



MULTIFAMILY REPORT

Knoxville: Getting Busy

Summer 2021

Construction Activity Intensifies

Rent Growth on Par With US Rate

Job Gains Experience a Turnaround

KNOXVILLE MULTIFAMILY



Steady Demand Boosts Occupancy

The pandemic brought a strong shift toward many secondary and tertiary markets, and Knoxville was among them. More than a year into the health crisis, the Knoxville rental market is tight, with rents rising 1.6%, to \$1,176, on a trailing three-month basis through July. Meanwhile, the occupancy rate in stabilized assets climbed 130 basis points in the 12 months ending in June, to 97.7%.

Unemployment clocked in at 4.8% in June, according to preliminary Bureau of Labor Statistics data, faring better than the 5.9% U.S. average. Overall, Knoxville added 22,700 positions during the 12 months ending in May, with construction being the only sector that contracted, down by 1,600 positions. Professional and business services and trade, transportation and utilities—the metro's largest sectors—were also among the best performing, adding 9,400 positions combined. Both are poised for more growth, as several company expansions are underway and airline travel is rebounding at McGhee Tyson Airport.

Construction picked up speed, with developers bringing 775 units online in the first seven months of 2021. In addition, another 1,672 units were under construction as of July. Meanwhile, transaction activity softened, totaling just \$66 million in multifamily sales, slightly above the volume recorded during the same period last year.

Market Analysis | Summer 2021

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Recent Knoxville Transactions

Greentree Village



City: Knoxville, Tenn.
Buyer: Magma Equities
Purchase Price: \$15 MM
Price per Unit: \$105,650

Bouldercrest



City: Knoxville, Tenn.
Buyer: M1 Capital
Purchase Price: \$14 MM
Price per Unit: \$77,778