

MARKET REVIEW

RETAIL | York County, PA | Q2 2021



Vacancy Falls To Pre-Pandemic Levels, Lease Rates Continue Upward Trend

HIGHLIGHTS

- Vacancy fell for the fourth consecutive quarter since peaking at 7.97% in Q2, 2020. Vacancy is at 5.27%, a 270 basis points (bps) decrease since Q2, 2020.
- Absorption remains positive year-to-date with more inventory leased than made available on the market.
- The **ROCK Demand Index (RDI)** indicates that 48% of retail space demand is comprised of entrepreneurs starting a new business. This is down 10 basis points (bps) from Q1, 2020.
- Big box redevelopment remains in the pipeline at the York Galleria. The former Sears space remains under construction to become a Hollywood Casino due to open in Q3, 2021.
- The ratio of demand for durable goods will see a shift to service oriented spending as workers return to offices with consumers patronizing restaurants and venturing out of town for vacation.

OVERVIEW

Appetite for brick-and-mortar stores is readily apparent, reflected in a falling vacancy rate and increasing average rent. Retailers with established businesses are relocating within York County while startups are also seeking physical locations for their new business. The **ROCK Demand Index (RDI)** reveals that in the past twelve months, 52% of retail space demand is comprised of existing businesses seeking to relocate to expand their business while 48% of demand is new businesses seeking their first location.

The size of vacant units placed on the market in Q2 did not exceed 5,000 SF per unit. Average unit size placed on the market in Q2 was 2,213 SF with 42% of them within shopping centers. Vacancy has fallen below pre-pandemic levels at 5.8% year-to-date. Provided no new big box vacancies emerge on the market and lease activity remains steady, vacancy can be expected to decline further.

Vacant big box spaces 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 and due for completion in Q3, 2021. Construction of a 900-unit, self-storage facility at the 131,915 SF former Bon-Ton space is set to begin in August 2021. WMG partners, a subsidiary of MCSS Self-Storage Development & Investment based out of Miami is undertaking the project. The units will be managed by Life Storage*

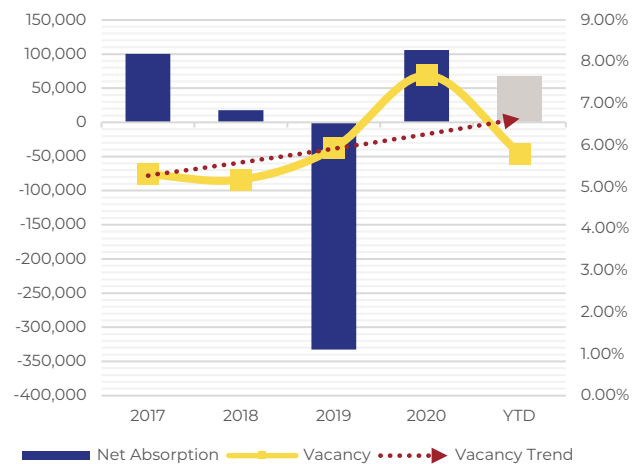
Lease rates remain on a five-year upward trend on par with what is happening nationally. Leased square feet continues a downward trend though it is expected to exceed 2020 levels by year-end.

* Upon ground-breaking of this project, this 131,915 SF space will be re-classified as self-storage and removed from total retail inventory.

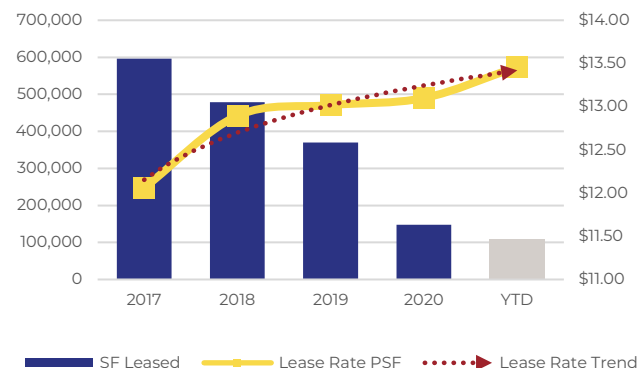
MARKET INDICATORS

Total Inventory	29.19 MSF	▲
Sales (\$)	\$32.75M	▲
Sales (SF)	389,050 MSF	▼
Total Vacancy	5.27% (-53 bps)	▼
Total Leased (SF)	52,445 SF	▲
Average Rent	-\$2.58	▼
Average Rent <i>12-month rolling average</i>	-\$0.96	▼

NET ABSORPTION & VACANCY



SF LEASED & AVG LEASE RATE

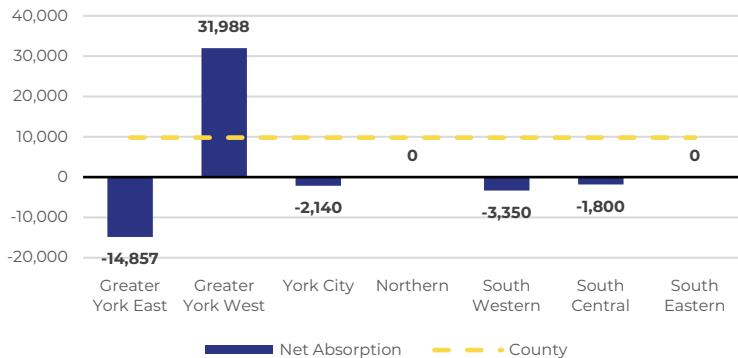


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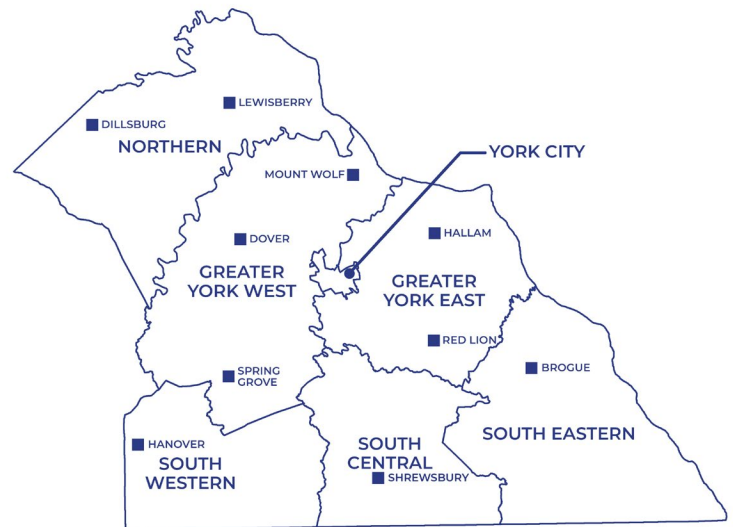
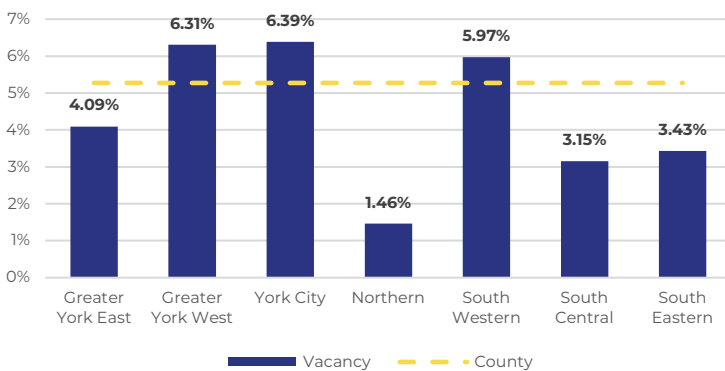
York County, PA

Q2 2021

NET ABSORPTION BY SUBMARKET



VACANCY BY SUBMARKET



Key Lease Transactions Q2 2021

PROPERTY	SF	TENANT	TRANSACTION
5810 Lincoln Hwy, York	5,316	Patriot Transport Services, LLC	New
1700-1730 S Queen St, Randolph Park Shopping Center, York	2,197	Employbridge Southeast, LLC	New
22 N George St, York	2,068	Neema's Egyptian Food	New
4790 W Market St, York	2,000	Luciano's Italian Deli	New
2797 S Queen St, Dallastown	1,800	Springfield Financial Group, Inc.	New

Key Sales Transactions Q2 2021

PROPERTY	SF	SELLER/BUYER	PRICE
205-275 Pauline Dr, South York Plaza, York	126,158	South York Plaza, LP / Washco South York, LLC	\$15,300,000
2899 Whiteford Rd, Former Bon-Ton at York Galleria, York	131,195	BT York PA / WMG York, LLC	\$4,800,000
460-472 Shrewsbury Commons Ave, Shrewsbury	5,500	Pacifica Shrewsbury, LLC / 460-472 Shrewsbury Commons, LLC	\$3,000,000
12 E Market St, York	25,378	LGP Capital York, LLC / York Redevelopment Associates, LLC	\$1,420,000
375 Eisenhower Dr, Hanover	6,700	Monahan Equities I / Carlisle Dillsburg, LLC	\$1,120,000

