

MARKET REPORT

RETAIL | Lancaster County, PA | Q4 2021



Vacancy Holds Below 4% As Average Lease Rate Continues To Exceed \$15/SF

HIGHLIGHTS

- The Lancaster County EDC cited little change in consumer sentiment during the month of December 2021 due to concerns from inflation. However, the latest report cites higher consumer sentiment during the month of January 2022 which runs counter to the national measure.¹
- Absorption fell negative for the year with more square feet made available than was leased.
- Redevelopment plans to revitalize under performing retail centers are planned for the U.S. Route 30 corridor in East Lampeter Township.

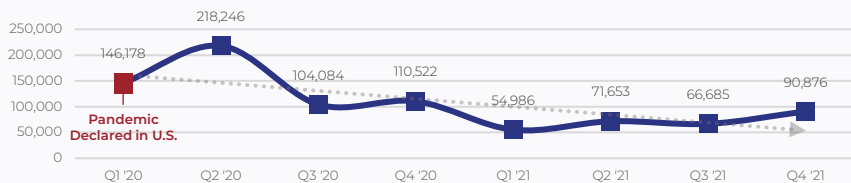
OVERVIEW

Pressures from inflation and supply chain disruption have potential to negatively impact spending in 2022, but positive absorption and declining vacancy remain positive indicators for the sector overall. Shopping metrics were positive this past holiday season as consumer spending increased not only for e-commerce but also brick-and-mortar locations. Retail sales grew 8.5% overall and online sales grew 11% compared to 2020.¹

Many factors are coalescing in 2022 to cause potential barriers for growth including federal interest rate hikes, inflation, supply chain disruption, labor shortages and surges of COVID variants. Effects from these factors are not equitable among all retail sectors with service industries, including restaurants, feeling a greater sting.

Vacancy continues its downward trajectory in 2021 but slowed in Q4 falling only 6 basis points. Overall vacancy in 2021 ended below 4% which is lower than 2019 levels. New vacant square feet added to the market each quarter averaged 71,050 SF in 2021 suggesting big box store closures remain minimal.

VACANT SF ADDED TO THE MARKET



Mixed-use redevelopment projects are being considered along the U.S. Route 30 corridor in East Lampeter Township. The corridor featuring attractions like Dutch Wonderland and Tanger Outlets, is an entryway to the colloquial 'Amish Country' of eastern Lancaster County. Wharton Realty Group, owner of Rockvale Outlets, has acquired a zoning amendment to allow mixed-use development at the outlet center. The site has been challenged by increasing vacancy in recent years.

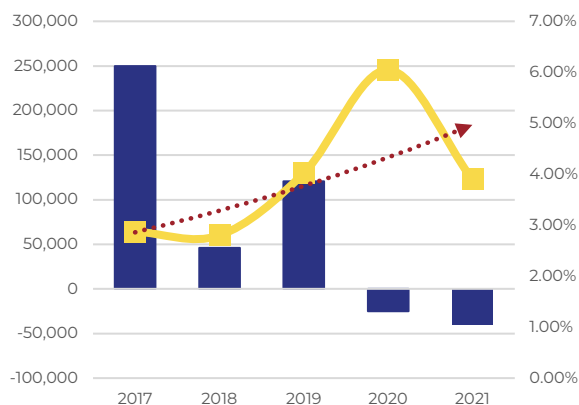
2205-2217 Lincoln Highway E, adjacent to Dutch Wonderland, is also poised to be re-developed into a retail site with plans drawn for a mixture of hospitality and retail pad sites. Proximity to Dutch Wonderland provides a pathway from the amusement park to the site.

¹ Mastercard Spending Pulse

MARKET INDICATORS

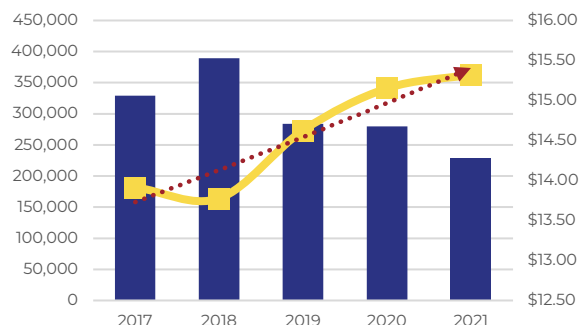
Total Inventory	31.28 MSF	▶
Sales (\$)	\$25.44M	▲
Sales (SF)	154,258 SF	▲
Total Vacancy	3.90% (-6 bps)	▼
Total Leased (SF)	40,942 SF	▼
Average Rent	+\$1.04	▲
Average Rent <i>12-month rolling average</i>	-\$0.35	▼

NET ABSORPTION & VACANCY



■ Net Absorption — Vacancy ····· Vacancy Trend

SF LEASED & AVG LEASE RATE



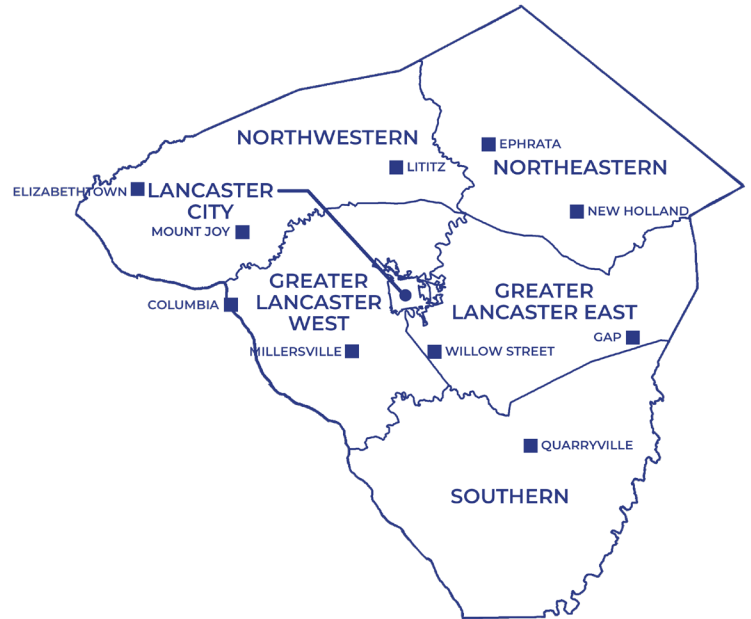
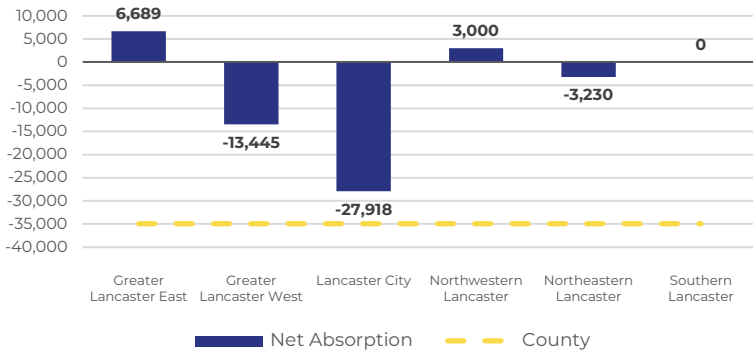
■ SF Leased — Lease Rate PSF ····· Lease Rate Trend

RETAIL

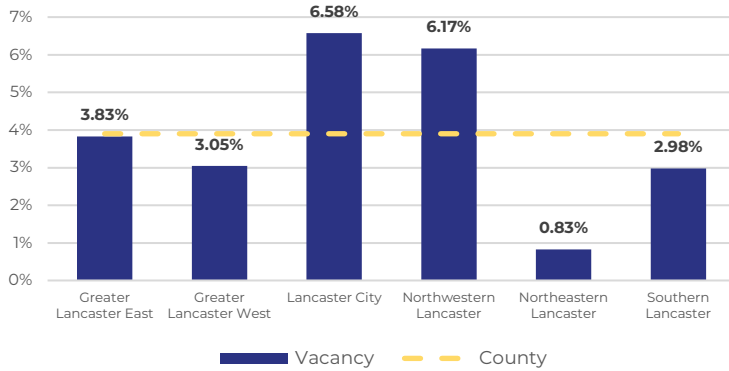
Lancaster County, PA

Q4 2021

NET ABSORPTION BY SUBMARKET



VACANCY BY SUBMARKET



Key Lease Transactions Q4 2021

PROPERTY	SF	TENANT	TRANSACTION
291-295 E Main St, Leola	7,500	Name Withheld	New
1563 Fruitville Pk, Lancaster (The Shoppes at Belmont)	3,000	Name Withheld	New
605 Richmond Dr, Lancaster (Richmond Square)	2,600	Max's Eatery	New
1625-35 Philadelphia Pk, Lancaster (The Square at Bridgeport)	1,915	Name Withheld	New
95-130 Reading Rd, Ephrata	1,700	Drayer Physical Therapy Institute	New

Key Sales Transactions Q4 2021

PROPERTY	SF	SELLER/BUYER	PRICE
919 E Main St, Mount Joy (Mount Joy Square)	72,061	Mount Joy Square Associates / Mount Joy Square Investment	\$10,050,000
936 Lancaster Rd, Manheim	30,000	Daryl & Marcia Myer / 936 Lancaster Road Properties, LLC	\$3,225,000
2205-2217 Lincoln Hwy E, Lancaster (Redevelopment)	16,000	Lincoln Properties, LTD / Samuel Brothers Realty, LP	\$2,250,000
1450 Manheim Pk, Lancaster	4,636	Park City Center, LLC / Highview Commercial Ma1, LLC	\$1,550,000
2575 Lincoln Highway E, Ronks	2,122	2575 Lincoln Highway East, LLC / Lincoln Hwy Estate, LP	\$675,000

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