



MARKET OVERVIEW

The effects of the pandemic on Nashville’s office market are fading away this quarter, as net absorptions for the preceding 12 months finally have turned positive. Demand for office space has picked up due to major corporate relocations and expansions, from the likes of Amazon, Oracle, and Capgemini. Developers who broke ground on speculative investments have largely benefited from the flight to quality, as new tenants moving to Nashville have tended to move to the Downtown submarket, lowering the submarkets vacancy rate to 12.9% which is 200 basis points lower than the market as a whole. The market’s continuing to improve as landlords have been able to keep rents steady over the past year.

ABSORPTION

Nashville's office market ended the quarter with net absorption of (400,855 SF) compared to (118,819 SF) at the end of last year. Most of the leasing activity has been in the Downtown submarket, which has led to an increase in sublet availability in suburban submarkets. Tenants seeking higher quality space to retain talent are willing to pay higher rents for better optimized space in more desirable buildings and submarkets like Downtown, which has attracted tenants like Bridgestone, Asurion, and HCA from the suburbs.

VACANCY

Office vacancy increased by 120 basis points in Q1 2022, with speculative supply delivering alongside the glut of sublease availability entering the market from the lingering effects of the pandemic. Office occupiers have tried to optimize their workspace and trim real estate spending by subleasing space as "work from home" has gained traction during the pandemic.

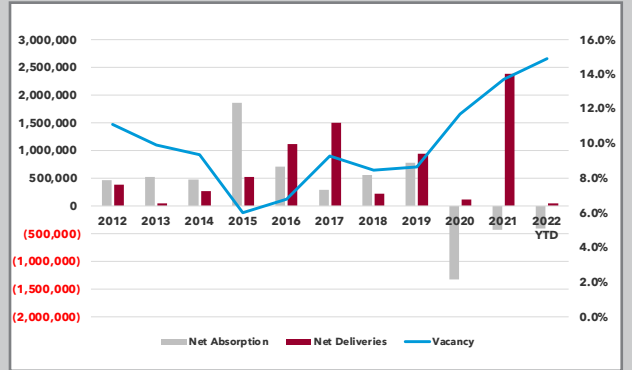
RENTAL RATES

Average Asking Rents went down \$0.38/SF from the end of 2021. The elevated vacancy rate, alongside the influx of new supply and sub-lease space put downward pressure on rent growth. In the near term, rents will continue to remain stagnant until leasing picks up to pre-pandemic levels.

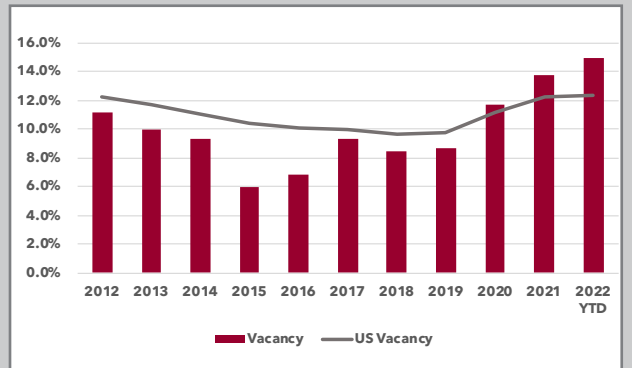
DEVELOPMENT

Construction activity has remained the same from last quarter, with 42,524 SF delivered this quarter pushing the square feet under construction to 2,901,229 SF. One22One, a 390,637 SF development by GBT Realty and anchored by FirstBank slated to deliver in mid-2022.

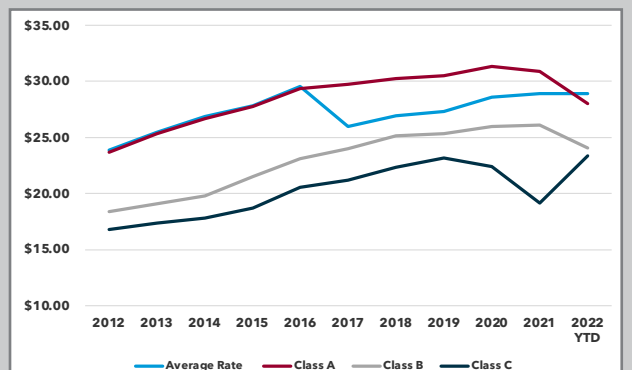
ABSORPTION & DELIVERIES



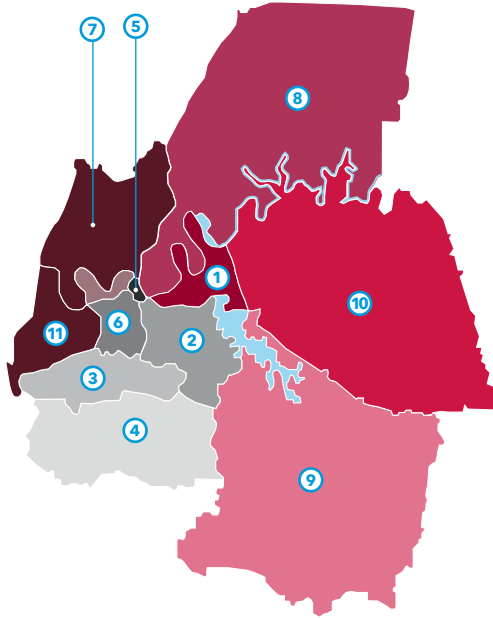
YEARLY VACANCY COMPARISON



RENTAL RATES



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 WILSON COUNTY
- ⑪ WEST (SOUTHWEST | WEST END | WEST)

SUBMARKET BREAKDOWN

SUBMARKET	EXISTING INVENTORY		VACANCY		YTD NET ABSORPTION	UNDER CONST SF	QUOTED RATES
	Total RBA	Total SF	Vac %				
Airport North	4,287,839	707,279	16.49%		(78,153)	-	\$24.13
Airport South	5,843,945	1,090,749	18.66%		(111,846)	-	\$24.34
Brentwood	6,533,189	1,127,800	17.26%		(75,782)	-	\$28.93
Cool Springs	8,097,499	1,754,240	21.66%		(58,055)	197,000	\$30.68
Downtown	13,627,916	1,765,381	12.95%		(64,045)	2,178,760	\$33.41
Green Hills	3,121,911	248,752	7.97%		(5,393)	525,469	\$33.41
Metro Center	2,181,816	446,352	20.46%		(57,853)	-	\$27.64
Rivergate	1,456,380	50,422	3.46%		(6,619)	-	\$24.02
Rutherford Co.	1,540,627	37,080	2.41%		27,121	-	\$22.61
Wilson Co.	323,338	-	0.00%		20,968	-	\$22.44
West (Southwest West End West)	4,505,421	445,438	19.49%		8,802	-	\$56.69
TOTAL	51,519,881	7,673,493	14.9%		(400,855)	2,901,229	\$28.94

CLASS	EXISTING INVENTORY		VACANCY		YTD NET ABSORPTION	UNDER CONST SF	QUOTED RATES
	Total RBA	Total SF	Vac %				
A	23,035,452	3,524,527	15.3%		(192,654)	2,626,229	\$31.50
B	23,096,438	3,605,702	15.6%		(194,602)	275,000	\$24.09
C	5,387,991	543,264	10.1%		(13,599)	-	\$23.34
TOTALS	51,519,881	7,673,493	14.9%		(400,855)	2,901,229	\$28.94

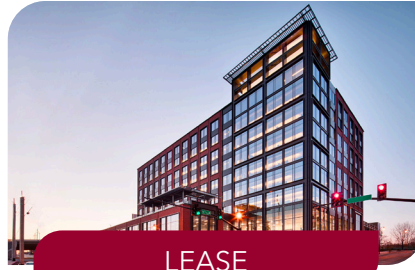
CLASS

NOTABLE LEASES



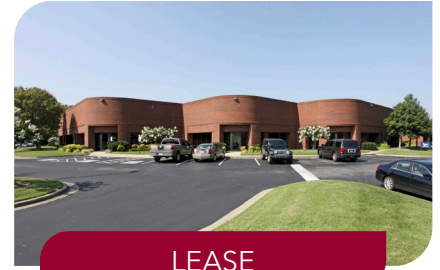
LEASE

7105 MOORES LANE
COOL SPRINGS
TOTAL SF 80,000 SF
TENANT Floor & Decor
TYPE New



LEASE

1 LIFEWAY PLAZA
DOWNTOWN
TOTAL SF 29,000 SF
TENANT Oracle
TYPE New



LEASE

624 GRASSMERE PARK
AIRPORT SOUTH
TOTAL SF 19,701 SF
TENANT Undisclosed
TYPE New

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 595,123 SF

DEVELOPER Southwest Value Partners Enterprises

DELIVERY Q3-2023

ONE2ZONE

1221 BROADWAY

TOTAL SF 390,637 SF

DEVELOPER GBT Realty Corp.

DELIVERY Q2-2022

NOTABLE SALE TRANSACTIONS

4101 CHARLOTTE AVE.

WEST

SIZE 210,000 SF

PRICE \$87,500,000 (\$416.67 PSF)

BUYER CBRE Investment Management

SELLER FCP

401 CHURCH ST.

DOWNTOWN

SIZE 389,708 SF

PRICE \$50,500,000 (\$129.58 PSF)

BUYER Merrimac Ventures / Tricera Capital

SELLER CIM Group, LP

3754 MURFREESBORO PIKE

AIRPORT SOUTH

SIZE 28,008 SF

PRICE \$17,300,000 (\$617.68 PSF)

BUYER Remedy Medical Properties

SELLER Kayne Anderson Real Estate

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