

## 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.*

## Follow Us Online:



## Prepared by:

Philip Cannon  
 (901) 206-2270  
[pcannon@valbridge.com](mailto:pcannon@valbridge.com)

[www.valbridge.com](http://www.valbridge.com)

# Commercial Markets: Second Quarter 2018

## RETAIL – SNAPSHOT

- Occupancy levels are stable to increasing within the Memphis MSA.
- The largest lease signing was 39,600-square feet to Urban Air at Carriage Crossing.

Shopping Center Data - CoStar & Valbridge							
Market	MSA	Cville	Cordova	East	Gtown	Olv Brnch	Sthvn
Occupancy	93%	92%	94%	97%	91%	97%	95%
Asking Rent	\$11.75	\$16.00	\$14.50	\$13.75	\$19.50	\$17.25	\$12.50

## OFFICE – SNAPSHOT

- The largest lease signing was 50,190-square feet to Pfizer at 949 S Shady Grove.
- Occupancy levels remained relatively stable in the second quarter.

Class A & B Office Data - CoStar & Valbridge				
Category	Sector/Mkt	Data	Sector/Mkt	Data
Memphis MSA Occupancy	Class A	90%	Class B	89%
Memphis MSA Quoted Rate	Class A	\$21.00	Class B	\$17.25
Class A Occupancy	East	92%	385 Corridor	88%
Class A Quoted Rate	East	\$27.75	385 Corridor	\$19.00
Class B Occupancy	East	89%	385 Corridor	94%
Class B Quoted Rate	East	\$19.25	385 Corridor	\$20.75

## INDUSTRIAL – SNAPSHOT

- Two buildings containing 1.23 million square feet were completed in 2Q18 within the MSA.
- Memphis MSA warehouse rental rates increased by approximately 3% from 1Q18.

Warehouse & Flex Data - CoStar & Valbridge				
Category	Sector/Mkt	Data	Sector/Mkt	Data
Memphis MSA Occupancy	Warehouse	93%	Flex	87%
Memphis MSA Rents	Warehouse	\$3.50	Flex	\$8.00
Warehouse Occupancy	Southeast	93%	Desoto	89%
Warehouse Quoted Rate	Southeast	\$3.00	Desoto	\$3.50
Flex Occupancy	Southeast	81%	Desoto	96%
Flex Quoted Rate	Southeast	\$5.50	Desoto	\$10.50

## MULTIFAMILY – SNAPSHOT

- Overall occupancy for Memphis MSA has increased 1% from 1Q18.
- Rental rates have remained stable since 1Q18.

Apartment Data - CoStar							
Market	MSA	Frayser	Collierville	Downtown	Midtown	Southeast	East Memphis
Occupancy	89%	81%	95%	95%	94%	85%	89%
Market Rent	\$810	\$580	\$1,280	\$1,260	\$750	\$660	\$680
Avg Rent/SF	\$0.85	\$0.65	\$1.20	\$1.30	\$1.00	\$0.70	\$0.85
Avg SF	953	892	1,067	969	750	943	800

September 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, self-stg, religious buildings, single & multi-tenant buildings, office, hotel/motel, special use, & industrial property.

Follow Us Online:



**Prepared by:**  
Philip Cannon  
(901) 206-2270  
[pcannon@valbridge.com](mailto:pcannon@valbridge.com)

[www.valbridge.com](http://www.valbridge.com)

## 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%	Stable
Suburban Office	4.35%	10.00%	6.84%	Stable
Flex Industrial	6.30%	8.00%	7.10%	Increase
Warehouse	3.00%	8.50%	5.95%	Decrease
Apartment	3.50%	8.50%	5.53%	Stable
<b>Average for All Properties</b>	<b>4.23%</b>	<b>8.90%</b>	<b>6.44%</b>	

## Commercial Sale Volume & Pricing

This data applies to "non-bank" transactions and was published by **Chandler Reports, LLC**. There were 7 bank sales reported in 2Q18 vs. 14 for 2Q17. The average bank sale price in 2Q18 was \$6,355,071 vs. \$658,232 in 2Q17.

Commercial Sales - Shelby County		
Transactions		
2Q18	2Q17	% Chng
247	227	8.8%
Average Sale Price/Sale		
2Q18	2Q17	% Chng
\$1,689,257	\$1,299,709	30.0%

Commercial Sales - Shelby County			
YTD through	2Q18	2Q17	% Chng
Retail	154	135	14.1%
Office	62	48	29.2%
Industrial	69	63	9.5%
Multi-Family	57	53	7.5%
Land	112	124	-9.7%

**September 2018**  
**Page 3**

Senior Managing Director:  
 Todd Glidewell, MAI  
 (901) 206-2277  
 tglidewell@valbridge.com

Director:  
 Andrew Trott, MAI

Operations Manager:  
 Cary Crain

Senior Appraisers:  
 Hugh Greer  
 Craig Johnson  
 Dana Richardson

Senior Analyst:  
 Philip Cannon

Administrative Manager:  
 Martha Dungy

To add a colleague to the distribution list, send the name, address, phone number and email address to Philip Cannon at [pcannon@valbridge.com](mailto:pcannon@valbridge.com)

This and prior issues are available at the "Newsletters" link at [www.valbridge.com/memphis](http://www.valbridge.com/memphis)

**Follow Us Online:**



**Prepared by:**  
 Philip Cannon  
 (901) 206-2270  
[pcannon@valbridge.com](mailto:pcannon@valbridge.com)

[www.valbridge.com](http://www.valbridge.com)

## Single Family Home Sales & Prices

According to the **Memphis Area Association of Realtors**, total sales volume and average sales price increased in 2Q18 compared to 2Q17 in Shelby, Fayette & Tipton Counties. New home sales show an increase in volume and average sale price.

Existing Home Sale Statistics - MAAR.org			
Shelby, Fayette & Tipton Counties			
YTD through	2Q18	2Q17	% Chng
No. of Sales	9,093	8,933	1.8%
Avg. Price	\$172,603	\$159,669	8.1%
\$ Volume	\$1,569,479,079	\$1,426,323,177	10.0%
New Home Sale Statistics			
Shelby, Fayette & Tipton Counties			
YTD through	2Q18	2Q17	% Chng
No. of Sales	451	378	19.3%
Avg. Price	\$369,406	\$320,166	15.4%
\$ Volume	\$166,602,106	\$121,022,748	37.7%

## 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 3.7% from July 2017 numbers according to **MarketGraphics Research Group, Inc.**

Lot Supply & Housing Permits - MSA				
MarketGraphics Research Group, Inc.				
12 Months through	Jul-18	Jul-17	Chng	% Chng
Developed Lots	6,281	7,760	(1,479)	-23.55%
New Home Permits	3,036	2,923	113	3.72%
Yrs. Supply	2.07	2.65	(0.59)	-28.32%

NEW HOME INVENTORY - MSA				
Period Ended July 2018	2015	2016	2017	2018
Inventory	1,023	1,029	1,071	1,054

Trailing 12 Mos. Starts	
County	Jul-18
Crittenden	87
DeSoto	986
Fayette	205
Shelby	758
Tipton	99
<b>Totals</b>	<b>2,135</b>

© Copyright 2018 Valbridge Property Advisors | Memphis. ALL information herein was obtained from third parties. The accuracy of the data is not verified, warranted or guaranteed. For the exclusive use of Valbridge Property Advisors | Memphis. Reproduction or distribution without consent is prohibited.