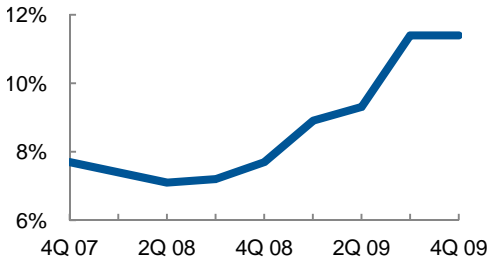
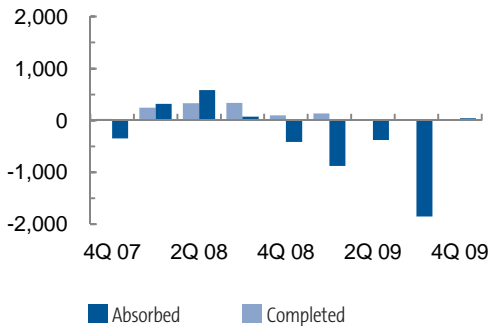


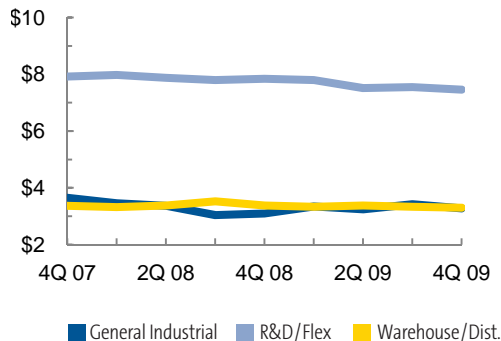
Vacancy Rate
Quarterly



Completions vs. Absorption
Quarterly (in Thousands of SF)



Asking Rental Rates
Quarterly (\$/SF/Yr./Triple Net)



Are the Past Six Months the “New Normal”?

In an informal survey, the view of commercial brokers and owners on 2010 is to expect “more of the same”. Are we in recovery or poised for a “double dip”?

Vacancy was flat at 11.4 percent while absorption turned positive overall for the quarter. Asking rates declined slightly in all categories. Pressure on rates is stongest in the heavy industrial category where leases are being completed at 20 to 40 percent below the published triple net asking rates. Growth industries helping absorption include food manufacturers and distributors, as well as recycling. Those sectors, along with healthcare related production and distribution, will be the drivers going foward. The most significant lease of the quarter was 317,000 square feet to Hill Phoenix, a manufacturer of commercial refrigerated food display cases, who is expanding its Chesterfield County operations.

With regard to sales, the 87,690-square-foot Villa Park III flex building was foreclosed on in December and US Bank National Association purchased it at auction for \$5.4 million (\$61.58/sf). Other key sales below closed in the range of \$35 to \$40 per square foot. Sales prices are off 10 to 20 percent and are likely to fall further before finding the bottom.

The closed Qimonda semiconductor facility is 1.3 million square feet and so specialized it skews the statistics. Without it, the numbers suggest the worst may be over. There are signs that distribution and flex sectors have stabilized, but general industrial may deteriorate further before reaching bottom sometime in 2010.

FORECAST

- Repositioning properties for different uses will be the “tie-breaker” for absorption and vacancy; otherwise both are projected to be flat.
- Look for more foreclosures and lower sale prices as the market moves through the cycle of distressed properties.
- Expect no significant development activity through 2010.

KEY TRANSACTIONS

Lessee/Buyer	Lessor/Seller	Property	Size (SF)
■ RIR *	Liberty Property Trust	4300 Carolina Ave	219,919
■ KHJ Colonial, LLC	Orlando Associates *	880 W. Roslyn Rd	90,800
■ BSC Properties, LLC (W. H. Stovall & Co.)	Homestead, LLC	11130 Leadbetter Rd	33,280
■ Hill Phoenix *	J & P Keegan LP	1301 Battery Brooke Pkwy	317,319

■ Leasing ■ Sales (R) = Renewal (S) = Sublease * Indicates Transaction Represented by Grubb & Ellis|Harrison & Bates

Industrial Trends Report—Fourth Quarter 2009

Richmond, VA



By Submarket	Total SF	Vacant SF	Total Vacant %	NET ABSORPTION		Under Construction SF	ASKING RENT	
				Current	Year To Date		WH/Dist	R&D/Flex
Northeast	11,683,470	894,104	7.7%	77,801	137,421	-	\$3.89	\$6.93
Northwest	18,162,607	2,053,960	11.3%	(9,064)	(420,154)	-	\$2.67	\$8.04
Southeast	12,611,934	2,916,452	23.1%	50,014	(2,030,236)	-	\$3.84	\$6.30
Southwest	41,925,496	3,874,291	9.2%	(168,396)	(816,483)	-	\$3.03	\$6.91
Tri-Cities	4,189,483	369,848	8.8%	90,800	58,800	-	\$3.43	-
Totals	88,572,990	10,108,655	11.4%	41,155	(3,070,652)	-	\$3.30	\$7.46

By Property Type	Total SF	Vacant SF	Total Vacant %	NET ABSORPTION		Under Construction SF	ASKING RENT	
				Current	Year To Date		WH/Dist	R&D/Flex
General Industrial	53,319,183	5,293,429	9.9%	(133,560)	(2,439,432)	-	\$3.28	
Incubator	393,751	23,600	6.0%	10,000	12,630	-	\$5.64	
R&D/Flex	9,365,271	1,328,250	14.2%	(29,294)	(165,909)	-	\$7.46	
Warehouse/Distribution	25,494,785	3,463,376	13.6%	194,009	(477,941)	-	\$3.30	
Totals	88,572,990	10,108,655	11.4%	41,155	(3,070,652)	-	\$3.91	

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INDUSTRIAL TERMS AND DEFINITIONS

Inventory: Industrial inventory includes all multi-tenant, single-tenant and owner occupied buildings at least 20,000 square feet.

Industrial Buildings Classifications: 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 and includes direct and sublease vacant. 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. The asking rent for each building in the market is weighed by the amount of available space in the building.

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