



# MARKET REPORT

H1 2024 | Harrisburg Metro



717 761 5070  
naicir.com



CARLISLE OFFICE  
3 Jennifer Court, Ste C  
Carlisle, PA 17015



LEMOYNE OFFICE  
1015 Mumma Road  
Lemoyne, PA 17043

# MARKET OVERVIEW

## MARKET SUMMARY

The Harrisburg Metro Market remains attractive to investors due to its strategic location, favorable business climate, and diversified economic base. Recently ranked #4 in the Top 20 U.S. Metro Areas by Commercial Café, Harrisburg stands out for its affordability, contributing to the population increase of 11,000 since January. Despite challenges such as inflation and supply chain disruptions, the market demonstrates resilience and adaptability.

**RETAIL.** Since January, the retail market has shown resilience and cautious growth, with steady consumer confidence and stable demand. Vacancy rates decreased to 4.6%, below the five-year average, with limited new development of 157K SF. Average rents are \$16.87/SF, with newer properties commanding over \$25/SF. Vibrant leasing activity, especially for spaces under 10,000 SF, includes tenants like Wing Stop and Chipotle. Big box retailers such as Ocean State Job Lot contributed to a Q2 2024 absorption rate of 427K SF, surpassing the five-year average.

**OFFICE.** Encompassing 38.6 million SF, the office market remains stable and resilient post-pandemic with an 8.2% vacancy rate in Q2 2024 and annual net absorption of 150K SF. Significant leases, such as the Pennsylvania Department of State's 35,700 SF lease, and over \$90 million in asset trades in the past year highlight this markets resilience. Nearly 95% of lease transactions were for spaces under 10,000 SF, with the average rent of \$17.96/SF.

**INDUSTRIAL.** Heavily influenced by logistics, the industrial market experienced a temporary softening in 2024 with a 2.1% year-over-year increase in vacancy due to substantial annual deliveries and negative absorption. Currently, 747K SF is under construction to stabilize supply. Despite fluctuations, the market is driven by significant job growth in warehousing and storage and the region's strategic location and robust transportation infrastructure.

## DEMOGRAPHICS



POPULATION  
**610,119**



LABOR FORCE  
**371,872**



UNEMPLOYMENT RATE  
**2.1%**

OFFICE	RETAIL	INDUSTRIAL
VACANCY RATE		
▼ 8.2%	▼ 4.6%	▲ 6.7%
RENT PER SF		
▼ \$17.96 /SF	▲ \$16.87 /SF	▲ \$8.08 /SF
SALE PRICE PER SF		
▼ \$111 /SF	▲ \$144 /SF	\$92 /SF
12 MO. NET ABSORPTION		
▲ 185K SF	▼ 427K SF	▼ (2.5)M SF
BUILDINGS UNDER CONSTRUCTION		
5 121K SF	7 157K SF	3 747K SF

Indicators reflect the change from 12/31/2023 to 6/29/2024.



As of 7/1/2024



717 761 5070  
naicir.com



CARLISLE OFFICE  
3 Jennifer Court, Ste C  
Carlisle, PA 17015



LEMOYNE OFFICE  
1015 Mumma Road  
Lemoyne, PA 17043



# BUSINESS SNAPSHOT

## POWER OF NAI GLOBAL

**WEXFORD, PA** - Amber Corbo represented her client alongside **NAI Burns Scalo**, based in Pittsburgh, PA, to facilitate the sale of an investment property located in Wexford, PA. Corbo and the NAI Burns Scalo team worked together to list and sell the 9,840 square foot property located at 109 Vip Drive. With two existing tenants, the new owner will transition the property to utilize the additional space for its operations.

**REDFORD, MI** - Amber Corbo represented her client alongside **NAI Farbman**, based in Southfield, MI, on the sale of the 9,619 square foot retail center in Redford, MI. The center is known as Plymouth Square Shopping Center and offers a recently remodeled store-front along a notable retail corridor just outside of Detroit, MI.

## NEWSROOM

**SOLD!** The 271,043 square foot office campus made up of three buildings on 6.36 acres has been acquired by Pennmark Harrisburg Holdings, LLC. Originally home to the Polyclinic Hospital, the property was converted in 2004 into an office campus. Pennmark Management is based out of Montgomery County and is a full-service real estate development and management company. **Robin Zellers, SIOR, FRICS, CRE** and **Nik Sgagias** handled this transaction.

**LEASED!** **Jack Shepley, SIOR**, and **Aaron Albright** represented Eagle Dallas Spring Investors ULC, a subsidiary of Dayton Parts, LLC, in the successful leasing of 82,830 square feet at 1100 Courtneypark Drive in Mississauga, ON, Canada. Headquartered in Harrisburg, Dayton Parts is a leading aftermarket supplier of repair solutions in the commercial vehicle market. Dayton Parts is relocating its subsidiary's Mississauga facility a mile down the road, nearly doubling its current location to accommodate its significant growth.

**SOLD!** **Daniel J. Alderman** facilitated the sale of the former 88,511 square foot Howard Johnson Inn located at 473 Eisenhower Boulevard in Harrisburg to the Faulkner Organization.

## NEW INVENTORY



## NOTABLE TRANSACTIONS

