

MARKET REPORT

RETAIL | Lancaster County, PA | Q4 2022



Sale Volume Up Over 200% Since 2020

HIGHLIGHTS

- Sale volume hit a 5-year high at over \$136M in 2022. Sale volume is up 202% since 2020.
- Vacancy declined 124 basis points, now a five-year low of 1.65%. This trend of record low vacancy has also been observed nationally.¹
- Average lease rate has increased \$2.50/SF over the past five years and is projected to rise in 2023 provided consumer sentiment is not shaken by inflation, rising interest rates, and other economic factors.

OVERVIEW

The Intelligence Report on the State of Lancaster County's Economy published in November 2022 states local consumers have maintained spending levels, despite economic uncertainty. Although 65% of survey respondents think it's a bad time to make large household purchases, the report states Lancastrian spending remains stable, and residents have confidence in the local economy.²

Sale volume in 2022 exceeded \$136M and is up over 200% from 2020. The Shops at Rockvale outlet center recently sold to developer MP Lancaster, LLC (Fernmoor Homes) for \$30.5M with the intention to redevelop most of the site into 416 residential units.³

Although sale volume continues to increase year-over-year, median sale price decreased in 2022 for the first time in five years, down 19.22% from 2021. This decrease may indicate a softening of sale price increases in 2023.

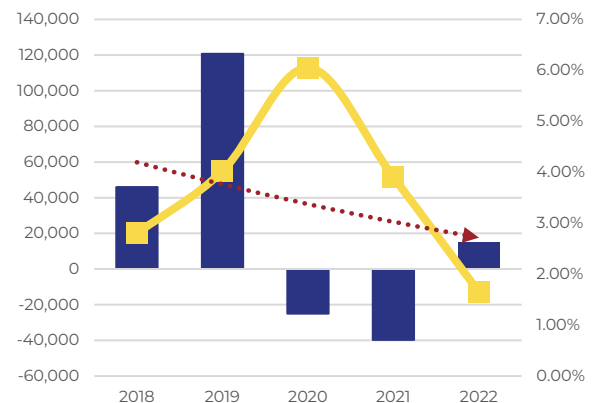
Strong market indicators include declining vacancy and positive absorption overall for the year. Vacancy fell 134 basis points this quarter and is at a five-year low. Demand is balanced with supply.

Average lease rate continues its upward trajectory increasing \$2.50/SF over the past five years and is projected to rise in 2023 provided demand remains consistent and supply remains low.

MARKET INDICATORS

Total Inventory	29.78 MSF	▲
Sales (\$)	\$77.91M	▲
Sales (SF)	909,950 SF	▲
Total Vacancy	1.65% (-124 bps)	▼
Total Leased (SF)	23,246 SF	▼
Average Rent	-\$2.59	▼
Average Rent <i>12-month rolling average</i>	+\$2.50	▲

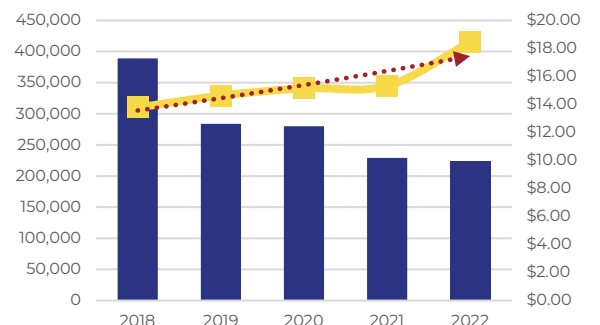
NET ABSORPTION & VACANCY



■ 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

¹ Commercial Observer

² Lancaster EDC

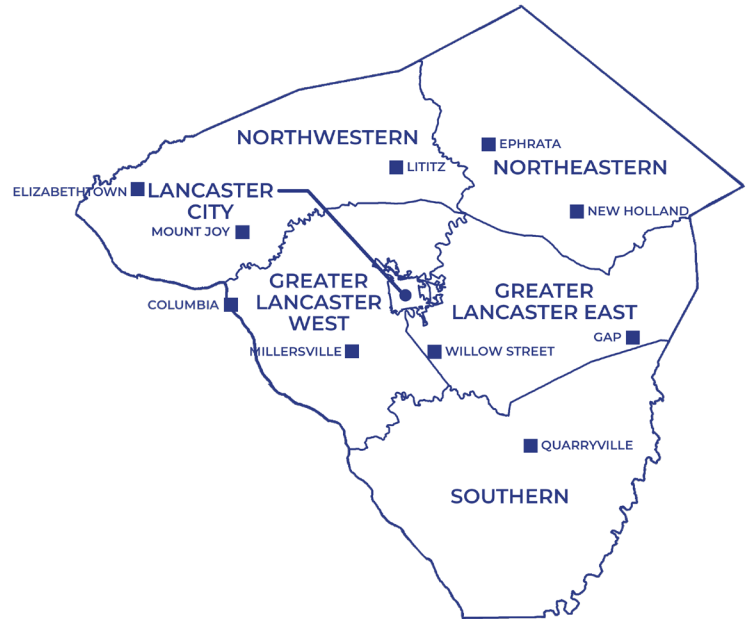
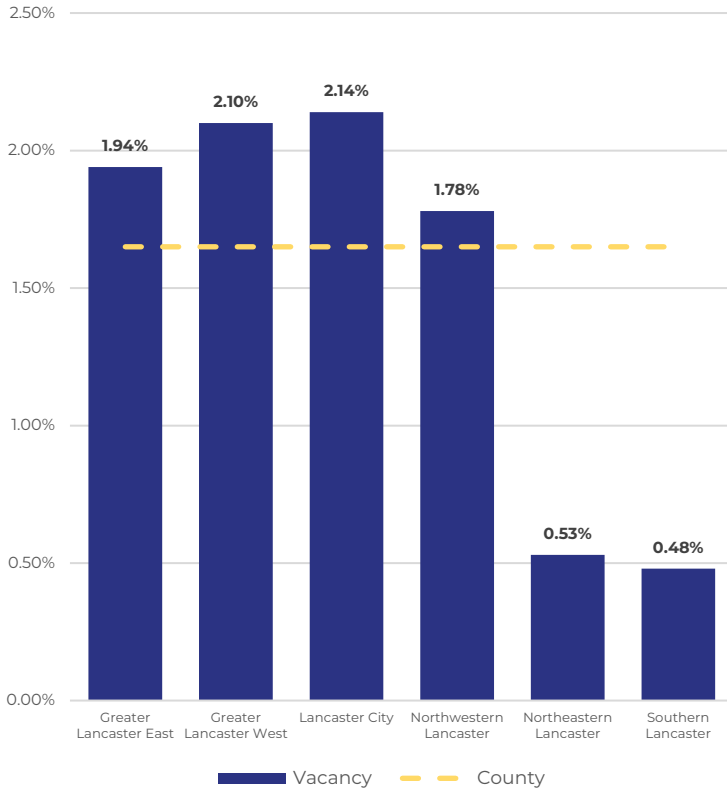
³ Lancaster Online

RETAIL

Lancaster County, PA

Q4 2022

VACANCY BY SUBMARKET



Key Lease Transactions Q4 2022

PROPERTY	SF	TENANT	TRANSACTION
720-740 E Main St, Mount Joy	8,080	Name Withheld	New
1400 Manheim Pike, Lancaster	6,250	Tobacco Hut Lancaster 1, Inc.	New
1615 Manheim Pike, Lancaster	3,200	Wheatland Auction Services & VSM Sports Card Outlet	New
4607 Division Hwy, East Earl	2,445	Phoenix Physical Therapy	New
8-10 West Woods Dr, Lititz	1,271	Name Withheld	New

Key Sales Transactions Q4 2022

PROPERTY	SF	SELLER/BUYER	PRICE
35 S Willowdale Dr, Lancaster	560,000	Rockvale Acquisition, LLC / MP Lancaster, LLC	\$30,500,000
2600 Willow Street Pike, Willow Street	268,207	THF Kendig Development L.P. / Triple BAR Kendig Square, LLC	\$24,550,000
2009 State Rd, Lancaster	5,000	Highway Commercial EHI, LLC / Agree Shelf PA, LLC	\$8,379,433
2007 E Lincoln Hwy, Lancaster	18,480	Sack, LLC / ZKG Property Management, LLC	\$2,500,000
2040 E Lincoln Hwy, Lancaster	2,399	Ari Properties, LLC / Lincoln Hwy Investors, LLC	\$2,134,040

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