

MEMPHIS + MARKET OVERVIEW



**COMMERCIAL
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BUSINESS REAL ESTATE SERVICES



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MEMPHIS MARKET OVERVIEW

Metropolitan Memphis, located in the southeast corner of Tennessee, Northwest Mississippi, and eastern Arkansas, contains approximately 3,012 square miles and is inhabited by a population of approximately 1.28 million people. As one of the few MSAs that include three states, the Memphis Region plays an integral role as a centerpiece of the Mid-South area. Memphis is the economic capital of the Mid-South. It has become a regional and national supply chain and logistics hub because of its central location and well-developed infrastructure. In recent years, numerous national and international corporations have relocated or expanded their operations in Memphis to take advantage of low costs and the convenience that the area’s logistics infrastructure offers.



The infrastructure of Memphis includes:

- World’s busiest cargo airport 17 consecutive years as ranked by Airports Council International, Geneva, Switzerland. More than 3.8 million metric tons shipped in 2007.
- FedEx World Hub and UPS super-hub operations
- One of only three cities that has 5 of the 7 Class I railroads in the United States. The Class I railroads are the largest railroads in North America and are defined as rail companies that have annual revenues in excess of \$250 million. The Class I railroads in Memphis are Burlington Northern Santa Fe (BNSF), Canadian National (CN), CSX, Norfolk Southern (NS) and Union Pacific (UP).
- Second largest port on the Mississippi River
- Crossroads of two of the nation’s busiest highways – Interstate 40 and Interstate 55 and soon to boast the convergence of I-22 and I-69 (the international interstate that will connect Ontario, Canada with Mexico)



The Memphis MSA.

POPULATION

The Memphis MSA consists of eight counties located in three states: Tennessee, Arkansas, and Mississippi. The city of Memphis is located in Shelby County, Tennessee. The 2008 estimated population for the Memphis MSA is 1,281,445. The Memphis MSA population is expected to increase by a total of 0.8% by 2012. Households in the Memphis MSA have an average annual income \$59,910. In addition, Memphis boasts a lower than average cost of living rate at 90.7 points, which is 9.3 points below the national average.

COUNTY	2000 CENSUS POPULATION	2007 ESTIMATED POPULATION	5-YEAR PROJECTED GROWTH
Shelby, TN	897,472	916,744	0.4%
Crittenden, AR	50,866	51,926	0.3%
DeSoto, MS	107,199	148,568	3.2%
Fayette, TN	28,806	35,471	2.2%
Marshall, MS	34,993	35,604	0.3%
Tate, MS	25,370	26,627	0.6%
Tipton, TN	51,271	56,073	1.1%
Tunica, MS	9,227	10,432	1.4%
Memphis MSA	1,205,204	1,281,445	0.8%

Source: SITES USA

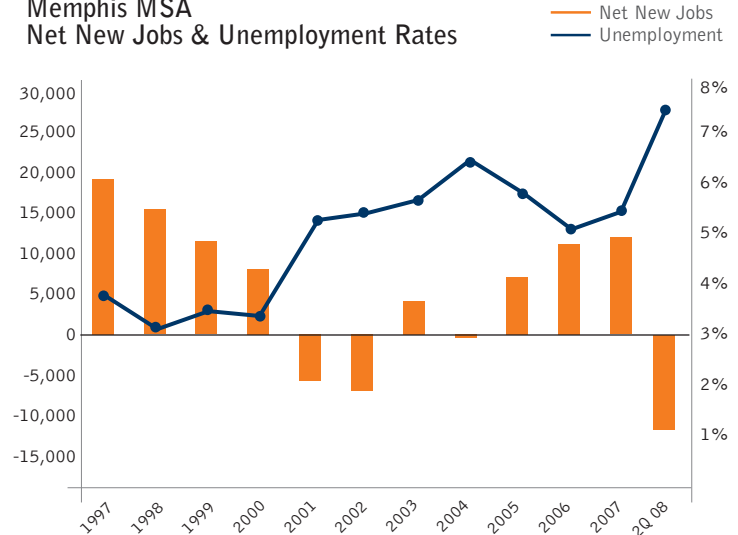
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EMPLOYMENT

The Memphis Area's pro-business environment, central location, excellent facilities, and low cost have made it one of the nation's most important transportation hubs. As a result, economic growth in Memphis outpaces peer cities throughout the nation by a wide margin. Over the most recent ten year period (1999 – 2008), the Memphis MSA job growth averaged 4,000 net new jobs per year. Recent unemployment statistics find the Memphis MSA at 7.6%, slightly above the national average of 7.2% as of December 2008.

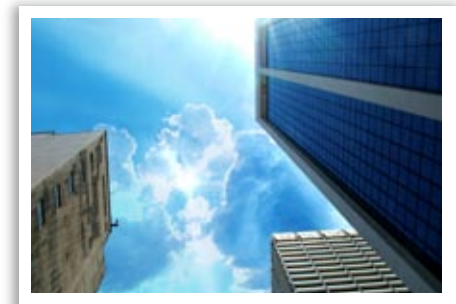
Memphis ranks first out of the 100 largest U.S. cities for the percent share of its workforce in the transportation, warehousing and utilities sector according to Brookings Institute rankings based on the 2000 Census.

Memphis MSA
Net New Jobs & Unemployment Rates



ECONOMIC DEVELOPMENT

The Memphis Area has had eight consecutive years (1997 to 2004) of economic development in excess of one billion dollars. In 2005, the total dipped slightly below the one billion dollars mark to \$840-million. Even during the years when most U.S. cities were experiencing economic downturn, the Memphis market continued to expand by capital investment dollars, jobs, and square feet. In January of 2004 Memphis was named in the top ten Hottest Cities for Expansions and Relocations by Expansion Management Magazine. There were 372 new or expansion projects announced in Memphis in 2007. A total of 2,596 new jobs are associated with these projects and a total of \$420 million dollars.



Major Corporate Headquarters

- FedEx (Fortune 500 HQ)
- International Paper (Fortune 500 HQ)
- AutoZone (Fortune 500 HQ)
- Morgan-Keegan & Co/Regions Financial
- First Tennessee National Bank
- Wright Medical Technology, Inc.
- Ducks Unlimited
- Northwest Airlink (Pinnacle Airlines)
- Guardsmark Inc.
- ServiceMaster (Future Fortune 500 HQ)
- Thomas and Betts

Key economic drivers include:

- Memphis International Airport has been the busiest cargo airport in the world for the last 17 years. In 2007 it handled nearly 3.8 million metric tons, an increase of 4.0 percent over 2006. Hong Kong is the second busiest air cargo airport.
- The FedEx World Headquarters and WorldHub have undergone a \$1 billion expansion in last seven years. FedEx has 30,000 local employees.
- Healthcare has a \$10.4 billion annual economic impact and accounts for one in nine jobs in the area. There are 2,400 companies with nearly \$2 billion in annual payroll.
- Memphis is one of the Nation's leading intermodal logistics centers.
- Tourism is a major industry for Memphis. There are more than 8 million visitors a year contributing \$2.3 billion in visitor expenditures. There are 51,310 jobs in tourism and hospitality in Memphis and Shelby County.

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AIR TRANSPORTATION

Memphis air transportation needs are met by the Memphis International Airport which is located minutes from downtown, East Memphis, and the city's major distribution and manufacturing districts. Five major national and international airlines, including a Delta/Northwest Airline hub and seven regional commuter airlines have operations at the airport. The airport has undergone a \$400,000,000 capital improvement project and is the recipient of a \$28.6 million in grants from the DOT to make runway, taxiway, terminal building, and landside roadway improvements. The summer of 2005 saw an additional \$25 million in airport improvements. The Memphis International Airport has a \$20.7 billion annual economic impact on the Memphis area and 10,674,667 passengers passed through Memphis in 2007. Memphis is the Number One U.S. Hub for On-Time Flights. For 17 years in a row, Memphis has been the world's top air cargo airport. In 2007 the Memphis International Airport remained the busiest cargo airport in the world, handling more than 3.8 million metric tons, an increase of 4.0 percent over 2006.

(source: Memphis Shelby County Airport Authority, Jan. 2008).

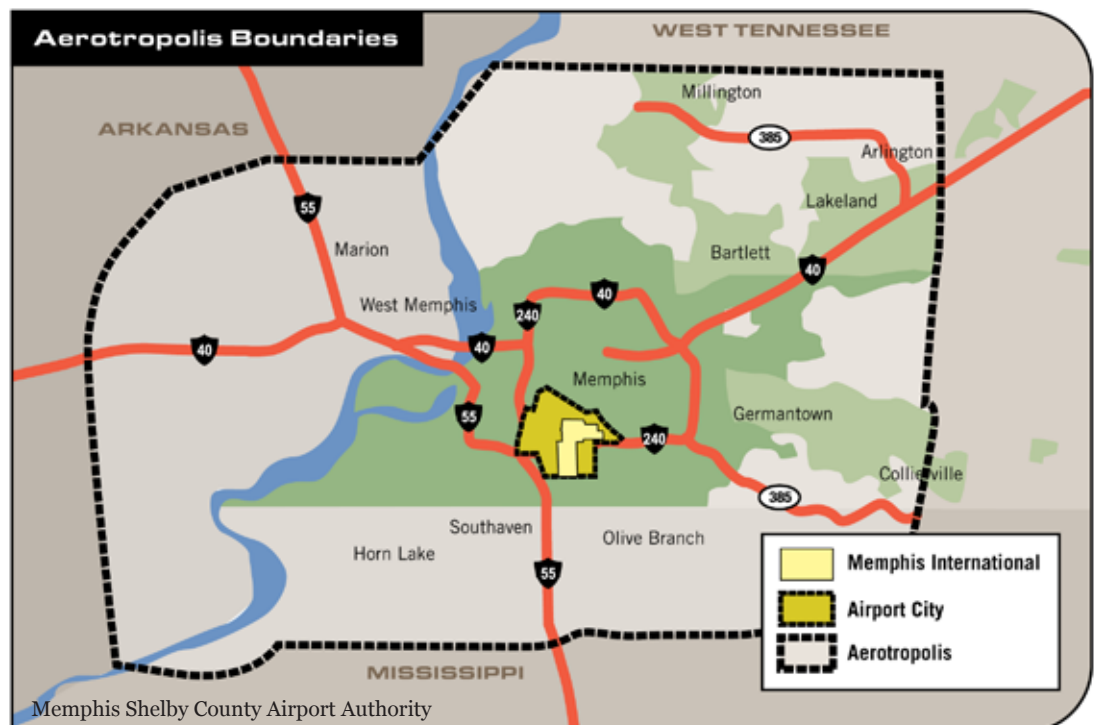


AEROTROPOLIS

An aerotropolis is an airport-integrated region extending outward from the airport composed of strings and clusters of airport-linked businesses and their associate residential complexes. Aerotropolis is the future of world commerce where the airport serves as the multimodal, multifunctional engine surrounded by the airport city with aviation-linked commercial developments, then encompassed by a 25-mile airport-integrated region composed of airport linked businesses and their associated residential complexes. This concept has been carefully studied and developed by Dr. John Kasarda, Director of the Kenan Institute of Private Enterprise at the University of North Carolina. Dr. Kasarda states that there is only one city in America that has achieved this status, and that city is Memphis. According to Kasarda, “An aerotropolis is clearly forming around Memphis International Airport. This is not a build-it-and-they-will-come. It's happening right now.” (source: Memphis Shelby County Airport Authority, Jan. 2008)



Memphis: America's Aerotropolis™
Where Runway, Road, Rail & River Merge™



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“Memphis has been known as America’s Distribution Center due to its unique convergence of river, highway, rail, and air modes of transportation.”

AMERICA’S DISTRIBUTION CENTER

Reaching out from the center of more than seventy percent of America’s consumer population, Memphis has been known as “America’s Distribution Center” due to its unique convergence of river, highway, rail, and air modes of transportation. In addition to having a world class airport, Memphis is the third largest rail center in the U.S., the fourth largest inland port in the U.S., and home to the world’s largest air cargo airport 17 years in a row. Progress continues on securing federal funds for Interstate 69, a new freeway linking Canada with Mexico via Memphis. By federal legislation, the highway must pass through Shelby County.

PORT OF MEMPHIS

Memphis is the second largest port on the Mississippi River and the fourth largest inland port in the country. In 2006, the Port of Memphis received shipments totaling 19.1 million tons, or more than 2.7% of the total moved on the Mississippi River. The average annual total economic impact of the International Port of Memphis in the region is approximately \$6.7 billion.

RESURGENCE OF RAIL

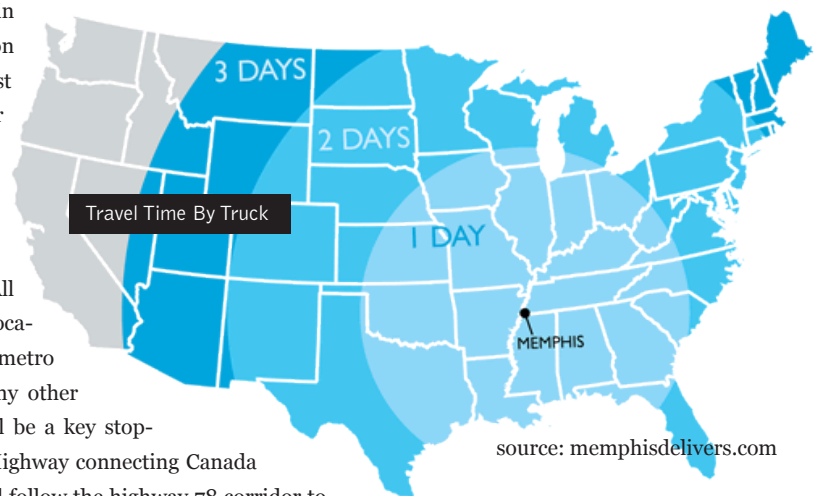
Memphis is one of only three cities that has 5 of the 7 Class I railroads in the United States. The Class I railroads in Memphis are Burlington Northern Santa Fe (BNSF), Canadian National (CN), CSX, Norfolk Southern (NS) and Union Pacific (UP). According to the New Age of Trade, a publication by Cushman and Wakefield, “The use of rail has been surging in recent years and has facilitated strong growth in the warehouse markets surrounding some of the nation’s best positioned hubs such as Chicago, Memphis, Atlanta, and Dallas. Chicago, Memphis, and Dallas-Fort Worth all stand to gain the most from rail’s resurgence. These regions all have the ability to serve large markets and are located at the intersection of multiple rail lines and interstates. Inter-



modal transit is also capital intensive and all of these regions have players – local government, railroads, developers – who have been willing to make the investments that are necessary to keep growing.” Currently BNSF is investing \$200 million to expand its lift capacity in Memphis. In January 2009 BNSF began offering express international container service from Tacoma, Wash., to its intermodal facility in Memphis. The service will improve transit time from the West Coast by almost a day. Canadian National is investing \$150 million in Memphis as it develops a new route of trade along the Prince Rupert Canal in Canada, bypassing California and bringing its shipments 2-days closer to Asia. Norfolk Southern is currently planning the Crescent Corridor, a 2,500 mile rail route that will run from Louisiana to New Jersey and pass through Memphis.

CRITICAL SURFACE TRANSPORTATION CROSSROADS

Memphis is a critical crossroads in the nation’s surface transportation system. It is the US’s third busiest trucking corridor with two major interstates, I-40 and I-55 currently passing through the city and I-240 encircling the city. Also, seven U.S. highways converge in Memphis: Highways 51, 61, 64, 70, 72, 78, 79. All of this coupled with its central US location allows Memphis to serve more metro markets overnight by truck than any other US city. In the future Memphis will be a key stopping point along I-69, the NAFTA Highway connecting Canada to Mexico, as well as I-22, which will follow the highway 78 corridor to Birmingham, AL.



source: memphisdelivers.com

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Our mission is to provide client driven business real estate solutions with the highest degree of professional responsibility, service, and integrity, supported by expertise and real-time market knowledge.

ABOUT COMMERCIAL ADVISORS

Commercial Advisors provides strategic advisory services in office, industrial, land, and retail real estate. CA believes the only way to deliver the best service to our clients is to understand their business objectives, as well as their vision, what they do and where they strive to be. We call this client-focused, strategy-driven approach Client Services.

A few benefits of the Client Services approach:

- We align your real estate with business objectives.
- We help you optimize real estate costs and flexibility.
- We protect your interests.

As such we are able to provide our clients with superior advice and solid direction through fundamental requirements including: acquisition of leased space, lease negotiations, business incentives and sales transactions. As trusted advisors to business owners & executives, not-for-profits, and families, both locally and globally, the staff at CA is dedicated to client services. In addition, through its alliance with Cushman & Wakefield, CA is able to access a global business platform to provide a broad range of client-oriented services.



OUR SERVICES

- Custom Research – market analysis, due diligence
- Technology – lease administration, mapping, demographics, crime data
- Advisory Services – portfolio opportunity assessment, benchmarking, incentive analysis
- Client Representation – strategic advisory, planning, and execution
- Project Management – design, construction, move management
- Brokerage Services – office, industrial, retail, land
- Investment Services – sales, structured finance, appraisal

OUR MISSION

Provide client-driven business real estate solutions with the highest degree of professional responsibility, service, and integrity, supported by expertise and real-time market knowledge.

OUR CLIENTS

Below is a select list of past and current clients:

