

## Industrial Q1 2021

	YoY Chg	12-Mo. Forecast
<b>2.3%</b> Vacancy Rate	▼	▲
<b>279K SF</b> Net Absorption, SF	▲	▼
<b>\$6.75</b> Asking Rent, PSF	▲	▼

*Overall, Net Asking Rent*

### ECONOMIC INDICATORS Q1 2021

	YoY Chg	12-Mo. Forecast
<b>1.06M</b> Nashville Employment	▼	▲
<b>4.3%</b> Nashville Unemployment Rate	▲	▲
<b>6.0%</b> U.S. Unemployment Rate	▲	▼

Source: BLS

### ECONOMY

Nashville's economy continues to make large strides towards recovery with unemployment dropping to 4.3%, 170 basis points (bps) under the U.S. average. Throughout the pandemic, Nashville's industrial market remained strong with no changes in vacancy, increased tenant demand and activity, and an influx of new development. As economic development remains robust with the likes of GM's proposed battery plant and Amazon's growing footprint, the Nashville industrial market is accelerating towards new highs and greater success.

### DEMAND

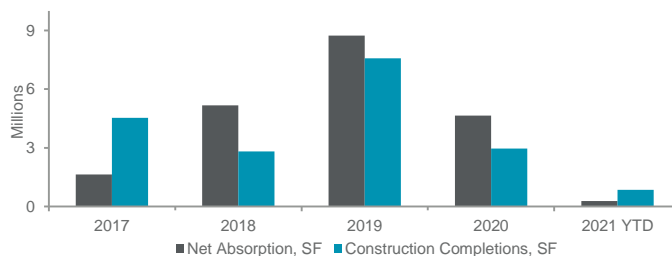
Nashville's industrial market jumpstarted 2021 with nearly 2.0 million square feet (msf) of leasing activity. The Southeast submarket ranked highest, with over 1.0 msf of leasing transactions for Q1 2021 – 53.0% of total Nashville activity. Large deals included bedding companies Southerland Sleep, who signed 314,503 sf at 6050 Dana Way and Sinomax, who inked 276,526 sf at 1714 Heil Quaker. However, the largest transaction of the quarter occurred in the East submarket where Hills Pet Care inked 355,000 sf at Speedway Industrial Park – Building 7. Out of all existing buildings in the complex, this puts Speedway Industrial Park at 90.0% leased. In the North submarket, Amazon signed a 115,000-sf lease for its build-to-suit on Myatt Drive, which is expected to deliver in Q3 2021. Renewal transactions by current occupiers also remained strong, totaling 754,000 sf. XPO Logistics, South Shore USA, and Wayfair all extended their terms during Q1 2021.

With limited existing supply, low vacancy, and strong demand, tenant activity has been geared towards newly constructed buildings. Over 767,000 sf of new deals completed in Q1 2021 in buildings that recently delivered or are still in development. Notably, DRG Realty's Interchange Center B1-B4 delivered in late 2020 and is already 50.0% leased. Likewise, buildings A-C at Hamilton Creek, a newly constructed project from StateStreet Group, are now 45.0% leased.

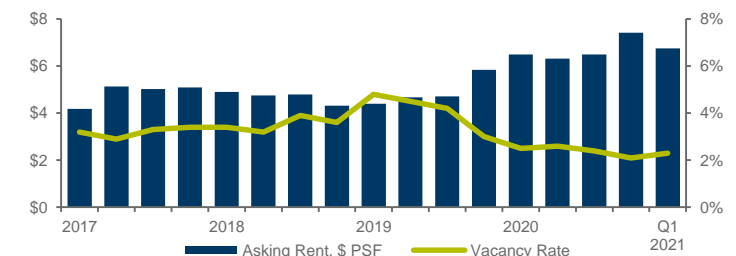
### PRICING

Overall asking rents climbed 4.0% year-over-year (YOY) to \$6.75 per square foot (psf) in Q1 2021. With low vacancy, high preleasing activity, and rising construction costs, industrial asking rents continue to increase. New construction projects such as Airport Logistics Center, Hamilton Creek, and other "shallow bay" projects are fluctuating between \$6.00 psf and \$8.50 psf.

### SPACE DEMAND / DELIVERIES



### OVERALL VACANCY & ASKING RENT



### ABSORPTION & VACANCY

Net absorption for Nashville recorded just under 280,000 sf, significantly less than what was recorded this time last year. However, with limited available space, this amount of gains was expected. As more buildings deliver at high preleasing rates, absorption should rise significantly throughout 2021. For Q1 2021, large occupancies came from Cold Chain Technologies, who moved into Speedway Industrial Park – Building 5 and NDC, who completed its expansion at 407 New Sanford Road.

Overall vacancy remained at record lows and posted at 2.3%, down 20 basis points YOY. Despite more than 847,000 sf of construction completing during Q1 2021, Nashville’s vacancy still remains one of the lowest in the U.S. With an influx of new product expected to deliver throughout 2021, vacancy is not expected to experience a significant rise due to high preleasing activity.

### CONSTRUCTION

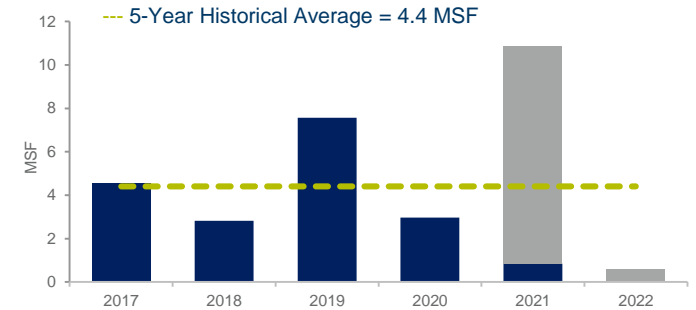
Of the 847,000 sf that completed this quarter, all new supply delivered on a speculative basis. Panattoni’s Speedway Industrial Park – Building 6 (257,040 sf) and DRG Realty’s Interchange Center – Building C (242,724 sf) ranked as the largest completions. Also, Hamilton Creek – Building B (71,250 sf) and Airport Logistics Park – Building 600 (120,000 sf) completed, both delivering partially preleased. Hamilton Creek – Building D (160,000 sf) and Airport Logistics Park buildings 700-1000 (208,500 sf) remain under construction with 2021 target completion dates.

As tenant demand stays persistent, Nashville’s industrial market remains robust with 9.8 msf under construction. This is 27.0% higher than what was under construction for Q1 2020 and is also the highest amount of development space ever recorded for Nashville. Large projects currently underway include Amazon’s build-to-suit in the East submarket (3.6 msf), Central 840 Logistics Center (925,680 sf), Beckwith Farms Building 7 (609,600 sf), Speedway Industrial Park Buildings 7 and Cedar Farms II (each 600,000 sf). Over 50.0% of Nashville’s current pipeline are speculative Bulk A buildings located in either the Southeast or East submarket. Just under 800,000 sf of supply are “shallow bay” buildings and expected to deliver in 2021.

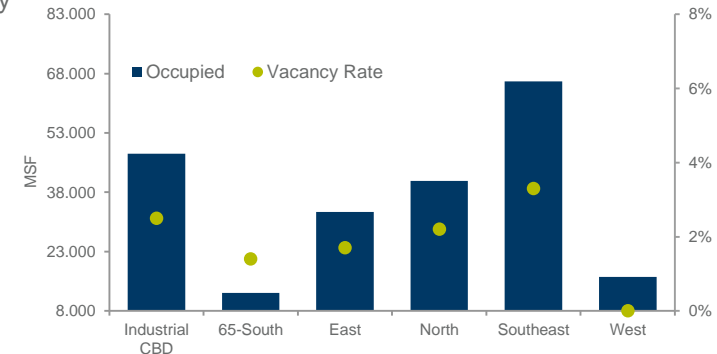
### Outlook

- Including Q1 2021 deliveries, Nashville’s industrial market is expected to deliver more than 10.0 msf of new product by the end of 2021. This will set the record for most new construction in Nashville’s history as supply races to meet demand.

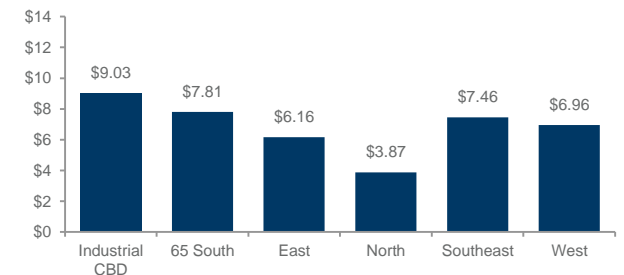
### NEW SUPPLY



### SUBMARKET COMPARISON



### DIRECT RENT BY MARKET (\$ PSF, NNN)



## Industrial Q1 2021

## MARKET STATISTICS

SUBMARKET	INVENTORY (SF)	OVERALL VACANT (SF)	OVERALL VACANCY RATE	CURRENT QTR OVERALL NET ABSORPTION (SF)	CURRENT QTR DIRECT ABSORPTION (SF)	CURRENT QTR LEASING ACTIVITY	UNDER CNSTR (SF)	YTD CNSTR COMPLETIONS (SF)	OVERALL WEIGHTED AVG NET RENT
Industrial CBD	48,992,921	1,209,810	2.5%	-47,014	56,794	207,398	0	0	\$9.03
65 South	12,776,704	178,796	1.4%	15,723	30,919	25,699	378,749	0	\$7.81*
East	33,626,713	569,519	1.7%	250,208	250,208	357,048	7,777,470	257,040	\$6.16
North	41,749,454	897,865	2.2%	66,875	66,875	229,875	286,000	0	\$3.87
Southeast	68,263,886	2,238,807	3.3%	-5,906	48,094	1,033,017	1,366,250	590,360	\$7.46
West	16,623,408	0	0.0%	0	0	72,087	0	0	\$6.96*
<b>NASHVILLE TOTALS</b>	<b>222,033,086</b>	<b>5,094,797</b>	<b>2.3%</b>	<b>279,886</b>	<b>452,890</b>	<b>1,925,124</b>	<b>9,808,469</b>	<b>847,400</b>	<b>\$6.75</b>

*Table differs from national statistics*

*\*Given the current vacancy rate, asking rental rates are estimated based on market conditions*

## KEY LEASE TRANSACTIONS Q1 2021

PROPERTY	SUBMARKET	TENANT	RSF	TYPE
Speedway Industrial Park – Building 7	East	Hills Pet Care	355,488	New Lease
6050 Dana Way	Southeast	Southerland Sleep	314,503	New Lease
1714 Heil Quaker Blvd	Southeast	Sinomax	276,526	New Lease
1115 Vaughn Pkwy	North	XPO Logistics	216,420	Renewal*
Eastgate Distribution Center II	East	South Shore USA	126,210	Renewal*

*\*Renewals not included in leasing activity statistics*

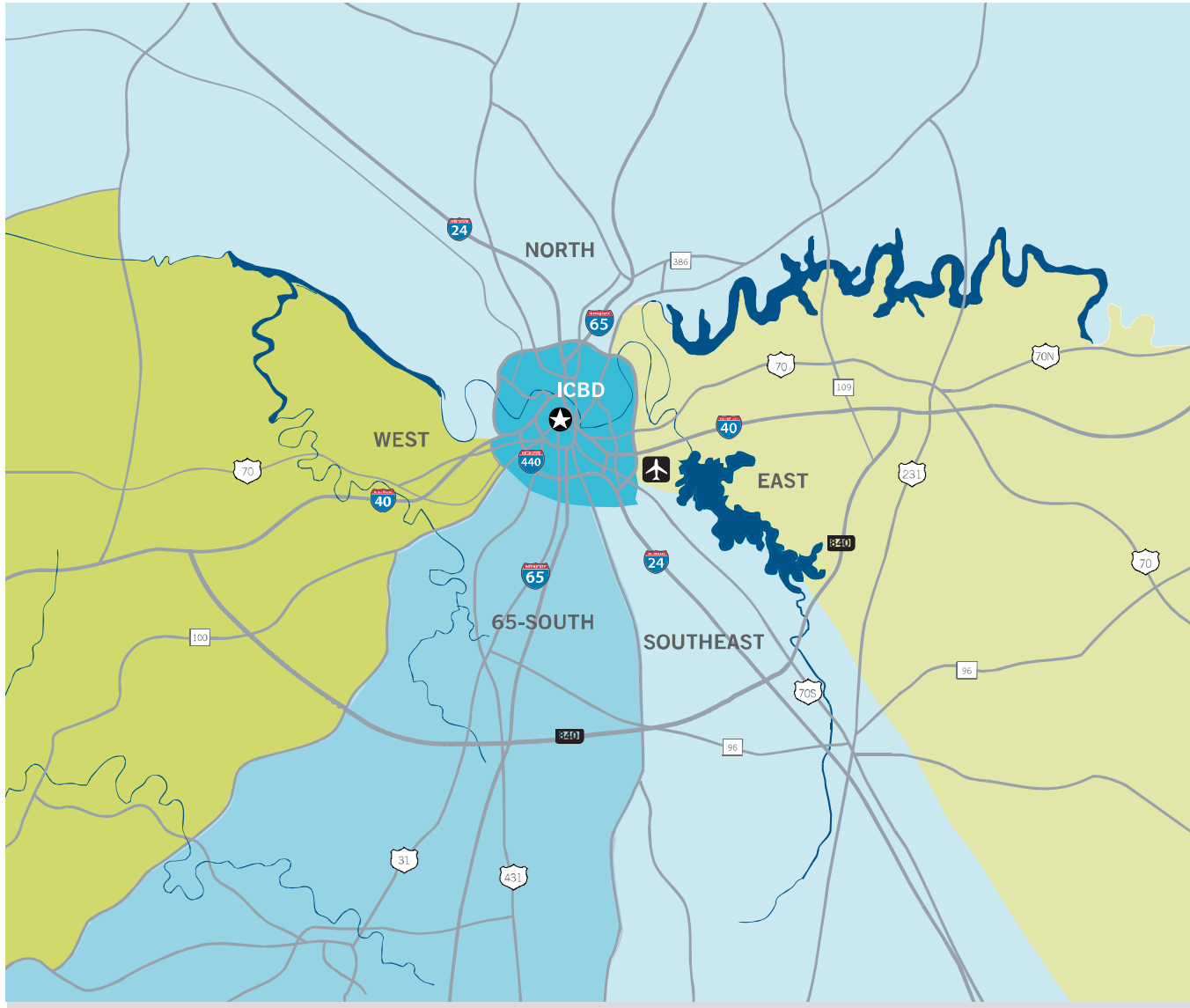
## KEY UNDER CONSTRUCTION PROJECTS

PROPERTY	SUBMARKET	CONSTRUCTION TYPE	SF	OWNER / DEVELOPER
Athletes Way N & East Division – Project Sam	East	Build-to-Suit	3,600,000	Panattoni
Central 840 Logistics Center	East	Speculative	925,680	Core 5 Industrial Partners
Beckwith Farms – Building 7	East	Speculative	609,600	Panattoni / Clarion
Cedar Farms II	East	Speculative	600,000	AI Neyer / NY Life

## KEY CONSTRUCTION COMPLETIONS YTD

PROPERTY	SUBMARKET	MAJOR TENANT	SF	OWNER / DEVELOPER
Speedway Industrial Park – Building 6	East	Speculative	257,040	Panattoni / Clarion
Interchange Center – Building C	Southeast	Speculative	242,724	DRG Realty / Crow Holdings
Old Hickory Industrial Building A & B	Southeast	Speculative	156,386	AI Neyer
Airport Logistics Park – Building 600	Southeast	Speculative	120,000	Holladay Properties

## INDUSTRIAL SUBMARKETS



### Zander El-Hindi

Senior Research Analyst

Tel: +1 615 301 2826

[zander.elhindi@cushwake.com](mailto:zander.elhindi@cushwake.com)

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