

THE PORTER REPORT

Summary of the Richmond, Virginia Industrial Market

3rd Quarter 2009

MARKET NEWS.

- ⇒ Rolls-Royce North America is scheduled to begin construction of its 140,000 SF aircraft components manufacturing facility in Prince George County by early October, with plans to be in operation by the 4th quarter of 2010.
- ⇒ The former **Qimonda** chip manufacturing complex is now being marketed for sale. The specialized research and development complex was built in 1998 and includes more than 1.3 million square feet on 210 acres.

FEATURED PROPERTY 1101 E. Laburnum Ave



60,000 SF +/-
Office,
Showroom &
Warehouse

Recent Repricing!

INDUSTRIAL MARKET VACANCY (VACANT & INVESTOR-OWNED PRODUCT @ 40K SF MIN RBA)*

*Based on RBA Total of 23MM SF in 161 Existing Buildings. Vacancy Base Criteria: Class A, B, C industrial properties with 40k SF minimum RBA. Includes vacant & investor-owned industrial product, but excludes flex and owner-occupied spaces.

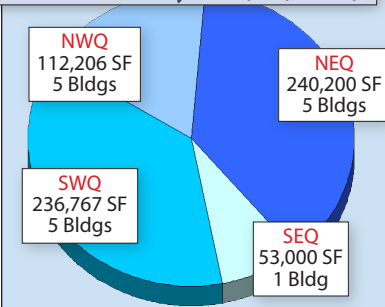
3rd Quarter 2009: Industrial vacancy has decreased slightly to 25% (i.e. 5.83MM SF) with a positive net absorption of ~90,000 SF from the 2nd Quarter 2009.

Occupancy by Building Class is as follows: Class A @ 81%, Class B @ 73%, and Class C @ 67%.

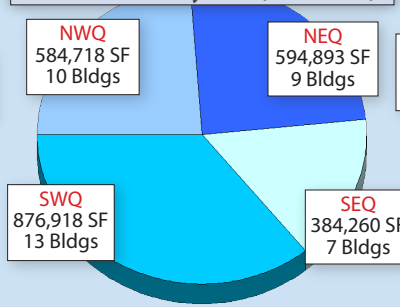
NOTE: 40k sf+ Vacancy statistics below exclude the 1.3MM SF former Qimonda facility at 6000 Technology Boulevard due to the specialized nature of the facility, which is a hybrid of research, development and manufacturing space.

Vacancy in Bldgs 40k < 75k SF RBA RBA: 2.03MM SF (42 Buildings)				Vacancy in Bldgs 75k < 150k SF RBA RBA: 7.9MM SF (72 Bldgs)				Vacancy in Bldgs 150k SF Min RBA RBA: 13.09MM (47 Bldgs)			
	Class A	Class B	Class C		Class A	Class B	Class C		Class A	Class B	Class C
Total Bldgs	6	19	17	Total Bldgs	20	30	22	Total Bldgs	17	22	8
Total RBA	327,141	884,176	821,175	Total RBA	2,395,365	3,228,533	2,285,939	Total RBA	5,845,176	5,072,593	2,167,401
Vacant SF	90,642	289,352	262,179	Vacant SF	588,557	1,217,334	634,898	Vacant SF	978,765	928,691	844,401
Vacancy Rate	28%	33%	32%	Vacancy Rate	25%	38%	28%	Vacancy Rate	17%	18%	39%

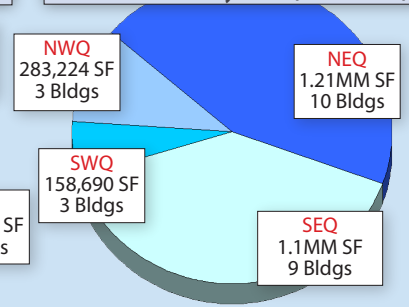
Combined Vacancy: 32% (642,173 SF)



Combined Vacancy: 31% (2.44MM SF)



Combined Vacancy: 21% (2.75MM SF)



Buildings with a minimum 100k SF vacant represent 50% of the total industrial market vacancy at 2,940,247 SF in 17 buildings. Vacancy is shown by quadrant in chart at right.

Vacancy (Min 100k SF)	NWQ	NEQ	SEQ	SWQ
Total Bldgs	2	6	7	2
Total Vacant SF	307,000	1,261,445	1,092,442	279,360

CoStar reports an increase in industrial vacancy from 9.3% to 11%, with a negative net absorption of 1,790,525 SF in the 3rd quarter, most of which is attributable to the Qimonda facility referenced above. CoStar's reported vacancy rate is for ALL warehouse properties (excluding flex space) for a total of 103 million square feet in 2,511 existing buildings.

SELECTED DEALS.

- ⇒ A Greener Solution, LLC
- ⇒ Star International Furniture
- ⇒ Richmond Volleyball Club

- 87,614 SF leased at 8401 Fort Darling Road (Chesterfield County)
- 60,000 SF leased at Woodlands III (Henrico County)
- 73,494 SF purchased at 2921 Byrdhill Road (Henrico County)