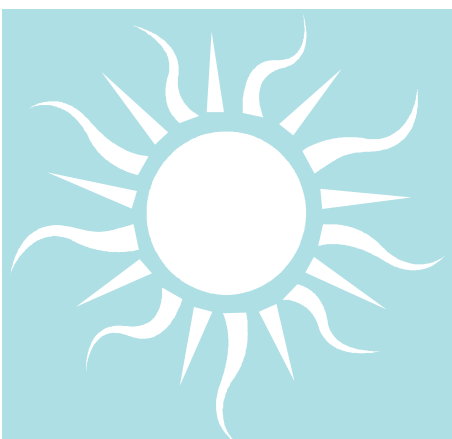


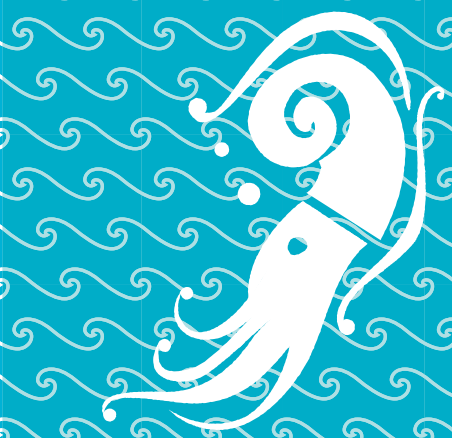
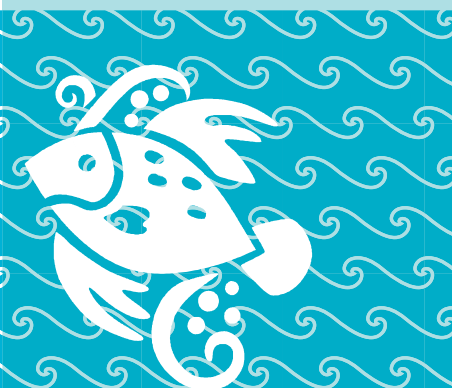
Shelby County Commercial Mortgages Down 41 Percent From 2007

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MARKET INDICATOR: BancorpSouth ranked as the top commercial mortgage lender in Shelby County in October with \$3.2 million in transactions.

Tom Portis was surprised to hear that BancorpSouth Bank ranked as the top commercial mortgage lender in Shelby County for October, especially in light of its competition in this market.

Portis, president of the Memphis division of Tupelo, Miss.-based BancorpSouth, said leading the county in commercial mortgages at \$3.2 million aggregate and “swimming” with banks like First Tennessee, SunTrust and Regions says a lot about today’s commercial landscape.

“That tells me that business has come to a grinding halt because they’ll usually do that much in a week,” he said. “For us to lead is highly unusual, but it’s just one of those timing issues. We had some stuff in the pipeline that finally got to closing. But we’re not seeing a lot of people wanting to borrow money right now.”

That trend certainly applied to the latest commercial Lender Analysis from real estate information company Chandler Reports, www.chandlerreports.com. Shelby County saw just 36 commercial mortgages in October, a 41 percent decline from 61 in October 2007, although exactly the same as September. (Data for this report include only commercial mortgages taken at the time of sale and not refinancings.)

“A lot of businesses are down. It’s affecting everybody because everybody is cutting back and not wanting to spend extra money if they don’t have to.”

– Rick Hall

Executive vice president, Renasant Bank

SLOW – ORNO – GOING

The average commercial mortgage amount and total dollar amount in Shelby County also saw large dropoffs. Mortgages in October averaged \$408,325, down 80.8 percent from \$2.1 million in October 2007 and also down 63.2 percent from \$1.1 million in September.

The total dollar amount in October was \$14.7 million, an 88.7 percent decrease from \$130 million in October 2007 and a 63.2 percent decrease from \$40 million in September.

Rick Wood, senior vice president at Financial Federal Savings Bank, said one reason for

the declining market is an inability of buyers and sellers to see eye to eye on deals as they relate to underwriting vacancies.

“It is very difficult for buyers and sellers to agree on a stabilized net operating income,” Wood said. “Thus, the difficulty in finding a willing buyer and willing seller.”

Rick Hall, executive vice president and senior commercial lender at Renasant Bank, said the lack of consumer confidence has translated to a soft market across all commercial sectors. It might be third quarter 2009 before things turn around.

“A lot of businesses are down,” Hall said. “It’s affecting everybody because everybody is cutting back and not wanting to spend extra money if they don’t have to. Everybody’s business has been suffering. I don’t know anyone who hasn’t been touched.”

WAITING AND SEEING

As for individual lenders, BancorpSouth led the way with six commercial mortgages averaging \$530,333 and totaling \$3.2 million. It was followed by First Citizens National Bank with two mortgages averaging \$722,000 and totaling \$1.4 million; Regions Bank, doing business as Regions Mortgage (three at \$419,167 for \$1.3 million); Tri-State Bank (one for \$1.2 million); and Triumph Bank (one for \$1 million).

Despite a solid month for his bank, Portis recognized the soft market when it comes to commercial mortgages, claiming that many businesses are sitting on the sidelines to see what’s going to happen with the economy.

“Nobody can see the horizon so everybody’s sort of hunkered down saying, ‘Well, I don’t want to invest right now if I know the government’s going to do this or if something else is going to fail,’” Portis said. “They’re concerned about the unknown right now, where is the economy really going and what’s going to either turn it around or send it into the depths of bad economic times.”

RECKLESS DRIVING

The bad economic times have been apparent throughout 2008. Year to date, the county has notched 364 commercial mortgages, down 38 percent from 587 in 2007 and down 35.3 percent from 563 in 2006.

The average commercial mortgage for 2008 has been \$1.2 million, down 68.4 percent from \$3.9 million in 2007 and down 23.2 percent from \$1.6 million in 2006. Also, the total mortgage amount of \$444.5 million marks an 80.4 percent decrease from \$2.27 billion in 2007 and a 50.3 percent decrease from \$895 million in 2006.

As Triumph Bank president Will Chase noted, many commercial lenders have been driving erratically for the past few years and it finally caught up with them.

“When you get too far outside the white lines on the road, you’re going to end up in the ditch,” Chase said. “That’s why they have the white lines on both sides of the road. We’ve always looked at this business as a ‘white line’ business, so when things get dismal and dark, we’re lending money every day. In this business, you have to be incredibly disciplined.” ■

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