SAVAGE & BROWNING
Property Tax Representatives
8676 W 96th St, #100
Overland Park, KS 66212
913-385-3131 phone
913-385-3135 fax

August 9, 2013

Attn: Cynthia Parker, Board Secretary
Madison Co MS BOE
146 W Center St
PO Box 404
Canton, MS 39046

Dear Cynthia,

I received your voice mail today stating that you will present our appeal on property #071G-36D-041/04.00 (Realty Income Corp) to the assessor for review and for presentation at the 8/19/13 Board meeting.

I have included evidence the owner wishes to have reviewed at the BOE hearing. Please pass this on to the assessor and for the Board hearing.

The property has been vacant since June, 2012 and is now listed for sale at $1,395,000. Knowing the current market, if a sale were to occur, the sale price won't be the full listed sale price. From owner's "listed for lease information", the Income Approach shows a lease amount of $6.00 per sq ft. Therefore, the opinion of value is $1,034,400.

Thank you for your help and consideration.

Sincerely,

Gloria Reynolds

Gloria Reynolds
Savage and Browning
913-385-3131
greynolds@savageandbrowning.com

Track & Confirm

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YOUR LABEL NUMBER	SERVICE	STATUS OF YOUR ITEM	DATE & TIME	LOCATION	FEATURES
23110770000051875083	Priority Mail 2-Day™	Available for Pickup	August 2, 2013, 9:43 am	CANTON, MS 39046	Scheduled Delivery Day: August 1, 2013 $50 insurance included Signature Confirmation™ Proof of Delivery
		Out for Delivery	August 2, 2013, 7:58 am	CANTON, MS 39046	
		Sorting Complete	August 2, 2013, 7:48 am	CANTON, MS 39046	
		Arrival at Post Office	August 2, 2013, 7:16 am	CANTON, MS 39046	
		Depart USPS Sort Facility	August 1, 2013	JACKSON, MS 39201	
		Processed through USPS Sort Facility	August 1, 2013, 4:13 am	JACKSON, MS 39201	
		Depart USPS Sort Facility	July 31, 2013	KANSAS CITY, MO 64121	
		Processed at USPS Origin Sort Facility	July 30, 2013, 10:38 pm	KANSAS CITY, MO 64121	
		Dispatched to Sort Facility	July 30, 2013, 5:54 pm	OVERLAND PARK, KS 66212	
		Acceptance	July 30, 2013, 4:04 pm	OVERLAND PARK, KS 66212	

ACTUALLY ARRIVED AT YOUR LOCATION ON 8/2/13 @ 9:43 am. Nobody picked it up until 8/5/13 @ 9:00 AM.

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(Please Print Clearly)
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CANTON, MS 39046

Madison Co, MS 2013 BOE

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Date: August 7, 2013

Gloria Reynolds:

The following is in response to your August 7, 2013 request for delivery information on your Signature Confirmation™ item number 23110770000051875083. The delivery record shows that this item was delivered on August 5, 2013 at 9:00 am in CANTON, MS 39046 to C LASETER. The scanned image of the recipient information is provided below.

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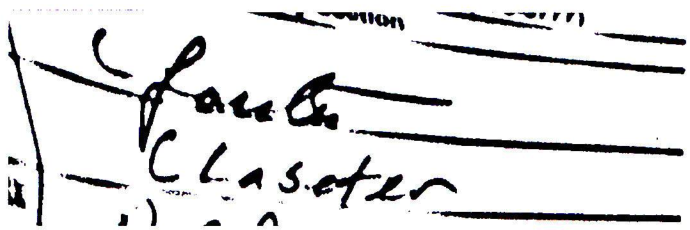

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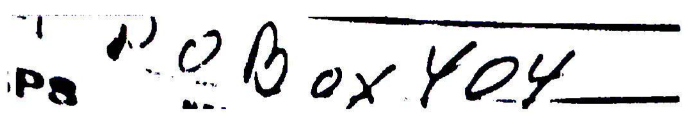

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Sincerely,
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Income Approach to Value

2013

Parcel ID:	071G-36D-041/04.00	Year Built	1996
		Market Area	Madison CO.
Building Name:	Cort Furniture (vacant) #0841		
Address	749 Ridgewood Rd, Ridgeland, MS	Building Area:	22,333
Contact Person:	Ray Browning	Leased Area	22,333
Phone Number:	913.385.3131		

Description	Area	Rate	Total	
Anchor	22,333	$6.00	$ 133,998	(Loopnet Listing)

Also Listed for Sale at $1,395,000

	Gross Potential Rent		$ 133,998
	Vacancy	10.00%	$ 13,400
	Misc Income		$ -
Income Multiplier: 1.00	Estio mated Gross Income		$ 120,598

Estimated Expenses

Expense Estimate			
Expenses P.S.F.	$1.00	Expense Totals	
		Estimated Expenses	$ 22,333
Expense Est. Expressed as:			
(psf)	$1.00	Total Expenses	$ 22,333
(pct of EGI)	18.52%	Estimated Net Operating Income	$ 98,265

Capitalization Rate:	9.500%	Indicated Value	$ 1,034,371
Effective Tax Rate:		Rent Loss	$ -
Total Rate:	9.500%	Final Value	$ 1,034,371
		Value Per Unit	$ 46.32
Tax Per Square Foot			

County Value 2013	
$	1,317,090

Indicated Value (rounded)	**$ 1,034,400**
Value Per Unit	**$ 46.32**

Industrial Property For Sale

Former Cort Furniture Building

749 Ridgewood Road, Ridgeland. MS 39157

Price:	**$1,395,000**
Building Size:	22,333 SF
Price/SF:	$62.46
Property Type:	Industrial
Property Sub-type:	Office Showroom
Property Use Type:	Vacant/Owner-User
Commission Split:	3%
Clear Ceiling Height:	14 ft.
No. Dock-High Doors/Loading:	1

Features:

Electricity/Power
Sprinklers

Last Updated 23 days ago
Listing ID 17737592

Description

Former Cort Furniture office showroom with grade level roll-up door warehouse space. Property is showroom clean in the front with large open floor plan. Property has two offices centrally located. Large desk sits in the middle of the showroom and 2 bathrooms adjacent. In the rear is large open concrete high ceiling warehouse space with roll up doors. Perfect building for furniture outlet or other retail tenant that needs showroom and warehouse space. 22,333 square feet can also be leased for $6 PSF NNN.

Ridgewood Road is a main artery in Northeast Jackson that runs from Lakeland Drive and crosses County Line road into the city of Ridgeland all the way to Hwy 51. Plenty of traffic runs along this thoroughfare along with the building being in very close proximity to Northpark Mall, The Renaissance , Home Depot, Walmart and across the street from Lowes.

Map of 749 Ridgewood Road, Ridgeland, MS 39157 (Madison County)


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United States | Overview

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2012 was a stand-out year for U.S. commercial real estate investment. Investors expanded their activity in the sector due to the stable yields offered amid an environment where low and unstable returns in other asset classes prevailed. Figures from Real Capital Analytics (RCA) show that transaction activity in 2012 returned to the average pace set in 2004 and 2005. The combination of individual property sales, portfolio plays and entity-level transactions in the main commercial property sectors hit $261.7 billion for the year. This level represents a 35% increase from year-end 2011.

Among the major property sectors, multihousing is the clear leader in terms of increases in sales volume over the last year. Transaction activity totaled $84.6 billion, up 47% from year-end 2011. The same-store price index from RCA, the Commercial Property Price Index (CPPI), shows a 9.6% gain in asset values over the year. The retail and office sectors came in at a distant second to the multihousing sector in terms of increases in transaction volume in 2012, with growth of 19.7% and 19.4%, respectively. In reality, these are both significant growth trends, and only look small by comparison to the tremendous growth in the multihousing sector. With a 6.1% increase according to the CPPI, the office sector's growth in sales prices achieved outpaced that of the retail sector, which recorded only a 1.2% increase.

The industrial sector came in at the bottom on total sales volume with only 4.2% growth seen over year-end 2011. The headline figures, though, are distorted by a major entity-level transaction in 2011 with the AMB/Prologis merger. For sales of individual assets, growth reached 29.3%, to reach $25.7 billion in transactions for the year. Portfolio deals grew even faster, at a pace of 34.9%, totaling $10.3 billion in transaction value. Clearly, there was investor interest in the industrial sector as well.

Looking at some of the major property subtypes, there are signs of a tentative move towards taking on risk. CBD office assets are perceived to be less risky by investors, given the notion that there is more durable exit pricing and exit liquidity. This has significantly increased the appetite of investors for these types of assets in the past couple of years, with deals in CBD submarkets accounting for nearly 54% of all office transactions in 2010 and 2011. This figure may not sound large, but the data from our local research teams suggest that CBD submarkets represent only about 36% of all competitive office inventory in the U.S.

Another example of a move to get exposure to risk assets can be seen among some cap rate spreads for different subtypes in the retail sector of commercial properties. Our year-end Cap Rate Survey shows that for Class A stabilized neighborhood centers, the weighted average cap rate was 6.4% across the 40 major markets surveyed. For Class A stabilized power centers, this figure stood at 6.9%, a roughly 60 basis point (bps)

United States | Overview (continued)

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pricing premium for this subtype, which is often viewed as riskier. By comparison, as recorded in our year-end 2010 survey, the cap rate for Class A stabilized neighborhood centers stood at 6.9%. So investors are using the same cap rates today for these "riskier" assets as they did in 2010 for the asset class viewed as less risky.

By this point in the cycle, many investors will need to look to somewhat riskier assets in search of greater returns. The NCREIF ODCE Index shows that returns came in at 10.9% for year-end 2012. By contrast, in 2011 and 2010, average annual returns were a much stronger 16.2%. The downshift in returns is a result of a slowdown in cap rate compression. The data from NCREIF show that roughly 50% of the value gains at the property level in 2010 and 2011 came from the cap rate compression that accompanied the new flow of capital to the sector from yield-hungry investors. Only one-quarter of the value gains in the last year came from cap rate compression. To achieve stronger returns, investors will need to focus on asset types and markets with stronger income growth. This shift, however, often involves taking on more risks.

At year-end 2012, the **office** vacancy rate was 15.4% nationally, versus 16.0% for year-end 2011. This 60-bps decline in the national vacancy rate came about from declining vacancy in both CBD and suburban submarkets; however, the composition of this decline was more heavily weighted towards suburban submarkets. The vacancy rate for CBD submarkets fell 40 bps from a year earlier to hit 12.4%. The vacancy rate for suburban submarkets fell more quickly, however, dropping some 60 bps from a year earlier to hit 17.1%. Overall, there is still more slack capacity in the suburban submarkets, for while the current 17.1% is far better than the 18.7% level seen in 2010, it is still higher than the average of 16.1% recorded since 1988. CBD vacancy rates, by contrast, are now below the long-term average of 12.8%. The increasing pace of suburban vacancy declines and the slack capacity that still exists represent an opportunity for an investor looking to generate additional income by taking on the leasing risks of office assets in suburban submarkets.

Industrial availability registered at 12.8% for year-end 2012. This level is well above the long-term average for availability, which is 10%. Despite the fact that these figures suggest a fair amount of slack capacity in the industrial markets, average asking rents are actually increasing, having posted a 3.3% rise over a year earlier. One of the issues at play is the fact that there is a fair amount of functionally obsolete space built into the overall availability figure. Some types of markets are outperforming on the income side. Key distribution hubs like the Inland Empire, Dallas, Atlanta and Chicago experienced year-over-year rent growth ranging from 3% to 1%. Meanwhile, metro areas where the industrial market is focused on the high-tech sector such as San Francisco and San Jose have seen rent growth in excess of 7%. Despite stronger rent growth in these

United States | Overview (continued)

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technology-focused markets, our survey of cap rates shows that stabilized Class A assets in these markets are in the 5.5% range. By contrast, the distribution hubs noted have cap rates in the 5.25% range.

The **retail** sector has lagged other property types throughout the recovery period. The leasing side has been weak relative to other sectors, with year-end availability rates for neighborhood and community centers down a mere 40 bps from the high-water mark set in the middle of 2011. Still, even though demand is weak, the growth in supply has been weaker with only about a one quarter of one percent of existing stock having been built in 2012. When looking at the income potential of the sector, the results of our Cap Rate Survey suggest two patterns in investor behavior. Broadly speaking, the markets with the most inventory have the lowest cap rates. Chicago, Atlanta and Houston have cap rates ranging from 6% to 6.25% for stabilized Class A neighborhood centers. Investors always place value on the exit liquidity implied by larger markets. Some markets stand out from this pattern, however, with Gateway markets posting lower cap rates even if they are smaller than other major markets. Boston and Seattle have stabilized Class A cap rates of 5.9% and 5.6%, respectively, with San Francisco posting a 4.9% cap rate.

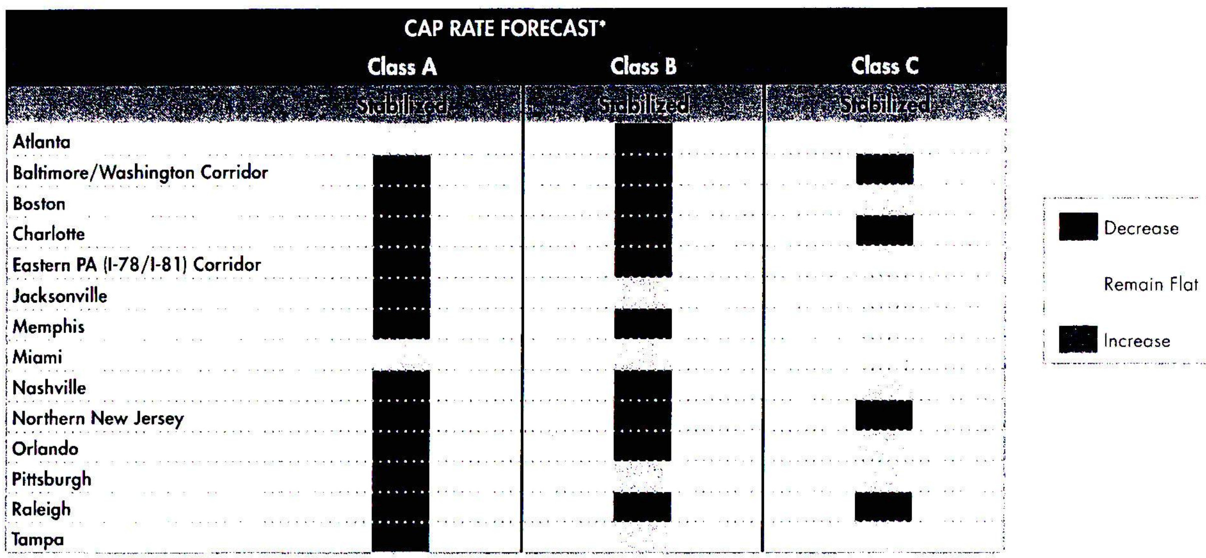
Multihousing continues to enjoy the healthiest fundamentals of the main property sectors. Vacancy stood at 5.3% at year-end, down from 5.6% at the end of 2011. The long-term average vacancy rate for the sector is anywhere between 5% and 6%, and as demand continues to grow, rents continue to climb as well. Effective market rents are up 4.2% from year-end 2011. Still, rents were up nearly 5% in 2011. Renters can absorb only so much of a rent increase, and demand for apartment units actually cooled in 2012. Net absorption came in at some 38,000 units in 2012, versus roughly 41,000 in 2011. Still, despite this slight slowdown in demand, cap rates for the multihousing sector are the lowest across the major property sectors. For Class A stabilized assets in urban locations, cap rates came in at 3.8% at yearend in San Francisco and at 3.9% in Los Angeles. Suburban assets in markets like San Jose and Orange County have stabilized Class A cap rates at 4% as well.

In the **hotel** sector the revenue per available room (RevPAR) continued to grow in 2012. In the full-service segment, RevPAR was up 7.5% from a year earlier, while the limited-service sector is up 8.4% from 2011. This pace of RevPAR growth has been fairly constant since the economic recovery started in 2010. With a one-night lease term, the hotel sector was the first to show an improvement. Our Cap Rate Survey shows that investors are placing the most value on the RevPAR trends from the luxury segments, with an average 7% cap rate across markets. The economy segments have an average cap rate of 9.6%, though the range is fairly wide, with markets falling anywhere from 8% to 11.5% on the spectrum.

Industrial | Eastern Region

	Class A		Class B		Class C	
	Stabilized	Trend*	Stabilized	Trend*	Stabilized	Trend*
Atlanta	6.25% - 7.50%	↔	7.25% - 8.50%	↓	8.50% - 10.00%	↓
Baltimore/Washington Corridor	5.75% - 6.25%	↓	6.50% - 7.00%	↓	7.00% - 7.75%	↓
Boston	7.00% - 7.50%	↔	7.75% - 8.75%	↓	10.00% - 11.00%	↓
Charlotte	6.75% - 7.50%	↓	7.25% - 8.00%	↓	8.00% - 8.25%	↓
Eastern PA (I-78/I-81) Corridor	5.75% - 6.25%	↓	6.75% - 7.50%	↓	7.75% - 8.50%	↓
Jacksonville	7.50% - 7.75%	↔	8.50% - 9.50%	↓	9.50% - 12.00%	↓
Memphis	7.25% - 8.25%	↓	8.25% - 9.00%	↔	9.00% - 10.00%	↔
Miami	5.25% - 5.75%	↔	5.50% - 6.25%	↓	6.00% - 7.00%	↓
Nashville	6.50% - 8.00%	↓	8.00% - 10.00%	↔	9.00% - 11.00%	↔
Northern New Jersey	5.00% - 5.50%	N/A	5.75% - 6.50%	N/A	6.50% - 7.25%	N/A
Orlando	6.75% - 7.50%	↔	8.00% - 9.00%	↔	9.00% - 11.00%	↑
Pittsburgh	7.50% - 8.25%	↔	8.50% - 9.50%	↔	9.50% - 10.50%	↓
Raleigh	6.50% - 7.50%	↓	7.50% - 8.50%	↔	9.00% - 12.00%	↑
Tampa	6.50% - 7.50%	↔	7.25% - 8.25%	↔	9.00% - 9.75%	↔

* Compared to 1st half 2012



* Cap Rate Forecast represents the CBRE professional's opinion of where cap rates are likely to trend in 1st half of 2013 in their local market.

Industrial | Central Region

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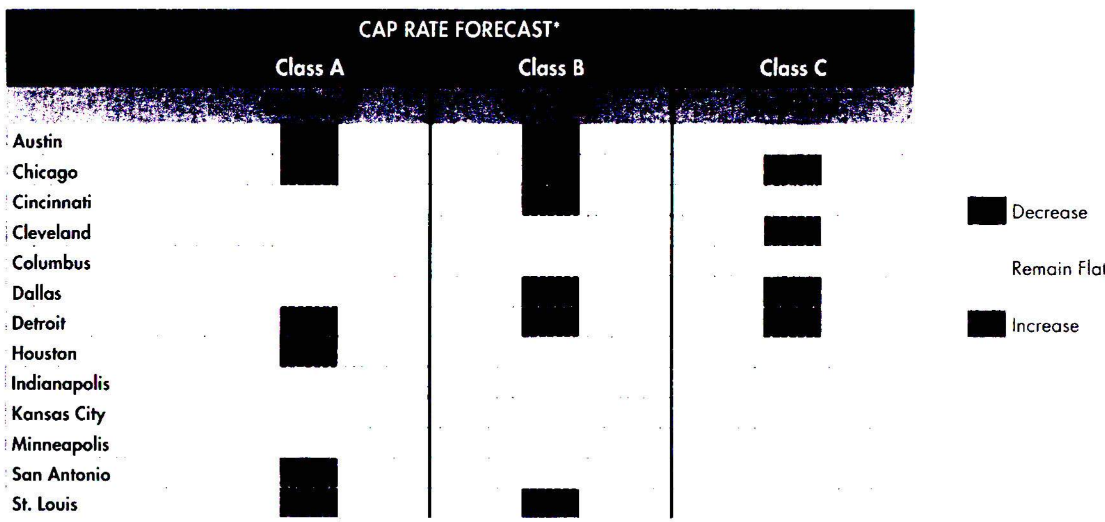
	Class A		Class B		Class C	
Austin	6.75% - 7.75%	↔	7.75% - 8.25%	↓	8.50% - 8.75%	↓
Chicago	5.75% - 6.00%	↓	6.75% - 7.25%	↓	8.00% - 9.00%	↓
Cincinnati	7.00% - 7.75%	↔	8.00% - 9.00%	↑	9.00% - 10.00%	↓
Cleveland	7.25% - 8.00%	↑	8.50% - 9.00%	↑	11.00%	↑
Columbus	7.00% - 8.00%	↓	8.00% - 9.00%	↓	10.00% - 13.00%	↑
Dallas	5.90% - 6.80%	↔	7.00% - 8.00%	↓	8.50% - 9.50%	↔
Detroit	7.00% - 8.50%	↓	8.50% - 10.00%	↓	10.00% - 13.00%	↑
Houston	5.80% - 6.75%	↔	6.75% - 7.75%	↑	8.50% - 9.50%	↓
Indianapolis	6.75% - 7.25%	↔	8.00% - 9.00%	↔	9.50% - 10.50%	↑
Kansas City	7.00% - 7.50%	↔	8.00% - 8.50%	↔	9.00% - 10.00%	↔
Minneapolis	6.50% - 7.25%	↔	7.50% - 8.50%	↓	9.00 % - 11.00%	↔
San Antonio	6.50% - 7.50%	↔	7.75% - 8.50%	↓	9.00% - 10.50%	↓
St. Louis	7.75% - 8.25%	↑	8.25% - 9.00%	↔	9.00% - 11.00%	↓

* Compared to 1st half 2012



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