

## In This Issue

- Quarterly Statistics
  - Retail
  - Office
  - Industrial
  - Multifamily
- Cap Rates
- Commercial Sales
- Home Sale/Price Trends
- Unemployment/Key Rates

## Data Sources

- ❖ Apartment Association of Greater Memphis
- ❖ Bankrate.com
- ❖ Bloomberg.com
- ❖ Bureau of Labor Statistics
- ❖ CB Richard Ellis
- ❖ Chandler Reports, LLC
- ❖ CoStar Group, Inc.
- ❖ Insight Economics
- ❖ Memphis Area Association of Realtors
- ❖ PWC/Korpacz
- ❖ MarketGraphics
- ❖ Real Estate Research Corp.
- ❖ RealtyRates.com
- ❖ TN Dept. of Labor
- ❖ Xceligent, Inc.
- ❖ Valbridge Property Advisors

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

## Follow Us Online:



## Prepared by:

Cary Crain  
(901) 206-2263  
[ccrain@valbridge.com](mailto:ccrain@valbridge.com)

[www.valbridge.com](http://www.valbridge.com)

## Commercial Markets: First Quarter 2015

### RETAIL – SNAPSHOT

- Tanger Factory Outlet broke ground on the 300K SF center in the DeSoto Submarket
- Get Air Memphis leased nearly 30,000 SF in the Poplar Market Plaza

### Shopping Center Data - CoStar & Xceligent

Market	MSA	Cville	Cordova	East	Gtown	Olv Brnch	Sthvn
Occupancy	89%	91%	93%	94%	89%	94%	96%
Asking Rent	\$10.37	\$17.70	\$13.27	\$12.92	\$17.60	\$14.63	\$12.48

### OFFICE – SNAPSHOT

- The MSA had nearly 250,000 SF of positive net absorption in 1Q15
- The total vacancy rate for the MSA stands at 13.2%

### Class A & B Office Data - CoStar & CBRE

Category	Sector/Mkt	Data	Sector/Mkt	Data
Memphis MSA Occupancy	Class A	91%	Class B	88%
YTD Net Absorption (sf)	Class A	298,781	Class B	(8,156)
Class A Occupancy	East	96%	385 Corridor	90%
Class A Quoted Rate	East	\$23.86	385 Corridor	\$19.74
Class B Occupancy	East	87%	385 Corridor	93%
Class B Quoted Rate	East	\$18.49	385 Corridor	\$16.20

### INDUSTRIAL – SNAPSHOT

- Industrial market captured over 1 Million SF of net absorption decreasing MSA vacancy to 11.6%
- Menlo signed the largest lease on 618,000 SF in the Southeast Submarket

### Warehouse & Flex Data - CoStar & Xceligent

Category	Sector/Mkt	Data	Sector/Mkt	Data
Memphis MSA Occupancy	Warehouse	88%	Flex	82%
Memphis MSA Rents	Warehouse	\$2.56	Flex	\$7.01
Warehouse Occupancy	Southeast	88%	Desoto	90%
Warehouse Quoted Rate	Southeast	\$2.64	Desoto	\$2.80
Flex Occupancy	Southeast	81%	Desoto	90%
Flex Quoted Rate	Southeast	\$4.87	Desoto	\$4.72

### MULTIFAMILY – YEAR END 2014 SNAPSHOT

- Occupancy for the Memphis MSA is stable
- Rental rates have shown a nominal change for the MSA

### Apartment Data - AAGM Year End 2014

Market	MSA	Cville/Gtown	Cordova	Downtown	Midtown	DeSoto
Occupancy	93.2%	92.5%	93.8%	93.4%	95.4%	93.2%
Market Rent	\$769	\$1,060	\$847	\$989	\$720	\$820
Avg Rent/SF	\$0.80	\$0.99	\$0.84	\$1.09	\$0.97	\$0.79
Avg SF	963	1,068	1,009	909	743	1,040

June 2015

Page 2

**Valbridge Property Advisors** is based in Naples, FL and is one of the largest commercial property valuation and advisory services firms in the U.S.

**Valbridge** has 177 MAIs, 66 office locations and 650+ staff across the nation. Each Valbridge office is led by an appraiser who holds the MAI designation of the Appraisal Institute.

**Valbridge Property Advisors | C&I Appraisal Services, Inc.** provides appraisals, consulting, market studies & feasibility analyses within the Memphis MSA.

The firm has over 140 years of combined appraisal experience in multi-family, land, land development, commercial, retail, medical, mini-stg, religious buildings, single & multi-tenant buildings, office, hotel/motel, special use, & industrial property.

This and prior issues are available at the "Recent News" link at [www.ciappraisal.com](http://www.ciappraisal.com)

Follow Us Online:



Prepared by:

Cary Crain  
(901) 206-2263

[ccrain@valbridge.com](mailto:ccrain@valbridge.com)

[www.valbridge.com](http://www.valbridge.com)

## Cap Rates – National

According to the **Real Estate Research Corporation (RERC)** "*Real Estate Report*" and **PwC** "*Real Estate Investor Survey*," cap rates have remained stable in all categories except Suburban Office, when compared to prior quarter on a national scale. The rates shown below apply to modern Class A properties with occupancy by creditworthy tenants, good to excellent locations and/or contractual rent growth.

National Rates - RERC & PWC				
Property	Cap Rates			Change From Prior Qtr
	Low	High	Average	
Retail Strip Center	5.00%	10.00%	7.00%	None
Suburban Office	5.00%	9.00%	6.60%	Decrease
Flex Industrial	6.00%	10.00%	7.50%	None
Warehouse	4.50%	7.00%	5.80%	None
Apartment	3.50%	8.00%	5.40%	None
<b>Average for All Properties</b>	<b>4.80%</b>	<b>8.80%</b>	<b>6.46%</b>	

## Commercial Sale Volume & Pricing

This data applies to "non-bank" transactions and was published by **Chandler Reports, LLC**. There were 13 bank sales reported for 1Q15 vs. 6 in 1Q14. The average bank sale price in 1Q15 was \$666,308 vs. \$878,889 in 1Q14.

Commercial Sales - Shelby County		
Transactions		
1Q 2015	1Q 2014	% Chng
193	217	-11.1%
Average Sale Price/Sale		
1Q 2015	1Q 2014	% Chng
\$2,141,148	\$1,482,795	44.4%

Commercial Sales - Shelby County			
YTD through	1Q 2015	1Q 2014	% Chng
Retail	65	63	3.2%
Office	17	30	-43.3%
Industrial	23	31	-25.8%
Multi-Family	25	30	-16.7%
Land	41	50	-18.0%

June 2015

Page 3

Senior Managing Director:

Todd Glidewell, MAI  
(901) 206-2277  
tglidewell@valbridge.com

Senior Appraisers:

Hugh Greer  
Craig Johnson  
Riley Rector  
Dana Richardson  
Andrew Trott

Senior Analyst:

Cary Crain

Administrative Manager:

Martha Dungy

To add a colleague to the distribution list, send the name, address, phone number and email address to Cary Crain at [ccrain@valbridge.com](mailto:ccrain@valbridge.com).

This and prior issues are available at the "Recent News" link at [www.ciappraisal.com](http://www.ciappraisal.com)

**Follow Us Online:**



**Prepared by:**

Cary Crain  
(901) 206-2263  
[ccrain@valbridge.com](mailto:ccrain@valbridge.com)

[www.valbridge.com](http://www.valbridge.com)

## Single Family Home Sales & Prices

According to the Memphis Area Association of Realtors, total sales volume is up as well as prices in Shelby, Fayette & Tipton Counties. New home sales show a decline in volume but a higher average price.

Home Sale Statistics - MAAR.org			
Shelby, Fayette & Tipton Counties			
YTD through	1Q 2015	1Q 2014	% Chng
No. of Sales	3,124	3,110	0.5%
Avg. Price	\$141,057	\$131,804	7.0%
\$ Volume	\$440,662,068	\$409,910,440	7.5%
New Home Sale Statistics			
Shelby, Fayette & Tipton Counties			
YTD through	1Q 2015	1Q 2014	% Chng
No. of Sales	121	181	-33.1%
Avg. Price	\$284,911	\$272,667	4.5%
\$ Volume	\$34,474,231	\$49,352,727	-30.1%

## Unemployment & Key Rates

Memphis MSA unemployment continues to be greater than the National average. However, the MSA unemployment rate has shown improvement. Lending rates have decreased by roughly 40 bp from a year ago in the 15 and 30-year mortgages.

Unemployment & Key Lending Rates				
CATEGORY	Mar '15	Feb '15	Dec '14	1 Yr. Prior
<b>Unemployment Memphis MSA</b>	<b>6.5</b>	<b>7.0</b>	<b>7.0</b>	<b>7.9</b>
<b>Unemployment National</b>	<b>5.5</b>	<b>5.5</b>	<b>5.6</b>	<b>6.6</b>
<b>Prime Rate</b>	<b>3.25</b>	<b>3.25</b>	<b>3.25</b>	<b>3.25</b>
<b>15-Year Mortgage</b>	<b>3.04</b>	<b>2.99</b>	<b>3.12</b>	<b>3.36</b>
<b>30-Year Mortgage</b>	<b>3.77</b>	<b>3.68</b>	<b>3.86</b>	<b>4.34</b>
<b>1-Year ARM</b>	<b>2.46</b>	<b>2.42</b>	<b>2.4</b>	<b>2.48</b>