

HARRISONBURG COMMERCIAL REAL ESTATE

MARKET REPORT

4TH QUARTER | 2012

AT A GLANCE

\$ VOLUME



* REVISED \$ VOLUME



OF TRANSACTIONS



SALES PRICE AS A
% OF ASSESSED VALUE**



* as compared to previous quarter
** assessed values are not a reliable
indicator of market value.

HIGHLIGHTS

The Harrisonburg market has been in a fairly tight range of \$25-\$30 million in total revised sales over the last four years. This is approximately 50% of 2004 and 2005 levels and approximately 40% of record levels in 2007.

Why the slowdown in Harrisonburg? Is it related to the debt ceiling, presidential election, healthcare or just a market that has been picked over for the last few years? Your guess is as good as mine—I have no explanation. What can be stated with some certainty is the 1st quarter of 2013 will also be down as compared to previous years.

FOR MORE INFO--



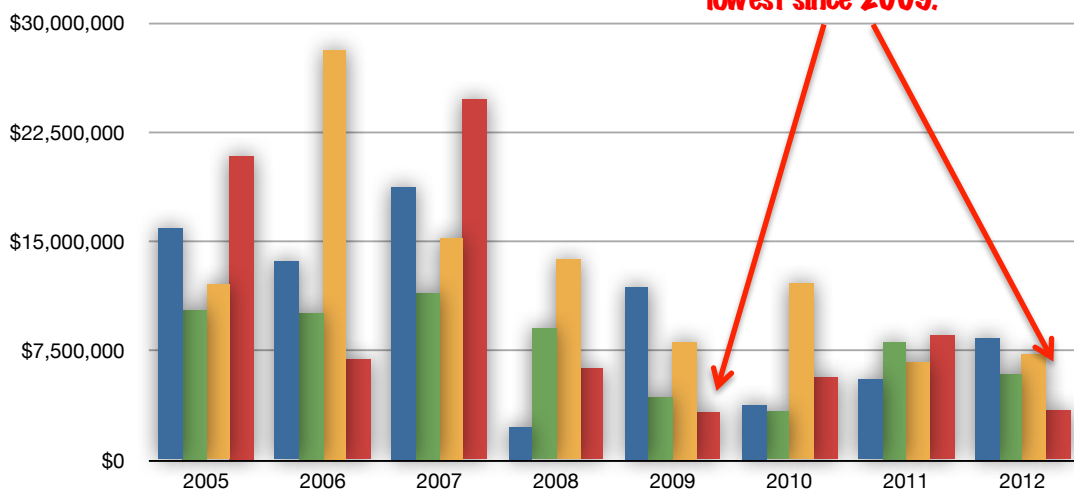
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QUARTER SNAPSHOT

The 4th quarter took 2012 out with a whimper. Expectations of a year-over-year increase in sales volume did not come to fruition as the 4th quarter produced only \$3.4 million of transactions, the lowest amount since 2009. The number of transactions fell sharply and also failed to reach 2012 levels. Despite the disappointing finish, the market is stable and appears to be poised for growth. Here are a few additional takeaways:

- ❖ Continued caution, long study periods, and increased interest in leasing versus purchasing seemed to highlight the 4th quarter.
- ❖ Interest levels from national retailers and restaurants did pick up slightly with several announcements (and rumors) of completed lease deals.
- ❖ Building permits for 261 student-housing units were issued and are expected to be constructed in 2013. Additional multifamily construction (12-24 unit buildings) is anticipated.
- ❖ \$9.3 million worth of commercial property is currently under contract in the metro area, but most is not expected to close until the 2nd quarter 2013.

Quarterly Volume By Year



TIDBITS

A quick look around Harrisonburg with some interesting stats and facts.

HOT SPOT

LEASING ACTIVITY

The elimination of concessions and slightly rising rates did not put a damper on leasing activity in Harrisonburg. From small business to national retail—leasing activity remained strong through the 4th quarter.

THE BIG DEAL

593 UNIVERSITY BOULEVARD

James Madison University purchased the Tuesday Morning building on University Boulevard. The property is next to Blue Ridge Hall and was originally listed at \$1,395,000. It sold for \$1,250,000.

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TOTAL SALES VOLUME BY YEAR (RAW DATA)

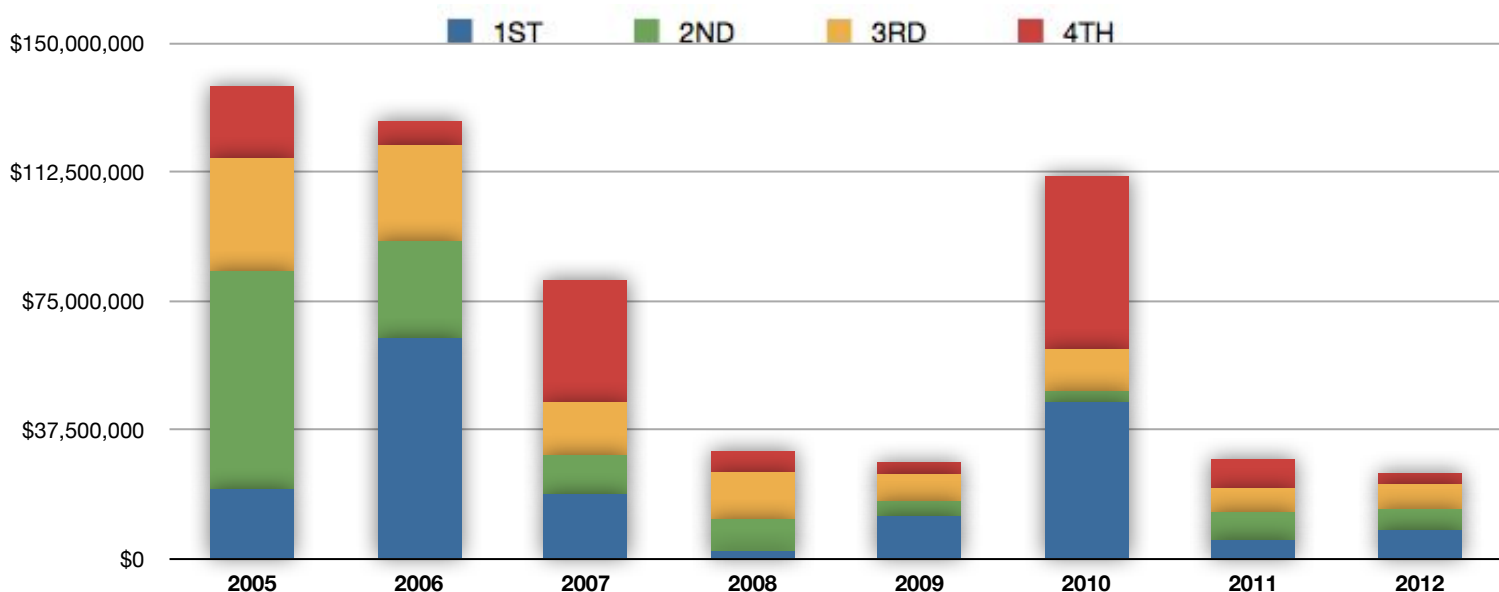
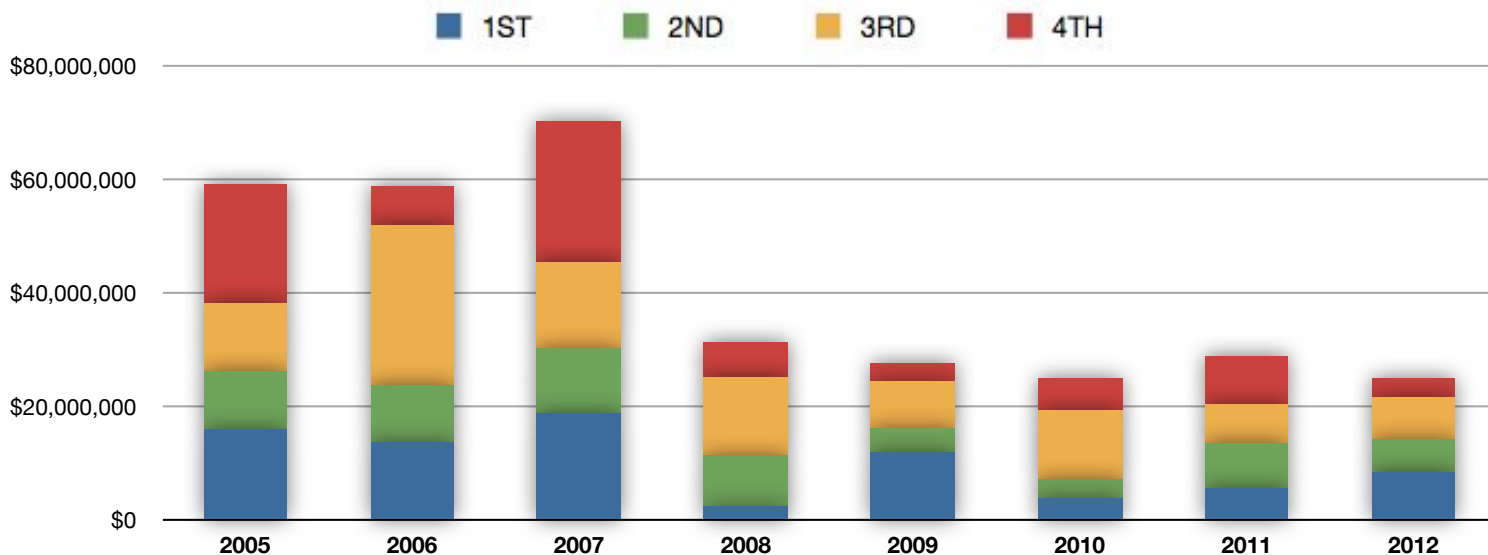


CHART INFORMATION

The chart reflects total sales volume in the City of Harrisonburg by year including transactions (such as large \$55 million land purchases by JMU and \$24 million student housing investment purchases) that skew the data. The chart below removes these transactions to present a more accurate view of the Harrisonburg commercial real estate market. If you disagree with this assessment, by all means, please use the chart above—it was included for that exact reason. **No transactions were removed from the raw data in the 3rd Quarter 2012.**

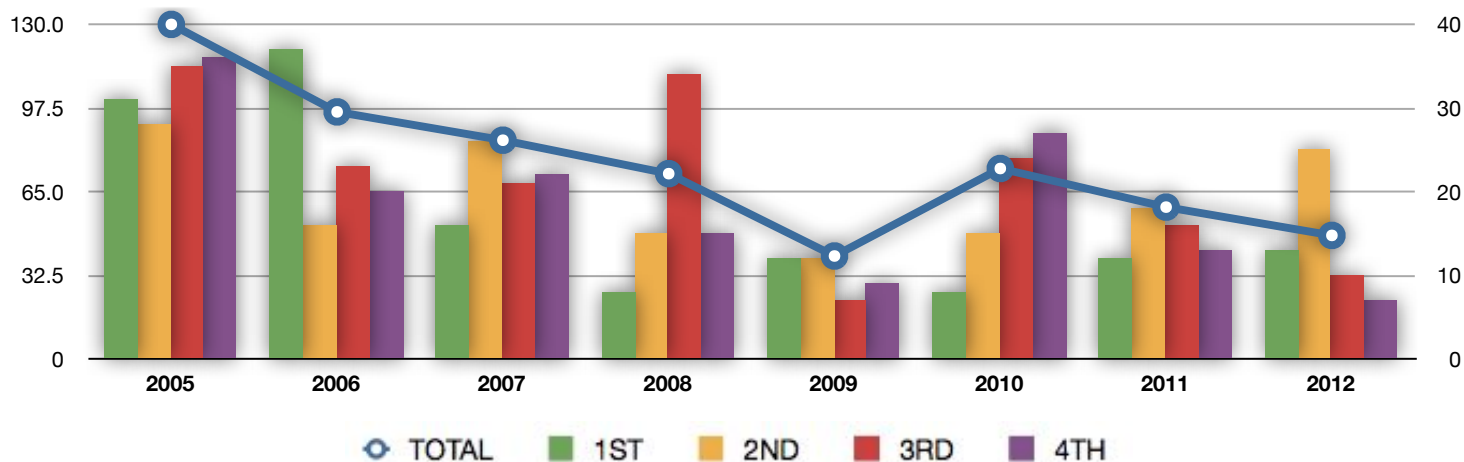
TOTAL SALES VOLUME BY YEAR (REVISED DATA)



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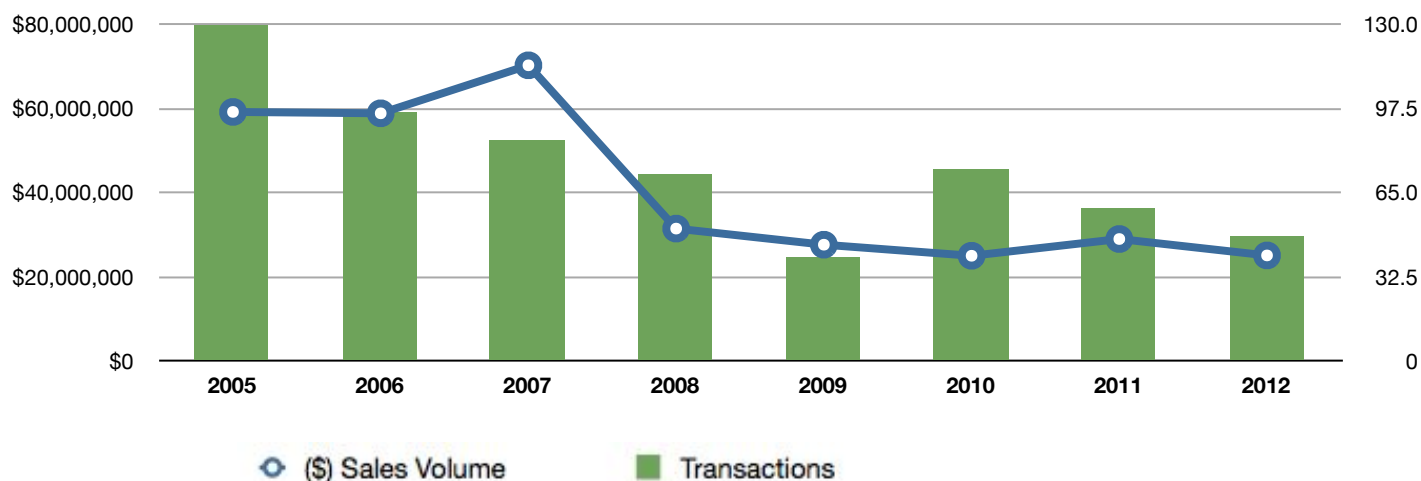
TOTAL TRANSACTIONS BY YEAR & QUARTER



WHY IT'S IMPORTANT

In real estate markets, changes in the frequency of transactions, as measured by changes in the number of properties sold from a stock of properties comparing one period to another (e.g., month to month, year to year), have been shown to be related to asset price movements. Therefore, transaction frequency is a key indicator of current conditions of the real estate market. In addition, it is widely viewed as an important "leading" indicator of the expected general conditions of local, regional and national economies. By monitoring transaction levels, market participants are better able to form market expectations, evaluate prices and develop investment strategies

Sales Volume v. Transactions



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ABOUT TIM REAMER

Tim Reamer has over a decade of experience and training in site selection, demographic study, market analysis, and marketing assistance and provides brokerage and consulting services related to commercial real estate in Harrisonburg, Virginia and throughout the Shenandoah Valley. He specializes in investment real estate, retail/restaurant site selection, tenant and landlord representation, and general commercial representation.

Tim has worked on transactions with many national brands, including Pizza Hut, 7-Eleven, Firehouse Subs, Cook Out, Adams & Garth, Zaxby's and OfficeMax – providing tenant/landlord representation and purchaser/seller representation services, including site identification, lease and purchase negotiations, and net lease investment analysis. In 2011, Tim was among the top 5% of agents in the Harrisonburg-Rockingham MLS and in the top 1% for commercial transactions.

Tim provides a wide range of commercial real estate brokerage and advisory services to his clients, but every project starts with a focus on understanding his client's needs and objectives and ends with customized solutions that help them accomplish their goals.

BROKERAGE SERVICES

Seller Representation
Buyer Representation
Landlord Representation
Tenant Representation
Lease Renegotiation
Investment Brokerage

FEE BASED SERVICES

Financial Analysis
Investment Analysis
Market & Demand Analysis
Opinion of Value
Advisory Services
Lease v. Purchase Analysis
Site Analysis

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ABOUT COTTONWOOD COMMERCIAL

Those who buy, sell or lease commercial properties don't merely need their brokerage to know the area. They need it to know the business of commercial real estate backwards and forwards. Cottonwood | Commercial, was created in 1998 to meet the need of a large dedicated commercial brokerage in the Valley. Cottonwood Commercial is now the largest, most respected commercial real estate brokerage in the Shenandoah Valley.

We know that we are not successful unless our clients are also successful. Our goal is to build value for our customers by approaching our work with integrity, knowledge and original ideas. The diverse set of backgrounds, areas of focus and perspectives within Cottonwood | Commercial enable us to provide commercial real estate services across the board.

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