

Yardi® Matrix

Harmonious Nashville

Multifamily Report Fall 2018

Job Growth Remains Above US Average

Robust Supply Dampens Rent Hikes

Investors Target Value-Add Assets

NASHVILLE MULTIFAMILY

Yardi® Matrix

Market Analysis

Fall 2018

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Strong Supply Keeps Rent Growth in Check

Nashville has seen dramatic changes over the past decade, its strong employment and population growth placing the metro among the country's fastest-growing economies. Growth is decelerating, but rates continue to advance despite strong development, with the average rent reaching \$1,216 as of August. However, as the bulk of the current development pipeline consists of upscale projects, rents at the upper end of the spectrum are likely to contract further, dampening overall growth.

Economic growth remains relatively strong but is spotty, with three employment sectors contracting by a total of 4,800 jobs. Professional and business services led gains by adding 8,700 positions, up 5.4% year-over-year through June. This is mainly due to corporate expansions and relocations—Philips signed a new lease for 107,700 square feet at Bank of America Plaza and AllianceBernstein is relocating its New York headquarters to Nashville, along with 1,050 employees.

Some \$541 million in multifamily assets traded in 2018 through July. More than three-quarters of sold communities were value-add, which has pulled down the average per-unit price to \$121,299. As the 4,000 units delivered by August and another 10,000 underway are bound to keep demand in check, we expect the average Nashville rent to rise 1.8% this year.

Recent Nashville Transactions

Panther Creek Parc



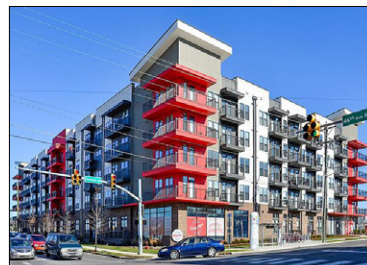
City: Murfreesboro, Tenn.
Buyer: Michelson Organization
Purchase Price: \$58 MM
Price per Unit: \$166,236

The Hamptons at Woodland Pointe



City: Nashville, Tenn.
Buyer: Security Properties
Purchase Price: \$45 MM
Price per Unit: \$188,646

West 46th



City: Nashville, Tenn.
Buyer: Ventera Realty
Purchase Price: \$34 MM
Price per Unit: \$198,830

City Side Flats



City: Nashville, Tenn.
Buyer: Emma Capital
Purchase Price: \$25 MM
Price per Unit: \$122,139