

## **Overview of Commercial Market 2006-2008 Chattanooga Metro Region**

**Numbers are intriguing. I have been a student of the residential real estate market for many years. My sellers know that I like to look at absorption rates as an important indicator in building a marketing and pricing plan for particular properties. The commercial market is more difficult to measure. To get a view of the region at a relative 30,000 feet, I looked at the number of transfers, average price and dollar volume in three different databases. The three databases are as follows: tax records for Hamilton County, Multiple Listing Commercial Sales in Chattanooga MLS, and Commercial Sales recorded in the new Commercial Catylist system via Chattanooga Association of Realtors.**

**2008 compared to 2006 and 2007 was not kind to local commercial real estate professionals keeping score in the local databases. The number of transfers and dollar volume dropped 50%-60% from 2007 to 2008.**

**The good news for the local economy is that according to tax records while the number of transfers in 2008 fell 15% from 2007, the dollar volume actually rose 22% from \$280M in 2007 to \$342M in 2008. A validation of the expanding volume is that the tax database and the Catylist system showed an increase of average transfer prices each year.**

**The discrepancy between the tax data and professional Realtor data is large and merits further study. The tax database is flawed with zero prices in sales amounts for multiple parcel sales as well some repeating sales dollar amounts that increase the volume. Regardless of it's problems, I looked at the tax data the same way for each year. To me there are still trends in the figures (that is regardless of average price and total dollar volume, the**

**number of transactions did decrease in all of the databases considered from 2007 to 2008.)**

**What happens in 2009 remains to be seen. As of January 13, 2009 there are 489 active commercial listings for sale in Catylist and 400 active commercial listings in MLS.**

**Using the sales numbers from 2008 we have 4-6 years of inventory in the commercial sector represented by local professionals.**

**A positive observation from this quick study is that the tax data shows that the Hamilton County commercial market dollar volume is expanding. We are a valuable area as evidenced by the faith Volkswagen showed in choosing Chattanooga to locate their new plant.**

**There are opportunities out there for the patient and vigilant. Here's to a prosperous 2009!**

**Brian Kelly  
Broker**

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