

Press Release:
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Brasler Properties – Chris Brasler

Berks County Pennsylvania – Example of US economy manufacturing comeback fundamentals

Reading, Berks County, PA was identified in the NY Times – September 27, 2011 with the highest Poverty rate in the US. 400,000 population of Berks County a historic manufacturing base - 1 hour from Philadelphia, 1.5 to NY City and Baltimore, sandwiched between I-78 along the Northern border, I-76 to the South. Major commercial lending banks avoided lending in the area due to the post GFC strict lending parameters. We found it hard to find financing sources and so did many local businesses. Despite this downward trending cycle, Berks, leveraging off of global forces as well as local level influences has bounced back strong!

Brasler Properties', an Industrial redeveloper of large multitenant industrial properties owning or operating over 1,200,000 square feet in the Berks County market over the past few years, experience mirrors the general market dynamics. In the past 2 years we have leased up all 1.2 million square feet with primarily manufacturing users. When we started redeveloping property in Reading, 13 years ago, we positioned the properties for the then prevailing market, warehouse distribution. In 2008, the percentage of warehousing uses was over 80% - currently, warehousing is down to less than 15%. This sea change is not the result of low wages and availability of skilled labor alone.

The macro level global forces:

The January 19th 2013 Economist, special report “ Reshoring, Manufacturing Coming Home” focused on major companies bringing production operations back. The core factors: relaxed union activity, exchange rate rise in China and elsewhere, enhanced quality control, Intellectual Property protection (production location domestic) costs of global transport rising and a competitive advantage to being able to provide fast release production for popular items due to travel and retooling time. While not responsible for all of the growth, this phenomenon is a major contributing factor in Berks County, PA and in mid sized historical manufacturing hubs in the North East and Mid Atlantic.

The micro level local influences:

Sustained effective economic development efforts are paying off for the Greater Reading Economic Partnership(GREP), spearheaded by Jon Scott and Pamela Shupp. GREP draws strength from local business membership to attract national and state level site searches and pursues existing firms providing appropriate support to allow for local growth. The Townships are also getting into the act by working hand in hand with new and existing manufacturing operations to ensure that code compliance, life safety and building approvals are not unnecessarily burdensome. Our tenants have experienced both of these elements coordinated in a very effective approach.

Heading into 2014, we are seeing the major lending banks soliciting commercial loans in the Berks market again and industrial vacancy is under 5%. The manufacturing base is diverse with many firms producing high quality products for export. To continue growth in the manufacturing sector, our politicians need to focus on deferred infrastructure projects to ensure that the local production facilities get raw materials from the ports and the finished products get out to the core Northeast and Mid Atlantic markets as efficiently as possible.