

Retail Market Trends Richmond

Grubb & Ellis Research

Second Quarter 2004



The restaurants within both new regional malls are reportedly doing better than anticipated business.

Hot Retail Market Prevails

The retail market continues to be HOT HOT HOT!

Out-parcels around Short Pump Town Center are filling in with restaurants, banks and a freestanding Circuit City store. A Cheesecake Factory and other tenants will occupy the anchor space formerly reserved for construction of a Lord & Taylor. Two strip centers directly across from the mall will be delivered in the third quarter where lease rates are topping out at \$40 per square foot.

A local investor purchased the former Sears store and tire center at Cloverleaf Mall and those buildings are being marketed for lease. Meanwhile, Chesterfield County engaged an out-of-town firm to purchase and redevelop the entire 50-acre site, including the balance of the former mall at the intersection of Chippenham Parkway & Midlothian Turnpike. The end result will likely be a mixed-use project with a dramatically reduced retail component.

Retail land prices have leveled off at historically high prices for a market of our size. Despite a booming restaurant sector, high prices and dwindling supply in select areas are inhibiting some activity as potential buyers search for workable locations.

State Route 288 is scheduled to open in August after nearly a year of delays. Look for the next concentration of commercial development to occur at the interchange of Route 288 and Midlothian Turnpike in Chesterfield County.

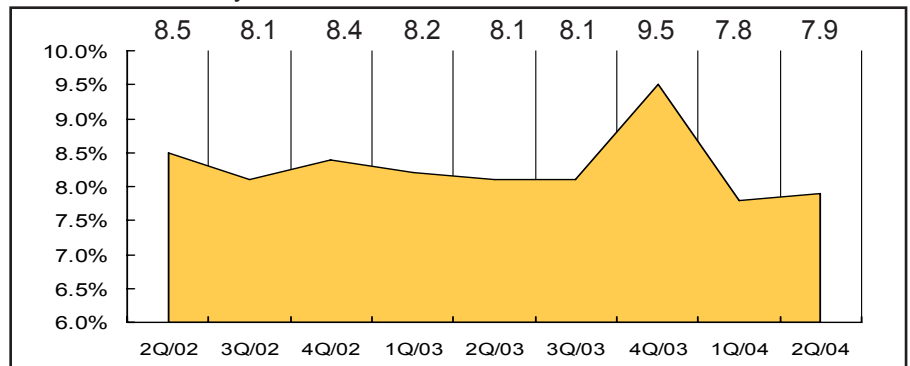
Richmond Retail Market Trends

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Lynn McDaniel

Vice President - Marketing Services
Grubb & Ellis|Harrison & Bates
830 E. Main Street, 5th Floor
Richmond, VA 23219-2725
Phone: 804.788.1000
E-mail: lynn.mcdaniel@harrison-bates.com
Internet: www.grubb-ellis.com; www.harrison-bates.com

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Richmond Retail Vacancy Rate*

* All Product Types & Submarkets

Retail Market Snapshot Richmond Second 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	359,304	10.1%	(41,915)	44,391	438,800	\$9.39	
Northwest	13,911,974	830,851	6.0%	33,348	62,621	142,000	\$12.83	\$15.00
Southeast	285,326	15,482	5.4%	2,536	-	-		
Southwest	14,188,128	1,322,127	9.3%	54,016	107,344	322,125	\$11.68	\$22.38
Tri-Cities	4,092,147	319,449	7.8%	(10,900)	38,258	-	\$7.44	
Total	36,046,980	2,847,213	7.9%	37,085	252,614	902,925	\$10.84	\$18.40

By Product Type (All Submarkets)	Asking Rent By Product Type							
	Total SF	Vacant SF	Vacant %	Current Qtr.	Year-to-date	Under Construction	Neighborhood	Power Center
Community	6,759,012	882,592	13.1%	38,285	172,050	645,000	\$10.24	
Freestanding	7,974,306	438,263	5.5%	54,059	101,565	68,125	\$6.50	
Neighborhood	8,389,835	944,458	11.3%	(50,336)	(35,299)	-	\$10.84	
Power	3,189,651	47,163	1.5%	(550)	3,387	-	\$18.40	
Regional	5,631,108	215,417	3.8%	-	3,015	-	\$24.27	
Strip	4,103,068	319,320	7.8%	(4,373)	7,896	189,800	\$12.23	
Total	36,046,980	2,847,213	7.9%	37,085	252,614	902,925	\$11.34	

(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, 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 second quarter of 2004:

<p>Market Square North Center Roanoke, VA 56,090 SF Neighborhood Center \$1,955,000 Sale Mike Weisberg, Jerry Yospin, June Smith</p>	<p>Starling Center 1412 Starling Drive 6,300 SF Strip Center \$1,000,000 Sale Mike Weisberg</p>	<p>Former Children's World 3610 Courthouse Road 4,925 SF Day Care Facility \$365,000 Sale Susan Jones, Morrie Piersol, Mike Lowry</p>
<p>Former 7-Eleven 6030 Iron Bridge Road 2,520 SF Retail Building \$250,000 Sale Mike Weisberg</p>	<p>CiCi's Pizza 3,900 SF Lease Laburnum Park Shopping Center Jim Ashby</p>	<p>Alicia's Salon - 3,000 SF Lease Chen's - 2,850 SF Lease Top Nails - 1,500 SF Lease Tower Associates - 1,200 SF Lease Woodlake Commons June Smith, Jerry Yospin</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 *Huddle House*
596 Court St, Appomattox
1,968 SF
Investment Sale - \$600,000
Franchisee will lease back.
June Smith



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



NEW *Food Mart/Chevron Gas*
Waverly, VA
Corporate Owned Store
Rt. 40 Near U.S. 460
Yasmine Hamad



NEW 10911 Courthouse Road
Fredericksburg, VA
8,517 SF Restaurant
Sale - \$1,300,000
Lease - \$10.00 NNN
Jim Ashby, Susan Jones



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



NEW *W. Hundred Sunoco*
2421 W Hundred Rd, Chester
3,000 SF gas station
with 3 mechanic bays
Sale - \$950,000
Yasmine Hamad, June Smith,
Jerry Yospin



NEW *Theatre District*
501-521 E. Grace Street
1st floor retail space
2,472 - 7,183 SF
Lease - \$15.00
Susan Jones, June Smith



NEW *Chester Square*
12131 S. Chalkley Road
2,000 - 4,000 SF
Lease - \$14.00 NNN
Mike Weisberg, Yasmine
Hamad

New Retail Development

Ashland Retail Shops
Adjacent to new Wal-Mart
1,200 to 20,000 SF
Lease - \$20 NNN
Susan Jones, Jim Ashby

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
Brian Glass, Bruce Milam

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
1,250 to 6,250 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 - 27,950 SF
Lease - \$25 NNN
Outparcels Also Available
June Smith, Jerry Yospin

Bowles Farm Retail Shops
1,800 - 5,760 SF
Lease - \$23.50 NNN
Susan Jones, Jim Ashby

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 **UNDER CONTRACT**

Call 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 - \$375,000 **PRICE REDUCED**

Call Susan Jones or Jim Ashby

Leigh & Lombardy Streets - Pad Site - Adjacent Kroger

.66 Ac - \$250,000 **SOLD**

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

Jim Ashby
Associate
804.788.1000 ext 352
jim.ashby@harrison-bates.com



Brian Glass
Senior Vice President
804.788.1000 ext 207
brian.glass@harrison-bates.com



Yasmine Hamad
Associate
804.788.1000 ext 279
yasmine.hamad@harrison-bates.com



Susan Jones
Senior Associate
804.788.1000 ext 266
susan.jones@harrison-bates.com



June Smith
Associate
804.788.1000 ext 305
june.smith@harrison-bates.com



Mike Weisberg
Senior Associate
804.788.1000 ext 242
mike.weisberg@harrison-bates.com



J. F. (Jeff) Williams, III
Chairman Emeritus
804.788.1000 ext 263
jeff.williams@harrison-bates.com



Jerry Yospin
Senior Associate
804.788.1000 ext 232
jerry.yospin@harrison-bates.com



Superior Service Through Innovative People
With Traditional Values

2003 Grubb & Ellis Affiliate of the Year



Harrison & Bates Incorporated
One Capitol Square
830 E. Main Street, 5th Floor
Richmond, VA 23219-2725
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