Philadelphia industrial market report

Q3 2025

AVISON YOUNG

Philadelphia industrial market trends

9.4%

Total vacancy increased 50 basis point (bps) from prior quarter

The total vacancy rate across the Philadelphia industrial market has increased 50 bps since last quarter, from 8.9% in Q2 ’25 to 9.4% at the close of Q3 ’25. A glut of vacant new product combined with historically low levels of absorption; continue to create strong headwinds, as the market works to return toward equilibrium.

25.9MSF

Total annual leasing volume year-to-date (YTD)

Total leasing volume in Q3 ‘25 measured 6.7 MSF, bringing the year-to-date (YTD) total to 25.9 MSF. This equates to a 15% decrease in annual leasing volume, compared to the same point in time last year, and a 40% quarterly decrease in leasing volume from the 11.2 MSF leased in Q2’ 25. This was the markets second consecutive quarter of negative absorption, a first for the market in over 10 years, finishing the third quarter at -1.07 MSF.

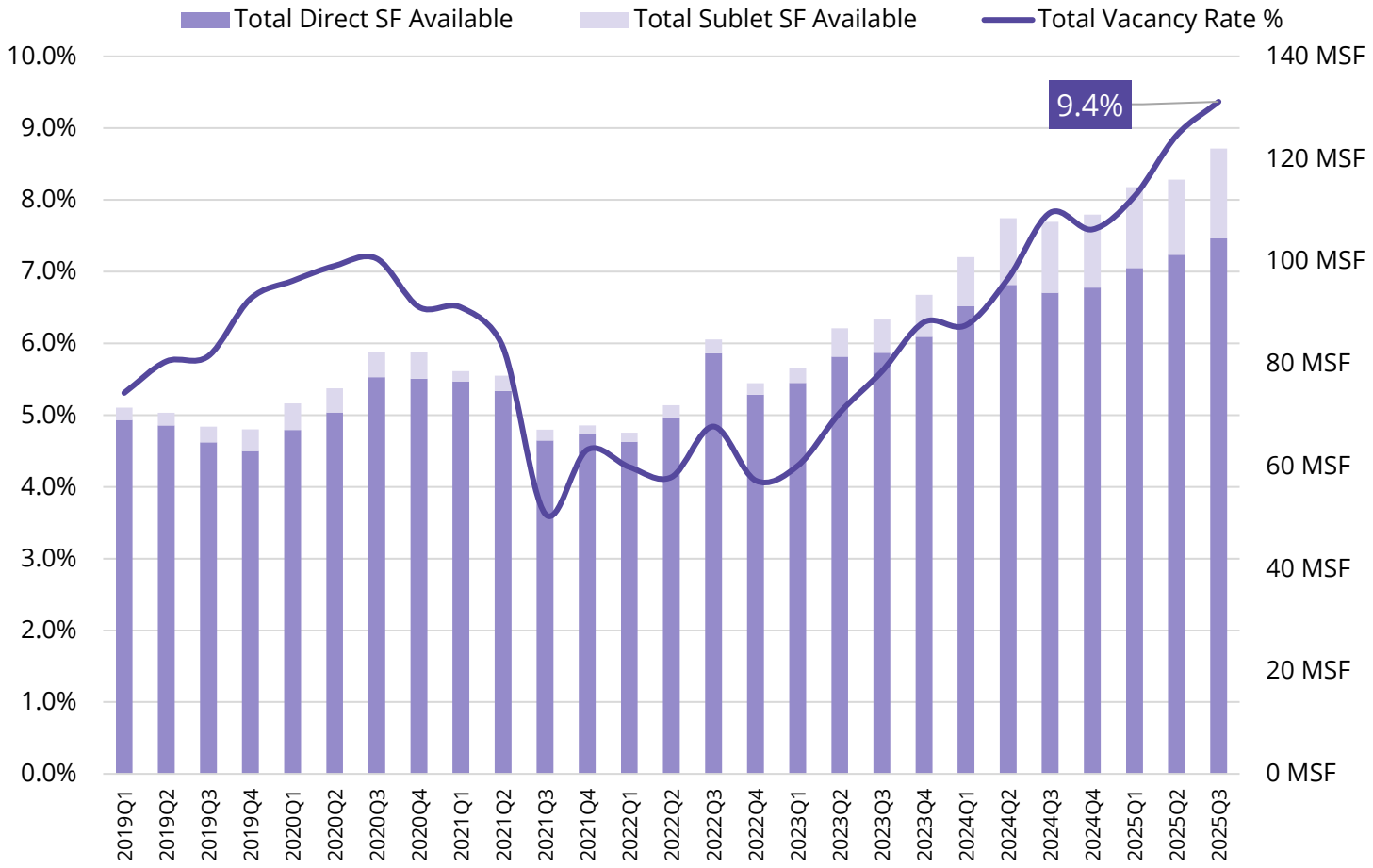
14.1MSF

Total SF actively under construction

After four consecutive quarterly decreases in active development, total SF under construction across the market rose 4.5%, from 13.5 MSF in Q2 ’25 to 14.1MSF by the close of Q3 ’25. Institutional development remains active across the Philadelphia industrial market, currently with 70% of the active developments being led by institutional developers and investors.

Source: Avison Young Market Intelligence, CoStar

Space availability & vacancy

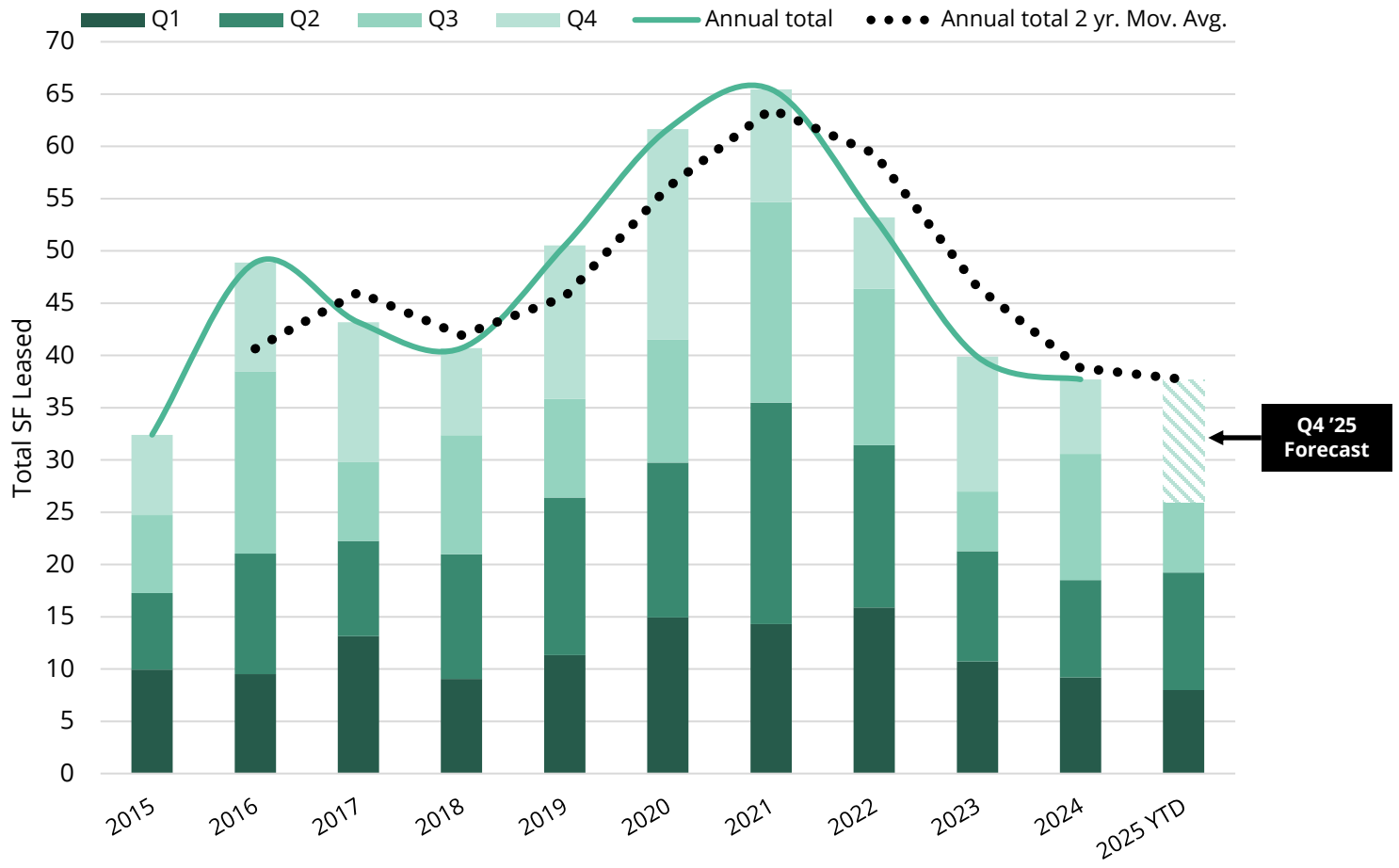


Total available sublease space increased at the highest pace in more than a year, rising 20%, from the 14.6 MSF of available sublease space in Q2 ’25, to 17.5 MSF at the end of Q3 ’25.

Large format buildings continue to see the greatest amount of vacancy across the market. The 250-499 KSF and 500 KSF+ building size groups currently have the highest total vacancy rates, finishing Q3 ’25 at 11.7% and 10.2%, respectively.

Source: Avison Young Market Intelligence, CoStar

Leasing volume

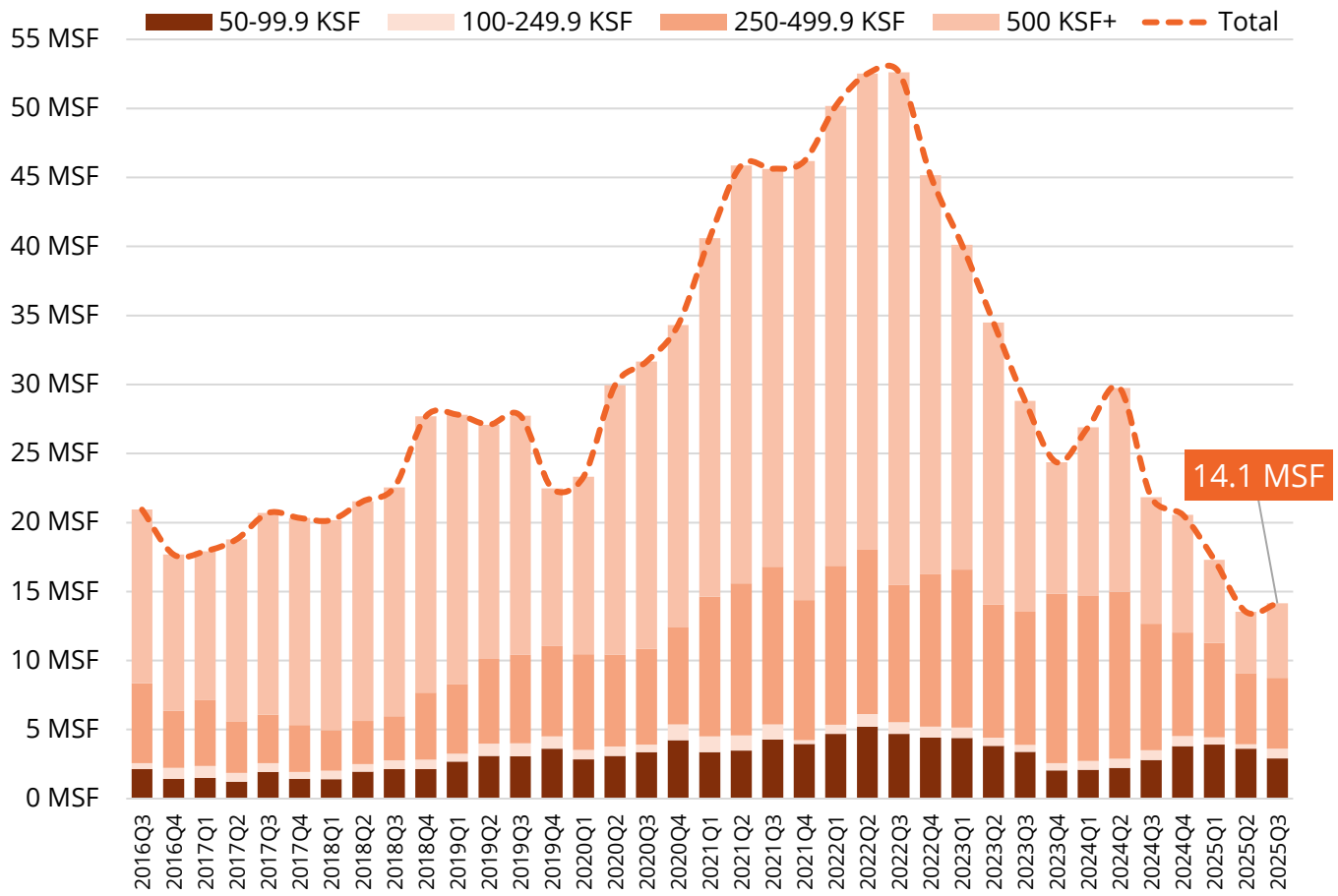


The two-year moving average currently forecasts the total leasing volume in 2025 to finish at 38.7 MSF, a slight increase from the 2024 total of 37.7 MSF.

Although we forecast total leasing for 2025 to be on par with 2024 levels, the ongoing threats of new tariffs and macroeconomic headwinds continue to create uncertainty for occupiers across industrial sectors.

Source: Avison Young Market Intelligence, CoStar

Active development by size



Despite a significant drop from the record highs witnessed over the past few years, new groundbreakings across all building sizes continue to take place.

Large format buildings, specifically those 500 KSF+, currently account for 38.2% of the total SF actively under construction throughout the Philadelphia market.

Source: Avison Young Market Intelligence, CoStar

Let’s examine more prevailing industrial trends

Industrial development pipeline

50 properties

under construction

14,147,804

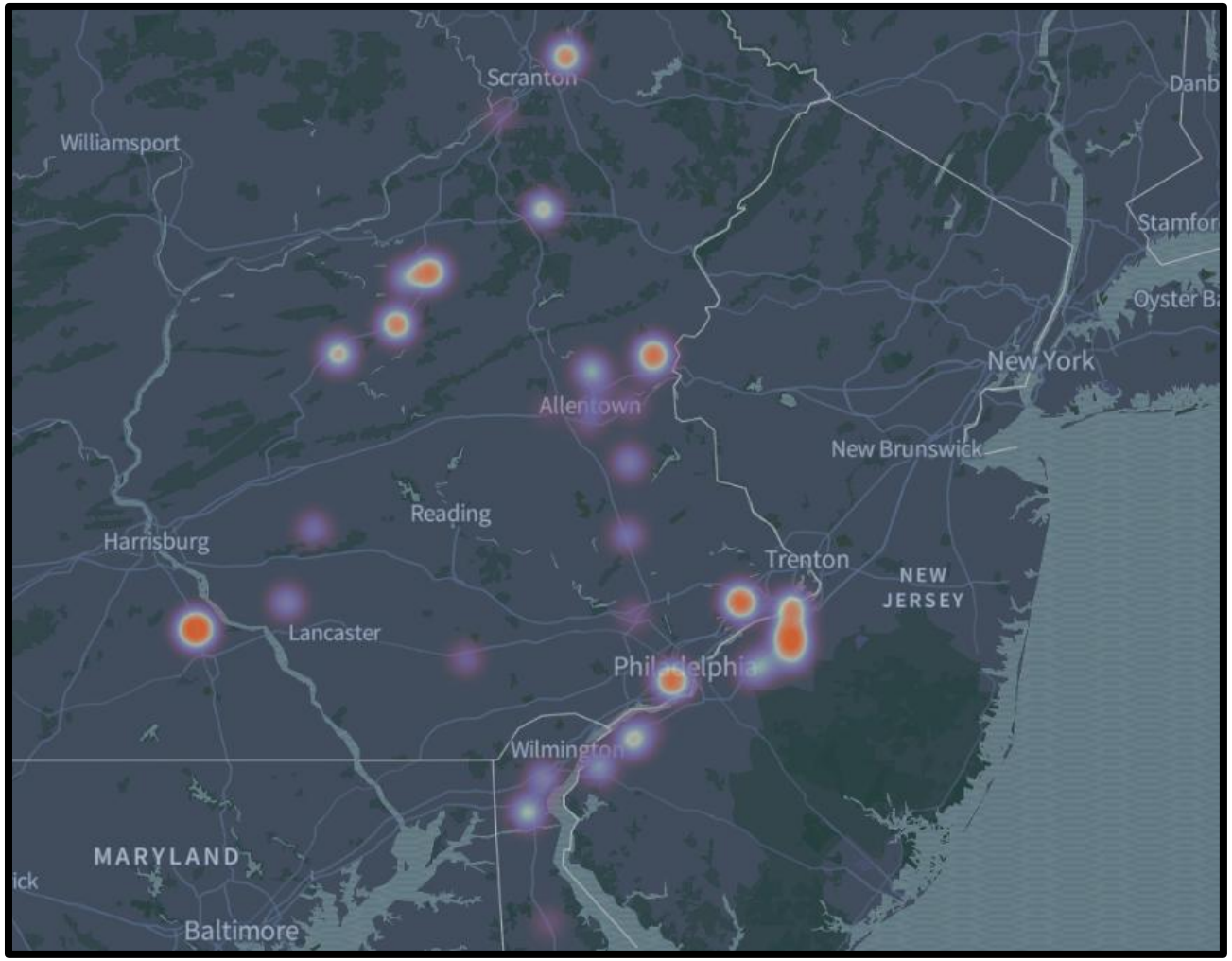
total sf under construction

282,956 SF

new development average building size

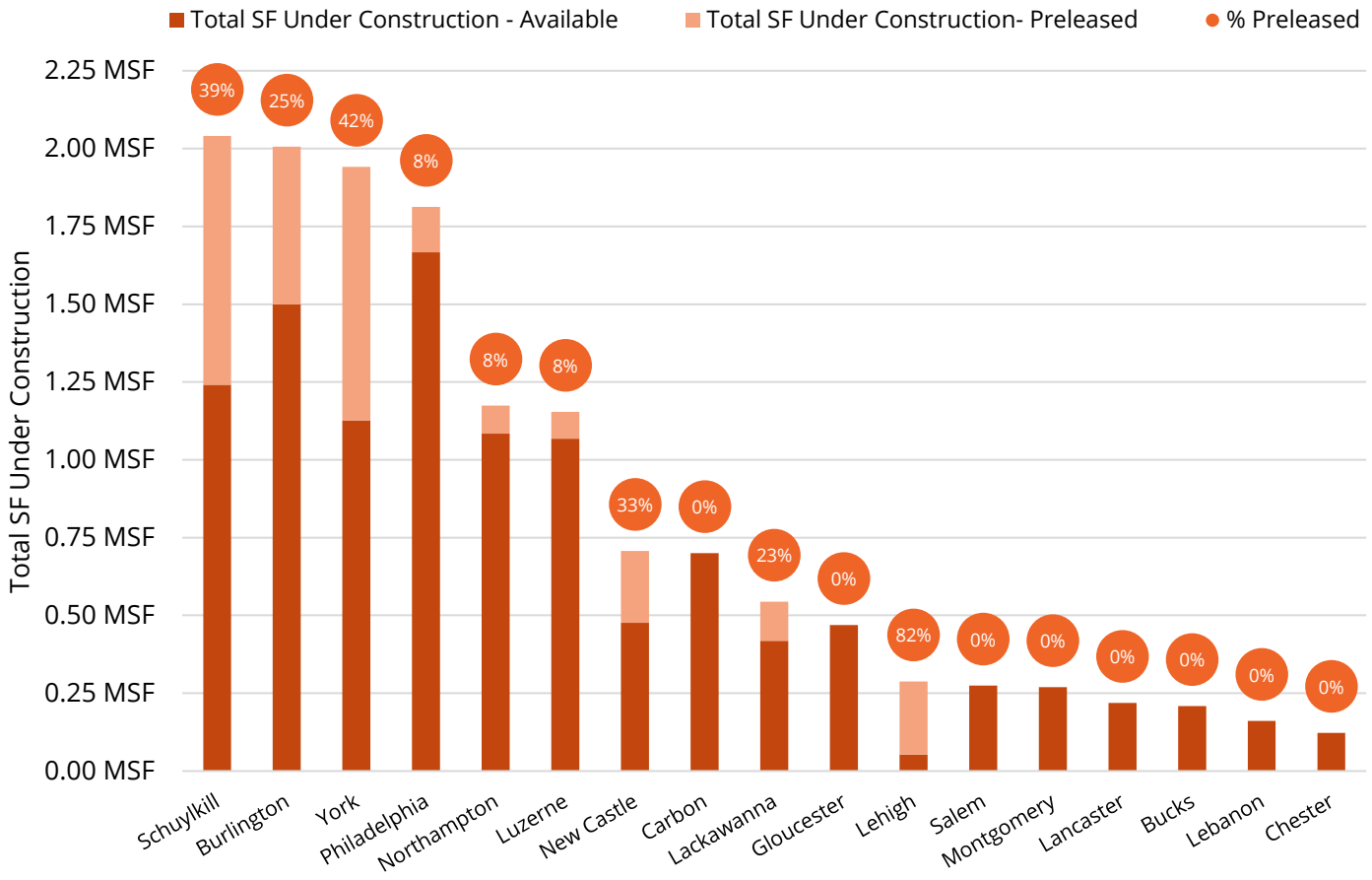
1.4%

share of industrial inventory



Source: Avison Young Market Intelligence, CoStar
Eastern/Central PA, SNJ, & DE.

Active development by submarket



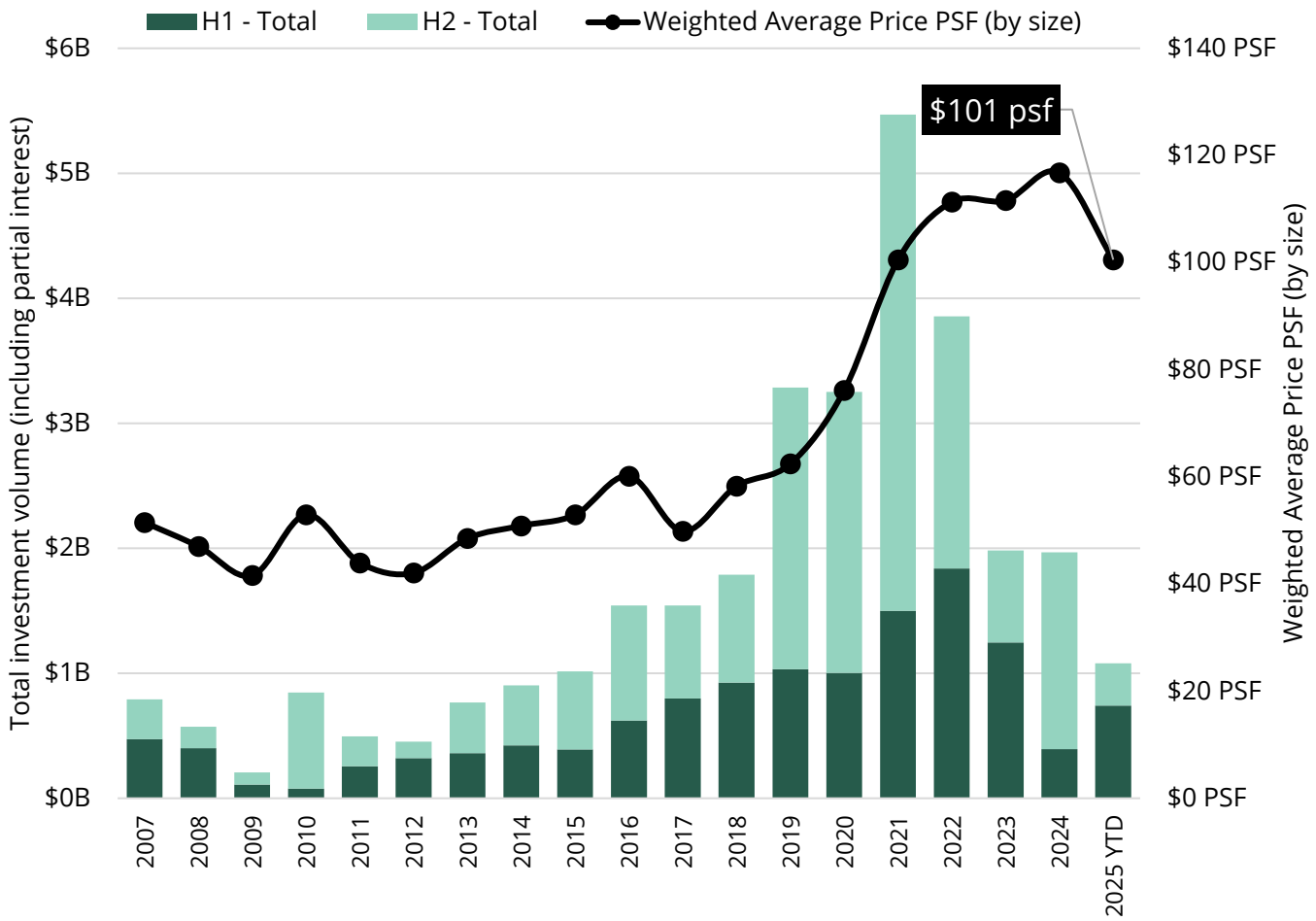
New development continues to take place throughout the market, despite the rising glut of vacant new deliveries.

By way of example, in the Burlington County, NJ submarket, there is 2.06 MSF of new product actively under construction, spread across 8 properties. Of the 2.06 MSF under construction, only 25% or 506 KSF has been preleased.

This new product is on top of the four buildings already delivered YTD, totaling 1.35 MSF, of which only 155 KSF has been leased.

Source: Avison Young Market Intelligence, CoStar

Investment sales



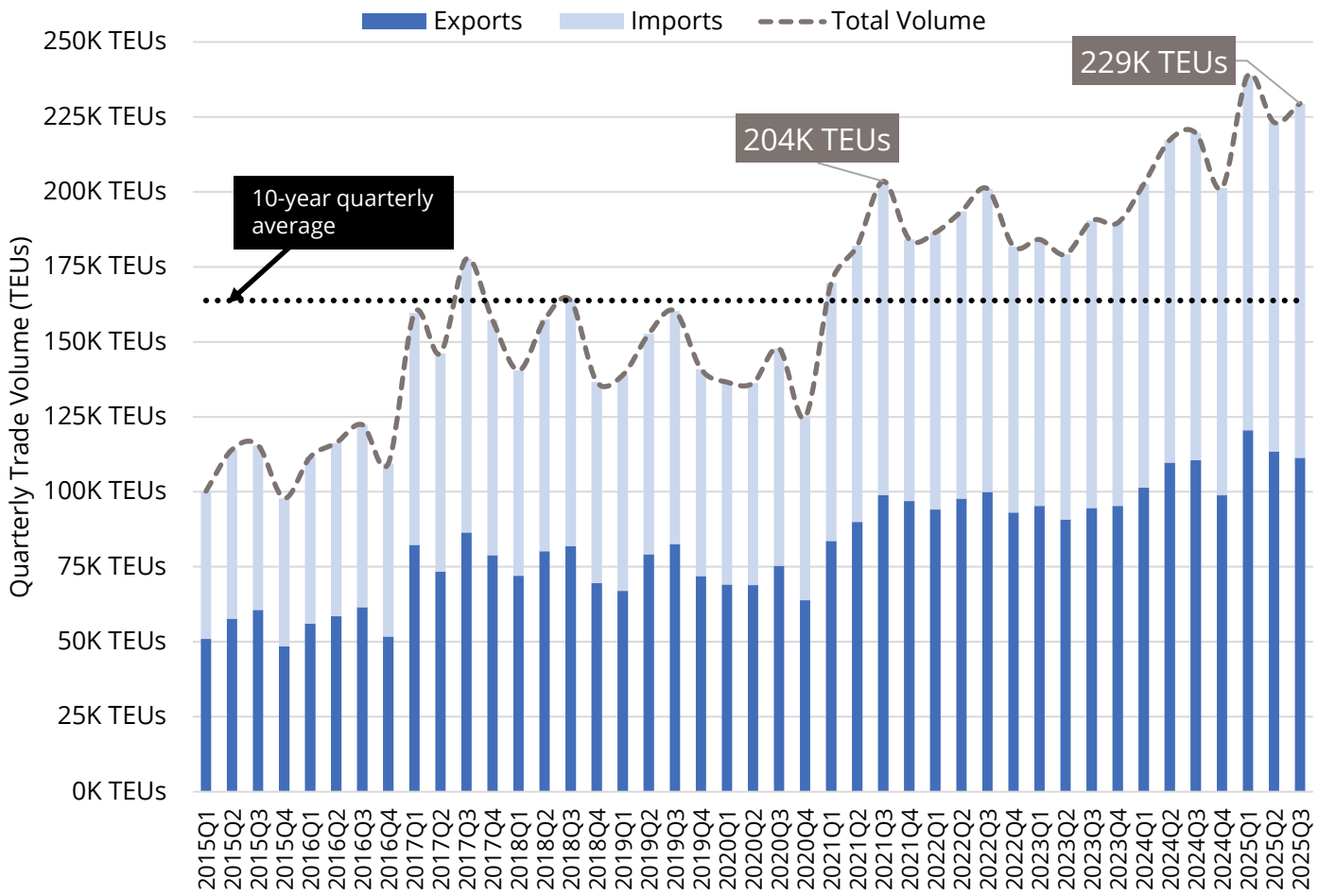
Across the Philadelphia industrial market, total investment volume in Q3 ’25 measured $338 Million, bringing the YTD total investment volume to $1.08 Billion, with a weighted average PSF of $101 psf.

100% of the investment sales in Q3 ’25 were for Class B & C industrial assets, as investors continue to seek value-add and opportunistic assets.

In July, EQT Real Estate acquired a 12-property industrial portfolio from Blackstone, as institutional capital continues to be deployed throughout the market.

Source: Avison Young Market Intelligence, CoStar

Port of Philadelphia quarterly trade volume

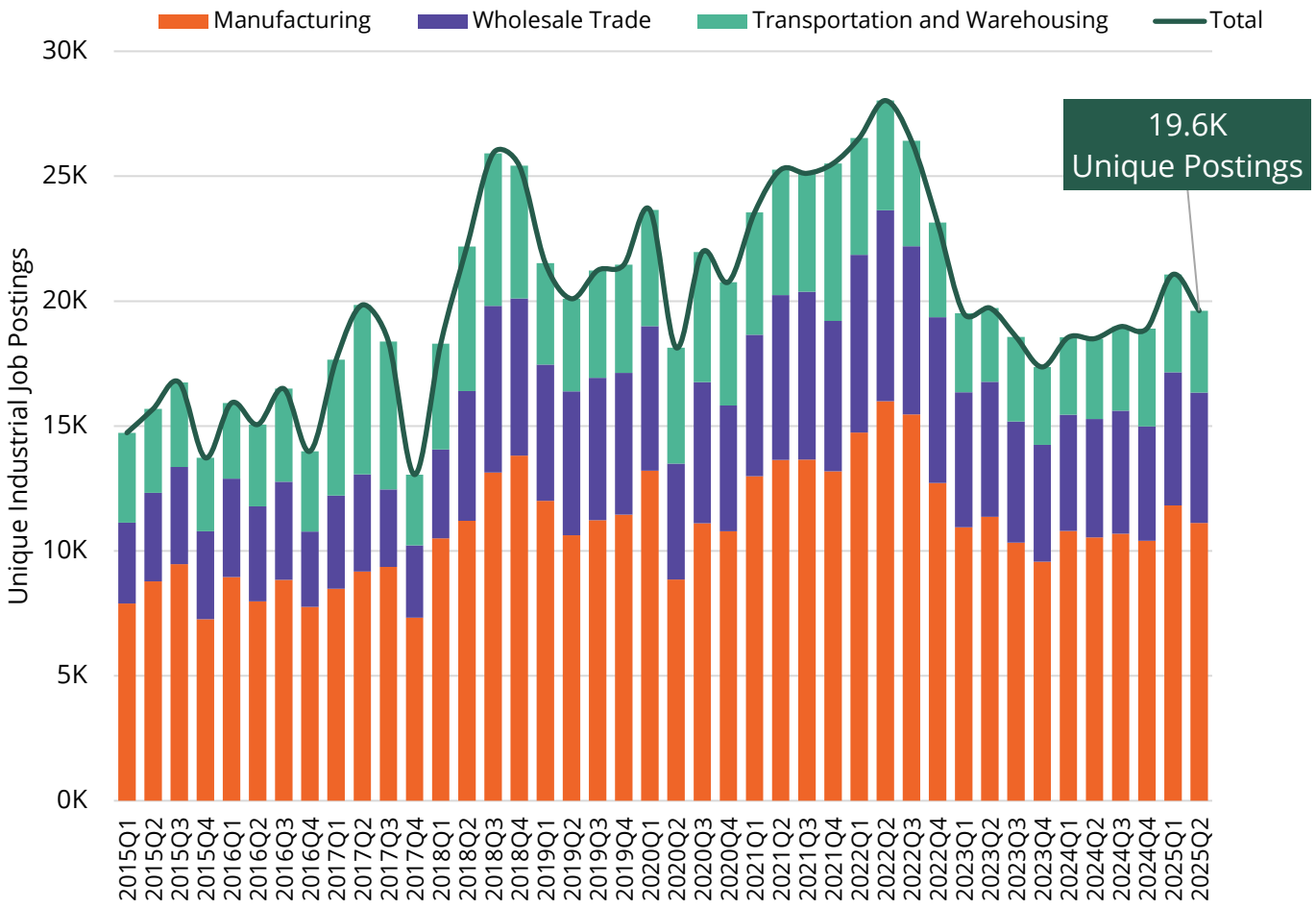


Total TEU volume at The Port of Philadelphia (PhilaPort) in Q3 ‘25 reached 229K TEUs, up 2.8% from the 223K TEUs of volume in Q2 ’25.

Total export volume has now decreased three consecutive quarters, finishing Q3 ’25 at 111K TEUs. Total import volume jumped 3.7% from Q2 ’25, to 118K TEUs through the end of Q3 ’25.

Source: Port of Philadelphia (PhilaPort)

Industrial job postings



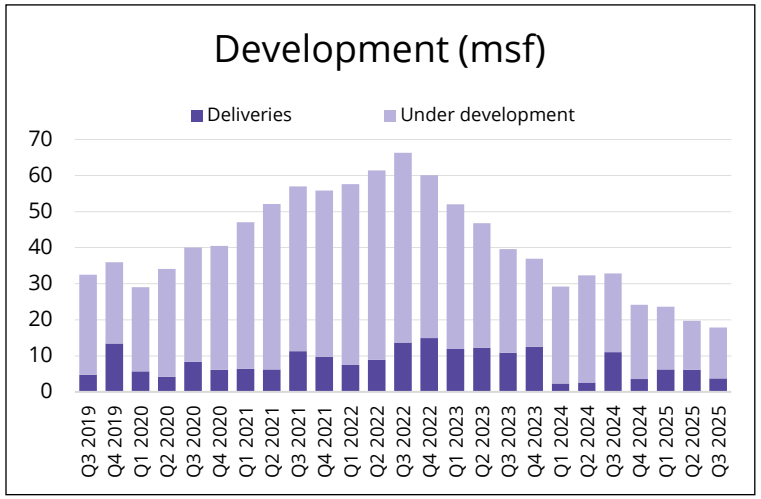
Source: Lightcast Note: Philadelphia MSA

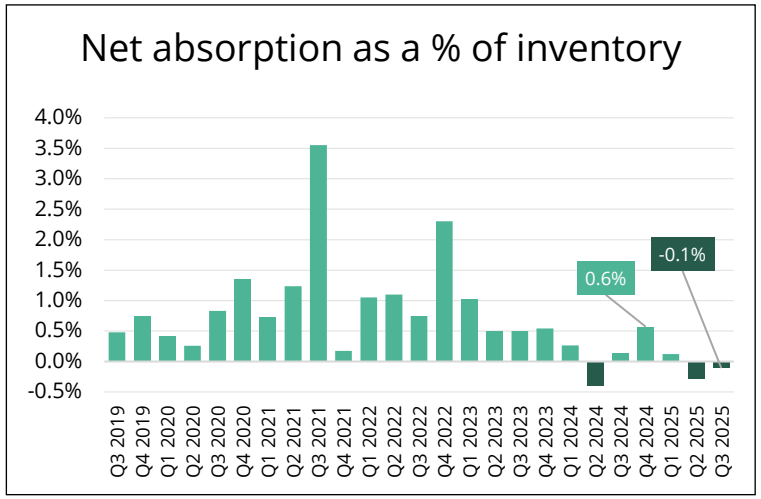
Total unique industrial job postings across the Philadelphia MSA measured 19.6K in Q3 ’25. This equates to a 6.9% increase from the 21K total unique postings recorded in Q2 ’25.

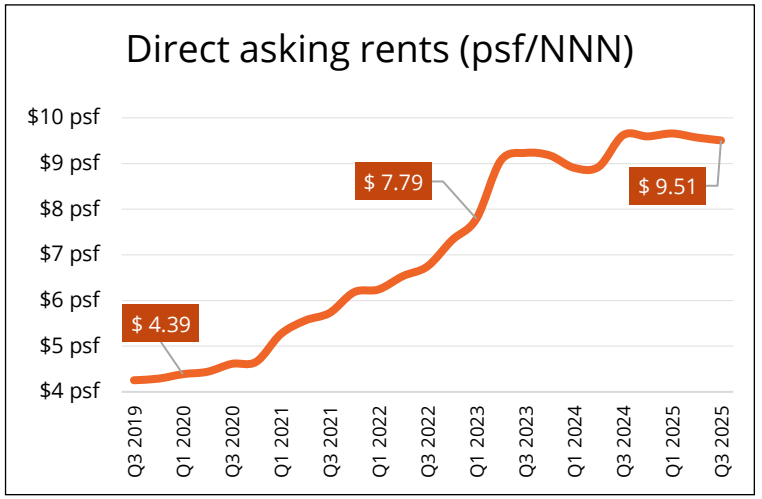
All three of the major industrial sectors recorded quarterly decreases in unique postings. Most notably, Transportation & Warehousing had the greatest decrease amongst the three sectors, closing the quarter at 3.2K, a 16.4% decrease from 3.9K in Q2 ’25.

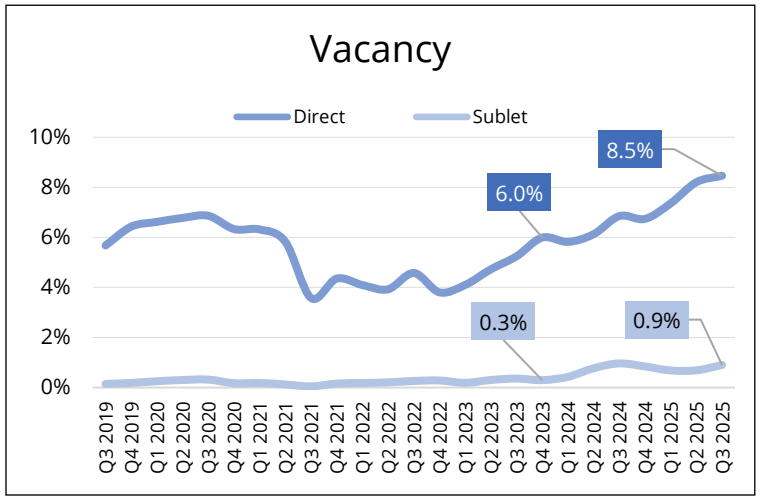
Appendix

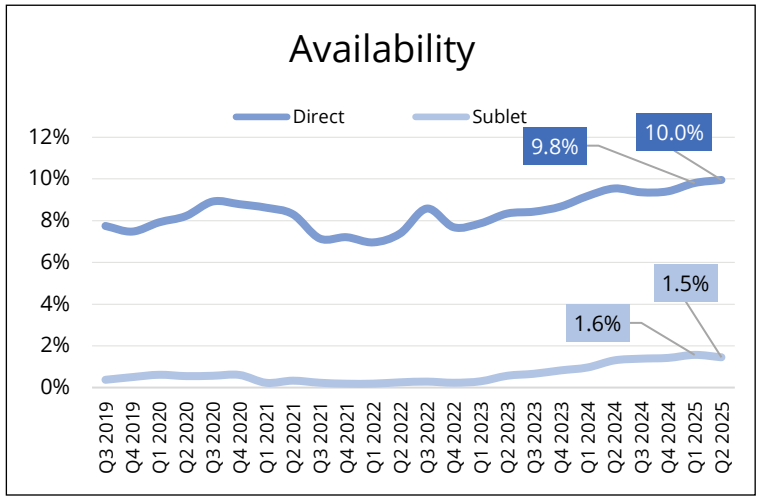
Philadelphia industrial market indicators

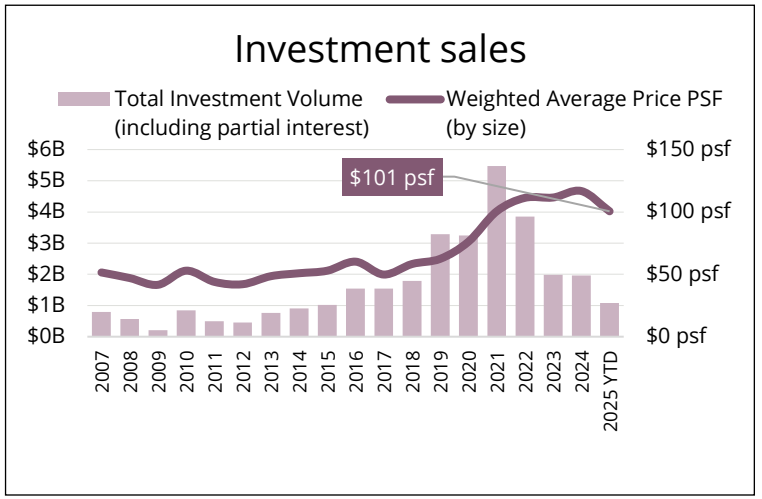












Source: Avison Young Market Intelligence, CoStar

Philadelphia industrial market activity

Recent leasing activity

Tenant	**Address** (Building Name)	Submarket	Sign date	Size (sf)	Transaction type	Lease type
Ryder	**6101 Archer Dr., Chambersburg, PA** (Chambersburg Logistics Park)	Franklin	Aug 2025	1,006,500	Direct	New
JW Fulfillment	**2 Gateway Blvd., Pedricktown, NJ** (Gateway Business Park)	Salem	Jul 2025	705,900	Direct	New
Olam Group	**198 Democrat Rd., Mickleton, NJ** (East Greenwich Distribution Center)	Gloucester	Jul 2025	574,480	Direct	New
JD Logistics	**4259 U.S. 130 Edgewater Park, NJ**	Burlington	Jul 2025	303,750	Direct	New
Crawford Electric Supply	**700 Cesanek Rd., Northampton, PA** (JW Industrial Park – Building 4)	Northampton	Jul 2025	298,499	Direct	New
Myles Enterprise	**1650 Sherman Ave., Pennsauken, NJ**	Camden	Sept 2025	119,553	Direct	New

Recent sales activity

Buyer	**Address** (Building Name)	Sale date	Building size (sf)	Sale price	Sale price psf	Seller
Berkley Partners	**500 University Ct., Blackwood, NJ**	Sept 2025	275,930	$26,200,000	$131	TPG Angelo Gordon
EQT Real Estate	**401 Bordentown Hedding Rd., Bordentown, NJ** (Central Crossings Bis Park – Bldg. 4)	Jul 2025	142,500	$25,400,000*****	$178	Blackstone
Keystone Adjustable Capital	**8290 National Hwy., Pennsauken, NJ**	Jul 2025	111,400	$18,947,520	$170	GID Investment
EQT Real Estate	**75 Haag Ave., Bellmawr, NJ**	Jul 2025	62,230	$11,900,000*****	$191	Blackstone

*****12-property portfolio sale

Philadelphia industrial market activity

Top projects under development

Address (Building Name)	Submarket	Delivery date	Building size sf	% Preleased	Developer
3144 Passyunk Ave., Philadelphia, PA (The Bellwether District – Bldg. 2)	Philadelphia	Q4 2025	727,272	0%	HRP
15000 Roosevelt Blvd., Philadelphia, PA (Rockefeller Group Logistics Center – Bldg. 1 &2)	Philadelphia	Q4 2025	318,696 – Bldg. 1 338,208 – Bldg. 2	0%	Rockefeller Group
3060 S 61 St., Philadelphia, PA (PhilaPort Logistics Center)	Philadelphia	Q4 2025	282,255	0%	DH Property Holdings
313 Churchmans Rd., New Castle, DE (First Park at New Castle – Bldg. B)	New Castle	Q1 2026	225,680	0%	First Industrial Realty Trust

Notable building deliveries

Address (Building Name)	Submarket	Delivery date	Building size sf	% Leased	Developer
2300 South Pennsylvania Ave., Morrisville, PA (South Penn Logistics Center)	Bucks	Aug 2025	973,200	0%	Logistics Property Company
403 South Chiques Rd., Manheim, PA (283 Commerce Hub)	Lancaster	Jul 2025	399,280	100%	Panattoni
269 Stone Meeting House Rd., Logan Twsp., NJ (Commodore North – Bldg. 1)	Gloucester	Jul 2025	334,200	0%	Prologis
1804 River Rd., Burlington, NJ (Crow Holdings at Exit 6A)	Burlington	Jul 2025	294,176	52.9%	Crow Holdings

Philadelphia industrial market stats

Submarket	Existing inventory sf	Deliveries sf (YTD)	Under development sf	Direct vacancy	Sublet vacancy	Total vacancy	Net absorption sf (YTD)	Net absorption % of inventory (YTD)	Annual direct asking rent psf NNN
Adams	6,421,578			5.6%	0.0%	5.6%	-357,214	-5.6%	-
Atlantic	3,171,605			7.9%	0.6%	8.5%	-40,002	-1.3%	$10.92
Berks	45,522,161	50,000		8.5%	0.5%	9.1%	-377,233	-0.8%	$8.16
Bucks	49,111,020	2,701,017	209,000	10.8%	1.4%	12.2%	-330,325	-0.7%	$11.15
Burlington	59,973,546	1,357,388	2,006,314	9.3%	0.5%	9.8%	1,768,296	2.9%	$13.61
Camden	24,527,624	334,720		5.4%	1.4%	6.8%	-386,508	-1.6%	$9.00
Carbon	3,010,034	209,919	699,847	7.0%	0.0%	7.0%	52,000	1.7%	-
Chester	18,837,890	636,120	122,850	10.0%	0.4%	10.4%	-629,232	-3.3%	$10.97
Columbia	7,238,269			0.0%	0.0%	0.0%	446,000	6.2%	-
Cumberland - NJ	14,293,725	126,037		6.5%	0.0%	6.5%	-154,458	-1.1%	$5.31
Cumberland - PA	63,430,975			4.2%	2.3%	6.6%	-423,454	-0.7%	$5.82
Dauphin	27,192,180	250,000		6.7%	2.7%	9.3%	949,545	3.5%	$7.43
Delaware	16,956,879	105,000		7.6%	0.2%	7.8%	82,408	0.5%	$15.46
Franklin	32,032,708			9.9%	0.8%	10.7%	-205,227	-0.6%	$4.83
Gloucester	36,124,906	992,566	469,069	11.5%	0.9%	12.5%	75,717	0.2%	$8.52
Kent	6,148,844		54,000	2.8%	0.0%	2.8%	-22,339	-0.4%	$7.39
Lackawanna	26,512,571	50,000	544,168	4.3%	1.7%	6.0%	175,076	0.7%	$4.97

Source: Avison Young Market Intelligence, CoStar

Philadelphia industrial market stats

Submarket	Existing inventory sf	Deliveries sf (YTD)	Under development sf	Direct vacancy	Sublet vacancy	Total vacancy	Net absorption sf (YTD)	Net absorption % of inventory (YTD)	Annual direct asking rent psf NNN
Lancaster	55,956,532	877,634	218,768	3.0%	0.3%	3.3%	624,318	1.1%	$ 7.94
Lebanon	22,896,441		161,000	9.8%	0.8%	10.6%	-299,197	-1.3%	$ 7.31
Lehigh	66,254,327	399,009	288,074	5.2%	1.7%	6.9%	-1,153,450	-1.7%	$ 9.85
Luzerne	68,563,875	1,601,983	1,154,240	7.6%	0.6%	8.2%	-525,416	-0.8%	$ 8.06
Monroe	10,424,049			5.6%	0.0%	5.6%	976,690	9.4%	$ 7.15
Montgomery	44,363,379	266,880	269,312	8.6%	1.1%	9.7%	-571,523	-1.3%	$ 10.44
Montour	1,902,108			1.2%	0.0%	1.2%	-22,500	-1.2%	-
New Castle	35,028,630	525,000	707,450	8.4%	0.4%	8.8%	195,690	0.6%	$ 11.6
Northampton	59,125,655	399,039	1,174,229	11.3%	1.4%	12.6%	-592,342	-1.0%	$ 6.93
Northumberland	1,038,910			6.3%	0.0%	6.3%	57,000	5.5%	$ 5.5
Perry	50,000			0.0%	0.0%	0.0%	0	0.0%	-
Philadelphia	79,304,196	1,548,192	1,812,901	13.4%	0.2%	13.6%	-2,012,575	-2.5%	$ 10.75
Salem	12,503,299	2,082,792	274,400	37.0%	0.0%	37.0%	870,499	7.0%	$ 10.51
Schuylkill	25,011,654		2,040,720	15.9%	0.4%	16.4%	-963,778	-3.9%	$ 6.85
Sussex	4,695,451			3.6%	0.0%	3.6%	-156,150	-3.3%	$ 4.37
Wyoming	1,999,516			0.0%	0.0%	0.0%	0	0.0%	-
York	68,941,212	1,609,416	1,941,462	6.2%	0.7%	6.9%	254,957	0.4%	$ 7.06
Market Total	**998,565,749**	**16,122,712**	**14,147,804**	**8.5%**	**0.9%**	**9.4%**	**-2,694,727**	**-0.3%**	**$9.51**

Source: Avison Young Market Intelligence, CoStar

Philadelphia industrial market stats by property subtype

	Existing inventory sf	Deliveries sf (YTD)	Under development sf	Direct vacancy	Sublet vacancy	Total vacancy	Net absorption sf (YTD)	Net absorption % of inventory (YTD)	Annual direct asking rent psf NNN
Distribution	428,930,846	10,706,105	6,696,690	10.6%	1.5%	12.1%	-1,791,259	-0.4%	$10.28
General Warehouse	327,557,577	5,026,507	7,188,114	9.3%	0.5%	9.8%	152,504	0.0%	$9.02
Manufacturing	242,077,326	390,100	263,000	3.5%	0.4%	3.9%	-1,055,972	-0.4%	$9.25
Market total	**998,565,749**	**16,122,712**	**14,147,804**	**8.5%**	**0.9%**	**9.4%**	**-2,694,727**	**-0.3%**	**$9.51**

Source: Avison Young Market Intelligence, CoStar

Industrial insights glossary of terms

Demand

- **Leasing activity:** total square footage of relocations, renewals, expansions and subleases expressed when the leases are signed, not when tenants take physical occupancy of the space
- **Absorption:** period-over-period change in occupied square footage

Supply

- **Direct vacancy rate:** space operated by landlords that is ready for immediate occupancy
- **Sublease vacancy rate:** space operated by sublandlords that is ready for immediate occupancy
- **Total vacancy rate:** sum of direct vacancy rate and sublease vacancy rate
- **Availability rate:** space that is vacant plus space that will become vacant over an indefinite time horizon, including spaces that are occupied by vacating tenants and under-construction properties

Industrial rents and concessions

- **Triple net rents:** tenant is responsible for paying rent, utilities, taxes, operating expenses and common area maintenance
- **Asking rents:** pricing guidance provided by landlords to tenants for available space expressed as triple net (NNN)
- **Base rents:** fair market value of market-level lease pricing based on representative executed leases, expressed as triple net (NNN)
- **Free rent period:** months of free rent that are typically provided upfront by landlords to tenants as a concession to offset the total cost of a lease and/or the construction timeline of an industrial suite
- **Tenant improvement allowance:** an allowance expressed in dollars per square foot provided from landlords to tenants to offset build-out, engineering, space planning and related permit costs
- **Net effective rent:** base rents discounted by the dollar values of tenant improvement allowance and free rent concessions expressed as full service (FS)

Property subtypes

- **Distribution:** properties used primarily to ship goods with higher proportions of dock doors and taller clear heights
- **General Warehouse:** properties used to store goods and materials
- **Manufacturing:** properties where goods are produced and assembled with heavier power and stronger floor loads for equipment

Capital markets

- **Investment volume:** industrial sales dollars expressed when the transactions close and based on inventory thresholds; partial-interest sale dollar amounts are not grossed-up to reflect the 100% value of the sale
- **Asset pricing:** unweighted average per-square-foot asset pricing of market-level closed sales
- **Cap rate:** net operating income divided by sale price; this measurement of market-level investment returns is calculated as an unweighted average based on closed investment sales

For more market insights and information visit **avisonyoung.com**

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