LEE & ASSOCIATES
COMMERCIAL REAL ESTATE SERVICES

Q4 2022
NASHVILLE, TN

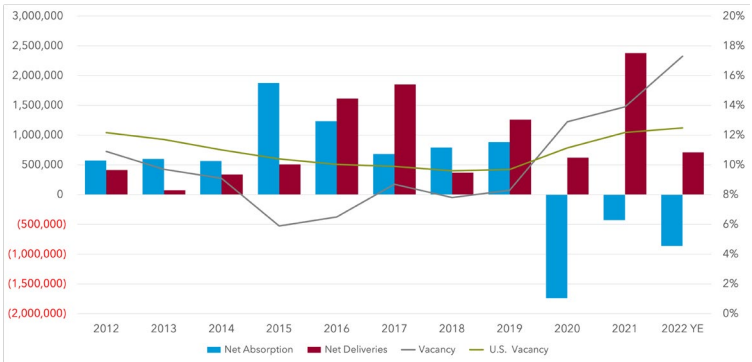
OFFICE MARKET OVERVIEW

KYLE NEVEAU, *Associate*

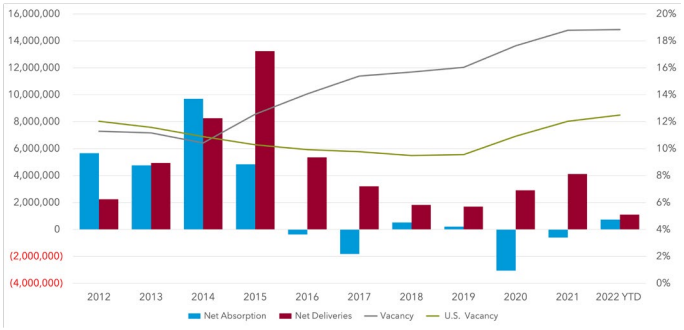
Office demand turned negative in Q4 with a net absorption deficit of 341,059 SF, driving absorption 862,380 SF into the red for the year. The net occupancy losses illustrate a broader trend within office space as occupiers continue to adapt space needs to employee preferences and worker responsibilities within the organization. Overall vacancy stands at 17.3%, an increase of 360 basis points since Q4 of 2021. New construction activity remains elevated (2.4 MSF), with the vast majority of this space (1.9 MSF) located Downtown. Slowing tenant demand has not dissuaded investors from acquiring Nashville office assets, as 2022 sales volume ($1.2 Billion) rose by approximately 10% year-over-year.

MARKET INDICATORS	Q4 2022	Q3 2022	Q2 2022	Q1 2022	Q4 2021
▼ 12 Mo. Net Absorption SF	(862,380)	(640,140)	(1,067,212)	142,958	(428,021)
▲ Vacancy Rate	17.30%	16.80%	15.90%	14.90%	13.70%
▲ Avg NNN Asking Rate PSF	$29.61	$29.33	$29.13	$28.94	$29.32
▼ SF Under Construction	2,406,488	2,532,034	2,805,937	2,805,937	2,943,753
▲ Inventory SF	51,846,157	51,634,621	51,724,623	51,519,881	50,775,536

NET ABSORPTION, NET DELIVERIES, & VACANCY



UNDER CONSTRUCTION



TOP SALE TRANSACTIONS BY SF	SIZE	SALE PRICE	BUYER / SELLER	BUILDING CLASS
501 Commerce Nashville, TN	367,000 SF	$198,474,442 $540.80 PSF	Northwood Investors LLC Brookfield Properties	Class A
1 Music Circle S Nashville, TN	107,840 SF	$55,200,000 $511.87 PSF	Northwood Investors LLC Panattoni Development	Class A
2505 21st Avenue S Nashville, TN	32,038 SF	$8,898,968 $277.76 PSF	Magnolia Capital Investments Wright Development LP	Class B

TOP LEASE TRANSACTIONS BY SF	SIZE	LANDLORD	TENANT	TENANT INDUSTRY
100 Centerview Drive Nashville, TN	27,500 SF	Albany Road Real Estate Partners	Deloitte	Professional Services
1030 Music Row Nashville, TN	26,124 SF	Broadcast Music, Inc.	Ampersand Studios	Professional, Scientific, and Technical Services
443 Donelson Pike Nashville, TN	24,844 SF	Keenan Partnership	OneTouch Direct	Business Services

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