

LEHIGH VALLEY, PA

COMMERCIAL REAL ESTATE REPORT

Issue #44 • Q1 2026

Lehigh Valley

BEGINS A NEW ERA OF MANUFACTURING

#1 MID-SIZED MARKET IN U.S.
For Economic Development

Why Eli Lilly and Company
CHOSE LEHIGH VALLEY

SNAPSHOT:
Lehigh Valley Real Estate Market

& MORE

Lehigh Valley

ECONOMIC DEVELOPMENT



Lehigh Valley Economic Development Corporation (LVEDC) prepares a series of quarterly reports about the commercial real estate climate in the Lehigh Valley. This report focuses on the region's office, industrial, and flex markets.

ABOUT LEHIGH VALLEY, PA

Located 60 minutes north of Philadelphia and 90 minutes west of New York City, the Lehigh Valley is the nation's 68th largest metropolitan region and Pennsylvania's third most populous. And it's growing. The Lehigh Valley's economic output is larger than two states, and its manufacturing sector ranks among the top 15% of the nation's markets.

Ranked #1
among U.S.
mid-sized regions
for economic
development by
Site Selection
magazine

708,794
Population



52 million
Within 200 miles

\$57.3 billion
GDP (2024)



345,431

Employed in the Lehigh Valley

11

Colleges &
Universities



3

Technical
Schools



3 International Airports
within an hour's drive

"Eli Lilly and Company is writing the first page of a new chapter – the era of life sciences – in the Lehigh Valley's proud history of making things in America."



Don Cunningham
President & CEO

Q1 2026 MARKET OVERVIEW



1 Center Square rendering courtesy of Studios Architecture.

In January, the largest investment in Lehigh Valley history was announced. Eli Lilly and Company will build a \$3.5 billion pharmaceutical manufacturing campus expected to create 850 jobs, 2,000 construction jobs, and generate an estimated \$14 billion in economic activity. It is the largest life sciences investment in Pennsylvania.

During the first quarter, industrial construction remained steady, while vacancy rates reached 9.3%.

Smaller industrial buildings continued to see stronger demand, with vacancy rates at 4.8% for spaces under 100,000 square feet, compared to 10.9% for larger facilities.

The vacancy rate for office space remained roughly consistent with previous quarters, at 7.7%.

Industrial and office rental rates stabilized and remained lower than rates in the Philadelphia suburbs and northern and central New Jersey.

The 1.1 million square feet of industrial space under construction included a 136,000-square-foot expansion by Axiom Plastics in Bethlehem.

The 154,362 square feet of office space under construction included the renovation of a former bank building on Center Square in Allentown by City Center Group.

LEHIGH VALLEY #1 MID-SIZED MARKET

Lehigh Valley was ranked the No. 1 mid-sized market for economic development in the U.S. in 2025 by *Site Selection* magazine.

Released March 2, the rankings are the benchmark assessment of economic development and growth by the corporate real estate, site selection, and economic development profession.

Investment from a diversity of companies, including global brands and family-owned legacies in life sciences, food and beverage production, and other advanced manufacturing, put the Lehigh Valley ahead of its peers – for the second time in the past three years.

SNAPSHOT

LEHIGH VALLEY COMMERCIAL REAL ESTATE MARKET

MARKET SUMMARY

INDUSTRIAL/FLEX
154.8 Million SF

Vacancy Q1 2026	9.3%
Average Asking Rent (NNN) Q1 2026	\$9.33
Rent Change from Q1 2025	3.3%
Deliveries	361,800
Net Absorption Q1 2026	-222,342
SF Under Construction	1,152,975

Source: CoStar; Note: Lehigh Valley is defined as Lehigh and Northampton counties.

OFFICE
27.9 Million SF

Vacancy Q1 2026	7.7%
Average Asking Rent (NNN) Q1 2026	\$17.03
Rent Change from Q1 2025	4.1%
Deliveries	0
Net Absorption Q1 2026	-83,533
SF Under Construction	154,362

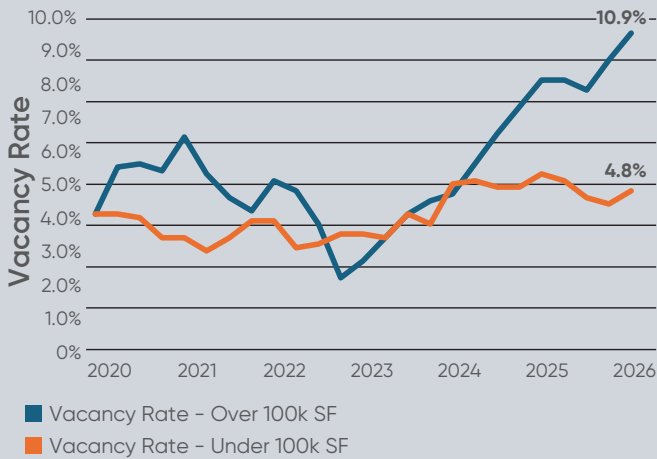
RENT COMPARISON

Lehigh Valley	\$11.51
Northern New Jersey	\$17.88
Central New Jersey	\$16.61
Southeastern Pennsylvania	\$13.62

Lehigh Valley	\$23.84
Northern New Jersey	\$33.71
Central New Jersey	\$29.37
Suburban Philadelphia	\$30.65

Source: CBRE Q1 2026. The industrial rates reflect NNN per square foot. The office rates are full-service rents per square foot. Note: Lehigh Valley is defined as Berks, Lehigh, and Northampton counties.

INDUSTRIAL VACANCY RATE BY SIZE



Vacancy rates for smaller industrial buildings remain lower than those for larger footprints, highlighting continued demand for smaller industrial spaces.

Source: CoStar; Note: Lehigh Valley is defined as Lehigh and Northampton counties.



**FIND A SITE
IN LEHIGH VALLEY**

LEHIGH VALLEY BEGINS A NEW ERA OF MANUFACTURING



Eli Lilly and Company plans to build a pharmaceutical manufacturing campus in Lehigh Valley as part of its \$50 billion expansion of manufacturing in the U.S. (Rendering courtesy of Eli Lilly and Company)

Eli Lilly and Company, one of the world's most valuable pharmaceutical companies, is set to reshape the Lehigh Valley's industrial landscape with a \$3.5 billion manufacturing investment.

Announced in January, the company's new injectable medicine and device facility will become Pennsylvania's largest life sciences project, bringing 850 new jobs and positioning the region as a life sciences hub.

"Eli Lilly and Company is writing the first page of a new chapter – the era of life sciences – in the Lehigh Valley's proud history of making things in America," said Don Cunningham, President & CEO of Lehigh Valley Economic Development Corporation (LVEDC).

Lehigh Valley competed with more than 300 other locations across the country for Lilly's investment. It is the fourth site Lilly selected for its U.S. manufacturing expansion.

"Eli Lilly and Company is one of the biggest pharmaceutical companies in the entire world, and they are a pride of this nation. They can choose to invest anywhere in this country and across the globe. They chose to plant their flag right here in Pennsylvania ... right here in the Lehigh Valley," said Pennsylvania Gov. Josh Shapiro.

LVEDC played a leading role in Lilly's competitive site selection process, coordinating with state officials and convening local and regional partners to put together a plan to meet the company's infrastructure, utility, and workforce needs and ensure that the project can be completed on time.

Lilly chose Lehigh Valley because of the region's location, within a day's drive of one-third of the U.S. population; infrastructure, including utilities and direct access to Interstate 78; skilled workforce, 1.8 million people within an hour's drive; higher education system

that can deliver a pipeline of future talent; favorable zoning and incentives; and a commitment by local, regional, and state officials to support and fast track the project, company leaders said.

"Everyone was committed to the same thing we were, which is building a high-quality facility, doing it the right way, providing great jobs for people in the region, and being involved in a growing industry in life sciences and life sciences manufacturing," Lilly Chair & CEO David Ricks said. "Additionally, the commitment to rapid permitting, availability of land, logistics, and the ecosystem around us that really supports what we do, were really defining points in making this decision."

Pennsylvania committed more than \$100 million to the project, through \$50 million in tax credits and \$50 million in grants.

Project At a Glance

- Who:** Eli Lilly and Company, the world's largest medicine manufacturer
- What:** 925,000-square-foot campus producing next-generation weight loss therapies
- When:** Breaking ground 2026, producing medicine by 2031
- Where:** 9802 Main St., Upper Macungie Township



The state also will provide \$5 million to Lehigh Carbon Community College to create and expand its workforce training in the life sciences, to help provide the talent Lilly needs.

Lehigh Valley touts a growing concentration of life sciences companies, including the U.S. headquarters of B. Braun, Olympus, Sharp, and ABEC, along with operations of Thermo Fisher Scientific, Piramal Critical Care, and OraSure Technologies Inc., among others.



There are more than 180 life sciences business establishments in the Lehigh Valley – manufacturing facilities, labs, research centers, offices, and distribution centers – that employ about 5,800 people. Employment in Lehigh Valley's life sciences companies has grown by about 35% over the last decade.

Life sciences is a growing part of the region's balanced, \$57 billion economy where manufacturing leads the way.

Lehigh Valley was named the No. 1 mid-sized market in the U.S. for economic development in 2025, by *Site Selection* magazine.

Employment in manufacturing has grown at three times the national rate, and Lehigh Valley's about 700 manufacturers pump out nearly \$9 billion a year in Gross Domestic Product, putting the region among the Top 15% of all U.S. markets for manufacturing output.

"We punch above our weight class," Cunningham said. "Today that punch got stronger. We add major pharmaceutical production to our growing life sciences sector in the region."

In addition to life sciences, the region's manufacturers make an array of products including semiconductors, food and beverages, and consumer goods ranging from crayons to guitars. Lilly is in good company in the Lehigh Valley alongside iconic brands including Air Products, Crayola, Mack Trucks, Lutron Electronics, C.F. Martin & Co., and more.

 Watch



Lilly Lehigh Valley illustrates what coordinated economic development can achieve. Hear directly from the partners behind the project.

Trust Wins Projects

Jay Biggins, Site Selector



Site selection is a rigorous process, evaluating hundreds of variables such as talent, infrastructure, and cost.

But intangibles still matter.

Jay Biggins, Executive Managing Director, Biggins Lacy Shapiro & Co., said success in mega projects ultimately comes down to confidence that a region can deliver on timelines, permitting, and coordination. He said that was evident in the Lilly project, from Gov. Josh Shapiro's administration to the Lehigh Valley Economic Development Corporation.

"A company like Eli Lilly, with its urgent time-to-market mission, has to openly trust the human beings across the table," he said. "There's a lot of trust involved."

IN THE CEO'S OWN WORDS

WHY LILLY CHOSE LEHIGH VALLEY

When Eli Lilly and Company went scouting for its next major U.S. manufacturing location, the competition was fierce: more than 300 regions across the country pursued the opportunity.

The prize was massive, a \$3.5 billion pharmaceutical project that will reshape the industry and position the winner as a rising life sciences hub.

So why did a Fortune 100 company with a trillion-dollar market cap choose Lehigh Valley?

When announcing the decision in the Lehigh Valley on Jan. 30, Lilly Chair & CEO David Ricks highlighted three decisive factors:

Partnership



"The commitment to solve problems together. There was a lot of back and forth here, and we worked through all those things. I think some governors and state teams think of this activity as kind of more static. This was a dynamic process, and I applaud Pennsylvania for what they built, and that's why they're competing and winning this kind of deal."

Workforce



"We need a variety of types of workers. Sometimes, that's ready on the ground, but rarely. So, it's about partnership with local institutions, upskilling, from trades to build the site but also all the way through to technicians who will operate the site, engineers and scientists who will lead the site."

Speed



"The currency of business, or at least for us, is about time. We run a business that every product we make will go off patent and become worth zero. So, every day we delay is the real cost to us. Things like the permitting reform, ability to move fast and constructing a site, site readiness from day one. Those are critical elements. That's why we're here in Lehigh Valley."

NOTABLE SALES

Address	Price	Buyer	Class
795 Roble Rd., Hanover Twp. (Lehigh County)	\$22,440,000	Watson Land Company	Industrial
1 Pump Place, Allentown	\$15,106,479	Urban Residential Properties	Industrial
177 N. Commerce Way, Hanover Twp. (Northampton County)	\$5,900,000	Agno Pharma	Flex
1841 Vultee St., Allentown	\$3,174,360	J.G. Petrucci Co., Inc.	Industrial
1988 Friebley Ave., Lower Saucon Twp.	\$2,283,371	Robert Robbins	Flex
445 Business Park Ln., Allentown	\$2,100,000	Qies Hadeed	Industrial
2240 City Line Rd., Bethlehem	\$2,000,000	Hydac Technology Corporation	Industrial

NOTABLE LEASES

Address	SF	Tenant	Class
1560 Van Buren Rd., Palmer Twp.	396,025	Geodis	Industrial
4043 Hanoverville Rd., Bethlehem Twp.	301,826	ShipBOB	Industrial
3200 Richmond Rd., Forks Twp.	266,190	Resideo	Industrial
6975 Ambassador Dr., Upper Macungie Twp.	74,002	Spectrum Vascular	Industrial
2230 Newlins Mill Rd., Palmer Twp.	56,995	Mauser Packaging Solutions - Reconditioning	Industrial
1115 American Pky., Allentown	51,022	Ferguson Supply	Industrial
1139 Lehigh Ave., Whitehall	41,781	LLYTech Inc d/b/a Furinno	Industrial

Sources: CoStar, Property Records, Published Reports, LVEDC Research

LEHIGH VALLEY WORKS

Lehigh Valley: Where Livability Fuels Economic Growth

Companies want to be where the talent is, and the talent wants to live in places they love.

The Lehigh Valley's reputation for nationally acclaimed attractions and festivals that fuel community vibrancy grew in the first quarter of 2026 with three more accolades, as voted by readers of USA Today in the 10Best Awards.



Coca-Cola Park

No. 1 Minor League Ballpark



Musikfest

No. 1 Music Festival



Main Street, Bethlehem

No. 1 Main Street

Partnering to Power Lilly

Lehigh Carbon Community College (LCCC) is poised to become a hub of pharmaceutical workforce development in Pennsylvania.

The college received a \$5 million state grant to develop a specialized science and technology lab program following the announcement of the Lilly project.



COMPETITIVE LEHIGH VALLEY

Real-Time Median Annual Wages

	Lehigh Valley	NYC/Newark Metro	Suburban Philadelphia
Production Managers	\$77,100	\$90,900	\$78,600
Manufacturing Engineers	\$88,300	\$93,400	\$91,400
Production Supervisors	\$55,300	\$66,800	\$55,700
Quality Control Inspectors	\$45,100	\$47,900	\$45,700
Packaging Operators	\$39,400	\$43,000	\$44,300

Source: Chmura Economics JobsEQ job postings for Q1 2026

Lehigh Valley

ECONOMIC DEVELOPMENT

Our Mission

The mission of the Lehigh Valley Economic Development Corporation is to market the economic assets of the Lehigh Valley and to create partnerships to support the recruitment, growth and retention of employers and the creation of jobs for people of all skill and education levels.

Our Vision

Our vision is of a diverse Lehigh Valley economy that provides economic growth and opportunity for people of all skill and education levels and strengthens all our cities, boroughs, and townships.

Our Location Advantage



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lehighvalley.org

