



MULTIFAMILY REPORT

Nashville's Rate Slide Continues

January 2025

Job Growth Moderates

Supply Volume Marks New High

Rent Movement Remains in the Red

NASHVILLE MULTIFAMILY



Rent Growth Faces Pressure

Nashville's average advertised asking rent was down 0.5% on a trailing three-month basis, to \$1,632, as of November 2024. A slowdown in employment, paired with strong deliveries and seasonal trends, are a big part of this unfolding story. Meanwhile, the U.S. rate posted a 0.2% decline, on a T3 basis, to \$1,744. Notably, even with new deliveries accounting for a robust 5.3% of existing inventory, Nashville's occupancy in stabilized assets slid only 10 basis points year-over-year through October, to 94.4%.

Nashville employment growth softened to 0.6% as of September, trailing the national average since February 2024. The market gained 5,000 net jobs over 12 months. Growth was sustained by five sectors, led by education and health services (7,300 jobs) and government (4,300). Another five sectors lost 12,300 jobs combined, with larger declines in leisure and hospitality (-4,500 jobs) and financial activities (-3,000 jobs). Meanwhile, the unemployment rate still reflected a tight labor market, at 2.9% in October, outperforming the state (3.3%) and the U.S. (4.1%). Notable projects underway include Vanderbilt University Medical Center's 15-story expansion, which is slated to open its first phase in 2025.

Deliveries totaled 10,111 units through November, a decade high for the metro, which had another 23,107 units under construction. Investment volume surpassed \$1 billion in 2024 through November, but the average price per unit fell almost 25%, to \$180,274.

Market Analysis | January 2025

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On the cover: Photo by Larry Gibson/iStockphoto.com

Recent Nashville Transactions

Corban Farms at Cane Ridge



City: Antioch, Tenn.
Buyer: Bonaventure Senior Living
Purchase Price: \$86 MM
Price per Unit: \$260,606

Cambridge at Hickory Hollow



City: Antioch, Tenn.
Buyer: Cortland
Purchase Price: \$65 MM
Price per Unit: \$181,250

18Thirty



City: Madison, Tenn.
Buyer: Addison Partners
Purchase Price: \$16 MM
Price per Unit: \$179,545

Midtown Estates

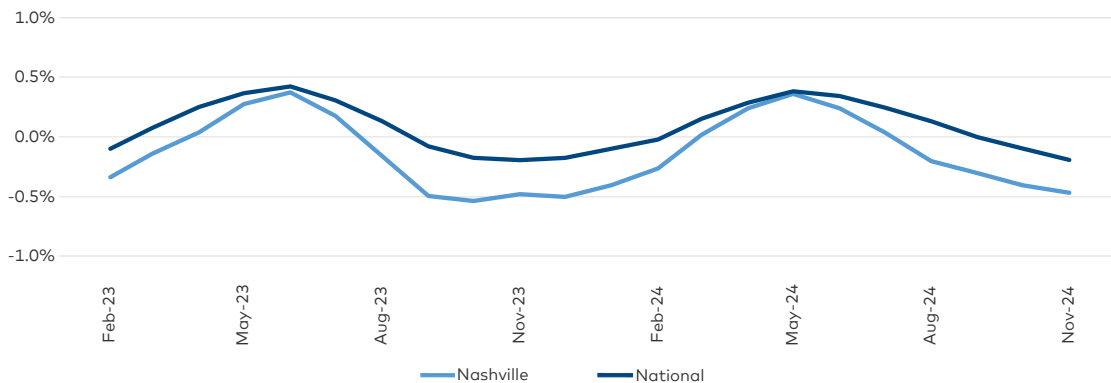


City: Murfreesboro, Tenn.
Buyer: Related Cos.
Purchase Price: \$15 MM
Price per Unit: \$170,455

RENT TRENDS

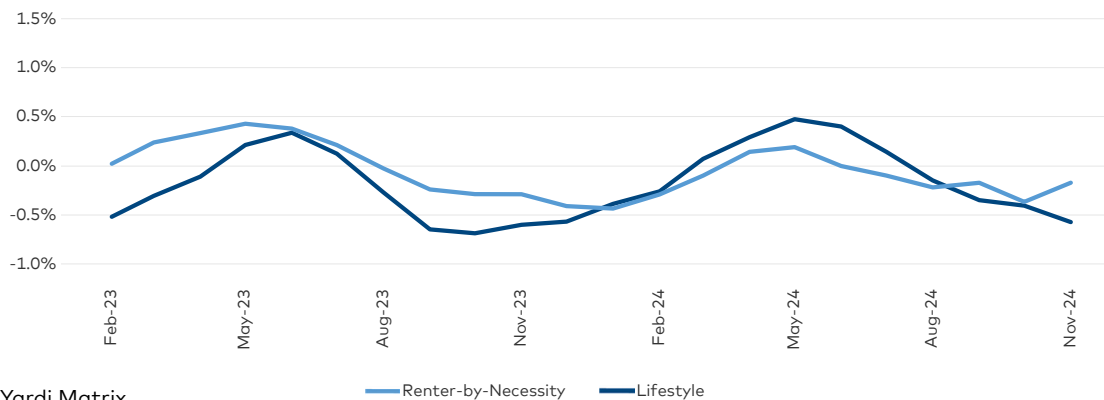
- ▶ Nashville's average advertised asking rents contracted 0.5% on a trailing three-month (T3) basis through November, to \$1,632. The U.S. average fell 0.2%, to \$1,744. Pressured by strong new supply and seasonal trends, rent movement remained negative, at -1.7% year-over-year, even as the national rate was up 0.9% through November 2024.
- ▶ Rents slid even more in the Lifestyle segment, down 0.6%, to \$1,785, on a T3 basis through November. Meanwhile, working-class Renter-by-Necessity asking rates decreased 0.2%, to \$1,364.
- ▶ Amid strong stock growth, Nashville occupancy in stabilized assets inched down just 10 basis points year-over-year through October, to 94.4%. The national rate settled 30 basis points higher, unchanged over 12 months. The Nashville decrease was caused by an 80-basis-point decline in RBN occupancy, to 93.8%. Meanwhile, Lifestyle occupancy rose 20 basis points, to 94.7%.
- ▶ Year-over-year, advertised asking rents contracted in 18 of the 49 submarkets tracked by Yardi Matrix. Rates fell by 0.2%, to \$2,089, in Vanderbilt, Nashville's third-most expensive submarket, and increased in the top two: Downtown (1.6% to \$2,354) and Green Hills (0.3% to \$2,114).
- ▶ Meanwhile, Nashville's single-family rental market outperformed multifamily. Advertised asking rents were up 0.6% year-over-year through November, to \$2,375. Occupancy climbed 2.9% year-over-year, to a tight 97.1% as of October 2024.

Nashville vs. National Rent Growth (Trailing 3 Months)



Source: Yardi Matrix

Nashville Rent Growth by Asset Class (Trailing 3 Months)



Source: Yardi Matrix

ECONOMIC SNAPSHOT

- Nashville employment growth slowed to 0.6% as of September, lagging the 1.4% U.S. rate. The metro gained 5,000 net jobs over 12 months. Job growth fell below the U.S. average in February 2024, with the gap now even wider.
- Meanwhile, the labor market remained tight, with the unemployment rate at 2.9% in October. That was below both Tennessee's 3.3% and the national 4.1% average, according to preliminary data from the Bureau of Labor Statistics.
- The metro added 5,000 net positions year-over-year as of September 2024, with five sectors recording gains. Education and health services (7,300 jobs) led growth. Next in line were government (4,300) and manufacturing (2,600) jobs.
- News on projects going forward include Vanderbilt University Medical Center's largest expansion to date. The medical provider has a 15-story, 470,000-square-foot project underway, dubbed Jim Ayers Tower, which is slated to open its first floor in October 2025. The tower broke ground in 2022, with construction time initially estimated at four-and-a-half years.
- Five other sectors shrunk by 12,300 positions combined, with bigger losses recorded in leisure and hospitality (-4,500 jobs), financial activities (-3,000) and professional and business services (-2,500).

Nashville Employment Share by Sector

Code	Employment Sector	Current Employment	
		(000)	% Share
65	Education and Health Services	183.2	15.7%
90	Government	132.4	11.3%
30	Manufacturing	88.1	7.5%
40	Trade, Transportation and Utilities	225.3	19.3%
80	Other Services	49.1	4.2%
50	Information	30.6	2.6%
15	Mining, Logging and Construction	60.4	5.2%
60	Professional and Business Services	194.7	16.7%
55	Financial Activities	76.4	6.5%
70	Leisure and Hospitality	128.2	11.0%

Sources: Yardi Matrix, Bureau of Labor Statistics

Population

- Nashville gained close to 450,000 residents between the 2010 Census and 2022, a solid 29.1% increase. During this time, the U.S. population grew by 8.9%.
- In 2022, population growth moderated in Nashville, up 1.5% and half the increase recorded in the prior year.

Nashville vs. National Population

	2019	2020	2021	2022
National	324,697,795	326,569,308	329,725,481	331,097,593
Nashville	1,871,903	1,904,186	1,960,999	1,990,873

Source: U.S. Census

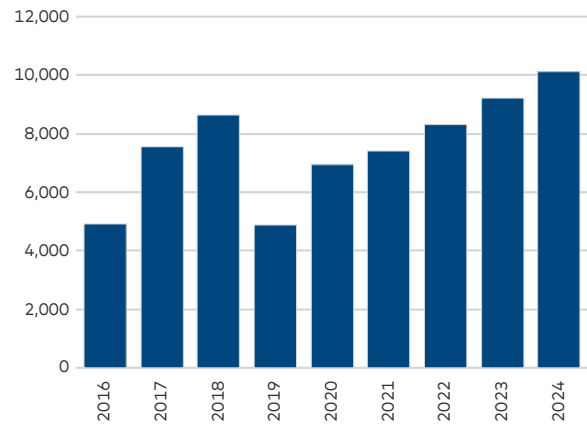
SUPPLY

- Units delivered in Nashville in 2024 through November represented 5.3% of total stock, marking the third-highest pace among Yardi Matrix's top 30 metros, behind only Austin (7.5%) and Raleigh (6.4%). All of them were well above the 2.7% U.S. rate. A total of 10,111 units came online in metro Nashville, marking the fifth-consecutive year the figure rose.
- Lifestyle projects accounted for 84.0% of units completed in 2024 through November, while fully affordable and RBN assets accounted for 12.0% and 4.0%, respectively.
- Developers had 23,107 units under construction in Nashville as of November, and another 64,000 in the planning and permitting phases. Lifestyle maintained an 84.0% share of the units underway. Fully affordable projects represented 12.4%, while RBN's portion dropped to 2.6%. New construction slowed in 2024, with only 4,882 units across 21 properties breaking ground through November, a considerable 45.5% drop from the volume recorded over the same period in 2023.
- Four core submarkets occupied the top positions by volume of units underway as of November, accounting for nearly half of the total.

Overall, developers were active in 28 of the 49 submarkets tracked by Yardi Matrix. Nashville–Downtown (4,192 units) and Nashville–Central South (2,454 units) listed the highest volumes.

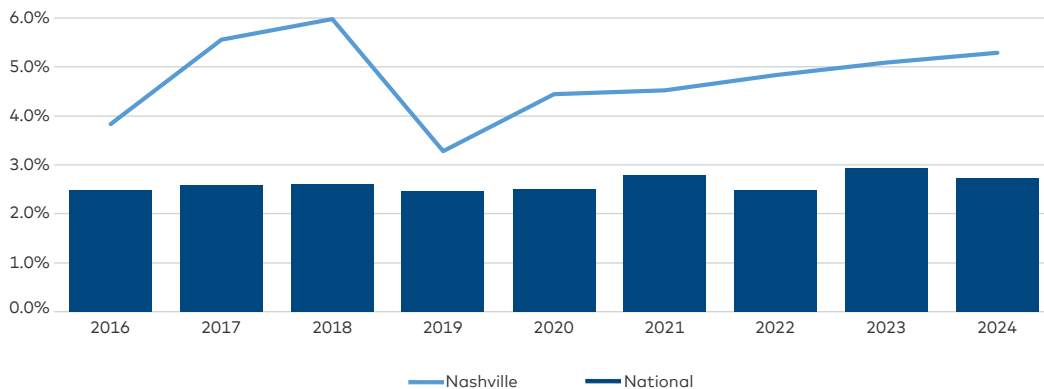
- Notable deliveries include Ascendant Development's 369-unit Haven at Charlotte in the Vanderbilt submarket. It was built with aid from a \$55.4 million, four-year construction loan originated by Citizens Financial Group.

Nashville Completions (as of November 2024)



Source: Yardi Matrix

Nashville vs. National Completions as a Percentage of Total Stock (as of November 2024)



Source: Yardi Matrix

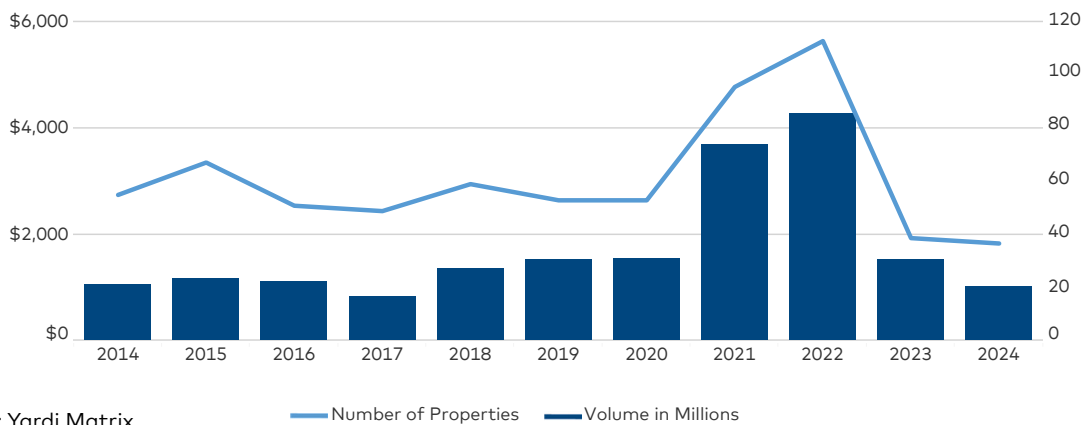
TRANSACTIONS

- ▶ Nashville multifamily sales surpassed \$1 billion in 2024 through November, in line with pre-pandemic annual figures. Investment volume reflected stronger performance in the second half of 2024, totaling \$630 million.
- ▶ The average price per unit decreased by a sizable 23.7% last year through November, to \$180,274. This came on the heels of three consecutive years above the \$200,000 mark. Investor interest was slightly higher in the RBN seg-

ment, which accounted for 60% of transactions recorded during this period. Meanwhile, the U.S. average price per unit saw a slight year-over-year uptick, rising 2.7%, to \$192,050.

- ▶ Notable recent sales include Bonaventure Senior Living's \$86 million acquisition of Corban Farms at Cane Ridge in Antioch, Tenn., from Wood Partners. The transaction holds a \$51.3 million, seven-year loan originated by TIAA.

Nashville Sales Volume and Number of Properties Sold (as of November 2024)



Source: Yardi Matrix

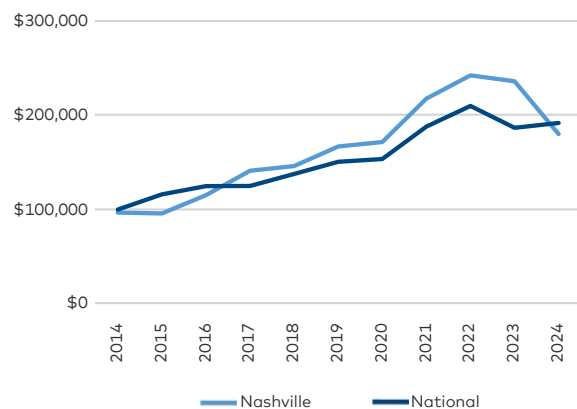
Top Submarkets for Transaction Volume¹

Submarket	Volume (\$MM)
Nashville-South	279
Nashville-Vanderbilt	150
Nashville-Downtown	115
Murfreesboro	96
Nashville-West	88
Nashville-Central	78
Nashville-Southeast	72

Source: Yardi Matrix

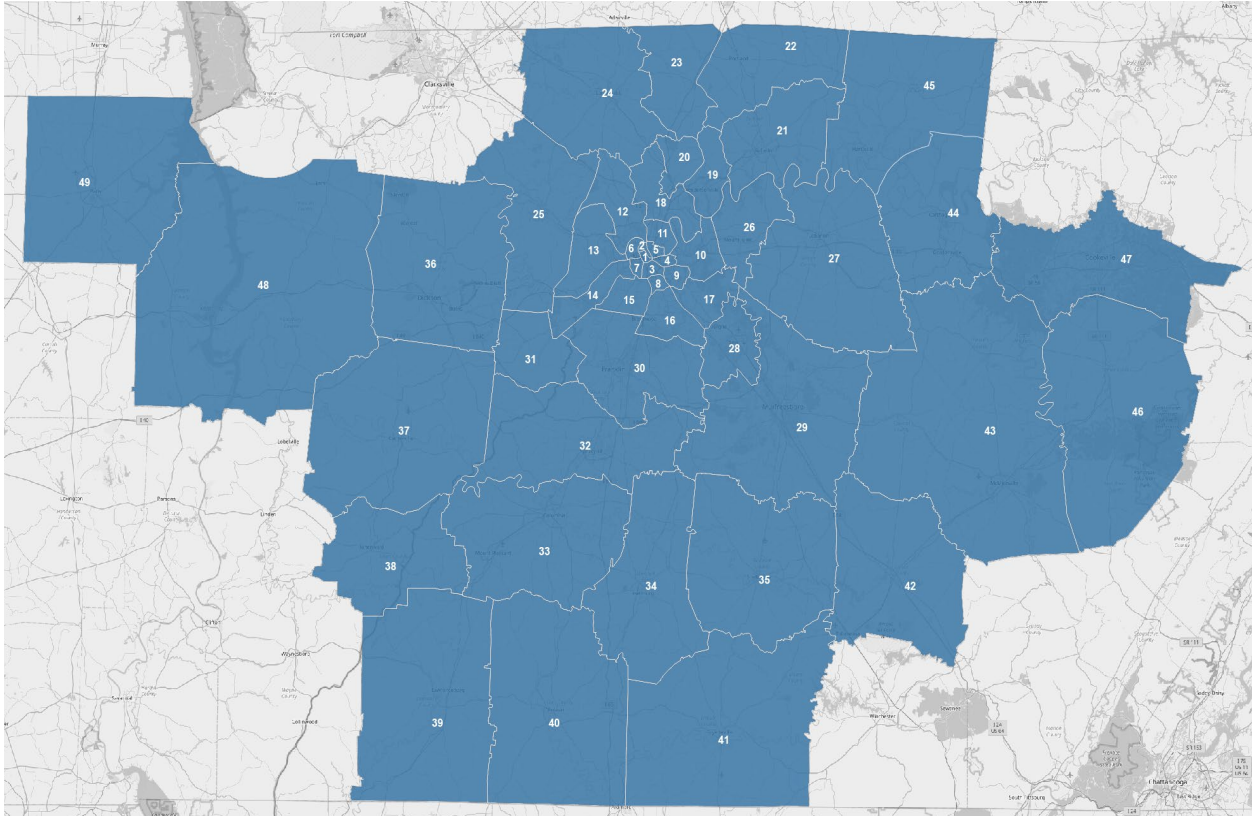
¹ From December 2023 to November 2024

Nashville vs. National Sales Price per Unit



Source: Yardi Matrix

NASHVILLE SUBMARKETS



Area No.	Submarket
1	Nashville-Downtown
2	Nashville-Central
3	Nashville-Central South
4	Nashville-Lebanon Pike
5	Nashville-East End
6	Nashville-Central North
7	Nashville-Vanderbilt
8	Nashville-Woodbine
9	Nashville-Airport
10	Nashville-East
11	Nashville-Northeast
12	Nashville-Northwest
13	Nashville-West
14	Nashville-Southwest
15	Nashville-Green Hills
16	Nashville-South
17	Nashville-Southeast

Area No.	Submarket
18	Nashville-Madison
19	Hendersonville
20	Goodlettsville
21	Gallatin
22	Portland
23	White House
24	Springfield
25	Cheatham County
26	Mount Juliet
27	Lebanon
28	Smyrna
29	Murfreesboro
30	Franklin
31	Fairview
32	Spring Hill
33	Columbia
34	Lewisburg

Area No.	Submarket
35	Shelbyville
36	Dickson
37	Hickman County
38	Lewis County
39	Lawrenceburg
40	Pulaski
41	Fayetteville
42	Tullahoma
43	McMinnville-Smithville
44	Smith County
45	Lafayette
46	Sparta
47	Cookeville
48	Waverly-Erin
49	Paris

DEFINITIONS

Lifestyle households (renters by choice) have wealth sufficient to own but have chosen to rent. Discretionary households, most typically a retired couple or single professional, have chosen the flexibility associated with renting over the obligations of ownership.

Renter-by-Necessity households span a range. In descending order, household types can be:

- *A young-professional*, double-income-no-kids household with substantial income but without wealth needed to acquire a home or condominium;
- *Students*, who also span a range of income capability, extending from affluent to barely getting by;
- *Lower-middle-income ("gray-collar") households*, composed of office workers, policemen, firemen, technical workers, teachers, etc.;
- *Blue-collar households*, which barely meet rent demands each month and likely pay a disproportionate share of their income toward rent;
- *Subsidized households*, which pay a percentage of household income in rent, with the balance of rent paid through a governmental agency subsidy. Subsidized households, while typically low income, extend to middle-income households in some high-cost markets, such as New York City;
- *Military households*, subject to frequency of relocation.

These differences can weigh heavily in determining a property's ability to attract specific renter market segments. The five-star resort serves a very different market than the down-and-outer motel. Apartments are distinguished similarly, but distinctions are often not clearly definitive without investigation. The Yardi® Matrix Context rating eliminates that requirement, designating property market positions as:

Market Position	Improvements Ratings
Discretionary	A+ / A
High Mid-Range	A- / B+
Low Mid-Range	B / B-
Workforce	C+ / C / C- / D

The value in application of the Yardi® Matrix Context rating is that standardized data provides consistency; information is more meaningful because there is less uncertainty. The user can move faster and more efficiently, with more accurate end results.

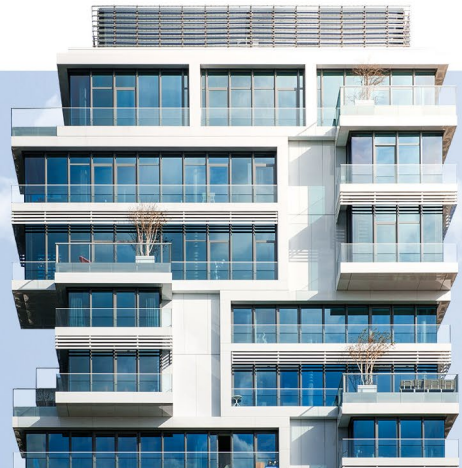
The Yardi® Matrix Context rating is not intended as a final word concerning a property's status—either improvements or location. Rather, the result provides reasonable consistency for comparing one property with another through reference to a consistently applied standard.

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- Gain complete new supply pipeline information from concept to completion
- Find acquisition prospects based on in-place loans, maturity dates, lenders and originators
- Access aggregated and anonymized residential revenue and expense comps



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