

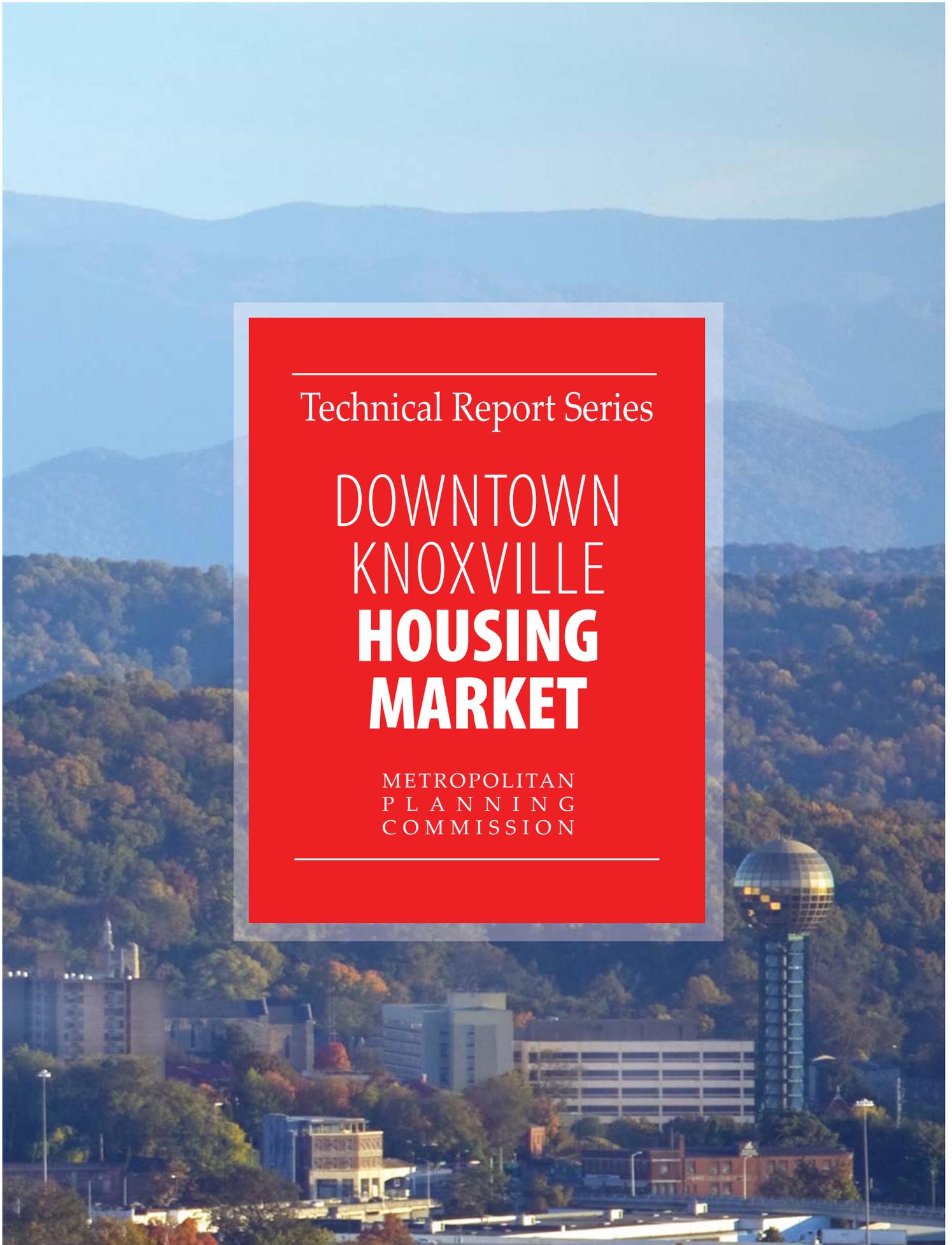
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Technical Report Series

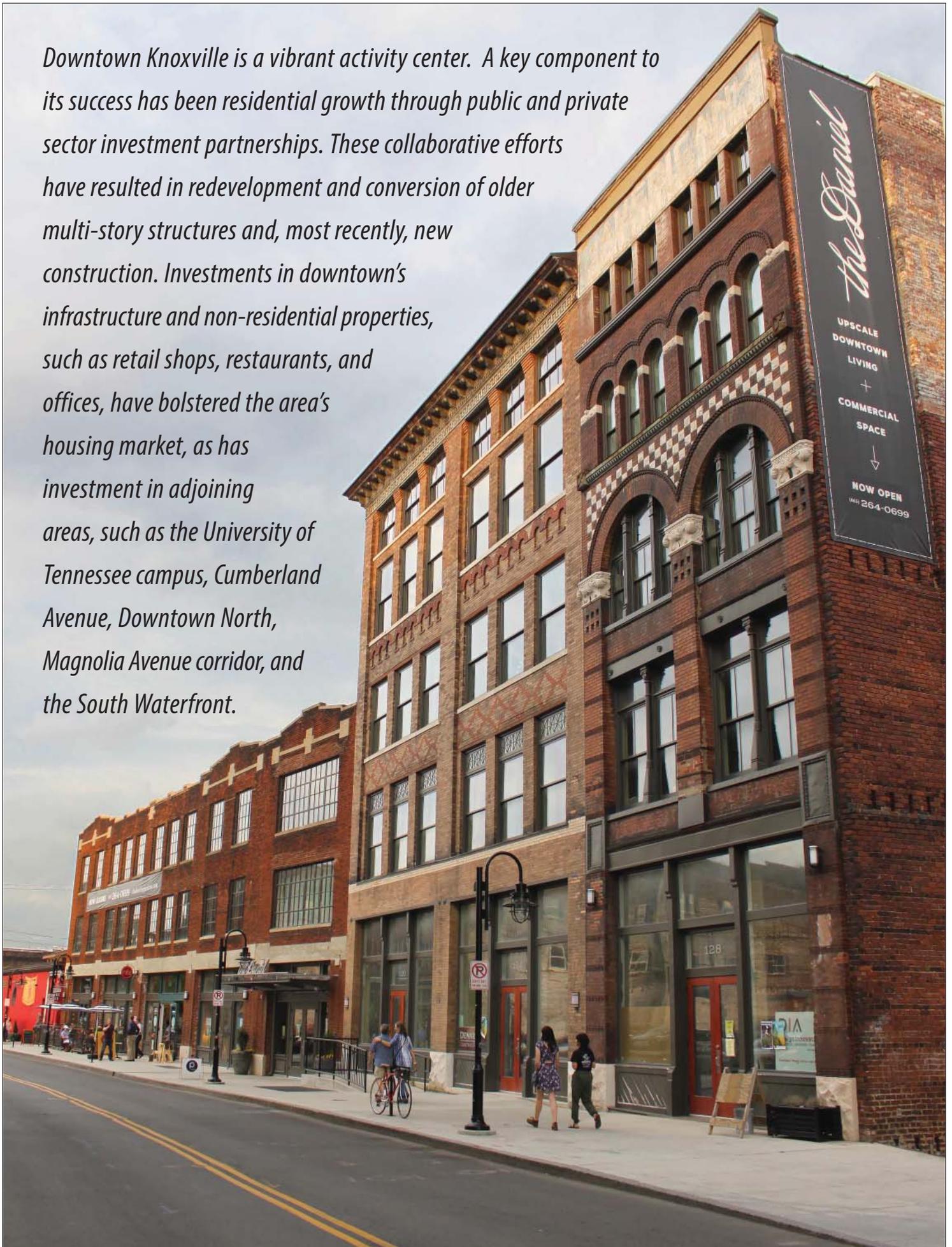
DOWNTOWN  
KNOXVILLE  
**HOUSING  
MARKET**

METROPOLITAN  
P L A N N I N G  
C O M M I S S I O N

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*Downtown Knoxville is a vibrant activity center. A key component to its success has been residential growth through public and private sector investment partnerships. These collaborative efforts have resulted in redevelopment and conversion of older multi-story structures and, most recently, new construction. Investments in downtown's infrastructure and non-residential properties, such as retail shops, restaurants, and offices, have bolstered the area's housing market, as has investment in adjoining areas, such as the University of Tennessee campus, Cumberland Avenue, Downtown North, Magnolia Avenue corridor, and the South Waterfront.*



Southeastern Glass Company



This technical report examines Knoxville's downtown residential growth in detail, examining the current housing inventory, annual additions, investments, property sales, rental rates, and proposed future developments.

For our purposes, downtown is defined as the area bounded by Interstate 40, James White Parkway, Tennessee River, and World's Fair Park. Further, we have delineated three downtown residential submarkets: North, Central, and South (Map 1).

**INVENTORY OF RESIDENTIAL UNITS**

Downtown includes 1,103 parcels of land, totaling 378 acres, with 99 residential developments and 1,833 housing units, comprising an average density of 4.8 units per acre. A detailed inventory of all housing properties downtown is provided in Table 1.

1894 Saloon Building



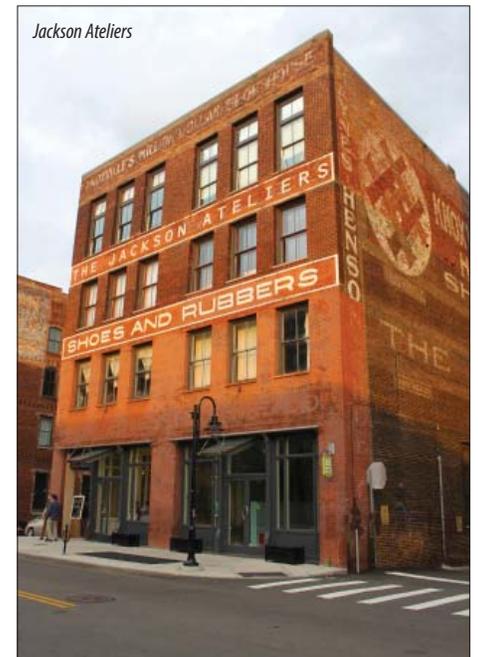
**North Submarket**

This area records 47% of downtown's supply of condos and apartments. In fact, over half (54%) of all downtown rentals (apartments) are found in this submarket. Contributing to that inventory is Summit Towers Apartments – its 277 units comprise downtown Knoxville's largest residential building. The submarket's newest residential units are in The Daniel, a former clothing manufacturing facility that has been renovated and converted into 70 apartments.

White Lily Flats



Jackson Ateliers



Marble Alley Lofts



Taylor Lofts

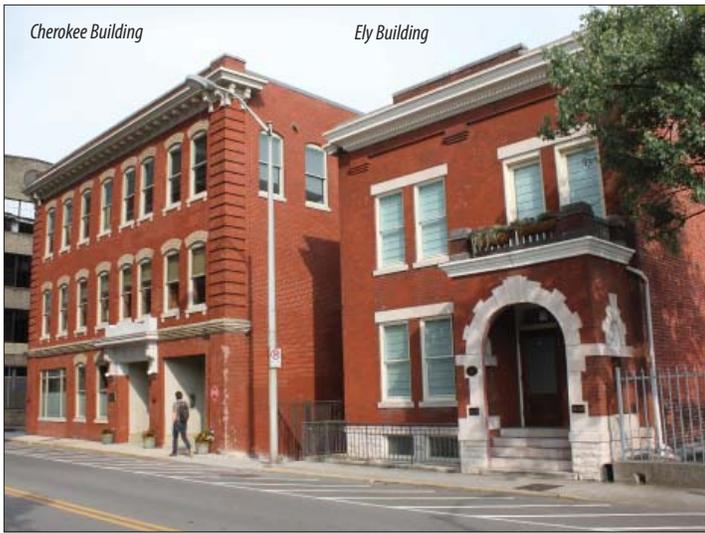


### Central Submarket

The Central submarket contains 33% of all downtown housing units. Comprising a sizable share of the area's inventory are newly-constructed units, including Marble Alley Lofts, with 248 apartments. Further, the five largest venues of the 33-property submarket combine for over 60% of its total supply.

Arnstein Building





*Cherokee Building*

*Ely Building*



*Medical Arts Building*



*802-804 W. Hill Avenue*



*Riverhouse Condos*

**South Submarket**

The South area accounts for almost 20% of downtown housing units. Nearly two-thirds are reported at Maplehurst Park Apartments, with 205 units in 22 buildings, located west of Henley Street, south of Cumberland Avenue. The Medical Arts building, a converted office property, holds the second largest share of inventory with its 49 units.



*623 W. Hill Avenue*

In addition to downtown's three submarkets, many large housing developments surround the area: historic Fourth and Gill neighborhood to the north; Vista at Summit Hill, Arbor Place Apartments, Promontory Point Condominiums, and Riverside Condominiums to the east; One Riverwalk Apartments and 303

Flats to the south; and the University of Tennessee and Fort Sanders neighborhood to the west.

**Table 1: Downtown Knoxville Residential Units, 2017**

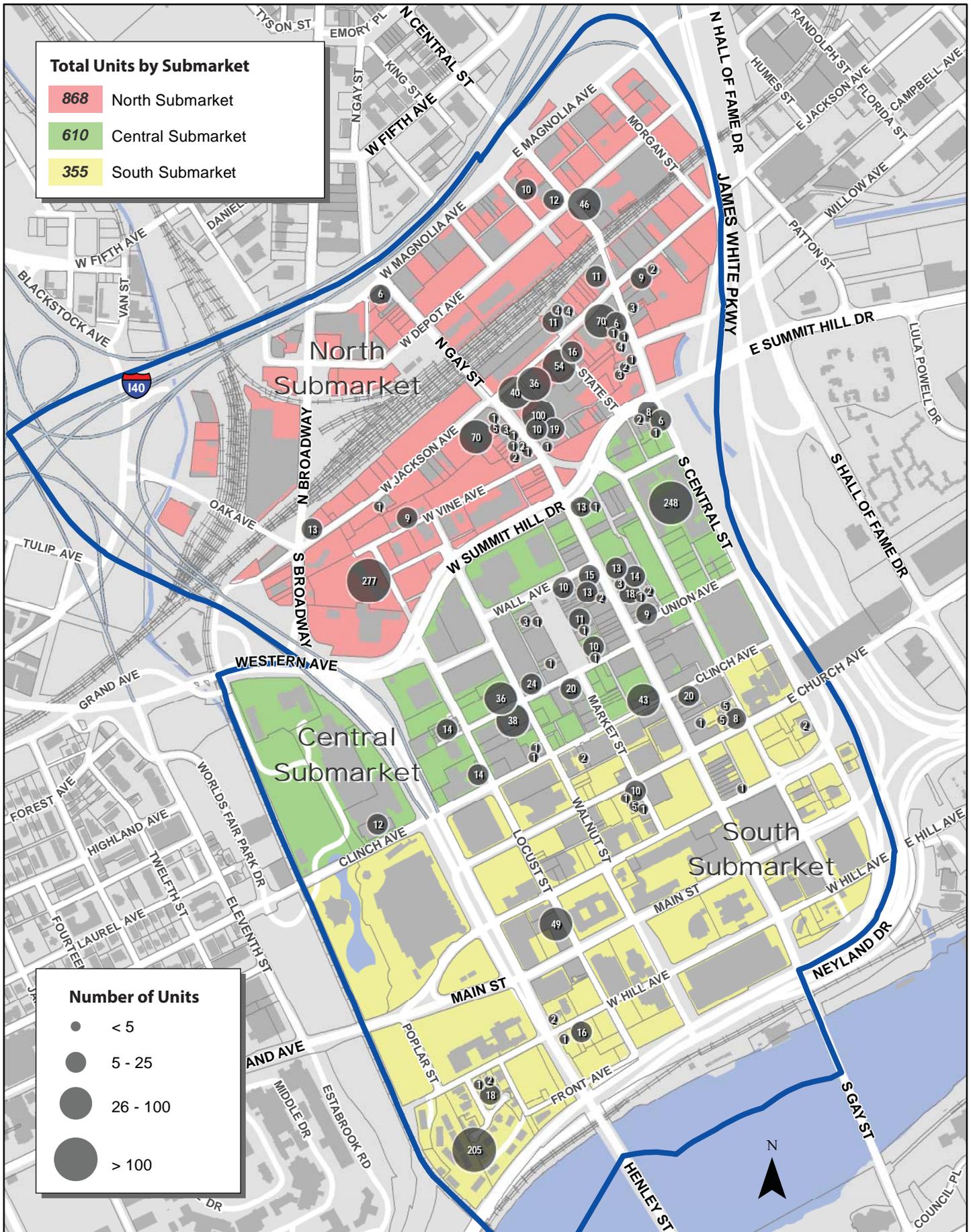
Name	Address	Year		Units		
		Built	Renovated	Rental	Owner-Occupied	Total
<b>NORTH SUBMARKET</b>						
Summit Towers Apartments	201 Locust Street	1980		277		277
Sterchi Lofts	116 S Gay Street	1920	2002	100		100
Armature Building	310 W Jackson Avenue	1894	2013	70		70
The Daniel	114-124 W Jackson Avenue	1900	2016	70		70
JFG Flats	200 W Jackson Avenue	1900	2006	54		54
White Lily Flats	222 N Central Street	1855	2014	46		46
Emporium	112 S Gay Street	1900	2001	40		40
Fire Street Lofts	220 Jackson Avenue	1900	2006		36	36
Commerce Lofts	122 S Gay Street	1900	2008		19	19
Jackson Atelier	130 W Jackson Avenue	1900	2000		16	16
Southeastern Glass Building	555 W Jackson Avenue	1925	2013		13	13
1894 Saloon Building	303 N Central Street	1920	1985	12		12
Hewgley Park Building	111 N Central Street	1900			11	11
Jacksonian Condos	129 W Jackson Avenue	1900	2008		11	11
Commerce Condos	120 S Gay Street	1900	1995		10	10
The Mews	319 N Central Street	2015			10	10
Ryans Row	415 W Vine Avenue	1982	1990		9	9
Sullivan Street Lofts	110 E Jackson Avenue		2015	9		9
Central Court Condos	111 S Central Street	1900	1990		6	6
Whist Court	400 W Magnolia Avenue	1900			6	6
Hubris Building	113 S Gay Street	1900	2001	5		5
125 S Central Street	125 S Central Street	1900	2003	4		4
125 W Jackson Avenue	125 W Jackson Avenue	1900	2012	4		4
Jackson Loft Apartments	121 W Jackson Avenue	1900	1983	4		4
110 S Central Street	110 S Central Street	1900	2000	3		3
Mill Agent Lofts	121 S Gay Street	1900	2000	3		3
Westmoreland Condos	135 S Central Street	1900		3		3
118 E Jackson Avenue	118 E Jackson Avenue	1900	2015	2		2
133 S Central Street	133 S Central Street	1900	2003	2		2
135 S Gay Street	135 S Gay Street	1920		2		2
137 S Gay Street	137 S Gay Street			2		2
113 S Central Street	113 S Central Street	1900	2003	1		1
119 S Central Street	119 S Central Street	1900	2002	1		1
128 S Gay Street (Rebori Building)	128 S Gay Street	1920	1998		1	1
129 S Gay Street (The Mill Place)	129 S Gay Street	1900	2008	1		1
133 S Gay Street	133 S Gay Street	1920	1999	1		1
516 W Jackson Avenue	516 W Jackson Avenue	1900	2006	1		1
Doyle Dukes Building	109 S Gay Street	1900	2008	1		1
Farmers Traders Lofts	141 S Gay Street	1900	2008	1		1
Hanna Properties	131 S Central Street	1900	1994	1		1
<b>North Submarket Total</b>				720	148	868
<b>CENTRAL SUBMARKET</b>						
Marble Alley Lofts	300 State Street	2016		248		248
Holston Condos	531 S Gay Street	1913	2008		43	43
Pembroke Condos	508 Union Avenue	1925	1983		38	38
Daylight Building	505 Union Avenue	1930	2009		36	36
Residences at Market Square	440 Walnut Street	2007			24	24
Arnstein Building	505 Market Street	1906	2013	20		20
Phoenix	418 S Gay Street	1910	2009		18	18
JC Penney	412-416 S Gay Street	1898	2016	3	14	17
Lerner Lofts	401 S Gay Street	1910	1999		15	15

**CENTRAL SUBMARKET** continued

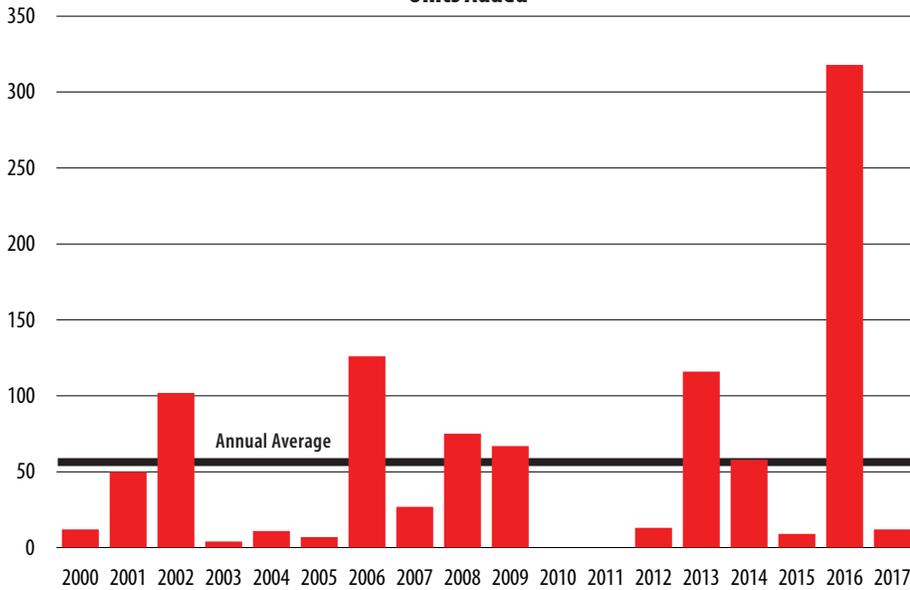
Name	Address	Year		Units		
		Built	Renovated	Rental	Owner-Occupied	Total
Crown Court Condos	535 Locust Street	1928	2007		14	14
Kendrick Place	604 Union Avenue	1916	1981		14	14
300 Building	300 S Gay Street	1910	2009		13	13
411 Gay Street Apartments	411 S Gay Street	1910	2012	13		13
Gallery Lofts	402 S Gay Street	1910	2006		13	13
The Residences at The Tennessean	531 Henley Street	1982	2017		12	12
The Lofts of 18 Market Square	18 Market Square	1920	1998	11		11
36 Market Square	36 Market Square		2015	10		10
4 Market Square	4 Market Square	1933	2004	10		10
Tailor Lofts	430 S Gay Street	1900	2014	9		9
Willingham Garretts	102 W Summit Hill Drive	1910		8		8
Kings Row Condos	201 S Central Street	1910	1982	6		6
29 Market Square	29 Market Square	1920	1981	3		3
Cable Piano Condos	422 S Gay Street	1910	2001	1	2	3
415 Gay Street Apartments	415 S Gay Street	1963	2007	2		2
Keller Lofts	106 W Summit Hill Drive	1900	2001		2	2
12 Market Square	12 Market Square	1933	2005	1		1
2 Market Square	325 Union Avenue	1910	2007		1	1
209 S Central Street	209 S Central Street	1910	1995		1	1
27 Market Square	27 Market Square	1920	2003	1		1
304 S Gay Street	304 S Gay Street	1946	1997		1	1
503 W Clinch Avenue Apartments	503 W Clinch Avenue	1920	1999	1		1
The Hutson Annex	505 W Clinch Avenue	1920	2004		1	1
7 Market Square	7 Market Square	1920			1	1
<b>Central Submarket Total</b>				347	263	610
<b>SOUTH SUBMARKET</b>						
Maplehurst Park Apartments	1001 Maplehurst Ct	1921		205		205
Medical Arts Building	603 Main Street	1932	2014	49		49
Burwell Building	602 S Gay Street	1908	2006		20	20
815 Maplehurst Court Apartments	815 Maplehurst Ct	1940		18		18
Riverhouse Condos	614 W Hill Avenue	1928	1983		16	16
Cherokee Building	400 W Church Avenue	1920	2007		10	10
Elliott	207 W Church Avenue	1900	2013		8	8
Cunningham Condos	707 Market Street	1920	1982		5	5
Glencoe	615 State Street	1906	2013		5	5
Keystone Place	209 W Church Avenue	1930	2005		5	5
802-804 W Hill Avenue	802-804 W Hill Avenue	1920			2	2
Sandstone Court	414 Clinch Avenue	1920	2006		2	2
The Carson Condos	713 S Central Street	1940	2005		2	2
215 Cumberland Avenue	215 Cumberland Avenue	1940			1	1
619 W Hill Avenue	619 W Hill Avenue	1907	2013	1		1
Mary Boyce Temple House	623 W Hill Avenue	1946	2013		1	1
620 Hill Avenue (Hogan)	620 W Hill Avenue	1996			1	1
Arcade Building	618 S Gay Street	1924	2012		1	1
Ely Building	406 W Church Avenue	1903	2012		1	1
Marble House	810 W Hill Avenue	1920		1		1
Stuart Condos	709 Market Street	1900	1993		1	1
<b>South Submarket Total</b>				274	81	355
<b>TOTAL UNITS</b>				1,341	492	1,833
<b>Rental/Owner-Occupied Shares</b>				73%	27%	

Source: Knoxville-Knox County Metropolitan Planning Commission, 2017

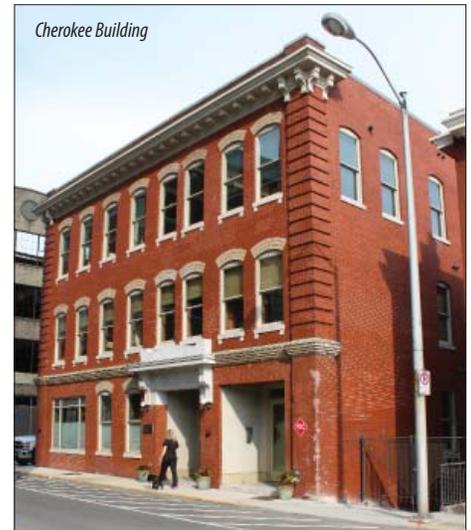
Map 1: Downtown Knoxville Residential Units, 2017



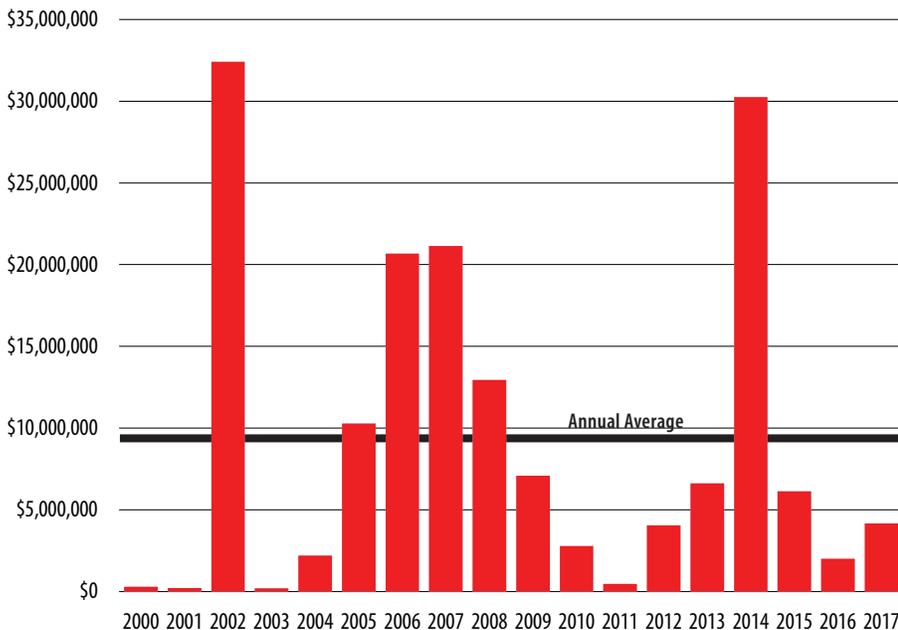
**Figure 1: Downtown Knoxville Residential Development, 2000-2017  
Units Added**



Source: Knoxville-Knox County Metropolitan Planning Commission, 2017



**Figure 2: Downtown Knoxville Residential Development, 2000-2017  
Private Investment**



Source: Knoxville-Knox County Metropolitan Planning Commission, 2017

**ANNUAL ADDITIONS**

Knoxville’s downtown residential market has experienced inconsistent but noteworthy growth since 2000, averaging 55.9 units per year (Figure 1).

- From 2006 to 2009, development activity was steady. Deliveries continued into 2009, even as impacts of the recession began to be felt, as previously underway projects wrapped up.
- In 2010 and 2011, there was complete stoppage of residential construction due to the fallout from the national recession.
- In 2016, downtown housing saw a dramatic gain in units (318), attributed to two large apartment developments, Marble Alley Lofts (248 units) and The Daniel (70 units).

**PRIVATE INVESTMENT**

Since 2000, private sector investments in downtown residential construction, renovation, and conversion have totaled \$163.8 million with an annual average of \$9.1 million (Figure 2):

- Years 2002 and 2014 recorded the highest investments by private sector developers, both years exceeding the \$30 million mark.
- Impacts of the 2008 recession are evident in the local property investment trend, with peak spending leading up to 2008, precipitous decline thereafter, and most recently, evidence of recovery.



## PUBLIC INVESTMENT

The City of Knoxville has dedicated considerable financial resources toward infrastructure improvements in downtown since 2000. Between 2014 and 2018, Knoxville's Capital Improvement Program included \$19,040,000 in project funding for downtown and surrounding area (Table 2):

- Downtown projects include Jackson Avenue ramp replacement, Gay Street brick sidewalk replacement, PetSafe Downtown Dog Park expansion, and State Street Garage addition.
- Projects surrounding downtown include streetscape improvements for Central, Cumberland, Magnolia, and Sevier Avenues. In addition, programmed funds were included for the Convention Center, Suttree Landing Park, and World's Fair Park.

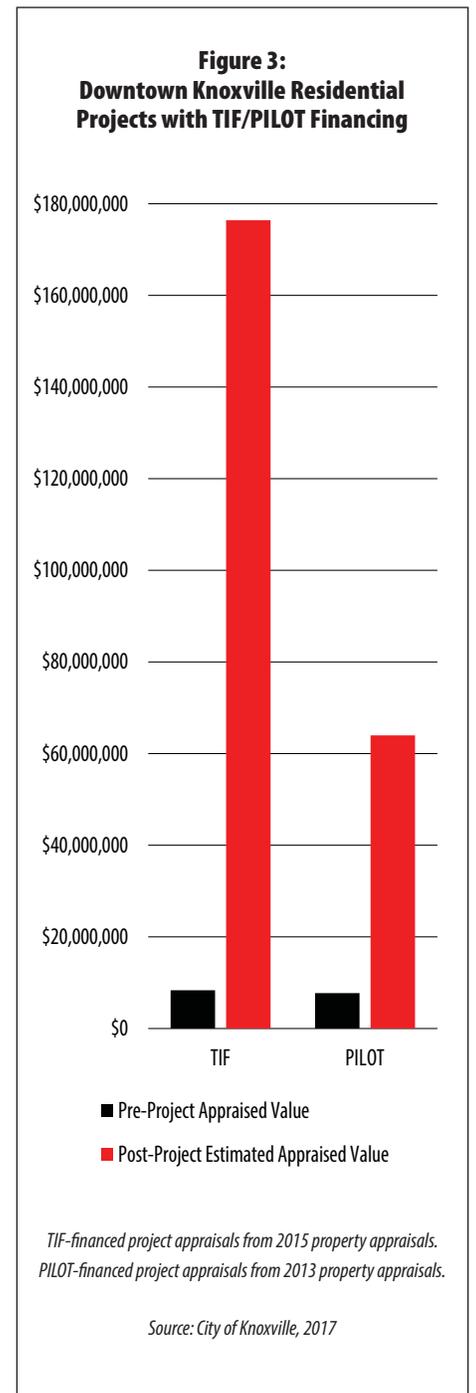


Since the early 2000s, the City of Knoxville and private developers have partnered on 29 residential projects that utilized Tax Increment Financing (TIF) or Payment-In-Lieu-Of-Taxes (PILOT) (Figure 3):

- The pre-project appraised property value of these initiatives was \$16,031,010, and the post-project estimated value was \$240,358,628, representing a \$224,327,618 gain in property value.
- The largest TIF projects are 316-350 Gay Street and Regas Square, with estimated post-project assessed values of \$38.4 million and \$33.2 million, respectively.
- The largest PILOT project is the Tennessean, with an estimated post-project assessed value of \$22.5 million.

Fiscal Year	Number of Budgeted Downtown Projects	Budget
2014	5	\$720,000
2015	6	\$1,595,000
2016	4	\$950,000
2017	7	\$3,225,000
2018	8	\$12,550,000
<b>5-Year Total</b>		<b>\$19,040,000</b>

*Source: City of Knoxville, 2017*



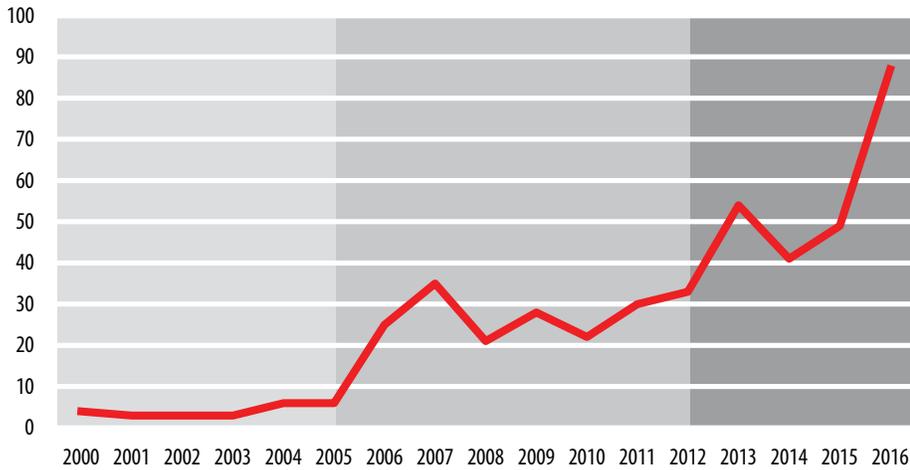
## RESIDENTIAL SALES AND PRICING

### Units Sold

Since 2000, 450 downtown condos have sold. During that 17 year period, three stages of growth have been observed (Table 3 and Figure 4):

- From 2000 to 2005, early investment and buying interest was slow as pioneer residents were returning to downtown living. The period saw 25 total units sold.
- In the second stage, 2006 through 2012, downtown sales gained traction. Total unit sales reached 194 during the period.
- After 2012, momentum picked up, with a four-year sales total hitting 231 units and setting a record in 2016 with 87 sales.

**Figure 4: Downtown Knoxville Condo Unit Sales, 2000-2016**

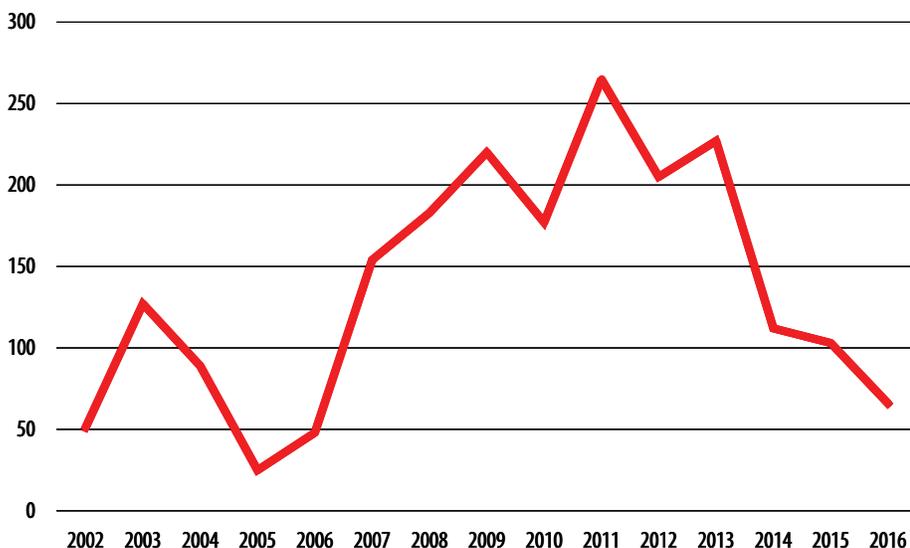


Source: Knoxville Area Association of Realtors, 2017

Figures for average number of days on the market for listed residential properties saw considerable fluctuation over the past 15 years, consistent with trends noted for investment activity and units sold (Figure 5):

- Prior to the 2008 recession, averages stayed below 150 days each year, with a low of 25 days reported in 2005.
- At the peak of the recession's negative impacts, that average rose to 265 days in 2011.
- Post-recession recovery has been marked by new lows, with a strong 66 days reported in 2016, fourth lowest of the past 15 years.

**Figure 5: Downtown Knoxville Condo Sales Performance, Days on Market, 2002-2016**

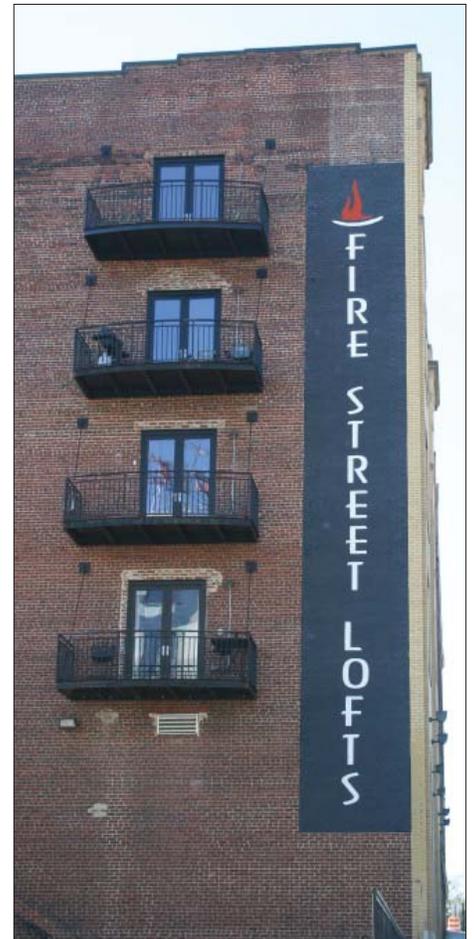


Source: Knoxville Area Association of Realtors, 2017

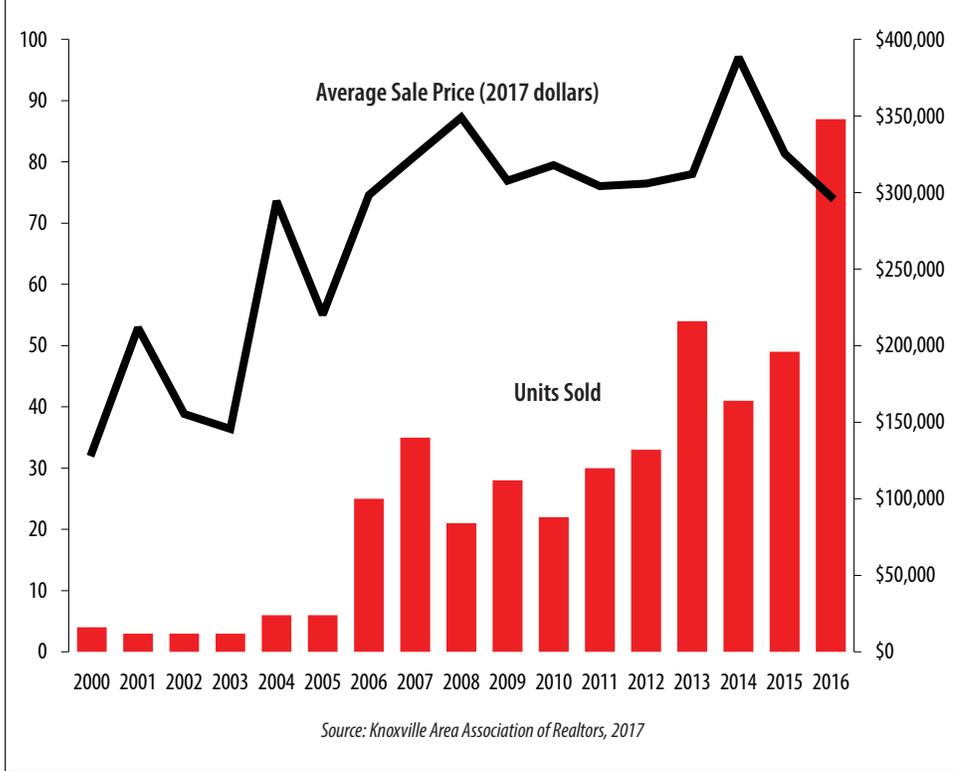
**Table 3:  
Downtown Knoxville  
Three Stages of  
Condo Unit Sales Growth**

Year	Condo Units Sold
2000	4
2001	3
2002	3
2003	3
2004	6
2005	6
2006	25
2007	35
2008	21
2009	28
2010	22
2011	30
2012	33
2013	54
2014	41
2015	49
2016	87
<b>Total</b>	<b>450</b>

Source: Knoxville Area Association of Realtors, 2017



**Figure 6: Downtown Knoxville Residential Sale Prices, 2000-2016**

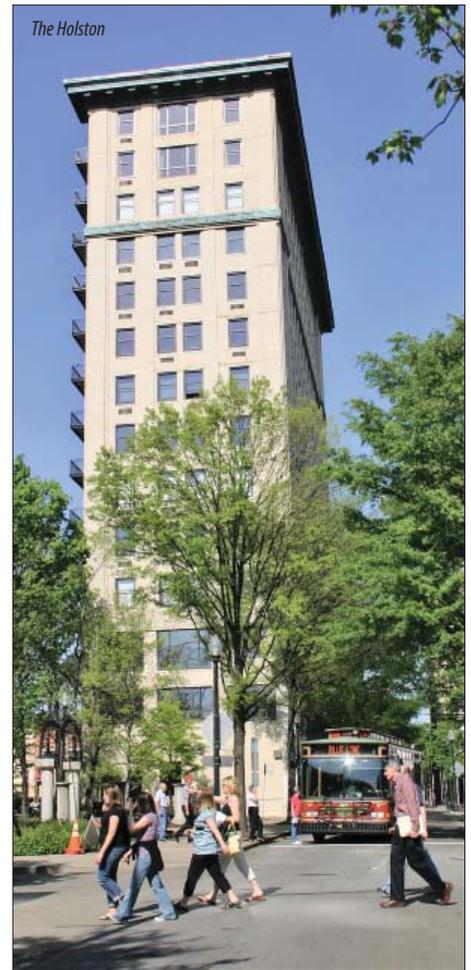
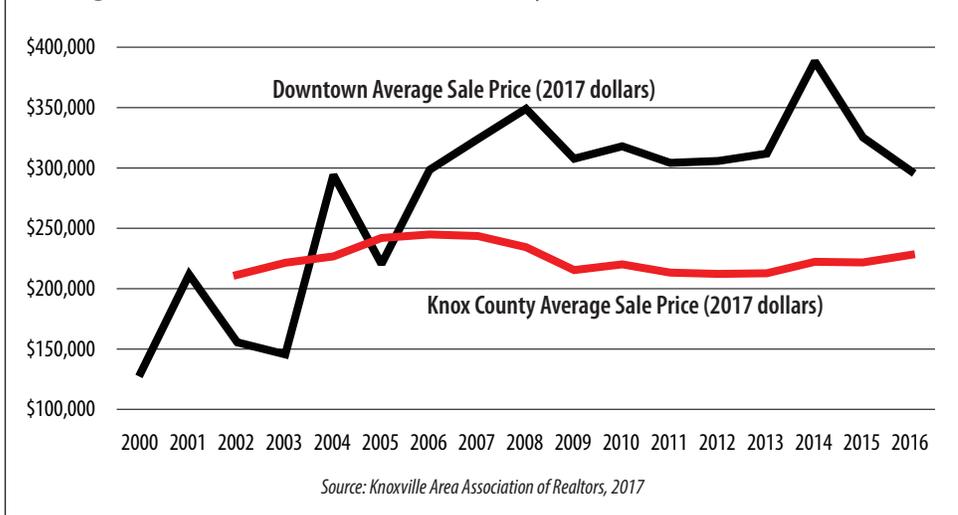


**Pricing**

Inflation-adjusted average sale prices of downtown condominiums have seen substantial growth since 2000, climbing from an average of \$130,242 in 2000 to \$297,350 in 2016, peaking at \$388,258 in 2014 (Figure 6). A few notable exceptions to the growth trend occurred along the way:

- Post-recession, between 2009 and 2013, downtown’s average residential sale prices moved up and down, the net effect of which was flat performance, showing a start year and end year difference of only \$4,274.
- Between 2014 and 2016, average sale prices dropped \$90,908. This pricing downturn is likely attributed to competition from considerable rental supply (376 units) brought online in that period.
- In 2006, the average sale price of residential properties in downtown Knoxville was \$298,344, which exceeded that of Knox County (\$244,930). Since then, downtown rates have consistently outpaced countywide averages (Figure 7).

**Figure 7: Downtown Knoxville and Knox County Residential Sale Prices, 2000-2016**



Since 2000, the inflation-adjusted price per square foot of downtown condominiums has more than doubled, from \$103 in 2000 to \$239 in 2016 (Figure 8). A few notable growth trends occurred along the way:

- From 2000 to 2005, when sales were slow, the price per square foot was more volatile.
- From 2006 through 2012, as inventory grew, price per square foot climbed, until the recession led to price cuts.
- Since 2012, sales momentum has picked up, and the price per square foot has increased every year since.



### Rental Market

There are 1,341 rental units downtown, representing 73% of the overall housing inventory. The median value of a downtown rental is \$852, compared to \$808 across Knox County (Table 4).

**Table 4: Median Rental Market Rates**

Rental Type	Downtown	Knox County
All unit types	\$852	\$808
Studio	\$1,029	\$552
1 bedroom	\$671	\$657
2 bedrooms	\$1,307	\$816
3 bedrooms	\$1,640	\$1,015

Source: U.S. Census Bureau, 2012-2016



**FUTURE DEVELOPMENT**

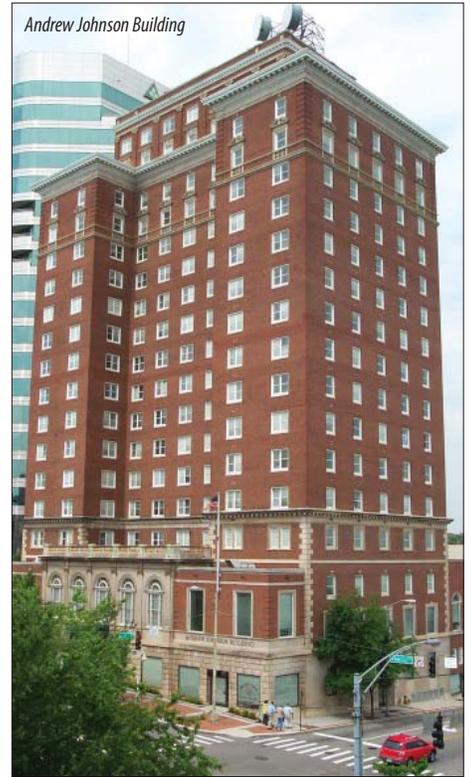
Future residential development in downtown includes 16 announced projects, contributing 1,183 new units to the existing inventory (Table 5):

- New apartments will outpace owner-occupied units by more than 4 times.
- New supply will be a mix of conversion properties and new construction.
- Notable among conversions is the Supreme Court building on Locust Street. That project is estimated to deliver 230 units.
- New construction, however, will lead the way among upcoming residential projects: Marble Alley II, The T at Riverfront, Stockyard Lofts, and Regas Square will combine for 687 new units.

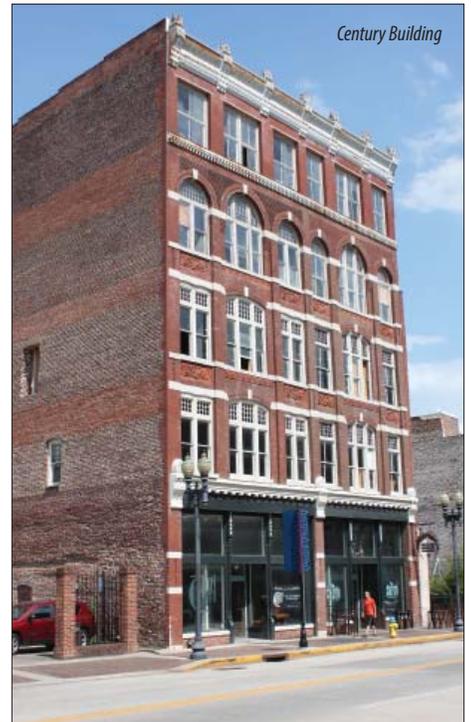
**Table 5: Downtown Knoxville Announced Residential Developments**

Name	Address	Units		
		Rental	Owner-Occupied	Total
The T at Riverfront	Locust Street/Hill Avenue	287		287
Supreme Court	719 Locust Street	230		230
Stockyard Lofts	215 Willow Avenue	152		152
Marble Alley II	121 Union Avenue	147		147
Regas Square	333 Depot Avenue		101	101
Andrew Johnson Building	912 S Gay Street	75		75
205 Depot Avenue	205 Depot Avenue	48		48
Keener Lighting	701 World's Fair Park	33		33
Pryor Brown Garage	322 W Church Avenue		30	30
The Crozier	120 S Central Street		25	25
The Mews II	351 Ogden Street		20	20
Century Building	312 S Gay Street		12	12
The Overlook	608 W Hill Avenue		10	10
City House	519 W Vine Avenue		7	7
612 Professional Condos	612 S Gay Street		3	3
107 Commerce	107 Commerce Avenue		3	3
<b>Total Units</b>		<b>972</b>	<b>211</b>	<b>1,183</b>
<b>Rental/Owner-Occupied Shares</b>		<b>82%</b>	<b>18%</b>	

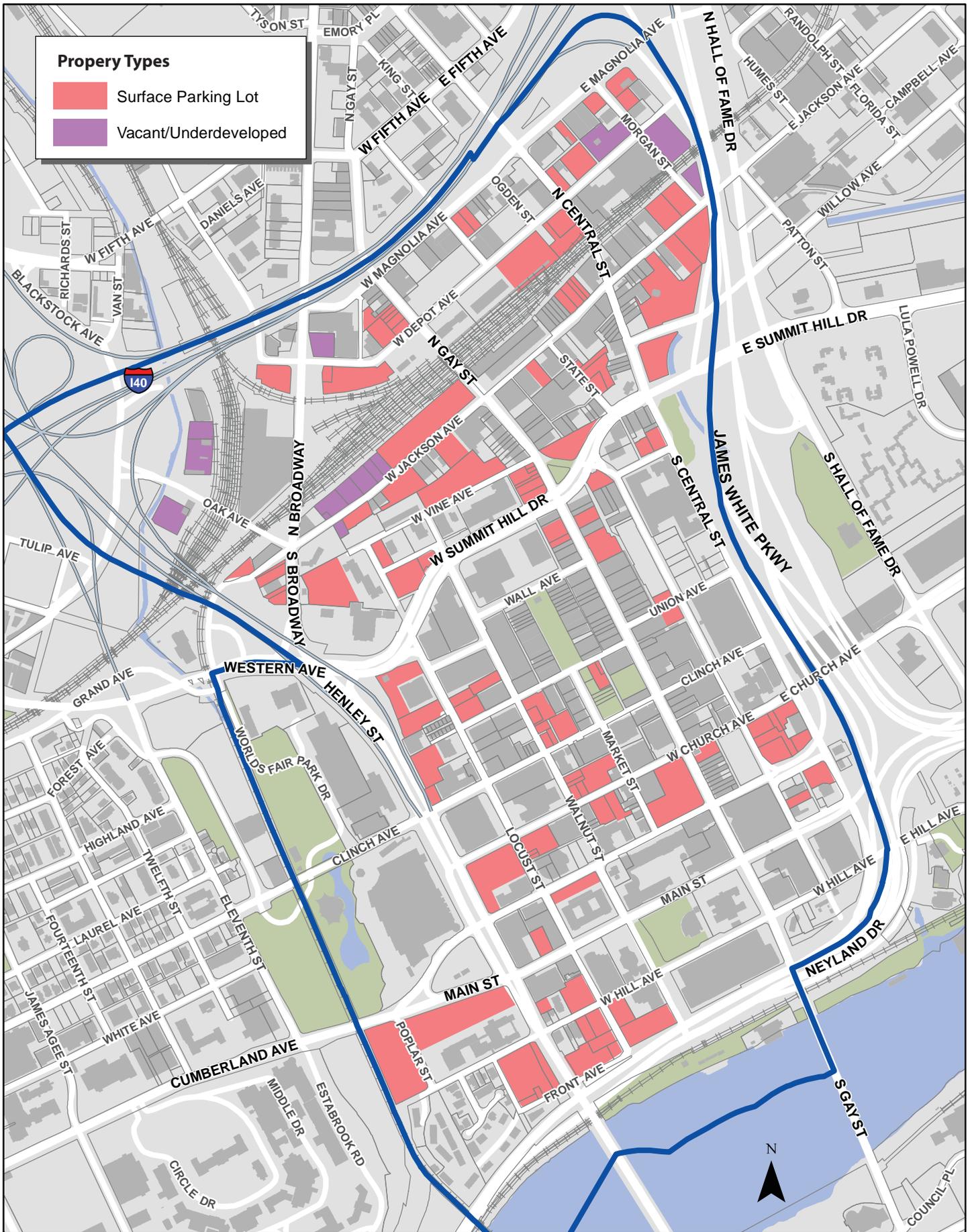
Source: Central Business Improvement District, 2017



As more residential conversion of older properties occurs downtown, available vacant/underutilized buildings are becoming scarcer. As a result, new housing investment will look to vacant land, surface parking lots, and underdeveloped parcels. Map 2 shows the location of these potential investment areas.



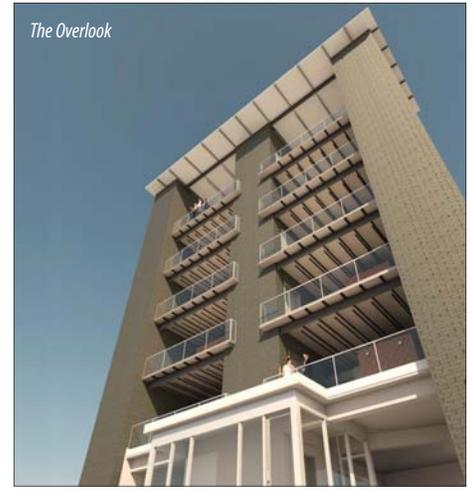
Map 2: Downtown Knoxville Underdeveloped Property



Reqs Square



The Overlook



The Crozier



Residential growth downtown started slowly in the early 2000s, gained traction within about five years, and picked up steam in the last couple of years as accelerated growth has been observed. Based on the many projects in the development pipeline and the inventory of additional underutilized properties in the area, we expect to see continued housing growth that will strengthen our already vibrant downtown.

City House



The Metropolitan Planning Commission assembles and maintains technical reports, development activity reports, demographic data, and other publications detailing economic activity in the City of Knoxville, Knox County, and the metropolitan area. Visit our website ([www.knoxmpc.org](http://www.knoxmpc.org)) for more information.