

MARKET REPORT

RETAIL | Lancaster County, PA | Q3 2022



Demand for Retail Defies Rising Consumer Costs

HIGHLIGHTS

- Vacancy has declined a further 64 basis points, now below 3%.
- Positive absorption illustrates a continued demand for retail space despite economic headwinds.
- Sales volume is currently \$86.7M year-to-date with potential to exceed last year's total of \$89.1M.
- Average sale price has doubled since 2017.

OVERVIEW

According to Lancaster County's EDC Economic Intelligence Report, "local businesses highlight that managing rising costs and worry over where the economy is headed may be overtaking labor as the biggest challenge."¹ Rising interest rates are impacting borrowing costs, not just for consumers, but also businesses acquiring loans.

Vacancy has declined a further 64 basis points and, despite economic headwinds, demand for retail space continues to defy expectations. Although low, absorption has flipped positive year-to-date as lease activity is maintaining a steady pace and less square feet is being vacated. Shopping centers continue to be leased with vacancy 119 basis points below the national average.

Sales volume has increased significantly over the past five years driven by last year's 97.8% increase from 2020. So far in 2022, sales volume is slightly below last year's total sales volume with potential to exceed it by year-end.

Redevelopment is planned for 150 Eastbrook Rd, Ronks and 715 Fairview Avenue, Lancaster. 150 Eastbrook Rd (former Good & Plenty Family Restaurant) has plans to be converted to a medical center serving the Amish community. 715 Fairview Avenue will be converted to an ambulance dispatch center for Lancaster Emergency Medical Services Association.

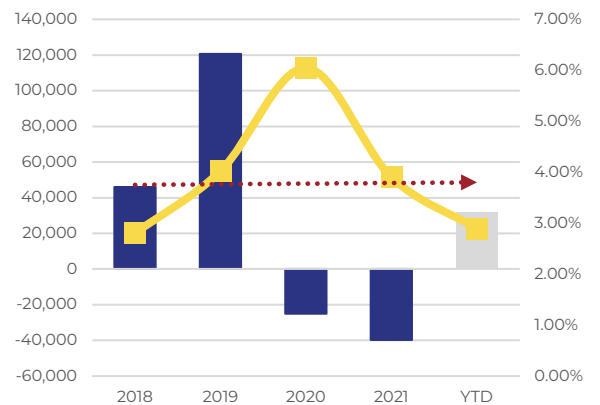
¹ Lancaster County EDC - March 25, 2022 Intelligence Report on the State of Lancaster County's Economy

MARKET INDICATORS

Total Inventory	29.74 MSF	▲
Sales (\$)	\$14.57M	▼
Sales (SF)	68,567 SF	▼
Total Vacancy	2.89% (-64 bps)	▼
Total Leased (SF)	32,804 SF	▼
Average Rent	+\$6.60	▲

Average Rent <i>12-month rolling average</i>	+\$2.28	▲
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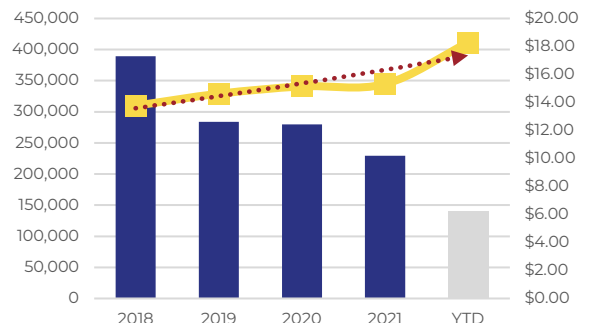
NET ABSORPTION & VACANCY



■ Net Absorption — Vacancy ●●●● Vacancy Trend

* Absorption & Vacancy for Class A, B & C

SF LEASED & AVG LEASE RATE



■ SF Leased — Lease Rate PSF ●●●● Lease Rate Trend

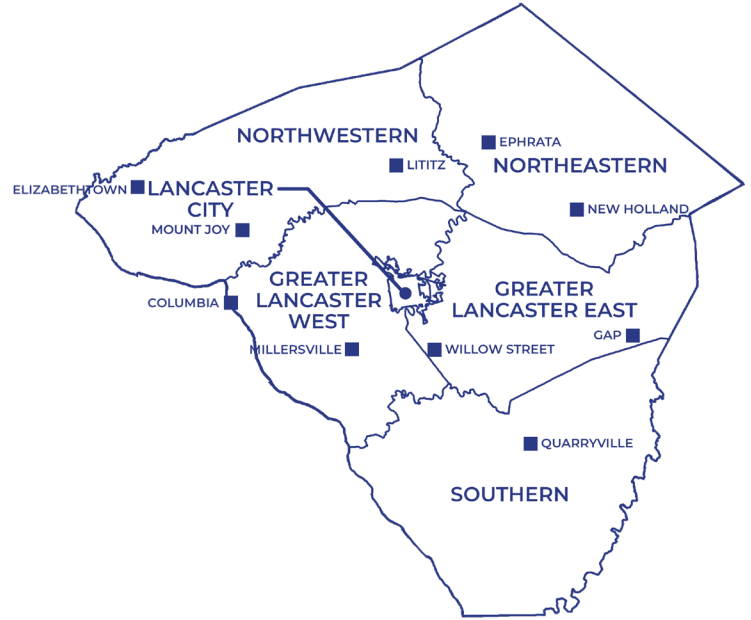
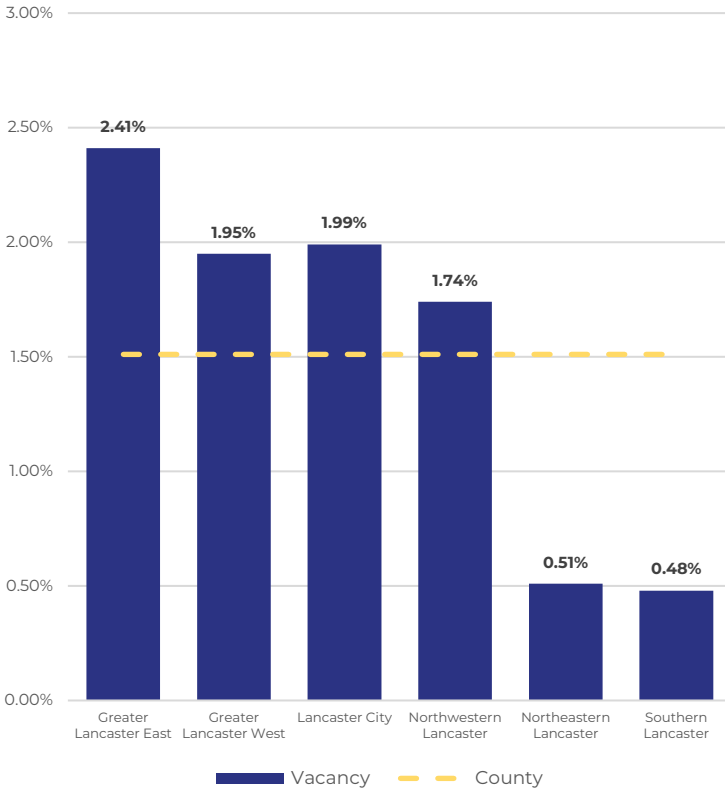
* SF Leased includes Class A, B & C | Lease rate includes Class A & B only

RETAIL

Lancaster County, PA

Q3 2022

VACANCY BY SUBMARKET



Key Lease Transactions Q3 2022

PROPERTY	SF	TENANT	TRANSACTION
1461-1469 Lancaster Rd, Manheim	4,704	Honeybee Café	New
114 N Prince St, Lancaster	3,500	Café Passerine	New
401 W Walnut St, Lancaster	3,120	Amanita Café	New
820 W Market St, Elizabethtown	2,522	Dunkin'	New
2339-2359 Oregon Pk, Lancaster	1,800	Freshly Greek	New

Key Sales Transactions Q3 2022

PROPERTY	SF	SELLER/BUYER	PRICE
150 Eastbrook Rd, Ronks	18,712	Good'N'Plenty Restaurant, Inc. / Well Spring Care, Inc.	\$2,900,000
2310 Lincoln Hwy, Lancaster	5,919	Clearview Associates / B&T Lancaster Owner, LLC	\$1,995,000
715 Fairview Ave, Lancaster	6,400	American Patriot Realty / Lancaster Emergency Medical Services Association	\$1,950,000
808 E Main St, New Holland	10,081	Guiseppe Conigliaro / Jemar Enterprises	\$1,445,000
1942 Columbia Ave, Lancaster	3,390	George D. Robb III / Black Holdings, LLC	\$1,300,000

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