

# Retail Market Trends Richmond

Grubb & Ellis Research

Third Quarter 2003



*“Only two regional malls are expected to be delivered in the entire country in 2003 and both of them are in the Metro Richmond area.”*

*International Council of Shopping Centers*

## Two Million Sq. Ft. Delivered!

Richmond saw the delivery of two million square feet of upscale retail shops in September with the opening of Short Pump Town Center and Stony Point Fashion Park, both open-air style regional shopping centers with many tenants new to the area. Despite rainy opening days and a major hurricane, both report better-than-anticipated traffic and business. Retailers in general, and particularly restaurants, are showing great interest in anything available in the Short Pump area and are not blinking at the high cost of those high-traffic locations near the new mall. It will be at least 12 to 18 months before it's proven that businesses are profitable in these prime locations, as well as how much business is new to the area. Obviously, some percentage will come from existing local retailers and restaurateurs who are not only feeling the pinch of lost business, but also lost employees enticed to take one of the 6,000 new jobs created by the two malls.

There will be a slow-down in new construction for the foreseeable future, with the exception of the 250,000-square-foot Shops at Stratford Hills, anchored by Ukrop's and Target, which recently broke ground.

Land prices along the major retail corridors have stabilized at high values, so sellers holding out for higher returns should not wait much longer.

Opportunities will exist along the soon-to-be-completed Route 288, at its intersections with West Broad Street and Midlothian Turnpike especially, but not in the near term.

Challenges continue to be felt in B spaces and locations and property owners along Midlothian Turnpike east of Robious Road are under pressure.

### Richmond Retail Market Trends

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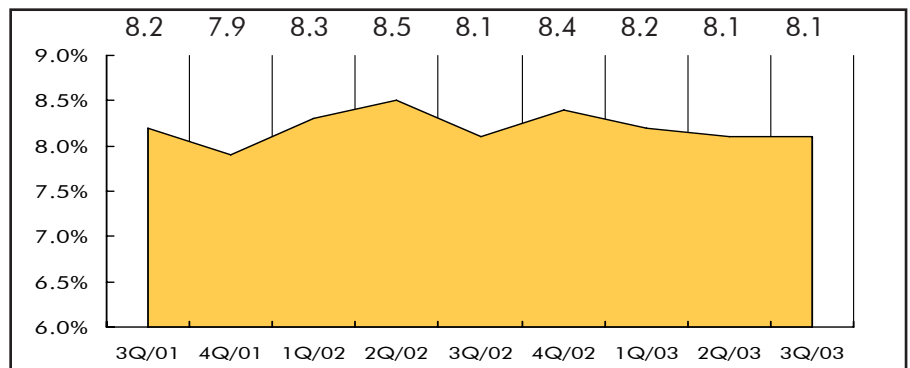
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Richmond Retail Vacancy Rate\*

\* All Product Types & Submarkets

## Retail Market Snapshot Richmond Third Quarter 2003

| By Submarket<br>(All Types)                 | Total SF(1)       | Vacant SF(4)     | Vacant %    | Net Absorption   |                  | Under<br>Construction(2) | Asking Rent(3)                     |                |  |
|---|-------------------|------------------|-------------|------------------|------------------|--------------------------|------------------------------------|----------------|--|
|   |                   |                  |             | Current Qtr.     | Year-to-date     |                          | Neighborhood                       | Power Center   |  |
| Northeast                                   | 3,801,509         | 415,586          | 10.9%       | 9,284            | 5,192            | 100,315                  | \$11.84                            |                |  |
| Northwest                                   | 13,270,857        | 768,871          | 5.8%        | 908,162          | 967,509          | 307,000                  | \$13.71                            | 9.50           |  |
| Southeast                                   | 285,326           | 15,882           | 5.6%        | 630              | 7,658            | -                        |                                    |                |  |
| Southwest                                   | 14,806,349        | 1,412,611        | 9.5%        | 639,019          | 970,468          | 499,198                  | \$11.78                            | \$22.00        |  |
| Tri-Cities                                  | 4,023,370         | 318,203          | 7.9%        | 12,770           | (39,884)         | -                        | \$7.41                             |                |  |
| <b>Total</b>                                | <b>36,187,411</b> | <b>2,931,153</b> | <b>8.1%</b> | <b>1,569,865</b> | <b>1,910,943</b> | <b>906,513</b>           | <b>\$11.28</b>                     | <b>\$11.26</b> |  |
| <b>By Product Type<br/>(All Submarkets)</b> |                   |                  |             |                  |                  |                          | <b>Asking Rent By Product Type</b> |                |  |
| Community                                   | 6,804,260         | 981,517          | 14.4%       | 9,297            | (26,408)         | 320,000                  | \$9.64                             |                |  |
| Freestanding                                | 7,835,445         | 391,323          | 5.0%        | 35,364           | 64,268           | 75,000                   | \$7.90                             |                |  |
| Neighborhood                                | 8,007,791         | 794,935          | 9.9%        | (20,949)         | 18,668           | 232,000                  | \$11.28                            |                |  |
| Power                                       | 2,989,651         | 42,550           | 1.4%        | (100)            | 105,700          | 200,000                  | \$11.26                            |                |  |
| Regional                                    | 6,436,108         | 421,855          | 6.6%        | 1,551,878        | 1,589,153        | -                        | \$30.32                            |                |  |
| Strip                                       | 4,114,156         | 298,973          | 7.3%        | (5,625)          | 159,562          | 79,513                   | \$11.61                            |                |  |
| <b>Total</b>                                | <b>36,187,411</b> | <b>2,931,153</b> | <b>8.1%</b> | <b>1,569,865</b> | <b>1,910,943</b> | <b>906,513</b>           | <b>\$12.74</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, free-standing, 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 third quarter of 2003:

|   |   |   |
|---|---|---|
| <p><b>Former Goodyear</b><br/> <b>6816 Hull Street</b><br/>           4,000 SF Sale<br/>           Courtney Moore, Susan Jones</p>  | <p><b>Former Children's World</b><br/> <b>3107 Hungary Spring Road</b><br/>           4,925 SF Sale<br/>           Susan Jones, Morrie Piersol,<br/>           Mike Lowry</p> | <p><b>Community Bank of Virginia</b><br/>           1,600 SF Lease<br/>           Winterpock Crossing<br/>           Jerry Yospin, June Smith</p>   |
| <p><b>Colonnades West</b><br/> <b>10700 West Broad Street</b><br/>           Elite Fitness, Inc. - 3,902 SF Lease<br/>           Wild Birds Unlimited - 2,088 SF Lease<br/>           Brian Glass</p> | <p><b>Former Burger King</b><br/> <b>1204 Azalea Avenue</b><br/>           2,500 SF Sale<br/>           Jerry Yospin, June Smith,<br/>           Mike Weisberg</p>            | <p><b>Creighton Crossing II</b><br/> <b>Mechanicsville, VA</b><br/>           Orthodontic Centers of VA - 2,615 SF Lease<br/>           Hawthorne Cleaners - 600 SF Lease<br/>           Susan Jones, Jim Ashby</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.

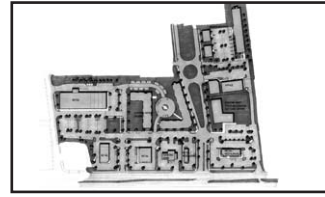
## Retail Space & Buildings



**Brook Road Retail Shops**  
6000 Block Brook Road  
Available Q3 2004  
1,240 to 8,750 SF  
Lease - \$18.00 NNN  
Susan Jones



**Downtown Short Pump**  
W. Broad @ Pouncey Tract  
5,000 SF next to  
Short Pump Grill  
Lease - \$38.00 NNN  
Brian Glass



**The Commons at Winchester Green**  
Jeff Davis Hwy & Bensley Commons Blvd  
1,200 to 31,500 SF  
Lease - \$11.00 to \$15.00 NNN  
Pad Sites for Sale  
Courtney Moore, Brian Glass



**Cary Place**  
1900 W. Cary Street  
Adjacent to proposed Walgreens  
1,200 to 3,600 SF  
Lease - \$19.00 NNN  
Susan Jones



**Dominion Village**  
Creighton Rd & Laburnum Ave  
1,000 to 5,000 SF  
Lease: \$18.00 - \$20.00 NNN  
Susan Jones



**Willow Lawn Auto Sales**  
5310 W. Broad Street  
5,487 SF  
Sale - \$1,100,000  
Mike Weisberg, Jim Ashby



**Former 7-Eleven**  
6030 Iron Bridge Road  
2,520 SF  
Sale - \$275,000  
Mike Weisberg



**Amberleigh**  
Hull Street Road  
Join Movie Gallery & Sheetz  
3,000 SF Left  
Lease - \$18.00 NNN  
Susan Jones



**Former Mulligan's Sports Grill**  
8006 W. Broad Street  
14,000 SF  
Sale - \$1,100,000  
Mike Weisberg, Jim Ashby



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



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



**Tappahannock Towne Center**  
US 17/360 & SR 617  
1,050 to 20,000 SF  
Lease - \$6 to \$12 NNN  
1 Outparcel 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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Superior Service Through Innovative People  
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Grubb & Ellis Affiliate of the Year



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**Richmond**  
**Retail Market Trends**  
3rd Quarter 2003