

Yardi® Matrix

Nashville's Fine Tuning

Multifamily Report Summer 2018

Transaction Volume Softens

Growing Supply Puts Cap on Rent Growth

Professional and Business Services Drive Job Gains

NASHVILLE MULTIFAMILY

Yardi® Matrix

Market Analysis

Summer 2018

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Construction Surge Stalls Rent Growth

Solid in-migration, sustained job growth and business expansions have contributed to Nashville's development. The rental market is growing, posting historically high levels of completions last year, which could result in limited rent growth and a drop in occupancy, already down 160 basis points year-over-year to 94.3%. Rents rose 0.8% to \$1,196 through April, trailing the 2.4% national average.

Music City's economy, mostly sustained by the entertainment industry, is branching out: The professional and business services sector expanded by 7,300 jobs in the 12 months ending in February, as companies relocate to Nashville, encouraged by its favorable business environment, which now also includes Google Fiber. Asurion and ServiceSource Corp. are adding 850 jobs combined, while health-care giant Philips plans to build a health IT center and create 800 positions over the next few years.

Investor demand has softened: By April, some \$144 million in multifamily assets had changed hands, almost all of them in the RBN segment, which cut the per-unit price down to \$103,354. About 2,600 units were delivered by April, of the 5,600 that are expected to be delivered this year. Some pockets of oversupply have surfaced, which combined with a supply imbalance will likely limit rent growth. We expect rents to rise 2.1% in 2018.

Recent Nashville Transactions

West 46th



City: Nashville, Tenn.
Buyer: Ventera Realty
Purchase Price: \$34 MM
Price per Unit: \$198,830

City Side Flats



City: Nashville, Tenn.
Buyer: Emma Capital
Purchase Price: \$25 MM
Price per Unit: \$122,139

Hickory View



City: Nashville, Tenn.
Buyer: Prominent Realty Group
Purchase Price: \$14 MM
Price per Unit: \$120,000

Fawnwood



City: Madison, Tenn.
Buyer: MACC Properties
Purchase Price: \$14 MM
Price per Unit: \$90,506