

18.6%
Vacancy Rate



160K
Net Absorption, SF



\$32.14
Asking Rent, PSF



(Overall, All Property Classes)

ECONOMIC INDICATORS Q1 2022

1.09M
Nashville Employment



2.9%
Nashville Unemployment Rate



3.6%
U.S. Unemployment Rate



Source: BLS

ECONOMY

Nashville's economy returned to pre-pandemic levels with unemployment posting at 2.9%, down 1,290 basis-points (bps) from the pandemic high of 15.8%. This impressive downward trend marks the second lowest rate of unemployment in the Southeast. Nonfarm employment increased by 59,000 jobs in the past year, and more than 400 new jobs were announced in corporate relocations by the Nashville Chamber of Commerce. The economy is poised to maintain an upward trend with employees returning to the office, relocations remaining consistent, and strong population migration from northern and western states.

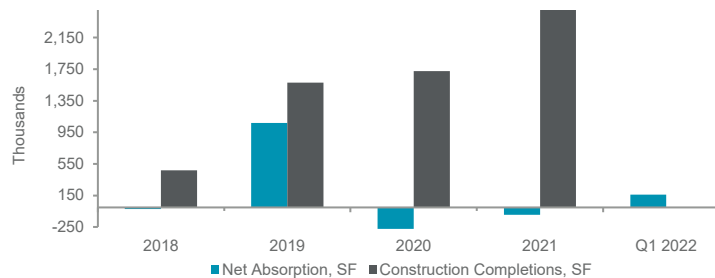
DEMAND

Nashville's demand kicked off 2022 with 410,937 square feet (sf) of leasing activity, up 27.0% year-over-year (YOY). The Metrocenter submarket executed the largest deal of the quarter with Service Source securing 52,302 sf at 621 Mainstream, former home to Parallon. Rubicon Founders expanded 16,000 sf in the Forum at Athens, bringing their total Metrocenter footprint to 31,000 sf. In the suburbs, the Brentwood submarket recorded the highest amount of activity with more than 100,000 sf of leasing activity. Lifeway Christian Resources was the main contributor to this volume inking 46,144 sf at Financial Plaza. In Midtown, Oracle signed 30,065 sf at Radius, which was recently became a multi-tenant opportunity when Lifeway Publishing vacated. This lease will serve as a temporary home for the software giant as it finalizes plans for its 1.2-million-square-foot (msf) campus on the East Bank. The company is projected to create 8,500 jobs by 2026. Renewal activity and expansions combined for 95,351 sf in Q1 2022, showing occupiers' confidence in Nashville's post-pandemic era and value towards office space. Demand for speculative (spec) suites in both Class A and Class B product has increased drastically. Spec suites satisfy tenants who need to move in quickly by providing built-out and move-in ready space. Spec suites offer the opportunity for shorter lease terms, rent premiums for landlords, and have accounted for much of the leasing activity under 7,500 sf in the urban core.

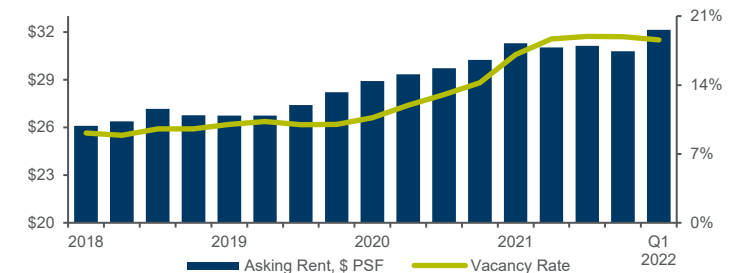
PRICING

Nashville's overall gross asking rents posted at \$32.14 per square foot (psf) for Q1 2022, up 4.2% YOY. The urban core, which consists of the CBD and Midtown submarkets, posted the highest rates for the quarter at \$34.54 psf and \$44.08 psf respectively. These rates are a direct result of the submarkets' new Class A deliveries, downtown proximity, and amenity-rich neighborhoods such as The Gulch, Germantown, Fifth & Broad, and Capitol View.

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & ASKING RENT



SUPPLY AND ABSORPTION

Overall vacancy posted at 18.6% for Q1 2022, a 30.0 bps drop from last quarter. Since 2021, vacancy has gradually decreased each quarter with large sublease occupancies and companies bringing their employees back to the office. Brentwood, Cool Springs/Franklin, and CBD each surpassed more than 125,000 sf of sublease move-ins since the start of 2020 with significant sublease deals including NTT Data – 34,685 sf at Capitol View – Block E, Educational Media Foundation – 29,871 sf at Two Franklin Park, and Integrated Biometric Technology – 28,223 sf at One Franklin Park, and Monogram – 26,574 sf at Highwoods Plaza I.

Nashville posted 160,169 sf of positive absorption for Q1 2022, the third consecutive quarter of occupancy gains since the pandemic. The Airport North submarket ranked the highest among occupancy gains with Genesco finalizing its move into Highland Ridge Tower for 193,319 sf. Firestone also contributed to the submarket’s absorption figures after moving into 32,000 sf at One Century Place. In the urban core, new construction posted strong absorptions number with Yellow Freight & Newmark – 15,000 sf moving into 501 Commerce, Kimley Horn – 24,000 sf into Peabody Plaza, and Shore Capital – 10,662 sf and Adams & Reese – 26,000 sf completing their move-ins at Broadwest.

CONSTRUCTION

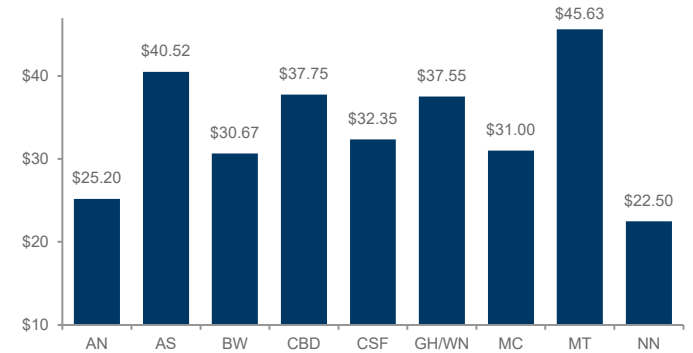
Nashville recorded more than 3.0 msf of Class A product currently under construction for Q1 2022 with 588,000 sf consisting of Amazon’s build-to-suit. The majority of new projects are concentrated in the urban core, with the CBD and Midtown submarkets totaling 84.0% of Nashville’s development pipeline. Significant speculative projects include one2zone – 365,000 sf (14% pre-leased), the Moore Building – 234,000 sf (9.0% pre-leased), 17th & Grand – 165,629 sf (22% pre-leased), and Platform 2000 – 650,000 sf which secured anchor tenants Pinnacle Bank and Bass, Berry & Sims. With increased demand in highly amenitized repurposed/creative office space, developers and investors are responding with more than 663,000 sf of this unique product. Projects include New City’s Neuhoff – 385,000 sf, T3 Finery – 192,000 sf, Stateline – 86,326 sf, and the Factory at Franklin – 80,000 sf which Holladay Properties purchased in September of 2021. In fact, Nashville’s repurpose/creative office buildings are in such high demand that many institutional investors have been very active with recent purchases of the product. For example, Silo Studios, Sylvan Supply, and The Sheds on Charlotte have all been purchased within the last year from investor giants such as Southeast Venture, CBRE Investors, and Clarion Partners.

Nashville’s upcoming East Bank developments are set to expand the Nashville skyline over the Cumberland River. Historically known as an industrial hub along the river, GBT Realty and MRP Realty are positioned to redevelop 16.4 acres with more than 378,000 sf of office space as well as multifamily and retail structures. These projects will sit adjacent to Oracle’s 1.2-msf build-to-suit campus which is targeted for a 2026 completion.

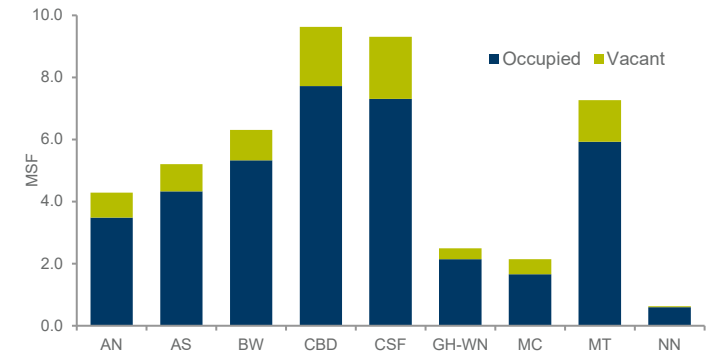
Outlook

- Overall supply in Nashville is expected to increase at a rapid rate. Strong levels of positive absorption will follow closely behind with key move-ins from Amazon, FirstBank, and Omnia Partners.

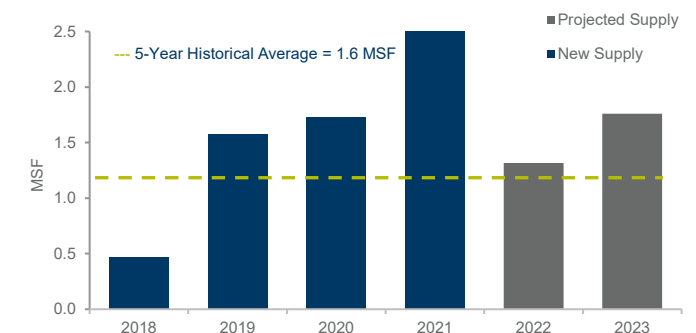
CLASS A OVERALL ASKING RENT – SUBMARKET COMPARISON



OCCUPANCY & VACANCY – SUBMARKET COMPARISON



NEW SUPPLY



MARKET STATISTICS

SUBMARKET	INVENTORY (SF)	SUBLET VACANCY RATE	OVERALL VACANT (SF)	OVERALL VACANCY RATE	CURRENT QTR DIRECT NET ABSORPTION	CURRENT QTR OVERALL NET ABSORPTION (SF)	CURRENT QTR LEASING ACTIVITY (SF)	UNDER CNSTR (SF)	OVERALL AVG ASKING RENT (ALL CLASSES)*	OVERALL AVG ASKING RENT (CLASS A)*
Airport North	4,283,950	6.7%	808,621	18.9%	185,747	133,165	53,932	0	\$21.23	\$25.20
Airport South	5,205,958	0.1%	876,924	16.8%	-2,079	-2,079	28,117	192,000	\$27.86	\$40.52**
Brentwood	6,303,477	3.5%	978,833	15.5%	4,982	48,337	100,656	0	\$28.07	\$30.67
CBD	9,627,806	3.2%	1,907,425	19.8%	-1,215	10,008	32,073	1,701,000	\$34.54	\$37.75
Cool Springs/Franklin	9,304,082	5.5%	1,997,739	21.5%	13,074	-5,772	79,237	206,000	\$30.39	\$32.35
Green Hills/West Nashville	2,488,899	0.6%	344,231	13.8%	-475	-7,000	8,827	86,326	\$35.25	\$37.55
MetroCenter	2,140,464	5.2%	489,437	22.9%	-26,177	-60,227	69,049	0	\$28.51	\$31.00
Midtown	7,264,154	0.6%	1,343,465	18.5%	52,656	46,596	39,046	891,014	\$44.08	\$45.63
North Nashville	620,544	0.0%	31,278	5.0%	-2,832	-2,832	0	0	\$20.46	\$22.50
NASHVILLE TOTALS	47,239,334	3.2%	8,777,953	18.6%	223,681	160,196	410,937	3,076,340	\$32.14	\$36.92

*Rental rates reflect full service asking

**Airport South includes Wedgewood-Houston area

KEY LEASE TRANSACTIONS Q1 2022

PROPERTY	SUBMARKET	TENANT	RSF	TYPE
621 Mainstream Drive	Metrocenter	Service Source	52,302	New Lease
200 Powell Place – Financial Plaza	Brentwood	Lifeway Christian Resources	46,144	New Lease
100 Centerview Drive – Commerce Center East	Airport North	Confidential Tenant	31,304	New Lease
1100 Jo Johnson Ave - Radius	Midtown	Oracle	30,065	New Lease
2916 Kraft Drive – Wurzburg Building	Airport South	Confidential Tenant	18,817	New Lease

*Renewals not included in leasing statistics

KEY UNDER CONSTRUCTION PROJECTS Q1 2022

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	387,812	Speculative
1221 Broadway - one22one	Midtown	GBT	365,000	Speculative

RECENT CONSTRUCTION COMPLETIONS

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
1131 4 th Ave S – Nashville Warehouse Co	Midtown	Live Nation	200,000	AJ Capital Group

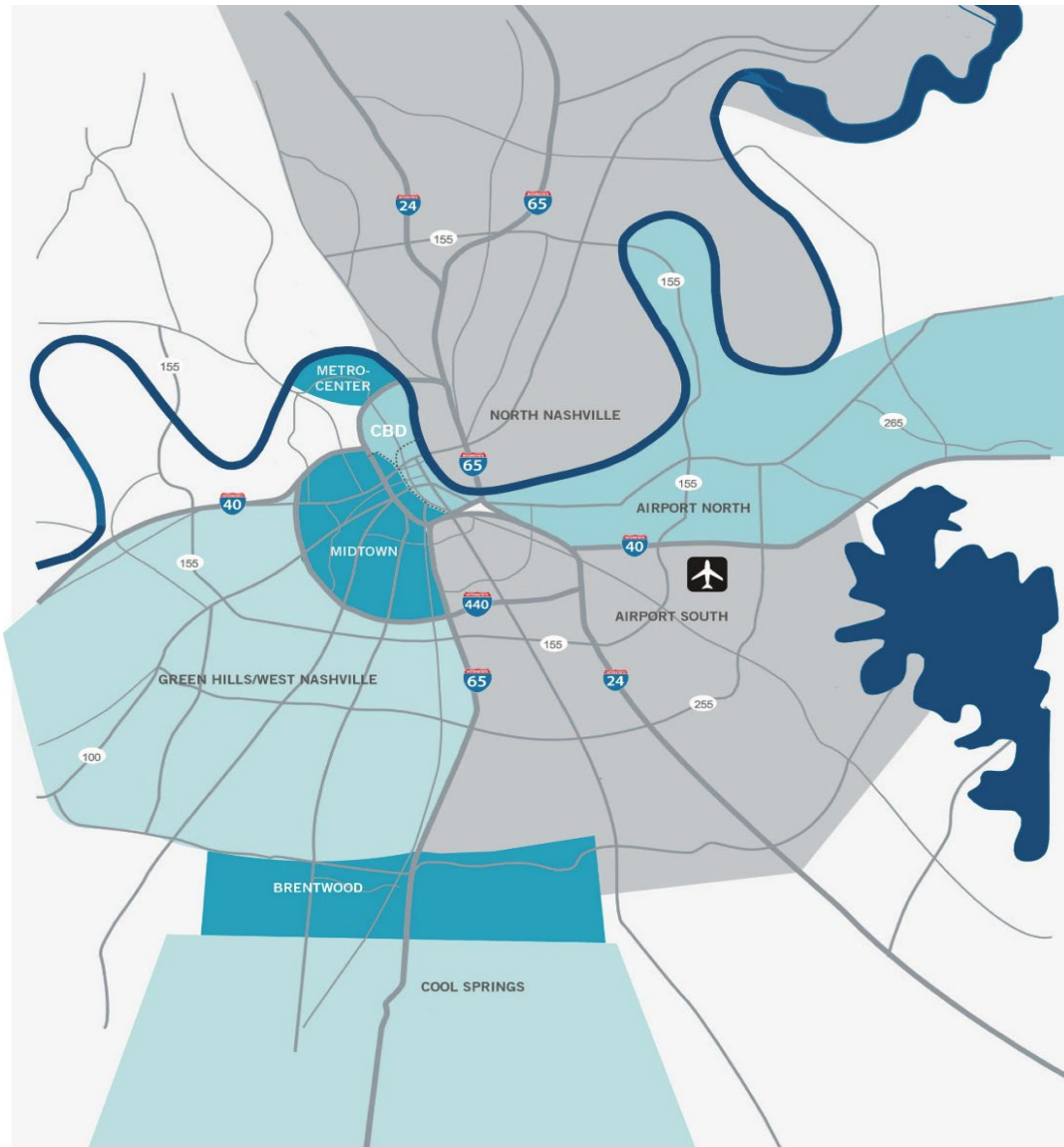
NASHVILLE

Office Q1 2022



CUSHMAN &
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