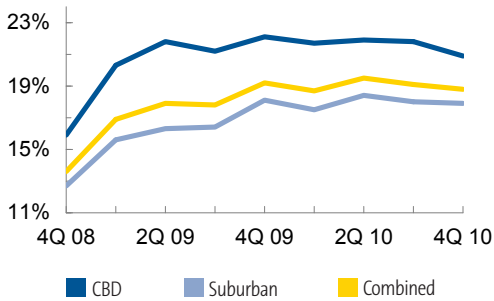
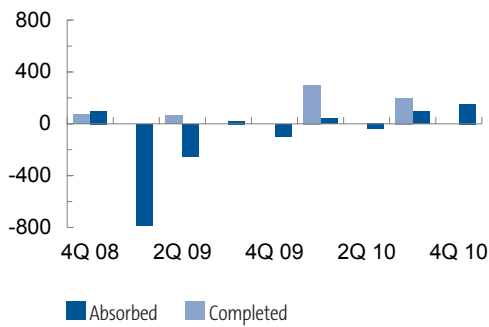


Vacancy Rate



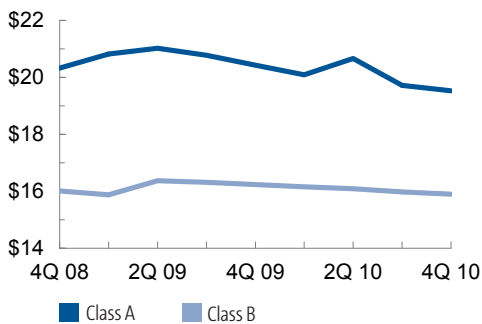
Completions vs. Absorption

(in Thousands of SF)



Asking Rental Rates

(\$/SF/Yr. Full Service)



Beginning to Turn the Corner

The office market is slowly beginning to turn the corner as vacancy and rental rates start to level off and positive absorption was posted for the second consecutive quarter.

Leasing activity remained primarily “space swaps” and renewals. Noteworthy was a pair of relocations from the suburbs to the Central Business District. Cherry, Bekaert & Holland moved from the Broad & Glenside area to 21,000 square feet in the Williams Mullen Center, and Swedish Match relocated from The Boulders to 25,164 square feet at James Center. Independent Container Line also relocated from an eastern Henrico industrial building to 28,153 square feet of office space in Innsbrook. Currently there are a few large users considering leases in several of the vacant buildings in the Innsbrook area.

Sales volume was significantly higher in 2010 than 2009, as buyers and sellers moved closer together on valuations and lending funds became more available. The largest fourth quarter sale was the \$7.2 million transfer of the 161,821-square-foot 700 Centre to an affiliate of Hunt Investments who plans to convert the tower portion of the property (±71,500 square feet) into apartments and to retain the annex area as office. Several office condos and small freestanding office buildings traded in the range of \$100 to \$170 per square foot.

Richmond’s unemployment rate peaked at 8.6 percent in February 2010 and has generally moved downward since then. The latest figure released was 7.6 percent for November 2010. A continued downward trend will gradually help the office market to improve throughout 2011. Indications suggest that the worst may be over.

FORECAST

- New construction will be limited to smaller speculative projects and medical uses.
- Overall vacancy will trend down in the second half of 2011 as excess space is gradually absorbed by new and expanding business.
- Average asking rental rates will remain flat to declining before firming later in the year.

KEY TRANSACTIONS

Lessee/Buyer	Lessor/Seller	Property	Size (SF)/Price
■ Fair Hills Apartments, LLC	Franklin Centre Operating Assoc LP*	700 Centre	7,200,000
■ Independent Container Line	Franklin Capital Group	5620 Cox Road	28,153
■ Swedish Match	James Center Property, LLC	1021 E. Cary Street	25,164
■ Cherry, Bekaert & Holland	AH Richmond Tower I, LLC	200 S. 10th Street	21,004

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

Office Trends Report—Fourth Quarter 2010

Richmond, VA



By Submarket	Total SF	Vacant SF	Vacant %	NET ABSORPTION		Under Construction SF	ASKING RENT	
				Current	Year-To-Date		Class A	Class B
Downtown	8,084,309	1,687,323	20.9%	72,791	248,205	-	\$2413	\$15.68
CBD Total	8,084,309	1,687,323	20.9%	72,791	248,205	-	\$24.13	\$15.68
Northeast	736,366	56,071	7.6%	2,838	(24,358)	-	\$18.00	\$15.60
Northwest	13,254,217	2,445,964	18.5%	134,298	177,331	-	\$18.46	\$16.15
Southwest	5,088,901	910,448	17.9%	(57,885)	(147,698)	33,328	\$18.78	\$15.97
Suburban Total	19,079,484	3,412,483	17.9%	79,251	5,275	33,328	\$18.53	\$16.09
Totals	27,163,793	5,099,806	18.8%	152,042	253,480	33,328	\$19.53	\$15.90

By Class	Total SF	Vacant SF	Vacant %	Current	Year-To-Date	Under Construction SF	AVAILABLE FOR SUBLEASE	
							CBD	Suburban
Class A	14,384,837	2,479,600	17.2%	53,248	484,246	-	136,548	259,761
Class B	11,260,979	2,381,379	21.1%	94,175	(214,291)	33,328	-	31,418
Class C	1,517,977	238,827	15.7%	4,619	(16,475)	-	-	-
Totals	27,163,793	5,099,806	18.8%	152,042	253,480	33,328	136,548	291,179

Grubb & Ellis|Harrison & Bates Office Real Estate Advisors

Chuck Ellsworth
Senior Vice President
804-591-2410
chuck.ellsworth@harrison-bates.com

Steve Gentil, SIOR, CCIM
Chairman
804-591-2421
steve.gentil@harrison-bates.com

John Gentry
Senior Vice President
804-591-2418
john.gentry@harrison-bates.com

Matthew Hamilton
Associate
804-591-2431
matt.hamilton@harrison-bates.com

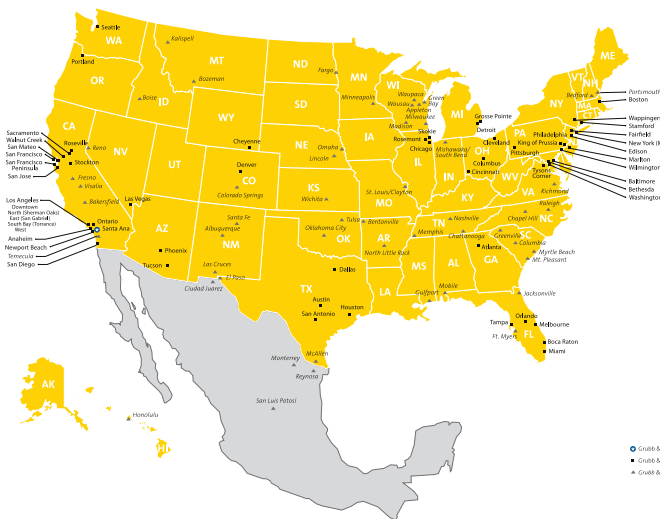
Wood Thornton
Senior Associate
804-591-2406
wood.thornton@harrison-bates.com

Kit Tyler, SIOR
Vice Chairman
804-591-2420
kit.tyler@harrison-bates.com

Chris Wallace
Vice President
804-591-2424
chris.wallace@harrison-bates.com

Scott White, SIOR, CCIM
Senior Vice President
804-591-2416
scott.white@harrison-bates.com

Grubb & Ellis Office Locations
as of 4th Quarter 2010



OFFICE TERMS AND DEFINITIONS

Total SF: Office inventory includes all multi-tenant and single tenant buildings at least 10,000 square feet. Owner-occupied, government and medical buildings are not included.

Office Building Classifications: Grubb & Ellis adheres to the BOMA guidelines. Class A properties are the most prestigious buildings competing for premier office users with rents above average for the area. Class B properties compete for a wide range of users with rents in the average range for the area. Class C buildings compete for tenants requiring functional space at rents below the area average.

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. Office rents are reported full service where all costs of operation are paid for by the landlord up to a base year or expense stop. The asking rent for each building in the market is weighted 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.*

Reproduction in whole or part is permitted only with the written consent of Grubb & Ellis Company. Some of the data in this report has been gathered from third party sources and has not been independently verified by Grubb & Ellis. Grubb & Ellis makes no warranties or representations as to the completeness or accuracy thereof.