

Berks County REAL ESTATE Market Status

December 2009

Berks County competes for business in the NJ, NY and MD markets. Food, Plastics, Specialty Metals and Battery Mfg. are all well established. Medical and financial services are key drivers in the office sector with technology based businesses quickly emerging. Private/Public partnerships are effectively linking the Penn Corridor from Reading to Wyomissing

The office market shows mixed results with Class A rates and vacancy only slightly down, Class B vacancy is down 10% and rates remain flat. Vacancy in the C sector is up with over 1.1 million SF of properties vacant. This all spells opportunity for tenants or buyers of Class B and C Office. Approx. 300,000 SF of office were absorbed in 2009. A total of 450,000+/- SF is proposed for 2010.

Industrial inventory levels have risen sharply with 6.1 million SF currently available. Approx. 826,000 SF of new product was added in the year. The market had a negative absorption of 1,072,100 SF of industrial product comparing with a positive of 243,000 SF in the prior year. Lease rates are down slightly with landlord concessions increasingly more common. Leasing activity is up as many users cannot obtain financing to purchase. This creates opportunities for sale-leaseback Gross sale of Industrial product was up \$23 mil over prior year to \$179 million total. Sale prices were down 12% with a range of \$51 to \$29 per foot for Class A to C respectively.

Residential new construction is down 47% with developers sitting on projects with over 2,000 approved, but unimproved lots ready. Notable retail projects include the 500,000 SF Exeter Commons and the 253,000 SF Target anchored center in Temple. The \$75 million Wyomissing Square development is complete w/ 248 apartments and a 135 room Marriot Courtyard. A 215 room Doubletree is proposed with completion scheduled for 2010.

Watch for a Technology Park to be developed at the Reading/Berks Airport and the emergence of Bryne Eyre, a 3,000 Acre PRD at the I-176 and PA Turnpike interchange. The BOSS 2020 program will enhance traffic flow and boost development of Sinking Spring and its vicinity.

Written and compiled by Steve Willems NAI Keystone Commercial & Industrial, LLC in Reading PA.

www.NAIKeystone ~ 610-779-1400

Berks County 2009
Rent/SF/Year

	Low \$	High \$	Effective avg.\$	Vacancy
Downtown Office				
New Construction AAA *	15.00	18.00	17.00	n/a
Class A	12.00	15.50	14.25	4.8%
Class B	8.00	12.50	12.00	23.5%
Suburban Office				
New Construction AAA	18.00	21.00	19.00	n/a
Class A	16.00	21.00	18.00	13.9%
Class B	13.50	18.00	15.30	12.1%
Industrial				
Bulk Warehouse	3.00	4.10	3.50	20.0%
Manufacturing	2.90	4.00	3.29	18.0%
High tech/RD	4.75	4.75	6.35	3.0%
Retail				
Downtown	12.50	16.00	13.25	12.0%
Neighborhood Services centers	16.00	21.50	18.25	10.0%
Community Power Centers	13.00	18.00	15.25	11.0%
Regional Malls	13.25	16.75	15.00	13.0%

* No new downtown offices occurred in 2009

Development Land	Low \$	High \$
Office in CDB (per buildable SF)	6.00	8.00
Land in Office Park (per acre)	130,000	250,000
Land in Industrial Park (per acre)	60,000	110,000
Office/Industrial Land – non park (per acre)	48,000	175,000
Retail /Commercial land (per acre)	155,000	1,225,000
Residential (per acre)	25,000	50,000