

trends

Richmond Industrial Market

The most active segment of the market was local corporate buyers which took advantage of attractive interest rates and ample supply of buildings and land.

Mixed activity seen in fragmented market

1st Quarter Highlights

Lower interest rates and an ample supply of product spurred buying activity among small to mid-sized local companies. Incoming activity edged up after a six-month hiatus with distribution, light manufacturing and traditional office/warehouse groups all contributing to the increase. On the other hand, leasing activity continued to be sluggish as several large companies downsized or left the market due to the softening economy. Overall, net absorption was well off last year's pace. Vacancy drifted up and rates for all product types except R&D/Flex declined. Significant transactions announced included two build-to-suits totalling more than 100,000 sf at Northlake on the I-95 North corridor for Lutron and Michelin's Tire Center.

Looking Ahead

The industrial market will continue to be a buyer's market and fragmented for months to come. Most sectors should stabilize much later this year. A boost to absorption will come when several soon-to-be-announced build-to-suits are completed totalling more than 1 million sf. However, once completed, these projects will free up substantial space elsewhere in the market. Also, more freestanding buildings are expected to be on the market while multi-tenant building vacancy should decline. Prices and rents will drop, in some cases dramatically.

Richmond Industrial Market Trends

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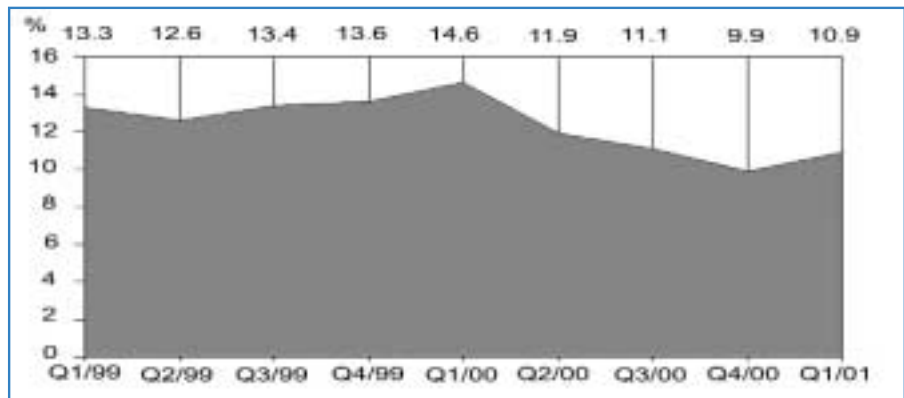
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Richmond Industrial Vacancy Rate*

* All Product Types & Submarkets

Market Snapshot

Richmond, VA Industrial Market

By Submarket (All Types)	Total SF(1)	Vacant SF	Vacant %	Net Absorption		Under Construction(2)	Asking Rent(3)	
				Current Qtr.	Year-to-date		Wh/Dist	R&D/Flex
Northeast	8,444,109	1,057,714	12.5%	(175,555)	(175,555)	191,400	\$5.25	\$7.84
Northwest	15,231,220	2,019,601	13.3%	(56,685)	(56,685)	150,000	\$3.72	\$8.46
Southeast	11,883,475	821,994	6.9%	460,560	460,560	500,000	\$4.20	\$8.50
Southwest	29,747,997	3,208,500	10.8%	(175,692)	(175,692)	92,700	\$4.50	\$8.72
Total	65,306,801	7,107,809	10.9%	52,628	52,628	934,100	\$4.27	\$8.18

By Product Type (All Submarkets)	Total SF(1)	Vacant SF	Vacant %	Current Qtr.	Year-to-date	Under Construction(2)	Asking Rent By Product Type	
							Wh/Dist	R&D/Flex
General Industrial	36,513,032	2,916,585	8.0%	449,169	449,169	600,000	\$4.24	
Incubator	350,899	65,952	18.8%	(22,383)	(22,383)	0	\$6.49	
R&D/Flex	7,415,075	1,001,670	13.5%	(86,532)	(86,532)	204,100	\$8.18	
Whse/Distribution	21,027,795	3,123,602	14.9%	(287,626)	(287,626)	130,000	\$4.27	
Total	65,306,801	7,107,809	10.9%	52,628	52,628	934,100	\$5.14	

- (1) Inventory includes primarily multi-tenant, single tenant and owner occupied buildings with at least 10,000 sq. ft.
- (2) Space under construction includes speculative, build-to-suit for lease and design-build projects.
- (3) 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.

FEATURED

Listings

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



Former IG2 Building
8000 Villa Park Drive
108,000 SF
Sale - \$6,600,000
David Williams, Bill Mattox
Steve Gentil



Tomahawk Truck
9300 Burge Avenue
7,572 SF on 3 Acres
Lease - \$6,500 per month
Dawn Carson, Stuart Cary



Cedar Park
10375 Cedar Lane
3,900 SF
Lease - \$5.25 NNN
Dawn Carson



Commonwealth of VA Warehouse
1200 Dinwiddie Avenue
152,995 SF
Sale - \$1,225,000
Bill Mattox, Kit Tyler



Office/Production/Warehouse
205 Haley Rd, Ashland
11,100 SF
Lease - \$5.50 NNN
Dawn Carson, Stuart Cary



Investment Opportunity
11,520 SF - Fully Leased
Sale - \$1,200,000
Jason Hetherington, Andrew Ferguson



1320 Valley Road
20,000 SF
Lease - \$5.00 NNN
Sale - \$800,000
Stuart Cary, Dawn Carson



Flex/Warehouse/Production
2300 Magnolia Road
36,361 SF
Lease - \$3.75 Gross
David Williams



Former Stanley Hardware Plant
 5710 S. Laburnum Avenue
 316,000 SF on 20.94 Ac
 Sale - \$10,700,000
 David Williams, Bill Mattox



Honeywell Churchill Plant
 Hopewell, VA
 239,540 SF on 37.45 ac
 Sale - \$2,950,000
 Bill Mattox, Jason Hetherington,
 David Williams



8401 Jefferson Davis Hwy
 164,440 SF
 Sale - \$3,900,000
 Lease - \$3.25 NNN
 Stuart Cary, David Williams



2725 Oak Lake Blvd
 2,880 - 12,000 SF
 Lease - \$5.50 - \$10.50
 Jason Hetherington, Andrew
 Ferguson **NEW**



Telecommunications Center
 10436 Wilden Drive
 64,064 SF
 Sale - \$3,300,000
 Dawn Carson, Stuart Cary,
 Steve Gentl



Former Colonial Mechanical
 3017 Vernon Road
 38,342 SF on 3.04 acres
 Sale - \$1,795,000
 D. Williams, S. Boyers, S. White



Bermuda Park IV
 1821 Battery Dantzler Road
 34,347 SF
 Lease - \$3.50 NNN
 David Williams, StuartCary,
 Andrew Ferguson



Pharmacy Distribution Bldg
 5701 Midlothian Turnpike
 33,000 SF
 Sale - \$1,150,000
 Dawn Carson, David Williams



Dabney Corporate Center
 2034 Dabney Road
 Sale - \$950,000
 Lease - 3,275 to 6,625 SF
 Andrew Ferguson, David
 Williams



Willis Road Business Center
 9301 & 9401 Burge Ave
 3,200 - 19, 200 SF
 Lease - \$4.00/\$9.00
 Stuart Cary, Dawn Carson



Villa Park I
 8040 Villa Park Drive
 14,625 SF
 Sublease - \$7.25 NNN
 Dawn Carson, David Williams



Flex Building - Dabney Area
 2100 Maywill Street
 6,790 SF
 Lease - \$7.75 NNN **NEW**
 Jason Hetherington



Northridge I & II
 10444 Lakeridge Parkway
 8,185 - 11,981 SF
 Lease - \$5.50 to \$7.25 NNN
 David Williams, Dawn Carson

RECENT Transactions

Cost Plus
 500,000 SF Build-to-Suit
 Isle of Wight, VA
 Jason Hetherington, Bill
 Mattox

**2600 Durham
 Street**
 140,000 SF Sale
 \$1,800,000
 Bill Mattox, David Williams,
 Jason Hetherington

**2214 Westwood
 Avenue**
 15,000 SF Sale
 \$875,000
 Stuart Cary

**Chesapeake
 Window Products**
 22,500 SF Lease
 Impala Place, Henrico
 David Williams

**Virginia Air
 Distributors**
 17,000 SF Lease
 4817 Bethlehem Rd, Henrico
 Jason Hetherington, Dawn
 Carson

**Southland
 Industries**
 16,400 SF Lease
 Airport Center East, Henrico
 Stuart Cary, Dawn Carson,
 Andrew Ferguson, David
 Williams

Services

Superior Service Through Innovative People With Traditional Values

The Industrial Brokerage Group 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/Alternative 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 Group includes (top row) Dawn Carson, Stuart Cary, SIOR, Andrew Ferguson, (bottom row) Jason Hetherington, SIOR, Bill Mattox and David Williams, SIOR, CCIM.

Grubb & Ellis | Harrison & Bates is proud to be the only real estate service provider offering complete industrial real estate information on more than 64 million square feet in Greater Richmond. This comprehensive database 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. Let us show you aggressive strategies to maximize value.



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