

MANSFIELD COMMERCIAL REAL ESTATE

**EXCLUSIVE LISTINGS
SPRING 2011**

**(INCLUDING OVERVIEW OF THE 2010 ORANGE
COUNTY, NY COMMERCIAL REAL ESTATE MARKET)**

MANSFIELD COMMERCIAL REAL ESTATE

OVERVIEW OF THE ORANGE COUNTY, NY COMMERCIAL REAL ESTATE MARKET AT YEAR-END 2010

by Elisabeth Mansfield

The Industrial Market in 2010

Adapting to the worst economic climate since the 1930's, the Orange County industrial real estate market saw no speculative construction projects commence or come on-line in 2010. Although there are approvals in place for over 2,000,000 square feet of spec industrial space, these projects were put on hold as we entered the economic downturn, and this, perhaps, has helped the Orange County market to begin to recover more quickly from the recession than it may otherwise have. As activity began to increase, with no new product coming available, the inventory of existing buildings garnered more attention - particularly some of the larger ones that have been on the market for years - and this helped to lower the vacancy rate for the first time since 2006. Over 90% of the space absorbed in 2010 was in existing buildings.

Only three buildings were constructed or expanded in 2010 - the smallest number since the 1990's - adding 430,000 square feet and pushing the inventory of prime industrial real estate in Orange County, NY to 19.7 million square feet (these additions to inventory were partially offset by the demolition of a 97,700 square foot building in New Windsor). The 348,000 square foot addition to the C&S Wholesale Grocers building in Chester Industrial Park was the largest of these to come on-line. Following this is the new 67,000 square foot steel fabrication facility for Orange County Iron Works constructed in the Town of Montgomery, and the 15,000 square foot facility built in the Town of Goshen for North Jersey Trailer and Truck Service.

At year-end 2010, the vacancy rate for prime industrial space in Orange County stood at 9.5%, down from a high of 15% the year before. Accounting for the

bulk of the drop was the acquisition by President Container of the 520,000 square foot former Wakefern facility in the Town of Wallkill, the largest block of available space in the County for the last five years. Another notable transaction that closed in 2010 was the purchase of the 130,000 square foot building at Interchange Commerce Center in Harriman by Takasago International, a manufacturer of flavors and fragrances. Both of these facilities replaced operations formerly based in New Jersey.

Comparatively speaking, the county's industrial vacancy rate at year-end 2010 is a bit lower than the national vacancy rate of 10.85% (as per Integra Realty Resources).

In total, nearly 1.3 million square feet was absorbed in the County during 2010, a healthy level not seen since before the recession. Other significant transactions were Amscan's lease of 104,000

(continued on page 13)

INDUSTRIAL / FLEX



±34,500 sq. ft. (divisible)

207 Wembly Road, Town of New Windsor, NY

Approximately 30,000 sq. ft. of industrial space and ±4,500 sq. ft. of office space is available within this ±69,000 sq. ft. masonry and metal building. The warehouse has ceiling heights of 23 feet clear, with three tailgate-level loading doors and one 10' x 10' drive-in door. Owner will consider dividing the space. Zoned PI, Planned Industrial.

Approximately two miles to NY State Thruway / Interstate 87, three miles to Interstate 84, and two miles to Stewart International Airport.

±34,500 sq. ft. for lease at \$5.85 per sq. ft., triple net (rental price for divisions upon request).



±27,500 sq. ft.

45 Turner Drive, Town of Wallkill, NY

Approximately 27,500 sq. ft. is available for sublease in this ±166,700 sq. ft. masonry flex building, constructed in 2004. The available space includes ±2,900 sq. ft. of finished offices and ±24,600 sq. ft. of warehouse space equipped with an ESFR sprinkler system. There are seven tailgate-level loading doors and one drive-in door. Ceiling heights are 28 feet. Sublease term is through June 2011 (longer lease terms can be negotiated). Less than two miles to NY Route 17 / Interstate 86 and less than three miles to Interstate 84. For sublease at \$4.95 per sq. ft., triple net.

INDUSTRIAL / FLEX



Up to ±18,700 sq. ft.

15 Industrial Drive, Town of Goshen, NY

This property, consisting of three free-standing buildings, is available for sale, with two of the buildings also available for lease. Situated on a ±2 acre lot, the buildings each have 12 foot clear ceiling heights, ±1,000 sq. ft. of air-conditioned offices, and drive-in doors. Building A, ±5,800 sq. ft., has two drive-in doors. Building C, ±7,100 sq. ft., has two drive-in doors. Building B, ±5,800 sq. ft., is presently occupied by the owner but could be delivered vacant at closing. Zoned Industrial. Approximately four miles to NY Route 17 / Interstate 86 and approximately eight miles to Interstate 84. Buildings A and C for lease at \$6.00 per sq. ft., triple net, or all three buildings for sale at \$935,000. (Deal pending)



±2,500 to ±14,072 sq. ft.

11 Elkay Drive, Town of Chester, NY

Within this ±22,500 sq. ft. single-story flex building with 24 foot clear ceiling heights, the following space is available for lease:
Unit 3 is ±2,500 sq. ft. (33% office space) with one tailgate-level door;
Unit 5 is ±2,500 sq. ft. (20% office space) with one tailgate-level door;
Unit 7 is ±2,500 sq. ft. (25% office space) with one tailgate-level door;
Unit 13 is ±6,572 sq. ft. (31% office space) with three tailgate-level doors. Units can be combined for up to ±14,072 sq. ft. Zoned IP, Industrial Park. Less than one mile to NY Route 17 / Interstate 86. For lease at \$7.50 per sq. ft., triple net.

INDUSTRIAL / FLEX



±13,600 sq. ft.

33 Brookside Avenue (aka NY Route 17M), Village of Chester, NY

This ±13,600 sq. ft. two-story building was formerly used as a retail lumber facility. The first level (fully air conditioned) includes a showroom up front and a storage / shop area in the rear. The second level has ±2,500 sq. ft. of finished office space, and the balance of the second level is an unfinished, unheated storage area (with dry sprinkler system), available for tenant's use at no additional charge. The building has ten foot ceiling heights and five loading doors. Approximately 1.7 acres surrounding the building is available for tenant's use; additional land and/or rail access can also be made available. Zoned B-2, General Business. Approximately 1/3 mile to NY Route 17 / Interstate 86, eight miles to Interstate 84, and ten miles to NY State Thruway / Interstate 87. For lease at \$8.00 per sq. ft., triple net.



±6,400 sq. ft. to ±9,600 sq. ft.

45 Enterprise Place, Town of Wallkill, NY

This ±9,600 sq. ft. block and steel building, available for sale or lease, is situated on ±1.75 acres and is presently divided for two tenants. The owner occupies ±6,400 sq. ft., and a month-to-month tenant occupies the remaining ±3,200 sq. ft. The building is for sale with both tenants in place, or can be delivered vacant. Ceiling heights slope from 18 to 24 feet. There are two 14 ft. on-grade loading doors, one in each tenant's space. Zoned Light Enterprise. Less than two miles to NY Route 17 / Interstate 86, and less than three miles to Interstate 84. For sale at \$975,000.

INDUSTRIAL / FLEX



±9,500 sq. ft.

2 Old Route 17, Town of Chester, NY

First time on market! This ±9,500 sq. ft. flex building, situated on ±1.34 acres, has been owner-occupied and meticulously maintained since being constructed in 2002. The building has a fully air conditioned ±6,000 sq. ft. studio formerly used as a decorator's workroom (drapery manufacturing, upholstery, etc.) of which ±1,500 sq. ft. is finished office space. On the southern end of the building is a ±1,375 sq. ft. heated shop area with access to a tailgate-level loading platform, and a ±625 sq. ft. heated garage with an on-grade loading door. Above the offices is a ±1,500 sq. ft. structural mezzanine for storage or conversion to offices. Ceiling heights from ±18 to 24 feet. Zoned GC, General Commercial. Less than 1.5 miles to NY Route 17 / Interstate 86. For sale at \$975,000.



±8,748 sq. ft.

One Sanford Avenue, Village of Chester, NY

This ±8,748 sq. ft. steel building is available for sale. Property includes three lots totaling ±.54 acre, most of which is fenced. The building has eight drive-in doors and ceiling heights up to 22 feet. A steel mezzanine in a portion of the building provides additional storage. There is also ±2,200 sq. ft. of finished office space. Less than one-half mile to NY Route 17 / Interstate 86. Additional ±.52 acre lot can also be made available. For sale at \$449,000.

INDUSTRIAL / FLEX



Two Buildings Totaling ±6,350 sq. ft.
295 North Street, City of Middletown, NY

This ±.71 acre corner lot is improved with two buildings, including a ±5,000 sq. ft. masonry structure comprised of ±3,000 sq. ft. of air-conditioned office space and ±2,000 sq. ft. of garage/storage space with three drive-in doors. Ceiling heights vary from ±16 to ±18 feet. At the rear of the property is a ±1,300 sq. ft. concrete block storage building (with electric and heat) that has two drive-in doors. Gated fencing encloses the property. Zoned I-1, Light Industrial. Approximately two miles to NY Route 17 / Interstate 86, and 2½ miles to Interstate 84. For sale at \$275,000. (In contract)



±5,859 sq. ft.
831 Little Britain Road, New Windsor, NY

In this ±13,120 sq. ft. building, approximately 5,859 sq. ft. of lower level space is available for sublease through November 2012 (longer lease terms can be negotiated), consisting of ±2,859 sq. ft. distribution space with offices and lavatories, and ±3,000 sq. ft. storage space. The space has one tailgate-level loading door, one drive-in door, and ceiling heights of approximately 9 to 10 feet. Also available is office space of ±4,414 sq. ft. on the upper level (both levels on-grade). Zoned PI, Planned Industrial. Less than two miles to NY State Thruway / Interstate 87, exit 17, and approximately two miles to Interstate 84 and to Stewart International Airport. For sublease, price negotiable.

INDUSTRIAL / FLEX



±5,000 sq. ft.
11 Elkay Drive, Town of Chester, NY

A ±5,000 sq. ft. end unit is available for sublease within this ±22,500 sq. ft. single-story flex building. The space is finished with ±900 sq. ft. of office space and ±4,100 sq. ft. of warehouse, with one tailgate-level loading door at the building rear and one 12 ft. drive-in door on the side. 24 foot ceiling heights. Sublease term is through November 2012 (longer lease terms can be negotiated). Zoned IP, Industrial Park. Less than one mile to NY Route 17 / Interstate 86. For sublease at \$7.50 per sq. ft., triple net.

OFFICE



±9,480 sq. ft.

16 Maybrook Road, Town of Hamptonburgh, NY

This two-story ±9,480 sq. ft. brick building, constructed in 1991, is just north of NY Route 207 in Campbell Hall. The building has several private offices, a large conference / training room, a kitchen, and a data center with raised floors. An elevator services both levels. Situated on ±0.92 acre, the building has 36 parking spaces. Approximately five miles to Interstate 84 and seven miles to NY Route 17 / Interstate 86. For sale at \$1,150,000.



±1,711 sq. ft. to ±9,440 sq. ft.

**Orange Regional Medical Pavilion
75 Crystal Run Road, Town of Wallkill, NY**

Orange Regional Medical Center's premier outpatient facility has medical office space available for lease. This ±100,000 sq. ft. medical office building is the closest Class A building to the new Orange Regional Medical Center hospital presently under construction. Available suites range from ±1,711 sq. ft. to ±9,440 sq. ft. (units can be divided to accommodate other sizes). Medical services located at 75 Crystal Run Road include the Ray W. Moody, MD Breast Center; Eleanor T. Snow Radiation Oncology; urgent care; diagnostic imaging; vascular lab; endoscopy; ambulatory surgery; and a sleep center. Located at the interchange of NY Route 17 / Interstate 86 and Interstate 84. Landlord offering generous tenant improvement allowance. For lease at \$16.00 per sq. ft., triple net.

OFFICE



±2,042 sq. ft. to ±9,415 sq. ft.

**Crystal Run Corporate Park
90 Crystal Run Road, Town of Wallkill, NY**

The premier class A office building in the County, this high quality facility can now accommodate tenants as small as ±2,000 sq. ft. or as large as ±9,400 sq. ft. (larger blocks of contiguous space can be assembled as necessary). Providing exceptional accessibility to highways, medical facilities, shopping, hotels and restaurants, this four-story building has long been home to the area's most prestigious legal firms, medical practices, financial companies, and other businesses seeking a meticulously maintained and well-managed facility, with an elegant lobby, large floor plates, extensive parking, and on-site management. Unquestionably one of the best values for your rental dollars. For lease at \$22.50 per sq. ft., fully gross.



±1,416 sq. ft. to ±5,765 sq. ft.

**New Windsor Business Park
100 Commerce Drive, Town of New Windsor, NY**

Three suites are available for lease in this ±18,500 sq. ft. single-story masonry and glass multi-tenanted building. Suite 102 is a ±2,265 sq. ft. corner office. Suite 103 is a ±3,500 sq. ft. office (can be combined with Suite 102 for up to ±5,765 sq. ft.). Suite 106 is a ±1,416 sq. ft. corner office. Located in a 17-acre, beautifully landscaped, Class A office park, presently improved with four buildings, two of which are multi-tenanted, and two that are single-tenant occupancies. Close to restaurants and shopping, with easy highway access. Additional development is planned within the park. Rent negotiable.

OFFICE



±5,738 sq. ft.

Meadow Hill Plaza

1418 NY Route 300, Town of Newburgh, NY

A ±5,738 sq. ft. medical office is now available for immediate occupancy in this high exposure location. Ideal for urgent care, walk-in clinic, physician practice, or dental office, there are five exam rooms, six private offices, three restrooms, plus lab, x-ray, and storage areas. With prominent signage and 37,840 cars passing daily, this retail center provides the kind of visibility unmatched by traditional medical office locations. Patients appreciate the convenience of medical facilities that are co-located with their regular shopping trips. Adjacent ±900 sq. ft. unit is also available and can be combined for up to ±6,638 sq. ft. Easy highway access - less than a mile to Interstate 84 and to NY State Thruway / Interstate 87. For lease at \$17.00 per sq. ft. (includes heat).



Up to ±5,686 sq. ft. (divisible)

20 Walker Street, Village of Goshen, NY

Within this three-story mixed-use building in the center of the Village, up to ±5,686 sq. ft. of office space is available for lease. The available space consists of the second and third floors of the building, accessible via elevator from the dedicated lobby entrance on Walker Street. The space has several individual offices with windows letting in lots of natural light, plus two conference rooms, staff / break room, clerical and open areas. Both floors have an intercom system connected to the lobby entrance, allowing tenants to control access - ideal for organizations that wish to lock the door after regular business hours. Approximately one mile to NY Route 17 / Interstate 86. For lease at \$14.00 per sq. ft., triple net.

OFFICE



±4,414 sq. ft.

831 Little Britain Road, New Windsor, NY

Approximately 4,414 sq. ft. of office space is available for sublease, offering excellent exposure on NY Routes 207/300 with over 27,000 cars passing daily. The space is a mix of private offices and open areas, with windows on three sides providing lots of natural light. Custom furniture can be made available. Sublease term is through November 2012 (longer lease terms can be negotiated). Also available is distribution and storage space of ±5,859 sq. ft. on the lower level (both levels on-grade). Less than two miles to NY State Thruway / Interstate 87, exit 17, and approximately two miles to Interstate 84 and to Stewart International Airport. For sublease at \$12.00 per sq. ft., plus utilities.



±3,867 sq. ft.

4958 NY Route 17M, New Hampton, NY

This two-story mixed-use building, constructed in 2000, is available for lease. Most recently used as a retail store, it is well suited for conversion to offices. The building has lots of natural light and cathedral ceilings on the second floor, above a balcony that overlooks the first floor. There is also a ±550 sq. ft. area on the second floor that was designed as a residential apartment. The building is equipped with an enclosed lift servicing all levels, and has a full basement for additional storage. Less than one mile to Interstate 84. For lease at \$10.00 per sq. ft., triple net.

OFFICE



±2,900 sq. ft.

20 Walnut Street, Town of Montgomery, NY

Within this medical office building fronting on NY Route 17K just west of NY Route 208, a ±2,900 sq. ft. medical suite is coming available for sublease. The space has a vestibule entry, a large waiting room, reception area, three offices, four exam rooms (all with sinks), four lavatories, a lunch room and other storage areas. Sublease term is through November 2013 (longer lease terms can be negotiated). Approximately one mile to Interstate 84, and nine miles to NY State Thruway / Interstate 87. For sublease at \$24.00 per sq. ft., plus utilities.



±2,588 sq. ft.

New Windsor Business Park

484 Temple Hill Road, Town of New Windsor, NY

A corner office suite of ±2,588 sq. ft. is available for lease in this ±18,500 sq. ft. single-story masonry and glass multi-tenanted building. Located in a 17-acre, beautifully landscaped, Class A office park, presently improved with four buildings, two of which are multi-tenanted, and two that are single-tenant occupancies. Close to restaurants and shopping, with easy highway access. Additional development is planned within the park. Rent negotiable.

OFFICE



±1,500 sq. ft.

78 Cypress Road, Village of Goshen, NY

A ±1,500 sq. ft. suite is presently available for lease in this unique two-story passive solar office building (both levels on-grade). Ideal for medical or general office purposes, it is presently finished with five private offices, a large open area, kitchenette, and two restrooms. Easy highway access - less than ¼ mile to NY Route 17 / Interstate 86 and approximately three miles to Interstate 84. For lease at \$15.00 per sq. ft., triple net.



±1,224 sq. ft.

356 Meadow Avenue, Town of Newburgh, NY

Last unit available. For lease in this two-story office building is a ±1,224 sq. ft. office on the first floor, immediately off the main lobby, with three private offices, a reception area, and a conference room. The building is surrounded by parking. Located less than one mile to Interstate 84 and approximately one mile to NY State Thruway / Interstate 87. For lease at \$22.50 per sq. ft., fully gross.

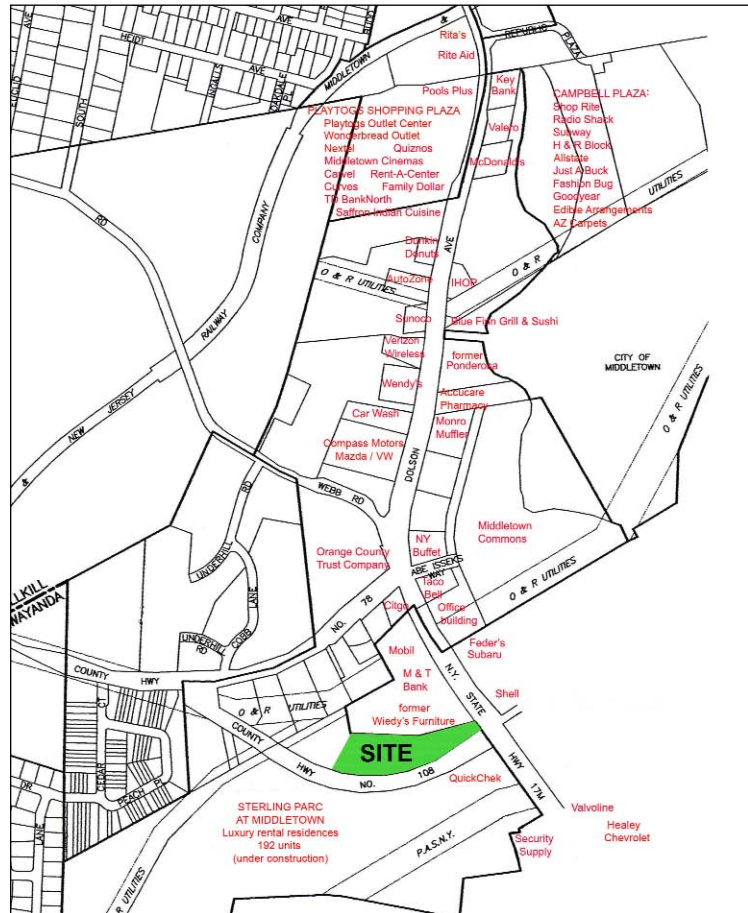
RETAIL



±1.75 Acre Restaurant Pad Site

NY Route 17M / Dolson Avenue, City of Middletown, NY

This ±1.75 acre restaurant pad site is adjacent to a planned 85-room Fairfield Inn & Suites by Marriott. Already approved for a ±6,000 sq. ft. restaurant with parking for 125 vehicles, the developer is currently modifying the plan, so site plan amendments for the restaurant can be tailored to suit the tenant. The site has prominent exposure, with frontage on NY Route 17M where traffic counts exceed 41,000 cars daily. Access will be via County Highway 108. Municipal water and sewer, natural gas and electric on-site. Just one-half mile from Interstate 84, along the busy Dolson Avenue corridor comprised of other major retailers and restaurants. For lease at \$100,000 per year.



RETAIL



±13,600 sq. ft.

33 Brookside Avenue (aka NY Route 17M), Village of Chester, NY

This ±13,600 sq. ft. two-story building was formerly used as a retail lumber facility. The first level (fully air conditioned) includes a showroom up front and a storage / shop area in the rear. The second level has ±2,500 sq. ft. of finished office space, and the balance of the second level is an unfinished, unheated storage area (with dry sprinkler system), available for tenant's use at no additional charge. The building has ten foot ceiling heights and five loading doors. Approximately 1.7 acres surrounding the building is available for tenant's use; additional land and/or rail access can also be made available. There is an existing sign for tenant's use along busy Brookside Avenue / NY Route 17M, with 12,790 cars per day (2009 AADT estimate). Zoned B-2, General Business. Approximately 1/3 mile to NY Route 17 / Interstate 86, eight miles to Interstate 84, and ten miles to NY State Thruway / Interstate 87. For lease at \$8.00 per sq. ft., triple net.



±900 sq. ft. to ±7,057 sq. ft.

**Meadow Hill Plaza
1418 NY Route 300, Town of Newburgh, NY**

Available for lease in this ±19,000 sq. ft. neighborhood center on busy NY Route 300 are the following units: a ±3,200 sq. ft. highly visible end cap, ±5,738 sq. ft., ±1,945 sq. ft., ±1,912 sq. ft., and ±900 sq. ft. Units can be combined for up to ±7,057 sq. ft. There is parking on the front, side, and rear of the complex. Traffic counts are approximately 37,840 cars per day. Less than one mile to Interstate 84 and to NY State Thruway / Interstate 87. For lease at \$17.00 per sq. ft. (includes heat).

RETAIL



±3,867 sq. ft.

4958 NY Route 17M, New Hampton, NY

This two-story mixed-use building, constructed in 2000, is available for lease. Most recently used as a retail furniture store, it is well located on busy NY Route 17M, with traffic counts of 21,600 cars per day. The building has lots of natural light and cathedral ceilings on the second floor, above a balcony that overlooks the first floor. There is also a ±550 sq. ft. area on the second floor that was designed as a residential apartment. The building is equipped with an enclosed lift servicing all levels, and has a full basement for additional storage, plus an outdoor patio / display area. Less than one mile to Interstate 84. For lease at \$10.00 per sq. ft., triple net.

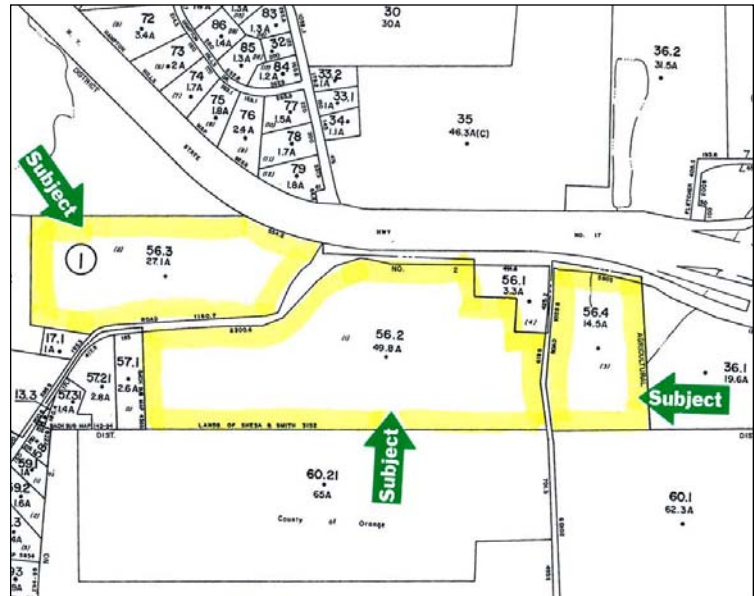
LAND



±63 Acres Zoned CO, ±27 Acres Zoned RU

Cheechunk Road, Town of Goshen, NY

Overlooking NY Route 17, these three lots on Cheechunk Road and 6½ Station Road are available for sale. Two of the lots totaling ±63.3 acres are zoned CO - Commercial Office Mixed-Use (uses include light industry, office, warehouse, wholesale business, retail, single-family dwelling and multifamily dwelling), and can accommodate up to a 175,000 sq. ft. industrial building. The third lot, ±27.2 acres, is zoned RU - Rural (permitting single-family and multifamily dwelling, health care facility, among others). Significant engineering, including a DEIS, has already been done as the property had previously been through the planning board for development into a Planned Adult Community (a use no longer permitted). Easy highway access at exit 122A of NY Route 17 / Interstate 86, approximately three miles to Interstate 84, and approximately 15 miles to NY State Thruway / Interstate 87. CO-zoned lots can be sold separately from RU-zoned lot. CO-zoned lots for sale at \$1,100,000 (deal pending). RU-zoned lot for sale at \$350,000.



FOR MORE INFORMATION, CALL MANSFIELD COMMERCIAL REAL ESTATE AT 845-294-1000

LAND

Two Lots Totaling ±22.3 Acres

Dolsontown Road, Town of Wawayanda, NY

Two lots totaling ±22.3 acres are available for sale. The larger lot is ±16.2 acres, with ±540 feet fronting on busy NY Route 17M / Dolson Avenue (41,600 cars per day) and more than 1,300 feet fronting on the south side of Dolsontown Road. The smaller lot is ±6.1 acres on the north side of Dolsontown Road, with ±677 feet of frontage. Municipal water and sewer, natural gas and electric on-site. Zoned MC - Mixed Commercial, allowing light manufacturing, offices, retail, restaurant, business services and personal services, hotel/conference center. Approximately one-half mile to Interstate 84, and approximately five miles to NY Route 17 / Interstate 86. For sale at \$2,000,000.



LAND

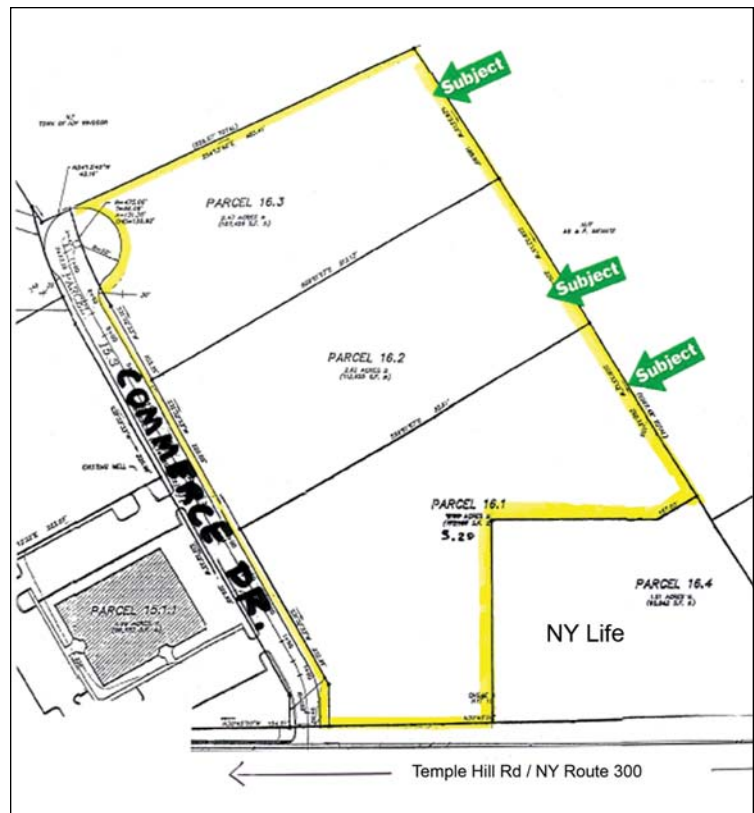


Three Lots Totaling ±8.37 Acres

New Windsor Business Park

Temple Hill Road and Commerce Drive, New Windsor, NY

Located on the corner of Temple Hill Road / NY Route 300 and Commerce Drive, three contiguous lots totaling ±8.4 acres are available for sale within New Windsor Business Park. Originally planned to accommodate three office buildings, the lots are zoned Planned Industrial, which also permits warehouse, research/laboratory, light manufacturing, mini-warehouses and more. Municipal water and sewer, electric and gas have been brought to the site. New Windsor Business Park currently has four office buildings totaling ±67,500 sq. ft. All three lots for sale at \$2,000,000. Owner will consider selling lots separately.

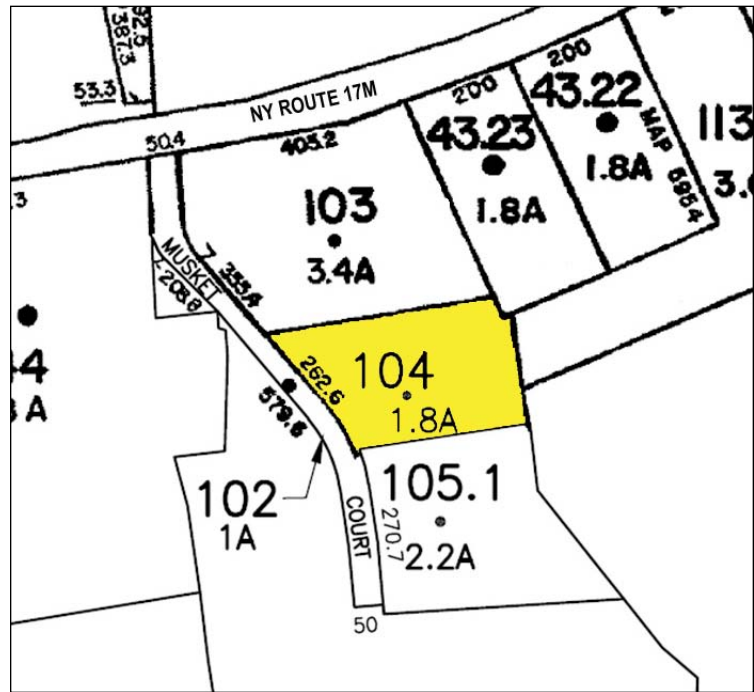


LAND

±1.8 Acres

5 Musket Court, Town of Goshen, NY

This ±1.8 acre lot is located just off NY Route 17M between Goshen and Middletown, approximately equidistant from NY Route 17 and Interstate 84. Electric and natural gas on-site. Zoned Industrial, allowing light industry, office, service business, warehouse / self-storage, wholesale business, veterinary hospital, among others (some uses require Planning Board approval). Less than three miles to NY Route 17 / Interstate 86 and to Interstate 84. For sale at \$185,000.



INVESTMENT



±9,600 sq. ft.

45 Enterprise Place, Town of Wallkill, NY

This ±9,600 sq. ft. block and steel building is situated on ±1.75 acres and is presently divided for two tenants. The owner occupies ±6,400 sq. ft., and a month-to-month tenant occupies the remaining ±3,200 sq. ft. The building is for sale with both tenants in place, or can be delivered vacant. Ceiling heights slope from 18 to 24 feet. There are two 14' on-grade loading doors, one in each tenant's space. Zoned Light Enterprise, allowing manufacturing and light production, warehouse, retail, motor vehicle sales, service and repair shops. Less than two miles to NY Route 17 / Interstate 86, and less than three miles to Interstate 84. For sale at \$975,000.



Aerial view

Overview of the Orange County, NY, Commercial Real Estate Market at Year-End 2010

(continued from page 2)

square feet at the Leone Lane building which they previously vacated in 2003 after construction of their new facility in Chester Industrial Park; and the lease by Arctic Falls Spring Water of 100,000 square feet on Crotty Road in the Town of Wallkill. Other notable leases include 32,000 square feet on Stone Castle Road in Montgomery to AH Harris and Son, and the lease by SAIC of the 26,600 square foot spec building constructed last year in Crawford.

There still exists a lack of supply of industrial buildings between 20,000 square feet and 50,000 square feet, with only ten buildings available at year-end 2010, and only three of these were for sale. As such, prices have remained relatively stable.

Perhaps the most exciting news in the Orange County market in 2010 was the December groundbreaking of the Taylor Biomass Energy facility to be constructed in Montgomery. The first of its kind in the nation, the revolutionary process will convert construction materials and solid waste into electricity. In spite of an arduous approval process, the complex appears to be moving forward and will include several buildings totaling 185,000 square feet. Other than the Taylor project, there were no other industrial buildings under construction going into 2011.

The Orange County industrial market appears to be in the

recovery phase given its decreasing vacancy rates, lack of new construction, and moderate absorption levels. But the journey out of this recession continues to be a slow and uneven process.

The Office Market in 2010

Only three office buildings were constructed in Orange County, NY in 2010, the smallest number in over a decade. All of it was built-to-suit construction of medical office space. In total 75,000 square feet was built, keeping the total inventory of Class A office space unchanged at 4.1 million square feet.

In the City of Newburgh, The Greater Hudson Valley Family Health Center completed their new 60,000 square foot medical facility on Lake Street, known as the Kaplan Family Pavilion. In the Town of Wallkill, a 10,200 square foot office building was constructed on Crystal Run Road for Pediatric Specialty Practices, and a 5,000 square foot building was constructed on Riverside Drive for Prosthetics and Orthotics Associates. Accounting for more than half of the Class A office space constructed since 2000, medical office space continues to be the dominant sector of the office market.

Apart from the above new buildings, Class A space absorbed in the County only amounted to another 100,000 square feet in

2010, an indication of the sluggish office market. The bulk of the deals were lease transactions, and most of the space taken was in existing buildings. Less than 20,000 square feet of office space leased in 2010 was in spec buildings, some of which were constructed nearly three years ago. There still remains a significant amount of vacant spec space; in fact three of the office buildings constructed in 2009 are still looking to attract their first tenant.

Only two of the leasing transactions in 2010 were deals exceeding 5,000 square feet in size. Those were the 6,500 square foot lease by Astor Children's Services on Crystal Run Road in the Town of Wallkill, and the 6,000 square foot lease for the executive offices of Horizon Family Medical Group at Eastgate Office Park in Goshen.

Office building sales in 2010 include the 24,000 square foot former legal office building on Robinson Avenue in the City of Newburgh, vacated by Finkelstein & Partners in 2009. It was acquired and renovated by Tedd Cycle Inc., who occupies two-thirds of it, and is now offering the remaining space for lease. In the Town of Wallkill, Middletown Urologic Associates purchased an 11,200 square foot building on Crystal Run Road. The medical group, which had occupied a portion of the building, has expanded into the space vacated by the seller.

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Overview of the Orange County, NY, Commercial Real Estate Market at Year-End 2010

(continued from page 13)

The Class A office vacancy rate in Orange County inched a bit lower to 11.3% by year-end 2010, down from 12% a year earlier. The total office inventory including non-Class A space now stands at 5.5 million square feet, with a vacancy rate of 13%. Both vacancy rates are lower than the national average of 17.1% (for suburban office markets as per Integra Realty Resources).

The office market in 2010 continued to exhibit a lack of confidence. Many office users sought to renegotiate their existing leases, and many that might have relocated in any other year opted for a short term renewal instead. To attract tenants, landlords continued to offer rent

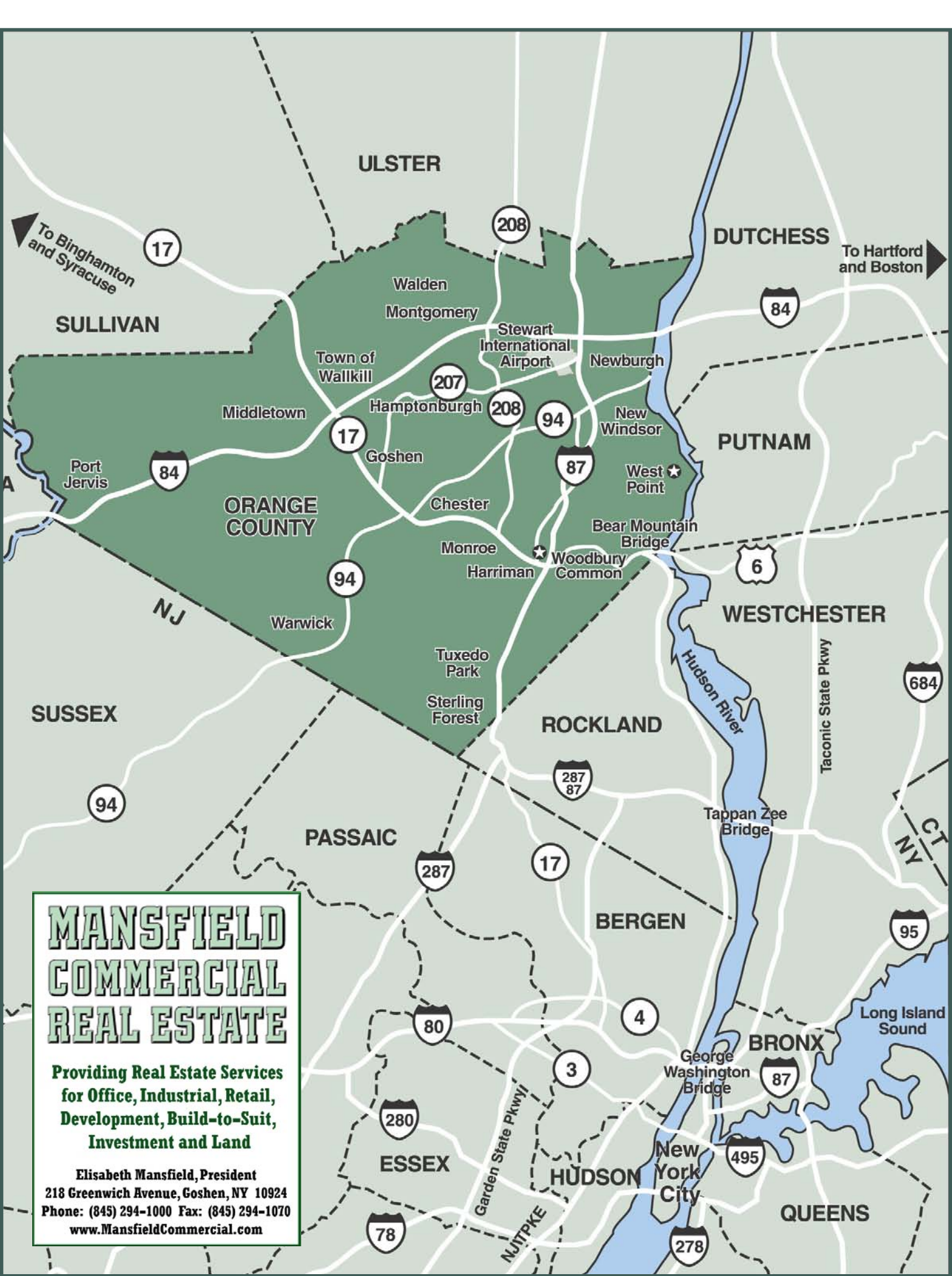
abatements and/or higher tenant improvement allowances, but even with such incentives, fewer deals were happening.

There was only one office building under construction in the County as 2011 commenced and that was the 4,200 square foot replacement of The Ruby Group's Goshen office building destroyed by fire earlier in 2010. While several developers have proposed and approved buildings, none will likely start without firm leases in hand.

At year end, there was approximately 470,000 square feet of vacant Class A office space on the market. Even with few deliveries of new product

expected, if job growth and the corresponding demand for office space do not improve, the office market will continue to be lackluster. But there may be a beacon on the horizon - the 2011 opening of the new hospital for Orange Regional Medical Center in the Town of Wallkill. The first new freestanding hospital in more than 20 years in New York State, it may just generate enough related activity to help turn things around.

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