

MARKET REVIEW

RETAIL | York County, PA | Q2 2020



Large Footprint Vacancies Fuel 0.91% Increase In Vacancy In Q2

OUTLOOK

- Adopting creative solutions to connect with customers remains key to success amidst health concerns. Demonstrating and promoting a health conscious environment to customers will become an integral part of a company's brand.
- Real estate featuring existing drive-thrus and established online ordering helped QSR's fair easier than other restaurant types.
- Printing and media companies have discovered new opportunities filling demand for branded social distancing floor markers, posters and hand sanitizing stations.
- 89% of new retail leases this quarter took place in suburban markets (outside a city or borough).
- 78% of all retail leases were less than 2,000 SF.

OVERVIEW

How tenacious will the American consumer be to once again patron physical stores, venues, and restaurants? Media reports on spikes in COVID-19 cases following reopening suggests it is high.

As restrictions on retailers ebb and flow with the COVID-19 pandemic, having plans in place to quickly pivot between red, yellow and green phases will be critical. Reliance on technology will help to aid in these transitions informing staff and customers on how they can contact and continue doing business with you in the various phases and restrictions.

The standout metric this quarter was vacancy. A five year low in vacancy of 4.98% was achieved in 2018 but overall continues on an upward trend to the current 7.97% across all retail types. Vacancy among shopping centers remains higher at 11.22%. Recently closed A.C. Moore and Wolf Furniture locations are contributing over 75,000 square feet of available freestanding and shopping center inventory to York County. Situations like this present creative opportunities for tenants and developers to reimagine the space.

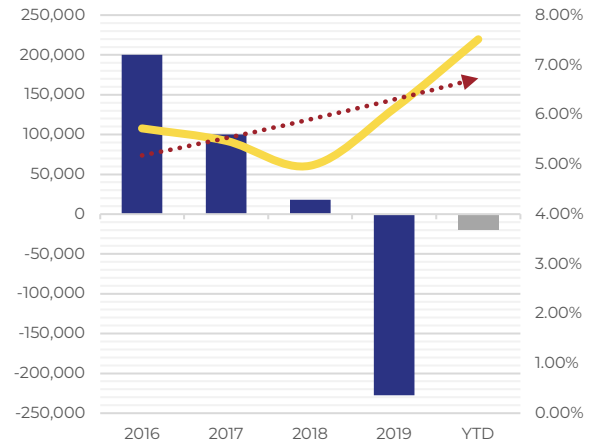
Average lease rates show a decrease of \$2.13 this quarter to \$10.89/SF. This decrease is attributed to more leases being signed at convenience shopping centers and street retail locations rather than anchored power centers. Year-to-date the overall average lease rate sits at \$12.78/SF.

Negative absorption levels combined with steadily increasing vacancy rates suggests that supply has been outpacing demand. Although absorption remains negative year-to-date, the change was positive this quarter bringing the absorption value closer to zero.

MARKET INDICATORS

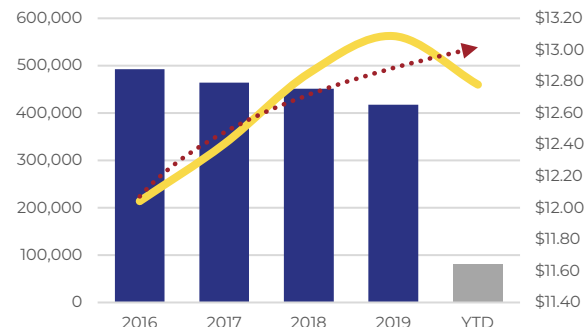
Total Inventory	28.86 MSF	▲
Sales (\$)	\$7.03M	▲
Sales (SF)	49,082 SF	▲
Total Vacancy	7.97% (+0.91%)	▲
Total Leased (SF)	29,183 SF	▼
Average Rent	\$10.89 (-\$2.13)	▼

NET ABSORPTION & VACANCY



■ Net Absorption — Vacancy ●●● Vacancy Trend

SF LEASED & AVG LEASE RATE



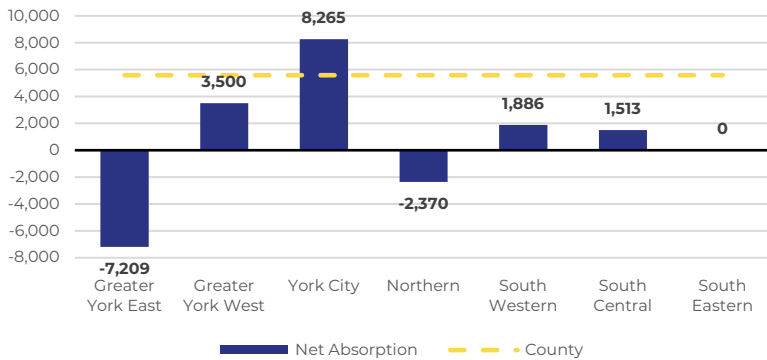
■ SF Leased — Lease Rate PSF ●●● Lease Rate Trend

RETAIL

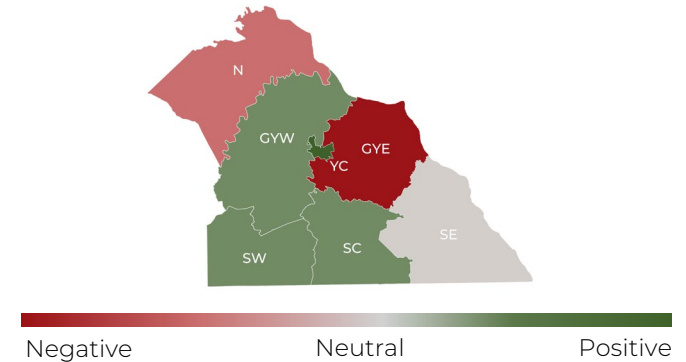
York County, PA

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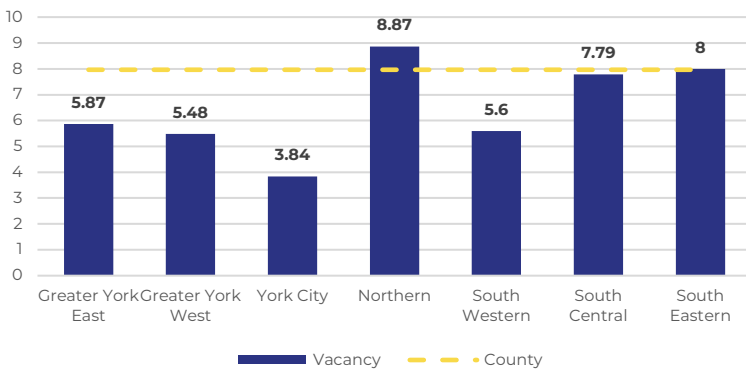
NET ABSORPTION BY SUBMARKET



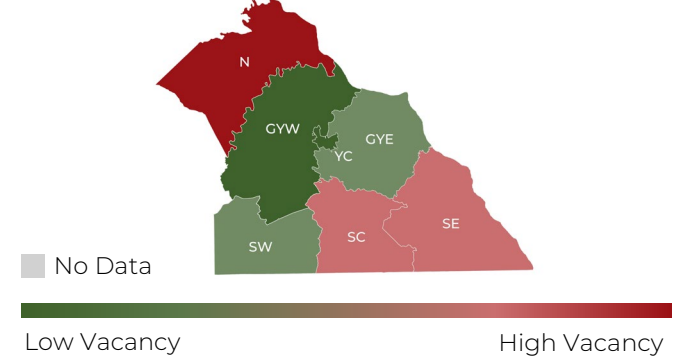
NET ABSORPTION BY SUBMARKET



VACANCY BY SUBMARKET



VACANCY BY SUBMARKET



Key Lease Transactions Q2 2020

PROPERTY	SF	TENANT	TRANSACTION
903-905 Loucks Rd, Two Guys Commons, York	12,125	Withheld	New
2501-2555 E Market St, York Marketplace, York	7,996	Kids First Swim Schools	New
1461 W King St, York	3,286	J & J Auto Transmission General Mechanic	New
1201 Carlisle Rd, Delco Plaza, York	1,500	Pasta Presto	New
783-851 Baltimore St, Hanover	1,200	Red Barn Boutique	New

Key Sales Transactions Q2 2020

PROPERTY	SF	SELLER/BUYER	PRICE
703 Loucks Rd, York	6,018	Frontier Development / SR2S Expedition, LLC	\$3,285,428
3401-3315 Concord Rd, Parcel D, York	4,500	Quattro Development, LLC / 3401 Concord Road, LLC	\$1,740,000
11951 Winterstown Rd, Dollar General, Red Lion	9,100	Red Lion Winterstown DPP, LLC / Sunrise Outdoor Adventures, LLC	\$1,588,000
165 McAllister St, Hanover	15,140	Beacon Industries, Inc. / Jeffrey S. Wright	\$385,000
20 McKinley Ave, Former Restaurant, Hanover	4,566	Gerald & Dawn Gesiorski / Sensenig Real Estate, LLC	\$110,000