

**Memphis, TN**

**2nd Quarter 2015**

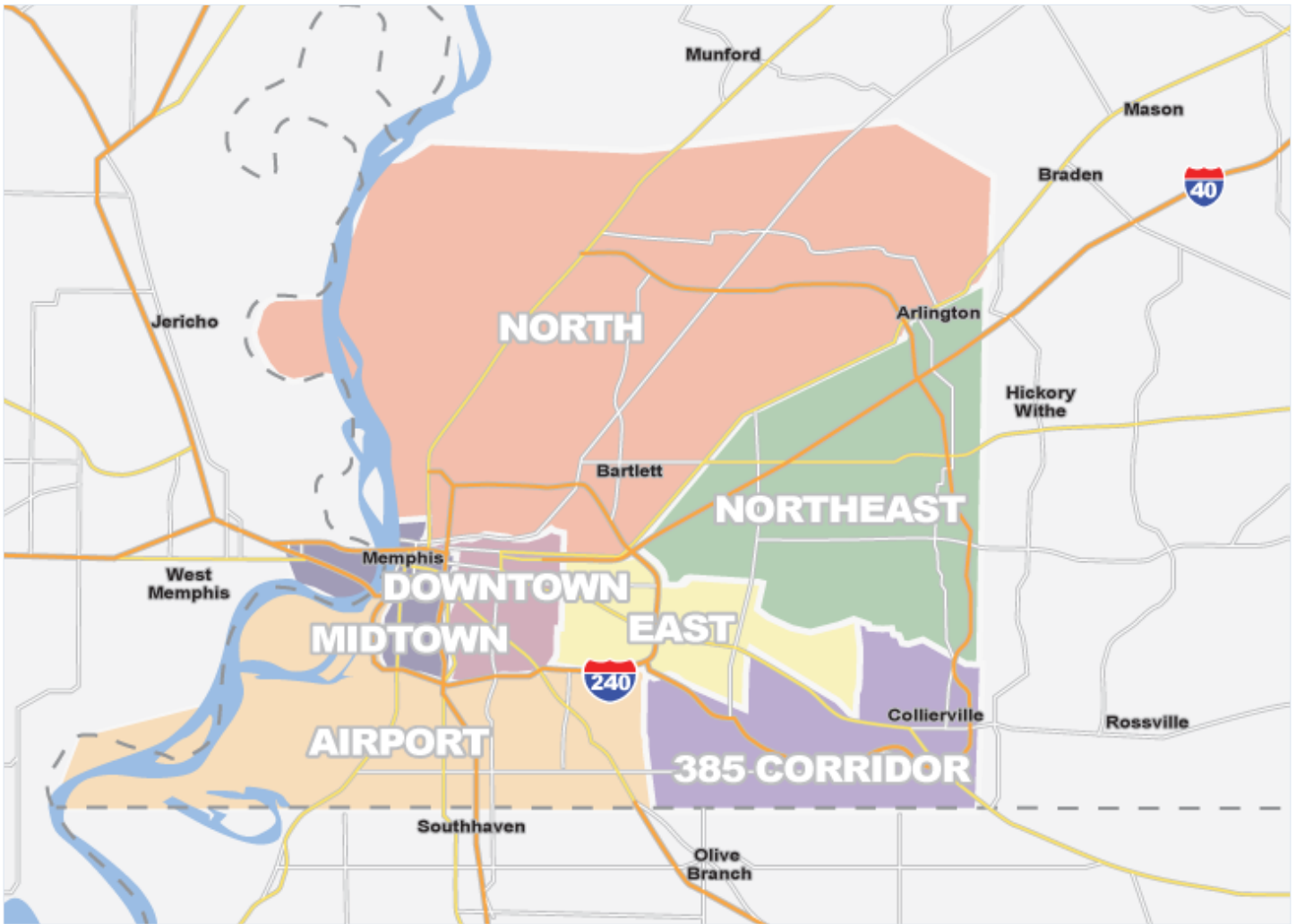
**OFFICE**  
**Market Trends**



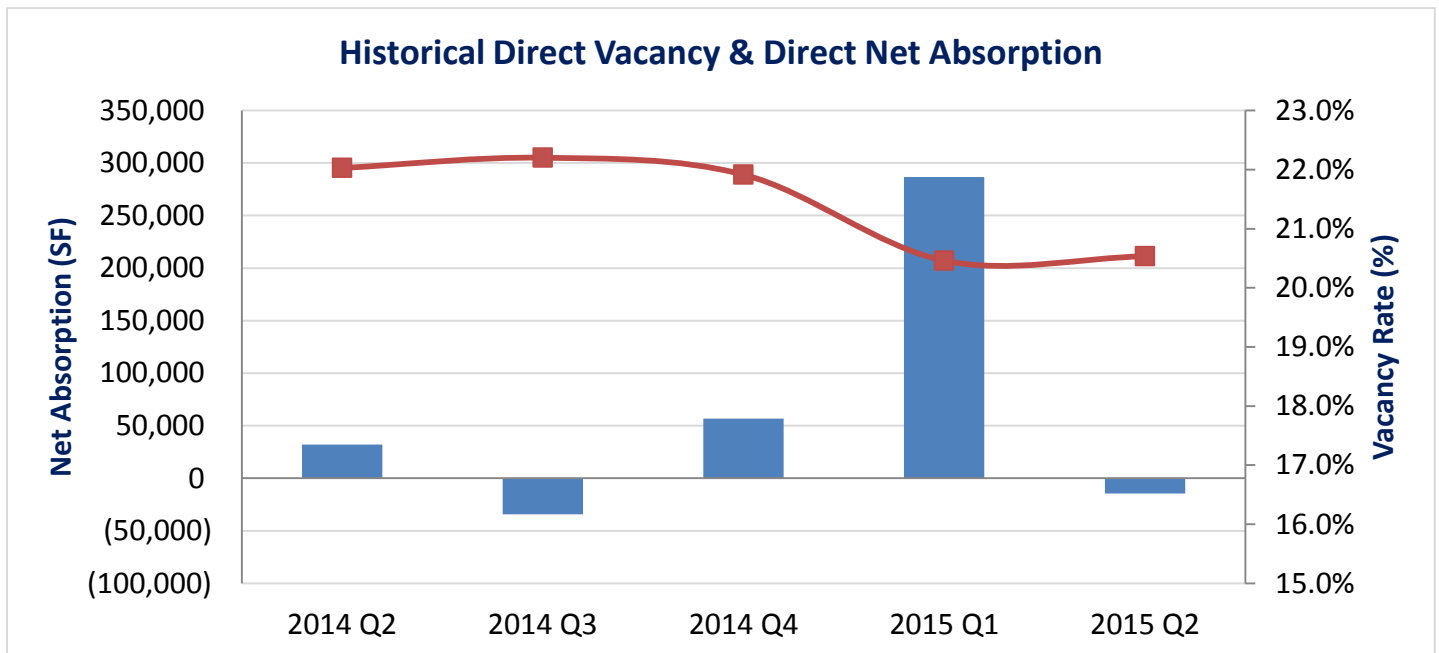
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The Memphis tracked set consists of an inventory of buildings considered to be competitive within the brokerage community. All buildings within the competitive tracked set have been reviewed and verified by members of the Advisory Boards for each market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

<b>Tracked Inventory (Office)</b>	The total square footage of all single and multi-tenant buildings greater than 10,000sf, excluding owner occupied, medical and government facilities.
<b>Total Available SF</b>	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.
<b>Direct Vacant SF</b>	The total of the direct vacant square footage in a building that is being marketed.
<b>Net Absorption</b>	The net change in occupied square feet from quarter to quarter, expressed in square feet.
<b>Note</b>	This report reflects Direct Vacancy and Absorption, Sublease space is excluded



- The Memphis office market hit the halfway mark barely below zero with negative 14,000 square feet of absorption, keeping the year-to-date total over 270,000 square feet positive.
- This negative turn was largely due to the Storage USA lease that expired in Toyota Center, pushing the downtown class A vacancy rate up to 22% from 16% last quarter.
- Despite the negative finish, the Airport market had the most positive activity with nearly 60,000 square feet of absorption largely due to three leases over 10,000 square feet, dropping the class B vacancy rate down to 53% from 56% last quarter.
- True Green had the largest impact taking over 65,000 square feet at Forum II, backfilling an anticipated vacancy from FedEx.



	# 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	657,405	603,983	10.9%	20,086	(41,214)	193,077
B	162	11,890,263	3,585,082	2,921,646	24.6%	234,693	26,612	67,472
C	61	2,283,553	522,940	520,555	22.8%	0	204	11,782
<b>Grand Total</b>	<b>262</b>	<b>19,705,327</b>	<b>4,765,427</b>	<b>4,046,184</b>	<b>20.5%</b>	<b>254,779</b>	<b>(14,398)</b>	<b>272,331</b>

## 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)
<b>385 Corridor</b>	<b>34</b>	<b>3,051,625</b>	<b>427,410</b>	<b>420,550</b>	<b>13.8%</b>	<b>0</b>	<b>(2,739)</b>	<b>(3,408)</b>
A	21	2,567,084	344,961	344,961	13.4%	0	(2,739)	(6,910)
B	5	250,960	15,006	8,146	3.2%	0	0	1,350
C	8	233,581	67,443	67,443	28.9%	0	0	2,152
<b>Airport</b>	<b>40</b>	<b>2,358,807</b>	<b>1,385,764</b>	<b>1,148,584</b>	<b>48.7%</b>	<b>0</b>	<b>56,776</b>	<b>59,768</b>
B	30	1,953,607	1,276,640	1,039,460	53.2%	0	56,776	57,763
C	10	405,200	109,124	109,124	26.9%	0	0	2,005
<b>Downtown</b>	<b>21</b>	<b>2,910,293</b>	<b>826,657</b>	<b>743,838</b>	<b>25.6%</b>	<b>41,049</b>	<b>(40,565)</b>	<b>(29,704)</b>
A	4	730,663	198,242	160,627	22.0%	9,980	(40,979)	(52,945)
B	11	1,846,964	478,887	433,683	23.5%	31,069	414	23,241
C	6	332,666	149,528	149,528	44.9%	0	0	0
<b>East</b>	<b>99</b>	<b>7,760,377</b>	<b>1,290,519</b>	<b>1,018,566</b>	<b>13.1%</b>	<b>145,232</b>	<b>22,028</b>	<b>285,540</b>
A	14	2,233,764	114,202	98,395	4.4%	10,106	2,504	252,932
B	72	5,165,008	1,125,042	871,045	16.9%	135,126	19,090	23,808
C	13	361,605	51,275	49,126	13.6%	0	434	8,800
<b>Midtown</b>	<b>27</b>	<b>1,634,891</b>	<b>365,898</b>	<b>314,013</b>	<b>19.2%</b>	<b>42,335</b>	<b>(50,091)</b>	<b>(53,032)</b>
B	13	948,125	285,750	234,101	24.7%	42,335	(49,861)	(51,857)
C	14	686,766	80,148	79,912	11.6%	0	(230)	(1,175)
<b>North</b>	<b>15</b>	<b>469,778</b>	<b>133,588</b>	<b>113,119</b>	<b>24.1%</b>	<b>0</b>	<b>0</b>	<b>2,967</b>
B	6	243,947	89,266	68,797	28.2%	0	0	2,967
C	9	225,831	44,322	44,322	19.6%	0	0	0
<b>Northeast</b>	<b>26</b>	<b>1,519,556</b>	<b>335,591</b>	<b>287,514</b>	<b>18.9%</b>	<b>26,163</b>	<b>193</b>	<b>10,200</b>
B	25	1,481,652	314,491	266,414	18.0%	26,163	193	10,200
C	1	37,904	21,100	21,100	55.7%	0	0	0
<b>Grand Total</b>	<b>262</b>	<b>19,705,327</b>	<b>4,765,427</b>	<b>4,046,184</b>	<b>20.5%</b>	<b>254,779</b>	<b>(14,398)</b>	<b>272,331</b>

# Historical Vacancy and Rental Rates



	Direct Vacancy Rate %					Asking Direct Lease Rate (FSG)				
	2014 Q2	2014 Q3	2014 Q4	2015 Q1	2015 Q2	2014 Q2	2014 Q3	2014 Q4	2015 Q1	2015 Q2
<b>385 Corridor</b>	<b>12.1%</b>	<b>14.4%</b>	<b>13.7%</b>	<b>13.7%</b>	<b>13.8%</b>	<b>\$18.74</b>	<b>\$18.96</b>	<b>\$18.75</b>	<b>\$18.72</b>	<b>\$19.00</b>
A	11.2%	13.6%	13.2%	13.3%	13.4%	\$19.71	\$19.85	\$19.65	\$19.60	\$19.90
B	6.2%	5.0%	3.8%	3.2%	3.2%	\$16.27	\$16.60	\$16.60	\$16.60	\$16.93
C	28.1%	33.1%	29.8%	28.9%	28.9%	\$14.50	\$14.50	\$14.50	\$14.50	\$14.50
<b>Airport</b>	<b>49.7%</b>	<b>50.3%</b>	<b>51.2%</b>	<b>51.1%</b>	<b>48.7%</b>	<b>\$13.75</b>	<b>\$13.81</b>	<b>\$13.59</b>	<b>\$13.63</b>	<b>\$13.63</b>
A	0.0%	0.0%	0.0%	0.0%	0.0%	NA	NA	NA	NA	NA
B	54.1%	54.9%	56.2%	56.1%	53.2%	\$14.81	\$14.90	\$14.81	\$14.70	\$14.70
C	28.0%	28.0%	27.4%	26.9%	26.9%	\$10.56	\$10.56	\$10.65	\$10.65	\$10.65
<b>Downtown</b>	<b>23.5%</b>	<b>24.0%</b>	<b>24.5%</b>	<b>24.2%</b>	<b>25.6%</b>	<b>\$15.40</b>	<b>\$14.92</b>	<b>\$14.68</b>	<b>\$14.68</b>	<b>\$14.73</b>
A	12.5%	13.7%	14.7%	16.4%	22.0%	\$17.75	\$17.75	\$17.00	\$17.00	\$17.00
B	24.0%	24.3%	24.7%	23.5%	23.5%	\$15.96	\$15.00	\$15.55	\$15.55	\$15.65
C	44.9%	44.9%	44.9%	44.9%	44.9%	\$9.00	\$9.00	\$9.00	\$9.00	\$9.00
<b>East</b>	<b>18.9%</b>	<b>17.6%</b>	<b>16.8%</b>	<b>13.4%</b>	<b>13.1%</b>	<b>\$20.26</b>	<b>\$20.31</b>	<b>\$20.56</b>	<b>\$20.57</b>	<b>\$20.76</b>
A	17.1%	16.2%	15.7%	4.5%	4.4%	\$24.86	\$24.88	\$25.11	\$25.56	\$25.56
B	19.7%	18.2%	17.3%	17.2%	16.9%	\$19.46	\$19.64	\$19.84	\$19.75	\$19.77
C	17.3%	16.3%	16.0%	13.7%	13.6%	\$16.00	\$16.00	\$16.00	\$16.33	\$18.00
<b>Midtown</b>	<b>16.0%</b>	<b>16.0%</b>	<b>16.0%</b>	<b>16.1%</b>	<b>19.2%</b>	<b>\$15.15</b>	<b>\$14.36</b>	<b>\$14.02</b>	<b>\$14.02</b>	<b>\$14.80</b>
A	0.0%	0.0%	0.0%	0.0%	0.0%	NA	NA	NA	NA	NA
B	19.9%	20.0%	19.2%	19.4%	24.7%	\$16.44	\$14.98	\$14.53	\$14.53	\$15.73
C	10.6%	10.6%	11.5%	11.6%	11.6%	\$13.35	\$13.00	\$13.00	\$13.00	\$13.25
<b>North</b>	<b>25.8%</b>	<b>25.8%</b>	<b>24.7%</b>	<b>24.1%</b>	<b>24.1%</b>	<b>\$11.90</b>	<b>\$11.88</b>	<b>\$11.88</b>	<b>\$12.00</b>	<b>\$12.00</b>
A	0.0%	0.0%	0.0%	0.0%	0.0%	NA	NA	NA	NA	NA
B	29.4%	29.4%	29.4%	28.2%	28.2%	\$14.00	\$14.00	\$14.00	\$14.00	\$14.00
C	21.8%	21.8%	19.6%	19.6%	19.6%	\$11.38	\$11.17	\$11.17	\$11.00	\$11.00
<b>Northeast</b>	<b>17.8%</b>	<b>20.1%</b>	<b>19.6%</b>	<b>18.9%</b>	<b>18.9%</b>	<b>\$17.91</b>	<b>\$17.99</b>	<b>\$17.95</b>	<b>\$18.10</b>	<b>\$18.66</b>
A	0.0%	0.0%	0.0%	0.0%	0.0%	NA	NA	NA	NA	NA
B	16.8%	19.1%	18.7%	18.0%	18.0%	\$17.91	\$17.99	\$17.95	\$18.10	\$18.66
C	55.7%	55.7%	55.7%	55.7%	55.7%	NA	NA	NA	NA	NA
<b>Grand Total</b>	<b>22.0%</b>	<b>22.2%</b>	<b>21.9%</b>	<b>20.5%</b>	<b>20.5%</b>	<b>\$17.71</b>	<b>\$17.61</b>	<b>\$17.58</b>	<b>\$17.61</b>	<b>\$17.83</b>

Asking Lease Rate Range by Class (FSG)

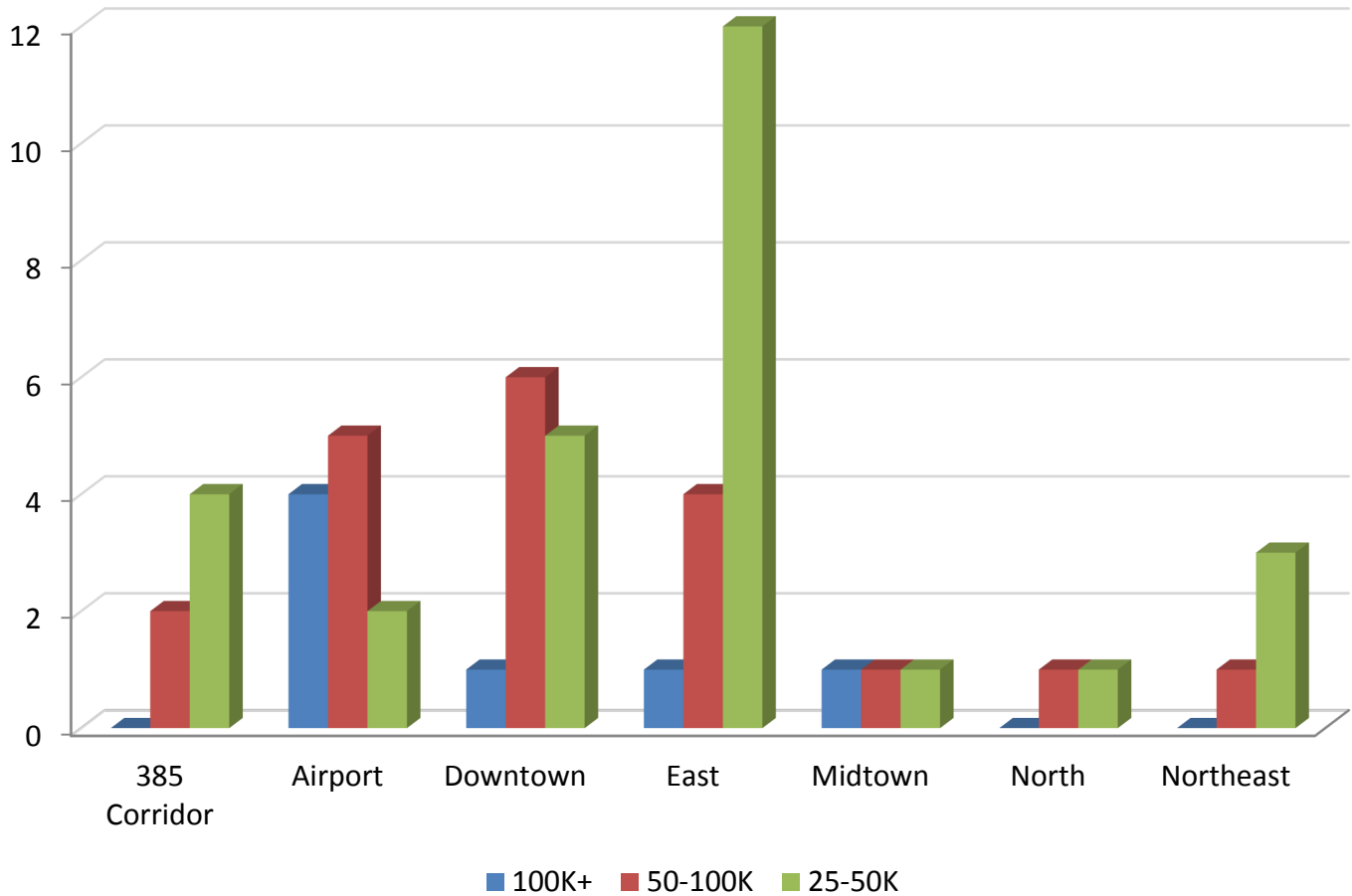


## Biggest Absorption Changes



Property Name	SF Occupied or Vacated	Company Name	Market	Building Class
Nonconnah Corporate Center	27,756	Connexion Point	Airport	B
Airport Business Park Building I	21,250	River City Avionics	Airport	B
Thousand Oaks Business Center Phase III	11,817	Sedgwick (expansion)	Airport	B
Lenox Park Building A	9,287	Christie Medical	385 Corridor	A
Shadow Creek II	-12,026	Davidson Hotel & Resorts	385 Corridor	A
1407 Union Ave	-15,359	Rescare	Midtown	B
1407 Union Ave	-35,652	UT Medical Group	Midtown	B
Toyota Center	-49,868	Storage USA	Downtown	A

Largest Blocks of Available Space



Historical Blocks of Space

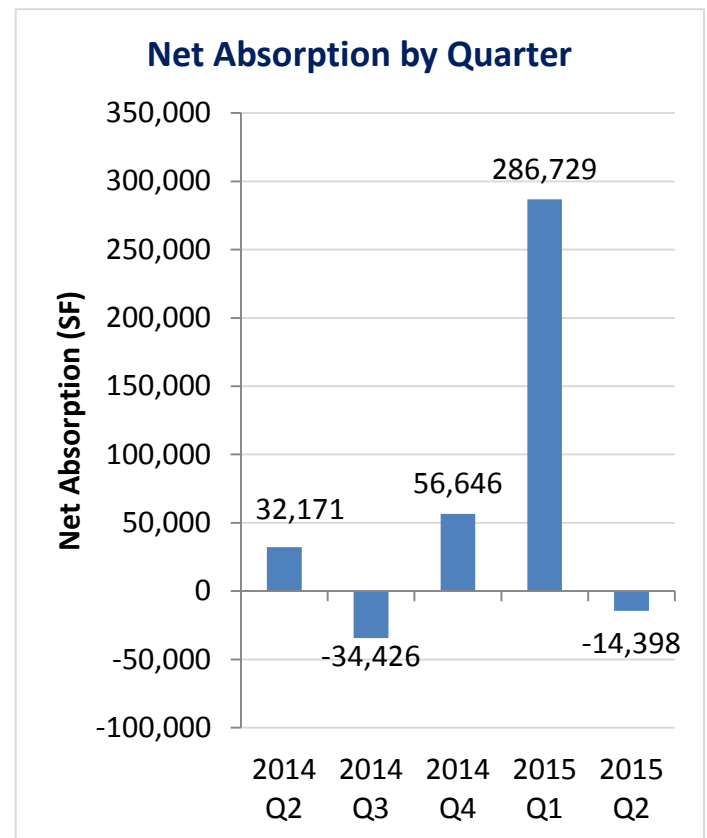
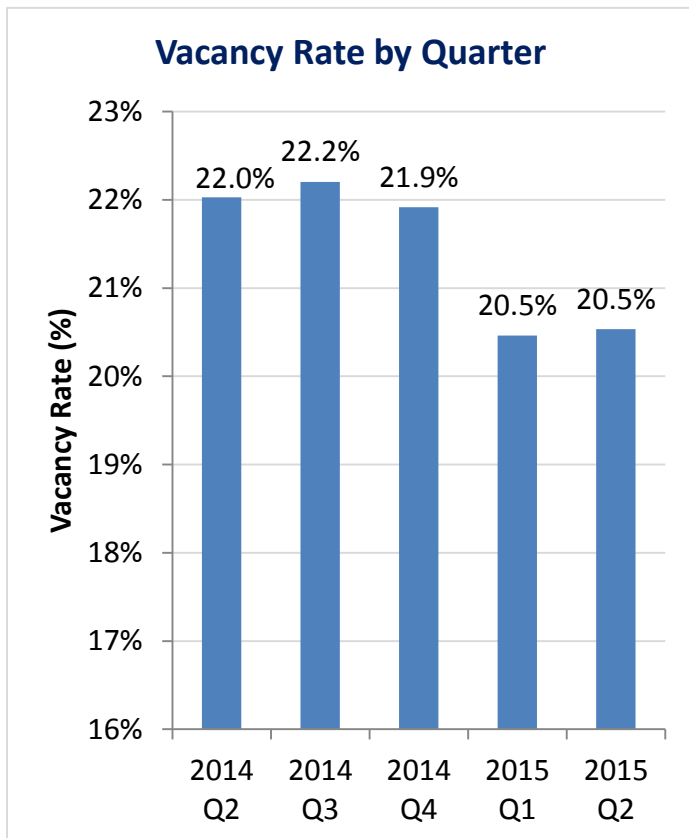
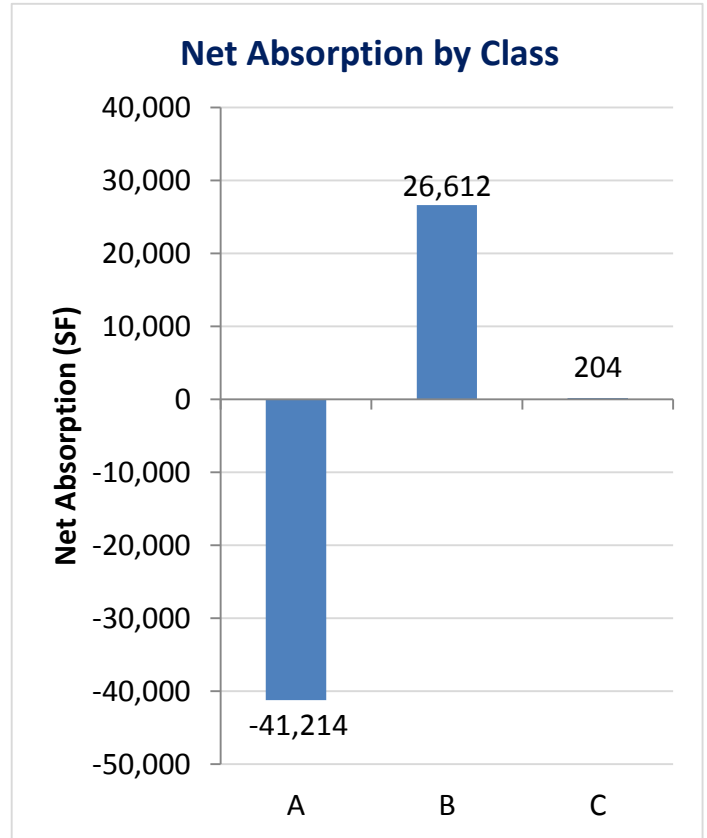
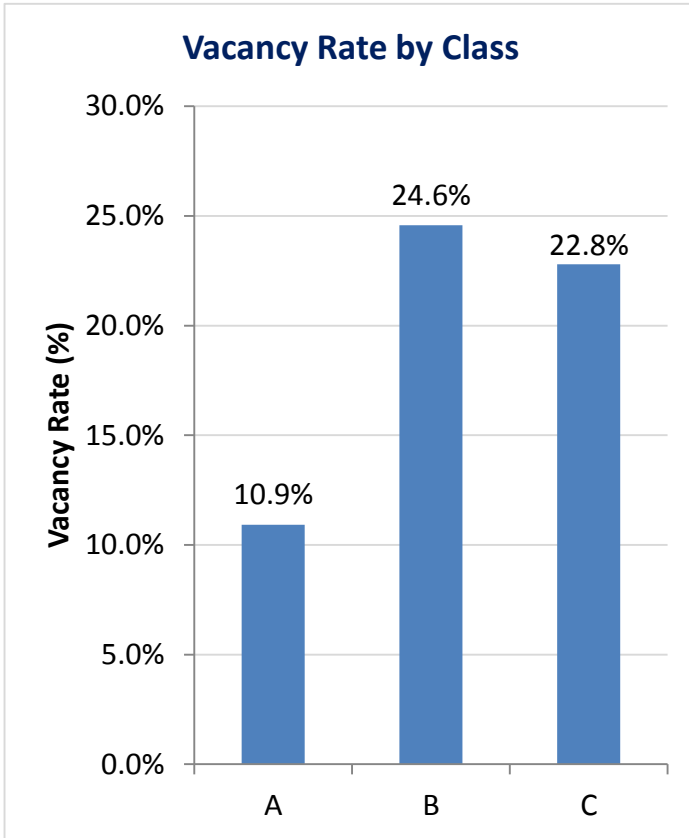
Quarter	100K+	50-100K	25-50K
2014 Q2	7	20	32
2014 Q3	8	20	32
2014 Q4	8	23	31
2015 Q1	7	19	31
2015 Q2	7	20	28



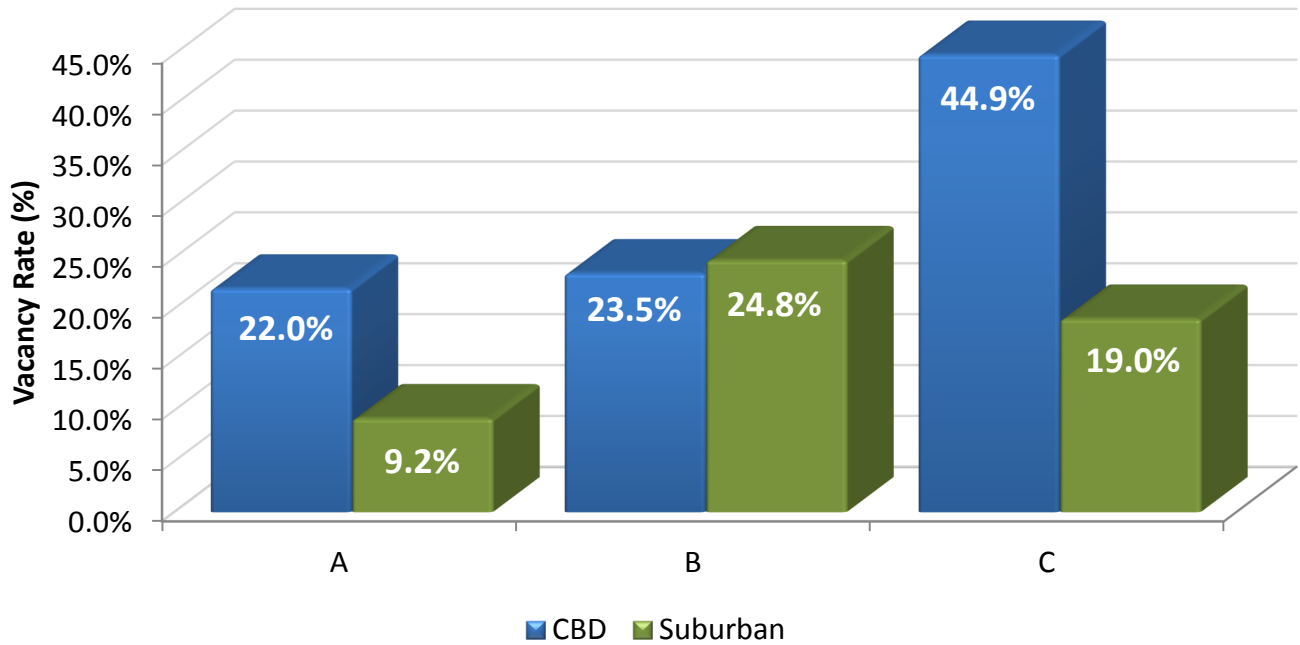
## Notable Transactions



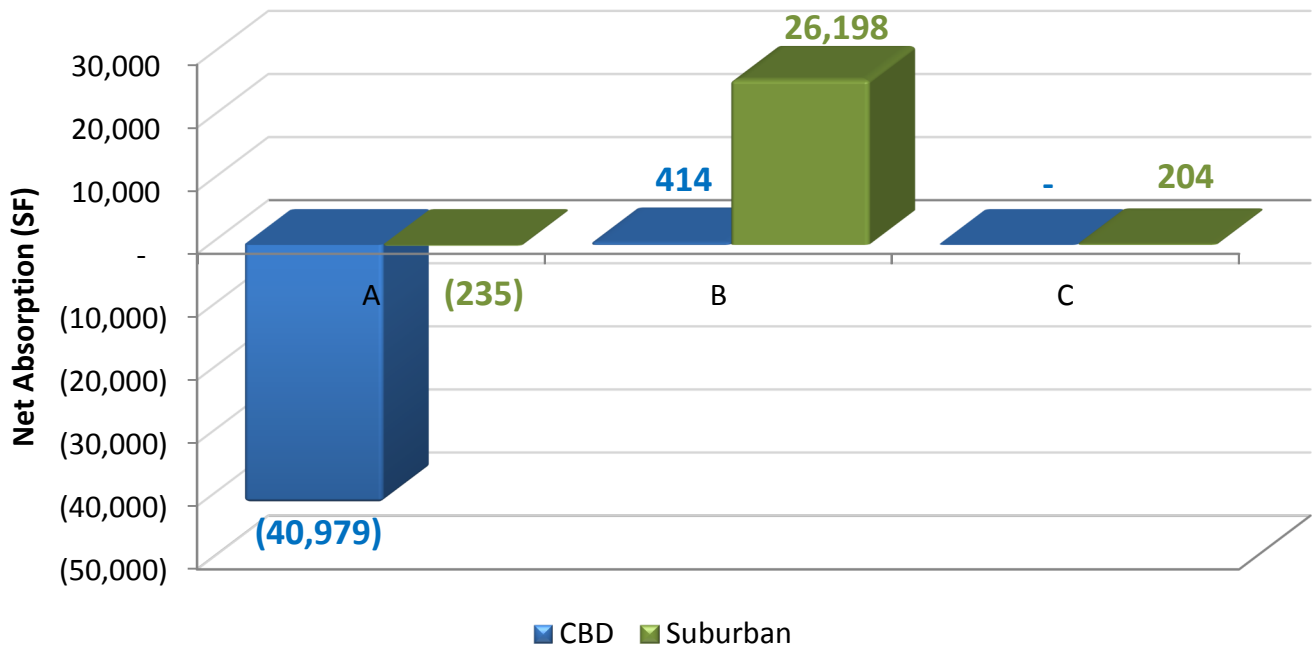
Property Name	SF Leased	Company Name	Market	Building Class	Lease/Sale
Forum II	65,607	True Green	East	B	Lease
Nonconnah Corporate Center	27,756	Connexion Point	Airport	B	Lease
Toyota Center	26,000	GTX	Downtown	A	Lease
Airport Business Park Building I	21,250	River City Avionics	Airport	B	Lease
Thousand Oaks Business Center Phase III	11,817	Sedgwick (expansion)	Airport	B	Lease
Clark Tower	9,603	Challenger	East	B	Lease
Lenox Park Building A	9,287	Christie Medical	385 Corridor	A	Lease
Tower at Peabody Place	8,889	Total Quality Logistics	Downtown	A	Lease



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.

## For more information, please contact :

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