

Yardi® Matrix

Music City Plays On

Multifamily Report Winter 2018

Growing Supply Pressures Occupancy

Price-per-Unit Outpaces Nation

Transaction Volume Tapers

NASHVILLE MULTIFAMILY

Yardi® Matrix

Market Analysis

Winter 2018

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Supply Moderates Rent Growth

Nashville's growing population and booming economy, driven by its professional and business services and its leisure and hospitality sectors, are maintaining healthy housing demand. Although rent growth has slowed, the average rent rose 0.5% year-over-year through November, trailing the national rate by 200 basis points. The lack of affordable units and record deliveries are dampening growth.

Employment gains are diversified, occurring across all sectors except information. Music City added 29,900 jobs through September, up 3.3% year-over-year and well above the 1.9% national average. The metro's business climate and its well-established health-care sector will likely support the trend, with global health technology company Royal Philips announcing the addition of 800 positions to its local team in the upcoming year.

Healthy fundamentals and the potential for economic growth are drawing developers and investors alike. Some \$890 million in multifamily assets changed hands through October 2017, marking a slight drop in transaction volume after 2015's cycle high. Despite a slight deceleration in investment totals, the metro's per-unit price rose by 23.2% year-over-year to \$138,145, surpassing the national average for the first time this cycle. Apartment construction is robust, with about 4,150 units delivered in 2017 through November and nearly 12,000 units underway, laying the groundwork for tepid growth.

Recent Nashville Transactions

IMT Cool Springs--201 Gillespie Drive



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

IMT Cool Springs--101 Gillespie Drive



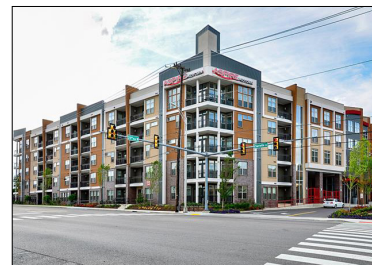
City: Franklin, Tenn.
Buyer: IMT Capital
Purchase Price: \$85 MM
Price per Unit: \$221,114

Brandywine I & II



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

Charlotte at Midtown



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

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