

19.1%
Vacancy Rate



382.2K
Net Absorption, SF



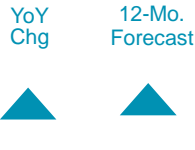
\$30.84
Asking Rent, PSF



(Overall, All Property Classes)

ECONOMIC INDICATORS Q4 2021

1.05M
Nashville Employment



3.5%
Nashville Unemployment Rate



4.2%
U.S. Unemployment Rate



Source: BLS

ECONOMY

Nashville's unemployment rate dropped to 3.5%, down 40 basis-points (bps) from Q3 2021. This benchmark beats Nashville's unemployment rate before the on-start of the pandemic. Nashville's economy contributes to the Southeast's trend of fast paced recovery compared to the United States as a whole. Financial Activities and Professional/Business Services, two key office-using industries, recorded 7.9% and 5.9% annual job growth respectively.

DEMAND

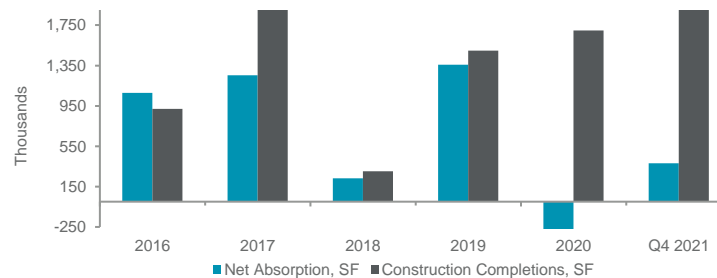
Nashville's office market recorded nearly 483,000 square feet (sf) of new leasing activity for Q4 2021, bringing the total amount of transactions for 2021 to 2.8 million square feet (msf). This is up 43.6% from 2020 and shows a strong rebound for tenant demand throughout the post-pandemic period. For Q4 2021, the largest transaction was executed by Omnia Partners, who inked 75,000 sf in Cool Springs/Franklin at McEwen Northside – Block A, which is expected to deliver December 2022. The local supply chain management firm will complete its move by Q1 2023. In the Midtown submarket, Broadwest completed two deals with Capgemini for 26,000 sf and Cumberland Pharmaceuticals for 17,000 sf. Capgemini will create 500 new jobs (projected growth up to 1,000 jobs). The French-based IT firm picked Nashville to expand its U.S. presence and benefit from the city's population growth and young-talented workforce.

Although national expectations projected decreased leasing activity in 2021, Nashville did not experience this slowdown and in fact saw a 2.8% increase in leasing transactions compared to 2019, which was a red-hot year for Nashville's office market prior to the pandemic. Urban core submarkets performed very well throughout 2021 with the CBD recording 898,000 sf of activity and Midtown recording nearly 400,000 sf. Significant 2021 deals included Amazon – 588,000 sf, UBS – 138,391 sf, Pinnacle Financial Partners – 105,000 sf, Louisiana Pacific – 61,000 sf, NTT Data – 35,000 sf, Revance Therapeutics (expansion) – 30,160 sf, and K&L Gates – 28,000 sf.

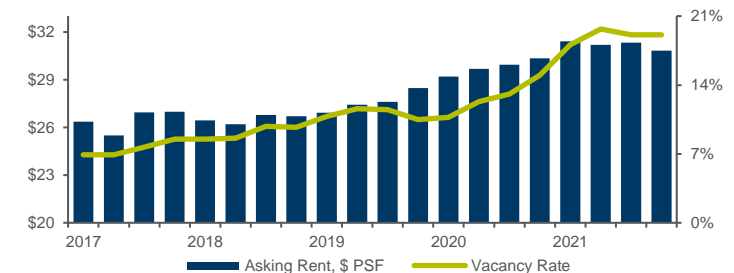
PRICING

Nashville's overall gross asking rents rose to \$30.84 per square foot (psf) for Q4 2021, up 1.6% year-over-year (YOY). With large quantities of new Class A and AA space absorbed throughout 2021 and an influx of additional Class AA space currently under construction, market rents remain stable. Rents are expected to increase in 2022 as new product delivers and higher quality space hits the market.

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & ASKING RENT



SUPPLY AND ABSORPTION

Overall vacancy remained stable at 19.1%, showing no change from last quarter. However, sublease space continued to decrease and posted at 3.1%, down 60.0 bps from last quarter. Sublease vacancy has slowly decreased throughout 2021 which is a positive sign and shows how vital office space is for companies and their workforces despite pandemic setbacks. Direct vacancy, which excludes sublease space, posted at 16.0% and is expected to decrease in 2022 once tenants occupy their new locations. Net absorption posted at 383,000 sf for Q4 2021, up 345.0% from this time last year when the market recorded -156,000 sf of net losses. These occupancy gains are another strong indicator that Nashville's office market is rebounding quickly from pandemic impacts. The largest occupancy came from Asurion who moved into its new 551,000-sf headquarters in the Gulch. LiveNation also completed its 40,000-sf move to newly constructed Nashville Warehouse in Wedgewood-Houston. The company is currently joined by Academy of Country Music which will be relocating from California and finalizing its Nashville move in July 2022. In Cool Springs/Franklin, Centene Management occupied 25,000 sf of its sublease at Carothers Building.

Throughout 2021, Midtown, CBD, and Cool Springs/Franklin submarkets performed the best regarding tenant occupancy. All three submarkets posted above 130,000 sf of positive absorption year-to-date (YTD) with significant move-ins from Asurion – 551,000 sf, Amazon – 500,000 sf, Baker Donelson – 68,000 sf, and Revance Therapeutics – 41,000 sf (expansion of 30,000 sf will complete October 2022).

CONSTRUCTION

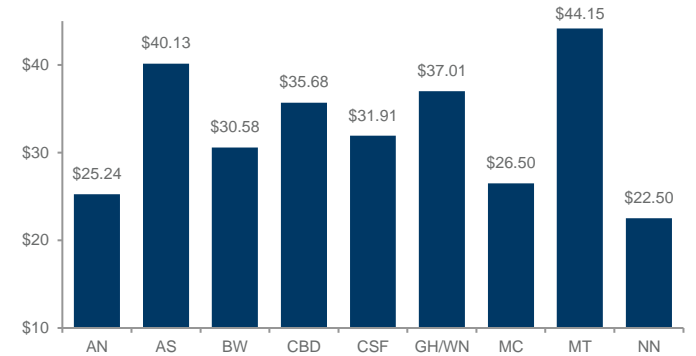
Nashville delivered more than 2.4 msf of new office product throughout 2021, an 85.0% increase (YOY). Midtown and CBD contributed to the majority of new development with both submarkets delivering significant build-to-suits, Amazon – 552,773 sf in the CBD and Asurion – 551,000 sf in Midtown. Regarding speculative construction projects, Broadwest – 611,770 sf, Nashville Warehouse – 200,000 sf, and Taylor Place – 82,700 sf all delivered this past year. Broadwest's creative office building is 66.0% leased and its tower is 42.0% leased.

More than 3.0 msf of Class A office product is currently under construction. Significant projects include Nashville Yards: Platform 2000 – 650,000 sf, Nashville Yards: Amazon HQ II – 588,000 sf, Neuhoff – 385,000 sf, and one2zone – 365,000 sf. The majority of large deals signed throughout 2021 were executed in new construction including Pinnacle Financial Partners, Louisiana Pacific, and Revance Therapeutics. With this trend remaining consistent, development shows no sign of slowing down as companies seek best in class office space to attract a strong workforce.

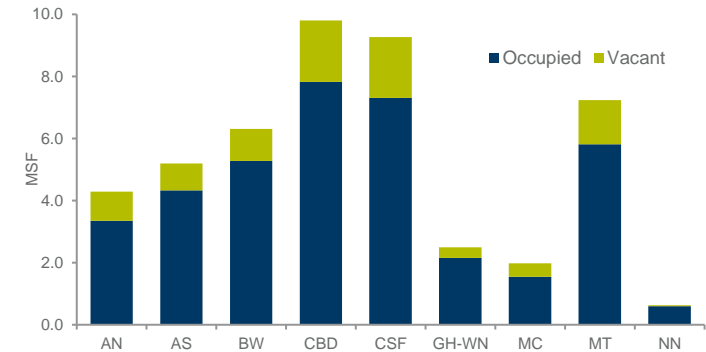
Outlook

- Nashville recorded increased leasing activity and absorption throughout 2021, demonstrating a strong rebound from the previous year. Vacancy is expected to decrease as companies continue to relocate and seek new Class A product.

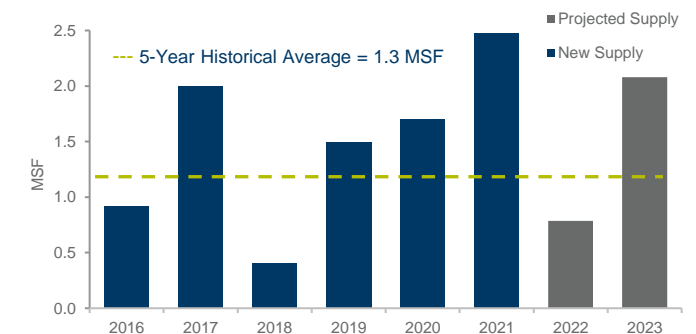
CLASS A OVERALL ASKING RENT – SUBMARKET COMPARISON



OCCUPANCY & VACANCY – SUBMARKET COMPARISON



NEW SUPPLY



MARKET STATISTICS

SUBMARKET	INVENTORY (SF)	SUBLET VACANCY RATE	OVERALL VACANT (SF)	DIRECT VACANCY RATE	CURRENT QTR OVERALL NET ABSORPTION	YTD OVERALL NET ABSORPTION (SF)	YTD LEASING ACTIVITY (SF)	UNDER CNSTR (SF)	OVERALL AVG ASKING RENT (ALL CLASSES)*	OVERALL AVG ASKING RENT (CLASS A)*
Airport North	4,283,950	5.5%	941,709	16.5%	-33,967	-352,270	185,325	0	\$21.68	\$25.24
Airport South	5,187,141	0.1%	863,968	16.5%	30,848	-63,925	216,575	200,000	\$27.86	\$40.13**
Brentwood	6,303,477	4.2%	1,027,871	12.1%	-29,467	-250,330	266,914	0	\$28.04	\$30.58
CBD	9,796,219	3.2%	1,972,286	17.0%	-60,357	203,951	898,966	1,701,000	\$32.91	\$35.68
Cool Springs/Franklin	9,261,504	5.5%	1,950,969	15.6%	2,654	133,820	722,536	206,000	\$30.14	\$31.91
Green Hills/West Nashville	2,488,899	0.4%	340,000	13.3%	208	-9,838	96,615	86,326	\$34.69	\$37.01
MetroCenter	1,974,035	4.0%	433,671	18.0%	-40,287	-216,276	66,907	0	\$21.86	\$26.50
Midtown	7,235,910	0.7%	1,429,883	19.1%	512,567	446,366	392,726	873,014	\$42.05	\$44.15
North Nashville	620,544	0.0%	28,446	4.6%	0	6,540	18,981	0	\$20.25	\$22.50
NASHVILLE TOTALS	47,151,679	3.1%	8,988,803	16.0%	382,199	-101,962	2,878,141	3,066,340	\$30.84	\$35.41

*Rental rates reflect full service asking

**Airport South includes Wedgewood-Houston area

KEY LEASE TRANSACTIONS Q4 2021

PROPERTY	SUBMARKET	TENANT	RSF	TYPE
5001 Aspen Grove Drive – McEwen Northside – Block A	Cool Springs/Franklin	Omnia Partners	75,000	New Lease
26 Century Blvd – One Century Place	Airport North	Firestone	32,000	New Lease
1600 West End Avenue - Broadwest	Midtown	Capgemini	25,699	New Lease
800 Crescent Centre Drive – Three Corporate Centre	Cool Springs/Franklin	Carrington Mortgage Services, LLC	23,319	New Lease
333 Commerce Street – 333 Commerce	CBD	Deloitte	21,245	Renewal
1600 West End Avenue - Broadwest	Midtown	Cumberland Pharmaceuticals	16,631	New Lease

*Renewals not included in leasing statistics

KEY UNDER CONSTRUCTION PROJECTS Q4 2021

PROPERTY	SUBMARKET	OWNER / DEVELOPER	SF	CONSTRUCTION TYPE
201 Platform Way S – Nashville Yards: Platform 2000	CBD	Southwest Value Partners	650,000	Speculative
200 10 th Ave N – Nashville Yards: Amazon HQ II	CBD	Southwest Value Partners	588,000	Build-to-Suit
1300 Adams Street – Neuhoff – Phase I	CBD	New City	385,000	Speculative
1221 Demonbreun St. - one22one	Midtown	GBT	365,000	Speculative

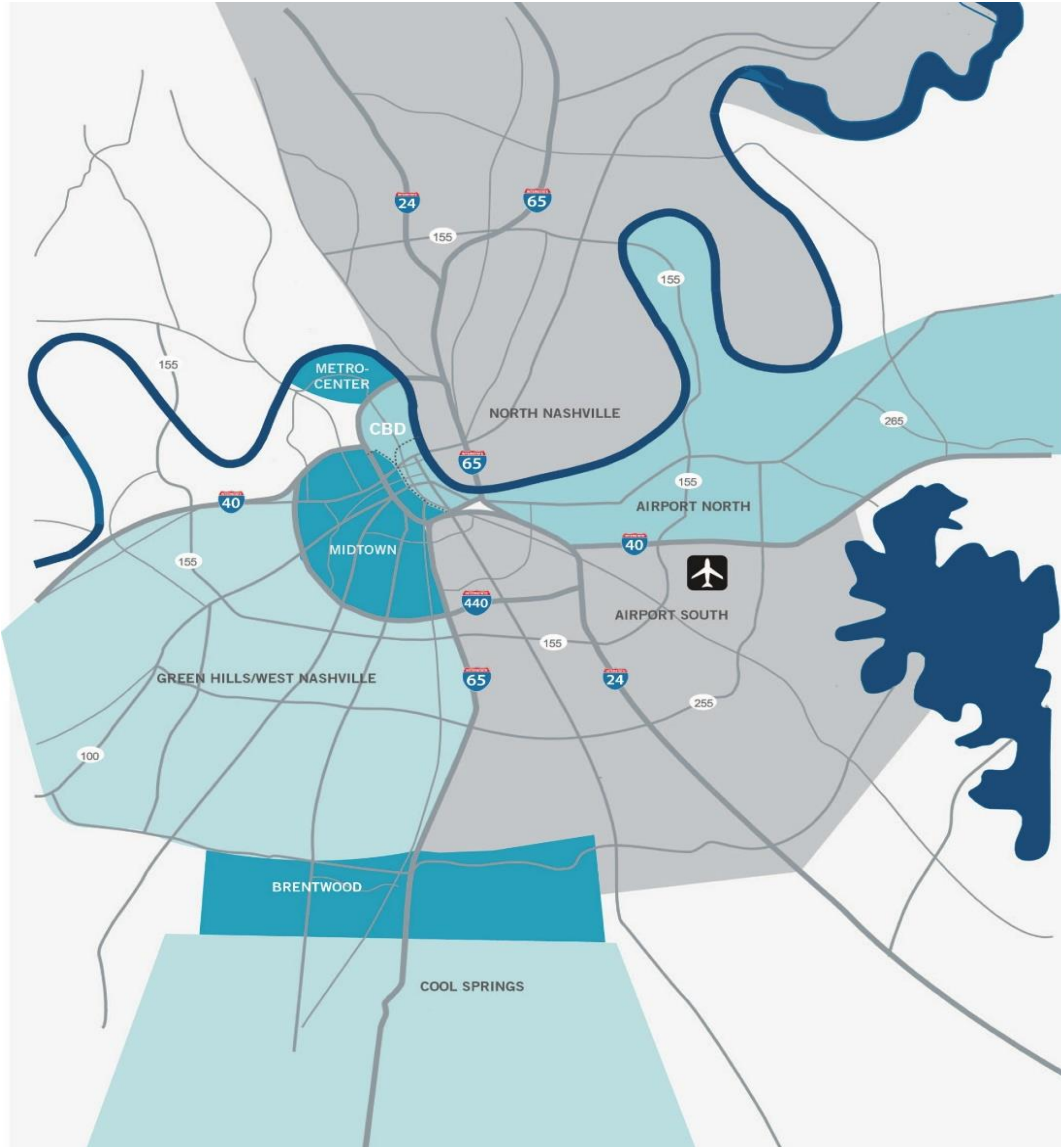
KEY CONSTRUCTION COMPLETIONS YTD 2021

PROPERTY	SUBMARKET	MAJOR TENANT	SF	OWNER / DEVELOPER
200 10 th Ave North - Amazon HQ I	CBD	Amazon	552,773	Southwest Value Partners
11 th Ave S. at Church Street - Asurion Headquarters	Midtown	Highwoods Properties	551,000	Build-to-Suit
1600 West End - Broadwest	Midtown	Baker Donelson	520,420	Propst Properties

NASHVILLE

Office Q4 2021

OFFICE SUBMARKETS



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