

Philadelphia

Impact

Rooted with strong ties to the life sciences industry, the high-tech industry is sizable, but simply not large enough or growing to make an impact in Philadelphia as seen in surrounding areas. While innovation and collaboration are key components driving growth in other segments of the technology industry, mobile, web, cloud, and software have not yet taken a firm hold in the office market.

Overview

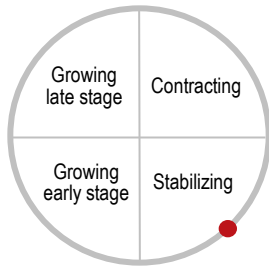
Located between more prominent high-tech hubs in Washington, DC and New York City, Philadelphia maintains its stronghold within the pharmaceutical and biotech industries. Having only marginally participated in the dot-com boom of the late 1990s, the real estate market was left relatively unscathed when tech went bust. Today, Philadelphia has yet to capture a piece of the growth mechanism that is taking hold in other major office markets across the country.

Outlook

While growth among high-tech firms in Philadelphia has not yet made headlines, other initiatives to drive growth in the broader technology industry could provide the catalyst needed for Philadelphia to enter high-tech in a bigger way, giving way to a new source of demand within the real estate market.

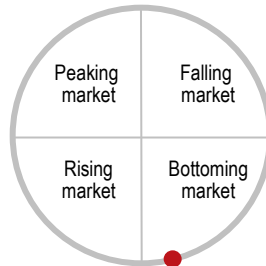
High-tech industry

Economic cycle clock



Office property

Market cycle clock



Players: top high-tech firms By real estate footprint



Siemens

SunGard Data Systems
Analytical Graphics

Scorecard



| Economic | | rank |
|--|---------------------|--------|
| High-tech jobs / annual growth | 34,321 / -2.3% | 13/18 |
| Percent of total jobs | 5.4% | 9 |
| Number of firms | 2,257 | 14 |
| Venture capital funding (past 4 quarters) | \$376.0 M | 11 |
| Share of U.S. total | 1.5% | |
| College education | 44.9% | 4 |
| Diversity (non-white / foreign born) | 13.1% / 8.1% | 16/16 |
| Office | | |
| Cost (average asking rent) | \$24.16 | 13 |
| Annual growth | 1.0% | 8 |
| Supply (vacancy rate) | 16.4% | 8 |
| Demand (net absorption sf / %) | 1,163,092 sf / 0.8% | 9 / 14 |
| High-tech concentration (high-tech services vs. office jobs) | 12.8% | 7 |

Recent lease activity



JandB Software
510 E Township Line Road
31,000 sf



USA Technologies
100 Deerfield Lane
17,000 sf



Avanceon
180 Sheree Boulevard
17,000 sf



Beyond.com
1060 1st Avenue
16,000 sf