

INDUSTRIAL Market Trends

Richmond, VA

A SURVEY OF THE RICHMOND INDUSTRIAL MARKET - FIRST QUARTER 2000

YEAR TO DATE

After a relatively slow start, activity picked up in the first quarter. At the same time, overall absorption dropped from its blistering pace of 1999, as companies digested the overall growth spurt and local consolidation accelerated.

The multi-tenant distribution market softened as few major deals were consummated to backfill increased vacancy. Generally users continued to maximize their current space before expanding, but the demand for land and buildings was steady with some users needing to "trade up". The REITs in particular were quiet, but pressure seemed to be building from Wall Street to pursue build-to-suits more aggressively.

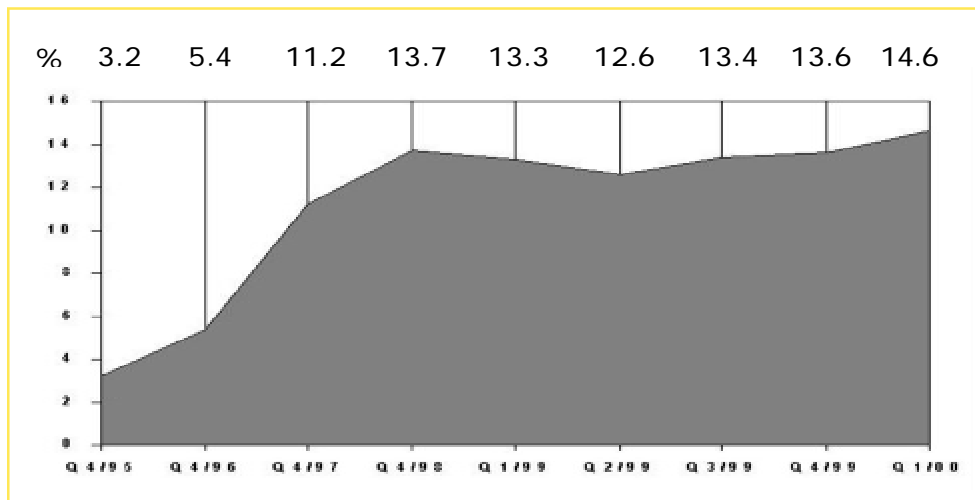
The flex market, driven in large part by tenants with substantial office needs in the I-95/Parham submarket, experienced a solid quarter overall, although there was continued softness in the airport submarket.

GOING FORWARD

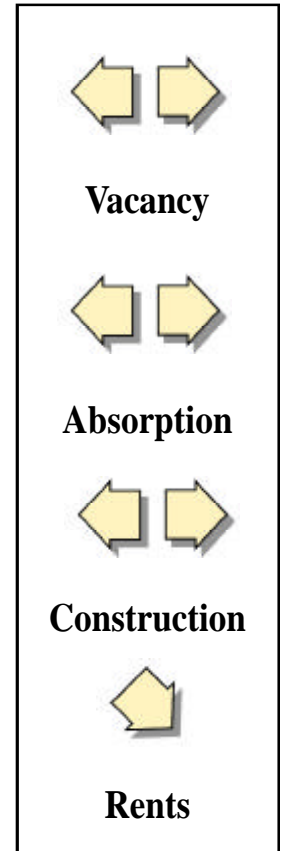
- ◆ Several sizable users should announce construction in the next several months, signaling a new trend of "mega" deals in the Richmond market.
- ◆ The number of incoming companies is growing, thereby complementing the generally active local market and helping offset properties being vacated due to consolidation.
- ◆ Although the semi-conductor industry will not provide much growth for the foreseeable future, the technology sector as a whole continues to generate well paying jobs and space needs.

Grubb & Ellis/Harrison & Bates is proud to be the only real estate service provider offering owners and users of industrial real estate complete market information on more than 61 million sf in Greater Richmond. This comprehensive information can be used in a variety of ways such as to achieve the best value in a transaction, to position a property or portfolio for maximum gain, or to better determine where market opportunities are.

Richmond Industrial Vacancy Rate



Next 6 Months



Industrial Market Trends Richmond, VA

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Market Snapshot

Richmond, VA Industrial Market

By Submarket (All Types)	Total SF ⁽¹⁾	Vacant SF	Net Absorption		Under Const. ⁽³⁾	Asking Rent ⁽⁴⁾	
			Vacant %	Y-T-D		WH/Dist.	R&D/Flex
Northeast	7,049,545	955,383	13.6%	248,325	80,000	\$3.97	\$5.76
Northwest	14,812,220	2,909,311	19.6%	2,342	22,800	\$4.18	\$7.70
Southeast	10,612,940	1,057,543	10.0%	-163,505	17,000	\$5.42	\$7.56
Southwest	29,251,614	4,091,128	14.0%	-693,551	208,907	\$3.55	\$7.25
Total	61,726,319⁽²⁾	9,013,365	14.6%	-606,389	328,707	\$4.28	\$7.07
By Product Type (All Submarkets)						Asking Rent By Product Type	
WH/Dist.	20,689,599	4,448,778	18.1%	-45,461	22,800	\$4.28	
General Indus	33,560,905	4,322,806	12.8%	-718,292	175,000	\$4.32	
Incubator	338,458	88,236	26.1%	-30,731	0	\$6.25	
R&D Flex	7,137,357	901,474	12.6%	188,095	130,907	\$7.07	
Total	61,726,319	9,761,294	14.6%	-606,389	328,707		

(1) Inventory includes primarily multi-tenant, single tenant, and owner occupied buildings with at least 10,000 sq. ft.

(2) Adjustments due to reclassifications or additional inputs.

(3) Space under construction includes speculative, build-to-suit for lease and design-build projects.

(4) Asking rates are per square foot per year triple net. Rates for each building are weighted by the amount of available space within the building.

RECENT R&D/FLEX & STANDARD INDUSTRIAL TRANSACTIONS

<u>L/S</u>	<u>Buyer/Tenant</u>	<u>Size</u>	<u>Location</u>	<u>Agent(s) Involved</u>
Lease	Antioch	120,000 SF	Enterchange (Chesterfld)	David Williams, Andrew Ferguson
Lease	Unlimited Services Available	3,200 SF	Airport Center East (Henrico)	David Williams, Dawn Misiaszek Andrew Ferguson
Lease	Gibson Technical Services, Inc.	3,000 SF	11232 Hopson Road (Hanover)	Stuart Cary
Lease	JLK Enterprises	1,500 SF	11242 Hopson Road (Hanover)	Stuart Cary
Lease	Mortgage South	1,500 SF	11034 Air Park Road (Hanover)	Stuart Cary
Lease	K&B Office Systems	3,000 SF	Lewistown Industrial Park	Stuart Cary
Sale	Oliver Lawrence	1.12 acres	1681 Mountain Road (Henrico)	Stuart Cary, David Williams

New Web Site Launched

On April 3, 2000 Grubb & Ellis | Harrison & Bates launched its new and expanded web site. The new site includes individual and team profiles, direct e-mail links to all employees, a searchable database of listings, our annual market report and quarterly newsletters, news releases, regional information, maps & statistics, and links to nearly 100 other web sites offering information relating to commercial real estate in Central Virginia.

Visit us at www.harrison-bates.com and let us know what you think.

EXCLUSIVE Listings

Partial Listing of Industrial Properties Currently Available
Go to www.harrison-bates.com to view all listings including land.



* 14500 Jefferson Davis Hwy
(Chesterfield)
36,000 SF
Sale - \$1,380,000
Andrew Ferguson, David Williams



* 10411 Leadbetter Road
(Hanover)
15,400 SF
Sublease - \$5.35 PSF NNN
David Williams, Scott White



* 2007-09 Chamberlayne Ave
(Richmond)
5,500 SF
Investment Sale
Stuart Cary, Jackie Noel



* 2906 Chamberlayne Ave
(Richmond)
6,606 SF
Lease - \$5.60 PSF
Stuart Cary



* 2504 Grenoble Road (Henrico)
5,026 SF
Lease - \$8.00 PSF
Scott White, Jason Hetherington



3017 Vernon Road (Henrico)
38,342 SF
Sale - \$1,795,000
David Williams, Scott Boyers,
Scott White



4325 Sarellen Road (Henrico)
11,200 SF
Sale - \$455,000
Jason Hetherington, Jeff Williams



8098 Shady Grove Rd (Hanover)
20,000 SF
Lease - \$5.50/SF NNN
Stuart Cary, Sam Worley



4489 Carolina Ave (Henrico)
45,000 - 158,000 SF
Sublease - \$3.50/SF NNN
Andrew Ferguson, Bill Mattox



1733-35 Summit Ave (Richmond)
17,500 SF
Lease - \$3.50 Whse/\$6.00 Office
Jason Hetherington, Dawn
Miasiaszek



2211 Station Road (Chesterfield)
11,850 SF
Lease - \$3.75/SF NNN
Jason Hetherington



Airport Center East (Henrico)
2,400 - 21,000 SF
Lease - \$7.50 to \$8.50 NNN
Andrew Ferguson, David Williams



Granite Springs Rd (Chesterfield)
2,225 - 11,140 SF
Lease - \$6.20 Industrial Gross
Bill Mattox, Jason Hetherington



Mayland Place (Henrico)
2,000 - 25,000 SF
Lease - \$6.00 to \$12.00 NNN
John Gentry, David Williams



2701 Oak Lake Blvd (Chesterfield)
2,800 to 11,520 SF
Lease - \$6.00 to \$11.00
J. Hetherington, A. Ferguson



2522 Hermitage Road (Richmond)
20,000 SF
Sublease - \$3.10 Industrial Gross
Dawn Miasiaszek, David Williams

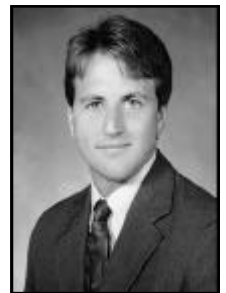
* NEW LISTINGS

Superior Service Through Innovative People With Traditional Values

THE INDUSTRIAL BROKERAGE TEAM

specializes in all facets of industrial real estate locally, as well as nationally, through our affiliation with Grubb & Ellis, one of the nation's largest commercial real estate services firms. Clients benefit from the depth of experience and superior market knowledge of these highly trained professionals. Services provided include:

- ◆ Acquisition/Disposition Services
- ◆ Buyer/Tenant Representation
- ◆ Feasibility Studies
- ◆ Highest & Best Use/Alternate Use Studies
- ◆ Investment Analysis
- ◆ Lease Review for Owners & Tenants
- ◆ Lease Vs. Own Analysis
- ◆ Marketing Plans & Services
- ◆ Opinions of Value
- ◆ Project Management
- ◆ Sales-Leasebacks
- ◆ Site & Facility Selection
- ◆ Strategic Real Estate Planning
- ◆ Tax Deferred Exchanges
- ◆ Tenant Retention



Grubb & Ellis/Harrison & Bates' Industrial Brokerage Team includes Stuart Cary, SIOR, Andrew Ferguson, Jason Hetherington, Bill Mattox, Dawn Misiasek and David Williams, SIOR, CCIM.



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