



## MULTIFAMILY REPORT

# Knoxville's Spotty Growth

September 2023

An aerial photograph of Knoxville, Tennessee, showing a mix of urban and suburban development. In the foreground, there are several multi-story apartment buildings and parking lots. A large bridge spans a river in the middle ground. In the background, a tall glass skyscraper stands out against a blue sky with scattered clouds. The overall scene depicts a city with diverse housing and commercial structures.

**Rent Growth Leads US**  
**YoY Occupancy Declines**  
**Investment Volume Drops**

# KNOXVILLE MULTIFAMILY



## Rent Gains Endure, Other Indicators Moderate

Knoxville's multifamily fundamentals were a mixed bag in July, with solid rent and supply growth, as investment activity nearly halted and occupancy slid. Rents rose 0.5% on a trailing three-month basis through July, outperforming the 0.3% U.S. rate. But with the average asking rent at \$1,446, the metro remained in the affordable category, nearly \$300 below the national average. Although occupancy declined 130 basis points year-over-year as of June, to 96.5%, Knoxville held its status as one of the tightest rental markets in the nation.

Unemployment in Knoxville stood at 3.6% in June, on par with the U.S. rate and trailing the state (3.2%) and Nashville (3.0%). Meanwhile, the employment market was up 3.3% year-over-year as of May, having added 12,900 positions, outperforming the 2.8% national rate. During this period, all sectors added jobs, except for information, which lost 100 positions. Professional and business services (3,900 jobs) and education and health services (2,700 jobs) led gains.

Developers brought 529 units online in 2023 through July and had another 2,629 units under construction. Deliveries and underway projects tilted heavily toward the upscale segment. Investment activity plummeted, with just \$29 million in multifamily assets trading through July. Just value-add plays sold during the period, for a price per unit that stood at \$121,694.

### Recent Knoxville Transactions

#### Hillside Place



City: Knoxville, Tenn.  
Buyer: Standifer Capital  
Purchase Price: \$8 MM  
Price per Unit: \$85,938

## Market Analysis | September 2023

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