

Memphis industrial on pace for monster year

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The Memphis industrial market continues to mushroom as speculative construction ramps up and more leases are signed.

With 2 million square feet of absorption in the third quarter alone, the industrial submarket is on track to have its best year since 2000, says [Jim Mercer](#), executive vice president of [CB Richard Ellis Memphis](#), who specializes in industrial leasing.

"That underscores that at least in Memphis and the Mid-South, the economy is continuing to grow," Mercer said.

The [quarter's largest lease](#) was an 800,000-square-foot transaction at 3860 E. Holmes to TJX Cos. Inc., the parent company of TJ Maxx, Marshalls and HomeGoods. [Patrick Walton](#) and [Kemp Conrad](#) of Cushman & Wakefield/Commercial Advisors represented Panattoni in the lease. TJX was represented by [Michael Reid](#) and [Tim O'Callaghan](#) of international real estate services provider **Binswanger**.

Nearly 1.5 million square feet of industrial space is anticipated to hit the market next quarter. The majority of these projects are speculative developments in DeSoto and Marshall Counties in Mississippi.

Hillwood Investment Properties [broke ground](#) on two warehouses totaling more than 1 million square feet as part of the new Legacy Park development in Olive Branch. Cushman & Wakefield/Commercial Advisors predicts the lack of existing space will prompt more construction announcements in the coming months.

The quarter's largest vacancy was in the DeSoto submarket, with **Sears** vacating 800,000-square-feet at 10425 Ridgewood in Olive Branch.

The majority of the quarter's investment sales were large portfolio acquisitions by foreign investors, with the largest being DDC Investment's [27.5 million acquisition](#) of the Disney Distribution Center from Panattoni.

Mercer says the investment community is getting "priced out" of some of the higher markets on the East and West Coasts.

CB Richard Ellis Memphis reports new tenants from California, China and Singapore are shopping the market and may sign leases soon.

Shelby County and Mississippi incentive policies came under fire this quarter when a [PILOT application](#) from Huntington Industrial Partners and Johnson Development Associates Inc. to build a speculative development at the former Mall of Memphis site was delayed for additional review.

PILOTs have historically been awarded based on job creation. As a speculative facility, the PILOT application was based on anticipated job growth.

CBRE anticipates the PILOT debate to spur more conversation, with new City of Memphis Mayor-Elect Jim Strickland saying PILOTs will continue but [undergo a complete review](#).