

# NAR Commercial Real Estate Metro Market Report | 2021.Q4

## Chattanooga, TN-GA

Core-Based Statistical Area Code: 16860

The Chattanooga, TN-GA commercial real estate market is stronger compared to the overall U.S. market.  
**NAR Commercial Real Estate Market Conditions Index\* 56.0**

Overall economic conditions are stronger than nationally.  
 The apartment property market is about the same than nationally.  
 The office property market is stronger than nationally.  
 The industrial property market is about the same than nationally.  
 The retail property market is stronger than nationally.  
 The hotel/lodging property market is about the same than nationally.

### I. Economic and Demographic

Economic	Chattanooga, TN-GA			U.S.			
	2021 Q4 (Nov)	2021 Q3 (Sept)	2020 Q4 (Dec)	2021 Q4 (Nov)	2021 Q3 (Sept)	2020 Q4 (Dec)	
Total non-farm employment ('000)	269	266	260	150,098	147,650	143,602	
Y/Y chg. in nonfarm payroll employment ('000)	7	8	(12)	5,977	5,704	(9,244)	
Y/Y % chg. in nonfarm payroll employment	2.6%	3.1%	-4.3%	4.1%	4.0%	-6.0%	<i>Job creation is weaker than nationally</i>
Unemployment rate (%)	3.2%	3.5%	4.8%	4.2%	4.7%	6.7%	<i>Unemployment rate is lower than nationally</i>
Average weekly wages	\$1,019	\$1,002	\$894	\$1,080	\$1,073	\$1,038	
Wage growth, year-over-year <i>(data are as of last month of the quarter)</i>	14.9%	17.8%	-4.8%	4.8%	4.5%	6.7%	<i>Wages are rising faster than nationally</i>
	2020	2019	2018	2020	2019	2018	
GDP growth (%)	-1.8%	1.6%	0.8%	-3.4%	2.3%	2.9%	
	2019	2018	2017	2019	2018	2017	
Median household income	\$55,366	\$54,732	\$50,250	\$87,470	\$84,423	\$81,284	
	2020	2019	2018	2020	2019	2018	
Demographic							
Net domestic migration ('000)	4.7	3.4	3.9	0	0	0	<i>Area is experiencing net domestic in-migration</i>
Population ('000)	570	565	561	331,501	328,330	326,838	
Population growth (%)	0.84%	0.69%	0.86%	0.97%	0.46%	0.53%	<i>Population growth is slower than nationally</i>

### II. Multifamily

Demand indicators	2021 Q4	2021 Q3	2020 Q4	2021 Q4	2021 Q3	2020 Q4	
Vacancy rate	4.7%	4.3%	8.1%	4.6%	4.6%	6.6%	<i>The area has a higher vacancy rate than nationally</i>
Absorption of units over the quarter	54	166	184	78,063	189,629	94,740	
Absorption of units in past 12 months	1,080	1,210	1,171	714,672	731,349	376,273	
Absorption in past 12 months as % of inventory	4.6%	5.2%	5.2%	4.2%	4.3%	2.3%	<i>The area has stronger absorption than nationally</i>
Market asking rent per unit	\$1,183	\$1,167	\$1,052	\$1,543	\$1,532	\$1,387	
Market asking rent per unit, y/y % chg	12.4%	11.7%	5.1%	11.3%	10.6%	0.5%	
Effective rent per unit	\$1,178	\$1,163	\$1,038	\$1,534	\$1,523	\$1,367	
Effective rent per unit, y/y % chg	13.5%	12.8%	4.7%	12.2%	11.6%	-0.1%	<i>Rents are rising faster than nationally</i>
Rent as a percent of 2-person annual wage income	13.3%	13.4%	13.4%	16.3%	16.3%	15.2%	<i>Renting is more affordable than nationally</i>
	2020	2019	2018	2020	2019	2018	
Supply indicators							
Inventory	23,548	23,494	22,469	17,112,020	17,034,566	16,401,950	
Net delivered units in past 12 months	274	268	1,334	369,993	387,542	434,591	
Net delivered units, as % of inventory	1.2%	1.1%	5.9%	2.2%	2.3%	2.6%	
Units under construction	1,186	1,349	520	681,402	692,701	687,551	
Units under construction, as % of inventory	5.0%	5.7%	2.3%	4.0%	4.1%	4.2%	<i>Construction is stronger than nationally</i>
Ratio of jobs created to net delivered units <i>(as of latest available month of the quarter)</i>	24.8	29.9	(8.7)	16.2	14.7	(21.3)	<i>More jobs per delivered units than nationally</i>
	2020	2019	2018	2020	2019	2018	
Sales transactions							
Total investment acquisitions (in million \$)	\$283	\$117	\$134	\$86,764	\$63,211	\$47,522	<i>Sales transactions are rising faster than nationally</i>
Transaction sales price per unit	\$186,292	\$197,986	\$130,403	\$235,199	\$231,697	\$212,033	<i>Prices are rising faster nationally</i>
Market cap rate	5.4%	5.5%	5.6%	5.2%	5.2%	5.3%	<i>Cap rates are higher than nationally</i>

### III. Office

Demand indicators	2021 Q4	2021 Q3	2020 Q4	2021 Q4	2021 Q3	2020 Q4	
Vacancy rate	4.7%	4.6%	4.5%	12.2%	4.6%	4.5%	<i>The area has a lower vacancy rate than nationally</i>
Absorption in sq.ft. over the quarter	(24,382)	(8,734)	211,958	14,567,728	5,676,582	(34,912,824)	
Absorption in sq.ft. over 12 months	60,723	297,063	(288,169)	(39,446,204)	(88,926,760)	(74,605,520)	
Absorption in past 12 months as % of inventory	0.3%	1.3%	-1.3%	-0.5%	-1.2%	-1.0%	<i>The area has stronger absorption than nationally</i>
Market rent per sq.ft.	\$19.9	\$19.9	\$19.5	\$34.4	\$34.3	\$34.3	
Market rent growth, y/y % chg.	2.1%	2.7%	1.1%	0.1%	-0.3%	-1.5%	<i>Rents are rising faster than nationally</i>
Y/Y chg. in professional/business services jobs ('000) <i>(as of latest available month of the quarter)</i>	1.1	1.5	(0.5)	1,134	1,092	(870)	<i>Slower office job creation than nationally</i>
	2020	2019	2018	2020	2019	2018	
Supply indicators							
Inventory in sq. ft.	22,434,660	22,459,040	22,373,936	7,237,517,312	7,222,925,312	7,276,806,144	
Net delivered over 12 months, in sq.ft.	95,339	131,678	48,362	59,502,409	57,367,205	45,533,641	
Net delivered units, as % of inventory	0.4%	0.6%	0.2%	0.8%	0.8%	0.6%	<i>More delivered space relative to inventory than nationally</i>
Under construction in sq.ft.	92,000	92,000	191,900	142,297,840	141,203,264	155,258,080	
Under construction, as % of inventory	0.4%	0.4%	0.9%	2.0%	2.0%	2.1%	<i>Construction activity is slower than nationally</i>
	2020	2019	2018	2020	2019	2018	
Sales transactions							
Total investment acquisitions (in million \$)	\$50	\$56	\$13	\$28,031	\$29,974	\$21,646	<i>Sales transactions are rising faster than nationally</i>
Transaction sale price per sq.ft.	\$148	\$260	\$165	\$305	\$306	\$301	<i>Prices are not rising as fast than nationally</i>
Market cap rate	8.6%	8.5%	8.6%	7.0%	7.0%	7.0%	<i>Cap rates are higher than nationally</i>

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## Chattanooga, TN-GA

Core-Based Statistical Area Code: 16860

### IV. Industrial

	Chattanooga, TN-GA			U.S.			
	2021 Q4	2021 Q3	2020 Q4	2021 Q4	2021 Q3	2020 Q4	
<b>Demand indicators</b>							
Vacancy rate	1.7%	3.1%	3.8%	4.2%	4.6%	5.5%	<i>The area has lower vacancy rate than nationally</i>
Absorption in sq.ft. over the quarter	1,187,330	381,524	164,659	134,147,704	163,473,664	85,677,192	
Absorption in sq.ft. over 12 months	1,628,080	605,409	(398,772)	502,819,872	454,349,376	223,162,272	<i>The area has lower absorption than nationally</i>
Absorption in past 12 months as % of inventory	2.6%	1.0%	-0.6%	3.0%	2.7%	1.4%	<i>The area has lower absorption than nationally</i>
Market rent per sq.ft.	\$6.6	\$6.4	\$6.0	\$9.8	\$9.5	\$9.0	
Market rent growth, y/y % chg.	9.9%	8.0%	4.8%	8.6%	7.2%	4.6%	<i>Rents are rising faster than nationally</i>
<b>Supply indicators</b>							
Inventory in sq. ft.	63,539,560	62,352,228	61,911,480	16,815,425,536	16,680,851,456	16,312,040,448	
Net delivered over 12 months, in sq.ft.	329,348	(71,598)	9,579	283,714,234	297,459,785	307,128,078	<i>Less deliveries relative to inventory than nationally</i>
Net delivered units, as % of inventory	0.5%	-0.1%	0.0%	1.7%	1.8%	1.9%	<i>Less deliveries relative to inventory than nationally</i>
Under construction in sq.ft.	141,528	492,053	83,125	508,025,152	466,780,896	340,499,936	<i>Less delivered space relative to inventory than nationally</i>
Under construction, as % of inventory	0.2%	0.8%	0.1%	3.0%	2.8%	2.1%	<i>Less delivered space relative to inventory than nationally</i>
<b>Sales transactions</b>							
Total investment acquisitions (in million \$)	\$108	\$40	\$25	\$34,773	\$30,151	\$29,578	<i>Sales transactions are rising faster than nationally</i>
Transaction sale price per sq.ft.	\$71	\$50	\$66	\$144	\$127	\$110	<i>Prices are not rising as fast than nationally</i>
Market cap rate	8.3%	8.0%	8.0%	6.3%	6.3%	6.4%	<i>Cap rates are higher than nationally</i>

### V. Retail

	Chattanooga, TN-GA			U.S.			
	2021 Q4	2021 Q3	2020 Q4	2021 Q4	2021 Q3	2020 Q4	
<b>Demand indicators</b>							
Vacancy rate	2.9%	3.7%	3.9%	4.6%	4.8%	5.1%	<i>The area has a lower vacancy rate than nationally</i>
Absorption in sq.ft. over the quarter	299,628	12,465	(31,098)	28,236,304	29,377,518	689,343	
Absorption in sq.ft. over 12 months	416,011	85,285	118,323	76,321,048	48,774,088	(28,079,124)	<i>The area has stronger absorption than nationally</i>
Absorption in past 12 months as % of inventory	1.0%	0.2%	0.3%	0.7%	0.4%	-0.3%	<i>The area has stronger absorption than nationally</i>
Market rent per sq.ft.	\$14.3	\$14.2	\$13.8	\$22.5	\$22.3	\$21.9	
Market rent growth, y/y % chg.	3.7%	3.5%	2.1%	2.8%	2.1%	0.8%	<i>Rents are rising faster than nationally</i>
Y/Y chg.in retail trade payroll employment ('000) (as of latest available month of the quarter)	(0.10)	0.10	(0.90)	372.10	387.70	(473.90)	<i>The area has stronger retail trade job creation than nationally</i>
<b>Supply indicators</b>							
Inventory in sq. ft.	39,794,908	39,495,280	39,376,400	11,209,097,216	11,180,823,552	11,132,858,368	<i>Relatively fewer units delivered than nationally</i>
Net delivered over 12 months, in sq.ft.	-6,488	17,847	54,450	21,047,385	28,105,270	41,736,234	<i>Less delivered space relative to inventory than nationally</i>
Net delivered units, as % of inventory	0.0%	0.0%	0.1%	0.2%	0.3%	0.4%	<i>Less delivered space relative to inventory than nationally</i>
Under construction in sq.ft.	111,623	112,625	83,746	50,577,712	53,660,692	52,556,572	
Under construction, as % of inventory	0.3%	0.3%	0.2%	0.5%	0.5%	0.5%	<i>Construction activity is slower than nationally</i>
<b>Sales transactions</b>							
Total investment acquisitions (in million \$)	\$55	\$89	\$56	\$24,585	\$21,801	\$18,723	<i>Sales transactions are not rising as fast than nationally</i>
Transaction sale price per sq.ft.	\$137	\$188	\$88	\$237	\$204	\$192	<i>Prices are rising faster nationally</i>
Market cap rate	7.9%	7.8%	7.9%	7.0%	7.0%	7.0%	<i>Cap rates are higher than nationally</i>

### VI. Hotel/Lodging

	Chattanooga, TN-GA			U.S.			
	2021 Q4 (Nov)	2021 Q3 (Sept)	2020 Q4 (Dec)	2021 Q4 (Nov)	2021 Q3 (Sept)	2020 Q4 (Dec)	
Leisure and hospitality payroll workers ('000)	26.8	26.2	24.8	15,362	15,397	12,896	
Y/Y change ('000)	1.8	1.1	(5.0)	2,533.0	1,841.0	(3,541.0)	<i>Job creation in the leisure industry is stronger than nationally</i>
% share to nonfarm payroll employment	10.0%	9.9%	9.5%	10.2%	10.4%	9.0%	<i>Lower fraction of workers in leisure industry than nationally</i>

Sources of data used: CoStar®, US Census Bureau, US Bureau of Labor Statistics, and US Bureau of Economic Analysis.

\*An index below 50 means local market conditions are weaker than nationally, above 50 means local market conditions are stronger, and 50 means local market conditions are about the same as nationally.

NAR derived the index by assigning 1 point for each indicator where local market conditions are better than the national (US) condition.

The total points for each local market are divided by the number of variables that are available at the local area, with 25 indicators if all the data are available. The fraction is multiplied by 100 to get the index.

Economic data may not be available for all markets. In some submarkets or metropolitan divisions (e.g., Long Island) reported by CoStar®, the economic data that is reported (e.g. employment) is of the metropolitan area (New York-Newark-Jersey City). The 390 markets in this report are based on the CoStar® market areas.

NAR reserves the right to add new variables or drop variables that comprise the index based on its analysis of variables that impact market trends.

Market cap rate is based on CoStar proprietary model that is based on both sales transaction cap rates and modeled cap rates based on characteristics of comparable properties in the geographic area.

Data may not be available for some markets or property types.

For information about this report, email data@nar.realtor.

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# NAR Commercial Real Estate Metro Market Report | 2021.Q4

## Clarksville, TN-KY

Core-Based Statistical Area Code: 17300

The Clarksville, TN-KY commercial real estate market is stronger compared to the overall U.S. market.  
**NAR Commercial Real Estate Market Conditions Index\* 52.0**

Overall economic conditions are stronger than nationally.  
 The apartment property market is about the same than nationally.  
 The office property market is stronger than nationally.  
 The industrial property market is about the same than nationally.  
 The retail property market is not as strong than nationally.  
 The hotel/lodging property market is not as strong than nationally.

### I. Economic and Demographic

Economic	Clarksville, TN-KY			U.S.			
	2021 Q4 (Nov)	2021 Q3 (Sept)	2020 Q4 (Dec)	2021 Q4 (Nov)	2021 Q3 (Sept)	2020 Q4 (Dec)	
Total non-farm employment ('000)	97	95	93	150,098	147,650	143,602	
Y/Y chg.in nonfarm payroll employment ('000)	3	3	(2)	5,977	5,704	(9,244)	
Y/Y % chg. in nonfarm payroll employment	3.4%	2.7%	-2.4%	4.1%	4.0%	-6.0%	<i>Job creation is weaker than nationally</i>
Unemployment rate (%)	4.1%	4.4%	5.8%	4.2%	4.7%	6.7%	<i>Unemployment rate is lower than nationally</i>
Average weekly wages	\$902	\$885	\$807	\$1,080	\$1,073	\$1,038	
Wage growth, year-over-year <i>(data are as of last month of the quarter)</i>	12.8%	18.8%	7.6%	4.8%	4.5%	6.7%	<i>Wages are rising faster than nationally</i>

	2020	2019	2018	2020	2019	2018	
GDP growth (%)	-1.5%	1.3%	0.8%	-3.4%	2.3%	2.9%	

	2019	2018	2017	2019	2018	2017	
Median household income	\$53,547	\$51,280	\$54,667	\$87,470	\$84,423	\$81,284	

Demographic	Clarksville, TN-KY			U.S.			
	2020	2019	2018	2020	2019	2018	
Net domestic migration ('000)	1.8	1.8	3.2	0	0	0	<i>Area is experiencing net domestic in-migration</i>
Population ('000)	314	310	305	331,501	328,330	326,838	
Population growth (%)	1.49%	1.51%	1.93%	0.97%	0.46%	0.53%	<i>Population is growing faster than nationally</i>

### II. Multifamily

Demand indicators	Clarksville, TN-KY			U.S.			
	2021 Q4	2021 Q3	2020 Q4	2021 Q4	2021 Q3	2020 Q4	
Vacancy rate	3.9%	3.6%	5.7%	4.6%	4.6%	6.6%	<i>The area has a lower vacancy rate than nationally</i>
Absorption of units over the quarter	152	76	193	78,063	189,629	94,740	
Absorption of units in past 12 months	584	625	1,054	714,672	731,349	376,273	
Absorption in past 12 months as % of inventory	4.8%	5.2%	9.1%	4.2%	4.3%	2.3%	<i>The area has stronger absorption than nationally</i>
Market asking rent per unit	\$1,019	\$1,010	\$923	\$1,543	\$1,532	\$1,387	
Market asking rent per unit, y/y % chg	10.4%	11.8%	4.8%	11.3%	10.6%	0.5%	
Effective rent per unit	\$1,015	\$1,008	\$913	\$1,534	\$1,523	\$1,367	
Effective rent per unit, y/y % chg	11.1%	12.1%	4.3%	12.2%	11.6%	-0.1%	<i>Rents are rising more slowly than nationally</i>
Rent as a percent of 2-person annual wage income	12.9%	13.1%	13.0%	16.3%	16.3%	15.2%	<i>Renting is more affordable than nationally</i>

Supply indicators	Clarksville, TN-KY			U.S.			
	2021 Q4	2021 Q3	2020 Q4	2021 Q4	2021 Q3	2020 Q4	
Inventory	12,173	12,022	11,589	17,112,020	17,034,566	16,401,950	
Net delivered units in past 12 months	466	445	699	369,993	387,542	434,591	
Net delivered units, as % of inventory	3.8%	3.7%	6.0%	2.2%	2.3%	2.6%	
Units under construction	234	519	700	681,402	692,701	687,551	
Units under construction, as % of inventory	1.9%	4.3%	6.0%	4.0%	4.1%	4.2%	<i>Construction is weaker than nationally</i>
Ratio of jobs created to net delivered units <i>(as of latest available month of the quarter)</i>	6.9	5.6	(3.3)	16.2	14.7	(21.3)	<i>Fewer jobs per delivered units than nationally</i>

Sales transactions	Clarksville, TN-KY			U.S.			
	2021 Q4	2021 Q3	2020 Q4	2021 Q4	2021 Q3	2020 Q4	
Total investment acquisitions (in million \$)	\$18	\$14	\$40	\$86,764	\$63,211	\$47,522	<i>Sales transactions are not rising as fast than nationally</i>
Transaction sales price per unit	\$96,848	\$139,646	\$85,871	\$235,199	\$231,697	\$212,033	<i>Prices are rising faster nationally</i>
Market cap rate	6.1%	6.1%	6.3%	5.2%	5.2%	5.3%	<i>Cap rates are higher than nationally</i>

### III. Office

Demand indicators	Clarksville, TN-KY			U.S.			
	2021 Q4	2021 Q3	2020 Q4	2021 Q4	2021 Q3	2020 Q4	
Vacancy rate	2.0%	2.0%	3.5%	12.2%	2.0%	3.5%	<i>The area has a lower vacancy rate than nationally</i>
Absorption in sq.ft. over the quarter	(34)	(2,034)	26,491	14,567,728	5,676,582	(34,912,824)	
Absorption in sq.ft. over 12 months	145,143	171,668	(6,371)	(39,446,204)	(88,926,760)	(74,605,520)	
Absorption in past 12 months as % of inventory	3.6%	4.3%	-0.2%	-0.5%	-1.2%	-1.0%	<i>The area has stronger absorption than nationally</i>
Market rent per sq.ft.	\$20.9	\$20.9	\$20.3	\$34.4	\$34.3	\$34.3	
Market rent growth, y/y % chg.	3.1%	3.7%	1.6%	0.1%	-0.3%	-1.5%	<i>Rents are rising faster than nationally</i>
Y/Y chg.in professional/business services jobs ('000) <i>(as of latest available month of the quarter)</i>	0.3	0.7	0.8	1,134	1,092	(870)	<i>Stronger office job creation than nationally</i>

Supply indicators	Clarksville, TN-KY			U.S.			
	2021 Q4	2021 Q3	2020 Q4	2021 Q4	2021 Q3	2020 Q4	
Inventory in sq. ft.	3,989,362	3,989,396	3,844,219	7,237,517,312	7,222,925,312	7,276,806,144	
Net delivered over 12 months, in sq.ft.	86,142	86,142	11,244	59,502,409	57,367,205	45,533,641	
Net delivered units, as % of inventory	2.2%	2.2%	0.3%	0.8%	0.8%	0.6%	<i>More delivered space relative to inventory than nationally</i>
Under construction in sq.ft.	-	-	42,250	142,297,840	141,203,264	155,258,080	
Under construction, as % of inventory	-	-	1.1%	2.0%	2.0%	2.1%	

Sales transactions	Clarksville, TN-KY			U.S.			
	2021 Q4	2021 Q3	2020 Q4	2021 Q4	2021 Q3	2020 Q4	
Total investment acquisitions (in million \$)	\$2	\$9	\$4	\$28,031	\$29,974	\$21,646	<i>Sales transactions are not rising as fast than nationally</i>
Transaction sale price per sq.ft.	\$135	\$149	\$110	\$305	\$306	\$301	<i>Prices are rising faster nationally</i>
Market cap rate	8.6%	8.5%	8.7%	7.0%	7.0%	7.0%	<i>Cap rates are higher than nationally</i>

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## Clarksville, TN-KY

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### IV. Industrial

	Clarksville, TN-KY			U.S.			
	2021 Q4	2021 Q3	2020 Q4	2021 Q4	2021 Q3	2020 Q4	
<b>Demand indicators</b>							
Vacancy rate	1.0%	1.2%	3.3%	4.2%	4.6%	5.5%	<i>The area has lower vacancy rate than nationally</i>
Absorption in sq.ft. over the quarter	38,690	50,220	(221,654)	134,147,704	163,473,664	85,677,192	
Absorption in sq.ft. over 12 months	438,773	178,429	(279,030)	502,819,872	454,349,376	223,162,272	<i>The area has lower absorption than nationally</i>
Absorption in past 12 months as % of inventory	2.4%	1.0%	-1.5%	3.0%	2.7%	1.4%	<i>The area has lower absorption than nationally</i>
Market rent per sq.ft.	\$6.0	\$5.8	\$5.4	\$9.8	\$9.5	\$9.0	
Market rent growth, y/y % chg.	9.7%	7.4%	4.6%	8.6%	7.2%	4.6%	<i>Rents are rising faster than nationally</i>
<b>Supply indicators</b>							
Inventory in sq. ft.	18,446,868	18,408,178	18,008,096	16,815,425,536	16,680,851,456	16,312,040,448	
Net delivered over 12 months, in sq.ft.	-	-	93,800	283,714,234	297,459,785	307,128,078	
Net delivered units, as % of inventory	-	-	0.5%	1.7%	1.8%	1.9%	
Under construction in sq.ft.	128,800	128,800	-	508,025,152	466,780,896	340,499,936	
Under construction, as % of inventory	0.7%	0.7%	-	3.0%	2.8%	2.1%	<i>Less delivered space relative to inventory than nationally</i>
<b>Sales transactions</b>							
Total investment acquisitions (in million \$)	\$22	\$2	\$1	\$34,773	\$30,151	\$29,578	<i>Sales transactions are rising faster than nationally</i>
Transaction sale price per sq.ft.	\$41	\$24	\$16	\$144	\$127	\$110	<i>Prices are rising faster nationally</i>
Market cap rate	7.7%	7.6%	7.6%	6.3%	6.3%	6.4%	<i>Cap rates are higher than nationally</i>

### V. Retail

	Clarksville, TN-KY			U.S.			
	2021 Q4	2021 Q3	2020 Q4	2021 Q4	2021 Q3	2020 Q4	
<b>Demand indicators</b>							
Vacancy rate	2.3%	2.7%	2.4%	4.6%	4.8%	5.1%	<i>The area has a lower vacancy rate than nationally</i>
Absorption in sq.ft. over the quarter	59,933	36,320	13,792	28,236,304	29,377,518	689,343	
Absorption in sq.ft. over 12 months	54,552	8,411	186,452	76,321,048	48,774,088	(28,079,124)	<i>The area has lower absorption than nationally</i>
Absorption in past 12 months as % of inventory	0.4%	0.1%	1.4%	0.7%	0.4%	-0.3%	<i>The area has lower absorption than nationally</i>
Market rent per sq.ft.	\$14.9	\$14.8	\$14.4	\$22.5	\$22.3	\$21.9	
Market rent growth, y/y % chg.	3.4%	3.3%	1.9%	2.8%	2.1%	0.8%	<i>Rents are rising faster than nationally</i>
Y/Y chg.in retail trade payroll employment ('000) <i>(as of latest available month of the quarter)</i>	0.40	0.50	(0.20)	372.10	387.70	(473.90)	<i>The area has weaker retail trade job creation than nationally</i>
<b>Supply indicators</b>							
Inventory in sq. ft.	13,699,150	13,639,217	13,644,598	11,209,097,216	11,180,823,552	11,132,858,368	
Net delivered over 12 months, in sq.ft.	42,192	75,431	155,215	21,047,385	28,105,270	41,736,234	<i>Relatively fewer units delivered than nationally</i>
Net delivered units, as % of inventory	0.3%	0.6%	1.1%	0.2%	0.3%	0.4%	<i>More delivered space relative to inventory than nationally</i>
Under construction in sq.ft.	91,726	90,457	39,861	50,577,712	53,660,692	52,556,572	
Under construction, as % of inventory	0.7%	0.7%	0.3%	0.5%	0.5%	0.5%	<i>Construction activity is more robust than nationally</i>
<b>Sales transactions</b>							
Total investment acquisitions (in million \$)	\$10	\$25	\$23	\$24,585	\$21,801	\$18,723	<i>Sales transactions are not rising as fast than nationally</i>
Transaction sale price per sq.ft.	\$153	\$166	\$194	\$237	\$204	\$192	<i>Prices are not rising as fast than nationally</i>
Market cap rate	7.6%	7.6%	7.5%	7.0%	7.0%	7.0%	<i>Cap rates are higher than nationally</i>

### VI. Hotel/Lodging

	Clarksville, TN-KY			U.S.			
	2021 Q4 (Nov)	2021 Q3 (Sept)	2020 Q4 (Dec)	2021 Q4 (Nov)	2021 Q3 (Sept)	2020 Q4 (Dec)	
Leisure and hospitality payroll workers ('000)	13.0	12.4	11.3	15,362	15,397	12,896	
Y/Y change ('000)	1.5	1.1	(0.4)	2,533.0	1,841.0	(3,541.0)	<i>Job creation in the leisure industry is weaker than nationally</i>
% share to nonfarm payroll employment	13.5%	13.1%	12.2%	10.2%	10.4%	9.0%	<i>Higher fraction of workers in leisure industry than nationally</i>

Sources of data used: CoStar®, US Census Bureau, US Bureau of Labor Statistics, and US Bureau of Economic Analysis.

\*An index below 50 means local market conditions are weaker than nationally, above 50 means local market conditions are stronger, and 50 means local market conditions are about the same as nationally.

NAR derived the index by assigning 1 point for each indicator where local market conditions are better than the national (US) condition.

The total points for each local market are divided by the number of variables that are available at the local area, with 25 indicators if all the data are available. The fraction is multiplied by 100 to get the index.

Economic data may not be available for all markets. In some submarkets or metropolitan divisions (e.g., Long Island) reported by CoStar®, the economic data that is reported (e.g. employment) is of the metropolitan area (New York-Newark-Jersey City). The 390 markets in this report are based on the CoStar® market areas.

NAR reserves the right to add new variables or drop variables that comprise the index based on its analysis of variables that impact market trends.

Market cap rate is based on CoStar proprietary model that is based on both sales transaction cap rates and modeled cap rates based on characteristics of comparable properties in the geographic area.

Data may not be available for some markets or property types.

For information about this report, email data@nar.realtor.

Visit NAR's Commercial Research webpage at <https://www.nar.realtor/research-and-statistics/research-reports/commercial-research>



# NAR Commercial Real Estate Metro Market Report | 2021.Q4 Cleveland, TN

Core-Based Statistical Area Code: 17420

The Cleveland, TN commercial real estate market is not as strong compared to the overall U.S. market.  
NAR Commercial Real Estate Market Conditions Index\* 48.0

Overall economic conditions are not as strong than nationally.  
The apartment property market is about the same than nationally.  
The office property market is stronger than nationally.  
The industrial property market is about the same than nationally.  
The retail property market is not as strong than nationally.  
The hotel/lodging property market is about the same than nationally.

## I. Economic and Demographic

	Cleveland, TN			U.S.			
	2021 Q4 (Nov)	2021 Q3 (Sept)	2020 Q4 (Dec)	2021 Q4 (Nov)	2021 Q3 (Sept)	2020 Q4 (Dec)	
<b>Economic</b>							
Total non-farm employment ('000)	51	49	49	150,098	147,650	143,602	
Y/Y chg. in nonfarm payroll employment ('000)	2	1	(2)	5,977	5,704	(9,244)	
Y/Y % chg. in nonfarm payroll employment	4.1%	2.3%	-4.5%	4.1%	4.0%	-6.0%	Job creation is weaker than nationally
Unemployment rate (%)	3.6%	3.8%	5.6%	4.2%	4.7%	6.7%	Unemployment rate is lower than nationally
Average weekly wages	\$748	\$735	\$727	\$1,080	\$1,073	\$1,038	
Wage growth, year-over-year <i>(data are as of last month of the quarter)</i>	4.6%	5.6%	0.2%	4.8%	4.5%	6.7%	Wages are rising at a slower pace than nationally
	2020	2019	2018	2020	2019	2018	
GDP growth (%)	-0.9%	-0.5%	-0.3%	-3.4%	2.3%	2.9%	
	2019	2018	2017	2019	2018	2017	
Median household income	\$52,178	\$48,101	\$46,822	\$87,470	\$84,423	\$81,284	
<b>Demographic</b>							
Net domestic migration ('000)	0.9	0.8	1.5	0	0	0	Area is experiencing net domestic in-migration
Population ('000)	126	125	124	331,501	328,330	326,838	
Population growth (%)	0.73%	0.68%	1.48%	0.97%	0.46%	0.53%	Population growth is slower than nationally

## II. Multifamily

	2021 Q4	2021 Q3	2020 Q4	2021 Q4	2021 Q3	2020 Q4	
<b>Demand indicators</b>							
Vacancy rate	2.2%	2.3%	3.2%	4.6%	4.6%	6.6%	The area has a lower vacancy rate than nationally
Absorption of units over the quarter	3	1	(6)	78,063	189,629	94,740	
Absorption of units in past 12 months	20	11	28	714,672	731,349	376,273	
Absorption in past 12 months as % of inventory	1.1%	0.6%	1.5%	4.2%	4.3%	2.3%	The area has lower absorption than nationally
Market asking rent per unit	\$927	\$936	\$826	\$1,543	\$1,532	\$1,387	
Market asking rent per unit, y/y % chg	12.2%	13.5%	7.2%	11.3%	10.6%	0.5%	
Effective rent per unit	\$925	\$934	\$824	\$1,534	\$1,523	\$1,367	
Effective rent per unit, y/y % chg	12.3%	13.6%	7.1%	12.2%	11.6%	-0.1%	Rents are rising faster than nationally
Rent as a percent of 2-person annual wage income	14.2%	14.6%	13.0%	16.3%	16.3%	15.2%	Renting is more affordable than nationally
<b>Supply indicators</b>							
Inventory	1,896	1,893	1,876	17,112,020	17,034,566	16,401,950	
Net delivered units in past 12 months	-	-	-	369,993	387,542	434,591	
Net delivered units, as % of inventory	-	-	-	2.2%	2.3%	2.6%	
Units under construction	19	19	19	681,402	692,701	687,551	
Units under construction, as % of inventory	1.0%	1.0%	1.0%	4.0%	4.1%	4.2%	Construction is weaker than nationally
Ratio of jobs created to net delivered units <i>(as of latest available month of the quarter)</i>	-	-	-	16.2	14.7	(21.3)	
<b>Sales transactions</b>							
Total investment acquisitions (in million \$)	\$20	-	\$4	\$86,764	\$63,211	\$47,522	Sales transactions are rising faster than nationally
Transaction sales price per unit	\$80,000	-	\$203,606	\$235,199	\$231,697	\$212,033	Prices are not rising as fast than nationally
Market cap rate	6.7%	6.4%	6.5%	5.2%	5.2%	5.3%	Cap rates are higher than nationally

## III. Office

	2021 Q4	2021 Q3	2020 Q4	2021 Q4	2021 Q3	2020 Q4	
<b>Demand indicators</b>							
Vacancy rate	2.3%	2.0%	1.7%	12.2%	2.0%	1.7%	The area has a lower vacancy rate than nationally
Absorption in sq.ft. over the quarter	(6,355)	1,600	12,882	14,567,728	5,676,582	(34,912,824)	
Absorption in sq.ft. over 12 months	528	19,765	7,691	(39,446,204)	(88,926,760)	(74,605,520)	
Absorption in past 12 months as % of inventory	0.0%	1.0%	0.4%	-0.5%	-1.2%	-1.0%	The area has stronger absorption than nationally
Market rent per sq.ft.	\$16.3	\$16.3	\$15.9	\$34.4	\$34.3	\$34.3	
Market rent growth, y/y % chg.	2.6%	3.6%	1.6%	0.1%	-0.3%	-1.5%	Rents are rising faster than nationally
Y/Y chg. in professional/business services jobs ('000) <i>(as of latest available month of the quarter)</i>	1.1	0.0	(3.2)	1,134	1,092	(870)	Stronger office job creation than nationally
<b>Supply indicators</b>							
Inventory in sq. ft.	2,028,207	2,034,562	2,027,679	7,237,517,312	7,222,925,312	7,276,806,144	
Net delivered over 12 months, in sq.ft.	13,600	13,600	-	59,502,409	57,367,205	45,533,641	
Net delivered units, as % of inventory	0.7%	0.7%	-	0.8%	0.8%	0.6%	More delivered space relative to inventory than nationally
Under construction in sq.ft.	-	-	13,600	142,297,840	141,203,264	155,258,080	
Under construction, as % of inventory	-	-	0.7%	2.0%	2.0%	2.1%	
<b>Sales transactions</b>							
Total investment acquisitions (in million \$)	\$0	\$1	\$0	\$28,031	\$29,974	\$21,646	Sales transactions are not rising as fast than nationally
Transaction sale price per sq.ft.	\$0	\$103	\$33	\$305	\$306	\$301	Prices are not rising as fast than nationally
Market cap rate	8.2%	8.2%	8.5%	7.0%	7.0%	7.0%	Cap rates are higher than nationally

# NAR Commercial Real Estate Metro Market Report | 2021.Q4

## Cleveland, TN

Core-Based Statistical Area Code: 17420

### IV. Industrial

	Cleveland, TN			U.S.			
	2021 Q4	2021 Q3	2020 Q4	2021 Q4	2021 Q3	2020 Q4	
<b>Demand indicators</b>							
Vacancy rate	2.7%	1.6%	1.4%	4.2%	4.6%	5.5%	<i>The area has lower vacancy rate than nationally</i>
Absorption in sq.ft. over the quarter	(144,502)	(27,042)	1,795	134,147,704	163,473,664	85,677,192	
Absorption in sq.ft. over 12 months	(170,405)	(24,108)	67,215	502,819,872	454,349,376	223,162,272	<i>The area has lower absorption than nationally</i>
Absorption in past 12 months as % of inventory	-1.3%	-0.2%	0.5%	3.0%	2.7%	1.4%	<i>The area has lower absorption than nationally</i>
Market rent per sq.ft.	\$5.2	\$5.0	\$4.6	\$9.8	\$9.5	\$9.0	
Market rent growth, y/y % chg.	11.7%	9.0%	5.5%	8.6%	7.2%	4.6%	<i>Rents are rising faster than nationally</i>
<b>Supply indicators</b>							
Inventory in sq. ft.	12,978,965	13,123,467	13,149,370	16,815,425,536	16,680,851,456	16,312,040,448	
Net delivered over 12 months, in sq.ft.	-	-	-	283,714,234	297,459,785	307,128,078	
Net delivered units, as % of inventory	-	-	-	1.7%	1.8%	1.9%	
Under construction in sq.ft.	44,000	44,000	44,000	508,025,152	466,780,896	340,499,936	
Under construction, as % of inventory	0.3%	0.3%	0.3%	3.0%	2.8%	2.1%	<i>Less delivered space relative to inventory than nationally</i>
<b>Sales transactions</b>							
Total investment acquisitions (in million \$)	\$3	\$11	\$11	\$34,773	\$30,151	\$29,578	<i>Sales transactions are not rising as fast as nationally</i>
Transaction sale price per sq.ft.	\$16	\$48	\$37	\$144	\$127	\$110	<i>Prices are not rising as fast than nationally</i>
Market cap rate	7.6%	7.6%	7.6%	6.3%	6.3%	6.4%	<i>Cap rates are higher than nationally</i>

### V. Retail

	Cleveland, TN			U.S.			
	2021 Q4	2021 Q3	2020 Q4	2021 Q4	2021 Q3	2020 Q4	
<b>Demand indicators</b>							
Vacancy rate	2.0%	2.1%	1.1%	4.6%	4.8%	5.1%	<i>The area has a lower vacancy rate than nationally</i>
Absorption in sq.ft. over the quarter	7,448	(9,288)	(23,831)	28,236,304	29,377,518	689,343	
Absorption in sq.ft. over 12 months	(19,746)	(51,025)	(10,085)	76,321,048	48,774,088	(28,079,124)	<i>The area has lower absorption than nationally</i>
Absorption in past 12 months as % of inventory	-0.3%	-0.8%	-0.2%	0.7%	0.4%	-0.3%	<i>The area has lower absorption than nationally</i>
Market rent per sq.ft.	\$14.2	\$14.1	\$13.7	\$22.5	\$22.3	\$21.9	
Market rent growth, y/y % chg.	3.9%	3.7%	2.1%	2.8%	2.1%	0.8%	<i>Rents are rising faster than nationally</i>
Y/Y chg.in retail trade payroll employment ('000) (as of latest available month of the quarter)	0.10	0.00	0.10	372.10	387.70	(473.90)	<i>The area has stronger retail trade job creation than nationally</i>
<b>Supply indicators</b>							
Inventory in sq. ft.	6,253,608	6,246,160	6,273,354	11,209,097,216	11,180,823,552	11,132,858,368	
Net delivered over 12 months, in sq.ft.	37,874	37,874	-	21,047,385	28,105,270	41,736,234	<i>More delivered space relative to inventory than nationally</i>
Net delivered units, as % of inventory	0.6%	0.6%	-	0.2%	0.3%	0.4%	
Under construction in sq.ft.	-	-	28,260	50,577,712	53,660,692	52,556,572	
Under construction, as % of inventory	-	-	0.5%	0.5%	0.5%	0.5%	
<b>Sales transactions</b>							
Total investment acquisitions (in million \$)	\$9	\$9	\$9	\$24,585	\$21,801	\$18,723	<i>Sales transactions are not rising as fast than nationally</i>
Transaction sale price per sq.ft.	\$160	\$93	\$54	\$237	\$204	\$192	<i>Prices are rising faster nationally</i>
Market cap rate	8.8%	8.7%	8.8%	7.0%	7.0%	7.0%	<i>Cap rates are higher than nationally</i>

### VI. Hotel/Lodging

	Cleveland, TN			U.S.			
	2021 Q4 (Nov)	2021 Q3 (Sept)	2020 Q4 (Dec)	2021 Q4 (Nov)	2021 Q3 (Sept)	2020 Q4 (Dec)	
Leisure and hospitality payroll workers ('000)	4.9	5.0	4.6	15,362	15,397	12,896	
Y/Y change ('000)	0.2	0.1	(0.4)	2,533.0	1,841.0	(3,541.0)	<i>Job creation in the leisure industry is stronger than nationally</i>
% share to nonfarm payroll employment	9.6%	10.2%	9.4%	10.2%	10.4%	9.0%	<i>Lower fraction of workers in leisure industry than nationally</i>

Sources of data used: CoStar®, US Census Bureau, US Bureau of Labor Statistics, and US Bureau of Economic Analysis.

\*An index below 50 means local market conditions are weaker than nationally, above 50 means local market conditions are stronger, and 50 means local market conditions are about the same as nationally.

NAR derived the index by assigning 1 point for each indicator where local market conditions are better than the national (US) condition.

The total points for each local market are divided by the number of variables that are available at the local area, with 25 indicators if all the data are available. The fraction is multiplied by 100 to get the index.

Economic data may not be available for all markets. In some submarkets or metropolitan divisions (e.g., Long Island) reported by CoStar®, the economic data that is reported (e.g. employment) is of the metropolitan area (New York-Newark-Jersey City). The 390 markets in this report are based on the CoStar® market areas.

NAR reserves the right to add new variables or drop variables that comprise the index based on its analysis of variables that impact market trends.

Market cap rate is based on CoStar proprietary model that is based on both sales transaction cap rates and modeled cap rates based on characteristics of comparable properties in the geographic area.

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# NAR Commercial Real Estate Metro Market Report | 2021.Q4

## Jackson, TN

Core-Based Statistical Area Code: 27180

The Jackson, TN commercial real estate market is not as strong compared to the overall U.S. market.  
**NAR Commercial Real Estate Market Conditions Index\* 48.0**

Overall economic conditions are not as strong than nationally.  
 The apartment property market is not as strong than nationally.  
 The office property market is not as strong than nationally.  
 The industrial property market is about the same than nationally.  
 The retail property market is stronger than nationally.  
 The hotel/lodging property market is stronger than nationally.

### I. Economic and Demographic

Economic	Jackson, TN			U.S.			
	2021 Q4 (Nov)	2021 Q3 (Sept)	2020 Q4 (Dec)	2021 Q4 (Nov)	2021 Q3 (Sept)	2020 Q4 (Dec)	
Total non-farm employment ('000)	71	70	69	150,098	147,650	143,602	
Y/Y chg.in nonfarm payroll employment ('000)	2	2	(1)	5,977	5,704	(9,244)	
Y/Y % chg. in nonfarm payroll employment	2.2%	2.7%	-1.7%	4.1%	4.0%	-6.0%	Job creation is weaker than nationally
Unemployment rate (%)	3.8%	4.3%	6.1%	4.2%	4.7%	6.7%	Unemployment rate is lower than nationally
Average weekly wages	\$742	\$751	\$727	\$1,080	\$1,073	\$1,038	
Wage growth, year-over-year <i>(data are as of last month of the quarter)</i>	3.9%	12.2%	-1.7%	4.8%	4.5%	6.7%	Wages are rising at a slower pace than nationally

GDP growth (%)	2020	2019	2018	2020	2019	2018
		-2.1%	0.2%	0.5%	-3.4%	2.3%

Median household income	2019	2018	2017	2019	2018	2017
		\$48,700	\$45,610	\$43,570	\$87,470	\$84,423

Demographic	2020	2019	2018	2020	2019	2018
	Net domestic migration ('000)	0.4	0.1	(0.1)	0	0
Population ('000)	179	179	178	331,501	328,330	326,838
Population growth (%)	0.27%	0.12%	0.03%	0.97%	0.46%	0.53%

Area is experiencing net domestic in-migration  
 Population growth is slower than nationally

Demand indicators	2021 Q4	2021 Q3	2020 Q4	2021 Q4	2021 Q3	2020 Q4
	Vacancy rate	2.5%	2.7%	3.2%	4.6%	4.6%
Absorption of units over the quarter	7	4	13	78,063	189,629	94,740
Absorption of units in past 12 months	28	34	74	714,672	731,349	376,273
Absorption in past 12 months as % of inventory	0.7%	0.9%	2.0%	4.2%	4.3%	2.3%
Market asking rent per unit	\$958	\$933	\$855	\$1,543	\$1,532	\$1,387
Market asking rent per unit, y/y % chg	12.1%	10.8%	4.9%	11.3%	10.6%	0.5%
Effective rent per unit	\$955	\$931	\$852	\$1,534	\$1,523	\$1,367
Effective rent per unit, y/y % chg	12.1%	10.9%	5.0%	12.2%	11.6%	-0.1%
Rent as a percent of 2-person annual wage income	14.8%	14.3%	13.5%	16.3%	16.3%	15.2%

The area has a lower vacancy rate than nationally  
 The area has lower absorption than nationally  
 Rents are rising more slowly than nationally  
 Renting is more affordable than nationally

Supply indicators	2021 Q4	2021 Q3	2020 Q4	2021 Q4	2021 Q3	2020 Q4
	Inventory	3,763	3,756	3,736	17,112,020	17,034,566
Net delivered units in past 12 months	-	-	-	369,993	387,542	434,591
Net delivered units, as % of inventory	-	-	-	2.2%	2.3%	2.6%
Units under construction	-	-	-	681,402	692,701	687,551
Units under construction, as % of inventory	-	-	-	4.0%	4.1%	4.2%
Ratio of jobs created to net delivered units <i>(as of latest available month of the quarter)</i>	-	-	-	16.2	14.7	(21.3)

Sales transactions	2021 Q4	2021 Q3	2020 Q4	2021 Q4	2021 Q3	2020 Q4
	Total investment acquisitions (in million \$)	\$1	\$52	-	\$86,764	\$63,211
Transaction sales price per unit	\$30,688	\$136,842	-	\$235,199	\$231,697	\$212,033
Market cap rate	6.4%	6.4%	6.6%	5.2%	5.2%	5.3%

Cap rates are higher than nationally

Demand indicators	2021 Q4	2021 Q3	2020 Q4	2021 Q4	2021 Q3	2020 Q4
	Vacancy rate	6.3%	6.5%	3.6%	12.2%	6.5%
Absorption in sq.ft. over the quarter	5,681	(11,432)	1,351	14,567,728	5,676,582	(34,912,824)
Absorption in sq.ft. over 12 months	(77,796)	(82,126)	16,925	(39,446,204)	(88,926,760)	(74,605,520)
Absorption in past 12 months as % of inventory	-2.8%	-3.0%	0.6%	-0.5%	-1.2%	-1.0%
Market rent per sq.ft.	\$18.1	\$18.1	\$17.6	\$34.4	\$34.3	\$34.3
Market rent growth, y/y % chg.	2.7%	3.7%	1.6%	0.1%	-0.3%	-1.5%
Y/Y chg.in professional/business services jobs ('000) <i>(as of latest available month of the quarter)</i>	(0.4)	(0.3)	0.3	1,134	1,092	(870)

The area has a lower vacancy rate than nationally  
 The area has lower absorption than nationally  
 Rents are rising faster than nationally  
 Slower office job creation than nationally

Supply indicators	2021 Q4	2021 Q3	2020 Q4	2021 Q4	2021 Q3	2020 Q4
	Inventory in sq. ft.	2,766,650	2,760,969	2,844,446	7,237,517,312	7,222,925,312
Net delivered over 12 months, in sq.ft.	-	-	-	59,502,409	57,367,205	45,533,641
Net delivered units, as % of inventory	-	-	-	0.8%	0.8%	0.6%
Under construction in sq.ft.	-	-	-	142,297,840	141,203,264	155,258,080
Under construction, as % of inventory	-	-	-	2.0%	2.0%	2.1%

Sales transactions	2021 Q4	2021 Q3	2020 Q4	2021 Q4	2021 Q3	2020 Q4
	Total investment acquisitions (in million \$)	\$6	\$2	\$13	\$28,031	\$29,974
Transaction sale price per sq.ft.	\$115	\$55	\$241	\$305	\$306	\$301
Market cap rate	9.0%	9.0%	9.1%	7.0%	7.0%	7.0%

Sales transactions are not rising as fast than nationally  
 Prices are not rising as fast than nationally  
 Cap rates are higher than nationally

# NAR Commercial Real Estate Metro Market Report | 2021.Q4

## Jackson, TN

Core-Based Statistical Area Code: 27180

### IV. Industrial

	Jackson, TN			U.S.			
	2021 Q4	2021 Q3	2020 Q4	2021 Q4	2021 Q3	2020 Q4	
<b>Demand indicators</b>							
Vacancy rate	3.9%	4.3%	4.4%	4.2%	4.6%	5.5%	<i>The area has lower vacancy rate than nationally</i>
Absorption in sq.ft. over the quarter	75,922	(218,550)	106,873	134,147,704	163,473,664	85,677,192	
Absorption in sq.ft. over 12 months	98,300	129,251	(197,725)	502,819,872	454,349,376	223,162,272	
Absorption in past 12 months as % of inventory	0.6%	0.8%	-1.2%	3.0%	2.7%	1.4%	<i>The area has lower absorption than nationally</i>
Market rent per sq.ft.	\$4.2	\$4.1	\$3.8	\$9.8	\$9.5	\$9.0	
Market rent growth, y/y % chg.	10.4%	8.3%	4.8%	8.6%	7.2%	4.6%	<i>Rents are rising faster than nationally</i>
<b>Supply indicators</b>							
Inventory in sq. ft.	17,208,588	17,132,664	17,110,288	16,815,425,536	16,680,851,456	16,312,040,448	
Net delivered over 12 months, in sq.ft.	20,400	20,400	222,600	283,714,234	297,459,785	307,128,078	
Net delivered units, as % of inventory	0.1%	0.1%	1.3%	1.7%	1.8%	1.9%	<i>Less deliveries relative to inventory than nationally</i>
Under construction in sq.ft.	200,000	200,000	220,400	508,025,152	466,780,896	340,499,936	
Under construction, as % of inventory	1.2%	1.2%	1.3%	3.0%	2.8%	2.1%	<i>Less delivered space relative to inventory than nationally</i>
<b>Sales transactions</b>							
Total investment acquisitions (in million \$)	\$18	\$1	\$2	\$34,773	\$30,151	\$29,578	<i>Sales transactions are rising faster than nationally</i>
Transaction sale price per sq.ft.	\$87	\$22	\$61	\$144	\$127	\$110	<i>Prices are rising faster nationally</i>
Market cap rate	8.1%	8.0%	8.0%	6.3%	6.3%	6.4%	<i>Cap rates are higher than nationally</i>

### V. Retail

	Jackson, TN			U.S.			
	2021 Q4	2021 Q3	2020 Q4	2021 Q4	2021 Q3	2020 Q4	
<b>Demand indicators</b>							
Vacancy rate	1.9%	1.9%	3.9%	4.6%	4.8%	5.1%	<i>The area has a lower vacancy rate than nationally</i>
Absorption in sq.ft. over the quarter	11,480	45,519	(16,153)	28,236,304	29,377,518	689,343	
Absorption in sq.ft. over 12 months	203,266	175,633	(6,070)	76,321,048	48,774,088	(28,079,124)	<i>The area has stronger absorption than nationally</i>
Absorption in past 12 months as % of inventory	2.2%	1.9%	-0.1%	0.7%	0.4%	-0.3%	
Market rent per sq.ft.	\$14.0	\$13.9	\$13.5	\$22.5	\$22.3	\$21.9	
Market rent growth, y/y % chg.	3.8%	3.6%	1.7%	2.8%	2.1%	0.8%	<i>Rents are rising faster than nationally</i>
Y/Y chg.in retail trade payroll employment ('000) <i>(as of latest available month of the quarter)</i>	0.30	0.60	0.10	372.10	387.70	(473.90)	<i>The area has stronger retail trade job creation than nationally</i>
<b>Supply indicators</b>							
Inventory in sq. ft.	9,198,490	9,187,010	8,995,224	11,209,097,216	11,180,823,552	11,132,858,368	
Net delivered over 12 months, in sq.ft.	16,000	12,000	4,650	21,047,385	28,105,270	41,736,234	<i>Relatively more units delivered than nationally</i>
Net delivered units, as % of inventory	0.2%	0.1%	0.1%	0.2%	0.3%	0.4%	<i>Less delivered space relative to inventory than nationally</i>
Under construction in sq.ft.	-	4,000	12,000	50,577,712	53,660,692	52,556,572	
Under construction, as % of inventory	-	0.0%	0.1%	0.5%	0.5%	0.5%	
<b>Sales transactions</b>							
Total investment acquisitions (in million \$)	\$19	\$10	\$12	\$24,585	\$21,801	\$18,723	<i>Sales transactions are rising faster than nationally</i>
Transaction sale price per sq.ft.	\$121	\$71	\$49	\$237	\$204	\$192	<i>Prices are rising faster nationally</i>
Market cap rate	8.3%	8.3%	8.6%	7.0%	7.0%	7.0%	<i>Cap rates are higher than nationally</i>

### VI. Hotel/Lodging

	Jackson, TN			U.S.			
	2021 Q4 (Nov)	2021 Q3 (Sept)	2020 Q4 (Dec)	2021 Q4 (Nov)	2021 Q3 (Sept)	2020 Q4 (Dec)	
Leisure and hospitality payroll workers ('000)	6.2	6.2	5.3	15,362	15,397	12,896	
Y/Y change ('000)	0.7	0.6	(1.0)	2,533.0	1,841.0	(3,541.0)	<i>Job creation in the leisure industry is stronger than nationally</i>
% share to nonfarm payroll employment	8.8%	8.9%	7.7%	10.2%	10.4%	9.0%	<i>Lower fraction of workers in leisure industry than nationally</i>

Sources of data used: CoStar®, US Census Bureau, US Bureau of Labor Statistics, and US Bureau of Economic Analysis.

\*An index below 50 means local market conditions are weaker than nationally, above 50 means local market conditions are stronger, and 50 means local market conditions are about the same as nationally.

NAR derived the index by assigning 1 point for each indicator where local market conditions are better than the national (US) condition.

The total points for each local market are divided by the number of variables that are available at the local area, with 25 indicators if all the data are available. The fraction is multiplied by 100 to get the index.

Economic data may not be available for all markets. In some submarkets or metropolitan divisions (e.g., Long Island) reported by CoStar®, the economic data that is reported (e.g. employment) is of the metropolitan area (New York-Newark-Jersey City). The 390 markets in this report are based on the CoStar® market areas.

NAR reserves the right to add new variables or drop variables that comprise the index based on its analysis of variables that impact market trends.

Market cap rate is based on CoStar proprietary model that is based on both sales transaction cap rates and modeled cap rates based on characteristics of comparable properties in the geographic area.

Data may not be available for some markets or property types.

For information about this report, email data@nar.realtor.

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# NAR Commercial Real Estate Metro Market Report | 2021.Q4

## Johnson City, TN

Core-Based Statistical Area Code: 27740

The Johnson City, TN commercial real estate market is stronger compared to the overall U.S. market.  
**NAR Commercial Real Estate Market Conditions Index\* 56.0**

Overall economic conditions are not as strong than nationally.  
 The apartment property market is about the same than nationally.  
 The office property market is stronger than nationally.  
 The industrial property market is stronger than nationally.  
 The retail property market is stronger than nationally.  
 The hotel/lodging property market is about the same than nationally.

### I. Economic and Demographic

Economic	Johnson City, TN			U.S.			
	2021 Q4 (Nov)	2021 Q3 (Sept)	2020 Q4 (Dec)	2021 Q4 (Nov)	2021 Q3 (Sept)	2020 Q4 (Dec)	
Total non-farm employment ('000)	81	80	80	150,098	147,650	143,602	
Y/Y chg.in nonfarm payroll employment ('000)	1	1	(3)	5,977	5,704	(9,244)	
Y/Y % chg. in nonfarm payroll employment	1.0%	0.6%	-3.5%	4.1%	4.0%	-6.0%	<i>Job creation is weaker than nationally</i>
Unemployment rate (%)	3.6%	3.8%	5.7%	4.2%	4.7%	6.7%	<i>Unemployment rate is lower than nationally</i>
Average weekly wages	\$656	\$624	\$645	\$1,080	\$1,073	\$1,038	
Wage growth, year-over-year <i>(data are as of last month of the quarter)</i>	1.9%	-0.8%	2.0%	4.8%	4.5%	6.7%	<i>Wages are rising at a slower pace than nationally</i>

	2020	2019	2018	2020	2019	2018
GDP growth (%)	-1.1%	2.4%	1.0%	-3.4%	2.3%	2.9%

	2019	2018	2017	2019	2018	2017
Median household income	\$45,917	\$45,839	\$40,663	\$87,470	\$84,423	\$81,284

Demographic	2020	2019	2018	2020	2019	2018	
Net domestic migration ('000)	1.2	1.2	1.5	0	0	0	<i>Area is experiencing net domestic in-migration</i>
Population ('000)	205	204	203	331,501	328,330	326,838	
Population growth (%)	0.27%	0.32%	0.54%	0.97%	0.46%	0.53%	<i>Population growth is slower than nationally</i>

### II. Multifamily

Demand indicators	2021 Q4	2021 Q3	2020 Q4	2021 Q4	2021 Q3	2020 Q4	
Vacancy rate	2.4%	2.5%	3.7%	4.6%	4.6%	6.6%	<i>The area has a lower vacancy rate than nationally</i>
Absorption of units over the quarter	6	127	(8)	78,063	189,629	94,740	
Absorption of units in past 12 months	335	321	93	714,672	731,349	376,273	
Absorption in past 12 months as % of inventory	5.3%	5.1%	1.6%	4.2%	4.3%	2.3%	<i>The area has stronger absorption than nationally</i>
Market asking rent per unit	\$847	\$838	\$777	\$1,543	\$1,532	\$1,387	
Market asking rent per unit, y/y % chg	8.9%	9.8%	1.7%	11.3%	10.6%	0.5%	
Effective rent per unit	\$843	\$835	\$774	\$1,534	\$1,523	\$1,367	
Effective rent per unit, y/y % chg	8.9%	9.8%	1.6%	12.2%	11.6%	-0.1%	<i>Rents are rising more slowly than nationally</i>
Rent as a percent of 2-person annual wage income	14.8%	15.4%	13.8%	16.3%	16.3%	15.2%	<i>Renting is more affordable than nationally</i>

Supply indicators	2021 Q4	2021 Q3	2020 Q4	2021 Q4	2021 Q3	2020 Q4	
Inventory	6,278	6,272	5,943	17,112,020	17,034,566	16,401,950	
Net delivered units in past 12 months	262	262	54	369,993	387,542	434,591	
Net delivered units, as % of inventory	4.2%	4.2%	0.9%	2.2%	2.3%	2.6%	
Units under construction	-	-	262	681,402	692,701	687,551	
Units under construction, as % of inventory	-	-	4.4%	4.0%	4.1%	4.2%	
Ratio of jobs created to net delivered units <i>(as of latest available month of the quarter)</i>	3.1	1.9	(53.7)	16.2	14.7	(21.3)	<i>Fewer jobs per delivered units than nationally</i>

Sales transactions	2021 Q4	2021 Q3	2020 Q4	2021 Q4	2021 Q3	2020 Q4	
Total investment acquisitions (in million \$)	\$8	\$26	\$10	\$86,764	\$63,211	\$47,522	<i>Sales transactions are not rising as fast than nationally</i>
Transaction sales price per unit	\$84,952	\$100,781	\$102,041	\$235,199	\$231,697	\$212,033	<i>Prices are not rising as fast than nationally</i>
Market cap rate	6.6%	6.6%	6.8%	5.2%	5.2%	5.3%	<i>Cap rates are higher than nationally</i>

### III. Office

Demand indicators	2021 Q4	2021 Q3	2020 Q4	2021 Q4	2021 Q3	2020 Q4	
Vacancy rate	1.6%	1.8%	2.2%	12.2%	1.8%	2.2%	<i>The area has a lower vacancy rate than nationally</i>
Absorption in sq.ft. over the quarter	10,619	(7,426)	5,803	14,567,728	5,676,582	(34,912,824)	
Absorption in sq.ft. over 12 months	29,256	24,440	34,491	(39,446,204)	(88,926,760)	(74,605,520)	
Absorption in past 12 months as % of inventory	0.7%	0.6%	0.8%	-0.5%	-1.2%	-1.0%	<i>The area has stronger absorption than nationally</i>
Market rent per sq.ft.	\$17.5	\$17.5	\$17.1	\$34.4	\$34.3	\$34.3	
Market rent growth, y/y % chg.	2.7%	3.2%	1.3%	0.1%	-0.3%	-1.5%	<i>Rents are rising faster than nationally</i>
Y/Y chg.in professional/business services jobs ('000) <i>(as of latest available month of the quarter)</i>	0.1	(0.2)	0.1	1,134	1,092	(870)	<i>Stronger office job creation than nationally</i>

Supply indicators	2021 Q4	2021 Q3	2020 Q4	2021 Q4	2021 Q3	2020 Q4	
Inventory in sq. ft.	4,119,926	4,109,307	4,090,670	7,237,517,312	7,222,925,312	7,276,806,144	
Net delivered over 12 months, in sq.ft.	2,700	2,700	-	59,502,409	57,367,205	45,533,641	
Net delivered units, as % of inventory	0.1%	0.1%	-	0.8%	0.8%	0.6%	<i>More delivered space relative to inventory than nationally</i>
Under construction in sq.ft.	-	-	2,700	142,297,840	141,203,264	155,258,080	
Under construction, as % of inventory	-	-	0.1%	2.0%	2.0%	2.1%	

Sales transactions	2021 Q4	2021 Q3	2020 Q4	2021 Q4	2021 Q3	2020 Q4	
Total investment acquisitions (in million \$)	\$9	\$9	\$5	\$28,031	\$29,974	\$21,646	<i>Sales transactions are rising faster than nationally</i>
Transaction sale price per sq.ft.	\$33	\$55	\$65	\$305	\$306	\$301	<i>Prices are not rising as fast than nationally</i>
Market cap rate	9.0%	8.9%	9.0%	7.0%	7.0%	7.0%	<i>Cap rates are higher than nationally</i>

# NAR Commercial Real Estate Metro Market Report | 2021.Q4

## Johnson City, TN

Core-Based Statistical Area Code: 27740

### IV. Industrial

	Johnson City, TN			U.S.			
	2021 Q4	2021 Q3	2020 Q4	2021 Q4	2021 Q3	2020 Q4	
<b>Demand indicators</b>							
Vacancy rate	1.5%	0.7%	4.7%	4.2%	4.6%	5.5%	<i>The area has lower vacancy rate than nationally</i>
Absorption in sq.ft. over the quarter	(94,484)	327,494	29,452	134,147,704	163,473,664	85,677,192	
Absorption in sq.ft. over 12 months	381,605	505,541	199,655	502,819,872	454,349,376	223,162,272	<i>The area has stronger absorption than nationally</i>
Absorption in past 12 months as % of inventory	3.3%	4.3%	1.8%	3.0%	2.7%	1.4%	
Market rent per sq.ft.	\$5.3	\$5.1	\$4.8	\$9.8	\$9.5	\$9.0	<i>Rents are rising faster than nationally</i>
Market rent growth, y/y % chg.	10.3%	7.9%	4.7%	8.6%	7.2%	4.6%	
<b>Supply indicators</b>							
Inventory in sq. ft.	11,556,281	11,650,765	11,174,676	16,815,425,536	16,680,851,456	16,312,040,448	
Net delivered over 12 months, in sq.ft.	-	-	-	283,714,234	297,459,785	307,128,078	
Net delivered units, as % of inventory	-	-	-	1.7%	1.8%	1.9%	
Under construction in sq.ft.	-	-	-	508,025,152	466,780,896	340,499,936	
Under construction, as % of inventory	-	-	-	3.0%	2.8%	2.1%	
<b>Sales transactions</b>							
Total investment acquisitions (in million \$)	\$10	\$13	\$3	\$34,773	\$30,151	\$29,578	<i>Sales transactions are rising faster than nationally</i>
Transaction sale price per sq.ft.	\$29	\$21	\$37	\$144	\$127	\$110	<i>Prices are not rising as fast than nationally</i>
Market cap rate	8.6%	8.6%	8.5%	6.3%	6.3%	6.4%	<i>Cap rates are higher than nationally</i>

### V. Retail

	Johnson City, TN			U.S.			
	2021 Q4	2021 Q3	2020 Q4	2021 Q4	2021 Q3	2020 Q4	
<b>Demand indicators</b>							
Vacancy rate	2.7%	3.2%	3.6%	4.6%	4.8%	5.1%	<i>The area has a lower vacancy rate than nationally</i>
Absorption in sq.ft. over the quarter	69,640	(6,925)	25,236	28,236,304	29,377,518	689,343	
Absorption in sq.ft. over 12 months	118,050	73,646	(22,165)	76,321,048	48,774,088	(28,079,124)	<i>The area has stronger absorption than nationally</i>
Absorption in past 12 months as % of inventory	1.1%	0.7%	-0.2%	0.7%	0.4%	-0.3%	
Market rent per sq.ft.	\$13.7	\$13.6	\$13.2	\$22.5	\$22.3	\$21.9	<i>Rents are rising faster than nationally</i>
Market rent growth, y/y % chg.	4.0%	3.7%	1.8%	2.8%	2.1%	0.8%	<i>The area has weaker retail trade job creation than nationally</i>
Y/Y chg.in retail trade payroll employment ('000) (as of latest available month of the quarter)	0.20	0.10	(0.10)	372.10	387.70	(473.90)	
<b>Supply indicators</b>							
Inventory in sq. ft.	10,710,879	10,641,239	10,592,829	11,209,097,216	11,180,823,552	11,132,858,368	<i>Relatively more units delivered than nationally</i>
Net delivered over 12 months, in sq.ft.	15,983	9,002	14,452	21,047,385	28,105,270	41,736,234	<i>Less delivered space relative to inventory than nationally</i>
Net delivered units, as % of inventory	0.1%	0.1%	0.1%	0.2%	0.3%	0.4%	
Under construction in sq.ft.	10,566	6,981	9,002	50,577,712	53,660,692	52,556,572	<i>Construction activity is slower than nationally</i>
Under construction, as % of inventory	0.1%	0.1%	0.1%	0.5%	0.5%	0.5%	
<b>Sales transactions</b>							
Total investment acquisitions (in million \$)	\$21	\$9	\$17	\$24,585	\$21,801	\$18,723	<i>Sales transactions are not rising as fast than nationally</i>
Transaction sale price per sq.ft.	\$117	\$58	\$38	\$237	\$204	\$192	<i>Prices are rising faster nationally</i>
Market cap rate	8.1%	8.1%	8.1%	7.0%	7.0%	7.0%	<i>Cap rates are higher than nationally</i>

### VI. Hotel/Lodging

	Johnson City, TN			U.S.			
	2021 Q4 (Nov)	2021 Q3 (Sept)	2020 Q4 (Dec)	2021 Q4 (Nov)	2021 Q3 (Sept)	2020 Q4 (Dec)	
Leisure and hospitality payroll workers ('000)	9.1	9.2	8.4	15,362	15,397	12,896	
Y/Y change ('000)	0.7	0.8	(1.0)	2,533.0	1,841.0	(3,541.0)	<i>Job creation in the leisure industry is stronger than nationally</i>
% share to nonfarm payroll employment	11.2%	11.5%	10.5%	10.2%	10.4%	9.0%	<i>Higher fraction of workers in leisure industry than nationally</i>

Sources of data used: CoStar®, US Census Bureau, US Bureau of Labor Statistics, and US Bureau of Economic Analysis.

\*An index below 50 means local market conditions are weaker than nationally, above 50 means local market conditions are stronger, and 50 means local market conditions are about the same as nationally.

NAR derived the index by assigning 1 point for each indicator where local market conditions are better than the national (US) condition.

The total points for each local market are divided by the number of variables that are available at the local area, with 25 indicators if all the data are available. The fraction is multiplied by 100 to get the index.

Economic data may not be available for all markets. In some submarkets or metropolitan divisions (e.g., Long Island) reported by CoStar®, the economic data that is reported (e.g. employment) is of the metropolitan area (New York-Newark-Jersey City). The 390 markets in this report are based on the CoStar® market areas.

NAR reserves the right to add new variables or drop variables that comprise the index based on its analysis of variables that impact market trends.

Market cap rate is based on CoStar proprietary model that is based on both sales transaction cap rates and modeled cap rates based on characteristics of comparable properties in the geographic area.

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# NAR Commercial Real Estate Metro Market Report | 2021.Q4

## Kingsport-Bristol-Bristol, TN-VA

Core-Based Statistical Area Code: 28700

The Kingsport-Bristol-Bristol, TN-VA commercial real estate market is not as strong compared to the overall U.S. market.  
**NAR Commercial Real Estate Market Conditions Index\* 44.0**

Overall economic conditions are not as strong than nationally.  
 The apartment property market is not as strong than nationally.  
 The office property market is stronger than nationally.  
 The industrial property market is about the same than nationally.  
 The retail property market is not as strong than nationally.  
 The hotel/lodging property market is about the same than nationally.

### I. Economic and Demographic

Economic	Kingsport-Bristol-Bristol, TN-VA			U.S.			
	2021 Q4 (Nov)	2021 Q3 (Sept)	2020 Q4 (Dec)	2021 Q4 (Nov)	2021 Q3 (Sept)	2020 Q4 (Dec)	
Total non-farm employment ('000)	119	118	118	150,098	147,650	143,602	
Y/Y chg. in nonfarm payroll employment ('000)	2	3	(4)	5,977	5,704	(9,244)	
Y/Y % chg. in nonfarm payroll employment	1.5%	2.2%	-3.0%	4.1%	4.0%	-6.0%	<i>Job creation is weaker than nationally</i>
Unemployment rate (%)	3.7%	4.0%	5.8%	4.2%	4.7%	6.7%	<i>Unemployment rate is lower than nationally</i>
Average weekly wages	\$716	\$731	\$706	\$1,080	\$1,073	\$1,038	
Wage growth, year-over-year <i>(data are as of last month of the quarter)</i>	3.4%	5.2%	13.7%	4.8%	4.5%	6.7%	<i>Wages are rising at a slower pace than nationally</i>
	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	
GDP growth (%)	-4.0%	-2.9%	0.9%	-3.4%	2.3%	2.9%	
	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	
Median household income	\$48,615	\$41,957	\$43,516	\$87,470	\$84,423	\$81,284	
	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	
Demographic							
Net domestic migration ('000)	1.7	1.7	1.5	0	0	0	<i>Area is experiencing net domestic in-migration</i>
Population ('000)	308	308	307	331,501	328,330	326,838	
Population growth (%)	0.13%	0.22%	0.08%	0.97%	0.46%	0.53%	<i>Population growth is slower than nationally</i>

### II. Multifamily

Demand indicators	2021 Q4	2021 Q3	2020 Q4	2021 Q4	2021 Q3	2020 Q4	
	Vacancy rate	3.0%	3.4%	6.3%	4.6%	4.6%	
Absorption of units over the quarter	19	27	85	78,063	189,629	94,740	
Absorption of units in past 12 months	170	236	284	714,672	731,349	376,273	
Absorption in past 12 months as % of inventory	3.4%	4.7%	5.8%	4.2%	4.3%	2.3%	<i>The area has lower absorption than nationally</i>
Market asking rent per unit	\$842	\$841	\$795	\$1,543	\$1,532	\$1,387	
Market asking rent per unit, y/y % chg	5.9%	6.7%	4.8%	11.3%	10.6%	0.5%	
Effective rent per unit	\$839	\$838	\$790	\$1,534	\$1,523	\$1,367	
Effective rent per unit, y/y % chg	6.1%	6.7%	5.0%	12.2%	11.6%	-0.1%	<i>Rents are rising more slowly than nationally</i>
Rent as a percent of 2-person annual wage income	13.5%	13.2%	12.9%	16.3%	16.3%	15.2%	<i>Renting is more affordable than nationally</i>
	<b>2021 Q4</b>	<b>2021 Q3</b>	<b>2020 Q4</b>	<b>2021 Q4</b>	<b>2021 Q3</b>	<b>2020 Q4</b>	
Supply indicators							
Inventory	5,050	5,032	4,881	17,112,020	17,034,566	16,401,950	
Net delivered units in past 12 months	-	-	137	369,993	387,542	434,591	
Net delivered units, as % of inventory	-	-	2.8%	2.2%	2.3%	2.6%	
Units under construction	-	-	-	681,402	692,701	687,551	
Units under construction, as % of inventory	-	-	-	4.0%	4.1%	4.2%	
Ratio of jobs created to net delivered units <i>(as of latest available month of the quarter)</i>	-	-	(26.3)	16.2	14.7	(21.3)	
	<b>2021 Q4</b>	<b>2021 Q3</b>	<b>2020 Q4</b>	<b>2021 Q4</b>	<b>2021 Q3</b>	<b>2020 Q4</b>	
Sales transactions							
Total investment acquisitions (in million \$)	\$13	\$1	\$2	\$86,764	\$63,211	\$47,522	<i>Sales transactions are rising faster than nationally</i>
Transaction sales price per unit	\$57,991	\$67,500	\$46,591	\$235,199	\$231,697	\$212,033	<i>Prices are rising faster nationally</i>
Market cap rate	6.7%	6.8%	6.8%	5.2%	5.2%	5.3%	<i>Cap rates are higher than nationally</i>

### III. Office

Demand indicators	2021 Q4	2021 Q3	2020 Q4	2021 Q4	2021 Q3	2020 Q4	
	Vacancy rate	5.3%	5.1%	5.5%	12.2%	5.1%	
Absorption in sq.ft. over the quarter	(18,152)	(59,993)	26,253	14,567,728	5,676,582	(34,912,824)	
Absorption in sq.ft. over 12 months	11,568	55,973	(84,234)	(39,446,204)	(88,926,760)	(74,605,520)	
Absorption in past 12 months as % of inventory	0.1%	0.7%	-1.1%	-0.5%	-1.2%	-1.0%	<i>The area has stronger absorption than nationally</i>
Market rent per sq.ft.	\$17.5	\$17.5	\$17.1	\$34.4	\$34.3	\$34.3	
Market rent growth, y/y % chg.	2.5%	3.1%	1.6%	0.1%	-0.3%	-1.5%	<i>Rents are rising faster than nationally</i>
Y/Y chg. in professional/business services jobs ('000) <i>(as of latest available month of the quarter)</i>	0.6	1.0	0.7	1,134	1,092	(870)	<i>Stronger office job creation than nationally</i>
	<b>2021 Q4</b>	<b>2021 Q3</b>	<b>2020 Q4</b>	<b>2021 Q4</b>	<b>2021 Q3</b>	<b>2020 Q4</b>	
Supply indicators							
Inventory in sq. ft.	7,808,697	7,826,849	7,797,129	7,237,517,312	7,222,925,312	7,276,806,144	
Net delivered over 12 months, in sq.ft.	-	-	2,800	59,502,409	57,367,205	45,533,641	
Net delivered units, as % of inventory	-	-	0.0%	0.8%	0.8%	0.6%	
Under construction in sq.ft.	-	-	-	142,297,840	141,203,264	155,258,080	
Under construction, as % of inventory	-	-	-	2.0%	2.0%	2.1%	
	<b>2021 Q4</b>	<b>2021 Q3</b>	<b>2020 Q4</b>	<b>2021 Q4</b>	<b>2021 Q3</b>	<b>2020 Q4</b>	
Sales transactions							
Total investment acquisitions (in million \$)	\$26	\$3	\$8	\$28,031	\$29,974	\$21,646	<i>Sales transactions are rising faster than nationally</i>
Transaction sale price per sq.ft.	\$118	\$49	\$116	\$305	\$306	\$301	<i>Prices are rising faster nationally</i>
Market cap rate	8.7%	8.6%	8.6%	7.0%	7.0%	7.0%	<i>Cap rates are higher than nationally</i>

# NAR Commercial Real Estate Metro Market Report | 2021.Q4

## Kingsport-Bristol-Bristol, TN-VA

Core-Based Statistical Area Code: 28700

### IV. Industrial

	Kingsport-Bristol-Bristol, TN-VA			U.S.			
	2021 Q4	2021 Q3	2020 Q4	2021 Q4	2021 Q3	2020 Q4	
<b>Demand indicators</b>							
Vacancy rate	2.6%	2.5%	3.7%	4.2%	4.6%	5.5%	<i>The area has lower vacancy rate than nationally</i>
Absorption in sq.ft. over the quarter	(31,780)	510,945	(232,739)	134,147,704	163,473,664	85,677,192	
Absorption in sq.ft. over 12 months	272,268	71,309	(85,180)	502,819,872	454,349,376	223,162,272	
Absorption in past 12 months as % of inventory	1.1%	0.3%	-0.3%	3.0%	2.7%	1.4%	<i>The area has lower absorption than nationally</i>
Market rent per sq.ft.	\$5.2	\$5.1	\$4.7	\$9.8	\$9.5	\$9.0	
Market rent growth, y/y % chg.	10.1%	7.8%	4.8%	8.6%	7.2%	4.6%	<i>Rents are rising faster than nationally</i>
<b>Supply indicators</b>							
Inventory in sq. ft.	24,829,274	24,861,054	24,557,006	16,815,425,536	16,680,851,456	16,312,040,448	
Net delivered over 12 months, in sq.ft.	-	-	-	283,714,234	297,459,785	307,128,078	
Net delivered units, as % of inventory	-	-	-	1.7%	1.8%	1.9%	
Under construction in sq.ft.	-	-	-	508,025,152	466,780,896	340,499,936	
Under construction, as % of inventory	-	-	-	3.0%	2.8%	2.1%	
<b>Sales transactions</b>							
Total investment acquisitions (in million \$)	\$2	\$133	\$5	\$34,773	\$30,151	\$29,578	<i>Sales transactions are not rising as fast as nationally</i>
Transaction sale price per sq.ft.	\$37	\$114	\$65	\$144	\$127	\$110	<i>Prices are not rising as fast than nationally</i>
Market cap rate	8.1%	8.1%	8.0%	6.3%	6.3%	6.4%	<i>Cap rates are higher than nationally</i>

### V. Retail

	Kingsport-Bristol-Bristol, TN-VA			U.S.			
	2021 Q4	2021 Q3	2020 Q4	2021 Q4	2021 Q3	2020 Q4	
<b>Demand indicators</b>							
Vacancy rate	3.2%	2.6%	2.8%	4.6%	4.8%	5.1%	<i>The area has a lower vacancy rate than nationally</i>
Absorption in sq.ft. over the quarter	(105,334)	79,412	134,633	28,236,304	29,377,518	689,343	
Absorption in sq.ft. over 12 months	(60,769)	179,198	122,700	76,321,048	48,774,088	(28,079,124)	<i>The area has lower absorption than nationally</i>
Absorption in past 12 months as % of inventory	-0.3%	0.9%	0.6%	0.7%	0.4%	-0.3%	
Market rent per sq.ft.	\$11.4	\$11.3	\$11.0	\$22.5	\$22.3	\$21.9	
Market rent growth, y/y % chg.	3.7%	3.6%	2.0%	2.8%	2.1%	0.8%	<i>Rents are rising faster than nationally</i>
Y/Y chg.in retail trade payroll employment ('000) <i>(as of latest available month of the quarter)</i>	0.00	0.10	(0.10)	372.10	387.70	(473.90)	<i>The area has stronger retail trade job creation than nationally</i>
<b>Supply indicators</b>							
Inventory in sq. ft.	20,056,076	20,161,408	20,116,844	11,209,097,216	11,180,823,552	11,132,858,368	
Net delivered over 12 months, in sq.ft.	29,890	13,662	14,166	21,047,385	28,105,270	41,736,234	<i>Relatively more units delivered than nationally</i>
Net delivered units, as % of inventory	0.1%	0.1%	0.1%	0.2%	0.3%	0.4%	<i>Less delivered space relative to inventory than nationally</i>
Under construction in sq.ft.	2,000	11,100	11,690	50,577,712	53,660,692	52,556,572	
Under construction, as % of inventory	0.0%	0.1%	0.1%	0.5%	0.5%	0.5%	<i>Construction activity is slower than nationally</i>
<b>Sales transactions</b>							
Total investment acquisitions (in million \$)	\$18	\$18	\$23	\$24,585	\$21,801	\$18,723	<i>Sales transactions are not rising as fast than nationally</i>
Transaction sale price per sq.ft.	\$102	\$120	\$115	\$237	\$204	\$192	<i>Prices are not rising as fast than nationally</i>
Market cap rate	7.8%	7.7%	7.7%	7.0%	7.0%	7.0%	<i>Cap rates are higher than nationally</i>

### VI. Hotel/Lodging

	Kingsport-Bristol-Bristol, TN-VA			U.S.			
	2021 Q4 (Nov)	2021 Q3 (Sept)	2020 Q4 (Dec)	2021 Q4 (Nov)	2021 Q3 (Sept)	2020 Q4 (Dec)	
Leisure and hospitality payroll workers ('000)	11.7	11.6	11.6	15,362	15,397	12,896	
Y/Y change ('000)	0.2	0.2	(1.1)	2,533.0	1,841.0	(3,541.0)	<i>Job creation in the leisure industry is stronger than nationally</i>
% share to nonfarm payroll employment	9.8%	9.8%	9.9%	10.2%	10.4%	9.0%	<i>Lower fraction of workers in leisure industry than nationally</i>

Sources of data used: CoStar®, US Census Bureau, US Bureau of Labor Statistics, and US Bureau of Economic Analysis.

\*An index below 50 means local market conditions are weaker than nationally, above 50 means local market conditions are stronger, and 50 means local market conditions are about the same as nationally.

NAR derived the index by assigning 1 point for each indicator where local market conditions are better than the national (US) condition.

The total points for each local market are divided by the number of variables that are available at the local area, with 25 indicators if all the data are available. The fraction is multiplied by 100 to get the index.

Economic data may not be available for all markets. In some submarkets or metropolitan divisions (e.g., Long Island) reported by CoStar®, the economic data that is reported (e.g. employment) is of the metropolitan area (New York-Newark-Jersey City). The 390 markets in this report are based on the CoStar® market areas.

NAR reserves the right to add new variables or drop variables that comprise the index based on its analysis of variables that impact market trends.

Market cap rate is based on CoStar proprietary model that is based on both sales transaction cap rates and modeled cap rates based on characteristics of comparable properties in the geographic area.

Data may not be available for some markets or property types.

For information about this report, email data@nar.realtor.

Visit NAR's Commercial Research webpage at <https://www.nar.realtor/research-and-statistics/research-reports/commercial-research>



# NAR Commercial Real Estate Metro Market Report | 2021.Q4

## Knoxville, TN

Core-Based Statistical Area Code: 28940

The Knoxville, TN commercial real estate market is stronger compared to the overall U.S. market.  
**NAR Commercial Real Estate Market Conditions Index\* 56.0**

Overall economic conditions are stronger than nationally.  
 The apartment property market is stronger than nationally.  
 The office property market is stronger than nationally.  
 The industrial property market is about the same than nationally.  
 The retail property market is not as strong than nationally.  
 The hotel/lodging property market is about the same than nationally.

### I. Economic and Demographic

Economic	Knoxville, TN			U.S.			
	2021 Q4 (Nov)	2021 Q3 (Sept)	2020 Q4 (Dec)	2021 Q4 (Nov)	2021 Q3 (Sept)	2020 Q4 (Dec)	
Total non-farm employment ('000)	414	409	402	150,098	147,650	143,602	
Y/Y chg.in nonfarm payroll employment ('000)	13	13	(10)	5,977	5,704	(9,244)	
Y/Y % chg. in nonfarm payroll employment	3.1%	3.2%	-2.5%	4.1%	4.0%	-6.0%	Job creation is weaker than nationally
Unemployment rate (%)	3.2%	3.4%	4.9%	4.2%	4.7%	6.7%	Unemployment rate is lower than nationally
Average weekly wages	\$1,075	\$1,061	\$1,033	\$1,080	\$1,073	\$1,038	
Wage growth, year-over-year <i>(data are as of last month of the quarter)</i>	4.3%	7.7%	10.4%	4.8%	4.5%	6.7%	Wages are rising at a slower pace than nationally
	2020	2019	2018	2020	2019	2018	
GDP growth (%)	-2.2%	2.2%	2.0%	-3.4%	2.3%	2.9%	
	2019	2018	2017	2019	2018	2017	
Median household income	\$56,623	\$53,523	\$51,848	\$87,470	\$84,423	\$81,284	
	2020	2019	2018	2020	2019	2018	
Net domestic migration ('000)	9.7	7.2	7.4	0	0	0	Area is experiencing net domestic in-migration
Population ('000)	878	869	862	331,501	328,330	326,838	
Population growth (%)	1.03%	0.81%	0.92%	0.97%	0.46%	0.53%	Population is growing faster than nationally

### II. Multifamily

Demand indicators	Knoxville, TN			U.S.			
	2021 Q4	2021 Q3	2020 Q4	2021 Q4	2021 Q3	2020 Q4	
Vacancy rate	2.8%	2.5%	3.6%	4.6%	4.6%	6.6%	The area has a lower vacancy rate than nationally
Absorption of units over the quarter	291	313	238	78,063	189,629	94,740	
Absorption of units in past 12 months	1,843	1,790	1,306	714,672	731,349	376,273	
Absorption in past 12 months as % of inventory	4.9%	4.8%	3.6%	4.2%	4.3%	2.3%	The area has stronger absorption than nationally
Market asking rent per unit	\$1,120	\$1,110	\$983	\$1,543	\$1,532	\$1,387	
Market asking rent per unit, y/y % chg	13.9%	13.3%	4.6%	11.3%	10.6%	0.5%	
Effective rent per unit	\$1,116	\$1,107	\$979	\$1,534	\$1,523	\$1,367	
Effective rent per unit, y/y % chg	14.0%	13.4%	4.9%	12.2%	11.6%	-0.1%	Rents are rising faster than nationally
Rent as a percent of 2-person annual wage income	11.9%	12.0%	10.9%	16.3%	16.3%	15.2%	Renting is more affordable than nationally
	2021 Q4	2021 Q3	2020 Q4	2021 Q4	2021 Q3	2020 Q4	
Supply indicators							
Inventory	37,857	37,566	36,015	17,112,020	17,034,566	16,401,950	
Net delivered units in past 12 months	1,626	1,183	363	369,993	387,542	434,591	
Net delivered units, as % of inventory	4.3%	3.1%	1.0%	2.2%	2.3%	2.6%	
Units under construction	637	1,080	2,244	681,402	692,701	687,551	
Units under construction, as % of inventory	1.7%	2.9%	6.2%	4.0%	4.1%	4.2%	Construction is weaker than nationally
Ratio of jobs created to net delivered units <i>(as of latest available month of the quarter)</i>	7.7	10.7	(28.7)	16.2	14.7	(21.3)	Fewer jobs per delivered units than nationally
	2021 Q4	2021 Q3	2020 Q4	2021 Q4	2021 Q3	2020 Q4	
Sales transactions							
Total investment acquisitions (in million \$)	\$330	\$77	\$212	\$86,764	\$63,211	\$47,522	Sales transactions are not rising as fast than nationally
Transaction sales price per unit	\$165,030	\$164,468	\$155,965	\$235,199	\$231,697	\$212,033	Prices are not rising as fast than nationally
Market cap rate	5.8%	5.8%	6.0%	5.2%	5.2%	5.3%	Cap rates are higher than nationally

### III. Office

Demand indicators	Knoxville, TN			U.S.			
	2021 Q4	2021 Q3	2020 Q4	2021 Q4	2021 Q3	2020 Q4	
Vacancy rate	4.8%	4.8%	6.1%	12.2%	4.8%	6.1%	The area has a lower vacancy rate than nationally
Absorption in sq.ft. over the quarter	40,025	207,282	(339,422)	14,567,728	5,676,582	(34,912,824)	
Absorption in sq.ft. over 12 months	220,699	(158,748)	(612,145)	(39,446,204)	(88,926,760)	(74,605,520)	
Absorption in past 12 months as % of inventory	0.6%	-0.5%	-1.8%	-0.5%	-1.2%	-1.0%	The area has stronger absorption than nationally
Market rent per sq.ft.	\$18.7	\$18.7	\$18.1	\$34.4	\$34.3	\$34.3	
Market rent growth, y/y % chg.	3.4%	4.0%	0.4%	0.1%	-0.3%	-1.5%	Rents are rising faster than nationally
Y/Y chg.in professional/business services jobs ('000) <i>(as of latest available month of the quarter)</i>	1.7	3.0	0.9	1,134	1,092	(870)	Stronger office job creation than nationally
	2021 Q4	2021 Q3	2020 Q4	2021 Q4	2021 Q3	2020 Q4	
Supply indicators							
Inventory in sq. ft.	34,923,536	34,883,512	34,695,912	7,237,517,312	7,222,925,312	7,276,806,144	
Net delivered over 12 months, in sq.ft.	(261,330)	(244,572)	(69,252)	59,502,409	57,367,205	45,533,641	
Net delivered units, as % of inventory	-0.7%	-0.7%	-0.2%	0.8%	0.8%	0.6%	More delivered space relative to inventory than nationally
Under construction in sq.ft.	249,877	270,953	33,528	142,297,840	141,203,264	155,258,080	
Under construction, as % of inventory	0.7%	0.8%	0.1%	2.0%	2.0%	2.1%	Construction activity is slower than nationally
	2021 Q4	2021 Q3	2020 Q4	2021 Q4	2021 Q3	2020 Q4	
Sales transactions							
Total investment acquisitions (in million \$)	\$23	\$20	\$62	\$28,031	\$29,974	\$21,646	Sales transactions are not rising as fast than nationally
Transaction sale price per sq.ft.	\$122	\$65	\$132	\$305	\$306	\$301	Prices are not rising as fast than nationally
Market cap rate	8.7%	8.6%	8.7%	7.0%	7.0%	7.0%	Cap rates are higher than nationally

# NAR Commercial Real Estate Metro Market Report | 2021.Q4

## Knoxville, TN

Core-Based Statistical Area Code: 28940

### IV. Industrial

	Knoxville, TN			U.S.			
	2021 Q4	2021 Q3	2020 Q4	2021 Q4	2021 Q3	2020 Q4	
<b>Demand indicators</b>							
Vacancy rate	1.0%	1.3%	2.1%	4.2%	4.6%	5.5%	<i>The area has lower vacancy rate than nationally</i>
Absorption in sq.ft. over the quarter	299,096	124,428	146,472	134,147,704	163,473,664	85,677,192	
Absorption in sq.ft. over 12 months	1,090,285	937,661	734,617	502,819,872	454,349,376	223,162,272	<i>The area has lower absorption than nationally</i>
Absorption in past 12 months as % of inventory	1.3%	1.1%	0.9%	3.0%	2.7%	1.4%	<i>The area has lower absorption than nationally</i>
Market rent per sq.ft.	\$6.7	\$6.5	\$6.1	\$9.8	\$9.5	\$9.0	
Market rent growth, y/y % chg.	9.8%	7.8%	5.0%	8.6%	7.2%	4.6%	<i>Rents are rising faster than nationally</i>
<b>Supply indicators</b>							
Inventory in sq. ft.	86,692,960	86,393,864	85,602,672	16,815,425,536	16,680,851,456	16,312,040,448	
Net delivered over 12 months, in sq.ft.	122,301	46,177	630,219	283,714,234	297,459,785	307,128,078	<i>Less deliveries relative to inventory than nationally</i>
Net delivered units, as % of inventory	0.1%	0.1%	0.7%	1.7%	1.8%	1.9%	<i>Less deliveries relative to inventory than nationally</i>
Under construction in sq.ft.	1,775,653	1,742,203	129,696	508,025,152	466,780,896	340,499,936	<i>Less delivered space relative to inventory than nationally</i>
Under construction, as % of inventory	2.0%	2.0%	0.2%	3.0%	2.8%	2.1%	<i>Less delivered space relative to inventory than nationally</i>
<b>Sales transactions</b>							
Total investment acquisitions (in million \$)	\$37	\$41	\$31	\$34,773	\$30,151	\$29,578	<i>Sales transactions are rising faster than nationally</i>
Transaction sale price per sq.ft.	\$64	\$59	\$39	\$144	\$127	\$110	<i>Prices are rising faster nationally</i>
Market cap rate	7.2%	7.2%	7.2%	6.3%	6.3%	6.4%	<i>Cap rates are higher than nationally</i>

### V. Retail

	Knoxville, TN			U.S.			
	2021 Q4	2021 Q3	2020 Q4	2021 Q4	2021 Q3	2020 Q4	
<b>Demand indicators</b>							
Vacancy rate	2.8%	3.1%	3.6%	4.6%	4.8%	5.1%	<i>The area has a lower vacancy rate than nationally</i>
Absorption in sq.ft. over the quarter	115,913	68,783	(80,225)	28,236,304	29,377,518	689,343	
Absorption in sq.ft. over 12 months	(333,391)	(529,529)	(349,905)	76,321,048	48,774,088	(28,079,124)	<i>The area has lower absorption than nationally</i>
Absorption in past 12 months as % of inventory	-0.6%	-0.9%	-0.6%	0.7%	0.4%	-0.3%	<i>The area has lower absorption than nationally</i>
Market rent per sq.ft.	\$16.0	\$15.8	\$15.4	\$22.5	\$22.3	\$21.9	
Market rent growth, y/y % chg.	3.4%	3.1%	2.0%	2.8%	2.1%	0.8%	<i>Rents are rising faster than nationally</i>
Y/Y chg.in retail trade payroll employment ('000) (as of latest available month of the quarter)	0.50	0.80	0.20	372.10	387.70	(473.90)	<i>The area has stronger retail trade job creation than nationally</i>
<b>Supply indicators</b>							
Inventory in sq. ft.	58,023,764	57,907,852	58,357,156	11,209,097,216	11,180,823,552	11,132,858,368	<i>Relatively fewer units delivered than nationally</i>
Net delivered over 12 months, in sq.ft.	-861,065	-772,706	12,081	21,047,385	28,105,270	41,736,234	<i>Less delivered space relative to inventory than nationally</i>
Net delivered units, as % of inventory	-1.5%	-1.3%	0.0%	0.2%	0.3%	0.4%	<i>Less delivered space relative to inventory than nationally</i>
Under construction in sq.ft.	364,640	335,226	365,342	50,577,712	53,660,692	52,556,572	<i>Construction activity is more robust than nationally</i>
Under construction, as % of inventory	0.6%	0.6%	0.6%	0.5%	0.5%	0.5%	<i>Construction activity is more robust than nationally</i>
<b>Sales transactions</b>							
Total investment acquisitions (in million \$)	\$102	\$95	\$38	\$24,585	\$21,801	\$18,723	<i>Sales transactions are rising faster than nationally</i>
Transaction sale price per sq.ft.	\$165	\$118	\$113	\$237	\$204	\$192	<i>Prices are rising faster nationally</i>
Market cap rate	7.4%	7.4%	7.5%	7.0%	7.0%	7.0%	<i>Cap rates are higher than nationally</i>

### VI. Hotel/Lodging

	Knoxville, TN			U.S.			
	2021 Q4 (Nov)	2021 Q3 (Sept)	2020 Q4 (Dec)	2021 Q4 (Nov)	2021 Q3 (Sept)	2020 Q4 (Dec)	
Leisure and hospitality payroll workers ('000)	42.0	42.9	38.1	15,362	15,397	12,896	
Y/Y change ('000)	3.6	4.1	(6.2)	2,533.0	1,841.0	(3,541.0)	<i>Job creation in the leisure industry is stronger than nationally</i>
% share to nonfarm payroll employment	10.1%	10.5%	9.5%	10.2%	10.4%	9.0%	<i>Lower fraction of workers in leisure industry than nationally</i>

Sources of data used: CoStar®, US Census Bureau, US Bureau of Labor Statistics, and US Bureau of Economic Analysis.

\*An index below 50 means local market conditions are weaker than nationally, above 50 means local market conditions are stronger, and 50 means local market conditions are about the same as nationally.

NAR derived the index by assigning 1 point for each indicator where local market conditions are better than the national (US) condition.

The total points for each local market are divided by the number of variables that are available at the local area, with 25 indicators if all the data are available. The fraction is multiplied by 100 to get the index.

Economic data may not be available for all markets. In some submarkets or metropolitan divisions (e.g., Long Island) reported by CoStar®, the economic data that is reported (e.g. employment) is of the metropolitan area

(New York-Newark-Jersey City). The 390 markets in this report are based on the CoStar® market areas.

NAR reserves the right to add new variables or drop variables that comprise the index based on its analysis of variables that impact market trends.

Market cap rate is based on CoStar proprietary model that is based on both sales transaction cap rates and modeled cap rates based on characteristics of comparable properties in the geographic area.

Data may not be available for some markets or property types.

For information about this report, email data@nar.realtor.

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# NAR Commercial Real Estate Metro Market Report | 2021.Q4

## Memphis, TN-MS-AR

Core-Based Statistical Area Code: 32820

The Memphis, TN-MS-AR commercial real estate market is not as strong compared to the overall U.S. market.  
**NAR Commercial Real Estate Market Conditions Index\*** 24.0

Overall economic conditions are not as strong than nationally.  
 The apartment property market is not as strong than nationally.  
 The office property market is not as strong than nationally.  
 The industrial property market is about the same than nationally.  
 The retail property market is not as strong than nationally.  
 The hotel/lodging property market is not as strong than nationally.

### I. Economic and Demographic

Economic	Memphis, TN-MS-AR			U.S.			
	2021 Q4 (Nov)	2021 Q3 (Sept)	2020 Q4 (Dec)	2021 Q4 (Nov)	2021 Q3 (Sept)	2020 Q4 (Dec)	
Total non-farm employment ('000)	660	651	644	150,098	147,650	143,602	
Y/Y chg.in nonfarm payroll employment ('000)	20	28	(22)	5,977	5,704	(9,244)	
Y/Y % chg. in nonfarm payroll employment	3.2%	4.5%	-3.3%	4.1%	4.0%	-6.0%	Job creation is weaker than nationally
Unemployment rate (%)	4.8%	5.3%	6.9%	4.2%	4.7%	6.7%	Unemployment rate is higher than nationally
Average weekly wages	\$935	\$913	\$900	\$1,080	\$1,073	\$1,038	
Wage growth, year-over-year <i>(data are as of last month of the quarter)</i>	2.6%	-1.1%	-1.2%	4.8%	4.5%	6.7%	Wages are rising at a slower pace than nationally

	2020	2019	2018	2020	2019	2018
GDP growth (%)	-1.9%	0.3%	0.1%	-3.4%	2.3%	2.9%

	2019	2018	2017	2019	2018	2017
Median household income	\$54,859	\$50,338	\$50,984	\$87,470	\$84,423	\$81,284

Demographic	2020	2019	2018	2020	2019	2018	
Net domestic migration ('000)	(2.5)	(3.4)	(3.6)	0	0	0	Area is experiencing net domestic out-migration
Population ('000)	1,349	1,346	1,344	331,501	328,330	326,838	
Population growth (%)	0.17%	0.18%	0.31%	0.97%	0.46%	0.53%	Population growth is slower than nationally

### II. Multifamily

Demand indicators	2021 Q4	2021 Q3	2020 Q4	2021 Q4	2021 Q3	2020 Q4	
Vacancy rate	9.4%	9.4%	10.0%	4.6%	4.6%	6.6%	The area has a higher vacancy rate than nationally
Absorption of units over the quarter	190	324	391	78,063	189,629	94,740	
Absorption of units in past 12 months	1,915	2,116	2,760	714,672	731,349	376,273	
Absorption in past 12 months as % of inventory	2.2%	2.5%	3.3%	4.2%	4.3%	2.3%	The area has lower absorption than nationally
Market asking rent per unit	\$1,024	\$1,020	\$919	\$1,543	\$1,532	\$1,387	
Market asking rent per unit, y/y % chg	11.4%	12.3%	4.8%	11.3%	10.6%	0.5%	
Effective rent per unit	\$1,019	\$1,015	\$914	\$1,534	\$1,523	\$1,367	Rents are rising more slowly than nationally
Effective rent per unit, y/y % chg	11.5%	12.4%	4.8%	12.2%	11.6%	-0.1%	
Rent as a percent of 2-person annual wage income	12.5%	12.8%	11.7%	16.3%	16.3%	15.2%	Renting is more affordable than nationally

Supply indicators	2021 Q4	2021 Q3	2020 Q4	2021 Q4	2021 Q3	2020 Q4	
Inventory	86,070	85,880	84,158	17,112,020	17,034,566	16,401,950	
Net delivered units in past 12 months	1,539	1,363	284	369,993	387,542	434,591	
Net delivered units, as % of inventory	1.8%	1.6%	0.3%	2.2%	2.3%	2.6%	
Units under construction	1,968	1,794	2,157	681,402	692,701	687,551	Construction is weaker than nationally
Units under construction, as % of inventory	2.3%	2.1%	2.6%	4.0%	4.1%	4.2%	
Ratio of jobs created to net delivered units <i>(as of latest available month of the quarter)</i>	13.3	20.7	(78.5)	16.2	14.7	(21.3)	Fewer jobs per delivered units than nationally

Sales transactions	2021 Q4	2021 Q3	2020 Q4	2021 Q4	2021 Q3	2020 Q4	
Total investment acquisitions (in million \$)	\$162	\$427	\$80	\$86,764	\$63,211	\$47,522	Sales transactions are rising faster than nationally
Transaction sales price per unit	\$102,505	\$77,043	\$55,461	\$235,199	\$231,697	\$212,033	Prices are rising faster nationally
Market cap rate	6.6%	6.6%	6.7%	5.2%	5.2%	5.3%	Cap rates are higher than nationally

### III. Office

Demand indicators	2021 Q4	2021 Q3	2020 Q4	2021 Q4	2021 Q3	2020 Q4	
Vacancy rate	11.7%	11.2%	10.3%	12.2%	11.2%	10.3%	The area has a lower vacancy rate than nationally
Absorption in sq.ft. over the quarter	(189,436)	(452,650)	(30,482)	14,567,728	5,676,582	(34,912,824)	
Absorption in sq.ft. over 12 months	(549,090)	(390,136)	(283,980)	(39,446,204)	(88,926,760)	(74,605,520)	
Absorption in past 12 months as % of inventory	-1.1%	-0.8%	-0.6%	-0.5%	-1.2%	-1.0%	The area has lower absorption than nationally
Market rent per sq.ft.	\$19.6	\$19.6	\$19.2	\$34.4	\$34.3	\$34.3	
Market rent growth, y/y % chg.	2.2%	1.9%	0.8%	0.1%	-0.3%	-1.5%	Rents are rising faster than nationally
Y/Y chg.in professional/business services jobs ('000) <i>(as of latest available month of the quarter)</i>	9.0	15.0	0.2	1,134	1,092	(870)	Stronger office job creation than nationally

Supply indicators	2021 Q4	2021 Q3	2020 Q4	2021 Q4	2021 Q3	2020 Q4	
Inventory in sq. ft.	49,967,596	50,157,032	50,516,684	7,237,517,312	7,222,925,312	7,276,806,144	
Net delivered over 12 months, in sq.ft.	271,394	232,689	(60,281)	59,502,409	57,367,205	45,533,641	More delivered space relative to inventory than nationally
Net delivered units, as % of inventory	0.5%	0.5%	-0.1%	0.8%	0.8%	0.6%	
Under construction in sq.ft.	672,685	706,186	365,250	142,297,840	141,203,264	155,258,080	Construction activity is slower than nationally
Under construction, as % of inventory	1.3%	1.4%	0.7%	2.0%	2.0%	2.1%	

Sales transactions	2021 Q4	2021 Q3	2020 Q4	2021 Q4	2021 Q3	2020 Q4	
Total investment acquisitions (in million \$)	\$33	\$126	\$103	\$28,031	\$29,974	\$21,646	Sales transactions are not rising as fast than nationally
Transaction sale price per sq.ft.	\$111	\$96	\$162	\$305	\$306	\$301	Prices are not rising as fast than nationally
Market cap rate	9.1%	9.0%	9.0%	7.0%	7.0%	7.0%	Cap rates are higher than nationally

# NAR Commercial Real Estate Metro Market Report | 2021.Q4

## Memphis, TN-MS-AR

Core-Based Statistical Area Code: 32820

### IV. Industrial

	Memphis, TN-MS-AR			U.S.			
	2021 Q4	2021 Q3	2020 Q4	2021 Q4	2021 Q3	2020 Q4	
<b>Demand indicators</b>							
Vacancy rate	5.9%	5.2%	6.4%	4.2%	4.6%	5.5%	<i>The area has higher vacancy rate than nationally</i>
Absorption in sq.ft. over the quarter	3,748,516	2,723,032	6,311,506	134,147,704	163,473,664	85,677,192	
Absorption in sq.ft. over 12 months	11,921,311	14,484,301	10,632,412	502,819,872	454,349,376	223,162,272	
Absorption in past 12 months as % of inventory	4.2%	5.1%	3.9%	3.0%	2.7%	1.4%	<i>The area has stronger absorption than nationally</i>
Market rent per sq.ft.	\$4.4	\$4.2	\$4.0	\$9.8	\$9.5	\$9.0	
Market rent growth, y/y % chg.	10.8%	7.3%	3.3%	8.6%	7.2%	4.6%	<i>Rents are rising faster than nationally</i>
<b>Supply indicators</b>							
Inventory in sq. ft.	287,076,448	283,327,936	275,155,136	16,815,425,536	16,680,851,456	16,312,040,448	
Net delivered over 12 months, in sq.ft.	11,206,836	11,027,765	12,106,894	283,714,234	297,459,785	307,128,078	
Net delivered units, as % of inventory	3.9%	3.9%	4.4%	1.7%	1.8%	1.9%	<i>More deliveries relative to inventory than nationally</i>
Under construction in sq.ft.	7,501,042	12,982,851	12,488,655	508,025,152	466,780,896	340,499,936	
Under construction, as % of inventory	2.6%	4.6%	4.5%	3.0%	2.8%	2.1%	<i>Less delivered space relative to inventory than nationally</i>
<b>Sales transactions</b>							
Total investment acquisitions (in million \$)	\$285	\$725	\$277	\$34,773	\$30,151	\$29,578	<i>Sales transactions are not rising as fast as nationally</i>
Transaction sale price per sq.ft.	\$46	\$65	\$40	\$144	\$127	\$110	<i>Prices are not rising as fast than nationally</i>
Market cap rate	7.4%	7.4%	7.4%	6.3%	6.3%	6.4%	<i>Cap rates are higher than nationally</i>

### V. Retail

	Memphis, TN-MS-AR			U.S.			
	2021 Q4	2021 Q3	2020 Q4	2021 Q4	2021 Q3	2020 Q4	
<b>Demand indicators</b>							
Vacancy rate	4.0%	4.4%	4.7%	4.6%	4.8%	5.1%	<i>The area has a lower vacancy rate than nationally</i>
Absorption in sq.ft. over the quarter	407,450	192,652	127,823	28,236,304	29,377,518	689,343	
Absorption in sq.ft. over 12 months	817,025	537,398	(224,704)	76,321,048	48,774,088	(28,079,124)	
Absorption in past 12 months as % of inventory	0.9%	0.6%	-0.3%	0.7%	0.4%	-0.3%	<i>The area has stronger absorption than nationally</i>
Market rent per sq.ft.	\$14.3	\$14.4	\$14.0	\$22.5	\$22.3	\$21.9	
Market rent growth, y/y % chg.	1.9%	4.0%	1.4%	2.8%	2.1%	0.8%	<i>Rent growth is slower than nationally</i>
Y/Y chg.in retail trade payroll employment ('000) (as of latest available month of the quarter)	(0.30)	0.80	(2.00)	372.10	387.70	(473.90)	<i>The area has stronger retail trade job creation than nationally</i>
<b>Supply indicators</b>							
Inventory in sq. ft.	88,200,144	87,792,688	87,383,112	11,209,097,216	11,180,823,552	11,132,858,368	
Net delivered over 12 months, in sq.ft.	137,060	200,626	201,492	21,047,385	28,105,270	41,736,234	<i>Relatively more units delivered than nationally</i>
Net delivered units, as % of inventory	0.2%	0.2%	0.2%	0.2%	0.3%	0.4%	<i>Less delivered space relative to inventory than nationally</i>
Under construction in sq.ft.	231,731	336,713	409,962	50,577,712	53,660,692	52,556,572	
Under construction, as % of inventory	0.3%	0.4%	0.5%	0.5%	0.5%	0.5%	<i>Construction activity is slower than nationally</i>
<b>Sales transactions</b>							
Total investment acquisitions (in million \$)	\$111	\$224	\$100	\$24,585	\$21,801	\$18,723	<i>Sales transactions are not rising as fast than nationally</i>
Transaction sale price per sq.ft.	\$121	\$169	\$114	\$237	\$204	\$192	<i>Prices are not rising as fast than nationally</i>
Market cap rate	8.4%	8.3%	8.4%	7.0%	7.0%	7.0%	<i>Cap rates are higher than nationally</i>

### VI. Hotel/Lodging

	Memphis, TN-MS-AR			U.S.			
	2021 Q4 (Nov)	2021 Q3 (Sept)	2020 Q4 (Dec)	2021 Q4 (Nov)	2021 Q3 (Sept)	2020 Q4 (Dec)	
Leisure and hospitality payroll workers ('000)	64.7	63.2	57.4	15,362	15,397	12,896	
Y/Y change ('000)	9.4	8.8	(10.5)	2,533.0	1,841.0	(3,541.0)	<i>Job creation in the leisure industry is weaker than nationally</i>
% share to nonfarm payroll employment	9.8%	9.7%	8.9%	10.2%	10.4%	9.0%	<i>Lower fraction of workers in leisure industry than nationally</i>

Sources of data used: CoStar®, US Census Bureau, US Bureau of Labor Statistics, and US Bureau of Economic Analysis.

\*An index below 50 means local market conditions are weaker than nationally, above 50 means local market conditions are stronger, and 50 means local market conditions are about the same as nationally.

NAR derived the index by assigning 1 point for each indicator where local market conditions are better than the national (US) condition.

The total points for each local market are divided by the number of variables that are available at the local area, with 25 indicators if all the data are available. The fraction is multiplied by 100 to get the index.

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NAR reserves the right to add new variables or drop variables that comprise the index based on its analysis of variables that impact market trends.

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# NAR Commercial Real Estate Metro Market Report | 2021.Q4

## Morristown, TN

Core-Based Statistical Area Code: 34100

The Morristown, TN commercial real estate market is not as strong compared to the overall U.S. market.  
**NAR Commercial Real Estate Market Conditions Index\* 40.0**

Overall economic conditions are not as strong than nationally.  
 The apartment property market is not as strong than nationally.  
 The office property market is stronger than nationally.  
 The industrial property market is about the same than nationally.  
 The retail property market is not as strong than nationally.  
 The hotel/lodging property market is not as strong than nationally.

### I. Economic and Demographic

Economic	Morristown, TN			U.S.			
	2021 Q4 (Nov)	2021 Q3 (Sept)	2020 Q4 (Dec)	2021 Q4 (Nov)	2021 Q3 (Sept)	2020 Q4 (Dec)	
Total non-farm employment ('000)	48	47	47	150,098	147,650	143,602	
Y/Y chg.in nonfarm payroll employment ('000)	1	2	(0)	5,977	5,704	(9,244)	
Y/Y % chg. in nonfarm payroll employment	2.3%	3.3%	-0.4%	4.1%	4.0%	-6.0%	Job creation is weaker than nationally
Unemployment rate (%)	4.0%	4.4%	4.9%	4.2%	4.7%	6.7%	Unemployment rate is lower than nationally
Average weekly wages	\$725	\$715	\$736	\$1,080	\$1,073	\$1,038	
Wage growth, year-over-year <i>(data are as of last month of the quarter)</i>	-0.4%	1.7%	7.9%	4.8%	4.5%	6.7%	Wages are rising at a slower pace than nationally

GDP growth (%)	2020	2019	2018	2020	2019	2018	
	-3.0%	2.9%	-0.6%	-3.4%	2.3%	2.9%	

Median household income	2019	2018	2017	2019	2018	2017	
	\$47,326	\$47,439	\$44,840	\$87,470	\$84,423	\$81,284	

Demographic	2020	2019	2018	2020	2019	2018	
	Net domestic migration ('000)	1.5	1.2	1.0	0	0	
Population ('000)	144	143	142	331,501	328,330	326,838	
Population growth (%)	0.80%	0.73%	0.60%	0.97%	0.46%	0.53%	Population growth is slower than nationally

### II. Multifamily

Demand indicators	2021 Q4	2021 Q3	2020 Q4	2021 Q4	2021 Q3	2020 Q4	
	Vacancy rate	12.8%	4.8%	7.0%	4.6%	4.6%	
Absorption of units over the quarter	150	2	5	78,063	189,629	94,740	
Absorption of units in past 12 months	178	33	16	714,672	731,349	376,273	
Absorption in past 12 months as % of inventory	12.6%	2.6%	1.3%	4.2%	4.3%	2.3%	The area has stronger absorption than nationally
Market asking rent per unit	\$876	\$868	\$830	\$1,543	\$1,532	\$1,387	
Market asking rent per unit, y/y % chg	5.5%	3.7%	2.6%	11.3%	10.6%	0.5%	
Effective rent per unit	\$873	\$866	\$828	\$1,534	\$1,523	\$1,367	
Effective rent per unit, y/y % chg	5.5%	3.7%	2.7%	12.2%	11.6%	-0.1%	Rents are rising more slowly than nationally
Rent as a percent of 2-person annual wage income	13.9%	13.9%	13.0%	16.3%	16.3%	15.2%	Renting is more affordable than nationally

Supply indicators	2021 Q4	2021 Q3	2020 Q4	2021 Q4	2021 Q3	2020 Q4	
	Inventory	1,413	1,264	1,235	17,112,020	17,034,566	
Net delivered units in past 12 months	291	-	-	369,993	387,542	434,591	
Net delivered units, as % of inventory	20.6%	-	-	2.2%	2.3%	2.6%	
Units under construction	-	291	291	681,402	692,701	687,551	
Units under construction, as % of inventory	-	23.0%	23.6%	4.0%	4.1%	4.2%	
Ratio of jobs created to net delivered units <i>(as of latest available month of the quarter)</i>	3.8	-	-	16.2	14.7	(21.3)	Fewer jobs per delivered units than nationally

Sales transactions	2021 Q4	2021 Q3	2020 Q4	2021 Q4	2021 Q3	2020 Q4	
	Total investment acquisitions (in million \$)	\$2	\$1	\$4	\$86,764	\$63,211	
Transaction sales price per unit	\$137,500	\$106,250	\$110,211	\$235,199	\$231,697	\$212,033	Prices are rising faster nationally
Market cap rate	6.8%	6.8%	6.8%	5.2%	5.2%	5.3%	Cap rates are higher than nationally

### III. Office

Demand indicators	2021 Q4	2021 Q3	2020 Q4	2021 Q4	2021 Q3	2020 Q4	
	Vacancy rate	4.0%	4.1%	4.6%	12.2%	4.1%	
Absorption in sq.ft. over the quarter	1,768	3,579	14,475	14,567,728	5,676,582	(34,912,824)	
Absorption in sq.ft. over 12 months	33,849	46,556	47,853	(39,446,204)	(88,926,760)	(74,605,520)	
Absorption in past 12 months as % of inventory	2.3%	3.1%	3.3%	-0.5%	-1.2%	-1.0%	The area has stronger absorption than nationally
Market rent per sq.ft.	\$13.8	\$13.8	\$13.4	\$34.4	\$34.3	\$34.3	
Market rent growth, y/y % chg.	2.8%	3.7%	1.5%	0.1%	-0.3%	-1.5%	Rents are rising faster than nationally
Y/Y chg.in professional/business services jobs ('000) <i>(as of latest available month of the quarter)</i>	0.0	0.4	0.5	1,134	1,092	(870)	Stronger office job creation than nationally

Supply indicators	2021 Q4	2021 Q3	2020 Q4	2021 Q4	2021 Q3	2020 Q4	
	Inventory in sq. ft.	1,481,566	1,479,798	1,447,717	7,237,517,312	7,222,925,312	
Net delivered over 12 months, in sq.ft.	25,000	25,000	-	59,502,409	57,367,205	45,533,641	
Net delivered units, as % of inventory	1.7%	1.7%	-	0.8%	0.8%	0.6%	More delivered space relative to inventory than nationally
Under construction in sq.ft.	-	-	25,000	142,297,840	141,203,264	155,258,080	
Under construction, as % of inventory	-	-	1.7%	2.0%	2.0%	2.1%	

Sales transactions	2021 Q4	2021 Q3	2020 Q4	2021 Q4	2021 Q3	2020 Q4	
	Total investment acquisitions (in million \$)	\$0	\$2	\$2	\$28,031	\$29,974	
Transaction sale price per sq.ft.	\$0	\$93	\$143	\$305	\$306	\$301	Prices are not rising as fast than nationally
Market cap rate	9.0%	9.0%	9.1%	7.0%	7.0%	7.0%	Cap rates are higher than nationally

# NAR Commercial Real Estate Metro Market Report | 2021.Q4

## Morristown, TN

Core-Based Statistical Area Code: 34100

### IV. Industrial

	Morristown, TN			U.S.			
	2021 Q4	2021 Q3	2020 Q4	2021 Q4	2021 Q3	2020 Q4	
<b>Demand indicators</b>							
Vacancy rate	2.2%	2.3%	0.4%	4.2%	4.6%	5.5%	<i>The area has lower vacancy rate than nationally</i>
Absorption in sq.ft. over the quarter	25,000	59,571	20,063	134,147,704	163,473,664	85,677,192	
Absorption in sq.ft. over 12 months	(209,942)	(214,879)	565,736	502,819,872	454,349,376	223,162,272	<i>The area has lower absorption than nationally</i>
Absorption in past 12 months as % of inventory	-1.6%	-1.7%	4.4%	3.0%	2.7%	1.4%	<i>The area has lower absorption than nationally</i>
Market rent per sq.ft.	\$4.5	\$4.4	\$4.1	\$9.8	\$9.5	\$9.0	
Market rent growth, y/y % chg.	10.7%	8.2%	5.0%	8.6%	7.2%	4.6%	<i>Rents are rising faster than nationally</i>
<b>Supply indicators</b>							
Inventory in sq. ft.	12,773,176	12,748,176	12,983,118	16,815,425,536	16,680,851,456	16,312,040,448	
Net delivered over 12 months, in sq.ft.	24,000	24,000	-	283,714,234	297,459,785	307,128,078	
Net delivered units, as % of inventory	0.2%	0.2%	-	1.7%	1.8%	1.9%	<i>Less deliveries relative to inventory than nationally</i>
Under construction in sq.ft.	-	-	24,000	508,025,152	466,780,896	340,499,936	
Under construction, as % of inventory	-	-	0.2%	3.0%	2.8%	2.1%	
<b>Sales transactions</b>							
Total investment acquisitions (in million \$)	\$14	\$0	\$1	\$34,773	\$30,151	\$29,578	<i>Sales transactions are rising faster than nationally</i>
Transaction sale price per sq.ft.	\$8	\$26	\$33	\$144	\$127	\$110	<i>Prices are not rising as fast than nationally</i>
Market cap rate	7.9%	7.9%	8.0%	6.3%	6.3%	6.4%	<i>Cap rates are higher than nationally</i>

### V. Retail

	Morristown, TN			U.S.			
	2021 Q4	2021 Q3	2020 Q4	2021 Q4	2021 Q3	2020 Q4	
<b>Demand indicators</b>							
Vacancy rate	3.6%	3.8%	3.7%	4.6%	4.8%	5.1%	<i>The area has a lower vacancy rate than nationally</i>
Absorption in sq.ft. over the quarter	15,285	(1,269)	(41,439)	28,236,304	29,377,518	689,343	
Absorption in sq.ft. over 12 months	8,961	(47,763)	(46,547)	76,321,048	48,774,088	(28,079,124)	<i>The area has lower absorption than nationally</i>
Absorption in past 12 months as % of inventory	0.1%	-0.8%	-0.7%	0.7%	0.4%	-0.3%	<i>The area has lower absorption than nationally</i>
Market rent per sq.ft.	\$12.2	\$12.2	\$11.8	\$22.5	\$22.3	\$21.9	
Market rent growth, y/y % chg.	3.4%	3.4%	1.9%	2.8%	2.1%	0.8%	<i>Rents are rising faster than nationally</i>
Y/Y chg.in retail trade payroll employment ('000) (as of latest available month of the quarter)	0.00	(0.10)	0.10	372.10	387.70	(473.90)	<i>The area has stronger retail trade job creation than nationally</i>
<b>Supply indicators</b>							
Inventory in sq. ft.	6,338,654	6,323,369	6,329,693	11,209,097,216	11,180,823,552	11,132,858,368	
Net delivered over 12 months, in sq.ft.	-	-	14,600	21,047,385	28,105,270	41,736,234	
Net delivered units, as % of inventory	-	-	0.2%	0.2%	0.3%	0.4%	
Under construction in sq.ft.	-	-	-	50,577,712	53,660,692	52,556,572	
Under construction, as % of inventory	-	-	-	0.5%	0.5%	0.5%	
<b>Sales transactions</b>							
Total investment acquisitions (in million \$)	\$4	\$5	\$1	\$24,585	\$21,801	\$18,723	<i>Sales transactions are rising faster than nationally</i>
Transaction sale price per sq.ft.	\$152	\$54	\$39	\$237	\$204	\$192	<i>Prices are rising faster nationally</i>
Market cap rate	9.2%	9.2%	9.3%	7.0%	7.0%	7.0%	<i>Cap rates are higher than nationally</i>

### VI. Hotel/Lodging

	Morristown, TN			U.S.			
	2021 Q4 (Nov)	2021 Q3 (Sept)	2020 Q4 (Dec)	2021 Q4 (Nov)	2021 Q3 (Sept)	2020 Q4 (Dec)	
Leisure and hospitality payroll workers ('000)	4.4	4.3	3.9	15,362	15,397	12,896	
Y/Y change ('000)	0.4	0.4	(0.2)	2,533.0	1,841.0	(3,541.0)	<i>Job creation in the leisure industry is weaker than nationally</i>
% share to nonfarm payroll employment	9.2%	9.1%	8.2%	10.2%	10.4%	9.0%	<i>Lower fraction of workers in leisure industry than nationally</i>

Sources of data used: CoStar®, US Census Bureau, US Bureau of Labor Statistics, and US Bureau of Economic Analysis.

\*An index below 50 means local market conditions are weaker than nationally, above 50 means local market conditions are stronger, and 50 means local market conditions are about the same as nationally.

NAR derived the index by assigning 1 point for each indicator where local market conditions are better than the national (US) condition.

The total points for each local market are divided by the number of variables that are available at the local area, with 25 indicators if all the data are available. The fraction is multiplied by 100 to get the index.

Economic data may not be available for all markets. In some submarkets or metropolitan divisions (e.g., Long Island) reported by CoStar®, the economic data that is reported (e.g. employment) is of the metropolitan area (New York-Newark-Jersey City). The 390 markets in this report are based on the CoStar® market areas.

NAR reserves the right to add new variables or drop variables that comprise the index based on its analysis of variables that impact market trends.

Market cap rate is based on CoStar proprietary model that is based on both sales transaction cap rates and modeled cap rates based on characteristics of comparable properties in the geographic area.

Data may not be available for some markets or property types.

For information about this report, email data@nar.realtor.

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# NAR Commercial Real Estate Metro Market Report | 2021.Q4

## Nashville-Davidson-Murfreesboro-Franklin, TN

Core-Based Statistical Area Code: 34980

The Nashville-Davidson-Murfreesboro-Franklin, TN commercial real estate market is stronger compared to the overall U.S. market.  
**NAR Commercial Real Estate Market Conditions Index\* 76.0**

Overall economic conditions are stronger than nationally.  
 The apartment property market is stronger than nationally.  
 The office property market is stronger than nationally.  
 The industrial property market is stronger than nationally.  
 The retail property market is stronger than nationally.  
 The hotel/lodging property market is about the same than nationally.

### I. Economic and Demographic

Economic	Nashville-Davidson-Murfreesboro-Franklin, TN			U.S.			
	2021 Q4 (Nov)	2021 Q3 (Sept)	2020 Q4 (Dec)	2021 Q4 (Nov)	2021 Q3 (Sept)	2020 Q4 (Dec)	
Total non-farm employment ('000)	1,063	1,048	1,025	150,098	147,650	143,602	
Y/Y chg.in nonfarm payroll employment ('000)	42	46	(45)	5,977	5,704	(9,244)	
Y/Y % chg. in nonfarm payroll employment	4.1%	4.5%	-4.2%	4.1%	4.0%	-6.0%	<i>Job creation is weaker than nationally</i>
Unemployment rate (%)	3.1%	3.3%	4.8%	4.2%	4.7%	6.7%	<i>Unemployment rate is lower than nationally</i>
Average weekly wages	\$1,113	\$1,089	\$1,015	\$1,080	\$1,073	\$1,038	
Wage growth, year-over-year <i>(data are as of last month of the quarter)</i>	8.1%	11.3%	1.0%	4.8%	4.5%	6.7%	<i>Wages are rising faster than nationally</i>
	2020	2019	2018	2020	2019	2018	
GDP growth (%)	-5.9%	3.8%	2.4%	-3.4%	2.3%	2.9%	
	2019	2018	2017	2019	2018	2017	
Median household income	\$70,262	\$65,919	\$63,939	\$87,470	\$84,423	\$81,284	
	2020	2019	2018	2020	2019	2018	
Demographic							
Net domestic migration ('000)	20.0	17.8	21.4	0	0	0	<i>Area is experiencing net domestic in-migration</i>
Population ('000)	1,961	1,933	1,907	331,501	328,330	326,838	
Population growth (%)	1.44%	1.40%	1.62%	0.97%	0.46%	0.53%	<i>Population is growing faster than nationally</i>
<b>II. Multifamily</b>							
	2021 Q4	2021 Q3	2020 Q4	2021 Q4	2021 Q3	2020 Q4	
Demand indicators							
Vacancy rate	5.5%	4.7%	8.8%	4.6%	4.6%	6.6%	<i>The area has a higher vacancy rate than nationally</i>
Absorption of units over the quarter	1,363	3,109	1,103	78,063	189,629	94,740	
Absorption of units in past 12 months	10,284	10,024	3,950	714,672	731,349	376,273	
Absorption in past 12 months as % of inventory	7.7%	7.6%	3.2%	4.2%	4.3%	2.3%	<i>The area has stronger absorption than nationally</i>
Market asking rent per unit	\$1,512	\$1,493	\$1,292	\$1,543	\$1,532	\$1,387	
Market asking rent per unit, y/y % chg	17.1%	15.1%	-1.0%	11.3%	10.6%	0.5%	
Effective rent per unit	\$1,503	\$1,487	\$1,267	\$1,534	\$1,523	\$1,367	
Effective rent per unit, y/y % chg	18.6%	16.6%	-2.0%	12.2%	11.6%	-0.1%	<i>Rents are rising faster than nationally</i>
Rent as a percent of 2-person annual wage income	15.5%	15.7%	14.4%	16.3%	16.3%	15.2%	<i>Renting is more affordable than nationally</i>
Supply indicators							
Inventory	133,234	131,879	122,978	17,112,020	17,034,566	16,401,950	
Net delivered units in past 12 months	6,058	4,470	6,455	369,993	387,542	434,591	
Net delivered units, as % of inventory	4.5%	3.4%	5.2%	2.2%	2.3%	2.6%	
Units under construction	17,338	18,917	13,156	681,402	692,701	687,551	
Units under construction, as % of inventory	13.0%	14.3%	10.7%	4.0%	4.1%	4.2%	<i>Construction is stronger than nationally</i>
Ratio of jobs created to net delivered units <i>(as of latest available month of the quarter)</i>	6.9	10.2	(7.0)	16.2	14.7	(21.3)	<i>Fewer jobs per delivered units than nationally</i>
Sales transactions							
Total investment acquisitions (in million \$)	\$1,032	\$1,360	\$604	\$86,764	\$63,211	\$47,522	<i>Sales transactions are not rising as fast than nationally</i>
Transaction sales price per unit	\$185,122	\$254,619	\$186,413	\$235,199	\$231,697	\$212,033	<i>Prices are not rising as fast than nationally</i>
Market cap rate	4.8%	4.8%	5.0%	5.2%	5.2%	5.3%	<i>Cap rates are lower than nationally</i>
<b>III. Office</b>							
	2021 Q4	2021 Q3	2020 Q4	2021 Q4	2021 Q3	2020 Q4	
Demand indicators							
Vacancy rate	10.1%	9.9%	9.0%	12.2%	9.9%	9.0%	<i>The area has a lower vacancy rate than nationally</i>
Absorption in sq.ft. over the quarter	709,850	336,982	(472,061)	14,567,728	5,676,582	(34,912,824)	
Absorption in sq.ft. over 12 months	1,082,971	(98,940)	(975,808)	(39,446,204)	(88,926,760)	(74,605,520)	
Absorption in past 12 months as % of inventory	1.2%	-0.1%	-1.1%	-0.5%	-1.2%	-1.0%	<i>The area has stronger absorption than nationally</i>
Market rent per sq.ft.	\$28.9	\$28.8	\$28.6	\$34.4	\$34.3	\$34.3	
Market rent growth, y/y % chg.	1.0%	1.5%	0.4%	0.1%	-0.3%	-1.5%	<i>Rents are rising faster than nationally</i>
Y/Y chg.in professional/business services jobs ('000) <i>(as of latest available month of the quarter)</i>	10.4	11.9	0.7	1,134	1,092	(870)	<i>Stronger office job creation than nationally</i>
Supply indicators							
Inventory in sq. ft.	89,466,944	88,757,088	88,383,968	7,237,517,312	7,222,925,312	7,276,806,144	
Net delivered over 12 months, in sq.ft.	2,410,001	1,671,290	2,103,643	59,502,409	57,367,205	45,533,641	
Net delivered units, as % of inventory	2.7%	1.9%	2.4%	0.8%	0.8%	0.6%	<i>More delivered space relative to inventory than nationally</i>
Under construction in sq.ft.	3,545,808	3,846,797	3,461,478	142,297,840	141,203,264	155,258,080	
Under construction, as % of inventory	4.0%	4.3%	3.9%	2.0%	2.0%	2.1%	<i>Construction activity is more robust than nationally</i>
Sales transactions							
Total investment acquisitions (in million \$)	\$246	\$390	\$509	\$28,031	\$29,974	\$21,646	<i>Sales transactions are not rising as fast than nationally</i>
Transaction sale price per sq.ft.	\$285	\$287	\$272	\$305	\$306	\$301	<i>Prices are rising faster nationally</i>
Market cap rate	7.0%	7.0%	7.2%	7.0%	7.0%	7.0%	<i>Cap rates are higher than nationally</i>

# NAR Commercial Real Estate Metro Market Report | 2021.Q4

## Nashville-Davidson-Murfreesboro-Franklin, TN

Core-Based Statistical Area Code: 34980

### IV. Industrial

	Nashville-Davidson-Murfreesboro-Franklin, TN			U.S.			
	2021 Q4	2021 Q3	2020 Q4	2021 Q4	2021 Q3	2020 Q4	
<b>Demand indicators</b>							
Vacancy rate	3.2%	3.5%	3.6%	4.2%	4.6%	5.5%	<i>The area has lower vacancy rate than nationally</i>
Absorption in sq.ft. over the quarter	2,083,198	4,867,481	820,844	134,147,704	163,473,664	85,677,192	
Absorption in sq.ft. over 12 months	9,560,492	8,298,138	3,854,732	502,819,872	454,349,376	223,162,272	<i>The area has stronger absorption than nationally</i>
Absorption in past 12 months as % of inventory	3.9%	3.4%	1.6%	3.0%	2.7%	1.4%	
Market rent per sq.ft.	\$9.3	\$8.9	\$8.2	\$9.8	\$9.5	\$9.0	<i>Rents are rising faster than nationally</i>
Market rent growth, y/y % chg.	13.2%	10.6%	8.5%	8.6%	7.2%	4.6%	
<b>Supply indicators</b>							
Inventory in sq. ft.	243,575,232	241,492,032	234,014,752	16,815,425,536	16,680,851,456	16,312,040,448	
Net delivered over 12 months, in sq.ft.	8,995,628	8,750,587	1,132,326	283,714,234	297,459,785	307,128,078	<i>More deliveries relative to inventory than nationally</i>
Net delivered units, as % of inventory	3.7%	3.6%	0.5%	1.7%	1.8%	1.9%	
Under construction in sq.ft.	9,594,043	9,752,918	12,835,877	508,025,152	466,780,896	340,499,936	<i>More delivered space relative to inventory than nationally</i>
Under construction, as % of inventory	3.9%	4.0%	5.5%	3.0%	2.8%	2.1%	
<b>Sales transactions</b>							
Total investment acquisitions (in million \$)	\$379	\$230	\$200	\$34,773	\$30,151	\$29,578	<i>Sales transactions are rising faster than nationally</i>
Transaction sale price per sq.ft.	\$150	\$89	\$67	\$144	\$127	\$110	<i>Prices are rising faster nationally</i>
Market cap rate	6.0%	6.0%	6.1%	6.3%	6.3%	6.4%	<i>Cap rates are lower than nationally</i>

### V. Retail

	Nashville-Davidson-Murfreesboro-Franklin, TN			U.S.			
	2021 Q4	2021 Q3	2020 Q4	2021 Q4	2021 Q3	2020 Q4	
<b>Demand indicators</b>							
Vacancy rate	3.8%	4.0%	4.5%	4.6%	4.8%	5.1%	<i>The area has a lower vacancy rate than nationally</i>
Absorption in sq.ft. over the quarter	402,701	337,162	2,060	28,236,304	29,377,518	689,343	
Absorption in sq.ft. over 12 months	1,346,335	945,694	63,569	76,321,048	48,774,088	(28,079,124)	<i>The area has stronger absorption than nationally</i>
Absorption in past 12 months as % of inventory	1.2%	0.8%	0.1%	0.7%	0.4%	-0.3%	
Market rent per sq.ft.	\$25.3	\$24.5	\$23.4	\$22.5	\$22.3	\$21.9	<i>Rents are rising faster than nationally</i>
Market rent growth, y/y % chg.	8.3%	6.5%	6.6%	2.8%	2.1%	0.8%	<i>The area has weaker retail trade job creation than nationally</i>
Y/Y chg.in retail trade payroll employment ('000) <i>(as of latest available month of the quarter)</i>	2.40	3.60	(1.60)	372.10	387.70	(473.90)	
<b>Supply indicators</b>							
Inventory in sq. ft.	113,952,216	113,549,512	112,605,880	11,209,097,216	11,180,823,552	11,132,858,368	<i>Relatively fewer units delivered than nationally</i>
Net delivered over 12 months, in sq.ft.	420,157	619,785	863,959	21,047,385	28,105,270	41,736,234	<i>More delivered space relative to inventory than nationally</i>
Net delivered units, as % of inventory	0.4%	0.5%	0.8%	0.2%	0.3%	0.4%	
Under construction in sq.ft.	528,472	589,793	544,276	50,577,712	53,660,692	52,556,572	<i>Construction activity is more robust than nationally</i>
Under construction, as % of inventory	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	
<b>Sales transactions</b>							
Total investment acquisitions (in million \$)	\$409	\$347	\$319	\$24,585	\$21,801	\$18,723	<i>Sales transactions are not rising as fast than nationally</i>
Transaction sale price per sq.ft.	\$329	\$212	\$214	\$237	\$204	\$192	<i>Prices are rising faster nationally</i>
Market cap rate	6.3%	6.4%	6.5%	7.0%	7.0%	7.0%	<i>Cap rates are lower than nationally</i>

### VI. Hotel/Lodging

	Nashville-Davidson-Murfreesboro-Franklin, TN			U.S.			
	2021 Q4 (Nov)	2021 Q3 (Sept)	2020 Q4 (Dec)	2021 Q4 (Nov)	2021 Q3 (Sept)	2020 Q4 (Dec)	
Leisure and hospitality payroll workers ('000)	108.0	107.6	95.2	15,362	15,397	12,896	
Y/Y change ('000)	12.3	13.5	(27.3)	2,533.0	1,841.0	(3,541.0)	<i>Job creation in the leisure industry is stronger than nationally</i>
% share to nonfarm payroll employment	10.2%	10.3%	9.3%	10.2%	10.4%	9.0%	<i>Lower fraction of workers in leisure industry than nationally</i>

Sources of data used: CoStar®, US Census Bureau, US Bureau of Labor Statistics, and US Bureau of Economic Analysis.

\*An index below 50 means local market conditions are weaker than nationally, above 50 means local market conditions are stronger, and 50 means local market conditions are about the same as nationally.

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