



MULTIFAMILY REPORT

Rents Still Up In Knoxville

April 2024

Limited Supply Sustains Rent Growth

Investment Records Solid Year

Occupancy Tight at 96.5%

KNOXVILLE MULTIFAMILY



Occupancy Slides, But Rental Market Still Tight

Knoxville's multifamily market had a steady year in 2023, with healthy demand that kept rents up and occupancy well above the U.S. average, while 2024 also got off to a steady start. The average rent increased 0.1% on a trailing three-month basis through February to \$1,459, outperforming the U.S. rate, which was down 0.1%, to \$1,713. The occupancy rate in stabilized properties declined 40 basis points year-over-year through February, to 96.5%.

In the 12 months ending in December, Knoxville's employment market added 11,400 jobs, up 3.1% and outperforming the 2.0% national growth rate. The metro has been outpacing the U.S. since August 2022. The unemployment rate stood at 3.3% in January, surpassing the U.S. (3.7%) and the state (3.5%), and trailing Nashville (2.8%). In 2023, information (-400 jobs) and leisure and hospitality (-100 jobs) contracted, while financial activities remained flat. Job gains were led by education and health services (4,700 jobs), government (2,800 jobs) and professional and business services (2,200 jobs).

The market had 3,573 units under construction in February, while last year just 517 units were delivered. The volume of new construction increased last year, favoring Lifestyle properties. Meanwhile, transaction activity picked up in the second half of 2023, climbing to \$303 million in what was a solid year. In 2024 through February, only one asset changed hands.

Market Analysis | April 2024

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Recent Knoxville Transactions

One Riverwalk



City: Knoxville, Tenn.
Buyer: Passco Real Estate
Purchase Price: \$124 MM
Price per Unit: \$409,474

Views at West Town



City: Knoxville, Tenn.
Buyer: Covenant Capital Group
Purchase Price: \$31 MM
Price per Unit: \$161,082

Rocky View



City: Knoxville, Tenn.
Buyer: Jake & Gino
Purchase Price: \$7 MM
Price per Unit: \$75,521