



COMMERCIAL REAL ESTATE E-Newsletter

MARCH 2009

C&I APPRAISAL SERVICES, INC.

1st QTR 2009, 2pages

In This Issue

- 2008 4th Qtr Summary
 - a. Retail
 - b. Office
 - c. Industrial
 - d. Multi-Family
- 2009 Tax Appraisals Increase for Many
- 2008 Home Sales & Prices Down from 2007
- Lots Abundant but New Homes are Scarce

Real Estate Data Sources

Chandler Reports, LLC

MarketGraphics Research Group

CoStar Group, Inc.

CB Richard Ellis

PricewaterhouseCoopers

Real Estate Research Corp.

Insight Economics

*C&I Appraisal – Internal Database
This database contains over
8,000 confirmed commercial
sales and rent comparables*

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Commercial Markets Flat to Declining

The following is drawn from the **CoStar Group, Inc.** and **CBRE MarketView** market reports for the Memphis MSA.

RETAIL (4th Qtr 08) – Trends point downward

- Positive absorption YE of about 450k sf in the MSA
- YE Deliveries of just over 1 million sf
- About 750k sf under construction
- Memphis MSA overall vacancy is around 10%
- Highest quoted rent/sf – East submarket at \$22+
- Six of Eleven submarkets over 90% occupancy
- Investment Sale transactions all but ceased
- Leasing concessions on the rise
- Occupancy & Rents expected to trend down in 2009



OFFICE (4th Qtr 08) – East & 385 remain as Market leaders

- Negative net absorption was driven by 2 large tenants
- Positive YE net absorption in Class A
- 215k sf of deliveries in the quarter (East & 385 mkts)
- Memphis MSA occupancy – Class A: 89% Class B: 81%
- Class A occupancy for East is above 90%
- Class A occupancy for 385 Corridor is above 90%
- Sublease space rises
- Highest quoted Class A rent/sf – East at \$22+
- Occupancy & Rents to see pressure in 2009



INDUSTRIAL (4th Qtr 08) – Absorption rises - Market is steady

- About 3.5 million sf Net absorption in 2008
- About 2.75 million sf of Deliveries in 2009
- Less than 1 million sf under construction
- Memphis MSA occupancy approximately 85%
- DeSoto County is overall market leader
- Southeast Whs Occupancy – 88%
- DeSoto County Whs Occupancy – 83%
- Avg quoted rent/sf in Bulk Whs for Southeast - \$2.70 +/-
- Avg quoted rent/sf in Bulk Whs for DeSoto - \$3.00 +/-
- Memphis MSA average rent/sf in Bulk Whs – \$2.60 +/-
- Best markets are expected to remain flat in 2009



Multi-Family (4th Qtr 08) – Flat to slight decline from 3rd Qtr

- Total inventory of nearly 100,000 units
- Memphis MSA occupancy at 90%
- Memphis MSA average rent/sf - \$0.748
- Rent Growth - 1.8% increase over YE 2007
- Best Occupancy – Downtown & DeSoto at 91% to 93%
- Highest avg. rent/mo. – Gtown/Cville & Downtown \$945 to \$985
- Lowest Occupancy – East & West Winchester at 85% to 86%
- Most 80's construction & newer at 89% + occupancy
- 1,200+ units completed in 2008
- Tenant Credit and Foreclosures "For Rent" hinder growth



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2009 Tax Appraisals Increase for Many

The Shelby County Tax Assessor has released the preliminary 2009 appraisals on commercial property. For most, the 2009 value can be viewed and compared to the 2008 value at www.assessor.shelby.tn.us. A 15% increase, on average, over 2008 values is expected and some properties may see values change upward by as much as 90%. While the date of value is required to be January 1, 2009, many of the values were established in 2008 and do not reflect the current economic climate. Tax increases will have a negative impact on property values. Contact us if you or your clients need information about appealing the value prior to the July 31, 2009 deadline.



Home Sales/Prices Show Declines

According to **Chandler Reports, LLC** 2008 *home sales* declined substantially from the numbers for 2007.

SINGLE FAMILY HOME SALES BY TYPE						
CHANDLER REPORTS, LLC						
Type	2007		2008		% Change	
	# of Sales	Avg Price	# of Sales	Avg Price	# of Sales	Avg Price
Existing	16,825	\$135,601	13,555	\$117,942	-19.4%	-13.0%
New	2,415	\$288,368	1,431	\$269,699	-40.7%	-6.5%
Total	19,240		14,986		-22.1%	

Sample excludes Condos and Duplex sales



Lot Supply High but...New Inventory Down

Lot Supply at March 2009 is unchanged but *Demand* continues to plummet as reported by **MarketGraphics Research Group, Inc.** New Inventory continues to improve with a lower count.

March 2009 - Trailing 12 mos. Home Starts			
Source: MarketGraphics Research Group, Inc.			
County	Mar 08	Mar 09	% Chng
Crittenden	246	95	-61.4%
Desoto	1,552	491	-68.4%
Fayette	502	217	-56.8%
Shelby	1,995	1,069	-46.4%
Tipton	288	99	-65.6%
Totals	4,583	1,971	-57.0%



March 2009 Lot Supply/Demand - Memphis MSA				
Source: MarketGraphics Research Group, Inc.				
	Mar '08	Mar '09	Chng	% Chng
Supply	17,912	17,607	(305)	-1.70%
Demand	4,583	1,971	(2,612)	-56.99%
Yrs. Supply	3.91	8.93		128.56%



NEW HOME INVENTORY - MEMPHIS MSA					
Source: Market Graphics Research Group					
Year	2005	2006	2007	2008	Mar '09
New Home Inventory	5,583	6,061	5,524	3,893	3,263

