



MULTIFAMILY REPORT

Knoxville Pursues Growth

April 2023

YoY Rent Growth Still in Double Digits

New Construction Starts Pick Up

Occupancy Dips, Still Above 97%

KNOXVILLE MULTIFAMILY



Healthy Demand Supports Rates, Occupancy

Knoxville's multifamily market had a remarkable 2022, sustained by healthy demand that triggered record-high investment and deliveries. This kept rent growth above the U.S. average for most of the pandemic. As of February, the metro's average asking rate posted a consistent 12.8% year-over-year increase, to \$1,391, while the U.S. figure rose just 4.8%, to \$1,702. The occupancy rate in stabilized properties decreased 50 basis points in the 12 months ending in January, to a still high 97.6%.

Knoxville unemployment started the year at 3.3%, outperforming the state (3.5%) and the U.S. (3.4%), according to preliminary data from the Bureau of Labor Statistics. Although better than pre-pandemic levels, it still lagged Nashville (2.7%). The job market expanded by 4.7%, or 20,400 jobs, in the 12 months ending in December, ahead of the 3.4% national rate. All sectors added positions, led by trade, transportation and utilities, which gained 3,200 positions. Notable companies expanding in the metro include 3M—working on a \$470 million plant expansion—and Topgolf, which recently opened its first location in Knoxville.

As of February, no deliveries or sales were recorded. This came on the heels of record performance in 2022, when Knoxville saw a 3.2% stock expansion, \$422 million transaction volume and 22.5% year-over-year increase in the price per unit, to \$185,535. Still, the construction pipeline remained robust, with 2,749 units underway.

Market Analysis | April 2023

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Recent Knoxville Transactions

The Village at Westland Cove



City: Knoxville, Tenn.
Buyer: Capital Square
Purchase Price: \$87 MM
Price per Unit: \$362,500

Brendon Park



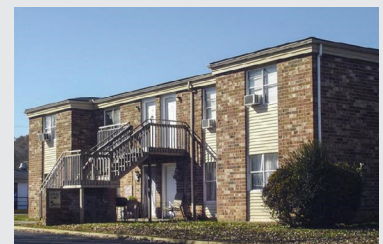
City: Knoxville, Tenn.
Buyer: Dominion Group
Purchase Price: \$57 MM
Price per Unit: \$175,000

The Vue at Ridge Way



City: Knoxville, Tenn.
Buyer: Brookside Properties
Purchase Price: \$15 MM
Price per Unit: \$154,167

McKenzie Acres



City: Oak Ridge, Tenn.
Buyer: WNC & Associates
Purchase Price: \$4 MM
Price per Unit: \$38,950