

# MARKET REPORT

RETAIL | York County, PA | Q4 2021



## Leased Square Feet Exceeds 2020 Total, Average Lease Rate Up 11.4% Since 2017

### HIGHLIGHTS

- Absorption slipped further negative in Q4 but supply remains evenly matched with demand.
- The ROCK Demand Index (RDI) reveals that in the past twelve months, 55% of retail space demand is comprised of businesses seeking an additional location.
- Small shopping centers (4-5 units) containing a strong tenant mix of national retailers remain popular among investors.
- Old Navy is to occupy 12,569 SF at Gateway Shopping Center, Hanover in Q1 2022.
- Vacancy increased 22 basis points to 5.66%.

### OVERVIEW

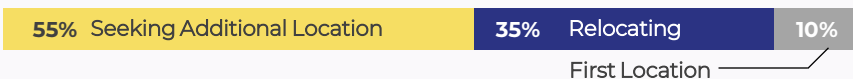
Despite mixed perceptions on Q4 holiday spending, shopping metrics were positive as consumer spending increased not only for e-commerce but also brick-and-mortar locations. Retail sales grew 8.5% overall and online sales grew 11% compared to 2020.<sup>1</sup>

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.

Potential safe havens for investors may be found in small shopping centers (4-5 units) containing a diverse mix of national retailers, retail medical and QSRs. These lifestyle centers contain tenants that tend to join each other as they enter new markets including medical, dining, professional service and salons. As a result, smaller parcels (typically 0.5 – 2 acres) located along high traffic corridors are attractive to developers seeking to replicate this successful model.

The past year has illustrated that online ordering remains a popular option that can hedge against lost profits from in-person shopping or dining. Whether delivered to the home or picked up in store, this phenomenon will be a mainstay in retail for the foreseeable future. On-demand delivery services such as Uber Eats, Grub Hub, Door Dash, and Instacart have made delivery accessible to most businesses. Petco has also partnered with Door Dash to offer same-day delivery of pet products to help compete against online exclusive retailers like Chewy.

The ROCK Demand Index (RDI) reveals that in the past twelve months, 55% of retail space demand are businesses seeking an additional location, 35% are relocating, 10% are establishing their first location. Although demand from new businesses has decreased over that past year, businesses relocating to expand their business and unit size rose 45.8% in 2021.

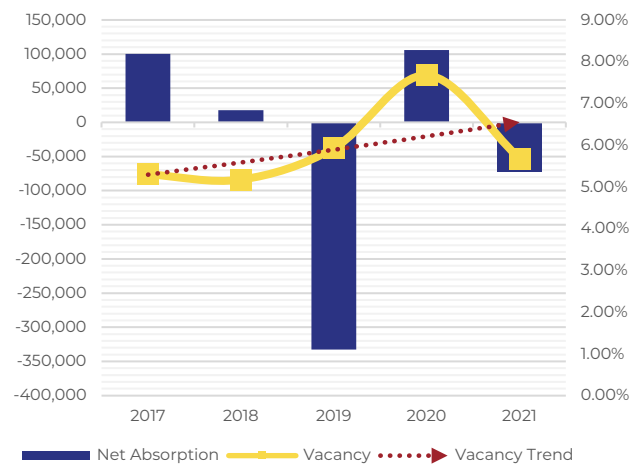


<sup>1</sup> Mastercard Spending Pulse

### MARKET INDICATORS

Total Inventory	29.37 MSF	▼
Sales (\$)	\$8.44M	▼
Sales (SF)	86,235 MSF	▼
Total Vacancy	5.66% (+22 bps)	▲
Total Leased (SF)	46,483 SF	▲
Average Rent	+\$0.32	▲
Average Rent <i>12-month rolling average</i>	+\$0.45	▲

### NET ABSORPTION & VACANCY



### SF LEASED & AVG LEASE RATE

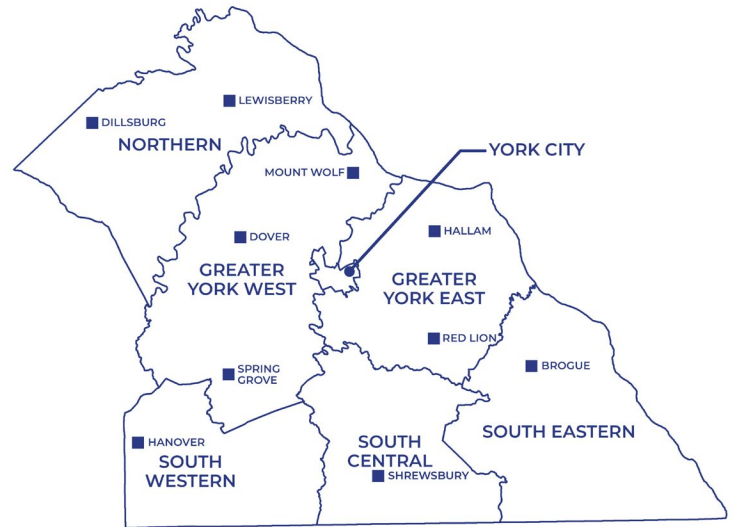
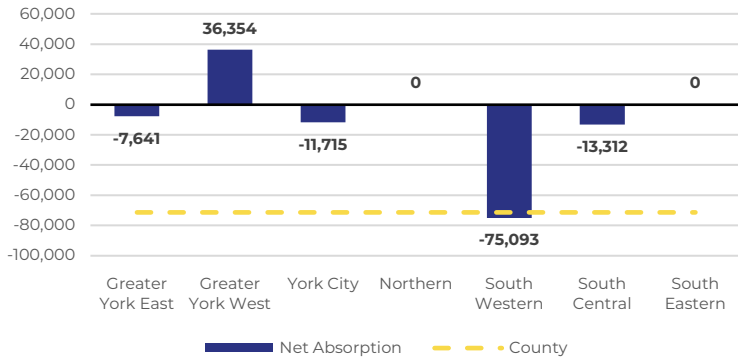


# RETAIL

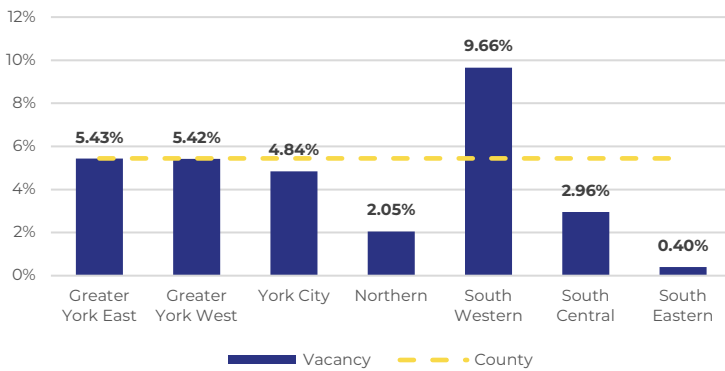
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## NET ABSORPTION BY SUBMARKET



## VACANCY BY SUBMARKET



## Key Lease Transactions Q4 2021

PROPERTY	SF	TENANT	TRANSACTION
31 Wilson Ave, Hanover	12,569	Old Navy	New
1110 Roosevelt Ave, York	9,328	Traffic Management, Inc.	New
855-857 E Main St, Dallastown	4,000	Mai Thi Le	New
2500 Eastern Blvd, York	3,468	New Visions Books & Gifts	New
2131-2139 Industrial Hwy, York	2,069	Revolution Dancewear, LLC	New

## Key Sales Transactions Q4 2021

PROPERTY	SF	SELLER/BUYER	PRICE
1540 Toronita St, York	7,904	Sunrise Capital / 1540 Toronita Street, LLC	\$2,150,000
802-828 Baltimore St, Hanover (Dollar General)	11,269	WEC 98 G-36 Investment Trust / Hanover Dollar 820, LLC	\$1,630,000
3160 Carlisle Rd, Dover	2,675	PeoplesBank / Posh Properties No 49 Dover, LLC	\$1,050,000
135 Sheraton Dr, New Cumberland	5,200	135 Sheraton Investors, LLC / SJ Holdings	\$756,000
37-43 Berlin St, Spring Grove	20,962	Sarabelle Baugher / J&L Investment Group, LLC	\$416,000

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