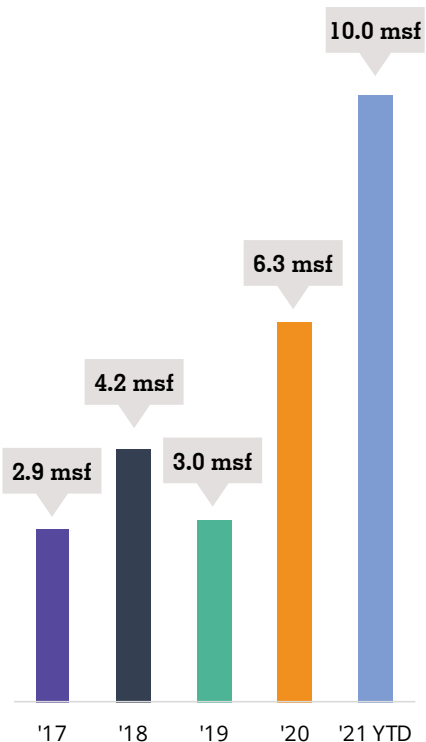


Nashville

Nashville Industrial Construction



Nashville's industrial development pipeline remains extremely active, with no slowdown in speculative development. 54% of current projects underway are speculative construction.



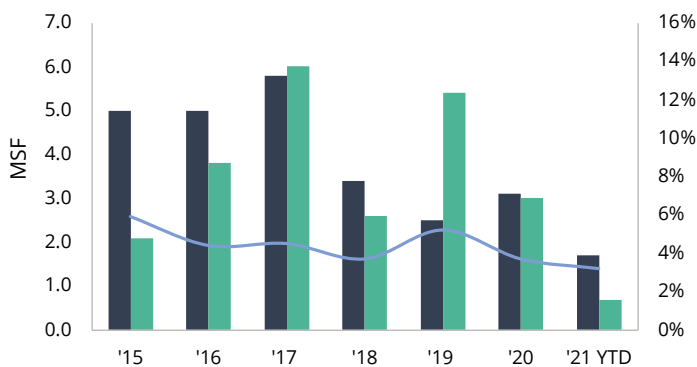
First quarter industrial fundamentals fueled by solid net absorption and record development

- One year after Nashville's industrial market was ravaged by a powerful EF-4 tornado, overall industrial vacancy ended the quarter at 3.2%. This is down 50 basis points (bps) from the previous quarter but up 30 bps year-over-year; even as speculative construction adds new inventory to the market, all submarkets continue to record sub-5% vacancies.
- Industrial rent growth continued to accelerate at a rapid pace over the last year, with overall asking rents rising 104 basis points (bps) year-over-year and warehouse rates rising 140 bps in the same time period.
- Nashville's largest industrial growth cycle on record, over 10.0 million square feet (msf) is currently under construction, with 46% preleasing in place. Motivated by steady tenant demand and tight market conditions, developers remain bullish on the market, with over half of the projects underway being built on a speculative basis.
- Construction completions in the first quarter totaled 690,000 sf with no preleasing in place. Another 8.8 msf expected to deliver by the end of the year.
- Soaring demand for warehouse and logistics space across the market has largely kept up with a record amount of supply coming up over the past few years. The Nashville industrial market recorded over 1.6 msf in YTD net absorption at the end of the first quarter.
- A notable recent move-in came as the need for cold storage facilities across the nation has increased exponentially. Cold Chain Technologies opened in the 250,000-sf newly delivered Speedway Industrial Park Building 5. The facility, equipped to support temperature-sensitive supply chain requirements, will allow the company to use this space to aid in COVID-19 vaccine distribution.
- Nashville's industrial sales totaled \$193 million in the first quarter. YTD sales volume is down 35% year-over-year following two years of extraordinarily robust transaction activity. In the largest sale of the quarter, PGIM purchased the recently delivered second phase of the Interchange Center development for \$67 million (\$80 psf) in the Southeast submarket from developer/seller DRG and Crow Holdings. The five-building portfolio sale comes a year after PGIM purchased the first building in the development, fully leased to Amazon, for \$40 million (\$72 psf).

Market by the numbers

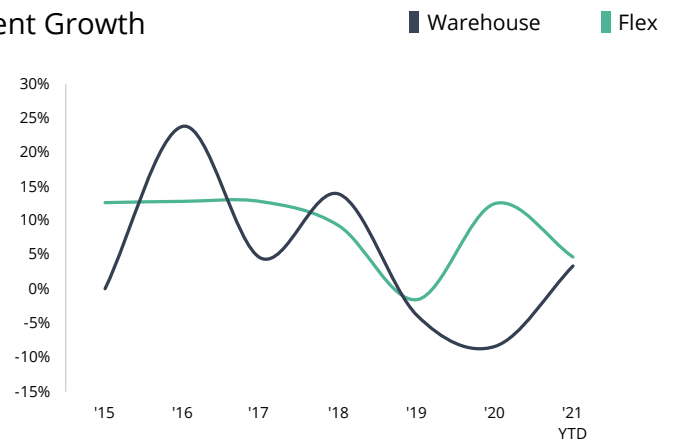
	Inventory	Vacancy	Under Construction	Year-to-Date		Average Asking Rate	
				Absorption	Deliveries	Flex	Warehouse
Submarket							
East	11,887,250	4.5%	0	133,486	0	\$10.98	\$7.05
IBD	13,765,916	1.9%	0	98,649	0	\$12.18	\$6.57
North	41,835,438	2.0%	1,153,000	216,923	0	\$11.01	\$4.85
Southeast	68,481,170	4.1%	1,096,292	572,952	362,500	\$12.07	\$5.62
Southwest	13,789,893	4.4%	0	54,765	0	\$15.89	\$9.75
West	7,248,366	1.0%	305,000	0	0	\$16.25	\$7.28
Wilson County	32,358,409	2.6%	7,470,748	589,172	328,290	-	\$7.72
Market Totals							
Warehouse	176,184,108	3.0%	9,043,040	1,674,406	690,790	\$ 6.04	
Flex	13,182,334	5.2%	982,000	(8,459)	0	\$12.10	
Totals	189,366,442	3.2%	10,025,040	1,665,947	690,790	\$6.50	

Absorption Deliveries Vacancy



The Nashville industrial market continues to show solid demand for industrial space and healthy absorption at the end of the first quarter. Even as speculative construction adds new inventory to the market, all submarkets continue to see sub-5% vacancies.

Rent Growth



Historic supply constraints and increased speculative construction at much higher price points have placed upward pressure on asking rents across the market.

Get more market information

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