

HARRISONBURG COMMERCIAL REAL ESTATE

MARKET REPORT

2ND QUARTER | 2013

AT A GLANCE HARRISONBURG ONLY

\$ VOLUME SOLD \$8.1M

TRANSACTIONS 8

SALES % OF ASSESSED VALUE 101%

UNDER CONTRACT 17
\$ VALUE \$7.2M

SALES % OF ASSESSED VALUE 101%

TOTAL LEASES REPORTED 6

TOTAL LEASE VALUE \$529k

NEW INVENTORY (MLS)

PROPERTIES ON MARKET (2Q13) 23

TOTAL ASKING \$ \$16.9M

TAXABLE SALES

QUARTERLY CHANGE % + 2.1%

FOR MORE INFO--



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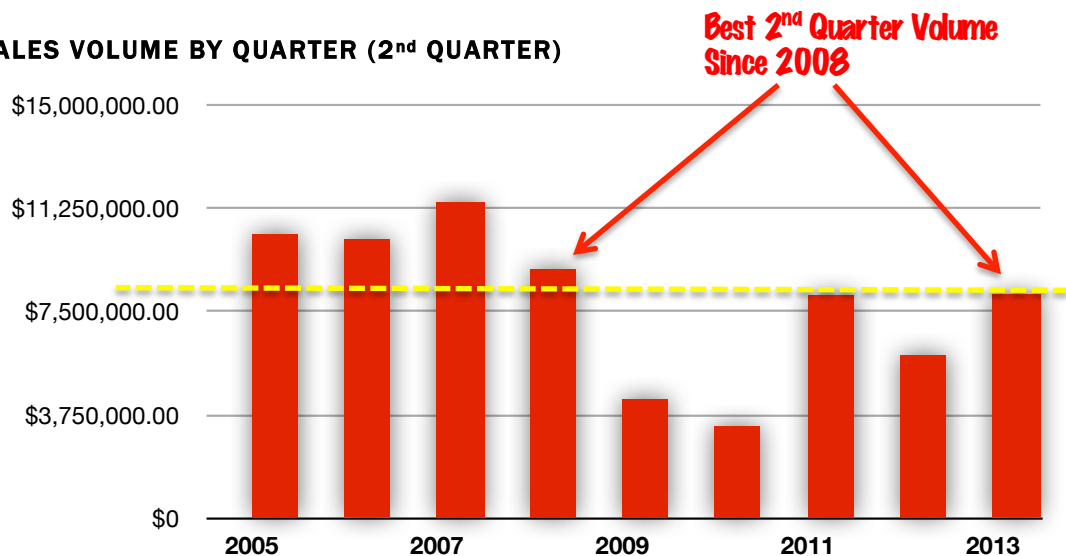
QUARTER SNAPSHOT

A few projects that started in the first quarter or even the fourth quarter of 2012 found their way to the finish line in 2013. In addition to the eight transactions that occurred in the City of Harrisonburg, an additional five totaling \$1.46 million were reported on the Harrisonburg Rockingham MLS.

The total volume in Harrisonburg represents a healthy jump from the previous quarter, although it was not unexpected given the length of time required to settle as a result of longer study periods, appraisal turnaround, and financing delays. The number of active projects is relatively high and many of the projects started early in the year are expected to reach the settlement table in the third quarter for these reasons.

Leasing activity, despite dropping slightly from the previous quarter, remains roughly in line with previous quarters. Industrial (>10k sf) and small office seem to be generating the most interest.

SALES VOLUME BY QUARTER (2ND QUARTER)



TIDBITS

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

HOT SPOT

S. MAIN STREET, HARRISONBURG

37% of the total transactions and 76% of the total sales volume occurred on S. Main Street in Harrisonburg. Among the notable sale were Shenandoah Plaza (Sharp Shopper) and SunTrust Bank. Both were purchased by investors from outside of the area.

THE BIG DEAL

SHENANDOAH PLAZA | S. MAIN STREET

The NNN property that includes Sharp Shopper, Dollar General, Goodwill, Pizza Hut (outparcel), and Super Shoes was purchased in May for \$4.75M, which translates to a 9.99% cap rate.

MARKET REPORT

2ND QUARTER | 2013

TOTAL SALES VOLUME BY YEAR (RAW DATA)

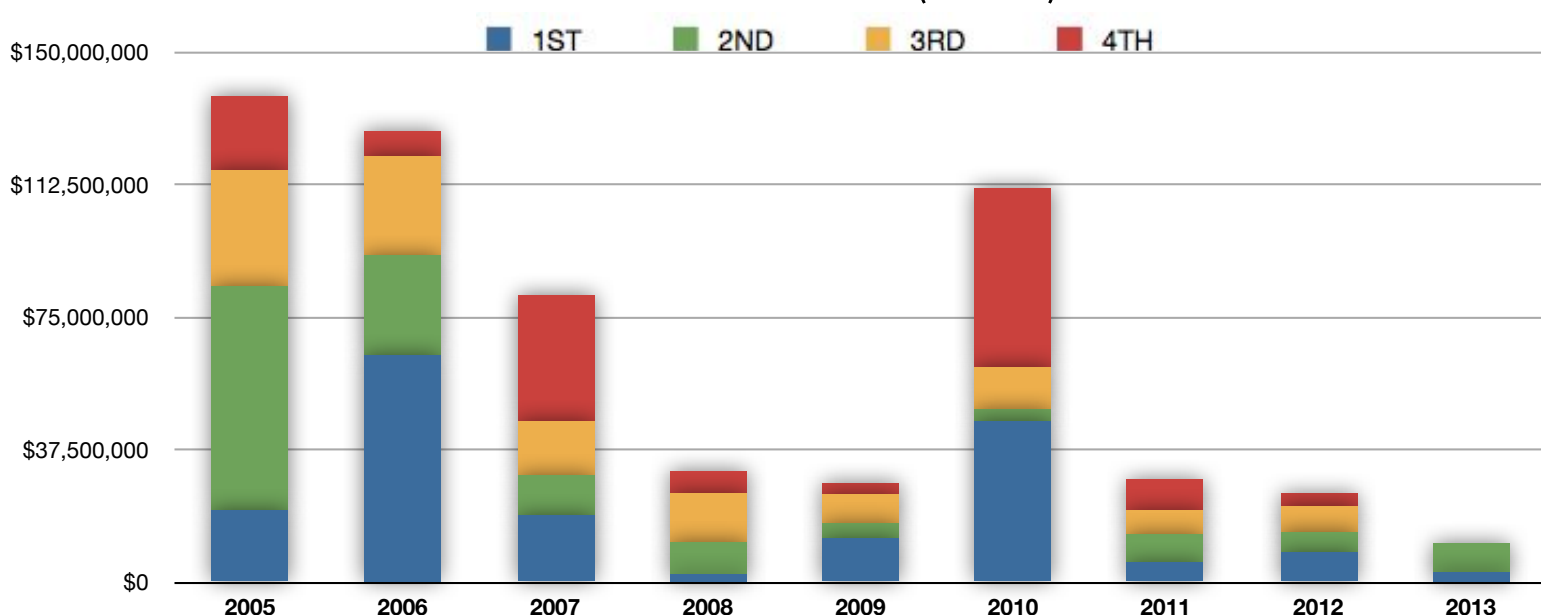
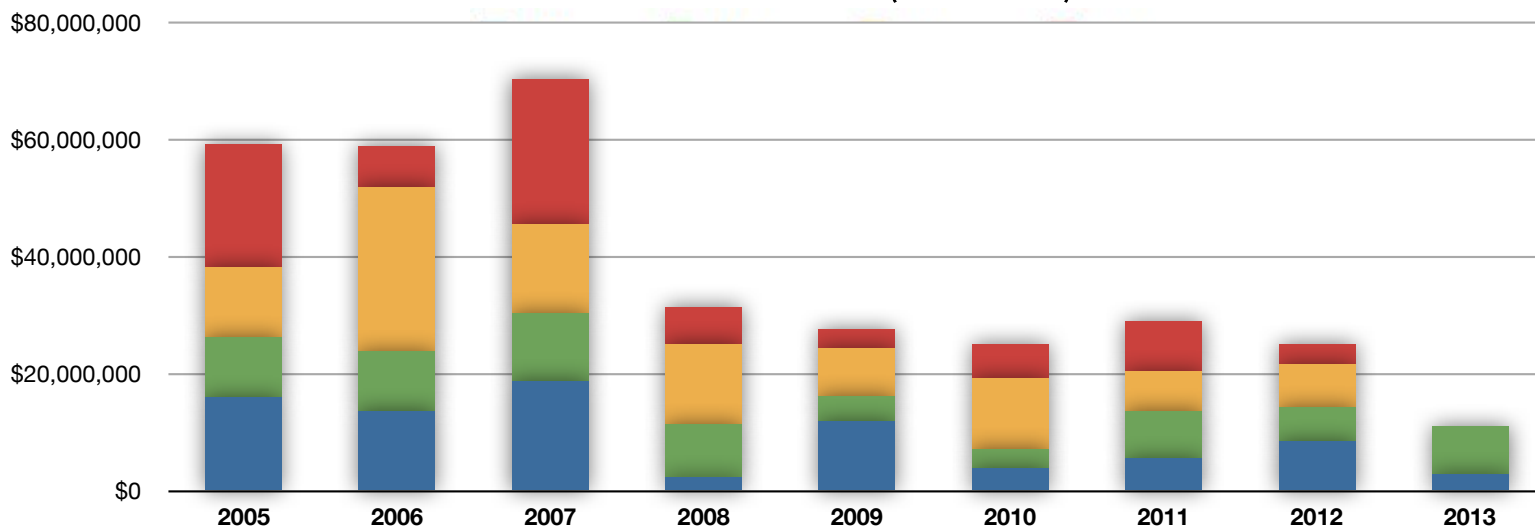


CHART INFORMATION

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 1st Quarter 2013.**

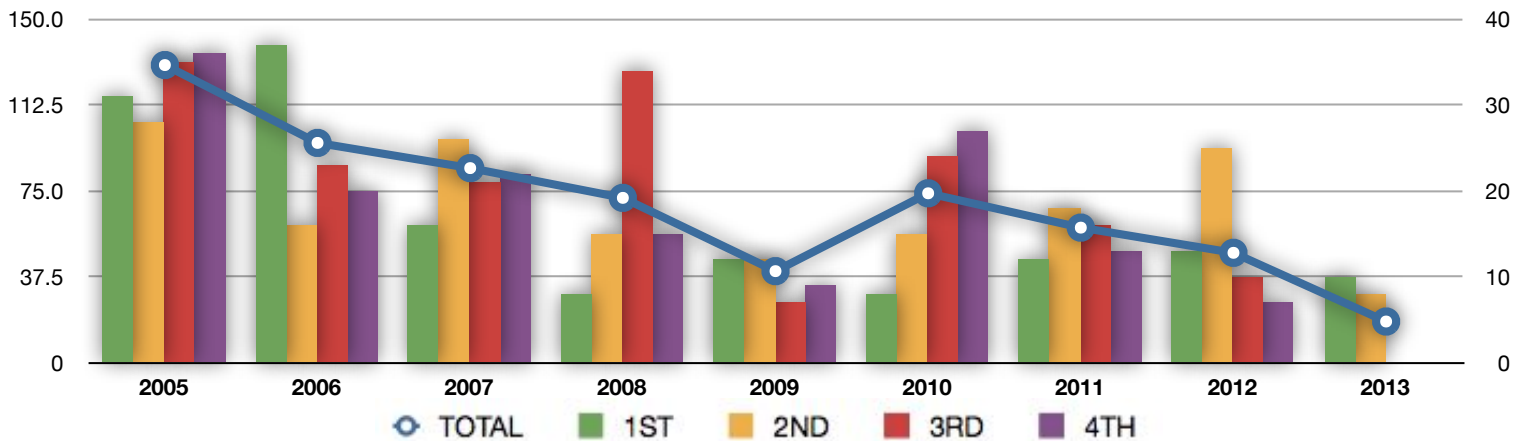
TOTAL SALES VOLUME BY YEAR (REVISED DATA)



MARKET REPORT

2ND QUARTER | 2013

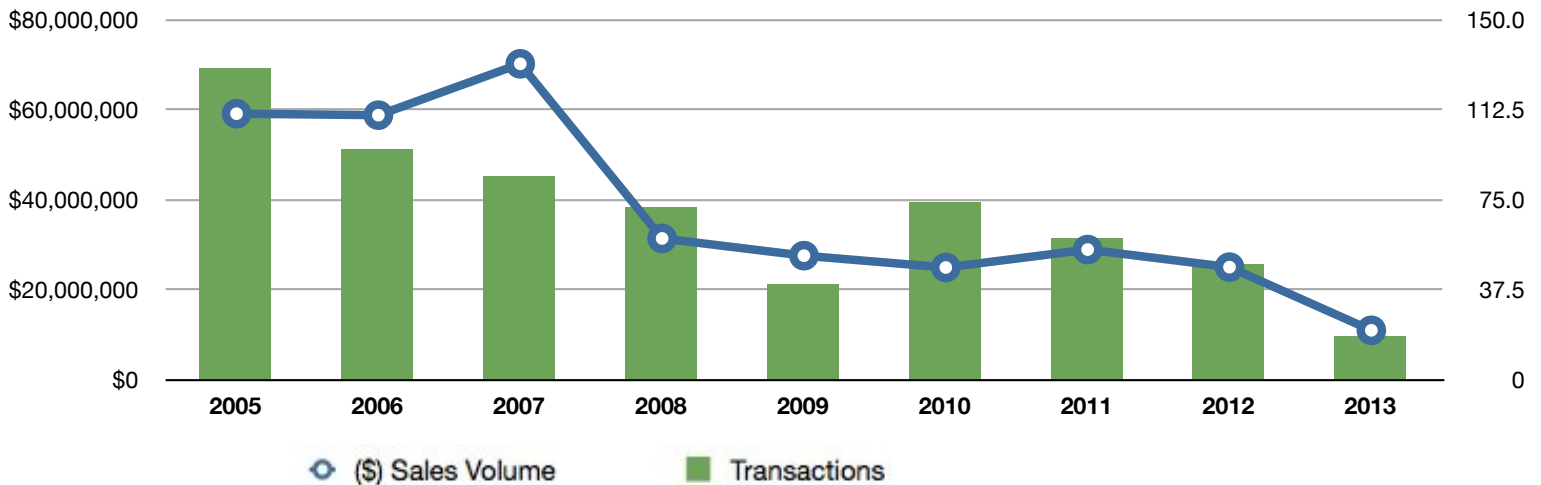
TOTAL TRANSACTIONS BY YEAR & QUARTER



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.

TOTAL VOLUME AND TRANSACTIONS BY YEAR



HARRISONBURG COMMERCIAL REAL ESTATE

MARKET REPORT

1ST QUARTER | 2013

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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