

MARKET REPORT

RETAIL | Lancaster County, PA | Q1 2022



Vacancy Holding Below 4% As Lease Rates Increase, Auto Uses Account for 54% Of Sales Volume

HIGHLIGHTS

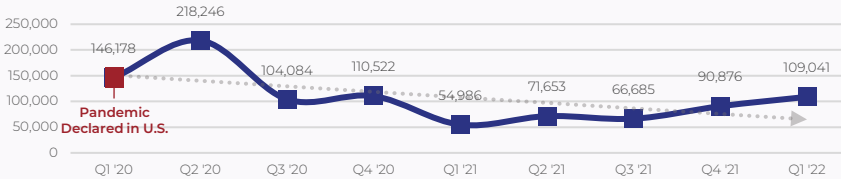
- Tenants are becoming more selective on pricing, moving quickly on well priced, well positioned space.
- Online exclusive retailers are requesting brick-and-mortar space to showcase and sell their brands.
- The Lancaster County EDC Intelligence Report cited “worry over current conditions but shared an improved outlook over where the local economy is headed.”¹
- Redevelopment plans to revitalize underperforming retail centers are planned for the U.S. Route 30 corridor in East Lampeter Township.

OVERVIEW

Many factors are coalescing in 2022 to cause potential barriers for growth including federal interest rate hikes, inflation, supply chain disruption, labor shortages, and rising energy costs. All these factors weigh on consumer decisions and the ramifications will become apparent in the coming months.

Vacancy remains below 4%, but the rate of decline is slowing. New vacant square feet has been increasing following its lowest level in Q1 2021. This may be an early indicator of rising vacancy in 2022.

NEW VACANT SF ADDED TO THE MARKET



The average lease increased this quarter starting the year at \$16.27/SF. This is reflective of more Class A units being leased. Price disparity between Class A and Class B and below has also intensified as new construction and existing Class A centers are asking more than \$45/SF.

Demand continues to favor smaller unit sizes to minimize cost. Business incubators and co-working spaces continue to thrive as a means for startups and established businesses to control real estate expense. For restaurateurs, shared kitchen space at the Crowded Cookhouse and Southern Market provide venues to experiment and easily scale their real estate component as needed.

Sales volume reflects continued interest in retail investments with emphasis on automotive properties. Automotive uses accounted for 54% of sales volume this quarter and sales included auto repair garages, sales lots, and car washes.

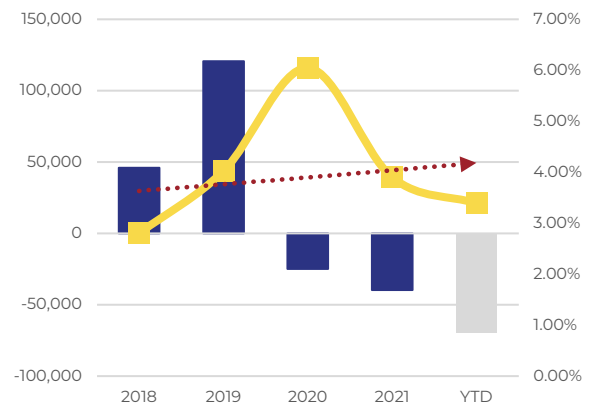
¹ Lancaster County EDC - March 25, 2022 Intelligence Report on the State of Lancaster County's Economy

MARKET INDICATORS

Total Inventory	31.28 MSF	▶
Sales (\$)	\$48.46M	▲
Sales (SF)	500,990 SF	▲
Total Vacancy	3.37% (-53 bps)	▼
Total Leased (SF)	34,442 SF	▼
Average Rent	+\$0.07	▲

Average Rent	-\$0.22	▼
<i>12-month rolling average</i>		

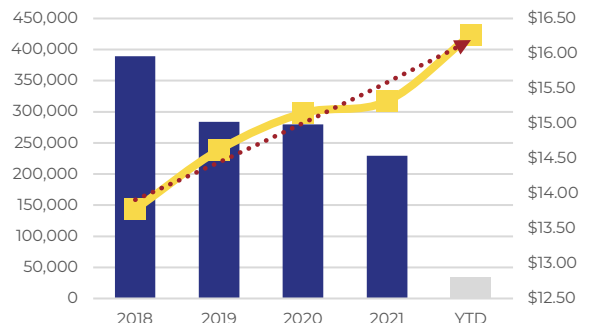
NET ABSORPTION & VACANCY



■ Net Absorption — Vacancy ● Vacancy Trend

* Absorption & Vacancy for Class A, B & C

SF LEASED & AVG LEASE RATE



■ SF Leased — Lease Rate PSF ● Lease Rate Trend

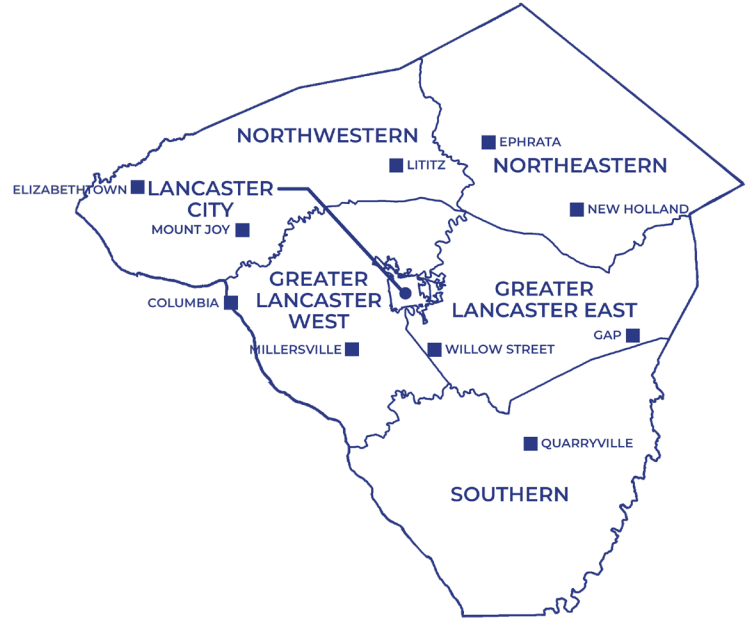
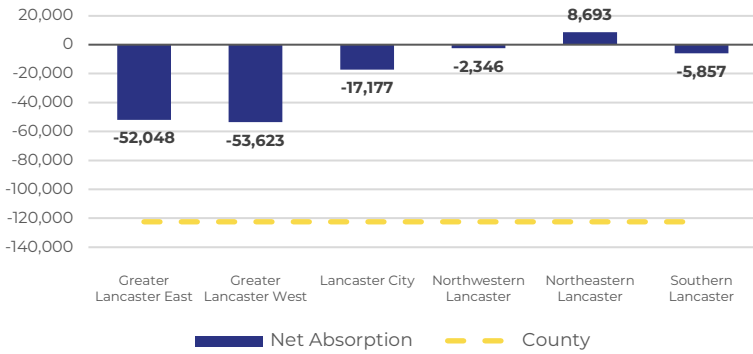
* SF Leased includes Class A, B & C | Lease rate includes Class A & B only

RETAIL

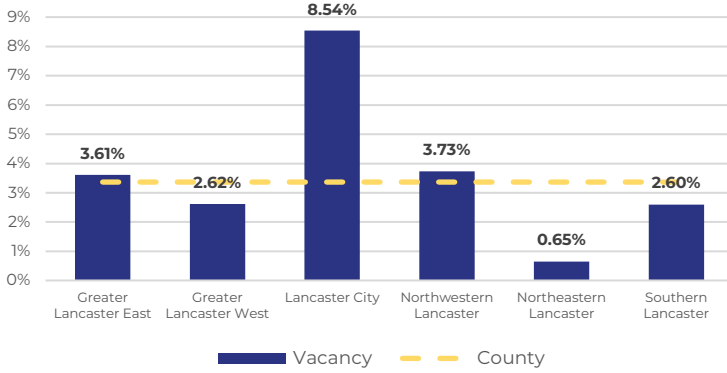
Lancaster County, PA

Q1 2022

NET ABSORPTION BY SUBMARKET



VACANCY BY SUBMARKET



Key Lease Transactions Q1 2022

PROPERTY	SF	TENANT	TRANSACTION
210 E Main St, New Holland	9,250	Club Med Billiards, Inc.	New
5360 Lincoln Hwy, Gap	8,500	Name Withheld	New
1438 W Main St, Ephrata (2 Units)	8,130	Name Withheld	New
1841 Columbia Ave, Lancaster	2,800	Name Withheld	New
1360 Columbia Ave, Lancaster	2,640	Popeye's Louisiana Kitchen	New

Key Sales Transactions Q1 2022

PROPERTY	SF	SELLER/BUYER	PRICE
1916 W Main St, Mount Joy	25,300	Jean M. & Clair S. Mummau / Usdin Realty Management, LLC	\$1,599,999
1929 W Main St, Ephrata	6,000	West Side Exhaust, LLC / Zimmco Ents	\$1,550,000
800 Mount Gretna Rd, Elizabethtown	5,986	Jefferey D. & Stephen C. Heckman / Mount Gretna Road Ents, LLC	\$1,400,000
49 Trinity Dr, Leola	6,685	Mark Hollen / Z3 Holdings, LLC	\$850,000
800 Spruce St, Elizabethtown (Car Wash)	2,432	Lime Ridge Farm Properties, LP / Aberdeen Land Holdings, LLC	\$800,000

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