

# MARKET REPORT

INDUSTRIAL | Lancaster County, PA | Q4 2022



## Vacancy Rate Increase for First Time in Two Years

### HIGHLIGHTS

- Vacancy rate increase for first time in two years.
- Record high absorption as 1.1 MSF is absorbed immediately upon completion Q4.
- 1.1 MSF leased to UK-based online fashion retailer, Boohoo Group, PLC at 2771 N Market St, Elizabethtown (First Logistics Center @ 283).
- 900,000 SF is under construction with 420,000 SF expected for completion in Q2 2023.

### OVERVIEW

After decreasing for eight consecutive quarters, vacancy ticked up 19 basis points in Q4 2022. Though the uptick in vacancy is a significant event, it is premature to declare a trend reversal for 2023. Vacancy remains below 1% across all asset classes and the increase in Q4 is primarily attributed to 251,250 vacant square feet of warehouse recently completed at 791 Stony Battery Road, Landisville.

Despite the uptick in vacancy, demand for warehousing is expected to remain elevated in 2023 with e-commerce a primary driver of growth. A recent example is the 1.1 MSF lease in Q4 to UK-based online fashion retailer, Boohoo Group, PLC at First Logistics Center @ 283 in Elizabethtown.

An additional 900,000 SF of inventory is due for completion in 2023. Projects anticipated for Q2 delivery include:

- 60 Industrial Dr, Elizabethtown | 300,240 SF
- 425 S Muddy Creek Rd, East Petersburg | 117,000 SF

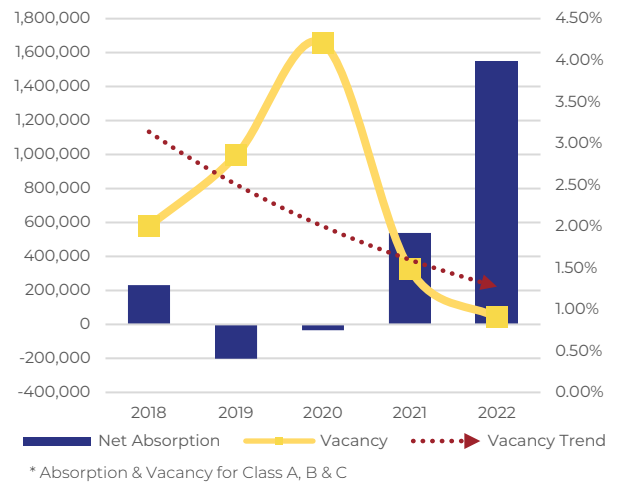
Real Estate Investment Trust (REIT) Broadstone Net Lease purchased two properties from AHF Products totaling 1.2 MSF and \$33.47M. AHF Products signed a twenty-five-year lease with options to renew.<sup>1</sup>

<sup>1</sup> <https://www.floordaily.net/flooring-news/ahf-products-netted-95m-in-sale-leaseback-deal>

### MARKET INDICATORS

Total Inventory	82.39 MSF	▲
Sales (\$)	\$60.73M	▼
Sales (SF)	1.56 MSF	▲
Total Vacancy	0.90% (+19 bps)	▲
Total Leased (SF)	1.92 MSF	▲
Average Rent	+\$0.15	▲
Average Rent <i>12-month rolling average</i>	+\$0.41	▲

### NET ABSORPTION & VACANCY



### SF LEASED & AVG LEASE RATE

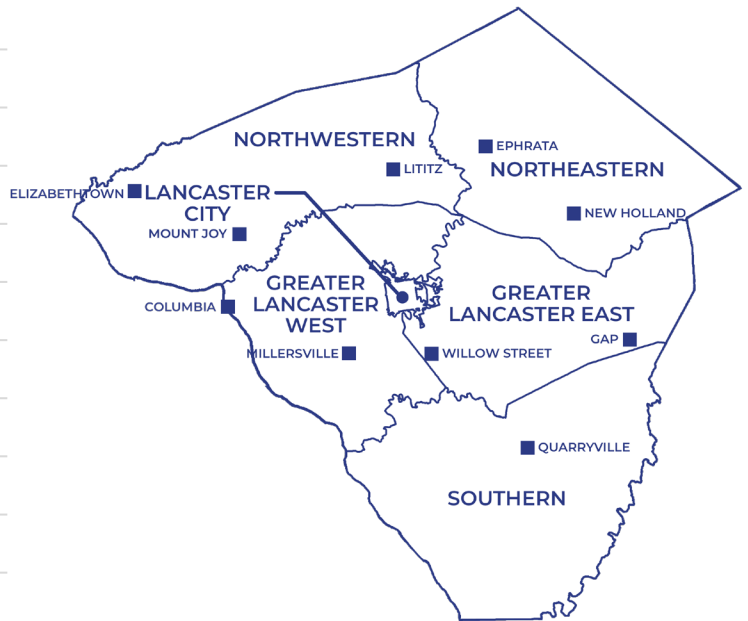
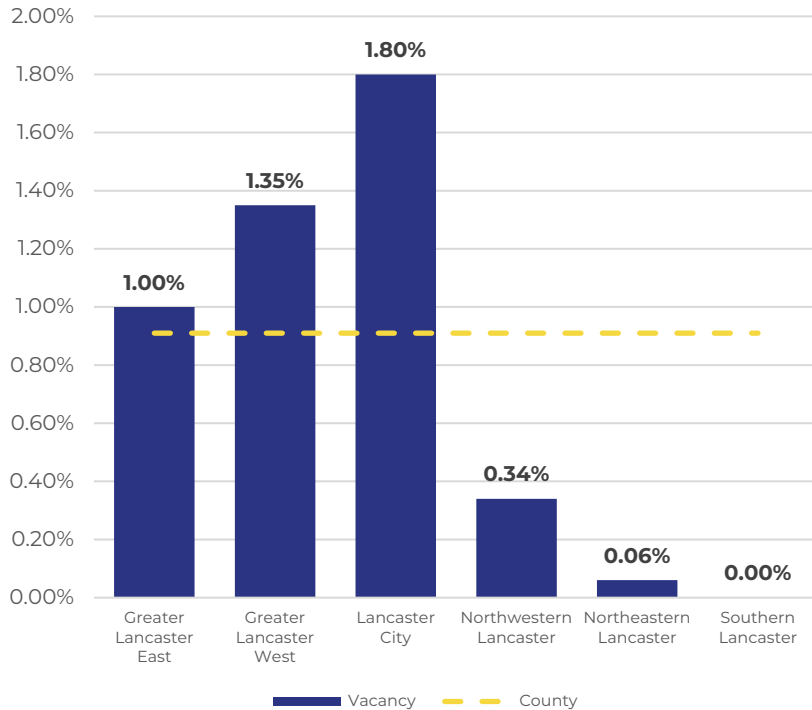


# INDUSTRIAL

Lancaster County, PA

Q4 2022

## VACANCY BY SUBMARKET



## Key Lease Transactions Q4 2022

PROPERTY	SF	TENANT	TRANSACTION
2771 N Market St, Elizabethtown	1,100,000	Boohoo Group, PLC	New
3820 Hempland Rd, Mountville	29,558	Dutch Gold Honey, Inc.	New
216 Wohlsen Way, Lancaster	29,011	Imagefirst Holdings, LLC	New
1929 La Salle Ave, Lancaster	29,000	Name Withheld	New
2620 Strickler Rd, Manheim	12,440	S3 Building Solutions	New

## Key Sales Transactions Q4 2022

PROPERTY	SF	SELLER/BUYER	PRICE
1067 Dillerville Rd, Lancaster	1,018,101	AHF Products / Broadstone AHF Portfolio, LLC	\$16,971,318
1215 Loop Rd, Lancaster	220,424	AHF Products / Broadstone AHF Portfolio, LLC	\$16,502,625
3975 Continental Dr, Columbia	121,370	Buckeye Corrugated, Inc. / Broadstone BCI PA, LLC	\$10,758,000
330 Eden Rd, Lancaster	100,000	SREG Eden, LLC / WellSpan Properties, Inc.	\$7,500,000
3 Tobacco Ave, Lancaster	49,000	Tobacco Avenue, LLC / Catherine Hershey Schools for Early Learning	\$2,000,000

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