

MARKET REVIEW

OFFICE | Lancaster County, PA | Q2 2020



Minimal Vacancy Increase Of 0.51%, Leased Square Feet On Par With Q1

OUTLOOK

- Vacancy remains low overall despite 0.51% uptick in Q2 and well below national average of 13.7%.
- 64% of leases were for spaces 2,000 SF or less.
- 91% of reported leases were for Class A and Class B space.
- With more inventory leased than introduced to the market, net absorption flipped positive year-to-date at 22,289 SF.

OVERVIEW

As restrictions ease regarding a return to the office, workers are returning to the office adhering to state mandates to protect the health of themselves and their colleagues. Predictions abound as to the long term effects remote work scenarios will have on the office sector from mass exodus from CBD's to suburban markets, downsizing of office footprints, and shifts to more health conscious tenant preferences.

Diversifying tenant mix is one way to spread risk amidst uncertainty in a post-COVID 19 world. Greenfield Corporate Center is further diversifying their corporate campus offering high-value office and industrial space, rebranding to simply "Greenfield" to better identify with their wide range of tenants. Among a roster of office tenants, projects ranging from residential development, technology training facilities, recreational parks and trails, and industrial warehouses are laid out in future plans for Greenfield.

The latest addition to Greenfield was Armstrong Flooring, Inc.. Armstrong is relocating their headquarters to occupy 58,000 SF of flex office at 1740 and 1760 Hempstead Road in Lancaster. The buildings are under renovation and scheduled to be ready for occupancy in 2021.

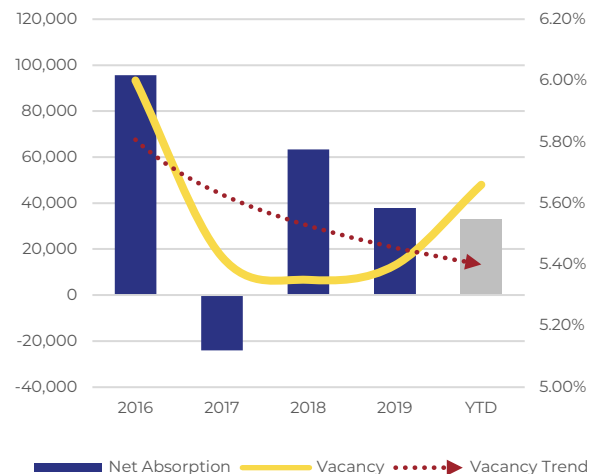
Statistics in Q2 show a decline in average lease rate and uptick in vacancy. However, observing this data year-to-date shows that since 2019 the average lease rate has increased \$1.21 and vacancy remains stable only increasing 0.31%.

Since the sharp decrease in 2017, vacancy has remained historically low overall. Vacancy in Lancaster County remains well below the national average of 13.7% and we have yet to observe a sharp swing in vacancy up or down due to disruption from COVID-19. Suburban markets outside major metros have shown signs of being more resilient during the pandemic. However, this situation may change the more prolonged the situation becomes.

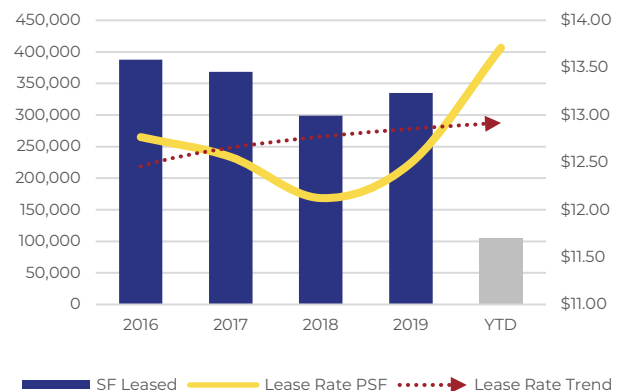
MARKET INDICATORS

Total Inventory	16.93 MSF	▲
Sales (\$)	\$927,500	▼
Sales (SF)	18,521 SF	▼
Total Vacancy	5.91%(+0.51%)	▲
Total Leased (SF)	55,105 SF	▼
Average Rent	\$11.20(-\$.02)	▼

NET ABSORPTION & VACANCY



SF LEASED & AVG LEASE RATE

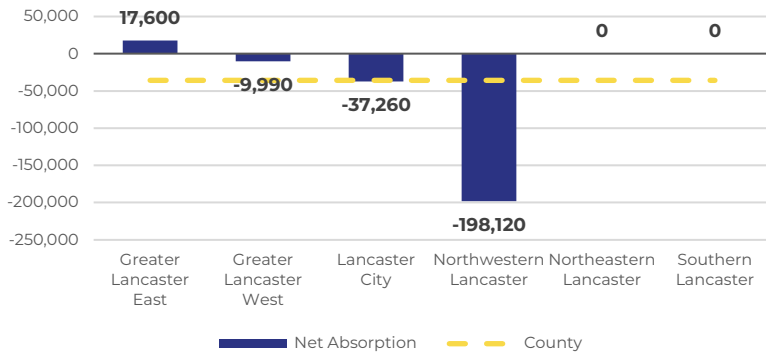


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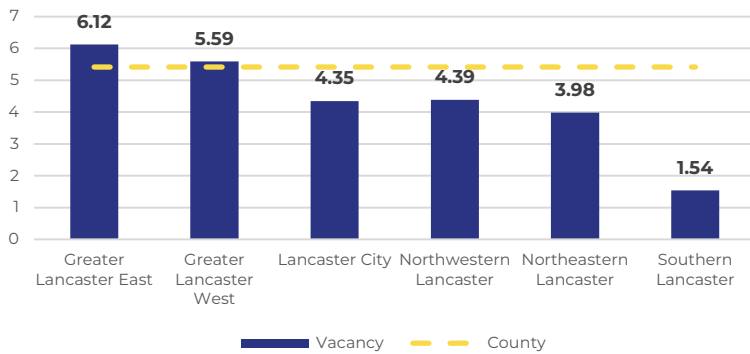
Lancaster County, PA

Q2 2020

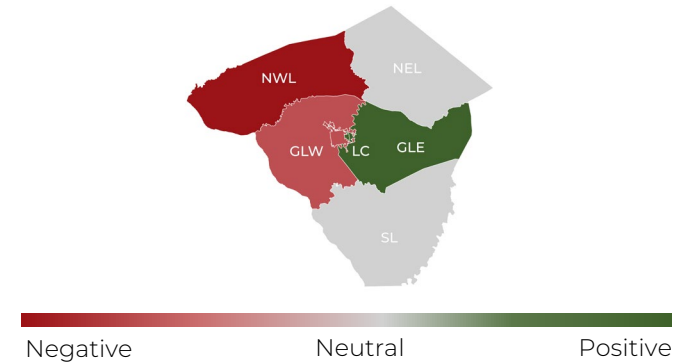
NET ABSORPTION BY SUBMARKET



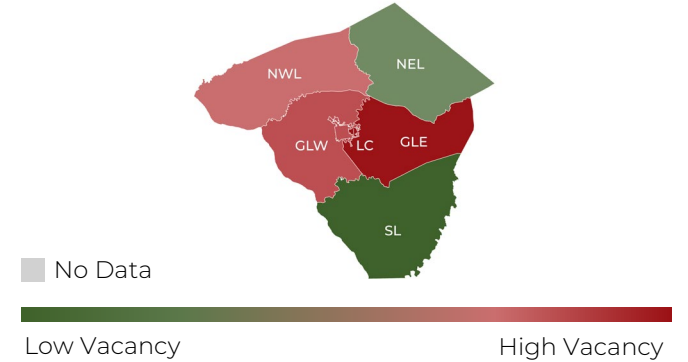
VACANCY BY SUBMARKET



NET ABSORPTION BY SUBMARKET



VACANCY BY SUBMARKET



Key Lease Transactions Q2 2020

PROPERTY	SF	TENANT	TRANSACTION
1740-1760 Hempstead Rd, Lancaster	58,000	Armstrong World Industries, Inc.	New
1827 Colonial Village Ln, Ste 101, Lancaster	33,309	Name Withheld	New
1770 Hempstead Rd, Ste 101, Lancaster	13,060	Name Withheld	New
1655-1661 Old Philadelphia Pk, Lancaster	3,935	Name Withheld	New
1018 Christian St, Ste B-1, Lancaster	2,400	Name Withheld	New

Key Sales Transactions Q2 2020

PROPERTY	SF	SELLER/BUYER	PRICE
430 W Orange St, Lancaster	11,326	Rc 3, LLC / Cey, LLC	\$450,000
43 N Lime St, Lancaster	5,954	Wendy Chan / North Lime Street, Inc.	\$404,570
431 W Grant St, Lancaster	4,700	Rc 3, LLC / Name Withheld	\$250,000
128 E Grant St, Ste 201, Lancaster	1,495	Douglas Phillips / Name Withheld	\$135,000
2938 Columbia Ave, Unit 1A, Lancaster	1,000	Edward & Ruth Grzybicki / Name Withheld	\$92,500

