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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
- ❖ MarketGraphics
- ❖ Situs 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.

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Commercial Markets: Second Quarter 2015

RETAIL – SNAPSHOT

- Bass Pro Shop opened their door in the Downtown Submarket delivering 220,000 SF
- H&M announced they will open a 26,000 square foot building at Tanger Factory Outlets

Shopping Center Data - CoStar & Xceligent

Market	MSA	Cville	Cordova	East	Gtown	Olv Brnch	Sthvn
Occupancy	89%	91%	93%	94%	90%	94%	96%
Asking Rent	\$10.55	\$17.84	\$13.27	\$13.21	\$17.59	\$16.89	\$12.47

OFFICE – SNAPSHOT

- The MSA has over 270,000 SF of positive net absorption year-to-date
- Tru Green leased over 65,000 SF in the East Submarket.

Class A & B Office Data - CoStar & Xceligent

Category	Sector/Mkt	Data	Sector/Mkt	Data
Memphis MSA Occupancy	Class A	89%	Class B	75%
YTD Net Absorption (sf)	Class A	193,077	Class B	67,472
Class A Occupancy	East	96%	385 Corridor	91%
Class A Quoted Rate	East	\$22.40	385 Corridor	\$19.75
Class B Occupancy	East	88%	385 Corridor	93%
Class B Quoted Rate	East	\$18.74	385 Corridor	\$16.69

INDUSTRIAL – SNAPSHOT

- Nike delivered their 1.7 million SF expansion in the Northwest Submarket
- Gateway Global Logistics Center II delivered a 554,000 SF spec building in DeSoto County

Warehouse & Flex Data - CoStar & Xceligent

Category	Sector/Mkt	Data	Sector/Mkt	Data
Memphis MSA Occupancy	Warehouse	88%	Flex	83%
Memphis MSA Rents	Warehouse	\$2.53	Flex	\$6.82
Warehouse Occupancy	Southeast	88%	Desoto	90%
Warehouse Quoted Rate	Southeast	\$2.68	Desoto	\$2.70
Flex Occupancy	Southeast	82%	Desoto	92%
Flex Quoted Rate	Southeast	\$4.89	Desoto	\$4.72

NET LEASE NATIONAL CAP RATES - SNAPSHOT

- Increased demand has cap rates improving
- Due to lower cap rates more supply is expected

Net Lease National Asking Cap Rates - The Boulder Group

Property	Asking Cap Rates		Change From Prior Qtr
	2Q15	1Q15	
Retail	6.40%	6.40%	None
Office	7.30%	7.35%	Decrease
Industrial	7.60%	7.70%	Decrease
Average for All Properties	7.10%	7.15%	

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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 188 MAIs, 67 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

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Cap Rates – National

According to the **Situs Real Estate Research Corporation (Situs RERC)** "Real Estate Report" and **PricewaterhouseCoopers (PwC)** "Real Estate Investor Survey," cap rates have shown slight improvement in all categories 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	4.50%	10.00%	6.91%	Decrease
Suburban Office	5.00%	9.00%	6.50%	Decrease
Flex Industrial	6.00%	9.00%	7.23%	Decrease
Warehouse	4.00%	7.00%	5.65%	Decrease
Apartment	3.50%	8.00%	5.30%	Decrease
Average for All Properties	4.60%	8.60%	6.32%	

Commercial Sale Volume & Pricing

This data applies to "non-bank" transactions and was published by **Chandler Reports, LLC**. There were 19 bank sales reported for 2Q15 vs. 17 in 2Q14. The average bank sale price in 2Q15 was \$409,758 vs. \$916,824 in 2Q14.

Commercial Sales - Shelby County		
Transactions		
2Q 2015	2Q 2014	% Chng
208	186	11.8%
Average Sale Price/Sale		
2Q 2015	2Q 2014	% Chng
\$1,762,938	\$886,114	99.0%

Commercial Sales - Shelby County			
YTD through	2Q 2015	2Q 2014	% Chng
Retail	135	119	13.4%
Office	44	53	-17.0%
Industrial	54	60	-10.0%
Multi-Family	51	51	0.0%
Land	87	98	-11.2%

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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	2Q 2015	2Q 2014	% Chng
No. of Sales	7,419	7,141	3.9%
Avg. Price	\$150,472	\$143,206	5.1%
\$ Volume	\$1,116,351,768	\$1,022,634,046	9.2%
New Home Sale Statistics			
Shelby, Fayette & Tipton Counties			
YTD through	2Q 2015	2Q 2014	% Chng
No. of Sales	294	401	-26.7%
Avg. Price	\$287,982	\$274,864	4.8%
\$ Volume	\$84,666,708	\$110,220,464	-23.2%

Lot Supply & New Home Data

New home inventory has decreased after a few years of stabilization. Lot supply continues to shrink and starts are down 2% from YE 2014 numbers according to MarketGraphics Research Group, Inc.

Lot Supply & Housing Permits - MSA				
MarketGraphics Research Group, Inc.				
12 Months through	Jul-15	Jul-14	Chng	% Chng
Developed Lots	9,654	10,966	(1,312)	-13.59%
New Home Permits	2,210	1,859	351	15.88%
Yrs. Supply	4.37	5.90	(1.53)	-35.04%

NEW HOME INVENTORY - MSA				
Period Ended July-15	2012	2013	2014	2015
Inventory	1,297	1,339	1,030	1,023

Trailing 12 Mos. Starts	
County	Jul-15
Crittenden	41
DeSoto	1,011
Fayette	176
Shelby	701
Tipton	59
Totals	1,988



Andrew Trott earns MAI Designation



We are pleased to announce that Andrew Trott of Valbridge Property Advisors | C & I Appraisal Services, Inc. has earned the prestigious MAI designation from the Appraisal Institute, signifying his high level of experience in the evaluation of commercial and other types of properties. With this professional milestone, Andrew has been named a Director in the Memphis office.

Andrew graduated from the University of Mississippi in 1991 with a Bachelor of Business Administration with a Real Estate major. He has 25 years of experience as a real estate appraiser and has been with C & I Appraisal, now Valbridge Property Advisors, for over 22 years. He has significant experience in the valuation of most real estate types including multi-family, office, retail, industrial and special use properties.

By receiving the MAI designation, Trott has joined an elite group of appraisers who have met rigorous professional requirements relating to education, testing, experience and demonstration of knowledge, understanding and ability.

The MAI designation is received upon the successful completion of a graduate-level curriculum, which includes a comprehensive exam, a written demonstration appraisal report and attaining 4,500 hours of qualifying experience requirements. Also, designees must abide by both the appraisal profession's Uniform Standards of Professional Appraisal Practice (USPAP) and the Appraisal Institute's Standards of Professional Practice and Code of Ethics. MAIs are recognized experts in appraising properties of all kinds and form a business network encompassing markets nationwide and around the world.