

MARKET REVIEW

RETAIL | York County, PA | Q1 2020



Retail Footprints Decrease, 44% Smaller Than This Time Last Year

OUTLOOK

- 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.
- Physical stores will remain. However, we have witnessed preference in layout and size requirements of retailers change to maximize efficiency and consumer experience.
- 59% of retail leases this quarter took place in suburban markets (outside a city or borough).
- The most popular unit sizes this quarter were between 1,000 and 1,500 SF. 39% of all retail leases were in this size range.

OVERVIEW

As businesses of all sizes grapple with downturns in economic activity, online presence is more important than ever to continue 'business as usual'. All businesses, including those traditionally not reliant on internet presence, including restaurateurs, artisanal shops, apparel stores etc. 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?"

Data from Q1 shows no cause for alarm. However, market indicators from COVID-19 will become more telling in Q2 and beyond as stay-at-home orders for employees and consumers were issued later in Q1.

Lease rates show an overall increase this quarter attributed to leases signed at Shrewsbury Commons, Shrewsbury for \$30/ SF/NNN. Removing these outliers shows an average lease rate only 0.38% less than last quarter at \$10.41/SF. This is also indicative of less higher end retail space becoming available or being leased.

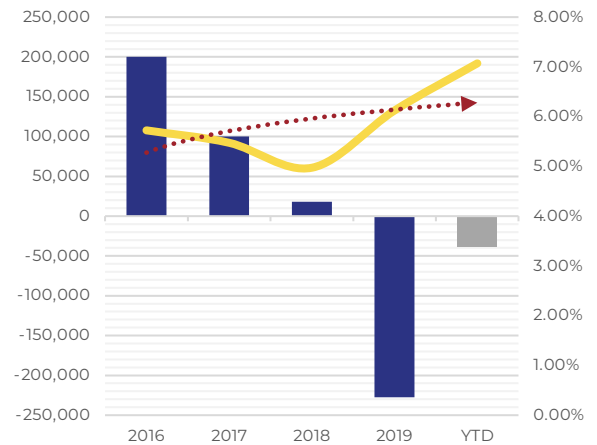
Vacancy is on the rise this quarter and on a five year upward trend. A five year low at 4.98% was achieved in 2018 and has since been on a consistent upward trend. Vacancy among shopping centers remains higher at 9.78%. Store closures of national chains who occupied large spaces have contributed to this rise in vacancy. A.C Moore is the latest chain to shutter its doors in our region with 26 locations available in Pennsylvania and two locations in York County.

Absorption remains negative this quarter as more space was placed on the market than was leased. Of leases that were signed in Q1, the unit sizes were 44% smaller on average than this time last year.

MARKET INDICATORS

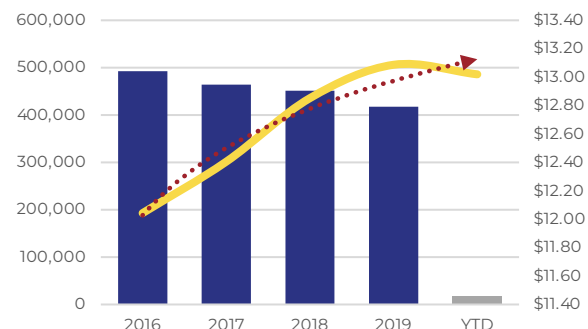
Total Inventory	28.83 MSF	▲
Sales (\$)	\$3.55M	▲
Sales (SF)	48,000 SF	▼
Total Vacancy	7.06%	▲
Total Leased (SF)	35,368 SF	▼
Average Rent	\$13.02	▲

NET ABSORPTION & VACANCY



Legend: Net Absorption (Blue Bar), Vacancy (Yellow Line), Vacancy Trend (Red Dotted Line with Arrow)

SF LEASED & AVG LEASE RATE



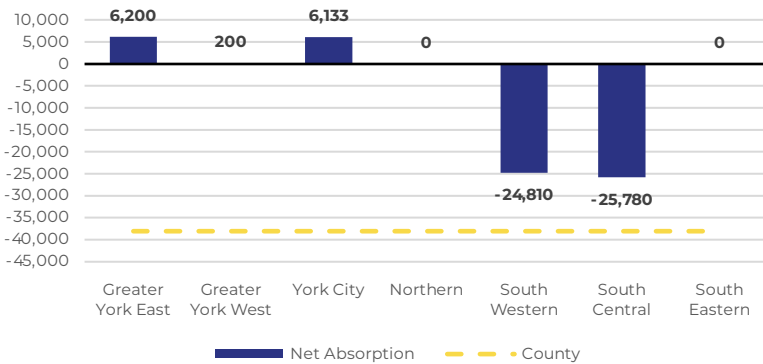
Legend: SF Leased (Blue Bar), Lease Rate PSF (Yellow Line), Lease Rate Trend (Red Dotted Line with Arrow)

RETAIL

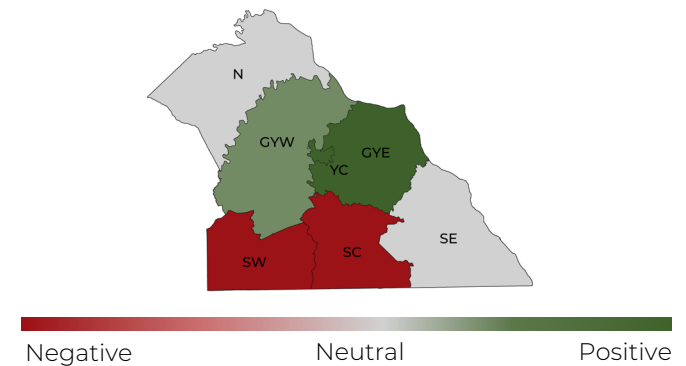
York County, PA

Q1 2020

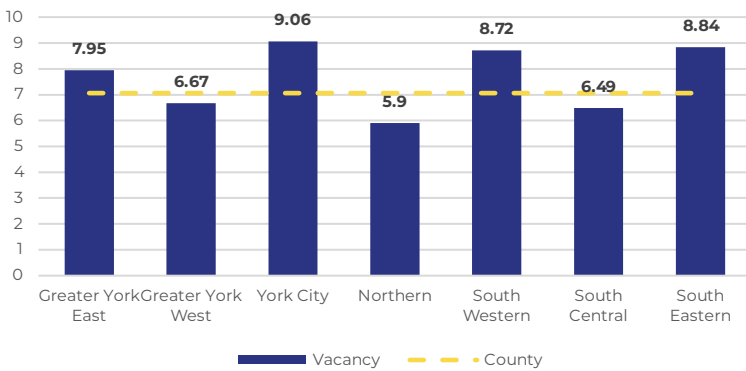
NET ABSORPTION BY SUBMARKET



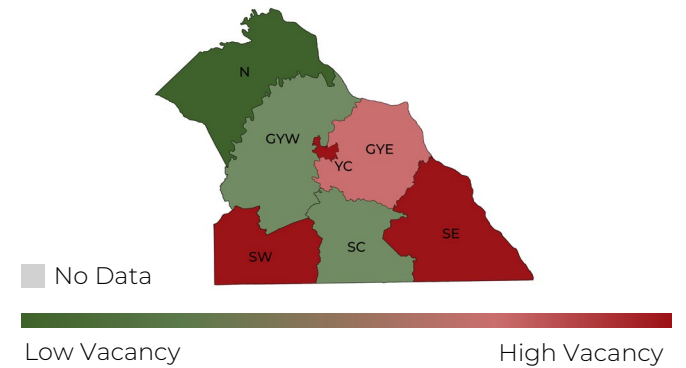
NET ABSORPTION BY SUBMARKET



VACANCY BY SUBMARKET



VACANCY BY SUBMARKET



Key Lease Transactions Q1 2020

PROPERTY	SF	TENANT	TRANSACTION
131-139 N Duke St, Yorktown Mall, York	4,373	Citi Trends	New
460-472 E Forrest Ave, Shrewsbury – Unit 3	2,600	Withheld	New
2690 S Queen St, York	2,400	Dunkin'	New
251 N George St, York	1,760	Freedom BBQ, LLC	New
1200 Greensprings Dr, York	1,000	House of Gains	New

Key Sales Transactions Q1 2020

PROPERTY	SF	SELLER/ BUYER	PRICE
2935 E Prospect Rd, York (Meadow Hill Rest.)	5,650	Aristidis & Panagiota Mantzavas / Karma's, LLC	\$700,000
1108 Roosevelt Ave, York (Gas Station)	1,152	Lpaks, LLC / Krishyug, LLC	\$650,000
Liquor License	--	Happy Accomac Speakeasy, LLC / Name Withheld	\$410,000
1001 E Philadelphia St, York	8,361	1001, LLC / CS & CF Holdings, LLC	\$315,000
715 Carlisle Ave, York	5,426	Charles A. Shaefer / Wagner North America, LLC	\$285,000