

# **Analysis of Commercial and Residential Real Estate Markets Valdosta & Lowndes County, Georgia April 3, 2012**

Prepared by:



**VALDOSTA STATE UNIVERSITY**

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**CENTER *for* BUSINESS  
& ECONOMIC RESEARCH**

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## Commercial Real Estate

### *Industry Overview*

“As lenders renegotiate some loans and sell others, the danger of defaults triggering another recession has eased, said Susan Wachter, a finance professor at the University of Pennsylvania’s Wharton School in Philadelphia.”<sup>1</sup>

Lawrence Yun, Senior Vice President & Chief Economist for the National Association of REALTORS along with George Ratiu believe that:

“The Gross domestic product (GDP), which needs to expand by at least 3 percent to decently create jobs, slowed to 0.4 percent in the first quarter and 1.3 percent in the second quarter. The latest debt ceiling deal implies a slight cut to government spending for 2012 and potentially a large cut in 2013. The long-term impact of lower government spending can be very positive for the economy. It can unleash consumer and business confidence to get the economy rolling. However, in the very short term the macroeconomic impacts from the cuts to government spending will dent economic recovery. Less money spent building bridges or on defense means fewer workers receiving checks that can be spent at local shopping centers. The multiplier impact further hurts the shop owners to pull back their spending, and so on.”<sup>2</sup>

According to Moody’s/REAL Commercial Property Price Indices, “US commercial real estate markets continued to perform well in 2011, property transactions increased by over 50% Year over Year to about USD 220 billion last year from USD 140 billion in 2010. Office properties accounted for about 30% of all transactions, apartments “for 25% and retail properties for about 20%. With total returns of between 13.75% (office) and 15.45% (apartments), the direct market performance was strongly positive in all major sectors in 2011”<sup>3</sup>

Guy Langford, a principal with Deloitte stated that “job growth is a key driver for the apartment, office, retail and industrial real estate segments”...“Until unemployment decreases from its uncommonly high level, growth in the CRE market likely will be hampered.”<sup>4</sup>

US commercial property sales, led by retail and apartments, rose 57% in 2011 to more than \$220 billion. According to a report by Real Capital Analytics, more than 14,700 properties, each worth at least \$2.5 million, changed hands in 2011. Retail transactions rose 91% from 2010 to \$42.4 billion, and sales of low-rise apartments rose 70% to \$34.5 billion.<sup>5</sup>

Commercial real estate analytics firm Trepp, LLC notes that “One year ago, the delinquency rate was 9.20%. Six months ago, the delinquency rate was 9.37%. One year ago, the rate of loans

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<sup>1</sup> U.S. Commercial Property Recovery Spares Economy Another Blow - By Brian Louis and David M. Levitt - <http://www.bloomberg.com/news/2011-02-04/commercial-property-recovers-in-u-s-as-tsunami-of-distress-fails-to-hit.html>

<sup>2</sup> SIOR Index – Sluggish Economy Impacts Commercial Markets in Second Quarter 2011 -<http://www.sior.com/resources/press-releases/sior-commercial-real-estate-index-q2-2011>

<sup>3</sup> Moody’s/REAL Commercial Property Price Indices, January 2011 - [http://www.realindices.com/pdf/CPPI\\_0111.pdf](http://www.realindices.com/pdf/CPPI_0111.pdf)

<sup>4</sup> CRE 2011: macroeconomic gains and pains - By Jacob Gaffney - <http://www.housingwire.com/2011/07/14/commercial-real-estate-2011-macroeconomic-gain-and-pain>

<sup>5</sup> Paradigm Tax Group, LLC. - <http://www.paradigmatx.com/industry-news/?p=2003>

seriously delinquent was 8.33%. Six months ago, the rate of loans seriously delinquent was 8.75%”<sup>6</sup>

“The year will be remembered by tremendous peaks and valleys. The CMBS market rallied smartly from January until March. At that point, concerns about the impact of the Japanese tsunami and unrest in the Middle East took the winds out of the sails of the CMBS market. The market resumed its ascension in late April and May. The GG10 bond hits its post-credit crisis best level of about 170 basis points over swaps around this time. The rally was short-lived, however, as worries over a weakening U.S. economy and the possibility of a Greek default weighed on all the financial markets. This triggered a three month losing streak for CMBS paper, which pushed spreads out to wide levels that had not been seen since August 2010...The market found its sea legs late in the year, but not without some collateral damage from the volatility. Many issuers pulled back or closed their doors entirely, leading many CMBS prognosticators to reduce their forecasts for 2012 issuance”<sup>7</sup>

Below is a timeline of events posted by Trepp, LLC:

**January 2011:**

- CMBS delinquency rate begins the year at 9.20%—highest in history of CMBS market
- CMBS market begins year on fire—spreads tighten sharply—bellwether GG10 bond cracks 200 basis point spread threshold

**February 2011:**

- Foreclosure proceeding commenced on Manhattan's 575 Lexington Avenue office tower
- High Point Furniture loan appraisal reduction nears \$100 million

**March 2011:**

- Japanese tsunami and unrest in Middle East send CMBS spreads wider
- Unwinding of \$2.6 billion Beacon Seattle and DC Portfolio loan begins as Market Square property is sold
- Borders store closing list grows (along with CMBS investors' worries)

**April 2011:**

- Delinquency rate jumps 23 basis points to 9.65%—another new record for CMBS

**May 2011:**

- Industrial loans see delinquency rate approach 12%—more than double that of a year earlier
- Biscayne Landing saga ends with 100% loss on Miami Land loan
- First cracks in CMBS market appear—Greek woes send spreads wider—2006/2007 vintages punished

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<sup>6</sup> Trepp, LLC. - <https://www.trepp.com/>

<sup>7</sup> Ibid

### **June 2011:**

- Federal Reserve sells big chunk of Maiden Lane assets
- Investors run for cover as CMBS spreads race wider—concerns over U.S. economy, European sovereign debt paralyze market
- Spread volatility leads to whispers of conduit lenders pulling back
- Stuy Town redux? \$375 Million Belnord multifamily pro-forma New York City loan becomes 30 days delinquent

### **July 2011:**

- \$425 million Four Seasons Resort Maui loan extended for five years
- Borders announces it will liquidate rather than restructure
- Delinquency rate nears 10%—jumping 51 basis points
- Deal pulled as rating pulled—already weak CMBS market takes another hit

### **August 2011:**

- Last furniture showroom loan gets modified—loan forgiveness tops \$200 million across four loans
- CMBS selloff continues—legacy spreads widen across the board
- Projections for CMBS issuance drop as issuers lending falls sharply

### **September 2011:**

- All "hope" lost—previously modified Bethany Phoenix Portfolio I loan sees B Hope Note written off completely
- Despite mid-month weakness, CMBS sell off shows signs of ending

### **October 2011**

- 575 Lexington Avenue loan gets modified, impacting two 2007 deals
- CMBS market ends three month skid as spreads finish tighter

### **November 2011:**

- One Pacific Plaza loan (CA) is modified with \$33 million in loan forgiveness
- Manhattan Apartment Portfolio loan resolved with \$87 million loss
- Late month tally helps CMBS market finish flat

### **December 2011:**

- Overall in December, the delinquency rate for U.S. commercial real estate loans in CMBS jumped seven basis points to 9.58%. Therefore, the rate increased in eight of the twelve months of 2011.
- The percentage of loans seriously delinquent (60+ days, in foreclosure, REO or non-performing balloons) is now 9.06%, up 18 basis points for the month.<sup>8</sup>

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<sup>8</sup> Treppwire, Trepp LLC. - <https://www.trepp.com/>

While delinquency rates are growing, so are the prices according to Moody's/REAL Commercial Property Price Indices report from March 2011. "All Property Price Index dropped by 1.2% in January to 109.80, while the CPPI stands 42.8% below its October 2007 peak, it is also 4.2% above its post peak low recorded in August 2010."<sup>9</sup> Moody's Price Index for November stated that "transaction volume remained robust and September saw the third highest post-financial crisis level of repeat-sales. The share of distressed transactions included within this month's CPPI was 25.9%, above the 20% mark for the 20th consecutive month"<sup>10</sup>

The Society of Industrial and Office Realtors® Commercial Real Estate Index is developed from a survey of more than 700 local market experts and the impact of 10 variables. In the first quarter of 2011:

"The national index, based on [the 10 variables believed to be] pertinent to the performance of U.S. industrial and office markets, rose to 57.5. The index highlights improvements in both office and industrial sectors—the office index increased 6.4 points while the industrial index rose 6.9 points. The pace of activity in the national economy remains a concern, especially in light of the employment situation. Geographically, all four regions of the country improved"<sup>11</sup> "In the "second quarter 2011 data, retreated 2.6 points, the national index, based on 10 variables pertinent to the performance of U.S. industrial and office markets, declined to 54.9 from 57.5 in the first quarter. Both office and industrial sectors declined—the office index decreased 1.5 points while the industrial index declined 3.6 points. The weakening national economic conditions are taking a toll on local industrial and office markets. Three of the country's main regions posted declines in market conditions."<sup>12</sup>

### *National Overview*

The U.S. Census Bureau of the Department of Commerce announced that construction spending:

- During January 2011 was estimated at a seasonally adjusted annual rate of \$791.8 billion, 0.7 percent ( $\pm 1.4\%$ )\* below the revised December estimate of \$797.6 billion. The January figure is 5.9 percent ( $\pm 1.8\%$ ) below the January 2010 estimate of \$841.0 billion.<sup>13</sup>
- During April 2011 was estimated at a seasonally adjusted annual rate of \$765.0 billion, 0.4 percent ( $\pm 1.6\%$ )\* above the revised March estimate of \$762.1 billion. The April figure is 9.3 percent ( $\pm 1.6\%$ ) below the April 2010 estimate of \$843.1 billion.<sup>14</sup>
- During July 2011 was estimated at a seasonally adjusted annual rate of \$789.5 billion, 1.3 percent ( $\pm 1.9\%$ )\* below the revised June estimate of \$799.8 billion. The July figure is 0.1 percent ( $\pm 1.9\%$ )\* above the July 2010 estimate of \$789.0 billion.<sup>15</sup>

<sup>9</sup> Moody's/REAL Commercial Property Price Indices report from March 2011

<sup>10</sup> Moody's/REAL Commercial Property Price Indices report from November 2011 - [http://www.realindices.com/pdf/CPPI\\_1111.pdf](http://www.realindices.com/pdf/CPPI_1111.pdf)

<sup>11</sup> The Society of Industrial and Office Realtors® Commercial Real Estate Index - <http://www.sior.com/resources/press-releases/sior-commercial-real-estate-index-q1-2011>.

<sup>12</sup> The Society of Industrial and Office Realtors® Commercial Real Estate Index - <http://www.sior.com/resources/press-releases/sior-commercial-real-estate-index-q2-2011>

<sup>13</sup> <http://www.census.gov/construction/c30/prpdf.html>

<sup>14</sup> Ibid

<sup>15</sup> Ibid

- During October 2011 was estimated at a seasonally adjusted annual rate of \$798.5 billion, 0.8 percent ( $\pm 1.6\%$ )\* above the revised September estimate of \$792.1 billion. The October figure is 0.4 percent ( $\pm 1.9\%$ )\* below the October 2010 estimate of \$802.0 billion.<sup>16</sup>
- During December 2011 was estimated at a seasonally adjusted annual rate of \$816.4 billion, 1.5 percent ( $\pm 1.4\%$ ) above the revised November estimate of \$804.0 billion. The December figure is 4.3 percent ( $\pm 1.9\%$ ) above the December 2010 estimate of \$782.9 billion.
- The value of construction in 2011 was \$787.4 billion, 2.0 percent ( $\pm 1.1\%$ ) below the \$803.6 billion spent in 2010.<sup>17</sup>

After accounting for the recent failures, there are still 225 banks on the Trepp Watchlist that feature high Fail Risk scores (as of 3Q 2011). The remaining high-risk banks on the Watchlist are predominantly smaller, with an average asset size of \$305 million. Only 11 of the highest risk banks have total assets in excess of \$1 billion. Among these high risk banks, the greatest institution counts are in Georgia (44 banks), Florida (36), Illinois (26), Minnesota (14), North Carolina (13) and Tennessee (11). These states are most likely to continue to experience bank failures in the months ahead.<sup>18</sup> There were a total of 92 Banks who closed their doors in 2011 according to the FDIC Failed Bank List. 21 of those banks were in Georgia.<sup>19</sup>

Presented below is a **Comprehensive Bank Failure Analysis** for the period from the start of the financial crisis in 2007 and through the current date.<sup>20</sup>

FDIC Bank Failures			
Year	Number of Failed Banks	Total Assets of Failed Banks	Loss to FDIC's DIF
2007	3	\$2,602,500,000	\$113,000,000
2008	25	\$373,588,780,000	\$15,708,200,000
2009	140	\$170,867,000,000	\$36,432,500,000
2010	157	\$96,514,000,000	\$22,355,300,000
2011	92	\$36,012,200,000	\$7,175,200,000
<b>Total</b>	<b>417</b>	<b>\$679,584,480,000</b>	<b>\$81,784,200,000</b>

### **2011-Q1 Bank Failures.**

**The first quarter of 2011 had a total of 26 bank failures, with assets totaling \$10.0 billion and at a cost to the FDIC of \$1.85 billion.** Of the 26 bank failures, Georgia had 6, Illinois, Wisconsin and California had 3 each, Colorado, Florida and Oklahoma had 2 each, and Arizona,

<sup>16</sup> Ibid

<sup>17</sup> Ibid

<sup>18</sup> Trepp Watchlist - <http://www.trepp.com>

<sup>19</sup> FDIC Failed Bank List - <http://www.fdic.gov/bank/individual/failed/banklist.html>

<sup>20</sup> Bank Failures - Analysis of 2007 to 2011 Failed Banks - [http://www.calculatorplus.com/savings/advice\\_failed\\_banks.html](http://www.calculatorplus.com/savings/advice_failed_banks.html)

Michigan, North Carolina, New Mexico and South Carolina had one each. The largest of these bank failures were First Community Bank in New Mexico with assets of \$2.31 billion, and United Western Bank in Denver, Colorado with assets of \$2.05 billion.<sup>21</sup>

### ***2011-Q2 Bank Failures.***

**The second quarter of 2011 had a total of 22 bank failures, with assets totaling \$9.7 billion and at a cost to the FDIC of \$1.97 billion.** Of the 22 bank failures, eight were in Georgia, four in Florida, two each in Washington State and Alabama, and one each in South Carolina, Michigan, Mississippi, Minnesota, Nevada and Illinois. The largest bank failure during the quarter was Superior Bank of Birmingham, Alabama with assets totaling \$3.0 billion and an estimated loss to the FDIC of \$259.6 billion. For this bank failure, Superior Bank, N.A., a newly-chartered bank subsidiary of Community Bancorp LLC, Houston, Texas, was created to assume all of the deposits of Superior Bank. The new bank and the FDIC entered into a loss-share transaction on \$1.84 billion of Superior Bank's assets.<sup>22</sup>

### ***2011-Q3 Bank Failures.***

**The third quarter of 2011 had a total of 26 bank failures, with assets totaling \$11.7 billion and at a cost to the FDIC of \$2.4 billion.** For the quarter, Florida, with six bank failures, continue to lead with the highest number of bank failures, followed by Georgia with 5, Colorado and Illinois with three each, and Virginia with two.<sup>23</sup>

### ***2011-Q4 Bank Failures***

Analysis found “the pace of bank failures fell in November to five banks with assets totaling \$841.3 million and at an estimated cost to the FDIC of \$147.0 million. In October there were eleven bank failures with assets totaling \$3.5 billion and at an estimated cost to the FDIC of \$776.7 million.”<sup>24</sup>

“Restructurings of nonresidential loans stood at \$23.9 billion at the end of the first quarter, more than three times the level a year earlier and seven times the level two years earlier. While not all were for commercial real estate, the total makes clear that large numbers of commercial-property borrowers got some leeway.”<sup>25</sup>

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<sup>21</sup> Ibid

<sup>22</sup> Bank Failures - Analysis of 2007 to 2011 Failed Banks - [http://www.calculatorplus.com/savings/advice\\_failed\\_banks.html](http://www.calculatorplus.com/savings/advice_failed_banks.html)

<sup>23</sup> Ibid

<sup>24</sup> Ibid

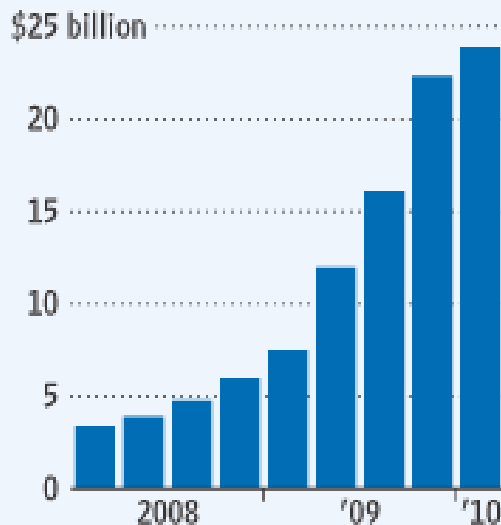
<sup>25</sup> To fix Sour Propert Deals, Lenders “extend and Pretend” - <http://online.wsj.com/article/SB10001424052748704764404575286882690834088.html>



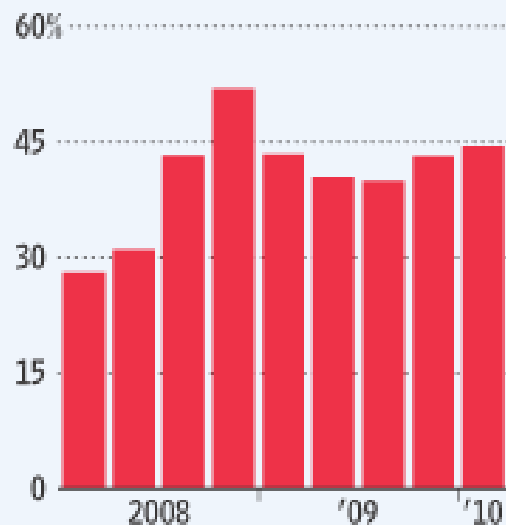
## Borrowing Trouble

The volume of nonresidential loans that banks restructured has soared, and many aren't being paid.

Total restructured loans



Percentage of restructured loans that are delinquent



Source: FDIC

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According to CB Richard Ellis Econometric Advisors, “U.S. office vacancy rate improved in the fourth quarter (Q4) of 2011, declining 20 basis points (bps) to 16%, according to the latest analysis from CBRE Econometric Advisors (CBRE-EA).”

Furthermore “the office market improved steadily throughout 2011, ending the year with a vacancy rate down 50 bps from year end 2010, at 16%. Downtown submarkets slightly outperformed their suburban counterparts compared to Q4 2010, with a decline of 60 bps compared to a 40-bps drop for the suburbs... The moderate decline in vacancy during Q4 suggests that the office market continues down a slow path to recovery,” Jon Southard, Director of Forecasting, CBRE-EA said. “On a year-to-year basis, vacancy rates fell in about two-thirds of the markets, suggesting that office markets have been able to weather economic and political headwinds, including uneven employment growth, government budget gridlock, and volatile financial markets. Although total employment growth has been lackluster in 2011, office-using sectors, such as professional and business services, have been among the best performers in this regard and have provided just enough support to keep the office market moving toward recovery.”<sup>27</sup>

<sup>26</sup> To fix Sour Property Deals, Lenders “Extend and Pretend” -

<http://online.wsj.com/article/SB10001424052748704764404575286882690834088.html>

<sup>27</sup>U.S. Office Vacancy Rate Drops to 16% in Q4 2011 Industrial Availability Continues to Decline; Now 13.5% Retail Availability Holds Steady Apartment Vacancy Falls amid Robust Demand - <http://www.cbre.com/EN/aboutus/MediaCentre/2012/Pages/01202012.aspx>



“National Real Estate Investor and Marcus & Millichap Real Estate Investment Services have conducted research on investor attitudes and expectations as part of a commercial real estate industry forecast [and believe that] slower job growth, higher fuel costs and the expiration of the federal government’s \$600 billion bond-buying program (known as Quantitative Easing 2) at the end of June are just a few of the speed bumps that could slow the commercial real estate recovery.”<sup>28</sup>

“Even as the affordability of single family ownership is at an all-time high due to the combination of low home prices and astoundingly low mortgage rates, housing production remains at record lows, a mere 40% of historic production rates. In fact, we are experiencing the longest period of low housing production in post-war history. Through Q3 2011, the National Association of Realtors Home Price Index declined by 4.7% year-over-year and by 1.4% quarter-over-quarter. While the declines are not nearly as bad as they were in 2009, it is clear that home prices have not yet garnered any momentum.”<sup>29</sup> “United States capital markets soared in 2011. According to Real Capital Analytics, investment sales volume stood at \$178.8 billion as of November 2011, easily surpassing the \$116 billion mark set in 2010.”<sup>30</sup>

On the Road to Recovery					
	Pre-Recession Best	Recessionary Worst	Current*	% of Loss Recovered	Std. Dev. from Trend
Real Per Capita GDP (2011 \$ billions)	\$15,245.5	\$14,462.2	\$15,183.5	92.1	-3.01
Real Retail Sales (2011 \$ millions)	\$363,544.5	\$310,706.7	\$345,700.1	66.2	-1.67
Real Median Home Price Index	224.4	179.6	179.6	0.0	-2.84
Durable Industrial Output Index	102.2	75.6	92.9	65.2	-1.19
Non-Durable Industrial Output Index	100.6	85.6	90.9	35.2	-2.34
Real Per Capita HH Net Worth	\$237,462.6	\$170,277.9	\$186,466.7	24.1	-2.01
Payroll Employment (000s)	137,996.0	129,246.0	131,132.0	21.6	-2.41
Unemployment Rate	4.4	10.1	9.1	17.5	1.71
University of Michigan Consumer Sentiment	96.9	55.0	55.7	1.7	-1.93
Median Weeks Unemployed	7.5	25.5	21.8	20.6	2.51
Capacity Utilization	79.7	64.4	75.0	69.0	-0.16
SA Auto & Light Truck Sales - Thousands	1,427.1	777.1	1,017.0	36.9	-1.46
Median Sales Price/Disposable Income per Capita	7.8	5.5	5.9	17.5	-0.86
Profits after tax (Real 2011 \$) billions	\$1,273.8	\$780.6	\$1,506.8	147.2	0.86
Percent of industries adding workers; 12-Month Moving Average	67.5	21.7	62.5	89.1	1.36
Multifamily Starts (SAAR 000s)	350.0	53.0	170.0	39.4	-0.29
Single Family Starts (SAAR 000s)	1,823.0	360.0	425.0	4.4	-2.94
Real Home Prices 2011 \$	\$265,498.6	\$193,351.5	\$204,191.2	15.0	-1.77

\*Quarterly data through 2011; latest monthly through Sept 2011.

As 2011 came to a close, commercial real estate markets in the United States continued to struggle as high unemployment, deficit and debt crises in the United States and Europe, and political gridlock in Washington heightened concerns about the strength of the economic

<sup>28</sup> National Real Estate Investor - [http://nreionline.com/M\\_M2011-Q2-v12.pdf](http://nreionline.com/M_M2011-Q2-v12.pdf)

<sup>29</sup> NAI Global blog - <http://ublog.naiglobal.com/blog/2012/01/15/us-commercial-real-estate-market-year-in-review/>

<sup>30</sup> Ibid

recovery, furthering a highly uncertain business environment. “While there was positive momentum and strong leasing activity in most markets for the first half of 2011, market fundamentals stagnated in the second half as the uncertain economic climate weighed on demand. Vacancy rates remain high but have declined in many markets, though most of the improvement took place in the first half of the year. Asking rents also remain low, though there have been improvements in some markets.”<sup>31</sup>

### *State Overview*

In 2011, commercial real estate contacts continued to report improving demand from earlier in the year. Brokers indicated modest improvements in demand for space with some noting that rent concessions had abated. Contractors continued to report improvements in construction activity from earlier in the year. However, financing remained challenging and most projects were build-to-suit. The outlook among contractors improved modestly...with most contractors and commercial real estate brokers anticipating that construction activity will improve slowly during 2012. “The majority of District commercial real estate contacts noted modest improvement in nonresidential construction and leasing activity. Brokers reported that vacancy rates declined and that rents have begun to stabilize across much of the District. Contractors cited a small improvement in construction activity from earlier in the year. Most anticipate commercial real estate conditions to remain largely unchanged over the next several quarters.”<sup>32</sup>

The Society of Industrial and Office Realtors® Commercial Real Estate Index states that while “asking rents are still low, but highest among the regions in the South, vacancy rates are closing in on historical averages, with the South experiencing moderately higher vacancy rates than a year ago. Sublease space is approaching normal levels, especially in the south. They are, however, experiencing development at a near zero level. The outlook for the next three months is flat for all four regions”<sup>33</sup>

Georgia ranked fourth nationally in foreclosure filing rates during the third quarter of 2011 and foreclosures could start climbing again after months of drops, according to the CEO of RealtyTrac. The metro Atlanta fared worse than the state, with one in 89 homes showing a filing. Florida rounded out the top five in RealtyTrac's list with one of every 130 homes showing a filing.<sup>34</sup>

In Atlanta, Georgian Bank lent \$13.5 million to a company in late 2007, some of it to buy land for a 53-story luxury Mandarin Oriental hotel and condo development. The loan came due in November 2008, but the bank extended its maturity date by a year. The bank extended it again to May 2010, with an option for a further extension to November 2010, according to court documents.<sup>35</sup>

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<sup>31</sup> NAI Global blog - <http://ublog.naiglobal.com/blog/2012/01/15/us-commercial-real-estate-market-year-in-review/>

<sup>32</sup> Federal Reserve Beige Books, Sixth District – <http://www.federalreserve.gov/FOMC/BeigeBook/2011/20111130/fullreport20111130.pdf>

<sup>33</sup> The Society of Industrial and Office Realtors® Commercial Real Estate Index <http://www.sior.com/resources/press-releases/sior-commercial-real-estate-index-q3-2011>

<sup>34</sup> Atlanta Business News - Georgia ranks 4th in foreclosures - <http://www.ajc.com/business/georgia-ranks-4th-in-1199849.html>

<sup>35</sup> To fix Sour Propert Deals, Lenders “extend and Pretend” - <http://online.wsj.com/article/SB10001424052748704764404575286882690834088.html>

Georgia's banking regulator shut down the bank last September. A subsequent U.S. regulatory review cited "lax" loan underwriting and "an aggressive growth strategy...that coincided with declining economic conditions in the Atlanta metropolitan area." Some of Georgian Bank's assets were assumed by First Citizens Bank and Trust Co. of Columbia, S.C., which began foreclosure proceedings on the still-unbuilt luxury development. The borrowers contested the move, and settlement talks are in progress.<sup>36</sup>

Also in Atlanta, Bank of America Corp. has extended a loan twice for a high-end shopping and residential project. Three years after a developer launched the Streets of Buckhead project as a European-style shopping district, all there is to show for it is a covey of silent cranes and a fence. The developer, Ben Carter, says he is in final negotiations for an investor to come in and inject \$200 million into the languishing development.<sup>37</sup>

### ***Lowndes County Overview (excluding the City of Valdosta)***

As shown in 2011; Figure 1, the number of commercial building permits for new construction increased in 2011 by 25% with 25 new permits being issued, compared to 20 in 2010. There was a decrease in the dollar amount of New Commercial Permits in 2011 from \$32,439,530 in 2010 to \$10,744,843 in 2011, a decrease of \$21,694,687. Commercial Remodel and Repairs permits increased by ~30% with 43 permits being issued from 33 the previous year. There was a decrease in the dollar amount of Commercial Remodel and Repair permits in 2011 from \$1,179,256 in 2010 to \$1,060,280 in 2011, a decrease of \$118,976. Commercial additions increased over the previous year by 40% with 21 additional permits being issued versus 15 in 2010. There was a decrease in the dollar amount of Commercial Additions in 2011 from \$2,948,450 in 2010 to \$792,846 in 2011, a decrease of \$2,155,404. Continued from previous years, the number of commercial remodels and repairs has remained higher than the number of permits for new construction and additions, although we did see a spike in permits for New Commercial in March and April of the second quarter.

Lowndes County finished 2011 with:

- 25 New Commercial permits being issued totaling \$10,744,843
- 43 commercial remodel and repair permits totaling \$1,060,280
- 21 Commercial additions totaling \$792,846.

*Note:* Real estate data were obtained from the Multiple Listing Service by a local real estate broker. Building permit data were obtained from the Lowndes County permitting office, and includes the City of Hahira.

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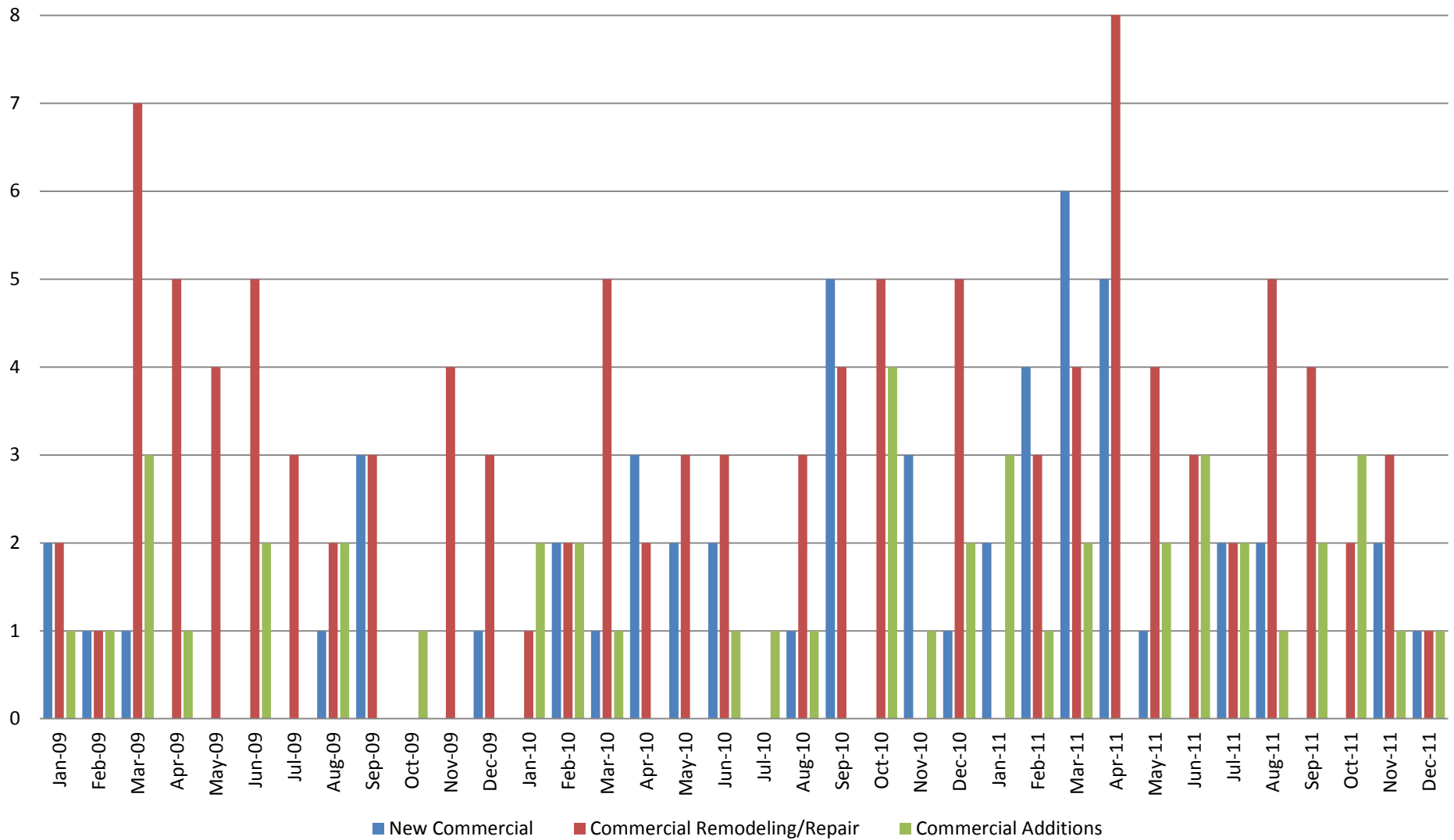
<sup>36</sup> To fix Sour Property Deals, Lenders "extend and Pretend" - <http://online.wsj.com/article/SB10001424052748704764404575286882690834088.html>

<sup>37</sup> Ibid

# Commercial Building Permits

## Lowndes County & Hahira, Georgia

### January 2009 - December 2011



<b>Lowndes County Commercial Building Permits (New Construction)</b>			
<b>Month</b>	<b>Business</b>	<b>Dollar Amount</b>	<b>Total</b>
January	Pilot Flying J	\$42,000	
	Wild Adventures	\$10,000	
			\$52,000
February	AGRI Supply Company	\$3,100,000	
	AGRI Supply Company	\$1	
	Val Del Liquors	\$65,000	
	Langdale PK-LC	\$29,000	
			\$3,194,001
March	Wiregrass Solar	\$600,000	
	Wild Adventures	\$54,000	
	Watch & Pray Ministries	\$120,000	
	Flying J/Pilot	\$150,000	
	Creekside West	\$8,000	
	North Valdosta Church of God	\$611,35	
			\$1,543,352
April	Martial Arts	\$30,000	
	Triple H	\$110,000	
	Marcos Pizza	\$400,000	
	Brookhaven II	\$4,200	
	Creekside RV Park	\$93,000	
			\$637,200
May	City of Valdosta	\$3,939,539	
			\$3,939,539
July	Valdosta / Lowndes County Parks & Recreation	\$69,700	
	PCA	\$1	
			\$69,701
August	Barrett Warehouse	\$110,000	
	Sineath Office	\$325,000	
			\$435,000
September	N/A	-	
October	N/A	-	
November	Zaxby's	\$759,050	
	Hahira Mini Storage	\$65,000	
			\$824,050
December	Wild Adventures	\$50,000	
			\$50,000
<b>Total</b>			<b>\$10,744,843</b>

<b>Lowndes County Commercial Building Permits (Remodel &amp; Repair)</b>			
<b>Month</b>	<b>Business</b>	<b>Amount (Dollars)</b>	<b>Total</b>
January	N/A	-	
February	Chic-Fil-A	\$379,373	
	Southland Property Management	\$8,000	
	Jumping Jacks	\$13,600	
			\$400,973
March	Uncle Freddy's	\$2,500	
	Langdale Co.	\$7,388	
	Hahira United Methodist	\$3,500	
	Commercial Banking Co	\$52,752	
			\$66,140
April	Uncle Freddy's	\$5,000	
	Goble's Saw Shop	\$10,000	
	Dockside Restaurant	\$3,200	
	Corinth Baptist	\$15,000	
	Birchwood Apartments	\$37,867	
	St. Phillips A.M. Church	\$6,000	
	Rum Runners	\$10,000	
	Rum Runners	\$2,500	
	IN-Site Mediacom 2	\$80,000	
	CPS Inc	\$7,500	
	Lowndes County	\$1,000	
			\$178,067
May	Concord Baptist Church	\$7,500	
	Valdosta Deliverance	\$8,000	
	Flea Market Snack Bar	\$5,000	
	Redland Church of Christ	\$9,800	
			\$30,300
June	Stone Creek Golf Club	\$3,000	
	Turner Brooks LLC	\$25,000	
	Moody Lodge #719	\$6,000	
			\$34,000
July	Coca-Cola	\$80,000	
	JC McMullen	\$3,000	
			\$83,000
August	Van's Cabinet Shop	\$5,600	
	Langdale Forest Products	\$3,200	
	Open Bible	\$19,600	
	Wilco Truck Plaza	\$46,000	
	Dollar General / W. Hartly	\$3,500	
			\$77,900
September	Fresh Beginnings	\$27,000	
	Church of God Prophecy	\$2,500	
	Allure Hair/Tanning Salon	\$12,500	
	Fresh Beginnings	\$10,000	
			\$52,000

*Continued from previous page*

October	Data not available - 2 transactions	\$10,000	
			\$10,000
November	Provost Auto Paint Booth	\$25,000	
	El Carrisal Mexican Restaurant	\$2,500	
	Fresh Beginnings	\$83,000	
			\$110,500
December	Mediacom	\$17,400	
			\$17,400
<b>Total</b>			<b>\$1,060,280.00</b>

<b>Lowndes County Commercial Building Permits (Additions)</b>			
<b>Month</b>	<b>Business</b>	<b>Amount (Dollars)</b>	<b>Total</b>
January	Calvary Tabernacle	\$18,000	
	Valdosta Electric	\$10,000	
	Gary Hall Homes Inc.	\$14,000	
			42,000
February	Wild Adventures	\$10,000	
			10,000
March	Southeastern Freight	12,500	
	Wild Adventures	20,000	
			32,500
May	Mitchell Brice	63,000	
	Provost Auto Brokers	78,000	
			141,000
June	Valwood Fieldhouse	60,000	
	DuPont Industries	125,000	
	First Baptist Mission Church	1,500	
			186,500
July	Fulghum Fibres, Inc	80,250	
	Edward Carlo	1,000	
			81,250
August	Deck Sports	25,000	
			25,000
September	T-Mobile	30,000	
			30,000
October	Data not available - 3 transactions	215,200	
			215,200
November	Cooks Portable Building Office	500	
			500
December	Quick Gas	28,896	
			28,896
<b>Total</b>			<b>\$792,846</b>



## Lowndes County Commercial Real Estate Transactions January 2009 – December 2011

Month	Properties Sold	Active Listings	Average Sold Price	Average List Price	Average Days on Market (Sold)	Absorption Rate (Months)
<b>2009</b>						
January	0	34	-	\$544,712	-	N/A
February	0	33	-	\$532,036	-	N/A
March	0	36	-	\$532,433	-	N/A
April	0	32	-	\$574,394	-	N/A
May	2	24	\$300,300	\$657,054	95	12
June	0	23	-	\$758,661	-	N/A
July	2	24	\$363,500	\$756,946	71	12
August	0	19	-	\$833,832	-	N/A
September	2	20	\$357,500	\$813,165	74	10
October	0	20	-	\$915,420	-	N/A
November	2	18	\$116,250	\$996,022	183	9
December	0	19	-	\$952,495	-	N/A
<b>2010</b>						
January	0	20	-	\$953,640	-	N/A
February	0	18	-	\$1,025,156	-	N/A
March	0	23	-	\$928,035	-	N/A
April	1	22	\$545,000	\$781,173	218	22
May	1	28	\$55,000	\$592,796	1	28
June	0	29	-	\$590,524	-	N/A
July	0	25	-	\$493,648	-	N/A
August	0	24	-	\$503,425	-	N/A
September	1	25	\$1,750,000	\$510,164	168	25
October	2	26	\$223,825	\$449,427	54	13
November	0	28	-	\$450,539	-	N/A
December	0	24	-	\$504,025	-	N/A
<b>2011</b>						
January	1	24	\$6,778,975	\$727,091	1	24
February	2	22	\$385,000	\$567,150	152	11
March	0	25	-	\$493,324	-	N/A
April	0	26	-	\$482,258	-	N/A
May	2	24	\$337,500	\$479,529	130	12
June	0	25	-	\$496,348	-	N/A
July	1	36	\$92,500	\$502,025	1	36
August	0	40	-	\$506,630	-	N/A
September	0	35	-	\$481,749	-	N/A
October	0	39	-	\$468,041	-	N/A
November	0	35	-	\$463,043	-	N/A
December	0	33	-	\$484,473	-	N/A
<b>Total</b>	<b>19</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>
<b>Average</b>	<b>.53</b>	<b>26.6</b>	<b>\$ 314,038</b>	<b>\$ 633,372</b>	<b>32</b>	<b>50</b>

<b>Lowndes County Commercial Building Permits, 2009 - 2011</b>						
<b>Month</b>	<b>New Construction</b>		<b>Remodel or Repair</b>		<b>Additions</b>	
	<b>Permits Issued</b>	<b>Value of Permits</b>	<b>Permits Issued</b>	<b>Value of permits</b>	<b>Permits Issued</b>	<b>Value of permits</b>
<b>2009</b>						
January	2	\$524,900	2	\$13,000	1	\$159,850
February	1	\$20,000	1	\$5,500	1	\$1,500,000
March	1	\$250,000	7	\$92,600	2	\$65,000
April	0	-	3	\$10,250	1	\$6,000
May	0	-	3	\$3,500	0	-
June	0	-	4	\$51,000	2	\$138,750
July	0	-	3	\$45,880	0	-
August	1	\$850,000	2	\$27,000	2	\$84,000
September	3	\$52,200	3	\$29,000	0	-
October	0	-	0	-	1	\$30,000
November	0	-	4	\$395,260	0	-
December	1	\$150,000	3	\$72,500	0	-
<b>2010</b>						
January	0	-	1	\$21,000	2	\$20,000
February	2	\$23,415,000	2	\$550	2	\$36,000
March	1	\$1,500	5	\$107,760	1	\$28,000
April	3	\$183,000	2	\$7,700	0	-
May	2	\$1,329,060	3	\$37,326	0	-
June	2	\$1,450,370	3	\$534,000	1	\$10,000
July	0	-	0	-	1	\$934,000
August	1	\$625,000	3	\$35,700	1	\$1,591,250
September	5	\$1,515,600	4	\$51,170	0	-
October	0	-	5	\$145,050	4	\$125,000
November	3	\$920,000	0	-	1	\$30,000
December	1	\$3,000,000	5	\$239,000	2	\$174,000
<b>2011</b>						
January	2	\$52,000	0	-	3	\$42,000
February	4	\$3,194,001	3	\$400,973	1	\$10,000
March	6	\$1,543,352	4	\$66,140	2	\$32,500
April	5	\$637,200	12	\$253,067	0	-
May	1	\$3,939,539	4	\$30,300	2	\$141,000
June	0	-	3	\$34,000	3	\$186,500
July	2	\$69,701	2	\$83,000	2	\$81,250
August	2	\$435,000	5	\$77,900	1	\$25,000
September	0	-	4	\$52,000	2	\$45,000
October	0	-	2	\$10,000	3	\$215,200
November	2	\$824,050	3	\$110,500	1	\$500
December	1	\$50,000	1	\$17,400	1	\$28,896
<b>Total</b>	<b>54</b>	<b>\$45,031,473</b>	<b>111</b>	<b>\$3,060,026</b>	<b>46</b>	<b>\$5,739,696</b>
<b>Average</b>	<b>1.5</b>	<b>\$1,250,874</b>	<b>3.08</b>	<b>\$85,000</b>	<b>1.28</b>	<b>\$159,436</b>

### *City of Valdosta*

Compared to the rest of the county, the City of Valdosta shows more commercial activity (please see Figures 1 and 2). Figure 2 on the following page depicts the trend that remodels and repairs are occurring much more frequently than new construction and additions. New commercial construction started to show signs of consistency in the first and second quarters of 2011, in the third and fourth quarters it rose and fell in varying amounts.

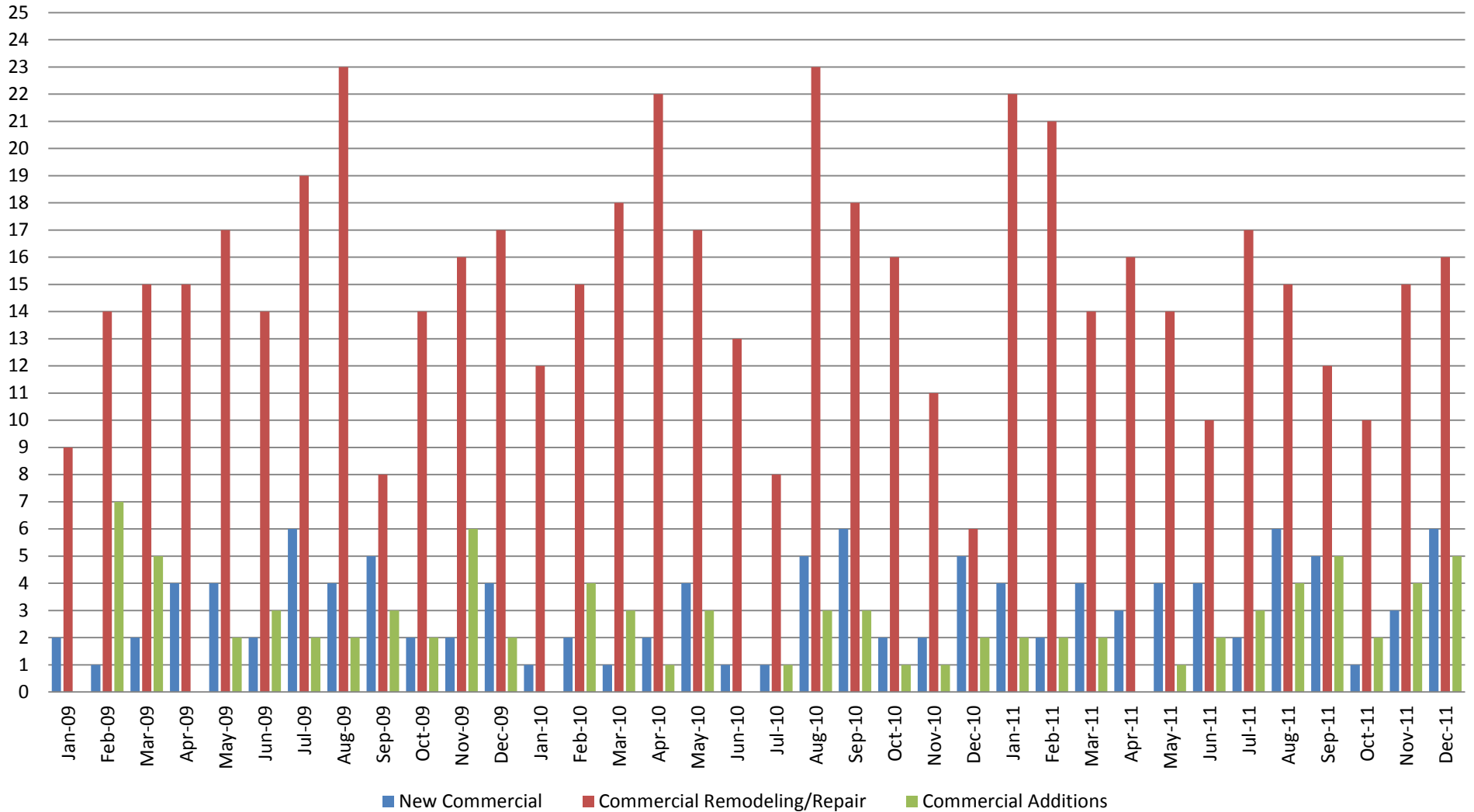
Table 2 in the oncoming pages displays the number of commercial sales, average days on the market for sold properties, active, average list price, absorption rate, and the values of building permits for the city of Valdosta for the 1<sup>st</sup> quarter of 2009 through the 4<sup>th</sup> quarter of 2011. New commercial increased in number of permits and dollars significantly over the previous year. Commercial remodel and repair increased slightly over the previous year in number of permits but declined in the total dollar amount. Commercial additions actually decreased from the previous year in number of permits but increased in the total dollar amount.

The City of Valdosta finished the 2011 year with:

- 44 New Commercial permits totaling \$40,803,085
- 182 commercial remodel and repair permits totaling \$6,538,052
- 32 Commercial additions totaling \$5,638,339.

*Note:* Real estate data were obtained from the Multiple Listing Service by a local real estate broker. Building permit data were obtained from the City of Valdosta permitting office.

## Commercial Building Permits City of Valdosta January 2009 - December 2011



<b>City of Valdosta Commercial Building Permits (New Construction)</b>			
<b>Month</b>	<b>Business</b>	<b>Amount (Dollars)</b>	<b>Total</b>
January	Valdosta Mechanical Warehouse	\$65,000	
	VSU Athletic Field	\$1,785,381	
	Thomas Collison	\$325,000	
	Worthington Family Dentistry	\$280,000	
			\$2,455,381
February	The Grove	\$2,225,000	
	Hampton Inn	\$500,000	
			\$2,725,000
March	Automotive Transfer, Inc.	\$25,000	
	AR Psychology & Counseling Center	\$226,000	
	The Grove of Valdosta	\$25,000	
	McDonald's USA	\$1,350,000	
			\$1,626,000
April	Automotive Transfers Inc.	\$500,000	
	Butler Carts and Storage	\$59,287	
	Dollar General	\$534,500	
			\$1,093,787
May	Maryland Fried Chicken	\$50,000	
	ADM Palm Oil Expansion	\$177,339	
	North Ashley Center	\$250,000	
	Boys & Girls Club Pool	\$185,000	
			\$662,339
June	Drury Inn & Suites	\$870,000	
	Pregnancy Support Center	\$400,000	
	Amedisys	\$30,000	
	South Georgia Medical Center	\$9,021,844	
			\$10,321,844
July	Regions Bank	\$70,000	
	Triad Isotopes	\$300,000	
			\$370,000
August	Bank of the Ozarks	\$80,000	
	Brightway Insurance	\$30,000	
	Southwest Georgia Bank	\$650,000	
	Olive Garden	\$1,146,726	
	The Ballet School	\$375,000	
	Valdosta Library	\$20,000	
			\$2,301,726
September	Bill Holland Warehouse	\$300,000	
	N Ashley Ventures	\$20,000	
	Langdale Fuel Shelter	\$24,000	
	Drury Inn	\$9,375,000	
	Bill Holland Warehouse	\$30,000	
			\$9,749,000
October	Holland Retail Shell Building	\$105,000	
			\$105,000
November	Cotton States	\$512,500	

*Continued from previous page*

	Zaxby's	\$700,000	
	Robert McLeod	\$75,000	
			\$1,287,500
December	Heritage Bank	\$1,875,508	
	Dupont Warehouse	\$900,000	
	SGMC Bridge	\$4,000,000	
	SGMC Patient Tower Site	\$1,000,000	
	Exit Realty	\$200,000	
	RBI Trucking	\$130,000	
			\$8,105,508
<b>Total</b>			<b>\$40,803,085.00</b>

<b>City of Valdosta Commercial Building Permits (Remodel and Repair)</b>			
<b>Month</b>	<b>Business</b>	<b>Amount (Dollars)</b>	<b>Total</b>
January	Continental Storage	\$15,000	
	Stumblers	\$10,000	
	Spencer Gifts	\$97,000	
	Azalera Masonic Lodge #716	\$400	
	Mellow LLC	\$10,000	
	Big Seven Motel	\$7,500	
	E. P. Properties	\$5,000	
	Deliverance	\$7,000	
	Boys & Girls Club Teen	\$500,000	
	Jack Henry CO & Associates	\$319,999	
	Miracle Ear	\$5,000	
	ACS Prudential Real Estate	\$9,000	
	New Valdosta Inn & Suites	\$2,000	
	Albert Sloan	\$5,000	
	Hardee's #1502993	\$72,570	
	B & H Bail Bonds	\$2,200	
	Baytree Barber Shop	\$5,000	
	Southwest Georgia Bank	\$4,000	
	Kathryn Coleman	\$500	
	A. D. Holt	\$1,200	
	Dewar Properties	\$10,490	
	Chick-Fil-A	\$5,500	
			\$1,094,359
February	Three Oaks Apartments	\$17,000	
	City of Valdosta Clinic	\$15,000	
	Quality Inn	\$3,850	
	Dr. Brian Griner	\$20,000	
	Mike Mullis	\$10,000	

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	Union Cathedral Daycare	\$110,000	
	J & K Food Store #2	\$10,500	
	Azalea Masonic Lodge	\$10,000	
	Borders Inv	\$50,000	
	Delrey	\$23,300	
	City of Valdosta	\$8,000	
	Three Oaks	\$17,000	
	On-Site Computers	\$5,500	
	First Federal Savings	\$9,451	
	Sunrise Bank	\$9,000	
	Allied Internet Services	\$8,000	
	Citi Trends	\$105,000	
	Sentinel Probation Office	\$2,000	
	Lee Office Equipment	\$6,500	
	Delrey	\$7,400	
	The Pool Store	\$600	
			\$448,101
March	Wendy's	\$170,000	
	Blazer Courtyard Apartments	\$12,000	
	Unity Church of God	\$1,000	
	American Bolt	\$1,200	
	Dr. Mark Eanes	\$50,000	
	Royals Boutique	\$300	
	Richard Miller	\$200,000	
	Blazer Courtyard Apartments	\$12,000	
	Washington Barber Shop	\$650	
	Beverly Moyer	\$3,500	
	Firm Foundation	\$25,000	
	Fann/Fleet Management	\$3,500	
	Northside Baptist	\$20,000	
	Richard Miller	\$142,182	
			\$641,332
April	Fabulous Pizza	\$44,000	
	C & D Food Mart	\$1,000	
	Title Town Gym	\$10,000	
	Hampton Fitness Center	\$25,000	
	Bella's Salon	\$1,400	
	Pro Street Sounds	\$1,200	
	Roger Budd Co	\$10,000	
	Staten Crossing	\$2,500	



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	Clientell	\$2,500	
	Heritage Healthcare	\$10,000	
	Computer Store	\$6,000	
	Bella Cakes	\$850	
	1st Presbyterian Church	\$24,000	
	Morningside Baptist Church	\$16,000	
	Roger Budd Co	\$3,000	
	House of Hope	\$75,000	
	Teresa's Dress Shop	\$5,000	
			\$237,450
May	McCrae Godfrey Mortuary	\$35,000	
	City of Valdosta Customer Service	\$1,275	
	Dr. Marable	\$2,700	
	Loan Max	\$800	
	David Blevins	\$9,000	
	Debra Atkins	\$200	
	First Presbyterian Church	\$35,000	
	Mary Tunison	\$6,500	
	Body Bronzer	\$1,000	
	William H Smith	\$2,500	
	William H Bennett	\$5,100	
	Belk	\$450,000	
	Salvation Army	\$13,600	
	Chow Tyme Grill & Buffet	\$30,000	
			\$592,675
June	Bloomingdales	\$8,000	
	Hospital Authority - Daycare	\$14,350	
	Steel Magnolia's	\$150,000	
	New Life Church	\$45,000	
	The Mix Yogurt Shop	\$70,000	
	US Renal Care	\$224,800	
	Jason Deloach	\$1,500	
	SGMC - Cancer Center	\$25,000	
	Huddle House	\$12,000	
	Alice Bauza	\$68,000	
			\$618,650
July	Shoe Show	\$118,655	
	Sam's Club	\$89,000	
	Chuck Smith	\$2,800	
	Roger Budd III	\$1,000	

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	True Flight Hanger	\$60,000	
	Bank of America	\$2,500	
	Langdale Forest Products	\$6,000	
	Leapin Lizards	\$33,000	
	Dairy Queen	\$196,000	
	Sugar Creek Apartments	\$18,000	
	SGMC - Dr's Admin Building	\$25,000	
	The Brass Quill	\$20,000	
	Don Brotherton Properties	\$1,500	
	Sherwood Rolling Hills	\$56,000	
	Tall Tree Apartments	\$2,500	
	Great Southern, LLC	\$15,000	
	Sugar Creek Apartments	\$21,000	
			\$667,955
August	Texas Roadhouse	\$10,000	
	Marco's Pool Room	\$10,000	
	Renee Fashions	\$16,000	
	H & R Block	\$10,000	
	Family Dollar	\$9,725	
	Hoot Gibson	\$47,750	
	Georgia Pecan	\$4,000	
	CJB Offices	\$250,000	
	SGMC	\$194,626	
	Woodland	\$4,000	
	L. J. Railey / Ralco Paints	\$2,000	
	H & R Block	\$30,000	
	Laberry Frozen Yogurt	\$6,000	
	Rescare of Valdosta	\$29,400	
	Speedee Cash	\$8,000	
			\$631,501
September	First American Drugs	\$3,500	
	Village Shoe Repair	\$2,000	
	Michael Sharon	\$50,000	
	Rolling Hills Condos	\$283	
	Rolling Hills Condos	\$283	
	Justice	\$168,639	
	Spearfinger Productions	\$9,000	
	Maurices	\$135,000	
	Robert McLeod	\$28,000	
	Rolling Hills Condos	\$284	

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	Key Arch Elements	\$40,000	
	First Presbyterian Church	\$20,000	
			\$456,989
October	Moss Carwash	\$3,000	
	Valdosta Roofing Co	\$30,000	
	Valdosta Medical Clinic	\$25,000	
	Valdosta Home Davita	\$198,000	
	Eye Associates	\$5,000	
	TJ Maxx	\$77,000	
	Roger Budd	\$5,000	
	Gary West	\$9,500	
	Christine Knight	\$1,000	
	Jerome Waters - St Paul Church	\$10,000	
			\$363,500
November	Lowndes County	\$10,000	
	Hollie Lee Williams	\$1,200	
	Enterprise Rental	\$58,000	
	Valdosta Housing Authority	\$50,760	
	Valdosta Housing Authority	\$96,250	
	Peace Way Counseling	\$3,500	
	Eye Associates of Valdosta	\$50,000	
	Greyhound Terminal	\$36,000	
	Stifel Nicolaus Inv	\$5,000	
	Repeat Boutique	\$18,000	
	Valdosta Housing Authority	\$96,250	
	Valdosta Housing Authority	\$96,250	
	Valdosta Housing Authority	\$96,250	
	X-Max Fashions	\$18,000	
	Commons of Valdosta	\$7,500	
			\$642,960
December	Bank of America	\$47,200	
	MK Foodmart #5	\$19,000	
	Castle Park	\$580	
	Lowe's Distribution Center	\$10,000	
	Fouracker Electric	\$8,900	
	So GA Pediatric & Allergy	\$1,000	
	Precision Industries	\$44,000	
	Ron Borders	\$2,900	
	I Gadget Doctor	\$500	
	Pizza Hut of Columbus	\$2,000	

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	Olive Garden	\$12,000	
	Roger Budd III	\$5,000	
	Yogurt Delight	\$25,000	
	Becky Herndon	\$7,500	
	Dr. Heather Colson	\$30,000	
	Richard Terry	\$2,000	
			\$217,580
<b>Total</b>			<b>\$6,613,052.00</b>

<b>City of Valdosta Commercial Building Permits (Additions)</b>			
<b>Month</b>	<b>Business</b>	<b>Amount (Dollars)</b>	<b>Total</b>
January	RBI Trucking	\$35,000	
	Dr. Brad Bynum	\$380,000	
			\$415,000.00
February	Lowndes Co Board of Commissioners	\$24,000	
	Langdale Ford	\$140,000	
			\$164,000.00
March	Guardian Bank	\$274,784	
	Blanton Commons	\$175,360	
			\$450,144.00
April	N/A	-	
			\$-
May	Macedonia 1st Baptist	\$6,000	
			\$6,000.00
June	The Grove	\$85,000	
	Peaceway Counseling	\$160,000	
			\$245,000.00
July	St John Catholic Church	\$1,100	
	Samuel Taylor	\$3,200	
	Garden Villa	\$2,000	
			\$6,300.00
August	SGMC	\$2,000,000	
	Mellow	\$2,000	
	RBI Trucking	\$25,000	
	Frank Franks Warehouse	\$1,400	
			\$2,028,400.00
September	Colson Printing	\$3,500	
	St James Missionary Baptist Church	\$5,000	
	Northside Baptist Church	\$300,000	
	Tremont Village	\$3,500	

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	True Life Fellowship Church	\$400	
	Devcon Inc	\$15,000	
			\$327,400.00
October	Omni K Store	\$15,000	
	Sunset Farms	\$1,500	
			\$16,500.00
November	Days Inn Lobby	\$98,550	
	Days Inn	\$80,000	
	Steel Magnolias	\$1,000	
	Dr Parrott Medical Clinic	\$250,000	
			\$429,550.00
December	Christ Episcopal Church	\$1,400,445	
	Dr Richard Rickman	\$80,000	
	McDonald's USA LLC	\$69,100	
	Clientell	\$5,000	
	C & D Food Mart	\$10,500	
			\$1,565,045.00
<b>Total</b>			<b>\$5,653,339.00</b>

## City of Valdosta Commercial Real Estate Transactions

January 2009 – December 2011

(Data obtained from Valdosta Area Multiple Listing Service)

Month	Properties Sold	Active Listings	Average Sales Price	Average List Price	Average Days on Market (Sold)	Absorption Rate (Months)
<b>2009</b>						
January	1	53	\$450,000	\$485,777	8	53
February	1	52	\$380,000	\$484,796	271	52
March	3	53	\$672,669	\$457,623	101	18
April	0	58	-	\$476,259	0	0
May	2	61	\$397,500	\$485,164	83	31
June	3	60	\$294,633	\$512,445	51	20
July	2	63	\$255,000	\$537,949	99	32
August	0	62	-	\$592,690	0	0
September	1	63	\$242,000	\$608,078	33	63
October	1	66	\$274,000	\$588,041	187	66
November	1	67	\$60,000	\$614,703	212	67
December	1	67	\$362,000	\$600,539	202	67
<b>2010</b>						
January	2	66	\$329,950	\$593,286	82	33
February	0	71	-	\$566,493	0	0
March	2	68	\$237,778	\$572,919	283	34
April	1	74	\$115,000	\$565,195	172	74
May	0	72	-	\$574,531	0	0
June	1	75	\$267,500	\$503,553	64	75
July	0	71	-	\$513,638	0	0
August	2	70	\$790,000	\$419,889	299	35
September	2	73	\$713,000	\$414,768	82	37
October	2	77	\$407,000	\$378,257	89	39
November	4	76	\$285,500	\$423,451	249	19
December	2	77	\$1,062,500	\$419,522	313	39
<b>2011</b>						
January	0	79	-	\$442,815	0	0
February	0	82	-	\$476,529	0	0
March	1	78	\$226,000	\$497,328	132	78
April	2	75	\$63,750	\$518,328	367	38
May	3	75	\$322,000	\$559,317	414	25
June	4	78	\$250,875	\$559,010	332	20
July	1	74	\$250,000	\$565,290	279	74
August	3	83	\$219,167	\$634,402	300	28
September	0	78	-	\$661,789	0	0
October	0	82	-	\$652,992	0	0
November	1	84	\$55,000	\$642,814	4	84
December	0	81	-	\$639,949	0	0
<b>Total</b>	<b>49</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>
<b>Average</b>	<b>1.36</b>	<b>71</b>	<b>\$249,523</b>	<b>\$534,448</b>	<b>131</b>	<b>52</b>

## City of Valdosta Commercial Real Estate Transactions

January 2009 – December 2011

(Data obtained from Valdosta Area Multiple Listing Service)

Month	New Commercial Construction (Dollars)	New Construction Permits (Number)	Commercial Remodel / Repair (Dollars)	Commercial Remodel / Repair (Number)	Commercial Additions (Dollars)	Commercial Additions (Number)
<b>2009</b>						
January	\$102,692	2	\$642,100	9	-	0
February	\$128,400	1	\$633,850	14	\$1,435,150	7
March	\$500,000	2	\$677,072	15	\$6,790,000	5
April	\$488,700	4	\$157,950	15	\$-	0
May	\$1,145,000	4	\$1,441,634	17	\$49,435	2
June	\$17,450,000	2	\$318,237	14	\$759,242	3
July	\$2,797,285	6	\$183,469	19	\$399,000	2
August	\$2,712,519	4	\$728,866	23	\$900,000	2
September	\$2,915,000	5	\$48,130	8	\$52,200	3
October	\$520,000	2	\$962,010	14	\$29,500	2
November	\$1,303,762	2	\$517,959	16	\$579,172	6
December	\$2,248,620	4	\$129,068	17	\$808,657	2
<b>2010</b>						
January	\$107,500	1	\$587,823	12	-	0
February	\$40,001	2	\$312,820	15	\$195,950	4
March	\$150,000	1	\$283,921	18	\$714,200	3
April	\$53,000	2	\$726,351	22	\$1,000	1
May	\$592,300	4	\$2,171,650	17	\$502,000	3
June	\$700,000	1	\$185,700	13	-	0
July	\$75,000	1	\$1,249,618	8	\$688,000	1
August	\$3,675,000	5	\$1,424,038	23	\$1,040,000	3
September	\$150,800	6	\$389,890	18	\$636,000	3
October	\$2,925,000	2	\$829,850	16	\$285,500	1
November	\$285,000	2	\$199,950	11	425,000	1
December	\$2,762,250	5	\$201,750	6	\$113,000	2
<b>2011</b>						
January	\$2,455,381	4	\$1,094,359	22	\$415,000	2
February	\$2,725,000	2	\$448,101	21	\$164,000	2
March	\$1,626,000	4	\$641,332	14	\$450,144	2
April	\$1,093,787	3	\$162,450	16	-	0
May	\$662,339	4	\$592,675	14	\$6,000	1
June	\$10,321,844	4	\$618,650	10	\$245,000	2
July	\$370,000	2	\$667,955	17	\$6,300	3
August	\$2,301,726	6	\$631,501	15	\$2,028,400	4
September	\$9,749,000	5	\$456,989	12	\$312,400	5
October	\$105,000	1	\$363,500	10	\$16,500	2
November	\$1,287,500	3	\$642,960	15	\$429,550	4
December	\$8,105,508	6	\$217,580	16	\$1,565,045	5
<b>Total</b>	<b>\$84,630,914</b>	<b>114</b>	<b>\$21,541,758</b>	<b>542</b>	<b>\$21,641,345</b>	<b>88</b>
<b>Average</b>	<b>\$2,350,859</b>	<b>3.2</b>	<b>\$598,382</b>	<b>15</b>	<b>\$601,148</b>	<b>2.4</b>



## **Conclusion**

With unemployment remaining high and commercial loans reaching the end of their terms, the commercial real estate market is likely to remain low with small growth in the coming year. Within Lowndes County and the City of Valdosta, the number of commercial building permits is low and will likely remain low without the creation of new businesses within Lowndes County or the recruitment of companies to the area by the Valdosta-Lowndes County Industrial Authority.

## Residential Real Estate

### *Industry Overview*

“The real estate market continues to show little signs of life. Despite record-low mortgage rates and a collapse in home prices, builders see little demand for new homes due to the record-high overhang of existing homes on the market, including the record-high level of foreclosed properties (4.29% of all active loans) which have continued to gain most attention from buyers due to much lower prices.”<sup>38</sup>

Thus “2011's decrease of -2.1% year-over-years was bolstered by a stabilizing of prices in the latter half of the year and decreasing REO saturation. In 2012, U.S. home prices are forecasted to show continued stabilization with a slight gain of 0.2% across all markets, remaining near levels not seen since back in 2001. Importance of micro-market analysis is reiterated as the 2012 forecast is for a flat U.S. market, but only 40% of individual markets (20 of 50) are projected to be stable.”<sup>39</sup>

“The TARP is now widely perceived as having restored stability to the financial sector by bailing out Wall Street banks and domestic automotive manufacturers while doing little for the 13.9 million workers who are unemployed, the 2.4 million homeowners who are at immediate risk of foreclosure, or the countless families otherwise struggling to make ends meet. As a result of this perception, the TARP is now burdened by a public —stigma. For example, when the President announced the Home Affordable Modification Program in early 2009, he asserted that it would prevent three to four million foreclosures. The program now appears on track to help only 700,000 to 800,000 homeowners, yet Treasury has never formally announced a new target. Absent meaningful goals, the public has no meaningful way to hold Treasury accountable, and Treasury has no clear target to strive toward in its own deliberations.”<sup>40</sup>

The S&P/Case-Shiller indices of Home Prices accurately track the price path of typical single-family homes located in major metropolitan areas:

“the leading measure of U.S. home prices, showed declines of 1.3% for both the 10- and 20-City Composites in November over October. For a second consecutive month, 19 of the 20 cities covered by the indices also saw home prices decrease. The 10- and 20-City Composites posted annual returns of -3.6% and -3.7% versus November 2010, respectively. These are worse than the -3.2% and -3.4% respective rates reported for October. In addition to both Composites, 13 of the 20 MSAs saw their annual returns decrease compared to October's data. New York and Tampa saw no change in annual returns in November; while Charlotte, Cleveland, Denver, Minneapolis and Phoenix saw their annual rates improve. At -11.8% Atlanta continued to post the lowest annual return. Detroit and Washington DC were the only two cities to post positive annual returns of

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<sup>38</sup> December 2011 U.S. Housing Market Overview - <http://www.avaresearch.com/avanew/articles/939/December-2011-U.s.-Housing-Market-Overview.html>

<sup>39</sup> Clear Capital Home Data Index: National Home Price Trends – <http://www.clearcapital.com/company/MarketReport.cfm?month=January&year=2012>

<sup>40</sup> <http://cybercemetery.unt.edu/archive/cop/20110401232213/http://cop.senate.gov/documents/cop-031611-report.pdf>

+3.8% and +0.5%, respectively, in November. While positive, both cities saw these annual rates fall versus October's data."<sup>41</sup>

## *National Overview*

### *Construction Spending*

From a national perspective, "the value of private construction in 2011 was \$504.1 billion, 0.7 percent ( $\pm 1.4\%$ )\* above the \$500.6 billion spent in 2010. Residential construction in 2011 was \$236.2 billion, 1.1 percent ( $\pm 2.1\%$ )\* below the 2010 figure of \$238.8 billion and nonresidential construction was \$268.0 billion, 2.4 percent ( $\pm 1.4\%$ ) above the \$261.8 billion in 2010. As well "the value of public construction in 2011 was \$283.3 billion, 6.5 percent ( $\pm 1.4\%$ ) below the \$303.0 billion spent in 2010. Educational construction in 2011 was \$70.9 billion, 5.3 percent ( $\pm 3.2\%$ ) below the 2010 figure of \$74.9 billion and highway construction was \$78.9 billion, 4.5 percent ( $\pm 3.2\%$ ) below the \$82.5 billion in 2010."<sup>42</sup>

### *Mortgage Delinquency*

Another important national data source to watch is the Mortgage Bankers Association's National Delinquency Survey.

- In Q2 of 2011 "The delinquency rate for mortgage loans on one-to-four-unit residential properties increased to a seasonally adjusted rate of 8.44 percent of all loans outstanding as of the end of the second quarter of 2011, an increase of 12 basis points from the first quarter of 2011, and a decrease of 141 basis points from one year ago, according to the Mortgage Bankers Association's (MBA) National Delinquency Survey. The non-seasonally adjusted delinquency rate increased 32 basis points to 8.11 percent this quarter from 7.79 percent last quarter."<sup>43</sup>
- The delinquency rate for mortgage loans on one- to four-unit residential properties decreased to a seasonally adjusted rate of 7.58% of all loans outstanding as of the end of the fourth quarter of 2011, a decrease of 41 basis points (bps) from the third quarter and a decrease of 67 bps from one year ago, according to the Mortgage Bankers Association's (MBA) National Delinquency Survey. The non-seasonally adjusted delinquency rate decreased 5 bps to 8.15% this quarter from 8.2% last quarter.<sup>39</sup>
- The percentage of loans on which foreclosure actions were started during the third quarter was 0.99%, down 9 bps from last quarter and down 28 bps from one year ago.

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<sup>41</sup> Standard and Poors Case Shiller Index - <http://www.standardandpoors.com/>

<sup>42</sup> DECEMBER 2011 CONSTRUCTION AT \$816.4 BILLION ANNUAL RATE - <http://www.census.gov/construction/c30/pdf/release.pdf>

<sup>43</sup> Mortgage Delinquency Rates Rose in Q2 2011 by Stephanie Brown - <http://sanfranciscobayareatoday.org/mortgage-delinquency-rates-rose-in-q2-2011/15110/>

The delinquency rate includes loans that are at least one payment past due but does not include loans in the process of foreclosure.<sup>39</sup>

- The percentage of loans in the foreclosure process at the end of the fourth quarter was 4.38%, down 5 bps from the third quarter and 26 bps lower than one year ago. The serious delinquency rate, the percentage of loans that are 90 days or more past due or in the process of foreclosure, was 7.73%, a decrease of 16 bps from last quarter and a decrease of 87 bps from the fourth quarter of last year.<sup>39</sup>
- The combined percentage of loans in foreclosure or at least one payment past due was 12.63% on a non-seasonally adjusted basis, a 10 bps decrease from last quarter and 107 bps lower than a year ago.<sup>44</sup>

### *Residential Sales*<sup>40</sup>

“Existing-home sales rose sharply in December, when sales increased for the fifth time in the past six months, according to the National Association of REALTORS®. Completed transactions that include single-family, townhomes, condominiums and co-ops, rose 12.3 percent to a seasonally adjusted annual rate of 5.28 million in December from an upwardly revised 4.70 million in November, but remain 2.9 percent below the 5.44 million pace in December 2009. The national median existing-home price for all housing types was \$168,800 in December, which is 1.0 percent below December 2009. Distressed homes rose to a 36 percent market share in December from 33 percent in November, and 32 percent in December 2009. According to Freddie Mac, the for a 30-year, conventional, fixed-rate mortgage rose to 4.71 percent in December from 4.30 percent in November; the rate was 4.93 percent in December 2009.”<sup>45</sup>

Permits for construction of new housing units were up 10 percent in the fourth quarter of 2011, at a SAAR of 665,000 units, from the previous quarter and were up 14 percent from the fourth quarter of 2010. Single-family permits, at 435,000 units, were up 6 percent from the level of the previous quarter and up 3 percent from a year earlier. Multifamily permits (5 or more units in structure), at 207,000 units, were 21 percent above the third quarter of 2011 and 52 percent above the fourth quarter of 2010.

For all of 2011, builders took out a total of 610,700 housing permits, an increase of 2 percent over 2010. They took out 413,600 single-family permits, 7 percent fewer than in the previous year, and 176,400 multifamily permits, an increase of 35 percent over 2010.

For all of 2011, the median price of new homes sold was \$225,800, 1.8 percent higher than the 2010 price of \$221,800. The average price of new homes sold in 2011 was \$266,600, down 2.3

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<sup>44</sup> MBA: Residential Delinquency Rate Down In Q4 2011

- [http://mortgageorb.com/e107\\_plugins/content/content.php?content.10951](http://mortgageorb.com/e107_plugins/content/content.php?content.10951)

<sup>45</sup> Information contained in this section is taken from HUDUser.org -

[http://www.huduser.org/portal/periodicals/ushmc/winter11/Preview\\_4q11\\_USHMC\\_national.pdf](http://www.huduser.org/portal/periodicals/ushmc/winter11/Preview_4q11_USHMC_national.pdf)

percent from the average price in 2010 of \$272,900. The estimated price of a constant-quality house in 2011 was \$279,500, less than 1 percent lower than the 2010 price of \$282,200.

For all of 2011, the median price of existing homes sold was \$166,100, down 3.9 percent from \$172,900 in 2010, and the average price of existing homes sold was \$214,000 in 2011, down 2.7 percent from \$220,000 in 2010.

For all of 2011, the composite housing affordability index averaged 184.5, a 6-percent increase from 2010. The national average home mortgage interest rate for 2011 was 4.67, 22 basis points below the 2010 rate. The median sales price of existing single-family homes for 2011 was \$166,200, 4.2 percent lower than the previous year, and median family income was \$60,831, 0.8 percent lower than the 2010 level of \$61,313. The decline in median sales price and a decline in mortgage interest rates more than offset the decline in median family income, leading to an overall increase in the composite housing affordability index. Finally, the fixed-rate affordability index for 2011 increased 3.3 percent from the previous year to 174.6.

The 2011 average annual rate for 30-year, fixed-rate, conventional mortgages was 4.45 percent, down 24 basis points from the 2010 annual rate.

The total number of FHA applications received in 2011 was 1,540,200, a 29-percent decrease from 2010. Total endorsements were 1,151,700, a decrease of 29 percent from last year. Purchase endorsements, at 757,000, decreased 24 percent from 2010, and the 394,600 refinancing endorsements were 37 percent below the previous year.

In 2011, private mortgage insurers issued 266,700 certificates of insurance, a decrease of 16 percent from 2010. Total VA mortgage loan guaranties increased 16 percent to 379,900 from 2010 to 2011.

Total delinquencies for all mortgage loans were at 7.99 percent in the third quarter of 2011, down 5 percent from the second quarter of 2011 and down 12 percent from the third quarter of 2010. Delinquencies for conventional subprime loans were at 22.78 percent, down 6 percent from the second quarter of 2011 and down 13 percent from the third quarter of the previous year. Conventional subprime adjustable rate mortgage (ARM) loans that were past due stood at 25.07 percent in the third quarter of 2011, down 8 percent from the second quarter of 2011 and down 16 percent from the third quarter of 2010.

In the third quarter of 2011, 90-day delinquencies for all mortgage loans were at 3.5 percent, down 3 percent from the second quarter of 2011 and down 19 percent from the third quarter a year ago. Conventional subprime loans that were 90 days past due stood at 11.07 percent in the third quarter of 2011, down 7 percent from the previous quarter and down 22 percent from the third quarter of 2010. Conventional subprime ARM loans that were 90 days past due were at 13.99 percent in the third quarter of 2011, down 9 percent from the second quarter of 2011 and down 27 percent from the third quarter of 2010.

During the third quarter of 2011, 1.08 percent of all mortgage loans entered foreclosure, up 13 percent from the second quarter of 2011 but down 19 percent from the third quarter of the

previous year. In the conventional subprime category, 3.25 percent of loans entered foreclosure in the third quarter of 2011, an increase of 13 percent from the second quarter of 2011 but a decrease of 2 percent from the third quarter of 2010. In the conventional subprime ARMs category, 4.65 percent of loans went into foreclosure in the third quarter of 2011, an increase of 28 percent from the second quarter of 2011 and an increase of 14 percent from the third quarter of 2010.

At the end of the fourth quarter of 2011, the estimate of the total housing stock, 132,474,000 units, was up a statistically insignificant 0.1 percent from the third quarter of 2011 and up a statistically insignificant 0.4 percent from the fourth quarter of 2010. The number of all occupied units increased by a statistically insignificant 0.5 percent from the third quarter of 2011 and increased a statistically insignificant 0.6 percent from last year's fourth quarter. The number of owner-occupied units increased by a statistically insignificant 0.1 percent from the third quarter of 2011 but decreased a statistically insignificant 0.1 percent from the fourth quarter of 2010. Renter-occupied units increased a statistically insignificant 1.2 percent from the third quarter of 2011 and increased a statistically insignificant 2.0 percent from the fourth quarter of 2010. Vacant units were down a statistically significant 2.2 percent from last quarter and decreased a statistically insignificant 0.9 percent from the fourth quarter of 2010.

For all of 2011, the annual national homeownership rate was 66.1 percent, down 0.8 percentage point from 2010. The annual homeownership rate for minority households was 48.3 percent, down 0.6 percentage point from the previous year. The annual homeownership rate for young married-couple households, at 57.2 percent, was down 1.1 percentage points from 2010.

### *Foreclosures*

RealtyTrac, the leading online marketplace for foreclosure properties, today released its Year-End 2011 U.S. Foreclosure Market Report™, which shows a total of 2,698,967 foreclosure filings — default notices, scheduled auctions and bank repossessions — were reported on 1,887,777 U.S. properties in 2011, a decrease of 34 percent in total properties from 2010. Foreclosure activity in 2011 was 33 percent below the 2009 total and 19 percent below the 2008 total. The report also shows that 1.45 percent of U.S. housing units (one in 69) had at least one foreclosure filing during the year, down from 2.23 percent in 2010, 2.21 percent in 2009, and 1.84 percent in 2008. Total U.S. foreclosure activity and the U.S. foreclosure rate in 2011 were both at their lowest annual level since 2007.<sup>46</sup>

“There were strong signs in the second half of 2011 that lenders are finally beginning to push through some of the delayed foreclosures in select local markets. We expect that trend to continue this year, boosting foreclosure activity for 2012 higher than it was in 2011, though still below the peak of 2010. *Average Days to Foreclose Up to 348 Nationwide; Over 800 Days in NY, NJ and FL Annual Activity Down in 45 States; Nevada, Arizona, California Post Highest Rates*”<sup>47</sup>.

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<sup>46</sup>RealtyTrac - <http://www.realtytrac.com/content/foreclosure-market-report/2011-year-end-foreclosure-market-report-6984>

<sup>47</sup>IBid

## *U.S. Economic Outlook – Residential Housing Markets*

According to a survey from CareerBuilder, “nearly one in four hiring managers plan to hire full-time, permanent employees in 2012, similar to estimates from 2011; however, CareerBuilder said those numbers will translate to a better 2012 than 2011.”<sup>48</sup>

“Barring any major economic upsets, we expect 2012 to bring a better hiring picture than 2011, especially in the second half of the year,” Matt Ferguson, CEO of CareerBuilder, said in a press release. “Many companies have been operating lean and have already pushed productivity limits. We’re likely to see gradual improvements in hiring across categories as companies respond to increased market demands.” Economists are watching applications for unemployment benefits, which remain below 400,000. At the end of 2011, unemployment had also dropped below 9 percent, where it had been stuck for more than two years. Signs showing hope for 2012 economy.”<sup>43</sup>

The U.S. economic expansion that began in the second half of 2009 and gained momentum in 2010 slowed down in 2011, but it did not turn into a double-dip recession. The rate of U.S. economic growth, measured as gross domestic product, is forecast to increase slightly, from 1.5 percent in 2011 to 1.8 percent in 2012. “Anytime the rate of growth is less than 2 percent the economy is vulnerable to a setback,” Dean Sumichrast said. “The U.S. economy may flip between periods of weak growth and mild recession for the remainder of the decade. But a growing economy, even a slowly growing economy, typically does not stop growing on its own. In fact, the U.S. economy has continued to grow in the face of high oil prices, major supply chain interruptions, and the downgrade of our sovereign debt.”<sup>49</sup>

### *Georgia Overview*

The Georgia Economic Outlook Summary report reports that “Georgia’s jobless expansion should finally turn the corner into job growth in 2012. Net employment in the state is projected to increase by 18,000 jobs. “That small uptick will be the first annual gain in employment since 2007.” Dean Robert Sumichrast said. “But that is only five percent of the total jobs Georgia lost due to the recession. That won’t help Georgia’s unemployment rate improve much. It will average just over 10 percent in 2012.” “We estimate that Georgia’s economy will expand by only 1.5 percent in 2012, adjusted for inflation,” Sumichrast said. “That will be a little less than the 1.8 percent growth rate we predict for the U.S economy.”<sup>50</sup>

From RealtyTrac, we learned that the State of Georgia currently has 81,100 foreclosures, the majority of which were located in the Atlanta area: Fulton, Gwinnett, DeKalb, and Cobb counties. Fulton County had the greatest number of foreclosures in the state: 1,330 foreclosures. The December 2011 Foreclosure Rate Heat Map below shows the foreclosure rates in Georgia counties. A deeper red denotes the counties with the greatest number of foreclosure filings. In December 2011, 1 in every 185 homes received a foreclosure filing in the State of Georgia.<sup>44</sup>

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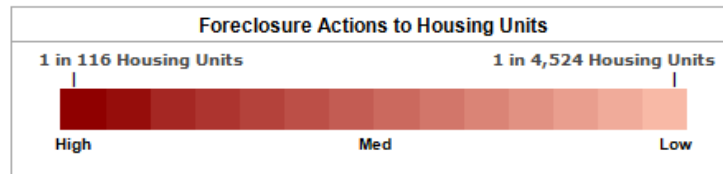
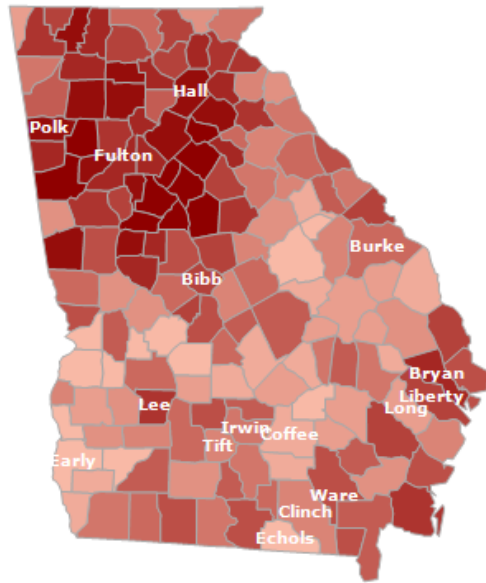
<sup>48</sup> Signs showing hope for 2012 economy - <http://www.johnsoncitypress.com/Business/article.php?id=97191>

<sup>49</sup> Terry College of Business Economic Outlook - <https://www.terry.uga.edu/news/releases/2011/economic-outlook-forecast.html>

<sup>50</sup> Ibid

<sup>44</sup> RealtyTrac, Georgia Real Estate Trends – <http://www.realtytrac.com/trendcenter/ga-trend.html>





*State Foreclosure Heat Rate Map*

The Federal Reserve Board “indicated that [in Georgia] the pace of new home sales growth through December remained weak compared with a year ago. Many contacts continued to report that buyers were having a difficult time securing loans. Builders also noted construction activity held steady at very low levels. The outlook was mixed with Florida and Georgia builders expecting weaker activity over the next several months, while elsewhere in the District modest improvements were expected.”<sup>45</sup>

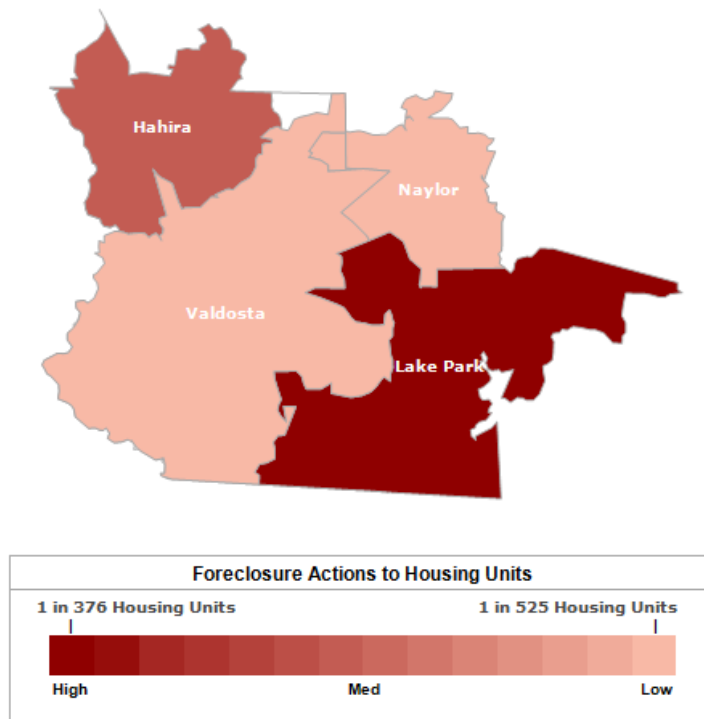
***Lowndes County Residential Housing Market Overview (including the City of Valdosta)***

From RealtyTrac, we learned that in December 2011 Lowndes County had a total of 92 new foreclosures, with 72 in Valdosta, 11 in Lake Park, 9 in Hahira. Within the county, 1 in every 500 housing units received a foreclosure filing. Also, the local December 2011 Foreclosure Heat Rate Map, shown below, depicts the areas with the greatest rate of foreclosure by a deeper shade of red. In Lowndes County, Hahira, though it only had 9 foreclosures respectively, had the greatest foreclosure rate due to its size: 1 in every 452 housing units.<sup>51</sup>

<sup>45</sup> The Federal Reserve Board – *Federal Reserve Districts* - <http://federalreserve.gov/fomc/beigebook/2011/20110112/6.htm>

<sup>51</sup> RealtyTrac, Lowndes County, GA Real Estate Trends, <http://www.realtytrac.com/trendcenter/ga/lowndes+county-trend.html>





*Lowndes County Foreclosure Heat Rate Map*

The Southern Georgia region has shown signs of improvement through the third quarter of 2011. Business and plant closures rates have declined in many communities across the Southern Georgia region. The Southern Georgia region has experienced net job gains over the last eight months and has recovered all net job losses that occurred earlier this year. While employment is still lower than pre-recession levels, it is expected that the positive employment trend will continue during 2012. This recovery however will be uneven across counties and industries. The economic indicators suggest that the Valdosta-MSA experienced modest economic growth through the first three quarters of 2011. Weak employment that plagued the Valdosta-MSA during 2010 and the first two months of 2011 appears to have moderated. Construction projects around the MSA and growth in the Health-care and Health-care related industries, especially in Valdosta have fueled some of the growth.”<sup>52</sup>

***Lowndes County Residential Housing Market Analysis (excluding the City of Valdosta)***

***Building Permit Activity***

The data below shows the number of residential building permits issued in Lowndes County (excluding the City of Valdosta and including the City of Hahira) from January 2009 to December 2011. The number of Residential building permits for new construction decreased in 2011 by ~24% with only 266 new permits being issued in 2011, compared to 330 in 2010. There was an associated decrease in the dollar amount of New Residential Permits in 2011, from

<sup>52</sup> Dr. Cynthia Royal Tori- *South Georgia Business Outlook* <http://www.valdosta.edu/lcoba/cber/documents/SGBO-Q3-2011.pdf>

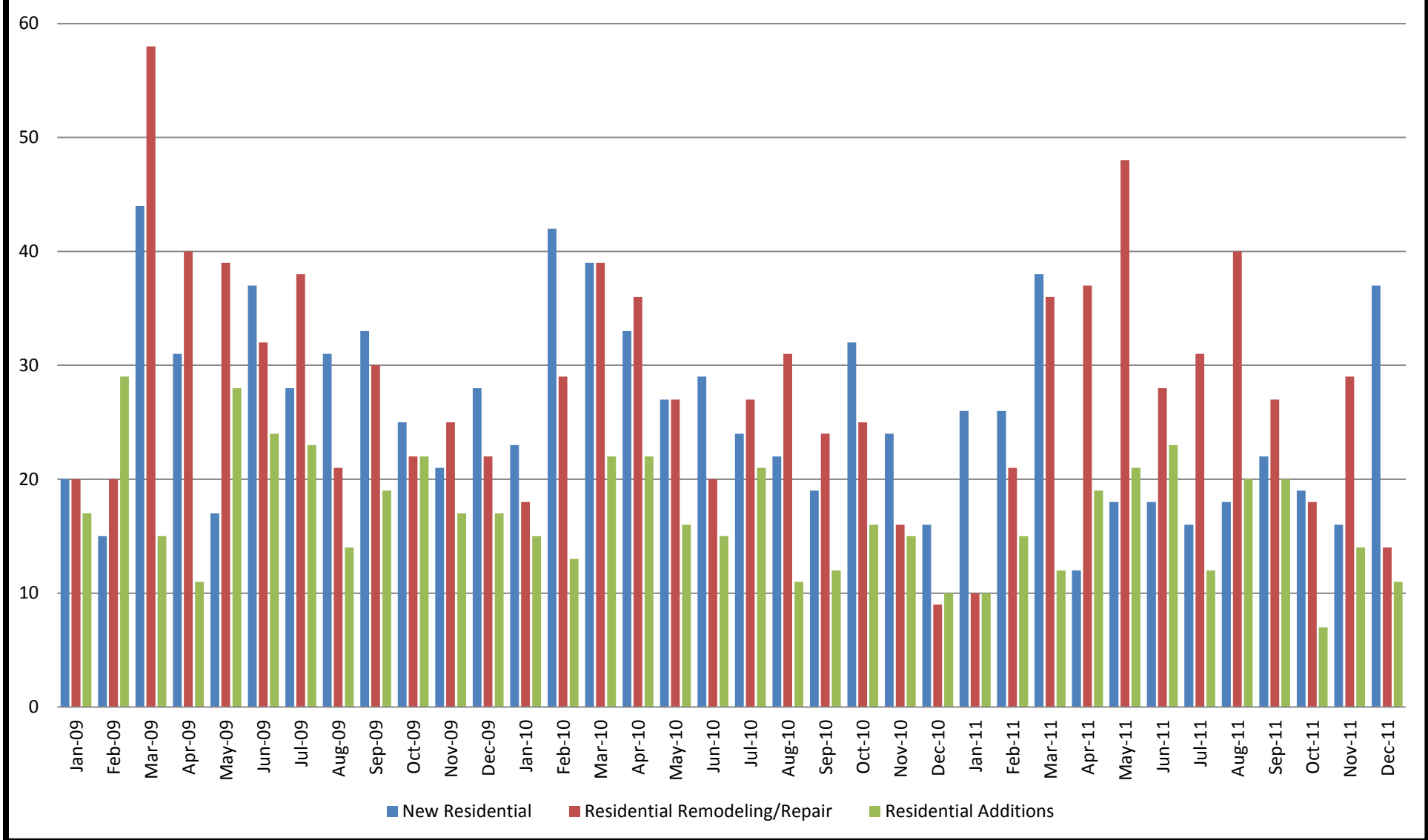
\$32,253,314 in 2010 to \$28,148,610 in 2011, a decrease of \$4,104,704. Residential Remodel and Repairs permits increased by ~13% with 339 permits being issued in 2011, compared to 301 in 2010. There was an increase in the dollar amount of Residential Remodel and Repair permits in 2011 from \$1,931,687 in 2010 to \$2,521,611 in 2011, an increase of \$589,924. Residential additions decreased over the previous year by ~2% with 184 additional permits being issued in 2011, compared to 188 in 2010. There was however an increase in the dollar amount of Residential Additions in 2011 to \$2,336,617, from \$2,053,853 in 2010, an increase of \$282,764. The continual increase in remodel and repair permits should be seen as a positive sign for future resale values within the county. With the wavering economic state and the employment rate still low new construction permits are the lowest they have been in the county since January of 2009.

In 2011, Lowndes County issued:

- 266 New Residential permits totaling \$28,148,610 (compared to 330 for \$32,253,314 in 2010)
- 339 Residential remodel and repair permits totaling \$2,521,611 (compared to 301 for \$1,931,687 in 2010)
- 184 Residential additions totaling \$2,336,617 (compared to 188 for \$2,053,853 in 2010)

<b>Lowndes County Residential Building Permits, 2011</b>			
<b>Month</b>	<b>New Construction (Dollars)</b>	<b>Remodel / Repair (Dollars)</b>	<b>Additions (Dollars)</b>
January	\$2,560,599	\$43,300	\$73,878
February	\$2,650,011	\$115,036	\$308,860
March	\$3,640,061	\$201,037	\$50,365
April	\$1,415,192	\$319,052	\$161,070
May	\$1,919,520	\$308,032	\$154,242
June	\$1,905,621	\$228,809	\$413,800
July	\$1,823,089	\$215,073	\$202,619
August	\$2,036,392	\$308,339	\$111,895
September	\$2,104,383	\$164,481	\$192,366
October	\$2,182,733	\$133,110	\$62,350
November	\$1,924,668	\$391,830	\$209,077
December	\$3,986,341	\$93,512	\$396,095
<b>Totals</b>	<b>\$28,148,610</b>	<b>\$2,521,611</b>	<b>\$2,336,617</b>

## Residential Building Permits Lowndes County and Hahira January 2009 - December 2011



## Residential Sales, Average Days on the Market, and Absorption Rates for MLS Zones 5 & 6 (Lowndes County)

January 2009 through December 2011

(Data obtained from Valdosta Area Multiple Listing Service)

Lowndes County Residential	Number of Properties Sold	Average Sold Price	Median Sold Price	Average Days on Market	Absorption Rate (Months)	Active Listings
January (2009)	24	\$197,338	\$152,250	106	29.54	709
February	32	\$183,753	\$149,325	145	20.69	662
March	41	\$165,922	\$142,000	93	16.66	683
April	35	\$178,013	\$147,900	129	19.83	694
May	43	\$182,627	\$150,000	84	16.14	694
Jun	55	\$162,225	\$144,900	103	13.09	720
July	54	\$165,647	\$145,750	87	13.17	711
August	49	\$165,675	\$149,000	86	13.92	682
September	45	\$170,375	\$152,500	91	15.47	696
October	40	\$161,131	\$143,500	86	16.85	674
November	40	\$154,917	\$148,500	129	15.90	636
December	26	\$166,870	\$165,650	82	24.65	641
January (2010)	31	\$167,038	\$144,485	122	21.42	664
February	37	\$196,347	\$170,000	95	17.57	650
March	55	\$182,853	\$153,900	121	12.31	677
April	48	\$161,903	\$144,950	106	14.94	717
May	48	\$165,387	\$149,048	97	14.79	710
Jun	48	\$183,101	\$168,000	89	15.71	754
July	42	\$180,039	\$160,700	91	17.38	730
August	56	\$186,778	\$172,500	118	12.66	709
September	40	\$160,729	\$152,000	121	17.18	687
October	28	\$173,418	\$152,750	87	24.46	685
November	25	\$166,993	\$164,900	91	26.56	664
December	36	\$150,411	\$139,400	108	17.92	645
January (2011)	31	\$135,406	\$129,900	114	19.58	607
February	38	\$162,189	\$137,350	122	15.87	603
March	40	\$153,548	\$152,000	138	15.88	635
April	33	\$152,802	\$144,800	170	18.39	607
May	40	\$154,139	\$156,000	111	16.18	647
Jun	47	\$181,241	\$160,000	109	14.30	672
July	28	\$171,401	\$142,750	102	23.96	671
August	46	\$150,988	\$141,000	133	14.89	685
September	44	\$161,275	\$124,450	136	14.27	628
October	43	\$182,957	\$150,000	109	13.93	599
November	46	\$170,570	\$148,250	108	12.15	559
December	31	\$151,772	\$148,600	139	17.68	548
<b>Total</b>	<b>1445</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>
<b>Average</b>	<b>40.1</b>	<b>\$168,272</b>	<b>\$149,972</b>	<b>110</b>	<b>17.39</b>	<b>665</b>

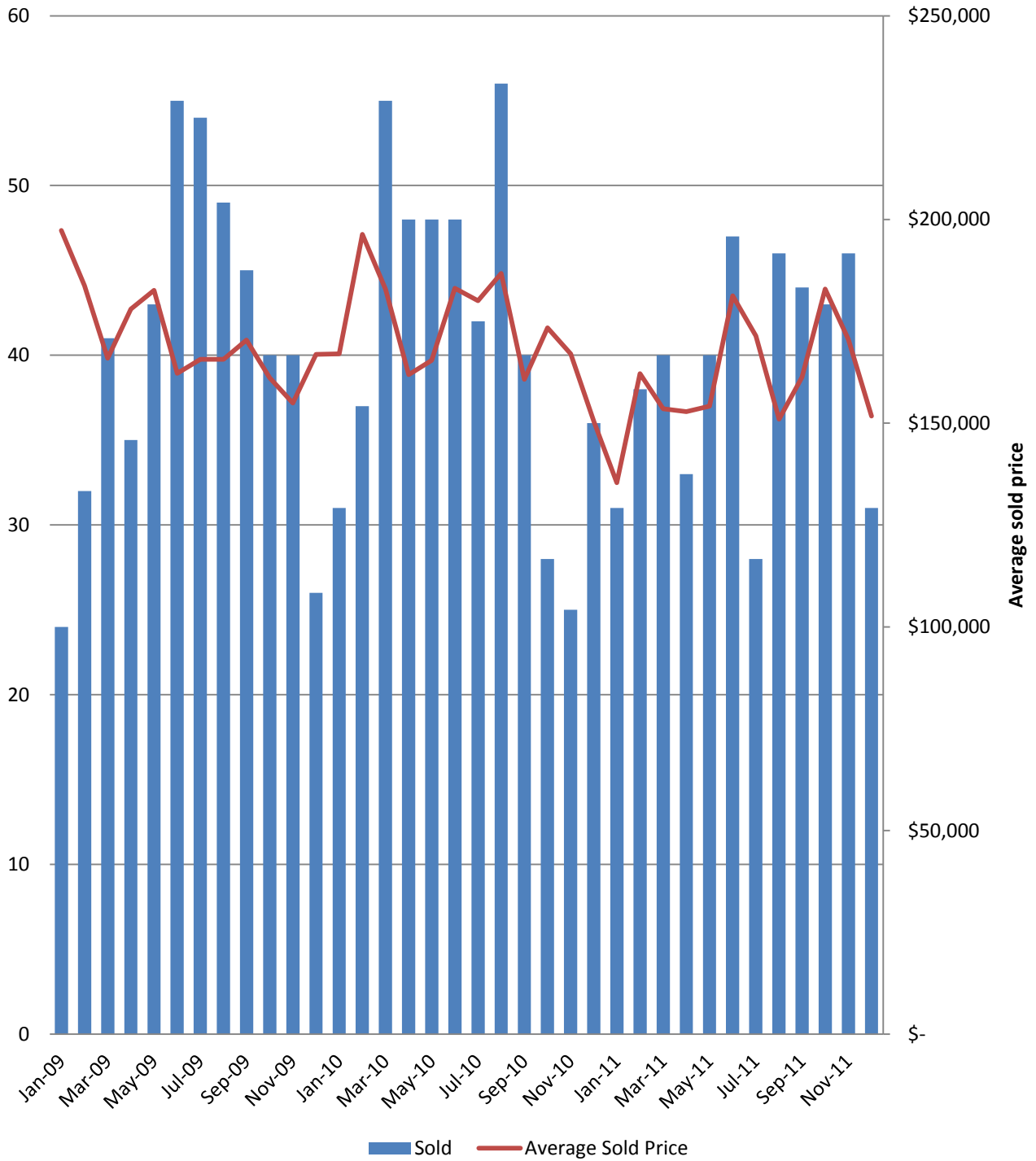
## Residential Building Permits for Lowndes County

January 2009 through December 2011

(Data obtained from Valdosta Area Multiple Listing Service)

	New Construction (Dollars)	New Construction (Permits)	Residential Remodel / Repair (Dollars)	Residential Remodel / Repair (Permits)	Residential Additions (Dollars)	Residential Additions (Permits)
January 2009	\$1,877,128	20	\$167,004	20	\$214,595	17
February	\$1,786,386	15	\$130,860	20	\$218,022	29
March	\$2,706,214	44	\$378,875	58	\$145,600	15
April	\$3,795,378	31	\$325,816	40	\$41,670	11
May	\$2,049,798	17	\$367,777	39	\$240,885	28
Jun	\$4,116,456	37	\$181,311	32	\$257,832	24
July	\$2,729,770	28	\$168,634	38	\$144,288	23
August	\$3,460,809	31	\$89,855	21	\$150,885	14
September	\$3,428,807	33	\$143,018	30	\$122,897	19
October	\$2,361,410	25	\$166,730	22	\$549,200	22
November	\$1,976,378	21	\$150,550	25	\$246,494	17
December	\$2,826,160	28	\$112,150	22	\$152,664	17
January 2010	\$2,124,030	23	\$98,400	18	\$111,884	15
February	\$4,457,984	42	\$148,030	29	\$136,550	13
March	\$4,180,301	39	\$222,686	39	\$131,828	22
April	\$3,455,781	33	\$241,564	36	\$255,200	22
May	\$1,913,723	27	\$139,350	27	\$180,184	16
Jun	\$2,971,882	29	\$140,061	20	\$134,848	15
July	\$2,666,097	24	\$250,150	27	\$245,483	21
August	\$2,245,233	22	\$195,500	31	\$71,295	11
September	\$2,064,723	19	\$92,757	24	\$92,350	12
October	\$2,418,249	32	\$160,029	25	\$408,200	16
November	\$1,692,446	24	\$123,060	16	\$77,695	15
December	\$2,062,865	16	\$120,100	9	\$208,336	10
January 2011	\$2,560,599	26	\$43,300	10	\$73,878	10
February	\$2,650,011	26	\$115,036	21	\$308,860	15
March	\$3,640,061	38	\$201,037	36	\$50,365	12
April	\$1,415,192	12	\$319,052	37	\$161,070	19
May	\$1,919,520	18	\$308,032	48	\$154,242	21
Jun	\$1,905,621	18	\$228,809	28	\$413,800	23
July	\$1,823,089	16	\$215,073	31	\$202,619	12
August	\$2,036,392	18	\$308,339	40	\$111,895	20
September	\$2,104,383	22	\$164,481	27	\$192,366	20
October	\$2,182,733	19	\$133,110	18	\$62,350	7
November	\$1,924,668	16	\$391,830	29	\$209,077	14
December	\$3,986,341	37	\$93,512	14	\$396,095	11
<b>Total</b>	<b>\$93,516,618</b>	<b>926</b>	<b>\$6,835,878</b>	<b>1007</b>	<b>\$6,875,502</b>	<b>608</b>
<b>Average</b>	<b>\$2,597,683</b>	<b>25.7</b>	<b>\$189,885</b>	<b>28</b>	<b>\$190,986</b>	<b>16.9</b>

## Number of Residential Sales and Average Sales Price Lowndes County and Hahira January 2011 - December 2011



*Residential Sales Activity*

Next, the tables below show the sales that have occurred in the past five quarters in Zones 5 and 6. We see that a direct comparison of 2010 to 2011 sales for Zone 5 reveals a ~18% reduction in the number of sales from 401 in 2010 to 327 in 2011. In Table 7, Zone 6 shows an increase over the previous year – a comparison of 2010 to 2011 reveals an ~15% percent increase in the number of sales. Also note that sales in Zone 6 have strongly increased each year since 2009.

<b>Zone 5 MLS (Lowndes County, North of US Highway 84)</b>												
<b>Sales by Price Range</b>												
<b>(Data obtained from Valdosta Area Multiple Listing Service)</b>												
	<b>1Q</b>	<b>2Q</b>	<b>3Q</b>	<b>4Q</b>	<b>1Q</b>	<b>2Q</b>	<b>3Q</b>	<b>4Q</b>	<b>1Q</b>	<b>2Q</b>	<b>3Q</b>	<b>4Q</b>
	<b>2009</b>	<b>2009</b>	<b>2009</b>	<b>2009</b>	<b>2010</b>	<b>2010</b>	<b>2010</b>	<b>2010</b>	<b>2011</b>	<b>2011</b>	<b>2011</b>	<b>2011</b>
<b>&lt;\$100,000</b>	9	11	8	4	7	4	8	8	16	16	10	13
<b>\$100,000 - \$199,999</b>	45	70	68	67	57	77	64	66	43	51	47	49
<b>\$200,000 - \$299,999</b>	15	16	25	12	21	19	22	18	10	13	12	13
<b>≥\$300,000</b>	7	9	9	2	8	6	10	6	5	11	8	10
<b>Total</b>	76	106	110	85	93	106	104	98	74	91	77	85
<b>Year</b>	<b>2009</b>				<b>2010</b>				<b>2011</b>			
<b>Total</b>	<b>377</b>				<b>401</b>				<b>327</b>			

<b>Zone 6 MLS (Lowndes County, South of US Highway 84)</b>												
<b>Sales by Price Range</b>												
<b>(Data obtained from Valdosta Area Multiple Listing Service)</b>												
	<b>1Q</b>	<b>2Q</b>	<b>3Q</b>	<b>4Q</b>	<b>1Q</b>	<b>2Q</b>	<b>3Q</b>	<b>4Q</b>	<b>1Q</b>	<b>2Q</b>	<b>3Q</b>	<b>4Q</b>
	<b>2009</b>	<b>2009</b>	<b>2009</b>	<b>2009</b>	<b>2010</b>	<b>2010</b>	<b>2010</b>	<b>2010</b>	<b>2011</b>	<b>2011</b>	<b>2011</b>	<b>2011</b>
<b>&lt;\$100,000</b>	3	4	13	4	6	10	12	9	13	13	19	15
<b>\$100,000 - \$199,999</b>	11	14	19	14	15	16	14	13	13	12	19	13
<b>\$200,000 - \$299,999</b>	5	5	5	2	6	4	3	3	8	3	1	5
<b>≥\$300,000</b>	2	4	1	1	2	2	4	2	1	1	2	2
<b>Total</b>	21	27	38	21	29	32	33	27	35	29	41	35
<b>Year</b>	<b>2009</b>				<b>2010</b>				<b>2011</b>			
<b>Total</b>	<b>107</b>				<b>121</b>				<b>140</b>			

## *Residential Subdivision Activity*<sup>53</sup>

### Nelson Hill

Nelson Hill, located in North Lowndes County, will have approximately 470 residential homes with a clubhouse overlooking a thirty-acre recreational lake. Of the 470 lots, 262 are in the first phase of the development. The lots, which are priced at \$22,500 for investors and \$28,500 for others, are 55 feet wide and 88 feet deep, or approximately 0.11 acres. The homes will start at 1,800 covered square feet, including garage and porch, and will be priced at \$129,900 and up. There were 10 homes sold in 2011, 5 homes built in 2011-2012, and there are currently 5 Active listings.

### Carlton Ridge

Carlton Ridge, located adjacent to Stone Creek in Lowndes County, has 99 lots, of which approximately 47 have homes. Carlton Ridge offers a variety of 4 bedroom homes, with prices starting at \$199,900. There were 2 homes sold in 2011, 1 homes built in 2011-2012, and there are currently 2 Active listings.

### CottonWood

CottonWood is located in North Lowndes County off of Lakeland Highway. Phase 1 has a total of eighty half-acre lots with prices starting at \$26,500. In Phase 1 prices start at \$134,900 and square footage of at least 1,400. In Phase II prices start at \$155,900 and square footage of at least 1500. There were 13 homes sold in 2011, 3 homes built in 2011-2012, and there are currently 4 Active listings.

### Crestwood

Crestwood is located in North Lowndes County off of Bemiss-Knights Academy Road. Within the subdivision, there are 56 lots, which range from 0.2 to 0.3 acres and are priced at \$32,500. The homes are priced from \$150,000 to \$175,000 and have 1,475 to 1,650 square feet. There were 22 homes sold in 2011, 9 homes built in 2011-2012, and there are currently 9 Active listings.

### Creekside West

Creekside West, a gated community located 1 mile from downtown Hahira, has approximately 84 half-acre lots in Phase 1. Lot prices start at \$40,000, and homes start in the low \$200,000's. There was 1 home sold in 2011, 0 homes built in 2011-2012, and there are currently 0 Active listings.

### Frank's Creek Landing

Frank's Creek Landing is located off of Morven Road in North Lowndes County. There are 84 lots, which range from 0.2 to 0.4 acres and are priced at approximately \$23,500. Homes in this subdivision are priced from \$148,000 to \$175,000 and have 1,600 to 1,780 square feet. There were 14 homes sold in 2011, 2 homes built in 2011-2012, and there are currently 3 Active listings.

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<sup>53</sup> Residential construction data were obtained from the Multiple Listing Service and the Lowndes County Tax Assessor's Website in January 2011. If the data were not in these sources, then they are not reflected.



### Greyfield Villas<sup>54</sup>

Greyfield Villas is located off of Bemiss Road and features single family homes and duplexes with approximately 1,250 square feet. There are currently 90 lots with 50 homes built. There are 2 houses currently for sale with prices starting at \$116,900.

### Grove Pointe

Grove Pointe, located in Lowndes County between Highway 41 and Val Del Road, was begun in 2006 and has 400 lots. Newly constructed homes (built in 2009 or 2010) in Grove Pointe range in square footage from 1,700 to 3,200 and in price from the \$180,000's to the \$320,000's. There were 27 homes sold in 2011, 6 homes built in 2011-2012, and there are currently 13 Active listings.

### Kinderlou Forest

Kinderlou Forest is a gated community that is divided into 7 sections, which are designed to accommodate various lifestyles. The Kinderlou community has a total of 440 lots. Prices for homes in Kinderlou start in the low to mid \$200,000's, and the homes range in square footage from 1,800 to upwards of 7,000. There were 12 homes sold in 2011, 1 home built in 2011-2012, and there are currently 13 Active listings.

### Knight's Mill Subdivision

Knights Mill Subdivision is located just off Knights Academy road towards Moody Air Force Base, Knights Mill is located near Sallas Mahone Elementary and Valdosta Middle and High Schools. Potential residents have the option of purchasing lots, and providing their own builders or purchasing homes with the lot included. Lots start at \$40,000 and homes begin at \$190,000. The minimum square footage required to build on a lot is 1,800 square feet. There were 10 homes sold in 2011, 7 homes built in 2011-2012, and there are currently 0 Active listings.

### Miller Farms

Miller Farms, located in North Lowndes County near Moody Air Force Base, has a total of 130 lots, which are approximately 0.23 acres each. Miller Farms feature homes which range in square footage from 1,200 to 1,500 and in price from the \$120,000's to the \$140,000s. There were 11 homes sold in 2011, 2 homes built in 2011-2012, and there are currently 3 Active listings.

### Northlake

Northlake is located in North Lowndes County adjacent to I-75. The subdivision features 337 lots, of which 160 are located in Section 9, its newest section. Newly constructed homes in Northlake start at approximately 1,300 square feet and are priced from the upper \$120,000's to the upper \$140,000's. There were 8 homes sold in 2011, 3 homes built in 2011-2012, and there are currently 11 Active listings.

### Pebbleridge

Pebbleridge, located in North Lowdes County off of Bemiss Road, has a total of 40 half-acre lots, which are priced at \$33,000. Homes range in square footage from 1,250 to 1,600 and prices

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<sup>54</sup> Information on number of homes was obtained by counting the homes in the subdivision in February 2011.

start in the \$120,000's. There were 2 homes sold in 2011, 0 homes built in 2011-2012, and there are currently 0 Active listings.

#### Pecan Plantation

Pecan Plantation, located off of Old Clyattville Road near Wild Adventures, is a restrictive covenant community, where houses must be a minimum of 1,800 square feet and prices range from \$250,000 to \$325,000. There were 1 homes sold in 2011, 0 homes built in 2011-2012, and there are currently 0 Active listings.

#### Quarterman Estates

Quarterman Estates, located in South Lowndes County, features 91 lots. Newly constructed homes in Quarterman Estates are priced on average in the mid-\$140,000's and range in square footage from approximate 1,400 to 1,600 square feet. There were 5 homes sold in 2011, 0 homes built in 2011-2012, and there are currently 4 Active listings.

#### Ridge Place

Ridge Place Subdivision, located in South Lowndes County features 75 lots ranging from .5 acres to 1.17 acres and start in the mid \$30,000's. Homes start in the \$180,000's are 1750 SqFt minimum and are covered by restrictive covenants. There were 2 homes sold in 2011, 1 homes built in 2011-2012, and there are currently 2 Active listings.

#### Stone Creek

Stone Creek, located off of I-75 Exit 22, is a community that began in 1992 and features 700 scheduled home sites. Homes in Stone Creek range in square footage from approximately 1,600 to 5,000 square feet. The average price for homes constructed since 2007 is in the upper \$300,000's. There were 29 homes sold in 2011, 1 homes built in 2011-2012, and there are currently 26 Active listings.

#### Walker Run Subdivision<sup>55</sup>

This new subdivision boasts underground utilities, Cul-De-Sacs and Paved Streets, and an 8 acre lake. There are 118 lots for sale with prices starting at \$32,900 and range in size from 10,000-25,000 square feet. There are 16 homes built with 12 already sold. Homes built start in the \$140,000's and are covered by Restrictive and Deed covenants. Conveniently located in South Georgia near Lake Park, Walker Run Subdivision is adjacent to a four lane US Hwy with easy access to golf courses, Valdosta, I-75, Florida and many other amenities.

#### Water's Edge North

Water's Edge North, located in Hahira, is part of the Hahira Gateway project. In Phase 1, there are 30 lots, which range from 0.20 to 0.35 acres. Homes range from 1,440 to 1,550 square feet and range in price from \$149,900 to \$156,000. There were 0 homes sold in 2011, 2 homes built in 2011-2012, and there are currently 2 Active listings.

#### Windstone

Windstone, which is located in North Lowndes County off of Bemiss Road, features 16 lots. On average, homes in Windstone sell in the mid-\$200,000's and are approximately 2,300 square

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<sup>55</sup> Information on number of homes was obtained by counting the homes in the subdivision in February 2011.

feet. There were 0 homes sold in 2011, 0 homes built in 2011-2012, and there are currently 0 Active listings.

### Woodbridge

Woodbridge, located in Hahira, has a total of 77 lots. Homes in Woodbridge start at 1,600 square feet and are range in price from the \$140,000's to \$190,000's. There were 1 homes sold in 2011, 0 homes built in 2011-2012, and there are currently 3 Active listings.

### *Residential Properties – Rental Rates and Vacancy Rates*

Seven property management companies provided information on Residential rental and vacancy rates within the County. The average rates for these properties were calculated to be \$783 a month rent for Residential properties with an average vacancy rate of 7.18 percent.

**Caution should be exercised when interpreting this data, as the sample size is small, and therefore, may not be representative of the true residential rental market in Lowndes County. Additionally, some respondents were unable to provide exact information and could only provide estimates.**

## *City of Valdosta Residential Housing Market Analysis*

### *Building Permit Activity*

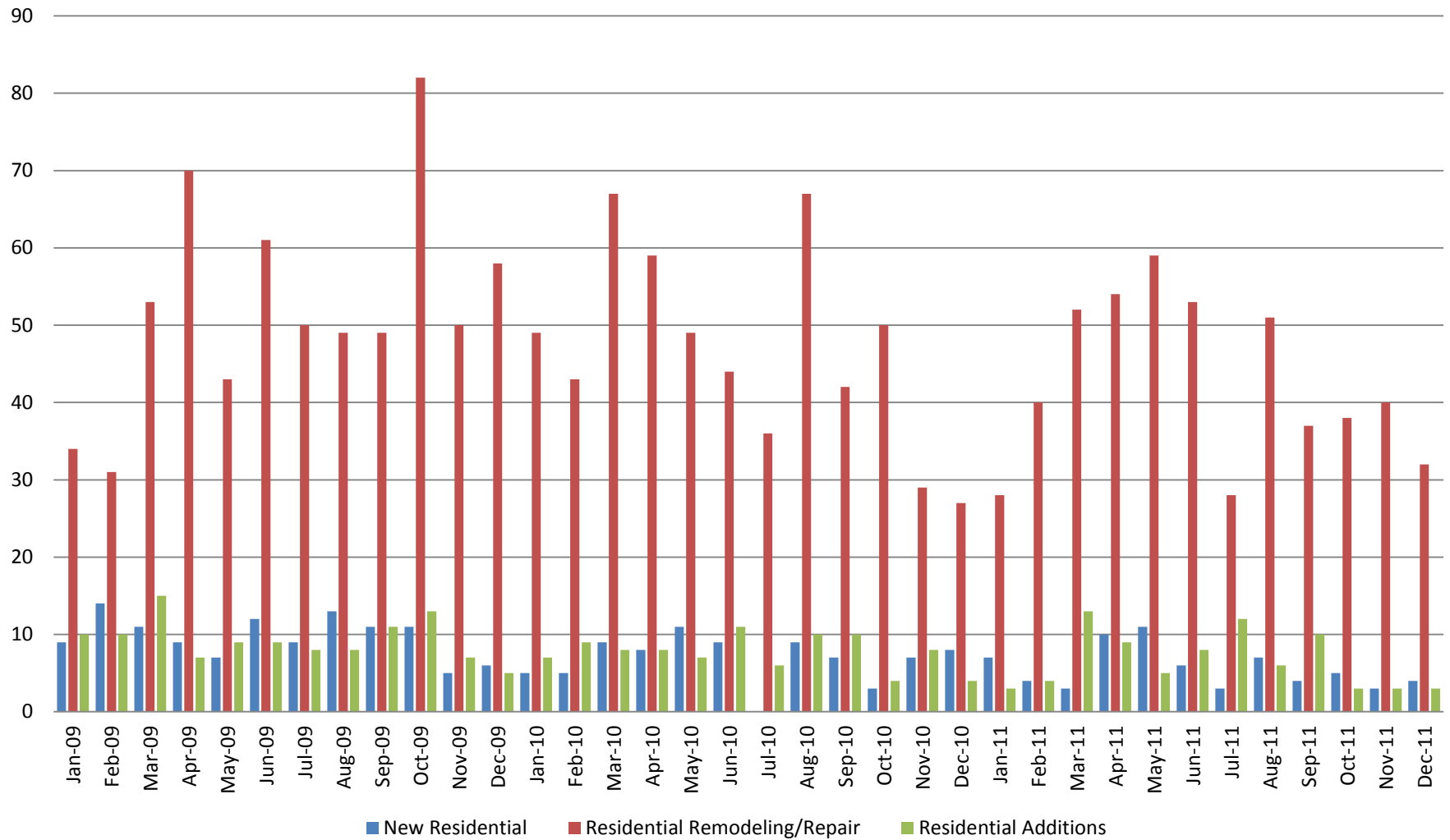
The table below shows the number of residential building permits issued in the City of Valdosta from January 2009 to December 2011. The number of Residential building permits for new construction decreased in 2011 by ~16% with 67 new permits being issued in 2011, compared to 80 in 2010. There was an associated decrease in the dollar amount of New Residential Permits in 2011, from \$7,601,416 in 2010 to \$5,780,467 in 2011, a decrease of \$1,820,949. Residential Remodel and Repairs permits decreased in 2011 by ~9% with 512 new permits being issued in 2011, compared to 562 in 2010. There was an increase in the dollar amount of Residential Remodel and Repairs Permits in 2011, from \$3,051,016 in 2010 to \$3,453,213 in 2011, an increase of \$402,197. Residential additions decreased over the previous year by ~14% with 79 additional permits being issued in 2011, compared to 92 in 2010. There was however a decrease in the dollar amount of Residential Additions in 2011, from \$1,035,948 in 2010 to \$992,519 in 2011, a decrease of \$43,429.

In 2011, the City of Valdosta issued:

- 67 New Residential permits totaling \$5,780,467 (compared to 80 for \$7,601,416 in 2010)
- 512 Residential remodel and repair permits totaling \$3,453,213 (compared to 562 for \$3,051,016 in 2010)
- 79 Residential additions totaling \$992,519 (compared to 92 for \$1,035,948 in 2010)

<b>City of Valdosta Building Permit Activity, 2011</b>			
<b>Month</b>	<b>New Construction (Dollars)</b>	<b>Remodel / Repair (Dollars)</b>	<b>Addition (Dollars)</b>
January	\$720,882	\$176,202	\$78,000
February	\$349,910	\$212,289	\$24,600
March	\$442,254	\$219,392	\$88,595
April	\$611,076	\$304,214	\$203,554
May	\$994,693	\$379,119	\$44,900
June	\$524,520	\$364,481	\$51,575
July	\$281,326	\$197,051	\$141,700
August	\$524,972	\$681,310	\$75,000
September	\$343,577	\$311,946	\$130,600
October	\$450,394	\$244,717	\$38,000
November	\$213,467	\$219,791	2,495
December	\$323,396	\$142,701	113,500
<b>Totals</b>	<b>\$5,780,467</b>	<b>\$3,453,213</b>	<b>\$992,519</b>

**Residential Building Permits  
City of Valdosta  
January 2009 through December 2011**



## Residential Sales, Average Days on the Market, and Absorption Rates for MLS Zones 1-4 (City of Valdosta)

January 2009 through December 2011  
(Data obtained from Valdosta area Multiple Listing Service)

	Number of Properties Sold (MLS Zones 1-4)	Average Sold Price	Median Sold Price	Average Days on Market	Absorption Rate (Months) (MLS Zones 1-6)	Active Listings (MLS Zones 1-6)
January 2009	19	\$126,774	\$138,900	83	24.68	469
February	14	\$129,916	\$126,400	92	32.64	457
March	21	\$119,148	\$118,000	78	22.00	462
April	35	\$123,966	\$126,000	95	13.31	466
May	42	\$129,062	\$116,950	143	10.98	461
Jun	31	\$143,484	\$122,760	106	15.23	472
July	35	\$138,572	\$126,800	95	13.89	486
August	27	\$120,724	\$125,000	124	18.67	504
September	23	\$148,917	\$133,000	102	21.57	496
October	30	\$160,440	\$134,000	98	16.50	495
November	35	\$137,078	\$126,500	135	13.34	467
December	20	\$145,750	\$133,450	89	22.70	454
January 2010	23	\$113,698	\$122,500	83	20.83	479
February	21	\$139,962	\$120,000	116	22.33	469
March	28	\$132,430	\$128,200	80	18.11	507
April	29	\$132,421	\$127,900	104	17.17	498
May	32	\$126,144	\$124,825	90	15.06	482
Jun	38	\$145,653	\$116,450	114	13.18	501
July	25	\$148,985	\$136,900	119	19.96	499
August	24	\$125,012	\$110,125	92	20.88	501
September	28	\$165,832	\$171,450	107	17.82	499
October	17	\$106,029	\$80,500	78	29.41	500
November	23	\$118,035	\$115,000	147	21.91	504
December	17	\$123,229	\$118,500	129	27.94	475
January 2011	12	\$134,213	\$125,450	94	41.42	497
February	20	\$161,796	\$106,500	126	24.60	492
March	28	\$119,089	\$118,950	97	17.89	501
April	26	\$128,335	\$122,500	157	19.88	517
May	25	\$149,125	\$114,500	80	20.96	524
Jun	32	\$139,151	\$121,400	130	16.16	517
July	21	\$123,989	\$115,500	120	24.24	509
August	24	\$121,008	\$120,300	82	21.58	518
September	21	\$129,357	\$119,900	105	22.86	480
October	24	\$126,064	\$128,000	133	19.29	463
November	12	\$120,607	\$89,630	114	37.58	451
December	25	\$96,338	\$76,500	104	17.24	431
<b>Total</b>	<b>907</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>
<b>Average</b>	<b>25.2</b>	<b>\$131,954</b>	<b>\$121,090</b>	<b>107</b>	<b>20.94</b>	<b>486</b>

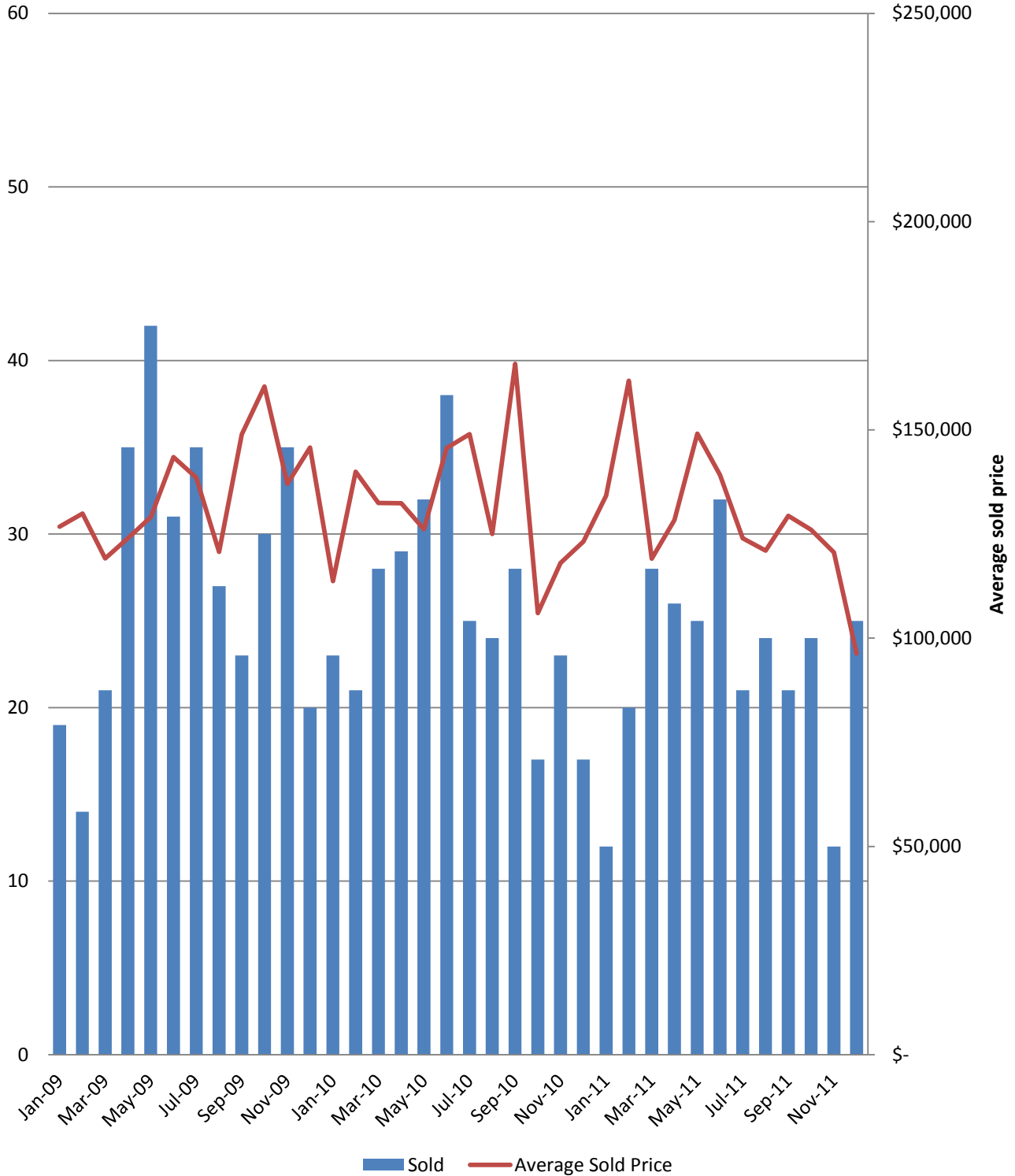
## Residential Building Permits for the City of Valdosta

January 2009 – December 2011

(Data obtained from the City of Valdosta permitting office)

	New Residential (Dollars)	New Residential (Permits)	Residential Remodel / Repair (Dollars)	Residential Remodel / Repair (Permits)	Residential Additions (Dollars)	Residential Additions (Permits)
January 2009	\$894,350	9	\$168,332	34	\$81,000	10
February	\$1,365,300	14	\$190,300	31	\$86,050	10
March	\$890,609	11	\$235,180	53	\$673,900	15
April	\$953,235	9	\$941,798	70	\$193,077	7
May	\$715,706	7	\$617,305	43	\$49,300	9
Jun	\$1,174,686	12	\$506,750	61	\$299,548	9
July	\$669,831	9	\$299,767	50	\$118,943	8
August	\$1,121,772	13	\$391,115	49	\$130,000	8
September	\$914,471	11	\$327,070	49	\$146,100	11
October	\$1,018,193	11	\$421,856	82	\$155,763	13
November	\$399,540	5	\$198,205	50	\$51,710	7
December	\$745,783	6	\$374,435	58	\$20,100	5
January 2010	\$515,416	5	\$194,105	49	\$39,950	7
February	\$435,411	5	\$168,666	43	\$63,865	9
March	\$742,925	9	\$330,657	67	\$43,562	8
April	\$651,251	8	\$484,082	59	\$78,800	8
May	\$846,448	11	\$249,715	49	\$32,500	7
Jun	\$646,157	9	\$269,630	44	\$307,295	11
July	\$0	0	\$166,021	36	\$16,000	6
August	\$760,634	9	\$338,027	67	\$105,100	10
September	\$774,378	7	\$227,505	42	\$240,031	10
October	\$277,409	3	\$291,669	50	\$53,300	4
November	\$850,496	7	\$179,254	29	\$36,145	8
December	\$1,100,891	8	\$151,685	27	\$19,400	4
January 2011	\$720,882	7	\$176,202	28	\$78,000	3
February	\$349,910	4	\$212,289	40	\$24,600	4
March	\$442,254	3	\$219,392	52	\$88,595	13
April	\$611,076	10	\$304,214	54	\$203,554	9
May	\$994,693	11	\$379,119	59	\$44,900	5
Jun	\$524,520	6	\$364,481	53	\$51,575	8
July	\$281,326	3	\$197,051	28	\$141,700	12
August	\$524,972	7	\$681,310	51	\$75,000	6
September	\$343,577	4	\$311,946	37	\$130,600	10
October	\$450,394	5	\$244,717	38	\$38,000	3
November	\$213,467	3	\$219,791	40	\$2,495	3
December	\$323,396	4	\$142,701	32	\$113,500	3
<b>Total</b>	<b>\$24,245,359</b>	<b>265</b>	<b>\$11,176,342</b>	<b>1,704</b>	<b>\$4,033,958</b>	<b>283</b>
<b>Average</b>	<b>\$673,482</b>	<b>7.4</b>	<b>\$310,454</b>	<b>47.3</b>	<b>\$112,054</b>	<b>7.9</b>

## Number of Residential Sales and Average Sales Price City of Valdosta January 2009 - December 2011





## Residential Sales Activity

According to NeighborhoodScout.com, home prices in Valdosta have appreciated 3.08 percent in the last quarter, have depreciated 2.95 percent in the last year, appreciated 10.78 percent in the past five years, and appreciated 48.01 percent in the past ten years.<sup>56</sup>

The tables below show the sales that have occurred in the past 3 years broken down by quarter in MLS Zones 1-4. (See the figure below for a map of the MLS zones in Lowndes County.)

Clearly there is a “north-south” discrepancy in residential sales activity. In some cases, Zones 1 and 2 have as many sales in one quarter as the other zones have in a year. Given the number of residents in Zones 3 and 4 and the location of nearby manufacturing firms, this difference is not surprising. Despite the differences in the raw number of sales, a comparison of 2010 to 2011 reveals a ~17% increase in Zone 1, 73% increase in Zone 2, ~17% decrease in Zone 3, and ~59% percent decrease in Zone 4 in the number of sales.

<b>Zone 1 MLS (Northwest Valdosta)</b>												
<b>Sales by Price Range</b>												
<small>(Data obtained from Valdosta Area Multiple Listing Service)</small>												
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
	2009	2009	2009	2009	2010	2010	2010	2010	2011	2011	2011	2011
<\$100,000	4	5	3	1	2	6	4	3	1	6	10	3
\$100,000 - \$199,999	9	24	19	12	21	18	24	21	10	24	50	12
\$200,000 - \$299,999	6	7	5	6	4	10	13	8	8	7	21	5
≥\$300,000	0	3	2	5	2	3	2	3	1	4	6	1
<b>Total</b>	19	39	29	24	29	37	43	35	20	41	87	21
<b>Year</b>	<b>2009</b>				<b>2010</b>				<b>2011</b>			
<b>Total</b>	<b>111</b>				<b>144</b>				<b>169</b>			

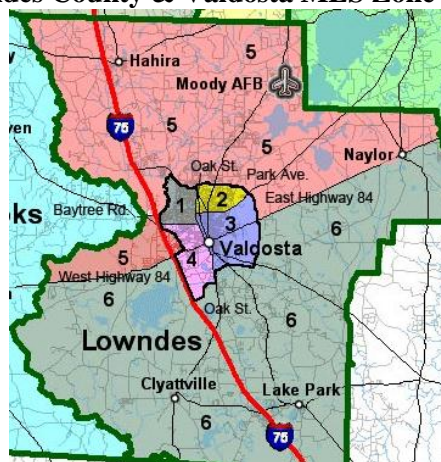
<b>Zone 2 MLS (Northeast Valdosta)</b>												
<b>Sales by Price Range</b>												
<small>(Data obtained from Valdosta Area Multiple Listing Service)</small>												
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
	2009	2009	2009	2009	2010	2010	2010	2010	2011	2011	2011	2011
<\$100,000	10	18	12	16	13	18	9	13	66	15	17	18
\$100,000 - \$199,999	11	32	25	26	15	21	11	16	52	12	13	7
\$200,000 - \$299,999	2	6	5	8	1	5	4	5	16	5	2	4
≥\$300,000	0	0	0	0	0	0	0	0	0	0	0	0
<b>Total</b>	23	56	42	50	29	44	24	34	134	32	32	29
<b>Year</b>	<b>2009</b>				<b>2010</b>				<b>2011</b>			
<b>Total</b>	<b>171</b>				<b>131</b>				<b>227</b>			

<sup>56</sup> <http://www.neighborhoodscout.com>

<b>Zone 3 MLS (Southeast Valdosta)</b>												
<b>Sales by Price Range</b>												
<b>(Data obtained from Valdosta Area Multiple Listing Service)</b>												
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
	2009	2009	2009	2009	2010	2010	2010	2010	2011	2011	2011	2011
<\$100,000	7	4	8	9	5	7	2	9	5	5	2	7
\$100,000 - \$199,999	3	3	2	2	3	3	0	0	0	3	2	0
\$200,000 - \$299,999	0	0	0	0	0	0	0	0	0	0	0	0
≥\$300,000	0	0	0	0	0	0	0	0	0	0	0	0
<b>Total</b>	10	7	10	11	8	10	2	9	5	8	4	7
<b>Year</b>	<b>2009</b>						<b>2010</b>				<b>2011</b>	
<b>Total</b>	<b>38</b>						<b>29</b>				<b>24</b>	

<b>Zone 4 MLS (Southwest Valdosta)</b>												
<b>Sales by Price Range</b>												
<b>(Data obtained from Valdosta Area Multiple Listing Service)</b>												
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
	2009	2009	2009	2009	2010	2010	2010	2010	2011	2011	2011	2011
<\$100,000	2	6	2	0	5	5	7	9	2	2	3	4
\$100,000 - \$199,999	0	0	2	0	1	1	1	0	1	0	0	0
\$200,000 - \$299,999	0	0	0	0	0	0	0	0	0	0	0	0
≥\$300,000	0	0	0	0	0	0	0	0	0	0	0	0
<b>Total</b>	2	6	4	0	6	6	8	9	3	2	3	4
<b>Year</b>	<b>2009</b>						<b>2010</b>				<b>2011</b>	
<b>Total</b>	<b>12</b>						<b>29</b>				<b>12</b>	

Lowndes County & Valdosta MLS Zone Map<sup>57</sup>



<sup>57</sup> <http://www.valdostaboardofrealtors.com>

## *Valdosta Residential Subdivision Activity*<sup>58</sup>

### Branch Point<sup>59</sup>

Branch Point is located in North Lowndes County off of Bemiss Road. There are 243 quarter-acre lots in Branch Point, and homes range in square footage from 1,200 to 1,500. Lots are priced at \$36,000 and homes start in the \$120,000's. There were 19 homes sold in 2011, 7 homes built in 2011-2012, and there are currently 11 Active listings.

### Highlands

The Highlands, which is located off of Bemiss Road in North Lowndes County, has 306 lots. Homes in the Highlands range in square footage from approximately 1,700 to 2,500 square feet, and newly constructed homes are priced in the low \$200,000's. There were 10 homes sold in 2011, 0 homes built in 2011-2012, and there are currently 6 Active listings.

### Kensington Green<sup>60</sup>

Kensington Green located near Five Points. There were 2 homes sold in 2011, 0 homes built in 2011-2012, and there are currently 3 Active listings.

### Moulton Branch Estates

Moulton Branch Estates, located off of Inner Perimeter Road, has 157 lots. Homes in Moulton Branch range in square footage from 1,300 to 1,600 square feet and sell on average for approximately \$140,000. There were 7 homes sold in 2011, 4 homes built in 2011-2012, and there are currently 13 Active listings.

### Vineyards

The Vineyards, located in North Lowndes County, features 108 lots. There were 4 homes sold in 2011, 1 homes built in 2011-2012, and there are currently 1 Active listings.

## *Residential Properties and Commercial Properties*

### *Rental Rates and Vacancy Rates*

Information received from several residential property management companies, stated that rental prices decreased ~20% in 2011 and vacancy rates increased 12-15% in the Valdosta City areas.

**Caution should be exercised when interpreting this data, as the sample size is small, and therefore, may not be representative of the true residential rental market in the City of Valdosta. Additionally, some respondents were unable to provide exact information and could only provide estimates.**

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<sup>58</sup> Residential construction data were obtained from the Multiple Listing Service and the Lowndes County Tax Assessor's Website in February 2012. If the data were not in these sources, then they have not been reflected in our numbers.

<sup>59</sup> Additional information on newly constructed homes was obtained through counting homes in December 2011.

<sup>60</sup> The number of newly constructed homes was obtained through visual inspection in December 2011.

### Speculative Lending Activity

The table below shows speculative loan activity occurring over the last six years in Valdosta and Lowndes County. Although the data is incomplete due to imperfect data collection techniques and non-respondents, it clearly shows a significant decline in the speculative lending market for Valdosta and Lowndes County.

<b>Valdosta &amp; Lowndes County Speculative Lending Activity*</b>						
(Numbers in red reflect loans outstanding as of 12/31/2011, while numbers in black reflect loans made during each year)						
<b>Bank Name</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>	<b>2006</b>
Ameris	3	7	3	25	56	27
CertusBank	3	3	2	9	n/a	n/a
Bank of the Ozarks (formerly Park Avenue Bank)	0	15	12	38	28	n/a
Sunrise Bank (formerly Bank of Valdosta)	0	3	1	28	32	n/a
BB&T	0	7	14	118	90	42
Bemiss Citizens	34	54	25	114	160	50
Citizens Community	15	32	10	24	39	24
Colony Bank	0	n/a	18	49	69	17
Commercial Banking Company	40	68	11	29	23	19
Darby	n/a	n/a	n/a	22	5	n/a
Farmers & Merchants	3	28	29	18	n/a	n/a
First State	5	84	22	49	56	32
Guardian	3	21	8	42	51	16
Heritage Bank of the South	3	n/a	n/a	n/a	n/a	n/a
Regions	0	0	0	16	23	10
Southwest Georgia Bank	4	n/a	n/a	n/a	n/a	n/a
<b>Totals</b>	<b>89/21</b>	<b>322</b>	<b>155</b>	<b>581</b>	<b>632</b>	<b>237</b>

*\*Note: speculative lending activity is calculated based upon self-reported activities from each lender in the Valdosta/Lowndes County market, and as such, may be subject to errors.*

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