

MARKET REPORT

INDUSTRIAL | York County, PA | Q2 2022



Vacancy Decline Loses Momentum After Six Consecutive Quarters, High Demand Driving Lease Rates Up 17% From 2021

HIGHLIGHTS

- Though declining 7 basis points in Q2, the rate of vacancy decrease is slowing compared to 2020-2021.
- Lease rates are up 17% from 2021 resulting from high demand and short supply.
- Ironically, amidst this supply shortage, some industrial buildings find new life as residential/mixed-use conversions. This serves as testament to equally high demand in the multi-family sector.
- A 1,075,200 SF facility in Jackson Township nears completion believed to be occupied by Amazon.

OVERVIEW

Vacancy ended its thirteen-month decline as leased square feet encountered its lowest performing quarter since Q3 2020. It is important to note that this decline in leased square feet is not due to slowdown of demand but, rather, a lack of available inventory.

Lack of inventory is also exerting upward pressure on lease rates currently up 17% year-to-date. Until demand cools off and supply can catch up to demand, expect lease rates to continue increasing.

3.9MSF is under construction helping to meet demand with just over one million square feet (28%) attributed to an Amazon fulfillment center in Jackson Township. The largest construction projects are concentrated along the I-83 corridor heading from York to Harrisburg. An additional 4.1 MSF is proposed.

Top 5 Construction Projects By Square Feet

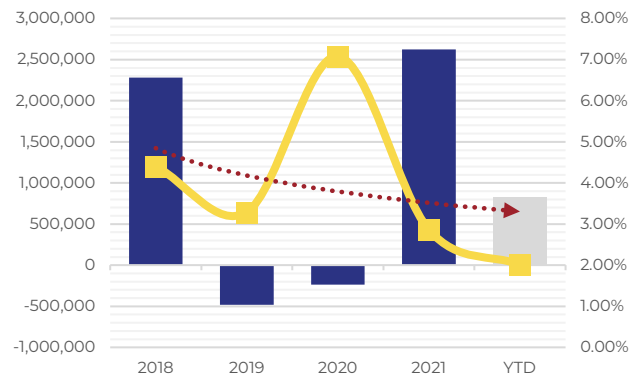
1,075,200 SF	764,400 SF	670,390 SF	526,400 SF
Amazon Fulfillment	Park 83 Logistics Center	Logistics 83	Trade Center 83 North
			243,000 SF
			283 Industrial Center

Amidst a shortage of inventory, aging industrial inventory is being converted to residential units. This serves as testament to equally high demand in the multi-family sector. Industrial inventory deemed undesirable due to location, poor condition or inability to accommodate modern industrial demands ends up finding new life as multi-family/mixed-use. Projects undergoing transformations include a 105-unit apartment conversion at 252 N Franklin St, Red Lion and 20,000 SF mixed-use development at 108 E Chestnut St, Hanover.

MARKET INDICATORS

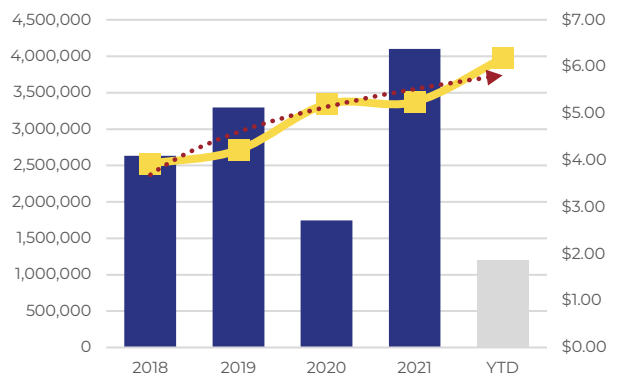
Total Inventory	85.77 MSF	▼
Sales (\$)	\$33.76 M	▼
Sales (SF)	585,179 SF	▼
Total Vacancy	2.01% (-7 bps)	▼
Total Leased (SF)	268,096 SF	▼
Average Rent	+\$0.04	▲
Average Rent <i>12-month rolling average</i>	+\$0.25	▲

NET ABSORPTION & VACANCY



* Absorption & Vacancy for Class A, B & C

SF LEASED & AVG LEASE RATE



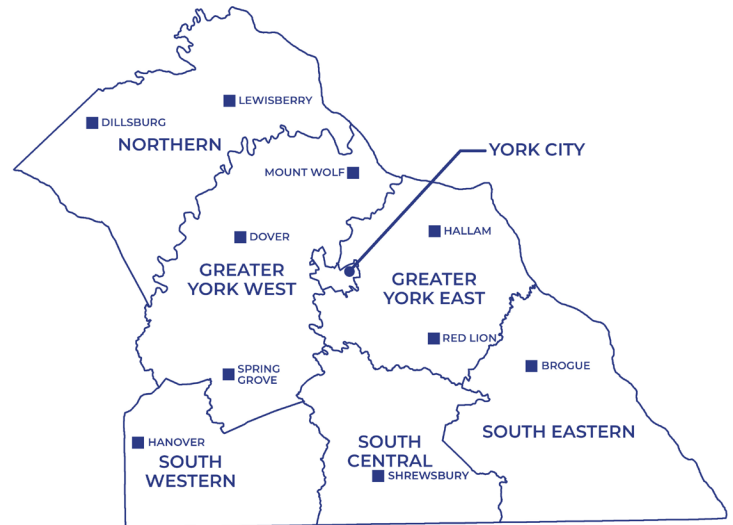
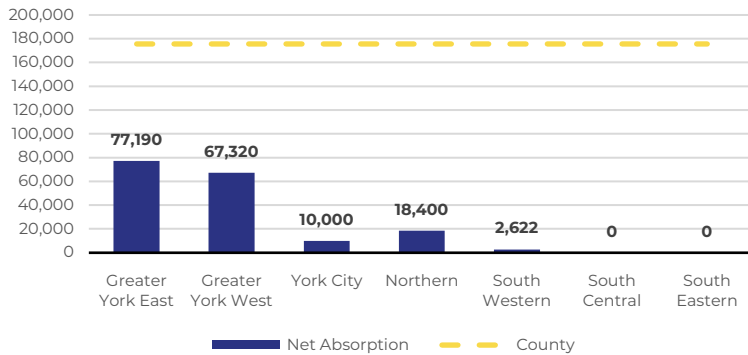
* SF Leased includes Class A, B & C | Lease rate includes Class A & B only

INDUSTRIAL

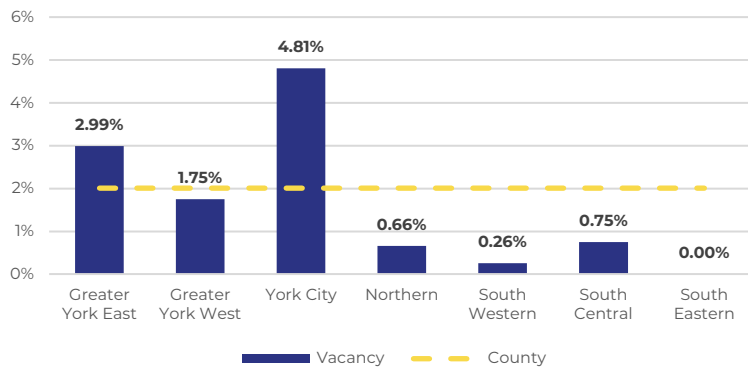
York County, PA

Q2 2022

NET ABSORPTION BY SUBMARKET



VACANCY BY SUBMARKET



Key Lease Transactions Q2 2022

PROPERTY	SF	TENANT	TRANSACTION
550 N State St, York	67,040	Name Withheld	New
5176 Commerce Dr, York	45,000	Beecher & Myers, Inc.	New
1499 E Philadelphia St, York	31,280	Westfalia Technologies, Inc.	New
7 Interchange Pl, York	24,120	InterCool USA, LLC	New
25-95 Aberdeen Rd, Emigsville	8,400	FoodThink, Ltd d/b/a York City Pretzel Company	New

Key Sales Transactions Q2 2022

PROPERTY	SF	SELLER/BUYER	PRICE
Lowther Rd, Lewisberry (3 property sale includes 631-641, 629, 621)	135,463	AG-HS Fairview Industrial Prop Attn High Street Realty Co. / Fairview Industrial Park, LLC	\$15,300,000
32-34 Barnhart Dr, Hanover	141,100	PennTown Properties / Hayward Keffer Real Estate Holdings, LLC	\$8,500,000
1499 E Philadelphia St, York	176,558	Worden Allen Property, LP / 1499 E Philadelphia, LLC	\$3,200,000
225 Hanover Rd, York	30,639	Andrew V. Papoutsis Family, LP / 225 Hanover Partners, LLC	\$1,812,500
3445 Board Rd, York	33,344	Betty J. Strickler / Blackbridge, LP	\$1,710,000

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