

MARKET REVIEW

INDUSTRIAL | York County, PA | Q3 2020



1.19% Vacancy Increase In Q3 Attributed to Speculative Construction

OUTLOOK

- Speculative construction at The Cubes at Emig Road and newly completed 693 N Hills Road in York accounts for over 650,000 vacant square feet in Q3.
- 3.57 MSF remains under construction with an additional 5.89 MSF of warehouse proposed to be built. Vacancy will continue to see an increase over the next year should these projects be completed prior to securing tenants.
- Demand for warehousing is expected to remain high as online order fulfillment gains momentum from the ongoing pandemic.
- 54% of leased square feet was located in the region of Greater York West with an average unit size of 12,481 SF.

OVERVIEW

Despite the ongoing COVID-19 pandemic, the industrial sector continues to prove a safe haven for investors with favorable lease rates and vacancy rates on par with the national average of 5.3%.

Leasing activity was low this quarter with only 150,021 SF leased and down significantly compared to 2019. An additional 2.2 MSF will need to be leased in Q4 to match 2019 levels.

Average lease rates among Class A and Class B industrial showed little change decreasing only -\$0.02 this quarter to \$5.24/SF. Average rents remain on a five year upward trend beginning at \$3.60/SF in 2016 to the current \$4.63/SF year-to-date.

Sales volume is up \$2.04M and up 513,000 SF from last quarter. Sales at 26 Industrial Drive, Hanover and 515 Industrial Drive, Lewisberry accounted for 76% of sales dollars and 22% of square feet sold this quarter.

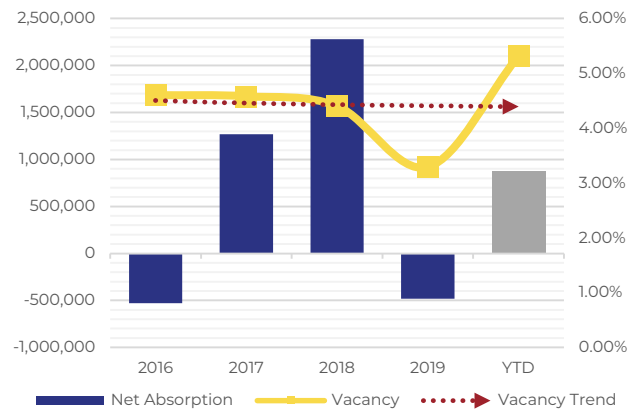
Industrial vacancy in York County deviated from a five year downward trend this quarter as year-to-date vacancy exceeded the national average of 5.3%. Vacancy among Class A & Class B increased by 1.19% to 5.32%. Leases at The Cubes at Emig Road or 693 N Hills Road in York would immediately restore vacancy to between 4-5%. Observing Class A alone, industrial vacancy also increased from 1.89% last quarter to 3.89%.

We expect York County vacancy to increase again in Q1, 2021 as more speculative construction is completed. Significant projects include two Core5 projects slated for delivery in December, 2020. Building 1 at Core5 at Codorus Creek will deliver 479,920 SF and two buildings at Core5 at Laughman Farms will deliver 421,751 SF.

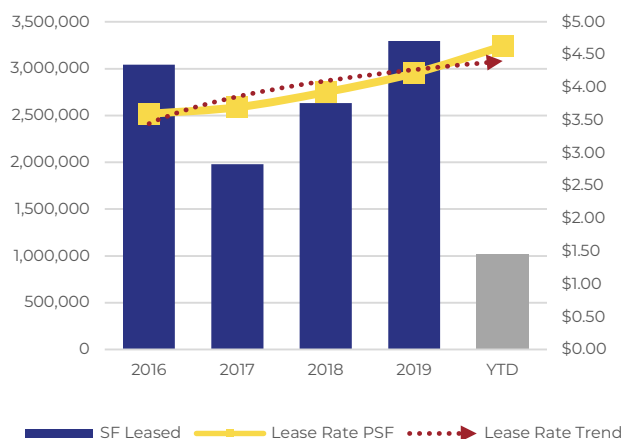
MARKET INDICATORS

Total Inventory	80.96 MSF	▲
Sales (\$)	\$13.54M	▲
Sales (SF)	676,989 SF	▲
Total Vacancy	5.32% (+1.19%)	▲
Total Leased (SF)	150,021 SF	▼
Average Rent	\$5.24 (-\$0.02)	▼
Average Rent <i>12 month rolling average</i>	\$5.54 (-\$0.36)	▼

NET ABSORPTION & VACANCY



SF LEASED & AVG LEASE RATE

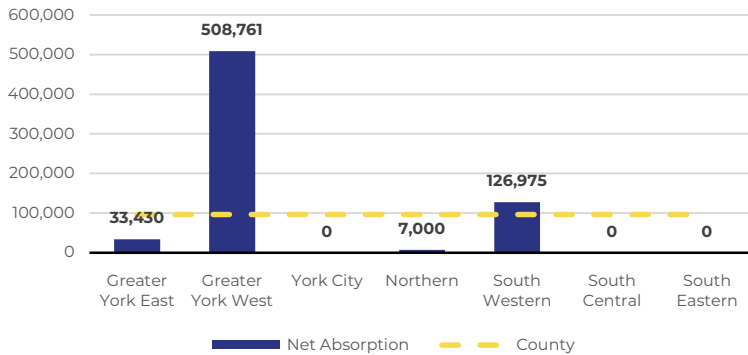


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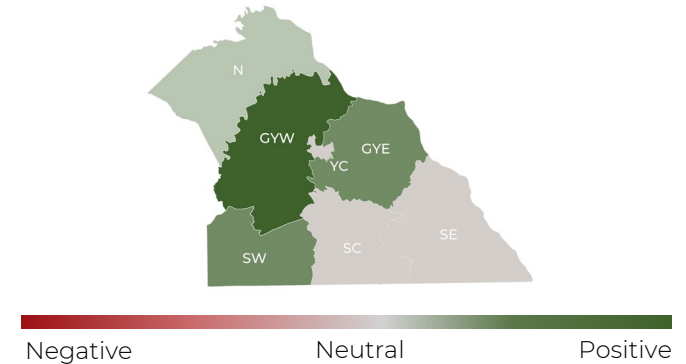
York County, PA

Q3 2020

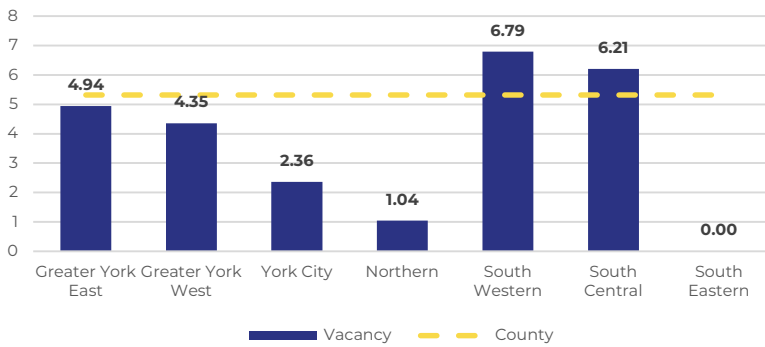
NET ABSORPTION BY SUBMARKET



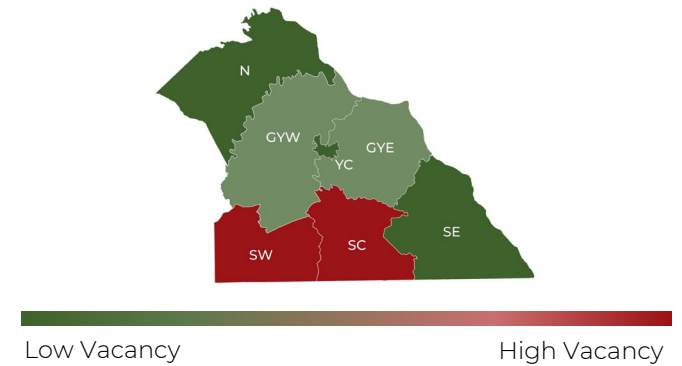
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VACANCY BY SUBMARKET



VACANCY BY SUBMARKET



Key Lease Transactions Q3 2020

PROPERTY	SF	TENANT	TRANSACTION
200 Shady Ln, Bldg 3, Manchester	110,400	Solo Stove	New
715 Willow Springs Ln, York	26,730	York E-M, Inc.	New
3325 Connelly Rd, Emigsville	18,053	Pennsylvania Department of Transportation	New
40 Leigh Dr, York	7,000	Powder Coating Specialists, LLC	New
78 Willow Springs Cir, York	6,600	Berkshire Systems Group, Inc.	New

Key Sales Transactions Q3 2020

PROPERTY	SF	SELLER/BUYER	PRICE
26 Industrial Dr, Hanover	64,000	Landec Corporation / Pero Farms Hanover Facility LI	\$8,700,000
515 Industrial Dr, Lewisberry	48,632	Fairview Industrial Ndi, LLC / AG-HS Fairview Industrial Prop Attn High Street Realty Co	\$3,420,000
160 E Ninth St, York	30,185	Laugerman Investment Partnership / North York Borough	\$750,000
120 Rose Ct, York	12,688	Carl E. Dallmeyer Family LP / Rose Ct, LLC	\$695,000
111 Forney Ave, Hanover	16,668	Hanover Conveying Systems, Inc. / Matthew 2523 Family, LLC	\$550,000