



COMMERCIAL REAL ESTATE E-Newsletter

January 2009

C&I APPRAISAL SERVICES, INC.

4th QTR 2008, 2pages

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- Lot Supply at Eight Years
- Mortgage Rates Decline
- 2008 3rd Qtr Mkt Summary
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Real Estate Data Sources

Chandler Reports, LLC

MarketGraphics Research Group

CoStar Group, Inc.

CB Richard Ellis

PricewaterhouseCoopers

Real Estate Research Corp.

Insight Economics

C&I Appraisal - Internal Database
This database contains over 8,000 confirmed commercial sales and rent comparables

Contact Us

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Home Sales/Prices Fall Dramatically

According to **Chandler Reports, LLC** 3rd Qtr 2008 home sales declined substantially from the same period in 2007.

3rd Qtr 2008 Home Sale Statistics SHELBY COUNTY			
Source: Chandler Reports, LLC			
	Q3 '07	Q3 '08	% Chng
All Home Sales			
No. of Sales	6,734	4,422	-34.3%
Avg. Price	\$158,184	\$136,676	-13.6%
\$ Volume	\$1,065,211,056	\$604,381,272	-43.3%



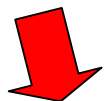
Lot Supply at Eight Years and Growing

Lot Supply at YTD September is unchanged but Demand continues to plummet as reported by **MarketGraphics Research Group, Inc.**

September 2008 Home Permit Statistics MEMPHIS MSA			
Source: MarketGraphics Research Group, Inc.			
County	YTD 9/07	YTD 9/08	% Chng
Crittenden	186	91	-51.1%
Desoto	1,506	520	-65.5%
Fayette	555	247	-55.5%
Shelby	2,115	844	-60.1%
Tipton	358	141	-60.6%
Totals	4,720	1,843	-61.0%



September 2008 Lot Supply/Demand MEMPHIS MSA				
Source: MarketGraphics Research Group, Inc.				
	Jan '08	Sep '08	Chng	% Chng
Supply	17,900	17,694	(206)	-1.15%
Demand	5,300	2,232	(3,068)	-57.89%
Yrs. Supply	3.38	7.93		134.72%



Conventional Mortgage Rates Improve

Mortgage Rates (National Avg.)*					
Source: Bankrate.com					
Loan	As of 1/8/09	Prior Mo.	3 mos. Prior	6 mos. Prior	1 yr. Prior
30-Year Fixed	5.17	5.65	5.82	6.3	5.56
15-Year Fixed	4.84	5.38	5.52	5.83	5.08
5/1-Year ARM	5.77	5.95	5.8	5.58	5.33
1-Year ARM	5.66	5.59	7.1	6.2	5.32
30-Year Fixed Jumbo	6.82	7.02	7.23	7.41	6.55
15-Year Fixed Jumbo	6.17	6.38	6.56	6.72	6.03
5/1-Year ARM Jumbo	5.94	6.02	6.11	6.17	5.83

*Rates may include points

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Market Segments Vary in Trends/Data

The following data is provided by the **CoStar Group, Inc.** and **CBRE MarketView** market reports for the Memphis MSA.


RETAIL (3rd 08) – Trends point downward

- Positive absorption YTD of about 400k sf in the MSA
 - YTD Deliveries of just over 550k sf
 - About 1 million sf under construction
 - Memphis MSA overall vacancy is around 10%
 - Highest quoted rent/sf – East submarket at \$23+
 - Only three submarkets under 7% vacancy
 - Investment Sale transactions all but ceased
 - Leasing concessions on the rise
 - Occupancy & Rents expected to trend down for next twelve months
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OFFICE (3rd 08) – Best Markets Hold Steady/Others on the Decline

- NEGATIVE Net absorption in the quarter
 - Positive YTD net absorption in Class A
 - No deliveries in the quarter (East mkt)
 - Over 350k sf under construction in Class A
 - Memphis MSA occupancy at about 84%
 - Class A occupancy for East is above 90%
 - Class A occupancy for 385 Corridor is above 90%
 - Sublease space on the rise
 - Highest quoted Class A rent/sf – East at \$25+
 - Occupancy & Rents expected to trend down for next twelve months
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INDUSTRIAL (3rd 08) – Absorption Rises but Market is Steady

- Nearly 2.5 million sf Net absorption in the quarter
 - Over 4 million sf Net absorption YTD
 - No deliveries in the quarter; 2.75 million sf YTD
 - Less than 1 million sf under construction
 - Memphis MSA occupancy approximately 85%
 - DeSoto County Mkt leads in 3 qtr absorption of Whs
 - Southeast occupancy – 87%
 - DeSoto County occupancy – 79%
 - Avg quoted rent/sf in Bulk Whs for Southeast - \$2.70 +/-
 - Avg quoted rent/sf in Bulk Whs for DeSoto - \$3.10 +/-
 - Memphis MSA average rent/sf in Bulk Whs – \$2.60 +/-
 - Recession expected to pressure rents & occupancy
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Multi-Family (3rd 08) – Positive Numbers Through the Quarter

- Total inventory of nearly 100,000 units
 - Memphis MSA occupancy at 90.5%
 - Memphis MSA average rent/sf - \$0.736
 - Rent Growth - 1.8% increase over YE 2007
 - Best Occupancy – Downtown & DeSoto at 94% to 95%
 - Highest monthly rent – Downtown \$989
 - Lowest Occupancy – East Winchester at 84%
 - ALL 80's construction & newer at 91% + occupancy
 - 900+ units completed YTD with over 500 more expected by Yr End
 - Growth in renters due to foreclosures could boost multi-family
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