

Industrial Market Trends Richmond

Grubb & Ellis Research

First Quarter 2005



The recovering industrial market has also spurred interest in land sites for design-build projects such as Champion Window's 20,000-square-foot building at Northlake.

Slowly Rising Market

Richmond is experiencing a slowly rising industrial market across the board with activity and transactions in all product types and submarkets. Out of town companies are also starting to look at the area again, after a couple of dormant years.

In a recent turn of events, flex leasing is outpacing other industrial product types. Recent transactions included 13,360 square feet to Scotts Lawn Service at Northridge II; 18,000 square feet to Electronic Systems Inc. at Crescent Business Center; and 84,000 square feet to Cavalier Telephone at North Run. New flex condos, such as the 25,000-square-foot multi-bay project at Bell Creek near Mechanicsville, are being developed to satisfy small user demand for ownership. At NorthLake Business Park, 10,000-20,000-square-foot freestanding buildings for sale are underway as well.

In distribution activity, a 60,000-square-foot lease with Xymid landed at the Enterchange at Walthall. Owens & Minor left the Fairgrounds Distribution Center in favor of a more modern 113,500-square-foot distribution building at Devon's Enterchange at Northlake. The 1.9 million-square-foot Fairgrounds Distribution Center is currently only 8.5 percent vacant, but additional move-outs between now and late summer could push that vacancy to 24 percent, indicative of continued softness in the warehouse/distribution sector.

In the manufacturing sector, Interbake Foods announced that it would shut down its 150,000-square-foot Richmond bakery operation within the next 12 months. They will vacate a seven-story plant built in 1928, and now obsolete for the company's production needs. The plant will likely be sold and rehabbed for a different use. Manufacturing leasing picked up a little - Carastar Mill Group Inc. leased 60,000 square feet at 400 Decatur Street for example.

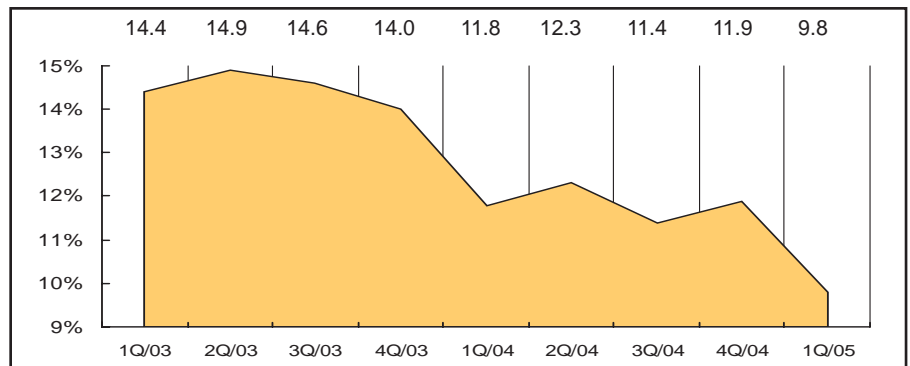
Richmond Industrial Market Trends

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Industrial Vacancy Rate*

* All Product Types & Submarkets



Industrial Market Snapshot Richmond First Quarter 2005

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	11,153,367	903,125	8.1%	56,391	56,391	52,000	\$3.65	\$6.90	
Northwest	17,672,010	2,236,782	12.7%	770,200	770,200	61,500	\$3.44	\$7.43	
Southeast	12,156,646	1,204,663	9.9%	176,398	176,398	-	\$3.45	\$7.24	
Southwest	40,989,521	3,718,960	9.1%	858,429	858,429	42,980	\$3.75	\$7.40	
Total	81,971,544	8,063,530	9.8%	1,861,418	1,861,418	156,480	\$3.63	\$7.33	
By Product Type (All Submarkets)							Asking Rent by Product Type		
General Industrial	50,711,200	2,951,858	5.8%	1,068,160	1,068,160	42,980	\$3.69		
Incubator	393,549	29,583	7.5%	15,350	15,350	-			
R&D/Flex	8,371,692	926,673	11.1%	326,080	326,080	113,500	\$7.33		
Whse/Distribution	22,495,103	4,155,416	18.5%	451,828	451,828	-	\$3.63		
Total	81,971,544	8,063,530	9.8%	1,861,418	1,861,418	156,480	\$4.02		

(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 direct and 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 centrally located for 50,000 sf build-to-suit (DW)
2. 25,000 to 45,000 sf warehouse facility for purchase (DW)

Recent Transactions

G&E|Harrison & Bates' industrial group is pleased to announce representative transactions during the first quarter of 2005:

3000 Transport Street

76,124 SF Sale
Richmond City
Warehouse/Distribution
David Williams

Verizon Services

43,750 SF Lease
212 Quarles Road, Hanover County
General Industrial
David Williams

8444 Erle Road

20,000 SF Sale
Hanover County
General Industrial
Stuart Cary

2410 Ownby Street

18,640 SF Sale
Richmond City
General Industrial
Jason Hetherington

Sutton Clark Supply Inc.

21,284 SF Lease
1705 Brook Road, Richmond City
General Industrial
Scott White

1600 Bermuda Hundred Road

± 99 Acres Land Sale
Chesterfield County
Zoned I-2
Bill Mattox, Bruce Milam

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 & 7,200 SF
Lease - \$6.50 Gross
Stuart Cary



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

Hanover County



NEW
Ashland Commons
Professional Center
Office & Flex Condos
1,200 - 60,500 SF
Sale - \$125 to \$150 PSF
David Williams



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 - \$95-100 PSF
Lease - \$9.50 PSF NNN
David Williams, Stuart Cary



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



Price Reduced!
Ellerson Industrial Park
8436 Erle Road
8,600 SF
Sale - \$395,000
Lease - \$5.25 NNN
Lee Hilbert, Jason
Hetherington



R&C Buildings
11232-11242 Hopson Road
Fully Leased
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 \$85/SF
David Williams, Bill Mattox



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

Henrico County



309 Quarles Road
29,000 SF
Lease - \$4.50 NNN
Additional acreage for
expansion or build-to-suit.
Sale - \$3,650,000
David Williams, Stuart Cary



NEW
New Construction
10966 Richardson Road
1,200 - 12,000 SF
Lease - \$6.00 NNN
Stuart Cary, Lewis Little



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



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



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

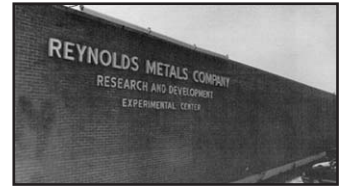
Leased



Woodland Business Center
Flex Space
12,000 SF in 2 Bldgs
Lease: \$6.25 - \$11.00 NNN
Bill Mattox, Jason
Hetherington

NEW

509 Goddin Street
Adjacent to Rockett's Landing
45,900 SF
Lease - \$3.50 NNN
Stuart Cary, Chuck Ellsworth



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

Leased



3101 Northside Avenue
Off Staples Mill Road
10,992 SF
Enterprise Zone
Sale - \$899,000
Jason Hetherington

NEW



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



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

NEW



Dabney Road Area
Former Acorn Sales
1506 Tomlyn Street
9,000 SF
Lease - \$6.50 NNN
Stuart Cary



Trampton Center
555 - 580 Trampton Rd
3,200 to 5,000 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



Food Distributor Bldg
1600 Belleville Street
Scott's Addition
Enterprise Zone
14,960 SF
Lease - \$4.95 MGRS
David Williams

NEW



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



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



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



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

Grubb & Ellis | Harrison & Bates is proud to offer detailed industrial real estate information on more than **90 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

Lunenburg



NEW
 1212 Westover Hills Blvd
 5,000 SF
 Sale - \$250,000
 Lease - \$6.00 NNN
 Stuart Cary



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



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	
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 35 Acres	Chesterfield		Bruce Milam	Meadowville Technology Park Area
Bermuda Hundred Road		Call for Pricing	Bill Mattox	at Enon Church Road
5 to 14 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.
10.56 Acres	Henrico		Jason Hetherington	Sale or Build-to-Suit; Zoned R-6, B-3C
Brook Run Drive		\$95,000/ac	David Williams	
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	
3.21 Acres	Henrico		David Williams	International Business Park, Zoned M-1C
4600 International Trade Ct		\$280,000		All utilities, corner lot, level site

Grubb & Ellis|Harrison & Bates Industrial Services Team

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:

- 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
- Sale-Leasebacks
- Site & Facility Selection
- Strategic Real Estate Planning
- Tax Deferred Exchanges
- Tenant Retention

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