

**YARDI**<sup>®</sup> Matrix

# Knoxville Gives The Old College Try

Multifamily Report Spring 2017

**Affordability Draws New Residents**

**Transactions Hit Cycle High**

**New Deliveries Slow, Benefiting Rents**



# KNOXVILLE MULTIFAMILY

# YARDI® Matrix

## Market Analysis

Spring 2017

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## Creating an Environment for Growth

Knoxville is a small metro slowly feeling the winds of change. Rent growth has kept pace with the national average. The availability of affordable housing and favorable business costs make the area a fertile environment for new ventures. Home to the University of Tennessee, one of six sun- and land-grant universities in the nation, the market benefits from a steady stream of qualified professionals in some of the most promising job sectors.

Knoxville's economy benefited from gains in the government, leisure and hospitality, and education and health services sectors. The job market performed slightly below the national rate through 2016, with net losses in construction and trade, as well as transportation and utilities. However, upcoming developments in manufacturing, such as gunmaker SCCY's announced move to nearby Maryville are pointing toward more economic growth in 2017.

Knoxville's continued improvement has pushed investment sales to a new cycle high. Developers added few units to the city's housing stock during the cycle's second half, maintaining 95% occupancy. Thanks to that short-term slowdown, we expect rents to continue to grow modestly.

## Recent Knoxville Transactions

Forest Ridge/Autumnwood



City: Knoxville, Tenn.  
Buyer: Strata Equity  
Purchase Price: \$72 MM  
Price per Unit: \$119,201

Heritage Lake at Westland



City: Knoxville, Tenn.  
Buyer: CF Real Estate Services  
Purchase Price: \$33 MM  
Price per Unit: \$125,000

Eagle Pointe



City: Knoxville, Tenn.  
Buyer: Strata Equity  
Purchase Price: \$27 MM  
Price per Unit: \$52,315

University Park



City: Knoxville, Tenn.  
Buyer: QR Capital  
Purchase Price: \$21 MM  
Price per Unit: \$108,535

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