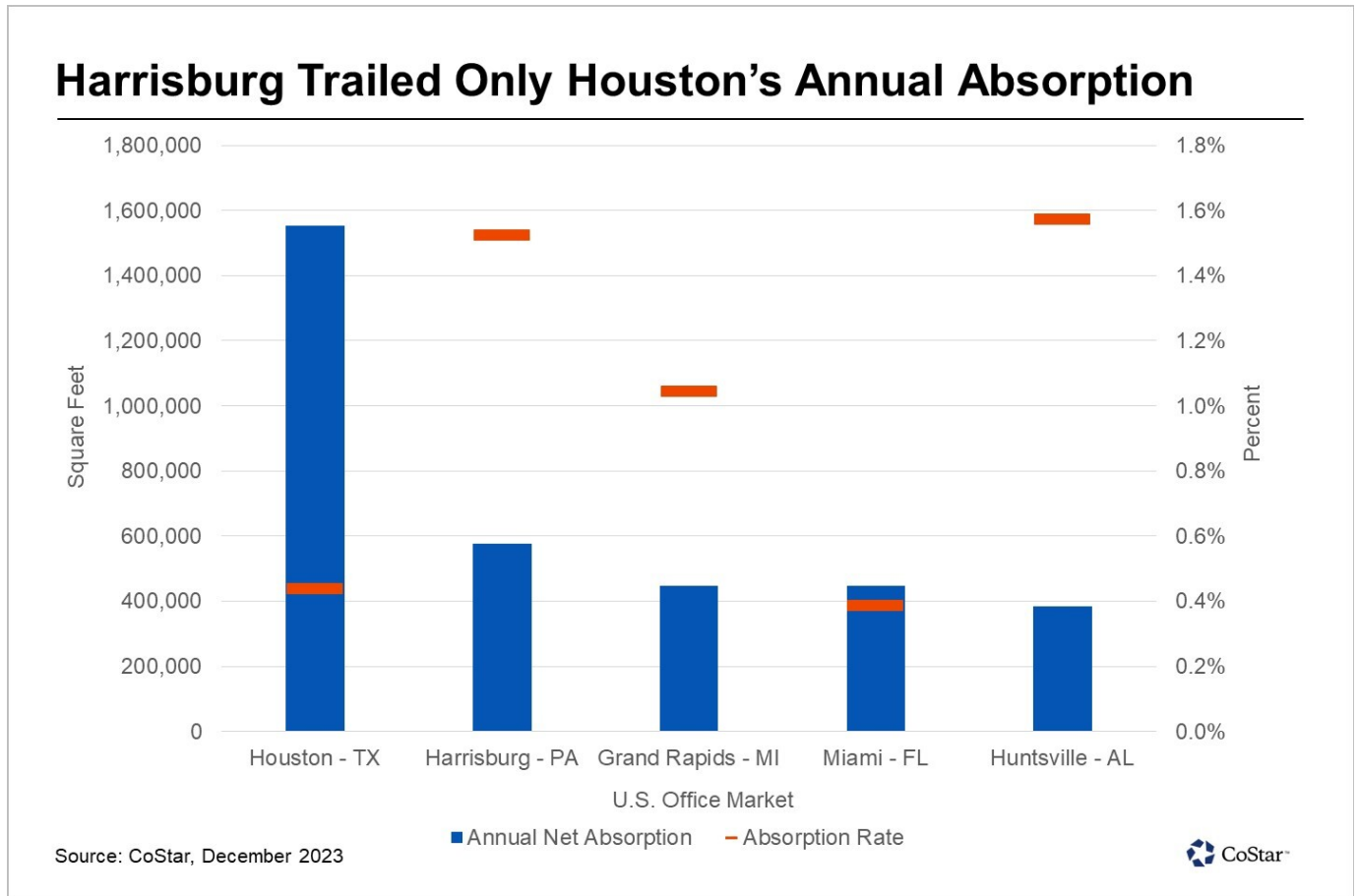


COSTAR INSIGHT

# Harrisburg Leads Pennsylvania in Office Performance, Bucks National Trend

State’s Capital Ranks Among Top Performers Across All US Office Markets



By [Brenda Nguyen](#)

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In a year when the U.S. office market experienced 65 million square feet of negative absorption, the net change in occupancy, Pennsylvania's capital, Harrisburg, emerged as a maverick of resilience, leading the state in annual absorption performance over the past year.

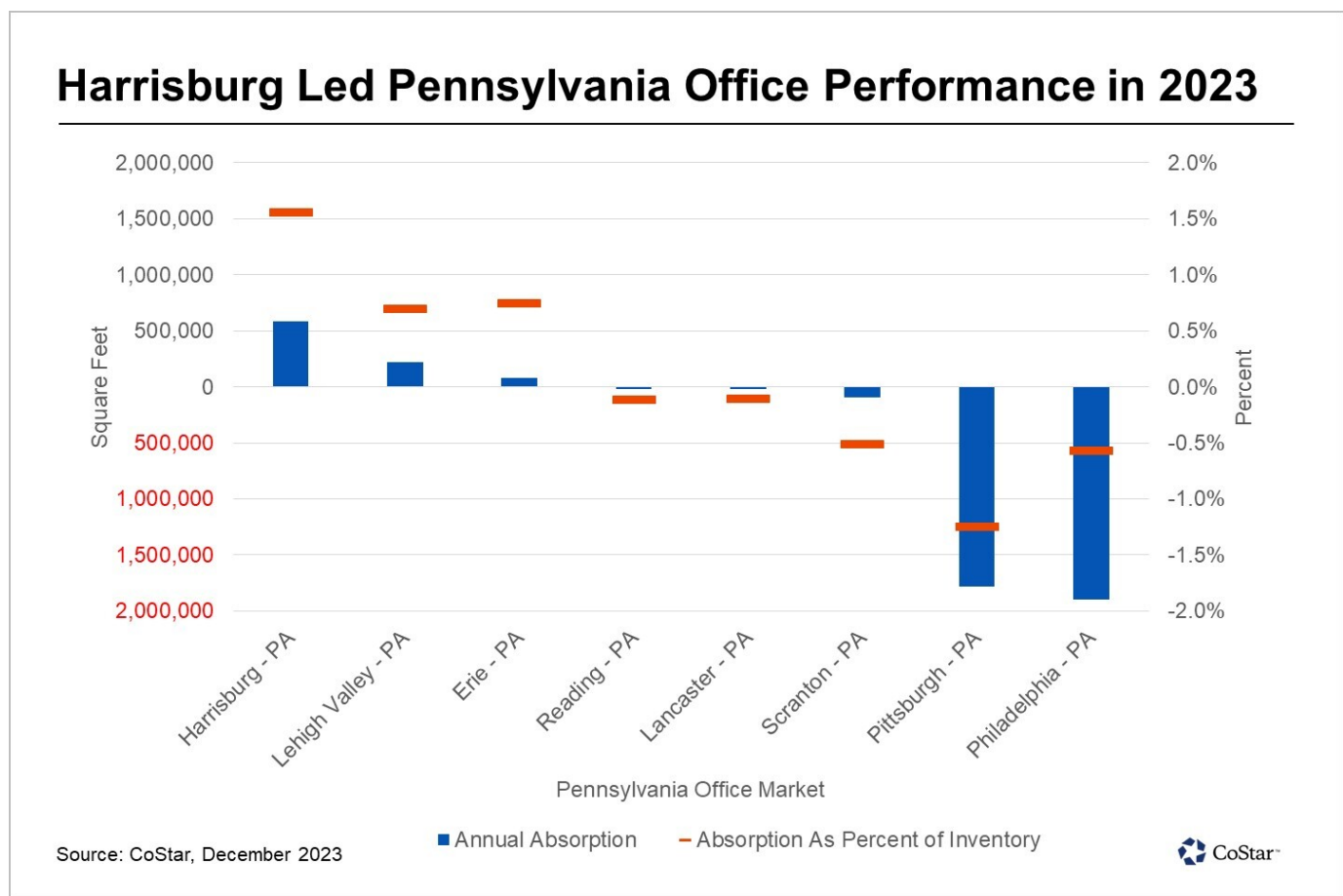
Approaching the end of 2023, Harrisburg was the second-ranked office market nationwide in absolute square footage absorbed, with an impressive 580,000 square feet net increase, trailing only Houston. This achievement is notable, given the substantial difference in market sizes between the two office markets.

When considering absorption rates—the pace at which the amount of occupied space changes relative to a market’s size— Harrisburg was still ranked second in the country, just behind Huntsville, Alabama, in this instance.

Despite a period of negative absorption in 2021, Harrisburg has sustained positive net absorption throughout 2023, [diverging from the national trend](#), where tenants have downsized their office spaces or listed them for sublease. Harrisburg has yet to see a concerning volume of new space returned to the market, with sublet availability accounting for less than 4% of the available space approaching 2024, significantly lower than the national average of 15%.

Michael Curran of Landmark Commercial Realty, a brokerage firm behind several of the largest office leases in the region, said, “At the onset of the pandemic, we witnessed major occupiers focused on more pressing, costlier lease obligations in larger cities like Manhattan, Philadelphia and Baltimore. They directed subleasing and optimization efforts toward floor plate commitments over 40,000 square feet versus smaller office footprints in markets like Central Pennsylvania.”

At the same time, office leasing is still occurring at a healthy pace, with approximately 215 office leases signed in 2023—not far off the 255 the Harrisburg market averaged between 2017 and 2019. Ongoing new leases and relocations have contributed to Harrisburg’s positive absorption rate, positioning it favorably not only in Pennsylvania but also at a national level.



While Harrisburg took the lead so far this year, other tertiary Pennsylvania markets, including Lehigh Valley, also remained insulated from the broader nationwide trend of softer office demand from tenant downsizings. Notably, the Lehigh Valley secured the tenth-highest absorption rate on an absolute basis nationally at 250,000 square

feet and ranked sixth in the country with an absorption rate of 0.8%. In contrast, Pittsburgh and [Philadelphia](#) reported over 1 million square feet of negative absorption.

These figures only provide a snapshot of the past year, so it's essential to recognize that conditions affecting the office market will continue to evolve. With more office leases slated to expire throughout the country and companies fine-tuning their post-pandemic work culture, rankings based on recent absorption will continue to shift in the new year.

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