

Office Market Report

Central Pennsylvania | Year End 2013

- Vacancy rates across all classes of office buildings fell approximately 2% from an overall aggregate rate of 10.63% at year end 2012 to 8.5% by year end 2013.
- Lease transaction volume has increased 12% year to year evidencing increasing deal velocity.
- East Shore absorption, led by the Comcast lease of 140,000 SF, has led the overall market in sheer transaction volume, dropping overall East Shore vacancy to 9.5%
- West Shore markets continue to experience a large volume of activity. The year end relocation of 200,000 SF by Highmark into an owned facility will affect overall vacancy rates in 2014. However, the West Shore market experienced an overall vacancy drop to 6% in 2013.
- Rental rates across the region continue trending upward and concessions, adjusting downward since 2012, have settled to a market norm.
- Excess vacancy continues in the smaller (1K – 5K) range however, larger footprints, in excess of 6K continue to absorb with increasing volume.
- With progress through, and exiting of, the Commonwealth mandated Receivership, the Harrisburg Downtown market has begun to show signs of stabilization. Downtown leasing activity remains relatively stagnant, however sales activity is increasing.

	# of Properties	RBA (SF)	Vacancy %	Occupied %	Vacancy (SF)	Absorption (SF)	Rental Rate (SF)
Class A							
East Shore	38	4,432,392	9.8%	90.2%	432,730	43,891	\$22.71
West Shore	29	2,301,855	4.9%	95.1%	112,231	85,711	\$21.20
Class B							
East Shore	389	10,034,246	9.1%	90.9%	909,943	259,316	\$16.07
West Shore	303	6,854,709	6.7%	93.3%	456,133	44,368	\$15.92
Class C							
East Shore	572	4,825,455	10.1%	89.9%	488,570	16,082	\$14.21
West Shore	351	2,494,534	9.8%	90.2%	245,688	87,444	\$12.76
Total							
East Shore		19,292,093	9.5%		1,831,243		
West Shore		11,051,098	6.5%		814,052		