

FIGURES | PA I-78/I-81 CORRIDOR INDUSTRIAL | Q2 2026

Robust leasing activity continued as vacancy stabilized

▲ 8.6%

Vacancy Rate

▼ 3.5M

SF Net Absorption

▲ 6.1M

SF Construction Delivered

▼ 9.0M

SF Under Construction

▲ \$9.08

FSG/YR Direct Lease Rate

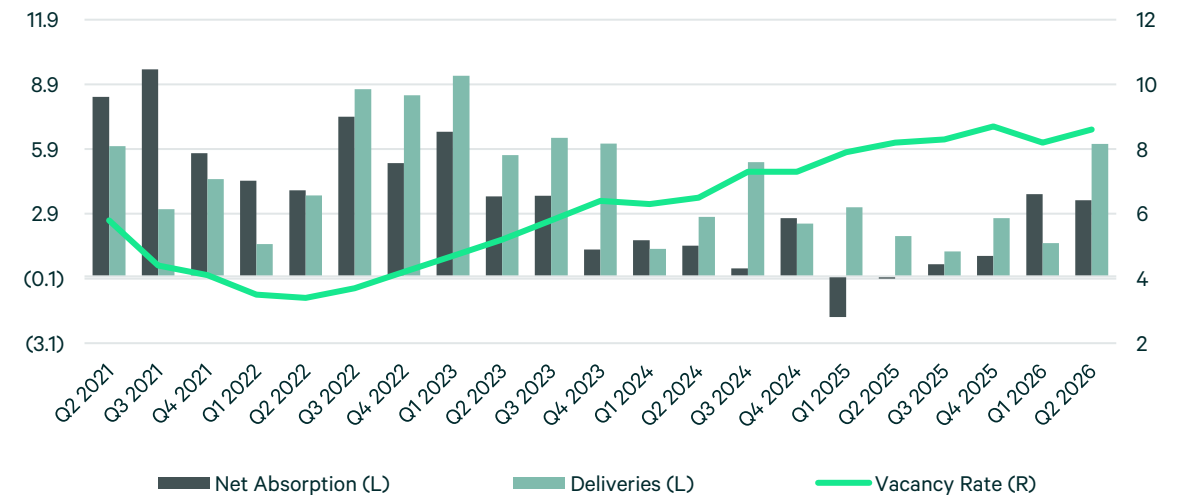
Note: Arrows indicate change from previous quarter.

Market Overview

Steady demand fueled by a surge in Class A logistics leasing activity over the last six months along with a more disciplined construction pipeline are pointing toward vacancy stabilization in the short term. Vacancy rose slightly to 8.6% as a result of a fresh wave of supply, but the construction pipeline shrunk to just 9 million sq. ft. Well below the post-Fed rate hike average of 12.6 million sq. ft. of under construction. Average asking rents reached \$9.08 per-sq.-ft. and increased by 0.8% quarter-over-quarter, showing that pricing remained resilient despite the softer supply backdrop.

Scarcity of land has contributed to slowed supply additions. New deliveries surged to 6.1 million sq. ft., contributing directly to both the significant drop in active construction as well as the latest rise in vacancy. From a demand perspective, third-party logistics companies continued to dominate leasing activity. Third-party logistics companies and other user types totaled 6.1 million sq. ft. of new leases and expansions, demonstrating steady demand in the market.

Figure 1: Historical Net Absorption, Deliveries, and Vacancy
Sq. Ft. (millions) %



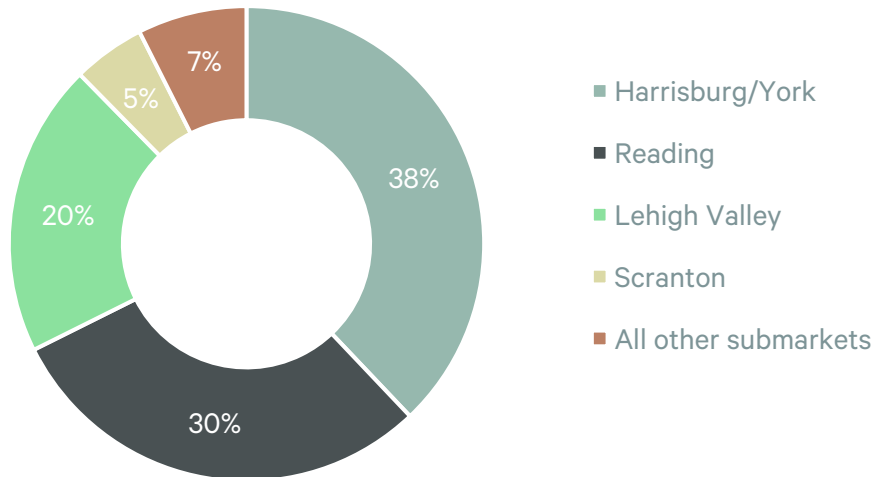
Source: CBRE Research, Q2 2026

Leasing Activity

Leasing activity totaled 6.0 million sq. ft. in Q2 2026, bringing the total to 11.7 million sq. ft. through the first half of 2026 compared to 16.3 million sq. ft. tallied during all of 2025. And this quarter was also the first to see more than 5 million sq. ft. of activity tallied in consecutive quarters since 2021. And while third-party logistics companies continued to dominate the demand landscape, a food manufacturer, Keurig Green Mountain, inked the largest lease of the quarter, taking 1.2 million sq. ft. at a planned site in Lebanon County, PA.

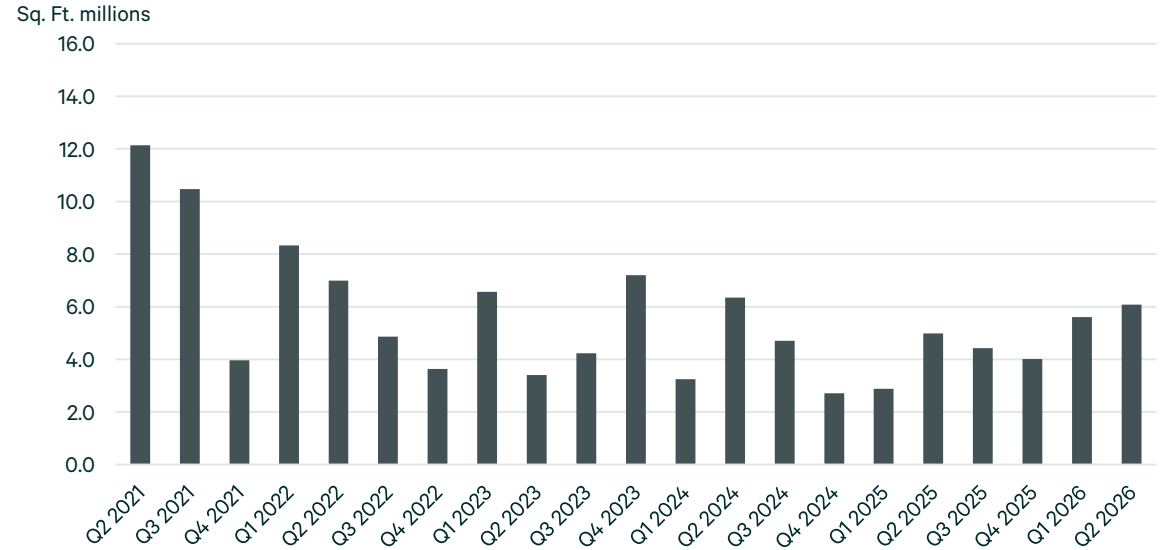
Harrisburg/York recorded the highest recent leasing volume at 2.4 million sq. ft., followed by Reading at 1.9 million sq. ft. Remaining submarkets also posted positive activity, including Lehigh Valley with 1.3 million sq. ft., and Scranton with 315,000 sq. ft.

Figure 7: Leasing Activity by Submarket (% of Total Activity)



Source: CBRE Research, Q2 2026

Figure 6: Leasing Activity Trend



Source: CBRE Research, Q2 2026

Figure 8: Key Lease Transactions

Tenant	Sq. Ft. Leased	Transaction Type	Address	Submarket
Keurig Green Mountain	1,223,000	New Lease	600 Killinger Rd	Reading
ID Logistics	1,085,000	Sublease	2771 N Market St	Harrisburg/York
Confidential	708,000	New Lease	20 Leo Ln	Harrisburg/York
OnTrac	587,000	Consolidation/Relocation	1 Court St	Reading
BMS Logistics	500,000	Consolidation/Relocation	861 Nestle Way	Lehigh Valley
Life Science Logistics	338,000	New Lease	8120 Sauerkraut Ln	Lehigh Valley
Estes Express Lines	312,000	Renewal	221 S 10th St	Harrisburg/York
Allen Distribution	261,000	New Lease	1 S Shearer Dr	Harrisburg/York

Source: CBRE Research, Q2 2026

Net Absorption

Net absorption in Q2 2026 totaled 3.5 million sq. ft., keeping the market in positive territory. Positive net absorption was driven by several large occupancies, including NFI's 1.1 million sq. ft. lease at Hazleton Creek Commerce Center in Hazleton, East Penn Manufacturing's 930,000 sq. ft. lease at Maiden Creek Crossings in Reading, and BMS Logistics' 500,000 sq. ft. lease at The Crossings North in the Lehigh Valley. This total was slightly below the 3.8 million sq. ft. recorded in Q1 2026, a decline of 8.6% quarter-over-quarter. At the same time, it exceeded the negative 109,000 sq. ft. reported in Q2 2025, indicating a strong improvement year-over-year. A diverse group of tenants drove demand in the Corridor. New leases in the market continued to indicate tenants' long-term commitments to the Corridor, signaling sustained growth in the short term.

At the submarket level, Hazleton/Schuylkill posted the highest net absorption in Q2 2026 at 1.3 million sq. ft., followed by The Lehigh Valley at 1.1 million sq. ft. Reading and Scranton each added approximately 1 million sq. ft. of occupied space, while Chambersburg contributed a further 232,000 sq. ft., rounding out the positive performers. On the downside, Harrisburg/York recorded negative 1.1 million sq. ft. of net absorption, representing the weakest demand in the market this quarter, while Lancaster also remained in negative territory at negative 70,000 sq. ft.

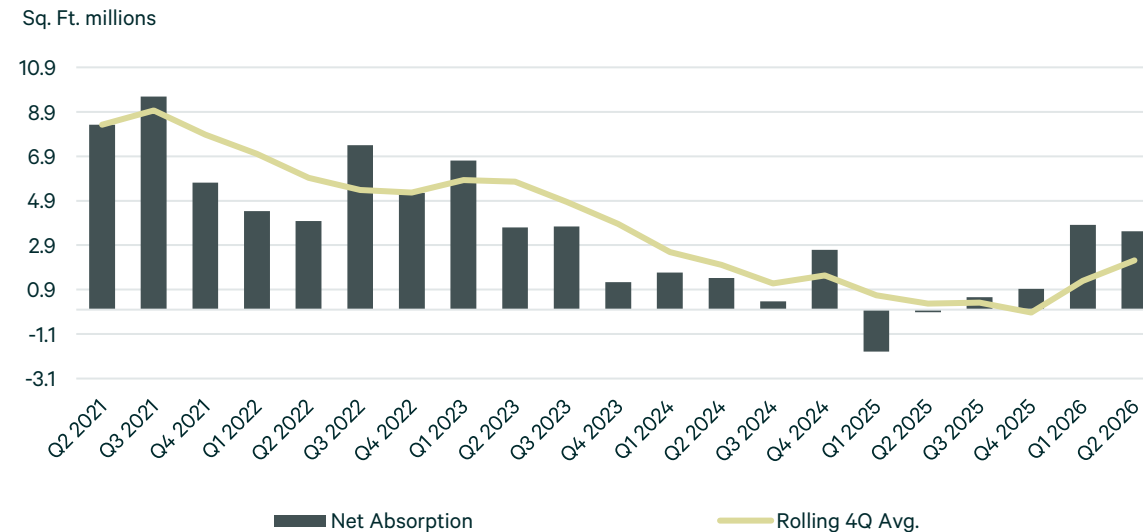
Construction Activity

In Q2 2026, the market had 9.0 million sq. ft. under construction and 6.1 million sq. ft. of product delivered. Under construction volume declined 21.7% quarter-over-quarter but increased 31.8% year-over-year, while deliveries more than tripled both last quarters and last year's levels. While deliveries spiked this quarter relative to recent quarters, 49.4% of the new supply this quarter was pre-leased prior to completion.

Hazleton/Schuylkill has the highest construction pipeline at 3.5 million sq. ft. across two large distribution projects, followed closely by Reading with 2.8 million sq. ft. underway in two buildings while the Lehigh Valley has 1.6 million sq. ft. under construction.

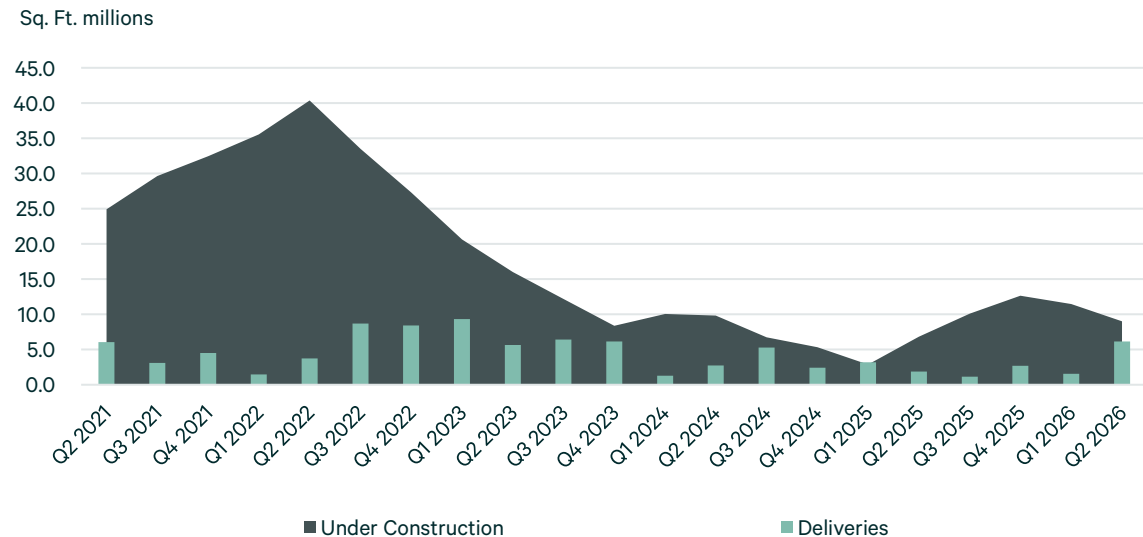
Demand for big box space had not slowed down and was the key driver behind the careful groundbreakings throughout the Corridor. Developers eager to break ground are faced with a limited availability of developable land and political opposition at the local level. As robust leasing demand persists and new tenants enter the market, disciplined development is underway to adequately meet tenant demand for well-located Class A logistics.

Figure 4: Net Absorption Trend



Source: CBRE Research, Q2 2026

Figure 5: Construction Activity



Source: CBRE Research, Q2 2026

Vacancy Rate

Overall vacancy stood at 8.6% in Q2 2026, a quarter-over-quarter increase of 40 basis points from 8.2% in Q1 2026. Year-over-year, vacancy is also up 40 basis points from 8.2% in Q2 2025. Compared with Q2 2023, when vacancy measured 5.2%, the market has loosened by 340 basis points over three years. Direct vacancy reached 7.5% in Q2 2026, up 40 basis points from the prior quarter, while sublease vacancy fell slightly by 10 basis points to 1.1%. As new supply continued to enter the market, vacancy remained elevated but stable, while demand gradually began to absorb the influx of space.

At the submarket level, Lancaster records the lowest overall vacancy at 4.4%, supported by a 4.0% direct vacancy rate. Reading posts the second lowest overall vacancy at 7.3%. On the other end of the spectrum, Lehigh Valley has the highest overall vacancy at 10.4%, with direct vacancy at 8.8% and sublease vacancy at 1.5%.

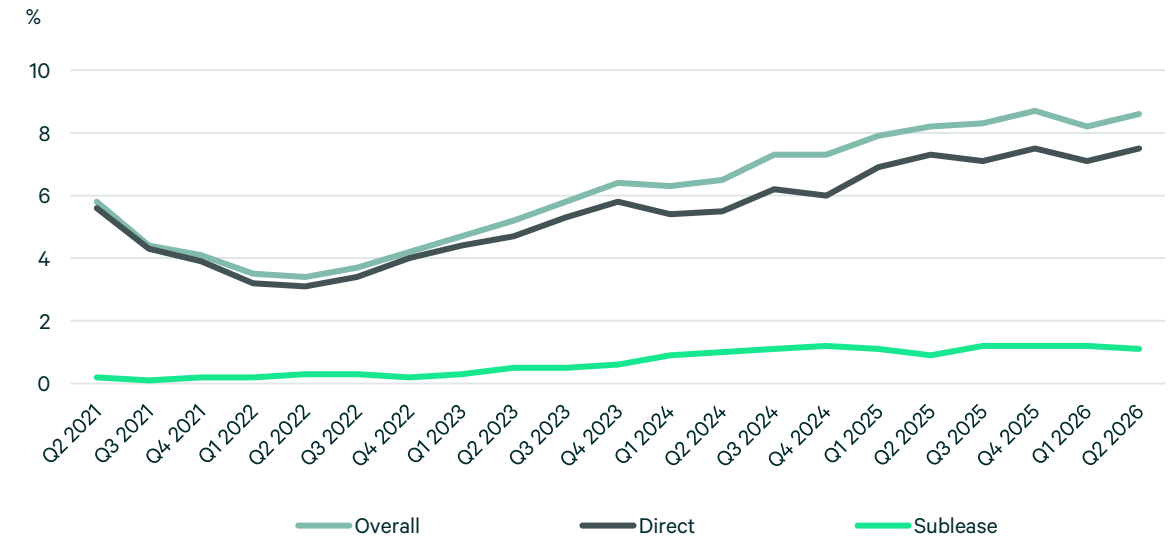
Sublease vacancy slightly decreased from 1.2% in Q1 2026 to 1.1% in Q2 2026, a quarter-over-quarter decrease of 10 basis points. Another indication that leasing demand remains robust, as tenants vie for the best available opportunities in the market.

Asking Rent

As of Q2 2026, the market’s average asking rent stood at \$9.08, up 0.8% quarter-over-quarter and 0.3% year-over-year. From Q2 2021 to Q2 2026, asking rents increased from \$5.48 to \$9.08, a roughly 65.7% gain, with particularly strong increases through 2023. This time period represented a secular shift in pricing as a combination of higher-quality product coming to market amid the backdrop of amplified inflation. Flight-to-quality trends pushed average asking rent for Class A logistics higher to \$9.79 per-sq.-ft., a 7.8% premium to the market’s average asking rent.

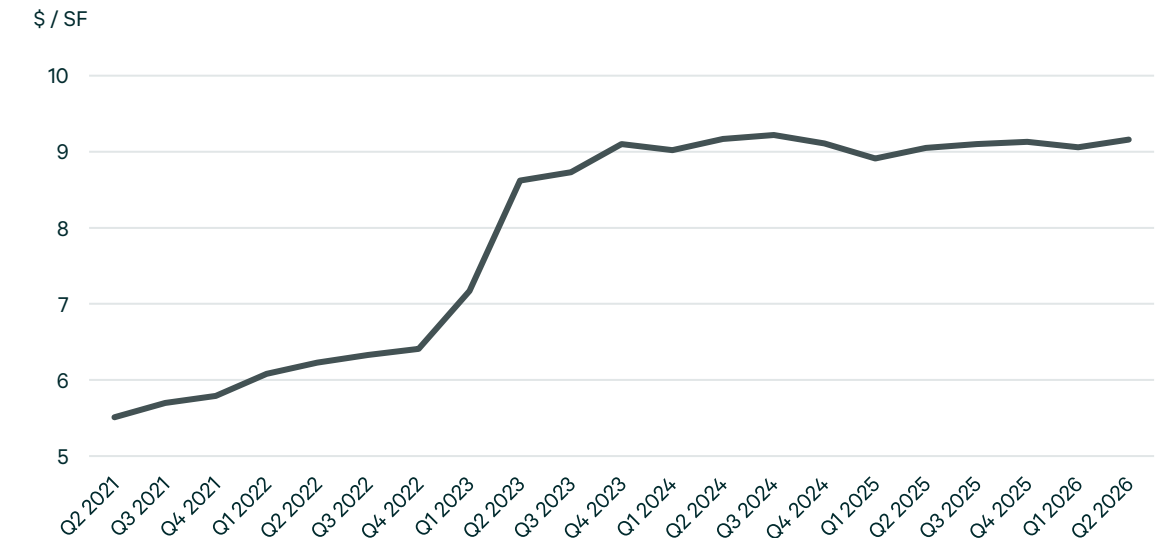
In Q2 2026, Lehigh Valley and Lancaster posted the highest average asking lease rates at \$11.42 and \$9.43, respectively, establishing a clear pricing premium within those portions market. Harrisburg/York at \$8.51, Reading at \$8.84, Hazleton/Schuylkill at \$8.01, Scranton at \$7.62, and Chambersburg at \$7.36 form a mid- to lower-priced tier, creating a spread of \$4.06 between the most and least expensive submarkets.

Figure 2: Vacancy Rate



Source: CBRE Research, Q2 2026

Figure 3: Average Direct Asking Rate



Source: CBRE Research, Q2 2026

Market Statistics by Submarket

Figure 9

Submarket	Net Rentable Area (SF)	Total Vacancy (%)	Total Availability (%)	Direct Availability (%)	Sublease Availability (%)	Avg. Direct Asking Rate (\$/SF FSG/yr)	Current Quarter Net Absorption (SF)	YTD Net Absorption (SF)	Deliveries (SF)	Under Construction (SF)
Chambersburg	38.02M	9.7	14.5	10.3	4.2	7.36	232,000	410,000	1.31M	-
Harrisburg/York	161.41M	8.3	10.8	9.3	1.5	8.51	(1.05M)	(1.47M)	1.50M	304,000
Hazleton/Schuylkill	40.45M	9.4	10.1	9.3	0.8	8.01	1.26M	4.39M	1.47M	3.50M
Lancaster	54.78M	4.4	5.0	4.1	0.9	9.43	(70,000)	(462,000)	-	316,000
Lehigh Valley	118.54M	10.4	13.4	10.5	2.9	11.42	1.11M	1.33M	498,000	1.62M
Reading	60.20M	7.3	8.6	8.3	0.3	8.84	1.08M	2.53M	1.10M	2.83M
Scranton	70.58M	10.0	11.0	9.1	2.0	7.62	971,000	609,000	264,000	420,000
Total	543.99M	8.6	10.8	9.0	1.8	9.08	3.53M	7.34M	6.14M	8.99M

Source: CBRE Research, Q2 2026

Market Statistics by Product Type

Figure 10

Product Type	Net Rentable Area (SF)	Total Vacancy (%)	Total Availability (%)	Direct Availability (%)	Sublease Availability (%)	Avg. Direct Asking Rate (\$/SF FSG/yr)	Current Quarter Net Absorption (SF)	YTD Net Absorption (SF)	Deliveries (SF)	Under Construction (SF)
Distribution/Logistics	456.53M	9.4	11.7	9.7	2.0	9.18	3.73M	8.08M	6.00M	8.81M
Manufacturing - General	74.94M	4.6	6.1	5.5	0.6	7.93	(86,000)	(616,000)	140,000	180,000
R&D/Flex	11.12M	5.4	5.5	5.4	0.1	11.13	(109,000)	(119,000)	-	-
Other Industrial	1.40M	3.2	3.2	3.2	-	-	-	-	-	-
Total	543.99M	8.6	10.8	9.0	1.8	9.08	3.53M	7.34M	6.14M	8.99M

Source: CBRE Research, Q2 2026

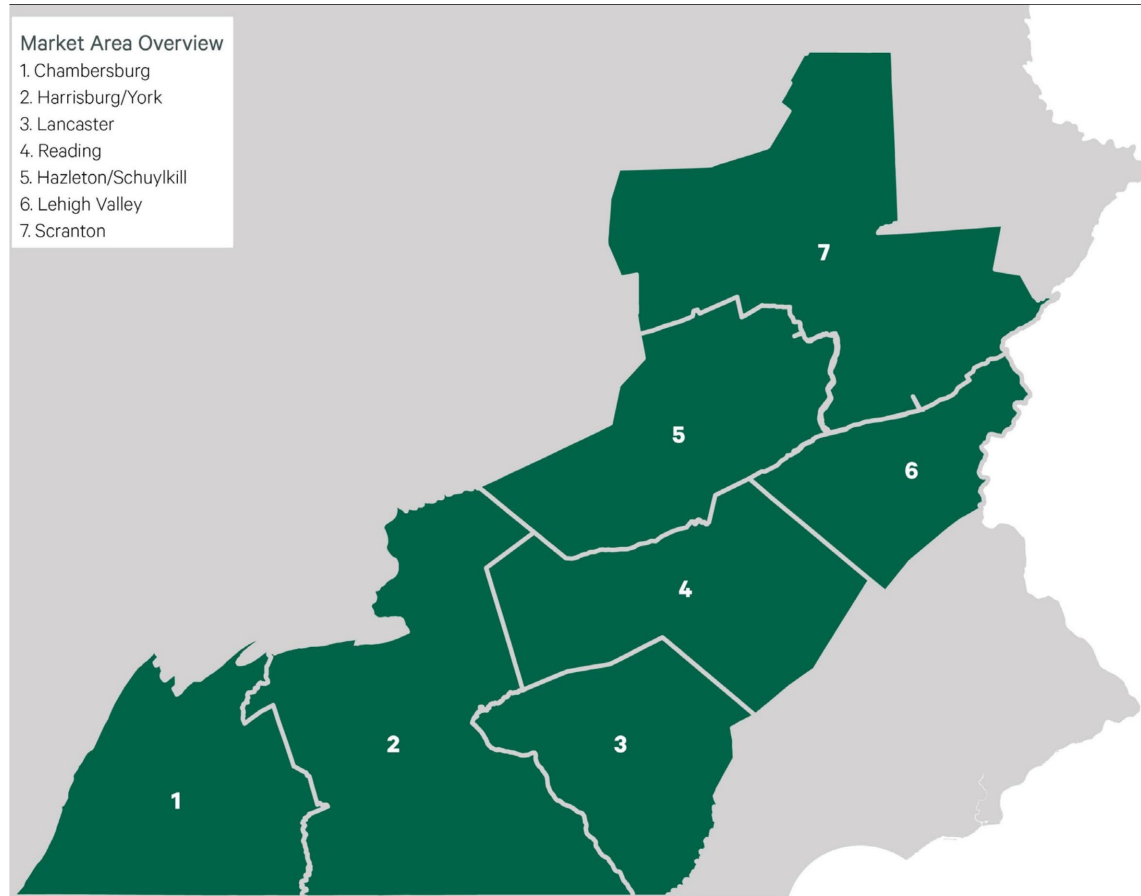
Market Statistics by Size

Figure 11

Size Range	Net Rentable Area (SF)	Total Vacancy (%)	Total Availability (%)	Direct Availability (%)	Sublease Availability (%)	Avg. Direct Asking Rate (\$/SF FSG/yr)	Current Quarter Net Absorption (SF)	YTD Net Absorption (SF)	Deliveries (SF)	Under Construction (SF)
Below 50K SF	15.48M	4.3	4.3	4.1	0.2	8.82	14,000	26,000	-	-
50K-99,999 SF	53.88M	3.9	4.1	3.8	0.3	9.24	211,000	115,000	140,000	113,000
100K-249,999 SF	109.13M	8.4	9.9	9.0	0.9	9.24	217,000	261,000	-	1.10M
250K-499,999 SF	112.52M	12.8	14.5	13.2	1.3	9.25	(464,000)	(867,000)	2.10M	1.71M
500K-749,999 SF	79.68M	12.3	14.5	12.2	2.4	9.20	228,000	181,000	-	-
750,000 SF +	173.30M	6.2	9.8	6.9	3.0	8.71	3.33M	7.63M	3.90M	6.06M
Total	543.99M	8.6	10.8	9.0	1.8	9.08	3.53M	7.34M	6.14M	8.99M

Source: CBRE Research, Q2 2026

Market Area Overview



Definitions

Available Sq. Ft.: Space in a building, ready for occupancy within six months; can be occupied or vacant. Availability Rate: Total Available Sq. Ft. divided by the total building Area. Average Asking Lease Rate: A calculated average that includes net and gross lease rate, weighted by their corresponding available square footage. Building Area: The total floor area sq. ft. of the building, typically taken at the “drip line” of the building. Gross Activity: All sale and lease transactions completed within a specified time period. Excludes investment sale transactions. Gross Lease Rate: Rent typically includes real property taxes, building insurance, and major maintenance. Net Absorption: The change in Occupied Sq. Ft. from one period to the next. Net Lease Rate: Rent excludes one or more of the “net” costs (real property taxes, building insurance, and major maintenance) typically included in a Gross Lease Rate. Occupied Sq. Ft.: Building Area not considered vacant. Vacancy Rate: Total Vacant Sq. Ft. divided by the total Building Area. Vacant Sq. Ft.: Space that can be occupied within 30 days. Class A industrial are buildings built after 2000, with 32’ or greater clear height and ESFR sprinklers.

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