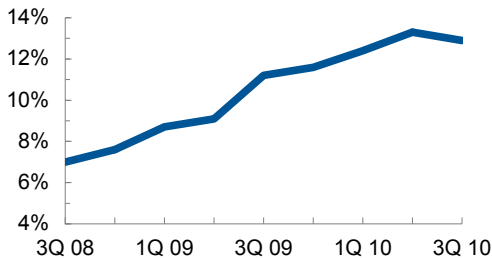
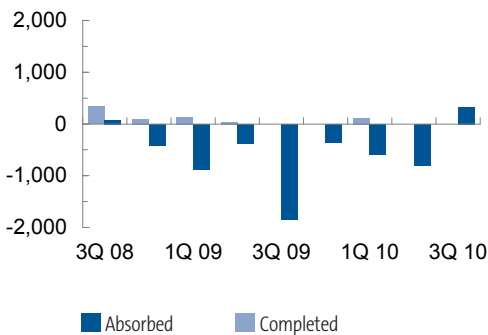


Vacancy Rate



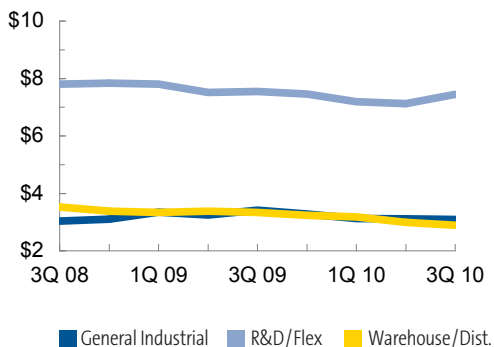
Completions vs. Absorption

(in Thousands of SF)



Asking Rental Rates

(\$/SF/Yr./Triple Net)



Out of the Woods?

There are some early signs the industrial market is coming out of hibernation. The third quarter produced steady activity with more “lookers” and a hint of some pent-up demand. Overall vacancy fell 40 basis points from the previous quarter and net absorption was positive for the first time in two years. Signed leases included 47,000 square feet to MeadWestvaco at Airport Distribution Center for a group relocating from Raleigh. Also new to the area is Kathrein, Inc. in 26,000 square feet at Eastport IV.

The buyer/tenant market continues to hold firm. Users of industrial space can purchase existing buildings with attractive pricing and historically low interest rates in the range of 5 percent. For example, Alpha Stone purchased a 20,400-square-foot building in the Dabney area for \$1.04 million (\$51 per square foot). Prospects seeking to lease space are able to secure transactions in some instances at 20 to 30 percent less than quoted rates one year ago.

New construction remains curtailed due to low rents, suppressed demand and lending restrictions. There is no speculative construction in the pipeline at this time.

Overall uncertainty in the business community is making some prospects averse to committing and is a significant factor in keeping the market at bay. Institutional and individual investor money is available but those buyers continue to sit on the sidelines. Results of mid-term elections may alleviate some of the uncertainty and effect the mood of business for better or worse.

FORECAST

- Expect continued downward pressure on interest rates and sales prices.
- Tenants will find opportunities to upgrade to Class A space at Class B rates.
- Look for some additional foreclosure auctions brought about by lenders, but not at the pace predicted one to two years ago.

KEY TRANSACTIONS

Lessee/Buyer	Lessor/Seller	Property	Size (SF)/Price
BTJM Holdings, LLC (Party Perfect)	Lobrico, LLC (Brass Beds)	3210 W. Marshall St	2,100,000
Paras Investments, LLC (Alpha Stone)	C. F. Joyner, Jr. & Sons, LLC*	1901 Dabney Rd	1,040,000
MeadWestvaco Corporation*	Graham & Company	2500 Distribution Rd	47,531
Sunrise Construction	Richmond Industrial, LLC	2819 Bells Road	53,734
Kathrein, Inc.	Liberty Property Trust	5601-5609 Eastport Blvd	26,000

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

Industrial Trends Report—Third Quarter 2010

Richmond, VA



By Submarket	Total SF	Vacant SF	Vacant %	NET ABSORPTION		Under Construction SF	ASKING RENT	
				Current	Year-To-Date		WH/Dist	R&D/Flex
Northeast	11,687,869	1,209,269	10.3%	(8,872)	(315,165)	-	\$3.97	\$7.05
Northwest	18,177,237	2,177,107	12.0%	117,024	(105,904)	-	\$2.36	\$7.97
Southeast	12,673,646	2,731,571	21.6%	(101,817)	184,881	-	\$3.61	\$6.81
Southwest	44,111,802	5,216,295	11.8%	308,339	(815,275)	-	\$2.59	\$6.74
Tri-Cities	4,254,083	389,448	9.2%	13,000	2,000	140,000	\$3.43	-
Totals	90,904,637	11,723,690	12.9%	327,674	(1,049,463)	140,000	\$2.89	\$7.45

By Property Type	Total SF	Vacant SF	Vacant %	Current	Year-To-Date	Under Construction SF	ASKING RENT	
							WH/Dist	R&D/Flex
General Industrial	52,935,881	5,135,219	9.7%	136,025	294,453	140,000	\$3.09	
Incubator	393,751	20,000	5.1%	-	3,600	-	\$6.00	
R&D/Flex	9,383,203	1,473,929	15.7%	4,523	(142,679)	-	\$7.45	
Warehouse/Distribution	28,191,802	5,094,542	18.1%	187,126	(1,204,837)	-	\$2.89	
Totals	90,904,637	11,723,690	12.9%	327,674	(1,049,463)	140,000	\$3.72	

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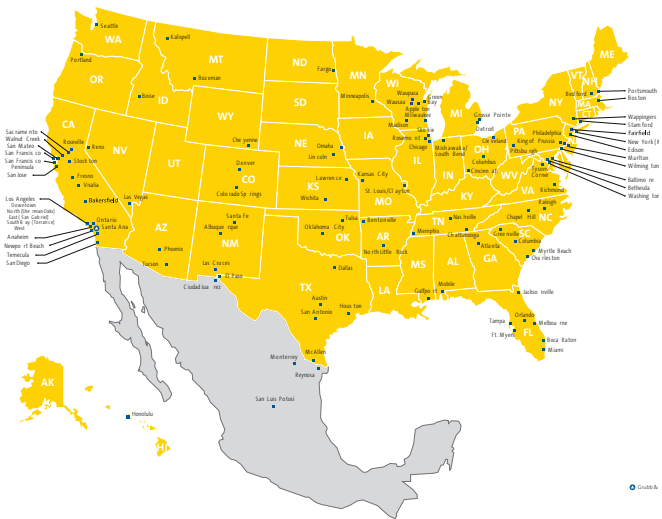
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Grubb & Ellis Office Locations
as of 3rd Quarter 2010



INDUSTRIAL TERMS AND DEFINITIONS

Total SF: Industrial inventory includes all multi-tenant, single tenant and owner occupied buildings at least 10,000 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.

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