INVESTMENT FORECAST

Retail

Memphis

IPA INSTITUTIONAL PROPERTY ADVISORS

2026

Investor Competition Strengthens Pricing Momentum as Select Submarkets Hold Firm

Suburban occupancy and major developments signal growth. South Memphis saw meaningful tightening, with single-tenant vacancy contracting by more than 300 basis points, while Germantown, though experiencing some vacancy increases, continues to command the metro's highest rents and maintain relatively low availability. In East Memphis, the Oak Court Mall redevelopment plans, which would include multifamily housing, a convention center, shops, a car showroom, and more, should increase foot traffic in the area as the redevelopment is adjacent to Route 72. With Germantown, East Memphis, and Cordova capturing only a small share of new supply in 2026, these high-income areas are positioned to remain competitive. Additional momentum is expected beyond 2026 as the multiphase Neural Nexus project progresses downtown across from AutoZone Park. This project is set to deliver more than 1.7 million square feet of space, including an innovation center, retail, multifamily units, and a hotel.

Rising activity and strong corridors sustain momentum. Trading rose by about 34 percent in 2025, supported by a nearly 44 percent jump in single-tenant transactions. This helped inch the average sale price up to $290 per square foot, now within $30 of Memphis's pre-COVID peak. Liquidity is likely to remain elevated through 2026, especially for single-tenant assets, where vacancy has held near 4 percent versus over 6 percent at multi-tenant properties. While private investors still dominate the buyer pool, competition may increase as REITs continue expanding their single-tenant footprint. Germantown led the metro in dollar volume, driven by institutional buyers and a portfolio sale. Downtown and Southeast Memphis are high-traffic corridors, with deep inventories of both single and multi-tenant assets, supporting greater deal flow.

2026 MARKET FORECAST

-0.2% — **Employment:** A decrease in employment toward the end of 2025 will likely carry into 2026. However, improved hiring later in the year is expected to limit net job losses to about 1,000.

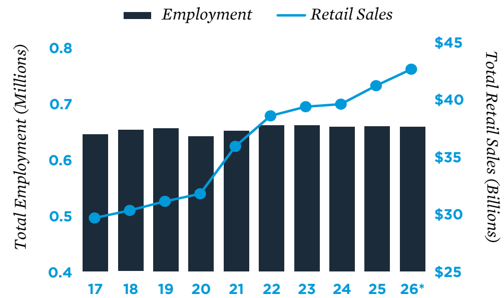
300,000 *sq. ft.* — **Construction:** Completions are expected to realign with the ten-year average. The inventory growth rate will rise to 0.4 percent, with most deliveries concentrated in northeast Memphis.

+20 bps — **Vacancy:** As tenant demand will not offset retail space expansion, this year will see a slight rise in vacancy, bringing the metric to 5.0 percent by year-end.

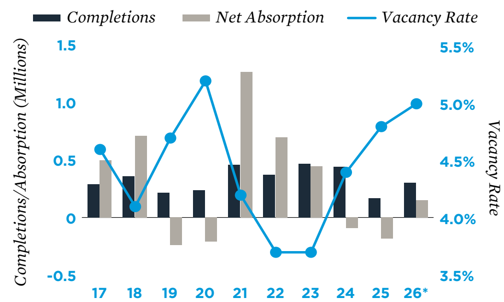
-1.7% — **Rent:** Loosening conditions will lower the average asking rent to $13.70 per square foot, keeping Memphis one of the most cost-efficient major metros for tenants.

INVESTMENT: *The $100-million-plus Liberty Park mixed-use development introduces sticky, recurring foot traffic near sports entertainment, positioning surrounding retail for more consistent spending and tenant demand.*

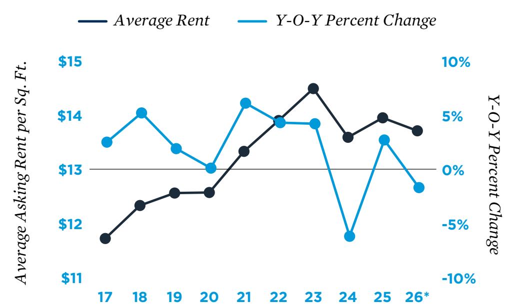
Economic Trends



Supply and Demand



Rent Trends



* Forecast

Sources: CoStar Group, Inc.; Real Capital Analytics

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