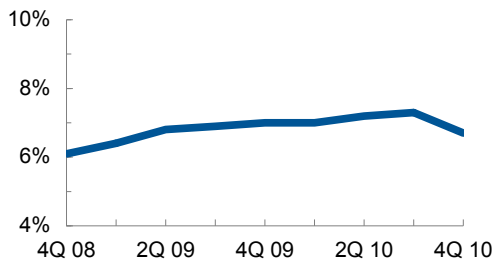
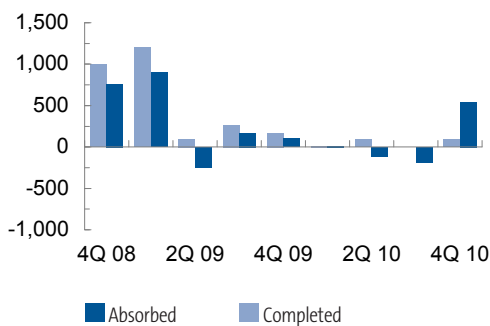


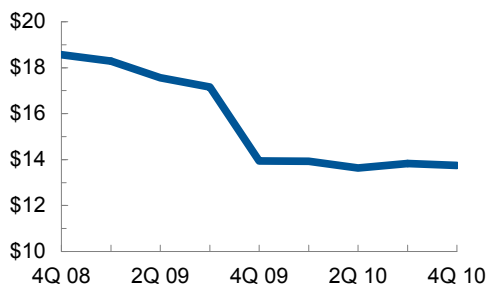
Vacancy Rate



Completions vs. Absorption (in Thousands of SF)



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



Source: CoStar Group

Improvement Seen

The overall vacancy rate decreased to 6.7 percent from an adjusted third quarter figure of 7.3 percent. Overall absorption was healthy at nearly 541,000 square feet, and only about 95,000 square feet of new inventory was added.

New to the market is Hobby Lobby purchasing the 55,490-square-foot former Kroger at Brookhollow in Short Pump and CineBistro at Stony Point Fashion Park. Re-entering the market with 109,933 square feet at Chesterfield Towne Center was Garden Ridge. Losses included A J Wright with 28,000 square feet at Merchant's Walk and Capital Floors and Decorating with 17,000 square in Short Pump.

Deal velocity increased in terms of activity; however, transactions continue to take a long time to complete as terms are negotiated and financing is secured. Small tenants have been particularly active in seeking to expand or relocate to take advantage of market conditions.

Asking rental rates have remained relatively flat lately and will remain so, but "whisper rates" are lower for the right deal. Triple net charges vary widely from as low as \$2.00 to as high as \$8.00 per square foot. Tenants should be aware that some institutional owners "load up" pass through charges, so negotiating a cap can be a wise move. Other negotiable items are concessions and tenant improvements. Local owners generally prefer to offer some period of free or reduced rent, but institutional owners are often in a position to offer more in the way of improvements.

The fitness category is very active as Gold's Gym and American Family Fitness expand and/or relocate centers to better suit their clients, and as newcomers such as Planet Fitness gain a foothold.

FORECAST

- Look for more distress, especially in small unanchored strip centers.
- New development will remain constrained for a while longer and development timelines at projects such as The Corner at Short Pump, Hancock Village and the redevelopment of Cloverleaf Mall are pushed further out.

KEY TRANSACTIONS

Lessee/Buyer	Lessor/Seller	Property	Size (SF)/Price
■ CSC Towne Crossing, LP	Edens & Avant	Towne Crossing	16,150,000
■ Hobby Lobby	Kroger Limited Partnership	11240 W. Broad St.	7,100,000
■ Garden Ridge	The Macerich Company	Chesterfield Towne Ctr	109,933
■ Farmers Food Grocery	Zamias Services, Inc.	The Crossings	51,235
■ Leasing ■ Sales	(R) = Renewal (S) = Sublease	*Indicates Transaction Represented by Grubb & Ellis Harrison & Bates	

Retail Trends Report—Fourth Quarter 2010

Richmond, VA



By Submarket	Total SF	Vacant SF	Vacancy %	Net Absorption YTD	Deliveries YTD	Under Construction	Asking Rate
Amelia County	104,828	4,550	4.3%	(4,550)	-	-	\$12.00
Cumberland County	14,845	-	-	-	-	-	-
Dinwiddie County	153,309	-	-	1,500	-	-	\$11.70
Downtown Richmond	6,391,119	224,811	3.5%	17,191	-	58,000	\$13.67
Goochland County	313,525	17,250	5.5%	(5,800)	-	-	\$11.74
King & Queen County	37,040	-	-	-	-	-	-
King William County	328,972	77,355	23.5%	(26,241)	-	-	\$10.56
Louisa County	444,542	15,920	3.6%	80	-	61,428	\$8.18
New Kent County	263,052	21,650	8.2%	(11,805)	-	-	\$6.00
Northeast Richmond Metro	6,150,498	378,845	6.2%	21,262	11,434	-	\$11.94
Northwest Richmond Metro	26,433,397	1,541,226	5.8%	181,223	107,109	6,678	\$16.87
Powhatan County	522,241	43,628	8.4%	(18,985)	-	-	\$12.77
Prince George County	815,349	29,507	3.6%	57,507	-	-	\$10.61
Southeast Richmond Metro	4,212,461	390,200	9.3%	(4,707)	7,538	131,742	\$10.70
Southwest Richmond Metro	25,140,591	2,052,837	8.2%	99,864	70,680	-	\$13.62
Sussex County	113,697	31,850	28.0%	(5,990)	-	-	\$5.22
TriCities (Hopewell/P'burg/Col Hts)	6,930,207	452,368	6.5%	(36,345)	-	-	\$11.38
Totals	78,369,673	5,281,997	6.7%	264,204	196,761	257,848	\$13.74

By Category	Total SF	Vacant SF	Vacancy %	Net Absorption YTD	Deliveries YTD	Under Construction	Asking Rate
General Retail	37,399,317	1,436,362	3.8%	17,709	93,232	235,546	\$11.37
Mall	8,247,113	432,120	5.2%	29,608	0	9,302	\$23.74
Power Center	3,674,199	128,055	3.5%	15,284	-	-	\$17.94
Shopping Center	28,994,516	3,285,460	11.3%	191,103	103,529	13,000	\$13.95
Specialty Center	54,528	-	-	10,500	-	-	\$25.00
Totals	78,369,673	5,281,997	6.7%	264,204	196,761	257,848	\$13.74

Source: CoStar Group

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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.

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