

Yardi® Matrix

Knoxville Finds Its Stride

Multifamily Report Summer 2017

**Sales Slow but
Prices Soar**

**Local Rent Growth
Tops State**

**Development
Ramps Up**

KNOXVILLE MULTIFAMILY

Yardi® Matrix

Market Analysis

Summer 2017

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No Longer in Nashville's Shadow?

Following the fourth consecutive month of rents growing faster than the national average rate, the city looks poised to take its development even further. A new cycle high for investment sales in 2016 and the expectation that the city will add new units at a rate that has not been met since 2011 are signs that both investors and developers are more actively looking at opportunities in the market.

While job growth tempered over the summer, a number of corporate investments in manufacturing should continue to bolster the economy, and the low unemployment rate indicates that the job market is stable. The announced renovation of the University of Tennessee's 100,000-seat Neyland Stadium is a \$108 million commitment to the improvement of the city's main intellectual node and provider of skilled labor.

Despite limited deliveries during the year's first half, roughly 1,200 units are expected to come online 2017, one of the most substantial completion rates of this cycle. Developers have 1,400 units underway, with another 1,900 in various stages. The relative affordability of housing in Knoxville is making it a cheap alternative to Nashville, with developers focusing on the I-40 corridor, which provides access to the state's largest city. As Knoxville continues to expand, we expect rent growth to remain steady, reaching 4.4% for the year.

Recent Knoxville Transactions

Forest Ridge/Autumnwood



City: Knoxville, Tenn.
Buyer: Strata Equity
Purchase Price: \$72 MM
Price per Unit: \$119,200

Heritage Lake at Westland



City: Knoxville, Tenn.
Buyer: CF Real Estate Services
Purchase Price: \$32 MM
Price per Unit: \$125,000

Walden Legacy



City: Knoxville, Tenn.
Buyer: Bluestone Properties
Purchase Price: \$31 MM
Price per Unit: \$130,932

Eagle Pointe



City: Knoxville, Tenn.
Buyer: Strata Equity
Purchase Price: \$27 MM
Price per Unit: \$52,314

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