

MARKET REVIEW

OFFICE | York County, PA | Q4 2020



Leasing Activity On The Rise, Downsizing Driving Demand

HIGHLIGHTS

- Leased square feet has been on a downward trend, although lease activity overall has been on the rise. We expect this metric to remain for the foreseeable future. Though companies are returning to their offices, users are re-evaluating their needs and downsizing accordingly.
- The average office unit size has decreased 31.3% since 2016.
- Swings in vacancy remain tight and remains well below the national average of 15.5%.
- 56% of sales dollar volume in Q4 was attributed to medical office space. The sale of Mountain View OB/GYN at 20 North Street, Hanover contributed over \$1.3M.

OVERVIEW

Threats from teleworking and staggered scheduling continue amidst the Pandemic but have shown signs of easing heading into 2021. Although leased square feet is down compared to the past five years, demand is shifting from large to smaller units as large office users contemplate mitigating building expense.

Favorable lease rates create an attractive environment for corporations fleeing high costs of urban metros where lease rates exceed \$35/SF. Reducing rent by more than 50% is valuable proposition to entice corporations planning to move. Over 236,224 SF of professional office and over 95,000 SF of medical office is available in York County.

Absorption rebounded positive this quarter with more inventory leased than placed on the market. This brought year-end absorption to -13,959 SF.

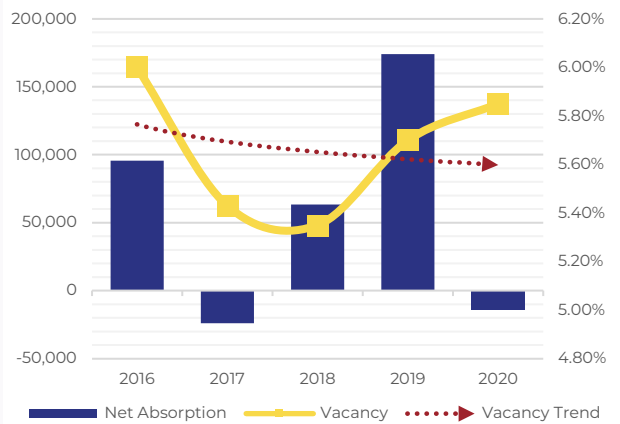
Vacancy decreased slightly this quarter to 5.99%, a 0.10% decrease from last quarter. Vacancy continues to experience very low volatility and trends well below the national average of 15.5%. The swing in vacancy has varied no more than 0.65% over the past five years.

As vacancy remained steady, lease rates experienced \$0.41/SF increase from last quarter to \$12.33/SF. Average lease rates among Class A and Class B office space in 2020 has breached \$12/SF.

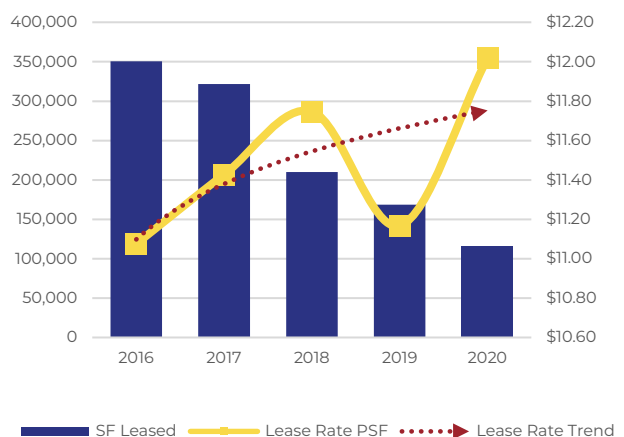
MARKET INDICATORS

Total Inventory	13.22 MSF	▶
Sales (\$)	\$2.32M	▼
Sales (SF)	28,627 SF	▼
Total Vacancy	5.99% (-0.10%)	▼
Total Leased (SF)	23,802 SF	▼
Average Rent	\$12.33 (+\$0.41)	▲
Average Rent <i>12 month rolling average</i>	\$13.39 (-\$0.04)	▼

NET ABSORPTION & VACANCY



SF LEASED & AVG LEASE RATE

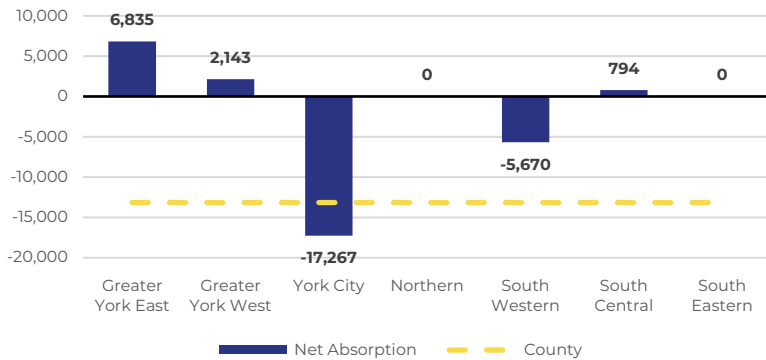


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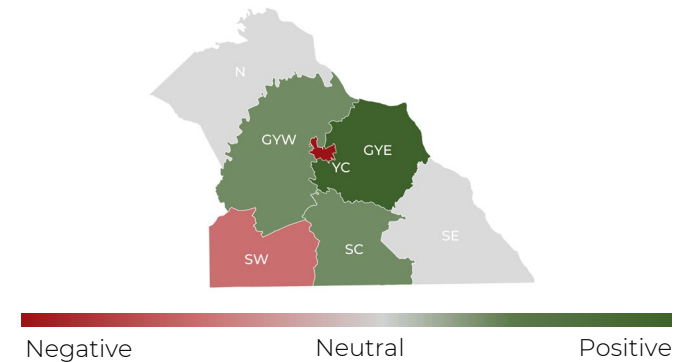
York County, PA

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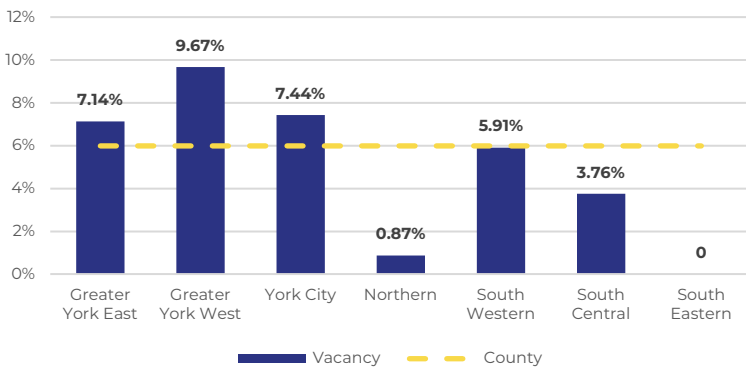
NET ABSORPTION BY SUBMARKET



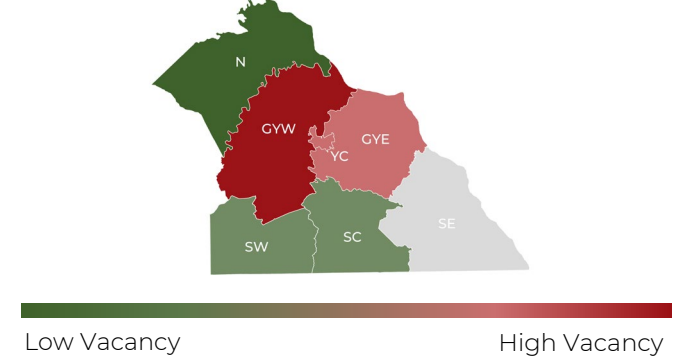
NET ABSORPTION BY SUBMARKET



VACANCY BY SUBMARKET



VACANCY BY SUBMARKET



Key Lease Transactions Q4 2020

PROPERTY	SF	TENANT	TRANSACTION
50 N Duke St, York	6,315	RBC Wealth Management	Renewal
3500 Concord Rd, York	5,310	Name Withheld	New
18 S George St, York	2,317	Hampat Specialty Foods, LLC	New
1681 Kenneth Rd, Ste B, York	1,156	Ability Prosthetics & Orthotics, Inc.	New
3130 Grandview Rd, Ste A, Hanover	995	Ben Jakob DC PC, Inc	New

Key Sales Transactions Q4 2020

PROPERTY	SF	SELLER/BUYER	PRICE
20 North St, Hanover	12,106	Mountain View OB/GYN Ltd / Indu, LLC	\$1,393,170
1943 Security Dr, York	2,034	Peony Properties, LLC / Progressive Dental Concepts	\$425,000
1516 E Market St, York	4,796	Kavanna House / Name Withheld	\$270,000
2190 N Susquehanna Tr, York	2,150	Family & Community Technical Services Corp / Sikander Singh	\$205,000
1 E Market St, Ste 301	4,067	JTDH, LLC / PA MD Real Estate, LLC	\$115,000

