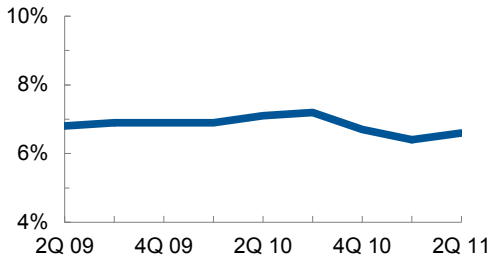
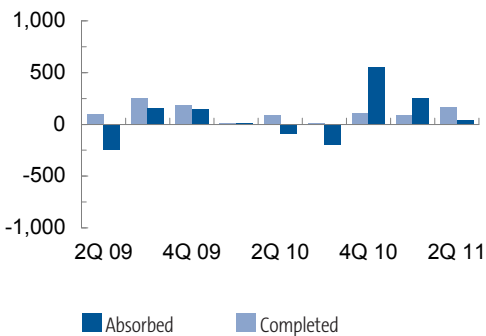


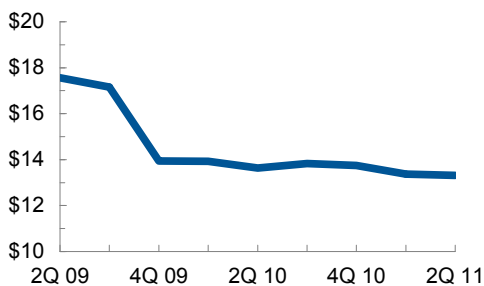
Vacancy Rate



Completions vs. Absorption (in Thousands of SF)



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



Source: CoStar Group

Optimism Returning

Deal velocity was brisk with more tenants, user buyers and investment buyers actively in the market. Asking rates were flat and “whisper rates” began to fade. In general, restaurants, discount stores and low-end apparel continued to be the most active segments of the retail market.

In leasing activity, the Corner at Short Pump completed several transactions, including the first Toys “R” Us and Babies “R” Us superstore in the area (58,820 square feet), as well as Bassett Furniture Direct (14,422 square feet) and Olive Garden (7,441 square feet). Hobby Lobby signed a lease for 55,000 square feet at Hancock Village for its second Richmond store. Chesterfield Towne Center signed TJ Maxx and Home Goods for a combined 52,000 square-foot store, and Stony Point Fashion Park signed Tiffany & Company for a 2,500 square-foot store.

Investment volume ticked up and included the transfer of both Hanover Square (allocated \$135 psf) and Tuckernuck Square (allocated \$96 psf) from Centro Properties Group to Blackstone Real Estate Advisors as part of a 585-property portfolio. In addition, WP Realty purchased the troubled Chesterfield Marketplace from 1000-1350 Carmia Way Hold, LLC for \$12.1 million (\$29 psf). Finally, Hackney Real Estate purchased Genito Crossing from Phillips Edison & Company for \$5.9 million (\$74 psf).

In addition to the leases mentioned above, new development included ground breaking for a 55,000-square-foot entertainment complex on Commonwealth Center Parkway, just off Hull Street Road, to be called Uptown Alley. Stonebridge, on the former Cloverleaf Mall site, is still waiting on the bond market, but it is anticipated that the project will be underway by the third quarter with the largest Kroger in the area as the anchor.

FORECAST

- Look for additional sales to trade “under the radar”.
- Retailers maxed out on Richmond locations will turn to Hampton Roads to expand.
- Expect to see more non-traditional users back-fill vacant retail space, a national trend.

KEY TRANSACTIONS

***Toys “R” Us/Babies “R” Us**
leased
58,820 SF
The Corner at Short Pump
Glen Allen, VA
from The Rebkee Company

Hobby Lobby
leased
55,000 SF
Hancock Village
Midlothian, VA
from EWN Development Co., Inc.

TJ Maxx/Home Goods
leased
52,000 SF
Chesterfield Towne Center
Midlothian, VA
from The Macerich Company

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

Retail Trends Report—Second 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	158,826	1,758	1.1%	(1,758)	-	-	\$16.01
Downtown Richmond	6,458,887	260,196	4.0%	(33,739)	400	9,886	\$13.76
Goochland County	312,005	12,400	4.0%	4,850	-	-	\$9.29
King & Queen County	37,040	-	-	-	-	-	-
King William County	316,939	78,725	24.8%	(1,370)	-	-	\$11.27
Louisa County	507,968	17,420	3.4%	59,928	61,428	-	\$9.18
New Kent County	276,675	25,425	9.2%	(3,175)	-	-	\$6.00
Northeast Richmond Metro	6,256,048	283,464	4.5%	70,440	4,425	31,519	\$11.65
Northwest Richmond Metro	26,423,346	1,442,465	5.5%	40,410	6,678	-	\$16.11
Powhatan County	558,934	57,263	10.2%	(8,035)	-	-	\$12.75
Prince George County	833,349	40,142	4.8%	7,365	18,000	-	\$9.10
Southeast Richmond Metro	4,285,248	396,646	9.3%	11,256	9,302	-	\$10.29
Southwest Richmond Metro	25,392,064	2,098,864	8.3%	116,198	152,615	181,258	\$13.48
Sussex County	113,697	31,850	28.0%	-	-	-	\$5.22
TriCities (Hopewell/P'burg/Col Hts)	6,989,249	451,865	6.5%	26,597	-	-	\$10.87
Totals	79,041,950	5,202,783	6.6%	289,717	252,848	222,663	\$13.31
By Category							
General Retail	37,771,113	1,589,935	4.2%	55,677	177,693	52,205	\$11.28
Mall	9,549,903	412,102	4.3%	22,470	9,302	166,158	\$19.24
Power Center	2,647,771	39,710	1.5%	25,364	-	-	\$18.35
Shopping Center	29,018,635	3,161,036	10.9%	186,206	65,853	4,300	\$13.43
Specialty Center	54,528	-	-	-	-	-	\$25.00
Totals	79,041,950	5,202,783	6.6%	289,717	252,848	222,663	\$13.31

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.