

MARKET REPORT

OFFICE | York County, PA | Q3 2023



Leased Square Feet Exceeds 2020 and 2022 Levels

HIGHLIGHTS

- Current leased square feet exceeds 2020 and 2022 totals, but absorption remains negative year-to-date.
- Due to reduced inventory, sale volume has been trending downward since 2021.
- Nationally, 29,000 jobs in professional, scientific, and technical services were added in September.

OVERVIEW

Inventory decreased this quarter due to the repurposing of another Class C property. The former Fox Bakery Building converted to offices in 2000 will soon be a 43-unit apartment complex with ground floor retail space. There were no construction completions, but 36,000 SF will finish early next year for the Charter Academy offices in Westgate.

Although 48,000 SF of vacant space was added to the market in Q3, vacancy continued to decrease. The slight decrease is due to no construction completions and few large vacancies hitting the market. Office vacancy has not increased to its pre-pandemic rate and remains two percent lower than it was in 2019.

There was minimal change in sale volume between Q2 and Q3. Although sale volume has been trending downward since 2021, Q3 volume exceeded Q3 totals in 2019, 2020, and 2022. Medical office sales have been particularly strong in 2023, accounting for nearly half of all sale volume year-to-date.

While square feet leased exceeds 2020 and 2022 levels, net absorption remains negative year-to-date. Over 80% of leases signed were for class B space.

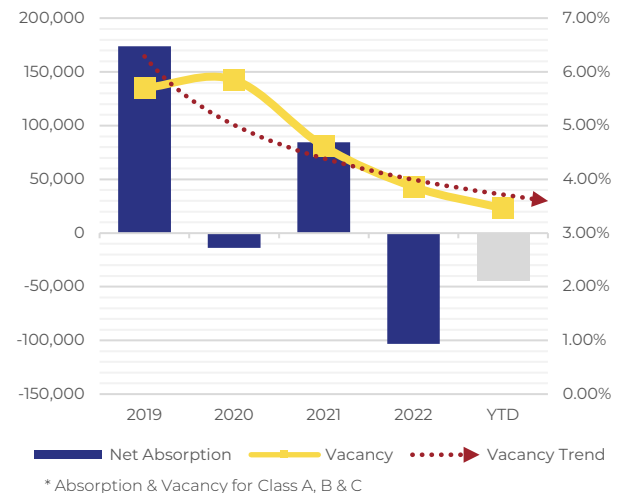
The Bureau of Labor Statistics (BLS) press release states job gains occurred in professional, scientific, and technical services. In September, 29,000 jobs were added in line with the average monthly gain of 27,000 over the past year.¹ The market is providing space for this growth with an engineering firm signing the top office lease this quarter.

[BLS](#)

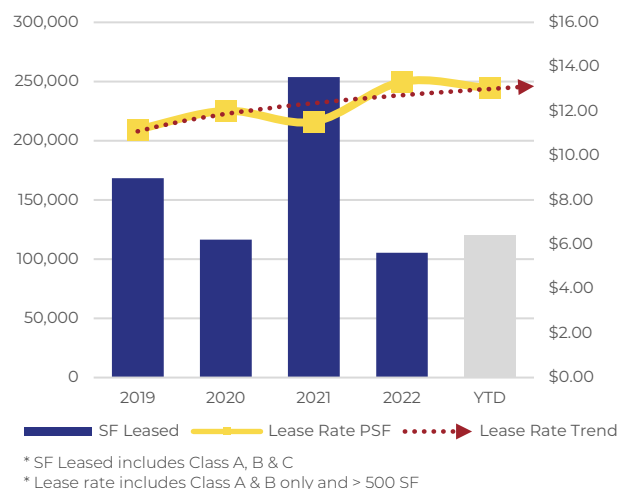
MARKET INDICATORS

Total Inventory	13.18 MSF	▼
Sales (\$)	\$5.1 M	▼
Sales (SF)	31,798 SF	▼
Total Vacancy	3.46% (-36 bps)	▼
Total Leased (SF)	19,686 SF	▼
Avg Rent Change <i>12-month rolling average</i>	-\$0.26	▼

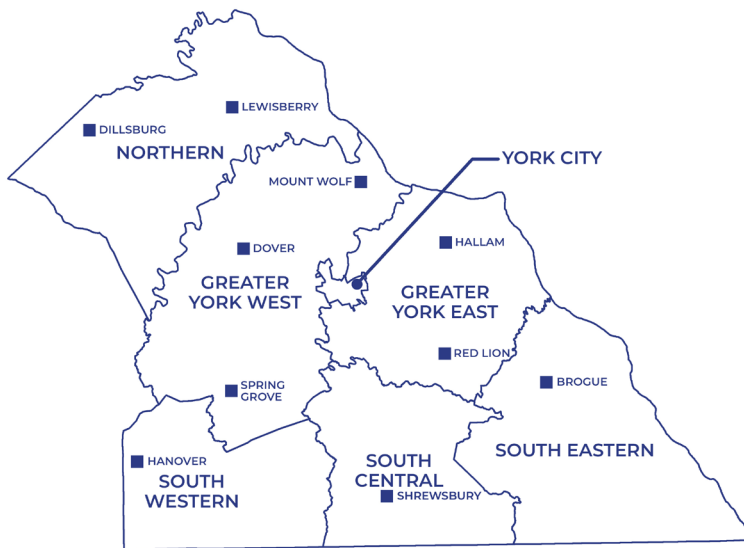
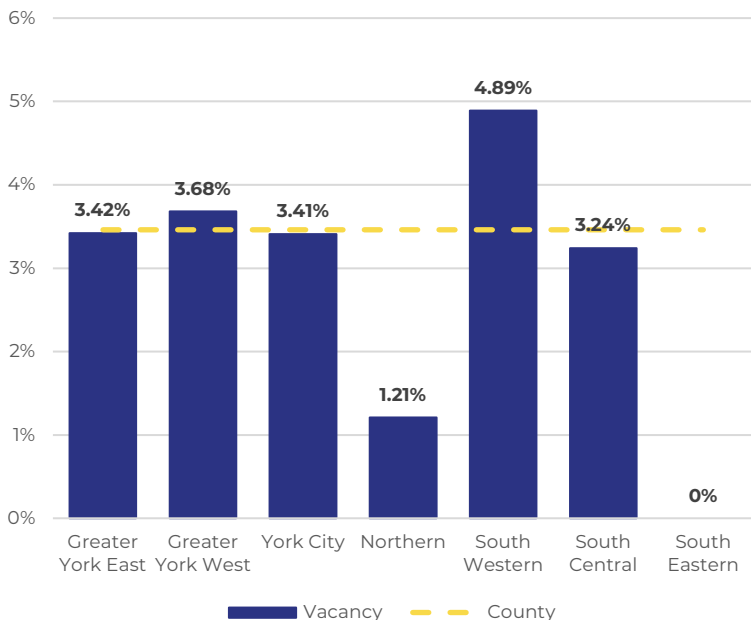
NET ABSORPTION & VACANCY



SF LEASED & AVG LEASE RATE



VACANCY BY SUBMARKET



Key Lease Transactions Q3 2023

PROPERTY	SF	TENANT	TRANSACTION
96 S George St, York	6,232	Herbert, Rowland & Grubic, Inc.	New
200 W Market St, York	4,374	York Comprehensive Treatment Center	New
2610 Course Rd, York	3,051	BAYADA Home Health Care, Inc.	New
1600 6 th Ave, Ste 110 & 122, York	1,743	RGI Management, LLC	New
1 E Market St, Ste 103, York	1,729	Roy Key	New

Key Sale Transactions Q3 2023

PROPERTY	SF	SELLER/BUYER	PRICE
777 Cherry Tree Ct, Hanover	5,804	Cherry Tree Court, LLC / UPMC Hanover	\$2,240,000
2525 Eastern Blvd, York	14,400	E.B.L.W., Inc. / Integrity First Home Buyers	\$1,500,000
1600 6 th Ave, Ste 106, York	6,463	ROCK 1600 LP / CVS Properties, LLC	\$735,000
1305 E Market St, York	4,160	Service Access and Management, Inc. / MHB Holdings, LLC & MBIT Group, LLC	\$350,000
85 N Fayette St, York (Land)* Proposed office – 20,000 SF	.95 acres	Frank Quintin / Mease Out, LLC (BLM Construction)	\$219,900

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