

Quick Stats

4.4%

Unemployment Rate
Memphis MSA
February 2020 (BLS)
Preliminary

6.7%

Overall Vacancy Rate
+0.5 pp YOY

1.3 MSF

Total Market Net Absorption
Year-to-Date
(Based on Occupancy)

\$2.89 PSF

Total Market Asking Rental Rate
(Weighted Average)

First Quarter 2020 / Industrial Market Report

Memphis

Memphis experienced a slight change of pace in its industrial market near the end of the first quarter due to the novel coronavirus (COVID-19) pandemic. During these unprecedented times, a mass shortage of medical supplies and equipment in the healthcare sector quickly transpired causing some businesses to shift their focus and production to fill the void. In Memphis, transportation and logistics services have been tirelessly working around the clock to adjust their operations to fulfill local and international needs.

The direct vacancy rate recorded 6.3%, an increase of 0.3 percentage points (pp) from a year ago. Nearly 2.1 million square feet (msf) of new leasing activity was reported in addition to 2.0 msf of renewal activity. In the quarter's largest transaction, IG Design Group leased 892,620 sf at Gateway Global Logistics Center Building IX in Marshall County. This transaction continues the trend of robust pre-leasing activity at speculative buildings across the market.

Total market net absorption came in at 1.2 msf, with significant activity occurring in the Southeast submarket. Protective Industrial Products vacated 330,910 sf at Lamar Industrial Park following its move to I-22 Logistics Park late last year. Additionally, K Power Global Logistics, Technicolor, and Krone North America gave back space in the Southeast submarket. LeSaint Logistics filled a majority of the empty space (640,000 sf) left by Target last year at 5461 Davidson Road. Hollingsworth Logistics Group took 236,600 sf at Southpoint VI. In the Southwest submarket, Valley Distribution leased and occupied 275,000 sf at Belz Industrial Park.

Four buildings totaling more than 1.1 msf delivered to the market this quarter, with more than 46% of the new space leased prior to completion. Notably, Amazon broke ground on its 2.1 msf sort facility in the Northwest submarket, the first significant development in the area since Nike completed its distribution center expansion on New Allen Road in 2015.

Notable Lease Transactions

Tenant	Property	SF	Submarket	Type
IG Design	Gateway Global Logistics Center Spec IX	892,620	Marshall/Fayette County	New
Valley Distribution	Belz Industrial Park	275,000	Southwest	New
Titan Manufacturing	Hickory Hill Industrial #110	152,273	Southeast	New
Wal-Mart	3363 Miac Cove	131,225	Southeast	New
Keefe Group, Inc.	Legacy Park V	121,991	DeSoto County	New

Notable Sale Transactions

Property	Buyer	Seller	SF	Price	\$ PSF	Submarket
Prologis Acquiring IPT 2020	Prologis	IPT	2,601,835	\$221,700,000	\$85.00	Southeast / DeSoto County
191 Norfolk Southern Way	MetLife	CP Logistics	1,904,309	Undisclosed	N/A	Marshall/Fayette County
3543 Lamar Ave	MDH Partners	Huntington Industrial Partners	399,066	\$11,900,000	\$30.00	Southeast
3955 E Shelby Dr	Realterm Global	Scannell Properties	124,760	\$7,800,000	\$62.00	Southeast
BlueLinx USA Industrial Portfolio 2020	AIC Ventures	BlueLinx	98,197	\$2,000,000	\$20.00	Southeast

Under Construction

Property	Developer	SF	Type	Estimated Completion	Submarket
Amazon Sort Facility	Seefried Industrial Properties	2,050,502	BTS	2020 4Q	Northwest
Medline Distribution Center	Medline Industries Inc	1,200,000	BTS	2021 1Q	DeSoto County
Legacy Park VI	Hillwood Investment Properties	1,074,174	BTS	2020 2Q	DeSoto County
Gateway Global Logistics Center Bldg IX	CBRE / Panattoni	892,640	Spec	2020 2Q	Marshall/Fayette County
DeSoto 55 Logistics Center Building D	Core5 Industrial Partners	860,915	Spec	2020 2Q	DeSoto County
Crossroads Distribution Center Bldg J	JLL / IDI Gazeley	766,080	Spec	2020 2Q	DeSoto County
I-269 Industrial Park Site 2	H&M Development	707,940	Spec	2020 2Q	Marshall/Fayette County
Patterson Warehouses Expansion	Patterson Warehouses, Inc	700,000	BTS	2020 3Q	Southeast
Fayette Trade Center Building 1	Hillwood Investment Properties	630,810	Spec	2020 2Q	Marshall/Fayette County
I-22 Logistics Park Building B200	Huntington Development Partners	386,700	Spec	2020 2Q	DeSoto County
DeSoto 55 Logistics Center Building A2	Core5 Industrial Partners	328,355	Spec	2020 2Q	DeSoto County
Power & Telephone BTS	Power & Telephone	243,000	BTS	2020 3Q	Marshall/Fayette County
Stateline Business Park Building G	IDI Logistics	211,680	BTS	2020 2Q	DeSoto County
I-22 Logistics Park Building B300	Huntington Development Partners	129,080	Spec	2020 2Q	DeSoto County

Statistics by Submarket

Submarket	Bldgs	Inventory	Direct Vacancy Rate	Overall Vacancy Rate	Overall Net Absorption				Average Asking Rental Rates*		
					Current Quarter	YTD	Under Construction	YTD Completions	Flex	Whs/ Dist	All
Northeast	250	14,372,934	4.9%	4.9%	61,434	61,434	0	0	\$7.37	\$6.54	\$7.00
Southeast	488	87,181,677	7.1%	7.2%	488,584	488,584	700,000	0	\$6.95	\$2.92	\$2.88
Northwest	76	12,993,044	19.9%	19.9%	-110,311	-110,311	2,050,502	0	N/A	\$0.87	\$0.87
Southwest	348	29,680,102	4.3%	4.3%	515,988	515,988	0	0	\$3.73	\$2.03	\$2.01
DeSoto County	154	46,568,800	4.2%	5.6%	125,705	125,705	4,956,984	735,447	N/A	\$4.15	\$4.15
Marshall County * includes Fayette County	42	12,459,229	1.4%	2.0%	196,640	196,640	2,474,390	371,600	N/A	\$3.75	\$3.75
TOTAL	1,358	203,255,786	6.3%	6.7%	1,278,040	1,278,040	10,181,876	1,107,047	\$6.90	\$2.75	\$2.89

*Overall weighted average \$/psf

Statistics by Property Type

Submarket	Bldgs	Inventory	Direct Vacancy Rate	Overall Vacancy Rate	Overall Net Absorption				Average Asking Rental Rates*
					Current Quarter	YTD	Under Construction	YTD Completions	
Flex	336	13,592,750	7.4%	7.5%	5,132	5,132	0	0	\$6.90
Warehouse	1,022	189,663,036	6.2%	6.5%	1,272,908	1,272,908	10,181,876	0	\$2.75
TOTAL	1,358	200,637,666	6.3%	6.7%	1,278,040	1,278,040	10,181,876	1,107,047	\$2.89

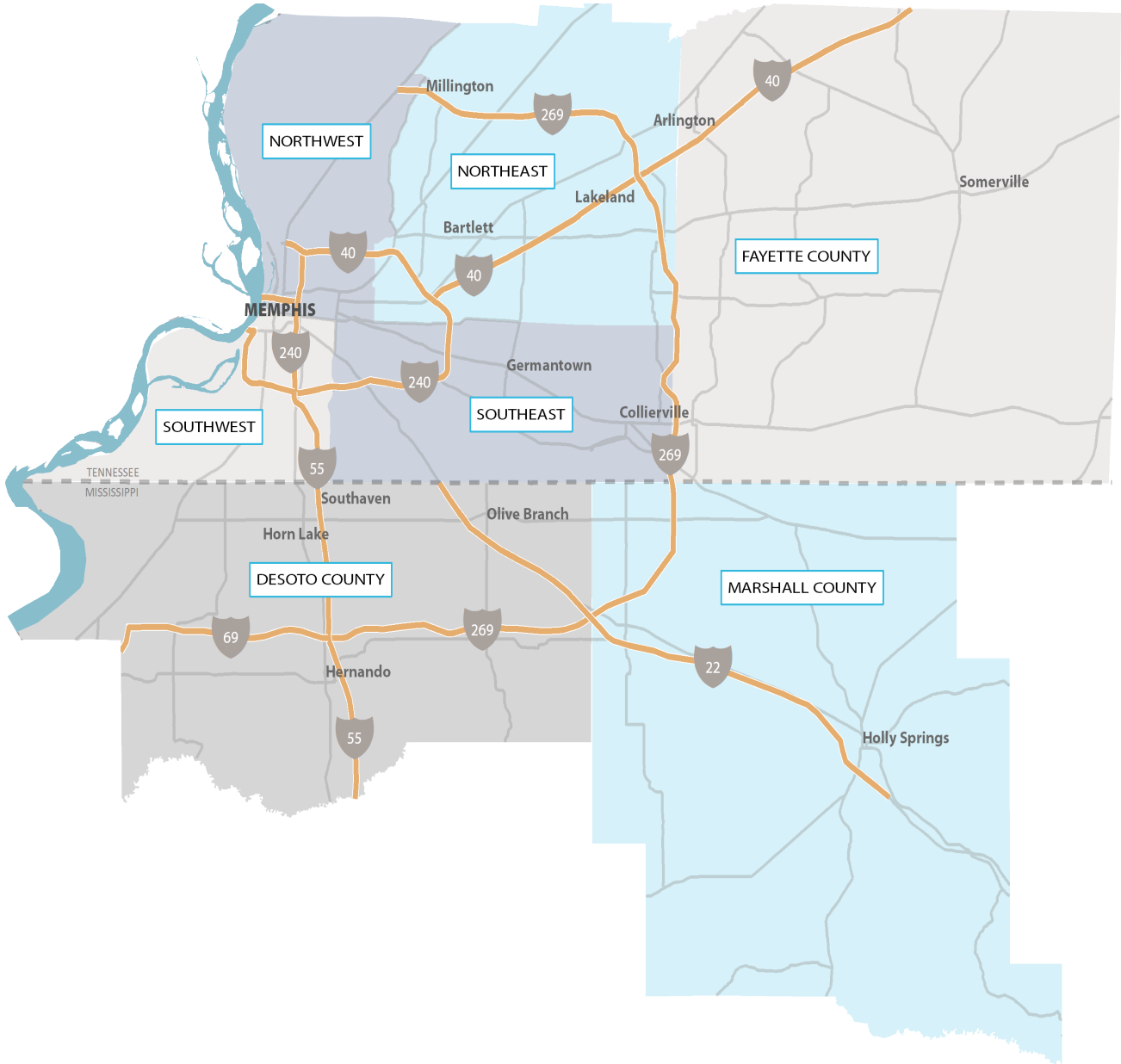
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Memphis Industrial Submarkets



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