Old Dominion University
Hampton Roads Real Estate Market Review and Forecast
2007

Presented by:
E.V. Williams
Center for Real Estate and Economic Development

Director's Message

John R. Lombard, PhD
Assistant Professor, Department of Urban Studies and Public Administration, College of Business and Public Administration
Director, E.V. Williams Center for Real Estate and Economic Development

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Nancy Bagranoff, DBA
Dean, College of Business & Public Administration, Old Dominion University

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15 Year
New Construction and Resale History
January New Home Sales
1994 - 2007

Number of Sales

Year


Hampton Roads Housing Stats

• Average Price of SF New Home
  $445,316
  An Increase of $38,048 or 9.3% in one year
• Average Price of SF Existing Home
  $270,511
  An Increase of $45,317 or 7.8% in one year

2006 Southside Average Closing Prices
Resale and New Construction
Single Family Detached Homes

2006 Southside Average Closing Prices
Resale and New Construction
Single Family Detached Homes

2006 Peninsula Average Closing Prices
Resale and New Construction
Single Family Detached Homes

2006 Peninsula Average Closing Prices
Resale and New Construction
Single Family Detached Homes
A Market In Transition

Growth of Home Sizes & Price Per S. F.

<table>
<thead>
<tr>
<th>Year</th>
<th>Size</th>
<th>Price</th>
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<tbody>
<tr>
<td>2003</td>
<td>2,570 SF</td>
<td>$260K / $104 SF</td>
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<tr>
<td>2004</td>
<td>2,673 SF</td>
<td>$327K / $123 SF</td>
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<tr>
<td>2005</td>
<td>2,781 SF</td>
<td>$416K / $149 SF</td>
</tr>
<tr>
<td>2006</td>
<td>2,672 SF</td>
<td>$445 / $161 SF</td>
</tr>
<tr>
<td>2007</td>
<td>2,589 SF</td>
<td>$394 / $152 SF</td>
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</table>

New Construction Price Points

- $100K
- $901K-$1000K
- $801K-$900K
- $701K-$800K
- $601K-$700K
- $501K-$600K
- $401K-$500K
- <$401K

61%

New Construction Product Mix

- Mixed Use: 46%
- High Rise: 7%
- Townhome: 4%
- SFD Condo: 31%
- SFD Custom: 8%
- SFD Production: 3%
- 1%

Current Active Listings by Month

<table>
<thead>
<tr>
<th>Month</th>
<th>Units</th>
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</thead>
<tbody>
<tr>
<td>January</td>
<td>2,000</td>
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<tr>
<td>February</td>
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<tr>
<td>March</td>
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<td>September</td>
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<td>October</td>
<td>4,000</td>
</tr>
<tr>
<td>November</td>
<td>2,000</td>
</tr>
<tr>
<td>December</td>
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</tr>
</tbody>
</table>

Sales By Month

Jan 2005 through Nov 2006
Hampton Roads Share

Proposed 2008 Government Spending –

✓ $5.5 Billion to Northrop Grumman
   Newport News Shipyard
✓ $288 Million for Construction Projects at
   Hampton Roads Military Facilities

Homeland Security - Includes Hampton Roads
in Share of $1.143 Billion Dollars in Grants

✓ APM Terminals $450 Million Dollar Portsmouth
   Facility to Open in 2007
✓ $2.2 Billion Dollar Expansion
   Craney Island Marine Cargo Terminal

Mixed Use In Hampton Roads

Mixed Use In Hampton Roads

Bellharbour Station at SoNo Chesapeake 580 Units
Bryans Cove Chesapeake 596 Units
Culpepper Landing Chesapeake 983 Units
Gateway at SoNo Chesapeake 108 Units
H20 Hampton 500 Units
Benns Grant Isle of Wight Co. 1098 Units
St. Lukes Village Isle of Wight Co. 430 Units
Governors Grove at Five Forks James City Co. 132 Units
New Town James City Co. 1000+ Units
Asheton Newport News 1578 Units
City Center Newport News 420 Units
Patrick Henry Place Newport News 700 Units

2007
Multifamily Market:
Review and Assessment

Aubrey L. Layne, Jr.
President
Great Atlantic Management
- Deal Activity and Headlines
- Economic and Operating Environment
- Outlook

Deal Activity - 2006

- Unit Volume Down
- Core Pricing Flat

HR Apartment Deal Volume and Price

Sources: Great Atlantic, Real Data

<table>
<thead>
<tr>
<th>Volume in units</th>
<th>Price in $</th>
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<td>$60,000</td>
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<tr>
<td>7,000</td>
<td>$70,000</td>
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2006
Biggest Deal in 2006

- Alta Cove Now Empirian Chesapeake
- $63 Million and $168,000 Per Unit

Bonaventure Group Enters HR

- 702 Units in 2006
- 540 Units in 2005

Economic and Operating Environment

Apartment Cap Rates, Interest Rates and Spreads

Sources: Capital Analytics, Federal Reserve
Renter's Monthly Cash Flow Advantage

Home Owner Vacancy
In Dwellings With 2 or More Units

Home Owner Vacancy Rates and Rent Growth

Employment
- Ford Plant Closing
- BRAC – 2008, Mostly on Peninsula
- 2007 Unemployment 3.7%

HR Apartments Under Construction and Starts

HR Vacancy Rates and Rent Growth

Sources:
- ODU, Real Data
- US Census Dept.
**Outlook - 2007**

- **Buyers**: Competitive Market
- **Sellers**: Relatively High Prices
- **Owners**: Positive Operating Environment
- **Renters**: More Choice and Modestly Higher Rents

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**Office Market Review**

Vivian Turok  
Senior Vice President  
Office Leasing Division  
Divaris Real Estate  
30 years experience in office sales, leasing, tenant and landlord representation  
Bachelor of Social Science  
University of Cape Town  
South Africa

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**Hampton Roads**  
**Historical Vacancy Rate Trends**

- Class A = $20.00 per square foot  
- Class B = $15.42 per square foot  
- Class C = $12.39 per square foot
Commonwealth of Virginia Leases Signed in 2006

- Pembroke SL, Virginia Beach
- Interstate Corporate Center, Norfolk
- Social Security Building, Norfolk
- Southern Boulevard, Virginia Beach

Convergence III, Virginia Beach

Rosemont Interstate Center, Virginia Beach

World Trade Center, Norfolk

Chesapeake Leases

- Amerigroup, Virginia Beach
2006 Developments

- Innovation Research Park
- Lockheed Martin Modeling Center
- Central Center Office Building, Norfolk
- Amerigroup II, Virginia Beach
- Gallery I and II, Virginia Beach
- Liberty III, Chesapeake
- Bridgeway Technology Center, Suffolk
- BECO Building, Chesapeake
- HRRA Building, Chesapeake
- Merchants Walk South, Newport News
- One City Center, Newport News

2007 Developments

- Two Columbus Center, Virginia Beach
- Convergence II, Virginia Beach
- Convergence III, Virginia Beach
- Convergence IV, Virginia Beach
- Dominion Enterprises, Norfolk
- Harbourview Medical Building, Suffolk
- Oakmonte Professional Center, Chesapeake
2008 Projects

- Commander Corporate Center, Norfolk
- Pavilion Center II, Virginia Beach
- The Fairways at Lake Wright, Norfolk
- Wachovia Center, Norfolk
- Downtown Norfolk

Hampton Roads Market Conditions

- Rental rates are on the rise
- Fewer landlord incentives
- Lowest vacancy rates in 10 years

Bon Voyage Incentives

Office Market Forecast

- Building construction will increase
- Town Center developments
- Healthcare and port-related users will play a role in growing our market base
- BRAC’s uncertainty effect on our military users
LEED™ Market Transformation

- 596 Certified Projects
- 1,581+ Registered Projects

Projects in all 50 States and 24 Countries

Liberty III, 1317 Executive Blvd, Chesapeake

RETAIL MARKET REVIEW

Presented by:
Chris Rouzie
Thalhimer Retail Brokerage Group
February 28, 2007
New Projects

Williamsburg - 2005

Williamsburg Marketcenter

Settler's Market New Town

New Town & Settler's Market
Grocery Sector

Hampton Roads – Number of Stores in Region

Hampton Roads – Grocery Group Market Share

Food Lion – Bloom Store

Food Lion – Bottom Dollar Store
Expanding Footprint
Industrial Reporters

Bobby Beasley  Billy King
Ken Benassi  Pat Mumey
Ron Biesecker  Bobby Phillips
Charles Dickinson  Worth Remick
Abe Ellis  Stephanie Sanker
Trip Ferguson  Bill Throne
Christine Kaempfe  Chip Worley

McDonald Development
Proposed Site Plan

Ashley Capital’s
2601 Indian River Road
Chesapeake

Bridgeway Commerce Center III
Suffolk

Vacancy Percentage
For the Last 10 Years

200 PortCentre Parkway
Portsmouth

212,000 square foot total
$3.95 per square foot
10 year term
### Sample of Up and Coming Developments

**Virginia Regional Commerce Park, Suffolk**
- 1,000,000 square feet total
- Enterchange at Suffolk

**Northgate Commerce Park, Suffolk**
- 770,000 square feet total

### Representative Building Sales Transactions

**First Data**
- 54,000 square feet total
- $94.44 per square foot
- Sold: 5/06
- $5,100,000

**IBS America**
- 31,000 square feet total
- $136.55 per square foot
- Sold: 4/06
- $1,400,000

**Viasys**
- 14,400 square feet total
- $63.54 per square foot
- Sold: 11/06
- $915,000

### Trade Street

### Office/Warehouse Condos

**Riverwalk Commerce Park, Chesapeake**

**Oakbrooke Business & Technology Center, Chesapeake**
Charlie Taylor

Investment Market
Jonathan Guion, SIOR
February 28, 2007

National Market Influences
- Foreign Capital
- Condo Conversion Market
- Mobility of Capital
- Privatizations and Mega Deals

Inflow of Foreign Capital
- 2005: $21 billion
- 2006: $16 billion
- 20% drop in foreign capital

Condo Conversion Market
- Largest block of buyers in 2005
- Off the radar in 2006

Mobility of Capital
Privatization and Mega Deals

- REIT mergers and acquisitions increased to $100 billion
- 31 portfolios/properties valued over $1 billion

Hampton Roads Market

- Local portfolio sales declined
- Dollar volume off by 25%

Hampton Roads Transactions

- Alta Cove Apartments
  - $63 million
- Dove Landing
  - $32 million
- Hampton Roads Research Quad
  - Buildings I and III
  - $28.75 million
- Liberty Property Trust (3 building portfolio)
  - $13 million

Hampton Roads Transactions

- Richmond Road Food Lion
  - $14.5 million
- Chesapeake Crossing Shopping Center
  - $12 million
- West Park Warehouses
  - $32 million

Thank you for attending!
Please Join Us for the Reception

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