

# INVESTMENT OUTLOOK

Marcus & Millichap

## SELF-STORAGE

Tennessee Metro Area

MIDYEAR 2025

## New Supply Shifts Between Tennessee's Metros

### Economic Overview

Knoxville led annual employment growth in the year ended in March at 1.3 percent, followed by 0.6 percent in Nashville, while Memphis posted a 1.0 percent decline. Growth is expected to turn positive in Memphis at 0.3 percent this year, though it will continue to trail Knoxville and Nashville, projected at 1.3 and 0.8 percent, respectively.

### Demographic Overview

Strong in-migration will drive population growth of more than 37,000 residents across Knoxville, Nashville and Memphis in 2025. Nearly 70 percent of the growth will be in Nashville, marking the fastest year-over-year population increase among the three at 1.2 percent and placing the metro in the top quartile of major markets nationally.

### Construction Overview

This year's 1.2 million-square-foot delivery slate is led by 800,000 square feet in Nashville, followed by 260,000 in Knoxville and 140,000 in Memphis. This marks a shift from last year when Memphis saw over 700,000 square feet of new inventory — far outpacing Knoxville at about 150,000 and Nashville at 100,000.

### Vacancy/Rent Overview

A pullback in deliveries will limit Memphis' average rent decline to 1.2 percent in 2025, following a 9.9 percent drop in 2024. Despite heightened new supply in Nashville, vacancy is expected to modestly tighten year over year. Still, the average rent here will decline by 2.8 percent to \$1.03 per square foot, compared with a 1.9 percent drop to \$1.06 in Knoxville.

## 2025 MARKET FORECAST

+0.8%



**EMPLOYMENT:** Knoxville, Nashville and Memphis will combine to welcome over 17,000 jobs this year. More than half of these new positions will be in Nashville.

+0.8%



**POPULATION:** Over the five years leading into April, Nashville and Knoxville's populations each grew over 7 percent — more than twice the 3.3 percent national rate — while Memphis remained flat.

1,200,000  
sq.ft.



**CONSTRUCTION:** Nashville's inventory will grow by 3.8 percent — 100 basis points faster than the national pace. Knoxville and Memphis' expansions follow at 2.9 percent and 1.1 percent, respectively.

-60 bps



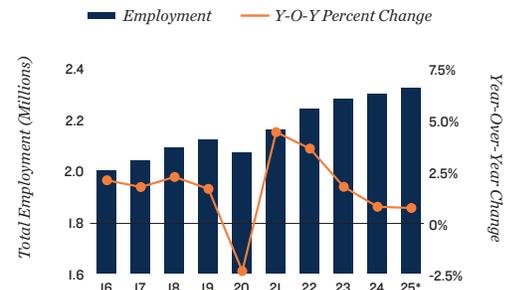
**VACANCY:** Exiting March at 10.5 percent, Nashville's vacancy is slightly above the metro's trailing 10-year first-quarter average. Elevated new supply will push the rate up to 11.4 percent by year-end.

-1.9%

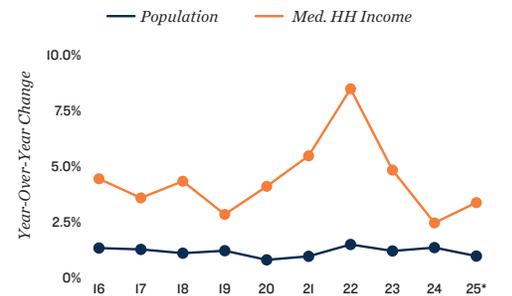


**RENT:** Heading into April, average asking rents were down about 10 percent from their 2022 peak in Nashville and Knoxville and nearly 20 percent in Memphis.

### Employment Trends



### Demographic Trends



### Supply and Demand Trends



\* Forecast

Sources: CoStar Group, Inc.; Real Capital Analytics; RealPage, Inc.

Tennessee encompasses Knoxville, Memphis, and Nashville.

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Metro-level employment, vacancy and effective rents are year-end figures and are based on the most up-to-date information available as of January 2020. Average prices and cap rates are a function of the age, class and geographic area of the properties trading and therefore may not be representative of the market as a whole. Sales data includes transactions valued at \$1,000,000 and greater unless otherwise noted. Forecasts for employment and self-storage data are made during the fourth quarter and represent estimates of future performance. No representation, warranty or guarantee, express or implied, may be made as to the accuracy or reliability of the information contained herein. This is not intended to be a forecast of future events and this is not a guarantee regarding a future event. This is not intended to provide specific investment advice and should not be considered as investment advice.