


The Colliers logo is positioned at the top center of the dark blue background. It consists of the word "Colliers" in a white serif font, enclosed within a white-bordered rectangle that features a horizontal rainbow-colored stripe at the bottom.

INDUSTRIAL

Q3 2025

Greater Philadelphia Region

The left side of the image shows an industrial facility with yellow metal shelving units and large white panels. The right side shows three men in a factory setting; one is wearing a yellow hard hat and holding a tablet, while the other two are in business attire, one holding a smartphone.

Philadelphia's industrial market enters a phase of recalibration in Q3 2025, as shifting demand, rising vacancies, and evolving development trends reshape the landscape.



Philadelphia Regional

OVERALL VACANCY RATE

8.7% ▲ YOY ▼ Forecast

NET ABSORPTION (SF)

.6 MSF ▼ YOY ▲ Forecast

UNDER CONSTRUCTION (SF)

6.9M ▼ YOY ▼ Forecast

OVERALL ASKING LEASE RATES (NNN)

\$11.18/SF ▲ YOY — Forecast

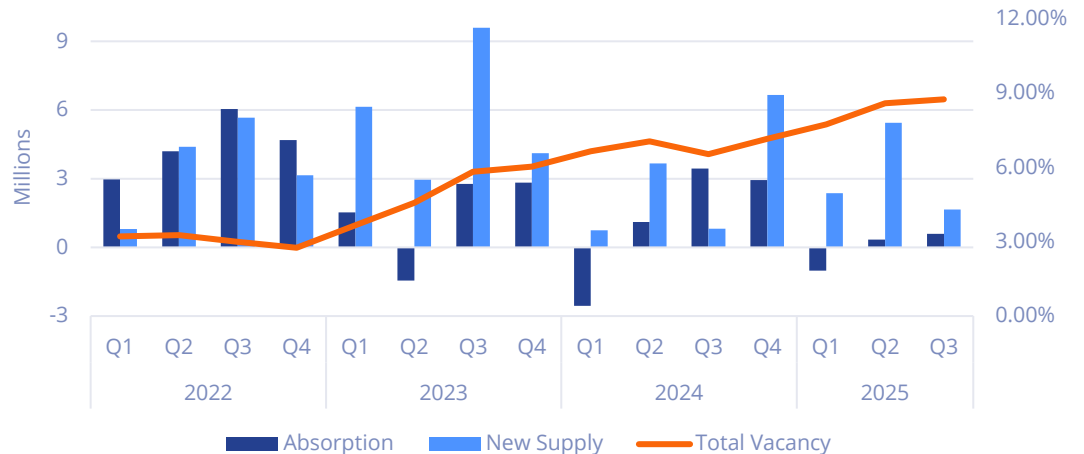
MARKET TRENDS

- The regional vacancy rate increased to 8.7%, driven by speculative construction deliveries and an increase of direct and sublease space returning to the market.
- Although several notable leases were executed during the period, overall activity remained muted as economic uncertainty—particularly stemming from tariffs—continued to delay leasing decisions.
- Construction deliveries declined, with new project starts confined to Burlington and Montgomery County.
- The weighted average asking rent dipped slightly due to the absorption of premium-priced new construction and a rise in available sublease and direct space.

HISTORIC COMPARISON

	Q3 2024	Q2 2025	Q3 2025
Total Inventory (in millions of SF)	540.55	555.14	556.79
New Supply (in millions of SF)	0.81	5.44	1.65
Net Absorption (in millions of SF)	3.44	0.35	0.59
Overall Vacancy Rate	6.53%	8.57%	8.74%
Under Construction (in millions of SF)	17.0	7.7	7.0
Overall Asking Lease Rates (NNN)	\$11.14	\$11.25	\$11.18

MARKET GRAPH



Source: Colliers



FORECAST & MARKET INDICATORS

Vacancy rates are projected to decline in the fourth quarter, as pending leases finalize before year-end. While leasing momentum may improve, price sensitivity has become a factor for smaller occupiers who are considering less functional space rather than absorb the cost of new product. Larger occupiers evaluating new developments are prioritizing transparency in operating costs and flexibility for phased-in occupancy.

Asking rents may continue to show modest fluctuations, but a downward trend in pricing is not anticipated, as underlying fundamentals improve.

3.92% - 6.9%

Unemployment Rates

(Philadelphia, Allentown-Bethlehem-Easton and Vineland-Bridgton MSAs)

1.14% - 2.25%

GDP - Quarterly % change YOY

4.16%

U.S. 10 Year Treasury Note

Market Snapshots

PHILADELPHIA COUNTY

Vacancy in Philadelphia County climbed to 9.4% in the third quarter, marking its highest level since 2013. The increase was driven by speculative deliveries in Southwest and Northeast Philadelphia, coupled with sluggish leasing activity that failed to absorb existing supply.

The completion of a 727,272-square-foot facility at The Bellwether District and the anticipated delivery of 1.3 million square feet of Cardone Industries space on Whitaker Avenue are expected to push vacancy even higher in the fourth quarter.

A rebound in occupier demand is anticipated by mid 2026, with at least one major build-to-suit transaction potentially announced before year-end 2025.

SUBURBAN PHILADELPHIA

The four-county suburban market saw a modest uptick in vacancy, rising to 7.0% in Q3. Bucks County was the only submarket to post an occupancy gain. New deliveries included a 105,000-square-foot speculative building in Delaware County and a smaller preleased project in Chester County.

Two of the largest transactions of the quarter were user purchases. Unicap is consolidating and expanding in Bensalem, and Global Packaging purchased a building it had been leasing in Oaks.

Construction activity has shifted away from the I-95 corridor, with current development concentrated in central Montgomery and upper Bucks County. Inventory under construction is now at its lowest level since early 2020.

SOUTHERN NEW JERSEY

Despite holding the highest vacancy rate in the region, Southern New Jersey posted the strongest quarterly performance. Vacancy declined from 11.6% to 11.0%, with net absorption exceeding 1.8 million square feet.

Leasing activity was robust across both new and legacy assets, driven by inbound and expanding tenants. Asian third-party logistics and e-commerce firms led demand, while ofi North America—a global food ingredient company—secured a newly completed distribution center in Gloucester County.

On the investment side, EQT Real Estate closed on five of seven Link Logistics buildings in Burlington and Gloucester counties.

LEHIGH VALLEY

Industrial vacancy in the Lehigh Valley climbed to 8.0% in the third quarter, the highest level since 2013. The increase was not driven by new construction but by the availability of 1.3 million square feet of sublease space following the closure of UNFI operations at North Valley Trade Center.

Despite this uptick, several large transactions are pending, suggesting a rebound in absorption over the coming quarters. Nearly half of the construction currently underway is tied to build-to-suit projects or onsite expansions for existing tenants, including Americold and Bosch Rexroth.

NEW CASTLE COUNTY, DE

Vacancy in New Castle County edged down to 7.3% in Q3, though absorption remained minimal due to limited leasing activity. Smaller transactions—such as those by Synos Corporation and Luxor Technologies, both under 50,000 square feet—provided encouraging signs but were not large enough to materially impact occupancy.

Amazon acquired a site in Middletown, reportedly for a multi-story, highly automated fulfillment center, signaling continued interest in Northern Delaware.

Significant Lease Activity

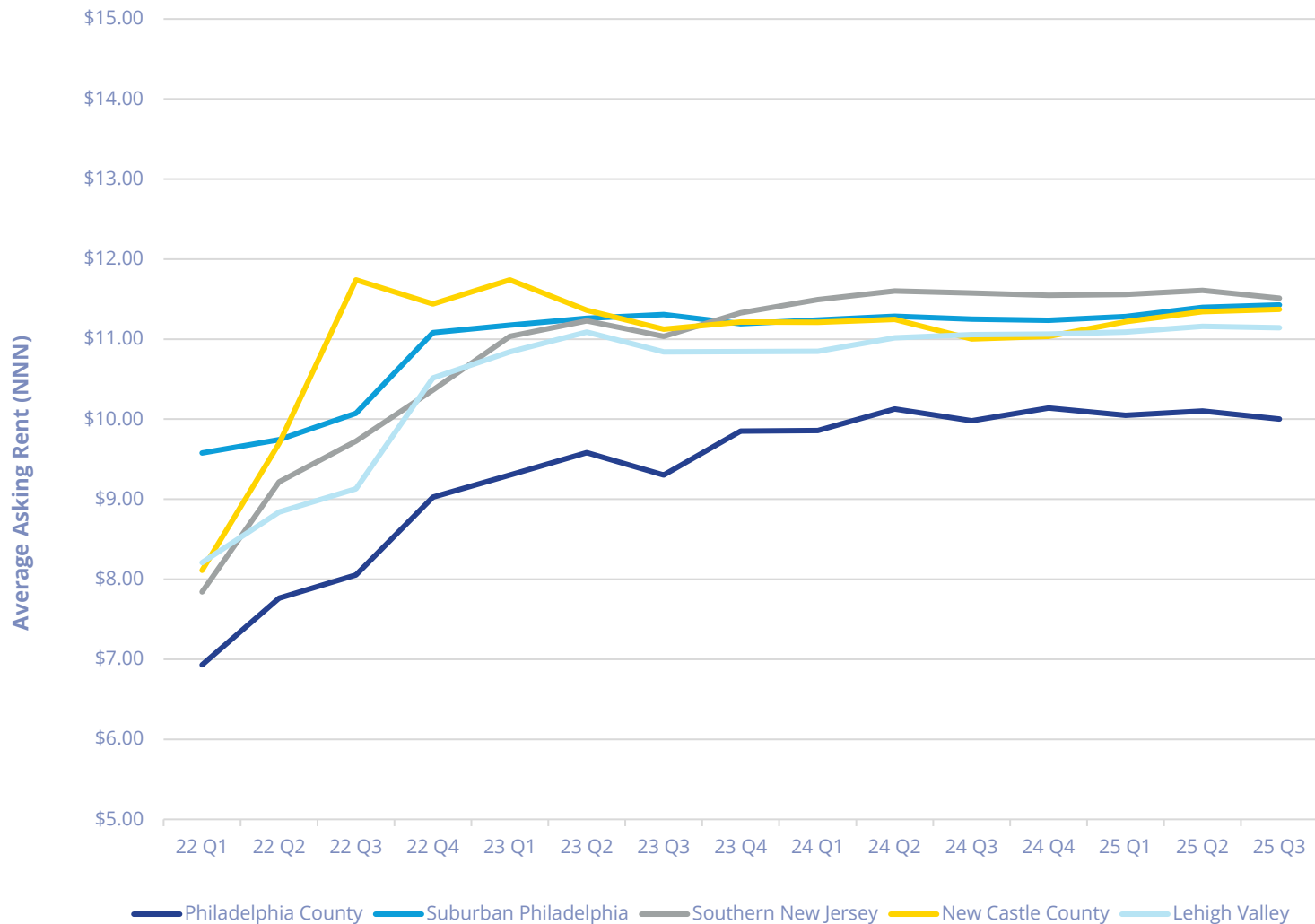
ADDRESS	SUBMARKET	SIZE (SF)	TENANT	TYPE
2 Gateway Blvd, Pedricktown, NJ	Southern New Jersey	705,900	JW Fulfillment	New
198 Democrat Road, Mickleton, NJ	Southern New Jersey	574,480	ofi North America	New
4259 US-130, Edgewater Park, NJ	Southern New Jersey	303,750	JD.com	Expansion
2015 US 206, Bordentown, NJ	Southern New Jersey	301,470	Ameziel, Inc.	New
700 Cesanek Road, Northampton, PA	Lehigh Valley	298,499	Irby Utilities	New
800 Coopertown Road Delanco, NJ	Southern New Jersey	170,000	Superior Line Services	New
8 Lee Boulevard, Malvern, PA	Chester County	169,774	Universal Pure	Renewal
42 Runway Road, Levittown, PA	Bucks County	121,840		New
2 Advantage Court, Bordentown, NJ	Southern New Jersey	110,067	Qiduo	New
790 Coopertown Road, Delanco NJ	Southern New Jersey	98,115	Utility Innovation Group	New
4730 Hanoverville Road, Bethlehem, PA	Lehigh Valley	97,500	Cold Chain Technologies	New

Significant Sales Activity

ADDRESS	SUBMARKET	SIZE (SF)	BUYER	PRICE
500-520 Pedricktown Road, Swedesboro, NJ	Southern New Jersey	239,717	EQT Real Estate	\$36,900,000
401 Bordentown Hedding Rd, Bordentown, NJ	Southern New Jersey	142,500	EQT Real Estate	\$25,400,000
8290 National Hwy, Pennsauken, NJ	Southern New Jersey	111,200	Keystone Adjustable Cap Company, Inc.	\$18,947,520
1211 Ford Rd, Bensalem, PA	Bucks County	106,050	Unicup International	\$12,300,000
209 Brower Avenue, Oaks, PA	Montgomery County	86,687	Global Packaging	\$10,640,000
250 Canal Rd, Fairless Hills, PA	Bucks County	84,000	Wharton Industrial	\$9,000,000
300 Progress Court, Swedesboro, NJ	Southern New Jersey	67,000	Stonemont Financial Group	\$25,500,000
4629 Adams Ave, Philadelphia, PA	Philadelphia County	65,000	Loonsta Construction	\$1,510,000
75 Haag Ave, Bellmawr, NJ	Southern New Jersey	62,230	EQT Real Estate	\$11,900,000
2290 Avenue A, Bethlehem, PA	Lehigh Valley	50,520	Serfass Constructing Company	\$4,222,500

Asking Rental Rates

Following a sharp rise in 2021 and 2022, the average asking rent growth has leveled off. Annual escalations vary based on deal size and term but generally range from 3.5% to 4.0%. Signing rents have remained strong for new construction; although generous free rent periods and turnkey tenant improvements are more commonly offered, particularly for deals over 200,000 square feet.



Philadelphia Regional | Q3 2025 | Industrial | Market Statistics

SUBMARKET/ CLASS	TOTAL INVENTORY SF	TOTAL VACANT SF	VACANCY RATE	VACANCY RATE PREVIOUS	NET ABSORPTION CURRENT QTR	NET ABSORPTION YTD	UNDER CONSTRUCTION	DELIVERIES YTD	AVG DIRECT ASKING RATE (NNN)
Philadelphia County									
Total	77,559,860	7,314,437	9.4%	8.9%	79,506	-277,451	1,542,650	1,598,827	\$10.00
Suburban Philadelphia									
Bucks	62,658,518	3,974,771	6.3%	6.6%	174,277	1,015,329	208,980	1,985,040	\$11.62
Chester	25,334,269	1,548,810	6.1%	6.1%	34,754	151,638	0	671,120	\$12.11
Delaware	21,980,580	1,971,668	9.0%	7.9%	-128,822	-147,477	0	105,000	\$11.34
Montgomery	55,139,445	4,094,058	7.4%	7.2%	-118,499	-430,291	555,380	0	\$11.02
Total	165,112,812	11,589,307	7.0%	6.9%	-38,290	589,199	764,360	2,761,160	\$11.43
Southern New Jersey									
Burlington	68,234,995	6,120,414	9.0%	9.3%	390,658	1,832,861	1,375,934	1,638,006	\$12.47
Camden	29,225,106	1,826,130	6.2%	6.1%	-34,513	-610,580	0	0	\$11.04
Gloucester	38,613,990	4,182,824	10.8%	10.8%	486,990	-548,635	395,299	1,311,102	\$11.24
Atlantic	9,291,366	106,842	1.1%	1.2%	197,433	197,433	0	194,431	\$6.50
Cumberland	2,681,352	263,800	9.8%	9.5%	-7,798	-53,800	0	0	\$9.55
Salem	11,840,443	5,100,416	43.1%	49.8%	797,000	389,795	895,858	1,126,443	\$10.96
Total	159,887,252	17,600,426	11.0%	11.6%	1,829,770	1,207,074	2,667,091	4,269,982	\$11.51
New Castle County									
Total	35,516,804	2,610,122	7.3%	7.4%	18,948	-63,164	1,007,974	525,000	\$11.37
Lehigh Valley									
Total	118,712,878	9,535,908	8.0%	6.9%	-1,295,795	-1,529,626	1,116,934	314,100	\$11.14
Grand Total	556,790,506	48,650,200	8.7%	8.6%	594,142	-73,938	7,099,009	9,469,069	\$11.18

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Industrial Disclaimer

Colliers' statistical tracked set for the Greater Philadelphia Region includes all single and multi-tenant industrial properties above 20,000 square feet. Heavy manufacturing and data center facilities are excluded from the total tracked inventory.

Note: the average asking rate is a weighted average of all building classes and types: warehouse, flex and manufacturing



\$5.0B+

ANNUAL
REVENUE

70

COUNTRIES WE
OPERATE IN

\$100B+

ASSETS UNDER
MANAGEMENT

46,000

LEASE AND SALE
TRANSACTIONS

2B

SQUARE FEET
MANAGED

24,000

PROFESSIONALS

Number of countries includes affiliates

Global Stats Boilerplate

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