

# MARKET REVIEW

OFFICE | York County, PA | Q1 2021



## Relocations Driving Demand, Leased Square Feet Already 72% of Total Square Feet Leased in 2020

### HIGHLIGHTS

- Although leased square feet has been on a downward trend over the past five years, we expect the year end total in 2021 to exceed total leased square feet in 2020. Lease activity continues to escalate with relocations and downsizing driving demand.
- The **ROCK Office Demand Index (RODI)** reveals that 71% of office users in need of space are doing so with the intention of relocating an existing business.
- Despite speculation that office demand could be negatively impacted by the pandemic, the swing in vacancy remains tight for the office sector, with a spread of only 0.55% over the past five years.
- The sale of 2401 Pleasant Valley Rd, York to the County of York accounted for 78% of square feet sold in Q1.

### OVERVIEW

Leased square feet is off to a strong start in 2021 and projected to exceed 2020 levels by year end. Leased square feet is already 72% of 2020 levels. With the uptick in activity, demand continues to shift from large to smaller units as large office users contemplate mitigating building expense.

Favorable lease rates continue to be an incentive for corporations fleeing high costs of urban metros where lease rates continue to exceed \$35/SF. Reducing rent by more than 50% is a valuable proposition to entice corporations planning to move. Over the past five years, lease rates continue to undulate between \$11 and \$12/SF.

Leasing activity continues to increase and Q1 2021 saw the relocation of three engineering and architectural design companies downtown including Warehouse, Site Design Concepts, Inc. and TRC Worldwide Engineering, Inc. The **ROCK Office Demand Index (RODI)** reveals that 71% of office users in need of space are doing so with the intention of relocating an existing business.

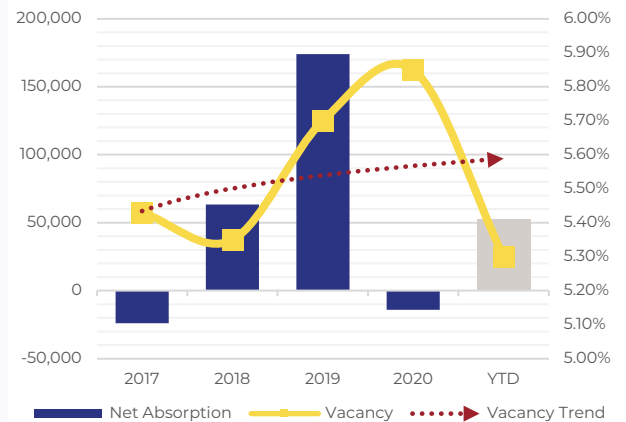
Vacancy decreased 69 basis points this quarter to 5.3%. Vacancy continues to trend well below the national average of 16.4%. Despite speculation throughout the pandemic that office demand could be negatively impacted, the swing in vacancy remains tight for the office sector, with a spread of only 0.55% over the past five years.

2401 Pleasant Valley Road, York settled in Q1 providing the County of York a new home for various departments including The York County Conservation District, the Department of Weights & Measures, the Center for Traffic Safety, the Agricultural Land Preservation Program and the Department of Veterans Affairs. The 116,400 SF Class A property sold in January for \$17,273,311. The property is in Greater York East, a region of the county known for its supply of suburban office.

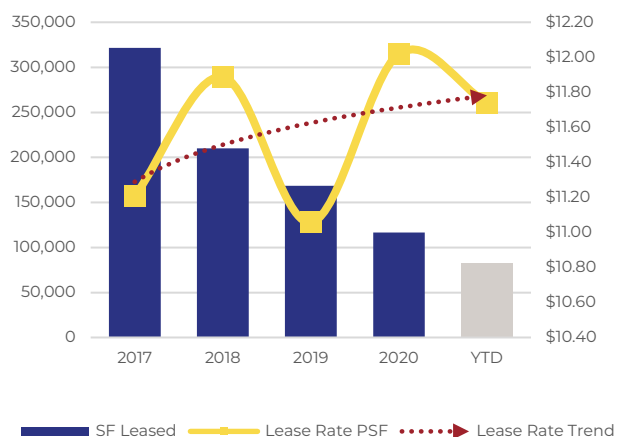
### MARKET INDICATORS

Total Inventory	13.29 MSF	▲
Sales (\$)	\$22.68M	▲
Sales (SF)	149,354 SF	▲
Total Vacancy	5.30% (-69 bps)	▼
Total Leased (SF)	82,822 SF	▲
Average Rent	\$11.74 (-\$0.59)	▼
Average Rent <i>12 month rolling average</i>	\$11.76 (-\$1.63)	▼

### NET ABSORPTION & VACANCY



### SF LEASED & AVG LEASE RATE

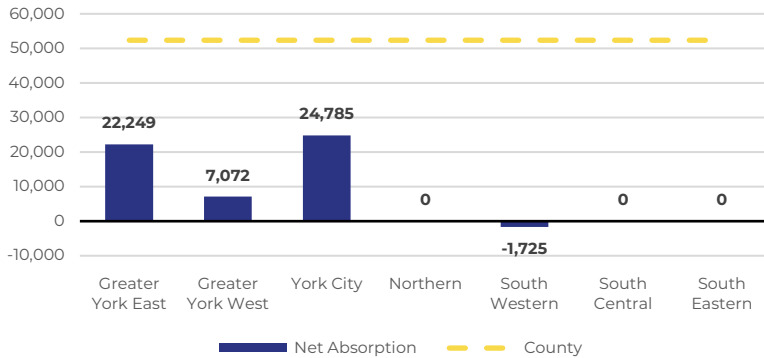


# OFFICE

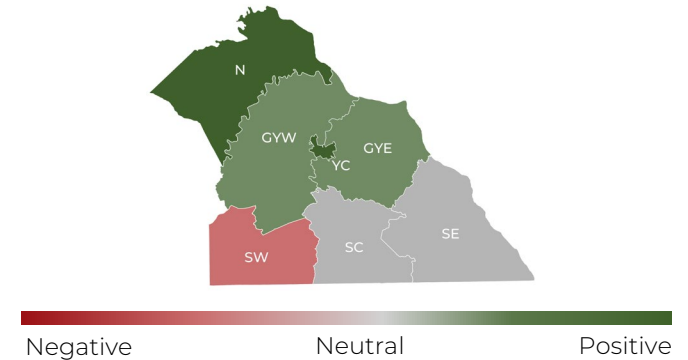
York County, PA

Q1 2021

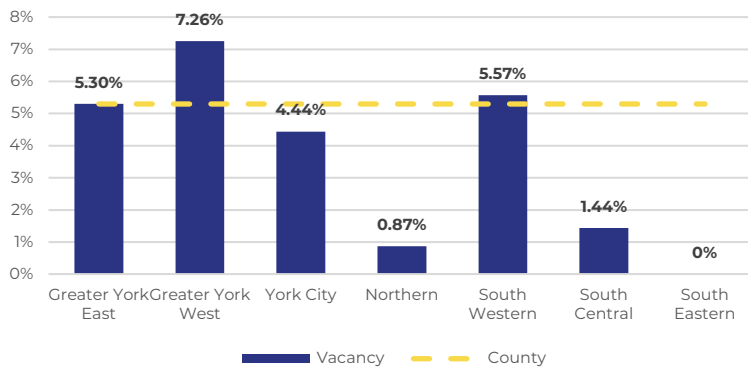
## NET ABSORPTION BY SUBMARKET



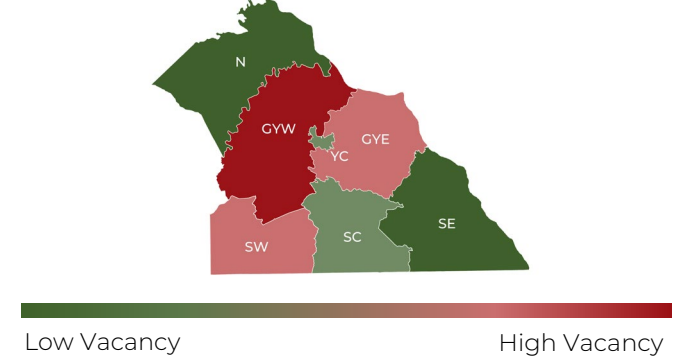
## NET ABSORPTION BY SUBMARKET



## VACANCY BY SUBMARKET



## VACANCY BY SUBMARKET



## Key Lease Transactions Q1 2021

PROPERTY	SF	TENANT	TRANSACTION
2351 Freedom Way, York	9,000	Name Withheld	New
231 N George St, York	8,980	Warehaus	New
600 N Hartley St, Suite 170, York	3,474	Name Withheld	New
140 E Market St, York	2,826	TRC Worldwide Engineering, Inc.	New
22 Roths Church Rd, Spring Grove	2,600	UPMC Children's Community Pediatrics York Memorial	New

## Key Sales Transactions Q1 2021

PROPERTY	SF	SELLER/BUYER	PRICE
2401 Pleasant Valley Road, York	116,400	Pleasant Valley Realty Ltd Partnership / County of York	\$17,273,311
2721 S Queen St, York	6,406	South Queen Associates, LLC / South Queen Properties, LLC	\$2,994,928
1777 Fifth Ave, York	9,072	IMC Fifth Avenue Partners, LP / Wellspan Properties, LLC	\$1,225,000
35 W Hanover St, Spring Grove	4,150	YF Service Corporation/Trammell Crow Co. / Dreamrunner Adventures, LLC	\$385,000
400 Elmwood Blvd, York	7,686	Pinnacle Health Hospitals / Inch's Properties, LLC	\$385,000

