



MARKET AT A GLANCE



OCCUPANCY RATE **95.9%**
Down **50 bps** since 3Q16



ASKING RENT **\$1,174**
Up **2.8%** since 3Q16

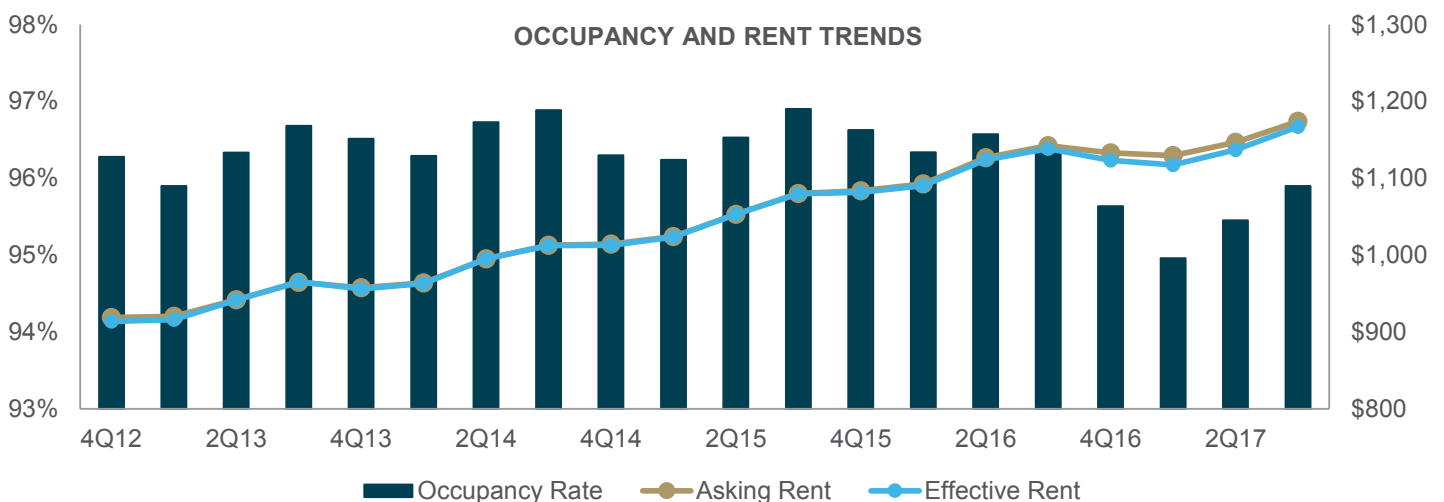


CONCESSIONS **0.6%**
Up **30 bps** since 3Q16

OCCUPANCY AND RENT TRENDS

FAVORABLE ECONOMIC CONDITIONS FUELING CONSTRUCTION BOOM

Multifamily builders escalated construction activity for the fifth-consecutive year. Completions rose 73% to 8,727 units annually through the third quarter of 2017. Developers concentrated on the central core to meet rental demand, completing 3,819 units in the Downtown/West End/Green Hills submarket since September 2016, representing 18 apartment projects. One of the largest developments to complete in this submarket was the 352-unit, luxury apartment tower SkyHouse Nashville. Robust leasing activity of 3,470 units in the downtown area nearly kept pace with the elevated supply. The overall leasing activity mirrored downtown fundamentals with 7,787 newly occupied units metrowide, tracking 89% of deliveries. The shortfall in absorption caused the metro occupancy rate to drop 50 basis points to a still-healthy 95.9% in September. An additional 3,020 units are anticipated to come online across the Nashville metropolitan area before year-end. As developers gauged demand amid an influx of new inventory, multifamily permit submissions decelerated 28% year over year with 3,903 units filed year to date through August. Despite a dip in occupancy, operators in Nashville advanced asking rent 2.8% annually, resulting in average asking rent of \$1,174 per month.



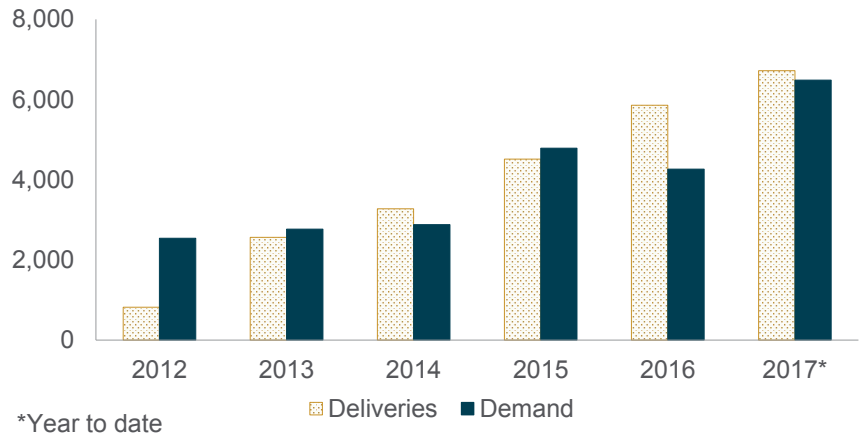
DELIVERIES AND DEMAND



DELIVERIES 6,719
Units YTD



NET ABSORPTION 6,483
Units YTD



ECONOMIC TRENDS

2016 **UNEMPLOYMENT*** 2017
3.8% **-130 BPS** 2.5%
CHANGE

2016 **EMPLOYMENT*** 2017
955.8k **2.8%** 982.5k
CHANGE

2016 **EXISTING SFH SALES**** 2017
39.3k **2.8%** 40.4k
CHANGE

2016 **MEDIAN SFH PRICE**** 2017
\$226.3k **6.8%** \$241.7k
CHANGE

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

*August; **September

Surging apartment inventory coincided with considerable job creation as metro-area employers created 26,700 net jobs annually through August of 2017. Substantial hiring occurred in the leisure and hospitality industry where 8,000 workers were hired, up 7.6%. The additions were needed as Nashville set a record with 13.9 million visitors in 2016, with hotel operators recording the best year in recent memory for room occupancy. Hospital Corporation of America completed its \$200 million downtown headquarters, anchoring the 32-acre Capitol View development and contributing to the 1,800 net positions added in the education and health services sector. Additionally, Bridgestone America completed its 30-story headquarters building downtown. In the process, the company relocated 1,700 corporate employees to Greater Nashville and began filling more than 600 new administrative positions. Ryder System Inc., began filling 600 logistics jobs at its Spring Hill warehouse, part of the 2,900 jobs added to the trade, transportation, and utilities sector metrowide.



NASHVILLE

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 |
| Airport/Briley Parkway | 96.4% | 95.6% | 2.1% | 4.4% | \$1,004 | \$1,048 | 60 | -30 | 32 | 32 |
| Belle Meade/West Nashville | 96.4% | 96.0% | 2.5% | 1.6% | \$1,192 | \$1,212 | 227 | 581 | 189 | 656 |
| Brentwood/Williamson County | 95.4% | 95.4% | 5.2% | 1.2% | \$1,433 | \$1,450 | 169 | 804 | 154 | 843 |
| Cheatham County / Other | - | 93.8% | - | - | - | \$1,156 | 0 | 0 | 0 | 0 |
| Dickson County | 94.9% | 96.7% | 3.3% | 7.2% | \$828 | \$887 | -44 | 28 | 0 | 0 |
| Donelson/Hermitage/Wilson County | 95.2% | 94.9% | 7.0% | 3.9% | \$1,070 | \$1,112 | 183 | 425 | 191 | 485 |
| Downtown/West End/Green Hills | 94.6% | 94.0% | 0.1% | 0.7% | \$1,666 | \$1,678 | 1,160 | 3,470 | 1,211 | 3,819 |
| Hickory Hollow | 96.4% | 95.8% | 8.1% | 0.7% | \$1,098 | \$1,106 | 76 | 167 | 0 | 263 |
| Maury County | 97.5% | 96.1% | - | 2.0% | \$1,067 | \$1,088 | 5 | -37 | 0 | 0 |
| Murfreesboro Pike/Antioch | 96.1% | 96.0% | 9.3% | 3.8% | \$948 | \$984 | 119 | 475 | 120 | 507 |
| Murfreesboro/Smyrna | 97.0% | 96.6% | 5.0% | 4.0% | \$995 | \$1,035 | 197 | 752 | 126 | 860 |
| NE/Madison/Rivergate/Hendersonville | 96.5% | 96.2% | 7.4% | 4.2% | \$1,025 | \$1,068 | 312 | 761 | 234 | 860 |
| Robertson County | 98.1% | 98.3% | - | 4.6% | \$994 | \$1,040 | 47 | 80 | 57 | 79 |
| Wilson County / Other | 96.6% | 96.6% | 8.6% | 3.7% | \$1,003 | \$1,040 | 119 | 312 | 102 | 323 |
| TOTALS | 96.4% | 95.9% | 5.8% | 2.8% | \$1,142 | \$1,174 | 2,631 | 7,787 | 2,416 | 8,727 |



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