

Quarterly Market Report

Lehigh Valley | Q2 2014

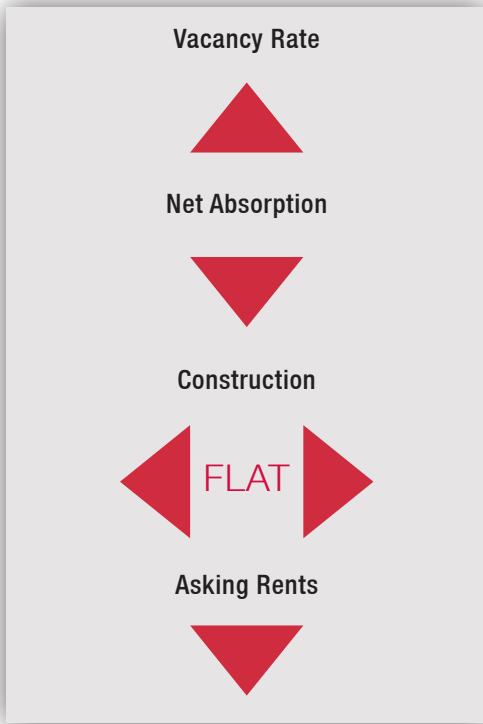


NAI Summit

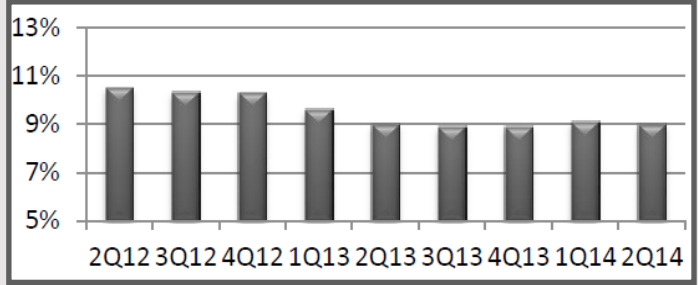
RETAIL • OFFICE • MEDICAL • INDUSTRIAL • MIXED USE • LAND • INVESTMENT

CONTACT NAI SUMMIT | 610.264.0200 | 3435 WINCHESTER RD., SUITE 300, ALLENTOWN, PA 18104 | WWW.NAISUMMIT.COM

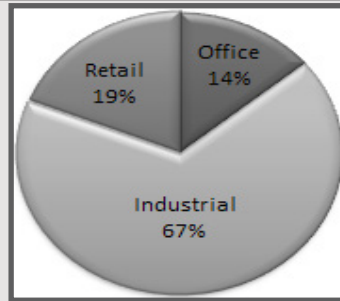
Overall Trends



Historical Overall Vacancy



Overall Market Inventory (SF)



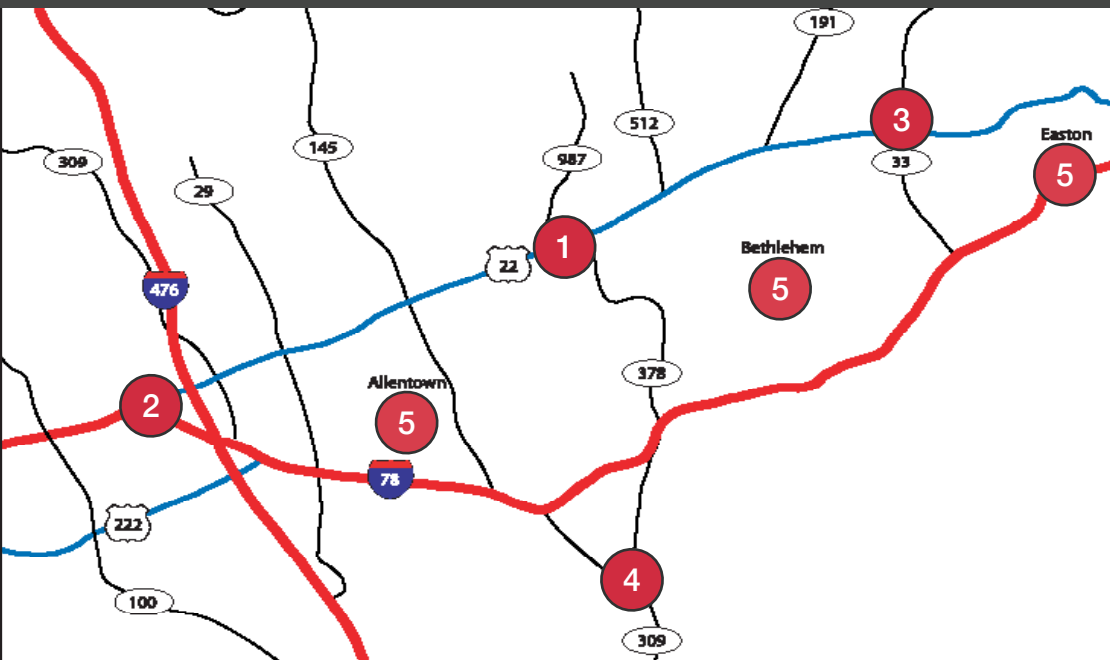
OVERVIEW:

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; Crayola and Olympus America; just to name a few.



LEHIGH VALLEY SUBMARKETS

- 1 Airport Area
- 2 West End Area
- 3 Route 33 Corridor
- 4 Saucon Area
- 5 Downtowns

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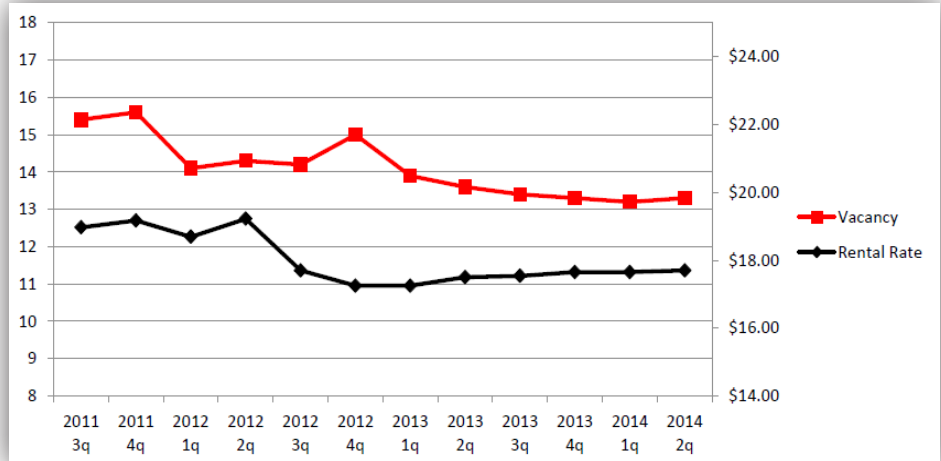
CLASS A & B OFFICE

Availability Report:

EXISTING RBA: 12,422,598 sq. ft.
 LEASED: 10,671,012 sq. ft.
 LEASED PERCENTAGE: 85.9%
 AVAILABLE: 1,751,586 sq. ft.
 AVAILABLE PERCENTAGE: 14.1%

Rental Rate Report:

DIRECT GROSS RENT
 OFFICE RANGE: \$8.15-\$28.33/YR
 OFFICE AVERAGE: \$17.85/YR



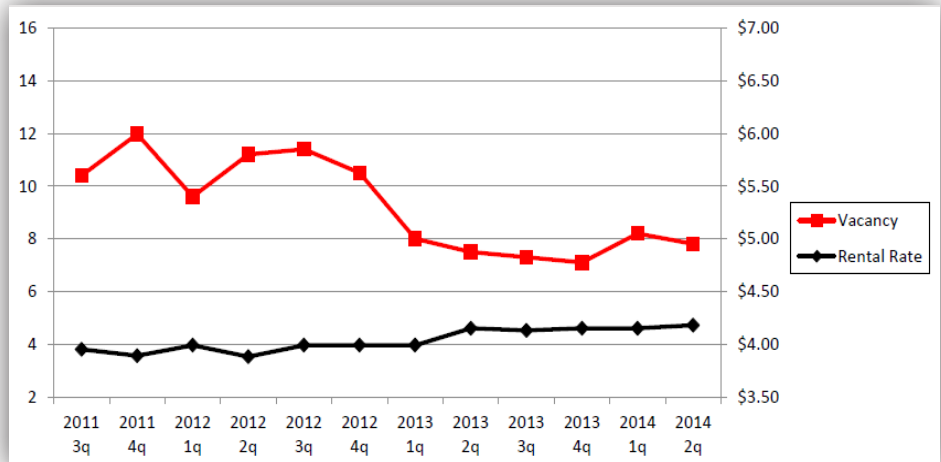
INDUSTRIAL

Availability Report:

EXISTING RBA: 59,704,156 sq. ft.
 LEASED: 55,644,273 sq. ft.
 LEASED PERCENTAGE: 93.2%
 AVAILABLE: 4,059,883 sq. ft.
 AVAILABLE PERCENTAGE: 6.8%

Rental Rate Report:

DIRECT NET RENT
 INDUSTRIAL RANGE: \$2.50-\$10.30/YR
 INDUSTRIAL AVERAGE: \$4.18/YR



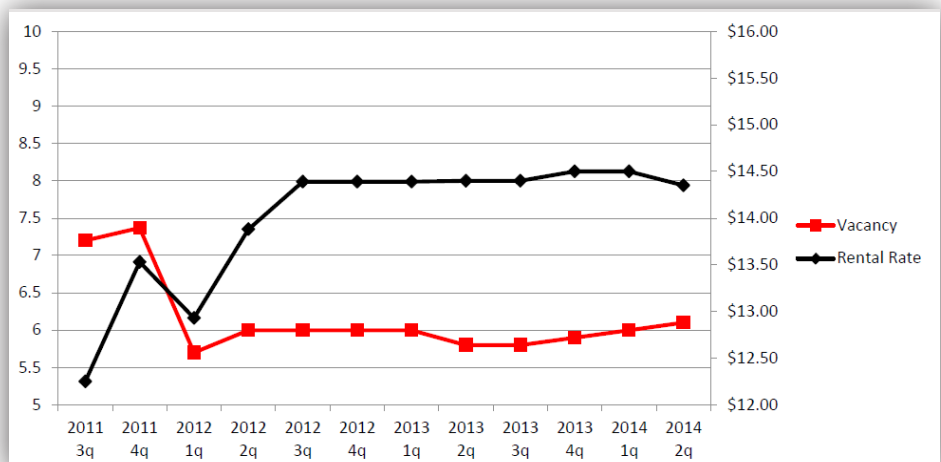
RETAIL

Availability Report:

EXISTING RBA: 16,199,090 sq. ft.
 LEASED: 15,210,946 sq. ft.
 LEASED PERCENTAGE: 93.9%
 AVAILABLE: 988,144 sq. ft.
 AVAILABLE PERCENTAGE: 6.1%

Rental Rate Report:

DIRECT NET RENT
 RETAIL RANGE: \$6.15-\$26.43/YR
 RETAIL AVERAGE: \$14.35/YR



Top Transactions of 2014

Sale

5690 Lower Macungie Road

Submarket: Macungie
Sale Date: 3.2014
Property Type: Industrial
Agent: Mike Adams

95 Highland Avenue

Submarket: Bethlehem
Sale Date: 7.2014
Property Type: Distressed Office
Agent: John Crampsie, SIOR

1243 Easton Road

Submarket: Warrington
Sale Date: 2.2014
Square Feet: 20,000
Property Type: Distressed Office + Pad Site
Agent: John Crampsie, SIOR

951 Marcon Boulevard

Submarket: Allentown
Sale Date: 4.2014
Square Feet: 22,836
Property Type: Office
Agent: Matt Dorman + John Crampsie, SIOR

3155 Schoenersville Road

Submarket: Bethlehem
Sale Date: 1.2014
Square Feet: 42,000
Property Type: Medical Office
Agent: Frank Smith, CCIM, CPM

Lease

2202 Hangar Place LP

Submarket: Allentown
Tenant: The Wasserstrom Company
Square Feet: 66,495
Bldg. Type: Industrial
Agent: Frank Smith, CCIM, CPM

6584 Ruch Road

Submarket: Bethlehem
Tenant: Winside Industrial Group
Square Feet: 14,400
Bldg. Type: Industrial
Agent: Mike Adams

200 Cascade Drive (2 transactions)

Submarket: Allentown
Tenant: WEL & Davis Bottling Company
Square Feet: 66,928 & 52,000
Bldg. Type: Industrial/Flex
Agent: Mike Adams

Two City Center

Submarket: Allentown
Tenant: Cenduit LLC
Square Feet: 13,509
Bldg. Type: Office
Agent: Mike Adams

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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. 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.