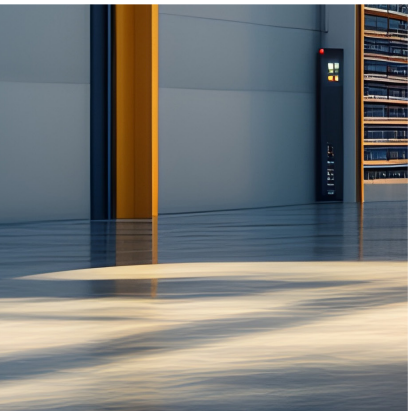


# INDUSTRIAL OUTLOOK

PENNSYLVANIA MARKET | 4TH QUARTER 2025



**MACKENZIE**

COMMERCIAL REAL ESTATE SERVICES, LLC





## CAPITAL INDICATORS\* PA INDUSTRIAL MARKET

12-Month Volume  
**\$2,492,766,880**

Total Square Feet  
**27,719,995**

Average Price PSF  
**\$98/sf**

Average Cap Rate  
**6.6%**

Properties Sold  
**205**

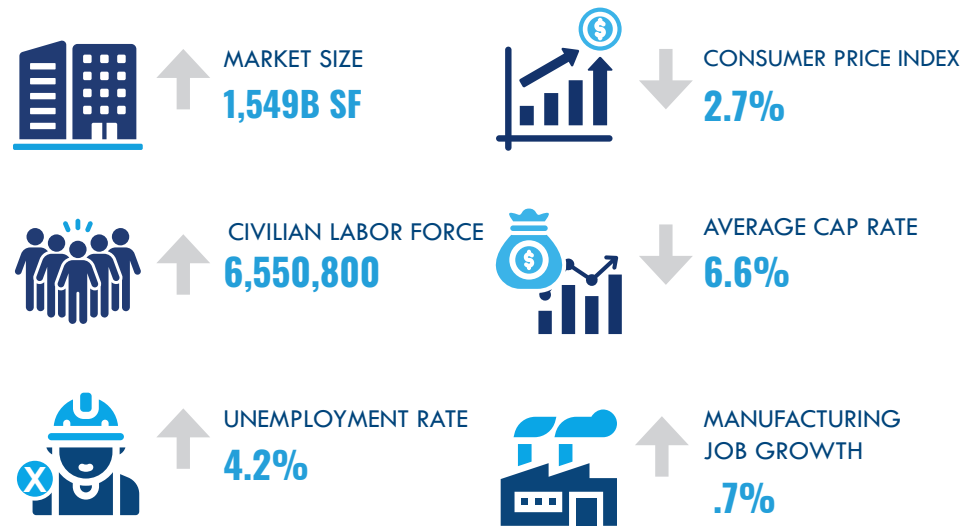
Volume vs. Prior Year  
**-12.5%**

## ECONOMIC FACTORS

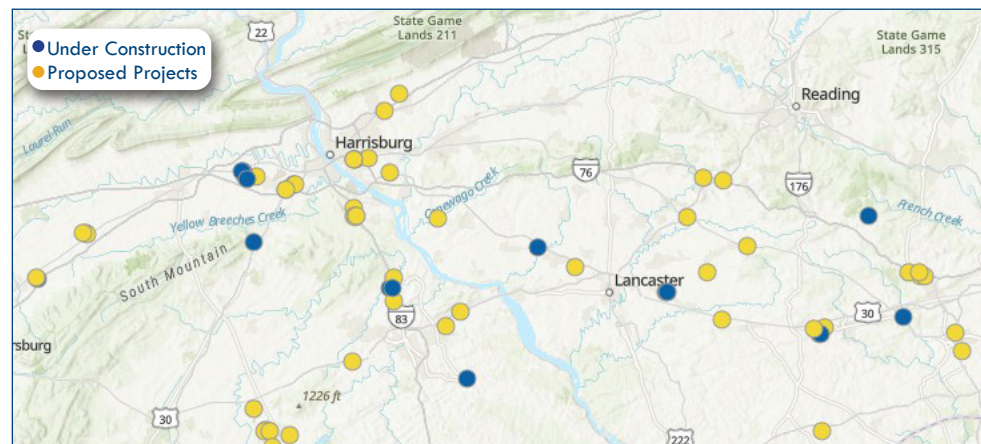
The longest federal government shutdown in U.S. history ended nearly two months ago, yet delayed and altered data releases continue to obscure our understanding of the U.S. economy. Take, for instance, inflation. The Bureau of Labor Statistics didn't publish Consumer Price Index data for October, and the November data came with several caveats. While the most recent data shows that consumer prices increased just 2.7% from November 2024 to November 2025, that year-over-year increase will almost certainly appear to accelerate in early 2026—a lingering effect of necessary methodological changes for October and November—regardless of how actual prices behave.

Despite a flagging labor market, poor consumer sentiment, and persistent uncertainty, U.S. consumer spending continues to accelerate, and that spending fueled rapid economic growth in the third quarter, when GDP grew at a blistering 4.3% annualized rate. While that figure will almost certainly be revised lower, even a 3% growth rate would be surprisingly fast given other signs of economic weakness.

Over the past year, South Central Pennsylvania has added jobs at the same tepid pace as the remainder of Pennsylvania. Unemployment remains relatively low across the region, with most counties still in the 3-4% range, although those rates have been steadily rising over the past several months. With hiring slow, it would take only a modest increase in layoff activity to cause a large increase in regional unemployment.



## SNAPSHOT 4Q25



On the nonresidential side of the industry, only one segment ended the year with meaningful momentum: data centers. Over the past two years, spending on data centers has risen 105%, while spending on all other private nonresidential segments has fallen 6%. While this has provided the industry with a much-needed boost, data centers account for just 5% of all private nonresidential construction spending. To put that into context, the boom in data center construction has raised industry wide spending by less than the warehouse construction boom of 2022 and 2023 did. The upshot is that 2026 has potential to be a better year than 2025 for the construction industry, but a number of risks could cause spending to continue to decline.

# INDUSTRIAL OVERVIEW

FOURTH QUARTER | 2025



## INDUSTRIAL INDICATORS

Market Size  
**327,303,561**

Building Count  
**3,918**

QTD Absorption  
**-139,806**

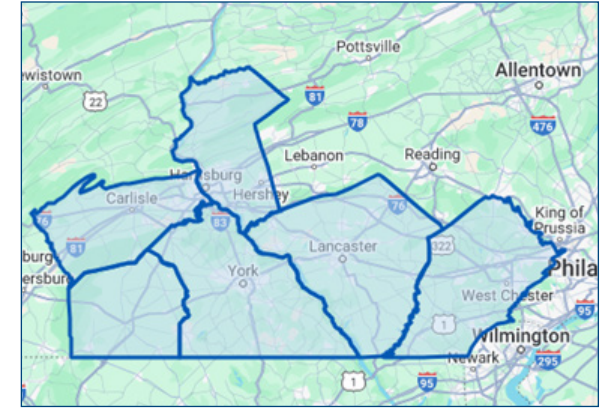
YTD Absorption  
**-427,638**

Vacancy  
**6.0%**

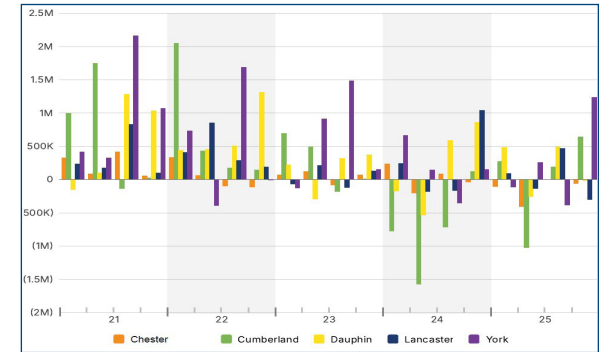
Rental Rate  
**\$8.29/sf**

Pennsylvania's southern industrial market closed 4Q with generally steady operating conditions but continued to churn underneath the headline metrics. Industrial vacancy finished at 6.0% (essentially flat quarter-over quarter, but higher than 4.7% a year ago), while average asking rents increased to \$8.43/sf from \$8.18/sf last quarter and \$7.93/sf last year. Net absorption was slightly negative for the quarter (-139,806 sf) and down on YTD (-427,638 sf), despite strong leasing volume of 610,040 sf in 4Q and 10,982,980 sf YTD indicating that new leases and renewals have not fully offset move-outs. The warehouse segment drove most of the activity, generating 538,522 sf of leasing in 4Q and 10,557,177 sf YTD, and it posted 12,410 sf of positive absorption in 4Q, though it remained negative YTD (-398,855 sf).

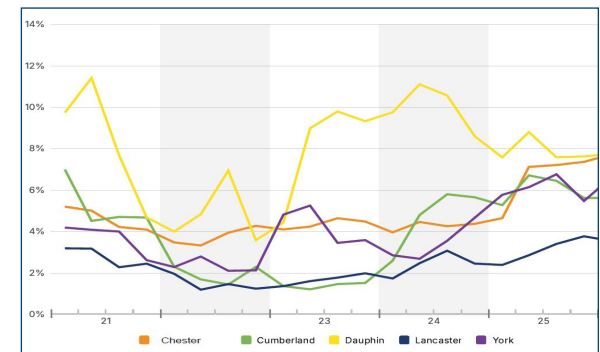
Flex fundamentals were comparatively tight but softened during the quarter. Flex vacancy ended at 6.1% (up from 5.4% last quarter), with -152,216 sf of absorption in 4Q and -28,783 sf YTD, while average flex asking rents trended lower to \$12.84/sf (from \$13.70/sf last year). Leasing remained active at 71,518 sf in 4Q and 425,803 SF YTD, led by Chester County (highest flex rents at \$15.01/sf and 183,206 sf leased YTD) even as it posted negative absorption. On the industrial side, performance varied meaningfully by county: Cumberland was the standout for near-term occupancy gains (617,490 sf of positive 4Q absorption), Lancaster remained one of the tightest markets (3.5% vacancy) with positive YTD absorption, while York recorded the largest leasing totals (4.37M sf YTD) but still experienced meaningful negative absorption, reflecting elevated turnover and active backfilling rather than net expansion.



## ABSORPTION



## VACANCY RATE



THE NUMBERS	MARKET SIZE	VACANCY %			ABSORPTION		RENTAL RATES		
		Current	Prior Qtr	Prior Yr	QTD	YTD	Current	Prior Qtr	Prior Yr
Adams County	289,670	32.5%	32.5%	32.5%	0	0	\$6.95	\$6.95	\$6.95
Chester County	11,738,208	6.1%	5.2%	5.6%	-110,609	-26,149	\$12.08	\$14.88	\$17.64
Cumberland County	1,992,262	3.5%	3.5%	4.5%	-255	18,631	\$11.91	\$11.74	\$11.54
Dauphin County	3,447,659	5.7%	6.4%	5.9%	24,017	8,646	\$11.29	\$11.25	\$11.29
Lancaster County	3,663,406	9.1%	7.5%	6.6%	-56,114	-91,877	\$11.09	\$10.03	\$10.05
York County	3,075,771	1.9%	1.6%	3.6%	-9,255	61,966	\$6.82	\$6.42	\$6.56
<b>Flex Totals</b>	<b>24,206,976</b>	<b>6.1%</b>	<b>5.4%</b>	<b>5.8%</b>	<b>-152,216</b>	<b>-28,783</b>	<b>\$11.07</b>	<b>\$12.20</b>	<b>\$13.55</b>
Adams County	8,357,085	5.5%	5.7%	0.0%	21,770	-457,329	\$6.87	\$6.87	\$5.50
Chester County	29,141,019	7.9%	8.1%	3.8%	45,818	-561,618	\$11.27	\$10.66	\$11.09
Cumberland County	69,416,781	5.6%	6.5%	5.7%	617,490	29,890	\$6.91	\$7.36	\$7.67
Dauphin County	36,929,955	7.8%	7.7%	8.8%	-40,053	685,017	\$7.65	\$7.62	\$6.79
Lancaster County	78,220,754	3.5%	3.2%	2.2%	-206,736	232,140	\$9.18	\$8.27	\$7.81
York County	81,030,991	7.1%	7.1%	4.7%	-425,879	-326,955	\$7.16	\$6.50	\$6.75
<b>Warehouse Totals</b>	<b>303,096,585</b>	<b>6.0%</b>	<b>6.1%</b>	<b>4.6%</b>	<b>12,410</b>	<b>-398,855</b>	<b>\$8.07</b>	<b>\$7.70</b>	<b>\$7.62</b>
<b>Totals</b>	<b>327,303,561</b>	<b>6.0%</b>	<b>6.0%</b>	<b>4.7%</b>	<b>-139,806</b>	<b>-427,638</b>	<b>\$8.29</b>	<b>\$8.03</b>	<b>\$8.06</b>



## LEASE TRANSACTIONS

Type	Location	Submarket	Tenant	Leased (sf)
Industrial	301 Butterfly Commons Dr.*	York	Confidential	404,600
Industrial	45 Logistics Dr.	Cumberland	Confidential	305,746
Industrial	550 Willow Springs	York	Crane Worldwide Logistics	270,867
Flex	14 Lee Blvd.	Chester	Confidential	89,026
Industrial	1128 Roosevelt Ave.	York	Pink Recycling	50,750

## SALE TRANSACTIONS

Type	Location	County	Price	PSF	Bldg. Size (sf)
Industrial	301 Railroad Ave.	Cumberland	\$26,200,000	\$103	254,449
Flex	15-35 E Uwchlan Ave.	Chester	\$14,765,000	\$160	92,074
Industrial	1128 Roosevelt Ave.	York	\$13,200,000	\$64	204,729
Industrial	1160 E Main St.	Lancaster	\$10,000,000	\$71	140,000
Industrial	1441 Stoneridge Dr.	Dauphin	\$7,800,000	\$120	65,000
Flex	3240 Schoolhouse Rd.	Dauphin	\$6,250,000	\$154	40,671
Industrial	1401 AIP Dr.	Dauphin	\$4,900,000	\$125	39,092
Industrial	2369 Old Philadelphia Pike	Lancaster	\$4,100,000	\$168	24,370
Industrial	1610 Industrial Dr.	Cumberland	\$4,075,000	\$105	38,850

Despite recent volatility, pricing remains well above pre-pandemic norms. Between 2020 and early 2021, sale prices often ranged between \$40–\$65/sf, but the post-COVID industrial boom pushed values dramatically higher, especially during 2023 and 2024, when pricing consistently averaged above \$80/sf. The recent dip reflects increased market caution amid economic uncertainty, rising interest rates, and a more selective buyer pool. Still, current pricing suggests long-term value stability when viewed across a multi-year horizon.



## INDUSTRIAL MARKET PARAMETERS

Flex properties are industrial buildings that have at least 70% office build-out, and single-story office buildings that have at least one dock door. Industrial buildings include warehouse, distribution, and manufacturing facilities. Both property types included are at least 10,000 sf in size and include all classes.

## ABOUT US

MacKenzie Ventures, LLC (MacKenzie) possesses the multi-disciplined team necessary to excel in Maryland's corporate real estate community. Comprising six firms, MacKenzie provides clients a competitive, full service platform of offerings in leasing, sales, investments, tenant and landlord advisory services, general construction, property and asset management, debt and equity capital placement, and investment and development. With more than 225 employees and offices in Annapolis, Baltimore, Bel Air, Columbia, and Lutherville, Maryland, and Charlottesville, Virginia, MacKenzie is one of the largest full service commercial real estate firms in the Mid-Atlantic.

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