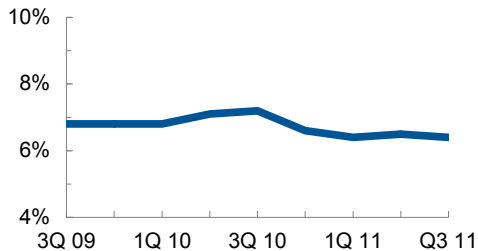
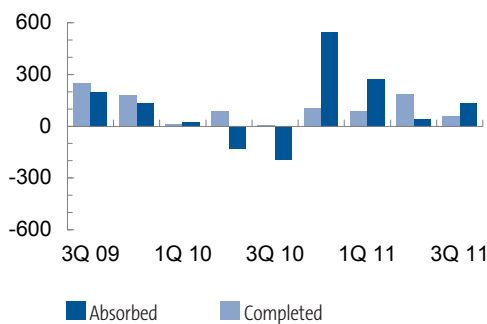


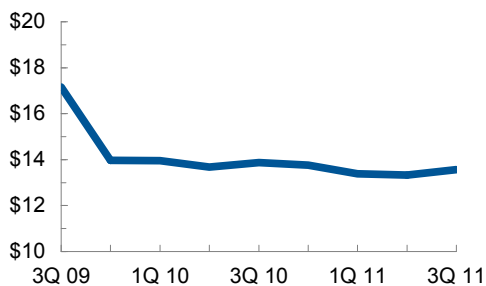
Vacancy Rate



Completions vs. Absorption (in Thousands of SF)



Asking Rental Rates (\$/SF/Yr. NNN)



Source: CoStar Group

Retail Sees Modest Upward Trend

Overall retail vacancy stands at 6.4 percent, down 10 basis points from the second quarter and 80 basis points from the recession's peak vacancy of 7.2 percent one year ago. The greatest vacancy lies in the shopping center sector where landlords are struggling to fill small tenant space. Reduced levels of speculative construction over the past several quarters have helped the market absorb available inventory, albeit at very modest levels.

Third quarter leasing activity was fairly muted. Other than the usual spate of temporary Halloween stores, lease signings were limited. Noteworthy was a 10,000 square foot lease with Fresh Market at Carytown Place and 10,000 square feet to Family Dollar at Parkway Shopping Center.

Sales activity was more brisk and included the key transactions below. The most significant recent sale, however, came just after the quarter closed, when Charlotte-based Crosland purchased the land for phase I of its Stonebrige mixed-use development on the former Cloverleaf Mall site at Midlothian Turnpike and Chippenham Parkway. The 28.4-acre parcel was purchased for \$5.7 million from the Economic Development Authority of Chesterfield County. Demolition of the mall and construction of a 123,000-square-foot Kroger plus some small shop space will begin immediately.

Construction is predominately expanding or relocating existing retailers. For example, Dick's Sporting Goods just opened its fifth area location at Hancock Village and WaWa has units under construction at Westchester and north of Virginia Center.

FORECAST

- The Bureau of Labor Statistics' jobs report shows positive growth in the third quarter. This coupled with September's 5.5 percent increase in same store sales from a year ago suggests retailers should be optimistic about consumer spending during the holidays.
- Expect more of the same through 2012 as the recovery proceeds at its slow pace.
- Additional entertainment retail in the Short Pump area is anticipated.

KEY TRANSACTIONS

PMAT Real Estate Investments
purchased
127,801 SF
Oxbridge Square
Richmond, VA
from Stoltz Real Estate Partners
\$12.5 Million

Gold's Gym
purchased
22,924 SF
1823 Southpark Boulevard
Colonial Heights, VA
from US Bank*
\$1.1 Million

Raedar, LLC
purchased
22,802 SF
4200 Brookriver Drive
Glen Allen, VA
from SunTrust Bank
\$2.127 Million

*Indicates Transaction Represented by Grubb & Ellis|Harrison & Bates

Retail Trends Report—Third Quarter 2011

Richmond, VA



By Submarket	Total SF	Vacant SF	Vacancy %	Net Absorption YTD	Deliveries YTD	Under Construction	Asking Rate
Amelia County	106,830	4,300	4.0%	750	-	-	\$12.00
Cumberland County	14,845	-	-	-	-	-	-
Dinwiddie County	161,826	1,758	1.1%	(1,758)	-	-	\$16.01
Downtown Richmond	6,538,835	287,911	4.4%	(39,852)	10,286	-	\$13.69
Goochland County	315,677	10,400	3.3%	7,350	-	-	\$9.29
King & Queen County	37,040	-	-	-	-	-	-
King William County	351,886	60,360	17.2%	20,995	-	-	\$9.34
Louisa County	512,860	19,920	3.9%	57,428	61,428	-	-
New Kent County	272,020	24,060	8.8%	(310)	-	-	\$6.00
Northeast Richmond Metro	6,285,319	280,635	4.5%	111,634	45,790	-	\$11.42
Northwest Richmond Metro	26,892,585	1,356,508	5.0%	136,225	6,678	77,222	\$17.46
Powhatan County	558,934	51,288	9.2%	(3,260)	-	-	\$12.53
Prince George County	822,474	104,038	12.6%	(56,531)	18,000	-	\$9.10
Southeast Richmond Metro	4,241,836	387,670	9.1%	33,197	29,773	3,904	\$10.34
Southwest Richmond Metro	25,768,763	2,046,509	7.9%	173,759	162,221	190,465	\$13.19
Sussex County	113,697	31,850	28.0%	-	-	-	\$5.22
TriCities (Hopewell/P'burg/Col Hts)	6,999,778	472,229	6.7%	7,733	-	-	\$11.12
Totals	79,995,205	5,139,436	6.4%	447,360	334,176	271,591	\$13.57
By Category							
General Retail	38,228,024	1,509,117	3.9%	69,744	27,908	58,004	\$11.64
Mall	9,221,366	306,693	3.3%	65,050	-	175,365	\$20.08
Power Center	3,184,551	94,465	3.0%	30,364	1,430	-	\$14.55
Shopping Center	29,306,736	3,229,161	11.0%	(29,795)	31,519	38,222	\$13.75
Specialty Center	54,528	-	-	-	-	-	-
Totals	79,995,205	5,139,436	6.4%	135,363	60,857	271,591	\$13.57

Source: CoStar Group

Grubb & Ellis|Harrison & Bates Retail Real Estate Advisors

Frank Galleher

Senior Associate

804.591.2430

frank.galleher@harrison-bates.com

John R. Hauserman

Associate

804.591.2423

john.hauserman@harrison-bates.com

Allyson Petty

Senior Associate

804.591.2429

allyson.petty@harrison-bates.com

Brian Glass

Senior Vice President

804.591.2404

brian.glass@harrison-bates.com

Susan Jones

Senior Vice President

804.591.2415

susan.jones@harrison-bates.com

Yasmine Hamad

Senior Associate

804.591.2419

yasmine.hamad@harrison-bates.com

Bill Mattox

Senior Vice President

804.591.2428

bill.mattox@harrison-bates.com

RETAIL TERMS AND DEFINITIONS

Total SF: Retail inventory includes all multi-tenant and single tenant buildings in the Richmond market.

Retail Building Classifications: General Retail are typically single tenant freestanding, general purpose commercial buildings with parking. Malls include Lifestyle Centers, Regional and Super Regional Malls. Power Centers generally consist of several freestanding anchors and only a minimum of small specialty tenants. Shopping Centers include Community, Neighborhood and Strip Centers. Specialty Centers include Airport Retail, Outlet Centers and Theme/Festival Centers.

Vacancy and Availability: The vacancy rate is the amount of physically vacant space divided by the inventory and includes direct and sublease

vacant. 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 reported on a triple net basis 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.

* Grubb & Ellis statistics are audited annually and may result in revisions to previously reported quarterly and final year-end figures.

Reproduction in whole or part is permitted only with the written consent of Grubb & Ellis Company. Some of the data in this report has been gathered from third party sources and has not been independently verified by Grubb & Ellis. Grubb & Ellis makes no warranties or representations as to the completeness or accuracy thereof.