

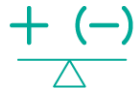
PHILADELPHIA METRO AREA

HEALTHCARE MARKET | Q4 2025



14.3 MSF

Inventory



(101,164) SF

Net Absorption



6.4%

Direct Vacancy



6.7%

Overall Vacancy



249,000 SF

Under Construction



\$29.37 PSF

Asking Rent

Market Cools Slightly During Fourth Quarter of 2025

Market Observations

- The Philadelphia metro healthcare market softened in the fourth quarter of 2025. Quarterly absorption totaled negative 101,164 SF, due in large part to large move-outs at 833 Chestnut Street in the Philadelphia CBD. This decline pushes year-over-year absorption to negative 129,889 SF.
- The direct vacancy increased 70 basis points to 6.4% in quarter four, the highest it has been since 2023. However, the current rate remains below the 10-year average of 6.9%.
- Despite the softer quarter, the vacancy rate was low enough to push asking rents up by 40 basis points to \$29.37 PSF. Rents are up 70 basis points year-over-year, which is below the 10-year average of 1.8%.
- There was 249,000 SF under construction at year-end 2025. Two projects are underway that are fully leased and will boost net absorption when they deliver in 2027.
- The Philadelphia metro medical office sector is resilient, particularly compared to traditional office assets, which average a 11.4% vacancy rate as of year-end 2025. Traditional office has faced persistent vacancy challenges post-pandemic. In comparison, medical office buildings experienced consistent demand boosted by in-person care delivery. Philadelphia's aging population and increasing healthcare utilization will generate long-term demand for outpatient services and medical office space in Philadelphia for the foreseeable future.

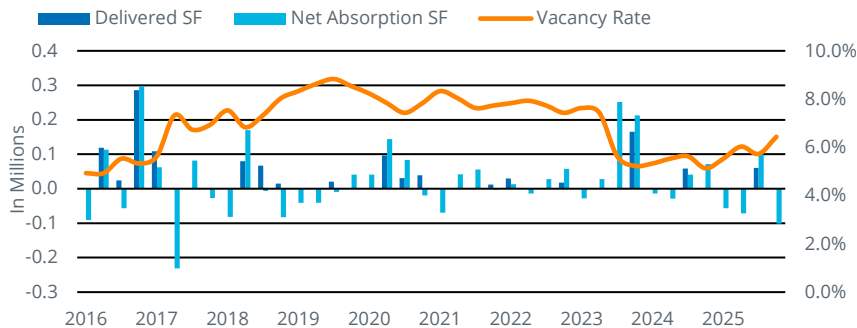




PHILADELPHIA METRO AREA HEALTHCARE MARKET | Q4 2025

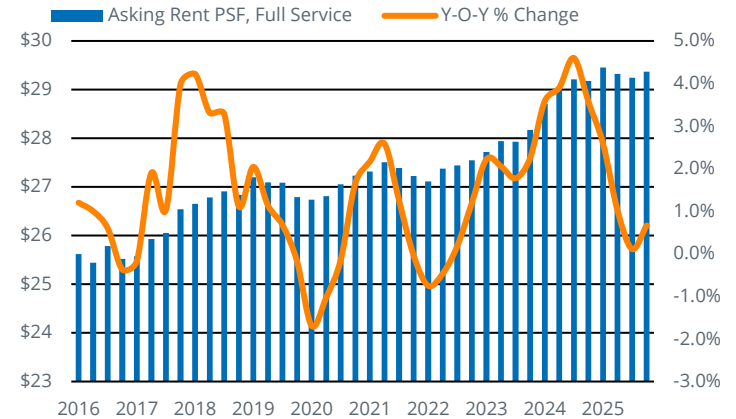
- **Net absorption** totaled negative 101,164 SF during the fourth quarter of 2025. This loss can be attributed to Class B space in the Philadelphia CBD, which was recorded at negative 127,649 SF. Suburban Philadelphia experienced the largest gain in absorption at positive 19,067 SF driven by small sized deals.
- The **direct vacancy rate** increased 70 basis points to 6.4% over the quarter and is up 130 basis points from one year ago. Philadelphia CBD recorded the highest vacancy rate at 19.2%, the only submarket to post a rate higher than 6.0%. Newer buildings have a chronically low vacancy rate at 1.1%.
- The average **medical office rent** increased by 40 basis points in the fourth quarter, reaching \$29.37 PSF. Philadelphia Non-CBD experienced the largest gain of 1.6% over the past year, while Cecil County and Philadelphia CBD were both relatively flat.
- The **construction** pipeline was 249,000 SF at year-end 2025, composed of two projects. The larger of the two is Penn Medicine Montgomeryville in Suburban Philadelphia with 162,000 SF underway. Penn Medicine will occupy the building when it delivers early 2027.

DELIVERY IMPACT ON KEY INDICATORS



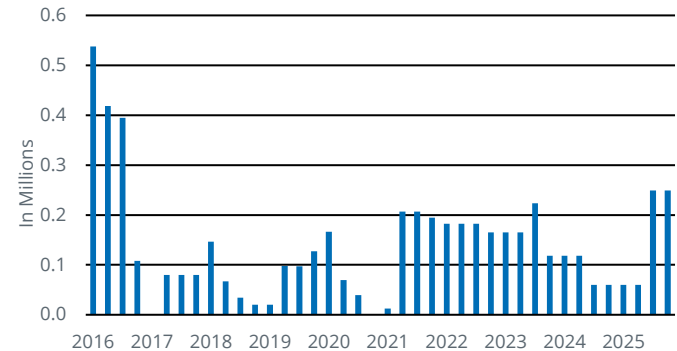
Source: CoStar, Transwestern

ASKING RENT



Source: CoStar, Transwestern

UNDER CONSTRUCTION



Source: CoStar, Transwestern



PHILADELPHIA METRO AREA HEALTHCARE MARKET | Q4 2025

MARKET INDICATORS TABLE

All Classes of Space | Q4 2025

SUBMARKET	INVENTORY SF	DIRECT VACANT SF	DIRECT VACANCY RATE	OVERALL VACANCY RATE	UNDER CONSTRUCTION SF	NET ABSORPTION SF	ASKING RENT PSF, FULL SERVICE
Philadelphia CBD	1,210,451	232,630	19.2%	19.2%	0	(122,649)	\$27.21
Philadelphia Non-CBD	2,126,477	121,929	5.7%	6.9%	0	8,376	\$32.36
Suburban Philadelphia	5,146,913	314,716	6.1%	6.3%	162,000	19,067	\$28.52
Southern New Jersey	3,858,006	188,037	4.9%	4.9%	0	(17,877)	\$30.06
Delaware	1,759,984	61,960	3.5%	3.5%	87,000	11,919	\$28.58
Cecil County	172,603	0	0.0%	0.0%	0	0	\$25.60
Total	14,274,434	919,272	6.4%	6.7%	249,000	(101,164)	\$29.37

Source: CoStar, Transwestern



PHILADELPHIA METRO AREA HEALTHCARE MARKET | Q4 2025

MARKET INDICATORS TABLE

By Class of Space | Q4 2025

SUBMARKET	INVENTORY SF	DIRECT VACANT SF	DIRECT VACANCY RATE	OVERALL VACANCY RATE	NET ABSORPTION SF
Philadelphia Non-CBD	944,963	76,915	8.1%	10.8%	0
Suburban Philadelphia	468,822	6,397	1.4%	1.4%	2,998
Southern New Jersey	1,422,974	48,011	3.4%	3.4%	(2,224)
CLASS A	2,836,759	131,323	4.6%	5.5%	774
Philadelphia CBD	1,195,451	232,630	19.5%	19.5%	(127,649)
Philadelphia Non-CBD	608,034	11,596	1.9%	1.9%	10,015
Suburban Philadelphia	2,650,013	199,702	7.5%	7.8%	18,525
Southern New Jersey	1,336,996	70,086	5.2%	5.2%	8,569
Delaware	1,120,621	41,948	3.7%	3.7%	4,101
Cecil County	65,793	0	0.0%	0.0%	0
CLASS B	6,976,908	555,962	8.0%	8.1%	(86,439)
Philadelphia CBD	15,000	0	0.0%	0.0%	5,000
Philadelphia Non-CBD	573,480	33,418	5.8%	5.8%	(1,639)
Suburban Philadelphia	2,028,078	108,617	5.4%	5.4%	(2,456)
Southern New Jersey	1,098,036	69,940	6.4%	6.4%	(24,222)
Delaware	639,363	20,012	3.1%	3.1%	7,818
Cecil County	106,810	0	0.0%	0.0%	0
CLASS C	4,460,767	231,987	5.2%	5.2%	(15,499)
Philadelphia CBD	1,210,451	232,630	19.2%	19.2%	(122,649)
Philadelphia Non-CBD	2,126,477	121,929	5.7%	6.9%	8,376
Suburban Philadelphia	5,146,913	314,716	6.1%	6.3%	19,067
Southern New Jersey	3,858,006	188,037	4.9%	4.9%	(17,877)
Delaware	1,759,984	61,960	3.5%	3.5%	11,919
Cecil County	172,603	0	0.0%	0.0%	0
Total	14,274,434	919,272	6.4%	6.7%	(101,164)

Source: CoStar, Transwestern



PHILADELPHIA METRO AREA HEALTHCARE MARKET | Q4 2025

MARKET INDICATORS TABLE

By Year Built | Q4 2025

SUBMARKET	INVENTORY SF	DIRECT VACANT SF	DIRECT VACANCY RATE	OVERALL VACANCY RATE	NET ABSORPTION SF
Philadelphia CBD	153,242	0	0.0%	0.0%	0
Philadelphia Non-CBD	37,000	0	0.0%	0.0%	0
Suburban Philadelphia	800,799	9,897	1.2%	1.2%	2,998
Southern New Jersey	1,530,508	4,831	0.3%	0.3%	0
Delaware	169,009	14,214	8.4%	8.4%	0
Cecil County	49,399	0	0.0%	0.0%	0
BUILT 2010 AND YOUNGER	2,739,957	28,942	1.1%	1.1%	2,998
Philadelphia CBD	1,057,209	232,630	22.0%	22.0%	(122,649)
Philadelphia Non-CBD	2,089,477	121,929	5.8%	7.0%	8,376
Suburban Philadelphia	4,346,114	304,819	7.0%	7.2%	16,069
Southern New Jersey	2,327,498	183,206	7.9%	7.9%	(17,877)
Delaware	1,590,975	47,746	3.0%	3.0%	11,919
Cecil County	123,204	0	0.0%	0.0%	0
BUILT PRIOR TO 2010	11,534,477	890,330	7.7%	8.0%	(104,162)
Philadelphia CBD	1,210,451	232,630	19.2%	19.2%	(122,649)
Philadelphia Non-CBD	2,126,477	121,929	5.7%	6.9%	8,376
Suburban Philadelphia	5,146,913	314,716	6.1%	6.3%	19,067
Southern New Jersey	3,858,006	188,037	4.9%	4.9%	(17,877)
Delaware	1,759,984	61,960	3.5%	3.5%	11,919
Cecil County	172,603	0	0.0%	0.0%	0
Total	14,274,434	919,272	6.4%	6.7%	(101,164)

Source: CoStar, Transwestern



Research Methodology

The information in this report is the result of a compilation of information on medical office properties located in the Philadelphia metro area. This report includes single tenant, multi-tenant and owner-user properties 10,000 SF and larger, excluding those properties owned by a government agency.

About Transwestern

Four dynamic, integrated companies make up the Transwestern enterprise, giving us the perspective to think broadly, deeply and creatively about commercial real estate. Clients and investors rely on us for expertise that spans institutional and opportunistic investment, development, hospitality, and brokerage and asset services. Our award winning, collaborative culture empowers team members with resources and independence to work across boundaries in pursuit of innovative solutions, reinforcing a reputation for service excellence that translates to measurable results. Through offices nationwide and alliance partners around the globe, we positively impact the built environment and our communities while fostering a work climate that champions career vitality for all. Learn more at transwestern.com and [@Transwestern](https://twitter.com/Transwestern)

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