

Yardi® Matrix

Music City's Record Year

Multifamily Report Winter 2019

Rent Growth Rebounds

Construction Surge Continues

Transaction Volume Hits Cycle Peak

NASHVILLE MULTIFAMILY

Market Analysis

Winter 2019

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Demand Keeps Up With Supply

Strongly boosted by its creative class, Nashville has emerged, over the last decade, as one of the most desirable places to do business in the U.S. This continues to fuel rental demand, with supply bringing record delivery numbers in the past two years. Rents rose 2.9% year-over-year through January to \$1,240, while the occupancy rate in stabilized properties inched up 20 basis points to 94.8%.

Employment growth softened gradually in 2018, sliding to 1.9% year-over-year in November, trailing the 2.1% national rate. The metro added 22,200 jobs, with professional and business services (8,900 jobs) and trade, transportation and utilities (8,200) leading growth. Circumstances, however, remain favorable for growth in Music City. Amazon's new operations hub at Nashville Yards is set to employ 5,000 people over the next seven years, Ernst & Young plans to add 600 jobs over the next five years, and the regional international airport BNA is undergoing a \$1.2 billion expansion, slated for completion in 2023.

Nearly \$1.3 billion in multifamily assets traded in 2018, a cycle high. The per-unit price rose 8.9% in 2018 to \$152,124, even though investors mostly focused on value-add properties. With 9,260 units underway after the 7,412 delivered last year, we expect rents to rise 2.0% this year.

Recent Nashville Transactions

Octave



City: Nashville, Tenn.
Buyer: Goldman Sachs & Co.
Purchase Price: \$73 MM
Price per Unit: \$225,857

12 South Flats



City: Nashville, Tenn.
Buyer: Tribridge Residential
Purchase Price: \$28 MM
Price per Unit: \$313,889

Stone Ridge



City: Nashville, Tenn.
Buyer: Archway Holdings
Purchase Price: \$19 MM
Price per Unit: \$79,721

Bristol Ridge



City: Nashville, Tenn.
Buyer: Archway Holdings
Purchase Price: \$10 MM
Price per Unit: \$80,000