

The background of the cover is a photograph of a cityscape. In the foreground, a large, ornate bridge with a green-painted steel truss structure spans across a river. The bridge has multiple arches and is supported by stone pillars. In the background, several tall buildings are visible, including a prominent glass skyscraper and a brick building. The sky is clear and blue. A large, semi-transparent red shape is overlaid on the right side of the image, partially covering the bridge and buildings.

NAI Koella
RM Moore

Q3 2024

Knoxville Market Report

92.3 M
Inventory SF

1.8 M
12 Mo Net Absorption SF

1.2%
Vacancy Rate

\$8.66
Market Rent/SF



METRO KNOXVILLE VACANCY RATE LOWEST IN NATION

Knoxville's industrial market remains one of the tightest in the nation. At 1.9%, the metro's vacancy rate is well below the national average of about 9.0%, and the current rate is also less than half of Knoxville's long-term average rate of just over 5%. Absorption has remained firmly in positive territory, reaching 1.8 million SF over the past year; most of this has come from logistics properties. The market's primary property type.

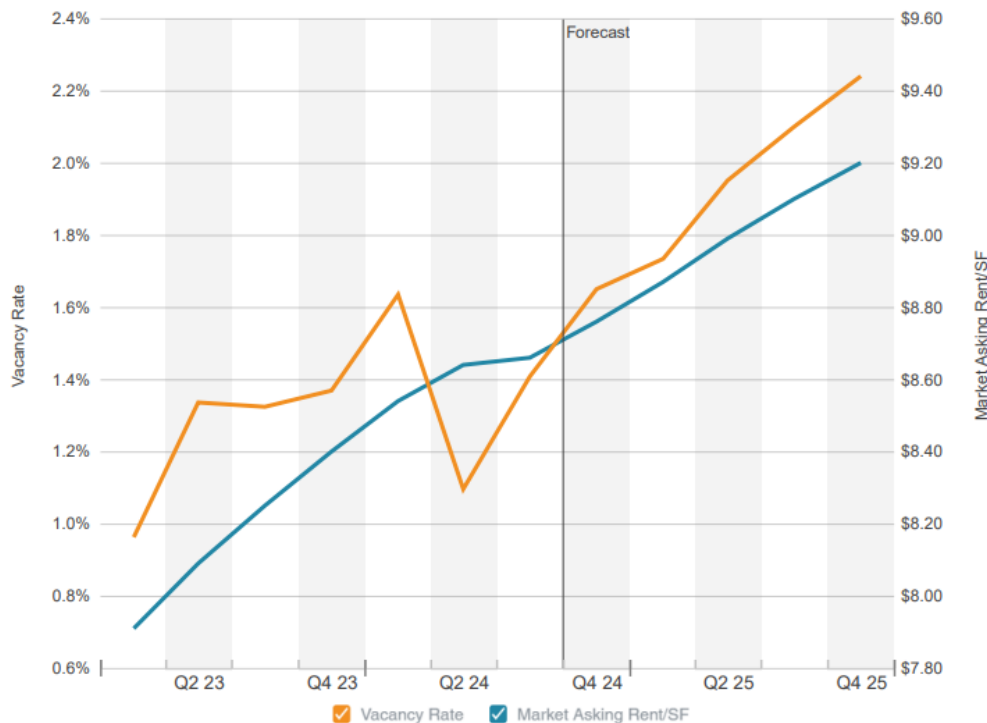
Anchoring the metro's recent performance has been the combination of steady demand and a lack of large-scale speculative supply, keeping industrial vacancies tight. Low business costs and a strategic location at the crossroads of I-75, I-40, and I-81 have attracted many national companies to Knoxville, such as 3M and Newell.

Despite the tight vacancy rate, leasing activity has held steady. More than 1.7 million SF of industrial space was leased in the trailing four quarters ending 24Q2, and while that represented a decline of about 30% from the market's average since 2020, it difficult to keep that pace when there is just 1.8 million SF of available space.

With such limited industrial availability in Knoxville, pricing power has held steady from a landlord's perspective. Asking rents grew by 5.0%, close to the pre-2020 annual average growth rate of about 5%. Furthermore, supply-side pressures are limited, given that over 90% of the under-construction pipeline is already pre-leased as of the middle of 24Q3. 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 84 deals took place in the trailing four quarters; this compares to an average of about 110 deals over the past five years.

Source: CoStar Group

Vacancy Rates & Rental Rates Per SF



Source: CoStar Group

Sevierville

+1 865 453 8111

Knoxville

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Submarket Overview

Anderson County | \$755M Asset Value

Knoxville - TN USA

| | | | |
|---------------------|---------|---------------------------|-----------|
| Inventory SF | 10.3M ↑ | Market Asking Rent/SF | \$7.58 ↑ |
| Under Constr SF | 0 ↓ | Market Asking Rent Growth | 4.7% ↑ |
| 12 Mo Net Absorp SF | (125K) | Market Sale Price/SF | \$73 ↓ |
| Vacancy Rate | 1.9% ↑ | 12 Mo Sales Vol | \$51.4M ↑ |

Bearden/Papermill/W Town | \$470M Asset Value

Knoxville - TN USA

| | | | |
|---------------------|---------|---------------------------|-----------|
| Inventory SF | 5.6M ↓ | Market Asking Rent/SF | \$9.34 ↑ |
| Under Constr SF | 0 ↓ | Market Asking Rent Growth | 5.2% ↑ |
| 12 Mo Net Absorp SF | (27.1K) | Market Sale Price/SF | \$84 ↑ |
| Vacancy Rate | 0.8% ↑ | 12 Mo Sales Vol | \$12.8M ↑ |

Blount County | \$1.1B Asset Value

Knoxville - TN USA

| | | | |
|---------------------|---------|---------------------------|----------|
| Inventory SF | 15.3M ↑ | Market Asking Rent/SF | \$8.96 ↑ |
| Under Constr SF | 0 ↓ | Market Asking Rent Growth | 4.7% ↑ |
| 12 Mo Net Absorp SF | 845K | Market Sale Price/SF | \$74 ↑ |
| Vacancy Rate | 0.3% ↓ | 12 Mo Sales Vol | \$8.4M ↓ |

Campbell Station/Farragut | \$15.1M Asset Value

Knoxville - TN USA

| | | | |
|---------------------|--------|---------------------------|----------|
| Inventory SF | 147K ↓ | Market Asking Rent/SF | \$9.85 ↑ |
| Under Constr SF | 0 ↓ | Market Asking Rent Growth | 4.5% ↑ |
| 12 Mo Net Absorp SF | 0 | Market Sale Price/SF | \$103 ↓ |
| Vacancy Rate | 0% ↓ | 12 Mo Sales Vol | \$0 ↓ |

Cedar Bluff/Walker Spgs | \$39.2M Asset Value

Knoxville - TN USA

| | | | |
|---------------------|--------|---------------------------|-----------|
| Inventory SF | 420K ↓ | Market Asking Rent/SF | \$10.47 ↑ |
| Under Constr SF | 0 ↓ | Market Asking Rent Growth | 4.8% ↑ |
| 12 Mo Net Absorp SF | (6.1K) | Market Sale Price/SF | \$93 ↑ |
| Vacancy Rate | 1.4% ↑ | 12 Mo Sales Vol | \$4M |

Downtown | \$125M Asset Value

Knoxville - TN USA

| | | | |
|---------------------|--------|---------------------------|----------|
| Inventory SF | 2.2M ↓ | Market Asking Rent/SF | \$6.55 ↑ |
| Under Constr SF | 0 ↓ | Market Asking Rent Growth | 5.1% ↑ |
| 12 Mo Net Absorp SF | 651 | Market Sale Price/SF | \$57 ↑ |
| Vacancy Rate | 0.2% ↓ | 12 Mo Sales Vol | \$650K ↓ |

East | \$260M Asset Value

Knoxville - TN USA

| | | | |
|---------------------|--------|---------------------------|----------|
| Inventory SF | 3M ↑ | Market Asking Rent/SF | \$7.90 ↑ |
| Under Constr SF | 0 ↓ | Market Asking Rent Growth | 5.0% ↑ |
| 12 Mo Net Absorp SF | 19.1K | Market Sale Price/SF | \$86 ↑ |
| Vacancy Rate | 1.0% ↑ | 12 Mo Sales Vol | \$1.3M ↓ |

Loudon County | \$458M Asset Value

Knoxville - TN USA

| | | | |
|---------------------|--------|---------------------------|----------|
| Inventory SF | 7.3M ↑ | Market Asking Rent/SF | \$8.07 ↑ |
| Under Constr SF | 14K ↓ | Market Asking Rent Growth | 5.1% ↑ |
| 12 Mo Net Absorp SF | 398K | Market Sale Price/SF | \$63 ↑ |
| Vacancy Rate | 0% ↓ | 12 Mo Sales Vol | \$730K ↓ |

North/Broadway | \$1.4B Asset Value

Knoxville - TN USA

| | | | |
|---------------------|---------|---------------------------|-----------|
| Inventory SF | 19.2M ↑ | Market Asking Rent/SF | \$8.63 ↑ |
| Under Constr SF | 52.5K ↓ | Market Asking Rent Growth | 5.0% ↑ |
| 12 Mo Net Absorp SF | 139K | Market Sale Price/SF | \$75 ↑ |
| Vacancy Rate | 2.5% ↑ | 12 Mo Sales Vol | \$21.4M ↓ |

North/Emory Road | \$182M Asset Value

Knoxville - TN USA

| | | | |
|---------------------|--------|---------------------------|-----------|
| Inventory SF | 2.1M ↑ | Market Asking Rent/SF | \$10.18 ↑ |
| Under Constr SF | 0 ↓ | Market Asking Rent Growth | 4.9% ↑ |
| 12 Mo Net Absorp SF | 134K | Market Sale Price/SF | \$86 ↑ |
| Vacancy Rate | 0.3% ↓ | 12 Mo Sales Vol | \$2.7M |

Pellissippi/Lovell | \$966M Asset Value

Knoxville - TN USA

| | | | |
|---------------------|--------|---------------------------|-----------|
| Inventory SF | 9.7M ↑ | Market Asking Rent/SF | \$11.38 ↑ |
| Under Constr SF | 73K ↓ | Market Asking Rent Growth | 5.4% ↑ |
| 12 Mo Net Absorp SF | 83.8K | Market Sale Price/SF | \$99 ↓ |
| Vacancy Rate | 0.8% ↑ | 12 Mo Sales Vol | \$28.2M ↓ |

South | \$723M Asset Value

Knoxville - TN USA

| | | | |
|---------------------|--------|---------------------------|-----------|
| Inventory SF | 9.5M ↓ | Market Asking Rent/SF | \$7.78 ↑ |
| Under Constr SF | 0 ↓ | Market Asking Rent Growth | 4.8% ↑ |
| 12 Mo Net Absorp SF | 270K | Market Sale Price/SF | \$76 ↑ |
| Vacancy Rate | 2.2% ↓ | 12 Mo Sales Vol | \$21.4M ↓ |

Union County | \$28.9M Asset Value

Knoxville - TN USA

| | | | |
|---------------------|--------|---------------------------|----------|
| Inventory SF | 490K ↓ | Market Asking Rent/SF | \$9.73 ↑ |
| Under Constr SF | 0 ↓ | Market Asking Rent Growth | 4.6% ↑ |
| 12 Mo Net Absorp SF | 0 | Market Sale Price/SF | \$59 ↑ |
| Vacancy Rate | 0% ↓ | 12 Mo Sales Vol | \$1M |

Source: CoStar Group

37.7 M
Inventory SF

268 K
12 Mo Net Absorption SF

3.3%
Vacancy Rate

\$21.75
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 3.4%. Yet, it also speaks to how tight the market was before 2020.

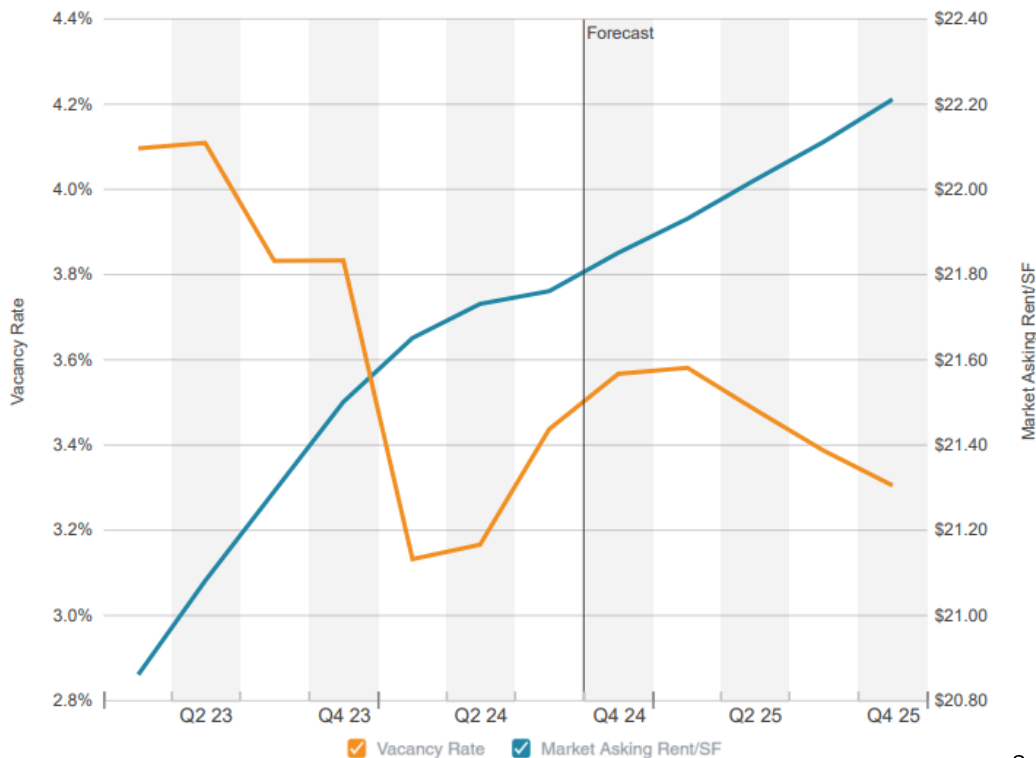
One important factor that has contributed to the good health of the local office market is the shortage of new office developments in recent years. The last time a year saw at least 100,000 SF of net new supply was in 2017. Additionally, Knoxville's office inventory has decreased over the past five years due to the high number of conversions and demolitions, which led to the removal of existing space. That will change later this year with just under 200,000 SF of space projected to deliver. With a pre-leasing rate of about 50%, there will be a slight uptick in the market's vacancy rate, but it will remain below the market's long-term average.

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 24Q2, Knoxville's trailing four quarter leasing activity came in at about 660,000 SF. That represented a year-over-year slowing of leasing activity by about 36%. While leasing activity has slowed, annual absorption reached a six-year high at the end of 24Q2 at 160,000 SF. About one-third of this came at two submarkets, North/Broadway and Downtown. These are two of the largest in Knoxville, both with more than 4.5 million SF of inventory.

Despite the tight vacancy, coupled with an under-construction pipeline that has decent pre-leasing, uncertainty surrounding future office-using needs has slowed rent growth. For example, asking rents over the past year grew by 4.8%, which is below the metro's rate of 4.8% from this time last year, but outpaced the national average by about 350 basis points as conditions are much tighter in Knoxville than many other parts of the country.

Vacancy Rates & Rental Rates Per SF

Source: CoStar Group



Source: CoStar Group

Submarket Overview

Anderson County | \$318M Asset Value

Knoxville - TN USA

| | | | |
|---------------------|------|---------------------------|---------|
| Inventory SF | 3.3M | Market Asking Rent/SF | \$20.02 |
| Under Constr SF | 0 | Market Asking Rent Growth | 2.2% |
| 12 Mo Net Absorp SF | 7.2K | Market Sale Price/SF | \$98 |
| Vacancy Rate | 3.0% | 12 Mo Sales Vol | \$11.4M |

Bearden/Papermill/W Town | \$855M Asset Value

Knoxville - TN USA

| | | | |
|---------------------|-------|---------------------------|---------|
| Inventory SF | 5.9M | Market Asking Rent/SF | \$23.47 |
| Under Constr SF | 84K | Market Asking Rent Growth | 2.2% |
| 12 Mo Net Absorp SF | 22.5K | Market Sale Price/SF | \$143 |
| Vacancy Rate | 3.9% | 12 Mo Sales Vol | \$44.3M |

Blount County | \$414M Asset Value

Knoxville - TN USA

| | | | |
|---------------------|---------|---------------------------|---------|
| Inventory SF | 3.4M | Market Asking Rent/SF | \$21.38 |
| Under Constr SF | 0 | Market Asking Rent Growth | 2.3% |
| 12 Mo Net Absorp SF | (77.3K) | Market Sale Price/SF | \$123 |
| Vacancy Rate | 3.3% | 12 Mo Sales Vol | \$3.4M |

Campbell Station/Farragut | \$160M Asset Value

Knoxville - TN USA

| | | | |
|---------------------|--------|---------------------------|---------|
| Inventory SF | 1M | Market Asking Rent/SF | \$24.40 |
| Under Constr SF | 37.8K | Market Asking Rent Growth | 2.3% |
| 12 Mo Net Absorp SF | (3.2K) | Market Sale Price/SF | \$154 |
| Vacancy Rate | 6.6% | 12 Mo Sales Vol | \$0 |

Cedar Bluff/Walker Spgs | \$391M Asset Value

Knoxville - TN USA

| | | | |
|---------------------|--------|---------------------------|---------|
| Inventory SF | 3.1M | Market Asking Rent/SF | \$21.09 |
| Under Constr SF | 0 | Market Asking Rent Growth | 2.0% |
| 12 Mo Net Absorp SF | (9.7K) | Market Sale Price/SF | \$128 |
| Vacancy Rate | 5.0% | 12 Mo Sales Vol | \$36.1M |

Downtown | \$725M Asset Value

Knoxville - TN USA

| | | | |
|---------------------|-------|---------------------------|---------|
| Inventory SF | 5.1M | Market Asking Rent/SF | \$21.61 |
| Under Constr SF | 0 | Market Asking Rent Growth | 2.3% |
| 12 Mo Net Absorp SF | 37.8K | Market Sale Price/SF | \$142 |
| Vacancy Rate | 1.9% | 12 Mo Sales Vol | \$7.3M |

East | \$33M Asset Value

Knoxville - TN USA

| | | | |
|---------------------|------|---------------------------|---------|
| Inventory SF | 283K | Market Asking Rent/SF | \$17.51 |
| Under Constr SF | 0 | Market Asking Rent Growth | 1.8% |
| 12 Mo Net Absorp SF | (44) | Market Sale Price/SF | \$117 |
| Vacancy Rate | 2.0% | 12 Mo Sales Vol | \$560K |

Loudon County | \$123M Asset Value

Knoxville - TN USA

| | | | |
|---------------------|-------|---------------------------|---------|
| Inventory SF | 961K | Market Asking Rent/SF | \$22.45 |
| Under Constr SF | 0 | Market Asking Rent Growth | 2.2% |
| 12 Mo Net Absorp SF | 17.8K | Market Sale Price/SF | \$128 |
| Vacancy Rate | 4.4% | 12 Mo Sales Vol | \$170K |

North/Broadway | \$579M Asset Value

Knoxville - TN USA

| | | | |
|---------------------|-------|---------------------------|---------|
| Inventory SF | 4.7M | Market Asking Rent/SF | \$19.93 |
| Under Constr SF | 10.1K | Market Asking Rent Growth | 2.1% |
| 12 Mo Net Absorp SF | 65K | Market Sale Price/SF | \$123 |
| Vacancy Rate | 2.0% | 12 Mo Sales Vol | \$7.6M |

North/Emory Road | \$99.9M Asset Value

Knoxville - TN USA

| | | | |
|---------------------|------|---------------------------|---------|
| Inventory SF | 692K | Market Asking Rent/SF | \$23.36 |
| Under Constr SF | 0 | Market Asking Rent Growth | 2.2% |
| 12 Mo Net Absorp SF | 1.9K | Market Sale Price/SF | \$144 |
| Vacancy Rate | 2.8% | 12 Mo Sales Vol | \$495K |

Pellissippi/Lovell | \$764M Asset Value

Knoxville - TN USA

| | | | |
|---------------------|---------|---------------------------|---------|
| Inventory SF | 5.3M | Market Asking Rent/SF | \$23.15 |
| Under Constr SF | 136K | Market Asking Rent Growth | 2.2% |
| 12 Mo Net Absorp SF | (43.7K) | Market Sale Price/SF | \$139 |
| Vacancy Rate | 5.3% | 12 Mo Sales Vol | \$18.6M |

South | \$234M Asset Value

Knoxville - TN USA

| | | | |
|---------------------|-------|---------------------------|---------|
| Inventory SF | 1.8M | Market Asking Rent/SF | \$20.53 |
| Under Constr SF | 0 | Market Asking Rent Growth | 2.3% |
| 12 Mo Net Absorp SF | 18.1K | Market Sale Price/SF | \$128 |
| Vacancy Rate | 0.8% | 12 Mo Sales Vol | \$1.6M |

Union County | \$17.2M Asset Value

Knoxville - TN USA

| | | | |
|---------------------|------|---------------------------|---------|
| Inventory SF | 173K | Market Asking Rent/SF | \$20.01 |
| Under Constr SF | 0 | Market Asking Rent Growth | 2.0% |
| 12 Mo Net Absorp SF | 0 | Market Sale Price/SF | \$100 |
| Vacancy Rate | 0% | 12 Mo Sales Vol | \$0 |

Source: CoStar Group

Knoxville

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www.koellamoore.com

Sevierville

+1 865 453 8111

61.4 M
Inventory SF

320 K
12 Mo Net Absorption SF

2.6%
Vacancy Rate

\$19.03
Market Rent/SF



VACANCY RATES LOWER THAT THIS TIME LAST YEAR

The Knoxville retail market has a vacancy rate of 2.5%. This vacancy rate is 0.2% lower than it was this time last year. There has been 370,000 SF of positive absorption and 270,000 SF of net deliveries. Rents have increased 4.4% in the past 12 months and are currently around \$19.00/SF. Roughly 200,000 SF is under construction in the Knoxville retail market. In the past year, there have been 206 sales, which traded for approximately \$238 million in volume.

Vacancy is 1.0% in general retail buildings, and 370,000 SF has been absorbed in this asset class over the past year. Vacancy is 4.8% in malls, and 71,000 SF has been absorbed in this asset class over the past year. Vacancy is 5.5% in power centers, and there has been 120,000 SF of negative absorption in this asset class over the past year. Vacancy is 4.8% in neighborhood centers, and 42,000 SF has been absorbed in this asset class over the past year.

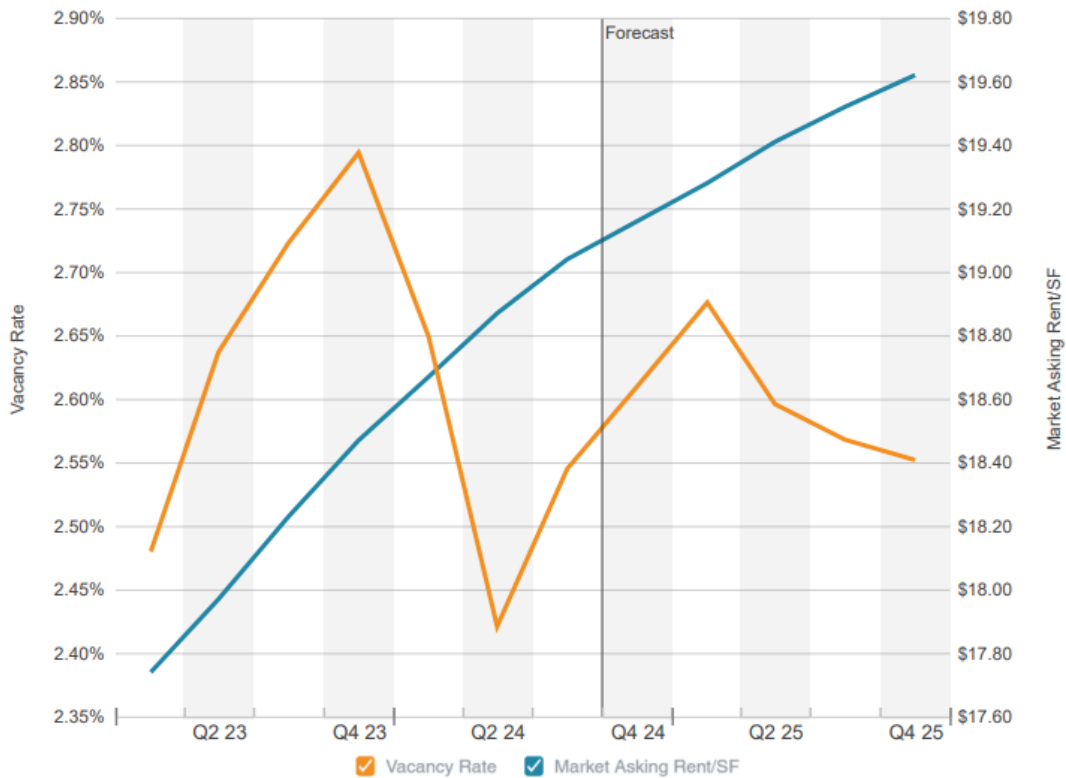
Rents are around \$18.30/SF in general retail buildings, \$30.00/SF in malls, \$23.00/SF in power centers, \$19.50/SF in strip centers, and \$17.70/SF in neighborhood centers. Rent growth was 3.9% in general retail buildings, 5.9% in malls, 5.8% in power centers, 4.0% in strip centers, and 4.8% in neighborhood centers.

Current vacancy is lower than its trailing three-year average of 2.7%, which is also lower than the national trailing three-year average of 4.2%. Rents have increased 16.5% over the past three years, higher than the national average of 10.8%. There have been 731 sales over the past three years, amounting to \$881 million in volume and 6.6 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 61.4 million SF of inventory.

Source: CoStar Group

Vacancy Rates & Rental Rates Per SF



Source: CoStar Group

Submarket Overview

Anderson County | \$1.1B Asset Value

Knoxville - TN USA

| | | | |
|---------------------|---------|---------------------------|-----------|
| Inventory SF | 6.1M ↓ | Market Asking Rent/SF | \$17.42 ↑ |
| Under Constr SF | 66.8K ↑ | Market Asking Rent Growth | 4.1% ↑ |
| 12 Mo Net Absorp SF | 34K | Market Sale Price/SF | \$181 ↑ |
| Vacancy Rate | 1.1% ↓ | 12 Mo Sales Vol | \$26.3M ↑ |

Bearden/Papermill/W Town | \$1.3B Asset Value

Knoxville - TN USA

| | | | |
|---------------------|---------|---------------------------|-----------|
| Inventory SF | 6.5M ↓ | Market Asking Rent/SF | \$25.56 ↑ |
| Under Constr SF | 0 ↓ | Market Asking Rent Growth | 5.2% ↑ |
| 12 Mo Net Absorp SF | (61.2K) | Market Sale Price/SF | \$198 ↑ |
| Vacancy Rate | 3.1% ↑ | 12 Mo Sales Vol | \$9.9M ↓ |

Blount County | \$1.3B Asset Value

Knoxville - TN USA

| | | | |
|---------------------|--------|---------------------------|-----------|
| Inventory SF | 7.6M ↑ | Market Asking Rent/SF | \$18.05 ↑ |
| Under Constr SF | 0 ↓ | Market Asking Rent Growth | 4.1% ↑ |
| 12 Mo Net Absorp SF | 161K | Market Sale Price/SF | \$173 ↑ |
| Vacancy Rate | 2.7% ↓ | 12 Mo Sales Vol | \$32.4M ↑ |

Campbell Station/Farragut | \$865M Asset Value

Knoxville - TN USA

| | | | |
|---------------------|---------|---------------------------|-----------|
| Inventory SF | 3.9M ↑ | Market Asking Rent/SF | \$26.89 ↑ |
| Under Constr SF | 91.7K ↑ | Market Asking Rent Growth | 4.9% ↑ |
| 12 Mo Net Absorp SF | (6.4K) | Market Sale Price/SF | \$215 ↑ |
| Vacancy Rate | 2.5% ↑ | 12 Mo Sales Vol | \$60.2M ↑ |

Cedar Bluff/Walker Spgs | \$474M Asset Value

Knoxville - TN USA

| | | | |
|---------------------|--------|---------------------------|-----------|
| Inventory SF | 2.5M ↓ | Market Asking Rent/SF | \$21.66 ↑ |
| Under Constr SF | 0 ↓ | Market Asking Rent Growth | 4.4% ↑ |
| 12 Mo Net Absorp SF | (50K) | Market Sale Price/SF | \$186 ↑ |
| Vacancy Rate | 5.6% ↑ | 12 Mo Sales Vol | \$1.8M ↓ |

Downtown | \$516M Asset Value

Knoxville - TN USA

| | | | |
|---------------------|---------|---------------------------|-----------|
| Inventory SF | 2.2M ↓ | Market Asking Rent/SF | \$23.47 ↑ |
| Under Constr SF | 0 ↓ | Market Asking Rent Growth | 4.3% ↑ |
| 12 Mo Net Absorp SF | (65.2K) | Market Sale Price/SF | \$239 ↑ |
| Vacancy Rate | 8.4% ↑ | 12 Mo Sales Vol | \$2.9M ↓ |

East | \$240M Asset Value

Knoxville - TN USA

| | | | |
|---------------------|--------|---------------------------|-----------|
| Inventory SF | 1.6M ↓ | Market Asking Rent/SF | \$13.42 ↑ |
| Under Constr SF | 0 ↓ | Market Asking Rent Growth | 3.8% ↑ |
| 12 Mo Net Absorp SF | 23.3K | Market Sale Price/SF | \$150 ↑ |
| Vacancy Rate | 0.6% ↓ | 12 Mo Sales Vol | \$4.8M ↑ |

Loudon County | \$499M Asset Value

Knoxville - TN USA

| | | | |
|---------------------|--------|---------------------------|-----------|
| Inventory SF | 2.8M ↑ | Market Asking Rent/SF | \$17.90 ↑ |
| Under Constr SF | 0 ↓ | Market Asking Rent Growth | 4.2% ↑ |
| 12 Mo Net Absorp SF | 1.8K | Market Sale Price/SF | \$179 ↑ |
| Vacancy Rate | 1.2% ↑ | 12 Mo Sales Vol | \$13.9M ↑ |

North/Broadway | \$1.9B Asset Value

Knoxville - TN USA

| | | | |
|---------------------|---------|---------------------------|-----------|
| Inventory SF | 10.9M ↑ | Market Asking Rent/SF | \$18.36 ↑ |
| Under Constr SF | 22K ↑ | Market Asking Rent Growth | 4.1% ↑ |
| 12 Mo Net Absorp SF | 99.9K | Market Sale Price/SF | \$174 ↑ |
| Vacancy Rate | 3.3% ↓ | 12 Mo Sales Vol | \$29.9M ↑ |

North/Emory Road | \$305M Asset Value

Knoxville - TN USA

| | | | |
|---------------------|--------|---------------------------|-----------|
| Inventory SF | 1.4M ↑ | Market Asking Rent/SF | \$20.61 ↑ |
| Under Constr SF | 0 ↓ | Market Asking Rent Growth | 4.1% ↑ |
| 12 Mo Net Absorp SF | 29.9K | Market Sale Price/SF | \$211 ↑ |
| Vacancy Rate | 1.2% ↓ | 12 Mo Sales Vol | \$1M ↓ |

Pellissippi/Lovell | \$1B Asset Value

Knoxville - TN USA

| | | | |
|---------------------|--------|---------------------------|-----------|
| Inventory SF | 5.2M ↑ | Market Asking Rent/SF | \$21.82 ↑ |
| Under Constr SF | 5K ↓ | Market Asking Rent Growth | 4.7% ↑ |
| 12 Mo Net Absorp SF | 93.5K | Market Sale Price/SF | \$202 ↑ |
| Vacancy Rate | 0.5% ↓ | 12 Mo Sales Vol | \$23.6M ↑ |

South | \$580M Asset Value

Knoxville - TN USA

| | | | |
|---------------------|--------|---------------------------|-----------|
| Inventory SF | 4.4M ↑ | Market Asking Rent/SF | \$13.54 ↑ |
| Under Constr SF | 0 ↓ | Market Asking Rent Growth | 4.6% ↑ |
| 12 Mo Net Absorp SF | 48.5K | Market Sale Price/SF | \$132 ↑ |
| Vacancy Rate | 4.3% ↓ | 12 Mo Sales Vol | \$10.2M ↓ |

Union County | \$92.9M Asset Value

Knoxville - TN USA

| | | | |
|---------------------|--------|---------------------------|-----------|
| Inventory SF | 515K ↓ | Market Asking Rent/SF | \$15.77 ↑ |
| Under Constr SF | 10.6K | Market Asking Rent Growth | 3.6% ↑ |
| 12 Mo Net Absorp SF | 0 | Market Sale Price/SF | \$177 ↑ |
| Vacancy Rate | 0% ↓ | 12 Mo Sales Vol | \$2.8M |

Source: CoStar Group

45,019
Inventory Units

1,621
12 Mo Net Absorption Units

5.8%
Vacancy Rate

\$1,458
Market Rent/Unit



RECORD SETTING WAVE OF SUPPLY

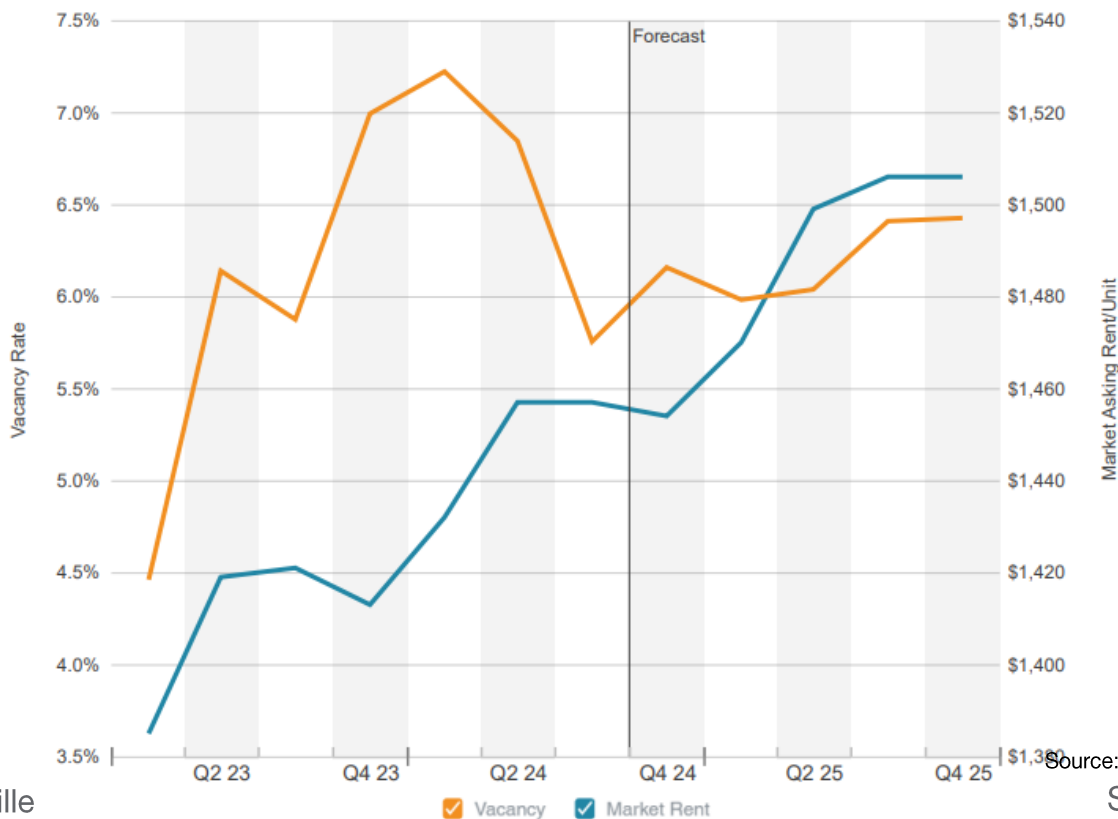
Knoxville's apartment market performance has been shifting lately, as a record-setting wave of supply has been the central theme. Demand for those apartments has also been increasing in recent quarters, as 1,800 units were absorbed in the trailing four quarters. Yet, more is needed to offset the arrival of 1,800 units in the same period, increasing the market's vacancy rate to 5.7%.

Developers have been keen on bringing additional communities to the area, and the pace of deliveries is nearly double the market's 10-year average. 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 1,600 units underway, mean that supply-side pressures are likely to remain present through the end of 2025. That has already served to remove some pricing power, as asking rents grew by about 2.6% in the past year. This growth rate is about 450 basis points below the market's average over the past three years. As additional units are delivered throughout the next four quarters and renters are presented with more options, Knoxville's rent growth is projected to increase slightly from the current level as demand in 2024 is forecast to reach a three-year high.

Source: CoStar Group

Vacancy Rates & Rental Rates Per Unit



Source: CoStar Group

Submarket Overview

Outlying Anderson County | \$74.7M Asset Value

Knoxville - TN USA

| | | | |
|--------------------|--------|-------------------------|-----------|
| Inventory Units | 809 ↓ | Market Asking Rent/Unit | \$903 ↑ |
| Under Constr Units | 0 ↓ | Annual Rent Growth | 3.1% ↑ |
| 12 Mo Absorp Units | 0 | Market Sale Price/Unit | \$92.4K ↑ |
| Vacancy Rate | 0.3% ↑ | 12 Mo Sales Vol | \$0 ↓ |

Downtown Knoxville | \$728M Asset Value

Knoxville - TN USA

| | | | |
|--------------------|---------|-------------------------|-----------|
| Inventory Units | 3,247 ↓ | Market Asking Rent/Unit | \$1,764 ↑ |
| Under Constr Units | 348 ↓ | Annual Rent Growth | 1.0% ↑ |
| 12 Mo Absorp Units | 49 | Market Sale Price/Unit | \$203K ↑ |
| Vacancy Rate | 5.2% ↓ | 12 Mo Sales Vol | \$124M ↑ |

Eastern Knox County | \$12.2M Asset Value

Knoxville - TN USA

| | | | |
|--------------------|---------|-------------------------|-----------|
| Inventory Units | 116 ↑ | Market Asking Rent/Unit | \$1,591 ↑ |
| Under Constr Units | 0 ↓ | Annual Rent Growth | 3.1% ↑ |
| 12 Mo Absorp Units | 46 | Market Sale Price/Unit | \$105K ↑ |
| Vacancy Rate | 12.0% ↑ | 12 Mo Sales Vol | \$2.1M |

Loudon County | \$154M Asset Value

Knoxville - TN USA

| | | | |
|--------------------|--------|-------------------------|-----------|
| Inventory Units | 819 ↑ | Market Asking Rent/Unit | \$1,465 ↑ |
| Under Constr Units | 166 ↓ | Annual Rent Growth | 4.5% ↑ |
| 12 Mo Absorp Units | 30 | Market Sale Price/Unit | \$156K ↑ |
| Vacancy Rate | 2.2% ↑ | 12 Mo Sales Vol | \$0 ↓ |

Maryville/Alcoa | \$794M Asset Value

Knoxville - TN USA

| | | | |
|--------------------|---------|-------------------------|-----------|
| Inventory Units | 4,455 ↑ | Market Asking Rent/Unit | \$1,326 ↑ |
| Under Constr Units | 0 ↓ | Annual Rent Growth | 1.4% ↑ |
| 12 Mo Absorp Units | 479 | Market Sale Price/Unit | \$178K ↓ |
| Vacancy Rate | 8.1% ↓ | 12 Mo Sales Vol | \$6.6M ↓ |

North Knoxville | \$1.2B Asset Value

Knoxville - TN USA

| | | | |
|--------------------|---------|-------------------------|-----------|
| Inventory Units | 9,176 ↑ | Market Asking Rent/Unit | \$1,298 ↑ |
| Under Constr Units | 728 ↓ | Annual Rent Growth | 5.1% ↑ |
| 12 Mo Absorp Units | 85 | Market Sale Price/Unit | \$126K ↑ |
| Vacancy Rate | 5.3% ↑ | 12 Mo Sales Vol | \$3.9M ↓ |

Oak Ridge | \$337M Asset Value

Knoxville - TN USA

| | | | |
|--------------------|---------|-------------------------|-----------|
| Inventory Units | 2,518 ↓ | Market Asking Rent/Unit | \$1,221 ↑ |
| Under Constr Units | 0 ↓ | Annual Rent Growth | 3.8% ↑ |
| 12 Mo Absorp Units | 131 | Market Sale Price/Unit | \$134K ↑ |
| Vacancy Rate | 6.0% ↓ | 12 Mo Sales Vol | \$33.8M |

South Knoxville | \$258M Asset Value

Knoxville - TN USA

| | | | |
|--------------------|---------|-------------------------|-----------|
| Inventory Units | 2,205 ↓ | Market Asking Rent/Unit | \$1,241 ↓ |
| Under Constr Units | 0 ↓ | Annual Rent Growth | 0% ↓ |
| 12 Mo Absorp Units | 20 | Market Sale Price/Unit | \$117K ↑ |
| Vacancy Rate | 4.6% ↓ | 12 Mo Sales Vol | \$18.3M ↑ |

West Knoxville | \$2.2B Asset Value

Knoxville - TN USA

| | | | |
|--------------------|----------|-------------------------|-----------|
| Inventory Units | 14,680 ↑ | Market Asking Rent/Unit | \$1,470 ↑ |
| Under Constr Units | 0 ↓ | Annual Rent Growth | 2.4% ↑ |
| 12 Mo Absorp Units | 202 | Market Sale Price/Unit | \$151K ↑ |
| Vacancy Rate | 4.8% ↓ | 12 Mo Sales Vol | \$83.5M ↓ |

Western Knox County | \$1.5B Asset Value

Knoxville - TN USA

| | | | |
|--------------------|---------|-------------------------|-----------|
| Inventory Units | 5,995 ↑ | Market Asking Rent/Unit | \$1,847 ↑ |
| Under Constr Units | 379 ↓ | Annual Rent Growth | 2.1% ↑ |
| 12 Mo Absorp Units | 734 | Market Sale Price/Unit | \$235K ↑ |
| Vacancy Rate | 8.8% ↑ | 12 Mo Sales Vol | \$0 ↓ |

Union County | \$1.8M Asset Value

Knoxville - TN USA

| | | | |
|--------------------|--------|-------------------------|-----------|
| Inventory Units | 42 ↓ | Market Asking Rent/Unit | \$487 ↑ |
| Under Constr Units | 0 ↓ | Annual Rent Growth | 1.0% ↑ |
| 12 Mo Absorp Units | 0 | Market Sale Price/Unit | \$43.1K ↑ |
| Vacancy Rate | 3.2% ↑ | 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:



ARCONIC

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

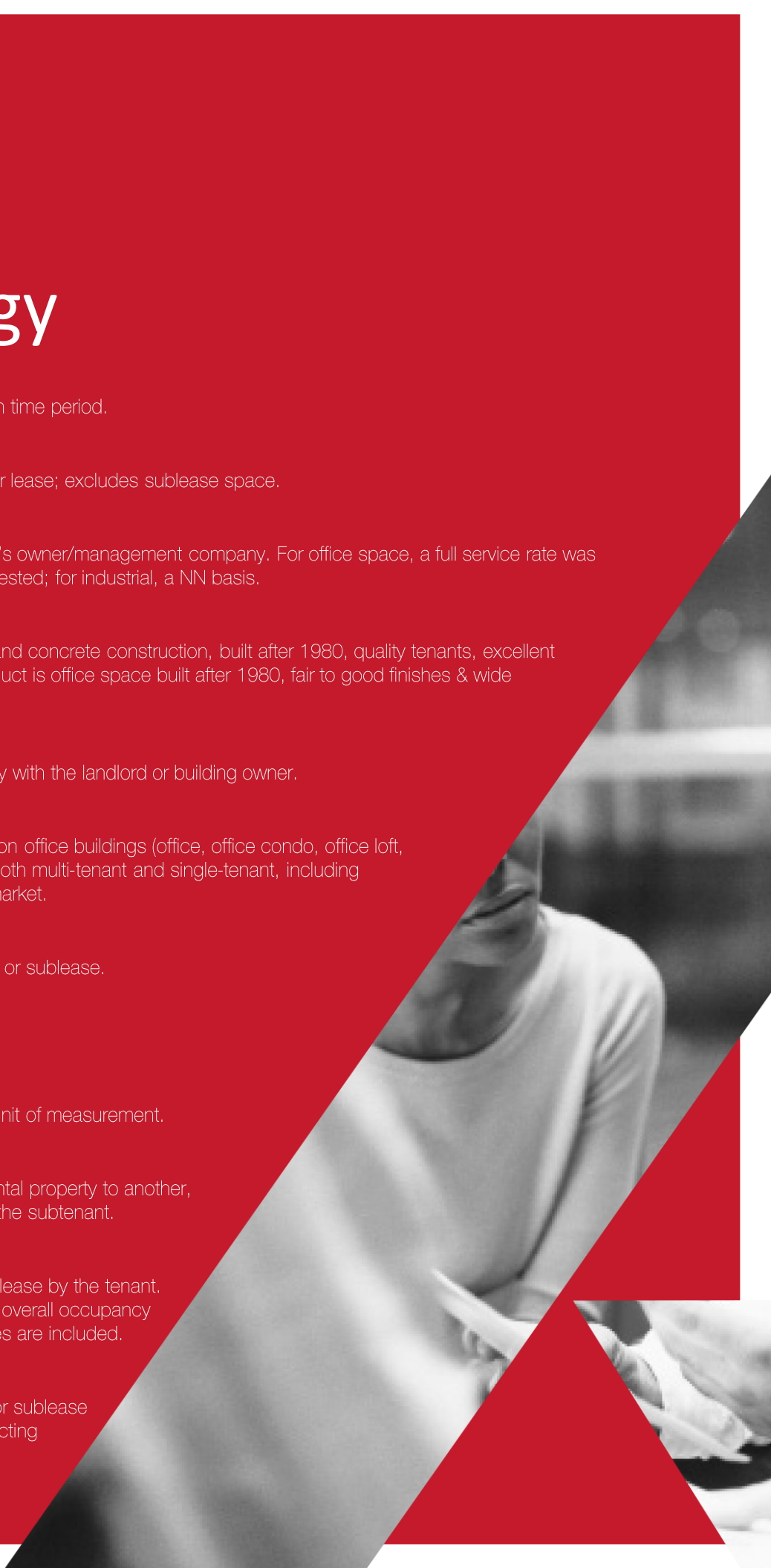
Arrangement in which a tenant leases rental property to another, and the tenant becomes the landlord to the subtenant.

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.



Q3'24

Knoxville Market Report

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