

Berks County, Pennsylvania



Contact

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Metropolitan Area Economic Overview

POPULATION

Total Est. 2007	405,113
Population Growth Index – 2012	0.96
Income Index	0.99
Affordability Index	1.12
Education Index	0.83
Age Index	1.05

EMPLOYMENT

Total Est. 2007	168,665
Office Index	0.93
Health Services Index	0.79
Government Index	0.69
Retail Services Index	0.95
Wholesale Index	0.89

For Berks County, Pennsylvania, the issue going into 2008 is the flattening of the residential market and the effect it will have on commercial sectors. While Municipal Comprehensive Plans have documented that Berks County is projected to grow 20% by 2030, which equates for over 30,000 new residential units that currently do not exist today, it is unlikely to begin that surge this year. Many projects, including Bryne Eyre, a 3,200 acre, 12,500-square-foot lot to be a mixed-use, master planned community is temporarily sidelined. Berks' residential prices had risen in recent years but not to the same degree neighboring markets to the east and should bounce lightly then return to healthy status.

Three major shopping centers and numerous strip centers totaling over 1 million square feet in GLA will begin construction or be completed in 2007 and 2008. Retail remains strong even in light of the residential downturn. Rental rates are static for existing centers and have increased for new centers.

The emergence of technology sectors, financial services, plastics, and food related businesses are rivaling the established battery and metal industries that have been the backbone of the local economy. There have been a few plant closings including Hershey and Tyco; however, the diversified fabricating, assembly and production plants remain strong. These add to the Carpenter Technology presence, which produces high alloy and specialty steel. DEKA continues its growth and position as the world's leading battery producer employing over 3,900 workers in its 2.5 million-square-foot Lyon's Station facility.

Industrial inventory remains low and most new construction is tied to owner-users as landlords recognize that rental rates have not yet caught up with the rising costs of new construction. Permitting and entitlements are increasingly more expensive and time consuming but remain a bargain as opposed to other Northeast States. Big-box distribution centers have proven more effective and leading industrial developers have reacted in Berks County. The I-78 and Rt. 61 corridor's have over 3 million feet planned with more coming on I-78. Over half of the Reading area transportation budget is slated for I-78 improvements in 2008.

The Healthcare boom of 2006 and 2007, which topped \$300 million in investment, has led to the planned development of a private hospital for the Spring Ridge area. In addition, the outsourcing of administrative and insurance functions has helped increase office leasing.

Office leasing and lease rates are relatively flat and office sales remain in demand and short in supply. Construction costs have pushed sale rates into the \$200 to \$250 per square foot range.

Downtown Reading is being revitalized with over \$59 million invested in 2006 with four more projects underway. Watch for positive growth changes in FTZ #147, which is a 1,130 acre Foreign Trade Zone spread out in several areas of the County with the largest being centered around the Reading Regional Airport. The local Industrial Development Authority is in planning stages for a Technology Park here.

Berks County At A Glance

(Rent/Square foot/Year)

DOWNTOWN OFFICE

	Low	High	Effective Avg.	Vacancy
New Construction (AAA)	\$ 15.50	\$ 18.00	\$ 17.00	N/A
Class A (Prime)	\$ 10.00	\$ 17.00	\$ 13.50	6.4%
Class B (Secondary)	\$ 8.00	\$ 15.00	\$ 12.00	15.8%

SUBURBAN OFFICE

New Construction (AAA)	\$ 18.50	\$ 21.00	\$ 19.00	1.0%
Class A (Prime)	\$ 17.50	\$ 19.50	\$ 17.75	10.5%
Class B (Secondary)	\$ 14.50	\$ 17.50	\$ 15.75	15.7%

INDUSTRIAL

Bulk Warehouse	\$ 3.60	\$ 4.75	\$ 4.10	11.5%
Manufacturing	\$ 3.50	\$ 4.50	\$ 3.95	12.3%
High Tech/R&D	\$ 5.50	\$ 8.30	\$ 7.25	4.0%

RETAIL

Downtown	\$ 12.50	\$ 16.00	\$ 13.25	8.0%
Neighborhood Service Centers	\$ 16.00	\$ 21.50	\$ 18.25	4.0%
Community Power Center	\$ 13.00	\$ 18.00	\$ 15.25	8.0%
Regional Malls	\$ 13.25	\$ 16.70	\$ 15.00	11.0%

DEVELOPMENT LAND

	Low	High
Office in CBD (per buildable SF)	\$ 6	\$ 8
Land in Office Parks (per acre)	\$ 175,000	\$ 250,000
Land in Industrial Parks (per acre)	\$ 75,000	\$ 110,000
Office/Industrial Land - Non-park (per acre)	\$ 62,500	\$ 187,500
Retail/Commercial Land (per acre)	\$ 155,000	\$ 1,220,000
Residential (per acre)	\$ 25,000	\$ 80,000