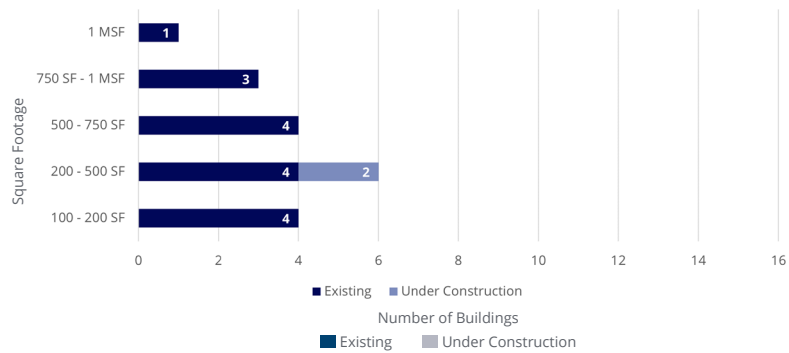
Northeastern Pennsylvania



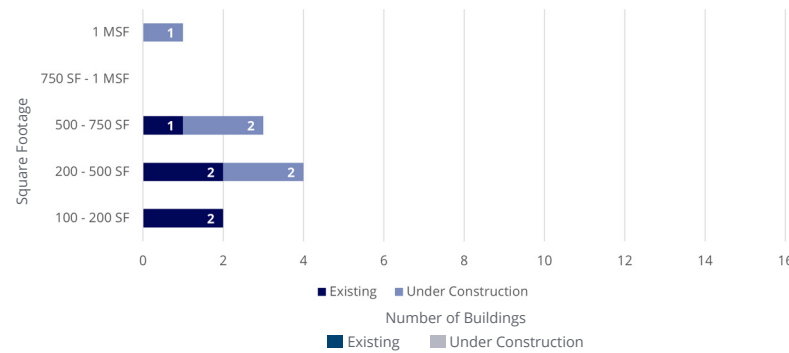
Greater Philadelphia



Burlington



Southern New Jersey



# Market Overview

## Submarket Summary

Submarket	Inventory (SF)	Vacant Space (SF)	Vacancy Rate	Availability Rate	Occupier Transactions (SF)	Absorption (SF)	Construction Starts (SF)	Construction Deliveries (SF)	Under Construction (SF)	Avg Asking Rent (PSF)*
<b>Subtotal Lehigh Valley/I-78 Corridor</b>	102,588,305	5,243,488	5.07%	14.59%	1,355,580	80,741	0	140,000	2,474,448	\$10.49
I-78 East / Core Lehigh Valley	78,434,847	4,036,536	5.15%	10.97%	703,500	(132,390)	0	140,000	2,239,568	\$11.78
I-78 West / Western Lehigh Valley	24,153,458	1,206,952	5.00%	18.21%	652,080	213,131	0	0	234,880	\$9.20
<b>Subtotal Central PA</b>	130,072,643	6,136,764	4.01%	8.39%	1,804,300	1,566,762	0	2,048,100	3,014,930	\$8.46
I-83 Corridor	35,710,442	874,298	2.45%	9.18%	586,780	0	0	342,720	3,014,930	\$8.75
I-81 Corridor South	94,362,201	5,262,466	5.58%	7.60%	1,217,520	1,566,762	0	1,705,380	0	\$8.18
<b>Subtotal Northeast PA / I-81 North</b>	71,414,217	3,498,719	4.90%	11.68%	424,100	584,097	209,919	1,229,136	3,039,352	\$7.73
<b>TOTAL EPA</b>	304,075,165	14,878,971	4.59%	11.55%	3,583,980	2,231,600	209,919	3,417,236	8,528,730	\$9.23
<b>Greater Philadelphia</b>	35,463,378	5,069,681	15.62%	28.89%	0	0	320,250	1,166,088	5,998,120	\$14.84
Philly Metro	26,365,565	3,401,593	12.90%	33.66%	0	0	320,250	0	5,473,120	\$15.09
New Castle County	9,097,813	1,668,088	18.34%	24.11%	0	0	0	1,166,088	525,000	\$14.58
<b>Burlington</b>	35,531,638	6,366,636	17.92%	20.23%	875,932	699,432	0	0	730,670	\$13.09
<b>Southern NJ</b>	24,490,814	2,420,896	9.88%	25.40%	542,873	682,940	1,094,391	336,700	3,394,840	\$12.31
<b>TOTAL PHILLY METRO</b>	95,485,830	13,857,213	14.93%	24.84%	1,418,805	1,382,372	1,414,641	1,502,788	10,123,630	\$13.98

Colliers performs periodic audits of the surveyed inventory and buildings may be added or removed based on their size or functionality. Historical statistics have been updated for the current period but may be different in previously published reports.

# Market Overview

## Existing Availabilites & Under Construction

### New Occupier Transactions

Submarket	Tenant	Owner	Address	Size (Sf)	Type
CPA	Undisclosed	Core5 Industrial Partners	Core5 @ Middletown, Building 1, Beagle Road, Middletown, PA	1,219,021	New Spec
BURL	Locktek	Clarion Partners & MRP	1900 River Road, Building 2, Florence, NJ	667,560	New Spec
LV	S&S Apparel	Crow Holdings	Route 61 Logistics Center, 2 Ontelaunee Dr, Reading, PA	652,080	New Spec
CPA	Undisclosed	NorthPoint Development	Manchester Commerce Center, Building 1, Manchester, PA	586,780	New Spec
SNJ	Rivian	EQT Exeter	25 North Golfwood Avenue, Salem, NJ	371,000	New Spec
SNJ	Aramco	Greek Development	Logan North Industrial Park, 300 Crossroads Blvd - Bldg B, Logan Twp, NJ	156,748	New Spec

### Completions

Submarket	Developer	Address	Size (Sf)	Type
CPA	NorthPoint Development	Eagle Point Logistics Center ,740 W Main Street, Annville, PA	1,113,178	New Spec
LV	Prologis, Inc.	2500 Liberty Drive, Northampton, PA	1,011,808	New Spec

### Under Construction

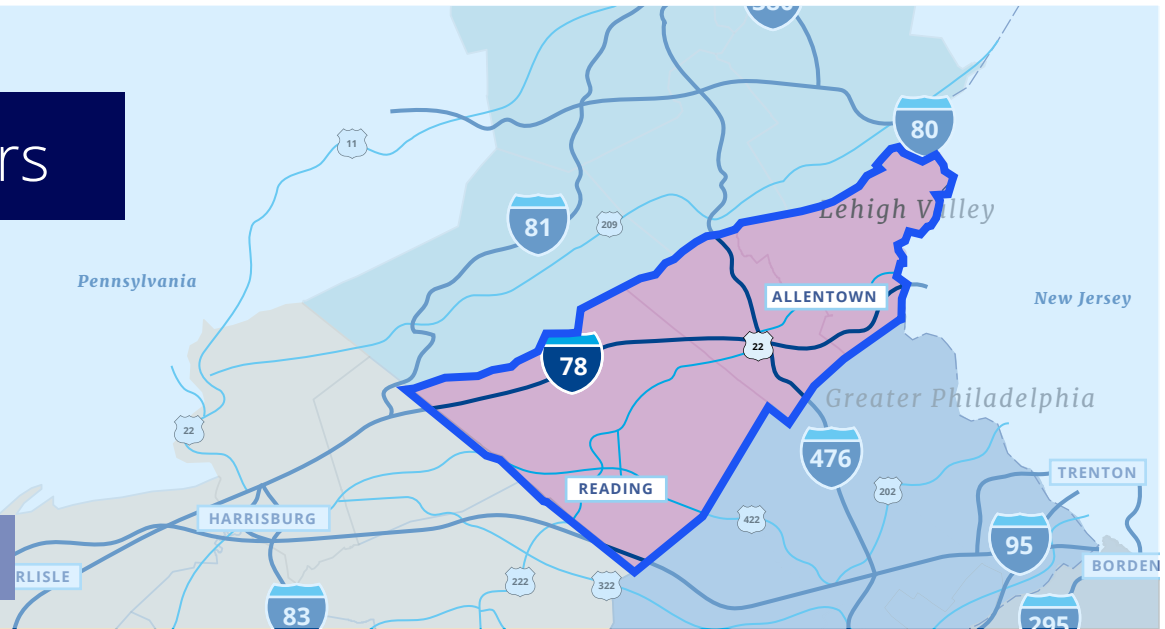
Submarket	Developer	Address	Size (Sf)	Type	Est. Delivery
SNJ	PGIM Real Estate	Garden State Logistics Pk, Bldg A 373 N Broadway Pennsville, NJ	1,200,507	New Spec	Q2 2024
LV	NorthPoint Development	East Valley Logistics Park, Nazareth, PA	1,006,050	New Spec	Q3 2024
GPHL	Portman Industrial	I-76 Trade Center, Building B1130 Pottstown Pike, Exton, PA	636,120	New Spec	Q4 2024
NEPA	Flint Development	Hazleton Exchange, Building 100 Can Do Expressway, Hazleton, PA	592,813	New Spec	Q3 2024
CPA	NorthPoint Development	Manchester Commerce Center, Building 1N, Susquehanna Trail, Manchester, PA	586,780	New Spec	Q3 2024

# Submarkets by the Numbers

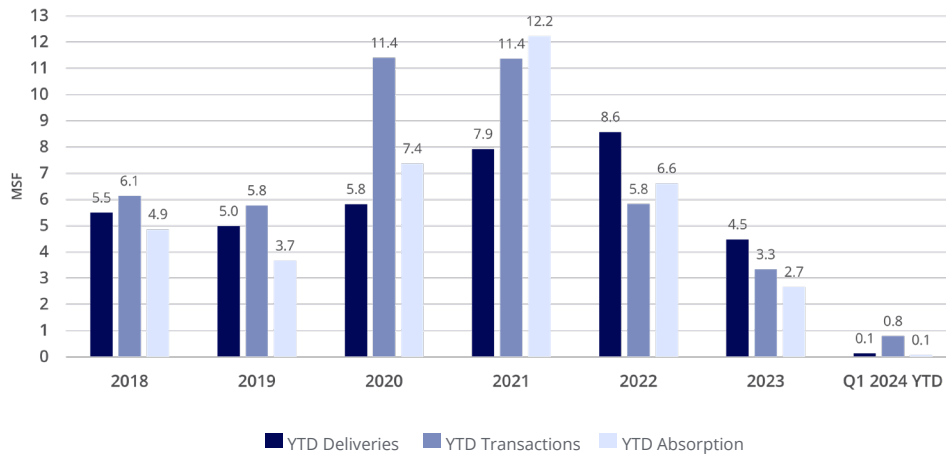
## Lehigh Valley

I-78 East / Core Lehigh Valley &  
I-78 West / Western Lehigh Valley

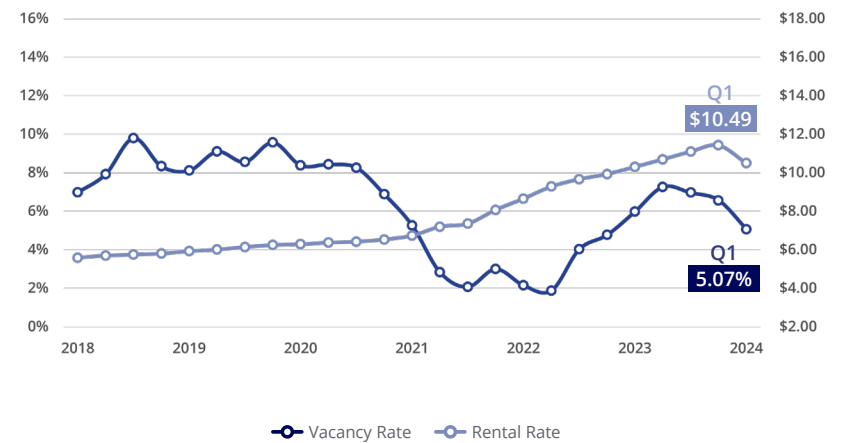
*Demand Driver: Easy Access to NY Metro and NY/NY Ports via I-78;  
Alternative to NNJ & CNJ*



### Historical Deliveries, Occupier Transactions & Net Absorption (MSF)



### Vacancy & Asking Rental Rate

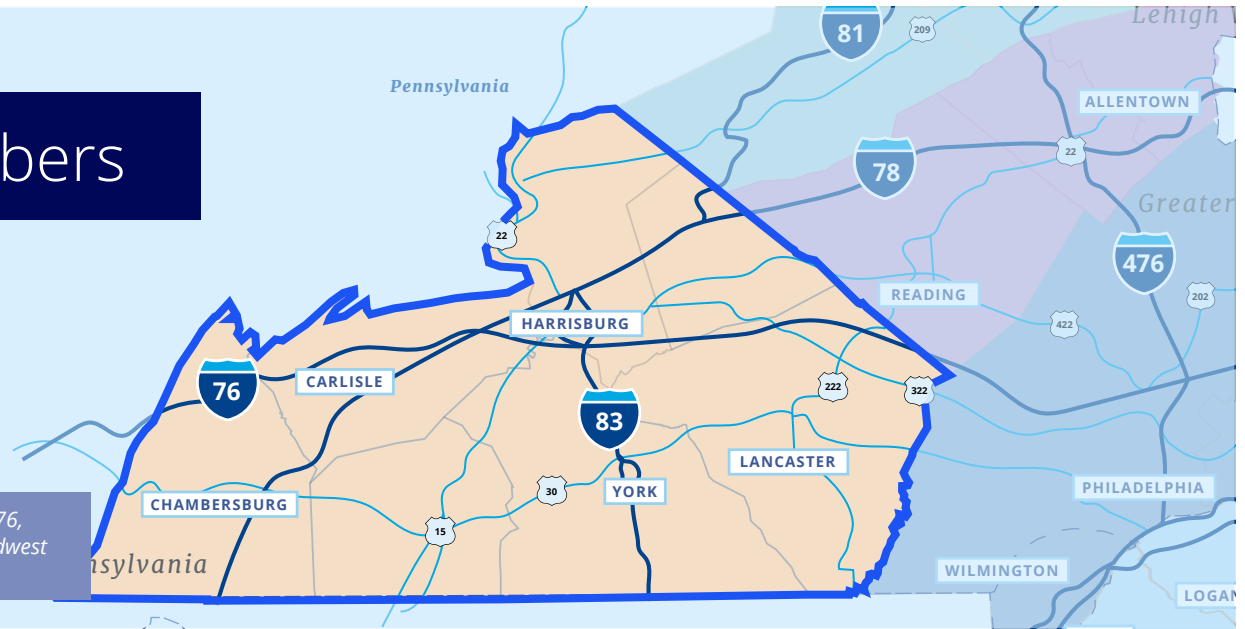


Summary Statistics	Inventory	Vacancy Rate	Availability Rate	Construction Starts (YTD)	Construction Deliveries (YTD)	Under Construction	Occupier Transactions (YTD)	Absorption (YTD)	Avg. Asking Rent
Previous [Q1 2023]	98,005,364	5.98%	9.66%	-	1,579,880	3,494,467	1,974,288	318,440	\$10.30
Current [Q1 2024]	102,588,305	5.07%	14.59%	-	140,000	2,474,448	1,355,580	80,741	\$10.49
Future [Q2 2024]	103,526,671	8.48%	11.90%	-	2,239,568	234,880	1,142,160	167,475	\$10.54

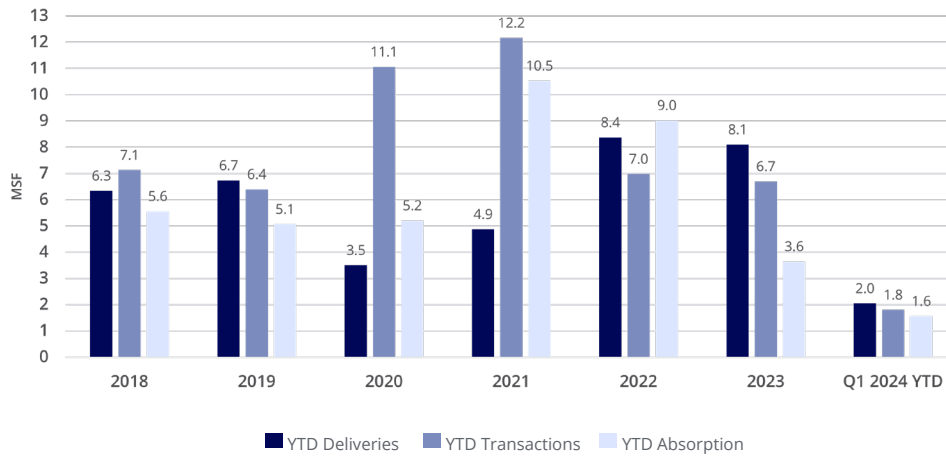
# Submarkets by the Numbers

## Central Pennsylvania I-83 Corridor & I-81 Corridor South

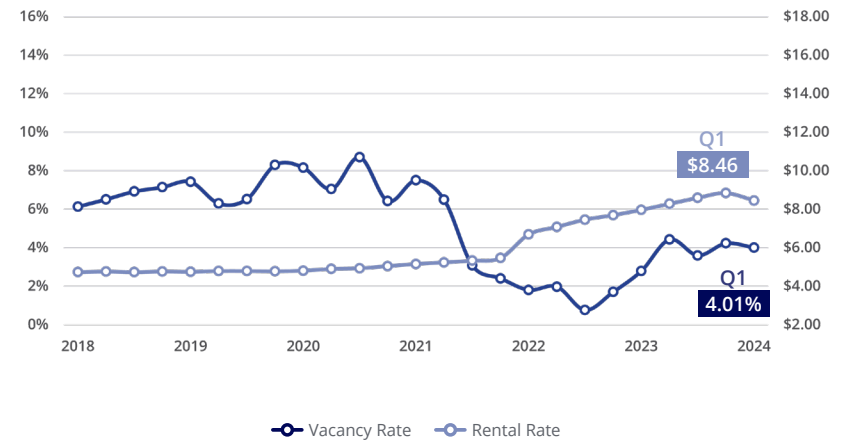
*Demand Driver: Ideally located at confluence of major highways – I-76, I-81, I-78, and I-83; Ability to service East Coast, mid-Atlantic, and Midwest markets.*



### Historical Deliveries, Occupier Transactions & Net Absorption (MSF)



### Vacancy & Asking Rental Rate



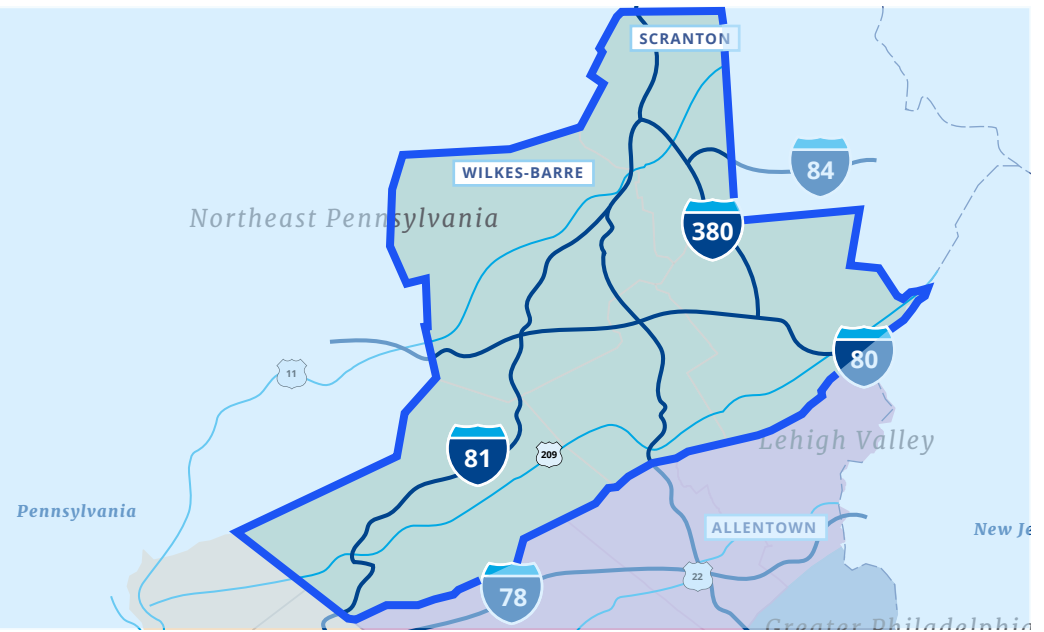
Summary Statistics	Inventory	Vacancy Rate	Availability Rate	Construction Starts (YTD)	Construction Deliveries (YTD)	Under Construction	Occupier Transactions (YTD)	Absorption (YTD)	Avg. Asking Rent
Previous [Q1 2023]	121,647,150	2.80%	8.36%	394,240	1,754,052	7,563,801	3,089,243	186,440	\$7.97
Current [Q1 2024]	130,072,643	4.01%	8.39%	-	2,048,100	3,014,930	1,804,300	1,566,792	\$8.46
Future [Q2 2024]	130,461,493	4.23%	10.31%	1,340,444	1,014,247	3,341,127	861,229	1,329,475	\$8.50



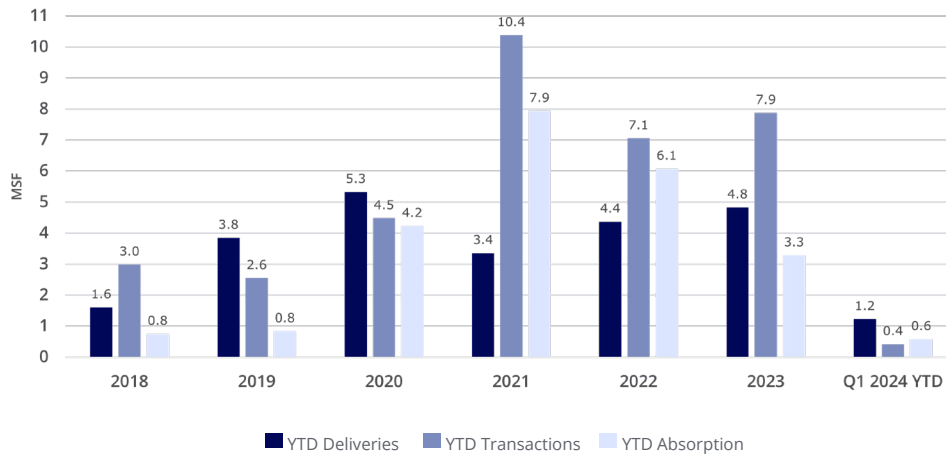
# Submarkets by the Numbers

## Northeastern Pennsylvania I-81 North

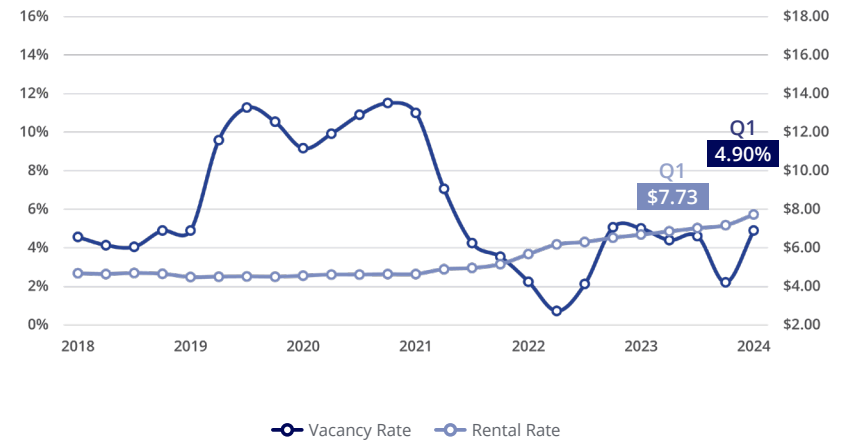
Demand Driver: Alternative to NNJ with ability to service Northeast US



### Historical Deliveries, Occupier Transactions & Net Absorption (MSF)



### Vacancy & Asking Rental Rate



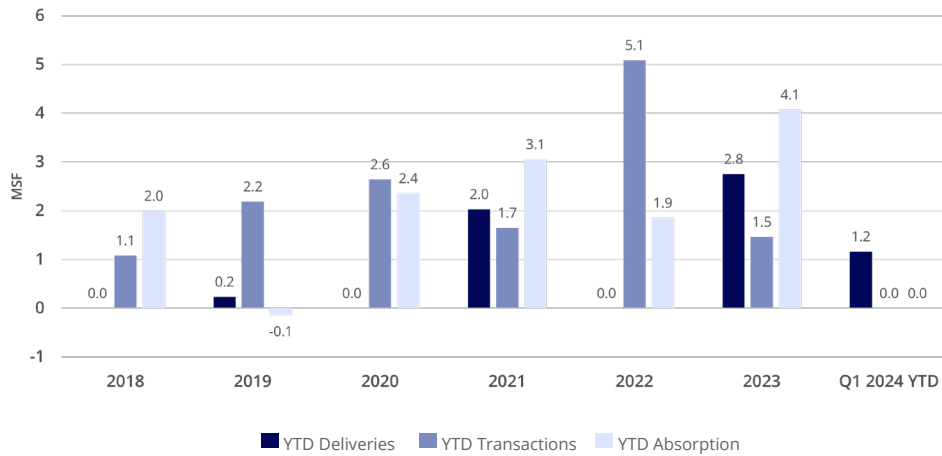
Summary Statistics	Inventory	Vacancy Rate	Availability Rate	Construction Starts (YTD)	Construction Deliveries (YTD)	Under Construction	Occupier Transactions (YTD)	Absorption (YTD)	Avg. Asking Rent
Previous [Q1 2023]	67,002,941	5.27%	11.05%	1,028,000	1,659,235	5,597,156	2,164,417	(1,882,118)	\$6.68
Current [Q1 2024]	<b>71,414,217</b>	<b>4.90%</b>	<b>11.68%</b>	<b>209,919</b>	<b>1,229,136</b>	<b>3,039,352</b>	<b>424,100</b>	<b>584,097</b>	<b>\$7.73</b>
Future [Q2 2024]	72,450,097	5.97%	11.92%	-	1,195,880	1,843,472	-	207,835	\$7.77

# Submarkets by the Numbers

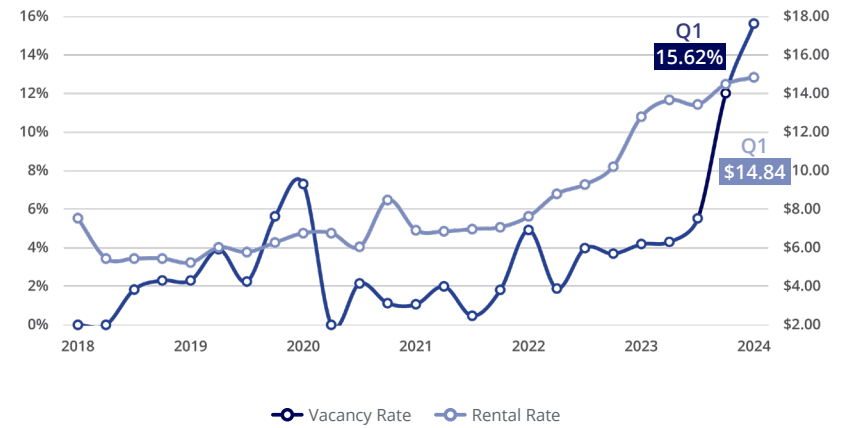
## Greater Philadelphia Philly Metro & New Castle County

*Demand Driver: Superb access to critical infrastructure and labor. Tenant demand geared towards last-mile, port, and flight to quality.*

Historical Deliveries, Occupier Transactions & Net Absorption (MSF)



Vacancy & Asking Rental Rate



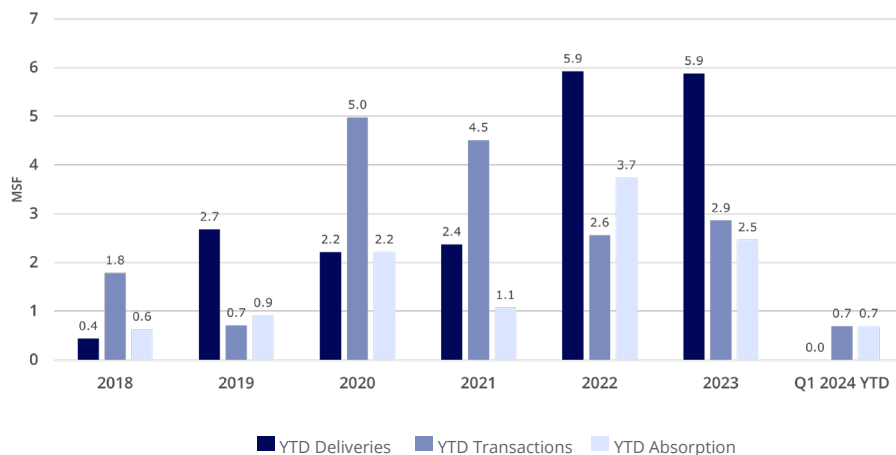
Summary Statistics	Inventory	Vacancy Rate	Availability Rate	Construction Starts (YTD)	Construction Deliveries (YTD)	Under Construction	Occupier Transactions (YTD)	Absorption (YTD)	Avg. Asking Rent
Previous [Q1 2023]	28,506,456	4.18%	27.20%	320,250	1,177,433	7,331,322	438,665	992,430	\$12.80
Current [Q1 2024]	35,463,378	15.62%	28.89%	320,250	1,166,088	5,998,120	-	-	\$14.84
Future [Q2 2024]	37,066,069	14.35%	26.73%	999,008	1,602,691	5,401,437	1,142,936	1,142,936	\$14.91

# Submarkets by the Numbers

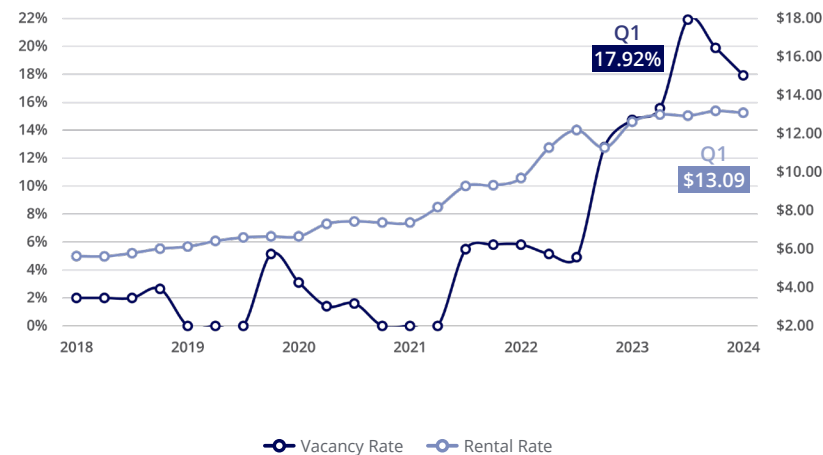
## Burlington

*Demand Driver: Extension of 8A & 7A markets. Similar proximity to NY/NY Ports as Lehigh Valley.*

### Historical Deliveries, Occupier Transactions & Net Absorption (MSF)



### Vacancy & Asking Rental Rate



Summary Statistics	Inventory	Vacancy Rate	Availability Rate	Construction Starts (YTD)	Construction Deliveries (YTD)	Under Construction	Occupier Transactions (YTD)	Absorption (YTD)	Avg. Asking Rent
Previous [Q1 2023]	31,193,205	14.74%	28.70%	-	1,545,600	4,338,433	252,000	598,050	\$12.63
Current [Q1 2024]	35,531,638	17.92%	20.23%	-	-	730,670	875,932	699,432	\$13.09
Future [Q2 2024]	36,262,308	19.57%	19.62%	-	429,200	301,470	-	-	\$13.20

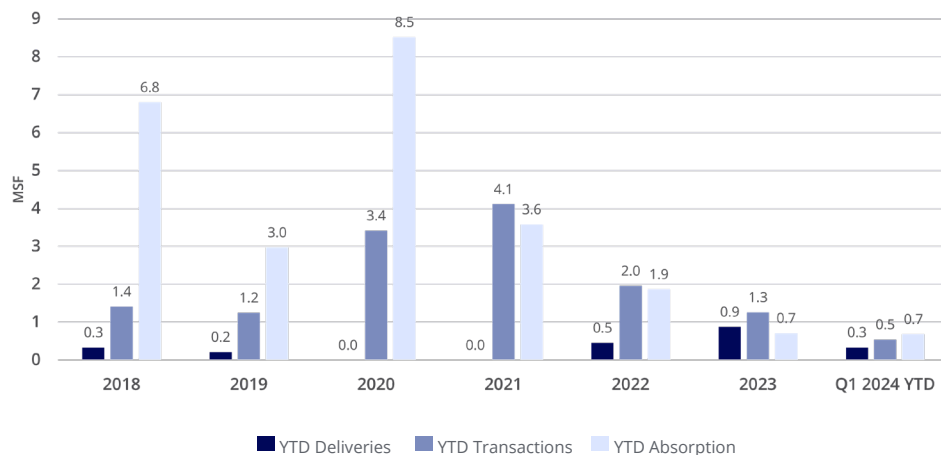


# Submarkets by the Numbers

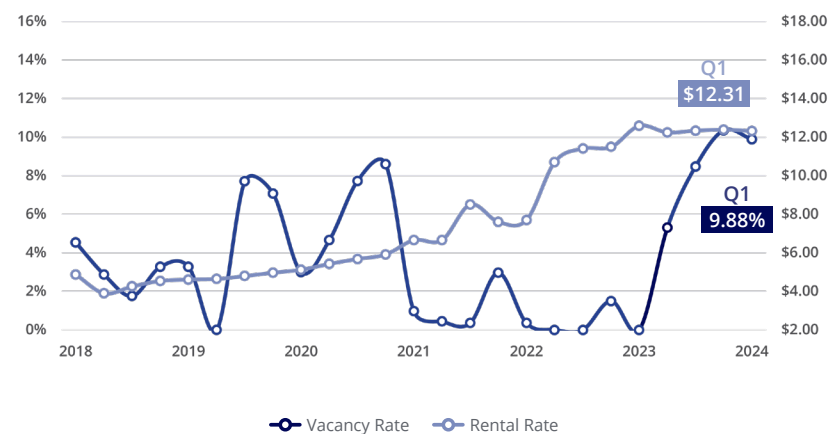
## Southern New Jersey

*Demand Driver: Beneficiary of I-95 S demand. Closely aligned with New Castle County and a discount to Delaware County inventory.*

### Historical Deliveries, Occupier Transactions & Net Absorption (MSF)



### Vacancy & Asking Rental Rate



Summary Statistics	Inventory	Vacancy Rate	Availability Rate	Construction Starts (YTD)	Construction Deliveries (YTD)	Under Construction	Occupier Transactions (YTD)	Absorption (YTD)	Avg. Asking Rent
Previous [Q1 2023]	19,475,280	0.00%	24.96%	336,700	-	5,015,027	256,830	-	\$12.58
Current [Q1 2024]	24,490,814	9.88%	-	1,094,391	336,700	3,394,840	542,873	682,940	\$12.31
Future [Q2 2024]	25,460,667	11.64%	11.26%	1,120,284	1,712,949	3,928,618	319,283	63,671	\$12.50

# Featured & National Availabilities



## Keystone Trade Center

Fairless Hills, PA  
Building 5: 1,035,696 SF  
Building 6: 1,035,696 SF  
For Lease



## Southern Berks Industrial Park

New Morgan Borough, PA  
Building 1: 829,920 SF  
Building 2: 302,400 SF  
For Lease



## Core5 Logistics Center at Park 31

Wambold & Schoolhouse Road  
Souderton, PA  
Building 1: 199,360 SF  
Building 2: 196,650 SF  
For Lease



## Center City Logistics

Camden, NJ  
304,200 SF  
For Lease



## Quarry Road

Telford, PA  
330,000 SF  
For Lease



## 101 Independence Lane

New Britain Township, PA  
88,228 SF  
For Lease



## Transtar

Lone Star, TX  
1,000 Acres  
Ability to deliver 3,300,000 SF  
For Lease



## US Steel Great Lakes Works

River Rouge, MI  
228 Acres  
Redevelopment Opportunity



## US Steel Zug Island

River Rouge, MI  
331 Acres  
Infrastructure Opportunity



Logistics &  
Transportation

Eastern PA, Southern NJ, Delaware



## Michael Golarz

Executive Vice President  
+1 215 928 7569  
Michael.Golarz@colliers.com



## Tom Golarz, SIOR

Senior Vice President  
+1 215 928 7577  
Tom.Golarz@colliers.com



## Victoria Nuneviller

Market Analyst  
Victoria.Nuneviller@colliers.com



## Karen N.M. Mooney

LEED Green Associate  
Transaction Coordinator  
Karen.Mooney@colliers.com

Report prepared in collaboration with:



## Rose Penny

Market Research Director  
Rose.Penny@colliers.com