

NASHVILLE, TENNESSEE

SURGE IN APARTMENT CONSTRUCTION MEETS ROBUST DEMAND

Although the pandemic struck Music City's tourism industry hard, commercial and residential construction surged. Permits for \$3.6 billion of total commercial real estate development were approved during the fiscal year ending June 2020. Spurred by a regional population growing on average by almost 100 net residents a day, multifamily construction maintains its rapid tempo. With 58 projects underway, it is anticipated apartment stock in Greater Nashville will increase by 8.3%, or 13,300 apartment units in 2021 and 2022 combined. A notable project is a new 21-story apartment building named Gibson Residences at the former Gibson Guitar building site. It will be the focus building of a larger cluster of office spaces and shops. Also planned is a \$170 million Marriott Edition Hotel, standing 16 stories high and steps away from the new Asurion headquarters, still under construction. Both proposed buildings will be near the highly anticipated Amazon.com towers. The Central Nashville submarket is in the heart of the metro's largest office and college district, including Hospital Corporation of America, Bridgestone America, and Vanderbilt University. Development in the urban core will be favorable for the 4,600 market-rate units scheduled to come online in this submarket through next year. While shelter-in-place orders stymied leasing activity in 2020, pent-up demand will nearly match new construction in 2021. Occupancy will be consistent with last year at 94.2% by December 2021 and rebound to pre-pandemic levels by next year. Meanwhile, effective rent will appreciate 6.6% over the 24-month forecast period to average \$1,343 per month.



2021 MARKET AT A GLANCE



OCCUPANCY RATE

94.2%
Unchanged YOY



EFFECTIVE RENT

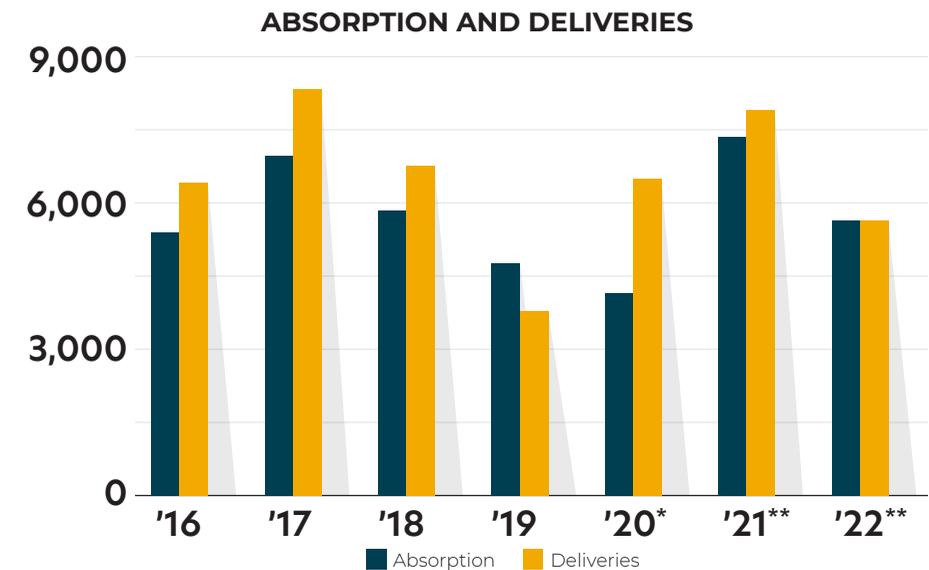
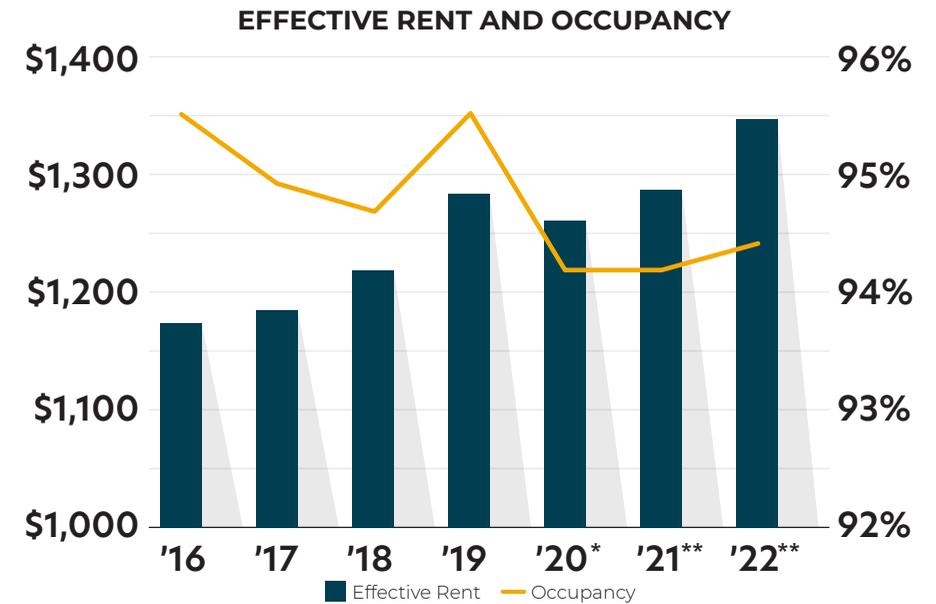
\$1,285
Up 2.1% YOY



RENT SHARE OF WALLET

20.6%
Up 40 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**
1,074,700	-6.6%	1,003,900	2.3%	1,027,400

2019	YOY CHANGE	2020	YOY CHANGE	2021
1.6%	650 BPS	8.1%	-170 BPS	6.4%

2019	YOY CHANGE	2020	YOY CHANGE	2021
1,980,300	1.4%	2,008,700	1.3%	2,034,600

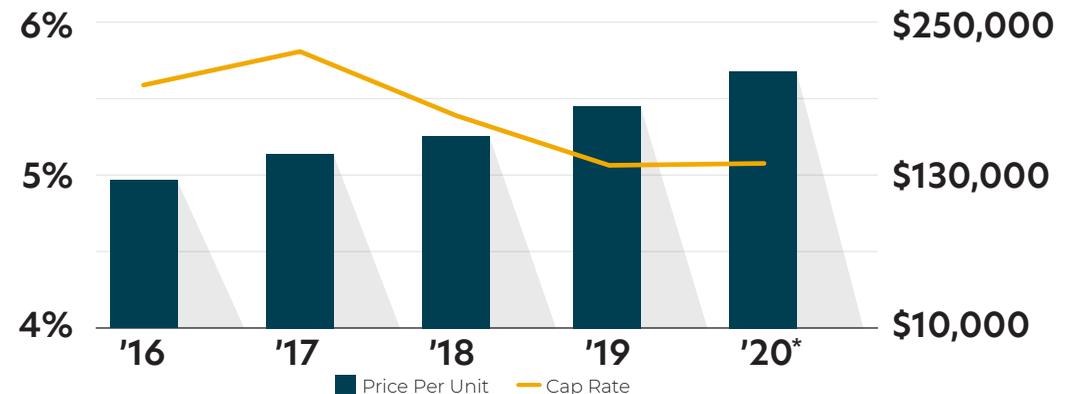
2019	YOY CHANGE	2020	YOY CHANGE	2021
778,700	1.7%	792,000	1.8%	806,000

2019	YOY CHANGE	2020	YOY CHANGE	2021
\$69,361	7.8%	\$74,779	0.2%	\$74,915

SALES TRENDS

2019	YOY CHANGE	2020*
\$181,904	14.7%	\$208,639

2019	YOY CHANGE	2020
5.1%	0 BPS	5.1%



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