

MARKET REVIEW

RETAIL | Lancaster County, PA | Q1 2020



Lease Rates Remain High, Vacancy Continues To Rise

OUTLOOK

- Lancaster County continues to deliver on its stellar reputation as a cool, innovative, vibrant area to grow a business. The region's resiliency to economic downturns is fixed to its array of mixed-use projects fueling the small city vibe of the region.
- Traditional retail locations continue to adapt in an age of evolving consumer preferences. Plans for experiential retail and mixed-use town centers must adapt once more with a health conscious mindset in a post COVID-19 world. Adoption of technology to reach consumers will continue to be helpful.
- Lease rates continue to climb, fueled by premium rate space in high demand locations. Whether these increases are here to stay will become more apparent in Q2 and beyond as results of any economic slow downs from COVID-19 will be reported.

OVERVIEW

As businesses of all sizes grapple with downturns in economic activity, online presence is more important than ever to continue to conduct business. Businesses, including those previously not reliant on internet presence, are quickly discovering how technology can support their business in times of crisis.

For those that weather the storm, doors will (eventually) reopen. The looming question is, "How tenacious will the American consumer be to once again patron physical stores, venues, and restaurants?" We will stay tuned in Q2 and beyond to see what story the data will tell.

Lease rates continue to climb, fueled by premium rate space in high demand locations. Newly constructed centers and centers along major arteries are negotiating rents upwards of \$15/SF.

York Traditions signed a 3,600 SF lease for an endcap at 1687 Oregon Pike for \$16.87/SF. Golden Corral at 2291 Lincoln Hwy East signed a twenty year, NNN lease at \$25.35/SF. The freestanding restaurant is 10,416 SF.

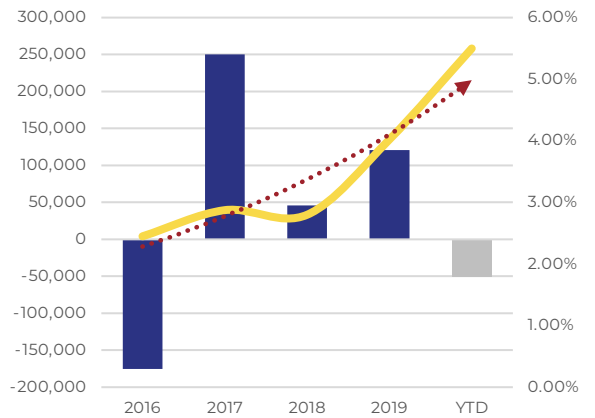
Vacancy climbed to 5.5% this quarter with absorption remaining negative. Shopping center vacancy accounted for 60% of all available retail square feet in Q1, followed by freestanding retail at 19.74% and automotive sales/service at 7.88%.

Sales in retail real estate were up from last quarter totaling \$13.69M. Key sales included the \$3.3M sale of 1687 Oregon Pike in Lancaster to Gelcor Realty, Inc. The 13,330 SF center sold for \$247.56/SF. Other sales breaching \$1M include the 42,360 SF Ten Thousand Villages Shopping Center in Ephrata and the 15,000 SF Village at Castleton Shopping Center in Marietta. Village at Castleton Shopping Center was the retail portion of a portfolio sale.

MARKET INDICATORS

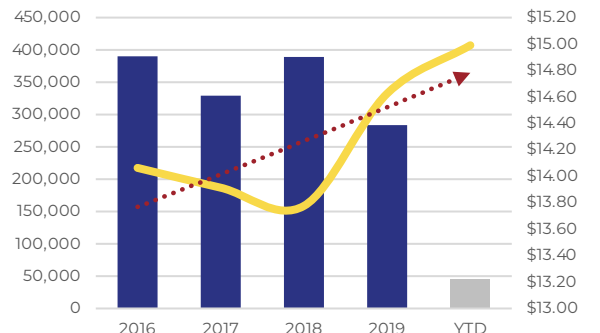
Total Inventory	31.08 MSF	▲
Sales (\$)	\$13.69 M	▲
Sales (SF)	164,000 SF	▼
Total Vacancy	5.5%	▲
Total Leased (SF)	46,151 SF	▼
Average Rent	\$14.99	▼

NET ABSORPTION & VACANCY



■ Net Absorption — Vacancy ●●● Vacancy Trend

SF LEASED & AVG LEASE RATE



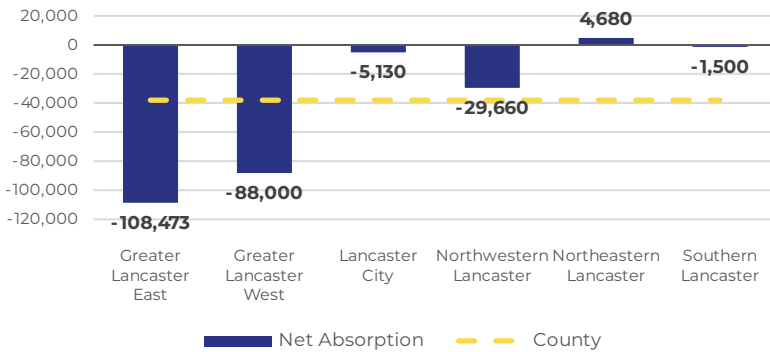
■ SF Leased — Lease Rate PSF ●●● Lease Rate Trend

RETAIL

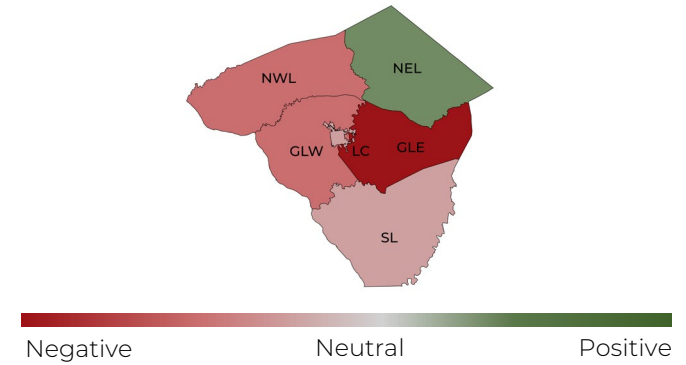
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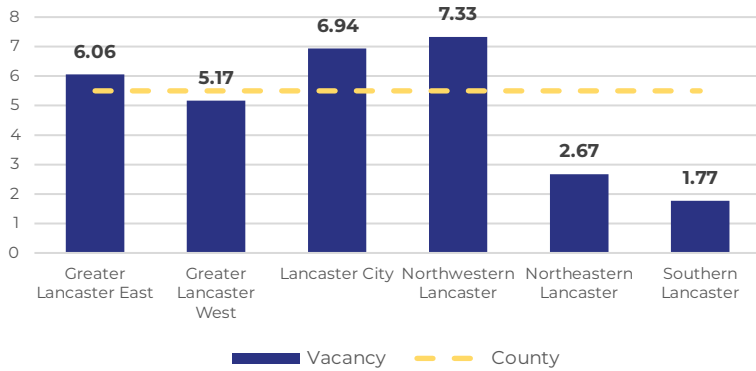
NET ABSORPTION BY SUBMARKET



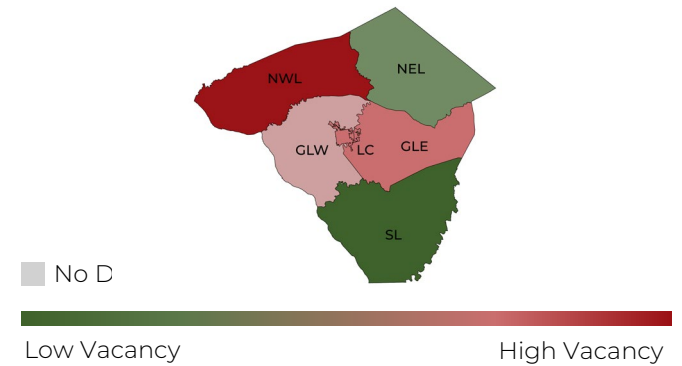
NET ABSORPTION BY SUBMARKET



VACANCY BY SUBMARKET



VACANCY BY SUBMARKET



Key Lease Transactions Q1 2020

PROPERTY	SF	TENANT	TRANSACTION
1262 Litz Pk, Lancaster	15,242	ImmunoTek	New
2291 Lincoln Hwy E, Lancaster	10,416	Corral Realty, LLC	New
38 N Christian St, Lancaster	3,600	Name Withheld	New
1687-1697 Oregon Pk, Lancaster	3,600	York Traditions Bank	New
3513-3515 Columbia Ave	3,250	Name Withheld	New

Key Sales Transactions Q1 2020

PROPERTY	SF	SELLER/ BUYER	PRICE
1687-1697 Oregon Pk, Lancaster	13,330	1693 Oregon Pike, LLC / Gelcor Realty, Inc.	\$3,300,000
240 N Reading Rd, Ephrata	42,360	Ten Thousand Villages /	\$1,750,000
310-312 Honeysuckle Dr, Marietta	15,000	Keystone Custom Homes, Inc. / Steinman Real Estate	\$1,099,795
5267 Lincoln Hwy, Gap	7,704	Nassim & Toni Naaman / M&G Realty, Inc.	\$850,000
143 Rothsville Station Rd, Litz	8,158	Edward & Susanna Good / Samuel E. Stoltzfus	\$775,000

