

# MARKET REPORT

INDUSTRIAL | Lancaster County, PA | Q3 2022



## Leasing Market Remains Extremely Tight, Growth in Sale Prices Slowing

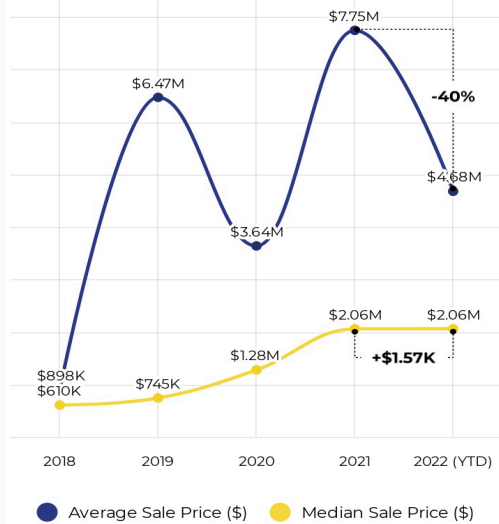
### HIGHLIGHTS

- Lack of inventory continues to drive down vacancy and increase lease rates.
- 1.59 MSF is under construction with 1.13 MSF expected for completion in Q2 2023. 1.17 MSF is proposed.

### OVERVIEW

After the unprecedented sales volume seen in 2021, the industrial market year-to-date shows signs of returning to its pre-pandemic levels of year-over-year sale volume and sale prices. Total sales volume has decreased 71% compared to last year, while the average sale price dropped 40% and median sale price has stalled.

Average & Median Sale Price - 5 Year Trend



Demand for warehousing, however, is expected to remain elevated as e-commerce continues to expand to meet the needs of consumers.

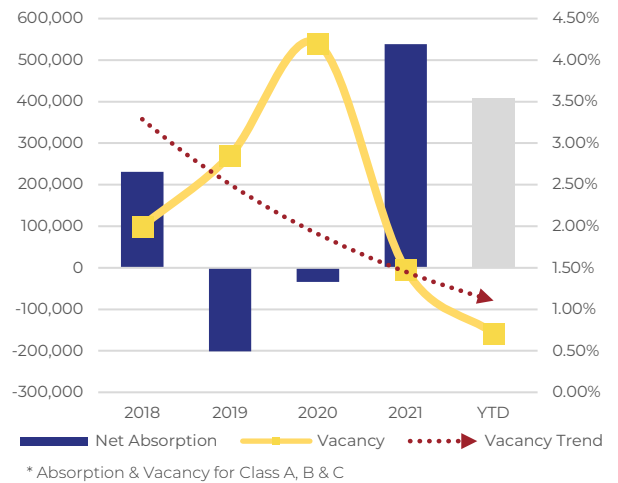
Although demand remains elevated, available inventory is scarce resulting in lease rates across Class A and B approaching \$8/SF. Asking rates are higher, averaging \$8.95/SF, while Class A new construction is asking upwards of \$9.50/SF.

Warehousing demand continues to outpace supply with over 400,000 SF absorbed year-to-date. Some relief from new construction is in sight with 60% of active construction projects providing units 100,000 – 300,000 SF in size. An additional 900,000 SF in this size range is in the pipeline.

### MARKET INDICATORS

Total Inventory	80.03 MSF	▶
Sales (\$)	\$69.83M	▲
Sales (SF)	1.06 MSF	▲
Total Vacancy	0.71% (-44 bps)	▼
Total Leased (SF)	46,448 SF	▼
Average Rent	+\$0.55	▲
Average Rent <i>12-month rolling average</i>	+\$0.17	▲

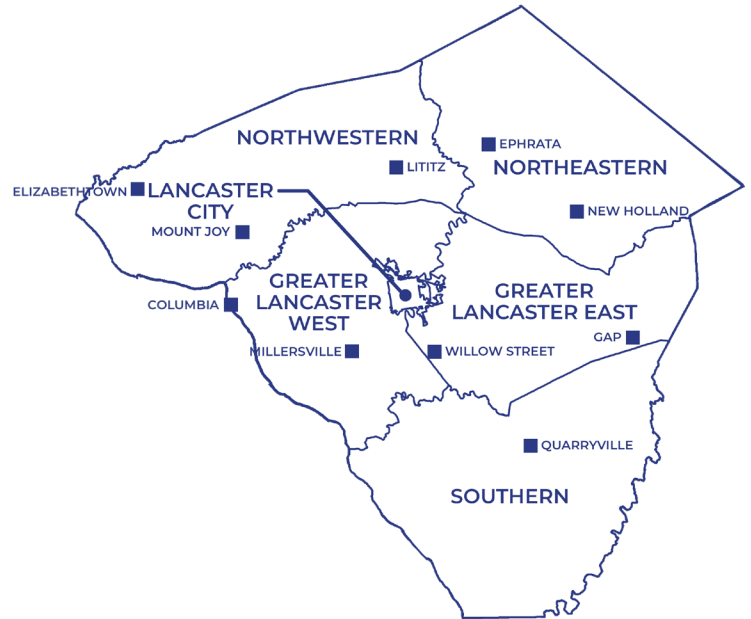
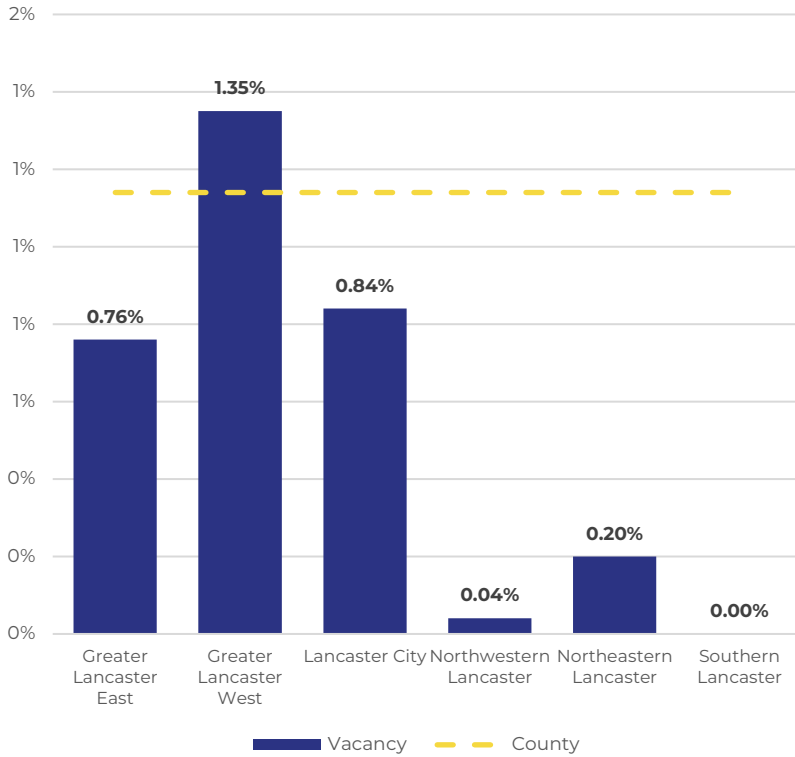
### NET ABSORPTION & VACANCY



### SF LEASED & AVG LEASE RATE



**VACANCY BY SUBMARKET**



**Key Lease Transactions Q3 2022**

PROPERTY	SF	TENANT	TRANSACTION
1004 New Holland Ave, Lancaster	23,132	Name Withheld	New
1275 Loop Rd, Lancaster	16,622	Name Withheld	New
308-334 W Main St, Mount Joy	4,750	Nathan Timko	New
181 E Stiegel St, Manheim	1,944	Name Withheld	New

**Key Sales Transactions Q3 2022**

PROPERTY	SF	SELLER/BUYER	PRICE
791 Stony Battery Rd, Landisville	251,250	791 Stony Battery Road, LLC / DG 791 Stony Battery Property Owner	\$28,900,000
34 Zimmerman Rd, Leola	124,900	CHV Leola, LLC / Exeter 34 Zimmerman, LP	\$9,600,000
215 Diller Ave, New Holland	150,842	Birch Real Estate of PA, LLC / SM Diller, LLC	\$8,250,000
107 Pitney Rd, Lancaster	189,287	Way Services, Inc. / 107 Pitney Road, LLC	\$6,250,000
283 S Hostetter Rd, Manheim	150,100	Stiegel Development Corp / Name Withheld	\$5,200,000

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