



MULTIFAMILY REPORT

Midyear Softening In Knoxville

September 2025

Rent Growth Slows, Still Above US

Investors Trade Value-Add Assets

New Construction Surges

KNOXVILLE MULTIFAMILY



Softer Gains Across Fundamentals

Halfway through the year, Knoxville's multifamily market typically begins to cool down. This pattern holds true in 2025. Rent growth moderated to 0.3%, on a trailing three-month basis through July, to \$1,508, and occupancy fell 60 basis points year-over-year to 95.6% as of June. Knoxville outperformed the national figure, which was down 10 basis points in occupancy, to 94.7%, and up 20 basis points in rent growth.

Knoxville's employment growth moderated to 1.1% year-over-year through May, maintaining its lead over the 0.8% U.S. rate. Growth was uneven across sectors, for a total of 4,300 net jobs. Four sectors added positions, led by education and health services (2,800 jobs) and trade, transportation and utilities (1,600 jobs). Meanwhile, four sectors lost 1,100 jobs combined, led by government (-400 jobs) and manufacturing (-300 jobs). The unemployment rate rose to 3.8% in June, between the 3.5% state and the 4.1% U.S. figure. Notable developments include the University of Tennessee's eight-story chemistry building, which is slated for completion in 2029.

Developers delivered 288 units in 2025 through July and had another 4,545 underway, with new construction increasing by 130% year-over-year. Meanwhile, investment activity remained low totaling just \$42 million and consisting entirely of value-add sales. The price per unit decreased 4.0% this year, to \$135,873.

Market Analysis | September 2025

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Recent Knoxville Transactions

Ivy at West Hills



City: Knoxville, Tenn.
Buyer: Sandhurst Apartment
Management
Purchase Price: \$27 MM
Price per Unit: \$153,714

Cassell Ridge

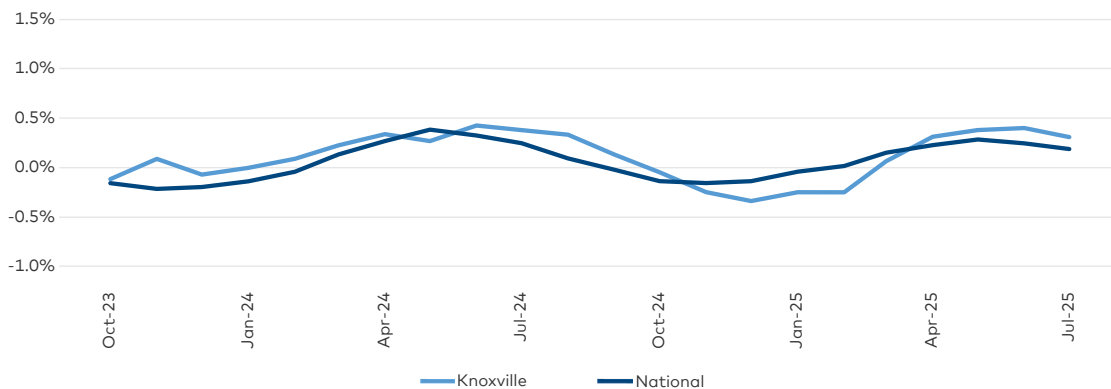


City: Knoxville, Tenn.
Buyer: Everest Properties
Purchase Price: \$16 MM
Price per Unit: \$113,571

RENT TRENDS

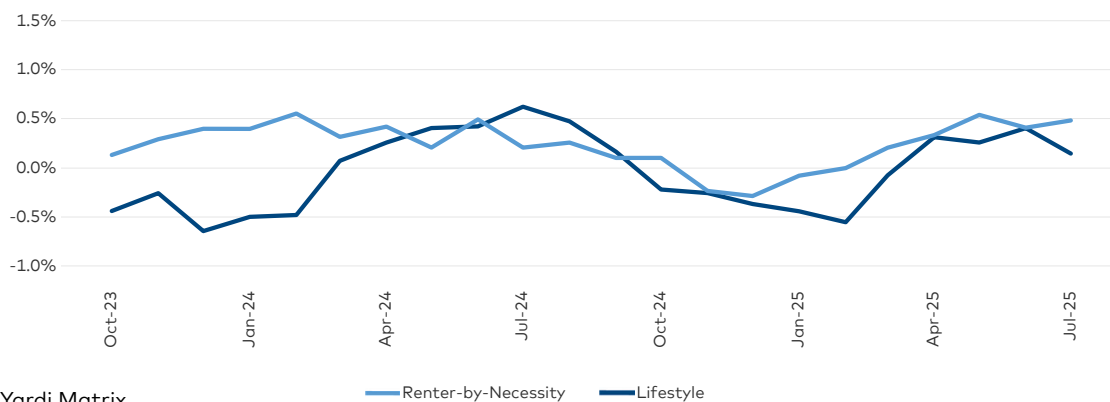
- Knoxville's average advertised asking rents rose 0.3% on a trailing three-month (T3) basis through July, to \$1,508, while the national average rate, increased by 0.2%, to \$1,754. In line with the seasonal pattern, Knoxville's rent growth was stronger in the second quarter, slightly surpassing the U.S. rate, with July typically marking the start of a new decelerating trend. Furthermore, the market is still coping with last year's supply gains, which marked a new high in 2024.
- Rent growth in the Renter-by-Necessity segment maintained the lead over Lifestyle rates for the 10th consecutive month, up 0.5% on a T3 basis through July, to \$1,314. Meanwhile, the average Lifestyle advertised asking rent moderated to a minor 0.1% increase to \$1,819.
- The occupancy rate in stabilized properties dropped 60 basis points year-over-year through June but remained healthy at 95.6%. RBN occupancy posted a 90-basis-point decline to 95.7%, while the Lifestyle rate slid 10 basis points to 95.5%. Meanwhile, the U.S. rate inched down 0.1%, to 94.7%.
- While advertised asking rents contracted in one-third of the 19 submarkets tracked on a year-over-year basis through July by Yardi Matrix, the top three priciest recorded rent increases: Knoxville–Downtown (5.95% to \$2,091), Hardin Valley (2.1% to \$1,926) and Northshore (0.5% to \$1,654). Rent declines were recorded in Karns (-3.5% to \$1,586), Powell (-1.9% to \$1,345) and Knoxville–East (-0.2% to \$1,602).

Knoxville vs. National Rent Growth (Trailing 3 Months)



Source: Yardi Matrix

Knoxville Rent Growth by Asset Class (Trailing 3 Months)



Source: Yardi Matrix

ECONOMIC SNAPSHOT

- ▶ Knoxville's employment growth decelerated to 1.1% year-over-year through May, 30 basis points above the national rate. Equivalent to a 4,300-net-job gain, growth was spotty across sectors, with only four recording growth, led by education and health services (2,800 jobs) and trade, transportation and utilities (1,600 jobs). While leisure and hospitality and construction remained unchanged, four sectors lost 1,100 jobs combined, led by government (-400 jobs) and manufacturing (-300 jobs).
- ▶ Knoxville's unemployment rate rose to 3.8% in June, according to preliminary data from the Bureau of Labor Statistics, trailing the 3.5% state rate and ahead of the 4.1% national average.

The increase in the jobless rate reflects seasonal labor market trends.

- ▶ Among Knoxville's recently delivered developments is Covenant Health Park. The stadium registered 112,800 visitors over the first 30 Smokies games, marking a 15% increase year-over-year in attendance. Meanwhile, The University of Tennessee has announced it will break ground on a new eight-story chemistry building. The new addition will comprise a range of facilities, including two 50-seat lecture halls, 31 research and teaching labs, collaborative spaces and dedicated workstations. The project's completion date is slated for 2029.

Knoxville Employment Share by Sector

Code	Employment Sector	Current Employment	
		(000)	% Share
65	Education and Health Services	65.2	14.3%
40	Trade, Transportation and Utilities	90.8	19.9%
80	Other Services	17.9	3.9%
60	Professional and Business Services	72.5	15.9%
15	Mining, Logging and Construction	22.2	4.9%
70	Leisure and Hospitality	49.8	10.9%
50	Information	6.1	1.3%
55	Financial Activities	23.7	5.2%
30	Manufacturing	45.3	9.9%
90	Government	62.1	13.6%

Sources: Yardi Matrix, Bureau of Labor Statistics

Population

- ▶ Knoxville gained 199,024 residents between 2010 and 2022, for a substantial 29.0% increase. The metro came in well above the 8.9% U.S. rate.
- ▶ Between 2019 and 2022, Knoxville's population growth moderated to 3.6%, but remained above the 2.0% U.S. rate.

Knoxville vs. National Population

	2019	2020	2021	2022
National	324,697,795	326,569,308	329,725,481	331,097,593
Knoxville Metro	853,337	861,872	873,816	884,359

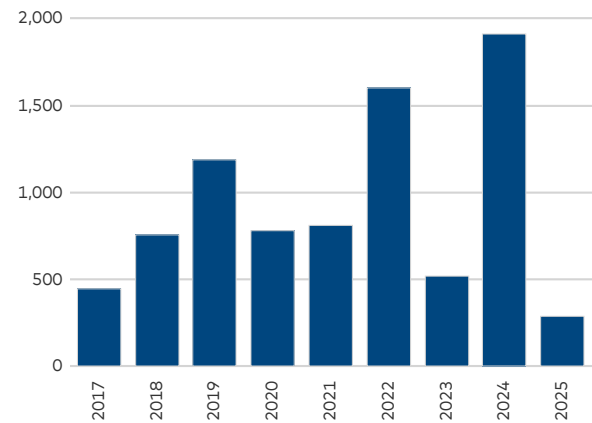
Source: U.S. Census

SUPPLY

- ▶ Developers added just one 288-unit Lifestyle property in Knoxville through the first seven months of 2024, accounting for 0.7% of existing stock, behind the 1.6% U.S. rate. This follows the metro's strongest year for completions in the past decade (4.4% in 2024). The current slowdown is typical of the metro's inventory growth pattern, which has tended to fluctuate significantly. This decade, Knoxville's new multifamily units have consistently represented 2.5% of existing inventory each year, trailing the U.S. rate by 30 basis points.
- ▶ As of July, the construction pipeline had 4,545 units underway and another 5,000 in the planning and permitting phases. The pipeline included 70.8% Lifestyle, 17.1% RBN and 13% fully affordable units.
- ▶ Bucking the national trend, new construction starts increased in Knoxville, to 1,666 units across nine properties through July, from 723 units across four properties during the same time frame in 2024. Last year, 2,051 units across 11 properties broke ground in the metro.
- ▶ Active development was recorded in 10 of the 19 submarkets tracked by Yardi Matrix, led by Knoxville–East (1,372 units across six proper-

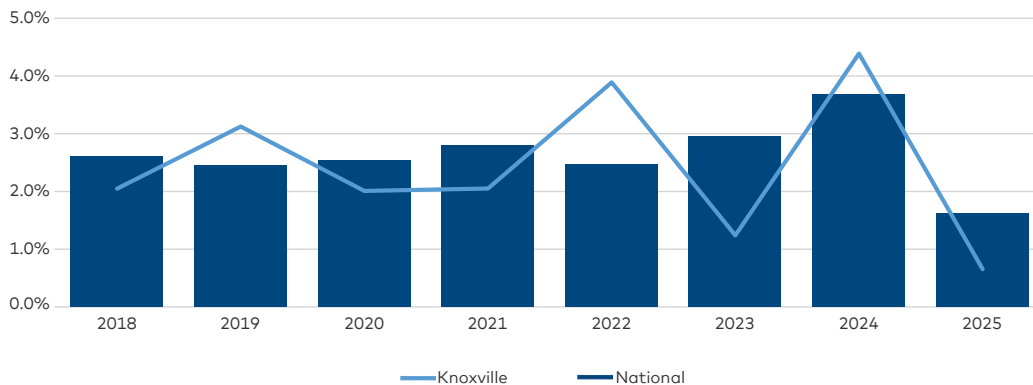
ties) and Hardin Valley (1,055 units across four properties). The latter also houses the only project delivered in 2025 through July, the 288-unit Lovell Crossing Redevelopment. Owned by Partners Development, the property was originally completed in 2007, with the current renovation aided by a construction loan issued by Walker & Dunlop in 2020.

Knoxville Completions (as of July 2025)



Source: Yardi Matrix

Knoxville vs. National Completions as a Percentage of Total Stock (as of July 2025)



Source: Yardi Matrix

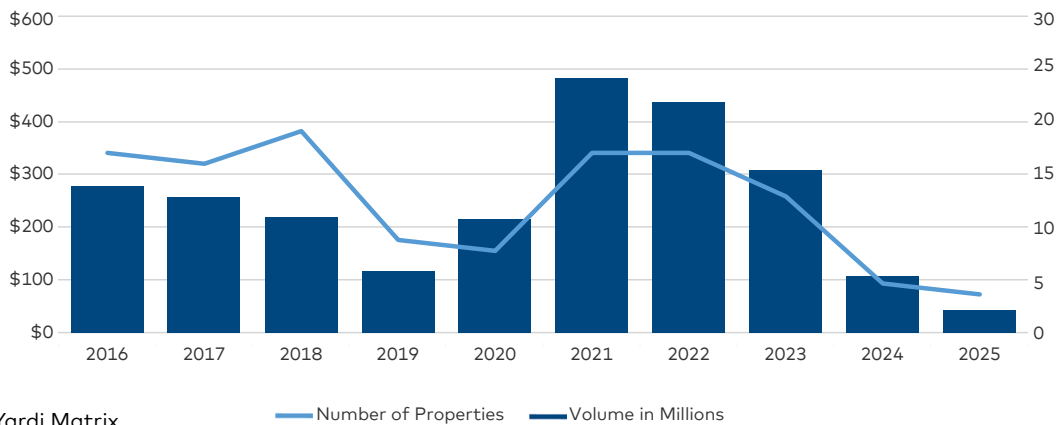
TRANSACTIONS

- Investment activity was tepid in Knoxville, with multifamily sales totaling just \$43 million in 2025 through July, on track to come in well below the metro's prior average annual sales totals. Transactions lagged, as investors await more favorable economic conditions, rent growth and returns, and amended property pricing.
- In 2025 through July, investors showed interest only in value-add opportunities, which contributed to a 4.0% year-to-date decline in the average

price per unit, to \$135,873. Meanwhile, the U.S. rate increased 7.4% to \$207,299, further widening the gap with Knoxville.

- Among the sales recorded through July was the \$27 million deal between buyer Sandhurst Apartment Management and seller Covenant Capital Group, for a 175-unit asset in Middlebrook. The transaction was aided by a \$17 million CMBS loan issued by Walker & Dunlop.

Knoxville Sales Volume and Number of Properties Sold (as of July 2025)



Source: Yardi Matrix

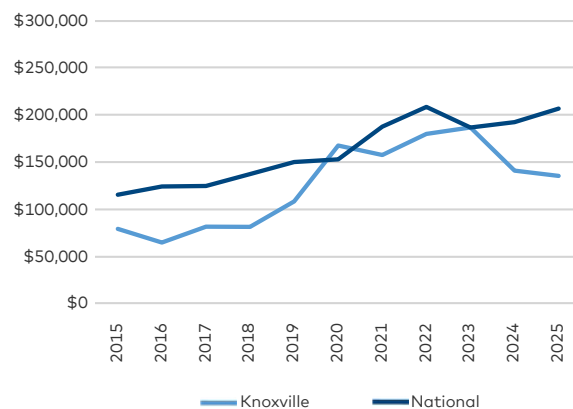
Top Submarkets for Transaction Volume¹

Submarket	Volume (\$MM)
Knoxville–West	39
Middlebrook	27

Source: Yardi Matrix

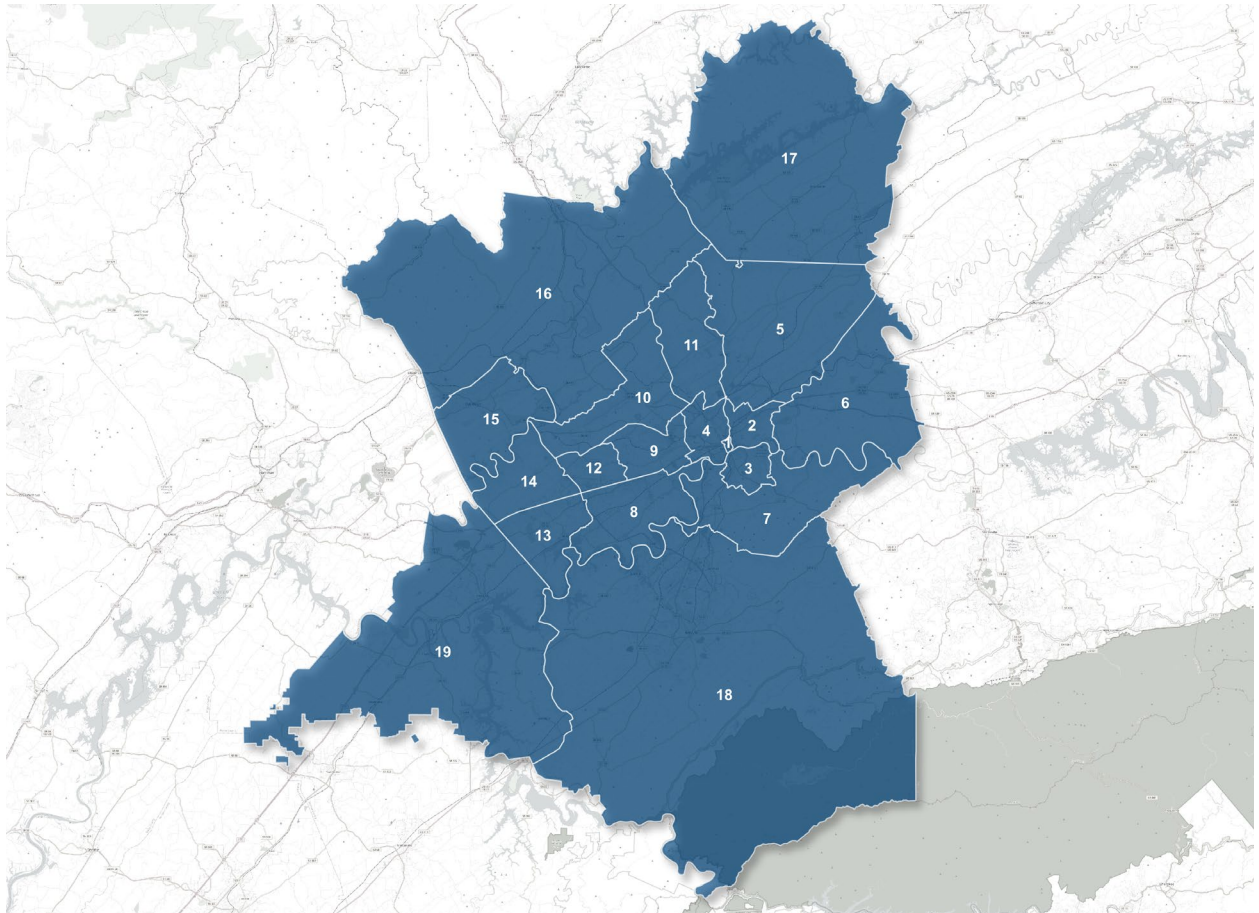
¹ From August 2024 to July 2025

Knoxville vs. National Sales Price per Unit



Source: Yardi Matrix

KNOXVILLE SUBMARKETS



Area No.	Submarket
1	Knoxville-Downtown
2	Knoxville-East
3	South Knoxville
4	Knoxville-West
5	Corryton
6	Strawberry Plains
7	Seymour
8	Northshore
9	Middlebrook
10	Karns

Area No.	Submarket
11	Powell
12	Cedar Bluff
13	Farragut
14	Hardin Valley
15	Oakridge
16	Anderson
17	Union
18	Maryville
19	Loudon

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.

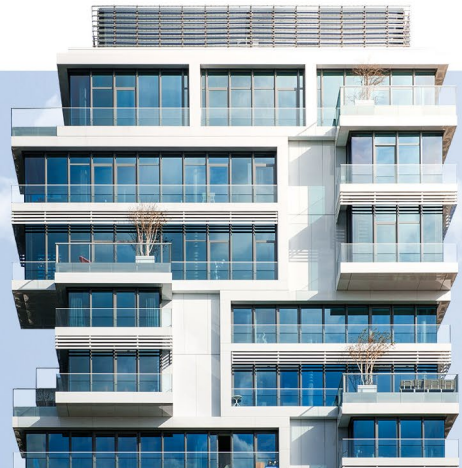
The Yardi® Matrix Context rating is not intended as a final word concerning a property's status—either improvements or location. Rather, the result provides reasonable consistency for comparing one property with another through reference to a consistently applied standard.

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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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