

MARKET REVIEW

RETAIL | York County, PA | Q3 2021



Supply Keeping Pace With Demand, Four Quarter Decline In Vacancy Ends

HIGHLIGHTS

- The four-quarter decrease in vacancy has finally ended, increasing slightly (17 basis points) to 5.44%.
- Despite negative absorption in Q3, supply remains evenly matched with demand year-to-date.
- The **ROCK Demand Index (RDI)** reveals that in the past twelve months, 67% of retail space demand is comprised of businesses seeking an additional location
- Redevelopment at the 80,000 SF Hollywood Casino at the York Galleria, York and new construction of the 5,600 SF Auto Spa Express at 2140 York Crossing Drive, York is now complete.
- The sale of 2818 E Market Street, York is intended for a Popeyes restaurant.

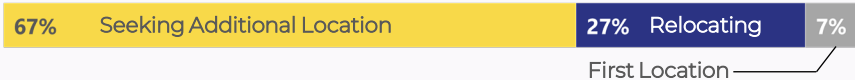
OVERVIEW

Perceptions on the outlook of U.S. retail remains mixed heading into the holiday season. Positive indicators include an increase of 0.8% for Personal Consumption Expenditure¹ and lower unemployment rate at 5.2% for the month of August.² The rise in Personal Consumption Expenditure signals consumers remain flush with cash and willing to spend so long as consumer confidence is not shaken.

Local indicators point to a stable retail environment. Although the four-quarter decrease in vacancy has finally ended, increasing slightly (17 basis points) to 5.44%, this provides a positive outlook for York County retail. This is a typical pre-pandemic vacancy rate for York County where, over the past five years, vacancy has hovered between 5-6%. With the U.S. experiencing the slowest rate of big box store closures and bankruptcies since 2016³, a surge in vacancy as seen in Q2 2020 is less likely to occur.

With more square feet being placed on the market than was able to be leased, absorption was negative in Q3 and -8,464 SF year-to-date. Overall, supply remains evenly matched with demand.

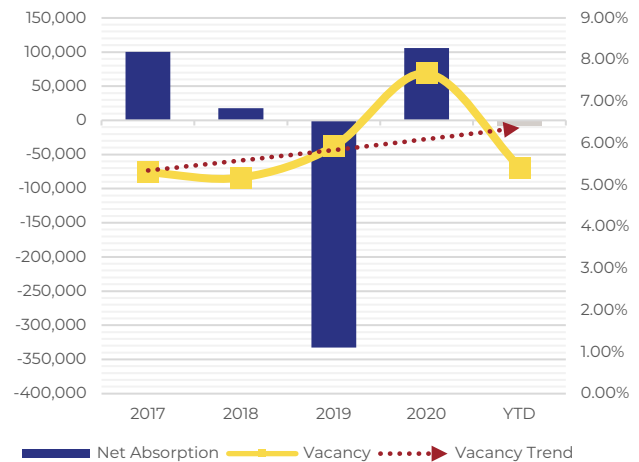
Demand is predominantly for expansion of established businesses. The **ROCK Demand Index (RDI)** reveals that in the past twelve months, 67% of retail space demand is comprised of businesses seeking an additional location, 27% are relocating to a new location, and 6% are establishing their new business.



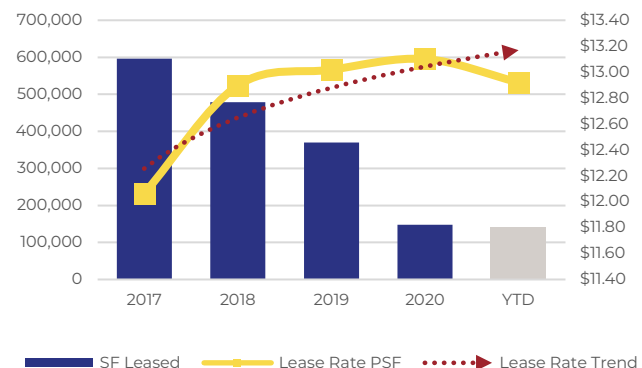
MARKET INDICATORS

Total Inventory	29.84 MSF	▲
Sales (\$)	\$19.38M	▼
Sales (SF)	150,657 MSF	▼
Total Vacancy	5.44% (+17 bps)	▲
Total Leased (SF)	39,396 SF	▼
Average Rent	+\$0.13	▲
Average Rent <i>12-month rolling average</i>	-\$0.47	▼

NET ABSORPTION & VACANCY



SF LEASED & AVG LEASE RATE



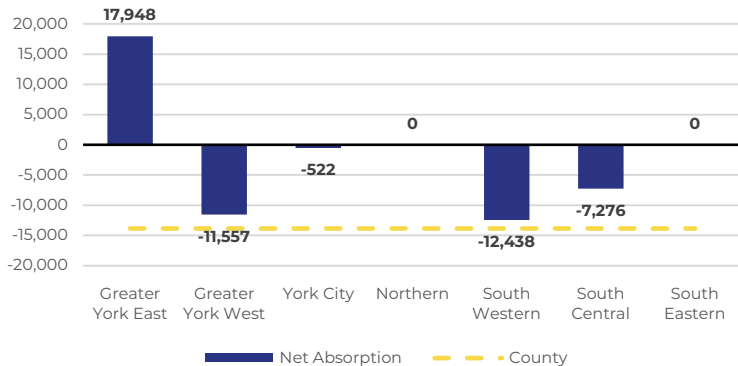
¹ Bureau of Economic Analysis
² U.S. Bureau of Labor Statistics
³ CoStar Advisory Services

RETAIL

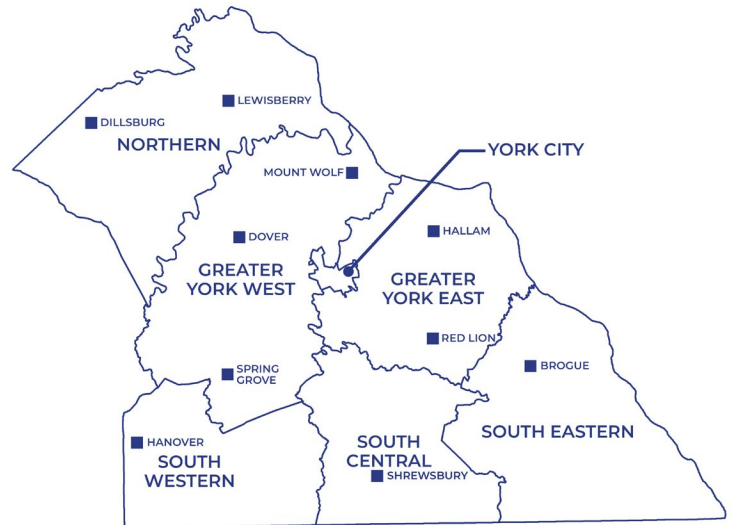
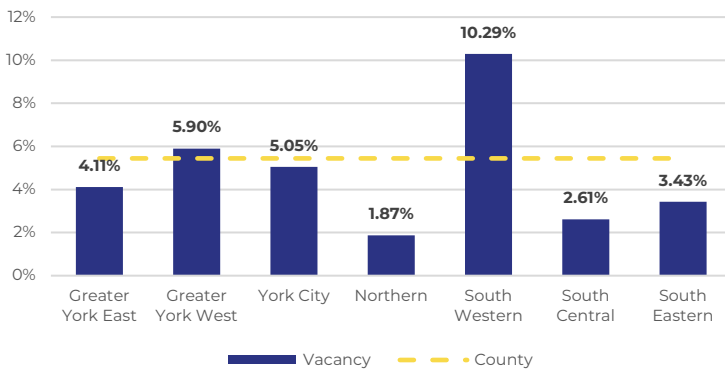
York County, PA

Q3 2021

NET ABSORPTION BY SUBMARKET



VACANCY BY SUBMARKET



Key Lease Transactions Q3 2021

PROPERTY	SF	TENANT	TRANSACTION
2799 S Queen St, Dallastown	6,038	Van's Sharpening, LLC	New
121 Main St, Dover	2,290	Greer Restaurant Group, LLC	New
1900-2081 Springwood Rd, Queensgate Town Center, York	1,670	Kung Fu Tea	New
2131 S Queen St, York	1,150	Safe & Sweet Keto Bakery	New
1155 Carlisle St, North Hanover Mall, Hanover	1,112	Grace and Crepes Company	New

Key Sales Transactions Q3 2021

PROPERTY	SF	SELLER/BUYER	PRICE
205-275 381 Eisenhower Dr, Hanover	11,493	381 Eisenhower Dr, LLC / Eisenhower Drive Partners	\$2,069,000
75 Eisenhower Dr, Hanover (Panera Bread)	4,051	Swep No 3, LLC / Jesse Klempner Family Trust and C&G Real Estate Investments	\$1,950,000
2990 E Market St, York (Citizen's Bank)	3,256	Inland American CFG Pennsylvania Portfolio / 2990 East Market Street, LLC	\$1,818,000
100 Memory Ln, York	4,133	VDM York Retail Dev, LLC / Alta RE PA York, LLC	\$1,541,667
1801 Baltimore Pk, Hanover (Adams County National Bank)	4,100	Benrus L. Stambaugh / Gradison West Point, LLC	\$1,400,000

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