



## Residential Closings Slightly Behind Last Years Record Highs

Total residential closings (single family and condo's) for the Tri-Lakes area are down slightly from the same period last year, although not anything like other parts of the country.

When you look deeper into the numbers however, Taney County has reported exactly the same number of total closing as last year's number. Residential closings were down eleven units while condominium closings were up an equal amount. The number of closings in the under \$150,000 price range was off about 20% from last years numbers. However, the number of closings in the \$150,000 to \$500,000 prices range increased over 19% above last year's total number.

The news for Stone County was not as positive as total closings for the year to date are down double digits. Closings for condominiums were down the largest amount although residential closings were down a significant amount as well. The only price category that showed an increase was with residential units priced from \$300,000 to \$399999.

Assuming that closings in the last half of the year will meet last year's somewhat softer sales numbers, we expect the local market to be flat to down slightly when compared to the total 2006 numbers. This performance should be considered a positive for our area when compared to the national residential market conditions.

We are unable to determine at this time if the increases in price range is due to an increase in available inventories in the higher price ranges or a smaller number of qualified buyers in the lower price ranges. The condo market in Taney County showed good increases in the number of closings in the \$100,000 to \$150,000 price range however.

## Office Market Shows Some Improvement

The Office market appears to be on the rise again with the Branson Financial Center and The Executive Center slowly being absorbed.

The established properties maintained above average occupancy while the newer properties saw increases. It should be noted that several spaces have been leased and are awaiting finale approval from city authorities for infill plans. The most promising increases were shown in the downtown sector where the Branson Financial Center is nearing full occupancy. The Downtown market sector shows a 6% increased in occupancy with the largest increase coming from the Branson Financial Center. Commercial One expects to begin negotiations soon for a large user in The Executive Center. If this lease should be completed it is anticipated that The Executive Center would be totally occupied before the end of the year. Based on that assumption, the office market could become very tight by year-end with future rental rates expecting to rise. This might be an opportune time for future office tenants to consider tying down longer term leases for their office space.

<b>Total Office Space - City of Branson</b>		<b>EOY 2006</b>	<b>30-Jun-07</b>	
<b>Totals By Sub-Market</b>	<b>Total SF</b>	<b>Occupancy</b>	<b>Occupancy</b>	<b>Market Change</b>
1 Located on Hwy 76	49,300	85%	86%	Up 1%
2 Located off Hwy 76	139,746	67.0%	70%	Up 3%
3 Downtown	<u>43,184</u>	56.0%	62%	Up 6%
<b>Totals :</b>	<b>232,230</b>	<b>69%</b>	<b>72%</b>	<b>Up 3%</b>

## Several Local Retail Centers Changing Hands

Branson's retail occupancy remains stable and at near full occupancy but does show some slight downward trends. Those spaces located on Highway 76 reported a 2% decrease in occupancy which was mainly attributed to 3 medium size tenants in three separate properties vacating after 2006 year end.

Absorptions time frames have increased as we estimate that only 70% of this new vacancy will be filled by end of 3<sup>rd</sup> quarter. The Outlet Malls and Branson Landing are both slightly up since our end of year 2006 report. Tanger is adding an additional twenty-five thousand sq. ft. to their mall that is expected to be complete by the third quarter of this year.

Generally, leasing activity was slower than past quarters with the blame loosely placed on pending sales of several prominent shopping centers. Often during the escrow period of a pending sale the leasing will slow for lack of decision-making authority. This either has been remedied by the completion of the sale or is expected to be completed soon. The market has experienced a strong upswing in retail center sales. Our company is privy to no less than three significant sized retail centers being put under contract and or closing this past quarter. This trend is interesting since historically we have not seen a sale of a significant center in the last five years. It is our belief that occupancy has been so strong and with higher area CAP rates investors have been encouraged to consider this market. It is also obvious that the success that many national retailers have enjoyed at Branson Landing has convinced other companies to look at Branson for their future expansion.

### Total Retail Space - City of Branson

		EOY 2006	30-Jun-07		
	Totals By Sub-Market	Total SF	Occupancy	Occupancy	Market Change
1	Located on Hwy 76	270,505	96.1%	94.1%	Down 2%
2	Located off Hwy 76	749,196	96.3%	92.4%	Down 3.9%
3	Outlet Malls	578,108	92.9%	94.3%	Up 1.4%
4	Branson Landing	430,000	96.5%	100.0%	Up 3.5%
<b>Totals :</b>		<b>2,027,809</b>	<b>95.4%</b>	<b>94.8</b>	

## Hospitality Market Continues To Show Strength

After enjoying a strong 2006, the Hospitality Market continues to show major increases over last years numbers. Boosted by an estimated 7.8% increase in visitors through May, the market is reporting increases in room occupancy, room demand and double digit increases in room revenue as reported by Smith Travel Research. Of course improved operating profits have helped to make for an active hotel sales market. Five properties were reported closed during the first half of 2006 versus eight properties closed during the first six-months of 2007.

Those flag properties with interior corridors and expanded service will remain in high demand both by the customer and the investor/operator.

## LAND AND MISCELLANEOUS OBSERVATIONS

- Land is the most difficult to track however we offer the following observations regarding land sales:
  - Reported REALTOR closings for residential lots down by 29% for first six months of the year.
  - Commercial contractors, bankers, engineers, architects and dirt contractors all report slowing activity as compared to the same time frame last year.
  - Other than the new Branson Regional Airport and Wild West Show ground breakings, there were no other major announcements or project announcements for the first six months of this year.
  - The Branson Commerce Park began infrastructure construction in July. Commercial lots are expected to become available by late spring or early summer of 2008. Commercial One Brokers LLC will be the exclusive sales agents for this project.
- We anticipate the Hollister market will see several major new project announcements before the end of the year.
- We anticipate more dark theaters by year-end. Several theaters will have to be converted to other uses in order to sell in a reasonable time frame.

## New Property Management Company Formed

Commercial One Brokers LLC and Maples Properties LLC of Springfield have formed a joint venture entity, Maples Properties of Branson, LLC. The new company will serve the commercial property owners in the Branson / Hollister market with full service property management.

The broker/partners at Commercial One Brokers work with many of the local landlords and over the years have had numerous requests to provide property management services. Chris Maples Owner/Broker of Maples Properties, LLC has years of experience managing small strip centers as well as regional malls and office buildings in Springfield as well as a few properties in Branson.

By partnering with a full-time professional like Chris Maples, we now feel comfortable in adding the management role to our company. Maples Properties adds the experience, office support, financial controls and reporting, while Commercial One Brokers provide the local contact.

Maples Properties of Branson, LLC will maintain its corporate offices in Springfield and local contact representation at the Commercial One Brokers offices in the Branson Financial Center.



417-334-3149

500 West Main Street

Suite 302

Branson, MO. 6516

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

© Commercial One Brokers LLC