

MARKET REVIEW

INDUSTRIAL | York County, PA | Q1 2021



Expansions Driving Lease Activity, 86% of Industrial Users Desire More Space

HIGHLIGHTS

- Although increasing throughout 2020, vacancy declined in Q1. Contributing factors include spec projects not due for completion until later in the year and steady volume of lease transactions.
- Business park projects continue to fill up and begin new phases of construction to meet demand. Business parks with leases in Q1 include Core5 Logistics Center at Laughman Farms and Heritage Logistics Park, both located in the highly accessible I-83 and North George Street corridor.
- The **ROCK Industrial Demand Index (RIDI)** reveals that 86% of existing industrial users are relocating to expand their business.
- Demand for warehousing is expected to remain high to keep up with online order fulfillment, as e-commerce continues to become the desired way to shop.

OVERVIEW

Available industrial inventory experienced a net decrease from 4.4 MSF to 4.2 MSF this quarter with an additional 2.2 MSF under construction. Potential remains for an over supply of units in the 150,000-350,000 SF range as another 332,021 square feet will be added in this size range. However, much of the existing supply in this range is in negotiation for new tenants. Units of this size now constitute 58% of available square feet, up from 52% reported in Q4, 2020.

Vacancy decreased 121 basis points in Q1 to 5.87%. This decrease will likely continue with current demand. National industrial vacancy is currently 4.9%.

Amidst high demand, several speculative builds are due for completion this year including 479,920 SF at Core5 Logistics Center at Codorus Creek (Lot 1) and 1.1 MSF at Goodman Logistics Center (Bldg 1).

Average lease rates among Class A and Class B industrial decreased \$0.15 /SF on the twelve-month rolling average. Despite the decrease, lease rates remain on an upward trend over the past five years.

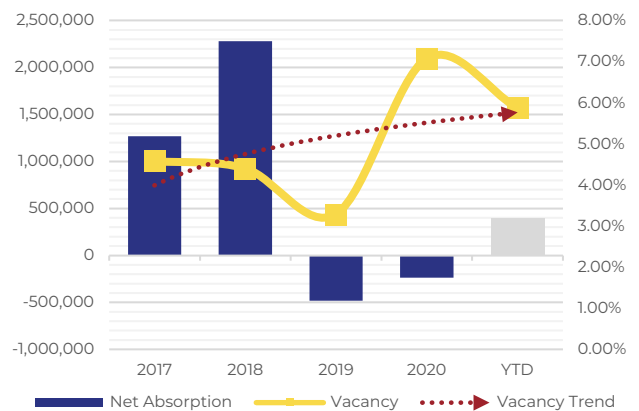
Multiple business park projects in Greater York West secured tenants for their speculative builds including Core5 Logistics Center at Laughman Farms and Heritage Logistics Park. An undisclosed tenant will be occupying 154,575 square feet at Core5 Logistics Center and Metso Outotec Corporation (formerly Metso Minerals) will be occupying 89,850 square feet (Building 2) at Heritage Logistics Park.

Sales volume increased \$3.6M from Q4, 2020. The sale at 29 Barnhart Drive, Hanover and 525 North State Street, York accounted for 76% of sales dollars and 56% of square feet sold this quarter. Both properties are involved in food manufacturing and distribution with 29 Barnhart Drive providing warehousing for Hanover Foods Corporation and 525 North State Street providing cold storage and distribution for Shaver Foods, LLC.

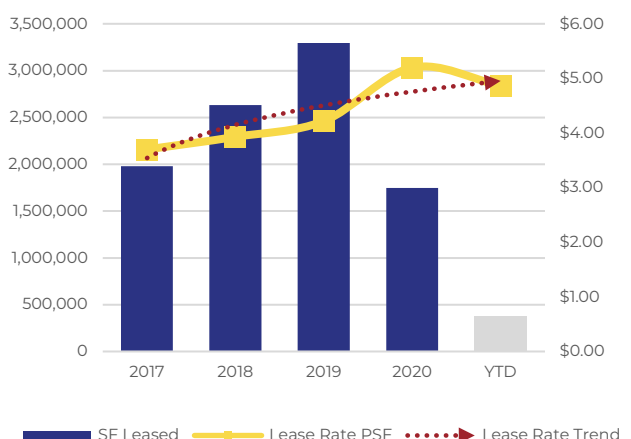
MARKET INDICATORS

Total Inventory	82.04 MSF	▲
Sales (\$)	\$13.69M	▲
Sales (SF)	303,225	▼
Total Vacancy	5.87% (-121 bps)	▼
Total Leased (SF)	384,325 SF	▲
Average Rent	\$4.87 (+\$0.60)	▲
Average Rent <i>12 month rolling average</i>	\$5.04 (-\$0.15)	▼

NET ABSORPTION & VACANCY



SF LEASED & AVG LEASE RATE

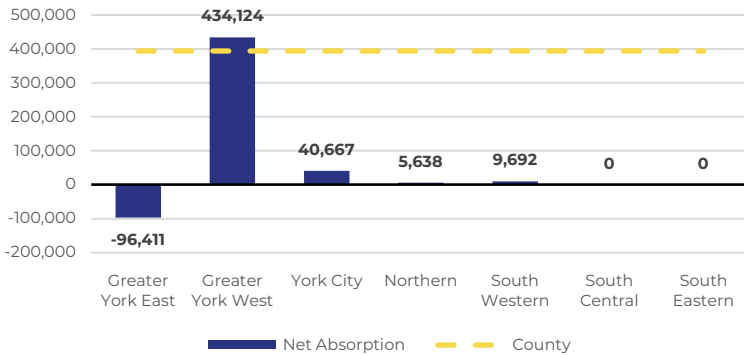


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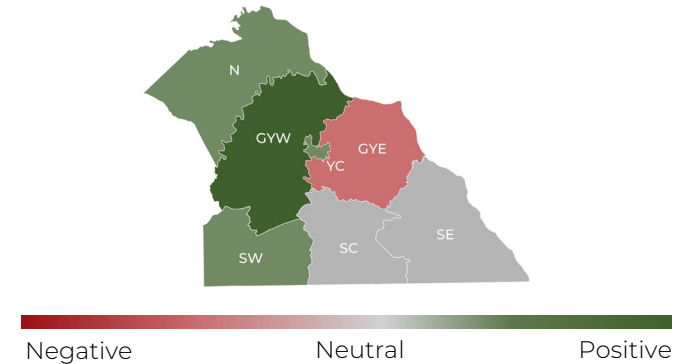
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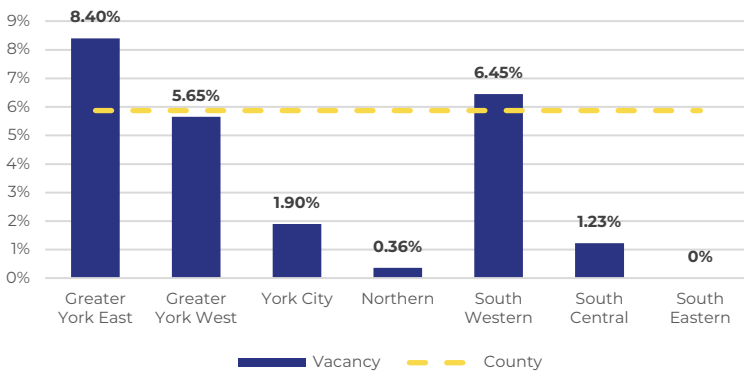
NET ABSORPTION BY SUBMARKET



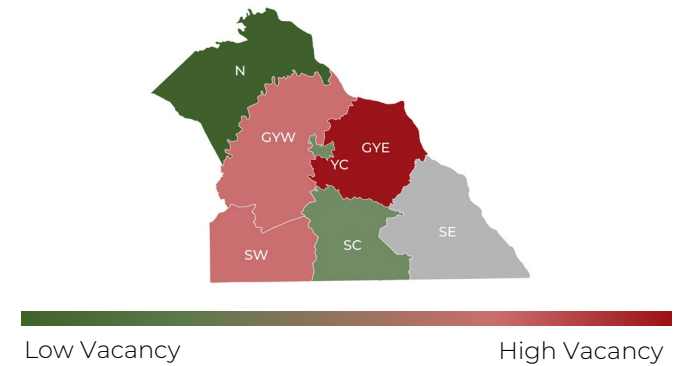
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VACANCY BY SUBMARKET



VACANCY BY SUBMARKET



Key Lease Transactions Q1 2021

PROPERTY	SF	TENANT	TRANSACTION
231 Morgan Ln (Bldg B)	154,575	Name Withheld	New
165 Shady Ln (Bldg 2)	89,850	Metso Outotec Corporation	New
631-635 S Richland Ave, York	38,250	BAE Systems, Inc.	New
160 S Hartman St, York	20,712	KLK Welding, Inc.	New
3635-3725 Board Rd, York	19,000	Continental Paper Grading	Renewal

Key Sales Transactions Q1 2021

PROPERTY	SF	SELLER/BUYER	PRICE
29 Barnhart Dr, Hanover	108,000	Barnhart Drive Associates, LP / 29 Barnhart Drive, LLC	\$6,700,000
525 N State St, York	102,322	Whelan Investment Company / Shaver Foods, LLC	\$3,850,000
631 E Hay St, York	25,788	Metal Haus, LLC / PMS Hoar Real Estate, LLC	\$625,000
216 Gartner Ln, York	11,000	Inch's Properties, LLC / United Weld Services, LLC	\$530,000
120 Richland Ave, York	72,479	Redevelopment Authority of the City of York / 120 North Richland, LLC	\$257,930