



MARKET FUNDAMENTALS

	YOY Chg	12-Month Forecast
8.2% Vacancy Rate	▲	▼
5.2M YTD Net Absorption, SF	▲	▲
\$9.02 Asking Rent, PSF (Overall, Net Asking Rent)	▲	▲

ECONOMIC INDICATORS

	YOY Chg	12-Month Forecast
1.0M PA I-81 & I-78 Employment	▲	▲
4.1% PA I-81 & I-78 Unemployment Rate	▼	▲
4.2% U.S. Unemployment Rate	▼	▲

Source: BLS

ECONOMY

Total employment across the PA Distribution Corridor increased 0.5% year-over-year (YOY) in Q3 despite continued economic uncertainty and uneven consumer demand. The regional unemployment rate declined 50 basis points (bps) YOY to 4.1%, 10 bps below the national average. Manufacturing remained an important component of the regional economy, accounting for 12.4% of total employment, 280 bps above the national share.

SUPPLY AND DEMAND

The Corridor’s vacancy rate increased by 60 bps quarter-over-quarter (QOQ) to 8.2% in Q3, largely driven by additional vacant space in the Split following departures by consumer electronics and automotive firms. Vacancy declined in the Lehigh Valley and Northeastern PA.

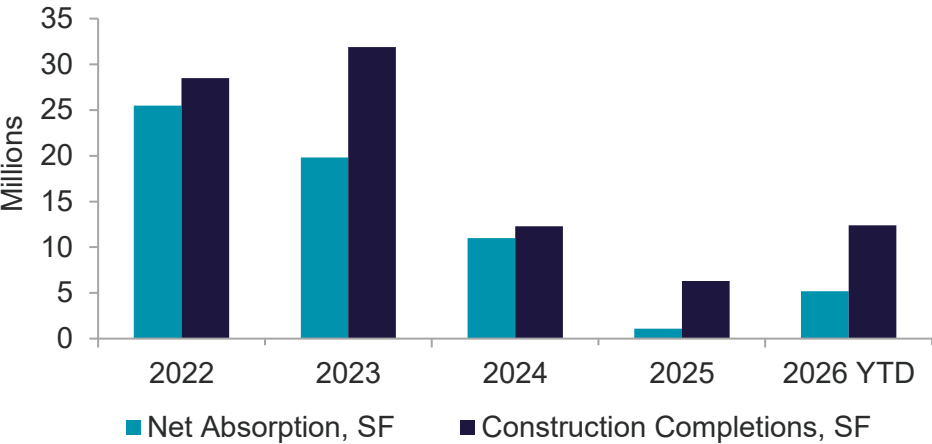
Despite the increase in overall vacancy, year-to-date (YTD) leasing activity totaled 15.9 million square feet (msf), already surpassing the 2025 annual total by 12.8%. Central PA and Lehigh Valley accounted for 71.0% of Q3 leasing. Thirteen new leases exceeded 100,000 square feet (sf) in Q3, including one larger than 1.0 msf, with e-commerce, logistics, and food and beverage users driving the largest transactions. YTD net absorption totaled 5.2 msf, with the Lehigh Valley and I-81S each recording more than 1.0 msf of net occupancy gains.

Occupiers have already committed to more than half (52.5%) of the product delivered YTD through build-to-suit (BTS) construction or preleasing, limiting newly delivered vacant space. The active construction pipeline increased to 18.1 msf in Q3, as 6.6 msf of new starts outpaced 2.6 msf of deliveries. This included 2.9 msf of BTS projects underway in Q3—down from 4.2 msf one year prior—while speculative development strengthened.

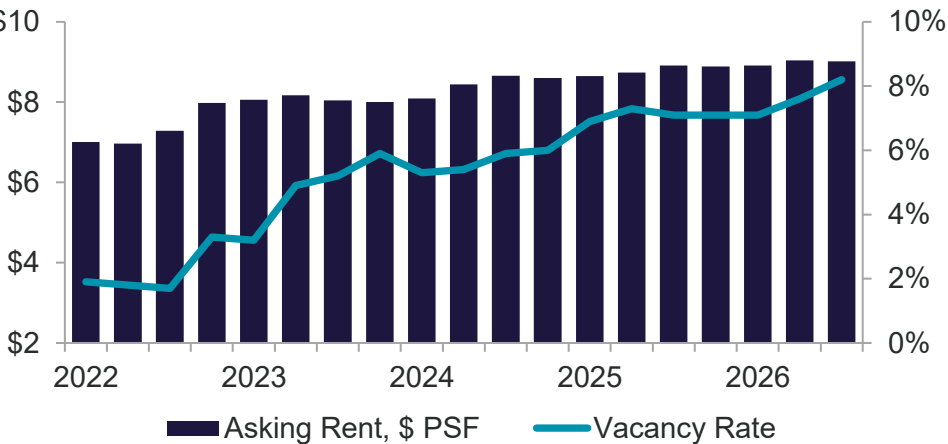
OUTLOOK

Industrial market fundamentals are expected to remain resilient, supported by healthy leasing and additional occupancy gains anticipated in Q4. While geopolitical uncertainty and elevated costs may continue to influence occupier decisions, the Corridor remains well-positioned due to its proximity to major population centers, labor reach, and diverse industrial inventory.

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & ASKING RENT



MARKET STATISTICS

SUBMARKET	INVENTORY (SF)	OVERALL VACANT (SF)	OVERALL VACANCY RATE	CURRENT QTR OVERALL NET ABSORPTION (SF)	YTD OVERALL NET ABSORPTION (SF)	UNDER CNSTR (SF)	YTD CNSTR COMPLETIONS (SF)*	YTD LEASING ACTIVITY (SF)	OVERALL WEIGHTED AVG NET RENT (MF)**	OVERALL WEIGHTED AVG NET RENT (W/D)**
Lehigh Valley	109,812,126	8,437,065	7.7%	953,141	1,620,039	3,673,585	1,927,540	4,179,672	N/A	\$11.97
Northeastern PA	89,442,599	6,201,687	6.9%	383,600	521,915	5,531,432	2,601,623	2,013,550	N/A	\$7.81
Central PA	143,478,147	11,277,968	7.9%	1,020,639	976,083	3,345,315	3,950,802	5,445,597	\$6.58	\$8.84
Split	58,744,765	6,137,016	10.4%	-2,110,417	283,431	5,196,190	1,287,566	3,014,888	N/A	\$8.23
I-81S	67,169,369	6,406,203	9.5%	-559,212	1,815,000	400,000	2,642,096	1,204,374	N/A	\$7.43
PA I-81 & I-78 TOTALS	468,647,006	38,459,939	8.2%	-312,249	5,216,468	18,146,522	12,409,627	15,858,081	\$6.58	\$9.07

*Data not reflective of U.S. MarketBeat

**Rental rates reflect weighted net asking \$psf/year

KEY LEASE TRANSACTIONS Q3 2026

PROPERTY	SUBMARKET	TENANT	SF	TYPE
Manchester Commerce Center, Bldg. 2	Central PA	Amazon	1,127,142	New Lease
8449 Congdon Hill Drive	Lehigh Valley	Uline	925,910	Renewal
100 Quality Circle	Central PA	FedEx	770,000	New Lease
8742 Congdon Hill Drive	Lehigh Valley	Undisclosed	651,393	Renewal
8801 Congdon Hill Drive	Lehigh Valley	Westport Axle Corp.	517,000	Renewal

KEY SALES TRANSACTIONS Q3 2026

PROPERTY	SUBMARKET	SELLER/BUYER	SF	PRICE / \$ PSF
500/550 Willow Springs Road	Central PA	MRP/DWS	673,814	\$117.2M/\$173.94
Fairview Industrial Park	Central PA	Larken Associates/Lightstone Group	132,624	\$15.7M/\$118.57
1005 Patriot Parkway	Split	Modiv Industrial/Global Net Lease	125,000	\$12.2M/\$97.66
3549 Hempland Road	Central PA	Unlimited Industries/Hempland Road	98,844	\$7.8M/\$78.91
48 Industrial Road	Central PA	Melcon/Industrial Outdoor Ventures	86,000	\$15.1M/\$175.58

KEY CONSTRUCTION COMPLETIONS 2026

PROPERTY	SUBMARKET	MAJOR TENANT	SF	OWNER/DEVELOPER
Manchester Commerce Center, Bldg. 2	Central PA	Speculative	1,127,142	NorthPoint
Hazleton Creek Commerce Center, Bldg. 4	Northeastern PA	Owner	1,100,000	NFI

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