

Yardi® Matrix

Music City Is Sound

Multifamily Report Summer 2017

Growing Supply Limits Rent Growth

Working-Class Segment Drives Demand

Developers Focus on Live-Work-Play Assets

NASHVILLE MULTIFAMILY

Yardi® Matrix

Market Analysis

Summer 2017

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Population Growth Sustains Demand

Riding a wave of economic and population growth, Nashville's multifamily market continues to display stable fundamentals. However, due to sustained levels of new apartment deliveries over the past three years, rent growth has moderated during the first half of 2017, reaching 1.5% in July.

The city is slowly diversifying its economy, venturing from reliance on the entertainment industry. With 6,400 jobs added in the year ending in June, the professional and business services sector led growth, as companies are drawn by a friendly business environment and educated workforce. At the same time, the metro has become a major health-care employment center. There are 18 publicly traded health-care companies headquartered in Nashville, having a combined employment of more than 500,000 people, as well as \$84 billion in global revenue.

Strong fundamentals and growth potential are attracting institutional and private investors, which acquired more than \$1 billion worth of apartments last year. Nashville remains a target for investors, due to its 18-hour city appeal, high quality of life and burgeoning local economy. In response to the growing demand, developers are ramping up construction, with more than 13,000 units underway as of July. Although rent growth significantly decelerated in the first half of the year, Nashville's strong employment market is bound to keep demand up. Yardi Matrix expects the metro's average rent to increase by 3.8% in 2017.

Recent Nashville Transactions

IMT Cool Springs



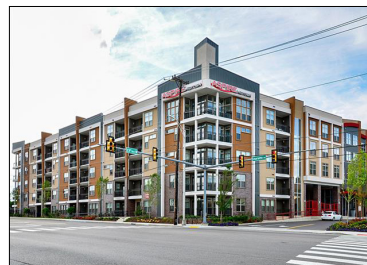
City: Franklin, Tenn.
Buyer: IMT Capital
Purchase Price: \$98 MM
Price per Unit: \$205,696

Brandywine I & II



City: Nashville, Tenn.
Buyer: Starwood Capital Group
Purchase Price: \$76 MM
Price per Unit: \$120,000

Charlotte at Midtown



City: Nashville, Tenn.
Buyer: MAA
Purchase Price: \$63 MM
Price per Unit: \$224,014

The Artessa



City: Franklin, Tenn.
Buyer: Security Properties
Purchase Price: \$58 MM
Price per Unit: \$230,000

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