



MARKET FUNDAMENTALS

	YOY Chg	Outlook
7.9% Vacancy Rate		
5.1M YTD Net Absorption, SF		
\$4.30 Asking Rent, PSF (Overall, Net Asking Rent)		

ECONOMIC INDICATORS

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

Source: BLS
*Q3 2026

ECONOMY

The Atlanta Fed's GDPNow running estimate for Q3 2026 shows growth around 3.7% annualized as of September 30. According to the Philadelphia Fed's Third Quarter 2026 Survey of Professional Forecasters, forecasters expect the economy to expand at a 2.5% annualized rate during the quarter, while the U.S. Bureau of Labor Statistics reported an unemployment rate of 4.2% in September.

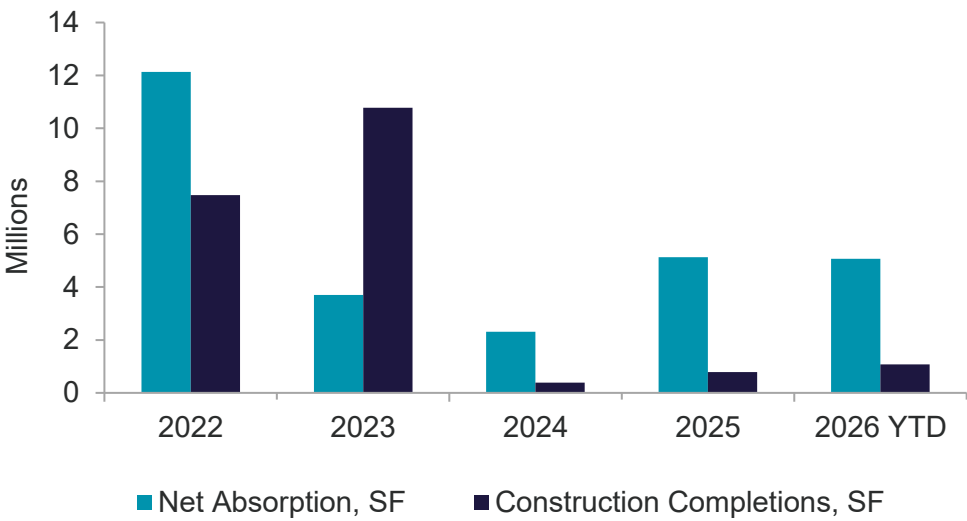
According to the Federal Reserve's July 2026 Senior Loan Officer Opinion Survey, banks reported largely unchanged lending standards for commercial and industrial loans during Q2, while standards for commercial real estate loans eased somewhat. The Third Quarter 2026 Philadelphia Fed Survey of Professional Forecasters projects core CPI inflation at approximately 2.7% annualized for the current quarter, indicating inflation is expected to remain above the Federal Reserve's long-run 2.0% target.

DEMAND

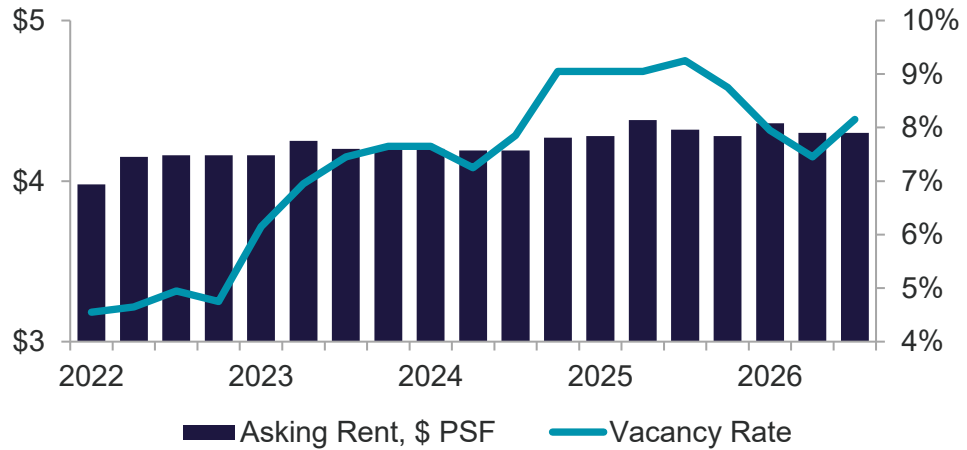
The Memphis industrial market absorbed 1.2 million square feet (msf) in the third quarter of 2026, the sixth consecutive quarter of absorption north of 1 msf. While a few large moveouts muted what would have otherwise been an even more robust quarter, the new leasing velocity is an undoubtedly bright spot in the market. Over 2.3 msf of new deals were inked in Q3, across twenty-six transactions, for an average new lease size of 89 thousand square feet (ksf). While the bulk demand that has defined 2026 is still a reality, the growth in mid-bay demand is particularly encouraging. Ten leases between 50 ksf – 250 ksf were signed this quarter, an increase from five in the second quarter and four in the first quarter.

Additionally, Class A demand in general has been very strong, with over 9.2 msf of new deals (including user purchases and subleases) complete so far in 2026. If the fourth quarter holds this pace, 2026 will clock the highest new Class A deal total since the record-breaking 2021 (totals were 10.5 msf 2025, 7.2 msf in 2024, 5.1 msf in 2023, and 8.3 msf in 2022).

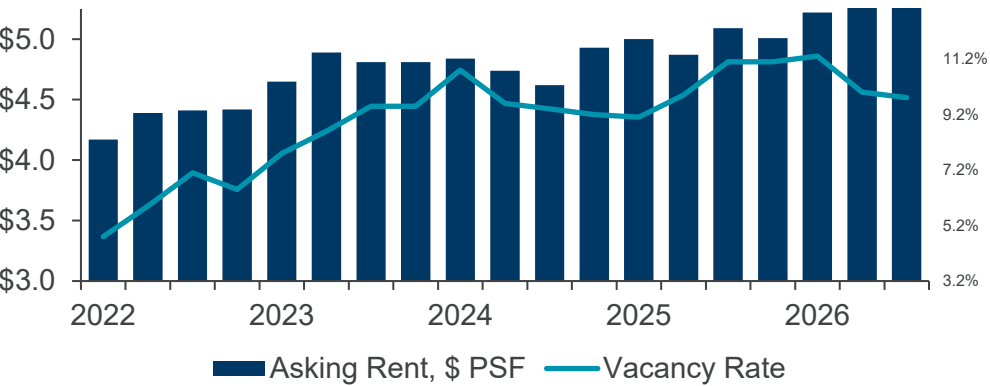
SPACE DEMAND / DELIVERIES



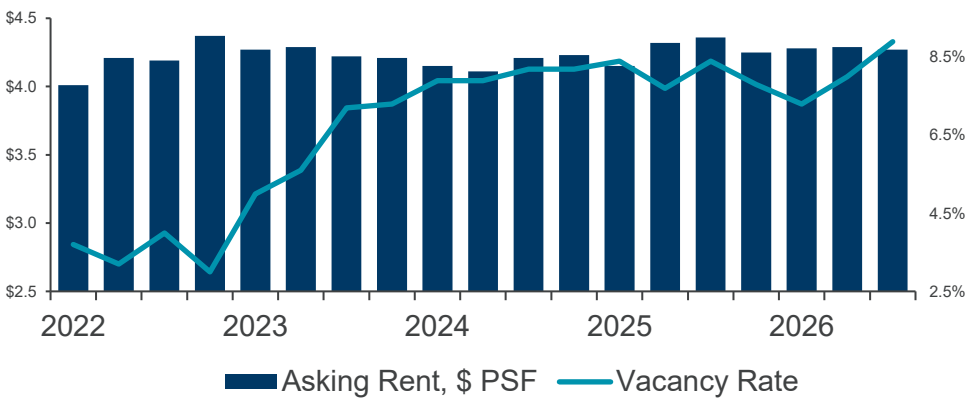
OVERALL VACANCY & ASKING RENT



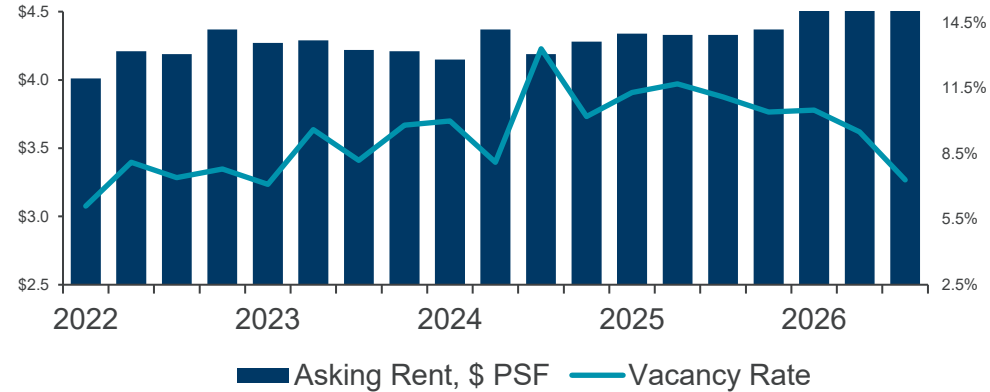
CLASS A OVERALL VACANCY & ASKING RENT



SOUTHEAST OVERALL VACANCY & ASKING RENT



DESOTO OVERALL VACANCY & ASKING RENT



SUPPLY

Vacancy in the Memphis industrial market rose slightly in the third quarter to 7.9%, a 70-basis-point (bp) increase from the second quarter but well below the 8.4% average of the prior seven quarters. The remaining bulk supply has begun to bifurcate, as users gravitate to more modern product. Of the sixteen vacancies over 350 ksf, only four are in buildings less than ten years old. The large moveouts mentioned above have added to this functional, but dated, supply, and with only two spec buildings under construction (both above 1 msf), this trend figures to hold for the remainder of 2026.

PRICING

The trends we have seen so far in 2026 have continued to hold in the third quarter, as rents in the Memphis industrial market settled at \$4.12 per square foot (psf) for warehouse and distribution space, in line with the very narrow band of \$4.12 - \$4.15 psf over the past four quarters.

Landlords in the bulk size range have significant pricing power thanks to the lack of supply, especially as tenant improvement costs show no sign of slowing down. Additionally, premium features like HVAC, fencing/security infrastructure, and office finish command rent premiums.

OUTLOOK

- Net absorption is expected to remain positive in 2026, supported by continued demand from bulk distribution users, advanced manufacturing, and owner-user activity.
- Vacancy is expected to remain near current levels, with limited large-block availability and measured new construction helping maintain a relatively balanced market.
- Rental rates are expected to remain stable to moderately positive, particularly for well-located bulk and newer industrial facilities, as available large blocks remain limited, and construction costs continue to support higher asking rates.
- New speculative development is expected to remain selective, with developers focusing on projects supported by strong user demand, preleasing activity, or favorable site positioning rather than broad speculative expansion.

MARKET STATISTICS

SUBMARKET	INVENTORY (SF)	OVERALL VACANT (SF)	OVERALL VACANCY RATE	CURRENT QTR OVERALL NET ABSORPTION (SF)	YTD OVERALL NET ABSORPTION (SF)	UNDER CNSTR (SF)	CNSTR COMPLETIONS (SF)	OVERALL WEIGHTED AVG NET RENT (MF)	OVERALL WEIGHTED AVG NET RENT (W/D)	OVERALL WEIGHTED AVG NET RENT (OS)
Northeast	16,327,165	1,085,963	6.7%	58,276	-41,061	209,580	-	\$7.00	\$7.15	\$10.50
Southeast	115,511,999	11,458,380	9.9%	-1,618,579	-972,991	-	-	\$4.91	\$4.08	\$6.10
Northwest	29,686,190	1,409,222	4.7%	37,774	-2,906	-	-	\$2.65	\$3.46	\$6.17
Southwest	44,538,050	2,158,531	4.8%	23,800	260,336	-	-	\$3.81	\$3.41	\$6.13
Desoto County	73,866,623	5,754,865	7.8%	1,404,286	3,020,521	283,500	15,000	\$4.65	\$4.30	\$8.75
Marshall County	31,346,070	2,738,928	8.7%	1,307,613	2,805,343	3,250,186	933,645	\$4.51	\$3.99	\$5.29
MEMPHIS TOTALS	311,276,097	24,605,889	7.9%	1,213,170	5,069,242	3,743,266	948,645	\$4.33	\$4.12	\$7.49

**Rental rates reflect weighted net asking \$psf/year **These market statistics do not match the national statistics.*

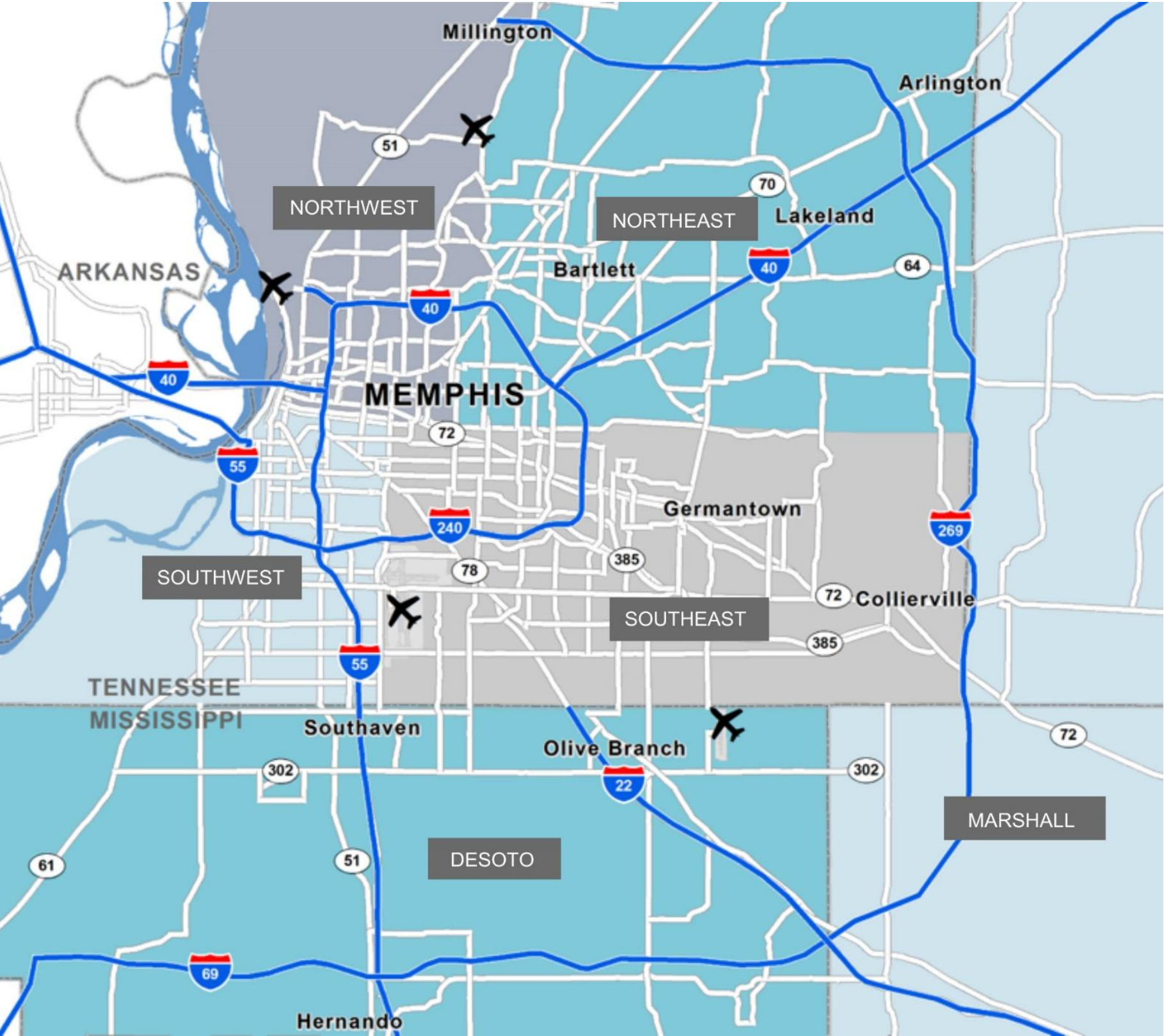
KEY LEASE TRANSACTIONS Q3 2026

PROPERTY	SUBMARKET	TENANT	SF	TYPE
262 Marathon Way	DeSoto	Phoenix Assurance, LLC	350,356	New
280 Mt. Carmel Rd	Marshall County	GXO Logistics Supply Chain, Inc.	255,360	New
5555 E. Raines Road	Southeast	DGA Services, Inc.	237,770	New

KEY SALE TRANSACTIONS Q3 2026

PROPERTY	SUBMARKET	SELLER/BUYER	SF	PRICE / \$ PSF
5280 Interstate Blvd	DeSoto	Core5 Industrial Partners / Safco Capital Corporation	581,883	Undisclosed
699 Research Dr	DeSoto	L&B Realty Advisors / Southaven Industrial, LLC	514,590	Undisclosed
3-Building Swinnea Rd Portfolio	Southeast	EQT Real Estate / IP Capital Partners	365,180	\$33,500,000 / \$91.73

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