

Yardi® Matrix

# Hard Knox Life

## Multifamily Report Winter 2018



**Rent Growth  
Continues**

**Inventory Expansion  
Set for Boost**

**Employment Market  
Takes Serious Hits**

# KNOXVILLE MULTIFAMILY

Yardi® Matrix

## Market Analysis

Winter 2018

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## Going With the Flow

As rents continued to grow at a steady rate in 2017 (2.6%), while inventory expansion remained limited, the local multifamily market is facing the need to navigate nascent affordability issues. Continued demand due to recent population gains is generating further need for housing, which this year is set to lead to the delivery of more units than the cycle average. In a trend that has become prevalent across the U.S., the spillover effect is an important driver for growth in smaller markets, as amplifying demand and economic development in nearby Nashville are pushing rents higher in a number of Knoxville submarkets.

Although local employment gains have slowed to a halt, the metro's unemployment rate is the lowest among important markets across the state, while industries such as manufacturing continue to improve. Japanese automotive manufacturer Denso has lined up a \$1 billion expansion at its Maryville facility, where it is set to add 1,000 new jobs once the project is complete. Where development and infrastructure are concerned, 2017 marked a new high for the total value of projects underway in the metro, pointing to further growth.

Continued rent gains and growing occupancy—96.1% as of November—have led to a multifamily pipeline of 1,600 units under construction, with a further 2,300 units in the planning and permitting stages. Going forward, rents are poised to continue their climb, with Yardi Matrix expecting a 2.8% growth in 2018.

### Recent Knoxville Transactions

The Metropolitan



City: Knoxville, Tenn.  
Buyer: Goldelm  
Purchase Price: \$48 MM  
Price per Unit: \$92,307

Walden Legacy



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

Viera Cedar Bluff



City: Knoxville, Tenn.  
Buyer: Michaelson Group  
Purchase Price: \$18 MM  
Price per Unit: \$96,739

The Views at Elm Grove



City: Knoxville, Tenn.  
Buyer: Brookside Properties  
Purchase Price: \$6 MM  
Price per Unit: \$43,024

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