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Data Sources

Apartment Association of Greater Memphis

Bankrate.com

Bloomberg.com

CB Richard Ellis

Chandler Reports, LLC

CoStar Group, Inc.

Insight Economics

Memphis Area Association of Realtors

PWC/Korpacz

Real Estate Research Corp.

RealtyRates.com

Reanalysis of Memphis (Berge)

TN Dept. of Labor

Xceligent, Inc.

C&I Appraisal – Database

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Commercial Markets - New Quarter; Same Numbers

Some figures are interpolated and estimated due to variances between the reports.

RETAIL - Positive Absorption / Rents tick upward

- Net Absorption shows a total of 150k sf for 2012 in the MSA
- 8 of 13 markets show positive net absorption for the year

Shopping Center Data - CoStar & Xceligent							
Market	MSA	Cville	Cordova	East	Gtown	Olv Brnch	Sthvn
Occupancy	85%	90%	85%	93%	86%	85%	92%
Asking Rent	\$10.85	\$15.00	\$12.80	\$13.35	\$18.95	\$15.45	\$13.25

OFFICE - Occupancy / Rents unchanged from 3Q

- Class A & B combine for approximately 8.5K sf negative net absorption YE
- East captures over 34k sf net absorption in A & B for the year

Class A & B Office Data - CoStar & CBRE				
Category	Sector/Mkt	Data	Sector/Mkt	Data
Memphis MSA Occupancy	Class A	87%	Class B	85%
YTD Net Absorption (sf)	Class A	12,308	Class B	(21,104)
Class A Occupancy	East	93%	385 Corridor	92%
Class B Occupancy	East	86%	385 Corridor	91%
Class A Quoted Rate	East	\$24	385 Corridor	\$20
Class B Quoted Rate	East	\$18	385 Corridor	\$18

INDUSTRIAL - Construction rises with absorption

- Warehouse has over 570K sf positive net absorption in Southeast in 2012
- Over 1.9M sf in deliveries & Over 1.7M sf under construction for the year

Warehouse & Flex Data - CoStar & Xceligent				
Category	Sector/Mkt	Data	Sector/Mkt	Data
Memphis MSA Occupancy	Warehouse	88%	Flex	75%
Memphis MSA Rents	Warehouse	\$2.50	Flex	\$6.65
Warehouse Occupancy	Southeast	87%	Desoto	89%
Flex Occupancy	Southeast	74%	Desoto	85%
Warehouse Quoted Rate	Southeast	\$2.50	Desoto	\$2.90
Flex Quoted Rate	Southeast	\$4.40	Desoto	\$6.05

MULTI-FAMILY - Occupancy & Rents show little movement

- Occupancy unchanged from YE 2011
- MSA rents rise just 0.5% year over year from YE 2011 rates

Apartment Data - CBRE MarketView					
Market	MSA	New Const	90's Const	80's Const	Old Const
Occupancy	92.0%	95.0%	93.0%	93.0%	89.0%
Avg Rent/Mo.	\$750	\$984	\$872	\$687	\$599
Avg Rent/SF	\$0.783	\$0.957	\$0.867	\$0.749	\$0.649
Rent Chng from YE '11	0.5%	1.5%	-0.5%	-0.5%	1.3%



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C&I Appraisal Services, Inc. was founded over 20 years ago and the founder has over 25 years of commercial appraisal experience.

C&I provides appraisals, consulting, market studies, & feasibility analyses. Our geographic service area is the Memphis MSA.

The firm has expertise in multi-family, land, land development, commercial & retail, medical, mini-storage, religious buildings, single & multi-tenant buildings, office, hotel/motel, special use, & industrial property in the greater Memphis, TN area.

Previous Issues

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Cap Rates - Slight Decline from 3Q 2012

According to the **Real Estate Research Corporation** (RERC) "Real Estate Report", cap rates declined when compared to the prior quarter. The rates shown below are the AVERAGE for First Tier properties in the South Region. These are newer Class A properties with occupancy by creditworthy tenants, good to excellent locations, contractual rent growth, established franchises and/or lease terms exceeding seven years.

These rates are shown to illustrate overall market sentiment and trends. The rates are not applicable to the majority of properties in the Memphis MSA.

<i>RERC - 1st Tier Properties - South Region</i>			
Property	Average Cap Rates		
	Current Qtr	Previous Qtr	% Change
Power/Anchored Center	7.70%	8.00%	-0.30%
Neighborhood Strip Center	8.00%	8.40%	-0.40%
Suburban Office	8.00%	8.10%	-0.10%
Flex Industrial	8.40%	8.40%	0.00%
Warehouse	8.00%	8.10%	-0.10%
Apartment	6.60%	6.80%	-0.20%
Hotel	8.30%	8.40%	-0.10%
Average for All Properties	7.86%	8.03%	-0.17%

- Low interest rates continue to influence cap rates.
- Buyers underwrite the purchase price on the "in-place" NOI and give little weight to potential income on vacant space.

Commercial Sale Volume & Pricing Rise

This data applies to "non-bank" transactions and was published by **Chandler Reports, LLC**. More specific data pertaining to property type and by Zip Code is available on their website.

There were 55 Bank sales reported for YE 2012 vs. 49 in the prior year. The average Bank sale price was \$1.5 million vs. \$1 million in the prior year.

Commercial Sale Activity - Shelby County		
Transactions		
4Q 2012	4Q 2011	% Chng
688	676	1.8%
Average Sale Price/Sale		
4Q 2012	4Q 2011	% Chng
\$1,449,644	\$1,106,793	31.0%

Commercial Sale Activity - Shelby County			
YTD through	4Q 2012	4Q 2011	% Chng
Retail	184	215	-14.4%
Office	81	81	0.0%
Industrial	107	86	24.4%
Multi-Family	69	71	-2.8%
Land	188	169	11.2%



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Home Starts Gaining Traction

Lot Supply is down over 1,500 lots from 2011. Starts average 150 per month in 2012. Inventory under 1,400 units. **Reanalysis of Memphis** reports improvement in most suburban markets.

Lot Supply - Housing Starts in the MSA				
Reanalysis of Memphis				
YTD through	4Q 2012	4Q 2011	Chng	% Chng
Developed Lots	13,584	15,167	(1,583)	-11.65%
Starts - Trailing 12 mos.	1,779	1,266	513	28.84%
Yrs. Supply	7.64	11.98	(4.34)	-56.90%

NEW HOME INVENTORY - MEMPHIS MSA			
4th Qtr of	2010	2011	2012
Inventory	1,441	1,204	1,322

Trailing 12 Mos. Starts			
County	4Q 2012	4Q 2011	% Chng
Crittenden	49	41	19.5%
Desoto	647	421	53.7%
Fayette	156	94	66.0%
Shelby	866	673	28.7%
Tipton	61	37	64.9%
Totals	1,779	1,266	40.5%

Home Sales & Prices See Improvement

According to the **Memphis Area Association of Realtors**, combined sale volume in Shelby, Fayette & Tipton Counties was up nicely but the average price saw little growth. New home sale data had favorable numbers compared to 2011 data. Existing home sales are up sharply, but pricing remains flat. New homes show growth in both volume and price.

Home Sale Statistics - MAAR.org			
Shelby, Fayette & Tipton Counties			
YTD through	4Q 2012	4Q 2011	% Chng
No. of Sales	15,071	12,858	17.2%
Avg. Price	\$128,774	\$126,060	2.2%
\$ Volume	\$1,940,752,954	\$1,620,879,480	19.7%
New Home Sale Statistics			
Shelby, Fayette & Tipton Counties			
YTD through	4Q 2012	4Q 2011	% Chng
No. of Sales	745	673	10.7%
Avg. Price	\$255,656	\$228,326	12.0%
\$ Volume	\$190,463,720	\$153,663,398	23.9%

We have moved and added direct dial phone numbers!

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