

Retail Market Trends Richmond

Grubb & Ellis Research

Fourth Quarter 2004



The former K-Mart at Parham Plaza near Regency Square is slated for demolition and replacement with a non-Supercenter Wal-Mart in 2006.

Regency Area Repositioning

The Regency Square area continued to reposition away from high-end retail as Schwarzschild Jewelers closed at the mall and opened a new store at Short Pump Town Center. In addition, Saxon Shoes announced that it would open a new store in Short Pump and close the existing store at Ridge Shopping Center near the older mall.

Winn Dixie's closure of multiple locations in the Richmond market will pose challenges for landlords of many of those shopping centers since a package takeover by a single grocer appears unlikely.

With 2000 new residential units planned or under construction within two miles of Laburnum Avenue and Creighton Road, eastern Henrico will surely experience increasing interest from retail developers.

South of the River, recent land activity along the Hull Street corridor (Rt 360) included a couple of large transactions for automobile dealers. P&F LLC (Pearson Auto Group) purchased 12.16 acres at Hull and Spring Run Road for \$3,925,000. Haley Toyota purchased 16 acres at Hull and Route 288 for \$1.8 million. With more zoned land available on Hull Street than Midlothian Turnpike, this corridor will continue to attract both developers and end users.

Asking rental rates have seen no pullback. Urban retail in the Carytown area is running \$18 to \$21 per square foot. New development in Mechanicsville is seeing rental rates in the low \$20s, and retailers looking for space in Short Pump are quoted rates in the high \$30s to low \$40s.

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:

Lynn McDaniel

Vice President - Marketing Services

Grubb & Ellis|Harrison & Bates
6606 W. Broad Street, Suite 400
PO Box 11027

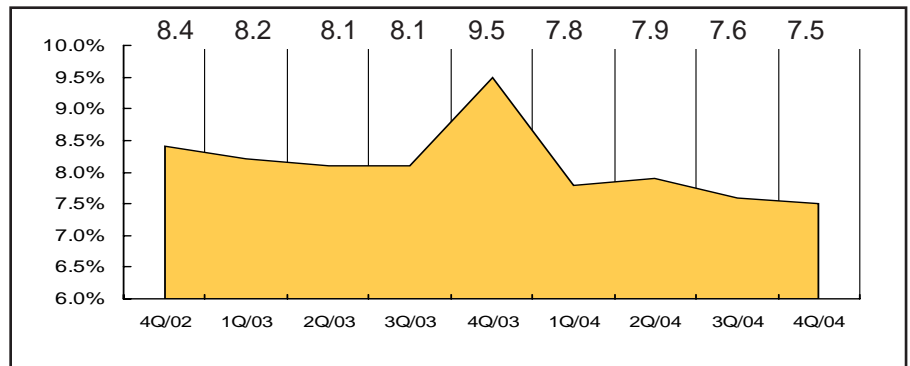
Richmond, VA 23230-1027

Phone: 804.788.1000

E-mail: lynn.mcdaniel@harrison-bates.com

Internet: www.grubb-ellis.com; www.harrison-bates.com

Independently Owned and Operated



Richmond Retail Vacancy Rate*

* All Product Types & Submarkets

Retail Market Snapshot Richmond Fourth 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	3,598,205	238,728	6.6%	24,899	193,767	533,800	\$9.86		
Northwest	14,053,974	835,308	5.9%	109,265	200,164	198,600	\$14.44	\$15.00	
Southeast	285,326	15,482	5.4%	-	-	-			
Southwest	14,222,253	1,322,181	9.3%	18,452	141,415	297,400	\$11.25	\$20.28	
Tri-Cities	4,092,147	313,729	7.7%	-	43,978	-	\$7.41		
Total	36,251,905	2,725,428	7.5%	152,616	579,324	1,029,800	\$11.14	\$19.65	
By Product Type (All Submarkets)							Asking Rent By Product Type		
Community	6,759,012	744,405	11.0%	6,259	310,237	739,000	\$11.46		
Freestanding	8,042,431	503,061	6.3%	44,641	104,892	123,800	\$7.07		
Neighborhood	8,334,249	820,901	9.8%	49,880	39,053	-	\$11.14		
Power	3,189,651	47,042	1.5%	10,650	3,508	-	\$19.65		
Regional	5,631,108	215,417	3.8%	-	3,015	90,000	\$23.67		
Strip	4,295,454	394,602	9.2%	41,186	118,619	77,000	\$13.35		
Total	36,251,905	2,725,428	7.5%	152,616	579,324	1,029,800	\$11.66		

(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 recent retail transactions:

<p>Former Sears Cloverleaf Mall 7101 Midlothian Turnpike 175,000 SF Sale \$2,800,000 Brian Glass, Yasmine Hamad</p>	<p>Former Staples 9045 W. Broad Street 20,562 SF Sale \$2,250,000 Jeff Williams</p>	<p>Former Willow Lawn Auto Sales 5310 W. Broad Street 5,487 SF Sale \$1,100,000 Mike Weisberg</p>
<p>Former Mulligan's 8006 W. Broad Street 14,000 SF Sale \$1,200,000 Mike Weisberg</p>	<p>Huddle House Appomattox 1,968 SF Sale \$520,000 June Smith, Jerry Yospin, Steve Gentil</p>	<p>Tappahannock Town Center River Pools & Spas - 10,000 SF Lease The Source - 2,614 SF Lease Hospice of Central Va - 2,250 SF Lease Susan Jones</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
Kinko's Center
 10200 W. Broad St.
 950 SF
 Lease - \$25 NNN
 Susan Jones



NEW
 5412 Lakeside Avenue
 1,874 SF
 Lease - \$10 NNN
 Allyson Petty



NEW
Motor Mile Auto Sales
 5020 Williamsburg Road
 .5 Acre Corner Lot
 Pylon Sign & 22,000 VPD
 Sale - \$475,000
 Mike Weisberg



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



NEW
Filiberti's Restaurant
 11016 Midlothian Tpke
 4,000 SF
 Lease - \$16.50 NNN
 Jerry Yospin



NEW
Theatre District
 412 E. Grace St.
 3,654 SF Retail (Apt Above)
 Lease - \$10 - \$10.50 NNN
 Susan Jones, Scott Boyers



NEW
Huddle House
 6490 Hospitality Dr, Petersburg
 Investment Opportunity
 NNN Sale/Leaseback
 \$800,000
 June Smith



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, Allyson Petty

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
 Brian Glass, Yasmine Hamad

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

Central Crossing Ph II
 Aylett, VA
 1,200 - 20,000 SF
 For Lease
 Susan Jones, Allyson Petty

Dominion Village
 Creighton Rd & Laburnum Ave
 1,000 to 4,000 SF
 Lease: \$18.00 - \$20.00 NNN
 Susan Jones

Woodlake Commons
 1,200 - 27,950 SF
 Lease - \$25 NNN
 Outparcels Also Available
 June Smith, Allyson Petty

Woodlawn Shopping Center
 Fredericksburg, VA
 1,000 - 10,000 SF
 Lease
 June Smith, Yasmine Hamad

Retail Land

Eastern Henrico - 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

Powhatan - Anderson Highway (Rt 60)
 Three one-acre lots fronting mixed-use development
 \$25,000 to \$30,000/acre annual ground lease
 Call Susan Jones or June Smith

Commonwealth Center
 2.5 Ac retail zoned site across from 20-screen theater
 Will sell, ground lease, or build-to-suit
 Call June Smith, Jerry Yospin, Michael Weisberg
 Owner/Agents

Airport Drive & Nine Mile Road - Zoned B3C/B2C
 1.78 Ac - \$375,000
 Call 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

Mechanicsville - High visibility site at Rt 360 & I-295 - 5.95 Acres
 Former First Virginia Bank Operations Center **UNDER CONTRACT**
 Call Susan Jones, Bill Mattox, Chuck Ellsworth

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

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
Vice President
804.788.1000 ext 266
susan.jones@harrison-bates.com



Bill Mattox, SIOR
Senior Vice President
804.788.1000 ext 331
bill.mattox@harrison-bates.com



Allyson Petty
Associate
804.788.1000 ext 352
allyson.petty@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

Celebrating 95 Years of Real Estate Excellence



Harrison & Bates Incorporated
6606 W. Broad Street, Suite 400
PO Box 11027
Richmond, VA 23230-1027
Independently Owned and Operated

Richmond
Retail Market Trends
4th Quarter 2004