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RM Moore

Q2 2023

Knoxville Market Report

90.4 M
Inventory SF

795 K
12 Mo Net Absorption SF

1.3%
Vacancy Rate

\$8.07
Market Rent/SF



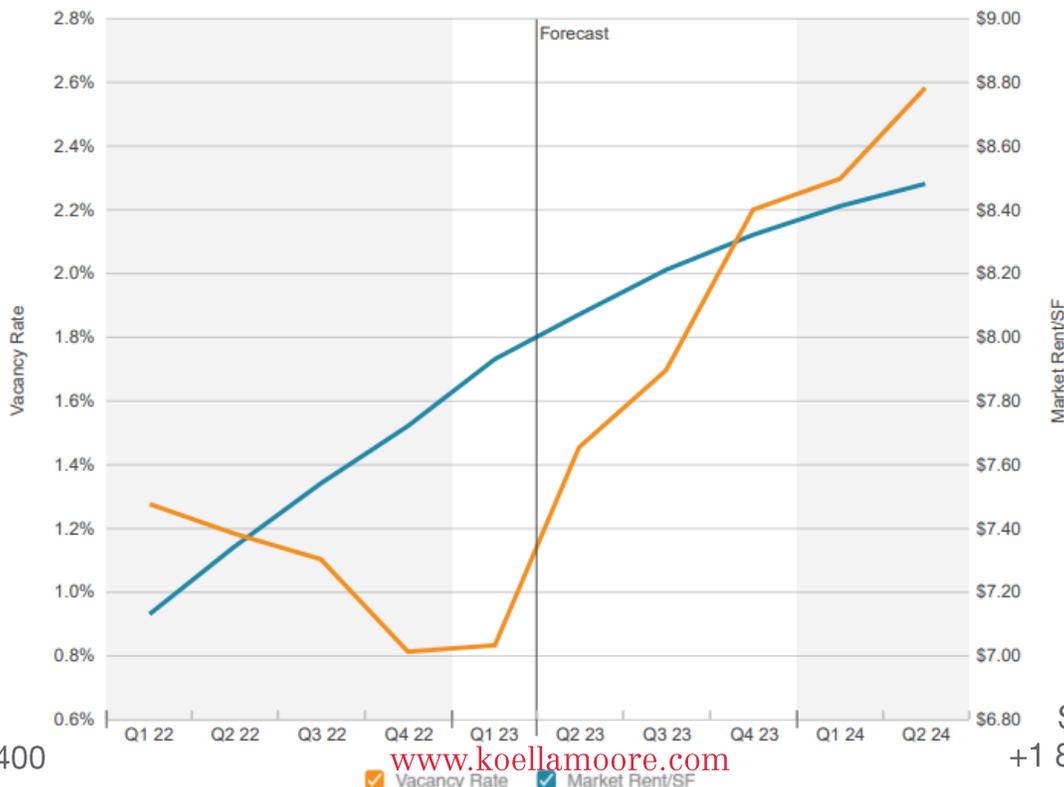
METRO KNOXVILLE VACANCY RATE LOWEST IN SOUTHEAST REGION

Knoxville's industrial market has performed well in recent years. At 0.8%, the metro's vacancy rate is one of the lowest in the Southeast region, as steady demand, coupled with a lack of large-scale speculative supply, has kept industrial vacancies at a minimum. Owners are capitalizing on the tight market and are raising rents at a brisk pace. Year-over-year rent growth of 10.0% marks an improvement compared to rent gains posted in the quarters following the onset of the pandemic.

Low business costs and a strategic location have attracted many national companies to Knoxville. Amazon announced in February 2021 that they would be coming to East Tennessee, investing at least \$200 million into their proposed Alcoa fulfillment center and creating an estimated 800 jobs as a result. Since the initial announcement, the company purchased the former Knoxville Center Mall site to use as a delivery station and most recently a third East Tennessee site in Blount County. Last August Smith and Wesson, one of the country's oldest firearms manufacturers, announced that they would be moving their headquarters to Blount County. The company anticipates upwards of 750 jobs will be moving from Springfield, Massachusetts to Maryville. However, the industrial sector in Knoxville is more centered on manufacturing and local distribution rather than the large-scale regional distribution companies that are driving industrial demand in large metros such as Nashville and Atlanta. While Knoxville is not a hub for industrial investment, sales volume hardly took a hit after the start of the pandemic. Values have appreciated over the past several years, but industrial assets typically trade at a discount to comparable properties in nearby Nashville.

Source: CoStar Group

Vacancy Rates & Rental Rates Per SF



Source: CoStar Group

Sevierville

+1 865 453 8111

Knoxville

+1 865 531 6400

Submarket Overview

| | |
|--|--|
| <p>Anderson County \$888M Asset Value Knoxville - TN</p> <p>Inventory SF 10.4M ↑ Market Rent/SF \$7.22 ↑ Under Constr SF 0 ↓ Annual Rent Growth 10.1% ↑ 12 Mo Net Absorp SF 223K Market Sale Price/SF \$85 ↑ Vacancy Rate 0.4% ↓ 12 Mo Sales Vol \$17.6M ↓</p> | <p>Bearden/Papermill/W Town \$463M Asset Value Knoxville - TN</p> <p>Inventory SF 5.6M ↑ Market Rent/SF \$8.66 ↑ Under Constr SF 0 ↓ Annual Rent Growth 9.8% ↑ 12 Mo Net Absorp SF 78.5K Market Sale Price/SF \$83 ↑ Vacancy Rate 0% ↓ 12 Mo Sales Vol \$21.5M ↑</p> |
| <p>Blount County \$1.2B Asset Value Knoxville - TN</p> <p>Inventory SF 14.9M ↑ Market Rent/SF \$8.61 ↑ Under Constr SF 805K ↓ Annual Rent Growth 10.0% ↑ 12 Mo Net Absorp SF 245K Market Sale Price/SF \$74 ↑ Vacancy Rate 0.8% ↑ 12 Mo Sales Vol \$56.2M ↑</p> | <p>Campbell Station/Farragut \$11.6M Asset Value Knoxville - TN</p> <p>Inventory SF 147K ↑ Market Rent/SF \$9.25 ↑ Under Constr SF 0 ↓ Annual Rent Growth 9.2% ↑ 12 Mo Net Absorp SF 0 Market Sale Price/SF \$79 ↑ Vacancy Rate 0% ↓ 12 Mo Sales Vol \$0 ↓</p> |
| <p>Cedar Bluff/Walker Spgs \$34.8M Asset Value Knoxville - TN</p> <p>Inventory SF 381K ↓ Market Rent/SF \$9.66 ↑ Under Constr SF 0 ↓ Annual Rent Growth 9.0% ↑ 12 Mo Net Absorp SF 0 Market Sale Price/SF \$91 ↑ Vacancy Rate 0% ↓ 12 Mo Sales Vol \$0 ↓</p> | <p>Downtown \$118M Asset Value Knoxville - TN</p> <p>Inventory SF 2.2M ↓ Market Rent/SF \$6.04 ↑ Under Constr SF 0 ↓ Annual Rent Growth 10.0% ↑ 12 Mo Net Absorp SF (42.3K) Market Sale Price/SF \$53 ↑ Vacancy Rate 3.0% ↑ 12 Mo Sales Vol \$7.5M ↓</p> |
| <p>East \$241M Asset Value Knoxville - TN</p> <p>Inventory SF 2.9M ↑ Market Rent/SF \$7.36 ↑ Under Constr SF 0 ↓ Annual Rent Growth 10.6% ↑ 12 Mo Net Absorp SF 220K Market Sale Price/SF \$83 ↑ Vacancy Rate 0% ↓ 12 Mo Sales Vol \$0 ↓</p> | <p>Loudon County \$456M Asset Value Knoxville - TN</p> <p>Inventory SF 6.7M ↑ Market Rent/SF \$7.40 ↑ Under Constr SF 520K ↑ Annual Rent Growth 10.6% ↑ 12 Mo Net Absorp SF 52.8K Market Sale Price/SF \$64 ↑ Vacancy Rate 0% ↓ 12 Mo Sales Vol \$21.7M ↑</p> |
| <p>North/Broadway \$1.4B Asset Value Knoxville - TN</p> <p>Inventory SF 18.8M ↑ Market Rent/SF \$7.96 ↑ Under Constr SF 317K ↑ Annual Rent Growth 9.8% ↑ 12 Mo Net Absorp SF 25.6K Market Sale Price/SF \$72 ↑ Vacancy Rate 1.6% ↓ 12 Mo Sales Vol \$29.5M ↓</p> | <p>North/Emory Road \$181M Asset Value Knoxville - TN</p> <p>Inventory SF 2.1M ↑ Market Rent/SF \$9.51 ↑ Under Constr SF 0 ↓ Annual Rent Growth 8.6% ↑ 12 Mo Net Absorp SF 3K Market Sale Price/SF \$86 ↑ Vacancy Rate 4.7% ↑ 12 Mo Sales Vol \$0 ↓</p> |
| <p>Pellissippi/Lovell \$1B Asset Value Knoxville - TN</p> <p>Inventory SF 9.6M ↑ Market Rent/SF \$10.50 ↑ Under Constr SF 160K ↓ Annual Rent Growth 9.6% ↑ 12 Mo Net Absorp SF 236K Market Sale Price/SF \$103 ↑ Vacancy Rate 0.4% ↓ 12 Mo Sales Vol \$53.2M ↑</p> | <p>South \$704M Asset Value Knoxville - TN</p> <p>Inventory SF 9.8M ↑ Market Rent/SF \$7.03 ↑ Under Constr SF 0 ↓ Annual Rent Growth 10.4% ↑ 12 Mo Net Absorp SF (138K) Market Sale Price/SF \$72 ↑ Vacancy Rate 4.3% ↑ 12 Mo Sales Vol \$68.8M ↑</p> |
| <p>Union County \$26.7M Asset Value Knoxville - TN</p> <p>Inventory SF 453K ↓ Market Rent/SF \$9.13 ↑ Under Constr SF 0 ↓ Annual Rent Growth 9.1% ↑ 12 Mo Net Absorp SF 0 Market Sale Price/SF \$59 ↑ Vacancy Rate 0% ↓ 12 Mo Sales Vol \$443K</p> | |

Source: CoStar Group

37.7 M
Inventory SF

266K
12 Mo Net Absorption SF

4.2%
Vacancy Rate

\$20.16
Market Rent/SF

OFFICE DEMAND CONTINUES TO INCREASE

Demand for office space in Knoxville has started to pick back up over the past two years, but still remains muted overall. In fact, had it not been for the removal of nearly 350,000 SF of office space since the beginning of 2020, the market's vacancy rate would likely be drastically higher than the current rate of 4.1%. Yet, it also speaks to how tight the market was prior to the onset of the pandemic, as it entered 2020 with a sub-4% rate.

A key component of the local office market has been the lack of development in recent years. The last time a calendar year registered at least 100,000 SF of new supply was in 2017. Since then, an average of about 70,000 SF has opened its doors each year since 2018. That's an incredibly tame average, especially when compared with the 550,000 SF average the market observed from 2007 through 2011, amid the last economic downturn. As a result, supply-side pressures have been limited at a time when tenants have been reevaluating their footprints.

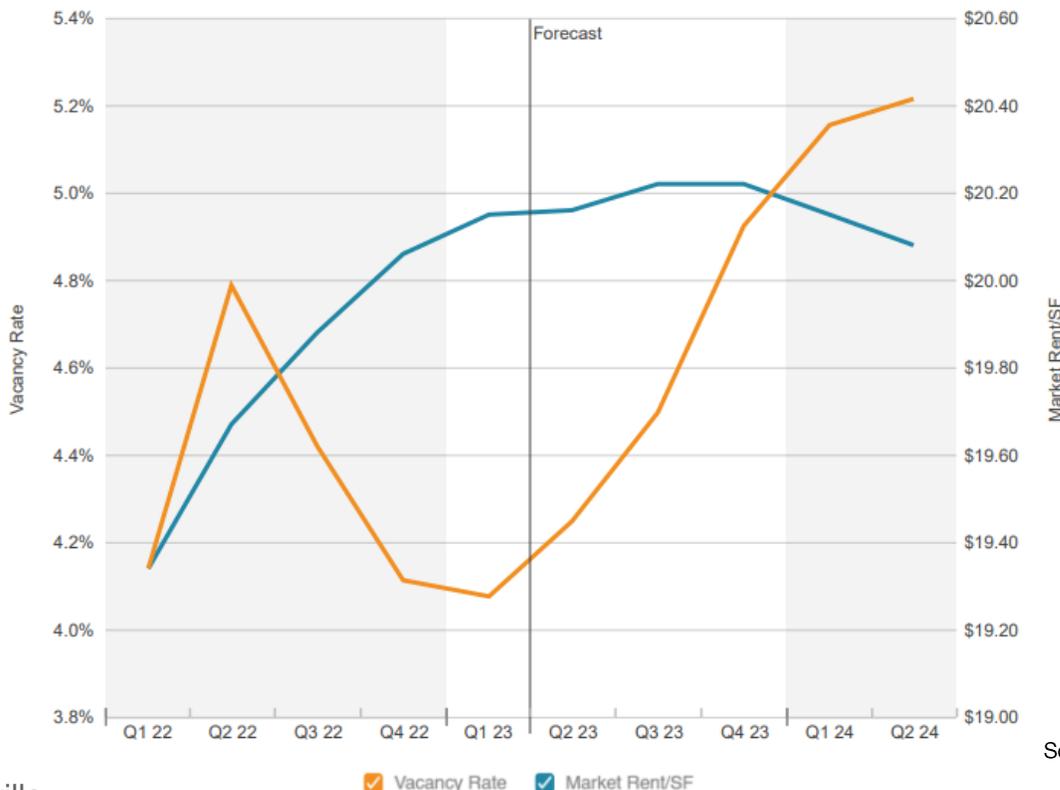
A rapid economic recovery has coincided with an uptick in office leasing activity though, which has seemed to limit the headline negativity on the demand side as of late. For example, from 2015 through 2019, annual leasing activity averaged about 950,000 SF. That total dipped to 525,000 SF in 2020 but has since risen back to more than 950,000 SF of leasing activity in each of the past two years. Anchoring that uptick has been leases by CGI Federal (32,400 SF), Lewis Thomason, PC (30,900 SF), SouthEast Bank (14,600 SF), and Geosyntec Consultants (13,250 SF), which have all been signed since spring 2022.

A tight vacancy rate coupled with an under-construction pipeline that is nearly fully committed to has kept pricing power in the hands of landlords, but only minimally. After all, there is still a rising uncertainty surrounding the future of office-using needs both locally and nationally, in addition to the potential for economic turbulence in the coming quarters according to Oxford Economics.

Within the capital markets, well-leased assets have still been fetching above-average pricing, even amid an everchanging lending environment. For example, in August 2022, a Louisville-based investment firm acquired the 100,340-SF property at 11400 Parkside Dr. for \$24.5 million (\$244/SF). The 2007-built asset was fully leased at the time of sale, with Viking Partners having initially acquired the property for \$15 million (\$149/SF) in 2018.

Vacancy Rates & Rental Rates Per SF

Source: CoStar Group



Source: CoStar Group

Submarket Overview

Anderson County | \$314M Asset Value

Knoxville - TN

| | | | |
|---------------------|---------|----------------------|-----------|
| Inventory SF | 3.1M ↑ | Market Rent/SF | \$18.47 ↑ |
| Under Constr SF | 0 ↓ | Annual Rent Growth | 2.5% ↑ |
| 12 Mo Net Absorp SF | (31.7K) | Market Sale Price/SF | \$100 ↓ |
| Vacancy Rate | 3.6% ↑ | 12 Mo Sales Vol | \$16.4M ↓ |

Bearden/Papermill/W Town | \$834M Asset Value

Knoxville - TN

| | | | |
|---------------------|--------|----------------------|-----------|
| Inventory SF | 5.9M ↓ | Market Rent/SF | \$22.26 ↑ |
| Under Constr SF | 0 ↓ | Annual Rent Growth | 2.5% ↑ |
| 12 Mo Net Absorp SF | 39.8K | Market Sale Price/SF | \$142 ↓ |
| Vacancy Rate | 4.6% ↓ | 12 Mo Sales Vol | \$67.1M ↑ |

Blount County | \$391M Asset Value

Knoxville - TN

| | | | |
|---------------------|--------|----------------------|-----------|
| Inventory SF | 3.3M ↓ | Market Rent/SF | \$18.87 ↑ |
| Under Constr SF | 0 ↓ | Annual Rent Growth | 2.5% ↑ |
| 12 Mo Net Absorp SF | 27.9K | Market Sale Price/SF | \$117 ↓ |
| Vacancy Rate | 2.5% ↓ | 12 Mo Sales Vol | \$7.9M ↓ |

Campbell Station/Farragut | \$166M Asset Value

Knoxville - TN

| | | | |
|---------------------|---------|----------------------|-----------|
| Inventory SF | 1M ↓ | Market Rent/SF | \$22.89 ↑ |
| Under Constr SF | 37.8K | Annual Rent Growth | 2.8% ↑ |
| 12 Mo Net Absorp SF | (30.5K) | Market Sale Price/SF | \$158 ↑ |
| Vacancy Rate | 7.2% ↑ | 12 Mo Sales Vol | \$25M ↑ |

Cedar Bluff/Walker Spgs | \$395M Asset Value

Knoxville - TN

| | | | |
|---------------------|--------|----------------------|-----------|
| Inventory SF | 3M ↓ | Market Rent/SF | \$20.42 ↑ |
| Under Constr SF | 0 ↓ | Annual Rent Growth | 2.3% ↑ |
| 12 Mo Net Absorp SF | 39.8K | Market Sale Price/SF | \$130 ↓ |
| Vacancy Rate | 3.8% ↓ | 12 Mo Sales Vol | \$3.1M ↓ |

Downtown | \$784M Asset Value

Knoxville - TN

| | | | |
|---------------------|--------|----------------------|-----------|
| Inventory SF | 5.3M ↓ | Market Rent/SF | \$20.78 ↑ |
| Under Constr SF | 0 ↓ | Annual Rent Growth | 2.8% ↑ |
| 12 Mo Net Absorp SF | 50.4K | Market Sale Price/SF | \$147 ↓ |
| Vacancy Rate | 2.9% ↓ | 12 Mo Sales Vol | \$20.8M ↑ |

East | \$31.2M Asset Value

Knoxville - TN

| | | | |
|---------------------|--------|----------------------|-----------|
| Inventory SF | 267K ↓ | Market Rent/SF | \$18.08 ↑ |
| Under Constr SF | 0 ↓ | Annual Rent Growth | 2.0% ↑ |
| 12 Mo Net Absorp SF | (3.5K) | Market Sale Price/SF | \$117 ↓ |
| Vacancy Rate | 3.0% ↑ | 12 Mo Sales Vol | \$435K ↓ |

Loudon County | \$128M Asset Value

Knoxville - TN

| | | | |
|---------------------|--------|----------------------|-----------|
| Inventory SF | 961K ↑ | Market Rent/SF | \$20.39 ↑ |
| Under Constr SF | 0 ↓ | Annual Rent Growth | 2.5% ↑ |
| 12 Mo Net Absorp SF | 21.4K | Market Sale Price/SF | \$133 ↓ |
| Vacancy Rate | 6.6% ↑ | 12 Mo Sales Vol | \$9M ↓ |

North/Broadway | \$552M Asset Value

Knoxville - TN

| | | | |
|---------------------|--------|----------------------|-----------|
| Inventory SF | 4.7M ↑ | Market Rent/SF | \$17.75 ↑ |
| Under Constr SF | 5K ↓ | Annual Rent Growth | 2.3% ↑ |
| 12 Mo Net Absorp SF | 56.3K | Market Sale Price/SF | \$118 ↓ |
| Vacancy Rate | 3.3% ↓ | 12 Mo Sales Vol | \$13.5M ↓ |

North/Emory Road | \$97.9M Asset Value

Knoxville - TN

| | | | |
|---------------------|--------|----------------------|-----------|
| Inventory SF | 691K ↓ | Market Rent/SF | \$22.51 ↑ |
| Under Constr SF | 0 ↓ | Annual Rent Growth | 2.9% ↑ |
| 12 Mo Net Absorp SF | (1K) | Market Sale Price/SF | \$142 ↓ |
| Vacancy Rate | 3.6% ↑ | 12 Mo Sales Vol | \$2.1M ↓ |

Pellissippi/Lovell | \$746M Asset Value

Knoxville - TN

| | | | |
|---------------------|--------|----------------------|-----------|
| Inventory SF | 5.3M ↓ | Market Rent/SF | \$21.39 ↑ |
| Under Constr SF | 59.7K | Annual Rent Growth | 2.5% ↑ |
| 12 Mo Net Absorp SF | 34.1K | Market Sale Price/SF | \$140 ↓ |
| Vacancy Rate | 5.4% ↓ | 12 Mo Sales Vol | \$14.4M ↓ |

South | \$255M Asset Value

Knoxville - TN

| | | | |
|---------------------|--------|----------------------|-----------|
| Inventory SF | 1.9M ↑ | Market Rent/SF | \$19.27 ↑ |
| Under Constr SF | 0 ↓ | Annual Rent Growth | 2.6% ↑ |
| 12 Mo Net Absorp SF | 67.5K | Market Sale Price/SF | \$133 ↓ |
| Vacancy Rate | 2.2% ↓ | 12 Mo Sales Vol | \$8.1M ↑ |

Union County | \$18.3M Asset Value

Knoxville - TN

| | | | |
|---------------------|--------|----------------------|-----------|
| Inventory SF | 174K ↓ | Market Rent/SF | \$18.78 ↑ |
| Under Constr SF | 0 ↓ | Annual Rent Growth | 2.1% ↑ |
| 12 Mo Net Absorp SF | 0 | Market Sale Price/SF | \$105 ↓ |
| Vacancy Rate | 0% ↓ | 12 Mo Sales Vol | \$400K ↑ |

60.4 M
Inventory SF

359 K
12 Mo Net Absorption SF

2.6%
Vacancy Rate

\$17.56
Market Rent/SF



VACANCY RATES STARTING TO TREND DOWN

Knoxville's retail market has been resilient amid the pandemic. That has been evidenced by its vacancy rate, which, at just 2.4%, is below the metro's rate entering 2020. Furthermore, despite the negative absorption that the metro registered in 2020, the bulk of that negativity was offset by the demolition of Knoxville Center in 21Q2, which helped push the overall vacancy rate lower, following a temporary spike.

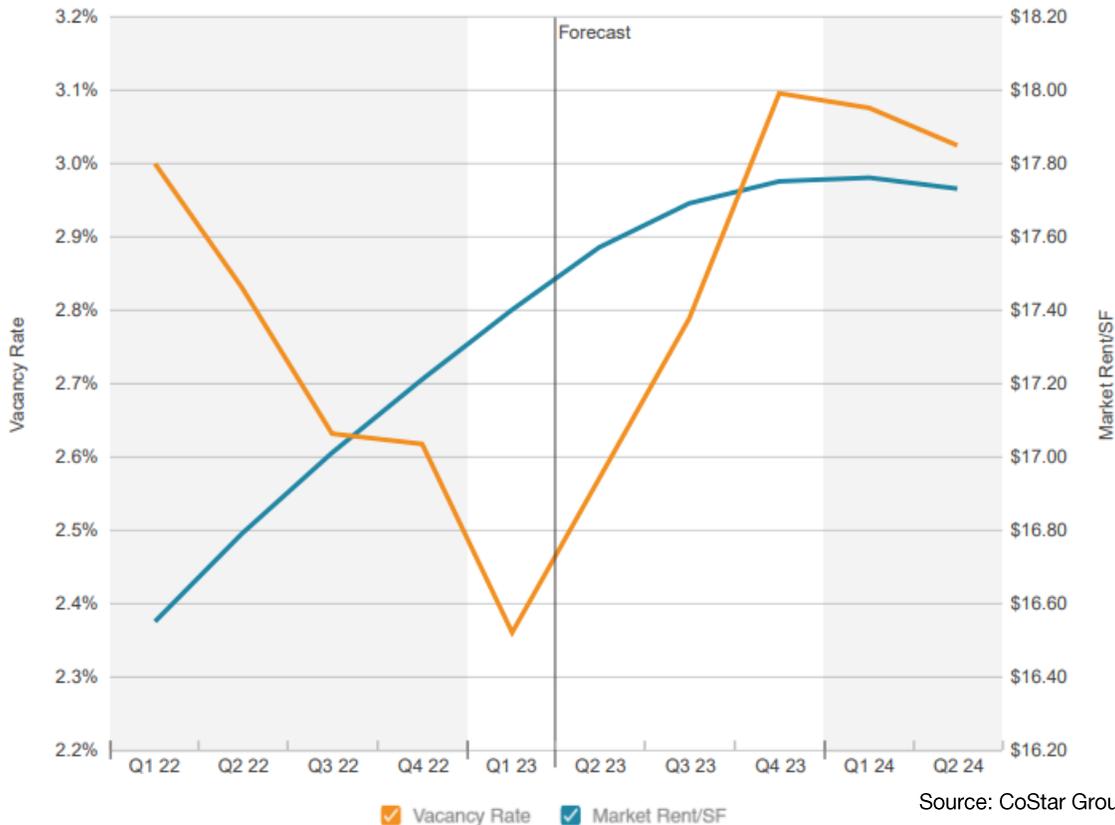
The demolition of the 996,000 SF Knoxville Center serves as a microcosm of the transformation taking place within the retail sector, both locally and nationally. The site is now being developed into a 220,000 SF distribution center for Amazon, as the e-commerce giant seeks to grow its footprint in the area and increase its customer reach. The overall lack of retail development, coupled with demolitions such as this, has essentially kept Knoxville's retail inventory flat since 2016. That has alleviated some of the pressures on occupancies, particularly during turbulent times, such as in the early weeks and months of the pandemic as stores closed their doors.

The pipeline in Knoxville remains light. With about 230,000 SF of retail space underway and most of that space already committed to, supply-side pressures are minimal. That, along with the aforementioned tight vacancy rate, has allowed for rent growth to accelerate and even surpass pre-pandemic annual averages.

Retail investors have been keen on the market's performance as well, and while transactional activity cooled off year over year in 2022 amid the rise in interest rates, pricing has risen over that same period. Among recent deals, the sale of a fully leased Food City location in Maynardville was emblematic of recent pricing trends. The 2008-built, 46,300-SF center sold in July 2022 for \$7 million (\$160/SF). It was reported that the buyer was seeking a high-performing supermarket to fit into their portfolio, while the seller was looking to capitalize on high demand for net-leased grocery product.

Source: CoStar Group

Vacancy Rates & Rental Rates Per SF



Source: CoStar Group

Submarket Overview

Anderson County | \$995M Asset Value

Knoxville - TN

| | | | |
|---------------------|--------|----------------------|-----------|
| Inventory SF | 5.9M ↑ | Market Rent/SF | \$16.18 ↑ |
| Under Constr SF | 12K ↓ | Annual Rent Growth | 4.5% ↑ |
| 12 Mo Net Absorp SF | 57.1K | Market Sale Price/SF | \$168 ↑ |
| Vacancy Rate | 1.8% ↓ | 12 Mo Sales Vol | \$14.1M ↓ |

Bearden/Papermill/W Town | \$1.2B Asset Value

Knoxville - TN

| | | | |
|---------------------|--------|----------------------|-----------|
| Inventory SF | 6.5M ↓ | Market Rent/SF | \$23.22 ↑ |
| Under Constr SF | 0 ↓ | Annual Rent Growth | 4.4% ↑ |
| 12 Mo Net Absorp SF | 109K | Market Sale Price/SF | \$183 ↑ |
| Vacancy Rate | 2.6% ↓ | 12 Mo Sales Vol | \$13M ↓ |

Blount County | \$1.2B Asset Value

Knoxville - TN

| | | | |
|---------------------|--------|----------------------|-----------|
| Inventory SF | 7.5M ↑ | Market Rent/SF | \$16.67 ↑ |
| Under Constr SF | 112K ↑ | Annual Rent Growth | 4.3% ↑ |
| 12 Mo Net Absorp SF | 3.3K | Market Sale Price/SF | \$161 ↑ |
| Vacancy Rate | 3.5% ↑ | 12 Mo Sales Vol | \$27.6M ↓ |

Campbell Station/Farragut | \$771M Asset Value

Knoxville - TN

| | | | |
|---------------------|---------|----------------------|-----------|
| Inventory SF | 3.8M ↑ | Market Rent/SF | \$24.31 ↑ |
| Under Constr SF | 19.6K ↓ | Annual Rent Growth | 5.1% ↑ |
| 12 Mo Net Absorp SF | 94.4K | Market Sale Price/SF | \$200 ↑ |
| Vacancy Rate | 2.6% ↓ | 12 Mo Sales Vol | \$9.1M ↓ |

Cedar Bluff/Walker Spgs | \$434M Asset Value

Knoxville - TN

| | | | |
|---------------------|--------|----------------------|-----------|
| Inventory SF | 2.6M ↓ | Market Rent/SF | \$20.50 ↑ |
| Under Constr SF | 0 ↓ | Annual Rent Growth | 5.3% ↑ |
| 12 Mo Net Absorp SF | 9.9K | Market Sale Price/SF | \$168 ↑ |
| Vacancy Rate | 1.8% ↓ | 12 Mo Sales Vol | \$6.8M ↓ |

Downtown | \$509M Asset Value

Knoxville - TN

| | | | |
|---------------------|--------|----------------------|-----------|
| Inventory SF | 2.2M ↑ | Market Rent/SF | \$22.34 ↑ |
| Under Constr SF | 0 ↓ | Annual Rent Growth | 5.0% ↑ |
| 12 Mo Net Absorp SF | 39.6K | Market Sale Price/SF | \$235 ↑ |
| Vacancy Rate | 5.7% ↓ | 12 Mo Sales Vol | \$25.8M ↑ |

East | \$223M Asset Value

Knoxville - TN

| | | | |
|---------------------|---------|----------------------|-----------|
| Inventory SF | 1.6M ↓ | Market Rent/SF | \$12.28 ↑ |
| Under Constr SF | 0 ↓ | Annual Rent Growth | 4.3% ↑ |
| 12 Mo Net Absorp SF | (17.5K) | Market Sale Price/SF | \$140 ↑ |
| Vacancy Rate | 2.1% ↑ | 12 Mo Sales Vol | \$3.2M ↓ |

Loudon County | \$461M Asset Value

Knoxville - TN

| | | | |
|---------------------|--------|----------------------|-----------|
| Inventory SF | 2.7M ↑ | Market Rent/SF | \$16.53 ↑ |
| Under Constr SF | 6.2K ↓ | Annual Rent Growth | 4.6% ↑ |
| 12 Mo Net Absorp SF | 21.7K | Market Sale Price/SF | \$168 ↑ |
| Vacancy Rate | 0.6% ↓ | 12 Mo Sales Vol | \$9.1M ↓ |

North/Broadway | \$1.8B Asset Value

Knoxville - TN

| | | | |
|---------------------|---------|----------------------|-----------|
| Inventory SF | 10.9M ↑ | Market Rent/SF | \$16.94 ↑ |
| Under Constr SF | 0 ↓ | Annual Rent Growth | 4.5% ↑ |
| 12 Mo Net Absorp SF | 96.3K | Market Sale Price/SF | \$164 ↑ |
| Vacancy Rate | 2.9% ↓ | 12 Mo Sales Vol | \$25.7M ↓ |

North/Emory Road | \$289M Asset Value

Knoxville - TN

| | | | |
|---------------------|--------|----------------------|-----------|
| Inventory SF | 1.4M ↑ | Market Rent/SF | \$19.09 ↑ |
| Under Constr SF | 14K ↓ | Annual Rent Growth | 4.4% ↑ |
| 12 Mo Net Absorp SF | 16.3K | Market Sale Price/SF | \$201 ↑ |
| Vacancy Rate | 0.6% ↓ | 12 Mo Sales Vol | \$3.6M ↓ |

Pellissippi/Lovell | \$960M Asset Value

Knoxville - TN

| | | | |
|---------------------|---------|----------------------|-----------|
| Inventory SF | 5.1M ↑ | Market Rent/SF | \$20.33 ↑ |
| Under Constr SF | 64.8K ↑ | Annual Rent Growth | 4.9% ↑ |
| 12 Mo Net Absorp SF | 24.4K | Market Sale Price/SF | \$187 ↑ |
| Vacancy Rate | 1.0% ↓ | 12 Mo Sales Vol | \$11.5M ↓ |

South | \$524M Asset Value

Knoxville - TN

| | | | |
|---------------------|--------|----------------------|-----------|
| Inventory SF | 4.2M ↓ | Market Rent/SF | \$12.44 ↑ |
| Under Constr SF | 0 ↓ | Annual Rent Growth | 4.6% ↑ |
| 12 Mo Net Absorp SF | (109K) | Market Sale Price/SF | \$125 ↑ |
| Vacancy Rate | 5.6% ↑ | 12 Mo Sales Vol | \$6M ↓ |

Union County | \$62.8M Asset Value

Knoxville - TN

| | | | |
|---------------------|--------|----------------------|-----------|
| Inventory SF | 509K ↓ | Market Rent/SF | \$10.84 ↑ |
| Under Constr SF | 0 ↓ | Annual Rent Growth | 4.0% ↑ |
| 12 Mo Net Absorp SF | 2.3K | Market Sale Price/SF | \$123 ↑ |
| Vacancy Rate | 0% ↓ | 12 Mo Sales Vol | \$7M ↑ |

Source: CoStar Group

41,571
Inventory Units

346
12 Mo Net Absorption Units

4.7%
Vacancy Rate

\$1,375
Market Rent/Unit

TIGHT VACANCY RATES CONTINUE

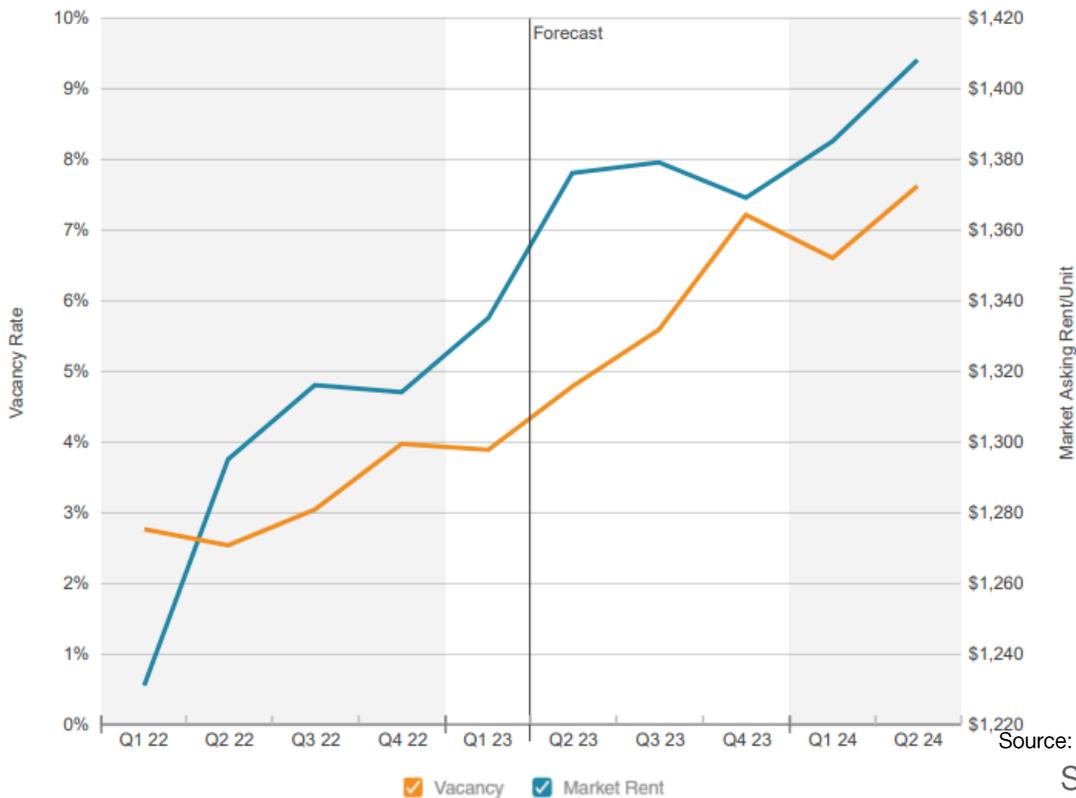
Knoxville's apartment market boasts a tight vacancy rate as of early 2023. However, the market's performance has been shifting lately, as some of the record-setting figures from 2021 have begun to subside. Namely, demand for apartments has regressed to pre-pandemic levels. All the while, supply additions have been ramping up. Developers have been keen on bringing additional communities to the area and Knoxville's under-construction pipeline is back near all-time highs. Driven by the presence of a younger renter cohort, as the area is home to the University of Tennessee and its enrollment of 32,000 students, roughly, 3,200 units are underway and expected to open their doors over the next two years. That is likely to bring about additional supply-side pressures, which will result in further vacancy expansion over that period.

Recent vacancy expansion, albeit minimal, has already begun to remove some of the sky-high pricing power that property managers have maintained over the past three years. In fact, asking rents have grown by more than 30% since the beginning of 2020. Yet, with demand cooling and supply additions ramping up, rents fell in the second half of 2022. Thus, the years of double-digit rent growth are likely in the past.

Multifamily investors have taken notice of Knoxville as well. Although transactional activity has slowed in recent months amid an ever-changing lending environment, that has followed one of the most active five-year stretches of multifamily investment in the market's history.

Source: CoStar Group

Vacancy Rates & Rental Rates Per Unit



Source: CoStar Group

Submarket Overview

Outlying Anderson County | \$83.3M Asset Value

Knoxville - TN

| | | | |
|--------------------|--------|-------------------------|----------|
| Inventory Units | 791 ↓ | Market Asking Rent/Unit | \$844 ↑ |
| Under Constr Units | 0 ↓ | Annual Rent Growth | 9.8% ↑ |
| 12 Mo Absorp Units | 0 | Market Sale Price/Unit | \$105K ↓ |
| Vacancy Rate | 0.2% ↑ | 12 Mo Sales Vol | \$1.2M |

Downtown Knoxville | \$638M Asset Value

Knoxville - TN

| | | | |
|--------------------|---------|-------------------------|-----------|
| Inventory Units | 2,895 ↑ | Market Asking Rent/Unit | \$1,798 ↑ |
| Under Constr Units | 348 ↓ | Annual Rent Growth | 12.6% ↑ |
| 12 Mo Absorp Units | 134 | Market Sale Price/Unit | \$197K ↑ |
| Vacancy Rate | 16.0% ↑ | 12 Mo Sales Vol | \$18.5M ↓ |

Eastern Knox County | \$2.7M Asset Value

Knoxville - TN

| | | | |
|--------------------|--------|-------------------------|-----------|
| Inventory Units | 58 ↓ | Market Asking Rent/Unit | \$686 ↑ |
| Under Constr Units | 0 ↓ | Annual Rent Growth | 1.6% ↑ |
| 12 Mo Absorp Units | 0 | Market Sale Price/Unit | \$46.7K ↓ |
| Vacancy Rate | 3.2% ↑ | 12 Mo Sales Vol | \$0 ↓ |

Loudon County | \$117M Asset Value

Knoxville - TN

| | | | |
|--------------------|--------|-------------------------|-----------|
| Inventory Units | 785 ↑ | Market Asking Rent/Unit | \$1,371 ↑ |
| Under Constr Units | 0 ↓ | Annual Rent Growth | 5.9% ↑ |
| 12 Mo Absorp Units | 228 | Market Sale Price/Unit | \$150K ↓ |
| Vacancy Rate | 6.3% ↑ | 12 Mo Sales Vol | \$415K ↓ |

Maryville/Alcoa | \$741M Asset Value

Knoxville - TN

| | | | |
|--------------------|---------|-------------------------|-----------|
| Inventory Units | 3,515 ↓ | Market Asking Rent/Unit | \$1,243 ↑ |
| Under Constr Units | 808 ↑ | Annual Rent Growth | 8.3% ↑ |
| 12 Mo Absorp Units | 75 | Market Sale Price/Unit | \$171K ↓ |
| Vacancy Rate | 2.2% ↓ | 12 Mo Sales Vol | \$11.8M ↓ |

North Knoxville | \$999M Asset Value

Knoxville - TN

| | | | |
|--------------------|---------|-------------------------|-----------|
| Inventory Units | 8,646 ↑ | Market Asking Rent/Unit | \$1,132 ↑ |
| Under Constr Units | 921 ↑ | Annual Rent Growth | 5.2% ↑ |
| 12 Mo Absorp Units | (82) | Market Sale Price/Unit | \$104K ↓ |
| Vacancy Rate | 4.6% ↑ | 12 Mo Sales Vol | \$12.4M ↓ |

Oak Ridge | \$296M Asset Value

Knoxville - TN

| | | | |
|--------------------|---------|-------------------------|-----------|
| Inventory Units | 2,432 ↑ | Market Asking Rent/Unit | \$1,123 ↑ |
| Under Constr Units | 0 ↓ | Annual Rent Growth | 9.0% ↑ |
| 12 Mo Absorp Units | 27 | Market Sale Price/Unit | \$122K ↓ |
| Vacancy Rate | 6.3% ↑ | 12 Mo Sales Vol | \$51.7M ↑ |

South Knoxville | \$315M Asset Value

Knoxville - TN

| | | | |
|--------------------|---------|-------------------------|-----------|
| Inventory Units | 2,183 ↓ | Market Asking Rent/Unit | \$1,231 ↑ |
| Under Constr Units | 240 | Annual Rent Growth | 5.1% ↑ |
| 12 Mo Absorp Units | (9) | Market Sale Price/Unit | \$130K ↑ |
| Vacancy Rate | 3.3% ↑ | 12 Mo Sales Vol | \$1.3M ↓ |

West Knoxville | \$2.2B Asset Value

Knoxville - TN

| | | | |
|--------------------|----------|-------------------------|-----------|
| Inventory Units | 14,239 ↑ | Market Asking Rent/Unit | \$1,414 ↑ |
| Under Constr Units | 401 ↓ | Annual Rent Growth | 6.0% ↑ |
| 12 Mo Absorp Units | 6 | Market Sale Price/Unit | \$154K ↓ |
| Vacancy Rate | 4.0% ↑ | 12 Mo Sales Vol | \$190M ↓ |

Western Knox County | \$1.5B Asset Value

Knoxville - TN

| | | | |
|--------------------|---------|-------------------------|-----------|
| Inventory Units | 5,124 ↓ | Market Asking Rent/Unit | \$1,774 ↑ |
| Under Constr Units | 1,278 ↑ | Annual Rent Growth | 3.1% ↑ |
| 12 Mo Absorp Units | (26) | Market Sale Price/Unit | \$227K ↓ |
| Vacancy Rate | 2.8% ↑ | 12 Mo Sales Vol | \$18.5M ↓ |

Union County | \$2M Asset Value

Knoxville - TN

| | | | |
|--------------------|--------|-------------------------|-----------|
| Inventory Units | 42 ↓ | Market Asking Rent/Unit | \$480 ↑ |
| Under Constr Units | 0 ↓ | Annual Rent Growth | 1.6% ↑ |
| 12 Mo Absorp Units | 0 | Market Sale Price/Unit | \$46.7K ↓ |
| Vacancy Rate | 2.7% ↑ | 12 Mo Sales Vol | \$1.1M |

Source: CoStar Group



NAI Koella RM Moore

NAI Koella | RM Moore has been shaping the East Tennessee commercial real estate landscape for **over 40 years** by providing expert, innovative business solutions to the community.

- NAI Koella | RM Moore is a full-service commercial real estate firm offering brokerage, development, advisory, and property management services.
- Our breadth of offerings and solid foundation in the community allows us to better understand and assist our clients in realizing their business objectives.
- At NAI Koella | RM Moore we are driven to create superior relationships and deliver exceptional results, and it is our people and their experience that make this possible.
- Each assignment and collaboration is different, but the keys to success are always the same - commitment and loyalty to our clients, solution-oriented thinking, and integrity in everything we do.

\$212+

Million in Total Volume
(2021)

#1

East Tennessee's Largest
Commercial Real Estate Firm

21

Brokers

3.6 M+

Square Feet of
Property Managed



POWER BROKER

2018 Top Firm Award



POWER BROKER

2018 Top Broker Award

Knoxville Market Facts & Figures

Build Your
Business Here!

Population 
861,424 Live in Knox Metro
3.7 Million
(Live w/in 100-mile radius)

9
Counties in
Knox MSA

Cost of Living 
US Average... **100**
Knox Metropolitan Area... **86.4**

Labor Force & Employment

Knox County  **246,227**
2.9% Unemployment Rate

Knox Metro  **413,470**
3.2% Metro Unemployment Rate



Post-Secondary Education

10 # of 4-Year Institutions
(Including TN's LARGEST & OLDEST)

 The University of Tennessee
30,599 - Fall 2020 Enrollment
9,813 - # of Faculty & Staff

Transportation

- 125** Truck Lines
- 5** Airlines
- 3** Interstates (40, 75, & 81)
- 3** Local River Terminals
- 2** Railroads



Reach  of US Population
within a day's drive

Directly LINKED to Great Lakes & Gulf of Mexico!



Knoxville MSA Businesses: **34,795**

INCLUDING:



Producers of:



Market Report

Terminology

Absorption (Net)

The change in occupied space in a given time period.

Available Square Footage

Net rentable area considered available for lease; excludes sublease space.

Average Asking Rental Rate

Rental rate as quoted from each building's owner/management company. For office space, a full service rate was requested; for retail, a triple net rate requested; for industrial, a NN basis.

Building Class

Class A product is office space of steel and concrete construction, built after 1980, quality tenants, excellent amenities & premium rates. Class B product is office space built after 1980, fair to good finishes & wide range of tenants.

Direct Vacancy

Space currently available for lease directly with the landlord or building owner.

Market Size

Includes all existing and under construction office buildings (office, office condo, office loft, office medical, all classes and all sizes, both multi-tenant and single-tenant, including owner-occupied buildings) within each market.

Overall Vacancy

All unoccupied lease space, either direct or sublease.

RBA

Rentable building area.

SF/PSF

Square foot/per square foot, used as a unit of measurement.

Sublease

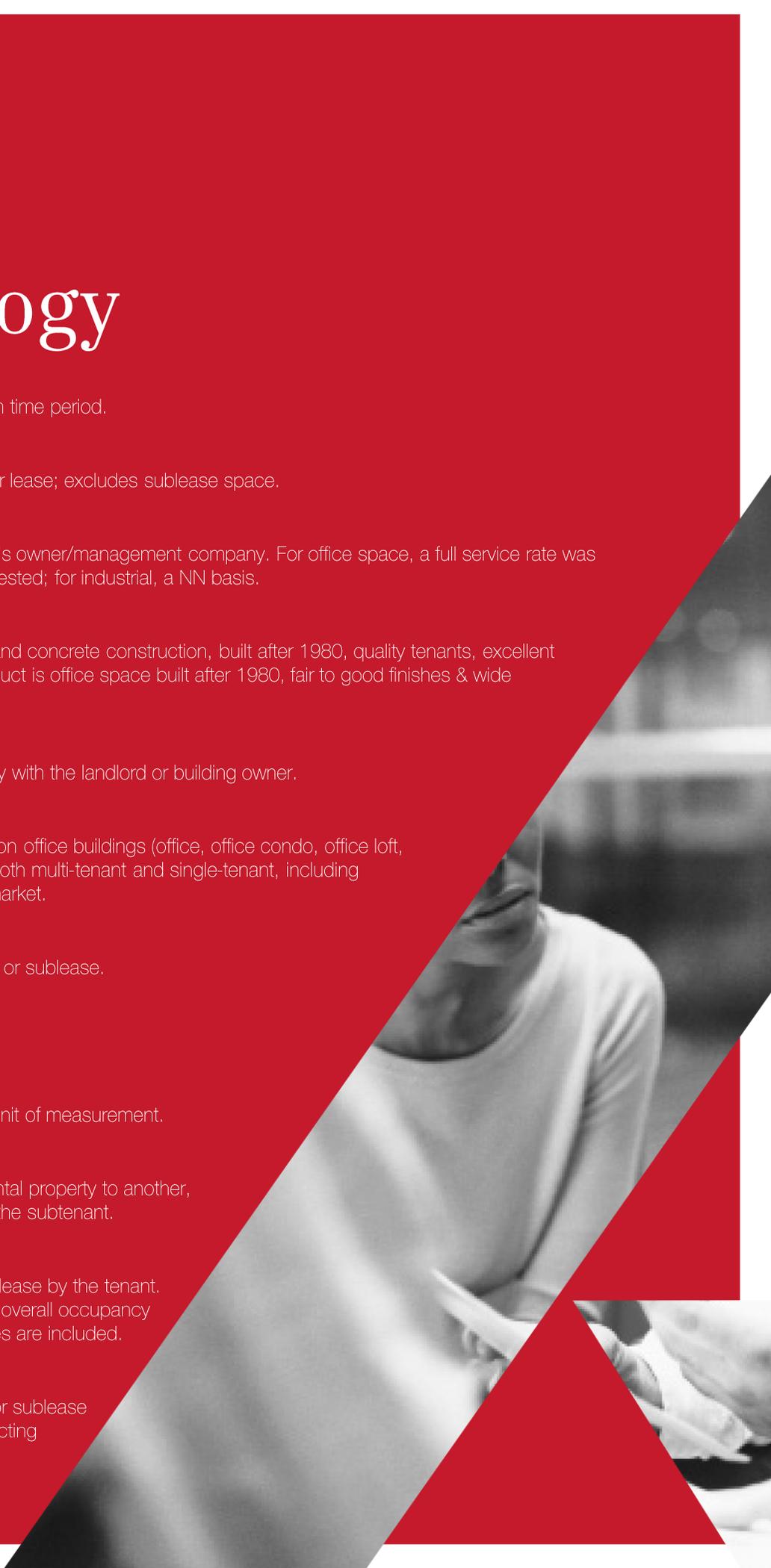
Arrangement in which a tenant leases rental property to another, and the tenant becomes the landlord to the subtenant.

Sublease Space

Total square footage being marketed for lease by the tenant. Sublease space is not considered in the overall occupancy or absorption numbers - only direct leases are included.

Sublease Vacancy

Space currently available in the market for sublease with an existing tenant within a building acting as the landlord.



Q1'23

Knoxville Market Report

The world's largest commercial real estate network.

Over 6,000+ professionals in more than 375+ offices worldwide.

All actively managed to work wherever you do.

Around the world, around the corner!



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