

Industrial Market Trends Richmond

Grubb & Ellis Research

Fourth Quarter 2007



Look for more activity in the 50,000 square foot and up range from both tenant prospects and developers.

Richmond Industrial Market Trends

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Southside on a "Roll"

By Greg Creswell

CURRENT CONDITIONS

The fourth quarter saw a surge of activity for the areas just south of Richmond including Chesterfield and Prince George Counties. The biggest news was the announcement by Rolls-Royce that it will develop an assembly and test facility for its civil aerospace operations. The facility will be in Prince George County and is expected to open in 2009. In Chesterfield County, The Enterchange at Walthall completed leases with GlaxoSmithKline for 261,922 sq. ft. and Mazda for 148,448 sq. ft.

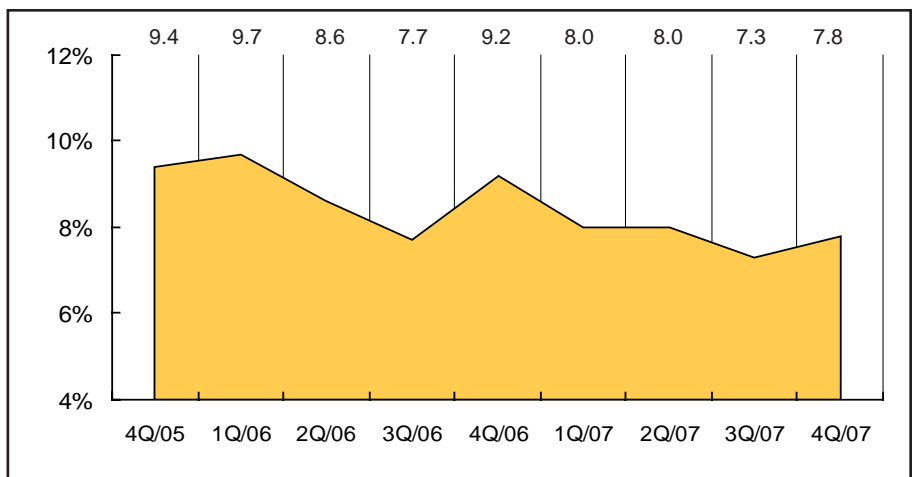
In the Southeast Quadrant, the US Postal Service purchased a 61-acre site on Technology Boulevard from a local investor for \$125,000 per acre for development of a major distribution center. Liberty Property Trust broke ground on a 149,000 sq. ft. build-to-suit for Interline Brands at Eastport VII that is expected to be completed in April. And finally, the Airport Distribution Center neared completion of 115,957 sq. ft. of speculative Class A distribution space for delivery early in the first quarter.

Even though the warehouse/distribution and general industrial sectors are experiencing steady activity, rental rates remain flat due to some owner occupied closings. The flex market, however, is experiencing an upward trend in rental rates. New product is hitting the market with asking rates of \$9 per square foot shell or \$10 per square foot with a 20 percent office build-out.

An increase in regional demand for warehouse space resulting from enlargement of the Port of Hampton Roads has so far not materialized, somewhat due to the devaluing of the US dollar. Inland ports are also attenuating coastal demand. Also, the base realignment and Fort Lee expansion has shown some impact on the retail and housing markets, but no significant effect on the industrial market to date.

FORECAST

Demand will remain high for small to mid-sized industrial buildings, and the best buildings and locations will command top dollar from owner/users. For more information, contact one of our industrial specialists.



Industrial Vacancy Rate*

* All Product Types

Industrial Market Snapshot Richmond Fourth 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	11,359,177	700,642	6.2%	(39,279)	745,040	52,800	\$4.14	\$8.02
Northwest	18,057,630	1,526,129	8.5%	112,688	178,839	130,068	\$3.22	\$8.54
Southeast	12,317,789	1,147,355	9.3%	(265,254)	190,310	254,997	\$4.06	\$5.97
Southwest	41,326,116	3,097,680	7.5%	(153,455)	535,265	12,000	\$3.02	\$7.91
Total	83,060,712	6,471,806	7.8%	(345,300)	1,649,454	459,865	\$3.37	\$7.92

By Product Type (All Submarkets)	Asking Rent by Product Type							
General Industrial	50,678,570	1,565,287	3.1%	(10,568)	724,687	-	\$3.89	
Incubator	393,621	21,100	5.4%	-	2,722	-	\$5.55	
R&D/Flex	8,971,822	880,414	9.8%	76,552	192,649	64,800	\$7.92	
Whse/Distribution	23,016,699	4,005,005	17.4%	(411,284)	729,396	395,065	\$3.37	
Total	83,060,712	6,471,806	7.8%	(345,300)	1,649,454	459,865	\$4.03	

(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|Harrison & Bates 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 fourth quarter of 2007:

13167 Telcourt Road 124,325 SF Sale Hanover County Warehouse/Distribution David Williams	Ronson Network Services Corp 37,515 SF Lease 820 Southlake Boulevard Chesterfield County General Industrial Stuart Cary, Greg Creswell	3310 Rosedale Avenue 20,800 SF Sale City of Richmond General Industrial Chip Louthan
Henrico County Public Schools 16,000 SF Lease 4323 Carolina Avenue Henrico County Warehouse/Distribution Jason Hetherington	2701 Decatur Street 13,490 SF Sale City of Richmond General Industrial Greg Creswell, Lee Hilbert, Jason Bernstein	Hercules Fence Company 12,000 SF Lease 11080 Air Park Road Hanover County General Industrial Stuart Cary

Featured Industrial Listings

Go to www.harrison-bates.com/properties to find a searchable database of all property listings.

Chesterfield County



LEASED
 Willis Business Center
 9377 & 9401 Burge Ave
 5,400 SF
 Lease - \$6.50 MGRS
 Stuart Cary, Greg Creswell



9501 Burge Avenue
 16,800 SF
 Lease \$5.00 NNN
Now For Sale - \$990,000
 Stuart Cary, Greg Creswell



NEW
 Branchway Business Center
 11311 Business Center Drive
 2,500 - 7,500 SF
 Available March, 2008
 Lease - \$10.75 Gross
 Ann Malone



LEASED
 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



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



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



NEW
 Granite Springs Trade Center
 225-245 Granite Spring Road
 Unit 229 - 2,225 SF - April 1st
 Unit 241 - 2,225 SF - April 1st
 Lease - \$7.00 MGRS
 Bill Mattox, Jason Hetherington



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



(Representative Photo)
 MidLantic Business Center
 May, 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
Now for Sale - \$1,350,000
 Greg Creswell, Jason Hetherington



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



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

Hanover County



Staples Mill & Dumbarton
 5400 Byrdhill Road
 Flex: 1,200 office/1,800 whse
 Office: 4,080 SF
 Lease - \$5.50 to \$12.50
 Greg Creswell, Scott White



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



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



Ackley Business Center
 2830 Ackley Avenue
 1,000 SF
 Lease - \$15.00 MGRS
 Jason Hetherington

Henrico County



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



(Representative Photo)
 Eubank Center
 4200 Eubank Road
 Sale/Lease/Build-to-Suit
 Up to 79,200 SF
AVAILABLE SUMMER '08!
 Chip Louthan, Greg Creswell



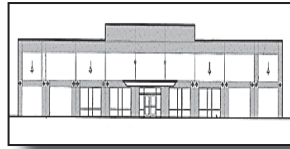
NEW
 Staples Mill & Dumbarton Area
 5708 Grenoble Road
 1,850 SF Office/Whse
 Lease - \$6.48 NNN
 Chip Louthan



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



Mayland I
 9830 Mayland Drive
 2,004 - 4,021 SF Flex Space
 Lease - \$12.00 NNN
 John Gentry, Will Bradford



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
 2000-2016 Tomlyn Street
 2,050 SF - April 1st
 1 Drive-In Door
 Lease - \$7.60 MGRS
 Bill Mattox



Flex/Office/Service
 2100 Westmoreland Street
 31,120 SF
 Lease - Just \$2.50 first year!
 Sale - \$1,800,000
 Chip Louthan, David Williams



1600 Belleville Street
 Scott's Addition
 14,960 SF
 Lease - \$5.95 MGRS
 David Williams



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



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

Richmond City



NEW
 1524 Brook Road
 20,000 SF
 Sublease - \$3.72 NNN
 Greg Creswell



Vehicle Maintenance Facility
 2402 Decatur Street
 5,000 SF
 Lease - \$6.67 NNN
 Jason Hetherington, Greg Creswell



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



NEW
 2300 Magnolia Road
 Suite B - 8,600 SF
 Drive-in Door
 Lease - \$3.95 MGRS
 David Williams



Morgan Brothers Bag Bldg
 3408-10 W. Moore Street
 49,100 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



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



Interstate Business Park
 3601-3721 Saunders Ave
 1,891 SF or 2,028 SF
 Lease - \$10.00 NNN
 John Gentry, Chris Wallace



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



Price Reduced !!!
 5900 Chambers Road
 21,800 SF
 Sale - \$1,750,000
 Chip Louthan



300 Industrial Park Road
 Farmville, VA
 147,000 ± SF Manufacturing
 Sale - \$2,100,000
 Jason Hetherington,
 Bruce Milam

Charles City County

Farmville

Industrial Land Trends

Prices are elevated but stable 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
2.08 Acres 5010 W. Broad St	NEW Henrico	\$618,600	Jason Hetherington Chip Louthan	Commercial/industrial site near Willow Lawn
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.
2 to 20 Ad Parham Rd & Ackley Ave	Under Contract Henrico	\$30-125,000/ac	David Williams Bill Mattox	Parham Forest West, zoned light industrial Best remaining infill location in NWQ
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 Ac Ladysmith Rd (Rt 639)	Back on the Market! 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	Under Contract 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

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 well trained professionals. Services provided include:

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- 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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