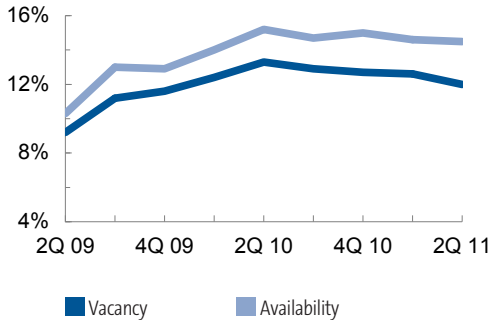
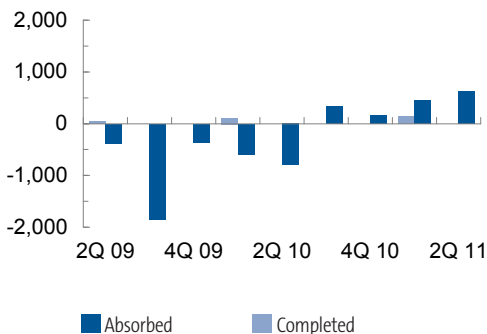


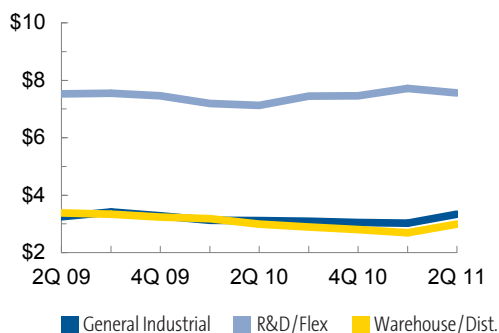
Vacancy & Availability Rates



Completions vs. Absorption (in Thousands of SF)



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



The “LSU” Recovery

Yes, it is getting close to the collegiate football season, but in this case, LSU stands for “Long, Slow, Uneven”. The industrial market continues to recover as evidenced by a fourth consecutive quarter of positive net absorption, as well as declines in both vacancy and availability rates. Average asking rental rates have leveled off but contract rates reflecting substantial discounts are still negotiable.

The largest transaction was the investment sale of Byrd Center to a venture between Miami-based Adler Real Estate Fund and Dallas-based TriGate Capital for \$26 million or \$55 per square foot. The 475,354-square-foot, 10-building flex complex was constructed 30 years ago, but was 90 percent leased at the time of sale. In addition, three flex properties were purchased by Lingerfelt Companies as part of a 14-building portfolio sale of mostly Class A office. Those flex properties traded at \$82 to \$99 per square foot. Several user properties traded in sizes from 6,000 to 34,000 square feet and at prices from \$21 per square foot and up.

On the leasing side, the Enterchange at Walthall inked two sizeable transactions – 43,536 square feet to Emerson Ecologics, LLC and 36,336 square feet to Central Shared Services. The largest transactions were a 176,615-square-foot renewal by Owens & Minor, Inc. at Enterchange at Lakeridge and 143,155 square feet to Miller Multiplex at 3301 Castlewood Road.

Average lease terms have lengthened from 30 months in 2010 to 35 months in the first half of 2011, signaling returning confidence on the part of businesses to make longer term commitments. This is both an indicator of tenant confidence, as well as taking advantage of good terms

FORECAST

- Look for “drifting” vacancy, between 10 and 12 percent.
- Expect an up tick in sales of small industrial and office/warehouse buildings.
- Large users will continue to put off expansion/relocations plans.

KEY TRANSACTIONS

<p>Adler Real Estate Fund & TriGate Capital purchased 475,354 SF Byrd Center Henrico, VA from Medalist Properties, LLC</p>	<p>Owens & Minor, Inc. leased 176,615 SF at 11900 N. Lakeridge Pkwy Ashland, VA from Weingarten Realty Investors</p>	<p>*Emerson Ecologics, LLC leased 43,536 SF at 1750 Ruffin Mill Road Chesterfield, VA from Weingarten Realty Investors</p>
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* Indicates Transaction Represented by Grubb & Ellis|Harrison & Bates

Industrial Trends Report—Second 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	1,067,185	9.1%	12.2%	128,131	176,629	-	\$4.00	\$7.80
Northwest	18,239,384	1,866,213	10.2%	12.8%	115,547	350,037	-	\$2.60	\$8.00
Southeast	12,783,392	2,567,404	20.1%	22.3%	7,331	(71,657)	-	\$3.91	\$6.69
Southwest	44,628,885	5,283,592	11.8%	14.3%	314,728	310,386	-	\$2.63	\$6.84
Tri-Cities	4,372,483	181,288	4.1%	6.4%	53,150	302,560	-	\$3.50	-
Totals	91,712,013	10,965,682	12.0%	14.5%	618,887	1,067,955	-	\$2.99	\$7.56

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	53,262,014	4,608,600	10.9%	8.7%	242,568	281,728	-	\$3.34	
Incubator	393,751	20,000	14.1%	5.1%	-	-	-	\$5.34	
R&D/Flex	9,469,726	1,477,070	17.8%	15.6%	(44,449)	142,300	-	\$7.56	
Warehouse/Distribution	28,586,522	4,860,012	20.1%	17.0%	420,768	643,927	-	\$2.99	
Totals	91,712,013	10,965,682	12.0%	14.5%	618,887	1,067,955	-	\$3.80	

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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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