

Market Facts



12.5%

Vacancy



3.8 MSF

Under Construction



\$33.86 psf

Class A Rental Rate



1.1 MSF

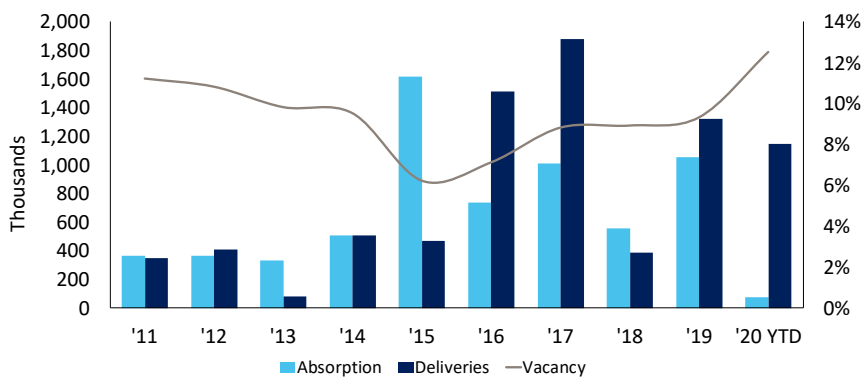
YTD Deliveries

- Overall vacancy has **risen by 350 basis points since 3Q19**, largely due to new construction deliveries that have hit the market vacant and notable large tenant moveouts/ downsizing including AT&T, Cigna and Lifeway.
- Nashville office rents have not yet begun to experience any measurable decline, with **overall market rent recording a 3.8% increase year-over-year**. However, as new sublease space has exponentially increased across the market, rent growth is expected to soften or even flatten in coming quarters.
- The completion of four urban office projects in the third quarter brought **YTD deliveries to over 1.1 million sf**. Approximately 550,000 sf of additional office space is expected to complete by the end of the year.
- Despite the COVID-19 pandemic, companies across the nation are continuing to relocate to Nashville new construction.** Mechanical Licensing Collective, a non-profit focused on musicians' licensing royalties, signed a 17,000-sf lease at

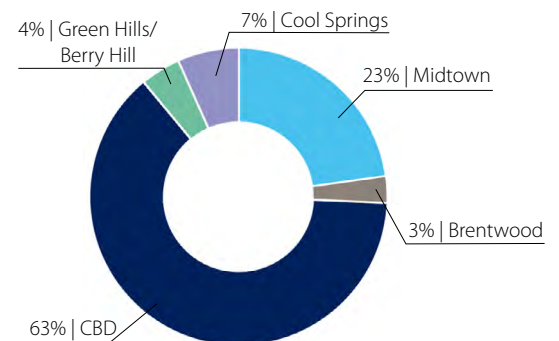
Market Street's recently completed Three Thirty Three office building. Additionally, L.A. based LAB Inc., producer of private-label pet products and theme park items, inked their 11,000 sf headquarter location at the Stocking 51 redevelopment in MetroCenter.

- YTD Nashville office sales totaled \$543 million at the end of third quarter**, representing a 33% decrease from investment sales volume this time last year.
- Office investment sales totals will be bolstered with the **closing of JPMorgan's Cool Springs corporate office campus, Franklin Park, later this year**. The 71-acre property, which includes two existing office buildings and land ready for additional buildings, is reportedly under contract for \$200 million (\$350 psf) to Northwood Investors. This will be the second office sale this year to break the \$200M threshold in Nashville. In February, Starwood Capital purchased the 222 office high-rise for \$264 million (\$729 psf).

Absorption, Deliveries & Vacancy



Construction by Submarket

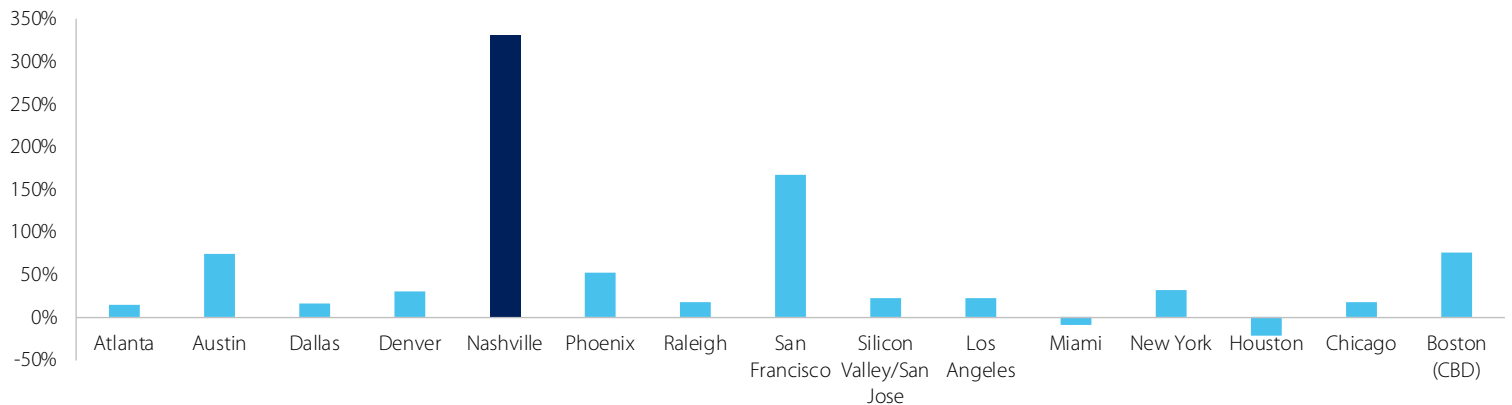


Market by the Numbers

Submarket	Inventory	Vacancy	Under Construction	Year-to-Date		Average Asking Rates	
				Absorption	Deliveries	All Classes	Class A
Airport North	3,995,544	14.2%	0	(62,322)	0	\$25.60	\$27.19
Airport South	3,319,173	11.4%	0	(51,119)	0	\$21.86	-
Brentwood	6,338,114	12.1%	111,000	122,049	120,000	\$29.49	\$31.06
Cool Springs	7,628,947	15.4%	254,200	88,824	179,396	\$31.59	\$32.26
CBD	11,509,584	14.4%	2,426,133	39,556	349,000	\$34.06	\$35.88
Green Hills/ Berry Hill	3,576,364	9.5%	167,988	80,483	0	\$30.56	\$35.77
MetroCenter	1,783,132	11.8%	0	(91,035)	0	\$27.03	\$30.35
Midtown	4,742,047	7.4%	873,642	(38,980)	0	\$37.84	\$39.74
North	1,181,474	6.3%	0	(14,151)	0	\$21.38	\$22.71
Market Totals							
Class A	22,234,756	13.8%	3,832,963	354,854	1,145,486	\$33.86	
Class B	18,410,946	11.1%	0	(68,360)	0	\$27.08	
Class C	3,428,677	11.9%	0	(213,189)	0	\$23.59	
Totals	44,074,379	12.5%	3,832,963	73,305	1,145,486	\$31.08	

% Change in Sublease Space Between 2Q19 & 2Q20

Sublease availability continues to increase as the pandemic has shifted many employers office needs. Most of the space that has come online since March is below the 15,000 sf threshold with large pockets focused in suburban submarkets.



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