2008 Hampton Roads Real Estate Market Review and Forecast

President Roseann Runte
Old Dominion University

Executive Committee

<table>
<thead>
<tr>
<th>Position</th>
<th>Name</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chair</td>
<td>Tom Dillon</td>
</tr>
<tr>
<td>Executive Director</td>
<td>John Lombard</td>
</tr>
<tr>
<td>Vice Chair</td>
<td>Brad Sanford</td>
</tr>
<tr>
<td>Program Chair</td>
<td>Stephanie Sanker</td>
</tr>
<tr>
<td>Research Chair</td>
<td>Brian Dundon</td>
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<td>Craig Cope</td>
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<td>John Crunkleton, Brad Sanford</td>
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<tr>
<td>Sponsorship Chair</td>
<td>Fred Facka</td>
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<td>Andrew Keeney</td>
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<tr>
<td>Past Chair</td>
<td>Joyce Hartman</td>
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<td>At Large</td>
<td>Jonathan Guion, Aubrey Layne</td>
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</tbody>
</table>

Sponsorship Committee

Fred Facka (Chair), Smith Barney - Citigroup
Stephanie Sanker, GVA Advantis
Tom Dillon, Resource Bank
Erica Ferron, Old Dominion University

Program Committee

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Tom Dillon, Resource Bank
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BOOM IN SUPPLY OF NEW HOUSING

Source: Real Capital Analytics

CAPITAL MARKET CHANGES

<table>
<thead>
<tr>
<th>Variables</th>
<th>Definitions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Loan to value ratio</td>
<td>Value for loan basis</td>
</tr>
<tr>
<td>Debt service coverage</td>
<td>Net Operating Income</td>
</tr>
<tr>
<td>Interest only periods</td>
<td>Occupancy</td>
</tr>
<tr>
<td>Reserves</td>
<td>Capital for loan proceeds</td>
</tr>
</tbody>
</table>

US COMMERCIAL PROPERTY SALES

Commercial Real Estate is now a “Major Food Group”
- Alternative investment opportunities not rock solid either
- Underlying fundamentals remain healthy
- Commercial real estate with predictable and transparent contractual cash flows
- Key perspective is returns on a “risk adjusted basis”

US COMMERCIAL PROPERTY SALES

How Investment Returns have been so Great
- Moderate growth in net operating income
  - Growth in rents
  - Rising occupancy
- Sharp decline in capitalization rates
**EVOLUTION OF INVESTMENT RETURNS**

Last 5 Years vs. Next 5 Years

- **Big Difference!**

![Graph showing the difference in investment returns between the last 5 years and the next 5 years.](image)

Source: TWR Investment Database

**Office, Industrial, Retail, Multi-Housing: NCREIF Weighted**

**NATIONAL OFFICE SALES**

- **The Good News:** Economic expansion has been increasingly driven by office-occupying industries
- **The Bad News:** Softening economy will lead to slower growth in rents and less space absorption

![Graph showing average cap rates and total price for office sales.](image)

Source: Real Capital Analytics

**The Good News:**
- Higher volume and lower cap rates

**The Bad News:**
- The economic expansion has been increasingly driven by office-occupying industries
- Impacted by the slowing economy especially with goods related to housing and retailers

**2007 HAMPTON ROADS OFFICE SALES**

- LANDMARK TRANSACTIONS
  - Gee’s Group Portfolio
  - 150 W. Main
  - Twin Oaks I & II
  - Lynnhaven Corporate Center
  - Silver Oak
  - Southport Centre
  - Twin Oaks I & II

**NATIONAL INDUSTRIAL SALES**

- **The Good News:** Export business and business to business services are expected to continue to grow
- **The Bad News:** Impacted by the slowing economy especially with goods related to housing and retailers

![Graph showing average cap rates and total price for industrial sales.](image)

Source: Real Capital Analytics

**Higher volume and lower cap rates**

**The Good News:**
- The good news is the export business and business to business services are expected to continue to grow.

**The Bad News:**
- The bad news is the export business and business to business services are expected to continue to grow.

**2007 HAMPTON ROADS INDUSTRIAL SALES**

- LANDMARK TRANSACTIONS
  - Commonwealth Storage

**NATIONAL MULTI-FAMILY SALES**

- **The Good News:** More people will decide to rent rather than pursue home ownership
- **The Bad News:** Shadow competition of rental supply created by unsold homes and condos listed for rent

![Graph showing average cap rates and total price for multi-family sales.](image)

Source: Real Capital Analytics

**Slow down in volume growth and cap rate decline**

**The Good News:**
- More people will decide to rent rather than pursue home ownership.

**The Bad News:**
- Shadow competition of rental supply created by unsold homes and condos listed for rent.
HAMPTON ROADS MULTI-FAMILY TRANSACTIONS

LANDMARK TRANSACTIONS
The Heights and The Myrtles at Olde Towne Portfolio

HAMPTON ROADS RETAIL TRANSACTIONS

LANDMARK TRANSACTIONS
Denbigh Village and Lynnhaven North

NATIONAL RETAIL SALES

- The Good News: Continued growth in lifestyle & town centers; new concepts continue to emerge
- The Bad News: Future performance impacted by slowdown in employment & consumer demand

INDUSTRIAL MARKET REVIEW

Industrial Reporters
Ron Biesecker & Christine Kaempfe – Greenbrier
Chip Worley – Bainbridge
Patrick Mumey, SIOR – Cavalier
Worth Remick – Norfolk Commerce Park/Central Norfolk
Charles Dickinson – Norfolk Industrial Park
Billy King, SIOR – West Side/Midtown Norfolk and Isle of Wight
Brian Baker – Lynnhaven
Bobby Beasley – Greenwich/Cleveland and Airport Industrial Park
Abe Ellis, SIOR – Portsmouth
Bill Throne, CCIM – Suffolk
Clay Culbreth, CCIM, SIOR & Stephanie Sanker, CCIM – Copeland/Lower Peninsula
Bobby Phillips – Oyster Point/Middle Peninsula & Williamsburg Extended
Trip Ferguson – Oakland/Upper Peninsula

INDUSTRIAL MARKET REVIEW

“The retailers that have the right merchandize at the right price are still doing significant business. There are winners and losers in market share, and consumers are voting every day with their purchases.”

- Daniel Hurwitz, President & CEO of Developers Diversified Realty Corp.

This concept applies to all of us in the commercial real estate profession and not just for retailer sales.
Most of the nation’s population and consumer demand is still heavily located in the eastern-half of the country.
INDUSTRIAL MARKET REVIEW

Virginia Inland Port (VIP)  
Front Royal, VA

Future Craney Island Terminal  
Portsmouth, VA

Norfolk International Terminals (NIT)  
Norfolk, VA

Newport News Marine Terminal (NNMT)  
Newport News, VA

Portsmouth Marine Terminal (PMT)  
Portsmouth, VA

Modern Terminals

APM/Maersk Terminal in Portsmouth  
June 2007

Phase 1 - complete 2007
- Total Acreage: 230
- Pier Length: 3200 ft.
- Depth: 55 ft.
- Cranes: 6
- Capacity: 1 Million TEUs
- Cost: $500 Million

Phase 2 - as volume dictates
- Total Acreage: 291
- Pier Length: 4000 ft.
- Depth: 55 ft.
- Cranes: 12
- Capacity: 2.2 Million TEUs
- Cost: $250 Million

Future Craney Island Marine Terminal

Phase 1 – June 2017
- Total Acreage: 220
- Pier Length: 3000 ft.
- Depth: 52 ft.
- Cranes: 6
- Capacity: 1.5M TEUs
- Cost: $1.2B

Phase 2 – June 2032
- Total Acreage: 600
- Pier Length: 8000 ft.
- Depth: 52 ft.
- Cranes: 15
- Capacity: 5M TEUs
- Cost: $1.06B

Distribution Facilities in Virginia

INDUSTRIAL MARKET REVIEW

INDUSTRIAL MARKET REVIEW

INDUSTRIAL MARKET REVIEW
Hampton Roads Industrial Sub-Markets

Wal-Mart Distribution Facility – James City County

Endeavor Center • James City County
- 70,000 SF Multi-Tenant Warehouse/Distribution
- 35,000 SF leased to Freemont Die
- 35,000 SF Available
- Divisible to 10,000 SF

AAFES Dan Daniels Distribution Center • Oakland Industrial Park, Newport News

West Park 2 - Hampton
- High Street Equity Advisors
- 180,000 SF Warehouse/Distribution
- Completed 2007
- Divisible to 12,000 SF

West Park 1 & 3 - Hampton
- Gateway Warehouses remain available for sublease
- 515,000 SF in 2 buildings
2000 Enterprise Parkway - Hampton

- 135,000 SF Guardian Storage Lease (2007)
- First Potomac Realty Trust

Enterchange at Hampton

- Building 1 – 243,219 SF; 211,119 SF Available
- Building 2 – 470,244 SF; 109,497 SF Available
- Devon USA – Richmond, VA
- Copeland Industrial Park

Bridgeway Commerce Center • Suffolk

- Liberty Property Trust
- Three Warehouse/Distribution buildings totaling 424,000 SF

- Building I – 130,000 SF, fully leased
- Building III – 168,000 SF
- Building II – Pad ready, 126,000 SF

Bridgeway Business Center

- Ashley Capital
- 750,000 SF multi-tenant Warehouse/Distribution
- Completed 81,204 modern renovation 2007
- Dixie Group Lease – 81,204 SF plus 3 acre “wareyard”

Cavalier Industrial Park • Bay Warehouses • Chesapeake

- Newly completed 94,330 SF Multi-tenant Warehouse/Distribution
- Divisible to 15,835 SF
- First Potomac Realty Trust

Cavalier Industrial Park • Johnson Controls Facility Sale

- December 2007
- $6.4 million
- Sold to USUI International
INDUSTRIAL MARKET REVIEW

Cavalier Industrial Park - 3800 Cook Boulevard

- Modern renovation and re-tenanting through 2007
- Sold to Exeter Property Group - 2007
- 64,000 SF Available

Hampton Roads – Industrial Market Vacancy Rate (as of the first month of the year)

Source: ODU Real Estate Market Review 2008

INDUSTRIAL MARKET REVIEW

Submarket City Surveyed Reporter Total Sq Ft Vacancy Sq Ft Vacancy %

Southside Totals 2,073 75,907,027 8,099,218 10.67%
Isle of Wight Isle of Wight 27 King 2,788,716 355,766 12.76%
City of Suffolk Suffolk 115 Throne 11,535,116 1,477,357 12.81%
City of Portsmouth Portsmouth 154 Ellis 4,004,464 297,805 7.44%
Airport Industrial Park Area Virginia Beach 70 Beasley 3,684,329 330,881 8.98%
Greenwich/Cleveland Streets Area Virginia Beach 127 Beasley 3,141,006 60,102 1.91%
Lynnhaven Area Virginia Beach 253 Baker 7,449,758 730,961 9.81%
West Side/Midtown Norfolk Area Norfolk 261 Dickinson 6,441,519 290,845 4.52%
Norfolk Industrial Park Area Norfolk 339 King 10,196,798 655,962 6.43%
Central Norfolk Area Norfolk Commerce Park/ Norfolk 142 Remick 7,076,668 2,609,090 36.87%
Cavalier Industrial Park Area Chesapeake 178 Mumey 5,781,645 596,380 10.32%
Bainbridge/S. Elizabeth River Area Chesapeake 133 Worley 5,464,312 385,783 7.06%
Greenbrier Area Chesapeake 274 Biesecker/Kaempfe 8,342,696 308,286 3.70%
Submarket City Surveyed Reporter Total Sq Ft Vacancy Sq Ft Vacancy %

Sankey Totals 2,742 103,616,886 10,906,607 10.53%
Williamsburg Extended Area Peninsula 60 Phillips 9,005,095 381,602 4.24%
Oakland/Upper Peninsula Area Peninsula 97 Ferguson 4,611,983 254,733 5.52%
Oyster Point/Middle Peninsula Area Peninsula 149 Phillips 4,109,297 67,657 1.65%
Copeland/Lower Peninsula Area Peninsula 363 Culbreth/Sanker 9,983,484 2,103,397 21.07%

INDUSTRIAL MARKET REVIEW

Ford Assembly Plant

Source: ODU Real Estate Market Review 2008
Airport Industrial Park II – 5901 Thurston Avenue
- $6,700,000 – 2007
- Fully Leased – 6 tenants
- 142,500 SF, 17 acres
- $47.50/SF to Cambridge Hanover

Airport Industrial Park • 5828 Ward Court
- TruGreen Lease
- 20,000 SF
- $120/SF - $2,400,000

Prologis/NYK Logistics Import Deconsolidation Facility
- 100’ x 1,255’
- 125,500 SF cross dock
- Completed 2007

Prologis/NYK Logistics Import Deconsolidation Facility

Northgate Commerce Park
- Duke Realty purchased 2007
- Two (2) 150,000 SF Buildings
- Available for Sublease
- 36 additional acres for development

Northgate Commerce Park
INDUSTRIAL MARKET REVIEW

**Northgate Commerce Park**
- Pending acquisition of 15 acres
- Final stages of approval for 216,000 SF rear loaded distribution property
- 30’ clear height
- Potential Mid 2009 delivery
- KTR Capital

**Suffolk – Bypass to Distribution**
- Final stages of approval for 216,000 SF rear loaded distribution property
- 30’ clear height
- 50’ x 50’ column spacing
- Ample car/trailer parking
- Potential Mid 2009 delivery
- Ample car/trailer parking

**Virginia Regional Commerce Center • Suffolk**
- Building A nearing completion 2nd Quarter ’08
- 400,000 SF Multi-Tenant Distribution
- Divisible to 60,000 SF
- Four (4) building complex planned totaling 1,100,000 SF

**Virginia Commerce Center**
- McDonald Development
- Building 100 • 385,320 SF
- 3 Buildings planned totaling 1,373,720 SF
- CSX rail available

**Target Area - Suffolk**
- Liberty Property Trust
- Commerce Center Hampton Roads
- Devon USA
- Interchange @ Suffolk
- 73 acres; 2 Buildings planned
- 321,859 SF + 440,259 SF = 762,118 SF potential
Office Market Review 2008

Scott Godbout
Senior Vice President
Director of Office Division
Harvey Lindsay Commercial Real Estate

Hampton Roads Absorption Trends

Buildings Delivered in 2007
Southside
Convergence Center III
99,000 sf
Harbour View Medical Arts I
47,000 sf
Dominion Enterprises
220,000 sf

Buildings Delivered in 2007
Southside
Mast One
60,000 sf
Circle South
48,000 sf
4111 Monarch Way
100,000 sf

Buildings Delivered in 2007
Peninsula
1030 Loftus Blvd.
26,380 sf
Two City Center
90,000 sf
Langley Federal Credit Union
11,000 sf
Projects Under Development

- Independence Place 75,000 sf
- Corporate Center VI 58,897 sf
- 1741 Corporate Landing 45,000 sf

Projects Under Development

- Two Columbus Center 104,000 Sq. Ft.
- Wachovia Center 250,000 Sq. Ft.

Hampton Roads Vacancy Rates Class A/ B

- Norfolk CBD
- Southside Suburban
- Peninsula

The Real Estate Cycle

- Absorption of Excess Supply
- Declining Prices, Rents, Construction
- High Vacancies
- Oversupply
- Accelerated New Construction
- Increasing Prices and Rents
- Low Vacancies

2008 Office Forecast

- Slight Uptick In Vacancy Rates
- New Ceiling On Class A Rates
- Steady Slow Increase In Overall Rates
- Landlord Incentives On the Rise

Market Influences
Thank You

2008 RETAIL MARKET REVIEW

Presented By:
Bill Overman

Hampton Roads Retail
396 Properties Totaling
50,219,239 SF

Per Person Average
Hampton Roads 29.5 SF
National 18.2 SF

Hampton Roads Retail

Southside
263 Properties
Totaling 33,086,160 SF

Peninsula
133 Properties
Totaling 17,133,079 SF

New Construction
Since 2003

- 2003: 749,458 SF
- 2004: 456,610 SF
- 2005: 1,211,699 SF
- 2006: 2,594,843 SF
- 2007: 2,047,291 SF

<table>
<thead>
<tr>
<th>Year</th>
<th>Construction</th>
</tr>
</thead>
<tbody>
<tr>
<td>2003</td>
<td>749,458 SF</td>
</tr>
<tr>
<td>2004</td>
<td>456,610 SF</td>
</tr>
<tr>
<td>2005</td>
<td>1,211,699 SF</td>
</tr>
<tr>
<td>2006</td>
<td>2,594,843 SF</td>
</tr>
<tr>
<td>2007</td>
<td>2,047,291 SF</td>
</tr>
</tbody>
</table>
New Construction

Southside
1,038,291 SF
(3.1% of Total SF)

Peninsula
1,009,000 SF
(5.9% of Total SF)

A Few Projects Delivered in 2007

• Landstown Commons
• The Marquis
• Towne Place in Greenbrier

Landstown Commons

The Marquis

Towne Place in Greenbrier

Mixed Use
Virginia Beach Town Center
City Center at Oyster Point
New Town
Settler’s Market
Peninsula Town Center
New Construction in Motion
Big Box

Target at Red Mill Walk

Lowe’s buys Giant Square

Vacancy Rates Since 2003

2003 2004 2005 2006 2007

<table>
<thead>
<tr>
<th>Year</th>
<th>Vacancy Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>2003</td>
<td>11.19%</td>
</tr>
<tr>
<td>2004</td>
<td>9.41%</td>
</tr>
<tr>
<td>2005</td>
<td>7.55%</td>
</tr>
<tr>
<td>2006</td>
<td>6.81%</td>
</tr>
<tr>
<td>2007</td>
<td>7.63%</td>
</tr>
</tbody>
</table>

Vacancy Rate

Southside  6.7%

Peninsula  9.4%

2007 Rental Rates

Overall Average  $16.05 NNN

Southside:    $16.68 NNN

Peninsula:    $15.41 NNN

Emerging Markets

Isle of Wight

Northern Suffolk

Williamsburg

Eastern North Carolina

FORECAST
“The party is over. With the exception of quality product, markets with barriers to entry, and those with a durable rent roll, commercial real estate will decrease 10 percent to 12 percent in 2008. What we’re experiencing now is not a market crash, but merely a return to normalcy.”

Jerry Anderson, CCIM President
Sperry Van Ness
Historic & Current Multi-Family Development

Hampton Roads Communities Under Construction/Proposed

- 1,112 units under construction
- 3,287 units proposed
- 691 units started after June 1, 2007

Source: Real Data

MidTown @ CityView, Virginia Beach 196 units

Oxford New Town, Williamsburg Final 69 units

Economic & Operating Environment

Source: Real Data
Top 3 Sales

Bristol @ Ghent, Norfolk
$48,300,000
268 units
$180,244 per unit

Myrtles @ Olde Town, Portsmouth
$36,000,000
246 units
$146,341 per unit

Mayflower, Virginia Beach
$33,000,000
265 units
$124,528 per unit

2007 Sales Statistics

<table>
<thead>
<tr>
<th>Statistic</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Deals</td>
<td>14</td>
</tr>
<tr>
<td>Total Units</td>
<td>2,760</td>
</tr>
<tr>
<td>Avg. Units/Deal</td>
<td>197</td>
</tr>
<tr>
<td>Total Deal Volume</td>
<td>$277,676,159</td>
</tr>
<tr>
<td>Avg. Price/Deal</td>
<td>$19,834,000</td>
</tr>
<tr>
<td>Avg. Price/Unit</td>
<td>$100,607</td>
</tr>
</tbody>
</table>

Source: Cushman & Wakefield

Debt & Equity Markets

Yesterday the Fed launched a new financial tool called the “Term Securities Lending Facility” (TSLF). The Fed will lend up to 200 billion dollars in Treasury Securities. The collateral for the treasuries may be mortgage securities sold by Freddie and Fannie and private mortgage backed securities. The TSLF is designed to restore liquidity to the real estate debt and equity markets.
Economic Overview

Source: Real Data

Outlook

- Vacancy, while at an overall 10 year high of 5.1%, is still relatively low and should remain at this level.
- Vacancy for properties which are 6 to 15 years old is only 2.6%
- Effective Rent Growth overall should be in the 4% to 5% range.

Outlook

<table>
<thead>
<tr>
<th>Market Indicators</th>
<th>2-Yr. Annualized Avg.</th>
<th>Current</th>
<th>1 Year Forecast</th>
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</thead>
<tbody>
<tr>
<td>Employment Growth</td>
<td>1.5%</td>
<td>2.0%</td>
<td>↑</td>
</tr>
<tr>
<td>Rent vs. Buy Ratio</td>
<td>53.9%</td>
<td>52.7%</td>
<td>▲</td>
</tr>
<tr>
<td>Supply Growth</td>
<td>1.9%</td>
<td>1.9%</td>
<td>▲</td>
</tr>
<tr>
<td>Demand Growth</td>
<td>1.0%</td>
<td>1.0%</td>
<td>▲</td>
</tr>
<tr>
<td>Occupancy Rate</td>
<td>90.8%</td>
<td>94.9%</td>
<td>C</td>
</tr>
<tr>
<td>Rent Growth</td>
<td>4.1%</td>
<td>4.1%</td>
<td>▲</td>
</tr>
</tbody>
</table>

Source: Real Data
Outlook

- Rent vs. Buy ratio favors increased rental demand.
  Homeownership rates from 2005 – 2007 declined in the age groups of <35 years old, 35 – 44 years old, 45 – 54 years old, and >65 years old.
- Sales volume and cap rates should remain relatively stable. Red Capital Research continues to recommend Hampton Roads as an area where investors should “accumulate assets.” Cushman & Wakefield also confirms continuing investor interest in Hampton Roads.

Outlook

- Hampton Roads is a High Barrier of Entry Market. There are geographic and environmental constraints regarding available land, and political constraints regarding use.
- There have been relatively few units built during the past 20 years. During the period from 1970 – 1989, there were 54,801 units built. From 1990 – 2009 ('08-'09 estimate) approximately 17,257 units will be built. Cumulatively this is 37,544 fewer units or 1,877 fewer units per year on an annualized basis.

Most Important Market Factor

- 70 million “Echo Boomers” will go through college in the next 10 years and enter the marketplace.

Hampton Roads Housing Stats

- Average Price of SF New Home
  $434,672
- A Decrease of $5,344 or 1.2%
- Average Price of SF Existing Home
  $283,406
- An Increase of $12,895 or 4.1%
**2007 SALES**

RESALE: 18,527 ↓15.25%

NEW HOMES: 3,562 ↓10.23%

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**Hampton Roads Residential Sales 1999 to 2007**

Resale New Construction

---

**Market Share for Detached Sales by Price Range**

<table>
<thead>
<tr>
<th>Price Range</th>
<th>Resale Detached</th>
<th>New Construction Detached</th>
</tr>
</thead>
<tbody>
<tr>
<td>&lt;$300,000</td>
<td>69%</td>
<td>28%</td>
</tr>
<tr>
<td>$300K to $400K</td>
<td>28%</td>
<td>31%</td>
</tr>
<tr>
<td>$400K to $500K</td>
<td>4%</td>
<td>10%</td>
</tr>
<tr>
<td>&gt;$500,000</td>
<td>65%</td>
<td>24%</td>
</tr>
</tbody>
</table>

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**Market Share for Attached Sales by Price Range**

<table>
<thead>
<tr>
<th>Price Range</th>
<th>Resale Attached</th>
<th>New Construction Attached</th>
</tr>
</thead>
<tbody>
<tr>
<td>&lt;$200,000</td>
<td>65%</td>
<td>10%</td>
</tr>
<tr>
<td>$200K to $300K</td>
<td>28%</td>
<td>31%</td>
</tr>
<tr>
<td>$300K to $400K</td>
<td>4%</td>
<td>10%</td>
</tr>
<tr>
<td>&gt;$400,000</td>
<td>65%</td>
<td>24%</td>
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</tbody>
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**Average Market Time Existing Homes**

<table>
<thead>
<tr>
<th>Year</th>
<th>Days on Market</th>
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<tbody>
<tr>
<td>2007</td>
<td>99</td>
</tr>
<tr>
<td>2006</td>
<td>77</td>
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<td>2005</td>
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<td>1998</td>
<td>27</td>
</tr>
<tr>
<td>1997</td>
<td>28</td>
</tr>
</tbody>
</table>

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**2007 CLOSINGS**

RESALE: 18,667 ↓15.5%

NEW HOMES: 4,131 ↓15.3%
### 2007 Southside Average Closing Prices

**Single Family Detached Homes**

- **Virginia Beach**: $360,801
- **Chesapeake**: $305,322
- **Suffolk**: $285,920

**Source:**

- **Resale**: $360,801
- **NC**: $161,476
- **Diff**: $200,325

### 2007 Peninsula Average Closing Prices

**Single Family Detached Homes**

- **Hampton**: $203,717
- **Newport News**: $220,499
- **York County**: $364,226

**Source:**

- **Resale**: $203,717
- **NC**: $123,638
- **Diff**: $86,079

### 2007 Average Sq Ft

**New Construction Single Family Detached**

- **2003**: 2,562 SF, $104 per sq ft
- **2004**: 2,641 SF, $123 per sq ft
- **2005**: 2,742 SF, $149 per sq ft
- **2006**: 2,647 SF, $161 per sq ft
- **2007**: 2,744 SF, $155 per sq ft

**Source:**

- **New Construction Price Points**
  - <$300,000: 15%
  - $300K to $400K: 29%
  - $400K to $500K: 4%
  - $500K to $600K: 37%
  - $600K to $700K: 8%
  - $700K to $800K: 3%
  - $800K to $900K: 4%
  - $900K to $1 million: 1%
  - $1 million+: 1%
NEW CONSTRUCTION PRODUCT MIX

<table>
<thead>
<tr>
<th>Product Type</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Single Family Detached</td>
<td>21%</td>
</tr>
<tr>
<td>Multi-Story Condo</td>
<td>11%</td>
</tr>
<tr>
<td>Multi-Plex Condo</td>
<td>8%</td>
</tr>
<tr>
<td>Townhome/Duplex</td>
<td>60%</td>
</tr>
</tbody>
</table>

Source: NAHB

SINGEL FAMILY BUILDING PERMITS
January 2008 vs January 2007

<table>
<thead>
<tr>
<th>Region</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>U.S.</td>
<td>↓ 40%</td>
</tr>
<tr>
<td>Northeast</td>
<td>↓ 31%</td>
</tr>
<tr>
<td>South</td>
<td>↓ 36%</td>
</tr>
<tr>
<td>Midwest</td>
<td>↓ 37%</td>
</tr>
<tr>
<td>West</td>
<td>↓ 54%</td>
</tr>
<tr>
<td>Hampton Roads</td>
<td>↓ 19%</td>
</tr>
</tbody>
</table>

Source: NAHB

CHALLENGES FOR 2008

Resale
- 10,595 units
- 9 months supply

New Homes
- 2,225 units
- 8.8 months supply

Source: NAHB

INVENTORY

Buyer Confidence

Lack of Construction during 2nd half of 2008
Over 10,000 units of mixed use approved in Hampton Roads

Credit: Perception versus Reality

PREDICTIONS FOR 2008

Product shortage in the 2nd half of 2008

Deals will be gone by the 2nd half of 2008
Financing will be King

Readjusting of Supply/Demand Imbalance

New, affordable product offerings will raise new home sales numbers

Hampton Roads Top 5 Builders

AND THE WINNERS ARE.......

# 5 LENNAR

# 4 FRANCISCUS HOMES
Thank you for attending!
Please Join Us for the Reception

Old Dominion University
Hampton Roads Real Estate
Market Review and Forecast

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