

MARKET FUNDAMENTALS

	YOY Chg	Outlook
20.1% Vacancy Rate		
134K YTD Net Absorption, SF		
\$20.49 Asking Rent, PSF (Overall, All Property Classes)		

ECONOMIC INDICATORS

	YOY Chg	Outlook
654k Memphis Employment		
4.3% Memphis Unemployment Rate		
4.2% U.S. Unemployment Rate		

Source:BLS

ECONOMY:

The Atlanta Fed’s GDPNow running estimate for Q3 2026 shows growth around 3.7% annualized. The Philadelphia Fed’s Third Quarter 2026 Survey of Professional Forecasters projects real GDP growth of 2.5% for the quarter. The Conference Board’s September Consumer Confidence Index fell to 81.9, with both present-situation and expectations measures declining.

The Federal Reserve’s July 2026 Senior Loan Officer Opinion Survey indicated that banks left commercial lending standards basically unchanged and reported generally easier standards for commercial real estate loans. The Philadelphia Fed’s Q3 survey projects core CPI inflation at 2.7% annualized for the quarter, down from its prior estimate of 2.9%.

DEMAND:

Memphis recorded another quarter of positive absorption, with leasing activity showing signs of renewed momentum in several submarkets. Downtown experienced a positive quarter, with activity beginning to thrive as the area benefits from new investment and increased amenities. East Memphis is also expected to see improved activity in the coming quarter as deals currently in progress move forward.

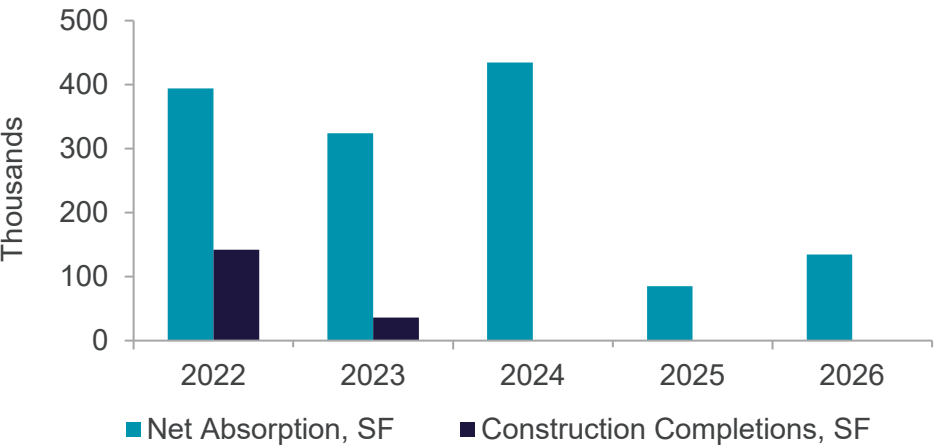
Demand continues to be driven primarily by healthcare, professional services, and financial users, with tenants remaining selective in their space requirements. Four office buildings are currently being considered for future construction, signaling renewed development activity in a market where the last new office building was delivered in 2023.

PRICING:

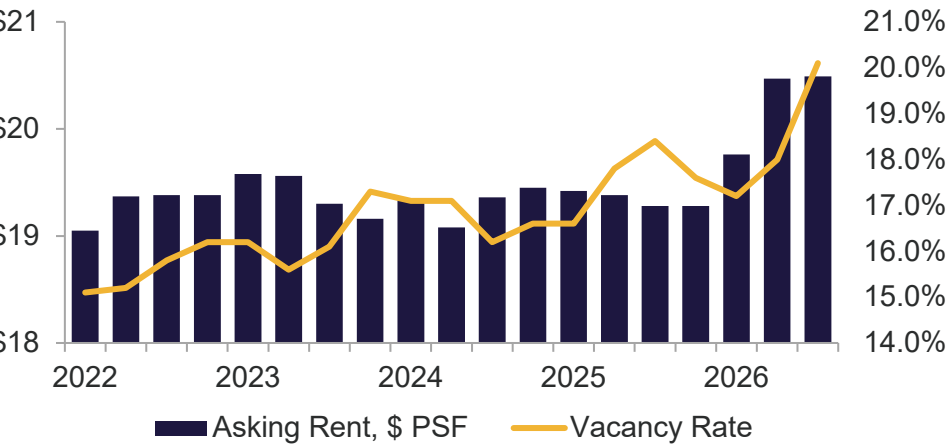
The overall average asking rate remained essentially stable at \$20.49 per square foot, increasing only slightly from the previous quarter. Pricing conditions remain competitive as landlords continue to prioritize occupancy and tenant retention.

Rates in well-positioned assets remain steady, though the market continues to push landlords to be more aggressive to attract tenants. Tenant improvement allowances continue to drive negotiations given current construction costs, with landlords offering higher TI packages often seeking longer lease terms to balance the additional upfront costs.

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & ASKING RENT



MARKET STATISTICS

SUBMARKET	INVENTORY (SF)	SUBLET VACANT (SF)	DIRECT VACANT (SF)	OVERALL VACANCY RATE	CURRENT QTR OVERALL NET ABSORPTION (SF)	YTD OVERALL NET ABSORPTION (SF)	YTD LEASING ACTIVITY (SF)	UNDER CNSTR (SF)**	OVERALL AVG ASKING RENT (ALL CLASSES)*	OVERALL AVG ASKING RENT (CLASS A)*
385 Corridor	3,784,322	15,014	534,553	14.5%	-4,756	23,682	22,260	-	\$19.86	\$19.82
Airport	2,374,940	170,544	634,895	33.9%	75	4,639	3,499	-	\$16.23	\$17.06
Downtown	5,128,564	117,634	770,271	17.3%	35,833	39,416	63,074	-	\$20.03	\$22.26
East	10,747,749	71,060	1,827,164	17.7%	-1,546	4,999	99,338	-	\$22.39	\$30.31
Midtown	1,336,713	0	321,946	24.1%	10,334	16,872	16,277	-	\$18.05	\$23.00
North	815,053	0	253,893	31.2%	36,120	37,832	1,375	-	\$19.49	\$19.20
Northeast	2,766,748	44,902	643,127	24.9%	-12,085	6,990	15,671	-	\$19.97	\$20.43
MEMPHIS TOTALS	26,954,089	419,154	4,985,849	20.1%	63,975	134,430	221,494	-	\$20.49	\$24.15

*Rental rates reflect full service asking

**only included in absorption if occupancy by Q3 2026

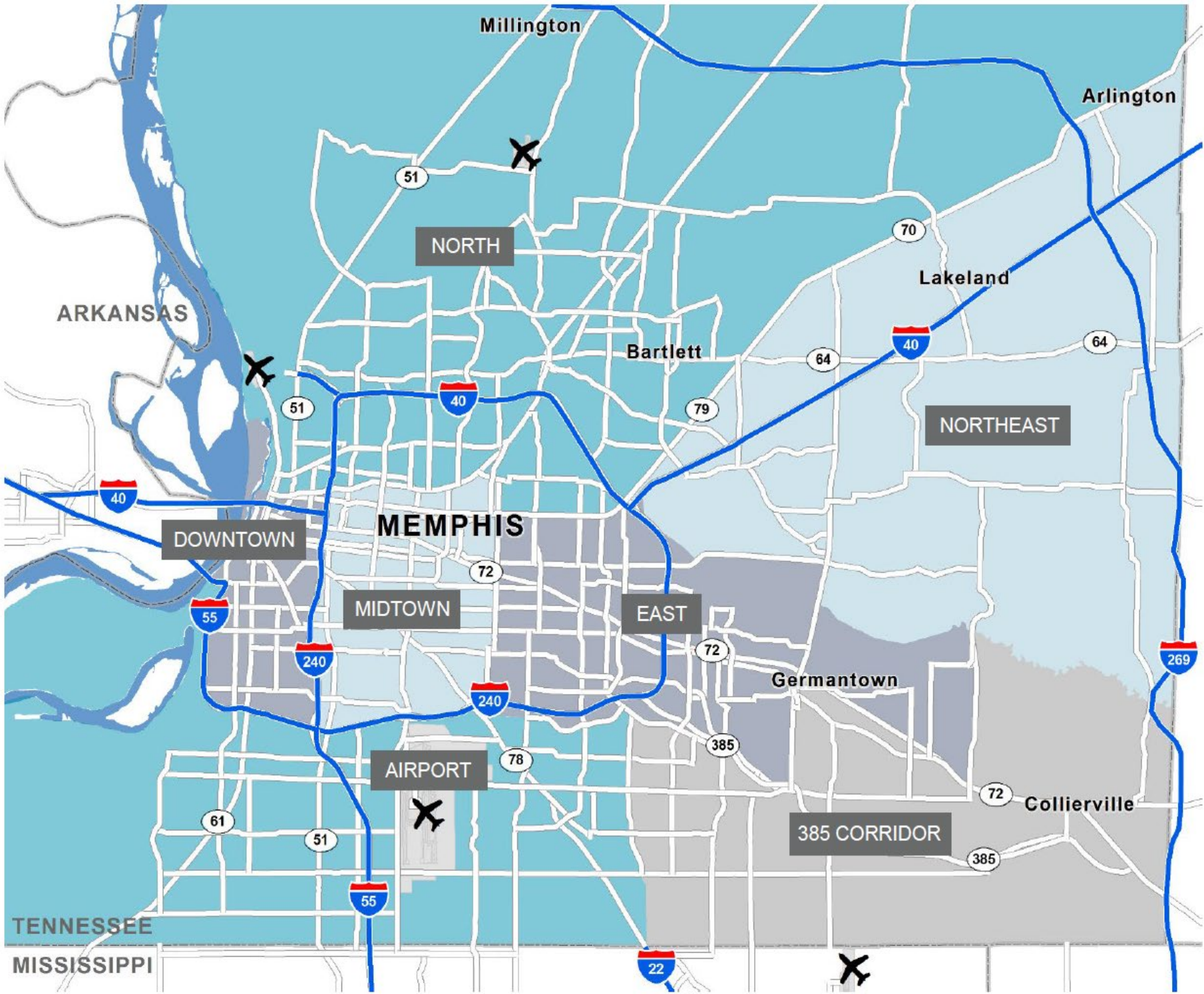
KEY LEASE TRANSACTIONS Q3 2026

PROPERTY	SUBMARKET	TENANT	SF	TYPE
50 S. B.B. King Boulevard	Downtown	Matter Health Technology, Inc.	20,662	New
2670 Union Ave. Ext.	Midtown	Christ Community Health Services, Inc.	10,708	Expansion

KEY SALE TRANSACTIONS Q3 2026

PROPERTY	SUBMARKET	SELLER/BUYER	SF	PRICE / \$ PSF
668 Colonial Road	East	Dr. Ignatius Ginski	5,958	\$910K / \$152.74

OFFICE SUBMARKETS



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