Bouncing on the Bottom

- Industrial vacancies higher than national average
  - CoStar: 10.2%
  - Cushman & Wakefield: 10.8%

The Rise of the Bottom Feeder...
Distressed Properties are Selling
- Older, functionally challenged
- Larger floor plates
- Significant deferred maintenance

The Receding Tide...
High cube distribution still suffering

<table>
<thead>
<tr>
<th>City</th>
<th>% of vacancy</th>
</tr>
</thead>
<tbody>
<tr>
<td>Suffolk</td>
<td>88%</td>
</tr>
<tr>
<td>Cavaller</td>
<td>80%</td>
</tr>
<tr>
<td>Isle of Wight</td>
<td>87%</td>
</tr>
<tr>
<td>Norfolk Industrial Park</td>
<td>48%</td>
</tr>
<tr>
<td>Copeland Lower Peninsula</td>
<td>64%</td>
</tr>
</tbody>
</table>
A RECEDING TIDE...
Other sectors experiencing shortages:
- 5,000 to 15,000 square feet
- Yard space requirements
- Specialty groups: crane and rail

Rents declining in all sectors
- Anxious landlords
- Aggressive tenants
- Focused on national and regional statistics vs. knowledge of surrounding submarket

MAJOR TRANSACTIONS
We had a few...
- Kinder Morgan purchased 41 acres
  3900 Shannon Street, Chesapeake
  Terminaling operation on 41 acres
  Pier, crane, equipment
  $8.12 million

- Kerma Medical purchased 102,000 square feet
  Pharmaceutical manufacturing plant
  Local relocation from Portsmouth
  $4.15 million

MAJOR TRANSACTIONS
We missed a few...
- Becton Dickenson
  600,000 – 1,000,000 square feet
  Proposed assembly and distribution building
  Selected North Carolina

MAJOR TRANSACTIONS
2011 starting off right...
- Nash Finch
  601,000 square feet
  Wholesale food distribution facility
  $27.5 million
MAJOR TRANSACTIONS
2011 starting off right…

- Giant Cement
  - 750’ terminal pier
  - 200 car rail served offload facility
  - $11.6 million

- Virginia Renaissance/Jacoby Development
  - 662,450 square feet of industrial space
  - 101 acres
  - Scheduled close in March 2011

LOOKING FORWARD

The Fastenal Company is a supplier of fastener and industrial supplies to industry. With 2,300 stores around the world, and 15 locations in the Hampton Roads MSA, sales volume in 2010 exceeded 2009 by 10% locally. According to Tom Lankford, Regional Manager for the Fastenal Company:

“I have seen a modest up-tick in sales volumes across the board at my stores in Hampton Roads. We are nowhere near peak levels, but the trend line is certainly pointed in the right direction.”

Allied Concrete Products, located in Chesapeake, imports Witellite Pumice for distribution into the market, processes a raw material used in the production of insulation, as well as manufacture block for residential and commercial construction. Kirk Edens, President of Allied Concrete Products offers the following comments:

“Provided normal market influences, our volumes are up, marginally, year over year, and I expect 2011 to continue that trend. That being said, the instability of fuel prices and the increased input costs, will force an increase in market prices for all construction products; then we will see how real the recovery is. Keep in mind that during the last few years our numbers were at levels we have not experienced since the 1990’s demanding drastic changes in the structure of our business. Clearly we have a long way to go, but a slight improvement will make a huge difference.”