

Retail Market Trends Richmond

Grubb & Ellis Research

First Quarter 2008



Waiting it Out

The first quarter saw a slowdown in small tenant leasing and an uptick in the overall retail vacancy rate to 6.2 percent as the overall economic outlook remains cloudy. With some national retailers filing for bankruptcy (i.e., Linens'N things) and others closing under-performing stores and/or scaling back expansion plans (i.e., Home Depot and J. C. Penney Co.), it is likely Richmond's development pipeline will be impacted to some extent as the year progresses. Consumers are not buying at the rate they were when the 3.7 million square feet of retail currently under construction was in the planning stages. Some retailers will wait for the economy to improve rather than gamble.

Sales of investment retail properties are shrinking as financing sources dry up. Owners who can afford to are reinvesting in their properties in order to attract shoppers and retain tenants so they will be in a better position to sell when the market rebounds. Some savvy landlords are renewing leases for strong tenants at lower rates rather than risk losing them. Landlords holding firm on their rates in some of the newer developments may get fewer showings and ultimately have to wait out the slump before their vacancy rates recede.

As we approach the five-year anniversary of both Short Pump Towne Center and Stony Point Fashion Park, we may see some tenants take advantage of "kick-out" clauses in leases after the 2008 holiday shopping season. One niche that may do well, however, are speciality retailers who can differentiate themselves from larger chains.

Richmond Retail Market Trends

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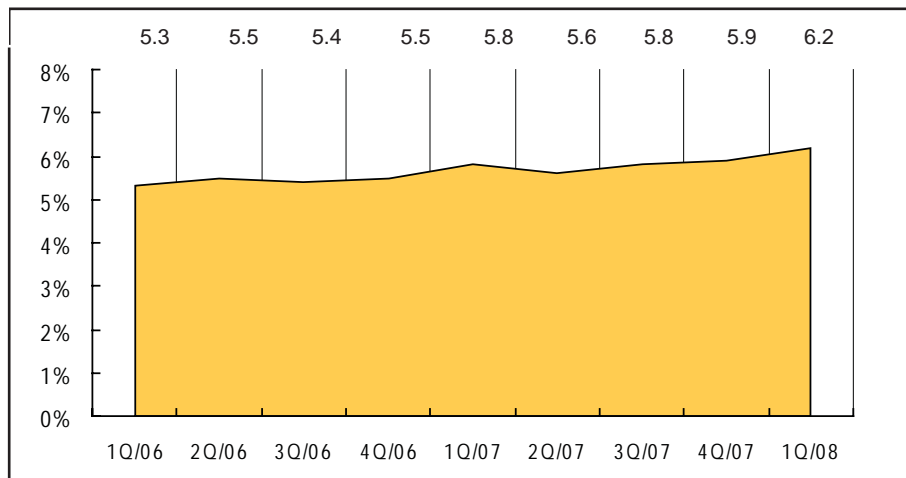
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Retail Vacancy Rate*

* All Product Types

Source: CoStar First Quarter 2008 Report

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



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



NEW

Site Criteria:

1,700 - 1,900 SF free standing or endcap space
Lease
High visibility/high traffic location
Contact Brian Glass



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 first quarter of 2008:

Fairfield Commons Outparcel

2.62 Acre Sale
4901 Nine Mile Road
Henrico County
Yasmine Hamad, Brian Glass

Maxey Center

3454 Anderson Hwy, Powhatan
Perrin's BBQ Express - 1,775 SF Lease
Iron Chef - 2,691 SF Lease
Allyson Petty, Jason Bernstein

Great Wall Ruan Chinese Restaurant

1,875 SF Lease
Ballou Park Shopping Center
Danville, VA
Jason Bernstein, Allyson Petty

Variety Stores (Rose's)

24,000 SF Lease
Emporia Shopping Center
Emporia, VA
Allyson Petty

Snap Fitness

4,933 SF Lease
Seminole Square Shopping Center
Charlottesville, VA
Tom Burke

Riverland Insurers

1,200 SF Lease
King William Square
Aylett, VA
Susan Jones, Allyson Petty

Featured Retail Listings

Partial Listing of Retail Properties Currently Available
Go to www.harrison-bates.com/properties to search all listings including land.



NEW

Miller & Rhoads Building
517 E. Broad Street
1,000 to 7,917 SF
Lease - \$22 to \$25
Susan Jones, Jason Bernstein



NEW

New Market Square
2601 New Market Road
Join Food Lion
1,800 to 3,600 SF
Lease - \$16 to \$18 NNN
Allyson Petty



NEW

Village of Mechanicsville
8071 Mechanicsville Tpke
4,376 SF
Lease - \$7.95 NNN
Brian Glass, Tom Burke



NEW

Southpoint Shops
5426 Jefferson Davis Hwy
Fredericksburg, VA
2,330 SF
Lease - \$36 NNN
Susan Jones



NEW

Retro Art & Framing
916 W. Broad Street
2,320 SF
Lease - \$22 PSF
Susan Jones



NEW

Roach's Auto Service
2901 Chamberlayne Ave
2,800 SF
Sale - \$330,000
Yasmine Hamad



Hungarybrook Shopping Center
Brook Road @ Parham Road
Units from 750 to 4,883 SF
Lease - \$14 PSF NNN
Allyson Petty, Jason Bernstein



Spring Centre
7124-7156 Mechanicsville Tpke
Close to I-295
1,200 SF or 6,843 SF
Lease - \$15.50 NNN
Allyson Petty, Jason Bernstein



9019 W. Broad Street
2,650 SF
Lease Rate Negotiable
Allyson Petty



Ashland Theatre
203 England St, Ashland
6,108 SF - 330 Seats
Recently Renovated
Sale - \$400,000
Allyson Petty, Stuart Cary



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



Riverside on the James
1001 & 1101 Haxall Place
1,540 to 16,635 SF
Premier retail/restaurant space
Lease - \$24 PSF NNN
Susan Jones, Allyson Petty



Chippenham Square
7415-7485 Midlothian Tpke
1,600 to 85,000 SF
Lease - \$6 to 12 PSF NNN
Yasmine Hamad, Brian Glass



Midlothian Station
13531-13579 Midlothian Tpke
1,200 SF or 3,500 SF
Lease - \$15.00 NNN
Allyson Petty, Jason Bernstein



Hull Street Retail Business Ctr
10601 Hull Street Road
1,200 to 3,600 SF
Lease - \$13 PSF NNN
Brian Glass, Yasmine Hamad



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



Colonial Square
3107 Boulevard, Colonial Heights
1,800 SF
Lease - \$17.00 NNN
Susan Jones, Jason Bernstein



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



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



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



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

RETAIL LAND

Chesterfield County -
10173 Robious Rd - .81 Ac - \$350,000
Call Bill Mattox, Lewis Little
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
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
Call Jason Bernstein, Bill Mattox
Colonial Heights -
Temple Ave - 4.0 Ac - \$750,000/ac
801 South Ave - 1.4 Ac - \$1,320,000
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
Henrico County - East End
Laburnum Ave & Nine Mile Rd - 1.2 Acres
\$650,000. Call Yasmine Hamad, Brian Glass
Hanover County -
Jupiter Dr - 0.91 Ac - \$495,000.
Call Bill Mattox, Lewis Little
Hill Carter Parkway - 2.5 Ac (divisible)
Sale \$1,200,000 or Ground Lease
Call Susan Jones, Allyson Petty

NEW

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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Frank Galleher Joins Retail Team

Frank M. Galleher, III joined Grubb & Ellis|Harrison & Bates in May as a Senior Associate on the Retail Services Team. Frank brings 24 years of experience in retail brokerage, assisting both buyers/tenants and sellers/landlords with their commercial real estate needs. Contact him at 804.591.2430 (direct) or via email at frank.galleher@harrison-bates.com.

Providing the Best Combination of Professionalism and Performance™

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