

Colliers

INDUSTRIAL

Q2 2026

Greater Philadelphia Region



Philadelphia industrial market supply and demand has begun to rebalance following five quarters of increased vacancy.

Philadelphia Regional

OVERALL VACANCY RATE
9.5% ▲ YOY ▼ Forecast

NET ABSORPTION (SF)
2.2 MSF ▲ YOY ▲ Forecast

UNDER CONSTRUCTION (SF)
5.7M ▼ YOY ▼ Forecast

OVERALL ASKING LEASE RATES (NNN)
$11.14/SF ▲ YOY ▬ Forecast

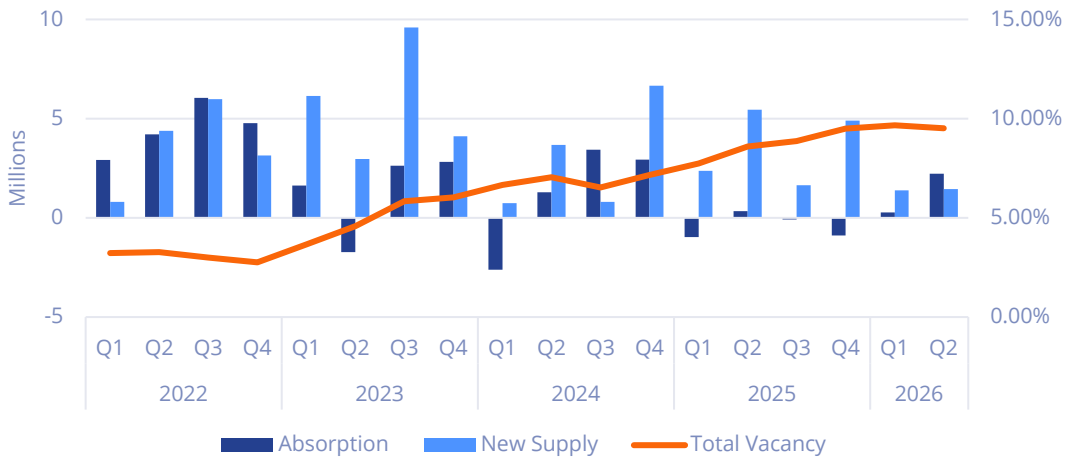
MARKET TRENDS

- The regional vacancy rate declined from 9.7% to 9.5%. While several submarkets continued to experience rising vacancy, the overall market trend remained positive, with vacancy rates trending downward.
- Leasing activity strengthened along the I-95 and I-295 corridors in Philadelphia and Southern New Jersey, particularly as landlords have been willing to demise larger buildings.
- Of the 5.7 million square feet currently under construction, more than half consists of build-to-suit developments.
- Despite two notable portfolio transactions, overall investment sales volume declined from the first quarter, reflecting continued constraints on investor activity.

HISTORIC COMPARISON

	Q2 2025	Q1 2026	Q2 2026
Total Inventory (in millions of SF)	554.18	560.01	561.57
New Supply (in millions of SF)	5.44	1.38	1.45
Net Absorption (in millions of SF)	0.35	0.28	2.23
Overall Vacancy Rate	8.59%	9.66%	9.52%
Under Construction (in millions of SF)	7.69	5.13	5.75
Overall Asking Lease Rates (NNN)	$11.25	$11.09	$11.14

MARKET GRAPH



Source: Colliers



FORECAST & MARKET INDICATORS

Steady absorption of 2024-2025 construction and a diminished pipeline of speculative projects should result in a continued decrease in vacancy during the next two quarters.

However, there may be additional availabilities of previous generation manufacturing facilities as companies such as International Paper, JBS and Dometic shut operations.

Although leasing activity has improved, there remains strong competition for tenants. As a result, free rent and tenant improvement (TI) concession packages are expected to remain common in the near term for larger spaces.

4.47% - 7.62%

Unemployment Rates

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

1.41% - 2.47%

GDP - Quarterly % change YOY

4.49%

U.S. 10 Year Treasury Note

Market Snapshots

PHILADELPHIA COUNTY

The vacancy rate in Philadelphia declined from 12.2% to 11.9% during the quarter. Demand for new construction strengthened, highlighted by a lease commitment from Mitsubishi Trane and additional transactions currently pending. Activity also increased within the existing building inventory, including Rush Order Tees' acquisition of a 100,000-square-foot facility in Byberry East.

Construction activity remains led by major build-to-suit developments. DrinkPak's 1.4 million-square-foot facility at the Bellwether District is progressing steadily, while the only speculative project currently under construction is Crow Holdings' 103,552-square-foot building at 2748 Grant Avenue.

SUBURBAN PHILADELPHIA

Vacancy declines in Chester and Montgomery counties were insufficient to offset increases in Bucks and Delaware counties, resulting in a rise in the overall suburban vacancy rate from 7.5% to 7.7%. Elevated vacancy among previous-generation industrial properties in the 40,000- to 100,000-square-foot range, combined with slower leasing activity, contributed to the increase.

At quarter-end, only three speculative industrial buildings remained under construction, all measuring less than 100,000 square feet. Development activity was primarily driven by build-to-suit projects for Derstine Foodservice, Borion USA, and Kampus Clothes, each representing expansions by companies already operating within the region. Urban Outfitters also announced plans for a 975,000-square-foot distribution center in Fairless Hills to support its Nuuly rental business.

On the investment side, newly formed light industrial investor Speed Bay Warehouse Solutions acquired a seven-building portfolio located across Delaware and Montgomery counties.

SOUTHERN NEW JERSEY

The Southern New Jersey vacancy rate declined from 10.8% to 10.3%, with all counties except Gloucester County recording improvements. Burlington County continues to outperform the region's other submarkets, supported by consistent demand from Asian third-party logistics providers (3PLs).

While construction activity increased modestly from the first quarter, overall development levels remain well below the elevated pace experienced during the post-pandemic expansion between 2021 and 2024.

Southern New Jersey typically leads the region in both owner-user and investment sales activity. However, transaction volume was exceptionally limited during the second quarter, largely due to a lack of available properties for sale as many owners continue to delay dispositions.

LEHIGH VALLEY

After four consecutive quarters of rising vacancy, the Lehigh Valley recorded a slight improvement, with the vacancy rate decreasing from 9.9% to 9.8% in the second quarter. Although net absorption remains negative on a year-to-date basis, quarterly absorption reached its highest level since the third quarter of 2024. Leasing activity was supported by Amazon's expansion into the entire building at 8400 Industrial Boulevard, while BMS committed to a portion of the Home Depot sublease on Nestle Way.

Approximately half of the 1.3 million square feet currently under construction consists of build-to-suit projects, reflecting limited speculative development activity.

Investment activity was highlighted by Investcorp's acquisition of a 10-building portfolio of warehouse and flex properties from Denholtz, the largest transaction completed in the region during the quarter.

NEW CASTLE COUNTY, DE

New Castle County's vacancy rate increased to 8.4%, the highest level recorded in more than a decade. More than two-thirds of the available space is concentrated in speculative developments delivered since 2023. Additional new supply came online with the completion of First Industrial's 225,680-square-foot building at First Park at New Castle.

Despite the slower lease-up of recently completed developments, additional speculative projects remain in various stages of planning including Dermody Properties proposed 2.0 million-square-foot development in Middletown, which has been delayed by legal disputes.

Alstrom acquired the property at 1601 Ogletown Road to develop a new AMTRAK maintenance facility.

Significant Lease Activity

ADDRESS	SUBMARKET	SIZE (SF)	TENANT	TYPE
8400 Industrial Boulevard, Breinigsville, PA	Lehigh Valley	728,000	Amazon	Direct
861 Nestle Way, Breinigsville, PA	Lehigh Valley	540,000	BMS	Sublease
2951 Orthodox Street, Bldg. 2, Philadelphia, PA	Philadelphia County	489,000	Mitsubishi Trane	New
1775 Route 38, Lumberton, NJ	Burlington County	429,200	Cirro	New
1517 Route 38, Bldg. 1, Hainesport, NJ	Burlington County	280,800	GoGoX	New
200 Crossings Drive, Bristol, PA	Bucks County	242,433	Estee Lauder	Renewal
24 N. Game Creek Road, Carneys Point, NJ	Salem County	218,175	Quince.com	Expansion
1000 Armand Hammer Blvd, Pottstown, PA	Montgomery County	183,000	TBA	New
1517 Route 38, Bldg. 2, Hainesport, NJ	Burlington County	179,340	BDK Logistics Intelligence	New
9000 River Road, Pennsauken, NJ	Camden County	154,816	Ambiont	New
6736 Tilghman Street, Allentown, PA	Lehigh Valley	150,598	ShipHero	New
907 Pleasant Valley Avenue, Mount Laurel, NJ	Burlington County	104,900	ColdTrack	New
1225 Forest Parkway, West Deptford, NJ	Gloucester County	88,407	Cooper Electric Supply	New

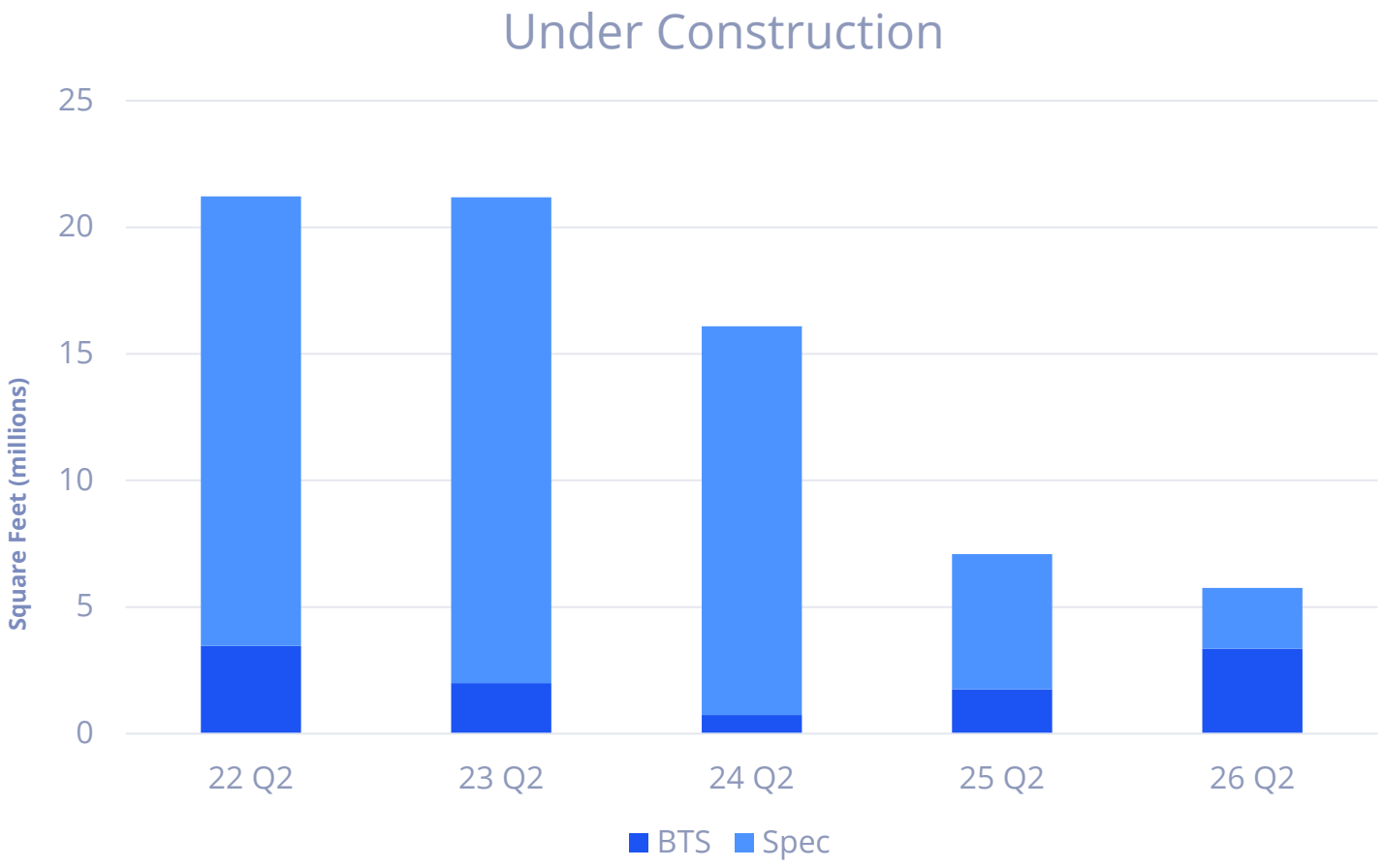
Significant Sales Activity

ADDRESS	SUBMARKET	SIZE (SF)	BUYER	PRICE
Denholtz LVIP III, Allentown, Bethlehem, PA	Lehigh Valley	470,260	Investcorp	$69,300,000
Seyon Portfolio, Aston, Boothwyn, Folcroft, King of Prussia, PA	Delaware County/ Montgomery County	452,446	Speed Bay Warehouse Solutions	$75,450,000
4300 S. 26th Street, Philadelphia, PA	Philadelphia County	345,500	Bridge Net Lease	$87,000,000
1601 Ogletown Road, Newark, DE	New Castle County	211,678	Alstom Transportation	$25,000,000
2722 Commerce Way, Philadelphia, PA	Philadelphia County	100,000	2722 Commerce Realty, LLC	$16,400,000
8 Headley Place, Levittown, PA	Bucks County	63,200	Griff Paper	$8,125,000
824 East Gate Drive, Mount Laurel, NJ	Burlington County	55,666	Speed Bay Warehouse Solutions	$9,800,000
509 Heron Drive, Swedesboro, NJ	Gloucester County	55,000*	Centennial Plastics, Inc.	$14,000,000
130 Penn Am Drive, Quakertown, PA	Bucks County	47,500	Leda Investments	$4,650,000

*Included 3.3 acres of outdoor storage area

New Construction

As the pipeline of speculative development continues to contract, construction activity has increasingly shifted toward build-to-suit projects and expansions of existing facilities. Much of the recent activity has been driven by companies with specialized cold storage and temperature-controlled requirements. Notable projects include facilities for Walmart, Derstine Foodservice, United States Cold Storage, and Freshpet, underscoring sustained demand for modern cold-chain infrastructure across the region. Not included are the data center projects that are currently underway in New Jersey and Pennsylvania.





Philadelphia Regional | Q2 2026 | Industrial | Market Statistics

SUBMARKET/ CLASS	TOTAL INVENTORY SF	DIRECT VACANT SF	SUBLEASE VACANT 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	**78,048,011**	**8,924,649**	**362,598**	**9,287,247**	**11.90%**	**12.20%**	**232,032**	**435,636**	**1,503,552**	**0**	**$10.22**
Suburban Philadelphia											
Bucks	62,856,428	3,928,509	238,935	4,167,444	6.63%	6.05%	-169,739	311,733	141,430	208,980	$11.54
Chester	25,459,871	1,592,786	91,890	1,684,676	6.62%	6.73%	120,172	61,417	0	99,000	$12.16
Delaware	21,980,580	2,164,292	117,306	2,281,598	10.38%	9.86%	-115,049	-320,833	158,156	0	$11.63
Montgomery	55,585,457	4,170,817	490,945	4,661,762	8.39%	8.63%	238,564	535,489	166,618	112,500	$10.94
Total	**165,882,336**	**11,856,404**	**939,076**	**12,795,480**	**7.71%**	**7.52%**	**73,948**	**587,806**	**466,204**	**420,480**	**$11.42**
Southern New Jersey											
Burlington	69,698,155	4,526,396	766,328	5,292,724	7.59%	8.37%	1,026,190	1,384,186	312,172	935,464	$12.11
Camden	29,209,558	1,748,601	76,500	1,825,101	6.25%	6.98%	212,871	79,806	267,389	0	$11.00
Gloucester	38,937,762	4,275,971	341,894	4,617,865	11.86%	11.49%	-144,544	-160,326	264,316	395,299	$11.54
Atlantic	2,693,083	244,430	0	244,430	9.08%	9.37%	7,850	-2,371	0	0	$8.74
Cumberland	9,366,495	140,092	0	140,092	1.50%	2.14%	60,750	10,750	0	0	$7.10
Salem	11,840,443	4,463,491	0	4,463,491	37.70%	39.54%	218,175	581,925	1,170,258	0	$11.00
Total	**161,745,496**	**15,398,981**	**1,184,722**	**16,583,703**	**10.25%**	**10.82%**	**1,381,292**	**1,893,970**	**2,014,135**	**1,330,763**	**$11.44**
New Castle County											
Total	**36,253,988**	**2,737,013**	**315,965**	**3,052,978**	**8.42%**	**7.93%**	**28,335**	**-44,191**	**442,530**	**271,884**	**$11.35**
Lehigh Valley											
Total	**119,636,293**	**9,355,404**	**2,370,985**	**11,726,389**	**9.80%**	**9.95%**	**512,814**	**-364,892**	**1,325,835**	**808,659**	**$11.06**
Grand Total	**561,566,124**	**48,272,451**	**5,173,346**	**53,445,797**	**9.52%**	**9.66%**	**2,228,421**	**2,508,329**	**5,752,256**	**2,831,786**	**$11.14**

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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

$5.5B+

ANNUAL REVENUE

70

COUNTRIES WE OPERATE IN

$108B+

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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