



### MARKET OVERVIEW

The third quarter Nashville Industrial market continues to remain red hot. Overall absorption was below second quarter, with over 1.5 MSF. Vacancy rate dropped to 3.4 down 10 basis points, still extremely tight for the market. Rental rates continue to increase with high demand and limited supply coming to market. Demand for E-Commerce warehouse space and the need to keep extra supplies on hand due to supply chain disruptions are causing users to reevaluate their space needs. Many tenants are choosing to expand and take down additional space.

Wilson County has led the way with 5.6 MSF of absorption year to date, followed by the Southeast submarket with 1.1 MSF of absorption. These two submarkets account for nearly 85% of new construction; Wilson County with 3.6 MSF and the Southeast with 1.8 MSF. The West submarket is the tightest, with almost no vacancy. As rents continue to rise and sites in primary submarkets continue to be absorbed, we are seeing developers look at secondary submarkets for new opportunities.

### ABSORPTION

After a revised Q2 of 4.4 MSF of absorption, 1.5 MSF in Q3 was a respectable follow-up. With 6.5 MSF under construction, 2021 could set a record for Nashville. Leasing activity has been off the charts and those move-ins should happen in the final quarter of the year.

### VACANCY

Down 10 basis points from Q2, (3.5% vs. 3.4%) Nashville remains extremely tight territory. Now 9 submarkets are below 4% vacancy, demonstrating how tight the markets are.

### RENTAL RATES

Driven by enormous demand, limited supply and tight construction, rental rate increases are some of the strongest ever seen in Nashville.

### DEVELOPMENT

Steel is the primary construction input that is holding back the development pipeline. Activity remains high at over 6.5 MSF.

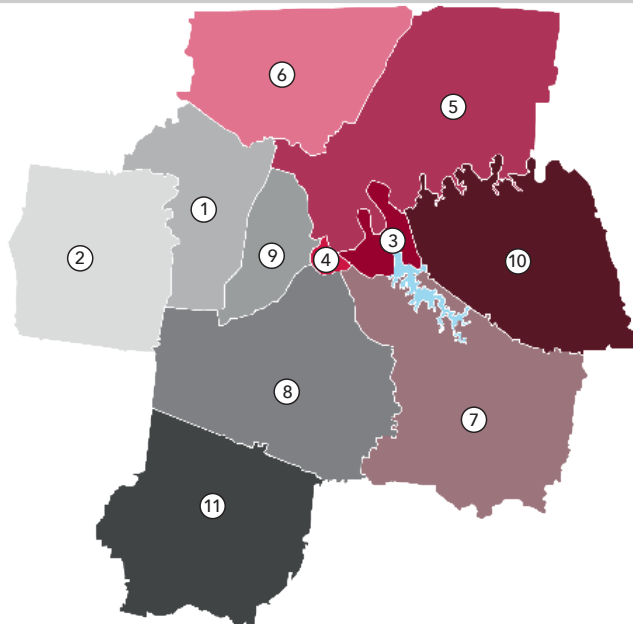
### SALES ACTIVITY

Cap rates continue to fall as seen by Black Creek's acquisition of 1050 International Drive with a cap rate in the 4.25% range. Pricing on a per SF basis dropped in Q3 as a result of 1050 International Drive (±651,000 SF) and the forward purchase of 2120 Logistics Way (±844,000 SF) by Granite REIT.

### LEASING

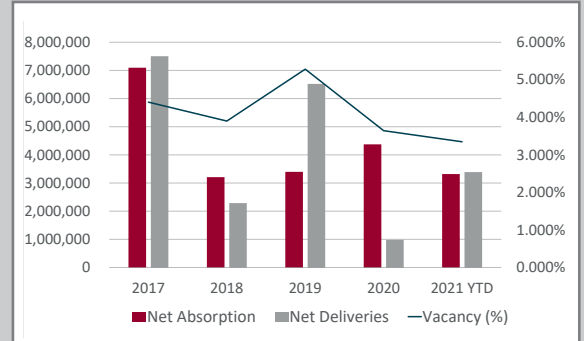
Leasing activity is still really strong; however, it may fall off some due to the lack of existing product to lease.

NASHVILLE SUBMARKET MAP

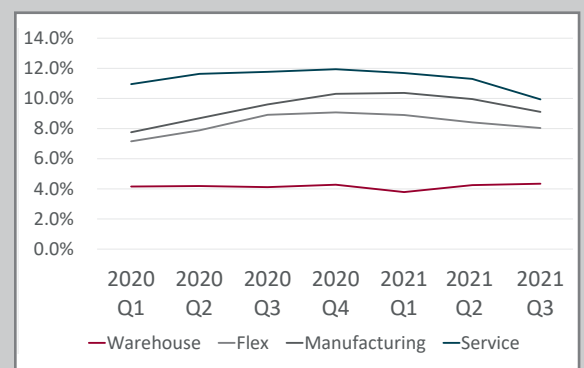


- 1. Cheatham County
- 2. Dickson County
- 3. East
- 4. IBD
- 5. North
- 6. Robertson County
- 7. Southeast
- 8. Southwest
- 9. West
- 10. Wilson County
- 11. Maury County

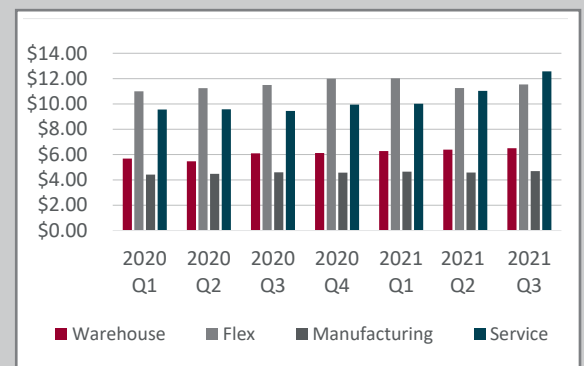
ABSORPTION & DELIVERIES



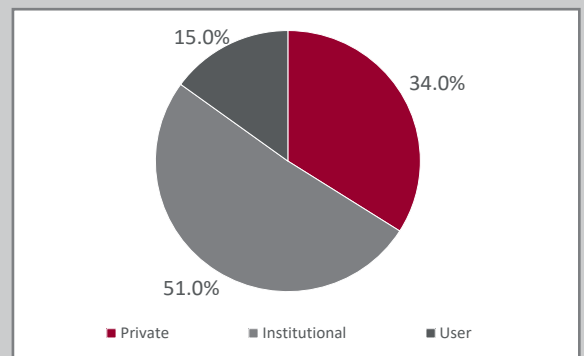
VACANCY BY PROPERTY TYPE



NASHVILLE RENTAL RATES COMPARISON



NASHVILLE BUYER TYPE



### SUBMARKET BREAKDOWN

SUBMARKET	EXISTING INVENTORY	VACANCY		YTD NET ABSORPTION	UNDER CONST SF
	Total RBA	Total SF	Vac %		
Cheatham Co	2,002,324	-	0.0%	-	-
Dickson Co.	4,454,299	155,000	3.5%	26,600	-
East	12,173,087	615,343	5.1%	76,560	-
IBD	14,591,375	281,428	1.9%	33,763	-
Maury Co.	12,327,987	175,394	1.4%	88,750	408,927
Montgomery Co.	10,583,575	124,400	1.2%	(62,856)	-
North	42,970,484	1,126,574	2.6%	207,363	354,840
Robertson Co.	10,852,567	55,727	0.5%	635,473	-
Southeast	70,146,700	3,297,700	4.7%	1,103,156	1,870,906
Southwest	13,929,343	354,610	2.5%	406,907	-
West	7,484,512	56,000	0.7%	131,000	300,000
Wilson Co.	39,623,980	1,897,217	4.8%	5,684,486	3,650,084
<b>TOTAL</b>	<b>241,140,233</b>	<b>8,139,393</b>	<b>3.4%</b>	<b>8,331,202</b>	<b>6,584,757</b>

WAREHOUSE	PERIOD	EXISTING INVENTORY	VACANCY		NET ABSORPTION	UNDER CONST SF
		Total RBA	Total SF	Vac %		
	2021 Q3	158,913,570	6,902,936	4.3%	1,156,277	6,226,832
	2021 Q2	155,483,000	6,610,733	4.3%	4,249,178	-
	2021 Q1	150,863,120	5,712,931	3.8%	2,165,950	-

MANUFACTURING	PERIOD	EXISTING INVENTORY	VACANCY		NET ABSORPTION	UNDER CONST SF
		Total RBA	Total SF	Vac %		
	2021 Q3	63,032,115	674,000	1.1%	299,288	-
	2021 Q2	63,032,115	973,288	1.5%	(48,966)	-
	2021 Q1	63,032,115	924,322	1.5%	99,595	-

FLEX	PERIOD	EXISTING INVENTORY	VACANCY		NET ABSORPTION	UNDER CONST SF
		Total RBA	Total SF	Vac %		
	2021 Q3	14,069,109	520,062	3.7%	65,236	-
	2021 Q2	14,069,109	585,298	4.2%	155,719	-
	2021 Q1	14,046,309	718,217	5.1%	81,220	-



### NOTABLE LEASES



LEASE

**FIRST ROCKDALE V**  
WILSON COUNTY  
**TOTAL SF** 691,000 SF  
**TENANT** Chewy  
**TYPE** Warehouse



LEASE

**41 ATHLETE'S WAY, BLG 7**  
WILSON COUNTY  
**TOTAL SF** 609,600 SF  
**TENANT** Undisclosed  
**TYPE** Warehouse



LEASE

**MIDWAY 840**  
WILSON COUNTY  
**TOTAL SF** 291,600 SF  
**TENANT** Talos  
**TYPE** Warehouse

### NOTABLE UNDER CONSTRUCTION

**CENTRAL 840 LOGISTICS CENTER**  
WILSON COUNTY  
**TOTAL SF** 925,336 SF  
**DEVELOPER** Core5  
**DELIVERY** Q1-2022

**2120 LOGISTICS WAY**  
WILSON COUNTY  
**TOTAL SF** 844,480 SF  
**DEVELOPER** Al. Neyer  
**DELIVERY** Q3-2022

**FIRST ROCKDALE IV**  
WILSON COUNTY  
**TOTAL SF** 500,240 SF  
**DEVELOPER** First Industrial  
**DELIVERY** Q3-2022

### NOTABLE SALE TRANSACTIONS

**2120 LOGISTICS WAY**  
SOUTHEAST  
**SIZE** 844,480 SF  
**PSF** \$78.39  
**BUYER** Granite REIT  
**SELLER** Al. Neyer

**1050 INTERNATIONAL DRIVE**  
WILSON COUNTY  
**SIZE** 651,380 SF  
**PSF** \$97.49  
**BUYER** HSA Commercial  
**SELLER** Black Creek

**2699 HIGHWOOD BOULEVARD**  
SOUTHEAST  
**SIZE** 267,597 SF  
**PSF** \$72.87  
**BUYER** EverWest  
**SELLER** Goggin Warehousing

### CONTACT US



**JIM RODRIGUES, SIOR**  
PRESIDENT  
O 615.751.2353  
C 615.300.7065  
jrodrigues@lee-associates.com



**WILLIAM SISK**  
DIRECTOR  
O 615.751.2344  
C 615.628.7064  
wsisk@lee-associates.com



**BRETT WALLACH**  
ASSOCIATE  
O 615.751.2345  
C 714.401.0615  
bwallach@lee-associates.com