

MARKETBEAT INDUSTRIAL SNAPSHOT

HAMPTON ROADS, VA A Cushman & Wakefield Research Publication

Q2 2014



ECONOMIC OVERVIEW

The Hampton Roads economy continues to make gradual, steady improvements. Future improvements will be aided by the recent selection of a distribution facility in Virginia Beach by Artemis Global Logistics & Solutions.

The location off London Bridge Road will be the second US location for Herndon, VA-based Artemis and the ninth international facility.

Additionally, Alcoa Power and Propulsion announced plans in June that will create 75 new jobs in Hampton next year as a result of \$25 million invested in new technology.

LEASING ACTIVITY AND ABSORPTION

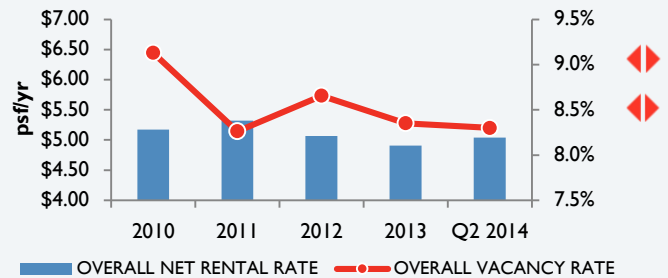
Relatively low leasing activity and net absorption continue to hinder the market. In the deals that have occurred, brokers are noticing a combination of two strategies: landlords locking in low rates and renewal terms in exchange for long-term deals, and tenants seeking short-term leases without fear of spiking rental rates in the near future. Without a rise in rental rates, new development will not be encouraged to meet the demand.

Performing submarkets continue to be 'core', located around western population centers in Chesapeake, Portsmouth, and Peninsula.

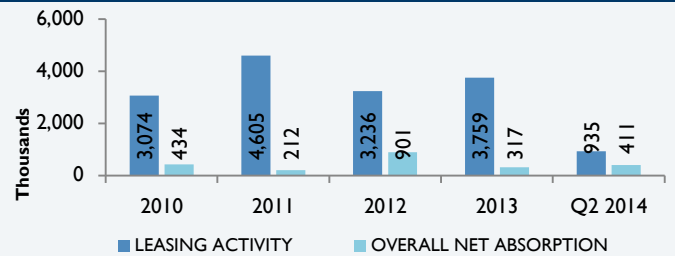
TRENDS

There are no discernable trends present in the market that would point to increased interest and absorption in Hampton Roads. A healthy employment picture may provide additional pressure for industrial space. The Port achieved record container traffic in June, although a yearly operating loss of nearly \$12.4 Million is still projected. The Port's gradual improvements may provide users for warehouse and distribution space in addition to Artemis Global. It is expected that pressures will continue to mount as vacancies erode.

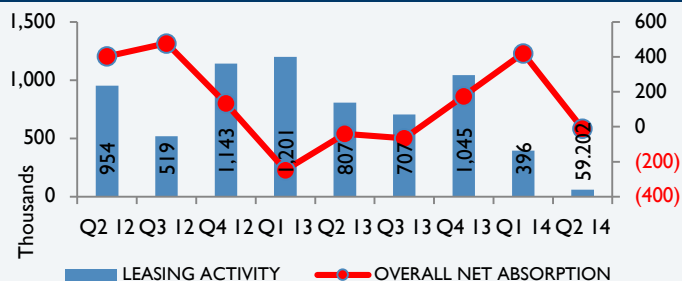
OVERALL NET RENTAL VS. VACANCY RATES



LEASING ACTIVITY VS. OVERALL NET ABSORPTION



LEASING ACTIVITY VS. OVERALL NET ABSORPTION



HAMPTON ROADS, VA

SUBMARKET	INVENTORY	OVERALL VACANCY RATE	YTD LEASING ACTIVITY	UNDER CONSTRUCTION	YTD CONSTRUCTION COMPLETIONS	YTD DIRECT NET ABSORPTION	YTD OVERALL NET ABSORPTION	DIRECT WEIGHTED AVERAGE NET RENTAL RATE			
								HT	MF	OS	W/D
Copeland	10,802,703	7.30%	112,107	0	0	(2,373)	(2,373)	0	\$4.53	\$9.94	\$5.39
Gloucester	227,936	12.80%	0	0	0	0	0	0	0	0	0
Oakland	4,199,200	7.60%	20,623	0	0	250,070	250,070	0	\$5.07	0	\$4.75
Oyster Point	3,978,115	4.00%	42,780	0	0	(30,099)	(30,099)	0	0	\$10.00	\$6.88
Williamsburg	8,100,464	4.70%	0	0	0	16,000	16,000	0	\$4.20	\$8.97	\$5.87
PENINSULA	27,308,418	7.28%	175,510	0	0	233,598	233,598	0	\$4.60	\$9.63	\$4.58
Airport Industrial Park	3,199,602	6.70%	96,375	0	0	(7,549)	(7,549)	0	\$4.05	0	\$6.25
Bainbridge	8,523,357	2.60%	110,055	0	0	(765)	(765)	0	0	\$8.65	\$7.74
Cavalier	5,393,048	9.30%	123,999	37,553	17,568	67,781	67,781	0	\$3.30	0	\$4.98
Central Norfolk	4,910,519	14.60%	99,387	0	0	4,804	4,804	0	\$6.52	0	\$5.70
Cleveland	2,726,782	16.10%	14,486	0	0	5,876	5,876	0	\$3.10	\$12.39	\$9.51
Greenbrier	2,401,907	6.20%	67,968	0	0	71,829	76,004	0	0	\$7.70	\$4.86
Isle of Wight	3,506,008	5.10%	0	0	0	0	0	0	0	0	0
Lynnhaven	7,641,857	18.20%	127,337	0	40,750	77,394	77,394	0	\$4.47	\$8.93	\$4.70
Norfolk Industrial Park	7,693,172	6.60%	73,845	0	0	(82,719)	(82,719)	0	\$3.15	0	\$5.68
North Suffolk	2,304,280	8.30%	0	0	0	(4,774)	(4,774)	0	0	0	\$4.94
Portsmouth	4,381,301	7.10%	8,015	0	0	8,948	8,948	0	\$7.90	\$6.64	\$5.43
South Suffolk	10,470,907	6.10%	0	0	0	(14,132)	(14,132)	0	\$3.37	0	\$4.60
West Norfolk	2,364,937	9.10%	38,047	0	0	46,801	46,801	0	\$2.83	0	\$6.53
SOUTHSIDE	65,517,712	8.92%	759,514	37,553	58,318	173,494	177,669	0	\$4.29	\$8.87	\$5.46
TOTALS	92,826,095	8.10%	935,024	37,553	58,318	407,092	411,267	N/A	\$4.44	\$9.00	\$5.02

MARKET HIGHLIGHTS

SIGNIFICANT Q2 2014 LEASE TRANSACTIONS	SUBMARKET	TENANT	PROPERTY TYPE	SQUARE FEET
400 Rotary St	Copeland	Ruhrpumpen, Inc.	Warehouse	25,192
2513 58 th St	Copeland	Funstuff, Inc.	Manufacturing	54,543
3800 Cook Blvd	Cavalier	EIS, Inc.	Warehouse	97,074
SIGNIFICANT Q2 2014 SALE TRANSACTIONS	SUBMARKET	BUYER	PURCHASE PRICE / \$PSF	SQUARE FEET
149 Warwick Ct	Williamsburg	Romack Company, Inc.	\$3.2 Million/\$62.37psf	51,300
SIGNIFICANT Q2 2014 CONSTRUCTION COMPLETIONS	SUBMARKET	MAJOR TENANT	COMPLETION DATE	BUILDING SQUARE FEET (% LEASED)
808 Curtis Saunders Ct	Cavalier	APG of Chesapeake	Q2 2014	17,568 (100%)
SIGNIFICANT PROJECTS UNDER CONSTRUCTION	SUBMARKET	MAJOR TENANT	COMPLETION DATE	BUILDING SQUARE FEET (% LEASED)
5302 W. Military Hwy	Cavalier	N/A	Q3 2014	37,553

*Indicates Renewal and is not included in statistics