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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: Third Quarter 2015

RETAIL – SNAPSHOT

- The MSA had over 173,000 SF of positive net absorption in the third quarter
- MILANO Men's Wear leased 23,000 SF in the Southeast Submarket

Shopping Center Data - CoStar & Xceligent

Market	MSA	Cville	Cordova	East	Gtown	Olv Brnch	Sthvn
Occupancy	89%	92%	93%	94%	91%	93%	96%
Asking Rent	\$10.51	\$18.21	\$13.58	\$13.63	\$18.09	\$17.83	\$13.15

OFFICE – SNAPSHOT

- Class A vacancy has improved since 3Q14 from 15% to 11%
- LEDIC leased 23,685 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	85%
YTD Net Absorption (sf)	Class A	218,924	Class B	53,411
Class A Occupancy	East	96%	385 Corridor	90%
Class A Quoted Rate	East	\$22.67	385 Corridor	\$19.65
Class B Occupancy	East	88%	385 Corridor	94%
Class B Quoted Rate	East	\$18.68	385 Corridor	\$16.13

INDUSTRIAL – SNAPSHOT

- The MSA has had over 6.5 million square feet of positive absorption year-to-date
- TJX Companies leased 800,000 square feet at Memphis Oaks III

Warehouse & Flex Data - CoStar & Xceligent

Category	Sector/Mkt	Data	Sector/Mkt	Data
Memphis MSA Occupancy	Warehouse	90%	Flex	82%
Memphis MSA Rents	Warehouse	\$2.57	Flex	\$6.91
Warehouse Occupancy	Southeast	90%	Desoto	91%
Warehouse Quoted Rate	Southeast	\$2.72	Desoto	\$2.78
Flex Occupancy	Southeast	80%	Desoto	93%
Flex Quoted Rate	Southeast	\$4.93	Desoto	\$5.06

NET LEASED NATIONAL CAP RATES - SNAPSHOT

- Retail net leased properties saw the largest decline in asking cap rates since 2Q14
- New construction with long term leases continue to have the greatest demand

Net Lease National Asking Cap Rates - The Boulder Group

Property	Asking Cap Rates		Change From Prior Qtr
	3Q15	2Q15	
Retail	6.25%	6.40%	Decrease
Office	7.25%	7.30%	Decrease
Industrial	7.60%	7.60%	None
Average for All Properties	7.03%	7.10%	

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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.

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Cap Rates – National

According to the **Situs Real Estate Research Corporation (RERC)** "*Real Estate Report*" and **PricewaterhouseCoopers (PwC)** "*Real Estate Investor Survey*," cap rates have shown slight improvement in retail strip centers, suburban offices, and warehouses 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%	9.00%	6.81%	Decrease
Suburban Office	4.25%	9.00%	6.42%	Decrease
Flex Industrial	6.00%	9.00%	7.23%	None
Warehouse	4.00%	7.00%	5.56%	Decrease
Apartment	3.50%	8.00%	5.39%	Increase
Average for All Properties	4.45%	8.40%	6.28%	

Commercial Sale Volume & Pricing

This data applies to "non-bank" transactions and was published by **Chandler Reports, LLC**. There were 12 bank sales reported for 3Q15 vs. 12 in 3Q14. The average bank sale price in 3Q15 was \$422,890 vs. \$584,905 in 3Q14.

Commercial Sales - Shelby County		
Transactions		
3Q15	3Q14	% Chng
201	212	-5.2%
Average Sale Price/Sale		
3Q15	3Q14	% Chng
\$1,798,808	\$1,441,533	24.8%

Commercial Sales - Shelby County			
YTD through	3Q15	3Q14	% Chng
Retail	205	183	12.0%
Office	68	78	-12.8%
Industrial	81	93	-12.9%
Multi-Family	71	80	-11.3%
Land	126	153	-17.6%

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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	3Q15	3Q14	% Chng
No. of Sales	11,957	11,261	6.2%
Avg. Price	\$153,449	\$148,251	3.5%
\$ Volume	\$1,834,789,693	\$1,669,454,511	9.9%
New Home Sale Statistics			
Shelby, Fayette & Tipton Counties			
YTD through	3Q15	3Q14	% Chng
No. of Sales	491	662	-25.8%
Avg. Price	\$294,172	\$272,395	8.0%
\$ Volume	\$144,438,452	\$180,325,490	-19.9%

Lot Supply & New Home Data

New home inventory has decreased after a few years of stabilization. Starts are up 7% from November 2014 numbers according to MarketGraphics Research Group, Inc.

Lot Supply & Housing Permits - MSA				
MarketGraphics Research Group, Inc.				
12 Months through	Nov-15	Nov-14	Chng	% Chng
Developed Lots	9,010	10,491	(1,481)	-16.44%
New Home Permits	2,280	2,320	(40)	-1.75%
Yrs. Supply	3.95	4.52	(0.57)	-14.43%

NEW HOME INVENTORY - MSA				
Period Ended Nov-15	2012	2013	2014	2015
Inventory	1,194	1,055	1,100	1,088

Trailing 12 Mos. Starts	
County	Nov-15
Crittenden	41
DeSoto	1,129
Fayette	187
Shelby	765
Tipton	58
Totals	2,180