



Nashville

Industrial
24Q2

Key Takeaways

- Industrial absorption exceeded positive 1.8M square feet for Q2 2024.
- Market vacancy decreased by 50 basis points to 3.4% in Q2, with the largest drop in vacancy in the Southeast submarket.
- Nashville development remains elevated, with over 6.4M square feet currently under construction.



Vacancy Rate

3.4%

YOY

FORECAST



Net Absorption

1.8M SF

YOY

FORECAST



Under Construction

3.6M SF

YOY

FORECAST



Overall Asking Lease Rates (NNN)

\$9.61 SF

YOY

FORECAST

Industrial Investment Volume Leads Other Sectors at Mid-Year 2024

Reported by Oxford Economics, Nashville experienced steady job growth across multiple sectors in the first half of 2024. Nashville's annual job growth rate of 3.2% exceeded the US growth of 2.3% in 2023. The market is forecasted to see job growth of 1.1% in 2024 and an annual average job growth rate of 0.9% in 2025 through 2028. Looking at job performance by industrial-space users, Nashville's trade, transportation, and utilities sector increased by 0.4% from May 2023 to May 2024 while manufacturing grew 1.7% in the same time frame. Nashville's industrial market had a solid Q2 performance, ending with positive 1.8M square feet of positive net absorption, a decrease of 0.5% in vacancy, and over 2.1M square feet in leasing. Recorded from the Nashville Area Chamber of Commerce, industrial-using companies announced a combined 3,963 new jobs from FY 2023-2024. Notable announcements in Q2 include Amazon (1,000 jobs) in Clarksville, Opmobility (186 jobs) in Spring Hill, and Lochinvar (141 jobs) in Lebanon. Of note, 92% of all announced relocations and expansions during this time frame were in the manufacturing sector.

Market Indicators



2.6%

Unemployment Rate



3.16%

GDP - Quarterly % change yr/yr



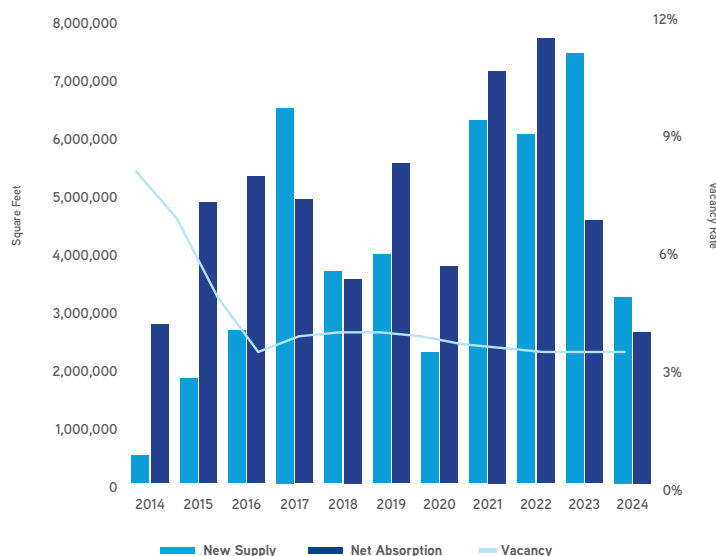
4.402%

U.S. 10 Year Treasury Note

Historic Comparison

	23Q4	24Q1	24Q2
Total Inventory SF	222.2M	223.8M	226.6M
Net Absorption SF	3.4M	876K	1.8M
Overall Vacancy	4.2%	3.9%	3.4%
Under Construction SF	5.3M	4.1M	6.4M
Overall Asking Rates (NNN)	\$8.44	\$8.36	\$9.61

Absorption, New Supply & Vacancy



Recent Transactions



Renewal

Midsouth Logistic V
Southeast | 301,110 SF

New Lease

1442 Toshiba Drive
East | 200,000 SF

Renewal

Space Park North
North | 162,222 SF

Sale

12014 Eastgate
East | \$155M

Sale

2 Dell Parkway
Southeast | \$76.2M

Sale

2699 Highland Blvd.
Southeast | \$26.4M

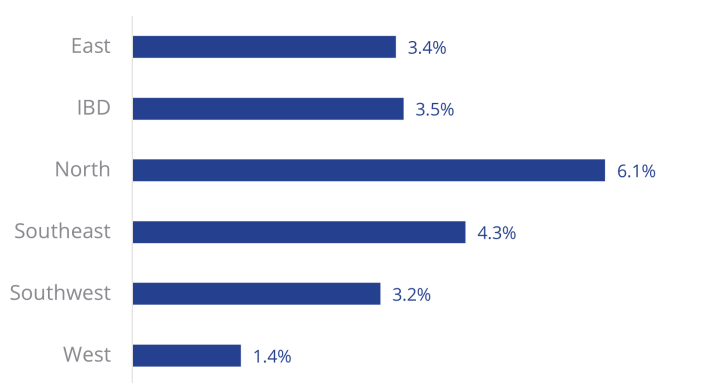
Leasing + Availability

Nashville's industrial market recorded 1,868,560 square feet of new occupancies in Q2, bringing the year-to-date net absorption total to 2,610,142 square feet. Nashville's leasing activity exceeded 2.1M square feet in Q2, on par pace with historical quarterly leasing volume, with the average deal in the 43,000 square foot range.

Nashville's industrial market is tracking at 5.4% total availability, with the majority located in the North submarket. However, bulk warehouse options are limited, as there are eight properties that can accommodate an occupier looking for more than 250,000 SF.

Vacancy Rates

By Submarket

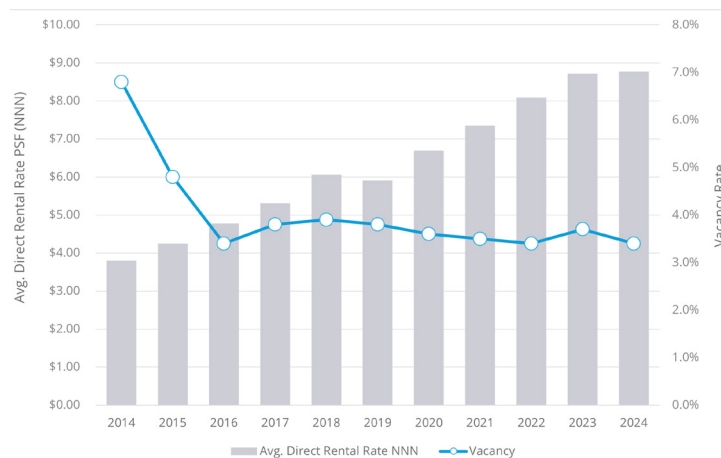


Rental Rates

Given Nashville's long-term low vacancy rates, the metro has registered some of the strongest rent growth in the nation. Nashville ended Q2 2024 with an average rental rate of \$9.61 per square foot. Four-quarter trailing rent growth is tracking at about 6.6%. Warehouse rates stand at \$9.93 per square foot, relatively unchanged over the previous quarter. Within the new construction segment of the market, asking rents have reached the \$10-12 range. This represents roughly a \$4 gap between second generation product and new builds.

Rental Rates + Market Vacancy

10-Year Historic Trend



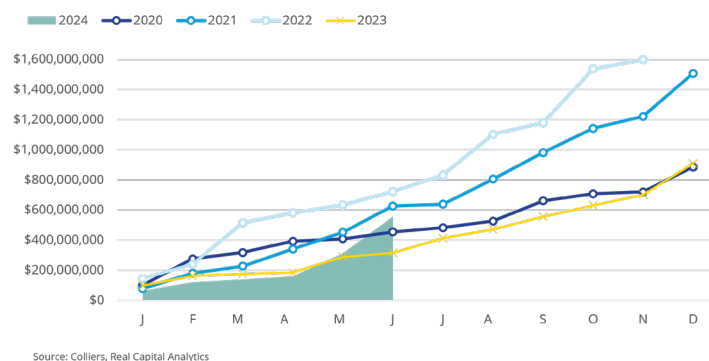
Investment + Development

Nashville's industrial investment volume outpaced the rest of the commercial property market in the second quarter, as prices grew and deal volume was the highest relative to pre-pandemic norms. Real Capital Analytics identified Nashville in their list of the top 25 most active markets so far in 2024, outpacing Tampa, Washington D.C., and Austin, among others. Transactions totaled \$567M at the end of June, representing a 75% year-over-year change and also outpacing the mid-year volumes of both 2020 and 2023.

Industrial developers remain very active in Middle Tennessee, with over 6.4M square feet underway across the market. The largest development is Prologis City View, a nine-building industrial development totaling 1,800,000 square feet in the West Submarket.

Industrial Investment

Cumulative Monthly Value (\$)



Source: Colliers, Real Capital Analytics

Leasing Activity

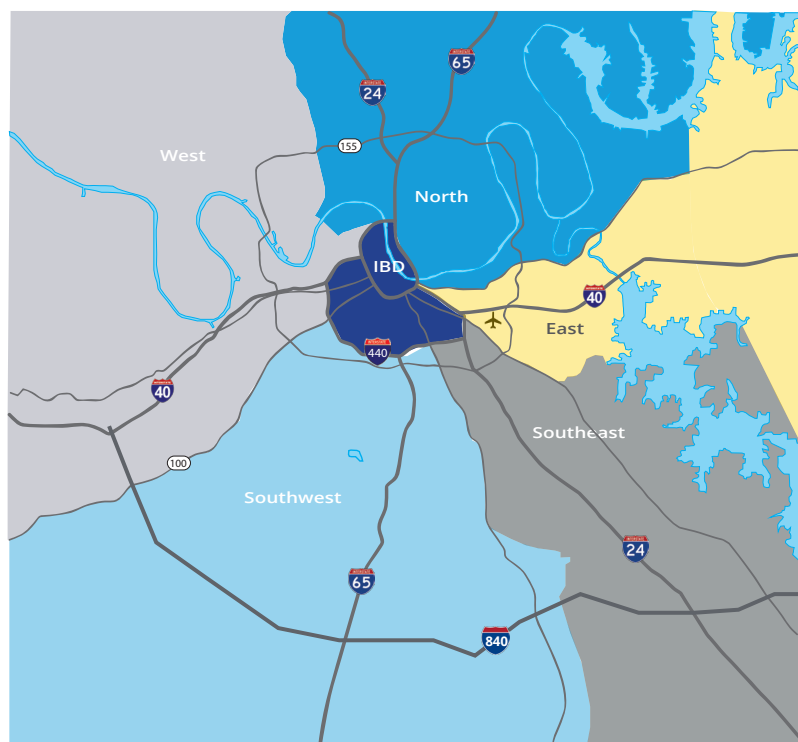
Industrial

Property	Tenant	Lease Type	SF	Submarket
MidSouth Logistic V	JPW Industries, Inc.	Renewal	301,110	Southeast
1442 Toshiba	Steves & Sons	New Lease	200,000	East
Space Park North	Commercial Warehouse & Cartage	Renewal	162,222	North
Commerce Farms IV	Warren Brothers/Rugby	New Lease	142,500	East
Southpark II - Building VIII	Lowe's Home Centers	New Lease	136,182	Southeast
Commerce Farms IV	GXO Warehouse Company	Renewal	135,000	East

Investment Activity

Industrial

Property	SF	Price	Price/SF	Buyer	Submarket
12014 Eastgate Blvd	1,455,780	\$155,077,000	\$107	Prologis	East
2 Dell Parkway	366,547	\$76,200,000	\$207	KKR	Southeast
840 Business Center	436,799	\$52,500,000	\$120	AIREIT	East
Smyrna Distribution Center	267,597	\$26,400,000	\$98	IP Capital Partners	Southeast



Definitions

Colliers Inventory – All industrial and flex properties of more than 10,000 SF including owner-occupied. Research subject to revisions due to discrepancies in past reporting.

Flex – A type of building designed to be versatile, which may be used in combination with office R&D, quasi-retail sales, and industrial warehouse and distribution uses.

Leasing Activity – The square footage that is committed to and signed for under a lease obligation in each quarter, including direct leases, subleases, renewals of existing leases, and pre-leasing activity for buildings under construction or planned.

Absorption (Net) – The net change in occupied space between the current quarter and the previous quarter, calculated by summing all the positive changes and subtracting all the negative changes.

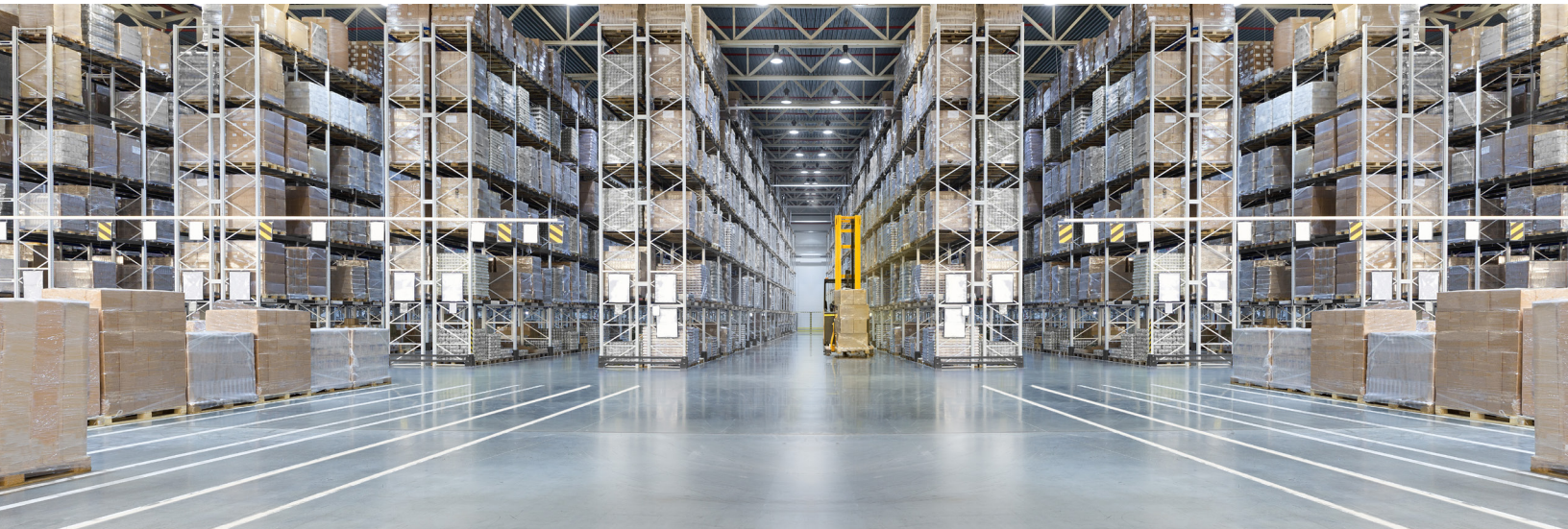
Vacancy Rate – Percentage rate of the total amount of vacant space divided by the total amount of existing inventory.

Build-To-Suit – Property that can be leased or owned by a tenant that was developed specifically for them.

Triple Net Rent (NNN) – Includes rent payable to the landlord and does not include additional expenses such as taxes, insurance, maintenance, janitorial and utilities. All industrial and high-tech/R&D rents in this report are quoted on an annual, triple net per square foot basis in U.S. dollars.

New Construction – Includes completed speculative and build-to-suit construction. New construction quoted on a net basis after any demolitions or conversions.

Submarket/ Subtype	Total Inventory SF	Direct Availability Rate	Sublease Availability Rate	Availability Rate	Vacancy Rate	Vacancy Rate Previous	Net Absorption Current	Net Absorption	Under Construction	Deliveries 2024	Avg Direct Asking Rate (NNN)
East											
Warehouse	50,861,528	3.9%	1.3%	5.2%	3.7%	4.6%	445,683	1,427,796	1,109,632	1,771,532	\$10.22
Manufacturing	7,516,328	1.1%	0.0%	1.1%	1.1%	0.4%	-89,250	-89,250	0	0	\$12.00
Flex	1,865,511	8.7%	0.1%	8.8%	4.9%	5.5%	10,975	26,038	0	0	\$15.88
TOTAL	60,243,367	3.7%	1.1%	4.8%	3.4%	4.0%	367,408	1,364,584	1,109,632	1,771,532	\$11.54
IBD											
Warehouse	8,203,374	5.4%	2.2%	7.6%	4.8%	5.5%	54,984	-60,092	0	0	\$14.81
Manufacturing	2,934,190	1.4%	0.0%	1.4%	0.7%	1.0%	10,500	-20,200	0	0	\$9.75
Flex	1,447,248	5.1%	0.0%	5.1%	1.9%	1.2%	-11,206	-3,216	0	0	\$21.06
TOTAL	12,584,812	4.4%	1.4%	5.8%	3.5%	3.9%	54,278	-83,508	0	0	\$11.24
North											
Warehouse	41,840,232	4.5%	2.9%	7.4%	6.7%	7.8%	479,606	486,884	325,200	74,584	\$8.87
Manufacturing	10,891,343	6.5%	0.0%	6.5%	6.0%	7.5%	165,125	-193,680	0	0	\$7.19
Flex	2,807,343	6.5%	0.0%	6.5%	8.0%	4.5%	-97,353	-136,607	0	0	\$17.93
TOTAL	55,538,918	4.7%	2.3%	7.0%	6.1%	7.1%	547,378	156,597	325,200	907,650	\$8.25
Southeast											
Warehouse	53,477,840	5.6%	1.5%	7.1%	4.6%	5.8%	295,221	665,406	446,150	1,361,770	\$8.43
Manufacturing	15,351,375	0.7%	0.0%	0.7%	0.7%	2.4%	285,684	264,684	0	0	\$7.50
Flex	3,389,406	1.9%	0.4%	2.2%	2.6%	1.9%	-24,031	-24,031	0	0	\$14.58
TOTAL	72,218,621	4.5%	1.2%	5.7%	4.3%	5.6%	556,874	906,059	446,150	1,361,770	\$9.60
Southwest											
Warehouse	8,151,214	3.9%	2.6%	5.6%	4.9%	4.5%	-29,225	-122,991	2,800,000	0	\$13.84
Manufacturing	2,768,321	3.7%	2.3%	6.0%	2.4%	1.1%	-35,060	-9,528	0	0	\$17.58
Flex	3,656,729	2.4%	3.2%	5.6%	3.0%	12.0%	330,038	354,329	0	0	\$20.04
TOTAL	14,576,264	2.9%	1.8%	4.7%	3.2%	5.0%	265,753	221,810	2,800,000	0	\$14.91
West											
Warehouse	4,636,187	0.0%	2.4%	2.4%	2.4%	4.1%	82,869	50,600	1,800,000	0	\$11.05
Manufacturing	3,529,515	0.0%	0.0%	0.0%	0.0%	0.0%	0	0	0	0	\$13.74
Flex	357,129	0.0%	0.0%	0.0%	1.7%	0.0%	-6,000	-6,000	0	0	\$13.50
TOTAL	8,522,831	0.0%	1.3%	1.3%	1.4%	2.2%	76,869	44,600	1,800,000	0	\$11.96
Total											
Warehouse	167,170,375	4.5%	1.9%	6.4%	3.9%	4.7%	1,329,138	2,447,603	6,480,982	3,207,886	\$9.93
Manufacturing	42,991,072	2.7%	0.0%	2.7%	1.6%	2.4%	336,999	-47,974	0	0	\$9.48
Flex	13,523,366	3.2%	1.0%	4.2%	2.8%	4.3%	202,423	210,513	0	0	\$17.38
TOTAL	226,684,813	4.1%	1.3%	5.4%	3.4%	3.9%	1,868,560	2,610,142	6,480,982	3,207,886	\$9.61



FOR MORE INFORMATION

Katie Lester, CPRC
Principal & EVP
Director of Research
Nashville
615 850 2758
katie.lester@colliers.com

Janet Miller, CeCD, FM
Principal | CEO & Market Leader
Nashville
615 850 2700
janet.miller@colliers.com

Copyright © 2024 Colliers
The information contained herein has been obtained from sources deemed reliable. While every reasonable effort has been made to ensure its accuracy, we cannot guarantee it. No responsibility is assumed for any inaccuracies. Readers are encouraged to consult their professional advisors prior to acting on any of the material contained in this report.