

# MARKET REPORT

OFFICE | York County, PA | Q4 2022



## Unit Size Down 33% as Tenants Seek Smaller Spaces

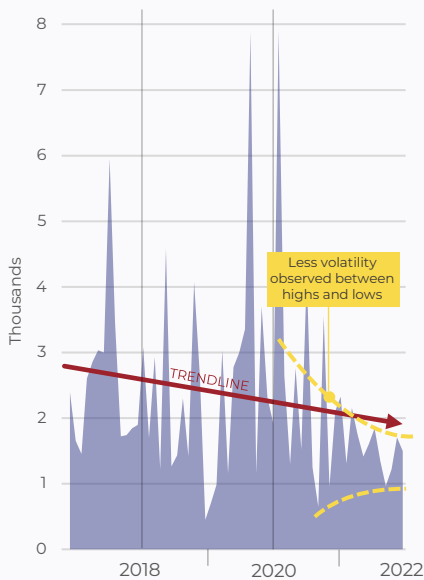
### HIGHLIGHTS

- Absorption was overwhelmingly negative in 2022 as more square feet was vacated than leased.<sup>1</sup>
- Vacancy increased 120 bps since Q3 2022. However, vacancy remains at a 5-year low.
- Average unit size has decreased 33% over the past five years contributing to the lack of absorption.

### OVERVIEW

The U.S. Bureau of Labor Statistics (BLS) unemployment rate for the York Metropolitan Statistical Area is 2.8% as of November 2022, which is a 2-year low.<sup>2</sup> However, a recent BLS press release indicates job growth in professional and business services averaged 50,000 per month in 2022, roughly half of the average of 94,000 per month in 2021.<sup>3</sup>

Average Unit Size (Past 5 Years)



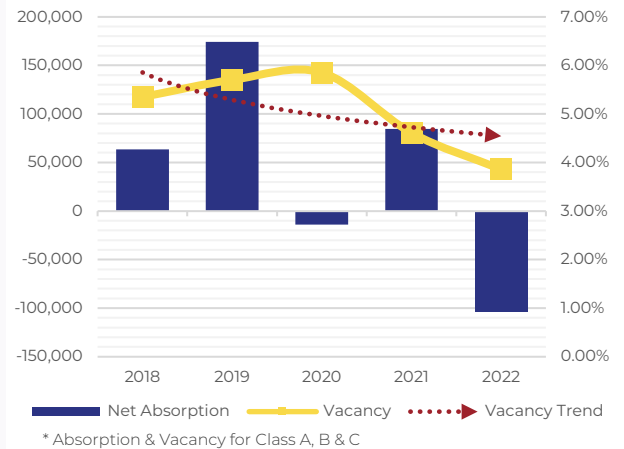
As previously discussed in ROCK's Q4 2021 Market Report, unit size continued to decline in 2022 as businesses favor smaller units to control costs. Consequently, new vacancies are outpacing leased square feet, and the office market is working harder to absorb the vacant space.

15 E. Philadelphia Street was purchased by Grotto Community Benefit, LLC with plans to redevelop it from industrial use to co-working office space. The Grotto has proven its co-working model at 2 W Market Street, York City<sup>4</sup> and will provide flexible office space to startups and established businesses.

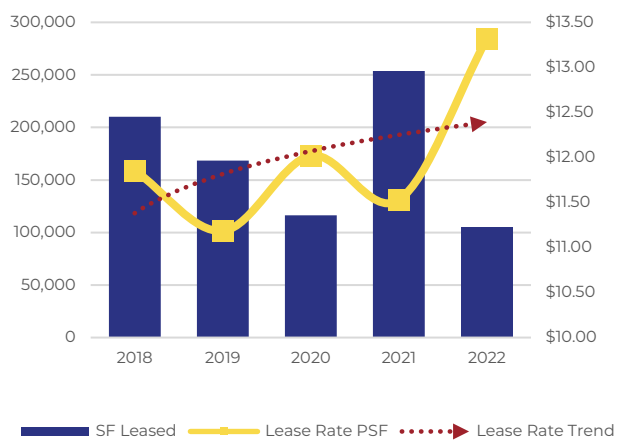
### MARKET INDICATORS

Total Inventory	13.44 MSF	▲
Sales (\$)	\$7.73 M	▲
Sales (SF)	71,516 SF	▲
Total Vacancy	3.9% (+120 bps)	▲
Total Leased (SF)	28,408 SF	▲
Average Rent	-\$2.09	▼
Average Rent <i>12-month rolling average</i>	+\$0.05	▲

### NET ABSORPTION & VACANCY



### SF LEASED & AVG LEASE RATE



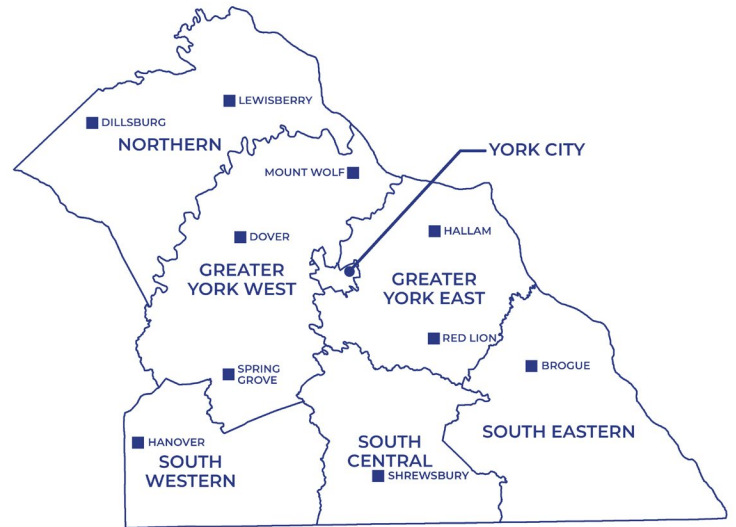
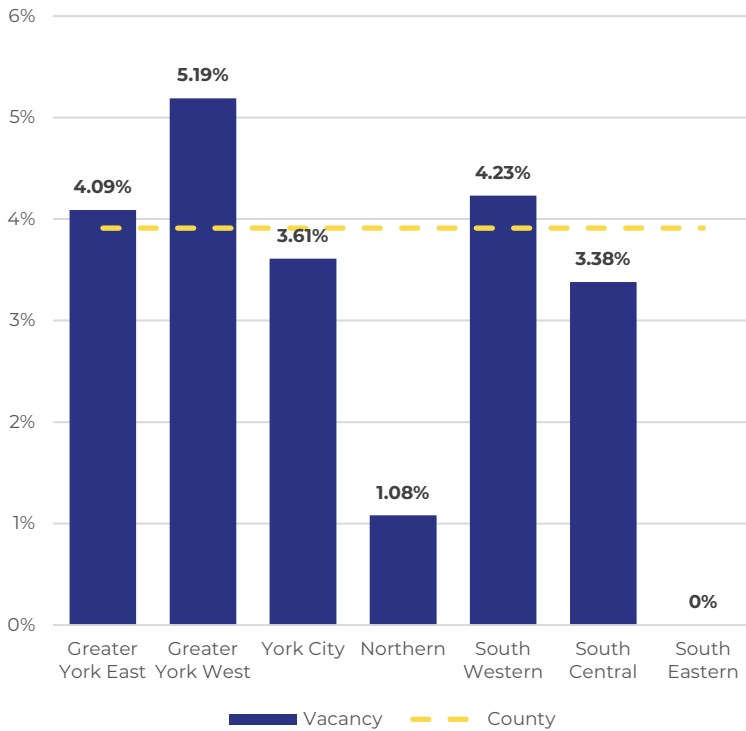
<sup>1</sup> WellSpan reversed intentions to lease at 1094 Haines Rd. This is accounted for in this absorption calculation

<sup>2</sup> BLS.gov - preliminary value for York-Hanover Statistical Area

<sup>3</sup> <https://www.bls.gov/news.release/pdf/empsit.pdf>

<sup>4</sup> <https://www.cpbj.com/yorks-rudy-art-glass-building-sold-to-grotto-commons-to-be-co-workspace/>

**VACANCY BY SUBMARKET**



**Key Lease Transactions Q4 2022**

PROPERTY	SF	TENANT	TRANSACTION
912 S George St, York	6,500	RBC Wealth Management	New
781 Far Hills Dr, New Freedom	5,280	HealthSource Distributors, LLC	New
1489-1499 S Queen St, York	4,800	Connections – Early Intervention and Supports	New
1010-1050 Plymouth Rd, York	2,305	Glow Med Spa and Aesthetic Center, LLC	New
2451-2453 Kingston Ct, York	2,042	Behavioral Healthcare Consultants, P.C.	New

**Key Sales Transactions Q4 2022**

PROPERTY	SF	SELLER/BUYER	PRICE
316-320 N George St, York	44,244	Kinsley Northwest, LP / Moove In Land & Cattle Company, LLC	\$5,075,000
1590 Rodney Rd, York	3,960	MLS Development, Inc. / Taneja Real Estate, LLC	\$910,000
200 W Market St, York	8,722	CODO 200, LP / 200 West Market Street, LLC	\$825,000
2300 Carlisle Rd, York	5,760	Michael S. & Lorraine M. Swank / Rocket Group, LLC	\$460,000
1404 E Market St, York	2,072	First Church of Christ Scientist / Grounded Growth Investments, LLC	\$259,000

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