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HARRISBURG COMMERCIAL

real estate REPORT

Future Tense?

Avoid Unnecessary Stress by Accurately Forecasting a Property's Tax Burden

By Rachel Duck

Property taxes are one of the largest expenses for a real estate project. They are also one of the most difficult to forecast - which can make navigating a complex taxation system intimidating. With statutes varying from state to state, property owners can better manage their tax burden with the help of a few key considerations.

Know Your Laws

The first step is becoming familiar with the applicable procedural and valuation laws. Across most jurisdictions, property taxes are based on a specific "market value" standard as of a specific valuation date. If you are a property owner or representative, pay attention to these value standards as well as deadlines. Applicable deadlines for renditions, appeals, litigation, and the payment of taxes are typically very strict. Failure to comply may result in a forfeiture of your right to appeal and, in some cases, may incur additional penalties and interest.

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Accepting Donated Items For Summer Event

Help Support Children with Special Needs in Central PA



Does Your Company Have Promotional Items to Dispose of? We'll Take Them!

- **Kid-friendly** promotional/give-away item donations (for goodie bags) are needed for children attending our "Seussical The Musical, JR." event this summer.
- **Kid-friendly item examples:** Crayons, markers, small toys, stress balls, bags, coupons, activity books, sunglasses and more! **Gift cards** are being accepted to use towards purchasing items as well. **Accepting items until July 23, 2019.**
- **Monetary donations** benefiting TrueNorth Wellness Services also being accepted.
- **Receive recognition** (for item and gift card donations) in print and online marketing mediums.

Contact: Leah Wentz at (717) 710-3528 or lwentz@naicir.com

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Bill Gladstone, CCIM, SIOR

(717) 761-5070 ext. 120
wgladstone@naicir.com
www.billgladstone.com
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New Listing



2,200 - 4,460 SF

Commercial Lease - 4647 Jonestown Road, Harrisburg

- Popular retail site - freestanding, updated building with great curb appeal and visibility on highly traveled street
- Bright, open floorplan on first floor and lower level floor features a separate entrance and drive-in door
- 13 Parking spaces on-site

Industrial Listings



31,095 SF

Lease - 151 Allendale Road, Mechanicsburg

- Hard to find, completely updated warehouse space available
- Tenant's suite features frontage along Simpson Ferry Road, vanilla shell office space, ready to be built-out and a warehouse with 14'6" clear ceilings, two drive-in's (12' x 12'), sprinklers, and new LED lighting
- Convenient access to Route 15, Route 581, and I-81



29,280 SF

Sale - 700 Angenese Street, Harrisburg

- Functional warehouse property for sale along the 6th Street industrial corridor
- Convenient access to I-81, Route 22/322 and the City
- A 5,500 SF temporary canvas building has been setup at this location, which can also be purchased for an additional cost

Commercial Listings



11,000 SF

Sale - 25 S. 28th Street, Harrisburg

- Beautiful stone church in the heart of Penbrook Borough with 30' chapel ceilings, stain glass windows, and a large organ
- Features multiple chapels, classrooms, offices, and a large social hall with adjoining kitchen
- Property conveys with a large parking area



Price Reduced

2,854 SF

Sale - 5 N. Market Street, Duncannon

- Prime retail/commercial space in the Borough of Duncannon
- Former bank boasts a notable exterior facade and a clean, functional interior with vault
- Call for additional details and to schedule a tour



62,621 SF

Sale - 2801 North Third Street, Harrisburg

- Stunning landmark in the City of Harrisburg available for sale
- The Zembo Shrine Center was beautifully constructed with the Moorish Revival style architecture and has been well-maintained throughout its years
- Over 300 lined parking spaces



Knowing the frequency of reassessment in a jurisdiction is also critical. In Texas, for example, property, both real and personal, is assessed annually. Initial value assessments can increase 20 to 40 percent in strong markets, making tax forecasts especially difficult.

Know Your Property

Examining the pertinent details of a property, including any changes in its physical condition or performance, is crucial to both accurate forecasts and effective assessment appeals. If a retail center's net income is up 25 percent year over year, budgeting 5 percent more for property tax expenses will likely result in a shortfall. In addition to performance, note any new construction, deferred maintenance, extraordinary expenditures, and other physical changes that may affect the property's market value.

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Know Your Assessor

Assessments can be subjective in nature, especially when they are determined by individuals and not fixed formulas. Understanding your assessor's personality and preferred methodology will help you predict assessments. Communicate early and often with the assessor, along with other property owners, managers, and tax specialists in a particular jurisdiction. Examine the methodology the assessor will use to value your property, as well as the standard assumptions and allowances. For instance, are warehouse properties valued based on income or cost? Or does the assessor depend on age? Paying attention to these details will help you understand how changes in the market and property performance will impact future assessments.

Know When to Appeal

Once you receive an assessment, when should you appeal? The process itself can be intimidating, expensive, and full of uncertainty. Taxpayers must ensure it is economically prudent by comparing the costs of an appeal with potential savings. Here are key questions to consider:

Does the assessment exceed your estimate of the property's market value?

The most obvious time to appeal is when you can demonstrate that your property has been overvalued by the assessor. If you estimate a value of \$10 million based on a thoughtful, well-supported analysis but the assessor values the property at \$12 million, an appeal makes sense.

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Commercial Listings



Sublease - 4856 Carlisle Pike, Mechanicsburg

- Attractive, updated showroom space with a warehouse area and a large open office area on the second floor
- Located in the Hampden Center in Mechanicsburg
- Warehouse area has two 10' x 10' overhead doors



Sale - 5620 Derry Street, Harrisburg

- Newly renovated building conveniently situated on Derry Street, just moments from Route 322 and 283/83 interchange
- The building underwent major upgrades in 2017 and has been well-maintained throughout the years
- The unique set-up offers many possible options for an office or commercial user
- Up to 2.5+/- acres of vacant land adjacent to the property (5650 Derry Street) is also available for sale

Office Listing



Lease - 1007 N. Front Street, Harrisburg

- Attractive office space on North Front Street with beautiful views of the Susquehanna Riverfront
- The entire building is going through interior upgrades and boasts new carpet, fresh paint and many amenities including large shared conference room, a court-yard with seating, parking, and wi-fi
- Turn-key and within walking distance of the Capitol with quick access to I-83, I-81 and West Shore

Did the assessor make errors in collecting basic property information?

Perhaps the easiest and most successful appeals are based on basic errors in property information, such as differences in net leasable area, unit mix, age, or construction class. Correcting these errors can significantly impact an assessment. For instance, if your property's net leasable area is 100,000 square feet but the assessor applied the gross building area of 120,000 sf to the valuation, correcting that error could reduce the valuation by 17 percent.

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Are the assessor's valuation assumptions supportable?

Most often, property owners and representatives achieve reductions by disputing an assessor's assumptions. In the income approach, pay attention to market assumptions on rent, vacancy, expenses, and cap rates. Do those assumptions reflect the property's actual performance?

Errors in the cost approach generally involve an inaccurate calculation of total depreciation. Assessors typically focus on physical depreciation calculated through depreciation tables. What they frequently neglect to consider, however, is how functional and external obsolescence may affect a particular property. Additionally, if a property transacts business or the assessor bases the valuation on comparable sales transactions, pay attention to whether intangibles (generally non-taxable) or other considerations were factored into the final valuation. Assuming the purchase price must equal the market value of the taxable property is a common error.

Is the property equally and uniformly assessed?

While statutes vary, many jurisdictions require a property to be assessed equally and uniformly with comparable properties. If your property is assessed higher than its true competitive set, equity may offer a remedy for an appeal even when the assessor's determination of market value is supported.

Managing the Property Tax Expense

If you are responsible for managing property tax expenses, dive into the details of how the property is valued by assessors or hire someone who has the expertise and experience to do so. The more you know about your property, the laws, and the relevant local assessor, the better your chance of accurately forecasting property tax expenses and effectively disputing excessive assessments. ■

About the Author:

Rachel Duck, CMI, is a senior property tax consultant at Popp Hutcheson PLLC in Austin, Texas. Contact her at rachel.duck@property-tax.com.

Office Listings



Sale/Lease - 1001 S. Market Street, Mechanicsburg

- Two-story professional medical office available
- Recently renovated with high quality finishes and an efficient floorplan
- Desirable location in Southpoint Office Center at the intersection of Market Street and Shepherdstown Road and near Cumberland Parkway exit of Route 15



Lease - 1421 N. Third Street, Harrisburg

- Great leasing opportunity in completely renovated and updated building in the heart of thriving Midtown Harrisburg
- Neighbors include HACC Technology & Trade Campus, Susquehanna Art Museum, Midtown Cinema, Broad Street Market, The Midtown Scholar Bookstore (two blocks away), Millworks, Yellow Bird Cafe and much more



Lease - 156 Cumberland Parkway, Suite 200, Mechanicsburg

- First floor office space available in this Class A, high-profile building
- The location offers easy access to Route 15 and the PA Turnpike (I-76), plus great local amenities
- It is hereby disclosed that a partner in the ownership of this property is a licensed real estate salesperson in the Commonwealth of Pennsylvania

Editorial Content Needed



The Bill Gladstone Group of NAI CIR is looking to fill editorial content in our quarterly magazine and monthly newsletter publications.

What Are We Looking For?

Industry related articles that our readership of over 4,600 business decision makers and industry leaders would benefit from reading in print and online through social media. Articles are typically 1,200 – 1,500 words and include an author bio, headshot, and recognition for your company.

Topics Can Include: Finance, development, law, architecture, technology, engineering, environmental, wellness, current trends, security, business operations, and much more.

Contact: Leah Wentz (717) 761-5070, ext. 116 or lwentz@naicir.com.

Office Listings



Lease - 205 Grandview Avenue, Camp Hill

- Class B medical/office building available for lease
- The building is located in a prestigious West Shore location and boasts gorgeous views
- The property is undergoing major renovations including new HVAC units and exterior painting
- **Call for details on free rent promotion (promotion ends at owner's discretion)**



Lease - 28 E. Main Street, New Kingstown

- Hard to find flex space in Silver Spring Township
- The suite features approximately 1,376 SF of freshly updated (new paint, cleaned carpets) office space and an adjacent 720+/- SF of warehouse space
- Former use was office for a transportation company



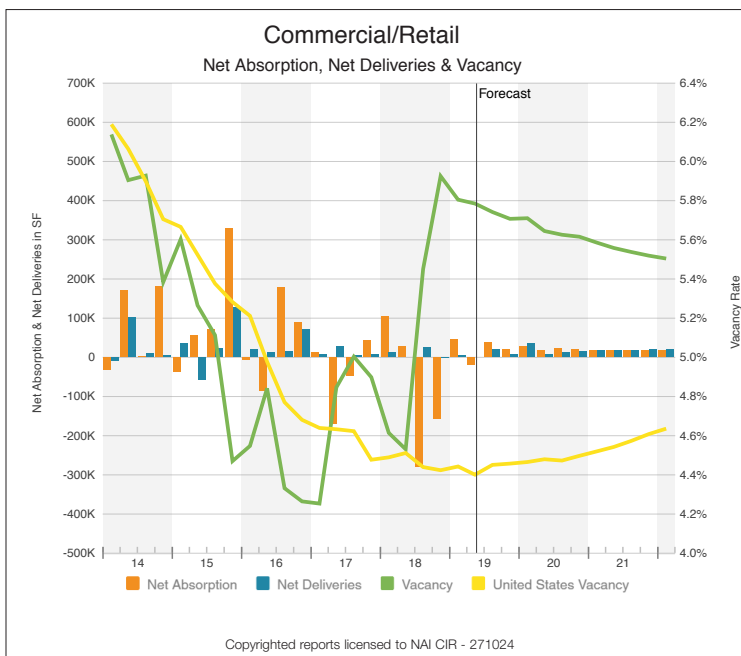
Lease - 3507 Market Street, Suite 102, Camp Hill

- Located within the heart of the West Shore, this aesthetically pleasing building has one suite available for lease
- The property is centralized on Camp Hill's main travel artery and is close to many restaurants and businesses
- 45 Parking spaces available



Sale/Lease - 3759 Peters Mountain Road, Halifax

- Freestanding brick building located along heavily traveled Peters Mountain Road
- The 2,464+/- SF building has been well-maintained
- Perfectly suited for a professional office or retail user



Office Listings



266 - 4,453 SF

Lease - 415 Market Street, Harrisburg

- Attractive office spaces at the Harrisburg Transportation Center
- In walking distance to all the downtown restaurants, amenities, and Riverfront Park
- Located in Technology Corridor Enterprise Zone
- **HALF PRICE RENT for the first year on a 3 or 5 year deal (promotion ends October 31, 2019)**



1,880 - 5,113 SF

Sale - 5006 - 5010 E. Trindle Road, Mechanicsburg

- Five condominium units available for sale (1,880 - 5,113 SF)
- Excellent location in newly developed area in Hampden Township
- Can be sold individually for owner/user or together as an investment



Price Reduced

2,630 SF

Lease - 1100 N. Mountain Road, Suite 1, Harrisburg

- Large, open office suite in this brick, single-story office building in Lower Paxton Township
- Great signage and visibility on Mountain Road
- Close proximity to I-81



Price Reduced

2,318 - 7,018 SF

Lease - 5275 E. Trindle Road, Mechanicsburg

- Open corner office suite offers functionality and usability
- There are many private offices and large conference room(s) lining the perimeter
- Professional office space features executive sized offices, private in-suite restrooms and two entrances
- Space can be left as one large suite or made into two suites; Suite A - 2,318 RSF and Suite B - 4,133 RSF



358 - 1,207 SF

Lease - 800 N. Third Street, Harrisburg

- Prominent downtown office building across from the State Museum
- One block from the Capitol Complex; perfect location for attorneys and associations
- On-site parking and many other amenities are available to tenants

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Featured Land



Sale - 349 Pleasant View Road, New Cumberland

- Nearly 46 acres of land with visibility and quick access to I-83
- Property is zoned Commercial Business which allows a variety of uses including hotels, mini-storage warehouses, motels, and business, professional, medical offices
- The parcel can be sub-divided to 5 acre lots
- Water is available adjacent to site

Investment Listing



Sale - Confidential, Harrisburg

- Well-maintained, 3-story masonry building overlooking the Susquehanna River
- Five (5) year lease renewal started January 1, 2019
- No deferred maintenance and on-site parking available
- Signed Confidentiality Agreement needed for additional information

Land Listings

Location	Acres	Zoning	Type
370 W. Main Street, Leola, Lancaster County	1.3 - 2.8	General Commercial	Sale/Lease
Bent Creek Boulevard, Lot 2, Mechanicsburg, Cumberland County	2.02	Community Commercial	Lease
Price Reduced - 7700 Derry Street, Harrisburg, Dauphin County	2.12 (lot 4)	Commercial District General	Sale
Price Reduced - I-81 and W. Trindle Road, Carlisle, Cumberland County	2.18 (2 parcels)	Commercial Highway	Sale
Price Reduced - 100 Narrows Drive, NEC of US Route 422 & Narrows Drive, Lebanon	2.2	Commercial	Sale
8001 Grayson Road, Harrisburg, Dauphin County	2.25	Commercial	Lease
Price Reduced - 7700 Derry Street, Harrisburg, Dauphin County	2.3 (lot 8)	Commercial District General	Lease
5650 Derry Street, Harrisburg, Dauphin County	1.90+/-	Commercial Limited	Sale
St. Johns Road, Camp Hill, Cumberland County	3.05	General Commercial District	Sale
Peters Mountain Road & River Road, Halifax, Dauphin County	5.1	None	Sale
700 S. Baltimore Street, Dillsburg, York County	5.23 - 57.5	Agricultural - Conservation (AC)	Sale
Eisenhower Boulevard, Harrisburg, Dauphin County	5.39	Commercial General	Sale
W. Suncrest Drive and Spring Road, Carlisle, Cumberland County	6.72 (5 parcels)	Commercial/Light Industrial	Sale
1706 Good Hope Road, Enola, Cumberland County	6.78	Office Park	Sale
Pending - 503 Jonestown Road, Jonestown, Lebanon County	7.91	Commercial	Sale
Route 441 and Orchard Drive, Harrisburg, Dauphin County	8.34	Single Family Residential District	Sale
Price Reduced - 730 Limekiln Road, New Cumberland, York County	8.64	Commercial Business	Sale
1900 State Road, Duncannon, Perry County	9.46	Commercial	Sale
Carlisle Pike (Route 11) Waterford Square, Mechanicsburg, Cumberland County	8.78 (8 lots)	Community Commercial (C2)	Sale
Price Reduced - Eisenhower Blvd & Highspire Road, Harrisburg, Dauphin County	10	Commercial District General	Sale
Gettysburg Pike & Spring Lane Road, Dillsburg NWC, York County	14.92	Commercial	Sale
Price Reduced - Allentown Boulevard, Harrisburg, Dauphin County	17+	Commercial Highway (CH)	Sale
Price Reduced - 349 Pleasant View Road, New Cumberland, York County	45.48	Commercial Business	Sale
Pending - Linglestown Road, Harrisburg, Dauphin County	61.55	Agricultural Residential	Sale

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Check Out Our Recent Deals

Visit www.billgladstone.com to view listings not included in this issue.



SOLD – 7981 Paxton Street, Harrisburg

RS3 Ventures, LLC purchased 1,824 SF of retail space located in Dauphin County. The buyers plan on using the space for their used car sales business. The Bill Gladstone Group of NAI CIR facilitated the transaction.



LEASED – 3780 Trindle Road, 2nd Floor, Camp Hill

Susan Graham Consulting, an IT recruiting firm, leased an office suite in Hampden Township. The Bill Gladstone Group of NAI CIR represented the seller and Laura Martin of SVN Latus Commercial Realty represented the buyer.



LEASED – 212 N. Third Street, Harrisburg

Monroe Energy, LLC, a dynamic and growing organization headquartered in southeastern Pennsylvania and a regional hub of the nation's energy industry, leased an office space in Downtown Harrisburg. The Bill Gladstone Group of NAI CIR handled the transaction.