

Big-Box Retail Report

Philadelphia Region



H1 2024



Market Recap

A persistently declining amount of inventory constrained growth within Greater Philadelphia's big-box retail market causing a slowdown in leasing activity during the first half of 2024. While the market showed signs of cooling after a record-breaking performance in 2023 with 28 new openings and over 2.2M square feet (sq.-ft.) of positive net absorption, the market was far from stagnant. Seven new big-box stores totaling just under 500,000 sq.-ft. of retail opened their doors in the first half of 2024, and another 10 are projected to open in the latter half of the year. In conjunction, the number of available spaces shrunk by from 73 to 66, a 10% decrease. Inventory in H1 2024 was the lowest seen in at least five years.

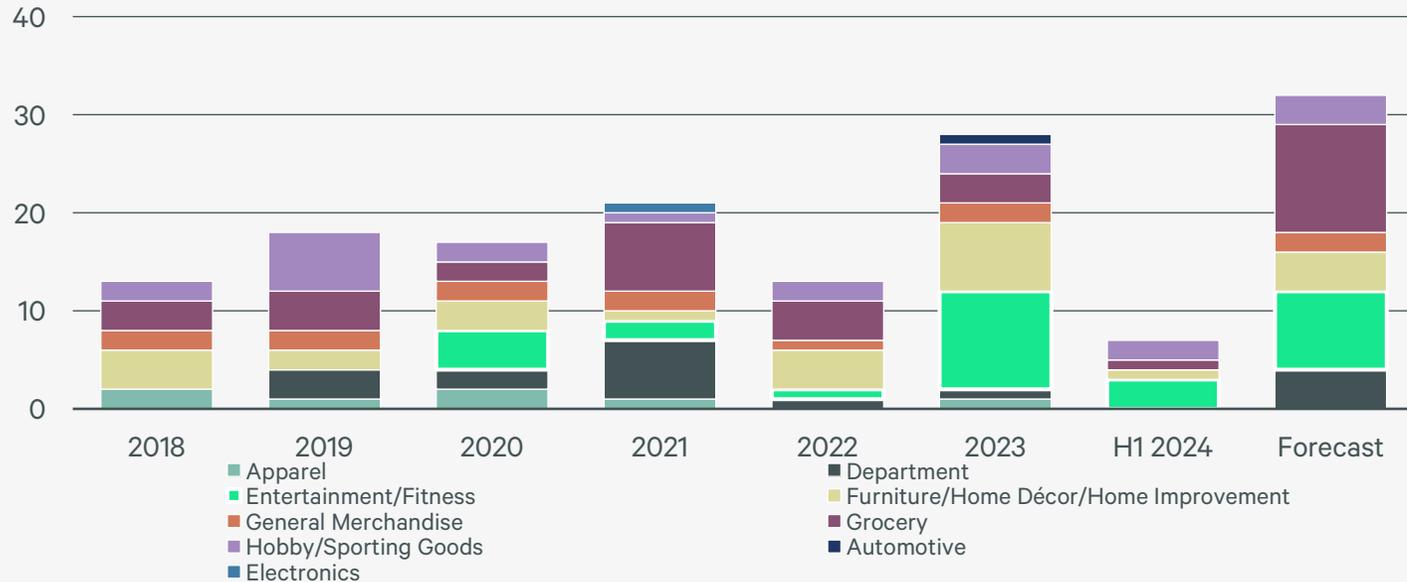
Given the region's supply constraints, expanding retailers had to adapt their strategies to match the current market's offerings to achieve their growth goals. In recent years, that meant either investing in revamping or breaking up long-vacant stores such as Kmart and Bon-Ton, or competing for recently vacated, more desirable spaces that formerly housed retailers who experienced bankruptcies and mass closures such as Regal Cinemas, Bed Bath & Beyond and Big Lots. However, despite a high interest rate environment, lack of existing supply forced retailers to become more open to the option of building from the ground up. While this can be a more costly and lengthy process, retailers often find it worth the investment for the unparalleled quality of new construction and a presence in the most desirable areas. Following 2023's opening of three newly constructed large-format stores, this budding trend continued to gain momentum in the first half of 2024 as Yardley, PA welcomed an 88,000 sq.-ft. Wegmans to anchor the new Prickett Preserve at Edgewood development. In addition to this opening, construction began on Bayberry Town Center, a new shopping center in Middletown, DE that will be anchored by a 64,000 sq.-ft. Weis Markets. In total, 12 new construction projects amounting to over 1.0M sq.-ft. of future big-box space continued to move forward as their expected opening dates crept closer.

Shifting from supply to demand, experiential retail continued to dominate the narrative during the first half of 2024 with these concepts accounting for 43% of H1 2024 openings and 25% of total projected openings. With several of these types of retailers looking to open more locations, experiential retail is expected to claim a significant portion of big box activity moving forward. Other openings during the first half of the year included a Restaurant Depot in Reading, PA, Home Living Furniture & Mattress in Mays Landing, NJ and Dick's Sporting Goods in Pottstown, PA, a combination of two spaces that previously housed A.C. Moore and Bed Bath & Beyond.

Leasing Trends

As spaces disappeared from the market, the most notable leasing trends in the big-box segment were the rise of new construction and the ongoing post-pandemic shift in consumer focus from durable goods to experiences. The latter was easily detected by the opening of three new experiential retail concepts in H1 2024, accounting for close to half of all large-format store openings. Amongst the three were Nova Trampoline Park, which took half of a former Kmart in Reading’s Penn Plaza, and Fun City Adventure Park in Millville’s Union Lake Crossing, a replacement for a former Dick’s Sporting Goods that relocated in 2016. Additionally, Fun City Adventure Park will open its first Delaware location later this summer at Governor’s Square Shopping Center. This will be one of three more entertainment and fitness operations slated to open in the second half of 2024. With 10 new big-box retail locations expected to round out openings in 2024, experiential retail concepts were the most active retailer type.

Store Openings by Category, 40,000+ Sq. Ft. Spaces, 2018–Forecast



Source: CBRE Research, H1 2024



Big-Box Retail Availabilities

40,000+ Sq. Ft.

65

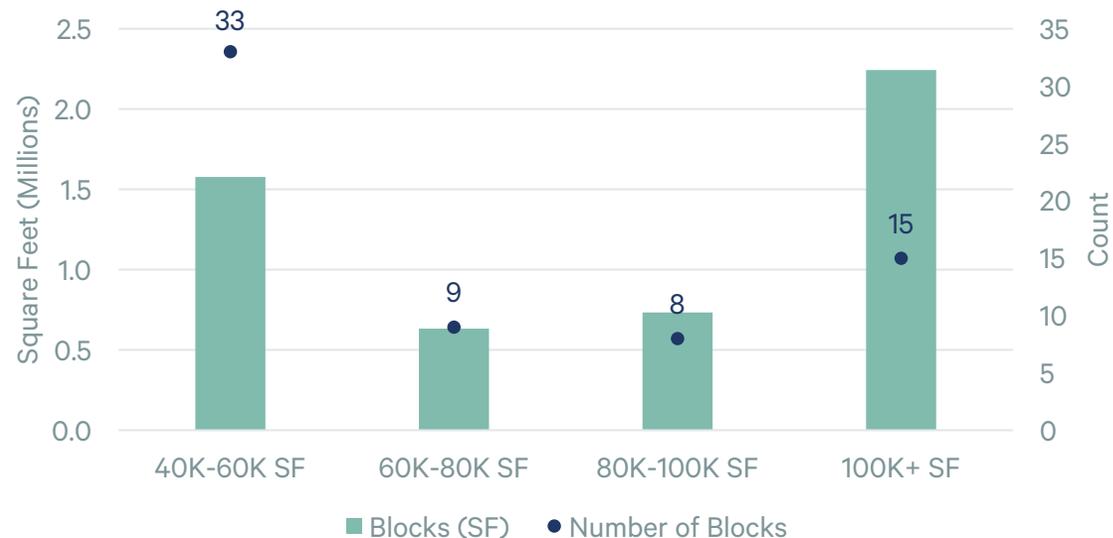
Spaces

5.2 million

Sq. Ft.

Source: CBRE Research

Available Spaces By Size



Source: CBRE Research, H1 2024

For the first time since pre-pandemic years all size blocks saw a decline in the number of available large-format spaces in the market. Despite the ongoing narrative of retailer bankruptcies and store closings currently outweighing openings in 2024, the Greater Philadelphia region's available big-box space dipped from 5.7M sq.-ft. in H2 2023 to 5.2M sq.-ft. in H1 2024, a 9% or 500,000 sq.-ft. decrease.

As it has for years, the 40,000 to 60,000 sq.-ft. category remained the most dominant in terms of number of available spaces. Despite accounting for 33 available spaces, more than double the quantity of any other size tranche, the 40,000 to 60,000 sq.-ft. grouping was not the leader in terms of total available square footage. Even with just 15 spaces, the 100,000+ sq.-ft. size range accounted for 42% of available big-box square footage in the market. These 15 spaces averaged nearly 150,000 sq.-ft. per space while the overall average size of an available big-box space was just below 80,000 sq.-ft. These large blocks, most of which were previously occupied by department store giants, have historically been difficult to lease but are now seeing an uptick in interest with the rise in popularity of experiential retail as most of these concepts require massive spaces to operate such attractions as trampoline parks, bowling alleys or even gyms.

Availability by Region

Southeastern PA

13 Spaces | 1,143,891 Sq. Ft.

Southern NJ

12 Spaces | 794,301 Sq. Ft.

Lehigh Valley PA

11 Spaces | 932,313 Sq. Ft.

Central PA

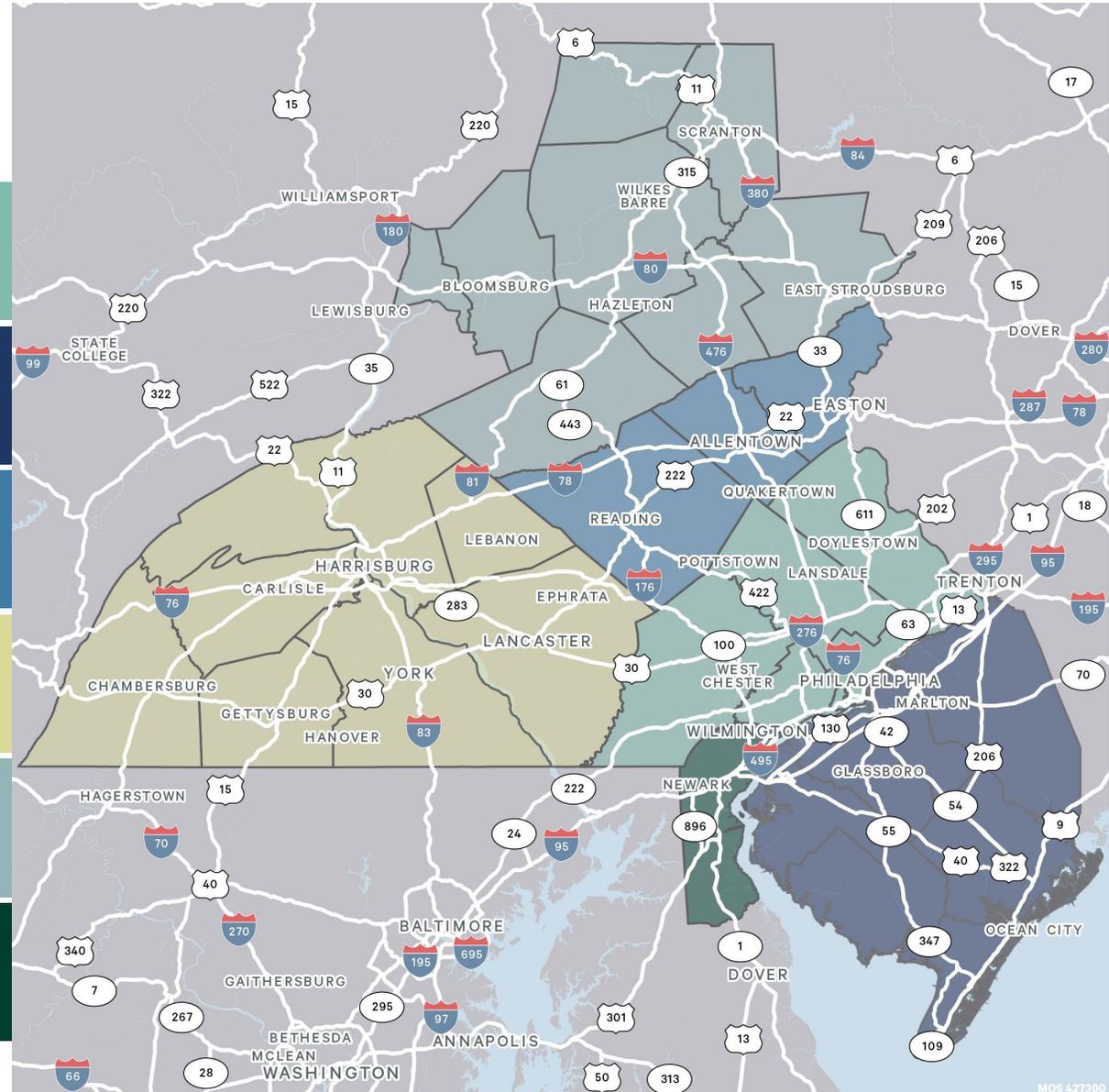
17 Spaces | 1,332,984 Sq. Ft.

Northeastern PA

8 Spaces | 635,748 Sq. Ft.

Delaware

4 Spaces | 346,779 Sq. Ft.



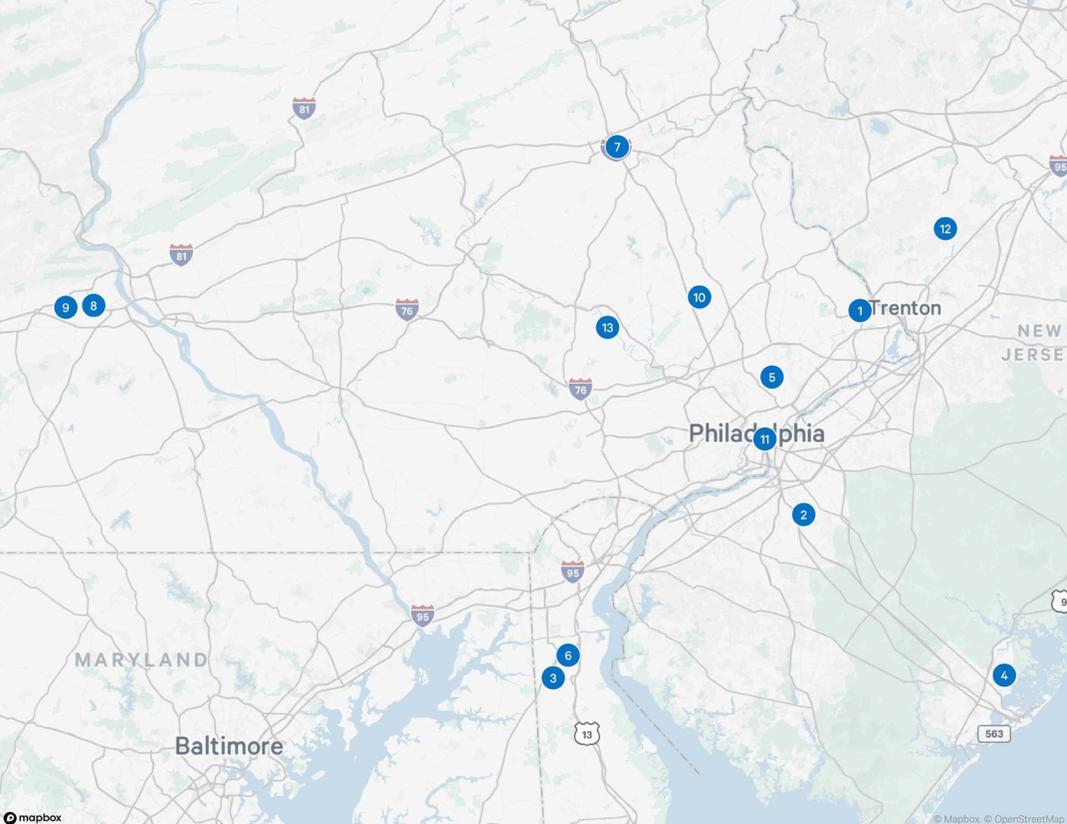
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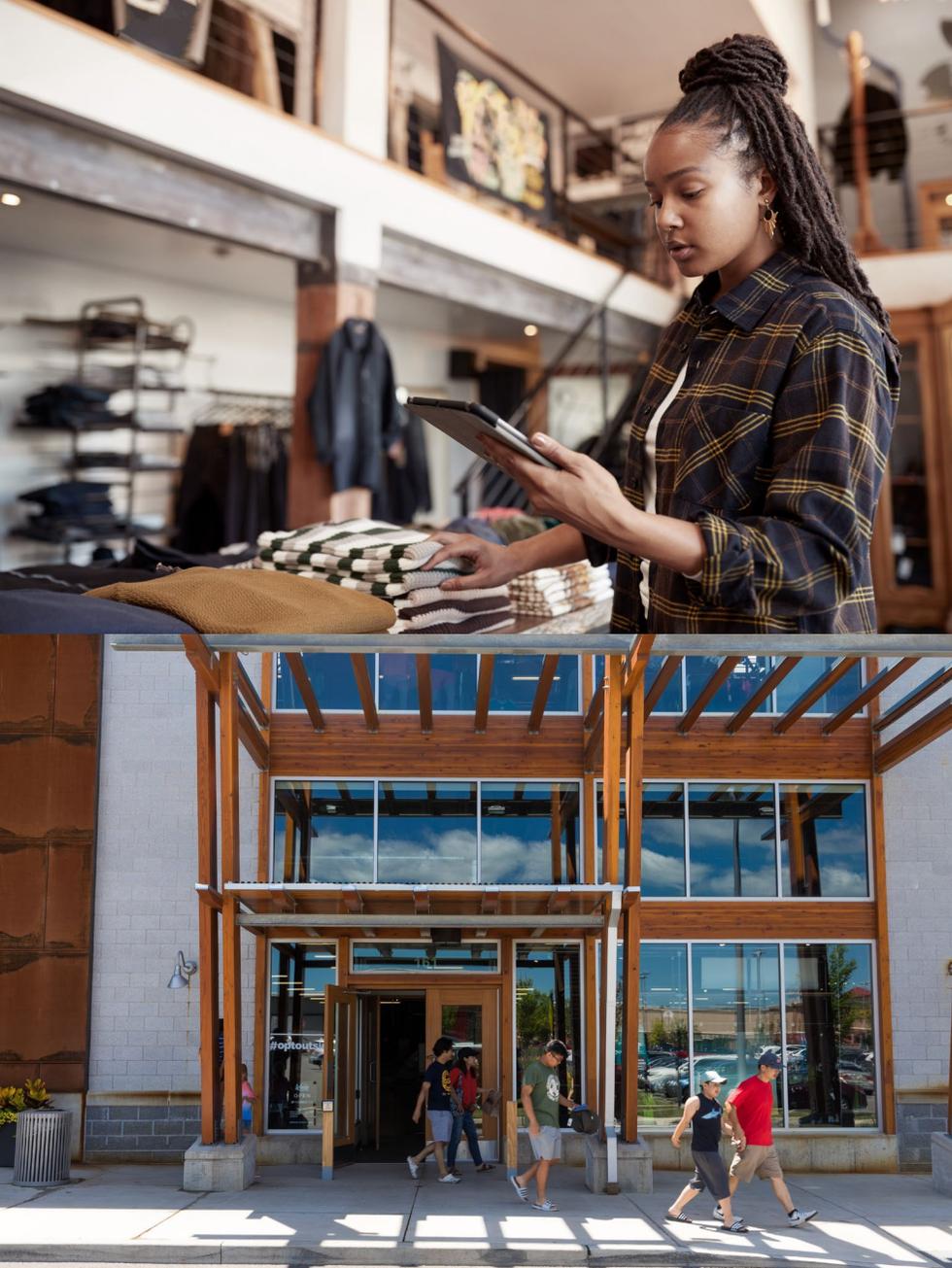
New Construction

>40,000 Sq. Ft., H1 2024 - Future

H1 2024	1		Prickett Preserve at Edgewood 930 Stony Hill Rd Yardley, PA 19067	88,000 SF
	2		Cherrywood Plaza 1468 Blackwood Clementon Rd Clementon, NJ 08021	94,000 SF
	3		Northside Shopping Center 465 Middletown Warwick Road Middletown, DE 19709	147,000 SF
Future	4		ShopRite Route 561 & S Pitney Rd Galloway, NJ 08025	81,500 SF
	5		Giant Old York Rd & Wyncote Rd Jenkintown, PA 19046	50,000 SF
	6		Bayberry Town Center 603 S Bayberry Pkwy Middletown, DE 19709	64,000 SF
	7		Lehigh Valley Town Center 361 Schantz Rd & 4511 Cedarbrook Rd Allentown, PA 18104	68,000 SF
	8		Beltway Commons 5401 Carlisle Pike Mechanicsburg, PA 17050	99,804 SF
	9		Costco Carlisle Pike & Hemp Road Mechanicsburg, PA 17050	151,000 SF
	10		Shops at Town Square 1758 Allentown Rd Lansdale, PA 19446	147,721 SF
	11		The Carson 507 N 5th Street Philadelphia, PA 19123	40,000 SF

Future	12		Montgomery Promenade 1200 Route 206 Montgomery Township, NJ 08540	40,000 SF
	13		Whole Foods Broadcasting Rd & Paper Mill Rd Wyomissing, PA 19610	40,000 SF
			TOTAL	1,111,016 SF





Looking Ahead

With nearly 2.5M sq.-ft. of new big-box retail on the horizon, it is safe to say that while the market may no longer be in its 2023 heyday, demand is expected to grow, albeit at a slower pace. As of the close of H1 2024, over one third of projected big-box openings were slated to occupy new construction. These developments are primarily, although not exclusively, focused in rapidly growing secondary and tertiary markets that have gained significant leasing momentum in recent years, making them a desirable destination for retailers. For example, Middletown, DE, a particularly attractive market due to its rapid population growth over the past two decades, is on pace to add over 200,000 sq.-ft. of big-box retail in the form of a Target and Weis Markets. Both stores will anchor new shopping centers currently under development. Northside Shopping Center will house the 147,000 sq.-ft. Target and Weis Market will serve as the anchor for the future Bayberry Town Center which broke ground this half.

In addition to Middletown's future tenants, there are 10 more big-box stores currently under construction. Of these 10 future large-format retailers, all but one are exclusively grocery stores such as ShopRite and Whole Foods or stores that carry grocery products like Costco and BJ's Wholesale Club, all of which have at least one location planned to open in the coming years. The outlying new construction project is not actually an outlier at all. Capitalizing on the increasingly popular and prevalent trend of experiential retail, Topgolf is expected to add Allentown, PA to its list of operational locations in 2026.

Considering the makeup of retailers expanding via new construction, unsurprisingly almost 60% of all projected big-box store openings fall within the entertainment and fitness or grocery sectors. This includes the highly anticipated opening of Netflix's new experiential retail concept, Netflix House, which will occupy 120,000 sq.-ft. at the King of Prussia Mall in the former Lord & Taylor space. A self-proclaimed experimental entertainment venue, Netflix House will feature immersive experiences based on hit Netflix series and movies. Whole Foods is also planning to make a splash in the Greater Philadelphia region, adding to its existing presence in the area. Through a mix of backfilling vacant spaces and ground-up construction, the grocery retailer is slated to occupy over 200,000 sq.-ft. across five new locations. Other retailers that plan to open or expand in both emerging and established markets within the region include Ocean State Job Lot, Gravity Vault, Floor & Décor and Fusion Gyms.

H1 2024 Store Openings

New Tenant	City	State	Sq. Ft.	Previous Tenant
Dick's Sporting Goods	Pottstown	PA	47,613	A.C. Moore/Bed Bath & Beyond
RC Theatres	Quakertown	PA	43,981	Regal Cinemas
Home Living Furniture & Mattress	Mays Landing	NJ	158,772	Shoppers World
Nova Trampoline Park	Reading	PA	58,445	Kmart
Restaurant Depot	Reading	PA	50,000	Kmart
Fun City Adventure Park	Millville	NJ	40,000	Dick's Sporting Goods
Wegmans	Yardley	PA	88,000	New Construction
H1 2024 Total			486,811	



Projected Store Openings (Part 1)

Projected Opening	New Tenant	City	State	Sq. Ft.	Previous Tenant
2024 H2	Hobby Lobby	Wilmington	DE	66,720	Sears
2024 H2	Lomax Carpet and Tile Mart	Clementon	NJ	45,000	Kmart
2024 H2	FunCity Adventure Park	Bear	DE	45,000	Kmart
2024 H2	Floor & Decor	Blackwood	NJ	65,000	Burlington
2024 H2	Fusion Gyms	Bensalem	PA	200,000	Macy's
2024 H2	Gravity Vault	Whitehall	PA	40,000	PA Fitness
2024 H2	National Grocer	Fairless Hills	PA	42,049	Macy's
2024 H2	Ocean State Job Lot	Pottstown	PA	40,000	Giant
2024 H2	Dick's House of Sport (Expansion)	Wilmington	DE	100,977	Bad Bath & Beyond
2024 H2	Whole Foods	Philadelphia	PA	40,000	New Construction
2025	Target	West Chester	PA	110,000	Kmart
2025	Unknown Trampoline Park	Philadelphia	PA	82,345	Mealey's Furniture
2025	FunCity Adventure Park	Pleasantville	NJ	45,000	Kmart
2025	Target	Middletown	DE	147,000	New Construction
2025	Weis Markets	Middletown	DE	64,000	New Construction
2025	ShopRite	Galloway	NJ	81,500	New Construction
2025	Raymour & Flanigan	Lancaster	PA	90,000	Bon-Ton
2025	Whole Foods	Lansdale	PA	43,500	Genuardi's
2025	Tractor Supply Co.	Pittston	PA	61,803	Kmart
2025	ShopRite	Clementon	NJ	94,000	New Construction
2025	Giant	Jenkintown	PA	50,000	New Construction
2025	Netflix House	King of Prussia	PA	120,000	Lord & Taylor
2025	Dick's Sporting Goods	North Wales	PA	60,929	Bed Bath & Beyond/Gabe's
2025	Whole Foods	Doylestown	PA	43,850	Marshalls/HomeGoods
2025	Whole Foods	Montgomery Twp.	NJ	40,000	New Construction



Projected Store Openings (Part 2)

Projected Opening	New Tenant	City	State	Sq. Ft.	Previous Tenant
2026	Whole Foods	Wyomissing	PA	40,000	New Construction
2026	Topgolf	Allentown	PA	68,000	New Construction
2026	Giant	Allentown	PA	101,841	Bon-Ton
2026	Lefty's Alley & Eats	Newark	DE	40,000	Kmart
2026	BJ's Wholesale Club	Mechanicsburg	PA	99,804	New Construction
2026	Costco	Mechanicsburg	PA	151,000	New Construction
2026	Target	Lansdale	PA	147,712	New Construction
Forecasted Total					2,467,030



Available Spaces

Southeastern PA

13 Spaces | 1,143,891 Sq. Ft.

Previous Tenant	Sq. Ft.	County	City
Sam's Club	128,820	Chester	Exton
Bradlees	40,855	Delaware	Broomall
Kmart	105,569	Delaware	Holmes
Sears	181,351	Delaware	Media
Sears	70,808	Delaware	Upper Darby
Gamburg's Furniture	52,000	Montgomery	Hatboro
Bed, Bath & Beyond	44,484	Montgomery	Jenkintown
Best Buy	43,405	Montgomery	King of Prussia
Saks Off Fifth	41,589	Montgomery	King of Prussia
Sears	173,512	Montgomery	North Wales
Sears	131,083	Montgomery	Willow Grove
Bed, Bath & Beyond	52,715	Montgomery	Wynnewood
Regal United Artists Theater	77,700	Philadelphia	Philadelphia

Southern NJ

12 Spaces | 794,301 Sq. Ft.

Previous Tenant	Sq. Ft.	County	City
Pathmark	60,667	Atlantic	Egg Harbor
Sears	206,924	Atlantic	Mays Landing
Christmas Tree Shops	48,000	Camden	Cherry Hill
Oskar Huber	46,220	Camden	Cherry Hill
Kmart	50,031	Camden	Clementon
Big Lots	47,201	Camden	Clementon
Esporta Fitness	47,000	Camden	Somerdale
Acme Markets	55,000	Cumberland	Bridgeton
GM Dealership	48,000	Cumberland	Millville
Bed, Bath & Beyond	100,258	Gloucester	Deptford
Esporta Fitness	45,000	Gloucester	Woodbury Heights
Eatmor Supermarket	40,000	Salem	Elmer

Available Spaces

Lehigh Valley PA

11 Spaces | 932,313 Sq. Ft.

Previous Tenant	Sq. Ft.	County	City
Sears	175,004	Berks	Reading
Bon-Ton	156,065	Berks	Reading
Kmart	86,540	Lehigh	Allentown
Giant	54,187	Lehigh	Allentown
Christmas Tree Shops	43,000	Lehigh	Allentown
Aetna	83,512	Lehigh	Bethlehem
Mealey's Furniture	54,491	Lehigh	Whitehall
Bed, Bath & Beyond	43,971	Lehigh	Whitehall
Kmart	98,000	Northampton	Bethlehem
Weis Markets	50,000	Northampton	Coopersburg
Kmart	87,543	Northampton	Easton

Central PA

17 Spaces | 1,332,984 Sq. Ft.

Previous Tenant	Sq. Ft.	County	City
BJ's Wholesale Club	106,947	Cumberland	Camp Hill
Bon-Ton	59,925	Cumberland	Carlisle
Lowe's	65,000	Cumberland	Shippensburg
Sears	181,351	Dauphin	Harrisburg
Bon-Ton	160,953	Dauphin	Harrisburg
Weis Markets	65,043	Dauphin	Harrisburg
Toys "R" Us	57,645	Dauphin	Harrisburg
	42,000	Dauphin	Harrisburg
Bed, Bath & Beyond	42,923	Lancaster	Lancaster
Nell's Market Fresh Foods	47,439	York	Dallastown
JCPenney	99,008	York	Hanover
Bon-Ton	71,462	York	Hanover
Jamesway	50,000	York	Red Lion
Burlington	99,596	York	York
Kmart	82,033	York	York
Giant	56,659	York	York
LA Fitness	45,000	York	York

Available Spaces

Northeastern PA

8 Spaces | 635,748 Sq. Ft.

Previous Tenant	Sq. Ft.	County	City
Kmart	51,583	Columbia	Berwick
Burlington	65,000	Lackawanna	Eynon
Ames	79,979	Luzerne	Hazleton
Ollie's Bargain Outlet	40,000	Luzerne	Hazleton
Kmart	104,956	Luzerne	Kingston
Conyngham Builders Supply	41,500	Luzerne	Sugarloaf
Bon-Ton	155,301	Luzerne	Wilkes Barre
Sears	97,429	Luzerne	Wilkes Barre

Delaware

4 Spaces | 346,779 Sq. Ft.

Previous Tenant	Sq. Ft.	County	City
Sears	174,172	New Castle	Wilmington
Access Group	77,264	New Castle	Wilmington
Christmas Tree Shops	48,000	New Castle	Wilmington
Safeway	47,343	New Castle	Wilmington

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