



## MULTIFAMILY REPORT

# Knoxville Stays Solid

Spring 2021

**Rent Growth Outperforms Nation**

**Company Expansions Promise New Jobs**

**Increased Demand Triggers Development**



# KNOXVILLE MULTIFAMILY



## Demand Keeps Fundamentals Healthy

Knoxville's solid fundamentals helped its real estate sector weather the effects of the health crisis well. Its multifamily market saw rents advance, up 0.4% to \$1,099 on a trailing three-month basis as of February. Positive in-migration and limited inventory expansion pushed up the occupancy rate in stabilized properties by 160 basis points year-over-year through January, to 97.4%.

The unemployment rate dropped to 4.3% in November, with preliminary data for January pointing to a 30-basis-point increase. The employment market saw a 2.2% contraction in the 12 months ending in December, outperforming the national rate by 420 basis points. Three sectors gained jobs, two of which serve as Knoxville's main economic drivers: Professional and business services and education and health services expanded by 5.4% and 3.0%, respectively. Knoxville's largest employment sector—trade, transportation and utilities—shrunk by just 0.7% and points to recovery.

Developers delivered 267 units in 2021 through February and had 1,269 underway. Last year, 292 units came online in Knoxville. Investment activity picked up in the final quarter of 2020, with \$190 million in multifamily assets—of the \$260 million total—trading for a price per unit that rose by a substantial 58.5% to \$169,514.

## Market Analysis | Spring 2021

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### Recent Knoxville Transactions

#### Amberleigh Bluff



City: Knoxville, Tenn.  
Buyer: Steadfast Cos.  
Purchase Price: \$60 MM  
Price per Unit: \$178,571

#### Heritage Lake



City: Knoxville, Tenn.  
Buyer: Timberland Partners  
Purchase Price: \$51 MM  
Price per Unit: \$192,748

#### The Village at Westland Cove



City: Knoxville, Tenn.  
Buyer: Wilkinson Real Estate  
Advisors  
Purchase Price: \$47 MM  
Price per Unit: \$195,833

#### The Willows of West Hills



City: Knoxville, Tenn.  
Buyer: Kibo Capital Group  
Purchase Price: \$38 MM  
Price per Unit: \$150,000