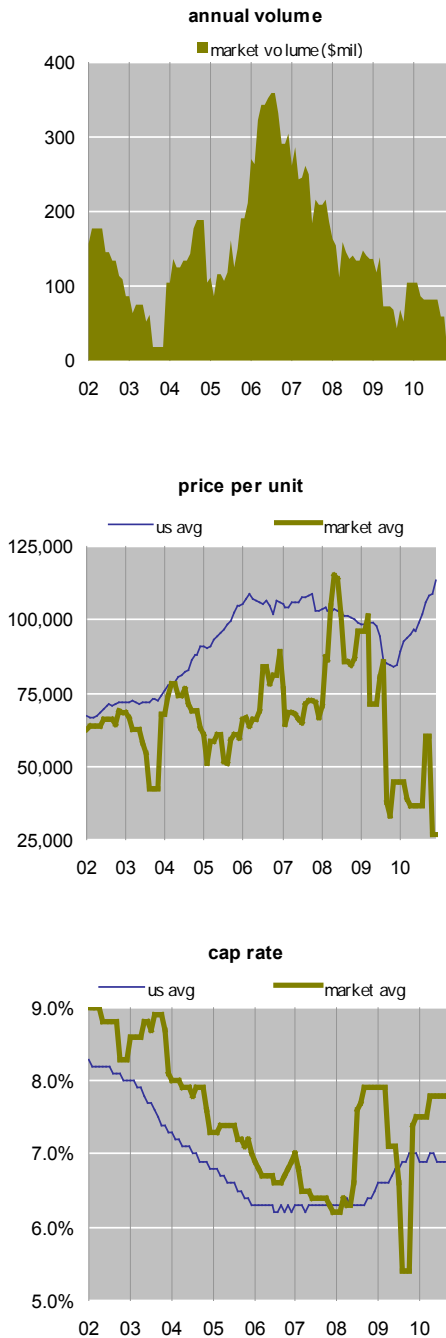


Investment Trends



Source: Real Capital Analytics

Richmond Apartment Market

Demand for apartments in the Richmond market was high in 2010, with 2,613 units absorbed according to Real Data research. Demand was well above the 920 units added in new supply. Vacancy improved from a record high of 9.9 percent in January 2010 to 6.8 percent in January 2011.

The average monthly rent is \$819, with the average one-bedroom unit renting for \$755 per month, the average two-bedroom unit renting for \$816, and the average three-bedroom renting for \$991 per month.

Construction has increased with the majority being rehabilitation of historic buildings located in the Central submarket. There are currently 1,264 units under construction with another 1,351 units proposed.

Economic Overview

Richmond's unemployment rate improved steadily in 2010, from 8.5 percent in January 2010 to 7.6 percent in January 2011. Numerous job opportunities are on the horizon which should improve it further. Area employers expected to add jobs are Capital One Financial Corporation, Wachovia, Health Diagnostic Laboratory, PPD, Inc. and Snagajob.com.

Forecast

Housing ownership conditions have not improved much so demand for apartments should remain high. Occupancy rates should increase slightly over the next year.

Source: Real Data Jan. 2011

Investment Trends

Investment sales volume for apartment properties in the Richmond market has trended down over the last three years. The largest 2010 sale was a government subsidized project and all three transfers in the table below were Class C properties.

KEY INVESTMENT SALES (2010)

Property	Units	Sales Price	Price/Unit	Buyer	Seller
Webster Court	893	560,000	40,000	Webster Court, LLC	Webster Court Village, LLC
North Oak	1844	335,000	23,560	Affordable Housing	Richmond Estabrook Co.
Fairhills Apartments	223	5,904,306	26,477	Genesis Properties	The Winn Company

Source: Real Capital Analytics & Grubb & Ellis Research

Multi Housing Trends Report - Fourth Quarter 2010

Richmond, VA

By Submarket	Surveyed Units	Vacant Units	Vacant %	Absorption	Units	Units	ASKING RENT	
				6 months	U/C	Proposed	Per Unit	Per SF
Central	5,386	251	4.7%	65	736	305	\$970	\$1.240
East	7,753	618	8.0%	134	-	152	\$666	\$0.774
North	1,897	84	4.4%	33	-	0	\$903	\$0.880
South 1	9,975	784	7.9%	249	72	148	\$670	\$0.762
South 2	10,105	789	7.8%	198	300	350	\$832	\$0.848
Tri-Cities	6,712	475	7.1%	245	156	396	\$879	\$0.882
West-1	5,636	424	7.5%	-117	-	0	\$806	\$0.906
West 2	14,422	763	5.3%	-33	-	0	\$903	\$0.971
Total/Avg	61,886	4,188	6.8%	774	* 1,264	** 1,351	\$819	\$0.895

Source: Real Data Jan 2011

Gilbane Development will deliver 160 student housing units in August at 8 1/2 Canal Street.



Grubb & Ellis|Harrison & Bates Multi Housing Practice Group

Communities Under Construction*

Project	Developer	Units
2001 East Apartments	Spy Rock Development	75
8 1/2 Canal Street Apts	Gilbane Development Co.	160
Atrium Lofts @ Cold Storage	Main Street Realty	143
Engine Company Lofts	Sensei Development	24
Old Stone Row	Sensei Development	96
Residences at John Marshall	Dominion Realty Partners	238
New Manchester Flats	Fountainhead Properties	72
Meridian at Watermark	Waverton Associates	300
1200 Acqua	Beco Asset Management	48
Peanut Factory Lofts	Plum Street Partners	108

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Proposed Communities**

Project	Developer	Units
Reynolds North Plant	WVS Companies LLC	225
Trolley Commons	Sensei Development	80
Oakland Chase	United Property Assoc.	152
Hatcher Tobacco Flats	Hunt Investments LLC	148
Stonebridge	Crosland LLC	350
Chester Village Green	Emerson Construction	60
Independence Village	Axis Development	336

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Source: Real Data Jan 2011

MULTI HOUSING TERMS AND DEFINITIONS

Total SF: Multi Housing inventory includes conventional, affordable and student housing communities with 50 units or more.

Vacancy: The vacancy rate is calculated by the number of vacant unfurnished units divided by the total inventory.

Net Absorption: The net change in physically occupied units over a period of time.

Asking Rent: The dollar amount asked by landlords for available space expressed in dollars per unit per year. Rents are reported for traditional (non-subsidized), unfurnished units.

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

** Sources include Real Data, Real Capital Analytics and Grubb & Ellis|Harrison & Bates internal research.

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