



Colliers

Q1 2023 Industrial Big Box Research & Forecast Report

Eastern Pennsylvania

I-78 / I-81 Submarkets | *Lehigh Valley, Central PA & Northeast PA*

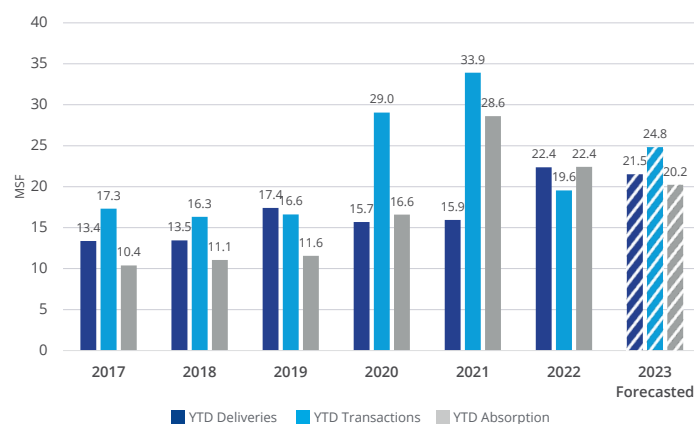
Eastern Pennsylvania

I-78 / I-81 Submarkets

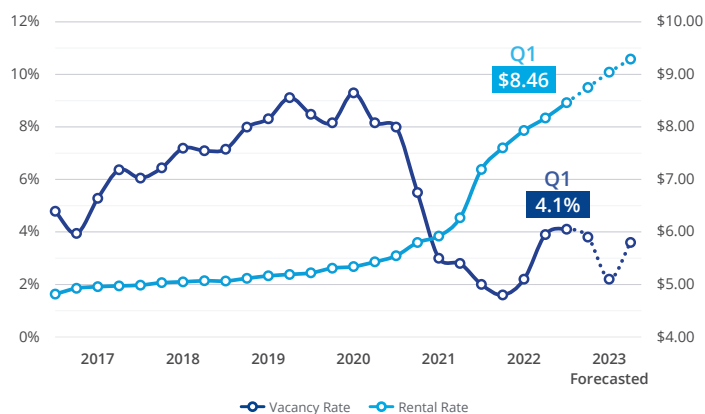
- Overall transaction volume is up 32.9% year-over-year, up from 4,191,991 SF in Q1 2022 to 5,572,100 SF to begin 2023. Leasing activity has grown in Central and Northeast PA, whereas the deal volume in the Lehigh Valley has dipped compared to 2022, though occupier demand is robust in most size ranges across all sub-markets.
- Average asking rents have risen to \$8.47 PSF in Eastern PA, up 18.9% from \$7.12 PSF in Q1 2022. This trend is largely in part due to the constrained supply in the various building size ranges. During the same time, the market size expanded by 8.3% to a total of 288.5M SF.
- Construction starts have slowed versus the historic levels seen over the past several years. The reduction in construction starts is reflective of the changes in Capital Markets and the normalizing of consumer demand post pandemic.
- Deals signed thus far in 2023 have been diverse in size range, including 3 deals over 1 MSF. Notably, Amazon has remained active unlike other areas of the country. There are a multitude of tenants in the market with requirements larger than 500,000 SF.
- From Q1 2022 to Q1 2023, there has been 26.4 MSF of new occupier transactions, with 6.9 MSF being leased by 3PL groups, 4.5 MSF leased by food & beverage companies, and 4.2 MSF leased by e-commerce companies.
- There are several proposed projects in the development pipeline, with 62.2 MSF at various stages of entitlements and approvals. Northeast PA leads the pack with 29.1 MSF of proposed inventory, then there is 19.1 MSF proposed in Central PA, and finally 14.01 MSF proposed in the Lehigh Valley + Berks County submarket.



Annual Deliveries, New Occupier Transactions & Net Absorption (MSF)



Vacancy & Asking Rental Rates



Capital market constraints and economic uncertainty has led to a major decrease in new construction starts over the past 12 months. Starts are down 57% from the 12 months period preceding. An uptick in occupier demand in Q1 2023 and **strong future occupier demand will lead to sustained growth in market wide rental rates over 2023.**

Mark Chubb | Senior Managing Director, Principal

Market Overview

Q1 2023										
Submarket	Inventory (SF)	Vacant Space (SF)	Vacancy Rate	Availability Rate	Occupier Transactions (SF)	Absorption (SF)	Construction Starts (SF)	Deliveries (SF)	Under Construction (SF)	Avg Asking Rental (PSF)*
Subtotal Lehigh Valley/I-78 Corridor	98,898,830	5,861,706	5.9%	9.5%	318,440	1,211,906	-	1,830,835	3,243,512	\$10.30
Eastern I-78/ Core Lehigh Valley	75,964,393	2,316,749	3.0%	6.7%	318,440	318,440	-	770,460	2,591,432	\$10.73
Western I-78/ Berks County	22,934,437	3,544,957	15.5%	18.9%	-	893,466	-	1,060,375	652,080	\$8.75
Subtotal Central PA/ Southern I-81	122,979,445	3,705,477	3.0%	8.8%	3,089,243	186,440	1,171,400	1,827,140	8,338,721	\$7.97
I-83 Corridor/York	33,987,387	1,982,717	5.8%	9.3%	1,319,360	-	270,920	968,240	2,766,978	\$8.14
Southern I-81 Corridor	88,992,058	1,722,760	1.9%	8.6%	1,769,883	186,440	900,480	858,900	5,571,743	\$7.77
Subtotal Northeast PA/ Northern I-81	66,664,338	2,217,878	3.3%	10.6%	2,164,417	2,892,033	868,000	1,756,896	6,783,911	\$6.68
Total	288,542,613	11,785,061	4.1%	9.5%	5,572,100	4,290,379	2,039,400	5,414,871	18,366,144	\$8.47

*Includes Class-B inventory (28' clear height and above)

Q1 Highlights

New Occupier Transactions

Submarket	Tenant	Owner	Address	Size (SF)	Type
NEPA	Blue Triton	Mapletree Investments	2086 Corporate Center Drive W, Tobyhanna, PA	1,368,817	Second Gen
CPA	United Natural Foods Inc.	Scout Inc. / Hillwood	972 Canal Road, East Manchester, PA	1,319,360	New Spec
CPA	Amazon.com	Matrix Development Group	1480 United Drive, Shippensburg, PA	1,050,300	New Spec
NEPA	Undisclosed	Portman Holdings	180 First Avenue, Gouldsboro, PA	501,600	New Spec
CPA	Mattel	American Realty Capital Properties	50 MSC Drive, Jonestown, PA	398,250	Second Gen

Completions

Submarket	Developer	Tenant	Address	Size (SF)	Type
CPA	Scout Inc./Hillwood	United Natural Foods Inc.	972 Canal Road, East Manchester, PA	1,319,360	New Spec
NEPA	NorthPoint Development	Lowe's	Tradeport 164 Building 8, 209 Dziak Dr, Nanticoke, PA	1,229,136	New Spec
LV	Core5 Industrial Partners	Available for Lease	Core5 @ I-78 Commerce Ctr, 8032 Rt 183, Bernville, PA	809,420	New Spec
CPA	Ridgeline Property Group	Available for Lease	Park 83 Logistics, 619 Green Springs Road, York, PA	764,400	New Spec
CPA	Core5 Industrial Partners	Available for Lease	Core5 @ Lytle Farm, Middletown, PA	554,260	New Spec

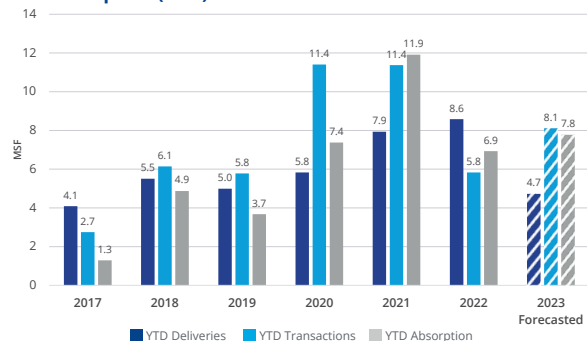
Under Construction

Submarket	Developer	Tenant	Address	Size (SF)	Type	Est Delivery
NEPA	Panattoni Development Co.	Available for Lease	Rausch Creek Logistics Center, 978 Gap St, Frailey Township, PA	1,346,755	Spec	Q2 2023
CPA	Core5 Industrial Partners	Available for Lease	Core5 Middletown Building 1, Middletown, PA	1,217,520	Spec	Q2 2023
NEPA	NorthPoint Development	Available for Lease	Mountain Valley Logistics Center, Mahanoy City, PA	1,229,136	Spec	Q1 2024
NEPA	Newland Capital Group	All-Ways Forwarding	3379 Route 940, Mount Pocono, PA	1,195,880	BTS	Q1 2024
CPA	NorthPoint Development	Available for Lease	Eagle Point, 500 Killinger Road, Annville, PA	1,113,178	Spec	Q1 2024

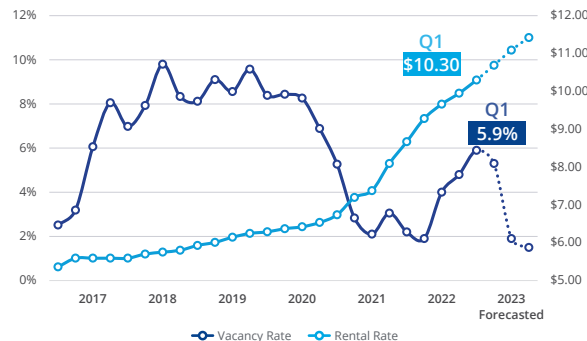
Lehigh Valley | Eastern I-78 / Lehigh Valley Core & Western I-78 / Berks County

Summary Statistics	Inventory	Vacancy Rate	Availability Rate	Construction Starts (YTD)	Construction Deliveries (YTD)	Under Construction	Occupier Transactions (YTD)	Absorption (YTD)	Avg. Asking Rent
Previous Q1 2022	89,829,493	2.2%	13.1%	3,880,849	2,299,786	8,828,263	904,537	3,002,523	\$8.65
Current Q1 2023	98,898,830	5.9%	9.5%	-	1,830,835	3,243,512	318,440	1,221,906	\$10.30
Forecast YE 2023	101,147,103	1.5%	7.1%	4,057,050	4,721,619	4,409,778	8,111,690	7,776,892	\$11.42

Annual Deliveries, New Occupier Transactions & Net Absorption (MSF)



Vacancy & Asking Rental Rate



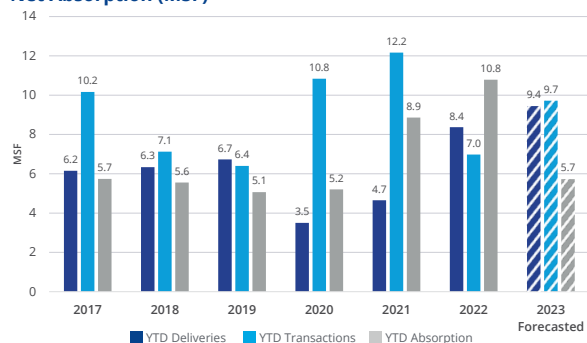
Highlights

- The vacancy rate rose year-over-year from 2.2% to 5.9% but is projected to finish the year at 1.5%. Record-setting construction deliveries in 2022 caused a handful of large-format (over 700K) spaces to enter 2023 as vacancies. Vacancy in the Core Lehigh Valley rose 150 bps year-over-year to 3% and is expected to close the year at 0.8%.
- Asking rents rose 19.1% year-over-year to \$10.30 PSF and 19.2% in the core Lehigh Valley to \$10.73.

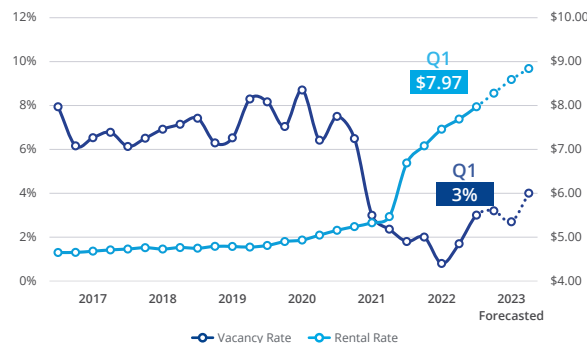
Central PA | Southern I-81 & I-83 Corridor/York

Summary Statistics	Inventory	Vacancy Rate	Availability Rate	Construction Starts (YTD)	Construction Deliveries (YTD)	Under Construction	Occupier Transactions (YTD)	Absorption (YTD)	Avg. Asking Rent
Previous Q1 2022	115,785,907	1.8%	9.4%	1,096,000	2,996,250	10,033,840	1,636,704	5,393,680	\$6.69
Current Q1 2023	122,979,445	3.0%	8.8%	1,171,400	1,827,140	8,338,721	3,089,243	186,440	\$7.97
Forecast YE 2023	130,072,848	4.0%	7.0%	5,139,960	9,447,643	4,686,778	9,720,714	5,729,841	\$8.84

Annual Deliveries, New Occupier Transactions & Net Absorption (MSF)



Vacancy & Asking Rental Rate



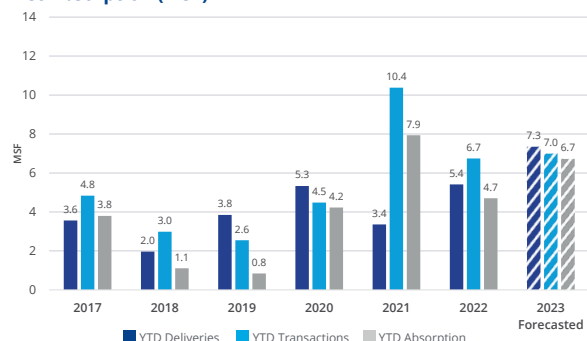
Highlights

- Asking rents rose 19% year-over-year to \$7.97 PSF, while vacancy rose 120 basis points to 3% during the same time period.
- There were 1.8 MSF of deliveries in Q1 2023, along with 1.1 MSF of new projects that broke ground. In the York/Lancaster area along I-83, there is only one project under construction that is greater than 350K, Hillwood's Trade Center 83 North, which was leased to UNFI.

Northeast PA | Northern I-81

Summary Statistics	Inventory	Vacancy Rate	Availability Rate	Construction Starts (YTD)	Construction Deliveries (YTD)	Under Construction	Occupier Transactions (YTD)	Absorption (YTD)	Avg. Asking Rent
Previous Q1 2022	60,525,099	2.2%	16.2%	994,000	-	1,040,030	1,651,750	2,312,948	\$5.67
Current Q1 2023	66,664,338	3.3%	10.6%	868,000	1,756,896	6,786,911	2,164,417	2,892,033	\$6.68
Forecast YE 2023	72,252,369	5.5%	8.7%	3,121,553	7,344,927	3,449,433	6,990,242	6,717,858	\$7.17

Annual Deliveries, New Occupier Transactions & Net Absorption (MSF)



Vacancy & Asking Rental Rate



Highlights

- The Northeast PA submarket grew by 7.2% in 2022 with 2023 projected for 9.3% growth, which would be the second-highest year on record after the record-setting year of 2021. Asking rents grew by 17.8% during this time, up to \$6.68 PSF from \$5.67 in Q1 2022.
- There was 2.2 MSF of leases signed in NEPA in Q1 2023, and 9.2 MSF leased since Q1 2022, with 2.4 MSF leased by both 3PL's and Food & Beverage companies.

Featured Availabilities

[Click to Visit Property Website](#)



Lehigh Valley Trade Center III

Bethlehem, PA
Building D: 287,455 SF
Building E: 300,153 SF
For lease
Contact: Mark Chubb, Summer Coulter



283 Commerce Hub

Manheim, PA
399,280 SF
For Lease
Contact: Mark Chubb, Summer Coulter



Keystone Trade Center

Fairless Hills, PA
Building 5 & 6: 1,035,696 SF
For Lease
Contact: Mark Chubb, Tom Golarz



Southern Berks Industrial Park

New Morgan Borough, PA
Building 1: 829,920 SF
Building 2: 844,480 SF
For Lease
Contact: Michael Zerbe, Michael Golarz



Exit 4 Logistics Center

Camden, NJ
304,200 SF
For Lease
Contact: Tom Golarz, Mark Chubb



The foregoing information was furnished to us by sources which we deem to be reliable, but no warranty or representation is made as to the accuracy thereof. Subject to correction of errors, omissions, change of price, prior sale or withdrawal from market without notice.

For More Information

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