

MARKET REPORT

OFFICE | York County, PA | Q2 2023



Signed Leases are Up but Outpaced by New Vacancies

HIGHLIGHTS

- Negative absorption persists despite 30% increase in signed leases. More vacant square feet was added than was leased.
- Vacancy is relatively unchanged since falling below 4% last year.
- Sale volume is down 51% compared to this time last year. Lower inventory, elevated financing costs and market uncertainty may give investors pause before transacting.

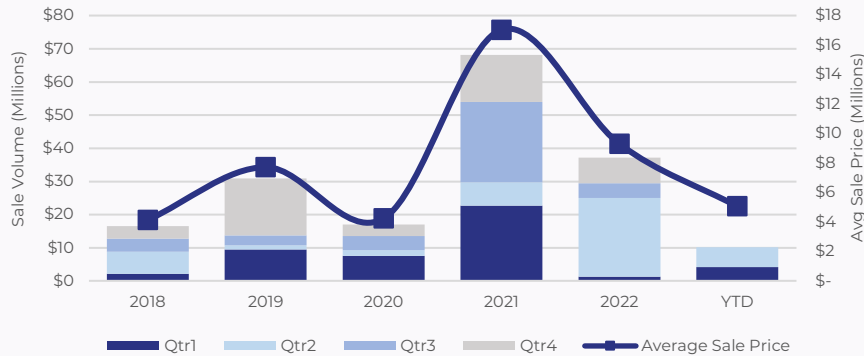
OVERVIEW

While new professional and business service jobs have been declining, Bureau of Labor Statistics (BLS) data revealed higher than average job growth in health care, social assistance and government sectors in the month of June. The York County office market is providing space for these growth sectors with 39% of office leases signed by tenants involved with medical, counseling or therapy services.

Despite this uncertainty, leasing activity remains strong with number of lease transactions on track to meet or exceed the five year high experienced in 2019. Leased square feet already exceeds total square feet leased in 2022.

Similar to retail and industrial sectors, office sale volume peaked in 2021 and has since returned to pre-pandemic levels. Number of sale transactions are down 33% from mid year 2021.

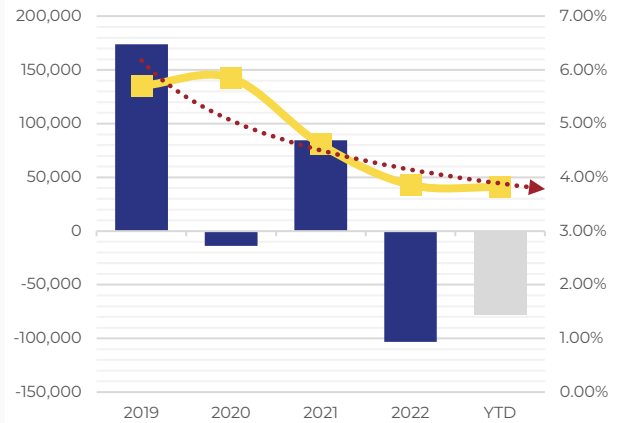
Sale Volume and Average Sale Price



MARKET INDICATORS

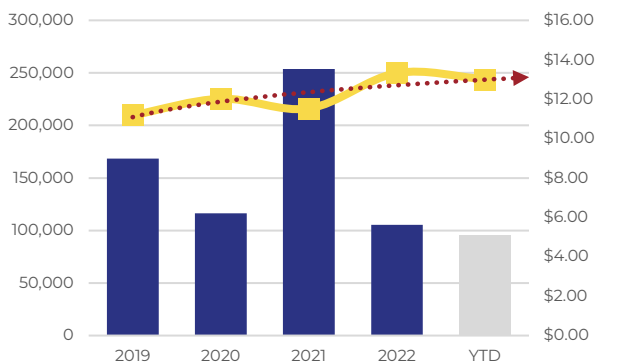
Total Inventory	13.26 MSF	▼
Sales (\$)	\$5.97 M	▼
Sales (SF)	60,391 SF	▼
Total Vacancy	3.82% (+8 bps)	▲
Total Leased (SF)	37,647 SF	▼
Avg Rent Change <i>12-month rolling average</i>	+\$0.27	▲

NET ABSORPTION & VACANCY



* Absorption & Vacancy for Class A, B & C

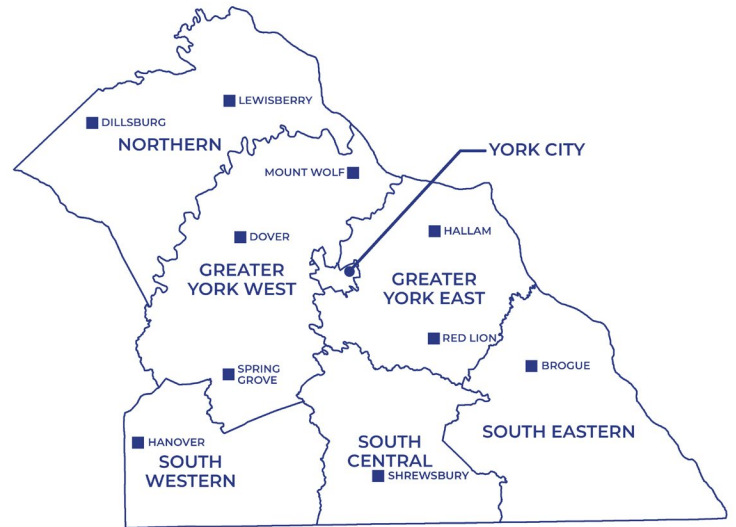
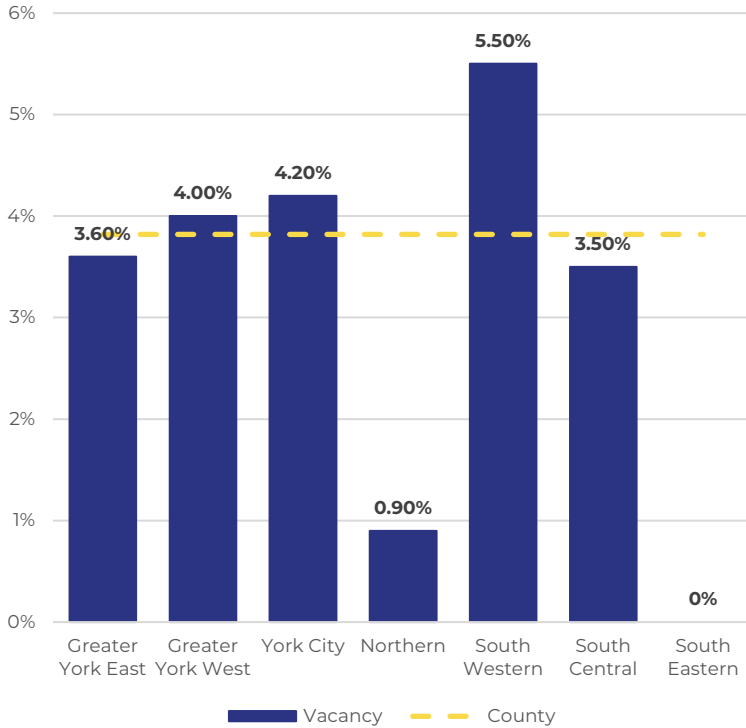
SF LEASED & AVG LEASE RATE



* SF Leased includes Class A, B & C

* Lease rate includes Class A & B only and > 500 SF

VACANCY BY SUBMARKET



Key Lease Transactions Q2 2023

PROPERTY	SF	TENANT	TRANSACTION
2315 N Susquehanna Tr, York	5,931	Pinnacle Health Medical Services	New
227-231 W Market St, York	4,782	Cybercon IQ, Inc.	New
781 Far Hills Dr, New Freedom	4,450	Drayer Physical Therapy Institute, LLC	New
227-231 W Market St, York	2,405	York Opioid Collaborative	New
2240-2242 S Queen St, York	2,100	Nestegg Investments, Inc.	New

Key Sale Transactions Q2 2023

PROPERTY	SF	SELLER/BUYER	PRICE
130 Leader Heights Rd, York	5,592	Robert B. & Wanda D. Filer / Rexroth TIC	\$1,675,000
15842 Elm Dr, New Freedom	12,000	TEC FAB Properties / Shrewsbury Properties, LLC	\$750,000
724 S George St, York	18,915	York Co American Red Cross / Bell Plus Development Corp	\$680,000
2240-2242 S Queen St, York	3,896	2240 S Queen St, LLC / Queen Street Ventures, LLC	\$595,000
1 N Main St, Shrewsbury	2,817	Shrewsbury Properties, LLC / NLT Premier Properties, LLC	\$550,000

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