



LANDMARK

COMMERCIAL REALTY INC.



MARKETS THOUGHTS

Absorption totaled negative 10,480 Sq. Ft. in the Third Quarter of 2017, retreating slightly after a dramatic rise in the previous six (6) quarters saw absorption total nearly 325,000 Sq. Ft.

We have witnessed continued firming from properties acquired just out of receivership and we anticipate continued advances from these assets well into 2018. We remain pleased with the continued strengthening of occupancy rates witnessed in recent months and are confident that the upside of this market should continue to move forward as signs for a pullback remain benign.

We've seen impressive progress in the stabilization of pricing over the past eighteen (18) months, especially in Class A and Class B+ properties. The pronounced lack of construction has had a positive impact on existing buildings during this period. Owners are able to favorably reprice properties as leases renew and with interest rates remaining near record lows, continue to keep their cost of capital at superb levels.

We anticipate the uptick should expansions to continue to push market fundamentals higher as economic conditions improve and demand from office users continues to increase.



THOMAS T. POSAVEC, SIOR, Senior Vice President



2704 Commerce Drive, Harrisburg, PA

This 9,874 sq. ft. facility owned by Running Quail Properties, LLC has undergone substantial renovations recently. The building is now offering suites available from 1,000 sq. ft. to 7,009 sq. ft. Call us for details: 717-731-1990

MARKET SUMMARY

DOWNTOWN BUSINESS DISTRICT

Absorption totaled negative 49,871 sq. ft., underperforming from the previous total in the Second Quarter of 2017 as the Downtown Market segment failed to gain significant momentum.



4505 North Front Street, Harrisburg, PA

The Class A segment of the Downtown Business District absorbed negative 38,339 sq. ft. and occupancy rates slipped

to 90%. We expect improvement of this segment going over the next several quarters as several larger premier tenants pursue a relocation to the Downtown Marketplace.

Absorption for Class B+ properties totaled negative 14,667 sq. ft. in the Third Quarter of 2017. Occupancy rates remained at 91%. We view the upside for this segment as probably and continue to see the potential for occupancy rates to reach 92% if tenant demand continues to improve over the months ahead.



104 Walnut Street, Harrisburg, PA

Class B occupancy rates remained unchanged and closed the Third Quarter of 2017 at 93%. Absorption totaled 3,135 sq. ft. We remain impressed with the consistency of this segment over the past several quarters and expect significant activity to persist over the months ahead. Several office properties are being repositioned into modern residential uses. We anticipate this movement to continue into 2018.

EAST SHORE BUSINESS DISTRICT

The East Shore Business District produced solid advances in the Third Quarter of 2017 as absorption totaled 56,431 sq. ft. Acquisitions are on the rise after modest growth in recent years and more tenants have begun to migrate to this market segment. Occupancy and rental rates continue to improve as demand from both tenants and buyers has gained traction recent months.



4250 Crums Mill Road, Harrisburg, PA

Class A occupancy rates increased to 94% as absorption totaled 21,681 sq. ft. We remain impressed with the continued stability of rents for Class A properties, and are encouraged as we consider the excellent levels currently being achieved.

Class B+ absorption totaled 52,650 sq. ft. during the Third Quarter of 2017. Occupancy rates rose to 93%. Very few properties account for the majority of the existing vacancy in this submarket. We see the possibility of a severe pullback as remote and anticipate further improvement going forward.

Class B occupancy rates slipped to 91% as absorption totaled negative 17,900 sq. ft. We expect these properties should improve modestly with the gradual firming of rental rates and moderate demand for growth over the next several quarters.



845 Sir Thomas Court, Harrisburg, PA



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WEST SHORE BUSINESS DISTRICT

The West Shore Business District failed to produce gains in the Third Quarter of 2017, as absorption totaled negative



2120 Market Street, Camp Hill, PA

17,040 sq. ft. In spite of this measured pullback, occupancy and rentals rates remain near records levels, and we anticipate further stability moving forward into 2018.

Class A occupancy rates remained unchanged closing the Third Quarter at 94%, as absorption totaled 7,200 sq. ft. Few first class opportunities remain and we believe owners of premier properties will be in a position of strength as attractive options dwindle and demand continues to outpace supply.

Occupancy rates for Class B+ properties closed the Third Quarter at 94% Absorption totaled negative 4,840 sq. ft. Fewer large opportunities exist and the outlook remains favorable for these moderately priced properties going forward.

Class B occupancy rates remained unchanged at 95% as absorption totaled negative 19,400 sq. ft. This segment has maintained occupancy rates in the 95% to 96% range over the past several quarters, a strong indicator of firming rental rates going forward.



650 Wilson Lane, Mechanicsburg, PA



2400 Thea Drive, Harrisburg, PA

Up to 133,000 SF available. Large flexible floorplates. Terrific window lines. Convenient on-site parking.



75 South Houcks Road, Harrisburg, PA

1,500 to 7,201 SF for lease. Great location in Lower Paxton Township. Close to all amenities. Easy access to all interstates. Ample parking.



4400 Deer Path Road, Harrisburg, PA

Up to 20,000 SF available. Rare Linglestown Road availability. Excellent window lines. On site storage available.



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3605 Vartan Way, Harrisburg, PA
Suites from 900 to 4,500 SF and up. Terrific windows. Great location. 6 per 1,000 SF parking.



2704 Commerce Drive, Harrisburg, PA
1,000 to 7,000 SF available. High end finishes throughout. Ample on site parking.



600/800 Corporate Circle, Harrisburg, PA
1,700 to 2,000 SF for lease. Recently renovated. Terrific finishes. Easy access.



4230 Crums Mill Road, Harrisburg, PA
1,800 to 4,831 SF available for lease. Excellent views. Terrific Colonial Park location.



2578 Interstate Drive, Harrisburg, PA
13,800 SF building for sale or lease. Modern first class property. 907 SF to 9,500 SF for lease.



801 East Park Drive, Harrisburg
20,230 SF first class facility for sale or lease. 1,000 to 7,980 SF available immediately.



2000/2040 Linglestown Road, Harrisburg, PA
1,500 to 2,800 SF available for lease. Great windows and layouts.



940 East Park Drive, Harrisburg, PA
1,500 to 8,500 SF available for lease. Located just off I-83. Signage available.



4201 Crums Mill Road, Harrisburg, PA
1,960 SF and 2,726 SF available for lease. Terrific windows. Convenient Colonial Park address.

PRIME TRANSFER, INC.

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4 Lemoyne Drive, Lemoyne, PA
1,450 SF to 4,094 SF available for lease.
Terrific floor to ceiling windows.



1017 Mumma Road, Wormelysburg, PA
770 SF to 1,197 SF available. First class facility.
Excellent layouts. Available immediately.



3314 Market Street, Camp Hill, PA
1,517 SF for immediate occupancy.
Thousands in recent renovations..



1215 Manor Drive, Mechanicsburg, PA
One 1,464 SF suite remaining. Owner will Build to
Suit. Great windows.



1200 Camp Hill Bypass, Camp Hil, PA
1,157 to 13,000 SF for lease. Spectacular
address. Easy access.



4660 Trindle Road, Camp Hill, PA
Up to 14,000 SF for lease. Ideal for large user. Rare
Camp Hill availability. On site storage available.



2 Lemoyne Drive, Lemoyne, PA
4,500 SF for lease. Terrific West Shore location.
Great floorplan. Gorgeous windows.



4 Flowers Drive, Mechanicsburg, PA
1,300 SF available at this West Shore address.
Owner will divide.



355 North 21st Street, Camp Hill, PA
600 to 1,098 SF available. New suites. Large
windows. Covered parking. Great rates.



20 Erford Road, Lemoyne, PA
Small suites now available for lease. Covered parking. Close to all
areas. Ideal for any small user. On-site parking garage.



5070/5072 Ritter Road, Mechanicsburg, PA
2,750 SF to 28,347 SF available for lease. Thousands in renovations to
begin shortly.



20 Erford Road, Lemoyne, PA 17043 • www.landmarkcr.com

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MARKET ANALYSIS Q3 2017

	Number of Buildings	Total Inventory	Total Available	3rd Q 2017 Occup. Rate	2nd Q 2017 Occup. Rate	1st Q 2017 Occup. Rate	4th Q 2016 Occup. Rate	3rd Q 2016 Occup. Rate	3rd Qtr. 2017 Current Asking Rent*	3rd Qtr. 2017 Absorption in SF
CITY										
Class A	23	1,567,975	157,150	90%	92%	93%	93%	92%	\$18.00-\$23.00	(38,339)
Class B+	61	1,722,315	158,984	91%	91%	90%	90%	90%	\$15.50-\$18.00	(14,667)
Class B	181	1,569,449	113,755	93%	93%	93%	93%	91%	\$13.00-\$15.50	3,135
TOTAL	265	4,859,739	429,889							(49,871)
EAST SHORE										
Class A	48	1,995,921	121,775	94%	93%	93%	92%	92%	\$18.65-\$23.00	21,681
Class B+	89	2,123,831	155,400	93%	92%	92%	92%	92%	\$16.50-\$18.75	52,650
Class B	151	1,721,889	156,629	91%	92%	92%	92%	92%	\$14.00-\$16.50	(17,900)
TOTAL	288	5,841,641	433,804							56,431
WEST SHORE										
Class A	65	2,747,340	162,800	94%	94%	95%	94%	93%	\$18.65-\$23.00	7,200
Class B+	118	2,511,990	146,050	94%	94%	95%	95%	95%	\$16.50-\$18.75	(4,840)
Class B	168	1,993,061	106,700	95%	95%	96%	94%	94%	\$14.75-\$16.50	(19,400)
TOTAL	351	7,252,391	415,550							(17,040)
GRAND TOTAL	904	17,939,071	1,279,243	<i>*Excluding interior suite janitorial services.</i>						(10,480)

In its twenty-first year, this study analyzed 904 office buildings in the Greater Harrisburg Area over the past twelve months and tracked economic indicators such as absorption, occupancy rates and current asking rents. This endeavor was undertaken to provide statistical data to better understand the complexities of the Harrisburg Office Market. For a closer look at 2017 a specific quarterly breakdown is illustrated on page six of the analysis.

It is important to understand that this analysis excluded owner occupied facilities, medical and governmental buildings and single user facilities as these buildings are not periodically in circulation. Furthermore, facilities available for sublease are also excluded from the analysis in order to avoid the potential of overstating vacancy rates resulting from these specific sublease opportunities.

Implementing these methods provides an accurate measure and greatly reduces the probability of an analysis becoming skewed as a result of one or two specific transactions.



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