

The Nashville-Davidson-Murfreesboro-Franklin, TN commercial real estate market is stronger compared to the overall U.S. market.  
NAR CRE Market Index: 6.5

But conditions vary across property markets (if \* or #NA, no data for this metro).  
The apartment market is experiencing slower rent growth than nationally.  
The office market is undergoing negative net absorption.  
The industrial sector is experiencing positive net absorption\*.  
This area is experiencing stronger retail trade job creation than nationally.  
In the hotel/lodging sector, there is weaker recovery in leisure and hospitality jobs than nationally.  
The overall economic condition is stronger than nationally. The job creation is stronger than nationally.  
In 2020, this metro area experienced net in-migration.

Commercial transactions are likely to pick up in the second half of 2021 and in 2022 as more people get vaccinated, more businesses operate at higher capacity, personal leisure and business travel pick up, and consumer spending rises.

I. Economic and Demographic Indicators

	Nashville-Davidson-Murfreesboro-Franklin, TN			U.S.			
	Mar-21	Feb-21	Mar-20	Mar-21	Feb-21	Mar-20	
Total non-farm employment ('000)	1,023	1,015	1,053	143,309	142,133	149,952	
Y/Y chg. in nonfarm payroll employment ('000)	(29)	(44)	17	(6,643)	(8,835)	593	
Y/Y % chg. in nonfarm payroll employment	-2.8%	-4.2%	1.7%	-4.4%	-5.9%	0.4%	job creation is stronger than nationally
Unemployment rate (%)	4.1%	4.1%	2.6%	6.0%	6.2%	4.4%	lower unemployment rate than nationally
Average weekly wages	\$1,035	\$1,024	\$970	\$1,046	\$1,038	\$980	wages are lower than national average
Wage growth, year-over-year	6.7%	2.4%	0.2%	6.7%	5.8%	2.3%	wages are not rising as fast as nationally
	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	
GDP growth (%)	2.3%	3.4%	2.3%	2.2%	3.0%	2.3%	economy is growing faster than nationally.
Median household income	\$70,262	\$65,919	\$63,939	\$87,470	\$84,423	\$81,284	median household income is lower than nationally
Percent change in income	6.6%	3.1%	0.0%	3.6%	3.9%	-5.2%	faster income growth than nationally
	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	
Population ('000)	1,961	1,933	1,907	329,484	328,330	326,838	
Population growth (%)	1.44%	1.40%	1.62%	0.35%	0.46%	0.53%	faster population growth than nationally
Net domestic migration ('000)	20.0	17.8	21.4	0	0	0	net in-migration

II. Multifamily/1

	Nashville-Davidson-Murfreesboro-Franklin, TN			U.S.			
	Q1_21	Q4_20	Q1_20	Q1_21	Q4_20	Q1_20	
2-bedroom apartment rent (end of quarter)	\$1,217	\$1,200	\$1,226	\$1,137	\$1,117	\$1,114	
Rent growth, year-over-year	-0.7%	-1.4%	3.8%	0.3%	-0.6%	2.2%	slower rent growth than nationally
Rent as a percent of 2-person annual wage income	13.5%	13.5%	14.5%	12.5%	12.4%	13.1%	renters spend more of income on rent than nationally
Rental vacancy rate	8.4%	8.5%	7.7%	6.8%	6.5%	6.6%	rental vacancy rate is higher than nationally
Homeownership rate	65.4%	69.6%	67.3%	65.6%	65.8%	65.3%	
Median existing single-family home sales price	\$312.1	\$310.7	\$278.8	\$329.1	\$309.2	\$280.7	
Home price to rent ratio	21.4	21.6	19.0	24.1	23.1	21.0	owning is more affordable than renting vs. nationally
12-month total: 5+ unit building permits	12,111	10,258	8,078	435,217	427,439	463,059	
12-month total: all building permits	27,386	24,908	22,235	1,512,323	1,470,663	1,391,065	
Ratio of jobs created to permits ('000)	(1.1)	(1.8)	0.8	(4.4)	(6.0)	0.4	job creation is outpacing housing permits than nationally

III. Office/2

	Nashville-Davidson-Murfreesboro-Franklin, TN			U.S.			
	Q1_21	Q4_20	Q1_20	Q1_21	Q4_20	Q1_20	
New leasing (million sq. ft.)	0.3	0.4	1.0	37.7	38.4	70.5	new leasing volume is rising slower than nationally
Net absorption from prior quarter (million sq. ft.)	(0.28)	(0.43)	(0.04)	(41.08)	(37.23)	7.23	negative net absorption
Vacancy rate	18.1%	15.2%	10.6%	16%	15%	13%	office vacancy rate is higher than nationally
Asking rent per sq.ft.	\$31.4	\$30.1	\$28.7	\$35.4	\$35.2	\$33.7	office rent growth is stronger than nationally
Total inventory of available space (million sq. ft.)	45.6	44.4	42.9	5,469.8	5,453.9	5,421.0	
Under construction (million sq.ft.)	2.3	3.1	3.6	114.6	123.2	135.9	more office construction is underway than nationally
% under construction to inventory	5.1%	7.1%	8.4%	2.1%	2.3%	2.5%	

IV. Industrial/3

	Nashville-Davidson-Murfreesboro-Franklin, TN			U.S.			
	Q1_21	Q4_20	Q1_20	Q1_21	Q4_20	Q1_20	
New leasing (million sq. ft.)	2.02	1.49	2.69	193.8	194.2	166.8	new leasing volume is weaker than nationally
Net absorption from prior quarter (million sq. ft.)	0.28	0.22	1.17	82.3	93.7	46.2	positive net absorption
Vacancy rate	2.3%	2.0%	2.2%	4.9%	5.2%	4.9%	industrial vacancy rate is lower than nationally
Asking rent per sq.ft.	\$6.8	\$7.0	\$6.7	\$6.9	\$6.8	\$6.4	rents are not rising as fast as nationally
Total inventory of available space (million sq. ft.)	222.0	221.4	218.4	15,804.7	15,546.5	15,121.0	
Under construction (million sq.ft.)	9.8	8.1	7.7	397.1	364.1	328.4	more construction is underway than nationally
% under construction to inventory	4.4%	3.7%	3.5%	2.5%	2.3%	2.2%	

V. Retail

	Nashville-Davidson-Murfreesboro-Franklin, TN			U.S.			
	Mar-21	Feb-21	Mar_20	Mar-21	Feb-21	Mar_20	
Retail trade payroll workers ('000)	98.6	98.7	100.1	15,039	14,996	15,287	
% share to nonfarm payroll employment	9.6%	9.7%	9.5%	10.5%	10.6%	10.2%	smaller fraction of retail jobs than nationally
Y/Y change ('000)	-1.5	-2.0	-0.6	-248.2	-358	-139	
Y/Y % change	-1.5%	-2.0%	-0.6%	-1.6%	-2.3%	-0.9%	stronger retail trade job creation than nationally

VI. Hotel/Lodging

	Nashville-Davidson-Murfreesboro-Franklin, TN			U.S.			
	Mar-21	Feb-21	Mar_20	Mar-21	Feb-21	Mar_20	
Leisure and hospitality payroll workers ('000)	95.4	92.8	118.7	13,428	13,065	15,745	
% share to nonfarm payroll employment	9.3%	9.1%	11.3%	9.4%	9.2%	10.5%	smaller share of leisure/hospitality jobs than nationally
Y/Y change ('000)	-23.3	-27.8	1.1	(2,317.0)	(3,227.0)	(345.0)	
Y/Y % change	-19.6%	-23.1%	0.9%	-14.7%	-19.8%	-2.1%	weaker recovery in leisure and hospitality jobs
Number of small business openings(Jan4-31=100)	-44.6	-50.3	-29.6	-49.7	-52.3	-19.1	fewer businesses openings than nationally

\*Data may not be available for some markets.

Sources: National Association of REALTORS®, US Census Bureau, US Bureau of Labor Statistics, US Bureau of Economic Analysis, ApartmentList (rent growth), Cushman and Wakefield (office, industrial)

Number of small business openings is from Womply via Opportunity Insights downloaded from Haver. Some markets may not have data.

1 Apartment rent growth is from ApartmentList.com for the metro: Nashville-Davidson-Murfreesboro-Franklin, TN

2 Covers the market of: Nashville

3 Covers the market of: Nashville

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