

MARKET REVIEW

INDUSTRIAL | Lancaster County, PA | Q1 2020



Class B & Class C Dominate Sales Activity, Vacancy Increases 0.49%

OUTLOOK

- 86% of sales in Q1 attributed to Class B & Class C facilities.
- Q2 statistics will help shed light on possible trends resulting from the COVID-19 pandemic as quarantine measures and widespread economic disruptions occurred late in Q1.
- 36% of industrial leases took place in Greater Lancaster East, a region encompassing the U.S. Route 30 and New Holland Pike corridors and Greenfield Corporate Center.
- A 0.49% increase in vacancy this quarter may be attributed to the influx of available product in addition to sustained vacancy at large industrial facilities. Two large properties account for 36% of vacant industrial square feet in Lancaster County.

OVERVIEW

Steady, controlled growth continues into 2020 amidst economic disruptions by the COVID-19 pandemic. Speculative projects continued to secure leases prior to completion, contributing to the minor swings in absorption experienced over the past few years.

Successful pre-leases in Q1 include 250,000 SF of Class A warehouse at Embassy Drive in Lancaster to an undisclosed tenant and 85,894 SF of a build-to-suit opportunity at Ben Franklin Boulevard, Lancaster, to Thaddeus Stevens Institute of Technology. The remaining 143,106 SF at this site remains for lease.

Average rent increased 1.76% to \$5.66/SF while vacancy rose 0.49% to the current 4.14%. Despite this increase in vacancy, Lancaster County remains below the national average of 4.9%. Increased vacancy may be attributed in part to 148,702 SF of new product placed on the market in Q1, coupled with sustained vacancy at large facilities. Vacancies at 1156 Four Star Drive, Mount Joy and 301 Richardson Drive, Lancaster account for 36% of vacant industrial square feet in Lancaster County.

While total leased square feet was up from last quarter, it was drastically lower compared to the 1.08 MSF leased at this time last year. This disparity in leased square feet is due to a low number of lease transactions in Q1 2020 compared to Q1 2019.

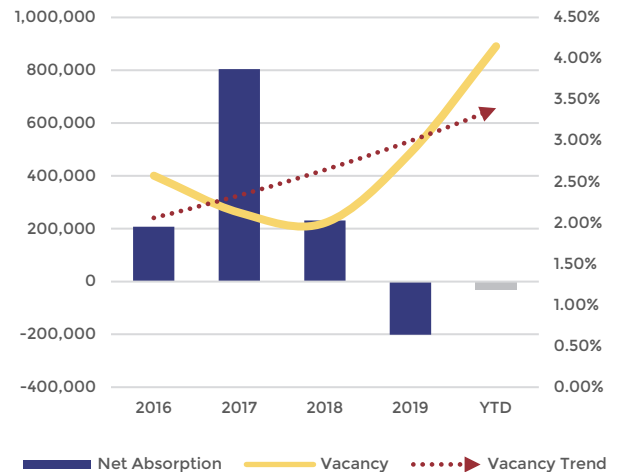
Sales dollar volume ended at \$2.02M this quarter, down from the \$11.7M reported last quarter. \$5.75M and 78,000 SF remains under contract for Q2.

Of all new inventory under construction or proposed, 63% is located in Greater Lancaster West, a region rich with clusters of warehouse and manufacturing situated along Routes 30 and 283. This region contains 37% of all industrial SF in Lancaster County with a vacancy rate of 3.63%

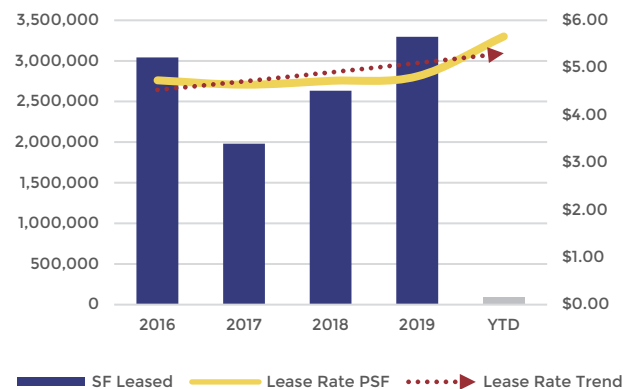
MARKET INDICATORS

Total Inventory	75.36 MSF	▲
Sales (\$)	\$2.02M	▼
Sales (SF)	291,465 SF	▲
Total Vacancy	4.14%	▲
Total Leased (SF)	92,293 SF	▲
Average Rent	\$5.66	▲

NET ABSORPTION & VACANCY



SF LEASED & AVG LEASE RATE

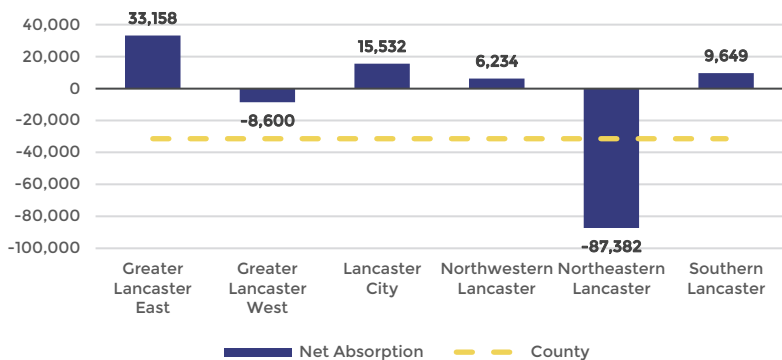


INDUSTRIAL

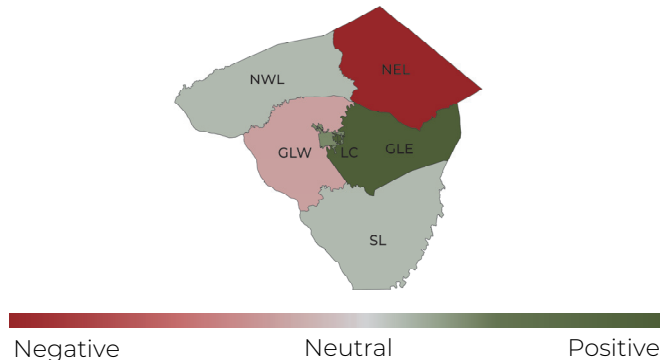
Lancaster County, PA

Q1 2020

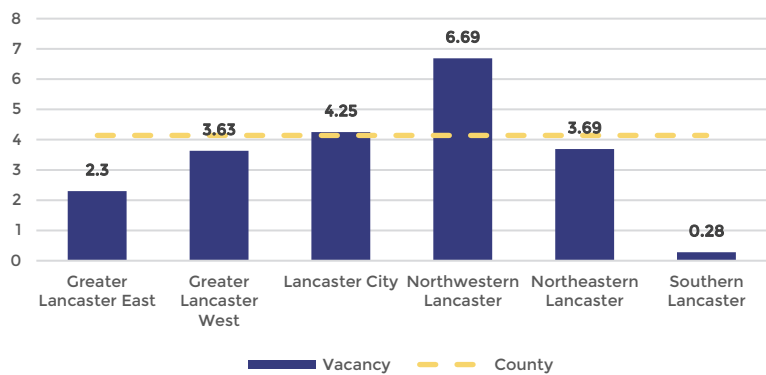
NET ABSORPTION BY SUBMARKET



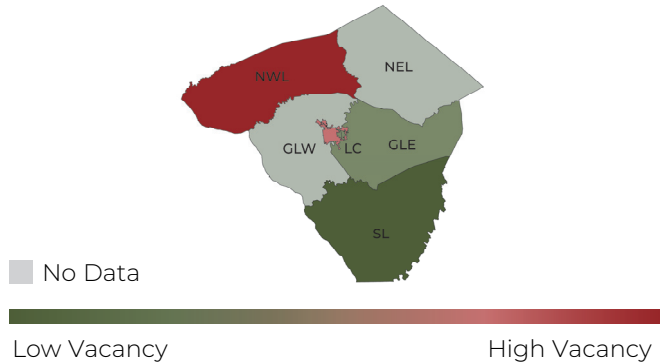
NET ABSORPTION BY SUBMARKET



VACANCY BY SUBMARKET



VACANCY BY SUBMARKET



Key Lease Transactions Q1 2020

PROPERTY	SF	TENANT	TRANSACTION
Embassy Dr and Running Spring Rd, Lancaster	250,000	Name Withheld	New
Ben Franklin Blvd, Lancaster	85,894	Thaddeus Stevens College of Technology	New
1828 Freedom Rd, Lancaster	28,800	Name Withheld	New
142 Walnut St, Denver	19,620	Name Withheld	New
1821 William Penn Way, Lancaster	10,458	Name Withheld	New

Key Sales Transactions Q1 2020

PROPERTY	SF	SELLER/BUYER	PRICE
60 Wright Ave, Lititz	13,780	Zaleskie Family, LP / Wright Ave Partners, LLC	\$1,045,000
3 Property, Lancaster City Portfolio	18,200	The American National Red Cross / Rc 3, LLC	\$700,926
2060 Miller Rd, East Petersburg	8,523	Darien & Barry Heagy / 2464 Miller Road, LLC	\$450,000
727-733 W Vine St, Lancaster	9,105	James Barndollar et al / George Street Properties, LLC	\$320,000
73 W Henry St, Mount Joy	4,538	Frank & Joan Hassinger / Robinson Real Estate, LLC	\$150,000