MARKETBEAT

PHILADELPHIA CBD

OFFICE Q3 2026



CUSHMAN & WAKEFIELD

MARKET FUNDAMENTALS

	YOY Chg	Outlook
20.4% Vacancy Rate	▲	▲
-397K YTD Net Absorption, SF	▼	▼
$33.55 Asking Rent, PSF *(Overall, All Property Classes)*	▲	▼

ECONOMIC INDICATORS*

	YOY Chg	Outlook
769.2K Philadelphia CBD Employment	▼	▲
5.1% Philadelphia CBD Unemployment Rate	▲	▲
4.2% U.S. Unemployment Rate	—	▲

Source: BLS

**2026Q3 figures are based on latest available data.*

MARKET OVERVIEW:

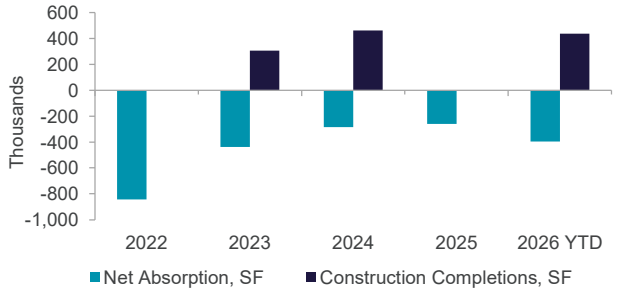
The Philadelphia Central Business District (CBD) recorded more than 331,000 square feet (sf) of negative net absorption during Q3. Year-to-date (YTD) leasing activity exceeded 627,000 sf but remained modestly below the comparable 2025 pace, while renewal activity declined 34.7% year-over-year (YOY). Despite weaker headline metrics, demand remained concentrated among high-quality, well-located assets with stable ownership.

More than 50,000 sf of Q3 negative absorption occurred in conversion-bound or financially impaired properties with limited near-term leasing prospects. Excluding these losses, the decline among competitively positioned properties would have measured 285,000 sf. This distinction is increasingly important as vacancy within challenged and conversion-oriented buildings continues to influence aggregate market metrics without necessarily creating viable options for tenants.

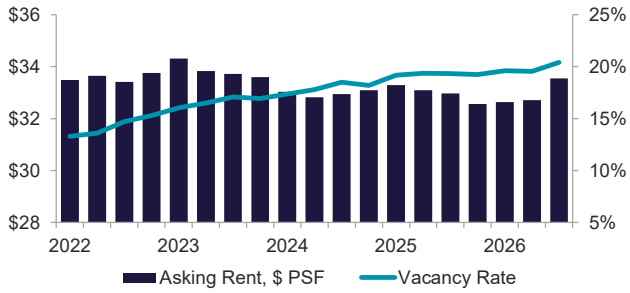
When including University City and the Navy Yard however, Philadelphia has recorded positive absorption YTD, most recently aided by Burlington Stores' acquisition of 3151 Market Street. The transaction converted more than 400,000 sf of vacant life sciences space to owner-user occupancy and moved the property to the city's trophy office inventory. However, because the building will be owner-occupied, it did not expand the supply of trophy space available for lease. This underscores the broader imbalance: headline vacancy remains elevated, while the supply of high-quality space that meets current occupier requirements remains limited.

Philadelphia's regional accessibility remains an important advantage in the hybrid work environment. Burlington Stores' decision to relocate its headquarters to the city highlights the value of access to regional talent, commuter transportation, and the broader Northeast Corridor.

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & ASKING RENT



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MARKET STATISTICS

SUBMARKET	INVENTORY (SF)	DIRECT VACANT (SF)	SUBLET VACANT (SF)	OVERALL VACANCY RATE	CURRENT QTR OVERALL NET ABSORPTION (SF)	YTD OVERALL NET ABSORPTION (SF)	YTD LEASING ACTIVITY (SF)	UNDER CNSTR (SF)	OVERALL AVG ASKING RENT (ALL CLASSES)*	OVERALL AVG ASKING RENT (CLASS A)*
East of Broad	11,784,466	2,369,332	258,961	22.3%	-82,912	-489,298	104,043	0	$30.63	$32.89
West of Broad	28,528,594	4,997,957	751,679	20.2%	-252,171	91,979	516,924	0	$34.53	$35.35
CBD	40,313,060	7,395,740	1,010,640	20.4%	-331,333	-397,018	627,509	0	$33.55	$34.93
Naval Yard	782,997	120,985	0	15.5%	0	126,299	69,260	0	$39.18	$39.18
University City	4,177,115	250,502	124,202	9.0%	387,861	514,971	47,134	0	$40.30	$43.47
Bala Cynwyd	2,456,524	517,496	83,343	24.5%	-17,698	-71,386	25,177	0	$35.35	$35.71
Blue Bell/Ply. Mtg./Ft. Wash.	11,305,985	2,269,042	288,973	22.6%	-12,972	-140,305	243,410	0	$25.78	$27.82
Conshohocken**	4,191,440	516,990	33,174	13.1%	-9,722	37,349	96,151	0	$39.61	$40.18
Delaware County	5,224,528	1,156,221	92,981	23.9%	-55,529	-189,468	21,474	0	$29.01	$29.93
Horsham/Willow Grove/Jenkin	5,043,120	1,425,100	2,577	28.3%	-79,406	-67,528	62,261	0	$22.50	$23.75
King of Prussia/Valley Forge**	17,366,381	3,895,428	176,319	23.5%	-65,369	-68,364	440,016	0	$29.49	$30.05
Main Line**	3,607,591	286,556	73,585	10.0%	-14,101	-12,281	70,819	0	$41.73	$44.03
Southern Bucks County	5,870,603	977,587	71,566	17.9%	-47,257	-51,449	63,671	0	$25.85	$28.14
Southern Route 202 Corridor	5,830,990	1,184,173	421,443	27.5%	22,773	-123,266	105,817	0	$25.04	$25.44
SUBURBAN PHILADELPHIA	60,897,351	12,228,593	1,243,961	22.1%	-279,281	-686,698	1,128,796	0	$28.31	$29.73
Burlington County	7,591,685	1,089,220	51,612	15.0%	-95,264	-184,042	99,799	0	$20.59	$25.92
Camden County	6,103,738	999,510	85,358	17.8%	-132,386	-148,759	144,705	0	$21.62	$23.65
SOUTHERN NEW JERSEY	13,695,423	2,088,730	136,970	16.3%	-227,650	-332,801	244,504	0	$21.09	$24.89
New Castle County - Non-CBD	14,732,590	1,308,791	358,252	11.3%	-23,842	-79,924	128,915	0	$23.13	$24.42
Wilmington-CBD	9,001,122	1,451,551	52,145	16.7%	-23,759	-74,672	98,190	0	$28.48	$29.00
DELAWARE	23,733,712	2,760,342	410,397	13.4%	-47,601	-154,596	227,105	0	$25.78	$27.05
Lehigh & Northamp. Counties	7,071,813	1,186,480	38,569	17.3%	-26,278	-85,488	74,648	0	$20.85	$23.53
PHILADELPHIA TOTALS	**138,639,546**	**24,444,954**	**2,801,968**	**19.70%**	**-889,615**	**-1,571,414**	**2,221,372**	**0**	**$29.06**	**$31.17**

**Rental rates reflect overall weighted gross asking*
***Suburban Primary markets*

KEY LEASE TRANSACTIONS Q3 2026

PROPERTY	SUBMARKET	TENANT	SF	TYPE
2929 Walnut Street	University City	Nasdaq	74,343	Renewal*
2400 Market Street	West of Broad	JP Morgan	63,000	Sublease
201 Rouse Boulevard	Naval Yard	Hanwha	60,492	New
4101 Sansom Street**	University City	Amazon	35,000	Renewal*
50 South 16th Street**	West of Broad	Confidential	26,676	New

**Renewals not included in leasing statistics* ***Cushman & Wakefield transaction*

MICHAEL HANES
Senior Research Manager
Philadelphia, Pittsburgh & Baltimore
Tel: +1 215 963 4037
Michael.Hanes@cushwake.com

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