



MULTIFAMILY REPORT

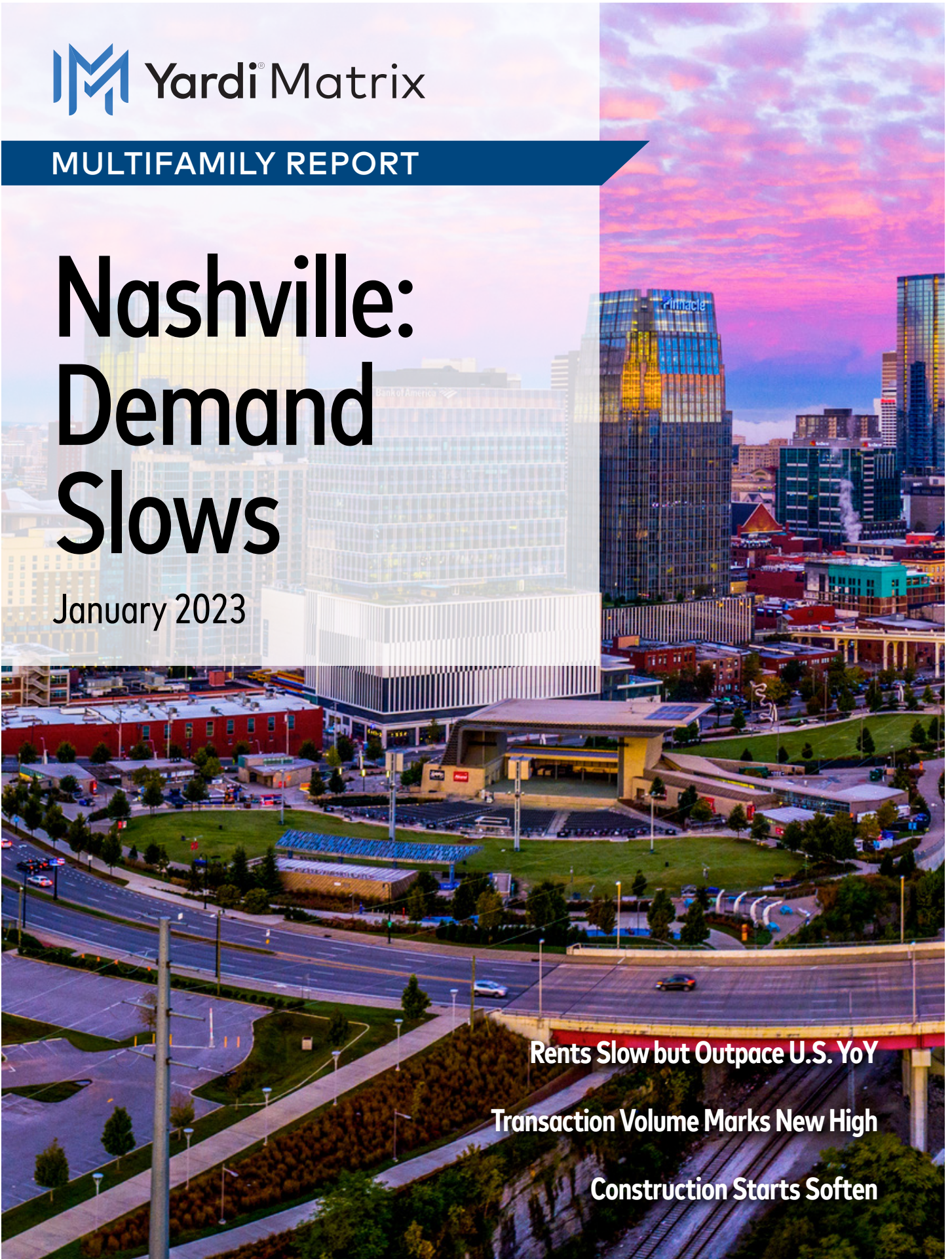
Nashville: Demand Slows

January 2023

Rents Slow but Outpace U.S. YoY

Transaction Volume Marks New High

Construction Starts Soften



NASHVILLE MULTIFAMILY



Softening Demand, Stable Occupancy

Nashville's economic diversification has transformed the area into a prosperous and vibrant center, attracting businesses and residents alike. In addition, the city boasts a lower cost of living compared to many metros, with an average asking rent of \$1,655, trailing the \$1,719 U.S. average. Although demand softened, occupancy in October was still solid, at 95.5%.

Nashville unemployment stood at 2.7% in October, according to the Bureau of Labor Statistics, outperforming nearby Chattanooga (3.3%) and Knoxville (3.1%), as well as Tennessee (3.5%) and the U.S. (3.7%). Employment expanded 6.1%, or 64,100 jobs, in the 12 months ending in September, well above the 4.2% U.S. rate. The information sector remained flat during the period, but no sector lost jobs. Leisure and hospitality led gains (14,300 jobs), followed by Nashville's three largest sectors, for a combined 33,900 positions. The metro's strong and diversified economy has good prospects for withstanding the next recession.

Developers delivered 6,356 units in 2022 through November, the bulk of which were in upscale properties. Another 20,212 units were underway, but the number of construction starts declined. Meanwhile, investment activity remained elevated, with the transaction volume nearing \$3.9 billion for the year, a new record. The price per unit posted a 17% year-over-year increase, to \$238,757, while the U.S. average rose to \$215,443.

Market Analysis | January 2023

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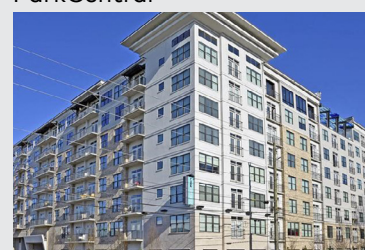
Recent Nashville Transactions

Infinity Music Row



City: Nashville, Tenn.
Buyer: CWS Capital Partners
Purchase Price: \$75 MM
Price per Unit: \$272,727

ParkCentral



City: Nashville, Tenn.
Buyer: Dinerstein Cos.
Purchase Price: \$62 MM
Price per Unit: \$307,500

The Flats at Walden Grove



City: Nashville, Tenn.
Buyer: OpenPath Investments
Purchase Price: \$36 MM
Price per Unit: \$285,714

Shadowbluff



City: Nashville, Tenn.
Buyer: One Real Estate Investment
Purchase Price: \$35 MM
Price per Unit: \$160,591