

# Retail Market Trends Richmond

Grubb & Ellis Research

Second Quarter 2003



## Rising Rates Ahead of 'Storm'

With two million square feet due to be delivered in September and most of that pre-leased, Richmond is experiencing what could be called the "calm before the storm" in the retail market. Market rental rates continue to rise with the hottest areas quoting rates for new construction in the range of \$19 to \$21 psf for the Swift Creek/Woodlake areas up to \$25 to \$27 psf for some projects in the Northwest Quadrant. New construction adjacent to Kroger at Broad & Bowe Streets downtown is leasing for \$22 to \$24 psf.

Second quarter construction completions included a 154,000 sf Wal-Mart in Ashland that took five years to gain approval and construct. With Hill Carter Parkway now completed from Sliding Hill Road to the Wal-Mart and Junction Drive extended from Route 1 to Hill Carter Parkway, there are opportunities for additional development in the immediate area. Also completed were a 29,000 sf World Market at Brookhollow East in the Short Pump area, as well as a new Kroger at the Village of Swift Creek on Hull Street Road at Route 288 in Chesterfield County.

Investment sales included the transfer of The Creeks at Virginia Center to Inland Southeast Creeks, LLC for \$39 million or \$148 psf. The same purchaser paid \$138 psf for Commonwealth Centre and a record \$260 psf for the Downtown Short Pump center earlier this year.

Some large second-generation space in good locations continues to be difficult to fill, such as the former Service Merchandise stores on West Broad at Gaskins and Huguenot Road at Alverser. The former Phar-Mor at West Park Shopping Center also remains empty. Weakness remains along some sections of Midlothian Turnpike east of Chesterfield Towne Center.

### Retail Market Trends

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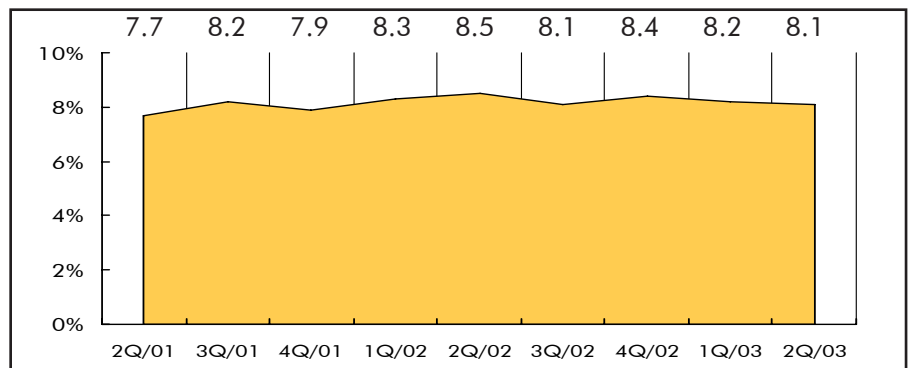
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Richmond Retail Vacancy Rate\*

\* All Product Types & Submarkets

## Retail Market Snapshot Richmond - 2nd Quarter 2003

By Submarket (All Types)	Total SF(1)	Vacant SF(4)	Vacant %	Net Absorption		Under Construction(2)	Asking Rent(3)		
				Current Qtr.	Year-to-date		Neighborhood	Power Center	
Northeast	3,801,509	424,870	11.2%	(5,464)	(4,092)	128,300	\$10.34		
Northwest	12,269,540	675,716	5.5%	102,044	59,347	1,292,000	\$14.60	\$9.50	
Southeast	285,326	16,512	5.8%	(1,800)	7,028	0	\$13.66		
Southwest	14,116,349	1,361,630	9.6%	232,623	331,449	905,000	\$11.68	\$22.00	
Tri-Cities	4,023,370	330,973	8.2%	(51,684)	(52,654)	0	\$8.25		
<b>Total</b>	<b>34,496,094</b>	<b>2,809,701</b>	<b>8.1%</b>	<b>275,719</b>	<b>341,078</b>	<b>2,325,300</b>	<b>\$11.35</b>	<b>\$12.51</b>	
<b>By Product Type (All Submarkets)</b>							<b>Asking Rent By Product Type</b>		
Community	6,941,907	990,814	14.3%	(94,456)	(35,705)	70,000	\$9.61		
Freestanding	7,834,128	425,370	5.4%	39,005	28,904	60,000	\$7.83		
Neighborhood	7,870,144	773,986	9.8%	33,715	39,617	232,000	\$11.35		
Power	2,989,651	42,450	1.4%	109,072	105,800	200,000	\$12.51		
Regional	4,746,108	283,733	6.0%	2,275	37,275	1,690,000	\$30.37		
Strip	4,114,156	293,348	7.1%	186,108	165,187	73,300	\$11.97		
<b>Total</b>	<b>34,496,094</b>	<b>2,809,701</b>	<b>8.1%</b>	<b>275,719</b>	<b>341,078</b>	<b>2,325,300</b>	<b>\$12.84</b>		

(1) Inventory includes multi-tenant, single tenant and owner occupied buildings with at least 10,000 sq. ft.

(2) Space under construction includes speculative, build-to-suit for lease and design-build projects.

(3) Asking rates are per square foot per year triple net. Rates for each building are weighted by the amount of available space within the building.

(4) Vacant space includes vacant sublease space.

## Retail Market Terms and Definitions

**Shopping Center Product Types:** Shopping centers are characterized as strip, neighborhood, community, regional, super-regional, power, specialty, outlet, freestanding, showroom and urban retail, based on the center size, anchor tenants and configuration.

**Vacancy and Availability:** The vacancy rate is the amount of physically vacant space divided by the inventory. The availability rate is the amount of space available for lease divided by the inventory.

**Net Absorption:** The net change in physically occupied space over a period of time.

**Asking Rent:** The dollar amount asked by landlords for available space expressed in dollars per square foot per year in most parts of the country and dollars per square foot per month in areas of California and selected other markets. Retail rents are expressed as triple net where all costs including, but not limited to, real estate taxes, insurance and common area maintenance are borne by the tenant on a pro rata basis.

## Recent Transactions

Grubb & Ellis | Harrison & Bates is pleased to announce the following retail transactions during the second quarter of 2003:

<p><b>Shops at Broad &amp; Bowe</b>  <b>1500 W. Broad Street</b>                      Starbucks - 1,250 sf                      Supercuts 1,000 sf                      Advance America - 1,000 sf                      Downtown Locker Room - 4,000 sf                      Great Wraps - 1,500 sf                      GameStop, Inc. - 2,000 sf                      Susan Jones, Jim Ashby                      Just one 1,250 sf space left!</p>	<p><b>Hungarybrook Shopping Center</b>                      Smoke Shop - 750 sf                      Celltel - 1,600 sf                      Susan Jones, June Smith</p>	<p><b>Pepper's Ferry Shopping Center</b>  <b>Christiansburg, VA</b>                      Subway - 1,520 sf                      PFS Photo - 1,087 sf                      Mattress Warehouse - 3,800 sf                      VA ABC Board - 3,116 sf                        1.04 Acre Land Sale                      Susan Jones</p>
<p><b>Oilville Retail Shops</b>                      Domino's Pizza - 1,200 sf                      Goochland Tees &amp; Novelties - 1,200 sf                      Susan Jones</p>		

# Featured Listings

Partial Listing of Retail Properties Currently Available

Go to [www.harrison-bates.com/properties](http://www.harrison-bates.com/properties) to view all listings including land.

## Retail Space & Buildings



Ashland Retail Shops  
Adjacent to new Wal-Mart  
1,500 to 20,000 SF  
Lease - \$20 NNN **NEW**  
Susan Jones, Jim Ashby



Woodlake Commons  
New Construction  
1,200 - 38,000 SF  
Lease - \$21 NNN **NEW**  
Outparcels Also Available  
June Smith, Jerry Yospin



Former Burger King  
1204 Azalea Avenue  
2,500 SF  
Sale - \$335,000 **NEW**  
June Smith, Jerry Yospin



Brandermill  
4800 Market Square Lane  
Next to Memories Galore  
5,000 - 7,000 SF  
Lease - \$8.00 NNN **NEW**  
Jim Ashby, Andrew Ferguson



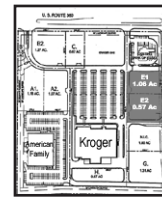
Former Mulligan's Sports Grill  
8006 W. Broad Street  
14,000 SF **NEW**  
Sale - \$1,300,000  
Mike Weisberg, Jim Ashby



VCU Area  
810 W. Grace Street  
8,400 SF  
Lease - \$8.50 NNN  
Sale - \$546,000  
Brian Glass



Amberleigh  
Hull Street Road  
Join Movie Gallery & Sheetz  
1,000 - 8,000 SF  
Lease - \$18 NNN  
Susan Jones



Creighton Crossing II  
Mechanicsville  
New Construction  
1,200 - 9,200 SF  
Lease - \$22 NNN  
Susan Jones, Jim Ashby



Irongate Shopping Center  
6401-29 Iron Bridge Rd  
57,830 SF - Fully Leased  
Sale - \$3,800,000  
Mike Weisberg



Colonnades West  
W. Broad St @ Cox Rd  
3,902 SF  
Lease - \$20-25 NNN  
Brian Glass



Midlothian Square  
11521 Midlothian Tpk  
1,800 & 2,464 SF  
Lease - \$12 NNN  
Jerry Yospin, June Smith



Tappahannock Towne Center  
US 17/360 & SR 617  
1,050 to 24,000 SF  
Lease - \$6 to \$12 NNN  
2 Outparcels Available  
Susan Jones, Jim Ashby

## Retail Land

Creighton Crossing - Outparcels

1.31 Ac - \$375,000 / 2.25 Ac - \$1,068,750

Call Susan Jones

Twin Hickory Town Center - Outparcels

.39 Ac - \$175,000 / 1.7 Ac - \$765,000

Call Susan Jones

Royal Oaks - 6 Ac Site - \$840,000

Call Courtney Moore or Bill Mattox

Amberleigh - Ground leases at \$50,000/acre

Call Susan Jones

Airport Drive & Nine Mile Road - Zoned B3C/B2C

1.78 Ac - \$425,000

Call Susan Jones or Jim Ashby

Leigh & Lombardy Streets - Pad Site - Adjacent Kroger

.66 Ac - \$250,000

Call Susan Jones or Andrew Ferguson

Chippenham Forest Square - near Wal-Mart & Lowe's

7.74 Ac - \$1,354,500

Call Andrew Ferguson or Susan Jones

York County/Lightfoot - just off I-64

4.97 Ac - \$1,000,000

Call Jeff Williams

The Retail Services Team specializes in all facets of retail real estate locally, as well as nationally, through our affiliation with Grubb & Ellis, one of the nation's largest commercial real estate services firms. Clients benefit from the depth of experience and superior market knowledge of these highly trained professionals. Services provided include:

- Acquisition/Disposition Services
- Buyer/Tenant Representation
- Feasibility Studies
- Highest & Best Use/Alternative Use Studies
- Investment Analysis
- Lease Review for Owners & Tenants
- Lease vs. Own Analysis
- Marketing Plans & Services
- Opinions of Value
- Project Management
- Sales-Leasebacks
- Site & Facility Selection
- Strategic Real Estate Planning
- Tax Deferred Exchanges
- Tenant Retention

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**Richmond**  
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