INVESTMENT MARKET REVIEW

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CBRE Hampton Roads Part of the CBRE affiliate network
Commercial Investment Market Review

AGENDA

- National Economic Picture
- National Financing Picture
- National Investment Picture
- Local Investment Picture
- Summary Observations- National & Local
National Economic Picture

Now in the 5th year of Economic Recovery…
Although with slower growth than we would like to see

Sources: Bureau of Economic Analysis, Haver Analytics, Federal Reserve Bank of Richmond
National Economic Picture

Still not whole yet on recovery of jobs lost during 2008 and 2009

Sources: Bureau of Economic Analysis, Haver Analytics, Federal Reserve Bank of Richmond
National Financing Picture

Still have time to take advantage of historically-low interest rates

Source: Federal Reserve Economic Data
National Investment Picture

Real Estate as an Asset Class has outperformed stocks and bonds over the last 10 years

Sources: CBRE Global Research and Consulting, NCREIF Property Index, NAREIT Equity Index, S&P 500 Index, Barclays Capital Government Bond, CPI, 90 Day T-Bills
National Investment Picture

National Investors now seeing better yield opportunities in secondary markets like Hampton Roads

Source: Real Capital Analytics (RCA) & Moody’s Investor Service
National Investment Picture

Property Sales Volume Steadily Rising

Source: Real Capital Analytics

Source: Real Capital Analytics
Local Investment Picture

Sales Transactions of $5 Million or greater

Source: CBRE Market Research

MILLIONS

Property Sales of all Hampton Roads Commercial Real Estate (in Millions)

2009: $100
2010: $60
2011: $600
2012: $400
2013: $400
2013 Top Local Sales Transactions: Office

Bon Secours Health Center
Suffolk
$46.4 million
2013 Top Local Sales Transactions: Multi-Family

Chase Arbor
Virginia Beach
$44.0 million
2013 Top Local Sales Transactions: Multi-Family

Greenwich Village
Virginia Beach
$36.2 million
2013 Top Local Sales Transactions: Multi-Family

Mayflower Seaside Towers
Virginia Beach
$34.0 million
Summary Observations - National

“Real Estate is in a Sweet Spot right now”

- Highly sought-after asset class
- Improving fundamentals across all property types
- Positive arbitrage with low interest rates
- Improving credit availability across all property types and all market areas
Summary Observations - Local

- Defense industry entering slower growth phase
- The Panama Canal widening project is a huge opportunity for the Port of Virginia to grab market share
- Certain local submarkets are dynamically out-performing others
- We all have a role in economic development of the region