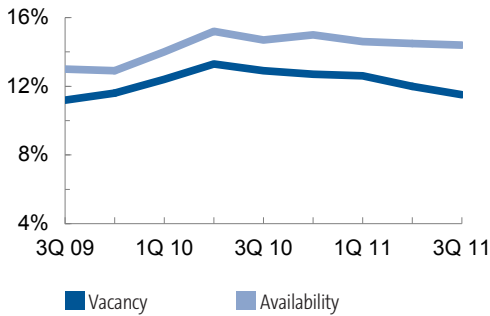
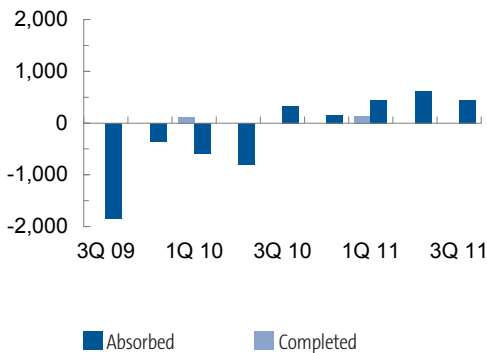


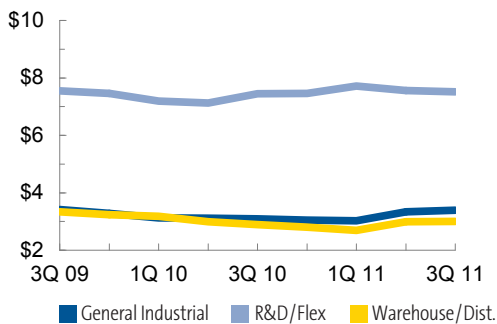
Vacancy & Availability Rates



Completions vs. Absorption (in Thousands of SF)



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



Pedaling Through Sand

When riding a bike on the beach, one is able to move forward, but at a slower and more difficult pace. So too, the industrial market is pedaling toward recovery, although held back by the shaky overall economy that prevents it from picking up speed. There were a few bright spots in the third quarter, including a fifth consecutive quarter of positive absorption and very little new construction. Overall vacancy improved by 50 basis points and availability by 10 basis points, neither dramatic but heading in the right direction.

Leasing velocity slowed and many of the completed transactions were renewals. The only lease of 150,000 square feet or more was a month-to-month transaction for 200,000 square feet on AMF Drive in Hanover. Liberty Property Trust, an institutional owner with the ability to offer attractive terms, completed leases at Fairgrounds Distribution Center (34,500 square feet to American Paper Converting and 25,875 square feet to Wheel Pros, LLC), as well as an expansion by Amsoil to 12,000 square feet at Woodlands IV.

On the sales side, Spiniello Companies purchased a 248,816-square-foot former Philip Morris warehouse/manufacturing facility in Dinwiddie County for \$5.22 per square foot in a sealed bid sale. The former A. H. Robins facility overlooking I-95 near the Boulevard was purchased by Rebkee Partners for about \$6.00 per square foot and will likely be demolished for future development. Finally, a partially renovated office/warehouse in Scott's Addition sold to a local user for \$61 per square foot and three flex properties, including Villa Park I, traded in the mid-\$50's per square foot. (continued on next page)

FORECAST

- The recovery will remain slow and uneven until there is more certainty in the general economy.
- Sale prices are likely at or near the bottom and interest rates will remain at historically low levels into 2012.
- Rental rates will be flat or push down a little further, depending on location and product type.

KEY TRANSACTIONS

<p>*Villa Park I LLC purchased Villa Park I 77,000 SF Henrico, VA from ORIX Capital Capital Markets for \$4.3 Million</p>	<p>Spiniello Companies purchased 248,816 SF at 20520 Unico Rd McKenney, VA from Philip Morris, Inc. for \$1.3 Million</p>	<p>Rebkee Partners purchased 272,000 SF at 1407 Cummings Dr Richmond, VA from American Home Products Corporation for \$1.65 Million</p>
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* Indicates Transaction Represented by Grubb & Ellis|Harrison & Bates

Industrial Trends Report—Third 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	11,687,113	1,010,062	8.6%	10.9%	57,123	233,752	-	\$3.99	\$7.85
Northwest	18,239,944	1,729,993	9.5%	12.7%	136,620	486,257	-	\$2.75	\$7.87
Southeast	12,783,392	2,546,911	19.9%	23.5%	20,493	(51,164)	-	\$3.89	\$6.41
Southwest	44,629,845	5,109,144	11.4%	13.8%	174,448	484,834	96,900	\$2.61	\$7.06
Tri-Cities	4,372,483	131,288	3.0%	9.4%	50,000	352,560	-	\$2.08	-
Totals	91,712,777	10,527,398	11.5%	14.4%	438,684	1,506,239	96,900	\$3.00	\$7.51

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	53,262,778	4,630,147	8.7%	10.4%	(21,547)	260,181	-	\$3.39	
Incubator	393,751	20,000	5.1%	14.1%	-	-	-	\$5.34	
R&D/Flex	9,469,726	1,325,957	14.0%	17.0%	151,513	293,413	96,600	\$7.51	
Warehouse/Distribution	28,586,522	4,551,294	15.9%	20.8%	308,718	952,645	-	\$3.00	
Totals	91,712,777	10,527,398	11.5%	14.4%	438,684	1,506,239	96,600	\$3.78	

(continued from front)

There were two positive signs for Richmond's manufacturing sector. The first was Bunge North America's purchase of C. F. Sauer's Dean Foods margarine operations, including a 127,000-square-foot plant in eastern Henrico. In late August, the Office of the Governor announced that Fareva, a company based in Luxembourg, would acquire an existing Pfizer plant in Henrico and continue to manufacture and package brand-name pharmaceutical and cosmetic products.

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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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