

NASHVILLE REAL ESTATE

The Property Management Connection, LLC

October 2019

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Key Metrics

- Population of over 1,930,000.
 - Population growth of over 30,000 in last year (+83 people per day)
 - Growth of about 215,000 in the last six years
- July 2019: Unemployment rate of 3.4%
 - National Unemployment Rate: 3.7%
- No state income tax
- Best job growth of all large US metro areas in January (3.9% YoY growth)
- GDP growth of 4.1%
 - 5th best of all metro areas

The Nashville Market

- 3rd fastest growing large metro economy (US Bureau of Labor & Statistics)
- 4th best economy by American City Business Journal
- 5th best city for real estate investing in 2019 according to the annual *Emerging Trends in Real Estate* Report. First time ever in the top 5.
- No. 7 on Forbes list of Top 25 Fastest-Growing Cities of 2018
- 8th best performing city for creating and sustaining jobs and economic growth according to the Milken Institute
- 8th hottest housing market (Zillow)
- Great City for Young Professionals (No. 3 by SmartAsset) and Millennials (No. 7 by The Penny Hoarder)

What Drives Nashville?

- Entertainment & Tourism
 - Outpaced National Averages for Tourism Growth
 - Total Travel Expenditures (6% vs. 4.9%) and International Spending (5.4% vs 0.8%)
 - Country Music – Approximately 200 recording studios
 - Historic Ryman Auditorium, Country Music Hall of Fame, Broadway & Honky Tonks
 - New Convention Center: \$1 billion in economic impact from 2013-2016
 - #2 city in nation for bachelorette parties
 - Sports: Titans (NFL), Predators (NHL), Music City Bowl, SEC Basketball Tournament
 - NFL Draft generated a record \$132.8 million in direct visitor spending
 - Deal reached for MLS (soccer) expansion team to begin play in 2020
 - New \$275MM stadium to be built

What Drives Nashville? (Continued)

- Healthcare
 - Over 250 health care companies headquartered in Nashville and over 400 with significant operations
 - Employs over 270,000 individuals in the Nashville area
 - Nearly \$2 billion in venture capital funds invested in Nashville health care companies since 2005
- Education
 - 21 area colleges and universities generating 26,000 annual graduates
 - Approximately 120,000 total students
 - Approximately 60% of graduates remain in Nashville after graduating creating a highly-educated workforce.
 - Multiple educational initiatives started by former Governor Bill Haslam

Real Estate Market (Nashville)

- Year-Over-Year Condo/Townhome Growth
 - Median Price: Up 1.9% to \$227,000
 - Number of Closings: Up 7.2% to 2,729
- Year-Over-Year Single-Family Home Growth
 - Median Price: Up 2.9% to \$316,000
 - Number of Closings: Up 0.6% to 23,387

(July 2018 to July 2019)

Observations of Nashville Market

- Very few homes listed at under \$200k. Starting prices for most single family homes now at \$230k.
- Appreciation has begun to decelerate
 - Days on market has stayed above 31 days
- Median Home Price for Nashville: 315k
 - First time home buyers are shifting to townhomes
- Normal CAP rates between 5.5% to 6% (unleveraged) for single family homes
- Lower interest rates have resulted in buying opportunities for investors
 - For a 200k house with 25% down, your mortgage payment is \$45 less (\$540 per year)
 - Refinancing provides investors a tax-free way to grow their portfolio

Observations of Nashville Market

- Larger downpayments (25 to 30 percent) instead of current normal of (15 to 20) may be necessary for homes to adequately cash flow.
- Large housing shortage in Nashville in sub-\$300k properties provides opportunities for investment in new construction & land/lot development
 - July 2019: 55% of all single family home sales were less than 300k
- AirBnb experiencing regulatory issues
 - Metro government enacted new ban on non-owner occupied properties
 - High demand, but limited supply has resulted in high prices for qualifying properties
 - 600k starting price for new construction

PMC Advantage

- Full service brokerage and property management firm
- Focused on investment opportunities
- Seamless group transition from acquisition stage to leasing to management
- Strong base of local partners: lenders, insurance, legal counsel, maintenance contractors



PROPERTY MANAGEMENT
CONNECTION

PMC by the Numbers in 2019

- 73% Lease Renewal Rate
- 1% Eviction Rate
 - Nashville average is 3.4%
- Pet Protection: \$5,000 of Coverage
 - Every owner is covered at no additional cost
- Average Rent: \$1,605
- New three tiers of management plans (All-Inclusive, Full Service & Investor)