



MARKET OVERVIEW

The Nashville Industrial market saw multiple records set in Q4, including record-high rental rates and all-time low vacancy of 2.2%. Net absorption nearly tripled from Q4-20 to Q4-21, and the vacancy rate has dropped 130 basis points in the same time frame. Additionally, 71% of new product was preleased in 2021, demonstrating the robust and continuing demand. Overall, total inventory SF dropped in Q4 due to redevelopment of infill properties; however, expectations should be tempered regarding vacancy rates as several million square feet are under construction and planned for 2022 and 2023 deliveries.

Thirty-six Class A properties delivered in 2021 with Wilson County and the Southeast submarkets continuing to lead the charge with 25 deliveries. Although these two submarkets are still the main industrial thoroughfares, Middle Tennessee will see an influx in new proposed sites and deliveries during 2022 in surrounding areas including Maury and Montgomery counties. The desirability of Nashville, with plenty of available labor, low taxes, and lifestyle, continues to attract institutional investors and tenants.

ABSORPTION

Absorption has remained strong with nearly 3 MSF for Q4 and is expected to rise as buildings are delivered in the early quarters of 2022.

VACANCY

Down 110 basis points from Q3 (3.3% vs. 2.2%), the Nashville industrial market continues to get tighter and tighter. All submarkets are currently below 4% vacancy for the first time.

RENTAL RATES

Rental rates continue to reach new heights as solid demand and slender supply continue to drive the market in Nashville.

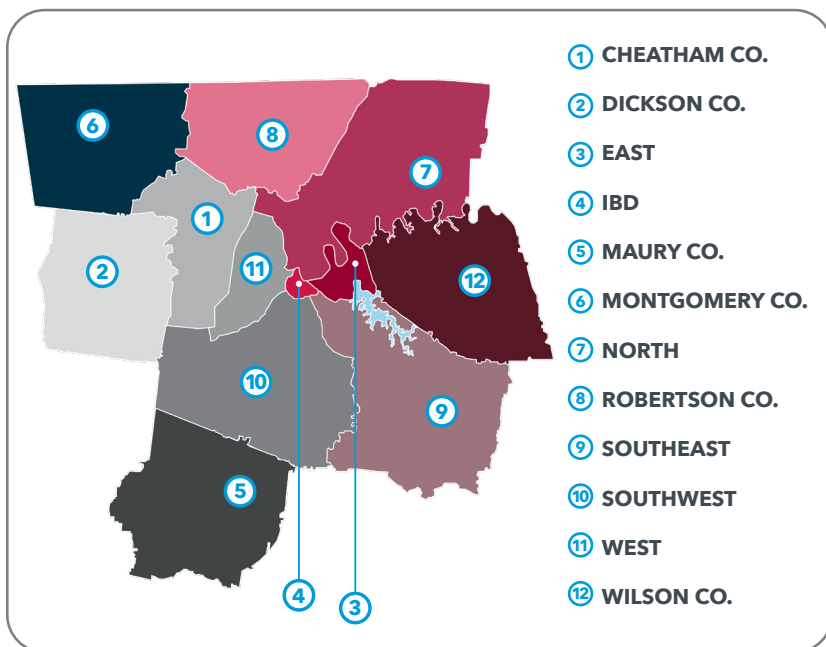
DEVELOPMENT

Development has increased drastically from Q3 to Q4 as it currently tops 9 MSF. Construction is expected to stay strong as the demand for the market is at an all-time high.

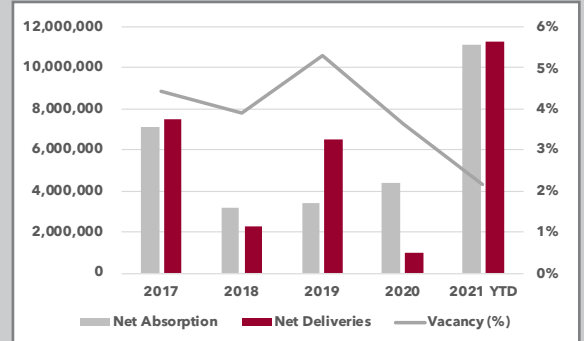
SALES ACTIVITY

Nashville's industrial market continues to get flooded by new investors, which has driven the price per square foot up \$31 from Q3 to Q4 as the market tightens.

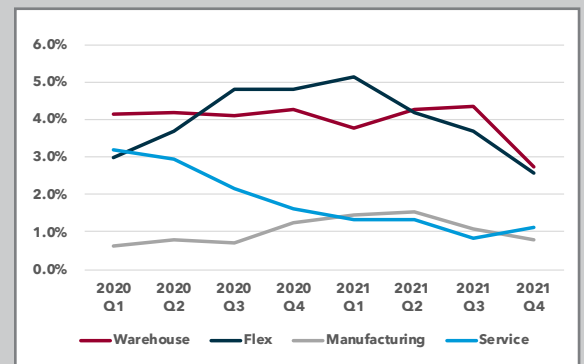
SUBMARKET MAP



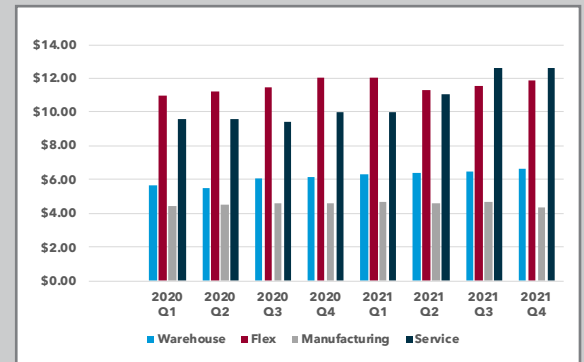
ABSORPTION & DELIVERIES



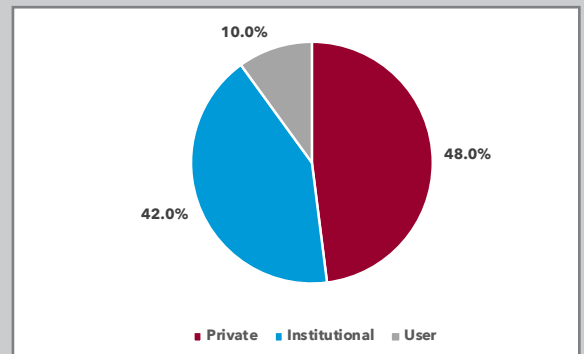
VACANCY BY PROPERTY TYPE



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.	4,371,717	19,107	0.4%	11,993	-
East	12,184,759	214,171	1.8%	477,732	-
IBD	13,236,099	164,012	1.2%	(60,126)	-
Maury Co.	12,327,987	114,950	0.9%	261,344	-
Montgomery Co.	10,629,441	129,400	1.2%	(67,356)	-
North	42,278,547	516,835	1.2%	895,942	201,000
Robertson Co.	10,852,567	55,727	0.5%	635,473	-
Southeast	70,437,194	2,078,103	3.0%	949,667	2,988,984
Southwest	13,540,338	291,804	2.2%	397,883	-
West	7,335,385	169,849	2.3%	104,004	300,000
Wilson Co.	41,231,827	1,466,216	3.6%	7,519,008	5,526,536
TOTAL	240,428,185	5,220,174	2.2%	11,125,564	9,016,520

WAREHOUSE	PERIOD	EXISTING INVENTORY	VACANCY		YTD NET ABSORPTION	UNDER CONST SF
		Total RBA	Total SF	Vac %		
	2021 Q4	157,717,224	4,307,825	2.73%	9,254,297	9,016,520
	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		YTD NET ABSORPTION	UNDER CONST SF
		Total RBA	Total SF	Vac %		
	2021 Q4	63,315,021	491,627	0.78%	950,833	-
	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		YTD NET ABSORPTION	UNDER CONST SF
		Total RBA	Total SF	Vac %		
	2021 Q4	13,897,620	358,327	2.58%	474,804	-
	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

CENTRAL 840 LOGISTICS CENTER
WILSON COUNTY
TOTAL SF 925,336 SF
TENANT Walmart
TYPE New



LEASE

RUTHERFORD BUSINESS CENTER
SOUTHEAST
TOTAL SF 644,078 SF
TENANT Store Opening Solutions, Inc.
TYPE Renewal



LEASE

SPEEDWAY | BUILDING 8
WILSON COUNTY
TOTAL SF 355,488 SF
TENANT New Balance
TYPE New

NOTABLE UNDER CONSTRUCTION

CENTRAL 840 LOGISTICS CENTER
WILSON COUNTY
TOTAL SF 925,336 SF
DEVELOPER Core5
DELIVERY Q3-2022

PARKWAY PLACE
WILSON COUNTY
TOTAL SF 844,480 SF
DEVELOPER Granite
DELIVERY Q3-2022

FIRST ROCKDALE V - CHEWY.COM
WILSON COUNTY
TOTAL SF 691,000 SF
DEVELOPER First Industrial
DELIVERY Q1-2022

NOTABLE SALE TRANSACTIONS

1740 J.P. HENNESSY DR (PORTFOLIO)
SOUTHEAST
SIZE 505,000 SF
PRICE \$65,991,471 (\$130.68 PSF)
BUYER Blackstone Real Estate Income Trust, Inc.
SELLER WPT Industrial Real Estate Investment Trust

120 SE PARKWAY (PORTFOLIO)
SOUTHWEST
SIZE 289,330 SF
PRICE \$49,079,077 (\$169.63 PSF)
BUYER Davidson Kempner Capital Management LP
SELLER LXP Industrial Trust

50 AIRWAYS BLVD.
EAST
SIZE 214,541 SF
PRICE \$23,000,000 (\$107.21 PSF)
BUYER Lincoln Advisors
SELLER HSA Commercial Real Estate

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