

MARKET REPORT

OFFICE | York County, PA | Q1 2023



Signed Leases are Up 37% Showing a Strong Start to 2023

HIGHLIGHTS

- Vacancy rate begins to level decreasing only 12 basis points.
- Absorption remains negative year-to-date as more square feet was made available than leased.
- Landlords continue weighing strategies to fill vacant units as sector continues to evolve.

OVERVIEW

Uncertainties continue to cloud predictions for the sector at the macro level. Local data provides more clarity as it reveals a relatively stable environment allowing landlords time to strategize and adapt to evolving demands from users.

National studies reveal tertiary markets are poised to attract tenants from larger cities provided they can position and market themselves as cost effective and higher quality alternatives. Exodus from large cities is not universal, but aging office inventory, poor accessibility, lack of amenities and high costs are driving companies to explore alternatives outside of the traditional CBD (Central Business Districts).

While absorption remains negative, steady demand for office continues as the number of new leases signed in Q1 is above average by 36.62% over the past five years. Thus, negative absorption appears to be a symptom of downsizing rather than waning demand.

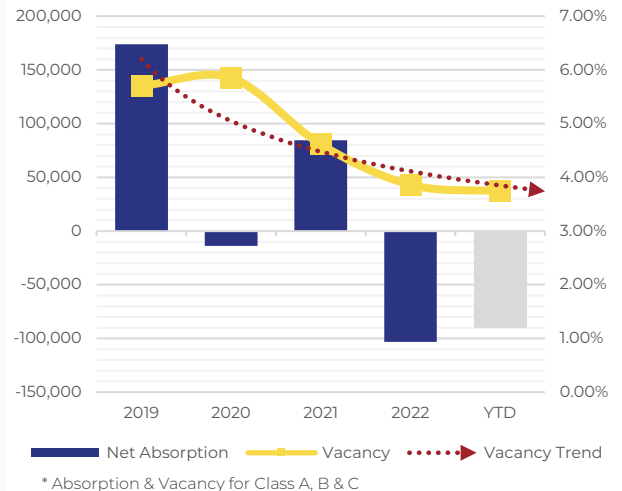
Vacancy is levelling out, declining only 12 basis points from Q4 2022. This leveling of vacancy rate is attributed to steady leasing activity coupled with occasional decrease in office inventory. Inventory has decreased periodically due to reclassifying buildings from exclusively office into alternative uses including industrial, multi-family or mixed-use.

Impacts of remote/hybrid work persist as landlords weigh strategies to fill vacant units including capital improvements for aging properties, exploring coworking/short-term leasing models, and adjusting ratio of dedicated office space compared to other uses at the property.

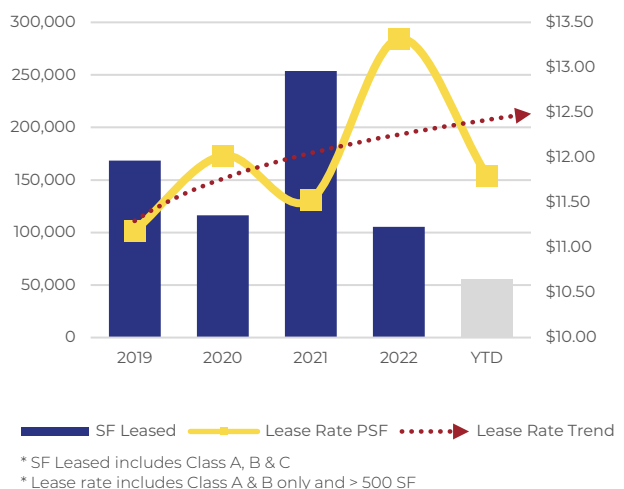
MARKET INDICATORS

Total Inventory	13.36 MSF	▼
Sales (\$)	\$9.14 M	▲
Sales (SF)	124,939 SF	▲
Total Vacancy	3.74% (-12 bps)	▼
Total Leased (SF)	56,051 SF	▲
Avg Rent Change <i>12-month rolling average</i>	+\$0.07	▲

NET ABSORPTION & VACANCY



SF LEASED & AVG LEASE RATE

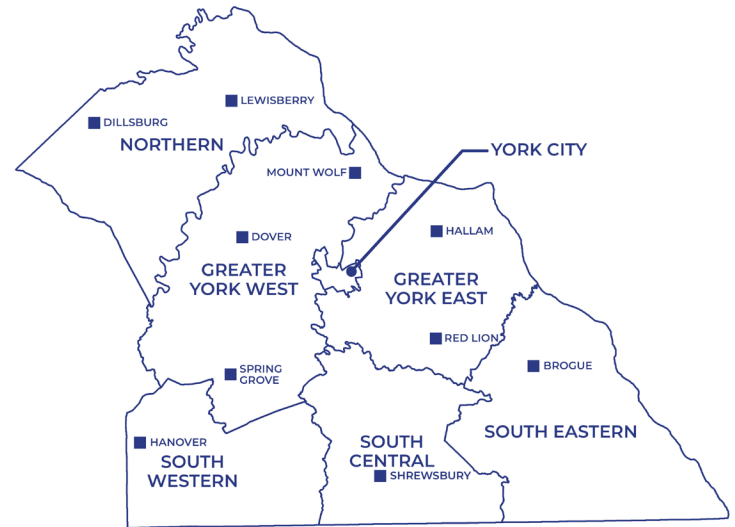
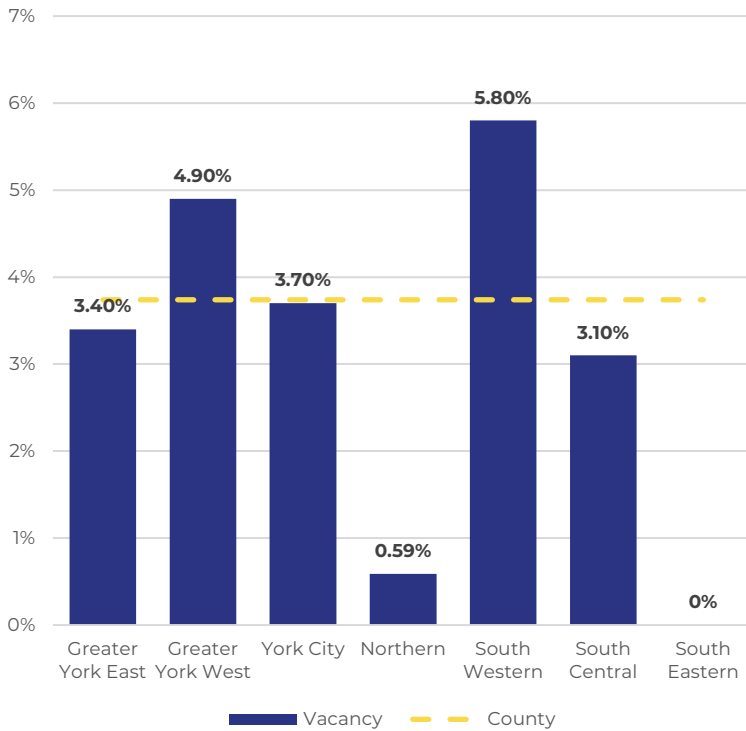


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Q1 2023

VACANCY BY SUBMARKET



Key Lease Transactions Q1 2023

PROPERTY	SF	TENANT	TRANSACTION
1071 Edgar St, York	18,574	WellSpan	New
1410-1420 Sixth Ave, York	3,975	Resteel Supply Co., Inc.	New
50-56 Grumbacher Rd, York	3,630	Care Plus Oxygen	New
50-56 Grumbacher Rd, York	2,004	Baker Roofing Company, Inc.	New
37 N Queen St, York	1,792	York County SPCA	New

Key Sale Transactions Q1 2023

PROPERTY	SF	SELLER/BUYER	PRICE
2350 Freedom Way, Ste 102, York	13,505	Freedom Way Associates of York, LLC / UPMC Memorial	\$2,300,000
2319 S George St, York	6,800	Joel W. Winer & Robert J. Schlegel, Jr., Et. Al. / WellSpan Properties, Inc.	\$1,215,000
2471 S Queen St, York	11,000	WellSpan Properties, Inc. / TKR745 Real Estate, LLC	\$650,000
9-11 E Market St, York	24,460	25 N Duke St, LLC / CJ Holdings, LLC	\$550,000
517 Carlisle Rd, York	10,144	White Wolf Real Estate Company / Hunter Moon Holdings, LLC	\$400,000

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