

MARKET REVIEW

RETAIL | York County, PA | Q4 2020



Positive Net Absorption In 2020 Despite COVID-19 Challenges, More Square Feet Leased Than Vacated

HIGHLIGHTS

- Despite disruptions from COVID-19, more space was leased than placed on the market in 2020. Absorption finished positive overall in 2020 potentially indicating that the initial “shock” from COVID-19 has ended.
- Big box redevelopment remains in the pipeline at the York Galleria. The former Bon-Ton space remains under contract with plans in place to become a self-storage facility. The former Sears space remains under construction to become a casino with plans to open in Q4 2021.
- Shopping center vacancy is 1.77% higher than the national average. York County shopping center vacancy was 9.67% at the close of Q4.
- At year-end, 29 national retailers filed for bankruptcy in 2020. In many instances, retailers are using bankruptcy as an opportunity to re-invent themselves and adapt to evolving consumer demands.

OVERVIEW

Overall, the retail sector appears to be in a holding pattern as retailers grapple with strategies on how to best meet the needs of evolving consumer preferences.

Vacancy decreased for the second consecutive quarter landing at 7.69% in Q4 and averaging 7.67% for the year. The vacancy at the York Galleria in excess of 130,000 SF along with several big box vacancies throughout the county are responsible for 24.3% of retail vacancy.

These big box spaces are desirable to investors willing to transform them into something new. The 131,915 SF former Bon-Ton at the York Galleria is currently under contract with plans to transform the space into self-storage. Zoning approvals for the new use have already been obtained. Construction of a casino in the former Sears space remains under construction though the completion date has been moved back from the end of 2020 to Q4 2021.

Absorption levels were negative this quarter. However, taking into account all transactions throughout the year, absorption ended at +105,940 SF. This can be a positive indicator that the initial “shock” from COVID-19 has ended.

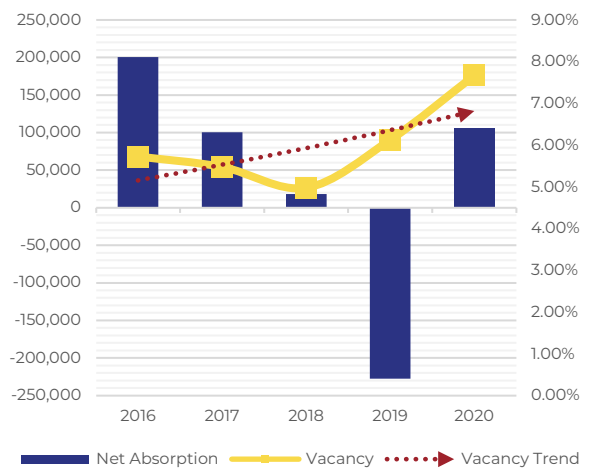
Although average lease rates are down \$1.11 from last quarter, the 12 month rolling average is up \$0.79 at \$15.83/SF.

The high sales volume this quarter is attributed to the \$44.5M sale of York Marketplace, a 304,974 SF shopping center at 2501-2555 E Market Street, York. The sale conveyed ownership from BRE RC York MP PA, LP to Triple BAR Group and was 98% leased at the time of the sale. Removing this transaction from the sales volume metric still places Q4 as the top performing quarter in 2020 in terms of sales volume at \$12.19M.

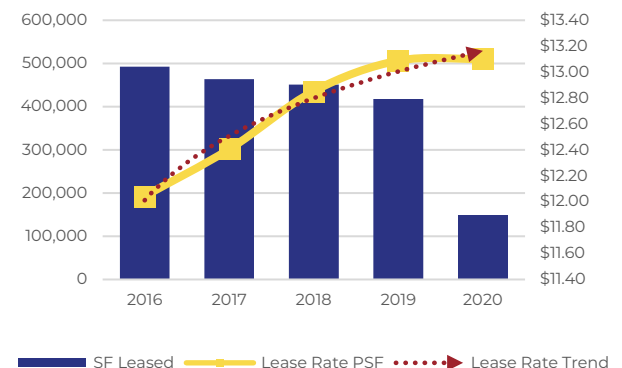
MARKET INDICATORS

Total Inventory	28.99 MSF	▲
Sales (\$)	\$56.69M	▲
Sales (SF)	454,698 SF	▲
Total Vacancy	7.69% (-0.26%)	▼
Total Leased (SF)	18,617 SF	▼
Average Rent	\$13.70 (-\$1.11)	▼
Average Rent <i>12 month rolling average</i>	\$15.83 (+\$0.79)	▲

NET ABSORPTION & VACANCY



SF LEASED & AVG LEASE RATE

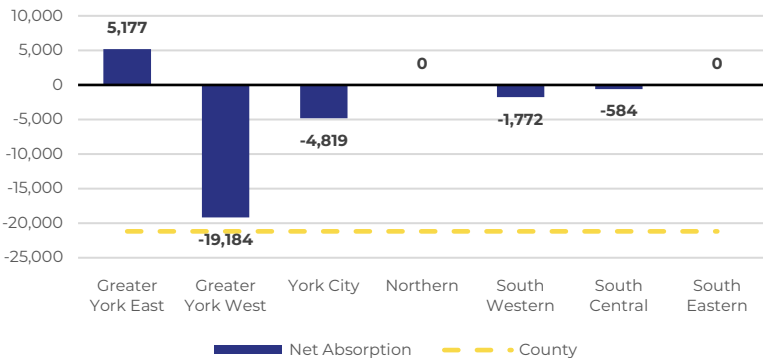


RETAIL

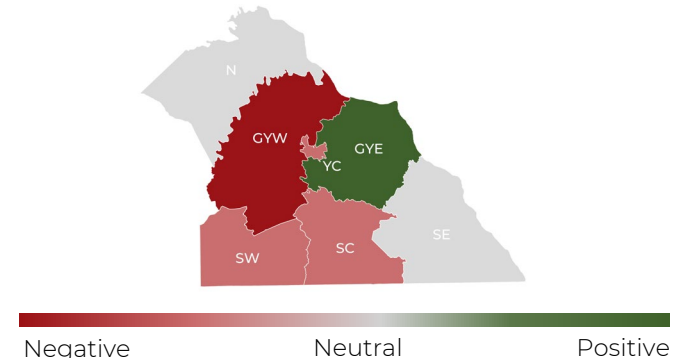
York County, PA

Q4 2020

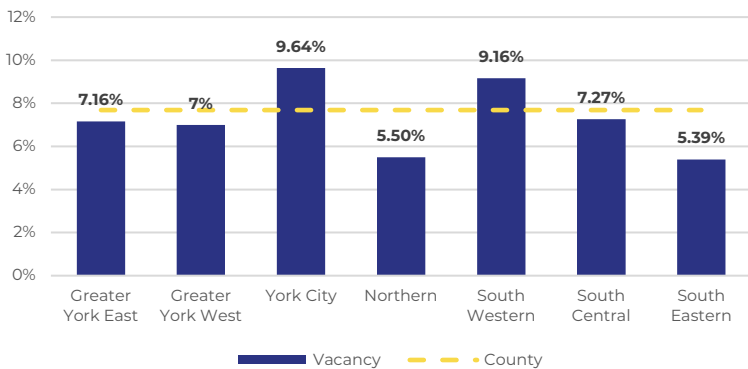
NET ABSORPTION BY SUBMARKET



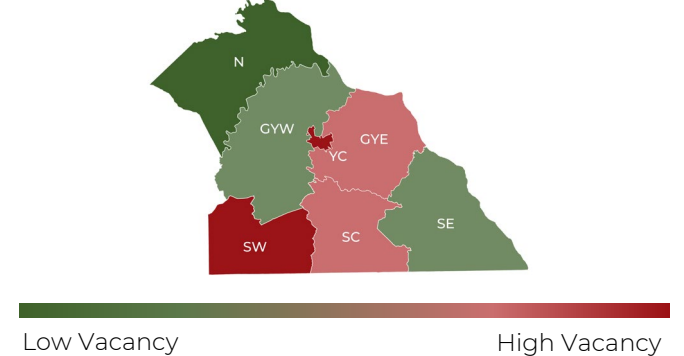
NET ABSORPTION BY SUBMARKET



VACANCY BY SUBMARKET



VACANCY BY SUBMARKET



Key Lease Transactions Q4 2020

PROPERTY	SF	TENANT	TRANSACTION
1700 S Queen St, Ste 28, York (Randolph Park SC)	4,000	Jos. A Bank Clothiers, Inc.	Renewal
125 Carlisle St, Hanover (Bucher House)	2,736	Rob Wynn-Frey	New
130 Eisenhower Dr, Hanover	1,620	Name Withheld	New
3410-3414 E Market St, York	1,400	Name Withheld	New
1511-1539 Mount Rose Ave, York	1,000	The Crab Shack & Seafood	New

Key Sales Transactions Q4 2020

PROPERTY	SF	SELLER/BUYER	PRICE
2501-2555 E Market St, York (York Marketplace)	304,974	BRE RC York MP PA, LP / Triple BAR Group	\$44,500,000
190 Memory Ln, York	6,496	Primax Properties, LLC / 190-194 Memory Lane	\$2,038,717
400 N Main St, Shrewsbury	9,900	JLM R/E Invs, LLC / Bhamidi Holdings, LLC	\$1,602,664
5309 Lincoln Hwy W, Thomasville (Morningstar Marketplace)	56,940	Morningstar Marketplace / Three Line Capital	\$1,300,000
150 Memory Ln, York	3,300	Sofrajoi, LP / L&T Investors, LLC	\$857,500

