

# PHILADELPHIA OFFICE MARKET

Yardi® Matrix

## Market Analysis

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## Philly's Picking Up Steam



Philadelphia's office market is driven by strong job growth, a large number of startups, a deep talent pool and a diverse business ecosystem. That has helped fuel the re-emergence of Center City and redevelopment of outlying areas, exemplified by large-scale projects such as Brandywine Realty Trust's up-and-coming \$3.5 billion **Schuylkill Yards** development and Philadelphia's tallest skyscraper, **Comcast Center**.

The number of degree-holding Millennials has grown in recent years, and the metro has become a **catalyst for tech and life sciences firms** seeking talent. Education and health services (13,700 new jobs) topped job growth over the past year. Spurred by a knowledge-based economy, **office-using employment gained steam**, led by the professional and business services sector, which added 3,900 jobs.

As the metro's fundamentals continue to strengthen, demand for quality office product is high, leading to fierce competition for premium space, especially in downtown areas. Absorption in most submarkets is positive, and the vacancy rate was **12.3%** in the metro as of June. Asking rents are rising moderately.

The development pipeline is strong, with **2.9 million square feet under construction** as of June.