



# LANDMARK

COMMERCIAL REALTY INC.

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# Market Watch

## MARKETS TREND UPWARDS

The Greater Harrisburg Office Market continued its growth in the Third Quarter of 2018 as 30,010 SF was absorbed. We now see occupancy rates hovering between 94% to 96% throughout much of the marketplace and we believe the probability of further gains is well within reason. We attribute market gains over the past several years as a result of three factors.

1. Improved economic conditions which had a direct correlation to a subsequent increase in demand.
2. An impressive restabilization of over 600,000 SF of office buildings previously in receivership.
3. A measured approach towards speculative construction which allowed for the systematic absorption of nearly 1,000,000 SF over the past 7 years.

Going forward we anticipate the likelihood of further gains in most segments of the marketplace to be strong. We do not anticipate a significant occurrence which would lead us to forecast the probability of a pullback. While market fluctuations will always occur, we would view such an event as simply an anomaly as market fundamentals remain robust.



THOMAS T. POSAVEC, SIOR  
Senior Vice President



### **2600 Commerce Drive, Harrisburg**

For sale 11,664 SF Class A office building. Ideal for premier user.  
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## MARKET SUMMARY

### DOWNTOWN BUSINESS DISTRICT

Absorption totaled negative 2,890 sq. ft. in the Third Quarter of 2018, as the Downtown Market has remained consistent over the past several quarters.

The Class A segment of the Downtown Business District absorbed negative 1,200 sq. ft. as occupancy rates remained at 91% as demand softened. We continue to anticipate modest

improvement as market conditions continue to strengthen.

Absorption for Class B+ properties totaled negative 5,294 sq.

ft. in the Third Quarter of 2018. Occupancy rates remained at 91%. We expect further rental rate stability and look for occupancy rates to remain consistent going forward.

Class B occupancy rates remained unchanged and closed the Third

Quarter of 2018 at 93%. Absorption totaled 3,604 sq. ft. While we anticipate this

segment should benefit from the recent surge in overall activity in the Mid State, we do not forecast a recovery for office rents in the near future and expect much of the same going forward in the months ahead.



123 Forster Street, Harrisburg, PA



1500 Paxton Street, Harrisburg, PA

### EAST SHORE BUSINESS DISTRICT

The East Shore Business District produced significant gains in the Third Quarter of 2018 as absorption totaled 19,300

sq. ft. Steady gains from first class properties fueled much of these advances. We anticipate continued advances moving forward and view the potential for a pullback as remote.

Class A occupancy rates remained unchanged at 94% as absorption totaled 5,500 sq. ft. With fewer opportunities for solid Class A options we anticipate rental rates to continue to firm and concessions to remain modest.

Class B+ absorption totaled 9,200 sq. ft. during the Third Quarter of 2018. Occupancy rates remained at 93%. Occupancy and rental rates remain at exceptional levels and fewer opportunities exist for users looking for solid Class B+ options on the East Shore.

Class B occupancy rates remained at 94% as absorption totaled 4,600 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.



659 Spring Garden Drive, Middletown, PA



6310 Allentown Boulevard, Harrisburg, PA

## PRIME TRANSFER, INC.

**Ryan P. Mellinger**  
ATTORNEY AT LAW

1525 Oregon Pike, Suite 902  
Lancaster, PA 17601  
Ryan@primetransfertitle.com

Cell (717) 979-8357  
Work (717) 208-7003  
Fax (717) 208-7018



**RICK LIDDELL**  
President

**GEO. W. WEAVER & SON, INC.**  
**HARRISBURG STORAGE COMPANY**  
**PENN HERSHEY TRANSFER**  
165 LAMONT ST. NEW CUMBERLAND, PA 17070  
PHONE: 717/774-7835 CELL: 717/579-2140  
FAX: 717/774-0774  
EMAIL: gwwrick@verizon.net or geowweav@aol.com

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## WEST SHORE BUSINESS DISTRICT

After the Second Quarter failed to produce solid gains, the West Shore Business District advanced to produce solid gains in the Third Quarter of 2018 as absorption totaled 14,600 sq. ft.

Class A occupancy rates improved to 96%, as absorption totaled 35,100 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.

Occupancy rates for Class B+ properties closed the Third Quarter at 94%. Absorption totaled negative 9,400 sq. ft. We view the upside for this segment as probable and continue to see the potential for occupancy rates to reach 95% if tenant demand continues to improve over the months ahead.

Class B occupancy rates closed the Third Quarter at 94% as absorption totaled negative 11,100 sq. ft.

We remain pleased with the current outlook the market has projected in light of several significant obstacles realized in recent months.



**1017 Mumma Road, Wormleysburg, PA**



**3900 Market Street, Camp Hill, PA**



**2400 Thea Drive, Harrisburg, PA**

Up to 97,000 SF available. Large flexible floorplates. Terrific window lines. Convenient on-site parking. Renovations just completed.



**4400 Deer Path Road**

1,000 to 6,000 SF of Class A office space available for lease. New finishes. Ample on-site parking. Great pricing.



**5070 Ritter Road, Mechanicsburg, PA**

2,750 and 5,933 SF available for lease. Thousands in renovations completed. Convenient West Shore address. Additional renovations underway.



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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.



**75 South Houcks Road, Harrisburg, PA**  
This gorgeous 29,000 SF first class building offers up to 2,500 SF for immediate occupancy.



**2000/2040 Linglestown Road, Harrisburg, PA**  
1,500 to 2,850 SF for lease. Recently renovated. Terrific finishes. Easy access. Great ownership.



**4755 Linglestown Road, Harrisburg, PA**  
One suite consisting of 1,359 SF available. Priced to lease. Ready for occupancy.



**2578 Interstate Drive, Harrisburg, PA**  
1,200 to 4,800 SF available for immediate occupancy. Fantastic windows throughout.



**801 East Park Drive, Harrisburg**  
5,200 SF available immediately. Attractive new finishes. Modern updated lobby. Fantastic parking.



**8125 Adams Drive, Hummelstown, PA**  
12,744 SF office building available for sale. Solid long term tenants. Attractive finishes.



**940 East Park Drive, Harrisburg, PA**  
150 SF to 3,700 SF available for lease. Located just off I-83. Shared space available.



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



**Olde Liberty Square, Harrisburg, PA**  
Various small suites available. Ready for occupancy. Terrific layouts. Ample on-site parking. Excellent visibility.

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# AVAILABILITIES

THOMAS T. POSAVEC, SIOR

717-731-1990 EXT. 3007 • 717-503-7755 MOBILE • TPOSAVEC@LANDMARKCR.COM



**845 Sir Thomas Court, Harrisburg, PA**  
1,800 SF and 2,200 SDF available for lease. Ideal for medical or professional users. Great layouts.



**5925 Stevenson Avenue, Harrisburg, PA**  
3,947 SF office for sale. Ideal for owner user. Located in the Heart of the East Shore Business District.



**20 Erford Road, Lemoyne, PA**  
Various suites now available for lease. Covered parking. Close to all areas. Ideal for any small user.



**441 Friendship Road, Harrisburg PA**  
Up to 12,854 SF for sublease. Terrific East Shore location close to all interstates. Great windows.



**3540/3544 N. Progress Avenue, Harrisburg, PA**  
800 to 2,500 SF available for immediate occupancy. Efficient attractive layouts.



**4660 Trindle Road, Camp Hill, PA**  
Up to 14,000 SF available for immediate sublease. Rare turn-key opportunity for West Shore user.



**110 Sunset Avenue, Harrisburg, PA**  
6,300 SF mixed use office building with 4 apartments. Priced to sell. 1,665 SF for lease. Ideal for owner user.



**6230 Jonestown Road, Harrisburg, PA**  
1,295 SF available at this East Shore address. Easy access to I-81. Great layout. Large windows.



**355 North 21st Street, Camp Hill, PA**  
3,278 SF medical office available for lease. Located in the Heart of the West Shore Medical District.



**2405 Linglestown Road, Harrisburg, PA**  
1,500 SF and up available for lease. New renovations underway. Terrific medical campus. Various sizes available.



**717 Market Street, Lemoyne, PA:**  
1,296 SF professional office suite available for lease. Great signage and visibility. Ready for occupancy.





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

THOMAS T. POSAVEC, SIOR • 717-731-1990 EXT. 3007 • 717-503-7755 MOBILE • TPOSAVEC@LANDMARKCR.COM

## MARKET ANALYSIS Q3 2018

	Number of Buildings	Total Inventory	Total Available	3rd Q 2018 Occup. Rate	2nd Q 2018 Occup. Rate	1st Q 2018 Occup. Rate	4th Q 2017 Occup. Rate	3rd Q 2017 Occup. Rate	3rd Qtr. 2018 Current Asking Rent*	3rd Qtr. 2018 Absorption in SF
<b>CITY</b>										
Class A	23	1,567,975	142,050	91%	91%	91%	90%	90%	\$18.00-\$23.00	(1,200)
Class B+	61	1,702,315	151,000	91%	91%	91%	90%	91%	\$15.50-\$18.00	(5,294)
Class B	181	1,574,749	112,666	93%	93%	93%	93%	93%	\$13.00-\$15.50	3,604
<b>TOTAL</b>	<b>265</b>	<b>4,845,039</b>	<b>405,716</b>							<b>(2,890)</b>
<b>EAST SHORE</b>										
Class A	48	2,033,921	118,545	94%	94%	95%	94%	94%	\$18.65-\$23.00	5,500
Class B+	89	2,129,831	138,906	93%	93%	93%	94%	93%	\$16.50-\$18.75	9,200
Class B	151	1,729,889	107,212	94%	94%	93%	92%	91%	\$14.00-\$16.50	4,600
<b>TOTAL</b>	<b>288</b>	<b>5,893,641</b>	<b>364,663</b>							<b>19,300</b>
<b>WEST SHORE</b>										
Class A	65	2,787,340	116,575	96%	95%	94%	94%	94%	\$18.65-\$23.00	35,100
Class B+	118	2,531,990	148,700	94%	94%	95%	94%	94%	\$16.50-\$18.75	(9,400)
Class B	168	1,993,061	122,400	94%	94%	95%	94%	95%	\$14.75-\$16.50	(11,100)
<b>TOTAL</b>	<b>351</b>	<b>7,312,391</b>	<b>387,675</b>							<b>14,600</b>
<b>GRAND TOTAL</b>	<b>904</b>	<b>18,051,071</b>	<b>1,158,054</b>	<i>*Excluding interior suite janitorial services.</i>						<b>31,010</b>

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 2018 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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**Andrew M. Enders, Esq.**

5912 Linglestown Road  
Harrisburg, PA 17112

o 717.652.4902  
m 717.439.8606  
@EndersInsurance

**Todd D. Brewer**  
President  
(P) 717-657-2929  
(F) 717-657-2213

7540 Allentown Blvd  
Harrisburg, PA 17112

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