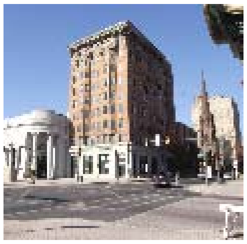
Greater Reading Pennsylvania

Berks County





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Presented By:
Bryan E. Cole
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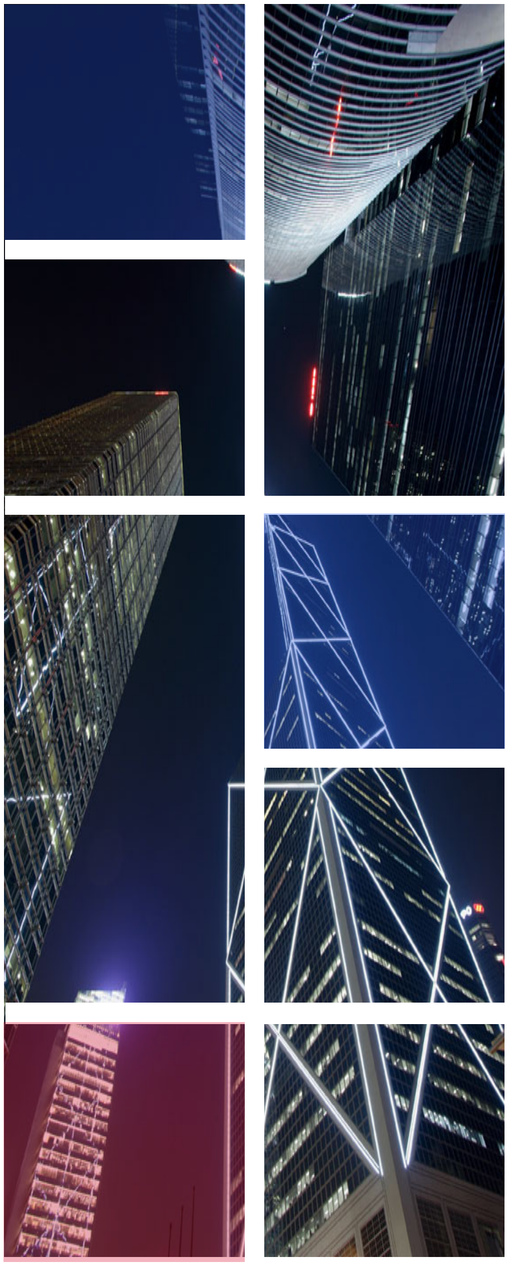
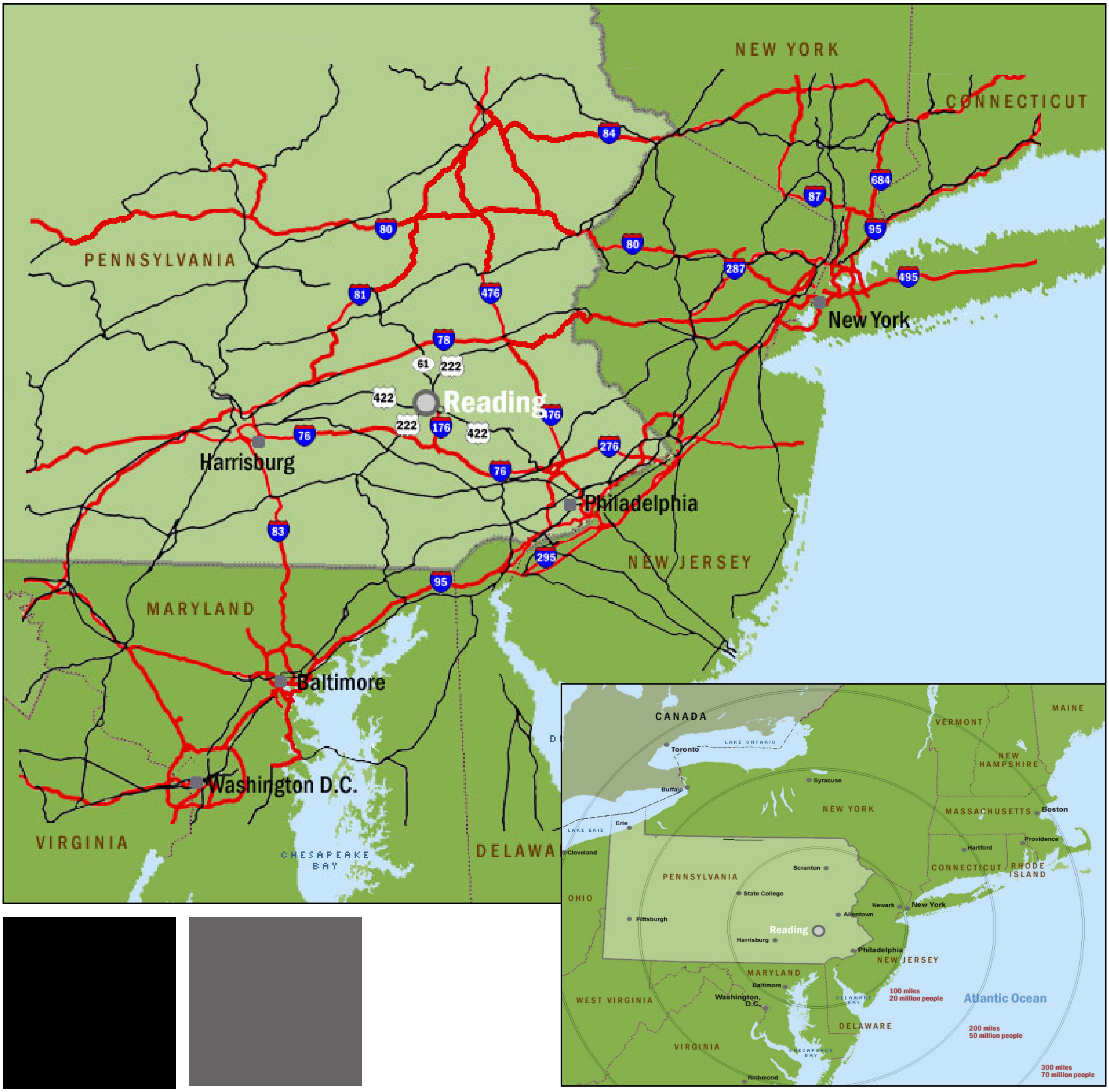


Overall Location



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MARKET OVERVIEW

New business sectors continue to evolve in Berks County taking the place of what was a primarily commodity based structure. Several heavy industrial sectors remain strong with Battery manufacturing near the top in terms of employment in Berks. The growth into technical, financial and service based companies is roaring. Expect an increase in these areas as well as the following sectors: plastics, medical devices, electronic components and food products (including dairy, confections, bakery & meat).

Four of the five Berks Colleges / Universities are in the midst of major building programs collectively valued in excess of $81 million dollars. New capital investment inside the City of Reading exceeded $42 million in 2005 with a large part coming from state & local economic development programs being paired with private investment.

*The Industrial market is strong and in a position to realize large changes in '06. Current vacancy rates are a high 16.8%, but by excluding only three older rusty 1940's era buildings, the effective vacancy rate is a low 4.2%. Favorable interest rates have helped convert many tenants to owners. Though lease rates have remained stable and comparatively low to the region, with new construction prices rising as a result of material costs, new (I.B.C.) codes and with a shortage of developable land, look for lease rates to adjust upward to meet the market pressures. Good news for landlords, bad news for tenants.

The office market continues to see strong absorption and slight increases in rents (largely do to increased taxes and operating expenses). Sale prices of new construction are up 20% from prior year primarily due to increased construction costs. Re-sales are also up, trading regularly at over $110 per ft. The majority of the prior years growth was concentrated in the Spring Ridge area with new growth of (158,000 SF) in Wyomissing and (288,000 SF) in the conversion of GPU's Bern Township facility to DirectLink Technologies Center.

The State has helped fund the expansion of sewer treatment facilities in the Hamburg/north area, which will allow for continued growth around the outdoor sporting goods giant Cabela's Store. The entire I-78 corridor is seeing steady growth, in part because of Cabela's 7-million+ visitors and as trucking and distribution centers take advantage of I-78 and it's entrée to the northeast & Harrisburg markets.

Wal-Mart is pushing for its 3rd Superstore in the Wyomissing/Spring Ridge area. Re-development of an 8-acre Sinking Spring Center and a new Target anchored center in Temple should fill gaps in the retail market. Strip center rents are static for the past 3-years.

Demand for Residential land is up with continued development opposition from many including the County which has thus far funded and placed over 40,000 acres into Agriculture Preservation with a stated goal of 50,000 acres by 2007. Approx. 2,960 residential lots (down 1,406 from '04) came on line in 2005.

By Bryan E. Cole, NAI Keystone Commercial & Industrial, LLC

Greater Reading Office Sector
Continuous Growth within a Secondary Market

The Greater Reading office sector is showing continuous growth with most of the activity surrounding the Wyomissing / Spring Ridge area. Tenants cite the central location, access to quality workforce and nearby supporting services as reasons to locate here.

Suburban vacancy rates have slightly increased from 7.5% to 10.5% in Class "A" Buildings as a result of increased new speculative building. Although the vacancy rates are showing increases, the market continues to be very competitive with gross rates topping $20 per foot on a regular basis. The Class "B" sector is experiencing a 15.7 vacancy rate, up from 8.5% largely due to larger corporations moving from Class "B" buildings into larger blocks of contiguous space in Class "A" buildings. Most of this activity seen has been from businesses already located within the county limits.

The suburban market has continued to see strong activity on the sale side. Fully leased offices for investment are scarce and when available command a 8% cap rate. We are seeing an increase in value-added properties with investors being attracted to the growing Berks County market. Some of the notable transactions that prove this analysis correct are the acquisition of One Meridian Blvd., by BPG, Partners; 525 Lancaster Avenue and 210 George Street by Tripoint Properties; 2561 Bernville Road by Direct Link Technologies; and the Former Agere Site by StonePointe Management Group. These five properties were largely vacant when purchased and total 1.2 mil. Sq. Ft. in size, they now have 650,000 Sq. Ft. available.

Although greater Reading is a competitive market for an investor, capitalization rates within the market are stabilized and range from 8 to 8.5% for single tenant net leased office buildings and 9 to 9.5% for multi-tenant properties. This contrasts to the 7 to 7.5% that we see in surrounding (out-of-county) areas.

Downtown vacancy rates have decreased from 12% to 6.4% in Class "A" buildings primarily due to the addition/occupancy of the Sovereign Plaza Building at 5th & Penn. Vacancy rates in downtown Class "B" buildings have had slight increases from 13% to 15.8% with larger blocks of contiguous space making up most of the vacancy. Although difficult to divide and transition to smaller users, owners are becoming more flexible and finding ways to meet the market demands.

As the downtown market continues to improve, we are seeing a great deal of activity from out of town investors who see the tremendous value in Reading's low purchase prices. Low per foot prices in the $20 to $45 range allow these owners an opportunity to add value and still offer space at extremely low lease rates.

Suburban new construction is in high demand with prices in the Wyomissing Spring Ridge market regularly topping $200 per square foot. Notable new developments in the County include: Kinsley's new 158,000 Sq. Ft. Wyomissing Corporate Campus at the former Glen Gery Brick site; the completion of the 7th building at Century Blvd.; Exeter Ridge Corporate Center, a Class "A" spec in Exeter Township, and the West Ridge Business Campus near the airport. On the medical scene, St. Joseph's Medical Center opened its new $150 Mil. Campus near the airport which is changing the dynamic of that area and The Reading Hospital & Medical Center completed the "N" Building totaling over 387,000 Sq.Ft.

Overall, greater Reading's office sector will continue to see growth and allow businesses a great location and quality workforce at affordable rates.

Bryan E. Cole is Office Specialist for NAI Keystone Commercial & Industrial, LLC in Reading, PA. www.NAIKeystone.com or bcole@naikeystone.com.

Market Rental Rates

NAI 2006 *Global Market Report* At-A-Glance Chart

Local Market Name: Berks County Pennsylvania (Southeast PA)
Submitted by: Bryan E. Cole Date: January 1, 2007

Classification	Low Rental Rates	High Rental Rates	Effective Average Rental Rates	Vacancy Rate	Investment Yield
Downtown Office — Full Service Rates					
New Construction (AAA)	$15.50	$18.00	$17.00	N/A	8%
Class A (Prime)	$13.50	$17.00	$16.25	6.4%	8%
Class B (Secondary)	$8.00	$15.00	$12.75	15.8%	9%
Suburban Office — Full Service Rates					
New Construction (AAA)	$18.50	$21.00	$19.00	1%	7.5%
Class A (Prime)	$17.50	$19.50	$17.75	10.5%	8%
Class B (Secondary)	$14.50	$17.50	$15.75	15.7%	9%
Industrial Space — (Triple Net) Rates					
Bulk Warehouse	$3.60	$4.75	$4.10	11.5%	9%
Manufacturing	$3.50	$4.50	$3.95	12.3%	9%
High Tech/R&D	$5.50	$8.30	$7.25	4%	9%
Retail Space — Full Service Rates					
Downtown (High Street Shops)	$12.50	$16.00	$13.25	8%	9%
Neighborhood Service Centers (Retail Units in Parks)	$16.00	$21.50	$18.25	4%	8%
Community Power Centers (Big Box)	$13.00	$18.00	$15.25	8%	9%
Regional Malls	$13.25	$16.70	$15.00	11%	9%

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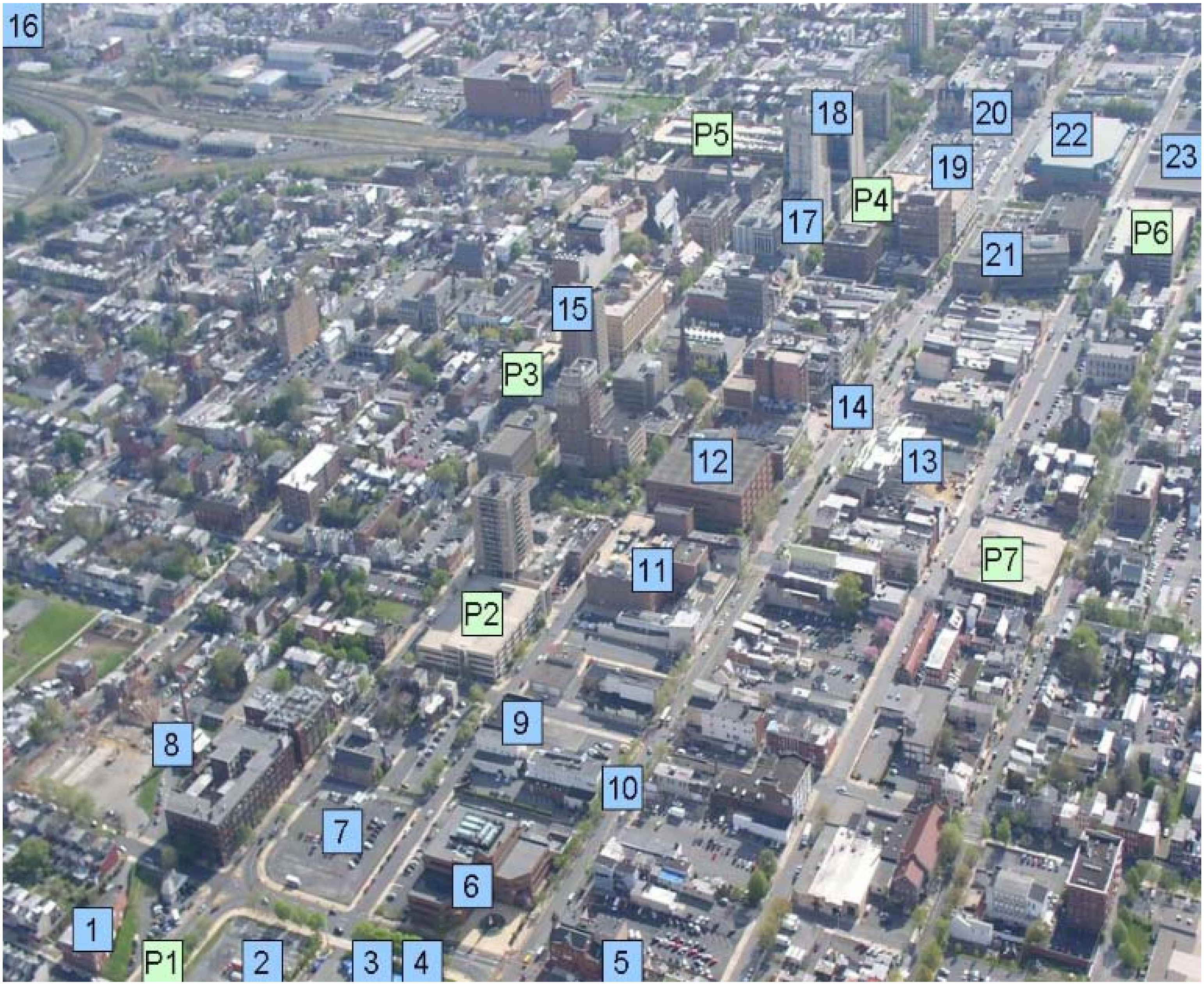
Downtown Aerial Overview



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Downtown Aerial Table

Property Label	Description
P1	Front & Washington Garage = 750 Spaces ($67/Month)
P2	Chiarelli Garage = 500 Spaces ($72/Month)
P3	Wyndham Garage = 300 Spaces ($80/Month)
P4	Reed & Court Garage = 526 Spaces ($77/Month)
P5	Poplar & Walnut Garage = 1024 Spaces ($77/Month)
P6	South Penn Garage = 1050 Spaces ($72/Month)
P7	4th & Cherry Garage = 635 Spaces ($72/Month)
1	Proposed Luxary Apartments (Already Semi Funded)
2	Proposed Ciniplex (Already Semi Funded)
3	New Reading Area Community College Traning Center (Already Built)
4	New Reading Area Community College Auditorium (Underway)
5	Reading Area Community College
6	The Gateway Building
7	New Parking Garage Underway = Approx 500 Spaces
8	Goggle Works Art Centers (Opened September 2005)
9	Public Transportation
10	Penn Street Corridor (Main Drag in the City of Reading)
11	Reading Eagle Newspaper
12	CNA Insurance (Just Expanded and Hired a large number of new employees)
13	New Sovereign Plaza (140,000 Sq. Ft. + Call Center recently opened)
14	5th & Penn - Center Corridor of Reading
15	Wyndham Hotel and Conference Center
16	Former Reading Outlet Centers Under Rennovations for Apartments and Retail
17	Berks County Court House
18	Berks County Services Center
19	Proposed Parking Garage
20	Proposed 200 Room Hotel
21	Wachovia Corporate Office 120,000 Sq. Ft. Facility
22	Sovereign Center (Home to Reading Royels Ice Hockey and Reading Arena Football Team)
23	BARTA Bus Station

Garage Locations & Hours

All garages are staffed from 6:30am to 6:30pm, Monday through Friday unless otherwise listed. Garages are accessible during off hours by depositing the posted rate in coin machines located at the entrances

SOUTH PENN GARAGE -1050 SPACES; PERMITS $72/MONTH
Height Clearance: 6' 10"
The South Penn garage is located between the 600 Blocks of Franklin and Cherry Streets. Motorists may enter the garage from Franklin or Cherry.

4TH AND CHERRY GARAGE -635 SPACES; PERMITS $72/MONTH
Height Clearance: 7' 4"
The 4th and Cherry garage is located between the 400 blocks of Franklin and Cherry Streets. Motorists may enter the garage from the 400 block of Cherry Street.

CHIARELLI GARAGE -500 SPACES; PERMITS $72/MONTH
Height Clearance: 7' 1"
The Chiarelli garage borders the 000 Block of North 3rd Street between the 300 Blocks of Washington and Court Streets. Motorists may access the garage from the 000 Block of 3rd Street or from the 300 Block of Washington Street.

WYNDHAM GARAGE - 300 SPACES; PERMITS $80/MONTH
Height Clearance: 6' 3"
The Wyndham garage is located and may be accessed from the West side of the 500 Block of Washington Street. The facility is staffed from 6:30am to 6:30pm Monday - Friday. Open Weekends with free parking.

REED AND COURT GARAGE - 526 SPACES; PERMITS $77/MONTH
Height Clearance: 6' 8"
The Reed and Court garage is located and may be accessed from the south side of the 600 Block of Court Street. The entrance is at the intersection of Reed and Court Streets.

POPLAR AND WALNUT GARAGE - 1024 SPACES; PERMITS $77/MONTH
Height Clearance: 7' 1"
The Poplar and Walnut garage is located between the 700 Blocks of Walnut and Washington Streets. Motorists may access the garage from the 100 Block of Poplar Street.

FRONT AND WASHINGTON GARAGE -750 SPACES; PERMITS $67/MONTH
Height Clearance: 6' 8"
The Front and Washington garage is located at the foot of Penn Street and may be accessed from the 100 Block of Washington or, for permit holders only, the 000 Block of north Front Street. This garage is not staffed. Motorists may access the garage by depositing the posted all-day rate in the coin machine located at the Washington street entrance.

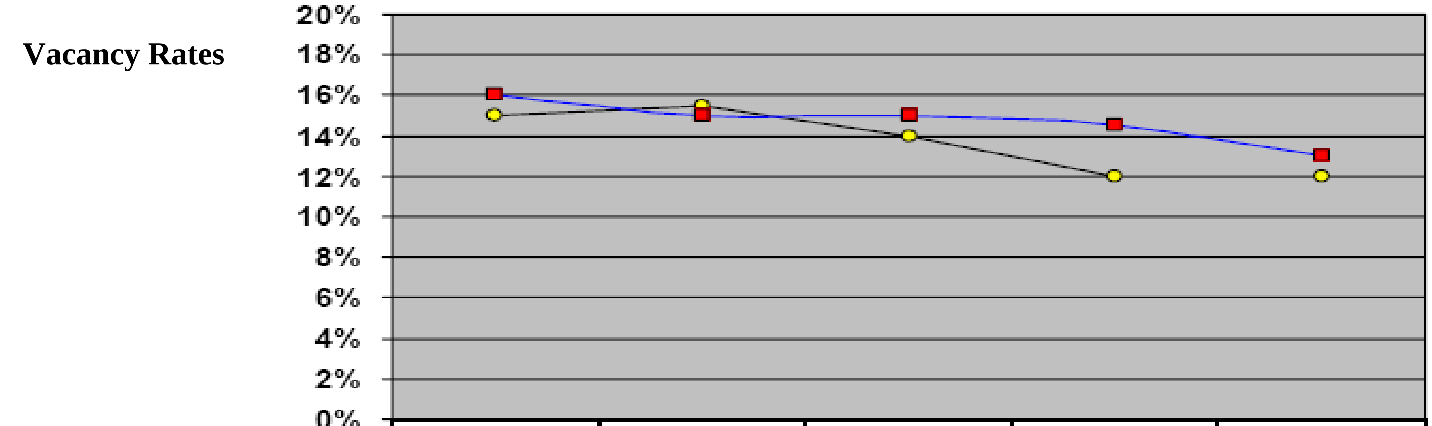
BARTA INTER MODAL
Height Clearance: 7' 0"

BARTA P-N-T
Height Clearance: 7' 11"

PLEASE NOTE: All garages and lots owned by the Reading Parking Authority are subject to a $6.00 additional fee after 5:00 PM when in support of events at the Sovereign Center, except the Penn Court Lot which is subject to a $9.00 additional fee and $10 on special event nights.

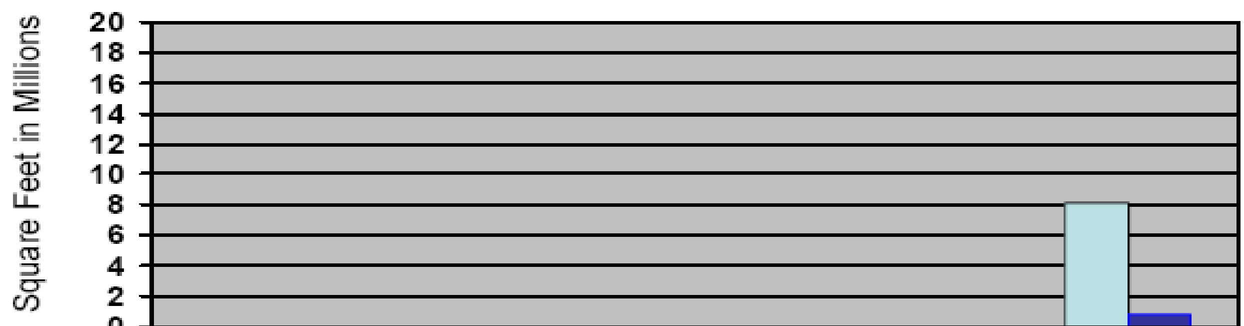
Downtown Office Overview

Vacancy Rates



	2002	2003	2004	2005	2006
Downtown Class A	15.00%	15.50%	14.00%	12.00%	12.00%
Downtown Class B	16.00%	15.00%	15.00%	14.50%	13.00%

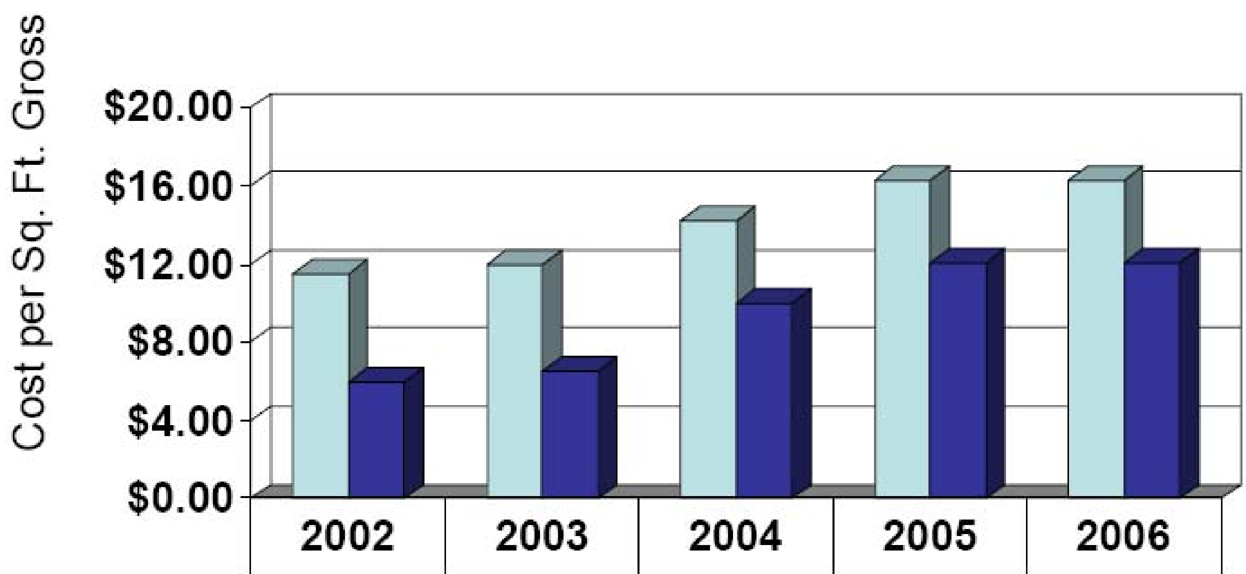
Total Square Footage



	2002	2003	2004	2005	2006
Total Office Sq. Ft.					8.10000
Space Available					0.850500

Downtown Office Average Rent

Downtown Average Rent



	2002	2003	2004	2005	2006
Downtown Class A	$11.50	$12.00	$14.25	$16.25	$16.25
Downtown Class B	$6.00	$6.50	$10.00	$12.10	$12.10

Downtown Class A Downtown Class B

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Downtown Percentage Rent Change (Office)

Percentage of Average Rent Change from 2002 to 2006

	2002	2003	2004	2005	2006		
Downtown Class A	0.00%	4.20%	15.80%	12.30%	0.00%		
Downtown Class B	0.00%	7.70%	35.00%	17.40%	0.00%		

Downtown Class A Downtown Class B

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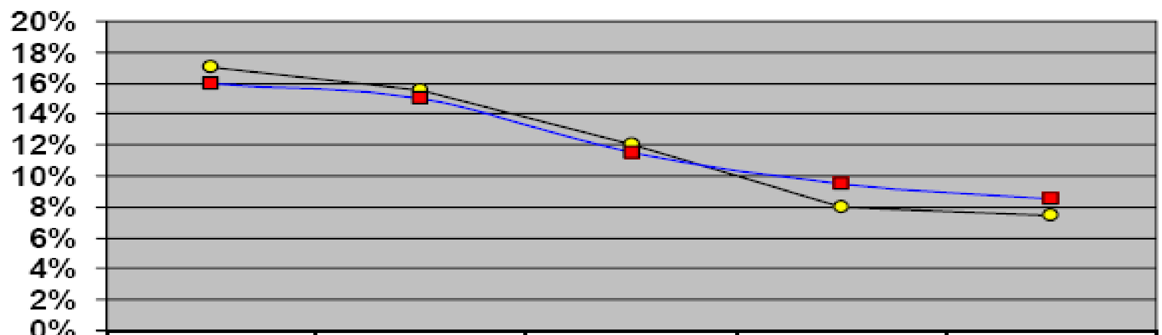
SUBURBAN OVERVIEW

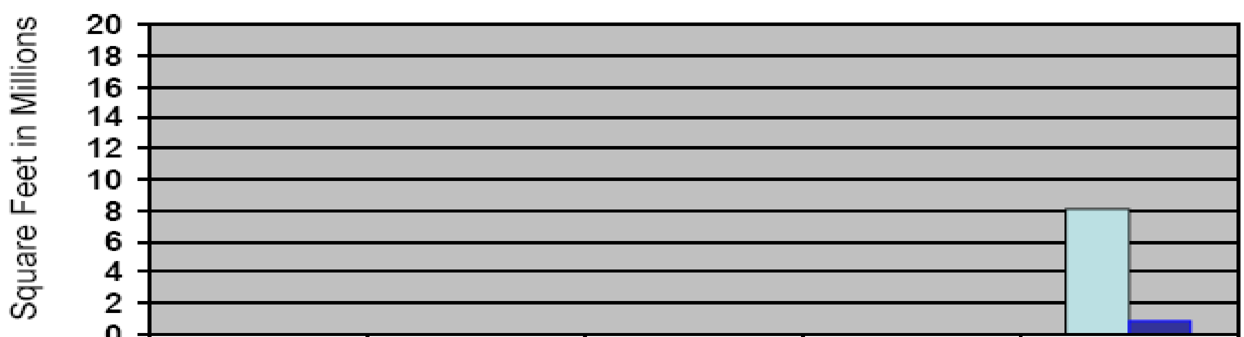
Vacancy Rates



	2002	2003	2004	2005	2006
Suburban Class A	17.00%	15.50%	12.00%	8.00%	7.50%
Suburban Class B	16.00%	15.00%	11.50%	9.50%	8.50%

Suburban Class A   Suburban Class B

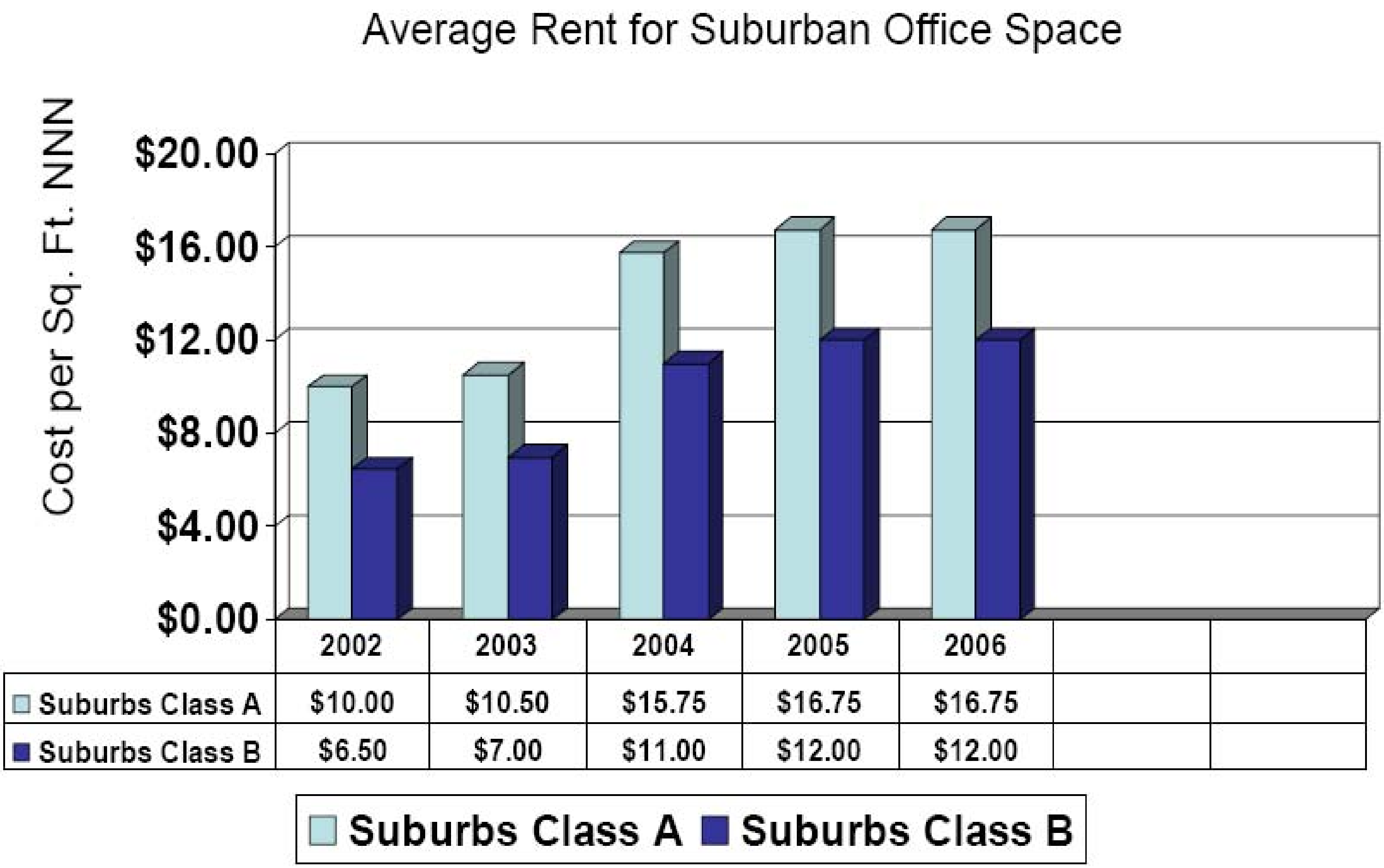
Total Square Footage



	2002	2003	2004	2005	2006
Total Office Sq. Ft.					8.10000
Space Available					0.850500

Total Office Sq. Ft.   Space Available

Suburban Office Average Rent



	2002	2003	2004	2005	2006		
Suburbs Class A	$10.00	$10.50	$15.75	$16.75	$16.75		
Suburbs Class B	$6.50	$7.00	$11.00	$12.00	$12.00		

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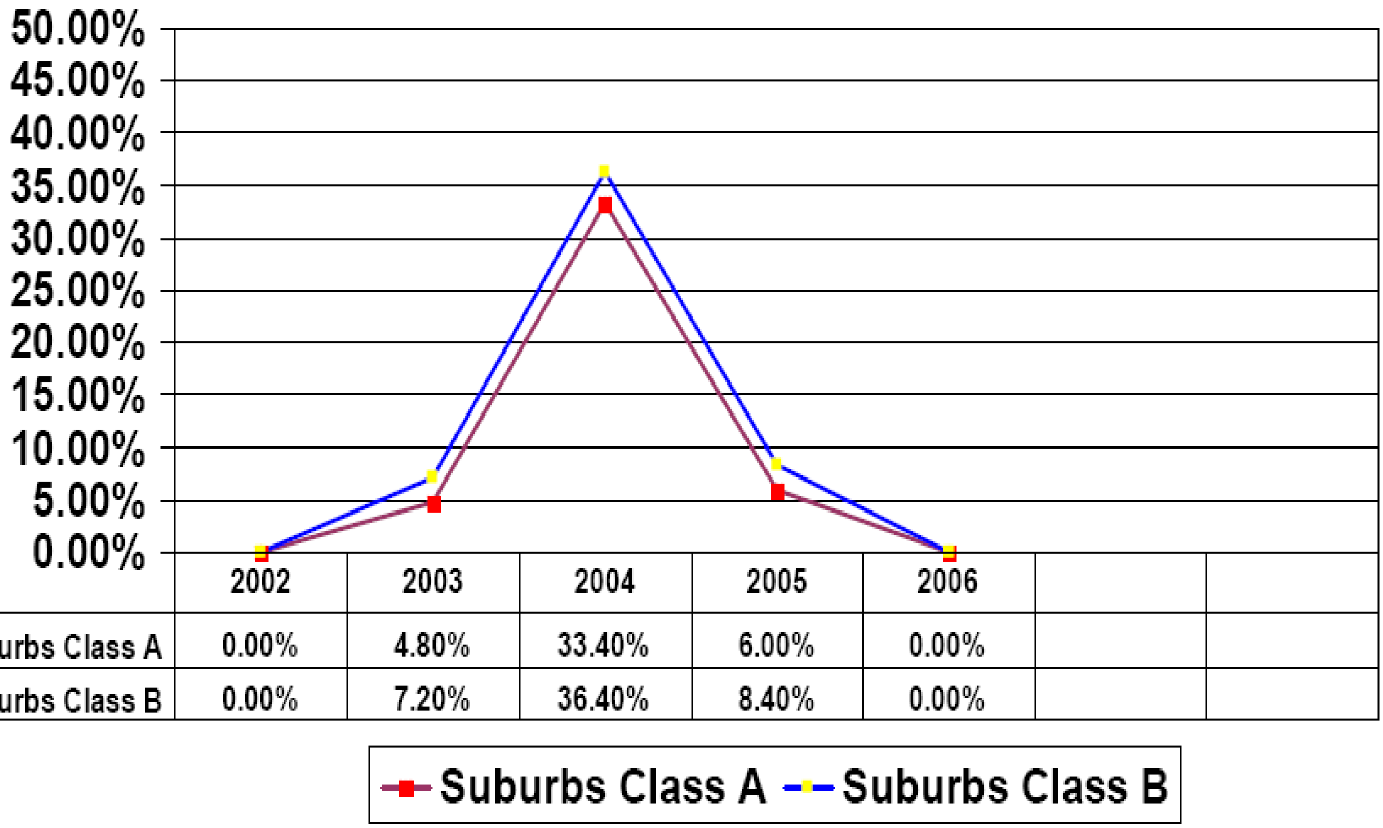
SUBURBAN PERCENTAGE RENT CHANGE (OFFICE)

Percentage of Average Rent Change from 2002 to 2006



	2002	2003	2004	2005	2006		
Suburbs Class A	0.00%	4.80%	33.40%	6.00%	0.00%		
Suburbs Class B	0.00%	7.20%	36.40%	8.40%	0.00%		

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Reading Overview

Proximity
The Reading Region is located in Eastern Pennsylvania in the center of the East Coast's metropolitan corridor that stretches from Boston to Washington, DC. We're right in the middle of Eastern Pennsylvania's metropolitan areas, with Philadelphia and it suburbs to the southeast, the Lehigh Valley cities of Allentown, Bethlehem, and Easton to the northeast, Lancaster to the south, and Harrisburg and the Capital Region to the west, each about an hour away from Greater Reading.

With Interstate 78, U. S. Routes 222 and 422 and the Pennsylvania Turnpike running through Berks County we are a quick connect to New York City, Philadelphia, Baltimore, and Washington DC. Locating your business in Berks County will reduce your transportation costs and provide quick access to millions of your customers.

Rich Rail Access to Markets
Greater Reading and Berks County is served by the Norfolk Southern Railroad which provides freight access to national and international markets. Based in Norfolk, the railway operates approximately 21,300 route miles in 22 eastern states, the District of Columbia and Ontario, serves all major eastern ports and connects with rail partners in the West and Canada, linking Berks County customers to markets around the world.

Norfolk Southern also provides comprehensive logistics services and offers the most extensive intermodal network in the East.

Greater Reading is strategically located just 45 miles from three Norfolk Southern intermodal facilities in Bethlehem, Harrisburg and Philadelphia.

Convenience
In addition to the rail access, air transportation is available from the Reading Regional Airport, Lehigh Valley International Airport, Lancaster Regional Airport, Harrisburg International Airport, and the Philadelphia International Airport. If you need ship access, the ports of Philadelphia and Wilmington are a little over an hour away.

Information obtained by Berks Economic Partnership www.gobep.com

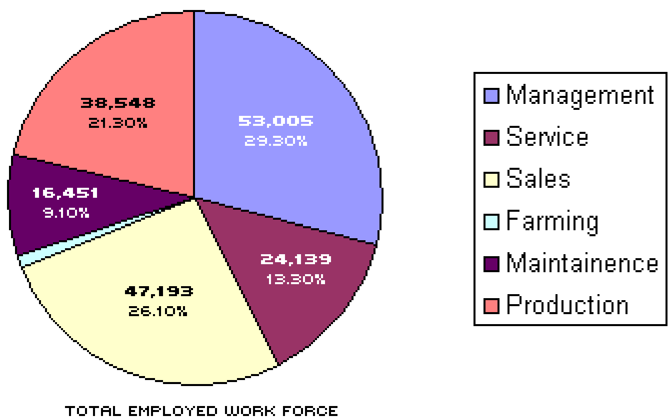
Driving Time In Hours From Reading			
Baltimore	2	Norfolk	6
Boston	6	Philadelphia	1
Buffalo	7	Pittsburgh	4.5
Cleveland	8.5	Richmond	5
Columbus	7	Toronto	8
Hartford	5	Washington	2.5
New York	2.5	Wilmington	1.5

Labor Pool

Highly skilled labor at below average labor costs.

If you are looking for a diverse workforce with above-average education (almost 60% with 12-15 years versus 56% U.S. average), Greater Reading and Berks County has an abundant supply. And the labor supply is growing, especially in the prime working age group of 35-54 years.

The area's work ethic is widely noted, thanks in part to our heritage as a Pennsylvania German manufacturing center in the early 20th century. "Folks in this area have a work ethic that is practically unheard of in some other regions of the country," according to John Rhodes, president of Moran, Stahl & Boyer LLC, an Atlanta-based site selection consulting firm. Today, the composition of the work force is changing, and although 21% are still engaged in production, you will also find skilled systems designers, engineers, research scientists, educators, accountants and many other occupations that contribute to a thriving well-rounded community.



"C. H. Briggs has grown from a garage start-up to 160 people in three locations. Greater Reading is a terrific place to live and do business because of its location and the availability of a talented and loyal work force with a work ethic that's second to none."
Julia Klein
President and CEO
C.H. Brigg

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Key Statistics

Location: Eastern Pennsylvania, USA

Area: 864 square miles

Population: 393,253 (U.S. Census Bureau, 2005 Population Estimates)
Male: 49.2%
Female: 50.8%
Population Density (Pop./Sq. Mi.): 454.4
Population within 100 mile radius: 20 million
Population within 200 mile radius: 50 million
Population within 300 mile radius: 70 million

Households: 148,720
Average Household Size: 2.55 Persons
Average Household Income: $61,939
Median Household Income: $49,128

Largest Municipalities (U.S. Census Bureau, 2003 Population Estimates):
- City of Reading, 80,305
- Exeter Township, 23,450
- Spring Township, 22,934
- Muhlenberg Township, 16,871
- Cumru Township, 14,218
- Wyomissing Borough, 11,079
- Amity Township, 10,371

Total Employment (U.S. Census Bureau, 2005 Census): 181,111
- White Collar Workers, 55.37%
- Blue Collar Workers, 44.63%

Total Land in Farms (USDA, 2002 Census of Agriculture): 215,679 Acres

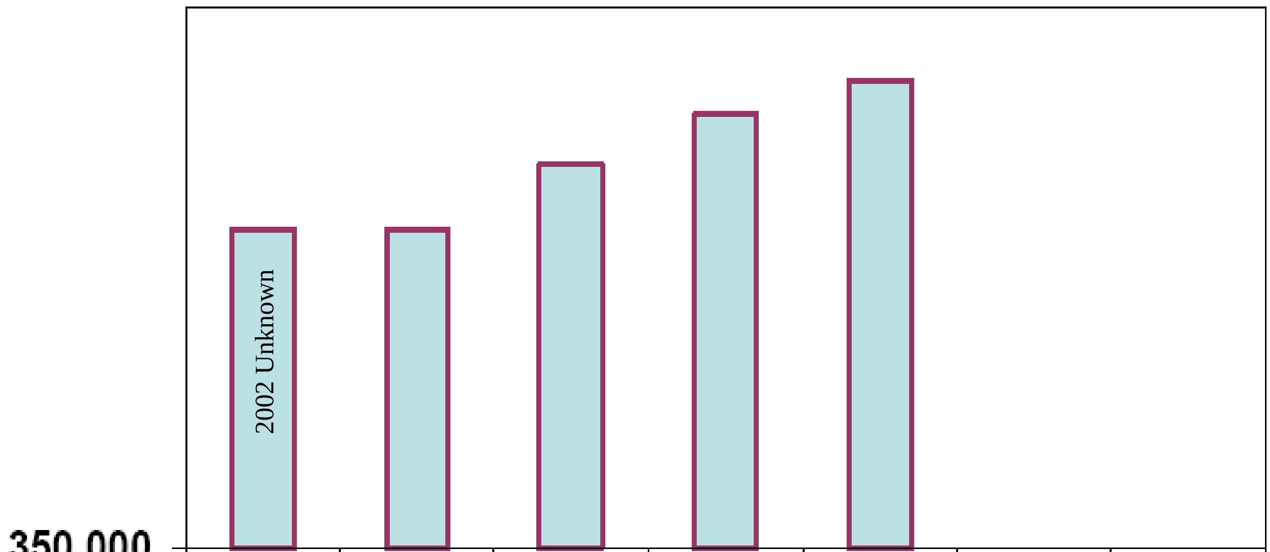
POPULATION COMPARISONS

Communities Ranked by Population in Pennsylvania (Top-15)

Rank	City	2004 Population
1	Philadelphia	1,517,550
2	Pittsburgh	334,563
3	Allentown	106,632
4	Erie	103,717
5	Reading	81,207
6	Scranton	76,415
7	Bethlehem	71,329
8	Lancaster	56,348
9	Altoona	49,523
10	Harrisburg	48,950
11	Penn Hill	46,809
12	Wilkes-Barre	43,123
13	York	40,862
14	State College	38,420
15	Chester	36,854

Population Change

Population from 2002 to 2006



	2002	2003	2004	2005	2006		
Population for Berks County	379,586	379,586	385,475	390,073	393,253		

Population for Berks County

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- Integrated Marketing Program
- Contract Lease Negotiations and Closing
- Business/Market Data
- 1031 Tax Deferred Exchanges

Management

Property Management

Advisory Consultation

- Portfolio Optimization
- Value Enhancement Consultation
- Property Management Development and Adaptive Reuse Consultation
- Investment Acquisition and Disposition Consulting
- Public Relations
- Property Rezoning
- Lease auditing and administration

Strategic Information

- In-House Demographics
- Employment Market Information
- Portfolio Organization
- In-House Aerials

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