Memphis, TN

2nd Quarter 2014

OFFICE
Market Report

COMMERCIAL REAL ESTATE INFORMATION

In partnership with

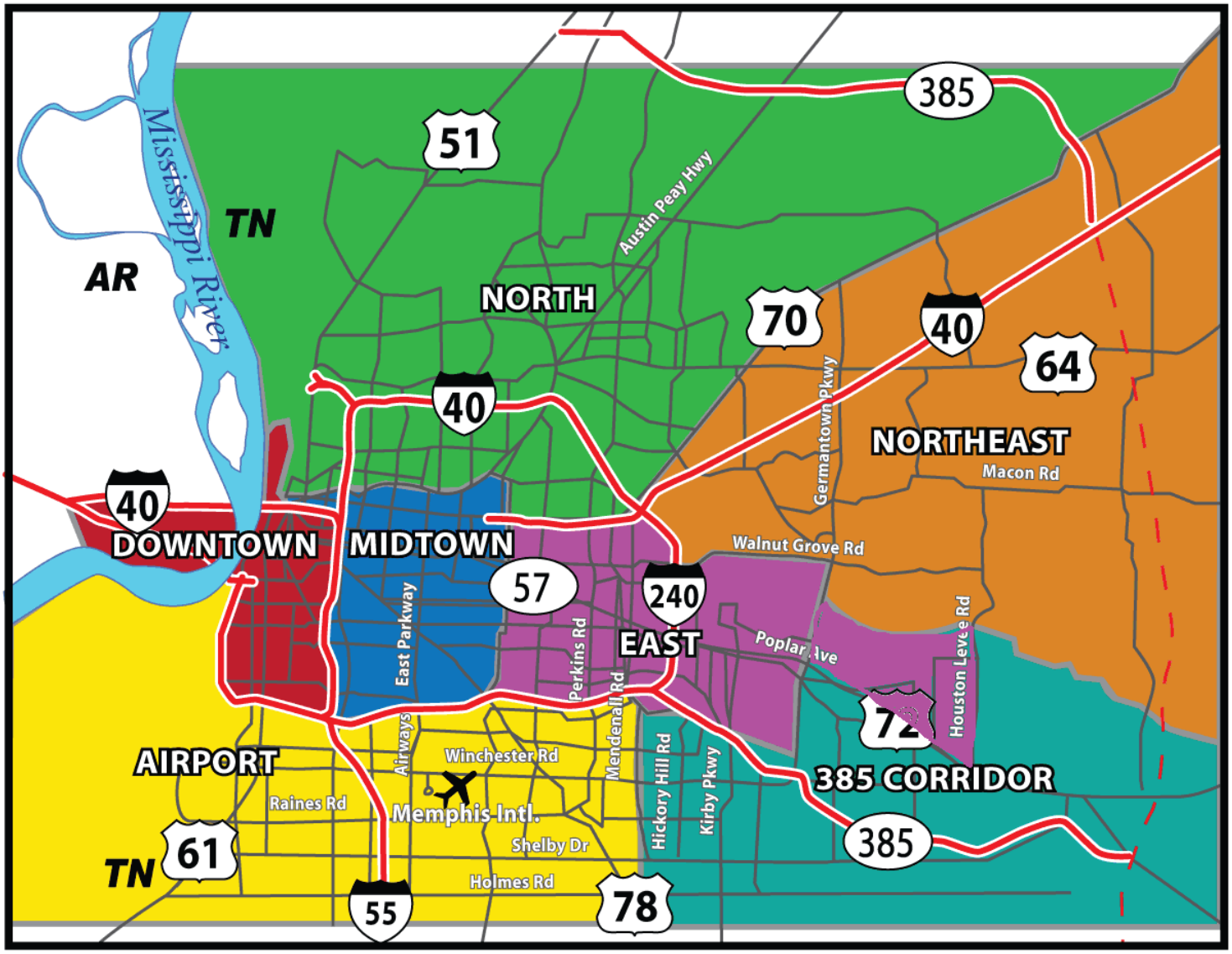
2Q 2014 Market Trends © 2014 by Xceligent, Inc. All Rights Reserved

Table of Contents/Methodology of Tracked Set	2
Market Map	3
Quarterly Statistics for 2nd Quarter 2014	4-8
Key Deals Signed in the 2nd Quarter	9
Memphis Xceligent Team	10

The Memphis tracked set consists of an inventory of buildings considered to be competitive within the brokerage community. All buildings within the competitive tracked set have been reviewed and verified by members of the Advisory Boards for each market area.

Tracked Inventory (Office)	The total square footage of all single and multi-tenant buildings greater than 10,000sf, excluding owner occupied, medical and government facilities.
Total Available SF	All of the available leasable space within a building, whether it is occupied or vacant, for direct lease or sublease space. Space can be available but not vacant, for example, if the landlord, or his agent, is marketing space that will be coming available at a future date because a tenant is planning to move.
Direct Vacant SF	The total of the direct vacant square footage in a building that is being marketed.
Net Absorption	The net change in occupied square feet from quarter to quarter, expressed in square feet.
Note	This report reflects Direct Vacancy and Absorption, Sublease space is excluded

 © 2014 by Xceligent, Inc. All Rights Reserved



 © 2014 by Xceligent, Inc. All Rights Reserved

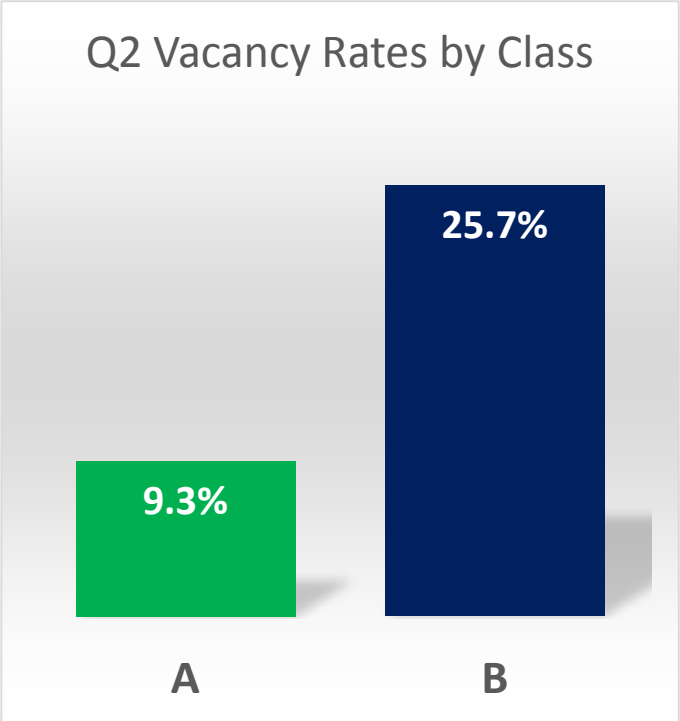
Notable Activity

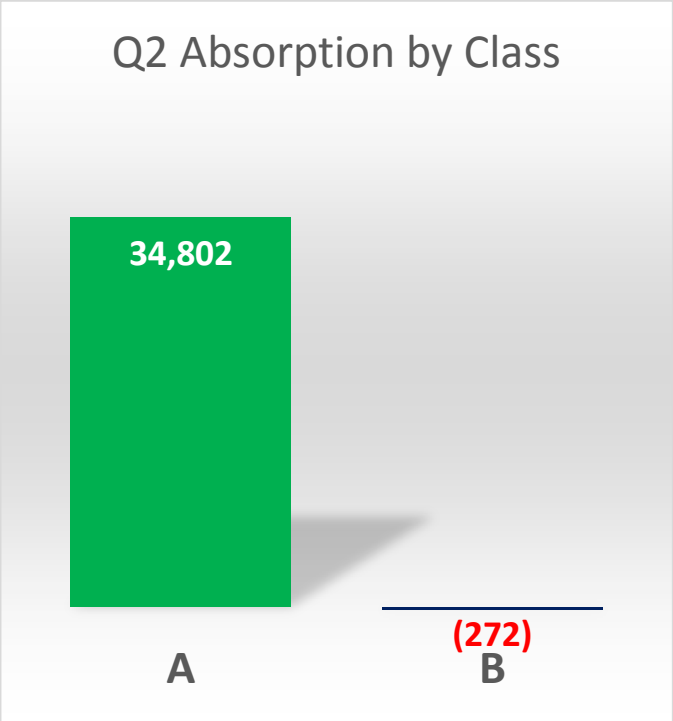
Throughout the second quarter of 2014, the Memphis office market has continued to see overall positive activity with nearly 40 thousand square feet absorbed compared to 23 thousand square feet in the first quarter of 2014. Major tenants contributing to this quarter's absorption were Campbell Clinic, Pinnacle Agriculture and Waller Lansden Dortch & Davis, LLP, a new law firm to the Memphis market.

2nd Quarter Statistics (Overall)

	# 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	5,311,462	661,769	491,652	9.3%	38,343	34,802	29,479
B	161	11,601,969	3,256,023	2,980,657	25.7%	126,735	(272)	26,239
C	63	2,419,802	550,749	505,297	20.9%	2,005	4,019	6,561
Grand Total	**262**	**19,333,233**	**4,468,541**	**3,977,606**	**20.6%**	**167,083**	**38,549**	**62,279**

The Class B market is still considered to be in the tenant's favor with over 3 million square feet available, most of which fall within the 1,000 - 5,000 square foot range. Meanwhile, larger blocks of space continue to remain scarce while rates have stabilized.



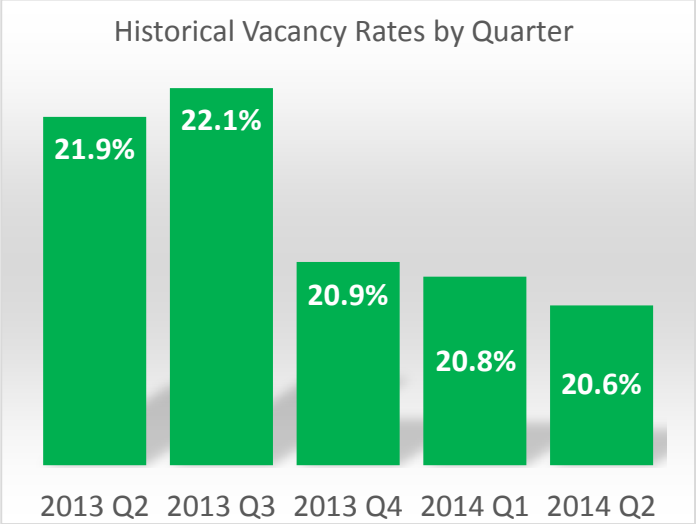


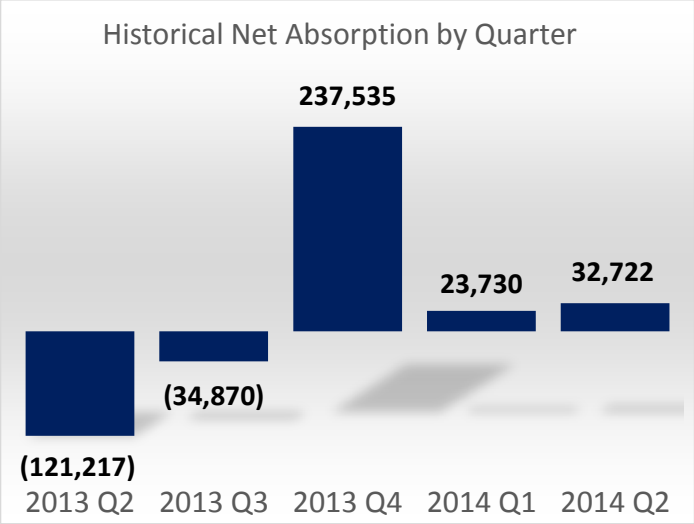
 © 2014 by Xceligent, Inc. All Rights Reserved

Vacancy & Absorption Trends

Vacancy Rates in the market are stable now at 20.6% compared to 22.1% third quarter last year. The Downtown market caught a pretty big break this quarter when Raymond James announced their intent to stay at Raymond James Tower (previously Morgan Keegan Tower) for another 10 years.

Although the Memphis office market vacancy rate was able to stay relatively stable this quarter, vacancy rates are expected to increase the second half of the year as the market braces for FedEx Express' move-out of 75,000 square feet at Lenox B.



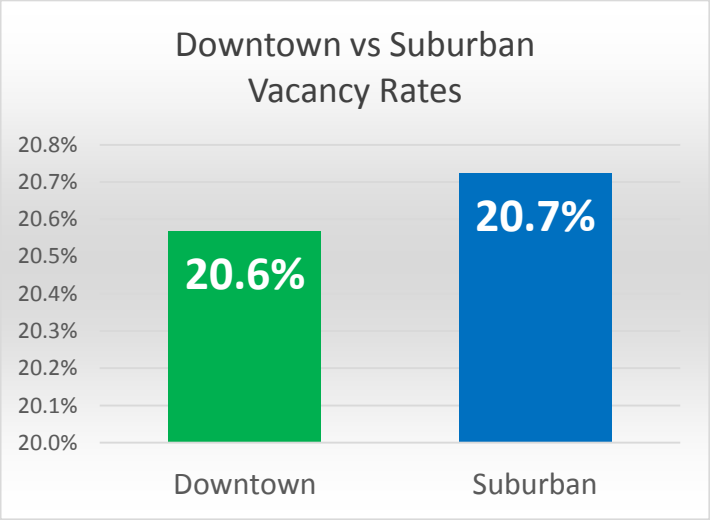


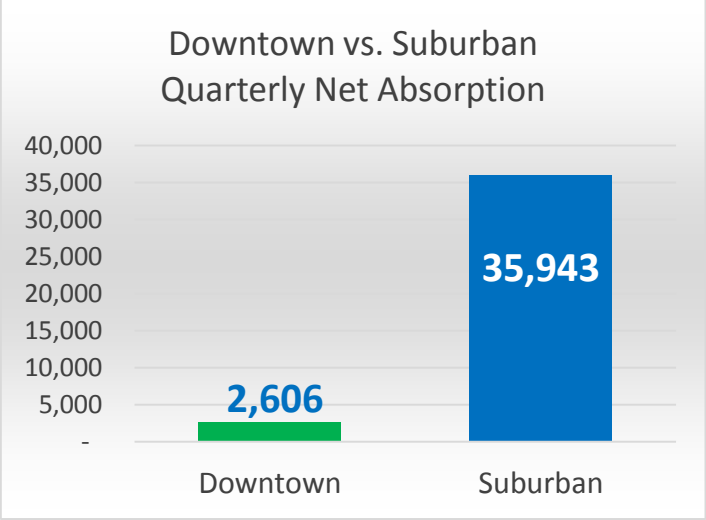
Q2 Largest Changes in Occupancy

Property Name	Class	SF occupied or vacated	Company Name	Market
Germantown Park - Oak Ridge Bldg	B	17,216	Campbell Clinic	Northeast
3400 Players Club Pkwy	A	14,371	Pinnacle Agriculture	385 Corridor
Renaissance Center	A	10,617	Waller Lansden Dortch and Davis LLP	East
Clark Centre Bldg 2	B	8,989	Fleming Architects	East
Colonnade	A	5,827	Metro Care Inc (Health Choice)	East
PennMarc Centre	B	5,626	Southern Cardiovascular, PLLC	East
Triad Centre III	A	5,299	Infinity Fitness	East
Germantown Park - Stuart Bldg	B	-5,456	Crop Protection Services	Northeast
Southwind Office Center Bldg C	A	-6,867	Belden	385 Corridor
Clark Tower	B	-7,959	Regus (downsize)	East
7130 Goodlett Farms Pkwy	B	-18,633	Regions (downsize)	Northeast
Humphreys Center	B	-22,000	Financial Federal	East

 © 2014 by Xceligent, Inc. All Rights Reserved

Vacancy & Absorption Trends





Historical Stats for Memphis Office			
	Inventory (SF)	Total Vacancy Rate (%)	Qtrly Net Absorption (SF)
2014 Q2	19,333,233	20.6%	32,722
A	5,311,462	9.4%	28,975
B	11,601,969	25.7%	-272
C	2,419,802	20.9%	4,019
2014 Q1	19,333,233	20.8%	23,730
A	5,311,462	9.9%	-5,323
B	11,601,969	25.7%	26,511
C	2,419,802	21.0%	2,542
2013 Q4	19,333,233	20.9%	237,535
A	5,311,462	9.8%	-5,160
B	11,601,969	25.9%	243,101
C	2,419,802	21.2%	-406
2013 Q3	19,333,233	22.1%	-34,870
A	5,311,462	9.7%	13,618
B	11,601,969	28.0%	-41,435
C	2,419,802	21.1%	-7,053
2013 Q2	19,333,233	21.9%	-121,217
A	5,311,462	10.0%	26,381
B	11,601,969	25.9%	-155,096
C	2,419,802	28.9%	7,498

 © 2014 by Xceligent, Inc. All Rights Reserved

Asking Direct Lease Rate (FSG)					
Submarket	2013 Q2	2013 Q3	2013 Q4	2014 Q1	2014 Q2
385 Corridor	$19.31	$19.31	$19.29	$19.29	$19.27
A	$19.77	$19.77	$19.77	$19.77	$19.71
B	$19.00	$19.00	$19.00	$19.00	$19.00
C	$14.50	$14.50	$14.50	$14.50	$14.50
Airport	$13.34	$13.22	$13.22	$13.22	$13.22
A	NA	NA	NA	NA	NA
B	$14.73	$14.28	$14.28	$14.28	$14.28
C	$10.56	$10.56	$10.56	$10.56	$10.56
Downtown	$15.23	$15.00	$14.79	$14.38	$15.13
A	$17.75	$17.88	$17.33	$17.17	$17.75
B	$15.86	$15.50	$15.50	$15.17	$15.96
C	$11.63	$10.00	$11.63	$10.00	$10.00
East	$19.82	$19.97	$19.92	$19.91	$20.08
A	$25.10	$25.10	$24.72	$24.86	$24.86
B	$18.93	$19.13	$19.13	$19.09	$19.29
C	$15.50	$15.50	$16.00	$16.00	$16.00
Midtown	$14.40	$14.52	$14.52	$14.52	$14.89
A	NA	NA	NA	NA	NA
B	$14.98	$15.11	$15.11	$15.11	$16.18
C	$13.35	$13.35	$13.35	$13.35	$13.35
North	$11.38	$11.50	$12.38	$11.90	$11.90
A	NA	NA	NA	NA	NA
B	NA	$14.00	$14.00	$14.00	$14.00
C	$11.38	$10.88	$11.83	$11.38	$11.38
Northeast	$17.74	$18.07	$18.07	$18.07	$17.91
A	NA	NA	NA	NA	NA
B	$17.74	$18.07	$18.07	$18.07	$17.91
C	NA	NA	NA	NA	NA
Grand Total	**$17.57**	**$17.53**	**$17.54**	**$17.48**	**$17.71**

2Q 2014 Market Trends © 2014 by Xceligent, Inc. All Rights Reserved

Xceligent®

2nd Quarter Statistics (By Submarket)

	# 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**	**3,151,462**	**514,411**	**409,929**	**13.0%**	**0**	**13,426**	**6,012**
A	21	2,567,084	390,275	285,793	11.1%	0	12,514	4,517
B	6	350,797	58,472	58,472	16.7%	0	612	(305)
C	8	233,581	65,664	65,664	28.1%	0	300	1,800
Airport	**36**	**1,651,384**	**1,134,786**	**1,059,314**	**64.1%**	**2,005**	**2,484**	**2,672**
B	26	1,246,184	941,897	910,930	73.1%	0	414	602
C	10	405,200	192,889	148,384	36.6%	2,005	2,070	2,070
Downtown	**23**	**3,049,175**	**686,039**	**627,138**	**20.6%**	**41,692**	**2,606**	**9,167**
A	4	730,663	126,654	92,259	12.6%	34,395	0	1,318
B	11	1,846,964	459,517	435,011	23.6%	7,297	2,606	17,643
C	8	471,548	99,868	99,868	21.2%	0	0	(9,794)
East	**103**	**7,985,190**	**1,467,851**	**1,271,404**	**15.9%**	**102,325**	**16,302**	**22,971**
A	13	2,013,715	144,840	113,600	5.6%	3,948	22,288	23,644
B	76	5,591,203	1,267,211	1,102,715	19.7%	98,377	(4,604)	(2,257)
C	14	380,272	55,800	55,089	14.5%	0	(1,382)	1,584
Midtown	**24**	**1,486,955**	**248,676**	**245,176**	**16.5%**	**0**	**5,050**	**(12,649)**
B	11	821,689	173,239	169,975	20.7%	0	2,019	(11,924)
C	13	665,266	75,437	75,201	11.3%	0	3,031	(725)
North	**14**	**342,971**	**49,991**	**49,991**	**14.6%**	**0**	**0**	**11,626**
B	5	116,940	10,000	10,000	8.6%	0	0	0
C	9	226,031	39,991	39,991	17.7%	0	0	11,626
Northeast	**27**	**1,666,096**	**366,787**	**314,654**	**18.9%**	**21,061**	**(1,319)**	**22,480**
B	26	1,628,192	345,687	293,554	18.0%	21,061	(1,319)	22,480
C	1	37,904	21,100	21,100	55.7%	0	0	0
Grand Total	**262**	**19,333,233**	**4,468,541**	**3,977,606**	**20.6%**	**167,083**	**38,549**	**62,279**

2Q 2014 Market Trends © 2014 by Xceligent, Inc. All Rights Reserved

Office Key Deals Signed in the 2nd Quarter

The following are notable deals signed during the 2nd Quarter 2014. These include New Deals, Renewals, Expansions, and Relocations that may not have taken immediate occupancy.

Tenant	Class	Property Name	Leased SF	Market
Campbell Clinic	B	Germantown Park - Oak Ridge Bldg	17,216	Northeast
Pinnacle Agriculture	A	3400 Players Club Pkwy	14,371	385 Corridor
Waller Lansden Dortch and Davis LLP	A	Renaissance Center	10,617	East
Fleming Architects	B	Clark Centre Bldg 2	8,989	East
The Reaves Firm	B	Atrium I	7,831	East
Metro Care Inc (Health Choice)	A	Colonnade	5,827	East
Southern Cardiovascular, PLLC	B	PennMarc Centre	5,626	East
Infinity Fitness	A	Triad Centre III	5,299	East
Palm Coast	A	Shadow Creek I	5,010	385 Corridor

 © 2014 by Xceligent, Inc. All Rights Reserved

This information has been obtained from sources believed reliable. While we do not doubt its accuracy, we have not verified it and make no guarantee, warranty or representation about it. It is your responsibility to independently confirm its accuracy.

For more information, please contact :

Liza Creech Wohrman Regional Director [901] 481-9198 lcreech@xceligent.com

For Customer Care please call: (866) 350-2895

COMMERCIAL REAL ESTATE INFORMATION

 © 2014 by Xceligent, Inc. All Rights Reserved