



Navigating What's Next for Nashville's Commercial Real Estate Sector

Colliers Nashville CRE Vitality Index Tackles Economic Uncertainty

NASHVILLE, Tenn. (February 24, 2023) – Nashville is navigating through uncertain economic times for 2023, according to the latest findings of the Colliers Nashville Commercial Real Estate Vitality Index 2022 year-end results. The Index shows the commercial real estate sector remained steady during the third quarter of 2022, while the fourth quarter experienced a minor decline of 4 points resulting in a total 5-point decrease for the year. Despite this decrease, the Nashville Index remains at 21 basis points higher in Q4 2022 than in Q4 2020.

The Colliers Index, launched in January of 2019, uses key economic indicators to track the health and vitality of Middle Tennessee's commercial real estate sector from 2001 to the present. These indicators include local & regional budgets, rent escalations, de-escalations, job growth, vacancies, population growth, gross domestic product, market sentiment, investment, and other factors. The combined variables factor into a weighted algorithm that creates an accurate measurement tool to monitor the relative health of Nashville's commercial real estate sector over time.

As we navigate what's next for 2023, there are several key drivers to consider for what's impacting Nashville's commercial real estate environment. Nashville is not immune to global and national indicators, but local indicators contribute to Nashville's resiliency. Key contributing drivers include:

- **Economic uncertainty** – Market expectations point to an upcoming recession, but confirmation remains uncertain as top economists weigh in on the state of the economy and disagree on the trajectory of the GDP. One certainty is that as inflation begins to cool and level out, the state of the market will be restructured.
- **A slowdown in permitting** – Commercial building permits declined in 2022 by 2% from the previous year. Along with this decline, several office and mixed-use developments will require significant pre-leasing to kick off construction.
- **Offsetting factors** – Several indicators contribute to the health of Nashville's economy, including population growth, investment, and the hospitality industry. With Nashville experiencing substantial population growth of over 20% in a five-year period, the demand for apartment residency is driving the need for more multifamily assets. Core Nashville high-profile and land properties are trading at record-breaking prices, with investment volumes for multifamily topping \$6.1B in 2022. The hospitality industry experienced visitor spending of \$8.8 billion in 2022, Nashville's highest visitor spending volume to date, while Music City Center contributed a direct economic impact of \$382 million.

Colliers Nashville hosted an event at CMA Headquarters, Nashville, on Thursday, February 23, 2023, where the company presented the Colliers Index 2022 year-end findings. A discussion was held between entertainment and hospitality industry experts who provided their insights on where the direction of Nashville's industry, respectively, is headed for 2023.

Industry Leaders included:

- Max R. Goldberg, Co-Owner of Strategic Hospitality
- Deana Ivey, President of Nashville Convention & Visitors Corp
- Jan Freitag, National Director of Hospitality Analytics at CoStar Group
- Bill Miller, CEO | Founder of Icon Entertainment

Details of the Index and Thursday's discussion can be found at www.colliersindexnashville.com.

About Colliers International

Colliers (NASDAQ, TSX: CIGI) is a leading diversified professional services and investment management company. With operations in **65 countries**, our **18,000 enterprising professionals** work collaboratively to provide expert real estate and investment advice to clients. For more than **28 years**, our experienced leadership with significant inside ownership has delivered compound **annual investment returns of approximately 20% for shareholders**. With annual revenues of **\$4.5 billion** and **\$98 billion** of assets under management, Colliers maximizes the potential of property and real assets to accelerate the success of our clients, our investors, and our people. Learn more at corporate.colliers.com, Twitter [@Colliers](https://twitter.com/Colliers) or [LinkedIn](https://www.linkedin.com/company/colliers).

About Colliers Nashville

Colliers International Nashville, LLC is a leading commercial real estate services firm in the Nashville area and Middle Tennessee. With over **80 years** of experience and **70 professionals**, Colliers' experts specialize in providing maximum service for a full range of product lines including landlord and tenant representation, investment sales, finance, property management, and project management. The firm currently leases and manages over 6.2 million square feet of commercial space and has ranked in the top five commercial real estate firms in the city for the last five years. Learn more at colliers.com/nashville, or Instagram [@colliers_nashville](https://www.instagram.com/colliers_nashville).

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