

THDA HOUSING INDICATORS: **COMPARING TN'S CITIES**

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MEMPHIS

NASHVILLE

KNOXVILLE

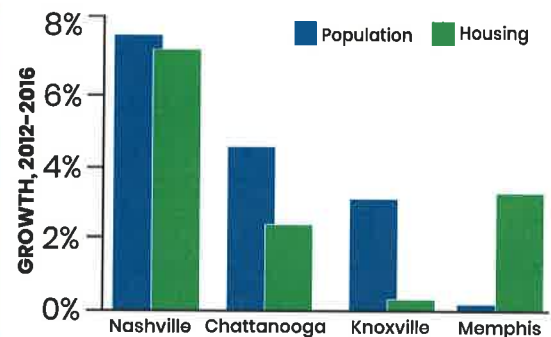
CHATTANOOGA

INTRODUCTION

This report explores the housing markets in Tennessee's four largest cities. Nashville appears consistently as a high-growth, high-demand and high-income city, pulling away from the other three cities in these categories. Chattanooga stands out as having the lowest levels of housing cost burden, due to its relative balance of household incomes, property values, and rents. Knoxville and Memphis stand out as having the most affordable housing opportunities, particularly in the homeownership context.

HOUSING & POPULATION

	POPULATION	5 YEAR CHANGE	HOUSING UNITS	5 YEAR CHANGE
NASHVILLE	684,410	+7.7%	306,362	+7.5%
MEMPHIS	652,752	+0.1%	303,888	+3.3%
KNOXVILLE	186,238	+3.0%	90,626	+0.3%
CHATTANOOGA	177,582	+4.4%	83,133	+2.3%



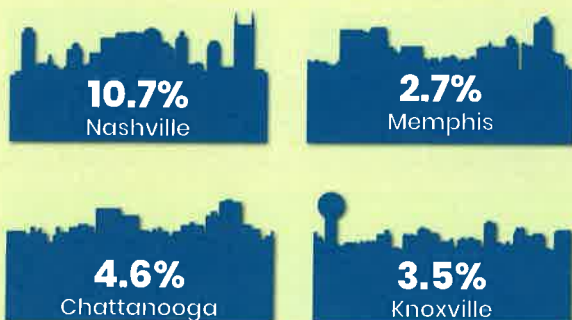
Of the four cities, only Memphis added more housing than population.

27% of the state's total housing units come from the four largest cities.

37% of the state's housing unit growth from 2011-2016 occurred in its four largest cities.

NEW HOUSING CONSTRUCTION

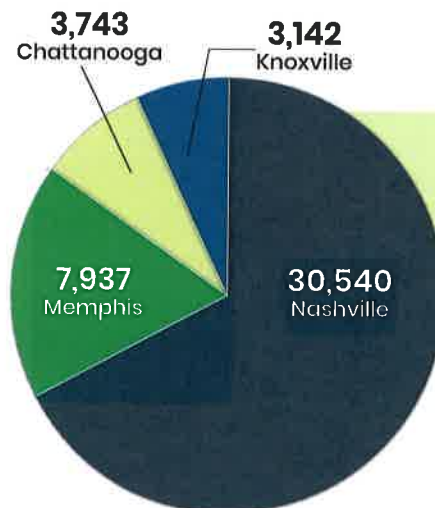
RESIDENTIAL PERMITS ISSUED, 2012-2016, AS A % OF 2011 HOUSING STOCK



When adjusted for its volume of housing units, Memphis built less new housing as a share of its existing housing stock than the other three cities. Memphis may have added housing in other ways, however, namely conversion of non-housing structures to housing uses.

32% of Tennessee's new housing permits issued from 2012 to 2016 were in its four largest cities.

Source: U.S. Census Bureau, Building Permits Survey



BUILDING PERMITS ISSUED, 2012-2016

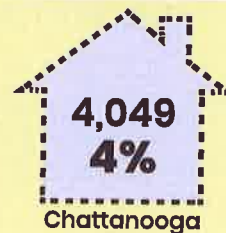
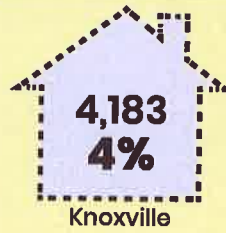
Nashville's building permit activity more than **TRIPLED** the next highest city from 2012-2016

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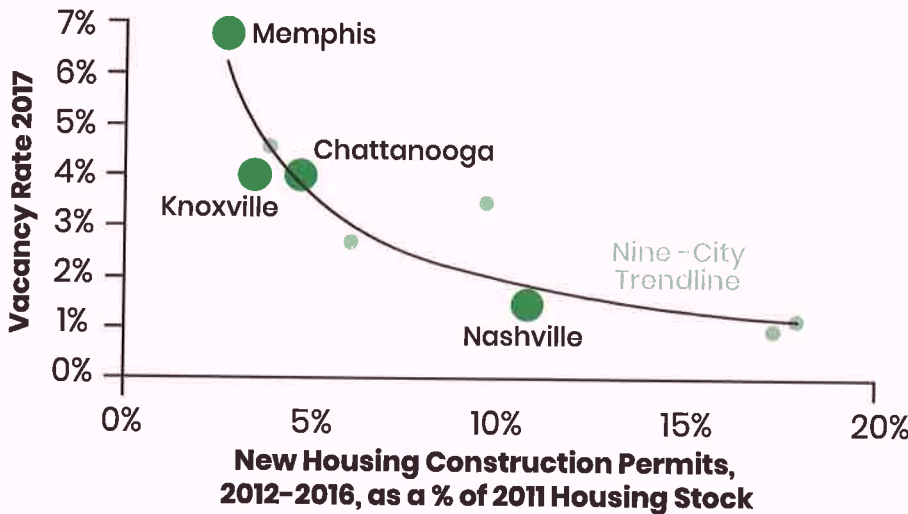
VACANT HOUSING

Memphis Has Highest Rate of Vacant Housing.



Roughly **1 in 15** housing units in Memphis were vacant during 2017. *Source: U.S. Postal Service*

VACANCY VS. NEW CONSTRUCTION PERMITS



A low vacancy rate may signal demand for additional housing units. Nashville and Memphis form the two extremes (very low and very high rates of vacancy, respectively) with Knoxville and Chattanooga falling right in between.

The Tennessee cities with the lowest rates of housing vacancy have seen the highest rates of new housing construction in recent years, and vice versa.

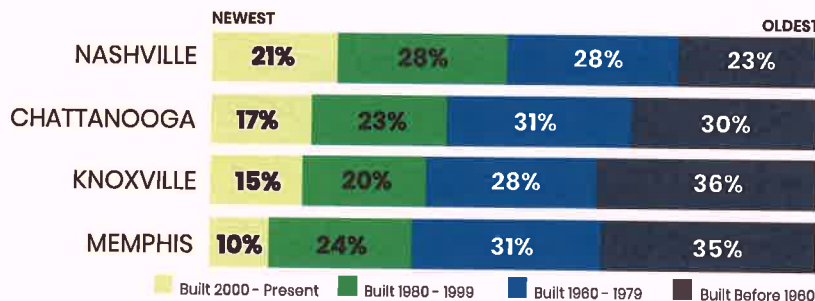
Note: the above nine-city trendline includes data for the four cities of this report, and the 5 next largest cities which are the focus of a companion indicators brief. They are: Murfreesboro, Clarksville, Jackson, Franklin, and Johnson City.

Source: U.S. Postal Service & Census Bureau Building Permits Survey

AGE OF HOUSING STOCK

The age of a city's housing stock can signal future housing needs. Nashville, with its construction boom, has the newest housing stock overall, while Memphis has the oldest.

HOUSING STOCK, BY YEAR BUILT



Roughly **2/3** of housing units in Memphis and Knoxville were built before 1980.



1 IN 5 housing units in Nashville have been built during the 21st century.

Cities with an aging housing stock can face higher rates of demolition and higher needs of housing repair. Conversely, older, depreciated housing can also be more affordable to rent or own.

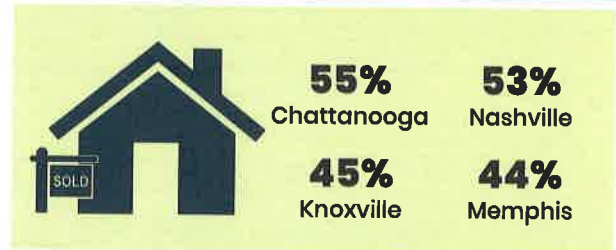
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HOMEOWNERSHIP RATES

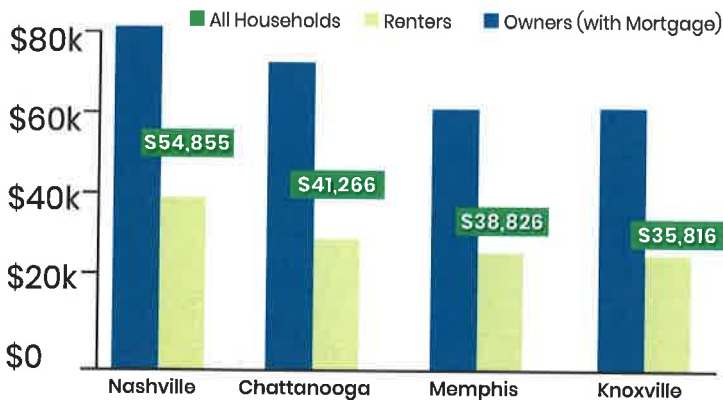
65% of Tennessee households are homeowners, while rates of homeownership are much lower in its largest four cities.

Knoxville and Memphis have experienced falling homeownership rates in recent years, while Chattanooga's homeownership rate has climbed by several points.



HOUSEHOLD INCOMES

MEDIAN HOUSEHOLD INCOME, BY OCCUPANCY



There are meaningful differences in household incomes between the four cities. Median household income in Nashville was nearly \$20,000 higher than that of the median Knoxville household.

Across all four cities, income for homeowners with a mortgage is at least twice as high as that of renters household.

The median mortgage-holding homeowner in Chattanooga earns 2.4 times as much as the median renter, the largest ratio of the four cities.

HOUSING COST & COST BURDEN

HOMEOWNER COST BURDEN

Housing Costs as a % of Household Income

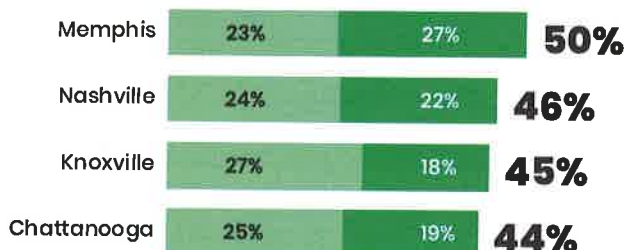
30 to 49% | 50% or More



RENTER COST BURDEN

Housing Costs as a % of Household Income

30 to 49% | 50% or More



While housing costs are lower among renters, household incomes are substantially lower, and renter households ultimately pay, on average, a higher percentage of their incomes on housing. As a result, levels of cost burden are much higher among renters.

Data on cost burden shows Chattanooga households to have the best match of housing costs to incomes. While Chattanooga has a median renter household income that is ten percent higher than Memphis renters, median gross rent in Memphis was still ten percent higher than in Chattanooga. This may partially explain why levels of housing cost burden are highest in Memphis.

MEDIAN MONTHLY HOUSING COSTS

Homeowners (with a Mortgage)

\$1,304	\$1,192	\$1,148	\$1,049
Nashville	Chattanooga	Memphis	Knoxville

Renters

\$982	\$857	\$781	\$763
Nashville	Memphis	Chattanooga	Knoxville

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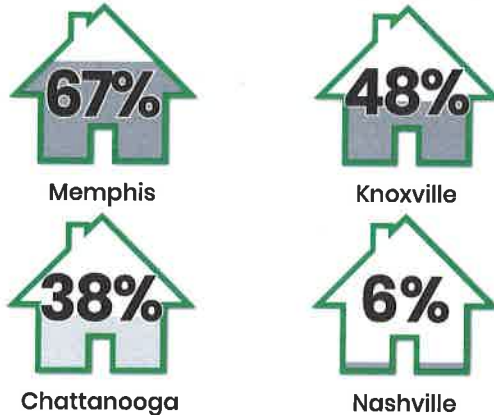


PROPERTY VALUES

In one year, Nashville's median single family home value increased by **43%**

Home value appreciation in Nashville has far outpaced the other three cities, in part owing to the property reappraisal during 2017.

SHARE OF SINGLE FAMILY HOMES VALUED AT LESS THAN \$100,000



MEDIAN VALUE OF SINGLE FAMILY HOME, 2017

\$208,900 Nashville	\$123,700 Chattanooga
\$102,300 Knoxville	\$70,100 Memphis

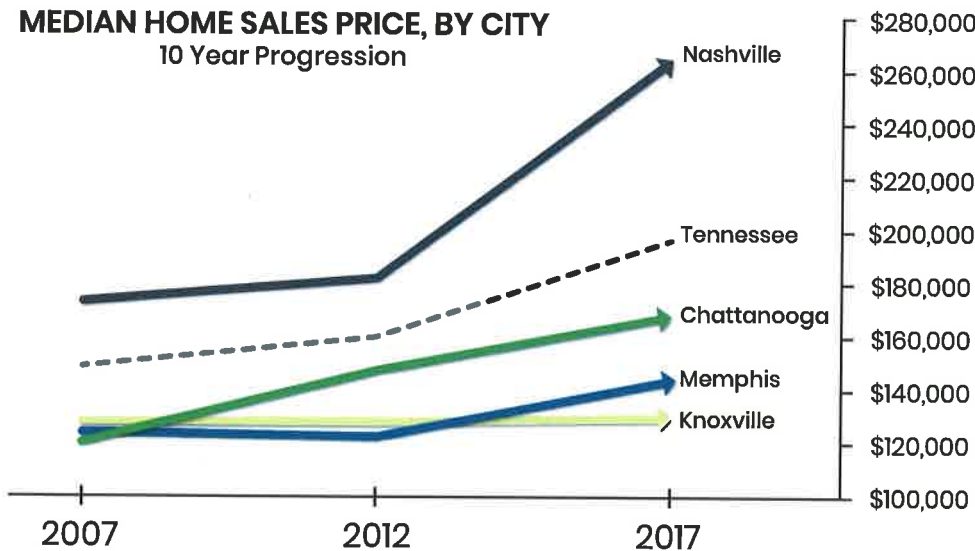
Source: Tennessee Comptroller's Office, Office of Local Government

Roughly **2/3** of Memphis single family homes are valued at less than \$100,000. *(This includes vacant homes.)*

HOME PURCHASES

Nashville's home sale prices and volume have outpaced the other three cities in recent years. Nashville's home sales price and volume increases have exceeded the other three cities. However, the volume of homes sold roughly doubled in each of the four cities from 2012 to 2017.

MEDIAN HOME SALES PRICE, BY CITY 10 Year Progression



Over a five year period (2013-2017) Nashville's median home sales price grew by nearly **46%**

2017 HOME SALES VOLUME

8% Nashville	7% Chattanooga
6% Knoxville	3% Memphis

LOWER HOME PRICES IMPROVE ACCESS TO HOMEOWNERSHIP

AFFORDABLE TO A WAITER/SALES CLERK



23% Knoxville	23% Memphis
14% Chattanooga	1% Nashville

AFFORDABLE TO EMT/OFFICE WORKER*



65% Knoxville	55% Memphis
44% Chattanooga	17% Nashville

Source: Bureau of Labor Statistics; Tennessee Comptroller's Office

* Occupations earning the median area wage

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HOUSING + TRANSPORTATION

AVERAGE TRAVEL TIME TO WORK, BY CITY

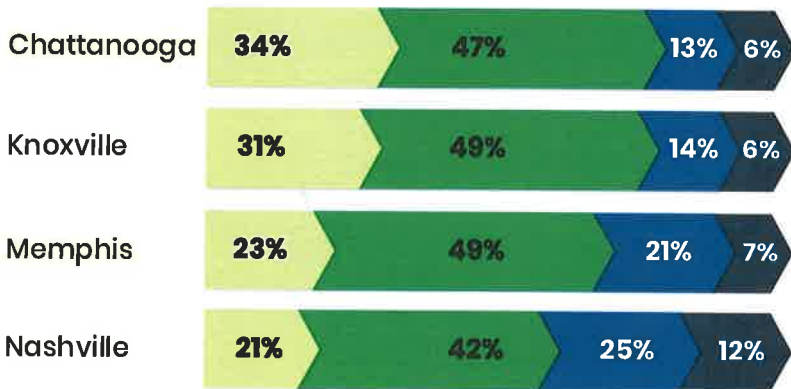


Nashville workers have the longest commutes, on average, of the four major cities, and its commutes are getting longer. One in every eight workers residing in Nashville commutes 45 minutes or longer to work. This is roughly double the proportion for each of the other three major cities.

Commute times can be attributable to traffic, geographic dispersion of employment, geographic dispersion of housing, and the capacity and reach of transit systems. Transportation data has broad implications for a city's housing market. Increased commute times will typically translate to higher costs for households.

COMMUTE TIMES

■ <15 minutes
 ■ 15-29 minutes
 ■ 30-44 minutes
 ■ 45+ minutes



Nashville has the highest share of employed residents who commute out of county, but is still lower than the Tennessee rate of **28%**.

SHARE OF RESIDENTS WHO COMMUTE OUT OF COUNTY



% CHANGE IN AVERAGE TRAVEL TIME TO WORK OVER FIVE YEARS

