

Mid-Year Real Estate Report

July 2013

Market	Existing Inventory		Vacancy			YTD Net	YTD	Under	Quoted
	# Blds	Total GLA	Direct SF	Total SF	Vac %	Absorption	Deliveries	Const SF	Rates
RETAIL									
Harrisburg Area East	1,121	18,996,207	1,069,232	1,069,232	5.6%	52,683	0	0	\$11.62
Harrisburg Area West	879	16,147,862	1,331,595	1,363,960	8.4%	114,511	8,131	8,320	\$11.32
Office									
Harrisburg Area East	986	19,372,399	1,903,773	1,988,655	10.3%	130,623	20,000	0	\$16.66
Harrisburg Area West	665	11,595,411	795,839	900,173	7.8%	145,519	0	0	\$18.24
Industrial									
Harrisburg Area East	823	47,490,441	5,240,306	5,251,306	11.1%	(187,334)	0	0	\$3.71
Harrisburg Area West	588	73,153,053	8,815,548	8,967,518	12.3%	89,360	0	400,000	\$3.80
I-81 Corridor	1,341	108,095,726	8,629,218	9,112,411	8.4%	(83,742)	15,500	223,000	\$3.58

Charting Source: CoStar

Overview: Good news continues for the Central PA commercial real estate environment. Year-to-date, through June 2013, vacancies are decreasing and rates are increasing across all sectors. Calendar year 2012 saw stabilization of rates and ever-increasing activity. While the numbers are good, recent activity, not yet reflected in the data, portends an even stronger 2nd half for 2013. NAI CIR has tracked a 21.8% increase in transaction volume year-to-date.

Retail: The ongoing repositioning and positive leasing activity by new ownership of the Harrisburg Mall has provided a great story for Central PA retail. Harrisburg has experienced strong small space absorption, continuing national retailer activity along the Carlisle Pike and anticipates further national retailer expansion with the proposed Concourse at Swatara Plaza. The Route 30 corridor in York continues as a hotbed of activity with national players, such as Pier 1 and regional retail operators absorbing existing and redeveloped sites.

Office: Growing levels of activity remain across all classes of office space with Class A space continuing to lead the way. With occupancy of the new Comcast facility scheduled for the fall, positive net new absorption will have more than doubled 2012. Minimal new space deliveries coupled with the increasing confidence of business, has triggered declines in vacancy (18% decline year-to-date) and positive movement in rates. Market activity in sales of office buildings has also increased but it is too early to confirm substantial price movement.

Industrial: The regional warehouse market continues to grow somewhat unabated. National industrial developers continue to target the region and national users continue to have their locational pin fall right in Central PA. Procter and Gamble's commitment to 1.7M square feet in Shippensburg is just the most recent example of this ongoing growth. Vacancies are spiraling down and rates creeping up across the entire Central PA big box warehouse market of 100,000 square feet and up. Additionally, the smaller industrial market of 50,000 square feet and under, always a strong, stable sector, continues to experience slow, steady rate growth.

For additional detailed information contact a professional real estate expert at NAI CIR.