

Industrial Market Trends Richmond

Grubb & Ellis Research

Fourth Quarter 2004



Prospect interest continues to be stronger in purchasing than in leasing.

A Quietly Improving Period

The wave of closures of large manufacturing facilities slowed considerably, and a slight increase in overall demand was noted in the fourth quarter. Best of all, most vacant properties are experiencing interest by users. For the past few years, usually speculators were the only buyers in the market. Other trends include the following:

Distribution/Warehouse

- * Prospect interest continues to be greater in purchasing than leasing.
- * Asking lease rates are flat, and there is continuing pressure on landlords to get deals done even at these discounted rates.
- * There is insufficient market velocity to spur any additional development.

General Industrial

- * There has been a positive trend of manufacturing interest from local and incoming prospects.
- * Demand for leasing has increased, but purchase interest still leads.

Flex/Incubator

- * Condo projects are being delivered and demand appears to be viable but thin.
- * Leasing activity is improving and demand has outpaced the few new projects delivered.
- * Developers are planning projects in a number of established areas as vacancy starts to drop.

Richmond Industrial Market Trends

is a newsletter published quarterly by Grubb & Ellis|Harrison & Bates. To obtain additional copies or other Grubb & Ellis|Harrison & Bates publications, please contact:

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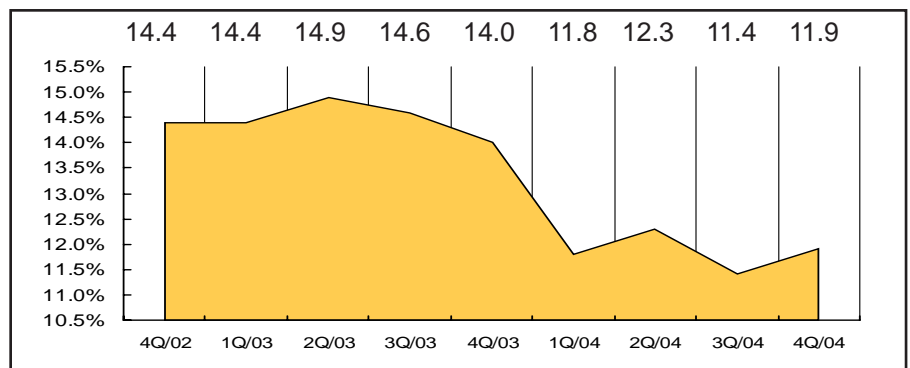
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Richmond Industrial Vacancy Rate*

* All Product Types & Submarkets

Industrial Market Snapshot Richmond Fourth Quarter 2004

By Submarket (All Types)	Total SF(1)	Vacant SF(4)	Vacant %	Net Absorption		Under Construction(2)	Asking Rent(3)	
				Current Qtr.	Year-to-date		Wh/Dist	R&D/Flex
Northeast	11,152,535	958,684	8.6%	(29,956)	326,751	25,000	\$4.73	\$7.25
Northwest	17,739,339	2,933,000	16.5%	73,013	247,806	43,800	\$4.34	\$7.26
Southeast	12,129,430	1,353,845	11.2%	(1,265)	(376,255)	11,440	\$3.71	\$7.12
Southwest	41,261,245	4,513,621	10.9%	(162,184)	574,504	-	\$3.90	\$7.30
Total	82,282,549	9,759,150	11.9%	(120,392)	772,806	80,240	\$4.03	\$7.25
By Product Type (All Submarkets)							Asking Rent by Product Type	
General Industrial	50,771,073	3,976,367	7.8%	(134,195)	326,221	-	\$3.75	
Incubator	393,549	44,933	11.4%	(2,500)	21,229	-	\$8.67	
R&D/Flex	8,387,730	1,201,812	14.3%	39,995	311,504	80,240	\$7.25	
Whse/Distribution	22,730,197	4,536,038	20.0%	(23,692)	113,852	-	\$4.03	
Total	82,282,549	9,759,150	11.9%	(120,392)	772,806	80,240	\$4.30	

(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.

PROPERTY WANTED

1. 4-6 acres for 50,000 sf build-to-suit (DW)
2. 10,000 to 50,000 sq. ft. multi-tenant facility for investment purchase (DW)

Recent Transactions

G&E|Harrison & Bates' industrial group is pleased to announce representative transactions during the fourth quarter of 2004:

<p>Saunders Ave Service Center 61,000 SF Sale 3600 Saunders Avenue, Richmond Warehouse/Distribution Mac Bates, David Williams</p>	<p>Acorn Sign Manufacturing 12,040 SF Lease 4109 W. Clay Street, Henrico General Industrial Scott White</p>	<p>Chacksi's Inc. 10,042 SF Lease 5519 Pride Road, Richmond Warehouse/Distribution Stuart Cary, Jason Hetherington</p>
<p>ATCO Surplus Land 353 Acre Sale Enon Church Road, Chesterfield David Williams</p>	<p>Accu-Tech Corporation 8,400 SF Lease Dabney Center I, Henrico R&D/Flex Jason Hetherington</p>	<p>Tea Machine Components 2,625 SF Lease Dabney Trade Center, Henrico R&D/Flex Jason Hetherington, David Williams</p>

Featured Listings

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

Chesterfield County



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



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



*Granite Springs Trade Center
235-245 Granite Springs Rd
13,365 SF
Fully Leased
Bill Mattox, Jason
Hetherington*



*14500 Jefferson Davis Hwy
36,000 SF manufacturing
with crane
Sale - \$1,380,000
Lease - \$11,850/mo NNN
David Williams
OPEN LISTING*

Hanover County



Leased
*Hanover Air Park
11064 Air Park Drive
3,000 SF
Lease - \$7.20 MGRS
Stuart Cary*



*Air Park Office Suites
11139-59 Air Park Road
2,125 - 4,250 SF
Lease - \$8.00 MGRS
Stuart Cary*



*Bell Creek Flex Condos
New Construction
2,500 to 25,000 SF
Sale - \$95 PSF
Lease - \$9.50 PSF NNN
David Williams, Stuart Cary*



*Ashland
10430 Dow Gil Road
2,600SF
Lease - \$6.75 MGRS
Bill Mattox*



*Ellerson Industrial Park
8436 Erle Road
8,600 SF
Sale - \$450,000
Lease - \$5.75 NNN
Lee Hilbert, Jason
Hetherington*



*R&C Buildings
11232-11242 Hopson Road
2,700 SF
Lease - \$4.80 MGRS
Stuart Cary*



*NorthLake Trade Center
Freestanding Office/Warehouse
Bldgs for Sale or Lease
10,000 - 20,000 SF
Pre-construction prices
starting at \$80/SF
David Williams, Bill Mattox*



*Wilson Enterprises
8007 Mechanicsville Tpke
11,359 SF
Lease - \$6.97 MGRS
Bill Mattox*

Henrico County



*309 Quarles Road
20,000 - 78,408 SF
Lease - \$4.50 NNN
Additional acreage for
expansion or build-to-suit.
Sale - \$3,650,000
David Williams, Stuart Cary*



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



*Lakeridge Trade Center
10470 Wilden Drive
2,400 Sf
Lease - \$5.50 NNN
Jason Hetherington,
Stuart Cary
OPEN LISTING*



NEW
*Mechanicsville
2415 Anniston Street
9,186 SF
Lease - \$5.50 NN
Jason Hetherington*



Leased

4109 W. Clay Street
12,040 SF
Lease - \$3.25 MGRS
Scott White



1 Club Car Drive
Glen Allen Area
6,000 SF
Sublease - \$9.30 NNN
Stuart Cary

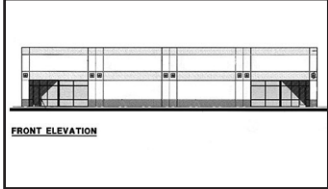


Dabney Corporate Center
2034-2036 Dabney Road
Lease - \$8.75 NNN
David Williams

Leased



Dabney Trade Center
2281 Dabney Road
5,525 SF
Lease - \$7.95 NNN
David Williams,
Jason Hetherington



Woodland Business Center
Flex Condominiums
12,000 SF in 2 Bldgs
Sale: \$90/SF Shell
Lease: \$6.25 - \$11.00 NNN
Bill Mattox, Jason
Hetherington



Flex Office/Warehouse
2210 Magnolia Street
9,660 SF
Lease: \$6.00 MGRS
David Williams



Flex/Warehouse/Production
2300 Magnolia Road
7,361 SF For Lease
Lease - \$2.75 MGRS
Investment Sale - \$899,000
Total Building = 36,361 SF
David Williams



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



Price Reduced!

Distribution/Manufacturing
7421 Ranco Road
57,558 SF
Sale - Now \$2,100,000
David Williams, Jason
Hetherington



Price Reduced!

Airport Office/Warehouse
4716 Richneil Road
19,500 SF
Lease - \$4.00 NNN
Sale - Now \$750,000
David Williams

Under Contract



Aspen Park
Office & Flex Condominiums
6011 Staples Mill Road
1,900 - 37,000 SF
Sale - \$85.00/SF Shell
Jason Hetherington, John
Gentry



Trampton Center
555 - 580 Trampton Rd
3,200 to 9,000 SF
Lease - \$7.50 to \$9.00 NNN
David Williams

Richmond City



117 S. Third Street
Office/Whse with dock
5,200 SF - Lease \$3.00/SF
1st Floor Office/Lab Space
12,745 SF - Lease \$6.50/SF
Kit Tyler



Price Reduced!

INVESTMENT
Castlewood Industrial Park
3903 Castlewood Road
42,500 SF Warehouse
29,000 SF Leased
13,500 SF Available \$2.00/SF
Sale - \$725,000
David Williams



Retail or Office Rehab
2010-2026 E. Main Street
25,572 SF
Sale - \$1,250,000
Scott Boyers, Jason
Hetherington



NEW

1400 Overbrook Road
Enterprise Zone
12,500 SF
Lease - \$3.50 NNN
Jason Hetherington



SOLD
 Manufacturing/Distribution
 3600 Saunders Avenue
 61,000 SF
 Sale - \$2,500,000
 David Williams, Mac Bates



Interstate Business Park
 3601-3721 Saunders Ave
 Suites from 1,350 - 4,329 SF
 Lease - \$9.00 NNN
 John Gentry, Chris Wallace



Under Contract
 Hanson Pipe & Products
 1207 & 1301 School Street
 750 SF Shop + 1,150 SF Office
 + 3 Ac Yard
 Lease - \$2,800/month
 Scott White

Grubb & Ellis | Harrison & Bates is proud to be the only real estate service provider offering detailed industrial real estate information on more than **81 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.

Tri-Cities



Price Reduced!
 Honeywell Mfg Plant
 Hopewell, VA
 239,540 SF on 37.45 ac
 Sale - Now \$1,000,000
 Bill Mattox, David Williams,
 Jason Hetherington

Goochland



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

Lunenburg



Fmr Railway Handle Sawmill
 500 Main St, Victoria, VA
 Lunenburg County
 91,795 SF
 Sale - \$615,000
 Jason Hetherington

Industrial Land

Size	City/County	Price	Contact	Comments
62 Acres	Henrico		Jason Hetherington	Approximately 30 acres useable. I-64 frontage. Owner will sell or build-to-suit.
4900-5000 Audubon Dr		\$125,000/ac	David Williams	
3.21 Acres	Henrico		David Williams	International Business Park, Zoned M-1C
4600 International Trade Ct		\$280,000		All utilities, corner lot, level site
10.56 Acres	Henrico		Jason Hetherington	Sale or Build-to-Suit; Zoned R-6, B-3C
Brook Run Drive		\$95,000/ac	David Williams	
50 to 320 Acres	Chesterfield		David Williams	Zoned I-3, priced from \$11,000/ac
Enon Church Road		\$3,520,000		Possible rail, extensive road frontage.
73.59 Acres	Chesterfield		Bill Mattox	I-95 visibility & zoned I-3.
1800 Coxendale Rd		\$425,000	David Williams	Water/sewer at site. ±15 useable acres.
3 to 35 Acres	Hanover		Bill Mattox	Ashland Business Park
Hill Carter Parkway, Ashland		\$60,000-\$80,000/ac	David Williams	Zoned Light Industrial/Mixed-Use
2 to 94 Acres	Chesterfield		Bill Mattox	Rivermont - Mixed Use
E. Hundred Road	Call for Pricing		David Williams	Office/Retail/Industrial
10 to 30 Acres	Hanover		David Williams	NEQ I-95 @ Rt. 54
Telcourt Rd, Ashland		\$45,000/ac		Zoned M-1, Interstate frontage
10 to 25.6 Acres	Henrico		David Williams	M-1C. Near Infineon/White Oak
Dry Bridge Rd & Old Williamsburg Rd		\$50,000/ac		SWQ I-64 @ Rt. 60
13 Acres	Henrico		David Williams	Zoned M-2, Level, Cleared, All Utilities,
Charles City & Miller Roads		\$950,000	Jason Hetherington	Partially Fenced. Possible to sub-divide.
15 to 100 Acres	Chesterfield		Bruce Milam	Meadowville Technology Park Area
Bermuda Hundred Road	Call for Pricing		Bill Mattox	at Enon Church Road
6 to 12 Acres	Ashland		David Williams	Sale, lease or owner may build to suit.
301-307 Quarles Rd		\$49,500/ac	Stuart Cary	Zoned M-1, all utilities.
6.54 Acres	Chesterfield		Bill Mattox	I-3, Enterprise Zone
Fort Darling Road		\$360,000	Jason Hetherington	Adjoining distribution facility available.
4.3 Acres	Henrico		Bruce Milam	M-1, Richmond Industrial Interport
4720 Richneil Road		\$400,000	Bill Mattox	
5.44 Acres	Richmond		Bill Mattox	Bells Road area; Zoned M-1
3800 Belt Blvd		\$325,000	Jason Hetherington	

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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- Opinions of Value
- Project Management
- Sales-Leasebacks
- Site & Facility Selection
- Strategic Real Estate Planning
- Tax Deferred Exchanges
- Tenant Retention

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