

Industrial Market Trends Richmond

Grubb & Ellis Research

Second Quarter 2008



Seven industrial projects totaling 331,120 square feet were completed during the second quarter, including one warehouse build-to-suit and several multi-tenant flex buildings.

Steady Growth Seen

By Stuart Cary

CURRENT CONDITIONS

Despite news media reports to the contrary, the Richmond industrial market showed no signs of recession in the second quarter. The overall vacancy rate fell slightly from the first quarter, and net positive absorption was almost double that of the first quarter. Rental rates remain stable, but demand for purchases continued to outpace leasing demands. This is due largely to the availability of attractive financing for the purchase of owner-occupied, smaller buildings of 10,000 square feet or less. Well-located flex condo units are meeting some of the purchase demands and several new projects are planned or underway throughout the metro area.

Noteworthy transactions included Moss Motors Ltd.'s purchase of a 113,000-square-foot distribution center in Dinwiddie County for \$4 million. Americrown Service Corporation leased 27,000 square feet at Fairgrounds Distribution Center, and FedEx leased 40,068 square feet at Airport Center 1.

FORECAST

Richmond may not be recession-proof, but all signs point to continued modest, but steady, growth. Sales demand will continue to outpace leasing demand, and positive absorption will continue as new construction remains slow. The bulk distribution segment of the market will be interesting to watch as new developers enter the market with plans for new bulk product.

Richmond Industrial Market Trends

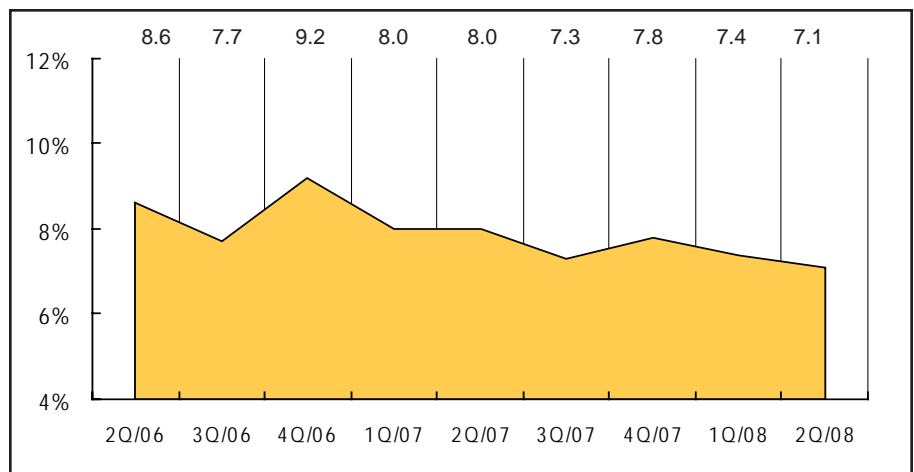
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Independently Owned and Operated



Industrial Vacancy Rate*

* All Product Types

Industrial Market Snapshot Richmond Second Quarter 2008

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	11,388,473	572,537	5.0%	89,022	139,103	168,000	\$4.12	\$8.25
Northwest	18,102,364	1,585,215	8.8%	(32,716)	12,376	24,000	\$2.74	\$8.19
Southeast	12,597,796	1,238,724	9.8%	157,228	178,438	-	\$4.22	\$6.62
Southwest	41,869,432	2,550,691	6.1%	371,477	530,027	193,500	\$3.12	\$7.34
Tri-Cities	4,089,483	298,910	7.3%	-	-	-	\$3.14	-
Total	88,047,548	6,246,077	7.1%	585,011	859,944	385,500	\$3.38	\$7.88

By Product Type (All Submarkets)	Asking Rent by Product Type							
General Industrial	53,285,273	1,735,140	3.3%	(179,127)	(144,705)	39,200	\$3.37	
Incubator	393,621	23,485	6.0%	(2,385)	(2,385)	-	\$5.40	
R&D/Flex	9,142,502	898,308	9.8%	73,051	137,186	246,300	\$7.88	
Whse/Distribution	25,226,152	3,589,144	14.2%	693,472	869,848	100,000	\$3.38	
Total	88,047,548	6,246,077	7.1%	585,011	859,944	385,500	\$3.87	

(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 105 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 second quarter of 2008:

25651 Simpson Road 113,000 SF Sale Warehouse/Distribution Dinwiddie County Bill Mattox, Chip Louthan	Best Distributing Company 48,000 SF Lease 100 Lumber Drive Henrico County Warehouse/Distribution David Williams	HD Business 33,182 SF Lease 5300 Lewis Road Henrico County General Industrial Jason Hetherington
Americrown Service Corporation 27,000 SF Lease 4263 Carolina Avenue Henrico County Warehouse/Distribution David Williams, Chip Louthan	Stel-Win Equipment Company 18,060 SF Lease 1524 Brook Road City of Richmond General Industrial Greg Creswell	K-2 Trophies & Awards 18,000 SF Lease 2225-2229 Dabney Road Henrico County Flex David Williams

Featured Industrial Listings

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

Chesterfield County



Willis Road Business Center
9301 & 9401 Burge Ave
3,200 - 6,400 SF
Lease - \$6.50 MGRS
Stuart Cary, Greg Creswell

NEW



Branchway Business Center
11341 Business Center Drive
2,500 - 10,000 SF
Drive-In Loading; 75% Office
Lease - \$10.00 NNN
Stuart Cary, Greg Creswell

NEW



Ruffin Mill Center
16001 Continental Blvd
New Flex Units from 3,600 SF
Lease - \$6.65 to \$6.95 NNN
Scott White, Greg Creswell, David Williams



INVESTMENT OPPORTUNITY
10305 Hull Street Road
15,000 SF - 100% Leased
Sale - \$1,480,000
Bill Mattox, Zac Frederick



Under Contract
Moorefield Trade Center Condo
611 Moorefield Park Drive
2,385 SF
Sale - \$331,000
Greg Creswell, Jason Hetherington

Under Contract



11200 Old Stage Rd
375,000 SF Warehouse
Sale - \$6,000,000
Lease - \$2.50 NNN
Stuart Cary, Greg Creswell



880 W. Roslyn Rd
90,800 SF on 11.5 Acres
Sale - \$5,000,000
Lease - \$2.25
Chip Louthan, Greg Creswell



Chesterfield Business Center
7487-7489 Whitepine Road
7,902 SF
Sublease - \$5.75 NNN
David Williams, Greg Creswell



New Construction
MidLantic Business Center
8951 Whitepine Road
7,500 to 25,000 SF
Lease - \$5.75 NNN
David Williams, Greg Creswell



Sommerville Business Park
203-207 Wylderose Court
10,818 SF Flex Space
Lease - \$9.00 NNN
Now for Sale - \$1,350,000
Greg Creswell, Jason Hetherington

Hanover County



New Construction
Air Park Commons
Office/Warehouse Condos
52,800 SF
Units from 2,400 SF
Sale - \$95 PSF / Lease \$8 NNN
AVAILABLE NOW!
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 Industrial Park
10004 Lickinghole Road
2,300 SF Office + 1,200 SF Shop
Lease - \$8.23 MGRS
Stuart Cary



Lakeridge Trade Center or Northlake Trade Center
10,000 to 20,850 SF
New Construction
Sale - \$90 to \$95 PSF
Lease - \$7.25 NNN Shell
David Williams, Bill Mattox

NEW



Northlake Park
12195 Harley Club Dr
19,200 SF Office/Warehouse
Lease - \$9.00 NNN
Lewis Little, David Williams



14140 Washington Hwy
95,000 SF Warehouse
30' ceiling, 12 dock doors
Lease - \$3.25 NNN
Jason Hetherington, Chip Louthan

Henrico County



NEW
NEAR AIRPORT!!
6380 Beulah Road
60,000 SF, M2 Zoning
Lease - \$3.10 NNN
1-3 Acres Also Available
David Williams



4111 W. Clay Street
12,000 SF
Lease - \$4.50 MGRS
Scott White, Stuart Cary

NEW



Dabney Corporate Center
2034-2036 Dabney Road
3,200, 3,600 or 6,800 SF
Lease - \$6.50 to \$6.95 NNN
David Williams



(Representative Photo)
Eubank Center
4200 Eubank Road
Sale/Lease/Build-to-Suit
2,700 - 18,900 SF
BLDG 1 AVAILABLE SEPT '08!
Chip Louthan, Greg Creswell



NEW

5711 Greendale Road
1,500 sf office/10,000 sf warehouse
Lease - \$6.00 MGRS
Chip Louthan, Bill Mattox



NEW

Former Mobility Printing
6701 Janway Road
22,500 SF
Sale - \$1,300,000
Chip Louthan



Under Contract

Former Laburnum Auto Parts
903 E. Laburnum Avenue
5,000 SF
Showroom/Warehouse
For Lease - \$8.88 MGRS
Stuart Cary



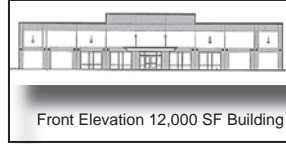
3007 Lincoln Avenue
8,840 SF
(1,238 office + 7,602 whse)
Sale - \$480,000
Lewis Little, Zac Frederick



Mayland I - Flex
9830 Mayland Drive
Suite E - 2,017 SF
Suite J - 7,188 SF
Lease - \$12.00 NNN
John Gentry, Will Bradford



4508 Oakleys Lane
8,320 SF Warehouse
Lease - \$5.77 NNN
Chip Louthan



Front Elevation 12,000 SF Building

Parham Forest West
Planned Flex Project
12 Buildings of
6,000 to 12,000 SF
Sale or Lease/2009 Delivery
Jason Hetherington, Bill Mattox



Wilhook Parham Bldg
2600 E. Parham Road
2,193 SF Available
Lease - \$14.50
Sale - \$985,000
Chip Louthan



7515 Ranco Road
3,600 SF Flex
Lease - \$8.00 NNN
7511 Ranco Road
12,000 SF Warehouse
Lease - \$5.95 NNN
Lewis Little, David Williams



Price Reduced !!

Back on Market !!

Flex/Office/Service
2100 Westmoreland Street
31,120 SF
Lease - Just \$1.95 first year!
Sale - \$1,650,000
Chip Louthan, David Williams

Richmond City



INVESTMENT OPPORTUNITY
1221 Admiral Street
23,350 SF
Leased to Post Office
Sale - \$1,350,000
Jason Hetherington



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



1207 N. Boulevard
11,422 SF Warehouse
Lease - \$6.00 - \$11.00 NNN
Will Bradford, Kit Tyler



Health Reliance Building
1320 N. Boulevard
12,500 SF
Sale - \$1,250,000
Lease - \$8.00 NNN
Bill Mattox, Zac Frederick

NEW



70 Carnation Street
6,000 SF
Lease - \$6.00 NNN
Chip Louthan

Under Contract



Fergusson Printing
4107 Castlewood Road
79,800 SF
Sale - \$1,500,000
David Williams, Greg Creswell



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



NEW

501 Hospital Street
3,654 SF
Sale - \$295,000
Lease - \$1,850 per month
Greg Creswell



BUILD-TO-SUIT FLEX
800 W. Leigh Street
9,000 - 11,000 SF
Lease - \$9 - \$10 NNN
Will Bradford, Jason Hetherington



2300 Magnolia Road
Suite B - 8,600 SF
Drive-in Door
Lease - \$3.75 MGRS
David Williams



Morgan Brothers Bag Bldg
3408-10 W. Moore Street
49,100 SF
Lease - \$4.25 NNN
Jason Hetherington, Chip Louthan



NNN Investment

600 Perdue Avenue
Next to Model Tobacco
Redevelopment
91,000 SF
Sale - \$1,950,000
David Williams, Jason
Hetherington



NEW
Former United Rentals
922 E. Randolph Rd
14,948 SF
Sale - \$650,000
Greg Creswell



New Construction

Rockville Trade Center
New Office/Flex
2,250 - 9,000 SF
Lease - \$7.50 NNN
Scott White, Greg Creswell

Hopewell

Goochland County



5900 Chambers Road
21,800 SF
Sale - \$1,525,000
Chip Louthan



312 Roxbury Court
46,500 SF
Land for Expansion!
Sale - \$1,875,000
Chip Louthan



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

Farmville



Under Contract

8140 Quality Drive
108,350 SF
Sale - \$3,850,000
Lease Space Available
Chip Louthan

Prince George County

Charles City County

Industrial Land Listings

Size	Location	City/County	Price	Contact	Comments
5.34 Acres	Maple Ave (off)	Hanover	\$137,500	Lewis Little Bill Mattox	Heavily wooded site just off Maple Avenue in the town of Ashland
26.7 Acres	5030 Castlewood Rd	Richmond	\$1,068,000	Chip Louthan	Three parcels at Castlewood & Cardwell Roads.
2.08 Acres	5010 W. Broad St	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 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
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
5.98 or 8.52 Acres	Hill Carter Pkwy, Ashland	Hanover	\$97,500-\$125,000/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
32 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
7 to 12 Acres		Ashland		David Williams	Sale, lease or owner may build to suit.

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- Tax Deferred Exchanges
- Tenant Retention

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