

MARKET REVIEW

RETAIL | Lancaster County, PA | Q3 2020



Vacancy Increase Stalls at 6.22% in Q3

OUTLOOK

- Lancaster vacancy of 6.22% sits below the national average of 7.1%.
- For restaurants applying to self-certify as a COVID-19 compliant business, they may operate at 50% capacity beginning on September 21st. Heading into a cold and flu season we will see if this easing of restriction is here to stay. However, providing the opportunity to seat additional patrons indoors will hopefully help to ease financial strain heading into the winter months
- Striking a balance between online presence and physical locations continues to remain a priority for retailers. Retailers able to achieve this balance will be presented with opportunities to grow even amidst uncertain circumstances.

OVERVIEW

As businesses grapple with downturns in economic activity, it has become clear that retailers who have suffered least from lockdowns will continue to drive demand. These are retailers selling essential products and discounted goods, including grocers, home supply stores, value stores, and bulk item stores.

Vacancy increase slowed this quarter rising just 0.04% to 6.22% for the quarter and 5.96% year-to-date. Vacancies at 142 Park City Center and East Towne Center, Lancaster accounted for 22.34% of vacant square feet in Q3.

Absorption continues its downward trend in 2020 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. Shopping center vacancy accounts for 2.3% of vacant space.

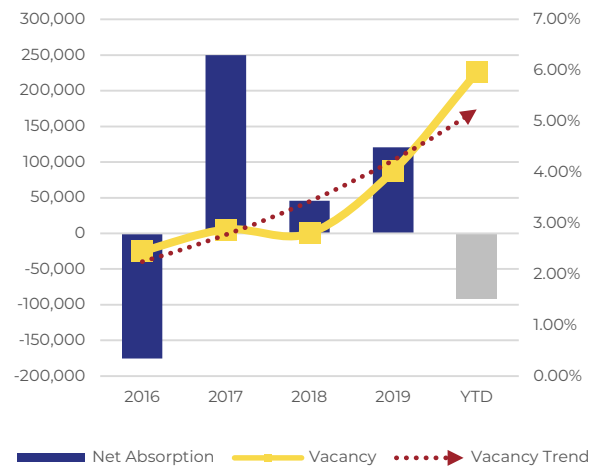
Lease rates rebounded this quarter to \$15.82/SF up from \$10.48/SF reported last quarter. Average lease rates have been driven upwards of \$20/SF by premium rate shopping centers on the periphery of Lancaster City. Notable leases pushing lease rates this quarter include Stone Mill Plaza, Lancaster Towne Center and The Shoppes. These centers are located primarily in Greater Lancaster West and Lancaster City.

Sales volume was down for the second consecutive quarter. Key sales included a two building investment sale of a Rite Aid and AutoZone at 825 E Chestnut Street, Lancaster and several auto service garages. Auto service locations accounted for 32.3% of sales volume and \$2.3M this quarter.

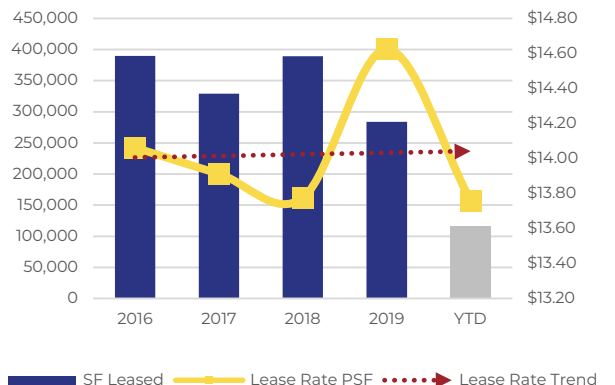
MARKET INDICATORS

| | | |
|---|-------------------|---|
| Total Inventory | 31.05 MSF | ▶ |
| Sales (\$) | \$7.12 M | ▲ |
| Sales (SF) | 49,252 SF | ▼ |
| Total Vacancy | 6.22% (+0.04%) | ▲ |
| Total Leased (SF) | 46,235 SF | ▲ |
| Average Rent | \$15.82 (+\$5.34) | ▲ |
| Average Rent <i>12 month rolling average</i> | \$16.39 (+\$0.09) | ▲ |

NET ABSORPTION & VACANCY



SF LEASED & AVG LEASE RATE

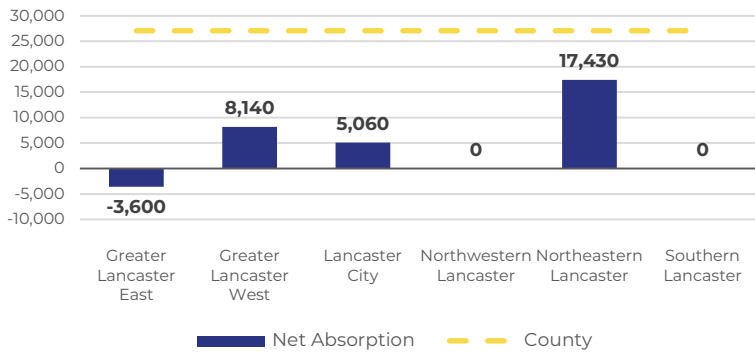


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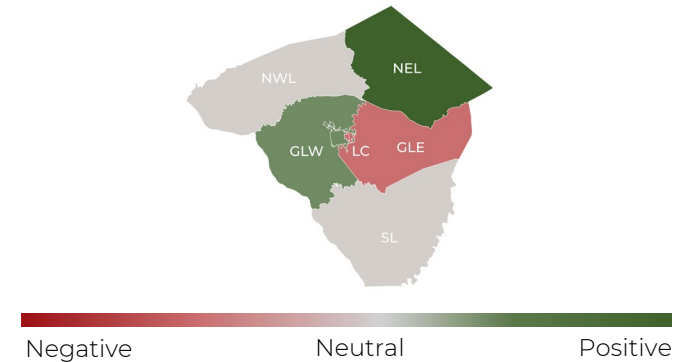
Lancaster County, PA

Q3 2020

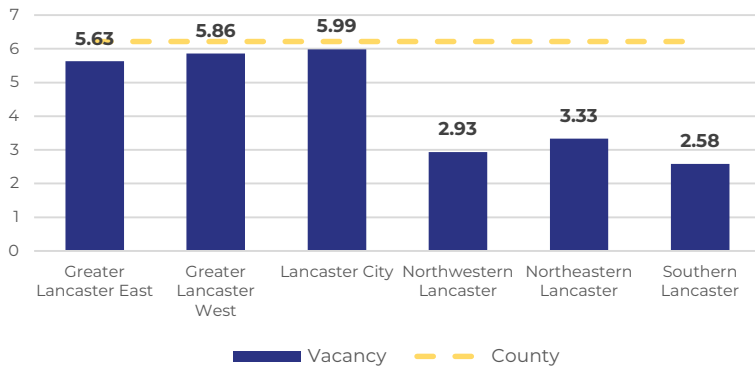
NET ABSORPTION BY SUBMARKET



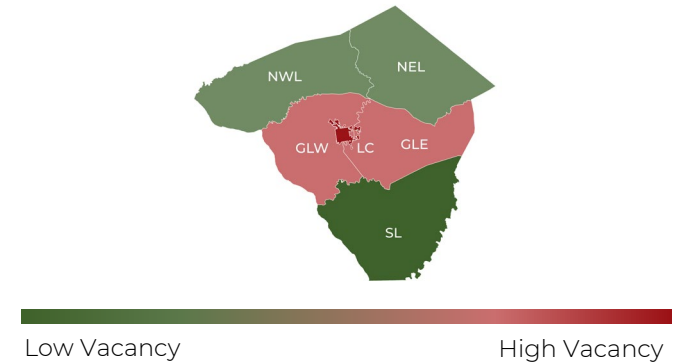
NET ABSORPTION BY SUBMARKET



VACANCY BY SUBMARKET



VACANCY BY SUBMARKET



Key Lease Transactions Q3 2020

| PROPERTY | SF | TENANT | TRANSACTION |
|---|--------|---------------|-------------|
| 240 N Reading Rd, Ephrata | 25,270 | Name Withheld | New |
| 1841 Columbia Ave, Wheatland Center, Lancaster | 2,800 | Name Withheld | New |
| 200 Main St, Denver | 2,000 | Name Withheld | New |
| 1842-1890 Fruitville Pk, Lancaster Towne Center | 2,000 | Name Withheld | New |
| 910-920 Duke St, Conestoga River Plaza | 1,925 | Name Withheld | New |

Key Sales Transactions Q3 2020

| PROPERTY | SF | SELLER/BUYER | PRICE |
|------------------------------|--------|--|-------------|
| 825 E Chestnut St, Lancaster | 21,180 | Bruce & Kathryn A. Sattazahn / Owls Nest Properties, LLC | \$4,000,000 |
| 859 W Main St, New Holland | 9,520 | Eric Gable / Cross Wrench Properties, LLC | \$950,000 |
| 715 E Main St, New Holland | 1,539 | Horseshoe Auto Sales, LLC / Name Withheld | \$685,000 |
| 11 Abraso St, Lancaster | 3,762 | Ricky Anderson / Unknown | \$610,000 |
| 113 S Seventh St, Akron | 3,738 | T&E Enterprises / Unknown | \$425,000 |