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**EXPONENTIAL THINKING**
Data for Old Dominion University Center for Real Estate and Economic Development Market Survey was collected in the fourth quarter - 2003.
Welcome to the 2004 issue of the Old Dominion University Center for Real Estate and Economic Development Real Estate Market Review and Forecast.

Since 1995, the Old Dominion University Center for Real Estate and Economic Development has published annual statistical summaries of prevailing conditions and trends in the retail, office, industrial, single family and multi-family segments of the Hampton Roads real estate industry. Essentially, the Hampton Roads real estate market encompasses the cities of Chesapeake, Hampton, Newport News, Norfolk, Poquoson, Portsmouth, Suffolk, Virginia Beach, and Williamsburg plus the counties of Gloucester, Isle of Wight, James City, and York.

Hampton Roads, or the Norfolk — Virginia Beach — Newport News VA-NC MSA as officially designated by the Office of Management and Budget, encompasses 2,349 square miles with a population of more than 1.6 million. It is the fourth largest MSA in the southeast US, has a workforce of nearly 800,000, and is the largest consumer market between Washington DC and Atlanta. The region is comprised of 15 cities and counties in Southeastern Virginia and Northeastern North Carolina.

Our regional economy is poised to continue its expansion. The consensus forecast for the nation to grow as a whole is 4.6% and the same factors that are driving the US economy to a great extent drive our regional economy. While results from the Old Dominion University Economic Forecast team were not available at the time of publication, our region’s economy is healthy and should continue to add more jobs.

The College of Business and Public Administration has its new Dean, Dr. Nancy Bagranoff. She is a staunch supporter of our Center and has been instrumental in securing funding for the Center. We welcome Billy King as the new Chair of the Advisory Board. He is replacing Jonathon Guion, who has served as Chair for the last two years. New members to the Advisory Board this year include Sandi Prestridge, Maureen Rooks and April Kolezar.

Please visit our website at www.odu.edu/creed for the latest information on our region as well as to keep abreast of Center activities and research.

Lastly, many thanks to key Executive Committee members including Joyce Hartman and Brian Dundon for their tireless efforts in orchestrating this event and coordinating the massive data collection efforts. Also sincere thanks go to the many volunteers who provide data for our reports. As always, special thanks are due to all the members of the real estate and economic development community. Your continued support is appreciated. If you have suggestions on how to improve upon these reports, or would like to comment in general, please email me at jlombard@odu.edu.

John R. Lombard, Ph.D.
Assistant Professor, Department of Urban Studies and Public Administration
Director, Center for Real Estate and Economic Development
Old Dominion University
College of Business and Public Administration
Norfolk, VA 23529-0218
(757) 683-4809
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<thead>
<tr>
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<th>Christopher S. Bendit</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Senior Director, Office Brokerage</td>
<td>Director</td>
</tr>
<tr>
<td></td>
<td>Advantis/GVA</td>
<td>Advantis/GVA</td>
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**Data Analysis:**

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<tr>
<th>Misty Coffman</th>
<th>Christopher Bendit</th>
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<tr>
<td>Director of Research</td>
<td>Advantis/GVA</td>
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**Data Collection:**

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<thead>
<tr>
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<th>Vivian Turok</th>
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<td>Advantis/GVA</td>
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<td>Misty Coffman</td>
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</tr>
<tr>
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<td>S.L. Nusbaum Realty Co.</td>
</tr>
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</table>

*Special Thanks: The CREED Board wishes to acknowledge all of the firms, individuals, and organizations for providing the necessary office information and assistance. Without their support, this survey would not be possible.*
General Overview

This report analyzes current office market conditions within the Norfolk-Virginia Beach-Newport News MSA ("MSA"), which is known as Hampton Roads. It provides a summary of average rent, inventory and vacancy by submarket and class of office space. Rents and vacancies are drawn from a sample size of over 400 properties.

METHODOLOGY

The Center for Real Estate and Economic Development maintains a research database, which contains historical information on office space within the Hampton Roads area. The 2004 survey contains information on 21.9 million square feet of multi-tenant office space and 3.5 million square feet of owner-occupied office buildings. Of the multi-tenant inventory, Class A space accounts for approximately 8 million square feet, Class B space accounts for 13 million square feet, with Class C space accounting for the remaining .84 million square feet of inventory.

The survey data reflects market conditions as of December 31, 2003. The information was assembled through direct contact with office building leasing agents, property managers, and owners. Generally, only that data which is collected from those sources is actually used for analysis purposes; however vacancy and rents have been estimated for less than two percent of the properties for which data was unavailable.

Included in the survey are buildings of 10,000 square feet or more, excluding those buildings, which are exclusively medical or government-owned. The actual number of square feet in the survey may vary from year to year as property use, tenant build-out, measurement methodology, and ownership change over time. The survey rent and vacancy calculations are based on net leasable area, which is defined as the usable square footage available for tenant use plus common areas (e.g., restrooms, corridors) included in rent calculations. Average asking rents for regions and submarkets are calculated using weighted averages of building net leasable areas. Asking rents represent the equivalent "gross rent" or full-service rent. Charges for utilities and janitorial service in flex buildings have been estimated to be approximately $2.25 per square foot.

For the purposes of this survey, office buildings have been identified as Class A, Class B, or Class C space. The parameters for these classifications are outlined on the next page.
**BUILDING CLASSES**

Class A: Most prestigious buildings competing for premium office users with rents above the average for the area. Buildings have high quality standard finishes, state of the art systems, exceptional accessibility and a definite market presence. In addition, Class A buildings in this survey:

1. Command rents at the highest level
2. Were generally constructed since 1986 if low rise or since 1968 if high rise
3. Have interior appointments and standards representative of the top of the market
4. Are multi-story buildings with high quality exterior materials and landscaping
5. Are professionally managed and maintained
6. Are in an excellent location within a submarket
7. Offer building amenities such as food service, conference room, and fitness center

Class B: Buildings competing for a wide range of users with rents in the average range for the area. Building finishes are fair to good for the area and systems are adequate, but the building does not compete with Class A at the same price. In addition, Class B buildings in this survey:

1. Achieve rents generally $2-$3 below Class A buildings
2. Are primarily low rise and flex-type properties except in Downtown locations
3. Were generally constructed prior to 1986
4. Have good quality interior appointments and standards
5. Are professionally managed and maintained
6. Have good quality exterior materials

Class C: Buildings competing for tenants requiring functional space at rents below the average for the area. In addition, Class C buildings in this survey:

1. Have rents at the lowest range of competitive office space; generally $4-$5 below Class A buildings
2. Were constructed prior to 1980 and modestly maintained
3. Have systems and interior appointments that are dated
4. May not provide handicap access or meet other current building code requirements due to “grandfather” code provisions

This report encompasses office properties in the cities Chesapeake, Hampton, Newport News, Norfolk, Portsmouth, Suffolk, Virginia Beach, Williamsburg, James City and York Counties.
The overall vacancy rate jumped 2.9 percentage points from a year ago, standing at 15.1% and representing 618 million square feet of empty offices. Add to that a large amount of sublease space amounting to 141 million square feet, the total availability rate is 18.6%. Tackling the challenge of filling that space will not be easy, and the solution will not be swift. Construction, which was still proceeding on 132 million square feet of projects a year ago, has dropped to 61.5 million square feet – just 1.5 percent of total inventory. While it is unlikely that absorption will rebound to match that in 2003 – no one is expecting that corporations will be looking to house more than 300,000 new office workers this year – it is probably that further reductions in construction will be seen this year. As projects reach completion, there will not be much appetite for new office construction, reflecting the slow, sometimes painful way the pendulum behaves in this industry.

### TABLE I

**HIGHEST VACANCY RATES U.S. OFFICE MARKETS FOR 2003**

<table>
<thead>
<tr>
<th>Market</th>
<th>Inventory (MM S.F.)</th>
<th>Vacancy (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>San Jose, CA</td>
<td>19.76</td>
<td>40.30</td>
</tr>
<tr>
<td>Allentown, PA</td>
<td>5.88</td>
<td>33.48</td>
</tr>
<tr>
<td>Nashua, NH</td>
<td>229</td>
<td>27.41</td>
</tr>
<tr>
<td>Pittsburgh, PA</td>
<td>43.39</td>
<td>26.07</td>
</tr>
<tr>
<td>Greenville, NC</td>
<td>6.98</td>
<td>25.26</td>
</tr>
<tr>
<td>Lake Charles, LA</td>
<td>.646</td>
<td>24.89</td>
</tr>
<tr>
<td>El Paso, TX</td>
<td>8.09</td>
<td>24.71</td>
</tr>
<tr>
<td>Oklahoma City, OK</td>
<td>15.27</td>
<td>24.42</td>
</tr>
<tr>
<td>Tacoma, WA</td>
<td>3.99</td>
<td>23.34</td>
</tr>
<tr>
<td>Mobile, AL</td>
<td>3.23</td>
<td>23.16</td>
</tr>
</tbody>
</table>

### TABLE II

**LOWEST VACANCY RATES U.S. OFFICE MARKETS FOR 2003**

<table>
<thead>
<tr>
<th>Market</th>
<th>Inventory (MM S.F.)</th>
<th>Vacancy (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chattanooga, TN</td>
<td>4.60</td>
<td>3.80</td>
</tr>
<tr>
<td>Gainesville, FL</td>
<td>3.09</td>
<td>4.27</td>
</tr>
<tr>
<td>Portland, ME</td>
<td>8.66</td>
<td>4.39</td>
</tr>
<tr>
<td>Jackson, MS</td>
<td>17.96</td>
<td>4.45</td>
</tr>
<tr>
<td>Providence, RI</td>
<td>11.57</td>
<td>5.97</td>
</tr>
<tr>
<td>Huntsville, AL</td>
<td>4.19</td>
<td>6.94</td>
</tr>
<tr>
<td>Bakersfield, CA</td>
<td>7.24</td>
<td>7.80</td>
</tr>
<tr>
<td>Fresno, CA</td>
<td>17.33</td>
<td>8.41</td>
</tr>
<tr>
<td>Monroe, LA</td>
<td>6.56</td>
<td>9.14</td>
</tr>
<tr>
<td>Albany, NY</td>
<td>18.22</td>
<td>9.26</td>
</tr>
</tbody>
</table>
The regional multi-tenant office market encompasses approximately 21.9 million square feet of net leasable space plus approximately 3.5 million square feet of owner-occupied space.

- Average asking rents increased in all the three major markets – Downtown Norfolk, the Southside, and the Peninsula.
- The average asking rents for the overall market increased from $15.28 per square foot to $15.54 per square foot, as a blended average for Class A and B space.
- The total market vacancy rate has decreased over a full point to 13%. In Downtown Norfolk, the vacancy rate remained fairly steady going from 15.7% to 15.5%. The Southside Suburban vacancy rate decreased two points from 12.8% to 10.9%. The Peninsula remained steady with vacancy decreasing slightly from 16.9% in 2002 to 16.7% in 2003.
- New construction hit a lull in 2003 with the addition of a mere 333,000 square feet, most of which was on the Peninsula. The positive absorption of over 500,000 square feet was largely the result of existing companies expanding within the region.

From a statistical standpoint, very little changed during 2003 with the vacancy rate declining one percent. While little or no change is rarely considered good news in the office market, most cities across the country would be more than pleased to trade places with Hampton Roads. Without job growth driving office space absorption, the demand side of the equation has been curtailed, while the supply side was controlled with a modest 333,000 square feet delivered during calendar year 2003. Most of the larger lease transactions represented lateral moves with a modest growth component. A number of companies have taken advantage of soft market conditions to upgrade from older to newer space without significantly affecting the bottom line. Unlike the early 1990s when supply continued to grow amid signs of weakening demand, the relative balance we enjoy today is largely attributable to the quick reaction of the development and lending communities to the rapidly changing economic conditions. Consequently, even with very little growth in demand for office space since mid-year 2000, we have a vacancy factor of less than 15% with very little sublease space available (still less than 1%). Therefore, as the economic recovery begins to take hold, Hampton Roads will be well positioned to take advantage, unlike other markets having to remove a significant layer of sublease vacancy before realizing the gains.

The office market should gradually improve during the next twelve to eighteen months as economic development activity begins to increase. While we have yet to see any significant new office prospects visit the region, inquiry levels are up, causing authorities to forecast more optimistically. Meanwhile, existing companies throughout the region will continue to enjoy a host of competitively priced alternatives as older properties will face the prospect of lowering rental rates to retain tenants and/or investing significantly in renovations and improvements to remain competitive.
TABLE III  AVERAGE ASKING RENTS – CLASS A&B

<table>
<thead>
<tr>
<th>Year</th>
<th>Downtown Norfolk</th>
<th>Southside</th>
<th>Peninsula</th>
</tr>
</thead>
<tbody>
<tr>
<td>1998</td>
<td>$20.00</td>
<td>$30%</td>
<td></td>
</tr>
<tr>
<td>1999</td>
<td>$19.50</td>
<td>$25%</td>
<td></td>
</tr>
<tr>
<td>2000</td>
<td>$19.00</td>
<td>$20%</td>
<td></td>
</tr>
<tr>
<td>2001</td>
<td>$18.50</td>
<td>$15%</td>
<td></td>
</tr>
<tr>
<td>2002</td>
<td>$18.00</td>
<td>$10%</td>
<td></td>
</tr>
<tr>
<td>2003</td>
<td>$17.50</td>
<td>$5%</td>
<td></td>
</tr>
<tr>
<td>2004</td>
<td>$17.00</td>
<td>0%</td>
<td></td>
</tr>
</tbody>
</table>

TABLE IV  VACANCY RATES – CLASS A&B

<table>
<thead>
<tr>
<th>Year</th>
<th>Downtown Norfolk</th>
<th>Southside</th>
<th>Peninsula</th>
</tr>
</thead>
<tbody>
<tr>
<td>1998</td>
<td>30%</td>
<td>19%</td>
<td></td>
</tr>
<tr>
<td>1999</td>
<td>25%</td>
<td>25%</td>
<td></td>
</tr>
<tr>
<td>2000</td>
<td>20%</td>
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<td>2003</td>
<td>5%</td>
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<td></td>
</tr>
<tr>
<td>2004</td>
<td>0%</td>
<td>0%</td>
<td></td>
</tr>
</tbody>
</table>
## AVERAGE RENTS AND VACANCIES

### TABLE V

**MULTI-TENANT CLASS A, B AND C**

<table>
<thead>
<tr>
<th>YEAR</th>
<th>DOWNTOWN NORFOLK</th>
<th>SOUTHSIDE</th>
<th>PENINSULA</th>
<th>TOTAL MARKET</th>
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<tbody>
<tr>
<td></td>
<td>AVG. RENT % VAC.</td>
<td>AVG. RENT % VAC.</td>
<td>AVG. RENT % VAC.</td>
<td>AVG. RENT % VAC.</td>
</tr>
<tr>
<td>1983</td>
<td>$12.33 7.8%</td>
<td>$11.27 13.1%</td>
<td>N/A N/A</td>
<td>N/A N/A</td>
</tr>
<tr>
<td>1984</td>
<td>$13.79 16.1%</td>
<td>$11.88 18.8%</td>
<td>N/A N/A</td>
<td>N/A N/A</td>
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<tr>
<td>1985</td>
<td>$14.97 11.9%</td>
<td>$11.93 17.2%</td>
<td>N/A N/A</td>
<td>N/A N/A</td>
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<tr>
<td>1986</td>
<td>$15.29 10.7%</td>
<td>$11.95 19.4%</td>
<td>N/A N/A</td>
<td>N/A N/A</td>
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<tr>
<td>1987</td>
<td>$16.60 18.0%</td>
<td>$11.89 19.1%</td>
<td>$11.69 25.9%</td>
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<td>1988</td>
<td>$17.50 22.3%</td>
<td>$12.41 20.7%</td>
<td>$12.48 25.1%</td>
<td>N/A N/A</td>
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<tr>
<td>1989</td>
<td>$17.75 18.9%</td>
<td>$12.59 18.5%</td>
<td>$13.20 23.4%</td>
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<tr>
<td>1990</td>
<td>$17.18 18.9%</td>
<td>$12.77 19.0%</td>
<td>$12.67 25.5%</td>
<td>N/A N/A</td>
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<tr>
<td>1991</td>
<td>$18.08 15.8%</td>
<td>$12.65 19.5%</td>
<td>$12.57 29.0%</td>
<td>N/A N/A</td>
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<tr>
<td>1992</td>
<td>$13.00 20.0%</td>
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<tr>
<td>1993</td>
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<td>$12.60 17.9%</td>
<td>$11.57 17.6%</td>
<td>N/A N/A</td>
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<tr>
<td>1994</td>
<td>$14.73 22.1%</td>
<td>$12.43 14.3%</td>
<td>$12.33 14.8%</td>
<td>N/A N/A</td>
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<tr>
<td>1995</td>
<td>$14.39 26.8%</td>
<td>$12.29 12.0%</td>
<td>$12.53 13.1%</td>
<td>N/A N/A</td>
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<tr>
<td>1996</td>
<td>$14.18 21.6%</td>
<td>$12.60 11.5%</td>
<td>$12.52 9.9%</td>
<td>N/A N/A</td>
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<tr>
<td>1997</td>
<td>$13.50 15.9%</td>
<td>$12.96 8.9%</td>
<td>$12.69 10.3%</td>
<td>$12.56 10.5%</td>
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<tr>
<td>1998</td>
<td>$14.63 13.7%</td>
<td>$13.26 8.4%</td>
<td>$12.90 7.6%</td>
<td>$13.42 9.2%</td>
</tr>
<tr>
<td>1999</td>
<td>$15.27 8.5%</td>
<td>$13.52 7.9%</td>
<td>$13.26 7.5%</td>
<td>$13.85 7.9%</td>
</tr>
<tr>
<td>2000</td>
<td>$16.83 9.3%</td>
<td>$13.94 8.1%</td>
<td>$13.48 5.1%</td>
<td>$14.29 7.8%</td>
</tr>
<tr>
<td>2001</td>
<td>$17.25 13.5%</td>
<td>$14.09 10.1%</td>
<td>$13.87 5.7%</td>
<td>$14.57 9.7%</td>
</tr>
<tr>
<td>2002</td>
<td>$17.41 11.8%</td>
<td>$14.74 11.2%</td>
<td>$14.16 12.9%</td>
<td>$15.04 11.8%</td>
</tr>
<tr>
<td>2003</td>
<td>$17.90 15.7%</td>
<td>$15.01 12.8%</td>
<td>$14.28 16.9%</td>
<td>$15.13 14.3%</td>
</tr>
<tr>
<td>2004</td>
<td>$17.90 15.5%</td>
<td>$15.03 10.9%</td>
<td>$14.86 16.7%</td>
<td>$15.39 13.1%</td>
</tr>
</tbody>
</table>

Note: The Peninsula market was not included in the survey until 1987; Market totals not calculated until 1997. N/A = Not Available

### CLASS A AND B ONLY

<table>
<thead>
<tr>
<th>YEAR</th>
<th>DOWNTOWN NORFOLK</th>
<th>SOUTHSIDE</th>
<th>PENINSULA</th>
<th>TOTAL MARKET</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>AVG. RENT % VAC.</td>
<td>AVG. RENT % VAC.</td>
<td>AVG. RENT % VAC.</td>
<td>AVG. RENT % VAC.</td>
</tr>
<tr>
<td>1994</td>
<td>$15.17 17.6%</td>
<td>$12.53 13.0%</td>
<td>$12.61 13.0%</td>
<td>N/A N/A</td>
</tr>
<tr>
<td>1995</td>
<td>$14.68 23.1%</td>
<td>$12.41 11.9%</td>
<td>$12.93 11.5%</td>
<td>N/A N/A</td>
</tr>
<tr>
<td>1996</td>
<td>$14.20 21.4%</td>
<td>$12.80 11.4%</td>
<td>$12.88 8.0%</td>
<td>N/A N/A</td>
</tr>
<tr>
<td>1997</td>
<td>$13.52 16.8%</td>
<td>$13.13 8.4%</td>
<td>$12.98 9.0%</td>
<td>$12.75 10.0%</td>
</tr>
<tr>
<td>1998</td>
<td>$14.65 13.3%</td>
<td>$13.42 7.9%</td>
<td>$13.21 6.9%</td>
<td>$13.60 8.7%</td>
</tr>
<tr>
<td>1999</td>
<td>$15.29 8.1%</td>
<td>$13.67 7.7%</td>
<td>$13.54 6.8%</td>
<td>$13.92 7.8%</td>
</tr>
<tr>
<td>2000</td>
<td>$16.83 9.3%</td>
<td>$14.16 8.1%</td>
<td>$13.98 5.1%</td>
<td>$14.57 7.7%</td>
</tr>
<tr>
<td>2001</td>
<td>$17.44 12.5%</td>
<td>$14.21 9.9%</td>
<td>$14.16 4.9%</td>
<td>$14.75 9.3%</td>
</tr>
<tr>
<td>2002</td>
<td>$17.61 11.0%</td>
<td>$14.74 11.3%</td>
<td>$14.35 13.1%</td>
<td>$15.20 11.7%</td>
</tr>
<tr>
<td>2003</td>
<td>$18.08 13.9%</td>
<td>$15.13 12.8%</td>
<td>$14.45 16.6%</td>
<td>$15.28 13.9%</td>
</tr>
<tr>
<td>2004</td>
<td>$18.16 14.3%</td>
<td>$15.14 10.8%</td>
<td>$14.83 16.7%</td>
<td>$15.54 12.8%</td>
</tr>
</tbody>
</table>
Unfortunately, 2003 marked the second consecutive year of shifting within the financial district, as most of the leasing activity resulted from companies relocating from older to newer buildings. While the new 150 West Main Building was again the primary beneficiary of companies upgrading to the highest class of space available, these companies grew very little as evidenced by the flat net absorption downtown.

The stratification of rental rates resulting from the shifting will play a large part in the future growth of downtown. In order to remain competitive, class “B” buildings offer a Main Street location at a full service rate in the mid-teens, while older class “A” buildings remain available for less than $20.00 per square foot. With panoramic water views on the upper floors of all of these buildings, downtown’s appeal will be bolstered by its continued affordability coupled with the abundant amenities available within walking distance. The larger blocks of contiguous class “B” space now available enables downtown to compete with suburban alternatives for the first time in several years.

Design work is commencing on the new passenger terminal on the expanded Nauticus Pier as the cruise industry enjoyed another prosperous year. Each visitor coming ashore spends an average of more than $100, further bolstering activity in MacArthur Center Mall, Granby Street and area restaurants, Nauticus and the Battleship Wisconsin.

The distribution of properties included in the Downtown Norfolk submarket is as follows:

<table>
<thead>
<tr>
<th></th>
<th>Net Leasable Area</th>
<th>Percentage of Inventory</th>
</tr>
</thead>
<tbody>
<tr>
<td>Class A Multi-Tenant</td>
<td>1,690,129 S.F.</td>
<td>42.7%</td>
</tr>
<tr>
<td>Class B Multi-Tenant</td>
<td>1,518,335 S.F.</td>
<td>38.4%</td>
</tr>
<tr>
<td>Class C Multi-Tenant</td>
<td>156,552 S.F.</td>
<td>4.0%</td>
</tr>
<tr>
<td>Subtotal Multi-Tenant</td>
<td>3,365,016 S.F.</td>
<td>85.1%</td>
</tr>
<tr>
<td>Owner Occupied</td>
<td>589,950 S.F.</td>
<td>14.9%</td>
</tr>
<tr>
<td>Total</td>
<td>3,954,966 S.F.</td>
<td>100%</td>
</tr>
</tbody>
</table>

Average Downtown Norfolk rents and vacancies by building class January 2002, 2003 and 2004 are as follows:

<table>
<thead>
<tr>
<th></th>
<th>2002 AVG. RENT</th>
<th>% VACANT</th>
<th>2003 AVG. RENT</th>
<th>% VACANT</th>
<th>2004 AVG. RENT</th>
<th>% VACANT</th>
</tr>
</thead>
<tbody>
<tr>
<td>Class A</td>
<td>$19.48</td>
<td>5.6%</td>
<td>$20.31</td>
<td>13.5%</td>
<td>$20.31</td>
<td>13.2%</td>
</tr>
<tr>
<td>Class B</td>
<td>$15.07</td>
<td>18.0%</td>
<td>$15.88</td>
<td>14.4%</td>
<td>$15.95</td>
<td>15.4%</td>
</tr>
<tr>
<td>Class C</td>
<td>$11.20</td>
<td>11.8%</td>
<td>$11.32</td>
<td>52.3%</td>
<td>$12.40</td>
<td>41.5%</td>
</tr>
<tr>
<td>Total</td>
<td>$17.41</td>
<td>11.8%</td>
<td>$17.90</td>
<td>15.7%</td>
<td>$17.90</td>
<td>15.5%</td>
</tr>
<tr>
<td>A&amp;B Only</td>
<td>$17.61</td>
<td>11.0%</td>
<td>$18.08</td>
<td>13.9%</td>
<td>$18.16</td>
<td>14.3%</td>
</tr>
</tbody>
</table>
While suburban market activity remained relatively flat in 2003, the most significant transactions occurred in the Greenbrier/Battlefield and Pembroke submarkets. Accordingly, most of the net absorption is also attributable to these locations. The Battlefield Corporate Park gained market share keyed by a large lease to the government contractor, AMSEC (approximately 60,000 square feet).

The Virginia Beach Town Center project at Pembroke has reached 90% occupancy less than two years after opening. While many of the anchor tenants for the Town Center relocated from the adjacent One Columbus Center, most of the residual vacancy in One Columbus Center has been leased during the past twelve months.

While speculative suburban development was almost non-existent in 2003, the region’s largest build-to-suit lease project was a 106,000 square foot new building under construction for AMERIGROUP Corporation. Located on property owned by the Christian Broadcasting Network (CBN) near the Indian River Road interchange, this four story building will have interstate exposure and represents the first office development on this nearly 500 acre CBN property.

As the economy continues to recover, activity levels are improving throughout the suburban market. With very little new speculative product due to deliver prior to year end 2004, we expect vacancy levels to gradually decline during the next twelve to eighteen months.

The distribution of properties included in the Southside suburban submarkets is as follows:

<table>
<thead>
<tr>
<th>Percentage of Southside Suburban Inventory</th>
<th>Net Leasable Area</th>
</tr>
</thead>
<tbody>
<tr>
<td>Class A Multi-Tenant</td>
<td>4,257,931 S.F.</td>
</tr>
<tr>
<td>Class B Multi-Tenant</td>
<td>8,053,835 S.F.</td>
</tr>
<tr>
<td>Class C Multi-Tenant</td>
<td>352,295 S.F.</td>
</tr>
<tr>
<td>Subtotal Multi-Tenant</td>
<td>12,664,061 S.F.</td>
</tr>
<tr>
<td>Owner Occupied</td>
<td>2,432,392 S.F.</td>
</tr>
<tr>
<td>Total</td>
<td>15,096,453 S.F.</td>
</tr>
</tbody>
</table>

Average suburban rents by class of property and vacancies as of 2002, 2003 and 2004 are as follows:

<table>
<thead>
<tr>
<th>Class</th>
<th>2002</th>
<th>2003</th>
<th>2004</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>AVG. RENT</td>
<td>% VACANT</td>
<td>AVG. RENT</td>
</tr>
<tr>
<td>Class A</td>
<td>$17.38</td>
<td>10.5%</td>
<td>$17.37</td>
</tr>
<tr>
<td>Class B</td>
<td>$13.97</td>
<td>11.6%</td>
<td>$13.81</td>
</tr>
<tr>
<td>Class C</td>
<td>$10.71</td>
<td>9.5%</td>
<td>$10.81</td>
</tr>
<tr>
<td>Total</td>
<td>$14.02</td>
<td>11.2%</td>
<td>$15.01</td>
</tr>
<tr>
<td>A&amp;B Only</td>
<td>$14.87</td>
<td>11.3%</td>
<td>$15.13</td>
</tr>
</tbody>
</table>
OFFICE SUBMARKETS

Southside
Airport/Northampton
Chesapeake/Greenbrier
Downtown Norfolk
Central Norfolk
Hilltop/Oceanfront
Corporate Landing
Kempsville
Little Neck
Lynnhaven
Military Circle
Newtown/Witchduck
N. Suffolk
Pembroke
Portsmouth

Peninsula
Downtown Hampton
Hampton Roads Center
Coliseum Central
Downtown Newport News
Newmarket
Oyster Point
Suburban Newport News
Williamsburg/James City Co./York County
### TABLE VI

**SOUTHSIDE MULTI-TENANT SUBMARKET SURVEY - CLASS A & B**

**JANUARY 2002**

<table>
<thead>
<tr>
<th>Submarket</th>
<th>NLA</th>
<th>% VAC</th>
<th>AVG. RENT</th>
</tr>
</thead>
<tbody>
<tr>
<td>Airport/Northampton</td>
<td>338,452</td>
<td>16.9%</td>
<td>$15.87</td>
</tr>
<tr>
<td>Central Norfolk</td>
<td>861,448</td>
<td>9.9%</td>
<td>$12.62</td>
</tr>
<tr>
<td>Chesapeake/Greenbrier</td>
<td>2,511,937</td>
<td>12.8%</td>
<td>$15.01</td>
</tr>
<tr>
<td>Corporate Landing</td>
<td>60,000</td>
<td>11.2%</td>
<td>$14.88</td>
</tr>
<tr>
<td>Hilltop/Oceanfront</td>
<td>436,636</td>
<td>5.3%</td>
<td>$15.85</td>
</tr>
<tr>
<td>Kempsville</td>
<td>442,481</td>
<td>11.9%</td>
<td>$14.31</td>
</tr>
<tr>
<td>Little Neck</td>
<td>443,892</td>
<td>18.9%</td>
<td>$14.38</td>
</tr>
<tr>
<td>Lynnhaven</td>
<td>1,763,364</td>
<td>17.3%</td>
<td>$15.30</td>
</tr>
<tr>
<td>Military Circle</td>
<td>270,868</td>
<td>7.9%</td>
<td>$15.09</td>
</tr>
<tr>
<td>Newtown/Witchduck</td>
<td>1,572,081</td>
<td>8.2%</td>
<td>$16.11</td>
</tr>
<tr>
<td>N. Suffolk</td>
<td>533,865</td>
<td>10.3%</td>
<td>$11.77</td>
</tr>
<tr>
<td>Pembroke</td>
<td>1,555,082</td>
<td>6.2%</td>
<td>$15.75</td>
</tr>
<tr>
<td>Portsmouth</td>
<td>461,257</td>
<td>7.6%</td>
<td>$12.75</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>11,251,363</td>
<td>11.3%</td>
<td><strong>$14.87</strong></td>
</tr>
</tbody>
</table>

**JANUARY 2003**

<table>
<thead>
<tr>
<th>Submarket</th>
<th>NLA</th>
<th>% VAC</th>
<th>AVG. RENT</th>
</tr>
</thead>
<tbody>
<tr>
<td>Airport/Northampton</td>
<td>298,287</td>
<td>17.4%</td>
<td>$15.92</td>
</tr>
<tr>
<td>Central Norfolk</td>
<td>875,352</td>
<td>10.0%</td>
<td>$12.69</td>
</tr>
<tr>
<td>Chesapeake/Greenbrier</td>
<td>2,793,412</td>
<td>14.4%</td>
<td>$14.61</td>
</tr>
<tr>
<td>Corporate Landing</td>
<td>69,756</td>
<td>11.2%</td>
<td>$14.85</td>
</tr>
<tr>
<td>Hilltop/Oceanfront</td>
<td>436,636</td>
<td>7.6%</td>
<td>$16.18</td>
</tr>
<tr>
<td>Kempsville</td>
<td>442,000</td>
<td>15.5%</td>
<td>$14.39</td>
</tr>
<tr>
<td>Little Neck</td>
<td>435,403</td>
<td>9.2%</td>
<td>$14.44</td>
</tr>
<tr>
<td>Lynnhaven</td>
<td>1,761,571</td>
<td>15.8%</td>
<td>$15.31</td>
</tr>
<tr>
<td>Military Circle</td>
<td>270,868</td>
<td>8.3%</td>
<td>$15.70</td>
</tr>
<tr>
<td>Newtown/Witchduck</td>
<td>1,839,747</td>
<td>11.3%</td>
<td>$15.34</td>
</tr>
<tr>
<td>N. Suffolk</td>
<td>559,665</td>
<td>5.0%</td>
<td>$13.19</td>
</tr>
<tr>
<td>Pembroke</td>
<td>1,946,825</td>
<td>13.6%</td>
<td>$17.37</td>
</tr>
<tr>
<td>Portsmouth</td>
<td>457,244</td>
<td>13.5%</td>
<td>$13.53</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>12,186,766</td>
<td>12.8%</td>
<td><strong>$15.13</strong></td>
</tr>
</tbody>
</table>

**JANUARY 2004**

<table>
<thead>
<tr>
<th>Submarket</th>
<th>NLA</th>
<th>% VAC</th>
<th>AVG. RENT</th>
</tr>
</thead>
<tbody>
<tr>
<td>Airport/Northampton</td>
<td>298,287</td>
<td>5.7%</td>
<td>$15.96</td>
</tr>
<tr>
<td>Central Norfolk</td>
<td>875,352</td>
<td>14.2%</td>
<td>$12.96</td>
</tr>
<tr>
<td>Chesapeake/Greenbrier</td>
<td>2,806,412</td>
<td>9.8%</td>
<td>$15.83</td>
</tr>
<tr>
<td>Corporate Landing</td>
<td>69,756</td>
<td>11.2%</td>
<td>$15.13</td>
</tr>
<tr>
<td>Hilltop/Oceanfront</td>
<td>436,636</td>
<td>7.6%</td>
<td>$17.12</td>
</tr>
<tr>
<td>Kempsville</td>
<td>442,000</td>
<td>12.0%</td>
<td>$15.05</td>
</tr>
<tr>
<td>Little Neck</td>
<td>473,403</td>
<td>7.7%</td>
<td>$14.19</td>
</tr>
<tr>
<td>Lynnhaven</td>
<td>1,761,571</td>
<td>15.7%</td>
<td>$15.31</td>
</tr>
<tr>
<td>Military Circle</td>
<td>270,868</td>
<td>4.9%</td>
<td>$15.93</td>
</tr>
<tr>
<td>Newtown/Witchduck</td>
<td>1,863,747</td>
<td>8.9%</td>
<td>$15.35</td>
</tr>
<tr>
<td>N. Suffolk</td>
<td>559,665</td>
<td>5.0%</td>
<td>$13.33</td>
</tr>
<tr>
<td>Pembroke</td>
<td>1,996,825</td>
<td>11.8%</td>
<td>$17.44</td>
</tr>
<tr>
<td>Portsmouth</td>
<td>457,244</td>
<td>13.5%</td>
<td>$13.20</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>12,311,766</td>
<td>10.8%</td>
<td><strong>$15.14</strong></td>
</tr>
</tbody>
</table>

### TABLE VII

**SOUTHSIDE MULTI-TENANT SUBMARKET SUMMARY 2004 BY CLASS**

<table>
<thead>
<tr>
<th>Submarket</th>
<th>CLASS A</th>
<th>CLASS B</th>
<th>CLASS C</th>
</tr>
</thead>
<tbody>
<tr>
<td>NLA % VAC</td>
<td>AVG. RENT</td>
<td>NLA % VAC</td>
<td>AVG. RENT</td>
</tr>
<tr>
<td>----------------------------</td>
<td>-----------------</td>
<td>-----------------</td>
<td>-----------------</td>
</tr>
<tr>
<td>Airport/Northampton</td>
<td>176,000 0.0% $17.75</td>
<td>122,287 13.9% $14.33</td>
<td>22,020 32.5% $11.00</td>
</tr>
<tr>
<td>Central Norfolk</td>
<td>- - - 875,352 14.2% $12.96</td>
<td>109,151 13.5% $10.75</td>
<td></td>
</tr>
<tr>
<td>Chesapeake/Greenbrier</td>
<td>820,878 8.3% $17.25</td>
<td>1,985,534 10.4% $14.41</td>
<td>42,423 0.0% $11.50</td>
</tr>
<tr>
<td>Corporate Landing</td>
<td>- - - 69,756 11.2% $15.13</td>
<td>- -</td>
<td>- -</td>
</tr>
<tr>
<td>Hilltop/Oceanfront</td>
<td>132,677 1.1% $20.50</td>
<td>303,959 10.4% $13.73</td>
<td>10,360 0.0% $11.25</td>
</tr>
<tr>
<td>Kempsville</td>
<td>122,000 0.0% $16.50</td>
<td>320,000 16.6% $13.60</td>
<td>- -</td>
</tr>
<tr>
<td>Little Neck</td>
<td>- - - 473,403 7.7% $14.19</td>
<td>28,280 1.5% $13.50</td>
<td></td>
</tr>
<tr>
<td>Lynnhaven</td>
<td>866,230 15.1% $16.92</td>
<td>895,341 16.3% $13.69</td>
<td>- -</td>
</tr>
<tr>
<td>Military Circle</td>
<td>70,000 0.0% $16.50</td>
<td>200,868 6.6% $15.35</td>
<td>66,129 9.1% $8.25</td>
</tr>
<tr>
<td>Newtown/Witchduck</td>
<td>860,694 7.2% $17.23</td>
<td>1,003,053 10.2% $13.87</td>
<td>18,000 5.0% $10.00</td>
</tr>
<tr>
<td>N. Suffolk</td>
<td>328,365 0.0% $13.25</td>
<td>231,300 12.1% $13.40</td>
<td>- -</td>
</tr>
<tr>
<td>Pembroke</td>
<td>792,760 9.3% $20.33</td>
<td>1,204,065 13.4% $14.54</td>
<td>35,592 62.9% $12.00</td>
</tr>
<tr>
<td>Portsmouth</td>
<td>88,327 0.0% $13.50</td>
<td>368,917 16.8% $12.90</td>
<td>20,340 0.0% $11.00</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>4,257,931 7.9% $17.46</td>
<td>8,053,835 12.3% $13.92</td>
<td>352,295 14.7% $10.72</td>
</tr>
</tbody>
</table>
# PENINSULA MARKET

<table>
<thead>
<tr>
<th>Class A Multi-Tenant</th>
<th>2,068,843 S.F.</th>
<th>33.2%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Class B Multi-Tenant</td>
<td>3,228,081 S.F.</td>
<td>51.9%</td>
</tr>
<tr>
<td>Class C Multi-Tenant</td>
<td>326,615 S.F.</td>
<td>5.3%</td>
</tr>
<tr>
<td>Subtotal Multi-Tenant</td>
<td>5,623,539 S.F.</td>
<td>90.4%</td>
</tr>
<tr>
<td>Owner Occupied</td>
<td>602,403 S.F.</td>
<td>9.6%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>6,225,943 S.F.</strong></td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>

The reported overall vacancy rate and average rents for the Peninsula by building class are as follows:

<table>
<thead>
<tr>
<th></th>
<th>2002</th>
<th>2003</th>
<th>2004</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>AVG. RENT</strong></td>
<td><strong>% VACANT</strong></td>
<td><strong>AVG. RENT</strong></td>
<td><strong>% VACANT</strong></td>
</tr>
<tr>
<td>Class A</td>
<td>$16.87</td>
<td>7.7%</td>
<td>$17.30</td>
</tr>
<tr>
<td>Class B</td>
<td>$13.05</td>
<td>15.9%</td>
<td>$12.80</td>
</tr>
<tr>
<td>Class C</td>
<td>$11.85</td>
<td>11.0%</td>
<td>$11.60</td>
</tr>
<tr>
<td>Total</td>
<td>$14.16</td>
<td>12.9%</td>
<td>$14.28</td>
</tr>
<tr>
<td>A&amp;B Only</td>
<td>$14.35</td>
<td>13.1%</td>
<td>$14.45</td>
</tr>
</tbody>
</table>
The total office inventory on the Virginia Peninsula for Class A & B multi-tenant space is approximately 5.3 million square feet with a vacancy rate of 16.7%. Oyster Point and Hampton Roads Center continue to be the primary submarkets on the Peninsula accounting for 72% of all Class A space and 45% of all Class B space. Oyster Point remains the largest submarket on the Peninsula containing 2.2 million square feet of Class A & B office space. The second largest submarket is Hampton Roads Center, which contains 730,829 square feet of Class A & B office space. Combined these two submarkets possess 2,950,783 square feet, or 56% of the total office inventory for Classes A and B.

The remaining 2.3 million square feet is divided among seven other submarkets stretching from Downtown Hampton to Williamsburg and James City County.

The Oyster Point Class A vacancy rate increased from 13.5% to 15.8% during 2003 on a base of 1.1 million square feet. However, Oyster Point led the Peninsula in absorption with over 102,000 square feet of Class A space being absorbed. The absorption figure skews the real picture wherein 85,559 square feet of this absorption was attributable to Ferguson Enterprises constructing a 150,000 square foot facility and presently only has 64,441 square feet available. Absorption of Class B space in Oyster Point was a negative 1,404 square feet on a base of 1.1 million square feet. A notable transaction in Oyster Point during 2003 was the purchase of the First Union building by Langley Federal Credit Union containing 51,982 square feet. Additionally, Langley Federal Credit Union purchased a pad site and developed an 80,000 square foot headquarters facility, which will add 35,000 square feet of Class A office space to the Oyster Point submarket in the first quarter of 2004.

Hampton Roads Center had negative absorption of 6,963 square feet for Class A office space on a base of 378,722 square feet in contrast to 1,366 square feet of positive absorption in 2002. Vacancy rates for Class A rose from 1.6% in 2002 to 9.4% in 2003 and the majority of this increase is attributable to the 17,000 square foot Allstate Building becoming available. Class B space has maintained a vacancy rate of 24% over the past three years. The notable vacancies in the Hampton Roads Center submarket are 23,083 square feet located in Hampton III and the NDS shell building that contains 35,000 square feet.

The second most active submarket in terms of absorption on the Peninsula during 2003 was the Williamsburg/James City County market, which absorbed 90,733 square feet. The largest development in this submarket was the construction of the 60,000 square foot SunTrust Office Building in the New Town area of Williamsburg. The building leased 45,000 square feet and has 15,000 square feet available for lease. Also, Courthouse Green Office Park was completed and delivered an additional 45,000 square feet to the market and all but 1,735 square feet were absorbed.

No major new construction projects are in the pipeline for 2004, therefore, we will see rental rates rise and tenant improvement packages edge down as the market attempts to reach equilibrium. We will see an increase in market activity in 2004 driven primarily by government spending.
### TABLE VIII  
**PENINSULA MULTI-TENANT SUBMARKET SURVEY – CLASS A & B**

<table>
<thead>
<tr>
<th>Submarket</th>
<th>JANUARY 2002</th>
<th></th>
<th>JANUARY 2003</th>
<th></th>
<th>JANUARY 2004</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>NLA % VAC</td>
<td>AVG. RENT</td>
<td>NLA % VAC</td>
<td>AVG. RENT</td>
<td>NLA % VAC</td>
<td>AVG. RENT</td>
</tr>
<tr>
<td>Coliseum Central</td>
<td>515,676</td>
<td>3.3%</td>
<td>$13.19</td>
<td>515,676</td>
<td>7.0%</td>
<td>$13.20</td>
</tr>
<tr>
<td>Downtown Hampton</td>
<td>243,697</td>
<td>15.9%</td>
<td>$17.24</td>
<td>223,196</td>
<td>17.8%</td>
<td>$15.58</td>
</tr>
<tr>
<td>Downtown Newport News</td>
<td>153,442</td>
<td>9.8%</td>
<td>$13.38</td>
<td>153,442</td>
<td>15.5%</td>
<td>$12.67</td>
</tr>
<tr>
<td>Hampton Roads Center</td>
<td>770,854</td>
<td>11.4%</td>
<td>$17.41</td>
<td>854,829</td>
<td>15.9%</td>
<td>$15.54</td>
</tr>
<tr>
<td>Newmarket</td>
<td>767,071</td>
<td>37.7%</td>
<td>$13.87</td>
<td>699,262</td>
<td>35.1%</td>
<td>$13.86</td>
</tr>
<tr>
<td>Oyster Point</td>
<td>1,755,843</td>
<td>7.9%</td>
<td>$14.47</td>
<td>1,995,324</td>
<td>14.8%</td>
<td>$14.98</td>
</tr>
<tr>
<td>Suburban Newport News</td>
<td>236,276</td>
<td>3.6%</td>
<td>$13.87</td>
<td>236,276</td>
<td>.4%</td>
<td>$12.58</td>
</tr>
<tr>
<td>Williamsburg/James City County/York County</td>
<td>427,721</td>
<td>10.9%</td>
<td>$14.89</td>
<td>493,721</td>
<td>15.6%</td>
<td>$14.94</td>
</tr>
<tr>
<td>Total</td>
<td>4,870,580</td>
<td>13.1%</td>
<td>$14.35</td>
<td>5,171,726</td>
<td>16.6%</td>
<td>$14.45</td>
</tr>
</tbody>
</table>

### TABLE IX  
**PENINSULA MULTI-TENANT SUBMARKET SUMMARY 2004 BY CLASS**

<table>
<thead>
<tr>
<th>Submarket</th>
<th>CLASS A</th>
<th></th>
<th>CLASS B</th>
<th></th>
<th>CLASS C</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>NLA % VAC</td>
<td>AVG. RENT</td>
<td>NLA % VAC</td>
<td>AVG. RENT</td>
<td>NLA % VAC</td>
<td>AVG. RENT</td>
</tr>
<tr>
<td>Coliseum Central</td>
<td>211,664</td>
<td>12.8%</td>
<td>$16.25</td>
<td>304,012</td>
<td>3.5%</td>
<td>$11.33</td>
</tr>
<tr>
<td>Downtown Hampton</td>
<td>158,855</td>
<td>21.4%</td>
<td>$17.00</td>
<td>47,738</td>
<td>10.9%</td>
<td>$11.13</td>
</tr>
<tr>
<td>Downtown Newport News</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>153,442</td>
<td>9.8%</td>
<td>$13.25</td>
</tr>
<tr>
<td>Hampton Roads Center</td>
<td>378,722</td>
<td>9.4%</td>
<td>$17.00</td>
<td>352,107</td>
<td>23.3%</td>
<td>$14.40</td>
</tr>
<tr>
<td>Newmarket</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>670,433</td>
<td>36.7%</td>
<td>$13.00</td>
</tr>
<tr>
<td>Oyster Point</td>
<td>1,111,602</td>
<td>15.8%</td>
<td>$17.58</td>
<td>1,108,352</td>
<td>16.5%</td>
<td>$12.45</td>
</tr>
<tr>
<td>Suburban Newport News</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>236,276</td>
<td>5.5%</td>
<td>$12.25</td>
</tr>
<tr>
<td>Williamsburg/James City County/York County</td>
<td>208,000</td>
<td>10.9%</td>
<td>$17.14</td>
<td>355,721</td>
<td>9.5%</td>
<td>$13.13</td>
</tr>
<tr>
<td>Total</td>
<td>2,068,843</td>
<td>14.3%</td>
<td>$17.09</td>
<td>3,228,081</td>
<td>18.2%</td>
<td>$13.23</td>
</tr>
<tr>
<td></td>
<td>326,615</td>
<td>16.9%</td>
<td>$11.77</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
The Investment Sales market was extremely quiet in 2003 with only one sizeable transaction (over ten million dollars in value). Windwood Centre and Pinewood Plaza were packaged and sold by the Hayman Company to Berman Kappler for $11.5 million during the first half of the year.

This trend appears likely to continue during 2004 as relatively few larger assets are being marketed for sale at year-end 2003. With interest rates remaining at historical lows, many owners have elected to refinance and hold properties rather than sell at market prices that still do not significantly exceed replacement costs. At the same time, buyers have been cautious and reluctant to pay premium prices until the fundamentals of the economy improve enough to impact job growth.

### TABLE X

**Class A Transfers**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Windwood Center, Virginia Beach and Pinewood Plaza, Hampton</td>
<td>78,000</td>
<td>82% (Combined)</td>
<td>$11,500,000</td>
<td>$73.95</td>
</tr>
<tr>
<td>First Union Center Newport News</td>
<td>52,000</td>
<td>60%</td>
<td>$5,700,000</td>
<td>$109.62</td>
</tr>
</tbody>
</table>
The following is a list of the properties included in this year’s survey.

### DOWNTOWN NORFOLK

<table>
<thead>
<tr>
<th>CLASS</th>
<th>Property Name</th>
<th>Square Footage</th>
</tr>
</thead>
<tbody>
<tr>
<td>CLASS A</td>
<td>150 West Main Street</td>
<td>226,183</td>
</tr>
<tr>
<td>CLASS B</td>
<td>100 East Main Street</td>
<td>20,000</td>
</tr>
</tbody>
</table>

### CENTRAL NORFOLK

<table>
<thead>
<tr>
<th>CLASS A</th>
<th>Property Name</th>
<th>Square Footage</th>
</tr>
</thead>
<tbody>
<tr>
<td>CLASS B</td>
<td>Advised Business Center</td>
<td>84,000</td>
</tr>
<tr>
<td>CLASS C</td>
<td>American Funds Building</td>
<td>107,000</td>
</tr>
</tbody>
</table>

### CHESAPEAKE/ GREENBRIER

<table>
<thead>
<tr>
<th>CLASS A</th>
<th>Property Name</th>
<th>Square Footage</th>
</tr>
</thead>
<tbody>
<tr>
<td>CLASS B</td>
<td>Atlantic Business Center</td>
<td>60,000</td>
</tr>
<tr>
<td>CLASS C</td>
<td>Pavilion Center</td>
<td>85,177</td>
</tr>
</tbody>
</table>

### HILLTOP/OCEANFRONT

<table>
<thead>
<tr>
<th>CLASS A</th>
<th>Property Name</th>
<th>Square Footage</th>
</tr>
</thead>
<tbody>
<tr>
<td>CLASS B</td>
<td>Decker Building</td>
<td>10,000</td>
</tr>
<tr>
<td>CLASS C</td>
<td>Potter Professional Center</td>
<td>27,500</td>
</tr>
</tbody>
</table>

### CATEGORY

- CLASS A: 150 West Main Street: 226,183
- CLASS B: 100 East Main Street: 20,000
- CLASS C: Advised Business Center: 84,000
- CLASS C: American Funds Building: 107,000
- CLASS B: Atlantic Business Center: 60,000
- CLASS C: Pavilion Center: 85,177
### Lynnwood Plaza
- Beach Tower: 23,000
- Birdneck Office Park: 10,182
- Birdneck South: 17,285
- Colonial Mill Professional Center: 23,555
- Damlas Centre: 16,900
- First Colonial Office Park: 18,000
- General Booth Professional Center: 11,000
- Gibson Pavilion: 30,000
- Great Neck Professional Bldg: 20,000
- Heritage Commons: 11,000
- Hilltop West Executive Center: 23,000
- Mill Dam Crossing: 22,037
- Rudd Building: 13,000
- Sandpiper Key Associates Bldg: 32,000

### Oceana East
- 10,360

### Corporate Landing

#### Class B
- Providence South Office Park: 12,000
- Oxford Square: 13,544
- Courtyard at Providence: 12,933
- College Park Square III: 30,150
- Central Park II: 43,000
- Millennium Office Park: 32,000
- Providence South Office Park: 36,046
- Bennet Office Building: 10,522
- Commercial Place: 36,400
- Lynnhaven Corporate Center I: 36,046
- Lynnhaven Corporate Center II: 40,300
- Lynnhaven Corporate Center III: 53,000
- Lynnhaven Executive Center: 18,000
- Lynnhaven Five: 24,549
- Lynnhaven North: 10,000
- Lynnhaven Professional Center: 12,000
- Lynnhaven Station: 26,220
- Parkway Center 3 and 4: 64,567
- Parkway Center I & II: 32,112
- Parkway III (Unys): 50,428
- Parking West (flex): 41,563
- Princess Anne Bank Building: 18,000
- RBM Building: 14,170
- Sabre Street I: 68,000
- Sabre Street II: 60,000
- Sabre Street III: 40,000
- Sabre Street IV: 40,000
- South Lynnhaven Business Park: 40,000
- U.S. Commerce Center: 26,819
- Yorktown Commerce Center: 30,529

#### Class C
- Al-Anon: 30,000
- Approved Financial: 30,000
- GEICO: 250,000

### Kempsville

#### Class A
- Chadwick Building: 80,000
- Grayson Building: 42,000

#### Class B
- 1201 Lake James Office: 12,000
- 3386 Holland Road: 20,000
- Arrowhead Office Court: 10,000
- Atrium of College Park Square: 36,379
- Central Park I: 18,000
- Central Park II: 43,000
- College Park Square III: 30,150
- Courtyard at Providence: 17,879
- Fairfield Square: 12,933
- Holland South: 14,843
- Holland/Tag Professional Center: 11,850
- Kempsville Office Park: 30,722
- Oxford Square: 13,544
- Providence South Office Park: 12,000
- Woolpert Building: 36,700

### Lynnhaven

#### Class A
- Lynnhaven Commons Complex: 25,000
- Lynnhaven Commons (office bldg): 26,000
- Lynwood Plaza: 87,157
- Marsh Landing: 62,117
- Oceana Center One: 39,928
- Oceana Place: 76,000
- Park West: 66,180
- Pinehurst Center: 103,000
- Reflections I: 62,924
- Reflections II: 73,676
- Reflections III: 67,000
- Reflections IV: 80,000
- Viking Building: 18,900
- Windwood Center: 78,348

#### Class B
- 596 Lynnhaven Pkwy: 31,910
- Advanced Technology Building: 32,000
- Bagster Bldg. I: 18,200
- Bagster Bldg. II: 20,000
- Bennet Office Building: 10,522
- Commercial Place: 36,400
- Lynnhaven Corporate Center I: 36,046
- Lynnhaven Corporate Center II: 40,300
- Lynnhaven Corporate Center III: 53,000
- Lynnhaven Executive Center: 18,000
- Lynnhaven Five: 24,549
- Lynnhaven North: 10,000
- Lynnhaven Professional Center: 12,000
- Lynnhaven Station: 26,220
- Parkway Center 3 and 4: 64,567
- Parkway Center I & II: 32,112
- Parkway III (Unys): 50,428
- Parking West (flex): 41,563
- Princess Anne Bank Building: 18,000
- RBM Building: 14,170
- Sabre Street I: 68,000
- Sabre Street II: 60,000
- Sabre Street III: 40,000
- Sabre Street IV: 40,000
- South Lynnhaven Business Park: 40,000
- U.S. Commerce Center: 26,819
- Yorktown Commerce Center: 30,529

#### Class C
- Al-Anon: 30,000
- Approved Financial: 30,000
- GEICO: 250,000

### military circle

#### Class A
- Riverside Commerce Center: 70,000

#### Class B
- Centura Bank Building: 40,442
- Circle East: 41,047
- College Park Executive Center: 20,000
- FBI Building: 50,000
- I.T.T. Building: 49,379

#### Class C
- Executive Office - Janaf: 28,800
- Janaf Office Building: 37,329

### Newtown/Witchduck

#### Class A
- AAA Headquarters: 54,000
- Amelia Building: 71,000
- BB&T Building: 30,000
- Expressway Corporate Center: 85,658
- Greenwich Center: 56,000
- Greenwich Commons: 55,000
- Greenwich Station: 29,000
- Halifax Building: 71,100
- Mass Mutual Building: 45,500
- Smithfield Building: 145,000
- Verizon Center: 135,000
- Westmoreland Building: 83,436

#### Class B
- 144 Business Park Drive: 17,000
- 168 Business Park Drive: 19,300
- 232 Business Park Drive: 14,000
- 396 Witchduck Road: 12,000
- 6330 Newtown Road: 55,181
- American Teleservices Building: 12,232
- Amerigroup Corp.: 18,000
- Azalea Village: 20,000
- BCF Building**: 24,000
- BPC Building: 29,074
- Colonial Corporate Center: 41,772
- Commerce Centre: 35,500
- Commonwealth Building: 10,000
- Executive Cove: 61,000
- Hampton Roads Realtors Association: 27,784
- Interstate Corporate Center: 430,000
- Parliament Drive Professional Bldg: 10,000
- TRC Center I: 62,000
- TRC Center II: 36,884
- TRC Center III: 52,000
- Witchduck Crossing: 15,326
## PEMBROKE/CENTRAL BUSINESS DISTRICT

### CLASS A
- Convergence Center: 80,000
- Corporate Center I: 51,000
- Corporate Center II: 52,475
- Corporate Center III: 51,000
- Corporate Center IV: 76,012
- Five Columbus Center: 20,000
- One Columbus Center: 134,000
- Pembroke Commercial Bldg.: 70,760
- Symphony Center: 40,000
- Town Center: 254,000
- Haygood Executive Park: 36,472
- Holland Commerce Center: 30,000
- Holland Plaza Office Building: 32,000
- Huff, Poole, Mahoney Building: 33,000
- Independence Business Center: 62,000
- Independent Technology Center*: 50,000
- Larkspur Village: 16,184
- Old Donation Executive Park: 20,347
- Pembroke Park Office Park: 294,000
- Poconos Center: 17,800
- Prisms Plaza: 32,000
- RA4 Building: 25,000
- Southgate Centre: 43,200
- Southport Business Center:flex*: 20,247
- Southport Trade Center:flex*: 30,883
- Thalia One: 18,408
- Thalia Professional Center: 15,000
- The Meadows: 32,433

### CLASS B
- 2422 Building: 10,104
- 4701 Columbus: 32,000
- Cenit Bank Building: 40,000
- Corporate Center I: 51,000
- Corporate Center II: 52,475
- Corporate Center III: 51,000
- Corporate Center IV: 76,012
- Drags Office Park: 30,896
- Haygood Executive Park: 36,472
- Holland Commerce Center: 30,000
- Holland Office Park: 32,000
- Pembroke Plaza Office Building: 14,513
- Radford Executive Center: 32,000
- Southgate Centre: 43,200
- Southport Business Center:flex*: 20,247
- Southport Trade Center:flex*: 30,883
- Thalia One: 18,408
- Thalia Professional Center: 15,000
- The Meadows: 32,433

### CLASS C
- Beacon Building (VA Pilot): 13,200
- Haygood Buildings: 22,392
- TOTAL: 35,592

### OWNER OCCUPIED
- Alantec Financial Fed Credit Union: 12,000
- AVIS: 168,000
- Coastal Training Technologies: 60,000
- Commonwealth College: 30,000
- Electronic Systems Building: 10,000
- ISC: 40,000

### HAMPTON ROADS CENTER

### CLASS A
- 3010 Mariner*: 30,106
- Anthem Alliance*: 60,482
- Allstate Building*: 17,000
- Lakefront Plaza I: 77,442
- Morgan Marrow Building*: 12,000
- NCO Financial Building*: 45,000
- Olympia Place: 72,395
- Oxford Plaza: 64,297

### CLASS B
- Hampton I*: 68,532
- Hampton II*: 67,000
- Hampton III*: 45,000
- Nextel I*: 100,000
- Nextel II*: 53,000
- Hampton Technology Center I*: 56,575
- NDS Building*: 35,000
- Raytheon*: 50,000
- Research Office Building: 30,000

### CLASS C
- 3217 Armistead Avenue*: 24,043
- NASA Langley Research Center*: 11,790

### COLISEUM CENTRAL

### CLASS A
- Executive Tower*: 134,164
- Pinewood Plaza*: 77,500

### CLASS B
- 2310 Tower Place*: 10,500
- Colonial Square of Hampton*: 30,050
- NationsBank Building: 14,434
- Riverdale Complex*: 168,000
- Sheraton Office Bldg.: 12,673
- Todds Lane Professional Center*: 12,500
- West Telemarketing*: 55,855

### OWNER OCCUPIED
- Langley Federal Credit Union*: 72,800

### NEWMARKET

### CLASS B
- NetCenter*: 575,000
- Newmarket Building*: 21,262
- UPS Call Center*: 103,000

### CLASS C
- Rouse Tower*: 150,000

### OWNER OCCUPIED
- NN Shipbuilding Employee Credit Union*: 15,000

### OYSTER POINT

### CLASS A
- 601 Thimble Shoals Boulevard*: 30,000
- Atrium At Oyster Point*: 62,971
- Cedar One*: 15,467
- Contemporary Cybernetics*: 60,000
- Ferguson Corporate Center II*: 150,000
<table>
<thead>
<tr>
<th>Building Name</th>
<th>Square Feet</th>
</tr>
</thead>
<tbody>
<tr>
<td>First Union Centre</td>
<td>51,982</td>
</tr>
<tr>
<td>Fountain Plaza One</td>
<td>100,000</td>
</tr>
<tr>
<td>Harbor Bank Building</td>
<td>60,000</td>
</tr>
<tr>
<td>One Oyster Point</td>
<td>36,226</td>
</tr>
<tr>
<td>Oyster Point Interstate Center</td>
<td>64,000</td>
</tr>
<tr>
<td>Patrick Henry Corporate Center</td>
<td>102,000</td>
</tr>
<tr>
<td>Peninsula Professional Building</td>
<td>30,800</td>
</tr>
<tr>
<td>Rock Landing Corporate Center II</td>
<td>33,476</td>
</tr>
<tr>
<td>SunTrust Building</td>
<td>109,955</td>
</tr>
<tr>
<td>Symanetac Corp. Building</td>
<td>100,000</td>
</tr>
<tr>
<td>Tower Park</td>
<td>31,667</td>
</tr>
<tr>
<td>Two Oyster Point</td>
<td>39,137</td>
</tr>
<tr>
<td>Wachovia Building</td>
<td>42,921</td>
</tr>
<tr>
<td><strong>CLASS B</strong></td>
<td></td>
</tr>
<tr>
<td>11790 Jefferson Avenue</td>
<td>20,662</td>
</tr>
<tr>
<td>745 Bluecrab (flex)</td>
<td>16,000</td>
</tr>
<tr>
<td>BB&amp;T</td>
<td>37,348</td>
</tr>
<tr>
<td>Cale Colony 17</td>
<td>17,871</td>
</tr>
<tr>
<td>Canon Place</td>
<td>26,000</td>
</tr>
<tr>
<td>Comb-Bay Park</td>
<td>32,000</td>
</tr>
<tr>
<td>Dunwoody Place</td>
<td>19,798</td>
</tr>
<tr>
<td>Executive Center</td>
<td>95,399</td>
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<tr>
<td>Fishing Point Complex (flex)</td>
<td>50,000</td>
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<tr>
<td>International Distribution Center</td>
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<tr>
<td>McCale Professional Park</td>
<td>40,000</td>
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<tr>
<td>Middle Ground</td>
<td>62,000</td>
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<tr>
<td>Oyster Point Business Center</td>
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<tr>
<td>Oyster Point Center</td>
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<td>Oyster Point Place (flex)</td>
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<td>Oyster Point West</td>
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<td>Park Central Executive Center</td>
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<tr>
<td>Thimble Shoals</td>
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<tr>
<td>Peninsula Business Center I (flex)</td>
<td>21,817</td>
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<tr>
<td>Peninsula Business Center II (flex)</td>
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<td>Centre III (flex)</td>
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<td>Riverside Offices</td>
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<td>Rock Landing Corporate Center IV</td>
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<td>Rock Landing Corporate Center V</td>
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<td>Technology Center (flex)</td>
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<td>Thimble Shoals Business</td>
<td>55,377</td>
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<td>Thimble Shoals Lakefront</td>
<td>25,000</td>
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<tr>
<td><strong>CLASS C</strong></td>
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<tr>
<td>714-716-718 J. Clyde Morris Blvd</td>
<td>15,000</td>
</tr>
<tr>
<td>McCord Building</td>
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<tr>
<td>Pilgrim Landing</td>
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<td>Regent Park</td>
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<tr>
<td><strong>OWNER OCCUPIED</strong></td>
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<tr>
<td>Applied Research Center</td>
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<td>Fountain Plaza Two</td>
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<tr>
<td>Muller Martini Building</td>
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<td>Peninsula Retail Credit</td>
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<td>Total</td>
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<td><strong>SUBURBAN NEWPORT NEWS</strong></td>
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<td><strong>CLASS B</strong></td>
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<tr>
<td>Bay Savings Bank Building</td>
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<tr>
<td>Colony Square of Denbigh II</td>
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<tr>
<td>Denbigh Professional Park</td>
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<tr>
<td>Ferguson Enterprises</td>
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<tr>
<td>MCI Building</td>
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<tr>
<td>Tidewater Tech</td>
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<td><strong>CLASS C</strong></td>
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<tr>
<td>Mariner Building</td>
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<tr>
<td>Teagle Building</td>
<td>22,000</td>
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<tr>
<td><strong>OWNER OCCUPIED</strong></td>
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<tr>
<td>CNU Building</td>
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<tr>
<td><strong>WILLIAMSBURG/JAMES CITY/YORK COUNTY</strong></td>
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<td><strong>CLASS A</strong></td>
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<tr>
<td>Atrium Building</td>
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<tr>
<td>Casey New Town-Sun Trust*</td>
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<tr>
<td>Courthouse Green Office Park</td>
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<td>Courthouse Green Office Park II</td>
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<tr>
<td>First Union Center</td>
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<tr>
<td>Langley Federal Credit Union</td>
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<tr>
<td>Williamsburg Commerce Center</td>
<td>32,000</td>
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<tr>
<td><strong>CLASS B</strong></td>
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<tr>
<td>104 Bypass Road</td>
<td>11,600</td>
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<tr>
<td>7601 George Washington Memorial Highway</td>
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<tr>
<td>Charters Town Professional Center</td>
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<td>Greens Springs Office Park</td>
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<td>Kristinsand Office Park</td>
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<td>Packets Executive Center</td>
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<td>Quarterland Commons</td>
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<td>Office Condos</td>
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<td>Rivergate Center</td>
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<tr>
<td>Wachovia Bank</td>
<td>10,500</td>
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<tr>
<td>Williamsburg Office Park</td>
<td>79,600</td>
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<tr>
<td>*New Construction</td>
<td></td>
</tr>
<tr>
<td>*Building added to survey but not new construction</td>
<td></td>
</tr>
<tr>
<td><strong>Renamed</strong></td>
<td></td>
</tr>
<tr>
<td>***Previously owner occupied</td>
<td></td>
</tr>
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<thead>
<tr>
<th>RETAIL</th>
<th>OFFICE</th>
<th>INDUSTRIAL/OTHER</th>
<th>MULTIFAMILY</th>
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<tr>
<td>Red Mill Commons Virginia Beach, VA</td>
<td>150 West Main Richmond, VA</td>
<td>All Safe Self-Storage Virginia Beach, VA</td>
<td>Hampton Creek Apartments Norfolk, VA</td>
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<tr>
<td>Las Gaviotas Shopping Center Chesapeake, VA</td>
<td>Amerigroup Headquarters Building Chesapeake, VA</td>
<td>Concrete Precast Systems Chesapeake, VA</td>
<td>Monticello Apartments Williamsburg, VA</td>
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<tr>
<td>Strawbridge Marketplace Chesapeake, VA</td>
<td>Fountain Plaza II Newport News, VA</td>
<td>Comfort Suites Hotel Norfolk, VA/Airport</td>
<td>Signature Place Hampton, VA</td>
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<tr>
<td>Hilltop Marketplace Virginia Beach, VA</td>
<td>Marsh Landing Virginia Beach, VA</td>
<td>JFCOM/GSA Suffolk, VA</td>
<td>Hillside &amp; Fenner Street Apartments Norfolk, VA</td>
</tr>
</tbody>
</table>

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