

MARKETBEAT

SUBURBAN PHILADELPHIA

OFFICE Q3 2026



MARKET FUNDAMENTALS

	YOY Chg	Outlook
22.1% Vacancy Rate	▲	▲
-686.7K YTD Net Absorption, SF	▲	▼
\$28.31 Asking Rent, PSF (Overall, All Property Classes)	▲	▼

ECONOMIC INDICATORS*

	YOY Chg	Outlook
1.03M Philadelphia MSA Employment	▼	▲
4.5% Philadelphia MSA Unemployment Rate	▼	▲
4.2% U.S. Unemployment Rate	▬	▲

Source: BLS
*2026Q3 figures are based on latest available data.

MARKET OVERVIEW:

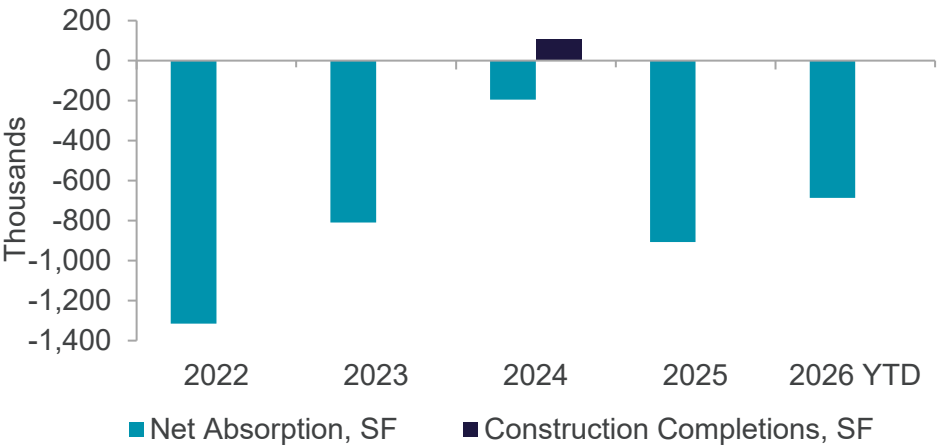
Suburban Philadelphia continued to record negative absorption during the third quarter, bringing the year-to-date (YTD) total to nearly 687,000 square feet (sf). However, the headline figures continued to mask significant differences across the market, as a substantial share of occupancy losses remained concentrated within a relatively small group of assets facing ownership, vacancy, or disposition-related challenges.

Other losses reflected more typical shifts in occupier footprints. Vanguard’s departure from 45 Liberty Boulevard contributed approximately 87,800 sf of negative absorption during Q3 as the major regional employer continued to adjust its suburban space requirements.

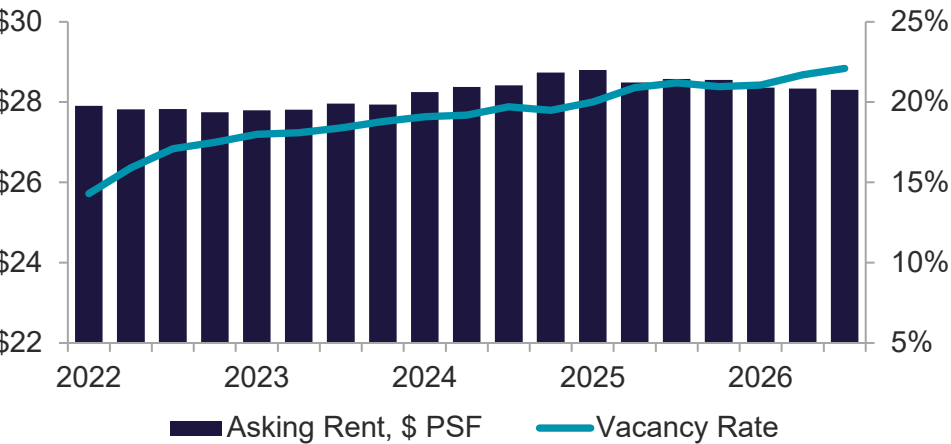
Ownership challenges remained another significant driver of market performance. Buildings controlled by financially distressed, ownership-constrained, or otherwise uncompetitive landlords accounted for nearly 77,000 sf of negative absorption during Q3 and nearly 278,000 sf YTD. Several losses occurred in Class A buildings within primary suburban markets, indicating that ownership-related challenges were no longer limited to secondary submarkets only. Including fully vacant and actively marketed properties, 521,000 sf of YTD negative absorption occurred within assets already facing ownership, occupancy, or disposition-related challenges.

Despite these occupancy losses, healthy and consistent leasing activity continued across the region’s primary markets and employment corridors, particularly Conshohocken, the Main Line, King of Prussia and portions of the Route 202 Corridor. Vacancy along the Schuylkill Corridor measured 12.7% at the end of Q3 and recorded the most quarterly leasing activity YTD. With limited availability among suburban trophy assets and elevated buildout and relocation costs, suburban tenants continued to prioritize quality while often optimizing existing space rather than undertaking wholesale moves.

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & ASKING RENT



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 – these submarkets include portions of the Schuylkill Corridor

KEY LEASE TRANSACTIONS Q3 2026

PROPERTY	SUBMARKET	TENANT	SF	TYPE
1020 & 1040 First Avenue**	King of Prussia/Valley Forge	CSL Behring	150,044	Renewal*
1 IMS Drive	Blue Bell/Ply. Mtg./Ft. Wash.	Reynolds Restoration Services	45,887	New
1436 Lancaster Avenue	Main Line	Berkshire Hathaway Fox & Roach	40,762	New
401 Plymouth Road	Blue Bell/Ply. Mtg./Ft. Wash.	Ken Crest	26,058	New
161 Washington Street	Conshohocken	ARCO Design Build	24,268	New

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

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