

Retail Market Trends Richmond

Grubb & Ellis Research

Third Quarter 2007



Any slowdown in residential construction and sales inevitably affects general retail sales.

Market Pause

Overall retail vacancy climbed to 7.2 percent in the third quarter as a budding over-supply in some submarkets combined with early warning signs of recession and decreased leasing velocity. Retailers and retail developers remain bullish on Richmond as evidenced by the supply in the construction pipeline, as well as retailers planning to enter or expand in this market. The vacancy and absorption statistics will bear watching over the next few months to determine if the market is just taking a pause.

Rental rates are softening in some submarkets such as Mechanicsville and parts of the Hull Street and Midlothian corridors. A few tenants are opting to pass on locations rather than pay the higher rents demanded for space in newly constructed projects which in some cases are topping \$40 per square foot, particularly in the Short Pump submarket.

Noteworthy Q3 leasing activity included 57,902 square feet to Ollie's at Meadowdale Shopping Center and 37,625 to Chesterfield Supermarket at Chestertowne Square. The Zaremba Group announced a 70,000-square-foot lease to Regal Entertainment Group for a 16-screen cinema to anchor its Westchester Commons project scheduled to open in the Spring of 2009.

Retail land prices for users are holding steady. Kroger purchased a 9.72-acre site in Hanover County for a 74,000-square-foot supermarket to anchor Crosland's Rutland Commons retail development. It is expected to open in about a year. Kroger paid about \$205,800 per acre for the site.

Investment sales included the 184,894-square-foot Chippenham Square for \$6.4 million (\$34.61 PSF), the 28,631-square-foot Republic Plaza for \$2.625 million (\$91.68 PSF), and an 87,507-square-foot former K-Mart for \$1.05 million (\$12.00 PSF). All three purchasers were local investors.

Richmond Retail Market Trends

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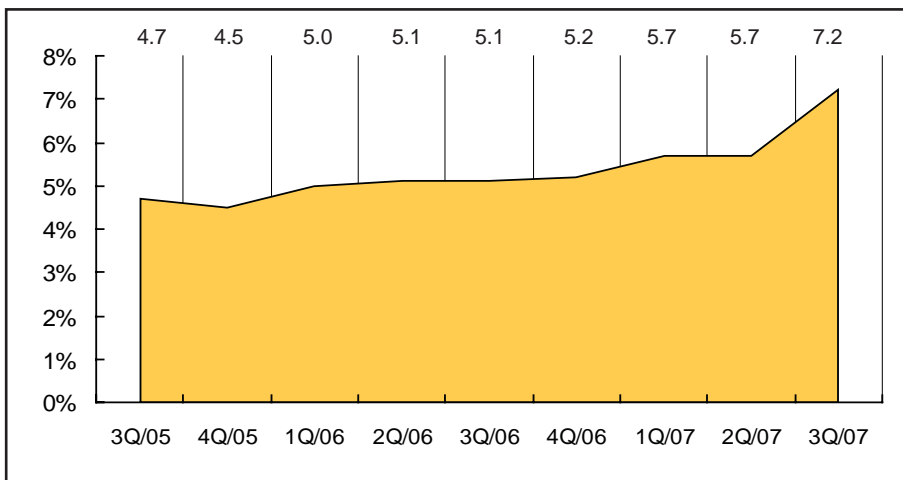
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Retail Vacancy Rate*

* All Product Types

Source: CoStar

Tenant Representation

Grubb & Ellis|Harrison & Bates is pleased to represent these and other retailers in their site selection process.



Site Criteria:

1.0 to 1.5 acre lot; Prefer to purchase
Strong daily traffic on major corridors
Near major retail developments
Substantial road frontage
Contact Susan Jones

NEW



Site Criteria:

1,700 to 2,000 SF
High visibility
High traffic
Contact Brian Glass or Tom Burke



Site Criteria:

0.6 - 1.0 acre lots. prefer to purchase
Minimum 15,000 VPD traffic count
Canopy construction and drive-thru
Minimum 3-mile population of 15,000
Contact Susan Jones



Site Criteria:

1,000 SF
High profile lifestyle locations
Contact Allyson Petty



Site Criteria:

10,000 - 12,000 SF building
Ceiling height 40' plus
Minimum 60 parking spaces
Location near main road circulators
Purchase, lease, build-to-suit
Contact Brian Glass or Yasmine Hamad



Site Criteria:

1,200 - 1,600 SF freestanding building w/drive-thru
Prefer grocery anchored centers, high visibility
Minimum 3-mile population density of 25,000
Contact Susan Jones

Recent Transactions

Grubb & Ellis|Harrison & Bates is pleased to announce the following retail transactions during the third quarter of 2007:

801 South Ave
Colonial Heights, VA
1.7 Acre Sale
Yasmine Hamad

880 & 893 Research Road
Chesterfield County
1.18 Acre Sale
Yasmine Hamad

Marshall's
28,000 SF Lease
Chippenham Square
7415 Midlothian Turnpike
Brian Glass, Yasmine Hamad

Diamond Billiards
6,000 SF Lease
Village Marketplace
13184 Midlothian Turnpike
Susan Jones

Domino's Pizza
1,747 SF Lease
Willow Lawn Shopping Center
Tom Burke

Ben & Jerry's
1,000 SF Lease
West Broad Village
Allyson Petty, Susan Jones

Featured Listings

Partial Listing of Retail Properties Currently Available

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



NEW Retail/Office Condos
316 N. Arch Road
1,686 SF - \$290,000 Sale
or \$13 NNN Lease
1,745 SF - \$317,000 Sale
or \$15 NNN Lease
Susan Jones, Zac Frederick



NEW Redevelopment Opportunity
1649 W. Broad St
2,748 SF
Sale - \$279,000
Jason Hetherington



NEW Health Reliance Building
1320 N. Boulevard
12,500 SF
Sale - \$1,615,000
Bill Mattox, Zac Frederick



NEW Former Bank Branch
10051 Midlothian Tpke
2,800 SF on .91 Acre
Corner Lot Zoned C-5
Sale - \$995,000
Bill Mattox, Steve Gentil



Chippenham Square
7415-7485 Midlothian Tpke
1,600 to 85,000 SF
Lease - \$12 PSF NNN
Yasmine Hamad, Brian Glass



Hull Street Retail Business Ctr
10601 Hull Street Road
1,200 to 7,200 SF
Lease - \$15 PSF NNN
Brian Glass, Yasmine Hamad



Clover Hill Shops
13920 & 13930 Hull Street Road
1,503 SF and 1,435 SF
Lease - \$25.75 PSF NNN
Susan Jones



Gayton Crossing
Gayton & Gaskins Roads
1,750 to 2,485 SF
Lease - \$18 - \$25 PSF NNN
Susan Jones, Allyson Petty



Village Shopping Center
Three Chopt Rd & Patterson Ave
2,717 SF Available July '08
6,880 SF Available Nov. '08
Lease - \$25 PSF NNN
Susan Jones, Allyson Petty



Centralia Crossing
9801-9831 Chester Road
1,200 SF and 4,800 SF
Two Outparcels for Ground Lease
Susan Jones, Jason Bernstein



Hanover Village
6627-7047 Mechanicsville Tpke
1,465 to 5,604 SF
Lease - \$14 to \$16 PSF NNN
Susan Jones, Allyson Petty



Riverside on the James
1001 & 1101 Haxall Place
1,673 to 23,127 SF
Premier retail/restaurant space
Lease - \$24 PSF NNN
Susan Jones



Ballou Park Shopping Center
Danville, VA
600 to 21,631 SF
Lease - \$10 PSF NNN
Allyson Petty, Jason Bernstein



Kingsgate Greene
Williamsburg, VA
118-122 Waller Mill Road
1,200 to 5,160 SF
Lease - \$12 PSF NNN
Allyson Petty, Jason Bernstein



Maxey Center
3454 Anderson Hwy, Powhatan
NEW CONSTRUCTION
1,470 to 17,250 SF
Lease - \$16.50 PSF NNN
Allyson Petty



Irongate Village
6401 Iron Bridge Road
4,400 SF
Lease - \$13 PSF NNN
Allyson Petty, Jason Bernstein



Village of Mechanicsville
8071-8077 Mechanicsville Tpke
3,230 SF
Lease - \$7.95 PSF NNN
Brian Glass, Tom Burke



9019 W. Broad Street
2,650 SF
Lease - \$18 PSF NNN
Allyson Petty



Retail/Office/Flex Space
16400-16420 Jefferson Davis Hwy
1,430 to 3,000 SF
Lease - \$14 PSF Modified Gross
Yasmine Hamad, Brian Glass



Planned
Ashland Retail Shops
Ashland Junction Dr &
Hill Carter Pkwy
Up to 16,800 SF
Susan Jones, Allyson Petty



Three Chopt Plaza
8901-8905 Three Chopt Rd
Join Wesbury Pharmacy
8,441 SF - Avail 1/08
Lease - \$12 - \$15 NNN
Brian Glass

RETAIL LAND

- Chesterfield County -
- 16527 Hull Street Rd - 15.17 Ac - \$1,500,000
- 16600 Hull Street Rd - 15.74 Ac - \$60,000/ac
- 15820 Woods Edge Rd - 7 Ac - \$3,465,000
Call Yasmine Hamad
- 10510 Midlothian Tpk - 1.02 Ac - \$750,000 **NEW**
Call Yasmine Hamad, Chip Louthan
- 16200 Midlothian Tpke - 7.38 Ac - \$2,125,000
Call Susan Jones, Bill Mattox, Lewis Little
- 1200 Koger Center Blvd - 2.09 Ac - \$800,000
Call Bill Mattox or Steve Gentil
- 3800 Castle Rock Rd - 1.82 Ac - \$695,000 **NEW**
Call Jason Bernstein, Bill Mattox
- Colonial Heights -
- Temple Ave - 4.0 Ac - \$750,000/ac
- 801 South Ave - 2.9 Ac - \$850,000/ac
Call Yasmine Hamad

RETAIL LAND

- Henrico County - West End - Short Pump Area
- 11950 W. Broad St - Two 1.7 Acre parcels -
Zoned B-2C \$1.3 million/acre or lease at
\$240,000/parcel - Yasmine Hamad
- Short Pump Plaza - 4.8 Acres, All or Part
Ground lease, build-to-suit or sale.
Call Susan Jones or Bill Mattox
- Gayton & Broad Development Site 12.2 Acres.
Call Bill Mattox, Susan Jones, Lewis Little
- Henrico County - East End
- Laburnum Ave & Nine Mile Rd - 2.63 Acres
\$1,300,000. Call Yasmine Hamad, Brian Glass
- Hanover County - Jupiter Dr - 0.91 Ac - \$495,000.
NEW Call Bill Mattox, Lewis Little

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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Providing the Best Combination of Professionalism and Performance

Richmond
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