

## Metropolitan Area Economic Overview

| POPULATION                     |           | EMPLOYMENT            |         |
|--------------------------------|-----------|-----------------------|---------|
| Total Est. 2006                | 1,657,276 | Total Est. 2006       | 585,758 |
| Population Growth Index – 2011 | N/A       | Office Index          | N/A     |
| Income Index                   | N/A       | Health Services Index | N/A     |
| Affordability Index            | N/A       | Government Index      | N/A     |
| Education Index                | N/A       | Retail Services Index | N/A     |
| Age Index                      | N/A       | Wholesale Index       | N/A     |

## Hampton Roads At-A-Glance

| (Rent/Square foot/Year)      | Low      | High     | Effective Avg. | Vacancy |
|------------------------------|----------|----------|----------------|---------|
| <b>DOWNTOWN OFFICE</b>       |          |          |                |         |
| New Construction (AAA)       | N/A      | N/A      | N/A            | N/A     |
| Class A (Prime)              | \$ 17.00 | \$ 25.00 | \$ 20.50       | 8.0%    |
| Class B (Secondary)          | \$ 12.00 | \$ 16.50 | \$ 14.00       | 13.0%   |
| <b>SUBURBAN OFFICE</b>       |          |          |                |         |
| New Construction (AAA)       | \$ 18.00 | \$ 24.00 | \$ 19.00       | 33.0%   |
| Class A (Prime)              | \$ 15.00 | \$ 22.00 | \$ 18.00       | 7.5%    |
| Class B (Secondary)          | \$ 10.50 | \$ 18.00 | \$ 13.50       | 13.5%   |
| <b>INDUSTRIAL</b>            |          |          |                |         |
| Bulk Warehouse               | \$ 3.75  | \$ 7.50  | \$ 4.75        | 7.0%    |
| Manufacturing                | \$ 4.75  | \$ 10.00 | \$ 6.00        | 5.0%    |
| High Tech/R&D                | \$ 6.00  | \$ 13.00 | \$ 8.50        | 5.0%    |
| <b>RETAIL</b>                |          |          |                |         |
| Downtown                     | \$ 8.50  | \$ 18.00 | \$ 16.00       | 5.0%    |
| Neighborhood Service Centers | \$ 10.00 | \$ 18.00 | \$ 14.00       | 8.0%    |
| Community Power Center       | \$ 14.00 | \$ 31.00 | \$ 18.75       | 9.0%    |
| Regional Malls               | \$ 21.00 | \$ 30.00 | \$ 25.00       | 9.0%    |

| DEVELOPMENT LAND                  | Low (Price/Acre) | High (Price/Acre) |
|-----------------------------------|------------------|-------------------|
| Office in CBD (Per Buildable SF)  | \$ 12            | \$ 35             |
| Land in Office Parks              | \$ 150,000       | \$ 350,000        |
| Land in Industrial Parks          | \$ 70,000        | \$ 250,000        |
| Office/Industrial Land - Non-park | \$ 100,000       | \$ 300,000        |
| Retail/Commercial Land            | \$ 350,000       | \$ 1,500,000      |
| Residential                       | \$ 70,000        | \$ 600,000        |

## Market Overview

■ Hampton Roads, the southeastern region of Virginia, comprises the cities of Portsmouth, Chesapeake, Norfolk, Suffolk, Virginia Beach, Hampton, Williamsburg and Newport News, and the counties of Isle of Wight, James City, Surry and York. The center of Hampton Roads is approximately 90 miles southeast of Richmond. Norfolk, the nucleus of Hampton Roads, borders the Chesapeake Bay and Hampton Roads harbor. The U.S. Navy considers the region strategically important and established the Atlantic Fleet headquarters in Norfolk.

Hampton Roads is the Nation's 28th largest MSA, consisting of 1.6 Million people and is bounded to the north by Williamsburg and to the southeast by Virginia Beach. Its economy is supported by the world's largest Naval Base, the east coast's second busiest trade port, a sophisticated defense economy and a diversified tourist industry. Highlights from the real estate arena include accelerating markets in all sectors including the office sector, retail and industrial.

In the office sector, highlights include the opening of the 20-story Trader Publishing Tower in downtown Norfolk, as well as the ground breaking for the BlackHawk Industries Headquarters near Lake Wright. Two new anchor tenants were announced for Olympia Development's Convergence Center III, including Goodman and Company and Tidewater/Skanska. The northern Suffolk – Harborview corridor continues to be a magnet for the expansion of

defense firms who want to be near the U.S. Joint Warfare Center. Also included in the Suffolk/Portsmouth area was the selection of HL Development to complete a build-to-suit for Old Dominion University's Virginia Modeling & Simulation Center (V-MASC).

In the Industrial arena, highlights included the acquisition of 32 acres by ProLogis to develop a new distribution park in Chesapeake, being kicked off by a 150,000 square foot build-to-suit for NYK Logistics. Another highlight included the relocation and expansion of Massimo Zanetti Beverage-USA to the 228,000 square foot in Port Center. On the speculative front, Liberty Property Trust completed its second building totaling 160,000 square feet in northern Suffolk. Devon Group completed its first building of 230,000 square feet in Copeland Industrial Park and Ashley Capital completed its 250,000 Indian River Distribution Center in Chesapeake.

In the retail sector, highlights include the opening of the retail portion of the Oyster Point City Center section in Newport News. Wal-Mart opened up another super center unit in Chesapeake. Harris Teeter also signed new leases in Virginia Beach and in Chesapeake. New entrants to the market include H&M, which opened in Lynnhaven Mall and MacArthur Center, as well as McCormick and Schmick's, and Firkin Pubs in Oyster Point City Center. Also, Apple opened a new store in MacArthur Center, as well as EQ 3.

Source: NAI Harvey Lindsay