

MARKET REPORT

OFFICE | LANCASTER COUNTY, PA | Q1 2025



INVENTORY (SF)	VACANCY RATE	SALES (\$)	SALES (SF)	LEASED (SF)	RENT CHANGE
16.41M ↑	3.22% ↓	\$8.72M ↓	102,415 ↓	31,917 ↑	+\$1.15 ↑ 12-month rolling avg

Absorption Broke Five-Year Negative Streak

HIGHLIGHTS

- WellSpan held a ribbon cutting ceremony in January for their new Outpatient Center at CityGate, located at 35 Erick Rd in Lancaster
- Negative absorption trends broke a five-year streak and recovered to 8,163 SF
- Idle construction and larger spaces being leased reduced vacancy for a second quarter, down another 27 bps to 3.22%

OVERVIEW

A lack of new construction and an uptick in larger spaces being leased pushed absorption into the positive for the first time in five years.

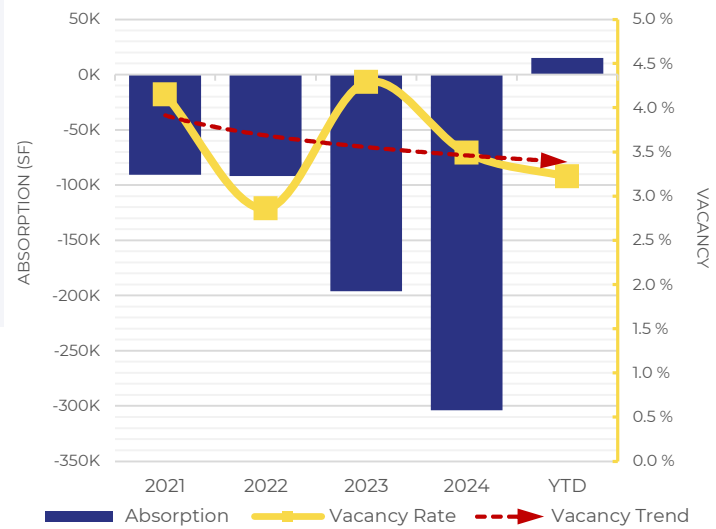
Average unit size grew an impressive 48% Q2Q, indicating a shift in leasing trends as open, flexible workspace layouts and office conversions continue to draw tenants back into the sector.

Another 6% increase in overall average lease rates was fueled by Class B lease transactions. Accounting for a third of the local market's office inventory, historic trends reveal Class B properties have exclusively commanded leasing activity.

Overall average sale price continued to stabilize into a third year, while median sale prices dropped due to an influx of several smaller, Class B condominium sale transactions.

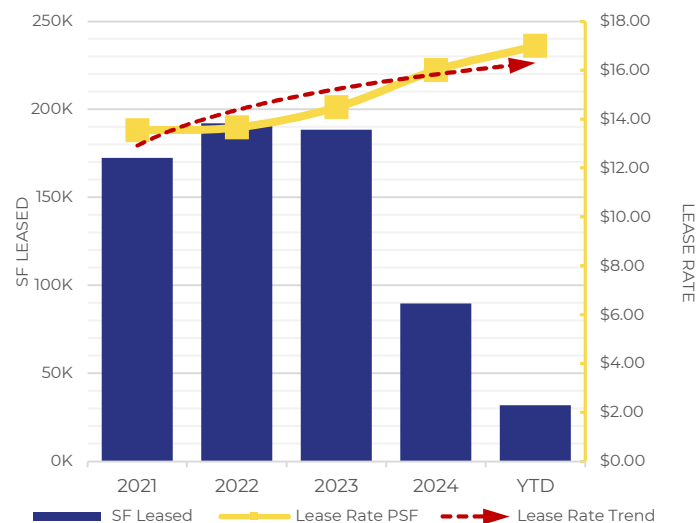
Two flexible office properties have been given new owners and new lives while still retaining their value to the community. In 2022, Lancaster EMS purchased the former AMVETS Post 19 at 715 Fairview Ave in Lancaster with plans to renovate and expand it into their new headquarters and combine their training, paramedicine, maintenance and administration departments, a project that concluded in February. Their former location at 100 E Charlotte St was purchased in March by Loft Community Partnership, a Millersville-based food and clothing bank. This is their first permanent location, and the organization plans to set roots and grow their charity services.

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

704 Main St, Akron

SIZE	64,981 SF
SELLER	Ten Thousand Villages US
BUYER	Legacy Grove
PRICE	\$3,290,000

500 Delp Rd, Lancaster

SIZE	8,560 SF
SELLER	Horizon Asset Ventures LLC
BUYER	B Squared Real Estate LLC
PRICE	\$1,850,000

1415 E Oregon Rd, Lititz

SIZE	6,720 SF
SELLER	COBYS Family Services
BUYER	East Oregon Rd Partners LLC
PRICE	\$1,000,000

100 E Charlotte St, Millersville

SIZE	8,430 SF
SELLER	Lancaster EMS Assoc.
BUYER	Loft Community Partnership
PRICE	\$800,000

2207 Oregon Pike Unit 101, Lancaster

SIZE	2,421 SF
SELLER	EMKJ Holdings LLC
BUYER	BKMC Real Estate LLC
PRICE	\$387,000

For more information contact

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Key Lease Transactions

100 W Millport Rd #3B, Lititz

SIZE	6,983 SF
TENANT	Name Withheld
TRANSACTION	New

935 Stone Hill Rd, Denver

SIZE	4,000 SF
TENANT	Lancaster County District Court 2-3-07
TRANSACTION	New

617-C N Prince St, Lancaster

SIZE	3,813 SF
TENANT	Tone Tailors Guitars
TRANSACTION	New

1850 William Penn Way #202, Lancaster

SIZE	3,042 SF
TENANT	Name Withheld
TRANSACTION	New

1135 Georgetown Rd, Christiana

SIZE	2,700 SF
TENANT	Diamonti & Associates LLP
TRANSACTION	New

