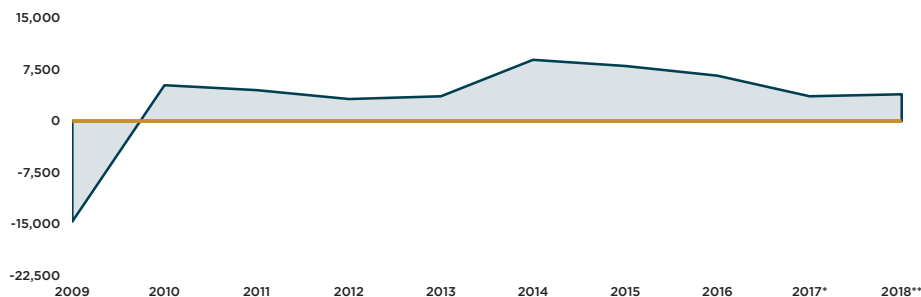


## 2017 REVIEW

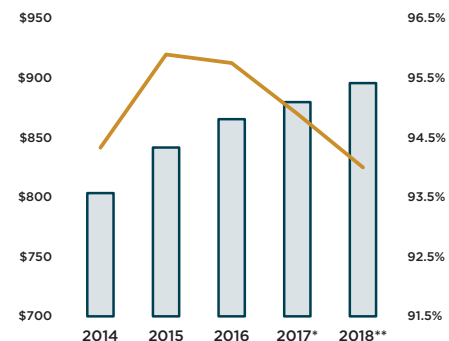
Multifamily developers focused apartment deliveries around employment hubs in the Knoxville metro during 2017. Builders added 469 units last year, all along the interstate corridors of Knoxville's Northeast and Southwest submarkets. The area is home to the major employment centers in the vicinity of the West Town Mall and Knoxville Center. With leasing activity down to 33 net units in 2017, the year-end occupancy rate declined 90 basis points to 94.9%. Year-over-year effective rent increased a modest 1.7% to \$880 per month in December. The government and the manufacturing sectors led job growth, increasing 2.6% and 2.5%, respectively. These sectors contributed 2,600 of the net 3,600 jobs added metrowide last year. Part of the additions came with the new Lifetime Products manufacturing facility in Knox County. At full production, the facility will support nearly 1,300 jobs. Overall job growth was tamped down by the combined 1,100 positions eliminated from the professional and business services and the information sectors last year.

## EMPLOYMENT CHANGE



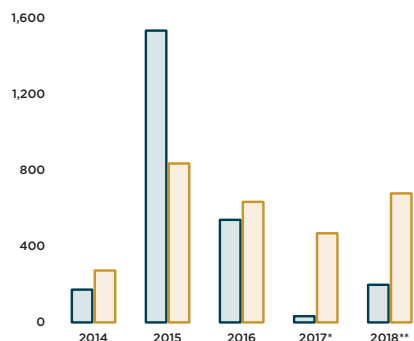
\*Estimate; \*\*Forecast | Source: Berkadia, Moody's Analytics

## EFFECTIVE RENT AND OCCUPANCY



\*Estimate; \*\*Forecast | Source: Berkadia, Axiometrics, Moody's Analytics

## ABSORPTION AND DELIVERIES



\*Estimate; \*\*Forecast | Source: Berkadia, Axiometrics, Moody's Analytics

## 2017 PERFORMANCE HIGHLIGHTS

## EMPLOYMENT

3,600

▲ 0.9% YOY

## UNEMPLOYMENT RATE

3.3%

▼ 160 BPS YOY

## OCCUPANCY

94.9%

▼ 90 BPS YOY

## EFFECTIVE RENT

\$880

▲ 1.7% YOY

## ABSORPTION

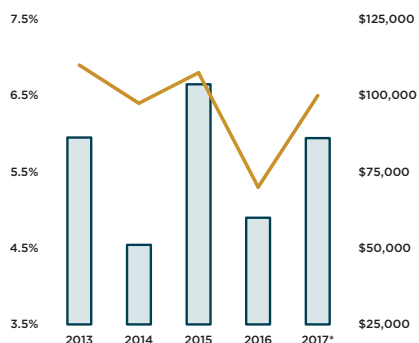
33 Units

## CONSTRUCTION

469 Units

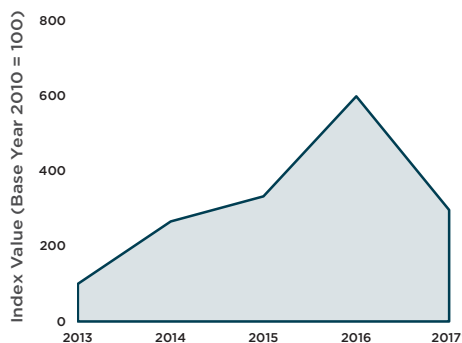
▼ 26.0% YOY

## CAP RATE | PRICE PER UNIT



\*Estimate | Source: Berkadia, CoStar Group

## SALES ACTIVITY INDEX



\*Estimate | Source: Berkadia, CoStar Group

## MARKET FACTS

## POPULATION

880,600

YE 2017 ▲ 0.9% YOY

## HOUSEHOLDS

366,500

YE 2017 ▲ 1.5% YOY

## MEDIAN HOUSEHOLD INCOME

\$53,502

YE 2017 ▲ 1.9% YOY

## RENT SHARE OF WALLET

19.7%

YE 2017 ▼ 10 BPS YOY

## 2018 PREVIEW

Workforce participation is set to surpass 400,000 as employers add 3,900 jobs in 2018, marking the ninth-consecutive year of job gains in greater Knoxville. An uptick in manufacturing employment is expected as firms like LeMond Composites, SCCY Industries, and DENSO Manufacturing Tennessee Inc. add over 600 new positions combined. After no deliveries in 2017, the Central/Southeast and the Northwest submarkets will receive a combined 643 of the 678 new metrowide units in 2018. The 315-unit Riverwalk at the Bridges is located on the former Baptist Hospital site, overlooking the Tennessee River and is located approximately one mile from the University of Tennessee campus. With 328 units, Greystone's Pointe Knoxville is located near Interstate 40 and Pellissippi State Community College, and is the largest apartment community to come online over the past few years. Leasing activity at these communities should help increase year-over-year absorption totals to 198 units. The disparity between absorption and deliveries during 2018 will drop the average occupancy rate 90 basis points to 94.0% in December. Operators are expected to increase effective rent 1.8% this year. By year-end, average effective rent will reach \$896 per month.