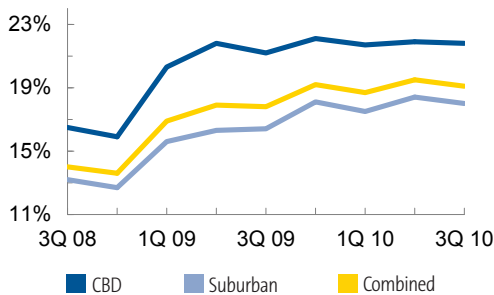
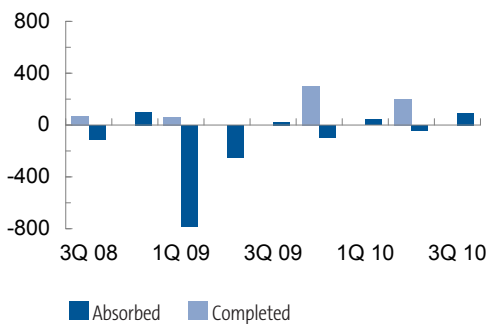


Vacancy Rate



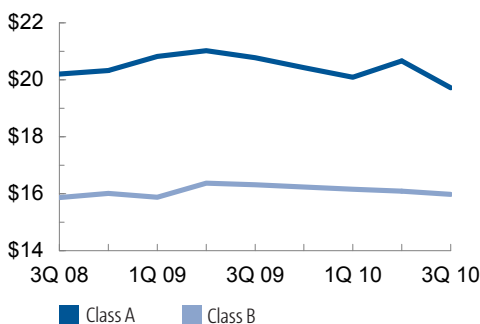
Completions vs. Absorption

(in Thousands of SF)



Asking Rental Rates

(\$/SF/Yr. Full Service)



Corporate Office Sales Completed

Two sale transactions began reducing vacancy in the Innsbrook area. Capital One Financial Services purchased Innsbrook I and II from Gramercy Capital. The two buildings, which will house the Chase Credit Card group, total 200,000 square feet and were purchased for approximately \$83 per square foot. The 288,000-square-foot former Circuit City headquarters was purchased by DRCC Properties, LLC, a partnership partially controlled by local developer Thomas Pruitt. The acquisition was completed in two transactions — \$2.75 million for 58 acres of land and \$3 million for the building. DRCC Properties plans to renovate the building and market it for lease to one or more tenants.

Leasing activity consisted primarily of renewals and “space swapping” and did little to improve vacancy or net absorption. Noteworthy, however, was expansion by The Martin Agency into 17,000 square feet in Two James Center and 7,000 square feet in Three James Center, both downtown buildings. The largest lease was a renewal on 107,000 square feet at Windsor Business Park by Bon Secours Richmond Health System.

A pair of suburban build-to-suit offices for owner occupancy broke ground during the summer. West End Orthopedic Clinic and HCA’s CJW Medical Center are partnering to develop 70,000 square feet at The Boulders Office Park. In the west end, The Virginia Community Healthcare Association and Community Care Network of Virginia broke ground on a 25,000-square-foot building at Westerre. Both will be completed in mid-2011.

It remains a tenant’s market, but the ability to gain concessions varies widely by size of the tenant, submarket and institutional landlord. Face rates have fallen and can sometimes be negotiated even lower. One month of free rent per lease year is still fairly standard. Additional tenant incentives will vary by location and size of the tenant. Downward pressure on construction costs has helped stretch tenant improvement dollars.

FORECAST

- Large scale spec development will remain sidelined for the foreseeable future.
- Overall vacancy will remain flat to slowly declining over the next twelve months.

KEY TRANSACTIONS

Lessee/Buyer	Lessor/Seller	Property	Size (SF)/Price
■ Capital One Financial Services, Inc.	Gramercy Capital	Innsbrook I & II	17,372,500
■ DRCC Properties, LLC	Berkadia CM/Bank of America	9950 Mayland Drive	3,000,000
■ Bon Secours Richmond Health System ^R	Windsor Business Park, LLC	8550 & 8580 Magellan Pky	107,819
■ New Cingular Wireless ^R	Liberty Property Trust	4801 Cox Road	31,450

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

Office Trends Report—Third 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	1,760,114	21.8%	11,696	175,414	-	\$24.32	\$15.89
CBD Total	8,084,309	1,760,114	21.8%	11,696	175,414	-	\$24.32	\$15.89
Northeast	736,366	58,909	8.0%	(4,068)	(27,196)	-	\$18.00	\$15.46
Northwest	13,177,268	2,507,096	19.0%	151,949	39,181	-	\$18.40	\$16.12
Southwest	5,088,901	852,563	16.8%	(68,229)	(89,813)	33,328	\$18.86	\$15.98
Suburban Total	19,002,535	3,418,568	18.0%	79,652	(77,828)	33,328	\$18.49	\$16.06
Totals	27,086,844	5,178,682	19.1%	91,348	97,586	33,328	\$19.72	\$15.98

By Class	Total SF	Vacant SF	Vacant %	Current	Year-To-Date	Under Construction SF	AVAILABLE FOR SUBLEASE	
							CBD	Suburban
Class A	14,384,837	2,532,848	17.6%	162,327	430,998	-	138,793	223,024
Class B	11,184,030	2,402,388	21.5%	(62,152)	(312,318)	33,328	2,821	29,678
Class C	1,517,977	243,446	16.0%	(8,827)	(21,094)	-	-	250
Totals	27,086,844	5,178,682	19.1%	91,348	97,586	33,328	141,614	252,952

Grubb & Ellis|Harrison & Bates Office Real Estate Advisors

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

Zac Frederick
Senior Associate
804-591-2401
zac.frederick@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

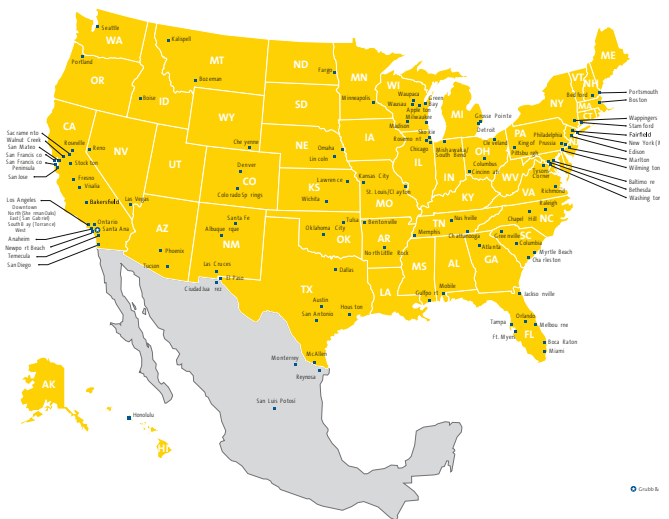
Wood Thornton
Senior Associate
804-591-2406
wood.thornton@harrison-bates.com

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 3rd 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.*

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