

# INDUSTRIAL Market Trends

Richmond, VA

A SURVEY OF THE RICHMOND INDUSTRIAL MARKET - SECOND QUARTER 2000

## YEAR TO DATE

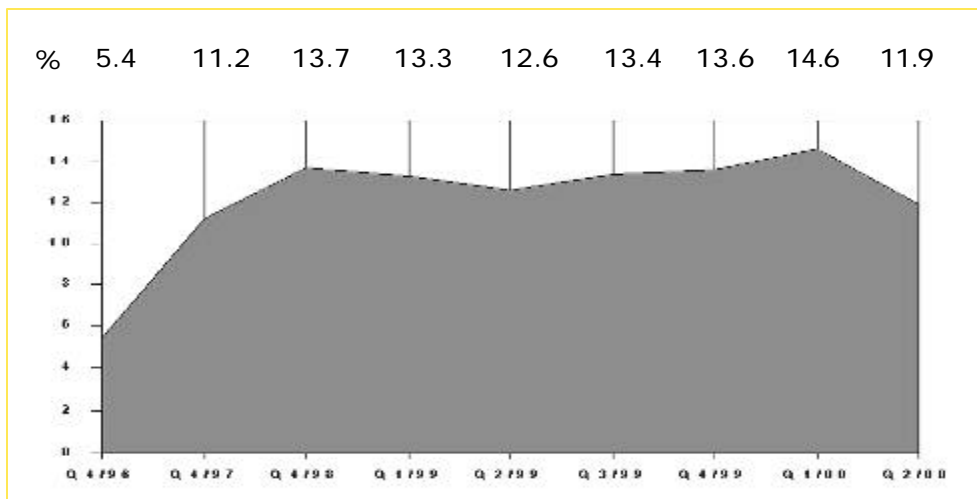
The absorption momentum that started at the end of the first quarter has continued thereby reducing the overall vacancy in all product types to 11.9%. On the downside, closings of several large, general industrial facilities dampened net absorption and mitigated any upward price/rent pressure. Flex office/warehouse leasing, building sales and build-to-suits of 15,000 - 50,000 SF exhibited most activity. Also, at times it was like a "land of the giants" market as several requirements of 500,000 SF or more were looking to build in the area.

The distribution market continued to experience high vacancy of 16.3%, but leasing in locations south along I-95 held down further increases in the vacancy rate. Flex leasing was most active in the Northwest Quadrant and in the Parham/I-95 sub-market. Vacancy in this product, down to 12%, continued its drop from the first quarter. The airport area remained the slowest sub-market in all of the product types. With a few exceptions, speculative development was stalled as developers waited for the market-wide overhang of supply to burn off.

## GOING FORWARD

- ◆ The second quarter's pattern of large user consolidation or closings will continue as facilities such as AMF Reece (198,800 SF), Richmond Gravure IP (180,000 SF) and Honeywell Fibers (250,000 SF) come on the market and put pressure on net absorption. The positive to this development is there will be inventory for companies looking to expand or enter the market immediately.
- ◆ Rents and prices, which had fallen from a year ago, should remain steady as the hiatus from spec construction, coupled with steady multi-tenant leasing and freestanding building sales, will reduce the overall vacancy in most areas.
- ◆ Some owners of large multi-tenant portfolios, impatient with the market's short term growth forecast, may shed select assets creating buying opportunities for those with a longer term perspective on the Richmond area.

## Richmond Industrial Vacancy Rate



## Next 6 Months



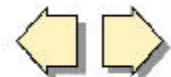
**Vacancy**



**Absorption**



**Construction**



**Rents**

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is a newsletter published quarterly by Grubb & Ellis/Harrison & Bates.

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# Market Snapshot

Richmond, VA Industrial Market

By Submarket (All Types)	Total SF <sup>(1)</sup>	Vacant SF	Vacant %	Net Absorption		Under Const. <sup>(3)</sup>	Asking Rent <sup>(4)</sup>	
				Current Qtr	Y-T-D		WH/Dist.	R&D/Flex
Northeast	7,646,987	761,708	10.0%	230,271	478,596	114,000	\$3.96	\$5.58
Northwest	14,796,807	2,267,473	15.3%	536,693	539,035	22,800	\$4.18	\$7.86
Southeast	10,629,940	1,188,188	11.2%	-113,645	-277,150	0	\$5.42	\$8.19
Southwest	28,475,048	3,115,407	10.9%	1,169,221	475,670	261,921	\$3.53	\$7.28
<b>Total</b>	<b>61,548,782<sup>(2)</sup></b>	<b>7,332,776</b>	<b>11.9%</b>	<b>1,822,540</b>	<b>1,216,151</b>	<b>398,721</b>	<b>\$4.27</b>	<b>\$7.23</b>
By Product Type (All Submarkets)							Asking Rent By Product Type	
WH/Dist.	20,488,662	3,334,500	16.3%	800,370	212,341	34,000	\$4.27	
General Indus	33,597,834	3,083,103	9.2%	930,633	-4,731	0	\$4.42	
Incubator	375,911	62,236	16.6%	26,000	253,632	80,000	\$6.43	
R&D Flex	7,086,375	852,937	12.0%	65,537	754,909	284,721	\$7.23	
<b>Total</b>	<b>61,548,782</b>	<b>7,332,776</b>	<b>11.9%</b>	<b>1,822,540</b>	<b>1,216,151</b>	<b>398,721</b>		

(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

L/S	Buyer/Tenant	Size	Location	Agent(s) Involved
Lease	MASA Corporation	17,046 SF	2203 Station Rd (Chesterfield)	Jason Hetherington, Scott White
Lease	Seven Day Shutters	11,100 SF	205 Haley Road (Hanover)	D. Williams, D. Carson, A. Ferguson
Lease	W. Wallace Neale Co.	8,550 SF	1070 Merchants Lane (Goochland)	Jason Hetherington, Bill Mattox
Lease	Servitex	6,617 SF	2906 Chamberlayne Ave (Richmond)	J. Hetherington, S. Cary, D. Carson
Lease	Metalspray USA, Inc.	5,760 SF	2713-19 Oak Lake Blvd (C'field)	Jason Hetherington, Andrew Ferguson
Lease	Century Concrete	4,000 SF	10023 Whitesel Rd (Hanover)	S. Cary, J. Hetherington, D. Carson
Lease	Atlantic Geotechnical	3,600 SF	10971 Richardson Rd (Hanover)	Stuart Cary
Lease	Katz, Inc.	3,542 SF	1508 Belleville St (Richmond)	Jason Hetherington
Lease	Unicoat Technologies	3,000 SF	10017 Whitesel Road (Hanover)	Stuart Cary
Lease	Venture Marketing	2,700 SF	Dabney Trade Center (Henrico)	Jason Hetherington, David Williams
Lease	Imagine Graphix, Inc.	2,225 SF	Granite Spring Trade Ctr (C'field)	Jason Hetherington, Bill Mattox
Lease	Ellis Canvas & Awning	2,225 SF	Granite Spring Trade Ctr (C'field)	Jason Hetherington, Bill Mattox
Sale	JM Commercial	10 Acres	Hull Street Road (Chesterfield)	Bill Mattox
Sale	Windsor Business Park	2.14 acres	Parham Road (Henrico)	David Williams, Mike Lowry

# EXCLUSIVE Listings

Partial Listing of Industrial Properties Currently Available  
Go to [www.harrison-bates.com](http://www.harrison-bates.com) to view all listings including land.



\* 1821 Battery Danzler Road  
(Chesterfield)  
129,750 SF  
Lease - \$3.50 PSF  
D. Williams, S. Cary, A. Ferguson



\* 8401 Jefferson Davis Highway  
(Chesterfield)  
164,440 SF  
Sale  
David Williams, Stuart Cary



\* 5701 Midlothian Turnpike  
(Richmond)  
33,000 SF  
Sale - \$1,350,000  
David Williams, Dawn Carson



\* 7453 Sujen Court  
(Hanover)  
2,800 SF  
Lease - \$6.50 PSF  
Stuart Cary



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



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



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



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



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 Carson



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



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



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

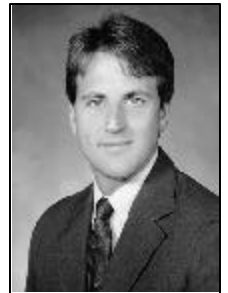
\* NEW LISTINGS

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## 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 Carson and David Williams, SIOR, CCIM.*



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