

HARRISONBURG COMMERCIAL REAL ESTATE

# MARKET REPORT

3<sup>RD</sup> QUARTER | 2012

## AT A GLANCE

|   |      |
|---|------|
| \$ VOLUME                               | ▲    |
| * REVISED \$ VOLUME                     | ▲    |
| # OF TRANSACTIONS                       | ▼    |
| SALES PRICE AS A<br>% OF ASSESSED VALUE | ▲    |
| AVERAGE MULTIFAMILY<br>CAP RATE         | 7.6% |

## HIGHLIGHTS

Sales prices exceeded assessed values for the first time since it has been tracked (not long) at 103% of assessed value on average.

Investment property, JMU, and E. Market Street saw the greatest activity levels during the quarter with several investors securing residential and commercial property, JMU acquiring more land for their athletic fields, and E. Market witnessing several new brands open with land acquired for several more expected to open in 2013.

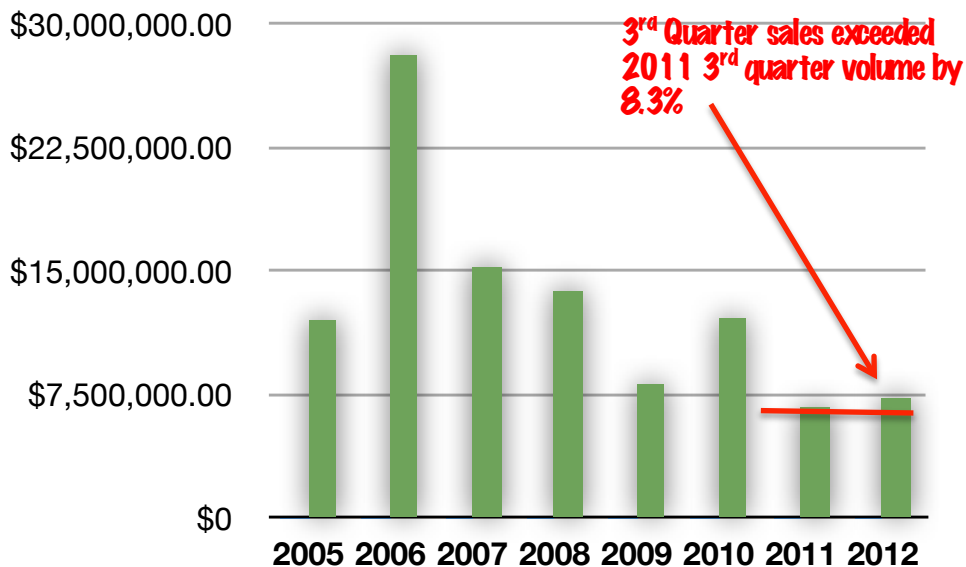
## QUARTER SNAPSHOT

Investment property continued to drive sales through the 3<sup>rd</sup> quarter (and into the 4<sup>th</sup> quarter) in Harrisonburg and neighboring communities, but small business started to find their way in the period as well. Several small businesses in the metro area acquired new locations for start-up and expansion.

The number of transactions, despite the increase in sales volume, was down dramatically from the previous quarter (25 to 10) and previous year (16 to 10). In total, the 3<sup>rd</sup> quarter of 2012 produced nearly \$7.3 million worth of volume, which is 23% above the 2<sup>nd</sup> quarter.

While not reflected in this report, leasing activity appeared to be particularly strong in the quarter with Jimmy John's, MedExpress, and several small industrial users inking deals.

### 3<sup>rd</sup> Quarter Year-Over-Year



## TIDBITS

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

## FOR MORE INFO--



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# HOT SPOT

## THE SOUTHWEST QUADRANT

Harrisonburg's SW quad saw the most action in the 3<sup>rd</sup> quarter \$3.5 million worth of transactions.

# THE BIG DEAL

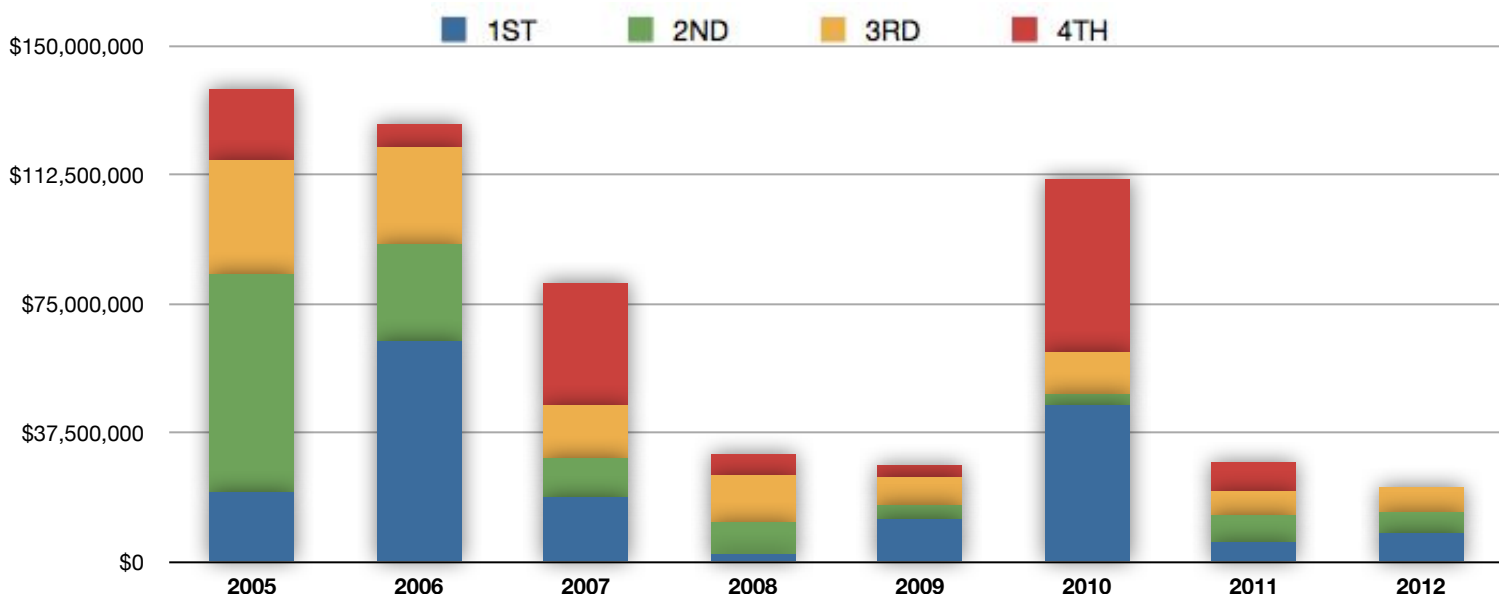
## 1880 E. MARKET STREET

The former First Bank & Trust building at the very desirable corner of E. Market Street and Country Club Road sold to an out of state investor for just under \$1.2 million. The 7,400sf structure will likely be removed to make room for a new national tenant.

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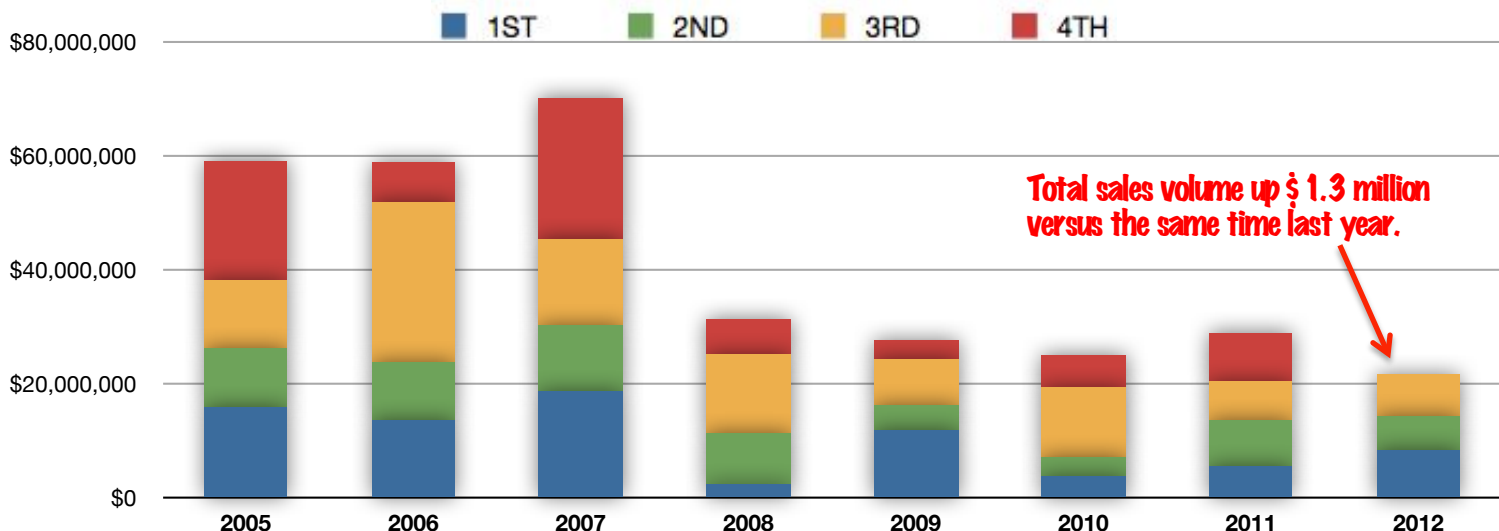
TOTAL SALES VOLUME BY YEAR (RAW DATA)



## 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 3<sup>rd</sup> Quarter 2012.**

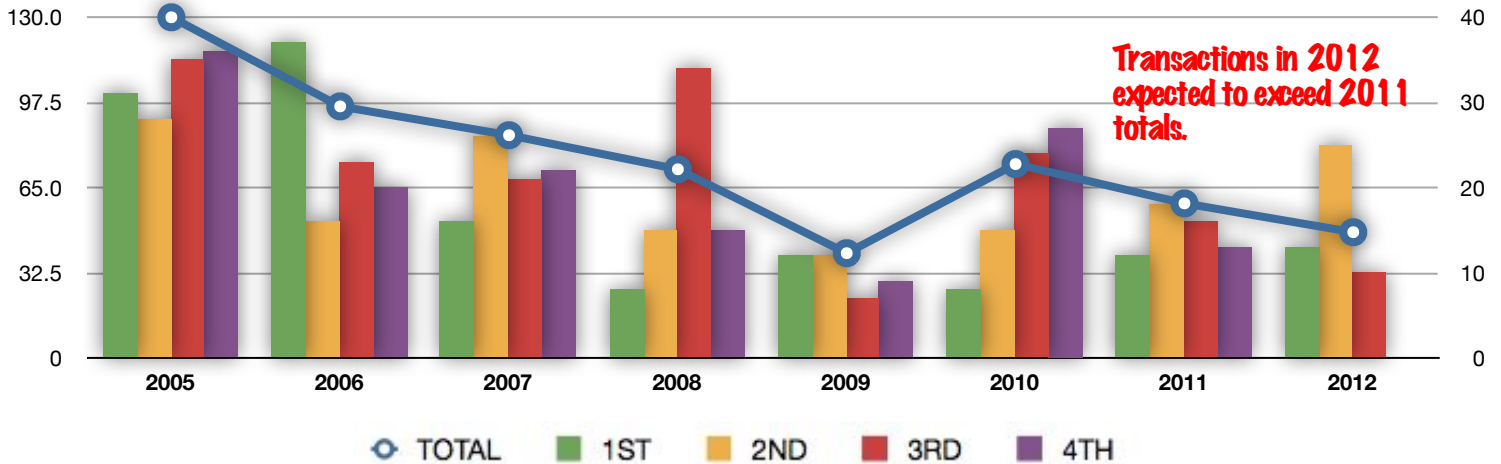
TOTAL SALES VOLUME BY YEAR (REVISED DATA)



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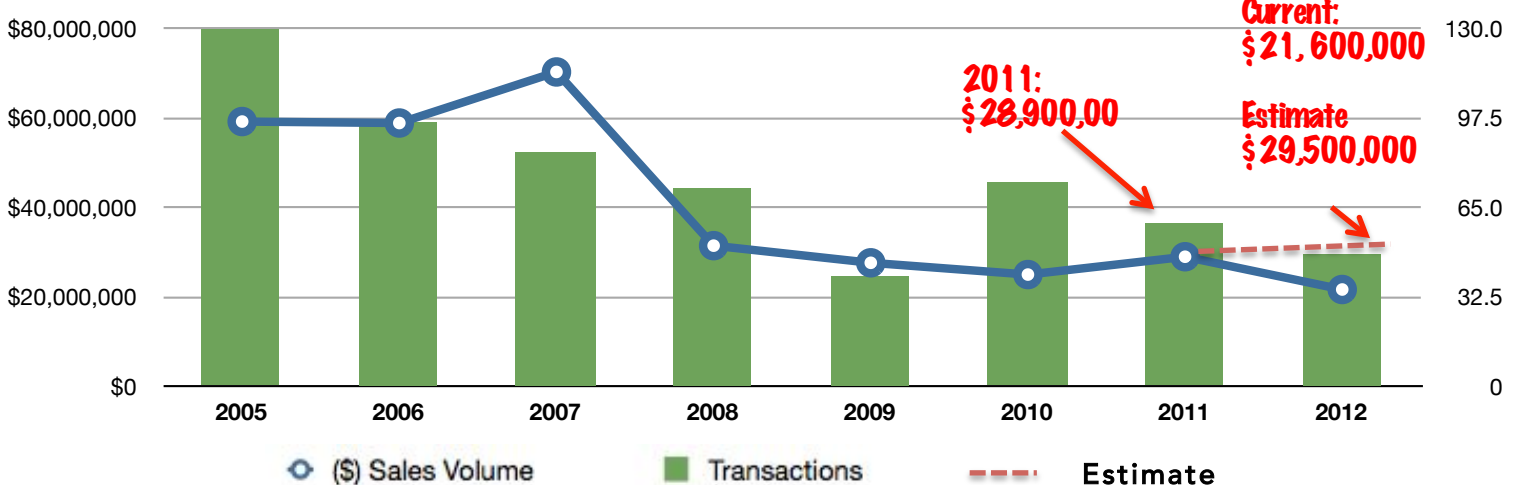
Transactions By Quarter & Year



## 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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## Select Transactions in the City of Harrisonburg

| Address              | Zoning                         | Total Assessed Value | Transaction Date | Sales Price    | Overview  |
|----------------------|--------------------------------|----------------------|------------------|----------------|---|
| 312 S MAIN ST        | B-1 Central Business           | \$384,100.00         | 7/6/12           | \$388,500.00   | 4600sf Deyerle House converted to office space. .32 acres   |
| 940 PORT REPUBLIC RD | R-1 Single Family Residential  | \$370,900.00         | 7/20/12          | \$995,000.00   | 2 acres for the continued development of athletic fields at the corner of Port & Neff                               |
| 243 ROCKINGHAM DR    | R-3 Multi Dwelling Residential | \$334,200.00         | 8/1/12           | \$327,500.00   | Six unit multifamily. Unknown cap rate.   |
| 1880 E MARKET ST     | B-2 General Business           | \$1,090,400.00       | 8/2/12           | \$1,176,000.00 | 7,400sf Former First Bank & Trust Building on 1.28 acres at the corner of E. Market & Country Club Road             |
| 2990 S MAIN ST       | B-2 General Business           | \$564,300.00         | 8/7/12           | \$699,000.00   | Hometown Music/Gentry Photography. Investment status unknown  |
| 1085 WELLINGTON DR   | R-4 Planned Unit Residential   | \$1,231,200.00       | 8/8/12           | \$920,000.00   | Eight townhouse units, Unknown cap.   |
| 1710 COUNTRY CLUB RD | M-1 General Industrial         | \$201,100.00         | 8/10/12          | \$250,000.00   | 2604sf metal structure on .58 acres on Country Club Road  |
| 3211 S MAIN ST       | B-2 General Business           | \$1,515,600.00       | 8/10/12          | \$1,850,000.00 | 9200sf South Main Motors buildings on 1.46 acres  |
| 22 TERRI DR          | B-2 General Business           | \$247,600.00         | 9/11/12          | \$112,903.00   | 1200sf Anthony's Italian Touch building between E. Market & Country Club Road                                       |
| 84 W WATER ST        | B-1 Central Business           | \$454,700.00         | 9/19/12          | \$580,000.00   | 14,424sf structure at the corner of Liberty and W. Water Street. Parking area is believed to have conveyed as well. |



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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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