

MARKET REPORT

INDUSTRIAL | York County, PA | Q4 2021



Institutional Investors Boost Sale Volume in Q4, Leased Square Feet At Historic High, Vacancy At Historic Low

HIGHLIGHTS

- A record 4,101,266 SF was leased in 2021, a 135% increase from 2020 and a 24% increase from 2019.
- Vacancy plummets to a historic low of 2.86%.
- Absorption was positive for the year at 2.6 MSF illustrating high demand. This is a record for the county.
- 300 S Salem Church Rd, York, sold for an estimated \$60M as part of merger between VEREIT, Inc. and Realty Income Corporation. The portfolio, valued at \$11 billion, contained 3,918 properties nationwide consisting of industrial, retail and office product.
- REIT acquisitions accounted for over \$190M of sales volume in Q4.
- Industrial expansion projects account for 47% of active construction.
- 903,599 SF is under construction with over 6 MSF proposed.

OVERVIEW

2021 was a record setting year as demand from e-commerce and manufacturing remained strong. Variants of COVID-19 and pressures of inflation have potential to negatively influence growth in 2022 but the overall trajectory of demand from e-commerce is expected to remain elevated.

Cumulative vacancy between class A, B, and C product plummeted 91 basis points in 2021 and now sits below 3%. This historic low in vacancy and record high absorption indicates strong demand among all asset classes creating a very tight market. Submarkets with lowest vacancy include South Western (1.37%), Northern (1.16%), and South Eastern (0.75%).

Just under 1 MSF is under construction to help meet demand with an additional 6 MSF of proposed development. Most speculation builds continue to be immediately absorbed upon completion contributing to the record high absorption and suppressed vacancy experienced throughout the year.

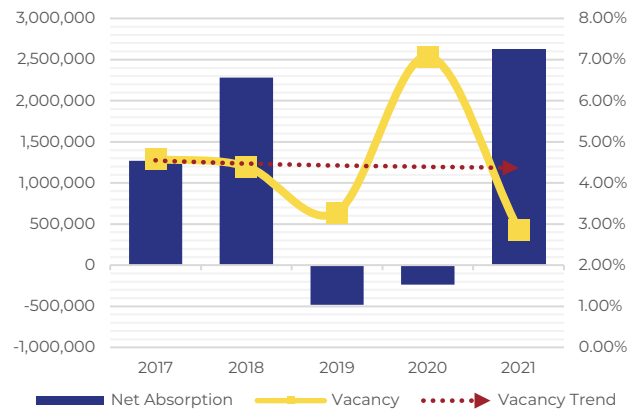
Industrial users need more space. Expansion projects at existing facilities account for 47% of square feet under construction. Companies expanding their existing facilities include Hanover Foods Corporation at 1175 Wilson Ave, Hanover (175,493 SF freezer storage), Yazoo Mills, Inc. at 800 Gitts Run Rd, Hanover (+/- 50,000 SF warehouse), and Ollie's Bargain Outlet at 3300 Espresso Way, York (+/- 200,000 SF warehouse).

Combined rent growth of class A, B, and C product remains elevated but softened from 2020-2021, increasing five cents to \$5.25/SF. Rates are expected to rise in 2022 as supply remains low. Of the 903,599 SF under construction, 186,400 SF is expected Q1 2022.

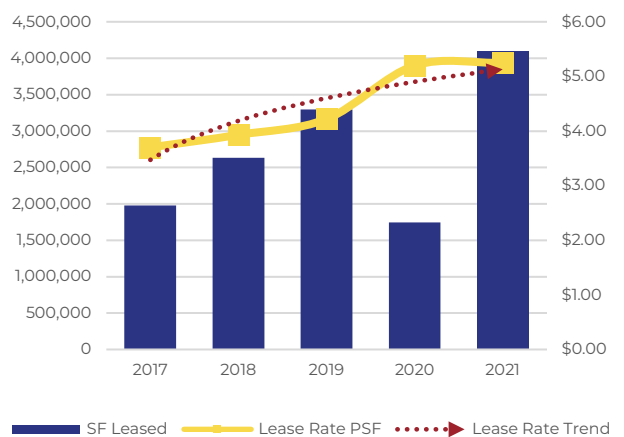
MARKET INDICATORS

Total Inventory	85.6 MSF	▲
Sales (\$)	\$191.92M	▲
Sales (SF)	3,425,830	▲
Total Vacancy	2.93% (-91 bps)	▼
Total Leased (SF)	1,109,311 SF	▼
Average Rent	-\$0.52	▼
Average Rent <i>12-month rolling average</i>	-\$0.08	▼

NET ABSORPTION & VACANCY



SF LEASED & AVG LEASE RATE

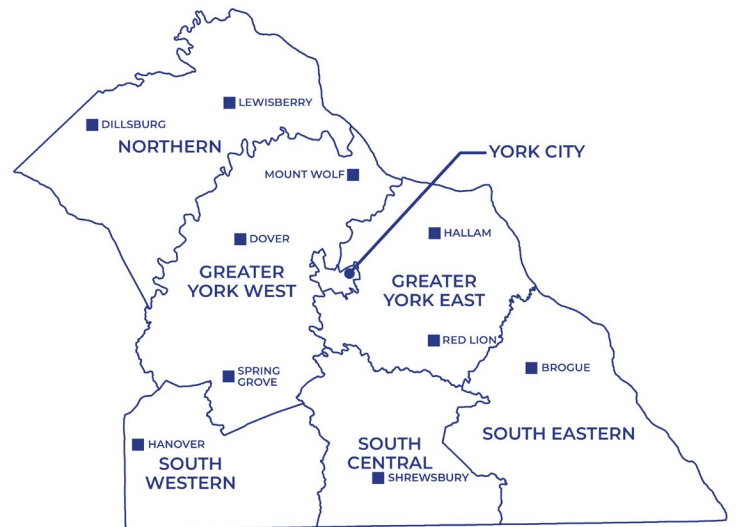
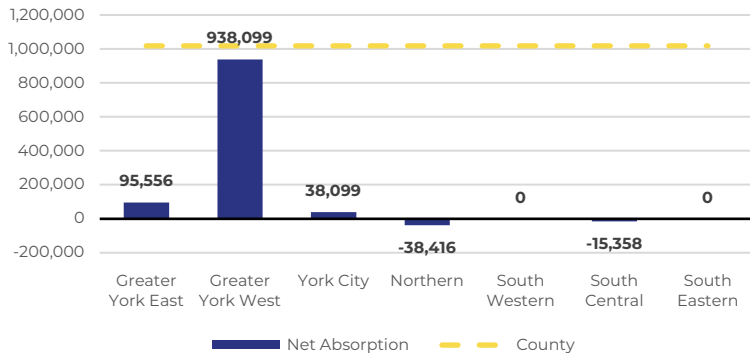


INDUSTRIAL

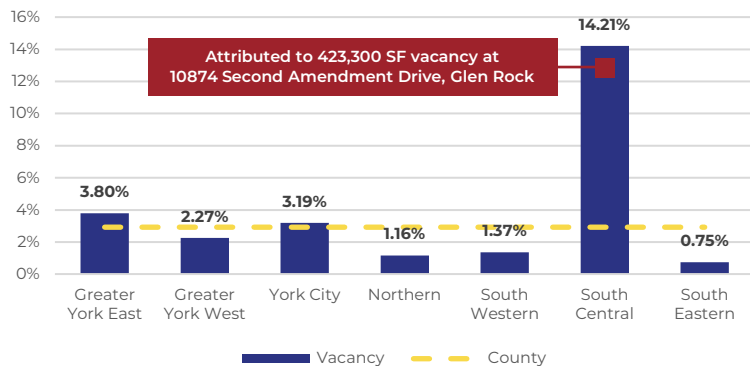
York County, PA

Q4 2021

NET ABSORPTION BY SUBMARKET



VACANCY BY SUBMARKET



Key Lease Transactions Q4 2021

PROPERTY	SF	TENANT	TRANSACTION
20 Leo Ln, York	780,000	Gamestop	New
3405 Board Rd, York	157,000	Ammac, Inc.	New
601 Memory Ln, York (York Business Center)	88,400	Ecore International	New
240 Arch St, York	48,000	Mid-Atlantic Precast Corporation	New
581 Manchester Ct, York	40,000	Brookaire Company, LLC	New

Key Sales Transactions Q4 2021

PROPERTY	SF	SELLER/BUYER	PRICE
601 Memory Ln, York (York Business Center)	1,595,131	Equity Industrial Partners Corp / Endurance Real Estate Group, LLC	\$90,957,000
300 S Salem Church Rd, York	1,004,453	Vereit Real Estate, LP / Realty Income Corporation	\$60,000,000
2800 Concord Rd, York	385,886	Four Concord Partners, LP / Stag Industrial Holdings	\$25,500,000
915 Woodland View Dr, York	118,100	Woodland View York, LP / Stag Industrial Holdings	\$7,900,000
560 Maryland Ave, York	46,640	Frasier-Campbell Properties, LLC / Andato, LLC	\$725,000

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