

MARKET REPORT

INDUSTRIAL | Lancaster County, PA | Q1 2023



Market Remains Tight with Vacancy 249 basis points Below National Average

HIGHLIGHTS

- Vacancy increased for a second consecutive quarter following a two-year decline but remains 250 basis points below the nationwide average of 3.6%.¹ Increasing vacancy is on par with national trends.
- Absorption was slightly positive in Q1 with demand evenly matched with supply.
- Triple Net rent growth year-over-year has been consistent over the past five years rising 9.74% over the past twelve months.

OVERVIEW

Although increasing for a second consecutive quarter, vacancy remains just above 1%. The scarcest inventory are properties between 100,000-150,000 SF with vacancy at a mere 0.37% while the highest vacancy rate is found at properties between 50,000-100,000 SF at 1.44%. Consistent demand and low vacancy has perpetuated a tight market.

Some relief is in sight with 1.73MSF in the pipeline containing 648,579 SF is estimated for completion in Q2 2023. However, Q2 completions represent nearly 80% of the construction pipeline which thins out in Q3 and beyond. 1.22MSF is proposed for future development.

Active Construction Pipeline – by estimated completion date

Q2 2023	Q3 2023	Q4 2023
1.34 MSF 77.75%	252K SF	134K SF

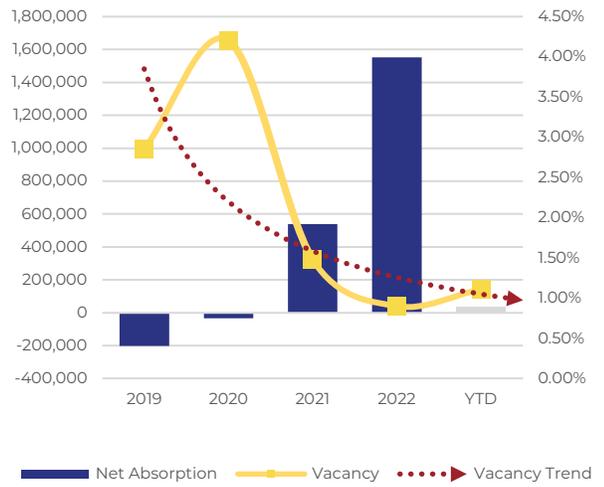
Absorption was low but remained positive in Q1 with demand evenly matched with supply. With 1.34 MSF due for completion coupled with new vacancies in Q2, supply may begin outpacing demand. However, leasing activity, in terms of square feet, is off to a stronger start than last year. Square feet leased in Q1 is up 31% compared to Q1 2022.

¹ CommercialEdge National Industrial Report – April 2023

MARKET INDICATORS

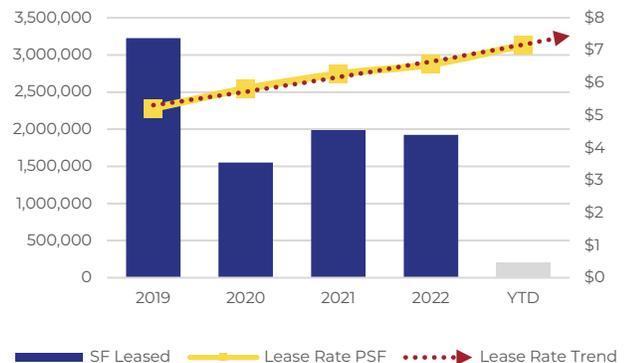
Total Inventory	82.42 MSF	▲
Sales (\$)	\$28.39M	▼
Sales (SF)	447,635 SF	▼
Total Vacancy	1.11% (+21 bps)	▲
Total Leased (SF)	203,090 SF	▼
Avg Rent Change <i>12-month rolling average</i>	+\$0.05	▲

NET ABSORPTION & VACANCY



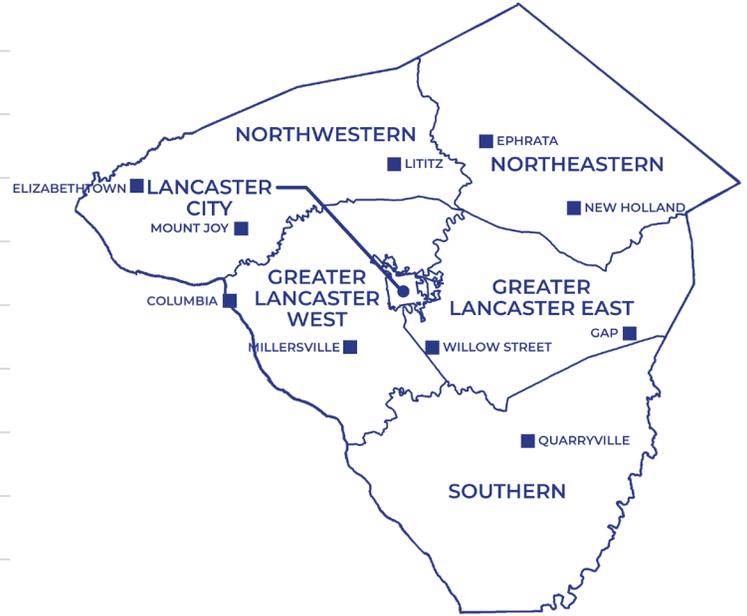
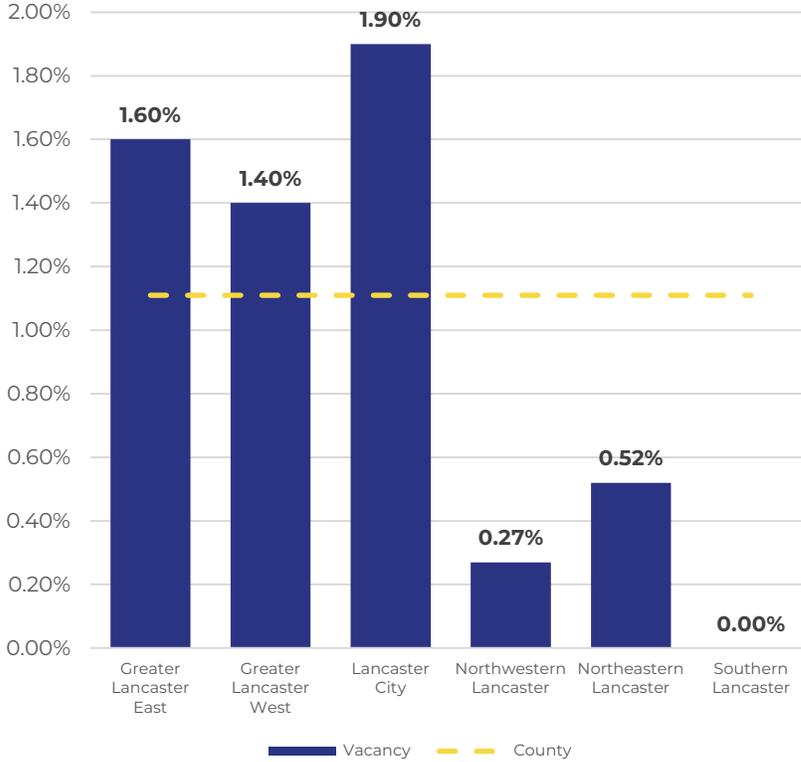
* Absorption & Vacancy for Class A, B & C

SF LEASED & AVG LEASE RATE



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

VACANCY BY SUBMARKET



Key Lease Transactions Q1 2023

PROPERTY	SF	TENANT	TRANSACTION
187 W Airport Rd, Lititz	35,021	Fenner Precision Polymers	New
102 S Heintzelman St, Manheim	29,761	Name Withheld	New
3820 Hempland Rd, Mountville	24,993	Allied Facility Solutions, Inc.	New
1004 New Holland Ave, Lancaster	24,952	DST America	New
1004 New Holland Ave, Lancaster	23,332	Name Withheld	New

Key Sale Transactions Q1 2023

PROPERTY	SF	SELLER/BUYER	PRICE
3725 Electronics Way, Mountville	123,082	3725 Electronics Way, LLC / CL Lancaster, LLC	\$8,600,000
1397 Arcadia Rd, Lancaster	67,368	Formin Properties, LLC / Barwed, LLC	\$5,000,000
500 E Oregon Rd, Lititz	52,280	C&V Family Ltd Partnership / Capital PA 500, LLC	\$3,660,000
870 E Main St, New Holland	16,965	SA Derby Holdings, LLC / Undisclosed	\$2,450,000
2939 Old Tree Dr, Lancaster	30,575	C&V Family Ltd Partnership / Oregon Old Tree Holdings, LLC	\$2,440,000

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