

# MARKET REPORT

OFFICE | York County, PA | Q2 2022



## Positive Near-Term Outlook Found In Declining Unemployment & Vacancy, Demand Evenly Matched With Supply

### HIGHLIGHTS

- Economic factors continue to coalesce, making predictions for the office sector difficult. Although unemployment remains on the decline, effects from inflation, labor shortages, rising interest rates, supply chain disruptions, and threats from global conflict continue to work against progress made in the office sector.
- Although economic downturn looms, positive indicators are found in a dropping unemployment rate and five-year low in vacancy.
- Absorption hovers around zero with little absorption taking place year-to-date. Demand is evenly matched with supply.

### OVERVIEW

Nationally, employment in office related professions continues to expand, up 880,000 jobs compared to February 2020. As of June, national unemployment is stable at 3.6% while York County is slightly higher at 3.8%. These are reminiscent of pre-pandemic levels with potential to positively impact the office market.

#### York County Unemployment Rate



Translating job creation directly to office absorption is complicated since unit size preference remains on the smaller side and downsizing remains a popular option, particularly as a result of a remote workforce. This trend of smaller units means the market works harder to absorb space.

Throughout 2021, demand had outpaced supply, but little absorption has occurred year-to-date. Demand is evenly matched with supply while leased square feet is on par with this time last year. Leased square feet year-to-date is just 23,000 SF shy of Q2 2021 levels.

Several multi-million-dollar transactions took place in Q2 including 2600 Eastern Blvd in York (\$5.95M), 101 N Main St in Loganville (\$5.95M) and 2990 Eastern Blvd, York (\$3.18M). 2990 Eastern Blvd sold at a cap rate of 5.47% with a ten-year NNN lease with Susquehanna Oral & Maxillofacial Surgery.

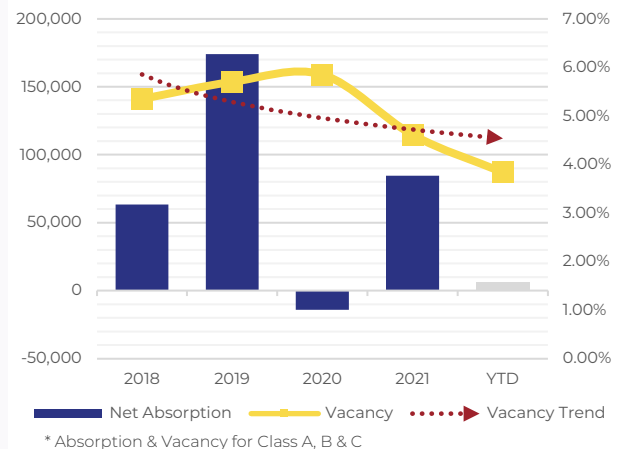
The construction pipeline is not extensive but includes 28,000 SF<sup>2</sup> due for completion this year with an additional 95,000 SF for future development. Projects include 18,000 SF of office/medical development in Westgate adjacent to UPMC Memorial Hospital and a two-story 10,000 SF office at 3190 E Prospect Rd, York. Westgate will total 113,000 SF when phase II and III are complete, based on current concept plans.

<sup>1</sup> PA Dept of Labor and Industry  
<sup>2</sup> Construction totals are not necessarily reflecting office uses in retail settings or mixed-use projects

### MARKET INDICATORS

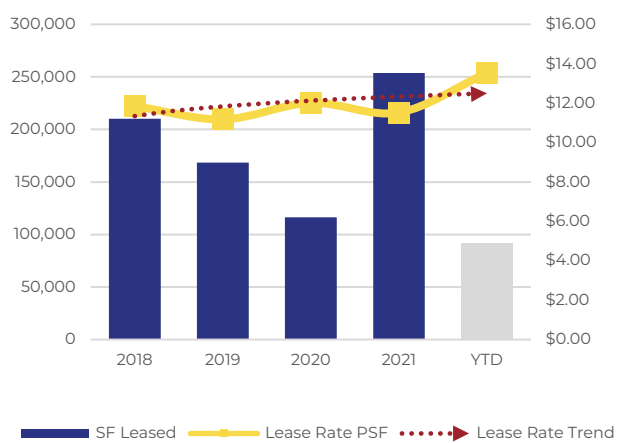
Total Inventory	13.38 MSF	▲
Sales (\$)	\$21.96 M	▲
Sales (SF)	155,706 SF	▼
Total Vacancy	3.80% (-28 bps)	▼
Total Leased (SF)	37,253 SF	▼
Average Rent	-\$1.00	▼
Average Rent <i>12-month rolling average</i>	-\$0.36	▼

### NET ABSORPTION & VACANCY



\* Absorption & Vacancy for Class A, B & C

### SF LEASED & AVG LEASE RATE



\* SF Leased includes Class A, B & C

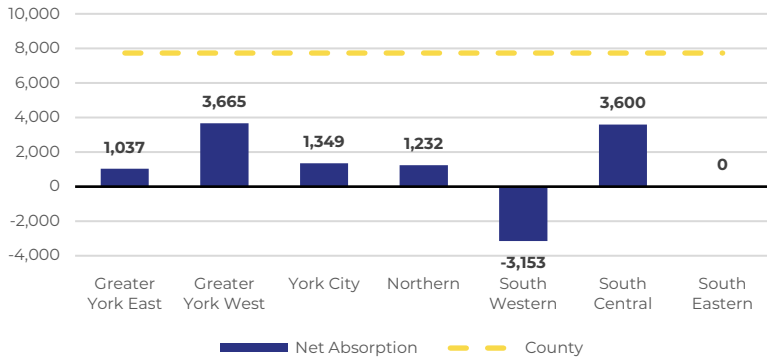
\* Lease rate includes Class A & B only and > 500 SF

# OFFICE

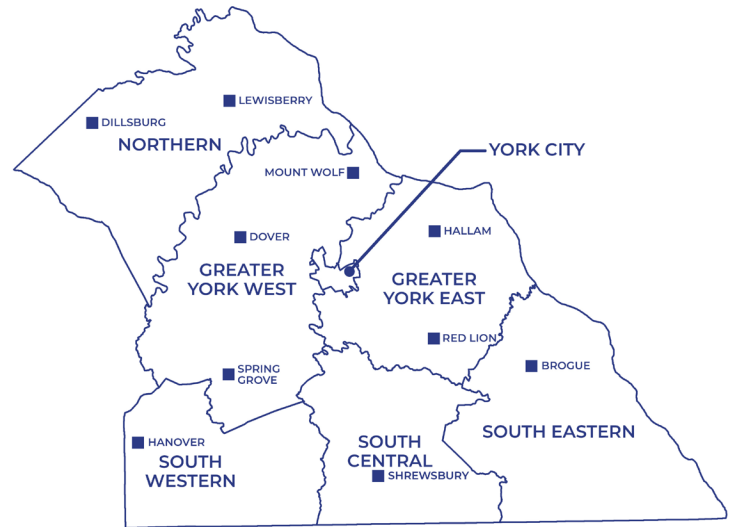
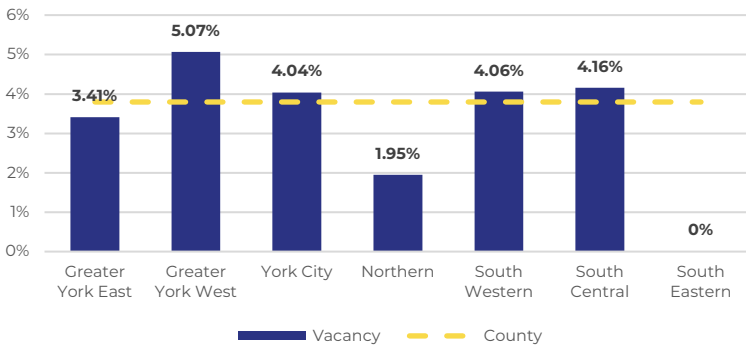
York County, PA

Q2 2022

## NET ABSORPTION BY SUBMARKET



## VACANCY BY SUBMARKET



## Key Lease Transactions Q2 2022

PROPERTY	SF	TENANT	TRANSACTION
3501 Concord Rd, York	6,757	Nutec Design Associates, Inc.	Renewal
435 W Philadelphia St, York	4,686	Bureau of Health – City of York	New
3501 Concord Rd, York	2,616	Truist Bank	New
2240-2242 S Queen St, York	2,101	York Healthcare Operations, LLC	New
110 Pine Grove Commons, York	1,359	BAYADA Home Health Care, Inc.	New

## Key Sales Transactions Q2 2022

PROPERTY	SF	SELLER/BUYER	PRICE
2600 Eastern Blvd, York	28,040	2600 EB Investors, LLC / Eastern Boulevard Partners, LLC	\$5,950,000
101 N Main St, Loganville	15,440	Ashby, Inc. / RCM Properties XIV	\$5,950,000
2990 Eastern Blvd, York	5,000	Pineapple Investment Props, LLC / Melchris Holdings, LLC	\$3,184,000
78-80 Wyntre Brook Dr, York	9,950	Carpenter & Kolanko Partnership, L.P. / Rexroth Equities, LP	\$1,400,000
5989 Susquehanna Plaza Dr, York	18,274	Susquehanna Radio, LLC / 220 Yocumtown Rd, LLC	\$1,250,000

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