

Q1 2022

Philadelphia Industrial Market Report | Logistics Set

Central PA
Lehigh Valley
Northeastern PA
Southern New Jersey
Philadelphia Metro
Delaware
Lower 81



Lee & Associates of Eastern Pennsylvania LLC

Central PA | 4550 Lena Drive, Suite 104, Mechanicsburg, PA 17055 | 717.695.3840

Suburban Philadelphia | 220 W. Germantown Pike, Suite 200, Plymouth Meeting, PA 19462 | 610.400.0499

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Lee & Associates of Eastern Pennsylvania LLC

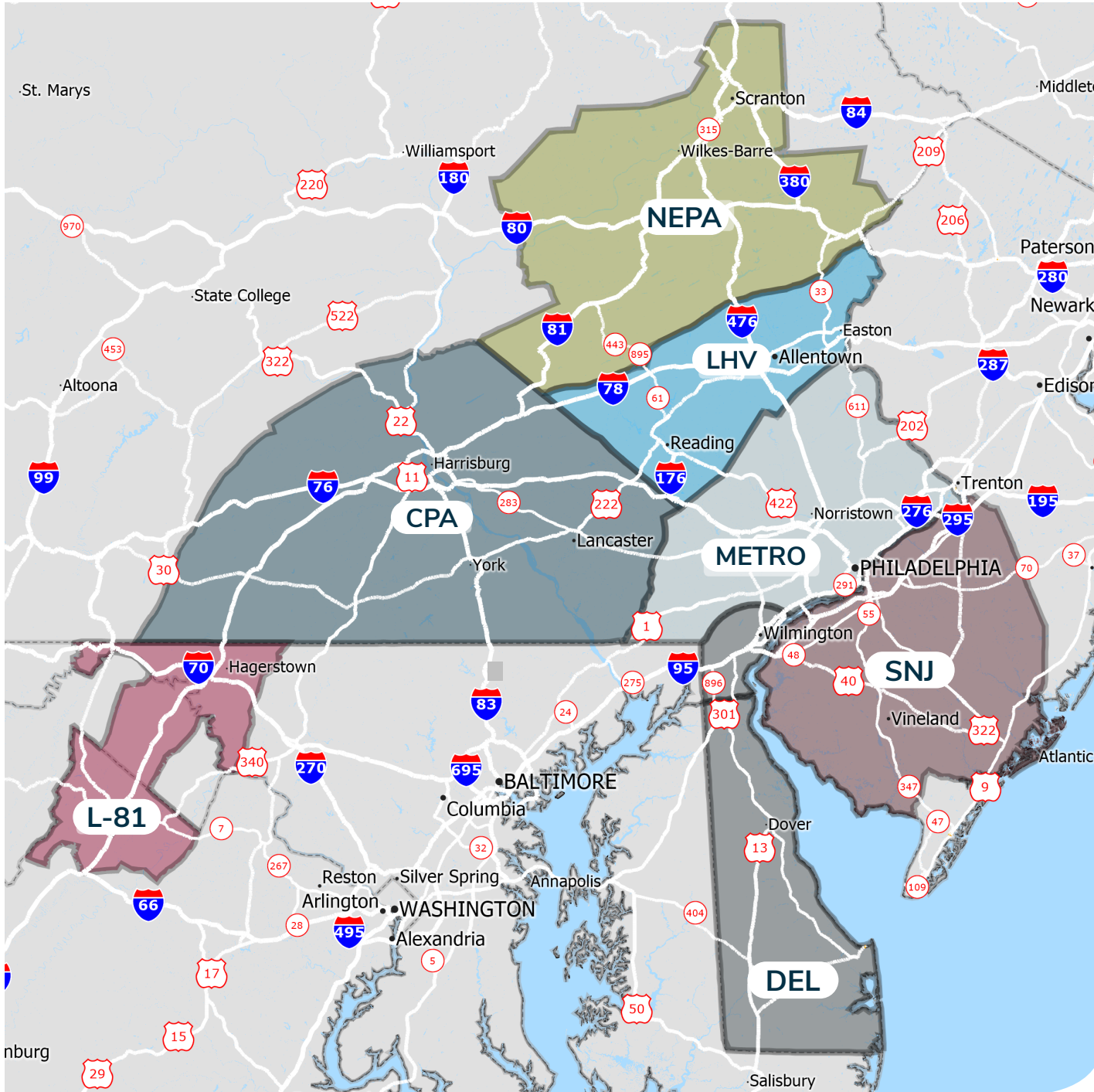
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PHILADELPHIA REGION | SUBMARKET CLUSTERS



Central PA (CPA)

Harrisburg East: Dauphin/Lebanon Co.
 Harrisburg West: Cumberland/Franklin Co.
 Lancaster: Lancaster Co.
 York: York Co.
 Other: Perry/Adams Co.

Lehigh Valley (LHV)

Reading: Berks Co.
 Lehigh Valley West: Lehigh Co.
 Lehigh Valley East: Northampton Co.

Northeastern PA (NEPA)

NEPA Central: Luzerne Co.
 NEPA North: Lackawanna Co.
 NEPA South: Schuylkill Co.
 Other: Columbia/Monroe Co.

Southern New Jersey (SNJ)

Burlington: Burlington Co.
 Camden: Camden Co.
 Gloucester: Gloucester Co.
 Other: Cumberland/Salem/Atlantic Co.

Philadelphia Metro (Metro)

Suburban East: Bucks Co.
 Suburban West: Chester Co.
 Suburban South: Delaware Co.
 Suburban North: Montgomery Co.
 Philadelphia: City/Suburban

Delaware (DEL)

North: New Castle Co.
 Central: Kent Co.
 South: Sussex Co.

Lower 81 (L-81)

Hagerstown, MD - Washington Co.
 Martinsburg, WV - Berkeley Co.
 Winchester, VA - Winchester/Frederick Co.

147 ▼

Active Requirements

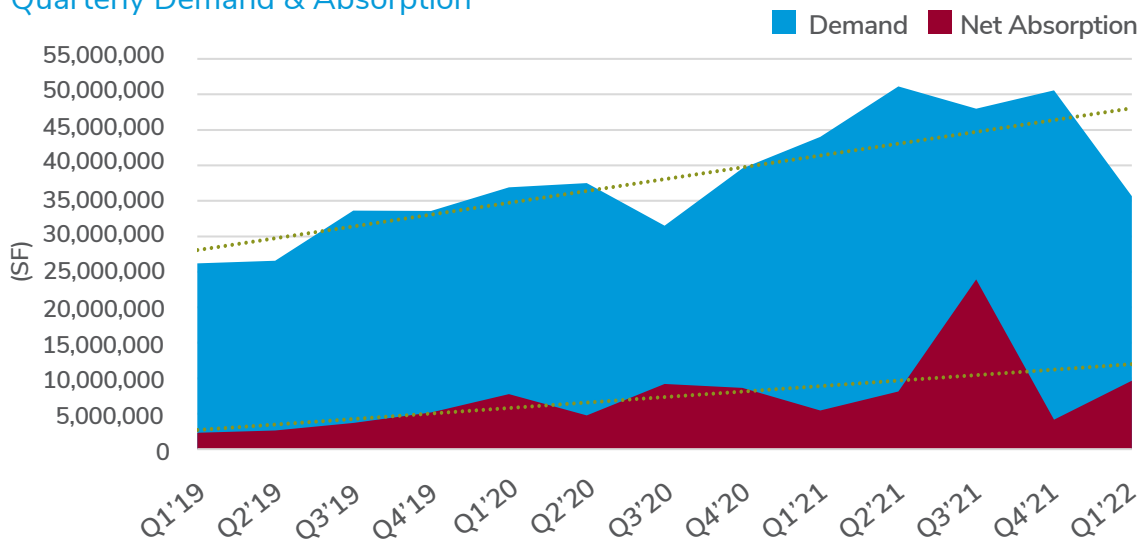
35,644,990 SF ▼

Aggregate Demand

242,483 SF ▼

Average Size

Quarterly Demand & Absorption

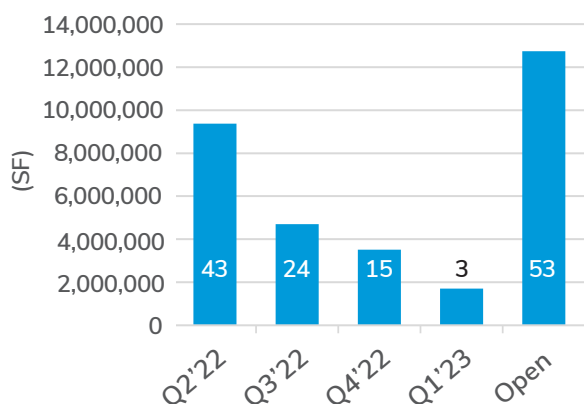


Size Range

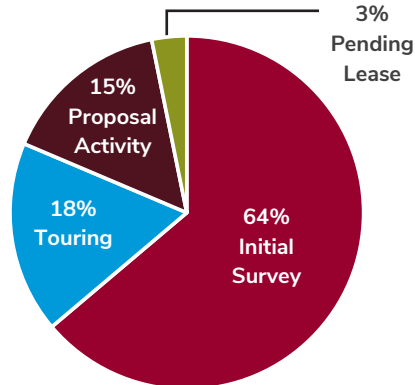
Requirements

1,000,000 +	0
750,000 - 999,999	4
500,000 - 749,999	18
250,000 - 499,999	44
100,000 - 249,999	43
<100,000	35
Open	3

Target Occupancy



Stages of Demand



Active Requirements ¹

CPA	62	18,148,750
LHV	94	21,777,740
NEPA	24	10,503,500
SNJ	11	6,337,500
PHL	23	7,190,000
DEL	10	4,737,500

Supply Notes

Vacancy

1.96%

Under Construction

46,655,347 SF

PHILADELPHIA REGION LOGISTICS SET | Q1 2022 STANDING STOCK

1.96% ▼

Vacancy

545,356,755 SF

Standing Stock

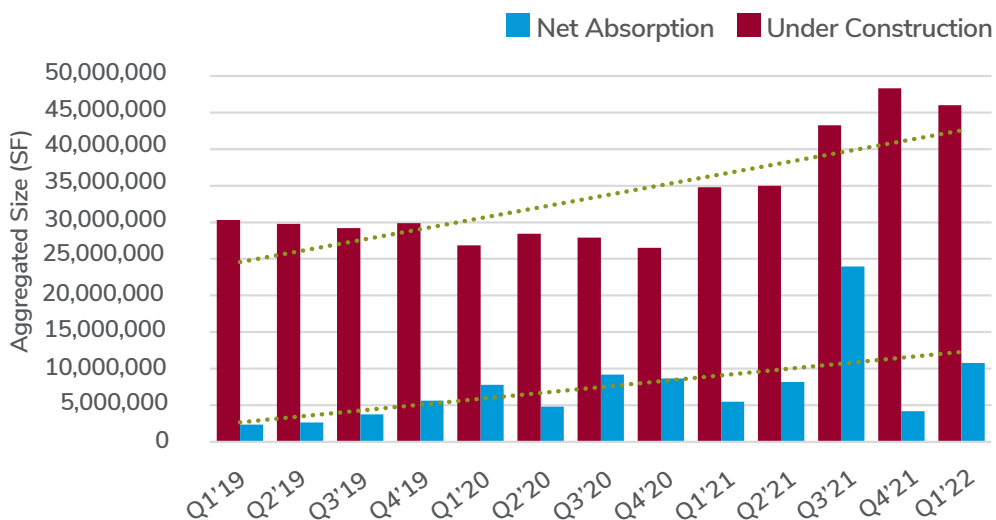
10,759,743 SF ▲

Net Absorption

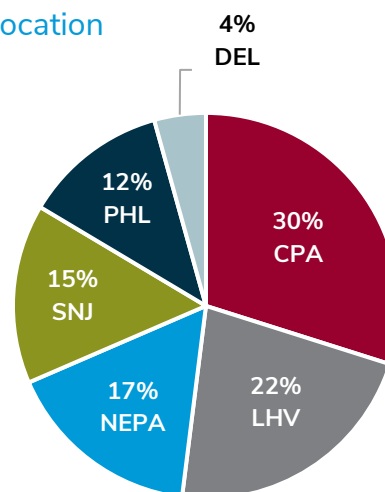
46,655,347 SF ▼

Under Construction

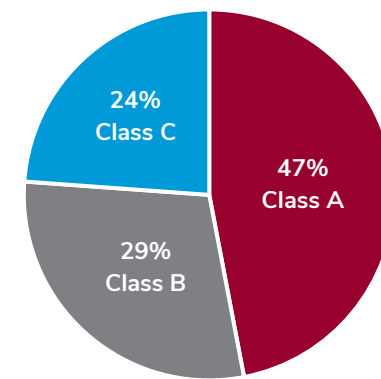
Net Absorption | Under Construction



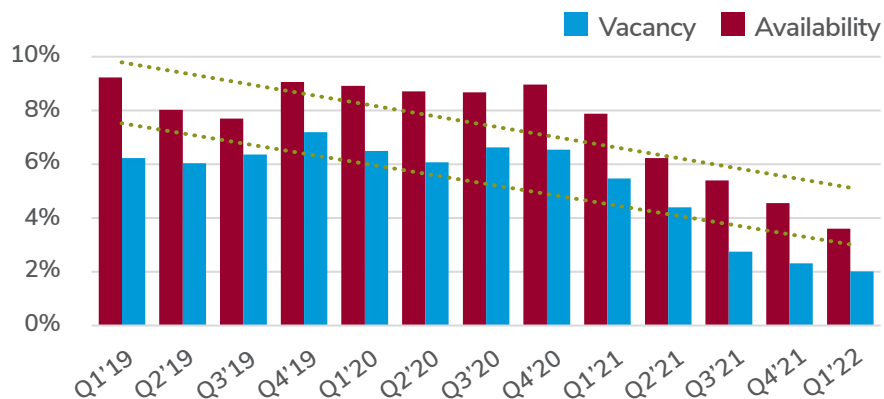
Location



Asset Quality



Vacancy | Availability



Market Notes

The Philadelphia Regional Industrial Market booked 10.8 MSF of net absorption for Q1'22, more than twice the level recorded in Q4'21. The surge in leasing activity offset 9.2 MSF in new construction deliveries, and had the effect of reducing marketwide vacancy to a new record low level of 1.96%.

Active construction fell slightly to 46.7 MSF as a number of project starts were pushed back due to supply chain issues delaying the delivery of building materials. More than half of the construction projects are expected to deliver in the next two quarters.

Demand weighed in at its lowest level since Q3'20, in part believed to be a reflection of reduced availability levels across the market.

Looking forward to the rest of 2022, expect net absorption increases to coincide with new construction deliveries, or potentially lag by a quarter. Overall vacancy rates should hover around their current levels, or even rise slightly through Q3'22 in the wake of new speculative deliveries. If there is an increase in vacancy it is likely to be short-lived, given what we anticipate will be a declining level of construction activity on the near horizon. As a result of the supply shortage and rising project costs, rental rates are expected to maintain a strong upward trend across the board.

PHILADELPHIA REGION LOGISTICS SET | Q1 2022 STANDING STOCK

1,675

Total Buildings

325,586 SF

Average Building Size

9,206,480 SF ▲

New Construction Deliveries

47%

Class A Buildings

Submarket	Total Properties	Standing Stock (SF)	Average Building Size (SF)	Vacancy Rate (%)	Q1'22 Absorption (SF)	2022 YTD Absorption (SF)	12 Months Absorption (SF)
Central Pennsylvania (CPA)	444	163,468,874	368,173	2.10%	4,528,858	4,528,858	12,169,975
Class A	133	80,528,552	605,478	2.15%	4,011,664	4,011,664	9,741,251
Class B	177	51,327,274	289,985	1.48%	552,994	552,994	2,247,771
Class C	134	31,613,048	235,918	2.99%	(35,800)	(35,800)	180,953
Lehigh Valley (LHV)	318	120,950,116	380,346	1.47%	3,107,305	3,107,305	11,741,810
Class A	147	76,842,752	522,740	1.50%	2,965,055	2,965,055	9,382,411
Class B	89	27,399,144	307,856	0.16%	120,000	120,000	1,233,685
Class C	82	16,708,220	203,759	3.48%	22,250	22,250	1,125,714
Northeastern Pennsylvania (NEPA)	267	88,726,523	332,309	2.29%	352,228	352,228	6,174,128
Class A	72	39,539,067	549,154	0.93%	287,052	287,052	4,974,478
Class B	87	23,222,857	266,929	5.16%	235,366	235,366	712,602
Class C	108	25,964,599	240,413	1.79%	(170,190)	(170,190)	487,048
Southern New Jersey (SNJ)	292	82,796,743	283,550	1.88%	1,206,056	1,206,056	6,227,088
Class A	88	38,332,547	435,597	2.40%	119,621	119,621	5,216,397
Class B	102	24,688,211	242,041	1.56%	1,169,250	1,169,250	1,171,649
Class C	102	19,775,985	193,882	1.28%	(82,815)	(82,815)	(160,958)
Philadelphia Metro (METRO)	272	66,253,779	243,580	2.72%	1,544,296	1,544,296	3,913,435
Class A	41	10,993,031	268,123	6.39%	860,784	860,784	2,003,643
Class B	99	25,855,953	261,171	1.82%	167,288	167,288	1,141,727
Class C	132	29,404,795	222,764	2.13%	516,224	516,224	768,065
Delaware (DEL)	82	23,160,720	282,448	2.05%	21,000	21,000	4,361,344
Class A	15	9,813,592	654,239	0.00%	0	0	4,303,379
Class B	38	7,317,692	192,571	0.82%	0	0	28,173
Class C	29	6,029,436	207,912	6.88%	21,000	21,000	29,792
TOTALS	1,675	545,356,755	325,586	1.96%	10,759,743	10,759,743	44,587,780
Class A	496	256,049,541	516,229	1.91%	8,244,176	8,244,176	35,621,559
Class B	592	159,811,131	269,951	3.05%	2,244,898	2,244,898	6,535,607
Class C	587	129,496,083	220,607	3.77%	270,669	270,669	2,430,614



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2.10% ▼

Vacancy

163,468,874 SF

Standing Stock

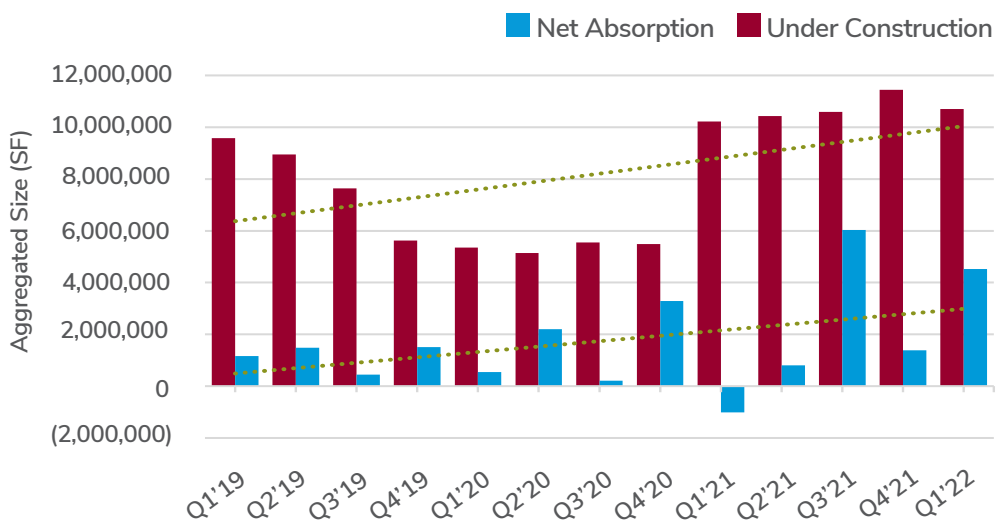
4,528,858 SF ▲

Net Absorption

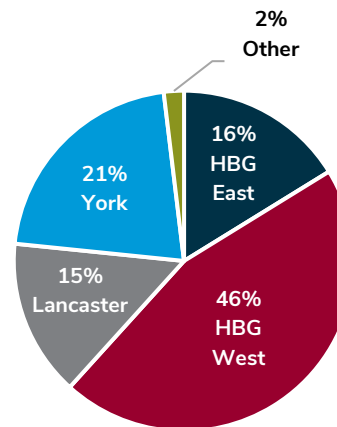
10,703,910 SF ▼

Under Construction

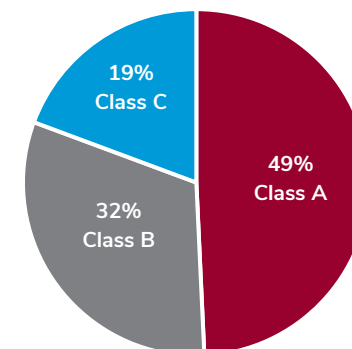
Net Absorption | Under Construction



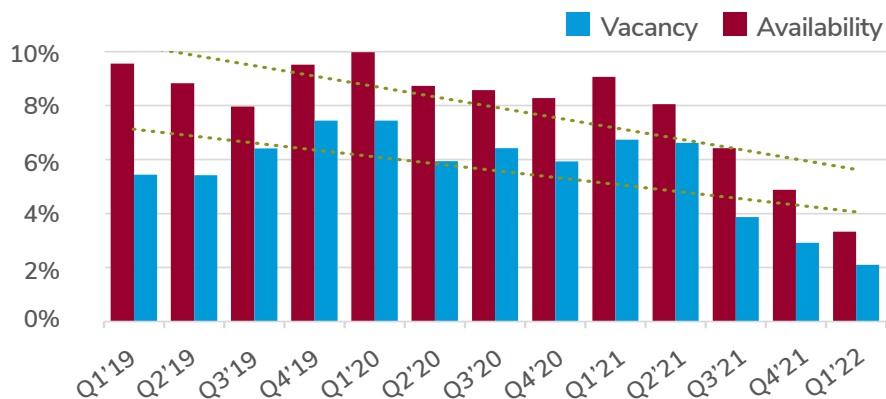
Location



Asset Quality



Vacancy | Availability



Market Notes

Central PA witnessed strong net absorption for Q1'22, weighing in at 4.5 MSF. One big driver was the 1.8 MSF Wal-Mart Build-To-Suit in Shippensburg, but in truth all of the new building deliveries (tot. 3.4 MSF) were pre-leased. With another 1.1 MSF of standing vacancy eliminated through new occupancies, the vacancy level in the Philadelphia Region's largest submarket dipped to a new all-time low of 2.1%.

Rents continued to trend upward as a result of the already tight space conditions and aggressive pre-leasing activity. And while Demand slowed a bit in Q1'22, at 18.0 MSF it remains well above rolling construction totals (10.7 MSF). As a result of that imbalance and an overall shortage of space expect continued rent growth through at least the end of the year, and likely well into 2023.

CPA LOGISTICS SET | Q1 2022 STANDING STOCK

444

Total Buildings

368,173 SF

Average Building Size

3,397,454 SF ▲

New Construction Deliveries

49%

Class A Buildings

Submarket	Total Properties	Standing Stock (SF)	Average Building Size (SF)	Vacancy Rate (%)	Q1'22 Absorption (SF)	2022 YTD Absorption (SF)	12 Months Absorption (SF)
Harrisburg East	78	26,494,253	339,670	4.88%	905,505	905,505	2,415,772
Class A	25	13,689,057	547,562	4.82%	800,000	800,000	1,527,360
Class B	31	8,281,593	267,148	2.10%	105,505	105,505	850,583
Class C	22	4,523,603	205,618	10.15%	0	0	37,829
Harrisburg West	158	74,385,560	470,795	1.78%	2,892,183	2,892,183	5,313,137
Class A	63	45,763,422	726,404	1.89%	2,480,494	2,480,494	4,289,217
Class B	60	19,518,743	325,312	2.36%	447,489	447,489	913,617
Class C	35	9,103,395	260,097	0.00%	(35,800)	(35,800)	110,303
Lancaster	94	24,371,295	259,269	0.07%	251,250	251,250	1,343,109
Class A	14	5,593,036	399,503	0.00%	251,250	251,250	852,221
Class B	45	10,313,559	229,190	0.17%	0	0	490,888
Class C	35	8,464,700	241,849	0.00%	0	0	0
York	104	35,088,732	337,392	2.29%	479,920	479,920	3,097,957
Class A	31	15,483,037	499,453	1.36%	479,920	479,920	3,072,453
Class B	38	11,921,374	313,720	0.90%	0	0	(7,317)
Class C	35	7,684,321	219,552	6.34%	0	0	32,821
Other	10	3,129,034	312,903	0.00%	0	0	0
Class A	0	0	0	-	0	0	0
Class B	3	1,292,005	430,668	0.00%	0	0	0
Class C	7	1,837,029	262,433	0.00%	0	0	0
TOTAL	444	163,468,874	368,173	2.10%	4,528,858	4,528,858	12,169,975
Class A	133	80,528,552	605,478	2.15%	4,011,664	4,011,664	9,741,251
Class B	177	51,327,274	289,985	1.48%	552,994	552,994	2,247,771
Class C	134	31,613,048	235,918	2.99%	(35,800)	(35,800)	180,953



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1.47% ▼

Vacancy

120,950,116 SF

Standing Stock

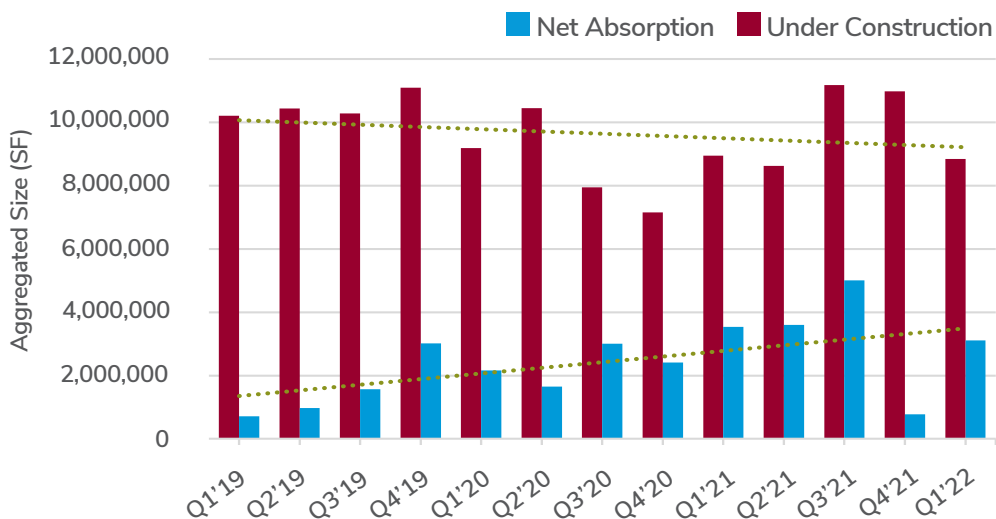
3,107,305 SF ▲

Net Absorption

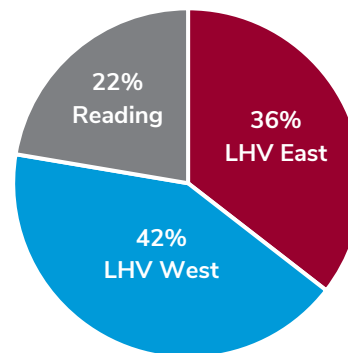
8,842,629 SF ▼

Under Construction

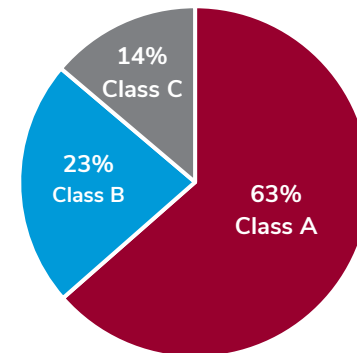
Net Absorption | Under Construction



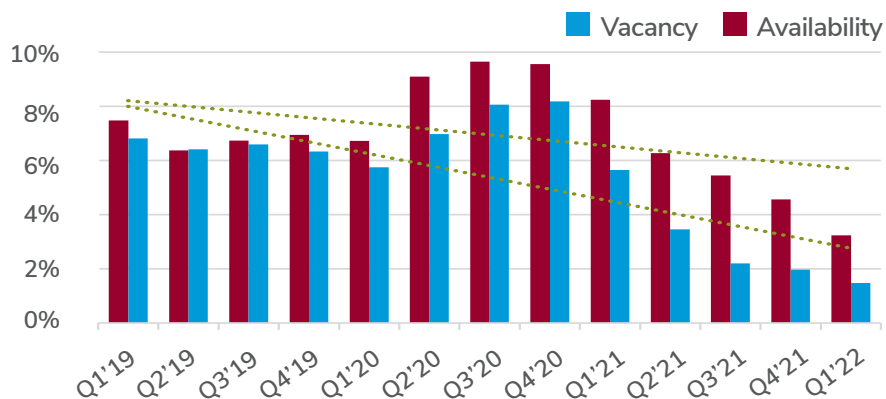
Location



Asset Quality



Vacancy | Availability



Market Notes

The Lehigh Valley booked strong net absorption for Q1'22, totaling 3.1 MSF. One big driver accounting for roughly one-third of the total was the 1.0 MSF Mars Petcare lease with NorthPoint in Bethel. Vacancy fell to a new record-low level of 1.47%, due largely to a combination of modest new space deliveries (2.6 MSF) and strong tenant activity.

Rents continued to surge, with nearly every new deal setting a high water mark. Demand remained strong - at 21.8 MSF it led all Philadelphia Region sub-markets and sits well above rolling construction totals (8.8 MSF). As a result of that imbalance and an overall shortage of space expect low vacancy rates and continued rent growth for the foreseeable future.

318

Total Buildings

380,346 SF

Average Building Size

2,552,269 SF ▲

New Construction Deliveries

63%

Class A Buildings

Submarket	Total Properties	Standing Stock (SF)	Average Building Size (SF)	Vacancy Rate (%)	Q1'22 Absorption (SF)	2022 YTD Absorption (SF)	12 Months Absorption (SF)
Lehigh Valley East	112	42,933,422	383,334	1.49%	1,218,659	1,218,659	4,780,295
Class A	72	35,119,202	487,767	1.22%	1,196,409	1,196,409	4,573,045
Class B	20	4,392,908	219,645	0.00%	0	0	139,000
Class C	20	3,421,312	171,066	6.18%	22,250	22,250	68,250
Lehigh Valley West	133	50,994,238	383,415	0.58%	573,600	573,600	4,378,376
Class A	53	28,742,021	542,302	0.00%	453,600	453,600	2,463,255
Class B	49	15,559,229	317,535	0.05%	120,000	120,000	1,094,685
Class C	31	6,692,988	215,903	4.27%	0	0	820,436
Reading	73	27,022,456	370,171	3.14%	1,315,046	1,315,046	2,583,139
Class A	22	12,981,529	590,070	5.59%	1,315,046	1,315,046	2,346,111
Class B	20	7,447,007	372,350	0.50%	0	0	0
Class C	31	6,593,920	212,707	1.27%	0	0	237,028
TOTAL	318	120,950,116	380,346	1.47%	3,107,305	3,107,305	11,741,810
Class A	147	76,842,752	522,740	1.50%	2,965,055	2,965,055	9,382,411
Class B	89	27,399,144	307,856	0.16%	120,000	120,000	1,233,685
Class C	82	16,708,220	203,759	3.48%	22,250	22,250	1,125,714

2.29% ▼

Vacancy

88,726,523 SF

Standing Stock

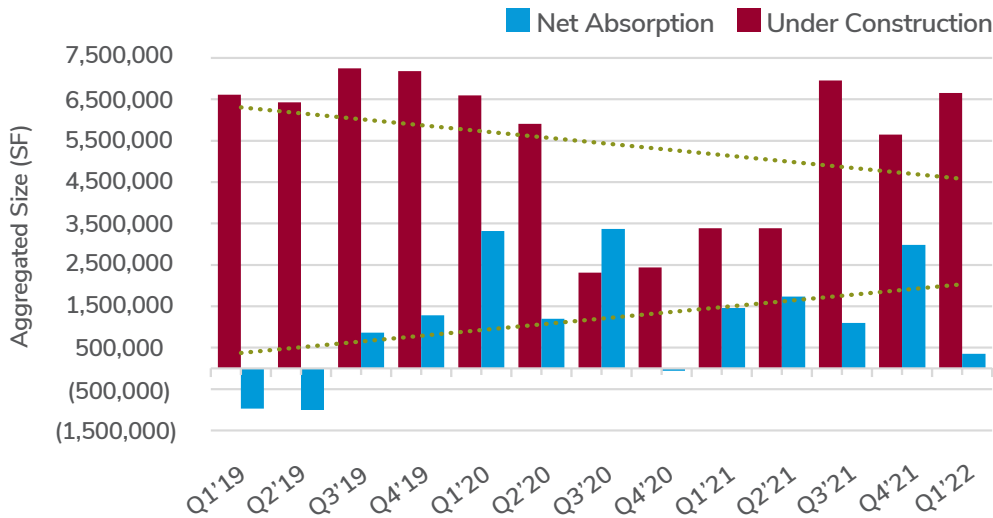
352,228 SF ▼

Net Absorption

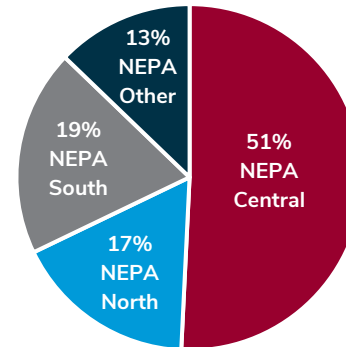
6,655,328 SF ▲

Under Construction

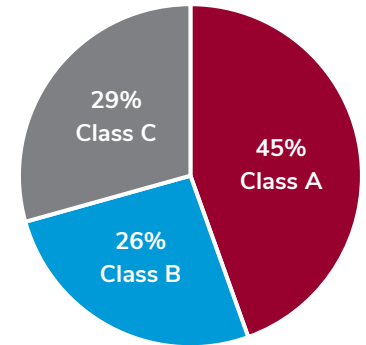
Net Absorption | Under Construction



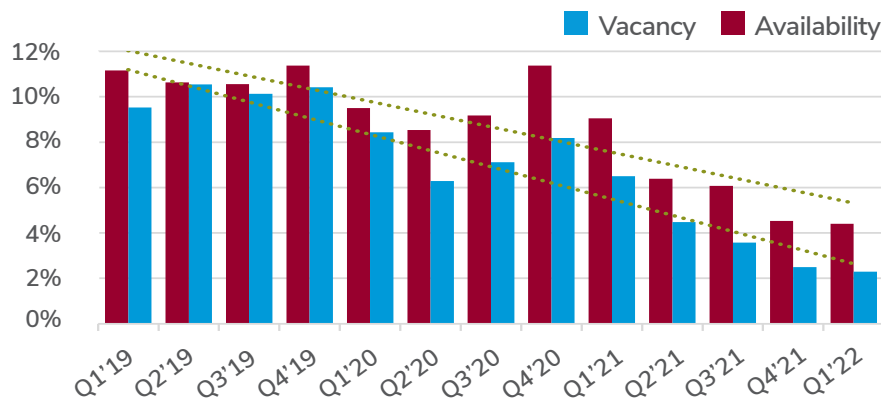
Location



Asset Quality



Vacancy | Availability



Market Notes

At 350,000 SF Q1'22 net absorption for Northeast Pennsylvania weighed in at its lowest level in 5 quarters. Like most of the Philadelphia sub-markets net absorption was constrained by low levels of new construction deliveries (180,000 SF for the quarter) and relatively little in the way of standing vacancy (2.29%).

Looking forward, the picture regarding availability is likely to change; rolling construction sits at 6.6 MSF, with over 4.4 MSF expected to deliver by Q3'22. A significant level of new starts is expected over the course of the next two quarters as well, so users looking at Northeast PA (10.5 MSF of Demand by our estimates) should have a place to land for the first time in a while. In general, absorption is expected to increase along with new construction deliveries through the end of 2022.

Rents are expected to continue growing through the end of the year; however, the combination of new speculative deliveries, projected 2022 construction starts, and an active development pipeline have the potential to moderate rent growth and elevate vacancy rates in 2023 and beyond.

NEPA LOGISTICS SET | Q1 2022 STANDING STOCK

267

Total Buildings

332,309 SF

Average Building Size

180,000 SF ▼

New Construction Deliveries

45%

Class A Buildings

Submarket	Total Properties	Standing Stock (SF)	Average Building Size (SF)	Vacancy Rate (%)	Q1'22 Absorption (SF)	2022 YTD Absorption (SF)	12 Months Absorption (SF)
NEPA Central	148	45,204,522	305,436	2.43%	484,228	484,228	3,708,757
Class A	48	22,558,863	469,976	1.64%	287,052	287,052	2,876,252
Class B	51	12,211,835	239,448	3.81%	367,366	367,366	1,002,695
Class C	49	10,433,824	212,935	2.54%	(170,190)	(170,190)	(170,190)
NEPA North	50	15,132,385	302,648	1.17%	0	0	465,517
Class A	7	4,711,010	673,001	0.00%	0	0	217,000
Class B	15	3,253,997	216,933	1.46%	0	0	64,049
Class C	28	7,167,378	255,978	1.80%	0	0	184,468
NEPA South	48	17,104,278	356,339	4.41%	(132,000)	(132,000)	931,268
Class A	10	6,228,303	622,830	0.00%	0	0	1,131,490
Class B	16	5,614,635	350,915	12.19%	(132,000)	(132,000)	(354,142)
Class C	22	5,261,340	239,152	1.32%	0	0	153,920
NEPA Other	21	11,285,338	537,397	0.00%	0	0	1,068,586
Class A	7	6,040,891	862,984	0.00%	0	0	749,736
Class B	5	2,142,390	428,478	0.00%	0	0	0
Class C	9	3,102,057	344,673	0.00%	0	0	318,850
TOTAL	267	88,726,523	332,309	2.29%	352,228	352,228	6,174,128
Class A	72	39,539,067	549,154	0.93%	287,052	287,052	4,974,478
Class B	87	23,222,857	266,929	5.16%	235,366	235,366	712,602
Class C	108	25,964,599	240,413	1.79%	(170,190)	(170,190)	487,048



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1.88% ▲

Vacancy

82,796,743 SF

Standing Stock

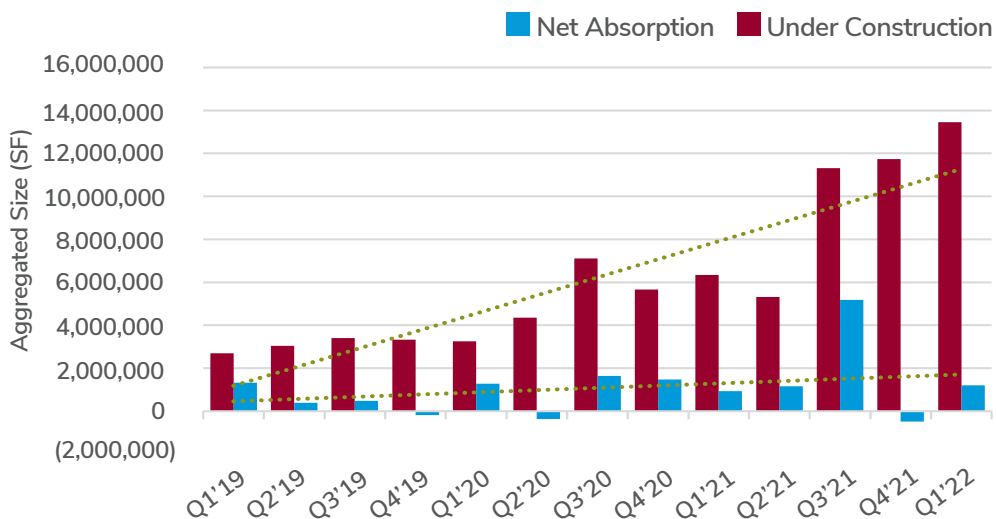
1,206,056 SF ▲

Net Absorption

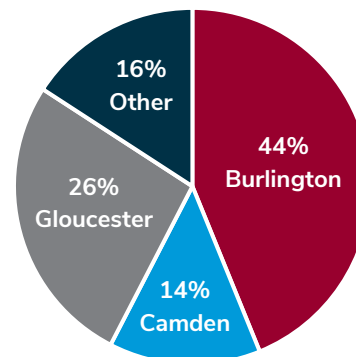
13,448,416 SF ▲

Under Construction

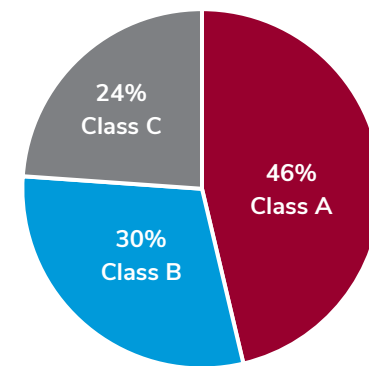
Net Absorption | Under Construction



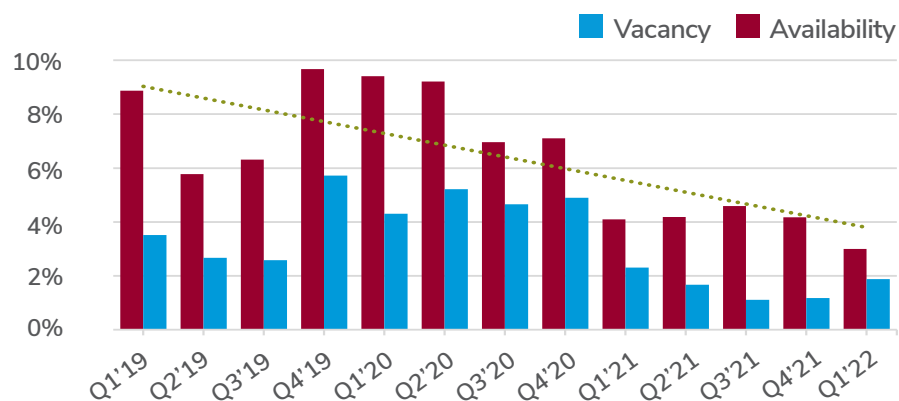
Location



Asset Quality



Vacancy | Availability



Market Notes

Southern New Jersey booked 1.2 MSF in net absorption during Q1'22. While strong, it didn't prevent a small increase in vacancy to 1.88% for the quarter, due primarily to unleased speculative deliveries. Key absorption drivers included new occupancies by Aukey Technology, Trek and Omni Logistics.

Rolling construction levels are high at just under 13.5 MSF, so users intent on finding a spot in this red-hot submarket should have an expanded landing opportunity for the next several quarters as space delivers. It will come at a price, as SNJ rents are expected continue their upward trajectory for the foreseeable future – even if vacancy rates increase as a result of new space deliveries.

Note: In Q1'22 several administrative changes were made to the data set, resulting in small changes to vacancy levels.

SNJ LOGISTICS SET | Q1 2022 STANDING STOCK

292
Total Buildings

283,550 SF
Average Building Size

2,102,613 SF ▲
New Construction Deliveries

46%
Class A Buildings

Submarket	Total Properties	Standing Stock (SF)	Average Building Size (SF)	Vacancy Rate (%)	Q1'22 Absorption (SF)	2022 YTD Absorption (SF)	12 Months Absorption (SF)
Burlington	108	36,297,650	336,089	1.86%	810,556	810,556	3,255,156
Class A	52	23,907,767	459,765	2.82%	119,621	119,621	2,477,921
Class B	35	8,331,810	238,052	0.00%	768,750	768,750	855,050
Class C	21	4,058,073	193,242	0.00%	(77,815)	(77,815)	(77,815)
Camden	59	11,383,751	192,945	1.70%	(5,000)	(5,000)	116,857
Class A	0	0	0	0.00%	0	0	0
Class B	12	3,090,837	257,570	4.53%	0	0	0
Class C	47	8,292,914	176,445	0.65%	(5,000)	(5,000)	116,857
Gloucester	86	22,005,370	255,876	0.75%	0	0	1,621,694
Class A	25	9,007,241	360,290	0.00%	0	0	1,623,595
Class B	42	9,695,228	230,839	1.69%	0	0	(1,901)
Class C	19	3,302,901	173,837	0.00%	0	0	0
SJ Other	39	13,109,972	336,153	4.03%	400,500	400,500	1,233,381
Class A	11	5,417,539	492,504	4.54%	0	0	1,114,881
Class B	13	3,570,336	274,641	2.30%	400,500	400,500	318,500
Class C	15	4,122,097	274,806	4.85%	0	0	(200,000)
TOTAL	292	82,796,743	283,550	1.88%	1,206,056	1,206,056	6,227,088
Class A	88	38,332,547	435,597	2.40%	119,621	119,621	5,216,397
Class B	102	24,688,211	242,041	1.56%	1,169,250	1,169,250	1,171,649
Class C	102	19,775,985	193,882	1.28%	(82,815)	(82,815)	(160,958)

PHL METRO LOGISTICS SET | Q1 2022 STANDING STOCK

2.72% ▼

Vacancy

66,253,779 SF

Standing Stock

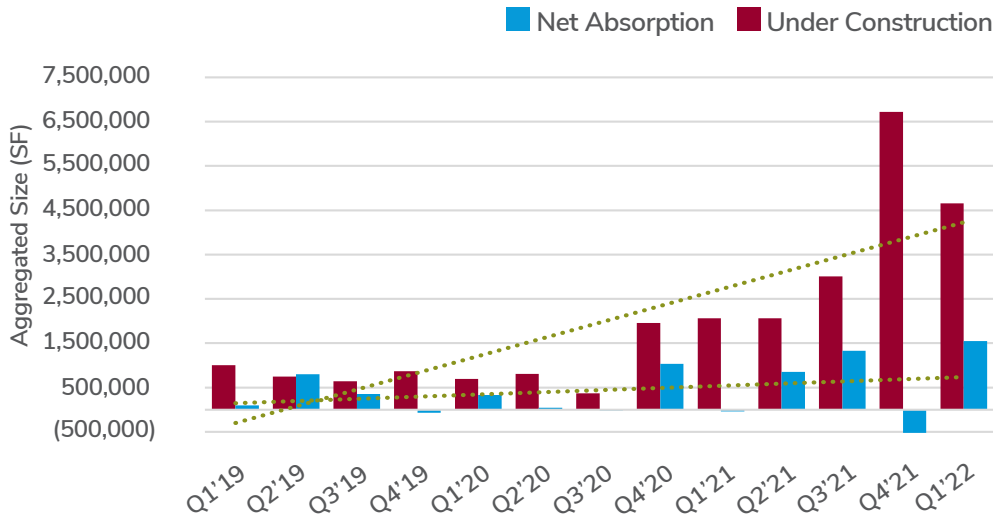
1,544,296 SF ▲

Net Absorption

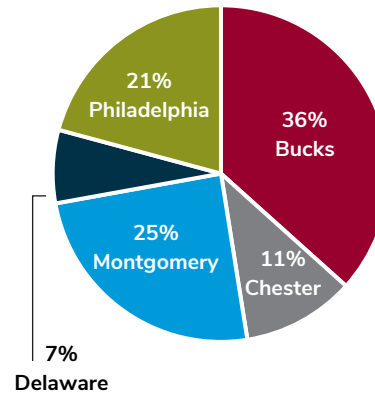
4,657,614 SF ▼

Under Construction

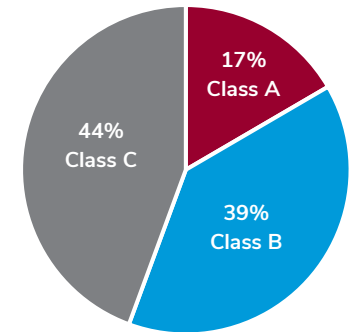
Net Absorption | Under Construction



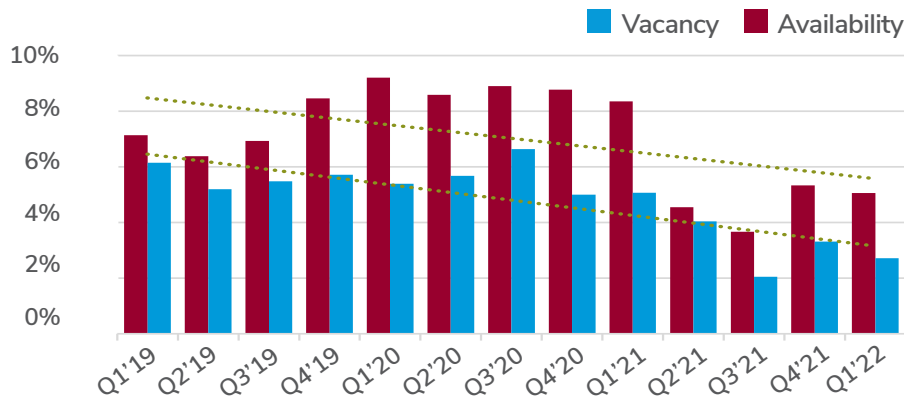
Location



Asset Quality



Vacancy | Availability



Market Notes

The Philadelphia Metro area booked over 1.5 MSF in net absorption, a record high for the market. New occupancies by Target, XPO and PDC Machines were key contributors to the increased occupancy levels; in all roughly half of the net absorption occurred in newly delivered buildings. Vacancy dipped to 2.72%, just 67 bps above the 2.05% record low set in Q3'21.

Rolling construction sits at 4.7 MSF, with 12 of the 15 active projects expected to deliver in Q2 and Q3 of this year. At least in the near term expect upward pressure on vacancy as the new space is delivered, but continued rent growth as a result of the supply demand imbalances in favor of Landlords.

PHL METRO LOGISTICS SET | Q1 2022 STANDING STOCK

272

Total Buildings

243,580 SF

Average Building Size

1,189,388 SF ▲

New Construction Deliveries

17%

Class A Buildings

Submarket	Total Properties	Standing Stock (SF)	Average Building Size (SF)	Vacancy Rate (%)	Q1'22 Absorption (SF)	2022 YTD Absorption (SF)	12 Months Absorption (SF)
Bucks	102	24,228,747	237,537	3.07%	557,698	557,698	1,441,335
Class A	13	3,623,707	278,747	8.80%	0	0	483,850
Class B	44	11,883,638	270,083	1.77%	207,000	207,000	784,078
Class C	45	8,721,402	193,809	2.45%	350,698	350,698	173,407
Chester	35	7,162,062	204,630	2.12%	65,684	65,684	237,550
Class A	4	642,600	160,650	0.00%	0	0	0
Class B	10	2,360,235	236,024	0.00%	54,684	54,684	176,259
Class C	21	4,159,227	198,058	3.64%	11,000	11,000	61,291
Montgomery	70	16,457,774	235,111	0.77%	641,239	641,239	1,196,754
Class A	9	1,834,244	203,805	2.91%	587,184	587,184	640,582
Class B	27	7,074,267	262,010	0.60%	0	0	387,428
Class C	34	7,549,263	222,037	0.40%	54,055	54,055	168,744
Delaware	19	4,652,030	244,844	9.32%	226,660	(187,742)	(187,742)
Class A	5	1,056,452	211,290	19.92%	273,600	273,600	273,600
Class B	5	1,092,733	218,547	8.64%	(94,396)	(94,396)	(83,450)
Class C	9	2,502,845	278,094	5.15%	47,456	47,456	317,294
Philadelphia	46	13,753,166	298,982	2.51%	53,015	53,015	530,352
Class A	10	3,836,028	383,603	3.11%	0	0	605,611
Class B	13	3,445,080	265,006	3.56%	0	0	(122,588)
Class C	23	6,472,058	281,394	1.59%	53,015	53,015	47,329
TOTAL	272	66,253,779	243,580	2.72%	1,544,296	1,544,296	3,913,435
Class A	41	10,993,031	268,123	6.39%	860,784	860,784	2,003,643
Class B	99	25,855,953	261,171	1.82%	167,288	167,288	1,141,727
Class C	132	29,404,795	222,764	2.13%	516,224	516,224	768,065



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2.05% ▾

Vacancy

23,160,720 SF

Standing Stock

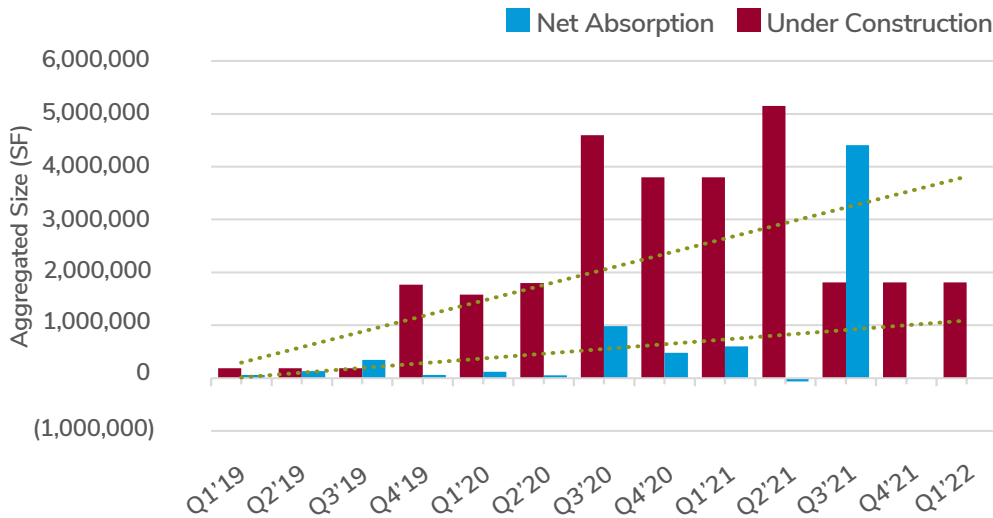
21,000 SF ▲

Net Absorption

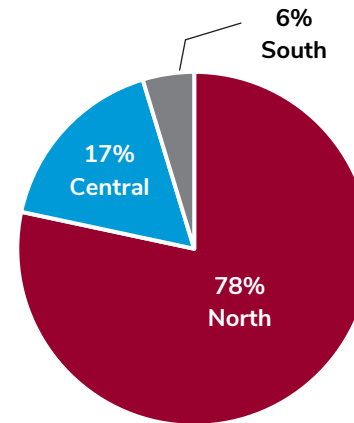
1,807,500 SF ◀▶

Under Construction

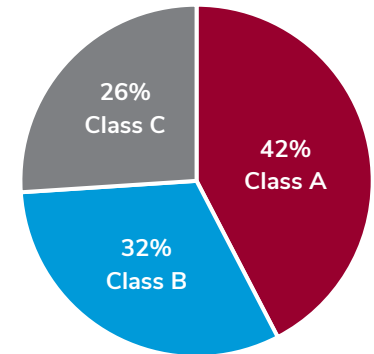
Net Absorption | Under Construction



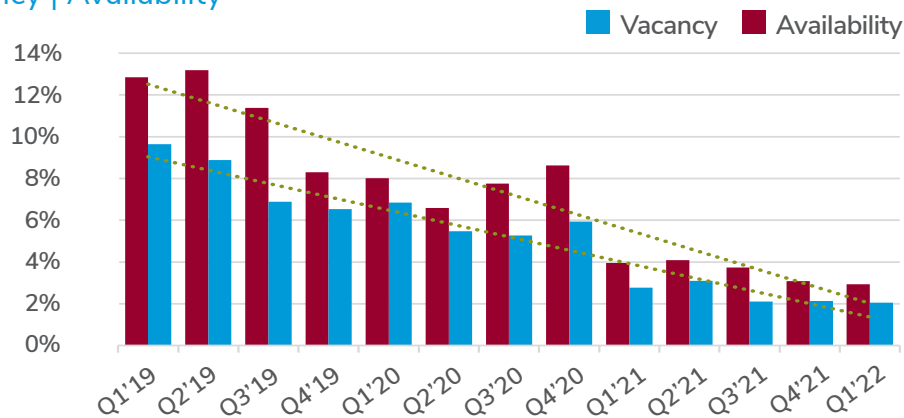
Location



Asset Quality



Vacancy | Availability



Market Notes

Declining vacancy levels in Delaware are a promising sign - the First State now stands at 2.05%. However, with standing stock locked up and only modest levels of new construction deliveries net absorption has historically been unremarkable.

That's about to change, as developers turn their attention to this emerging sub-market. Rolling construction stands at 1.8 MSF, with much of it pre-leased. Perhaps more importantly, the development pipeline in Delaware has been active of late – projects totaling 2.0 MSF are expected to start in the coming quarters, and multiple developers have been staking out land positions and entitling projects beyond that. Their investment premise is well founded – Delaware is a low cost alternative to both Southern New Jersey and the Philadelphia Metro market with a strong laborshed and great access to I-95.

Looking ahead, expect the market to continue tightening and rents to grow as a result of build-to-suit deliveries, rising land and construction costs, and labor dependent or cost-conscious users benchmarking rents in Southern New Jersey or the Philadelphia Metro.

DEL LOGISTICS SET | Q1 2022 STANDING STOCK

82

Total Buildings

282,448 SF

Average Building Size

0 SF ▼

New Construction Deliveries

42%

Class A Buildings

Submarket	Total Properties	Standing Stock (SF)	Average Building Size (SF)	Vacancy Rate (%)	Q1'22 Absorption (SF)	2022 YTD Absorption (SF)	12 Months Absorption (SF)
North (New Castle)	66	18,060,871	273,650	0.00%	21,000	21,000	4,366,344
Class A	14	8,757,531	625,538	0.00%	0	0	4,303,379
Class B	34	6,440,439	189,425	0.00%	0	0	33,173
Class C	18	2,862,901	159,050	0.00%	21,000	21,000	29,792
Central (Kent)	12	3,991,349	332,612	3.25%	0	0	(5,000)
Class A	1	1,056,061	1,056,061	0.00%	0	0	0
Class B	3	669,253	223,084	8.97%	0	0	(5,000)
Class C	8	2,266,035	283,254	3.08%	0	0	0
South (Sussex)	4	1,108,500	277,125	31.12%	0	0	0
Class A	0	0	0	0.00%	0	0	0
Class B	1	208,000	208,000	0.00%	0	0	0
Class C	3	900,500	300,167	38.31%	0	0	0
TOTAL	82	23,160,720	282,448	2.05%	21,000	21,000	4,361,344
Class A	15	9,813,592	654,239	0.00%	0	0	4,303,379
Class B	38	7,317,692	192,571	0.82%	0	0	28,173
Class C	29	6,029,436	207,912	6.88%	21,000	21,000	29,792

LOWER 81 LOGISTICS SET | Q1 2022 STANDING STOCK

0.93% ▼

Vacancy

41,836,401 SF

Standing Stock

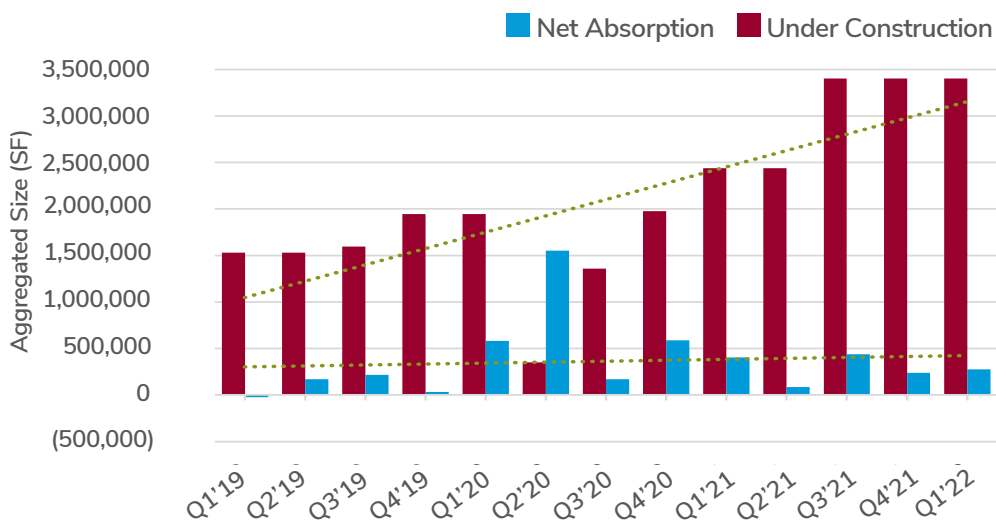
276,817 SF ▲

Net Absorption

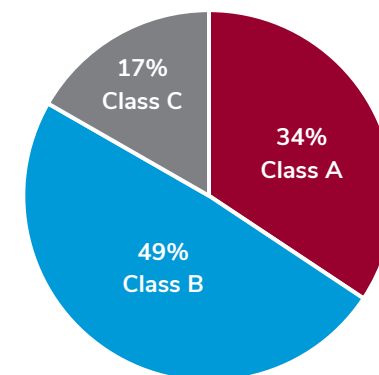
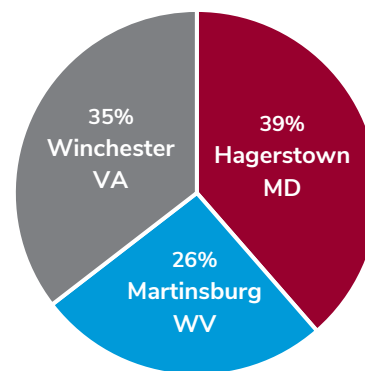
3,403,227 SF ◀▶

Under Construction

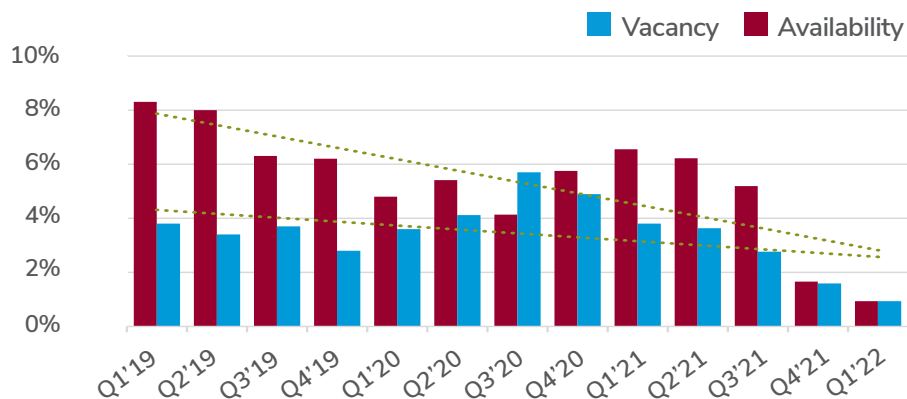
Net Absorption | Under Construction



Location



Vacancy | Availability



Market Notes

The Lower-81 corridor absorbed 277,000 SF in Q1'22, more or less in line with the trailing average. There were no new construction deliveries in Q1'22, and as a result of standing stock leasing activity and administrative refinement to the property set vacancy dropped to 0.93%.

Brisk activity by speculative developers in Hagerstown, MD has the potential to change all that. Rolling construction levels stand at 3.4 MSF, and more is on the way both here and in Martinsburg, WV. Expect near term increases in vacancy rates, coupled with rising rates as a result of tight Central Pennsylvania conditions, fresh development pro-formas, and rising project costs.

LOWER 81 LOGISTICS SET | Q1 2022 STANDING STOCK

115

Total Buildings

363,795 SF

Average Building Size

0 SF ▼

New Construction Deliveries

34%

Class A Buildings

Submarket	Total Properties	Standing Stock (SF)	Average Building Size (SF)	Vacancy Rate (%)	Q1'22 Absorption (SF)	2022 YTD Absorption (SF)	12 Months Absorption (SF)
Hagerstown, MD	42	16,147,200	384,457	1.72%	242,225	242,225	1,009,500
Class A	9	6,112,215	679,135	0.00%	0	0	270,974
Class B	25	8,277,366	331,095	3.35%	242,225	242,225	738,526
Class C	8	1,757,619	219,702	0.00%	0	0	0
Martinsburg, WV	18	10,856,902	603,161	0.00%	28,592	28,592	0
Class A	4	2,457,562	614,391	0.00%	0	0	0
Class B	9	7,421,248	824,583	0.00%	28,592	28,592	0
Class C	5	978,092	0	0.00%	0	0	0
Winchester, VA	55	14,832,299	269,678	0.75%	6,000	6,000	26,826
Class A	15	5,792,073	386,138	0.95%	0	0	(13,465)
Class B	23	4,783,173	207,964	0.53%	0	0	0
Class C	17	4,257,053	250,415	0.72%	6,000	6,000	40,291
TOTAL	115	41,836,401	363,795	0.93%	276,817	276,817	1,036,326
Class A	28	14,361,850	512,923	0.38%	0	0	257,509
Class B	57	20,481,787	359,330	1.48%	270,817	270,817	738,526
Class C	30	6,992,764	233,092	0.44%	6,000	6,000	40,291



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PHILADELPHIA REGION | Q1 2022 CONSTRUCTION PIPELINE

46,655,347 SF ▼

Under Construction

507,123 SF

Average Building Size

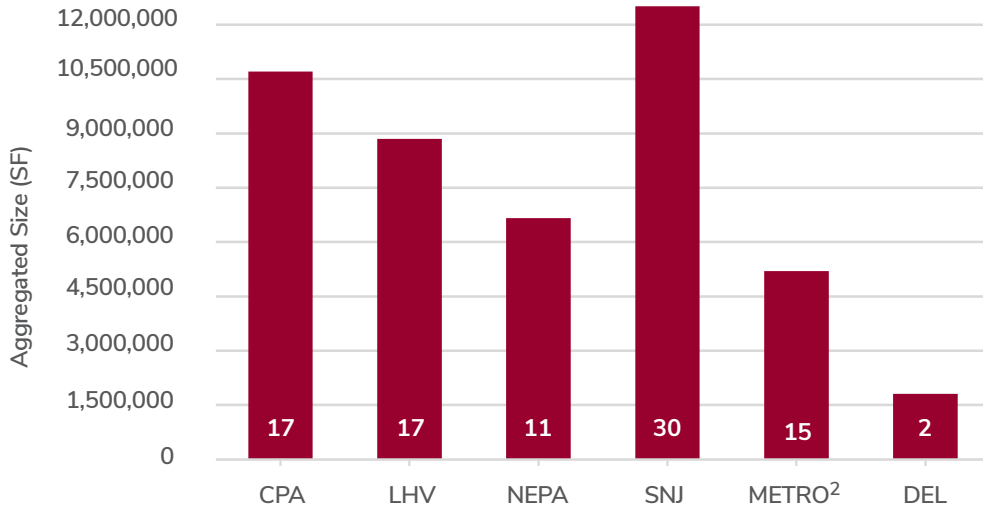
2.01

Trailer Stalls per 10,000 SF ¹

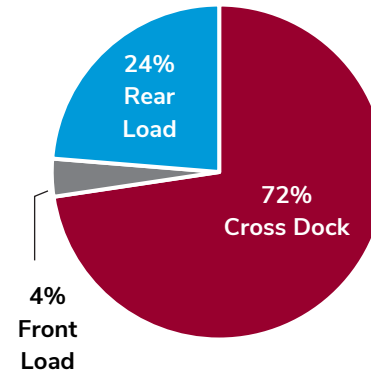
4.44

Car Stalls per 10,000 SF ¹

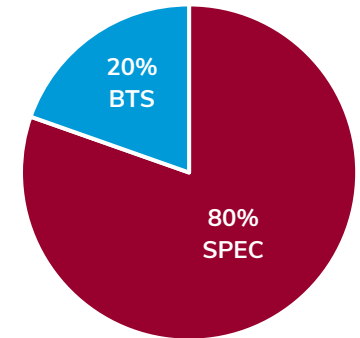
Location



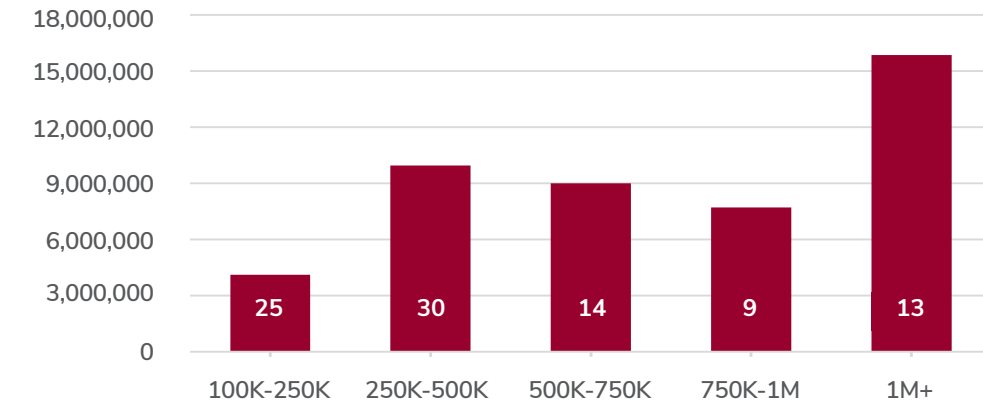
Design



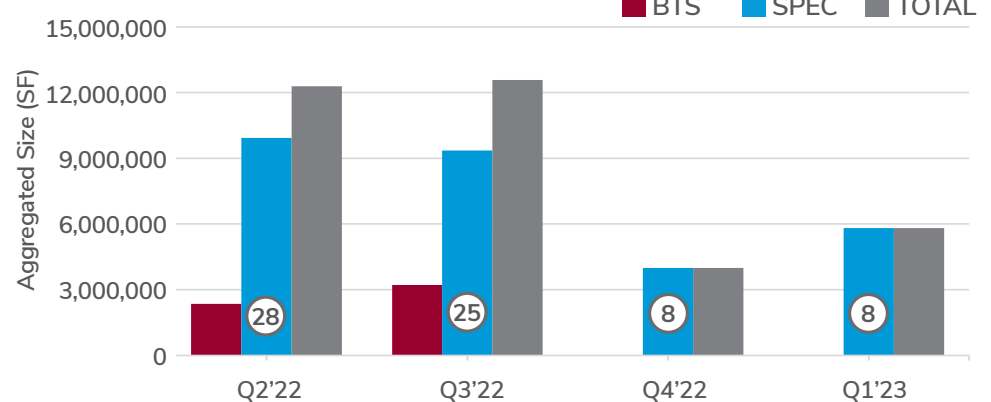
Underwriting



Size



Projected Delivery



¹ Weighted Average. Banked and future spaces not included in parking counts.

² Includes Suburban Philadelphia and Philadelphia Submarkets

PHILADELPHIA REGION | Q1 2022 CONSTRUCTION PIPELINE

28

Q2'22 Delivery ¹

25

Q3-22 Delivery ¹

8

Q4-22 Delivery ¹

8

Q1-23 Delivery ¹

Submarket	Total Properties	Total (SF)	Average Cross Dock (SF)	Average Single Load (SF)	Average Depth Cross Dock	Average Depth Single Load	Trailer Parking Cross Dock ²	Trailer Parking Single Load ²
Central Pennsylvania	17	10,703,910	962,127	233,276	586	299	2.34	1.68
Harrisburg East	7	4,482,950	785,422	277,920	570	320	3.26	1.44
Harrisburg West	1	1,927,800	1,927,800	-	-	-	0.00	-
York	5	2,007,750	715,955	191,947	635	272	2.51	2.66
Lancaster	4	2,285,410	892,080	250,625	545	335	2.72	0.82
Lehigh Valley	17	8,842,629	918,052	261,819	565	303	2.63	2.06
Lehigh Valley West	4	1,333,160	925,910	135,750	-	-	0.00	1.25
Lehigh Valley East	9	5,092,669	890,364	367,830	551	340	3.25	2.17
Reading	4	2,416,800	969,500	238,900	620	310	2.73	2.41
I-81 Corridor	11	6,655,328	770,121	274,827	458	275	2.73	2.21
NEPA Central	8	4,745,128	870,162	274,827	585	275	2.00	2.21
NEPA North	3	1,910,200	636,733	-	330	-	4.05	-
NEPA South	0	-	-	-	-	-	-	-
Other	0	-	-	-	-	-	-	-
Southern New Jersey	30	13,448,416	752,983	232,785	539	303	2.07	1.42
Burlington	14	7,116,683	806,311	210,358	540	275	1.79	1.25
Gloucester	16	6,331,733	590,771	248,484	537	317	2.59	1.51
Camden	0	-	-	-	-	-	-	-
Other	0	-	-	-	-	-	-	-
Philadelphia Metro	15	5,197,564	1,007,228	244,854	595	297	2.31	1.70
Bucks Co	6	2,798,646	1,007,228	196,048	595	277	2.31	0.97
Philadelphia Co.	5	1,233,558	-	246,712	-	-	-	2.05
Delaware Co	2	770,000	-	385,000	-	350	-	1.43
Montgomery Co	2	395,360	-	197,680	-	280	-	2.58
Delaware	2	1,807,500	1,350,000	-	-	-	2.44	0.00
New Castle	2	1,807,500	1,350,000	457,500	-	-	2.44	0.00
TOTAL	92	46,655,347	848,945	248,235	545	299	2.41	1.67

PHILADELPHIA REGION | Q1 2022 DEVELOPMENT PIPELINE

210,118,821 SF ▼

Pre Construction

496,735 SF ▲

Average Building Size

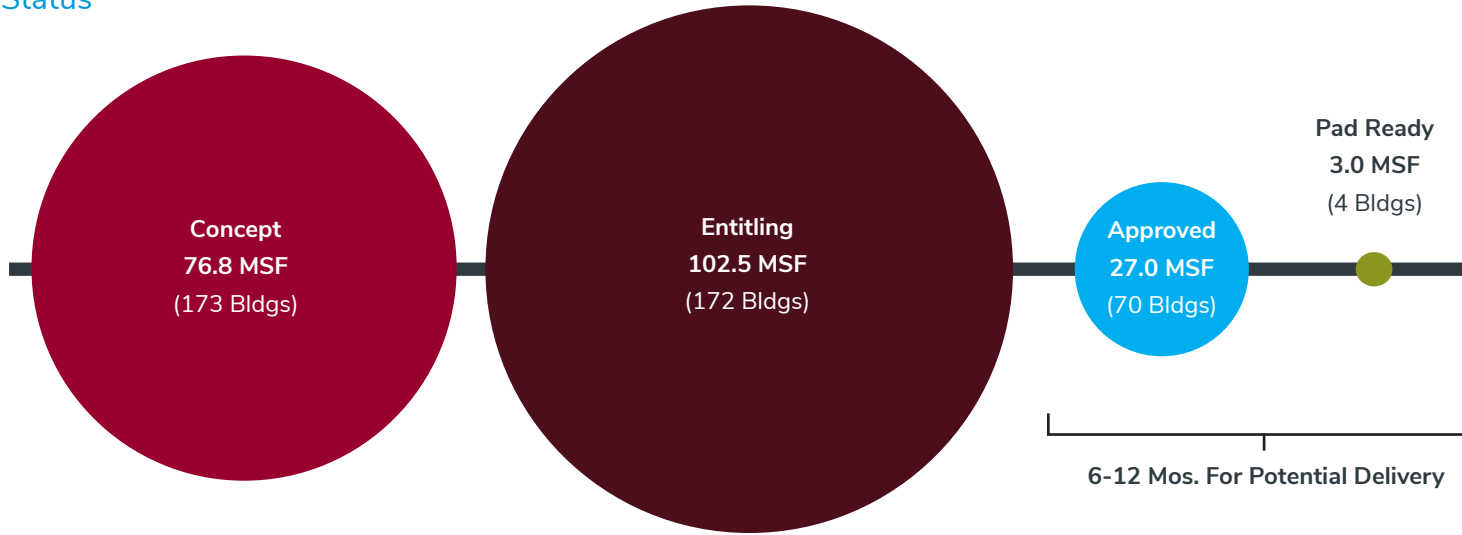
2.78

Trailer Stalls per 10,000 SF ¹

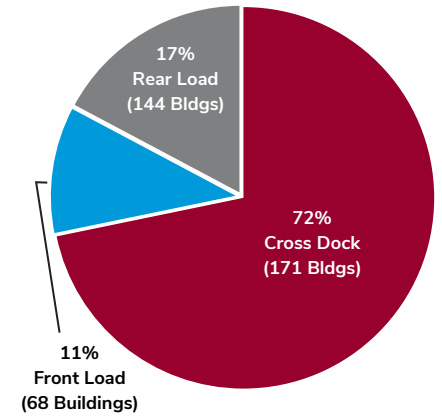
5.89

Car Stalls per 10,000 SF ¹

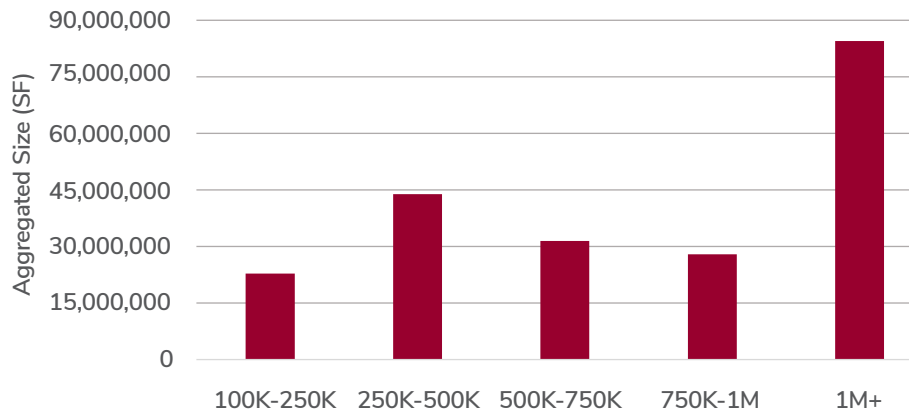
Status



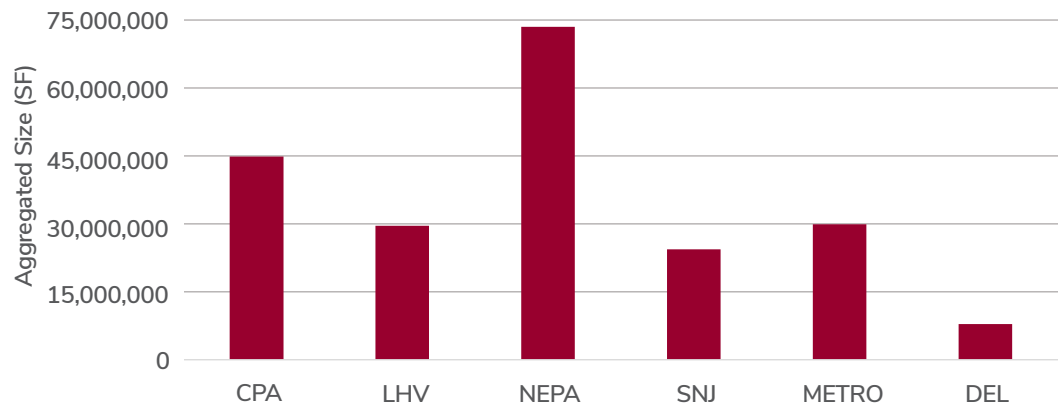
Design



Size



Location



PHILADELPHIA REGION | Q1 2022 DEVELOPMENT PIPELINE

Submarket	Total Properties	Total (SF)	Average Size Cross Dock (SF)	Average Size Single Load (SF)	Average Depth Cross Dock	Average Depth Single Load	Trailer Parking Cross Dock ¹	Trailer Parking Single Load ¹	Car Parking Single Load ¹
Central Pennsylvania	93	44,877,856	709,423	276,918	535	298	2.84	2.22	5.95
Harrisburg East	26	8,857,221	652,515	289,948	530	310	2.84	2.45	7.85
Harrisburg West	33	20,459,631	719,508	243,446	549	279	2.78	2.09	4.46
York	23	10,868,904	727,943	296,734	507	299	3.06	2.11	5.15
Lancaster	5	1,152,500	-	230,875	-	255	-	1.26	6.34
Other	6	3,539,600	665,920	210,000	517	300	2.56	2.81	10.10
Lehigh Valley	79	29,586,252	647,615	284,603	473	300	1.15	1.92	5.31
Lehigh Valley West	11	2,145,847	255,720	200,172	345	313	2.00	1.54	6.19
Lehigh Valley East	51	20,224,684	676,223	308,437	518	295	2.35	1.89	4.73
Reading	17	7,215,721	725,800	252,287	486	302	3.70	2.52	6.05
Northeastern PA	116	73,504,934	940,697	282,863	545	309	2.87	1.79	5.02
NEPA North	5	1,680,300	491,400	232,500	510	273	2.42	0.28	8.97
NEPA Central	76	42,453,119	900,971	243,741	522	289	2.90	2.15	5.44
NEPA South	29	23,039,689	1,040,784	396,183	578	386	2.84	0.49	3.52
Other	6	6,331,826	1,055,304	-	593	-	3.03	-	4.15
Southern New Jersey	63	24,373,810	680,255	259,094	419	280	2.84	2.83	3.82
Burlington	29	13,205,264	760,706	312,622	546	376	2.17	2.91	6.46
Gloucester	18	4,462,999	374,075	202,161	418	265	2.17	2.74	7.21
Camden	7	1,477,390	405,000	206,750	430	258	3.06	2.76	11.15
Other	9	5,228,157	950,779	285,008	134	79	2.81	2.70	7.78
Philadelphia Metro	58	29,909,825	1,052,109	201,162	583	301	2.84	5.94	3.40
Bucks	12	4,333,126	821,433	226,646	624	351	2.15	1.53	6.39
Chester	8	4,151,200	752,813	197,220	484	320	2.48	2.28	5.81
Delaware	3	547,275	-	182,425	-	-	-	-	-
Montgomery	11	1,775,660	-	170,789	-	256	-	1.81	9.54
Philadelphia	24	19,102,564	1,174,410	275,811	582	350	2.65	1.26	4.61
Delaware	14	7,866,144	716,187	231,743	620	240	2.88	2.22	8.02
New Castle	14	7,866,144	716,187	231,743	620	240	2.88	2.72	8.02
TOTAL	423	210,118,821	829,259	269,436	522	298	2.74	2.14	5.67

Methodology:

The Lee & Associates of Eastern Pennsylvania ("LAEP") Industrial Supply Report is a compilation of statistics and other metrics reflecting tenant activity and a base of existing industrial buildings and development sites located across the Philadelphia Regional market. Our tracking set includes industrial buildings 100,000 square feet and larger, which are used, designed for, or readily adaptable to warehouse, distribution or light manufacturing uses.

LAEP's research goal is to verify the information in our reports through the first-hand observations of our research team, the personal market knowledge of our brokers, and information received by the company through regular interactions with the broader industrial development and brokerage community. Other inputs include general Internet research across a variety of sources, Google Earth, and the analysis of information available through CoStar, LoopNet, CREXI and other subscription resources.

While reasonable effort is made to ensure the accuracy of our reports, errors of fact and calculation may occur. Moreover, many of the statements contained in this report are forward looking in nature. Consequently, all information is submitted subject to error and omission, and the user is encouraged to reach their own conclusions regarding current and future market conditions.

Terms and Definitions:

- Approval:** A Development Approval is a legal document obtained through government entities, allowing for a development project to commence. An Approval specifies the location, design, structural details, and time frame for which the project will take place.
- Availability Rate:** The ratio of available existing space to total rentable space, expressed as a percentage.
- Available Space:** The total amount of existing space that is currently marketed as available for occupancy within six months of the end of the quarter reported. It includes any space that is available, regardless of whether the space is vacant, occupied, or available for sublease.
- Build-to-Suit (BTS):** A term describing a particular property, developed, designed, and underwritten specifically for a certain tenant to occupy. A build-to-suit can be leased or owned by the occupier.
- Class A:** Extremely desirable, investment-grade properties which command the highest rents or sale prices when compared to other buildings in the same submarket. Class A buildings are well located, provide efficient tenant layouts and site designs, and also meet and/or exceed current desired key building specifications such as clear height, parking ratios, and construction material.
- Class B:** Buildings that satisfy most operating needs, but fall short of preferred building specifications and designs, typically due to their age. Class B properties typically command lower rents or sale prices compared to Class A properties.
- Class C:** Buildings that offer basic space but exhibit significant levels of functional obsolescence. Class C properties command lower rents or sale prices compared to other buildings in the same market.

Lee & Associates of Eastern Pennsylvania's Industrial Market Supply:

- Concept:** A development scheme which is not the subject of active entitlement efforts. A Concept plan typically serves as the starting point in the site development process, and is an essential part of the initial planning of any development project. Failed entitlement efforts are often carried as Concepts, given the potential for future re-submittal.
- Construction:** Activity tied to the physical construction of a building, usually triggered by building permits, footer excavations, steel orders or other confirmation of vertical intention. Earth disturbance and grading activities are not themselves considered Construction activity, unless the researcher is satisfied regarding the developer's intention to proceed with vertical construction.
- Demand:** A forward looking measurement of prospective occupier activity, based largely on inquiries, property tours, RFP and proposal documents and negotiations. When prospective occupiers express interest in more than one submarket cluster, the activity is recognized in each submarket. Total Demand, though, does not 'double count' the activity; as a result, Total Demand is typically lower than the sum of the reported activity levels across the submarkets.
- Delivered:** Buildings that have completed shell construction within the quarter reported. Completed construction includes properties that have been granted or are awaiting a certificate of occupancy.
- Development:** Reports regarding Development activity are intended to reflect Pre-Construction activities from conceptualization through entitlements, and ultimately grading activities. Because Graded or Pad Ready sites are not always coupled with a vertical building schedule and permit, grading independent of vertical intention is considered to be a Development activity.
- Entitlement:** A legal right conveyed through approvals from government entities to develop a property/building for a specific use.
- Grading:** The process of preparing a site to receive a physical structure, including the removal of vegetative growth, topsoil removal, earthmoving, compaction and other site shaping activities. Unless it is coupled with a commitment to proceed with vertical Construction, Grading is considered to be a Development activity.
- Net Absorption:** The net change in occupied space over a given period of time. We typically report Net Absorption on a quarterly, year-to-date, and trailing 12 month basis.
- Pad Ready:** A "Pad Ready Site" is one that is entitled, fully graded, and ready for Construction.
- Pre-Construction:** A term describing a particular property which is not yet under construction. Pre-Construction includes properties that may or may not have full entitlements. For purposes of our reports, the term Pre-Construction is synonymous with Development.
- Preleased:** Tenant has been secured after a speculative building decision has been actualized, with leases signed prior to substantial completion.

Quality Control:	The process of Constant Quality Control (“CQC”) entails regular evaluation of the entire data set used in the development and reporting of this Logistics Set. This entails regular changes/adds/ corrections/deletions to previously reported data in order to ensure accuracy and adherence to criteria required for inclusion in the reported Logistics Set. Most often such adjustments result in differences which are statistically or measurably insignificant, and as such are not noted. Where such adjustments are impactful, however, they are footnoted on the page in question.
Speculative Construction:	A term describing a particular property which was underwritten without a known or specific tenant to occupy the building upon delivery. Speculative Construction (sometimes referred to as “Spec” can be constructed and leased or purchased prior to delivery.
Submarkets:	Specific geographic boundaries that serve to delineate a group of buildings that are competitive with each other and constitute a generally accepted primary competitive set. Submarkets are non-overlapping, contiguous geographic designations which cumulatively match the boundaries of the Market (or Submarket Cluster) they are located within.
Under Construction:	Buildings in a state of construction. Properties under construction do not impact standing stock or net absorption totals until delivery occurs.
Vacancy Rate:	A measurement expressed as a percentage of the total amount of physically vacant space, divided by the total amount of existing inventory within a given Market or Submarket.
Vacant Space:	Space that is not currently occupied by a tenant, regardless of any lease obligation that may exist for the space.



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