



Real Estate Outlook 2023

FEATURING THE ULI / PWC EMERGING TRENDS IN REAL ESTATE REPORT

ULI NASHVILLE

NOVEMBER 16, 2022

Photo by Aerial Innovations Southeast

Real Estate Outlook 2023

Featuring the ULI / PwC

Emerging Trends in Real Estate Annual Report



Edward Henley
Pillars Development
ULI Nashville Chair



2023

United States | Canada

EMERGING TRENDS IN REAL ESTATE®



Speakers:



Chuck DiRocco
PwC



Gina Emmanuel
Centric Architecture



Alex Chambers
Highwoods Properties



Ray Hensler
Hensler Development
Group



Dee Patel
The Hermitage Hotel



Brittney Rowe
Bellwether Enterprise

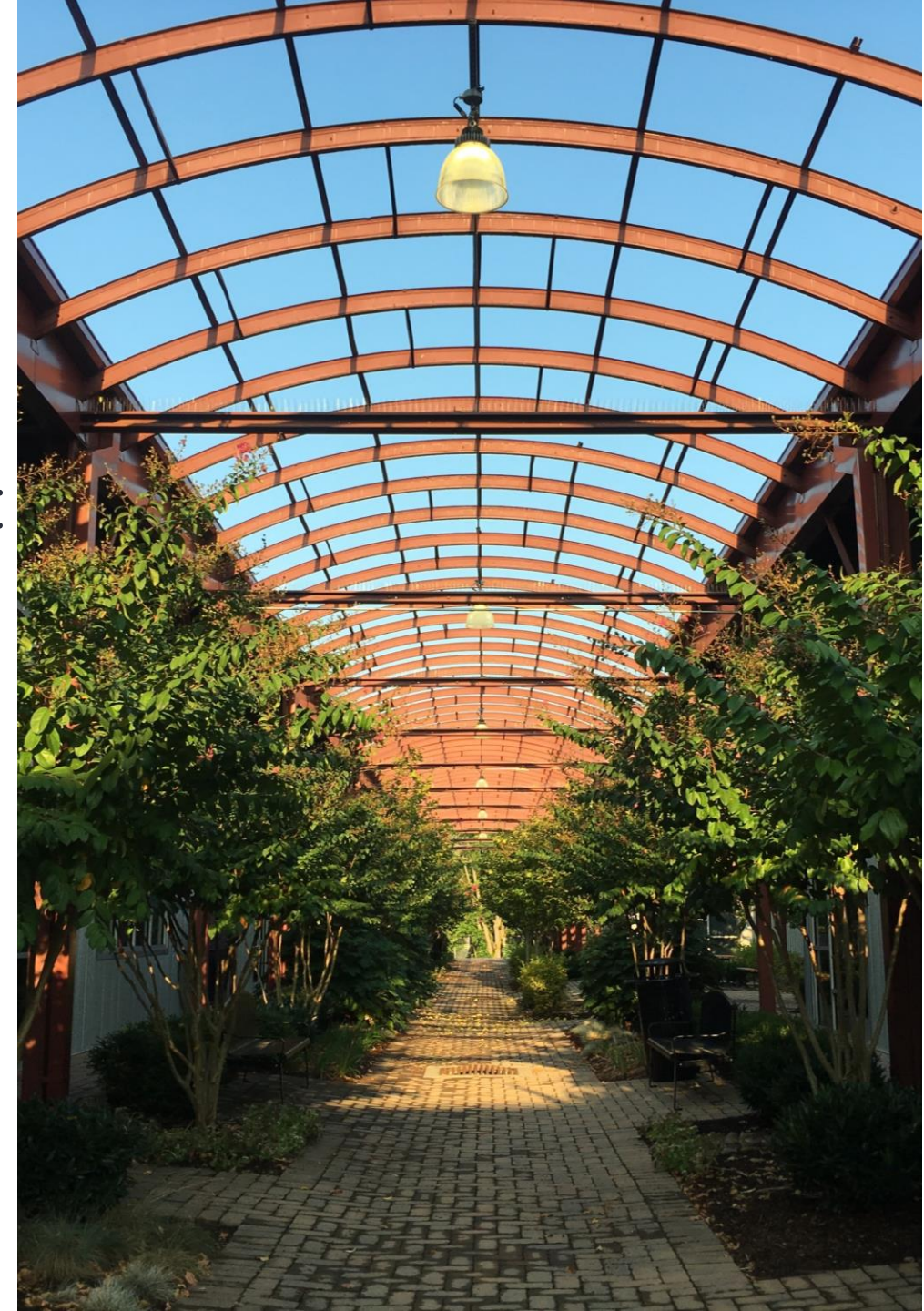
WHAT'S NEXT AT ULI NASHVILLE

Practicing Heat Resilience in a Hot Market:
Lessons from Developers

December 1, 11:30 a.m. to 1 p.m.

Nashville Main Library

Register at Nashville.uli.org/events/



WHAT'S NEXT AT ULI NASHVILLE

Award Application Period Open
Until January 6



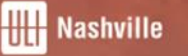
ULI Nashville

**EXCELLENCE
IN DEVELOPMENT**

WHAT'S NEXT AT ULI NASHVILLE

2023 Annual Sponsorship Campaign
Closes December 2

Contact Nashville@uli.org



WHERE THE FUTURE IS BUILT

2023 ULI NASHVILLE
SPONSORSHIP

Enhance your firm's value in the community through recognition,
networking, knowledge, and impact.

Thank you to Real Estate Outlook Hosts

The
Mathews
Company

THE | **RUTLEDGE**



ULI Nashville Real Estate Outlook 2023
Presented by

WALKER &
DUNLOP

Moderator:



Gina Emmanuel
Centric Architecture

Panelists:



Alex Chambers
Highwoods Properties



Ray Hensler
Hensler Development
Group



Dee Patel
The Hermitage Hotel



Brittney Rowe
Bellwether Enterprise

Ray Hensler, Hensler Development Group

2016-2021 New high rise supply wave reshapes downtown

- 2015 - Just one modern high rise rental tower in Nashville
- Between 2016-2021, 12 new high rises / 4,160 units delivered
- \$2 rents move to \$3...Do I hear \$4?
- Currently 4,200 units in 12 towers are under construction
- Renter-by Choice demand supports higher cost
- Hello, Micro-Housing!

The Fed starts removing the Punch Bowl in 2022

- A record \$4.4 Billion in Transactions **YTD 2022** after \$4.2 Billion in **2021**
- Runaway Inflation and Labor woes force Fed to get aggressive
- Supply Chain issues remain but show signs of improvement
- Land and Hard Cost pressures remain
- Exit Pricing has become very uncertain
- Lenders and Capital providers take a knee

2023 Headwinds

- After record years in '21 and '22 can Nashville maintain its Supernova footing ?
- 4Q 2022 Effective Rents trending down anecdotally
- Concessions are BACK, especially in New Lease-ups
- A record 13,000 of new Supply on the way for 2023
- More than 20 new high rise projects planned for ??
- Expect Lender and Capital underwriting to remain tight limiting new starts
- Nashville Job Growth very strong through Q3 2022 but for how much longer?
- Low Cost (and Taxes), Quality of Life, Diverse Economy and Upward Spiral in the downtown core will keep Nashville at the top of Investors' radar beyond 2023



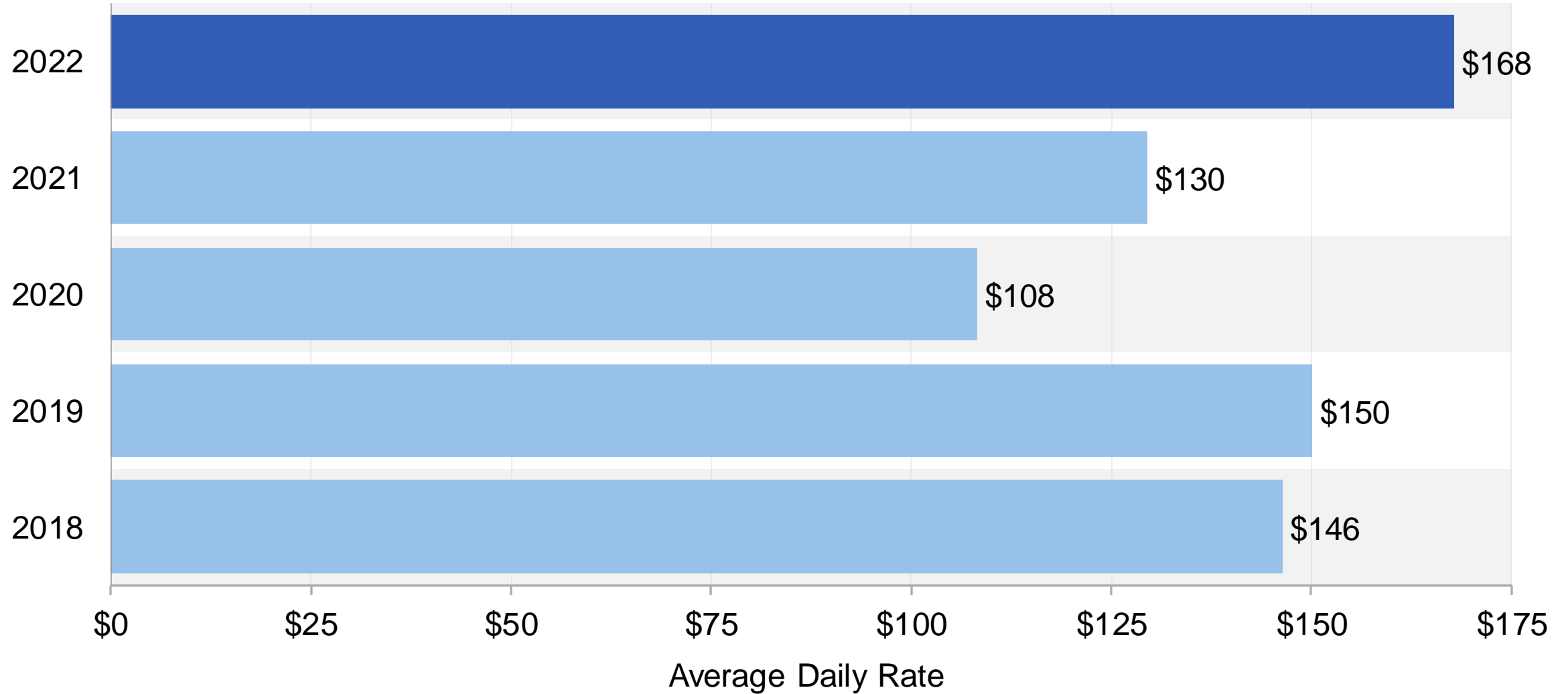
Hotel Industry Overview

- November 2022 -

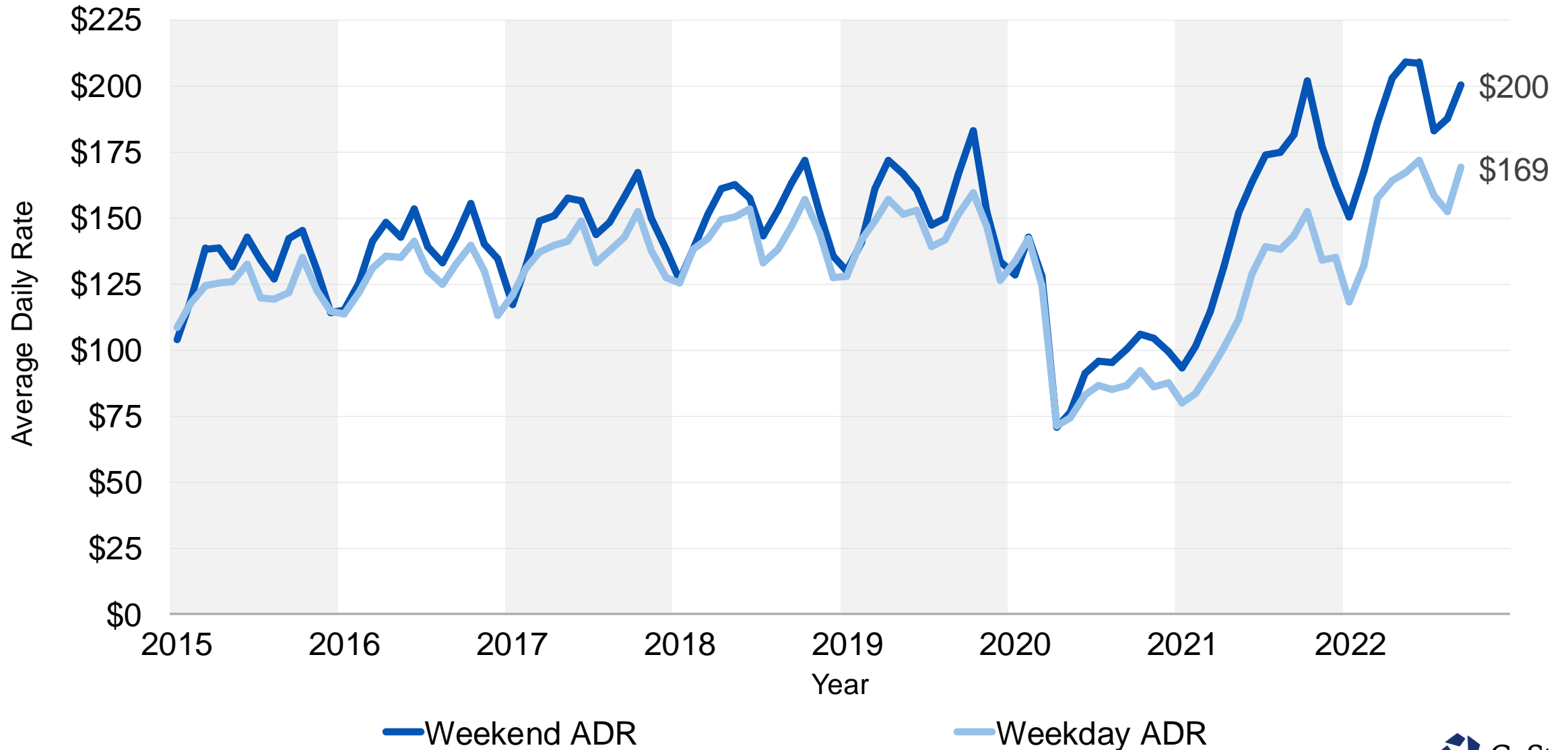


Jan D. Freitag - National Director, CoStar Group - jfreitag@costar.com

September YTD ADR at New Records



Nashville Hotel ADR: Weekend Shows Strong Growth



Sales Price per Key at New Heights



W Hotel
March 2022

\$328 million
\$950k / key



Fairlane Hotel
June 2022

\$40 million
\$506k / key



Conrad Hotel
June 2022

\$119 million
\$508k / key

CAPITAL MARKETS

BRITTNEY ROWE, BELLWETHER ENTERPRISE

BWWE



SCAN ME

We're in a discovery
period



Don't play musical
chairs

Difficult market,
distressed deals to
follow, still seeing wins.

Financing to a better
market

2023

United States | Canada

EMERGING TRENDS IN REAL ESTATE®



Nashville

