

The analysis presented in this report includes data from the early stages of the COVID-19 outbreak in the United States. The unprecedentedly large and rapid changes in many data series, and the similarly unprecedentedly large policy responses, make analysis of, and longer run predictions for, the economy and housing markets exceptionally difficult and uncertain. HUD will continue to monitor market conditions in the HMA and provide an updated report/addendum in the future.

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 September 1, 2020



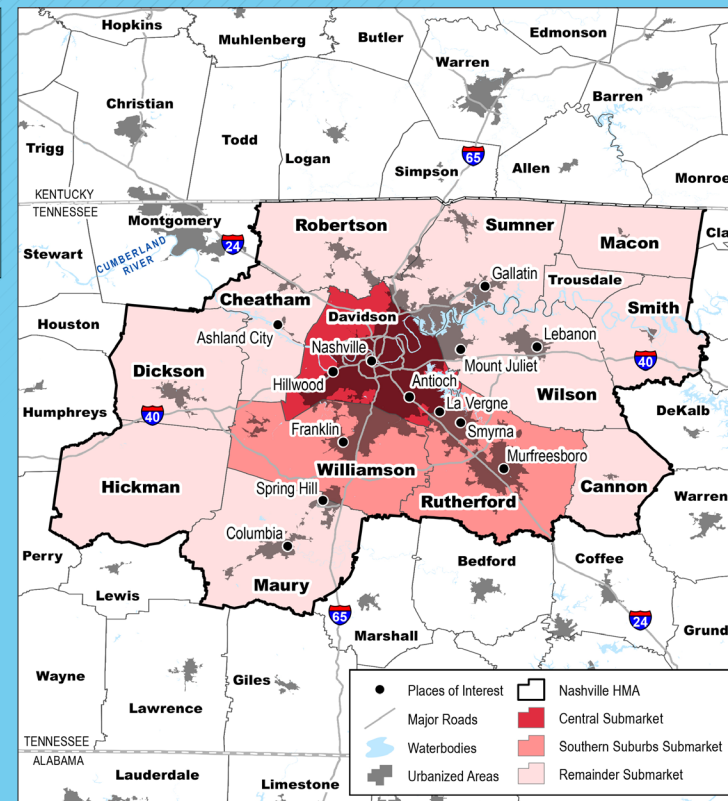
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Executive Summary

Housing Market Area Description

The Nashville-Davidson-Murfreesboro-Franklin Housing Market Area (hereafter, Nashville HMA) is in the northern part of central Tennessee. For the purposes of this analysis, the HMA includes 14 counties, which are divided into three submarkets. The Central submarket is defined as Davidson County and includes the principal city of Nashville. The Southern Suburbs submarket includes Rutherford and Williamson Counties. The Remainder submarket includes Cannon, Cheatham, Dickson, Hickman, Macon, Maury, Robertson, Smith, Sumner, Trousdale, and Wilson Counties.



Tools and Resources

Find interim updates for this metropolitan area, and select geographies nationally, at PD&R's [Market-at-a-Glance tool](#).

Additional data for the HMA can be found in this report's [supplemental tables](#).

For information on HUD-supported activity in this area, see the [Community Assessment Reporting Tool](#).



Market Qualifiers

Economy



Weak: The unemployment rate in the Nashville HMA more than doubled to 6.0 percent during the 12 months ending August 2020.

Economic conditions weakened in the Nashville HMA during the past year after a prolonged period of strong job growth during the 2010s. During the 12 months ending August 2020, nonfarm payrolls declined 1.6 percent to an average of 1.02 million. Significant losses associated with the effect of COVID-19 were only partially offset by gains in 4 of 11 sectors. The most significant job losses were in the leisure and hospitality sector, which fell by 12,800 jobs, or 10.7 percent, and the manufacturing sector, which declined by 6,700 jobs, or 7.9 percent. Nonfarm payroll growth in the HMA is expected to average 2.6 percent annually during the 3-year forecast period. Strong growth during the first year is expected to moderate in the second and third years as economic conditions near full recovery.

Sales Market



Balanced: Despite a significant increase in the foreclosure rate during the past year, the sales housing market in the Nashville HMA was balanced partly due to a decline in for-sale inventory, which fell to a 1.9-month supply in August 2020 (Redfin Data).

The sales vacancy rate in the HMA is estimated at 1.4 percent as of September 1, 2020, down from 2.7 percent during April 2010. During the 12 months ending August 2020, approximately 55,100 homes sold, up 2 percent from the previous 12 months, while the average sales price decreased 3 percent to \$347,100 (Zonda). As of August 2020, 3.5 percent of home loans in the HMA were seriously delinquent (90 or more days delinquent or in foreclosure) or had transitioned into real estate owned (REO) status, up from only 0.8 percent a year ago. Demand is expected for 19,275 new homes during the forecast period. The 7,050 homes currently under construction will meet some of that demand.

Rental Market



Balanced: The average rent in the Nashville HMA was estimated at \$1,300 during August 2020, up 1 percent from a year ago.

Rental housing market conditions in the HMA are currently balanced, although a significant number of units currently in lease-up have resulted in increased vacancy rates during the past year. The overall rental vacancy rate is currently estimated at 7.9 percent, below the 9.3-percent rate in April 2010. The apartment market is also balanced with a 7.7-percent vacancy rate during August 2020, up from 5.5 percent a year ago (RealPage, Inc., with adjustments by the analyst). During the forecast period, demand is expected for 19,700 new rental units in the HMA, although the approximately 13,850 rental units currently under construction will satisfy most of the demand during the next 2 years.

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3-Year Housing Demand Forecast

	Sales Units				Rental Units			
	HMA Total	Central	Southern Suburbs	Remainder	HMA Total	Central	Southern Suburbs	Remainder
Total Demand	19,275	4,350	7,400	7,525	19,700	10,000	5,225	4,475
Under Construction	7,050	2,850	2,400	1,800	13,850	8,550	3,000	2,300

Notes: Total demand represents estimated production necessary to achieve a balanced market at the end of the forecast period. Units under construction as of September 1, 2020. The forecast period is September 1, 2020, to September 1, 2023.

Source: Estimates by the analyst



Economic Conditions

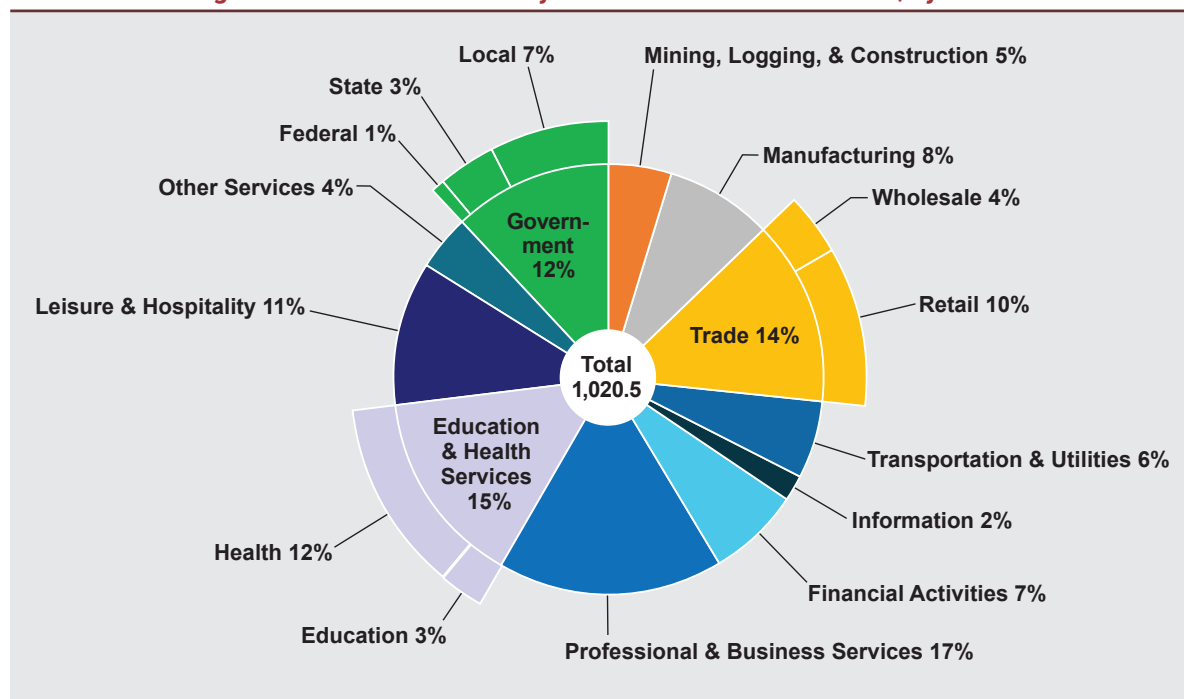
Largest Sector: Professional and Business Services

Prior to the job losses during the past year, nonfarm payroll growth averaged 3.6 percent a year in the Nashville HMA from 2011 through 2019, more than twice the 1.6-percent rate for the nation during the period.

Primary Local Economic Factors

The Nashville HMA is a national hub for the education and the healthcare industries and a center for music production and tourism. The HMA is currently home to the headquarters of six Fortune 500 companies and has become increasingly attractive for corporations because of its location and educated workforce. More than one-half of the total population of the nation resides within 650 miles of the HMA. Nearly 36 percent of the residents of the HMA hold a bachelor's degree or higher, higher than the 33-percent rate for the nation. (2019 American Community Survey, 1-year data). The professional and business services sector is the largest sector in the HMA, accounting for 173,300 jobs, or 17 percent of total nonfarm payrolls, during the 12 months ending August 2020 (Figure 1). Large-scale corporate relocations and expansions, including those at Asurion, LLC

Figure 1. Share of Nonfarm Payroll Jobs in the Nashville HMA, by Sector



Notes: Total nonfarm payroll is in thousands. Percentages may not add to 100 percent due to rounding. Based on 12-month averages through August 2020. Source: U.S. Bureau of Labor Statistics

and Amazon.com, Inc. (hereafter, Amazon), have contributed to gains in the sector—including the temporary help services, technical services, administrative support, and waste management industries—during much of the past two decades. Asurion, LLC, a mobile phone insurance provider, added a combined 1,300 jobs after opening an office in downtown Nashville in 2012 and a new support center in 2014. The company currently employs 3,600 in the HMA (Table 1). Amazon, which created about 1,650 jobs when it opened new facilities in the cities of Murfreesboro (Rutherford County) and Lebanon (Wilson County) in 2013, now employs approximately 3,500 in the HMA. The HMA also benefits from the significant impact of the healthcare industry, which directly and indirectly supported nearly 273,000 jobs in several sectors and contributed an estimated \$46.7 billion of overall economic benefit to the HMA in 2018 (Nashville Health Care Council).

Current Conditions— Nonfarm Payrolls

After adding jobs at a strong rate for much of the 2010s, economic conditions in the Nashville HMA weakened during the past year largely because of the effect of the COVID-19 pandemic. During the 12 months ending August 2020, nonfarm payrolls in the HMA fell by 17,000 jobs, or 1.6 percent, as compared with a decline of 3.3 percent for the nation (Table 2). Job losses in the HMA were concentrated in the leisure and hospitality and the manufacturing sectors, which declined by 12,800 and 6,700 jobs, or 10.7 and 7.9 percent, respectively. The leisure and hospitality sector was heavily impacted by efforts to combat the spread of COVID-19 while, in the manufacturing sector, concerns over employee safety and the likelihood of decreased global demand resulted in furloughs at the Nissan North America, Inc. (hereafter, Nissan) facility in the city of Smyrna (Rutherford County) and the General Motors Company (GM) plant in the city of Spring Hill (Maury County). Gains in 4 of 11 sectors partially offset overall job losses in the HMA. The largest and fastest increase was in the transportation and utilities sector, which added 3,600 jobs, or 6.5 percent, including 1,000 new jobs associated with the first phase of the new Amazon Operations Center of Excellence in downtown Nashville.

Table 1. Major Employers in the Nashville HMA

Name of Employer	Nonfarm Payroll Sector	Number of Employees
Vanderbilt University Medical Center	Education & Health Services	27,350
Nissan North America, Inc.	Manufacturing	10,750
HCA Healthcare, Inc.	Education & Health Services	10,600
Saint Thomas Health	Education & Health Services	6,250
Community Health Systems, Inc.	Education & Health Services	4,700
Randstad N.V.	Professional & Business Services	4,550
Asurion, LLC	Financial Activities	3,600
The Kroger Co.	Wholesale & Retail Trade	3,525
Amazon.com, Inc.	Transportation & Utilities	3,500
National HealthCare Corporation	Education & Health Services	3,250

Note: Excludes local school districts.

Source: Nashville Area Chamber of Commerce

Table 2. 12-Month Average Nonfarm Payroll Jobs (1,000s) in the Nashville HMA, by Sector

	12 Months Ending August 2019	12 Months Ending August 2020	Absolute Change	Percentage Change
Total Nonfarm Payroll Jobs	1,037.5	1,020.5	-17.0	-1.6
Goods-Producing Sectors	133.1	127.3	-5.8	-4.4
Mining, Logging, & Construction	48.1	49.0	0.9	1.9
Manufacturing	85.0	78.3	-6.7	-7.9
Service-Providing Sectors	904.5	893.2	-11.3	-1.2
Wholesale & Retail Trade	143.7	144.6	0.9	0.6
Transportation & Utilities	55.5	59.1	3.6	6.5
Information	24.2	24.2	0.0	0.0
Financial Activities	70.2	72.8	2.6	3.7
Professional & Business Services	174.3	173.3	-1.0	-0.6
Education & Health Services	153.8	151.4	-2.4	-1.6
Leisure & Hospitality	120.0	107.2	-12.8	-10.7
Other Services	43.0	41.2	-1.8	-4.2
Government	119.7	119.4	-0.3	-0.3

Notes: Based on 12-month averages through August 2019 and August 2020. Numbers may not add to totals due to rounding. Data are in thousands.

Source: U.S. Bureau of Labor Statistics



COVID-19: March through August 2020

COVID-19 was declared a pandemic by the World Health Organization on March 11, 2020. To reduce the spread of the COVID-19 virus in Tennessee, a statewide executive order was issued on April 2 that required citizens to remain in their homes unless they were conducting essential business. The executive order has been gradually relaxed since late April, although the economic impact remains evident.

A review of monthly nonfarm payroll data from March through August 2020 delineates the effect of the pandemic, including the stay-at-home order and subsequent reopening of the economy in the Nashville HMA (Table 3). Nonfarm payrolls in the HMA fell by a combined 146,000 jobs, or 13.7 percent, during March and April 2020. The effect of the pandemic was particularly severe in the leisure and hospitality sector, which accounted for 41 percent of all jobs lost in the HMA during the period. The sector declined by 59,400 jobs, or 48.9 percent, due in part to the cancellation of a significant number of events; these cancellations contributed to an estimated loss of \$2.9 billion in prospective visitor spending (Nashville Convention & Visitors Corporation). More than 120 group meetings, conventions, and events were canceled in Nashville, including the 2020 Country Music Association Music Festival

Table 3. Nonfarm Payroll Job Change (1,000s) in the Nashville HMA, by Sector (March 2020 to August 2020)

	March through April 2020	May through August 2020	Jobs Recovered (%)
Total Nonfarm Payroll Jobs	-146.0	68.5	46.9
Goods-Producing Sectors	-21.0	6.3	30.0
Mining, Logging, & Construction	-0.5	0.8	160.0
Manufacturing	-20.5	5.5	26.8
Service-Providing Sectors	-125.0	62.2	49.8
Wholesale & Retail Trade	-10.4	7.2	69.2
Transportation & Utilities	-4.2	2.0	47.6
Information	-1.9	-0.1	-5.3
Financial Activities	3.7	-3.7	100.0
Professional & Business Services	-20.6	14.0	68.0
Education & Health Services	-20.8	8.1	38.9
Leisure & Hospitality	-59.4	30.3	51.0
Other Services	-9.5	8.1	85.3
Government	-1.9	-3.7	-194.7

Notes: Numbers may not add to totals due to rounding. Data are in thousands.

Source: U.S. Bureau of Labor Statistics

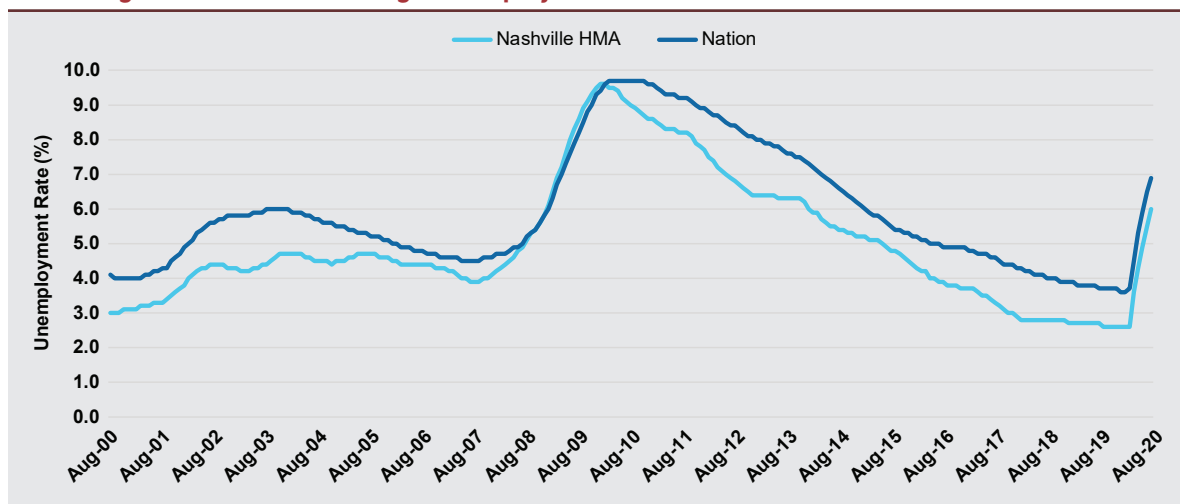
(CMA Fest) and the 2020 Southeastern Conference Basketball Tournament. The effect of the pandemic remains significant in the HMA; however, the initial phases of the economic recovery appear generally promising. From May through August 2020, the HMA added 68,500 jobs, or 46.9 percent of the jobs lost during March and April 2020; the leisure and hospitality sector added 30,300 jobs and accounted for 44 percent of the total jobs added during the period. By comparison, approximately 50.1 percent of the jobs lost nationally during March and April 2020 were recovered from May through August 2020.

Current Conditions—Unemployment

The unemployment rate in the Nashville HMA declined each year from 2010 through 2019 before rising to 6.0 percent during the 12 months ending August 2020; this rate was more than double the 2.7-percent rate during the previous 12 months. Despite the increase, the rate remains well below the peak of

9.5 percent during 2009, near the end of the recession of 2007–2009. By comparison, the unemployment rate for the nation was 6.9 percent during the 12 months ending August 2020, up from 3.7 percent during the 12 months ending August 2019 (Figure 2).

Figure 2. 12-Month Average Unemployment Rate in the Nashville HMA and the Nation



Note: Based on 12-month moving average.

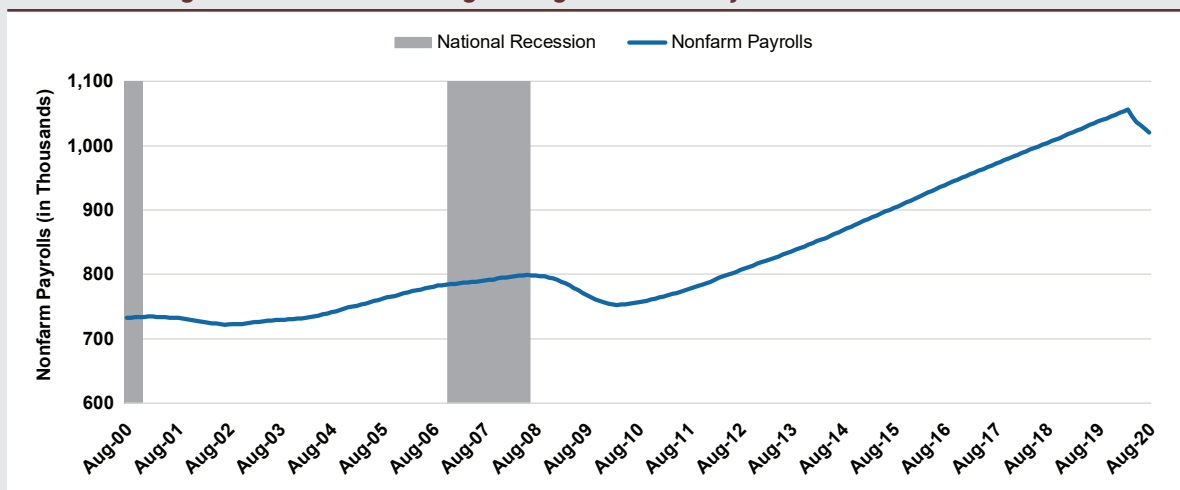
Source: U.S. Bureau of Labor Statistics

Economic Periods of Significance

2000 through 2007

Primarily because of layoffs in the manufacturing sector, nonfarm payrolls in the HMA decreased by an average of 5,200 jobs, or 0.7 percent, annually during 2001 and 2002. The HMA rebounded quickly, however, adding 7,200 jobs in 2003 and then expanding by an average of 15,900 jobs, or 2.1 percent, each year from 2004 through 2007 (Figure 3). By comparison, the number of jobs in the nation increased by an average of only 1.4 percent a year from 2004 through 2007.

Figure 3. 12-Month Moving Average Nonfarm Payrolls in the Nashville HMA



Note: 12-month moving average.

Sources: U.S. Bureau of Labor Statistics; National Bureau of Economic Research

The professional and business services, the education and health services, and the leisure and hospitality sectors accounted for 65 percent of job growth in the HMA from 2004 through 2007, expanding by averages of 4,500, 3,500, and 2,400 jobs, or 4.8, 3.4, and 3.1 percent, each year, respectively.

2008 through 2009

Nonfarm payrolls in the HMA declined by an average of 19,200 jobs, or 2.4 percent, annually during 2008 and 2009 as a result of the housing crisis and the accompanying nationwide economic downturn. The manufacturing, the mining, logging, and construction, and the professional and business services sectors accounted for nearly all of the job losses in the HMA during the period, declining by averages of 9,000, 5,300, and 4,500 jobs, or 11.2, 13.1, and 4.4 percent, each year, respectively. Layoffs at manufacturing facilities contributed significantly to job losses during the period. Manufacturers with major layoffs included GM, which laid off more than 2,000 employees with the closing of a facility in Spring Hill, and Bridgestone Americas, Inc., which laid off more than 800 employees in the city of La Verne (Rutherford County).

2010 through 2019

The subsequent period of economic recovery and expansion was notably fast in the HMA, which

added jobs at a strong rate during much of the 2010s. From 2010 through 2019, nonfarm payrolls in the HMA expanded at an average annual rate of 3.3 percent. By comparison, the recovery in the rest of the nation began a year later in 2011, and job growth averaged only 1.6 percent a year from 2011 through 2019. The professional and business services, the leisure and hospitality, and the education and health services sectors accounted for more than one-half of the job growth in the HMA from 2010 through 2019, expanding by averages of 8,100, 4,200, and 3,600 jobs, or 6.4, 4.4, and 2.7 percent, each year, respectively. The mining, logging, and construction sector added an average of 1,900 jobs, or 4.9 percent, a year during the period due in part to a significant increase in residential permitting, which was more than four times as high in 2019 than 2010. The manufacturing sector, which expanded by an average of 1,700 jobs, or 2.3 percent, annually, also contributed to job growth during the period; Nissan added 1,700 jobs in Smyrna, while GM reopened its Spring Hill facility in 2012 and then expanded it to accommodate production of two new mid-sized vehicles in 2015, creating an additional 4,100 jobs.

Economic Sectors of Significance

Education and Health Services Sector

The education and health services sector is the second largest in the HMA and accounted for 151,400 jobs, or 15 percent of total nonfarm payrolls, during the 12 months ending August 2020. The sector is anchored by Vanderbilt University Medical Center, which is the largest private employer in the HMA, with 27,350 employees. Additionally, hospital management companies based in the HMA own or operate approximately one-half of the privately owned hospitals in the nation (Nashville Health Care Council). HCA Healthcare, Inc. (HCA)—the largest for-profit operator of healthcare facilities in the world and manager of more than 270 medical facilities throughout the United States and the United Kingdom—and Community Health Systems, Inc.—operating more than 200 hospitals throughout the nation—are both headquartered in the HMA and employ approximately 10,600 and 4,700 workers, respectively. From 2001 through 2019, the education and health services sector expanded at the third fastest rate of any sector in the HMA, with a 77-percent increase in jobs, and was the only sector to add jobs each year during the period (Figure 4). Tristar Centennial Medical Center completed a \$15.5 million expansion of the TriStar Centennial Women's Hospital in 2008, and HCA added 1,000 jobs when it relocated the offices for two subsidiaries to Nashville in 2016. More recently, Vanderbilt University added 80 jobs at the \$27 million Monroe Carell Jr. Children's Hospital and Clinics, which opened in Murfreesboro in late 2019, and Tristar

Health created 100 jobs at a new \$24 million behavioral health hospital in the city of Columbia (Maury County), which opened in early 2020.

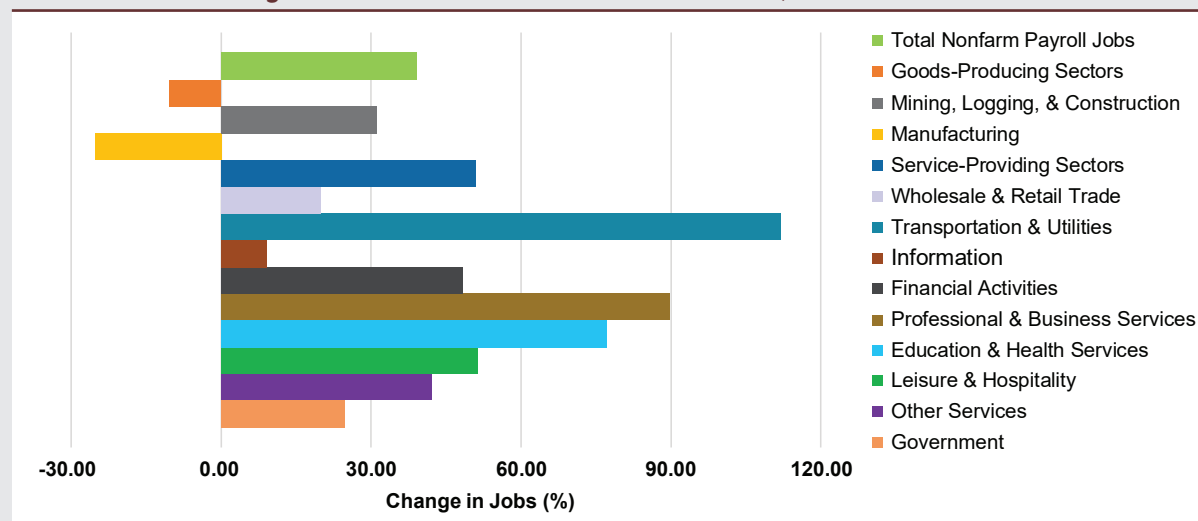
Leisure and Hospitality Sector

Prior to the impact of COVID-19, the leisure and hospitality sector was among the fastest growing sectors in the HMA. Partly because of construction of new convention facilities and increased tourism associated with the music industry, the sector expanded by an average of 4,700 jobs, or 4.8 percent, annually, from 2011 through 2019. The HMA received 16.1 million visitors in 2019, up 6 percent from 2018 (Nashville Convention & Visitors Corporation). Music City Center, a convention facility with more than 350,000 square feet of exhibition space completed in 2013, contributed to a significant increase in the number of conventions held in the HMA; 1,250 conventions were held in 2019, up from 1,050 in 2018 and nearly the double the 620 conventions held

Commuting Patterns

The Central submarket includes much of the economic core of the HMA and currently accounts for an estimated 51.5 percent of all nonfarm payrolls (Table 4). Approximately 48.9 percent of all employed residents in the HMA commute to

Figure 4. Sector Growth in the Nashville HMA, 2001 to Current



Note: The current date is September 1, 2020.
Source: U.S. Bureau of Labor Statistics

in 2014. The Country Music Hall of Fame and Museum, Ryman Auditorium, the Grand Ole Opry, and the CMA Fest are among the most popular attractions for visitors. Music production is also a significant part of the economy in the HMA. Nashville is home to offices for Universal Music Group, Sony Music Entertainment, Warner Music Group Corp., several independent record labels, and the headquarters of Gibson Brands, Inc.

jobs within the Central submarket as compared with 26.5 percent for the Southern Suburbs submarket and 21.3 percent for the Remainder submarket (Table 5). Less than 5 percent of the employed residents of the HMA commute to jobs outside the HMA.

Forecast

During the 3-year forecast period, nonfarm payroll growth in the HMA is expected to average 2.6 percent annually. Job gains are expected to be particularly strong during the first year of the forecast period but

moderate in the second and third years as economic conditions near full recovery. The transportation and utilities sector will contribute significantly to job growth in the HMA partly because of continued expansion by Amazon.com, Inc. The company is expected to add 4,000 jobs when the Operations Center of Excellence is completed in mid-2021, with another 1,000 additional jobs added later in the year when a new distribution center opens in the city of Mt. Juliet (Wilson County).

Table 4. Current Estimated Percent Share of Nonfarm Payrolls in the Nashville HMA, by Submarket

Central	51.5
Southern Suburbs	27.5
Remainder	21.0

Source: U.S. Bureau of Labor Statistics, with estimates by the analyst

Table 5. Jobs by Place of Worker Residence in the Nashville HMA

Worker Residence	Location of Primary Job				
	Central (%)	Southern Suburbs (%)	Remainder (%)	Outside HMA (%)	
	Central	82.2	12.2	3.8	5.7
	Southern Suburbs	25.1	68.3	3.3	3.3
	Remainder	29.5	8.8	57.0	4.8
	HMA Total	48.9	26.5	21.3	4.7

Note: Columns may not add to 100 percent due to rounding.

Source: 2015 U.S. Census Bureau Journey to Work

Population and Households

Current Population: 1.9 million

The Nashville HMA currently accounts for an estimated 29 percent of the statewide population of Tennessee, up from 26 percent in 2010.

Population Trends

Despite job losses during the past year, economic conditions have been strong in the Nashville HMA during much of the period since the early 2010s, which has contributed to relatively high levels of net in-migration and strong population growth. As of September 1, 2020, the population of the HMA is estimated at 1.99 million, an average annual increase of 31,900, or 1.7 percent, since 2012 (Table 6). Net in-migration has averaged 22,400 people a year since 2012 and accounted for 70 percent of total population growth (Figure 5). Population growth averaged only 24,000, or 1.5 percent, annually, in the HMA from 2008 to 2011, when weak economic conditions limited net in-migration to an average of only 13,200 people a year. By comparison, the population of the HMA increased by an average of 35,600, or 2.4 percent, a year during the period of economic expansion from 2003 to 2007, when net in-migration averaged 24,900 people annually.

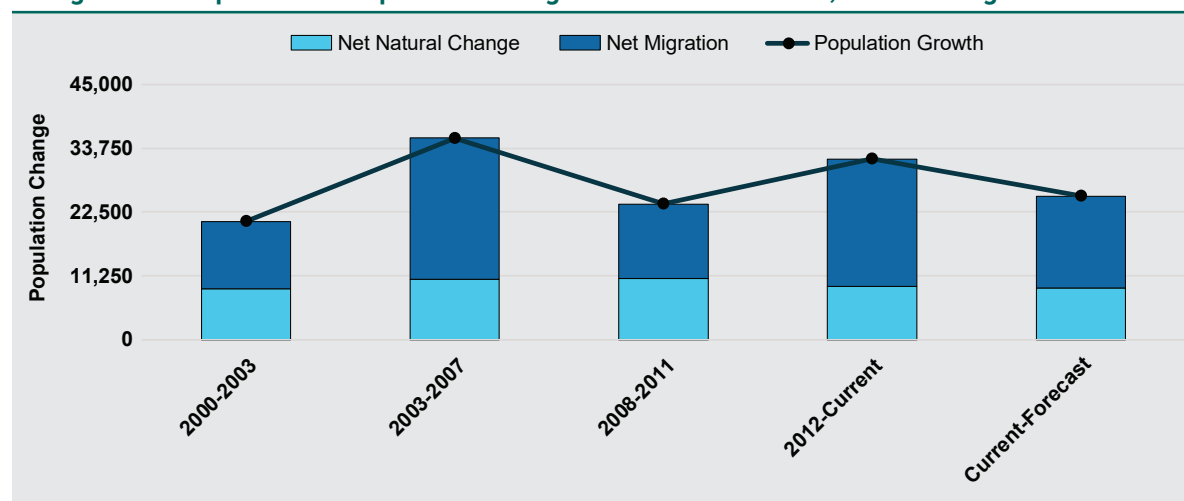
Table 6. Nashville HMA Population and Household Quick Facts

Population Quick Facts	2010	Current	Forecast
	Population	1,670,890	1,988,000
	Average Annual Change	28,950	30,500
	Percentage Change	1.9	1.7
Household Quick Facts	2010	Current	Forecast
	Households	647,037	773,100
	Average Annual Change	11,050	12,100
	Percentage Change	1.9	1.7

Notes: Average annual changes and percentage changes are based on averages from 2000 to 2010, 2010 to current, and current to forecast. The forecast period is from the current date (September 1, 2020) to September 1, 2023.

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

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



Notes: Net natural change and net migration totals are average annual totals over the time period. The forecast period is from the current date (September 1, 2020) to September 1, 2023.

Sources: U.S. Census Bureau; current to forecast—estimates by the analyst

Migration Trends

During most of the past two decades, strong job growth in the HMA has contributed to significant net in-migration, particularly from outside the state of Tennessee. Residents who relocated from outside of the

state accounted for approximately 47 percent, or 64,776, of the domestic in-migration to the HMA from 2014 to 2018; those leaving the state accounted for only 38 percent, or 45,841, of the domestic out-migration (U.S. Census Bureau County-to-County Migration Flows). In combination, these figures resulted in an overall net in-flow of residents from outside of Tennessee of 18,935 (Table 7). Housing costs are generally lower elsewhere in Tennessee than in the HMA, which has limited net in-migration from other counties within the state. Residents who relocated from counties within Tennessee (but outside of the HMA) accounted for 53 percent of all domestic in-migration but 62 percent of all domestic out-migration, resulting in a net in-flow of only 344 residents from 2014 to 2018. During the same period, people relocating from outside the United States accounted for approximately 7 percent of all in-migration to the HMA.

Population Trends by Geography

Central Submarket

As of September 1, 2020, the population of the Central submarket is estimated at 699,300, or 35 percent of the total population of the HMA (Figure 6). Relatively affordable housing allowed for high levels of net in-migration to the submarket in the late 2000s and early 2010s, although

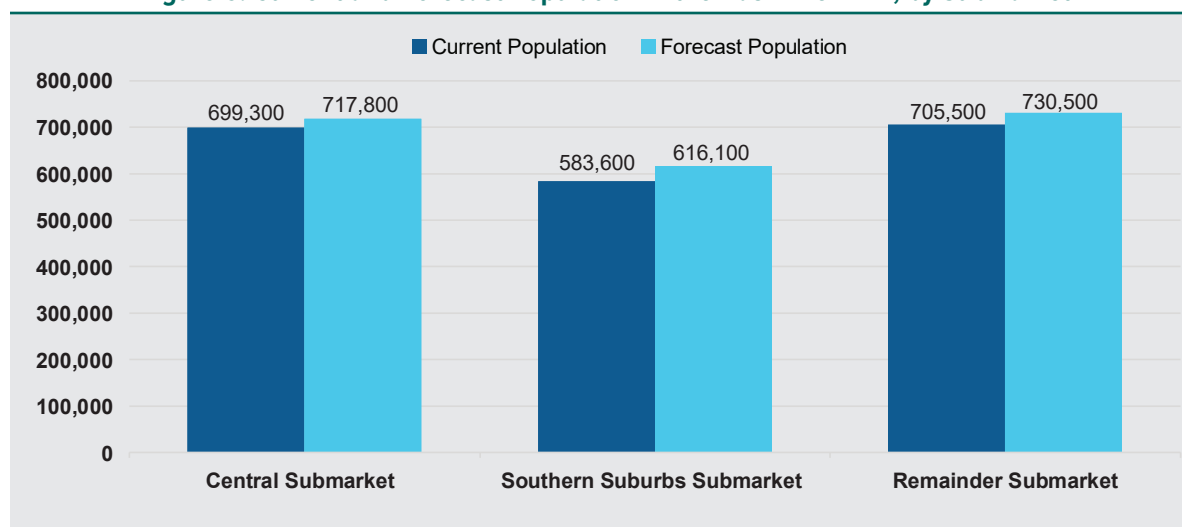
Table 7. County-to-County Migration Flows in the Nashville HMA: 2014–2018

	Into HMA	Out of HMA	Net
Remainder of Tennessee	74,138	73,794	344
Remainder of United States	64,776	45,841	18,935
Outside of United States	10,420	NA	NA

NA = data not available.

Source: U.S. Census Bureau County-to-County Migration Flows, 2014–2018

Figure 6. Current and Forecast Population in the Nashville HMA, by Submarket



Source: Estimates by the analyst

sharply rising housing costs have resulted in a general trend of out-migration, particularly by families, since the mid-2010s. Population growth in the submarket averaged 7,750, or 1.3 percent, annually from 2008 to 2011 as net in-migration averaged 3,100 people a year. From 2011 to 2015, population growth in the submarket accelerated to 10,950, or 1.7 percent, annually, when net in-migration rose to an average of 6,050 people a year. Since 2016, however, the average annual net out-migration of 750 people has limited population growth in the submarket to an average of only 3,775, or 0.5 percent, annually.

Southern Suburbs Submarket

During the past two decades, the fastest population growth in the HMA has been in the Southern Suburbs submarket. Population growth in the submarket was particularly rapid, averaging 17,050, or 4.6 percent, annually from 2003 to 2007; during this time, net in-migration averaged 13,600 people a year and accounted for 80 percent of total population growth. Net in-migration to the submarket slowed during the late 2000s and early 2010s but subsequently accelerated in the mid-2010s as economic conditions in the HMA strengthened. From 2008 to 2012, the population of the submarket expanded by an average of 9,875, or 2.2 percent, annually, as net in-migration averaged 6,375 people a year. The population of the submarket is estimated at 583,600 as of September 1, 2020, with an annual average increase of 14,200, or 2.8 percent, since 2012. Net in-migration has averaged 11,050 people a year in the submarket since 2012 and accounted for 78 percent of total population growth.

Remainder Submarket

The Remainder submarket is the most populous in the HMA. As of September 1, 2020, the population of the submarket is estimated at 705,500, or 35 percent of the total population of the HMA. Population growth in the submarket has averaged 12,400, or 1.9 percent, annually since 2014, up from an average of 6,500, or 1.1 percent, a year from 2008 to 2013. The recent increase in the population growth rate is due to a notably higher rate of net

in-migration, which has averaged 10,800 people a year, or 87 percent of total population growth since 2014, up from an average of only 4,275, or 66 percent of total population growth from 2008 to 2013, when economic conditions in the HMA were weak. By comparison, during the previous period of economic expansion in the HMA from 2003 to 2007, the population of the submarket expanded by an average of 11,600, or 2.1 percent, annually, as net in-migration averaged 8,900 people a year, or 77 percent of total population growth.

Household Trends

Household growth has generally mirrored population growth in the Nashville HMA since 2000. The number of households in the HMA is currently estimated at 773,100, an average annual increase of 12,100, or 1.7 percent, from 647,000 households in 2010. By comparison, household growth in the HMA averaged 1.9 percent annually from 2000 to 2010. There are currently an estimated 297,200 households in the Central submarket, which represents an average annual increase of 1.3 percent since 2010. Household growth has exceeded population growth in the submarket since 2010 because of general trends of net in-migration by young professionals and net out-migration by families, which have contributed to a sharp decline in the average household size. As of September 1, 2020, the average household size in the submarket is estimated at only 2.25, down from 2.32 in 2010 and well below the current respective averages for the nation, 2.67, and the HMA, 2.51 (Table 8). The number of households in the Southern

Table 8. Selected Population and Household Demographics

	Nashville HMA	Central Submarket	Southern Suburbs Submarket	Remainder Submarket	Nation
Average Household Income	\$96,579	\$92,592	\$115,085	\$86,367	\$92,324
Average Household Size	2.51	2.25	2.74	2.63	2.67
Percentage of Households					
1 Person	26.8	36.0	19.5	21.9	28.3
2 Persons	35.0	34.8	34.6	35.7	34.3
3 Persons	16.4	14.3	16.9	18.7	15.3
4+ Persons	21.7	14.9	29.1	23.8	22.1
Percentage of Population					
14 and Under	19.1	17.7	20.9	19.1	18.3
15 to 24	13.0	12.6	15.3	11.4	13.0
25 to 44	29.3	34.4	26.5	26.3	27.1
45 to 64	25.0	22.8	25.4	27.0	25.2
65+	13.6	12.5	11.9	16.1	16.4

Sources: Population, households, and income—2019 American Community Survey, 1-year data; average household size—estimates by the analyst

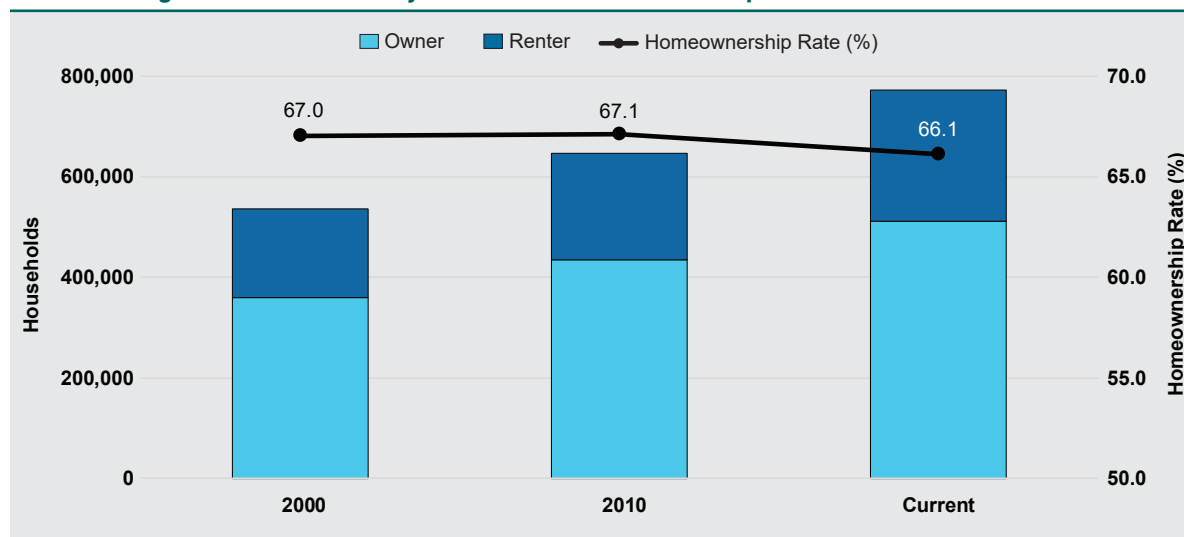


Suburbs and Remainder submarkets are currently estimated at 210,300 and 265,600, respectively, which represent average annual increases of 2.6 and 1.5 percent since 2010.

Households by Tenure

Partly because of tightened lending requirements since the housing crisis in the late 2000s, renter household growth exceeded owner household growth in the Nashville HMA during the 2010s. Since 2010, the number of renter households in the HMA is estimated to have risen an average of 2.0 percent annually, as compared with an average annual rate of 1.6 percent for owner households. As a result, the homeownership rate in the HMA is currently estimated at 66.1 percent, down from 67.1 percent in 2010 (Figure 7). The Central submarket, which has the highest per-square-foot home prices in the HMA, also has the lowest homeownership rate. As of September 1, 2020, only 54.6 percent of the households in the submarket are estimated to be homeowners, down from 55.9 percent in 2010. Homeownership is notably more common in both the Southern Suburbs submarket, which has the highest household income in the HMA, and the Remainder submarket, where home sales prices are lowest. The homeownership rate in the Southern Suburbs submarket is currently estimated at 71.5 percent, down from

Figure 7. Households by Tenure and Homeownership Rate in the Nashville HMA



Note: The current date is September 1, 2020.

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

73.3 percent in 2010. In the Remainder submarket, the homeownership rate is estimated to have declined from 75.6 percent in 2010 to 74.8 percent as of September 1, 2020.

Forecast

During the next 3 years, population growth in the HMA is expected to average 25,300, or 1.3 percent, annually. Population growth is expected to increase during each of the next 3 years, with net in-migration accelerating significantly as the economic conditions in the HMA improve. The fastest population growth, an average annual rate of 1.8 percent, is expected in the Southern Suburbs submarket, with respective rates of 1.2 and 0.9 percent, annually, in the Remainder and Central submarkets. Household growth in the HMA is expected to average 1.3 percent annually, with rates of 1.8, 1.1, and 1.0 percent a year in the Southern Suburbs, Remainder, and Central submarkets, respectively. Renter household growth is expected to exceed owner household growth in all three submarkets, and the homeownership rate in the HMA is expected to decline to 65.4 percent.

Home Sales Market Sales Market—Nashville HMA

Market Conditions: Balanced

The foreclosure rate in the Nashville HMA increased during the past year, although it remains significantly below the peak in 2010, and the supply of for-sale inventory declined, which contributed to continued balanced sales housing market conditions.

Current Conditions

As of September 1, 2020, the overall sales vacancy rate in the HMA was estimated at 1.4 percent (Table 9), down from the 2.7-percent rate during April 2010. The inventory of available homes in the HMA was a 1.9-month supply during August 2020, down from a 2.8-month supply during August 2019 and well below the 3.6-month supply during August 2013 (Redfin Data).

Home Sales Trends

Home sales activity in the HMA increased during much of the 2010s as economic conditions strengthened (Figure 8). The number of homes sold in the HMA peaked at 60,850 in 2006 but declined by an average of 11 percent annually to a low of only 34,500 in 2011 (Zonda). Total home sales in the HMA subsequently increased during 6 of the next 8 years, reaching 56,800 during 2019. During the 12 months ending August 2020, 55,100 homes sold in the HMA, up 2 percent from 53,950 during the 12 months ending August 2019.

Table 9. Home Sales Quick Facts in the Nashville HMA

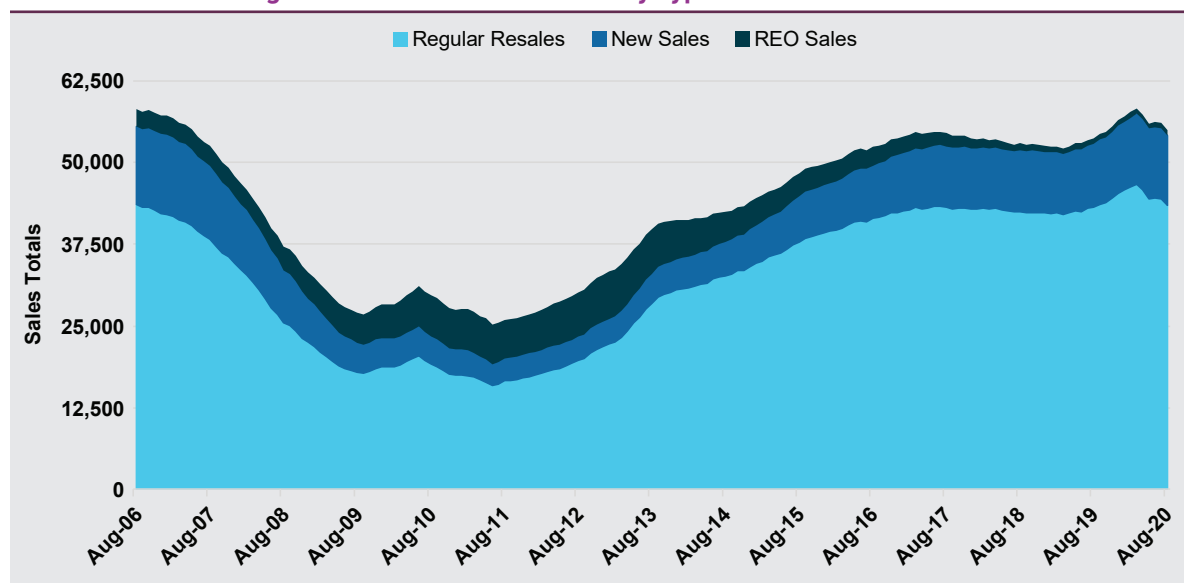
	Nashville HMA	Nation
Vacancy Rate	1.4%	NA
Months of Inventory	1.9	1.7
Total Home Sales	55,050	5,427,000
1-Year Change	2%	-5%
New Home Sales Price	\$415,500	\$407,100
1-Year Change	-8%	-1%
Existing Home Sales Price	\$330,700	\$323,800
1-Year Change	-1%	6%
Mortgage Delinquency Rate	3.4%	4.4%

NA = data not available.

Notes: The vacancy rate is as of the current date. Home sales and prices are for the 12 months ending August 2020. Months of inventory and mortgage delinquency data are as of August 2020. The current date is September 1, 2020.

Sources: CoreLogic, Inc.; Zonda; Redfin Data

Figure 8. 12-Month Sales Totals by Type in the Nashville HMA



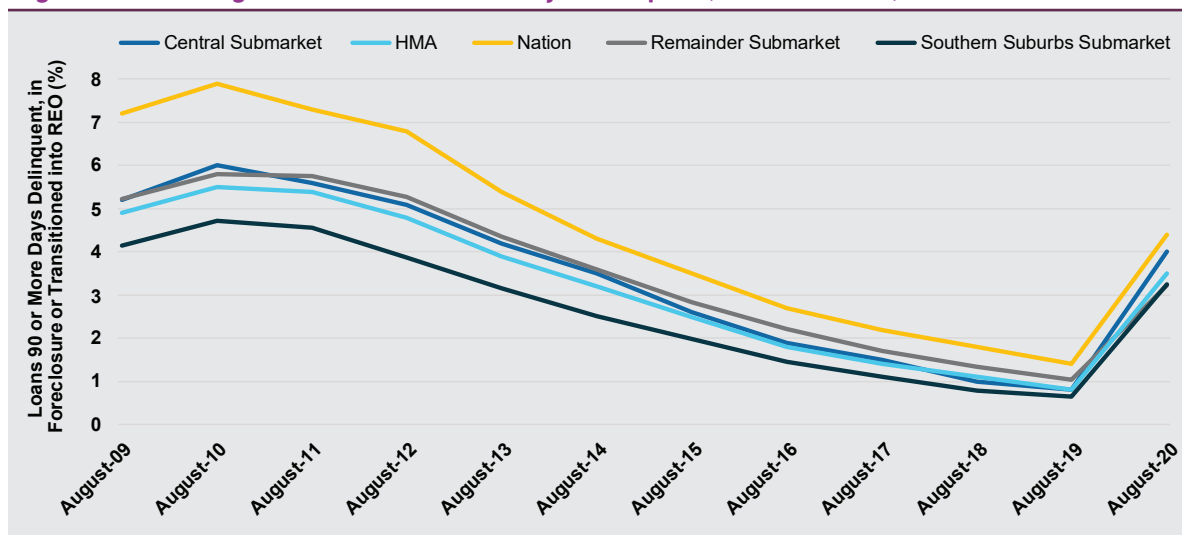
REO Properties

Prior to the housing crisis, the number of REO sales in the HMA averaged 2,825 a year from 2005 through 2007, which accounted for only 6 percent of existing home sales. Those figures rose significantly during the next 5 years, peaking at 7,200 homes and 20 percent of all existing home sales during 2012, but declined during each of the next 7 years to only 860 homes, or 2 percent of existing home sales during 2019. During the 12 months ending August 2020, the number of REO sales totaled 770, or 2 percent of all existing home sales, down from 840, or 2 percent of existing home sales, during the previous 12 months.

Seriously Delinquent Mortgages

The impact of the foreclosure crisis was notably less severe in the HMA than for the nation. The rate of seriously delinquent mortgages and REO properties in the HMA peaked at 6.0 percent during February 2010, well below the peak rate of 8.6 percent for the nation, which also occurred during February 2010. The rate declined rapidly in the HMA during much of the 2010s but increased significantly during the past year, largely because of the impact of COVID-19. As of August 2020, the rate of seriously delinquent mortgages and REO properties in the HMA was 3.5 percent, up from 0.8 percent during August 2019 (Figure 9). By comparison, the rate for the nation rose to 4.4 percent during August 2020, up from 1.4 percent a year ago.

Figure 9. Percentage of Loans 90 or More Days Delinquent, in Foreclosure, or Transitioned into REO



Source: CoreLogic, Inc.

Home Sales Price Trends

The average home sales price in the HMA declined during the past year but increased significantly throughout the 2010s. After declining at an average annual rate of 6 percent from a peak of \$224,100 during 2007 to a low of \$199,300 during 2009, the average home sales price in the HMA rose an average of 6 percent annually from 2010 through 2019, surpassing the pre-recessionary high by 2013. During the 12 months ending August 2020, the average home sales price in the HMA was \$347,100, down 3 percent from \$356,100 during August 2019 (Figure 10). Approximately 32 percent of all existing home sales during the 12 months ending August 2020 were priced from \$200,000 to \$300,000, with 29 percent of all new home sales priced from \$300,000 to \$400,000 (Figure 11).

Sales Construction Activity

As measured by the number of single-family homes, townhomes, and condominiums (hereafter, homes) permitted, sales construction activity in the HMA stabilized during the past year after increasing during much of the 2010s (Figure 12). The number of homes permitted fell from an average of 16,350 homes

annually from 2004 through 2006 to 12,850 units in 2007 and again to an average of only 4,950 homes a year from 2008 through 2011. From 2012 through 2019, however, the number of homes permitted rose an average of 16 percent a year. During the 12 months ending August 2020, 14,400 homes were permitted in the HMA, largely unchanged from the previous 12 months (preliminary data and estimates by the analyst).

Forecast

During the 3-year forecast period, demand is expected for an estimated 19,275 new homes in the HMA (Table 10). Demand for new homes in the HMA is expected to increase each year of the forecast period as economic conditions in the HMA recover from the impact of COVID-19. The 7,050 new homes currently under construction will meet much of the forecast demand in the HMA during the first year.

Sales Market— Central Submarket

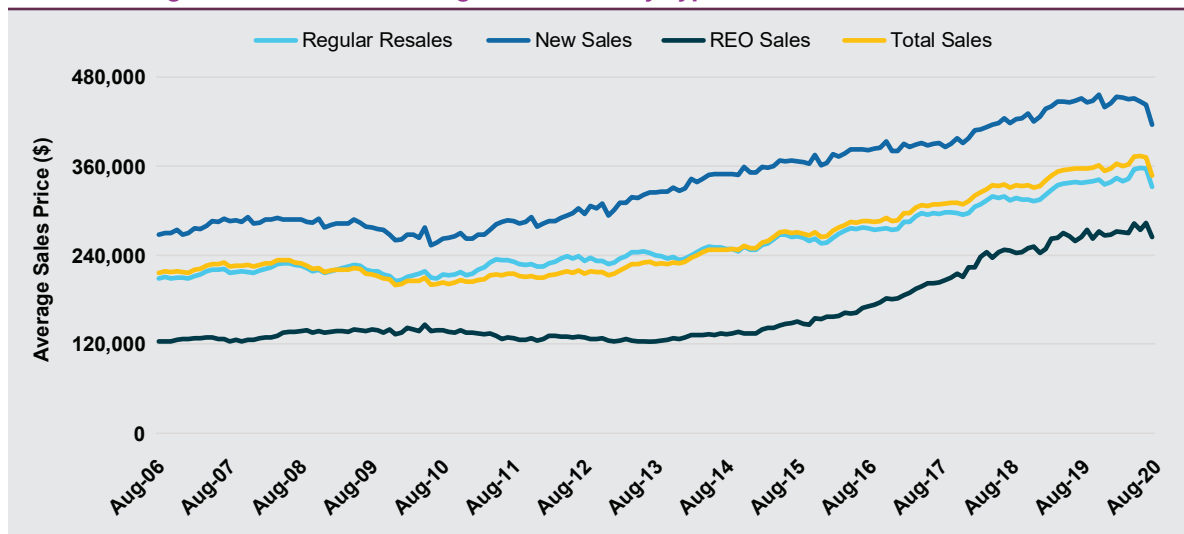
Market Conditions: Balanced

Home sales in the Central submarket decreased during the past year, although sales market conditions remained balanced due in part to a decline in for-sale inventory.

Current Conditions

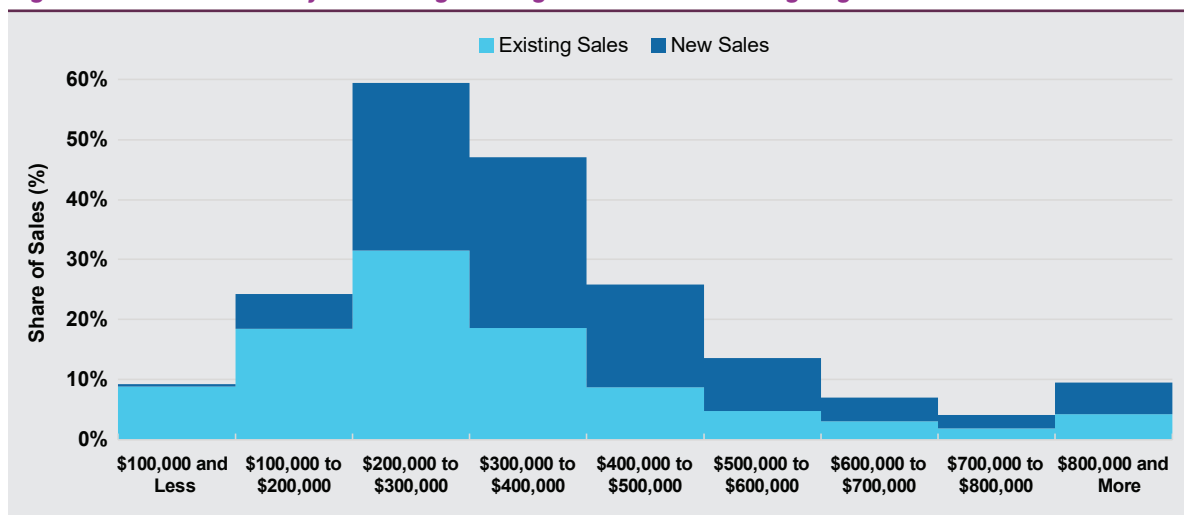
As of September 1, 2020, the overall sales vacancy rate in the Central submarket was estimated

Figure 10. 12-Month Average Sales Price by Type of Sale in the Nashville HMA



REO = real estate owned.
Source: Zonda

Figure 11. Share of Sales by Price Range During the 12 Months Ending August 2020 in the Nashville HMA



Note: New and existing sales include single-family homes, townhomes, and condominium units.
Source: Zonda

at 1.6 percent (Table 11), less than one-half the 3.5-percent rate during April 2010. The inventory of available homes in the submarket in August 2020 was a 2.4-month supply, down from a 2.6-month supply during August 2019 and less than the August high of 3.2 months during 2013 (Redfin Data).

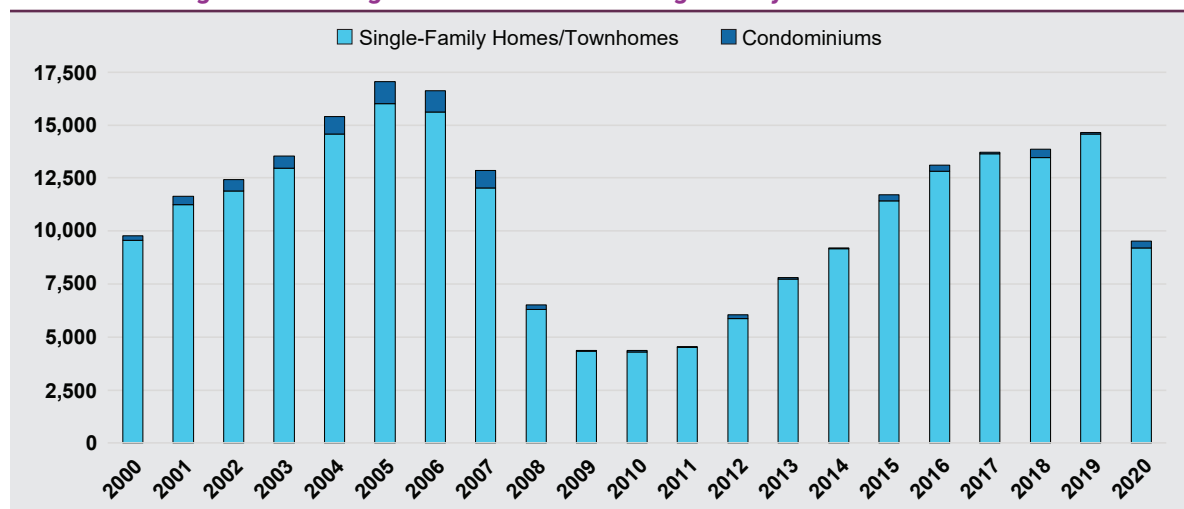
Home Sales Trends

Following rapidly declining numbers of distressed, new, and existing home sales (hereafter, total home sales) in the submarket during the late-2000s, total home sales generally trended upward in the early and mid-2010s as economic conditions strengthened (Figure 13). After peaking at 21,550 in 2006, the number of homes sold in the submarket declined by an average of 12 percent during each of the next 5 years to a low of only 11,350 in 2011 (Zonda). Total home sales subsequently increased by an average of 11 percent a year to 19,200 in 2016. The number of homes sold declined modestly during the following year and averaged 18,000 a year from 2017 through 2019. During the 12 months ending August 2020, 18,050 homes sold in the submarket, down slightly from 18,100 during the 12 months ending August 2019.

REO Properties

Prior to the housing crisis during the late 2000s, the number of REO sales in the submarket averaged 1,025 a year from 2005 through 2006, which accounted for only 6 percent of existing home sales. Those figures rose significantly during the next 6 years, peaking at 2,675 homes

Figure 12. Average Annual Sales Permitting Activity in the Nashville HMA



Notes: Includes single-family homes, townhomes, and condominiums. Data for 2020 are through August 2020.

Sources: U.S. Census Bureau, Building Permits Survey; 2000 through 2019—final data and estimates by the analyst; 2020—preliminary data and estimates by the analyst

Table 10. Demand for New Sales Units in the Nashville HMA During the Forecast Period

Sales Units	
Demand	19,275 Units
Under Construction	7,050 Units

Note: The forecast period is from September 1, 2020, to September 1, 2023.

Source: Estimates by the analyst

Table 11. Home Sales Quick Facts in the Central Submarket

Home Sales Quick Facts	Central	Nashville HMA	
	Vacancy Rate	1.6%	1.4%
	Months of Inventory	2.4	1.9
	Total Home Sales	18,050	55,050
	1-Year Change	0%	2%
	New Home Sales Price	\$424,100	\$415,500
	1-Year Change	-10%	-8%
	Existing Home Sales Price	\$369,400	\$330,700
	1-Year Change	0%	-1%
	Mortgage Delinquency Rate	3.9%	3.4%

Notes: The vacancy rate is as of the current date. Home sales and prices are for the 12 months ending August 2020. Months of inventory and mortgage delinquency data are as of August 2020. The current date is September 1, 2020.

Sources: CoreLogic, Inc.; Zonda; Redfin Data

sold and accounting for 22 percent of all existing home sales during 2012 before declining during each of the next 7 years to only 210 homes sold, or 1 percent of existing home sales during 2019. During the 12 months ending August 2020, the number of REO sales totaled 220, up from 200 during the previous 12 months, and accounting for 1 percent of existing home sales during both periods.

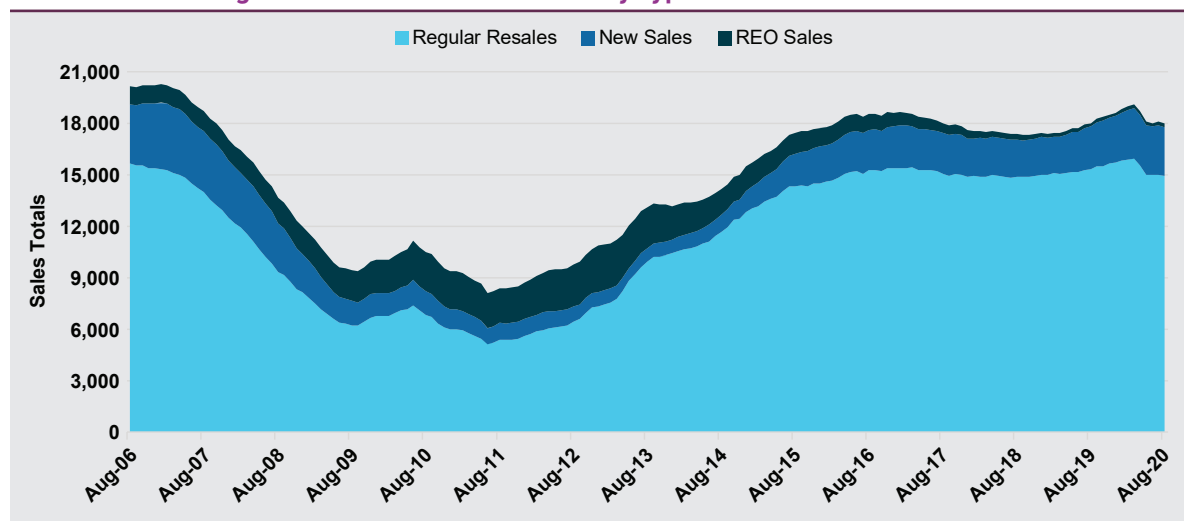
Seriously Delinquent Mortgages

The impact of the foreclosure crisis was more significant in the submarket than the HMA as a whole but was less severe than for the nation. The rate of seriously delinquent mortgages and REO properties peaked at 6.3 percent in February 2010, higher than the 6.0-percent peak for the HMA, but lower than the 8.6-percent peak for the nation. The rate declined rapidly in the submarket during much of the 2010s but increased during the past year because of the economic impact of COVID-19. As of August 2020, the rate of seriously delinquent mortgages and REO properties in the submarket was 4.0 percent, up from 0.8 percent during August 2020.

Home Sales Price Trends

The average home sales price in the submarket increased each year from 2010 through 2019 but declined slightly during the past year. After reaching a high of \$221,100 in 2007, the average home price in the submarket declined an average of 7 percent annually to a low of

Figure 13. 12-Month Sales Totals by Type in the Central Submarket



Source: Zonda

\$192,500 in 2009. A relatively high share of REO sales, which sold for an average of only \$119,000 in 2009, contributed significantly to the declining average home price during the period. The average home price increased an average of 7 percent annually during the subsequent 10 years, surpassing the pre-recessionary high by 2013. During the 12 months ending August 2020, the average home sales price in the submarket was \$378,000, down 2 percent from \$385,200 during August 2019 (Figure 14). Approximately 29 percent of all new homes sold in the submarket during the most recent 12 months were priced from \$300,000 to \$400,000 (Figure 15).

Sales Construction Activity

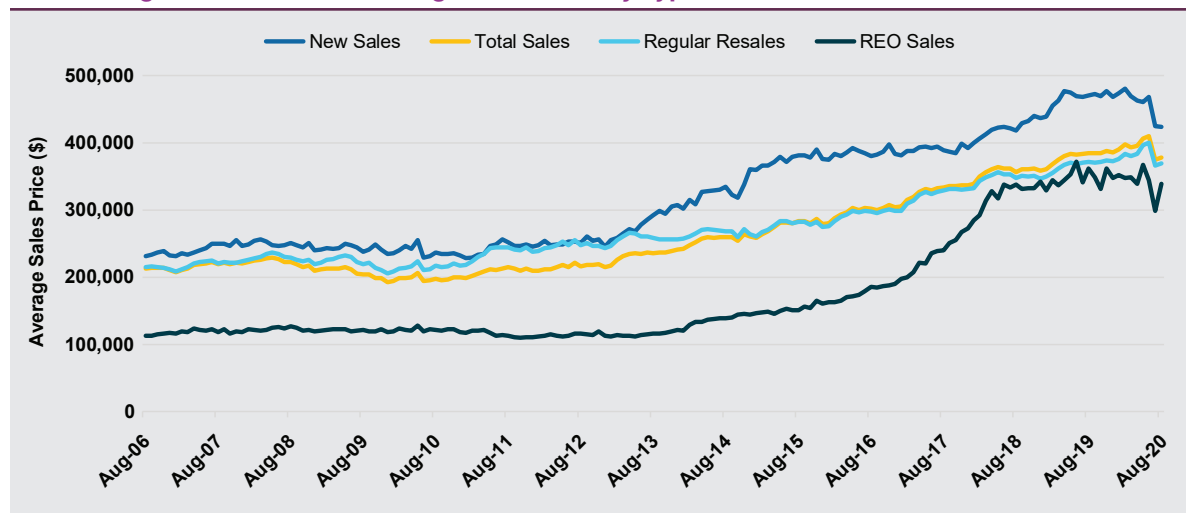
Sales construction activity in the Central submarket, as measured by the number of single-family homes, townhomes, and condominiums permitted, declined modestly during the most recent 12 months and is below the historically high levels of the mid-2000s (Figure 16). An average of 4,275 homes were permitted annually from 2004 through 2006. Sales construction subsequently fell by an average of 30 percent annually, to a low of 1,075 in 2010, although absorption of available existing inventory contributed to higher levels of new home construction in the early and mid-2010s. Sales construction activity rose an average of 30 percent annually from 2011 through 2015 before averaging 3,975 homes a year from 2016

through 2019. During the 12 months ending August 2020, 3,975 homes were permitted in the submarket, a 1-percent decline from the previous 12 months (preliminary data and estimates by the analyst).

Recent new home development has been particularly notable in the southern part of the submarket. Carothers Farms, which could eventually include as many as 3,000 combined single-family homes, townhomes, and condominiums, is located approximately 20 miles south of downtown Nashville. Sales at the development began in 2018, with prices currently ranging from the mid-\$200,000s to the mid-\$400,000s. Prices also currently start in the \$200,000s at Burkitt Ridge, located just north of the submarket border with Williamson County. Preliminary construction at the development began in mid-2020, with as many as 800 homes (including single-family homes, townhomes, and condominiums) possible at buildout.

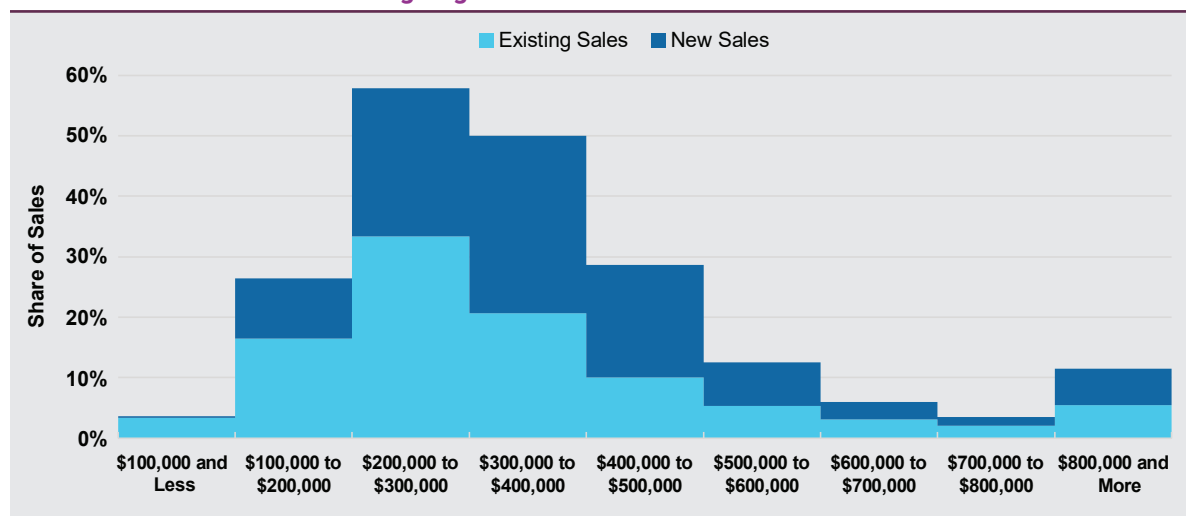
Condominium construction, which accounted for an estimated 11 percent of all sales units permitted from 2004 through 2007, declined significantly in the submarket during the late 2000s and early 2010s, although recent for-sale construction includes multiple condominium projects in and around downtown Nashville. Sales at 505, a 45-story building that includes 193 units, began in early 2019. Prices at the development currently start in the low \$400,000s for one-bedroom units and range to as high as \$5 million for three-bedroom penthouse units. Elsewhere in downtown

Figure 14. 12-Month Average Sales Price by Type of Sale in the Central Submarket



REO = real estate owned.
Source: Zonda

Figure 15. Share of Sales by Price Range During the 12 Months Ending August 2020 in the Central Submarket



Source: Zonda

Nashville, construction is underway at the Four Seasons Private Residences, a 40-story high-rise tower that will include more than 120 condominium units. Completion is expected by 2023, although prices for the units have yet to be released.

Forecast

During the forecast period, demand is expected for an estimated 4,350 new sales units in the submarket, which accounts for 23 percent of the estimated demand for new homes in the HMA (Table 12). The 2,850 new homes currently under construction in the submarket, representing 40 percent of the homes currently under construction in the HMA, will meet much of the forecast demand during the first 2 years. Demand for new homes in the submarket is expected to increase each year of the forecast period as economic conditions in the HMA improve.

Sales Market–Southern Suburbs Submarket

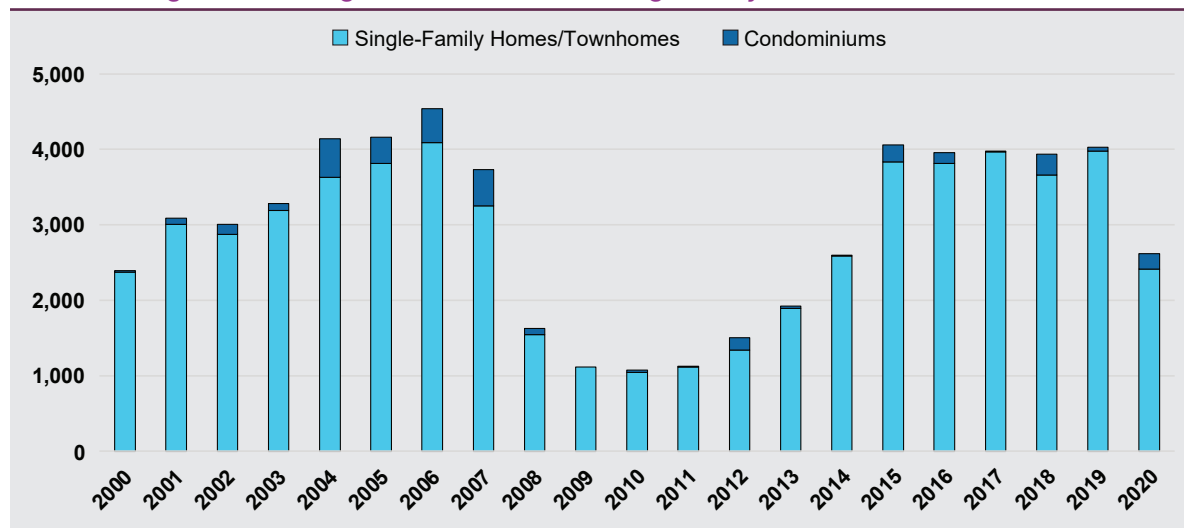
Market Conditions: Balanced

Sales housing market conditions in the Southern Suburbs submarket are currently balanced, although both the number of home sales and the average home sales price declined during the past year.

Current Conditions

As of September 1, 2020, the overall sales vacancy rate in the Southern Suburbs submarket

Figure 16. Average Annual Sales Permitting Activity in the Central Submarket



Notes: Includes single-family homes, townhomes, and condominiums. Data for 2020 are through August 2020.

Sources: U.S. Census Bureau, Building Permits Survey; 2000 through 2019—final data and estimates by the analyst; 2020—preliminary data and estimates by the analyst

Table 12. Demand for New Sales Units in the Central Submarket During the Forecast Period

Sales Units	
Demand	4,350 Units
Under Construction	2,850 Units

Note: The forecast period is from September 1, 2020, to September 1, 2023.

Source: Estimates by the analyst

was estimated at 1.2 percent, down from the 2.2-percent rate during April 2010 (Table 13). The inventory of available homes in the submarket in August 2020 was a 1.7-month supply, down from a 2.6-month supply during August 2019 (Redfin Data, with adjustments by the analyst).

Home Sales Trends

Total home sales in the submarket increased during much of the 2010s as economic conditions in the HMA strengthened. Home sales activity in the submarket moderated during the past year, however, partly because of the decline in for-sale inventory. The number of homes sold in the submarket peaked at 20,100

in 2005 but declined by an average of 15 percent annually to a low of only 10,300 in 2009 (Zonda). Despite a sharply declining number of REO sales during much of the period, total home sales in the submarket subsequently increased during 8 of the next 10 years and reached 17,300 during 2019. During the 12 months ending August 2020, 15,950 homes sold in the submarket, down 2 percent from 16,350 during the 12 months ending August 2019 (Figure 17).

REO Properties

The number of REO sales in the submarket averaged 550 a year from 2005 through 2007, which accounted for only 4 percent of existing home sales. From 2008 through 2011, however, the number of REO sales in the submarket averaged 1,400 a year, which accounted for 16 percent of existing home sales. The number of REO sales declined an average of 26 percent annually during the next 7 years, to 150 in 2019, which accounted for only 1 percent of existing home sales. During the 12 months ending August 2020, the number of REO sales totaled 140, down from 160 during the previous 12 months, accounting for 1 percent of all existing home sales during both periods.

Seriously Delinquent Mortgages

The impact of the foreclosure crisis was relatively modest in the submarket when compared with both the HMA as a whole and the nation. The rate

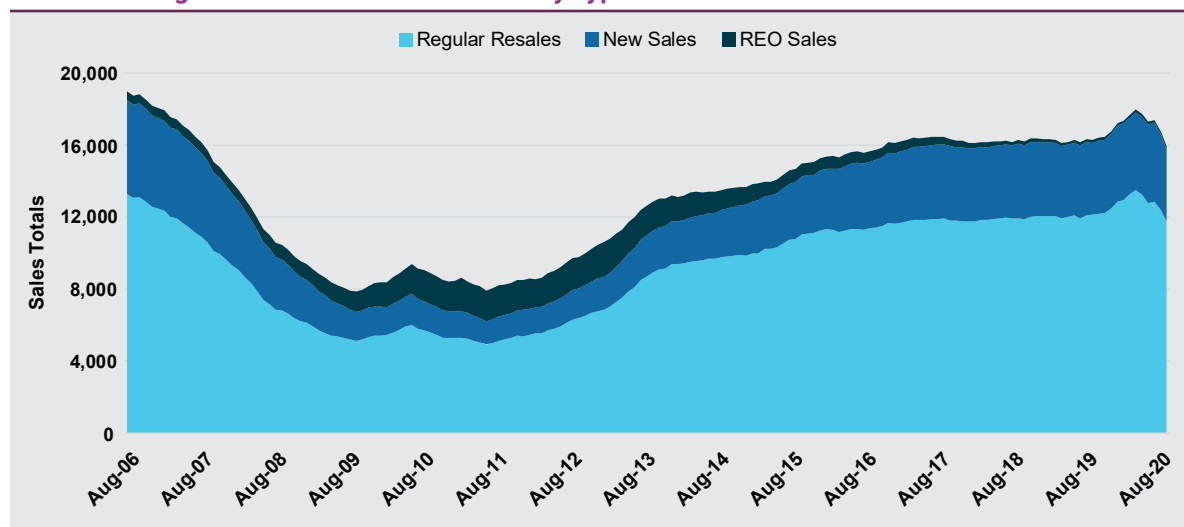
Table 13. Home Sales Quick Facts in the Southern Suburbs Submarket

Home Sales Quick Facts	Southern Suburbs		Nashville HMA
	Vacancy Rate	1.2%	1.4%
	Months of Inventory	1.7	1.9
	Total Home Sales	15,950	55,050
	1-Year Change	-2%	2%
	New Home Sales Price	\$477,900	\$415,500
	1-Year Change	-3%	-8%
	Existing Home Sales Price	\$391,500	\$330,700
	1-Year Change	0%	-1%
	Mortgage Delinquency Rate	3.2%	3.4%

Notes: The vacancy rate is as of the current date. Home sales and prices are for the 12 months ending August 2020. Months of inventory and mortgage delinquency data are as of August 2020. The current date is September 1, 2020.

Sources: CoreLogic, Inc.; Zonda; Redfin Data

Figure 17. 12-Month Sales Totals by Type in the Southern Suburbs Submarket



of seriously delinquent mortgages and REO properties peaked at 5.1 percent during February 2010, lower than the 6.0-percent peak for the HMA and well below the 8.6-percent peak rate for the nation. The rate in the submarket increased significantly during the past year but declined throughout much of the 2010s

and remains low when compared with both the HMA as a whole and the nation. As of August 2020, the rate of seriously delinquent mortgages and REO properties in the submarket was 3.2 percent, up from 0.7 percent during August 2019, but below the August high of 4.7 percent, which occurred in 2010.

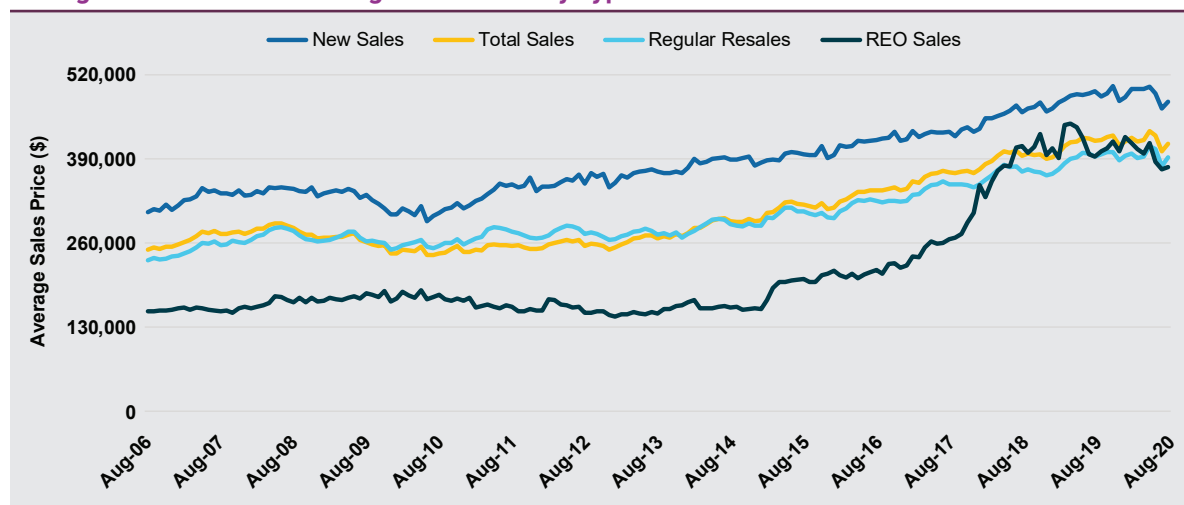
Home Sales Price Trends

After reaching a high of \$274,000 in 2007, the average home sales price in the submarket declined by an average of 6 percent annually to a low of \$243,100 in 2009 as economic conditions in the HMA weakened and a significant number of seriously delinquent and REO properties entered the market. The average home sales price in the submarket increased during 9 of the next 10 years, however, averaging \$410,200 during 2019, 50 percent above the pre-recessionary high. During the 12 months ending August 2020, the average home sales price in the submarket was \$413,300, down 1 percent from \$417,700 during August 2019 (Figure 18).

Home Sales Price by Size

As with household incomes, home sales prices in the Southern Suburbs submarket have been the highest in the HMA for much of the past two decades. The average home size in the submarket is relatively large, however, and on a per-square-foot basis, the submarket is less expensive than the Central submarket (Figure 19).

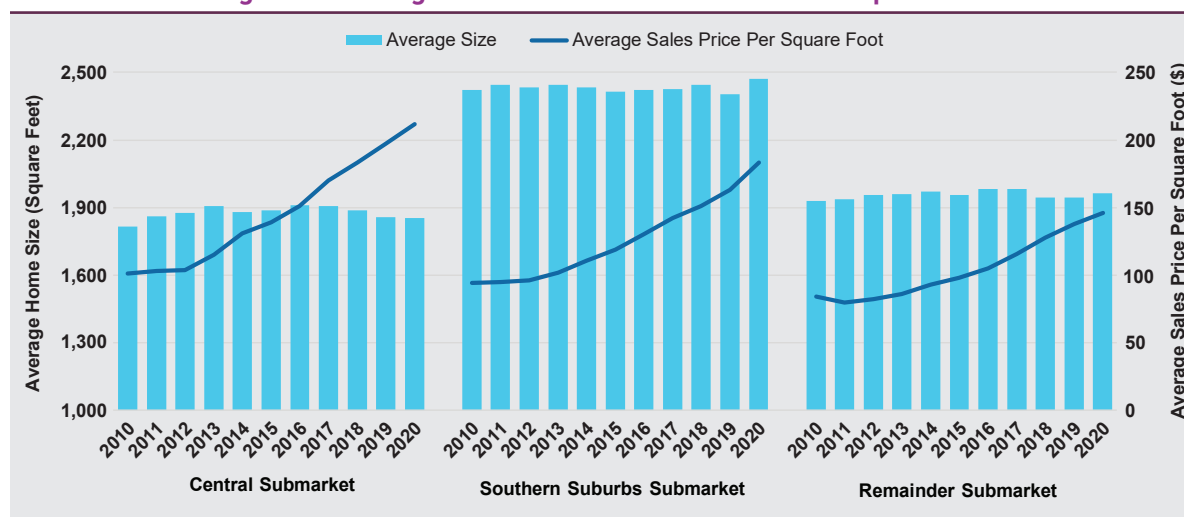
Figure 18. 12-Month Average Sales Price by Type of Sale in the Southern Suburbs Submarket



REO = real estate owned.

Source: Zonda

Figure 19. Average Size of Homes Sold and Price Per Square Foot



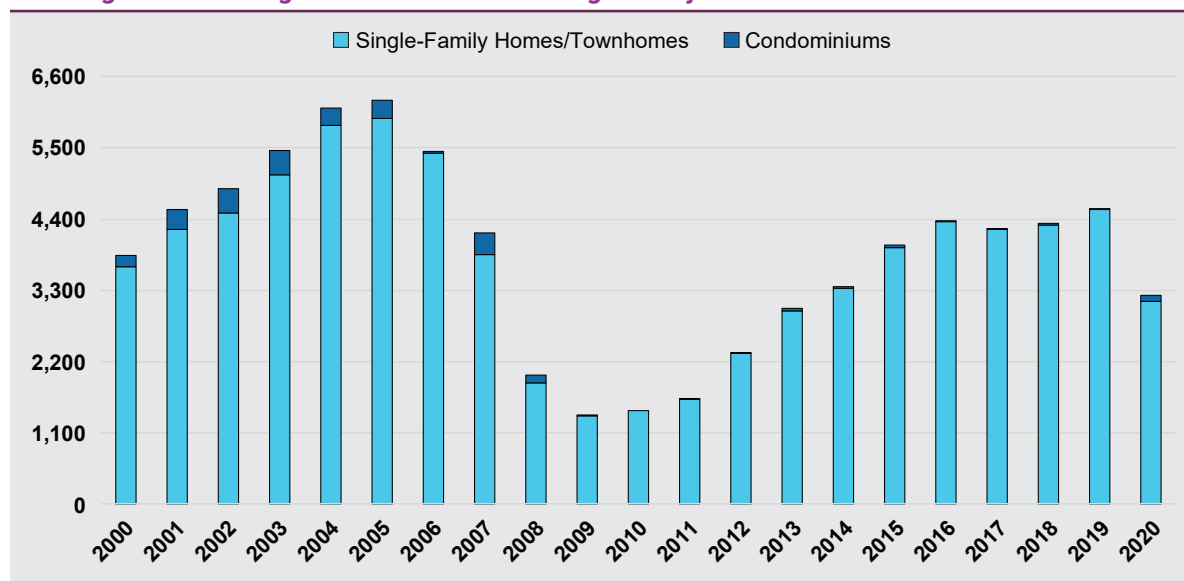
Source: Zonda

During 2020, homes sold in the Southern Suburbs submarket have averaged 2,475 square feet in size, 27 percent higher than the average for the Remainder submarket (1,975 square feet) and 34 percent higher than the average for the Central submarket (1,850 square feet). By comparison, on a per-square-foot basis, the home sales price in the Southern Suburb market averaged \$180 during 2020, 20 percent higher than the average in the Remainder submarket (\$150) but 14 percent below the average for the Central submarket (\$210).

Sales Construction Activity

As measured by the number of single-family homes, townhomes, and condominiums permitted, sales construction activity in the Southern Suburbs submarket has trended upwards during much of the period since 2010 but is below the historically high levels of the early and mid-2000s (Figure 20). An average of 5,925 homes were permitted annually from 2003 through 2005. From 2006 through 2009, however, the number of homes permitted declined by an average of 32 percent, annually, to a low of only 1,950 homes. Sales construction subsequently rose by an average of 18 percent annually during the next 7 years before averaging 4,375 annually from 2017 through 2019. During the 12 months ending August 2020, 4,725 homes were permitted in the submarket, a 6-percent increase from the 12 months ending August 2019 (preliminary data and estimates by the analyst).

Figure 20. Average Annual Sales Permitting Activity in the Southern Suburbs Submarket



Notes: Includes single-family homes, townhomes, and condominiums. Data for 2020 are through August 2020.

Sources: U.S. Census Bureau, Building Permits Survey; 2000 through 2019—final data and estimates by the analyst; 2020—preliminary data and estimates by the analyst

Recent new home construction has generally been concentrated in areas with convenient access to downtown Nashville. Murfreesboro, which is located approximately 30 miles southeast of Nashville along the Interstate 24 (I-24) corridor, and Franklin, which is located in Williamson County along the Interstate 65 (I-65) corridor approximately 20 miles southwest of Nashville, have accounted for more than one-half of all new home sales construction in the submarket combined since the start of 2016. Several notable developments are currently underway in the submarket, with approximately 43 percent of all new homes sold during the most recent 12 months priced from \$300,000 to \$500,000 (Figure 21). Shelton Square, a new master-planned community located in Murfreesboro, is being developed in phases, with as many as 700 homes expected at buildout. Sales at the development began in 2019, with prices currently starting in the low \$300,000s for homes ranging in size from 1,900 to 3,800 square feet. In Franklin, sales began in 2014 at Waters Edge, which has 232 of a possible 362 new homes sold, with prices currently starting in the mid-\$400,000s for homes ranging in size from 1,900 to 2,900 square feet.

Forecast

During the forecast period, demand is expected for an estimated 7,400 new sales units in the submarket, accounting for 38 percent of the estimated demand for new homes in the HMA (Table 14). Demand for new homes in the submarket is expected to be relatively consistent during the forecast period. The 2,400 new homes currently under construction in the submarket, which represent 39 percent of the homes currently under construction in the HMA, will meet some of the forecast demand during the first 2 years.

Sales Market—Remainder Submarket

Market Conditions: Balanced

The number of home sales in the Remainder submarket rose during the past year while the average home sales price declined.

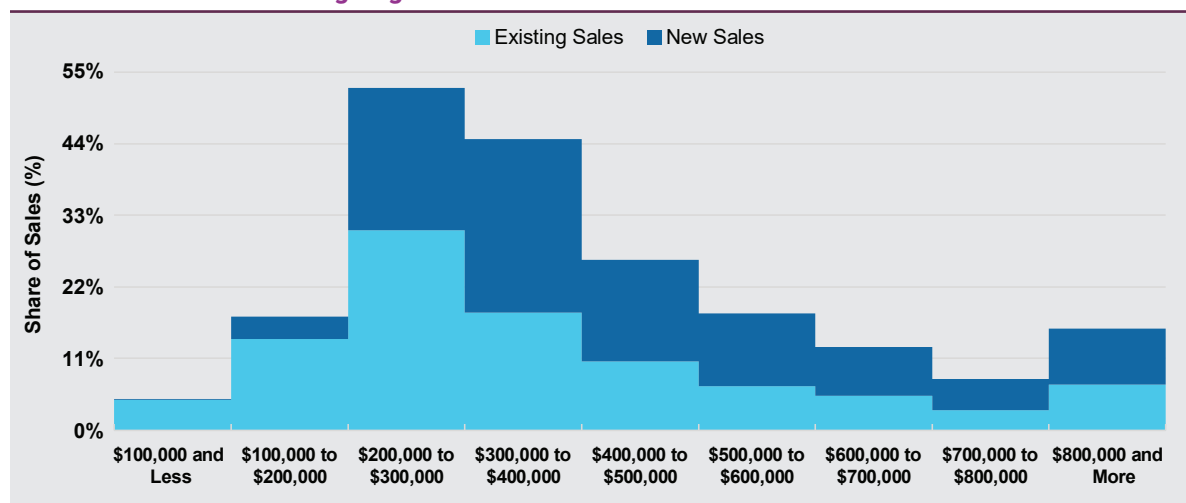
Current Conditions

The overall sales vacancy rate in the Remainder submarket was estimated at 1.4 percent as of September 1, 2020, down from 2.5 percent during April 2010 (Table 15). The inventory of available homes in the submarket in August 2020 was a 1.5-month supply, down from a 2.4-month supply a year ago (Redfin Data, with adjustments by the analyst).

Home Sales Trends

Total home sales have generally trended upwards in the Remainder submarket since

Figure 21. Share of Sales by Price Range During the 12 Months Ending August 2020 in the Southern Suburbs Submarket



Source: Zonda

Table 14. Demand for New Sales Units in the Southern Suburbs Submarket During the Forecast Period

Sales Units	
Demand	7,400 Units
Under Construction	2,400 Units

Note: The forecast period is from September 1, 2020, to September 1, 2023.

Source: Estimates by the analyst

the early 2010s because of strong job growth in the HMA during much of the period. After peaking at 20,450 in 2006, the number of homes sold in the submarket declined by an average of 12 percent during each of the next 4 years to a low of only 12,400 in 2010 (Zonda). Total home sales subsequently increased during 7 of the next 9 years and totaled 20,850 during 2019. A total of 21,050 homes were sold in the submarket during the 12 months ending August 2020, an 8-percent increase from 19,550 during the 12 months ending August 2019 (Figure 22).

REO Properties

REO sales in the submarket rose each year from 1,050, or 6 percent of existing home sales during 2005, to 2,225, or 20 percent of existing home sales in 2010. From 2011 through 2018, however, the number of

REO sales declined by an average of 17 percent. REO sales increased modestly during 2019 but declined during the most recent 12 months. During the 12 months ending August 2020, the number of REO sales totaled 420, down from 470 during the previous 12 months and accounting for 2 percent of existing home sales in both periods.

Seriously Delinquent Mortgages

The rate of seriously delinquent mortgages and REO properties peaked at 6.4 percent during February 2010, higher than the 6.0-percent peak for the HMA, but lower than the 8.6-percent peak for the nation. The rate declined rapidly in the submarket during much of the 2010s but increased during the past year. As of August 2020, the rate of seriously delinquent mortgages and REO properties in the submarket was 3.2 percent, up from 1.0 percent during August 2019 but lower than the August high of 5.8 percent in 2010.

Home Sales Price Trends

The average home sales price in the submarket declined by an average annual rate of 3 percent from \$188,100 during 2006 to \$177,700 during 2009. From 2010 through 2019, however, the average home sales price in the submarket rose an average of 5 percent annually, surpassing the pre-recessionary high in 2014. During the 12 months ending August 2020, the average home sales price in the submarket was \$270,500, down 3 percent from \$277,700 during August

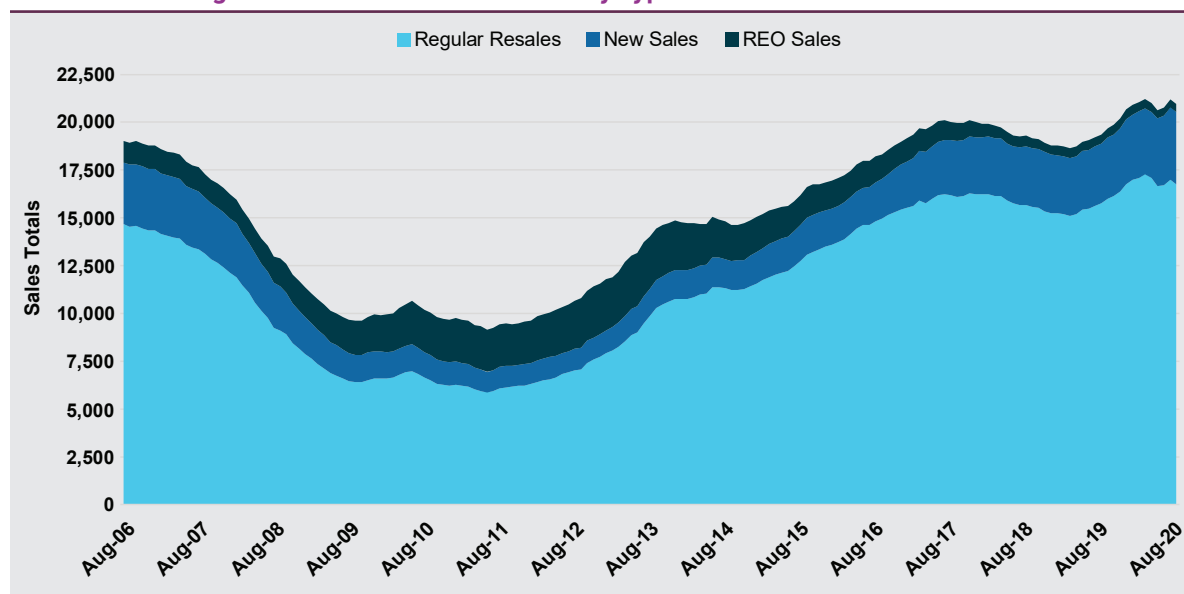
Table 15. Home Sales Quick Facts in the Remainder Submarket

	Remainder	Nashville HMA
Vacancy Rate	1.4%	1.4%
Months of Inventory	1.5	1.9
Total Home Sales	21,050	55,050
1-Year Change	8%	2%
New Home Sales Price	\$342,300	\$415,500
1-Year Change	-10%	-8%
Existing Home Sales Price	\$254,700	\$330,700
1-Year Change	-2%	-1%
Mortgage Delinquency Rate	3.1%	3.4%

Notes: The vacancy rate is as of the current date. Home sales and prices are for the 12 months ending August 2020. Months of inventory and mortgage delinquency data are as of August 2020. The current date is September 1, 2020.

Sources: CoreLogic, Inc.; Zonda; Redfin Data

Figure 22. 12-Month Sales Totals by Type in the Remainder Submarket



REO = real estate owned.

Source: Zonda

2019 (Figure 23). Approximately 67 percent of all homes sold in the Remainder submarket during the most recent 12 months were priced from \$200,000 to \$300,000 (Figure 24).

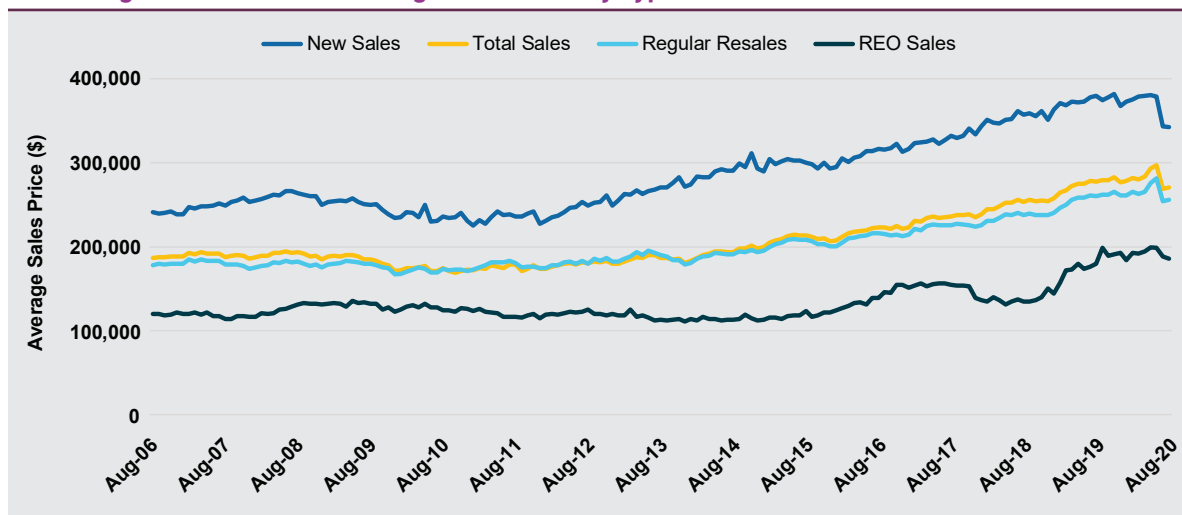
Home Sales Prices by Geography

Home sales prices within the Remainder submarket are closely tied to household income (Figure 25), with the most expensive areas generally located along primary commuting corridors. Wilson County, which lies along the Interstate 40 (I-40) corridor approximately 20 miles from downtown Nashville, has both the highest average home sales price in the submarket, \$323,400, and the highest average household income, \$87,807. The lowest average home sales price, \$141,600, and the lowest household income, \$55,081, are in Macon County, which is located approximately 60 miles northeast of Nashville.

Sales Construction Activity

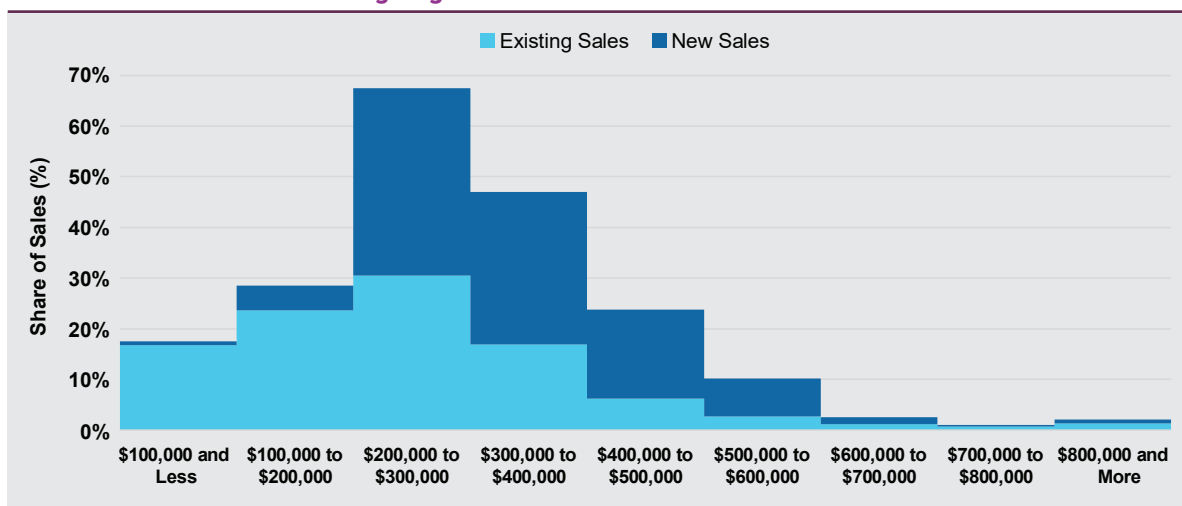
Sales construction activity in the Remainder submarket, as measured by the number of single-family homes, townhomes, and condominiums permitted, declined during the past year but has generally trended upwards after decreasing sharply during the housing market crisis in the late 2000s (Figure 26). The number of homes permitted fell from an average of 6,625 homes annually from 2005 through 2006 to 4,950 units

Figure 23. 12-Month Average Sales Price by Type of Sale in the Remainder Submarket



REO = real estate owned.
Source: Zonda

Figure 24. Share of Sales by Price Range During the 12 Months Ending August 2020 in the Remainder Submarket

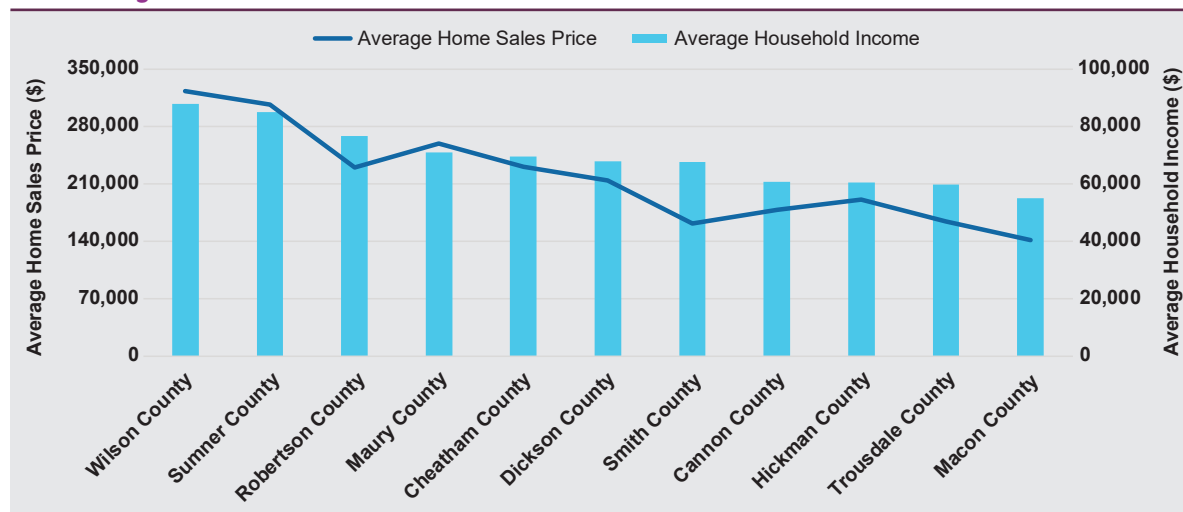


Source: Zonda

in 2007 and again to an average of only 2,100 homes a year from 2008 through 2011. From 2012 through 2019, however, the number of homes permitted rose an average of 16 percent a year. During the 12 months ending August 2020, 5,675 homes were permitted in the submarket, down from 5,900 homes during the previous 12 months (preliminary data and estimates by the analyst).

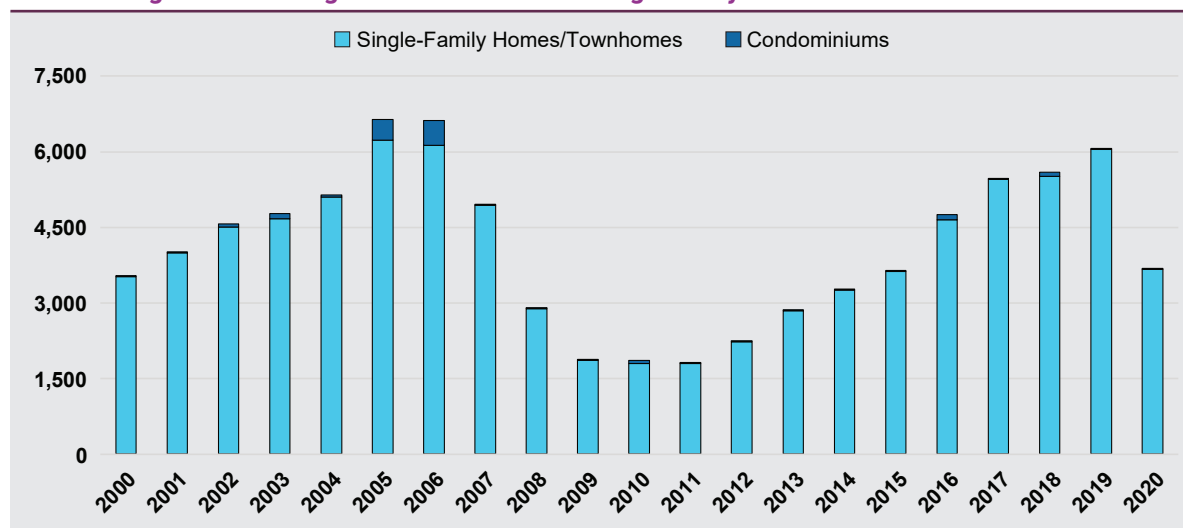
Recent new home construction in the submarket has been highly concentrated in areas with convenient access to the economic core of the HMA. Maury County, which is located 30 miles southwest of Nashville along I-65, has accounted for approximately 30 percent of all new homes permitted in the submarket since the start of 2016. Notable recent developments in the county include Harvest Point, a 500-acre master-planned community in Spring Hill. Sales at the development, which is expected to include 960 single-family homes when completed, began in 2018, with prices currently starting in the low \$300,000s. Significant new home construction has also occurred in Wilson County, including at Jackson Hills, a master-planned community located approximately 20 miles from downtown Nashville in Mt. Juliet. Approximately 380 of an expected 530 homes have been sold to date, with prices currently starting in the low \$400,000s for single-family homes ranging in size from 1,875 to 2,750 square feet.

Figure 25. Home Sales Prices and Household Incomes in the Remainder Submarket



Notes: Home sales prices are for the 12 months ending August 2020 and include single-family homes, townhomes, and condominiums. Sources: Average home sales price—Zonda; average household income—2019 American Community Survey, 5-year data

Figure 26. Average Annual Sales Permitting Activity in the Remainder Submarket



Notes: Includes single-family homes, townhomes, and condominiums. Data for 2020 are through August 2020. Sources: U.S. Census Bureau, Building Permits Survey; 2000 through 2019—final data and estimates by the analyst; 2020—preliminary data and estimates by the analyst

Forecast

During the forecast period, demand is expected for an estimated 7,525 new sales units in the submarket, accounting for 39 percent of the estimated demand for new homes in the HMA (Table 16). The 1,800 new homes currently under construction in the submarket, which represent 26 percent of the homes currently under

Table 16. Demand for New Sales Units in the Remainder Submarket During the Forecast Period

Sales Units	
Demand	7,525 Units
Under Construction	1,800 Units

Note: The forecast period is from September 1, 2020, to September 1, 2023.
Source: Estimates by the analyst

construction in the HMA, will meet some of the forecast demand during the first year. Demand for new homes in the submarket is expected to increase each year of the forecast period.



Rental Market

Rental Market–Nashville HMA

Market Conditions: Balanced

Strong renter household growth contributed to the absorption of existing inventory in the Nashville HMA during the early 2010s, although very high levels of rental construction have since put upward pressure on vacancy rates.

Current Conditions and Recent Trends

The overall rental vacancy rate in the HMA is currently estimated at 7.9 percent, down from 9.3 percent in April 2010. (Table 17). Single-family homes, which accounted for 33.3 percent of occupied rental units in the HMA in 2010, are currently estimated to account for approximately 31.6 percent of all occupied rental units.

Apartment Market Conditions

The apartment market in the HMA is also balanced, although the vacancy rate increased to 7.7 percent as of August 2020, up from 5.5 percent during August 2019; this increase is largely because of a significant

increase in apartment completions, particularly in and around downtown Nashville. Rent growth in the HMA moderated during the past year but was notably strong during the mid- and late 2010s. The average rent in the HMA was \$1,300 during August 2020, up 1 percent from a year ago, whereas the average rent for the nation also increased 1 percent to an estimated \$1,425 (RealPage, Inc. with adjustments by the analyst). By comparison, the average rent in the HMA rose an average of 6 percent annually, from August 2013 to August 2019 (Figure 27), when the average rent for the nation is estimated to have increased by an average annual rate of 4 percent.

Rental Construction Activity

As measured by the number of units permitted, rental construction activity in the Nashville HMA, which has been at very high levels since the mid-2010s, increased significantly during the past year. From 2013 through 2019, an average of 7,450 rental units were permitted in the HMA, up from respective averages of 2,500 units annually from 2009 through 2012 and 2,525 units a year from 2000 through 2008 (Figure 28). During the 12 months ending August 2020, 13,850 rental units were permitted in the HMA, up from 8,725 units during the previous 12 months (preliminary data and estimates by the analyst).

Forecast

During the forecast period, demand is expected for an estimated 19,700 rental units in the HMA

Table 17. Rental and Apartment Market Quick Facts in the Nashville HMA

Rental Market Quick Facts		2010 (%)	Current (%)
	Rental Vacancy Rate	9.3	7.9
	Occupied Rental Units by Structure		
	Single-Family Attached & Detached	33.3	31.6
	Multifamily (2–4 Units)	14.7	12.7
	Multifamily (5+ Units)	47.0	50.2
	Other (Including Mobile Homes)	5.0	5.5
Apartment Market Quick Facts		Current	YoY Change
	Apartment Vacancy Rate	7.7	2.2
	Average Rent–HMA	\$1,300	1
	Average Rent–Nation	\$1,425	1

YoY = year-over-year.

Notes: The current date is September 1, 2020. Percentages may not add to 100 due to rounding.

Sources: 2010 and 2019 American Community Survey, 1-year data; RealPage, Inc., with adjustments by the analyst



(Table 18). Demand for new rental units in the HMA is expected to be relatively stable during the forecast period. The 13,850 units currently under construction and an additional 3,400 units in planning are expected to satisfy much of the rental demand during the next 2 years.

Rental Market— Central Submarket

Market Conditions: Slightly Soft

An estimated 3,600 apartment units were in lease-up in the Central submarket during August 2020, up from approximately 1,500 units a year ago.

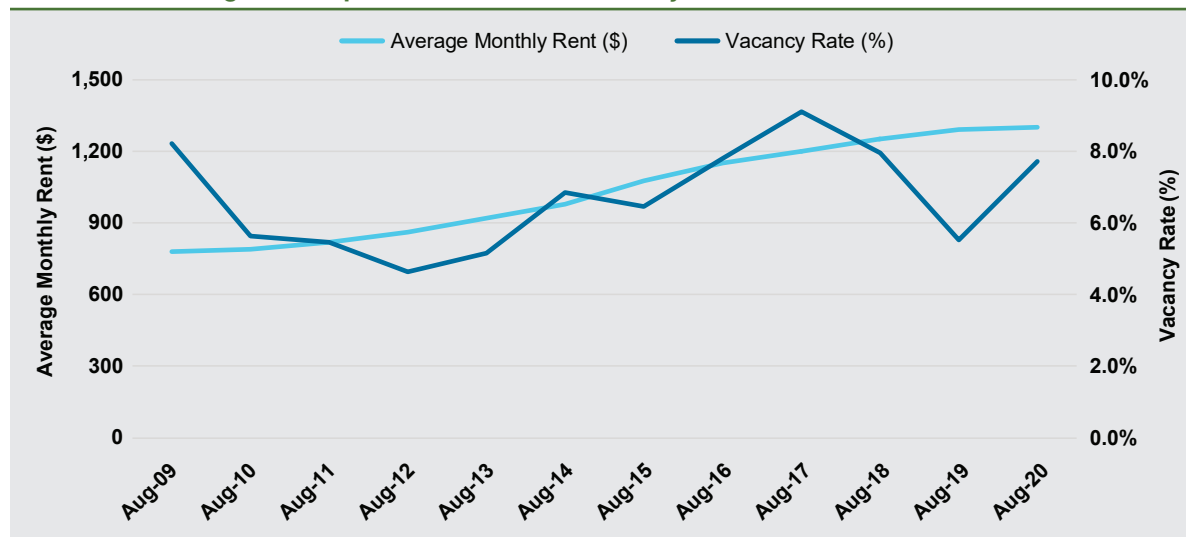
Rental Market Conditions and Recent Trends

As of September 1, 2020, the overall rental vacancy rate in the Central submarket is estimated at 9.0 percent, down from 9.2 percent in April 2010 (Table 19). Single-family homes, which accounted for 26.6 percent of occupied rental units in the submarket in 2010, are currently estimated to account for approximately 26.7 percent of all occupied rental units.

Apartment Market Conditions

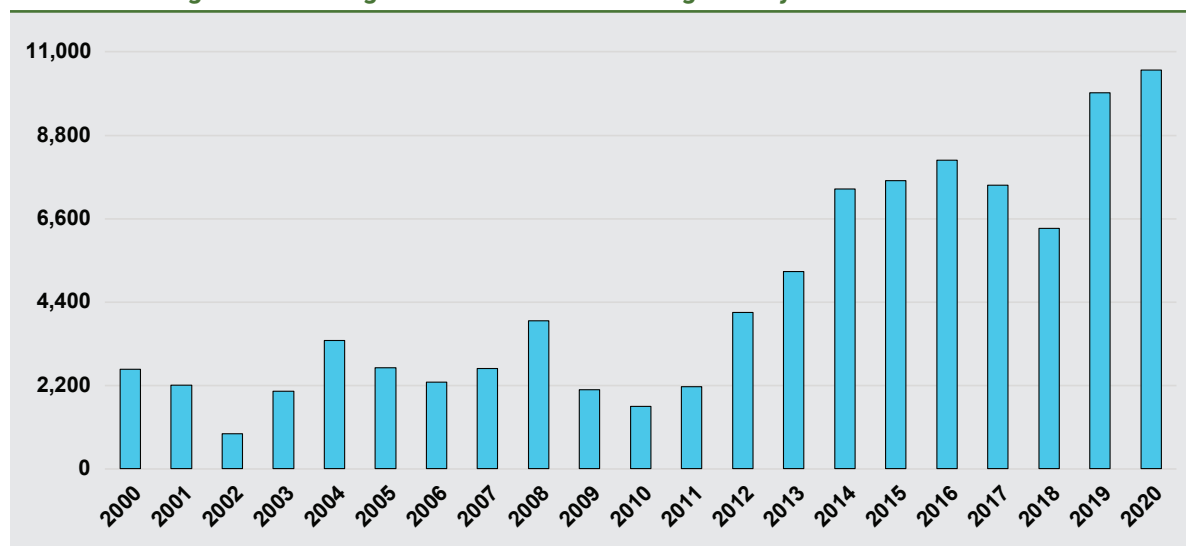
The apartment market in the submarket is also slightly soft, with the relatively high number of units in lease-up contributing to a significantly increased apartment vacancy rate during the

Figure 27. Apartment Rents and Vacancy Rates in the Nashville HMA



Source: RealPage, Inc., with adjustments by the analyst

Figure 28. Average Annual Rental Permitting Activity in the Nashville HMA



Notes: Includes apartments and units intended for rental occupancy. Data for 2020 are through August 2020.

Sources: U.S. Census Bureau, Building Permits Survey; 2000–2019—final data and estimates by the analyst; 2020—preliminary data and estimates by the analyst



past year. The apartment vacancy rate in the submarket was 8.0 percent during August 2020, up from 5.2 percent a year ago (RealPage, Inc., with adjustments by the analyst). Apartment vacancy rates rose throughout the submarket during the past year, with the largest increase, from 5.3 to 11.4 percent, in the Central Nashville RealPage, Inc.-defined market area (hereafter, market area), where approximately one-half of the units currently in lease-up are located. The smallest increase, 0.2 percentage point, and the lowest apartment vacancy rate in the submarket, 5.1 percent, were in the North Nashville market area, where new apartment development has been relatively limited during the past 2 years.

Rent growth in the submarket slowed during the past year but has generally been strong since the mid-2010s. The average apartment rent in the submarket increased an average of 7 percent annually from \$960 during August 2014 to \$1,325 during August 2019 (Figure 29). During August 2020, the average rent in the submarket was estimated at \$1,350, up 1 percent from a year ago. Average rents increased in three of the six market areas in the submarket, with the fastest growth rate, 9 percent, in the South Nashville market area. The highest average rent in the submarket, \$1,925, was in the Central market area, and the lowest average rent, \$1,025, was in the Southeast Nashville market area.

Table 18. Demand for New Rental Units in the Nashville HMA During the Forecast Period

Rental Units	
Demand	19,700 Units
Under Construction	13,850 Units

Note: The forecast period is September 1, 2020, to September 1, 2023.

Source: Estimates by the analyst

Table 19. Rental and Apartment Market Quick Facts in the Central Submarket

Rental Market Quick Facts	2010 (%)	Current (%)
	Rental Vacancy Rate	9.2
	Occupied Rental Units by Structure	
	Single-Family Attached & Detached	26.6
	Multifamily (2–4 Units)	17.4
	Multifamily (5+ Units)	54.4
Apartment Market Quick Facts	Other (Including Mobile Homes)	1.6
	Current	YoY Change
	Apartment Vacancy Rate	8.0
	Central Nashville	11.4
	North Nashville	5.1
	South Nashville	5.5
	Southeast Nashville	6.2
	East Nashville	9.4
	West Nashville	9.8
	Average Rent	\$1,350
	Central Nashville	\$1,925
	North Nashville	\$1,150
	South Nashville	\$1,200
	Southeast Nashville	\$1,025
	East Nashville	\$1,175
	West Nashville	\$1,450

YoY = year-over-year.

Notes: The current date is September 1, 2020. Percentages may not add to 100 due to rounding.

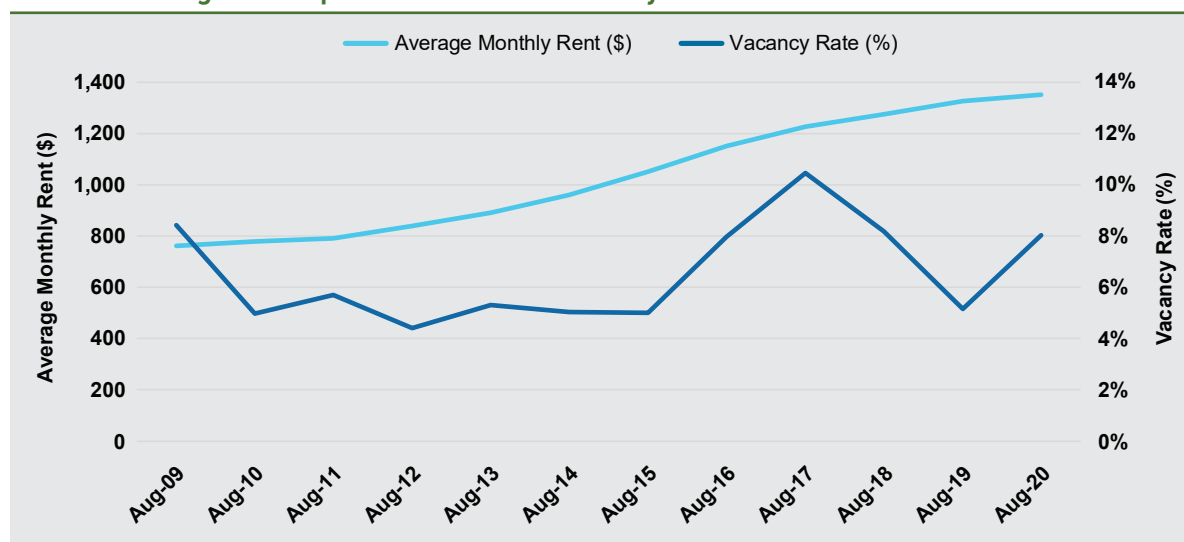
Sources: 2010 and 2019 American Community Survey 1-year data; RealPage, Inc., with adjustments by the analyst

Rental Construction Activity

Recent rental construction activity in the submarket, as measured by the number of rental units permitted, has been at very high levels since the mid-2010s (Figure 30). An average of 3,950 units were permitted each year from 2013 through 2019, more than triple the respective averages of 990 units permitted each year from 2008 through 2012 and 930 units permitted each year from 2000 through 2007. Rental permitting accelerated significantly during the past year, with approximately 8,075 rental units permitted in the submarket during the 12 months ending August 2020, up from 5,000 units during the 12 months ending August 2019 (preliminary data and estimates by the analyst).

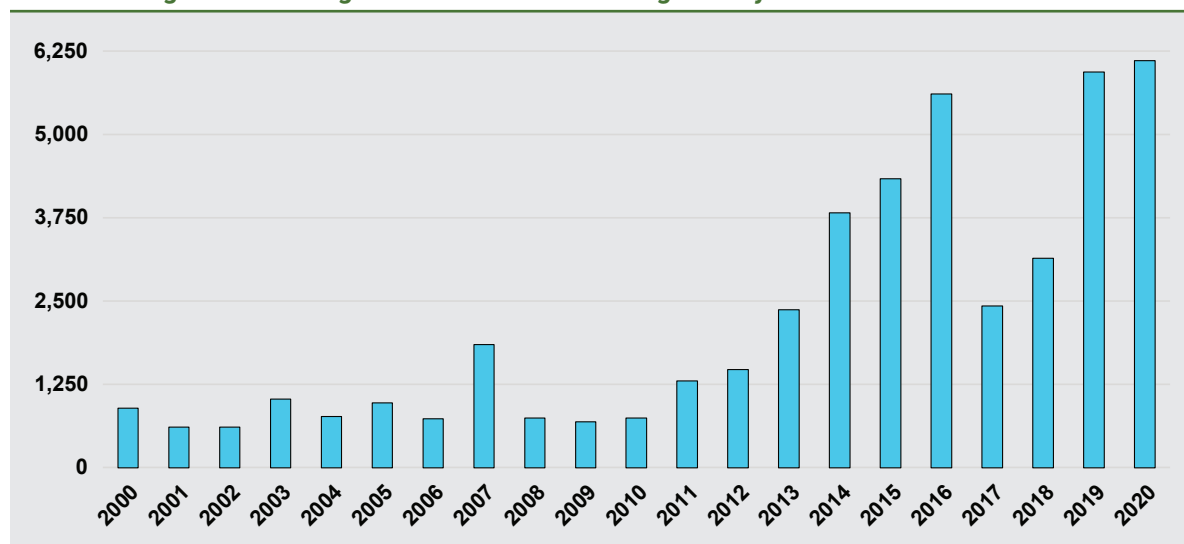
Recent rental construction in the submarket has been particularly prevalent in and around downtown Nashville. The Central Nashville market area has accounted for more than one-half of the rental units completed in the submarket since the start of 2018. Several additional properties are currently under construction in the market area, including Vantage Gulch, a 10-story development that will include 351 units when it is completed in 2022. Notable new apartment construction has also occurred in the West Nashville and Southeast Nashville market areas. Within the West Nashville market area, recent development has been concentrated near the Cumberland River, including in and

Figure 29. Apartment Rents and Vacancy Rates in the Central Submarket



Source: RealPage, Inc., with adjustments by the analyst

Figure 30. Average Annual Rental Permitting Activity in the Central Submarket



Notes: Includes apartments and units intended for rental occupancy. Data for 2020 are through August 2020.

Sources: U.S. Census Bureau, Building Permits Survey; 2000–2019—final data and estimates by the analyst; 2020—preliminary data and estimates by the analyst

around the Hillwood neighborhood, which is located along I-40 west of downtown Nashville. Bells Bluff, a 402-unit development, was completed in the neighborhood in 2018 with rents currently ranging from \$1,375 to \$1,650 for studio units, from \$1,350 to \$1,825 for one-bedroom units, from \$1,750 to \$2,475 for two-bedroom units, and from \$2,300 to \$2,375 for three-bedroom units. Much of the recent development in the Southeast Nashville market area has been in Antioch, a neighborhood located along I-24 approximately 10 miles southeast of downtown. Rents at The Anson, a 301-unit property completed in Antioch in 2019, currently range from \$1,250 to \$1,475 for one-bedroom units, from \$1,600 to \$1,825 for two-bedroom units, and from \$1,775 to \$1,975 for three-bedroom units.

Forecast

During the forecast period, demand is expected for an estimated 10,000 rental units in the submarket, accounting for 51 percent of the estimated demand for new rental units in the HMA (Table 20). Demand for new rental units in the submarket is expected to be relatively stable during the forecast period. The 8,550 units currently under construction, which represent 62 percent of the units currently under construction in the HMA, and the 1,400 additional units in planning are expected to satisfy all the rental demand in the submarket during the next 2 years.

Table 20. Demand for New Rental Units in the Central Submarket During the Forecast Period

Rental Units	
Demand	10,000 Units
Under Construction	8,550 Units

Note: The forecast period is September 1, 2020, to September 1, 2023.
Source: Estimates by the analyst

Rental Market—Southern Suburbs Submarket

Market Conditions: Balanced

Strong renter household growth has more than offset relatively high levels of development since the mid-2010s, contributing to declining vacancy rates in the Southern Suburbs submarket.

Rental Market Conditions and Recent Trends

The overall rental market in the Southern Suburbs submarket is currently balanced. As of September 1, 2020, the overall rental vacancy rate is estimated at 6.4 percent, down from 8.6 percent in April 2010 (Table 21). Single-family homes, which accounted for 40.2 percent of occupied rental units in the

submarket in 2010, are currently estimated to account for approximately 37.3 percent of all occupied rental units.

Apartment Market Conditions

The apartment market in the submarket is also balanced. During August 2020, the apartment vacancy rate was 5.8 percent, down from both the 6.2-percent rate a year ago and the 6.7-percent rate during August 2010 (RealPage, Inc., with adjustments by the analyst). A significant decline in the apartment vacancy rate in Williamson County, which fell from 7.0 percent during August 2019 to 5.2 percent during August 2020, was partially offset by a modest increase in Rutherford County, where the apartment vacancy rate increased to 6.1 percent during August 2020, up from 5.8 percent a year ago.

The average apartment rent in the submarket increased an average of 4 percent annually, from \$1,050 during August 2014 to \$1,275 during August 2019, and another 1 percent to \$1,325 during August 2020 (Figure 31). Williamson County, which has the highest average household income of any county in the HMA at \$155,149, also has the highest average rent. During August 2020, the average apartment rent in the county was \$1,550, unchanged from August 2019. In Rutherford County, the average asking rent was \$1,150 during August 2020, up 2 percent from a year ago.



Rental Construction Activity

Recent rental construction activity in the submarket, as measured by the number of rental units permitted, has been at notably high levels since the mid-2010s (Figure 32). An average of 2,325 units was permitted each year from 2015 through 2019, up significantly from both the average of 1,175 units permitted each year from 2009 through 2014 and the average of 1,100 units permitted each year from 2000 through 2008. Developers responded to declining apartment vacancy rates with a significant increase in rental construction during the past year. Approximately 3,125 rental units were permitted in the submarket during the 12 months ending August 2020, up from 2,400 units during the previous 12 months (preliminary data and estimates by the analyst).

Recent rental construction in the submarket has been heavily concentrated in Franklin and Murfreesboro. The two cities have accounted for approximately 90 percent of the new apartment units completed in the submarket since 2017 and nearly all the apartment units currently under construction. Recently completed properties in the submarket include Overall Creek Apartments, a 384-unit property in Murfreesboro, which began lease-up in early 2020. Rents at the property currently range from \$970 to \$1,050 for one-bedroom units, from \$1,125 to \$1,350 for two-bedroom units, and

Table 21. Rental and Apartment Market Quick Facts in the Southern Suburbs Submarket

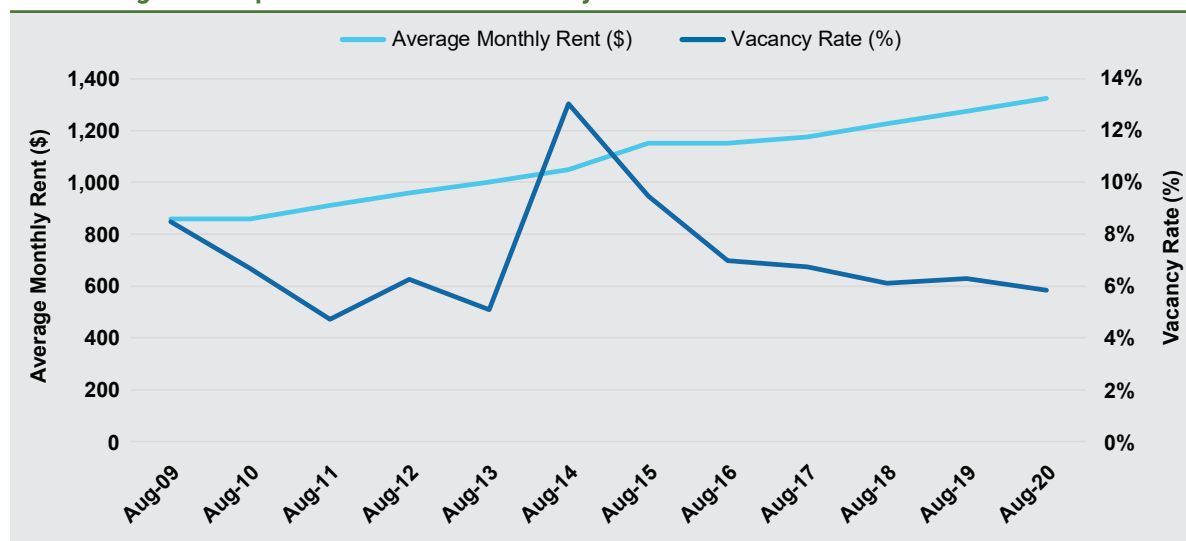
Rental Market Quick Facts	2010 (%)	Current (%)
	Rental Vacancy Rate	8.6
	Occupied Rental Units by Structure	
	Single-Family Attached & Detached	37.3
	Multifamily (2–4 Units)	10.8
	Multifamily (5+ Units)	47.6
Apartment Market Quick Facts	Other (Including Mobile Homes)	4.3
	Current	YoY Change
	Apartment Vacancy Rate	5.8
	Rutherford County	6.1
	Williamson County	5.2
	Average Rent	1
	Rutherford County	2
	Williamson County	0

YoY = year-over-year.

Notes: The current date is September 1, 2020. Percentages may not add to 100 due to rounding.

Sources: 2010 and 2019 American Community Survey 1-year data; RealPage, Inc., with adjustments by the analyst

Figure 31. Apartment Rents and Vacancy Rates in the Southern Suburbs Submarket



Source: RealPage, Inc., with adjustments by the analyst

from \$1,450 to \$1,500 for three-bedroom units. Ovation at Uptown, a two-phased development that will eventually consist of 770 units in Franklin, is currently underway. The first phase, with 392 units, is expected to be completed in 2021, with the remaining units expected by 2022.

Forecast

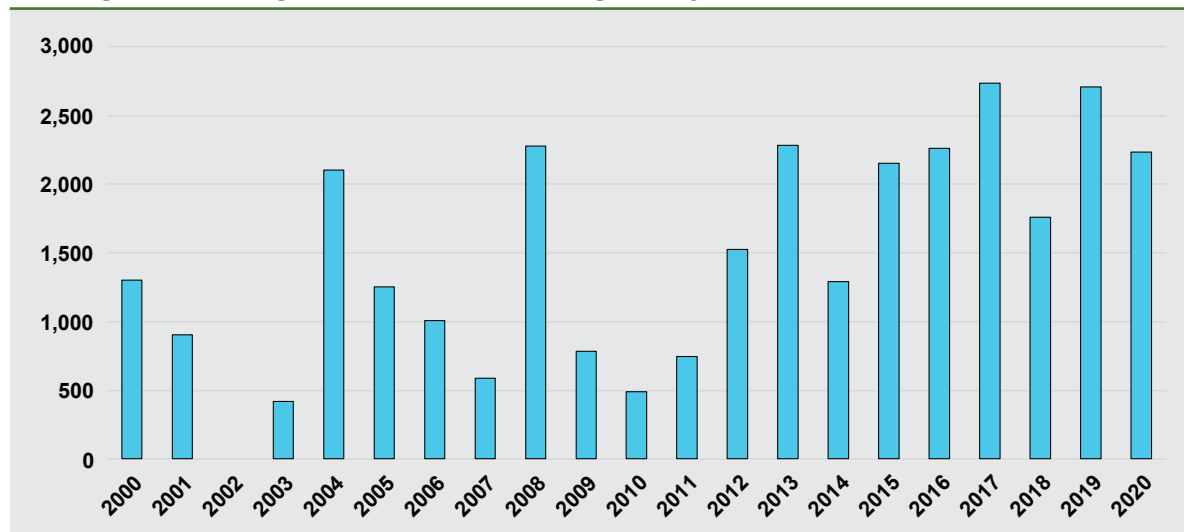
Demand is expected for an estimated 5,225 rental units in the submarket during the forecast period (Table 22), which accounts for 27 percent of the estimated demand for new rental units in the HMA. Demand for new rental units in the submarket is expected to remain relatively consistent during the forecast period as population growth slows, but renter household growth is expected to exceed owner household growth. The 3,000 units currently under construction, which represent 22 percent of the units currently under construction in the HMA, and the 860 units in planning are expected to satisfy most of the rental demand in the submarket during the next 2 years.

Rental Market— Remainder Submarket

Market Conditions: Balanced

Despite relatively high levels of new rental construction, the apartment vacancy rate in the Remainder submarket has decreased during 4 of the past 5 years because of strong renter household growth.

Figure 32. Average Annual Rental Permitting Activity in the Southern Suburbs Submarket



Notes: Includes apartments and units intended for rental occupancy. Data for 2020 are through August 2020.

Sources: U.S. Census Bureau, Building Permits Survey; 2000–2019—final data and estimates by the analyst; 2020—preliminary data and estimates by the analyst

Table 22. Demand for New Rental Units in the Southern Suburbs Submarket During the Forecast Period

Rental Units	
Demand	5,225 Units
Under Construction	3,000 Units

Note: The forecast period is September 1, 2020, to September 1, 2023.

Source: Estimates by the analyst

Rental Market Conditions and Recent Trends

The overall rental market in the Remainder submarket is currently balanced. The overall rental vacancy rate is estimated at 6.9 percent as of September 1, 2020, down from 10.2 percent in April 2010 (Table 23). Single-family homes, which accounted for 44.1 percent of occupied rental units in the submarket in 2010, are currently estimated to account for approximately 37.2 percent of all occupied rental units.

Apartment Market Conditions

The apartment market in the submarket is also balanced. During August 2020, the apartment vacancy rate was estimated at 5.7 percent, down from both the 5.9-percent rate a year ago and the 8.6-percent

rate during August 2010 (RealPage, Inc., with adjustments by the analyst). The respective apartment vacancy rates in Sumner and Wilson Counties, which account for a combined 66 percent of all apartment units in the submarket, declined to 5.3 and 6.1 percent during August 2020, down from 6.7 and 6.2 percent a year ago, respectively. Those declines were partially offset by increases in five of the remaining nine counties. The largest such increase, from 1.0 percent to 8.6 percent, occurred in Cheatham County and was largely due to the completion of the 240-unit first phase of Ashland Farms, which began lease-up in mid-2020 in Ashland City.

The average apartment rent in the submarket increased an average of 5 percent, annually, from \$900 during August 2014 to \$1,125 during August 2019 and by 2 percent to \$1,150 during August 2020 (Figure 33). Average rents increased in 5 of 11 counties in the submarket during the past year, with the fastest increase in Smith County, where the average rent rose 13 percent to \$840. Rents in the submarket are generally correlated with incomes and ease of access to jobs in the economic core of the HMA. The lowest average rent in the submarket during August 2020, \$640, was in Hickman County, which is located approximately 60 miles west of downtown Nashville, whereas the highest average rent, \$1,250, was in Wilson County.

Table 23. Rental and Apartment Market Quick Facts in the Remainder Submarket

Rental Market Quick Facts	2010 (%)	Current (%)
	Rental Vacancy Rate	10.2
		6.9
	Occupied Rental Units by Structure	
	Single-Family Attached & Detached	44.1
	Multifamily (2–4 Units)	10.2
Apartment Market Quick Facts	Multifamily (5+ Units)	29.9
	Other (Including Mobile Homes)	15.8
		16.2
	Current	YoY Change
	Apartment Vacancy Rate	5.7
		-0.2
	Cannon County	NA
		NA
	Cheatham County	8.6
		7.6
	Dickson County	1.0
		0.0
	Hickman County	0.5
		0.5
	Macon County	NA
		NA
	Maury County	6.7
		2.3
	Robertson County	4.5
		3.0
	Smith County	8.3
		4.5
	Sumner County	5.3
		-1.4
	Trousdale County	NA
		NA
	Wilson County	6.1
		-0.1
	Average Rent	\$1,150
		2
	Cannon County	NA
		NA
	Cheatham County	\$1,225
		3
	Dickson County	\$990
		7
	Hickman County	\$640
		2
	Macon County	NA
		NA
	Maury County	\$1,150
		3
	Robertson County	\$1,125
		0
	Smith County	\$840
		13
	Sumner County	\$1,175
		2
	Trousdale County	NA
		NA
	Wilson County	\$1,250
		0

NA = data not available.

YoY = year-over-year.

Notes: The current date is September 1, 2020. Percentages may not add to 100 due to rounding.

Sources: 2010 and 2019 American Community Survey 1-year data; RealPage, Inc., with adjustments by the analyst; ALN Apartment Data, Inc.

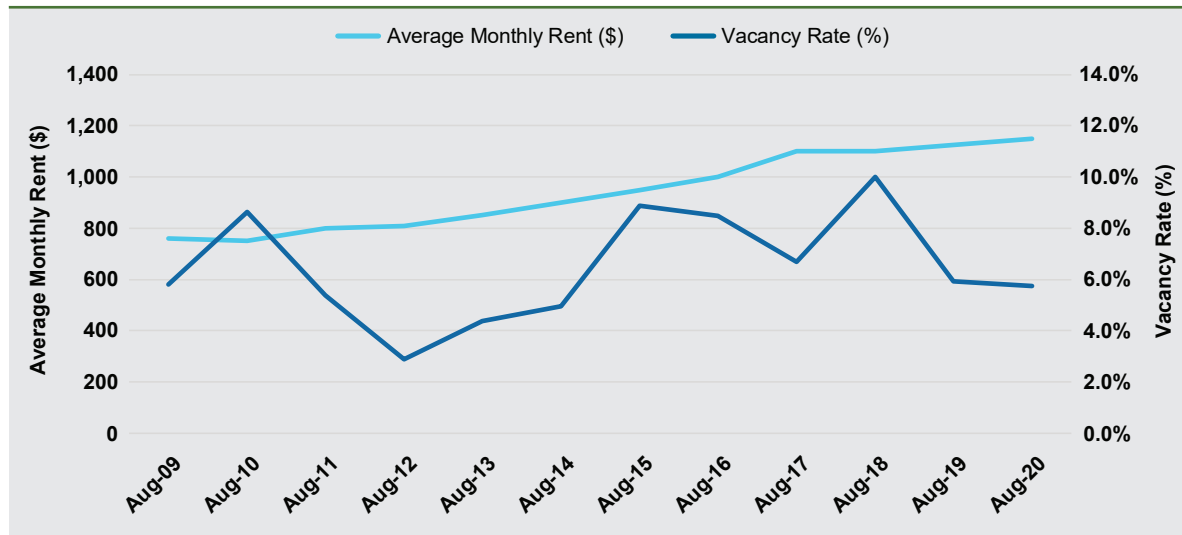


Rental Construction Activity

Developers have responded to the general trend of rent growth and declining apartment vacancy rates in the submarket with increased rental construction activity, as measured by the number of rental units permitted, since the mid-2010s (Figure 34). An average of 1,450 units were permitted each year from 2014 through 2019, up significantly from both the average of 620 units permitted each year from 2008 through 2013 and the average of 470 units permitted each year from 2000 through 2007. Approximately 2,600 rental units were permitted in the submarket during the 12 months ending August 2020, nearly double the 1,325 units during the 12 months ending August 2019 (preliminary data and estimates by the analyst).

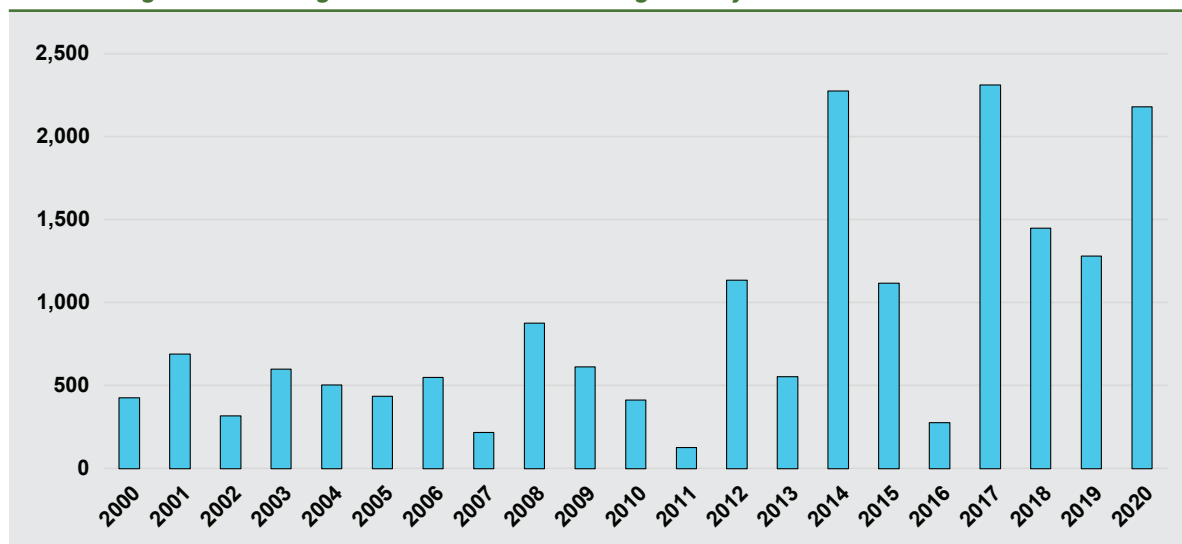
Sumner and Wilson Counties combined account for an estimated 70 percent of the rental units completed in the submarket since 2017. Development has been particularly notable in and around the cities of Gallatin, which is located along I-65 approximately 30 miles northeast of Nashville in Sumner County, and Lebanon, which is located approximately 30 miles east of Nashville along I-40. Recent developments in the submarket include the 336-unit Chandler Park Gallatin. Rents at the property, which was completed in the city of Gallatin in 2019, currently range from \$1,225 to \$1,350 for two-bedroom units and are \$1,350 for three-bedroom units.

Figure 33. Apartment Rents and Vacancy Rates in the Remainder Submarket



Source: RealPage, Inc., with adjustments by the analyst

Figure 34. Average Annual Rental Permitting Activity in the Remainder Submarket



Notes: Includes apartments and units intended for rental occupancy. Data for 2020 are through August 2020.

Sources: U.S. Census Bureau, Building Permits Survey; 2000–2019—final data and estimates by the analyst; 2020—preliminary data and estimates by the analyst

In Lebanon, Traditions at Hamilton Springs, a 256-unit apartment development, began lease-up in mid-2020, with rents currently ranging from \$1,100 to \$1,275 for one-bedroom units and from \$1,250 to \$1,625 for two-bedroom units.

Forecast

Demand is expected for an estimated 4,475 rental units in the submarket during the forecast period (Table 24), which accounts for 23 percent of the estimated demand for new rental units in the

Table 24. Demand for New Rental Units in the Remainder Submarket During the Forecast Period

Rental Units	
Demand	4,475 Units
Under Construction	2,300 Units

Note: The forecast period is September 1, 2020, to September 1, 2023.
Source: Estimates by the analyst

HMA. Despite slowed population growth, demand for new rental units in the submarket is expected to remain relatively consistent during the forecast period, with renter household growth expected to exceed owner household growth. The 2,300 units currently under construction represent 17 percent of the units currently under construction in the HMA which, along with the 1,150 units in planning, are expected to satisfy most of the rental demand in the submarket during the next 2 years.



Terminology Definitions and Notes

A. Definitions

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.
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.
Distressed Sales	Short sales and real estate owned (REO) sales.
Forecast Period	9/1/2020–9/1/2023—Estimates by the analyst.
Home Sales/ Home Sales Prices	Includes single-family home, townhome, and condominium sales.
Other Vacant Units	In this analysis conducted by the U.S. Department of Housing and Urban Development (HUD), 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.

Rental Market/ Rental Vacancy Rate	Includes apartments and other rental units such as single-family, multifamily, and mobile homes.
Seriously Delinquent Mortgages	Mortgages 90+ days delinquent or in foreclosure.

B. Notes on Geography

1.	The metropolitan statistical area definition noted in this report is based on the delineations established by the Office of Management and Budget (OMB) in the OMB Bulletin dated April 10, 2018.
2.	Urbanized areas are defined using the U.S. Census Bureau 2010 Census Urban and Rural Classification and the Urban Area Criteria.
3.	The census tracts referenced in this report are from the 2010 Census.

C. Additional Notes

1.	The NAHB Housing Opportunity Index represents the share of homes sold in the HMA that would have been affordable to a family earning the local median income, based on standard mortgage underwriting criteria.
2.	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.

3.	The factual framework for this analysis follows the guidelines and methods developed by the Economic and Market Analysis Division within HUD. 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.
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D. Photo/Map Credits

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Contact Information

Casey M. Blount, Economist
 Atlanta HUD Regional Office
 213–534–2622
casey.m.blount@hud.gov

