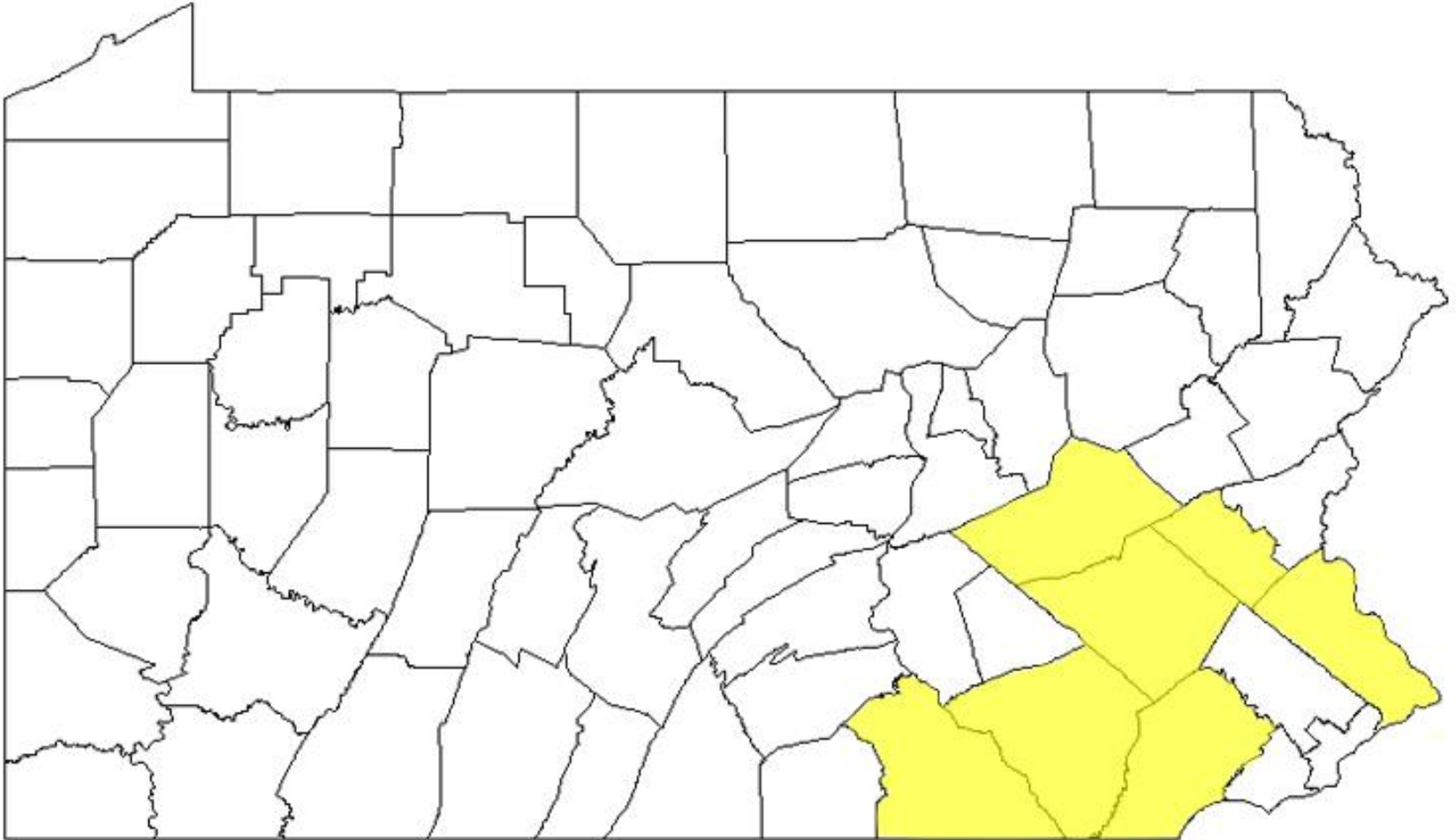


State of the Berks County Market

Presented by Steve Willems, SIOR



Overall Market Impressions



We are 50 million SF in a 1+ billion SF Regional Market

Current Trends

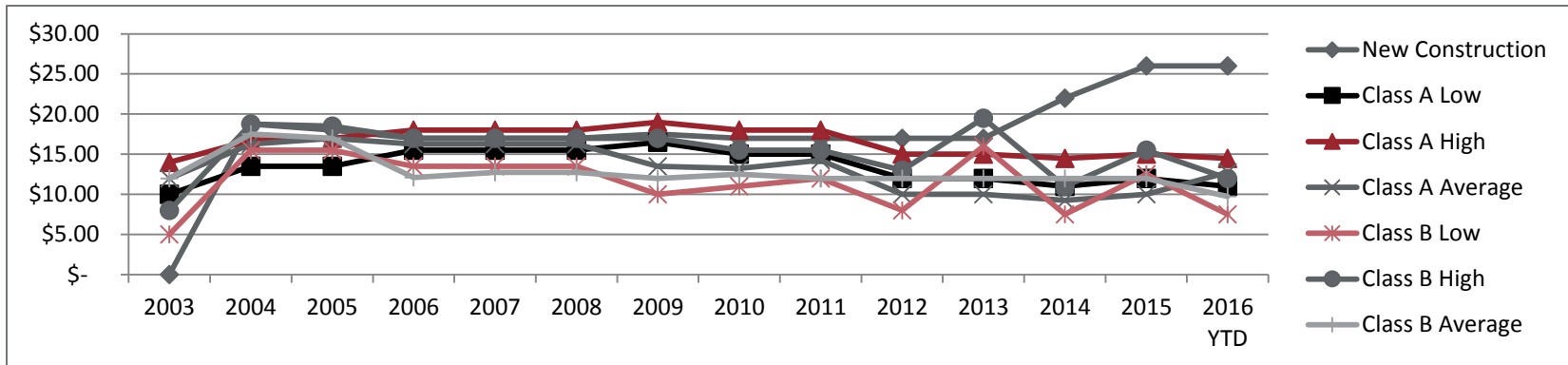
Office Market

- Stable to stronger results over a year ago. Rates up. Absorption up.
- Consolidation will affect Berks in 2017
 - BDO is moving to its Harrisburg Office
 - Sunoco Logistics moving to its headquarters in Texas
 - Teleflex is moving to its Wayne headquarters
 - Carpenter is moving its executive offices to Philadelphia
 - UGI may relocate its headquarters to northern Lancaster County
- Gaining 120,000 SF Corporate Headquarters that will serve as an anchor to the VF 56 acre redevelopment project
- Further consolidation in MOB's. Bigger is better.
- Strength in Spring Ridge/Wyomissing
- Weaknesses in suburban and City of Reading Markets

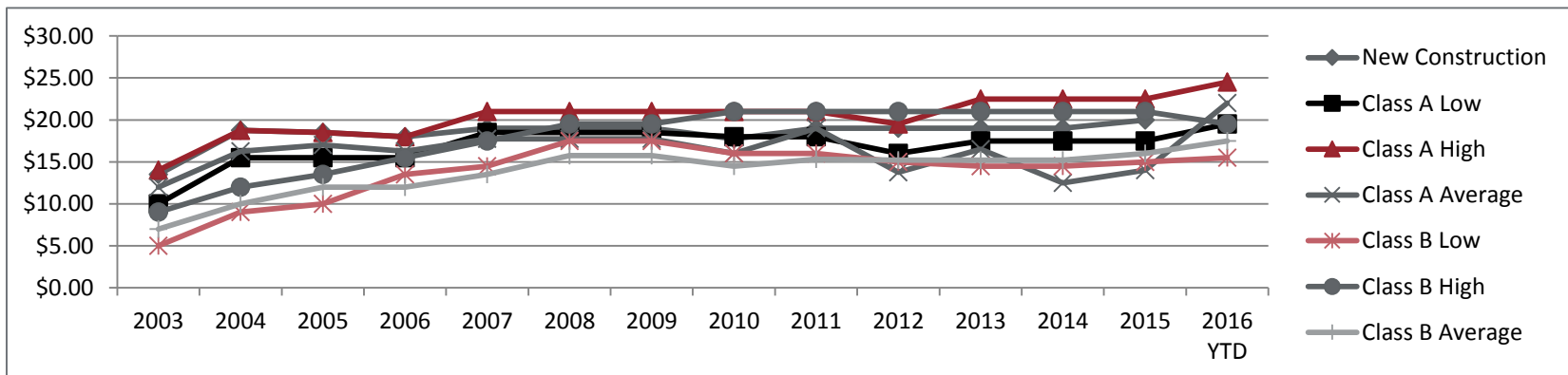
Office Market

Rates Per SF

Downtown Office

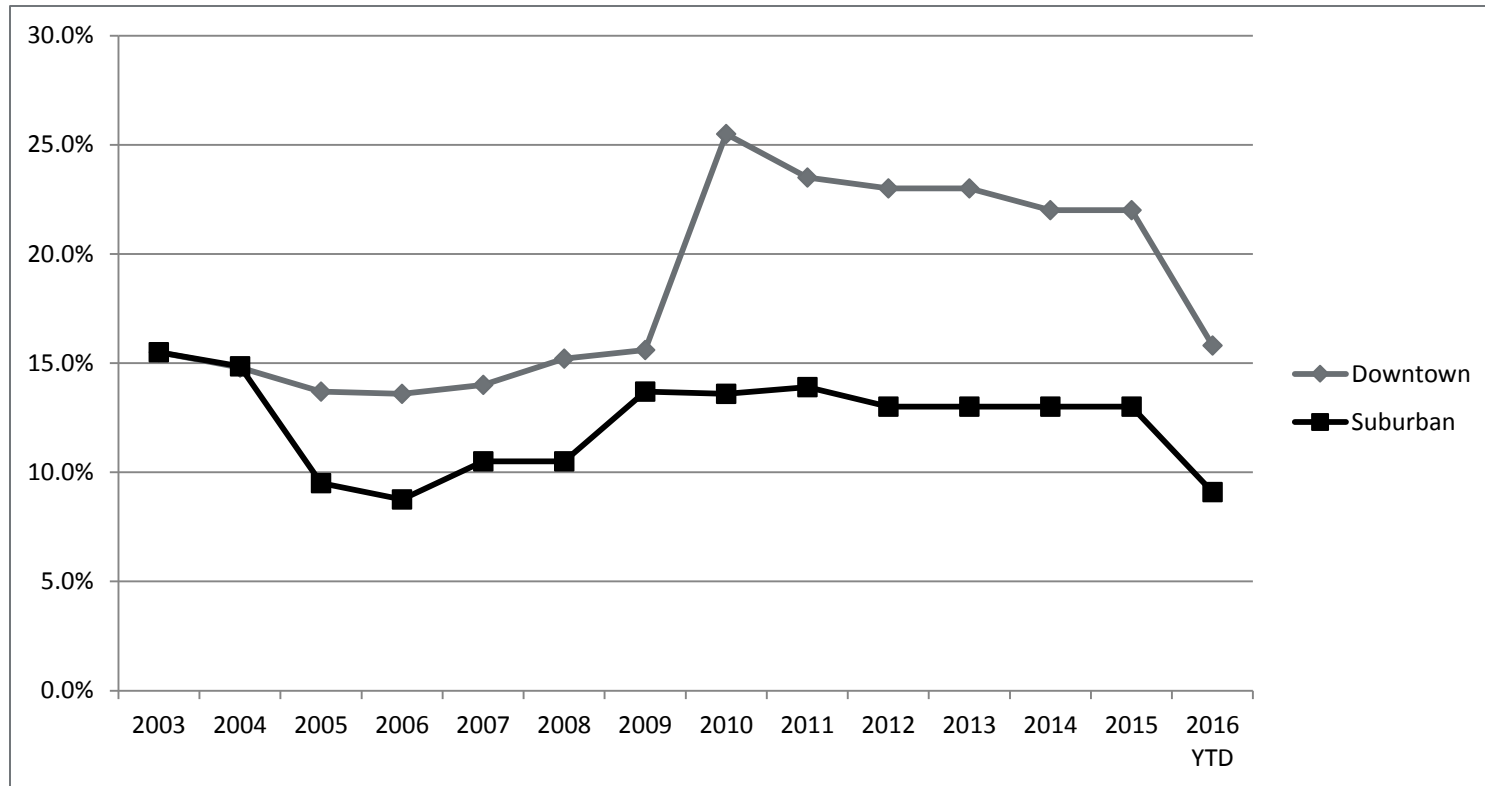


Suburban Office



Office Vacancy

Suburban vs. Downtown



Current Trends

Industrial Market

- LERTA is more important than ever. Without LERTA it is increasing hard to compete.
- Infrastructure is key
- Access to Labor is key
- New Panamax Ships are now sailing though the expanded Panama canal
 - East coast ports to see 10%+ jump in capacity
 - Current ships deliver 5,000 TEU (twenty foot equivalent units) loads. New Panamax or Post Panamax ships will deliver 12, to 13,000 TEU's each
- Local Industrial Parks are operating at a high level (96% occupancy)
- EmberClear is siting a \$500 Million Dollar power plant in Birdsboro
- Local Steel Industries soft

Current Trends

Industrial Market, cont.

- Omni Channel Logistics is changing our market
 - Consumer purchasing is shifting quickly to online same day delivery
- Emergence of big-box distribution centers on the I-78 corridor
 - 20+ Major Distribution Centers are in development on I-78 from the I-81 split and Route 100
 - Over 3-Million feet delivered in 2016 in this same area

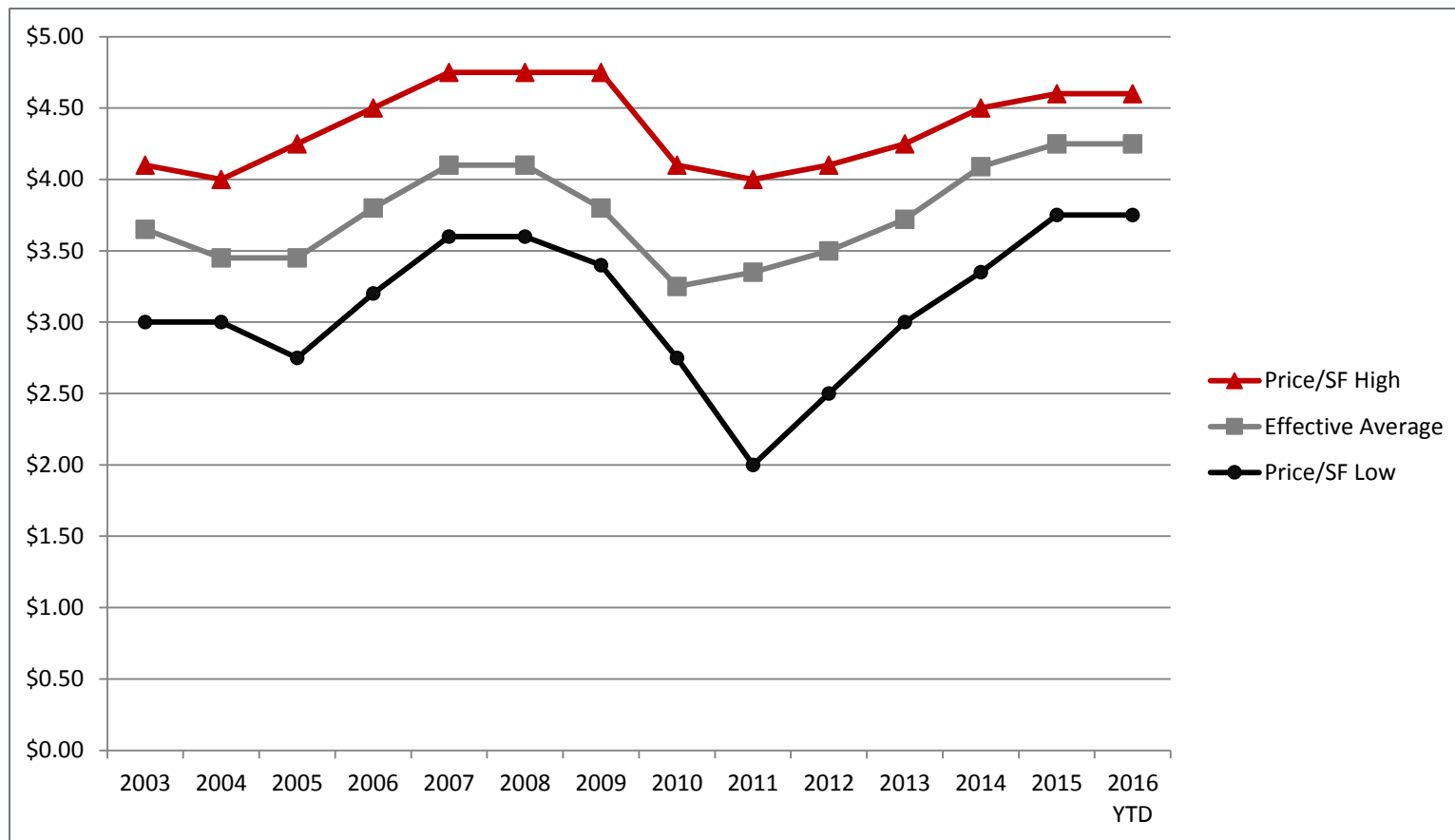
Current Trends

Industrial Market, cont.

- Barriers to our progress
 - Lack of quality inventory
 - Lack of infrastructure
 - Route 222 / time to access northern interstates
 - Inefficient / slow permitting
 - Truck driver shortage
 - Inexperienced workforce
 - Lack of shovel-ready sites

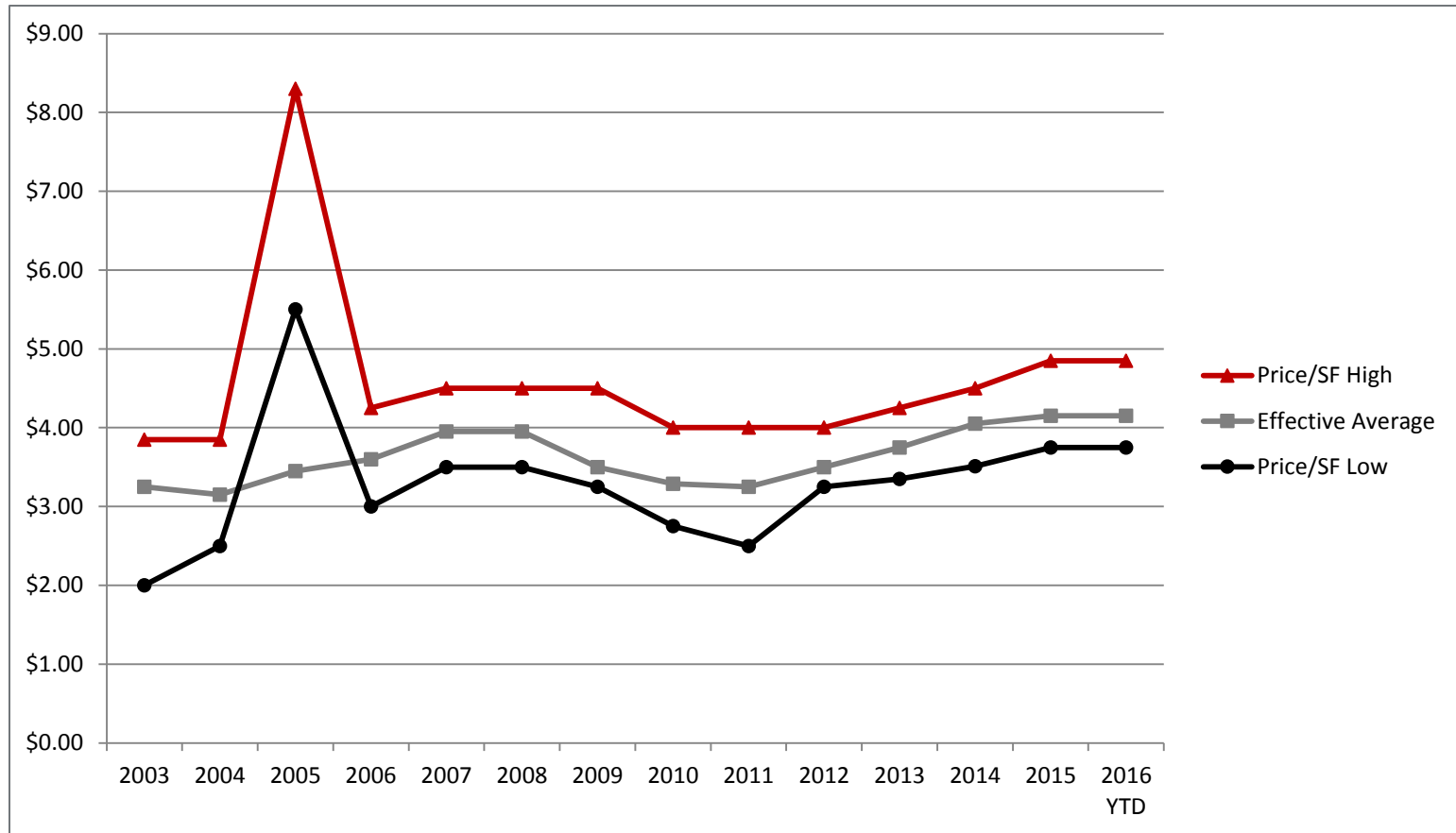
Current Trends

Warehouse/Bulk Price Per SF



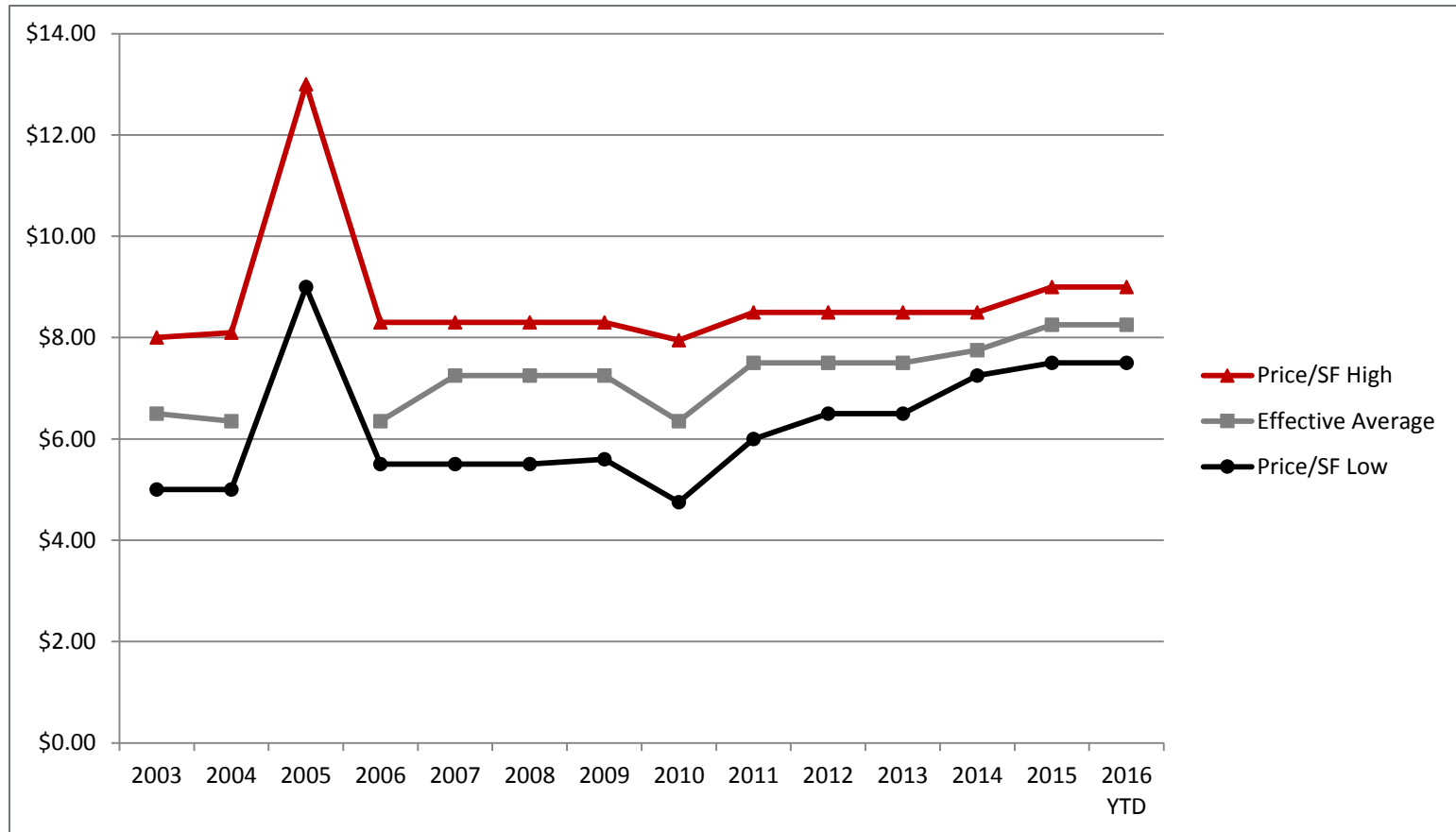
Current Trends

Manufacturing Price Per SF



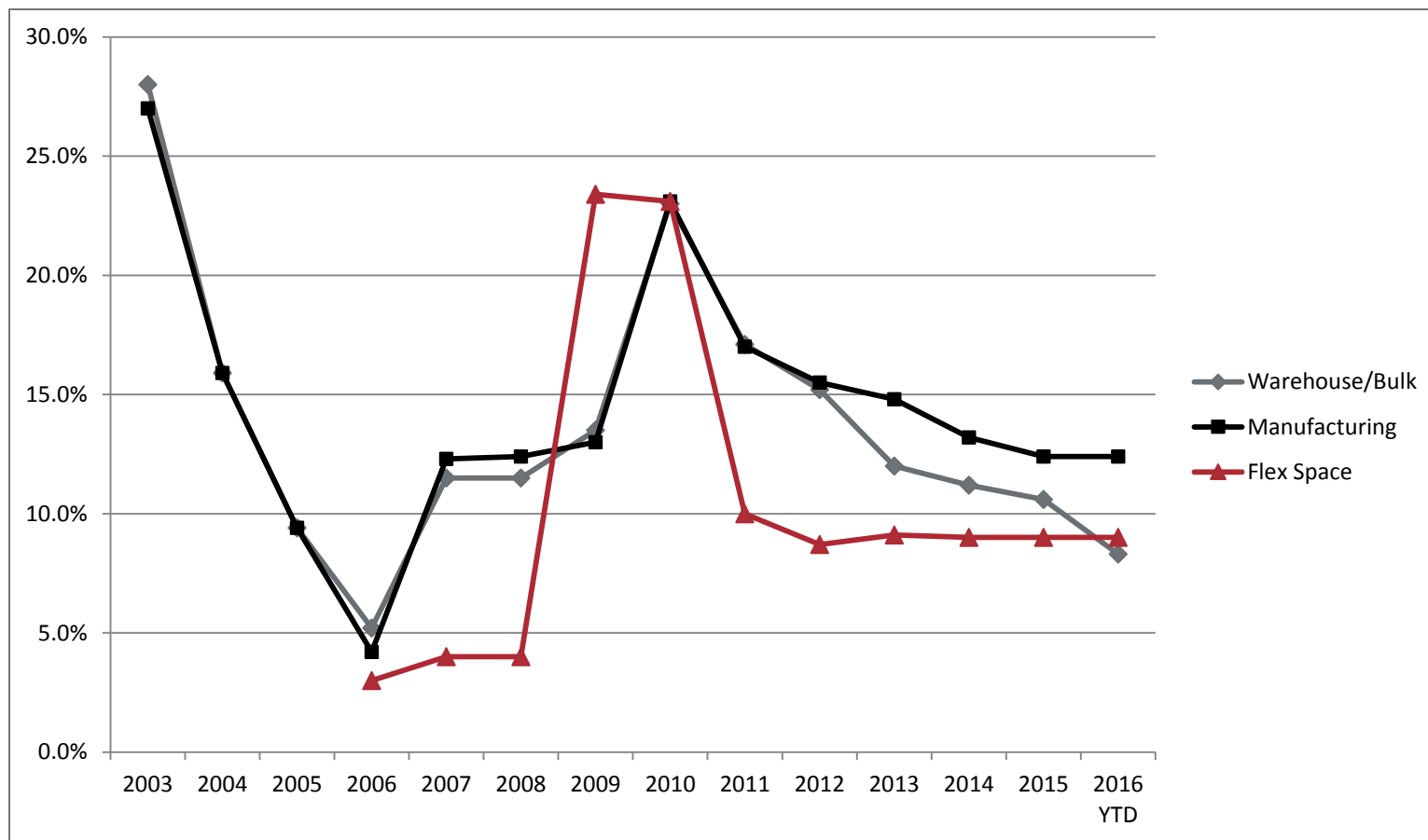
Current Trends

Flex Space Price Per SF



Current Trends

Industrial Vacancy Rates



Current Trends

Industrial Submarket Statistics

Total Industrial Submarket Statistics						Third Quarter 2016			
Market	Existing Inventory		Vacancy			YTD Net	YTD	Under	Quoted
	# Blds	Total RBA	Direct SF	Total SF	Vac %	Absorption	Deliveries	Const SF	Rates
Berks Ind	727	39,682,277	1,940,288	2,004,846	5.1%	774,892	0	140,232	\$3.64
Bucks Ind	1,642	67,653,459	3,668,621	3,805,489	5.6%	1,041,517	56,352	12,000	\$5.89
Chester Ind	981	35,884,581	1,700,249	1,700,249	4.7%	1,618	0	80,000	\$7.71
Harrisburg Area East.	887	47,224,670	5,175,340	5,181,064	11.0%	21,081	1,805,951	448,450	\$4.29
Harrisburg Area West.	658	80,688,983	4,328,800	4,368,840	5.4%	441,929	425,040	3,576,800	\$4.58
I-81 Corridor Ind	1,489	113,118,014	6,494,026	7,013,626	6.2%	864,953	418,356	1,336,000	\$3.99
Lancaster County Ind	1,049	62,223,677	1,472,042	1,487,042	2.4%	362,455	205,800	40,718	\$4.94
Lehigh Valley Ind	1,727	108,067,463	5,214,145	5,223,145	4.8%	2,144,803	1,609,231	10,815,210	\$4.92
Southwest Philly Ind	702	25,855,875	1,489,981	1,489,981	5.8%	(29,909)	0	0	\$6.56
West Montgomery Cty.	525	24,364,074	982,141	985,891	4.0%	37,724	0	200,000	\$4.71
York County Ind	890	62,488,572	2,674,913	2,880,680	4.6%	(483,644)	459,300	754,881	\$3.90
Totals	21,128	1,066,187,270	68,560,183	70,024,233	6.6%	13,239,271	9,905,768	20,247,759	\$4.81

Current Trends

Retail Market

- 750,000 SF Fairgrounds Square Mall sold for \$1,168,000
- 336,000 SF Morgantown Furniture Outlet sold
- More Gyms & Fitness Centers!
- Dollar Stores & Strip Centers doing well
- Consolidation & Realignment of Auto Dealers

Any Questions? Thank You!

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