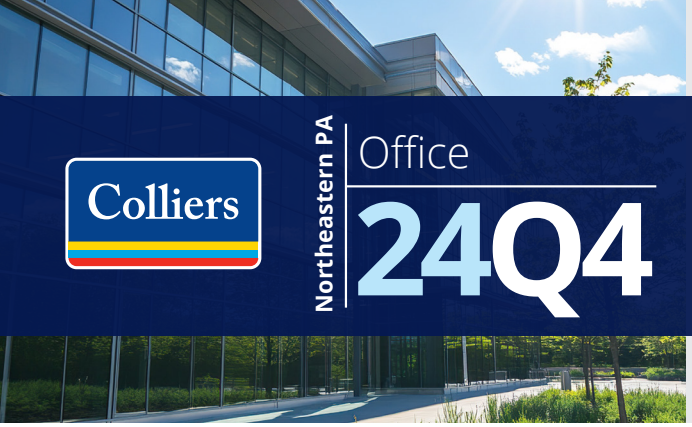


Colliers

Northeastern PA | Office

24Q4

Key Takeaways

- Vacancy decreased to 9.1% in Q4 after an increase to 9.6% in Q3
- Absorption positive for the quarter and year overall, but Class B buildings lost occupancy
- The average asking rent rent has been trending downward, weighted by Class B space
- Sale transaction volume has slowed with persistently high interest rates and buyer-seller pricing gaps

	Vacancy Rate	Net Absorption	Under Construction	Overall Class A Asking Lease Rates (FSG)
	9.1%	31K SF	0K SF	$23.87/SF
YOY	▼	▲	—	▲
FORECAST	—	—	—	—

Highlights

The vacancy rate in Northeast Pennsylvania ended 2024 on a downward trend. Class A vacancy, although still higher than the market average, registered a healthy drop in Q4 from 14.8% to 13.2%. Class B vacancy trended upward for most of the year, though also ticked down in Q4. A major factor in the increase in Class B space was the listing of Lackawanna College's former administrative office building in Scranton for sale. However, this building presents a potential redevelopment opportunity. The market's shift away from large-block leases continued, with tenants favoring smaller, amenity-rich office footprints. In a departure from this trend, Fidelity Bank has reaffirmed its commitment to Scranton, announcing plans to establish its headquarters downtown. The financial institution is moving forward with renovations on a building it acquired in 2022.

Market Indicators

4.26% Unemployment Rate

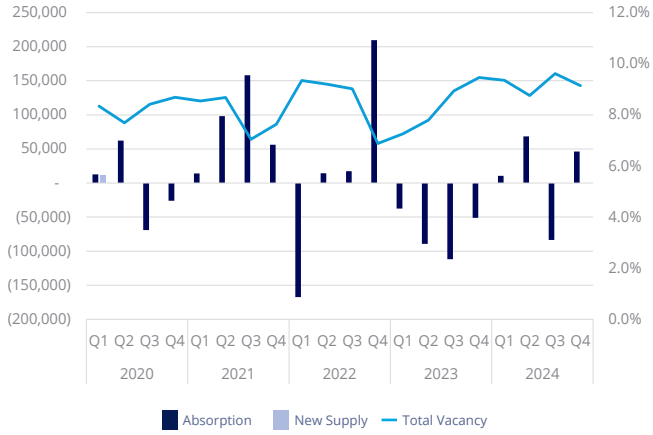
1.66% GDP - Quarterly % change yr/yr

4.596% U.S. 10 Year Treasury Note

Historic Comparison

	23Q4	24Q3	24Q4
Total Inventory (in Thousands of SF)	9,776.73	9,776.73	9,776.73
New Supply (in Thousands of SF)	-	-	-
Net Absorption (in Thousands of SF)	-51.09	-83.53	60.50
Overall Vacancy	9.46%	9.61%	9.14%
Under Construction (in Thousands of SF)	-	-	-
Overall Asking Lease Rates (Full Service)	$20.19	$19.25	$19.23

Market Graph



Forecast

The vacancy rates in Northeastern PA's office market appears to have peaked, due to limited new inventory, a slowdown in office contractions, and sustained interest in office conversions. The evolving hybrid work model has also reached a point of equilibrium. A possible concern is the potential for federal government downsizing, given that more than 100,000 square feet of GSA leased office space in the market, though most under longer term leases.

Recent Transactions



Lease
Astound
100 Baltimore Ave
Plains | 23,227K SF



Lease Renewal
Wells Fargo Advisors
672 N. River Street
Plains | 6K SF



Sale
Lackawnna Dermatology
327 N. Washington Ave.
Scranton | 50K SF



Sale-pending
125 Smithfield Lane
East Stroudsburg |
40K SF



Sale
Nauman Properties
60 Washington Street
East Stroudsburg | 19K SF

Northeastern PA | 4Q 2024 | Office | Market Statistics

Submarket/ Class	Total Inventory SF	Direct Vacant	Sublease Vacant	Total Vacant	Vacancy Rate	Vacancy Rate Previous Qtr.	Net Absorption Current	Net Absorption YTD	Under Construction	Deliveries YTD	Avg Direct Asking Rate (FSG)
A	2,290,088	303,434	-	303,434	13.2%	14.8%	50,932	109,130	0	0	$23.87
B	7,486,645	590,426	0	590,426	7.9%	8.0%	9,569	(78,126)	0	0	$16.84
TOTAL	9,776,733	893,860	-	893,860	9.1%	9.4%	60,501	31,004	0	0	$19.23

Investment Sales

3Q and 4Q

Address	County	Square Feet/ Sale Price	Property Type	Sale Type	Buyer Type
327 N. Washington Street Scranton, PA	Lackawanna	50,000 $2,999,999	Office	Investment/ User Owner	Local Medical Group
125 Smithfield Lane* East Stroudsburg	Monroe	40,000 $12,900,000	Medical Office	Investment	Regionl Private Investor
60 Washington Street, East Stroudsburg	Monroe	19,524 $1,100,000	Office	Investmenet	Local Developer
121 Progress Avenue* Pottsville	Schuylkill	15,000 $975,000	Office	Investment	TBA
270 S. River Street, Plains	Luzerne	11,400 $700,000	Medical Office	Investment	Local Private
2601 Stafford Avenue* Scranton	Lackawanna	10,565 $1,195,000	Medical Office	Investment or User Owner	TBA

** Under Contract*

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