

# KNOXVILLE

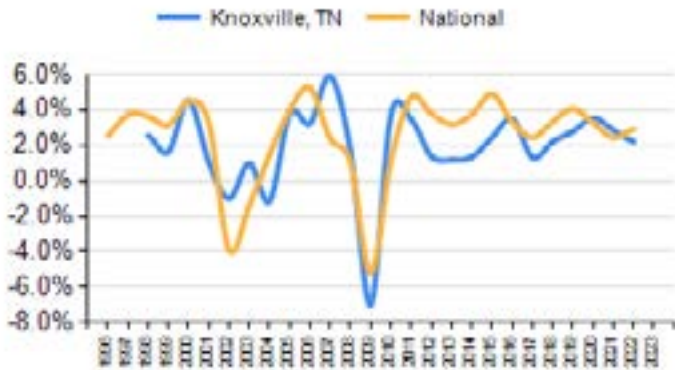
## Q2 2017 | Multifamily

Accelerating success.

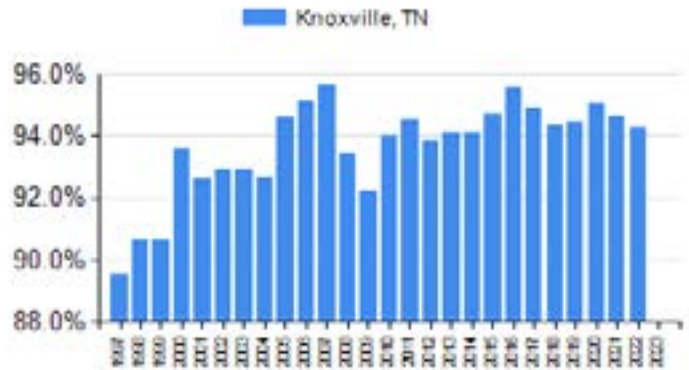
Source: AXIOMetrics, RCA, CoStar

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>	\$872	\$872	\$865	<b>\$873</b>	\$881	\$834	\$863	\$874	\$893	\$918	\$951	\$978
Per Sq. Ft	\$0.88	\$0.88	\$0.87	<b>\$0.88</b>	\$0.90	\$0.84	\$0.87	\$0.88	\$0.90	\$0.93	\$0.96	\$0.99
Effective Rent Growth - Annually	3.4%	2.8%	2.2%	<b>1.4%</b>	1.9%	2.4%	3.5%	1.3%	2.2%	2.8%	3.6%	2.8%
Effective Rent Growth - Quarterly	1.3%	0.1%	-0.8%	<b>0.9%</b>								
<b>Occupancy Rate</b>	96.0%	95.8%	94.6%	<b>95.2%</b>	95.9%	94.7%	95.5%	94.9%	94.4%	94.5%	95.0%	94.7%
Occupancy Change - Annually	0.9%	-0.1%	-0.5%	<b>-0.1%</b>	0.7%	0.7%	0.8%	-0.7%	-0.6%	0.1%	0.6%	-0.4%
Occupancy Change - Quarterly	0.7%	-0.2%	-1.2%	<b>0.6%</b>								
<b>Economic Concessions</b>												
Concession Value	\$-10.83	\$-11.60	\$-15.83	<b>\$-10.11</b>	\$-5.60	\$-12.07	\$-11.83					
As a % of Asking Rent	-1.2%	-1.3%	-1.8%	<b>-1.1%</b>	-0.6%	-1.4%	-1.3%					

Annual Effective Rent Growth



Annual Occupancy Rate



## RECENT SALES

Date	Property Name	Address	City	Units	Year Built	Price in \$	\$/Units
Jun-17	Reserve At Westland	8700 Hopemont Way	Knoxville	308	1997	35,000,000	113,636
May-17	Walden Legacy Apartment Homes	1261 Walden Legacy Way	Knoxville	236	2005	30,900,000	130,932
Feb-17	LaFollettee	123 Brook Pl Ln	La Follette	88	2005	1,100,000	12,500
Jan-17	Bouldercrest Apartments	2000 Wilson Rd	Knoxville	181	1986	7,450,000	41,160
Nov-16	414 North Forest Park Boulevard	414 N Forest Park Blvd	Knoxville	127	1964	9,600,000	75,591
Oct-16	Rolling Hills	101 Virginia Rd	Oak Ridge	379	1944	15,540,000	41,003
Oct-16	Redwood	100 Virginia Rd	Oak Ridge	72	1944	3,670,000	50,972
Oct-16	The Manhattan	101 Principia Ln	Oak Ridge	289	1944	10,850,000	37,543

# SUPPLY AND DEMAND

According to the Bureau of Labor Statistics, job growth in Knoxville, TN Metro Area was 0.0% in June 2017, reflecting -100 jobs lost during a 12-month period.

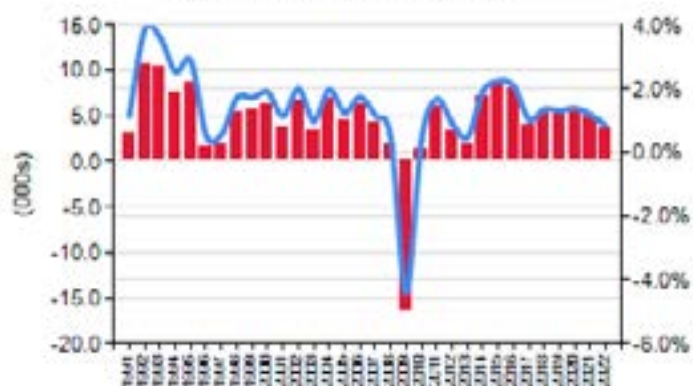
Axiometrics forecasts Knoxville, TN Metro Area's job growth to be 1.4% in 2018, with 5,400 jobs added. Job growth is expected to average 1.3% from 2019 to 2021, with an average of 5,278 jobs added each year.

On the supply side, permits for 892 multifamily units were issued in the 12 months ending in June 2017, up 182 units from the prior year's sum. In terms of total residential housing, 3,748 units were permitted in the 12 months ending June 2017, an increase of 377 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>	376.4	384.8	392.9	390.6	147,388.0	396.9	402.3	407.6	413.3	418.2
Job Gain (000s)	7.1	8.4	8.0	(0.1)	2,206.0	4.0	5.4	5.3	5.7	4.9
Job Growth (%)	1.9%	2.2%	2.1%	0.0%	1.5%	1.0%	1.4%	1.3%	1.4%	1.2%
<b>Total Residential Permitting</b>	2,292	2,807	3,371	3,431	1,094,862	3,526	3,007	2,613	2,099	2,795
Relative Change	23.6%	22.5%	20.1%	32.6%	4.7%	4.6%	-14.7%	-13.1%	-19.7%	33.2%
Single Family Units Permitted	1,606	2,339	2,653	2,550	704,478					
Relative Change	4.0%	45.6%	13.4%	13.6%	8.5%					
Multifamily Units Permitted	680	464	710	875	359,109					
Relative Change	123.7%	-31.8%	53.0%	158.9%	-2.3%					
Multifamily as a % of Total	29.7%	16.5%	21.1%	25.5%	32.8%					
<b>Demand/Supply Ratio</b>										
Job Gain / Total Residential Units Permitted	3.8	3.7	2.9	(0.0)	2.1	1.2	1.5	1.8	2.2	2.3
Job Gain / Single Family Units Permitted	4.6	5.2	3.4	(0.0)	3.4					
Job Gain / Multifamily Units Permitted	23.3	12.4	17.3	(0.3)	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>	173	1,463	484	227	175,965	176	377	869	622	170
<b>New Supply</b>	273	760	576	493	363,579	671	818	656	389	449
<b>Inventory Growth</b>	0.6%	1.6%	1.2%	1.2%	1.4%	1.4%	1.7%	1.3%	0.8%	0.9%

Annual Employment Growth



MF Supply and Inventory Growth



# IDENTIFIED SUPPLY

As of August 13, 2017, Axiometrics has identified 504 apartment units scheduled for delivery in 2017, of which, 138 have been delivered. As a comparison, there were 576 apartment units delivered in 2016. Properties delivered to the market in the last 12 months have achieved an average asking rent of \$1,242 per unit, or \$1.27 per square foot. Effective rent has averaged \$1,189, or \$1.22 per square foot, resulting in an average concession value of \$-53.07. As a comparison, existing properties in the market had an average asking rent of \$883 per unit (\$0.89 per square foot) and an average effective rent of \$873 per unit, or \$0.88 per square foot, in 2Q17. Concessions for existing properties averaged \$-10.11.

Submarket Delivery Schedule										
Top Submarkets	Pipeline Delivery Schedule				Pipeline Lease Up Trend					
	2015	2016	2017	Total	Units Absorbed		Asking Rent		Effective Rent	
					Totals	PPM	Per Unit	PSF	Per Unit	PSF
Central/Southeast	142		220	362	73	11	\$1,147	\$1.06	\$1,091	\$1.01
Northeast	17	38	284	339	81	7	\$1,439	\$1.20	\$1,387	\$1.16
Southwest	601	538		1,139	173	8	\$1,183	\$1.30	\$1,135	\$1.24
Other	760	576	504	1,840	327	8	\$1,248	\$1.28	\$1,194	\$1.22
<b>Knoxville, TN</b>	<b>760</b>	<b>576</b>	<b>671</b>	<b>2,007</b>	<b>431</b>	<b>11</b>	<b>\$1,228</b>	<b>\$1.31</b>	<b>\$1,168</b>	<b>\$1.24</b>

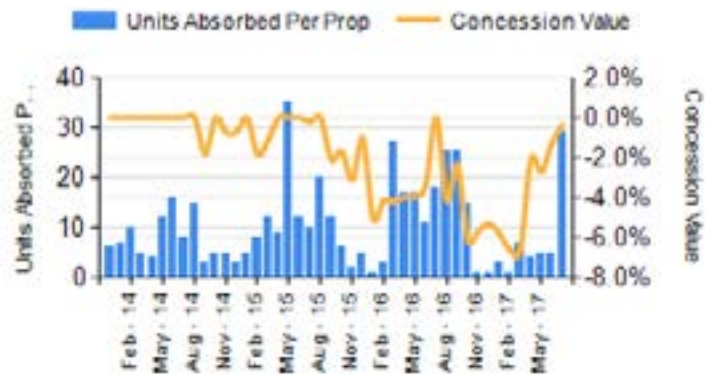
\*Based on 2017 deliveries

\*Trend based on a trailing 12 month period

### Identified Unit Deliveries



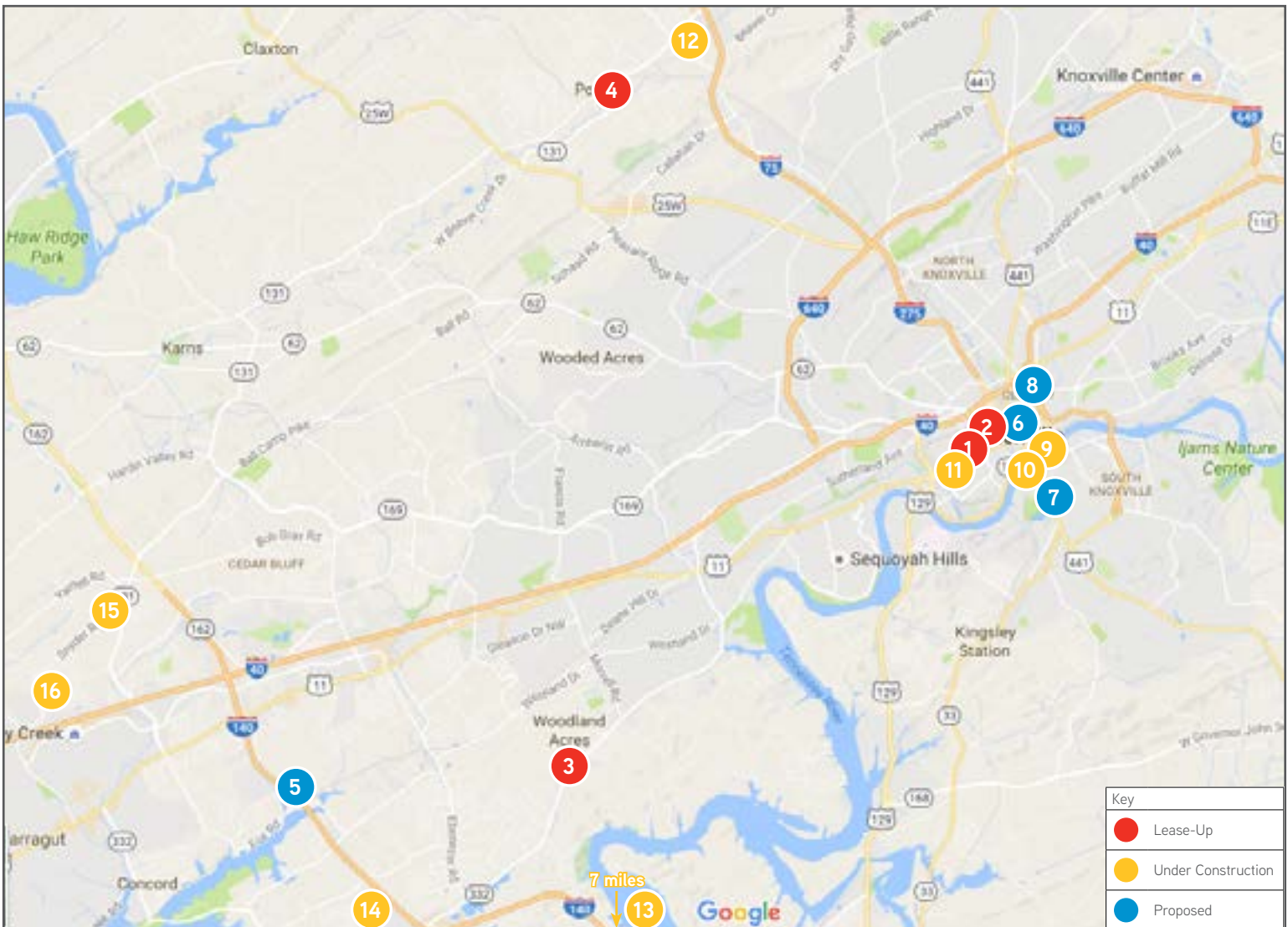
### Lease Up Performance



# PIPELINE

Source: CoStar

#	Name	Status	Owner	Address	Market	Units
1	The Standard at Knoxville	Lease Up	Landmark Properties	711 17th St	Fort Sanders MF	237
2	The Knox	Lease Up	Pinecrest Partners	1511 W Clinch Ave	Fort Sanders MF	101
3	The Villas on Wallace Road	Lease Up	J A Murphy Group	1211 Gray Birch Way	Westside MF	76
4	Vintage at Emory Road	Lease Up	TDK Construction Company	7401 Vintage Pointe Way	Outer Northside MF	86
5	909 Emory Church Rd	Proposed	John Huber Construction	909 Emory Church Rd	Western Knox County MF	312
6	Supreme Court Apartments	Proposed	City Of Knoxville	719 SW Locust St	Downtown Knoxville MF	230
7	2700 Martin Mill Pike	Proposed	Elmington Capital Group	2700 Martin Mill Pike	South Knoxville MF	160
8	Stockyard Lofts	Proposed	Terminus Real Estate, Inc.	215 Willow Ave	Old City MF	152
9	Knoxville Riverwalk Apartments	Under Construction	Southeastern Development Associates	137 E Blount Ave	South Knoxville MF	300
10	303 Flats	Under Construction	Southeastern Development Associates	303 W Blount Ave	South Knoxville MF	136
11	1820-1830 Cumberland Ave	Under Construction	Campus Apartments, LLC	1820-1830 Cumberland Ave	Downtown Knoxville MF	138
12	Vintage at Emory Road- Phase II	Under Construction	TDK Construction Company	115 E Emory Rd	Outer Northside MF	134
13	The Ridge at Hamilton Crossing- Phase II	Under Construction	Tynes Development	1130 Middlesettlements Rd	Maryville/Alcoa MF	84
14	Aventine Northshore- Phase II	Under Construction	Flournoy Companies	9746 S Northshore Dr	Western Knox County MF	231
15	Greystone Pointe	Under Construction	Greystone Properties	10801 Snyder Rd	Western Knox County MF	328
16	Tapestry at Turkey Creek	Under Construction	Arlington Properties	11616 Snyder Rd	Western Knox County MF	220
					Total Units	2,925



# 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.



# 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



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# AT YOUR SERVICE



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

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