



YEAR END - 2020

# Market Watch

## MARKETS STRUGGLE

In spite of recent world events, Markets were mixed throughout much of 2020 closing the year with absorption totaling negative 45,462 sq. ft. A weak Fourth Quarter which saw absorption fall 122,297 sq. ft. helped push these figures into negative territory and eradicate all previous gains for the year.

As we indicated one year ago, we have had a tremendous run since the First Quarter of 2010 absorbing 1,564,911 sq. ft. since that time. We've seen rental rates increase, nonperforming properties become stabilized and vacancy rates improve sharply. We are not in the business of pretending to understand Pandemics and we certainly will not attempt to give guidance going forward on the potential impact of the Coronavirus to our markets. We can say that we are hopeful this is a temporary event which has simply "hit the pause button" on a market that was poised for additional advances and continued stability going forward.

THOMAS T. POSAVEC, SIOR  
Senior Vice President

SOLD

### **4135 N. Front Street, Harrisburg, PA**

Truist Bank recently acquired this 60,000 sq. ft. Class A office property from Riverview Developers, L.P., in December 2020. The \$15,000,000 transaction was completed by Thomas T. Posavec, Senior Vice President, Landmark Commercial Realty, Inc., and William Woltz, Triad Commercial.

## MARKET SUMMARY

### DOWNTOWN BUSINESS DISTRICT

The Downtown Business District posted solid gains in 2020 as 20,300 sq. ft. of space was absorbed.

First Class properties experienced modest gains absorbing 2,203 sq. ft. as occupancy rates remained unchanged at 94%. Few large availabilities remain as first class properties continue to outperform.

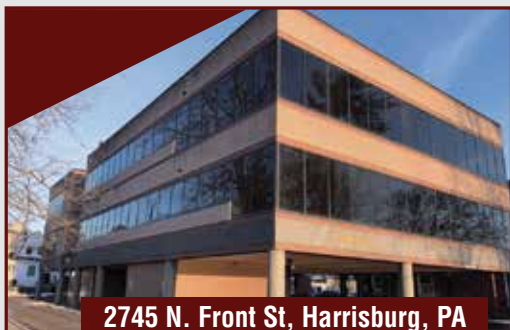


**2411 N. Front St, Harrisburg, PA**

The Class B+ segment showed the most significant gains absorbing 29,638 sq. ft. as occupancy rates rose slightly to 91%. The B+ segment

impressed throughout the year making it one of the few segments to improve in 2020.

The Class B segment produced modest losses in 2020 as absorption totaled negative 11,541 sq. ft. and occupancy rates remained stable at 93%. A weak Fourth Quarter pushed figures lower after this segment performed well throughout the first three Quarters of the year. We see opportunities for buyers along Front Street and we anticipate these will be well received throughout the remainder of 2021.



**2745 N. Front St, Harrisburg, PA**

### EAST SHORE BUSINESS DISTRICT

2020 was a difficult year for the East Shore Business District. Absorption totaled negative 59,600 sq. ft. after a strong 2019 produced

numbers in excess of 108,000 sq. ft. A few large vacancies contributed to these findings coupled with a lack of traction from users throughout the year.

Class A occupancy rates slipped to 92% as absorption totaled negative 38,054 sq. ft. Occupancy levels have pulled back from their highs in 2019 in which rates hit 95%. We have realized an uptick in demand in recent weeks as a number of new prospects have emerged and are considering options for relocations.

Class B+ occupancy rates closed the year at 95% as absorption totaled negative 40,957 sq. ft. Stalled demand throughout the year and new unanticipated availabilities fueled these negative figures in the Class B+ segment. Few office buildings remain available for acquisition and in light of new interest rate lows we could see a push from more owners towards selling existing assets to users.

The Class B segment outperformed

most other segments of the marketplace as absorption totaled 19,411 sq. ft. for the year and occupancy rates increased to 96%. We attribute much of these gains to a few specific large transactions which occurred in the Second Quarter.



**945 East Park Drive, Harrisburg, PA**

**SMALL SUITES  
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## WEST SHORE BUSINESS DISTRICT

A difficult Fourth Quarter pushed the West Shore Business District into negative territory in 2020 as absorption closed the year at negative 6,162 sq. ft. The strong gains of 2019 were halted by the global pandemic, as fears helped contribute to a weaker level of demand.



Class A occupancy rates closed the year at 96%, and absorption totaled negative 14,684 sq. ft. While few small suites exist, several have been on the market for extended periods

of time. The normal trajectory of small office flow was certainly interrupted with the events of last year.

Modest demand enabled the Class B+ segment to remain in positive territory in 2020 closing the year with absorption reaching 5,530 sq. ft., and occupancy rates at 95%. We are hopeful demand will improve in 2021 and anticipate more buyers over the months ahead.

Class B occupancy rates closed the year at 95% as absorption rose modestly and managed to finish 2020 at 2,992 sq. ft. Demand was tempered

throughout much of the year with few significant transactions leading to few significant advances. We will take a wait and see approach to demand going forward in 2021.



**1011 Mumma Road, Lemoyne, PA:**



**4640-4660 Trindle, Road, Camp Hill**

Up to 24,000 sq. ft. for lease in the Heart of Camp Hill. Available for occupancy 2Q 2021.



**4800 Jonestown Road, Harrisburg, PA**

8,473 SF for sale or 5,775 SF for lease at this Route 22 address.



**3601 North Progress Avenue, Harrisburg, PA**

Up to 4,000 SF of office space available for lease. Easy access to I-81. Priced below market.



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**Angela S. Martin**  
President





**1631 North Front Street, Harrisburg, PA**  
8,267 sq. ft. office building for sale. 3,646 SF 1st suite and 912 SF 2nd suite for lease.



**75 South Houcks Road, Harrisburg, PA**  
This gorgeous 29,000 SF first class building offers 1,500 to 4,300 SF for immediate occupancy.



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



**5301 Jonestown Road, Harrisburg, PA**  
Approx. 7,531 SF office building for sale. Ample on-site parking. 1,485 SF available.



**2578 Interstate Drive, Harrisburg, PA**  
1,500 to 2,000 SF available for immediate occupancy. Terrific buildouts.



**4309 N. Front Street, Harrisburg, PA**  
4,244 SF to 8,480 SF for lease. Fantastic views of Susquehanna River.



**5425 Jonestown Road, Harrisburg, PA**  
Up to 2,500 SF available immediately. Located in the Heart of Colonial Park. Terrific visibility.



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



**6230 Jonestown Road, Harrisburg, PA:**  
945 SF to 3,549 SF available. Professional office suites. Fantastic location with excellent signage and visibility.



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






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# AVAILABILITIES

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**845 Sir Thomas Court, Harrisburg, PA**  
Medical and professional offices for lease. Great layouts. One block from Pinnacle Campus.



**801 East Park Drive, Harrisburg, PA**  
1,400 SF to 4,300 SF available for lease. Excellent layouts. Terrific signage.



**3314 Market Street, Camp Hill, PA**  
1,450 SF and 1,500 SF available for lease. Convenient to East/West Shores and just minutes to Harrisburg.



**1013 Mumma Road, Wormleysburg, PA**  
Various suites from 690 SF to 2,497 SF available immediately. Convenient both the East and West Shores.



**2151 Linglestown Road, Harrisburg, PA**  
Across from Giant Foods. 7,124 SF professional condominium for sale. Over \$50,000 in recent renovations.



**2690 Commerce Drive, Harrisburg, PA**  
10,300 SF office building for sale or lease in Commerce Park. Great access and eateries.



**4201 Crums Mill Road, Harrisburg, PA**  
Up to 5,500 SF for lease. Furniture available. Immediate occupancy. Spectacular windows.



**3544 N. Progress Avenue, Harrisburg, PA**  
1,072 SF to 1,400 SF available immediately. Excellent location with easy access to I-81, I-83, and Rt. 322.



**6310 Allentown Boulevard, Harrisburg, PA**  
1,500 SF up to 12,000 SF available for lease First Quarter 2021. Excellent signage and terrific new layouts.



**717 Market Street, Lemoyne, PA**  
Up to 2,300 SF professional office suite available for lease. Great signage and visibility. Ready for occupancy. Terrific architecture.



**4550 Lena Drive, Mechanicsburg, PA**  
4,750 SF available immediately. Attractive new finishes. Modern updated lobby. Spectacular location and access. Gorgeous windows.



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## MARKET ANALYSIS YEAR END 2020

	Number of Buildings	Total Inventory	Total Available	4th Q 2020 Occup. Rate	3rd Q 2020 Occup. Rate	2nd Q 2020 Occup. Rate	1st Q 2020 Occup. Rate	4th Q 2019 Occup. Rate	Year End Current Asking Rent*	4th Q 2020 Absorption in SF	Year End Total Absorp. in SF
<b>CITY</b>											
Class A	23	1,567,975	97,800	94%	94%	94%	93%	94%	\$17.00-\$23.00	3,103	2,203
Class B+	61	1,702,315	169,270	91%	91%	91%	91%	90%	\$15.50-\$18.00	6008	29,638
Class B	181	1,580,749	117,388	93%	95%	94%	94%	93%	\$13.00-\$15.50	(39,238)	(11,541)
<b>TOTAL</b>	<b>265</b>	<b>4,851,039</b>	<b>384,458</b>							<b>(30,127)</b>	<b>20,300</b>
<b>EAST SHORE</b>											
Class A	48	2,238,921	122,819	92%	94%	94%	94%	95%	\$18.65-\$23.00	(22,291)	(38,054)
Class B+	89	2,129,831	74,550	95%	96%	95%	96%	96%	\$16.50-\$18.75	(26,300)	(40,957)
Class B	151	1,729,889	93,212	96%	96%	96%	95%	95%	\$14.00-\$16.50	(8,913)	19,411
<b>TOTAL</b>	<b>288</b>	<b>6,107,641</b>	<b>290,581</b>							<b>(57,504)</b>	<b>(59,600)</b>
<b>WEST SHORE</b>											
Class A	65	2,868,340	88,908	96%	98%	97%	97%	97%	\$18.65-\$23.00	(31,792)	(14,684)
Class B+	118	2,531,990	127,150	95%	95%	95%	95%	95%	\$16.50-\$18.75	(2,720)	5,530
Class B	168	1,993,061	94,700	95%	95%	95%	95%	95%	\$14.75-\$16.50	(154)	2,992
<b>TOTAL</b>	<b>351</b>	<b>7,393,391</b>	<b>310,758</b>							<b>(34,666)</b>	<b>(6,162)</b>
<b>GRAND TOTAL</b>	<b>904</b>	<b>18,352,071</b>	<b>985,797</b>	<i>*Excluding interior suite janitorial services.</i>						<b>(122,297)</b>	<b>(45,462)</b>

In its twenty-sixth 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 2020 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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