

FIGURES | MEMPHIS INDUSTRIAL | Q4 2025

Memphis industrial market ends the year with lower vacancy and steady rental rates

▼ 6.4%

Direct Vacancy Rate

▲ 4.8M

SF Net Absorption

▲ 3.4M

SF Under Construction

▼ 0

SF Construction Deliveries

▶ \$4.63

NNN / Lease Rate

Note: Arrows indicate change from previous quarter.

KEY TAKEAWAYS

- Direct vacancy fell to 6.4% in the fourth quarter, driven by 4.8 million sq. ft. of positive net absorption after lagging early in the year.
- Overall availability in the market tightened alongside vacancy, with total availability at 10.3%, down from 12.0% a year ago.
- Despite a softer labor market and GDP growth projected at 2.0% for 2026, Memphis industrial fundamentals and tenant activity point to continued market stability.

The Memphis industrial market closed Q4 2025 with notable improvement in fundamentals. Direct vacancy recorded 6.4%, down from 7.8% in the prior quarter, supported by strong net absorption of 4.8 million sq. ft. This marks a sharp reversal from negative absorption earlier in the year. A major driver was USPS occupying 922,500 sq. ft. at Memphis Oaks I, while CTDI's 261,281 sq. ft. departure at Southpark Distribution Center partially offset gains. Average asking rents held steady at \$4.63 per sq. ft., reflecting minimal movement compared to prior years. Activity was concentrated in the Southeast and DeSoto County submarkets, which accounted for most of the quarter's positive absorption and leasing momentum.

FIGURE 1: Deliveries, Absorption & Vacancy Rate



Source: CBRE Research, Q4 2025

FIGURE 2: Market Statistics

Submarket	Building SF	Direct Vacancy (%)	Avg Asking Lease Rate (\$)	Under Construction	Q4 2025 Net Absorption (SF)	YTD 2025 Net Absorption (SF)	Availability Rate (%)	Submarket	Building SF	Direct Vacancy (%)	Avg Asking Lease Rate (\$)	Under Construction	Q4 2025 Net Absorption (SF)	YTD 2025 Net Absorption (SF)	Availability Rate (%)
Desoto County	74,371,246	8.4%	\$4.50	0	1,851,150	1,315,357	12.7%	Southeast	108,955,239	6.0%	\$4.61	0	2,771,882	1,684,602	11.7%
Bulk Warehouse	67,177,526	9.2%	\$4.46	0	1,851,150	1,321,832	13.3%	Bulk Warehouse	78,807,713	6.0%	\$4.54	0	2,449,787	1,427,001	12.2%
Standard Distribution	6,636,787	1.2%	\$8.18	0	0	(4,600)	7.5%	Standard Distribution	26,764,443	6.0%	\$4.47	0	331,274	(209,907)	10.2%
Service Center	556,933	1.8%	\$12.45	0	0	(1,875)	1.8%	Service Center	3,383,083	6.9%	\$7.30	0	(9,179)	467,508	12.0%
Fayette County	8,170,623	0.0%	\$-	227,500	0	956,667	0.0%	Northwest	28,622,403	4.4%	\$4.24	0	18,168	(193,140)	5.4%
Bulk Warehouse	6,927,411	0.0%	\$-	0	0	956,667	0.0%	Bulk Warehouse	19,769,927	4.5%	\$3.75	0	0	(121,036)	5.2%
Standard Distribution	1,191,312	0.0%	\$-	227,500	0	0	0.0%	Standard Distribution	8,328,405	4.2%	\$5.80	0	18,168	(86,681)	6.1%
Service Center	51,900	0.0%	\$-	0	0	0	0.0%	Service Center	524,071	2.3%	\$7.00	0	0	14,577	2.3%
Marshall County	22,044,387	14.1%	\$4.85	2,933,645	0	68,647	22.0%	Southwest	45,517,549	3.7%	\$3.88	0	123,193	854,045	4.4%
Bulk Warehouse	21,073,516	14.7%	\$4.84	2,933,645	0	(63,953)	22.6%	Bulk Warehouse	19,904,927	2.9%	\$3.08	0	11,250	1,219,258	2.6%
Standard Distribution	883,786	0.0%	\$-	0	0	138,000	9.2%	Standard Distribution	24,026,042	4.1%	\$3.86	0	111,943	(359,828)	5.4%
Service Center	87,085	6.2%	\$9.56	0	0	(5,400)	6.2%	Service Center	1,586,580	7.8%	\$8.77	0	0	(5,385)	11.3%
Northeast	14,844,037	2.8%	\$8.89	209,580	(12,308)	(122,657)	3.7%	Memphis MSA	302,525,484	6.4%	\$4.63	3,370,725	4,752,085	4,563,521	10.3%
Bulk Warehouse	3,750,903	0.4%	\$9.00	0	0	0	0.4%	Bulk Warehouse	217,411,923	7.1%	\$4.52	2,933,645	4,312,187	4,739,769	11.4%
Standard Distribution	8,591,545	3.7%	\$8.59	209,580	(13,600)	(120,750)	5.0%	Standard Distribution	76,422,320	4.4%	\$5.02	437,080	447,785	(643,766)	7.3%
Service Center	2,501,589	3.2%	\$9.82	0	1,292	(1,907)	4.6%	Service Center	8,691,241	5.3%	\$8.20	0	(7,887)	467,518	8.4%

Source: CBRE Research, Q4 2025

Q4 2025 Highlights

The quarter recorded more than 8.2 million sq. ft. of leasing activity, which was dominated by new deals rather than renewals. Large-scale commitments include Hyve Solutions Corporation’s 605,000 sq. ft. lease in the Southeast submarket and GXO Logistics Worldwide’s 474,000 sq. ft. lease in DeSoto County. Additionally, Chatt Transport Services increased its footprint in the market by nearly 1.6 million sq. ft this quarter. Solar panel storage deals in the second half played a critical role in the market’s positive absorption for the year, accounting for 2.1 million sq. ft. this quarter and 2.7 million sq. ft. in the third quarter. The year’s strong leasing activity, with more than 2.1 million sq. ft. yet to commence, positions the market for sustained positive absorption moving into 2026.

Investment sales remained muted through the fourth quarter, reflecting broader national trends of cautious capital deployment amid higher financing costs. Transaction volume was concentrated in smaller, single-tenant assets and select portfolio trades, as institutional buyers largely stayed on the sidelines. Notable transactions include xAI’s acquisition of 2400 Stateline Rd W and Elm Tree Funds’ purchase of 7700 Nail Rd, both in DeSoto County. Olymbec expanded its portfolio with the acquisition of 4481 Distriplex Cv in Memphis.

The U.S. economy shows mixed signals heading into 2026. AI-driven growth and improving capital goods orders point to business optimism, while stronger credit markets support real estate investment. However, consumer confidence remains weak, with spending concentrated among higher-income households. National GDP growth is expected to average around 2% in 2026, slightly softer than 2025, as hiring slows and labor markets remain cautious. For Memphis, these dynamics favor continued industrial demand from tech and logistics sectors, even as broader consumer softness tempers retail-related activity.

FIGURE 3: Key Leasing Transactions

Tenant	Location	Size (sq. ft.)	Submarket	Transaction Type
Exel	3300 Tchulatech Dr	971,880	Southeast	Renewal
Chatt Transport Services	4795 Imagination Dr	653,900	Southeast	New Lease
Hyve Solutions Corp	9105 Hacks Cross Rd	605,427	DeSoto County	New Lease
Chatt Transport Services	4600 Sonoma Cv	603,388	Southeast	New Lease
GXO Logistics	3883 US Highway 51	473,760	DeSoto County	New Lease

Source: CBRE Research, Q4 2025

FIGURE 4: Average Asking Rates (\$/sq. ft.)

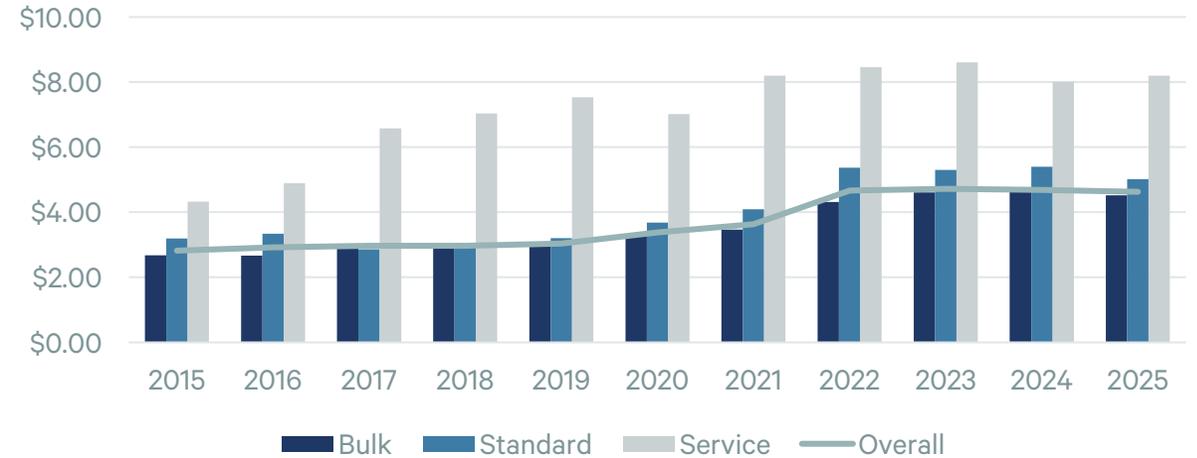
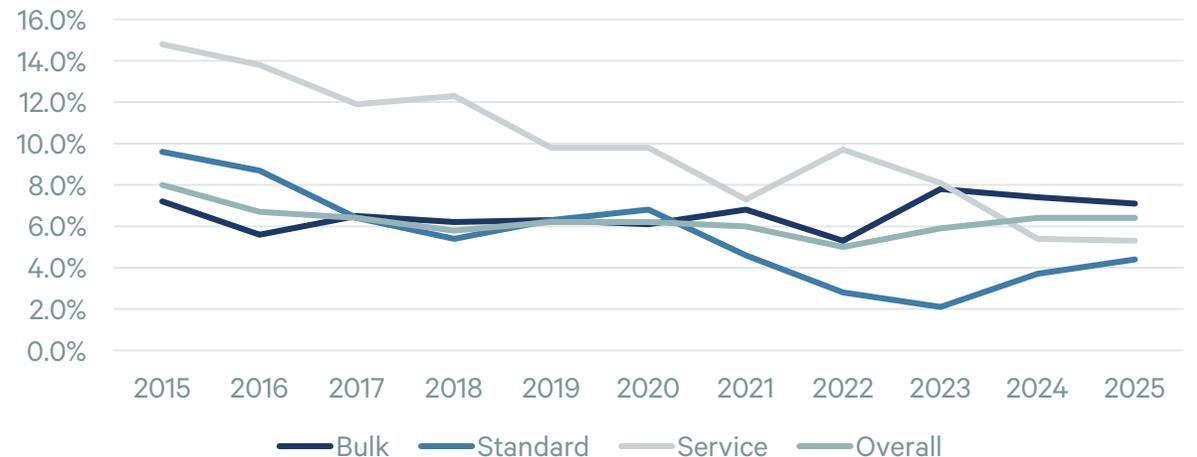
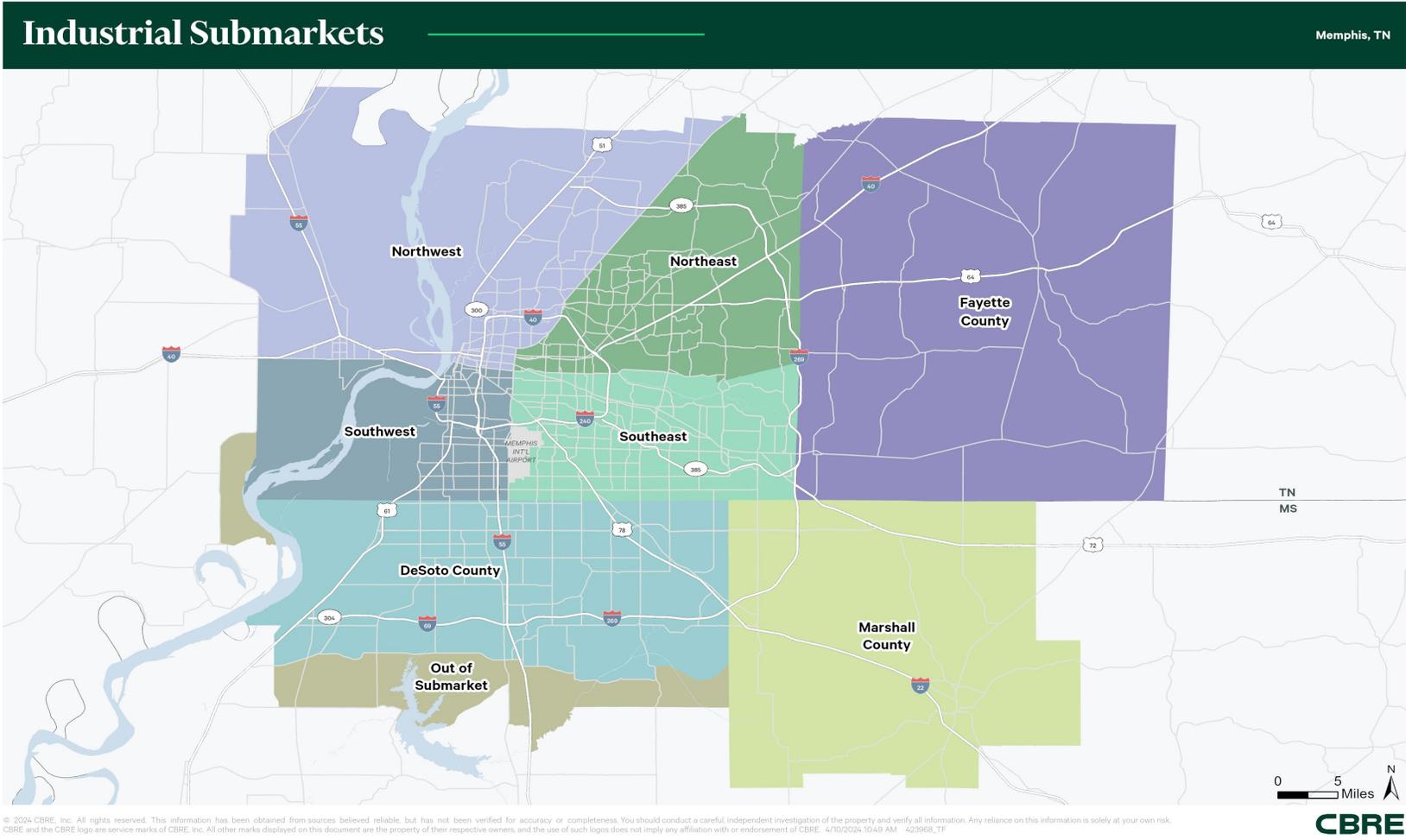


FIGURE 4: Direct Vacancy Rate





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