

# Industrial Market Trends Richmond

Grubb & Ellis Research

Second Quarter 2003



## More Churning Than Growth

Overall activity remains at first quarter levels - slow, but improved from recent years - with tenants taking advantage of low interest rates to trade into ownership positions. Such churning produces more transactions, but little gain for the market absorption.

Some owners of older obsolete buildings finally decided to do what was necessary to dispose of their properties already on the market. Buildings are selling at deep discounts direct or after going on the auction block. Examples include Curtis Paper - 131,000 sf for \$13.30 psf; Duplex Envelope - 43,437 sf for \$16.34 psf at auction; and Benjamin Moore - 90,000 sf for \$17.62 psf. Most are being converted to storage or are now seeking low-end manufacturing. Despite more realistic expectations on the part of property owners, challenges remain for older manufacturing facilities. Manufacturing companies are still stressed and selected closings continue including announcements of closures such as Westvaco (246,000 sf), Maxim Medical (150,000 sf) and NWB (115,000 sf).

Devon USA continues to be the only developer active in speculative Class A construction with 1.2 million square feet built or under construction at the Enterchange at Walthall in Chesterfield County and plans to build more than one million square feet of warehouse space at Hanover County's Northlake Business Park. With decent demand for institutional grade product, opportunities could exist for other developers to jump in and offer alternatives for prospective distributors of 50,000 to 250,000 square feet.

Flex product continues its modest growth and industrial land ready for development is plentiful. In short, the industrial market is holding its own now.

### Industrial Market Trends

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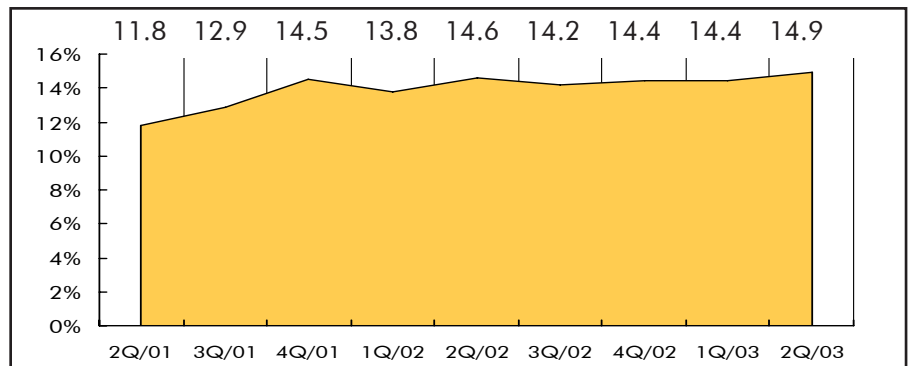
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Independently Owned and Operated



Richmond Industrial Vacancy Rate\*

\* All Product Types & Submarkets

## Industrial Market Snapshot Richmond - 2nd Quarter 2003

By Submarket (All Types)	Total SF(1)	Vacant SF(4)	Vacant %	Net Absorption		Under Construction(2)	Asking Rent(3) Wh/Dist R&D/Flex	
				Current Qtr.	Year-to-date			
Northeast	9,395,934	843,640	9.0%	42,583	186,336	0	\$3.94	\$7.62
Northwest	15,962,374	3,051,638	19.1%	(137,595)	(281,129)	64,000	\$3.77	\$7.83
Southeast	11,667,404	1,452,766	12.5%	203,790	463,655	0	\$4.43	\$7.27
Southwest	31,335,459	4,871,866	15.5%	(349,026)	(404,397)	317,000	\$3.56	\$7.04
<b>Total</b>	<b>68,361,171</b>	<b>10,219,910</b>	<b>14.9%</b>	<b>(240,248)</b>	<b>(35,535)</b>	<b>381,000</b>	<b>\$3.67</b>	<b>\$7.53</b>
<b>By Product Type (All Submarkets)</b>							<b>Asking Rent by Product Type</b>	
General Industrial	39,046,890	4,898,307	12.5%	(44,469)	21,213	30,000	\$3.70	
Incubator	373,040	56,701	15.2%	0	6,100	0	\$6.28	
R&D/Flex	8,049,165	1,480,925	18.4%	(101,553)	(35,472)	64,000	\$7.53	
Whse/Distribution	20,892,076	3,783,977	18.1%	(94,226)	(27,376)	287,000	\$3.67	
<b>Total</b>	<b>68,361,171</b>	<b>10,219,910</b>	<b>14.9%</b>	<b>(240,248)</b>	<b>(35,535)</b>	<b>381,000</b>	<b>\$4.31</b>	

(1) Inventory includes 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.

(4) Vacant space includes vacant sublease space.

## Industrial Market Terms and Definitions

**Inventory:** Industrial Inventory includes all multi-tenant, single tenant and owner-occupied buildings above 10,000 square feet.

**Construction Type:** Speculative ("spec") construction is designed to attract tenants likely to be in the market when the project is leasing. Build-to-suit construction is designed for a specific tenant.

**Industrial Product Types:** Industrial buildings are categorized as warehouse/distribution, general industrial, R&D/flex and incubator based on their physical characteristics including percent office build-out, clear height, typical bay depth, typical suite size, type of loading and typical uses.

**Vacancy and Availability:** The vacancy rate is the amount of physically vacant space divided by the inventory. The availability rate is the amount of space available for lease divided by the inventory.

**Net Absorption:** The net change in physically occupied space over a period of time.

**Asking Rent:** The dollar amount asked by landlords for available space expressed in dollars per square foot per year in most parts of the country and dollars per square foot per month in areas of California and selected other markets. Industrial rents are expressed as triple net where all costs including, but not limited to, real estate taxes, insurance and common area maintenance are borne by the tenant on a pro rata basis.

**Average Weighted Asking Rent:** An average market rent where the asking rent for each building in the market is weighted by the amount of available space in the building.

## Recent Transactions

Grubb & Ellis | Harrison & Bates is pleased to announce the following industrial transactions during the second quarter of 2003:

<p><b>Toano Warehouse</b> 210,600 SF Sale Warehouse/Distribution Facility James City County David Williams, Andrew Ferguson</p>	<p><b>The Antioch Company</b> 169,568 SF Lease Extension/Expansion The Enterchange at Walthall David Williams, Andrew Ferguson</p>	<p><b>Lakeside Vending Corporation</b> 2,000 SF Lease - Tomlynn Business Center <b>Advanced Coffee Tech Services</b> 2,050 SF Lease - Tomlynn Business Center Bill Mattox</p>
<p><b>3210 Roxbury Road</b> 6,000 SF/5.33 Acres Sale Office/Warehouse Charles City County Andrew Ferguson</p>	<p><b>CertainTeed Corporation</b> 50,300 SF Lease Extension/Expansion Henrico County David Williams, Steve Gentil</p>	<p><b>Old Dominion Paper Co of VA</b> 8,800 SF Lease 3431 W. Leigh Street Jason Hetherington</p>

# Featured Listings

Partial Listing of Industrial Properties Currently Available

Go to [www.harrison-bates.com/properties](http://www.harrison-bates.com/properties) to view all listings including land.

## Chesterfield County



**Willis Road Business Center**  
9301 & 9401 Burge Ave  
3,200 - 9,600 SF  
Lease - \$4.00/\$9.00  
Stuart Cary



**Waverly Textiles**  
8401 Fort Darling Road  
136,017 SF  
Sale \$3,157,925 - Lease \$3.25  
Bill Mattox, Jason  
Hetherington



**8401 Jefferson Davis Hwy**  
164,440 SF  
Sale - \$1,800,000  
Lease - \$3.25 NNN  
Stuart Cary, David Williams



**14500 Jefferson Davis Hwy**  
36,000 SF  
Sale - \$1,380,000  
Lease - \$11,850/mo NNN  
David Williams, Andrew  
Ferguson

**Price Reduced!!**

## Hanover County



**2203 Station Road**  
17,046 SF  
Lease - \$4.00 NNN  
Stuart Cary



**Hanover Air Park**  
11091 - 11093 Air Park Road  
1,950 SF  
Lease - \$9.23 MGRS  
Stuart Cary



**Air Park Office Suites**  
11139-59 Air Park Road  
2,125 - 12,750 SF  
Lease - \$10 MGRS  
Stuart Cary



**Mechanicsville**  
8444 Erle Road  
20,000 SF  
Sale - \$495,000  
Stuart Cary



**R&C Building I**  
11242 Hopson Rd  
1,500 - 3,000 SF  
Lease - \$4.00 MGRS  
Stuart Cary



**11250 Hopson Road**  
11,200 SF Office/Warehouse  
Lease - \$4.85 NNN  
4,500 SF Office  
Lease - \$10.00 NNN  
Stuart Cary

**Leased!**



**Commerce Center at Kings Charter**  
9555 Kings Charter Drive  
2,240 - 35,227 SF  
Lease - \$5.50 / \$11.50 NNN  
Stuart Cary, Jason  
Hetherington



**9975 Lickinghole Road**  
13,900 SF  
Includes 20x40 Subzero  
Freezer  
Lease: \$5.25 - 7.10 NNN  
Stuart Cary, Jason  
Hetherington



**Wilson Enterprises**  
8007 Mechanicsville Tpk  
3,721 SF  
Lease - \$4.84 MGRS  
Bill Mattox

**NEW**



**Ashland**  
14433 Washington Hwy  
5,500 SF  
Lease - \$9.00 NNN  
Stuart Cary



**Telecommunications Center**  
10463 Wilden Drive  
64,064 SF  
Sale - \$2,500,000  
Stuart Cary, Steve Gentil

**Under Contract**



**Lakeridge Trade Center**  
10470 Wilden Drive  
5,000 SF  
Lease - \$5.50 NNN  
Jason Hetherington,  
Stuart Cary

**NEW**

## Henrico County



**Trampton Center**  
Audubon & Trampton  
3,000 - 6,500 SF  
Lease: \$5.00-10.50 NNN  
David Williams, Andrew Ferguson



**Dabney Area**  
1804 Dabney Road &  
4109 Clay Street  
7,540 0 12,040 SF  
Lease - \$3.75 to \$4.00 MGRS  
Scott White



**Dabney Corporate Center**  
2034 Dabney Road  
3,200 SF  
Lease - \$7.50 NNN  
Andrew Ferguson,  
David Williams



**Dabney Trade Center**  
2281 Dabney Road  
2,625 - 5,525 SF  
Lease - \$5.95 - \$8.75 NNN  
2,500 SF Sublease - \$5.75  
David Williams,  
Jason Hetherington



**Flex/Warehouse/Production**  
2300 Magnolia Road  
36,361 SF  
Lease - \$3.75 MGRS  
Sale - \$899,000  
David Williams



**Mayland Place I**  
9830 Mayland Drive  
2,017 - 7,188 SF Flex/Office  
Lease - \$12.00 NNN  
John Gentry, Garnett Hall



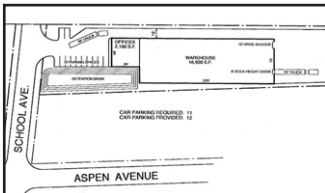
**Glen Allen Industrial Center**  
10780 Old Washington Hwy  
30,000 SF  
Sublease - \$4.25 NNN  
Stuart Cary



**Cavalier Fabrics**  
4716 Richneil Road  
19,500 SF  
Lease - \$4.00 NNN  
Sale - \$795,000  
David Williams

**NEW**

## Richmond City



**Build-to-Suit**  
6300 School Avenue  
off Staples Mill Road  
20,000 SF  
Bill Mattox, Andrew Ferguson



**6011 Staples Mill Road**  
2,250 SF  
Lease - \$5.50 MGRS  
Jason Hetherington



**Tomlynn Business Center**  
2000-2016 Tomlynn St  
4,200 SF  
Lease - \$6.25 MGRS  
Bill Mattox



**1221 Admiral Street**  
23,350 SF  
Investment Sale - \$975,000  
Jason Hetherington, Scott Boyers



**Transmission Products**  
3024 Bells Road  
21,200 SF  
Sale - \$595,000  
Lease - \$3.65 MGRS  
David Williams



**Commonwealth Films**  
1500-1504 Brook Road  
9,899 SF  
Sale - \$400,000  
Andrew Ferguson,  
Jason Hetherington



**Castlewood Industrial Park**  
30,000 - 450,000 SF  
Bulk Distribution  
Sale or Lease  
All or Part  
Stuart Cary, Jason Hetherington



**Castlewood Industrial Park**  
3903 Castlewood Road  
42,500 SF  
Sale - \$699,000  
Lease - \$1.75 NNN  
David Williams

**Price Reduced!**

**Under Contract**



1709 E. Clay Street  
44,000 SF  
Sale - \$485,000  
Jason Hetherington



National Linen  
1414 Chamberlayne Avenue  
36,676 SF **NEW**  
Sublease - \$2.00 NNN  
Andrew Ferguson, Jason Hetherington



Retail or Office Rehab  
2010-2026 E. Main Street  
25,572 SF  
Sale - \$1,200,000  
Scott Boyers, Jason Hetherington



Stockton Yard  
310 Stockton Street  
6,144 SF  
Lease - \$4.25  
Bill Mattox, Jason Hetherington

Tri-Cities

Goochland



1-95/Bells Road Area  
3000 Transport Street  
40,000 - 76,124 SF  
Lease - \$2.95 NNN  
Also for Sale  
David Williams



3110 N. Boulevard  
4,920 SF  
Lease - \$6.50 MGRS  
Andrew Ferguson



Honeywell Churchill Plant  
Hopewell, VA  
239,540 SF on 37.45 ac  
Sale - \$1,500,000  
Bill Mattox, David Williams, Jason Hetherington



Old Dominion Industrial Park  
1146 Tricounty Drive, Oilville  
7,500 SF  
5,000 SF Available  
Lease - \$5.60 MGRS  
Bill Mattox

Industrial Land

Size Location	City/County Price	Contact	Comments
50 to 320 Acres Enon Church Road	Chesterfield \$3,520,000	David Williams	Zoned I-3, priced from \$11,000/ac Rail, extensive road frontage.
3 to 35 Acres Hill Carter Parkway, Ashland	Hanover \$60,000-\$80,000/ac	Bill Mattox David Williams	Ashland Business Park Zoned Light Industrial/Mixed-Use
2 to 94 Acres E. Hundred Road	Chesterfield Call for Pricing	Bill Mattox David Williams	Rivermont - Mixed Use Office/Retail/Industrial
10 to 30 Acres Telcourt Rd, Ashland	Hanover \$45,000/ac	David Williams	NEQ I-95 @ Rt. 54 Zoned M-1, Interstate frontage
10 to 25.6 Acres Dry Bridge Rd & Old Williamsburg Rd	Henrico \$50,000/ac	Andrew Ferguson David Williams	M-1C. Near Infineon (White Oak) SWQ I-64 @ Rt. 60
11.5 Acres Laburnum Ave & Eastport Blvd	Henrico \$1,725,000	David Williams J. Hetherington, B. Mattox	Eastport Business Park. M-1C Pad ready for development. (open listing)
13 Acres Charles City & Miller Roads	Henrico \$950,000	David Williams Jason Hetherington	Zoned M-2, Level, Cleared, All Utilities, Partially Fenced
4 to 9 Acres Airport Drive & Audubon Drive	Henrico From \$95,000/ac	David Williams	Airport Center East @ I-64/Airport Dr Zoned M-1, Interstate frontage
15 to 100 Acres Bermuda Hundred Road	Chesterfield Call for Pricing	Bruce Milam Bill Mattox	Meadowville Technology Park Area at Enon Church Road
4.15 Acres Burge Avenue & Willis Road	Chesterfield \$115,000	Bill Mattox	Zoned C-5, Good Business Site Just off I-95
6.54 Acres Fort Darling Road	Chesterfield \$360,000	Bill Mattox Jason Hetherington	I-3, Enterprise Zone Adjoining distribution facility available.
4.3 Acres 4720 Richneil Road	Henrico \$400,000	Bruce Milam Bill Mattox	M-1, Richmond Industrial Interport
6.34 Acres Orville Rd & Westmoreland St	Henrico \$125,000	Andrew Ferguson David Williams	Dabney area, will subdivide to 1.5 acres <b>UNDER CONTRACT</b>
5.44 Acres 3800 Belt Blvd	Richmond \$310,000	Bill Mattox Jason Hetherington	Bells Road area; Zoned M-1
13 Acres 1701 Coyote Dr	Chesterfield \$370,000	Bill Mattox Andrew Ferguson	Old Stage Corporate Park Zoned I-3

The Industrial Services 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:

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- 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

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Superior Service Through Innovative People  
With Traditional Values

Grubb & Ellis Affiliate of the Year

Grubb & Ellis | Harrison & Bates is proud to be the only real estate service provider offering detailed industrial real estate information on more than **68 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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