

In This Issue

- Quarterly Statistics
 - Retail
 - Office
 - Industrial
 - Multifamily
- Cap Rates
- Commercial Sales
- Home Sale/Price Trends
- Lot Supply/New Home Data

Data Sources

- ❖ Apartment Association of Greater Memphis
- ❖ ARA – A Newmark Company
- ❖ Bankrate.com
- ❖ Bloomberg.com
- ❖ Bureau of Labor Statistics
- ❖ 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
- ❖ Valbridge Property Advisors

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

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Commercial Markets: First Quarter 2018

RETAIL – SNAPSHOT

- Overall occupancy in the Memphis MSA has increased by 2% from 1Q17.
- The largest shopping center lease signing was 10,088 square feet at 1185 Ridgeway Road.

Shopping Center Data - CoStar & Valbridge							
Market	MSA	Cville	Cordova	East	Gtown	Olv Brnch	Sthvn
Occupancy	92%	92%	95%	96%	91%	96%	94%
Asking Rent	\$11.50	\$17.00	\$14.00	\$14.00	\$18.50	\$16.00	\$14.00

OFFICE – SNAPSHOT

- Four buildings totalling approximately 40,500 square foot were delivered in 1Q18.
- The construction of ServiceMaster's 328,000 square foot HQ is nearing completion.
- The 145,000 square foot TraVure development became operational in 1Q18.

Class A & B Office Data - CoStar & Valbridge				
Category	Sector/Mkt	Data	Sector/Mkt	Data
Memphis MSA Occupancy	Class A	89%	Class B	89%
Memphis MSA Quoted Rate	Class A	\$21.00	Class B	\$17.00
Class A Occupancy	East	92%	385 Corridor	88%
Class A Quoted Rate	East	\$27.00	385 Corridor	\$19.00
Class B Occupancy	East	90%	385 Corridor	93%
Class B Quoted Rate	East	\$19.00	385 Corridor	\$20.00

INDUSTRIAL – SNAPSHOT

- Industrial markets had a positive absorption of approximately 1,150,000 square feet in 1Q18.
- Warehouse occupancy in Desoto County has increased by 1% from 1Q17.

Warehouse & Flex Data - CoStar & Valbridge				
Category	Sector/Mkt	Data	Sector/Mkt	Data
Memphis MSA Occupancy	Warehouse	94%	Flex	89%
Memphis MSA Rents	Warehouse	\$3.40	Flex	\$8.10
Warehouse Occupancy	Southeast	93%	Desoto	96%
Warehouse Quoted Rate	Southeast	\$3.10	Desoto	\$3.40
Flex Occupancy	Southeast	86%	Desoto	97%
Flex Quoted Rate	Southeast	\$5.40	Desoto	\$11.00

MULTIFAMILY – SNAPSHOT

- Overall occupancy for Memphis MSA has decreased by 2% from 1Q17.
- There is a total of 956 units under construction within the Memphis MSA.
- Nearly 60% of the total units under construction have a completion date before Year-End 2018.

Apartment Data - CoStar							
Market	MSA	Frayser	Collierville	Downtown	Midtown	Southeast	East Memphis
Occupancy	88%	81%	92%	94%	93%	85%	89%
Market Rent	\$800	\$580	\$1,220	\$1,230	\$740	\$650	\$681
Avg Rent/SF	\$0.85	\$0.65	\$1.20	\$1.30	\$1.00	\$0.70	\$0.80
Avg SF	941	892	1,017	946	740	929	851

June 2018
 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 200+ MAIs, 70 office locations and 675+ staff across the nation. Each Valbridge office is led by an appraiser who holds the MAI designation of the Appraisal Institute.

Valbridge Property Advisors | Memphis provides appraisals, consulting, market studies & feasibility analyses within the Memphis MSA.

The firm has over 150 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 remained stable in several categories. 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 - Situs RERC & PWC				
Property	Cap Rates			Value Trend From Prior Qtr
	Low	High	Average	
Retail Strip Center	4.00%	9.50%	6.78%	Increase
Suburban Office	4.35%	10.00%	6.81%	Stable
Flex Industrial	6.30%	9.00%	7.20%	Stable
Warehouse	3.00%	8.80%	5.88%	Stable
Apartment	3.75%	8.50%	5.52%	Decrease
Average for All Properties	4.28%	9.16%	6.44%	

Commercial Sale Volume & Pricing

This data applies to "non-bank" transactions and was published by **Chandler Reports, LLC**. There were 3 bank sales reported in 1Q18 vs. 15 for 1Q17. The average bank sale price in 1Q18 was \$401,067 vs. \$1,760,121 in 1Q17.

Commercial Sales - Shelby County		
Transactions		
1Q18	1Q17	% Chng
227	244	-7.0%
Average Sale Price/Sale		
1Q18	1Q17	% Chng
\$1,299,709	\$1,014,586	28.1%

Commercial Sales - Shelby County			
YTD through	1Q18	1Q17	% Chng
Retail	76	66	15.2%
Office	23	28	-17.9%
Industrial	39	33	18.2%
Multi-Family	29	27	7.4%
Land	57	83	-31.3%

June 2018
Page 3

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Single Family Home Sales & Prices

According to the **Memphis Area Association of Realtors**, total sales volume for 1Q18 decreased while average sales price increased compared to 1Q17 in Shelby, Fayette & Tipton Counties. New home sales show an increase in volume and increase in average sales price.

Existing Home Sale Statistics - MAAR.org			
Shelby, Fayette & Tipton Counties			
YTD through	1Q18	1Q17	% Chng
No. of Sales	3,759	3,814	-1.4%
Avg. Price	\$188,917	\$144,264	31.0%
\$ Volume	\$710,139,003	\$550,222,896	29.1%
New Home Sale Statistics			
Shelby, Fayette & Tipton Counties			
YTD through	1Q18	1Q17	% Chng
No. of Sales	195	182	7.1%
Avg. Price	\$319,774	\$311,657	2.6%
\$ Volume	\$62,355,930	\$56,721,574	9.9%

Lot Supply & New Home Data

New home inventory has remained relatively stable since 2015. Lot supply continues to shrink, and new home permits are up 4.5% from March 2017 numbers according to **MarketGraphics Research Group, Inc.**

Lot Supply & Housing Permits - MSA				
MarketGraphics Research Group, Inc.				
12 Months through	Mar-18	Mar-17	Chng	% Chng
Developed Lots	6,923	7,647	(724)	-10.46%
New Home Permits	3,050	2,915	135	4.43%
Yrs. Supply	2.27	2.62	(0.35)	-15.57%

NEW HOME INVENTORY - MSA				
Period Ended November	2015	2016	2017	2018
Inventory	1,088	1,051	1,143	1,116

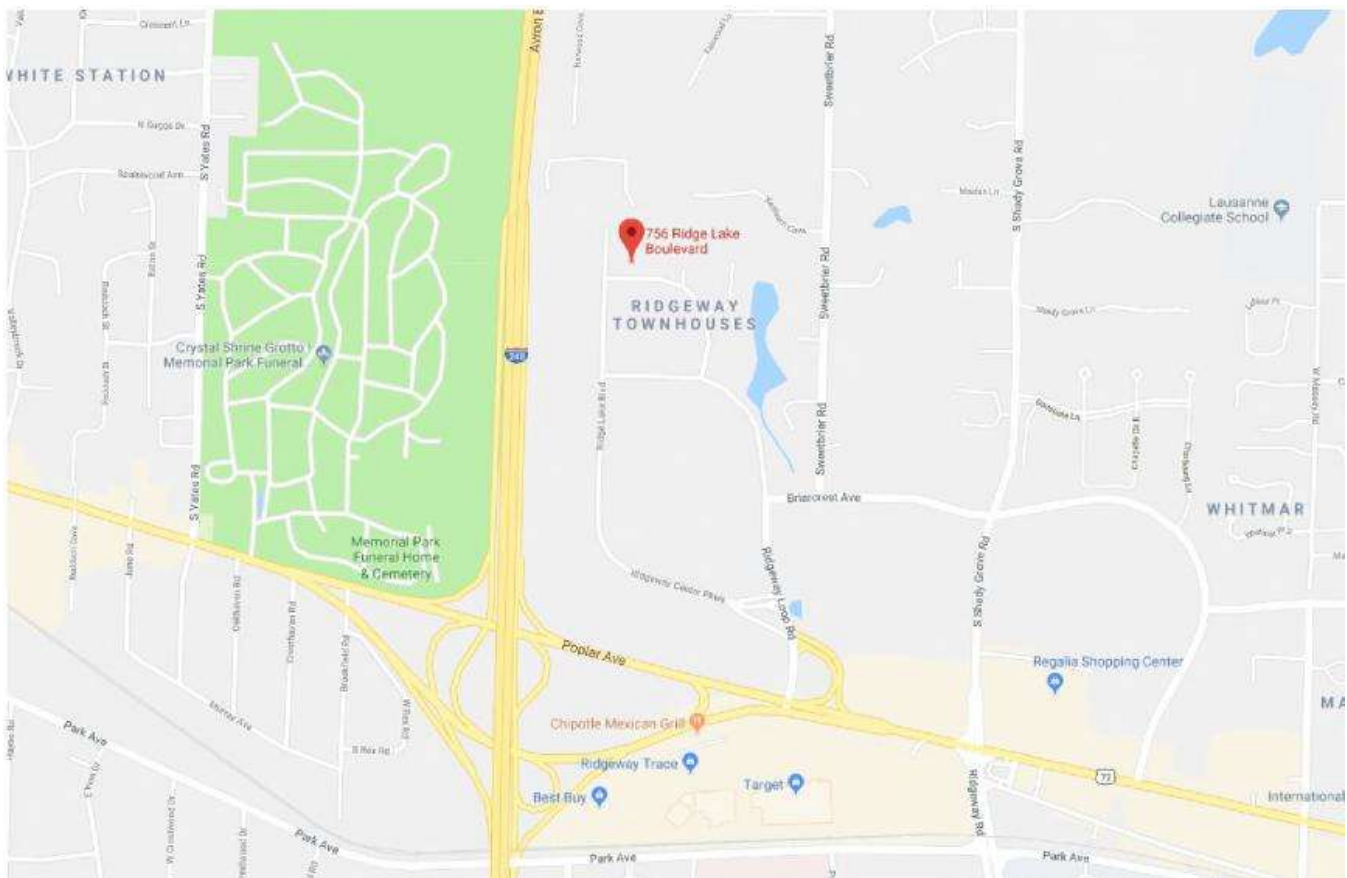
Trailing 12 Mos. Starts	
County	Mar-18
Crittenden	91
DeSoto	897
Fayette	179
Shelby	932
Tipton	102
Totals	2,201

We are moving!

Valbridge Property Advisors | Memphis will be closing the office at noon on Friday June 8th so we can move to our new location. We will reopen for business at 8 am on Monday June 11th.

All phone numbers and email addresses will remain the same. Please make a note of the new location and mailing address in your records.

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