

# Industrial Market Trends Richmond

Grubb & Ellis Research

Third Quarter 2007



*The market is unusually active for large space users in Richmond.*

## 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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## More Active Than Ever

By David Williams

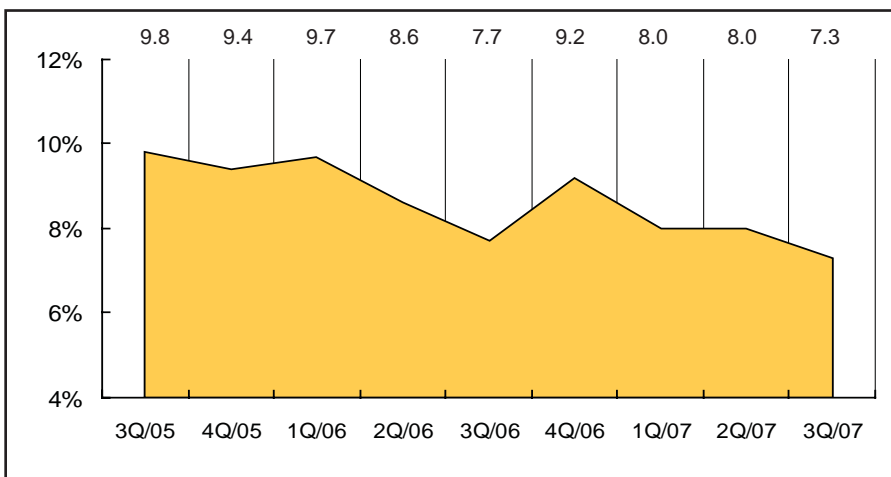
### CURRENT CONDITIONS

The warehouse distribution sector in general, and eastern Henrico and Chesterfield Counties in particular, were hot spots for Q3 industrial activity. The 317,000 sf former Mazda warehouse sold for \$8.75 million (\$27.60 PSF) to an investor who is betting on splitting the building for more-typical 100,000 sf prospective tenants. The 230,978 sf former Wella facility was purchased for \$5.95 million (\$25.76 PSF) by Premier Woodworking who will relocate their operation from a nearby rural county. On the leasing side, an agreement was finalized by Liberty Property Trust with a distribution tenant for a 100,000 sf build-to-suit near the airport and several other large users are "kicking tires" in the market. Speculative warehouse construction announcements include 100,000 sf at Woodlands Center III and 116,000 sf at Airport Distribution Center Building C. Both buildings are designed to cater to smaller tenants. Adding to the supply side will be Antioch Company and Sharper Image closings of 170,000 sf and 113,000 sf respectively, both in Chesterfield County. Lease rates for new Class A warehouse space average \$4.50 to \$5.00 PSF NNN, but bargains can still be found on reasonably functional space at "1980's prices" as low as \$2.50 PSF.

The flex sector continues to show good fundamentals. Flex projects of varying sizes are under development throughout the market with opportunities for users to lease, purchase a condo, or buy a small freestanding building. Examples include 52,800 sf underway at Air Park Commons off Sliding Hill Road, 20,000 sf at Lakeridge/Northlake in Hanover and 110,000 sf planned for Parham Forest West on Parham Road in western Henrico. Lease rates for new space average \$8.00 triple net while condos run about \$105 to \$130 PSF for shell space.

### FORECAST

With the help of more activity than ever, overall vacancy declined to just 7.3% for the quarter. However, this should stabilize as new construction and some closures begin to show up in our statistics. Contact one of our agents to learn more.



Industrial Vacancy Rate\*

\* All Product Types

## Industrial Market Snapshot Richmond Third Quarter 2007

By Submarket (All Types)				Net Absorption		Under	Asking Rent (4)	
	Total SF(1)	Vacant SF(2)	Vacant %	Current Qtr.	Year-to-date	Construction(3)	Wh/Dist	R&D Flex
Northeast	11,330,677	632,863	5.6%	334,707	784,319	68,800	\$4.17	\$7.85
Northwest	18,057,630	1,638,817	9.1%	(145,637)	66,151	130,068	\$3.35	\$8.58
Southeast	12,317,389	882,101	7.2%	289,679	455,564	115,957	\$3.72	\$6.60
Southwest	41,324,269	2,944,456	7.1%	(189,236)	688,489	12,000	\$3.28	\$7.75
<b>Total</b>	<b>83,029,965</b>	<b>6,098,237</b>	<b>7.3%</b>	<b>289,513</b>	<b>1,994,523</b>	<b>326,825</b>	<b>\$3.42</b>	<b>\$7.91</b>

By Product Type (All Submarkets)	Asking Rent by Product Type							
General Industrial	50,678,570	1,554,719	3.1%	391,569	735,255	-	\$3.92	
Incubator	393,621	21,100	5.4%	-	2,722	-	\$5.55	
R&D/Flex	8,943,322	928,697	10.4%	(68,932)	115,866	80,800	\$7.91	
Whse/Distribution	23,014,452	3,593,721	15.6%	(33,124)	1,140,680	246,025	\$3.42	
<b>Total</b>	<b>83,029,965</b>	<b>6,098,237</b>	<b>7.3%</b>	<b>289,513</b>	<b>1,994,523</b>	<b>326,825</b>	<b>\$4.12</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.

**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

Grubb & Ellis|Harrison & Bates is pleased to announce representative transactions during the third quarter of 2007:

14500 Jefferson Davis Hwy 36,000 SF Sale Chesterfield County General Industrial Stuart Cary, David Williams	Gexpro 35,252 SF Lease 11700 N. Lakeridge Parkway Hanover County Warehouse/Distribution Chip Louthan	2010-2026 E. Main Street 25,572 SF Sale City of Richmond General Industrial Jason Hetherington
Hajoca Corp. 25,000 SF Lease 2400 Magnolia Road City of Richmond General Industrial Jason Hetherington	Tribble's Inc. 12,014 SF Lease 2830 Ackley Avenue Henrico County Flex Jason Hetherington	Backaldrin of America, LLC 9,000 SF Lease 10520 Northlake Park Run Hanover County Flex Bill Mattox, David Williams

# Featured Listings

Partial Listing of Office Properties Currently Available  
Go to [www.harrison-bates.com/properties](http://www.harrison-bates.com/properties) to search all listings including land.

Chesterfield County



**Willis Road Business Center**  
9301 & 9401 Burge Ave  
5,400 SF  
Lease - \$6.50 MGRS  
Stuart Cary, Greg Creswell



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



**NEW** **Moorefield Trade Center Condo**  
9710 Farrar Court, Suite P  
2,000 SF (1,800 off/200 whse)  
Lease - \$9.00 Modified Gross  
Greg Creswell, Scott White



**NEW** **INVESTMENT OPPORTUNITY**  
10305 Hull Street Road  
15,000 SF - 100% Leased  
Sale - \$1,610,000  
Bill Mattox, Zac Frederick



**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



**NEW** **Multi-Function Facility**  
Enterchange at Walthall  
1980 Ruffin Mill Road  
48,488 to 169,568 SF  
Sublease \$3.75 - \$4.25 NNN  
David Williams  
[www.ClassAlogisticssublease.com](http://www.ClassAlogisticssublease.com)



**NEW** **880 W. Roslyn Road**  
Colonial Heights, VA  
90,800 SF on 11.5 Acres  
Sale - \$5,000,000  
Chip Louthan, Greg Creswell



(Representative Photo)

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



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



Hanover County

**Under Construction**  
**Air Park Commons**  
Office/Warehouse Condos  
52,800 SF  
Units from 2,400 SF  
Sale - \$95 PSF  
Stuart Cary, Owner/Agent



**Ashland Commons**  
PLANNED  
Office & Flex Condos  
2,000 - 50,000 SF  
Sale - \$125 to \$150 PSF  
David Williams, Jason Hetherington



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



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



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



Henrico County

**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



(Representative Photo)

**NEW** **Eubank Center**  
4200 Eubank Road  
Build-to-Suit  
Up to 79,200 SF  
Chip Louthan, Greg Creswell

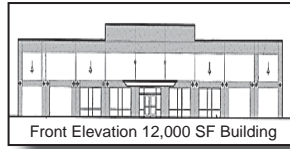


**Former Laburnum Auto Parts**  
903 E. Laburnum Avenue  
10,000 SF  
Showroom/Warehouse  
For Lease - \$8.88 MGRS  
Stuart Cary



**NEW**

*Mayland I  
9830 Mayland Drive  
2,017 SF Flex Space  
Lease - \$12.00 NNN  
John Gentry, Will Bradford*



**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*



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



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



**Price Reduced !!**

*Flex/Office/Service  
2100 Westmoreland Street  
31,120 SF  
Lease - \$3.75 NNN  
Sale - \$1,800,000  
Chip Louthan, David Williams*



**Richmond City**

**NEW**

*1600 Belleville Street  
Scott's Addition  
14,960 SF  
Lease - \$6.00 Modified Gross  
David Williams*



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



**NEW**

*Health Reliance Building  
1320 N. Boulevard  
12,500 SF  
Sale - \$1,615,000  
Bill Mattox, Zac Frederick*



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



**Under Contract**

*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  
David Williams*



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



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



**Under Contract**

*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  
Lease - \$4.80 MGRS  
Scott White, Stuart Cary*



**Charles City County**

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



**NEW**

*300 Industrial Park Road  
Farmville, VA  
147,000 ± SF Manufacturing  
Sale - \$1,200,000  
Jason Hetherington,  
Bruce Milam*

**Farmville**



**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*

## 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 Listings

Size	City/County	Price	Contact	Comments
7.2 Acres 4201 Oakleys Lane	Henrico	\$95,000/ac	Chip Louthan Yasmine Hamad	M-1 Zoning
5.8 Acres 4200 Eubank Road	Henrico	\$100,000/ac	Chip Louthan Greg Creswell	Sale, lease or build-to-suit opportunities. Build up to 79,200 sf. M-1 site near RIC.
4.77 Acres 2801 Sprouse Drive	Henrico	\$477,000	Bruce Milam Lewis Little, Jr.	Seven Hills Industrial Center 4.25 ac useable
2 to 20 Ac Parham Rd & Ackley Ave	Henrico	\$30-125,000/ac	David Williams Bill Mattox	Parham Forest West, zoned light industrial Best remaining infill location in NWQ
8.915 Acres Rt 360/Patrick Henry Hwy	Amelia	\$1,350,000	Stuart Cary Greg Creswell	Frontage on both 360 Bypass & Business; Industrial site zoned M-1
6.78 Acres Rt 360 & Redfield Drive	Amelia	\$695,000	Stuart Cary Greg Creswell	Subdividable Commercial site zoned B-1
94 Acres Jefferson Davis Hwy (Rt 1)	Caroline	\$15,000/ac	Bill Mattox Lewis Little, Jr.	Industrial Development Potential; Just north of Ladysmith on Rt 1 corridor
2 to 94 Acres E. Hundred Road	Chesterfield	Call for Pricing	Bill Mattox Lewis Little, Jr.	Rivermont - Mixed Use Office/Retail/Industrial OPEN LISTING
73.59 Acres 1800 Coxendale Road	Chesterfield	\$425,000	Bill Mattox Lewis Little, Jr.	I-95 visibility and zoned I-3 Water/sewer at site. ±15 useable acres.
40 Acres Ladysmith Rd (Rt 639)	Caroline	\$75,000/ac	Stuart Cary Lewis Little, Jr.	I-95 Ladysmith exit; zoned RP
38 Acres Ladysmith Rd (Rt 639)	Caroline	\$145,000/ac	Stuart Cary Lewis Little, Jr.	I-95 Ladysmith exit; zoned RP
3 to 35 Acres Hill Carter Pkwy, Ashland	Hanover	From \$97,500/ac	Bill Mattox David Williams	Ashland Business Park Zoned Light Industrial/Mixed Use
15 to 35 Acres Bermuda Hundred Road	Chesterfield	Call for Pricing	Bruce Milam Bill Mattox	Meadowville Technology Park Area at Enon Church Road
30.82 ac 14601 Midlothian Tpke	Chesterfield	\$4,000,000	Chip Louthan Bruce Milam	SE Quadrant Rt 288 and Rt 60 Excellent for future development
10 to 25 Acres Dry Bridge/Old Williamsburg Rds	Henrico	From \$75,000/ac	David Williams Lewis Little, Jr.	M-1C. Near Qimonda Semiconductor SWQ I-64 @ Rt 60
9 Acres Charles City & Miller Rds	Henrico	\$950,000	David Williams Jason Hetherington	Zoned M-2, Level, Cleared, All Utilities Partially fenced; possible to subdivide
5 to 12 Acres 301-307 Quarles Road	Ashland	From \$65,000/ac	David Williams Stuart Cary	Sale, lease or owner may build to suit. Zoned M-1, all utilities
1.5 to 2 Acres Route 1 - River Run Center	Spotsylvania	\$175,000/ac	David Williams Jason Hetherington	Premier office park near Massaponax HS Zoned office/light industrial; immediate dev.

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