

Hamburg Commerce Park

SHOEMAKERSVILLE, PENNSYLVANIA

EXECUTIVE SUMMARY

HAMBURG COMMERCE PARK (HCP) consists of 200+ acres zoned LIC and serviced with public water, sewer, gas, and electric along with a traffic light controlled intersection. The project consists of an estimated total build-out of 2.1 million sq. ft. of flex warehousing, industrial / manufacturing buildings, ranging in size from 10,000 SF up to 840,000 SF, available for lease, purchase or build to suit.

NOTABLE FEATURES

- 200 Acre Industrial Park located along the I-78 distribution corridor
- Location provides quick access to I-476 and I-81 interchanges
- Easy access to major east coast cities (New York, Philadelphia, Boston, Washington DC)
- Proximate to Lehigh Valley International and Harrisburg International Airports
- LERTA application pending
- Large, available labor pool

LOT 8 & 9 (SPECULATIVE DEVELOPMENT)

ASSUMPTIONS	LOT 9	LOT 8
Net Rent	\$4.50 PSF "2016" 2% annual increases	\$4.50 PSF "2016" 2% annual increases
Term	10 Years	10 Years
Transaction Size	Feb-2019 500,000 SF Aug-2019 337,000 SF	Dec-2020 380,000 SF
Absorption Period	9 & 15 Months	9 Months
Construction Costs with Land @ \$10 per FAR / Stabilized Value	\$47.2M or \$57 PSF \$59.8M or \$72 PSF	\$23.6M or \$62 PSF \$28.2M or \$74 PSF



	LOT 9	LOT 8	LOT 11	LOT 10	LOTS 1-7, 12
BUILDING ADDRESS	SHOEMAKERSVILLE, PA				
Building Size	837,000 SF	380,000 SF	300,000 SF	260,000 SF	Varied
Car Parking Spaces	266	195	195	195	Varied
Trailer Storage	247	90	90	85	0
Building Dimensions	600' D x 1,395' W	380' D x 1,000' W	300' D x 1,000' W	260' D x 1,000' W	135' D x 568' W
Loading Format	Cross-dock	Rear Load	Rear Load	Rear Load	Rear Load
Lot Size	49.4 acres	22.4 acres	21.1 acres	18.4 acres	1.7 - 31.8 acres



MARKET SUMMARY

The I-78 Industrial Corridor, comprising of the Lehigh Valley and Berks County Industrial submarkets, is experiencing record levels of speculative construction, escalating rentals rates, falling capitalization rates, and strong investor demand for core product in what has become one of the best performing industrial markets in the country. The corridor is comprised of the Lehigh Valley and Harrisburg East Submarkets that are part of the NEPA Industrial Market.

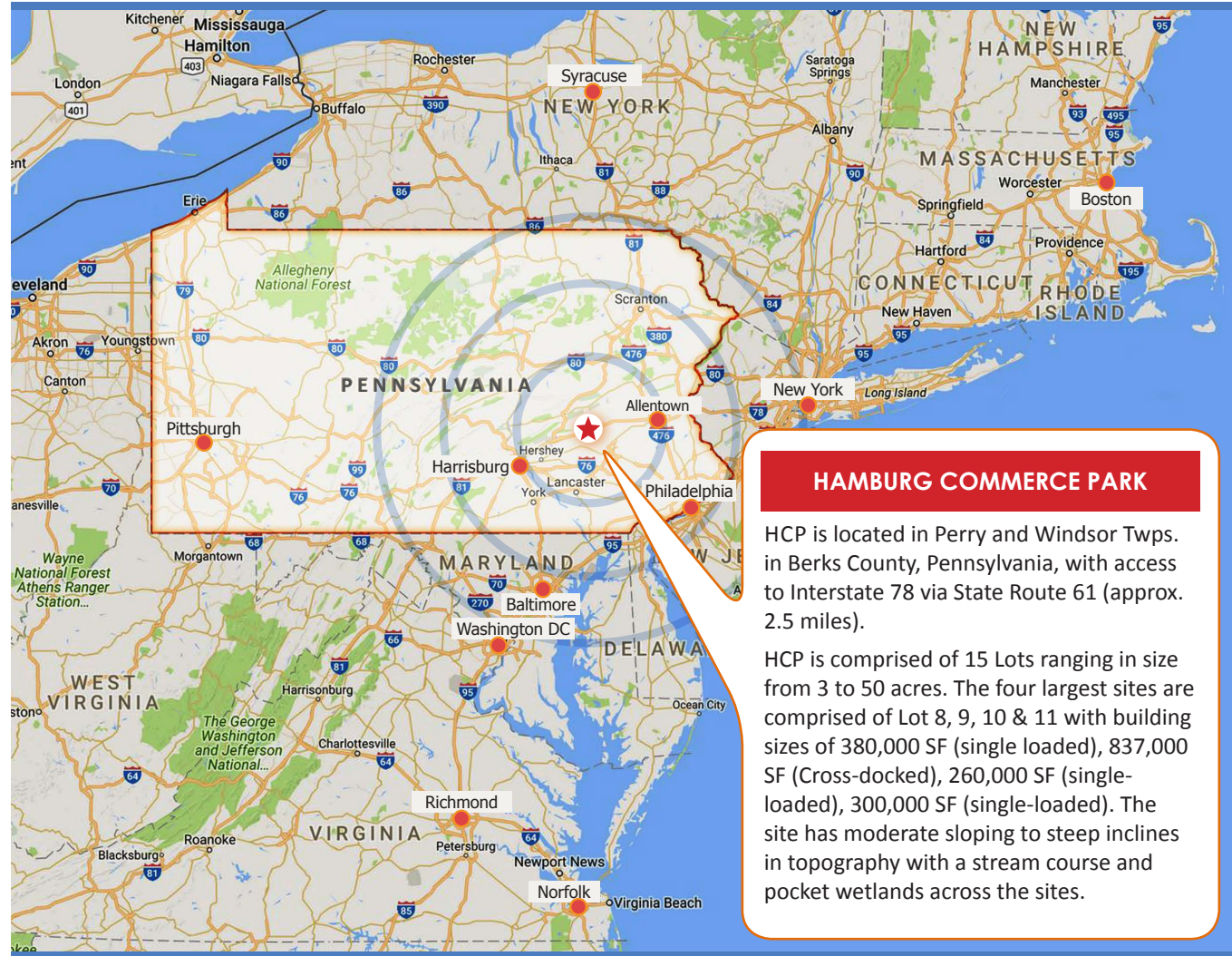
INDUSTRIAL DEMAND

Consistent with national industrial trends, demand for modern distribution buildings have continued to strengthen since the high vacancy of 15.9% achieved in the corridor in 1Q 2009. This is evidenced by the record low vacancy achieved as of year-end 2015. Contrasting current vacancy by the market's five and ten-year average absorption indicates an approximate 10 month and 6.5 year supply of inventory in the submarkets of Lehigh Valley and Harrisburg East. From a historical perspective, anytime this ratio is below 3 years the market experiences a surge in speculative development similar to what is being experienced in the Lehigh Valley today.

For the balance of 2016 and into 2017 we are forecasting a modest increase in rental rates as the delivery of new construction across the NEPA region will slow rental growth and push vacancy rates higher.

DEVELOPMENT ACTIVITY

Given the broad based industrial development rally underway and the institutional acceptance of the I-78 Corridor, there is current activity from local, regional and national developers. As of 2Q 2016 there is approximately 7.3 million SF of development activity in the corridor by developers such as Liberty Property Trust, Dermody Partners, and Clarion Partners. In 2015, there was approximately 4.2 million SF delivered with notable completions by Prologis, Hillwood, Duke Realty, and Majestic. On a cumulative basis, the last 24 months have resulted in more new inventory as compared to any other comparative period, further evidencing that a broad based development boom is well underway.



HAMBURG COMMERCE PARK

HCP is located in Perry and Windsor Twp. in Berks County, Pennsylvania, with access to Interstate 78 via State Route 61 (approx. 2.5 miles).

HCP is comprised of 15 Lots ranging in size from 3 to 50 acres. The four largest sites are comprised of Lot 8, 9, 10 & 11 with building sizes of 380,000 SF (single loaded), 837,000 SF (Cross-docked), 260,000 SF (single-loaded), 300,000 SF (single-loaded). The site has moderate sloping to steep inclines in topography with a stream course and pocket wetlands across the sites.

DISTANCES TO CITIES

CITY	DISTANCE (mi)	DRIVE TIME
Philadelphia	82	1 hr 30 min
New York City	120	2 hr
Baltimore	119	2 hr
Washington DC	166	2 hr 45 min
Boston	346	5 hr 30 min
Toronto	392	7 hr 15 min

DISTANCES TO PORTS

CITY	DISTANCE (mi)	DRIVE TIME
Port of Philadelphia	87	1 hr 30 min
Ports of NY/NJ	117	2 hr
Port of Baltimore	119	2 hr

DISTANCES TO INTERMODAL

CITY	DISTANCE (mi)	DRIVE TIME
Norfolk Southern Bethlehem	41 miles	48 min
Norfolk Southern Harrisburg	56 miles	1 hr

DISTANCES TO PARCEL

	DISTANCE (mi)	DRIVE TIME
FedEx Ground	40 miles	45 min
FedEx Smartpost	26 miles	30 min
UPS Regional Hub	39 miles	45 min
USPS Regional Hub	36 miles	45 min

CONTACT

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ECONOMIC IMPACT

Presented below is a summary table presenting the economic impacts of the project. HCP will generate over 1,000 full time jobs upon completion and deliver a 172% return on investment to the Commonwealth on the requested \$3,000,000 assistance over a 5 year period.

The ability to construct park improvements enable the project to be prepared with adequate infrastructure and meet the demand of projects that have the potential to locate in the park. Funding assistance is required to make the project more cost effective and expedient. These improvements will allow the project to be more marketable and much more attractive end users. This will in turn increase business growth, job creation, and create tax generating properties on a grand scale.

Estimated Annual State Employment Taxes Generated from Hamburg Commerce Park

									Income Tax	
Development SF		Development Cost/sf	Total Development	Direct Jobs/ 2,000 sf	Average Hourly Wage	Annual Salary	Total Project Salary	PA State Income Tax	5 year Total	
									3.09%	
Land										
Buildings	Lot 1	76,680	\$ 125	\$ 9,585,000	38	\$ 20	\$ 41,600	\$ 1,594,944	\$49,284	\$246,418.85
	Lot 2	10,000	\$ 150	\$ 1,500,000	5	\$ 25	\$ 52,000	\$ 260,000	\$8,034	\$40,170.00
	Lot 3 (A,B,C,D)	43,200	\$ 125	\$ 5,400,000	22	\$ 25	\$ 52,000	\$ 1,123,200	\$34,707	\$173,534.40
	Lot 4	43,200	\$ 125	\$ 5,400,000	22	\$ 25	\$ 52,000	\$ 1,123,200	\$34,707	\$173,534.40
	Lot 5	48,000	\$ 125	\$ 6,000,000	24	\$ 25	\$ 52,000	\$ 1,248,000	\$38,563	\$192,816.00
	Lot 6	85,000	\$ 85	\$ 7,225,000	43	\$ 20	\$ 41,600	\$ 1,768,000	\$54,631	\$273,156.00
	Lot 7	80,000	\$ 85	\$ 6,800,000	40	\$ 20	\$ 41,600	\$ 1,664,000	\$51,418	\$257,088.00
	Lot 8	380,000	\$ 65	\$ 24,700,000	190	\$ 18	\$ 37,440	\$ 7,113,600	\$219,810	\$1,099,051.20
	Lot 9	837,000	\$ 60	\$ 50,220,000	419	\$ 18	\$ 37,440	\$ 15,668,640	\$484,161	\$2,420,804.88
	Lot 10	260,000	\$ 65	\$ 16,900,000	130	\$ 18	\$ 37,440	\$ 4,867,200	\$150,396	\$751,982.40
	Lot 11	300,000	\$ 65	\$ 19,500,000	150	\$ 18	\$ 37,440	\$ 5,616,000	\$173,534	\$867,672.00
	Total	2,163,080		\$153,230,000						
GRAND TOTALS								\$1,299,246	\$6,496,228	

NPV @8% Taxes Years 1-5	\$5,187,511
Requested Assitance	\$3,000,000
Return on Investment	172.92%