Hampton Roads Office Market

Katherine C. Campbell
Office Sales & Leasing

2008 Absorption
435,000 sf

compared to

2006 Absorption
300,000 sf

2007 Absorption
100,000 sf

WHY?

Favorable interest rates and lending standards of 2006 and 2007 resulted in 400,000 sf of office condo development

- Downtown Norfolk
  (multi-tenant) 3,295,000 rsf
- Suburban Southside
  (multi-tenant) 14,600,000 rsf
- Peninsula
  (multi-tenant) 6,500,000 rsf

Hampton Roads Office Market

22 Submarkets
- Downtown Norfolk
- Suburban/Oakwood/Hampton
- Central Norfolk
- Chesapeake/Brickyard
- Hilltop/Cookmont
- Corporate Landing
- Kempsville
- Lynnhaven
- Little Neck
- Military Circle
- Newport/Virginia Beach
- Princess/Elizabeth River Business District
- Port Rescue
- Suffolk
- Downtown Hampton
- Downtown Newport News
- Hampton Roads Center
- Coliseum/Central
- Warwick
- Oyster Point
- Suburban Newport News
- Williamsburg/James City/York County

Hampton Roads Office Market

528 Buildings

Hampton Roads Office Market

Downtown Norfolk
Hampton Roads Office Market

**Downtown Norfolk 2009 Forecast**

- Bank of America Building • 150,000 sq ft
- Wachovia Center • 75,000 sq ft

**Hampton Roads Office Market**

**Southside Suburban**

- Overall Absorption 560,000 sf
- Virginia Beach CBD, Central Norfolk
- Newtown/Witchduck, Harbourview
- Greenbrier Absorption (136,000 sf)
- New Construction 750,000+ sf

<table>
<thead>
<tr>
<th>YE 2007</th>
<th>YE 2008</th>
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<tbody>
<tr>
<td>Avg. Rent</td>
<td>% Vacant</td>
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<tr>
<td>Class A</td>
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<td>Class B</td>
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<td>Class C</td>
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<td>Total</td>
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<td>A &amp; B Only</td>
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**Hampton Roads Office Market**

**Over 750,000 sf of new office space**

- Face rents of $23.50 rsf to $26.50 rsf

- Convergence Center III • 99,000 sf • 97% Leased • $23.50
- Corporate Center VI • 59,000 sf • 31% Leased • $23.50
- Two Columbus Center • 109,000 sf • 36% Leased • $26.50

**Hampton Roads Office Market**

**Independence Place**

- 73,345 sf
- Gold Level LEED Certified

**Hampton Roads Office Market**

**Peninsula**

- Overall Absorption (95,000 sq ft)
- New Construction 56,000+ sq ft
- Oyster Point & Hampton Roads Center
  - 2 million square feet
  - 11% vacancy
- Coliseum Central
  - 2008 19.75% vs. 2007 12.00%
- Williamsburg
  - 2008 18.64% vs. 2007 12.49%
Hampton Roads Office Market

Peninsula
Oyster Point 2008 Class A Rents $19.55
- Cedar II 27,000 sf • $22.00 psf
- Town Center I 60,000 sf • $24.00 - $28.00 psf

Hampton Roads Office Market

2008 YE Office Market 24,414,000 sf
2008 YE Vacancy 2,840,000 sf (8.6%)
2009 New Construction 372,000 sf
USAA Building 360,000 sf
2009 YE Office Market 25,146,000 sf
2009 Absorption?
- 435,000 sf ~ 12.5% vacancy
- 217,500 sf ~ 13.3% vacancy

Hampton Roads Office Market

- Snow Ballet
- Moondance
- China White
- Garlic Clove
- Sentimental
- Crumb Cookie
- Whispering Wind
- Queen Anne's Lace
- Delicate White
- Moonlit Snow
- Dogwood Blossom
- Airy Mist
- Gypsum

Hampton Roads Office Market

Crossways Center
Crossways Commerce Center I
Crossways Commerce Center I Annex
Crossways Commerce Center II
Crossways I
Crossways II