Research &
Forecast Report

NASHVILLE | MULTIFAMILY

4th Quarter 2018

Colliers INTERNATIONAL

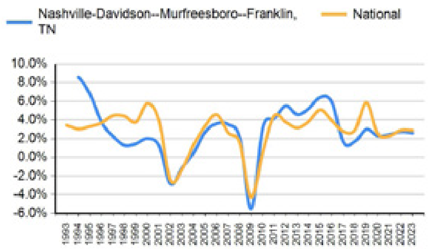
Accelerating success

MARKET SURVEY RESULTS AND FORECASTS

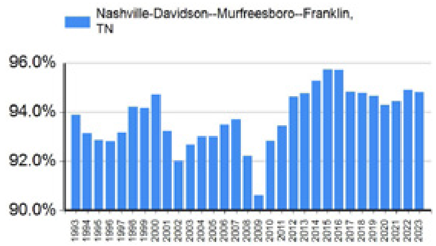
	SEQUENTIAL				MONTH	ANNUAL						
	1Q18	2Q17	3Q18	4Q18	Dec-18	2016	2017	2018	2019F	2020F	2021F	2022F
EFFECTIVE RENT PER UNIT	$1,140	$1,162	$1,181	$1,173	$1,189	$1,127	$1,145	$1,164	$1,199	$1,227	$1,256	$1,291
Per Sq. Ft	$1.20	$1.22	$1.24	$1.23	$1.25	$1.19	$1.20	$1.22	$1.26	$1.29	$1.32	$1.35
Effective Rent Growth - Annually	**1.0%**	**1.2%**	**1.8%**	**2.6%**	**2.9%**	**4.3%**	**0.3%**	**2.6%**	**3.3%**	**1.8%**	**2.6%**	**2.5%**
Effective Rent Growth - Quarterly	0.0%	2.0%	1.6%	-0.7%								
OCCUPANCY RATE	**94.2%**	**94.6%**	**95.4%**	**94.9%**	**94.5%**	**95.7%**	**94.8%**	**94.8%**	**94.7%**	**94.3%**	**94.4%**	**94.9%**
Occupancy Change - Annually	-0.4%	-0.5%	0.1%	**0.1%**	-0.1%	-0.8%	-0.6%	0.1%	-0.3%	-0.4%	0.5%	0.3%
Occupancy Change - Quarterly	-0.4%	0.4%	0.8%	0.5%								
ECONOMIC CONCESSIONS												
Concession Value	**$57.00**	**$58.00**	**$52.00**	**$50.00**	**$95.00**	**$35.50**	**$53.00**	**$54.25**				
As a % of Asking Rent	5.1%	5.1%	4.5%	4.2%	7.9%	3.2%	4.7%	4.7%				

Source: AXIOMetrics, RCA

ANNUAL EFFECTIVE RENT GROWTH



ANNUAL OCCUPANCY RATE



RECENT SALES

Date	Property Name	Address	City	Units	Year Built	Price	Price/Unit
Dec-18	Novel Bellevue Place	8075 Sawyer Brown Rd	Nashville	337	2018	$82,320,000	$244,273
Nov-18	Infinity Music Row	1205 Division St	Nashville	275	2017	$79,200,000	$288,000
Nov-18	909 Flats	907 Rosa L Parks Blvd	Nashville	232	2016	$73,956,793	$318,779
Dec-18	Octave	2350 8th Ave S	Nashville	321	2017	$72,500,000	$225,857
Nov-18	Estates At Brentwood	570 Church St E	Brentwood	254	1996	$57,500,000	$226,378
Oct-18	Stoneridge Farms At The Hunt Club	2325 Nashville Pike	Gallatin	364	2002	$55,000,000	$151,099
Oct-18	IMT Franklin Gateway	1116 Davenport Blvd	Franklin	214	2012	$53,100,000	$248,131
Nov-18	Lyric on Bell	455 Arbor Pl	Antioch	336	1986	$39,500,000	$117,560
Nov-18	12South Flats	2310 12th Ave S	Nashville	90	2013	$28,250,000	$313,889
Nov-18	Stone Ridge	1019 Patricia Dr	Nashville	233	1969	$18,575,000	$79,721
Nov-18	Bristol Ridge	307 Glengarry Dr	Nashville	130	1969	$10,400,000	$80,000
Nov-18	Countryside	1413 Toshiba Dr	Lebanon	31	1988	$4,487,500	$144,758

SUPPLY AND DEMAND

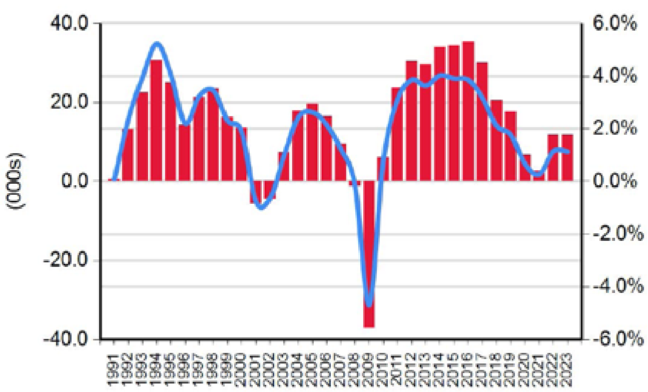
According to the Bureau of Labor Statistics, job growth in Nashville-Davidson--Murfreesboro--Franklin, TN was 2.2% in November 2018, reflecting 22,200 jobs added during a 12-month period. The metro job growth figure was above the national number of 1.6%. Axiometrics forecasts Nashville-Davidson--Murfreesboro--Franklin, TN's job growth to be 1.8% in 2019, with 17,676 jobs added. Job growth is expected to average 0.7% from 2020 to 2022, with an average of 7,107 jobs added each year.

On the supply side, permits for 5,616 multifamily units were issued in the 12 months ending in October 2018, down -883 units from the prior year's sum. In terms of total residential housing, 18,120 units were permitted in the 12 months ending October 2018, a decrease of -1,172 units from the prior year's total.

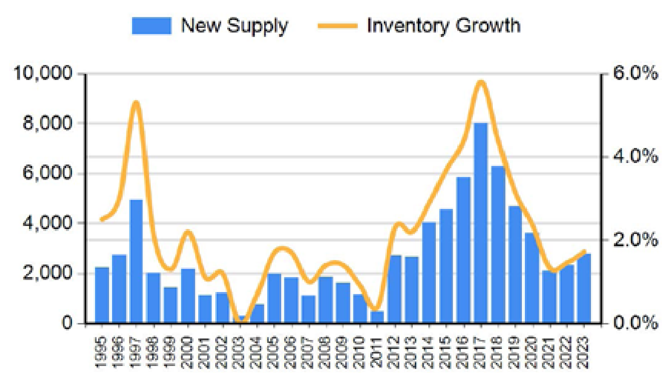
MARKET EMPLOYMENT AND PERMITTING

	ANNUAL			NOV-18		ANNUAL FORECAST				
	2015	2016	2017	Market	National	2018	2019F	2020F	2021F	2022F
EMPLOYMENT (000S)	914.6	949.9	980.0	1,022.3	151,232.0	1,000.6	1,018.3	1,025.0	1,027.8	1,039.6
Job Gain (000s)	34.4	35.3	30.1	22.2	2,449.0	20.7	17.7	6.8	2.8	11.8
Job Growth (%)	3.9%	3.9%	3.2%	2.2%	1.6%	2.1%	1.8%	0.7%	0.3%	1.1%
TOTAL RESIDENTIAL PERMITTING	17,810	19,379	19,292	17,081	913,537	17,126	13,872	11,207	11,947	13,915
Relative Change	20.1%	8.8%	-0.4%	-6.6%	3.9%	-11.2%	-19.0%	-19.2%	6.6%	16.5%
Single Family Units Permitted	10,813	12,055	12,625	11,509	578,782					
Relative Change	18.9%	11.5%	4.7%	-2.7%	5.5%					
Multifamily Units Permitted	6,881	7,175	6,499	5,474	312,635					
Relative Change	22.1%	4.3%	-9.4%	-13.1%	0.7%					
Multifamily as a % of Total	38.6%	37.0%	33.7%	32.0%	34.2%					
DEMAND/SUPPLY RATIO										
Job Gain / Total Residential Units Permitted	2.3	2.0	1.6	1.2	2.8	1.1	1.0	0.5	0.2	1.0
Job Gain / Single Family Units Permitted	3.8	3.3	2.5	1.9	4.5					
Job Gain / Multifamily Units Permitted	6.1	5.1	4.2	3.5	7.9					

ANNUAL EMPLOYMENT GROWTH



MF SUPPLY AND INVENTORY GROWTH



MULTIFAMILY ABSORPTION AND SUPPLY

	ANNUAL			4Q18		ANNUAL FORECAST				
	2015	2016	2017	Market	National	2018	2019F	2020F	2021F	2022F
TOTAL UNITS ABSORBED	4,851	5,018	6,479	5,094	292,412	5,688	3,980	2,789	2,767	2,683
NEW SUPPLY	4,572	5,843	8,014	6,310	300,796	6,284	4,690	3,622	2,095	2,325
INVENTORY GROWTH	3.7%	4.4%	5.8%	5.0%	1.6%	4.4%	3.1%	2.4%	1.3%	1.5%

PROJECTS COMPLETED IN THE LAST 12 MONTHS

#	NAME	ADDRESS	DEVELOPER	UNITS	# STORIES	ESTIMATED DELIVERY
1	LC Germantown	1226 2nd Avenue North	LIFESTYLE COMMUNITIES	411	6	08/18
2	The Gossett on Church	1201 Church Street	Pollack Shores Real Estate Group	367	7	02/18
3	505 Nashville	505 Church Street	Tony Giarratana	350	45	02/18
4	The Morris	818 19th Avenue South	Lufkin Property Management	344	19	02/18
5	Olmsted Nashville	501 5th Avenue Street	Llewellyn Development	329	6	06/18
6	Solis North Gulch	600 11th Avenue North	CLARION PARTNERS	271	7	10/18
7	The Duke of Nashville	281 Cumberland Bend	The Giddings Group	251	4	04/18
8	River House	4 Academy Place	SWH Residential Partners	247	5	02/18
9	The Monroe	1300 4th Avenue North	Price Development Group	243	5	06/18
10	Broadstone Gulch	803 Division Street	Alliance Residential Company	238	14	12/18
11	Millennium Music Row	70 Music Square West	The Dinerstein Companies	230	7	08/18
12	The Flats at Walden Grove	225 Walden Village Lane	Steve Sisson	126	4	01/18
13	Atlas Germantown	200 Madison Street	Grove Park Land Co	100	5	09/18
14	Belcourt Park	1710 Belcourt Avenue	GBT Realty Corp.	76	4	06/18
				3,583		

PROJECTS UNDER CONSTRUCTION

#	NAME	ADDRESS	DEVELOPER	UNITS	# STORIES	ESTIMATED DELIVERY
1	Kenect Nashville	1815 Division Street	AKAR	420	21	05/20
2	Fifth + Broadway	601 Commerce Street	Oliver McMillan	386	32	05/20
3	Capitol View I	1015 Nelson Merry Street	Northwood Ravin, LLC	378	6	02/19
4	Broadstone Stockyard Flats	901 2nd Ave North	Alliance Residential Company	334	5	10/20
5	Knox at MetroCenter	101 Athens Way	Embrey Partners, LTD	323	4	08/20
6	1200 Broadway	1200 Broadway	Endeavor Real Estate Group	313	26	12/19
7	LC SoBro D & E	702-718 & 723 2nd Avenue South	LIFESTYLE COMMUNITIES	271	7	05/20
8	The Griff	1390 Adams Street	Not Confirmed	255	5	05/19
9	83 Freight	2150 Byrum Avenue	Not Confirmed	83	3	02/20
10	Moxy Hotel and Residence	1911 Belcourt Avenue	Not Confirmed	47	6	05/19
				2,810		

IDENTIFIED SUPPLY

As of January 16, 2019, Axiometrics has identified 6,244 apartment units scheduled for delivery in 2018, which all units have been delivered. As a comparison, there were 7,796 apartment units delivered in 2017. Properties delivered to the market in the last 12 months have achieved an average asking rent of $1,728 per unit, or $1.95 per square foot. Effective rent has averaged $1,600, or $1.80 per square foot, resulting in an average concession value of $190.72. As a comparison, existing properties in the market had an average asking rent of $1,185 per unit ($1.24 per square foot) and an average effective rent of $1,173 per unit, or $1.23 per square foot, in 4Q18. Concessions for existing properties averaged $50.00.

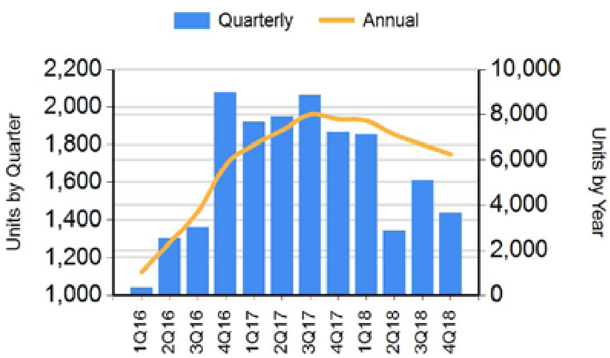
SUBMARKET DELIVERY SCHEDULE

	PIPELINE DELIVERY SCHEDULE				PIPELINE LEASE UP TREND					
					Units Absorbed		Asking Rent		Effective Rent	
Top Submarkets	**2016**	**2017**	**2018**	**Total**	**Totals**	**PPM**	**Per Unit**	**PSF**	**Per Unit**	**PSF**
Central Nashville	2,301	2,783	2,352	7,436	2,553	16	$2,010	$2.50	$1,837	$2.28
Franklin/Brentwood	322	1,074	693	2,089	390	12	$1,805	$1.73	$1,725	$1.65
Murfreesboro/Smyrna	802	580	491	1,873	254	11	$1,345	$1.30	$1,323	$1.27
Sumner County	304	0	789	1,093	249	28	$1,179	$1.13	$1,128	$1.08
West Nashville	781	388	819	1,988	435	16	$2,046	$2.18	$1,820	$1.93
Other	1,277	2,971	1,100	5,348	1,295	8	$1,487	$1.60	$1,386	$1.48
Nashville, Davidson, Murfreesboro, Franklin, TN	**5,787**	**7,796**	**6,244**	**19,827**	**5,176**	**12**	**$1,728**	**$1.95**	**$1,600**	**$1.80**

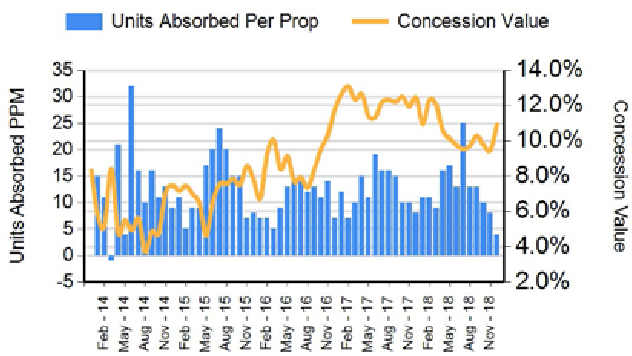
*Based on 2018 deliveries

*Trend based on a trailing 12 month period

IDENTIFIED UNIT DELIVERIES



LEASE UP PERFORMANCE



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