

# THE CoSTAR INDUSTRIAL REPORT

MID-YEAR 2011

## Philadelphia Industrial Market



# PHILADELPHIA INDUSTRIAL MARKET



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## METHODOLOGY

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The CoStar Industrial Report calculates Industrial statistics using CoStar Group's base of existing, under construction and under renovation Industrial buildings in each given metropolitan area. All Industrial building types are included, including warehouse, flex / research & development, distribution, manufacturing, industrial showroom, and service buildings, in both single-tenant and multi-tenant buildings, including owner-occupied buildings. CoStar Group's national database includes approximately 71.7 billion square feet of coverage in 3 million properties. All rental rates reported in the CoStar Industrial Report are calculated using the quoted rental rate for each property. The quoted rental rate is exclusive of the expense pass through associated with the rent.

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## TERMS & DEFINITIONS

**Availability Rate:** The ratio of available space to total rentable space, calculated by dividing the total available square feet by the total rentable square feet.

**Available Space:** The total amount of space that is currently being marketed as available for lease in a given time period. It includes any space that is available, regardless of whether the space is vacant, occupied, available for sublease, or available at a future date.

**Build-to-Suit:** A term describing a particular property, developed specifically for a certain tenant to occupy, with structural features, systems, or improvement work designed specifically for the needs of that tenant. A build-to-suit can be leased or owned by the tenant. In a leased build-to-suit, a tenant will usually have a long term lease on the space.

**Buyer:** The individual, group, company, or entity that has purchased a commercial real estate asset.

**Cap Rate:** Short for capitalization rate. The Cap Rate is a calculation that reflects the relationship between one year's net operating income and the current market value of a particular property. The Cap Rate is calculated by dividing the annual net operating income by the sales price (or asking sales price).

**CBD:** Abbreviation for Central Business District. (See also: Central Business District)

**Central Business District:** The designations of Central Business District (CBD) and Suburban refer to a particular geographic area within a metropolitan statistical area (MSA) describing the level of real estate development found there. The CBD is characterized by a high density, well organized core within the largest city of a given MSA.

**Class A:** A classification used to describe buildings that generally qualify as extremely desirable investment-grade properties and command the highest rents or sale prices compared to other buildings in the same market. Such buildings are well located and provide efficient tenant layouts as well as high quality, and in some buildings, one-of-a-kind floor plans. They can be an architectural or historical landmark designed by prominent architects. These buildings contain a modern mechanical system, and have above-average maintenance and management as well as the best quality materials and workmanship in their trim and interior fittings. They are generally the most attractive and eagerly sought by investors willing to pay a premium for quality.

**Class B:** A classification used to describe buildings that generally qualify as a more speculative investment, and as such, command lower rents or sale prices compared to Class A properties. Such buildings offer utilitarian space without special attractions, and have ordinary design, if new or fairly new; good to excellent design if an older non-landmark building. These buildings typically have average to good maintenance, management and tenants. They are less appealing to tenants than Class A properties, and may be deficient in a number of respects including floor plans, condition and facilities. They lack prestige and must depend chiefly on a lower price to attract tenants and investors.

**Class C:** A classification used to describe buildings that generally qualify as no-frills, older buildings that offer basic space and command lower rents or sale prices compared to other buildings in the same market. Such buildings typically have below-average maintenance and management, and could have mixed or low tenant prestige, inferior elevators, and/or mechanical/electrical systems. These buildings lack prestige and must depend chiefly on a lower price to attract tenants and investors.

**Construction Starts:** Buildings that began construction during a specific period of time. (See also: Deliveries)

**Contiguous Blocks of Space:** Space within a building that is, or is able to be joined together into a single contiguous space.

**Deliveries:** Buildings that complete construction during a specified period of time. In order for space to be considered delivered, a certificate of occupancy must have been issued for the property.

**Delivery Date:** The date a building completes construction and receives a certificate of occupancy.

**Developer:** The company, entity or individual that transforms raw land to improved property by use of labor, capital and entrepreneurial efforts.

**Direct Space:** Space that is being offered for lease directly from the landlord or owner of a building, as opposed to space being offered in a building by another tenant (or broker of a tenant) trying to sublet a space that has already been leased.

**Existing Inventory:** The square footage of buildings that have received a certificate of occupancy and are able to be occupied by tenants. It does not include space in buildings that are either planned, under construction or under renovation.

**Flex Building:** A type of building designed to be versatile, which may be used in combination with office (corporate headquarters), research and development, quasi-retail sales, and including but not limited to industrial, warehouse, and distribution uses. A typical flex building will be one or two stories with at least half of the rentable area being used as office space, have ceiling heights of 16 feet or less, and have some type of drive-in door, even though the door may be glassed in or sealed off.

**Full Service Rental Rate:** Rental rates that include all operating expenses such as utilities, electricity, janitorial services, taxes and insurance.

**Gross Absorption:** The total change in occupied space over a given period of time, counting space that is occupied but not space that is vacated by tenants. Gross absorption differs from leasing Activity, which is the sum of all space leased over a certain period of time. Unless otherwise noted Gross Absorption includes direct and sublease space.

**Growth in Inventory:** The change in size of the existing square footage in a given area over a given period of time, generally due to the construction of new buildings.

**Industrial Building:** A type of building adapted for such uses as the assemblage, processing, and/or manufacturing of products from raw materials or fabricated parts. Additional uses include warehousing, distribution, and maintenance facilities. The primary purpose of the space is for storing, producing, assembling, or distributing product.

**Landlord Rep:** (Landlord Representative) In a typical lease transaction between an owner/landlord and tenant, the broker that represents the interests of the owner/landlord is referred to as the Landlord Rep.

**Leased Space:** All the space that has a financial lease obligation. It includes all leased space, regardless of whether the space is currently occupied by a tenant. Leased space also includes space being offered for sublease.

**Leasing Activity:** The volume of square footage that is committed to and signed under a lease obligation for a specific building or market in a given period of time. It includes direct leases, subleases and renewals of existing leases. It also includes any pre-leasing activity in planned, under construction, or under renovation buildings.

**Market:** Geographic boundaries that serve to delineate core areas that are competitive with each other and constitute a generally accepted primary competitive set of areas. Markets are building-type specific, and are non-overlapping contiguous geographic designations having a cumulative sum that matches the boundaries of the entire Region (See also: Region). Markets can be further subdivided into Submarkets. (See also: Submarkets)

**Multi-Tenant:** Buildings that house more than one tenant at a given time. Usually, multi-tenant buildings were designed and built to accommodate many different floor plans and designs for different tenant needs. (See also: Tenancy).

**Net Absorption:** The net change in occupied space over a given period of time. Unless otherwise noted Net Absorption includes direct and sublease space.

**Net Rental Rate:** A rental rate that excludes certain expenses that a tenant could incur in occupying office space. Such expenses are expected to be paid directly by the tenant and may include janitorial costs, electricity, utilities, taxes, insurance and other related costs.

**New Space:** Sometimes called first generation space, refers to space that has never been occupied and/or leased by a tenant.

**Occupied Space:** Space that is physically occupied by a tenant. It does not include leased space that is not currently occupied by a tenant.

**Office Building:** A type of commercial building used exclusively or primarily for office use (business), as opposed to manufacturing, warehousing, or other uses. Office buildings may sometimes have other associated uses within part of the building, i.e., retail sales, financial, or restaurant, usually on the ground floor.

**Owner:** The company, entity, or individual that holds title on a given building or property.

**Planned/Proposed:** The status of a building that has been announced for future development but not yet started construction.

**Preleased Space:** The amount of space in a building that has been leased prior to its construction completion date, or certificate of occupancy date.

**Price/SF:** Calculated by dividing the price of a building (either sales price or asking sales price) by the Rentable Building Area (RBA).

**Property Manager:** The company and/or person responsible for the day-to-day operations of a building, such as cleaning, trash removal, etc. The property manager also makes sure that the various systems within the building, such as the elevators, HVAC, and electrical systems, are functioning properly.

**Quoted Rental Rate:** The asking rate per square foot for a particular building or unit of space by a broker or property owner. Quoted rental rates may differ from the actual rates paid by tenants following the negotiation of all terms and conditions in a specific lease.

**RBA:** Abbreviation for Rentable Building Area. (See also: Rentable Building Area)

**Region:** Core areas containing a large population nucleus, that together with adjacent communities have a high degree of economic and social integration. Regions are further divided into market areas, called Markets. (See also: Markets)

**Relet Space:** Sometimes called second generation or direct space, refers to existing space that has previously been occupied by another tenant.

**Rentable Building Area:** (RBA) The total square footage of a building that can be occupied by, or assigned to a tenant for the purpose of determining a tenant's rental obligation. Generally RBA includes a percentage of common areas including all hallways, main lobbies, bathrooms, and telephone closets.

**Rental Rates:** The annual costs of occupancy for a particular space quoted on a per square foot basis.

**Sales Price:** The total dollar amount paid for a particular property at a particular point in time.

**Sales Volume:** The sum of sales prices for a given group of buildings in a given time period.

**Seller:** The individual, group, company, or entity that sells a particular commercial real estate asset.

**SF:** Abbreviation for Square Feet.

**Single-Tenant:** Buildings that are occupied, or intended to be occupied by a single tenant. (See also: Build-to-suit and Tenancy)

**Sublease Space:** Space that has been leased by a tenant and is being offered for lease back to the market by the tenant with the lease obligation. Sublease space is sometimes referred to as sublet space.

**Submarkets:** Specific geographic boundaries that serve to delineate a core group of buildings that are competitive with each other and constitute a generally accepted primary competitive set, or peer group. Submarkets are building type specific (office, industrial, retail, etc.), with distinct boundaries dependent on different factors relevant to each building type. Submarkets are non-overlapping, contiguous geographic designations having a cumulative sum that matches the boundaries of the Market they are located within (See also: Market).

**Suburban:** The Suburban and Central Business District (CBD) designations refer to a particular geographic area within a metropolitan statistical area (MSA). Suburban is defined as including all office inventory not located in the CBD. (See also: CBD)

**Tenancy:** A term used to indicate whether or not a building is occupied by multiple tenants (See also: Multi-tenant) or a single tenant. (See also: Single-tenant)

**Tenant Rep:** Tenant Rep stands for Tenant Representative. In a typical lease transaction between an owner/landlord and tenant, the broker that represents the interests of the tenant is referred to as a Tenant Rep.

**Time On Market:** A measure of how long a currently available space has been marketed for lease, regardless of whether it is vacant or occupied.

**Under Construction:** The status of a building that is in the process of being developed, assembled, built or constructed. A building is considered to be under construction after it has begun construction and until it receives a certificate of occupancy.

**Vacancy Rate:** A measurement expressed as a percentage of the total amount of physically vacant space divided by the total amount of existing inventory. Under construction space generally is not included in vacancy calculations.

**Vacant Space:** Space that is not currently occupied by a tenant, regardless of any lease obligation that may be on the space. Vacant space could be space that is either available or not available. For example, sublease space that is currently being paid for by a tenant but not occupied by that tenant, would be considered vacant space. Likewise, space that has been leased but not yet occupied because of finish work being done, would also be considered vacant space.

**Weighted Average Rental Rate:** Rental rates that are calculated by factoring in, or weighting, the square footage associated with each particular rental rate. This has the effect of causing rental rates on larger spaces to affect the average more than that of smaller spaces. The weighted average rental rate is calculated by taking the ratio of the square footage associated with the rental rate on each individual available space to the square footage associated with rental rates on all available spaces, multiplying the rental rate by that ratio, and then adding together all the resulting numbers. Unless specifically specified otherwise, rental rate averages include both Direct and Sublet available spaces.

**Year Built:** The year in which a building completed construction and was issued a certificate of occupancy.

**YTD:** Abbreviation for Year-to-Date. Describes statistics that are cumulative from the beginning of a calendar year through whatever time period is being studied.

## PHILADELPHIA INDUSTRIAL MARKET



## OVERVIEW

## PHILADELPHIA'S VACANCY DECREASES TO 9.1% Net Absorption Positive 2,817,425 SF in the Quarter

The Philadelphia Industrial market ended the second quarter 2011 with a vacancy rate of 9.1%. The vacancy rate was down over the previous quarter, with net absorption totaling positive 2,817,425 square feet in the second quarter. Vacant sublease space increased in the quarter, ending the quarter at 2,942,552 square feet. Rental rates ended the second quarter at \$4.41, a decrease over the previous quarter. A total of two buildings delivered to the market in the quarter totaling 858,336 square feet, with 827,535 square feet still under construction at the end of the quarter.

### Absorption

Net absorption for the overall Philadelphia Industrial market was positive 2,817,425 square feet in the second quarter 2011. That compares to positive 2,912,948 square feet in the first quarter 2011, positive 5,205,362 square feet in the fourth quarter 2010, and positive 2,161,380 square feet in the third quarter 2010.

Tenants moving out of large blocks of space in 2011 include: Converting Solutions moving out of (140,000) square feet at 105 Commerce Dr., Advanced H2O LLC moving out of (133,055) square feet at 1091 Arnold Rd, and Dependable Distribution Service moving out of (215,360) square feet at 3250 S. 76th St.

Tenants moving into large blocks of space in 2011 include: Bay Valley Foods moving into 602,500 square feet at Key Distribution Center, Amazon moving into 483,200 square feet at 650 Boulder Dr., and Domtar Paper moving into 299,000 square feet at 16 E. Cabot Blvd.

The Flex building market recorded net absorption of positive 116,808 square feet in the second quarter 2011, compared

to positive 474,824 square feet in the first quarter 2011, positive 274,461 in the fourth quarter 2010, and negative (388,087) in the third quarter 2010.

The Warehouse building market recorded net absorption of positive 2,700,617 square feet in the second quarter 2011 compared to positive 2,438,124 square feet in the first quarter 2011, positive 4,930,901 in the fourth quarter 2010, and positive 2,549,467 in the third quarter 2010.

### Vacancy

The Industrial vacancy rate in the Philadelphia market area decreased to 9.1% at the end of the second quarter 2011. The vacancy rate was 9.4% at the end of the first quarter 2011, 9.7% at the end of the fourth quarter 2010, and 10.1% at the end of the third quarter 2010.

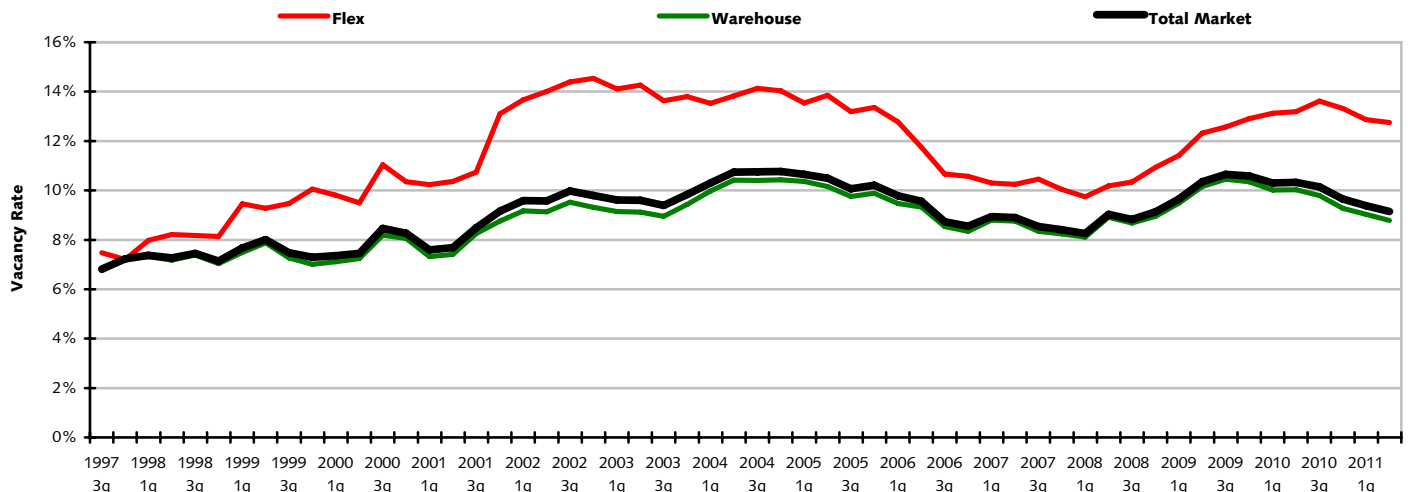
Flex projects reported a vacancy rate of 12.7% at the end of the second quarter 2011, 12.9% at the end of the first quarter 2011, 13.3% at the end of the fourth quarter 2010, and 13.6% at the end of the third quarter 2010.

Warehouse projects reported a vacancy rate of 8.8% at the end of the second quarter 2011, 9.0% at the end of first quarter 2011, 9.3% at the end of the fourth quarter 2010, and 9.8% at the end of the third quarter 2010.

### Largest Lease Signings

The largest lease signings occurring in 2011 included: the 314,521-square-foot lease signed by Communications Test Design, Inc at 200 W Stewart Huston Dr in the Suburban Philadelphia market; the 299,000-square-foot deal signed by Domtar Paper at 16 E Cabot Blvd in the Suburban Philadelphia

## VACANCY RATES BY BUILDING TYPE 1997-2011



Source: CoStar Property®

market; and the 270,000-square-foot lease signed by Affinia at 62 Green Mountain Rd in the I-81 Corridor market.

### Sublease Vacancy

The amount of vacant sublease space in the Philadelphia market increased to 2,942,552 square feet by the end of the second quarter 2011, from 2,862,075 square feet at the end of the first quarter 2011. There was 3,684,606 square feet vacant at the end of the fourth quarter 2010 and 3,676,201 square feet at the end of the third quarter 2010.

Philadelphia's Flex projects reported vacant sublease space of 613,697 square feet at the end of second quarter 2011, down from the 622,430 square feet reported at the end of the first quarter 2011. There were 938,166 square feet of sublease space vacant at the end of the fourth quarter 2010, and 879,946 square feet at the end of the third quarter 2010.

Warehouse projects reported increased vacant sublease space from the first quarter 2011 to the second quarter 2011. Sublease vacancy went from 2,239,645 square feet to 2,328,855 square feet during that time. There was 2,746,440 square feet at the end of the fourth quarter 2010, and 2,796,255 square feet at the end of the third quarter 2010.

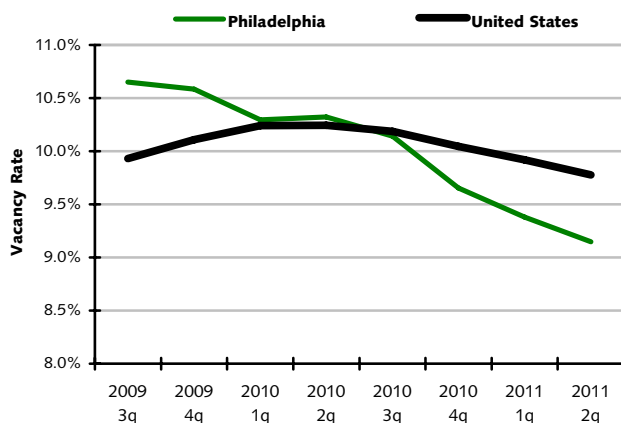
### Rental Rates

The average quoted asking rental rate for available Industrial space was \$4.41 per square foot per year at the end of the second quarter 2011 in the Philadelphia market area. This represented a 0.5% decrease in quoted rental rates from the end of the first quarter 2011, when rents were reported at \$4.43 per square foot.

The average quoted rate within the Flex sector was \$8.45 per square foot at the end of the second quarter 2011, while Warehouse rates stood at \$4.00. At the end of the first quarter 2011, Flex rates were \$8.70 per square foot, and Warehouse rates were \$4.01.

## U.S. VACANCY COMPARISON

### Past 8 Quarters



Source: CoStar Property\*

### Deliveries and Construction

During the second quarter 2011, two buildings totaling 858,336 square feet were completed in the Philadelphia market area. This compares to three buildings totaling 215,000 square feet that were completed in the first quarter 2011, three buildings totaling 402,000 square feet completed in the fourth quarter 2010, and 465,000 square feet in one building completed in the third quarter 2010.

There were 827,535 square feet of Industrial space under construction at the end of the second quarter 2011.

Some of the notable 2011 deliveries include: Ollie's Bargain Outlet Distribution Center, a 603,000-square-foot facility that delivered in second quarter 2011 and is now 100% occupied, and Penn Jersey (PJP), a 255,336-square-foot building that delivered in second quarter 2011 and is now 100% occupied.

The largest projects underway at the end of second quarter 2011 were Philadelphia Regional Produce Market, a 667,000-square-foot building with 100% of its space pre-leased, and 4050 S 26th St, a 51,577-square-foot facility that is 43% pre-leased.

### Inventory

Total Industrial inventory in the Philadelphia market area amounted to 994,409,374 square feet in 18,405 buildings as of the end of the second quarter 2011. The Flex sector consisted of 91,668,534 square feet in 3,469 projects. The Warehouse sector consisted of 902,740,840 square feet in 14,936 buildings. Within the Industrial market there were 2,234 owner-occupied buildings accounting for 213,287,395 square feet of Industrial space.

### Sales Activity

Tallying industrial building sales of 15,000 square feet or larger, Philadelphia industrial sales figures fell during the first quarter 2011 in terms of dollar volume compared to the fourth quarter of 2010.

In the first quarter, 51 industrial transactions closed with a total volume of \$189,318,270. The 51 buildings totaled 4,692,349 square feet and the average price per square foot equated to \$40.35 per square foot. That compares to 68 transactions totaling \$508,351,900 in the fourth quarter. The total square footage was 6,625,489 for an average price per square foot of \$76.73.

Total year-to-date industrial building sales activity in 2011 is up compared to the previous year. In the first three months of 2011, the market saw 51 industrial sales transactions with a total volume of \$189,318,270. The price per square foot has averaged \$40.35 this year. In the first three months of 2010, the market posted 38 transactions with a total volume of \$87,170,148. The price per square foot averaged \$35.18.

Cap rates have been lower in 2011, averaging 9.34%, compared to the first three months of last year when they averaged 9.83%.

# PHILADELPHIA INDUSTRIAL MARKET



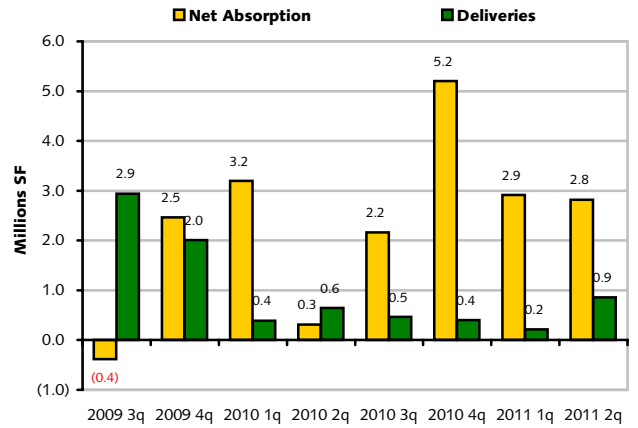
## OVERVIEW

One of the largest transactions that has occurred within the last four quarters in the Philadelphia market is the sale of 1150 Commerce Rd in Logan Township. This 599,500-square-foot industrial building sold for \$35,500,000, or \$59.22 per square foot. The property sold on 11/30/2010, at a 7.39% cap rate.

Reports compiled by Bill Baumgardner, Senior Research Manager.

## ABSORPTION & DELIVERIES

### Past 8 Quarters



Source: CoStar Property\*

## CoSTAR MARKETS

In analyzing metropolitan areas in the U.S., CoStar has developed geographic designations to help group properties together, called Regions, Markets and Submarkets. Regions are the equivalent of metropolitan areas, or areas containing a large population nucleus, that together with adjacent communities have a high degree of economic and social integration. Regions are then divided into Markets, which are core areas within a metropolitan area that are known to be competitive with each other in terms of attracting and keeping tenants. Markets are then further subdivided into smaller units called Submarkets, which serve to delineate a core group of buildings that are competitive with each other and constitute a generally accepted competitive set, or peer group.

Markets
Central Pennsylvania Ind
Delaware Ind
I-81 Corridor Ind
Lehigh Valley Ind
North Philadelphia Ind
Southern New Jersey Ind
Southwest Philly Ind
Suburban Philadelphia Ind

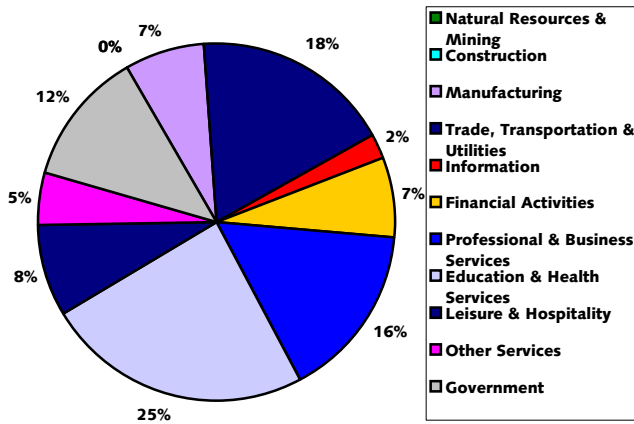
# PHILADELPHIA INDUSTRIAL MARKET



## EMPLOYMENT AND TENANT

### TOTAL EMPLOYMENT BY INDUSTRY

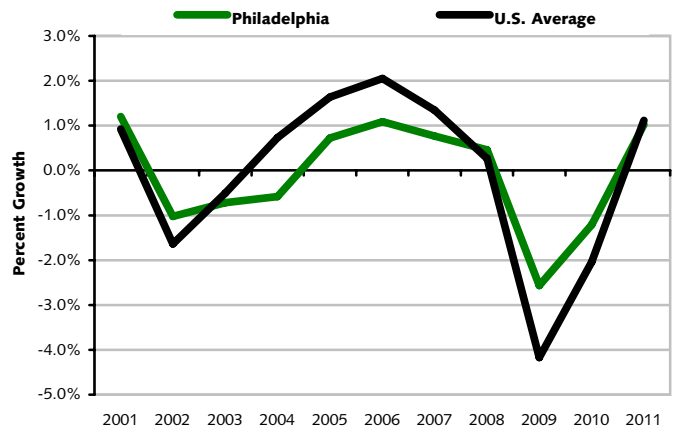
Percent of Total Employment by Industry



Source: Department of Labor, Bureau of Labor Statistics

### TOTAL EMPLOYMENT GROWTH

Total Number of Jobs Added Per Year



Source: Department of Labor, Bureau of Labor Statistics

### TOTAL EMPLOYMENT GROWTH

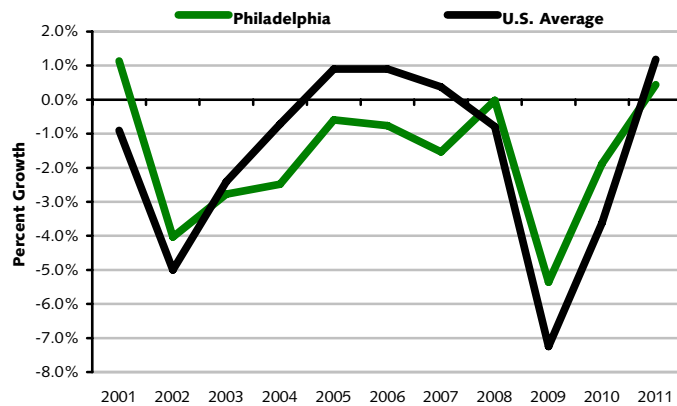
Cumulative Growth in Jobs Over the Past 5 Years

Market	Employment Growth	Inventory Growth	Difference
Atlanta	-16.00%	4.80%	-20.80%
Chicago	-10.40%	5.00%	-15.40%
Dallas/Ft Worth	1.50%	5.00%	-3.50%
Denver	-9.20%	4.20%	-13.40%
Detroit	-20.80%	1.00%	-21.80%
Houston	7.80%	9.60%	-1.80%
Inland Empire (California)	-20.40%	15.40%	-35.80%
Los Angeles	-15.20%	1.60%	-16.80%
Northern New Jersey	-8.60%	2.40%	-11.00%
Pittsburgh	-4.40%	2.80%	-7.20%
Philadelphia	-9.40%	5.80%	-15.20%

Source: Department of Labor, Bureau of Labor Statistics

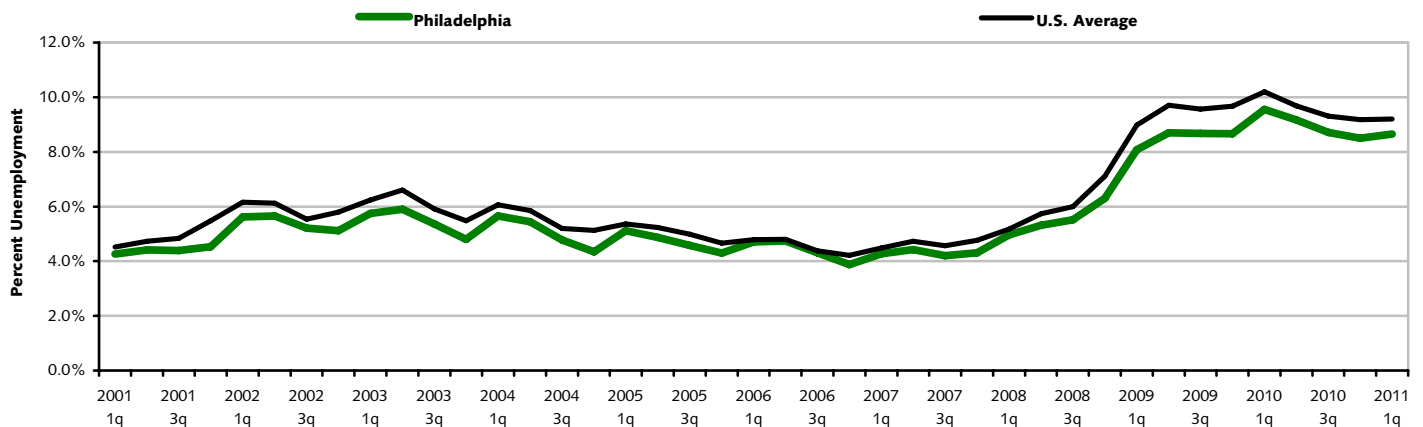
### INDUSTRIAL\* EMPLOYMENT GROWTH

Number of Industrial\* Jobs Added Per Year



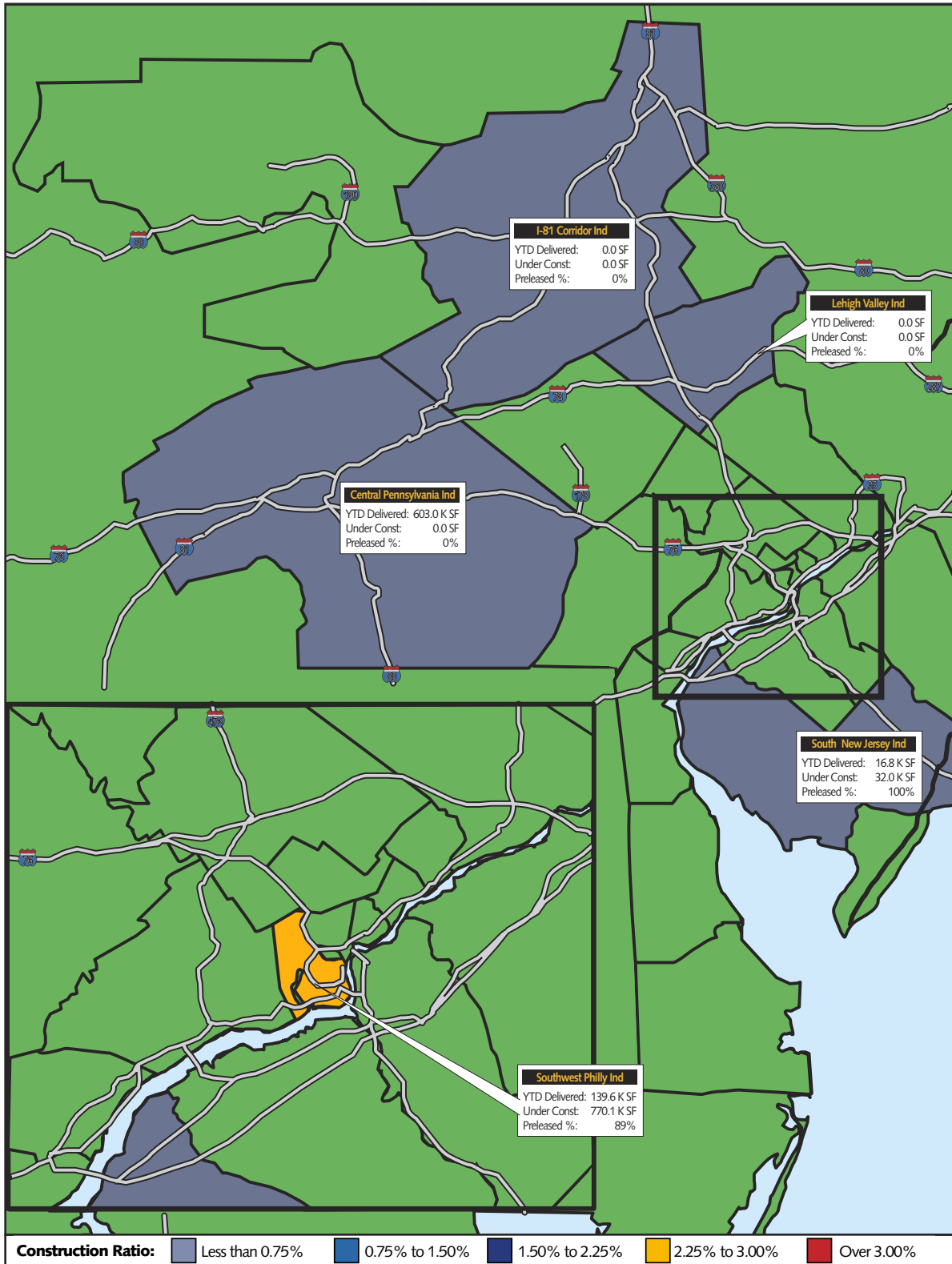
Source: Department of Labor, Bureau of Labor Statistics. \* Industrial employment is defined as jobs in the Manufacturing, and Trade, Transportation & Utilities industries

### HISTORICAL UNEMPLOYMENT RATES



Source: Department of Labor, Bureau of Labor Statistics

## CONSTRUCTION HIGHLIGHTS IN SELECT CoSTAR MARKETS Color Coded by Under Construction Square Footage as a Percentage of Existing Inventory



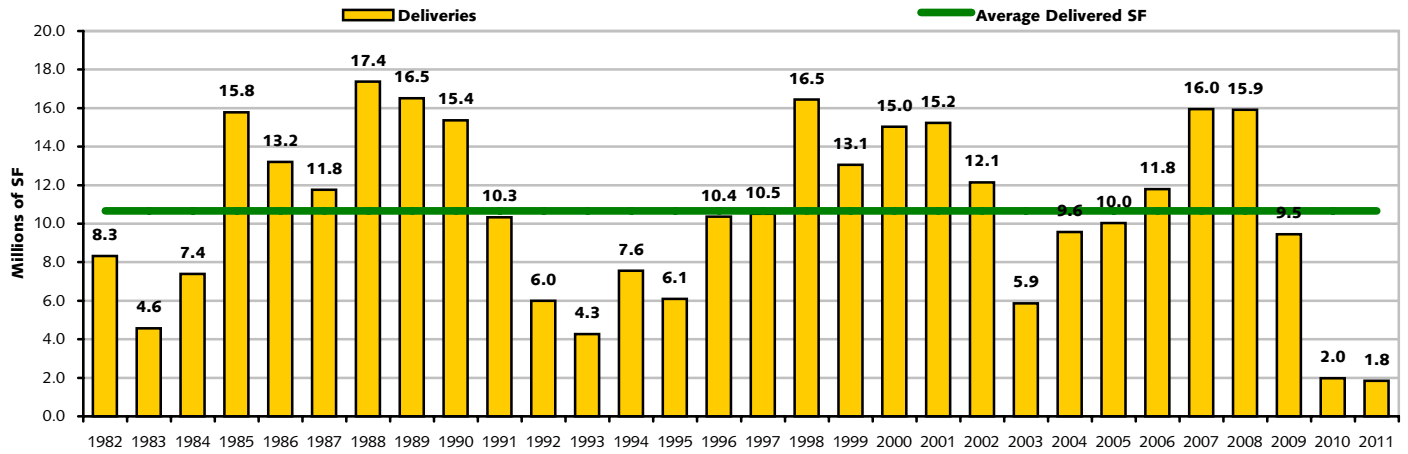
Source: CoStar Property®

# PHILADELPHIA INDUSTRIAL MARKET



## INVENTORY & DEVELOPMENT

### HISTORICAL DELIVERIES 1982 - 2011



Source: CoStar Property® \* Future deliveries based on current under construction buildings.

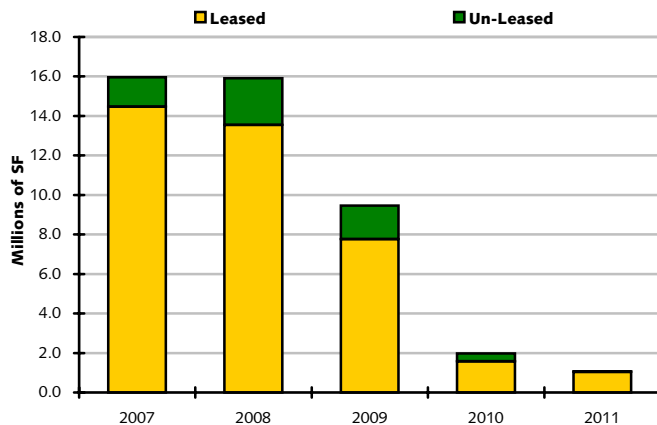
### CONSTRUCTION ACTIVITY Markets Ranked by Under Construction RBA

Market	Under Construction Inventory				Average Bldg Size	
	# Bldgs	Total RBA	Preleased SF	Preleased %	All Existing	U/C
Southwest Philly Ind	3	770,137	689,178	89.5%	53,030	256,712
Southern New Jersey Ind	2	32,046	32,046	100.0%	43,933	16,023
Suburban Philadelphia Ind	1	25,352	19,268	76.0%	41,692	25,352
Delaware Ind	0	0	0	0.0%	41,409	0
Lehigh Valley Ind	0	0	0	0.0%	59,267	0
Central Pennsylvania Ind	0	0	0	0.0%	79,852	0
I-81 Corridor Ind	0	0	0	0.0%	84,122	0
North Philadelphia Ind	0	0	0	0.0%	46,009	0
<b>Totals</b>	<b>6</b>	<b>827,535</b>	<b>740,492</b>	<b>89.5%</b>	<b>54,029</b>	<b>137,922</b>

Source: CoStar Property®

### RECENT DELIVERIES

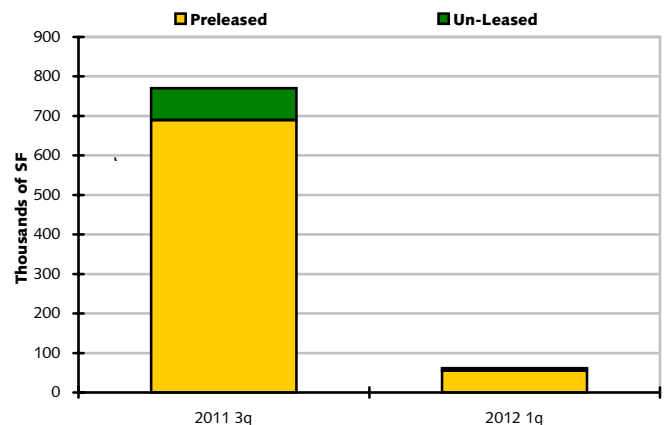
#### Leased & Un-Leased SF in Deliveries Since 2007



Source: CoStar Property®

### FUTURE DELIVERIES

#### Preleased & Un-Leased SF in Properties Scheduled to Deliver



Source: CoStar Property®

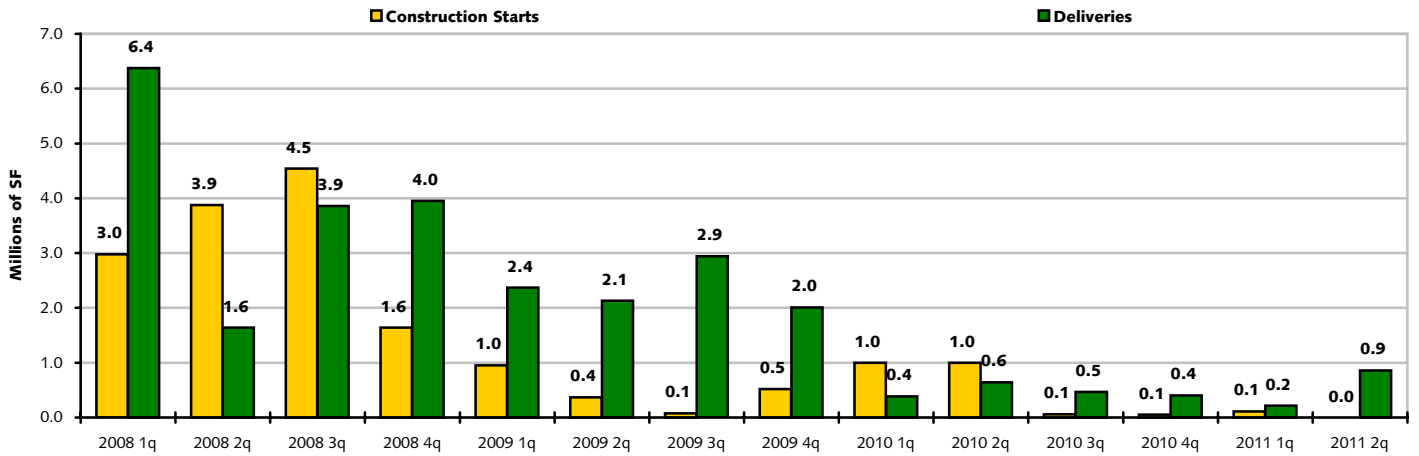


# PHILADELPHIA INDUSTRIAL MARKET

## INVENTORY & DEVELOPMENT

### HISTORICAL CONSTRUCTION STARTS & DELIVERIES

Square Footage Per Quarter Starting and Completing Construction



Source: CoStar Property®

### RECENT DELIVERIES BY PROJECT SIZE Breakdown of Year-to-Date Development Based on RBA of Project

Building Size	# Bldgs	RBA	SF Leased	% Leased	Avg Rate	Single-Tenant	Multi-Tenant
< 50,000 SF	1	16,800	16,800	100.0%	\$0.00	0	16,800
50,000 SF - 99,999 SF	1	58,590	23,436	40.0%	\$10.74	0	58,590
100,000 SF - 249,999 SF	1	139,610	139,610	100.0%	\$0.00	139,610	0
250,000 SF - 499,999 SF	1	255,336	255,336	100.0%	\$0.00	255,336	0
>= 500,000 SF	1	603,000	603,000	100.0%	\$0.00	603,000	0

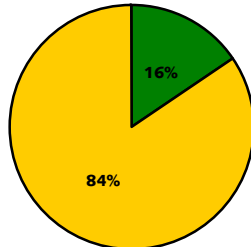
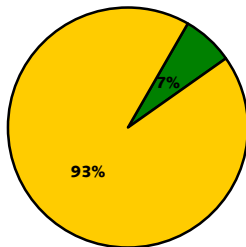
Source: CoStar Property®

### RECENT DEVELOPMENT BY TENANCY

Based on RBA Developed for Single & Multi-Tenant Use

2011 Deliveries

Currently Under Construction



■ Multi ■ Single

■ Multi ■ Single

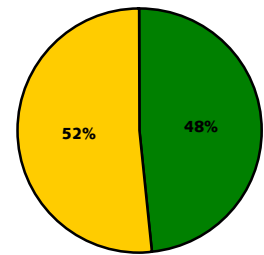
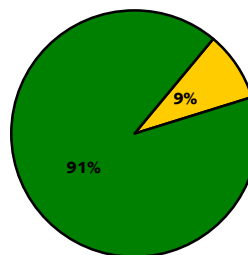
Source: CoStar Property®

### EXISTING INVENTORY COMPARISON

Based on Total RBA

By Building Type

By Tenancy Type



■ Flex ■ Warehouse

■ Multi ■ Single

Source: CoStar Property®

## PHILADELPHIA INDUSTRIAL MARKET



INVENTORY &amp; DEVELOPMENT

## SELECT YEAR-TO-DATE DELIVERIES

Based on Project Square Footage

- |  |   |   |
|--|---|---|
| <p>1. <b>Ollie's Bargain Outlet Distribution Center</b></p> <p>Submarket: <b>Central Pennsylvania Industrial Market</b><br/> RBA: <b>603,000</b><br/> Occupied: <b>100%</b><br/> Quoted Rate: <b>N/A</b><br/> Grnd Brk Date: <b>Second Quarter 2010</b><br/> Deliv Date: <b>Second Quarter 2011</b><br/> Leasing Co: <b>Kinsley Properties</b><br/> Developer: <b>Kinsley Properties</b></p> | <p>2. <b>Penn Jersey (PJP)</b></p> <p>Submarket: <b>North Philadelphia Industrial Market</b><br/> RBA: <b>255,336</b><br/> Occupied: <b>100%</b><br/> Quoted Rate: <b>N/A</b><br/> Grnd Brk Date: <b>Second Quarter 2010</b><br/> Deliv Date: <b>Second Quarter 2011</b><br/> Leasing Co: <b>N/A</b><br/> Developer: <b>N/A</b></p> | <p>3. <b>600 Packer Ave</b></p> <p>Submarket: <b>Southwest Philly Industrial Market</b><br/> RBA: <b>139,610</b><br/> Occupied: <b>100%</b><br/> Quoted Rate: <b>N/A</b><br/> Grnd Brk Date: <b>Second Quarter 2010</b><br/> Deliv Date: <b>First Quarter 2011</b><br/> Leasing Co: <b>Sysco Philadelphia, LLC</b><br/> Developer: <b>N/A</b></p> |
| <p>4. <b>10065 Sandmeyer Ln</b></p> <p>Submarket: <b>North Philadelphia Industrial Market</b><br/> RBA: <b>58,590</b><br/> Occupied: <b>40%</b><br/> Quoted Rate: <b>\$10.74</b><br/> Grnd Brk Date: <b>Third Quarter 2010</b><br/> Deliv Date: <b>First Quarter 2011</b><br/> Leasing Co: <b>V.I.V Association</b><br/> Developer: <b>N/A</b></p>   | <p>5. <b>Contractor's Corner</b></p> <p>Submarket: <b>Southern New Jersey Industrial Market</b><br/> RBA: <b>16,800</b><br/> Occupied: <b>100%</b><br/> Quoted Rate: <b>N/A</b><br/> Grnd Brk Date: <b>First Quarter 2010</b><br/> Deliv Date: <b>First Quarter 2011</b><br/> Leasing Co: <b>N/A</b><br/> Developer: <b>N/A</b></p> |   |

## SELECT TOP UNDER CONSTRUCTION PROPERTIES

Based on Project Square Footage

- |  |   |  |
|--|---|--|
| <p>1. <b>Philadelphia Regional Produce Market</b></p> <p>Submarket: <b>Southwest Philly Industrial Market</b><br/> RBA: <b>667,000</b><br/> Preleased: <b>100%</b><br/> Quoted Rate: <b>N/A</b><br/> Grnd Brk Date: <b>Third Quarter 2008</b><br/> Deliv Date: <b>Third Quarter 2011</b><br/> Leasing Co: <b>Essington Avenue Partners, LP</b><br/> Developer: <b>O'Neill Properties Group, L.P.</b></p> | <p>2. <b>4050 S 26th St</b></p> <p>Submarket: <b>Southwest Philly Industrial Market</b><br/> RBA: <b>51,577</b><br/> Preleased: <b>43%</b><br/> Quoted Rate: <b>Negotiable</b><br/> Grnd Brk Date: <b>First Quarter 2011</b><br/> Deliv Date: <b>Third Quarter 2011</b><br/> Leasing Co: <b>Liberty Property Trust</b><br/> Developer: <b>N/A</b></p> | <p>3. <b>4020 S 26th St</b></p> <p>Submarket: <b>Southwest Philly Industrial Market</b><br/> RBA: <b>51,560</b><br/> Preleased: <b>0%</b><br/> Quoted Rate: <b>Negotiable</b><br/> Grnd Brk Date: <b>Fourth Quarter 2010</b><br/> Deliv Date: <b>Third Quarter 2011</b><br/> Leasing Co: <b>Liberty Property Trust</b><br/> Developer: <b>N/A</b></p>    |
| <p>4. <b>100 Cento Blvd</b></p> <p>Submarket: <b>Southern New Jersey Industrial Market</b><br/> RBA: <b>29,838</b><br/> Preleased: <b>100%</b><br/> Quoted Rate: <b>N/A</b><br/> Grnd Brk Date: <b>First Quarter 2011</b><br/> Deliv Date: <b>First Quarter 2012</b><br/> Leasing Co: <b>Alanric Food Distb Inc N J Corp</b><br/> Developer: <b>N/A</b></p>  | <p>5. <b>401 Camars Dr</b></p> <p>Submarket: <b>Suburban Philadelphia Industrial Market</b><br/> RBA: <b>25,352</b><br/> Preleased: <b>76%</b><br/> Quoted Rate: <b>Negotiable</b><br/> Grnd Brk Date: <b>First Quarter 2011</b><br/> Deliv Date: <b>First Quarter 2012</b><br/> Leasing Co: <b>Glen Meadows Group</b><br/> Developer: <b>N/A</b></p> | <p>6. <b>1 Paradise Rd</b></p> <p>Submarket: <b>Southern New Jersey Industrial Market</b><br/> RBA: <b>3,774</b><br/> Preleased: <b>100%</b><br/> Quoted Rate: <b>N/A</b><br/> Grnd Brk Date: <b>First Quarter 2011</b><br/> Deliv Date: <b>First Quarter 2012</b><br/> Leasing Co: <b>Paradise Solar Urban Renewal L</b><br/> Developer: <b>N/A</b></p> |
| <p>7. <b>286 Mantua Grove Rd</b></p> <p>Submarket: <b>Southern New Jersey Industrial Market</b><br/> RBA: <b>2,208</b><br/> Preleased: <b>100%</b><br/> Quoted Rate: <b>N/A</b><br/> Grnd Brk Date: <b>First Quarter 2011</b><br/> Deliv Date: <b>First Quarter 2012</b><br/> Leasing Co: <b>CB Richard Ellis</b><br/> Developer: <b>N/A</b></p>   |   |  |



# PHILADELPHIA INDUSTRIAL MARKET

**FIGURES AT A GLANCE**

## FLEX MARKET STATISTICS

**Mid-Year 2011**

Market	Existing Inventory		Vacancy			YTD Net Absorption	YTD Deliveries	Under Const SF	Quoted Rates
	# Blds	Total RBA	Direct SF	Total SF	Vac %				
Central Pennsylvania Ind	363	10,724,882	1,163,841	1,286,351	12.0%	26,899	0	0	\$6.91
Delaware Ind	239	4,795,660	600,071	610,364	12.7%	(6,719)	0	0	\$6.25
I-81 Corridor Ind	79	2,835,358	102,292	102,292	3.6%	52,238	0	0	\$7.89
Lehigh Valley Ind	352	11,262,054	1,535,015	1,645,865	14.6%	33,799	0	0	\$9.62
North Philadelphia Ind	157	3,078,775	409,532	418,198	13.6%	79,184	58,590	0	\$9.60
Southern New Jersey Ind	981	20,641,484	2,140,887	2,172,787	10.5%	69,581	16,800	0	\$7.86
Southwest Philly Ind	38	1,174,666	548,273	548,273	46.7%	9,522	0	103,137	\$11.76
Suburban Philadelphia Ind	1,260	37,155,655	4,567,745	4,897,223	13.2%	327,128	0	0	\$9.11
<b>Totals</b>	<b>3,469</b>	<b>91,668,534</b>	<b>11,067,656</b>	<b>11,681,353</b>	<b>12.7%</b>	<b>591,632</b>	<b>75,390</b>	<b>103,137</b>	<b>\$8.45</b>

Source: CoStar Property®

## WAREHOUSE MARKET STATISTICS

**Mid-Year 2011**

Market	Existing Inventory		Vacancy			YTD Net Absorption	YTD Deliveries	Under Const SF	Quoted Rates
	# Blds	Total RBA	Direct SF	Total SF	Vac %				
Central Pennsylvania Ind	2,618	227,314,980	17,869,222	18,137,822	8.0%	1,360,320	603,000	0	\$3.69
Delaware Ind	832	39,553,432	4,223,948	4,335,714	11.0%	(149,136)	0	0	\$4.34
I-81 Corridor Ind	1,183	103,326,439	8,189,590	8,686,955	8.4%	457,255	0	0	\$3.16
Lehigh Valley Ind	1,844	118,888,459	11,391,429	12,074,947	10.2%	1,800,583	0	0	\$3.86
North Philadelphia Ind	1,820	87,881,122	9,554,530	9,607,786	10.9%	(75,150)	255,336	0	\$4.05
Southern New Jersey Ind	2,247	121,174,390	10,341,047	10,891,257	9.0%	345,667	0	32,046	\$3.78
Southwest Philly Ind	465	25,499,239	2,343,577	2,343,577	9.2%	167,385	139,610	667,000	\$5.55
Suburban Philadelphia Ind	3,927	179,102,779	13,026,698	13,190,838	7.4%	1,231,817	0	25,352	\$4.82
<b>Totals</b>	<b>14,936</b>	<b>902,740,840</b>	<b>76,940,041</b>	<b>79,268,896</b>	<b>8.8%</b>	<b>5,138,741</b>	<b>997,946</b>	<b>724,398</b>	<b>\$4.00</b>

Source: CoStar Property®

## TOTAL INDUSTRIAL MARKET STATISTICS

**Mid-Year 2011**

Market	Existing Inventory		Vacancy			YTD Net Absorption	YTD Deliveries	Under Const SF	Quoted Rates
	# Blds	Total RBA	Direct SF	Total SF	Vac %				
Central Pennsylvania Ind	2,981	238,039,862	19,033,063	19,424,173	8.2%	1,387,219	603,000	0	\$3.87
Delaware Ind	1,071	44,349,092	4,824,019	4,946,078	11.2%	(155,855)	0	0	\$4.54
I-81 Corridor Ind	1,262	106,161,797	8,291,882	8,789,247	8.3%	509,493	0	0	\$3.20
Lehigh Valley Ind	2,196	130,150,513	12,926,444	13,720,812	10.5%	1,834,382	0	0	\$4.29
North Philadelphia Ind	1,977	90,959,897	9,964,062	10,025,984	11.0%	4,034	313,926	0	\$4.27
Southern New Jersey Ind	3,228	141,815,874	12,481,934	13,064,044	9.2%	415,248	16,800	32,046	\$4.22
Southwest Philly Ind	503	26,673,905	2,891,850	2,891,850	10.8%	176,907	139,610	770,137	\$6.01
Suburban Philadelphia Ind	5,187	216,258,434	17,594,443	18,088,061	8.4%	1,558,945	0	25,352	\$5.58
<b>Totals</b>	<b>18,405</b>	<b>994,409,374</b>	<b>88,007,697</b>	<b>90,950,249</b>	<b>9.1%</b>	<b>5,730,373</b>	<b>1,073,336</b>	<b>827,535</b>	<b>\$4.41</b>

Source: CoStar Property®

## PHILADELPHIA INDUSTRIAL MARKET



FIGURES AT A GLANCE

## FLEX MARKET STATISTICS

Mid-Year 2011

Period	Existing Inventory		Vacancy			Net Absorption	Deliveries		UC Inventory		Quoted Rates
	# Blds	Total RBA	Direct SF	Total SF	Vac %		# Blds	Total RBA	# Blds	Total RBA	
2011 2q	3,469	91,668,534	11,067,656	11,681,353	12.7%	116,808	0	0	2	103,137	\$8.45
2011 1q	3,469	91,668,534	11,175,731	11,798,161	12.9%	474,824	2	75,390	2	103,137	\$8.70
2010 4q	3,467	91,593,144	11,259,429	12,197,595	13.3%	274,461	1	1,400	3	126,950	\$8.88
2010 3q	3,466	91,591,744	11,590,710	12,470,656	13.6%	(388,087)	0	0	3	76,790	\$8.96
2010 2q	3,466	91,591,744	11,235,059	12,082,569	13.2%	(34,022)	2	33,000	2	18,200	\$8.98
2010 1q	3,464	91,558,744	11,155,159	12,015,547	13.1%	(148,013)	4	62,043	3	49,800	\$8.97
2009	3,460	91,496,701	11,013,090	11,805,491	12.9%	(705,344)	26	1,233,067	6	95,043	\$9.35
2008	3,434	90,263,634	9,330,659	9,867,080	10.9%	(112,862)	23	772,694	18	757,847	\$9.93
2007	3,411	89,490,940	8,585,854	8,981,524	10.0%	1,409,211	27	1,062,146	19	620,979	\$9.62
2006	3,385	88,454,366	8,842,308	9,354,161	10.6%	3,183,722	30	1,050,490	23	838,069	\$9.42
2005	3,356	87,621,077	11,257,421	11,704,594	13.4%	1,217,753	31	1,073,267	23	868,411	\$8.84
2004	3,327	86,884,110	11,664,130	12,185,380	14.0%	571,746	32	1,052,094	21	745,400	\$7.93
2003	3,300	85,997,531	11,159,065	11,870,547	13.8%	974,670	14	457,867	25	890,274	\$8.41
2002	3,288	85,593,764	11,595,098	12,441,450	14.5%	252,884	42	1,759,383	13	516,267	\$9.43
2001	3,247	83,890,731	10,290,451	10,991,301	13.1%	(1,331,151)	30	1,092,708	34	1,519,569	\$7.92
2000	3,218	82,804,143	8,188,588	8,573,562	10.4%	1,655,344	51	2,154,110	30	1,045,605	\$8.19

Source: CoStar Property®

## WAREHOUSE MARKET STATISTICS

Mid-Year 2011

Period	Existing Inventory		Vacancy			Net Absorption	Deliveries		UC Inventory		Quoted Rates
	# Blds	Total RBA	Direct SF	Total SF	Vac %		# Blds	Total RBA	# Blds	Total RBA	
2011 2q	14,936	902,740,840	76,940,041	79,268,896	8.8%	2,700,617	2	858,336	4	724,398	\$4.00
2011 1q	14,936	902,187,614	79,176,642	81,416,287	9.0%	2,438,124	1	139,610	6	1,582,734	\$4.01
2010 4q	14,936	902,058,004	80,978,361	83,724,801	9.3%	4,930,901	2	400,600	4	1,664,946	\$4.05
2010 3q	14,936	901,668,484	85,469,927	88,266,182	9.8%	2,549,467	1	465,000	6	2,065,546	\$4.08
2010 2q	14,936	901,255,484	87,415,811	90,402,649	10.0%	345,906	2	611,589	7	2,530,546	\$4.11
2010 1q	14,935	900,647,434	87,198,886	90,140,505	10.0%	3,345,398	10	324,120	6	2,144,189	\$4.17
2009	14,925	900,323,314	90,243,557	93,161,783	10.3%	(5,254,128)	40	8,218,913	13	1,487,709	\$4.19
2008	14,886	892,234,714	77,257,894	79,819,055	8.9%	6,931,368	82	15,049,913	30	8,357,421	\$4.42
2007	14,814	877,794,755	71,300,317	72,310,464	8.2%	13,936,061	68	14,767,224	57	11,279,584	\$4.44
2006	14,752	863,591,431	70,729,712	72,043,201	8.3%	21,620,924	73	10,408,755	56	13,081,047	\$4.46
2005	14,706	854,398,117	83,081,938	84,470,811	9.9%	11,350,614	66	8,513,639	58	10,905,728	\$4.41
2004	14,653	846,877,865	86,699,389	88,301,173	10.4%	(2,280,165)	70	8,178,469	56	6,300,173	\$4.08
2003	14,596	840,082,774	77,112,383	79,225,917	9.4%	3,296,470	57	5,094,312	52	7,138,655	\$4.05
2002	14,549	835,317,855	75,065,253	77,757,468	9.3%	3,969,869	80	9,751,978	44	5,270,200	\$3.93
2001	14,473	825,910,877	69,454,395	72,320,359	8.8%	5,787,285	99	13,659,269	63	10,578,594	\$4.04
2000	14,383	813,343,504	63,782,373	65,540,271	8.1%	2,552,988	108	12,278,654	84	13,882,771	\$3.86

Source: CoStar Property®

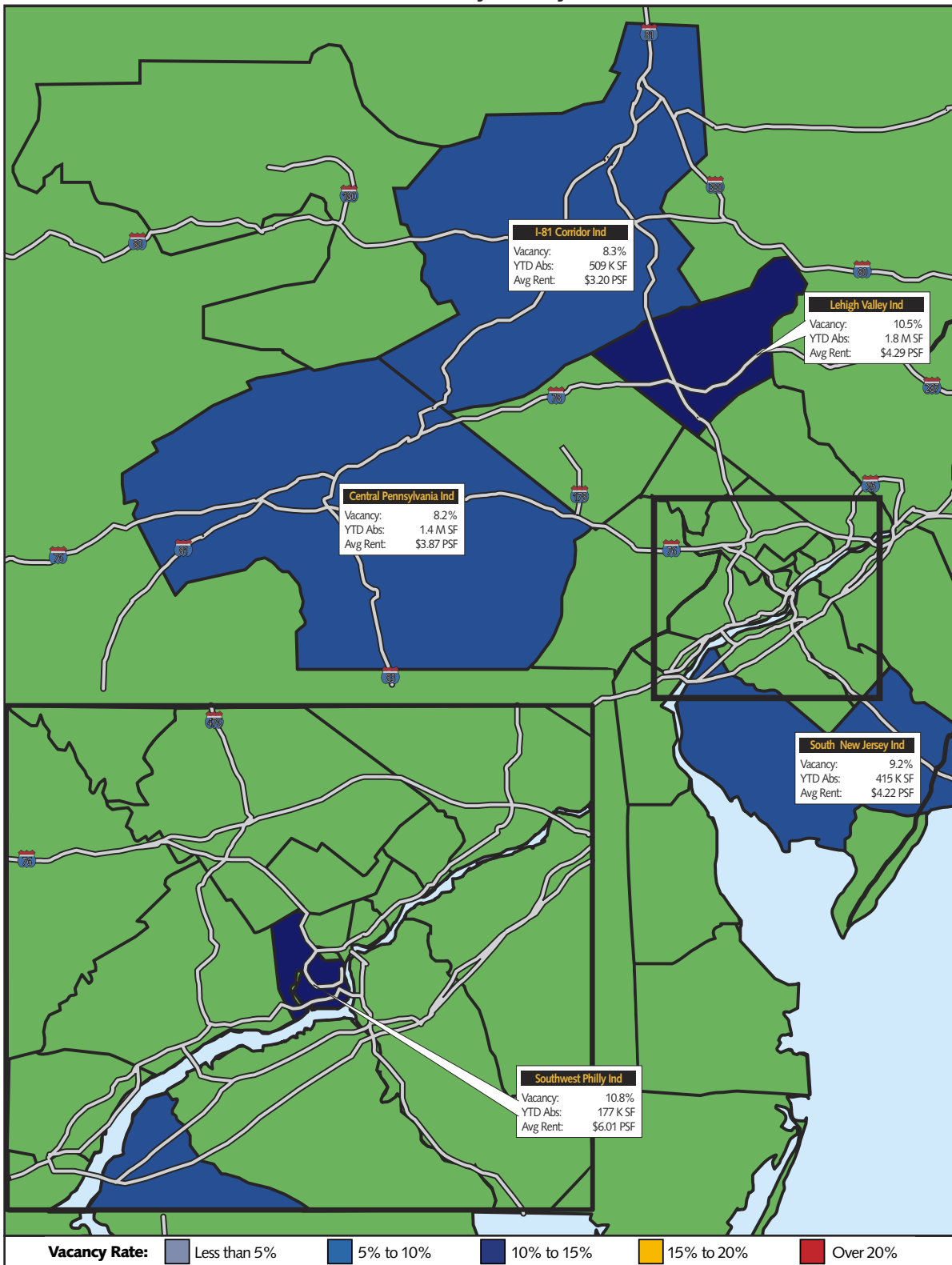
## TOTAL INDUSTRIAL MARKET STATISTICS

Mid-Year 2011

Period	Existing Inventory		Vacancy			Net Absorption	Deliveries		UC Inventory		Quoted Rates
	# Blds	Total RBA	Direct SF	Total SF	Vac %		# Blds	Total RBA	# Blds	Total RBA	
2011 2q	18,405	994,409,374	88,007,697	90,950,249	9.1%	2,817,425	2	858,336	6	827,535	\$4.41
2011 1q	18,405	993,856,148	90,352,373	93,214,448	9.4%	2,912,948	3	215,000	8	1,685,871	\$4.43
2010 4q	18,403	993,651,148	92,237,790	95,922,396	9.7%	5,205,362	3	402,000	7	1,791,896	\$4.47
2010 3q	18,402	993,260,228	97,060,637	100,736,838	10.1%	2,161,380	1	465,000	9	2,142,336	\$4.50
2010 2q	18,402	992,847,228	98,650,870	102,485,218	10.3%	311,884	4	644,589	9	2,548,746	\$4.54
2010 1q	18,399	992,206,178	98,354,045	102,156,052	10.3%	3,197,385	14	386,163	9	2,193,989	\$4.60
2009	18,385	991,820,015	101,256,647	104,967,274	10.6%	(5,959,472)	66	9,451,980	19	1,582,752	\$4.66
2008	18,320	982,498,348	86,588,553	89,686,135	9.1%	6,818,506	105	15,822,607	48	9,115,268	\$4.95
2007	18,225	967,285,695	79,886,171	81,291,988	8.4%	15,345,272	95	15,829,370	76	11,900,563	\$4.98
2006	18,137	952,045,797	79,572,020	81,397,362	8.5%	24,804,646	103	11,459,245	79	13,919,116	\$4.97
2005	18,062	942,019,194	94,339,359	96,175,405	10.2%	12,568,367	97	9,586,906	81	11,774,139	\$4.97
2004	17,980	933,761,975	98,363,519	100,486,553	10.8%	(1,708,419)	102	9,230,563	77	7,045,573	\$4.59
2003	17,896	926,080,305	88,271,448	91,096,464	9.8%	4,271,140	71	5,552,179	77	8,028,929	\$4.65
2002	17,837	920,911,619	86,660,351	90,198,918	9.8%	4,222,753	122	11,511,361	57	5,786,467	\$4.26
2001	17,720	909,801,608	79,744,846	83,311,660	9.2%	4,456,134	129	14,751,977	97	12,098,163	\$4.32
2000	17,601	896,147,647	71,970,961	74,113,833	8.3%	4,208,332	159	14,432,764	114	14,928,376	\$4.13

Source: CoStar Property®

## LEASING HIGHLIGHTS IN SELECT COSTAR MARKETS Color Coded by Vacancy Rate



Source: CoStar Property®

# PHILADELPHIA INDUSTRIAL MARKET



## LEASING ACTIVITY

### HISTORICAL RENTAL RATES

Based on Quoted Rental Rates



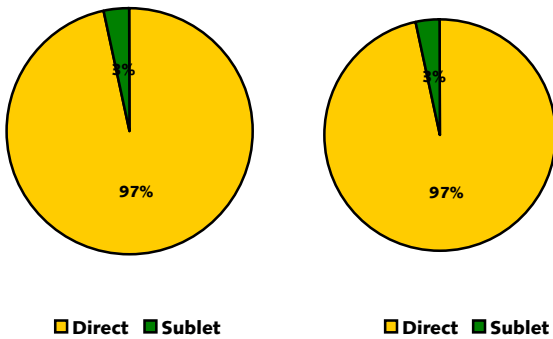
Source: CoStar Property®

### VACANCY BY AVAILABLE SPACE TYPE

Percent of All Vacant Space in Direct vs. Sublet

Philadelphia

United States



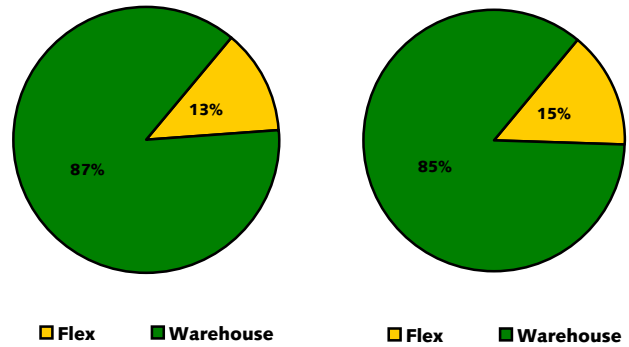
Source: CoStar Property®

### VACANCY BY BUILDING TYPE

Percent of All Vacant Space by Building Type

Philadelphia

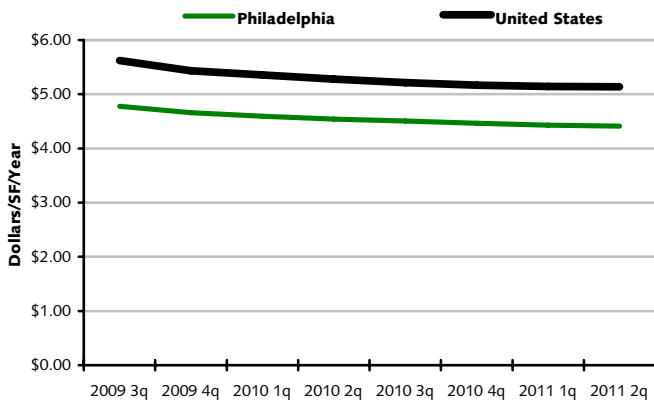
United States



Source: CoStar Property®

### U.S. RENTAL RATE COMPARISON

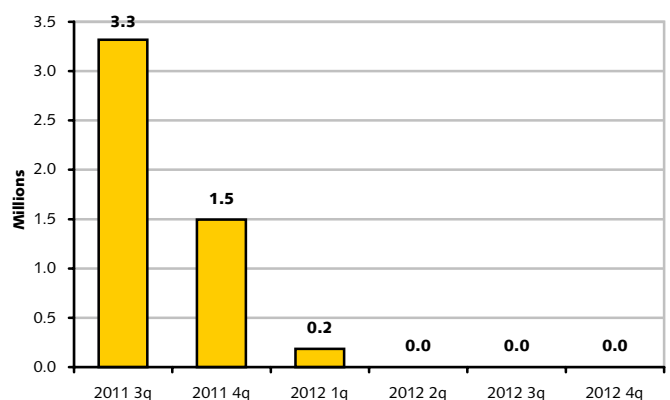
Based on Average Quoted Rental Rates



Source: CoStar Property®

### FUTURE SPACE AVAILABLE

Space Scheduled to be Available for Occupancy\*



Source: CoStar Property®

\* Includes Under Construction Space



# PHILADELPHIA INDUSTRIAL MARKET

## LEASING ACTIVITY

### SELECT TOP INDUSTRIAL LEASES Based on Leased Square Footage For Deals Signed in 2011

Building	Submarket	SF	Qtr	Tenant Name	Tenant Rep Company	Landlord Rep Company
1 200 W Stewart Huston Dr*	Chester Ind	314,521	2nd	Communications Test Design, Inc	Jackson Cross Partners	BPG Properties, Ltd.
2 16 E Cabot Blvd	Bucks Ind	299,000	1st	Domtar Paper	Jones Lang LaSalle	The Flynn Company
3 62 Green Mountain Rd	I-81 Corridor Ind	270,000	2nd	Affinia	Cushman & Wakefield of Pennsylvania	Cushman & Wakefield of Pennsylvania
4 Jones of New York	Bucks Ind	241,977	1st	Estee Lauder	CB Richard Ellis	Binswanger
5 7248 Industrial Blvd	Lehigh Valley Ind	201,650	2nd	Uline	N/A	Gelcor Realty, Inc.
6 105 Commerce Dr	Delaware County Ind	125,000	1st	National Fulfillment Services	The Flynn Company	The Flynn Company
7 111 Ikea Dr	Burlington Ind	112,414	1st	American Tire	CB Richard Ellis	Dolan Contractors, Inc.
8 1400 AIP Dr*	Harrisburg Area East Ind	109,800	1st	Gulf South Medical Supply	Direct Deal	NAI/CIR
9 2251 Cabot Blvd W*	Bucks Ind	104,074	1st	PSI Group, Inc.	Direct Deal	The Flynn Company
10 Cascade Drive Industrial Complex	Lehigh Valley Ind	100,000	1st	Crayola	Colliers International	Sperry Van Ness Imperial Realty
11 730 Stockton Dr*	Chester Ind	78,264	1st	ViroPharma Incorporated	N/A	N/A
12 520 Lincoln Ave	Chester Ind	72,000	2nd	N/A	N/A	J. Loew & Associates, Inc.
13 3400 Industrial Rd	Harrisburg Area East Ind	71,433	1st	N/A	N/A	Exeter Property Group
14 601 E Market St	I-81 Corridor Ind	70,000	2nd	N/A	N/A	MBC Development, L.P.
15 5 Elmwood Rd	I-81 Corridor Ind	69,847	1st	N/A	N/A	Mericle Commercial Real Estate Serv
16 Berkeley Commons Phase I	Gloucester County Ind	67,525	2nd	N/A	Direct Deal	CB Richard Ellis
17 Parkway Business Center - Bldg 2	New Castle County Ind	62,400	2nd	State of Delaware	White Realty Associates	White Realty Associates
18 279 Canal Rd	Bucks Ind	60,000	1st	CTX Group	Direct Deal	The Flynn Company
19 270 Canal Rd	Bucks Ind	60,000	1st	Hydrofarm, Inc.	Direct Deal	The Flynn Company
20 450 Corporate Blvd*	New Castle County Ind	54,800	2nd	Dg Fastchannel	N/A	N/A
21 1835 Freedom Rd	Lancaster County Ind	52,800	2nd	N/A	High Associates Ltd.	High Associates Ltd.
22 Bridgeworks Industrial Center	Lehigh Valley Ind	52,000	1st	Terra Group	Direct Deal	Allentown Economic Development Corp
23 640 Allendale Road	East Montgomery Cty Ind	50,635	1st	N/A	N/A	Brandywine Realty Trust
24 900 Kriner Rd	Harrisburg Area West Ind	50,400	2nd	Wal-Mart	Binswanger	WCN Properties
25 Building 2	Burlington Ind	50,209	1st	Boise Cascade Building Materials Distribution	Colliers International	Colliers International
26 700 Jacksonville Rd*	Bucks Ind	50,000	1st	N/A	N/A	Industrial Investments, Inc.
27 1615 Suckle Hwy	Camden County Ind	50,000	1st	N/A	Direct Deal	Binswanger
28 Crownwood Indust Estates - Bldg 200	Bucks Ind	50,000	2nd	Sonco Worldwide Inc	NAI Mertz	Realty Source
29 1299 W Forest Grove Rd	Southern New Jersey Ind	50,000	1st	Tech Tube	N/A	Colliers International
30 Clemens Business Center - Bldg 2*	West Montgomery Cty Ind	50,000	1st	Wal-Mart	Direct Deal	Binswanger
31 2530 Pearl Buck Rd	Bucks Ind	48,000	1st	Monroe Systems For Business	Direct Deal	The Flynn Company
32 530 Pedricktown Rd	Gloucester County Ind	48,000	1st	N/A	Direct Deal	Liberty Property Trust
33 Harris Camden Terminal - Bldg 2	Camden County Ind	45,000	2nd	N/A	N/A	Harris Structural Steel
34 Small Industrial Bldg	Berks Ind	44,063	1st	Damage Recovery Sysms	Binswanger	CB Richard Ellis
35 1501 Oakland Ave	Southern New Jersey Ind	42,500	1st	N/A	N/A	Kevin Reed
36 8295 National Hwy	Camden County Ind	41,200	2nd	K.S.I Auto Parts	NAI Mertz	Industrial Investments, Inc.
37 1900 South Dr	East Montgomery Cty Ind	41,000	2nd	N/A	N/A	Suburban Management Company, Inc.
38 Forest Park Bldg 19	Gloucester County Ind	40,560	2nd	N/A	N/A	CB Richard Ellis
39 6 Berry Dr	Burlington Ind	38,479	1st	N/A	N/A	Whitesell Construction Company Inc.
40 Glendon Business Center	Lehigh Valley Ind	38,400	2nd	N/A	N/A	Gelcor Realty, Inc.

Source: CoStar Property®

\* Renewal

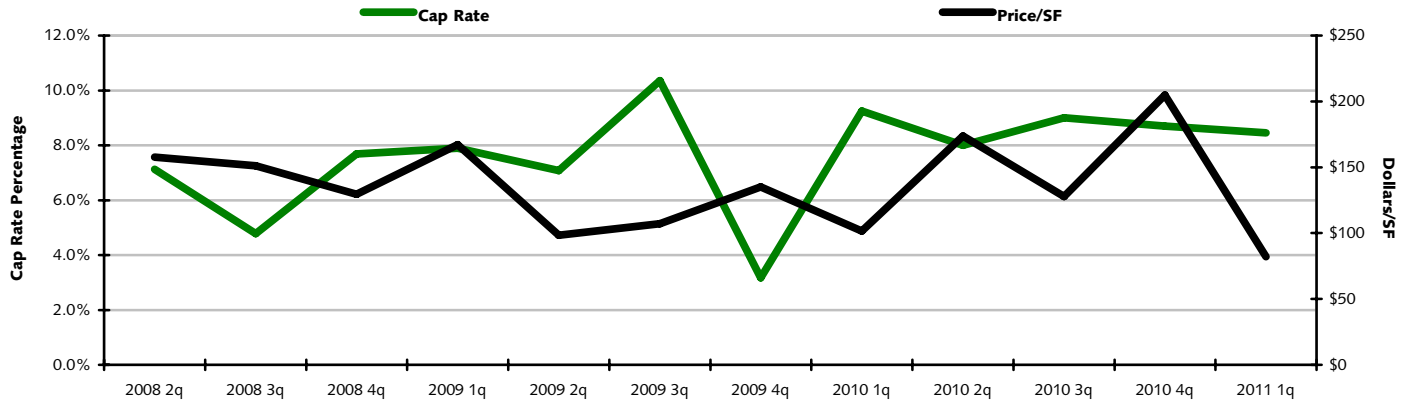
# PHILADELPHIA INDUSTRIAL MARKET



## SALES ACTIVITY

### THE OPTIMIST SALES INDEX

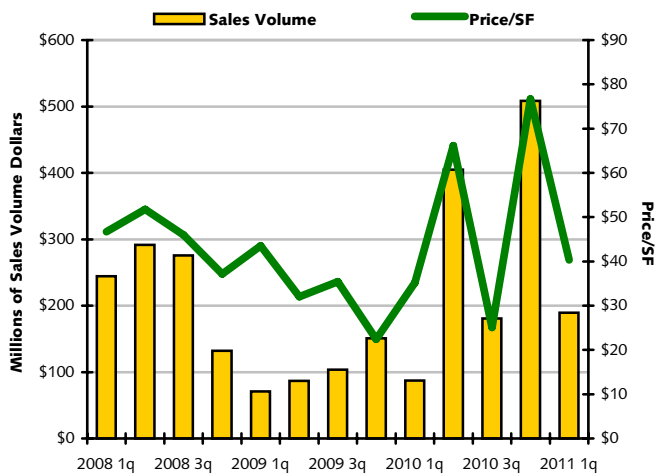
Average of Two Highest Price/SF's and Two Lowest Cap Rates Per Quarter



Source: CoStar COMPS®

### SALES VOLUME & PRICE

Based on Industrial Building Sales of 15,000 SF and Larger



Source: CoStar COMPS®

### SALES ANALYSIS BY BUILDING SIZE

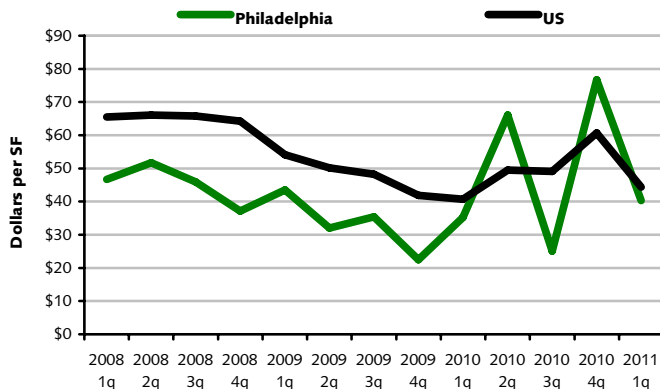
Based on Industrial Bldg Sales From April 2010 - March 2011

Bldg Size	#	RBA	\$ Volume	Price/SF	Cap Rate
< 25,000 SF	149	2,142,398	\$ 137,162,798	\$ 64.02	7.90%
25K-99K SF	101	4,676,348	\$ 173,952,532	\$ 37.20	9.45%
100K-249K SF	36	5,334,813	\$ 160,705,819	\$ 30.12	-
>250K SF	17	13,263,592	\$ 881,278,750	\$ 66.44	8.66%

Source: CoStar COMPS®

### U.S. PRICE/SF COMPARISON

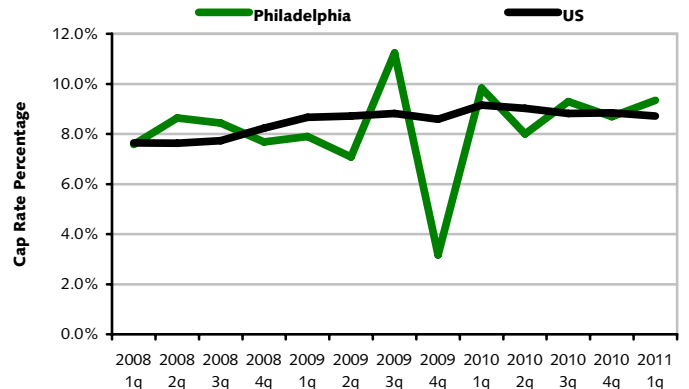
Based on Industrial Building Sales of 15,000 SF and Larger



Source: CoStar COMPS®

### U.S. CAP RATE COMPARISON

Based on Industrial Building Sales of 15,000 SF and Larger



Source: CoStar COMPS®



# PHILADELPHIA INDUSTRIAL MARKET

## SALES ACTIVITY

### SELECT TOP SALES

Based on Sales from April 2010 Through June 2011

#### 1. Kimberly Clark - 1150 Commerce Blvd



Logan Township

Price: \$35,500,000  
 Price/SF: \$59.22  
 Cap Rate: 7.39%  
 RBA: 599,500  
 Date: 11/30/2010  
 Year Built: 2009  
 Buyer: Northwestern Mutual Life Insurance Company  
 Seller: Dermody Properties, Inc.

#### 2. Wilmington Assembly Plant



Wilmington

Price: \$20,000,000  
 Price/SF: \$6.25  
 Cap Rate: N/A  
 RBA: 3,200,000  
 Date: 7/19/2010  
 Year Built: 1947  
 Buyer: Fisker Automotive, Inc.  
 Seller: Motors Liquidation Company

#### 3. Key Distribution Center



Carlisle

Price: \$16,267,500  
 Price/SF: \$27.00  
 Cap Rate: N/A  
 RBA: 602,500  
 Date: 6/22/2010  
 Year Built: 2006  
 Buyer: Hillwood Investment Properties  
 Seller: Pritzker Realty Group, L.P.

#### 4. 9747 Commerce Cir



New Smithville

Price: \$15,900,000  
 Price/SF: \$41.33  
 Cap Rate: N/A  
 RBA: 384,695  
 Date: 8/6/2010  
 Year Built: 2007  
 Buyer: Endurance Real Estate Group, LLC  
 Seller: Higgins Development Partners

#### 5. Northeast Distribution Center



Hazleton

Price: \$12,857,500  
 Price/SF: \$32.10  
 Cap Rate: N/A  
 RBA: 400,600  
 Date: 4/30/2010  
 Year Built: 2006  
 Buyer: Exeter Property Group  
 Seller: Pritzker Realty Group, L.P.

#### 6. Lehigh Consumer Products



Macungie

Price: \$11,100,000  
 Price/SF: \$41.11  
 Cap Rate: 9.6%  
 RBA: 270,000  
 Date: 3/15/2011  
 Year Built: 1997  
 Buyer: Endurance Real Estate Group, LLC  
 Seller: Wind River Investments LLC

#### 7. 1175 Manheim Pike



Lancaster

Price: \$9,750,000  
 Price/SF: \$60.56  
 Cap Rate: N/A  
 RBA: 161,000  
 Date: 9/28/2010  
 Year Built: 1989  
 Buyer: Shadow Lawn  
 Seller: Thermal Solutions Products LLC

#### 8. Commerce Corner



Logan Township

Price: \$9,096,850  
 Price/SF: \$35.00  
 Cap Rate: N/A  
 RBA: 259,910  
 Date: 1/14/2011  
 Year Built: 1998  
 Buyer: Dermody Properties, Inc.  
 Seller: Lexington Realty Trust

#### 9. Lehigh Valley Ind Park VI - Bldg A



Bethlehem

Price: \$9,000,000  
 Price/SF: \$64.29  
 Cap Rate: N/A  
 RBA: 140,000  
 Date: 2/7/2011  
 Year Built: 2003  
 Buyer: Daiichi Sankyo, Inc.  
 Seller: Amcor Group

Source: CoStar COMPS®

## PHILADELPHIA INDUSTRIAL MARKET



## SALES ACTIVITY

## SELECT SAME BUILDING SALES

Based On Recent Building Sales Compared to Prior Sale

**Quality Dairy Products**

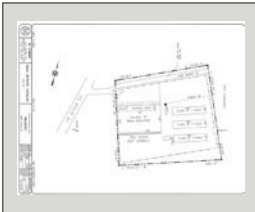
Address: 10098 Sandmeyer Ln  
 City: Philadelphia  
 RBA: 14,400  
 Year Built: 1986  
 Tot \$ Return: \$165,000  
 Tot % Return: 17%  
 Ann.Return: 6%  
 Months Held: 33

**Most Recent Sale**

Price: \$1,125,000  
 Price/SF: \$78.13  
 Cap Rate: N/A  
 Date: 11/15/2010  
 Buyer: J.G. Petrucci Co., Inc.  
 Seller: Howard Klayman  
 Brokers: Jones Lang LaSalle  
 Binswanger

**Sale Prior to Most Recent Sale**

Price: \$960,000  
 Price/SF: \$66.67  
 Cap Rate: N/A  
 Date: 2/27/2008  
 Buyer: Howard Klayman  
 Seller: Mario Colbi  
 Brokers: Benjamin Jacobson & Associat

**5103 A Pottsville Pike**

Address: 5103 A Pottsville Pike  
 City: Reading  
 RBA: 24,400  
 Year Built: 1967  
 Tot \$ Return: \$285,500  
 Tot % Return: 57%  
 Ann.Return: 40%  
 Months Held: 17

**Most Recent Sale**

Price: \$785,500  
 Price/SF: \$32.19  
 Cap Rate: N/A  
 Date: 9/20/2010  
 Buyer: Flex Membrane Intl Corp  
 Seller: Chase 1, LP  
 Brokers: N/A

**Sale Prior to Most Recent Sale**

Price: \$500,000  
 Price/SF: \$20.49  
 Cap Rate: N/A  
 Date: 4/30/2009  
 Buyer: Chase1, LP  
 Seller: Pierce Hardy Limited Partner  
 Brokers: 84 Lumber Company

Source: CoStar COMPS®

## SELECT LAND SALES Based on Industrial Zoned Land Sales Occurring From April 2010 - June 2011

**5000 Summerdale Ave, Philadelphia**

Sale Price: \$2,749,000  
 Acres: 19.70  
 Price/SF: \$3.20  
 Closing Date: 06/28/2010  
 Zoning: G2  
 Intended Use: Distribution  
 Buyer: Philadelphia Industrial Development Corp.  
 Seller: M. Cardone Industries Inc.

**2120 Spillman Dr, Bethlehem**

Sale Price: \$2,307,784  
 Acres: 17.09  
 Price/SF: \$3.10  
 Closing Date: 04/30/2010  
 Zoning: 04HI  
 Intended Use: Industrial  
 Buyer: J.G. Petrucci Co., Inc.  
 Seller: Lehigh Valley Industrial Park, Inc.

**TecPort Dr, Harrisburg**

Sale Price: \$1,250,000  
 Acres: 9.70  
 Price/SF: \$2.96  
 Closing Date: 01/20/2011  
 Zoning: ML  
 Intended Use: Warehouse  
 Buyer: JST Sales America, Inc.  
 Seller: Crossgates Inc.

**110 Mort Dr, Easton**

Sale Price: \$1,076,820  
 Acres: 7.66  
 Price/SF: \$3.23  
 Closing Date: 04/06/2010  
 Zoning: 11GI  
 Intended Use: Industrial  
 Buyer: U.S. Army Corps of Engineers  
 Seller: J.G. Petrucci Co., Inc.

**0 Jonestown Rd, Harrisburg**

Sale Price: \$900,000  
 Acres: 14.00  
 Price/SF: \$1.48  
 Closing Date: 05/27/2010  
 Zoning: Unknown  
 Intended Use: Industrial  
 Buyer: Hollinger Development, LLC  
 Seller: DBL, Limited Partnership

**349 S Nulton Ave, Easton**

Sale Price: \$880,000  
 Acres: 6.00  
 Price/SF: \$3.30  
 Closing Date: 12/20/2010  
 Zoning: 24LI  
 Intended Use: Commercial  
 Buyer: Skyview LLC  
 Seller: George V Seiple & Son Co Inc

Source: CoStar COMPS®

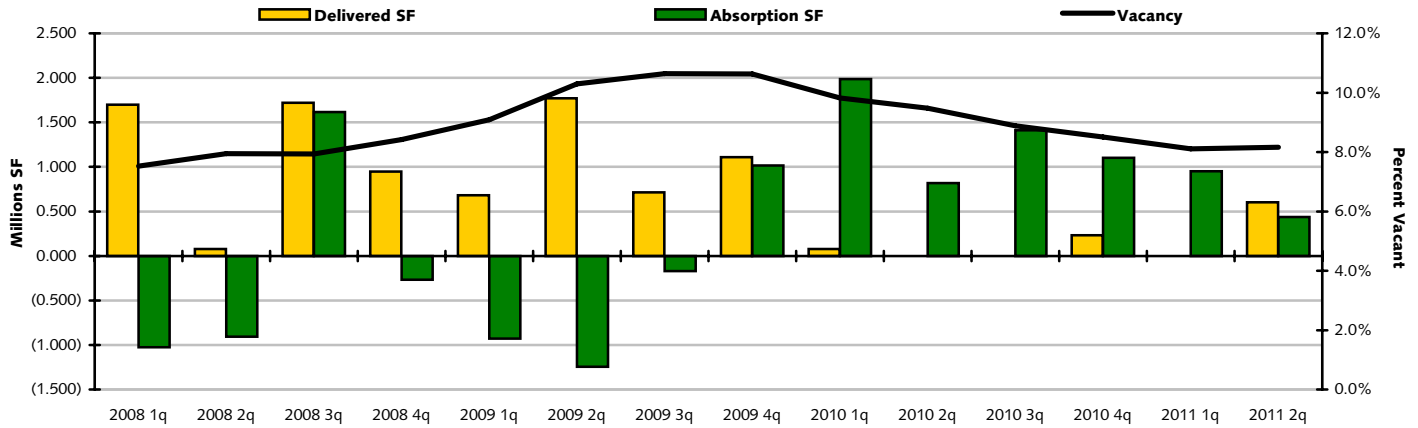


# PHILADELPHIA INDUSTRIAL MARKET

## CENTRAL PENNSYLVANIA MARKET

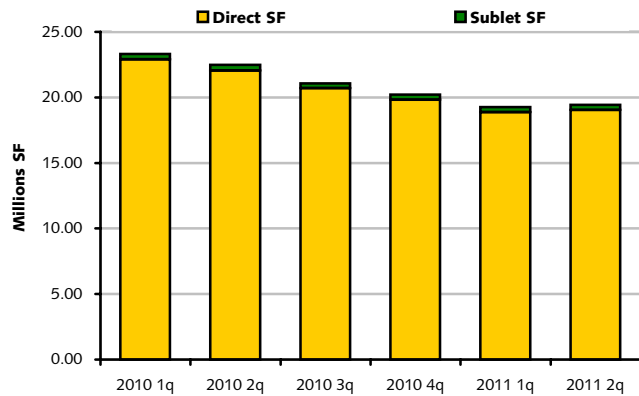
MARKET HIGHLIGHTS - FLEX & WAREHOUSE

### DELIVERIES, ABSORPTION & VACANCY Historical Analysis, Flex and Warehouse



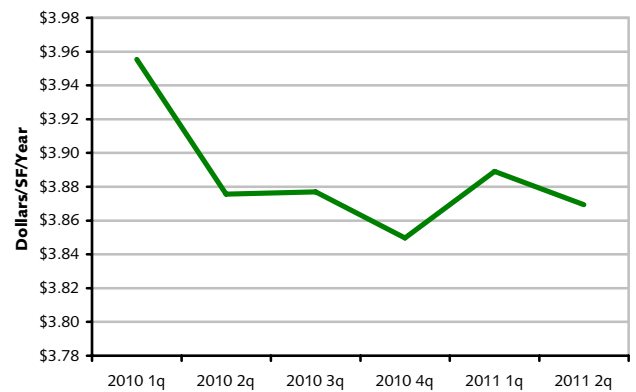
Source: CoStar Property®

### VACANT SPACE Historical Analysis, Flex and Warehouse



Source: CoStar Property®

### QUOTED RENTAL RATES Historical Analysis, Flex and Warehouse



Source: CoStar Property®

Period	Existing Inventory		Vacancy		Net Absorption	Delivered Inventory		UC Inventory		Quoted Rates
	# Bldgs	Total RBA	Vacant SF	Vacancy %		# Bldgs	Total RBA	# Bldgs	Total RBA	
2011 2q	2,981	238,039,862	19,424,173	8.2%	437,642	1	603,000	0	0	\$3.87
2011 1q	2,980	237,436,862	19,258,815	8.1%	949,577	0	0	1	603,000	\$3.89
2010 4q	2,980	237,436,862	20,208,392	8.5%	1,101,241	1	234,000	1	603,000	\$3.85
2010 3q	2,979	237,202,862	21,075,633	8.9%	1,412,311	0	0	2	837,000	\$3.88
2010 2q	2,979	237,202,862	22,487,944	9.5%	817,121	0	0	2	837,000	\$3.88
2010 1q	2,980	237,206,401	23,308,604	9.8%	1,984,326	3	77,600	1	234,000	\$3.96
2009 4q	2,977	237,128,801	25,215,330	10.6%	1,017,446	2	1,109,600	3	77,600	\$4.00
2009 3q	2,975	236,019,201	25,123,176	10.6%	(171,501)	2	713,100	5	1,187,200	\$4.19
2009 2q	2,973	235,306,101	24,238,575	10.3%	(1,246,253)	4	1,771,650	6	1,860,300	\$4.23
2009 1q	2,969	233,534,451	21,220,672	9.1%	(927,750)	5	681,735	8	3,596,750	\$4.31
2008 4q	2,964	232,852,716	19,611,187	8.4%	(265,611)	4	947,000	11	4,258,385	\$4.42
2008 3q	2,960	231,905,716	18,398,576	7.9%	1,617,334	8	1,718,418	13	5,178,735	\$4.37
2008 2q	2,952	230,187,298	18,297,492	7.9%	(908,755)	1	79,500	15	4,063,278	\$4.22
2008 1q	2,951	230,107,798	17,309,237	7.5%	(1,025,768)	4	1,699,851	11	1,907,918	\$4.21
2007 4q	2,949	228,541,980	14,717,651	6.4%	1,278,944	4	750,125	9	2,640,326	\$4.21
2007 3q	2,945	227,791,855	15,246,470	6.7%	1,153,207	2	305,000	8	2,449,976	\$4.18

Source: CoStar Property®

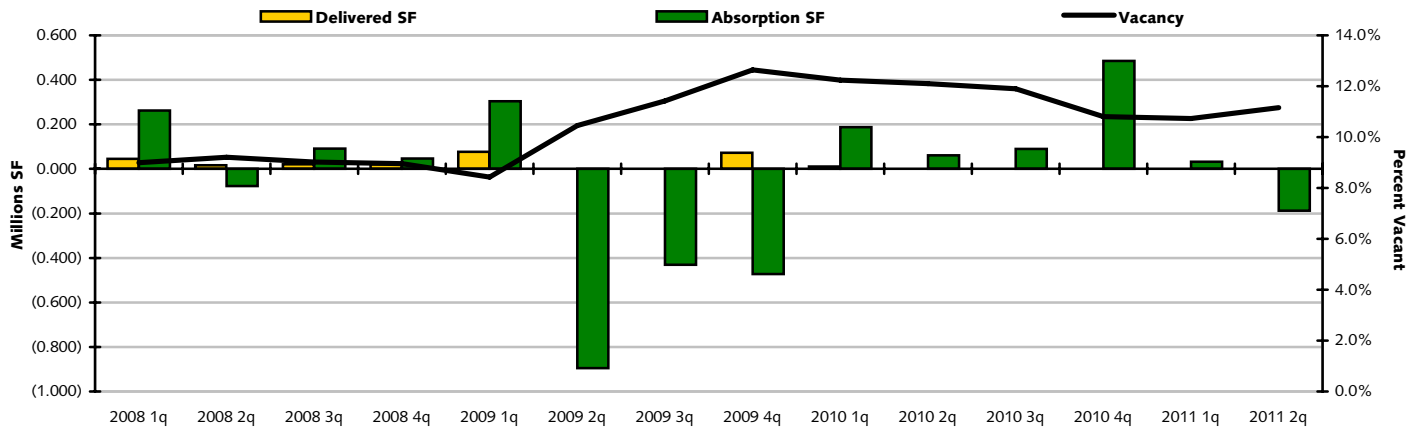
# PHILADELPHIA INDUSTRIAL MARKET



## DELAWARE MARKET

### MARKET HIGHLIGHTS - FLEX & WAREHOUSE

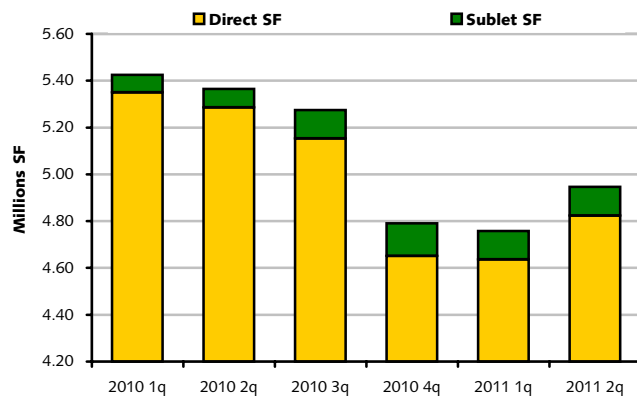
## DELIVERIES, ABSORPTION & VACANCY Historical Analysis, Flex and Warehouse



Source: CoStar Property®

## VACANT SPACE

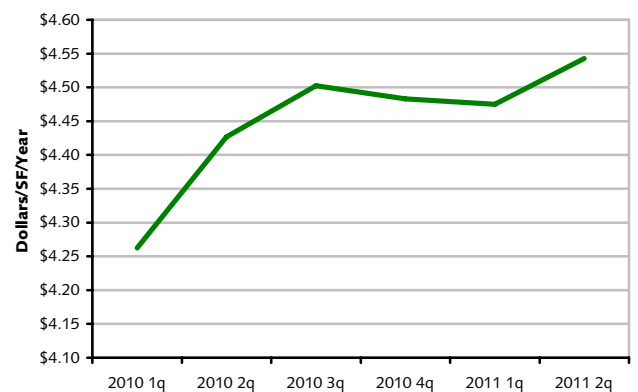
### Historical Analysis, Flex and Warehouse



Source: CoStar Property®

## QUOTED RENTAL RATES

### Historical Analysis, Flex and Warehouse



Source: CoStar Property®

Period	Existing Inventory		Vacancy		Net Absorption	Delivered Inventory		UC Inventory		Quoted Rates
	# Bldgs	Total RBA	Vacant SF	Vacancy %		# Bldgs	Total RBA	# Bldgs	Total RBA	
2011 2q	1,071	44,349,092	4,946,078	11.2%	(188,167)	0	0	0	0	\$4.54
2011 1q	1,071	44,349,092	4,757,911	10.7%	32,312	0	0	0	0	\$4.48
2010 4q	1,071	44,349,092	4,790,223	10.8%	484,835	0	0	0	0	\$4.48
2010 3q	1,071	44,349,092	5,275,058	11.9%	90,008	0	0	0	0	\$4.50
2010 2q	1,071	44,349,092	5,365,066	12.1%	60,287	0	0	0	0	\$4.43
2010 1q	1,071	44,349,092	5,425,353	12.2%	187,311	1	9,900	0	0	\$4.26
2009 4q	1,070	44,339,192	5,602,764	12.6%	(473,025)	2	71,960	1	9,900	\$4.27
2009 3q	1,068	44,267,232	5,057,779	11.4%	(431,344)	0	0	3	81,860	\$4.40
2009 2q	1,068	44,267,232	4,626,435	10.5%	(895,337)	0	0	2	71,960	\$4.51
2009 1q	1,068	44,267,232	3,731,098	8.4%	303,595	1	77,000	0	0	\$4.63
2008 4q	1,067	44,190,232	3,957,693	9.0%	46,349	1	20,000	1	77,000	\$4.71
2008 3q	1,066	44,170,232	3,984,042	9.0%	90,425	1	20,000	2	97,000	\$4.61
2008 2q	1,066	44,159,820	4,064,055	9.2%	(77,124)	1	17,000	3	117,000	\$4.70
2008 1q	1,065	44,142,820	3,969,931	9.0%	262,111	2	45,600	2	37,000	\$4.61
2007 4q	1,063	44,097,220	4,186,442	9.5%	(58,543)	1	52,430	3	62,600	\$4.68
2007 3q	1,062	44,044,790	4,075,469	9.3%	419,872	3	414,900	3	98,030	\$4.70

Source: CoStar Property®

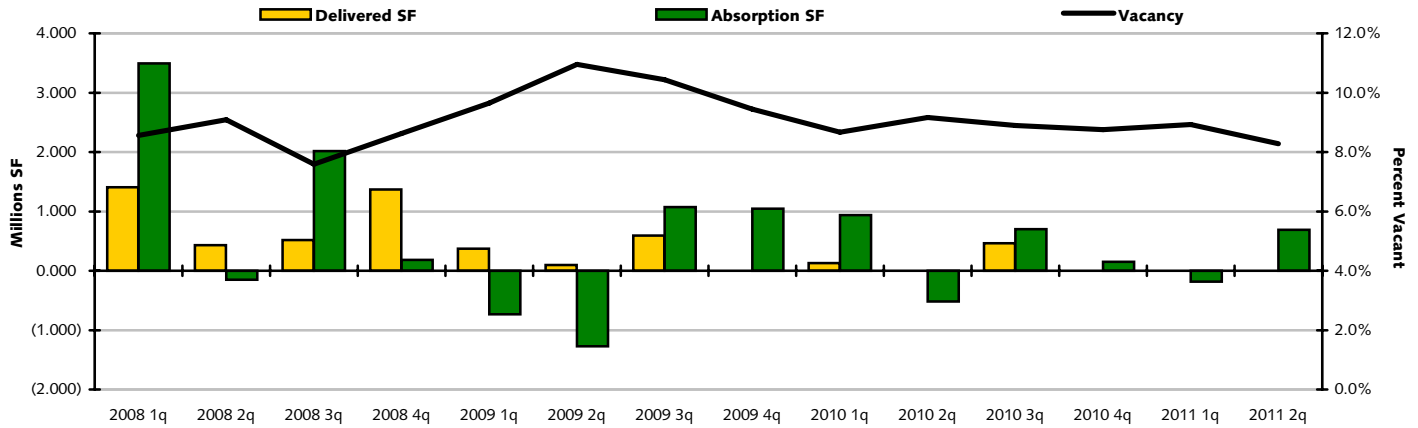


# PHILADELPHIA INDUSTRIAL MARKET

## I - 81 CORRIDOR MARKET

### MARKET HIGHLIGHTS - FLEX & WAREHOUSE

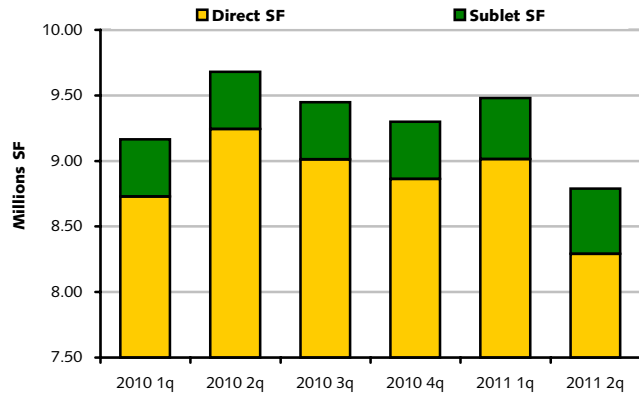
## DELIVERIES, ABSORPTION & VACANCY Historical Analysis, Flex and Warehouse



Source: CoStar Property®

## VACANT SPACE

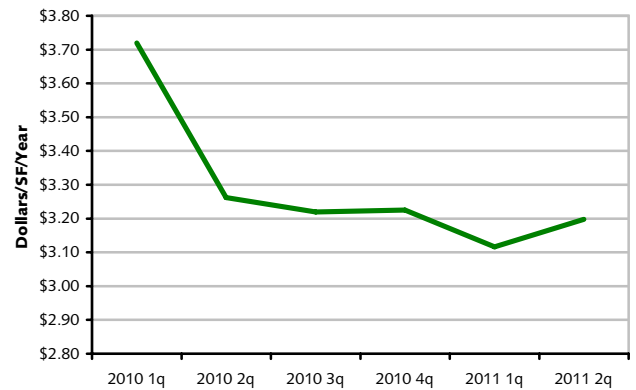
### Historical Analysis, Flex and Warehouse



Source: CoStar Property®

## QUOTED RENTAL RATES

### Historical Analysis, Flex and Warehouse



Source: CoStar Property®

Period	Existing Inventory		Vacancy		Net Absorption	Delivered Inventory		UC Inventory		Quoted Rates
	# Bldgs	Total RBA	Vacant SF	Vacancy %		# Bldgs	Total RBA	# Bldgs	Total RBA	
2011 2q	1,262	106,161,797	8,789,247	8.3%	690,446	0	0	0	0	\$3.20
2011 1q	1,262	106,161,797	9,479,693	8.9%	(180,953)	0	0	0	0	\$3.12
2010 4q	1,262	106,161,797	9,298,740	8.8%	148,511	0	0	0	0	\$3.22
2010 3q	1,262	106,161,797	9,447,251	8.9%	698,869	1	465,000	0	0	\$3.22
2010 2q	1,261	105,696,797	9,681,120	9.2%	(515,213)	0	0	1	465,000	\$3.26
2010 1q	1,261	105,696,797	9,165,907	8.7%	937,809	1	130,000	1	465,000	\$3.72
2009 4q	1,260	105,566,797	9,973,716	9.4%	1,043,193	0	0	2	595,000	\$3.86
2009 3q	1,260	105,566,797	11,016,909	10.4%	1,072,546	2	595,200	1	130,000	\$3.81
2009 2q	1,258	104,971,597	11,494,255	10.9%	(1,271,598)	1	98,000	3	725,200	\$3.92
2009 1q	1,257	104,873,597	10,124,657	9.7%	(732,395)	3	373,200	4	823,200	\$4.24
2008 4q	1,254	104,500,397	9,019,062	8.6%	183,226	2	1,371,750	5	968,400	\$4.16
2008 3q	1,252	103,128,647	7,830,538	7.6%	2,018,234	3	518,000	5	1,744,950	\$4.67
2008 2q	1,249	102,610,647	9,330,772	9.1%	(151,928)	4	429,087	7	2,218,150	\$4.52
2008 1q	1,245	102,181,560	8,749,757	8.6%	3,491,560	3	1,406,080	10	2,448,837	\$4.64
2007 4q	1,242	100,775,480	10,835,237	10.8%	935,031	2	1,280,200	11	3,738,517	\$4.83
2007 3q	1,240	99,495,280	10,490,068	10.5%	1,147,033	2	613,000	11	4,914,717	\$4.83

Source: CoStar Property®

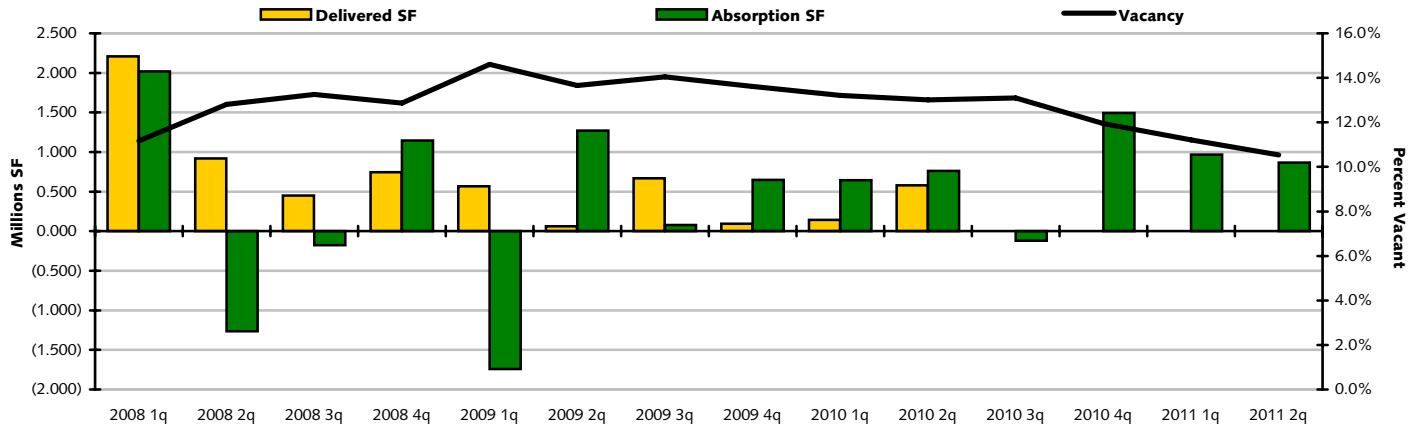
# PHILADELPHIA INDUSTRIAL MARKET



## LEHIGH VALLEY MARKET

MARKET HIGHLIGHTS - FLEX & WAREHOUSE

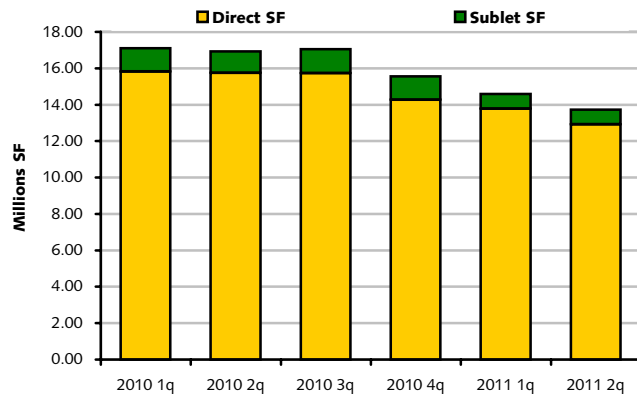
### DELIVERIES, ABSORPTION & VACANCY Historical Analysis, Flex and Warehouse



Source: CoStar Property®

### VACANT SPACE

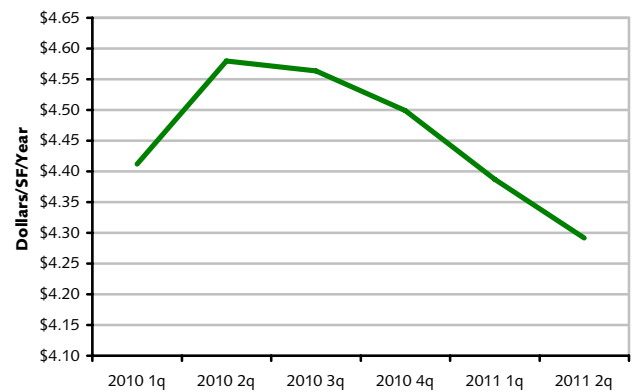
#### Historical Analysis, Flex and Warehouse



Source: CoStar Property®

### QUOTED RENTAL RATES

#### Historical Analysis, Flex and Warehouse



Source: CoStar Property®

Period	Existing Inventory		Vacancy		Net Absorption	Delivered Inventory		UC Inventory		Quoted Rates
	# Bldgs	Total RBA	Vacant SF	Vacancy %		# Bldgs	Total RBA	# Bldgs	Total RBA	
2011 2q	2,196	130,150,513	13,720,812	10.5%	868,087	0	0	0	0	\$4.29
2011 1q	2,196	130,150,513	14,588,899	11.2%	966,295	0	0	0	0	\$4.39
2010 4q	2,196	130,150,513	15,555,194	12.0%	1,492,731	0	0	0	0	\$4.50
2010 3q	2,196	130,150,513	17,047,925	13.1%	(120,604)	0	0	0	0	\$4.56
2010 2q	2,196	130,150,513	16,927,321	13.0%	761,719	1	580,000	0	0	\$4.58
2010 1q	2,195	129,570,513	17,109,040	13.2%	643,011	2	141,303	1	580,000	\$4.41
2009 4q	2,193	129,429,210	17,610,748	13.6%	647,445	1	93,472	2	141,303	\$4.34
2009 3q	2,192	129,335,738	18,164,721	14.0%	77,276	2	669,321	3	234,775	\$4.56
2009 2q	2,190	128,666,417	17,572,676	13.7%	1,271,153	1	60,000	5	904,096	\$4.57
2009 1q	2,189	128,606,417	18,783,829	14.6%	(1,739,843)	2	566,000	5	830,413	\$4.55
2008 4q	2,187	128,040,417	16,477,986	12.9%	1,145,375	3	743,375	5	1,295,321	\$4.80
2008 3q	2,184	127,297,042	16,879,986	13.3%	(175,928)	1	451,600	7	1,908,696	\$4.57
2008 2q	2,183	126,845,442	16,252,458	12.8%	(1,262,538)	1	920,400	6	1,760,975	\$4.58
2008 1q	2,182	125,925,042	14,069,520	11.2%	2,018,761	6	2,207,859	6	2,215,375	\$4.56
2007 4q	2,178	123,865,635	14,028,874	11.3%	668,718	2	176,175	8	3,228,259	\$4.63
2007 3q	2,177	123,874,460	14,706,417	11.9%	506,247	1	224,000	8	2,384,034	\$4.64

Source: CoStar Property®

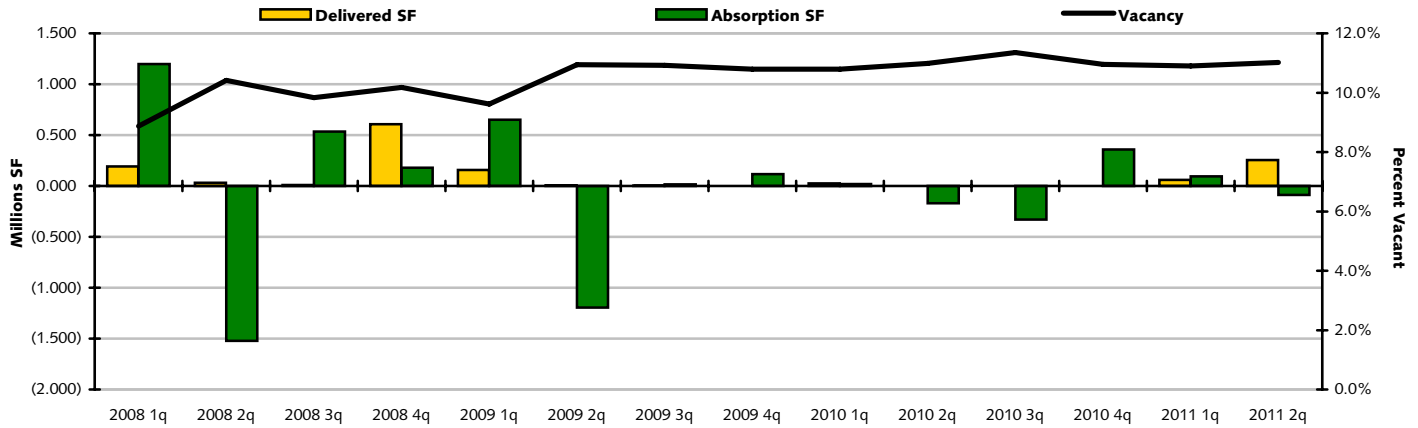


# PHILADELPHIA INDUSTRIAL MARKET

## NORTH PHILADELPHIA MARKET

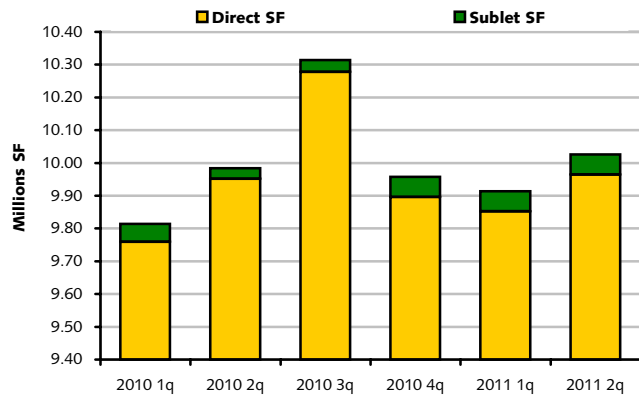
MARKET HIGHLIGHTS - FLEX & WAREHOUSE

### DELIVERIES, ABSORPTION & VACANCY Historical Analysis, Flex and Warehouse



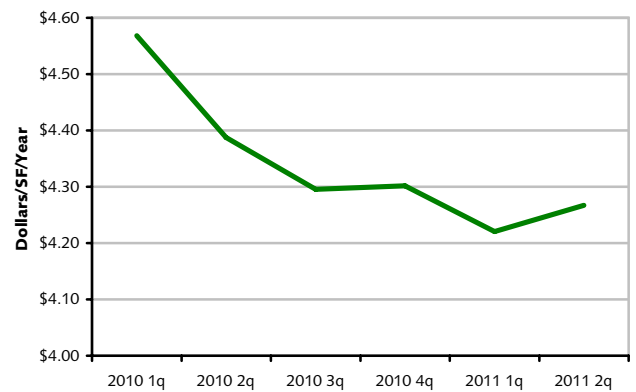
Source: CoStar Property®

### VACANT SPACE Historical Analysis, Flex and Warehouse



Source: CoStar Property®

### QUOTED RENTAL RATES Historical Analysis, Flex and Warehouse



Source: CoStar Property®

Period	Existing Inventory		Vacancy		Net Absorption	Delivered Inventory		UC Inventory		Quoted Rates
	# Bldgs	Total RBA	Vacant SF	Vacancy %		# Bldgs	Total RBA	# Bldgs	Total RBA	
2011 2q	1,977	90,959,897	10,025,984	11.0%	(88,851)	1	255,336	0	0	\$4.27
2011 1q	1,977	90,936,561	9,913,797	10.9%	92,885	1	58,590	1	255,336	\$4.22
2010 4q	1,977	90,887,971	9,958,092	11.0%	356,979	1	1,400	2	313,926	\$4.30
2010 3q	1,976	90,886,571	10,313,671	11.3%	(329,342)	0	0	3	315,326	\$4.30
2010 2q	1,976	90,886,571	9,984,329	11.0%	(170,592)	0	0	2	256,736	\$4.39
2010 1q	1,976	90,886,571	9,813,737	10.8%	20,046	5	23,605	0	0	\$4.57
2009 4q	1,971	90,862,966	9,810,178	10.8%	117,227	1	975	5	23,605	\$4.55
2009 3q	1,970	90,861,991	9,926,430	10.9%	15,762	1	3,230	6	24,580	\$4.29
2009 2q	1,969	90,858,761	9,938,962	10.9%	(1,194,598)	1	5,100	2	4,205	\$4.10
2009 1q	1,968	90,853,661	8,739,264	9.6%	652,008	1	156,000	2	8,330	\$4.16
2008 4q	1,967	90,697,661	9,235,272	10.2%	180,799	3	605,879	2	161,100	\$4.17
2008 3q	1,965	90,143,782	8,862,192	9.8%	535,626	2	9,298	5	766,979	\$4.51
2008 2q	1,963	90,134,484	9,388,520	10.4%	(1,520,993)	1	30,600	6	771,177	\$4.25
2008 1q	1,963	90,282,373	8,015,416	8.9%	1,197,706	6	191,176	4	634,637	\$4.14
2007 4q	1,958	90,148,197	9,078,946	10.1%	198,203	1	31,000	8	816,515	\$4.07
2007 3q	1,957	90,117,197	9,246,149	10.3%	116,539	0	0	8	252,776	\$4.14

Source: CoStar Property®

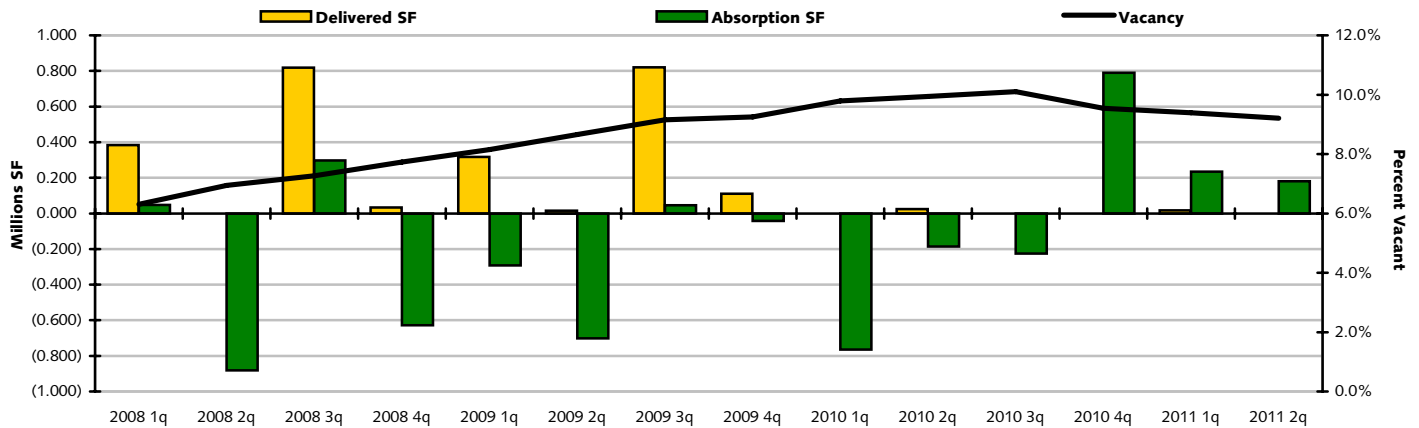
# PHILADELPHIA INDUSTRIAL MARKET

## SOUTHERN NEW JERSEY MARKET

### MARKET HIGHLIGHTS - FLEX & WAREHOUSE



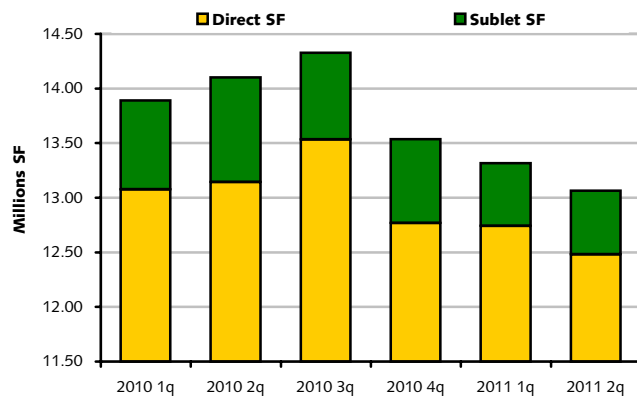
## DELIVERIES, ABSORPTION & VACANCY Historical Analysis, Flex and Warehouse



Source: CoStar Property®

## VACANT SPACE

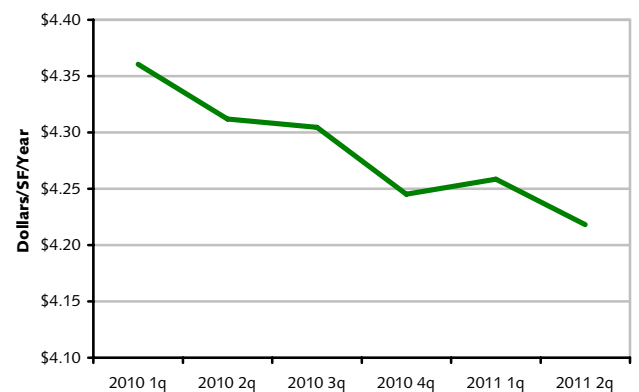
### Historical Analysis, Flex and Warehouse



Source: CoStar Property®

## QUOTED RENTAL RATES

### Historical Analysis, Flex and Warehouse



Source: CoStar Property®

Period	Existing Inventory		Vacancy		Net Absorption	Delivered Inventory		UC Inventory		Quoted Rates
	# Bldgs	Total RBA	Vacant SF	Vacancy %		# Bldgs	Total RBA	# Bldgs	Total RBA	
2011 2q	3,228	141,815,874	13,064,044	9.2%	179,899	0	0	2	32,046	\$4.22
2011 1q	3,229	141,888,984	13,317,053	9.4%	235,349	1	16,800	2	32,046	\$4.26
2010 4q	3,228	141,872,184	13,535,602	9.5%	789,620	0	0	1	16,800	\$4.25
2010 3q	3,229	141,873,264	14,326,302	10.1%	(225,562)	0	0	1	16,800	\$4.30
2010 2q	3,229	141,873,264	14,100,740	9.9%	(186,749)	1	24,000	1	16,800	\$4.31
2010 1q	3,228	141,849,264	13,889,991	9.8%	(764,377)	0	0	2	40,800	\$4.36
2009 4q	3,228	141,849,264	13,125,614	9.3%	(42,436)	1	110,000	1	24,000	\$4.60
2009 3q	3,227	141,739,264	12,973,178	9.2%	46,026	5	819,794	1	110,000	\$4.71
2009 2q	3,222	140,919,470	12,199,410	8.7%	(701,634)	1	14,400	6	929,794	\$4.75
2009 1q	3,221	140,905,070	11,483,376	8.1%	(292,459)	4	316,782	7	944,194	\$4.99
2008 4q	3,217	140,588,288	10,874,135	7.7%	(627,567)	1	33,200	8	1,228,976	\$4.90
2008 3q	3,216	140,555,088	10,213,368	7.3%	297,429	3	819,349	7	552,676	\$4.87
2008 2q	3,214	139,745,739	9,701,448	6.9%	(881,508)	0	0	7	1,159,831	\$4.84
2008 1q	3,214	139,745,739	8,819,940	6.3%	48,241	7	383,478	3	484,371	\$4.88
2007 4q	3,208	139,382,653	8,505,095	6.1%	1,041,061	1	721,000	8	405,797	\$4.97
2007 3q	3,207	138,661,653	8,825,156	6.4%	604,970	1	14,200	7	920,908	\$5.01

Source: CoStar Property®

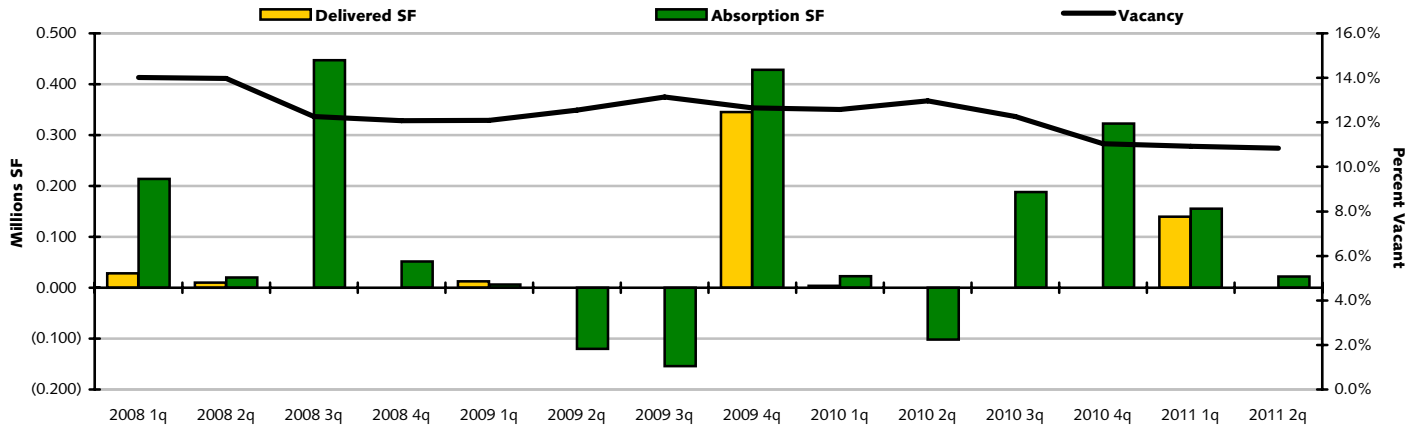


# PHILADELPHIA INDUSTRIAL MARKET

## SOUTHWEST PHILLY MARKET

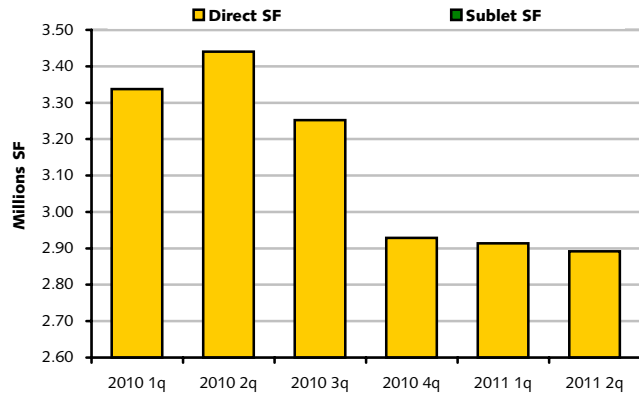
MARKET HIGHLIGHTS - FLEX & WAREHOUSE

### DELIVERIES, ABSORPTION & VACANCY Historical Analysis, Flex and Warehouse



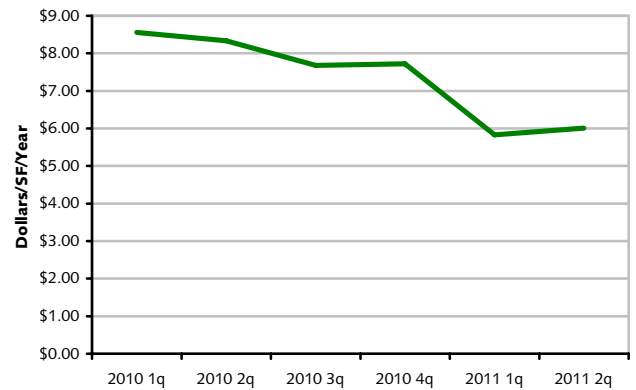
Source: CoStar Property®

### VACANT SPACE Historical Analysis, Flex and Warehouse



Source: CoStar Property®

### QUOTED RENTAL RATES Historical Analysis, Flex and Warehouse



Source: CoStar Property®

Period	Existing Inventory		Vacancy		Net Absorption	Delivered Inventory		UC Inventory		Quoted Rates
	# Bldgs	Total RBA	Vacant SF	Vacancy %		# Bldgs	Total RBA	# Bldgs	Total RBA	
2011 2q	503	26,673,905	2,891,850	10.8%	21,809	0	0	3	770,137	\$6.01
2011 1q	503	26,673,905	2,913,659	10.9%	155,098	1	139,610	3	770,137	\$5.83
2010 4q	502	26,534,295	2,929,147	11.0%	322,830	0	0	3	858,170	\$7.72
2010 3q	502	26,534,295	3,251,977	12.3%	187,917	0	0	2	806,610	\$7.68
2010 2q	502	26,534,295	3,439,894	13.0%	(102,165)	0	0	2	806,610	\$8.34
2010 1q	502	26,534,295	3,337,729	12.6%	22,725	2	3,755	1	667,000	\$8.55
2009 4q	500	26,530,540	3,356,699	12.7%	428,225	1	345,500	3	670,755	\$7.70
2009 3q	499	26,185,040	3,439,424	13.1%	(154,029)	0	0	4	1,016,255	\$7.25
2009 2q	499	26,185,040	3,285,395	12.5%	(120,202)	0	0	2	1,012,500	\$7.29
2009 1q	499	26,185,040	3,165,193	12.1%	6,074	1	12,406	2	1,012,500	\$6.06
2008 4q	498	26,172,634	3,158,861	12.1%	51,816	0	0	2	679,406	\$6.14
2008 3q	498	26,172,634	3,210,677	12.3%	447,067	0	0	2	679,406	\$6.25
2008 2q	498	26,172,634	3,657,744	14.0%	20,214	1	9,862	0	0	\$6.25
2008 1q	497	26,162,772	3,668,096	14.0%	213,875	2	28,615	1	9,862	\$6.60
2007 4q	495	26,134,157	3,853,356	14.7%	(357,015)	0	0	3	38,477	\$7.08
2007 3q	495	26,134,157	3,496,341	13.4%	371,545	0	0	2	28,615	\$7.25

Source: CoStar Property®

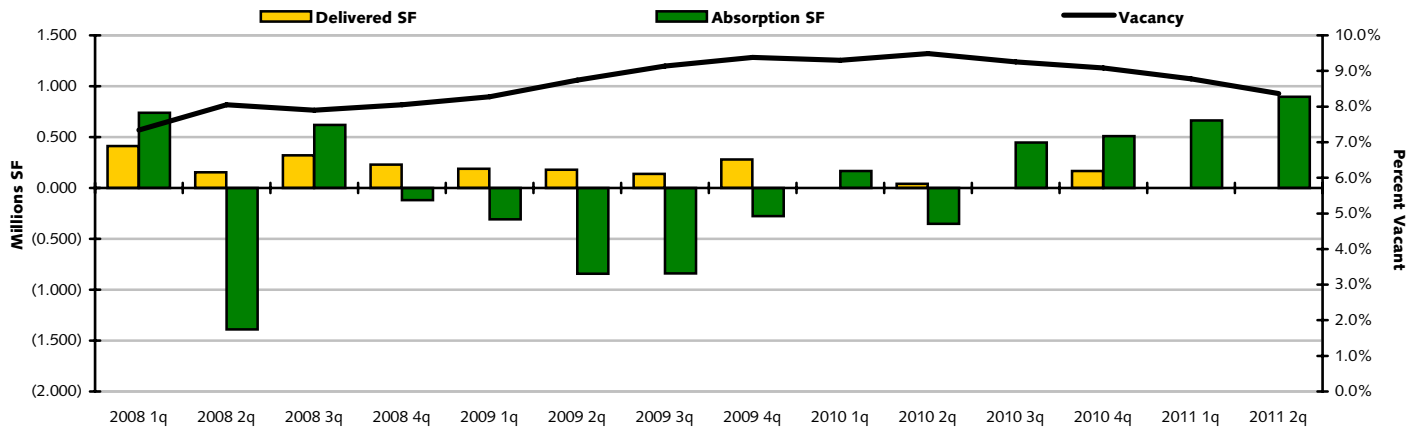
# PHILADELPHIA INDUSTRIAL MARKET

## SUBURBAN PHILADELPHIA MARKET

### MARKET HIGHLIGHTS - FLEX & WAREHOUSE



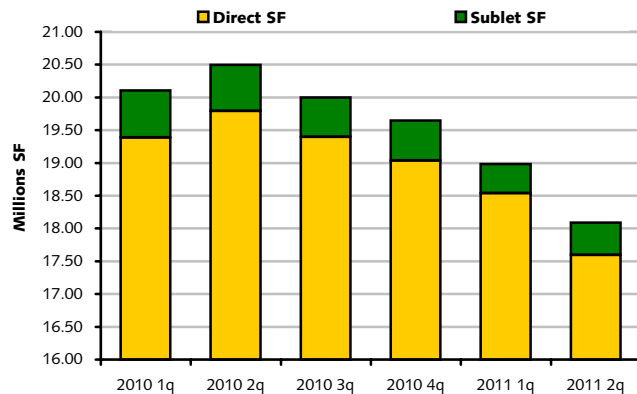
## DELIVERIES, ABSORPTION & VACANCY Historical Analysis, Flex and Warehouse



Source: CoStar Property®

## VACANT SPACE

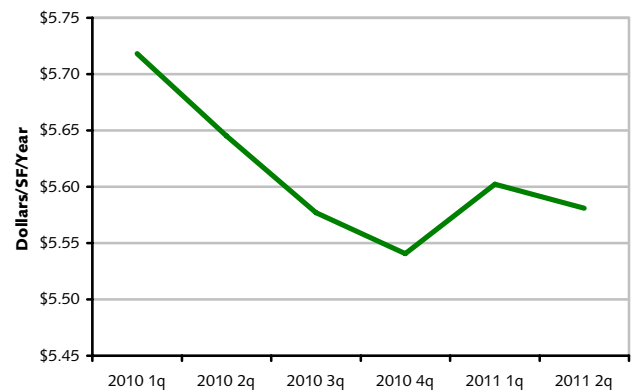
### Historical Analysis, Flex and Warehouse



Source: CoStar Property®

## QUOTED RENTAL RATES

### Historical Analysis, Flex and Warehouse



Source: CoStar Property®

Period	Existing Inventory		Vacancy		Net Absorption	Delivered Inventory		UC Inventory		Quoted Rates
	# Bldgs	Total RBA	Vacant SF	Vacancy %		# Bldgs	Total RBA	# Bldgs	Total RBA	
2011 2q	5,187	216,258,434	18,088,061	8.4%	896,560	0	0	1	25,352	\$5.58
2011 1q	5,187	216,258,434	18,984,621	8.8%	662,385	0	0	1	25,352	\$5.60
2010 4q	5,187	216,258,434	19,647,006	9.1%	508,615	1	166,600	0	0	\$5.54
2010 3q	5,187	216,101,834	19,999,021	9.3%	447,783	0	0	1	166,600	\$5.58
2010 2q	5,188	216,153,834	20,498,804	9.5%	(352,524)	2	40,589	1	166,600	\$5.65
2010 1q	5,186	216,113,245	20,105,691	9.3%	166,534	0	0	3	207,189	\$5.72
2009 4q	5,186	216,113,245	20,272,225	9.4%	(275,174)	5	278,530	2	40,589	\$5.78
2009 3q	5,181	215,834,715	19,718,521	9.1%	(838,362)	5	139,412	6	287,530	\$6.10
2009 2q	5,177	215,825,616	18,871,060	8.7%	(842,850)	5	180,493	11	426,942	\$6.06
2009 1q	5,172	215,645,123	17,847,717	8.3%	(306,658)	6	189,120	12	478,905	\$6.10
2008 4q	5,166	215,456,003	17,351,939	8.1%	(118,169)	7	229,378	14	446,680	\$6.24
2008 3q	5,159	215,226,625	17,004,392	7.9%	618,134	5	320,160	16	497,698	\$6.21
2008 2q	5,154	214,906,465	17,302,366	8.1%	(1,389,817)	7	153,576	14	648,858	\$6.13
2008 1q	5,147	214,752,889	15,758,973	7.3%	739,930	15	412,516	18	766,292	\$6.34
2007 4q	5,132	214,340,373	16,086,387	7.5%	316,053	4	114,500	26	970,072	\$6.23
2007 3q	5,128	214,225,873	16,287,940	7.6%	418,344	4	110,121	25	933,636	\$6.09

Source: CoStar Property®