



MARKET AT A GLANCE



OCCUPANCY RATE **95.3%**
Down **20 bps** since 3Q16



ASKING RENT **\$945**
Up **2.4%** since 3Q16

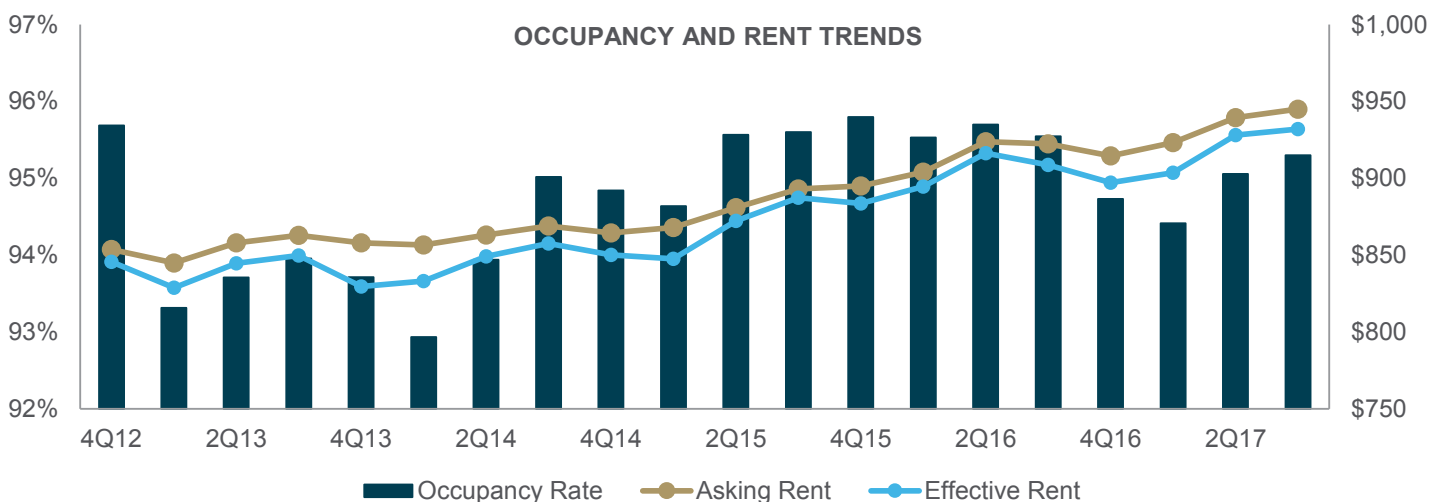


CONCESSIONS **1.4%**
Up **10 bps** since 3Q16

OCCUPANCY AND RENT TRENDS

HEIGHTENED DEMAND BUOYED BY JOB EXPANSIONS AT VOLKSWAGEN, AMAZON

Builders completed 501 apartments in the metro area year to date. New supply was skewed toward the South submarket where lease-up persisted at the Hawthorne at the Summit development, scheduled to complete by December. By year-end, another 304 apartments are planned across five projects as deliveries shift toward the North submarket. The largest project in this area is the 280-unit Integra Vistas, with move-ins anticipated later this year. Positive net absorption totaled 639 apartments year to date, outpacing deliveries by 28%. Demand for housing was strongest in the South submarket, home to the Enterprise South Industrial Park anchored by Amazon.com Inc. and Volkswagen. Heightened demand in the South submarket elevated occupancy to 94.2% in the third quarter, up 60 basis points in the past nine months. Similarly, the metrowide occupancy rate advanced 60 basis points to 95.3%. Since the first of the year, apartment operators capitalized on tightened vacancy by elevating average asking rent 3.4% to \$945 per month in the third quarter. Effective rents advanced 3.9% to \$932 per month. Supporting the overall trend, monthly rent in the South submarket reached \$1,006, up 4.7% year to date.



CHATTANOOGA

MULTIFAMILY REPORT

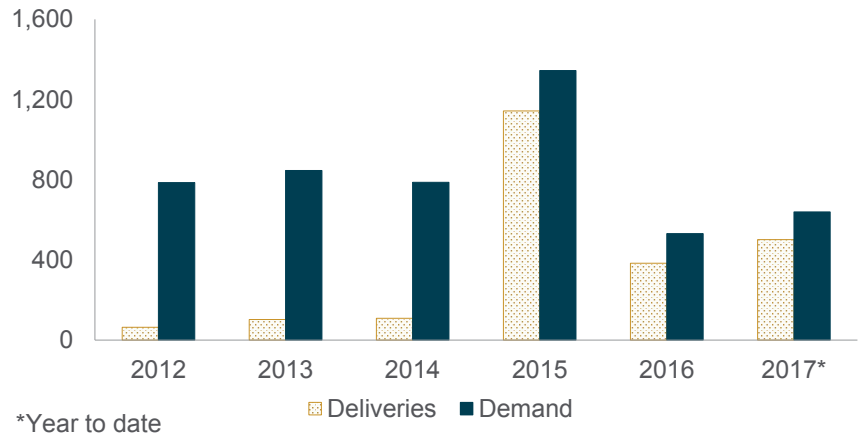
DELIVERIES AND DEMAND



DELIVERIES 501
Units YTD



NET ABSORPTION 639
Units YTD



ECONOMIC TRENDS

2016 4.9% **UNEMPLOYMENT*** 2017 3.5%
-140 BPS CHANGE

2016 252.3k **EMPLOYMENT*** 2017 259.2k
2.7% CHANGE

2016 9.4k **EXISTING SFH SALES**** 2017 10.1k
7.4% CHANGE

2016 \$164.7k **MEDIAN SFH PRICE**** 2017 \$174.9k
6.2% CHANGE

2016 1.63% **10-YEAR TREASURY**** 2017 2.20%
60 BPS CHANGE

*August; **September

Chattanooga employment increased 2.7%, or by 6,900 jobs since last August. Businesses in the leisure and hospitality industry led annual job growth; expansion of 4.6% was recorded with the addition of 1,300 positions. Tourism spending in Hamilton County exceeded \$1 billion for the second year in a row, supporting leisure and hospitality sector expansion. The sector will be boosted by The Westin Chattanooga, opening October 2017. Job growth was also robust in the manufacturing sector, up 4.4%. In 2016, employers such as Volkswagen of America Inc., TAG Manufacturing Inc., Wacker Chemie AG, and Mohawk Industries invested \$315 million into expanding existing manufacturing facilities, adding over 675 jobs. These additions were part of the net 1,400 jobs added to the manufacturing sector since last August. The education and health services sector expanded 3.0% or by 1,000 workers, driven largely by the \$50 million expansion of Erlanger East Hospital. The trade, transportation, and utilities sector rounded out the high-growth segments, adding 1,500 new jobs, up 2.9% annually, boosted by hiring at Amazon.com Inc.



CHATTANOOGA

MULTIFAMILY REPORT

SUBMARKET BREAKDOWN

SUBMARKET NAME	OCCUPANCY		AVG RENT INCREASE		AVG RENT		NET ABSORPTION		DELIVERED UNITS	
	3Q16	3Q17	3Q16	3Q17	3Q16	3Q17	3Q17	ANNUAL	3Q17	ANNUAL
Central	96.5%	96.1%	9.4%	4.3%	\$840	\$876	34	68	0	99
North	95.8%	96.1%	2.2%	5.6%	\$908	\$959	31	41	21	21
South	94.9%	94.2%	7.0%	-0.6%	\$1,012	\$1,006	109	335	84	421
TOTALS	95.5%	95.3%	3.3%	2.4%	\$922	\$945	173	444	105	541



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