

FIGURES | MEMPHIS OFFICE | Q3 2026

Inventory growth drives vacancy higher despite positive absorption

▲ 17.6%

Direct Vacancy Rate

▲ 14,000K

SF Net Absorption

► 0

SF Construction Delivered

▲ \$23.37

Class A Direct Asking Rate

▲ \$20.16

Class B Direct Asking Rate

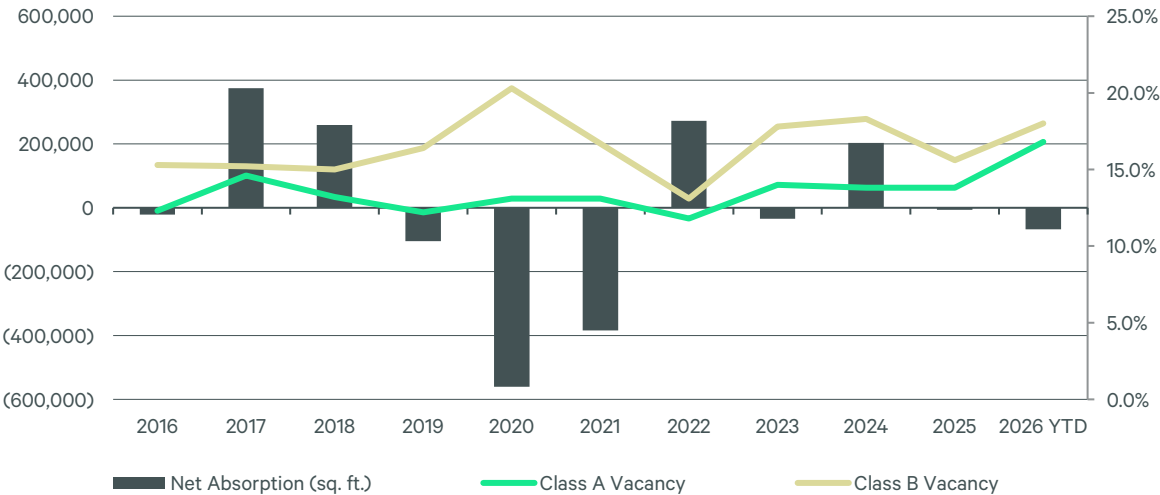
Note: Arrows indicate change from previous quarter.

Market Overview

The Memphis office market recorded 14,400 sq. ft. of positive direct net absorption in Q3 2026, marking a modest improvement in occupancy despite a rise in direct vacancy to 17.6% from 17.1% in the previous quarter. The increase in vacancy was largely attributable to the completion of the 120,000 sq. ft. Northside Square renovation, which expanded market inventory. Class A vacancy similarly increased from 16.2% to 16.8%, though the segment continued to outperform the broader market with 55,700 sq. ft. of quarterly absorption. Occupancy gains in the North, Northeast, Downtown, and Midtown submarkets helped offset losses elsewhere. Asking rents continued to trend upward, with the market average reaching \$21.45 per sq. ft., up from \$21.29 per sq. ft., while Class A rents increased to \$23.37 per sq. ft. from \$23.26 per sq. ft.

The broader economic environment continues to provide a mixed backdrop for office occupiers. Business investment and a generally stable labor market are supporting economic growth and tenant decision-making, while elevated interest rates, higher operating costs, and ongoing geopolitical uncertainty continue to influence corporate real estate strategies. For office landlords and investors, higher borrowing costs remain a constraint on transaction activity and new development. Looking ahead, the market’s active tenant pipeline of more than 650,000 sq. ft., combined with positive quarterly absorption, suggests occupancy conditions could gradually improve if current leasing requirements convert into move-ins during the coming quarters.

Figure 1: Historical Net Absorption and Vacancy



Source: CBRE Research, Q3 2026

Vacancy and Net Absorption

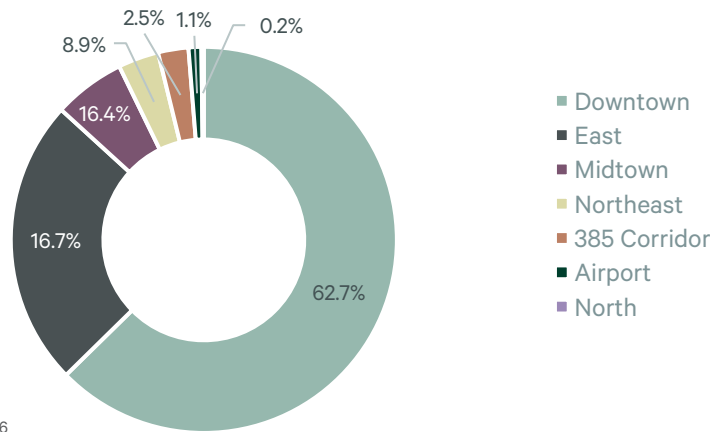
Despite posting 14,400 sq. ft. of positive direct net absorption in Q3 2026, Memphis vacancy increased 50 basis points quarter-over-quarter to 17.6%. The rise in vacancy was primarily driven by the completion and occupancy timing of the recently renovated Northside Square property, which added 120,000 sq. ft. of office inventory to the market. The Northeast, North, Downtown, and Midtown submarkets collectively recorded nearly 117,000 sq. ft. of absorption, offsetting move-outs in the East, Airport, and 385 Corridor. Class A properties continued to attract the majority of demand, posting 55,700 sq. ft. of positive absorption and bringing year-to-date occupancy gains to 86,500 sq. ft.

Leasing Activity

Approximately 325,700 sq. ft. of lease transactions were recorded across the Memphis office market during Q3 2026. Downtown accounted for the largest share of activity, representing nearly 63% of quarterly leasing volume, driven primarily by a series of extensions totaling roughly 180,000 sq. ft. by St. Jude Children's Research Hospital, Inc. at 150 Peabody Place and a 20,662 sq. ft. new lease by Matter Health Technology, Inc. at 50 South B.B. King Boulevard.

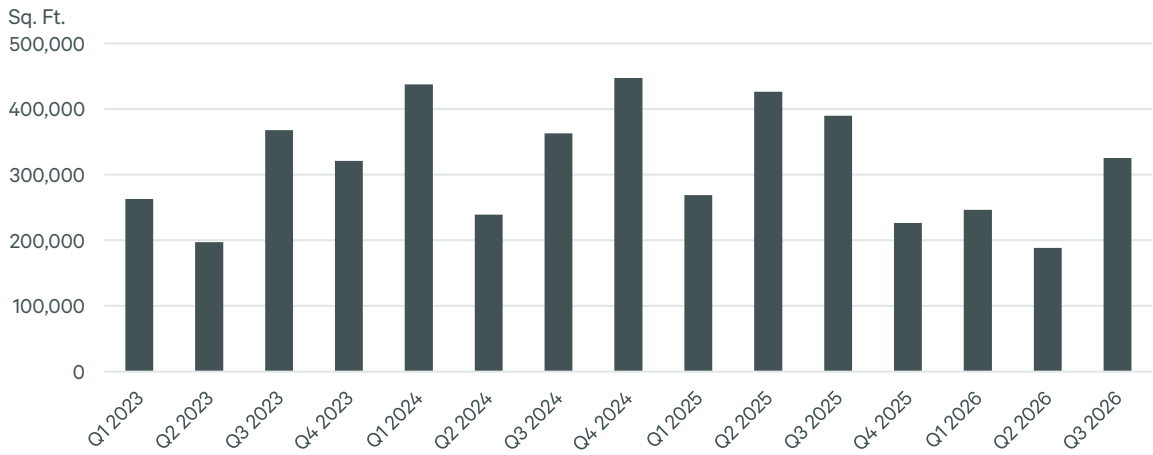
Market-wide activity remained weighted toward renewals and extensions, reflecting continued commitment from existing occupiers, while new leasing contributed incremental occupancy gains across several submarkets. Looking ahead, demand remains supported by more than 650,000 sq. ft. of active tenant requirements from 27 users currently in the market. Large requirements from real estate, transportation/logistics, healthcare, and confidential users account for a significant portion of this pipeline, providing a potential source of future occupancy growth as tenants convert active space searches into executed leases and move-ins.

Figure 3: Leasing Activity by Submarket (% of Total Activity)



Source: CBRE Research, Q3 2026

Figure 2: Leasing Activity Trend



Source: CBRE Research, Q3 2026

Figure 4: Key Lease Transactions

Tenant	Sq. Ft. Leased	Transaction Type	Address	Submarket
St. Jude Children's Research Hospital, Inc.	180,000	Extension	150 Peabody Pl	Downtown
Matter Health Technology, Inc.	20,700	New Lease	50 S. B.B. King Blvd	Downtown
Shea Moskovitz, PLC	11,400	Renewal/Expansion	530 Oak Court Dr	East
Total Eye Care, P.A.	11,300	Renewal	6060 Primacy Pkwy	East
Christ Community Health Services	10,700	New Lease	2670 Union Ave	Midtown
The Reaves Firm, Inc.	6,439	Renewal	6800 Poplar Ave	East
Duncan Williams Asset Management	5,052	Expansion	5350 Poplar Ave	East
Michael Lightman Realty Company	4,665	Renewal	5100 Poplar Ave	East

Source: CBRE Research, Q3 2026

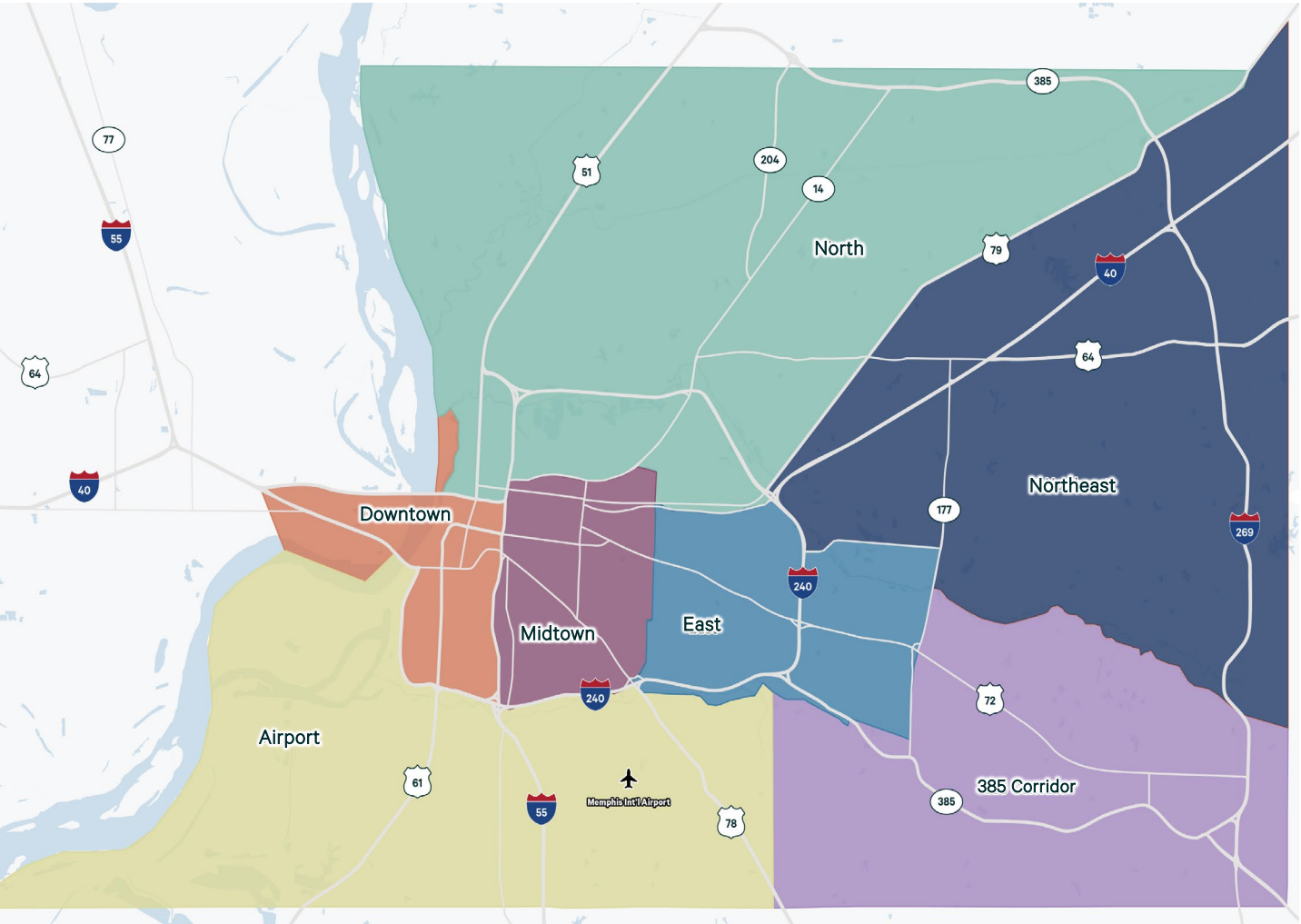
Market Statistics by Submarket

Figure 5

Submarket	Class	Building SF	Direct Vacancy (%)	Avg Asking Lease Rate (\$)	Construction Deliveries (SF)	Current Quarter Net Absorption (SF)	YTD Net Absorption (SF)
East (CBD)		8.58M	16.9	25.18	0	-83,600	-78,800
	Class A	3.22M	12.0	32.96	0	-26,100	-20,800
	Class B	5.36M	19.8	22.72	0	-57,500	-58,000
Downtown		2.83M	12.0	20.98	0	19,500	31,400
	Class A	1.65M	12.3	21.76	0	19,500	32,600
	Class B	1.17M	11.5	19.49	0	0	-1,200
385 Corridor		4.25M	19.5	19.81	0	-3,300	-60,900
	Class A	3.19M	22.6	19.83	0	-3,800	7,200
	Class B	1.07M	10.3	19.53	0	500	-68,100
Midtown		1.23M	10.4	18.69	0	10,600	7,300
	Class A	620,000	0.0	25.00	0	0	0
	Class B	610,000	21.0	16.65	0	10,600	7,300
Northeast		2.08M	19.9	19.70	0	37,500	1,200
	Class A	670,000	30.0	21.00	0	14,400	15,800
	Class B	1.42M	15.2	18.30	0	23,000	-14,700
Airport		3.29M	24.4	17.33	0	-15,400	-18,400
	Class A	0	0.0	0	0	0	0
	Class B	3.29M	24.4	17.33	0	-15,400	-18,400
North		850,000	8.8	17.87	0	49,100	50,500
	Class A	120,000	56.8	18.00	0	51,600	51,600
	Class B	730,000	1.0	17.15	0	-2,500	-1,100
Memphis Total		23.11M	17.6	21.45	0	14,400	-67,700
	Class A	9.46M	16.8	23.37	0	55,700	86,500
	Class B	13.65M	18.0	20.16	0	-41,300	-154,200

Source: CBRE Research, Q3 2026

Market Area Overview



Survey Criteria

The CBRE, Inc. Office Figures report provides statistics based on a revised set of inventory consisting of office properties in the following submarkets: Airport, Downtown, East, 385 Corridor, Midtown, North and Northeast. All properties are Class A or B, are greater than 10,000 sq. ft. and are not owner occupied. Properties used primarily for medical and government purposes have been removed from the data set. Historical data is reflective of the current set of inventory rather than previously published report figures and is subject to revision as additional information becomes available.

Memphis Office

6070 Poplar Avenue, Suite 500
Memphis, Tennessee 38119

Contacts

Jeremy Chism
Managing Director
jeremy.chism@cbre.com

Lauren Goddard
Associate Director of Research
lauren.goddard@cbre.com

