



MEMPHIS MSA Real Estate Newsletter

November 2011

3rd QTR 2011 DATA

3 pages

In This Issue

- 3rd Qtr 2011 Data
 - a. Retail
 - b. Office
 - c. Industrial
 - d. Multi-Family
- Cap Rate Trends
- Commercial Sale Trends
- New Home/Lot Data
- Home Sale/Price Trends

Data Sources

Apartment Association of Greater Memphis

Bankrate.com

Bloomberg.com

CB Richard Ellis

Chandler Reports, LLC

CoStar Group, Inc.

Insight Economics

MarketGraphics Research Group

Memphis Area Association of Realtors

PWC/Korpacz

Real Estate Research Corp.

RealtyRates.com

TN Dept. of Labor

Xceligent, Inc.

C&I Appraisal – Database

Contact Us

www.ciappraisal.com

Todd Glidewell, MAI

(901) 753-6977 ext. 15

todd@ciappraisal.com

Commercial Markets - Same Numbers/Different Qtr

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

RETAIL - Positive Absorption / No Change in Rents & Occupancy

- Net Absorption - 150k to 200k sf 3Q of 2011 in Shelby and Desoto Counties
- 8 of 13 markets show positive net absorption in 3Q

Current Quarter - Shopping Centers

Market	MSA	Cville	Cordova	East	Gtown	Olv Brnch	Sthvn
Occupancy	87%	93%	87%	95%	88%	88%	91%
Asking Rent	\$11.00	\$15.00	\$13.00	\$14.00	\$18.00	\$14.00	\$13.00

OFFICE - No Substantial Movement in the Market

- Class A & B combine for 200k sf positive net absorption through 3Q 2011
- East at 125k sf net absorption & 385 submarket is at 0 sf YTD

Class A & B Office Data

Category	Sector/Mkt	Data	Sector/Mkt	Data
Memphis MSA Occupancy	Class A	84%	Class B	80%
YTD Net Absorption (sf)	Class A	50,000	Class B	150,000
Class A Occupancy	East	88%	385 Corridor	90%
Class B Occupancy	East	84%	385 Corridor	87%
Class A Quoted Rate	East	\$25	385 Corridor	\$20
Class B Quoted Rate	East	\$18	385 Corridor	\$17

INDUSTRIAL - Steady Numbers Point to Stability

- Positive net absorption of 850k sf - Shelby & Desoto Counties through 3Q 2011
- Just over 200k sf in deliveries in 2011

Warehouse & Flex Data

Category	Sector/Mkt	Data	Sector/Mkt	Data
Memphis MSA Occupancy	Warehouse	87%	Flex	80%
Memphis MSA Rents	Warehouse	\$2.47	Flex	\$6.88
Warehouse Occupancy	Southeast	87%	Desoto	90%
Flex Occupancy	Southeast	88%	Desoto	84%
Warehouse Quoted Rate	Southeast	\$2.44	Desoto	\$2.90
Flex Quoted Rate	Southeast	\$4.83	Desoto	\$5.62

MULTI-FAMILY - Apartment Market Shines

- Occupancy and Rent are steady with slight growth in rents from YE 2010
- Just over 300 units delivered in 2011

Apartment Data - CBRE MarketView

Market	MSA	New Const	90's Const	80's Const	Old Const
Occupancy	91.6%	93.6%	94.5%	93.2%	87.7%
Avg Rent/Mo.	\$735	\$960	\$866	\$718	\$577
Avg Rent/SF	\$0.760	\$0.930	\$0.850	\$0.778	\$0.610
Rent Chng from YE '10	0.8%	4.5%	2.4%	1.1%	-2.2%



November 2011

Page 2

C&I Appraisal Services, Inc. is celebrating 20 years of service in 2011.

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

This issue and previous issues are available at www.ciappraisal.com when you select the "RECENT NEWS" link.

Contact Us

www.ciappraisal.com
 Todd Glidewell, MAI
 (901) 753-6977 ext. 15
todd@ciappraisal.com

Cap Rates - Nominal Movement in 3rd Qtr

According to the Real Estate Research Corporation (RERC) "Real Estate Report", cap rates are mixed compared to the prior qtr. The rates shown below are the NATIONAL AVERAGE for newer Class A properties. Other characteristics include 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.

RERC - 1st Tier Properties - National Averages			
Property	Average Cap Rates		
	Current Qtr	Previous Qtr	% Change
Power/Anchored Center	7.30%	7.50%	-0.20%
Neighborhood Strip Center	7.30%	7.10%	0.20%
Suburban Office	7.50%	7.50%	0.00%
Medical Office 1	8.10%	8.30%	-0.20%
Flex Industrial	7.80%	7.80%	0.00%
Warehouse	7.10%	7.00%	0.10%
Apartment	6.10%	6.00%	0.10%
Mini-Storage 1	7.50%	7.50%	0.00%
Hotel - Ltd Svc	8.40%	8.80%	-0.40%
Net Leased 1	8.10%	8.35%	-0.25%
Average for All Properties	7.52%	7.59%	-0.07%

1 - PWC Real Estate Investor Survey is source for this data

- Low interest rates will allow rates to remain near these levels.
- Most buyers are underwriting the purchase price on the "in-place" NOI and give little weight to potential income on vacant space.

Sale Volume & Pricing Show Gains

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 39 Bank sales reported for YTD vs. 34 in 2010. The average Bank sale price was just under \$400,000 vs. \$370,000 in 2010.

Commercial Sale Activity - Shelby County		
Transactions		
YTD Sept '11	YTD Sept '10	% Chng
506	393	28.8%
Average Sale Price/Sale		
YTD Sept '11	YTD Sept '10	% Chng
\$1,083,269	\$814,477	33.0%

Commercial Sale Activity - Shelby County			
Type	YTD Sept '11	YTD Sept '10	% Chng
Retail	161	109	47.7%
Office	59	50	18.0%
Industrial	68	57	19.3%
Multi-Family	53	47	12.8%
Land	126	104	21.2%



November 2011

Page 3

To add a colleague to the distribution list, send the name, address, phone number and email address to Todd Glidewell, MAI at todd@ciappraisal.com.

To be removed from our distribution list please notify todd@ciappraisal.com.

Previous Issues

This issue and previous issues are available at www.ciappraisal.com when you select the "RECENT NEWS" link.

Contact Us

www.ciappraisal.com

Todd Glidewell, MAI

(901) 753-6977 ext. 15

todd@ciappraisal.com

Declining Starts Impact Lot Absorption Rate

The change in Lot Supply at is down by over 850 lots from a year ago. Fewer starts helped lower the new home inventory by 250 units. MarketGraphics Research Group, Inc. reports that starts were down in 4 of the 5 counties surveyed.

November 2011 Lot Supply/Demand MEMPHIS MSA				
	Nov '11	Nov '10	Chng	% Chng
Developed Lots	15,449	16,309	(860)	-5.57%
Starts - Trailing 12 mos.	1,215	1,365	(150)	-12.35%
Yrs. Supply	12.72	11.95	0.77	6.03%

NEW HOME INVENTORY - MEMPHIS MSA						
November of	2006	2007	2008	2009	2010	2011
Inventory	6,051	5,524	3,894	2,362	1,600	1,355

Trailing 12 Mos. Starts			
County	Nov '11	Nov '10	% Chng
Crittenden	43	43	0.0%
Desoto	365	448	-18.5%
Fayette	79	88	-10.2%
Shelby	692	715	-3.2%
Tipton	36	71	-49.3%
Totals	1,215	1,365	-11.0%

Home Sales Decline but Prices Unchanged

According to the Memphis Area Association of Realtors, sale volume is down for new and existing homes in Shelby, Fayette and Tipton counties. Pricing is stable for both categories over the past 12 months. All home sales are down about 12% in sales volume, whereas new homes saw a substantial decrease of 34% in sales.

Home Sale Statistics - MAAR.org			
Shelby, Fayette & Tipton Counties			
	3Q 2011	3Q 2010	% Chng
No. of Sales	9,744	11,041	-11.7%
Avg. Price	\$126,350	\$128,453	-1.6%
\$ Volume	\$1,231,154,400	\$1,418,249,573	-13.2%
New Home Sale Statistics			
Shelby, Fayette & Tipton Counties			
	3Q 2011	3Q 2010	% Chng
No. of Sales	442	671	-34.1%
Avg. Price	\$226,891	\$224,900	0.9%
\$ Volume	\$100,285,822	\$150,907,900	-33.5%