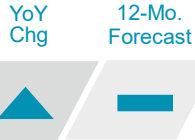


Industrial Q3 2023

3.8%
Vacancy Rate



3.0M
Net Absorption, SF



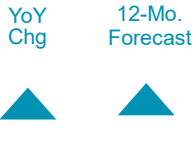
\$7.79
Asking Rent, PSF



Overall, Net Asking Rent

ECONOMIC INDICATORS Q3 2023

1.1M
Nashville Employment



2.4%
Nashville Unemployment Rate



3.7%
U.S. Unemployment Rate



Source: BLS

ECONOMY

Nashville's economy continued to surge amid economic uncertainty as the unemployment rate fell by 30 basis points (bps) quarter-over-quarter (QOQ), posting at 2.4%. The Metro Nashville has performed exceptionally well relative to the rest of the country, finishing 90 bps below the national unemployment rate of 3.8%. The economy is poised to build on the success it has experienced in 2023, as tenants remain determined to enter the Nashville market chasing strong population growth and a business-friendly environment.

DEMAND

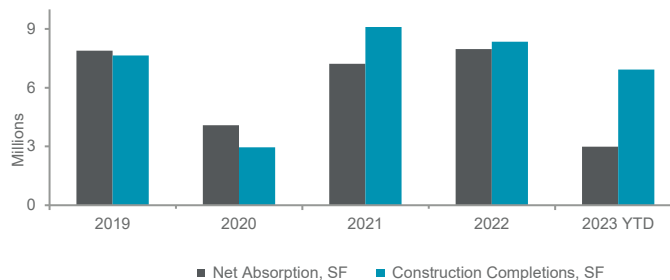
Nashville's industrial market rounded out Q3 2023 with nearly 1.6 million square feet (msf) of leasing activity. The Southeast submarket recorded over 860,000 sf of transactions, finishing the quarter as the top submarket for leasing activity. The Southeast's transactional volume was bolstered by a collective 565,000 sf of activity at Prologis' Southpark II Industrial Park, with Pepsi Co. and Aisin World Corporation taking the entirety of buildings 7 and 9, respectively. The park now sits at 67.0% leased and is slated to deliver buildings 8 and 9 in Q4 of this year. The East submarket recorded a number of notable transactions as well, with Bridgetown Natural Foods (307,200 sf) and Assurant, Inc. (259,000 sf) both signing major leases. The Southeast and East submarkets remain the most sought after of Nashville's industrial corridors. In fact, the two submarkets combined for over 1.5 msf of activity, an astounding 97.0% of total transactional volume in the Nashville market.

Heading into the final quarter of 2023, expect renewal activity to remain active throughout the market. Tenants such as GXO Logistics (279,000 sf), Beck Arnley (178,000 sf), Ferguson (103,000 sf), and Expeditors (56,000 sf) all opted to re-up on current spaces in Q3. The anticipated constrained supply of new and existing product paired with continued strong leasing velocity will likely push tenants to remain in their current locations for the foreseeable future.

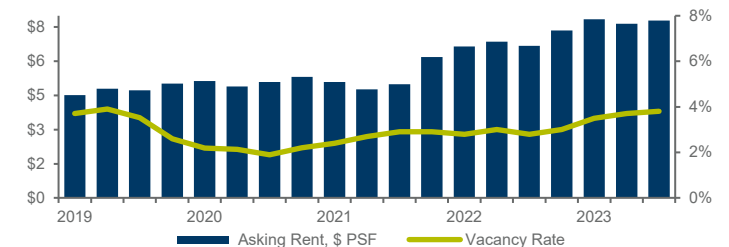
PRICING

Overall net asking rents ended the quarter at \$7.79 per square foot (psf), an 18.0% increase year-over-year (YOY). The Nashville market recorded a weighted average of \$9.87 NNN for deals signed, which is a 36.0% climb from this time last quarter. These rises are highly attributed to tenant's desire to lease space in premier Class A industrial product. Overall asking rates are expected to increase in Q4 2023 and into 2024 as tenant flight-to-quality continues.

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & ASKING RENT



ABSORPTION & VACANCY

The market recorded nearly 3.0 msf of net absorption for Q3 2023, a vast increase from the 762,816-sf recorded in Q2. Nashville's East submarket posted more than 1.6 msf of absorption finishing as the top submarket for occupancy gains in Q3. Both WebstaurantStore at Speedway Industrial Park – Building 12 (982,000 sf) and Geodis at Midway 840 – Building II (633,000 sf) were responsible for the majority of activity out East. Webstaurant plans to distribute restaurant supplies to the Midwestern United States in conjunction with existing facilities located in Georgia and Kentucky. In the North submarket, Arrowhead Engineered Products announced the completion of its 590,000-sf build-to-suit (BTS) project. The delivery helped offset occupancy losses registered by new sublease space added to the submarket throughout the quarter. Other notable move-ins include Pepsi Co. (399,000 sf), Wilson Sporting Goods (252,000 sf), Kloeckner Metals (151,000 sf), and Diligent Delivery Systems (123,000 sf).

Overall vacancy for Q3 2023 rose 10 bps quarter-over-quarter (QOQ) to 3.8%. However, more importantly, the direct vacancy rate which excludes sublease space finished the quarter at a mere 2.6%. As it pertains to the Nashville Industrial market, direct vacancy is more reflective of desirable and leasable space that is available. For example, 33.0% of available sublease space has a listed expiration date within the next year or sooner. Due to tenant preference, it is highly unlikely that these listings will sublease prior to their expirations. It is expected that interest in these spaces will increase closer to expiration and as tenants are able to negotiate directly with the building landlords.

CONSTRUCTION

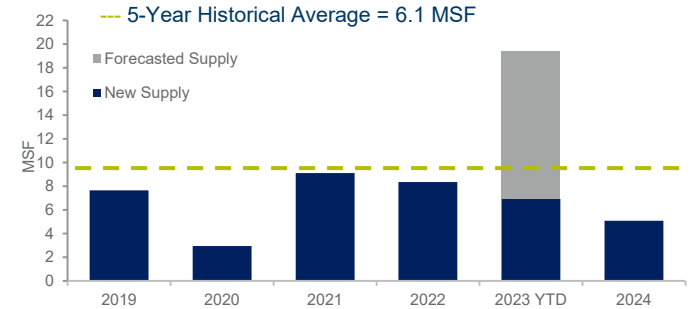
Nashville delivered over 3.0 msf of new industrial product in Q3 2023, marking the busiest quarter year-to-date (YTD) for construction completions. Of the deliveries, 88.0% were speculative with Arrowhead's fully preleased, 590,000 sf project in Portland, TN being the lone built-to-suit completion of the quarter. The majority of deliveries occurred in the Southeast submarket, with speculative projects such as Gateway 24 Commerce Park – Buildings I and II (448,760 sf) and Southpark II Industrial Park – Building 9 (399,940 sf) completing construction. Growth Capital Partners announced the delivery of PortNorth, a 402,825-sf cross-dock building in Nashville's North submarket. The project is GCP's first development in the Nashville area and the first speculative delivery in the North submarket this year.

With nearly 11.5 msf of product under construction, Nashville's industrial pipeline remains extremely active. Over 8.4 msf is speculative, 50.0% of which is shallow-bay product. Projects such as Principal's Creekside Logistics – Buildings I, II, and III (371,090 sf), Swanson's Parkway Place – Buildings I and II (225,200 sf) are all slated to deliver in Q4 of this year. Prologis continues to make progress on buildings 1, 5 and 6 (594,730 sf) of its City View Project, a nine-building site totaling just short of 3.4 msf. The development is located just West of downtown Nashville and is the first new industrial development to take place in Nashville's ICBD in over two decades.

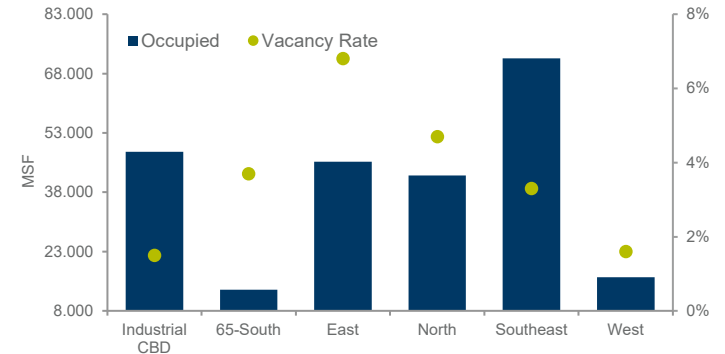
OUTLOOK

- Limited existing supply and the rapid lease-up of newly delivered, quality properties is projected to continue as the market shows no signs of slowing down.
- Land constraints, strong absorption, and historically low vacancy rates will lead to the continued tightening of Nashville's industrial fundamentals.

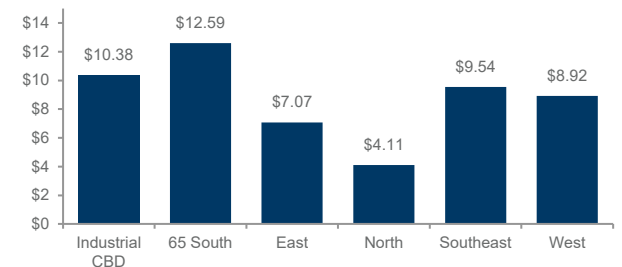
NEW SUPPLY



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	49,007,741	769,742	1.5%	52,743	-9,903	262,823	0	0	\$10.38
65 South	13,846,038	515,205	3.7%	1,400	200,812	290,083	3,326,530	432,735	\$12.59
East	49,055,919	3,354,590	6.8%	1,618,737	2,951,058	2,607,849	3,754,015	4,145,822	\$7.07
North	44,353,149	2,078,336	4.7%	602,000	569,544	47,817	1,927,540	1,042,825	\$4.11
Southeast	74,360,661	2,488,760	3.3%	717,978	1,221,599	2,507,475	1,795,560	1,301,980	\$9.54
West	16,805,146	264,755	1.6%	0	-11,700	166,755	594,730	0	\$8.92
NASHVILLE TOTALS	247,428,654	9,441,388	3.8%	2,992,858	4,921,410	5,882,802	11,398,375	6,923,362	\$7.79

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

KEY LEASE TRANSACTIONS Q3 2023

PROPERTY	SUBMARKET	TENANT	SF	TYPE
SouthPark Industrial Park II – Building 7	Southeast	Pepsi	399,940	New Lease
8051 Eastgate Blvd – Prologis Eastgate III	East	Bridgetown Natural Foods	307,200	New Lease
Commerce Farms – Building 5	East	GXO Logistics	279,199	Renewal
193 Aldi Blvd – 840 Commerce Center	East	Assurant, Inc.	259,000	New Lease
2300-2375 Midway Ln – SouthPark Building 4	Southeast	Beck Arnley	178,000	Renewal

*Renewals not included in leasing activity statistics

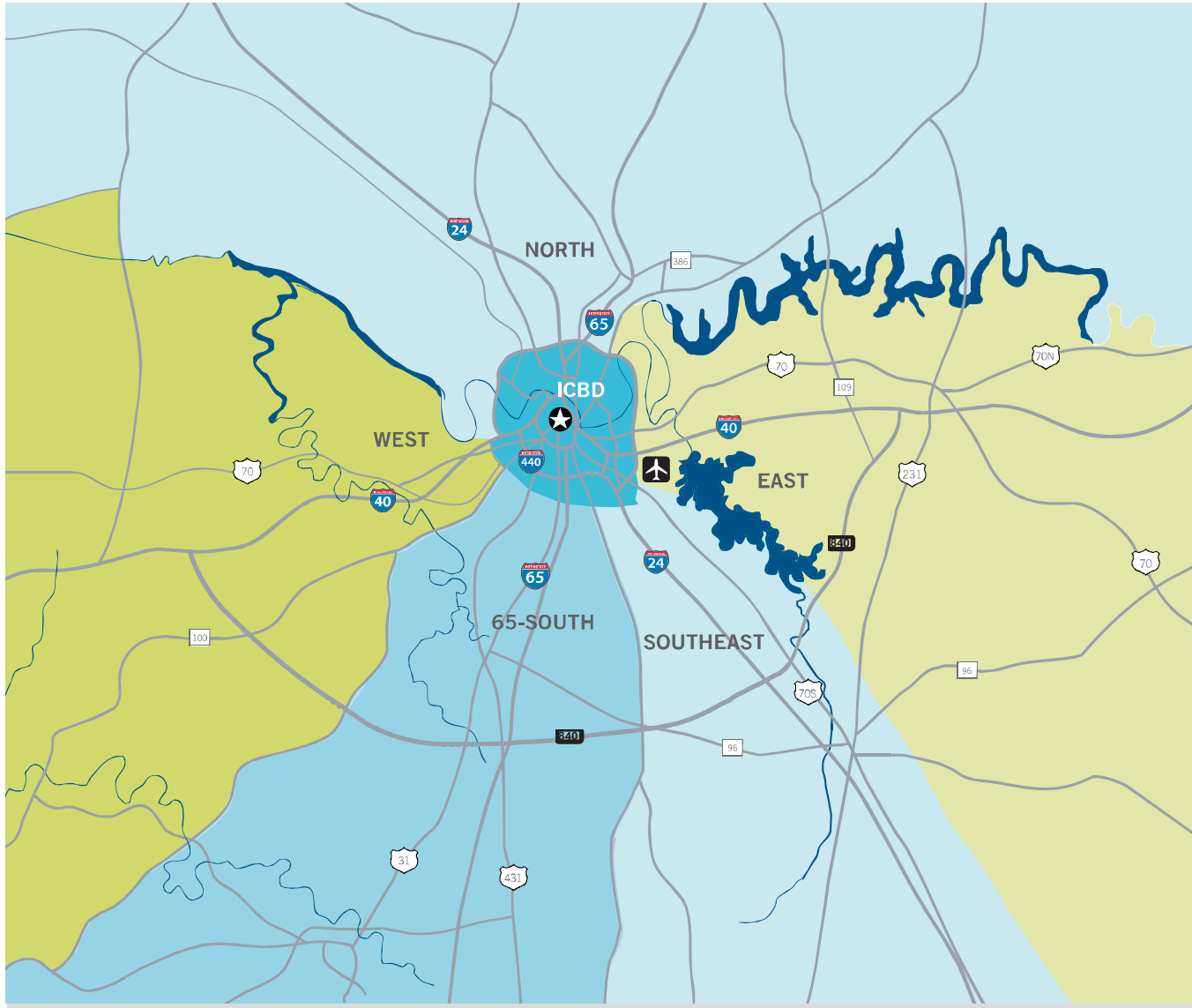
KEY UNDER CONSTRUCTION PROJECTS

PROPERTY	SUBMARKET	CONSTRUCTION TYPE	SF	OWNER / DEVELOPER
Spring Hill/GM Battery Site	65-South	Build-to-Suit	2,800,000	GM Motors
Speedway Industrial Park – Buildings 13-18	East	Speculative	2,352,308	Panattoni
Earhart Industrial Park – Buildings 1 & 2	East	Speculative	2,016,000	Griffin Partners
Beechcroft Industrial Park – Building I, II, III	65-South	Speculative	815,530	DRG
Stateline Commerce Center – Building II	North	Speculative	745,050	OTN

KEY CONSTRUCTION COMPLETIONS YTD

PROPERTY	SUBMARKET	MAJOR TENANT	SF	OWNER / DEVELOPER
Speedway Industrial Park – Building 12	East	Webstaurant	981,568	Panattoni
Gateway 24 – Buildings 1 & 2	Southeast	Hormann	448,760	New Lease
PortNorth	North	-	402,825	Growth Capital Partners
SouthPark Industrial Park II – Building 7	Southeast	Pepsi	399,940	Prologis

INDUSTRIAL SUBMARKETS



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