



MULTIFAMILY REPORT

Knoxville: The Value Of Affordability

Fall 2020

Job Growth Above US Average

Rent Gains Positive Through Q3

Per-Unit Average Marks New High

KNOXVILLE MULTIFAMILY



Steady Demand Boosts Rent Growth

Knoxville has displayed remarkable resilience in the shadow of the pandemic. Multifamily demand remained steady, with the average rent maintaining positive performance through September. Knoxville rents ended the third quarter with an increase of 0.6% on a trailing three-month basis, to \$1,058. The occupancy rate in stabilized properties underpinned the market's resilience, rising 10 basis points to 96.0% for the 12 months ending in August.

In the wake of economic volatility, Knoxville's job market fared better than most larger, coastal metros. Unemployment dropped to 8.0% in July, with the preliminary August figure at 6.6%, less than half the 13.5% April rate. Initial unemployment claims filed across the state between mid-March and early October surpassed 870,000, but the metro's employment pool contracted by just 3.5% in the 12 months ending in July, faring better than the 6.6% U.S. rate. Forward-looking projects, under construction or in the planning stage, exude optimism and include infrastructure improvement and expansion along Interstate 275 and a \$142 million mixed-use stadium, expected to be a valuable addition to East Knoxville.

Supply and transaction activity were limited—just 172 units were delivered through September, an additional 1,522 apartments were underway, and two sales totaling a combined \$65 million—with a per-unit price of \$145,818—were completed.

Recent Knoxville Transactions

Quarry Trail



City: Knoxville, Tenn.
Buyer: Global Securitization Services
Purchase Price: \$45 MM
Price per Unit: \$176,726

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