

Economic Overview

According to the Bureau of Labor Statistics, the unemployment rate increased 0.5 percentage points from 5.5% in January 2016 to 6.0% in January 2017. The unemployment rate for Memphis, at 6.0%, was higher than the state of Tennessee, which reported 5.4%, while the US reported 4.8%. The Memphis metropolitan statistical area job creation totaled 5,000 over the past year. Retail using jobs (Trade, Transportation and Utilities) gained 4,900 jobs during the past year.

Market Overview

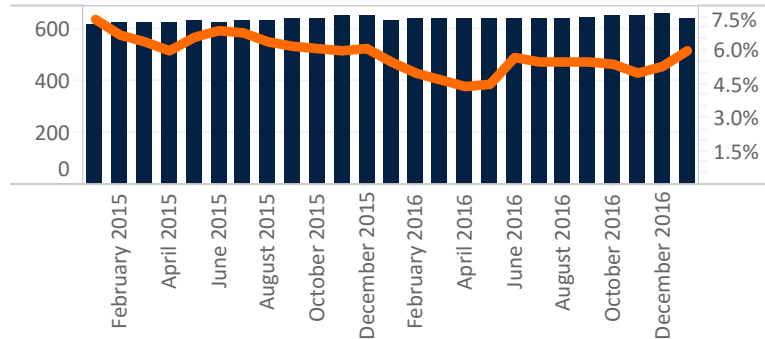
The Memphis retail market recorded 30,767 square feet of positive absorption during 1Q 2017. Absorption was down from 146,603 sf recorded during 1Q 2016. The total vacancy rate has decreased from 11% in 1Q 2016 to 10.1% at the close of 1Q 2017. Direct vacancy rates decreased .4 percentage points from 10.3% to 9.9% during the same time period. Weighted average rent growth continued to improve during 1Q 2017. Weighted average asking rents in all classes improved by 3.0% recording \$10.07 per square foot (psf) at the close of 1Q 2017 compared to 1Q 2016.

Market Highlights

Absorption during the first quarter of 2017 was off to a good start. With significant leases like Burlington Coat Factory, Dave & Buster's and FFO Home, the vacancies of Kids R Us and Toys R Us at Trolley Station didn't hurt so bad. Several construction projects are scheduled to complete next quarter, filling up quickly. Crosstown is on schedule to deliver 65,000 sf of retail space, while Thornwood has 30,000 sf of mixed use space coming online and Millington Farms is on the horizon with a 93% preleasing percentage.

Memphis Employment

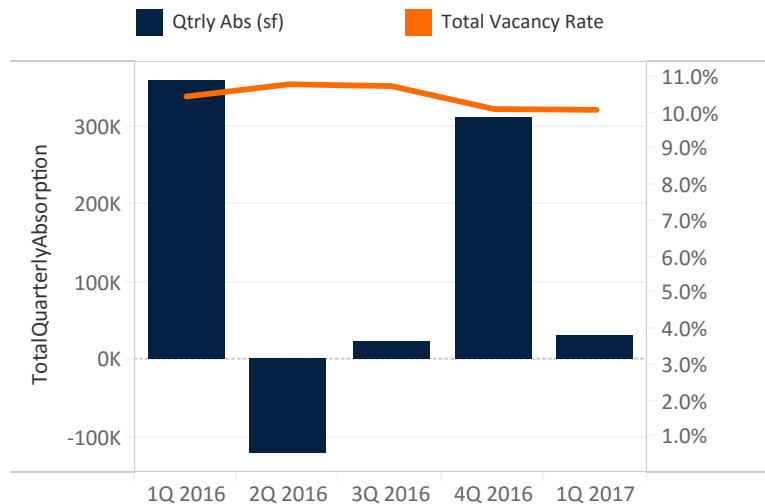
Source: BLS



Market Recap

Inventory (sf)	42,759,700
# of Bldgs	741
Qtrly Abs (sf)	30,767
Total Avail Rate	12.1%
Total Vacancy Rate	10.1%
U/C Inventory (sf)	403,000
Delivered (sf)	0
Weighted Average Asking Rate (NNN)	\$10.07

Absorption and Vacancy Rate



Overview by Specific Use (Total)

Specific Use	Inventory (sf)	Available (sf)	Vacant (sf)	Vacancy Rate	Qtrly Abs (sf)	YTD Net Abs (sf)
Conv/Strip Ctr	9,336,010	1,269,206	1,032,502	11.1%	21,586	21,586
Nbrhd/Comm Ctr	15,459,475	2,515,224	2,139,499	13.8%	-59,319	-59,319
Reg/Power Ctr	17,964,215	1,374,782	1,143,594	6.4%	68,500	68,500
Overall	42,759,700	5,159,212	4,315,595	10.1%	30,767	30,767

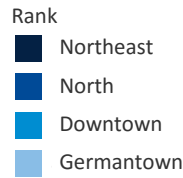
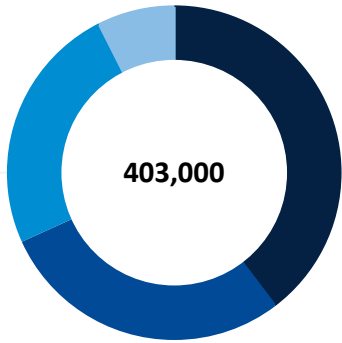
Overview by Market (Total)

Market Name	Specific Use	Inventory (sf)	Available (sf)	Vacant (sf)	Vacancy Rate	Qtrly Abs (sf)	YTD Net Abs (sf)
Collierville	Conv/Strip Ctr	414,654	29,012	22,312	5.4%	0	0
	Nbrhd/Comm Ctr	1,755,311	246,620	183,156	10.4%	-30,247	-30,247
	Reg/Power Ctr	1,077,545	10,950	10,950	1.0%	0	0
Cordova	Conv/Strip Ctr	1,126,061	279,736	191,006	17.0%	-2,460	-2,460
	Nbrhd/Comm Ctr	2,670,633	191,828	174,460	6.5%	53,859	53,859
	Reg/Power Ctr	3,049,525	25,340	0	0.0%	0	0
Crittenden Cty	Conv/Strip Ctr	100,104	14,459	7,400	7.4%	0	0
	Nbrhd/Comm Ctr	123,125	44,000	44,000	35.7%	0	0
	Reg/Power Ctr	564,950	1,649	1,649	0.3%	0	0
Downtown	Conv/Strip Ctr	937,930	162,088	109,061	11.6%	7,259	7,259
	Nbrhd/Comm Ctr	718,950	227,647	215,902	30.0%	-615	-615
	Reg/Power Ctr	750,481	14,117	14,117	1.9%	0	0
East	Conv/Strip Ctr	983,874	64,926	54,783	5.6%	-4,432	-4,432
	Nbrhd/Comm Ctr	2,170,260	231,385	173,926	8.0%	-17,134	-17,134
	Reg/Power Ctr	2,624,232	183,112	104,747	4.0%	0	0
Fayette Cty	Conv/Strip Ctr	73,000	4,600	4,600	6.3%	0	0
	Nbrhd/Comm Ctr	141,067	14,000	12,600	8.9%	0	0
	Reg/Power Ctr	154,000	0	0	0.0%	0	0
Germantown	Conv/Strip Ctr	307,845	22,916	17,166	5.6%	0	0
	Nbrhd/Comm Ctr	1,045,016	81,310	69,914	6.7%	-9,060	-9,060
	Reg/Power Ctr	285,670	55,582	18,027	6.3%	0	0
North	Conv/Strip Ctr	534,967	23,839	19,214	3.6%	3,320	3,320
	Nbrhd/Comm Ctr	1,105,459	227,005	212,192	19.2%	20,734	20,734
	Reg/Power Ctr	1,626,066	196,994	196,694	12.1%	0	0
Northeast	Conv/Strip Ctr	1,259,213	247,431	216,791	17.2%	1,805	1,805
	Nbrhd/Comm Ctr	788,960	88,660	53,176	6.7%	-1,800	-1,800
	Reg/Power Ctr	1,165,335	21,883	11,883	1.0%	0	0
Olive Branch	Conv/Strip Ctr	532,268	39,879	40,194	7.6%	3,182	3,182
	Nbrhd/Comm Ctr	380,569	38,425	38,425	10.1%	4,956	4,956
	Reg/Power Ctr	453,719	0	0	0.0%	0	0
Overall		42,759,700	5,159,212	4,315,595	10.1%	30,767	30,767

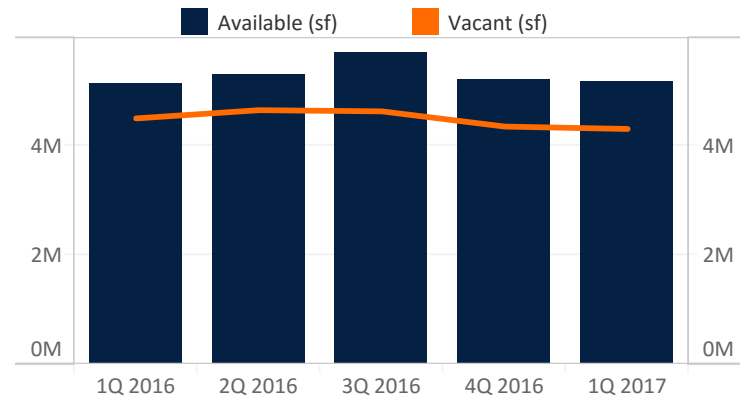
Overview by Market (Total) Cont'd

Market Name	Specific Use	Inventory (sf)	Available (sf)	Vacant (sf)	Vacancy Rate	Qtrly Abs (sf)	YTD Net Abs (sf)
South	Conv/Strip Ctr	780,377	163,090	156,890	20.1%	400	400
	Nbrhd/Comm Ctr	439,539	95,561	42,642	9.7%	0	0
	Reg/Power Ctr	1,166,791	220,299	219,738	18.8%	0	0
Southaven	Conv/Strip Ctr	916,939	62,148	53,083	5.8%	1,879	1,879
	Nbrhd/Comm Ctr	847,257	84,361	84,361	10.0%	-5,281	-5,281
	Reg/Power Ctr	2,567,734	5,069	0	0.0%	68,500	68,500
Southeast	Conv/Strip Ctr	1,153,503	150,882	135,802	11.8%	10,633	10,633
	Nbrhd/Comm Ctr	3,188,329	937,826	828,149	26.0%	-74,731	-74,731
	Reg/Power Ctr	2,478,167	639,787	565,789	22.8%	0	0
Tipton Cty	Conv/Strip Ctr	215,275	4,200	4,200	2.0%	0	0
	Nbrhd/Comm Ctr	85,000	6,596	6,596	7.8%	0	0
Overall		42,759,700	5,159,212	4,315,595	10.1%	30,767	30,767

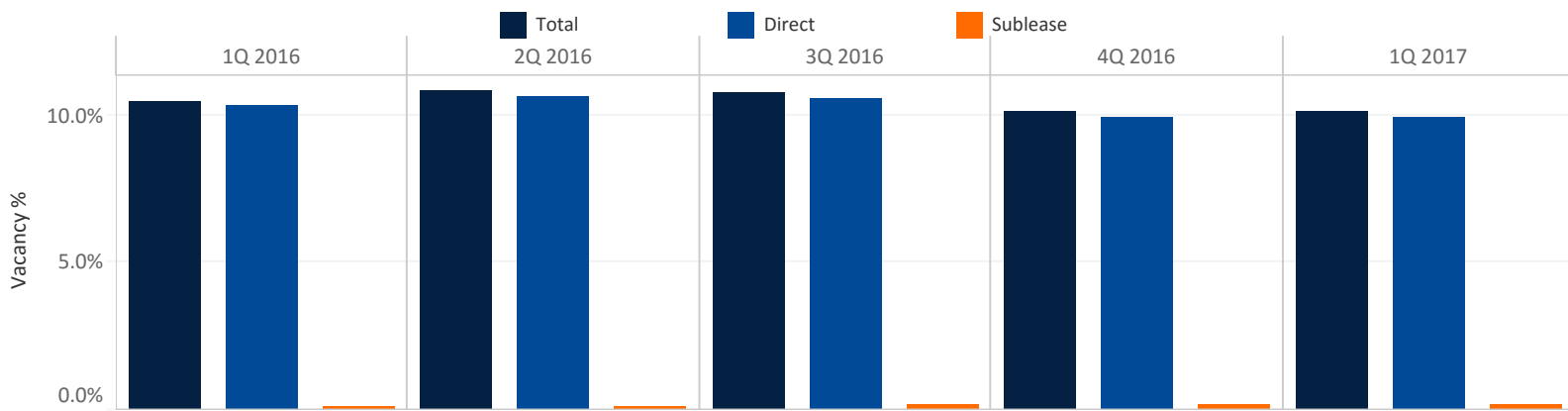
Construction by Market



Total Available and Vacant



Vacancy Rate



Overview by Specific Use (Direct)

Specific Use	Inventory (sf)	Avail (sf)	Vacant (sf)	Vacancy Rate	Qtrly Abs (sf)	YTD Net Abs (sf)
Conv/Strip Ctr	9,336,010	1,263,916	1,032,502	11.1%	21,586	21,586
Nbrhd/Comm Ctr	15,459,475	2,407,000	2,075,513	13.4%	-60,890	-60,890
Reg/Power Ctr	17,964,215	1,356,782	1,125,594	6.3%	68,500	68,500
Overall	42,759,700	5,027,698	4,233,609	9.9%	29,196	29,196

Overview by Specific Use (Sublease)

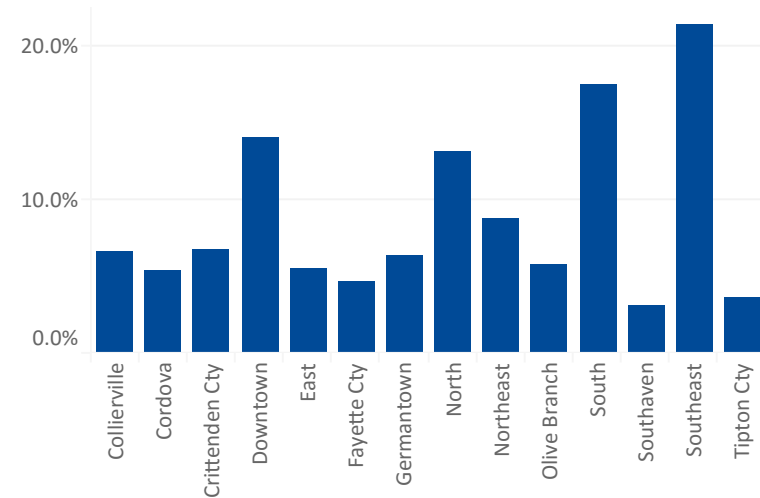
Specific Use	Inventory (sf)	Avail (sf)	Vacant (sf)	Vacancy Rate	Qtrly Abs (sf)	YTD Net Abs (sf)
Conv/Strip Ctr	9,336,010	7,990	0	0.0%	0	0
Nbrhd/Comm Ctr	15,459,475	108,224	63,986	0.4%	1,571	1,571
Reg/Power Ctr	17,964,215	18,000	18,000	0.1%	0	0
Overall	42,759,700	134,214	81,986	0.2%	1,571	1,571

Direct Vacancy Rate

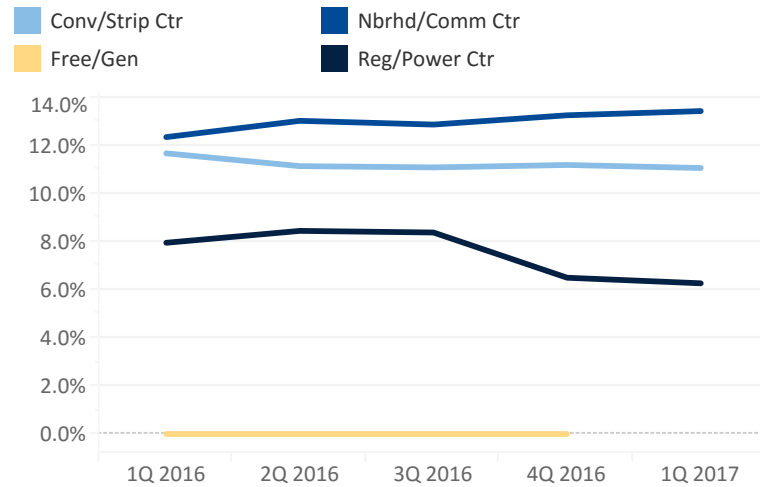
By Market and Specific Use

Market Name	Specific Use	Quarter Year				
		1Q 2016	2Q 2016	3Q 2016	4Q 2016	1Q 2017
Collierville	Conv/Strip Ctr	7.5%	6.5%	5.4%	5.4%	5.4%
	Nbrhd/Comm Ctr	7.3%	9.2%	8.8%	8.7%	10.4%
	Reg/Power Ctr	0.6%	0.6%	0.8%	1.0%	1.0%
Cordova	Conv/Strip Ctr	16.0%	16.5%	17.4%	16.7%	17.0%
	Nbrhd/Comm Ctr	7.7%	9.9%	9.8%	9.4%	6.5%
	Reg/Power Ctr	0.4%	0.4%	0.0%	0.0%	0.0%
Crittenden Cty	Conv/Strip Ctr	10.0%	11.3%	7.4%	7.4%	7.4%
	Nbrhd/Comm Ctr	35.7%	35.7%	35.7%	35.7%	35.7%
	Reg/Power Ctr	0.3%	0.3%	0.3%	0.3%	0.3%
Downtown	Conv/Strip Ctr	12.2%	11.3%	12.4%	12.4%	11.6%
	Free/Gen				0.0%	
	Nbrhd/Comm Ctr	29.8%	31.2%	29.9%	30.6%	30.0%
	Reg/Power Ctr	0.4%	0.4%	0.4%	0.0%	1.9%
East	Conv/Strip Ctr	5.2%	6.7%	5.7%	5.1%	5.6%
	Nbrhd/Comm Ctr	6.8%	7.0%	7.2%	7.2%	8.0%
	Reg/Power Ctr	1.7%	2.8%	3.3%	3.3%	3.3%
Fayette Cty	Conv/Strip Ctr	6.3%	6.3%	6.3%	6.3%	6.3%
	Nbrhd/Comm Ctr	8.9%	8.9%	8.9%	8.9%	8.9%
	Reg/Power Ctr	0.0%	0.0%	0.0%	0.0%	0.0%
Germantown	Conv/Strip Ctr	5.3%	4.1%	3.7%	5.6%	5.6%
	Nbrhd/Comm Ctr	7.5%	6.3%	6.5%	5.8%	6.7%
	Reg/Power Ctr	6.3%	6.3%	6.3%	6.3%	6.3%
North	Conv/Strip Ctr	4.1%	4.1%	4.0%	4.2%	3.6%
	Nbrhd/Comm Ctr	16.0%	20.5%	21.0%	21.1%	19.2%
	Reg/Power Ctr	12.1%	12.1%	12.1%	12.1%	12.1%
Northeast	Conv/Strip Ctr	17.9%	17.3%	17.4%	17.4%	17.2%
	Free/Gen	0.0%	0.0%	0.0%	0.0%	
	Nbrhd/Comm Ctr	9.8%	9.5%	9.5%	6.5%	6.7%
	Reg/Power Ctr	23.5%	23.5%	23.5%	1.0%	1.0%
Olive Branch	Conv/Strip Ctr	13.2%	12.1%	6.5%	6.1%	7.6%
	Nbrhd/Comm Ctr	13.1%	13.1%	12.8%	11.4%	10.1%
	Reg/Power Ctr	0.0%	0.0%	0.0%	0.0%	0.0%
South	Conv/Strip Ctr	20.1%	19.1%	19.2%	20.2%	20.1%
	Nbrhd/Comm Ctr	9.5%	9.7%	9.7%	9.7%	9.7%
	Reg/Power Ctr	18.9%	18.9%	18.8%	18.8%	18.8%
Southaven	Conv/Strip Ctr	5.3%	4.7%	5.5%	6.0%	5.8%
	Nbrhd/Comm Ctr	10.6%	10.4%	10.0%	9.3%	10.0%
	Reg/Power Ctr	0.9%	0.9%	2.7%	2.7%	0.0%
Southeast	Conv/Strip Ctr	13.4%	11.1%	12.2%	12.7%	11.8%
	Nbrhd/Comm Ctr	19.9%	18.8%	18.4%	21.6%	24.0%
	Reg/Power Ctr	22.9%	25.4%	22.9%	22.8%	22.8%
Tipton Cty	Conv/Strip Ctr	2.0%	2.0%	2.0%	2.0%	2.0%
	Nbrhd/Comm Ctr	7.5%	7.5%	5.8%	7.8%	7.8%
Overall		10.3%	10.7%	10.6%	9.9%	9.9%

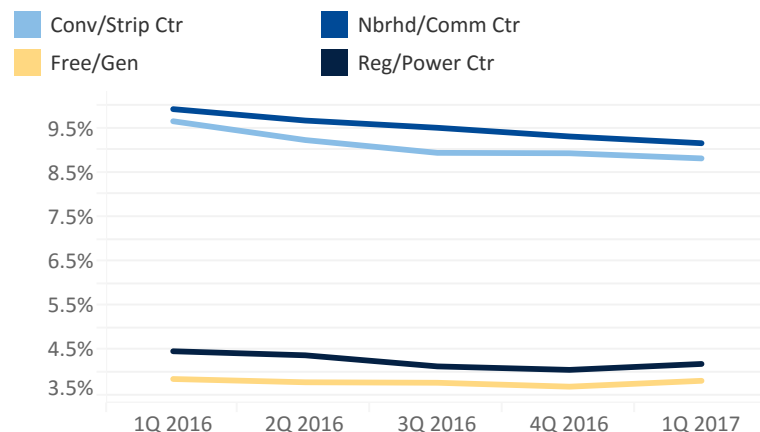
By Market



Memphis by Specific Use



National by Specific Use

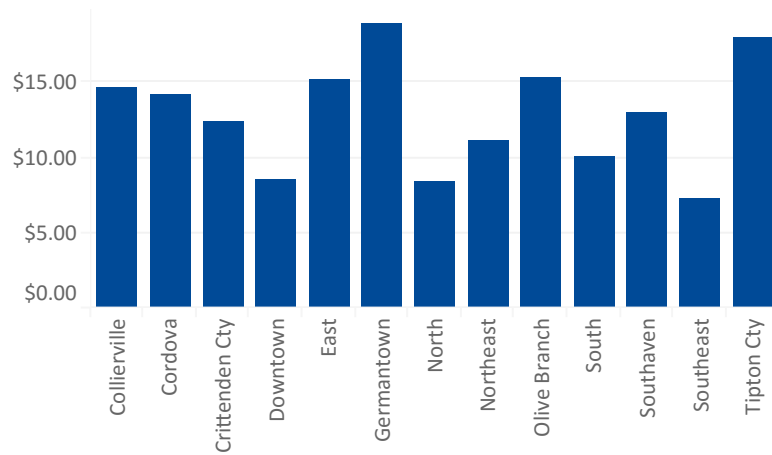


Direct Weighted Average Asking Rates (NNN)

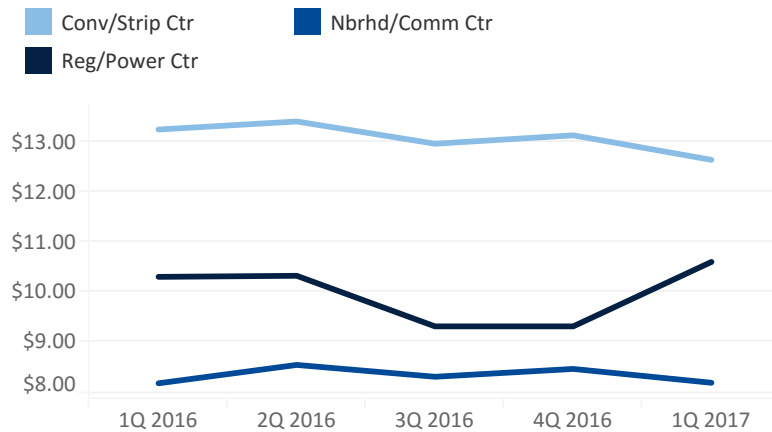
By Market and Specific Use

Market Name	Specific Use	Quarter Year				
		1Q 2016	2Q 2016	3Q 2016	4Q 2016	1Q 2017
Collierville	Conv/Strip Ctr	\$14.99	\$15.88	\$14.09	\$13.87	\$14.60
	Nbrhd/Comm Ctr	\$12.50	\$14.41	\$14.41	\$14.72	\$14.72
	Reg/Power Ctr	-	-	-	-	-
Cordova	Conv/Strip Ctr	\$14.29	\$14.29	\$14.02	\$13.91	\$13.58
	Nbrhd/Comm Ctr	\$19.50	\$19.50	-	\$15.86	\$16.77
	Reg/Power Ctr	-	-	-	-	-
Crittenden Cty	Conv/Strip Ctr	\$11.52	\$11.92	\$11.70	\$12.07	\$12.33
	Nbrhd/Comm Ctr	-	-	-	-	-
	Reg/Power Ctr	-	-	-	-	-
Downtown	Conv/Strip Ctr	\$11.95	\$12.34	\$11.15	\$11.15	\$11.41
	Free/Gen	-	-	-	-	-
	Nbrhd/Comm Ctr	\$7.49	\$8.04	\$8.20	\$8.20	\$7.00
East	Conv/Strip Ctr	\$15.78	\$16.07	\$17.13	\$17.01	\$15.30
	Nbrhd/Comm Ctr	\$16.19	\$14.50	-	\$11.97	\$11.97
	Reg/Power Ctr	\$14.00	\$14.00	-	-	\$18.00
Fayette Cty	Conv/Strip Ctr	-	-	-	-	-
	Nbrhd/Comm Ctr	\$13.00	\$13.00	-	-	-
	Reg/Power Ctr	-	-	-	-	-
Germantown	Conv/Strip Ctr	\$17.55	\$18.81	\$19.41	\$19.41	\$19.41
	Nbrhd/Comm Ctr	\$14.50	\$17.00	\$17.00	\$17.00	\$17.00
	Reg/Power Ctr	-	-	-	-	-
North	Conv/Strip Ctr	\$7.18	\$7.18	\$7.18	\$7.18	\$7.55
	Nbrhd/Comm Ctr	\$6.50	\$11.42	\$11.39	\$8.06	\$8.51
	Reg/Power Ctr	-	-	-	-	-
Northeast	Conv/Strip Ctr	\$11.57	\$12.05	\$11.22	\$11.35	\$11.35
	Free/Gen	-	-	-	-	-
	Nbrhd/Comm Ctr	\$9.00	\$9.00	\$9.50	\$9.50	\$9.00
Olive Branch	Conv/Strip Ctr	\$15.38	\$15.69	\$15.00	\$15.43	\$15.10
	Nbrhd/Comm Ctr	\$15.67	\$15.67	\$15.67	\$16.04	\$15.58
	Reg/Power Ctr	-	-	-	-	-
South	Conv/Strip Ctr	\$8.88	\$7.85	\$7.89	\$12.58	\$12.33
	Nbrhd/Comm Ctr	\$9.00	\$9.00	\$9.00	\$9.00	\$9.00
	Reg/Power Ctr	\$10.00	\$10.00	\$10.00	\$10.00	\$10.00
Southaven	Conv/Strip Ctr	\$14.66	\$11.31	\$11.94	\$14.07	\$12.94
	Nbrhd/Comm Ctr	\$7.90	\$7.00	\$13.24	\$13.42	\$12.27
	Reg/Power Ctr	\$17.00	\$17.00	-	-	\$19.00
Southeast	Conv/Strip Ctr	\$11.36	\$12.34	\$12.45	\$12.09	\$10.16
	Nbrhd/Comm Ctr	\$5.08	\$4.90	\$5.27	\$5.17	\$5.76
	Reg/Power Ctr	\$8.50	\$8.50	\$9.00	\$9.00	\$9.00
Tipton Cty	Conv/Strip Ctr	-	-	-	-	-
	Nbrhd/Comm Ctr	\$14.00	\$14.00	\$18.00	\$18.00	\$18.00
Overall		\$10.38	\$10.59	\$10.13	\$10.17	\$10.07

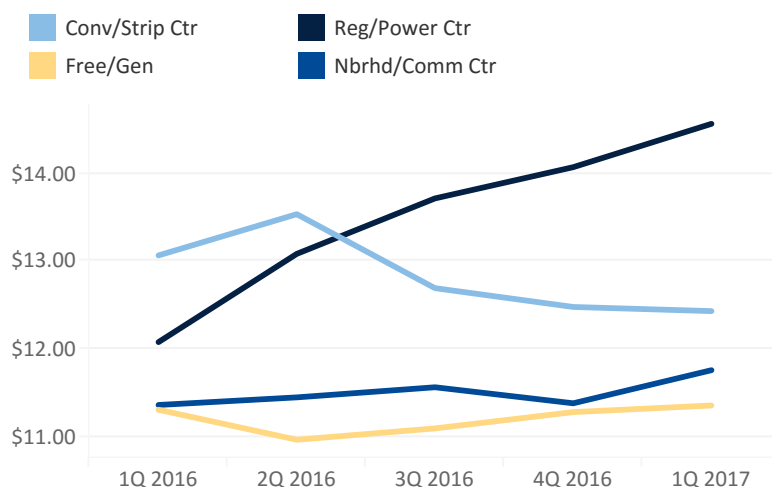
By Market



Memphis by Specific Use

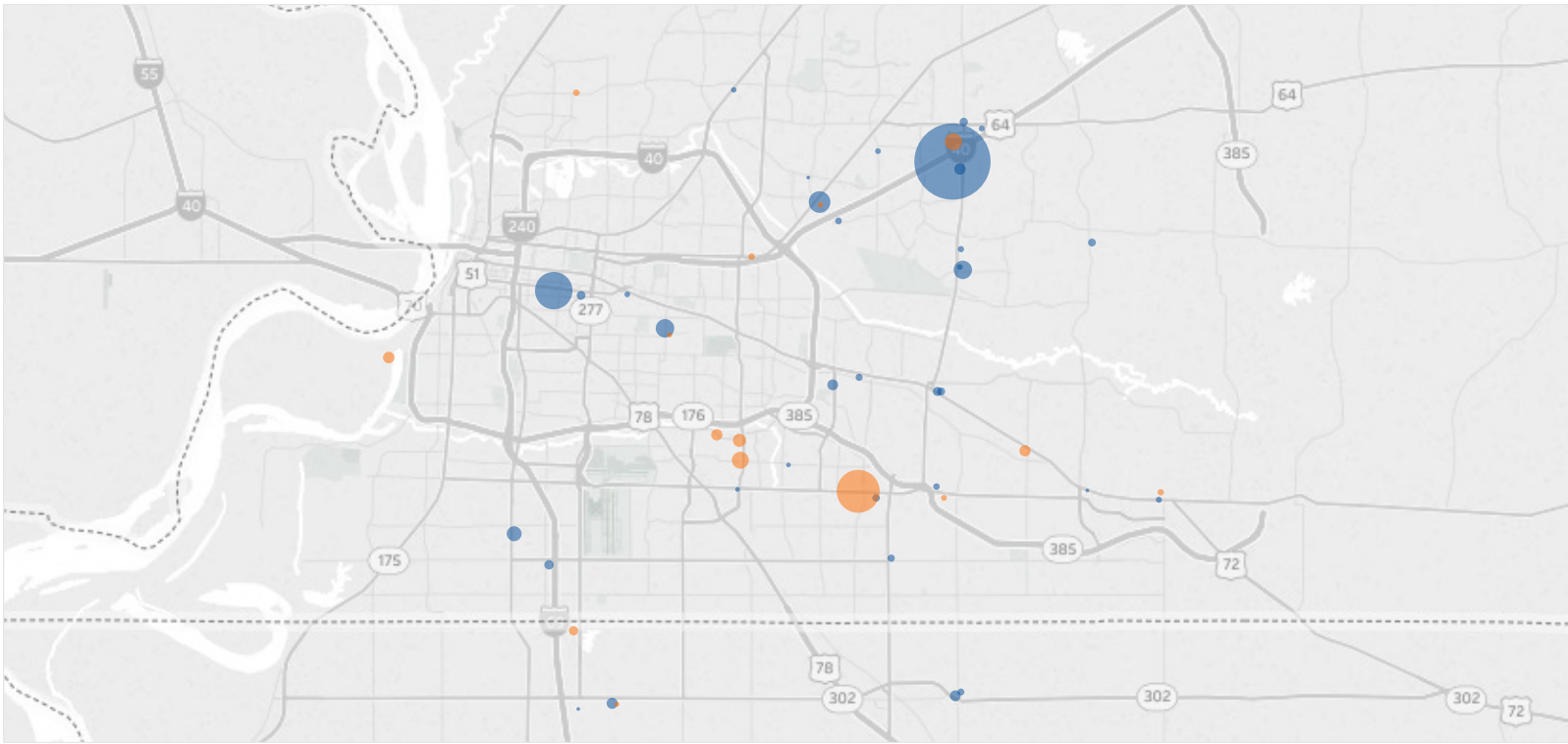


National by Specific Use



Absorption Map

● Negative
 ● Positive



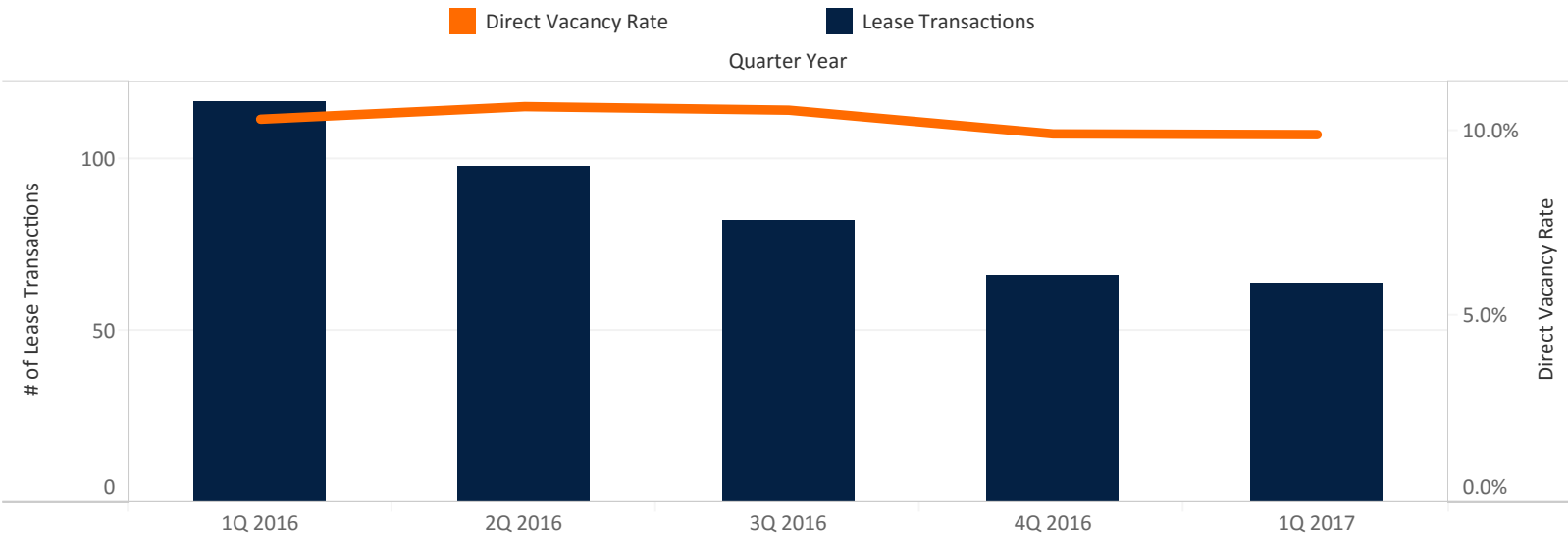
Largest Positives (Direct)

PropertyName	Significant Transactions	Market Name	Specific Use	
The Commons at Wolfcreek Phase II	Dave & Busters leased 43,500 and DXL leased 6,000 sf	Cordova	Nbrhd/Comm Ctr	49,500
South Lake Centre	Burlington Coat Factory leased 45,000 sf	Southaven	Reg/Power Ctr	45,000
Millington Plaza	Planet Fitness leased 27,208 sf	North	Nbrhd/Comm Ctr	27,208
7255-7260 Interstate Blvd	FFO Home leased 23,500 sf	Southaven	Reg/Power Ctr	23,500
Highland Court Shopping Center	MS Dept of Rev 3,239 sf; Hernando Taekwondo 3,330 sf; iNails 1,830 sf	Southaven	Nbrhd/Comm Ctr	10,031
Olive Branch Crossing	Guitar Center leased 10,000 sf, Chicken Salad Chick leased 3,000 sf	Olive Branch	Nbrhd/Comm Ctr	9,006
Cordova Ridge Center	Vape Store: 1,400 sf; TNT Wings: 2,415 sf; The Whiskey Thief: 2,415 sf	Cordova	Nbrhd/Comm Ctr	8,645
Park Center Bldg	Family Furniture Outlet leased 6,400 sf	East	Nbrhd/Comm Ctr	6,400

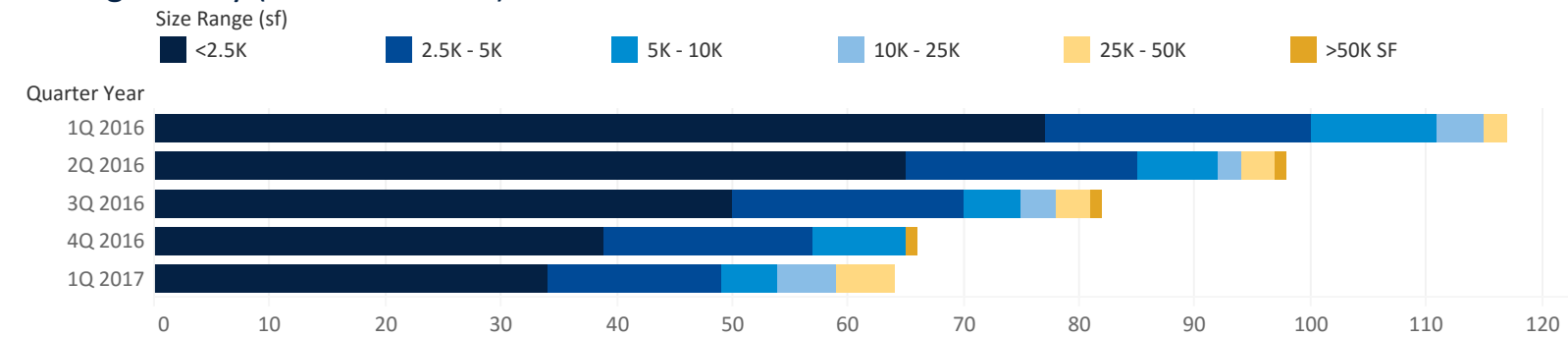
Largest Negatives (Direct)

PropertyName	Significant Transactions	Market Name	Specific Use	
Trolley Station	Kids R Us vacated 15,312 sf and Toys R Us vacated 46,000 sf	Southeast	Nbrhd/Comm Ctr	-61,312
Carriage Crossing Marketplace	Burkes Outlet vacated 30,247 sf	Collierville	Nbrhd/Comm Ctr	-30,247
Laurelwood	Booksellers at Laurelwood vacated 22k sf and Kirklands vacated 6,431	East	Nbrhd/Comm Ctr	-28,431
Shelby Square	Rainbow downsized by 11,990 sf	Southeast	Nbrhd/Comm Ctr	-10,139
7065 Airways Blvd	Tuesday Morning vacated 9,862 sf	Southaven	Nbrhd/Comm Ctr	-9,862
Carrefour Center	Undisclosed Tenant	Germantown	Nbrhd/Comm Ctr	-7,820
Shelby Crossing	Whiskey Saloon vacated 7,350 sf	Northeast	Conv/Strip Ctr	-7,350
3393-3423 Summer Ave	Vacancy Adjustment	East	Conv/Strip Ctr	-6,000

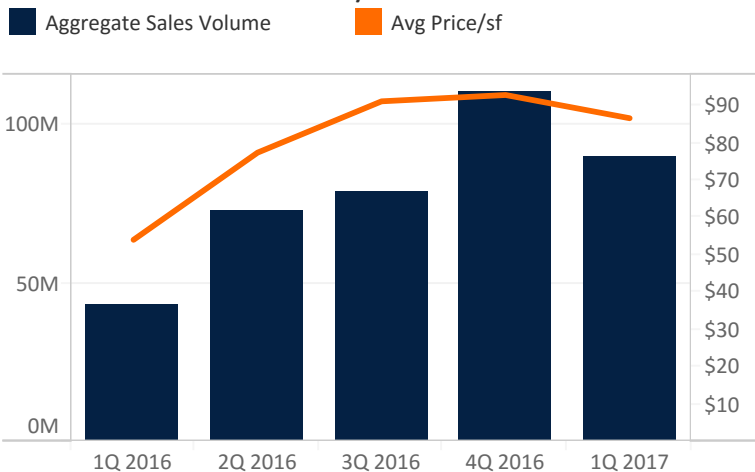
Leasing Activity Trends



Leasing Activity (# of New Deals)



Sales Volume vs. Price/SF



Top Sales

Property	Sale Date	Buyer	Sale Price
Cross Creek Shopping Center	02/28/2017	Spirit Realty Capital	\$15,692,308
2670 McIngvale Rd	01/16/2017	Joe Poppenheimer Management	\$7,846,858
Stateline Square Shopping Center	01/12/2017	Stateline Square LLC	\$6,937,500
Walgreen's	01/12/2017	Antonio Lopes	\$6,880,000
Walgreens	02/14/2017	Felix B Reznick	\$5,200,000

Terminology

Term	Definition
Direct Net Absorption	The net change in fiscally occupied space from quarter to quarter, expressed in sf.
Direct Vacant (sf)	The total of the vacant square footage in a building that is being marketed by an agent representing the landlord.
Inventory	The total square feet (sf) of all existing single-tenant and multi-tenant retail properties greater than 10,000 sf.
Sublease (sf)	Space that is offered for lease by a current tenant, or his agent, within a property.
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.
Total Net Absorption	The net change in physically occupied space from quarter to quarter, expressed in sf.
Total Vacant (sf)	The total of all of the vacant square footage within a building, including both direct and sublease space.
Weighted Average Rents	The weighted average of all direct asking lease rents expressed as a NNN rental rate and weighted on total direct available sf.

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.

Advisory Board Members

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Colliers	Ed Thomas	NAI Saig Company	Bryan Evans
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