

MARKET REVIEW

RETAIL | York County, PA | Q1 2021



Outlook Positive for 2021, Fewer Vacancies Added to the Market

HIGHLIGHTS

- Vacant units placed on the market in Q1 did not exceed 10,000 square feet per unit implying no further big box vacancies in Q1. With less vacancies added to the market overall, the market has been given time to absorb the already vacant space.
- The **ROCK Retail Demand Index (RRDI)** indicates that 58% of retail space demand is comprised of entrepreneurs starting a new business.
- Big box redevelopment remains in the pipeline at the York Galleria. The former Sears space is currently under construction to become a Hollywood Casino projected to open in Q4 2021.
- Shopping center vacancy is at 8.96%, a decrease of 71 basis points, from Q4 2020.
- According to the Bureau of Economic Analysis, consumer spending increased 10.7% in Q1. Influx of stimulus payments, renewed confidence with the COVID-19 vaccine rollout, and desire to spend are all contributing factors.

OVERVIEW

Despite the pandemic, appetite remains for brick-and-mortar stores reflected in a falling vacancy rate and increase in average rent. Retailers with established businesses are considering relocating within York County while startups are also seeking physical locations for their new business. The **ROCK Retail Demand Index (RRDI)** reveals that since the pandemic began last March, 41% of retail space demand is comprised of existing businesses seeking to relocate to expand their business. Demand from existing businesses is up 16% since the pandemic began last March.

Vacant units placed on the market in Q1 did not exceed 10,000 square feet per unit implying no further big box vacancies. Provided no new big box vacancies emerge on the market and lease activity remains steady, vacancy can be expected to return to pre-pandemic levels.

Vacant big box spaces, however, continue to remain on the market but are desirable to investors willing to transform them into something new. Construction is underway at the former Sears location at the York Galleria for a Hollywood Casino. Completion is projected for Q4, 2021. Zoning approvals have been obtained for a self-storage facility at the 131,915 SF former Bon-Ton space. WMG partners, a subsidiary of MCS Self-Storage Development & Investment based out of Miami has acquired the project.

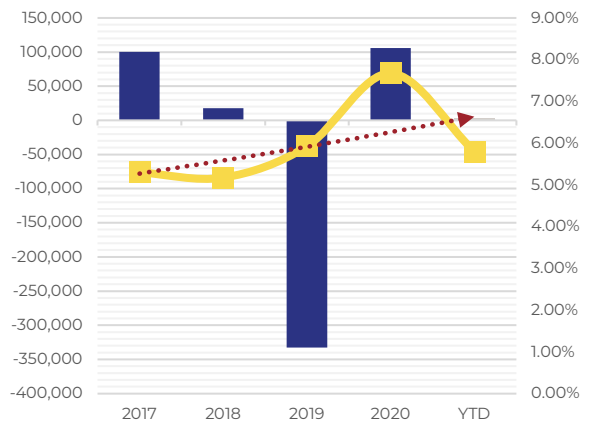
Lease rates received a positive bump this quarter from prime located buildings including Firehouse Shoppes (\$32/SF), South York Crossing (\$23/SF) and the former Lancaster Pre-Owned of York at 1401 Carlisle Rd, York (\$50.88/SF). 1401 Carlisle Road is to be transformed into a tobacco shop.

Investors continue to show interest in the York market with Vastgood Properties, Inc. acquiring two additional properties for their portfolio. The two-parcel property is collectively known as East Manchester Town Centre and acquired from Cole Mt East Manchester PA, LLC for \$14.75M.

MARKET INDICATORS

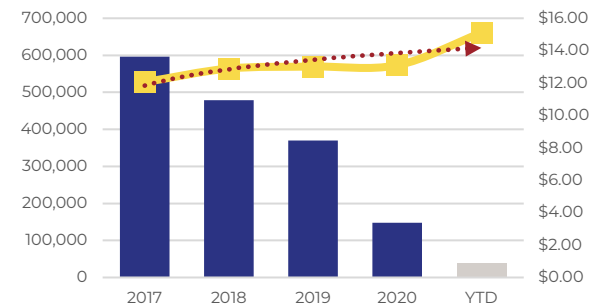
Total Inventory	29.15 MSF	▲
Sales (\$)	\$21.99M	▼
Sales (SF)	206,314 SF	▼
Total Vacancy	5.80% (-189 bps)	▼
Total Leased (SF)	38,195 SF	▲
Average Rent	\$15.09 (+\$1.39)	▲
Average Rent <i>12 month rolling average</i>	\$14.42 (-\$1.41)	▼

NET ABSORPTION & VACANCY



■ Net Absorption ■ Vacancy ●●● Vacancy Trend

SF LEASED & AVG LEASE RATE



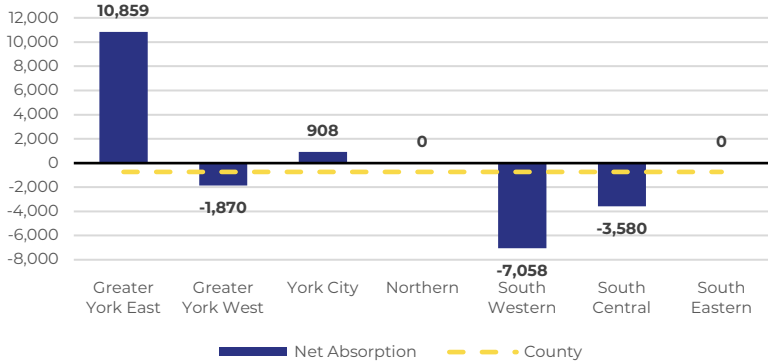
■ SF Leased ■ Lease Rate PSF ●●● Lease Rate Trend

RETAIL

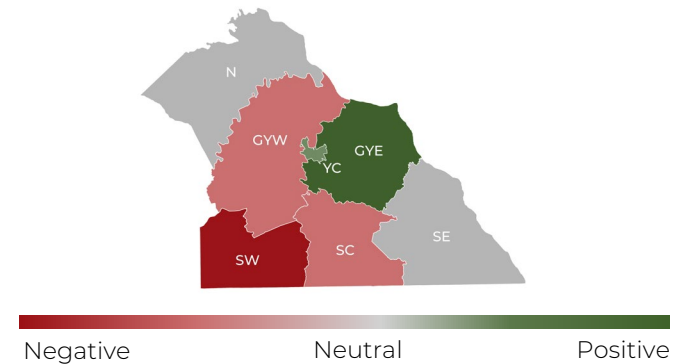
York County, PA

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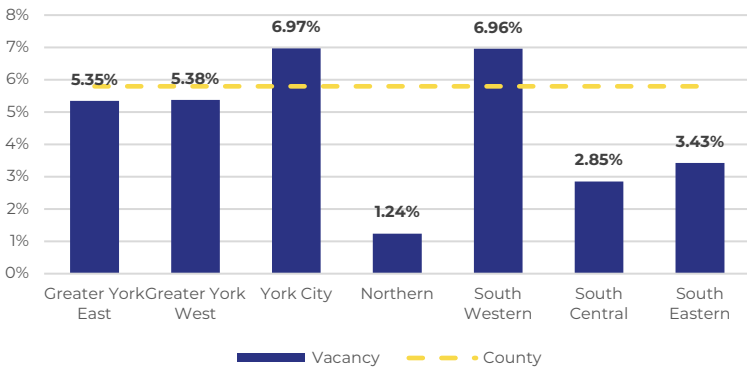
NET ABSORPTION BY SUBMARKET



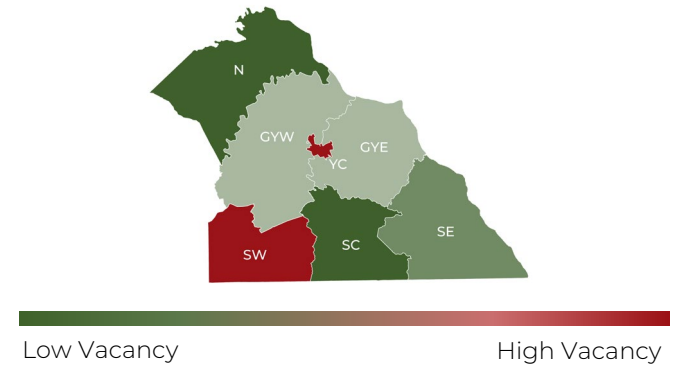
NET ABSORPTION BY SUBMARKET



VACANCY BY SUBMARKET



VACANCY BY SUBMARKET



Key Lease Transactions Q1 2021

PROPERTY	SF	TENANT	TRANSACTION
59-71 S Main St, Red Lion	7,653	Mommy's Lil' Rascals	New
330-370 Town Center Dr, York (West Manchester Town Center)	4,135	Affordable Dentures & Implants	New
783-851 Baltimore St, Hanover (South Hanover Shopping Center)	3,600	Nature's Pet Place	New
2217-2233 Baltimore Pk, Hanover	3,084	C & A Auto Workz, LLC	New
3013 E Market St, York, Ste 200 (Firehouse Shoppes)	2,114	Samurai Hibachi & Sushi	New

Key Sales Transactions Q1 2021

PROPERTY	SF	SELLER/BUYER	PRICE
225-305 Glen Dr, Manchester (East Manchester Village Centre)	123,224	Cole Mt East Manchester PA, LLC / Vastgood Properties, LLC	\$14,750,000
1785 Rodney Rd, York	15,728	Vissar Irrevocable Trust / 1785 Rodney Rd, LLC	\$1,850,000
300-340 N Main St, York-New Salem (Sherwood Plaza)	11,000	Sherwood Plaza, LP / Ferrand Realty, LLC	\$975,000
380 Loucks Rd, York	4,823	Kin Properties, Inc. / 380 Loucks Road, LLC	\$825,000
910 Alpine Rd, Wellsville (Forry's Drive-In)	1,424	David Kitzmiller / Name Withheld	\$364,900

