

LEHIGH VALLEY, PA

COMMERCIAL REAL ESTATE REPORT

Issue #41 • Q2 2025

How Arts & Entertainment is
**LIGHTING UP
LEHIGH VALLEY'S
ECONOMY**

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Economic Wins for the Lehigh Valley
in the First Half of 2025

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 67th largest metropolitan region and Pennsylvania's third most populous. And it's growing. The Lehigh Valley's economic output is larger than three states, and its manufacturing sector ranks among the top 15% of the nation's markets.

Ranked #3
among U.S.
mid-sized regions
for economic
development by
Site Selection
magazine

708,644
Population



50 million
Within 200 miles

\$55.7 billion
GDP (2023)



341,325

Employed in the Lehigh Valley

11

Colleges &
Universities



3

Technical
Schools



3

International Airports
within an hour's drive

"Arts and entertainment, and sports and recreation, are the front door to economic development. They create a quality of life and place that attracts people and their talents, which attracts companies, and makes a place special. The growth of this sector during the last 20 years was key to the economic renaissance of the Lehigh Valley."



Don Cunningham
President & CEO

MARKET OVERVIEW: Q2 2025

The industrial market in Lehigh Valley, PA, continued to grow but only minimally in the second quarter of 2025, reflecting what is occurring nationally. An additional 314,000 square feet of space was delivered, as the amount of space under construction continued its declining trend and net absorption remained negative amid continued uncertainties over national trade policies, high costs, and interest rates.

Several manufacturers launched new operations or broke ground on future projects.

Vacancy rates increased, with about 7.8% of the 155 million square feet of industrial space available. Average rent decreased from the second quarter of 2024.

More office space became occupied in the quarter, with a net absorption of more than 180,000 square feet, resulting in a lower vacancy rate, to 6.9%. Another 70,000 square feet of new space was delivered, with Lehigh Valley Health Network, part of Jefferson Health, opening two new medical office buildings in Bethlehem on the former site of Martin Tower, once the corporate headquarters for Bethlehem Steel.

Total office space in the Lehigh Valley is about 29 million square feet.

Another 826,000 square feet of industrial space is under construction, including a \$20 million, 90,000-square-foot manufacturing, packaging, and distribution center for Kervan USA, a candy maker based in Turkey. The company broke ground on the project in Bethlehem and Lower Nazareth townships in late June.

Filter King leased a 61,600-square-foot building in Lehigh Valley Industrial Park VI in Bethlehem Township from J.G. Petrucci Company, Inc., to manufacture HVAC filters for residential, commercial, and industrial use.

"Lehigh Valley Industrial Park's central location and outstanding logistics infrastructure make it an ideal base for manufacturing and distribution as we continue to scale our operations," said Filter King Founder and CEO Rick Hoskins.

In early June, Myers Emergency & Power Systems held a ribbon-cutting for the opening of a 50,000-square-foot factory where it will manufacture EnerShed battery energy storage systems, in Bethlehem Township.

The Lehigh Valley's rates for industrial and office space continued to remain lower than in the Philadelphia suburbs and northern and central New Jersey.

Cover Photo Courtesy of Alive Coverage for Live Nation

SNAPSHOT

LEHIGH VALLEY COMMERCIAL REAL ESTATE MARKET

MARKET SUMMARY

INDUSTRIAL/FLEX
155 Million SF

Vacancy Q2 2025	7.8%
Average Asking Rent (NNN) Q2 2025	\$9.15
Rent Change from Q2 2024	-8.7%
Deliveries	314,100
Net Absorption Q2 2025	-100,476
SF Under Construction	826,069

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

OFFICE
29.5 Million SF

Vacancy Q2 2025	6.9%
Average Asking Rent (NNN) Q2 2025	\$15.96
Rent Change from Q2 2024	2.2%
Deliveries	70,000
Net Absorption Q2 2025	183,723
SF Under Construction	0

RENT COMPARISON

Lehigh Valley	\$11.52
Northern New Jersey	\$19.04
Central New Jersey	\$16.92
Southeastern Pennsylvania	\$12.95

Lehigh Valley	\$23.51
Northern New Jersey	\$33.70
Central New Jersey	\$28.91
Suburban Philadelphia	\$30.02

Source: CBRE Q2 2025. 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.

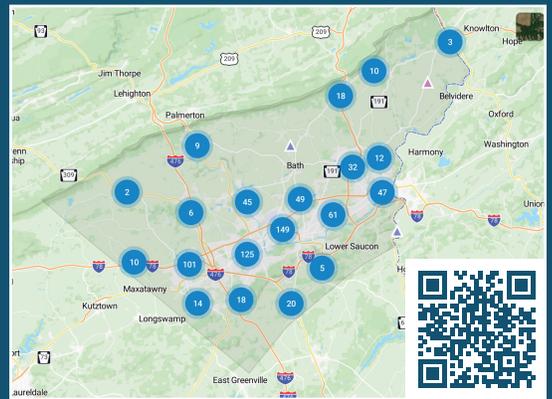
LEHIGH VALLEY INDUSTRIAL REAL ESTATE DEMAND



Reflecting national trends, the Lehigh Valley's industrial market cooled as construction dropped to 826,069 square feet and average asking rent held at \$9.15 per square foot.

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

FIND A SITE IN LEHIGH VALLEY, PA



Companies looking for a site in Lehigh Valley can search hundreds of listings for free using the Find a Site tool on LVEDC's website. The database provides direct access to information about industrial, office, land, and retail properties for sale or lease. The database and map are produced by REsimplifi®, a nationwide commercial real estate listing data service.



ARTS & ENTERTAINMENT IS

LIGHTING UP LEHIGH VALLEY'S ECONOMY

SteelStacks in Bethlehem hosts Musikfest and other events at the foot of the former Bethlehem Steel blast furnaces. (Photo: Donna Fisher Photography)

A vintage marquee marks the entrance. Inside, a large disco ball pierced by an arrow hangs over the trendy lobby bar. Beyond it, a two-story concert hall opens with clear sightlines to a stage designed for sharp acoustics and lighting, featuring rising acts booked by leading live entertainment company Live Nation®.

For music lovers, Archer Music Hall delivers an attraction that the Lehigh Valley's largest downtown had been missing: a modern, intimate concert venue that can draw more fans than can fit in a bar but far fewer than an arena.

For the Lehigh Valley, Archer's debut in March became the latest milestone in Allentown's revival and a symbol of how art, culture, and

shared experiences are reinventing the Lehigh Valley and fueling its balanced, \$56 billion economy.

"Our goal for Archer Music Hall was to create a venue that feels as welcoming to artists as it does to fans, while reflecting the spirit of Allentown," said Molly Warren, Head of Programming for Clubs at Live Nation. "The venue's thoughtful design allows us to showcase a variety of talent, including local artists. Fans have really embraced the venue in its first year, and we're proud that Archer is contributing to the Lehigh Valley's growing entertainment scene."

Live entertainment options are growing nationwide and have become an economic asset for regions seeking to attract the

creative class, a key driver of the 21st century economy. In the Lehigh Valley, this movement is more pronounced.

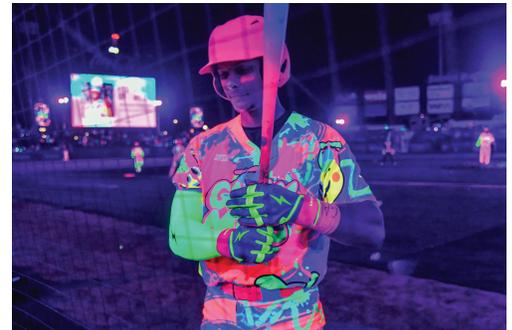
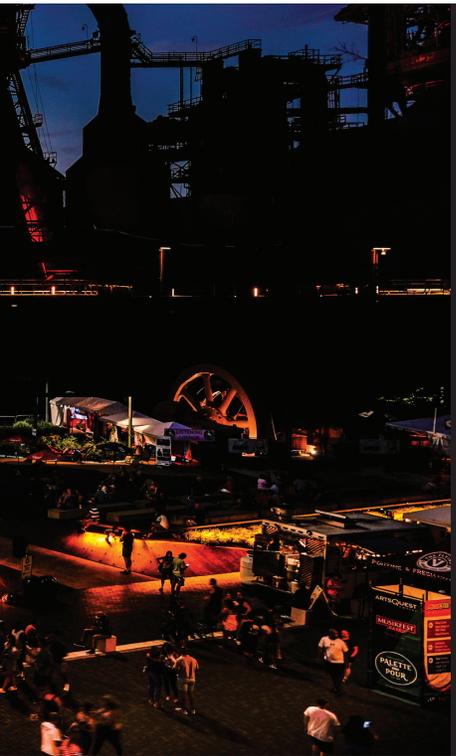
Employment in the arts, spectator sports, and related industries grew from 932 jobs in 2001 to 2,214 today, according to an Lehigh Valley Economic Development Corporation analysis. That's a 138% jump or about 2.5 times the national growth rate.

While the sector comprises just a sliver of the jobs in the Lehigh Valley, the notable increase underscores the importance of live entertainment to the region's economic strategy and how it has reshaped the Lehigh Valley's industrial corners into destinations buzzing with concerts, games, and festivals.



"Archer Music Hall is a world-class concert venue—unlike anything in the region—and it's already playing a significant role in downtown Allentown's vibrancy, economy, and prominence. Along with Archer, the new Moxy Hotel and Da Vinci Science Center are generating a lot of new foot traffic in Downtown West, which has created attractive opportunities for local and chain retailers to lease space in the district."

J.B. Reilly, President, City Center Group



Top: Photo courtesy of the Allentown Fair. Bottom: (left) Photos courtesy of the State Theatre Center for the Arts, and (right) Lehigh Valley IronPigs.

In the last two decades, public-private partnerships have invested hundreds of millions of dollars into Allentown venues like the PPL Center, which landed the Philadelphia Flyers affiliate Phantoms, and Coca-Cola Park, where the Philadelphia Phillies affiliate IronPigs draw more fans than any other team in all minor league baseball.

“Arts and entertainment, and sports and recreation, are the front door to economic development,” said Don Cunningham, President and CEO of LVEDC. “They create a quality of life and place that attracts people and their talents, which attracts companies, and makes a place special. The growth of this sector during the last 20 years was key to the economic renaissance of the Lehigh Valley.”

In the shadows of dormant blast furnaces in Bethlehem, concert venues, cinemas, public plazas, and more now comprise the SteelStacks arts and entertainment campus, which draws hundreds of thousands of people each year. The campus spans east toward the Wind Creek Casino, home to another concert venue.

Other communities have debuted festivals to celebrate their heritage and engage new generations. Easton, home to the oldest continuously operating open air market, embraced its “foodie identity” with festivals like BaconFest, drawing nearly 75,000 people to a city of 30,000 in one weekend. “Martin on Main” highlights Nazareth’s rich musical tradition by honoring its iconic guitar maker, C. F. Martin & Co.

Archer Music Hall

Location: 939 W. Hamilton St., Allentown
Square Feet: 31,000
Full Venue Capacity: 2,125
Developer: City Center Group
Jobs: 200

Those new events join longtime gems such as the State Theatre Center for the Arts in Easton and Miller Symphony Hall and the Civic Theatre in Allentown, the Great Allentown Fair, and Musikfest, which debuted in 1984.

Musikfest, which attracted 1.5 million people to Bethlehem over 10 days this year, has evolved into year-round programming by ArtsQuest, the nonprofit behind the festival. ArtsQuest is a major driver of redevelopment at SteelStacks and soon will debut two additional arts projects worth \$48 million.

“The arts and entertainment sector has become one of the Lehigh Valley’s most powerful engines for economic growth and quality of life,” said ArtsQuest President & CEO Kassie Hilgert, also an LVEDC Board member.

Creative communities draw the talent employers need, helping the Lehigh Valley consistently rank as a top mid-sized region for economic development. With a population now exceeding 708,000 and a 3.1% growth rate since 2020, the region stands out nationally for its surge of young adults—fueling demand for even more cultural attractions that make the Lehigh Valley an exceptional place to live and do business.

ECONOMIC WINS FOR LEHIGH VALLEY IN THE FIRST HALF OF 2025

Lehigh Valley's reputation as a top manufacturing region was solidified in the first half of this year, as several longtime manufacturers expanded and others joined the market.

The investments will create up to 276 jobs and add more than 335,000 SF of space.

Why Lehigh Valley? The manufacturers cited the talented labor force, location on the East Coast close to ports and major markets, and competitive costs. Four already were operating in the Lehigh Valley and opted to expand because they had experienced the region's advantages. Two are based internationally, entrenching Lehigh Valley's global appeal.

Bronkhorst USA

Dutch maker of instruments that regulate and control pressure and flow of liquids and gases expanded into a location twice the size to begin assembly operations for customers throughout North and South America, in Hanover Township, Northampton County.

Kervan USA



Turkish candy maker broke ground on a \$20M, 90,000 SF manufacturing/packaging facility/HQ, to expand current Lehigh Valley operations in Lower Nazareth and Bethlehem townships.

Filter King



Producer of HVAC filters for residential, commercial, and industrial use opened a 61,600 SF manufacturing and distribution center in Bethlehem Township that will create up to 120 jobs.

FLSmith Cement



Manufacturer of equipment for cement and other industries opened a 122,000 SF factory that will employ 60 in Allen Township.

Myers Emergency & Power Systems



Expanded with a 50,000 SF factory in Bethlehem Township to produce battery energy storage systems suitable for commercial and industrial use.

NOTABLE SALES

Address	Price	Buyer	Class
1210-1236 Sesqui St., Allentown	\$6,270,000	ETI	Industrial
1216 Northampton St., Easton	\$3,200,000	Schiff's Food Service	Industrial
101 S. 3rd St., Easton	\$2,950,000	Serfass Construction	Office
2210 City Line Rd. (Part of a 2-Property Sale), Bethlehem	\$2,239,859	Hydac Technology	Industrial
2211 Avenue C (Part of a 2-Property Sale), Bethlehem	\$1,060,141	Hydac Technology	Industrial

NOTABLE LEASES

Address	SF	Tenant	Class
1215 Hausman Rd., South Whitehall Twp.	90,100	Peli BioThermal	Industrial
2701 Baglyos Cir., Bethlehem Twp.	61,600	Filter King	Industrial
813 N. 4th St., Allentown	23,716	Ace Electric	Industrial
997 Postal Rd., Hanover Twp. (Lehigh)	23,020	BlueTriton Brands, Inc.	Industrial
1275 Glenlivet Dr., Upper Macungie Twp.	20,520	Selective Insurance	Office
630 Municipal Dr., Lower Nazareth Twp.	20,000	Speed Xpress Inc.	Flex

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

LEHIGH VALLEY WORKS

This Lehigh Valley Community is Among the Nation's Hottest

The 18104 ZIP code that covers nearly 23 square miles in Lehigh County is one of the hottest ZIP codes in the U.S. for home sales, according to Realtor.com®. The ZIP code - No. 16 on the Top 50 list - includes parts of Allentown and Whitehall, South Whitehall, North Whitehall, Upper Macungie, and Lower Macungie townships.

The area includes older urban homes with unique architecture, new suburban neighborhoods, and regional attractions such as the Civic Theatre of Allentown, Trexler Memorial Park, Malcolm Gross Rose Garden, the Allentown Fairgrounds, Muhlenberg and Cedar Crest colleges, and Dorney Park & Wildwater Kingdom.

This is the fifth consecutive year that a Lehigh Valley ZIP code has made the list.



Entertainment Impact

138% Job Growth in the Entertainment Sector Since 2001

Source: Chmura Economics JobsEQ

COMPETITIVE LEHIGH VALLEY Real-Time Median Annual Wages

	Lehigh Valley	NYC/Newark Metro	Suburban Philadelphia
Content Writers	\$42,100	\$71,600	\$44,900
Sports Coaches	\$41,600	\$43,900	\$41,700
Audio/Visual Technicians	\$41,600	\$59,500	\$45,700
Event Coordinators	\$40,600	\$60,000	\$45,700
TV Producers	\$43,900	\$67,500	\$47,700

Source: Chmura Economics JobsEQ 2025 Q1, job postings for Q2 2025

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

