

# CHATTANOOGA

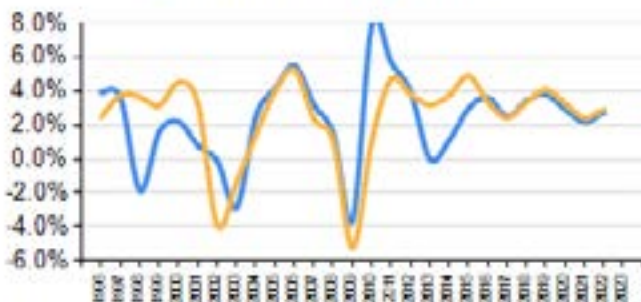
## Q2 2017 | Multifamily

Source: AXIOMetrics, RCA, CoStar

Market Survey Results and Forecasts	Sequential				Month	Annual						
	3Q16	4Q16	1Q17	2Q17	Jul-17	2015	2016	2017F	2018F	2019F	2020F	2021F
<b>Effective Rent Per Unit</b>	\$909	\$897	\$904	<b>\$928</b>	\$921	\$873	\$904	\$927	\$958	\$995	\$1,024	\$1,046
Per Sq. Ft	\$0.93	\$0.91	\$0.92	<b>\$0.95</b>	\$0.94	\$0.89	\$0.92	\$0.94	\$0.98	\$1.01	\$1.04	\$1.07
Effective Rent Growth - Annually	2.4%	1.5%	1.0%	<b>1.3%</b>	1.6%	3.0%	3.6%	2.5%	3.4%	3.8%	2.9%	2.2%
Effective Rent Growth - Quarterly	-0.8%	-1.3%	0.7%	<b>2.7%</b>								
<b>Occupancy Rate</b>	95.5%	94.7%	94.4%	<b>95.1%</b>	95.4%	95.4%	95.4%	94.7%	95.0%	95.3%	95.0%	94.7%
Occupancy Change - Annually	-0.1%	-1.1%	-1.2%	<b>-0.7%</b>	-0.6%	1.3%	0.0%	-0.7%	0.3%	0.3%	-0.3%	-0.4%
Occupancy Change - Quarterly	-0.2%	-0.9%	-0.3%	<b>0.7%</b>								
<b>Economic Concessions</b>												
Concession Value	\$-11.48	\$-14.98	\$-17.42	<b>\$-11.22</b>	\$-8.35	\$-10.08	\$-9.92					
As a % of Asking Rent	-1.3%	-1.6%	-1.9%	<b>-1.2%</b>	-0.9%	-1.2%	-1.1%					

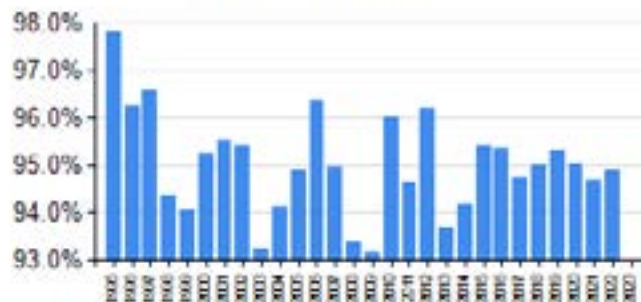
Annual Effective Rent Growth

— Chattanooga, TN — National



Annual Occupancy Rate

— Chattanooga, TN



## RECENT SALES

Date	Property Name	Address	City	Units	Year Built	Price in \$	\$/Units
Apr-17	701 Morrison Springs Road	701 Morrison Springs Rd	Chattanooga	122	1973	6,870,000	56,311
Mar-17	Walnut Commons	212 Walnut St	Chattanooga	100	2013	16,200,000	162,000
Feb-17	Village at Apison Pike	8605 Tradewind Cir	Collegedale	248	2016	31,900,000	128,629
Dec-16	Ledford at Hamilton Place	1701 N Concord Rd	Chattanooga	121	1979	8,500,000	70,248
Dec-16	Flats at East Ridge	3725 Fountain Ave	East Ridge	100	1972	4,135,000	41,350
Dec-16	Radius Mountain Creek	936 Mountain Creek Rd	Chattanooga	296	1971	20,000,000	67,568
Nov-16	Standifer Place	3400 Jenkins Rd	Chattanooga	240	1999	25,500,000	106,250
Nov-16	Autumn Brook	5555 Hixson Pike Rd	Chattanooga	156	1998	10,775,000	69,071
Nov-16	Park Ridge	728 Frawley Rd	Chattanooga	168	1989	7,963,771	47,403
Nov-16	Lakeshore	1100 Lakeshore Dr	Fort Oglethorpe	79	1986	3,744,868	47,403

# SUPPLY AND DEMAND

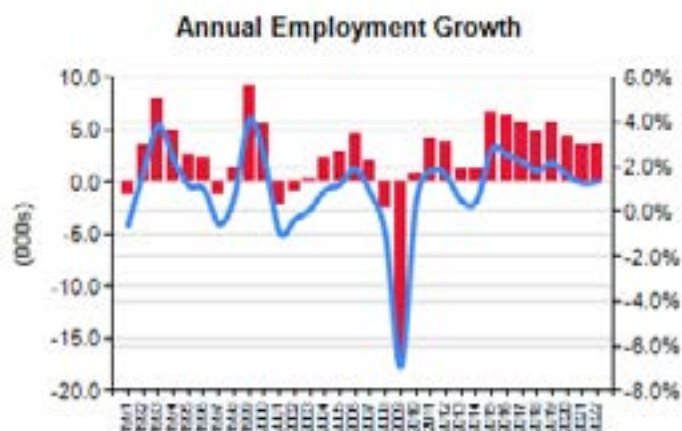
According to the Bureau of Labor Statistics, job growth in Chattanooga, TN-GA Metro Area was 3.4% in June 2017, reflecting 8,500 jobs added during a 12-month period. The metro job growth figure was above the national number of 1.5%.

Axiometrics forecasts Chattanooga, TN-GA Metro Area's job growth to be 1.9% in 2018, with 4,795 jobs added. Job growth is expected to average 1.7% from 2019 to 2021, with an average of 4,533 jobs added each year.

On the supply side, permits for 1,017 multifamily units were issued in the 12 months ending in June 2017, up 352 units from the prior year's sum. In terms of total residential housing, 2,591 units were permitted in the 12 months ending June 2017, an increase of 420 units from the prior year's total.

Market Employment and Permitting										
	Annual			June-17		Annual Forecast				
	2014	2015	2016	Market	National	2017F	2018F	2019F	2020F	2021F
<b>Employment (000s)</b>	239.0	245.6	251.9	260.1	147,388.0	257.5	262.3	268.0	272.4	275.9
Job Gain (000s)	1.1	6.6	6.2	8.5	2,206.0	5.7	4.8	5.7	4.4	3.5
Job Growth (%)	0.5%	2.8%	2.5%	3.4%	1.5%	2.2%	1.9%	2.2%	1.6%	1.3%
<b>Total Residential Permitting</b>	2,173	1,600	2,171	2,157	1,094,862	2,685	2,563	2,032	1,818	1,953
Relative Change	75.4%	-26.4%	35.7%	42.8%	4.7%	23.7%	-4.5%	-20.7%	-10.5%	7.4%
Single Family Units Permitted	1,073	1,289	1,454	1,396	704,478					
Relative Change	-1.9%	20.1%	12.8%	13.5%	8.5%					
Multifamily Units Permitted	1,066	298	665	734	359,109					
Relative Change	766.7%	-72.0%	123.2%	185.6%	-2.3%					
Multifamily as a % of Total	49.1%	18.6%	30.6%	34.0%	32.8%					
<b>Demand/Supply Ratio</b>										
Job Gain / Total Residential Units Permitted	0.9	3.0	3.9	5.6	2.1	2.6	1.8	2.2	2.2	1.9
Job Gain / Single Family Units Permitted	1.0	6.2	4.8	6.9	3.4					
Job Gain / Multifamily Units Permitted	9.1	6.2	20.9	33.1	6.0					

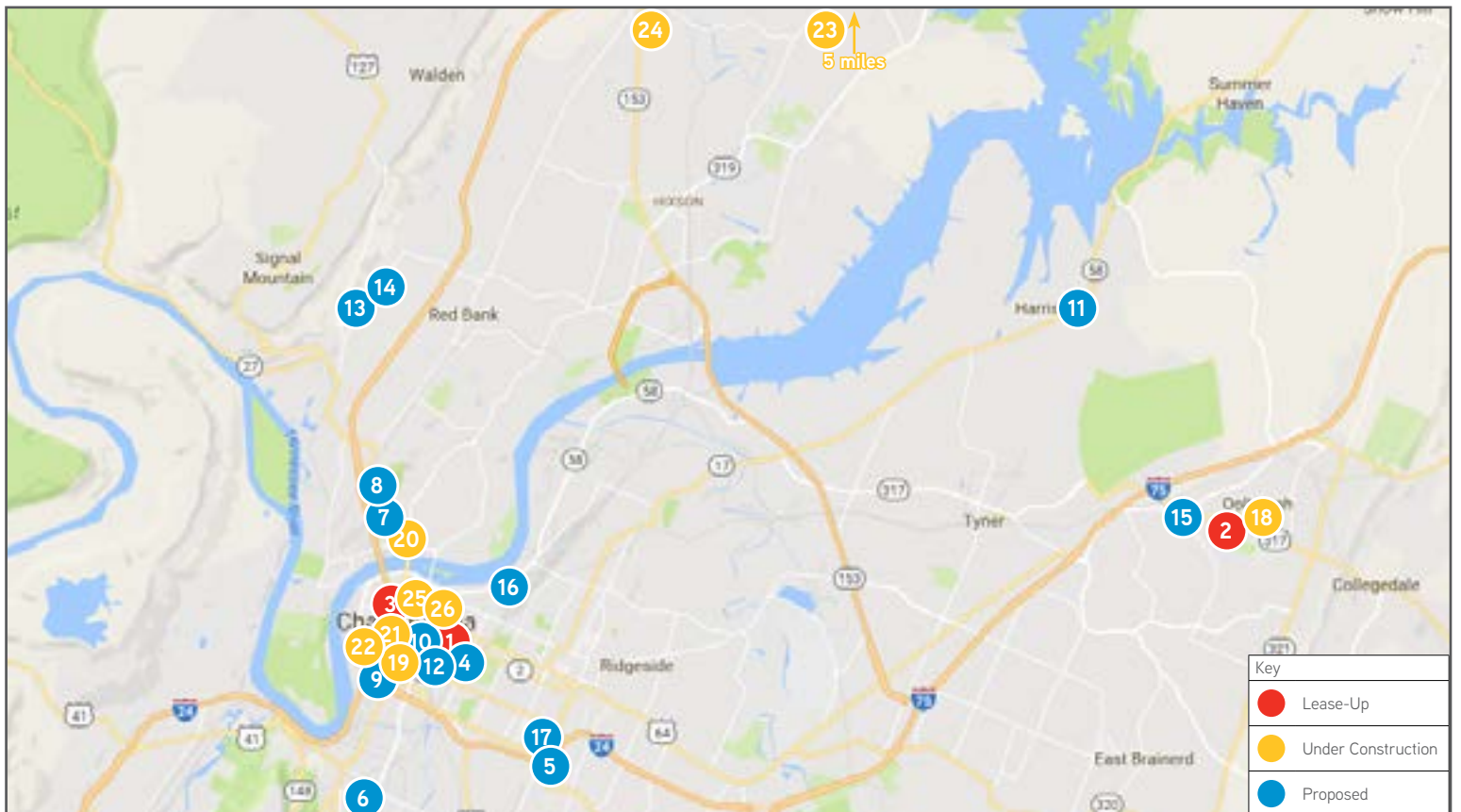
Multifamily Absorption and Supply										
	Annual			2Q17		Annual Forecast				
	2014	2015	2016	Market	National	2017F	2018F	2019F	2020F	2021F
<b>Total Units Absorbed</b>	399	1,280	148	233	175,965	1,083	680	348	357	241
<b>New Supply</b>	109	1,075	463	551	363,579	1,184	563	335	407	513
<b>Inventory Growth</b>	0.4%	4.1%	1.7%	1.7%	1.4%	4.3%	1.9%	1.1%	1.4%	1.7%



# PIPELINE

Source: CoStar

#	Name	Status	Owner	Address	Market	Units
1	Douglas Heights	Lease Up	Riverside Development LLC	930 Douglas St	Arts District MF	195
2	Hawthorne at the Summit	Lease Up	Hawthorne Residential Partners, LLC	8602 Summit Peak Way	Collegedale MF	230
3	The Maclellan	Lease Up	Heritage Land & Development Co. LLC	721 Broad St	Downtown Chattanooga MF	85
4	East 12th Street Apartments	Proposed	Titan Real Estate Group Llc	812 E 12th St	Arts District MF	271
5	View at Mission Ridge- Phase II	Proposed	ViaNova Development & Inv.	2400 15th Ave	Ridgedale-Oak Grove-Clift	90
6	The Reserve at Mountain Pass	Proposed	LDG Development	4900 Central Ave	Piney Woods MF	264
7	Fivepoints Northshore	Proposed	Jeffrey K Morgan	328 Cherokee Blvd	North Chattanooga-Hill Ci	189
8	Henry Apartments	Proposed	Wise Properties	530 Cherokee Blvd	North Chattanooga-Hill Ci	70
9	Chestnut Flats	Proposed	Robmer	2108 Chestnut St	Southside MF	174
10	1200 Cowart St	Proposed	Wells Real Estate Funds	1200 Cowart St	Downtown Chattanooga MF	140
11	Flats at Fifty-Eight	Proposed	Trent Development Group	5900 Highway 58	Harrison MF	120
12	Bluebird Row	Proposed	LIV Development, LLC	1400 Market St	Southside MF	238
13	1105 Mountain Creek Rd	Proposed	Hawthorne Residential Partners, LLC	1105 Mountain Creek Rd	Outer Red Bank MF	250
14	Wholife Apartments	Proposed	WholeLife Companies	1120 Mountain Creek Rd	Pineville/Moccasin Bend M	104
15	Summit Pointe	Proposed	Adamson Developers, LLC	8030 Old Lee Hwy	Collegedale MF	234
16	One Riverside	Proposed	Southeastern Development Associates	950 Riverside Dr	Arts District MF	328
17	Standard Coosa Artist Lofts	Proposed	City Property Company	1800 Watkins St	Ridgedale-Oak Grove-Clift	170
18	Hawthorne at the Summit-Phase II	Under Construction	Hawthorne Residential Partners, LLC	8662 Apison Pike	Collegedale MF	56
19	Broad & 17th Street Lofts	Under Construction	Murphy Bssl Llc	1701 Broad St	Southside MF	158
20	10/North	Under Construction	Vision Hospitality Group, Inc.	98 Cherokee Blvd	North Chattanooga-Hill Ci	84
21	1400 Chestnut St	Under Construction	Kore Company	1400 Chestnut St	Downtown Chattanooga MF	210
22	1920 Chestnut	Under Construction	Wise Properties	1920 Chestnut St	Southside MF	144
23	Glen Hollow Apartments	Under Construction	Glen Hollow Apartments Llc	9449 Dayton Pike	Soddy Daisy MF	128
24	Integra Vistas	Under Construction	Integra Land Company	151 Integra Vista Dr	Hixson MF	280
25	First Tennessee Building Apartments	Under Construction	Heritage Land & Development Co. LLC	701 Market St	Downtown Chattanooga MF	64
26	728 Market St	Under Construction	The Simpson Organization	728 Market St	Downtown Chattanooga MF	125
Total Units						4,401



# OUR PROVEN TRACK RECORD

## WHO WE ARE

One of the largest and most experienced teams of multifamily specialists in the industry

MORE THAN  
**50**

Dedicated Multifamily Professionals & Advisors

COVERING OVER  
STATES  
**20**

Expansive geographic footprint

MORE THAN  
**33,500**  
Units sold since 2011

**\$2.3<sup>B</sup>**

Group gross transaction value in since 2011



Stacks on Main  
Nashville, TN  
Units: 268



RENAISSANCE AT PEACHER'S MILL | Clarksville, TN



Shelby Heights  
Bristol, TN  
Units: 100

CLIENT: JA Murphy Group

UNITS: 216

### CHALLENGE:

This was a difficult and cumbersome transaction as the debt execution consisted of an assumable HUD loan which dramatically narrows the pool of buyers and extends the process. Additionally, the East Region team reviewed the seller's proforma and found they were charging too high an administrative fee to each renter.

### STRATEGY & RESULTS:

After reducing the fee, ownership was able to achieve an \$80,000 annual NOI increase, which resulted in an increased sale price. To sell the property the team, broadly marketed to work with an active HUD buyer comfortable with the process.

Selling this property resulted in the highest price per unit in the history of Clarksville.



Trails at Mount Moriah  
Memphis, TN  
Units: 630



Overlook at Allensville Square  
Phase I  
Knoxville, TN  
Units: 288



Overlook at Allensville Square  
Phase II  
Knoxville, TN  
Units: 288



Renaissance at Peacher's Mill  
Clarksville, TN  
Units: 216

# WE CAN HELP



As an investor in multifamily properties, you need a firm that provides experience, broad reach and the ability to market an asset no matter how challenging the economic environment. You need a team that specializes in your **market** you need The East Region Multifamily Advisory Group.

Colliers International has one of the largest and most experienced teams in the industry, strategically located in key markets throughout North America. Our combination of market dominance, expertise, and singular focus, make us uniquely successful in helping our clients achieve their disposition objectives.

How are we able to bring together the skills and tools necessary to complete challenging assignments? Our East Region Multifamily Advisory Group is connected by purpose and focus. Our team is dedicated to sharing information on market opportunities, capital sources and buyers/sellers to achieve the best results for our clients.



**John Ashley**  
ASSOCIATE | EAST REGION  
john.ashley@colliers.com  
DIR +1 615 850 2715



**Will Mathews**  
PRINCIPAL | EAST REGION  
INSTITUTIONAL CLIENT GROUP  
will.mathews@colliers.com  
DIR +1 404 877 9285



**Payton Herschberger**  
ASSOCIATE | EAST REGION  
payton.herschberger@colliers.com  
DIR +1 404 574 1061

# AT YOUR SERVICE



To learn more, scan this with a QR code reader or visit:

[www.ColliersMultifamilyEast.com](http://www.ColliersMultifamilyEast.com)

