

NASHVILLE, TN

The construction market in Nashville is weathering the economic downturn rather well. Although COVID-19 has had an impact on future construction loans, Nashville still has major developments moving forward. The Virgin Hotel is about to open, and the 5th and Broadway Oliver McMullen project is expected to wrap up by the end of 2020 or in early 2021. The residential, hospitality, and office sectors have slowed down, but tech giants have not scrapped plans to move to the city. New Amazon offices and Facebook data centers should help buoy the local economy.

The ongoing trade war and supply chain disruptions from the pandemic have made sourcing imported materials more difficult, and some trades are still facing labor shortages, but construction costs are unlikely to rise significantly. The city government has canceled some incentives and raised property taxes, which could dampen growth in the construction market going forward, but Nashville is still expected to see growth in construction volume starting next year. COVID-19 has created some uncertainty in the market, but Nashville has synergy between large business and hospitality that should help get things back on track.

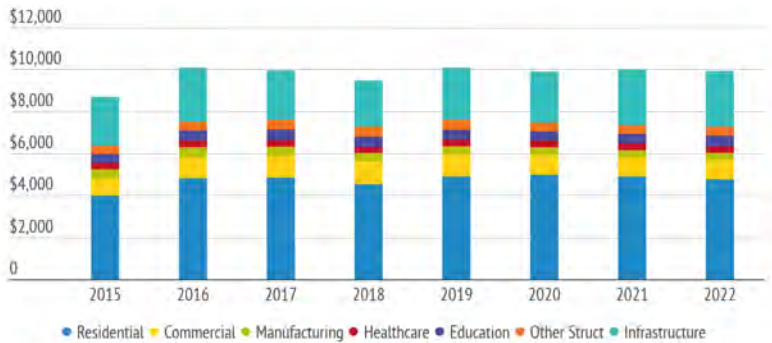
Total Construction Market Volume by Sector (x \$1m, Nominalized 2012\$)

Sector	2015	2016	2017	2018	2019	2020	2021	2022
Total (x \$1m)	8,694	10,086	9,956	9,469	10,088	9,912	10,013	9,922
Residential	3,960	4,818	4,844	4,510	4,883	4,957	4,893	4,761
Commercial	785	976	1,031	1,095	1,056	962	899	893
Manufacturing	491	485	429	403	398	355	350	348
Healthcare	295	317	333	306	320	317	335	341
Education	438	483	498	486	465	440	456	504
Other Struct*	402	429	463	473	467	431	423	417
Infrastructure	2,321	2,579	2,358	2,195	2,499	2,450	2,655	2,657
Total Increase	Y-O-Y %	16.0%	-1.3%	-4.9%	6.5%	-1.8%	1.0%	-0.9%
Residential	Y-O-Y %	21.7%	0.5%	-6.9%	8.3%	1.5%	-1.3%	-2.7%
Commercial	Y-O-Y %	24.4%	5.6%	6.2%	-3.5%	-8.9%	-6.5%	-0.7%
Manufacturing	Y-O-Y %	-1.3%	-11.6%	-6.0%	-1.2%	-10.8%	-1.2%	-0.7%
Healthcare	Y-O-Y %	7.7%	5.0%	-8.0%	4.4%	-0.9%	5.7%	1.8%
Education	Y-O-Y %	10.1%	3.2%	-2.4%	-4.3%	-5.5%	3.7%	10.5%
Other Struct*	Y-O-Y %	6.5%	8.1%	2.2%	-1.4%	-7.7%	-1.8%	-1.5%
Infrastructure	Y-O-Y %	11.1%	-8.5%	-6.9%	13.9%	-2.0%	8.4%	0.1%

SOURCE: IHS-Markit

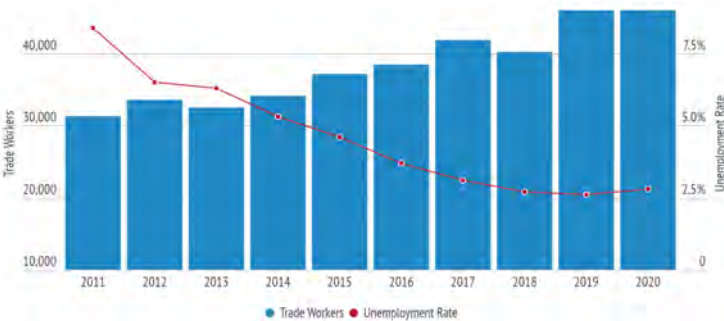
* This includes religious buildings, amusement, government communications and public recreation projects.

Annual Volume (x\$1m, 2012\$)



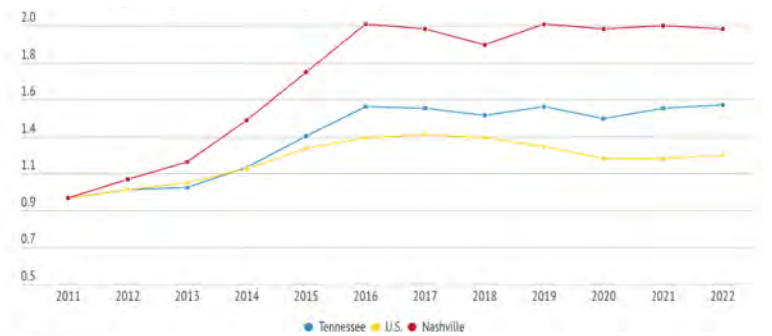
SOURCE: IHS-Markit

Regional Construction Employment



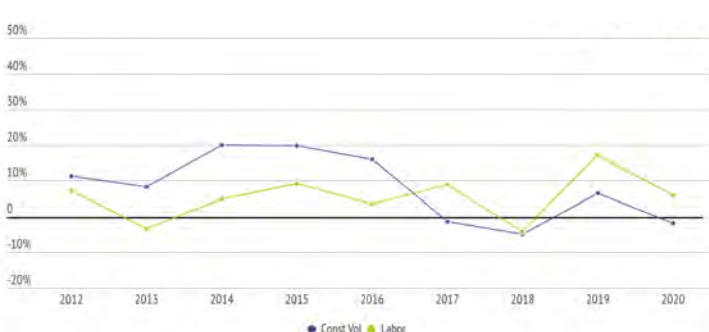
SOURCE: U.S. Bureau of Labor Statistics

Construction Spending Index 2010-2021 (2010=1.0)



SOURCE: IHS-Markit

Construction Volume vs Labor - Annual Increase/Decrease



SOURCE: ReedConnect

Top Regional Projects Sorted by Construction Value

Project	Location	Value
East Works District	Franklin	\$800m
Project Woolhawk	Nashville	\$750m
MGM Project Nashville Yards	Madison	\$618m
Music City Baseball Stadium	Nashville	\$600m
Amazon Warehouse Hub	Mt Juliet	\$540m
Envision Edgehill Apartments	Nashville	\$528m
Demonbreun Hill Mixed-Use	Nashville	\$500m
Church Street Mixed Use	Nashville	\$500m
The Reservoir	Nashville	\$500m
Wilkerson Place	Thompsons Station	\$370m

SOURCE: ReedConnect