

MARKET REPORT

INDUSTRIAL | York County, PA | Q1 2022



Tight Market Persists As Vacancy Approaches 2%, 4.2 MSF Under Construction To Help Meet Demand

HIGHLIGHTS

- Vacancy falls a further 85 basis points to a historic low of 2.08%.
- Real estate developer, CRC, sold their 311,920 SF warehouse at 950 Woodland View Dr, York for \$45.5M. The facility is at 40% occupancy and accounts for 64% of sales volume in York County.
- Demand remains highest for users seeking space less than 10,000 SF. There is a deficit of approximately 125,000 SF for this size category and possible opportunity for landlords willing to carve up larger units.
- Headwinds from inflation, rising interest rates, and increases to material handling and transportation costs may suppress the growth seen over the past two years.

OVERVIEW

After a whirlwind of exponential growth in 2021, headwinds from inflation, rising interest rates, and increases to material handling and transportation costs may suppress the growth seen over the past two years. 2022 will be a year to watch whether demand will diminish or remain elevated.

The market remains tight as vacancy falls a further 85 basis points to 2.08%, a historic low for York County. Demand remains high though headwinds from cost increases for construction and goods may slow growth in 2022.

This low vacancy and positive absorption indicates demand remains strong amongst all asset classes creating a very tight market. Submarkets with lowest vacancy include South Western (Hanover area at 0.64%), Northern (Dillsburg/Lewisberry at 0.81%), and South Eastern (Brogue at 0.73%). Demand remains highest for users seeking space less than 10,000 SF. There is a deficit of approximately 125,000 SF for this size category and possible opportunity for landlords willing to carve up their larger units.

4.2 MSF is under construction helping to meet demand with an additional 3.7 MSF of proposed development. Most speculation builds continue to be immediately absorbed upon completion contributing to the suppressed vacancy. 75% of new construction is located along the I-83 corridor stretching from Lewisberry in the north to Shrewsbury in the south.

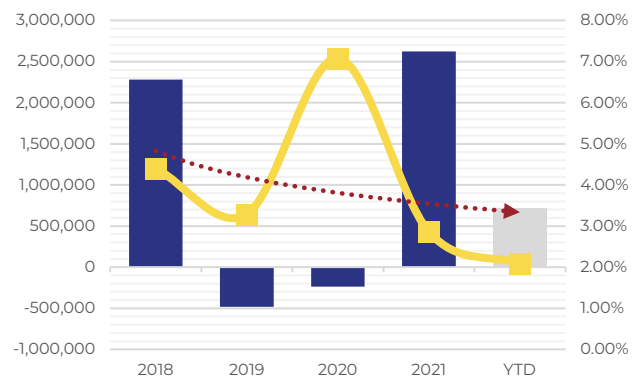
As of Q1 2022, expansion projects include Hanover Foods Corporation at 1175 Wilson Ave, Hanover (175,493 SF freezer storage), Yazoo Mills, Inc. at 800 Gitts Run Rd, Hanover (+/- 60,000 SF warehouse), and Ollie's Bargain Outlet at 3300 Espresso Way, York (+/- 200,000 SF warehouse).

The combined lease rate for class A, B product increased slightly in Q1. Rates are expected to remain elevated in 2022 as supply remains low and demand remains high.

MARKET INDICATORS

Total Inventory	86.07 MSF	▲
Sales (\$)	\$122.5M	▲
Sales (SF)	1.85 MSF	▲
Total Vacancy	2.08% (-85 bps)	▼
Total Leased (SF)	1.05 MSF	▼
Average Rent	+\$0.02	▲
Average Rent <i>12-month rolling average</i>	+\$0.24	▲

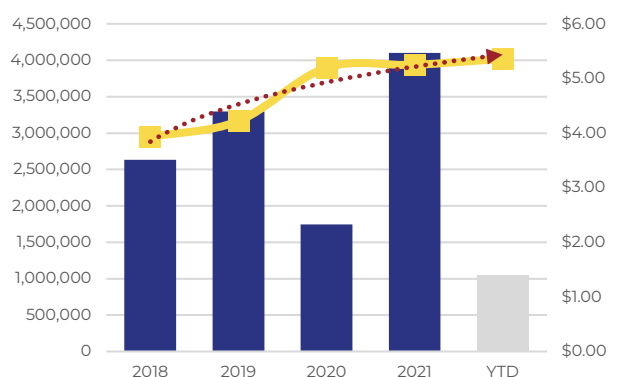
NET ABSORPTION & VACANCY



■ 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

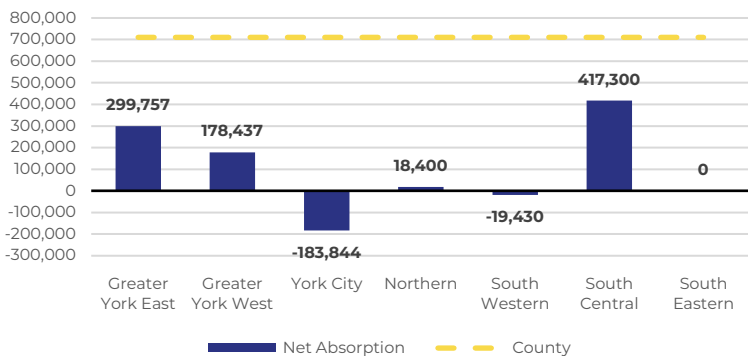
* SF Leased includes Class A, B & C | Lease rate includes Class A & B only

INDUSTRIAL

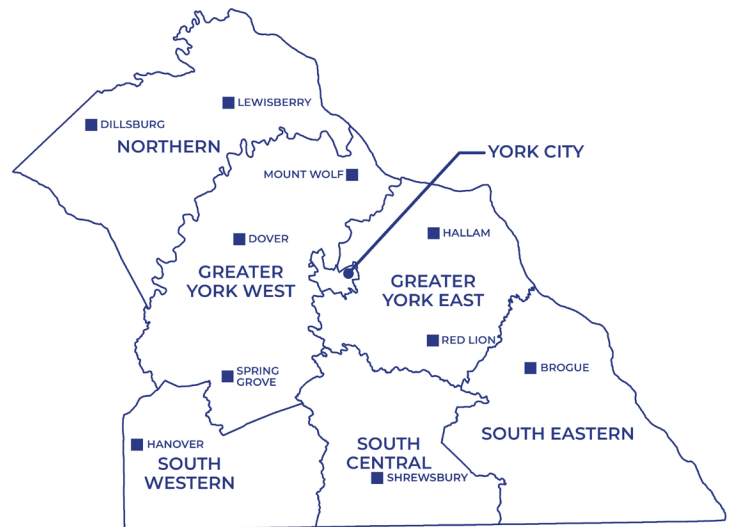
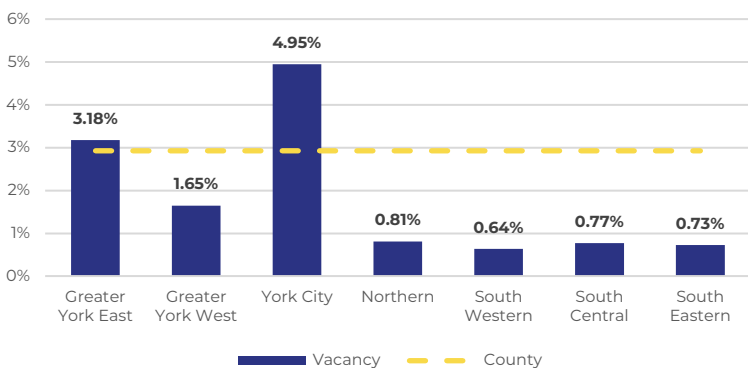
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Q1 2022

NET ABSORPTION BY SUBMARKET



VACANCY BY SUBMARKET



Key Lease Transactions Q1 2022

PROPERTY	SF	TENANT	TRANSACTION
10874 Second Amendment Dr, Glen Rock	423,300	Link Logistics Real Estate	New
125 Stonewood Rd	221,621	Syncreon.US, Inc.	New
222-231 Morgan Ln, York	96,010	Name Withheld	New
1128 Roosevelt Ave, York	64,657	Crane Cartage, LLC	New
503-509 Industrial Dr, Lewisberry	18,400	J&Z Express, Inc.	New

Key Sales Transactions Q1 2022

PROPERTY	SF	SELLER/BUYER	PRICE
950 Woodland View Dr, York	311,920	Emig Road, LLC / Airef Emig DC, LLC	\$45,500,000
1551 Mount Rose Ave, York	168,632	Mt Rose Avenue, LP / Triple Net Investments LXXXVI & RCM Properties X, LLC	\$10,750,000
2645 Blackthorne Ct, York	148,500	Blackbridge, LP / High Street Logistics Properties, LLC	\$6,400,000
3 Interchange Pl, York	48,326	Humphrey Partners, LLC / 3 Interchange, LLC	\$3,525,000
401 E Locust St, Dallastown	105,433	Yorktowne 401 Leasing, L.P. / David F. Carr and Lindsay A. Carr	\$950,000

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