

The Richmond retail market continues to be a stable, positive market force attracting a steady stream of new business and satisfied shoppers. The area has been an economic anchor for Virginia for an extended period of time, attracting 93,487 new jobs in the past ten years ending in August, and almost 6,000 new jobs in the past year alone, growing at an annual rate of 1.8%, in comparison to the national rate of 1.4%, according to the US Department of Labor. Overall, Virginia's unemployment rate once again is well below the nation's 4.6% as of the end of August at a healthy 3.1%. The Richmond area is enjoying a slight improvement at 3.2% over the same time last year when the rate was still a low 3.4% rate of unemployment.

Joining the array of new national retailers may be the family-owned chain of Boscov's, which already has 50 stores in six northern states, with one established location in the Danville market. The retailer carries a mixed line from clothing to furniture to appliances and is looking at several sites in the area with speculation that they may choose as many as three new locations. Target is also looking to increase their footprint with expansions underway at their locations at Short Pump, Virginia Center Commons in the north and the Chester area.

The Central Business District of downtown Richmond is also expected to benefit from the steady economic boom going on in the area. Signs the renaissance is already under way are evident by the influx of higher-income residents and new shops that has already begun. Overall vacancy rates in most areas remain unchanged from the previous quarter, reflecting the absorption of what is adding up to an eventual four million new sf of retail space into the various markets. Construction is already underway at White Oak near the Airport, The Shops at Willow Lawn, the Shoppes at

Breckenridge, East Parham Place, Hancock Village and Westchester Commons.

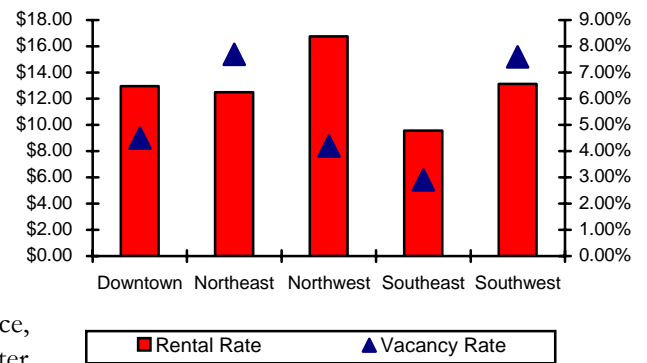
The CBD is also expected to benefit from the steady economic boom going on in the area.

Just in time for the 2007 holiday season, several projects that have been heavily-anticipated will be open such as Staples Mill Square, Short Pump Station and the Gander Mountain and shop space at NorthCross. Staples Mill Square is anchored by Target, Office Max and Famous Footwear, Short Pump Station is anchored by Petsmart and Shane Jewelers while Gander Mountain joins the existing Home Depot.

Planned retailers at West Broad Village in Short Pump include Mimi's Café, McCormick and Schmick, Ben & Jerry's, Starbucks, Old Navy, Whole Foods and Wachovia among others.

The northern market is heating up as residential growth continues to increase at a fast pace in areas of Hanover with easy access to the I-95 and I-295 corridors. In the Atlee/Elmont area Bass Pro Shops, WaWa and Gander Mountain and Kohl's are just a few of the retailers that have opened or have identified new locations. South of the river, Capital Ale House is adding a location at Charter Colony and a new all-stadium seating Regal Cinema has opened at Southpark in Colonial Heights, Costco has gained site approval for a location at Woodlands along the Mall Drive extension between Robious and Koger Center Boulevard. In the far West End Cracker Barrel has opened a new location at Gaskins and Mayland. ■

Direct Rental Rates vs. Vacancy Rates



THALHIMER MARKET HIGHLIGHTS

Significant 3Q07 New Openings

BUILDING	SUBMARKET	TENANT	SQUARE FEET	ANCHORS
Southpark Mall	Colonial Heights	Regal Cinemas	45,000	Sears, Macy's, JC Penney, Dillard's
NorthCross	I-95/Ashland NW	Gander Mountain	75,000	N/A
3620 Mayland Ct.	Broad St Corridor	Cracker Barrel	N/A	N/A

Significant 3Q07 Sale Transactions

BUILDING	SUBMARKET	BUYER	SQUARE FEET	PURCHASE PRICE
Chippenham Square	Midlothian E/Hull St	Chippenham Square LLC	184,894	\$6,400,000
Harbour Pointe Village	Swift Creek	Harbour Pointe Acquisition Gp.	123,850	\$23,160,000
Republic Plaza	East End	Republic Plaza LLC	28,945	\$2,650,000

Significant 3Q07 Construction Activity

BUILDING	SUBMARKET	MAJOR TENANT	SQUARE FEET	STATUS
Westchester Commons	Midlothian Village Ret	Target, Regal Cinema, JoAnn's	975,000	Spring 2009
White Oak Village	East End	Sam's Club, Target, Lowe's	900,000	Fall 2008
West Broad Village	Short Pump	Whole Foods	495,000	Spring 2008
Hancock Village	Swift Creek	WalMart, JC Penney	428,000	Spring 2009
The Shoppes at Westchester	Midlothian Village Ret	CVS	300,000	Spring 2009
Shoppes at Breckenridge	South Chesterfield	Panera Bread, FedEx/Kinko's	12,900	November 2007

THALHIMER MARKET/SUBMARKET STATISTICS

Market/Submarket	Inventory	No. of Bldgs.	Overall Vacancy Rate	Direct Vacancy Rate	YTD Leasing Activity	Under Construction	YTD Construction Completions	YTD Direct Absorption	Direct Wtd. Avg. Rental Rate*
Retail									
Downtown	3,602,005	436	4.5%	4.5%	34,640	0	27,000	3,046	\$12.94
I-95 / Chamberlayne / NE	585,413	67	3.7%	3.7%	5,678	0	0	(1,797)	\$19.06
Laburnum / Route 360	2,882,591	426	11.7%	11.5%	44,075	0	0	(168,740)	\$8.75
Mechanicsville	2,590,719	188	4.3%	4.3%	21,515	0	75,000	54,588	\$17.10
Broad St Corridor	2,249,817	129	5.7%	5.5%	60,059	30,000	3,400	(49,927)	\$17.12
Far West End North	477,131	28	3.5%	3.5%	0	0	0	0	N/A
Far West End South	1,297,625	58	10.1%	10.1%	45,281	0	0	(51,645)	\$14.75
I-95 Ashland / NW	1,569,071	156	1.8%	1.4%	16,223	0	25,000	23,518	\$9.50
Near West End	3,456,704	614	3.5%	3.5%	26,620	0	27,360	(5,736)	\$17.67
Regency	2,131,174	86	3.3%	3.3%	61,834	0	0	(5,023)	\$16.76
Short Pump	3,111,276	62	1.4%	1.2%	28,298	719,986	19,494	(2,864)	\$28.97
Staples Mill / Parham	7,000,447	447	3.2%	3.0%	53,850	218,200	0	(1,402)	\$18.65
Willow Lawn	3,171,176	253	9.4%	9.3%	37,274	0	0	(77,393)	\$12.51
East End	3,434,580	441	3.3%	2.9%	91,214	900,000	9,600	52,954	\$9.55
Jeff Davis Corridor	3,158,915	497	17.5%	17.5%	113,495	0	0	(161,365)	\$3.69
Midlothian E / Hull St	7,712,829	534	8.6%	8.5%	104,921	34,400	46,370	(23,674)	\$11.36
Midlothian Village	680,242	80	4.0%	4.0%	12,976	1,282,000	0	16,033	\$15.16
Midlothian West	6,027,680	251	4.3%	3.9%	82,445	32,892	0	13,209	\$17.80
South Chesterfield	2,886,384	239	7.0%	6.7%	45,249	37,608	60,930	(48,063)	\$16.10
Swift Creek	3,084,759	129	5.4%	4.4%	20,098	452,046	0	38,926	\$17.42
Downtown Retail	3,602,005	436	4.5%	4.5%	34,640	0	27,000	3,046	\$12.94
Northeast Retail	6,058,723	681	7.8%	7.7%	71,268	0	75,000	(115,949)	\$12.49
Northwest Retail	24,464,421	1,833	4.3%	4.2%	329,439	968,186	75,254	(170,472)	\$16.75
Southeast Retail	3,434,580	441	3.3%	2.9%	91,214	900,000	9,600	52,954	\$9.55
Southwest Retail	23,550,809	1,730	7.9%	7.6%	379,184	1,838,946	107,300	(164,934)	\$13.11
Total	61,110,538	5,121	6.0%	5.8%	905,745	3,707,132	294,154	(395,355)	\$13.92

* Rental rates reflect \$psf/year NNN

For more information, please contact one of our Brokerage Professionals
Thalhimer/Cushman & Wakefield
1313 East Main Street, Suite 400
Richmond, VA 23219
(804) 648-5881

This report contains information available to the public and has been relied upon by Thalhimer / Cushman & Wakefield on the basis that it is accurate and complete. Thalhimer / Cushman & Wakefield accept no responsibility if this should prove not to be the case. No warranty or representation, express or implied, is made to the accuracy or completeness of the information contained herein, and same is submitted subject to errors, omissions, change of price, rental or other conditions, withdrawal without notice, and to any special listing conditions imposed by our principals.

