

Memphis, TN

1st Quarter 2015

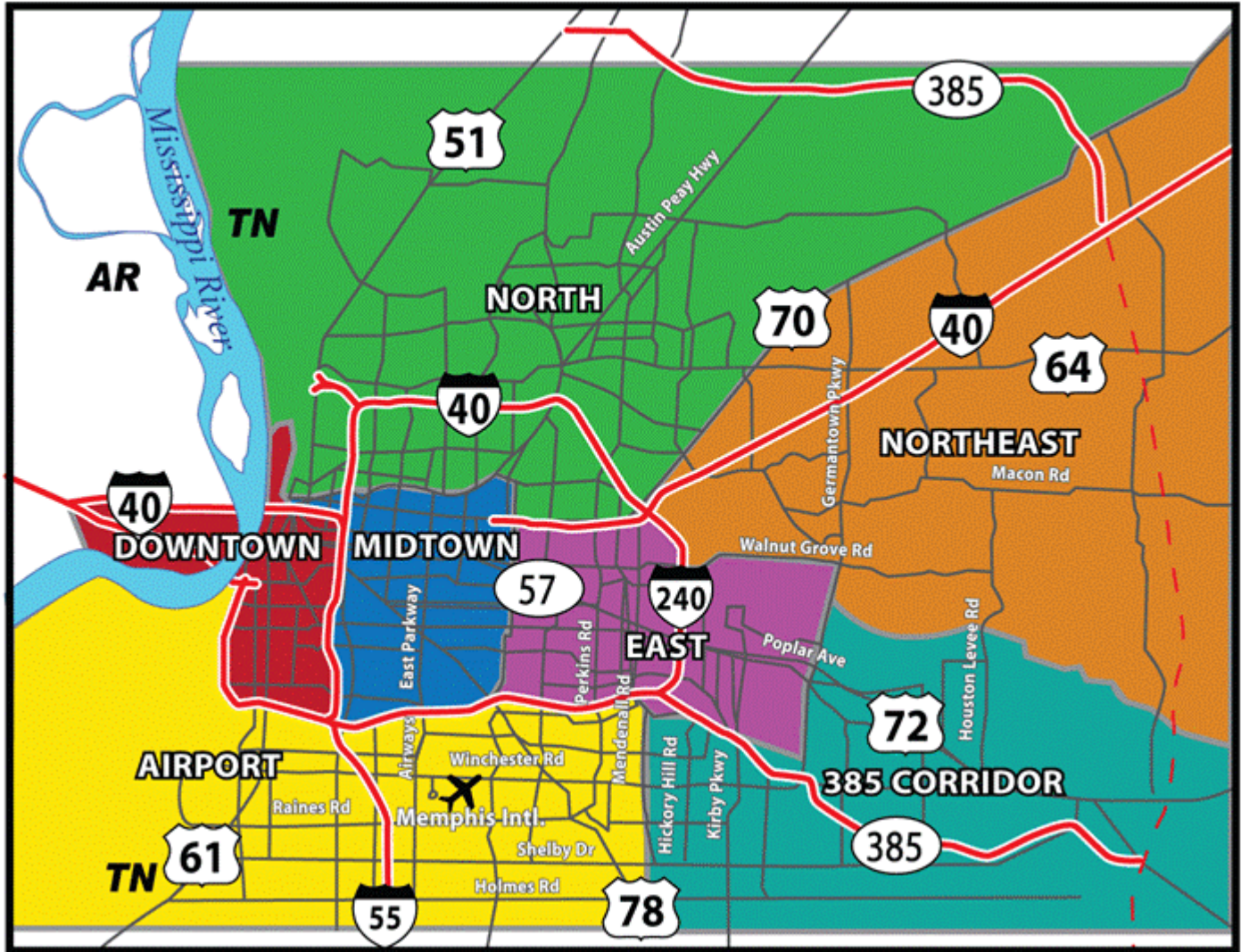
OFFICE
Market Trends



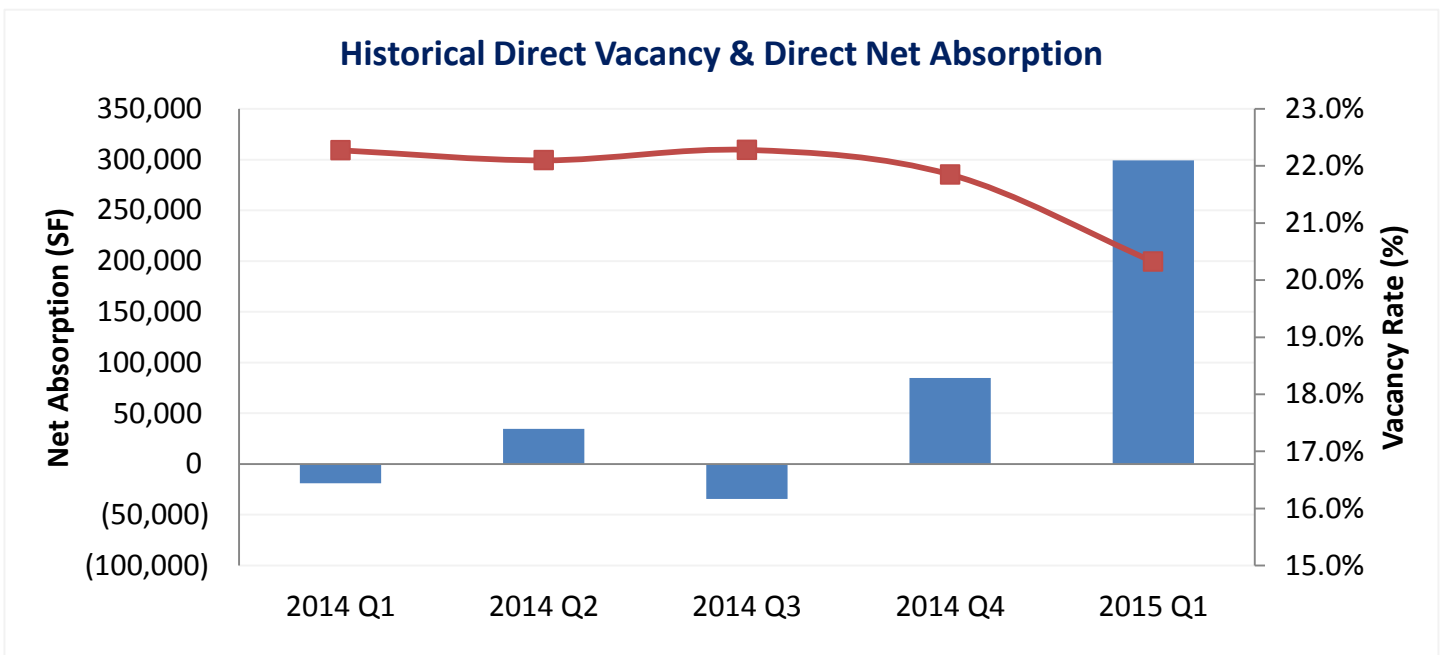
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The Memphis tracked set consists of an inventory of buildings considered to be competitive within the brokerage community. All buildings within the competitive tracked set have been reviewed and verified by members of the Advisory Boards for each market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



- The Memphis office market opened 2015 with an unprecedented start, pulling in nearly 300,000 square feet of absorption.
- This remarkable start to the year is largely due to Highwoods completing International Paper's newest building on International Drive, adding 241,000 square feet of class A office space to the total office market inventory.
- The old Sears Crosstown revealed their new name this quarter, Crosstown Concourse, as construction continues moving forward on the 1 million square foot project.
- Raymond James Tower was the biggest sale transaction, selling to a New York investor, Bakertown Realty Group Inc., for \$24 million.



	# 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	39	5,531,511	629,818	561,395	10.1%	15,799	238,274	238,274
B	160	11,639,556	3,342,693	2,885,336	24.8%	247,638	49,714	49,714
C	63	2,422,435	557,690	535,200	22.1%	0	11,237	11,237
Grand Total	262	19,593,502	4,530,201	3,981,931	20.3%	263,437	299,225	299,225

Overview by Submarket/Building Class



	# 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	34	3,147,505	466,485	447,427	14.2%	10,170	3,433	3,433
A	21	2,567,084	340,148	338,120	13.2%	0	(69)	(69)
B	5	346,840	58,894	41,864	12.1%	10,170	1,350	1,350
C	8	233,581	67,443	67,443	28.9%	0	2,152	2,152
Airport	36	1,651,384	1,057,478	1,018,161	61.7%	0	19,408	19,408
B	26	1,246,184	948,354	909,037	72.9%	0	17,403	17,403
C	10	405,200	109,124	109,124	26.9%	0	2,005	2,005
Downtown	23	3,049,175	818,707	710,217	23.3%	37,706	11,620	11,620
A	4	730,663	168,603	119,398	16.3%	8,775	(11,716)	(11,716)
B	11	1,846,964	467,258	426,291	23.1%	28,931	23,336	23,336
C	8	471,548	182,846	164,528	34.9%	0	0	0
East	104	8,207,681	1,405,484	1,143,731	13.9%	142,850	251,790	251,790
A	14	2,233,764	121,067	103,877	4.7%	7,024	250,059	250,059
B	76	5,590,812	1,229,635	989,008	17.7%	135,826	(5,349)	(5,349)
C	14	383,105	54,782	50,846	13.3%	0	7,080	7,080
Midtown	24	1,530,423	292,460	243,569	15.9%	42,335	0	0
B	11	865,157	214,387	165,732	19.2%	42,335	0	0
C	13	665,266	78,073	77,837	11.7%	0	0	0
North	14	341,238	72,385	51,119	15.0%	0	2,967	2,967
B	5	115,407	28,063	6,797	5.9%	0	2,967	2,967
C	9	225,831	44,322	44,322	19.6%	0	0	0
Northeast	27	1,666,096	417,202	367,707	22.1%	30,376	10,007	10,007
B	26	1,628,192	396,102	346,607	21.3%	30,376	10,007	10,007
C	1	37,904	21,100	21,100	55.7%	0	0	0
Grand Total	262	19,593,502	4,530,201	3,981,931	20.3%	263,437	299,225	299,225

Historical Vacancy and Rental Rates



	Direct Vacancy Rate %					Asking Direct Lease Rate (FSG)				
	2014 Q1	2014 Q2	2014 Q3	2014 Q4	2015 Q1	2014 Q1	2014 Q2	2014 Q3	2014 Q4	2015 Q1
385 Corridor	13.1%	12.8%	15.0%	14.3%	14.2%	\$19.29	\$19.27	\$19.47	\$19.28	\$19.25
A	11.6%	11.2%	13.6%	13.2%	13.2%	\$19.77	\$19.71	\$19.85	\$19.65	\$19.60
B	14.2%	14.3%	13.4%	12.5%	12.1%	\$19.00	\$19.00	\$19.50	\$19.50	\$19.50
C	28.2%	28.1%	33.1%	29.8%	28.9%	\$14.50	\$14.50	\$14.50	\$14.50	\$14.50
Airport	62.3%	62.1%	63.0%	62.8%	61.7%	\$13.22	\$13.22	\$13.22	\$13.07	\$13.18
B	73.2%	73.1%	74.3%	74.3%	72.9%	\$14.28	\$14.28	\$14.28	\$14.28	\$14.23
C	28.5%	28.0%	28.0%	27.4%	26.9%	\$10.56	\$10.56	\$10.56	\$10.65	\$10.65
Downtown	23.3%	22.9%	23.4%	23.7%	23.3%	\$14.38	\$15.13	\$14.69	\$14.68	\$14.68
A	12.5%	12.5%	13.7%	14.7%	16.3%	\$17.17	\$17.75	\$17.75	\$17.00	\$17.00
B	24.0%	24.0%	24.3%	24.3%	23.1%	\$15.17	\$15.96	\$15.00	\$15.55	\$15.55
C	37.5%	34.9%	34.9%	34.9%	34.9%	\$10.00	\$10.00	\$10.00	\$9.00	\$9.00
East	19.0%	18.9%	17.7%	17.0%	13.9%	\$19.91	\$20.08	\$20.16	\$20.38	\$20.39
A	18.0%	17.1%	16.2%	15.8%	4.7%	\$24.86	\$24.86	\$24.88	\$25.11	\$25.56
B	19.6%	19.7%	18.4%	17.6%	17.7%	\$19.09	\$19.29	\$19.51	\$19.66	\$19.58
C	16.0%	16.4%	15.4%	15.1%	13.3%	\$16.00	\$16.00	\$16.00	\$16.00	\$16.33
Midtown	16.7%	16.0%	16.0%	15.9%	15.9%	\$14.52	\$14.89	\$14.05	\$13.66	\$14.50
B	20.6%	20.0%	20.0%	19.2%	19.2%	\$15.11	\$16.18	\$14.58	\$14.03	\$15.34
C	11.8%	10.8%	10.8%	11.7%	11.7%	\$13.35	\$13.35	\$13.00	\$13.00	\$13.00
North	17.3%	17.3%	17.3%	15.8%	15.0%	\$11.90	\$11.90	\$11.88	\$11.88	\$12.00
B	8.5%	8.5%	8.5%	8.5%	5.9%	\$14.00	\$14.00	\$14.00	\$14.00	\$14.00
C	21.8%	21.8%	21.8%	19.6%	19.6%	\$11.38	\$11.38	\$11.17	\$11.17	\$11.00
Northeast	20.2%	21.0%	23.1%	22.7%	22.1%	\$18.07	\$17.91	\$17.99	\$17.95	\$18.10
B	19.4%	20.2%	22.3%	21.9%	21.3%	\$18.07	\$17.91	\$17.99	\$17.95	\$18.10
C	55.7%	55.7%	55.7%	55.7%	55.7%	NA	NA	NA	NA	NA
Grand Total	22.3%	22.1%	22.3%	21.8%	20.3%	\$17.48	\$17.71	\$17.61	\$17.61	\$17.74

Asking Lease Rate Range by Class (FSG)

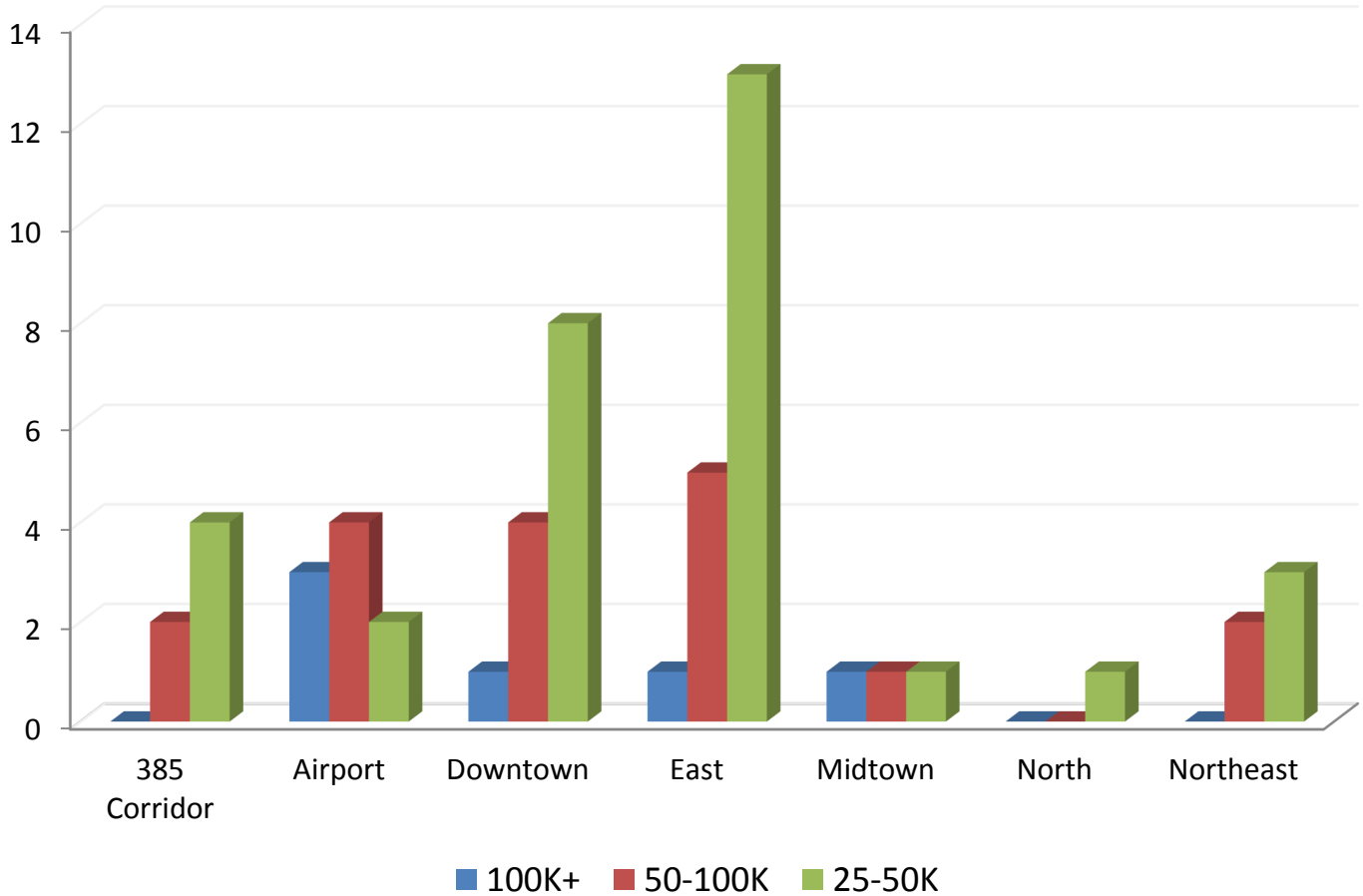


Biggest Absorption Changes



Property Name	SF Occupied or Vacated	Company Name	Market	Building Class
International Place Tower 4	241,177	International Paper	East	A
Humphreys Center	29,721	Semmes Murphy (expansion)	East	B
Pembroke Square	20,595	City of Memphis	Downtown	B
Airport Business Park Bldg E	12,119	Airport International (API)	Airport	B
88 Union Center	-9,188	Pinnacle Agriculture	Downtown	B
Lynnfield Office Park Bldg A	-10,313	Keller Williams	East	B
Thousand Oaks Business Center Phase III	-11,817	FedEx Trade Networks	East	B
Raymond James Tower	-14,281	KPMG	Downtown	A

Largest Blocks of Available Space



Historical Blocks of Space

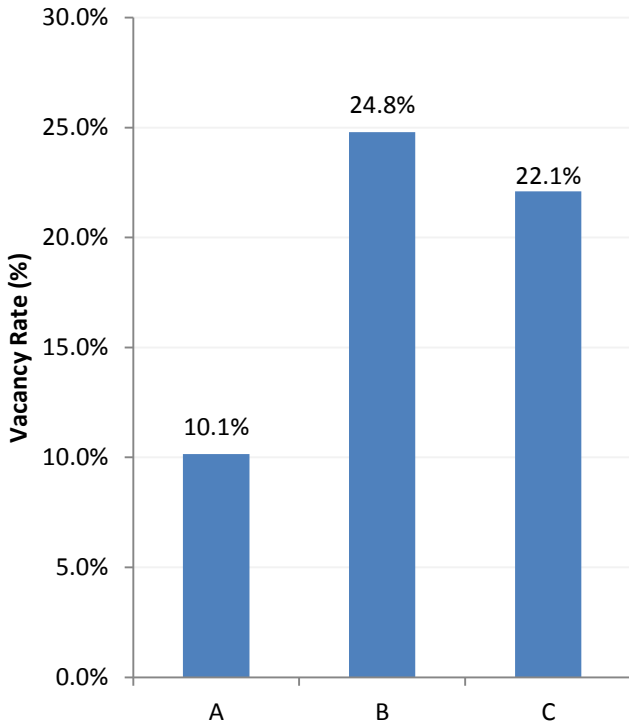
Quarter	100K+	50-100K	25-50K
2014 Q1	7	18	35
2014 Q2	7	20	31
2014 Q3	8	20	31
2014 Q4	7	22	32
2015 Q1	6	18	32

Notable Transactions

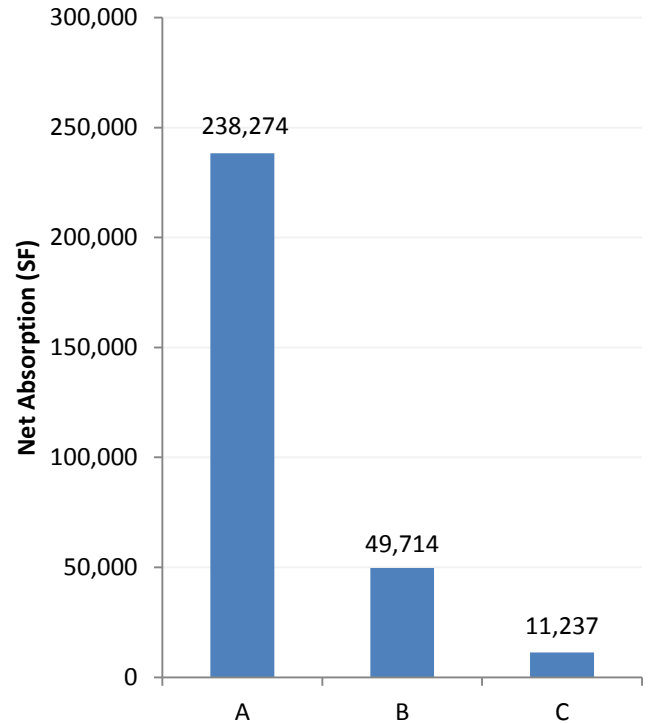


Property Name	SF Leased or Sale Price	Company Name	Market	Building Class	Lease/Sale
Raymond James Tower	\$24,000,000	Bakertown Realty Group Inc.	Downtown	A	Sale
International Place Tower 4	241,177	International Paper	East	A	Lease
Humphreys Center	29,721	Semmes Murphy (expansion)	East	B	Lease
Pembroke Square	20,595	City of Memphis	Downtown	B	Lease
Toyota Center	17,501	Sullivan Branding	Downtown	A	Lease
Airport Business Park Bldg E	12,119	Airport International (API)	Airport	B	Lease
Crescent Center	10,928	Deloit	East	A	Lease
7000 Goodlett Farms Pkwy	6,581	Aerotek	Northeast	B	Lease

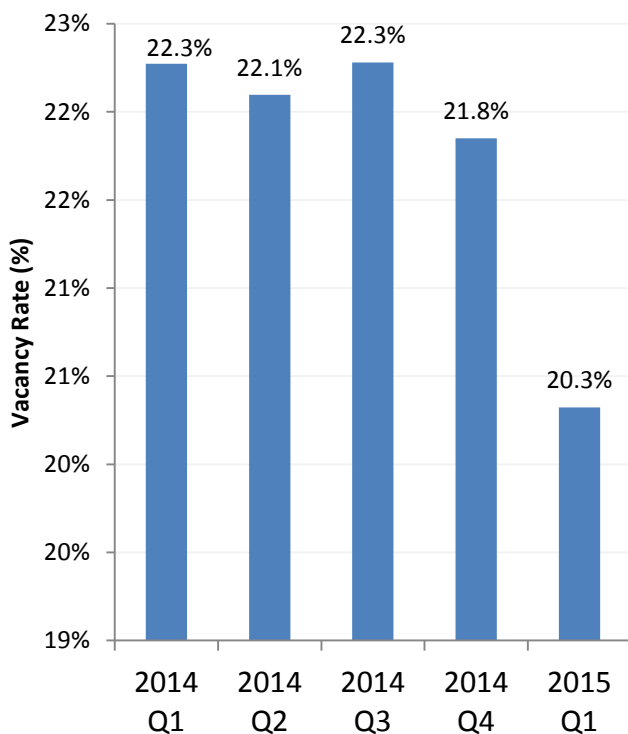
Vacancy Rate by Class



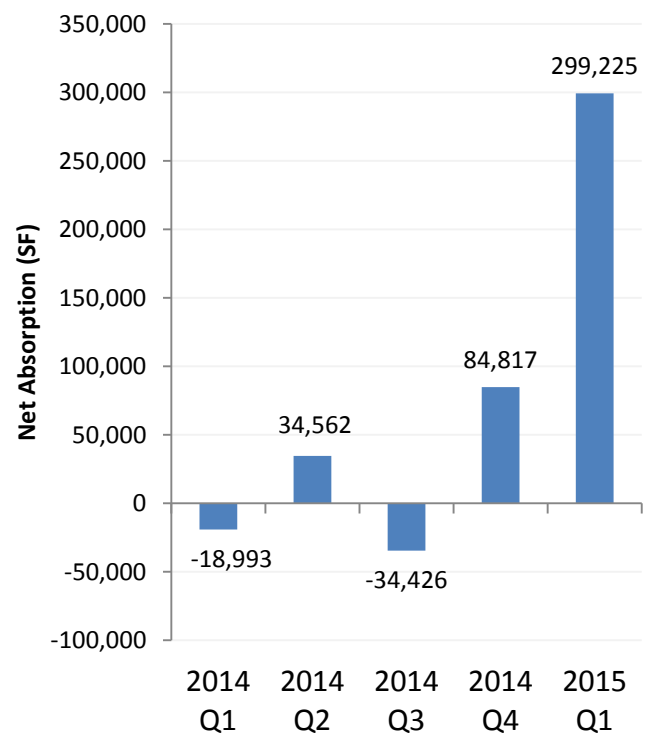
Net Absorption by Class



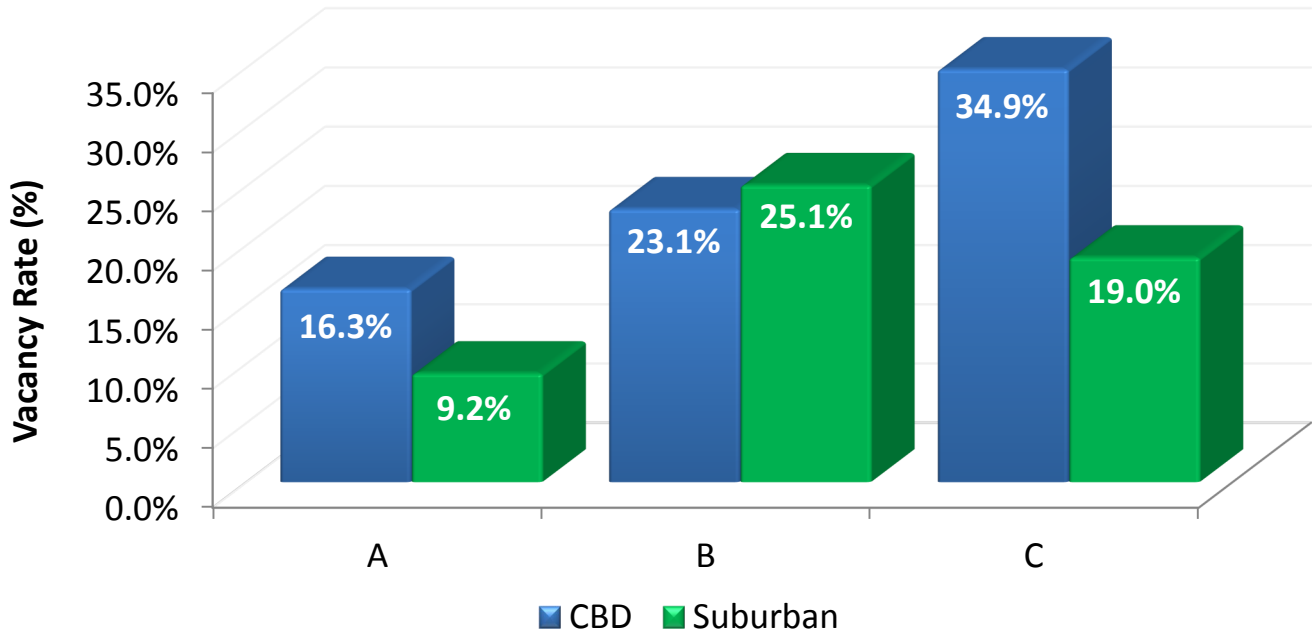
Vacancy Rate by Quarter



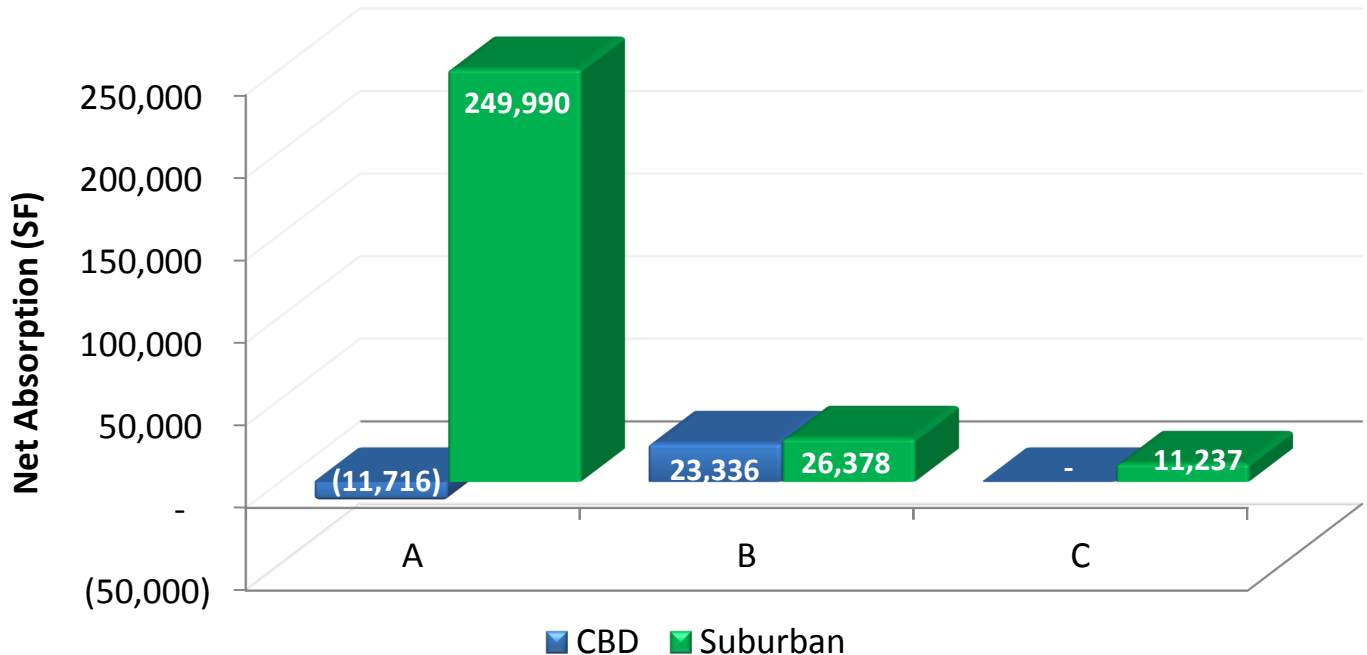
Net Absorption by Quarter



Vacancy Rate by Class



Net Absorption by Class



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.

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