

GLOBAL SPOTLIGHT

Philadelphia, Pennsylvania



Philadelphia's economy is heavily based on manufacturing, refining, food and financial services, but the city also has a strong health sciences and education base with five medical colleges.

- The largest private employer in Philadelphia is the University of Pennsylvania. The ongoing expansion of Penn and other major academic institutions is propelling growth across the region.
- Penn has been a major player in the expansion and redevelopment of University City. In 2007, it teamed with Brandywine Realty Trust in the acquisition of an historic Postal Service facility that will be converted into a new 860,000 SF processing center for the IRS – housing over 5,000 federal employees consolidated from facilities in and around Philadelphia.
- The city will see increased development activity in the near term as a result of the expansion of the Pennsylvania Convention Center and the inauguration of casino gambling. Additionally, plans to deepen the channel in Delaware will hasten redevelopment of the Philadelphia Navy Yard, which has set aside 85 acres for a new terminal for larger cargo vessels. In 2007 Tasty Baking Company, the makers of TastyKakes, announced plans to relocate its local operations and headquarters to a new 345,000 SF plant at the Philadelphia Navy Yard Business Center.
- Retail leasing activity remains strong throughout much of the Philadelphia MSA. Net absorption is positive with vacancy hovering below 10%. Overall rents are increasing slightly as supply and demand are relatively balanced. New restaurants and high-end retailers are taking prime locations in the CBD. Redevelopment of existing strip centers and construction of new ones is occurring in many of the city's neighborhoods. Retail expansion at Philadelphia International Airport has shown great success.
- The vacancy rate in the CBD office market hit a seven-year low in 2007 as it fell into single digits. Class B and C space is virtually non-existent as many of those older properties have been converted to condos/apartments. Overall rental rate increase has set the stage for over 1 million SF of new project announcements by local developers.

Philadelphia At A Glance

Population	5,823,233 (5th largest Metro area in the US)
Location	Largest city in Pennsylvania, situated in the southeastern corner of the state
Interest	3.89% (US 10yr Treasury Note)
Unemployment	4.7%

Property	Rent/SF/Year Low	High	Effective Avg.	Vacancy Rate
Downtown Office Class A	\$23	\$34	\$27	10%
Suburban Office Class A	\$22	\$32	\$26	16%
Industrial Bulk Warehouse	\$3.75	\$6.50	\$5.13	10%
Retail Downtown	\$20	\$100	\$27	10%

NAI Geis Realty Group, Inc. and NAI Mertz Corporation provide local market expertise in the Philadelphia/South Jersey metropolitan region.

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NAI Global is one of the world's leading providers of commercial real estate services. We bring together people and resources wherever needed to deliver outstanding results for our clients.

At A Glance

375	Offices
55	Countries
8,000	Professionals
\$45 billion	Annual Transaction Volume
250	MSF of Property Management

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