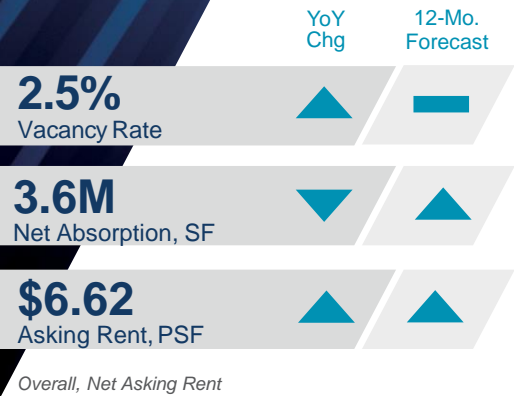
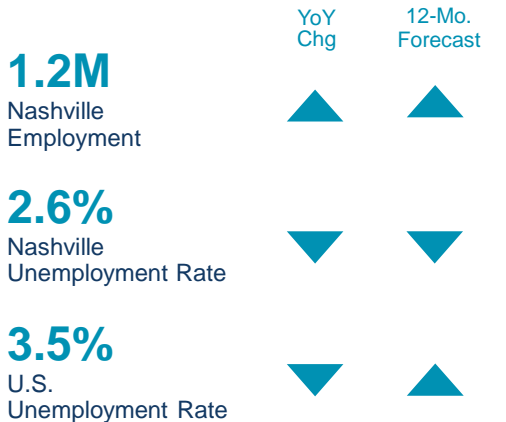


## Industrial Q3 2022



### ECONOMIC INDICATORS Q3 2022



Source: BLS

### ECONOMY

Nashville’s unemployment rate remained flat, posting at 2.6% with no change from last quarter, remaining 90 basis points (bps) lower than the U.S. average of 3.5%. In recent years, Nashville’s industrial market has benefited from a growing population and a strong housing market. This bodes well for construction material suppliers as well as 3PL’s attracted by Nashville’s unique geographical distribution advantages. As economic concerns continue to grow, Nashville’s economy is in a healthy position to weather a potential global slowdown.

### DEMAND

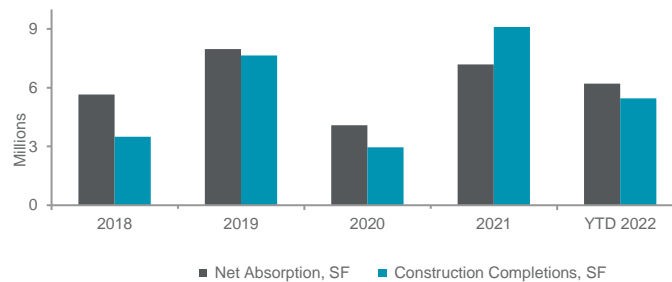
Even with economic concerns looming, Nashville’s industrial market remains hot with nearly 2.2 million square feet (msf) of leasing activity recorded for Q3 2022, bringing the year-to-date (YTD) volume to 6.8 msf. The East submarket posted the highest activity level largely due to the recent 1.0 msf Webstraurant lease at Speedway Industrial Park – Building 12. The restaurant supplier plans to occupy in 2023 once the building delivers. Also in Speedway, Lasership leased building 10 (400,000 sf) and will also occupy in 2023. At HighPointe 24, in the Southeast submarket, Matco (64,000 sf) and Flexpak (41,000 sf) become the first tenants to sign at Panattoni’s newest project which will contain 1.1 msf divided among seven buildings. Buildings 100, 200, 300, and 700 all expected to deliver by the end of 2022.

Throughout 2022, demand has been strong towards both bulk (buildings over 150,000 sf) and single-load buildings (buildings under 150,000 sf). E-commerce and 3PL’s have dominated the bulk market while mid-size tenants servicing Nashville’s growing population have focused more towards single-load product. Many of these tenants fall into the construction/building material sectors and have been actively leasing and occupying as a direct result of Nashville’s new housing and renovation boom.

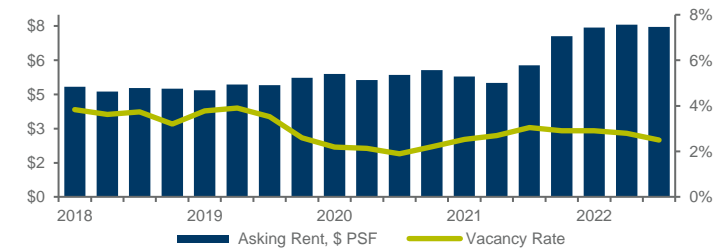
### PRICING

With high demand and limited available space, asking rents reached a record high for the Nashville industrial market posting at \$6.62 per square foot (psf), up 31.0% year-over-year (YOY). Even with a huge influx of supply hitting the market so far this year, landlords have not been motivated to drop asking rents as preleasing remains strong towards new construction.

### SPACE DEMAND / DELIVERIES



### OVERALL VACANCY & ASKING RENT



## ABSORPTION & VACANCY

Nashville posted more than 3.5 msf of absorption for Q3 2022, up 278.0% YOY and bringing total 2022 occupancy gains to 6.2 msf. The East submarket drove the majority of absorption for Q3 2022 with big move-ins from corporate giants Walmart, New Balance, Line-X, and Hello Fresh. Walmart occupied its entire build-to-suit at Central Logistics Center which delivered in September. Hello Fresh was another large retailer that occupied Cedar Farms II, a 600,000 sf building that delivered September 2021. At Speedway Industrial Park, New Balance and Line-X combined for a total of 655,000 sf of positive gains. Line-X took all of Speedway – Building 2 and New Balance now occupies half of Speedway – Building 8.

Overall vacancy dropped 30.0 basis-points (bps) from last quarter, posting at 2.5%. This marks the 12<sup>th</sup> consecutive quarter in which Nashville's industrial market posted below 3.0% vacancy. Nashville's vacancy remains 70.0 bps below the national average.

## CONSTRUCTION

More than 3.0 msf of new construction completed in Q3 2022, bringing the total to nearly 5.5 msf for 2022. The majority of completions occurred in the East submarket with Central 840 Logistics Center being the largest at 925,680 sf, 100.0% leased to Walmart. Chewy's build-to-suit at First Rockdale V also delivered at 692,000 sf. In the Southeast submarket, the second phase of Holladay Properties' Airport Logistics Park, which includes Buildings 700, 800, 850, and 900 delivered, totaling 208,500 sf.

Nashville recorded more than 15.5 msf of new product under construction at the close of Q3 2022 as developers continue to match supply with demand. A substantial 71.0% of development is speculative product with 29.0% being build-to-suit. GM's Battery Plant in Spring Hill is currently the largest project at 2.8 msf and is expected to finish in 2023. Regarding significant speculative projects, Granite Properties' Parkway Place is targeted to complete in November of this year and is 100.0% preleased to McNeilus Corporation. Other developments include Al Neyer's Shoals Way Industrial (638,400 sf), Midway 840 II (633,410 sf), and Speedway Industrial Park – Bldg 11 (443,968 sf). Historically, bulk product, has contributed to the majority of development; however, demand towards shallow-bay/single-load buildings has increased drastically the last couple years. As a result, Nashville currently has 14 shallow-bay projects under construction, totaling more than 1.4 msf.

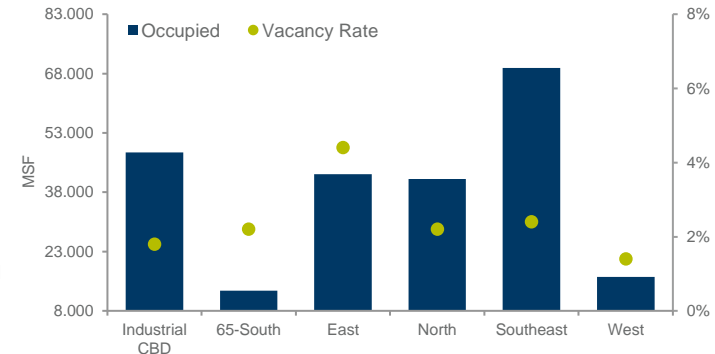
## Outlook

- With active preleasing, a stable balance between supply and demand, and higher construction costs, rental rate growth is expected to continue for the remainder of 2022 and 2023.
- With record new deliveries and historically low vacancy, Nashville shows no sign of a slowdown for the rest of 2022 with macro-economic slowdowns looming.

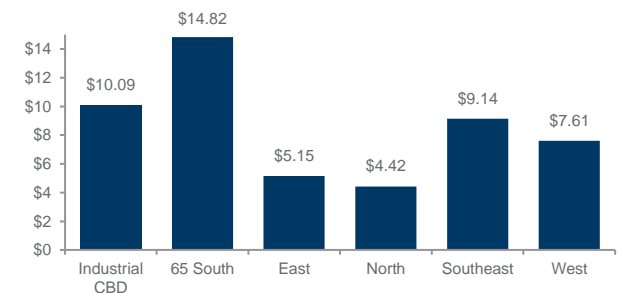
## NEW SUPPLY



## 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	895,143	1.8%	-4,591	316,675	614,162	0	0	\$10.09
65 South	13,413,303	299,843	2.2%	21,610	69,364	237,979	4,101,265	0	\$14.82
East	44,507,876	1,938,997	4.4%	3,192,469	3,774,506	3,686,041	4,244,254	3,668,120	\$5.15
North	42,295,294	932,846	2.2%	0	321,659	462,488	2,881,345	354,840	\$4.42
Southeast	71,138,825	1,738,347	2.4%	232,752	1,601,907	1,626,143	4,289,431	1,136,280	\$9.14
West	16,828,048	234,500	1.4%	118,500	118,500	166,448		300,000	\$7.61
<b>NASHVILLE TOTALS</b>	<b>237,179,790</b>	<b>6,039,676</b>	<b>2.5%</b>	<b>3,560,740</b>	<b>6,202,611</b>	<b>6,793,261</b>	<b>15,516,295</b>	<b>5,459,240</b>	<b>\$6.62</b>

KEY LEASE TRANSACTIONS Q3 2022

PROPERTY	SUBMARKET	TENANT	SF	TYPE
McCrary Road – Speedway Building 12	East	Webstaurant	981,568	New Lease
Richard Reeves Drive – Parkway Place	Southeast	McNeilus Corporation	844,480	New Lease
340 Bridgestone Parkway – Commerce Farms 2	East	Carlex Glass America	456,000	Renewal
1000 McCrary Road – Speedway Building 10	East	Lasership	400,064	New Lease
Bridgestone Parkway – Commerce Farms 5	East	Geodis Logistics LLC	372,181	Renewal

\*Renewals not included in leasing activity statistics

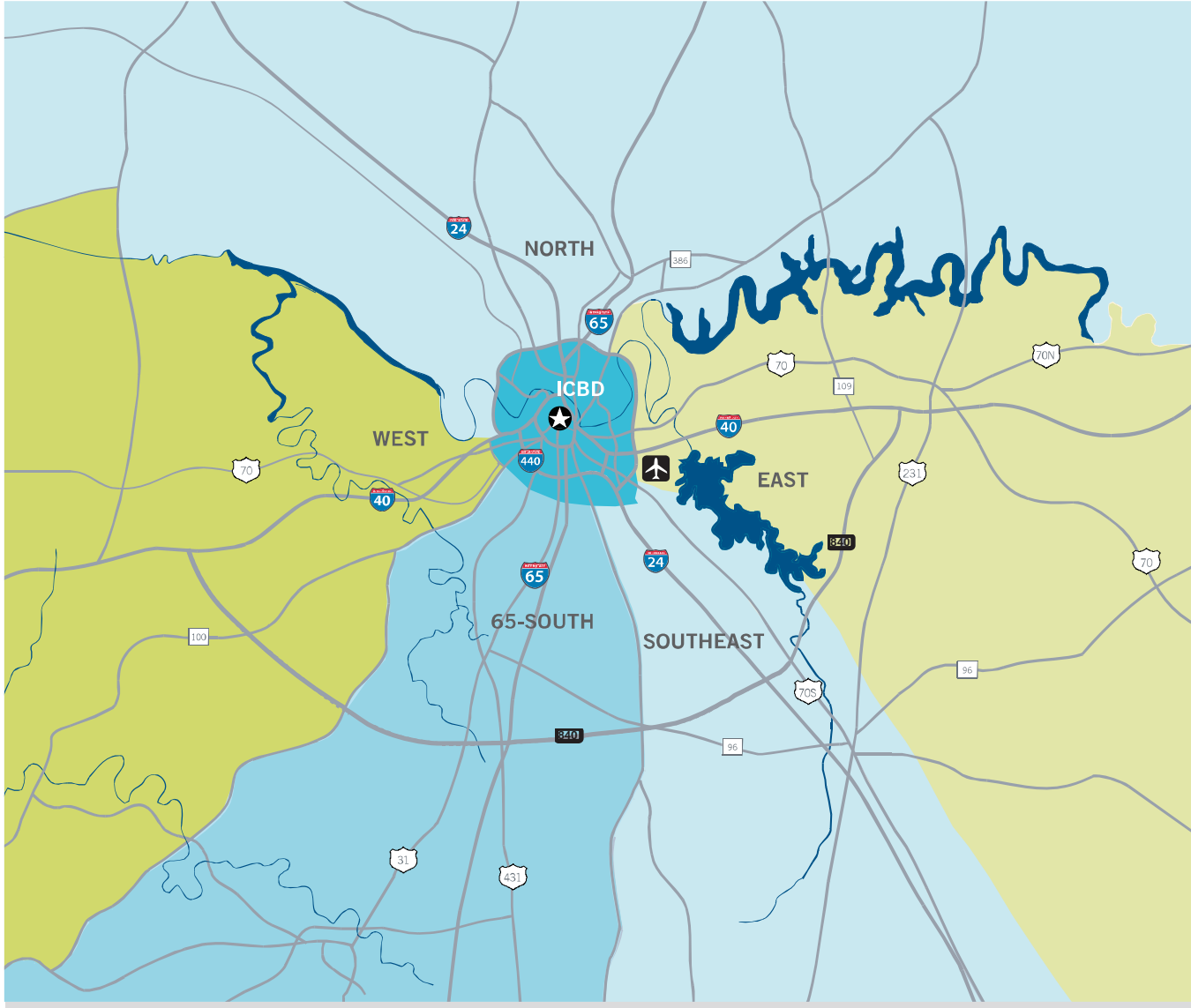
KEY UNDER CONSTRUCTION PROJECTS

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
Parkway Place	Southeast	Speculative	844,480	Granite Properties
Shoals Way Industrial	North	Speculative	638,400	AI Neyer

KEY CONSTRUCTION COMPLETIONS YTD

PROPERTY	SUBMARKET	MAJOR TENANT	SF	OWNER / DEVELOPER
Central 840 Logistics Center	East	Walmart	925,680	Core 5 Industrial Partners
First Rockdale V	East	Chewy	692,000	First Industrial Realty Trust
Speedway Industrial Park – Building 8	East	New Balance	614,880	Panattoni
First Rockdale IV	East	N/A	500,240	First Industrial Realty Trust

## INDUSTRIAL SUBMARKETS



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