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Upcoming Events:

- September 22 - 3rd Annual Eastern PA Property Summit - Location: Reading Country Club
- November 4 - SIOR Fall Conference - Location: Chicago, IL

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The Philadelphia Regional Chapter Society of Industrial and Office Realtors



The Philadelphia Industrial Market: A Positive Look Forward

We are pleased to be in our 85th year of tracking the industrial market in Greater Philadelphia. In 2005 the industrial markets have turned the corner. The vacancy rate decreased across the board and demand has increased, particularly by larger space users. While some of this demand has been for short term deals, there is a higher volume of deals in the pipeline than we have seen in the last two to three years. We are beginning to hear the "spec" word again, which has been absent from the market vocabulary for the last two years.

The vacancy rate in Philadelphia County has decreased steadily since the end of 2000 to 10.8% at mid-year 2005. Solid demand, particularly for user purchases and a gradual shrinking industrial base have resulted in a 20% drop in vacancy in the last five years. Site conversions to residential and retail uses continue.

In the suburban counties, the vacancy rate has continued downward since mid-2004 as a result of limited spec development and steady demand. The mid-year vacancy rate was 11.1% overall, with Chester County recording the lowest rate of 8.7%. Larger users have been more active in the market; however, a portion of this activity is for short-term requirements as companies are reshuffling space and evaluating longer term space options. However, there are several 100,000 square foot plus "term" deals pending that will result in an increase in signed deals and potential new construction by the end of the year.

The vacancy rate in Southern New Jersey dropped from 11.7% at year-end 2004 to 10.5%. The leasing market has gained momentum, and there has been an increase in demand from companies with requirements for 100,000 square feet and greater. Speculative construction has returned to the market and build-to-suit activity has been strong. The largest new project, Whitesell Construction's 518,000 SF speculative building at Haines Industrial Center, has been substantially preleased by Home Depot.

The minimal increase in interest rates has not impacted the investment sales market in the Philadelphia region. Sale prices have continued to increase and the only constraint is a lack of available product for sale. Smaller investors continue to add demand to a short supply of product.

We predict that the Philadelphia area industrial markets will continue to improve over the next six to twelve months. Asking rents, which have remained flat, will begin to increase, particularly as more new development commences. In addition, tenants will be signing longer term leases, and concessions will be diminishing.

- Robert B. Steinhart, SIOR, Senior Executive Vice President, Colliers Lanard & Axilbund

SIOR Member Spotlight:

**James L. Helsel, Jr., SIOR,
CCIM, CRE, CPM
RSR Realtors**

Jim, a third generation SIOR, has 30 years of industrial and office real estate experience. A partner at RSR Realtors, Jim's clients include AMP/Tyco, Frank's Nursery & Crafts, Xerox and IBM.



Jim was 2001 Regional Vice President of the PA, NY and NJ Region for the National Association of Realtors. He is a Past President of his Local and State Association. He is a 2008 Candidate for Treasurer of the National Association of Realtors and sits on the Association's Executive and Finance Committee as well as the Board of Directors.

SIOR Featured Listing:



795 Roble Road, Allentown, PA

- 198,000 SF Available
- Fully Air-Conditioned
- Optic Fiber throughout facility
- Central Location in Lehigh Valley, PA
- Cornerstone Corporate Center
- Immediate Occupancy
- Available for Lease or Sale
- Large parking area for call or data centers

**For More Information Contact:
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