

MARKET REPORT

INDUSTRIAL | York County, PA | Q3 2023



Growing Lease Activity for Class B & C

HIGHLIGHTS

- Vacancy decreased 29 basis points due to minimal construction completions.
- About 65% of all vacant square feet is Class A space.
- Lease activity year-to-date has outperformed 2019 and 2020 and is on track to exceed last year's totals.

OVERVIEW

Since last quarter's construction boom, industrial inventory has experienced little change. 100,000 SF completed this quarter with roughly 200,000 SF due for completion by the end of this year. 4.5MSF is proposed to meet industrial demand for the county.

Vacancy is relatively unchanged from last quarter and has settled to pre-pandemic norms. This is due to minimal completions this quarter, existing vacancies remaining un-leased, and little new inventory hitting the market. In fact, the top three industrial vacancies have all been constructed within the last year with the top vacancy completing last quarter. To avoid risk, some investors are pausing construction until tenants are secured or opting to only build once a tenant is identified.

Another trend to note is the top three vacancies are all Class A properties over 100,000 SF. Indeed, users seeking older and smaller spaces will encounter significant difficulties. About 65% of all vacant square feet is Class A space. Additionally, nearly 71% of all vacant square feet is spaces greater than 100,000 SF. Class C properties also continue to drop out of inventory including two this quarter that will be repurposed to a mixed-use multifamily community and a self storage facility.

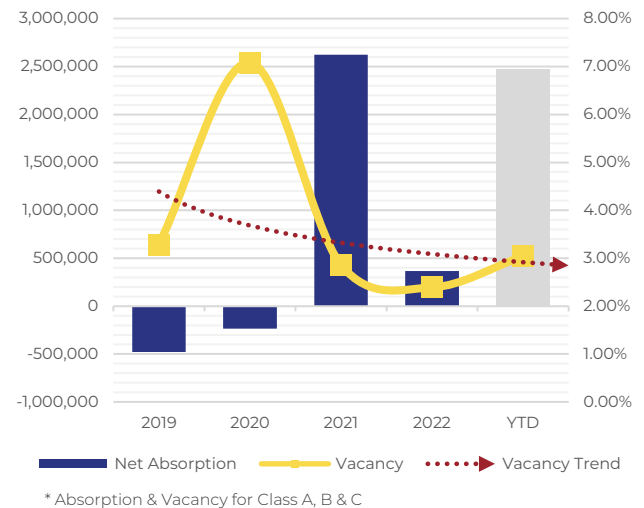
Since Class A spaces command higher rents, last quarter's construction boom caused the average lease rate to climb higher. The 12-month rolling average rent is up \$1.43 psf, and the average lease rate has increased 53% in five years. Many users may stay put if they are unable to find comparable space for close to what they currently pay. However, tenants will likely face upward pressure when their leases renew.

Sale activity is down 47% from this time 2 years ago. However, lease activity this quarter outperformed Q3 totals in 2019, 2020, and 2021. Despite scarce availability, 2023 is on track to have the highest lease activity of the last 5 years. The most lease activity is observed in Class B and Class C spaces indicating if any space becomes available, it will be absorbed.

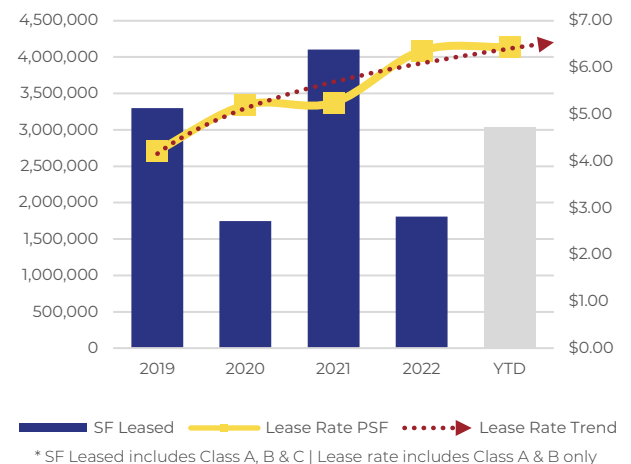
MARKET INDICATORS

Total Inventory	88.97 MSF	▲
Sales (\$)	\$48.91 M	▼
Sales (SF)	388,926 SF	▼
Total Vacancy	3.05% (-29 bps)	▼
Total Leased (SF)	244,801 SF	▼
Avg Rent Change 12-month rolling average	+\$1.43	▲

NET ABSORPTION & VACANCY



SF LEASED & AVG LEASE RATE

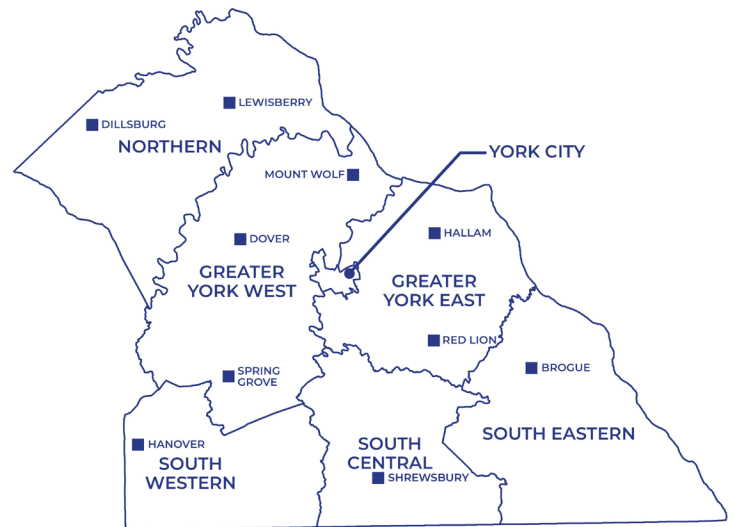
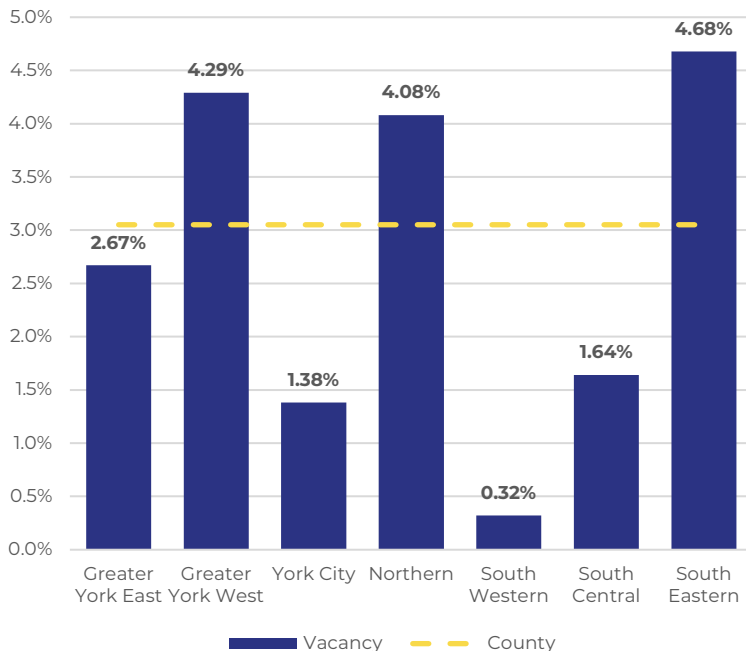


INDUSTRIAL

York County, PA

Q3 2023

VACANCY BY SUBMARKET



Key Lease Transactions Q3 2023

PROPERTY	SF	TENANT	TRANSACTION
401 E Broadway, Red Lion	54,025	AdaptivAir, Inc.	New
1160 Fahs St, York	25,157	Worthington Steel Rome, LLC	New
1217-1221 E Elm St, York	23,115	WCG Pilgrim Wire, LLC	New
44-60 Hokes Mill Rd, York	16,900	Name Withheld	New
730 Ridge Ave, York	14,840	H.B. McClure	New

Key Sale Transactions Q3 2023

PROPERTY	SF / AC	SELLER/BUYER	PRICE
500 Willow Springs Ln, York (Land)	57 Ac	Maple Press Company / MRP Industrial	\$13,500,000
543 Industrial Dr, Lewisberry	71,000	Platinum Owner PA, LLC / Exeter 543 Industrial, LLC	\$8,200,000
3 Interchange Pl, York	48,326	3 Interchange, LLC / Dukes Street Holdings, LLC	\$5,400,000
3495 Industrial Dr, York	41,288	Goose Island Properties, LLC / The Giambalvo Family LP	\$3,300,000
1601 W King St, York	66,489	Sam Samuel, LLC / Covington Property Holdings, LLC	\$1,395,000

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