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## 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: Year-End 2017

### RETAIL – SNAPSHOT

- Shopping Center vacancies have declined by approximately 120 basis points from the prior quarter.
- The 135,000 square foot Poplar Commons facility was delivered in 4Q17 and is 100% occupied.

Shopping Center Data - CoStar and Valbridge							
Market	MSA	Cville	Cordova	East	Gtown	Olv Brnch	Sthvn
Occupancy	93%	92%	94%	97%	95%	94%	96%
Asking Rent	\$11.50	\$16.95	\$15.00	\$13.40	\$17.80	\$15.80	\$13.70

### OFFICE – SNAPSHOT

- Six office buildings totalling 334,000 square feet were delivered in 4Q17.
- The construction of ServiceMaster's 328,000 square foot HQ will continue through 1Q18.

Class A & B Office Data - CoStar and Valbridge				
Category	Sector/Mkt	Data	Sector/Mkt	Data
Memphis MSA Occupancy	Class A	90%	Class B	88%
Memphis MSA Quoted Rate	Class A	\$20.60	Class B	\$16.90
Class A Occupancy	East	93%	385 Corridor	88%
Class A Quoted Rate	East	\$27.00	385 Corridor	\$18.50
Class B Occupancy	East	89%	385 Corridor	93%
Class B Quoted Rate	East	\$19.40	385 Corridor	\$19.70

### INDUSTRIAL – SNAPSHOT

- Warehouse markets had a positive absorption of approximately 3,500,000 square feet in 4Q17.
- Total warehouse vacancies have decreased by 1% when compared to 3Q17 occupancy rate of 93%.
- Amazon's 615,000 square foot lease signing on 3282 East Holmes Road was the largest of the year.

Warehouse & Flex Data - CoStar and Valbridge				
Category	Sector/Mkt	Data	Sector/Mkt	Data
Memphis MSA Occupancy	Warehouse	94%	Flex	88%
Memphis MSA Rents	Warehouse	\$3.30	Flex	\$7.90
Warehouse Occupancy	Southeast	93%	Desoto	96%
Warehouse Quoted Rate	Southeast	\$3.00	Desoto	\$3.60
Flex Occupancy	Southeast	87%	Desoto	98%
Flex Quoted Rate	Southeast	\$5.30	Desoto	\$11.50

### MULTIFAMILY – SNAPSHOT

- Downtown, Southeast Memphis, Midtown and Germantown have 1,045 units under construction.
- The largest multi-family sale of the year was The Preserve at Forest Creek for \$56,600,000 or \$136,714 per unit.

Apartment Data - CoStar							
Market	MSA	Frayser	Collierville	Downtown	Midtown	Southeast	East Memphis
Occupancy	91.0%	84.0%	94.0%	93.0%	93.0%	86.0%	90.0%
Market Rent	\$770	\$550	\$1,170	\$1,170	\$745	\$617	\$670
Average Rent/SF	\$0.80	\$0.61	\$1.15	\$1.28	\$1.00	\$0.66	\$0.80
Avg SF	963	902	1,017	914	745	935	838

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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 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 shown changes 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%	6.19%	Decrease
Suburban Office	4.20%	10.00%	6.61%	Stable
Flex Industrial	5.50%	9.50%	7.05%	Stable
Warehouse	3.30%	7.00%	5.43%	Stable
Apartment	3.50%	7.50%	5.16%	Stable
<b>Average for All Properties</b>	<b>4.10%</b>	<b>8.70%</b>	<b>6.09%</b>	

## Commercial Sale Volume & Pricing

This data applies to "non-bank" transactions and was published by **Chandler Reports, LLC**. There were 42 bank sales reported in 2017 vs. 36 for 2016. The average bank sale price in 2017 was \$1,141,763 vs. \$965,308 in 2016.

Commercial Sales - Shelby County		
Transactions		
2017	2016	% Chng
<b>1,025</b>	<b>992</b>	<b>3.3%</b>
Average Sale Price/Sale		
2017	2016	% Chng
<b>\$1,565,233</b>	<b>\$1,659,883</b>	<b>-5.7%</b>

Commercial Sales - Shelby County			
Property Type	2017	2016	% Chng
Retail	324	325	-0.3%
Office	126	129	-2.3%
Industrial	133	170	-21.8%
Multi-Family	142	114	24.6%
Land	274	221	24.0%

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## Single Family Home Sales & Prices

According to the Memphis Area Association of Realtors, total sales volume for 4Q17 decreased while average sales price increased compared to 4Q16 in Shelby, Fayette & Tipton Counties. New home sales show a decrease in volume while average price continues to increase.

Existing Home Sale Statistics - MAAR.org			
Shelby, Fayette & Tipton Counties			
YTD through	4Q17	4Q16	% Chng
No. of Sales	4,348	4,397	-1.1%
Avg. Price	\$178,039	\$165,853	7.3%
\$ Volume	\$774,113,572	\$729,255,641	6.2%
New Home Sale Statistics			
Shelby, Fayette & Tipton Counties			
YTD through	4Q17	4Q16	% Chng
No. of Sales	220	244	-9.8%
Avg. Price	\$321,670	\$288,793	11.4%
\$ Volume	\$70,767,400	\$70,465,492	0.4%

## Lot Supply & New Home Data

New home inventory has remained relatively stable since 2014. Lot supply continues to shrink, and new home permits are up 8% from November 2016 numbers according to MarketGraphics Research Group, Inc.

Lot Supply & Housing Permits - MSA				
MarketGraphics Research Group, Inc.				
12 Months through	Nov-17	Nov-16	Chng	% Chng
Developed Lots	7,530	7,657	(127)	-1.69%
New Home Permits	2,981	2,738	243	8.15%
Yrs. Supply	2.53	2.80	(0.27)	-10.71%

NEW HOME INVENTORY - MSA				
Period Ended November-17	2014	2015	2016	2017
Inventory	1,100	1,088	1,051	1,143

Trailing 12 Mos. Starts	
County	Nov-17
Crittenden	54
DeSoto	787
Fayette	173
Shelby	855
Tipton	61
<b>Totals</b>	<b>1,930</b>