

MARKET REPORT

OFFICE | LANCASTER COUNTY, PA | Q2 2025



| INVENTORY (SF) | VACANCY RATE | SALES (\$) | SALES (SF) | LEASED (SF) | RENT CHANGE |
|----------------|--------------|------------|------------|-------------|-----------------------------------|
| 16.35M ↓ | 3.42% ↑ | \$16.35M ↑ | 80,343 ↓ | 53,371 ↑ | +\$1.47 ↑ 12-month rolling avg |

Class A Medical Offices Drove Sales and Development

HIGHLIGHTS

- Class A sales surpassed Class B sale volume for the first time since 2022, especially Class A medical properties which accounted for 57% of total sales in Q2
- The average size of office units leased in Q2 was 53% larger than last year
- Lease rates stabilized on their growth trajectory
- Local non-profit partnership announces plans to bring vital medical resources to Southeast Lancaster City

OVERVIEW

Aggressive leasing in Q2 maintained an upward pressure on absorption recovery, aided by a lack of new inventory. This combination is expected to maintain low vacancy rates throughout the remainder of the year, despite an uptick of 20 bps to 3.42%.

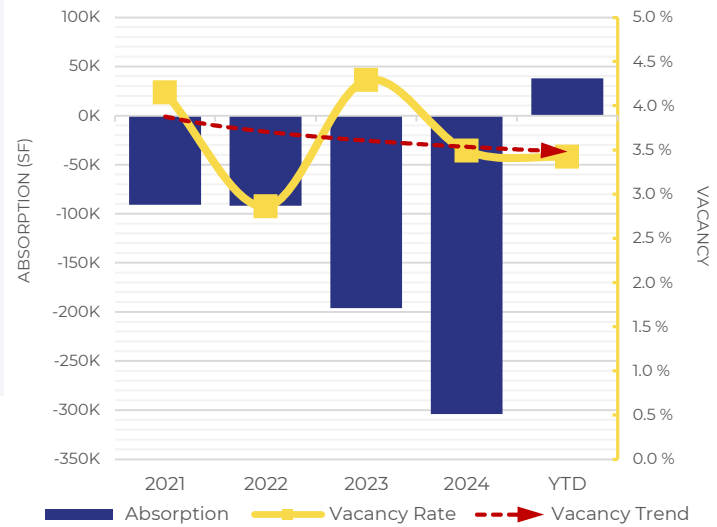
The average unit size increased for all classes for a second consecutive quarter. Class B office spaces have grown 51% larger from 2024 and Class A units have grown 49%.

Tenants continued to favor Class B offices and average rents for these spaces have risen \$3.14/SF YOY and increased an overall 45% since 2020.

A combination of Class A and B medical property transactions brought total sales over \$16.8M and the overall average sale price rose to \$1.68M, a 60% increase YOY. While this Q2 trend affected medical properties most significantly, the average sale price for professional office properties grew 31% YOY.

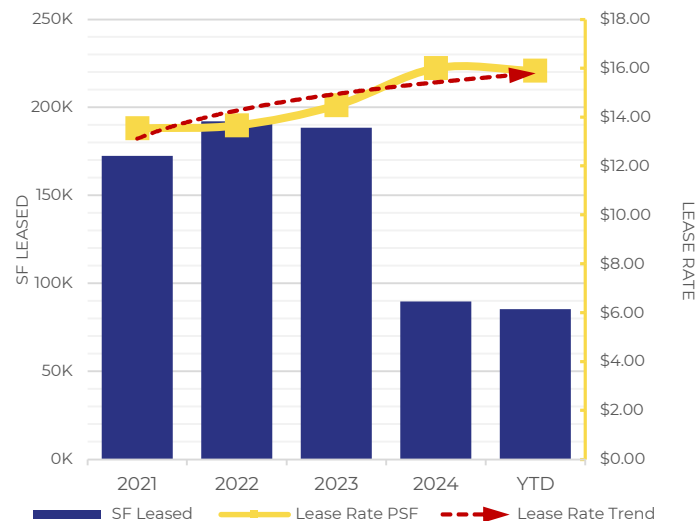
Plans have been announced for Pathways to Health, a \$1.3M clinic renovation to be housed at 545 Pershing Ave in Lancaster City. Local non-profits Union Community Care and SACA have united to create access to vital medical, mental health and substance abuse resources currently lacking in the community. The clinic will include an on-site pharmacy and already anticipates over 10,000 visits during its first year.

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

1009 E Main St, Mount Joy

| | |
|--------|--|
| SIZE | 15,818 SF |
| SELLER | Log Real Estate LP |
| BUYER | Elliott Bay Medical Properties Holdings IV |
| PRICE | \$5,937,000 |

333 S Seventh St, Akron

| | |
|--------|-------------------|
| SIZE | 12,150 SF |
| SELLER | TRIGILD IVL LLC |
| BUYER | 333 HD Realty LLC |
| PRICE | \$3,250,000 |

1090 N Charlotte St, Lancaster

| | |
|--------|------------------|
| SIZE | 13,440 SF |
| SELLER | Sreg Liberty LLC |
| BUYER | G&S Legacy LLC |
| PRICE | \$2,300,000 |

951 Rohrerstown Rd, Lancaster

| | |
|--------|---------------------------------------|
| SIZE | 18,311 SF |
| SELLER | Steven Rheault |
| BUYER | Islamic Community Center of Lancaster |
| PRICE | \$2,000,000 |

700 Eden Rd, Lancaster

| | |
|--------|-------------------|
| SIZE | 7,447 SF |
| SELLER | Hudberger LLC |
| BUYER | RLNP Holdings LLC |
| PRICE | \$1,350,000 |

For more information contact

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Key Lease Transactions

1905 Old Philadelphia Pike, Lancaster

| | |
|-------------|---------------|
| SIZE | 13,031 SF |
| TENANT | Name Withheld |
| TRANSACTION | New |

100 N Queen St, Lancaster

| | |
|-------------|---------------|
| SIZE | 7,275 SF |
| TENANT | Name Withheld |
| TRANSACTION | New |

415 N Prince St, Lancaster

| | |
|-------------|-----------------|
| SIZE | 6,698 SF |
| TENANT | Bursera Capital |
| TRANSACTION | New |

1848 Charter Ln, Lancaster

| | |
|-------------|---------------|
| SIZE | 5,600 SF |
| TENANT | Name Withheld |
| TRANSACTION | New |

805 Estelle Dr, Lancaster

| | |
|-------------|---------------|
| SIZE | 4,333 SF |
| TENANT | Name Withheld |
| TRANSACTION | New |

