

FIGURES | GREATER PHILADELPHIA OFFICE | Q3 2026

Occupancy softens but notable transactions point to future growth.



Note: Arrows indicate change from previous quarter.

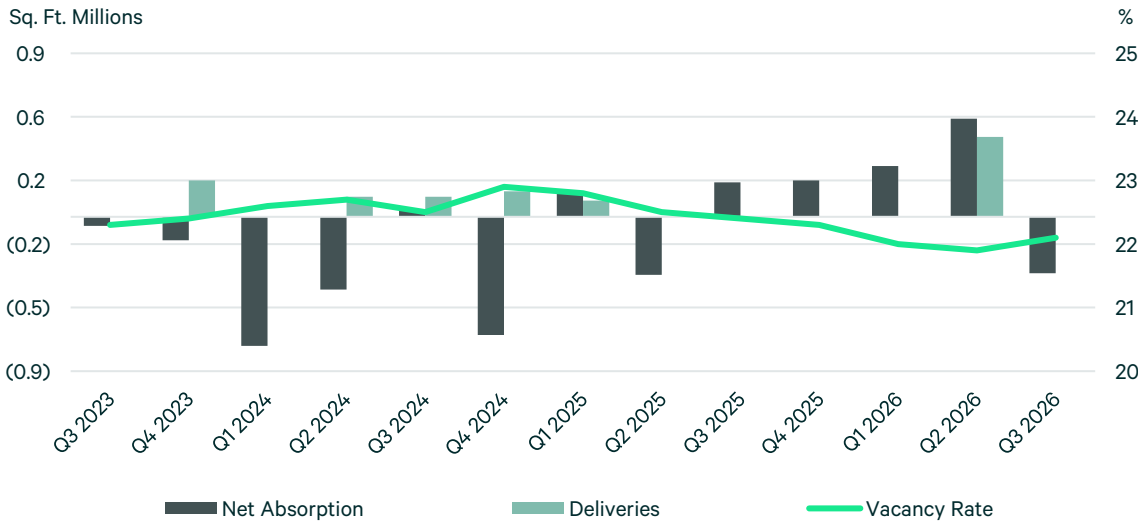
Market Overview

After recent quarter metrics pointed to signs of a slow recovery underway across the greater Philadelphia office market, Q3 2026 fundamentals showed a reversal in that positive momentum despite a handful of notable positive headlines for the market. After four straight quarters of positive absorption, occupancy trended negative, falling substantially with a nearly 800,000 square feet (sq. ft.) of losses as vacancy rose 50 basis points (bps.) to 22.3%.

After Chubb occupied their new \$380 million, 438,000 sq.-ft office building in Market West last quarter, Burlington Stores announced plans to relocate their headquarters from New Jersey to Philadelphia with their pending \$240 million acquisition of 3151 Market Street in University City. Initially built as a life sciences building, the company plans to invest \$370 million altogether to facilitate the move and will be just the third Fortune 500 company headquartered in the city by their 2029 move. Elsewhere, Hanwha’s \$5 billion investment at the Navy Yard continues to unfold as the Korean conglomerate leased 64,000 sq. ft. at 201 Rouse Boulevard, the largest lease of the quarter.

In total, tenants signed more than 1.1 million sq. ft. of leases, down from 1.6 million sq. ft. the previous quarter, but having already surpassed the annual leasing activity totals of each year between 2020 and 2024. 2025 saw nearly 5 million sq.-ft. leased, greater Philadelphia’s best year since 2018.

Figure 1: Historical Net Absorption, Deliveries, and Vacancy



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Vacancy

In Q3 2026, overall office vacancy sat at 22.3%. Segmenting the market, prime vacancy continues to press downwards towards single digits after rising slightly to 12.4% across the entire market (including Wilmington prime assets). Downtown, prime vacancy rose 100 bps. to 13.0% while in the suburbs it sat slightly below the 10% mark for the first time since 2020. Even within class A, that number jumps substantially across the entire market to 24.6%. Within just downtown and suburban Philadelphia, that number climbs to nearly 30% — illustrating the “spillover effect” from prime to class A assets has yet to materialize in a substantial way.

Overall sublease vacancy declined to its lowest point since 2021, with just 4.2 million sq. ft. of vacant sublet space after reaching nearly 7 million sq. ft. in mid-2023. While overall sublease space declined drastically, Q3 2026 saw tenants like Avantor, NPT, and SKF sublease over 100,000 sq. ft. in the Philadelphia Suburbs. Amongst overall prime office space, however, just under 600,000 sq. ft. is available, the lowest number since Q4 2022.

Net Absorption

Net absorption across the market turned sharply negative in Q3 2026 after four consecutive quarters of occupancy gains overall and measured signs of recovery across the office market. Looking amongst just the class A properties within downtown and suburban Philadelphia, (including prime) however, occupancy losses are far more minimal — just -107,000 sq. ft. When expanding this further to include the same set in secondary office markets (Wilmington, Southern New Jersey, Harrisburg, and Lehigh Valley), absorption sits at -222,000.

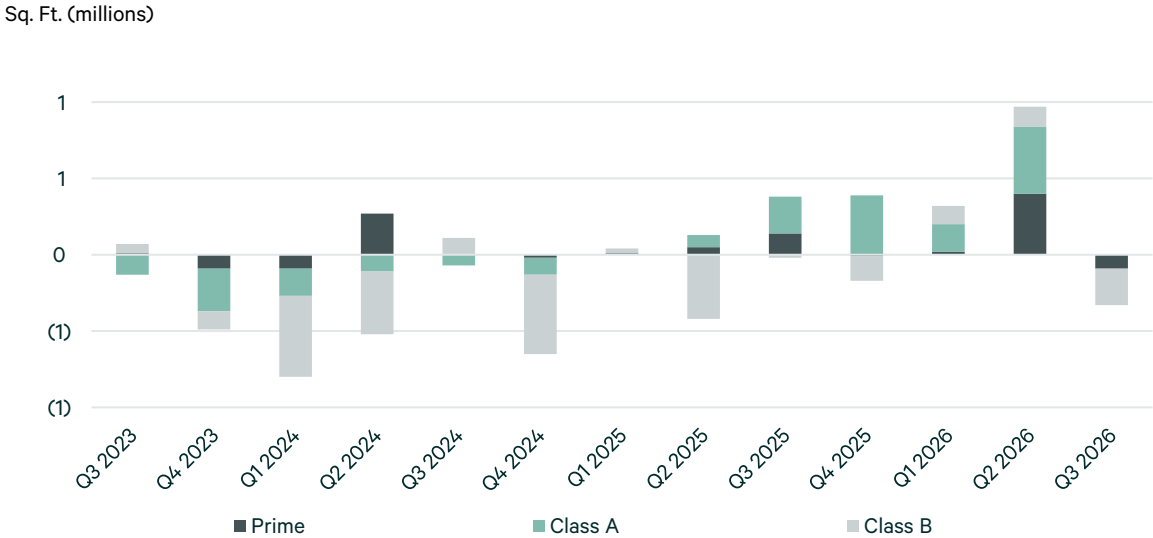
Consistent with the overperformance of prime assets versus everything else, across all greater Philadelphia prime space, absorption tallied -160,000. Looking at just downtown and suburban Philadelphia, however that number falls to -90,000 sq. ft. For the year overall prime absorption sits above 400,000 sq. ft. — just 110,000 sq. ft shy of 2021’s total prime net absorption, the post pandemic high watermark and besting 2025 numbers by 120,000 sq. ft. with a quarter to go. For Downtown Philadelphia in particular, despite -120,000 sq. ft. of absorption in Q3 2026 after Wolters Kluwer, Lombard International, and Glenmede vacated large chunks of space, still over 400,000 sq. ft. of prime space has been absorbed, on track for its best performance since 2018.

Figure 2: Vacancy Rates by Class



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Figure 3: Net Absorption Trend



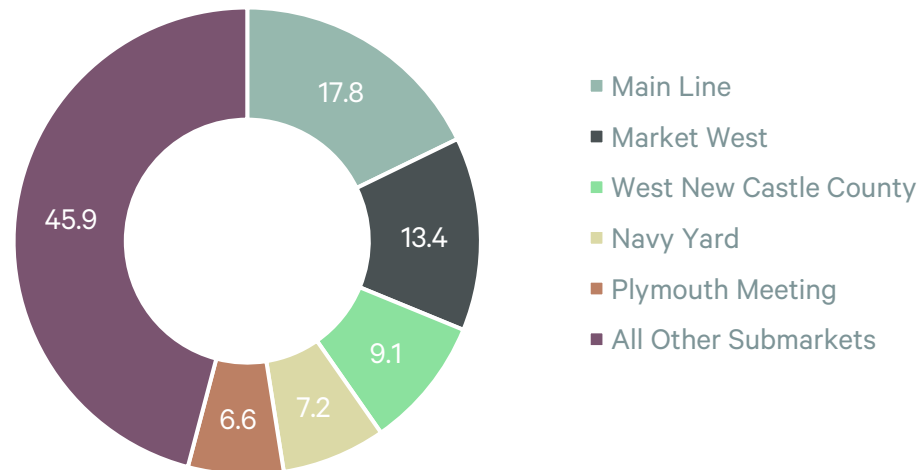
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Leasing Activity

Leasing activity fell quarter-over-quarter by 500,000 sq. ft. to 1.1 million sq. ft., bringing annual leasing totals for the year to 3.7 million sq. ft. To date, that number surpasses annual leasing activity for every post-pandemic year except 2025 (4.9 million sq. ft.). Total leasing volume for the year totals 5.3 million sq. ft. including renewals. In Q3 2026, nearly 60% of leasing activity came within class A buildings, including prime (trophy-grade office), with 20% of deals occurring within that specific prime set. Between downtown and suburban Philadelphia, there was 247,000. and 463,000 sq. ft. of leasing activity, respectively.

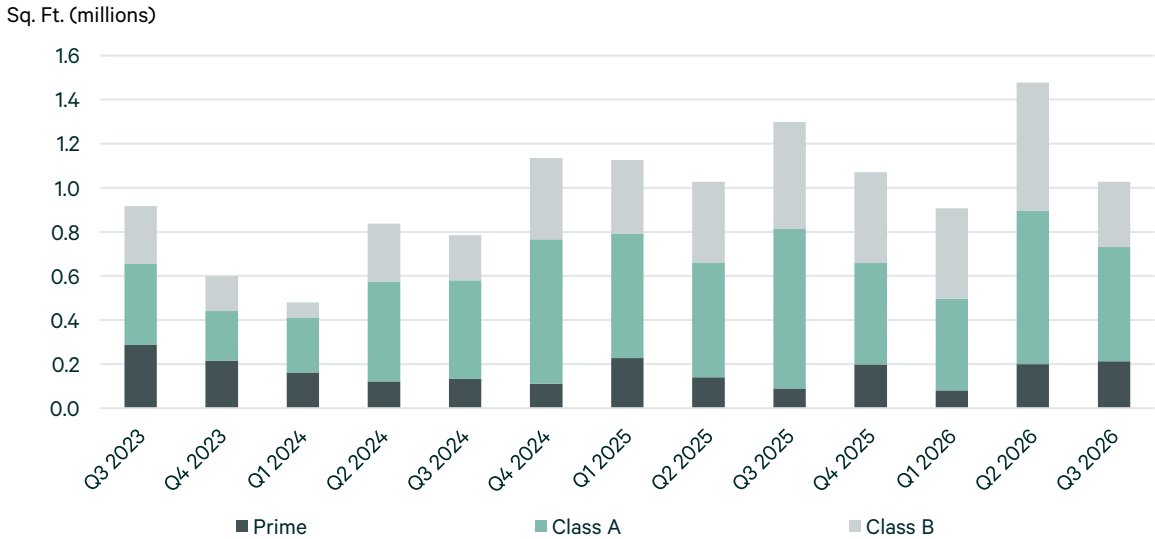
At the submarket level, Market West recorded the largest amount of leasing activity with 142,000 sq. ft., headlined by JP Morgan Chase’s 63,000 sq.-ft. new lease at 2400 Market Street, Transamerica’s 21,000 sq.-ft. new lease at Two Liberty Place and the Philadelphia Horticultural Society’s 18,000 sq.-ft. relocation to 1900 Market Street. In the Suburbs, King of Prussia/Valley Forge accounted for over 90,000 sq. ft. of activity, with Vestwell’s 23,000 sq.-ft. lease at 640 Freedom Business Center headlining the deal sheet. Notably, Plymouth Meeting saw an uptick of activity behind nearly 60,000 sq. ft. of activity at 401 Plymouth Road. Elsewhere, greater Wilmington saw over 200,000 sq. ft. of activity in Q3, bringing annual totals to 500,000 sq. ft., already at its highest annual level since 2019 as Sargent & Lundy signed a new 60,000 sq.-ft. lease at DuPont’s Building 735 at Chestnut Run.

Figure 5: Leasing by Submarket (% of Total Activity)



CBRE Research

Figure 4: Leasing Activity Trend



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Figure 6: Key Lease Transactions

Tenant	Sq. Ft. Leased	Transaction Type	Address	Submarket
Hanwha International	64,000	New Lease	201 Rouse Blvd	Navy Yard
JPMorgan Chase Bank	63,000	New Lease	2400 Market St	Market West
Sargent & Lundy	61,000	New Lease	974 Centre Rd	West New Castle County
Berkshire Hathaway Fox & Roach	41,000	New Lease	1436 W Lancaster Ave	Upper Main Line
Amwins Access Insurance Services	33,000	New Lease	401 Plymouth Rd	Plymouth Meeting
Kencrest Services	26,000	New Lease	401 Plymouth Rd	Plymouth Meeting
ARCO Design Build	24,000	Sublease	161 Washington St	Conshohocken
Vestwell	23,000	New Lease	640 Freedom Bus. Ctr.	King of Prussia/Valley Forge

Source: CBRE Research, Q3 2026

Asking Rent

In Q3 2026, the overall market average asking rent stood at \$30.29 per sq.-ft., reflecting a relatively stable pricing environment. Focusing on just prime rents consistent with the flight-to-quality theme, rates across downtown and suburban Philadelphia jump substantially to \$46.97 as they continue to inch towards the \$50 mark. For just class A, rates sit at an average of \$33.54, \$39.39 downtown and \$32.13 in the suburbs.

Across the region there remains a broad spread of pricing as CBRE continues to anticipate rates rising within the most desired prime space towards a \$50 average as premium class A space should also see upward pricing impacts as trophy availability dwindles.

Economic Overview

The U.S. economy enters mid-2026 navigating crosscurrents but growing at a healthy pace, with CBRE projecting GDP growth averaging 2.2%, broadly in line with 2025. The AI investment boom is certainly a key driver of this expansion. Concerns surrounding the sustainability of this growth are valid, but we expect AI-related business investment to continue.

The more pressing concern in recent months has been the U.S./Iran conflict and its impact on world energy prices, which recently pushed U.S. inflation to 4.2%. Should the prospective peace deal announced in June come to fruition, inflation would fall to the upper 3% range by year-end as energy prices slowly decrease. Stickier inflation has pushed Treasury yields well above 4%, complicating real estate markets. On the upside, the prospect for peace and normal trade flows in the Persian Gulf could refresh the optimism the CRE market felt at the beginning of the year.

Figure 7: Average Direct Asking Rate by Class



CBRE Research

Market Statistics

Figure 8: Suburban Philadelphia Submarket Stats

Submarket	Net Rentable Area (MSF)	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)
Bala Cynwyd	2.69	24.2	22.4	19.6	2.8	37.85	(62,000)	(69,000)	-	-
Blue Bell	4.41	26.4	27.0	21.4	5.6	26.79	14,000	6,000	-	-
Central Bucks County	1.76	13.2	14.9	13.2	1.7	21.91	31,000	146,000	-	-
Conshohocken	3.97	19.4	21.3	15.5	5.7	43.03	6,000	84,000	-	-
Delaware County	5.94	28.9	29.9	20.8	9.1	31.45	(24,000)	(2,000)	-	-
Exton/ West Chester	3.69	24.4	25.3	23.9	1.4	26.52	72,000	99,000	-	-
Fort Washington	2.92	26.9	26.9	19.6	7.4	29.32	(11,000)	50,000	-	-
Horsham/Willow Grove	5.69	30.9	30.2	29.4	0.7	27.53	(80,000)	(131,000)	-	-
Jenkintown	1.39	21.0	21.0	18.6	2.4	23.93	(25,000)	(16,000)	-	-
King of Prussia/Valley Forge	15.98	28.1	31.5	28.3	3.2	32.29	(137,000)	(184,000)	-	-
Lower Bucks County	5.08	19.8	19.7	18.8	0.9	26.21	(12,000)	129,000	-	-
Main Line	2.93	15.3	17.4	11.5	5.9	43.35	(77,000)	(73,000)	-	-
North Penn	0.99	44.5	36.9	34.1	2.8	18.30	6,000	1,000	-	-
Plymouth Meeting	1.82	36.5	35.7	33.7	2.0	32.67	(4,000)	2,000	-	-
Upper Main Line	0.99	19.1	14.4	7.3	7.2	31.34	(8,000)	(8,000)	-	-
Suburban Philadelphia Total	60.25	25.7	26.7	22.9	3.9	30.72	(312,000)	34,000	-	-

Figure 9: Downtown Philadelphia Submarket Stats

Submarket	Net Rentable Area (MSF)	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)
Independence Hall	3.88	33.4	31.3	28.8	2.4	36.21	(22,000)	(145,000)	-	-
Market East	7.10	20.9	22.2	20.2	2.0	32.23	5,000	32,000	-	-
Market West	28.21	23.5	23.7	19.9	3.8	33.96	(252,000)	307,000	-	-
Navy Yard	0.73	36.1	28.4	26.7	1.7	49.18	(8,000)	(83,000)	-	-
University City	3.01	16.4	17.8	13.4	4.4	48.67	70,000	92,000	-	-
Downtown Philadelphia Total	42.93	23.7	23.8	20.4	3.4	34.91	(207,000)	202,000	-	-

Figure 10: Northern Delaware Submarket Stats

Submarket	Net Rentable Area (MSF)	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)
North New Castle County	2.88	18.3	19.5	16.9	2.5	29.31	18,000	65,000	-	-
South New Castle County	4.05	23.6	26.1	19.2	7.0	23.96	(99,000)	(81,000)	-	-
West New Castle County	1.77	16.3	15.5	15.2	0.3	35.89	13,000	9,000	-	-
Wilmington CBD	5.51	28.1	26.9	25.8	1.1	27.38	15,000	(62,000)	-	-
Northern DE Total	14.20	23.4	23.8	20.8	3.0	27.67	(54,000)	(69,000)	-	-

Figure 11: Southern New Jersey Submarket Stats

Submarket	Net Rentable Area (MSF)	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)
Burlington County	9.57	12.6	13.4	12.2	1.2	24.23	(32,000)	2,000	-	-
Camden County	7.35	14.5	15.0	14.3	0.7	23.14	(29,000)	(1,000)	-	-
Gloucester County	0.47	5.8	4.4	4.4	-	25.40	(13,000)	(3,000)	-	-
Southern NJ Total	17.38	13.2	13.8	12.9	0.9	23.71	(74,000)	(1,000)	-	-

Figure 12: Lehigh Valley Submarket Stats

Submarket	Net Rentable Area (MSF)	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)
Lehigh Valley East	3.74	18.7	17.6	15.4	2.2	24.69	(57,000)	(33,000)	-	-
Lehigh Valley West	5.76	18.1	17.5	16.7	0.8	24.21	(24,000)	(47,000)	-	52,000
Lehigh Valley Total	9.50	18.3	17.5	16.2	1.3	24.39	(81,000)	(80,000)	-	52,000

Figure 13: Harrisburg Submarket Stats

Submarket	Net Rentable Area (MSF)	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)
Harrisburg East	7.31	15.5	16.1	15.9	0.2	19.71	(70,000)	(21,000)	-	-
Harrisburg West	3.59	11.9	12.8	12.5	0.3	21.17	(2,000)	(24,000)	-	-
Harrisburg Total	10.89	14.3	15.0	14.8	0.2	20.10	(73,000)	(44,000)	-	-

Source: CBRE Research, Q3 2026

The map displays the 100-mile radius of the 2014 election around Philadelphia. Major highways are shown in red and blue, with route numbers in white circles. The map is divided into several colored regions, each representing a different political jurisdiction. Two inset maps provide detailed views of the Philadelphia area and the Lehigh Valley area.

Philadelphia Area Inset:

- University City
- Market Street West
- Market Street East
- Independence Hall

Lehigh Valley Area Inset:

- Lehigh Valley West
- Lehigh Valley East

Main Map Regions:

- Harrisburg West
- Harrisburg East
- North Penn
- Central Bucks County
- Lower Bucks County
- King of Prussia/Valley Forge
- Upper Merion
- Main Line
- Delaware County
- Gloucester County
- Camden County
- Burlington County
- W. New Castle County
- S. New Castle County
- Wilmington CBD
- Horsham/Willow Grove
- Plymouth Meeting
- Goshgoben
- Bala Cynwyd
- Upper Main Line
- Blue Bell
- Fort Washington
- Jenkintown

Joe Gibson	Luke Lawlor
Director of Research, PA	Field Research Analyst
+1 610 727 5922	+1 267 402 0846
joseph.gibson@cbre.com	luke.lawlor@cbre.com

Luke Lawlor
Field Research Analyst
+1 267 402 0846
luke.lawlor@cbre.com

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.

50 S. 16th Street
Philadelphia, PA 19102

555 E. Lancaster Avenue
Radnor, PA 19087

3711 Kennett Pike
Wilmington, DE 19807

1000 Howard Boulevard
Mount Laurel, NJ 08054

1275 Glenlivet Drive
Allentown, PA 18106

5 Capital Drive
Harrisburg, PA 17110