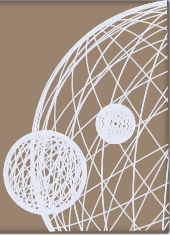


— HARRISONBURG & ROCKINGHAM — COMMERCIAL MARKET BRIEF

THIRD QUARTER 2011



MARKET SNAPSHOT** ▲ **TRANSACTIONS** (8) +60% ▼ **SALES VOLUME** \$2,019,000-46% ▼ **AVERAGE DAYS ON MARKET** 208 ◀▶ **LIST (\$) TO SALE (\$)** -4.5%

**Year-Over-Year By Quarter

DASHBOARD*

PROPERTIES ON MARKET 236

PROPERTIES SOLD 8

SF SOLD THIS QTR 20,916SF
LAST QTR 19,476SF

(\$ SALES THIS QTR \$2,019,000
LAST QTR \$939,800

NEW LISTINGS THIS QUARTER 37

TOTAL ASKING PRICE (\$) \$24,666,000

LARGEST SALE (\$) \$1,445,000
LARGEST SALE (SF) 9,036SF

AVERAGE SALE (\$) \$252,375
NEXT QUARTER'S 6/ \$3.4 Mil
PENDING SALES (#/\$)

* ALL AS OF OCTOBER 1, 2011
** EXCLUDES LAND TRANSACTIONS

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OVERVIEW

While the volume of third quarter transactions was not at expected levels, it was enough to allow 2011 to match 2010 totals with one quarter to go. Investment transactions continued to lead in the 3rd quarter as they did in the 1st quarter with smaller owner/occupant deals accounting for the balance of the transactions, but not high sales volume.

It would be natural to assume from volume and transaction that the area has stopped growing—it hasn't—but it has restrained spending, and as a result, demand for commercial space has fallen. As consumer confidence locally begins to improve, so too, will spending. Increased spending brings entrepreneurs seeking to capitalize (in need of space) and a tightening of existing supply, ultimately leading to demand for new construction. We may be seeing some sign of this within leasing rather than sales.

Leasing activity has shown significant improvement over the course of the year, but questions remain as to whether it will be sustainable throughout 2012 as a result of shrinking inventory, fiscal policy uncertainty, and negativity in business and consumer outlook. New restaurant openings have been the most visible evidence of increased leasing activity, but medical office space has driven most transactions.

To date, property owners continue to demonstrate their willingness to provide concessions to tenants as their desire to increase occupancy levels outweigh their desire for short-term returns.

SIGNIFICANT TRANSACTIONS

PROPERTY	LOCATION	PRICE	SELLING BROKER
NNN 7 Eleven	Florida	\$1,445,000	Cottonwood

TRANSACTIONS BY AREA

AREA	# TRANSACTIONS	TOTAL VOLUME
Harrisonburg	1	\$72,500
Elkton Area	3	\$179,600
Augusta County	2	\$226,900
Shenandoah County	1	\$95,000
Outside of Area	1	\$1,445,000

***Please note this report excludes land transactions



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