

Q3 2022 | INDUSTRIAL MARKET REPORT

WEST SHORE

EAST SHORE

INVENTORY

72.3M SF

35.2M SF

VACANCY RATE

▼ **1.5%**

6.9% ▲

RENT PER SF

▲ **\$7.07**

\$7.35 ▲

MARKET SALE PRICE PER SF

▲ **\$98**

\$82 ▲

12 MONTH NET ABSORPTION

▲ **2.2M** SF

2.3M SF ▼

BUILDINGS UNDER CONSTRUCTION

3
1.2M SF

5
2.9M SF

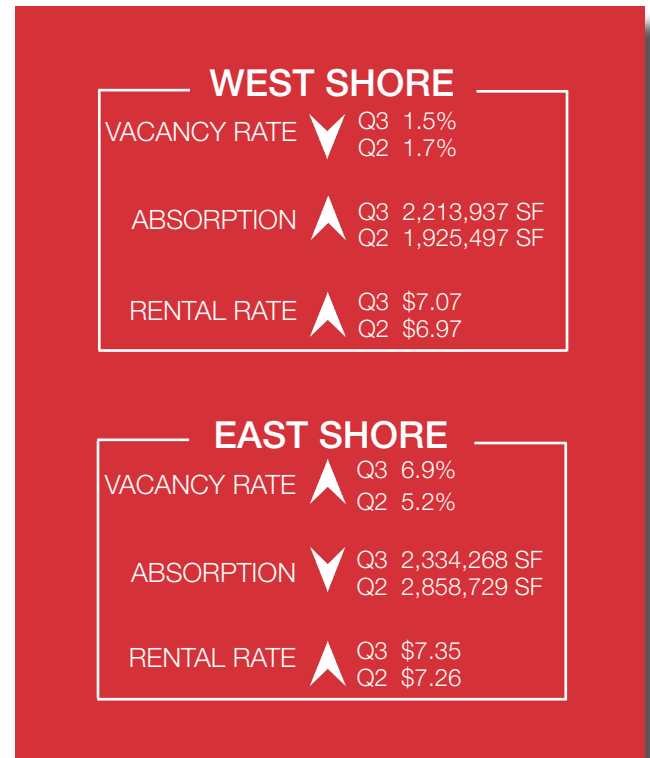
Q3 2022 | INDUSTRIAL MARKET REPORT

MARKET OUTLOOK

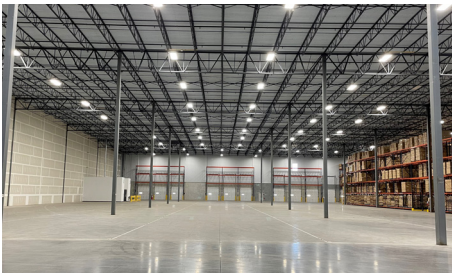
Third quarter 2022 returned another record-setting rent performance in Harrisburg's industrial market. As of 9/30/22, industrial rents averaged \$7.10/SF. Remember, warehouse and distribution centers averaged \$5.40/SF just two years ago. Market rent in Harrisburg East increased to \$7.35/SF, while Harrisburg West increased to \$7.07/SF. Vacancy rates remained low, continuing to average just under 4%.

Harrisburg's continually growing manufacturing sector should be noted as well. Specialized facilities (food production, fabricated metals, paper products, machinery) have very limited availability and rents have increased 9.7% year over year due to increasing local production despite supply chain strains. Though demand is still high, many believe industrial rent might reach a near-term peak due to supply chain disruptions, rising interest rates and labor shortages. This leveling of rates is expected to be short-lived with regional market rates subsequently continuing to grow, albeit at a slower rate.

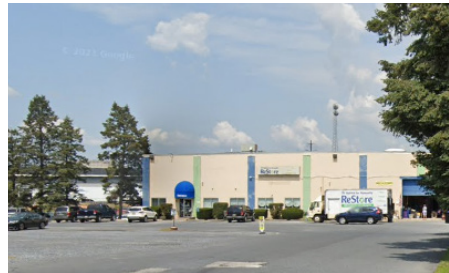
Median market price for Harrisburg's industrial sector was \$93/SF, which is up from 2021 and remains lower than the national average of \$155/SF. While Harrisburg sits in one of the larger industrial markets in the country, sales volume in the last year was lower than peer markets as investors slowed purchasing activity. Overall, industrial market prognosis remains bullish for the long-term.



NOTABLE TRANSACTIONS



Shepley & Albright leased 48,360 SF at 1700 Harrisburg Pike in Carlisle.



Alderman leased 85,000 SF at 800 Paxton Street in Harrisburg.



Gladstone sold 17,526 SF at 200 N. Franklin Street in Waynesboro.

HARRISBURG DEMOGRAPHICS

