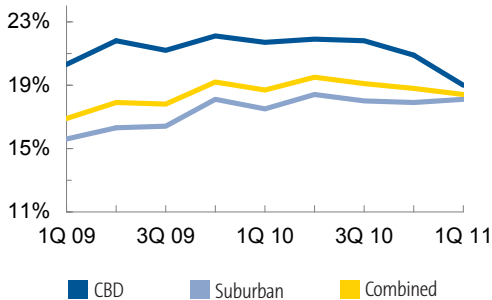
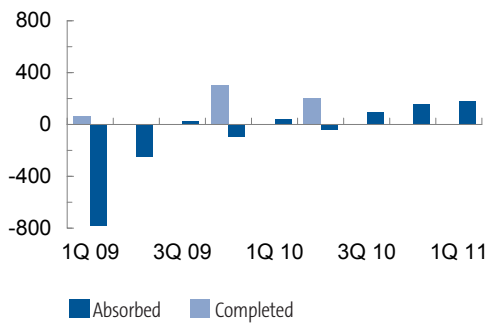


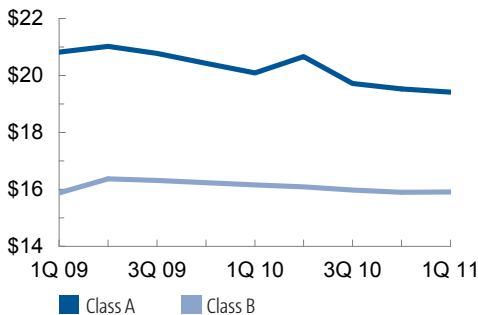
### Vacancy Rate



### Completions vs. Absorption (in Thousands of SF)



### Asking Rental Rates (\$/SF/Yr. Full Service)



## Big Wins for Innsbrook Submarket

The Innsbrook area submarket is rapidly turning around as evidenced by first quarter leasing activity and the prospect of additional transactions in the pipeline. Following its purchase last August of two Innsbrook buildings from Gramercy Capital totaling 200,000 square feet, Capital One recently signed a lease for 135,000 square feet in Liberty Plaza II, a building it vacated in 2007. In addition, SunTrust Mortgage leased 85,000 square feet from Franklin Street Properties at 5600 Cox Road. Finally, SnagAJob signed a lease for 67,000 square feet at 4851 Lakebrook Drive. The new headquarters will be nearly twice the size of its existing location nearby. Leasing activity was also strong in smaller block sizes and across all submarkets.

Concession packages, including one month of free rent for each year of lease term, remain common downtown and in the southwest quadrant, but institutional owners are beginning to offer less in Innsbrook where occupancy levels in their portfolios have shown recent improvement.

There was one notable investment sale of Overlook I and II to Brandywine Operating Partnership from Eola Capital for \$12.5 million, as well as a handful of condo sales and foreclosures. For sale inventory is growing in the small office category, but there are few buyers in the market.

Development continues to be largely limited to medical office. Most recently, the Virginia Eye Institute announced a 16,000-square-foot building to be constructed at Breeden Company's Towne Center West in the Short Pump area.

### FORECAST

- Pending sales of a suburban portfolio and downtown trophy property will solidify values for Class A office buildings.
- Average asking rental rates will remain flat for at least another quarter.

### KEY TRANSACTIONS

<p><b>Capital One</b> leased 135,000 SF at 10800 Nuckols Road, Glen Allen, VA from Liberty Property Trust</p>	<p><b>SunTrust Mortgage</b> leased 85,000 SF at 5600 Cox Road, Glen Allen, VA from Franklin Street Properties</p>	<p><b>Brandywine Operating Ptshp</b> purchased Overlook I &amp; II Glen Allen, VA from Eola Capital for \$12.542 Million</p>	<p><b>*SnagAJob</b> leased 67,672 SF at 4851 Lakebrook Drive, Glen Allen, VA from Highwoods Properties</p>
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\* Indicates Transaction Represented by Grubb & Ellis | Harrison & Bates

# Office Trends Report—First Quarter 2011

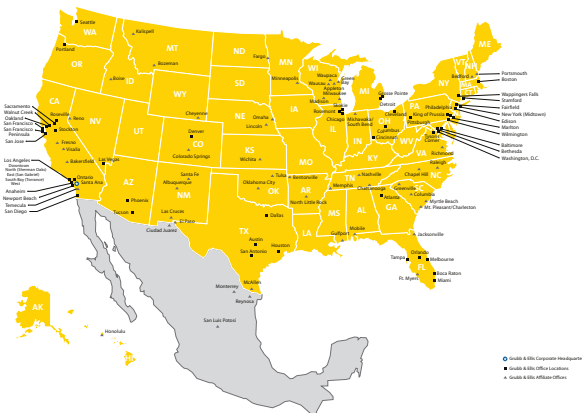
## Richmond, VA



By Submarket	Total SF	Vacant SF	Vacant %	Available %	NET ABSORPTION		Under Construction SF	ASKING RENT	
					Current	Year To Date		Class A	Class B
Downtown	7,764,194	1,472,620	19.0%	20.8%	127,945	127,945	-	\$24.45	\$15.91
<b>CBD Total</b>	<b>7,764,194</b>	<b>1,472,620</b>	<b>19.0%</b>	<b>20.8%</b>	<b>127,945</b>	<b>127,945</b>	-	<b>\$24.45</b>	<b>\$15.91</b>
Northeast	423,520	57,141	13.5%	14.1%	(1,070)	(1,070)	-	\$18.00	\$15.42
Northwest	13,109,581	2,408,330	18.4%	19.5%	44,038	44,038	-	\$17.88	\$16.01
Southwest	5,054,031	897,789	17.8%	20.3%	12,789	12,789	33,328	\$18.84	\$15.63
<b>Suburban Total</b>	<b>18,587,132</b>	<b>3,363,260</b>	<b>18.1%</b>	<b>19.6%</b>	<b>55,757</b>	<b>55,757</b>	<b>33,328</b>	<b>\$18.16</b>	<b>\$15.90</b>
<b>Totals</b>	<b>26,351,326</b>	<b>4,835,880</b>	<b>18.4%</b>	<b>20.0%</b>	<b>183,702</b>	<b>183,702</b>	<b>33,328</b>	<b>\$19.42</b>	<b>\$15.91</b>

By Class	Total SF	Vacant SF	Vacant %	Available %	Current	Year To Date	Under Construction SF	AVAILABLE FOR SUBLEASE	
								CBD	Suburban
Class A	14,256,156	2,304,452	16.2%	17.2%	181,507	181,507	-	147,637	259,627
Class B	10,342,938	2,089,749	20.2%	22.6%	(1,611)	(1,611)	33,328	2,821	14,826
Class C	1,752,232	441,679	25.2%	26.9%	3,806	3,806	-	-	-
<b>Totals</b>	<b>26,351,326</b>	<b>4,835,880</b>	<b>18.4%</b>	<b>20.0%</b>	<b>183,702</b>	<b>183,702</b>	<b>33,328</b>	<b>150,458</b>	<b>274,453</b>

Grubb & Ellis Office Locations  
as of 1st Quarter 2011



## Grubb & Ellis|Harrison & Bates Office Real Estate Advisors

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

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

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

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

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

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

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

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

## 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.*

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