



MARKET REPORT

H2 2024 | Harrisburg Metro



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MARKET OVERVIEW

MARKET SUMMARY

OFFICE. Harrisburg is Pennsylvania's third-largest office market with 39.1 million SF of office space. Limited development – just 1.6 million SF in the past decade – has kept vacancy rates low. Despite national challenges, Harrisburg's Q1 2025 vacancy rate is 7.4%, lower than Pittsburgh (11.6%) and Philadelphia (10.7%). Its affordability attracts major occupiers, with vacancies rising only 200 basis points since 2019, compared to the national 440. In 2024, nearly 800,000 SF of leases were signed. Most leases are under 10,000 SF, but notable deals include Gannett Fleming (91,000 SF) and a 36,000 SF lease at 300 Sterling Parkway. Currently, 4.3 million SF is available, with sublet space at just 0.2% (vs. 2.1% nationally). Harrisburg's average rent is \$18.10/SF, well below the \$36.00/SF national average, with premium spaces at \$21.00/SF. Rent growth has been modest at 1.3% annually, with mid-tier offices seeing 1.7% growth and premium spaces just 0.6%.

RETAIL. At the end of 2024, Harrisburg's retail vacancy rate is 4.5%, down 0.2% YoY, below the five-year (5.1%) and ten-year (4.8%) averages. Vacancy rates vary by subtype: neighborhood centers (8.1%), power centers (1.5%), strip centers (3.1%), malls (15.1%), and general retail (2.6%). The market has 2.4 million SF available (6.2% availability rate). Retail construction stands at 280,000 SF, above the 10-year average of 170,000 SF. Inventory totals 38.7 million SF, with major segments including neighborhood (7.3M SF), power (5.2M SF), strip (930K SF), malls (3.2M SF), and general retail (21.5M SF). Market rents average \$17.00/SF, up 1.6% YoY (vs. 1.8% nationally). Rent growth: neighborhood (+3.7%), power (-0.5%), strip (+2.2%), malls (+1.8%), general retail (+1.5%), trailing five-year (2.5%) and ten-year (1.9%) averages.

INDUSTRIAL. After a low 2.4% vacancy in early 2023, Harrisburg's industrial market softened in 2024, with 430,000 SF in annual deliveries and -2.2 million SF in absorption pushing vacancy to 6.7% (+2.3% YoY) as of Q3 2024, mirroring national trends. With just 330,000 SF under construction, supply-side pressures will persist. Despite short-term challenges, long-term stability is expected. Logistics remains a key driver, with warehousing and storage adding 22,270 jobs (2011–2022), fueling industrial demand. Harrisburg's strategic location and infrastructure position it for recovery as economic conditions improve.

OFFICE	RETAIL	INDUSTRIAL
VACANCY RATE		
▼ 7.4%	4.6%	6.7%
RENT PER SF		
▼ \$17.89 /SF	▲ \$17.00 /SF	▲ \$8.28 /SF
SALE PRICE PER SF		
▼ \$103 /SF	▲ \$140 /SF	▲ \$95 /SF
12 MO. NET ABSORPTION		
▲ 235K SF	▼ 174K SF	▲ (2.3)M SF
BUILDINGS UNDER CONSTRUCTION		
4 63.4K SF	9 280K SF	2 328K SF

Indicators reflect the year-over-year (YOY) change from 12/31/2023 to 12/31/2024.

DEMOGRAPHICS



POPULATION
605,119



LABOR FORCE
346,842



UNEMPLOYMENT RATE
2.1%



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BUSINESS SNAPSHOT

NEWSROOM

LEASED! NAI CIR facilitated the long-term renewals of 724,096 square feet of medical office and clinical space for **UPMC**, a world-renowned healthcare provider. Spanning eight (8) buildings in Central PA, the medical office and clinical spaces serve as an integral part of UPMC's operations and accommodate a wide range of services, allowing UPMC to deliver essential healthcare services to the community. **Robin Zellers** and **Casey Khuri** facilitated these leases.

SOLD! The 60-acre farm estate, located at 5790 Devonshire Road and home to SpringGate Winery, was acquired by JNN LLC. The award-winning winery and estate offers on-site manufacturing of wine, beer and distilled spirits. Under the new ownership, operations will continue without disruption, ensuring that the winery maintains its commitment to excellence and its status as a beloved local destination. **Nik Sgagias** represented the sellers.

SOLD! A 34.75-acre tract of commercial/industrial land located at 7464 Linglestown Road has been sold to Prologis Linglestown, LLC. The new owner plans to consolidate two adjacent parcels and develop a 1.1 million square foot warehouse to meet the growing demand for industrial space in the region. **Jack Shepley** represented the seller.

SOLD! The 60-acre farm estate, located at 5790 Devonshire Road and home to SpringGate Winery, has been acquired by JNN LLC. The barn and grounds date back to an 18th Century European settlement including the first Presbyterian Seminary in the United States. The award-winning winery and estate offers on-site manufacturing of wine, beer and distilled spirits. Under the new ownership, operations will continue without disruption. **Nik Sgagias** represented the seller.

SOLD! The 52,761 square foot office at 1800 Linglestown Road in Harrisburg has been sold to the McClure Company, one of the mid-Atlantic's largest integrated mechanical contractors. The space will support the company's continued growth. **Robin Zellers**, **Nik Sgagias**, and **Bryan Donovan** represented the seller in the transaction.

NEW INVENTORY



NOTABLE TRANSACTIONS



COMPANY HIGHLIGHTS

FROM THE CEO

2024 was an outstanding year for NAI CIR, marked by continued growth, collaboration, and record-breaking transactions. Our total transaction volume expanded across a larger group of agents as our team continued to grow. Once again, we surpassed the prior year's totals in both sales and leasing transactions, as well as overall dollar volume. We closed the year with one of the largest transactions in our 54-year history—securing 724,096 SF of long-term medical office lease renewals across eight buildings in Central PA. Representing UPMC Central PA, this milestone was the result of over three years of dedicated collaboration by our team.

In 2025, we proudly celebrate 55 years in the commercial real estate industry and 40 years of partnership with NAI Global. As the business economy rebounds from last year's political and economic uncertainties, our pipeline of pending transactions continues to grow. While we anticipate a strong year ahead, we remain vigilant in monitoring key industry trends that will shape the market.

First on everyone's list of trends to watch is the integration of AI. We are actively exploring its potential and collaborating with our NAI partners to identify the most valuable applications in commercial real estate. As the first regional firm to embrace web-based property searches, we remain committed to leveraging AI technology to enhance our efficiency, innovation, and professionalism.

Next, the impact of return-to-work mandates is only beginning to unfold, with significant implications for commercial real estate—not just in office space, but also for the retail and commercial businesses that rely on a consistent daily workforce. Nowhere is this more evident than in Downtown Harrisburg on a weekday. While the Commonwealth has previously committed to bringing workers back to the office, we eagerly await its next steps in following the Federal Government's lead. To paraphrase Field of Dreams, 'if you bring some back, more will come'.

Lastly, we will continue to monitor the impact of aging and inadequate infrastructure on commercial real estate. While we are encouraged by major road improvements underway across Central PA, we also recognize the need for greater investment in utilities, particularly water and sewer systems. Additionally, infrastructure extends beyond physical assets to include the entitlement process. Though there have been initial efforts at the state level to streamline approvals, our region urgently needs greater efficiency at the local, municipal, and county levels to support sustainable growth and development.

In 2025, we are excited to build on the momentum of this past year by offering more research and insights through new materials designed to provide deeper market intelligence and strategic guidance. We remain committed to delivering exceptional service and expertise to our clients and partners.

Trends to Watch

- AI Integration
- Return to Office
- Workforce Migration
- Infrastructure Impact

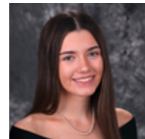
NEW FACES



Nick Gallint
Associate



Andres Godoy
Sales Assistant
Gladstone Group



Jocelyn Kauffman
Intern

IN THE COMMUNITY



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