

MARKET REVIEW

INDUSTRIAL | York County, PA | Q2 2021



Vacancy Continues To Decline, Additional 1.95 MSF Under Construction To Meet Demand

HIGHLIGHTS

- After peaking in 2020, vacancy has continued to decline in Q2. High demand will continue to push vacancy down in Q3 as 1.95 MSF of spec projects are not due for completion until later this year and into 2022.
- Harley Davidson Motor Company, Inc. has leased 352,000 SF at 693 North Hills Rd, York.
- Spec construction continues in the Greater York West region including Core5 Logistics Center at Codorus Creek – Bldg 1, Core5 Logistics Center at Laughman Farms – Bldg C and 405 Busser Rd – Bldg 1. 405 Busser Rd, York has been pre-leased to Hill's Pet Nutrition.
- The **ROCK Demand Index (RDI)** reveals that 64% of industrial demand is comprised of new businesses or startups.

OVERVIEW

Available industrial inventory experienced a net decrease from 4.2 MSF to 3.97 MSF this quarter with 1.95 MSF under construction. Demand for warehousing is expected to remain high to keep up with online order fulfillment. Hill's Pet Nutrition is the newest tenant to enter the market pre-leasing 483,748 SF at 405 Busser Rd, Core5 Logistics Center at Codorus Creek. The location is under construction and due for delivery later this year.

Vacancy decreased 170 basis points in Q2 to 4.17%. This decrease is attributed, in part, to the leasing of 352,000 SF at 693 North Hills Rd in York to Harley Davidson Motor Company, Inc. Harley Davidson is using the space to stage final product for distribution. Vacancy is likely to continue to decrease with current demand and is below the national industrial vacancy of 4.5%.

Net absorption continued positive with more square feet leased than made available. Pre-leasing of speculative builds prior to completion is contributing to this trend of positive absorption.

The 1.32M leased square feet year-to-date is currently 76% of 2020 levels and exceeds leased square feet at this time last year. Leasing activity is expected to meet or exceed 2020 levels by year-end pending pre-leasing of spec builds due for completion this fall.

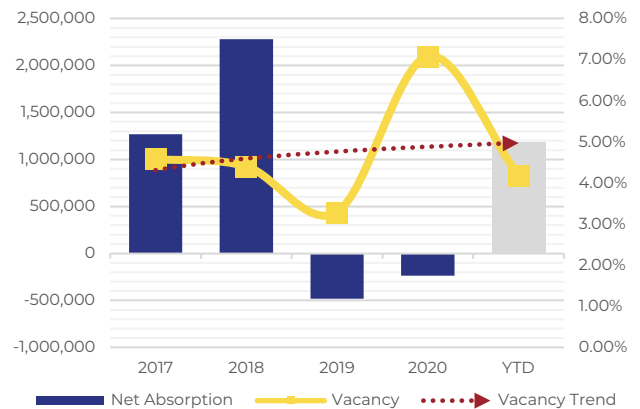
The construction pipeline contains 6.15 MSF of proposed development and 1.95 MSF under construction. The most recent addition to the proposed development pipeline includes 1090 E Boundary Ave, York. Dermody Properties, a logistics developer, bought the property for \$6.5M with plans to construct a new 342,000 SF facility. The exact timeline is uncertain.

Average lease rates among all asset classes decreased slightly (\$0.03/SF) on the 12-month rolling average. Despite the decrease, lease rates remain on a five-year upward trend.

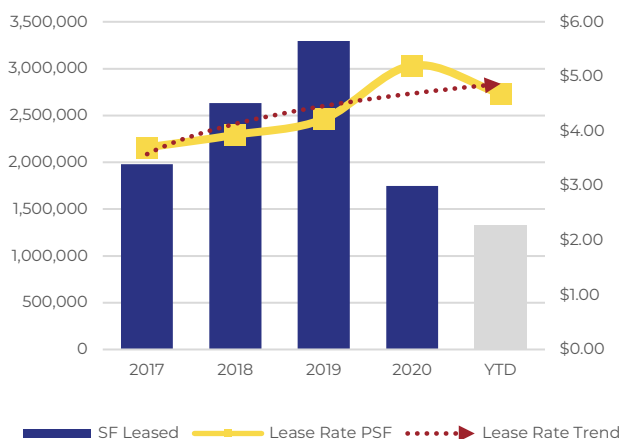
MARKET INDICATORS

Total Inventory	83.56 MSF	▲
Sales (\$)	\$15.01M	▲
Sales (SF)	633,422	▲
Total Vacancy	4.17% (-170 bps)	▼
Total Leased (SF)	631,585 SF	▲
Average Rent	+\$0.31	▲
Average Rent <i>12-month rolling average</i>	-\$0.03	▼

NET ABSORPTION & VACANCY



SF LEASED & AVG LEASE RATE

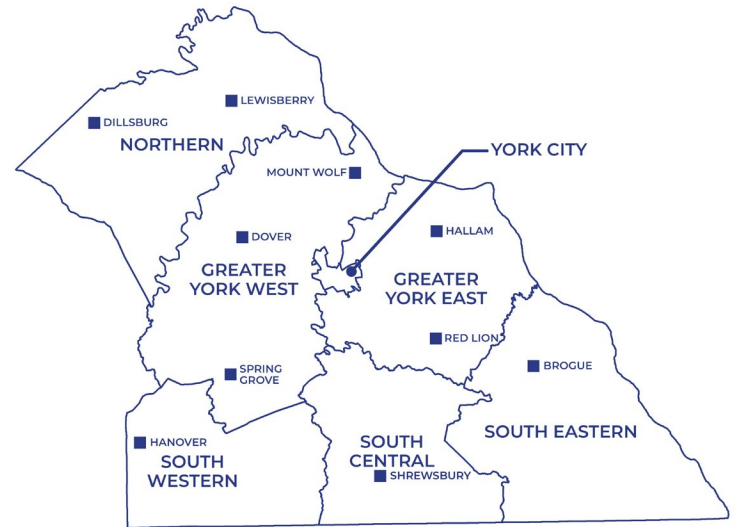
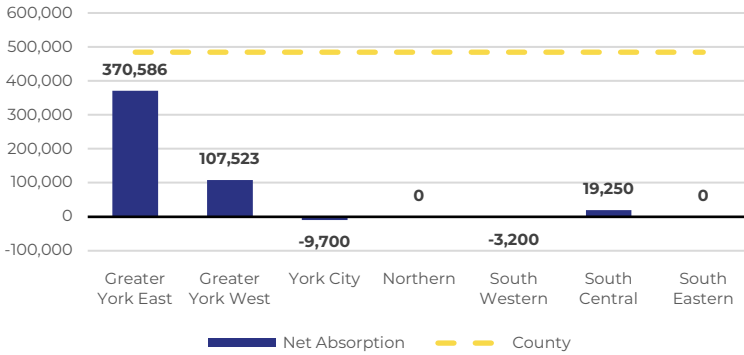


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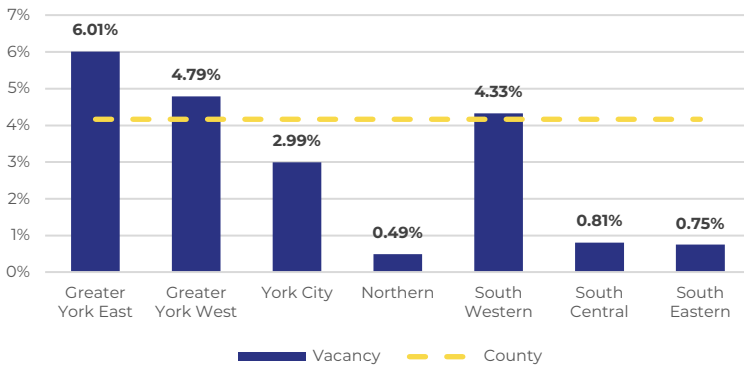
York County, PA

Q2 2021

NET ABSORPTION BY SUBMARKET



VACANCY BY SUBMARKET



Key Lease Transactions Q2 2021

PROPERTY	SF	TENANT	TRANSACTION
693 North Hills Rd, York	352,000	Harley Davidson Motor Company, Inc.	New
223-231 Morgan Ln, York	176,230	One Stop Mailing, LLC d/b/a OSM Worldwide	New
1160 Fahs St, York	58,420	BCI All-Size Division	Renewal
100 Redco Ave, Red Lion	17,422	Tate Access Floors, Inc.	New
3635-3725 Board Rd, York	12,500	CP Converters, Inc.	New

Key Sales Transactions Q2 2021

PROPERTY	SF	SELLER/BUYER	PRICE
1090 E Boundary Ave, York	220,605	Glen-Gery Corporation / DPIF3 PA 6 Boundary Ave., LLC	\$6,500,000
3001 W Market St, York	152,455	3001 West Market Street, LP / St Paul Street Associates, Inc.	\$3,000,000
675 S Richland Ave, York	74,245	Patriot Equities, LP / Investment Real Estate, LLC	\$2,300,000
72-80 Willow Springs Cir, York	27,040	Willow Springs Partnership, LP / CTD Properties, LLC	\$1,300,000
1000 E Boundary Ave, York	35,376	Boundary Avenue Partners, LLC / YC Properties VIIB, LLC	\$810,000