



MARKET OVERVIEW

The Nashville Office market continues to gain traction as the impact of COVID-19 lingers. The last two quarters have had positive net absorption and maintained a vacancy rate of 13.6% with asking rental rates hovering at approximately \$29 per square foot. Under construction activity has been modest with strong preleasing in most cases. Pricing for office sales has remained strong, with low cap rates.

Nashville continues to benefit from major corporate relocations such as Kaiser Aluminum in Williamson County and investments such as Oracle’s in downtown Nashville. Tennessee has benefitted from the second most relocations, behind Texas due to taxes, connectivity, and a strong workforce.

ABSORPTION

The flight to quality continues; Class A space had 70 KSF (60%) of total absorption in Q3. Most of this occurred in Metro Center & Brentwood, with Downtown having the largest loss of the quarter -60KSF.

VACANCY

Overall vacancy rate remained steady at 13.6%, Class A dropped 30 basis points to 13.8%, and Class B dropped 20 basis points to 14.2%. While Class C rose 210 basis points to 9.9%.

RENTAL RATES

Average asking rates for Class A have now climbed over \$31. They first reached \$30 at the end of 2018. Class B rates now top \$26, having first hit \$25 in Q4 of 2018. At the same time, vacancy is running high that has not caused Landlords to pull back on rent increases.

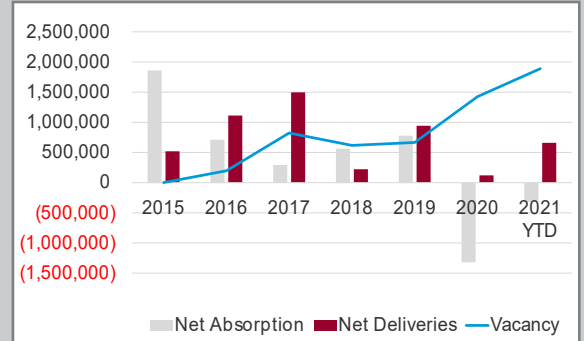
DEVELOPMENT

Tremendous number of projects under way 13 with over 2.5MSF, 1.67 MSF are owner occupied projects, that are 76% leased. Four projects are speculative buildings covering 836KSF, of which are 10% pre-leased

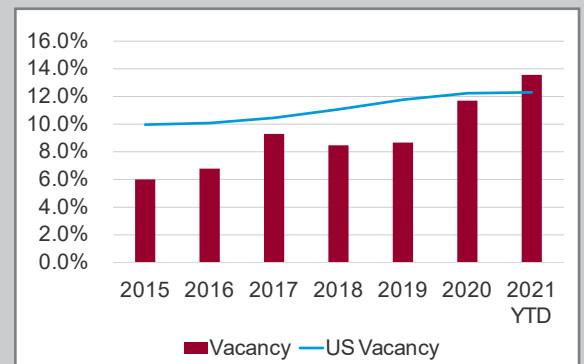
LEASING

The activity this year was 1.01 MSF in Q3 compared to 1.07 MSF in Q2 and 1.46 MSF in Q1. This bodes well for a strong end of 2021 and an excellent start to 2022.

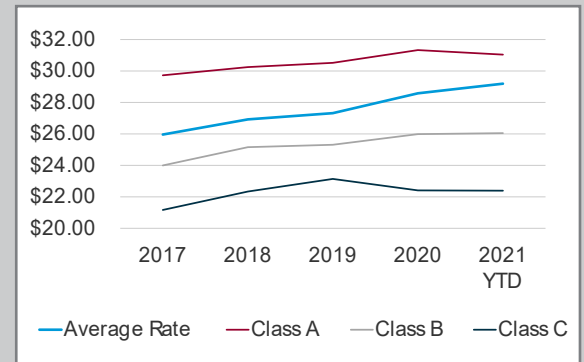
ABSORPTION & DELIVERIES



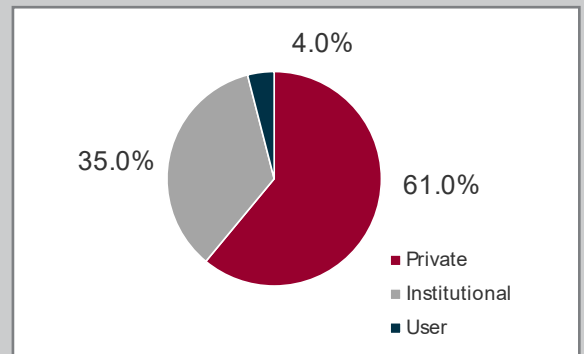
U.S. VACANCY COMPARISON



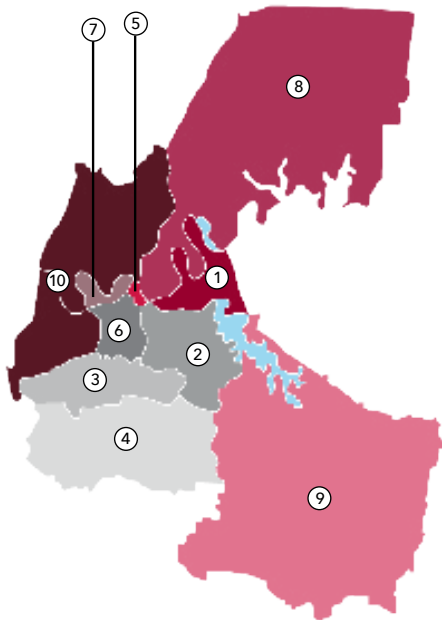
RENTAL RATES



NASHVILLE BUYER TYPE



NASHVILLE OFFICE SUBMARKET MAP



1. Airport North
2. Airport South
3. Brentwood
4. Cool Springs
5. Downtown
6. Green Hills/Music Row
7. Metro Center
8. Rivergate / Hendersonville
9. Rutherford County
10. West

SUBMARKET BREAKDOWN

SUBMARKET	EXISTING INVENTORY		VACANCY		YTD NET ABSORPTION	UNDER CONST SF	QUOTED RATES
	Total RBA	Total SF	Vac %				
Airport North	4,277,938	577,363	13.5%		(160,230)	-	\$23.85
Airport South	5,506,273	934,480	17.0%		(83,463)	-	\$24.41
Brentwood	6,482,018	1,041,288	16.1%		(245,631)	-	\$29.01
Cool Springs	7,655,411	1,205,154	20.1%		(206,513)	-	\$30.88
Downtown	11,947,715	1,420,451	12.9%		230,078	445,000	\$32.68
Green Hills	3,215,334	230,822	7.2%		24,102	391,629	\$32.73
Metro Center	1,804,813	199,696	11.1%		153,352	-	\$26.48
Rivergate	1,407,735	52,426	3.7%		47,563	-	\$23.00
Rutherford Co.	1,723,609	57,230	3.3%		(12,817)	-	\$24.11
Southwest	265,000	4,400	1.7%		2,250	-	\$24.00
West	429,235	22,433	5%		3,497	-	\$25.00
West End	4,065,636	428,576	10.5%		(57,149)	-	\$35.62
Wilson Co.	323,338	20,968	6.5%		(15,078)	-	\$22.46
TOTAL	49,104,055	6,656,957	13.6%		(320,039)	836,629	\$29.19

CLASS

CLASS	EXISTING INVENTORY		VACANCY		YTD NET ABSORPTION	UNDER CONST SF	QUOTED RATES
	Total RBA	Total SF	Vac %				
A	21,201,084	2,926,767	14.8%		(44,194)	836,629	\$31.04
B	22,542,880	3,202,174	13.5%		(183,169)	0	\$26.05
C	5,360,091	528,016	8.9%		(92,676)	0	\$22.39
TOTALS	49,104,055	6,656,957	13.6%		(320,039)	836,629	\$29.19

NOTABLE LEASES



LEASE

455 GREAT CIRCLE ROAD
METROCENTER

TOTAL SF 94,090 SF
TENANT Undisclosed
TYPE Office | New



LEASE

500 11TH AVENUE N
DOWNTOWN

TOTAL SF 62,368 SF
TENANT WeWork
TYPE Office | Renewal



LEASE

414 UNION STREET
DOWNTOWN

TOTAL SF 40,730 SF
TENANT SmileDirectClub
TYPE Office | Renewal

NOTABLE UNDER CONSTRUCTION

NASHVILLE YARDS TOWER 3

201 PLATFORM WAY SOUTH

TOTAL SF 682,000 SF

DEVELOPER Southwest Value Partners Enterprises

DELIVERY Q2-2025

NASHVILLE YARDS TOWER 2

201 PLATFORM WAY NORTH

TOTAL SF 844,480 SF

DEVELOPER Southwest Value Partners Enterprises

DELIVERY Q3-2023

ASURION HQ

1100 BROADWAY

TOTAL SF 551,000 SF

DEVELOPER Highwoods Properties, Inc.

DELIVERY Q4-2021

NOTABLE SALE TRANSACTIONS

5301 MARYLAND WAY

BRENTWOOD

SIZE 199,194 SF

PSF \$230.93

BUYER Keppel Pacific Oak US REIT

SELLER Bridge Commercial Real Estate

818 18TH AVENUE SOUTH

GREEN HILLS | MUSIC ROW

SIZE 136,004 SF

PSF \$577.19

BUYER Hall Emery

SELLER AEW Capital Management

5720 CROSSINGS BOULEVARD

AIRPORT SOUTH

SIZE 121,596 SF

PSF \$229.04

BUYER FD Stonewater

SELLER EQT Exeter

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