

Market Studies

Downtown Knoxville's Residents & Workers (2004)

This study notes that Downtown is home to the city's highest employment density, with workers in major corporate headquarters, service operations, and government offices. Downtown also offers attractions such as the Old City and Market Square with shopping and festival opportunities. Residential components also offer opportunities for those wanting to live in the center city.

This report examines the characteristics of the thousands of people who work downtown and those who have made it their home in terms of demographic traits such as age, race, education, employment, and income.

In 2000, 1,300 people lived in downtown. More than 17,000 people worked in downtown Knoxville, representing an 8% share of all people reporting to work in Knox County. Employment density was 26,460 per square mile, almost twice the next highest concentration, found in Fort Sanders.

Industrial Space Inventory (2010)

Market fundamentals remained weak in the U.S. as the economy continued to struggle. In December of 2009, national unemployment notched double digits (10 percent) for a third consecutive month. Unemployment remained high and the economy showed few signs of adding to payrolls in 2010. Manufacturing unemployment continued to rise from an annual rate of 4.3 percent in 2007 to 12.1 percent in 2009. Erosion of the manufacturing employment base reflected declines in the industrial economy as vacancy rates climbed from 12.1 percent in fourth quarter 2008 to 13.2 percent in fourth quarter 2009.

Knoxville's industrial market had mixed reviews.

With over 32.8 million square feet of space this year, total supply was up 2.1 percent since 2007.

Areawide, the market gained eight new industrial buildings since 2007. However as the local inventory grew, so did availability. In the fourth quarter of 2007 the vacancy rate was 11.1 percent. The rate grew 300 basis points to 14.1 percent in the fourth quarter of 2009.

The Industrial Space Inventory is comprised of three sections:

1. Local industrial market analysis: Information provided for the Knoxville market includes current and historical inventory summaries, sub-market totals of occupied and vacant space, facility size and age breakdowns, and planning sector and zip code totals. Several local measures are compared to national and regional market levels.
2. Building-by-building sub-market data: Listings for 13 industrial sub-markets include owner/occupant name, property address, contact information, total floor space, vacancy, and year of construction for each building. Properties are identified on accompanying locator maps.
3. Quick-reference building listings: All industrial properties are listed in three summary tables, sorted by size, property name, and building address.

Office Market Analysis (2013)

Knoxville's office market saw improvement in 2013. The areawide vacancy rate fell 90 basis points, from 16.9 percent in 2012 to 16.0 percent this year. Downtown vacancies declined, shrinking from 14.7 percent in 2012 to 14.0 percent, while the suburban market also improved, shedding 110 basis points to 16.9 percent vacancy this year.

Occupancy increased in seven of the eight Knoxville sub-markets, returning areawide absorption to a positive balance. Suburban markets absorbed

245,992 square feet, however downtown showed a loss of 152,074 square feet.

One new and seven existing office properties, comprising 155,000 square feet, were added to this year's inventory. Also, nine office buildings were removed, due to demolition or converted use, totaling 301,686 square feet. Six of the removed properties were in the Downtown submarket (225,838 square feet) and three in the Central/East/South sub-market (75,848 square feet).

Among Knoxville's three main categories of rentable office inventory, general use accounted for the bulk (68 percent share), with a vacancy rate of 16.8 percent. Medical followed with a 17 percent share of rentable space and 25.9 percent availability, while government use comprised the remaining supply, with the lowest vacancy rate, 4.6 percent.

The 2013 Office Market Analysis provides a detailed examination of private and government office space in Knoxville and Knox County. The report, now in its 30th year, is comprised of three major sections:

1. Local and national market summaries and analysis: Descriptive text and statistical indicators highlight current events in the office segment of Knox County and U.S. property markets.
2. Building-by-building market data: Gross and rentable space, vacancies, rent rates, building services, and lease terms are reported for local office properties. Each is assigned to one of seven sub-markets (Downtown, Central/East/South, North, West City, Cedar Bluff, Hardin Valley/Pellissippi, and Southwest), and accompanying maps show building locations.
3. Quick-reference building listings: All office properties are sorted and individually listed in three summary tables: by gross square footage, by building address, and by building name.

Multi-dwelling Housing Trends (2014)

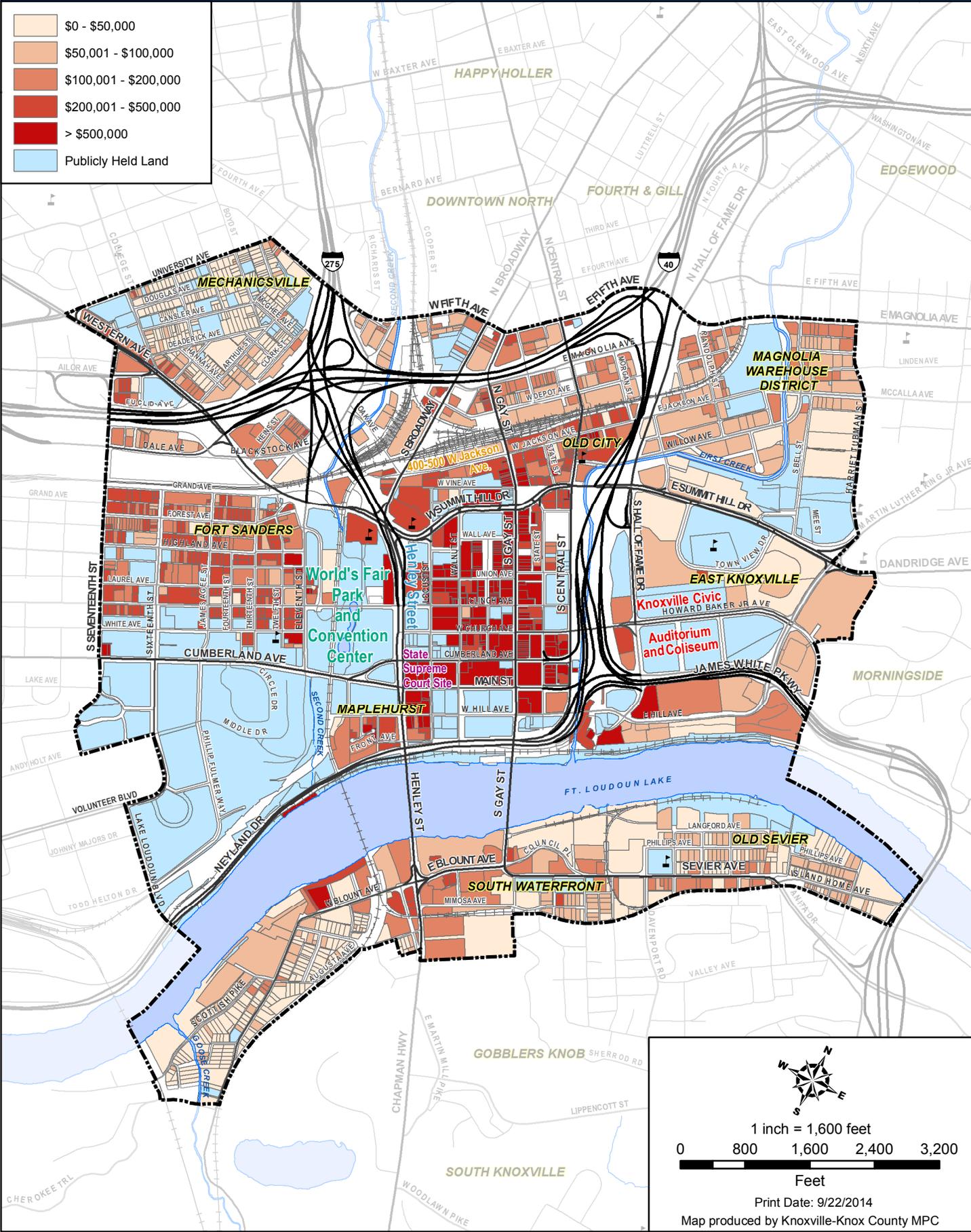
Over the last 10 years, multi-dwelling construction resulted in 6,300 new units in Knox County. Peak activity was measured in 2004 (960 units), while the low was recorded in 2011 (133 units). Removing demolitions from inventory counts, the net gain in local multi-dwelling supply for the decade was 5,301, an annual average of 530 units. This surpassed the annual average of 428 multi-dwelling additions during the 1980s and the 440-unit average of the 1990s.

While the bulk of existing multi-dwelling supply is found in the City of Knoxville, the county balance edged out the City in net additions between 2000 and 2010, capturing 2,858 new units, a 51 percent share of net new supply. The City netted 2,709 units during the period.

An additional 454 units were placed in the suburban balance since 2010, while City development saw 413 new multi-dwellings.

Investors have taken notice of Knoxville's demand for multi-dwelling living, recording a flurry of proposed and completed development activity over the last couple of years. Current interest in the local market could add 2,500 new units to area supply in short order.

Map 35: Appraised Value of Land Per Acre





1 inch = 1,600 feet

0 800 1,600 2,400 3,200

Feet

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Map produced by Knoxville-Knox County MPC

Appraised Value of Land Per Acre

Based upon 2013 Knox County Property Assessor data, the mean land value for the study area was \$286,671. Land values in excess of \$1,000,000 per acre dominate the entire downtown area. Properties fronting Market Square are among the most valuable in the area, fetching in excess of \$1.52 million per acre. These and other high value lands within the CBID pushed the average per acre value to \$878,000.

Appraised values in surrounding neighborhoods are significantly lower. On the high end, was the Fort Sanders area at \$242,000 per acre where multi-dwelling housing aimed at University students tends to drive property values. The resurgent Downtown North area averaged \$149,000 per acre.

Neighborhoods with a composition of primarily single-dwelling structures and neighborhood oriented commercial, such as Mechanicsville and Old Sevier were valued lower at \$61,300 per acre and \$42,600 per acre respectively.