

MARKET REPORT

RETAIL | York County, PA | Q2 2022



Leased Square Feet Set To Exceed 2021 Levels, Supply Keeping Pace With Demand

HIGHLIGHTS

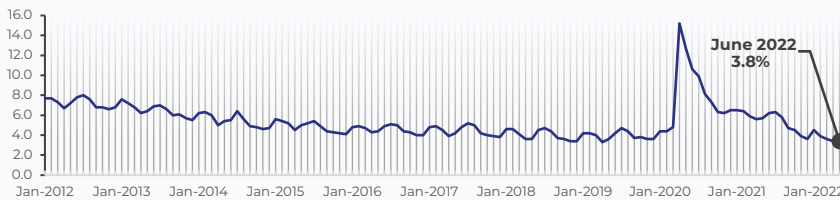
- Absorption was negative in Q2 undulating positive and negative over the past 12 months. Demand has been evenly matched with supply.
- Vacancy drops 76 basis points to 4.34% as lease rates continue to push higher.
- Sale volume received a boost in Q2 due to the \$42.5M sale of At Home located in West Manchester Town Center. The property was purchased with ten years remaining on the initial lease term, yielding a 7% cap rate.

OVERVIEW

Many factors are coalescing in 2022 causing potential barriers for growth. Federal interest rate hikes, inflation, supply chain disruption, labor shortages, and rising energy costs continue to weigh on consumer decisions and the ramifications will become apparent in the coming months. For now, however, retail real estate has proven resilient to economic pressures.

Nationally, unemployment continues to decline. As of June, the national unemployment is stable at 3.6% while York County is at 3.8%. These are reminiscent of pre-pandemic levels.

York County Unemployment Rate



Although negative in Q2, absorption remains positive for the year and continues to undulate positive and negative. The swing in absorption over the past 12 months, however, remains tight often between +/- 50,000 SF. Supply is keeping pace with demand, and we are not seeing aggressive construction that would lead to oversupply anytime soon.

The last remaining big box vacancies continue to be leased and/or redeveloped accelerating the decline in vacancy over the past 12 months. As of Q2 2022, less than five vacant units remain in York County that are larger than 50,000 SF. The Southwestern Region, which includes Hanover, accounts for 48.7% of vacant square feet greater than 50,000 SF. Vacancies include 71,462 SF at the former Bon-Ton space at 400 Eisenhower Drive and 54,038 SF at the former Dick's Sporting Goods space at the North Hanover Mall. Dick's will be relocating to Gateway Hanover.

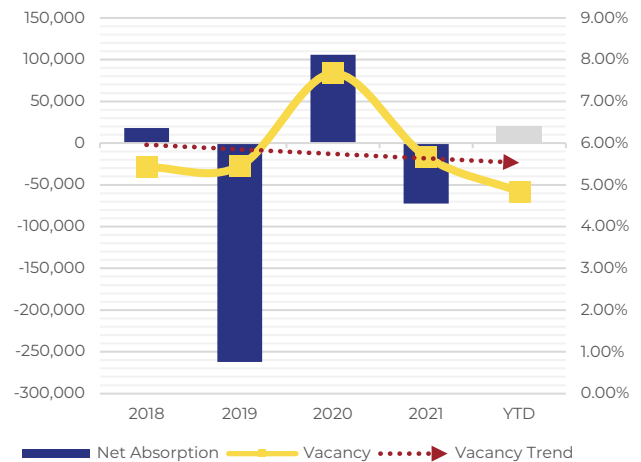
In a recent big box redevelopment, WellSpan has leased 82,033 SF at the former K-Mart site at 1094 Haines Road, York. WellSpan plans to remodel the site to accommodate a laboratory facility.¹

¹ <https://www.ydr.com/story/news/2022/07/19/comings-and-goings-wellspan-leases-former-kmart-building-at-haines-road/65376430007/>

MARKET INDICATORS

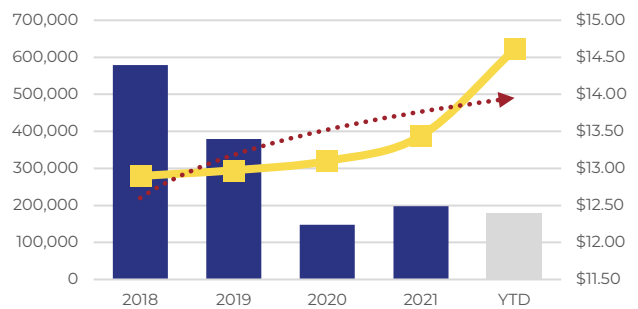
Total Inventory	28.70 MSF	▶
Sales (\$)	\$62.09M	▲
Sales (SF)	358,791 SF	▼
Total Vacancy	4.34% (-76 bps)	▼
Total Leased (SF)	37,289 SF	▼
Average Rent	+\$1.72	▲
Average Rent <i>12-month rolling average</i>	+\$0.25	▲

NET ABSORPTION & VACANCY



* Absorption & Vacancy for Class A, B & C

SF LEASED & AVG LEASE RATE



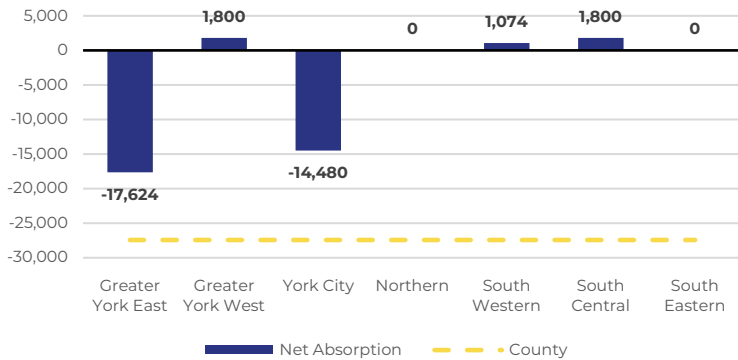
* SF Leased includes Class A, B & C | Lease rate includes Class A & B only

RETAIL

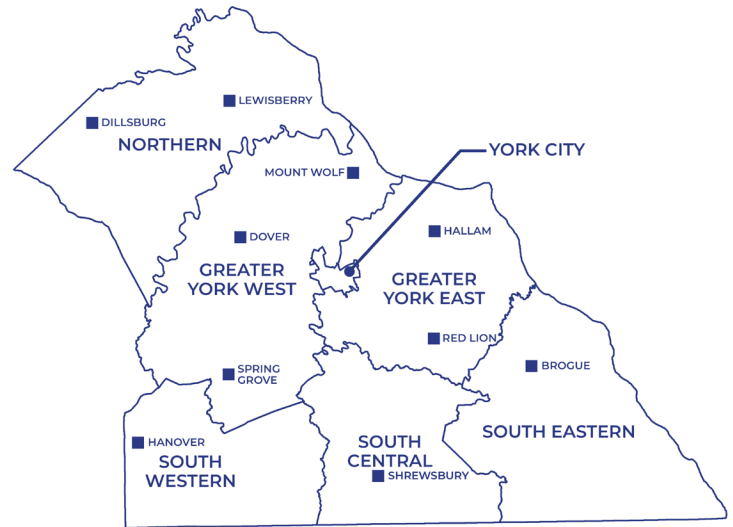
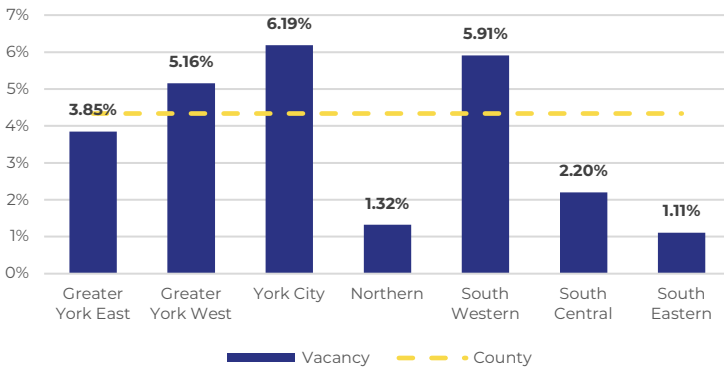
York County, PA

Q2 2022

NET ABSORPTION BY SUBMARKET



VACANCY BY SUBMARKET



Key Lease Transactions Q2 2022

PROPERTY	SF	TENANT	TRANSACTION
855-857 E Main St, Dallastown	7,100	AutoZone #1880	Renewal
100-110 S Queen St, York	7,080	B3 Brewing Company, LLC	Renewal
1237-1239 Roosevelt Ave, York	5,940	Fogon Latin Fusion, Inc.	New
1 York St, Hanover	1,522	Belle4All, LLC	New
2509-2599 S Queen St, York	1,310	R.L. Ferraro	New

Key Sales Transactions Q2 2022

PROPERTY	SF	SELLER/BUYER	PRICE
855 Town Center Dr, York	121,524	West Manchester Mall Associates, LLC / CS West Manchester, LLC & Manchester Frankford, LLC	\$42,500,000
30-36 S George St, York	23,200	Drovers & Mechanics Bank / 700 Manor Drive, LP	\$4,000,000
725 Town Center Dr, York	31,154	GMTN York, LLC / CS Gander, LLC	\$3,000,000
4050 N George St Ext, Manchester	7,312	Reid Real Estate Holdings of PA, LLC / 4050 North George Street, LLC	\$2,175,000
300 Bailey Dr, Stewartstown	21,750	Bailey Springs Partners, LP / Trang Le	\$1,650,000

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