



MULTIFAMILY REPORT

Knoxville Peaks

April 2025



Supply Remains Elevated

Rent Deceleration Continues

Employment Market Improves

KNOXVILLE MULTIFAMILY



Supply Pressures Rents, Occupancy

Knoxville's multifamily market has posted fairly consistent performance with solid fundamentals for a few years. The metro's allure led to robust stock expansion in 2024, inducing pressure on rent growth, which declined 0.3%, on a trailing three-month basis through February, to \$1,460, while remaining unchanged year-over-year. Additionally, the occupancy rate in stabilized properties decreased 0.7% year-over-year, to 95.7% in February.

Knoxville's employment growth recovery continued, up 1.5% in 2024, surpassing the 1.3% U.S. rate for the first time since 2023. The unemployment rate was 3.5% in January, leading the state (3.7%) and the U.S. (4.0%). While the metro gained 6,200 net jobs in 2024, information and leisure and hospitality lost 500 jobs combined. Education and health services (3,900 jobs) and manufacturing (1,200 jobs) accounted for most of the job gains. The \$114 million multi-use stadium Covenant Health Park is slated to open in March. The project will create 400 jobs and is expected to generate \$500 million over the next 30 years.

On the heels of last year's 5.1% peak supply growth, construction activity remained strong, with deliveries already accounting for 0.7% of stock as of February. Meanwhile, investment activity paused, with just \$107 million in multifamily assets trading in 2024. The price per unit fell 24.5% year-over-year to \$141,473, well below the \$228,671 U.S. average.

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Recent Knoxville Transactions

The Collective at Sutherland



City: Knoxville, Tenn.
Buyer: Covenant Capital Group
Purchase Price: \$52 MM
Price per Unit: \$131,944

Canyon & Knox Landing



City: Knoxville, Tenn.
Buyer: TAZRock Asset
Management
Purchase Price: \$24 MM
Price per Unit: \$121,762