

Market Facts



3.5%
Vacancy



7.1 MSF
Under Construction



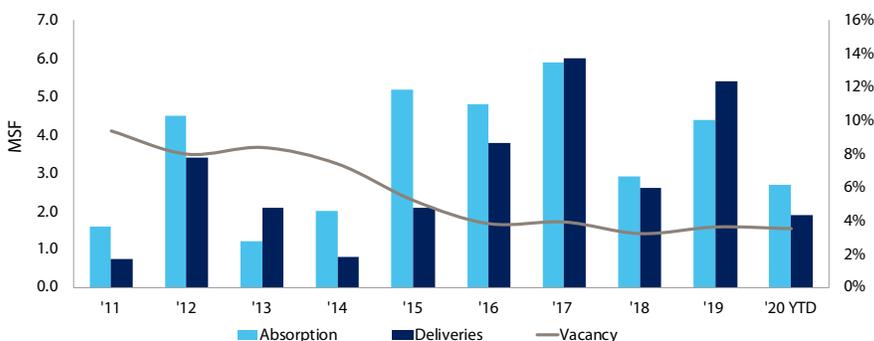
\$5.46 psf
Warehouse/Distribution
Rental Rate



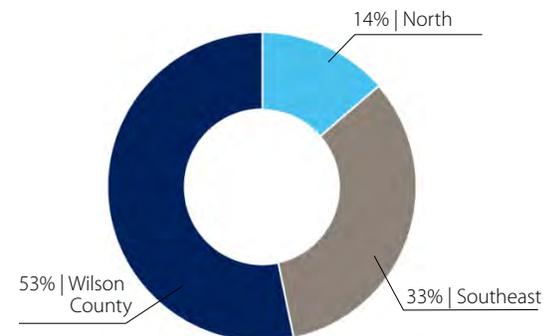
1.9 MSF
YTD Deliveries

- Nashville's overall industrial vacancy was 3.5% at the end of the third quarter, a decrease of 30 basis points (bps) since 3Q19. Similarly, warehouse/distribution vacancy fell 50 bps year-over-year to 3.4%. Flex vacancy, however, continues to see upward movement, increasing 260 bps to 4.9% in the same time period. As demand continues to surge for warehouse/distribution space across the market, expect to see continued tightening in that product type.
- Persistent low vacancies as well as soaring land and construction costs continue to place upward pressure on warehouse/distribution rental rates, which posted a 5.8% rent growth year-over-year ending the quarter at \$5.46 psf.
- Construction has begun on Facebook's 982,000-sf, state-of-the-art data center in Gallatin. This build-to-suit joins the likes of Amazon and SmileDirectClub who've also recently announced their respective construction projects across middle TN.
- Retail giant, Walmart inked a notable deal during the quarter, leasing 110,000 sf in La Vergne to house supplies it plans to use to remodel its brick and mortar stores. One of the largest leases signed during the quarter, Nashville Distribution & Contracting (NDC), renewed and expanded their space at MidSouth Logistic III.
- Industrial sales volume totaled \$78 million in the third quarter, bringing the YTD total to \$496 million. While industrial looks to be the preferred asset type for investors amid the COVID-19 pandemic, sales activity was down 33% year-over-year. However, much of this decrease can be attributed to the heightened portfolio activity that Nashville's industrial market experienced in 2019.
- In the largest transaction YTD, MetLife purchased Building 1 in Speedway Industrial Park for \$60 million (\$73 psf) from Panattoni Development. Built in 2019, the 1 msf distribution building is 100% leased to GEODIS.

Absorption, Deliveries & Vacancy



Construction by Submarket

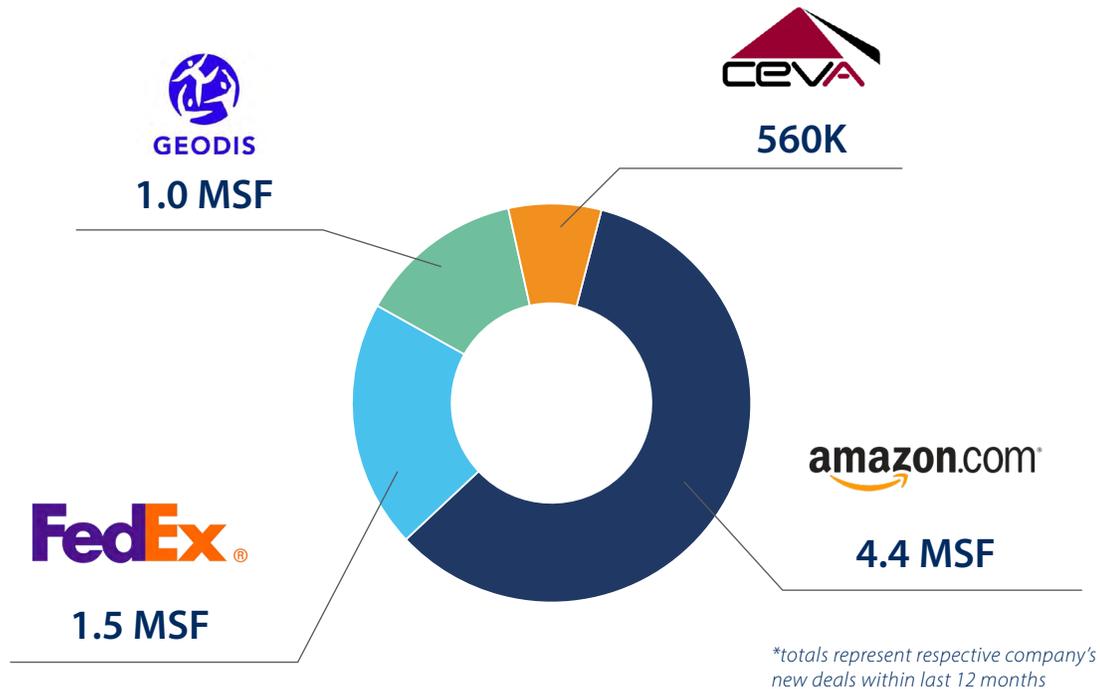


Market by the Numbers

Submarket	Inventory	Vacancy	Under Construction	Year-to-Date		Average Asking Rates	
				Absorption	Deliveries	Flex	Warehouse
East	11,923,750	4.9%	0	(190,617)	0	\$11.24	\$7.08
IBD	13,649,675	1.9%	0	33,165	0	\$12.12	\$6.08
North	41,659,652	2.9%	982,000	(35,860)	0	\$11.93	\$4.49
Southeast	67,363,952	3.8%	2,376,022	944,220	536,254	\$11.88	\$5.07
Southwest	13,836,051	2.6%	0	(5,412)	0	\$12.21	\$8.66
West	7,197,840	0.0%	0	21,400	0	\$16.25	\$6.02
Wilson County	30,514,221	4.8%	3,824,900	1,909,375	1,374,360	\$15.00	\$8.60
Market Totals							
Warehouse	173,162,032	3.4%	6,200,922	2,963,283	1,910,614		\$5.46
Flex	12,083,024	2.8%	982,000	(287,012)	0		\$11.92
Totals	185,245,056	3.5%	7,182,922	2,676,271	1,910,614		\$6.11

Significant Logistics & Distribution Deal Totals*

While local stay-at-home directives and logistical challenges have impacted countless tenants this year, many essential businesses and e-commerce-related users continue to drive demand in Nashville's industrial sector. The accelerated growth of logistics and distribution companies throughout the region is evident when solely looking at Nashville's top logistics providers' new deals leased the last 12 months.



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