

Yardi® Matrix

# Knoxville Seeks Its Footing

Multifamily Report Winter 2019

Manufacturing Leads Job Gains

Tepid Supply Sustains Rent Growth

Transaction Volume Hits Cycle Peak



# KNOXVILLE MULTIFAMILY

Yardi® Matrix

## Market Analysis

Winter 2019

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## Reshuffling Knoxville's Economy

As the cycle stretches further and further, Knoxville's multifamily market is finally showing signs of growth: A slow pace of construction combined with healthy demand put pressure on occupancy rates, which rose to 96.6% as of November, as well as on the metro's average rent, which moved up 3.3% year-over-year through December, to \$980.

Employment gains were spotty, with half of the sectors expanding, while the other half contracted. The metro added 900 jobs in the 12 months ending in October, a 0.5% growth rate. Manufacturing, the metro's leading sector in employment gains, expanded by a solid 2,300 jobs and is likely to keep growing, as Denso International America opened Plant 204 in Maryville, a \$1 billion development where 1,000 people will be hired over the next four years. The trade, transportation and utilities sector added 2,000 positions in 2018 and shows signs of sustained growth, as Knoxville's McGhee Tyson Airport is undergoing a \$108 million runway lengthening and upgrade, slated for completion in 2021.

Multifamily sales activity had its best year this cycle, as about \$300 million in assets traded last year, at an average per-unit price of \$110,482. Supply is scarce, with only 1,313 units underway, which will put further pressure on rents in Knoxville in 2019.

## Recent Knoxville Transactions

Briarcliff at West Hills



City: Knoxville, Tenn.  
Buyer: Legacy Capital Partners  
Purchase Price: \$25 MM  
Price per Unit: \$65,292

The Tower at Morgan Hill



City: Knoxville, Tenn.  
Buyer: Trinity Property Consultants  
Purchase Price: \$22 MM  
Price per Unit: \$91,667

River Hill Townhomes



City: Louisville, Tenn.  
Buyer: Legacy Capital Partners  
Purchase Price: \$8 MM  
Price per Unit: \$95,125

British Woods



City: Oak Ridge, Tenn.  
Buyer: Prime Property Investors  
Purchase Price: \$8 MM  
Price per Unit: \$59,808