

MARKET REVIEW

INDUSTRIAL | York County, PA | Q3 2021



Leased Square Feet Approaches Five Year High, Spec Builds Immediately Absorbed Upon Completion

HIGHLIGHTS

- 1.4 MSF Patriot Tech Center sold for \$73M to SKM Property Management, LLC.
- Building 1 at Goodman Logistics Park – Newberry has been preleased to Amazon to fulfill last mile delivery in the York market.
- Over 1.6 MSF of new construction has been completed including 483,770 SF at Core5 Logistics Center at Codorus Creek – Bldg 1 and 580,000 SF at Goodman Logistics Center – Bldg 1. Hill's Pet Nutrition, Inc. will occupy Building 1 at Codorus Creek.
- The **ROCK Demand Index (RDI)** reveals that 70% of industrial demand is comprised of new businesses or startups. This is up from 64% reported last quarter.

OVERVIEW

Demand has been insatiable this year as vacancy decreased 33 basis points in Q3 to 3.84% and has decreased 324 basis points year-to-date. Demand continues to outpace supply as any new construction is being leased prior to completion. Building 1 at Goodman Logistics Park is a recent completion already leased to Amazon as a last mile delivery in the York market. This is Amazon's second facility as they already occupy 705,000 SF at 500 McCarthy Drive, Lewisberry.

As further testament to high demand, leased square feet year-to-date exceeds 2020 levels and set to surpass a five-year high of 3.3 MSF experienced in 2019. Of the 1.5 MSF leased this quarter, 69% was attributed to Hill's Pet Nutrition at Core5 at Codorus Creek and Amazon at Goodman Logistics Center.

In addition to a solid labor pool, municipal governments continue to foster an attractive destination for warehousing through incentivizing land development, particularly in the region of Greater York West. The Local Economic Revitalization Tax Abatement (LERTA) program has been employed to gradually increase local tax liability for new construction for an agreed upon time period. Tax rate gradually increases until the full tax rate is reached. Recent projects utilizing this incentive include Core5 Logistics Center at Laughman Farms (453,582 SF) and The Cubes at Locust Point (665,080 SF).

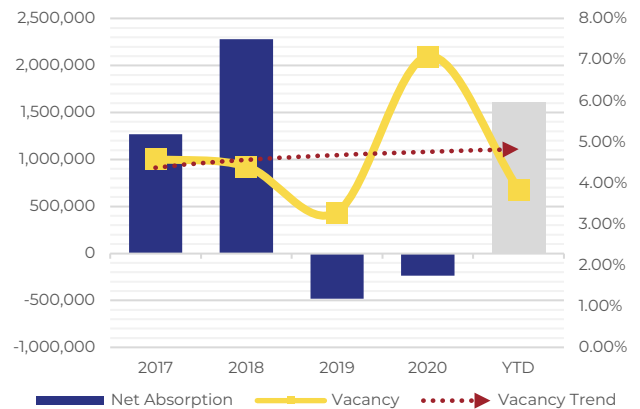
The Patriot Tech Center, an industrial campus totaling 1.4 MSF, sold to SKM Property Management, LLC in August. Tenants include Johnson Controls, BAE Systems, and Magnesita among others. This transaction accounted for 54.7% of sales volume for the year.

Average lease rate experienced little change, increasing \$0.01/SF on the 12-month rolling average. Lease rates remain on a five-year upward trend as vacancy remains at pre-pandemic lows.

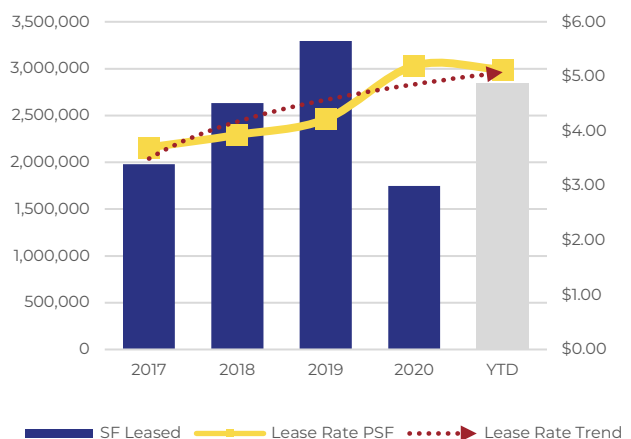
MARKET INDICATORS

Total Inventory	84.86 MSF	▲
Sales (\$)	\$87.7M	▲
Sales (SF)	961,360	▲
Total Vacancy	3.84% (-33 bps)	▼
Total Leased (SF)	1,480,472 SF	▲
Average Rent	+\$0.59	▲
Average Rent <i>12-month rolling average</i>	+\$0.01	▲

NET ABSORPTION & VACANCY



SF LEASED & AVG LEASE RATE

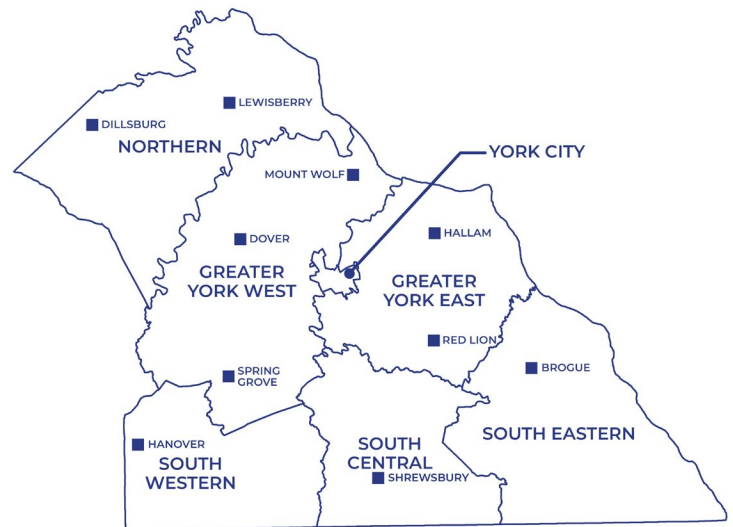
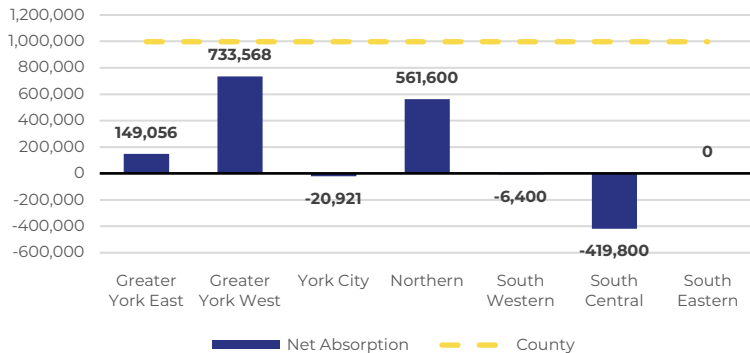


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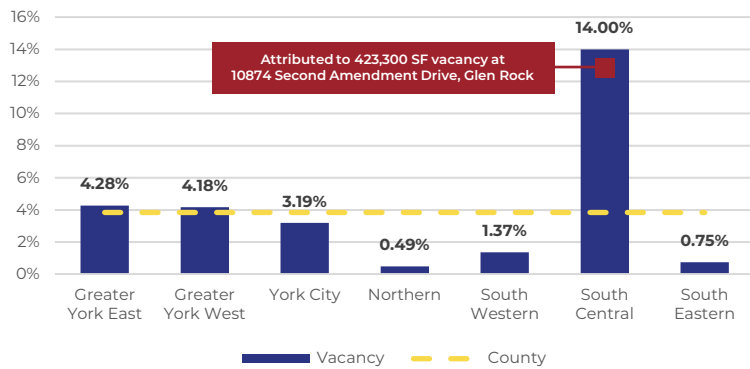
York County, PA

Q3 2021

NET ABSORPTION BY SUBMARKET



VACANCY BY SUBMARKET



Key Lease Transactions Q3 2021

PROPERTY	SF	TENANT	TRANSACTION
699 Yorktown Rd, Lewisberry	580,000	Amazon	New
405 Busser Rd, York	483,770	Hill's Pet Nutrition, Inc.	New
500 Canal Rd, Lot 3, York	175,000	Halstead International, Inc.	New
2925-2955 E Market St, York	135,049	Name Withheld	New
1891 Loucks Rd, York	19,680	JDHR, Inc.	New

Key Sales Transactions Q3 2021

PROPERTY	SF	SELLER/BUYER	PRICE
621 S Richland Ave (Patriot Tech Center), York	1,325,098	Patriot Equities, L.P. / SKM Property Management, LLC	\$57,258,855
125 Stonewood Rd, York	221,621	125 Stonewood, LLC / BCI IV Stonewood Logistics Center	\$19,078,758
425 Church Rd, York	31,170	Lakeshore Ventures, LLC / Exeter 425 Church, LLC	\$8,491,008
1800 W King St, York	30,737	Hydro Partners, LLC / Andato, LLC	\$1,264,000
100 E Broad St, Dallastown	50,235	160 N Hartley, LLC / Buckeye Realty & Leasing, LLC	\$675,000

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