

MARKET REVIEW

RETAIL | York County, PA | Q3 2020



Absorption Rebounds Into Positive Territory, Vacancy Stalls At 7.95%

OUTLOOK

- Self-certification for food service operators began on September 21st allowing them to operate at 50% indoor capacity. Operators must abide by strict guidelines set forth by the state and undergo inspections to maintain eligibility.
- The Hutton Company, Inc. has purchased the former Ryan's Steakhouse at 341 Eisenhower Drive in Hanover for re-development. The site is currently under construction.
- Year to date absorption was positive for the second consecutive quarter in 2020 with more space being leased than placed on the market.
- 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.
- Bankruptcy proceedings for national retailers, particularly apparel, has led to restructuring of leases including temporary rent concessions. In many instances retailers are using bankruptcies as an opportunity to re-invent themselves.
- 63% of all retail leases were larger than 2,000 SF.

OVERVIEW

Countywide vacancy remains relatively unchanged shrinking only 0.02% to 7.95% for the quarter and averaging 7.51% year-to-date. The South Western Region reported the lowest vacancy rate at 4.34% while the South Central Region reported the highest vacancy rate at 11.9%. Sixty-four percent of vacant square feet in the South Central Region is found outside a shopping center including a blend of freestanding retail and auto service shops.

Absorption levels were positive for the second consecutive quarter in 2020. Year to date overall absorption is now positive with more space being leased than made available. This is a positive indicator, at least in the short term, of increased demand for bricks-and-mortar retail.

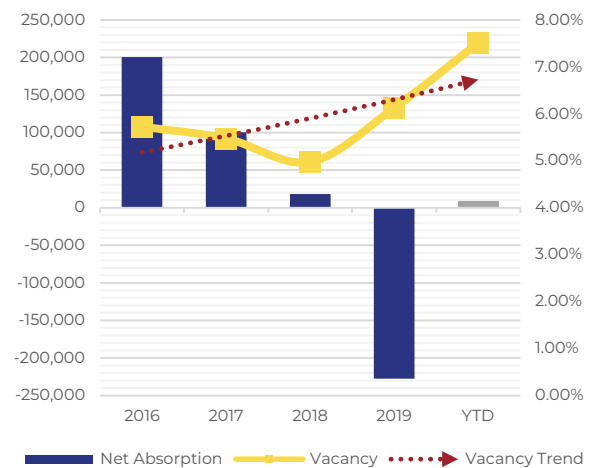
Average lease rates showed an increase of \$3.92 this quarter to \$14.81/SF. Leases at 890 Loucks Rd, York adjacent to Chipotle and the REVI Flats project in downtown York contributed to this average rate increase from last quarter. Year-to-date the overall average lease rate increased to \$12.90/SF..

Mavis Discount Tire has continued their push into South Central Pennsylvania opening two locations in Hanover since the start of the COVID-19 Pandemic.

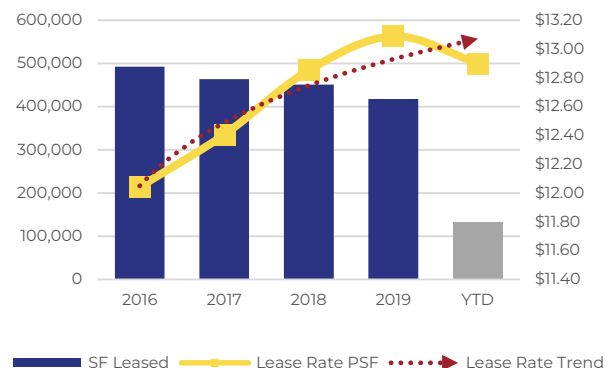
MARKET INDICATORS

Total Inventory	28.97 MSF	▲
Sales (\$)	\$6.36M	▼
Sales (SF)	67,690 SF	▲
Total Vacancy	7.95% (-0.02%)	▼
Total Leased (SF)	69,119 SF	▲
Average Rent	\$14.81 (+\$3.92)	▲
Average Rent <i>12 month rolling average</i>	\$15.01 (+\$0.29)	▲

NET ABSORPTION & VACANCY



SF LEASED & AVG LEASE RATE

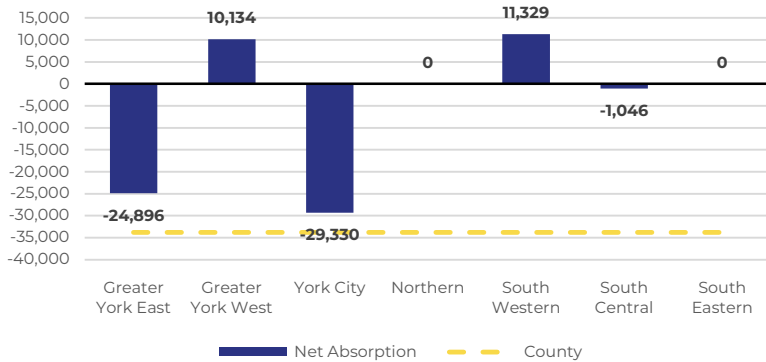


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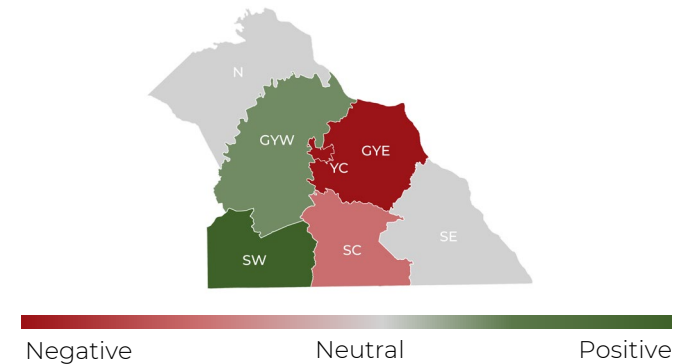
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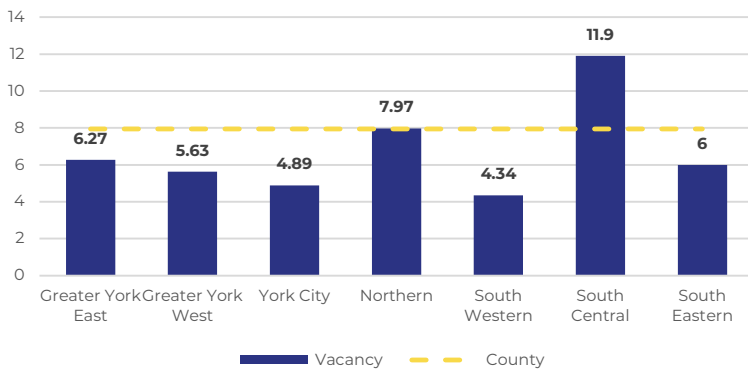
NET ABSORPTION BY SUBMARKET



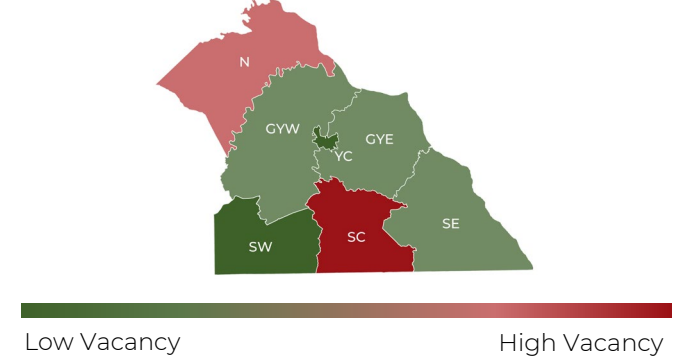
NET ABSORPTION BY SUBMARKET



VACANCY BY SUBMARKET



VACANCY BY SUBMARKET



Key Lease Transactions Q3 2020

PROPERTY	SF	TENANT	TRANSACTION
South York Plaza, York	9,850	LifePath Christian Ministries	New
2180 York Crossing Dr, York	8,140	Plaza Azteca	New
Market Square Shopping Center, Shrewsbury	7,500	Art Supply Store	New
440 Main St, Spring Grove, Spring Forge Shopping Center	6,720	Family Dollar Stores, Inc.	New
2811-2813 Prospect Rd, Heritage Plaza	3,275	Back Alley Axe	New

Key Sales Transactions Q3 2020

PROPERTY	SF	SELLER/BUYER	PRICE
341 Eisenhower Dr, Hanover	9,886	Divinity Investments, LLC / Hutton Hanover PA Street, LLC	\$1,050,00
2901 Whiteford Rd, York	7,364	2901 Whiteford Rd, LLC / Univest Bank & Trust Co.	\$795,000
41 E Princess St, York (Granfalloon's Tavern)	4,950	41-45 East Princess St, LP / KROY Properties, LLC	\$500,000
1125 Carlisle St, Hanover	4,278	Brad-Thomas Corp / Emig Enterprises, Inc.	\$350,000
535 N George St, York	5,068	Stagmyer Flower Shop / Comfort Zone Mattress	\$275,000