

MARKET REPORT

RETAIL | Lancaster County, PA | Q2 2022



Increase In Vacancy Following Five Quarter Decline, Shopping Center Vacancy Below National Average

HIGHLIGHTS

- Retail remains stable with vacancy holding below 4% while lease rates continue to increase.
- Although up 16 basis points from last quarter, vacancy remains 36 basis points below 2021 levels.
- The July Lancaster County EDC Consumer Intelligence Report cited a "better to buy now to avoid future price increases" attitude for consumers.¹

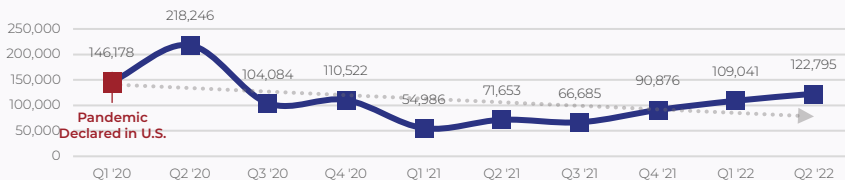
OVERVIEW

As referenced in Lancaster County's EDC Consumer Intelligence Report, short-term expectations remain high. However, long term worry still lingers as many economic factors are at play in 2022 including federal interest rate hikes, inflation, supply chain disruption, labor shortages, and rising energy costs.

Nationally, unemployment continues to decline. As of June, the national unemployment is stable at 3.6% while Lancaster County is at 3.4%. These are reminiscent of pre-pandemic levels.

After the rate of decline slowing to just 6 basis points in Q1, vacancy increased this quarter. Vacancy had previously declined for five consecutive quarters. New vacant square feet has also been rising following a five-year low in Q1 2021.

NEW VACANT SF ADDED TO THE MARKET



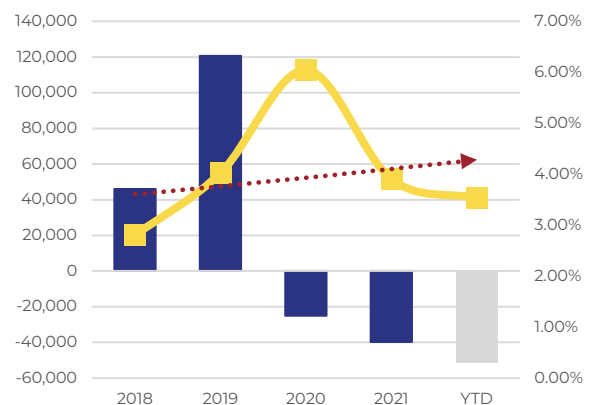
Looking at demand, absorption was positive in Q2 but remains negative for the year. Despite consistent leasing activity, more square feet has been made available than leased. Shopping centers account for 42.37% of vacant square feet followed by regional mall space accounting for 25.18%.

Shopping center vacancy rate among all classes is at 12.87% and sits below the national average. Class A boasts the lowest vacancy rate at 4.01% followed by Class B at 10.35%.

MARKET INDICATORS

Total Inventory	29.61 MSF	▶
Sales (\$)	\$29.68M	▼
Sales (SF)	290,794 SF	▼
Total Vacancy	3.53% (+16 bps)	▲
Total Leased (SF)	67,255 SF	▲
Average Rent	+\$0.51	▲
Average Rent <i>12-month rolling average</i>	+\$0.08	▲

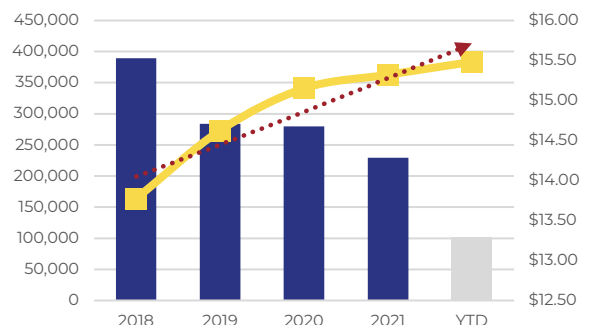
NET ABSORPTION & VACANCY



Legend: Net Absorption (Blue Bar), Vacancy (Yellow Line), Vacancy Trend (Red Dotted Line with Arrow)

* Absorption & Vacancy for Class A, B & C

SF LEASED & AVG LEASE RATE



Legend: SF Leased (Blue Bar), Lease Rate PSF (Yellow Line), Lease Rate Trend (Red Dotted Line with Arrow)

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

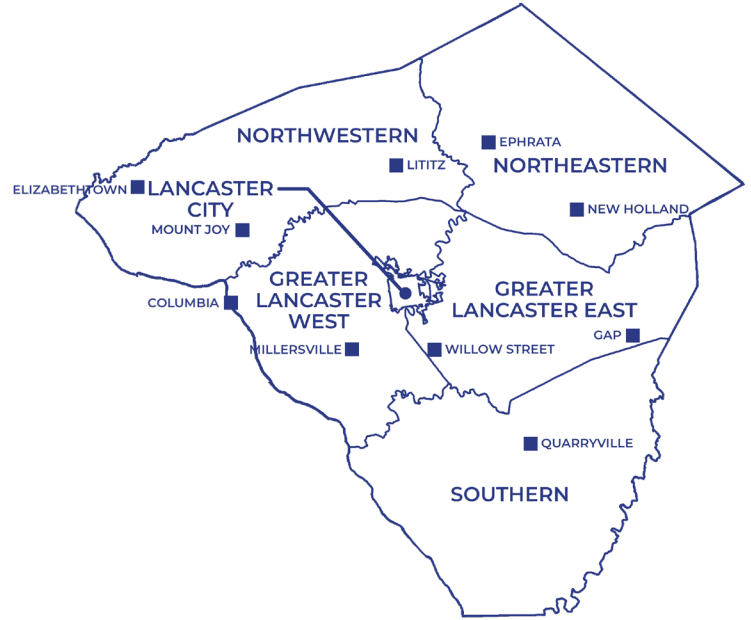
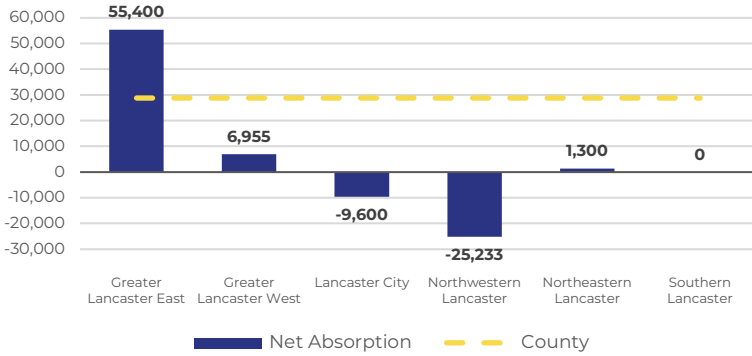
¹ Lancaster County EDC - March 25, 2022 Intelligence Report on the State of Lancaster County's Economy

RETAIL

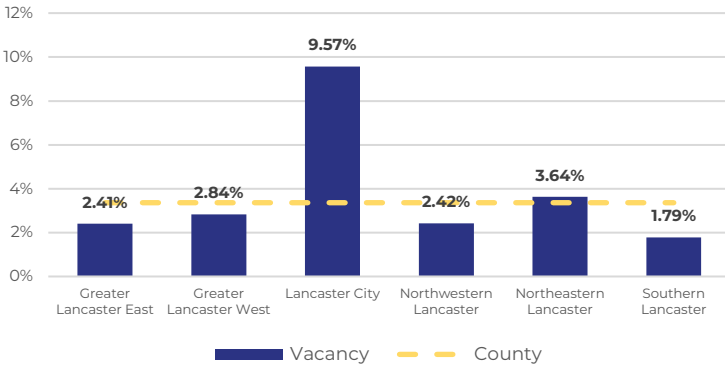
Lancaster County, PA

Q2 2022

NET ABSORPTION BY SUBMARKET



VACANCY BY SUBMARKET



Key Lease Transactions Q2 2022

PROPERTY	SF	TENANT	TRANSACTION
2090 Lincoln Hwy E, Lancaster	52,000	Hobby Lobby Stores, Inc.	New
1204 Millersville Pk, Lancaster	2,520	Name Withheld	New
35 Willowdale Dr, Lancaster	2,000	Tobacco King	New
1201 Lancaster Rd, Manheim	1,600	Cozy Spa	New
2416 Willow Street Pk, Lancaster	1,400	AT&T	New

Key Sales Transactions Q2 2022

PROPERTY	SF	SELLER/BUYER	PRICE
187 Merts Dr, Elizabethtown	105,557	Kenneth Messick / PA Merts, LLC	\$8,750,000
330-360 Reading Rd, Ephrata	65,503	Northwood Associates / Weidman Properties, LLC	\$5,000,000
1603 Lincoln Hwy E, Lancaster	40,274	Julia Kendig Weaver / Weis Markets, Inc.	\$3,400,000
2060 Bennett Ave, Lancaster	24,250	Wolf Plaza, LP / Wolf Plaza of Lancaster, LLC	\$2,800,000
1529 Oregon Pk, Lancaster	4,450	RHHL, LLC / Mavis Tire Supply, Inc.	\$1,500,000

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