

LEHIGH VALLEY, PA

COMMERCIAL REAL ESTATE REPORT

Issue #45 • Q2 2026

Nokia's \$30 Million Expansion
in Lehigh Valley Sends a
STRONG SIGNAL

3 Lehigh Valley Towns
Rank Among PA's Fastest
GROWING PLACES

Coming in 2027
IAMC FALL FORUM

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)



345,817

Employed in the Lehigh Valley

11
Colleges &
Universities



3
Technical
Schools



3 International Airports
within an hour's drive

"The continued investment and expansion of leading companies such as Nokia and Freshpet underscore the Lehigh Valley's strategic importance across a diverse range of industries."



Don Cunningham
President & CEO

Q2 2026 MARKET OVERVIEW



Freshpet's first dedicated cold storage facility is nearing completion in Bethlehem.

The amount of industrial space under construction in the Lehigh Valley reached its highest point in two years during the second quarter of 2026, as vacancy rates dropped and net absorption was positive for the first time in two years.

More than 2.2 million square feet of space was under construction, including a 216,000-square-foot cold storage facility in Bethlehem for Freshpet.

The net absorption during the quarter was nearly 1.5 million square feet.

Significant manufacturing expansions announced during the quarter included a \$30 million expansion of Nokia's advanced testing and packaging center for semiconductors in Upper Macungie Township. The growth, which will extend operations into a second location nearby, will create nearly 250 jobs and increase the company's production capacity tenfold.

Pet food maker Spot & Tango announced a \$20 million expansion of its production center in Upper Macungie. In Forks Township, Benchmark Real Estate and Regal Ventures partnered to purchase the property where Human Active Technology manufactures ergonomic furniture. They plan a 70,000-square-foot expansion to the building.

The vacancy rate for industrial space dropped to 8.4%. The market for properties of less than 100,000 square feet remained tighter, with a vacancy rate of about half the rate of larger buildings, 4.8% compared to 9.6%.

The vacancy rate for office space remained about the same, at 7.6%, with 10,000 square feet of space delivered during the second quarter and more than 110,000 square feet under construction.

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

SNAPSHOT

LEHIGH VALLEY COMMERCIAL REAL ESTATE MARKET

MARKET SUMMARY

INDUSTRIAL/FLEX 154.5 Million SF

Vacancy Q2 2026	8.4%
Average Asking Rent (NNN) Q2 2026	\$9.85
Rent Change from Q2 2025	+7.3%
Deliveries	0
Net Absorption Q2 2026	1,449,894
SF Under Construction	2,224,496

OFFICE 28 Million SF

Vacancy Q2 2026	7.6%
Average Asking Rent (NNN) Q2 2026	\$17.20
Rent Change from Q2 2025	+6.5%
Deliveries	10,000
Net Absorption Q2 2026	1,032
SF Under Construction	110,500

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

RENT COMPARISON

Lehigh Valley	\$11.42
Northern New Jersey	\$17.84
Central New Jersey	\$16.14
Southeastern Pennsylvania	\$12.61

Lehigh Valley	\$23.90
Northern New Jersey	\$33.75
Central New Jersey	\$30.20
Suburban Philadelphia	\$30.63

Source: CBRE Q2 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 REAL ESTATE DEMAND



Industrial space under construction in the Lehigh Valley reached its highest point in two years during the second quarter of 2026, at more than 2.2 million square feet.

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



FIND A SITE
IN LEHIGH VALLEY



AMERICA'S DIGITAL INFRASTRUCTURE IS MADE IN LEHIGH VALLEY



A \$30 million expansion by Nokia will increase capacity at its Lehigh Valley location by tenfold and add nearly 250 new jobs.

Every streamed movie, online purchase, and cloud-based business application depends on information moving at extraordinary speeds.

Every second. Every day.

Keeping digital traffic moving requires high-speed optical networking equipment built with advanced semiconductor technologies. Those networks will determine how efficiently AI scales, how securely it operates, and ultimately how competitive countries and companies will be. Lehigh Valley, Pennsylvania, a pioneer in the tech industry, plays a critical role in building the infrastructure at the heart of the AI era.

A dozen miles from where transistors were first mass produced 75 years ago in Allentown, global tech leader Nokia is investing in a \$30 million expansion that will increase its production of optoelectronics by tenfold. The investment positions the Lehigh Valley as a key component of Nokia's newly focused U.S. manufacturing strategy.

"This location has become a strategic hub for the United States for advanced testing and packaging of optical components supporting telecommunications and AI infrastructure here in the United States but reaching globally," Nokia President & CEO Justin Hotard said as he and Gov. Josh Shapiro announced the expansion on June 16 in Upper Macungie Township.

Nokia, the Finnish company once known for its mobile phones, is now focused on building the critical networks that connect the digital world, supporting 4.4 billion mobile subscriptions and investing more than \$160 billion in advanced connectivity since 2000.

Nokia's lineage runs through Bell Labs, the legendary research institution that traces its roots to Alexander Graham Bell and whose scientists invented the transistor, laying the foundation for the modern semiconductor industry.

The company landed in the Lehigh Valley in 2025 when it acquired a Silicon Valley tech company, Infinera. Infinera established

its semiconductor testing and packaging operation in the region in 2002, drawing on Lehigh Valley's deep manufacturing heritage and technical talent rooted in Western Electric's storied legacy of mass producing the transistor in Allentown.

Its Lehigh Valley presence quickly grew from an office of 10 into a world-class photonics, engineering, and manufacturing operation of 400.

Nokia's expansion to the Lehigh Valley operation will add another 242 employees.

More than 1,100 people are employed at 35 Lehigh Valley semiconductor and related technology businesses, including global brands Broadcom, Cisco, Coherent, and Intel, and smaller companies such as AAYUNA and iDEAL Semiconductor.

Innovations of those companies have contributed to technologies including components used in the first iPhone, Bluetooth, and USB.

Nokia Expansion

\$30M
Total
Investment

242
Jobs
Created

10X
Capacity
Increase

\$500M
Economic Impact
Over
5 Years

\$3.3M
State
Investment in
Grant/Tax Credits

\$10M
Federal
Investment in
Tax Credits



"Nokia's investment and expansion here showcase the continued growth and importance of this critical technology sector in the Lehigh Valley," said Don Cunningham, President & CEO of the Lehigh Valley Economic Development Corporation (LVEDC). "Our history of innovation, skilled workforce, and collaborative partnerships continue to attract companies developing the technologies that will power the next generation of the global economy."

Nokia's new facility on Snowdrift Road in Upper Macungie, Nokia's second in the region, will expand the company's existing photonic semiconductor advanced testing and packaging operations for optical networking equipment used in telecommunications and technology infrastructure.

The facility will include 10,000 square feet of office space and another 10,000 square feet dedicated to laboratories, assembly, and logistics operations. The additional non-manufacturing space will allow Nokia's nearby Windsor Drive facility to focus on semiconductor packaging and testing.

Chips manufactured elsewhere are tested in the Lehigh Valley for quality before being assembled into optical modules and transceivers used in networking equipment that powers cloud connectivity, telecommunications systems, and data center interconnection.

Lehigh Valley's location provides tech companies access to the Northeast market, placing about one-third of U.S. consumers within a day's drive. The region also benefits from a talent pipeline fed by 11 colleges and universities, including Lehigh University, one of the nation's 187 R1 research institutions. Combined with a manufacturing base that continues to produce skilled technicians and engineers, the region offers companies the workforce that knows how to make things.

Anchored by iconic companies like Crayola and Mack Trucks, the Lehigh Valley is home to more than 700 manufacturers that collectively produce \$9 billion of goods and services, representing 16% of the region's private sector output, exceeding the national rate of 11%.

The makers represent diverse products from microchips, medical devices, and beer. Earlier this year, the world's largest medicine maker, Eli Lilly and Company, selected the Lehigh Valley to build a \$3.5 billion pharmaceutical facility about a mile away from Nokia's expansion.

"The biggest companies in the world are choosing the Lehigh Valley as the place to plant their flag," Gov. Shapiro said. "Nokia's investment is going to ensure that the future of chip manufacturing runs right here through this region where it all began about 75 years ago."



"This location has become a strategic hub for the United States for advanced testing and packaging of optical components supporting telecommunications and AI infrastructure here in the United States but reaching globally."

Justin Hotard
President & CEO
Nokia

Nokia President & CEO Justin Hotard joined Gov. Josh Shapiro June 16 to announce Nokia's expansion in the Lehigh Valley.

TECH INDUSTRY

THE STORY STARTED IN LEHIGH VALLEY 75 YEARS AGO

Components for the first iPhone. Bluetooth. USBs. A lot of technology that's driving commerce and making lives more fun and efficient has roots in the Lehigh Valley.

It all started 75 years ago, on a production line in Allentown. The world's first mass production of transistors, the forerunner of semiconductors, occurred in 1951 at Western Electric, a division of Bell Labs.

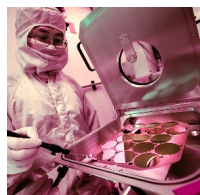
Today, Lehigh Valley continues to be a hub of technological innovation, fueled by talent that was drawn here by Western Electric and its successors.

More than 1,100 people are employed at 35 Lehigh Valley semiconductor and related technology businesses including Nokia and:



Scan to watch excerpts from
"The Transistor," a 1953 film
by Western Electric

Broadcom



Wafer fabrication facility in Upper Macungie Township that develops and manufactures indium phosphide semiconductor lasers and detectors for fiber-optic networks and data centers. Those technologies are key to recent developments in artificial intelligence and machine learning.

Coherent



Production facility in Palmer Township for silicon carbide (SiC) materials used in the manufacture of highly efficient power electronics including electric vehicles, renewable energy systems, and grid infrastructure.

iDEAL Semiconductor



Developed "SuperQ™," a technology at the atomic scale that dramatically improves energy efficiency. Located at Ben Franklin TechVentures in Bethlehem.

Intel



Engineers design semiconductor devices that are fabricated at other Intel facilities and packaged abroad. These chips are used in cell towers and networks all over the world.

NOTABLE SALES

Address	Price	Buyer	Class
57 S. Commerce Way, Hanover Twp., Northampton	\$11,000,000	Investcorp	Flex
2202 Hangar Pl., Hanover Twp., Lehigh	\$9,000,000	Investcorp	Flex
100 Kuebler Rd., Forks Twp.	\$7,000,000	Benchmark Real Estate/Regal Ventures	Industrial
974 Marcon Blvd., Hanover Twp., Lehigh	\$6,850,000	Investcorp	Flex
754 Roble Rd., Hanover Twp., Northampton	\$6,850,000	Investcorp	Flex

NOTABLE LEASES

Address	SF	Tenant	Class
8400 Industrial Blvd. W., Upper Macungie Twp.	728,000	Amazon	Industrial
861 Nestle Way, Upper Macungie Twp.	550,000	BMS Logistics	Industrial
8120 Sauerkraut Ln., Lower Macungie Twp.	338,287	Life Science Logistics	Industrial
6813 Ruppsville Rd., Upper Macungie Twp.	57,600	Louis P. Canuso, Inc.	Industrial
206 Hamilton St., Allentown	30,060	Asif Jhangir	Industrial

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

LEHIGH VALLEY WORKS

Three of PA's Fastest-Growing Communities Call Lehigh Valley Home



#2
Bethlehem



#3
Upper Macungie Township



#7
Easton

Many regions would celebrate being home to one of Pennsylvania's fastest-growing municipalities. The Lehigh Valley is home to three.

Bethlehem ranked second for population growth between 2020–25, Upper Macungie Township third, and Easton seventh out of 2,560 municipalities, according to the most recent U.S. Census data.

Collectively, Lehigh Valley has added 21,000 people since 2020, a 3.1% increase. That's on par with the nation and nearly eight times as fast as population growth statewide.

The influx of people is helping fuel the growing and diverse \$57.3 billion economy that is setting records for job growth and earning national accolades for its quality of life in the nation's No. 1 mid-sized market.

"The growth of the Lehigh Valley's population, particularly that of young people, is the foundation of why the market continues to outrank other regions of our size or larger in economic development," said Don Cunningham, President & CEO of Lehigh Valley Economic Development Corporation.



IAMC Fall Forum Coming to Lehigh Valley in September 2027

The Industrial Asset Management Council (IAMC) Forum is coming to Lehigh Valley in 2027, bringing hundreds of Fortune 500 corporate real estate executives, site selectors, brokers, and developers. Sponsorship is a unique opportunity to showcase your organization, build strategic relationships, and connect with influential decision-makers. Scan here to explore sponsorship or email Kristin Cahayla-Hoffman, kcahayla@lehighvalley.org.

WAGE COMPARISON

Real-Time Median Annual Wages

	Lehigh Valley	NYC/Newark Metro	Suburban Philadelphia
Project Engineers	\$87,300	\$118,800	\$119,800
Electrical Engineers	\$92,400	\$105,700	\$101,800
Manufacturing Engineers	\$84,200	\$94,000	\$89,900
Electronics Technicians	\$47,600	\$64,300	\$62,200
Electrical Assemblers	\$39,900	\$43,300	\$43,300

Source: Chmura Economics JobsEQ job postings for Q2 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



520 N. New St., Bethlehem, PA 18018
Phone: 610-266-6775

lehighvalley.org

