

NASHVILLE – Q3 2022

MULTIFAMILY REPORT



MARKET AT A GLANCE

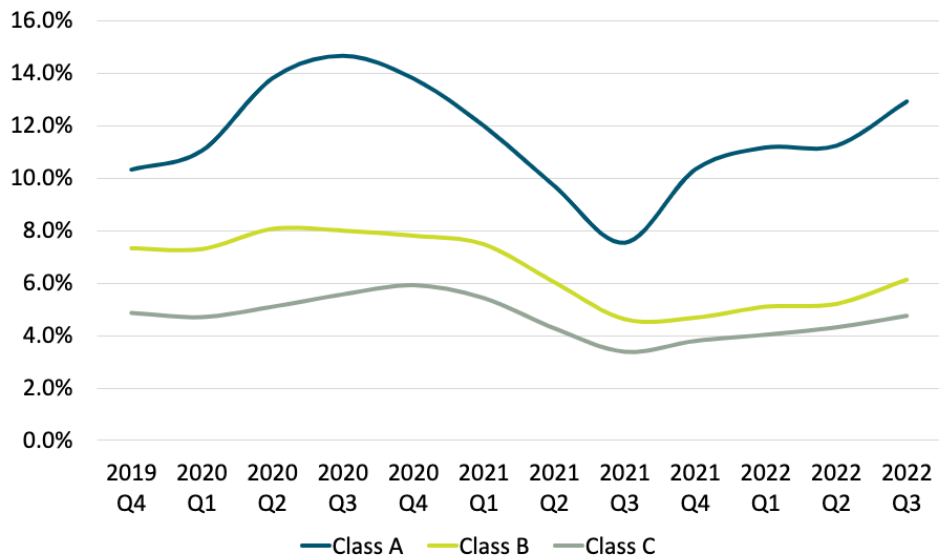
AVERAGE 7.0%

▲
CLASS A VACANCY
12.9%

▲
CLASS B VACANCY
6.1%

▲
CLASS C VACANCY
4.7%

VACANCY RATES



The multifamily sector in Nashville has seen incredible growth over the past 24 months. Since the onset of the pandemic, remote workers have migrated to the area which has put upward pressure on demand for housing. In mid-2021, average vacancy rates reached an all-time low of 4.9%. As strong demand for housing sparked

development, investors began to chase opportunities in the market. Since then, vacancy rates have risen by 35% to a current average of 7.6%. However, this uptick in vacancy is driven by an influx of new housing supply. We anticipate vacancies to level off or come back down slightly as some of the new supply becomes occupied.



AVERAGE \$1,659

CLASS A RENT

\$1,976

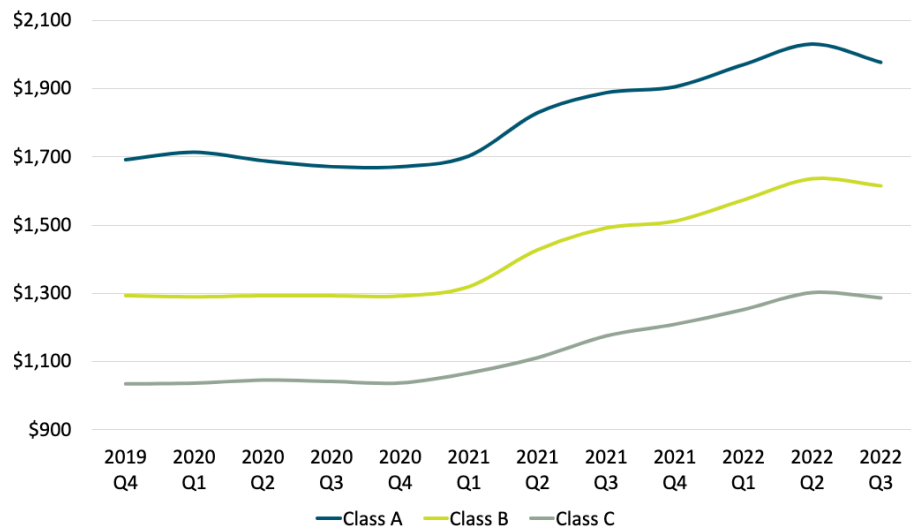
CLASS B RENT

\$1,614

CLASS C RENT

\$1,286

RENT PER SQUARE FOOT



The market asking rent per unit is currently at an average of \$1,659, up 8.6% year-over-year. Strong migration to the area, demand outpacing supply, and upward pressure on rents have made the housing market more competitive. Nashville’s strong rent growth competes with the likes of Florida, Texas and North Carolina. The strong activity has caught the

attention of institutional investors and developers as it has become a hot spot for young professionals who have left places like California or the Northeast. Despite the uptick in vacancy rates and a wave of new units being delivered to the city, we do not anticipate rent growth to slow down.

RECENT TRANSACTIONS



ELLISTON 23
\$162,000,000

NASHVILLE, TN JUNE 22

377,977 SF
2300 ELLISTON PL
331 UNITS
6 FLOORS
2.72 ACRES

OWNER SUNROAD ENTERPRISES
SELLER THE CONNOR GROUP



THE UNION
\$96,500,000

NASHVILLE, TN SEPT 22

211,118 SF
5800 CENTENNIAL BLVD
283 UNITS
4 FLOORS
2.22 ACRES

OWNER WEINSTEIN PROPERTIES
SELLER WOOD PARTNERS



THE HARPER
\$145,000,000

BUILT IN 2022

NASHVILLE, TN APRIL 22

5040 CAROTHERS PKWY

296 UNITS

1.62 ACRES

OWNER TA REALTY

SELLER EMBREY DEVELOPMENT SOUTHSTAR



WATERLEAF AT ANTIOCH
\$117,000,000

BUILT IN 2022

NASHVILLE, TN JUNE 22

452,500 SF

2901 OLD FRANKLIN RD

364 UNITS

1,3,4 FLOORS

18 ACRES

OWNER OPENPATH INVESTMENTS

SELLER GRAYCLIFF CAPITAL



— JONATHAN HAWKS

Senior Director, Investment Sales



“The fundamentals in Nashville’s multifamily market are still strong. Vacancy rates remain healthy and the record rent growth we’ve experienced over the past 18 months makes our market highly attractive to investors and developers. Conditions have changed slightly over the last year, but overall, we feel multifamily in Nashville is on track for a solid performance in the remainder of 2022 and into 2023.”

| Geography Name | Inventory Units | Market Asking Rent/Unit | Vacancy Rate |
|----------------------|-----------------|-------------------------|--------------|
| Bellevue | 6,454 | \$1,722 | 7.0% |
| Donelson / Hermitage | 9,726 | \$1,506 | 4.6% |
| Downtown Nashville | 21,536 | \$1,237 | 15.6% |
| Madison / Rivergate | 9,522 | \$1,414 | 5.6% |
| Maury County | 4,565 | \$1,676 | 3.3% |
| Murfreesboro | 17,338 | \$1,470 | 3.9% |
| Robertson County | 707 | \$1,455 | 1.9% |
| Smyrna / La Vergne | 4,780 | \$1,338 | 7.7% |
| Summer County | 9,683 | \$1,483 | 5.0% |
| Williamson County | 11,407 | \$1,980 | 8.0% |
| Wilson County | \$6,660 | \$1,651 | 2.2% |
| Total / Averages | 102,378 | \$1,604 | 5.9% |

Q3 DELIVERED UNITS

2,131

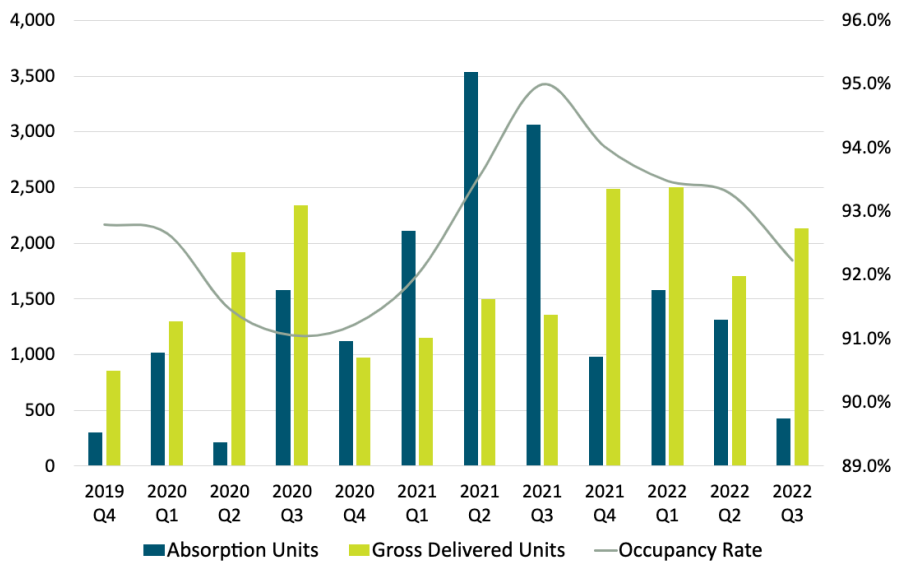
ABSORBED UNITS

426

OCCUPANCY

92.2%

SUPPLY & DEMAND



Nashville has some of the most units to be delivered to its market than almost any other comparable city in the nation, with 3,100 being delivered in Q3 this year. As we have mentioned, the deliveries have been outpacing absorption by quite a bit. This has brought the occupancy rate down from a peak of 95.2% in Q3 of 2021. Although the occupancy rate has dropped, we

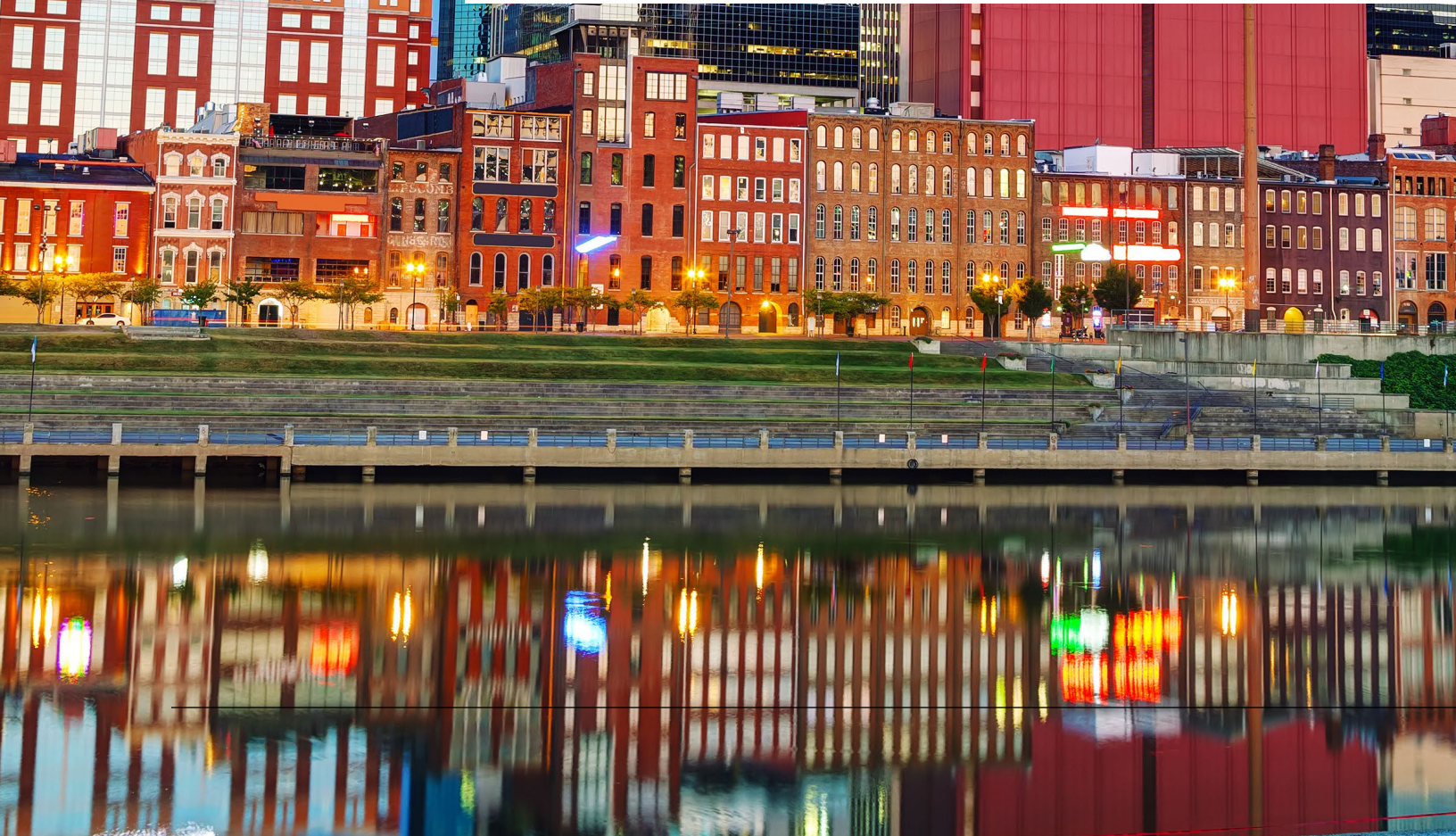
view this as a very healthy movement which exhibits strong growth and investor confidence. Massive employers such as Amazon and Oracle have identified Nashville as hubs which will continue to facilitate a very healthy job market. Given the positive data outlook, Nashville is positioned for very strong growth over the next two years.

CONCLUSION

The Nashville market has been seeing more companies move their headquarters here in recent years, which has resulted in strong job and wage growth. This has helped Nashville become one of the top cities in the U.S. for young professionals, who make up a majority of renters and are largely fueling demand for apartments in the market.

Ultimately, apartment demand is increasing by a hundred people per day and new the delivery of new supply cannot keep up. Although the market will face some headwinds due to rising interest rates and changes in the debt market, we can expect supply and demand disparities to continue to driving rent growth, allowing Nashville to remain very attractive to investors.

With our comprehensive full-service platform and expertise in providing solutions through every stage of the market cycle, Franklin Street is uniquely positioned to advise clients in today's adjusting and opportunistic market.



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