

# PHILADELPHIA OFFICE MARKET

Yardi® Matrix

## Market Analysis

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## Office Sector Stays Solid



Despite its modest rate of growth, Philadelphia continues to show solid fundamentals, resulting in a broader range of business opportunities. Initiatives such as the Keystone Innovation Zones tax program, Philadelphia Solar Incentive Program, Jump Start Philly and Tech Industry Partnership are attracting new businesses including Wodify and Amicus Therapeutics to the metro, encouraging economic and job growth. Moreover, the upcoming Amazon HQ2 will likely make way for an influx of tech talent to the region.

The professional and business services sector led the way in job growth, with more than 7,200 positions added in the 12 months ending in June. The financial activities sector gained 1,800 jobs due to large banks such as JPMorgan expanding their operations. However, layoffs from the Environmental Protection Agency, Deloitte and Ricoh Americas resulted in a shrinking office footprint, especially in the suburbs.

High construction costs—especially in the downtown areas—have put a strain on the metro's development activity. The lack of new space has forced landlords to update the existing inventory and redevelop unused assets into transit-oriented office or mixed-use product. The development pipeline comprised 1.7 million square feet of office space as of July, with construction activity concentrated in the Center City District submarket (601,000 square feet underway).