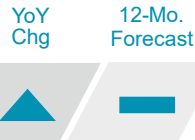


**3.7%**  
Vacancy Rate



**763k**  
Net Absorption, SF



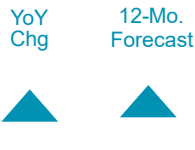
**\$7.64**  
Asking Rent, PSF



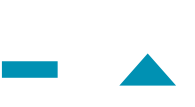
Overall, Net Asking Rent

### ECONOMIC INDICATORS Q2 2023

**1.1M**  
Nashville  
Employment



**2.6%**  
Nashville  
Unemployment Rate



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



Source: BLS

### ECONOMY

Nashville's unemployment rate of 2.6% remained steady in Q2, remaining 100 basis points (bps) below the U.S. average. Over the past year, employment in key industrial-related sectors has grown steadily, with construction jobs up 4.9%, trade, transportation, and utilities employment up 2.7%, and manufacturing jobs up 2.6%. During Q2 2023, United Record Pressing—North America's largest vinyl record manufacturer—announced a \$10.8m investment to expand by more than 200 new jobs in Davidson County. Even amid uncertain macro-economic trends, the Nashville industrial market continues to experience high levels of activity due to strong labor markets and beneficial business legislation.

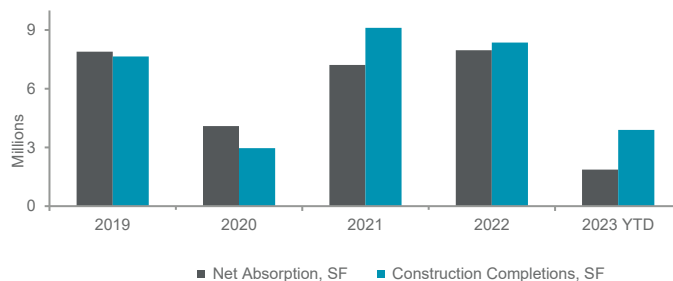
### DEMAND

Nashville's industrial market finished Q2 2023 with more than 2.1 million square feet (msf) of new leasing activity, a 30.0% increase from the previous quarter. The Southeast submarket accounted for over half of total transactional volume, recording over 1.1 msf of activity. Store Opening Solutions at CentrePoint Building B headlined the top deals throughout the Southeast at 377,220 square feet (sf), followed by Wilson Sporting Goods (251,554 sf) at Dalfen Industrial's Airpark – Building II, and Diligent Delivery Systems (123,000 sf) at 801 Space Park South. Tenant renewals nearly quadrupled the amount recorded this time last year posting close to 2.3 msf of activity, with tenants such as Vi-Jon (700,000 sf) and Geodis (550,000 sf) staying put at Rockdale Distribution Center buildings 1 and 3, respectively. The lack of suitable alternatives coupled with more aggressive economic terms for older existing building were cited as reasons tenants preferred to remain in their current spaces. In fact, the average term for a renewal in Q2 2023 was 61 months, a vast increase from the average 31-month term of Q2 2022.

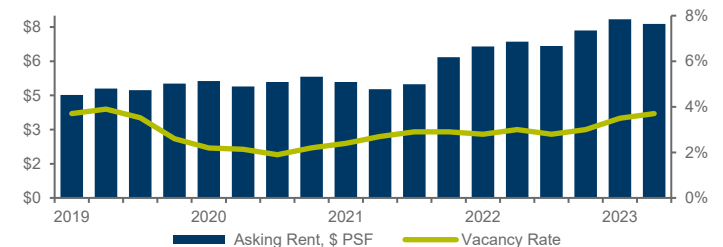
### PRICING

Overall asking rents posted at \$7.64 per square foot (psf), up 13.0% year-over-year (YOY). Continued strong prospect activity allowed landlords to continue to grow rates, especially within newly delivered speculative buildings. Asking rates could see continued increases as demand becomes centralized towards premium industrial product and potentially outpaces supply.

### SPACE DEMAND / DELIVERIES



### OVERALL VACANCY & ASKING RENT



## ABSORPTION & VACANCY

The market recorded more than 762,000 sf of positive absorption in Q2 2023, down 31% quarter-over-quarter (QOQ). Despite the decrease, all but one of Nashville’s industrial submarkets experienced positive occupancy gains throughout Q2 with the East posting 458,651 sf alone. Large movers included Averitt Express (290,860 sf) at Central Logistics Park East – Building 1, and both National Coatings (138,220 sf) at 7650 Eastgate and Cracker Barrel (105,000 sf) at Eastgate Distribution Center II. Other major Q2 move-ins included US Logistics (108,774 sf) and Starshot (43,000 sf) at HighPointe 24 – Building 700 and Reliable Sprinkler (50,000 sf) which occupied its recently finished build-to-suit project. The industrial sector saw flight-to-quality trends continue this quarter, with 70.0% of move-ins occurring in new construction product.

Vacancy rose to 3.7%, a 20-basis-point (bp) increase since Q1. While vacancy increased, Nashville still sits 40 bps below the national vacancy rate of 4.1%. Overall vacancy is expected to decrease with large movers such as Geodis (664,000 sf), Wilson Sporting Goods (251,554 sf), and 4Wall (202,000 sf) planning to occupy space later this year.

## CONSTRUCTION

More than 1.3 msf of new construction completed in Q2 2023, bringing the year-to-date (YTD) total to 3.9 msf. The majority of completions occurred in the East submarket with Central Logistics Park East – Buildings 1&2 (491,932 sf) and Alligood Industrial Park – Buildings 1&2 (411,150 sf) delivering. Other notable completions included Spring Hill Industrial Park – Buildings 2&3 (229,877 sf) and Logistics at 2 Dell Parkway (119,700 sf). Two BTS projects finished this quarter, with DuraMag Bodies (57,400 sf) and Reliable Sprinkler (50,000 sf) bringing total BTS completions to 551,368 sf for 2023.

Nearly 13.0 msf of new product remained under construction, a 19.0% increase QOQ. It is important to note that build-to-suits make up 3.4 msf of this total (27%) and 982,000 sf is preleased spec space (8.0%). The East submarket contains the most activity with 4.0 msf of product underway. Panattoni’s Speedway Industrial Park – Phase II (3.3 msf) accounts for 83.0% of product under construction in the East, and 26.0% of total product under construction throughout the entire market. Beckwith Golden Bear – Buildings A&B (456,720 sf) and Karis Cold Storage (205,845 sf) are also underway in the East. The Southeast submarket continues to bolster strong development activity, with projects such as Southpark II – Buildings 5-7 (837,500 sf), HighPointe 24 – Buildings 400, 500 & 600 (540,192 sf), and Gateway 24 (448,760 sf) slated to deliver in the next year. In the 65-South submarket, GM’s battery plant (2.8 msf) continues to progress projecting to create 1,300 new jobs for the Nashville market.

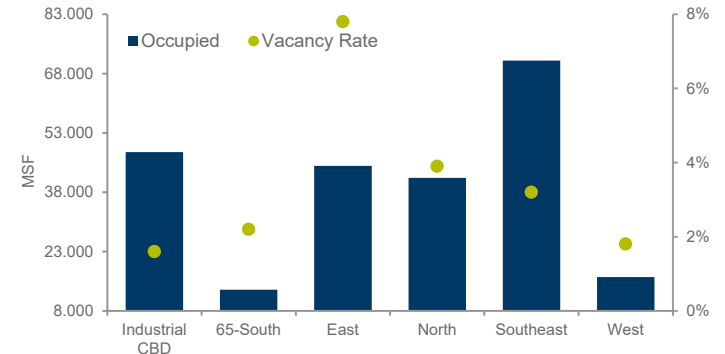
## OUTLOOK

Industrial activity throughout Nashville has remained steady despite continued economic pressure. Strong flight to quality trends could push rental rates to historic highs for the remainder of 2023.

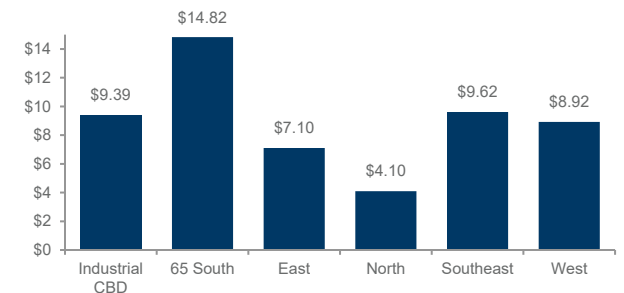
## NEW SUPPLY



## 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	761,032	1.6%	31,756	-39,577	133,684	0	0	\$9.39
65 South	13,643,180	296,143	2.2%	204,924	199,412	273,879	3,871,388	299,877	\$14.82
East	47,752,130	3,722,622	7.8%	458,651	1,281,933	1,865,708	3,996,441	3,164,254	\$7.10
North	43,360,324	1,711,328	3.9%	50,000	-62,273	33,817	1,881,275	50,000	\$4.10
Southeast	73,511,901	2,326,700	3.2%	62,485	531,959	1,642,624	2,595,000	453,280	\$9.62
West	16,828,048	298,055	1.8%	-45,000	-45,000	166,755	594,730	0	\$8.92
<b>NASHVILLE TOTALS</b>	<b>244,092,027</b>	<b>9,115,880</b>	<b>3.7%</b>	<b>762,816</b>	<b>1,866,454</b>	<b>4,116,467</b>	<b>12,938,834</b>	<b>3,897,411</b>	<b>\$7.64</b>

\*Rental rates reflect weighted net asking \$psf/year \*\*Statistics not reflective of U.S. MarketBeat.

KEY LEASE TRANSACTIONS Q2 2023

PROPERTY	SUBMARKET	TENANT	SF	TYPE
130 Maddox Road- Rockdale Distribution Center 3	East	Vi-Jon	700,000	Renewal
578 Aldi Boulevard – Rockdale Distribution Center 1	East	Geodis	550,000	Renewal
5501 CentrePointe Drive– CentrePointe 1	Southeast	Store Opening Solutions	377,220	New Lease
700 Airpark Commerce Drive – Airpark Nashville – Building II	Southeast	Wilson Sporting Goods	251,554	New Lease
801 Swan Drive	Southeast	Goggin Warehousing	229,504	Renewal

\*Renewals not included in leasing activity statistics

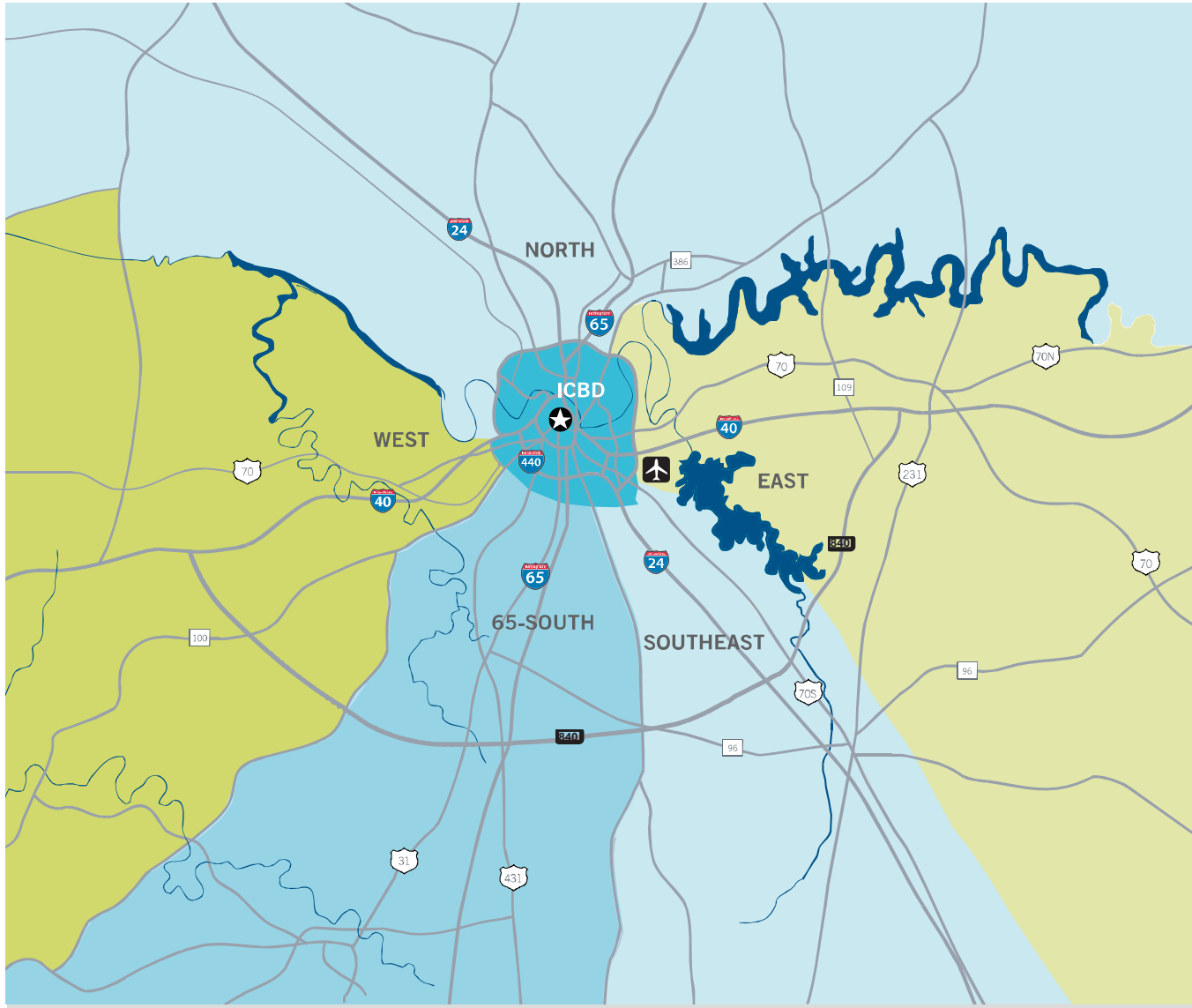
KEY UNDER CONSTRUCTION PROJECTS

PROPERTY	SUBMARKET	CONSTRUCTION TYPE	SF	OWNER / DEVELOPER
Speedway Industrial Park – Buildings 12-18	East	Speculative	3,333,876	Panattoni
Spring Hill/GM Battery Site	65-South	Build-to-Suit	2,800,000	GM Motors
Southpark Buildings 5, 6, 7	Southeast	Speculative	837,200	Prologis
Beechcroft Industrial Park – Building I, II, III	65-South	Speculative	815,530	DRG
Shoals Way Industrial	North	Speculative	638,330	AI Neyer

KEY CONSTRUCTION COMPLETIONS YTD

PROPERTY	SUBMARKET	MAJOR TENANT	SF	OWNER / DEVELOPER
1485 Couchville Pike – Midway 840 – Building II	East	Geodis	633,410	GTIS
1025 McCrary Road – Speedway Industrial Park – Building 11	East	Ferguson	443,968	Ferguson / Panattoni
1000 McCrary Road – Speedway Industrial Park – Building 10	East	Lasership	400,064	Panattoni
840 Hixon Boulevard – Central Logistics Park East – Building 1	East	N/A	290,860	Stonelake Capital Partners

## INDUSTRIAL SUBMARKETS



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### About Cushman & Wakefield

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