

MARKET REVIEW

INDUSTRIAL | York County, PA | Q4 2020



Vacancy Spike In Q4, New Construction Continues

HIGHLIGHTS

- 950,820 SF of completed construction in 2020 remains unleased.
- Vacancies between 150,000-350,000 SF constitute 51.88% of available square feet. An additional 1.7 MSF is proposed to be built in this size range, potentially triggering a glut in the market.
- Although increasing throughout 2020, vacancy is projected to flatten and then decline throughout 2021 as speculation building slows and absorption picks up.
- 97% of leased square feet was located in the region of Greater York West with an average unit size of 18,900 SF in Q4. The average unit size in 2020 was 53,075 SF.
- Demand for warehousing is expected to remain high to keep up with online order fulfillment, as e-commerce continues to become the desired means to shop.

OVERVIEW

York County is teeming with inventory with over 4.4 MSF available and an additional 3.89 MSF under construction. While we anticipate seeing many larger units being absorbed in 2021 or preleased, there is a potential over supply of units in the 150,000-350,000 SF range. Over 50% of available inventory falls within this size range with an additional 636,221 SF currently under construction.

Much of this industrial vacancy experienced an upward trend in 2020 and spiked to 7.08% in Q4. This spike is attributed to the The DRiV, Inc. vacating 708,000 SF at 20 Leo Lane in Manchester Township. Removing 20 Leo Lane from our vacancy measurement shows that vacancy continued to increase but at a less drastic 0.69%.

We expect York County vacancy to remain around 6% in the first half of 2021 as the market will take time to absorb 646,600 SF of completions set to occur in Spring, 2021. Should vacancies at The Cubes at Emig Road, 693 N Hills Road and 20 Leo Lane be leased, vacancy would be quickly restored to 5.6%.

Average lease rates among Class A and Class B industrial decreased \$0.35 /SF on the twelve month rolling average. Lease rates overall remain at a five year high.

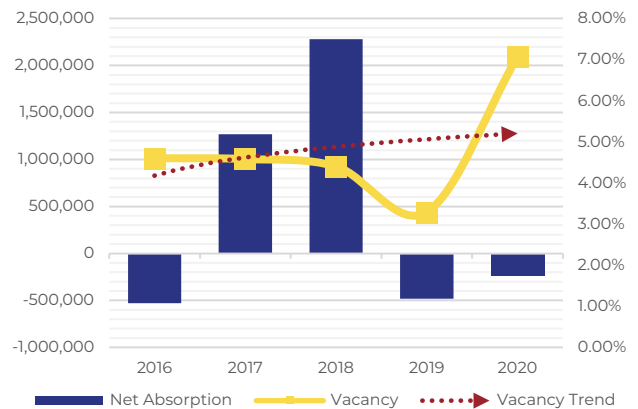
Leased square feet is down compared to the past five years. However, we expect this metric to increase in 2021 as several speculative builds are scheduled for completion to meet demands from large industrial users.

Sales volume is down \$3.45M from Q3. Sales at 3425 Woodbridge Court, 225 Hanover Road, and 105 Church Road accounted for 52% of sales dollars and 42% of square feet sold this quarter.

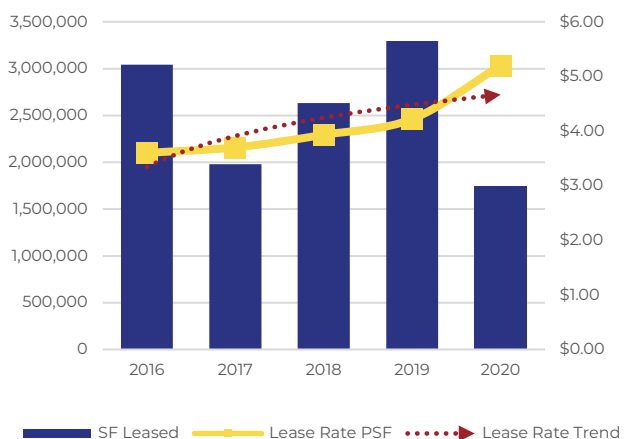
MARKET INDICATORS

Total Inventory	81.88 MSF	▲
Sales (\$)	\$10.09M	▼
Sales (SF)	705,940	▲
Total Vacancy	7.08% (+1.76%)	▲
Total Leased (SF)	359,601 SF	▲
Average Rent	\$4.27 (-\$0.97)	▼
Average Rent <i>12 month rolling average</i>	\$5.19 (-\$0.35)	▼

NET ABSORPTION & VACANCY



SF LEASED & AVG LEASE RATE

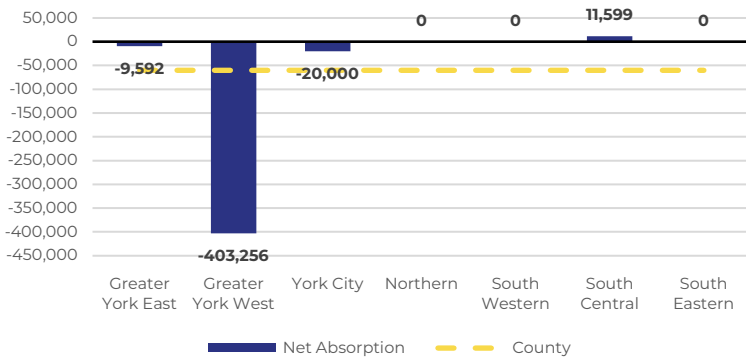


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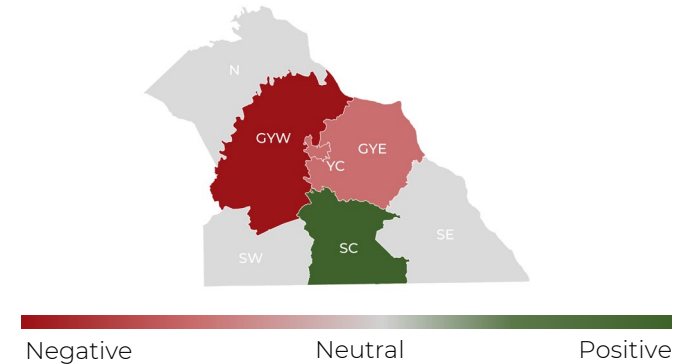
York County, PA

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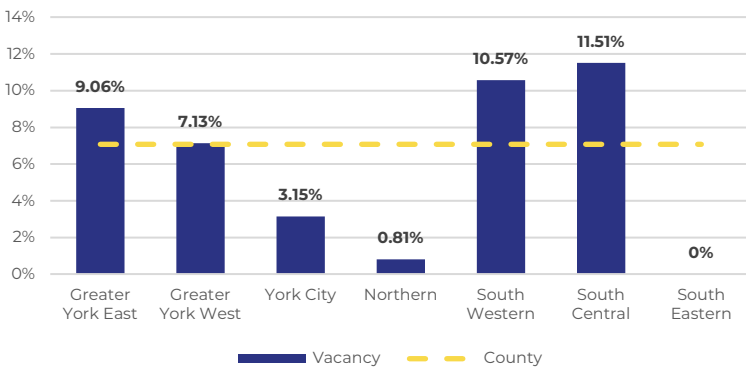
NET ABSORPTION BY SUBMARKET



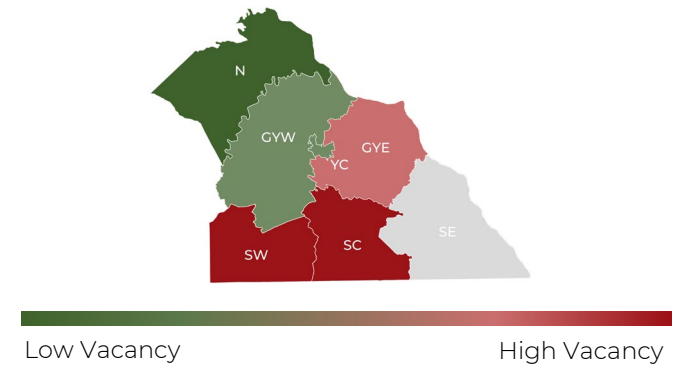
NET ABSORPTION BY SUBMARKET



VACANCY BY SUBMARKET



VACANCY BY SUBMARKET



Key Lease Transactions Q4 2020

PROPERTY	SF	TENANT	TRANSACTION
115 Shady Ln, Manchester	202,500	Mary Kay, Inc.	New
400 N Zarfoss Dr, York	55,800	A-Safe, Inc.	New
128 Roosevelt Ave, York	50,900	York Sheet Metal, Inc.	New
631-635 S Richland Ave, York	33,500	Industrial Service and Installation, Inc.	Renewal & Expansion
2486 W College Ave, York	10,970	WellSpan Health Services, Inc.	New

Key Sales Transactions Q4 2020

PROPERTY	SF	SELLER/BUYER	PRICE
3425 Woodbridge Ct, York	40,160	ED2 Real Estate, LLC / Gradison West Point, LLC	\$2,050,000
225 Hanover Rd, York	30,639	BMI Properties, LLC / Andrew V. Papoutsis Family, LP	\$1,650,000
105 Church Rd, Red Lion	222,600	105 Church Lane, LLC / Name Withheld	\$1,500,000
441 Eberts Ln, York	9,789	426 Property Mgmt, LLC / Oden Investments, LLC	\$1,425,000
1124 Roosevelt Ave, York	24,000	1124 Roosevelt Avenue, LP / RFWS Property, LLC	\$764,200