

# Q3 2022 | OFFICE MARKET REPORT

## WEST SHORE

## EAST SHORE

### INVENTORY

**12.3M** SF

**24.6M** SF

### VACANCY RATE

▲ **10.7%**

**8.8%** ▲

### RENT PER SF

▲ **\$18.12**

**\$18.23** ▼

### MARKET SALE PRICE PER SF

▼ **\$142**

**\$121** ▼

### 12 MONTH NET ABSORPTION

▼ **53.1K** SF

**(102K)** SF ▼

### BUILDINGS UNDER CONSTRUCTION

**2**  
91K SF

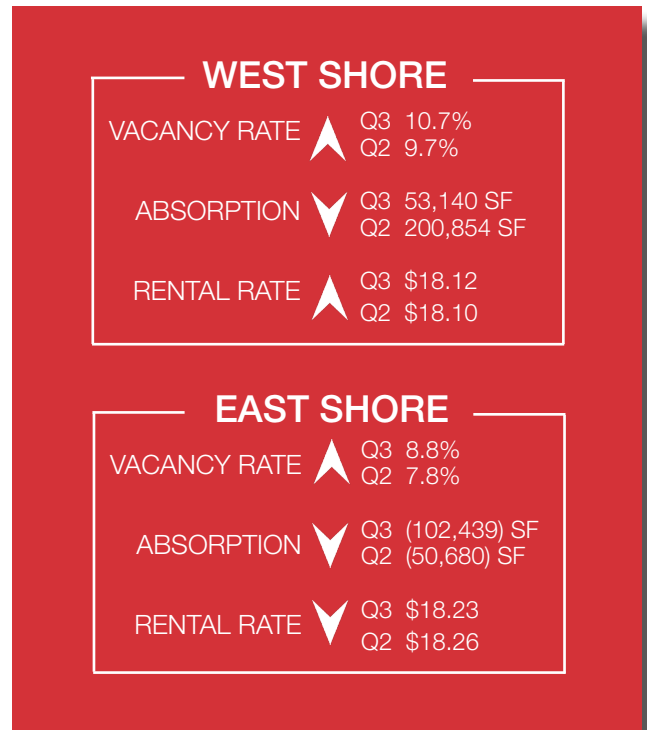
**1**  
12K SF

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## MARKET OUTLOOK

Vacancy has increased in the third quarter of 2022 with remote work, downsizing and economic uncertainty still affecting office leasing. As of 9/30/22, vacancy rate in the Harrisburg Market was 9.6%. Notably, vacancy is higher in the Harrisburg West Submarket at 10.9% compared to 8.9% in the Harrisburg East Submarket. Despite vacancy ticking up, Harrisburg West saw average rent increase slightly to \$18.12/SF. Harrisburg East realized a slight ease in average rent, reporting \$18.23/SF. Also of note, three new buildings are under construction and expected to be delivered in the Harrisburg Market over the next nine (9) months and more than 500,000 square feet are proposed over the next two (2) years.

Sales volume in the Office sector has declined throughout 2022, but the price per square foot has remained relatively unchanged. Harrisburg East decreased slightly to \$121/SF and Harrisburg West decreased slightly to \$142/SF. In the 3rd quarter of 2022, the cap rate for the Harrisburg metro area ticked up slightly to 9.4%. While the Office Sector has been significantly affected by the Pandemic pressures, the Harrisburg Market is still a well-priced investment. For example, 3801 Paxton Street, a 61,189 square foot office building sold by NAI CIR's Dan Alderman, traded at \$155/SF while the national average is \$338/SF.



## NOTABLE TRANSACTIONS



Alderman sold 61,189 SF office building at 3801 Paxton Street in Harrisburg.



Sgagias & Corbo sold 10,000 SF plus parking garage at 403 N. 2nd Street in Harrisburg.



Alderman leased 25,523 SF of office space at 750 E. Park Drive in Harrisburg.

## HARRISBURG DEMOGRAPHICS

