

# MARKET REVIEW

RETAIL | Lancaster County, PA | Q2 2020



## Low Vacancy In Premium Centers Despite Overall Vacancy Increase

### OUTLOOK

- Vacancy rate for Lancaster County across all types of retail is on par with the national trend. Vacancy in Lancaster County is currently at 6.18% while the national average sits at 6.8%.
- Class B & Class C retail accounts for 85.1% of all vacant retail space.
- Flexibility, adaptability and creativity is essential to retailer success in a COVID-19 world. Architecturally, modular designs for retailers and restaurants will allow a space to easily adapt between red, yellow and green phase restrictions.
- Lease rates are down this quarter, possibly fueled by limited inventory in premium rate shopping centers such as Shoppes at Belmont, Overlook Town Center, and Lime Spring Square, among others. Leases at these centers had been boosting the county average with signed leases upwards of \$15/SF.

### 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 are quickly discovering how technology can support their business in times of crisis. Systems to provide curbside pickup of merchandise, online purchasing, and delivery options are essential to meeting needs of consumers.

Vacancy climbed to 6.18% this quarter, an increase of 0.68% since last quarter. Absorption continues to trend negative with more inventory placed on the market than able to be leased. It is important to note that this vacancy rate and absorption number encompass all types of retail space. Observing shopping center vacancy alone reveals a significantly lower rate of 3.27% and absorption of +16,570 SF.

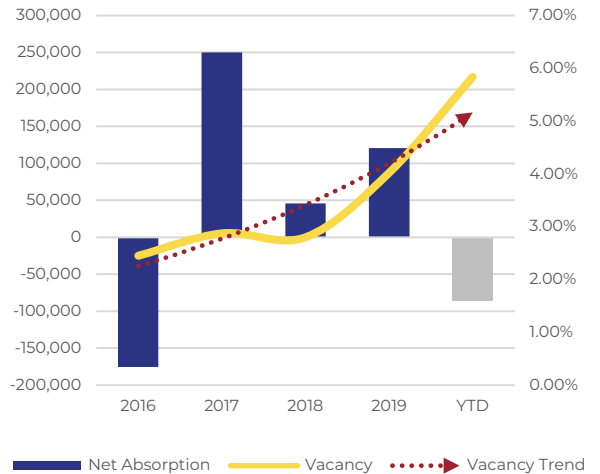
Lease rates took a tumble this quarter to \$10.48/SF down from \$14.99/SF reported last quarter. The average lease rate for the year has also declined from \$14.63/SF in 2019 to the current \$12.73/SF. In the past, the average lease rate has been driven upwards of \$15/SF by premium rate shopping centers on the periphery of Lancaster City. These spaces are in high demand and minimal availability remains at projects such as Shoppes at Belmont, Overlook Town Center, and Lime Spring Square, among others.

Sales were down from last quarter totaling \$6.72M. Key sales included the \$1.16M sale of 3513-3515 Columbia Avenue in Lancaster and \$1.15M sale of 401 S. Seventh Street in Akron. 3513-3515 Columbia Avenue is anchored by Dollar General. 401 S. Seventh Street in Akron is a multi-tenant retail center strategically located along PA Route 272.

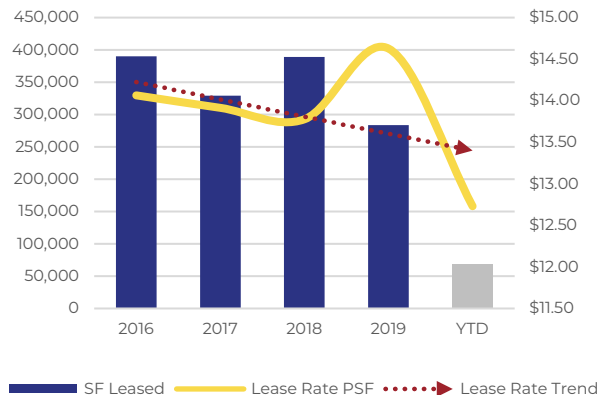
### MARKET INDICATORS

Total Inventory	31.05 MSF	▼
Sales (\$)	\$6.72 M	▼
Sales (SF)	60,932 SF	▼
Total Vacancy	6.18% (+0.68%)	▲
Total Leased (SF)	30,825 SF	▼
Average Rent	\$10.48 (-\$4.51)	▼

### NET ABSORPTION & VACANCY



### SF LEASED & AVG LEASE RATE

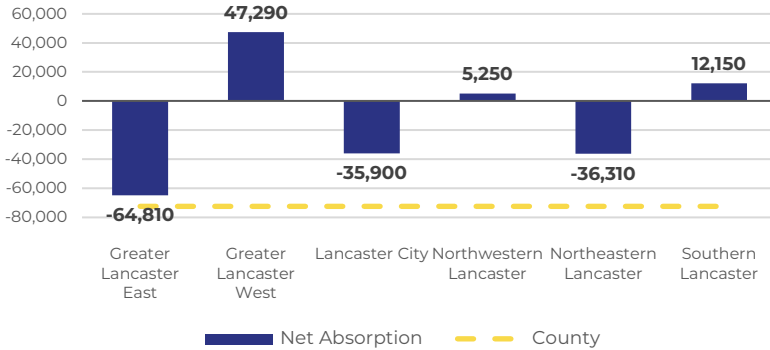


# RETAIL

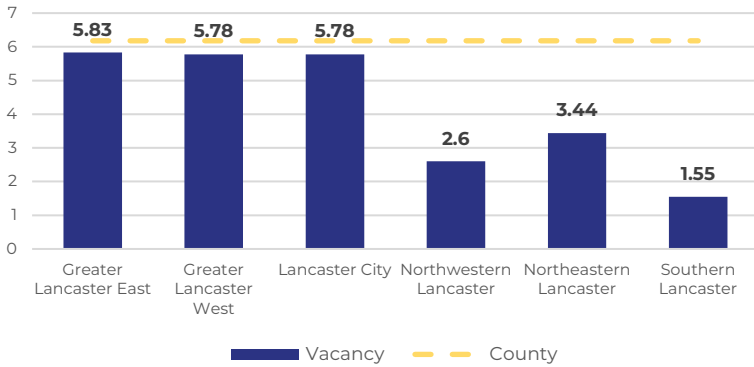
Lancaster County, PA

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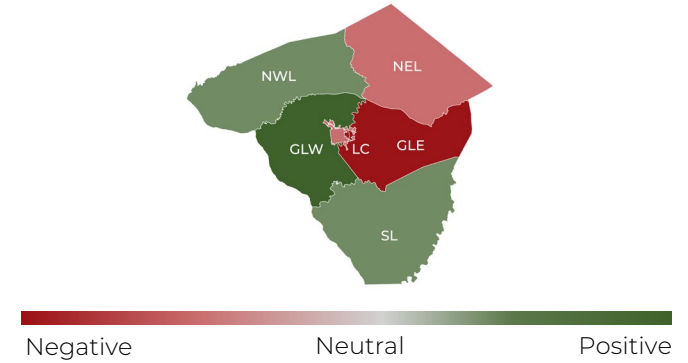
## NET ABSORPTION BY SUBMARKET



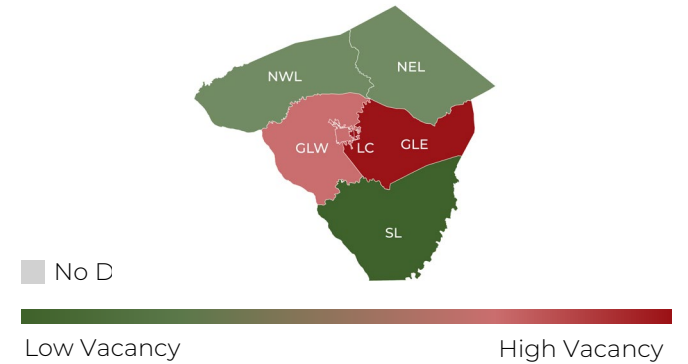
## VACANCY BY SUBMARKET



## NET ABSORPTION BY SUBMARKET



## VACANCY BY SUBMARKET



## Key Lease Transactions Q2 2020

PROPERTY	SF	TENANT	TRANSACTION
832-884 Plaza Blvd, Unit 898, Lancaster	14,400	Just Furniture	New
655 Newport Rd, Lititz	3,195	Name Withheld	New
832-884 Plaza Blvd, Unit 896H, Lancaster	2,800	Name Withheld	New
780 Rt 41, Gap	2,656	Name Withheld	New
3009-3067 Columbia Ave, Unit 3059, Lancaster	1,800	Name Withheld	New

## Key Sales Transactions Q2 2020

PROPERTY	SF	SELLER/BUYER	PRICE
3513-3515 Columbia Ave, Lancaster	12,210	A&S Realty & Investment Corp / Name Withheld	\$1,165,000
401 S Seventh St, Akron	5,331	Marcozzi, LLP / Giuseppe & Anna Conigliaro	\$1,150,000
1121 Main St, Blue Ball	6,356	L&S Rental Properties, LLC / Name Withheld	\$385,000
1085 Main St, Blue Ball	1,334	Chadni, LLC / Name Withheld	\$365,000
3119 Lincoln Hwy E, Paradise	3,520	Wells Fargo & Company / Crusade Properties, LLC	\$290,000

