

# MARKET REPORT

OFFICE | LANCASTER COUNTY, PA | Q3 2025



INVENTORY (SF)	VACANCY RATE	SALES (\$)	SALES (SF)	LEASED (SF)	RENT CHANGE
16.48M ↑	3.44% ↑	\$14.97M ↓	182,651 ↑	45,869 ↓	-\$1.13 ↓ <i>12-month rolling avg</i>

## Co-Working Introduced to Second Lancaster City Landmark Building

### HIGHLIGHTS

- Leasing activity recovered to historic levels and absorption growth continued for third quarter
- As of Q3 2025, approximately half of vacant office space in Lancaster City is Class A, making it an ideal target for Regus' latest co-working project
- Overall average sale price exceeded \$1.2M for the first time since 2022

### OVERVIEW

Leasing trends revealed an increase in activity for office spaces larger than 5,000 SF. These larger spaces accounted for 20% of new leases signed YTD and were primarily Class B. Tenants within the market continued to favor units up to 1,000 SF and maintained them as top performers for the last two years. But this recent shift notably contributed to promising absorption growth sustained for three quarters.

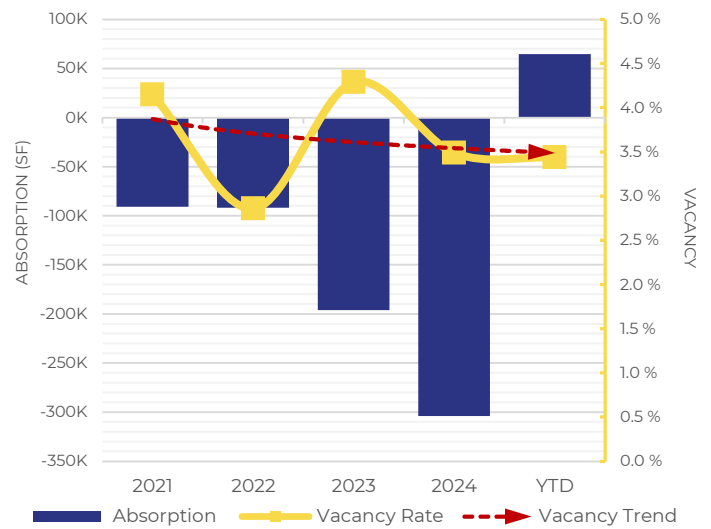
Co-working flexibility was offered as a solution to vacancy within another downtown Lancaster landmark property. 40 N Christian Street became the newest home of IWC's Regus, a Swiss-based company that provides serviced office spaces and will occupy office space as well as manage leasing within the building.

Serviced offices are furnished and managed workspaces with rental terms ideal for businesses in need of short-term contracts, hybrid work models, or anticipated growth or shrinkage. Their popularity and influence on leasing trends have been focused on downtown central business districts with excess office vacancy and offices with difficulty finding single-tenant users.

The office vacancy rate in Lancaster County remained between 3%-4.5% for the last five years while absorption struggled to improve. Despite healthy leasing, a lack of inventory growth while companies downsize, and the higher turnover of short-term leasing restricted absorption recovery in recent years.

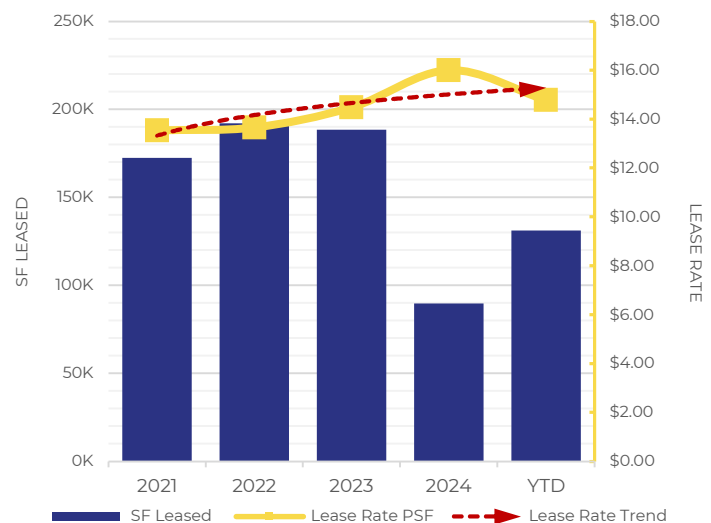
Continuation of recent leasing trends and further exposure of co-working and serviced offices' presence in the market will likely continue reforming the sector in the short term.

### 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

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Q3 2025

## Key Sale Transactions

### 415 N Prince St #6, Lancaster

SIZE	16,189 SF
SELLER	Premier Prince Street LLC
BUYER	415 Prince Street LLC
PRICE	\$2,800,000

### 2301 Columbia Ave, Lancaster

SIZE	15,352 SF
SELLER	Point West Associates
BUYER	SSMK Seva LLC
PRICE	\$1,815,000

### 4-6 Keystone Ct, Leola

SIZE	35,604 SF
SELLER	CG Keystone Court LLC
BUYER	Gracies Restaurant Holdings
PRICE	\$1,710,000

### 1592 Old Line Rd, Manheim

SIZE	8,000 SF
SELLER	Jay & Carol Mylin
BUYER	Lancaster DHIA
PRICE	\$1,125,000

### 1-3 Kennedy St, Lancaster

SIZE	6,429 SF
SELLER	Buckhill Offices LP
BUYER	GFY Fund XIII LLC
PRICE	\$1,075,000

#### For more information contact

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## Key Lease Transactions

### 794-798 New Holland Ave, Lancaster

SIZE	11,200 SF
TENANT	Name Withheld
TRANSACTION	New

### 322 N Arch St #3, Lancaster

SIZE	6,450 SF
TENANT	Name Withheld
TRANSACTION	New

### 252-254 S Ebenshade Rd, Manheim

SIZE	5,300 SF
TENANT	York Ag Products, Inc.
TRANSACTION	New

### 1996 Auction Rd, Manheim

SIZE	3,600 SF
TENANT	BlueCap Service Inc.
TRANSACTION	New

### 1858 Charter Ln, Lancaster

SIZE	2,482 SF
TENANT	Name Withheld
TRANSACTION	New

