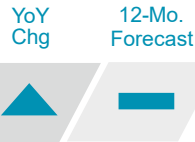


**2.8%**  
Vacancy Rate



**1.4M**  
Net Absorption, SF



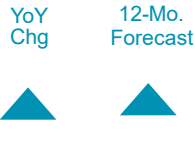
**\$6.79**  
Asking Rent, PSF



Overall, Net Asking Rent

### ECONOMIC INDICATORS Q2 2022

**1.11M**  
Nashville  
Employment



**2.6%**  
Nashville  
Unemployment Rate



**3.6%**  
U.S.  
Unemployment Rate



Source: BLS

### ECONOMY

Nashville's unemployment rate continued to decline in Q2 2022, posting at 2.6%, down 30 basis points (bps) from last quarter. The labor market remains tight compared to the U.S. average of 3.6%, unchanged since last quarter. Though the economy has bounced back in terms of job growth, the aftermath of the pandemic has triggered supply chain constraints and a staggering 9.1% inflation rate. Despite growing economic concerns, Nashville's industrial market remained robust and strong with consistent demand and high positive absorption.

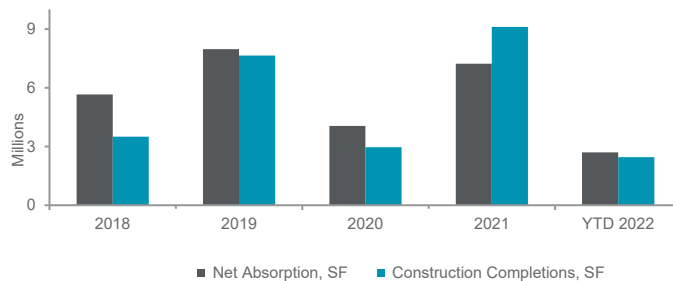
### DEMAND

Nashville maintained tight market conditions with no signs of slowing down. Leasing activity posted at 2.2 million square feet (msf) for Q2 2022, bringing the year-to-date (YTD) activity to 4.5 msf. The top three deals of the quarter were in the East submarket, including Supply Chain Warehouse signing 471,851 sf at Nashville 840 Logistics Center, Dawson Logistics inking 445,942 sf at Park 840 West, and Hollister's renewal of 240,000 sf at Beckwith Farms. Since the majority of leasing activity is concentrated in newly constructed buildings, the East and Southeast submarkets have a strategic advantage to attract tenants seeking new Bulk A product along the I-40, I-24, and I-840 corridors. The largest sublease of the quarter occurred in the Industrial CBD submarket with CWC Logistics signing 180,000 sf at 485 Craighead St. Leasing demand continues to be driven primarily by 3PL and e-commerce companies taking advantage of Nashville's central location and development opportunities along I-40 and I-65.

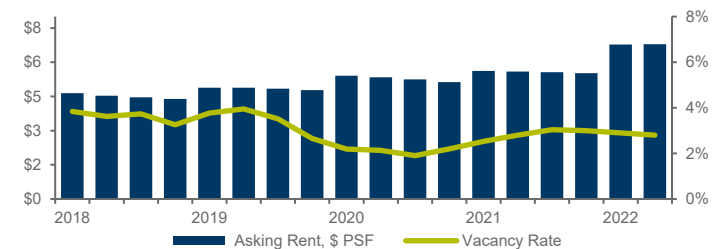
### PRICING

Overall asking rents posted at \$6.79 per square foot (psf) for Q2 2022, up 36.0% year-over-year (YOY). New construction asking rates are landing between \$11.00-\$12.00 psf for leases under 100,000 sf. This is a result of both a market with continued constrained supply and the amortization of higher tenant improvement expenses built into the tenant's rate. It is becoming increasingly difficult to forecast accurate pricing to account for TI needs, which will impact preleasing for new construction product.

### SPACE DEMAND / DELIVERIES



### OVERALL VACANCY & ASKING RENT



## ABSORPTION & VACANCY

Nashville posted nearly 1.4 msf of positive absorption in Q2 2022. The Southeast submarket made up 46.0% of new occupancy at 635,752 sf. Major drivers of positive absorption in the Southeast were Toast, Inc. with 75,706 sf at Interchange Center – Building C, J.B. Hunt occupying 184,850 sf at 370 New Sanford Rd, and Chick-Fil-A moving into 66,617 sf at Interchange Center – Building B3. The second largest contributor to positive absorption YTD is the East submarket with 319,665 sf in Q2 and 608,037 sf YTD. Supply Chain Warehouse expanded by 208,529 sf in its space at Nashville 840 Logistics Center. Other major movers this quarter include Mondelez Global and Trademango with a combined total of 85,206 sf at Cedar Creek and Southeast Connections with 53,130 sf at 1031 Tennessee Blvd. Typically the Industrial CBD submarket does not have much movement, but this quarter 169,855 sf was absorbed by Cumberland International Trucks at 640 Massman Dr.

Vacancy dropped to 2.8%, a 10 bps decrease since last quarter. For the 11th consecutive quarter, Nashville's vacancy has posted at 3.0% or below and is currently 30 bps below the national average. The market continues to show no signs of slowing down as renewal and new leasing activity remains consistent towards newly delivered product.

## CONSTRUCTION

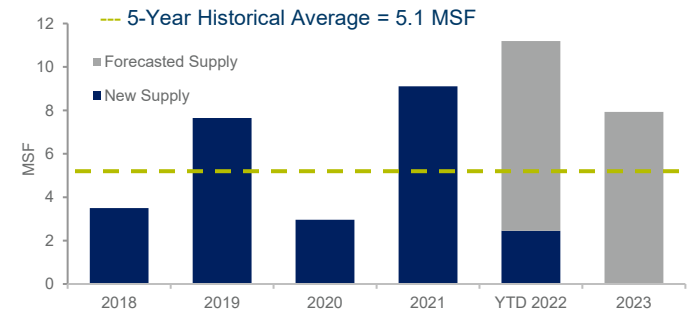
Nashville delivered nearly 1.2 msf of new product in Q2 2022, bringing total completions to 2.5 msf YTD. Robust development in the East submarket drove these figures including Speedway Industrial Park – Building 8 with 614,880 sf (58.0% preleased upon completion and now fully leased), as well as 840 Commerce Center - 259,000 sf.

The development pipeline in Nashville recorded more than 17.7 msf of product currently under construction for Q2 2022. Build-to-suit (BTS) projects accounted for 30.0% of the total pipeline, which includes the GM Battery Site with 2.8 msf, Chewy's in Rockdale V with 692,000 sf, and Amazon's Project Alice at 3875 Guthrie Hwy totaling 1.0 msf. Since BTS accounts for a large portion of Nashville's total pipeline, the market is still on track to absorb new construction product. Several large speculative projects are under construction including Central 840 Logistics Center with 925,680 sf at 100% preleased to Walmart and Parkway Place with 844,480 sf, which is expected to deliver in Q3 2022. At the end of the year, Speedway Industrial Park – Building 12 - 650,944 sf and Midway 840 – Building II - 633,410 sf are expected to hit the market. In the East submarket, Central Logistics Park East joins the construction pipeline with two buildings combining to 491,932 sf.

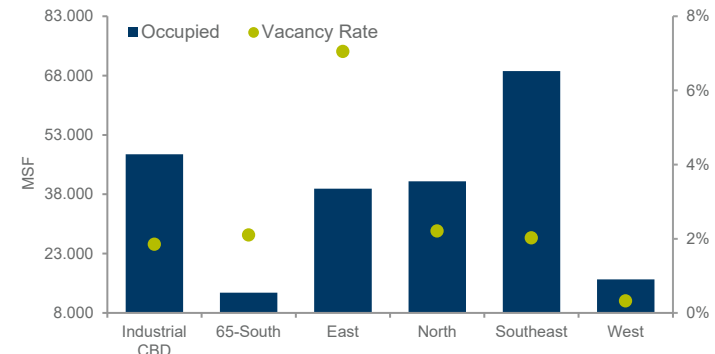
## Outlook

- Expect rising TI expenses to present challenges in lease negotiations as TI pricing has been difficult to finalize in early stages.
- Rental rates are expected to continue rising in 2022, especially for small floorplate deals.

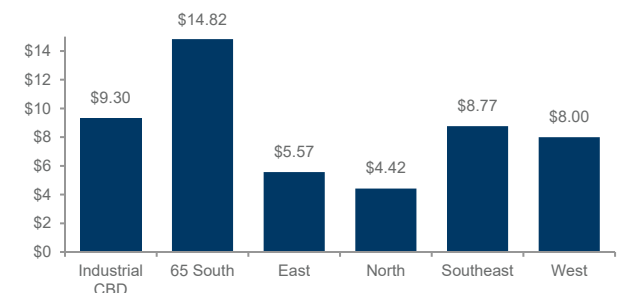
## NEW SUPPLY



## 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	48,996,444	906,237	1.8%	312,536	311,077	549,225	0	0	\$9.30
65 South	13,413,303	281,453	2.3%	25,625	87,754	197,979	3,082,877	0	\$14.82
East	42,389,956	2,987,546	7.0%	319,665	608,037	2,198,957	5,955,718	1,550,200	\$5.57
North	42,219,294	932,846	2.2%	101,892	321,659	344,988	4,260,300	354,840	\$4.42
Southeast	70,553,375	1,427,136	2.0%	635,752	1,369,155	1,034,096	4,219,957	550,830	\$8.77
West	16,528,048	53,000	0.3%	0	0	166,448	300,000	0	\$8.00*
<b>NASHVILLE TOTALS</b>	<b>234,100,420</b>	<b>6,588,218</b>	<b>2.8%</b>	<b>1,395,470</b>	<b>2,697,682</b>	<b>4,491,693</b>	<b>17,688,852</b>	<b>2,455,870</b>	<b>\$6.79</b>

## KEY LEASE TRANSACTIONS Q2 2022

PROPERTY	SUBMARKET	TENANT	SF	TYPE
Nashville 840 Logistics Center	East	Supply Chain Warehouse	471,851	New Lease
Park 840, Bldg 653	East	Dawson Logistics	445,942	New Lease
Beckwith Farms Bldg. 5	East	Hollister	240,000	Renewal
370 New Sanford Rd	Southeast	J.B. Hunt	184,580	New Lease
485 Craighead St	Industrial CBD	CWC Logistics	180,000	Sublease

\*Renewals not included in leasing activity statistics

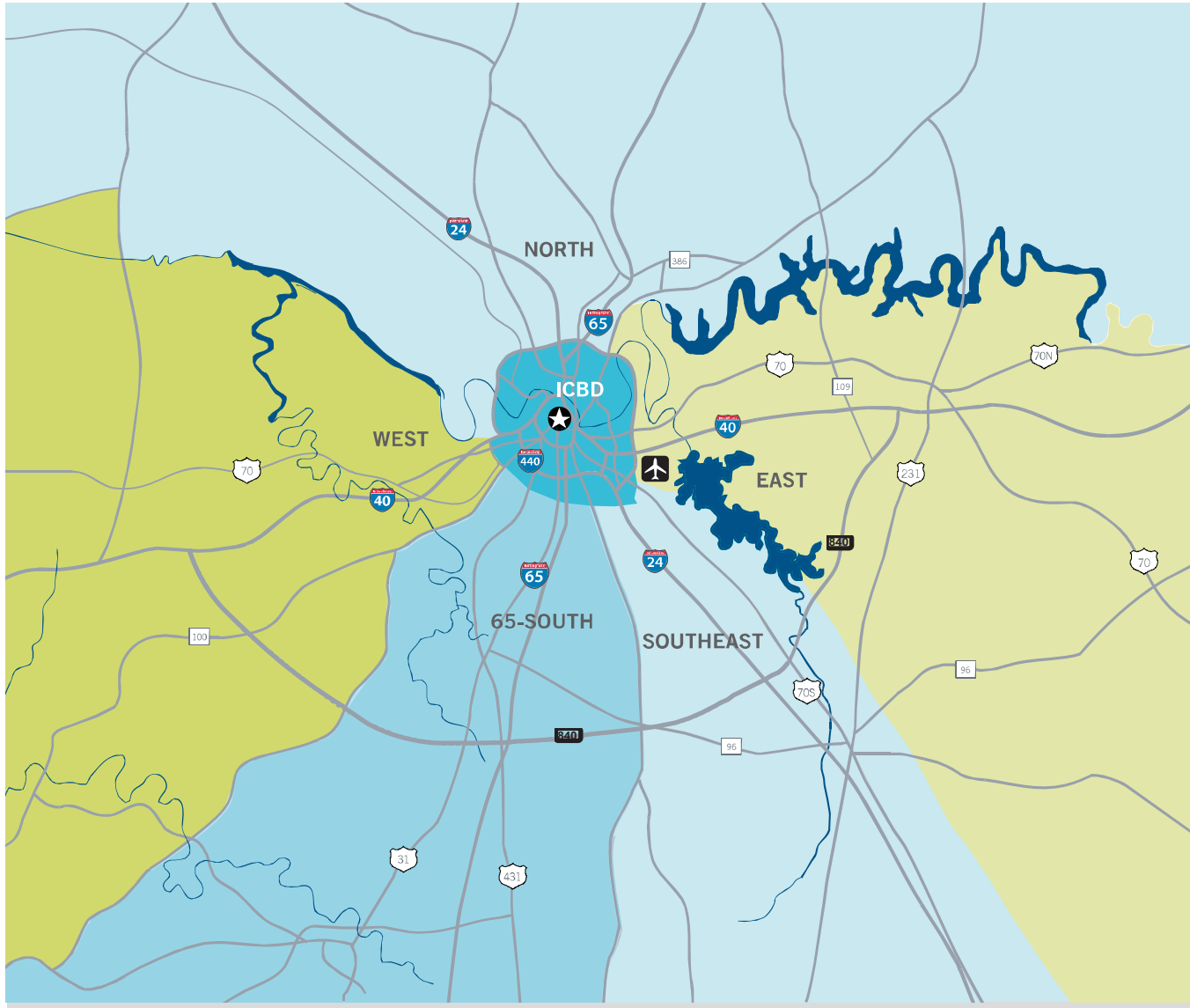
## KEY UNDER CONSTRUCTION PROJECTS

PROPERTY	SUBMARKET	CONSTRUCTION TYPE	SF	OWNER / DEVELOPER
Spring Hill/GM Battery Site	65-South	Build-to-Suit	2,800,000	GM Motors
HighPointe 24	Southeast	Speculative	1,129,892	Panattoni
3875 Guthrie Highway/Project Alice	North	Build-to-Suit	1,000,000	Amazon
Central 840 Logistics Center / Walmart	East	Speculative	925,680	Core 5 Industrial Partners
Parkway Place	Southeast	Speculative	844,480	Granite Properties

## KEY CONSTRUCTION COMPLETIONS YTD

PROPERTY	SUBMARKET	MAJOR TENANT	SF	OWNER / DEVELOPER
Speedway Industrial Park – Building 8	East	New Balance	614,880	Panattoni
1770 Callis Rd/Park 109	East	TBD	375,000	Principal
Speedway Industrial Park – Building 2	East	Line-X	301,320	Panattoni
840 Commerce Center	East	TBD	259,000	Cabot

## INDUSTRIAL SUBMARKETS



### Zander El-Hindi

Research Manager

Tel: +1 615 301 2826

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

### Christopher Bland

Research Analyst

Tel: +1 615 301 2910

[christopher.bland@cushwake.com](mailto:christopher.bland@cushwake.com)

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