

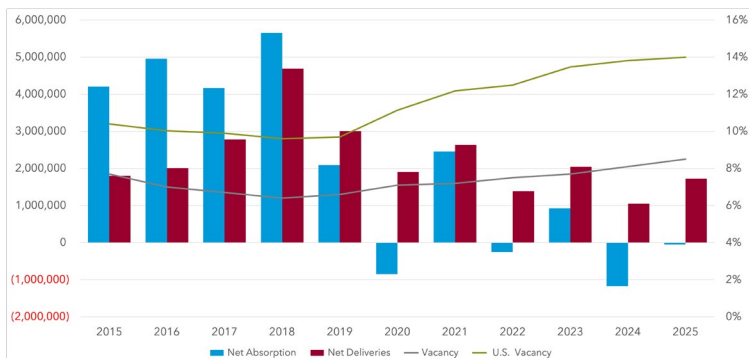
OFFICE MARKET OVERVIEW

ANDREW MAYER, *Research Analyst*

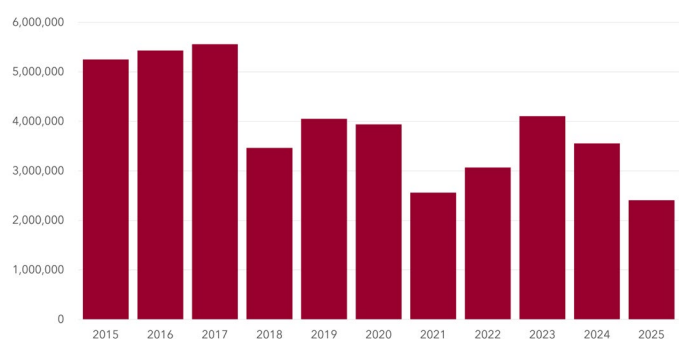
The office market in Eastern Pennsylvania finished 2025 with emerging signs of stabilization, supported by limited new supply, steady leasing in well-located Class A assets, and growing investor focus on repositioning opportunities. While vacancy remains elevated due to long-term space rationalization, absorption showed improvement in select submarkets as tenants continued to favor higher quality, amenitized buildings. Notably, several office sales during the quarter were directly tied to redevelopment and adaptive reuse strategies. This trend is helping remove functionally obsolete space from the competitive inventory and is expected to play a meaningful role in market rebalancing. With new construction remaining muted and redevelopment activity gaining traction, the Eastern Pennsylvania office market appears positioned for gradual improvement.

MARKET INDICATORS	Q4 2025	Q3 2025	Q2 2025	Q1 2025	Q4 2024
▼ 12 Mo. Net Absorption SF	(49,921)	647,245	(533,421)	(208,705)	(1,171,983)
▲ Vacancy Rate	8.50%	8.20%	8.30%	8.20%	8.10%
▲ Avg NNN Asking Rent PSF	\$27.34	\$27.27	\$27.29	\$27.21	\$27.15
▼ Sale Price PSF	\$99.00	\$106.00	\$85.00	\$108.00	\$128.00
▼ Cap Rate	8.36%	8.40%	7.92%	8.05%	8.97%
▼ Under Construction	2,409,229	3,080,721	3,399,971	3,075,336	3,554,599
▲ Inventory	486,194,574	485,400,528	485,028,493	485,017,809	484,430,566

NET ABSORPTION, NET DELIVERIES, & VACANCY



UNDER CONSTRUCTION



TOP SALE TRANSACTIONS BY SF	SIZE	SALE PRICE	BUYER / SELLER	BUILDING CLASS
1801 Market Street Philadelphia, PA	667,825 SF	\$30,000,000 \$44.92 PSF	PMC Property Group Sterling Project Dev/Greenville Ptnr	Class A
1201 North Market Street Wilmington, DE	441,341 SF	\$32,000,000 \$72.51 PSF	LNR Partners Johnson Commercial Real Estate	Class A
3 Beaver Valley Road Wilmington, DE	260,000 SF	\$12,500,000 \$48.08 PSF	Wilmington University Wells Fargo	Class A

TOP LEASE TRANSACTIONS BY SF	SIZE	LANDLORD	TENANT	TENANT INDUSTRY
50 South 16th Street Philadelphia, PA	165,000 SF	Coretrust Management	Details Pending	Details Pending
1701 Route 70 Cherry Hill, PA	60,198 SF	Sant Properties Commercial Real Estate	Details Pending	Details Pending
1000 North West Street Wilmington, DE	45,852 SF	Buccini Pollin Group	Corteva	Wholesaler

The information and details contained herein have been obtained from third-party sources believed to be reliable, however, Lee & Associates has not independently verified its accuracy. Lee & Associates makes no representations, guarantees, or express or implied warranties of any kind regarding the accuracy or completeness of the information and details provided herein, including but not limited to, the implied warranty of suitability and fitness for a particular purpose. Interested parties should perform their own due diligence regarding the accuracy of the information.

The information provided herein, including any sale or lease terms, is being provided subject to errors, omissions, changes of price or conditions, prior sale or lease, and withdrawal without notice. Third-party data sources: CoStar Group, Inc., The Economist, U.S. Bureau of Economic Analysis, U.S. Bureau of Labor Statistics, Congressional Budget Office, European Central Bank, GlobeSt.com, CoStar Property, and Lee & Associates Proprietary Data. ©

© Copyright 2025 Lee & Associates all rights reserved. Third-party Image sources: sorbis/shutterstock.com, shutterstock.com, pixabay.com, istock.com