

Retail Market Trends Richmond

Grubb & Ellis Research

First Quarter 2004



A Henrico County moratorium on rezoning retail property is affecting a number of parcels in the Northwest Quadrant.

Restaurants, Land Active

Historically, Richmond was perceived as having only two major retail corridors - West Broad Street and Midlothian Turnpike. Retailers now generally acknowledge Route 1 North, Mechanicsville Turnpike, and Hull Street Road as additional significant retail corridors, as demonstrated by sales prices and rental rates being paid at levels approaching those found on the traditional primary corridors.

Despite a slowdown in shopping center construction, activity continues to be brisk, especially for restaurants. Franchisees of national chains are clamoring to take advantage of Richmonders' demand for additional dining choices. Retail land is hot with prices stabilized at high rates. Examples include \$750,000 per acre for an outparcel at Woodlake with no frontage on Hull Street Road.

First quarter activity included a 32,000 square foot lease to DSW Shoe Warehouse at Service Merchandise Plaza on Huguenot Road and the completion of a 15,000 square foot Tom Leonard's Farmer's Market in Short Pump. Also, Burlington Coat Factory closed its 85,000 square foot store at Chippenham Square and opened a new store in the former Rack N Sack at Pocono Crossing further west on Midlothian Turnpike.

Opportunities exist to sell most any type of retail property as values remain at very high levels. Opportunities also exist for owners to reinvent their older properties.

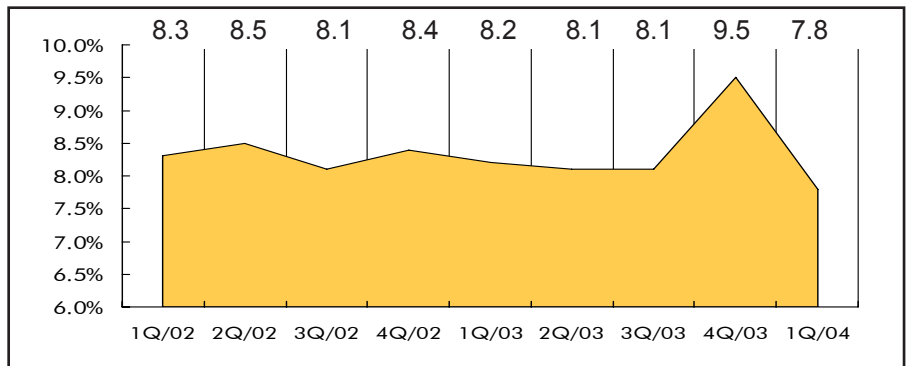
Richmond Retail Market Trends

is a newsletter published quarterly by Grubb & Ellis|Harrison & Bates. To obtain additional copies or other Grubb & Ellis|Harrison & Bates publications, please contact:

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Richmond Retail Vacancy Rate*

* All Product Types & Submarkets

Retail Market Snapshot Richmond First Quarter 2004

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	3,569,405	317,389	8.9%	86,306	86,306	-	\$8.48		
Northwest	13,859,999	821,348	5.9%	29,273	29,273	177,000	\$13.80	\$15.00	
Southeast	285,326	18,018	6.3%	(2,536)	(2,536)	-	\$12.00		
Southwest	14,227,521	1,352,466	9.5%	53,328	53,328	295,825	\$11.68	\$22.00	
Tri-Cities	4,092,147	308,549	7.5%	49,158	49,158	-	\$7.45		
Total	36,034,398	2,817,770	7.8%	215,529	215,529	472,825	\$10.77	\$18.80	
By Product Type (All Submarkets)							Asking Rent By Product Type		
Community	6,742,037	913,026	13.5%	133,765	133,765	250,000	\$10.49		
Freestanding	7,939,306	457,322	5.8%	47,506	47,506	103,125	\$7.21		
Neighborhood	8,452,905	894,122	10.6%	15,037	15,037	-	\$10.77		
Power	3,189,651	46,613	1.5%	3,937	3,937	-	\$18.80		
Regional	5,631,108	215,417	3.8%	3,015	3,015	-	\$24.27		
Strip	4,079,391	291,270	7.1%	12,269	12,269	119,700	\$12.35		
Total	36,034,398	2,817,770	7.8%	215,529	215,529	472,825	\$11.48		

(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.

Editor's Note: Cloverleaf Mall was removed from the Regional Shopping Center category Q104 as it is no longer a viable regional mall.

Retail Market Terms and Definitions

Shopping Center Product Types: Shopping centers are characterized as strip, neighborhood, community, regional, power, or freestanding 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 first quarter of 2004:

<p>Riverbound, Inc. 3,900 SF Lease Creighton Crossing II Jim Ashby, Susan Jones</p>	<p>810 W. Grace Street 8,400 SF on 2 Floors \$400,000 Sale Brian Glass</p>	<p>South Creek Plaza 3,000 SF Lease - KC2 Video Mike Weisberg 1,400 SF Lease - Advance America Susan Jones</p>
<p>Josh Shows 1,400 SF Lease Polo Place Shoppes Jim Ashby</p>	<p>Southgate Square 3,600 SF Lease - Music World 1,200 SF Lease - Pro Nails Jerry Yospin, June Smith</p>	<p>Mortgage Star Inc 1,000 SF Lease Hungarybrook Shopping Center Susan Jones, June Smith</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



NEW
Former American Hero Express
8017 W. Broad Street
9,180 SF
Sale - \$2,300,000
Lease - \$16.50 NNN
Susan Jones, Jim Ashby



NEW
Cloverleaf Mall
Former Sears Store
122,000 SF
Lease \$6.00 NNN
30,180 SF Tire Center
Lease - \$8.00 NNN
Brian Glass



NEW
Convenience Store/Fast Food
Pearisburg, VA
4,700 SF on .95 Acres
Lease - \$80,000/yr NNN
Susan Jones



NEW
Allman's BBQ
9130 Jefferson Davis Hwy
2,490 SF
Lease - \$3,500/month
June Smith, Mike Weisberg



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
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

NEW
Oilville Retail Center Phase II
1390 Broad Street Rd
1,250 - 10,000 SF
Lease - \$12.00 NNN
Susan Jones

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 @
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 **SOLD**

.97 Ac - \$190,000/ac

Call Susan Jones

Twin Hickory Town Center - Outparcels

.39 Ac - \$175,000

2.34 Ac - \$475,000 **UNDER CONTRACT**

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 **UNDER CONTRACT**

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

Grubb & Ellis | Harrison & Bates Retail Services Team

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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1st Quarter 2004