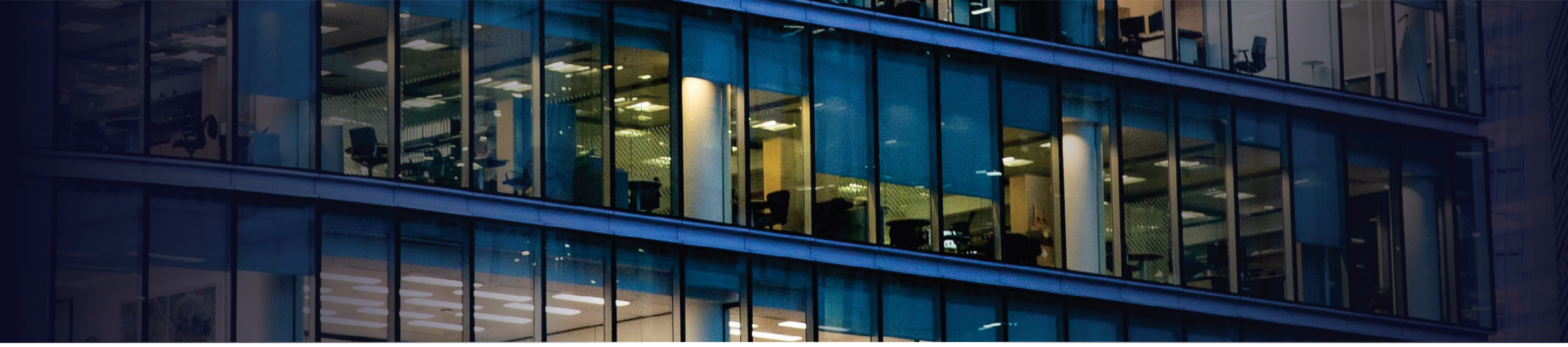


MARKETBEAT

Memphis

OFFICE Q2 2025

CUSHMAN & WAKEFIELD

MARKET FUNDAMENTALS

	YOY Chg	Outlook
17.8% Vacancy Rate (revised and not reflective of US MarketBeat	▲	▬
-41K YTD Net Absorption, SF	▼	▲
$19.38 Asking Rent, PSF	▬	▬

(Overall, All Property Classes)

ECONOMIC INDICATORS

	YOY Chg	Outlook
659K Memphis Employment	▼	▲
3.7% Memphis Unemployment Rate	▼	▲
4.2% U.S. Unemployment Rate	▲	▲

Source:BLS

ECONOMY:

The Federal Reserve Bank of Atlanta estimated a real GDP decline of 0.9% for Q2 2025, signaling a continued moderate contraction. Consumer confidence stayed low, with the Conference Board's index at 93.5 in June, near historic lows amid lingering inflation and trade concerns.

Regional banks reported tighter lending standards, with the Federal Reserve's Senior Loan Officer Survey showing 41% of institutions reducing credit availability for commercial borrowers. Tech layoffs and cost-cutting measures contributed to a national sublease inventory increase of 6.8%, placing further pressure on urban office landlords. At the same time, coworking operators reported a 5.4% rise in inquiries, signaling continued demand for flexible space options.

DEMAND:

Memphis posted four consecutive quarters of positive absorption before a brief pause, and it returned to positive territory in Q2 of 2025 if only barely. Vacancy has increased across the market with Class A buildings, outside of Downtown, being the least effected. Downtown presents unique complications. Over half of its vacancy stems from office buildings emptied for multifamily conversions that never materialized. That space now sits vacant, weighing down the market-wide vacancy rate.

Higher interest rates and looming loan maturities are causing stress for some office owners. In recent quarters, at least five stabilized assets sold in pre-foreclosure situations.

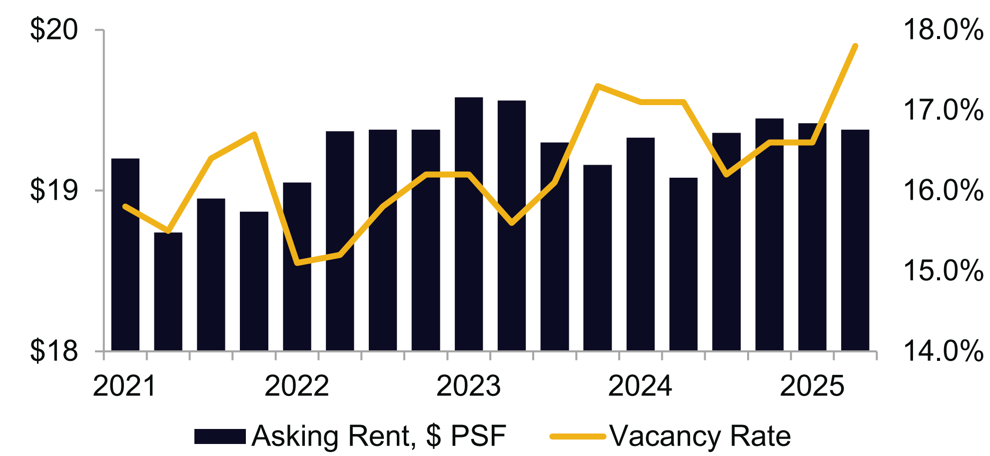
PRICING:

While essentially stable, the overall average asking rate ended slightly behind last quarter at $19.38 per square foot (psf).

Rates in well positioned assets are steady, though the market continues to push landlords to be more aggressive to attract tenants. Tenant improvement allowances (TI) are driving deals given current construction costs and landlords offering higher TI are trying to balance the additional upfront costs by negotiating longer terms.

SPACE DEMAND / DELIVERIES

OVERALL VACANCY & ASKING RENT



MEMPHIS
OFFICE Q2 2025

MARKET STATISTICS

SUBMARKET	INVENTORY (SF)***	SUBLET VACANT (SF)	DIRECT VACANT (SF)	OVERALL VACANCY RATE***	CURRENT QTR OVERALL NET ABSORPTION (SF)	YTD OVERALL NET ABSORPTION (SF)	YTD LEASING ACTIVITY (SF)	UNDER CNSTR (SF)**	OVERALL AVG ASKING RENT (ALL CLASSES)*	OVERALL AVG ASKING RENT (CLASS A)*
385 Corridor	3,836,034	0	739,640	19.3%	11,049	-30,625	58,147	-	$17.85	$18.42
Airport	2,399,209	170,544	626,620	33.2%	0	-15,977	0	-	$16.37	$17.32
Downtown	5,128,018	116,083	703,626	16.0%	14,742	22,620	2,045	-	$19.64	$20.54
East	10,776,348	68,162	1,507,082	14.6%	-38,794	-48,202	97,624	-	$20.76	$22.29
Midtown	1,759,368	3,542	331,411	19.0%	6,572	12,231	25,752	-	$19.34	$23.00
North	477,553	0	13,040	2.7%	538	926	6,997	-	$16.53	$22.43
Northeast	2,759,044	61,547	501,719	20.4%	7,850	17,560	18,995	-	$18.78	$17.00
MEMPHIS TOTALS	**27,135,574**	**419,878**	**4,423,138**	**17.8%**	**1,957**	**-41,467**	**209,560**	**-**	**$19.38**	**$20.12**

**Rental rates reflect full service asking* ***only included in absorption if occupancy by Q2 2025* ****Inventory & Vacancy Rate were revised and are not reflective of U.S. Office MarketBeat*

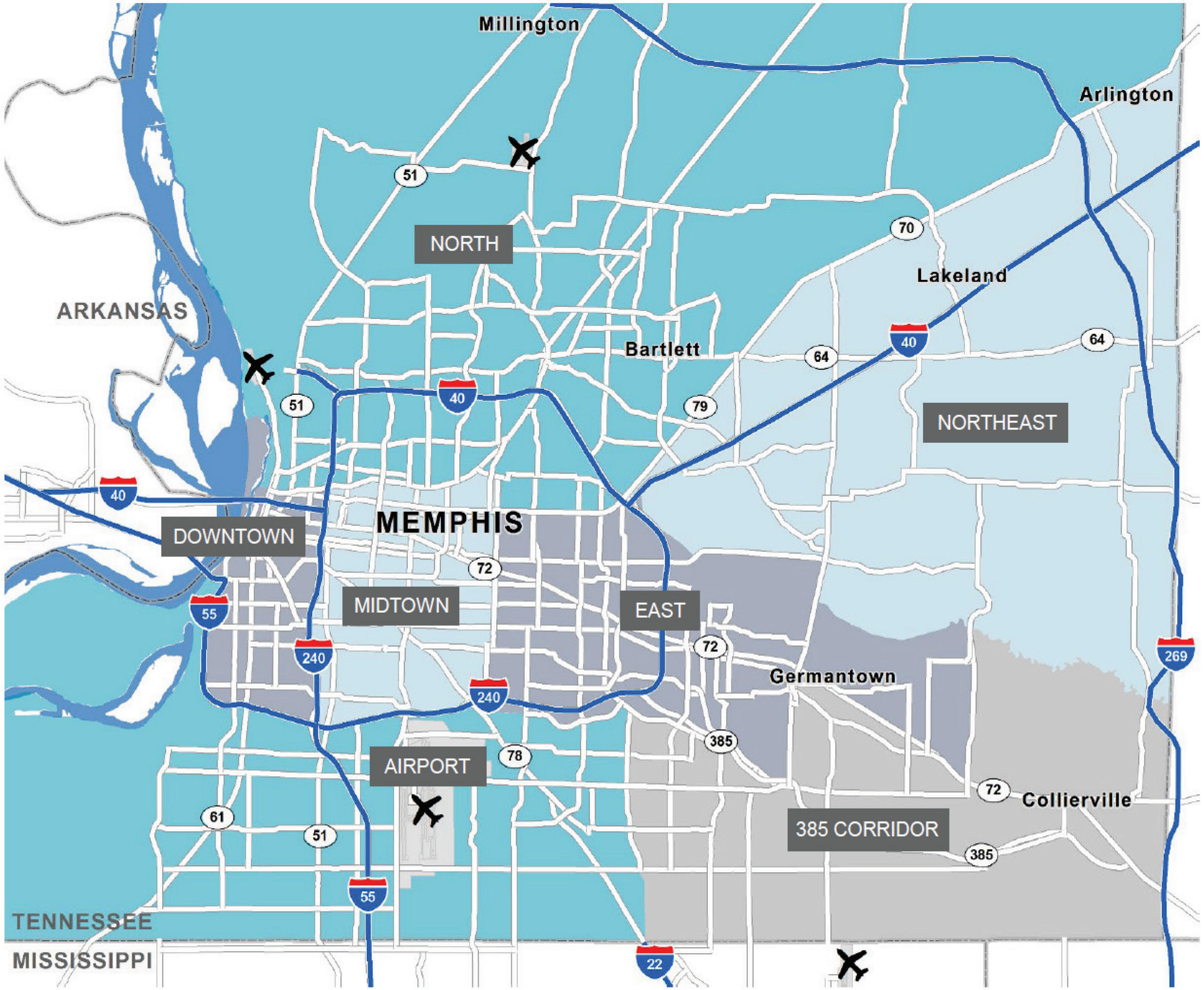
KEY LEASE TRANSACTIONS Q2 2025

PROPERTY	SUBMARKET	TENANT	SF	TYPE
8010 Stage Hills Blvd	Northeast	MSK Group, PC dba OrthoSouth	8,276	New
5350 Poplar Ave	East	Bradsher Alpert Stuart, PLLC	5,381	New
3350 Players Club Pkwy	385 Corridor	Power Freight Services	4,139	New
3725 Champion Hills Drive	385 Corridor	Qsource	4,020	New

KEY SALE TRANSACTIONS Q2 2025

PROPERTY	SUBMARKET	SELLER/BUYER	SF	PRICE / $ PSF
6060 Primacy Pky	East	Priam Properties / CAT Global	130,593	$6.55M / $50.19

OFFICE SUBMARKETS



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