

# Industrial Market Trends Richmond

Grubb & Ellis Research

Second Quarter 2007



*Industrial investment transactions totalling more than \$121 million in total volume highlighted an extremely active quarter and introduced new institutional owners to the Richmond market.*

## 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:

### Lynn McDaniel

Vice President - Marketing Services  
E-mail: [lynn.mcdaniel@harrison-bates.com](mailto:lynn.mcdaniel@harrison-bates.com)

Grubb & Ellis|Harrison & Bates  
6606 W. Broad Street, Suite 400  
PO Box 11027  
Richmond, VA 23230-1027  
Phone: 804.788.1000  
Internet: [www.grubb-ellis.com](http://www.grubb-ellis.com); [www.harrison-bates.com](http://www.harrison-bates.com)  
*Independently Owned and Operated*

© 2007 Grubb & Ellis|Harrison & Bates

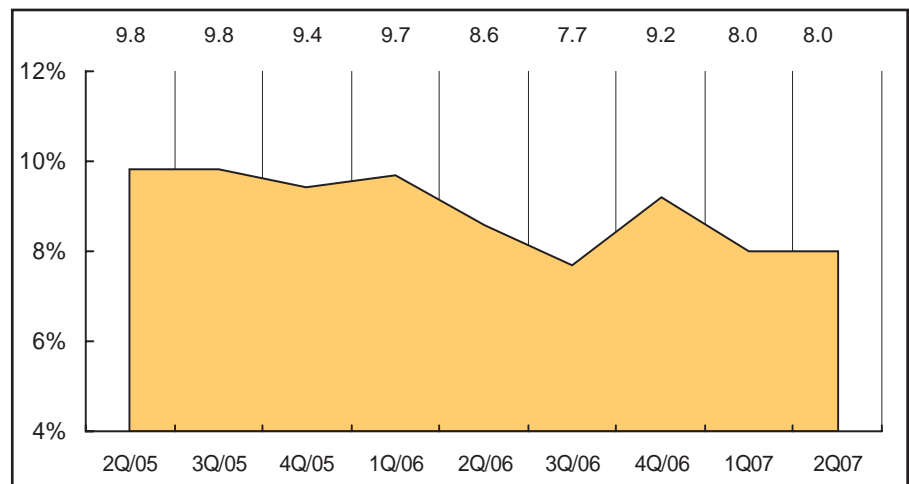
## Investment Sales Rule

By Stuart Cary, SIOR

First Potomac Realty Trust added to their growing Richmond portfolio with the purchase of two more buildings in Riversbend from Liberty Property Trust for \$13 million or \$43 per square foot plus an additional 102 acres for development for \$4.65 million or \$45,500 per acre. A new institutional owner to the market was Weingarten Realty Investors who purchased the Devon portfolio of more than two million square feet of warehouse/distribution properties including buildings at Enterchange at Northlake, Enterchange at Walthall, Interport Business Center and 2101 Bermuda Hundred Road for a total investment of approximately \$78 million. Other investment transfers included 2924 Bells Road to MTM Properties for \$1.1 million (\$41/sf) and 1821 Battery Dantzler Road to Fullerton Properties for \$4.1 million (\$32/sf). On the flex side, Austin Fort Street Land Trust purchased Deep Run Business Center for \$12.4 million (\$141/sf).

Industrial leasing activity was also brisk in the second quarter with established pockets doing extremely well. Millions of square feet at the popular Fairgrounds Park and Hanover Air Park, for example, are almost completely full. Most growth is by local tenants in the 25,000 to 80,000 square foot size range. Large users in excess of 100,000 square feet are still rare, but expansions at the Port of Norfolk, two hours east of Richmond, are about to make it "World Class" which could help draw more large users to the region.

Looking ahead, there is anticipation that the area around Fort Lee will heat up due to the \$800 million in military expansion activity from the BRAC process. More information on real estate effects of the BRAC-related Ft. Lee expansion can be found at a unique website created by Grubb&Ellis|Harrison&Bates - [www.bracrelatedrealestate.com](http://www.bracrelatedrealestate.com).



Industrial Vacancy Rate\*

\* All Product Types & Submarkets

## Industrial Market Snapshot Greater Richmond, VA Second Quarter 2007

By Submarket (All Types)	Total SF(1)	Vacant SF(2)	Vacant %	Net Absorption		Under Construction(3)	Asking Rent(4)	
				Current Qtr.	Year-to-date		Wh/Dist	R&D/Flex
Northeast	11,310,677	958,570	8.5%	508	449,612	-	\$3.95	\$7.63
Northwest	18,358,860	1,794,410	9.8%	91,966	211,788	130,068	\$3.77	\$8.12
Southeast	12,317,389	1,171,780	9.5%	10,660	165,885	-	\$3.66	\$6.70
Southwest	41,324,269	2,755,220	6.7%	268,588	877,725	12,000	\$3.09	\$7.77
<b>Total</b>	<b>83,311,195</b>	<b>6,679,980</b>	<b>8.0%</b>	<b>371,722</b>	<b>1,705,010</b>	<b>142,068</b>	<b>\$3.41</b>	<b>\$7.73</b>
<b>By Product Type (All Submarkets)</b>							<b>Asking Rent by Product Type</b>	
General Industrial	50,676,810	1,944,528	3.8%	320,142	343,686	-	\$3.45	
Incubator	393,621	21,100	5.4%	2,650	2,722	-	\$6.07	
R&D/Flex	8,923,322	850,765	9.5%	66,967	184,798	12,000	\$7.73	
Whse/Distribution	23,317,442	3,863,587	16.6%	(18,037)	1,173,804	130,068	\$3.41	
<b>Total</b>	<b>83,311,195</b>	<b>6,679,980</b>	<b>8.0%</b>	<b>371,722</b>	<b>1,705,010</b>	<b>142,068</b>	<b>\$3.87</b>	

(1) Inventory includes multi-tenant, single tenant and owner occupied buildings with at least 10,000 sq. ft.

(2) Vacant space includes direct and vacant sublease space.

(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.

\*Grubb & Ellis statistics are audited annually and may result in revisions to previously reported quarterly and final year-end figures.

### 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.

Grubb & Ellis | Harrison & Bates is proud to offer detailed industrial real estate information on more than **99 million** square feet in Central Virginia (including buildings of all sizes listed in Costar). 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.

### Recent Transactions

G&E|Harrison & Bates' industrial group is pleased to announce representative transactions during the second quarter of 2007:

<p><b>11074 &amp; 11080 Air Park Road</b> 58,000 SF Sale Hanover County General Industrial Stuart Cary</p>	<p><b>N. B. Handy</b> 50,300 SF Lease 7437-7439 Ranco Road Henrico County General Industrial Lewis Little, David Williams</p>	<p><b>Wilson Pipe</b> 30,108 SF Lease 2900 Deepwater Terminal Road Richmond City General Industrial Stuart Cary</p>
<p><b>Southern Refrigeration</b> 17,650 SF Lease 3406 W. Moore Street City of Richmond General Industrial Chip Louthan, Jason Hetherington</p>	<p><b>Virginia Green</b> 12,000 SF Lease 7519 Ranco Road Henrico County General Industrial David Williams, Lewis Little, Chip Louthan</p>	<p><b>1911 Cross Street</b> 4.05-Acre Sale Chesterfield County Industrial Land Bill Mattox, 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 search all listings.

## Chesterfield County



*Willis Road Business Center  
9301 & 9401 Burge Ave  
2,400 to 6,400 SF  
Lease - \$6.50 MGRS  
Stuart Cary, Greg Creswell*



*9501 Burge Avenue  
16,800 SF  
Lease \$5.00 NNN  
Stuart Cary, Greg Creswell*



*Hudgins Business Park  
21401-21425 Hull Street Rd  
1,200 - 2,400 SF Office  
1,800 SF Whse  
Lease - \$6 to \$12 Full Svs  
Greg Creswell, Stuart Cary*



*Phoenix Business Center  
713 W. Hundred Road  
2,200 to 16,000 SF  
\$10.00 + Utilities  
Greg Creswell*

### Representative Photo



## Hanover County

**NEW**  
*MidLantic Business Center  
2008 Delivery  
8901 Whitepine Road  
7,500 to 25,000 SF  
Lease - \$5.75 NNN  
David Williams, Greg  
Creswell*

**NEW**  
*Sommerville Business Park  
203 Wylderose Court  
9,251 SF Flex Space  
Lease - \$10.00 NNN  
Greg Creswell, Jason  
Hetherington*

**PLANNED**  
*Ashland Commons  
Professional Center  
Office & Flex Condos  
1,200 - 60,500 SF  
Sale - \$115 to \$125 PSF  
David Williams, Jason  
Hetherington*

*Northlake Trade Center  
9,000 to 20,850 SF  
Dock & Drive-In  
New Construction  
Sale - \$95 to \$110 PSF  
David Williams, Bill Mattox*

## Henrico County



*8007 Mechanicsville Tpk  
9,669 SF  
Lease - \$10.50 MGRS  
Bill Mattox*



**NEW**  
*Multi-Function  
Industrial Facility  
13167 Telcourt Road  
124,350 SF  
For Sale  
David Williams*



**NEW**  
*Ackley Business Center  
2830 Ackley Avenue  
2,291 SF  
Lease - \$10.00 MGRS  
Jason Hetherington*



*Airport Center I  
5200 Anthony Road  
95,545 SF  
Sublease - \$3.95 NNN  
Jason Hetherington,  
David Williams*



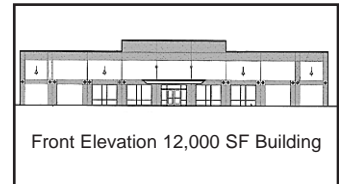
*Dabney Corporate Center  
2034-2036 Dabney Road  
3,200 SF  
Lease - \$7.95 NNN  
David Williams*



*Former Laburnum Auto Parts  
903 E. Laburnum Avenue  
10,000 SF  
Showroom/Warehouse  
For Lease - \$8.88 MGRS  
Stuart Cary*



**NEW**  
*Wilhook Parham Bldg  
2600 E. Parham Road  
2,193 to 6,580 SF Flex  
Lease - \$14.50  
Sale - \$985,000  
Chip Louthan*



Front Elevation 12,000 SF Building

**NEW**  
*Parham Forest West  
Planned Flex Project  
12 Buildings of  
6,000 to 12,000 SF  
Sale or Lease  
2008 Delivery  
Jason Hetherington, Bill  
Mattox*

## Richmond City



**Tomlyn Business Center**  
2012 Tomlyn Street  
2,100 SF  
1 Drive-In Door  
Lease - \$7.14 MGRS  
Bill Mattox



**NEW**  
**Flex/Office/Service**  
2100 Westmoreland Street  
31,120 SF  
Lease - \$4.75 NNN  
Abundant Parking  
Chip Louthan, David Williams



**NEW**  
**1207 N. Boulevard**  
Up to 16,211 SF Warehouse  
Lease - \$6.00 - \$11.00 NNN  
Will Bradford, Kit Tyler



**Vehicle Maintenance Facility**  
2402 Decatur Street  
4,500 SF  
Lease - \$6.67 NNN  
Jason Hetherington, Greg Creswell



**Price Reduced!**  
**Warehouse/Manufacturing**  
2701 Decatur Street  
13,490 SF  
Sale - \$565,000  
Lee Hilbert, Greg Creswell



**Manufacturing/Distribution**  
2320 Deepwater Terminal Rd  
90,827 SF  
Lease - \$3.10 NNN  
David Williams, Chip Louthan



**2210 Magnolia Street**  
9,660 SF  
Lease - \$5.95 MGRS  
Available September, 2007  
David Williams



**NEW**  
**Morgan Brothers Bag Bldg**  
3408-10 W. Moore Street  
26,400 SF  
Lease - \$4.25 NNN  
Jason Hetherington, Chip Louthan



**Investment Sale**  
600 Perdue Avenue  
NNN Leased Investment  
91,000 SF  
Sale - \$1,950,000  
David Williams, Jason Hetherington



**NEW**  
**3310 Rosedale Avenue**  
3,900 SF  
Lease - \$7.38 MGRS  
Chip Louthan



**Interstate Business Park**  
3601-3721 Saunders Ave  
2,028 SF or 5,123 SF  
Lease - \$10.00 NNN  
John Gentry, Chris Wallace



**1209-1211 School Street**  
6,142 SF  
Sublease - \$4.80 MGRS  
Scott White, Stuart Cary

## Charles City



**NEW**  
**Under Contract**  
**Scott's Addition**  
1717 Summit Ave  
3,400 SF  
Sale - \$185,000  
Chip Louthan



**NEW**  
**Warrior Xpress**  
5900 Chambers Road  
21,800 SF  
Lease - \$9.63  
Sale - \$1,950,000  
Chip Louthan

## Fredericksburg



**River Run**  
U.S. Route 1, Spotsylvania  
4,400 - 44,000 SF  
Office/Flex \$7.50-13.00 NNN  
Land Available for BTS/Sale  
David Williams, Jason Hetherington

## Goochland



**Old Dominion Industrial Park**  
1146 Tricounty Drive  
3,500 SF  
Lease - \$8.50 NNN  
Lewis Little, Bill Mattox

## Industrial Land Trends

Prices are steady to rising for all sizes and types of industrial land. Well located smaller (under 10-acre) parcels are still in high demand despite higher construction costs. Some new parks are seeing more land brought to market, such as at Southpoint in Prince George County and White Oak in eastern Henrico County. The most expensive land for flex users is in the Rt. 288 West corridor, with I-95 North close behind.

### Industrial Land

Size	City/County	Price	Contact	Comments
30.82 Acres	Chesterfield		Chip Louthan	SE Quadrant Rt 288 and Rt 60
14601 Midlothian Turnpike		\$4,000,000	Bruce Milam	Excellent for future development.
4.77 Acres	<b>Under Contract</b>	Henrico	Bruce Milam	Seven Hill Industrial Center
2801 Sprouse Drive		\$477,000	Lewis Little, Jr.	4.25 ac useable
2 to 20 Acres	<b>Under Contract</b>	Henrico	David Williams	Parham Forest West, zoned light industrial.
Parham Rd & Ackley Ave		\$30,000-125,000/ac	Bill Mattox	Best remaining infill location in NWQ.
8.915 Acres	Amelia		Stuart Cary	Frontage on both 360 Bypass & Business;
Rt. 360/Patrick Henry Hwy		\$1,350,000	Greg Creswell	Industrial site zoned M-1
6.78 Acres	<b>Price Reduced</b>	Amelia	Stuart Cary	Subdividable
Rt 360 & Redfield Drive		\$695,000	Greg Creswell	Commercial site zoned B-1
94 Acres	Caroline		Bill Mattox	Industrial development potential; Just
Jefferson Davis Hwy (Rt 1)		\$15,000/ac	Lewis Little, Jr.	north of Ladysmith on Rt 1 corridor.
2 to 94 Acres	Chesterfield		Bill Mattox	Rivermont - Mixed Use
E. Hundred Road	Call for Pricing		Lewis Little, Jr.	Office/Retail/Industrial; OPEN LISTING
73.59 Acres	Chesterfield		Bill Mattox	I-95 visibility & zoned I-3.
1800 Coxendale Rd		\$425,000	Lewis Little, Jr.	Water/sewer at site. ±15 useable acres.
40 Acres	Caroline		Stuart Cary	I-95 Ladysmith exit; zoned RP
Ladysmith Road (Rt 639)		\$75,000/ac	Lewis Little, Jr.	
38 Acres	<b>Under Contract</b>	Caroline	Stuart Cary	I-95 Ladysmith exit; zoned RP
Ladysmith Road (Rt 639)		\$145,000/ac	Lewis Little, Jr.	
3 to 35 Acres	Hanover		Bill Mattox	Ashland Business Park
Hill Carter Parkway, Ashland		\$65,000-\$85,000/ac	David Williams	Zoned Light Industrial/Mixed-Use
15 to 35 Acres	Chesterfield		Bruce Milam	Meadowville Technology Park Area
Bermuda Hundred Road	Call for Pricing		Bill Mattox	at Enon Church Road
10 to 25.6 Acres	Henrico		David Williams	M-1C. Near Quimonda Semiconductor
Dry Bridge Rd & Old Williamsburg Rd		\$75,000/ac	Lewis Little, Jr.	SWQ I-64 @ Rt. 60
10 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.
5 to 12 Acres	Ashland		David Williams	Sale, lease or owner may build to suit.
301-307 Quarles Rd		\$65,000/ac	Stuart Cary	Zoned M-1, all utilities.
10.8 Acres	Caroline		Bill Mattox	NEQ quadrant I-95 Ladysmith exit;
Ladysmith Road (Rt 639)		\$55,000/ac	Lewis Little, Jr.	zoned industrial
1.5 to 2 Acres	Spotsylvania		David Williams	Premier office near Massaponax HS
Route 1 - River Run Center		\$125,000/ac	Jason Hetherington	Zoned-office/light industrial; immediate Dev.

## 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

**Stuart Cary, SIOR**  
*Senior Vice President*  
804.788.1000 Ext 202  
804.591.2400 Direct  
stuart.cary@harrison-bates.com



**Greg Creswell**  
*Associate*  
804.788.1000 Ext 325  
804.591.2427 Direct  
greg.creswell@harrison-bates.com



**Jason Hetherington, SIOR**  
*Senior Vice President*  
804.788.1000 Ext 235  
804.591.2407 Direct  
jason.hetherington@harrison-bates.com



**Lewis Little, Jr.**  
*Associate*  
804.788.1000 Ext 210  
804.591.2403 Direct  
lewis.little@harrison-bates.com



**Chip Louthan, SIOR**  
*Senior Vice President*  
804.788.1000 Ext 218  
804.591.2417 Direct  
chip.louthan@harrison-bates.com



**Bill Mattox, SIOR**  
*Senior Vice President*  
804.788.1000 Ext 331  
804.591.2428 Direct  
bill.mattox@harrison-bates.com



**David Williams, SIOR, CCIM**  
*Senior Vice President*  
804.788.1000 Ext 219  
804.591.2405 Direct  
david.williams@harrison-bates.com



Individual Memberships In:  
Society of Industrial & Office Realtors (SIOR)  
Certified Commercial Investment Member (CCIM)  
Council Supply Chain Management (CSCM)  
CORENET Global  
Grubb & Ellis Global Logistics Group

Real Estate Excellence Since 1910

**FOLLOW THE FORT LEE EXPANSION  
AND COMMERCIAL GROWTH  
THROUGHOUT THE TRI-CITIES & SOUTHERN CHESTERFIELD**  
visit [www.bracrelatedrealestate.com](http://www.bracrelatedrealestate.com)

Richmond  
Industrial Market Trends  
2nd Quarter 2007

Harrison & Bates Incorporated  
6606 W. Broad Street, Suite 400  
PO Box 11027  
Richmond, VA 23230-1027  
*Independently Owned and Operated*