

MARKET REVIEW

OFFICE | York County, PA | Q2 2020



Average Lease Rates Continue Increase

OUTLOOK

- York County office sector continues to demonstrate resiliency to shakeups and market downturns even amidst the COVID-19 pandemic
- \$4.1M remains under contract at the close of Q2 potentially providing a strong start in Q3.
- York Exponential has begun construction on their Fortress of York Initiative at the former Western National Bank building in York City. The Fortress of York will work in tandem with the Innovation District to provide an 8,000 SF facility to house a STEM, robotics and computer programming center.

OVERVIEW

The York County office sector continues to demonstrate resiliency to shakeups and market downturns even amidst the COVID-19 pandemic. Threats from teleworking, staggered scheduling and desire to reduce rent expense may still prove worrisome in the future as the health crisis continues. Long term, tenant preferences may shift from open concepts to closed private offices due to health concerns and decrease overall in size as remote working becomes normalized.

Amidst all the upheaval experienced in other areas of the nation, prevalence of suburban office supply in York County will be an attractive alternative for tenants seeking affordable and amenity rich space outside of large urban metros. There remains a high supply of office available including 630,936 SF of professional office and 172,884 SF of medical office throughout York County.

The swing in vacancy remains tight varying no more than 0.57% over the past five years. Vacancy ticked down slightly to 5.66%, a .03% difference from last quarter.

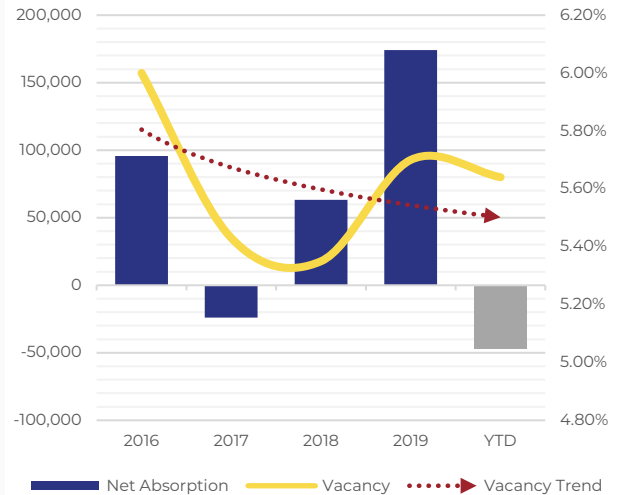
Although leasing activity was slower overall, lease rates of completed deals experienced a \$1.67/SF increase from last quarter to \$12.76/SF. Year-to-date the average lease rate is just shy of \$12.00/SF. This increase in average lease rates quarter can be attributed to a high number of new leases at professional centers pushing rents upwards of \$14/SF. Centers that pushed lease rates this quarter include Shrewsbury Commons Professional Center, York Executive Center and Pine Grove Commons.

UPMC Pinnacle outpatient center on Brunswick Drive in Hanover remains in its final stages of construction. Construction is projected for Q3 of 2020 and will deliver 43,200 SF of outpatient medical office.

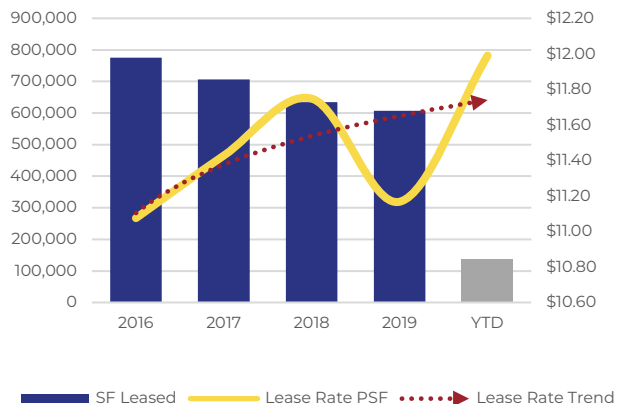
MARKET INDICATORS

Total Inventory	13.17 MSF	▲
Sales (\$)	\$1.4M	▼
Sales (SF)	29,000 SF	▼
Total Vacancy	5.66% (-0.03%)	▼
Total Leased (SF)	16,561 SF	▼
Average Rent	\$12.76 (+\$1.67)	▲

NET ABSORPTION & VACANCY



SF LEASED & AVG LEASE RATE

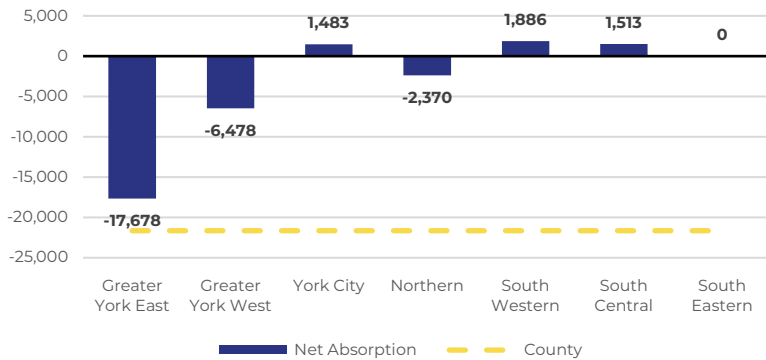


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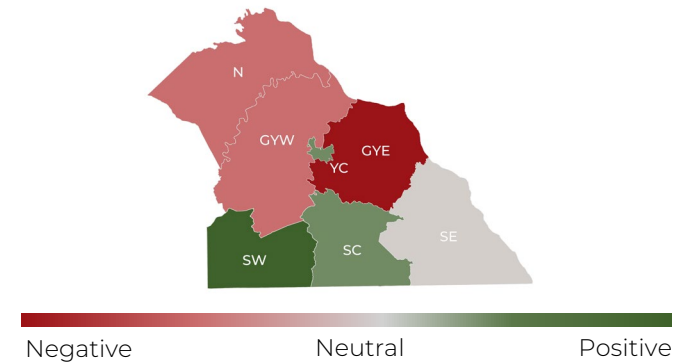
York County, PA

Q2 2020

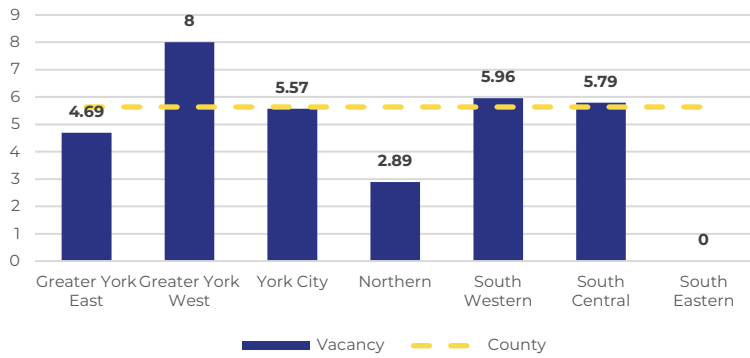
NET ABSORPTION BY SUBMARKET



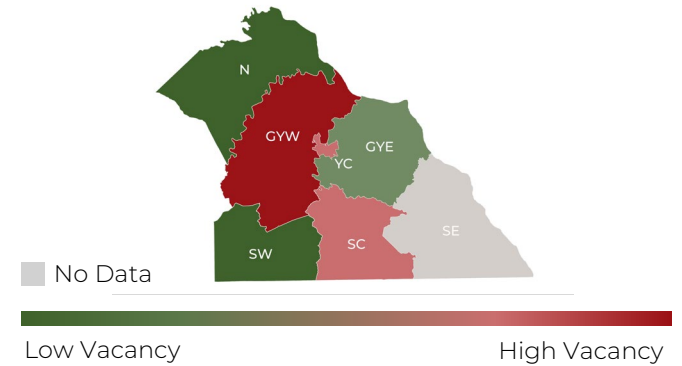
NET ABSORPTION BY SUBMARKET



VACANCY BY SUBMARKET



VACANCY BY SUBMARKET



Key Lease Transactions Q2 2020

PROPERTY	SF	TENANT	TRANSACTION
1410-1420 Sixth Ave, York	8,097	York County Literacy Council	New
3501 Concord Rd, York	6,492	NuTec Design Associates, Inc.	New
1010-1050 Plymouth Rd, York	6,400	Small Steps Day Care School, Inc.	New
16312 Mount Airy Rd, Shrewsbury	3,035	Withheld	New
110 Pine Grove Commons, York	1,572	PhyMed Management, LLC	New

Key Sales Transactions Q2 2020

PROPERTY	SF	SELLER/BUYER	PRICE
22-26 Roths Church Rd, Spring Grove	8,993	M. Elizabeth Rahn & Brian L. Reigart / Dave Summers	\$565,000
19 N Baltimore St, Dillsburg	5,607	Vernon & Faye Anderson / Devspire, LLC	\$285,000
1924 Carlisle Rd, York	3,624	Julie P. Nickles, Do / OM Medical Group, PC	\$240,000
44 N Fifth St, Mount Wolf	4,430	Wjl Investors, Inc. / Ryland Equities, LLC	\$215,000
1157 Eichelberger St, Condo Unit 5, Hanover	1,174	Sturgill Realty / Withheld	\$115,000

