

LEHIGH VALLEY COMMERCIAL REAL ESTATE Market Report | Fourth Quarter 2012



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Lehigh Valley, PA | Fourth Quarter 2012

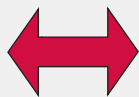


OVERALL TRENDS:

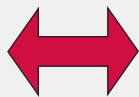
Vacancy Rate



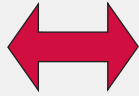
Net Absorption



Construction



Asking Rents



OVERVIEW:

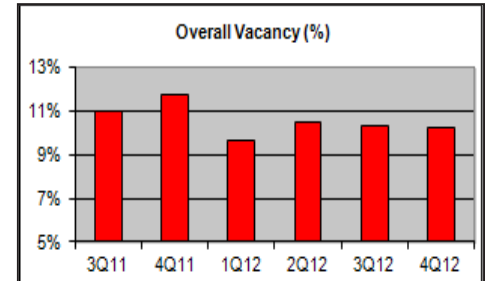
The Lehigh Valley is located in eastern Pennsylvania. The third largest in the state, this region is well situated, just 95 miles to New York City and 53 miles north of Philadelphia. The Lehigh Valley offers all of the amenities and more than its large urban neighbors.

Several factors make the Lehigh Valley an excellent location for business and industry. What fuels the growth in this region is experience in the area's 11 institutions of higher learning and its nationally recognized health care facilities.

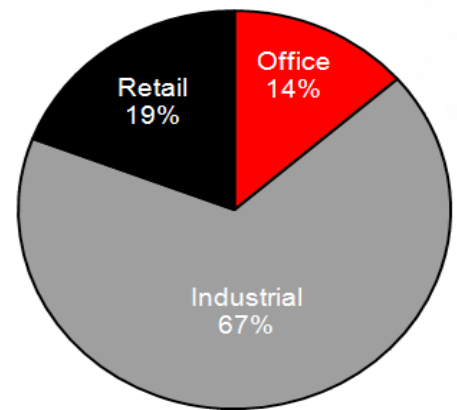
Due to its excellent highway infrastructure, rail service and the presence of an International airport, the Lehigh Valley market remains an attractive one to importers, exporters, manufacturers and high-tech companies. Developers are enticed to this area because of its abundant vacant land and favorable taxes.

An enterprising and diversified economy has led to higher income jobs, a growing and thriving population and tremendous commercial and industrial growth in this region. Some of the world's top companies call this area their home; Air Products and Chemicals, Inc; B. Braun Medical, Inc; Binney & Smith and Olympus America; just to name a few.

Historical Overall Vacancy (%)



Overall Market Inventory (SF)



Major Area Transactions

Transaction Type:	Building:	Size (SF) or (AC):	Submarket:
Sale - Office	Penn Corporate Center	74,000 SF	Bethlehem
Sale - Office	Winchester Corporate Center	80,000 SF	West End
Lease - Industrial	Riverside Business Center	29,000 SF	Whitehall
Lease - Industrial	Majestic Bethlehem Center	800,000 SF	Downtown Bethlehem
Lease - Industrial	2655 Moravian Ave	22,562 SF	Saucon Area
Sale - Industrial	4225 Fritch Drive	16,000 SF	Airport
Sale - Land	10 Emery Street - Lot 3	30.69 AC	Downtown Bethlehem
Sale - Office	1610 Emmaus Ave	33,184 SF	Saucon Area
Sale - Industrial	469 Schantz Rd	13,000 SF	Allentown
Lease - Industrial	Liberty Business Center	516,800 SF	Breinigsville

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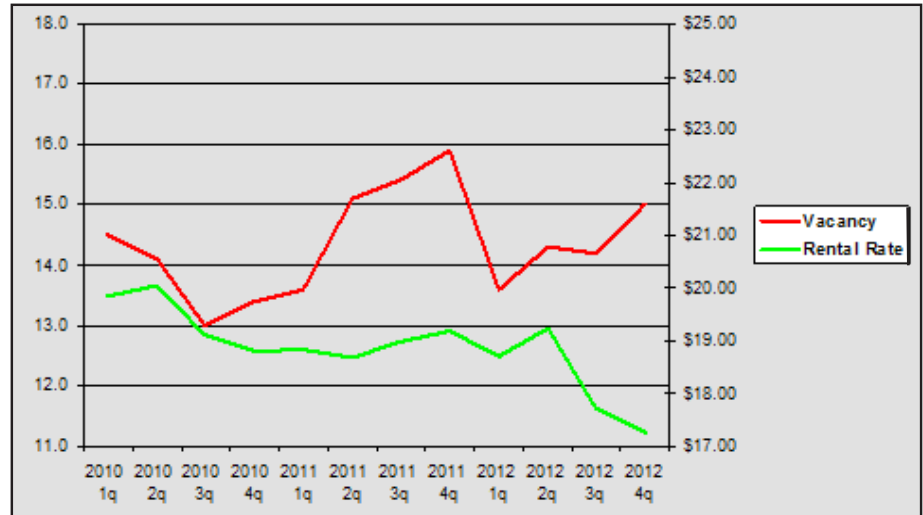
CLASS A & B OFFICE

Availability Report:

EXISTING RBA: 11,443,045 sq. ft.
 LEASED: 9,726,588 sq. ft.
 LEASED PERCENTAGE: 85.0%
 AVAILABLE: 1,716,457 sq. ft.
 AVAILABLE PERCENTAGE: 15.0%

Rental Rate Report:

DIRECT GROSS RENT
 OFFICE RANGE: \$7.50-\$28.33/YR
 OFFICE AVERAGE: \$17.25/YR



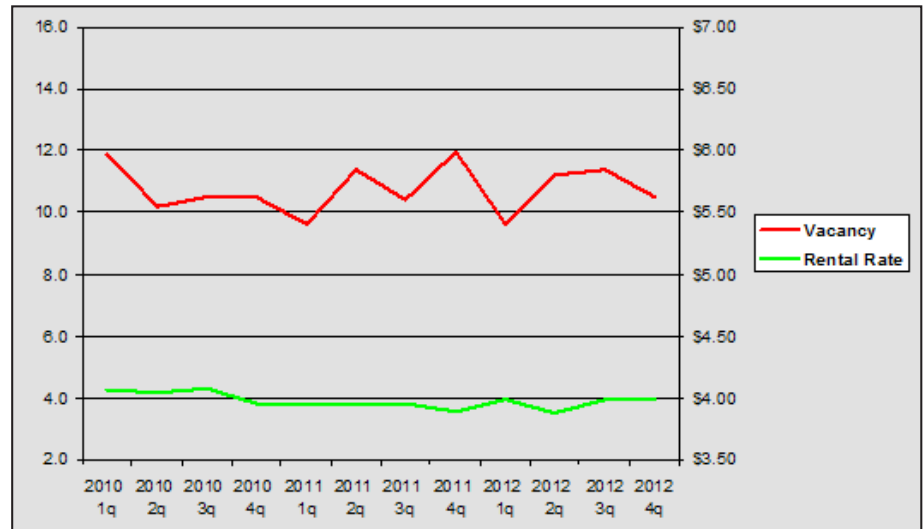
INDUSTRIAL

Availability Report:

EXISTING RBA: 56,801,599 sq. ft.
 LEASED: 50,837,431 sq. ft.
 LEASED PERCENTAGE: 89.5%
 AVAILABLE: 5,964,168 sq. ft.
 AVAILABLE PERCENTAGE: 10.5%

Rental Rate Report:

DIRECT NET RENT
 INDUSTRIAL RANGE: \$2.25-\$10.30/YR
 INDUSTRIAL AVERAGE: \$3.99/YR



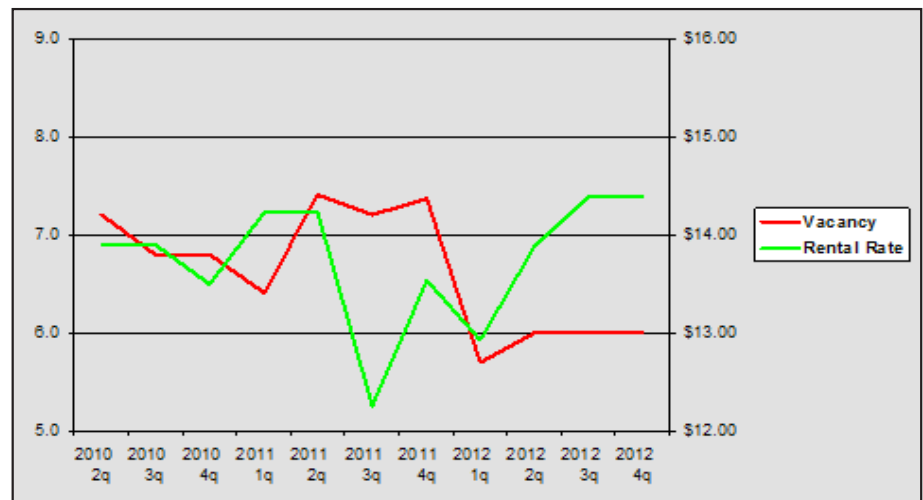
RETAIL

Availability Report:

EXISTING RBA: 16,173,913 sq. ft.
 LEASED: 15,203,478 sq. ft.
 LEASED PERCENTAGE: 94.0%
 AVAILABLE: 970,435 sq. ft.
 AVAILABLE PERCENTAGE: 6.0%

Rental Rate Report:

DIRECT NET RENT
 RETAIL RANGE: \$6.05-\$26.43/YR
 RETAIL AVERAGE: \$14.39/YR



Lehigh Valley, PA

Methodology/Definitions/Sub Market Map



Absorption (Net)

The change in occupied space in a given time period.

Available Square Footage

Net rentable area considered available for lease; excludes sublease space.

Average Asking Rental Rate

Rental rate as quoted from each building's owner/management company, For office space, a full service rate was requested; for retail, a triple net rate requested; for industrial, a NN basis.

Building Class

Class A Product is office Space of steel and concrete construction, built after 1980, quality tenants, excellent amenities & premium rates. Class B product is office Space built after 1980, fair to good finishes & wide range of tenants.

Direct Vacancy

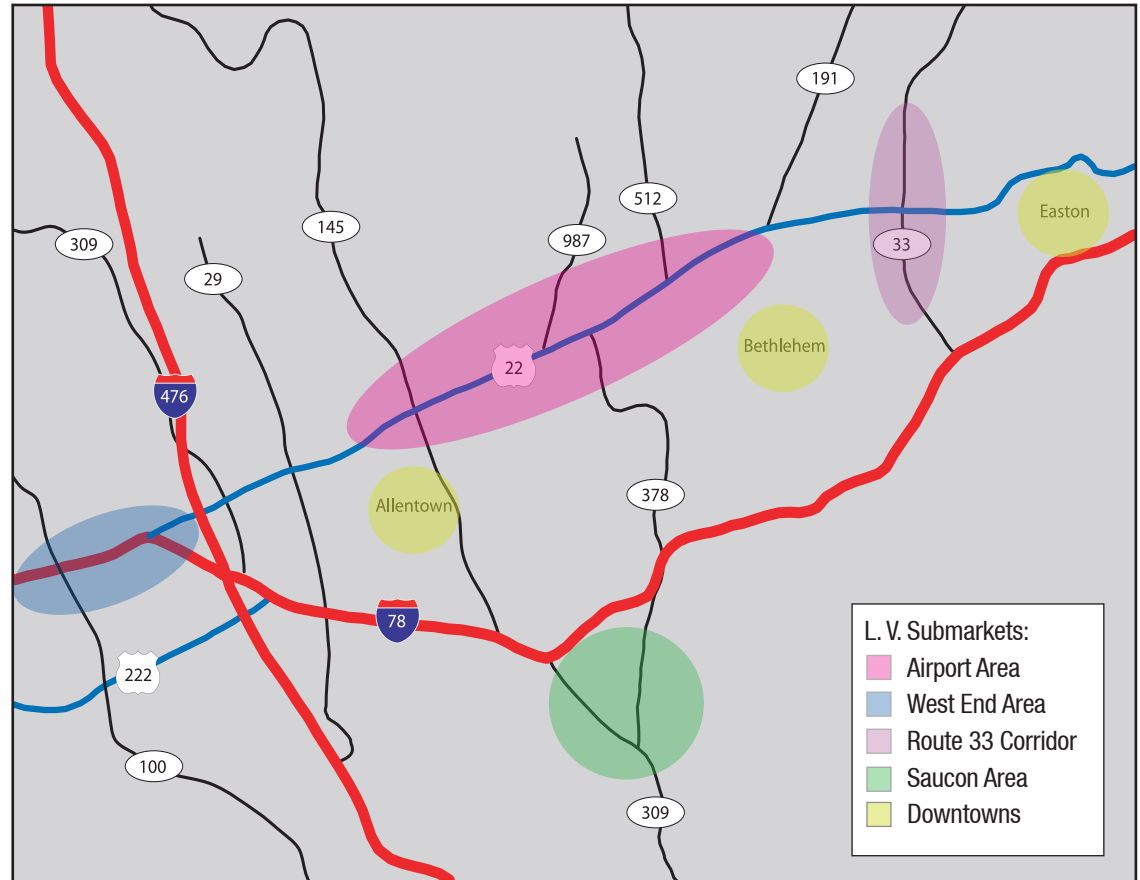
Space currently available for lease directly with the landlord or building owner.

Market Size

Includes all existing buildings (office, office condo, office loft, office medical, all classes and all sizes, both multi-tenant and single-tenant, excluding owner-occupied buildings) within each market.

Overall Vacancy

All unoccupied lease space, either direct or sublease.



SF/PSF

Square foot/per square foot, used as a unit of measurement.

Sublease

Arrangement in which a tenant leases rental property to another, and the tenant becomes the landlord to the subtenant.

Sublease Space

Total square footage being marketed for lease by the tenant. Sublease space is not considered in the overall occupancy or absorption numbers - only direct leases are included.

Sublease Vacancy

Space currently available in the market for sublease with an existing tenant within a building acting as the landlord.

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