



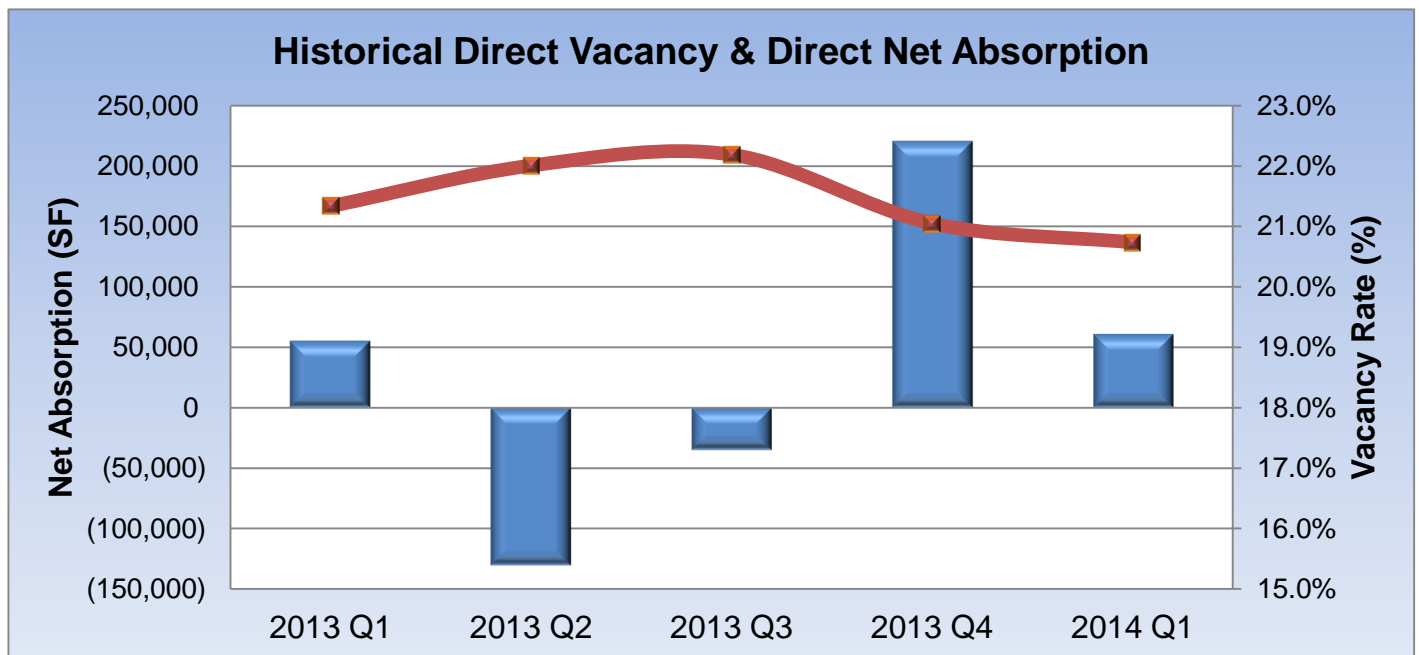
1st Quarter 2014

\$250

Market Highlights

- The Memphis Office market had a great start to 2014, posting over 60k SF of positive absorption, dropping the overall vacancy rate below 21%.
- The new owners of 100 N Main announced plans for the building's new redevelopment project, turning the 400k SF office building into a hotel and residential use.
- Class B buildings continue to take the lead in absorption finishing the quarter with nearly 59k SF, while Class A had -3,200 and Class C finished with positive 5k SF.
- Monogram Foods signed the largest lease this quarter for 30,930 SF at Oak Court Office Building.

	# of Bldgs	Inventory (SF)	Total Available (SF)	Direct Vacant (SF)	Direct Vacancy Rate (%)	Available Sublease (SF)	Direct Quarterly Net Absorption (SF)	YTD Direct Net Absorption (SF)
A	38	5,294,705	601,225	525,876	9.9%	52,687	(3,267)	(3,267)
B	161	11,619,990	3,235,772	2,976,920	25.6%	132,355	58,900	58,900
C	63	2,420,650	552,113	506,661	20.9%	2,005	5,197	5,197
Grand Total	262	19,335,345	4,389,110	4,009,457	20.7%	187,047	60,830	60,830



Market Snapshot

	# of Bldgs	Inventory (SF)	Total Available (SF)	Direct Vacant (SF)	Direct Vacancy Rate (%)	Available Sublease (SF)	Direct Quarterly Net Absorption (SF)	YTD Direct Net Absorption (SF)
385 Corridor	35	3,153,464	425,726	421,299	13.4%	0	(5,358)	(5,358)
A	21	2,569,086	300,678	296,251	11.5%	0	(5,941)	(5,941)
B	6	350,797	59,084	59,084	16.8%	0	(917)	(917)
C	8	233,581	65,964	65,964	28.2%	0	1,500	1,500
Airport	36	1,660,924	1,108,863	1,057,676	63.7%	2,005	4,310	4,310
B	26	1,255,724	913,904	907,222	72.2%	0	4,310	4,310
C	10	405,200	194,959	150,454	37.1%	2,005	0	0
Downtown	23	3,030,551	676,871	622,620	20.5%	41,692	19,546	19,546
A	4	711,904	126,654	92,259	13.0%	34,395	1,318	1,318
B	11	1,847,099	460,349	440,493	23.8%	7,297	18,022	18,022
C	8	471,548	89,868	89,868	19.1%	0	206	206
East	103	7,995,398	1,481,886	1,272,373	15.9%	122,289	18,008	18,008
A	13	2,013,715	173,893	137,366	6.8%	18,292	1,356	1,356
B	76	5,600,563	1,253,575	1,081,300	19.3%	103,997	13,686	13,686
C	14	381,120	54,418	53,707	14.1%	0	2,966	2,966
Midtown	24	1,485,939	244,711	241,211	16.2%	0	525	525
B	11	820,673	170,524	167,260	20.4%	0	0	0
C	13	665,266	74,187	73,951	11.1%	0	525	525
North	14	342,971	61,617	61,617	18.0%	0	0	0
B	5	116,940	10,000	10,000	8.6%	0	0	0
C	9	226,031	51,617	51,617	22.8%	0	0	0
Northeast	27	1,666,098	389,436	332,661	20.0%	21,061	23,799	23,799
B	26	1,628,194	368,336	311,561	19.1%	21,061	23,799	23,799
C	1	37,904	21,100	21,100	55.7%	0	0	0
Grand Total	262	19,335,345	4,389,110	4,009,457	20.7%	187,047	60,830	60,830

Historical Snapshot

	Direct Vacancy Rate %					Asking Direct Lease Rate (FSG)				
	2013 Q1	2013 Q2	2013 Q3	2013 Q4	2014 Q1	2013 Q1	2013 Q2	2013 Q3	2013 Q4	2014 Q1
385 Corridor	12.7%	12.9%	13.0%	13.2%	13.4%	\$19.42	\$19.31	\$19.31	\$19.29	\$19.29
A	11.2%	11.6%	11.2%	11.3%	11.5%	\$19.82	\$19.77	\$19.77	\$19.77	\$19.77
B	13.3%	13.3%	17.1%	16.6%	16.8%	\$19.00	\$19.00	\$19.00	\$19.00	\$19.00
C	28.6%	27.1%	27.1%	28.9%	28.2%	\$15.50	\$14.50	\$14.50	\$14.50	\$14.50
Airport	62.1%	64.3%	64.2%	63.9%	63.7%	\$13.34	\$13.34	\$13.22	\$13.22	\$13.22
A	0.0%	0.0%	0.0%	0.0%	0.0%	NA	NA	NA	NA	NA
B	60.9%	64.9%	72.4%	72.6%	72.2%	\$14.73	\$14.73	\$14.28	\$14.28	\$14.28
C	63.5%	63.5%	39.1%	37.1%	37.1%	\$10.56	\$10.56	\$10.56	\$10.56	\$10.56
Downtown	19.3%	24.2%	23.6%	21.2%	20.5%	\$15.25	\$15.23	\$15.00	\$14.79	\$14.38
A	12.8%	12.1%	12.1%	13.1%	13.0%	\$18.63	\$17.75	\$17.88	\$17.33	\$17.17
B	21.6%	30.0%	28.9%	24.8%	23.8%	\$15.96	\$15.86	\$15.50	\$15.50	\$15.17
C	20.0%	20.0%	20.1%	19.1%	19.1%	\$10.63	\$11.63	\$10.00	\$11.63	\$10.00
East	18.1%	17.2%	18.0%	16.1%	15.9%	\$19.57	\$19.82	\$19.97	\$19.92	\$19.91
A	8.9%	7.2%	7.0%	6.9%	6.8%	\$24.78	\$25.10	\$25.10	\$24.72	\$24.86
B	21.6%	20.9%	22.1%	19.6%	19.3%	\$18.86	\$18.93	\$19.13	\$19.13	\$19.09
C	15.6%	15.3%	14.8%	14.9%	14.1%	\$15.50	\$15.50	\$15.50	\$16.00	\$16.00
Midtown	15.5%	15.6%	15.3%	16.3%	16.2%	\$14.19	\$14.40	\$14.52	\$14.52	\$14.52
A	0.0%	0.0%	0.0%	0.0%	0.0%	NA	NA	NA	NA	NA
B	22.6%	23.4%	19.7%	20.4%	20.4%	\$14.86	\$14.98	\$15.11	\$15.11	\$15.11
C	9.0%	8.7%	9.9%	11.2%	11.1%	\$13.25	\$13.35	\$13.35	\$13.35	\$13.35
North	19.6%	19.6%	19.5%	18.0%	18.0%	\$11.88	\$11.38	\$11.50	\$12.38	\$11.90
A	0.0%	0.0%	0.0%	0.0%	0.0%	NA	NA	NA	NA	NA
B	13.1%	13.1%	13.1%	8.6%	8.6%	NA	NA	\$14.00	\$14.00	\$14.00
C	22.9%	22.9%	22.8%	22.8%	22.8%	\$11.88	\$11.38	\$10.88	\$11.83	\$11.38
Northeast	21.9%	22.3%	22.0%	21.4%	20.0%	\$17.88	\$17.74	\$18.07	\$18.07	\$18.07
A	0.0%	0.0%	0.0%	0.0%	0.0%	NA	NA	NA	NA	NA
B	21.1%	21.5%	21.2%	20.6%	19.1%	\$17.88	\$17.74	\$18.07	\$18.07	\$18.07
C	55.7%	55.7%	55.7%	55.7%	55.7%	NA	NA	NA	NA	NA
Grand Total	21.3%	22.0%	22.2%	21.1%	20.7%	\$17.50	\$17.57	\$17.53	\$17.54	\$17.48

Lease Rates

Asking Lease Rate Range by Class (FSG)

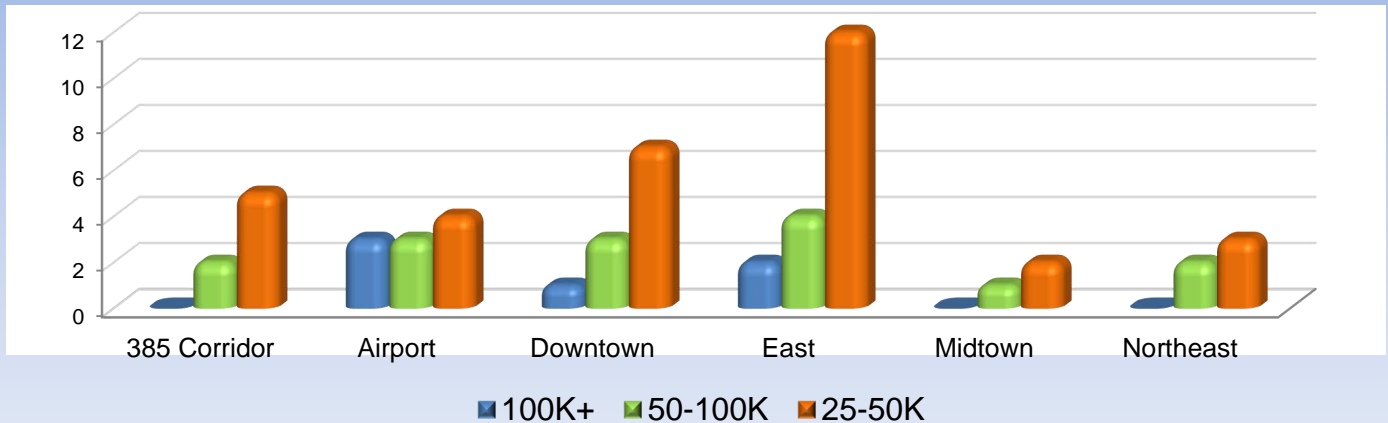


Largest Changes in Occupancy

Property Name	SF Occupied or Vacated	Company Name	Market	Building Class
Oak Court Office Building	30,930	Monogram Foods	East	B
7000 Goodlett Farms Pkwy	25,218	Conduit Global	Northeast	B
Falls Building	13,473	Memphis Area Legal Services	Downtown	B
Lenox Park Building E	5,814	Verso Paper (expansion)	385 Corridor	A
Lenox Park Building C	-3,459	Aetna	385 Corridor	A
Clark Centre Bldg 2	-3,769	Horner Insurance Sevices	East	B
3400 Players Club Pkwy	-9,854	CH Robinson	385 Corridor	A
Lakecrest III	-32,208	USPS	East	B

Available Space by Size

Largest Blocks of Available Space



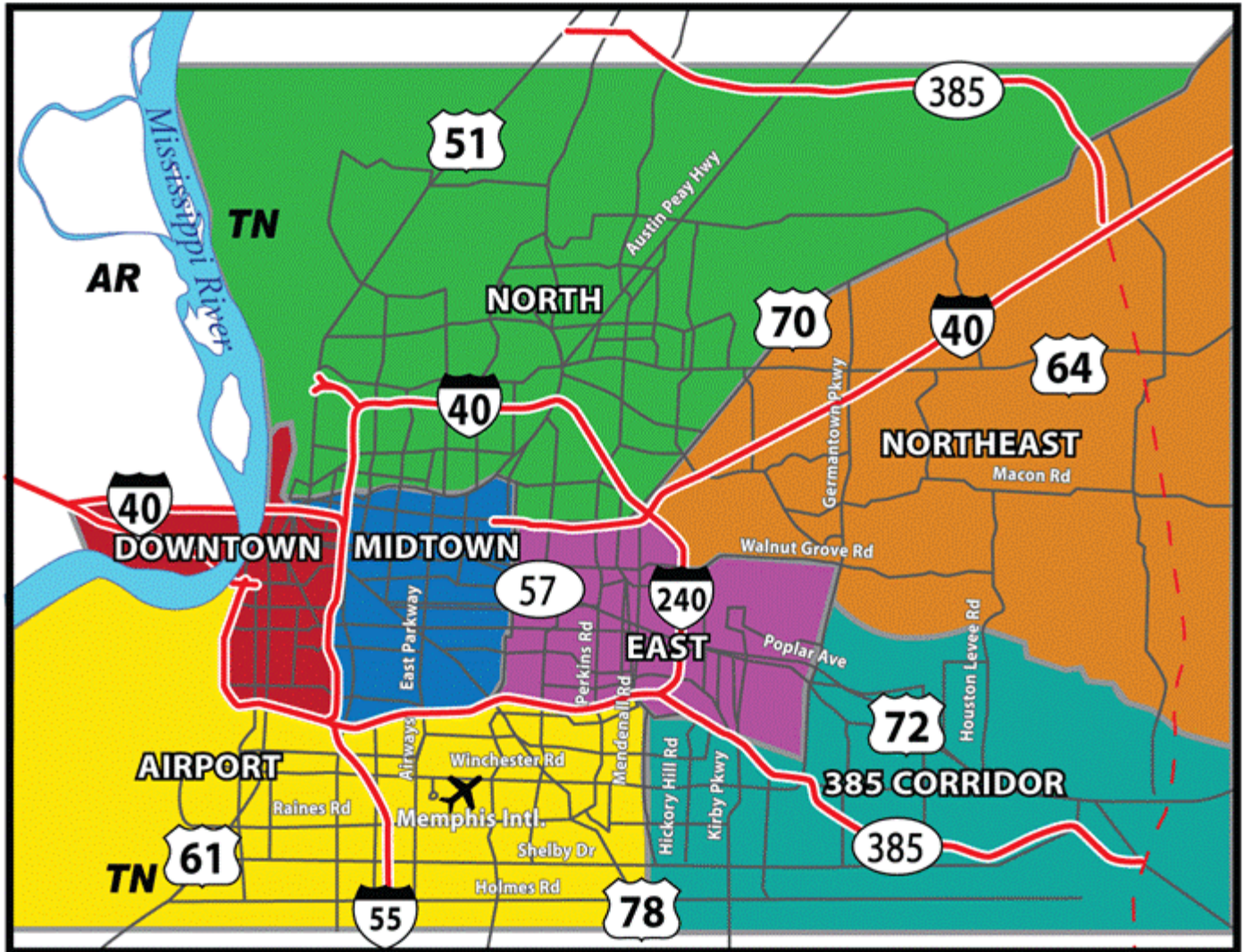
Available Space Historical Comparisons

Quarter	100K+	50-100K	25-50K
2013 Q1	6	15	31
2013 Q2	6	16	30
2013 Q3	6	17	28
2013 Q4	6	15	30
2014 Q1	6	15	33

Notable Transactions

Property Name	SF Leased or Sold	Company Name	Market	Building Class	Lease/Sale
Quince Center	\$10,395,000	Regional One Rh Mob 1 Spe, LLC	385 Corridor	B	Sale
Primacy II	\$4,600,000	Southland Primacy, LLC	East	B	Sale
Oak Court Office Building	30,930	Monogram Foods	East	B	Lease
7000 Goodlett Farms Pkwy	25,218	Conduit Global	Northeast	B	Lease
Falls Building	13,473	Memphis Area Legal Services	Downtown	B	Lease
Lenox Park Building E	5,814	Verso Paper expansion	385 Corridor	A	Lease
Nonconnah Corporate Center	4,310	Nucor	Airport	B	Lease
I Bank Tower	3,981	Rogers, Berry, Cheney & Cannon PLLC	East	B	Lease

Market



Terminology

Total Building SF—All single & multi tenant office buildings above 20,000 SF excluding medical, government and owner occupied

Class A—Most prestigious buildings competing for premier office users with rents above average for the area. Buildings have high quality standard finishes, state of the art systems, exceptional accessibility and a definite market presence.

Class B—Buildings competing for a wide range of users with average rents. Building finishes are fair to good for the area. Building finishes are fair to good for the area and systems are adequate but the building does not compete with Class A at the same price.

Class C—Buildings competing for tenants requiring functional space at rents below the average for the area.

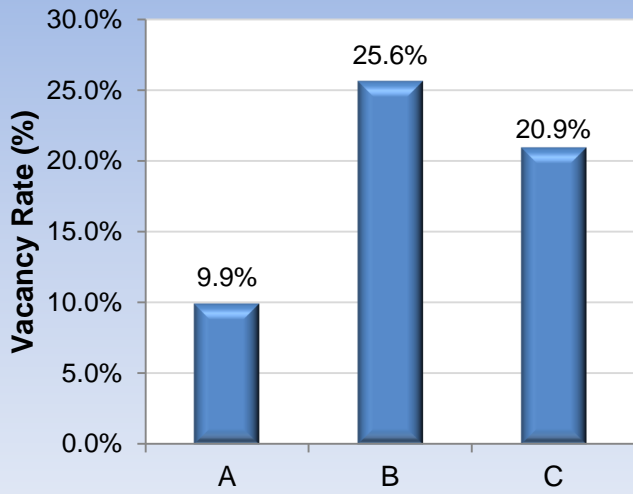
Available SF—Space currently being marketed for lease or sublease

Net Absorption—Net change in physically occupied space between the current quarter and the previous quarter (direct space only)

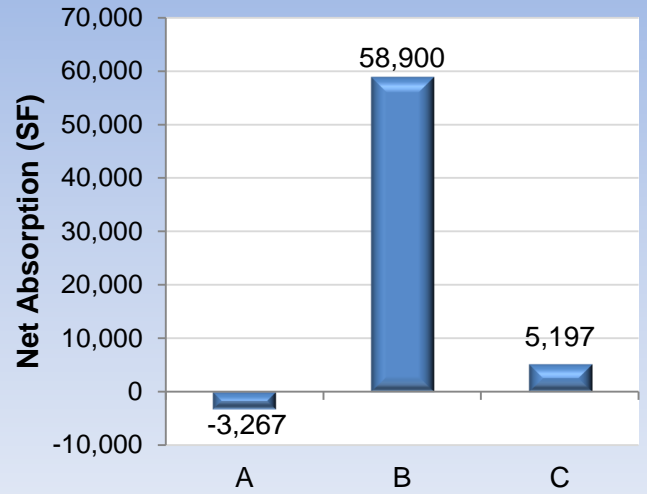
Vacant SF—Space currently unoccupied in the market for lease either directly with the landlord or via a sublease

Vacancy & Absorption Trends

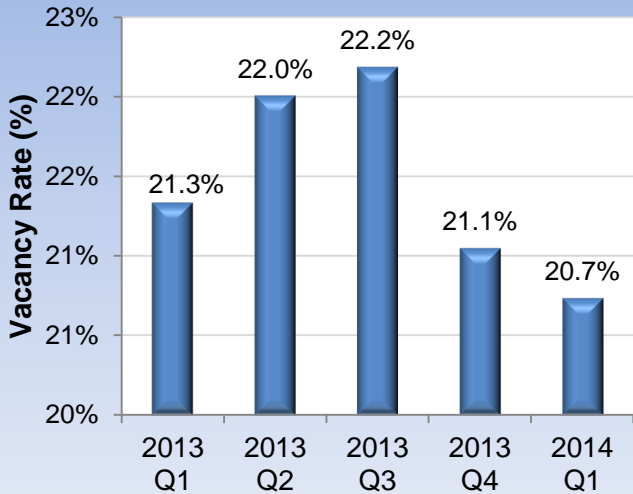
Vacancy Rate by Class



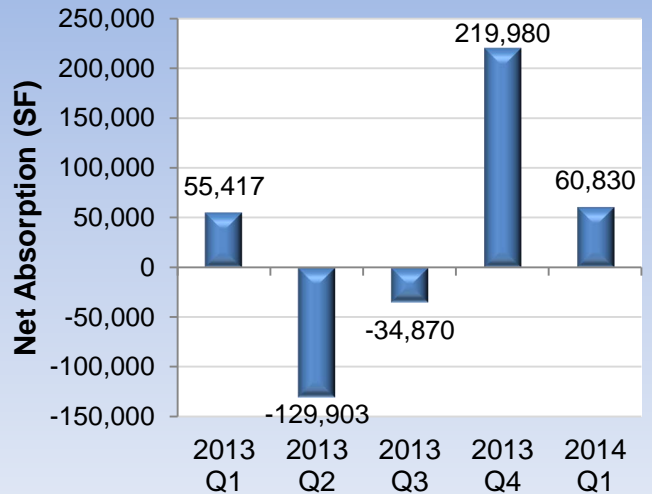
Net Absorption by Class



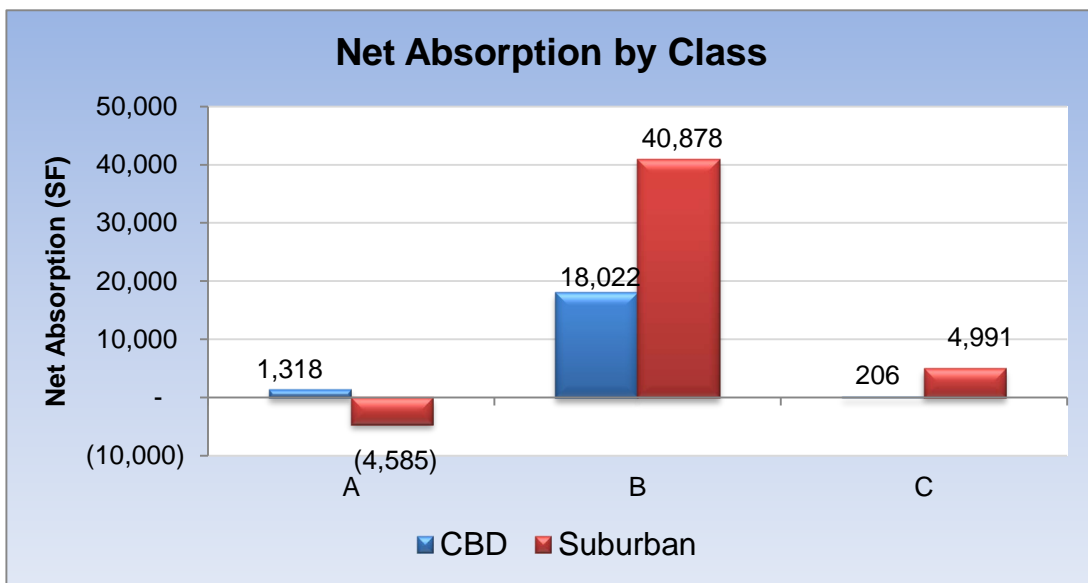
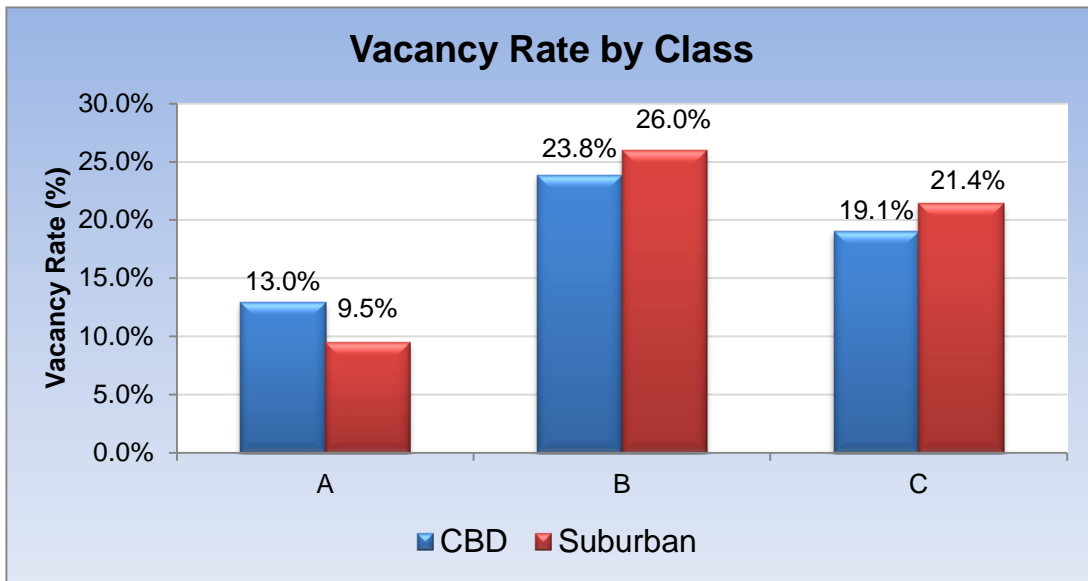
Vacancy Rate by Quarter



Net Absorption by Quarter



Vacancy & Absorption Trends



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Liza Creech 901.481.9198 or lcreech@xceligent.com.

