Memphis office market ends 2025 with stable vacancy but rising availability

▲ 15.0%
Direct Vacancy Rate

▼ -19.0K
sq. ft. Direct Net Absorption

▶ 0.0K
sq. ft. Under Construction

▲ $22.64
Class A Lease Rate

▼ $19.28
Class B Lease Rate

Note: Arrows indicate change from previous quarter.

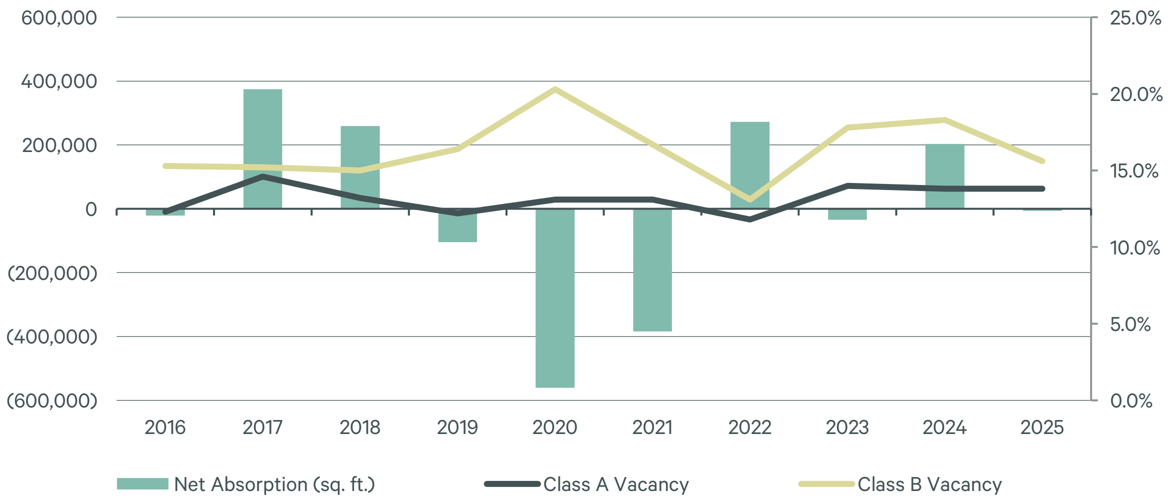
Key Takeaways

– The direct vacancy rate remained steady at 15.0% while total availability rose to 17.5%, up from 16% in the third quarter, signaling more space being brought to market and increasing tenant options.

– Class A continued to outperform in 2025, recording 55,990 sq. ft. of positive absorption, while Class B properties posted -61,832 sq. ft. over the same period.

The Memphis office market closed the fourth quarter with stable but slightly softening fundamentals. The total vacancy rate inched up to 15.0%, a marginal increase from 14.9% in the prior quarter, while Class A vacancy followed a similar pattern, rising to 13.8%. Occupancy levels declined during the quarter, resulting in -19,037 sq. ft. of direct net absorption, though year-to-date figures remained comparatively modest at -5,842 sq. ft. Class A assets posted -3,732 sq. ft. of quarterly absorption but maintained positive performance on an annual basis, with 55,990 sq. ft. absorbed year to date. Overall, the market finished the year with signs of continued momentum, supported by fundamentals that held firm even as occupiers remained measured in their activity.

FIGURE 1: Historical Absorption and Vacancy



Source: CBRE Research, Q4 2025

MARKET TRENDS

Fourth quarter leasing activity largely mirrored the stable yet restrained environment that has shaped much of the market's performance over the past year. Leasing volume reached 230,000 sq. ft. with transactions in the East and Northeast submarkets driving most of the activity.

The Memphis office market saw a noticeable rise in availability this quarter as larger blocks of space in the East, Northeast, and 385 Corridor submarkets were brought to market. This trend expands options for tenants but also signals a competitive leasing environment heading into 2026, particularly for properties outside the top tier.

MARKET OUTLOOK

The broader U.S. economy continues to show mixed signals, with business activity improving in some areas while households remain cautious. For Memphis, this environment translates into steady but tempered demand drivers as companies take a cautious approach to hiring and expansion. National growth is expected to hold near 2% in 2026, supported by easing inflation and lower long-term bond yields, which may help unlock real estate activity. However, softer labor market momentum and uneven consumer confidence could limit the pace of local office demand recovery in the near term.

FIGURE 2: Key Leasing Transactions

Tenant	Location	Size (sq. ft.)	Submarket	Transaction Type
Helena Agri-Enterprises	255 Schilling Blvd	25,522	385 Corridor	Renewal
Data Facts, Inc.	8000 Centerview Pkwy	13,621	Northeast	Renewal
Strategic Resource Management	5100 Poplar Ave	12,593	East	Renewal/ Expansion
Ballin, Ballin, and Fishman	200 Jefferson Ave	8,017	Downtown	Renewal
TASCO	40 S Main St	6,905	Downtown	Renewal

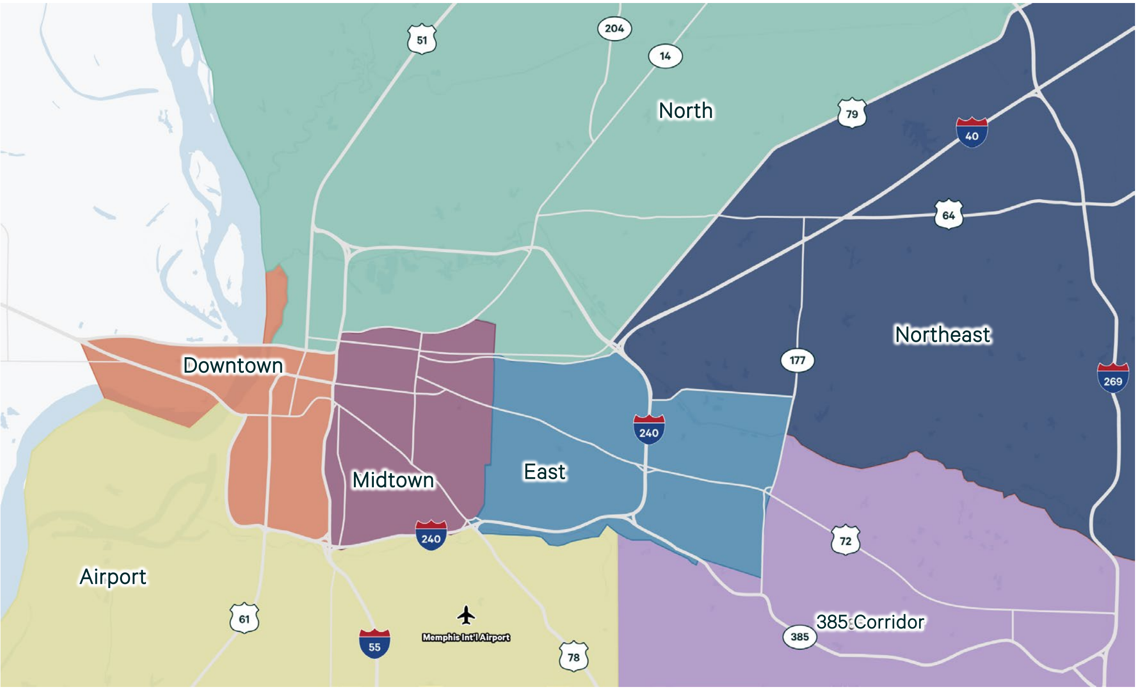
Source: CBRE Research, Q4 2025

FIGURE 3: Market Statistics

Submarket	Class	Building SF	Direct Vacancy (%)	Avg Asking Lease Rate ($)	Construction Deliveries (SF)	Q4 Net Absorption (SF)	YTD Net Absorption (SF)
East (CBD)		8,515,243	15.8	23.48	0	-160	51,353
	Class A	3,192,895	12.4	30.76	0	3,971	55,119
	Class B	5,322,348	17.9	20.95	0	-4,131	-3,766
Downtown		3,337,155	7.6	21.10	0	-8,462	-23,062
	Class A	1,675,449	8.9	22.18	0	-9,412	-16,929
	Class B	1,661,706	6.4	19.97	0	950	-6,133
385 Corridor		4,294,193	15.7	19.59	0	-1,112	-14,840
	Class A	3,274,073	19.3	19.65	0	-3,275	12,816
	Class B	1,020,120	4.2	18.67	0	2,163	-27,656
Midtown		1,244,634	10.5	17.75	0	-3,616	-2,993
	Class A	620,000	0.3	22.00	0	1,602	1,602
	Class B	624,634	20.6	16.82	0	-5,218	-4,595
Northeast		2,211,763	15.0	19.00	0	918	-3,645
	Class A	679,856	18.6	20.11	0	3,382	3,382
	Class B	1,531,907	13.5	17.90	0	-2,464	-7,027
Airport		3,254,132	23.4	17.63	0	-6,605	-12,655
	Class A	0	0.0	0.00	0	0	0
	Class B	3,254,132	23.4	17.63	0	-6,605	-12,655
North		727,775	0.8	15.25	0	0	0
	Class A	0	0.0	0.00	0	0	0
	Class B	727,775	0.9	15.25	0	0	0
Memphis Total		**23,584,895**	**15.0**	**20.63**	**0**	**-19,037**	**-5,842**
	Class A	**9,442,273**	**13.8**	**22.64**	**0**	**-3,732**	**55,990**
	Class B	**14,142,622**	**15.6**	**19.28**	**0**	**-15,305**	**-61,832**

Source: CBRE Research, Q4 2025

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.

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