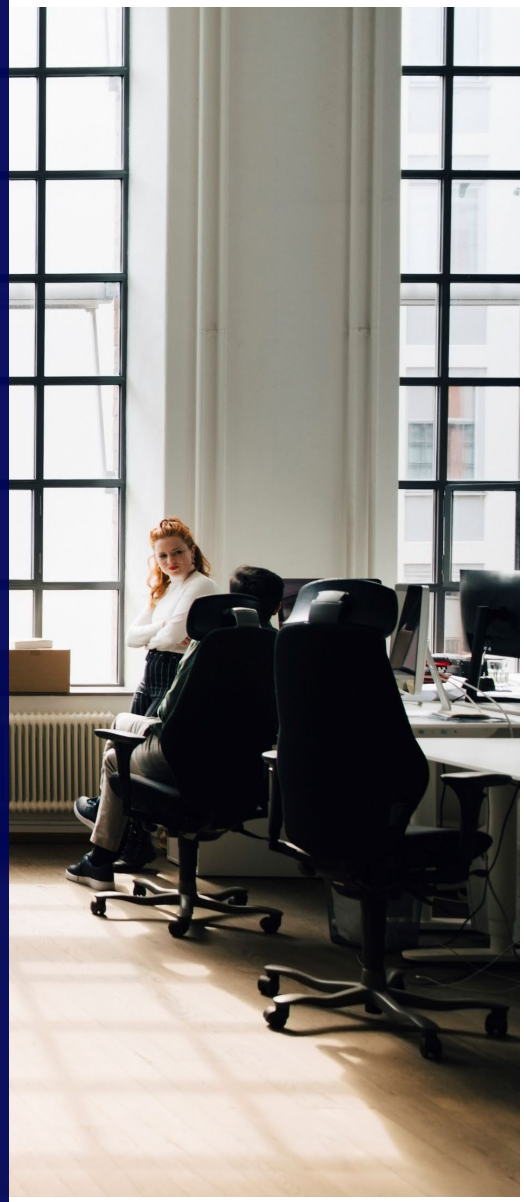


Colliers

OFFICE

Q1 2026

Greater Philadelphia Region



The region's office market is poised for a gradual recovery in 2026 as occupancy losses have declined and inventories shrink.

Greater Philadelphia Region

OVERALL VACANCY RATE
19.2% — YOY ▼ Forecast

NET ABSORPTION (SF)
-112k ▼ YOY ▲ Forecast

UNDER CONSTRUCTION (SF)
0 ▼ YOY — Forecast

OVERALL CLASS A ASKING LEASE RATES (FSG)
$34.80/SF ▲ YOY — Forecast

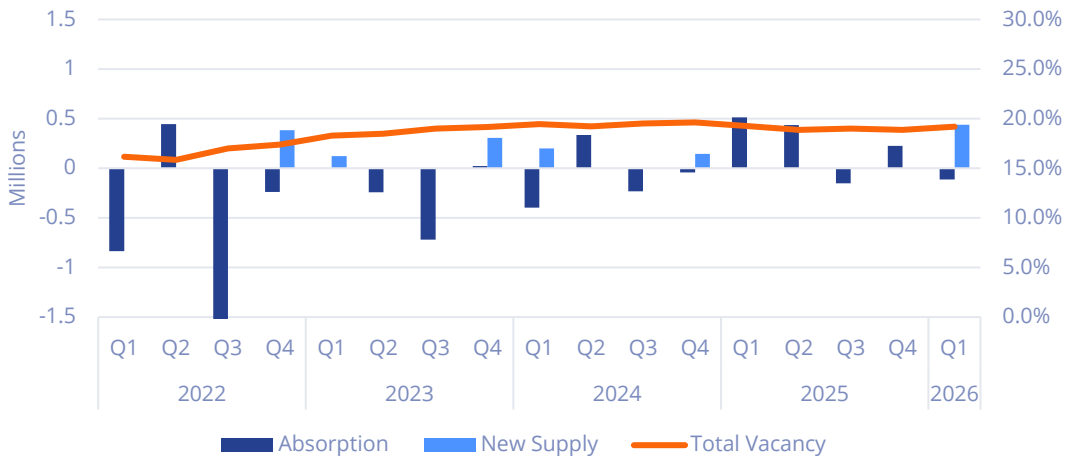
MARKET TRENDS

- Vacancy across the region edged higher in the quarter, rising to 19.2% from 18.8%.
- There was an overall loss in occupancy; however, this was minor in most submarkets.
- The weighted average asking rent declined by 1.3% to a regional average of $30.18 full service for Class A, B and C space.
- Sales activity was very limited with transaction volume falling to one of its lowest levels in recent quarters.

HISTORIC COMPARISON

	Q1 2025	Q4 2025	Q1 2026
Total Inventory (in thousands of SF)	136.5	136.5	136.9
New Supply (in thousands of SF)	0	0	438
Net Absorption (in thousands of SF)	512.6	227.0	-112.3
Overall Vacancy Rate	19.24%	18.85%	19.20%
Under Construction (in thousands of SF)	438.0	0.0	0.0
Overall Asking Lease Rates (NNN)	$30.11	$30.58	$30.52

MARKET GRAPH



Source: Colliers



FORECAST & MARKET INDICATORS

A gradual, modest reduction in vacancy is expected through the remainder of 2026. Any meaningful occupancy gains will continue to be concentrated in higher quality assets and stronger submarkets.

Although the Greater Philadelphia market has not historically been considered overbuilt, the current surplus of Class B and C urban and suburban properties is likely to slow the pace of recovery given the subdued demand for office space.

4.49% - 4.57%

Unemployment Rates

(Philadelphia, Allentown-Bethlehem-Easton MSAs)

3.69% - 3.77%

GDP - Quarterly % change YOY

4.22%

U.S. 10 Year Treasury Note

Market Snapshots

CBD PHILADELPHIA

The CBD posted a slight improvement in fundamentals, with the vacancy rate edging down to 17.5% from 17.7%. The gain was largely attributable to stronger occupancy in the Market West submarket. East Market's vacancy rose to 18.7% from 17.5%, driven primarily by Chubb's relocation to the newly delivered tower at 2000 Arch Street.

Looking ahead, the pending sale and proposed partial conversion of the 1500 Market Street complex is expected to further trim office inventory over the next two years.

SUBURBAN PHILADELPHIA

The vacancy rate increased from 21.7 to 22.6% as occupancy continued to erode. The difference between and even within submarkets continues to become more pronounced. Conshohocken and the Swedesford Road/Chesterbrook corridor in the King of Prussia/Wayne submarket with upper tier space and greater amenities have gained tenants. Older office parks in Delaware County, Malvern/Exton, and Horsham have experienced a sharp drop off in tenant demand, rendering much of this inventory functionally obsolete.

Sales activity remained sparse in the first quarter, limited to two user acquisitions. More opportunities are expected to emerge in the coming quarters for both users and value add investors, particularly as individual assets are sold out of lender-controlled portfolios.

SOUTHERN NEW JERSEY

Southern New Jersey's vacancy rate inched up to 14.9% from 14.6%. The quarter's occupancy loss was modest overall. Burlington County's vacancy rose to 13.3% from 12.7%, while Camden County held steady at 16.8%.

Despite sluggish leasing activity, vacancy remains lower than a year ago and is projected to continue a slow downward trend through the remainder of 2026.

With few large blocks coming back to market, a steady stream of transactions under 20,000 square feet boosted net absorption.

LEHIGH VALLEY

The Lehigh Valley recorded a slight occupancy loss in the first quarter, pushing vacancy to 21.2% from 20.8%. No major new vacancies were introduced, though leasing activity remained limited.

With most active requirements under 10,000 square feet, the region continues to face an oversupply of suburban office space, a dynamic that is likely to restrain the pace of recovery.

NEW CASTLE COUNTY, DE

Vacancy held essentially steady at 15.8%. Downtown Wilmington improved marginally, with vacancy dipping to 16.3% from 16.6%, while the suburban market saw a slight increase to 15.2% from 14.9%.

Stagnant demand and limited leasing momentum have heightened interest in conversions and redevelopment. One proposal calls for a data center on White Clay Center Drive in Newark, which would involve demolishing the existing industrial building and three office properties on the site.

Significant Lease Activity

ADDRESS	SUBMARKET	SIZE (SF)	TENANT	TYPE
20 Moores Road, Malvern, PA	Malvern/Exton/West Chester	321,226	Saint Gobain	Renewal
1500 Spring Garden, Philadelphia, PA	Phila CBD Market West	74,000	CBS	Renewal/Downsize
1650 Market Street, Philadelphia, PA	Phila CBD Market West	69,264	White and Williams LLP	Renewal/Downsize
965 Chesterbrook Boulevard, Wayne, PA	King of Prussia/Wayne	41,773	HSBC	New
3505 Silverside Road, Talleyville, DE	Suburban Wilmington	39,200	Penn Medicine	New
2001 Market Street, Philadelphia, PA	Phila CBD Market West	29,724	Pareto Health	New
801 Lakeview Drive, Blue Bell, PA	Plymouth Meeting/Blue Bell	20,629	CHA	New

Significant Sales Activity

ADDRESS	SUBMARKET	SIZE (SF)	BUYER	PRICE
436 Walnut Street, Philadelphia, PA	Phila CBD Market East	331,353	Extell Development- Chevron Realty Management	$30,000,000
41 Moores Road, Malvern, PA	Malvern/Exton/West Chester	187,653	Great Valley School District	$7,500,000
100 Chesterfield Parkway, Malvern, PA	Malvern/Exton/West Chester	66,906	PECO Exelon	$5,950,000

Regional Submarkets Overview by Class

SUBMARKET/ CLASS	TOTAL INVENTORY SF	DIRECT VACANT	SUBLEASE VACANT	TOTAL VACANCY	VACANCY RATE	VACANCY RATE PREVIOUS QTR.	NET ABSORPTION CURRENT QTR.	UNDER CONSTRUCTION	AVG DIRECT ASKING RATE (FSG)
CBD Philadelphia									
A	21,861,805	2,304,214	467,583	2,771,797	12.68%	13.64%	588,710	0	$43.32
B	19,580,819	4,073,803	483,348	4,557,151	23.27%	22.85%	-83,090	0	$30.85
C	5,539,830	696,155	176,038	872,193	15.74%	15.27%	-26,446	0	$27.41
Total	**46,982,454**	**7,074,172**	**1,126,969**	**8,201,141**	**17.46%**	**17.71%**	**479,174**	**0**	**$34.70**
Suburban Philadelphia								0	$43.32
A	24,984,274	4,874,730	535,832	5,410,562	21.66%	20.98%	-304,187	0	$33.64
B	22,449,771	4,779,764	574,879	5,354,643	23.85%	23.56%	-173,899	0	$28.33
C	4,682,771	676,954	351,724	1,028,678	21.97%	23.25%	-27,628	0	$22.62
Total	**52,116,816**	**10,331,448**	**1,462,435**	**11,793,883**	**22.63%**	**21.66%**	**-505,714**	**0**	**$30.27**
Southern New Jersey									
A	6,304,682	860,659	13,569	874,228	13.87%	12.90%	-60,817	0	$25.39
B	7,215,091	1,094,237	87,482	1,181,719	16.38%	16.58%	14,703	0	$21.63
C	855,366	89,899	3,487	93,386	10.92%	9.79%	-9,660	0	$21.00
Total	**14,375,139**	**2,044,795**	**104,538**	**2,149,333**	**14.95%**	**14.56%**	**-55,774**	**0**	**$23.83**
New Castle County, DE									
A	7,473,438	1,070,477	205,129	1,275,606	17.07%	17.38%	23,319	0	$26.78
B	6,844,523	997,088	52,850	1,049,938	15.34%	14.99%	-23,672	0	$23.55
C	1,068,024	106,071	0	106,071	9.93%	9.73%	-2,154	0	$21.78
Total	**15,385,985**	**2,173,636**	**257,979**	**2,431,615**	**15.80%**	**15.79%**	**-2,507**	**0**	**$25.16**
Lehigh Valley									
A	4,626,444	635,956	127,400	763,356	16.50%	17.45%	43,825	0	$24.19
B	3,191,187	849,515	0	849,515	26.62%	25.56%	-33,912	0	$22.24
C	236,923	92,299	0	92,299	38.96%	23.16%	-37,420	0	$20.63
Total	**8,054,554**	**1,577,770**	**127,400**	**1,705,170**	**21.17%**	**20.83%**	**-27,507**	**0**	**$23.03**
Regional Total									
A	65,250,643	9,746,036	1,349,513	11,095,549	17.00%	17.97%	290,850	0	$34.80
B	59,281,391	11,794,407	1,198,559	12,992,966	21.92%	22.04%	-299,870	0	$27.91
C	12,382,914	1,661,378	531,249	2,192,627	17.71%	16.21%	-103,308	0	$24.33
Total	**136,914,948**	**23,201,821**	**3,079,321**	**26,281,142**	**19.20%**	**18.85%**	**-112,328**	**0**	**$30.18**

Philadelphia Submarket by Class

SUBMARKET/ CLASS	TOTAL INVENTORY SF	DIRECT VACANT	SUBLEASE VACANT	TOTAL VACANCY	VACANCY RATE	VACANCY RATE PREVIOUS QTR.	NET ABSORPTION CURRENT QTR.	UNDER CONSTRUCTION	AVG DIRECT ASKING RATE (FSG)
Market East/Independence Mall									
A	852,604	56,771	6,298	63,069	7.40%	6.05%	-11,489	0	$34.27
B	8,762,213	1,685,562	87,047	1,772,609	20.23%	18.71%	-132,818	0	$31.97
C	2,561,177	284,636	152,154	436,790	17.05%	17.05%	-96	0	$27.91
Total	**12,175,994**	**2,026,969**	**245,499**	**2,272,468**	**18.66%**	**17.48%**	**-144,403**	**0**	**$31.25**
Market West									
A	19,285,435	2,032,775	415,463	2,448,238	12.69%	13.97%	621,821	0	$40.71
B	9,203,749	2,158,307	338,978	2,497,285	27.13%	27.67%	49,728	0	$30.30
C	1,988,391	411,519	23,884	435,403	21.90%	20.57%	-26,350	0	$26.86
Total	**30,477,575**	**4,602,601**	**778,325**	**5,380,926**	**17.66%**	**18.60%**	**645,199**	**0**	**$36.52**
University City									
A	1,723,766	214,668	45,822	260,490	15.11%	13.86%	-21,622	-21,622	0
B	1,614,857	229,934	57,323	287,257	17.79%	17.79%	0	0	0
C	990,262	0	0	0	0.00%	0.00%	0	0	0
Total	**4,328,885**	**444,602**	**103,145**	**547,747**	**12.65%**	**12.15%**	**-21,622**	**-21,622**	**0**



Suburban Philadelphia Submarkets by Class

SUBMARKET/ CLASS	TOTAL INVENTORY SF	DIRECT VACANT	SUBLEASE VACANT	TOTAL VACANCY	VACANCY RATE	VACANCY RATE PREVIOUS QTR.	NET ABSORPTION CURRENT QTR.	UNDER CONSTRUCTION	AVG DIRECT ASKING RATE (FSG)
Bala Cynwyd									
A	1,058,343	225,210	82,734	307,944	29.10%	17.77%	-119,871	0	$34.31
B	1,532,275	275,870	30,249	306,119	19.98%	19.73%	-3,795	0	$37.02
C	167,909	6,893	0	6,893	4.11%	4.12%	33	0	$32.30
Total	**2,758,527**	**507,973**	**112,983**	**620,956**	**22.51%**	**18.03%**	**-123,633**	**0**	**$35.62**
Conshohocken									
A	2,933,189	229,255	31,952	261,207	8.91%	10.31%	41,094	0	$44.45
B	1,043,275	108,341	143,877	252,218	24.18%	24.93%	7,876	0	$38.26
C	111,200	70,750	7,500	78,250	70.37%	69.69%	-750	0	$24.80
Total	**4,087,664**	**408,346**	**183,329**	**591,675**	**14.47%**	**15.65%**	**48,220**	**0**	**$39.05**
Delaware County									
A	3,347,753	949,324	90,969	1,040,293	31.07%	24.06%	-234,968	0	$36.57
B	1,553,405	312,879	4,927	317,806	20.46%	20.84%	5,878	0	$25.08
C	939,901	44,999	339,224	384,223	40.88%	40.39%	-4,593	0	$22.41
Total	**5,841,059**	**1,307,202**	**435,120**	**1,742,322**	**29.83%**	**25.83%**	**-233,683**	**0**	**$31.35**
Main Line/Radnor									
A	1,908,553	212,389	65,186	277,575	14.54%	14.26%	-5,451	0	$44.20
B	646,948	87,188	3,798	90,986	14.06%	14.34%	1,773	0	$30.54
C	236,000	12,828	0	12,828	5.44%	5.44%	0	0	$26.88
Total	**2,791,501**	**312,405**	**68,984**	**381,389**	**13.66%**	**13.53%**	**-3,678**	**0**	**$40.36**
King of Prussia/Wayne									
A	4,998,135	1,063,226	46,664	1,109,890	22.21%	25.00%	139,555	0	$34.20
B	5,506,907	1,168,933	121,804	1,290,737	23.44%	23.35%	-4,793	0	$30.67
C	580,219	114,255	0	114,255	19.69%	20.14%	2,609	0	$21.21
Total	**11,085,261**	**2,346,414**	**168,468**	**2,514,882**	**22.69%**	**23.93%**	**137,371**	**0**	**$31.80**
Malvern/Exton/West Chester									
A	3,643,000	692,930	38,706	731,636	20.08%	17.06%	-110,219	0	$28.05
B	3,178,311	612,597	50,524	663,121	20.86%	18.64%	-70,593	0	$29.10
C	309,180	93,695	0	93,695	30.30%	23.27%	-21,738	0	$23.55
Total	**7,130,491**	**1,399,222**	**89,230**	**1,488,452**	**20.87%**	**18.03%**	**-202,550**	**0**	**$28.23**

Suburban Philadelphia Submarket by Class *(continued)*

SUBMARKET/ CLASS	TOTAL INVENTORY SF	DIRECT VACANT	SUBLEASE VACANT	TOTAL VACANCY	VACANCY RATE	VACANCY RATE PREVIOUS QTR.	NET ABSORPTION CURRENT QTR.	UNDER CONSTRUCTION	AVG DIRECT ASKING RATE (FSG)
Plymouth Meeting/Blue Bell									
A	2,662,715	463,910	116,826	580,736	21.81%	20.58%	-32,773	0	$31.58
B	3,180,714	755,024	68,359	823,383	25.89%	23.68%	-70,176	0	$23.91
C	307,016	101,163	0	101,163	32.95%	31.18%	-5,429	0	$27.19
Total	**6,150,445**	**1,320,097**	**185,185**	**1,505,282**	**24.47%**	**22.71%**	**-108,378**	**0**	**$27.09**
Fort Washington/Route 309 Corridor									
A	1,015,557	190,002	8,527	198,529	19.55%	20.55%	10,153	0	$26.43
B	1,834,182	273,627	110,396	384,023	20.94%	19.17%	-32,343	0	$25.08
C	237,757	1,513	0	1,513	0.64%	0.64%	0	0	$18.02
Total	**3,087,496**	**465,142**	**118,923**	**584,065**	**18.92%**	**18.20%**	**-22,190**	**0**	**$25.52**
Horsham/Willow Grove/Jenkintown									
A	1,330,523	504,732	0	504,732	37.93%	35.65%	0	0	$30.94
B	2,400,207	919,212	0	919,212	38.30%	37.89%	-9,883	0	$27.24
C	465,905	23,994	5,000	28,994	6.22%	4.85%	-6,378	0	$21.78
Total	**4,196,635**	**1,447,938**	**5,000**	**1,452,938**	**34.62%**	**34.23%**	**-16,261**	**0**	**$28.42**
Central/Lower Bucks County									
A	2,086,506	343,752	54,268	398,020	19.08%	19.47%	8,293	0	$29.76
B	1,573,547	266,093	40,945	307,038	19.51%	19.65%	2,157	0	$21.84
C	1,327,684	206,864	0	206,864	15.58%	16.23%	8,618	0	$19.88
Total	**4,987,737**	**816,709**	**95,213**	**911,922**	**18.28%**	**19.65%**	**19,068**	**0**	**$24.89**



Southern New Jersey Submarkets by Class

Burlington County									
A	3,690,928	546,889	13,569	560,458	15.18%	13.91%	-47,164	0	$25.37
B	3,389,810	401,255	5,758	407,013	12.01%	11.85%	-5,449	0	$22.01
C	524,963	47,562	0	47,562	9.06%	9.11%	263	0	$19.40
TOTAL	**7,605,701**	**995,706**	**19,327**	**1,015,033**	**13.35%**	**12.66%**	**-52,350**	**0**	**$23.74**
Camden County									
A	2,613,754	313,770	0	313,770	12.00%	11.48%	-13,653	0	$25.43
B	3,825,281	692,982	81,724	774,706	20.25%	20.78%	20,152	0	$23.45
C	330,403	42,337	3,487	45,824	13.87%	10.87%	-9,923	0	$21.10
TOTAL	**6,769,438**	**1,049,089**	**85,211**	**1,134,300**	**16.76%**	**16.71%**	**-3,424**	**0**	**$23.90**

Note:

Colliers performs inventory adjustments in the first quarter. This is done to remove buildings from the active inventory that have been repurposed to non-office use or have become 100% owner occupied. The vacancy rate for the previous quarters have been restated to reflect these changes.

Copyright

This document/email has been prepared by Colliers for advertising and general information only. Colliers makes no guarantees, representations, or warranties of any kind, expressed or implied, regarding the information, including but not limited to, warranties of content, accuracy, and reliability. Any interested party should undertake their own inquiries as to the accuracy of the information. Colliers excludes unequivocally all inferred or implied terms, conditions, and warranties arising out of this document and excludes all liability for loss and damages arising therefrom. This publication is the copyrighted property of Colliers and/or its licensor(s). © 2026. All rights reserved. This communication is not intended to cause or induce breach of an existing listing agreement. Greater Philadelphia Region.

Office Disclaimer

Colliers' statistical tracked set for office includes single and multi-tenant office properties above 10,000 square feet. Banks, medical, religious and government buildings, as well as owner- occupied properties where owners occupy 75 percent or more of the building, are excluded from the total tracked inventory.

$5.6B+

ANNUAL REVENUE

70

COUNTRIES WE OPERATE IN

$108B+

ASSETS UNDER MANAGEMENT

44,000

LEASE AND SALE TRANSACTIONS

2B

SQUARE FEET MANAGED

24,000

PROFESSIONALS

Number of countries includes affiliates

Global Stats Boilerplate

Colliers is a global diversified professional services and investment management company operating through three industry-leading businesses: Commercial Real Estate, Engineering, and Investment Management. With greater than a 30-year track record of consistent growth and strong recurring cash flows, we scale complementary, high-value businesses that provide essential services across the full asset lifecycle. Our unique partnership philosophy empowers exceptional leaders, preserves our entrepreneurial culture, and ensures meaningful inside ownership — driving strong alignment and sustained value creation for our shareholders. With $5.6 billion in annual revenues, 24,000 professionals, and $108 billion in assets under management, Colliers is committed to accelerating the success of our clients, investors, and people worldwide. Learn more at corporate.colliers.com.

Market Contacts

Rose Penny
Market Research Director
Greater Philadelphia Region
+1 215 928 7505
Rose.Penny@colliers.com

Brian Hilger
Executive Managing Director | Market Leader
Greater Philadelphia Region
+1 215 928 7517
Brian.Hilger@colliers.com