

Q2 2022 | INDUSTRIAL MARKET REPORT

WEST SHORE

EAST SHORE

INVENTORY

72.2M SF

33.8M SF

VACANCY RATE

▼ **1.7%**

5.2% ▲

RENT PER SF

▲ **\$6.97**

\$7.26 ▲

MARKET SALE PRICE PER SF

▲ **\$96**

\$79 ▲

12 MONTH NET ABSORPTION

▼ **1.93M** SF

2.85M SF ▲

BUILDINGS UNDER CONSTRUCTION

3
1.2M SF

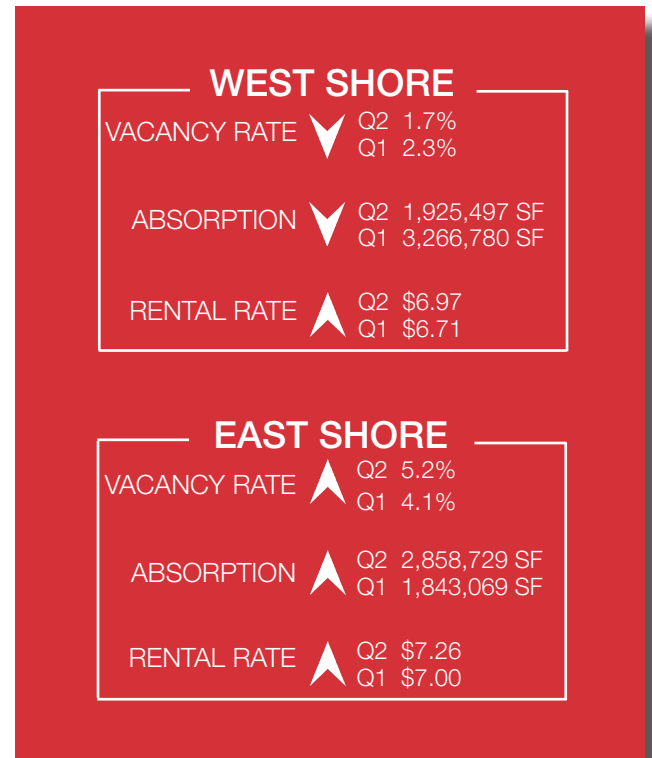
6
3.6M SF

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MARKET OUTLOOK

The logistics sector keeps propelling the Harrisburg metro industrial market to new statistical heights. A recent slowdown in both starts and deliveries across the metro has helped drive asking rents. As of Q2 2022, the Harrisburg Market has realized an impressive 12.3% annual rent growth. Pent up demand for new deliveries and spillover from nearby Lehigh Valley have given unprecedented pricing power to industrial owners. At the end of Q2 2022, Harrisburg West saw NNN rent increase \$0.24 to \$6.97 per square foot and Harrisburg East market rent increased by \$0.22 to \$7.26 per square foot. Market pricing for sales in the Harrisburg Market, based on the estimated price movement of all industrial properties in the market, increased slightly to \$90 per square foot for the quarter ending 6/30/2022.

Roughly 95% of new development in the Harrisburg Market entering Q2 2022 was classified as warehouse or distribution space. This outsized ratio adds to an inventory dominated by these e-commerce cornerstones: over 80% of the metro area's stock is logistics space, and two-thirds of which are buildings of 100,000 SF or more. The bulk of new construction is in the Harrisburg East Market, including a pair of 1 million square foot buildings near Interstate 283.



NOTABLE TRANSACTIONS



Shepley leased 114,400 SF (Suite F) in 200 Cascade Drive in Allentown.



The Alderman Team leased 7,800 SF at 2550 Paxton Street in Harrisburg.



Gladstone represented tenant in 4,857 SF lease at 4700-4750 Westport Drive in Mechanicsburg.

HARRISBURG DEMOGRAPHICS

