

# Retail Market Trends Richmond

Grubb & Ellis Research

Third Quarter 2004



*In August, the next-to-last segment of Route 288 opened from Patterson Avenue (Rt 6) in Goochland County to Midlothian Turnpike (Rt 60) in Chesterfield County.*

#### Richmond Retail Market Trends

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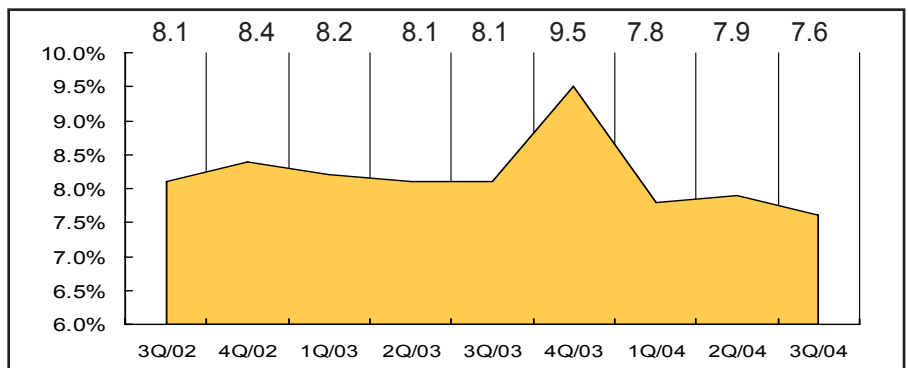
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## Developers "Thinking Smaller"

Following several years of power center and regional mall construction, the latest development trend is to "think smaller". While we will continue to see a few in-fill developments of 100,000 to 250,000 square feet, most new construction in 2004 and for the foreseeable future is comprised of smaller unanchored centers. For example, the 49,000-square-foot Shops at Westgate opened recently directly across West Broad Street from Short Pump Town Center, and the adjacent 35,000-square-foot Promenade Shops will open in the coming weeks. Numerous other small in-fill developments are underway in all sub-markets. Driven up by high land and construction costs, asking lease rates per square foot at these projects range from a high of \$35 to \$40 in the Short Pump area to \$25 along Hull Street near Woodlake and \$23.50 along Route 360 in Mechanicsville.

Despite high land prices and construction cost increases, restaurants and developers of smaller single and multi-tenant projects continue to look for in-fill sites along major retail corridors. The explosion of restaurant development in the area continues with the recent opening of The Cheesecake Factory at Short Pump Town Center. Competition for dining dollars is fierce, and the arrival of so many newcomers in the last year has affected long-time area favorites, many of them locally owned. Expect to see fallout in this segment as the pie is further sliced.

The final segment of Route 288 will open in the Fall, completing the outer beltway from I-64 in Henrico County to I-95 in Chesterfield County. Look for retail development to occur at its newly completed intersections with Route 711 in Powhatan, Woolridge Road in Chesterfield, and most significantly, at Midlothian Turnpike where there is likely to be a move toward mixed-use development projects.



Richmond Retail Vacancy Rate\*

\* All Product Types & Submarkets

## Retail Market Snapshot Richmond Third 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	234,827	6.6%	124,477	168,868	438,800	\$9.81		
Northwest	13,960,974	851,573	6.1%	28,278	90,899	183,000	\$14.41	\$15.00	
Southeast	285,326	15,482	5.4%	-	-	-			
Southwest	14,222,253	1,340,633	9.4%	15,619	122,963	297,400	\$11.41	\$22.30	
Tri-Cities	4,092,147	313,729	7.7%	5,720	43,978	-	\$7.41		
<b>Total</b>	<b>36,130,105</b>	<b>2,756,244</b>	<b>7.6%</b>	<b>174,094</b>	<b>426,708</b>	<b>919,200</b>	<b>\$11.21</b>	<b>\$18.15</b>	
<b>By Product Type (All Submarkets)</b>							<b>Asking Rent By Product Type</b>		
Community	6,759,012	750,664	11.1%	131,928	303,978	645,000	\$11.24		
Freestanding	7,984,431	489,702	6.1%	(41,314)	60,251	58,000	\$6.24		
Neighborhood	8,334,249	870,781	10.4%	47,357	(10,827)	-	\$11.21		
Power	3,189,651	57,692	1.8%	(10,529)	(7,142)	-	\$18.15		
Regional	5,631,108	215,417	3.8%	-	3,015	90,000	\$23.67		
Strip	4,231,654	371,988	8.8%	46,652	77,433	126,200	\$15.19		
<b>Total</b>	<b>36,130,105</b>	<b>2,756,244</b>	<b>7.6%</b>	<b>174,094</b>	<b>426,708</b>	<b>919,200</b>	<b>\$12.25</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, 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 third quarter of 2004:

<p><b>Irongate Village Shopping Center</b> Iron Gate Road 57,832 SF Investment Sale \$4,200,000 Mike Weisberg</p>	<p><b>Deer Run Shopping Center</b> Hull Street Road 1-Ac Outparcel Sale - \$367,500 2-Ac Outparcel Sale - \$500,000 Jerry Yospin, June Smith</p>	<p><b>Farmers Foods</b> 24,792 SF Lease Triangle Park Shopping Center Louisa, VA Mike Weisberg</p>
<p><b>Ballou Park Shopping Center</b> Danville, VA The CIT Group - 60,000 SF Lease Ballou Park Theatres - 11,540 SF Lease Cathy B. Koplen - 2,400 SF Lease Jerry Yospin, June Smith</p>	<p><b>Brook Road Retail Shops</b> SPM Fitness Together - 1,500 SF Lease Check Into Cash - 1,250 SF Lease June Smith, Susan Jones, Jim Ashby</p>	<p><b>Hungarybrook Shopping Center</b> ILBacio - 2,100 SF Lease Javal Enterprises LLC - 7,700 SF Lease Family Life Services - 1,400 SF Lease Susan Jones, June Smith</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.

## Existing Retail Space & Buildings



**NEW**  
**Mega Office Furniture**  
 7425 W. Broad St  
 25,000 SF  
 Sublease - \$6.75 NNN  
 June Smith, Jason  
 Hetherington



**NEW**  
**Investment/Rehab  
 Opportunity**  
 5402-5406 Lakeside Ave  
 5,735 SF  
 Sale - \$300,000  
 Jerry Yospin, Jim Ashby



**NEW**  
**Chin Yung Restaurant**  
 3710 Mechanicsville Tpk  
 3,600 SF  
 Sale - \$595,000  
 Business & Equipment  
 Included  
 Brian Glass



**Amberleigh**  
 Hull Street Road  
 3,000 SF left Phase I  
 1,000 - 15,200 SF Phase II  
 Lease - \$18.00 NNN  
 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



**Citgo**  
 2500 W. Hundred Rd  
 950 SF  
 Sublease - \$2,675/mo  
 After purchase of business  
 for \$150,000 + inventory.  
 Yasmine Hamad



**Cloverleaf Mall**  
 Former Sears Store  
 122,000 SF  
 30,180 SF Tire Center  
 Rental Rate Negotiable  
 Brian Glass, Yasmine Hamad



**Brook Road Retail Shops**  
 6000 Block Brook Road  
 1,250 to 6,250 SF  
 Lease - \$18.00 NNN  
 Susan Jones, June Smith

## 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  
 1,400 to 15,700 SF  
 Lease - \$13.00 NNN  
 Pad Sites for Sale  
 Brian Glass, Yasmine Hamad

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

**NEW**  
**Central Crossing Ph II**  
 Aylett, VA  
 1,200 - 20,000 SF  
 For Lease  
 Jim Ashby, 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

**NEW**  
**The Centre at Culpeper**  
 James Madison Hwy  
 Adjacent to Lowe's  
 1,000 to 89,755 SF  
 Lease - \$24.00 NNN  
 June Smith

## Retail Land

**Eastern Hernico - 4131 Darbytown Road**  
 1.55 Ac zoned B-3  
 Sale/Lease/Build-to-Suit  
 Call June Smith or Mike Weisberg

**Mechanicsville - 7960 Meadow Drive**  
 .60 Ac - \$295,000  
 Call Susan Jones or Bill Mattox

**Brook Road @ Brook Run Drive**  
 1.5 Ac Zoned B-3C - \$850,000  
 Call Susan Jones

**The Green at the Village of Midlothian**  
 Retail Parcels from 6.01 to 17.66 Acres  
 Call Mike Lowry or Susan Jones

**Airport Drive & Nine Mile Road - Zoned B3C/B2C**  
 1.78 Ac - \$375,000 **UNDER CONTRACT**  
 Call Susan Jones or Jim Ashby

**Chippenham Forest Square - near Wal-Mart & Lowe's**  
 7.74 Ac - \$1,354,500  
 Call Andrew Ferguson or Susan Jones

**Chesterfield County - Woods Edge Road - just off I-95**  
 4.13 Ac - \$550,000 sale or \$55,000/ac annual ground lease  
 Call Brian Glass

**Rt. 3, Stafford County - Retail pad sites fronting Wal-Mart**  
 1 to 7 acres - \$45,000/ac annual ground lease  
 Call Susan Jones

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:

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- 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  
With Traditional Values

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