

# MARKET REPORT

OFFICE | LANCASTER COUNTY, PA | Q2 2024



INVENTORY (SF)	VACANCY RATE	SALES (\$)	SALES (SF)	LEASED (SF)	RENT CHANGE
15.82M →	3.57% ↓	\$6.73M ↓	55,896 ↓	26,762 ↑	+\$0.98 ↑ 12-month rolling avg

## Office Sector Continues to Survive and Thrive

### HIGHLIGHTS

- Lease rate growth reinforces sector's continued success
- Hybrid work models and flight to quality trends persist in reshaping the sector
- Absorption improves slightly and vacancy drops 72 bps

### OVERVIEW

Leasing activity is low, but competition within a restricted market inspires lease rate growth which has improved 10% since 2020.

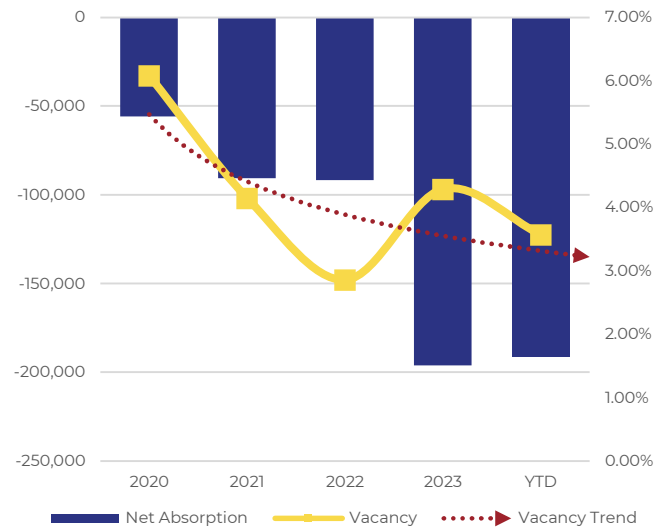
Sale volume continues to taper down from 2021 but remains active with \$6.73M in total sales in Q2. Average sale price is down 23% from 2023's average, an improvement from the 36% decrease between 2022-2023.

Hybrid work models and flight to quality trends challenge landlords and owners to consider flexibility of needs and comfort amenities for employees.

The Bausman building in downtown Lancaster is one such project. The mixed-use property was purchased in 2021 with intention to redevelop the vacant upper three floors into Class A co-working and flexible office space.

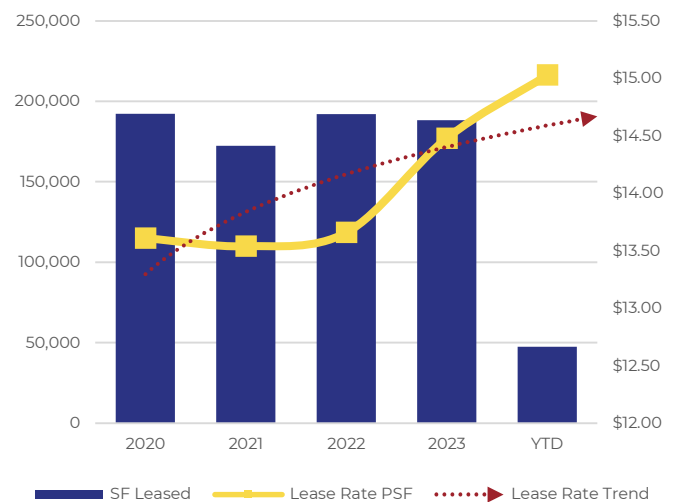
The offices will be operated by IWG Group, a collection of brands including Regus and HQ that offer workspace solutions to businesses across the globe. There is no shortage of vacant upper floors in historic downtown buildings, and with Class A vacancy hovering at 3.32% the new owners see an opportunity to capitalize on demand for high-end office space close to downtown amenities.

### 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

## Key Sale Transactions

### 230 Harrisburg Ave #1, 3, 4, 7 & 8, Lancaster

SIZE	10,176 SF
SELLER	QDA Inc.
BUYER	Myers & Myers Properties LLC
PRICE	\$1,645,000

### 2301 Harrisburg Pike Building 3, Lancaster

SIZE	12,072 SF
SELLER	Healthy Lifestyle Properties
BUYER	Riddler Associates LLC
PRICE	\$1,370,000

### 1135 Hampden Dr, Strasburg

SIZE	5,832 SF
SELLER	Lancaster General Services Business Trust
BUYER	Conservative Mentoring Group
PRICE	\$800,000

### 26-28 Market Sq, Manheim

SIZE	15,090 SF
SELLER	Janice Ruhl
BUYER	CEV Properties LLC
PRICE	\$688,000

### 214 W Main St, Leola

SIZE	3,170 SF
SELLER	Beverly M Firestone and Vincent S Reeves
BUYER	Kendall Nissley
PRICE	\$650,000

#### DREW M. STEFFENS

Director of Data Services  
(717) 854-7065  
[dsteffens@rockrealestate.net](mailto: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](mailto:eklingler@rockrealestate.net)

717.854.5357  
ROCKrealestate.net

## Key Lease Transactions

### 941 Wheatland Ave, Lancaster

SIZE	4,756 SF
TENANT	Rohrerstown Diagnostic Imaging, Inc.
TRANSACTION	New

### 1568-1572 Fruitville Pike, Lancaster

SIZE	4,015 SF
TENANT	Name Withheld
TRANSACTION	New

### 32 Mount Joy St, Mount Joy

SIZE	3,275 SF
TENANT	Name Withheld
TRANSACTION	New

### 930 Red Rose Ct, Lancaster

SIZE	2,685 SF
TENANT	Name Withheld
TRANSACTION	New

### 845 Silver Spring Plaza, Lancaster

SIZE	2,500 SF
TENANT	Name Withheld
TRANSACTION	New

