

SIX PROPERTY TYPES

STRONG ENOUGH TO THRIVE IN A RECESSION



As the industry mulls “what inning we’re in” one thing is sure: eventually every commercial real estate cycle winds down. Speakers at recent panels and seminars have warned that a recession is nigh, saying this cycle’s lengthened recovery is historically unique.

By the end of 2018, the economic model created by research firm CoStar Portfolio Strategy predicts an 80 percent chance of a recession, says Rene Circ, director of research at CoStar Portfolio Strategy.

But while no property type can be 100 percent recession-proof, certain assets are better positioned. In this article, we look at which property types might be good hedges against an economic downturn.

High Street Retail

While retail as a property type certainly isn’t recession-proof, storefronts on urban high streets tend to suffer less during downturns than suburban retail centers, due to their reliance on higher-end consumers. The high rents commanded by highly coveted street locations in Manhattan or San Francisco, coupled with demand from luxury retailers, make these properties a unicorn for investors.

Grocery-Anchored Shopping Centers

Neighborhood shopping centers typically cater to the day-to-day needs of the populations in their immediate neighborhoods and are therefore more protected from economic headwinds as people still need food, medications and other daily necessities, even during recessions. This year, cap rates on neighborhood shopping centers have averaged 7.1 percent, according to Justin Tochtermann, a research consultant with the Costar Group.

Medical Office Buildings

Due to the unabated development of off-campus ambulatory facilities required to meet healthcare demands, medical office buildings are one of the better-positioned properties in a recession. Medical-related real estate assets are one of the most recession-proof. Medical office buildings (MOBs) are showing vacancies that are 100 to 200 basis points lower than those at general office buildings.

Big-Box Warehouses

Industrial sector assets are usually more resilient during a downturn. Big-box warehouses should continue to benefit from the growth of e-commerce. In fact, purchases during a recession would more likely be made online, where consumers can shop different stores for better prices and avoid paying for gas. Millennials are naturally inclined to shop online, and they are becoming a larger purchasing group as they are now all in their 20s and 30s. CoStar data shows that average asking rents at big-box warehouses have climbed 20 percent since 2011, from \$4.78 per sq. ft. in 2011 to \$5.73 today.

Infill Fulfillment Centers

Retailers across the board will continue to create new and additional fulfillment nodes in the next few years. They are doing so to streamline their e-commerce strategies and catch up to major e-tailers such as Amazon. Now Amazon and other retailers are focusing on “infill fulfillment centers,” sized about 100,000 to 200,000 sq. ft. and located one to two miles away from main cities. These smaller warehouse spaces help retailers bridge the last mile to the consumer.

Self-storage Facilities

It makes sense that self-storage facilities will continue to see demand as consumers and businesses might downsize during a downturn. Self-storage assets that cater to both groups of users are forecast to maintain strong fundamentals.



RICHMOND

Real Estate by the Numbers

1.75

McKinnon and Harris, a Scott's Addition company that makes aluminum outdoor furniture, is the new owner of the 65,000 square-foot warehouse at 1722 Arlington Road. The 25 year-old company bought the property from the city for \$1.75 million. The deal closed Nov. 4, according to city records.

10.9

S.L. Nusbaum Realty Co. is the new owner of the Shoppes at Bellgrade, a 57,000 square-foot strip at 11400 W. Huguenot Road., which closed for \$10.9 million. The purchase does not include the Kroger or four out parcels near the property.

50

The number of units in the apartment complex Oliver Properties is currently building called Carytown Crossing. The four three-story buildings, along with a leasing office, will fill the city block bordered by those streets and North Nansemond Street, just east of Interstate I-95.

732

In one of the biggest office deals in downtown Richmond this year, CoStar Group Inc., a major provider of real estate information and analysis, plans to establish a research operations headquarters that is expected to create 732 jobs. State and local officials said the \$8.17 million project will have an economic impact of \$250 million on the Richmond area.

166

Berkadia has arranged \$22 million in financing for the development and construction of Colony Village II Apartments, a 166-unit project in Chester.

9

Columbia Gas of Virginia is building a \$9 million, 22,000 square-foot training center next to its Chesterfield County headquarters.

10.6

The median list price for homes is up in the city of Richmond by 10.6 %, September 2016 compared to September 2015.

Amping It Up

Commercial spaces are benefiting from homey staging touches that draw client interest and close deals.

When it comes to creating favorable first impressions during showings, commercial practitioners are starting to take a page out of the residential sales playbook. Professional stagers are reporting an uptick in interest from commercial brokers who recognize that an office suite, a retail space, or even a vacant warehouse can benefit from an appearance boost. While it is estimated only about 5 percent of commercial property owners currently use professional stagers to help get a building or retail space leased or sold, staging can help with company branding while offering value for a transaction.

If there is a key distinction between the goals of residential and commercial staging, it's that the commercial stager is often helping project a company's brand rather than preparing a property for sale. With return on investment for commercial property staging proving to be extremely lucrative, it won't take long for commercial property staging to become more and more common.



Read the full article at: <http://realtormag.realtor.org/commercial/feature/article/2016/11/amping-up-suite-street-appeal>

METRO RICHMOND



MARKET STATS

MULTI-FAMILY	Q2	Q3
Vacancy	↑	↓
Rents	↑	↑
Concessions	↑	↑
Transactions	↑	↓
INDUSTRIAL	Q2	Q3
Vacancy	↔	↓
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Rent	↔	↑
OFFICE	Q2	Q3
Vacancy	↓	↓
Net Absorption	↑	↑
Under Construction	↔	↔
Rent	↓	↓
RETAIL	Q2	Q3
Vacancy	↑	↓
Net Absorption	↑	↑
Under Construction	↑	↓
Rent	↓	↑

Mixed-Use For Sale



314 N 2ND STREET | RICHMOND
\$395,000 | 5,673 SF
SUSAN HAAS | (804) 349-5788

Historic tax credit redevelopment opportunity and qualifies for tax abatement program on a block off Broad St. 3-story zoned B-4 community business, allowing for retail/restaurant, residential, service and/or office.

Mixed-Use For Sale



2053 W BROAD STREET | RICHMOND
\$1,399,900 | 10,608 SF
KERRY RILEY | (804) 432-2688

Successful, upscale bar/restaurant in first level, two large, upscale apartments to rear of building which are 711 N Allison ST units A & B. One 3 bed/1 bath unit. One 4 bed/1 bath unit.

Multifamily For Sale



3806 CHAMBERLAYNE AVE | RICHMOND
\$430,000 | 4,880 SF
BLAKE POORE / CURT REISCHETTER
(804) 612-0126

This is an eight unit apartment. Seven units are one bedroom and one bathroom. One unit is a two bedroom and one bathroom. Storage garage on the rear of the property that rents for \$125 per month.

Office For Sale



5711 CHAMBERLAYNE AVE | RICHMOND
\$899,000 | 15,209 SF
CHERYL HAMM, CCIM | (804) 967-2765
BILL PHILLIPS | (804) 967-2739

Two-story office building on 3.4 acres with great visibility from I-95N. There is also a walk-out basement currently used for office and storage space. Directly off I-95 ramp.

Real Estate Review

Being in control of one's financial future entails not only knowing when and where to buy investment properties, but also when to sell or flip those assets. It's a very individual decision that should be based on your circumstances at the time, interest rates, return on investment, market trends, location and more.

If you are considering buying or selling, or just want to take an in-depth look at market trends and forecasts, give me a call for a free Real Estate Review. I'd be happy to help!

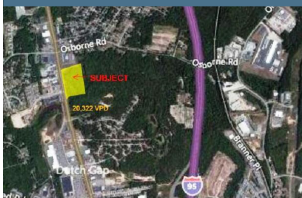
Retail For Lease



3202 W CARY STREET | RICHMOND
NEGOTIABLE | 806 SF
LAIKYN SEVERSON/THOMAS DENZLER
(804) 221-2715

Upper level of two-story brick building. Located in the heart of Cary Town with many nearby amenities. UB Zoning, promoting a wide range of potential uses for the property. Space formerly used as a salon.

Land For Sale



11801 JEFFERSON DAVIS HWY | CHESTER
\$350,000 | 11.63 AC
BILL PHILLIPS | (804) 967-2739

Wooded acreage ripe for development very close to major regional and national retailers. Property is zoned C-3 Community Business for a wide variety of potential uses. Strong vehicle count and public water.

Land For Sale



13400 HAPPY HILL ROAD | CHESTER
\$650,000 | 5.02 AC
JAY ASHCRAFT | (804) 967-2770
DALE SMTIH | (804) 350-8683

5 acres for sale at the signalized intersection of Happy Hill Road and Harrowgate Road in Chester. Zoned A-1, possible commercial.

Office For Lease



HENRICO DOCTORS | RICHMOND
\$13 SF/YR | 2,321 SF
BILL PHILLIPS | (804) 967-2739

This medical office space is well-positioned in the heart of the popular Henrico Doctors Hospital Forest Ave campus. Layout includes 4 exam rooms, waiting and reception area, office space, lab and more.

RECENTLY SOLD | Joyner Commercial reports the following deals in October 2016.

Sixth and Franklin, LLC purchased a 7,695 sf Building at 22 E. Broad Street in the City of Richmond for \$375,000. Kerry Riley represented the Seller in the transaction.

Rod Renfrow purchased 1560 Standing Ridge Drive in Powhatan for \$935,000. Bill Phillips represented the Seller.

Prevent Child Abuse Virginia leased 4,535 sf of office space at 8100 Three Chopt Road in Henrico. Bill Phillips and Cheryl Hamm represented the Tenant.

Virginia Realty Ventures, LLC purchased a 3,024 sf building at 3151 Moody Avenue in the City of Richmond for \$137,500. Kerry Riley represented the Purchaser in the transaction.

Virginia Realty Ventures, LLC purchased a 2,303 sf building at 3018 Porter Street in the City of Richmond for \$165,000. Kerry Riley represented the Purchaser in the transaction.



8100 Three Chopt Road, Henrico



1560 Standing Ridge Dr, Powhatan



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Photo: Jeffrey Greenbury, Virginia Tourism Corporation

MARKET UPDATE

GREATER RICHMOND COMMERCIAL REAL ESTATE
by Joyner Commercial

- › Recession Proof Investments
- › Joyner Commercial Featured Properties
- › Metro Richmond Market Trends
- › Real Estate by the Numbers
- › Amping It Up: Commercial Staging

TO OWN OR TO SELL

COMMERCIAL REAL ESTATE PROS AND CONS



PROS

Income potential. Commercial properties generally have an annual return off the purchase price between 6% and 12%. Residential properties usually have a return averaging between 1% to 4%.

Public Image. Retail tenants have a vested interest in maintaining their store and storefront because this affects their image as well as the landlords.

More objective price evaluations. Financial information is easier to acquire for commercial properties so that evaluations of the property price can be based on the current owner's income statement.

Triple net leases. There are variations to triple net leases, but the general concept is that the property owner does not have to pay any expenses on the property. The lessee handles all property expenses directly, including real estate taxes. The only expense the investor handles is the mortgage payment.

More flexibility in lease terms. Fewer consumer protection laws govern commercial leases, unlike the dozens of state laws, such as security deposit limits and termination rules that cover residential real estate.

Read the full article at:

www.gaughancompanies.com/blog/default.php/to-own-or-to-sell-commercial-real-estate-pros-and-cons/

Source: Patrick Gaughan, CEO Gaughan Companies LinkedIn July 2016

Typically, commercial properties offer more financial reward than residential properties. However in some scenarios, the risks can outnumber the rewards. Understanding the pros and cons is important for any investor no matter if the property was acquired by a sale or inherited. Having the ability to understand the investment and having the knowledge to make a decision if ownership or sale is the best option is crucial.

Commercial properties may refer to retail buildings, office buildings, warehouses, industrial buildings, apartment buildings and mixed use buildings. Mixed use properties feature both residential and commercial tenants in the same building.

Armed with the different types of properties available, let's take a brief look at some of the pros and cons of owning commercial properties.

CONS

Time commitment. Owning a commercial building with numerous tenants or even just 2-3 tenants, there is more to manage than one would with a residential property investment. Ownership can't be an absentee landlord and maximize the return on the investment.

Property Management and Hiring Vendors. Some commercial property owners try the self-managed approach, the more ideal situation is hiring a property management company (for both the investor and their tenants). Licensed vendors to handle maintenance and tenant issues at the building is a smart investment as well.

Bigger initial investment. Purchasing a commercial property typically requires more up front capital compared to a residential property. Once an investor has acquired a commercial property, they can expect some large capital expenditures to follow.

More risks. Properties intended for commercial use have more public visitors and therefore have more people on the property each day.

If looking for an investment opportunity, commercial property is a great avenue to pursue as long as one is aware of the pros and cons to make educated decisions.



RICHMOND

Real Estate by the Numbers

47 The number of new townhouse units currently under construction at Rocketts Landing. The three level units will include a garage and range in size from 1,800-3,000 square feet.

5 About the only thing hotter than the weather this summer was the Henrico apartment market. Five complexes changed hands in June in deals totalling nearly \$90 million.

800 The number of jobs Dominion Virginia Power will create during construction of their new large scale solar energy facilities in Isle of Wight, Louisa and Powhatan Counties.

25.8 Million that is. Carr City Centers, recently announced it secured a \$25.8 million loan from SunTrust Bank. The funds will be used to construct a Marriott Autograph Collection luxury-boutique hotel in Charlottesville. The new 10-story development will have 150 rooms and suites and will be located at 1106 W. Main St.

91,000 The dollar amount of the average economic impact of each home sold in Virginia.

4.5 The percentage of national homes sales are up from May 2015 to May 2016, the highest annual pace since February 2007.

3 The percentage of rent growth for apartment complexes nationwide, with occupancy averaging 94.6%. The apartment market is expected to remain well above long-term averages in both annual effective rent growth and occupancy rate during 2016.

10 The number of Martin's stores to be purchased by Publix, pending FTC approval.

86.6 The percentage of the combined industrial occupancy rate in Greater Richmond for 2Q 2016.

Snapshots

Highlights from the 3Q NAR Commercial Outlook Report

- NAR's latest Commercial Real Estate Outlook offers overall projections for four major commercial sectors and analyzes quarterly data in the office, industrial, retail and multifamily markets.
- Commercial real estate in small cap markets maintained its upward momentum during the first half of 2016, with REALTORS® reporting continued improvement in fundamentals and investment sales.
- The proportion of members who closed deals in the second quarter of 2016 advanced to 66 percent, from 58 percent in the first quarter.
- The direction of commercial business opportunities during the second quarter of 2016 rose 5.6 percent from the prior quarter.
- Commercial real estate sales in large cap markets declined in the first half of 2016 (H1.2016), due to a weak first quarter.
- The volume of commercial sales in LCRE markets totaled \$219.2 billion in H1.2016.

See the full report at: realtor.org/reports/commercial-real-estate-outlook

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Two-story office building on 3.4 acres with great visibility from I-95N. There is also a walk-out basement currently used for office and storage space. Directly off I-95 ramp.

Land For Sale



13400 HAPPY HILL ROAD | CHESTER
\$650,000 | 5.05 ACRES
JAY ASHCRAFT | (804) 564-5682

5 acres of land at the corner of Happy Hill and Harrowgate Raod in Chester, Virginia. Zoned A-1, possible Commercial. Signalized intersection of Harrowgate and Happy Hill Roads In Chester, Virginia.

Land For Sale



12325 KAIN ROAD | GLEN ALLEN
\$3,500,000 | 10.37 ACRES
SUSAN HAAS | (804) 349-5788

Includes almost a half mile of road frontage on N. Gayton from Kain Rd. almost to Bacova Rd.- County will recommend O2 Office Condos and possible R5A

Industrial For Lease



6503 OLD WARWICK RD | RICHMOND
\$5.96/SF/YEAR | 3,623 SF
BILL PHILLIPS | (804) 967-2739

Flexible space with loading dock, offices and 2 bathrooms. Close to Chippenham Parkway. Easy access to highways. Convenient to I-64, I-95, Powhite Parkway and 288.

Office For Lease



7603 FOREST AVE, #204 | HENRICO
\$13/SF/YEAR | 2321 SF
BILL PHILLIPS | (804) 967-2739

Versatile medical office layout includes waiting room, receptionist/office area, 4 exam rooms with water, break room, lab, 5 offices and small conference room.

Industrial For Sale



1145 TRICOUNTY DR | OILVILLE
\$7/SF/YEAR | 6,675 SF
BILL PHILLIPS | (804) 967-2739

Solid and well-maintained building has versatility and M-2 zoning to accommodate a variety of commercial businesses. Available space includes showroom, office, shop, mezzanine and warehouse. Owner able to provide shipping services for additional fee.

Retail For Sale



3202 W CARY STREET | RICHMOND
\$899,000 | 2,100 SF
LAIKYN SEVERSON/THOMAS DENZLER
(804) 221-2715

Upper level of two-story brick building. Located in the heart of Cary Town with many nearby amenities. UB Zoning, promoting a wide range of potential uses for the property. Space formerly used as a salon.

RECENTLY SOLD

Joyner Commercial reports the following second quarter deals.

Corey Weiner purchased 4 warehouse condo units at 711 Hospital Street, Units 5-8 in the City of Richmond. Bill Phillips and Cheryl Hamm represented the Seller and Jay Ashcraft and Dale Smith represented the Purchaser.

Health First Chiropractic Inc. leased 3,528 sf of office space at 10520 Nuckols Road in Henrico County. Cheryl Hamm represented the Tenant.

Aburoman Mehmoud purchased 134 E. Wythe Street in the City of Richmond. Kerry Riley handled the transaction for both Seller and Purchaser.

Ronnie Petidos leased 2,300 sf at 2300 N. Lombardy Street in the City of Richmond. Kerry Riley handled the negotiations for both Landlord and Tenant.

Freedom Church United leased 3,747 sf of office space at 9601 Janway Road in Henrico County. David Feibish and Bill Phillips represented the Landlord.

Commercial One Electrical Contractor leased 3,068 sf at 1206 Shockoe Lane in the City of Richmond. Bill Phillips represented the Landlord.

S.B. Ballard Construction Co. leased 1,189 sf at 1206 Shockoe Lane in the City of Richmond. Bill Phillips represented the Landlord.

Central Virginia Gymnastics LLC leased 4,800 sf from 1562 Standing Ridge Drive in Powhatan County. Bill Phillips represented the Landlord.



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MARKET UPDATE

GREATER RICHMOND COMMERCIAL REAL ESTATE

by Joyner Commercial

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FINDING A GOOD COMMERCIAL REAL ESTATE DEAL

Ask any real estate professional about the benefits of investing in commercial property and you'll likely trigger a monologue on how such properties are a better deal than residential real estate. Commercial property owners love the additional cash flow, the beneficial economies of scale, the relatively open playing field, the abundant market for good, affordable property managers and the bigger payoff from commercial real estate.

But how do you evaluate the best properties? And what separates the great deals from the duds?

Like most real estate properties, success starts with a good blueprint. Here's one to help you evaluate a good commercial property deal.

Learn What the Insiders Know

To be a player in commercial real estate, learn to think like a professional. For example, know that commercial property is valued differently than residential property. Income on commercial real estate is directly related to its usable square footage. That's not the case with individual homes. You'll also see a bigger cash flow with commercial property. The math is simple: you'll earn more income on multifamily dwellings, for instance, than on a single-family home. Know also that commercial property leases are longer than on single-family residences. That paves the way for greater cash flow. Lastly, if you're in a tighter credit environment, make sure to come knocking with cash in hand. Many commercial property lenders like to see at least 30% down before they'll give a loan the green light.

Map Out a Plan of Action

Setting parameters is a top priority in a commercial real estate deal. How much can you afford to pay? How much do you expect to make on the deal? Who are the key players? How many tenants are already on board and paying rent? How much rental space do you need to fill?

Learn to Recognize a Good Deal

The top real estate pros know a good deal when they see one. What's their secret? First, they have an exit strategy – the best deals are the ones you know you can walk away from. It helps to have a sharp, landowner's eye – always be looking for damage that requires repairs, know how to assess risk and make sure to break out the calculator to ensure that the property meets your financial goals.

Look for Motivated Sellers

Like any business, customers drive real estate. Your job is to find them - specifically those who are ready and eager to sell below market value. The fact is that nothing happens - or even matters - in real estate until you find a deal, which is usually accompanied by a motivated seller. This is someone with a pressing reason to sell below market value. If your seller isn't motivated, he or she won't be as willing to negotiate.

Discover the Fine Art of Neighborhood "Farming"

A great way to evaluate a commercial property is to study the neighborhood it's located in by going to open houses, talking to other neighborhood owners, and looking for vacancies.



Get Familiar With Key Commercial Real Estate Metrics

The common key metrics to use for when assessing real estate include:

Net Operating Income (NOI)

The NOI of a commercial real estate property is calculated by valuating the property's first year gross operating income and then subtracting the operating expenses for the first year. You want to have positive NOI.

Cap Rate

A real estate property's "cap" – or capitalization – rate is used to calculate the value of income producing properties. For example, an apartment complex of five units or more, commercial office buildings, and smaller strip malls are all good candidates for a cap rate determination. Cap rates are used to estimate the net present value of future profits or cash flow; the process is also called capitalization of earnings.

Cash on Cash

Commercial real estate investors who rely on financing to purchase their properties often adhere to the cash-on-cash formula to compare first-year performance of competing properties. Cash-on-cash takes the fact that the investor in question doesn't require 100% cash to buy the property into account, but also accounts for the fact that the investor will not keep all of the NOI because he or she must use some of it to make mortgage payments. To uncover cash on cash, real estate investors must determine the amount required to invest to purchase the property, or their initial investment.

Use a "Three-Pronged" Approach to Evaluate Properties

Be adaptable when searching for great deals. Use the internet, read the classified ads and hire a real estate agent to find you the best properties.

The Bottom Line

By and large, finding and evaluating commercial properties is not just about farming neighborhoods, getting a great price, or sending out smoke signals to bring sellers to you. At the heart of taking action is basic human communication. It's about building relationships and rapport with property owners so they feel comfortable talking about the good deals - and doing business with you.

Americans Believe Real Estate is the BEST LONG-TERM INVESTMENT

The Gallup organization recently released a survey in which Americans were asked to rank what they considered to be the "best long term investment." Real estate ranked number one, with 35% of those surveyed saying it was a better long term investment than stocks & mutual funds, gold, savings accounts or bonds.

Here is the breakdown:

The survey revealed that real estate was the number one choice among each of the following groups:

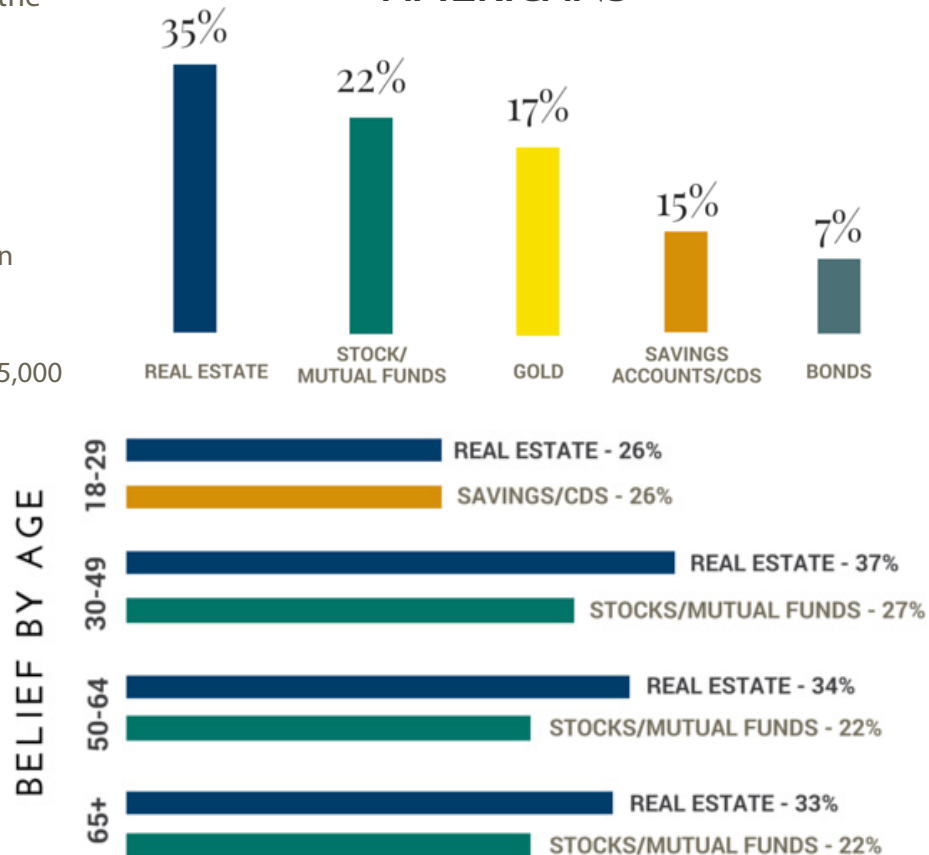
- Men
- Women
- People between the ages of 18-29
- People between the ages of 30-49
- People between the ages of 50-64
- People 65 and older
- People with annual earnings of less than \$30,000
- People with annual earnings between \$30,000 and \$74,999
- People with annual earnings of over \$75,000
- People with a college degree
- People without a college degree

"With housing prices showing a steadier path upward in recent months, even stock investors are about as likely... to choose real estate (37%) as stocks (32%) as the best long-term investment."

- Gallup Organization

Source: Keeping Matters Current

THE BREAKDOWN AMONG AMERICANS



Joyner Fine Properties Receives Richmond's #1 Midsized Company Award



We are excited to announce that our parent company Joyner Fine Properties, which is the umbrella company for Joyner Commercial, Joyner Community Solutions and Joyner Property Management, was recently awarded the 2016 Top Workplace Award Winner for Midsized Companies in Richmond by the Richmond Times-Dispatch and the Richmond Society for Human Resource Management.



"It's important to me to have a workplace that everyone can be proud of," said Bill White, President of Joyner Fine Properties. "As a company, we continually ask ourselves how we can distinguish ourselves from other real estate firms. Our goal is to offer state of the art technology, professional and reputable agents, and a workplace that is second to none."

Joyner was also recognized by *Virginia Living* magazine as the Best Real Estate Firm in Central Virginia in their *Best of Virginia* issue for the second year in a row.



Joyner Commercial Featured Properties

1. OFFICE FOR SALE

5700 Chamberlayne Road
Richmond, VA

Price: \$899,000
Size: 15,209 sf

Two-story office building. 3.4 acres with great visibility from I-95N. Mixed zoning.

Cheryl Hamm, CCIM: (804) 967-2765
Bill Phillips: (804) 967-2739

2. RETAIL FOR LEASE

18 W. Broad St.
Richmond, VA

Price: NNN expenses approximately \$2.47 psf/yr
Size: 1,885 sf

1st floor retail space. Original hardwood floors and tin ceiling. Zoned B-4. Adjacent to trendy restaurants and art galleries. At the corner of Adams and W. Broad. Opportunity to rent/work (2-bedroom apartment available on 2nd floor)

Cheryl Hamm, CCIM: (804) 967-2765
Kerry Riley: (804) 432-2688

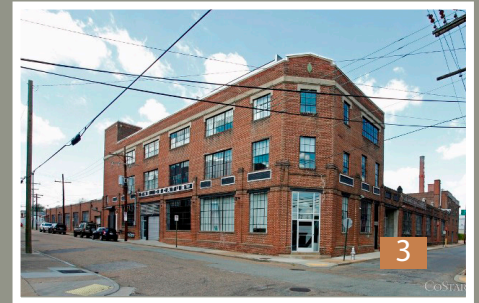
3. OFFICE/RETAIL CONDO FOR SALE

39 E 3rd ST, Manchester
Richmond, VA

Price: \$218,000
Size: 1510 sq ft

Garage parking. 16' clear ceiling height. 1/2 mile to Downtown Central Business District

Kerry Riley: (804) 432-2688



METRO RICHMOND

MARKET STATS

First Quarter 2016

AVAILABLE FOR SALE

	Asking Price Per SF	Year-Over-Year	Available for Sale	Year-Over-Year	Median Days on Market	Year-Over-Year
Office	\$105.48	+4.3%	34	+0.8%	285	-6%
Retail	\$140.07	+20.2%	48	+19.4%	228	+9.7%
Industrial	\$59.67	+3.3%	58	+2.8%	394	+33.2%

AVAILABLE FOR LEASE

	Asking Price Per SF	Year-Over-Year	Available for Lease	Year-Over-Year	Median Days on Market	Year-Over-Year
Office	\$15.65	+3.3%	66	-3.4%	432	+73.33%
Retail	\$15.82	-2.4%	61	+2.1%	360	+12.8%
Industrial	\$6.36	-1.6%	53	-14%	268	-22.8%



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MARKET UPDATE

GREATER RICHMOND COMMERCIAL REAL ESTATE

by Joyner Commercial

- › Finding a Good Commercial Real Estate Deal
- › Americans Believe Real Estate is the Best Long Term Investment
- › Joyner Fine Properties Receives Richmond's #1 Midsized Company Award
- › Joyner Commercial Featured Properties
- › Metro Richmond Market Stats

7 THINGS TO ASK BEFORE YOU INVEST

Commercial investing is kind of like residential investing on steroids. The wins are much bigger (as are the losses), the deals require a lot more capital (whether it's coming from you or from outside investors), the tenants tend to stay in place much longer (as do the vacancies) and in many cases, property management can require far less attention than most residential properties will.

Commercial real estate investments have the potential to provide investors with hassle-free high NET yields and healthy capital growth potential. This is a draw for any investor. There are, however, some key questions to ask to ensure that you're working with a quality and secure investment.

1. IS THERE SUSTAINED DEMAND?

When investing in commercial real estate, you are targeting a specific demographic for tenancy. This makes assessing demand straightforward. This is a crucial aspect of any development as high, sustained demand will ensure that your investment remains attractive in the long-term, maintaining yields, ensuring ease of exit and improving capital growth potential.

2. IS IT A GOOD LOCATION?

It goes without saying that location is a key component of any real estate investment. The same is true for commercial real estate, although the rules are slightly different. A city that is attractive for residential real estate investing may not necessarily be profitable for things like student housing, self-storage, car parks or other commercial assets.

3. DO THE GUARANTEES MAKE SENSE?

The first thing to consider with regard to the security of a property's guaranteed income period is to ensure they make sense. Make local comparisons with other properties regarding rental demands and assess the demand for such a property in a specific location.

4. CAN I TRUST THE DEVELOPER?

Regardless of how good a location might be, if the developer is of poor quality or inexperienced in their trade, the property may have limited profit potential. The available yields in commercial real estate have attracted a lot of new and inexperienced developers, who must be avoided.

5. WHAT IF I NEED ACCESS TO MY MONEY?

A flexible exit strategy is an absolutely crucial element in any commercial real estate investment. Although the sustained attractiveness of your investment property is a major element of this, the specific investment conditions you agree to also have a huge influence.

6. DOES IT FIT WITH MY OBJECTIVES?

Two key elements of security that some investors overlook are:

1. How well an investment suits their own objectives.
2. What place it will take up within an existing portfolio.

7. WHAT ARE THE RISKS?

A key aspect of a successful investment is mitigating risk. In commercial property, this can be achieved by considering all of the above, while also ensuring that contracts are robust and asset-backed. It is always a good idea to consider the worst possible scenario. What impact will this have and what security is in place for you to protect you against it?

FINAL ADVICE

Before you invest, let us help you research answers to the questions above and decide whether the investment is secure, profitable and right for you.

Source: Brian Hennessey, The Due Diligence Handbook for Commercial Real Estate

Featured Joyner Commercial 4th Quarter Transaction



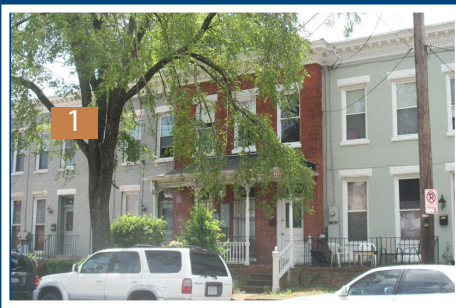
American Heritage building at the corner of 10th and Main

One of Joyner's larger deals of 2015 took place in the 4th quarter. Commercial agents Blake Poore and Curt Reichsetter represented Genesis Properties on the sale of the American Heritage Apartments and Raven Place Apartments for \$14.2 million to the same buyer, New York-based Time Equities, Inc. The properties had been on the market since last year. Ron Hunt of Genesis Properties said the buildings were approaching the end of their financing period in March, so they had to either refinance or sell them. Hunt stated it was a difficult decision, as both properties have been great buildings and great locations. The American Heritage building is a 12-story building and was the first downtown high rise. In 2005 Genesis Properties converted it into 57 apartments and 20 office and commercial units. The Raven Place apartments in Shockoe Bottom is a 29,000 square-foot, four-story apartment complex that was renovated in 2009 from a warehouse to residential space.

Joyner Commercial Welcomes Kerry Riley



We are pleased to announce that Kerry Riley has joined our team of commercial real estate professionals. Kerry brings a wealth of experience having been a full service commercial REALTOR® since 1993, specializing in urban mixed-use and retail and apartment buildings in historic areas where tax credits can be utilized. He offers REO and OREO commercial representation; commercial sales and leasing; land sales and development; retail/office sales and leasing; investment real estate ownership and investor representation. His clients include Chase Bank, SunTrust Bank, dozens of local investors, and an extensive network of local commercial sales and leasing clients. He has also sold hundreds of single-family homes and condominiums. His background as a CPA with an emphasis in real estate partnerships and construction enables him to provide sound tax, accounting and investment expertise with each transaction. He is a cum laude graduate of Old Dominion University.



1. RESIDENTIAL

West Cary Portfolio
Richmond, VA

Price: \$4,500,000
Size: 24,643 sq ft

14 single-family income-generating properties - fully leased and never a vacancy. There is opportunity to make cosmetic and outdoor improvements to increase rents.

Susan Haas:
(804) 349-5788

2. OFFICE

601 Old Wagner Rd
Petersburg, VA

Price: \$1,600,000
Size: 10,000 sq ft

5 office suites, long-term leases with 2% annual increase, single story, 1.1 miles from newest South Regional Medical Center in Petersburg. Includes 5.12 acres next to building.

Ahsan Qureshi:
(804) 247-4000

3. RETAIL

2730 E Hundred Rd
Chester, VA

Price: \$1,100,000
Size: 2,640
Year Built: 2006

Operational convenient store with short order deli and 8 pump gas station. Business is sold with real estate.

Bill Phillips:
(804) 967-2739

4. MIXED-USE

Crossings North
Hopewell, VA

Price: CALL
Acres: 17.1

Zoned for multi-family and mixed-use opportunities in an Enterprise Zone. Infrastructure in place Northwest quad of I-295 and Route 36. Five minutes east of Fort Lee.

J. Andrew Hagy:
(804) 337-4614

5. INDUSTRIAL

Scott's Addition
Richmond, VA

Rate: \$3.95/sq ft
Size: 27,372 sq ft

For Lease: Distribution warehouse with 48-ft. tall ceilings and ability to hold 4,000 sq. ft. of inventory. Fork lift included in lease. 34 parking places.

Cheryl Hamm:
(804) 967-2765

David S. Feibish:
(804) 967-2735

6. LAND

4230 E. Parham Rd
Richmond, VA

Zoned: Office 0-3
3.54 Acres

Near Courthouse Commons, Across from Henrico Courthouse / Administration. Great road frontage. Easy access to I-64 and I-295

Kerry Riley:
(804) 432-2688

AROUND THE TOWN

Noteworthy Commercial Real Estate Deals

SunTrust, which employs about 4,500 workers in the area, has signed on to anchor a planned \$93 million building project combining office, retail and residential space at 10th and East Byrd Streets. The 21-story mixed-use tower, to be called Locks at 321, will be among Richmond's five tallest buildings, and occupy 53,000 sq. ft.



The Locks at 321, jdavisarchitects.com



Publix Supermarkets, Inc. will expand to Virginia, opening one of two stores in Henrico County. The 49,000 sq. ft. location at Nuckols Place Shopping Center is anticipated to open in 2018.



The Bank of America Center at 1111 E. Main St. recently sold to an out-of-town buyer. According to sources familiar with the deal, the 508,000 sq. ft. property sold for around \$42 million.



Richmond International Airport reported its second-best year ever in calendar year 2015, with its 3.51 million passengers representing a 4.8 percent increase over 2014.



Breweries abound! Stone Brewery, a \$74 million new construction project and Hardywood Park Craft Brewery, a \$28 million new construction project, both announced plans to build in the area, creating approximately 350 new jobs.

YEAR END 2015

Richmond Metropolitan Area Market

INDUSTRIAL

Period	Existing Inventory		Vacancy			Net	Deliveries		UC Inventory		Quoted
	# Blds	Total RBA	Direct SF	Total SF	Vac %	Absorption	# Blds	Total RBA	# Blds	Total RBA	Rates
2015 4q	3,205	120,363,709	9,676,657	9,827,040	8.2%	(150,439)	1	24,000	3	257,000	\$4.20
2015 3q	3,205	120,343,709	9,457,518	9,656,601	8.0%	(14,791)	0	0	4	281,000	\$4.23
2015 2q	3,205	120,343,709	9,563,626	9,641,810	8.0%	432,155	2	28,000	3	265,000	\$4.25
2015 1q	3,205	120,353,294	10,025,972	10,083,550	8.4%	339,391	2	379,660	3	69,000	\$4.33
2014 4q	3,203	119,973,634	9,985,703	10,043,281	8.4%	1,310,979	2	1,001,792	4	425,260	\$4.23
2014 3q	3,204	119,052,564	10,362,212	10,433,190	8.8%	457,289	1	404,200	5	1,422,452	\$4.16
2014 2q	3,203	118,648,364	10,415,409	10,486,279	8.8%	418,476	2	16,427	5	1,576,652	\$4.09
2014 1q	3,207	118,909,697	11,103,227	11,166,088	9.4%	60,291	1	13,304	5	1,457,419	\$4.10
2013	3,208	119,433,335	11,671,519	11,750,017	9.8%	2,762,693	5	782,344	4	433,931	\$3.73
2012	3,211	119,157,131	14,021,554	14,236,506	11.9%	2,220,006	9	2,179,480	3	460,302	\$3.96
2011	3,205	117,122,221	14,187,079	14,421,602	12.3%	(518,266)	7	222,128	7	2,132,586	\$3.89
2010	3,206	117,356,263	13,825,574	14,137,378	12.0%	(714,308)	6	55,702	4	161,400	\$3.89

RETAIL

Period	Existing Inventory		Vacancy			Net	Deliveries		UC Inventory		Quoted
	# Blds	Total GLA	Direct SF	Total SF	Vac %	Absorption	# Blds	Total GLA	# Blds	Total GLA	Rates
2015 4q	5,627	36,657,906	1,253,140	1,261,707	3.4%	100,945	2	39,099	6	70,618	\$13.31
2015 3q	5,625	36,618,807	1,314,986	1,323,553	3.6%	257,905	8	197,554	5	82,117	\$13.19
2015 2q	5,624	36,739,177	1,691,741	1,701,828	4.6%	(219,036)	5	61,893	9	231,154	\$13.24
2015 1q	5,622	36,687,164	1,418,336	1,430,779	3.9%	140,860	4	62,219	14	293,047	\$13.05
2014 4q	5,618	36,624,945	1,498,497	1,509,420	4.1%	113,088	4	71,180	12	266,346	\$12.95
2014 3q	5,614	36,553,765	1,527,330	1,551,328	4.2%	141,664	8	169,897	14	318,433	\$12.53
2014 2q	5,609	36,507,932	1,625,061	1,647,159	4.5%	79,049	3	14,100	16	317,094	\$12.81
2014 1q	5,608	36,518,382	1,715,060	1,736,658	4.8%	(6,711)	4	28,462	13	249,075	\$12.72
2013	5,604	36,489,920	1,681,087	1,701,485	4.7%	166,394	17	151,030	10	173,156	\$12.27
2012	5,593	36,369,435	1,725,611	1,747,394	4.8%	338,427	13	367,189	12	122,490	\$11.73
2011	5,584	36,022,411	1,715,834	1,738,797	4.8%	(299,803)	26	327,239	6	261,412	\$10.93
2010	5,568	36,070,552	1,464,699	1,487,135	4.1%	2,534	9	74,634	14	240,300	\$11.05

OFFICE

Class A Market	Existing Inventory		Vacancy			YTD Net	YTD	Under	Quoted
	Market	# Blds	Total RBA	Direct SF	Total SF	Vac %	Absorption	Deliveries	Const SF
CBD	23	6,704,428	662,377	672,211	10.0%	162,672	330,000	0	\$24.34
Suburban	130	13,945,621	905,657	1,198,623	8.6%	310,826	160,658	301,095	\$19.13
Totals	153	20,650,049	1,568,034	1,870,834	9.1%	473,498	490,658	301,095	\$20.04
Class B Market	Existing Inventory		Vacancy			YTD Net	YTD	Under	Quoted
	Market	# Blds	Total RBA	Direct SF	Total SF	Vac %	Absorption	Deliveries	Const SF
CBD	90	6,875,060	903,582	903,582	13.1%	(25,637)	0	63,200	\$16.96
Suburban	1,141	20,958,125	2,015,314	2,027,962	9.7%	151,260	16,612	32,000	\$15.86
Totals	1,231	27,833,185	2,918,896	2,931,544	10.5%	125,623	16,612	95,200	\$16.16
Class C Market	Existing Inventory		Vacancy			YTD Net	YTD	Under	Quoted
	Market	# Blds	Total RBA	Direct SF	Total SF	Vac %	Absorption	Deliveries	Const SF
CBD	192	3,656,564	209,933	209,933	5.7%	(60,584)	0	0	\$13.06
Suburban	1,526	9,006,294	767,719	767,719	8.5%	30,368	0	0	\$12.50
Totals	1,718	12,662,858	977,652	977,652	7.7%	(30,216)	0	0	\$12.59
Total Office Market	Existing Inventory		Vacancy			YTD Net	YTD	Under	Quoted
	Market	# Blds	Total RBA	Direct SF	Total SF	Vac %	Absorption	Deliveries	Const SF
CBD	305	17,236,052	1,775,892	1,785,726	10.4%	76,451	330,000	63,200	\$18.77
Suburban	2,797	43,910,040	3,688,690	3,994,304	9.1%	492,454	177,270	333,095	\$16.59
Totals	3,102	61,146,092	5,464,582	5,780,030	9.5%	568,905	507,270	396,295	\$17.06



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