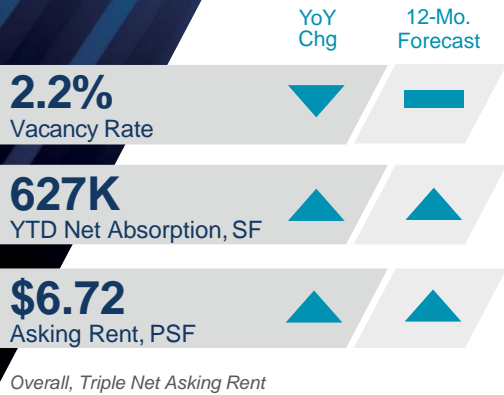
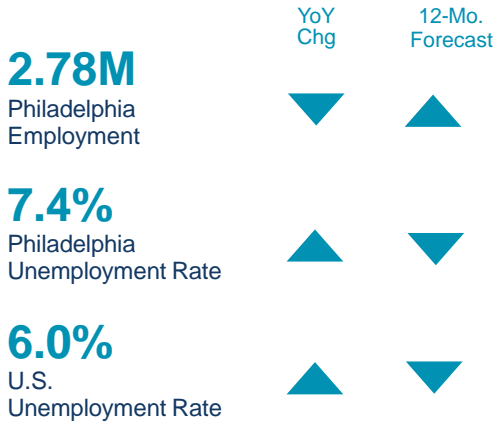


## Industrial Q1 2021



### ECONOMIC INDICATORS Q1 2021



Source: BLS

### ECONOMY

Since the onset of the COVID-19 pandemic in March 2020, the Philadelphia MSA lost 150,000 jobs. The Philadelphia region's unemployment rate of 7.4% in the first quarter of 2021 was 280 basis points (bps) higher than the same period one year ago. Industrial sector jobs in manufacturing and trade and transportation outperformed the overall regional economy, with jobs in those sectors dropping by 4.2% since February, compared to total nonfarm jobs which dropped by 7.2% during that period.

### SUPPLY AND DEMAND

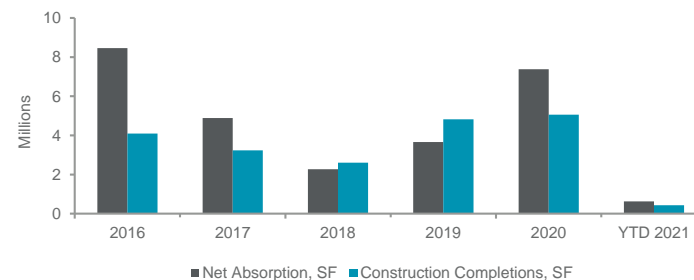
Despite COVID-19 and the economic downturn, leasing activity remained strong to start 2021 in the Philadelphia MSA, exceeding 3.6 million square feet (msf), which is 18.6% greater than the first quarter five-year average. The Southern New Jersey submarket achieved 89% of the new leasing activity in the first quarter of 2021. Elogistics inked a deal for more than 478,000 square feet (sf) at the Hainesport Commerce Center and is slated to deliver mid-year 2021. Elogistics portfolio in the Philadelphia market now totals more than 1.4 msf.

Overall net absorption hit positive 627,000 sf in the first quarter of 2021, with nearly 600,000 sf of the absorption in Burlington County. Two new projects were completed in the first quarter of 2021, and the 430,000 sf of new construction delivered with a 60% occupancy rate. At 5501 Tacony Street, Burris Logistics will occupy 235,000, and at 2858 US Route 322, an 180,000-sf speculative building was completed in the Gloucester County submarket

### OUTLOOK

Despite the amount of speculative square footage currently under construction, 53.7% of the 9.6 msf under construction is pre-leased, with 2.5 msf of the vacant space slated to deliver in the second half of 2021. If demand keeps its current pace, most of the projects under construction will deliver fully occupied, having a positive impact on absorption. This will put further downward pressure on vacancy and upward pressure on rents. Growing demand from e-commerce and last mile delivery tenants and a limited supply of available, modern Class A, warehouse space, will continue to drive speculative construction in the market. However, barriers of entry including land constraints and an arduous entitlement process, will limit supply, protecting vacancy and rents in the Philadelphia market.

### SPACE DEMAND / DELIVERIES



### OVERALL VACANCY & ASKING RENT



MARKET STATISTICS

| SUBMARKET                      | INVENTORY (SF)     | OVERALL VACANT (SF) | OVERALL VACANCY RATE | YTD OVERALL NET ABSORPTION (SF) | YTD LEASING ACTIVITY (SF)** | UNDER CNSTR (SF) | YTD CNSTR COMPLETIONS (SF) | OVERALL WEIGHTED AVG NET RENT (MF) | OVERALL WEIGHTED AVG NET RENT (OS) | OVERALL WEIGHTED AVG NET RENT (W/D) |
|--------------------------------|--------------------|---------------------|----------------------|---------------------------------|-----------------------------|------------------|----------------------------|------------------------------------|------------------------------------|-------------------------------------|
| Philadelphia County            | 24,688,086         | 530,120             | 2.2%                 | 180,725                         | 57,560                      | 250,000          | 565,167                    | N/A                                | N/A                                | \$5.98                              |
| Lower Bucks County             | 19,904,055         | 752,120             | 3.8%                 | 9,029                           | 0                           | 215,000          | 0                          | N/A                                | N/A                                | \$6.95                              |
| Upper Bucks County             | 7,556,029          | 681,340             | 9.0%                 | -229,440                        | 0                           | 249,600          | 0                          | 3.5                                | N/A                                | \$6.57                              |
| Montgomery County              | 22,093,338         | 438,706             | 2.0%                 | -354,595                        | 205,762                     | 940,475          | 0                          | \$5.39                             | \$7.00                             | 5.75                                |
| Chester County                 | 9,956,211          | 383,327             | 3.9%                 | 195,868                         | 0                           | 0                | 0                          | \$15.00                            | N/A                                | \$6.54                              |
| Delaware County                | 5,821,712          | 191,454             | 3.3%                 | -191,454                        | 0                           | 1,079,000        | 0                          | N/A                                | N/A                                | N/A                                 |
| <b>SUBURBAN PHILADELPHIA</b>   | <b>89,417,741</b>  | <b>2,947,802</b>    | <b>3.3%</b>          | <b>-389,867</b>                 | <b>263,322</b>              | <b>2,816,075</b> | <b>250,000</b>             | <b>\$9.03</b>                      | <b>\$7.00</b>                      | <b>\$6.70</b>                       |
| Burlington County              | 37,270,014         | 121,440             | 0.3%                 | 598,852                         | 1,378,267                   | 4,194,888        | 0                          | N/A                                | N/A                                | \$8.50                              |
| Camden County                  | 12,914,676         | 18,100              | 0.1%                 | 98,184                          | 150,000                     | 0                | 0                          | N/A                                | N/A                                | N/A                                 |
| Gloucester County              | 22,125,534         | 536,936             | 2.4%                 | 161,331                         | 458,907                     | 1,105,000        | 180,000                    | N/A                                | N/A                                | \$5.95                              |
| Salem County                   | 4,701,149          | 0                   | 0.0%                 | 158,400                         | 158,400                     | 1,485,968        | 0                          | N/A                                | N/A                                | N/A                                 |
| <b>SOUTHERN NEW JERSEY</b>     | <b>77,011,373</b>  | <b>676,476</b>      | <b>0.9%</b>          | <b>1,016,767</b>                | <b>2,145,574</b>            | <b>6,785,856</b> | <b>180,000</b>             | <b>N/A</b>                         | <b>N/A</b>                         | <b>\$6.82</b>                       |
| Northern Delaware***           | 16,086,035         | 169,923             | 1.1%                 | 49,882                          | 49,882                      | 1,047,564        | 0                          | N/A                                | N/A                                | \$6.28                              |
| <b>PHILADELPHIA MSA TOTALS</b> | <b>166,429,114</b> | <b>3,624,278</b>    | <b>2.2%</b>          | <b>626,900</b>                  | <b>2,408,896</b>            | <b>9,601,931</b> | <b>430,000</b>             | <b>\$9.03</b>                      | <b>\$7.00</b>                      | <b>\$6.72</b>                       |

\*Rental rates reflect weighted net asking \$psf/year \*\*Does not include renewals \*\*\*Northern Delaware market not included in Philadelphia MSA Totals  
 \*\*\*\* Statistics not reflective of U.S. MarketBeat Tables

MF = Manufacturing OS = Office Service/Flex W/D = Warehouse/Distribution

KEY LEASE TRANSACTIONS Q1 2021

| PROPERTY                 | SUBMARKET         | TENANT                         | RSF     | TYPE |
|--------------------------|-------------------|--------------------------------|---------|------|
| Lawrence Blvd & Route 38 | Burlington County | Elogistics                     | 478,715 | New  |
| 1100 West Front Street   | Burlington County | Mitsubishi Electric Trane HVAC | 406,560 | New  |

KEY CONSTRUCTION COMPLETIONS Q1 2021

| PROPERTY           | SUBMARKET           | MAJOR TENANT      | SF      | OWNER/DEVELOPER  |
|--------------------|---------------------|-------------------|---------|------------------|
| 5501 Tacony Street | Philadelphia County | Burris Logistics  | 250,000 | Burris Logistics |
| 2858 US Route 322  | Gloucester County   | Lineage Logistics | 180,000 | Advance Realty   |

KEY PROJECTS UNDER CONSTRUCTION 2021

| PROPERTY                 | SUBMARKET         | MAJOR TENANT | SF        | OWNER/DEVELOPER                   |
|--------------------------|-------------------|--------------|-----------|-----------------------------------|
| 2858 Route 322           | Gloucester County | Target       | 1,105,000 | Advanced Realty/Greek Development |
| 747 Courses Landing Road | Salem County      | Amazon       | 1,085,468 | Arbok/Panattoni                   |

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