

Retail Market Trends Richmond

Grubb & Ellis Research

Fourth Quarter 2003



Less construction and a more robust economy should help to keep Richmond retail on track throughout 2004.

Spike In Vacancy Noted

There was a jump in overall vacancy at the end of 2003, but a closer look at vacancy by product type shows the weakest sectors to be community centers and regional malls. Much of the nearly 3.5 million vacant square feet consists of Big Box or anchor closings in the area such as K-Mart and Phar Mor, as well as vacancies created by relocation of some anchors from older malls to sites in or near the new regional life-style centers. For example, Cloverleaf Mall has now lost all of its anchors and half of its small tenant space. Since the property is unlikely to be redeveloped as a regional mall, we will remove it from that sector beginning with the Q1 2004 report.

There will be relatively modest retail construction for 2004 with much of that being small strip service centers in targeted areas such as Mechanicsville, the Virginia Center Commons area, and the Hull Street corridor west of Route 288.

Richmond's grocery market leader, Ukrop's Supermarkets, has been in an expansion mode, opening stores at the newly completed John Rolfe Commons, as well as at Crossridge Shopping Center, both in the Northwest quadrant. Another store is under construction at The Shops at Stratford Hills and a site was purchased for future development at Twin Hickory.

The next 18 months will be challenging for some tenants as they determine if sales volumes can support the higher rents being paid in the newest and hottest shopping areas; and, if familiarity and loyalty will keep enough business returning to the older shopping venues to protect them from closing.

Richmond Retail Market Trends

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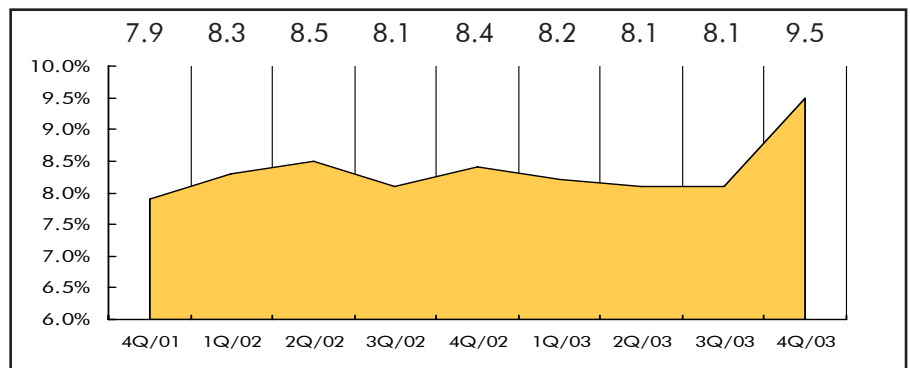
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Richmond Retail Vacancy Rate*

* All Product Types & Submarkets

Retail Market Snapshot Richmond Fourth 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	3,831,824	426,675	11.1%	19,226	24,418	70,000	\$9.54		
Northwest	13,569,110	807,924	6.0%	252,947	1,220,456	55,000	\$13.74	\$9.50	
Southeast	285,326	13,482	4.7%	2,400	10,058	-			
Southwest	15,043,847	1,955,409	13.0%	33,192	568,660	271,825	\$11.78	\$22.00	
Tri-Cities	4,023,370	288,930	7.2%	3,600	9,534	-	\$7.47		
Total	36,753,477	3,492,420	9.5%	311,365	1,833,126	396,825	\$11.11	\$14.06	
By Product Type (All Submarkets)							Asking Rent By Product Type		
Community	6,804,260	1,054,910	15.5%	(114,756)	(141,164)	320,000	\$10.04		
Freestanding	7,901,698	342,642	4.3%	108,681	172,949	25,125	\$7.56		
Neighborhood	8,239,791	819,947	10.0%	161,170	225,656	-	\$11.11		
Power	3,189,651	50,550	1.6%	192,000	297,700	-	\$14.06		
Regional	6,436,108	923,432	14.3%	(101,577)	1,052,576	-	\$30.01		
Strip	4,181,969	300,939	7.2%	65,847	225,409	51,700	\$12.54		
Total	36,753,477	3,492,420	9.5%	311,365	1,833,126	396,825	\$16.07		

(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 fourth quarter of 2003:

<p>2916 Jefferson Davis Highway 21,502 SF Sale Brian Glass, Jim Ashby</p>	<p>Advance America 3,100 SF Lease Henry Clay Shopping Center Susan Jones</p>	<p>Rent-A-Center 4,000 SF Lease - Lowes Plaza 4,000 SF Lease - Walmart Plaza 6,000 SF Lease - Essex Square June Smith, Jerry Yospin</p>
<p>16 S. Allen Avenue 8,746 SF Sale Jim Ashby</p>	<p>Courthouse Commons 3,000 SF Lease - Lee's Chinese Restaurant Jerry Yospin, June Smith, Mike Weisberg</p>	<p>Three Chopt Plaza Care Advantage - 970 SF Lease Royal Nails - 1,872 SF Lease Brian Glass</p>

Featured Listings

Partial Listing of Retail Properties Currently Available

Go to www.harrison-bates.com/properties to view all listings including land.

Existing Retail Space & Buildings



Crawley Funeral Home
3800-3810 Meadowbridge Rd
6,259 SF
Sale - \$660,000 **NEW**
Mike Weisberg, June Smith



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



8601-03 Staples Mill Road
Just East of Parham Rd
13,700 SF Total **NEW**
Lease - 6,760 SF @ \$8.50
Sale - \$1,100,000
Jim Ashby, Scott White



Chesterfield Building
900 W. Franklin Street **NEW**
2,500 SF Restaurant Space
Available 4/30/04
Lease - \$25 NNN
Jim Ashby



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



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



VCU Area
1106-1110 W. Main Street
Three 1,200 SF Units **NEW**
All First Floor
Lease - \$18.00 - 20.00 NNN
Susan Jones, June Smith



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

New Retail Development

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

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

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

Brookriver Restaurant Park
Off W. Broad St @ **NEW**
Brookhollow
Three 1-Acre Pad Sites +
Church Building
Susan Jones, Scott Boyers

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

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

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

Retail Land

Creighton Crossing - Outparcels
1.31 Ac - \$375,000 **UNDER CONTRACT**
.97 Ac - \$190,000/ac
Call Susan Jones

Twin Hickory Town Center - Outparcels
.39 Ac - \$175,000 / 2.34 Ac - \$475,000
1.7 Ac - \$765,000 **UNDER CONTRACT**
Call Susan Jones

Royal Oaks - 6 Ac Site - \$840,000
Call Courtney Moore or Bill Mattox

The Green at the Village of Midlothian
Retail Parcels from 6.01 to 17.66 Acres
Call Mike Waddell

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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