

MEMPHIS, TENNESSEE

TECH & HEALTH CARE JOB GROWTH HELP SUSTAIN SOLID MULTIFAMILY MARKET

Like many metros in the United States, employers across Memphis experienced major payroll losses during the first half of 2020 before recovering close to half of those jobs going into the fourth quarter. Despite this economic slowdown, apartment operators raised effective rent 2.9% to \$948 last year as occupancy increased 50 basis points. Rent growth was down 10 basis points from the previous year's growth due to increased concessions. This move contributed to renters absorbing 1,005 apartment units during the past 12 months, outpacing the 515 new apartment units brought online by developers. Rising prices also discouraged homeownership as the median price increased 13.5% year over year amid an extremely tight housing market. With home prices expected to continue rising over the next 12 months, both apartment demand and new construction will also ramp up to pre-pandemic levels. Apartment operators will respond to the improving apartment fundamentals by accelerating rent growth over the next 12 months. Operators are expected to increase effective rent 4.0% to \$986. An additional factor encouraging bullish operators is multiple signs of major employers investing in the metro for the long term, including the upcoming completion of St. Jude Children's new, 625,000-square-foot research center in Downtown Memphis. The project will double the economic impact of the hospital and increase the number of high-paying health care jobs in the metro. Likewise, recently announced plans by high-tech manufacturers Cognate BioServices and Pristex Solutions will bring a combined 1,000 jobs to the metro.



2021 MARKET AT A GLANCE



OCCUPANCY RATE

96.0%
Up 50 bps YOY



EFFECTIVE RENT

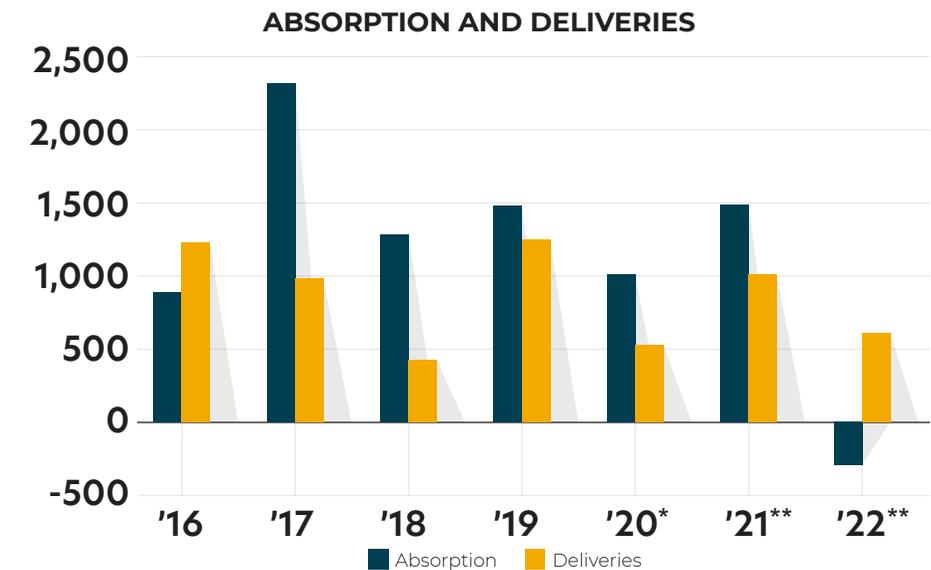
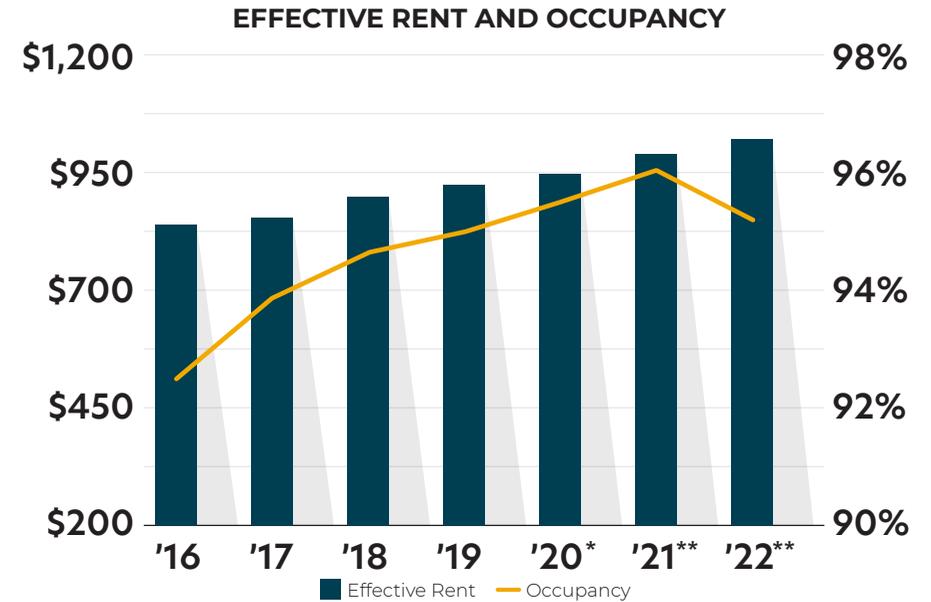
\$986
Up 4.0% YOY



RENT SHARE OF WALLET

20.4%
Up 70 bps YOY

MARKET TRENDS



Data and images pertaining to employment, income, permits, population, rents, single-family housing, and occupancy are year-end figures. Absorption, construction, and apartment sales figures are full-year totals. *Numbers for 2020 are projected values; **2021/2022 figures are forecast projections. Apartment market data criteria and methodologies vary by market.

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EMPLOYMENT TRENDS



2019	YOY CHANGE	2020*	YOY CHANGE	2021**
661,200	-5.3%	626,100	2.0%	638,900

2019	YOY CHANGE	2020	YOY CHANGE	2021
3.3%	790 BPS	11.2%	-200 BPS	9.2%

2019	YOY CHANGE	2020	YOY CHANGE	2021
1,358,400	0.4%	1,364,300	0.5%	1,371,400

2019	YOY CHANGE	2020	YOY CHANGE	2021
516,100	0.9%	521,000	1.1%	526,900

2019	YOY CHANGE	2020	YOY CHANGE	2021
\$54,258	6.5%	\$57,803	0.3%	\$57,971

SALES TRENDS

2019	YOY CHANGE	2020*
\$64,447	8.2%	\$69,716

2019	YOY CHANGE	2020
7.0%	-160 BPS	5.4%



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