HARRISONBURG — As 2014 comes to a close, local commercial real estate agents said Monday that they see it not only as a good year but a likely springboard for good years to come.

“It was a pretty good year,” said David Lee of Lee and Associates. “We had nice, stable, slow, steady growth, which is what you like to see.”

Old buildings found new life this year.

For example, the former Cassco ice factory on South Liberty Street greeted residents and prepared for commercial and office tenants, and the former Function 4 Sports building on East Market Street was redeveloped and occupied by national retailer Harbor Freight Tools.

New buildings also rose.

University Center — the future home of Buffalo Wild Wings, Dunkin’ Donuts and Which Wich — is under construction on one of the last sizeable lots in the commercial area between Interstate 81 and Lucy Drive.

Southeast of the city at the mixed-use Stone Port development, Bojangles’ Famous Chicken n’ Biscuits opened, luxury apartment complex The Reserve at Stone Port began to rise, and Wal-Mart confirmed that it will put one of its Walmart Neighborhood Markets as the grocery anchor.

Tim Reamer, an agent for Cottonwood Commercial, said 2014 “played out as very sustainable growth.”

Mike Hendrickson, chief operating officer of Matchbox Realty and Management Services, said the year was good from both a leasing and sales perspective.

New Growth Corridors?

Reamer deals mostly with national retailers, a group that he said traditionally has viewed Harrisonburg as a one corridor market.

But with vacant land and space along East Market Street becoming scarce, he said new corridors might develop. The former Kmart building is the only major potential big box location on East Market, and it’s expected to draw considerable interest when it goes on the market next year. The Southeast Connector could attract national retailers to both its intersection with Port Republic Road near Stone Port and at South Main Street.
“It leads me to believe we might see openings in places that we might not have expected in the past,” Reamer said. “On South Main, most of the retailers have been there 15 to 20 years and I think we could see some new activity out there, which we haven’t seen for some time in terms of national retail.”

Hendricksen expects most of the area’s retail growth to be to the east and southeast.

“That’s where the more affluent demographic is,” he said, “and I think those retail dollars are chasing that.” Multifamily housing opportunities for noncollege students also began rising in 2014, with The Reserve joined by Taylor Grove under construction and Rockingham County approving a change to plans for Preston Lakes to allow apartments. More people, Lee said, should lead to more business. “All new development is going to create traffic,” he said, “and that traffic begets traffic. As you continue to create more traffic to that marketplace, you create more demand for stuff. You can’t really create a market; you have to fill a market.”

**Downtown Makeover**

Interest in downtown Harrisonburg is expected to continue, but Lee said the area is in transition.

The failure rate of businesses is high now, he said, because “people are trying to create markets downtown that don’t exist. You can only build on a market.”

Hendricksen said Matchbox not only leased all 10 office, retail and restaurant spaces in the Ice House in 2014 but it filled vacancies in the Urban Exchange building, too. He thinks more deals are to come.

“We feel good about downtown’s attractiveness to more retailers,” he said.

Lee said he expects commercial real estate values to waiver but eventually stabilize and grow when interest rates inevitably rise. However, he thinks those days are a year or two away.

All three local agents said they expect 2015 to be a better year than 2014.

“We are finally at a point where investors and tenants are comfortable taking some calculated risk. ... We haven’t had a lot of ground-up development in quite some time,” Reamer said, “but we seem to be poised for that in 2015 and I think that will be the dominant storyline of this upcoming year.”

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