

FIGURES | MEMPHIS INDUSTRIAL | Q3 2026

Market fundamentals improve as availability declines and rents rise



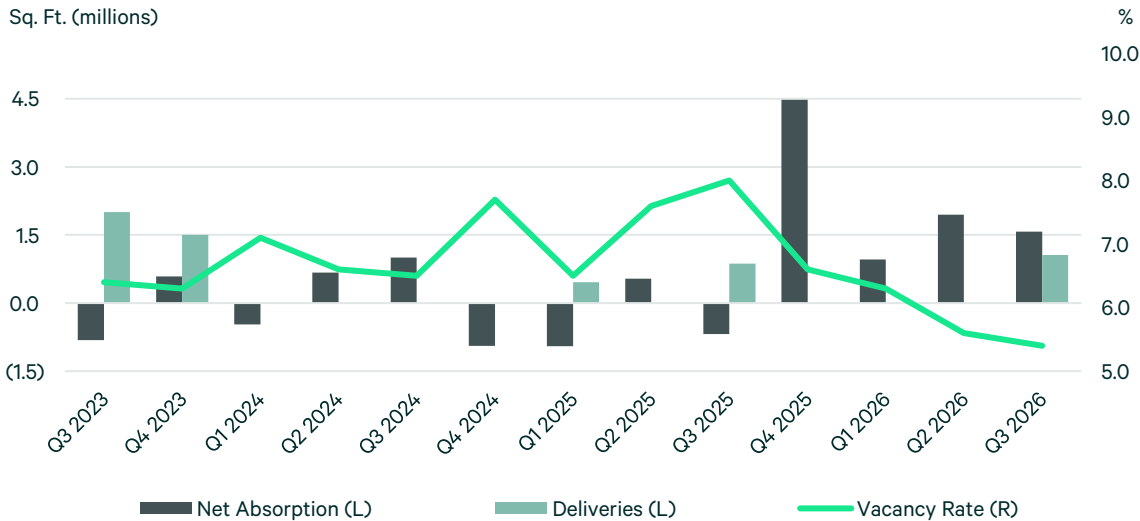
Note: Arrows indicate change from previous quarter.

Market Overview

Memphis industrial market fundamentals strengthened further in Q3 2026 as positive absorption, healthy leasing activity and declining availability continued to reduce excess space. Net absorption totaled 1.57 million sq. ft., following 1.96 million sq. ft. in Q2 2026, while tenants signed 7.04 million sq. ft. of leases, up from 6.54 million sq. ft. in the prior quarter. Vacancy declined 20 basis points quarter-over-quarter to 5.4%, and availability compressed 100 basis points to 8.9%, marking its lowest level since Q3 2024. Average asking rents increased to a new cyclical high of \$4.90 per sq. ft., reflecting improving landlord pricing power amid tightening market conditions. The construction pipeline totaled 3.54 million sq. ft. across four projects, while 1.06 million sq. ft. delivered during the quarter.

Broader economic conditions remain generally supportive of industrial real estate demand. Although elevated interest rates continue to weigh on capital markets and development activity, steady economic growth, resilient consumer spending and strong business investment are supporting occupier demand. For Memphis, these trends are helping drive continued leasing activity and positive absorption, allowing the market to absorb excess availability created during the market's slowdown. As a result, market fundamentals continue to improve, with declining availability and rising rents signaling a healthy recovery underway.

Figure 1: Historical Net Absorption, Deliveries, and Vacancy



Source: CBRE Research, Q3 2026

Availability Rate

Availability continued to decline in Q3 2026 as the market absorbed excess space created during the slowdown that peaked in late 2024. Overall availability fell 100 basis points quarter-over-quarter to 8.9%, while direct availability declined 70 basis points to 7.8% and sublease availability decreased 30 basis points to 1.1%. Compared with Q3 2025, overall availability was down 170 basis points, reflecting continued improvement in tenant demand.

The market has now recorded four consecutive quarters of availability compression, with overall availability falling 360 basis points from its recent peak of 12.5% in Q4 2024. This trend reflects sustained leasing momentum and positive absorption that have steadily reduced the volume of available space.

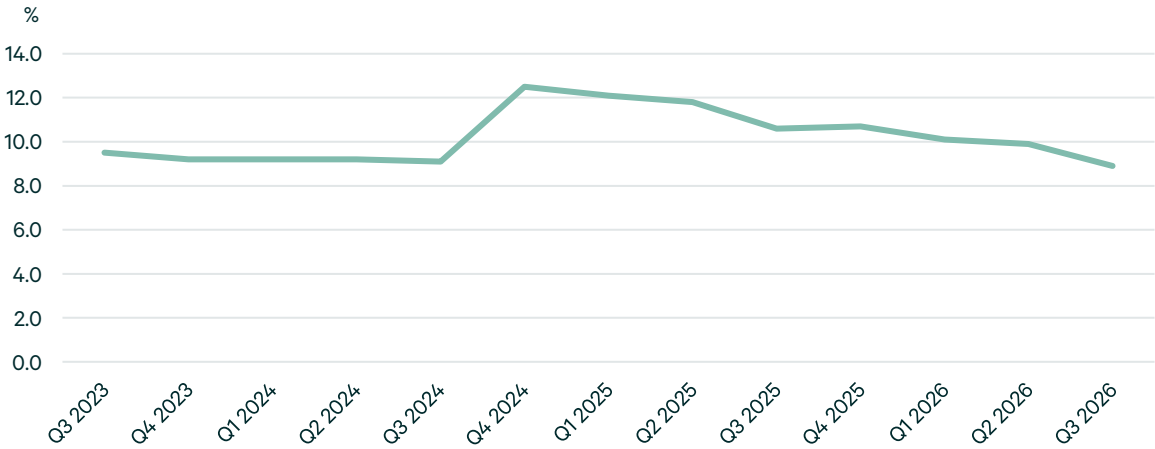
Available space remained concentrated in direct listings. Direct availability represented 7.8% of inventory while sublease availability accounted for 1.1%. Sublease availability continued its downward trajectory in Q3 2026, declining to 1.1% from 1.4% in Q2 2026. Total sublease space fell to 3.24 million sq. ft., further indicating that occupiers are increasingly absorbing space previously returned to the market.

Asking Rent

Asking rents continued to strengthen in Q3 2026, reaching a new cyclical high of \$4.90 per sq. ft. The market average increased 3.2% quarter-over-quarter from \$4.75 per sq. ft. in Q2 2026 and was 6.1% higher than the \$4.62 per sq. ft. recorded one year ago. The acceleration in rent growth reflects improving market fundamentals and marks the strongest annual increase in several years.

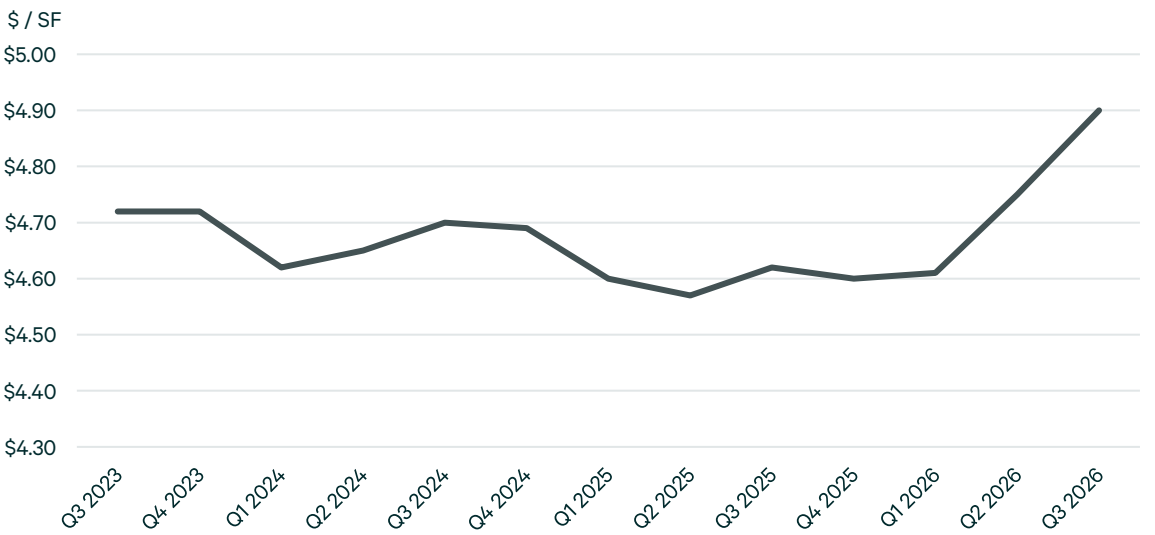
Rent growth has strengthened alongside rising occupancy and declining availability, suggesting that improving demand fundamentals are beginning to translate into greater pricing power for landlords. As market conditions continue to tighten, Memphis remains positioned for additional rent growth, particularly in modern Class A facilities and highly sought-after logistics locations.

Figure 2: Availability Rates



Source: CBRE Research, Q3 2026

Figure 3: Average Direct Asking Rate



Source: CBRE Research, Q3 2026

Net Absorption

The Memphis industrial market recorded 1.57 million sq. ft. of positive net absorption in Q3 2026, marking the fourth consecutive quarter of occupancy growth and reinforcing the market's ongoing recovery. While absorption moderated from the 1.95 million sq. ft. recorded in Q2 2026, it remained well above recent historical averages and contributed to further declines in both vacancy and availability. Through the first three quarters of 2026, the market has absorbed approximately 4.48 million sq. ft., reflecting sustained occupier demand across the region.

Several large occupancies drove the quarter's positive performance. The completion of Amazon's 933,645-sq.-ft. build-to-suit facility generated the largest single absorption gain, while additional move-ins at Southaven Park 55 Building 1 (902,720 sq. ft.), Eastgate Building 2 (514,590 sq. ft.), Medline Distribution Center (372,000 sq. ft.), Goodman Road Business Park (350,356 sq. ft.) and Interchange Commerce Center Building A (255,360 sq. ft.) further boosted market occupancy. These transactions highlight continued demand from logistics, distribution, manufacturing and e-commerce users throughout the Memphis region.

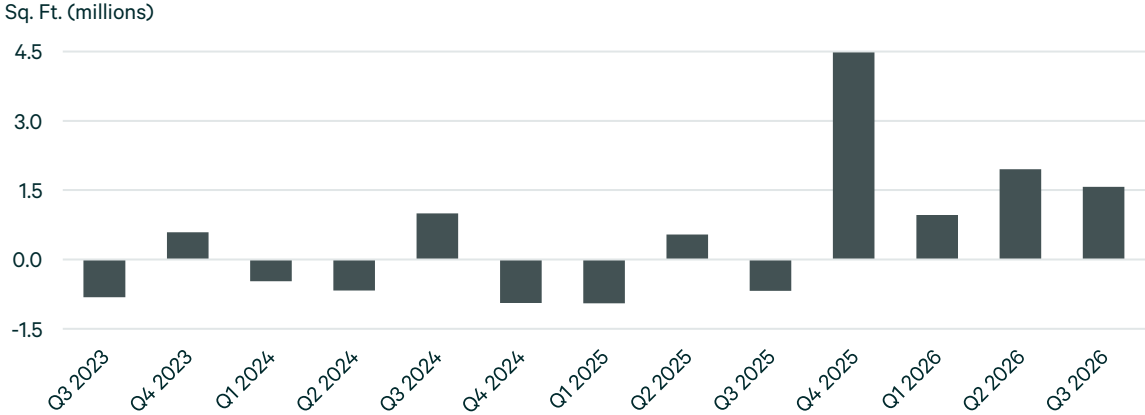
Occupancy gains were partially offset by several large blocks of space returning to the market. Notable move-outs included Centerpoint II (600,000 sq. ft.), 8474 Market Place Drive (434,900 sq. ft.), Southpark O (404,400 sq. ft.), 5321 E. Shelby Drive (344,400 sq. ft.) and Distriplex Farms (180,000 sq. ft.). Despite these large vacancies, tenant expansions, new facility occupancies and recently delivered build-to-suit projects more than offset space givebacks during the quarter.

Construction Activity

Construction activity remained elevated in Q3 2026, although the development pipeline moderated from the previous quarter. A total of 3.54 million sq. ft. was under construction across four projects, representing a 23.0% decline from Q2 2026 but a 15.7% increase compared with one year ago. Deliveries totaled 1.06 million sq. ft., up 21.9% year-over-year from the 869,000 sq. ft. completed in Q3 2025.

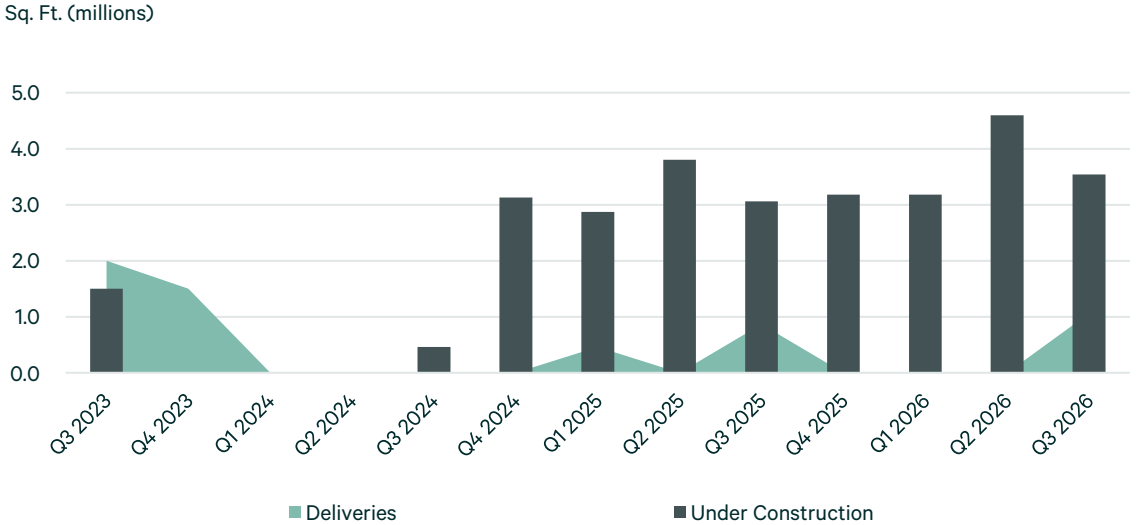
The current pipeline is concentrated in a small number of large projects, including the 2.00 million sq. ft. Amplify Cell Technologies facility and the 1.15 million sq. ft. Marshall Trade Center - Building 1 speculative development in Marshall County, along with the 270,000 sq. ft. Southwark Metal Manufacturing Company build-to-suit project in DeSoto County.

Figure 4: Net Absorption Trend



Source: CBRE Research, Q3 2026

Figure 5: Construction Activity



Source: CBRE Research, Q3 2026

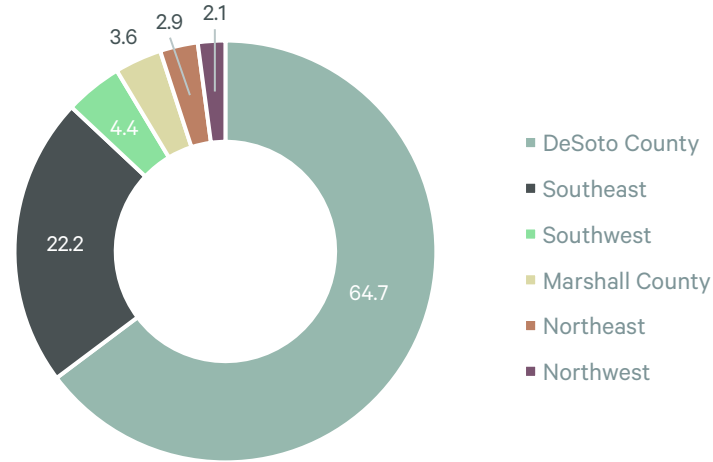
Leasing Activity

Leasing activity remained healthy in Q3 2026, with 7.04 million sq. ft. of industrial leasing completed during the quarter, a 7.6% increase from Q2 2026. Strong leasing momentum helped sustain positive absorption, reduce available space and support continued improvement in overall market fundamentals.

DeSoto County was the market's primary demand driver over the quarter, accounting for nearly 65% of quarterly leasing volume and many of the market's largest transactions. The submarket continues to benefit from its inventory of modern logistics facilities, strategic Interstate 55 access and proximity to the broader Memphis transportation network. As occupiers continue to prioritize supply chain efficiency and regional distribution capabilities, DeSoto County remains one of the Mid-South's most sought-after industrial locations.

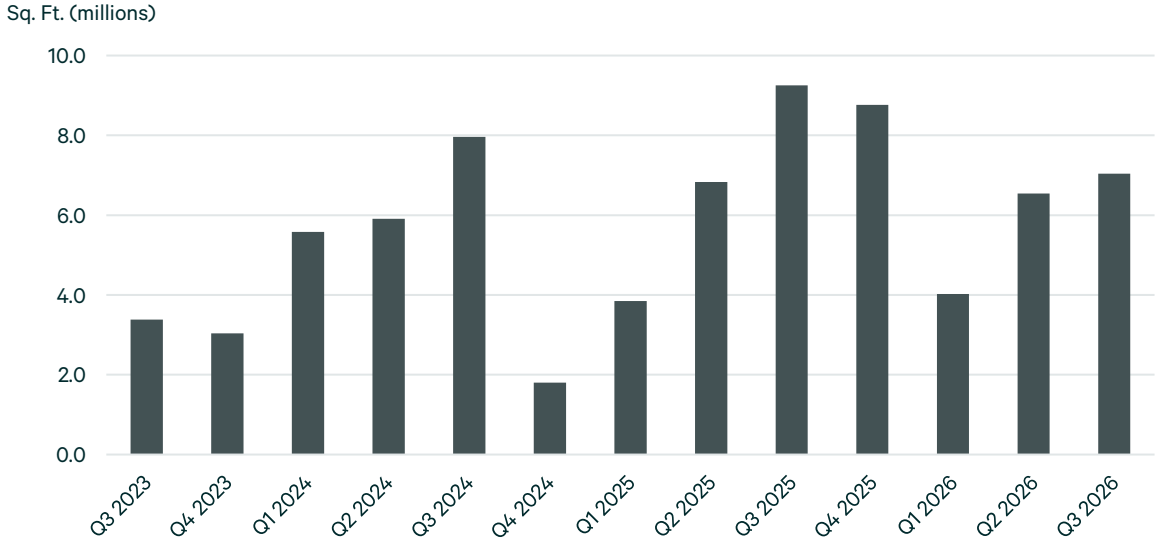
Demand was driven primarily by new leasing activity, with new leases and expansions totaling 4.33 million sq. ft. and accounting for 61.5% of quarterly volume. Renewal activity remained strong as well, representing 2.71 million sq. ft., or 38.5% of leasing activity. The significant share of new leasing highlights continued market expansion and tenant growth, while robust renewal volume demonstrates ongoing commitment from existing occupiers despite a still-elevated interest rate environment. Combined with four consecutive quarters of positive absorption and declining availability, Q3 leasing activity provides further evidence that occupier demand remains healthy and continues to support the market's ongoing recovery.

Figure 7: Leasing Activity by Submarket (% of Total Activity)



Source: CBRE Research, Q3 2026

Figure 6: Leasing Activity Trend



Source: CBRE Research, Q3 2026

Figure 8: Key Lease Transactions

Tenant	Sq. Ft. Leased	Transaction Type	Address	Submarket
Confidential Tenant	903,000	New Lease	3683-3721 Highway 51 N	DeSoto County
Patterson Warehouses	454,000	Renewal	295 Marathon Way	DeSoto County
Parts Authority	449,000	Sublease	11331-11539 Progress Way	DeSoto County
K & C Warehouse	390,000	Sublease	330-366 Stateline Rd E	DeSoto County
Nidec Motor	365,000	Renewal	710 Venture Dr	DeSoto County
Confidential Tenant	361,000	Renewal	5345 Hickory Hill Rd	Southeast
Phoenix Assurance	350,000	New Lease	262 Marathon Way	DeSoto County
Appleton Group	257,000	Renewal	6750 Legacy Blvd	DeSoto County

Source: CBRE Research, Q3 2026

Market Statistics by Size

Figure 9

Size Range	Net Rentable Area (SF)	Direct Vacancy (%)	Total Availability (%)	Direct Availability (%)	Sublease Availability (%)	Avg. Direct Asking Rate (\$/SF NNN/yr)	Current Quarter Net Absorption (SF)	YTD Net Absorption (SF)	Deliveries (SF)	Under Construction (SF)
Below 50K SF	34.77M	3.5	5.3	5.1	0.2	7.30	(64,000)	(237,000)	-	-
50K-99,999 SF	24.17M	5.7	10.8	9.0	1.8	6.27	21,000	170,000	-	-
100K-249,999 SF	64.19M	4.7	9.0	7.5	1.5	4.89	109,000	86,000	126,000	120,000
250K-499,999 SF	50.39M	10.4	16.0	15.4	0.6	4.85	(562,000)	(1.14M)	-	270,000
500K-749,999 SF	38.19M	5.1	8.0	6.3	1.8	4.50	(283,000)	217,000	-	-
750,000 SF +	86.21M	3.9	5.9	5.0	0.9	3.90	2.35M	5.39M	934,000	3.15M
Total	297.93M	5.4	8.9	7.8	1.1	4.90	1.57M	4.48M	1.06M	3.54M

Source: CBRE Research, Q3 2026

Market Statistics by Product Type

Figure 10

Product Type	Net Rentable Area (SF)	Direct Vacancy (%)	Total Availability (%)	Direct Availability (%)	Sublease Availability (%)	Avg. Direct Asking Rate (\$/SF NNN/yr)	Current Quarter Net Absorption (SF)	YTD Net Absorption (SF)	Deliveries (SF)	Under Construction (SF)
Distribution/Logistics	274.42M	5.4	9.0	7.9	1.1	4.71	1.70M	4.45M	1.06M	120,000
Manufacturing - General	12.01M	2.3	3.4	2.7	0.7	-	-	-	-	2.27M
R&D/Flex	8.94M	8.7	11.1	11.0	0.1	8.78	(132,000)	(168,000)	-	-
Other Industrial	2.55M	10.9	10.9	10.9	-	4.25	-	200,000	-	1.15M
Total	297.93M	5.4	8.9	7.8	1.1	4.90	1.57M	4.48M	1.06M	3.54M

Source: CBRE Research, Q3 2026

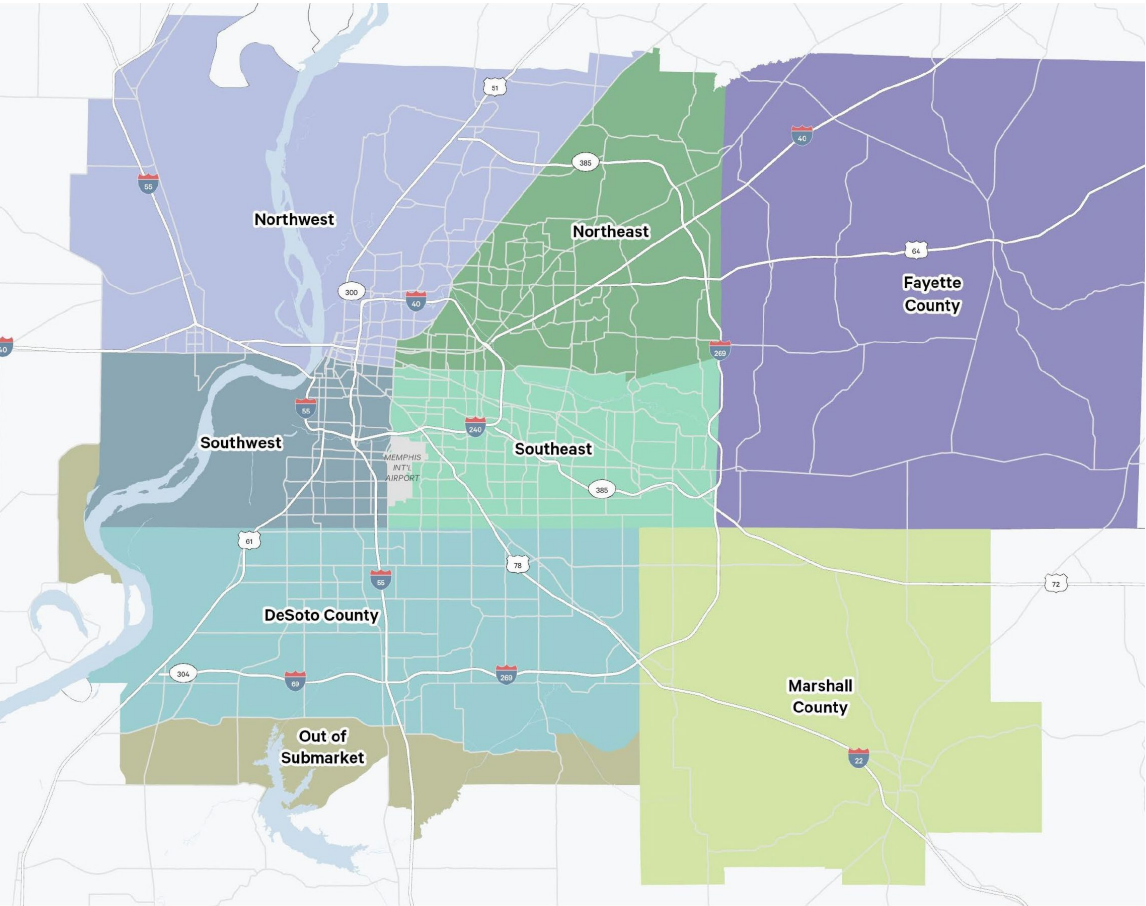
Market Statistics by Submarket

Figure 11

Submarket	Net Rentable Area (SF)	Direct Vacancy (%)	Total Availability (%)	Direct Availability (%)	Sublease Availability (%)	Avg. Direct Asking Rate (\$/SF NNN/yr)	Current Quarter Net Absorption (SF)	YTD Net Absorption (SF)	Deliveries (SF)	Under Construction (SF)
DeSoto County	71.44M	4.1	9.3	8.8	0.5	5.21	2.04M	3.75M	-	270,000
Fayette County	8.30M	-	0.5	0.5	-	4.70	126,000	126,000	126,000	-
Marshall County	22.99M	8.0	14.7	8.0	6.6	5.59	1.19M	2.18M	934,000	3.15M
Northeast	17.32M	3.7	4.9	4.4	0.4	10.15	(66,000)	(70,000)	-	120,000
Northwest	25.88M	3.6	4.1	4.1	-	3.75	131,000	148,000	-	-
Southeast	108.48M	8.0	11.4	10.4	1.0	4.71	(1.82M)	(1.87M)	-	-
Southwest	43.52M	2.7	5.0	4.6	0.4	3.93	(33,000)	213,000	-	-
Total	297.93M	5.4	8.9	7.8	1.1	4.90	1.57M	4.48M	1.06M	3.54M

Source: CBRE Research, Q3 2026

Market Area Overview



Definitions

Available Sq. Ft.: Space in a building, ready for occupancy within six months; can be occupied or vacant. Availability Rate: Total Available Sq. Ft. divided by the total building Area. Average Asking Lease Rate: A calculated average that includes net and gross lease rate, weighted by their corresponding available square footage. Building Area: The total floor area sq. ft. of the building, typically taken at the “drip line” of the building. Gross Activity: All sale and lease transactions completed within a specified time period. Excludes investment sale transactions. Gross Lease Rate: Rent typically includes real property taxes, building insurance, and major maintenance. Net Absorption: The change in Occupied Sq. Ft. from one period to the next. Net Lease Rate: Rent excludes one or more of the “net” costs (real property taxes, building insurance, and major maintenance) typically included in a Gross Lease Rate. Occupied Sq. Ft.: Building Area not considered vacant. Vacancy Rate: Total Vacant Sq. Ft. divided by the total Building Area. Vacant Sq. Ft.: Space that can be occupied within 30 days.

Survey Criteria

Includes all classes of competitive Warehouse/Distribution, Manufacturing, and R&D/Flex properties larger than 10,000 sq. ft. within the geographic submarket boundaries defined in the “Market Area Overview.”

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