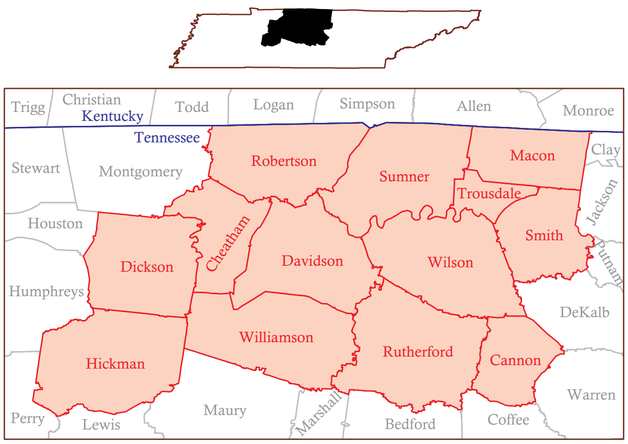
COMPREHENSIVE HOUSING MARKET ANALYSIS

Nashville-Davidson--Murfreesboro--Franklin, Tennessee

U.S. Department of Housing and Urban Development | Office of Policy Development and Research | As of July 1, 2014

PD&R



Housing Market Area

The Nashville-Davidson--Murfreesboro--Franklin Housing Market Area (hereafter, the Nashville HMA), coterminous with the Nashville-Davidson--Murfreesboro--Franklin, TN Metropolitan Statistical Area in the northern part of central Tennessee, encompasses 13 counties and the city of Nashville, the state capital. For purposes of this analysis, the HMA is divided into three submarkets: (1) the Central submarket consists of Davidson County, including the principal city of Nashville; (2) the Southern Suburbs submarket consists of Rutherford and Williamson Counties; and (3) the Remainder submarket consists of Cannon, Cheatham, Dickson, Hickman, Macon, Robertson, Smith, Sumner, Trousdale, and Wilson Counties.

Summary

Economy

Economic conditions in the Nashville HMA have improved substantially since 2010 after job losses in 2008 and 2009. Nonfarm payrolls increased by 25,100 jobs, or 3.2 percent, to 820,900 jobs during the 12 months ending June 2014. Notable job growth occurred in the professional and business services, leisure and hospitality, manufacturing, and mining, logging, and construction sectors. Nonfarm payrolls are expected to expand an average of 2.3 percent during the 3-year forecast period, led by growth in industries related to business services, manufacturing, health care, and tourism.

Sales Market

Sales housing market conditions are currently balanced in the HMA. During the 12 months ending June 2014, total home sales increased 10 percent, to 37,100 homes, and the average home sales price increased 9 percent, to $229,100. During the forecast period, demand is expected for approximately 24,175 new homes; the 4,550 homes currently under construction and some of the 17,000 other vacant units in the HMA that may reenter the market will meet a portion of that demand (Table 1).

Rental Market

Rental housing market conditions in the HMA are currently balanced, with an estimated overall rental vacancy rate of 5.7 percent (Table DP-1 at the end of the report). Renter household growth has outpaced the construction of rental units and the conversion of single-family homes to rental units since 2010. During the forecast period, demand is expected for 13,225 new market-rate rental units in the HMA; the approximately 4,115 rental units currently under construction will meet a portion of that demand (Table 1).

Market Details

Table 1. Housing Demand in the Nashville HMA* During the Forecast Period

	Nashville HMA*		Central Submarket		Southern Suburbs Submarket		Remainder Submarket	
	Sales Units	Rental Units	Sales Units	Rental Units	Sales Units	Rental Units	Sales Units	Rental Units
Total demand	24,175	13,225	5,925	5,975	10,550	3,725	7,700	3,525
Under construction	4,550	4,115	1,500	2,600	1,950	1,125	1,100	390

*Nashville-Davidson--Murfreesboro--Franklin HMA.

Notes: Total demand represents estimated production necessary to achieve a balanced market at the end of the forecast period. Units under construction as of July 1, 2014. A portion of the estimated 17,000 other vacant units in the HMA will likely satisfy some of the forecast demand. Sales demand in the Remainder submarket includes an estimated demand for 200 mobile homes. The forecast period is July 1, 2014, to July 1, 2017.

Source: Estimates by analyst

Economic Conditions

The Nashville HMA is a significant hub for education, health care, government, music production, and tourism. During the 12 months ending June 2014, nonfarm payrolls increased by 25,100 jobs, or 3.2 percent, to 820,900 jobs, continuing a trend of strong job gains that began in 2010 (Table 2). The current number of jobs in the HMA is nearly 8 percent more than the previous peak of 766,500 jobs during the 12 months ending June 2008. The professional and business services, leisure and hospitality, and manufacturing sectors added the most jobs during the 12 months ending June 2014, expanding by 9,700, 4,500, and 2,800 jobs, or 8.2, 5.3, and 4.0 percent, respectively. In addition, the mining, logging, and construction sector increased by 2,500 jobs, or 7.8 percent, in part because residential construction activity, as measured by the number of single-family and multifamily units permitted, increased 24 percent. The government sector was the only sector to lose jobs, contracting by 100 jobs, or 0.1 percent. Job growth in the HMA contributed to a decrease in the average unemployment rate to 5.8 percent during the 12 months ending June 2014, down from 6.6 percent during the previous 12 months and well below the high of 9.4 percent recorded in 2009. The current unemployment rate is below both the 7.4-percent average rate for Tennessee and the 6.8-percent average rate for the nation. Figure 1 shows trends in the labor force, resident

Table 2. 12-Month Average Nonfarm Payroll Jobs in the Nashville HMA,* by Sector

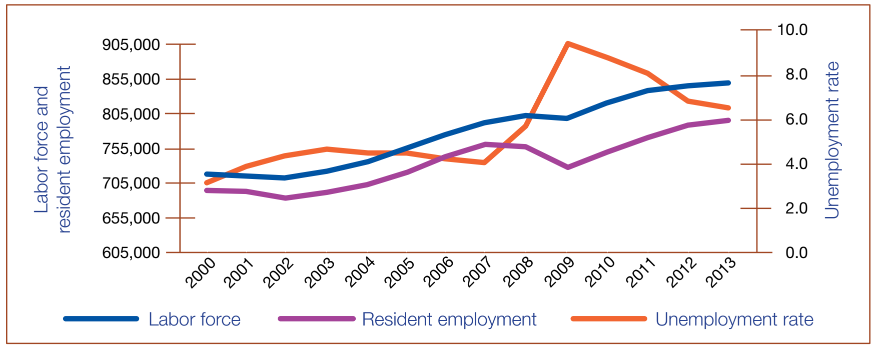
	12 Months Ending		Absolute Change	Percent Change
	June 2013	June 2014		
Total nonfarm payroll jobs	795,800	820,900	25,100	3.2
Goods-producing sectors	101,400	106,700	5,300	5.2
Mining, logging, & construction	31,900	34,400	2,500	7.8
Manufacturing	69,500	72,300	2,800	4.0
Service-providing sectors	694,400	714,200	19,800	2.9
Wholesale & retail trade	124,800	126,800	2,000	1.6
Transportation & utilities	34,500	34,900	400	1.2
Information	20,200	20,200	0	0.0
Financial activities	50,000	51,000	1,000	2.0
Professional & business services	117,700	127,400	9,700	8.2
Education & health services	125,800	127,400	1,600	1.3
Leisure & hospitality	85,500	90,000	4,500	5.3
Other services	32,400	33,000	600	1.9
Government	103,500	103,400	– 100	– 0.1

*Nashville-Davidson--Murfreesboro--Franklin HMA.

Notes: Numbers may not add to totals because of rounding. Based on 12-month averages through June 2013 and June 2014.

Source: U.S. Bureau of Labor Statistics

Figure 1. Trends in Labor Force, Resident Employment, and Unemployment Rate in the Nashville HMA,* 2000 Through 2013



**Nashville-Davidson--Murfreesboro--Franklin HMA.*
Source: U.S. Bureau of Labor Statistics

employment, and the average unemployment rate in the HMA from 2000 through 2013.

Primarily because of layoffs in the manufacturing sector, nonfarm payrolls in the HMA decreased by a combined 8,600 jobs in 2001 and 2002. The HMA added 8,000 jobs in 2003, however, and then expanded by an average of 16,250 jobs, or 2.2 percent, each year from 2004 through 2007. The professional and business services, education and health services, and leisure and hospitality sectors combined to account for 62 percent of job growth during the period, expanding by averages of 4,450, 3,300, and 2,300 jobs, or 4.9, 3.3, and 3.0 percent, each year, respectively. Nonfarm payrolls declined by an average of 18,250 jobs, or 2.4 percent, annually during 2008 and 2009 as a result of the national recession and housing market collapse. The manufacturing, the mining, logging, and construction, and the professional and business services sectors accounted for nearly all the job losses during the period, declining by averages of 8,450, 5,000, and 4,450 jobs, or 11.3, 12.8, and 4.5 percent, each year, respectively. Layoffs at manufacturing facilities including General Motors Company (GM), which laid off more than 2,000 employees in the city of Spring Hill, and Bridgestone Americas, Inc., which laid off more than 800 employees in the city of La Vergne, contributed significantly to job losses during the period.

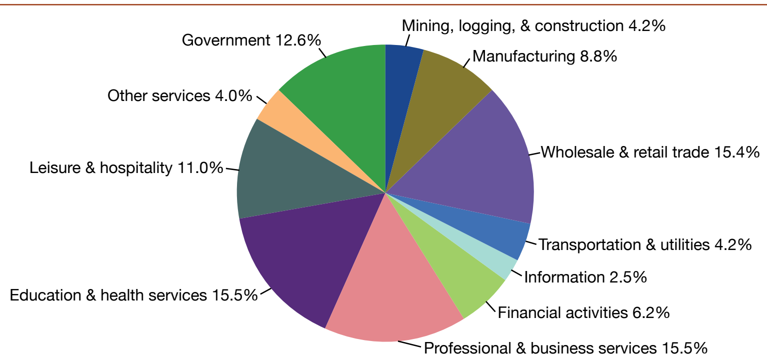
The HMA experienced a strong economic recovery relative to both Tennessee and the nation. From the end of 2009 through 2013, nonfarm payrolls in the HMA expanded by an average of 20,600 jobs, or 2.7 percent, annually, nearly triple the 1.0-percent rate for Tennessee, more than double the 1.2-percent rate for the nation, and the third fastest rate of all metropolitan areas in the nation with more than 1 million residents. The professional and business services, education and health services, and leisure and hospitality sectors accounted for more than 63 percent of job growth during the period, expanding by averages of 7,125, 3,075, and 2,875 jobs, or 6.9, 2.6, and 3.6 percent, each year, respectively. Notable expansions during the period included those by Amazon.com Inc., which created a combined 1,600 jobs by opening new facilities in the cities of Murfreesboro and Lebanon in 2012, and Aramark Corporation, which added 1,000 jobs at a new business-services center in the city of

Nashville in 2013. The manufacturing sector also contributed to job growth during the period; Nissan North America, Inc., added 1,700 jobs in the city of Smyrna and GM reopened the Spring Hill facility in 2012.

The Nashville HMA is a leading national hub for the healthcare industry, which directly employs more than 110,000 workers and contributes an estimated $30 billion of overall economic benefit each year (Nashville Health Care Council). The education and health services and the professional and business services sectors are the two largest sectors in the HMA. Both sectors accounted for 127,400 jobs, each representing 15.5 percent of total nonfarm payrolls in the HMA, during the 12 months ending June 2014 (Figure 2). The education and health services sector is anchored by Vanderbilt University and Medical Center, which is the largest private employer in the HMA with 23,000 jobs (Table 3). Since 2000, the sector has expanded 54 percent (Figure 3), the fastest rate of any sector in the HMA, and is the only sector in the HMA not to have experienced any year-over-year job losses during the period. Approximately one-half of the investor-owned hospitals in the nation are owned or operated by hospital management companies based in the HMA (Nashville Health Care Council). HCA Holdings, Inc. (HCA), the largest for-profit operator of healthcare facilities in the world, manages more than 270 medical facilities throughout the United States and the United Kingdom, and Community Health Systems, Inc., operates more than 200 hospitals throughout the nation. Both companies are headquartered in the HMA, accounting for 7,000 and 2,800 jobs, respectively. The healthcare industry also significantly affects the professional and business services sector, which has expanded 44 percent since 2000.

The leisure and hospitality sector has been the third fastest growing sector in the HMA since 2000, expanding 31 percent in part because of the construction of new convention facilities and increased tourism, particularly associated with the music industry. The HMA welcomed more than 12.2 million visitors in 2013, and the value of hotel occupancy tax collected in the city of Nashville increased to $33 million, up 15 percent from $29 million in 2012 (Nashville Convention & Visitors Corporation). The completion of Music

Figure 2. Current Nonfarm Payroll Jobs in the Nashville HMA,* by Sector



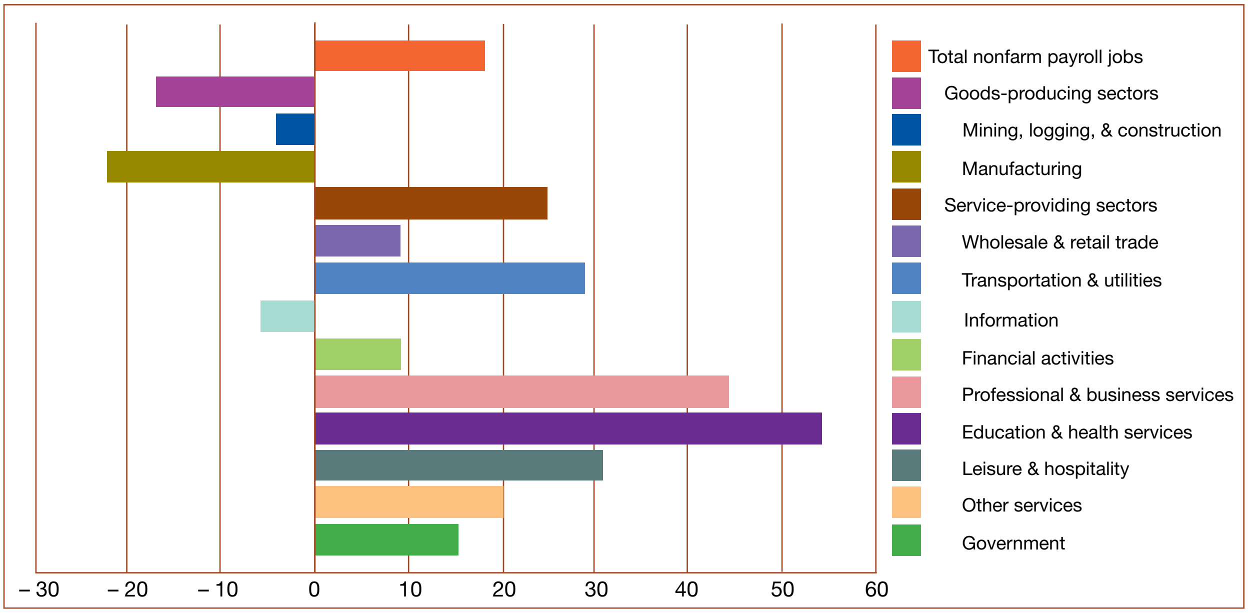
**Nashville-Davidson--Murfreesboro--Franklin HMA.*
Note: Based on 12-month averages through June 2014.
Source: U.S. Bureau of Labor Statistics

Table 3. Major Employers in the Nashville HMA*

Name of Employer	Nonfarm Payroll Sector	Number of Employees
Vanderbilt University and Medical Center	Education & health services	23,000
Nissan North America, Inc.	Manufacturing	8,500
HCA Holdings, Inc.	Education & health services	7,000
Saint Thomas Health	Education & health services	6,500
Randstad Holding nv	Professional & business services	3,400
Shoney's North America, LLC	Leisure & hospitality	3,000
Electrolux Home Products North America, Inc.	Manufacturing	2,900
The Kroger Company	Wholesale & retail trade	2,850
Community Health Systems, Inc.	Education & health services	2,800
Cracker Barrel Old Country Store, Inc.	Leisure & hospitality	2,750

**Nashville-Davidson--Murfreesboro--Franklin HMA.*
Sources: Nashville Area Chamber of Commerce; Nashville Business Journal

Figure 3. Sector Growth in the Nashville HMA,* Percentage Change, 2000 to Current



**Nashville-Davidson--Murfreesboro--Franklin HMA.*
Note: Current is based on 12-month averages through June 2014.
Source: U.S. Bureau of Labor Statistics

City Center, a convention facility with more than 350,000 square feet of exhibition space, contributed to a 28-percent increase in the number of conventions held in the HMA in 2013. The Country Music Hall of Fame and Museum, Ryman Auditorium, the Grand Ole Opry House, and the Country Music Association Music Festival were among the most popular destinations for visitors. Music production is also an important attraction, as the city of Nashville is home to offices for Universal Music Group, Sony Music Entertainment, and Warner Music Group, to several independent record labels, and to the headquarters of Gibson Guitar Corporation.

The city of Nashville is the capital of Tennessee. The government sector, which accounts for nearly 13 percent of jobs in the HMA, continues to be affected by budget cutbacks that followed the economic downturn in the late 2000s. From the end of 2010 through 2013, the government sector was the only sector in the HMA to lose jobs, declining by an average of 830 jobs, or 0.8 percent, a year. During the period, losses were most significant in the state government and federal government subsectors, which declined by averages of 470 and 300 jobs, or 1.6 and 2.3 percent, each year, respectively.

Nonfarm payrolls are expected to expand an average of 2.3 percent each year during the 3-year forecast period, led by growth in industries related to business services, manufacturing, health care, and tourism. HCA is expected to add 1,000 jobs as part of a plan to relocate the offices of two subsidiaries to the city of Nashville by 2016, and GM will create as many as 1,800 jobs when production of two new midsized vehicles begins in Spring Hill in 2015. Vanderbilt University and Medical Center will also add jobs with the completion of the Monroe Carell Jr. Children's Hospital Vanderbilt at Williamson Medical Center, scheduled for 2015.

Population and Households

The Nashville HMA accounts for 27 percent of the population in Tennessee. As of July 1, 2014, the population of the HMA was estimated at nearly 1.71 million, reflecting an average increase of 27,050, or 1.7 percent, a year since 2010, up from the average increase of 23,750, or 1.5 percent, a year from 2008 to 2010 (U.S. Census Bureau July 1 Estimates) but less than the average increase of 33,800, or 2.3 percent, a year from 2003 to 2008. Strong job growth has attracted new residents to the HMA since 2010; net in-migration has averaged 17,650 people a year and accounted for 65 percent of total population growth. Weak economic conditions limited net in-migration to an average of only 13,000 people a year, or 55 percent of total population growth, from 2008 to 2010, much less than the average net in-migration of 23,250 people a year, or 69 percent of total population growth, from 2003 to 2008.

The current population of the Central submarket, which includes the city of Nashville, is estimated at 668,000 and accounts for 39 percent of the total HMA population. Population growth in the submarket has averaged 9,725 people, or 1.5 percent, a year since 2010, up from an average of 7,650, or 1.2 percent, a year from 2008 to 2010, when the HMA lost jobs, and more than the average of 7,075, or 1.2 percent, a year from 2003 to 2008, the previous period of job growth. Net in-migration has increased since 2009 because the effect of the housing crisis was more significant in the submarket than in the HMA as whole, enabling prospective buyers in the outlying counties to take advantage of the relatively many distressed loans in the submarket. Net in-migration averaged 2,600 people a year from 2008 to 2010 and has increased to an average of 5,075 a year since 2010. From 2003 to 2008, net in-migration averaged only 2,450 people a year.

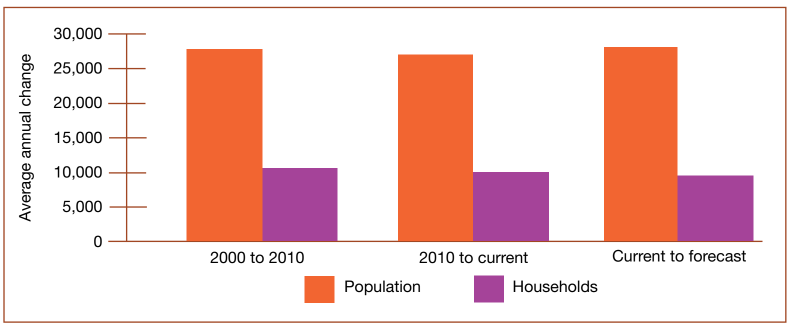
The Southern Suburbs submarket, which includes the cities of Murfreesboro and Franklin, is the fastest growing submarket in the Nashville HMA. As of July 1, 2014, the population of the submarket is estimated at 492,900, or 29 percent of the total HMA population. Population growth in the submarket has averaged 11,100 people, or 2.4 percent, a year since 2010, up from an average of 9,900, or 2.3 percent, a year from 2008 to 2010 but less than the average of 16,550, or 4.4 percent, a year from 2003 to 2008. Net in-migration has averaged 8,000 people a year and accounted for 72 percent of total population growth in the submarket since 2010. By comparison, net in-migration averaged 6,450 a year, or 65 percent of population growth, from 2008 to 2010 and 12,300 a year, or 74 percent of total population growth, from 2003 to 2008. The submarket benefits from its close proximity to the economic center of the HMA, as approximately 36 percent of all jobs held by residents of Rutherford and Williamson Counties are based in the Central submarket (U.S. Census Bureau, 2011 Longitudinal Employer-Household Dynamics data). Rutherford County, where average home sales prices were 29 percent lower than in the Central submarket during the 12 months ending June 2014, is particularly popular among commuters seeking relatively affordable housing. Williamson County is among the most affluent counties in the nation, with a median household income nearly 70 percent higher than that of the nation (2013 American Community Survey [ACS] 1-year data).

The Remainder submarket, which includes the cities of Gallatin, Hendersonville, Lebanon, and Mt. Juliet, currently accounts for 32 percent of the total HMA population. The population of the submarket was estimated at 543,600 as of July 1, 2014, an average increase of 6,150, or 1.2 percent, a year since 2010. Population growth averaged 10,200 people, or 2.1 percent, a year from 2003 to 2008 but declined to 6,175, or 1.2 percent, a year from 2008 to 2010. Improving economic conditions throughout the HMA have contributed to increased net in-migration to the submarket since 2010, but decreased net natural change (resident births minus resident deaths) has resulted in slightly slower population growth. Since 2010, net in-migration has averaged 4,500 people a year, up from an average of 3,950 a year from 2008 to 2010. Net natural change has averaged only 1,650 people a year since 2010, however, less than the average of 2,225 from 2008 to 2010. By comparison, net in-migration and net natural changed averaged 7,750 and 2,425 people a year, respectively, from 2003 to 2008.

During the next 3 years, population growth in the HMA is expected to average 28,000 people, or 1.6 percent, a year. Population growth in the Central submarket is expected to slow to 7,800, or 1.2 percent, a year, as improving housing market conditions cause households to look for more affordable housing in the outlying counties of the HMA. The population of the Southern Suburbs submarket is expected to expand by an average of 12,200, or 2.4 percent, a year and population growth in the Remainder submarket is expected to increase to an average of 8,175 people, or 1.5 percent, a year. The population of the HMA is expected to reach 1.79 million by the end of the 3-year forecast period. Figure 4 shows population and household growth in the HMA, and Figure 5 shows the components of population change in the HMA, from 2000 to the forecast date.

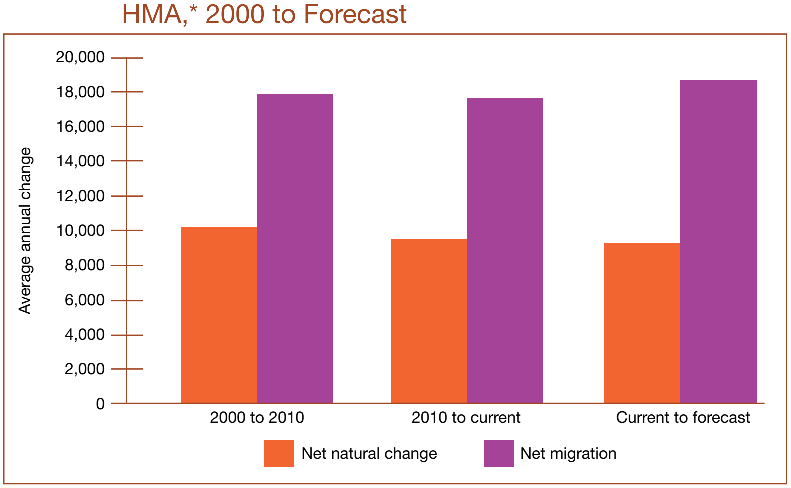
The rate of household growth in the Nashville HMA remains below the average growth rate from 2000 to 2010 but has increased compared with the low growth rate in the late 2000s. As of July 1, 2014, the number of households in the HMA was estimated at 656,400, reflecting average annual growth of 9,650, or 1.5 percent, since

Figure 4. Population and Household Growth in the Nashville HMA,* 2000 to Forecast



**Nashville-Davidson--Murfreesboro--Franklin HMA.*
Notes: The current date is July 1, 2014. The forecast date is July 1, 2017.
Sources: 2000 and 2010—2000 Census and 2010 Census; current and forecast—estimates by analyst

Figure 5. Components of Population Change in the Nashville HMA,* 2000 to Forecast



**Nashville-Davidson--Murfreesboro--Franklin HMA.*
Notes: The current date is July 1, 2014. The forecast date is July 1, 2017.
Sources: 2000 and 2010—2000 Census and 2010 Census; current and forecast—estimates by analyst

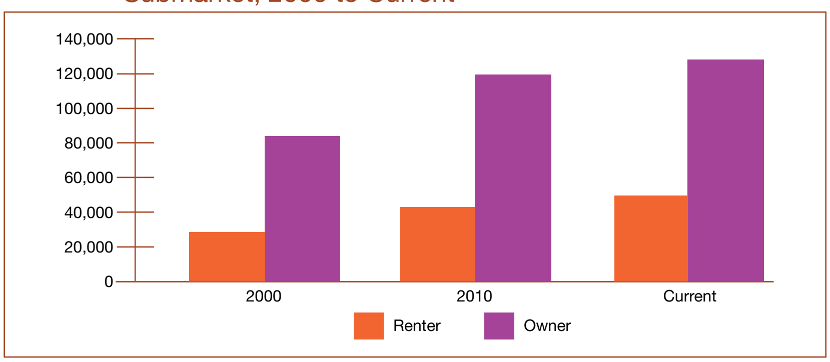
2010 compared with the average growth of 10,500, or 1.9 percent, a year from 2000 to 2010. The Southern Suburbs submarket has added the most households since 2010, expanding by an average of 3,725, or 2.2 percent, annually. The number of households has increased in the Central submarket at an average annual rate of 1.3 percent, or 3,550, and in the Remainder submarket at an average annual rate of 1.3 percent, or 2,375, during the same period. By comparison, from 2000 to 2010, the Southern Suburbs submarket expanded by an average of 5,000 households, or 3.8 percent, annually, the Central submarket expanded by an average of 2,200 households, or 0.9 percent, annually, and the Remainder submarket expanded by an average of 3,300 households, or 1.9 percent, annually. Although foreclosure rates in the HMA have been below the average for the nation since the late 2000s, the housing crisis has resulted in decreased homeownership in all three submarkets since 2010. The homeownership rates in the Central, Southern Suburbs, and Remainder submarkets are currently estimated at 54.5, 71.8, and 74.7 percent, down from 55.9, 73.3, and 76.2 percent in 2010, respectively.

During the next 3 years, the number of households in the HMA is expected to increase by an average of 9,575, or 1.4 percent, annually. The number of households in the Southern Suburbs submarket is expected to increase by an average of 3,925, or 2.2 percent, annually, the fastest rate in the HMA. Household growth in the Central submarket is expected to slow to an average annual rate of 1.0 percent, or 2,775 households, while the number of households in the Remainder submarket increases to an average annual rate of 1.4 percent, or 2,900 households, as migration from the central counties to the outlying counties of the HMA accelerates. Figures 6, 7, and 8 show the number of households by tenure in each submarket from 2000 to the current date. Tables DP-1 through DP-4 at the end of the report show additional data.

Figure 6. Number of Households by Tenure in the Central Submarket, 2000 to Current

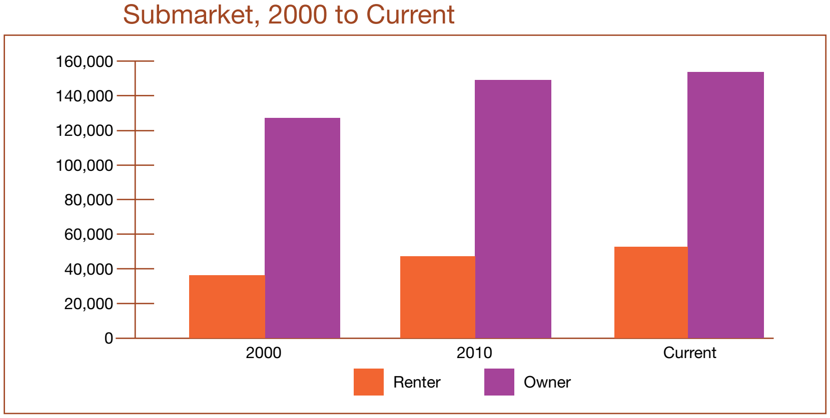
Note: The current date is July 1, 2014.
Sources: 2000 and 2010—2000 Census and 2010 Census; current—estimates by analyst

Figure 7. Number of Households by Tenure in the Southern Suburbs Submarket, 2000 to Current



Note: The current date is July 1, 2014.
Sources: 2000 and 2010—2000 Census and 2010 Census; current—estimates by analyst

Figure 8. Number of Households by Tenure in the Remainder Submarket, 2000 to Current



Note: The current date is July 1, 2014.
Sources: 2000 and 2010—2000 Census and 2010 Census; current—estimates by analyst

Housing Market Trends

Sales Market—Central Submarket

Sales housing market conditions in the Central submarket are balanced, with an estimated 1.5-percent sales vacancy rate, down from 3.5 percent in 2010 (Table DP-2 at the end of the report). Approximately 12,700 new and existing homes (including single-family homes, condominiums, and townhomes) sold during the 12 months ending June 2014, a 9-percent increase from the 11,700 sold during the previous 12-month period (Metrostudy, A Hanley Wood Company). The number of home sales declined each year from 19,400 in 2006 to 8,400 in 2011, an average annual decline of 18 percent, before increasing to 10,200 homes sold in 2012 and to 12,350 homes sold in 2013, an average annual increase of 21 percent during the 2 years.

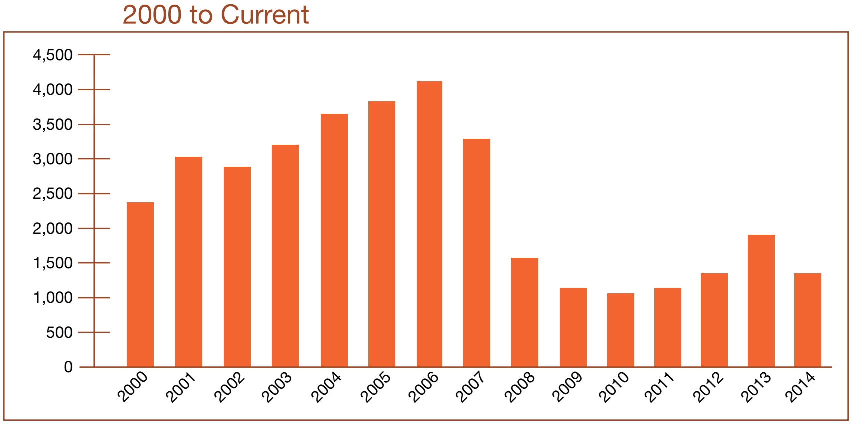
The number of new homes sold in the submarket decreased each year from 3,750 in 2006 to 700 in 2013, an average annual rate of decline of 21 percent. As a result of improving economic conditions and increased household formation, the number of new homes sold increased to 750 during the 12 months ending June 2014, a 2-percent increase from the previous 12-month period. The average sales price for new homes increased to $278,000 during the 12 months ending June 2014, up 13 percent from $246,500 during the 12 months ending June 2013 and 17 percent higher than the previous peak of $236,800 during the 12 months ending June 2008. The average sales price for new homes decreased at an average annual rate of 2 percent from 2008 through 2010 but increased at an average annual rate of 7 percent from 2011 through 2013, as new home construction in the submarket became increasingly focused on higher end developments.

During the housing boom in the mid-2000s, condominiums represented a substantial part of the new home development in the Central submarket, which is the most densely populated in the Nashville HMA. Development of new condominium projects has declined significantly since the late 2000s, however. Condominium sales accounted for 50 percent of all new home sales in the submarket from 2006 through 2009 but declined to 38 percent of all new home sales from 2010 through 2012 and only 9 percent of new home sales in 2013. The average sales price of a new condominium peaked at $225,300 in 2007 but decreased at an average annual rate of 4 percent in 2008 and 2009. A lack of new condominium developments combined with tightening housing market conditions has resulted in rapidly increasing sales prices since 2010, however. The average sales price of new condominium units increased to $379,100 in 2013, a 35-percent increase from $281,100 in 2012 and 68 percent more than the previous high in 2007. Twelve Twelve, a 286-unit development in the southwest part of downtown Nashville known as The Gulch, is the first highrise condominium project in the submarket since the late 2000s. The project is expected to open in October 2014, with prices starting at $270,000 for units starting at 700 square feet; 15 units initially classified as rental units may be sold as condominium units when the original renters move out.

Sales of existing homes in the Central submarket declined from 15,650 homes sold in 2006 to 7,450 homes sold in 2011, an average annual decrease of 16 percent. Job growth and increased net in-migration contributed to improving market conditions as the number of existing homes sold increased 26 percent, to 9,400, in 2012 and 24 percent, to 11,650, in 2013. Existing home sales totaled 11,950 during the 12 months ending June 2014, a 9-percent increase from 10,950 during the previous 12-month period. The average sales price of existing homes peaked at $201,900 in 2007, then declined at an average annual rate of 6 percent, to $177,400, in 2009 before increasing at an average annual rate of 6 percent to reach a new high of $220,400 in 2013. During the 12 months ending June 2014, the average sales price of an existing home was $227,100, a 10-percent increase from $206,800 during the 12 months ending June 2013. The increase in existing home prices is partially the result of a decrease in the number of REO (Real Estate Owned) properties sold. The 1,550 REO properties sold during the 12 months ending June 2014 represented 13 percent of all existing home sales in the submarket, down from 2,225 sales, or 20 percent of existing home sales, during the previous 12 months. The average sales price of an REO property was $123,700 during the 12 months ending June 2014, 49 percent less than that of a non-REO home sold. As of June 2014, 3.9 percent of home loans in the submarket were 90 or more days delinquent, were in foreclosure, or transitioned into REO status, down from 4.7 percent in June 2013 (Black Knight Financial Services, Inc.).

Single-family home construction, as measured by the number of single-family homes permitted, has increased in the submarket each year since 2011 but remains below the peak levels recorded in the mid-2000s (Figure 9). The number of single-family homes permitted peaked at 4,100 in 2006 but declined at an average annual rate of 29 percent, to 1,050, in 2010 as the economy and housing market conditions weakened. Improving economic conditions and accelerating household formation have increased new home construction since 2011, however. In 2013, 1,900 single-family homes were permitted, and from 2010 through 2013 the number of single-family homes permitted increased at an average annual rate of 22 percent. During the 12 months ending June 2014, 2,275 single-family homes were permitted (preliminary data), a 37-percent increase from the 1,675 homes permitted during the 12 months ending June 2013. A significant portion of the recent new home development occurred in the eastern part of the submarket. Sunset Hills, which is in the community of Antioch, consists of single-family homes with prices starting at $192,500. Riverwood, which is in the community of Hermitage, currently offers three-bedroom townhomes starting at $150,000.

Figure 9. Single-Family Homes Permitted in the Central Submarket, 2000 to Current



Notes: Includes townhomes. Current includes data through June 2014.
Sources: U.S. Census Bureau, Building Permits Survey; estimates by analyst

Table 4. Estimated Demand for New Market-Rate Sales Housing in the Central Submarket During the Forecast Period

Price Range ($)		Units of Demand	Percent of Total
From	To		
150,000	224,999	890	15.0
225,000	299,999	1,175	20.0
300,000	374,999	1,175	20.0
375,000	449,999	890	15.0
450,000	524,999	590	10.0
525,000	599,999	590	10.0
600,000	674,999	300	5.0
675,000	and higher	300	5.0

Notes: The 1,500 homes currently under construction and a portion of the estimated 5,800 other vacant units in the HMA will likely satisfy some of the forecast demand. The forecast period is July 1, 2014, to July 1, 2017.

Source: Estimates by analyst

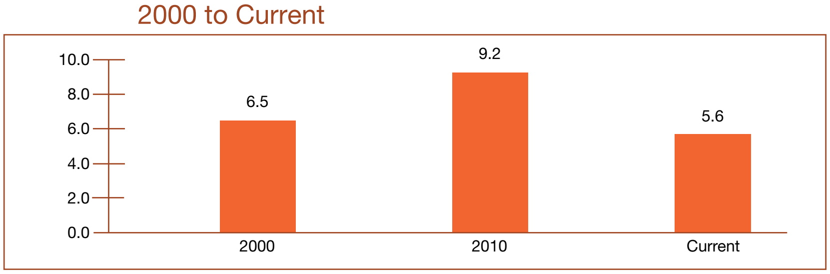
During the 3-year forecast period, demand in the Central submarket is expected for 5,925 new homes (Table 1). The 1,500 homes currently under construction and a portion of the 5,800 other vacant units that might return to the market will satisfy some of the forecast demand. Table 4 illustrates the estimated demand for new sales housing in the submarket by price range.

Rental Market—Central Submarket

The rental housing market in the Central submarket is currently balanced, with an estimated overall vacancy rate of 5.6 percent, down from 9.2 percent in April 2010 (Figure 10). The apartment vacancy rate is notably lower than the overall vacancy rate because single-family homes that have been converted to rentals comprise 28 percent of all rental units in the submarket (2013 ACS 1-year data). The apartment vacancy rate was 3.9 percent during the second quarter of 2014, down from 4.1 percent during the second quarter of 2013 and 5.3 during the second quarter of 2010 (MPF Research). Of the six MPF Research-defined market areas (hereafter, areas) that comprise the Central submarket, the lowest apartment vacancy rate in the second quarter of 2014, 2.6 percent, was in the West Nashville area, and the highest apartment vacancy rate, 5.9 percent, was in the Central Nashville area. The average market rent in the submarket was $900 during the second quarter of 2014, a 6-percent increase from $850 a year ago and up 23 percent from $740 during the second quarter of 2010. During the second quarter of 2014, average rents in the submarket ranged from $760 in the Southeast Nashville area to $1,400 in the Central Nashville area. Average rent increases ranged from nearly 4 percent in the South Nashville area to 7 percent in the Central Nashville area.

College students significantly affect the rental market in the Central submarket. Vanderbilt University and Belmont University are directly west of downtown Nashville. Tennessee State University and Lipscomb University are in the northwestern and southwestern parts of the city, respectively. As of the fall of 2013, the four universities enrolled a combined 33,100 students, with an estimated 21,050 students living in off-campus housing. The Central Nashville and West Nashville areas, the two areas most affected by students, are among the strongest rental markets in the submarket. From the second

Figure 10. Rental Vacancy Rates in the Central Submarket, 2000 to Current



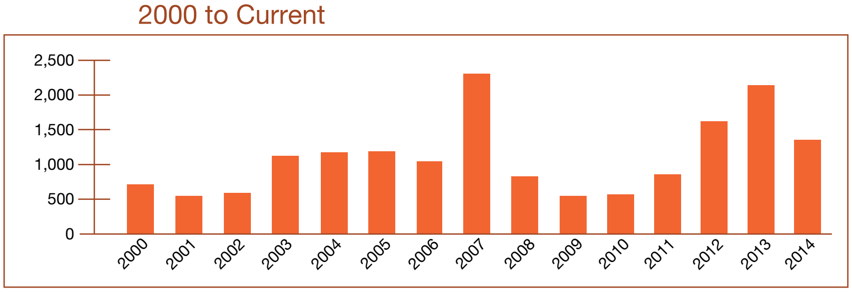
Note: The current date is July 1, 2014.

Sources: 2000 and 2010—2000 Census and 2010 Census; current—estimates by analyst

quarter of 2010 to the second quarter of 2014, apartment vacancy rates in the Central Nashville and West Nashville areas declined from 9.3 to 5.9 percent and from 4.5 to 2.6 percent, respectively, the greatest such declines in the submarket. During the same period, average rents increased at average annual rate of 8 percent in the Central Nashville area, the greatest increase in the submarket, and at an average annual rate of 5 percent in the West Nashville area, the third greatest increase in the submarket. As of the second quarter of 2014, average apartment rents in the Central Nashville and West Nashville areas were $1,400 and $1,025, respectively, the two highest averages in the submarket. Vanderbilt and Belmont both are expected to expand dormitory capacity during the 3-year forecast period. Vanderbilt will add space for 660 students when the construction of the new Kissam College Hall is completed in the fall of 2014, and Belmont is scheduled to add space for 420 students when construction of Two Oaks Hall is completed in mid-2014.

Since the late 2000s, nearly all the multifamily units permitted in the Central submarket have been apartments. The number of multifamily units permitted averaged 1,075 a year from 2000 through 2007 but declined to an average of only 680 units a year in 2008 and 2009 (Figure 11). Improving economic conditions and accelerating renter household growth have resulted in increased multifamily permitting each year since 2010, however. In 2013, 2,150 multifamily units were permitted, representing an average annual increase of 41 percent from the 540 units permitted in 2009. During the 12 months ending June 2014, 2,650 multifamily units were permitted (preliminary data), a 55-percent increase from 1,700 units during the previous 12 months and 44 percent above the previous high of 1,850 during the 12 months ending June 2008.

Figure 11. Multifamily Units Permitted in the Central Submarket, 2000 to Current



Notes: Excludes townhomes. Current includes data through June 2014.
Sources: U.S. Census Bureau, Building Permits Survey; estimates by analyst

Recent apartment construction was particularly prevalent in the southwest part of the Central Nashville area. Elliston 23, a 331-unit apartment project completed in late 2013, offers studio, one-bedroom, and two-bedroom units ranging from 550 to 1,375 square feet. Rents range from $1,300 to $3,000, with an average rental rate of $2.20 per square foot. 1505 Demonbreun is a 225-unit apartment project currently under construction. One-bedroom units will range from 600 to 900 square feet, and two-bedroom units will range from 970 to 1,325 square feet. Rents are expected to start at $1,450 for one-bedroom units and at $2,250 for two-bedroom units. Construction is scheduled to be complete in late 2014.

During the forecast period, demand is expected for 5,975 new market-rate rental units (Table 1). The 2,600 apartment units currently under construction will satisfy as much as 44 percent of the demand. Table 5 shows the estimated demand by rent level and number of bedrooms for new market-rate rental housing in the submarket during the forecast period.

Table 5. Estimated Demand for New Market-Rate Rental Housing in the Central Submarket During the Forecast Period

Zero Bedrooms		One Bedroom		Two Bedrooms		Three or More Bedrooms	
Monthly Gross Rent ($)	Units of Demand	Monthly Gross Rent ($)	Units of Demand	Monthly Gross Rent ($)	Units of Demand	Monthly Gross Rent ($)	Units of Demand
800 to 999	510	950 to 1,149	1,575	1,150 to 1,349	1,550	1,300 to 1,499	540
1,000 or more	90	1,150 to 1,349	420	1,350 to 1,549	600	1,500 to 1,699	220
		1,350 or more	100	1,550 or more	240	1,700 or more	130
Total	600	Total	2,100	Total	2,400	Total	900

Notes: Numbers may not add to totals because of rounding. The 2,600 units currently under construction will likely satisfy some of the estimated demand. The forecast period is July 1, 2014, to July 1, 2017.
Source: Estimates by analyst

Sales Market—Southern Suburbs Submarket

The sales housing market in the Southern Suburbs submarket is slightly tight, with a current estimated sales vacancy rate of 1.0 percent, down from 2.2 percent in 2010 (Table DP-3 at the end of the report). Job growth and increased net in-migration have resulted in increased existing home sales since 2012. The number of existing homes sold increased 9 percent, to 10,350, during the 12 months ending June 2014 after a 28-percent increase during the 12 months ending June 2013 and a 20-percent increase during the 12 months ending June 2012 (Metrostudy, A Hanley Wood Company). Existing home sales remain below the levels of the mid-2000s, however. The number of existing homes sold peaked at 13,600 in 2005, then declined to an average of 9,850 a year from 2006 through 2008 and declined again to an average of only 6,650 a year from 2009 through 2011.

The average sales price of an existing home increased to $255,100 during the 12 months ending June 2014, a 13-percent increase from $226,600 during the 12 months ending June 2013 and 5 percent higher than the previous peak of $243,100 during the 12 months ending June 2008. The average sales price of an existing home was only $222,200 from 2009 through 2011.

Much of the increase in existing home sales prices can be attributed to improving economic conditions, but a declining number of REO sales in the submarket was also a significant factor. During the 12 months ending June 2014, the number of REO sales in the submarket totaled 1,175, representing 11 percent of all existing home sales, down from 1,700 sales representing 18 percent of all existing home sales during the 12 months ending June 2013. The average sales price of an REO property was $154,000 during the 12 months ending June 2014, 43 percent less than the average sales price of an existing non-REO property. As of June 2014, 2.9 percent of home loans in the submarket were 90 or more days delinquent, were in foreclosure, or transitioned into REO status, down from 3.7 percent in June 2013 (Black Knight Financial Services, Inc.).

The number of new homes sold in the submarket has increased since 2012 but remains well below the levels of the mid-2000s. During the 12 months ending June 2014, the number of new homes sold in the submarket increased 17 percent, to 2,375, after a 36-percent increase during the 12 months ending June 2013 and a 13-percent increase during the 12 months ending June

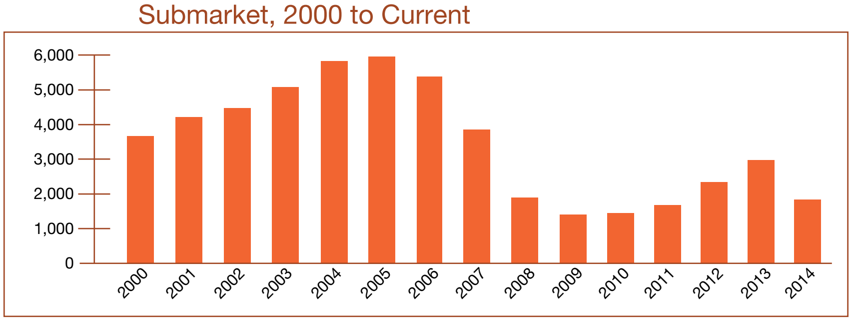
2012. The number of new homes sold peaked at 5,325 during 2005 but declined at an average annual rate of 20 percent from 2006 through 2011, when the number of new homes sold reached a low of 1,375. Improving economic conditions since 2010 and relatively little single-family homebuilding since the late 2000s resulted in new home sales prices that exceeded those of the mid-2000s. The average sales price of a new home was $356,200 during the 12 months ending June 2014, a 6-percent increase from $336,500 during the 12 months ending June 2013 and 9 percent above the previous high of $327,300 during the 12 months ending June 2008. From 2009 through 2011, the average sales price of a new home was only $304,100.

Recent new home sales activity in the submarket was highly concentrated near Interstates 24 and 65 (I-24 and I-65). Since January 2010, the cities of La Vergne, Murfreesboro, and Smyrna, which are near I-24 to the southeast of the Central submarket, have accounted for 92 percent of all new home sales in Rutherford County. During the same period, the cities of Brentwood, Franklin, Spring Hill, and Thompson's Station, which are along the I-65 corridor to the southwest of the Central submarket, have accounted for a combined 80 percent of all new home sales in Williamson County. Liberty Valley, a new home development on the northern edge of Murfreesboro, currently offers single-family homes starting at $246,000. Westhaven, a new home development on the west side of Franklin, currently offers three-bedroom townhomes starting at $348,200 and single-family homes starting at $513,300.

Since 2010, improving housing market conditions have resulted in increased single-family homebuilding activity, as measured by the number of single-family homes permitted, but single-family home permitting in the Southern Suburbs submarket remains below historic averages. During the 12 months ending June 2014, 3,125 single-family homes were permitted in the submarket (preliminary data), an 11-percent increase from the 2,825 permitted during the previous 12 months. An average of 4,875 single-family homes were permitted annually from 2000 through 2005, but the number of single-family homes permitted declined at an average annual rate of 31 percent from 2006 through 2009 (Figure 12).

During the next 3 years, demand is expected for 10,550 new homes in the submarket (Table 1). The 1,950 homes currently under construction and some of the estimated 2,975 other vacant units that might reenter the market will satisfy part of the forecast demand. Prices for new homes currently start at $275,000. Table 6 presents detailed information on the estimated demand for new market-rate sales housing, by price range, in the submarket during the 3-year forecast period.

Figure 12. Single-Family Homes Permitted in the Southern Suburbs Submarket, 2000 to Current



Notes: Includes townhomes. Current includes data through June 2014.
Sources: U.S. Census Bureau, Building Permits Survey; estimates by analyst

Table 6. Estimated Demand for New Market-Rate Sales Housing in the Southern Suburbs Submarket During the Forecast Period

Price Range ($)		Units of Demand	Percent of Total
From	To		
275,000	324,999	1,050	10.0
325,000	374,999	1,575	15.0
375,000	424,999	1,575	15.0
425,000	474,999	1,575	15.0
475,000	524,999	1,575	15.0
525,000	574,999	1,050	10.0
575,000	624,999	1,050	10.0
625,000	and higher	1,050	10.0

Notes: The 1,950 homes currently under construction and a portion of the estimated 2,975 other vacant units in the submarket will likely satisfy some of the forecast demand. The forecast period is July 1, 2014, to July 1, 2017.

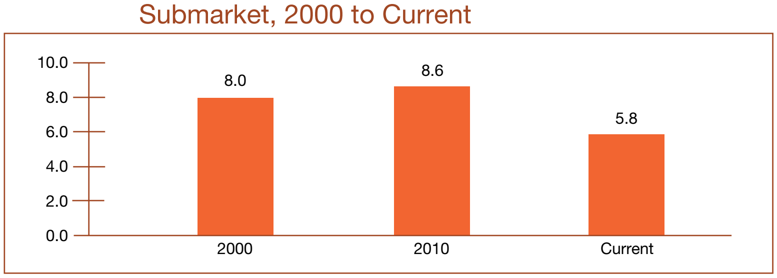
Source: Estimates by analyst

Rental Market—Southern Suburbs Submarket

The rental housing market in the Southern Suburbs submarket is currently balanced, with an estimated overall vacancy rate of 5.8 percent, down from 8.6 percent in April 2010 (Figure 13). The apartment vacancy rate is notably lower than the overall vacancy rate because single-family homes that have been converted to rentals comprise 37 percent of all rental units in the submarket (2013 ACS 1-year data) The apartment vacancy rate was 4.4 percent during the second quarter of 2014, down from 5.1 percent during the second quarter of 2013 and 6.8 percent during the second quarter of 2010 (MPF Research). Of the two MPF Research-defined market areas that comprise the Southern Suburbs submarket, the lower apartment vacancy rate in the second quarter of 2014 was in the Murfreesboro/Rutherford County area, at 4.3 percent. The apartment vacancy rate in the Franklin/Williamson County area was 4.5 percent. The average market rent in the submarket was $1,075 during the second quarter of 2014, a 6-percent increase from $1,025 a year ago and up 4 percent annually from $920 during the second quarter of 2010. Average rents in the submarket ranged from $950 in the Murfreesboro/Rutherford County area to $1,250 in the Franklin/Williamson County area during the second quarter of 2014. Average rents increased more than 7 percent in the Franklin/Williamson County area and nearly 4 percent in the Murfreesboro/Rutherford County area compared with average rents during the second quarter of 2013. Middle Tennessee State University students significantly affect the rental market in the Murfreesboro/Rutherford County area. As of the fall of 2013, the university enrolled an estimated 23,900 students, of whom an estimated 20,900 lived in off-campus housing.

Builders in the submarket have responded to tightening rental market

Figure 13. Rental Vacancy Rates in the Southern Suburbs Submarket, 2000 to Current

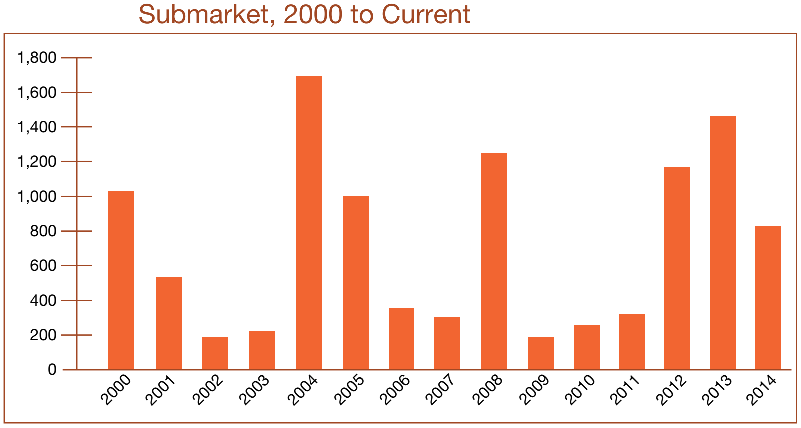


Note: The current date is July 1, 2014.

Sources: 2000 and 2010—2000 Census and 2010 Census; current—estimates by analyst

conditions by increasing multifamily construction since 2010 (Figure 14). An average of 730 multifamily units were permitted each year from 2000 through 2008, but only 190 units were permitted in 2009 as job losses and slowed population growth discouraged developers. From 2010 through 2013, however, the number of multifamily units permitted increased at an average annual rate of 67 percent, as accelerating renter household growth resulted in increasing rents and decreasing vacancy rates throughout the submarket. In 2013, 1,450 multifamily units were permitted, the most since 2004 and the second most since 1996. During the 12 months ending June 2014, 1,325 multifamily units were permitted (preliminary data), a 13-percent increase from 1,175 units during the previous 12 months.

Figure 14. Multifamily Units Permitted in the Southern Suburbs Submarket, 2000 to Current



Notes: Excludes townhomes. Current includes data through June 2014.
Sources: U.S. Census Bureau, Building Permits Survey; estimates by analyst

As with recent single-family development, recent multifamily construction in the submarket occurred primarily along the I-24 and I-65 corridors. Grove at Shadow Green, a 196-unit apartment project in Franklin completed in May 2014, offers one-bedroom units starting at $1,025, two-bedroom units starting at $1,350, and three-bedroom units starting at $1,700. Almaville Farms at Seven Oaks is a 196-unit apartment project in Murfreesboro that was completed in early 2014. Rents range from $810 to $820 for 780-square-foot, one-bedroom units. Two-bedroom units range from 1,050 to 1,075 square feet with rents starting at $910. Rents start at $1,125 for 1,300-square-foot, three-bedroom units.

Demand is expected for 3,725 new market-rate rental units in the submarket during the next 3 years (Table 1). The 1,125 apartment units currently under construction will satisfy as much as 30 percent of the demand. Table 7 shows the estimated demand by rent level and number of bedrooms for new market-rate rental housing in the submarket during the 3-year forecast period.

Table 7. Estimated Demand for New Market-Rate Rental Housing in the Southern Suburbs Submarket During the Forecast Period

Zero Bedrooms		One Bedroom		Two Bedrooms		Three or More Bedrooms	
Monthly Gross Rent ($)	Units of Demand	Monthly Gross Rent ($)	Units of Demand	Monthly Gross Rent ($)	Units of Demand	Monthly Gross Rent ($)	Units of Demand
700 to 899	150	820 to 1,019	840	910 to 1,109	1,175	1,125 to 1,324	480
900 or more	35	1,020 or more	280	1,110 to 1,309	420	1,325 to 1,524	190
				1,310 or more	85	1,525 or more	75
Total	190	Total	1,125	Total	1,675	Total	750

Notes: Numbers may not add to totals because of rounding. The 1,125 units currently under construction will likely satisfy some of the estimated demand. The forecast period is July 1, 2014, to July 1, 2017.
Source: Estimates by analyst

Sales Market—Remainder Submarket

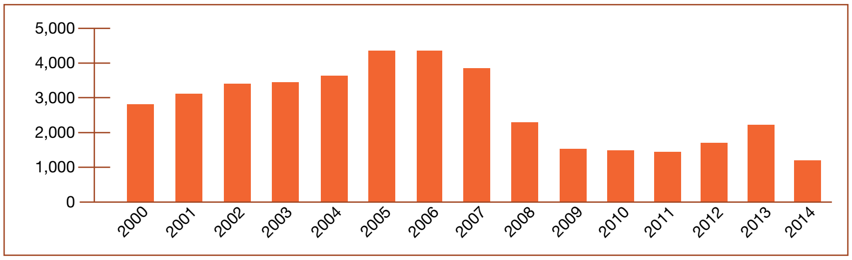
The sales housing market in the Remainder submarket is balanced, with a current estimated sales vacancy rate of 2.0 percent, down from 2.4 percent in 2010 (Table DP-4 at the end of the report). The sales market in the submarket has benefited from recent job growth in the Nashville HMA; the number of home sales, average sales price, and number of single-family homes permitted have all increased since 2012. During the 12 months ending June 2014, the number of existing home sales increased 13 percent, to 10,400, after a 27-percent increase during the 12 months ending June 2013 and a 15-percent increase during the 12 months ending June 2012 (Metrostudy, A Hanley Wood Company). The number of existing home sales remains below the peak of 12,500 during the 12 months ending June 2006, however. From 2007 to 2011, the number of existing home sales averaged only 7,675 a year. During the 12 months ending June 2014, the average sales price of an existing home was $165,600, a 4-percent increase from $159,200 during the previous 12 months and 3 percent higher than the previous peak of $162,000 during the 12 months ending June 2006. The average sales price of an existing home averaged only $155,700 from 2007 through 2011. A decline in the number of REO sales contributed to the increase in existing home prices. The number of REO sales declined from 2,250, or 24 percent of all existing home sales, during the 12 months ending June 2013 to 1,750, or 17 percent of all existing home sales, during the 12 months ending June 2014. The average price of an REO sale was $106,000 during the 12 months ending June 2014, 40 percent less than the average of $177,600 for an existing non-REO home sale. As of June 2014, 4.1 percent of home loans in the submarket were 90 or more days delinquent, were in foreclosure, or transitioned into REO status, the highest rate among the three submarkets in the HMA but down from 4.9 percent in June 2013 and below the national average of 4.9 percent (Black Knight Financial Services, Inc.).

During the 12 months ending June 2014, the number of new homes sold in the submarket increased 9 percent, to 1,200, after a 27-percent increase during the 12 months ending June 2013 and a 6-percent increase during the 12 months ending June 2012 (Metrostudy, A Hanley Wood Company). The number of new homes sold peaked at 2,350 during 2006 but declined at an average annual rate of 18 percent from 2007 through 2011. The number of new home sales remains below peak levels, but new home sales prices currently exceed those of the mid-2000s. The average sales price of a new home was $280,300 during the 12 months ending June 2014, a 12-percent increase from $251,200 during the 12 months ending June 2013 and 6 percent above the $263,300 recorded during the 12 months ending June 2008.

Wilson and Sumner Counties, which are directly east and northeast of the Central submarket, respectively, have accounted for a combined 80 percent of all new home sales in the Remainder submarket since 2010. During the period, nearly all the new home sales in Wilson County have occurred in the cities of Mt. Juliet and Lebanon, and the cities of Gallatin and

Hendersonville have combined to account for 89 percent of all new home sales in Sumner County. Providence Landing, a new home development in Mt. Juliet, currently offers single-family homes starting at $240,000. Saundersville Station, a new home development in Hendersonville, offers townhomes starting at $159,900 and single-family homes starting at $169,700.

Figure 16. Single-Family Homes Permitted in the Remainder Submarket, 2000 to Current



Notes: Includes townhomes. Current includes data through June 2014.
Sources: U.S. Census Bureau, Building Permits Survey; estimates by analyst

Table 8. Estimated Demand for New Market-Rate Sales Housing in the Remainder Submarket During the Forecast Period

Price Range ($)		Units of Demand	Percent of Total
From	To		
130,000	179,999	1,125	15.0
180,000	229,999	1,125	15.0
230,000	279,999	1,125	15.0
280,000	329,999	1,500	20.0
330,000	379,999	1,125	15.0
380,000	429,999	750	10.0
430,000	479,999	380	5.0
480,000	and higher	380	5.0

Notes: The 1,100 homes currently under construction and a portion of the estimated 8,200 other vacant units in the submarket will likely satisfy some of the forecast demand. Excludes an estimated demand for 200 mobile homes. The forecast period is July 1, 2014, to July 1, 2017.
Source: Estimates by analyst

Builders responded to improving housing market conditions in the submarket by increasing single-family homebuilding activity, as measured by the number of single-family homes permitted, beginning in 2012 (Figure 16). The number of single-family homes permitted increased 9 percent, to 2,225, during the 12 months ending June 2014 (preliminary data), after a 38-percent increase during the 12 months ending June 2013 and an 11-percent increase during the 12 months ending June 2012. The number of single-family homes permitted averaged 3,400 from 2000 through 2005 and peaked at 4,300 in 2006, but permitting subsequently declined at an average annual rate of 20 percent from 2007 through 2011.

During the next 3 years, demand is expected for 7,700 new homes in the submarket (Table 1), including 200 mobile homes. The 1,100 homes currently under construction and some of the estimated 8,200 other vacant units that might reenter the market will satisfy part of the forecast demand. Prices for new homes currently start at $150,000. Table 8 presents detailed information on the estimated demand for new market-rate sales housing, by price range, in the submarket during the 3-year forecast period.

Rental Market—Remainder Submarket

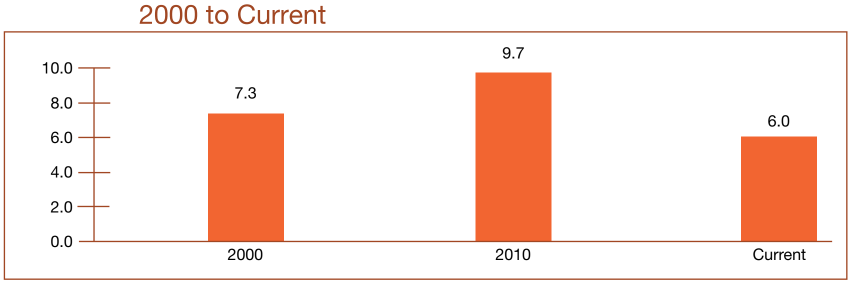
The rental housing market in the Remainder submarket is currently balanced, with an estimated overall vacancy rate of 6.0 percent, down from 9.7 percent in April 2010 (Figure 17). The apartment vacancy rate is notably lower than the overall vacancy rate because single-family homes that have been converted to rentals comprise 45 percent of all rental units in the submarket (2009–2013 ACS 5-year data). The apartment vacancy rate was 3.1 percent during the second quarter of 2014, down from 3.8 percent during the second quarter of 2013 and 8.5 percent during the second quarter of 2010 (MPF Research). Of the two MPF Research-defined market areas that comprise the Remainder submarket, the lower apartment vacancy rate in the second quarter of 2014 was in the Wilson County area, at 3.1 percent. The apartment vacancy rate in the Sumner County area was 3.2 percent. The average apartment rent in the submarket was $850 during the second quarter of 2014, a 4-percent increase from $820 a year ago and up 16 percent from $740 during the second quarter of 2010. During the second quarter of 2014, average rents in the submarket ranged from $850 in the Sumner County area to $860 in the Wilson County area. Average rents increased nearly 3 percent in the Sumner County area and nearly 5 percent in the Wilson County area compared with average rents during the second quarter of 2013.

Multifamily construction, as measured by the number of units permitted, averaged 350 units in the submarket each year from 2000 through 2008 but slowed to an average of only 210 units a year from 2009 through 2012. Developers have responded to tightening rental market conditions in the submarket by increasing multifamily permitting activity since 2013 (Figure 18). The number of multifamily units permitted increased from 60 during the 12 months ending June 2012 to 230 during the 12 months ending June 2013 and to 360 during the 12 months ending June 2014 (preliminary data).

As with single-family development, recent multifamily construction in the submarket occurred primarily in Wilson and Sumner Counties. Glass Creek, a 396-unit apartment project in Mt. Juliet completed in 2014, offers 800-square-foot, one-bedroom units starting at $940; 1,075 square foot, two-bedroom units starting at $1,150; and 1,300-square-foot, three-bedroom units starting at $1,425. The 232-unit first phase of Foxland Crossing was completed in Gallatin in May 2014. Rents range from $860 to $940 for one-bedroom units ranging from 710 to 920 square feet, from $1,050 to $1,250 for two-bedroom units ranging from 1,000 to 1,225 square feet, and $1,375 for three-bedroom units that are 1,350 square feet.

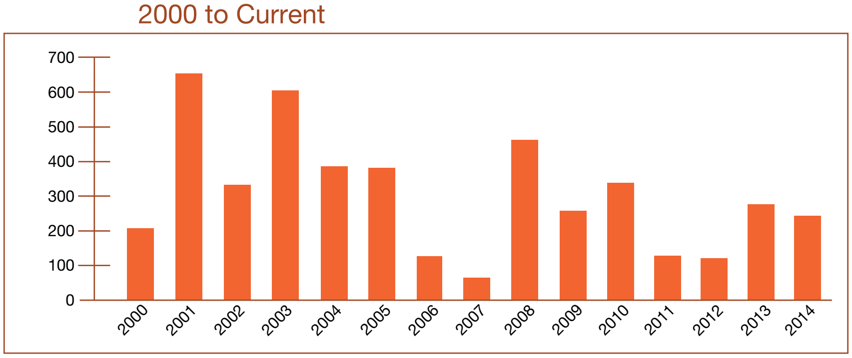
During the 3-year forecast period, demand is expected for 3,525 new market-rate rental units in the submarket (Table 1). The 390 apartment units currently under construction will satisfy some of that demand. Table 9 shows the estimated demand by rent level and number of bedrooms for new market-rate rental housing in the submarket during the forecast period.

Figure 17. Rental Vacancy Rates in the Remainder Submarket, 2000 to Current



Note: The current date is July 1, 2014.
Sources: 2000 and 2010—2000 Census and 2010 Census; current—estimates by analyst

Figure 18. Multifamily Units Permitted in the Remainder Submarket, 2000 to Current



Notes: Excludes townhomes. Current includes data through June 2014.
Sources: U.S. Census Bureau, Building Permits Survey; estimates by analyst

Table 9. Estimated Demand for New Market-Rate Rental Housing in the Remainder Submarket During the Forecast Period

One Bedroom		Two Bedrooms		Three or More Bedrooms	
Monthly Gross Rent ($)	Units of Demand	Monthly Gross Rent ($)	Units of Demand	Monthly Gross Rent ($)	Units of Demand
800 to 999	790	890 to 1,089	1,100	1,100 to 1,299	570
1,000 or more	260	1,090 to 1,289	400	1,300 to 1,499	220
		1,290 or more	80	1,500 or more	90
Total	1,050	Total	1,575	Total	880

Notes: Numbers may not add to totals because of rounding. The 390 units currently under construction will likely satisfy some of the estimated demand. The forecast period is July 1, 2014, to July 1, 2017.

Source: Estimates by analyst

Data Profiles

Table DP-1. Nashville HMA* Data Profile, 2000 to Current

	2000	2010	Current	Average Annual Change (%) 2000 to 2010	Average Annual Change (%) 2010 to Current
Total resident employment	694,222	749,698	799,100	0.8	1.8
Unemployment rate	3.2%	8.8%	5.8%		
Nonfarm payroll jobs	698,200	734,400	820,900	0.5	3.2
Total population	1,311,789	1,589,934	1,705,000	1.9	1.7
Total households	510,222	615,374	656,400	1.9	1.5
Owner households	340,566	411,633	429,800	1.9	1.0
Percent owner	66.7%	66.9%	65.5%		
Renter households	169,656	203,741	226,600	1.8	2.5
Percent renter	33.3%	33.1%	34.5%		
Total housing units	543,271	667,655	693,900	2.1	0.9
Owner vacancy rate	1.9%	2.7%	1.5%		
Rental vacancy rate	6.9%	9.2%	5.7%		
Median Family Income	$53,700	$64,900	$67,100	1.9	1.1

**Nashville-Davidson--Murfreesboro--Franklin HMA.*

Notes: Numbers may not add to totals because of rounding. Employment data represent annual averages for 2000, 2010, and the 12 months through June 2014. Median Family Incomes are for 1999, 2009, and 2012. The current date is July 1, 2014.

Sources: U.S. Census Bureau; U.S. Department of Housing and Urban Development; estimates by analyst

Table DP-2. Central Submarket Data Profile, 2000 to Current

	2000	2010	Current	Average Annual Change (%) 2000 to 2010	2010 to Current
Total population	569,891	626,681	668,000	1.0	1.5
Total households	237,405	259,499	274,600	0.9	1.3
Owner households	131,340	145,115	149,700	1.0	0.7
Percent owner	55.3%	55.9%	54.5%		
Rental households	106,065	114,384	124,900	0.8	2.1
Percent renter	44.7%	44.1%	45.5%		
Total housing units	252,977	283,978	290,100	1.2	0.5
Owner vacancy rate	2.0%	3.5%	1.5%		
Rental vacancy rate	6.5%	9.2%	5.6%		

Notes: Numbers may not add to totals because of rounding. The current date is July 1, 2014.
Sources: U.S. Census Bureau; U.S. Department of Housing and Urban Development; estimates by analyst

Table DP-3. Southern Suburbs Submarket Data Profile, 2000 to Current

	2000	2010	Current	Average Annual Change (%) 2000 to 2010	2010 to Current
Total population	308,661	445,786	492,900	3.7	2.4
Total households	111,168	161,118	176,950	3.8	2.2
Owner households	82,842	118,166	127,000	3.6	1.7
Percent owner	74.5%	73.3%	71.8%		
Rental households	28,326	42,952	49,950	4.3	3.6
Percent renter	25.5%	26.7%	28.2%		
Total housing units	117,621	171,466	184,300	3.8	1.7
Owner vacancy rate	2.2%	2.2%	1.0%		
Rental vacancy rate	8.0%	8.6%	5.8%		

Notes: Numbers may not add to totals because of rounding. The current date is July 1, 2014.
Sources: U.S. Census Bureau; U.S. Department of Housing and Urban Development; estimates by analyst

Table DP-4. Remainder Submarket Data Profile, 2000 to Current

	2000	2010	Current	Average Annual Change (%) 2000 to 2010	2010 to Current
Total population	433,237	517,467	543,600	1.8	1.2
Total households	161,649	194,757	204,900	1.9	1.2
Owner households	126,384	148,352	153,100	1.6	0.7
Percent owner	78.2%	76.2%	74.7%		
Rental households	35,265	46,405	51,800	2.8	2.6
Percent renter	21.8%	23.8%	25.3%		
Total housing units	172,673	212,211	219,500	2.1	0.8
Owner vacancy rate	1.7%	2.4%	2.0%		
Rental vacancy rate	7.3%	9.7%	6.0%		

Notes: Numbers may not add to totals because of rounding. The current date is July 1, 2014.
Sources: U.S. Census Bureau; U.S. Department of Housing and Urban Development; estimates by analyst

Data Definitions and Sources

2000: 4/1/2000—U.S. Decennial Census
2010: 4/1/2010—U.S. Decennial Census
Current date: 7/1/2014—Analyst's estimates
Forecast period: 7/1/2014–7/1/2017—Analyst's estimates

The metropolitan statistical area definition in this report is based on the delineations established by the Office of Management and Budget (OMB) in the OMB Bulletin dated December 1, 2009, and does not reflect changes defined by the OMB Bulletin dated February 28, 2013.

Demand: The demand estimates in the analysis are not a forecast of building activity. They are the estimates of the total housing production needed to achieve a balanced market at the end of the 3-year forecast period given conditions on the as-of date of the analysis, growth, losses, and excess vacancies. The estimates do not account for units currently under construction or units in the development pipeline.

Other Vacant Units: In the U.S. Department of Housing and Urban Development's (HUD's) analysis, other vacant units include all vacant units that are not available for sale or for rent. The term therefore includes units rented or sold but not occupied; held for seasonal, recreational, or occasional use; used by migrant workers; and the category specified as "other" vacant by the Census Bureau.

Building Permits: Building permits do not necessarily reflect all residential building activity that occurs in an HMA. Some units are constructed or created without a building permit or are issued a different type of building permit. For example, some units classified as commercial structures are not reflected in the residential building permits. As a result, the analyst, through diligent fieldwork, makes an estimate of this additional construction activity. Some of these estimates are included in the discussions of single-family and multifamily building permits.

For additional data pertaining to the housing market for this HMA, go to http://www.huduser.org/publications/pdf/CMARtables_Nashville-Davidson--Murfreesboro--FranklinTN_15.pdf.

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This analysis has been prepared for the assistance and guidance of HUD in its operations. The factual information, findings, and conclusions may also be useful to builders, mortgagees, and others concerned with local housing market conditions and trends. The analysis does not purport to make determinations regarding the acceptability of any mortgage insurance proposals that may be under consideration by the Department.

The factual framework for this analysis follows the guidelines and methods developed by HUD's Economic and Market Analysis Division. The analysis and findings are as thorough and current as possible based on information available on the as-of date from local and national sources. As such, findings or conclusions may be modified by subsequent developments. HUD expresses its appreciation to those industry sources and state and local government officials who provided data and information on local economic and housing market conditions.

For additional reports on other market areas, please go to www.huduser.org/portal/ushmc/chma_archive.html.