

# Nashville

Retail market snapshot | Q4 2023

Ranked by the ULI as the top market to watch for overall real estate prospects for the second year in a row in 2023, Nashville is continuing to gain national attention. Nashville's large percentage of millennial residents and the booming tourism industry continue to fuel retail demand and development. Following a record year in retail investment sales, elevated interest rates and economic uncertainty have slowed market investment activity.

## 1.1 msf

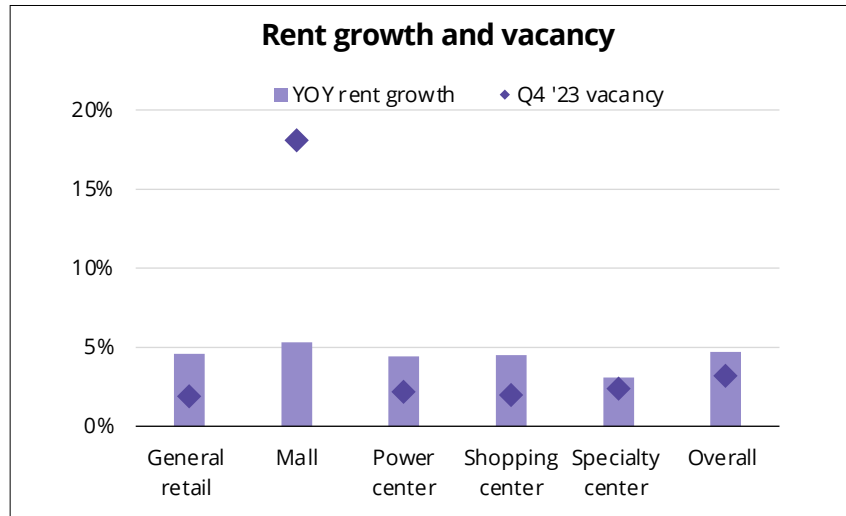
Disciplined construction activity throughout Nashville and **significant tenant demand** has contributed to strong market activity.

## 3.2%

Nashville's retail vacancy remains among the **tightest in the nation**, ending the year at 3.2%.

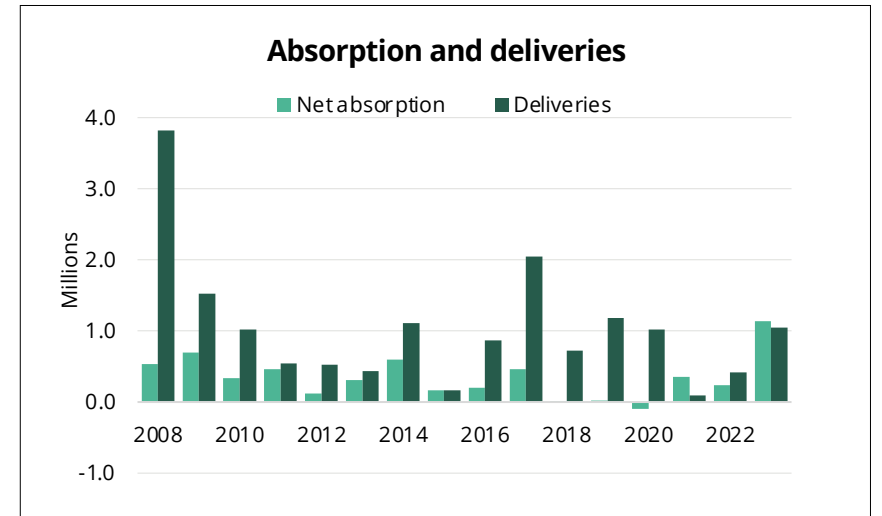
## \$274 psf

Psf pricing fell during 2023 as economic uncertainty and rising interest rates slowed activity but remains **above the 5-year average**.



In conjunction with the record population growth Nashville has witnessed over the last decade, retail rents have seen steady increases across the city. Low vacancy and moderated supply have been a huge driver in retail rent growth.

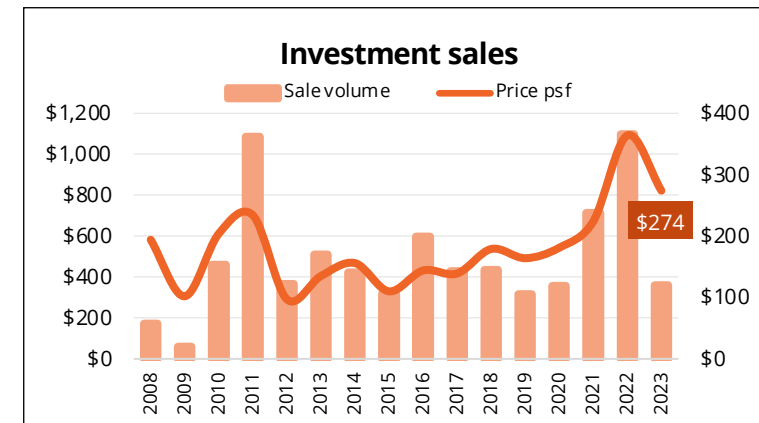
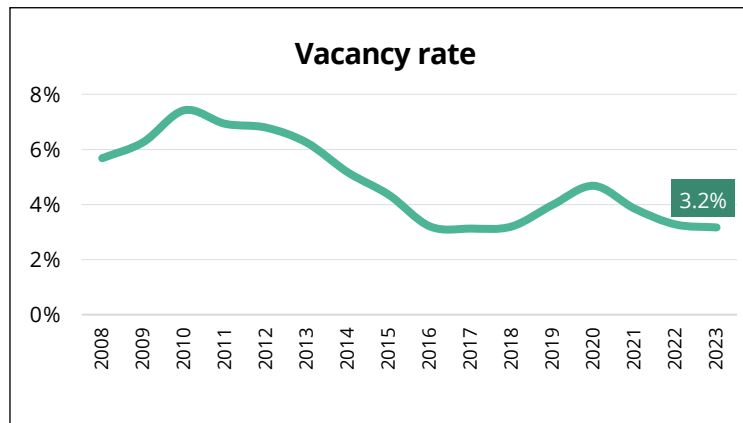
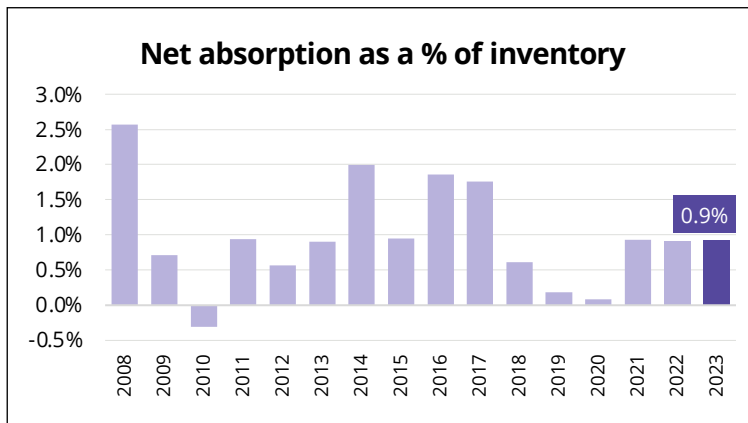
Source: AY research, CoStar, and Placer.ai



Strong tenant demand and disciplined development continues in Nashville. Most new retail projects are either build-to-suit or part of a larger mixed-use development in high-growth population corridors, helping to mitigate potential of oversupply.

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## A quick note on absorption

Disciplined construction activity throughout Nashville and significant tenant demand has contributed to strong market activity. Nashville's retail year-end net absorption reached 1.1 msf, marking the 10<sup>th</sup> consecutive quarter of positive absorption in the market.

## A quick note on vacancy

Nashville's retail vacancy remains among the tightest in the nation, ending the year at 3.2%. While above average economic and population growth have bolstered the city's retail sector, Nashville's malls are following the national trend, seeing a riser in vacancy.

## A quick note on investment sales

Following a record setting year for retail investment sales in 2022, where retail pricing reached \$364 psf, 2023 pricing reached \$274 psf, as economic uncertainty and rising interest rates throughout the year slowed investment activity. Psf pricing, however, still remains above the 5-year average of \$241 psf.

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	Existing inventory sf	Deliveries sf (YTD)	Under development sf	Direct vacancy	Sublet vacancy	Total vacancy	Total vacancy change (YoY)	Net absorption (YTD)	Net absorption % of inventory (YTD)
Antioch	6,105,607	334,837	79,534	12.6%	0.0%	12.6%	(1.5%)	375,763	6.2%
Belle Meade	4,390,151	50,975	0	2.5%	0.0%	2.5%	+0.9%	7,669	0.2%
Bellevue	2,003,379	0	0	1.5%	0.2%	1.7%	+1.0%	(20,270)	(1.0%)
Brentwood	2,457,199	0	0	1.2%	0.0%	1.2%	-	(1,790)	(0.0%)
Cool Springs/ Franklin	11,987,925	36,995	63,857	3.1%	0.2%	3.3%	+0.7%	(47,847)	(0.4%)
Donelson/ Hermitage	6,712,171	26,164	3,000	3.5%	0.0%	3.5%	(0.3%)	44,857	0.7%
Downtown/ Midtown/ Hillsboro Village	9,274,096	42,900	263,126	2.9%	0.2%	3.1%	+0.8%	(34,178)	(0.4%)
East Nashville	3,531,107	16,549	20,000	2.1%	0.0%	2.1%	+1.0%	(18,170)	(0.5%)
Gallatin	3,770,559	24,600	26,250	2.2%	0.0%	2.2%	+0.6%	2,794	0.0%
Green Hills	2,645,772	0	0	0.5%	0.3%	0.8%	+0.1%	(2,090)	(0.0%)
Hendersonville	6,049,514	159,500	6,250	1.7%	0.0%	1.7%	(0.4%)	181,297	3.0%
Lebanon	4,848,145	73,457	62,500	0.2%	0.0%	0.2%	(0.5%)	99,033	2.0%
Mt. Juliet	4,203,417	97,587	144,825	0.4%	0.0%	0.4%	(0.1%)	104,087	2.5%
Murfreesboro	12,943,942	35,950	164,419	2.3%	0.0%	2.3%	(0.6%)	103,852	0.8%
Nolensville Rd/ Airport	7,762,489	3,000	37,807	1.9%	0.1%	2.0%	(0.2%)	10,946	0.1%
Rivergate	8,702,225	16,140	11,230	9.6%	0.0%	9.6%	+0.1%	11,180	0.1%
Smyrna/ La Vergne	3,990,461	49,046	0	0.5%	0.0%	0.5%	(0.1%)	52,606	1.3%
Spring Hill	2,643,087	42,250	3,400	0.7%	0.0%	0.7%	+0.6%	26,620	1.0%

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	Existing inventory sf	Deliveries sf (YTD)	Under development sf	Vacancy rate	Total vacancy change (YoY)	Net absorption (YTD)	Net absorption % of inventory (YTD)
General retail	72,740,702	720,376	981,903	1.9%	+0.1%	591,242	0.8%
Mall	8,795,961	0	0	18.1%	(0.4%)	34,096	0.4%
Power center	7,026,608	0	0	2.2%	+0.9%	(64,265)	(0.9%)
Shopping center	32,489,239	29,600	152,022	2.0%	(0.7%)	295,151	0.9%
Specialty center	1,534,102	279,829	0	2.4%	(0.4%)	278,085	18.1%
<b>Market total</b>	<b>122,830,606</b>	<b>1,044,805</b>	<b>1,163,925</b>	<b>3.2%</b>	<b>(0.1%)</b>	<b>1,138,675</b>	<b>0.9%</b>

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## Get in touch

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