

Memphis, TN

2nd Quarter 2015

Industrial Market Trends

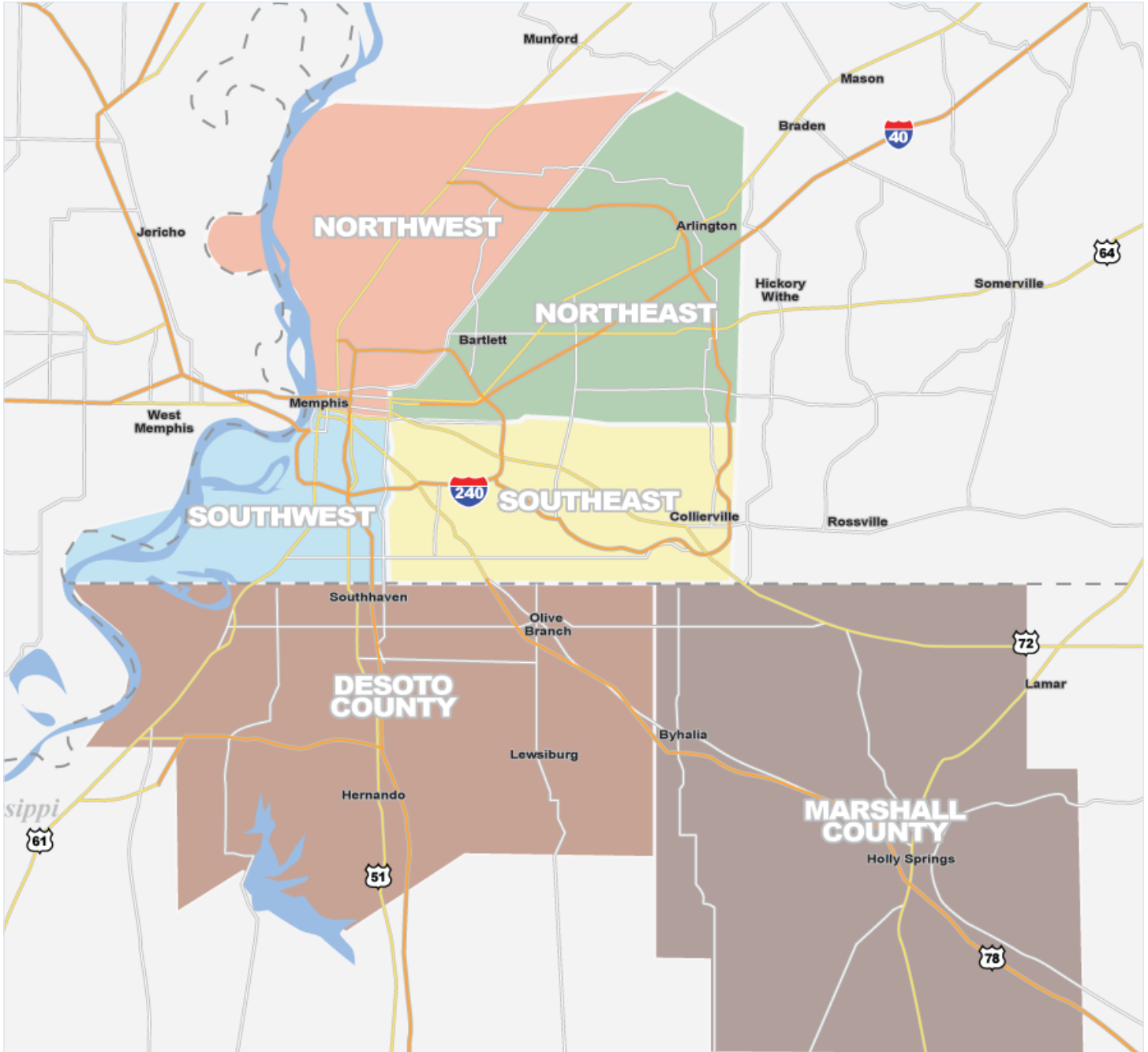
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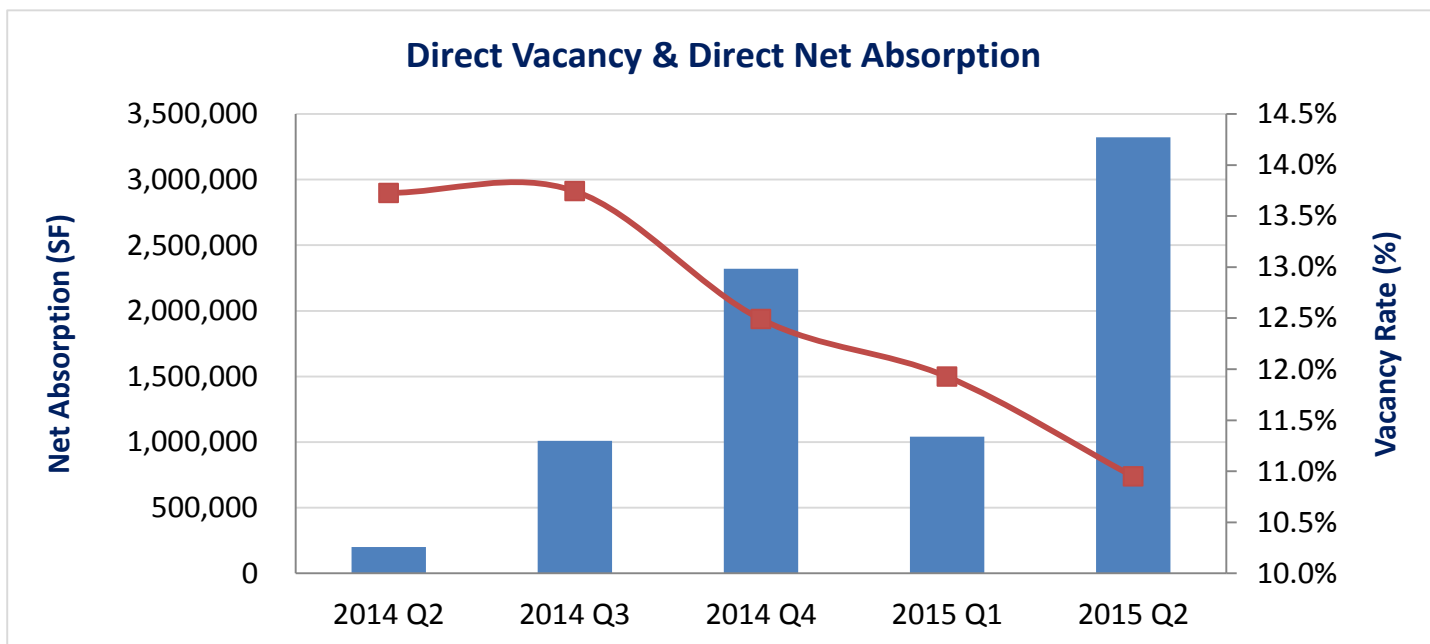
Table of Contents/Methodology of Tracked Set	2
Memphis Industrial Submarkets	3
Q2 2015 Overview	4
Overview by Submarket/Property Type	5
Vacancy & Lease Rates	6-7
Biggest Absorption Changes	8
Available Space	9
Notable Sales Transactions	10
Vacancy Rates & Absorption	11
Xceligent Memphis Team	12

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 (Industrial)	The total square feet of all single and multi-tenant buildings greater than 10,000 SF. Airplane hangar space, government property, and obsolete/remediation properties are excluded.
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
Note	This report reflects Direct Vacancy and Absorption, Sublease space is excluded



- The Memphis industrial market finished the midyear mark with an impressive 3.3 million square feet of absorption and 4.3 million square feet absorbed year-to-date, dropping the overall vacancy rate to 10.9%.
- Gateway Global Logistics Center Building II completed and delivered 554,040 square feet of spec inventory to the tight DeSoto Market where the vacancy rate has continued to drop to 5.3%.
- AmerisourceBergen signed a 400,000 square foot lease at Crossroads K, where construction is already underway and scheduled to complete first quarter of 2016.
- The most significant impact this quarter was Nike's delivery of their nearly 1.7 million square foot expansion on New Frayser Blvd, giving them a total of 2.8 million square feet in the Northwest submarket.



	# of Bldgs	Inventory (SF)	Total Available (SF)	Direct Available (SF)	Direct Vacant (SF)	Direct Vacancy Rate (%)	Available Sublease (SF)	Quarterly Direct Net Absorption (SF)	YTD Direct Net Absorption (SF)
Bulk Warehouse	237	104,917,286	13,115,113	11,960,007	8,089,514	7.7%	1,155,106	864,881	2,468,060
Flex	341	13,944,250	2,332,208	2,292,829	2,172,454	15.6%	39,379	(2,546)	(26,667)
Whse/Distribution	723	65,366,875	12,070,741	11,901,761	10,164,952	15.6%	168,980	2,459,986	1,921,856
Light Industrial	12	399,347	39,680	39,680	3,600	0.9%	0	0	0
Manufacturing	12	1,980,936	941,535	0	0	0.0%	941,535	0	0
Grand Total	1,325	186,608,694	28,499,277	26,194,277	20,430,520	10.9%	2,305,000	3,322,321	4,363,249

Overview by Submarket/Property Type

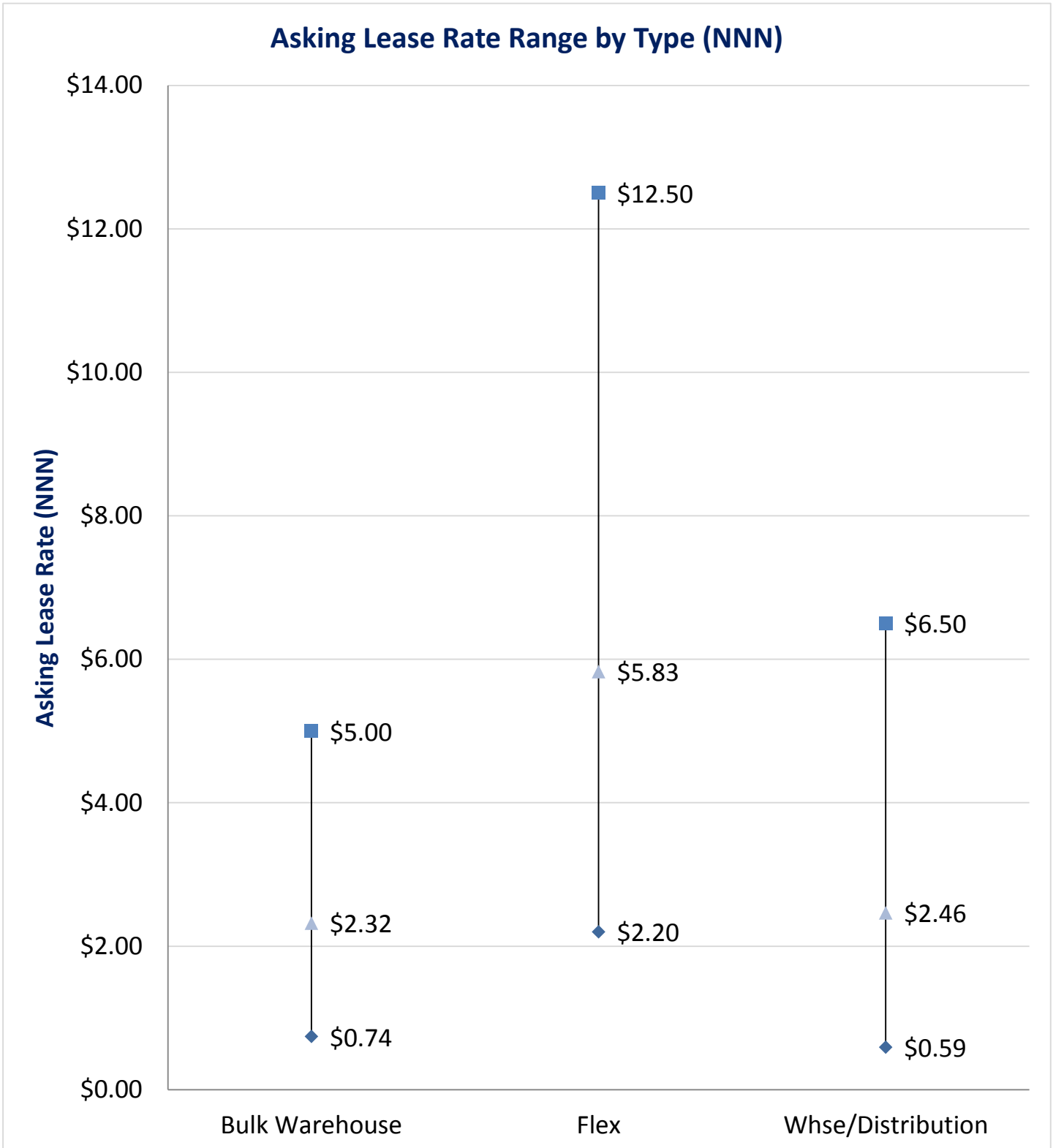


	# of Bldgs	Inventory (SF)	Total Available (SF)	Direct Available (SF)	Direct Vacant (SF)	Direct Vacancy Rate (%)	Available Sublease (SF)	Quarterly Direct Net Absorption (SF)	YTD Direct Net Absorption (SF)
Southeast	488	88,014,956	12,888,070	11,894,430	9,054,475	10.3%	993,640	771,344	1,456,355
Bulk Warehouse	124	57,134,626	6,527,416	5,695,655	3,868,656	6.8%	831,761	677,070	2,187,990
Flex	75	3,307,730	1,013,083	973,704	901,792	27.3%	39,379	12,203	14,611
Whse/Distribution	289	27,572,600	5,347,571	5,225,071	4,284,027	15.5%	122,500	82,071	(746,246)
Light Industrial	0	0	0	0	0	0.0%	0	0	0
Manufacturing	0	0	0	0	0	0.0%	0	0	0
Southwest	355	31,212,875	7,104,340	7,093,360	6,533,144	20.9%	10,980	(11,351)	(798,689)
Bulk Warehouse	42	11,501,186	2,517,498	2,517,498	2,460,898	21.4%	0	(267,691)	(602,153)
Flex	126	4,922,663	688,512	688,512	688,512	14.0%	0	0	(25,000)
Whse/Distribution	186	14,752,946	3,862,250	3,851,270	3,383,734	22.9%	10,980	256,340	(171,536)
Light Industrial	1	36,080	36,080	36,080	0	0.0%	0	0	0
Manufacturing	0	0	0	0	0	0.0%	0	0	0
Northwest	77	12,295,346	1,446,183	1,446,183	1,408,183	11.5%	0	1,699,880	1,762,380
Bulk Warehouse	10	4,341,053	351,397	351,397	351,397	8.1%	0	0	0
Flex	12	513,432	37,787	37,787	37,787	7.4%	0	0	0
Whse/Distribution	55	7,440,861	1,056,999	1,056,999	1,018,999	13.7%	0	1,699,880	1,762,380
Light Industrial	0	0	0	0	0	0.0%	0	0	0
Manufacturing	0	0	0	0	0	0.0%	0	0	0
Northeast	245	14,764,332	1,385,908	1,350,408	1,052,073	7.1%	35,500	(2,499)	84,391
Bulk Warehouse	8	3,524,138	248,042	248,042	57,000	1.6%	0	0	0
Flex	124	4,925,525	592,826	592,826	544,363	11.1%	0	(14,749)	(16,278)
Whse/Distribution	113	6,314,669	545,040	509,540	450,710	7.1%	35,500	12,250	100,669
Light Industrial	0	0	0	0	0	0.0%	0	0	0
Manufacturing	0	0	0	0	0	0.0%	0	0	0
DeSoto County	128	34,630,835	4,175,601	3,852,256	1,825,005	5.3%	323,345	864,947	1,516,668
Bulk Warehouse	53	28,416,283	3,470,760	3,147,415	1,351,563	4.8%	323,345	455,502	882,223
Flex	4	274,900	0	0	0	0.0%	0	0	0
Whse/Distribution	71	5,939,652	704,841	704,841	473,442	8.0%	0	409,445	634,445
Light Industrial	0	0	0	0	0	0.0%	0	0	0
Manufacturing	0	0	0	0	0	0.0%	0	0	0
Marshall County	32	5,690,350	1,499,175	557,640	557,640	9.8%	941,535	0	342,144
Bulk Warehouse	0	0	0	0	0	0.0%	0	0	0
Flex	0	0	0	0	0	0.0%	0	0	0
Whse/Distribution	9	3,346,147	554,040	554,040	554,040	16.6%	0	0	342,144
Light Industrial	11	363,267	3,600	3,600	3,600	1.0%	0	0	0
Manufacturing	12	1,980,936	941,535	0	0	0.0%	941,535	0	0
Grand Total	1,325	186,608,694	28,499,277	26,194,277	20,430,520	10.9%	2,305,000	3,322,321	4,363,249

Vacancy & Lease Rates



	Direct Vacancy Rate %					Asking Direct Lease Rate (NNN)				
	2014 Q2	2014 Q3	2014 Q4	2015 Q1	2015 Q2	2014 Q2	2014 Q3	2014 Q4	2015 Q1	2015 Q2
Southeast	14.47%	12.73%	11.94%	11.16%	10.29%	\$3.72	\$3.68	\$3.56	\$3.61	\$3.62
Bulk Warehouse	14.51%	11.69%	10.60%	7.96%	6.77%	\$2.54	\$2.48	\$2.53	\$2.49	\$2.47
Flex	30.43%	29.62%	27.70%	27.63%	27.26%	\$5.42	\$5.37	\$5.50	\$5.64	\$5.48
Whse/Distribution	12.47%	12.88%	12.83%	15.83%	15.54%	\$2.89	\$2.88	\$2.77	\$2.82	\$2.92
Light Industrial	0.00%	0.00%	0.00%	0.00%	0.00%	NA	NA	NA	NA	NA
Manufacturing	0.00%	0.00%	0.00%	0.00%	0.00%	NA	NA	NA	NA	NA
Southwest	18.58%	19.03%	18.37%	20.89%	20.93%	\$1.63	\$1.64	\$1.78	\$1.78	\$1.88
Bulk Warehouse	17.80%	17.80%	16.16%	19.07%	21.40%	\$1.16	\$1.16	\$1.21	\$1.21	\$1.21
Flex	14.99%	13.56%	13.38%	13.99%	13.99%	\$3.80	\$3.80	\$3.50	\$3.50	\$3.50
Whse/Distribution	20.40%	21.83%	21.77%	24.67%	22.94%	\$1.41	\$1.39	\$1.52	\$1.52	\$1.65
Light Industrial	0.00%	0.00%	0.00%	0.00%	0.00%	NA	NA	NA	NA	NA
Manufacturing	0.00%	0.00%	0.00%	0.00%	0.00%	NA	NA	NA	NA	NA
Northwest	13.90%	13.89%	13.88%	13.29%	11.45%	\$0.93	\$0.93	\$0.93	\$0.79	\$0.79
Bulk Warehouse	8.09%	8.09%	8.09%	8.09%	8.09%	\$0.74	\$0.74	\$0.74	\$0.74	\$0.74
Flex	12.37%	7.36%	7.36%	7.36%	7.36%	NA	NA	NA	NA	NA
Whse/Distribution	18.43%	18.85%	18.84%	17.75%	13.69%	\$0.94	\$0.94	\$0.94	\$0.79	\$0.79
Light Industrial	0.00%	0.00%	0.00%	0.00%	0.00%	NA	NA	NA	NA	NA
Manufacturing	0.00%	0.00%	0.00%	0.00%	0.00%	NA	NA	NA	NA	NA
Northeast	9.41%	8.95%	7.70%	7.11%	7.13%	\$5.58	\$5.27	\$5.35	\$5.34	\$5.14
Bulk Warehouse	6.16%	5.34%	1.62%	1.62%	1.62%	\$2.42	\$2.56	\$2.67	\$2.67	\$2.67
Flex	9.91%	10.32%	10.72%	10.75%	11.05%	\$7.04	\$6.84	\$6.90	\$6.54	\$6.90
Whse/Distribution	10.83%	9.89%	8.73%	7.33%	7.14%	\$3.88	\$3.88	\$4.09	\$4.22	\$3.65
Light Industrial	0.00%	0.00%	0.00%	0.00%	0.00%	NA	NA	NA	NA	NA
Manufacturing	0.00%	0.00%	0.00%	0.00%	0.00%	NA	NA	NA	NA	NA
DeSoto County	9.25%	10.32%	9.65%	7.77%	5.27%	\$2.78	\$2.73	\$2.72	\$2.62	\$2.62
Bulk Warehouse	7.96%	8.67%	7.86%	6.36%	4.76%	\$3.23	\$3.06	\$3.13	\$2.65	\$2.65
Flex	0.00%	0.00%	0.00%	0.00%	0.00%	NA	NA	NA	NA	NA
Whse/Distribution	15.81%	18.65%	18.65%	14.86%	7.97%	\$2.60	\$2.47	\$2.47	\$2.58	\$2.58
Light Industrial	0.00%	0.00%	0.00%	0.00%	0.00%	NA	NA	NA	NA	NA
Manufacturing	0.00%	0.00%	0.00%	0.00%	0.00%	NA	NA	NA	NA	NA
Marshall County	0.00%	33.39%	15.81%	9.80%	9.80%	NA	\$3.05	\$3.05	\$3.05	\$3.05
Bulk Warehouse	0.00%	0.00%	0.00%	0.00%	0.00%	NA	NA	NA	NA	NA
Flex	0.00%	0.00%	0.00%	0.00%	0.00%	NA	NA	NA	NA	NA
Whse/Distribution	0.00%	56.67%	26.78%	16.56%	16.56%	NA	\$3.05	\$3.05	\$3.05	\$3.05
Light Industrial	0.00%	0.99%	0.99%	0.99%	0.99%	NA	NA	NA	NA	NA
Manufacturing	0.00%	0.00%	0.00%	0.00%	0.00%	NA	NA	NA	NA	NA
Grand Total	13.73%	13.74%	12.49%	11.93%	10.95%	\$3.63	\$3.52	\$3.47	\$3.46	\$3.41

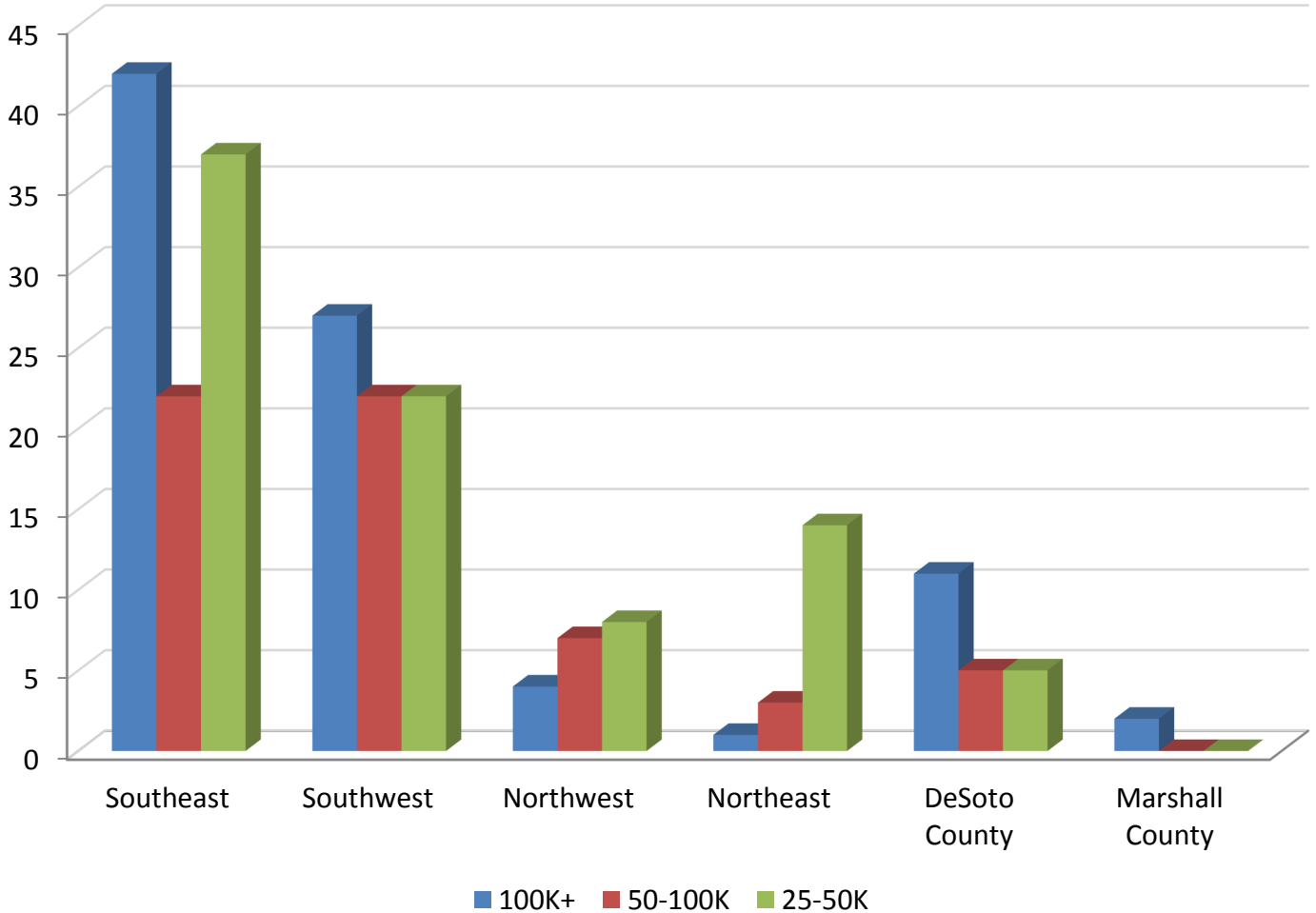


Biggest Absorption Changes



Property Name	SF Occupied or Vacated	Company Name	Market	Type
3100 New Frayser Blvd	1,699,880	Nike (expansion)	Northwest	Warehouse/ Distribution
Crossroads Distribution Center Building D	430,212	Legacy Supply Chain	DeSoto County	Warehouse/ Distribution
5321 E Shelby Dr	330,870	Stein World	Southeast	Bulk Warehouse
Crossroads Distribution Center Building H	307,506	Syncreon	DeSoto County	Bulk Warehouse
Prologis Park Desoto Building 5	-60,000	Pacific Logistics Corp	DeSoto County	Warehouse/ Distribution
3120 Lamar Ave	-63,000	Eagle Imports	Southeast	Bulk Warehouse
Lamar Distribution Center	-112,422	AWG	Southeast	Warehouse/ Distribution
Dunn Avenue Industrial Park	-311,564	Louis Dreyfuss Corporation	Southwest	Bulk Warehouse

Largest Blocks of Available Space



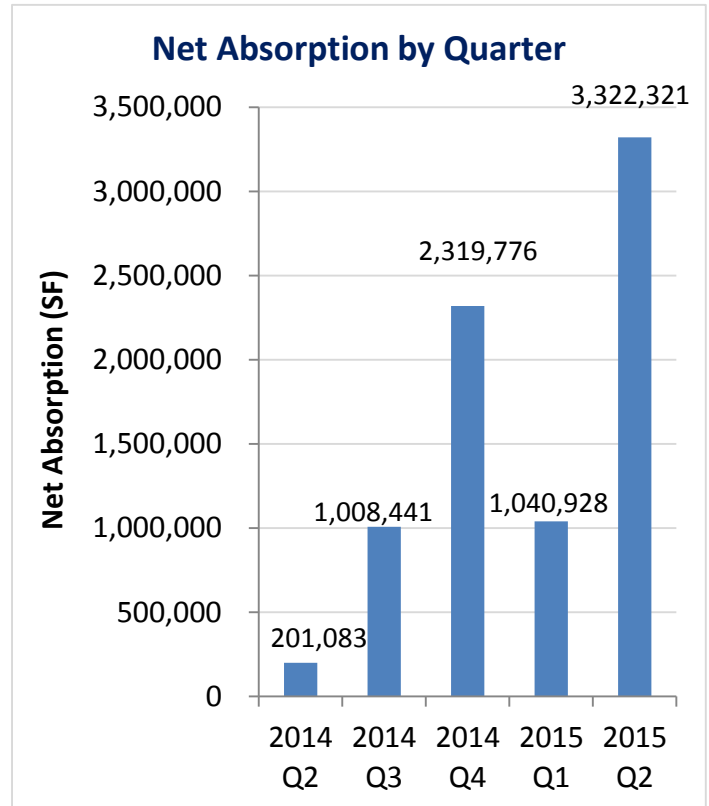
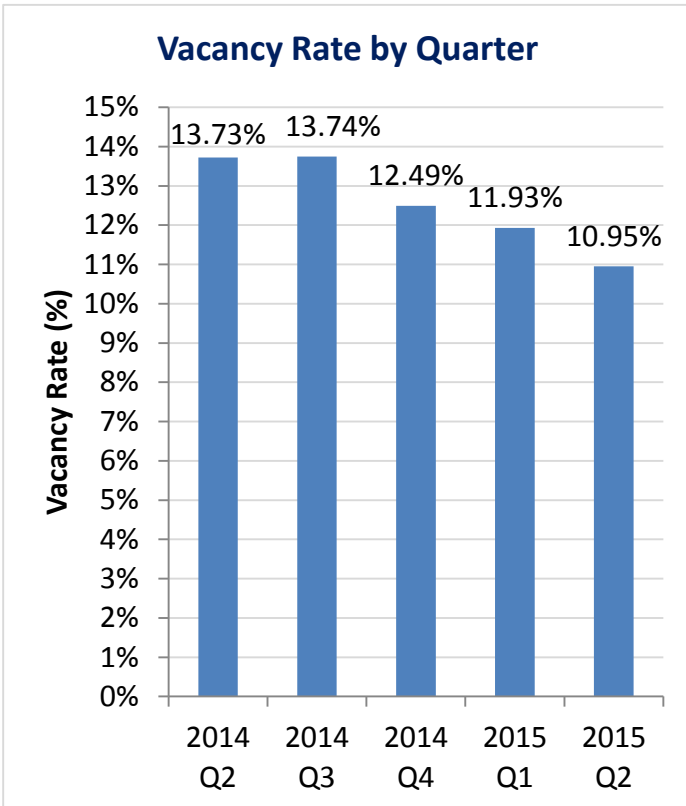
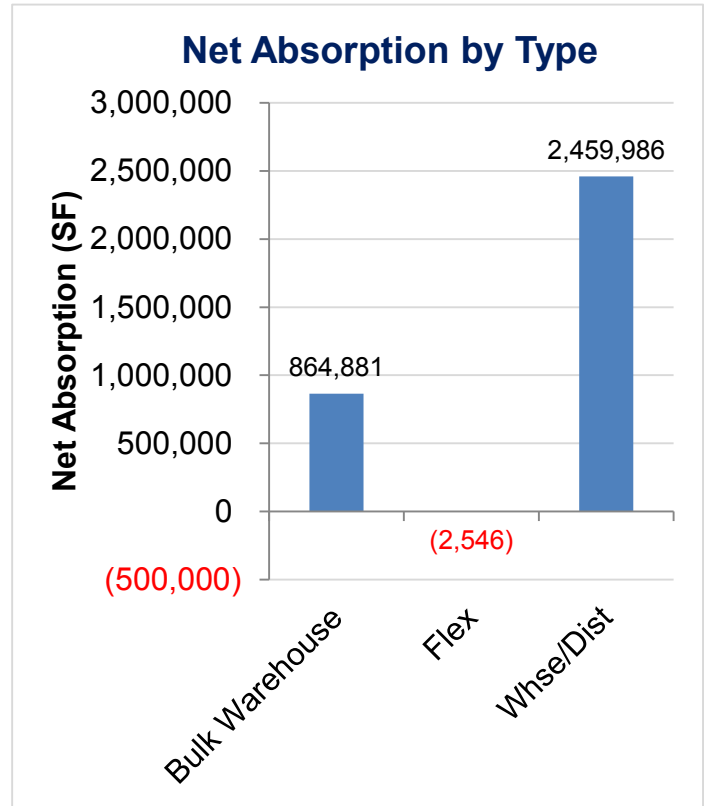
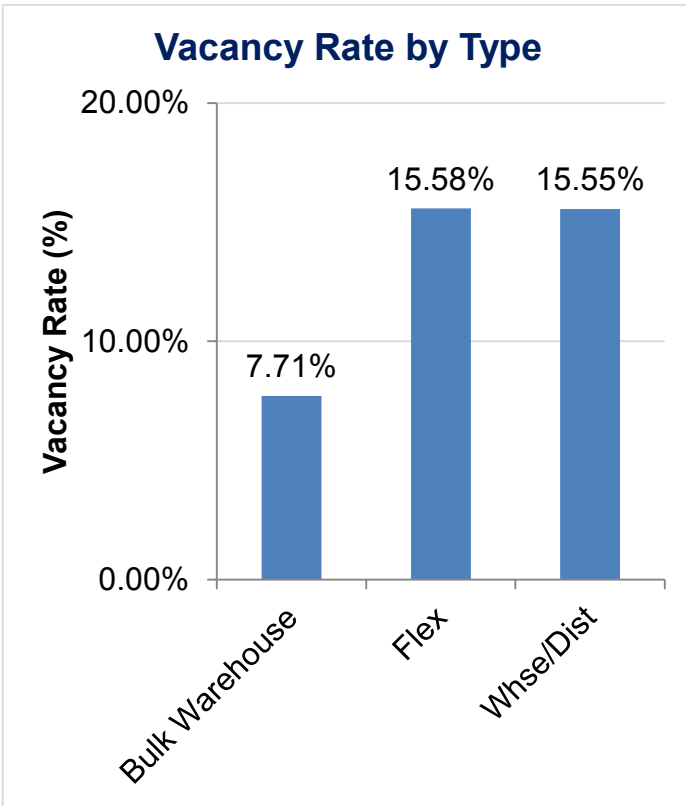
Historical Blocks of Space

Quarter	100K+	50-100K	25-50K
2014 Q2	88	67	83
2014 Q3	90	69	82
2014 Q4	91	65	86
2015 Q1	88	67	86
2015 Q2	87	59	86

Notable Sales Transactions



Property Name	SF Leased/ Sale Price	Company Name	Market	Type	Lease/ Sale
Belz Industrial Park - 22 building portfolio	\$82,151,529	MDH Partners LLC	Multiple	Bulk Warehouse	Sale
Summit Distribution Center III	\$17,700,000	Hillwood Enterprises LP	Southeast	Bulk Warehouse	Sale
3100 New Frayser Blvd	1,699,880	Nike (expansion)	Northwest	Warehouse/ Distribution	Design Build
Crossroads Distribution Center Building D	430,212	Legacy Supply Chain	DeSoto County	Warehouse/ Distribution	Lease
5000 E Raines Rd	410,754	Technicolor	Southeast	Bulk Warehouse	Lease
Memphis Distribution Center Building 3	400,000	Cummins	Southeast	Bulk Warehouse	Lease
5321 E Shelby Dr	330,870	Stein World	Southeast	Bulk Warehouse	Lease
Crossroads Distribution Center Building H	307,506	Syncreon	DeSoto County	Bulk Warehouse	Lease
Southpoint V	233,200	Xpedx	Southeast	Bulk Warehouse	Lease
4221 Pilot Dr	200,000	UWT	Southeast	Bulk Warehouse	Lease



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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