

MARKET REPORT

RETAIL | York County, PA | Q3 2023



Strong Lease Activity for Small Spaces

HIGHLIGHTS

- Lease activity is predicted to exceed 2022 totals which had the most signed leases in the past 5 years.
- Year-to-date, 90% of leases have been for spaces less than 5,000 SF.
- Absorption continues a downward trend because of decreasing unit size, not reduced demand.

OVERVIEW

Inventory increased this quarter due to the completions of Plaza Azteca Mexican Restaurant in Hanover and Mavis Discount Tire in York. Also in Hanover, an additional 7,000 SF is due for completion Q4 2023. Besides these projects, over 400,000 SF is proposed for the county indicating developers have confidence in local retail demand.

Last quarter, sale activity decreased 59% since mid-year 2022. Presently, sale activity decreased 50% since Q3 2022. Due to declining transactions in a high interest rate environment, sale volume has also decreased about 81% since this time last year. Despite fewer transactions in 2023, median sale price remains elevated only decreasing 9% since last year.

Although nearly 120,000 SF of vacant space was added to the market in Q3, vacancy remains unchanged. It is only 9 basis points higher than the pre-pandemic rate in 2019. More product is hitting the market after a five-year low vacancy in 2022.

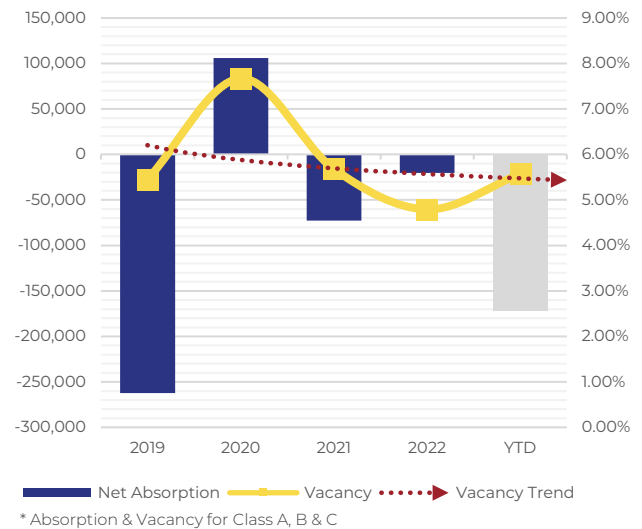
Leased square feet increased, but absorption continues a downward trend. Year-to-date, lease volume exceeds 2020 and 2021 totals. Year-to-date lease activity is also on track to outperform last year, which was the strongest year for signed leases in the past 5 years. This indicates negative absorption is not due to reduced lease activity but smaller unit sizes. In fact, unit size has decreased 32% since last year. This quarter, 85% of signed leases were for spaces less than 5,000 SF.

Average lease rate remains elevated and is now at a five-year high, increasing nearly 40% since 2019.

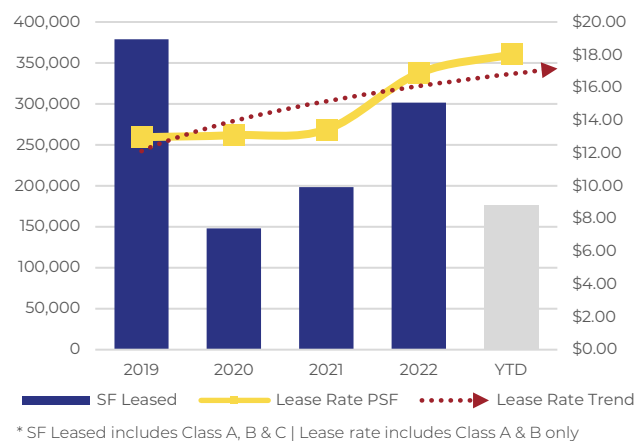
MARKET INDICATORS

Total Inventory	28.19 MSF	▲
Sales (\$)	\$9.37 M	▲
Sales (SF)	54,390 SF	▲
Total Vacancy	5.57% (+3 bps)	▲
Total Leased (SF)	53,908 SF	▲
Avg Rent Change <i>12-month rolling average</i>	+\$0.83	▲

NET ABSORPTION & VACANCY



SF LEASED & AVG LEASE RATE

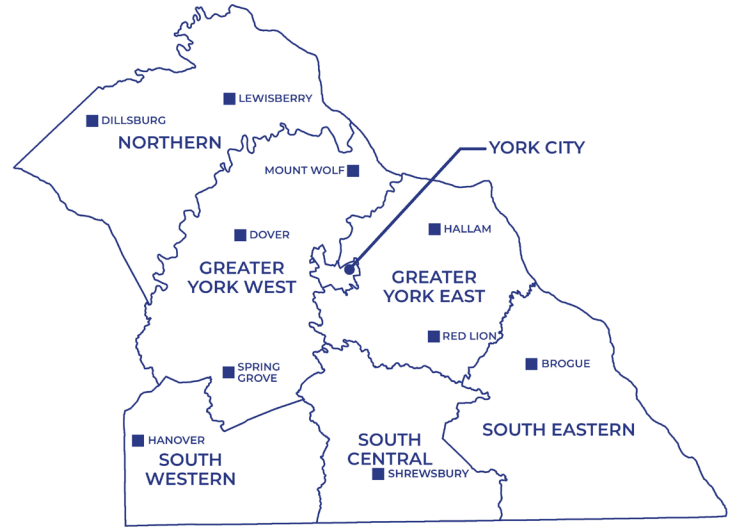
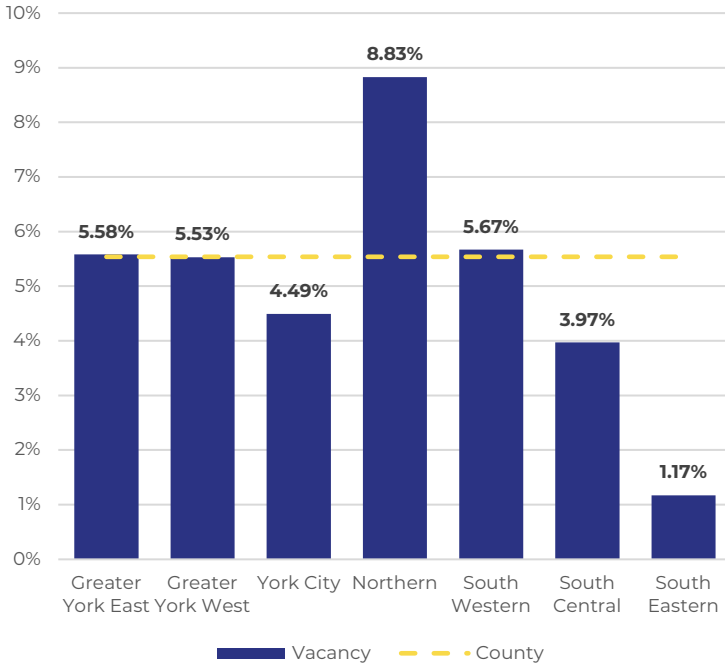


RETAIL

York County, PA

Q3 2023

VACANCY BY SUBMARKET



Key Lease Transactions Q3 2023

PROPERTY	SF	TENANT	TRANSACTION
555 Ryan Run Rd, York	7,500	Typical Life Corporation	New
12 E Seventh Ave, York	6,450	Clean Plate Nutrition	New
2300 E Market St, York	5,039	My Salon Suites	New
2101-2129 Industrial Hwy, York	3,900	Industrial Business Systems, LLC	New
2300 Industrial Hwy, York	3,500	Shristi Grocery	New

Key Sale Transactions Q3 2023

PROPERTY	SF	SELLER/BUYER	PRICE
500 Eisenhower Dr, Hanover*	7,000	TWAS Properties, LLC / NNN Reit Trust	\$1,750,000
10 Century Ln, Dillsburg	3,875	M&P RV, LLC / Black Diamond Real Estate, Inc.	\$1,350,000
3000 S Queen St, York	9,600	Rocky's, LLC / DUMAI, LLC	\$705,000
2310 Industrial Hwy, York	4,000	Majestic East, Inc. / Chrisoula, LLC	\$600,000
625 Chambers Rd, York	5,528	334 Hospitality, LLC / Rehoboth RE, LP	\$538,000

*Redevelopment to car wash – under construction for Q4 2023 completion

DREW M. STEFFENS

Director of Data Services
(717) 854-7065
dsteffens@rockrealestate.net

KATIE P. SPURRIER

Research Analyst
(717) 850-0848
kspurrier@rockrealestate.net

221 W Philadelphia St, Ste 19, York, PA 17401
313 W Liberty St, Ste 117, Lancaster, PA 17603

717.854.5357
ROCKrealestate.net

