

NAI Koella
RM Moore

Q1 2024

Knoxville Market Report

91.3 M
Inventory SF

899 K
12 Mo Net Absorption SF

1.6%
Vacancy Rate

\$7.92
Market Rent/SF

METRO KNOXVILLE VACANCY RATE LOWEST IN NATION

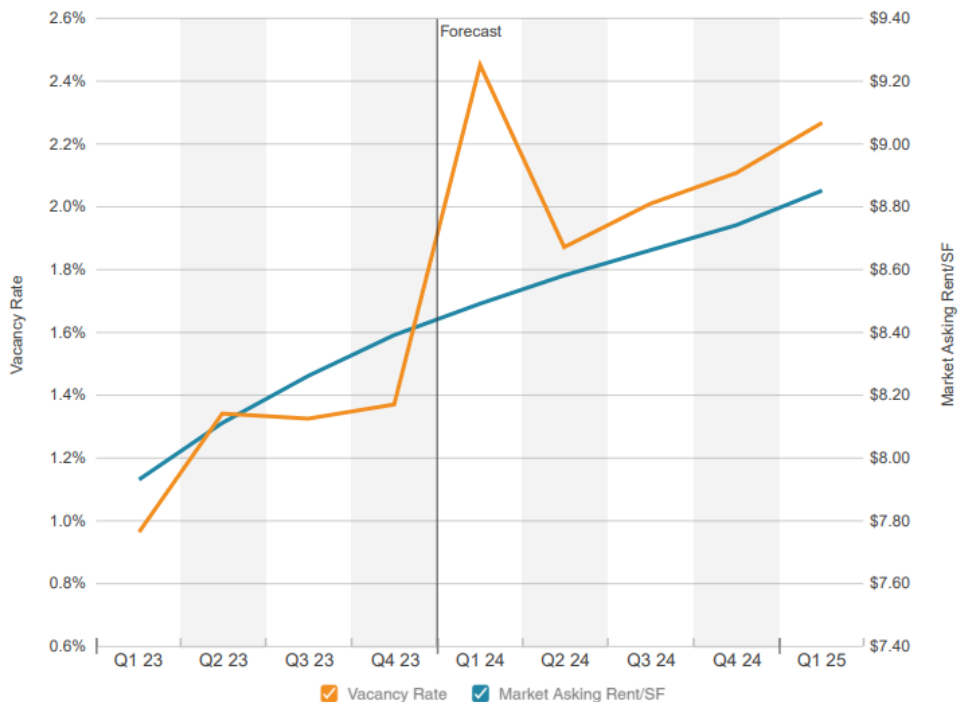
Knoxville's industrial market remains one of the tightest in the nation. At 1.6%, the metro's vacancy rate is several percentage points below the national average of about 6.2%, and the current rate is also well below Knoxville's long-term average rate of just over 5%. Anchoring the metro's recent performance has been the combination of steady demand and a lack of large-scale speculative supply, keeping industrial vacancies tight. Low business costs and a strategic location at the crossroads of I-75, I-40, and I-81 have attracted many national companies to Knoxville, such as 3M and Newell. As a result, vacancy has been below 2% since mid-2021. That means that just over 1.3 million SF of industrial space is physically vacant, which is not very much in a market of more than 90 million SF, and that continues to play into the hands of landlords.

Despite the tight vacancy rate, leasing activity has held steady. More than 2.4 million SF of industrial space was leased in 2023, and while that represented a decline compared to the more than 3.5 million SF of space leased in 2022, that was an all-time high mark for the metro. The 701,000-SF lease renewal by DENSO at 1720 Robert C Jackson Drive in 23Q2 led the way in notable recent deals. The lease was over three times the size of the next biggest deal in Knoxville in the past year.

With such limited industrial availability in Knoxville, pricing power has held steady from a landlord's perspective. Asking rents grew by 8% for the third year in a row in 2023. That was quite lofty, especially considering the market's pre-2020 annual average growth rate was about 5%. Furthermore, given that over 75% of the under-construction pipeline is already pre-leased, supply-side pressures are limited. That will likely pave the way for additional rent gains in the coming quarters, even if demand slows due to a slowing economy. While Knoxville is not typically a magnet for institutional investment, activity within the capital markets space has not slowed as much here as in other parts of the county. Roughly 100 deals took place in 2023. Although that total came in below the more than 115 deals that closed in each of the two prior years, it was still an output that exceeded the metro's long-term annual average by about 15%.

Source: CoStar Group

Vacancy Rates & Rental Rates Per SF



Source: CoStar Group

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Knoxville

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Submarket Overview

Anderson County | \$796M Asset Value

Knoxville - TN (USA)

Inventory SF	10.3M ↑	Market Asking Rent/SF	\$7.52 ↑
Under Constr SF	0 ↓	Market Asking Rent Growth	6.5% ↑
12 Mo Net Absorp SF	(183K)	Market Sale Price/SF	\$77 ↓
Vacancy Rate	1.9% ↑	12 Mo Sales Vol	\$53.2M ↑

Bearden/Papermill/W Town | \$473M Asset Value

Knoxville - TN (USA)

Inventory SF	5.6M ↓	Market Asking Rent/SF	\$9.14 ↑
Under Constr SF	0 ↓	Market Asking Rent Growth	7.3% ↑
12 Mo Net Absorp SF	(88.7K)	Market Sale Price/SF	\$85 ↑
Vacancy Rate	1.7% ↑	12 Mo Sales Vol	\$10.9M ↓

Blount County | \$1.1B Asset Value

Knoxville - TN (USA)

Inventory SF	14.7M ↑	Market Asking Rent/SF	\$8.87 ↑
Under Constr SF	635K ↓	Market Asking Rent Growth	6.6% ↑
12 Mo Net Absorp SF	144K	Market Sale Price/SF	\$74 ↑
Vacancy Rate	0.8% ↑	12 Mo Sales Vol	\$12.6M ↓

Campbell Station/Farragut | \$15.3M Asset Value

Knoxville - TN (USA)

Inventory SF	147K ↓	Market Asking Rent/SF	\$9.67 ↑
Under Constr SF	0 ↓	Market Asking Rent Growth	5.8% ↑
12 Mo Net Absorp SF	0	Market Sale Price/SF	\$104 ↓
Vacancy Rate	0% ↓	12 Mo Sales Vol	\$0 ↓

Cedar Bluff/Walker Spgs | \$35.1M Asset Value

Knoxville - TN (USA)

Inventory SF	390K ↓	Market Asking Rent/SF	\$10.17 ↑
Under Constr SF	0 ↓	Market Asking Rent Growth	6.5% ↑
12 Mo Net Absorp SF	0	Market Sale Price/SF	\$90 ↑
Vacancy Rate	0% ↓	12 Mo Sales Vol	\$0 ↓

Downtown | \$123M Asset Value

Knoxville - TN (USA)

Inventory SF	2.2M ↓	Market Asking Rent/SF	\$6.41 ↑
Under Constr SF	0 ↓	Market Asking Rent Growth	7.1% ↑
12 Mo Net Absorp SF	(66.2K)	Market Sale Price/SF	\$56 ↑
Vacancy Rate	3.0% ↑	12 Mo Sales Vol	\$7.4M ↓

East | \$252M Asset Value

Knoxville - TN (USA)

Inventory SF	3M ↑	Market Asking Rent/SF	\$7.73 ↑
Under Constr SF	0 ↓	Market Asking Rent Growth	7.0% ↑
12 Mo Net Absorp SF	10.4K	Market Sale Price/SF	\$85 ↑
Vacancy Rate	1.7% ↑	12 Mo Sales Vol	\$3.9M

Loudon County | \$456M Asset Value

Knoxville - TN (USA)

Inventory SF	7.3M ↑	Market Asking Rent/SF	\$7.87 ↑
Under Constr SF	14K ↓	Market Asking Rent Growth	7.2% ↑
12 Mo Net Absorp SF	561K	Market Sale Price/SF	\$63 ↑
Vacancy Rate	0.2% ↑	12 Mo Sales Vol	\$1.2M ↓

North/Broadway | \$1.4B Asset Value

Knoxville - TN (USA)

Inventory SF	19.2M ↑	Market Asking Rent/SF	\$8.44 ↑
Under Constr SF	50K ↓	Market Asking Rent Growth	7.0% ↑
12 Mo Net Absorp SF	123K	Market Sale Price/SF	\$73 ↑
Vacancy Rate	1.9% ↑	12 Mo Sales Vol	\$17.1M ↓

North/Emory Road | \$176M Asset Value

Knoxville - TN (USA)

Inventory SF	2.1M ↑	Market Asking Rent/SF	\$9.95 ↑
Under Constr SF	0 ↓	Market Asking Rent Growth	5.9% ↑
12 Mo Net Absorp SF	100K	Market Sale Price/SF	\$85 ↑
Vacancy Rate	0% ↓	12 Mo Sales Vol	\$1.8M

Pellissippi/Lovell | \$975M Asset Value

Knoxville - TN (USA)

Inventory SF	9.6M ↑	Market Asking Rent/SF	\$11.10 ↑
Under Constr SF	163K ↑	Market Asking Rent Growth	7.3% ↑
12 Mo Net Absorp SF	183K	Market Sale Price/SF	\$99 ↓
Vacancy Rate	0% ↓	12 Mo Sales Vol	\$4M ↓

South | \$708M Asset Value

Knoxville - TN (USA)

Inventory SF	9.5M ↓	Market Asking Rent/SF	\$7.49 ↑
Under Constr SF	0 ↓	Market Asking Rent Growth	6.9% ↑
12 Mo Net Absorp SF	(138K)	Market Sale Price/SF	\$75 ↑
Vacancy Rate	4.4% ↑	12 Mo Sales Vol	\$29.4M ↓

Union County | \$28.8M Asset Value

Knoxville - TN (USA)

Inventory SF	490K ↓	Market Asking Rent/SF	\$9.53 ↑
Under Constr SF	0 ↓	Market Asking Rent Growth	6.3% ↑
12 Mo Net Absorp SF	0	Market Sale Price/SF	\$59 ↑
Vacancy Rate	0% ↓	12 Mo Sales Vol	\$1M ↑

Source: CoStar Group

37.5 M
Inventory SF

359 K
12 Mo Net Absorption SF

3.2%
Vacancy Rate

\$21.02
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 remains muted. Had it not been for the removal of more than 400,000 SF of office space since the beginning of 2020, the market's vacancy rate would likely be drastically higher than the current rate of 3.2%. Yet, it also speaks to how tight the market was before the onset of the pandemic. One important factor that has contributed to the good health of the local office market is the shortage of new office developments in recent years. The last time a year saw at least 100,000 SF of net new supply was in 2017. Additionally, Knoxville's office inventory has decreased over the past five years due to the high number of conversions and demolitions, which led to the removal of existing space. As a result, the supply-side pressures have been limited when tenants have been reassessing their footprints. A rapid economic recovery coincided with an uptick in office leasing activity in 2021 and 2022. However, that seems short-lived, as recent leasing trends displayed a slimming. At the close 2023, Knoxville's annual leasing activity came in at about 760,000 SF. That represented a year-over-year slowing of leasing activity by about 30% and fell short of the metro's pre-pandemic four-quarter trailing average by about 15%.

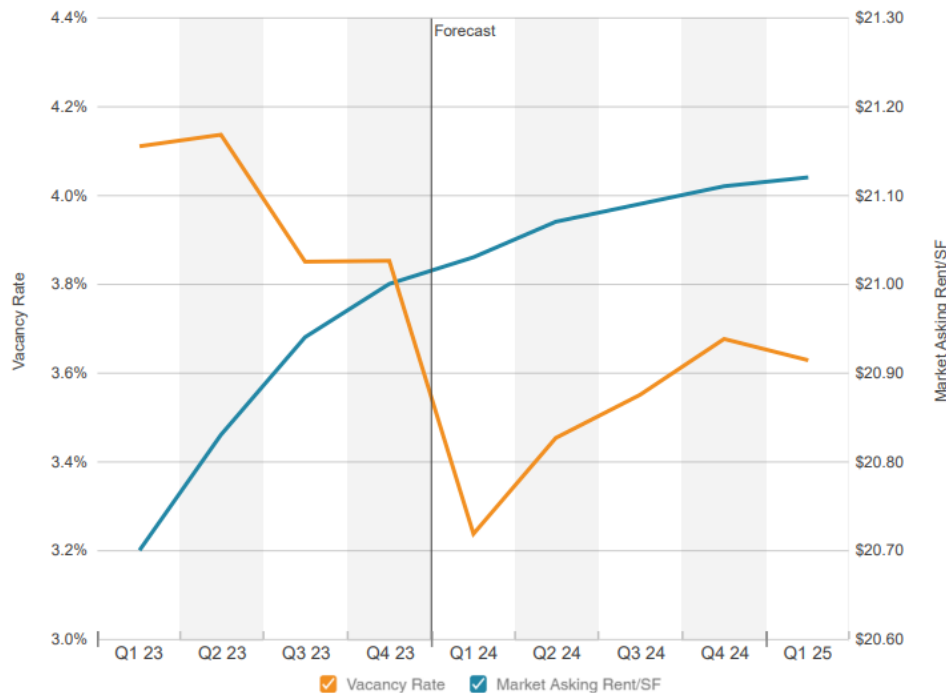
Despite the tight vacancy, coupled with an under-construction pipeline that is nearly fully committed to, uncertainty surrounding future office-using needs has slowed rent growth. For example, asking rents barely grew over the past year. In turn, four-quarter trailing rent growth stands at 1.6%, which is below the metro's rate of 6.6% from this time last year.

Within the capital markets, investors were still active in 2023. Last year's total transaction volume was just over \$160 million, in line with the region's five-year average. This also aligned mainly with Knoxville's pre-pandemic average, but it was also a total that declined by about 30% from 2022 totals.

Vacancy Rates & Rental Rates Per SF

Source: CoStar Group

Vacancy & Market Asking Rent Per SF



Source: CoStar Group

Submarket Overview

Anderson County | \$310M Asset Value

Knoxville - TN (USA)

Inventory SF	3.2M ↓	Market Asking Rent/SF	\$19.40 ↑
Under Constr SF	0 ↓	Market Asking Rent Growth	1.6% ↑
12 Mo Net Absorp SF	(27.5K)	Market Sale Price/SF	\$98 ↓
Vacancy Rate	3.7% ↑	12 Mo Sales Vol	\$21.3M ↑

Bearden/Papermill/W Town | \$858M Asset Value

Knoxville - TN (USA)

Inventory SF	5.9M ↓	Market Asking Rent/SF	\$22.84 ↑
Under Constr SF	84K	Market Asking Rent Growth	1.6% ↑
12 Mo Net Absorp SF	49.1K	Market Sale Price/SF	\$144 ↑
Vacancy Rate	3.7% ↓	12 Mo Sales Vol	\$47M ↓

Blount County | \$394M Asset Value

Knoxville - TN (USA)

Inventory SF	3.3M ↓	Market Asking Rent/SF	\$19.54 ↑
Under Constr SF	0 ↓	Market Asking Rent Growth	1.7% ↑
12 Mo Net Absorp SF	17.2K	Market Sale Price/SF	\$119 ↓
Vacancy Rate	2.0% ↓	12 Mo Sales Vol	\$12.6M ↑

Campbell Station/Farragut | \$160M Asset Value

Knoxville - TN (USA)

Inventory SF	1M ↓	Market Asking Rent/SF	\$23.84 ↑
Under Constr SF	37.8K ↓	Market Asking Rent Growth	1.8% ↑
12 Mo Net Absorp SF	(892)	Market Sale Price/SF	\$154 ↓
Vacancy Rate	7.0% ↑	12 Mo Sales Vol	\$1.3M ↓

Cedar Bluff/Walker Spgs | \$388M Asset Value

Knoxville - TN (USA)

Inventory SF	3M ↑	Market Asking Rent/SF	\$20.27 ↑
Under Constr SF	0 ↓	Market Asking Rent Growth	1.3% ↑
12 Mo Net Absorp SF	(32.8K)	Market Sale Price/SF	\$128 ↑
Vacancy Rate	4.5% ↑	12 Mo Sales Vol	\$42.9M ↑

Downtown | \$747M Asset Value

Knoxville - TN (USA)

Inventory SF	5.1M ↓	Market Asking Rent/SF	\$21.38 ↑
Under Constr SF	0 ↓	Market Asking Rent Growth	1.5% ↑
12 Mo Net Absorp SF	62.3K	Market Sale Price/SF	\$146 ↓
Vacancy Rate	1.7% ↓	12 Mo Sales Vol	\$6.5M ↓

East | \$32.6M Asset Value

Knoxville - TN (USA)

Inventory SF	274K ↓	Market Asking Rent/SF	\$17.17 ↑
Under Constr SF	0 ↓	Market Asking Rent Growth	1.1% ↑
12 Mo Net Absorp SF	6.1K	Market Sale Price/SF	\$119 ↑
Vacancy Rate	0.7% ↓	12 Mo Sales Vol	\$1.5M ↑

Loudon County | \$124M Asset Value

Knoxville - TN (USA)

Inventory SF	962K ↓	Market Asking Rent/SF	\$21.52 ↑
Under Constr SF	0 ↓	Market Asking Rent Growth	1.6% ↑
12 Mo Net Absorp SF	(20.6K)	Market Sale Price/SF	\$129 ↓
Vacancy Rate	6.5% ↑	12 Mo Sales Vol	\$0 ↓

North/Broadway | \$575M Asset Value

Knoxville - TN (USA)

Inventory SF	4.7M ↑	Market Asking Rent/SF	\$18.82 ↑
Under Constr SF	10.1K ↑	Market Asking Rent Growth	1.5% ↑
12 Mo Net Absorp SF	71.3K	Market Sale Price/SF	\$122 ↑
Vacancy Rate	2.0% ↓	12 Mo Sales Vol	\$11M ↓

North/Emory Road | \$98.3M Asset Value

Knoxville - TN (USA)

Inventory SF	691K ↓	Market Asking Rent/SF	\$22.66 ↑
Under Constr SF	0 ↓	Market Asking Rent Growth	1.5% ↑
12 Mo Net Absorp SF	2.8K	Market Sale Price/SF	\$142 ↑
Vacancy Rate	3.1% ↓	12 Mo Sales Vol	\$900K ↓

Pellissippi/Lovell | \$757M Asset Value

Knoxville - TN (USA)

Inventory SF	5.3M ↑	Market Asking Rent/SF	\$22.42 ↑
Under Constr SF	136K ↑	Market Asking Rent Growth	1.6% ↑
12 Mo Net Absorp SF	32.2K	Market Sale Price/SF	\$139 ↓
Vacancy Rate	5.0% ↓	12 Mo Sales Vol	\$20.5M ↓

South | \$266M Asset Value

Knoxville - TN (USA)

Inventory SF	2M ↓	Market Asking Rent/SF	\$20.59 ↑
Under Constr SF	0 ↓	Market Asking Rent Growth	1.6% ↑
12 Mo Net Absorp SF	48.8K	Market Sale Price/SF	\$136 ↑
Vacancy Rate	0.2% ↓	12 Mo Sales Vol	\$2.9M ↓

Union County | \$17.7M Asset Value

Knoxville - TN (USA)

Inventory SF	174K ↓	Market Asking Rent/SF	\$20.18 ↑
Under Constr SF	0 ↓	Market Asking Rent Growth	1.2% ↑
12 Mo Net Absorp SF	0	Market Sale Price/SF	\$102 ↓
Vacancy Rate	0% ↓	12 Mo Sales Vol	\$104K ↓

60.8 M
Inventory SF

186 K
12 Mo Net Absorption SF

2.7%
Vacancy Rate

\$18.37
Market Rent/SF

VACANCY RATES SLIGHTLY HIGHER THAN Q1 2023

The Knoxville retail market has a vacancy rate of 2.7%. This vacancy rate is 0.2% higher than it was this time last year. There has been 190,000 SF of positive absorption and 290,000 SF of net deliveries. Rents have increased 4.5% in the past 12 months and are currently around \$18.40/SF. Roughly 220,000 SF is under construction in the Knoxville retail market. In the past year, there have been 225 sales, which traded for approximately \$194 million in volume.

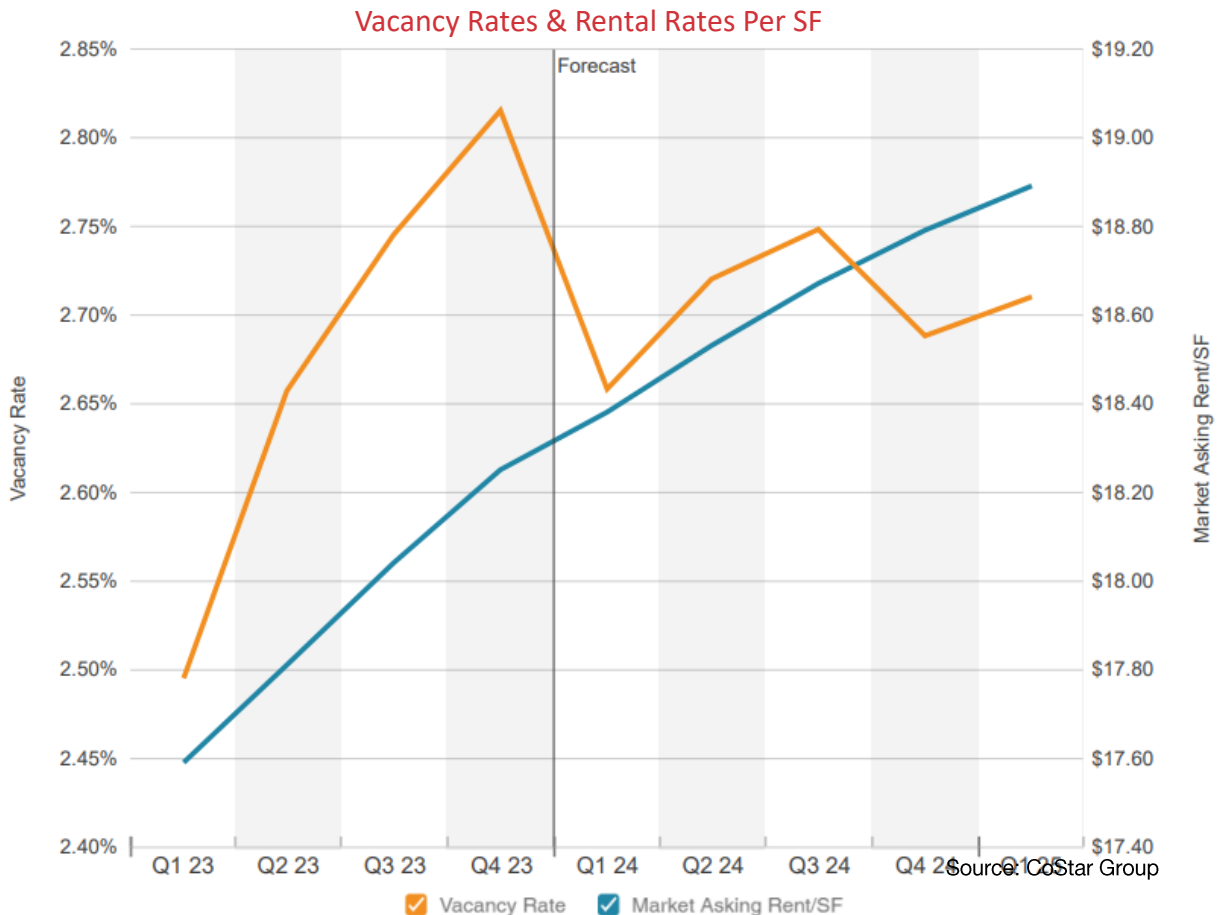
Vacancy is 1.4% in general retail buildings, and 180,000 SF has been absorbed in this asset class over the past year. Vacancy is 8.4% in malls, and absorption has been flat in this asset class over the past year. Vacancy is 2.1% in power centers, and there has been 5,400 SF of negative absorption in this asset class over the past year. Vacancy is 4.7% in neighborhood centers, and there has been 6,500 SF of negative absorption in this asset class over the past year.

Rents are around \$17.80/SF in general retail buildings, \$28.00/SF in malls, \$22.00/SF in power centers, \$18.90/SF in strip centers, and \$17.20/SF in neighborhood centers. Rent growth was 3.8% in general retail buildings, 6.4% in malls, 5.7% in power centers, 4.4% in strip centers, and 5.1% in neighborhood centers.

Current vacancy is lower than its trailing three-year average of 3.0%, which is also lower than the national trailing three-year average of 4.4%. Rents have increased 15.8% over the past three years, higher than the national average of 11.8%. There have been 773 sales over the past three years, amounting to \$881 million in volume and 6.9 million SF of inventory.

CoStar's estimated cap rate for Knoxville has averaged 7.4% over the past three years, which is higher than the current estimated cap rate of 7.3%. The total Knoxville retail market comprises 60.8 million SF of inventory.

Source: CoStar Group



Source: CoStar Group

Submarket Overview

Anderson County | \$1B Asset Value

Knoxville - TN (USA)

Inventory SF	6M ↑	Market Asking Rent/SF	\$16.88 ↑
Under Constr SF	12K ↓	Market Asking Rent Growth	4.5% ↑
12 Mo Net Absorp SF	106K	Market Sale Price/SF	\$173 ↑
Vacancy Rate	1.4% ↓	12 Mo Sales Vol	\$20M ↓

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

Knoxville - TN (USA)

Inventory SF	6.4M ↑	Market Asking Rent/SF	\$24.11 ↑
Under Constr SF	0 ↓	Market Asking Rent Growth	5.3% ↑
12 Mo Net Absorp SF	30.5K	Market Sale Price/SF	\$191 ↑
Vacancy Rate	2.1% ↓	12 Mo Sales Vol	\$11M ↓

Blount County | \$1.3B Asset Value

Knoxville - TN (USA)

Inventory SF	7.5M ↑	Market Asking Rent/SF	\$17.34 ↑
Under Constr SF	59K ↓	Market Asking Rent Growth	4.2% ↑
12 Mo Net Absorp SF	21.7K	Market Sale Price/SF	\$172 ↑
Vacancy Rate	3.7% ↑	12 Mo Sales Vol	\$34.2M ↑

Campbell Station/Farragut | \$828M Asset Value

Knoxville - TN (USA)

Inventory SF	3.9M ↑	Market Asking Rent/SF	\$25.72 ↑
Under Constr SF	91.7K ↑	Market Asking Rent Growth	4.6% ↑
12 Mo Net Absorp SF	19.3K	Market Sale Price/SF	\$208 ↑
Vacancy Rate	2.4% ↓	12 Mo Sales Vol	\$3.1M ↓

Cedar Bluff/Walker Spgs | \$446M Asset Value

Knoxville - TN (USA)

Inventory SF	2.5M ↓	Market Asking Rent/SF	\$21.26 ↑
Under Constr SF	0 ↓	Market Asking Rent Growth	4.8% ↑
12 Mo Net Absorp SF	5.5K	Market Sale Price/SF	\$176 ↑
Vacancy Rate	1.7% ↓	12 Mo Sales Vol	\$11.1M ↑

Downtown | \$512M Asset Value

Knoxville - TN (USA)

Inventory SF	2.2M ↓	Market Asking Rent/SF	\$23.44 ↑
Under Constr SF	0 ↓	Market Asking Rent Growth	4.7% ↑
12 Mo Net Absorp SF	(57.8K)	Market Sale Price/SF	\$236 ↑
Vacancy Rate	8.4% ↑	12 Mo Sales Vol	\$18.7M ↑

East | \$234M Asset Value

Knoxville - TN (USA)

Inventory SF	1.6M ↓	Market Asking Rent/SF	\$12.95 ↑
Under Constr SF	0 ↓	Market Asking Rent Growth	3.9% ↑
12 Mo Net Absorp SF	18.9K	Market Sale Price/SF	\$147 ↑
Vacancy Rate	1.1% ↓	12 Mo Sales Vol	\$215K ↓

Loudon County | \$484M Asset Value

Knoxville - TN (USA)

Inventory SF	2.8M ↑	Market Asking Rent/SF	\$17.37 ↑
Under Constr SF	0 ↓	Market Asking Rent Growth	4.3% ↑
12 Mo Net Absorp SF	12.5K	Market Sale Price/SF	\$174 ↑
Vacancy Rate	0.5% ↓	12 Mo Sales Vol	\$8.1M ↓

North/Broadway | \$1.9B Asset Value

Knoxville - TN (USA)

Inventory SF	10.9M ↑	Market Asking Rent/SF	\$17.83 ↑
Under Constr SF	11K ↑	Market Asking Rent Growth	4.3% ↑
12 Mo Net Absorp SF	(25.4K)	Market Sale Price/SF	\$170 ↑
Vacancy Rate	4.0% ↑	12 Mo Sales Vol	\$32.2M ↓

North/Emory Road | \$302M Asset Value

Knoxville - TN (USA)

Inventory SF	1.5M ↑	Market Asking Rent/SF	\$19.95 ↑
Under Constr SF	0 ↓	Market Asking Rent Growth	4.3% ↑
12 Mo Net Absorp SF	6.4K	Market Sale Price/SF	\$208 ↑
Vacancy Rate	2.5% ↑	12 Mo Sales Vol	\$4.6M ↑

Pellissippi/Lovell | \$998M Asset Value

Knoxville - TN (USA)

Inventory SF	5.1M ↑	Market Asking Rent/SF	\$21.17 ↑
Under Constr SF	21K ↓	Market Asking Rent Growth	4.5% ↑
12 Mo Net Absorp SF	63.9K	Market Sale Price/SF	\$194 ↑
Vacancy Rate	0.7% ↓	12 Mo Sales Vol	\$15.7M ↑

South | \$559M Asset Value

Knoxville - TN (USA)

Inventory SF	4.3M ↓	Market Asking Rent/SF	\$13.10 ↑
Under Constr SF	10.8K	Market Asking Rent Growth	4.3% ↑
12 Mo Net Absorp SF	(51.5K)	Market Sale Price/SF	\$130 ↑
Vacancy Rate	4.6% ↑	12 Mo Sales Vol	\$15.6M ↑

Union County | \$90.9M Asset Value

Knoxville - TN (USA)

Inventory SF	504K ↓	Market Asking Rent/SF	\$15.22 ↑
Under Constr SF	10.6K	Market Asking Rent Growth	3.4% ↑
12 Mo Net Absorp SF	52	Market Sale Price/SF	\$177 ↑
Vacancy Rate	0% ↓	12 Mo Sales Vol	\$0 ↓

Source: CoStar Group

43,815
Inventory Units

1,631
12 Mo Net Absorption Units

6.3%
Vacancy Rate

\$1,398
Market Rent/Unit



RECORD SETTING WAVE OF SUPPLY

Knoxville's apartment market performance has been shifting lately, as a record-setting wave of supply has been the central theme. Demand for those apartments has also been increasing in recent quarters, as more than 900 units were absorbed in 2023. Yet, that still has not been enough to offset the arrival of 2,600 units over the past four quarters, and vacancies are on the rise.

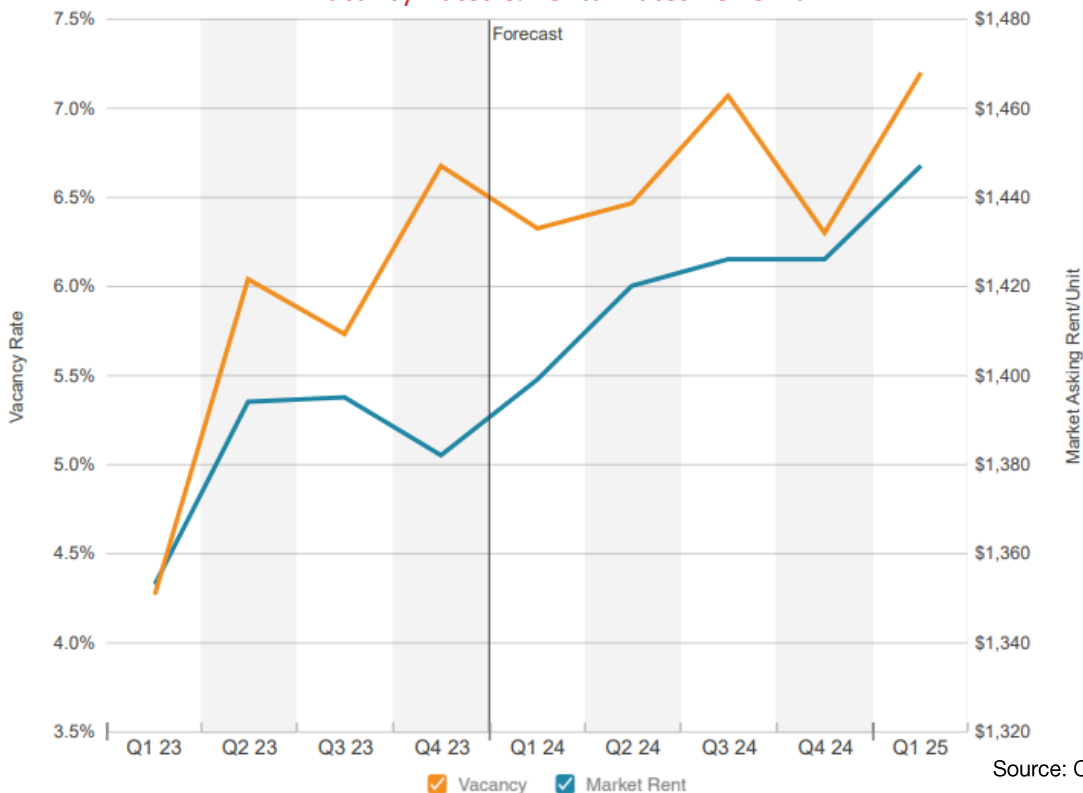
Developers have been keen on bringing additional communities to the area, and for the first time in the past 20 years, more than 2,100 units opened their doors by year's end. That allure by developers is often driven by the presence of a younger renter cohort, particularly in places like Downtown Knoxville, as the area is home to the University of Tennessee and its enrollment of 32,000 students. Furthermore, Knoxville's population has grown on average by nearly 13,000 individuals over the past three years, a growth rate that has almost doubled pre-pandemic norms.

Recent deliveries, coupled with roughly 2,100 units underway, mean that supply-side pressures are likely to remain present for at least the next 18 months. That has already served to remove some pricing power, as asking rents grew by about 3.9% in 2023. Although a three-year low output, that was still a rate of growth that outpaced historical norms. Yet, as additional units are delivered throughout the next four quarters and renters are presented with more options, Knoxville's annual growth rate is expected to slow again this year.

The rise in interest rates over the past year and a half has stymied investment activity, though. By the end of 2023, sales activity dipped to its lowest since 2017. In addition, total sales volume declined by about 47% year over year. But, amid that slowing, the most expensive deal on a per-unit basis closed in October 2023. At that time, the 303-unit One Riverwalk sold for \$124 million (\$409,475/unit). The buyer assumed a 3.12% fixed interest rate loan, and One Riverwalk became the first community of at least 50 units to sell for more than \$400,000/unit in Knoxville.

Source: CoStar Group

Vacancy Rates & Rental Rates Per Unit



Source: CoStar Group

Sevierville

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Knoxville

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www.koellamoore.com

Submarket Overview

Outlying Anderson County | \$73M Asset Value

Knoxville - TN (USA)

Inventory Units	791 ↓	Market Asking Rent/Unit	\$890 ↑
Under Constr Units	0 ↓	Annual Rent Growth	6.6% ↑
12 Mo Absorp Units	0	Market Sale Price/Unit	\$92.3K ↑
Vacancy Rate	0.3% ↑	12 Mo Sales Vol	\$1.2M

Downtown Knoxville | \$683M Asset Value

Knoxville - TN (USA)

Inventory Units	3,128 ↑	Market Asking Rent/Unit	\$1,661 ↓
Under Constr Units	348 ↓	Annual Rent Growth	-3.5% ↓
12 Mo Absorp Units	243	Market Sale Price/Unit	\$197K ↑
Vacancy Rate	8.7% ↑	12 Mo Sales Vol	\$124M ↑

Eastern Knox County | \$12.4M Asset Value

Knoxville - TN (USA)

Inventory Units	58 ↓	Market Asking Rent/Unit	\$1,572 ↑
Under Constr Units	58	Annual Rent Growth	2.6% ↑
12 Mo Absorp Units	0	Market Sale Price/Unit	\$107K ↑
Vacancy Rate	3.4% ↑	12 Mo Sales Vol	\$2.1M

Loudon County | \$151M Asset Value

Knoxville - TN (USA)

Inventory Units	785 ↓	Market Asking Rent/Unit	\$1,429 ↑
Under Constr Units	166	Annual Rent Growth	4.6% ↑
12 Mo Absorp Units	36	Market Sale Price/Unit	\$159K ↑
Vacancy Rate	1.7% ↓	12 Mo Sales Vol	\$415K

Maryville/Alcoa | \$774M Asset Value

Knoxville - TN (USA)

Inventory Units	4,179 ↑	Market Asking Rent/Unit	\$1,298 ↑
Under Constr Units	282 ↓	Annual Rent Growth	7.3% ↑
12 Mo Absorp Units	330	Market Sale Price/Unit	\$173K ↑
Vacancy Rate	7.1% ↑	12 Mo Sales Vol	\$90M ↑

North Knoxville | \$1.1B Asset Value

Knoxville - TN (USA)

Inventory Units	8,755 ↑	Market Asking Rent/Unit	\$1,231 ↑
Under Constr Units	636 ↓	Annual Rent Growth	4.2% ↑
12 Mo Absorp Units	340	Market Sale Price/Unit	\$114K ↓
Vacancy Rate	5.0% ↑	12 Mo Sales Vol	\$26.8M ↓

Oak Ridge | \$343M Asset Value

Knoxville - TN (USA)

Inventory Units	2,574 ↓	Market Asking Rent/Unit	\$1,197 ↑
Under Constr Units	0 ↓	Annual Rent Growth	4.1% ↑
12 Mo Absorp Units	60	Market Sale Price/Unit	\$133K ↑
Vacancy Rate	9.4% ↓	12 Mo Sales Vol	\$32.4M ↓

South Knoxville | \$257M Asset Value

Knoxville - TN (USA)

Inventory Units	2,181 ↓	Market Asking Rent/Unit	\$1,224 ↑
Under Constr Units	0 ↓	Annual Rent Growth	1.1% ↑
12 Mo Absorp Units	12	Market Sale Price/Unit	\$118K ↓
Vacancy Rate	5.1% ↓	12 Mo Sales Vol	\$2.4M ↓

West Knoxville | \$2.2B Asset Value

Knoxville - TN (USA)

Inventory Units	14,678 ↑	Market Asking Rent/Unit	\$1,434 ↑
Under Constr Units	0 ↓	Annual Rent Growth	5.3% ↑
12 Mo Absorp Units	404	Market Sale Price/Unit	\$148K ↓
Vacancy Rate	4.7% ↑	12 Mo Sales Vol	\$105M ↓

Western Knox County | \$1.4B Asset Value

Knoxville - TN (USA)

Inventory Units	5,709 ↑	Market Asking Rent/Unit	\$1,732 ↓
Under Constr Units	604 ↓	Annual Rent Growth	-0.2% ↓
12 Mo Absorp Units	219	Market Sale Price/Unit	\$225K ↓
Vacancy Rate	11.1% ↑	12 Mo Sales Vol	\$22.5M ↓

Union County | \$1.8M Asset Value

Knoxville - TN (USA)

Inventory Units	42 ↓	Market Asking Rent/Unit	\$482 ↑
Under Constr Units	0 ↓	Annual Rent Growth	0.8% ↑
12 Mo Absorp Units	0	Market Sale Price/Unit	\$43.1K ↓
Vacancy Rate	3.0% ↑	12 Mo Sales Vol	\$0 ↓

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.

\$209+

Million in Total Volume
(2023)

#1

East Tennessee's Largest
Commercial Real Estate Firm

21

Brokers

3.75 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 
907,968 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... **85.5**

Labor Force & Employment


Knox County  **253,636**
2.8% Unemployment Rate

Knox Metro  **434,722**
3.0% Metro Unemployment Rate



Post-Secondary Education

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

 The University of Tennessee
36,304 - 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.



Q1'24

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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