

# MARKET REVIEW

INDUSTRIAL | York County, PA | Q2 2020



## Lease Rates Continue To Climb, Demand High Amidst Pandemic

### OUTLOOK

- Average rent of Class A & Class B industrial space continues its steady increase, achieving a 5 year high of \$5.26 per square foot.
- Demand for industrial space is expected to remain high despite the onset of COVID-19. Fulfillment of online ordering remains a key driver for industrial warehouse demand.
- 50% of all industrial leases were located in Greater York West with unit sizes averaging 26,908 SF.
- 3.65 MSF remains under construction with an additional 4.8 MSF of warehouse proposed to be built.

### OVERVIEW

Despite the ongoing COVID-19 pandemic, the industrial sector has proven a safe haven for investors with rising lease rates and low vacancy just above 4%. Sales were less prevalent than past quarters but certainly not at a standstill.

Leasing activity was higher this quarter with 303,349 SF being leased.

Average lease rates among Class A and Class B industrial space increased by \$1.87/SF this quarter to \$5.26/SF. This increase follows a five year trend of year over year rent growth from \$3.60/SF in 2016 to the current peak of \$5.26/SF.

Sales volume decreased significantly from last quarter but reflects the absence of large portfolio purchases taking place in Q1, most notably the two property purchase by Delhaize America for \$145.6M. This decrease in sales volume could indicate investors desire to hunker down and hold on to lucrative, well performing properties.

Overall, industrial vacancy in York County remains on a five year downward trend. Vacancy among Class A & Class B decreased by 0.06% to 4.13%. Observing Class A alone, industrial vacancy remains among the lowest in the nation at a mere 1.89%.

Completion of The Cubes at Emig Road in Manchester Township delivers 312,000 SF of spec warehouse in Q2 2020.

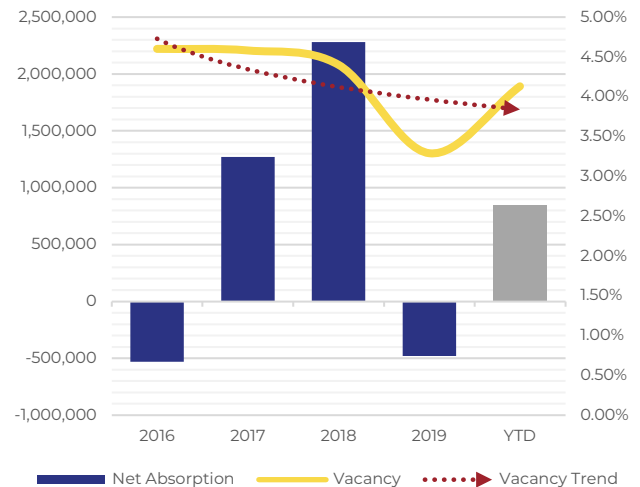
After being placed on hold for several months, construction has commenced on Building 2 at Goodman Logistics Center, Newberry totaling 732,000 SF after preleasing. The tenant remains confidential.

Construction at 400 N. Zarfoss Drive, York will introduce 111,600 SF of warehouse and manufacturing space in Q4 2020.

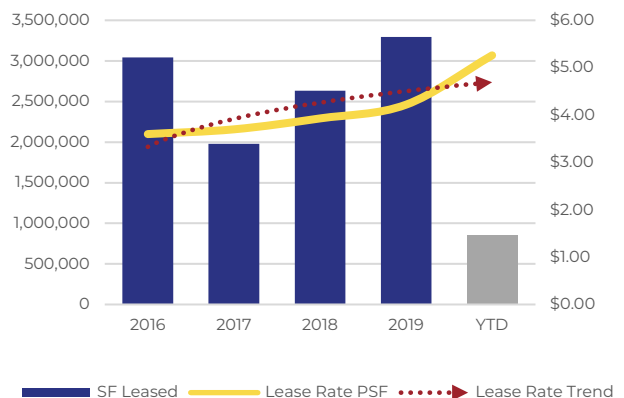
### MARKET INDICATORS

Total Inventory	80.6 MSF	▶
Sales (\$)	\$11.5M	▼
Sales (SF)	163,669 SF	▼
Total Vacancy	4.13% (-.06%)	▼
Total Leased (SF)	303,349 SF	▼
Average Rent	\$5.26 (+\$1.87)	▲

### NET ABSORPTION & VACANCY



### SF LEASED & AVG LEASE RATE

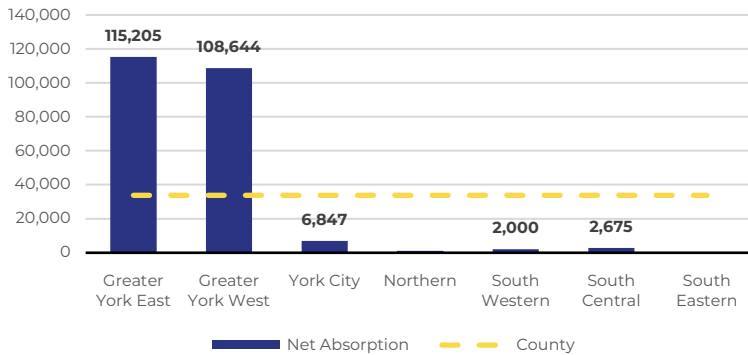


# INDUSTRIAL

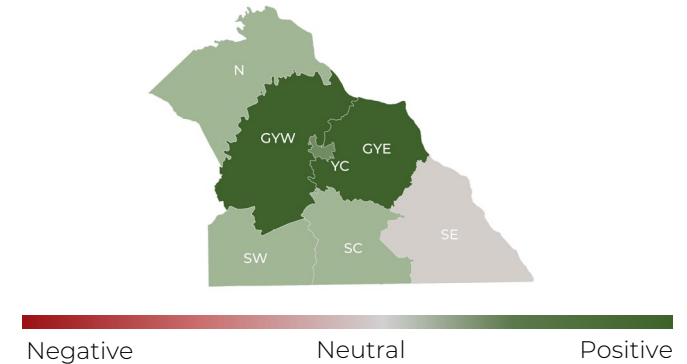
York County, PA

Q2 2020

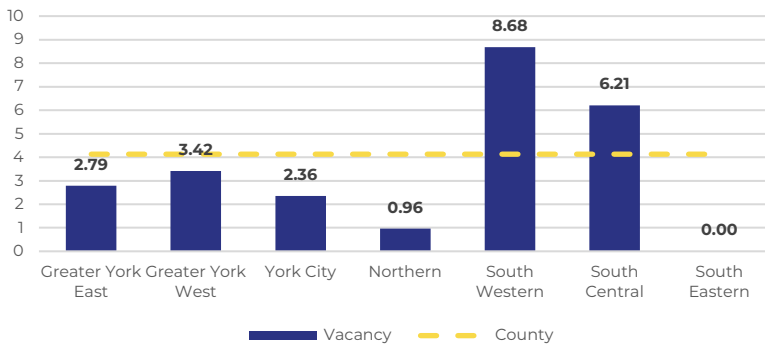
## NET ABSORPTION BY SUBMARKET



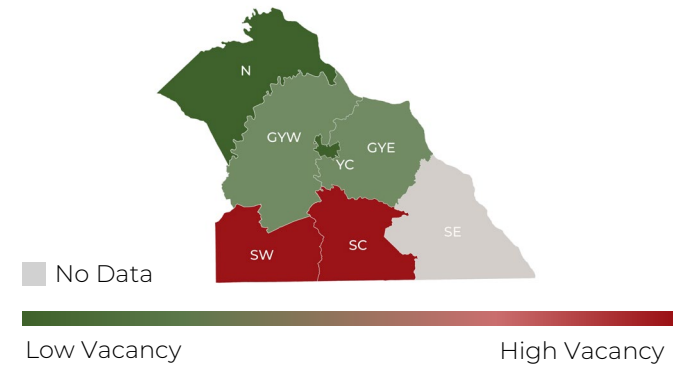
## NET ABSORPTION BY SUBMARKET



## VACANCY BY SUBMARKET



## VACANCY BY SUBMARKET



## Key Lease Transactions Q2 2020

PROPERTY	SF	TENANT	TRANSACTION
699 Yorktown Rd, Lewisberry	732,000	Chewy, Inc.	New
515 Zarfoss Dr, York	312,769	The Wolf Organization, LLC	Renewal
2925-2955 E Market St, York	135,049	Withheld	New
1160 Fahs St, York	21,361	M & M Quality Solutions, Inc.	New
207 Redco Ave, Red Lion	19,150	Hemp Innovations, LLC	New

## Key Sales Transactions Q2 2020

PROPERTY	SF	SELLER/BUYER	PRICE
589 Davies Dr, York	73,850	Integra York PA, Inc. / AJM Realty, LLC	\$3,500,000
310 Emig Rd, York	34,500	Fox Land Associates, Ltd. / SBS Investments, LLC	\$1,770,000
3230 Susquehanna Tr N, York	33,880	3230 Susquehanna, LLC / Codorus Stone & Supply Co, Inc.	\$2,250,000
5410 Mount Pisgah Rd, York	16,439	William N. & Susanne C.W. Luddy / Community Volunteer Fire Co. No. 1 of Yorkana, PA	\$3,701,311
176 Bowman Rd, York	5,000	Briar Lease Inc. / ABC York, Inc.	\$285,000