

MARKET REPORT

OFFICE | Lancaster County, PA | Q3 2022



324,000 Square Feet Proposed for Future Development

HIGHLIGHTS

- Absorption continues to undulate positive and negative this year illustrating an even match of supply with demand.
- Penn State Health Medical Center at 2160 State Road in East Hempfield Township is complete. The project added 341,000 SF of medical office space to Lancaster County.
- Clio Health has formally withdrawn from its 152,000 SF development at 1250 Marshall Avenue, Lancaster. The building remains partially constructed.

OVERVIEW

Even as recession looms, the office sector in Lancaster County remains stable as vacancy declines and lease rates continue to tick upward. As of October, national unemployment remains stable at 3.7% while Lancaster County is lower at 2.6%.¹

Absorption continues to undulate positive and negative this year illustrating an even match of supply with demand. Though total leased square feet year-over-year has been on a gradual decline since Q2 2020, leased square feet is on-track to meet or exceed last year's totals. Only 15,000 SF is needed in Q4 to match square feet leased in 2021.

Following completion of the Penn State Medical Center (341,000 SF) at 2160 State Road, East Hempfield Township, and the formal withdrawal of Clio Health from 1250 Marshall Ave, Lancaster (152,000 SF), active construction remains minimal. However, over 324,000 SF remains "proposed" including, but not limited to:

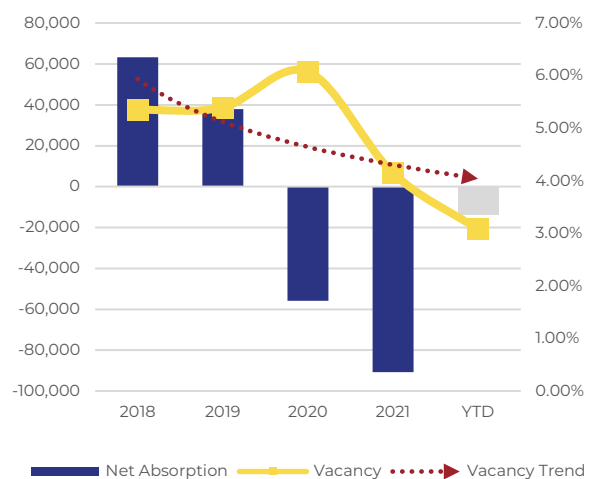
- 152,000 SF at 1250 Marshall Avenue, Lancaster (partially constructed – on hold)
- 84,000 SF at Citygate Corporate Center
- 26,000 SF at Stony Battery Business Center

¹ Bureau of Labor Statistics, "The Employment Situation" report – October 2022 & LAU Statistics

MARKET INDICATORS

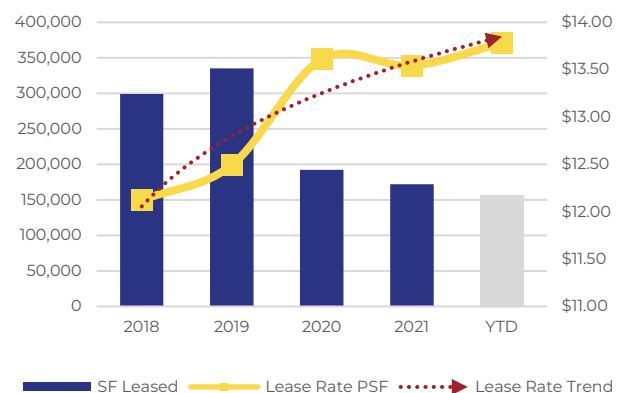
Total Inventory	15.24 MSF	▼
Sales (\$)	\$6.33M	▲
Sales (SF)	41,930 SF	▲
Total Vacancy	3.08% (-33 bps)	▼
Total Leased (SF)	41,930 SF	▲
Average Rent	+\$0.86	▲
Average Rent <i>12-month rolling average</i>	+\$0.77	▲

NET ABSORPTION & VACANCY



* Absorption & Vacancy for Class A, B & C

SF LEASED & AVG LEASE RATE



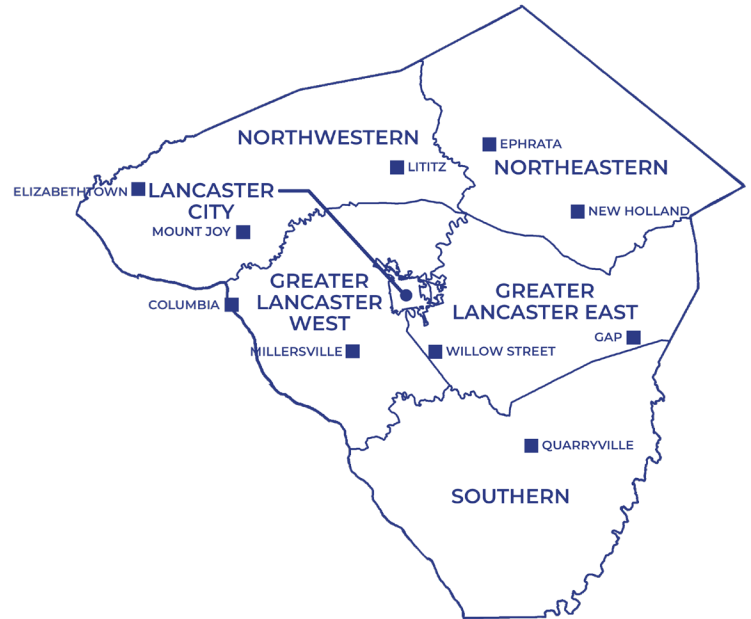
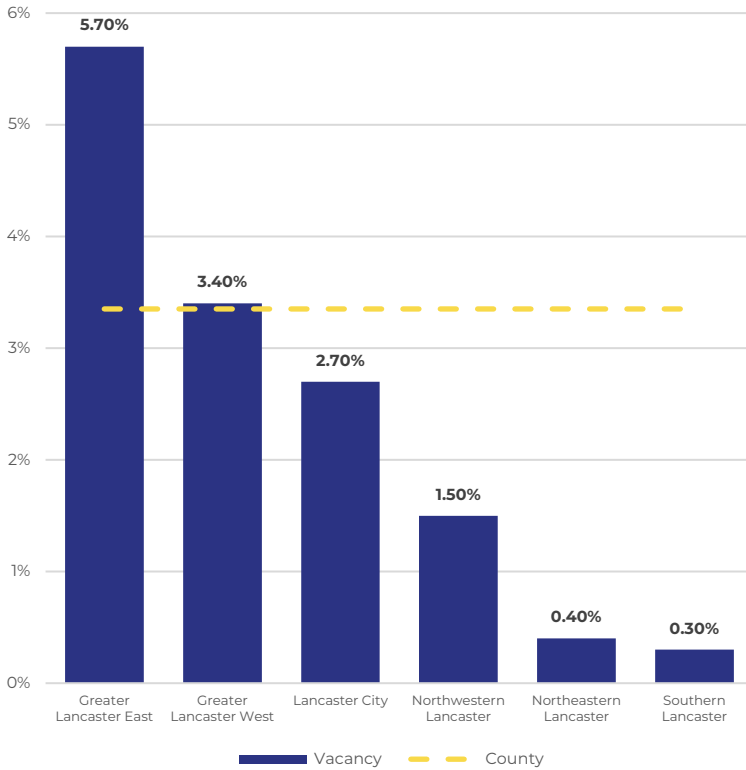
* SF Leased includes Class A, B & C | Lease rate includes Class A & B only

OFFICE

Lancaster County, PA

Q3 2022

VACANCY BY SUBMARKET



Key Lease Transactions Q3 2022

PROPERTY	SF	TENANT	TRANSACTION
1817 Olde Homestead Ln, Lancaster – Ste 201	5,968	Name Withheld	New
1817 Olde Homestead Ln, Lancaster – Ste 214	5,937	Name Withheld	New
790-794 New Holland Ave, Lancaster	5,000	Name Withheld	New
941 Wheatland Ave, Lancaster	3,494	CORE Design Group, LLC	New
315 W James St, Lancaster (Mulberry Centre)	2,172	Name Withheld	New

Key Sales Transactions Q3 2022

PROPERTY	SF	SELLER/BUYER	PRICE
202 W James St, Lancaster	10,700	RJR James St, LLC / W James St, LLC	\$1,550,000
245 E King St, Lancaster	6,147	245 EKS, LLC / Align Life Ministries	\$825,000
44 N Lime St, Lancaster	4,851	King Capital Investments, LLC / Samuel S. & Sarah F. Beiler	\$800,000
902-906 Columbia Ave, Lancaster	5,757	Lancaster County Republican Headquarters / Name Withheld	\$750,000
200 Richardson Dr, Lancaster	2,400	Richardson Drive Associates, LP / Ray A. Smith & Janice C. Smith	\$650,000

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