

COMMERCIAL REAL ESTATE REPORT Q3 2022

Chattanooga, TN-GA Metro Area

Demographics and Economy

Demographics

0.7%	31.7%	2.8%	50.6%
population growth (2020-2021) U.S.: 0.7%	share of renters (2021) U.S.: 34.5%	renter household formation (2021) U.S.: 2.6%	share of inbound moves (Jan-Sept 2022)

Economy

0.6%	4,700	1.8%	-1.8%
GDP growth (2021) U.S.: 5.9%	12-month job creation (September 2022)	1-year job growth (September 2022) U.S.: 3.9%	1-year wage growth (September 2022) U.S.: 4.8%
\$51,169	2.8%	14.3%	53.4%
Average wage per year (September 2022) U.S.: \$49,100	unemployment rate (September 2022) U.S.: 3.5%	share of workers teleworking (2021) U.S.: 17.9%	inbound businesses moves (Jan-Sept 2022)

Commercial Real Estate by Sector

1. Office

Demand for office space is **stronger than nationwide** as this area has a faster absorption of office space. As a result, rent prices rose faster than nationwide and vacancy rate is lower in this area.

	Net Absorption SF	Net Absorption SF 12 Months	Market Rent Growth 12 Months	Market Rent/SF	Vacancy Rate
Q3 2022	8,040	332,528	3.0%	\$21	3.8%
Q3 2021	-8,734	293,872	4.2%	\$20	4.6%
	Inventory SF	Net Delivered SF	Net Delivered SF 12 Months	Total Sales Volume	Market Cap Rate
Q3 2022	23,545,911	0	140,350	\$25,944,788	8.5%
Q3 2021	23,405,561	72,400	131,678	\$52,925,024	8.6%

2. Multifamily

Demand for multifamily space is **stronger than nationwide** as this area has a faster absorption of multifamily space. As a result, rent prices rose faster than nationwide. However, vacancy rate is higher in this area.

	Absorption Units	Absorption Units 12 Months	Market Asking Rent Growth 12 Months	Market Asking Rent/Unit	Market Effective Rent/Unit	Vacancy Rate
Q3 2022	43	418	7.4%	\$1,296	\$1,289	6.6%
Q3 2021	180	1,283	11.3%	\$1,207	\$1,202	4.7%
	Inventory Units	Net Delivered Units	Net Delivered Units 12 Mo	Market Cap Rate		
Q3 2022	26,555	389	951	5.1%		
Q3 2021	25,604	0	365	5.3%		

3. Retail

Demand for retail space is **stronger than nationwide** as this area has a faster absorption of retail space. As a result, rent prices rose faster than nationwide and vacancy rate is lower in this area.

	Net Absorption SF	Net Absorption SF 12 Months	Market Rent Growth 12 Months	Market Rent/SF	Vacancy Rate
Q3 2022	171,125	531,422	5.8%	\$15	2.8%
Q3 2021	30,060	111,397	4.0%	\$15	3.7%
	Inventory SF	Market Cap Rate	Total Sales Volume	Transaction Sale Price/SF	
Q3 2022	41,949,351	7.2%	\$94,916,856	\$191	
Q3 2021	41,800,136	7.5%	\$83,227,752	\$222	

4. Industrial

Demand for industrial space is **weaker than nationwide** as this area has a slower absorption of industrial space. Despite weaker conditions, rent prices rose faster than nationwide and vacancy rate is lower in this area.

	Net Absorption SF	Net Absorption SF 12 Months	Market Rent Growth 12 Months	Market Rent/SF	Vacancy Rate
Q3 2022	-83,586	688,739	13.0%	\$7	2.6%
Q3 2021	371,819	630,528	8.9%	\$7	3.1%
	Inventory SF	Net Delivered SF	Net Delivered SF 12 Months	Market Cap Rate	Total Sales Volume
Q3 2022	64,962,656	0	425,920	7.9%	\$29,429,496
Q3 2021	64,536,736	-21,177	-64,674	7.9%	\$45,564,776

Sources: NAR analysis on data from the U.S. Census Bureau, U.S. Bureau of Labor Statistics, Bureau of Economic Analysis, USPS, CoStar

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COMMERCIAL REAL ESTATE REPORT Q3 2022

Knoxville, TN Metro Area

Demographics and Economy

Demographics

1.3%	30.5%	5.1%	50.8%
population growth (2020-2021) U.S.: 0.7%	share of renters (2021) U.S.: 34.5%	renter household formation (2021) U.S.: 2.6%	share of inbound moves (Jan-Sept 2022)

Economy

-0.2%	22,100	5.4%	7.2%
GDP growth (2021) U.S.: 5.9%	12-month job creation (September 2022)	1-year job growth (September 2022) U.S.: 3.9%	1-year wage growth (September 2022) U.S.: 4.8%
\$59,125	2.7%	13.3%	57.5%
Average wage per year (September 2022) U.S.: \$49,100	unemployment rate (September 2022) U.S.: 3.5%	share of workers teleworking (2021) U.S.: 17.9%	inbound businesses moves (Jan-Sept 2022)

Commercial Real Estate by Sector

1. Office

Demand for office space is **stronger than nationwide** as this area has a faster absorption of office space. As a result, rent prices rose faster than nationwide and vacancy rate is lower in this area.

	Net Absorption SF	Net Absorption SF 12 Months	Market Rent Growth 12 Months	Market Rent/SF	Vacancy Rate
Q3 2022	150,347	221,540	2.3%	\$20	4.5%
Q3 2021	7,630	-323,009	6.2%	\$20	5.0%
	Inventory SF	Net Delivered SF	Net Delivered SF 12 Months	Total Sales Volume	Market Cap Rate
Q3 2022	37,219,836	30,000	19,317	\$91,976,648	8.5%
Q3 2021	37,200,519	-9,823	-230,046	\$20,509,594	8.6%

2. Multifamily

Demand for multifamily space is **stronger than nationwide** as this area has a faster absorption of multifamily space. As a result, rent prices rose faster than nationwide and vacancy rate is lower in this area.

	Absorption Units	Absorption Units 12 Months	Market Asking Rent Growth 12 Months	Market Asking Rent/Unit	Market Effective Rent/Unit	Vacancy Rate
Q3 2022	175	921	11.8%	\$1,274	\$1,270	3.0%
Q3 2021	319	1,796	13.9%	\$1,140	\$1,137	2.5%
	Inventory Units	Net Delivered Units	Net Delivered Units 12 Mo	Market Cap Rate		
Q3 2022	39,750	328	1,134	5.4%		
Q3 2021	38,616	78	1,195	5.6%		

3. Retail

Demand for retail space is **weaker than nationwide** as this area has a slower absorption of retail space. Despite weaker conditions, rent prices rose faster than nationwide and vacancy rate is lower in this area.

	Net Absorption SF	Net Absorption SF 12 Months	Market Rent Growth 12 Months	Market Rent/SF	Vacancy Rate
Q3 2022	109,892	353,996	5.8%	\$17	2.7%
Q3 2021	70,283	512,272	3.6%	\$16	3.1%
	Inventory SF	Market Cap Rate	Total Sales Volume	Transaction Sale Price/SF	
Q3 2022	59,859,642	7.2%	\$69,141,104	\$159	
Q3 2021	59,732,130	7.3%	\$89,078,856	\$115	

4. Industrial

Demand for industrial space is **weaker than nationwide** as this area has a slower absorption of industrial space. Despite weaker conditions, rent prices rose faster than nationwide and vacancy rate is lower in this area.

	Net Absorption SF	Net Absorption SF 12 Months	Market Rent Growth 12 Months	Market Rent/SF	Vacancy Rate
Q3 2022	515,123	744,437	13.0%	\$8	1.1%
Q3 2021	316,605	1,208,267	8.5%	\$7	1.2%
	Inventory SF	Net Delivered SF	Net Delivered SF 12 Months	Market Cap Rate	Total Sales Volume
Q3 2022	89,389,205	443,545	660,539	7.1%	\$33,830,352
Q3 2021	88,728,666	75,433	111,502	7.1%	\$42,127,924

Sources: NAR analysis on data from the U.S. Census Bureau, U.S. Bureau of Labor Statistics, Bureau of Economic Analysis, USPS, CoStar

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COMMERCIAL REAL ESTATE REPORT Q3 2022

Memphis, TN-MS-AR Metro Area

Demographics and Economy

Demographics

-0.1%	38.7%	-7.3%	54.6%
population growth (2020-2021) U.S.: 0.7%	share of renters (2021) U.S.: 34.5%	renter household formation (2021) U.S.: 2.6%	share of inbound moves (Jan-Sept 2022)

Economy

-0.1%	24,900	3.9%	6.2%
GDP growth (2021) U.S.: 5.9%	12-month job creation (September 2022)	1-year job growth (September 2022) U.S.: 3.9%	1-year wage growth (September 2022) U.S.: 4.8%
\$50,446	4.1%	11.7%	39.8%
Average wage per year (September 2022) U.S.: \$49,100	unemployment rate (September 2022) U.S.: 3.5%	share of workers teleworking (2021) U.S.: 17.9%	inbound businesses moves (Jan-Sept 2022)

Commercial Real Estate by Sector

1. Office

Demand for office space is **weaker than nationwide** as this area has a slower absorption of office space. As a result, rents rose slower than nationwide. However, vacancy rate is lower in this area.

	Net Absorption SF	Net Absorption SF 12 Months	Market Rent Growth 12 Months	Market Rent/SF	Vacancy Rate
Q3 2022	325,566	21,531	0.7%	\$20	11.5%
Q3 2021	-432,697	-363,847	3.3%	\$20	11.1%

	Inventory SF	Net Delivered SF	Net Delivered SF 12 Months	Total Sales Volume	Market Cap Rate
Q3 2022	57,284,055	77,756	259,792	\$54,223,504	8.9%
Q3 2021	57,024,263	-22,078	235,724	\$125,695,128	8.9%

2. Multifamily

Demand for multifamily space is **weaker than nationwide** as this area has a slower absorption of multifamily space. As a result, rents rose slower than nationwide and vacancy rate is higher in this area.

	Absorption Units	Absorption Units 12 Months	Market Asking Rent Growth 12 Months	Market Asking Rent/Unit	Market Effective Rent/Unit	Vacancy Rate
Q3 2022	-558	-652	5.2%	\$1,088	\$1,081	10.6%
Q3 2021	439	2,307	12.4%	\$1,034	\$1,030	8.9%

	Inventory Units	Net Delivered Units	Net Delivered Units 12 Mo	Market Cap Rate
Q3 2022	96,855	794	1,108	6.2%
Q3 2021	95,747	272	1,350	6.4%

3. Retail

Demand for retail space is **stronger than nationwide** as this area has a faster absorption of retail space. Despite strong conditions, rent prices rose slower than nationwide. However, vacancy rate is lower in this area.

	Net Absorption SF	Net Absorption SF 12 Months	Market Rent Growth 12 Months	Market Rent/SF	Vacancy Rate
Q3 2022	42,630	758,467	3.7%	\$15	3.6%
Q3 2021	213,322	560,181	4.1%	\$15	4.3%

	Inventory SF	Market Cap Rate	Total Sales Volume	Transaction Sale Price/SF
Q3 2022	92,155,844	8.1%	\$181,400,736	\$212
Q3 2021	92,111,953	8.1%	\$237,130,560	\$177

4. Industrial

Demand for industrial space is **stronger than nationwide** as this area has a faster absorption of industrial space. Despite strong conditions, rent prices rose slower than nationwide and vacancy rate is higher in this area.

	Net Absorption SF	Net Absorption SF 12 Months	Market Rent Growth 12 Months	Market Rent/SF	Vacancy Rate
Q3 2022	1,631,765	11,403,582	9.0%	\$5	6.2%
Q3 2021	2,745,702	14,550,716	7.3%	\$4	5.2%

	Inventory SF	Net Delivered SF	Net Delivered SF 12 Months	Market Cap Rate	Total Sales Volume
Q3 2022	314,946,639	2,709,094	15,305,013	7.4%	\$323,624,384
Q3 2021	299,641,626	2,377,679	11,041,199	7.2%	\$750,286,208

Sources: NAR analysis on data from the U.S. Census Bureau, U.S. Bureau of Labor Statistics, Bureau of Economic Analysis, USPS, CoStar

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COMMERCIAL REAL ESTATE REPORT Q3 2022

Nashville-Davidson--Murfreesboro--Franklin, TN Metro Area

Demographics and Economy

Demographics

0.9%	33.0%	4.7%	50.9%
population growth (2020-2021) U.S.: 0.7%	share of renters (2021) U.S.: 34.5%	renter household formation (2021) U.S.: 2.6%	share of inbound moves (Jan-Sept 2022)

Economy

-4.1%	63,700	6.0%	3.4%
GDP growth (2021) U.S.: 5.9%	12-month job creation (September 2022)	1-year job growth (September 2022) U.S.: 3.9%	1-year wage growth (September 2022) U.S.: 4.8%
\$58,591	2.4%	20.6%	49.9%
Average wage per year (September 2022) U.S.: \$49,100	unemployment rate (September 2022) U.S.: 3.5%	share of workers teleworking (2021) U.S.: 17.9%	inbound businesses moves (Jan-Sept 2022)

Commercial Real Estate by Sector

1. Office

Demand for office space is **stronger than nationwide** as this area has a faster absorption of office space. As a result, rent prices rose faster than nationwide and vacancy rate is lower in this area.

	Net Absorption SF	Net Absorption SF 12 Months	Market Rent Growth 12 Months	Market Rent/SF	Vacancy Rate
Q3 2022	824,039	1,043,595	2.4%	\$30	10.8%
Q3 2021	354,060	-229,609	3.0%	\$29	10.3%
	Inventory SF	Net Delivered SF	Net Delivered SF 12 Months	Total Sales Volume	Market Cap Rate
Q3 2022	101,273,859	416,842	1,688,739	\$265,316,032	6.9%
Q3 2021	99,585,120	-55,536	1,516,409	\$393,744,160	7.0%

2. Multifamily

Demand for multifamily space is **stronger than nationwide** as this area has a faster absorption of multifamily space. As a result, rent prices rose faster than nationwide. However, vacancy rate is higher in this area.

	Absorption Units	Absorption Units 12 Months	Market Asking Rent Growth 12 Months	Market Asking Rent/Unit	Market Effective Rent/Unit	Vacancy Rate
Q3 2022	433	4,317	7.1%	\$1,637	\$1,622	7.8%
Q3 2021	3,063	9,812	13.8%	\$1,529	\$1,523	5.0%
	Inventory Units	Net Delivered Units	Net Delivered Units 12 Mo	Market Cap Rate		
Q3 2022	147,877	2,131	8,820	4.5%		
Q3 2021	139,057	1,137	4,755	4.6%		

3. Retail

Demand for retail space is **stronger than nationwide** as this area has a faster absorption of retail space. As a result, rent prices rose faster than nationwide and vacancy rate is lower in this area.

	Net Absorption SF	Net Absorption SF 12 Months	Market Rent Growth 12 Months	Market Rent/SF	Vacancy Rate
Q3 2022	259,235	1,356,376	11.1%	\$27	3.4%
Q3 2021	348,503	728,056	6.7%	\$24	4.1%
	Inventory SF	Market Cap Rate	Total Sales Volume	Transaction Sale Price/SF	
Q3 2022	119,683,360	6.1%	\$248,095,856	\$266	
Q3 2021	119,123,654	6.3%	\$336,743,776	\$212	

4. Industrial

Demand for industrial space is **stronger than nationwide** as this area has a faster absorption of industrial space. As a result, rent prices rose faster than nationwide and vacancy rate is lower in this area.

	Net Absorption SF	Net Absorption SF 12 Months	Market Rent Growth 12 Months	Market Rent/SF	Vacancy Rate
Q3 2022	2,260,715	7,831,295	14.2%	\$10	3.4%
Q3 2021	4,954,368	8,100,283	10.2%	\$9	3.4%
	Inventory SF	Net Delivered SF	Net Delivered SF 12 Months	Market Cap Rate	Total Sales Volume
Q3 2022	259,979,057	1,645,450	8,014,780	5.8%	\$402,247,872
Q3 2021	251,964,277	3,946,273	8,383,835	5.9%	\$252,459,008

Sources: NAR analysis on data from the U.S. Census Bureau, U.S. Bureau of Labor Statistics, Bureau of Economic Analysis, USPS, CoStar

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