

**3.2%**  
Vacancy Rate



**5.3 M**  
Net Absorption, SF



**\$5.05**  
Asking Rent, PSF



Overall, Net Asking Rent

### ECONOMIC INDICATORS Q3 2021

**1.03M**  
Nashville Employment



**3.9%**  
Nashville Unemployment Rate



**5.2%**  
U.S. Unemployment Rate



Source: BLS

### ECONOMY

Nashville continues to outpace national unemployment, posting at 3.9%, 130 basis points (bps) below the U.S. average. As new jobs grow in the market, Nashville remains an attractive hotspot for industrial development and investment opportunity. Nashville's central location allows third-party logistics companies, retailers, and manufacturers geographical advantages. With strong leasing activity and absorption, developers and investors are racing to match tenant demand.

### DEMAND

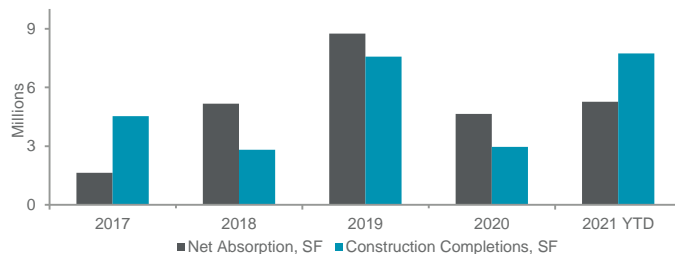
Nashville's industrial market recorded more than 2.1 million square feet (msf) of leasing activity for third quarter of 2021, bringing transaction volume to nearly 6.0 msf year-to-date (YTD). New significant deals included Chewy Inc, who inked 692,000 square feet (sf) at First Rockdale V, CEVA Logistics who signed 259,392 sf at Speedway – Building 7, and Christie Lites Enterprises, who closed on 141,032 sf at Cedar Creek. All three of these top deals occurred in the East submarket and in newly constructed buildings. In fact, due to limited space, 56.0% of all new leasing transactions in 2021 have occurred in newly delivered buildings across the market. With limited space and low vacancy, renewal activity recorded at 1.6 msf for third quarter 2021, bringing the YTD volume to 4.7 msf and up 52.1% from this time last year. Significant renewal deals included Henkel - 750,000 sf at 1171 Vaughn Pkwy, Nissan Trading Corporation - 233,200 sf at SouthPark – Building B, Austin Foam Plastics - 139,200 sf at 1255 Heil Quaker Blvd, and Primesource Building Products - 124,500 sf at Commerce Farms 3.

Over the last two years, demand in the Nashville industrial market has remained incredibly strong. Since fourth quarter of 2019, leasing activity has outpaced new deliveries consistently. These demand factors have been heavily driven by third-party logistics and e-commerce companies as Nashville provides geographical distribution advantages throughout the country.

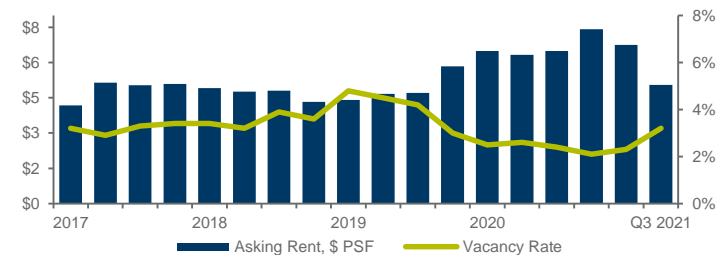
### PRICING

Overall asking rents posted at \$5.05 per square foot (psf) for Q3 2021, down slightly from last quarter. The Southeast and ICBD submarkets posted the highest rents across the market. With demand so high, the Southeast submarket continues to see rising rents due to an influx of new construction where landlords are quoting between \$6.50 - \$10.00 psf.

### SPACE DEMAND / DELIVERIES



### OVERALL VACANCY & ASKING RENT



### ABSORPTION & VACANCY

Nashville recorded over 5.3 msf of positive occupancy gains in 2021 YTD. This is up 17.8% from the same time period in 2020 and with new construction quickly leasing up, absorption shows no sign of slowing down. For third quarter 2021, the majority of absorption occurred within the East submarket with CEVA Logistics and Thermo Fisher Scientific occupying space. Thermo Fisher Scientific completed its 400,960 sf - build-to-suit at Speedway – Building 9 and CEVA Logistics leased and occupied the remaining 259,392 sf at Speedway 7. In the Southeast submarket, absorption recorded at 120,000 sf with new-shallow bay tenants finalizing their move-ins at newly constructed Hamilton Creek and Interchange Distribution Center.

Overall vacancy posted at 3.2% for third quarter, which is up 80 bps YOY. With an influx of new construction, especially in the East submarket, this slight raise in vacancy was expected with Cedar Creek II and Beckwith Farms – Building 7 delivering and combining for more than 1.2 msf of available space. However, Nashville still ranks as one of the tightest industrial markets in the U.S. and is 90.0 bps below the national average of 4.1% vacancy.

### CONSTRUCTION

More than 1.7 msf of new construction completed in the third quarter of 2021 with the majority of product being speculative and in the East submarket. Significant projects included Speedway – Building 9 (Thermo Fisher BTS – 400,960 sf), Beckwith Farms – Building 7 - 609,600 sf, Cedar Farms II – 600,000 sf, and Amazon’s BTS at 710 Myatt Drive. Historically known as a quiet submarket, 65-South recently delivered Spring Hill Industrial Park – Building I in late June and currently has 3.3 msf of product under construction. Even though the majority of that pipeline is comprised of General Motor’s battery plant of 2.8 msf, there are still four projects underway in the 65-South submarket including Spring Hill Industrial Park – Building II & III – 229,877 sf, 810 Beechcroft – 53,000 sf, and Amazon’s build-to-suit on Armory Drive – 200,000 sf.

As tenant interest remains robust and persistent, developers are racing to provide inventory in order to match demand. The industrial market posted nearly 12.0 msf of product currently under construction, which is the highest amount of under construction volume ever recorded for Nashville. Development is split 65.0% speculative and 35.0% build-to-suit. Significant speculative projects include Central 840 Logistics Center – 925,680 sf, Speedway Industrial Park – Building 8 – 614,880 sf, and First Rockdale IV – 500,240 sf which is being developed by First Industrial Realty Trust.

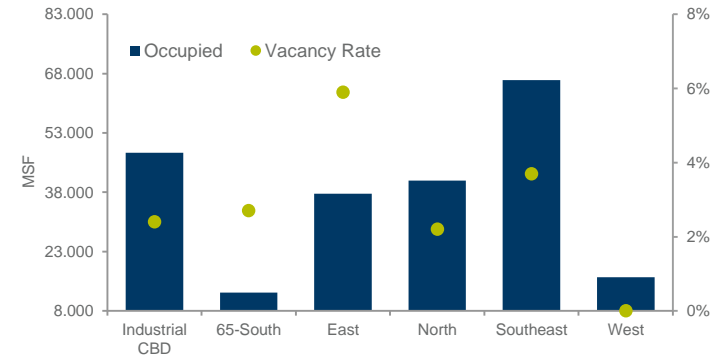
### Outlook

- Rental rates are expected to climb due largely to increases in both land and building material costs.
- Construction delivery schedules may lengthen due to supply chain constraints and longer lead times for construction materials.

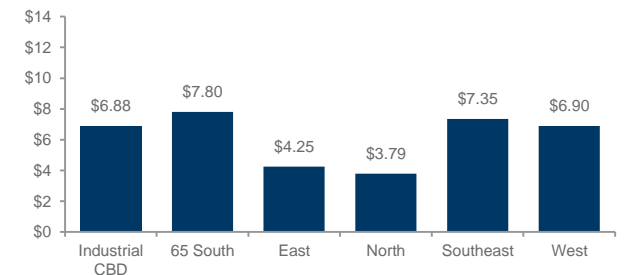
### NEW SUPPLY



### SUBMARKET COMPARISON



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



## MARKET STATISTICS

SUBMARKET	INVENTORY (SF)	OVERALL VACANT (SF)	OVERALL VACANCY RATE	CURRENT QTR OVERALL NET ABSORPTION (SF)	YTD OVERALL NET ABSORPTION (SF)	YTD LEASING ACTIVITY	UNDER CNSTR (SF)	YTD CNSTR COMPLETIONS (SF)	OVERALL WEIGHTED AVG NET RENT
Industrial CBD	49,157,685	1,170,065	2.4%	-1,877	-99,235	494,794	0	0	\$6.88
65 South	12,955,453	349,631	2.7%	10,495	33,867	284,793	3,282,877	178,749	\$7.80*
East	39,985,403	2,342,970	5.9%	744,964	4,625,597	2,226,203	4,675,961	6,307,380	\$4.25
North	41,864,454	903,665	2.2%	111,000	231,350	285,150	354,840	115,000	\$3.79
Southeast	68,897,964	2,539,729	3.7%	128,137	474,923	2,574,742	3,280,010	1,141,860	\$7.35
West	16,545,648	0	0.0%	0	0	72,087	300,000	0	\$6.90*
<b>NASHVILLE TOTALS</b>	<b>229,406,607</b>	<b>7,306,060</b>	<b>3.2%</b>	<b>992,719</b>	<b>5,266,502</b>	<b>5,937,769</b>	<b>11,893,688</b>	<b>7,742,989</b>	<b>\$5.05</b>

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

## KEY LEASE TRANSACTIONS Q3 2021

PROPERTY	SUBMARKET	TENANT	RSF	TYPE
1171 Vaughan Parkway	North	Henkel	750,000	Renewal*
Midway 840	East	Talos Engineering	291,379	New Lease
Speedway Industrial Park – Building 7	East	CEVA	259,392	New Lease
SouthPark Building 1 (B)	Southeast	Nissan Trading Corporation	233,200	Renewal*
Cedar Creek	East	Christie Lites Enterprises USA	141,032	New Lease

\*Renewals not included in leasing activity statistics

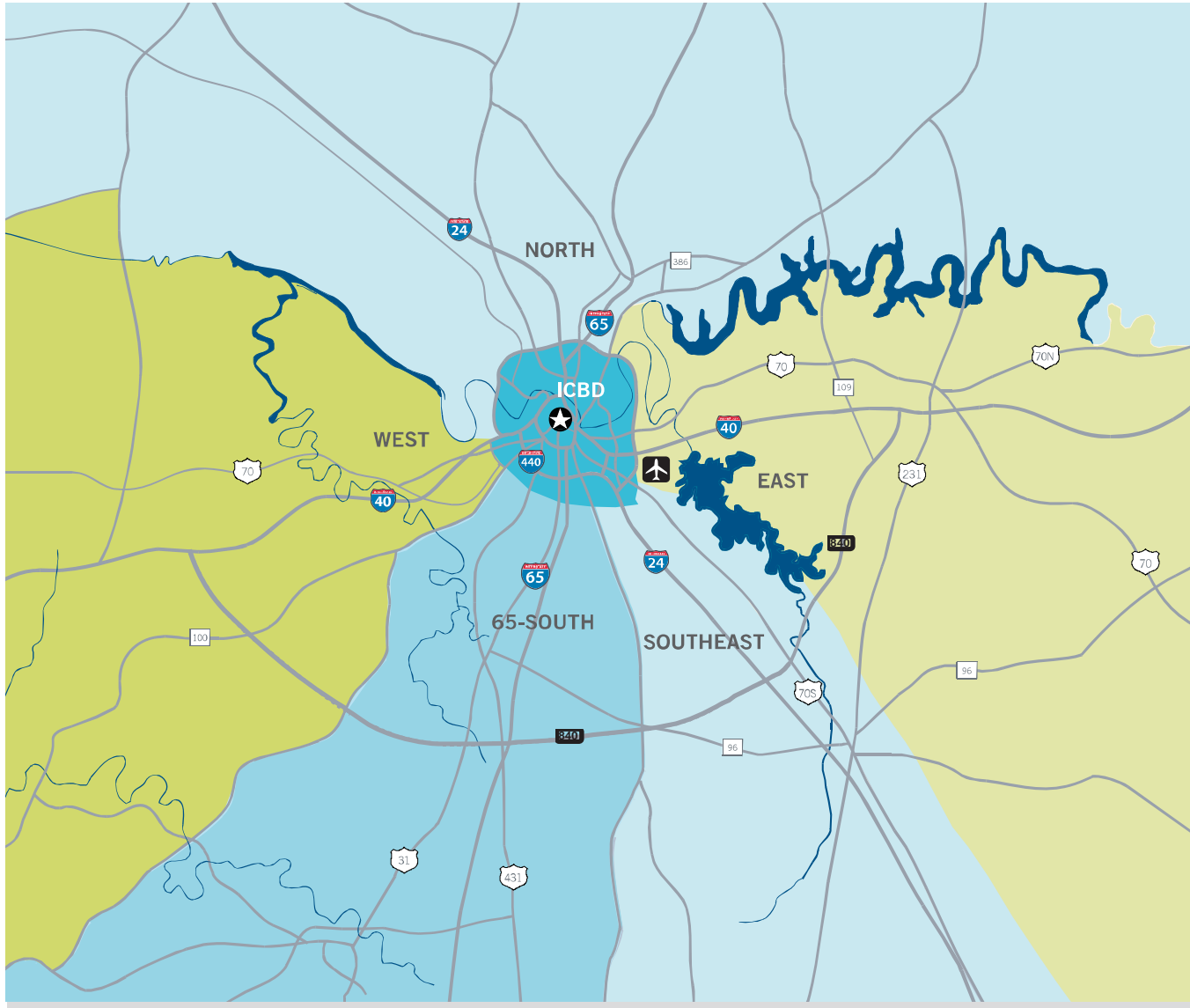
## KEY UNDER CONSTRUCTION PROJECTS

PROPERTY	SUBMARKET	CONSTRUCTION TYPE	SF	OWNER / DEVELOPER
Central 840 Logistics Center	East	Speculative	925,680	Core 5 Industrial Partners
Parkway Place	Southeast	Speculative	844,480	Granite Properties
Speedway Industrial Park – Building 8	East	Speculative	614,880	Panattoni
First Rockdale IV	Southeast	Speculative	500,240	First Industrial Realty Trust
Elam Farms	East	Build-to-Suit	375,000	Prologis

## KEY CONSTRUCTION COMPLETIONS YTD

PROPERTY	SUBMARKET	MAJOR TENANT	SF	OWNER / DEVELOPER
Athletes Way N & East Division – Amazon	East	Build-to-Suit	3,600,000	Panattoni
Speedway Industrial Park – Building 7	East	Speculative	614,880	Panattoni
Beckwith Farms – Building 7	East	Speculative	609,600	Panattoni / Clarion
Cedar Farms II	East	Speculative	600,000	AI Neyer / LBA Realty

## INDUSTRIAL SUBMARKETS



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