

MARKET REPORT

OFFICE | LANCASTER COUNTY, PA | Q4 2023



INVENTORY (SF)	VACANCY RATE	SALES (\$)	SALES (SF)	LEASED (SF)	RENT CHANGE
15.76M ↑	4.29% ↓	\$5.03M ↑	31,382 ↑	26,931 ↓	\$1.27 ↑ 12-month rolling avg

Demand for Healthcare Driving Inventory Increase

HIGHLIGHTS

- Vacancy declined 33 basis points in Q4
- Demand for healthcare continues to drive development with 56,000 SF of medical office under construction.
- Average sale price has decreased 38% from its peak in 2021 settling back to pre-pandemic levels.

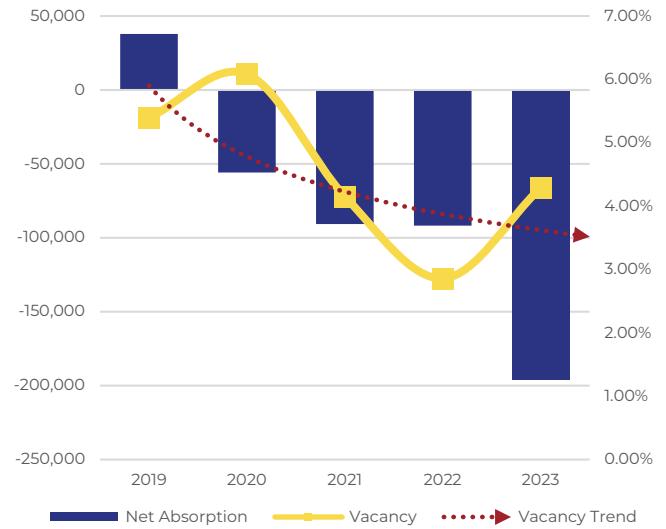
OVERVIEW

The Lancaster office market continues to demonstrate resilience as leasing activity remains consistent, lease rates increased, and sale volume settles as expected to pre-pandemic norms.

Sale volume has steadily decreased each year following the transaction boom seen in 2021. Increased borrowing costs weighed on investment decisions along with an uncertain economic outlook. Although decreasing, sale volume remains elevated compared to pre-pandemic levels currently up 60.12% from 2019.

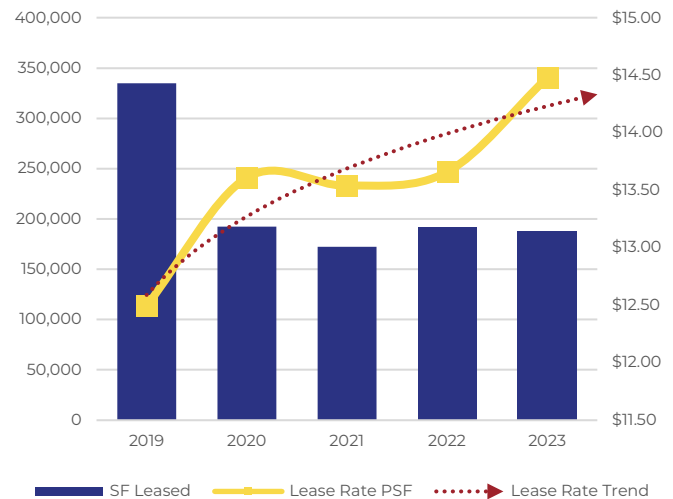
Vacancy increased 143 basis points overall in 2023 as the market struggled to absorb excess space. However, the market remains active as the number of new signed leases and leased square feet remains consistent with prior years. Consistent activity, along with an increase in unit size for the second consecutive year, provides a positive outlook for 2024.

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

OFFICE

LANCASTER COUNTY, PA

Q4 2023

Key Sale Transactions

640 E Oregon Rd, Lititz

SIZE	7,832 SF
SELLER	Neurology Real Estate LP
BUYER	640 E Oregon Rd Associates LLC
PRICE	\$1,250,000

3125 Nolt Rd, Lancaster

SIZE	5,500 SF
SELLER	P Shertzer
BUYER	Vigeant Investments LLC
PRICE	\$847,750

131 Airport Rd, Lititz

SIZE	4,000 SF
SELLER	Yeager Supply Inc
BUYER	131 W Airport Partners LLC
PRICE	\$800,000

184 Cocalico Creek Rd, Denver

SIZE	3,614 SF
SELLER	Wabash Center LLC
BUYER	M&R Properties of Ephrata, LLC
PRICE	\$675,000

1584 S Market St, Elizabethtown

SIZE	3,680 SF
SELLER	Dennis Zubler
BUYER	Tri-State Biomedical Services Inc
PRICE	\$595,000

DREW M. STEFFENS

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

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

EMILY KLINGLER

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

717.854.5357
ROCKrealestate.net

Key Lease Transactions

90 Good Dr, Lancaster

SIZE	6,724 SF
TENANT	Name Withheld
TRANSACTION	New

308 Washington St, Denver

SIZE	4,150 SF
TENANT	Rainbow Tomatoes Garden LLC
TRANSACTION	New

1630 Manheim Pike, Lancaster

SIZE	3,538 SF
TENANT	Cider Culture
TRANSACTION	New

805 Estelle Dr, Lancaster

SIZE	1,936 SF
TENANT	Dr Stuart Howard Goldberg, MD
TRANSACTION	New

313 Liberty St W, Lancaster

SIZE	1,438 SF
TENANT	Iglesia Pentacostal Evangelistica Plenitud De Cristo
TRANSACTION	New

