

MARKET REPORT

INDUSTRIAL | LANCASTER COUNTY, PA | Q4 2023



INVENTORY (SF)	VACANCY RATE	SALES (\$)	SALES (SF)	LEASED (SF)	RENT CHANGE
84.2M ↑	2.10% ↓	\$17.2M ↓	91,118 ↓	112,861 ↓	\$1.50 ↑ 12-month rolling avg

Class C Properties Driving Sale and Lease Activity

HIGHLIGHTS

- Vacancy remains below 2.5%, dropping 8 bps from Q3 2023.
- Although absorption was negative in Q4, overall absorption for 2023 edged positive at +118,104 SF.
- Lease rates continue an upward trend observed since 2019 and accelerating through 2023.

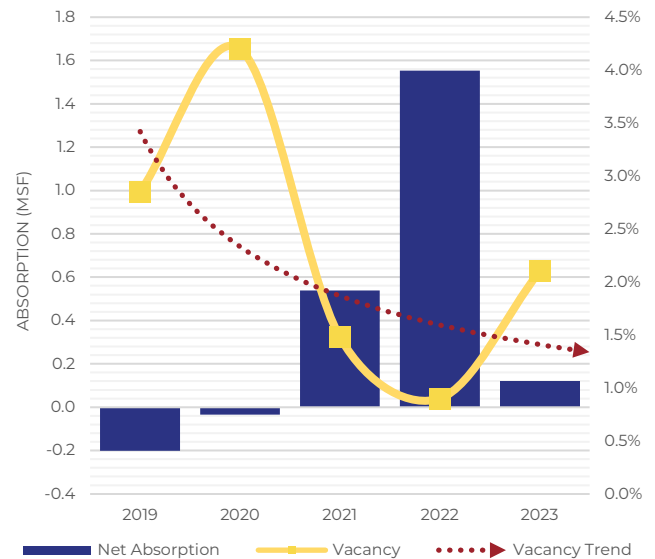
OVERVIEW

Construction continues to slow with only 570,640 SF slated for completion in 2024. Although all new construction this year was majority Class A distribution facilities, leasing activity for these spaces has yet to catch up. Instead, Class C properties contributed 85% of all new lease transactions in Q3 and have the lowest vacancy rate at 0.31%.

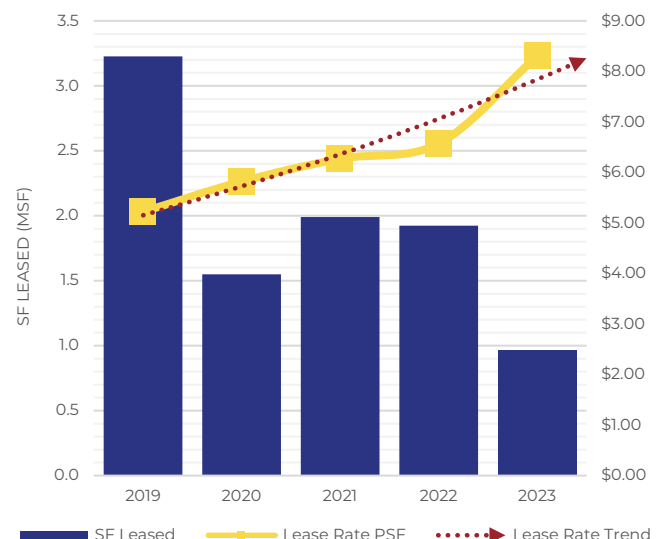
Lease rates continue to improve and surpass pre-pandemic levels. However, the average lease rate dropped for the first time this year, which is in line with the recent deceleration trend of national lease rates for industrial properties.

Sale volume and median sale price continue their respective declines following 2021's record setting performance. Q4 saw the lowest Sale volume for the year, with only \$10.6M total sales.

NET ABSORPTION & VACANCY



SF LEASED & AVG LEASE RATE



Key Sale Transactions

1640-1642 Mine Rd, Paradise

SIZE	28,500 SF
SELLER	Lapp Lumber Company
BUYER	Intermediaries & Exchangers LLC
PRICE	\$4,500,000

360 Rt 41, Gap

SIZE	8,760 SF
SELLER	VHP Realty, LLC
BUYER	Christiana 360 LLC
PRICE	\$2,300,000

204 Orlan Rd, New Holland

SIZE	7,788 SF
SELLER	Amos Horning
BUYER	Margaret Nolt
PRICE	\$1,200,000

1004 Willow Street Pike, Lancaster

SIZE	5,700 SF
SELLER	KFG Holdings LLC
BUYER	Gap Property Group LLC
PRICE	\$875,000

3891 Old Harrisburg Pike, Mount Joy

SIZE	5,000 SF
SELLER	Salunga Properties, LLC
BUYER	Witmer Properties
PRICE	\$845,000

Key Lease Transactions

167 Greenfield Rd, Lancaster

SIZE	43,989 SF
TENANT	Name Withheld
TRANSACTION	New

710 W Main St, New Holland

SIZE	31,400 SF
TENANT	Jarrett Companies, Inc.
TRANSACTION	New

1004 New Holland Ave, Lancaster

SIZE	15,164 SF
TENANT	Health Direct Pharmacy Services
TRANSACTION	New

301 & 341 E Liberty St, Lancaster

SIZE	11,488 SF
TENANT	Name Withheld
TRANSACTION	New

479 Weaverland Valley Rd, East Earl

SIZE	7,200 SF
TENANT	Name Withheld
TRANSACTION	New

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