

Nashville

Industrial market snapshot | Q2 2024

Recognized by the Urban Land Institute as the top city for real estate and investment activity for a third year in a row, Nashville continues to be a major growth market in the Southeast. Strong tenant demand for newly delivered, quality properties are driving market activity, with Nashville's development pipeline remaining one of the most active in the Southeast region.

2.3 msf

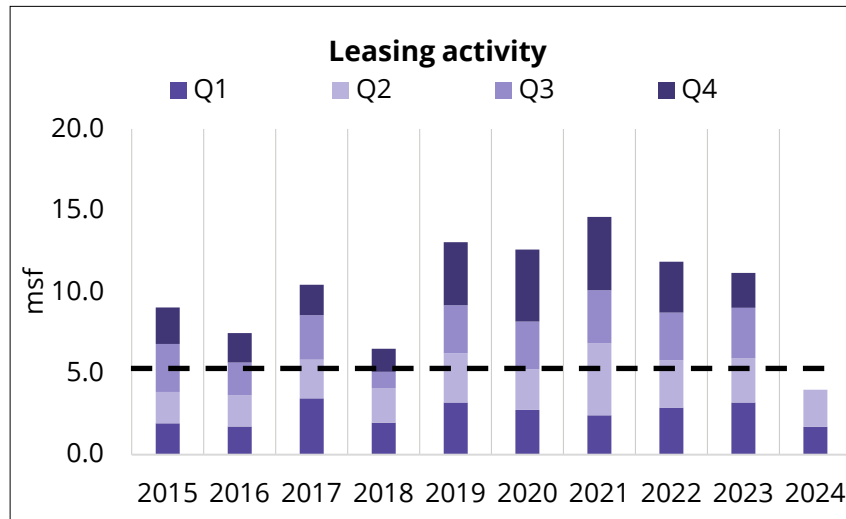
Industrial demand remains unwavering, despite slowing leasing volume. **Flight to quality and new construction continues to trend.**

5.6%

Vacancy has risen 110 basis points year-over-year, with the **increase in sublease space and vacant new construction** accounting for most of this growth.

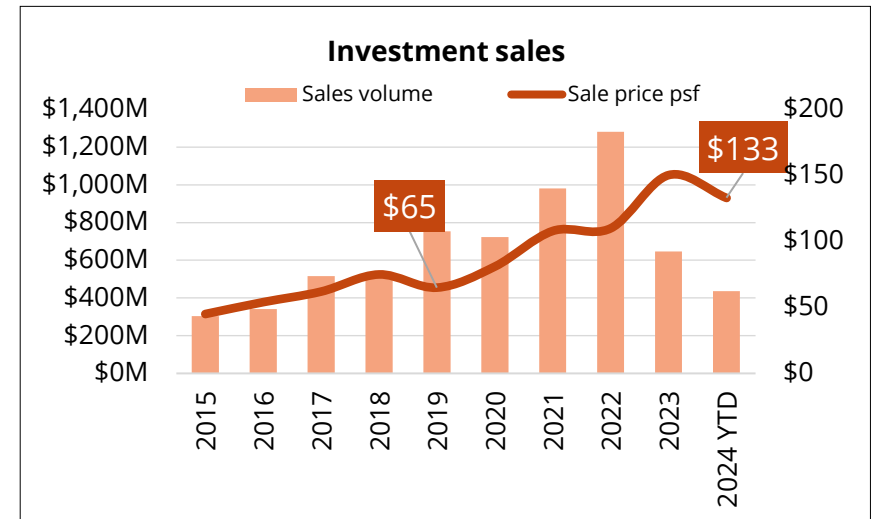
\$133 psf

Psf pricing fell substantially from the end of 2023 but can be **viewed as a correction in value** after record low interest rates spurred an overheated investment market.



Tenant interest in the industrial market remains strong even as overall leasing volume was down 33% in the first half of 2024 compared to the same time in 2023. Smaller lease sizes are the driving force as 71% of the deals signed in Q2 2024 were below 50,000 sf.

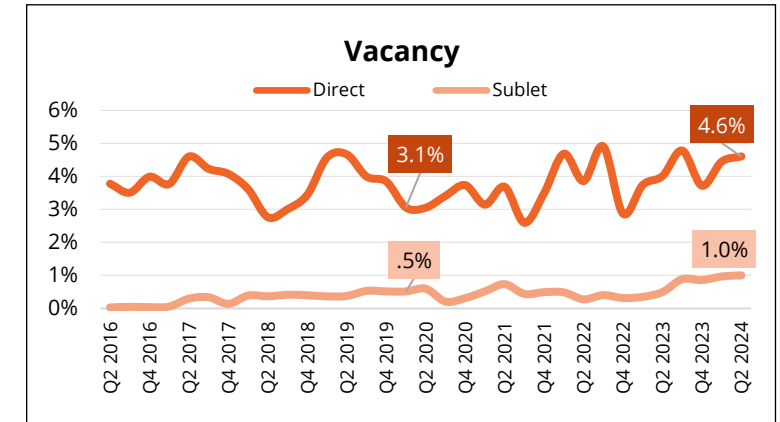
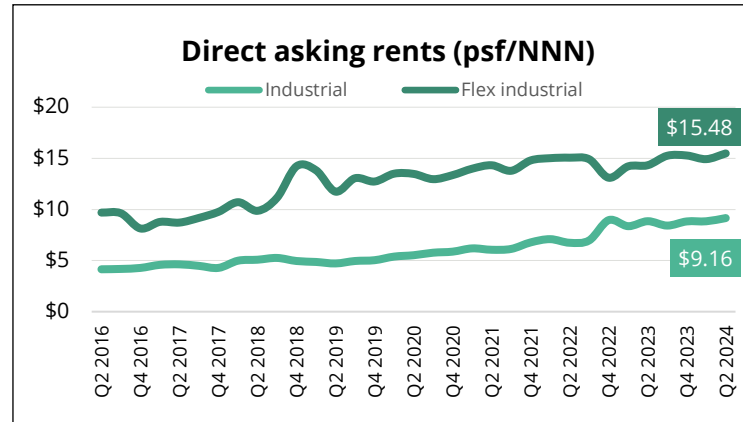
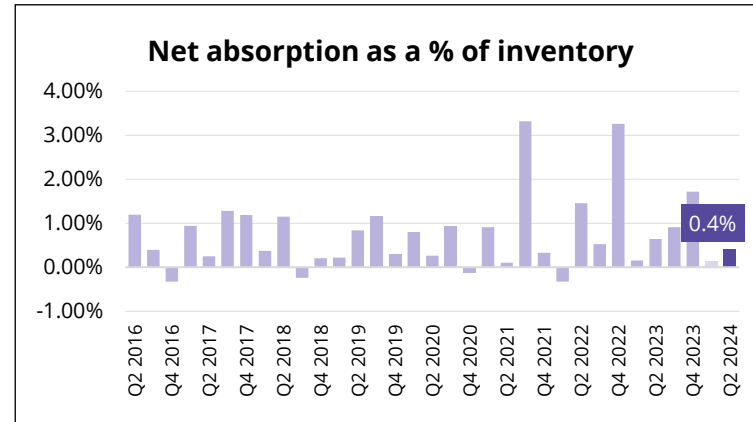
Note: Leasing activity includes relocations, renewals, expansions and subleases.
Source: AVANT by Avison Young, CoStar



Nashville's industrial investment sales totaled \$436 million during the first half of 2024. While asset pricing began to fall during the first half of 2024, year-to-date these psf rates are a 105% increase from pre-pandemic pricing.

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Recent leasing activity

| Tenant | Property name/ address | Size (sf) | Transaction type | Lease type |
|--------------------------------------|---|-----------|------------------|------------|
| Builders FirstSource | Speedway Industrial Park Building 13 | 301,320 | New | Direct |
| Quanta Computer | Park 24 Building 7 | 254,912 | New | Direct |
| Steves & Sons | 1442 Toshiba Dr | 201,500 | New | Direct |
| Commercial Warehouse & Cartage | Space Park North Building 5 | 162,222 | Renewal | Direct |

Recent sales activity

| Buyer | Property name/ address | Sale price | Sale price psf | Seller |
|------------------------|------------------------------|---------------|----------------|-----------------------|
| Prologis | Beckwith Farms Buildings 1-3 | \$155,000,000 | \$106 | Nuveen |
| KKR | 2 Dell Parkway Buildings | \$76,200,000 | \$186 | LRC Properties |
| AIREIT | 549 Aldi Boulevard | \$52,500,000 | \$120 | Clarion Partners |
| IP Capital Partners | 2699 Highwood Boulevard | \$26,400,000 | \$99 | Sagard Real Estate |

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Get in touch

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| | Existing inventory sf | Deliveries sf (YTD) | Under development sf | Direct vacancy | Sublet vacancy | Total vacancy | Net absorption (QTD) | Net absorption % of inventory (YTD) | Annual direct asking rent psf NNN |
|---------------------|-----------------------|---------------------|----------------------|----------------|----------------|---------------|----------------------|-------------------------------------|-----------------------------------|
| East | 16,941,922 | 0 | 0 | 1.5% | 0.1% | 1.6% | 15,429 | (.5%) | \$13.62 |
| IBD | 11,075,119 | 30,000 | 0 | 3.1% | 2.1% | 5.2% | (128,457) | (0.8%) | \$14.48 |
| North | 33,670,713 | 245,025 | 0 | 5.2% | 1.6% | 6.8% | 150,603 | 0.3% | \$8.73 |
| Southeast | 71,225,619 | 0 | 792,692 | 4.4% | 0.7% | 5.1% | 453,741 | 0.7% | \$8.00 |
| Southwest | 12,528,747 | 0 | 0 | 1.2% | 0.2% | 1.4% | 18,481 | (0.7%) | \$12.42 |
| West | 6,445,829 | 0 | 1,699,240 | 0.5% | 1.5% | 2.0% | 81,369 | (0.6%) | \$13.47 |
| Wilson County | 45,226,934 | 1,026,766 | 2,259,635 | 7.4% | 1.4% | 8.8% | 166,073 | 1.0% | \$9.23 |
| Market total | 197,114,883 | 1,301,791 | 4,751,567 | 4.6% | 1.0% | 5.6% | 757,239 | 0.4% | \$9.40 |

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|---------------------|-----------------------|---------------------|----------------------|----------------|----------------|---------------|----------------------|-------------------------------------|-----------------------------------|
| Flex industrial | 9,316,996 | 0 | 0 | 3.3% | 1.4% | 4.7% | 48,316 | (0.6%) | \$15.48 |
| Warehouse | 69,392,088 | 526,819 | 326,000 | 4.5% | 1.8% | 6.3% | 290,702 | 0.8% | \$9.69 |
| Distribution | 78,255,536 | 774,972 | 4,425,567 | 6.2% | 0.8% | 7.1% | 540,824 | 0.6% | \$7.93 |
| Manufacturing | 40,150,263 | 0 | 0 | 1.8% | 0.0% | 1.8% | (122,603) | (0.5%) | \$11.54 |
| Market total | 197,114,883 | 1,301,791 | 4,751,567 | 4.6% | 1.0% | 5.6% | 757,239 | 0.4% | \$9.40 |