

Lehigh Valley Commercial Real Estate

Each quarter, LVEDC prepares and distributes a Lehigh Valley Commercial Real Estate Report, which provides information about the region's office, industrial, and flex markets. For Q4 2017, the report has been included with the LVEDC 2017 Annual Report, providing a year-end outlook of the real estate climate in the Lehigh Valley.

SNAPSHOT: INDUSTRIAL MARKET

MARKET SUMMARY

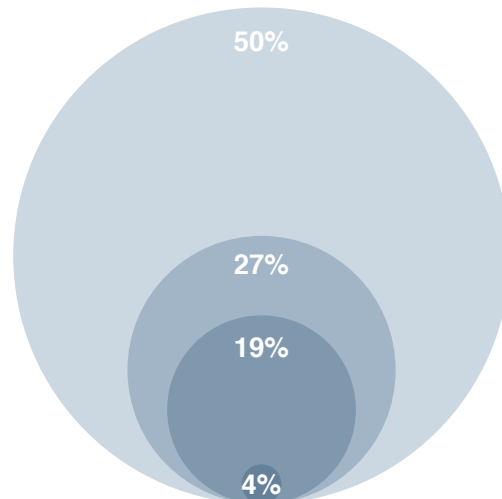
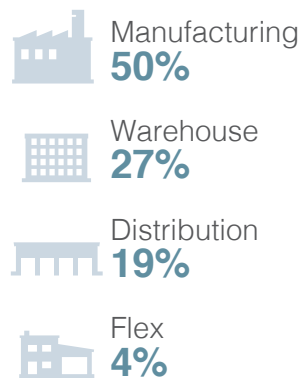
Total industrial building inventory grew by 1.7 percent in 2017. The nine projects under construction represent 5.5 million additional square feet.



116.4 Million Total Inventory (SF)	2.7 Million 2017 Net Absorption (SF)	2.8 Million 2017 Deliveries (SF)	5.5 Million Total Under Construction (SF)
1.7% Inventory Net Growth	4.7% Vacancy Rate	\$5.68 Average Asking Rent	13.1% YOY Rent Growth

Source: CoStar, LVEDC Research

Industrial Buildings by Use Type



Source: LVEDC Research

The Lehigh Valley has added nearly **20 million square feet of industrial and flex building space** in the last five years.

Year	Added Space
2017	3.8 million
2016	7.3 million
2015	4.2 million
2014	4.0 million
2013	0.5 million

Source: CoStar

Market Spotlight on Small-Footprint Industrial Buildings (40,000 to 80,000 square feet)

MARKET SUMMARY

Small-footprint buildings suitable for manufacturers are a significant need. Few have been built in recent years. With available buildings almost fully occupied, average rent has increased by 23 percent in the last five years.

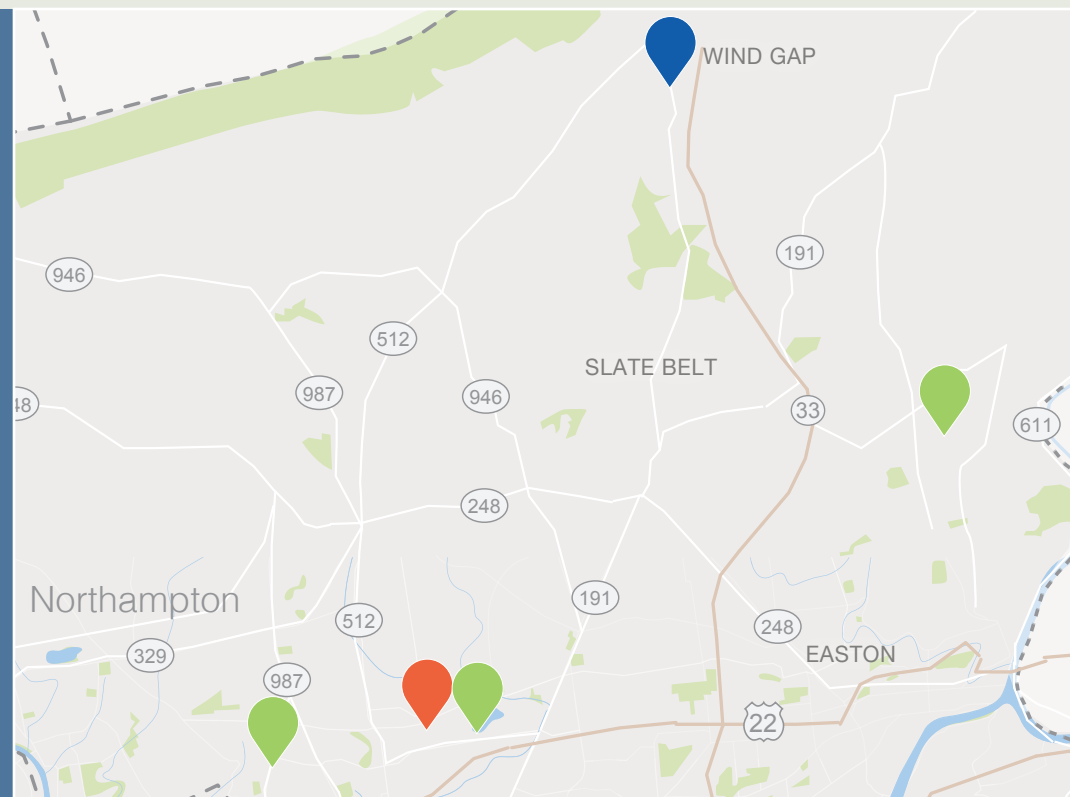
	Total Inventory (SF)	Building Occupancy	Average Rent (NNN) per SF
2013	13.1 million	94.7%	\$4.60
2014	13.1 million	95.2%	\$4.68
2015	13.1 million	96.4%	\$4.90
2016	13.1 million	95.2%	\$5.50
2017	13.3 million	96.0%	\$5.48

Source: CoStar

Small-Footprint Industrial Building Pipeline

- **2017 Deliveries (3)**
4300 Braden Boulevard, Forks Township
2535 Brodhead Road, Bethlehem Township
4482 Innovation Way, Hanover Township
(Northampton)
- **Under Construction (1)**
5000 Township Line Road, Hanover Township
(Northampton)
- **Proposed (1)**
1403 Jacobsburg Road, Bushkill Township

Source: CoStar, Northampton County Real Estate Tax Records, LVEDC Research



SNAPSHOT: INDUSTRIAL MARKET

MARKET SUMMARY

Overall office vacancy decreased from 9.5 percent to 7.7 percent in 2017. Class A office space vacancy dropped from 15.4 percent to 10.1 percent.



26.3 Million Total Inventory (SF)	625K 2017 Net Absorption (SF)	181K 2017 Deliveries (SF)	288K Total Under Construction (SF)
0.7% Inventory Net Growth	7.7% Vacancy Rate	\$15.80 Average Asking Rent	6% YOY Rent Growth

Source: CoStar, LVEDC Research

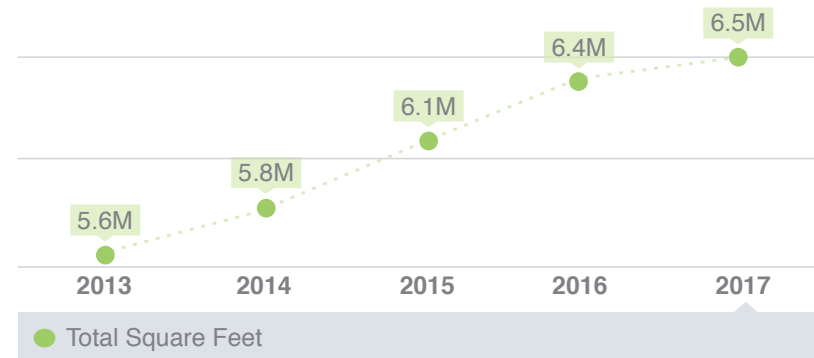
Average Asking Rent for Class A Office Space (\$/SF)

New York City Metro	\$75.08
Washington, D.C.	\$60.16
D.C. Suburbs	\$33.39
Charlotte, NC	\$32.02
Philadelphia	\$31.72
Long Island, NY	\$30.71
Northern New Jersey	\$30.40
Raleigh-Durham, NC	\$30.17
Philly Suburbs	\$29.62
Lehigh Valley	\$18.60



Source: Colliers International

Lehigh Valley Class A Office Space Inventory (SF)



Even with the addition of more than 900,000 square feet of Class A office space in the last five years, the vacancy rate in that period has decreased from 17 percent to 10 percent.

Source: CoStar

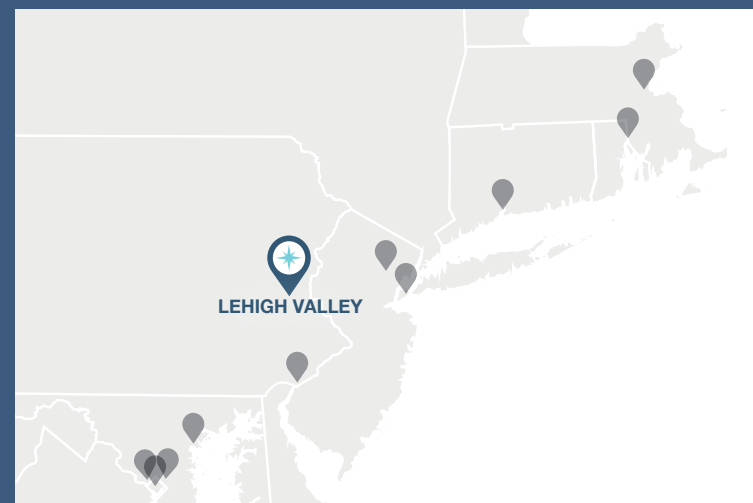
Lehigh Valley Comparative Data

Compared with other metropolitan areas in the Northeast, the cost to live in the Lehigh Valley is significantly lower.

Cost of Living

9% <	Baltimore
10% <	Philadelphia & New Haven, CT
14% <	Providence, RI
14% <	Northern New Jersey
25% <	Bethesda, MD
27% <	Boston & Arlington, VA
32% <	Washington, DC
42% <	Brooklyn

Source: Council for Community and Economic Research



Lehigh Valley Labor & Talent Supply Data

Average Wages for 10 Common Occupations in the Lehigh Valley

Software Application Developers	\$97,780
Computer Systems Analysts	\$88,000
Accountants and Auditors	\$75,020
Registered Nurses	\$67,190
Chemical Technicians	\$54,090
Industrial Machinery Mechanics	\$48,580
Machinists	\$42,100
Computer-Controlled Machine Operators	\$37,680
Customer Service Representatives	\$34,430
Freight, Stock and Material Movers	\$30,080

Source: Bureau of Labor Statistics

Degrees Awarded by Lehigh Valley Colleges, Universities & Technical Schools

Program	2-Year & Certificate	4-Year / Postgraduate
Business Administration & Management	136	671
Nursing	292	248
Finance & Accounting	1	468
Psychology	28	321
Medical & Clinical Assistant	299	0
Criminal Justice / Public Safety	200	85
Biological Sciences	51	200
Mechanical Engineering	0	224

Source: Jobs EQ (Data for 2015-16 academic year)