

Nashville

Strong quarter propels annual net absorption to record high

- Two modern bulk projects delivered 100% leased and propelled 2022 absorption to an annual market record at 10 million s.f.
- Nearly 4 million s.f. delivered in Q4, marking the highest total in a single quarter in market history and increasing annual completions to highest mark since 2017
- Although new groundbreakings may be delayed until the second half of 2023, another record-setting year is on the horizon with over 9 million s.f. under construction

A record-setting year for absorption activity is largely the result of new construction that delivered in the last 18 months. Annual absorption topped 10 million s.f. in 2022, 30% of which was accounted for in Q4. Two significant modern bulk projects delivered 100% leased: Walmart at 1015 Hixson Blvd in Wilson County (925,680 s.f.) and McNeilus Truck & Manufacturing at 2120 Logistics Way in the Southeast submarket (844,480 s.f.). The Wilson County and Southeast submarkets combined to account for 91% of the 8.5 million s.f. that delivered in 2022. Nearly half of total completions occurred in Q4, marking the highest total in a single quarter in market history.

Despite a strong year of construction activity, total vacancy fell to 3.4%, a 1.1% reduction year-over-year. Robust leasing in new product continues to ensure vacancy remains at historical lows. Tenant demand and falling vacancy are also contributing to rising asking rates as the market average increased 8% year-over-year to \$6.27 per s.f. Since 2017, rates have risen by at least 8% each year, a trend that coincides with a significant increase in new construction activity. Over 37 million s.f. of new product has been added to the market since 2017. Rates have risen 47% in the same time span.

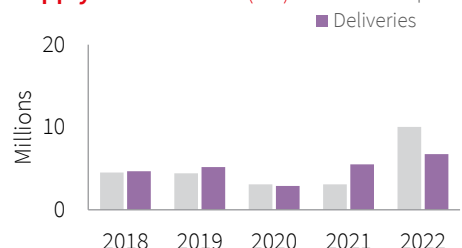
Outlook

New supply is expected to continue a strong pace in 2023 with over 9 million s.f. scheduled to deliver. Many projects have been delayed due to economic uncertainty and rising costs, and this may continue through the first half of 2023. Despite challenging economic conditions like rising interest rates, four projects totaling 1.5 million s.f. broke ground in Q4, three of which are being developed by Prologis in the Southeast submarket. Similar to 2022, activity will be concentrated in the Southeast and Wilson County submarkets in 2023.

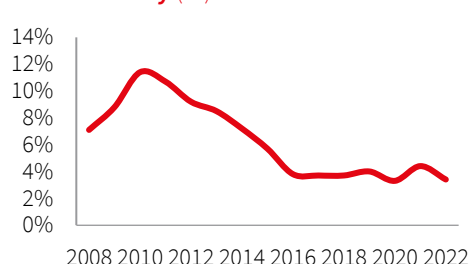
Fundamentals

	Forecast
YTD net absorption	10,043,754 s.f. ▲
Under construction	9,139,902 s.f. ►
Total vacancy	3.4% ▼
Sublease vacancy	647,911 s.f. ►
Direct asking rent	\$6.27 p.s.f. ►
Sublease asking rent	\$5.27 p.s.f. ▲
Concessions	Decreasing ▼

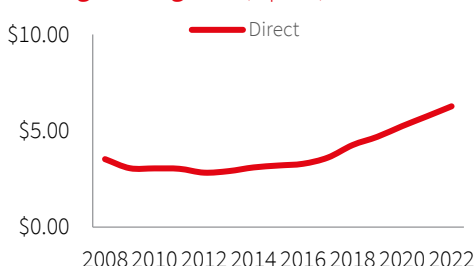
Supply and demand (s.f.)



Total vacancy (%)



Average asking rent (\$ p.s.f.)



JLL Research Report

Industrial Statistics

	Inventory (s.f.)	Quarterly total net absorption (s.f.)	YTD total net absorption (s.f.)	YTD total net absorption (% of stock)	Total vacancy (%)	availability (%)	Total average total asking rent (\$ p.s.f.)	Quarterly Completions (s.f.)	YTD Completions (s.f.)	Under construction (s.f.)
Nashville total										
Warehouse & Distribution	161,417,812	3,055,127	9,778,035	6.1%	4.3%	8.4%	\$6.37	3,940,958	8,525,337	6,339,902
Manufacturing	51,662,352	-35,068	265,719	0.5%	0.6%	1.8%	\$4.64	0	0	2,800,000
Overall Total	213,080,164	3,020,059	10,043,754	4.7%	3.4%	6.8%	\$6.08	3,940,958	8,525,337	9,139,902
East Ind										
Warehouse & Distribution	5,956,398	130,240	36,892	0.6%	4.5%	6.1%	\$8.67	0	0	0
Manufacturing	3,576,360	0	0	0.0%	0.8%	0.8%	\$7.50	0	0	0
Overall Total	9,532,758	130,240	36,892	0.4%	3.1%	4.1%	\$8.40	0	0	0
IBD Ind										
Warehouse & Distribution	7,342,565	91,406	233,603	3.2%	1.3%	6.1%	\$9.63	0	0	0
Manufacturing	2,270,000	0	6,275	0.3%	0.0%	1.4%	\$0.00	0	0	0
Overall Total	9,612,565	91,406	239,878	2.5%	1.0%	5.0%	\$9.63	0	0	0
Southeast Ind										
Warehouse & Distribution	51,058,762	1,261,485	3,782,516	7.4%	3.9%	7.6%	\$6.47	1,221,572	2,744,632	2,334,527
Manufacturing	13,648,663	-25,068	151,597	1.1%	0.6%	0.2%	\$13.29	0	0	0
Overall Total	64,707,425	1,236,417	3,934,113	6.1%	3.2%	6.1%	\$6.94	1,221,572	2,744,632	2,334,527
Southwest Ind										
Warehouse & Distribution	7,355,939	105,307	102,563	1.4%	0.9%	1.3%	\$11.15	0	0	0
Manufacturing	1,502,386	0	-2,500	-0.2%	0.2%	0.2%	\$14.00	0	0	0
Overall Total	8,858,325	105,307	100,063	1.1%	0.8%	1.1%	\$11.29	0	0	0
West Ind										
Warehouse & Distribution	4,024,159	0	47,145	1.2%	4.4%	6.1%	\$8.28	0	305,000	0
Manufacturing	2,164,489	0	0	0.0%	0.0%	0.0%	\$0.00	0	0	0
Overall Total	6,188,648	0	47,145	0.8%	2.8%	3.9%	\$8.28	0	305,000	0
Wilson County Ind										
Warehouse & Distribution	36,696,640	1,246,276	4,417,543	12.0%	10.3%	15.6%	\$5.67	2,468,386	4,909,865	3,127,098
Manufacturing	3,658,977	0	0	0.0%	0.0%	2.2%	\$7.06	0	0	0
Overall Total	40,355,617	1,246,276	4,417,543	10.9%	9.4%	14.5%	\$5.73	2,468,386	4,909,865	3,127,098
North total										
Warehouse & Distribution	37,048,029	-24,587	902,377	2.4%	0.6%	5.7%	\$7.60	0	314,840	648,400
Manufacturing	7,621,440	0	45,615	0.6%	1.4%	9.3%	\$3.50	0	0	0
Overall Total	44,669,469	-24,587	947,992	2.1%	0.7%	6.3%	\$4.74	0	314,840	648,400
North Ind										
Warehouse & Distribution	29,475,938	-24,587	870,352	3.0%	0.7%	4.3%	\$8.16	0	314,840	648,400
Manufacturing	6,949,878	0	45,615	0.7%	1.6%	10.2%	\$3.50	0	0	0
Overall Total	36,425,816	-24,587	915,967	2.5%	0.9%	5.4%	\$4.77	0	314,840	648,400
Robertson County Ind										
Warehouse & Distribution	7,572,091	0	32,025	0.4%	0.0%	11.3%	\$4.00	0	0	0
Manufacturing	671,562	0	0	0.0%	0.0%	0.0%	\$0.00	0	0	0
Overall Total	8,243,653	0	32,025	0.4%	0.0%	10.4%	\$4.00	0	0	0
Periphery East total										
Warehouse & Distribution	1,468,787	0	0	0.0%	0.0%	4.9%	\$2.75	0	0	0
Manufacturing	1,063,049	0	0	0.0%	0.0%	0.0%	\$0.00	0	0	0
Overall Total	2,531,836	0	0	0.0%	0.0%	2.8%	\$2.75	0	0	0
Macon County Ind										
Warehouse & Distribution	343,285	0	0	0.0%	0.0%	0.0%	\$0.00	0	0	0
Manufacturing	359,795	0	0	0.0%	0.0%	0.0%	\$0.00	0	0	0
Overall Total	703,080	0	0	0.0%	0.0%	0.0%	\$0.00	0	0	0
Smith County Ind										
Warehouse & Distribution	868,176	0	0	0.0%	0.0%	8.2%	\$2.75	0	0	0
Manufacturing	703,254	0	0	0.0%	0.0%	0.0%	\$0.00	0	0	0
Overall Total	1,571,430	0	0	0.0%	0.0%	4.5%	\$2.75	0	0	0
Trousdale County Ind										
Warehouse & Distribution	257,326	0	0	0.0%	0.0%	0.0%	\$0.00	0	0	0
Overall Total	257,326	0	0	0.0%	0.0%	0.0%	\$0.00	0	0	0
Periphery West total										
Warehouse & Distribution	10,449,095	245,000	255,396	2.4%	3.0%	5.1%	\$7.52	251,000	251,000	229,877
Manufacturing	16,156,988	-10,000	64,732	0.4%	0.7%	0.6%	\$4.50	0	0	2,800,000
Overall Total	26,606,083	235,000	320,128	1.2%	1.6%	2.2%	\$7.11	251,000	251,000	3,029,877

Cheatham County Ind										
Warehouse & Distribution	418,903	0	0	0.0%	0.0%	0.0%	\$0.00	0	0	0
Manufacturing	1,316,566	0	0	0.0%	0.0%	0.0%	\$0.00	0	0	0
Overall Total	1,735,469	0	0	0.0%	0.0%	0.0%	\$0.00	0	0	0
Dickson County Ind										
Warehouse & Distribution	4,036,531	0	155,000	3.8%	0.0%	0.0%	\$0.00	0	0	0
Manufacturing	85,416	0	0	0.0%	0.0%	0.0%	\$0.00	0	0	0
Overall Total	4,121,947	0	155,000	3.8%	0.0%	0.0%	\$0.00	0	0	0
Hickman County Ind										
Warehouse & Distribution	283,603	0	0	0.0%	0.0%	0.0%	\$0.00	0	0	0
Manufacturing	153,958	-10,000	66,500	43.2%	35.7%	35.7%	\$4.50	0	0	0
Overall Total	437,561	-10,000	66,500	15.2%	12.6%	12.6%	\$4.50	0	0	0
Maury County Ind										
Warehouse & Distribution	3,457,663	0	-153,604	-4.4%	7.5%	13.3%	\$7.50	0	0	229,877
Manufacturing	7,468,749	0	0	0.0%	0.0%	0.0%	\$0.00	0	0	2,800,000
Overall Total	10,926,412	0	-153,604	-1.4%	2.4%	3.5%	\$7.50	0	0	3,029,877
Montgomery County Ind										
Warehouse & Distribution	2,201,770	245,000	254,000	11.5%	2.5%	2.5%	\$9.00	251,000	251,000	0
Manufacturing	6,636,666	0	-1,768	0.0%	0.8%	0.8%	\$0.00	0	0	0
Overall Total	8,838,436	245,000	252,232	2.9%	1.2%	1.2%	\$9.00	251,000	251,000	0
Stewart County Ind										
Warehouse & Distribution	50,625	0	0	0.0%	0.0%	0.0%	\$0.00	0	0	0
Manufacturing	495,633	0	0	0.0%	0.0%	0.0%	\$0.00	0	0	0
Overall Total	546,258	0	0	0.0%	0.0%	0.0%	\$0.00	0	0	0
Suburban total										
Warehouse & Distribution	17,438	0	0	0.0%	0.0%	0.0%	\$0.00	0	0	0
Overall Total	17,438	0	0	0.0%	0.0%	0.0%	\$0.00	0	0	0
West										
Warehouse & Distribution	17,438	0	0	0.0%	0.0%	0.0%	\$0.00	0	0	0
Overall Total	17,438	0	0	0.0%	0.0%	0.0%	\$0.00	0	0	0