



MULTIFAMILY REPORT

Growth Is Back In Nashville

June 2023

Rent Improvement on Par With US

Employment Gains Decelerate

Investment Volume Sinks, PPU Drops



NASHVILLE MULTIFAMILY



Spring Brings Rate Uptick

The start of a new leasing season has aided Nashville's rental market. After five months of declines, multifamily asking rents rose 0.2% on a trailing three-month basis through April, to \$1,659, on par with the national figure. Meanwhile, the single-family rental sector recorded strong gains, up 22.5% year-over-year through April. Softening demand was reflected in Nashville's occupancy rate in stabilized properties, down 1.3% in the 12 months ending in March to 94.9%, with a steeper decline in the Lifestyle segment.

Nashville's labor market is tight, with unemployment at 2.5% in March, surpassing Knoxville (2.8%), Chattanooga (3.0%), the state (3.4%) and the U.S. (3.5%). Job expansion continued to decelerate, clocking in at 5.6%, or 49,000 jobs, in the 12 months ending in February, still well ahead of the 3.4% national figure. All sectors expanded, with leisure and hospitality in the lead with 11,800 new jobs, boosted by the tourism industry's record activity in 2022, which is expected to continue through 2023. Professional and business services gained 9,700 positions, while the office sector had 4.6 million square feet of space under construction.

Developers delivered 1,659 units in 2023 through April and had another 22,446 underway, but construction starts are lagging. Yardi Matrix anticipates an annual 5.1% stock expansion. Meanwhile, investment amounted to just \$285 million in the first four months of the year, for a price per unit that dropped 12%.

Market Analysis | June 2023

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Recent Nashville Transactions

Richland Falls



City: Murfreesboro, Tenn.
Buyer: Freeman Webb
Purchase Price: \$59 MM
Price per Unit: \$214,855

Hunters Creek



City: Lebanon, Tenn.
Buyer: TriWest Development
Purchase Price: \$41 MM
Price per Unit: \$215,625

The Falls at Mill Creek



City: Nashville, Tenn.
Buyer: JSB Capital Group
Purchase Price: \$35 MM
Price per Unit: \$171,569