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**FOR IMMEDIATE RELEASE**

## **Rents for Greater Philadelphia Have Not Yet Peaked**

**Philadelphia, PA (June 29, 2017)** — Newmark Knight Frank (NKF) released its second quarter 2017 office reports for the Greater Philadelphia region. The reports detail increased rental rates in the Philadelphia suburbs and Philadelphia Central Business District (CBD) with no sign that rents will peak soon. There was also positive absorption in Greater Philadelphia and the New Castle County (Delaware) markets, but occupancy growth stalled in Southern New Jersey.

Vacancy in the Philadelphia suburbs declined by 20 basis points from the first quarter of 2017 to 15.7 percent. The King of Prussia submarket showed considerable occupancy growth, posting 394,588 square feet in positive absorption. During this period, Highway to Health occupied a newly delivered 110,550-square-foot building located at 933 First Avenue and Hartford Funds moved into 75,922 square feet at 690 Lee Road. Both tenants relocated from Radnor.

Reid Blynn, NKF executive managing director notes, “Tenants have turned their attention towards King of Prussia where premium office space is offered at reasonable rents. In addition, the area provides attractive amenities for employees such as the new King of Prussia Town Center, an expanded King of Prussia Mall and the recently opened Lifetime Fitness Center. I expect these amenities will attract more investors to the submarket.”

During the second quarter, the CBD posted 4,599 square feet of positive absorption. The West Market and East Market submarkets accrued a total of 106,000 square feet in positive absorption due to space leased by Jazz Pharmaceuticals, The Yard and an expansion by Boston Consulting Group. Independence Square posted 89,000 square feet in negative absorption due to office space returned to the market by the General Services Administration (GSA) at the Public Ledger building (600 Chestnut Street). The average asking rent for the CBD reached a record high of \$30.39 per square foot for the second quarter with the average for trophy properties breaching \$40.00 per square foot for the second time in twelve months.

“Rents have yet to reach peak levels within this real estate cycle,” said Wayne Fisher, NKF executive managing director, “but expect momentum to slow in non-trophy properties if landlords cannot shed some of the large blocks of space.”

Quarter-over-quarter, vacancy in the Southern New Jersey market increased by 40 basis points to 15.7 percent. The Marlton submarket recorded 64,595 square feet of negative absorption partially due to Holtec International vacating over 30,000 square feet at 525 and 555 Lincoln Drive West for its new building on the Camden waterfront.

Anne Klein, NGKF executive managing director notes, “Large blocks of space coming back to the market by Holtec, Subaru and American Water’s relocation to Camden have some landlords scrambling to find new tenants as well as retain the tenants they have. The proposed conversion of Subaru’s Cherry Hill headquarters to a senior living facility and the plans for American Water to backfill some of their office space has eased some of the urgency.”

Vacancy declined for a second consecutive quarter in the Wilmington Central Business District (CBD), but rose in some of the suburban submarkets. Chemours’ occupied 59,680 square feet of temporary space at the Nemours building (1007 North Orange Street) while its CBD headquarters, located at 1007 Market Street, is undergoing renovations. As a result, CBD vacancy abated by 160 basis points from the first quarter to 19.6 percent. In Wilmington North, BNY Mellon’s departure from 30,119 square feet at 400 Bellevue Parkway increased vacancy by 150 basis points to 12.2 percent.

It was good news for the Wilmington CBD when Capital One announced it would renew its 240,000-square-foot lease at 802 Delaware Avenue and expand into 90,000 square feet at neighboring 800 Delaware Avenue. NKF acted as listing agents for the deal on behalf of the property owners Equity Commonwealth and Delle Donne & Associates.

Said Neal Dangelo, NKF senior managing director, “Capital One confirmed its commitment to Wilmington and plans to consolidate its other area offices in the city.”

### **About Newmark Knight Frank**

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With roots dating back to 1929, NKF's strong foundation makes it one of the most trusted names in commercial real estate. NKF's full-service platform comprises BGC's real estate services segment, offering commercial real estate tenants, landlords, investors and developers a wide range of services including leasing; capital markets services, including investment sales, debt placement, appraisal, and valuation services; commercial mortgage brokerage services; as well as corporate advisory services, consulting, project and development management, and property and corporate facilities management services. For further information, visit [www.ngkf.com](http://www.ngkf.com).

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