

INDUSTRIAL Market Trends

Richmond, VA

A SURVEY OF THE RICHMOND INDUSTRIAL MARKET - THIRD QUARTER 2000

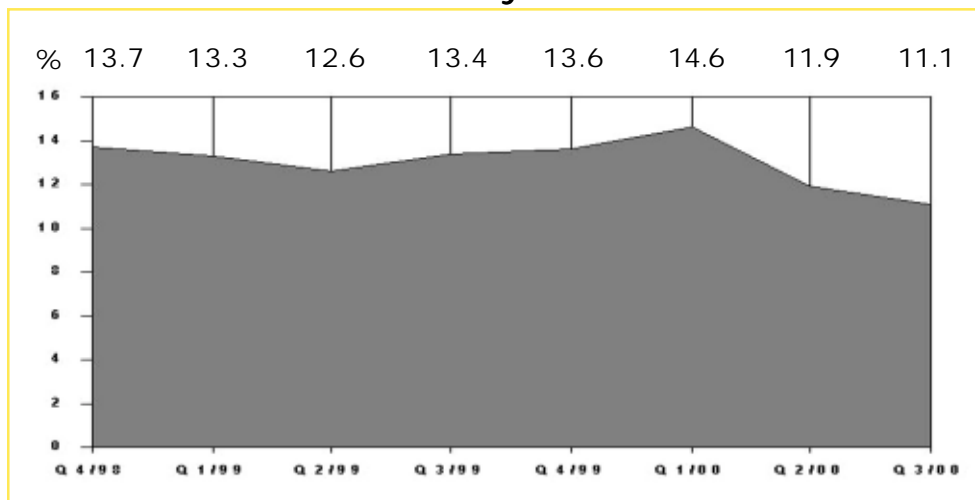
YEAR TO DATE

Richmond's overall industrial economy exhibited moderate strength in the face of a few sizable plant closings. Overall vacancy dropped again, and is now down to 11.1%. The distribution submarket provided the only positive absorption as other market segments took a breather. Departures by such companies as Honeywell (Hopewell), This End Up, Shelcore (Henrico) and Richmond Gravure/IP (Richmond City) added more than 600,000 SF to general industrial vacancy, while several distribution users such as Antioch Company (121,000 SF) and Supply Room Companies (250,000 SF) helped counterbalance those losses. Prices were steady in the face of light overall absorption as little new speculative construction came on line to compete with existing inventory. Several large industrial users came closer to announcements and pushed areas along I-95 into the spotlight again after those areas had taken a back seat to the I-295 corridor for a few years.

GOING FORWARD

- ◆ The impact of technology related users on flex space needs will continue to grow. Functionally obsolete industrial buildings also will benefit as some developers look to renovate them for modern technology uses.
- ◆ There will be a growing number of "mega users" looking to locate 300,000+ SF distribution/logistics facilities in the region. These users will look to build their own facilities since most of the speculative space in place has been built for users smaller than 300,000 SF.
- ◆ Older industrial facility closings will accelerate as consolidation and mergers shorten the life cycle of general industrial property.

Richmond Industrial Vacancy Rate



The overall industrial vacancy rate declined slightly in the third quarter following a sharp drop in the second quarter.

Forecast:
Next 6 Months



Vacancy



Absorption



Construction



Rents

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Market Snapshot

Richmond, VA Industrial Market

By Submarket (All Types)	Total SF ⁽¹⁾	Vacant SF	Vacant %	Net Absorption		Under Const. ⁽³⁾	Asking Rent ⁽⁴⁾	
				Current Qtr	Y-T-D		WH/Dist.	R&D/Flex
Northeast	7,640,145	722,856	9.5%	32,010	510,606	167,392	\$3.97	\$5.58
Northwest	14,755,205	2,174,233	14.7%	77,308	616,343	39,800	\$4.24	\$7.74
Southeast	10,487,650	919,322	8.8%	-123,424	-400,574	0	\$5.37	\$7.65
Southwest	28,944,580	3,018,932	10.4%	67,039	542,709	331,921	\$3.53	\$7.15
Total	61,827,580⁽²⁾	6,835,343	11.1%	52,933	1,269,084	539,113	\$4.28	\$7.03
By Product Type (All Submarkets)							Asking Rent By Product Type	
General Indus	33,929,576	2,690,858	7.9%	-24,981	187,360	34,000	\$4.40	
Incubator	338,899	50,894	15.0%	0	-4,731	0	\$6.83	
R&D/Flex	7,086,375	867,091	12.2%	-14,154	239,478	220,392	\$7.03	
Whse/Distribution	20,472,730	3,226,500	15.8%	92,068	846,977	284,721	\$4.28	
Total	61,827,580	6,835,343	11.1%	52,933	1,269,084	539,113		

(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 INDUSTRIAL TRANSACTIONS

Type	Buyer/Tenant	Size	Location	Advisor(s) Involved
Sale	Motley's Real Estate Service	45.19 Ac	Old Williamsburg Rd (Henrico)	David Williams
Sale	Roslyn Farm Corporation	43.27 Ac	Wagner Road & I-95 (Petersburg)	Bill Mattox
Lease	Old Dominion Warehouse	42,500 SF	3903 Castlewood Rd (C'field)	David Williams
Lease	Dailey's Roofing & Const.	10,050 SF	3435 W. Leigh St (Richmond)	Jason Hetherington, Dawn Carson
Lease	Bernstein, Inc.	9,500 SF	1800 Coyote Dr (Chesterfield)	David Williams, Andrew Ferguson
Lease	Cavalier Telephone	8,700 SF	Crescent Business Center (Hanover)	Jason Hetherington, David Williams
Lease	LaDifference	6,500 SF	Stockton Yard (Richmond)	Jason Hetherington, Bill Mattox
Lease	International Cleaning Services	4,782 SF	126 Agency Avenue (Richmond)	Andrew Ferguson
Lease	Krispy Kreme	4,500 SF	10975 Richardson Road (Hanover)	Stuart Cary
Lease	Singer Assoc Fire Equipment	4,500 SF	2402 Decatur Street (Richmond)	Jason Hetherington
Lease	Moses Limousine Service	2,225 SF	241 Granite Springs Rd (C'field)	Jason Hetherington, Bill Mattox
Lease	Advanced Coffee Tech Svs	2,050 SF	2018 Tomlynn Street (Henrico)	Bill Mattox
Lease	Bassett Environmental	1,800 SF	5330 Lewis Road (Henrico)	Jason Hetherington
Lease	Birthday Buddies, Inc	1,500 SF	11026 Air Park Road (Hanover)	Stuart Cary

FEATURED Listings

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

Warehouse/Distribution



9975 Lickinghole Road
(Hanover)
28,492 SF
Sale - \$995,000; Lease - \$5.50
Stuart Cary, Jason Hetherington



2508 Mechanicsville Turnpike
(Henrico)
26,192 SF
Lease - \$5.70 PSF NNN
Dawn Carson, Jason Hetherington



1821 Battery Dantzler Road
(Chesterfield)
37,000 - 129,750 SF
Sale - \$3,880,000
Lease - \$3.75 PSF
D. Williams, S. Cary, A. Ferguson



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

General Industrial



10463 Wilden Drive
(Hanover)
64,064 SF
Sale - \$3,300,000
Dawn Carson, Stuart Cary



10970 Richardson Road
(Hanover)
2,400 SF + 1 Acre Yard
Lease - \$12.50 PSF NNN
Stuart Cary



105 Winston Churchill Drive
(Hopewell)
239,540 SF
Sale - \$3,900,000
Mattox / Hetherington / Williams



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

General Industrial



8401 Jefferson Davis Highway
(Chesterfield)
164,440 SF
Sale - \$3,900,000
David Williams, Stuart Cary



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



Under Lease Option

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



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

R&D/Flex



Northridge I & II
(Hanover)
140,431 SF
Investment Sale - \$9,250,000
Lease - \$6.50 - \$7.25 NNN
David Williams



5701 Midlothian Turnpike
(Richmond)
33,000 SF
Sale - \$1,150,000
David Williams, Dawn Carson



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

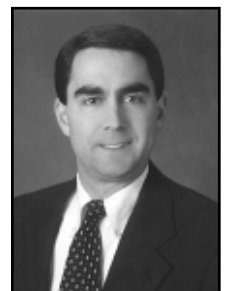
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THE INDUSTRIAL BROKERAGE TEAM

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 (top row) Dawn Carson, Stuart Cary, SIOR, Andrew Ferguson, (bottom row) Jason Hetherington, SIOR, Bill Mattox and David Williams, SIOR, CCIM.



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