



MULTIFAMILY REPORT

Record-Breaking Knoxville

September 2022

T3 Rent Gains Double US Rate

Deliveries Already at New Decade High

Investment Totals, PPU Record New Peaks

KNOXVILLE MULTIFAMILY



Knoxville Multifamily Going to New Highs

Knoxville's multifamily sector is having a stellar year, with new records across market fundamentals. Rent development on a three-month (T3) basis was 2.0% as of July, double the national rate of improvement. The average overall rate was \$1,451, still well behind the national figure and trailing nearby Nashville. Meanwhile, the average occupancy rate in stabilized properties was one of the highest in the nation, at 98.2% as of June, despite consistently solid development activity in the rental sector.

Employment growth in the 12 months ending in May was consistent, but lower than the national trend. Knoxville added 18,800 jobs, up 4.2% and 40 basis points below the U.S. rate. However, the local economy is already past its pre-pandemic job total, so improvement is arguably very strong. Trade, transportation and utilities is the local economy's cornerstone, accounting for roughly one-fifth of all jobs in the sector. With a new Amazon delivery facility replacing the Knoxville Center Mall, improvement will continue.

Investment activity in Knoxville is already seeing its best year this decade, with \$429 million in sales through the first seven months of 2022, while the average per-unit price crossed the \$200,000 mark for the first time on record. Knoxville added 1,076 units this year through July, already an annual decade high. The metro had another 1,215 units under construction, pointing to continued deliveries.

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Recent Knoxville Transactions

Quarry Trail



City: Knoxville, Tenn.
Buyer: Nitya Capital
Purchase Price: \$95 MM
Price per Unit: \$376,984

The Village at Westland Cove



City: Knoxville, Tenn.
Buyer: Capital Square
Purchase Price: \$87 MM
Price per Unit: \$362,500

Walden Legacy



City: Knoxville, Tenn.
Buyer: Starwood Capital Group
Purchase Price: \$58 MM
Price per Unit: \$246,425

The Reserve at Maryville



City: Maryville, Tenn.
Buyer: Starwood Capital Group
Purchase Price: \$46 MM
Price per Unit: \$238,527