office

2015 hampton roads real estate market review

Author Michael Metzger, JLL

Additional Data Analysis Geoff Thomas, JLL

Financial Support The E. V. Williams Center for Real Estate and Economic Development (CREED) functions and reports are funded by donations from individuals, organizations and the CREED membership.

General Overview

The large government presence that stabilized the local economy during recessions – even the Great Recession – was hit hard by spending caps and political inaction just as recovery in the nation's private sector began to build steam. The Bureau of Labor Statistics reported that overall employment increased by only 1,600 jobs in 2014, and it remains 2.9% below the pre-recession peak in 2007.

The local economy grew much faster in 2014 than in 2013 (2.21% vs. 0.5%, according to the Old Dominion University Economic Forecasting Project), but the ongoing effects of 2013's sluggish growth was felt in 2014's office market statistics. Net overall absorption for the study set of Class A and Class B multitenant buildings of 20,000 or more square feet was a modest 24,551 square feet, and the vacancy rate declined from 17.0% to 16.0%. The weighted average asking rent for vacant space in the study set is $17.53 per square foot. (Note that changes in weighting mean that asking rents are not directly comparable to those published in previous years.)

METHODOLOGY

The data used for this report are deemed reliable; however, neither Old Dominion University, the E. V. Williams Center for Real Estate and Economic Development, nor sponsoring companies and/or individuals makes any representation or warranty as to its accuracy. The information from this report was compiled from CoStar and contributions from commercial real estate professionals active in the Hampton Roads market. Additional information was obtained from the Old Dominion University's Economic Forecast Project's "2015 Regional Economic Forecast", the Bureau of Labor Statistics, Moody's Analytics November 2014 Precis Report on Hampton Roads, the "Workplace trends – office overview" report authored by JLL Research, and www.pilotonline.com.

This report surveys a select, representative inventory set of Class A and B office buildings across Hampton Roads. Buildings have 20,000 or more square feet of rentable area; are office or, if flex, consist of all or mostly all office space; and, for market statistics, are multitenant. Because of this, market statistics published herein are not directly comparable to those from other sources. Although the constancy of the building inventory set and parameters for selecting it provide a degree of consistency from year to year, significant corrections to this year's inventory set mean that this year's market statistics are not directly comparable to those of prior CREED market reports.

EMPLOYMENT AND ECONOMY

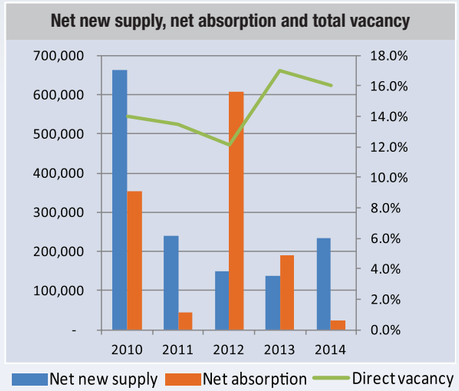
Sequestration stomped on the brakes of the Hampton Roads economy in 2013, when the Gross Regional Product (GRP) grew by only 0.5%, according to the 2015 Regional Economic Forecast authored by Old Dominion University's Economic Forecasting Project. GRP growth increased to 2.2% in 2014, it remained 0.1 percentage points below growth in the national Gross Domestic Product, marking the fourth consecutive year in which the local economy grew more slowly than the national economy.

Local unemployment rates remained lower than national rates throughout both the Great Recession and the tepid recovery, holding steady at 5.0% in November and December. Total nonfarm employment in Hampton Roads averaged 754,300 during 2014, 0.2% higher than in 2013 but still 2.9% below peak levels in 2007.For office-using industries (defined as the information, financial activities, professional and business services, education and health services, and government sectors), employment was 412,300 in 2014, up 1.5% from 2007 but 0.5% lower than last year. That gain has been concentrated In government (up 1.5% since 2007) and education and health services (up 18.3%), while the past seven years have seen employment declines of 3.1% in professional and business services, 8.9% in financial activities and 27.8% in information, resulting in a decline of 11,200 jobs across these three sectors. With those sectors more likely to drive office demand than more institutional education, health and government users, it is clear why recovery in this sector has lagged.

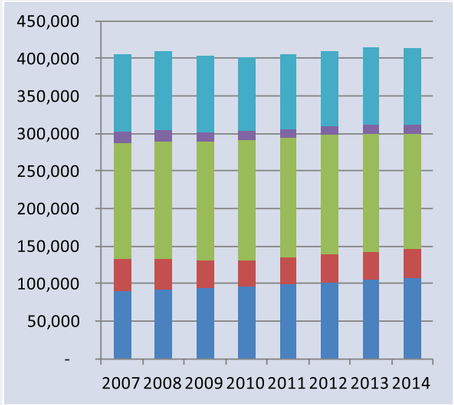
In November 2014 Moody's Analytics ranked Hampton Roads 288th out of 392 metropolitan areas for economic risk through 2019 and 317th for projected employment growth through 2018 amid continuing concerns over the area's dependence on defense spending at a time of federal belt-tightening. However, the budget request submitted to Congress by the Obama Administration in February 2015 includes defense spending levels $35 billion over current sequestration limits. If part or all of this spending increase is passed, this may stimulate employment growth among local defense contractors that would in turn stimulate office demand.

	Key Market Indicators	12-month forecast	
Supply	Supply (Class A & B Office)	➢	23,375,569 sf
	Direct vacancy rate (year-end 2014)	▼	16.0%
	Under construction (% prereleased)	▼	75,000 sf (22.2%)
Demand	Net absorption	▲	24,551 sf
Pricing	12-month overall rent % change A	➢	-2.3%
	12-month overall rent % change B	▲	-11.3%
	Class A overall asking rent	➢	$21.88 psf
	Class B overall asking rent	▲	$14.92 psf

The direct vacancy rate declined in 2014, but absorption was essentially flat and asking rents dropped. However, increasing activity will boost absorption and Class B rents over the next year.



Reduced new construction has helped to offset slow absorption, moderating vacancy rate increases over the past few years.

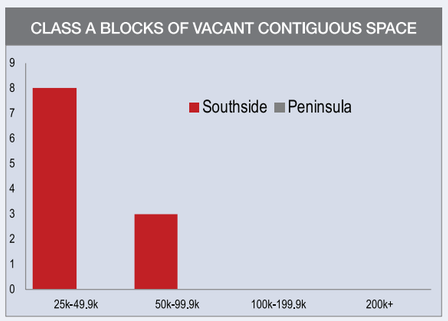


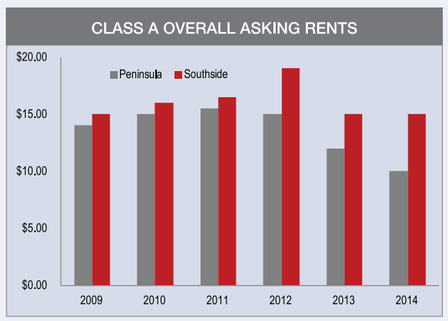
Office-using employment in Hampton Roads.

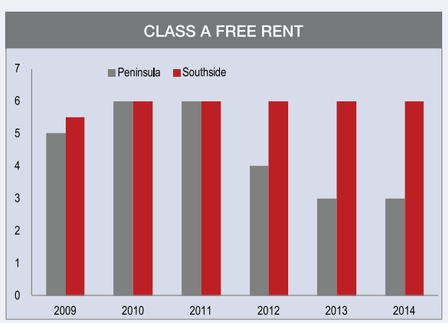
MARKET CONDITIONS

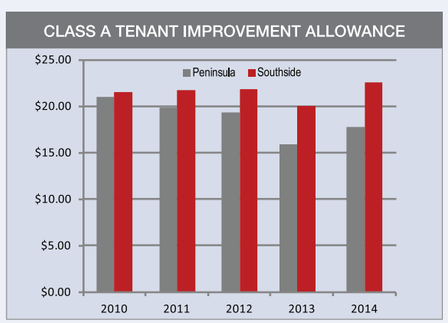
Modest improvements in the market during 2014 mirrored the sluggish growth in the Hampton Roads economy in 2013. Even more than in 2013, renewals drove leasing activity, and a combination of reduced demand and changes in the way tenants use office space led to more reductions in premises during either renewals or relocations. Direct vacancy rates improved by 1.0 percentage points, from 17.0% for the study set of buildings to 16.0%. Net absorption for buildings within the study set was positive at 24,551 square feet, but this was less than one-sixth of the 190,147 square feet absorbed over the previous year. (Note that the study set of Class A and Class B buildings underwent some rationalization this year, with a net reduction of just under 350,000 square feet of inventory over last years, and some existing buildings moved to correct submarkets. This may distort absorption statistics, especially in smaller submarkets where changes in one building may have a disproportionate effect.)

The Peninsula saw more improvement than the Southside, with vacancy rates declining from 18.8% to 17.0%, and modest positive absorption of 50,770 square feet. In contrast, the Southside saw vacancy rates decline by only 0.8 percentage points, to 15.7%, and net absorption was negative 26,219 square feet.





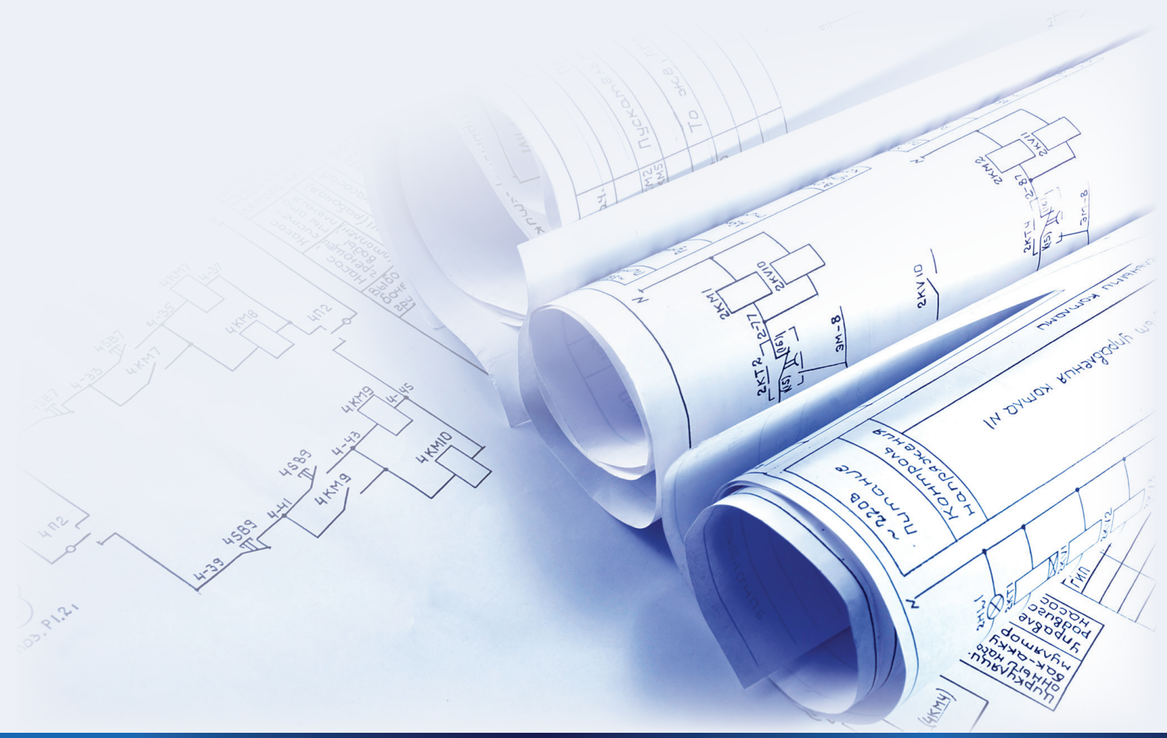




Vacancy rates for Class A space were almost identical for the two clusters (13.6% Southside and 13.4% Peninsula, for 13.6% overall), but Class B vacancy was noticeably higher on the Peninsula at 20.2% versus 17.5% on the Southside, for a marketwide rate of 18.0%.

Class A large block availability remained low in 2014. There were still no large blocks available on the Peninsula, but the number of Southside large blocks of 25,000 to 50,000 square feet rose from seven in 2013 to eight in 2014, and there were three blocks of 50,000 to 100,000 square feet available at year's end, versus only one twelve months prior.

Demand was limited in 2014, but the situation was not compounded by an increase in supply. Only two new multitenant buildings meeting study criteria (Class A or B with 20,000 or more square feet) delivered during the year – 4525 Main Street, which added 213,174 square feet of office inventory to the Pembroke / Central Business District submarket, and 5425 Discovery Park Boulevard, which added 21,200 square feet to Williamsburg/James City County. The only other completion that met criteria was Old Point National Bank's new 42,774-square-foot building in Downtown Hampton. Projects in the pipeline will prove to be little threat this year, with only the 50,000-square-foot Convergence Center V and 25,000-square-foot Harbour View Health Center expected to deliver in 2015.



A TALE OF TWO SUBMARKETS

CONDITIONS IN TWO REPRESENTATIVE SUBMARKETS ILLUSTRATE SOME OF THE BROADER TRENDS IN THE CURRENT OFFICE MARKET.

DOWNTOWN DOLDRUMS

Even in a polycentric region such as Hampton Roads, the Downtown Norfolk CBD still carries clout, and clout comes with a price. At $25.03 per square foot, the weighted average asking rent for Class A space is second-highest among submarkets, exceeded only by Virginia Beach's Pembroke/Central Business District. Class B rents are also second-highest at $17.67 per square foot, behind only medical-heavy Hilltop/Oceanfront. Moreover, downtown parking costs are borne by tenants, their employees, or landlords offering parking as an incentive, whereas there is no additional cost to occupiers for parking at Town Center's garages (and certainly not in suburban surface lots.)

Modest economic growth in Hampton Roads means tenants are more likely to be value-conscious than image-conscious. Downtown's Class A vacancy rate rose by 1.8 percentage points to 18.2% during 2014 and, while Class B vacancy decreased 0.9 percentage points to 22.5%, this could be attributed to Downtown's hottest trend – the conversion of older office buildings to apartments (multifamily conversion led to the removal of the 83,000-square-foot Madison Office Building from the study set this year.)

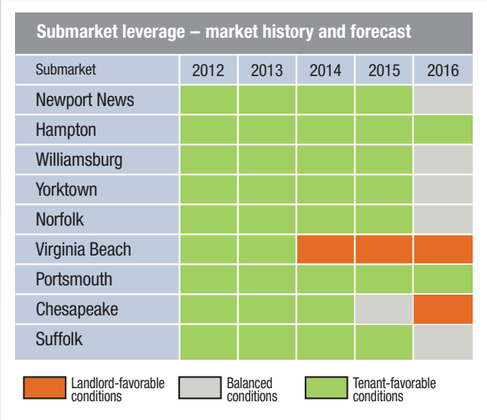
Downtown's recovery is hampered by factors specific to the market – newer buildings, free parking and a location closer to many clients make Town Center an attractive option for those tenants looking for high-profile space – and broader trends among the kinds of occupiers that traditionally locate in the CBD. Recent research from JLL states that banks are reducing footprints by 10% when relocating, law firms are downsizing by 15% and consulting firms by 25%. Technology reduces the need for archive and library space, while working from home is both a perceived benefit for employees and a way for their employers to reduce real estate costs.

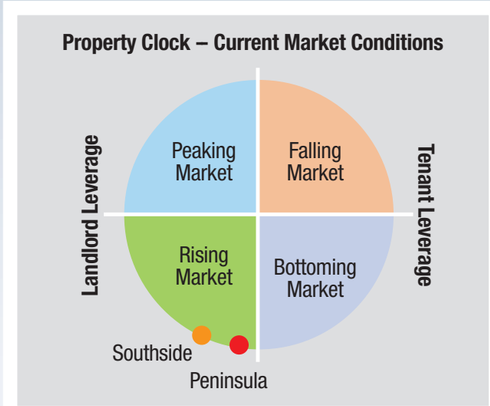
Downtown remains a desirable place to do business, and demand will improve as businesses become more confident and real growth counteracts pressures to reduce space. Its recovery will lag behind more value-oriented suburban submarkets, however.

LYNNHAVEN LEAPS FORWARD

If Lynnhaven lacks the status of either the traditional CBD in Downtown Norfolk or the new CBDs at Town Center and City Center at Oyster Point, it offers a proposition that's attractive to the tenants looking for new space. The vacancy rate for Class A space is 9.7% for an identical set of buildings, down from 17.7% at the end of 2013. Class B vacancy rose from 14.2% to 15.4%, but this is due more to the allocation of two fully occupied buildings to the Little Neck submarket rather than movement out of the submarket. Reported vacant space for both classes declined by almost 60,000 square feet. And note that

Of the six largest new leases this year, four were in Lynnhaven, energizing a submarket that has had sluggish times in its past. What makes Lynnhaven attractive? Back-to-basics value, from reasonable asking rents ($18.19 per square foot for Class A space, the lowest among large Southside submarkets) to abundant free parking for staff-heavy tenants such as call centers.





TOP NEW SALES 2014

CITY	SUBMARKET	RBA	TYPE	BUYER	SELLER	PRICE ($/SF)	PRICE $	QTR SOLD
Norfolk	Downtown Norfolk	131,484	Office	Cohen Investment Group	Harbor Group Internationa	$110.28	$14,500,000	Q3 2014
Virginia Beach	S Independence/ Holland Rd.	32,500	Office	Armada Hoffler	Virginia Natural Gas	$273.85	$8,900,000	Q4 2014
Newport News	Downtown Newport News Princess Anne	135,103	Office	The Simpson Organization	Sage Realty Partners	$63.66	$8,600,000	Q2 2014
Virginia Beach	Coliseum Central	57,085	Office	Kite Realty Group	Inland Diversified Real Estate Trust	$132.89	$7,586,160	Q3 2014
Hampton	Downtown Norfolk	150,000	Office	Tabani Group	HSBC Holdings	$41.49	$6,222,756	Q4 2014
Norfolk	Oyster Point	113,757	Office (Multifamily)	GTG Financial	Dominion Enterprises	$51.86	$5,900,000	Q2 2014
Newport News	Coliseum Central	29,751	Office	Embarcadero Capital Partners	CMI Commercial Properties	$164.70	$4,900,000	Q2 2014
Hampton	Williamsburg/J City Cnty	135,028	Office	The Simpson Organization	C-III Capital Partners	$34.81	$4,700,000	Q2 2014
Williamsburg	Oyster Point	21,200	Medical	Tidewater Physicians	Robertson Liebler Developmenet	$172.17	$3,650,000	Q3 2014
Newport News		50,000	Office	Ritchie-Curbow Construction	Continental Realty Services	$59.23	$2,961,707	Q1 2014

TOP NEW LEASES 2014

BUILDING	SUBMARKET	TENANT	SF LEASED	SIGNED
4605 Columbus Street	Pembroke/Central Business District	USI Insurance	19,000	Q4 2014
831 Seahawk Circle	Lynnhaven	Movement Mortgage	16,000	Q3 2014
Sabre Corporate Center I	Lynnhaven	DOMA Technologies	15,000	Q4 2014
World Trade Center	Downtown Norfolk	USI Insurance	12,494	Q4 2014
Reflections I	Lynnhaven	Innovative Systems & Solutions, Inc.	10,840	Q4 204
Reflections I	Lynnhaven	AGVIQ, LLC	10,625	Q2 2014

OUTLOOK FOR 2015

We're realistic this year. Changes in the economy and in the way in which occupiers use space will continue to keep improvements in the office market gradual. High-end office users will continue to want location and amenities but, with fewer employees and more of those employees working from home or at client sites, they simply will not require as much space. And despite a recovering national economy, businesses remain at best rationally exuberant and conservative about their real estate decisions. Much of the market demand in 2015 will be for lower-grade Class A or higher-grade Class B suburban space, with reasonable levels of amenities and even more reasonable rental rates.

Realistic does not mean negative, however. Although the Economic Forecasting Project does not anticipate a booming local economy this year, the changes that will occur are in the right direction. Real GRP growth is projected to be 1.96% and civilian employment is expected to increase by 0.9%. Although the sectors drive little direct office demand, rising port activity, hotel revenues and taxable sales should provide an indirect stimulus. Very slow economic growth in 2013 generated slow demand growth in 2014; increased economic growth last year should boost demand growth this year.

Businesses finally feel confident enough in a sustained and sustainable recovery to commit to expansion, and there's substantial evidence of interest in suburban office space in that low-A to high-B band. As 2015 began, Faneuil announced the addition of 170 jobs at its Claiborne Building location, and several other call center users from both inside and outside the market have been looking at larger suburban spaces. In a recent meeting, a broker asked if others were seeing landlords reducing incentives and improvement allowances as the market became "tight" – and while he quickly backtracked from that specific term, the fact that a broker could even use such a term indicates that the market has moved and is moving in a direction that's positive for landlords. There's still a way to go, but a realistic view of 2015 incorporates an optimistic view as well.

2014 Office Building Directory

DOWNTOWN NORFOLK

CLASS A

CCrown Center, 580 East Main Street....58,674
Dominion Tower, 999 Waterside Drive....403,276
Fort Norfolk Medical Office Tower, 301 Riverview Avenue....196,000
Norfolk Southern Tower, 3 Commercial Place....301,463
SunTrust Bank Building, 150 West Main Street....225,498
Town Point Center, 150 Boush Street....131,259
Wells Fargo Center, 440 Monticello Avenue....255,075
World Trade Center, 101 West Main Street....366,251
TOTAL:....1,937,496

CLASS B

Crown Center, 580 East Main Street....58,674
Dominion Tower, 999 Waterside Drive....403,276
Fort Norfolk Medical Office Tower, 301 Riverview Avenue....196,000
Norfolk Southern Tower, 3 Commercial Place....301,463
SunTrust Bank Building, 150 West Main Street....225,498
Town Point Center, 150 Boush Street....131,259
Wells Fargo Center, 440 Monticello Avenue....255,075
World Trade Center, 101 West Main Street....366,251
TOTAL:....1,937,496
TOTAL CLASS A & B:....3,506,086

OWNER OCCUPIED

AT&T, 136 Bute Street....200,000
Dominion Enterprises, 150 Granby Street....220,000
Landmark Communications, 150 Granby Street....66,500
PETA, 501 Front Street....25,000
Royster Building, 201 Granby Street....76,071
Tazewell Building, 223 Granby Street....38,000
Virginian Pilot Building, 150 West Brambleton Avenue....174,141
TOTAL:....799,712

AIRPORT/NORTHAMPTON

CLASS A

Commander Corporate Center, 6201 Commander Parkway....65,000
Silver Oak, 5900 Lake Wright Drive....78,200
The Concourse, 5800 Northampton Boulevard....315,000
Twin Oaks I, 5700 Lake Wright Drive....88,000
Twin Oaks II, 5800 Lake Wright Drive....88,000
TOTAL:....634,200

CLASS B

Airport Executive Center, 5700 Thurston Avenue....70,609
Northampton Executive Center, 1300 Diamond Springs Road..69,904
TOTAL:....140,513
TOTAL CLASS A & B:....774,713

OWNER OCCUPIED

CMA CGM Headquarters, 5701 Lake Wright Drive....90,000
HRSA-ILA Building, 1355 Terminal Boulevard....21,678
Zim-American Israeli Shipping, 5801 Lake Wright Drive....30,000
TOTAL:....141,678

CENTRAL NORFOLK

CLASS B

Almeda Business Center, 2500 Almeda Avenue (Flex)....84,000
Central Center Office Building, 7447 Central Business Park Drive53,815
Commerce Park Place, 2600 Eltham Avenue (Flex)....58,783
DePaul Health Park, 100 Kingsley Lane....48,000
DePaul Medical Atrium, 160 Kingsley Lane....40,000
DePaul Medical Building, 110 Kingsley Lane....39,054
Gateway II, 2550 Ellsmere Avenue (Flex)....45,000
Norfolk Business Center, 2551 Eltham Avenue (Flex)....89,000
Norfolk Commerce Center I, 5505 Robin Hood Road (Flex)....73,000
Norfolk Commerce Center III, 5425 Robin Hood Road (Flex)....168,000
Norfolk Commerce Center IV, 5365 Robin Hood Road (Flex)....79,980
Norfolk Commerce Center V, 2510 Walmer Avenue (Flex)....72,000
Norfolk Commerce Park II, 5301 Robin Hood Road (Flex)....126,926
Norfolk Commerce Park, 5360 Robin Hood Road (Flex)....42,576
TOTAL:....1,020,134
TOTAL CLASS B:....1,020,134

OWNER OCCUPIED

Capital Group Companies, 5300 Robin Hood Road....106,000
TOTAL:....106,000

CHESAPEAKE/GREENBRIER

CLASS A

BECO Corp HQ, 609 Independence Parkway....22,400
CHKD Health Center, 733 Volvo Parkway....25,000
Chubb Building, 600 Independence Parkway....97,500
Crossways Commerce Center I, 1545 Crossways Boulevard....45,000
Crossways Commerce Center, 1434 Crossways Boulevard....220,020
Dendrite One, 1309 Executive Boulevard....50,000
Greenbrier Tower I, 860 Greenbrier Circle....87,900
Greenbrier Tower II, 870 Greenbrier Circle....86,976
HR Realtors Association Building, 638 Independence Parkway.40,000
Independence Place, 676 Independence Parkway....73,345
Lake Center I, 501 Independence Parkway....61,000
Lake Center II, 505 Independence Parkway....64,000
Liberty IV, 1313 Executive Boulevard....50,000
Liberty One, 1305 Executive Boulevard....50,000
Liberty Three, 1317 Executive Boulevard....75,000
Liberty Two, 1301 Executive Boulevard....51,000
TOTAL:....1,099,141

CLASS B

Atlantic Business Center, 1122 Executive Boulevard....56,000
1429 Crossways Boulevard....21,100
ABNB, 830 Greenbrier Circle....47,000
Armada Hoffler Business Center, 840 Greenbrier Circle....45,000
Battlefield Corporate Center, 535 Independence Parkway....98,000
Battlefield Lakes Tech Center I, 525 Byron Street (Flex)....38,500
Battlefield Lakes Tech Center II, 533 Byron Street (Flex)....29,000
Battlefield Technology Center I, 510 Independence Parkway....97,000
Battlefield Technology Center II, 520 Independence Parkway....81,478
Battlefield Technology Center III, 530 Independence Parkway...51,000
Battlefield Technology Center, 500 Independence Parkway....51,578
Branch Executive Quarter, 4012-4016 Raintree Road....80,984
Crossways at Greenbrier, 1408 Stephanie Way....53,500
Crossways Commerce Center II, 1449 Kristina &
1501 Crossways Boulevard....149,166
Crossways I, 1441 Crossways Boulevard....145,000
Crossways II, 1400 Crossways Boulevard....84,751
Crossways III, 1430 Kristina Way....61,992
Dominion Business Center, 1001 Scenic Parkway (Flex)....20,000
Eden North Centre, 1021 Eden Way....25,000
Gateway Bank, 1403 Greenbrier Parkway....75,000
Greenbrier Business Center, 1244 Executive Boulevard (Flex)...71,000
Greenbrier Business Center, 850 Greenbrier Circle....81,370
Greenbrier Circle Corp Center, 825 Greenbrier Circle &
1801 Sara Drive (Flex)....233,138
Greenbrier Executive Center II....26,870
Greenbrier Tech Center I, 814 Greenbrier Circle (Flex)....95,414
Greenbrier Tech Center II, 826 Greenbrier Circle (Flex)....82,340
Hanbury Office Park, 131-135 Hanbury Road....24,000
Independence Technology Center, 700 Independence Parkway97,000
Rose and Womble Business Center, 1207-1215 Volvo Parkway21,551
SunTrust Bank Building, 100 Volvo Parkway....23,000
Volvo Office Parkway, 737 Volvo Parkway (Flex)....36,000
Volvo Park, 1210-1228 Progressive Drive....52,000
TOTAL:....2,154,732
TOTAL CLASS A & B:....3,253,873

OWNER OCCUPIED

Cox Communications, 1341 Crossways Boulevard....198,000
Dollar Tree, 500 Volvo Parkway....114,000
Household Finance, 1421 Kristina Way....110,000
Monarch Bank, 1434 Crossways Boulevard....52,702
Panasonic Call Center, 661 Independence Parkway....55,000
QVC, 1553 North River Birch Run....50,000
TOTAL:....579,702

HILLTOP/OCEANFRONT

CLASS A

Camelot Professional Center, 1800 Camelot Drive....40,275
Mill Dam Medical Center, 1200 First Colonial Road....28,295
Sentara Medical Office Building, 1080 First Colonial Road....60,000
Sidney Kellam Building, 300 32nd Street....61,980
Towne Bank Center, 984 First Colonial Road....24,000
Towne Pavilion Center I, 2101 Parks Avenue....98,100
Towne Pavilion Center II, 600 22nd Street....83,800
TOTAL:....396,450

CLASS B

Beach Tower, 3330 Pacific Avenue....23,000
Birdneck Executive Suites and Services, 1206 Laskin Road 33,000
First Colonial Medical Center, 1120 First Colonial Road....22,300
Gibson Pavilion, 1081 19th Street....30,000
Hilltop West Executive Center, 1604 Hilltop West 23,000
Medical Arts Building, 1101 First Colonial Road....24,000
Sandpiper Key Associates Building, 1060-1064 Laskin Road...32,000
TOTAL:....187,300
TOTAL CLASS A & B:....583,750

CORPORATE LANDING

CLASS B

Executive Center at Corporate Landing, 5226 Indian River Rd..45,000
Princess Anne Executive Park, 2388 Court Plaza Drive....61,500
TOTAL:....106,500

OWNER OCCUPIED

Al-Anon Family Group Headquarters,
1600 Corporate Landing Parkway....33,765
GEICO, 1345 Perimeter Parkway....250,000
Liberty Tax Service, 1716 Corporate Landing Parkway....30,000
Liberty Tax Service, 1732 Corporate Landing Parkway....31,170
TOTAL:....344,935

KEMPSVILLE

CLASS A

Amerigroup Building I, 1300 Amerigroup Way....106,000
Amerigroup Building II, 1330 Amerigroup Way....106,000
Metroplex I, 1333 Regent University Drive....35,000
TOTAL:....247,000

CLASS B

Atrium of College Park Square, 6477 College Park Square....47,195
Central Park II, 544 Central Drive....43,000
College Park Square III, 6465 College Park Square....37,800
TOTAL:....147,995
TOTAL CLASS A & B:....394,995

LYNNHAVEN

CLASS A

Lynnwood Plaza, 621 Lynnhaven Parkway....87,157
Marsh Landing, 575 Lynnhaven Parkway....62,117
Oceana Center One, 484 Viking Drive....39,804
Oceana Place, 448 Viking Drive....73,502
Pinehurst Centre, 477 Viking Drive....103,000
Reflections I, 2809 South Lynnhaven Road....62,924
Reflections II, 200 Golden Oak Court....72,676
Reflections III, 208 Golden Oak Court....67,000
Reflections IV, 2901 South Lynnhaven Road....80,000
500 Viking Building, 500 Viking Drive....40,888
Windwood Center, 780 Lynnhaven Parkway....77,622
TOTAL:....766,690

CLASS B

582 Lynnhaven Parkway....23,408
2700 International Parkway....53,000
Chase Building, 596 Lynnhaven Parkway....31,910
Gateway Executive Center, 468 Viking Drive....31,680
Lynnhaven Commons, 562, 580, 605, 607, 609, 611, 613, 615
Lynnhaven Pkwy....61,788
Lynnhaven Corporate Center I, 770 Lynnhaven Parkway....36,046
Lynnhaven Corporate Center II, 760 Lynnhaven Parkway....39,184
Lynnhaven Five, 629 Phoenix Drive....24,549
Parkway Center III and IV, 2697 International Pkwy....64,186
Parkway Center I and II, 2695 International Pkwy....32,112
Parkway III (Unisys), 600 Lynnhaven Pkwy....50,428
Parkway West, 509 Viking Drive....41,563
Sabre Street I, 2875 Sabre Street....67,074
Sabre Street II, 2900 Sabre Street....60,000
Sabre Street III, 2901 Sabre Street....40,000
Sabre Street IV, 2929 Sabre Street....40,000
South Lynnhaven Business Park, 2984 South Lynnhaven Road40,000
The Viking Building, 440 Viking Drive....20,341
TOTAL:....757,269
TOTAL CLASS A & B:....1,523,995

OWNER OCCUPIED

AMSEC Building, 2829 Guardian Lane....89,500
Bank of Hampton Roads, 641 Lynnhaven Parkway....20,733
Global Technical Systems, 784 Lynnhaven Parkway....46,000
Hall Automotive, 441 Viking Drive....29,865
SAIC Building, 2877 Guardian Lane....72,000
TOTAL:....258,098

LITTLE NECK

CLASS B

Little Neck Office Park, 3300 Building, 397 Little Neck Road...89,377
Little Neck Office Park, 3300 South Building,
397 Little Neck Road....50,000
Little Neck Office Park, 3400 Building, 397 Little Neck Road...22,000
Little Neck Towers, 3500 Virginia Beach Boulevard....50,000
Lynnhaven Station, 101 North Lynnhaven Road....26,226
Rose Hall Professional Center, 3145 Virginia Beach Boulevard..20,000
Rosemont Interstate Center I, 195 South Rosemont Road....41,060
Rosemont Interstate Center II, 3637 Sentara Way....51,290
Rosemont Interstate Center III, 3629 Sentara Way....37,031
Yorktown Commerce Center, 228 North Lynnhaven Road....30,529
TOTAL:....417,513

OWNER OCCUPIED

Plan-It Building, 100 Landmark Square....24,000
NEXCOM Building, 3280 Virginia Beach Boulevard....75,000
TOTAL:....99,000

MILITARY CIRCLE

CLASS A

Riverside Commerce Center, 120 Corporate Boulevard....66,498
Riverside Commerce Center, 130 Corporate Boulevard....34,847
Riverside Corporate Center, 140 Corporate Boulevard....25,002
Riverside Corporate Center, 150 Corporate Boulevard....58,582
Riverside Corporate Center, 240 Corporate Boulevard....89,513
Virginia Eye Deveopment, 241 Corporate Boulevard....34,070
TOTAL:....308,512

CLASS B

Centura Bank Building, 870 North Military Highway....40,442
Circle East, 861 Glenrock Road....52,500
Circle South, 835 Glenrock Road....48,000
I.T.T. Building, 8623 Glenrock Road....54,312
Sentara, 835 Glenrock Road....45,000
TOTAL:....240,254
TOTAL CLASS A & B:....548,766

OWNER OCCUPIED

Union Mission, 5100-5314 Virginia Beach Boulevard....75,403
TOTAL:....75,403

NEWTOWN/WITCHDUCK

CLASS A

The AAA Building, 5366 Virginia Beach Boulevard....54,000
Amelia Building, 885 Kempsville Road....64,600
Chadwick Building, 5029 Corporate Woods Drive....57,079
Gallery I, 5712 Cleveland Street....30,632
Gallery II, 5716 Cleveland Street....30,000
Grayson Building, 5041 Corporate Woods Drive....43,000
Greenwich Station, 5589 Greenwich Road....30,000
Smithfield Building, 6160 Kempsville Road....129,183
Verizon Center, 5701 Cleveland Street....135,000
TOTAL:....573,494

CLASS B

BPD Building, 168 Business Park Drive....29,608
Cross Roads Center, 6330 Newtown Road....55,150
Expressway Business Park,184 Business Park Drive....32,650
Expressway Corporate Center, 5555 Greenwich Road....84,359
Greenwich Center, 192 Ballard Court....56,000
Greenwich Commons, 5501 Greenwich Road....50,292
Halifax Building, 6161 Kempsville Road....69,584
Mass Mutual Building, 5544 Greenwich Road....48,000
TRC Center I, 230 Clearfield Avenue....63,601
TRC Center II, 236 Clearfield Avenue....36,947
TRC Center III, 240 Clearfield Avenue....54,083

Interstate Corporate Center

Albemarle Building, 400 North Center Drive....22,450
Chesapeake Building, 410 North Center Drive....19,920
Elizabeth Building, 6333 Center Drive....14,250
Gloucester Building, 814 Kempsville Road....11,400
James Building, 6325 North Center Drive....34,230
Kroger Building, 6350 Center Drive....40,000
Linkhorn Building, 6345 Center Drive....5,640
Lynnhaven Building, 6363 Center Drive....20,510
Maury Building, 6300 Center Drive....26,111
Nansemond Building, 6387 Center Drive....11,600
Nottaway Building, 6379 Center Drive....9,660
Potomac Building, 6320 North Center Drive....26,500
Rappahannock Building, 6330 North Center Drive....24,330
Rivanna Building, 6315 North Center Drive....28,120
Shenandoah Building, 420 North Center Drive....51,040
Warwick Building, 6353 Center Drive....24,410
York Building, 6340 Center Drive....28,270
TOTAL:....978,715
TOTAL CLASS A & B:....1,552,209

OCCUPIED

Copy Data (Ikon), Executive Business Park, 1224 Executive Blvd....20,000
Chartway Federal Credit Union, 160 Newtown Road....71,415
Westmoreland Office Building, 5700 Cleveland Street....86,170
Cox Cable Building, 225 Clearfield Avenue....45,979
TOTAL:....223,564

PEMBROKE/ CENTRAL BUSINESS DISTRICT

CLASS A

Armada Hoffler Tower, 222 Central Park Avenue....256,900
Clark Nexsen Tower, 4525 Main Street....213,174
Convergence Center I, 295 Bendix Road....79,956
Convergence Center II, 277 Bendix Road....85,000
Convergence Center III, 272 Bendix Road....98,000
Convergence Center IV, 301 Bendix Road....92,000
Corporate Center VI, 4433 Corporation Lane....59,932
Five Columbus Center, 4525 Columbus Street....20,000
Fulton Bank Plaza, 4429 Bonney Road....87,000
IssueTrak, 249 Central Park Avenue....94,730
One Columbus Center, 283 Constitution Drive....129,465
Six Columbus Center, 4505 Columbus Street....32,000
Southport Centre, 4525 South Boulevard....61,594
Ticketmaster Building, 4445 Corporation Lane....30,000
Town Center North Tower, 222 Central Park Avenue
(Pender & Coward)....53,000
Two Columbus Center, 4500 Main Street....109,000
TOTAL:....1,501,751

CLASS B

Corporate Center I, 4460 Corporation Lane....51,000
Corporate Center II, 4456 Corporation Lane....52,768
Corporate Center III, 4452 Corporation Lane....51,000
Corporate Center IV, 4417 Corporation Lane (Sentara)....76,012
Corporate Center V, 4425 Corporation Lane....70,760
Dragas Office Park, 4532-4542 Bonney Road....40,878
Pembroke Office Park, 281, 287, 289, 291, 293 & 297 Independence
Boulevard....294,000
Princess Anne Commercial Bank Building,
4801 Columbus Street....39,900
Prism Plaza, 4455 South Boulevard....50,516
Remax Alliance Building, 4701 Columbus Street....32,000
SEC Building, 4705 Columbus Street....33,000
Southgate Centre, 4560 South Boulevard....43,200
Southport Trade Center, 349 Southport Circle....30,883
TechnoCenter I, 525 South Independence Boulevard....50,000
TOTAL:....915,917
TOTAL CLASS A & B:....2,417,668

OWNER OCCUPIED

AVIS, 300 Centre Pointe Drive....168,000
Bryant & Stratton College,301 Centre Pointe Drive....30,000
Coastal Training Technologies, 500 Studio Drive....60,000
QED Building, 3433 Inventor's Road....30,000
Virginia Natural Gas Building, 544 South Independence Blvd....48,242
REIN Building, 4575 Bonney Road....24,500
TOTAL:....360,742

PORTSMOUTH

CLASS A

Mast One, 1040 University Boulevard....60,000
TOTAL:....60,000

CLASS B

BB&T Building, 500 Crawford Street....42,350
Churchland Medical Center, 3235 Academy Avenue....25,095
Crawford Street Building, 355 Crawford Street....77,000
Portsmouth Municipal Building, 801 Water Street....55,085
The Seaboard Building, 1 High Street....65,000
Towne Bank Building, 200 High Street....35,046
Wachovia Bank, 430 Crawford Street....35,800
TOTAL:....335,376
TOTAL CLASS A & B:....395,376

SUFFOLK

CLASS A

Bon Secours Health Campus, 5818 Harbour View Boulevard.123,050
Godwin Office Building, 1005 Godwin Boulevard....26,005
Harbour View Medical Arts Building, 5838 Harbour View Blvd..50,000
JCW Building, 116 Lakeview Parkway....400,365
Konikoff Medical Building, 5849 Harbour View Boulevard....23,000
Lakeview Technology Center, 7511 Burbage Drive....86,400
The Woodley Office Building, 8030 Harbour View Boulevard....23,000
TOTAL:....731,820

CLASS B

Bridgeway Technology Center I, 7023-7025 Harbour View Blvd124,326
Bridgeway Technology Center II, 7021 Harbour View Blvd....67,500
Bridgeway Technology Center III, 7007 Harbour View Blvd....72,384
Brinkley Building, 3005 Corporate Lane....20,000
Harbour Breeze Professional Center, 1500-1540 Breezeport Way..57,000
Harbour View Professional Center, 1033-1037 Champions Way....46,000
Lake View Technology Center I, 115 Lake View Parkway....102,000
Suffolk Flex Building, 1001 Obici Industrial Boulevard....25,000
Suffolk Professonal Building, 100 North Main Street....24,000
TOTAL:....538,210
TOTAL CLASS A & B:....1,270,030

OWNER OCCUPIED

TowneBank Operations Center, 6005 Harbour View Blvd....43,000
Rose & Womble Building, 5857 Harbour View Boulevard....25,000
Lockheed Martin Center for Innovation, 8000 Harbour View Blvd...60,000
TOTAL:....128,000

DOWNTOWN HAMPTON

CLASS A

Harbour Centre, 2 Eaton Street....162,674
TOTAL:....162,674

CLASS B

Olde Hampton Bank Building, 47 West Queens Way....17,688
TOTAL:....17,688
TOTAL CLASS A & B:....180,362

OWNER OCCUPIED

Old Point National Bank Building, 101 East Queen Street....42,774
TOTAL:....42,774

DOWNTOWN NEWPORT NEWS

CLASS B

Maritime Square, 2600 Washington Avenue....135,103
Rouse Tower, 6060 Jefferson Avenue....150,075
TOTAL:....285,178
TOTAL CLASS A & B:....285,178

OWNER OCCUPIED

Newport News Shipbuilding, Apprentice School, 4101 Washington
Avenue....90,000
TOTAL:....90,000

HAMPTON ROADS CENTER

CLASS A

Lakefront Plaza, 21 Enterprise Parkway....76,000
Olympia Place, 22 Enterprise Parkway....72,444
Oxford Plaza, 1 Enterprise Parkway....72,444
Research Quad, Building One, 100 Exploration Way....60,000
Research Quad, Building Three, 300 Exploration Way....100,000
Riverside Health Center, 850 Enterprise Parkway....92,600
VPAR, 1001 North Campus Boulevard....20,000
TOTAL:....493,488

CLASS B

Butler Farm 400, 400 Butler Farm Road....100,600
Butler Farm 421, 421 Butler Farm Road....56,500
Hampton I, 2713 Magruder Boulevard....68,500
Hampton II, 303 Butler Farm Road....67,750
Hampton III, 525 Butler Farm Road....40,000
Hampton Technology Center I, 903 Enterprise Parkway....56,700
HealthNet Building, 514 Butler Farm Road....60,482
Parkway Center, 521 Butler Farm Road....44,650
Parkway Executive Center, 501 Butler Farm Road....35,200
Research Office Building, 144 Research Drive....30,000
TOTAL:....560,382
TOTAL CLASS A & B:....1,053,870

COLISEUM CENTRAL

CLASS A

Claiborne Building, 4410 East Claiborne Square	150,000
Pinewood Plaza, 1919 Commerce Drive	70,000
Sentara Health Campus, 4000 Coliseum Drive	103,600
TOTAL:	**323,600**

CLASS B

Central Park Six, 6 Manhattan Square	32,500
Executive Tower, 2101 Executive Drive	135,000
Raytheon Building, 130 Research Drive	50,000
Sentara Center, 4001 Coliseum Drive	59,000
TOTAL:	**276,500**
TOTAL CLASS A & B:	**600,100**

OWNER OCCUPIED

Langley Federal Credit Union, 1055 West Mercury Boulevard	73,056
TOTAL:	**73,056**

OYSTER POINT

CLASS A

Atrium At Oyster Point, 11832 Rock Landing Dr.	62,971
Cedar Two, 11837 Rock Landing Drive	27,000
Compass Point, 1 Compass Way	100,000
Fountain Plaza One, 701 Town Center Dr.	100,000
Fountain Plaza Three, 721 Lakefront Commons	80,000
Merchants Walk, 11870 Merchants Walk	28,000
One City Center, 11815 Fountain Way	70,000
One Oyster Point, 827 Diligence Dr.	36,200
Oyster Point Interstate Center, 675 Old Ouster Point Rd.	64,000
Peninsula Professional Building, 11818 Rock Landing Dr.	30,800
Riverside Health Center Building (Warwick), 1220 Warwick Boulevard	104,500
SunTrust Building, 11817 Canon Blvd.	100,955
TowneBank Center, 1 Old Oyster Point Road	56,300
Two City Center, 11820 Fountain Way	63,600
Two Oyster Point, 825 Diligence Way	60,000
Wells Fargo Building, 600 Thimble Shoals Boulevard	42,900
TOTAL:	**1,207,226**

CLASS B

11790 Jefferson Avenue	20,662
BB&T Plaza, 603 Pilot House Drive	37,350
Canon Place, 11828 Canon Blvd. (Flex)	26,000
Comb-Bay Park, 11821-11825 Rock Landing Dr. (Flex)	32,000
Dunwoody Place, 780 Pilot House Drive (Flex)	19,798
Executive Center, 739 Thimble Shoals Blvd.	95,399
Fishing Point Center, 11828-11830 Fishing Point Dr. (Flex)	50,600
Fulton Bank Building, 601 Thimble Shoals Boulevard (Mixed-Use)	29,750
McCale Professional Park, 729 Thimble Shoals Blvd.	40,000
Oyster Point Business Center, 11835 Canon Blvd. (Flex)	25,000
Oyster Point Center, 732 Thimble Shoals Blvd.	44,000
Oyster Point West, 310 Ed Wright Ln. (Flex)	176,560
Park Central Executive Center, 610 Thimble Shoals Blvd. (Flex)	54,425
Park Place, 751 & 753 Thimble Shoals Boulevard (Flex)	37,635
Peninsula Business Center I, 11751 Rock Landing (Flex)	21,817
Peninsula Business Centre II, 11761 Rock Landing (Flex)	40,475
Tidewater Medical Center, 860 Omni Blvd	60,000
Technology Center, 813 Diligence Dr. (Flex)	81,000
Thimble Shoals Business Center, 720 Thimble Shoals Blvd. (Flex)	55,377
Tower Park, 735 Thimble Shoals	31,600
TOTAL:	**979,448**
TOTAL CLASS A & B:	**2,006,674**

OWNER OCCUPIED

Applied Research Center	121,000
Ferguson Corporate Center II, 12490 Jefferson Avenue	152,965
Fountain Plaza Two	80,000
Muller Martini Building	24,000
Peninsula Retail Credit	30,000
TOTAL:	**407,965**

SUBURBAN NEWPORT NEWS

CLASS A

Patrick Henry Corporate Center, 12350 Jefferson Avenue	99,100
TOTAL:	**99,100**

CLASS B

Mary Immaculate Pavilion, 12720 McManus Boulevard	76,600
Net Center, 5200 Mercury Boulevard	557,750
TOTAL:	**634,350**
TOTAL CLASS A & B:	**733,450**

WILLIAMSBURG/JAMES CITY COUNTY/YORK COUNTY

CLASS A

Atrium, 263 McLaws Circle	26,900
Casey Corner, 5400 Discovery Park Boulevard	30,000
Courthouse Green Office, 4093 Ironbound Road	30,000
Cybernetics Building, 111 Cybernetics Way	65,000
Discovery Business Park Building II, 5308 Discovery Business Park Drive	20,000
Discovery Business Park Building, 5300 Discovery Business Park Drive	34,700
Ironbound Professional Center, 4125 Ironbound Road	22,200
Nationwide Building, 501 Village Avenue (Yorktown)	25,000
Paladium Office Building, 5408 Discovery Park Boulevard	21,000
Patriot Park Business Center, 5388 Discovery Park Boulevard	23,800
Ryan Homes Building, 5360 Discovery Park Boulevard	20,000
Scott Thomas Building, 5372 Discovery Park Boulevard	20,000
Sentara Medical Building, 4374 New Town Avenue	49,200
SunTrust, 4801 Courthouse Street	60,000
WEG Building, 5209 Center Street	27,000
Wells Fargo, 428 McLaws Circle (Busch Corporation)	20,000
William E. Wood Building, 5208 Monticello Avenue	22,066
TOTAL:	**516,866**

CLASS B

5425 Discovery Park Boulevard	21,200
Bionetics Building, 101 Production Drive (Yorktown)	30,000
Busch Gardens Building, 300-344 McLaws Circle	113,800
Rivergate Center, 309 McLaws Circle	37,600
Williamsburg Commerce Center, 460 McLaws Circle	31,150
TOTAL:	233,750
TOTAL CLASS A & B:	**750,616**

OWNER OCCUPIED

Tidewater Physicians Multi-Specialty Group, 5424 Discovery Park Boulevard	40,000

Disclaimer: The information in this report is deemed reliable. Old Dominion University Real Estate Center makes no representation or warranty as to its accuracy.

SOUTHSIDE - Class A	YEAR 2014			
SUBMARKET	NLA	VAC	% VAC	AVG RENT
AIRPORT/NORTHAMPTON	634,200	33,364	5.3%	$24.34
CENTRAL NORFOLK	N/A	N/A	N/A	
CHESAPEAKE/GREENBRIER	1,099,141	145,109	13.2%	$19.29
CORPORATE LANDING	N/A	N/A	N/A	
DOWNTOWN NORFOLK	1,937,496	352,545	18.2%	$24.94
HILLTOP/OCEANFRONT	396,450	13,043	3.3%	$21.74
KEMPSVILLE	247,000	5,800	2.3%	$15.00
LITTLE NECK	N/A	N/A	N/A	
LYNNHAVEN	766,690	74,493	9.7%	$18.19
MILITARY CIRCLE	308,512	36,668	11.9%	$18.50
NEWTOWN/WITCHDUCK	573,494	154,654	27.0%	$20.37
PEMBROKE/CENTRAL BUSINESS DISTRICT	1,505,751	206,531	13.7%	$25.52
PORTSMOUTH	60,000	15,092	25.2%	$22.50
SUFFOLK	731,820	88,452	12.1%	$19.98
TOTAL	**8,260,554**	**1,125,751**	**13.6%**	**$22.50**

SOUTHSIDE - Class B	YEAR 2014			
SUBMARKET	NLA	VAC	% VAC	AVG RENT
AIRPORT/NORTHAMPTON	140,513	76,941	54.8%	$13.10
CENTRAL NORFOLK	1,016,307	211,781	20.8%	$15.26
CHESAPEAKE/GREENBRIER	2,154,732	241,473	11.2%	$13.38
CORPORATE LANDING	106,500	50,733	47.6%	$13.50
DOWNTOWN NORFOLK	1,568,164	352,084	22.5%	$17.67
HILLTOP/OCEANFRONT	187,300	22,858	12.2%	$19.14
KEMPSVILLE	147,995	66,295	44.8%	$12.04
LITTLE NECK	417,513	18,227	4.4%	$14.47
LYNNHAVEN	757,269	116,945	15.4%	$15.89
MILITARY CIRCLE	240,254	62,952	26.2%	$12.28
NEWTOWN/WITCHDUCK	978,715	166,060	17.0%	$17.17
PEMBROKE/CENTRAL BUSINESS DISTRICT	915,917	126,438	13.8%	$17.00
PORTSMOUTH	335,376	79,050	23.6%	$16.55
SUFFOLK	538,210	67,802	12.6%	$17.23
TOTAL	**9,504,765**	**1,659,639**	**17.5%**	**$15.35**

PENINSULA - Class A	YEAR 2014			
SUBMARKET	NLA	VAC	% VAC	AVG RENT
COLISEUM CENTRAL	323,600	190,720	28.0%	$17.27
DOWNTOWN HAMPTON	162,674	68,824	42.3%	$16.00
DOWNTOWN NEWPORT NEWS	N/A	N/A	N/A	
HAMPTON ROADS CENTER	493,488	42,894	8.7%	$18.50
OYSTER POINT	1,027,226	108,331	10.5%	$18.32
SUBURBAN NEWPORT NEWS	99,100	3,986	4.0%	$22.00
WILLIAMSBURG/JAMES CITY/ YORK COUNTY	516,866	35,965	7.0%	$19.46
TOTAL	**2,622,954**	**350,720**	**13.4%**	**$17.77**

PENINSULA - Class B	YEAR 2014			
SUBMARKET	NLA	VAC	% VAC	AVG RENT
COLISEUM CENTRAL	276,500	104,180	37.7%	$15.83
DOWNTOWN HAMPTON	17,688	910	5.1%	$13.52
DOWNTOWN NEWPORT NEWS	285,178	40,468	14.2%	$16.40
HAMPTON ROADS CENTER	560,382	66,669	11.9%	$15.20
OYSTER POINT	979,448	129,838	13.3%	$12.96
SUBURBAN NEWPORT NEWS	634,350	176,350	27.8%	$12.00
WILLIAMSBURG/JAMES CITY/ YORK COUNTY	233,750	84,410	36.1%	$13.76
TOTAL	**2,987,296**	**602,825**	**20.2%**	**$13.77**

OFFICE SUBMARKETS

Southside

1 Airport/Northampton
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.
23 York County