



Northeastern PA

Office

25Q2

## Key Takeaways

- Overall vacancy rose slightly to 8.5%, up from 8.4% in Q1
- An occupancy loss in Class B buildings outpaced gains in Class A space for the quarter. However, there was an overall gain YTD
- The average asking rent increased for both Class A and Class B buildings
- Sales volume increased as sellers adjust pricing expectations



## Highlights

The office vacancy rate in Northeastern Pennsylvania inched up to 8.5% in the second quarter, a marginal rise from 8.4% in Q1, though still below year-end 2024 levels. The shift reflects continued sluggishness in tenant demand. Class A buildings saw modest gains in occupancy, but Class B properties experienced a rise in vacancy. Leasing activity remains constrained, with only a handful of deals under 10,000 square feet across both quarters with healthcare services tenants being the most active. However, most new vacancies also came in sub-10,000-square-foot blocks. Sales activity is showing renewed traction. A narrowing gap between seller expectations and buyer offers has helped close more deals, as owners adjust pricing to meet market realities. Accordingly, sale prices per square foot have declined while cap rates have moved higher.

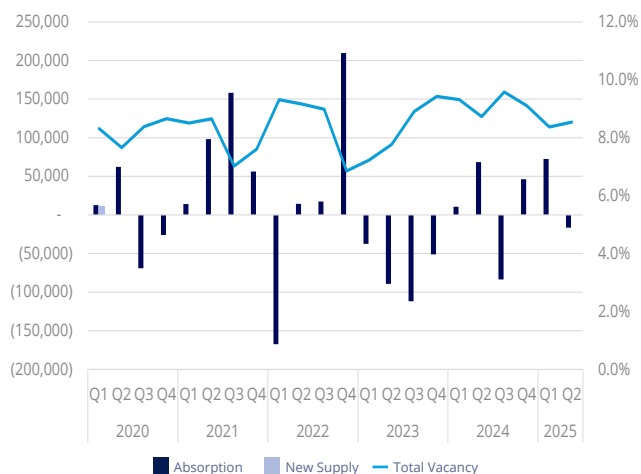
## Market Indicators



## Historic Comparison

	24Q2	25Q1	25Q2
<b>Total Inventory</b> (in Thousands of SF)	9,813.97	9,813.97	9,813.97
<b>New Supply</b> (in Thousands of SF)	-	-	-
<b>Net Absorption</b> (in Thousands of SF)	57.83	72.38	-16.58
<b>Overall Vacancy</b>	8.73%	8.37%	8.54%
<b>Under Construction</b> (in Thousands of SF)	-	-	-
<b>Overall Asking Lease Rates (Full Service)</b>	\$19.90	\$18.59	\$20.62

## Market Graph



## Forecast

Vacancy is expected to decline slightly over the next two quarters as modest demand helps slowly improve absorption. More properties will be targets for conversion to alternative uses, further decreasing the inventory as no new office construction is anticipated. Upper tier Class A space choices will be increasingly limited.

## Recent Transactions



**Lease**  
Confidential  
60 Public Square  
Wilkes Barre | 10K SF



**Lease**  
Clarvida  
100 Schuylkill Medical Plaza  
Pottsville | 5K SF



**Sale**  
Memtes Management  
1 Fleet Way  
Moosic | 300k SF



**Sale**  
Hanover School District  
50 New Commerce Blvd  
Wilkes Barre | 145k SF



**Sale**  
Mericle Commercial RE  
220 Lasley Avenue  
Wilkes Barre | 139K SF

## Northeastern PA | 2Q 2025 | 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)
<b>A</b>	2,333,526	224,792	0	224,792	9.6%	10.2%	12,160	78,642	0	0	\$24.56
<b>B</b>	7,480,444	613,268	0	613,268	8.2%	7.8%	(28,736)	(22,842)	0	0	\$19.17
<b>TOTAL</b>	9,813,970	838,060	0	838,060	8.5%	8.4%	(16,576)	55,800	0	0	\$20.62

## Investment Sales

1Q and 2Q

Address	County	Square Feet/ Sale Price	Property Type	Sale Type	Buyer Type
1 Fleet Way Moosic, PA	Lackawanna	300,000 \$8,100,000	Office	Investment	Regional Investor/ Developer
50 New Commerce Blvd Wilkes Barre, PA	Luzerne	145,526 \$5,000,000	Office	Owner User	Local School District
220 Lasely Avenue Wilkes Barre, PA	Luzerne	138,808 \$5,500,000	Office	Investment	Regional Developer
1 N. Main Street Wilkes Barre, PA	Luzerne	92,844 \$1,428,571	Office	Redevelopment	Regional Developer
150 N. Washington Street Scranton, PA	Lackawanna	51,156 \$3,750,000	Office	Redevelopment	Regional Developer
125 Smithfield Lane East Stroudsburg, PA	Monroe	40,000 \$12,650,000	Medical Office	Investment	National Investor
160-168 Slocum Street Forty Foot, PA	Luzerne	24,884 \$2,000,000	Office	Owner User	Local User
121 Progress Avenue Pottsville, PA	Schuylkill	15,000 \$925,000	Office	Investment	Regional Investor
106 S. Claude A. Lord Blvd Pottsville, PA	Schuylkill	14,883 \$2,989,854	Medical Office	Investment*	National Investor
10 E. Spruce Street Frackville, PA	Schuylkill	14,142 \$2,016,413	Medical Office	Investment*	National Investor

\*Part of a portfolio of Lehigh Valley Health Network buildings

## FOR MORE INFORMATION

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