



Colliers

Q2 2023 Industrial Big Box Research & Forecast Report

Eastern Pennsylvania

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

Accelerating success.

Eastern Pennsylvania

I-78 / I-81 Submarkets

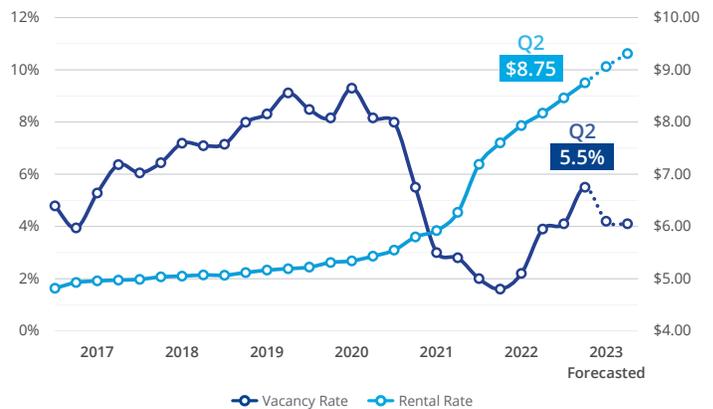


- According to the latest data, the projected deliveries for 2023 are expected to remain stable compared to the previous year. However, there has been a significant increase in deliveries year-over-year, with 15.2 MSF delivered in 2023 compared to 8.7 MSF in 2022 at this time. Additionally, transaction volume is projected to experience a slight increase from 19.8 MSF to 21.1 MSF. On the other hand, absorption is anticipated to decrease to 18.3 MSF from 22.4 MSF, which would still make it the third-highest year on record after 2021 and 2022.
- In terms of the overall vacancy rate in Eastern PA, it currently stands at 5.5%, reflecting a 390 basis points increase year-over-year. Concurrently, the average asking rent has seen a notable rise of 15.1%, going from \$7.61 PSF to \$8.76 PSF. However, it is expected that vacancy rates will decline by the end of the year as the overall market tightens. This is primarily due to the significant reduction in construction starts in 2023, which are 50% below the levels seen in 2022.
- As we reach the midpoint of 2023, there has been a total of 9.9 MSF of new occupier transactions, indicating a 1 MSF increase compared to the midpoint of 2022. By the end of the year, it is projected that 21.6 MSF of deals will be closed, representing a slight increase from 2022 and ranking as the third-highest total on record after 2021 and 2020.
- It is worth noting that absorption has experienced a year-over-year decline. At the midpoint of 2022, there was a total absorption of 16.6 MSF, whereas in 2023, the figure has reached 9.1 MSF thus far. Nonetheless, the projected absorption by year-end is expected to reach 18.4 MSF, surpassing all other years except for 2021 and 2022.

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



Vacancy & Asking Rental Rates



Summary Statistics	Inventory	Vacancy Rate	Availability Rate	Construction Starts (YTD)	Construction Deliveries (YTD)	Under Construction	Occupier Transactions (YTD)	Absorption (YTD)	Avg. Asking Rent
Previous Q2 2022	271,081,687	1.6%	12.1%	10,168,288	8,691,076	29,163,992	8,927,168	16,564,943	\$7.61
Current Q2 2023	297,832,074	5.5%	10.1%	5,035,350	15,186,843	11,630,122	9,937,868	9,098,014	\$8.75
Forecast YE 2023	303,556,792	4.2%	8.6%	12,300,462	21,641,730	12,440,347	21,160,446	18,364,593	\$9.31

Market Overview

2023 Quarter 2 Statistics										
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	100,480,233	7,675,022	7.6%	12.5%	725,698	-231,913	2,374,630	2,223,914	3,394,228	\$10.69
<i>Eastern I-78/ Core Lehigh Valley</i>	<i>77,536,227</i>	<i>3,627,056</i>	<i>4.7%</i>	<i>9.6%</i>	<i>448,527</i>	<i>261,527</i>	<i>2,139,750</i>	<i>1,571,834</i>	<i>3,159,348</i>	<i>\$11.14</i>
<i>Western I-78/ Berks County</i>	<i>22,944,006</i>	<i>4,047,966</i>	<i>17.6%</i>	<i>22.3%</i>	<i>277,171</i>	<i>-493,440</i>	<i>234,880</i>	<i>652,080</i>	<i>234,880</i>	<i>\$9.08</i>
Subtotal Central PA/ Southern I-81	127,780,608	5,596,935	4.4%	10.1%	1,893,175	2,909,705	2,025,490	4,801,163	5,292,128	\$8.28
<i>I-83 Corridor/York</i>	<i>35,538,085</i>	<i>2,010,215</i>	<i>5.7%</i>	<i>12.0%</i>	<i>506,670</i>	<i>1,523,200</i>	<i>1,266,490</i>	<i>1,550,698</i>	<i>2,211,850</i>	<i>\$8.44</i>
<i>Southern I-81 Corridor</i>	<i>92,242,523</i>	<i>3,586,720</i>	<i>3.9%</i>	<i>9.4%</i>	<i>1,386,505</i>	<i>1,386,505</i>	<i>759,000</i>	<i>3,250,465</i>	<i>3,080,278</i>	<i>\$8.06</i>
Subtotal Northeast PA/ Northern I-81	69,571,233	2,994,930	4.3%	8.9%	1,746,895	2,129,843	-	2,746,895	4,037,016	\$6.85
Total	297,832,074	16,266,887	5.5%	10.9%	4,365,768	4,807,635	4,400,120	9,771,972	12,723,372	\$8.75

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

Q2 Highlights

New Occupier Transactions

Submarket	Tenant	Owner	Address	Size (SF)	Type
NEPA	Amazon.com	Panattoni Development Company	Rausch Creek Logistics Center, Bldg 1, Frailey Twp, PA	1,346,755	New Spec
CPA	Allen Distribution	Prologis, Inc.	217 Allen Road, Carlisle, PA	382,985	New Spec
CPA	Aurora Parts	Core5 Industrial Partners	Core5 Logistics Ctr at Codorus Creek, Bldg 3, York, PA	302,830	New Spec
LV	Saddle Creek Logistics	Dalfen Industrial	Central Logistics Park, Building 1, Myerstown, PA	277,171	New Spec
LV	Aldi, Inc.	Jaindl & Watson Land Company	JW Industrial Park Rt 329, Building 3, Northampton, PA	261,527	New Spec

Completions

Submarket	Developer	Tenant	Address	Size (SF)	Type
NEPA	Panattoni Development Co.	Amazon.com	Rausch Creek Logistics Center, Frailey Township, PA	1,346,755	New Spec
CPA	Hillwood/Scout, Inc.	United Natural Foods, Inc.	Trade Center 83 North Building 1, East Manchester, PA	1,319,360	New Spec
CPA	Core5 Industrial Partners	Available for Lease	Core5 Middletown Bldg 1, Beagle Road, Middletown, PA	1,217,520	New Spec
LV	Prologis	Available for Lease	2500 Liberty Drive, Northampton, PA	1,011,808	New Spec
NEPA	Endurance	Available for Lease	1300 Corporate Way, Olyphant, PA	1,000,000	New Spec

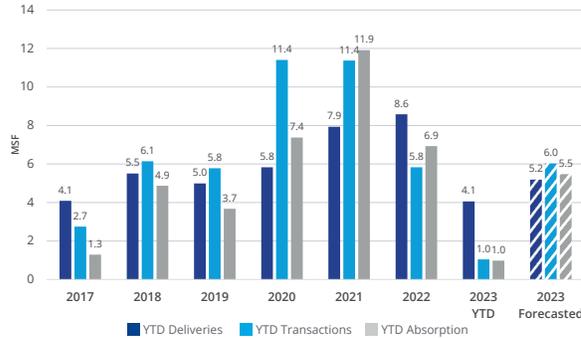
Under Construction

Submarket	Developer	Tenant	Address	Size (SF)	Type	Est Delivery
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, Annville, PA	1,113,178	Spec	Q1 2024
CPA	Endurance	Available for Lease	Chambersburg Logistics Pk, 250 Alleman Rd, Chambersburg, PA	1,006,500	Spec	Q4 2023
LV	NorthPoint Development	Available for Lease	East Valley Logistics Park, Gun Club Road, Upper Nazareth, PA	1,006,128	Spec	Q1 2024

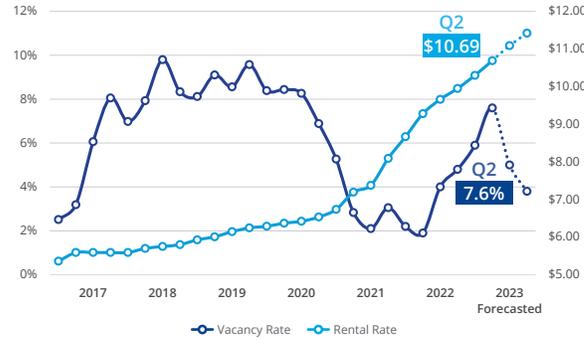
Lehigh Valley | Eastern I-78 / Lehigh Valley Core & Western I-78 / Berks County

Summary Statistics	Inventory	Vacancy Rate	Availability Rate	Construction Starts (YTD)	Construction Deliveries (YTD)	Under Construction	Occupier Transactions (YTD)	Absorption (YTD)	Avg. Asking Rent
Previous Q2 2022	91,529,917	1.9%	12.9%	4,889,238	3,686,122	8,950,316	2,438,013	4,916,183	\$9.28
Current Q2 2023	100,480,233	7.6%	12.5%	2,374,630	4,054,749	3,394,228	1,044,138	979,993	\$10.69
Forecast YE 2023	101,147,103	3.8%	8.8%	4,526,309	5,190,878	4,409,778	6,030,010	5,474,048	\$11.42

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



Vacancy & Asking Rental Rate



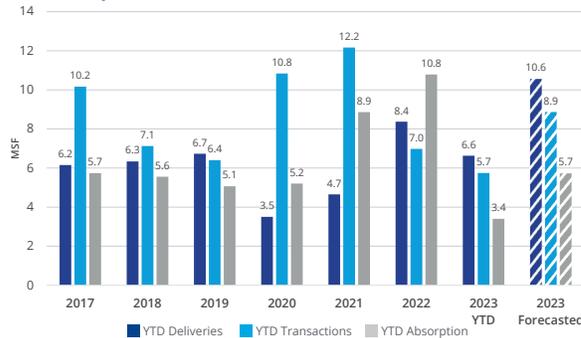
Highlights

- Vacancy in the combined Lehigh Valley submarket rose 570 basis points YOY to 7.6% and is expected to finish the year at 4%. During that same time period, asking rents grew by 15.2% to \$10.69 PSF. In the core Lehigh Valley the vacancy rate was 4.7% and is projected to fall to 2.4% by the year's end, rents grew 14.4% YOY in the core Lehigh Valley.
- Construction starts are down YOY, there have been 2.4 MSF of construction starts thus far in 2023 compared to 4.9 MSF by this point in 2022.

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 Q2 2022	116,500,542	2.0%	10.5%	2,836,149	3,718,700	11,051,539	2,931,313	5,896,551	\$7.08
Current Q2 2023	127,780,608	4.4%	10.1%	2,925,970	6,628,303	5,292,128	4,982,418	3,096,145	\$8.28
Forecast YE 2023	131,186,456	4.7%	8.6%	5,140,390	10,561,251	3,573,600	8,100,194	5,959,739	\$8.84

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



Vacancy & Asking Rental Rate



Highlights

- Asking rents grew by 17% YOY, from \$7.08 PSF to \$8.28 PSF, during the same period of time the vacancy rate rose 240 bps to 4.4% and the total market square footage grew by 11.2 MSF.
- At the end of Q2 2023 there have been 6.6 MSF of deliveries, which is a 78.2% increase YOY, up from 3.7 MSF at Q2 2022.

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 Q2 2022	63,051,228	0.7%	14.5%	2,442,901	1,286,254	9,162,137	3,557,842	5,752,209	\$6.17
Current Q2 2023	69,571,233	4.3%	8.9%	868,000	4,503,791	4,037,016	3,911,312	5,021,876	\$6.85
Forecast YE 2023	71,183,233	3.6%	8.9%	3,121,553	6,115,791	4,678,569	6,990,242	7,100,806	\$7.17

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



Vacancy & Asking Rental Rate



Highlights

- Vacancy rose to 4.3% in Q2 2023, up 360 bps YOY from a record-low 0.7% in Q2 2022. Average asking rents have risen 11% during the same time frame.
- Availability of existing and under construction space is constricted in the submarket, sitting at 8.9% as of Q2 2023, which is a decrease of 32.2% YOY, there are three such availabilities greater than 750K in the entire Northeast PA submarket.

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

For More Information

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