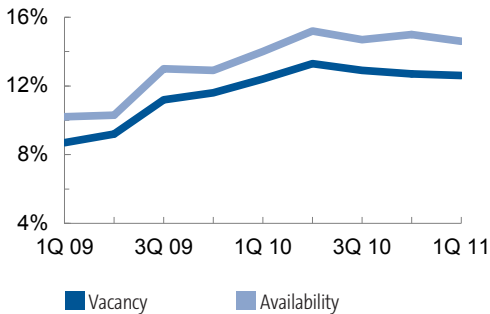
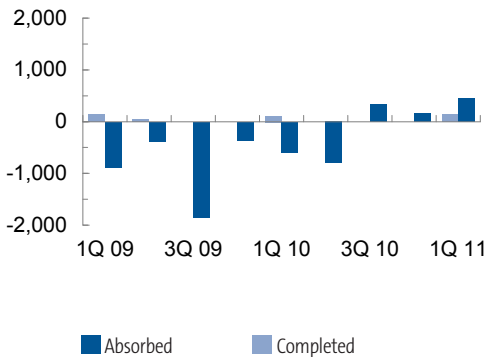


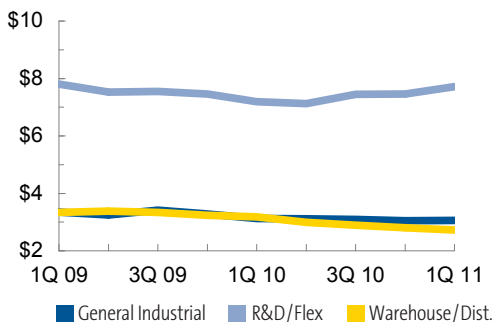
Vacancy & Availability Rates



Completions vs. Absorption (in Thousands of SF)



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



Conditions Improving

Small businesses occupying office/warehouse or flex space were the first to suffer the impact of the recession and are proving to be the first to benefit from the budding recovery. The bellwether Hanover Air Park is almost at full occupancy. Average asking rates are on the rise again for flex product where vacancy dropped 170 basis points to 15.1 percent in the first quarter.

The warehouse/distribution sector showed improvement, as well, with a 40-basis-point decrease in vacancy. Leasing activity included 126,000 square feet to Open Plan Systems on Bells Road and an expansion to 113,827 square feet by HD Supply Utilities Ltd on Eubank Road. Asking rates for warehouse/distribution space continued to decline on average but are beginning to tighten in Class A and B properties. Landlord concessions tend to be in the form of reduced rent, although a half-month of free rent per year of lease term is sometimes an alternative.

Sales activity was brisk with at least 20 industrial properties trading in a wide price range depending on size, location and condition. Noteworthy was the sale of a 130,000-square-foot shell warehouse building in Prince George County's Southpoint Business Park for \$4.9 million or \$38 per square foot. The building had been vacant since development by The Hollingsworth Companies in 2007, and will be occupied by Cabinets to Go.

There is no construction in the pipeline and rental rates are still too low to justify new speculative development. It is likely that there will be some limited speculative development by year end, however, if conditions continue to improve.

FORECAST

- Continued positive absorption and dearth of construction.
- Firming lease rates and decreasing vacancy.
- Market equilibrium for Class A and B space. Tenant/buyer market for Class C.
- Minimal investment velocity.

KEY TRANSACTIONS

Open Plan Systems

leased
126,639 SF
at 2823 Bells Road
Richmond, VA
from Richmond
Industrial LLC

Altria Group

leased
54,000 SF
at 4289 Carolina Ave
Richmond, VA
from Liberty
Property Trust

AzzaZee RE, LLC

purchased
6062 Quality Way
Prince George, VA
from Virginia Investments X, LLC
for \$4.9 Million

* Indicates Transaction Represented by Grubb & Ellis|Harrison & Bates

Industrial Trends Report—First Quarter 2011

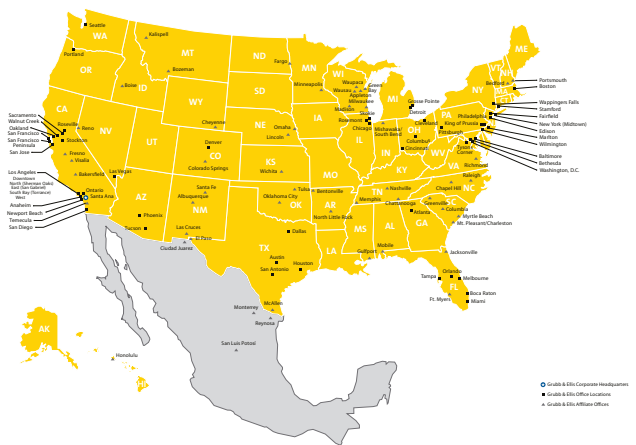
Richmond, VA



By Submarket	Total SF	Vacant SF	Vacant %	Available %	NET ABSORPTION		Under Construction SF	ASKING RENT	
					Current	Year To Date		WH/Dist	R&D/Flex
Northeast	11,687,869	1,195,316	10.2%	12.1%	48,498	48,498	-	\$4.00	\$7.73
Northwest	18,239,354	1,981,760	10.9%	13.3%	234,460	234,460	-	\$2.39	\$8.20
Southeast	12,783,392	2,574,735	20.1%	21.0%	(78,988)	(78,988)	-	\$3.51	\$6.78
Southwest	44,628,687	5,598,680	12.5%	14.8%	(4,702)	(4,702)	-	\$2.40	\$6.96
Tri-Cities	4,372,483	234,438	5.4%	7.2%	249,410	249,410	-	\$3.50	-
Totals	91,711,785	11,584,929	12.6%	14.6%	448,678	448,678	-	\$2.72	\$7.72

By Property Type	Total SF	Vacant SF	Vacant %	Available %	Current	Year To Date	Under Construction SF	ASKING RENT	
								WH/Dist	R&D/Flex
General Industrial	53,261,786	4,851,528	11.4%	9.1%	38,770	38,770	-	\$3.06	
Incubator	393,751	20,000	14.1%	5.1%	-	-	-	\$5.58	
R&D/Flex	9,469,726	1,432,621	17.1%	15.1%	186,749	186,749	-	\$7.72	
Warehouse/Distribution	28,586,522	5,280,780	19.9%	18.5%	223,159	223,159	-	\$2.72	
Totals	91,711,785	11,584,929	12.6%	14.6%	448,678	448,678	-	\$3.66	

Grubb & Ellis Office Locations
as of 3rd Quarter 2011



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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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