



OFFICE

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Disclosure

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GENERAL Overview

The Hampton Roads, Virginia office market ended 2009 with relatively strong momentum and with statistical performance far stronger than our regional neighbors. While the market vacancy rate climbed during 2009, most regional submarkets remain in healthy balance of supply and demand.

Highlights of our relative strength include:

- For the fifth straight year, the Hampton Roads market had positive absorption of office space, a statistic that is unique within the mid-south region and very rare nationally.
- The overall office market vacancy rate remains below the national average office vacancy rate.
- The financial and development communities have effectively limited the addition of new office market supply with less than 2.2 million square feet of new deliveries in the last five years. This total new construction represents less than 10% of our total market size.

The information in this report relies on the market research of CB Richard Ellis ("CBRE"). CBRE research relies on multiple data sources including its brokers, its broker network, website research, and Co-Star.

For Hampton Roads in particular, CBRE research is focused on buildings 20,000 square feet and larger, which is not purely any of the following office uses: medical space, owner-occupied, or government facilities. These exclusions reduce the overall market size versus what other data

sources may present for Hampton Roads. This smaller set of approximately 300 properties is more appropriate to study as it relates more closely to the health of the traditional multi-tenant office market.

The summary charts that follow reveal insights on the Hampton Roads office market as it relates to the market's submarkets and classes of space at year-end 2009, as well as the historical context of how

the market absorption, vacancy rate, and new construction deliveries during 2009 compared to the prior four years. Following these summary charts is a more detailed analysis of the individual submarkets and a regional comparison of the overall Hampton Roads market.





The suburban South Hampton Roads area has over 4.5 times the supply of downtown Norfolk and has a respectable 14.2% vacancy rate.

Overall Market Summary By Geography

The Hampton Roads area is divided into two land areas by one of the most famous bodies of water in the world. The Hampton Roads harbor is where the Chesapeake Bay meets the James River and the areas above and below the harbor are respectively referred to as "the Peninsula" and "South Hampton Roads." In addition to many smaller municipalities, the Peninsula includes the cities of Hampton, Newport News, and Williamsburg. South Hampton Roads (also referred to as the "Southside") includes the cities of Norfolk, Virginia Beach, Chesapeake, Portsmouth and Suffolk. All areas of the Peninsula and South Hampton Roads are referred to as "suburban markets" other than the downtown Norfolk area of South Hampton Roads.

The summary chart below shows that at year-end 2009, downtown Norfolk had the market's lowest vacancy rate of the three major geographies. The suburban South Hampton Roads area has over 4.5 times the supply of downtown Norfolk and has a respectable 14.2% vacancy rate. The concern area shown is the Peninsula submarket which has a significantly higher vacancy rate of 17.6%.

Vacancy Rate By Geography At Year-End 2009

Area	Total Sq. Ft.	Vacant Sq. Ft.	Vacancy %	Average Asking Rent
Downtown Norfolk	3,236,648	353,129	10.9%	\$21.21
Suburban Southside	14,715,101	2,086,168	14.2%	\$19.24
Suburban Peninsula	5,118,154	901,906	17.6%	\$17.97
Totals	23,069,903	3,341,203	14.5%	\$19.11

Overall Market Summary By Class Of Property

A second way to study the overall market is performance by the different “classes” of office space. Research divides the buildings surveyed into Class A, B, or C, depending on physical and location characteristics. Class A describes the highest quality office space and will, in most cases, be the most professionally managed, offer the best locations, and attract the highest quality tenants. Class B buildings also offer good location and quality with little functional obsolescence despite typically being older than Class A buildings. Class C buildings do compete for traditional market office tenants, but typically have inferior quality and location.

The summary chart below shows that at year-end 2009, the vacancy rates for Class B and C properties were below the vacancy rate for Class A properties. The Class A market comprises approximately 45% of the total market and has the highest average asking rents. The relatively higher vacancy in Class A buildings can be attributed in part to the soft economy in 2009, as well as the typical lease-up timeline for all of the new buildings delivered in the last several years.

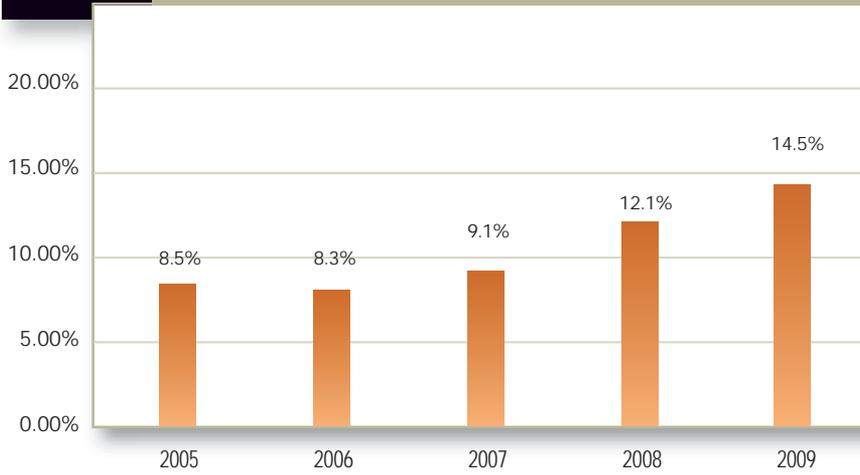
Vacancy Rate By Class of Property At Year-End 2009

Area	Total Sq. Ft.	Vacant Sq. Ft	Vacancy %	Average Asking Rent
Class A	10,486,973	1,650,980	15.7%	\$21.05
Class B	10,504,242	1,402,345	13.4%	\$17.07
Class C	2,078,688	287,828	13.8%	\$14.62

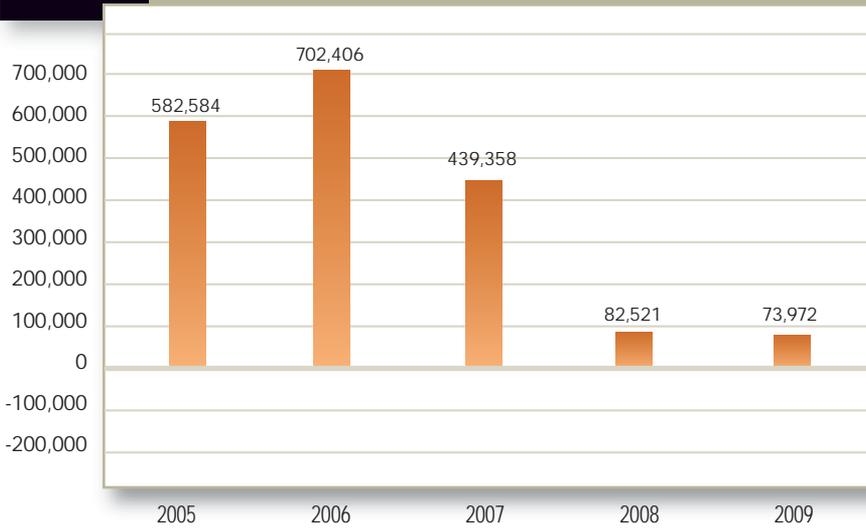
Overall Market Summary With Historical Context

The following charts show the market's year-end vacancy rate for each of the last five years, as well as the overall market absorption and new construction deliveries during each of those years. While the market has not experienced negative absorption in any of the last five years, the overall vacancy rate has climbed significantly from 8.3% at year-end 2006 to 14.5% at year-end 2009. The increased vacancy rate can be attributed in part to the new construction deliveries during that time, as well as the additional supply of office buildings to the multi-tenant market which were formerly owner-occupied buildings. An example of this second category is the former single-tenant USAA Building at Lake Wright Executive Center in Norfolk which is now 54% available for other tenants to occupy.

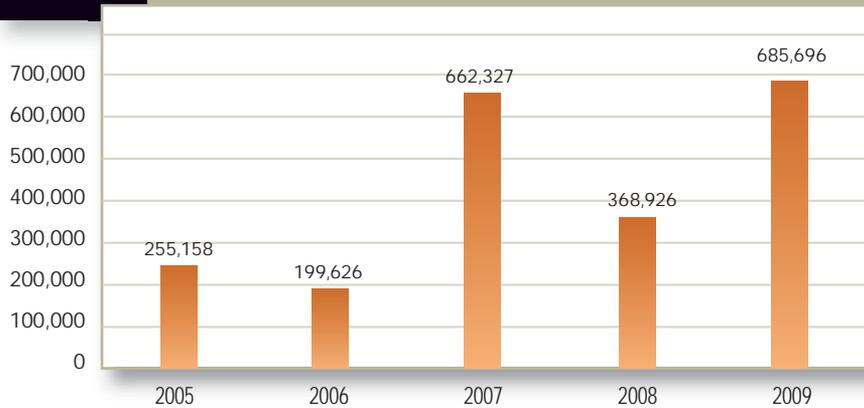
Hampton Roads Overall Market Vacancy Rate At Year End Of 2005-2009



Hampton Roads Overall Market Absorption For Years 2005-2009



Hampton Roads Overall Market Construction Delivery For Years 2005-2009

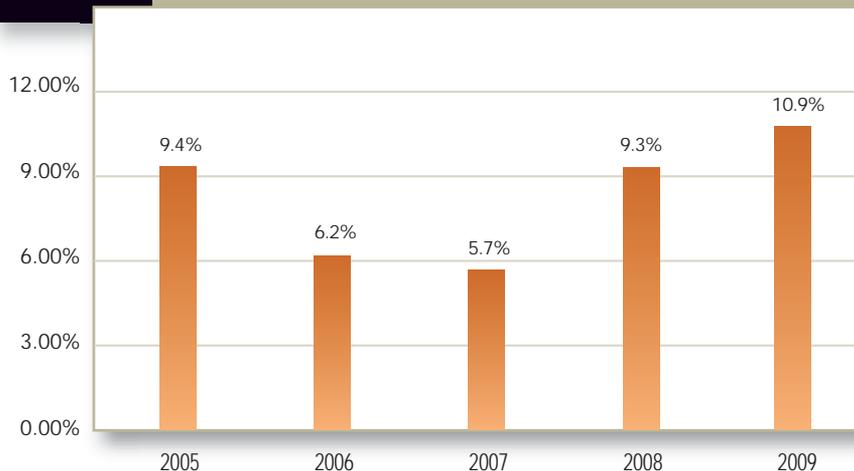


Downtown Norfolk Submarket

As mentioned earlier, the downtown Norfolk submarket continues to boast the lowest vacancy rate of the region's primary geographies. Downtown Norfolk's year-end vacancy rate of 10.9% was a significant increase from its recent low of 5.7% at year-end 2007. At year-end 2009, six office buildings in downtown Norfolk had 20,000 square feet or more in vacant space. In fact, both the Monticello Office Building and Bank of America Center have 50,000 square feet or more in vacant office space.

These totals do not include "future available" space which consists of buildings under construction and tenant suites that are leased now, but fully expected to come vacant in the near term. For downtown Norfolk, this means that the vacancy rate is expected to rise in 2010 as the currently 70% pre-leased Wells Fargo Center comes on line with much of the leased area attributable to tenants vacating from the Bank of America Center and World Trade Center.

Hampton Roads Downtown Norfolk Vacancy Rate At Year End 2005-2009



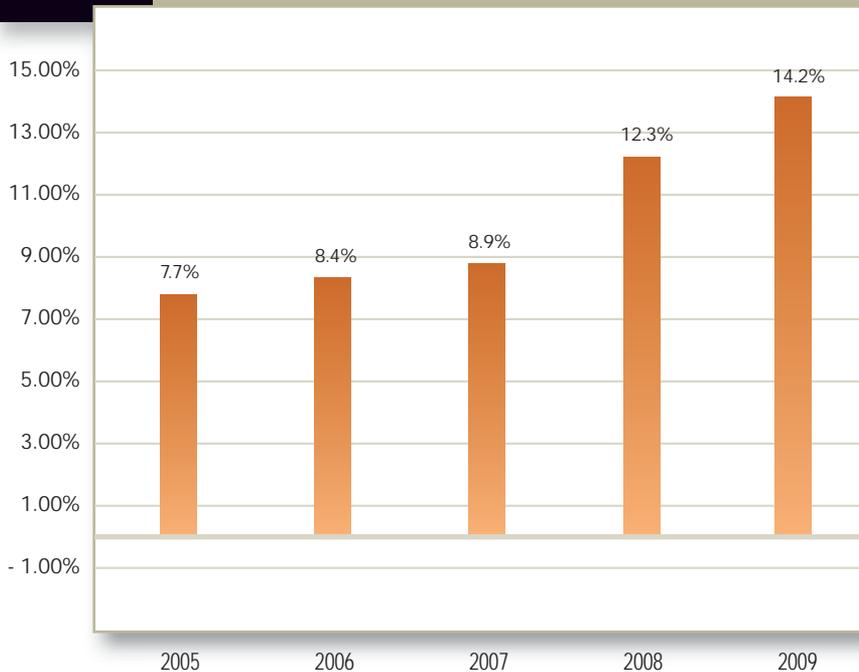
Southside Suburban Market

The Southside suburban market is the largest office submarket in the overall Hampton Roads market. The largest concentrations of office space within the Southside suburbs are Greenbrier/Battlefield in Chesapeake, Pembroke in Virginia Beach, the I-64/264 interchange area (Newtown/Witchduck) that includes parts of Norfolk and Virginia Beach, and Central Norfolk. Each of these four office concentration areas has over 2 million square feet of office space.

The year-end vacancy rate of 14.2% for the Southside suburban market was a substantial increase from its low of 7.7% at year-end 2005.

The year-end vacancy rate of 14.2% for the Southside suburban market was a substantial increase from its low of 7.7% at year-end 2005. The historical chart below shows that the submarket vacancy remained under 9.0% through year-end 2007 before climbing to 12.3% at year-end 2008 and 14.2% at year-end 2009. The most substantial individual negative impact on the market vacancy during 2009 was the additional 200,000 square feet of space put on the market in the former USAA Building.

Hampton Roads Suburban Southside
Vacancy Rate At Year End 2005-2009



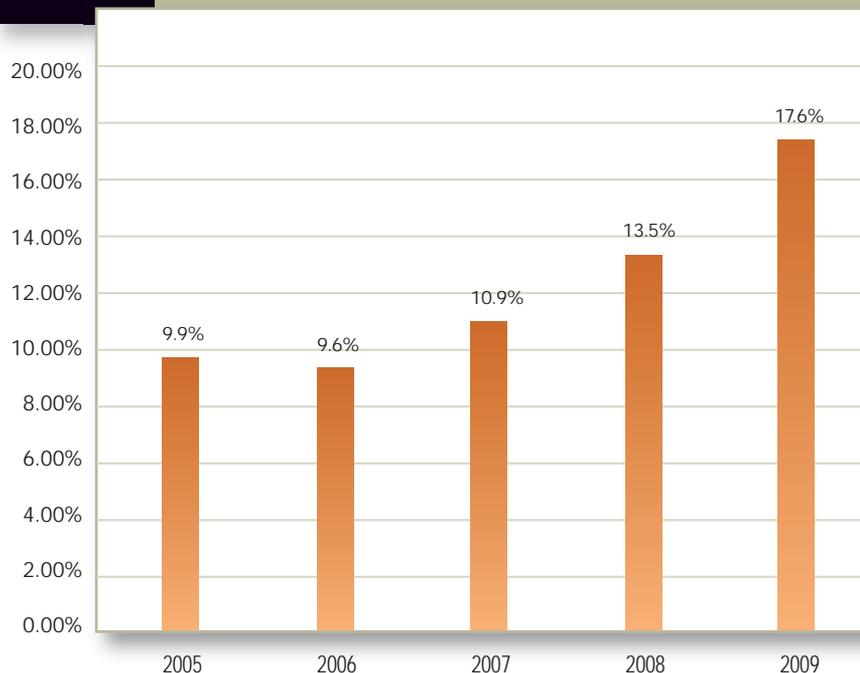
Peninsula Suburban Market

The Peninsula suburban market is approximately 1/3 the size of the Southside suburban market. The largest concentrations of office space within the Peninsula suburbs are Hampton and the Oyster Point/Jefferson Avenue area in Newport News. Both of these office concentrated areas have over 2 million square feet of office space.

The year-end vacancy rate of 17.6% for the Peninsula suburban market was a substantial increase from its low of 9.6% at year-end 2006. The historical chart shows that the submarket vacancy remained under 11.0% through year-end 2007 before climbing to 13.5% at year-end 2008 and 17.6% at year-end 2009. The most substantial negative impacts on the market vacancy during 2009 were the delivery of 116,000 square feet of speculative office space at Peninsula Town Center in Hampton and another 60,000 square feet delivered in City Center at Oyster Point.

The largest concentrations of office space within the Peninsula suburbs are downtown Hampton and the Oyster Point/Jefferson Avenue area in Newport News. Both of these office concentrated areas have over 2 million square feet of office space.

Hampton Roads Suburban Peninsula
Vacancy Rate At Year End 2005-2009



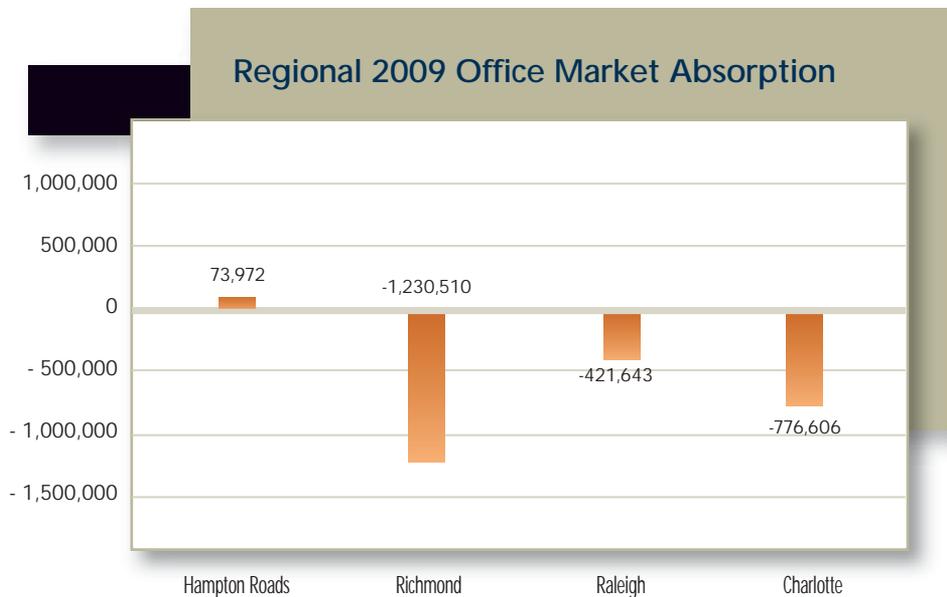
Regional Office Market Comparison

The relative strength of the Hampton Roads office market can be more clearly illustrated by comparing the areas 2009 performance to the nearby Virginia market of Richmond, as well as the North Carolina markets of Raleigh and Charlotte. All data is gathered from market research using a variety of local data sources. It should be noted that the Raleigh market size premium is in part because the properties surveyed include buildings between 10,000 and 20,000 SF whereas the other three markets are limited to buildings 20,000 square feet and larger.

The year-end 2009 vacancy rate of 14.5% for Hampton Roads was significantly lower than each of the referenced surrounding markets which ranged from 17.3% to 19.3% vacant during the same time period. The 2009 absorption chart below illustrates that the substantial reduction in occupied space (i.e. negative absorption) for each of the other markets contributed in large part to Hampton Roads' relative outperformance of other regional markets.

Regional Office Market Comparison As Of Year-End 2009

Market	Total Sq. Ft.	Vacant Sq. Ft.	Vacancy %	Average Asking Rent
Hampton Roads, VA	23,069,903	3,341,203	14.5%	\$19.11
Richmond, VA	25,705,307	4,961,124	19.3%	\$17.98
Raleigh, NC	45,075,693	8,418,958	18.7%	\$20.57
Charlotte, NC	36,157,350	6,255,222	17.3%	\$22.44



Office Submarkets

Southside

- 1 Airport/Norhampton
- 2 Chesapeake/Greenbrier
- 3 Downtown Norfolk
- 4 Central Norfolk
- 5 Hilltop/Oceanfront
- 6 Corporate Landing
- 7 Kempsville
- 8 Little Neck
- 9 Lynnhaven
- 10 Military Circle
- 11 Newtown/Witchduck
- 12 Northern Suffolk
- 13 Pembroke
- 14 Portsmouth

Peninsula

- 15 Downtown Hampton
- 16 Hampton Roads Center
- 17 Coliseum Central
- 18 Downtown Newport News
- 19 Newmarket
- 20 Oyster Point
- 21 Suburban Newport News
- 22 Williamsburg/
James City Co./
York County