

MARKET REVIEW

INDUSTRIAL | Lancaster County, PA | Q3 2020



Lease Rates Exceed National Average at \$6.65 Per Square Foot

OUTLOOK

- Average lease rates continue to increase and exceed the national average of \$6.63 / SF.
- 62.5% of leases were for units 10,000 SF or less.
- 521,000 SF of Class A warehouse is currently under construction and due for delivery in Q1 2021.
- Vacancy remains below the national average of 5.3%.

OVERVIEW

Lease rates remain stable witnessing modest increases since Q1 2020. Rates rose for the third consecutive quarter in 2020 rising \$0.14 in Q3 and \$0.25 year-to-date.

Vacancy also rose 0.41% this quarter to the current 4.7%. Five vacancies each totaling more than 100,000 SF are contributing to this vacancy comprising 38.5% of vacant square feet in Lancaster County. 1905 Horseshoe Road, Lancaster and 301 Richardson Drive, Lancaster account for 447,520 of this vacant square feet. Despite this increase in vacancy, Lancaster County remains well below the national average of 5.3%.

Vacancy is expected to increase again in Q1 2021 as 521,000 SF of Class A warehouse is currently under construction and due for completion in the spring.

While total leased square feet was up from last quarter, this metric has a lot of ground to cover to catch up to 2019 levels. 2.3 MSF was reported leased at this time last year compared to 323,451 SF year-to-date. This disparity in leased square feet can be attributed to a lower number of lease transactions with only 17% of transactions in Q3 being 100,000 SF or larger.

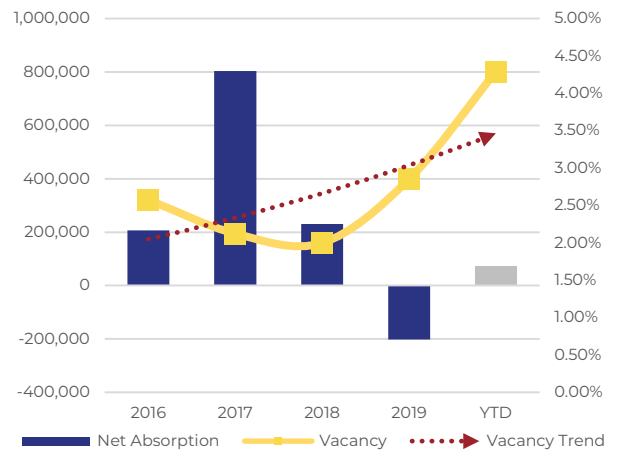
Sales dollar volume ended at \$8.8M, up from the \$4.83M reported last quarter. The \$4M sale of 99 Industrial Road, Elizabethtown accounts for 45.4% of sales volume and 37% of square feet sold in Q3. \$8.2M and 153,400 SF remains under contract at the close of Q3.

An additional 1.2 MSF of warehouse remains proposed to be built though development dates remain uncertain. The largest developments include 502,500 SF at 791 Stony Battery Road, Landisville and 251,250 SF at 701 Stony Battery Road, Landisville.

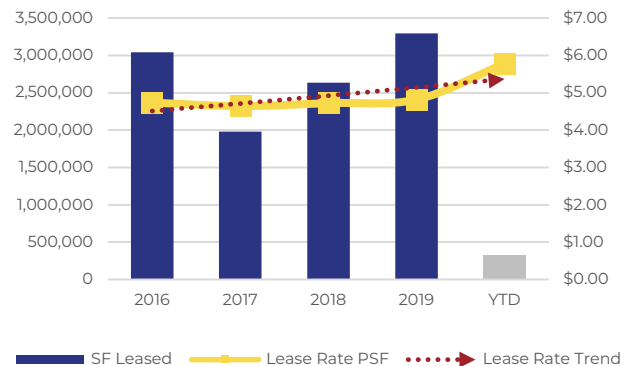
MARKET INDICATORS

Total Inventory	79.65 MSF	▲
Sales (\$)	\$8.86M	▲
Sales (SF)	142,546 SF	▲
Total Vacancy	4.7% (+0.41%)	▲
Total Leased (SF)	99,352 SF	▲
Average Rent	\$6.65 (+\$0.88)	▲
Average Rent <i>12 month rolling average</i>	\$5.66 (-\$0.07)	▼

NET ABSORPTION & VACANCY



SF LEASED & AVG LEASE RATE

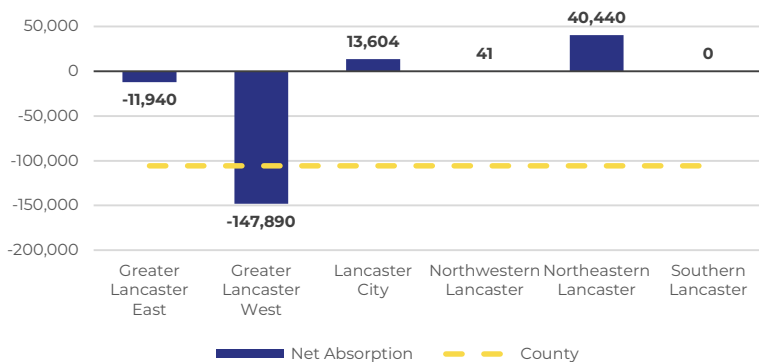


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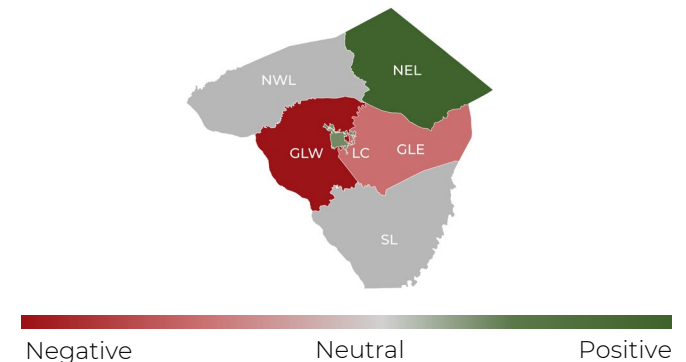
Lancaster County, PA

Q3 2020

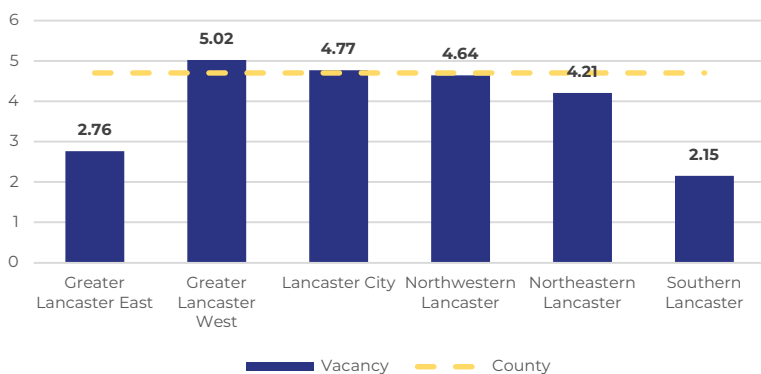
NET ABSORPTION BY SUBMARKET



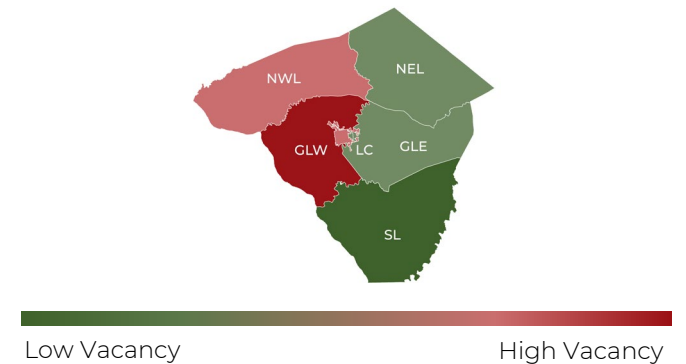
NET ABSORPTION BY SUBMARKET



VACANCY BY SUBMARKET



VACANCY BY SUBMARKET



Key Lease Transactions Q3 2020

PROPERTY	SF	TENANT	TRANSACTION
501 Alexander Dr, Ephrata	40,000	Name Withheld	New
1004 New Holland Ave, Lancaster	13,604	Name Withheld	New
2950 Old Tree Dr, Lancaster	10,400	Name Withheld	New
909 Strickler Rd, Manheim	8,640	Name Withheld	New
2013 Single Tree Ln, Lancaster	7,000	K&D Factory Service, Inc.	New

Key Sales Transactions Q3 2020

PROPERTY	SF	SELLER/BUYER	PRICE
99 Industrial Dr, Elizabethtown	52,350	Brian & Lucinda Crowe / J&R Investments, Inc.	\$4,000,000
200 Centerville Rd, Lancaster	43,808	Esquire Mfg Technologies, Inc. / PAP Technologies, Inc.	\$2,900,000
1195 Enterprise Rd, East Petersburg	10,563	Dtt Meck Holding Company, LLC / JKL Real Estate, LLC	\$1,200,000
955 W Main St, Mount Joy	25,793	B.D. Hogan, Inc. / CBH Group II, LLC	\$660,000
1698 Temple Ave, Lancaster	6,432	1698 Temple Ave, LLC / 1698 Temple, LLC	\$517,500