

MARKET REVIEW

INDUSTRIAL | Lancaster County, PA | Q1 2021



Industrial Demand Exceeding Supply, Low Vacancy Expected Through 2021

HIGHLIGHTS

- Vacancy continues to trend below the national average at 3.96%. Nationwide vacancy is 4.9%.
- Conservation efforts are competing with industrial development. A shortage of developable land is causing concern as industrial users will need to look outside the market to fulfill their needs.
- We expect vacancy to remain low throughout 2021 as no major speculation builds are expected to be completed this year and demand remains high for warehousing.
- Industrial users continue to be in growth mode. The **ROCK Industrial Demand Index** (RIDI) reveals that 82% of existing industrial users are relocating to expand their business.
- Along with low vacancy, lease rates continue to increase. Lease rates have increased 42% (\$1.91/SF) since 2018.

OVERVIEW

After steadily increasing throughout 2020, net absorption begins the year in positive territory with more inventory being leased than placed on the market. Throughout the pandemic, supply has kept pace with no significant swings of positive or negative absorption.

500,000 SF is due for completion this year with another 955,000 SF of projects proposed to meet future demand. Projects due for completion this year are released and include a 252,000 SF cold storage facility at 3800 Hempland Drive in Mountville and a 250,000 SF warehouse at Lime Spring Farm, Lancaster.

A 251,250 SF warehouse at 701 Stony Battery Road, Landisville, and 229,000 SF warehouse/flex at Ben Franklin Boulevard, Lancaster are not due for completion until 2022. 85,894 SF of Ben Franklin Boulevard is preleased to Thaddeus Stevens College of Technology.

Vacancy remains 1.25% below the national average of 4.9%. With no major speculation builds due for completion in 2021, vacancy is expected to remain low throughout 2021 as industrial demand does not appear to be abating.

Sales dollar volume ended the quarter at \$58.33M, attributed primarily to sales in Greater Lancaster West including 884,000 SF at 1000 Stony Battery Road, Landisville and 252,800 SF at 601 Stony Battery Road, Landisville. These transactions accounted for 67% of sales volume this quarter.

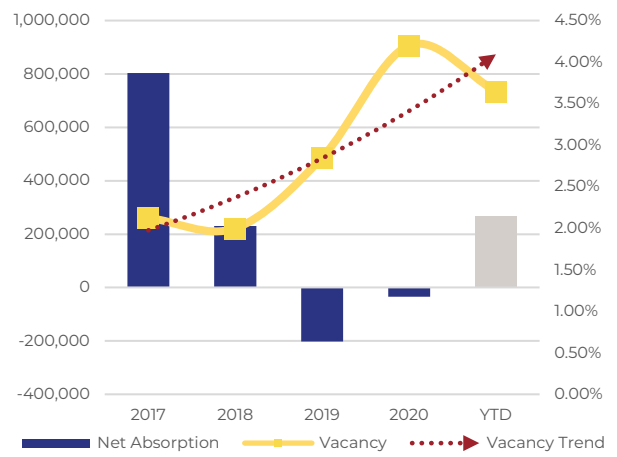
QVC recently shuttered their 1000 Stony Battery Road location and a new undisclosed tenant will occupy the space before the year end. The property was sold for \$15.5M to a New York-based investment firm.

601 Stony Battery Road is a speculation build and sold for \$23,725,000 to TA Realty, a Boston-based investment firm.

MARKET INDICATORS

Total Inventory	79.87 MSF	▲
Sales (\$)	\$58.33 M	▼
Sales (SF)	1.5 MSF	▲
Total Vacancy	3.96% (-74 bps)	▼
Total Leased (SF)	298,913 SF	▲
Average Rent	\$6.54 (-\$0.81)	▼
Average Rent <i>12 month rolling average</i>	\$6.39 (+\$0.12)	▲

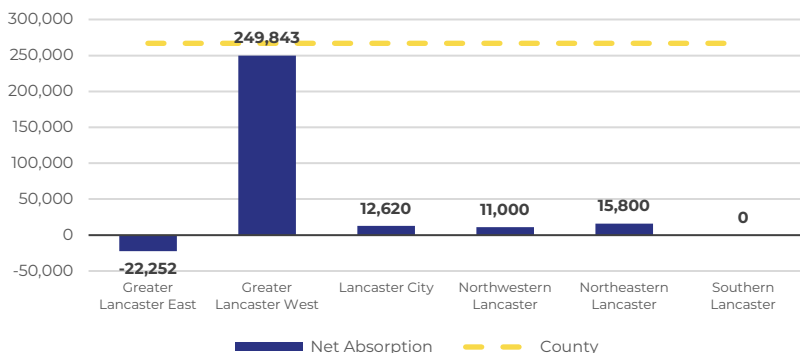
NET ABSORPTION & VACANCY



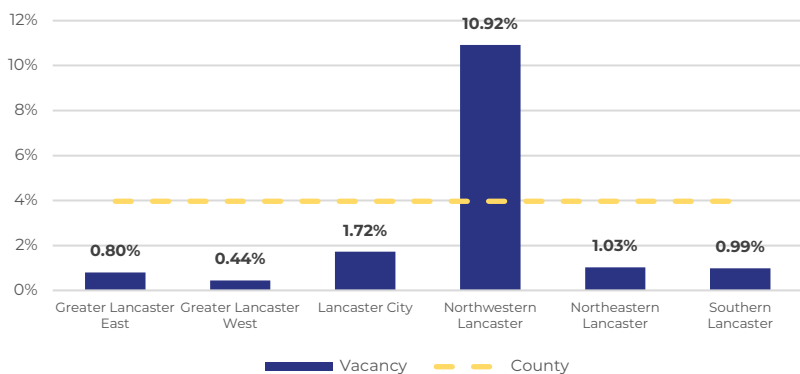
SF LEASED & AVG LEASE RATE



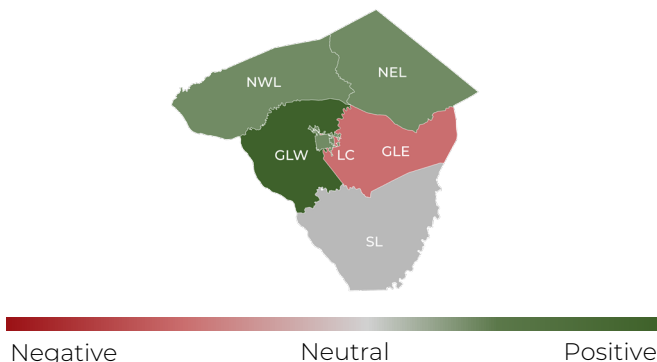
NET ABSORPTION BY SUBMARKET



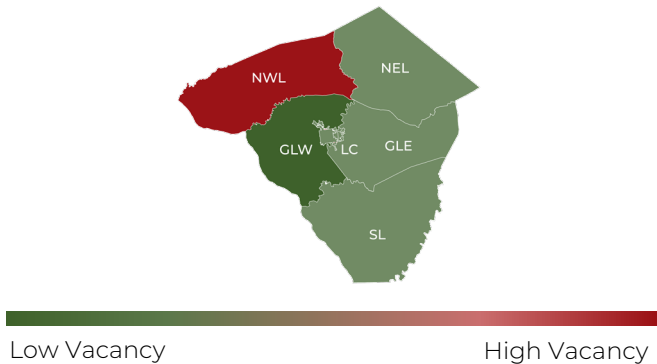
VACANCY BY SUBMARKET



NET ABSORPTION BY SUBMARKET



VACANCY BY SUBMARKET



Key Lease Transactions Q1 2021

PROPERTY	SF	TENANT	TRANSACTION
301 Richardson Dr, Lancaster	208,993	Stir Foods	New
747 Flory Mill Rd, Lancaster	19,380	Name Withheld	New
140 Earland Dr, New Holland	19,200	Name Withheld	New
216 Shellyland Rd, Manheim	15,000	Shipping & Receiving	New
112 Koser Rd, Lititz	10,950	Name Withheld	New

Key Sales Transactions Q1 2021

PROPERTY	SF	SELLER/BUYER	PRICE
601 Stony Battery Rd, Landisville	252,800	High Street Logistics Properties, LLC / TA Realty	\$23,725,000
60 Industrial Rd, Elizabethtown	113,700	Greenhill Partners Real Estate Investment / Tristar Products	\$5,500,000
30 Wright Ave, Lititz	36,080	Peter Kleine Company / Matterhouse, LLC	\$2,800,000
1 E Main St, Ephrata	62,361	Steinman Communications, Inc. / WMJ Properties, LLC	\$2,750,000
701 Stony Battery Rd, Landisville (under construction)	251,250	Melinda & William Charles / 701 Stony Battery Rd, LLC	\$1,496,000