

Q2 2022 | OFFICE MARKET REPORT

WEST SHORE

EAST SHORE

INVENTORY

12.3M SF

24.5M SF

VACANCY RATE

▲ **9.7%**

7.8% ▼

RENT PER SF

▲ **\$18.10**

\$18.26 ▲

MARKET SALE PRICE PER SF

▲ **\$145**

\$126 ▲

12 MONTH NET ABSORPTION

▲ **200K** SF

(50K) SF ▲

BUILDINGS UNDER CONSTRUCTION

2
91K SF

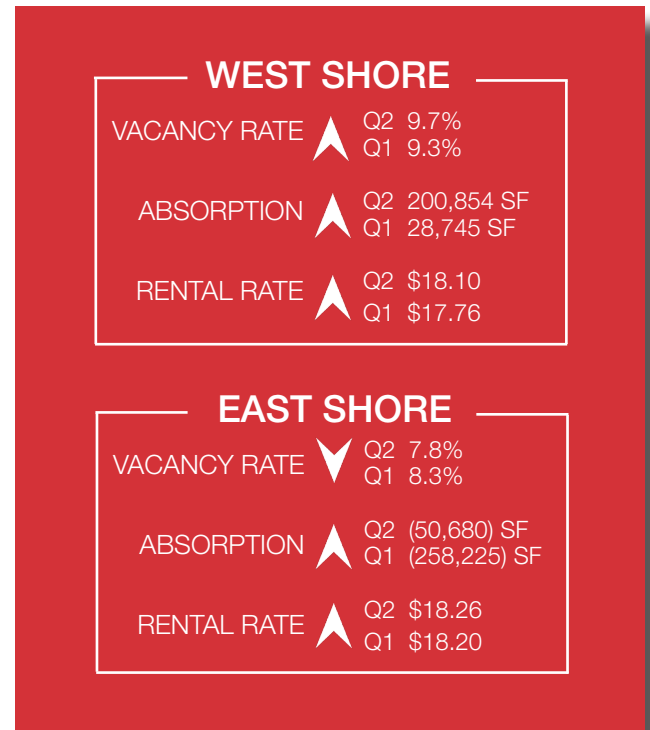
1
5.4K SF

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MARKET OUTLOOK

Office rents in the Harrisburg Market have been trending upward throughout 2022 and posted an average annual gain of 1.3% over the past three years. The 2nd quarter ended with average gross rents increasing across both sub-markets; Harrisburg East reporting \$18.26 per square foot and Harrisburg West reporting \$18.10 per square foot. Overall, vacancy in the Harrisburg Market improved to 8.4%, but digging into that number, the improvement was realized in Harrisburg East with a decrease to 7.8%, while Harrisburg West saw a slight increase to 9.7%.

Market pricing remained relatively unchanged through the 2nd quarter of 2022; Harrisburg East improved slightly to \$126 per square foot and Harrisburg West remained at \$145 per square foot. This pricing is a large discount, over 50%, to the overall average for the country, which was reported at \$339 per square foot at the end of Q2 2022. With more attractive pricing, investors continue to be drawn to the Harrisburg Market. Annual sales volume has averaged \$156 million over the past five years, and the 12-month high in investment volume hit \$223 million over that stretch. In the past 12 months specifically, \$185 million of office assets sold.



NOTABLE TRANSACTIONS



Ross sold 20,500 SF office at 2080 Linglestown Road in Harrisburg.



Alderman sold 61,198 SF office at 3801 Paxton Street in Harrisburg.



Gladstone & Alderman leased 22,328 SF at 4530 Lena Drive in Mechanicsburg.

HARRISBURG DEMOGRAPHICS

