

# MARKET REVIEW

INDUSTRIAL | York County, PA | Q1 2020



## Industrial Sales Exceed \$178M, Rental Rates Remain Stable

### OUTLOOK

- York County continues to attract attention of investors as a prime distribution hub with over 4.3 MSF sold and more than \$178M in sales volume.
- 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.
- 660,984 SF of inventory remains under construction with an additional 4.8 MSF of warehouse proposed to be built.
- The most popular unit size this quarter was between 3,500 SF and 7,500 SF, comprising 33% of Class A & Class B industrial leases.

### OVERVIEW

Despite the onset of COVID-19 near the end of Q1, several noteworthy sale and lease transactions took place elevating Q1 statistics. The largest dollar volume sale included the purchase of 4875 Susquehanna Trail and 626 Loucks Mill Road by Delhaize America, parent company to Food Lion grocery. This was a two property portfolio sale totaling \$145.6M.

Prologis, Inc. purchased two Lewisberry properties in February totaling 1.5M SF for an undisclosed price (600 Industrial Drive and 500 McCarthy Drive). These properties were part of a nationwide 603 property portfolio that sold for \$13B.

In a separate nationwide portfolio sale, Prologis, Inc. also purchased 515 Zarfoss Drive in York. The 312,769 SF distribution center sold for \$12,642,583.

Vacancy among Class A & Class B sits at 4.29%, a 0.64% increase since last quarter and 0.99% since this time last year. Observing Class A alone, industrial vacancy is among the lowest in the nation at a mere 1.61%. Overall, industrial vacancy in York County remains on a five year downward trend.

Average lease rates among Class B and Class C industrial space decreased by \$0.82/SF this quarter. This decrease follows a five year trend of modest rent growth from \$3.60/SF to a peak in Q4 2019 of \$4.21/SF. Despite the dip this quarter, industrial lease rates among Class A and Class B industrial space remain stable.

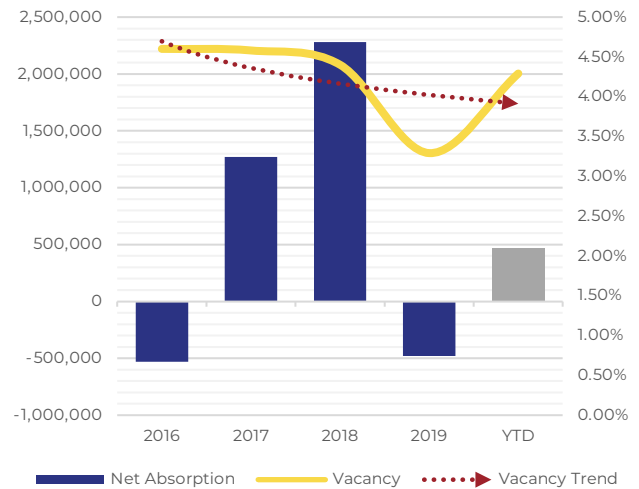
The Cubes at Emig Road in Manchester Township is finalizing construction and set to deliver 312,000 SF of spec warehouse in Q2 2020. The Cubes are a distinct brand of buildings owned by real estate developer CRG Integrated Real Estate Solutions.

Construction will begin in June 2020 on the first of five buildings at 130-145 Mundis Race Road in York. The project proposes \$1,626,580 SF of distribution warehouse to be built. Core5 Industrial Partners purchased the 336.5 acre site in February for \$6.5M.

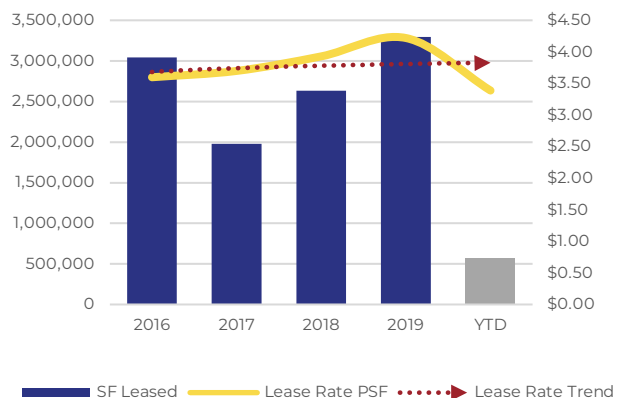
### MARKET INDICATORS

Total Inventory	80.6 MSF	▲
Sales (\$)	\$178.7M	▲
Sales (SF)	4.3M SF	▲
Total Vacancy	4.29%	▲
Total Leased (SF)	569,089 SF	▼
Average Rent	\$3.39	▼

### NET ABSORPTION & VACANCY



### SF LEASED & AVG LEASE RATE

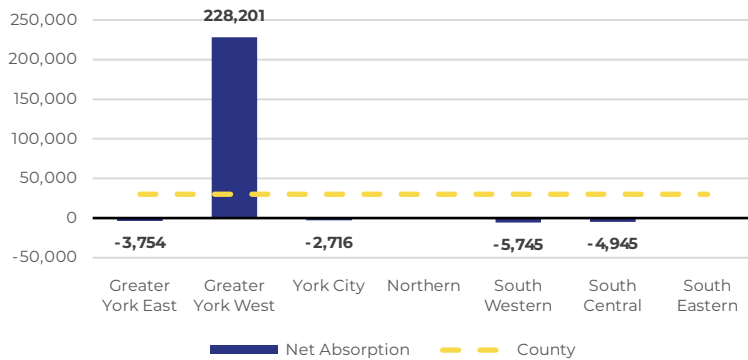


# INDUSTRIAL

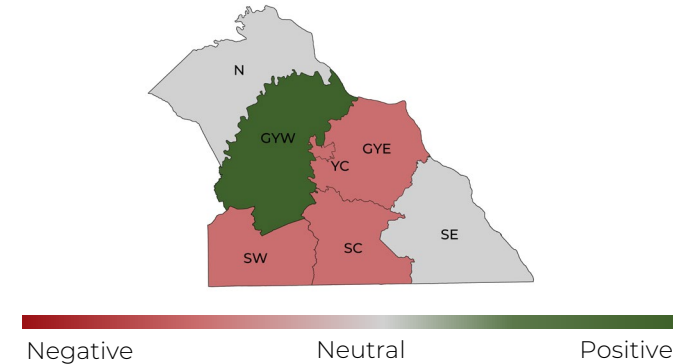
York County, PA

Q1 2020

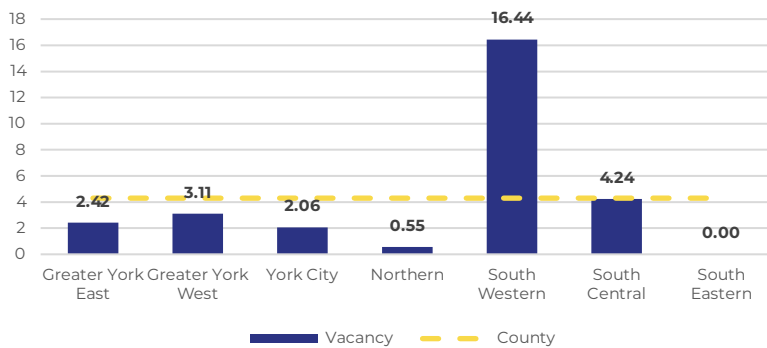
## NET ABSORPTION BY SUBMARKET



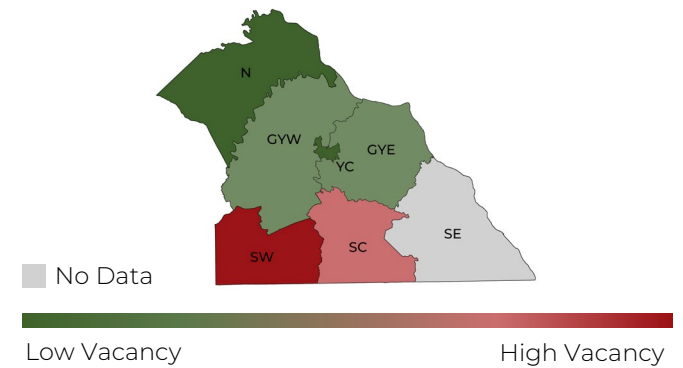
## NET ABSORPTION BY SUBMARKET



## VACANCY BY SUBMARKET



## VACANCY BY SUBMARKET



## Key Lease Transactions Q1 2020

PROPERTY	SF	TENANT	TRANSACTION
700 Canal Rd Ext, Bldg 1, York	374,254	Withheld	New
631-635 S Richland Ave, York	116,000	Magnesita Refractories Company	New
310 Emig Rd, York	28,000	GEA System North America, LLC	Renewal
3635-3725 Board Rd, York	22,500	Eastern Lift Truck Co., Inc.	New
385 Emig Rd, York	12,127	Sydorko Automation	New

## Key Sales Transactions Q1 2020

PROPERTY	SF	SELLER/ BUYER	PRICE
4875 Susquehanna Tr, York	1,495,000	ES3, LLC / Delhaize America	\$139,900,000
515 Zarfoss Dr, York	312,769	Black Creek Group / Prologis, Inc.	\$12,642,583
3400 W Market St, York	339,876	Celadon Group, Inc. / 3400 Market Industrial Owner, LP	\$9,250,000
626 Loucks Mill Rd, York	115,139	C & S Wholesale Grocers, Inc. / Delhaize America	\$5,700,000
5689 York Rd, Spring Grove	252,000	Franklin Holding Corp / Conewago Contractors, Inc.	\$3,701,311