

# Multi-Dwelling Housing Trends in Knox County, Tennessee

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Sixth Edition

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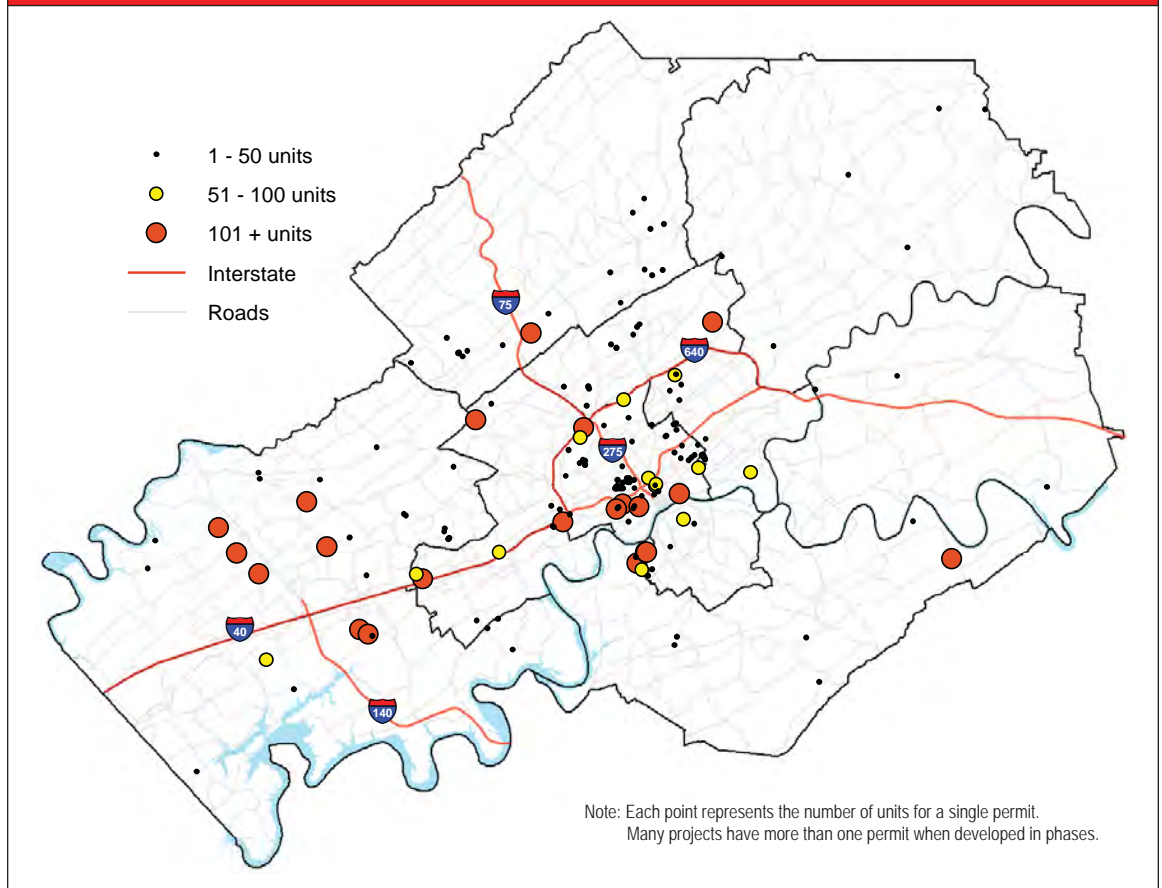
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*The JFG Flats on Jackson Avenue*

Multi-dwelling housing units, which include apartments, duplexes, triplexes, and four-plexes, play an important role in the residential landscape of Knox County, comprising nearly one fourth of the area's housing supply. In this report is a comparison of the multi-dwelling segment with other local residential options, looking at the current pace of construction and reviewing rent and occupancy rates to gauge market conditions. This is the sixth edition of this report, updating market information last examined by MPC in 2008.

## Multi-Dwelling Construction Permits, 2001-2010



## HOUSING MIX

Across Knoxville and Knox County, there are nearly 198,000 residential dwelling units, 152,000 of which are single dwelling structures, and about 46,000 are multi-dwelling units, a 75/25 mix. From 2000 to 2009, the total number of dwelling units grew 15 percent, comprised of a 17 percent increase in single dwelling units and a nine percent gain in multi-dwellings. Since 1980, multi-dwelling housing units have gradually lost ground, however, in Knox County's residential property market, declining from a 26.3 percent share of all units to 23.1 percent in 2009.

The City of Knoxville accounts for just under half of all residential units, recording 94,000 dwellings, and the Knox County balance makes up the remainder with 104,000. By a 3-to-1 margin though, more multi-dwelling units are found in the City of Knoxville than in the unincorporated areas of Knox County. As a result, there is a nearly 60/40 split between single dwelling and multi-dwelling units in the city, while the county balance reports a 90/10 split. These differing mixes represent decades-old preferences for single dwelling living in the suburbs and higher density housing in center cities, not only in Knox County, but across the country.

Table 1: Residential Property Inventory in Knox County, 1980-2009

|                              | 1980    |                          | 1990    |                          | 2000    |                          | 2009    |                          |
|------------------------------|---------|--------------------------|---------|--------------------------|---------|--------------------------|---------|--------------------------|
|                              | Units   | % Share of Housing Stock | Units   | % Share of Housing Stock | Units   | % Share of Housing Stock | Units   | % Share of Housing Stock |
| <b>CITY OF KNOXVILLE</b>     |         |                          |         |                          |         |                          |         |                          |
| Single dwelling              | 45,175  | 61.7                     | 45,737  | 59.8                     | 51,256  | 60.4                     | 58,563  | 62.3                     |
| Multi-dwelling               | 28,060  | 38.3                     | 30,716  | 40.2                     | 33,641  | 39.6                     | 35,384  | 37.7                     |
| Total                        | 73,235  | 100.0                    | 76,453  | 100.0                    | 84,897  | 100.0                    | 93,947  | 100.0                    |
| <b>KNOX COUNTY BALANCE</b>   |         |                          |         |                          |         |                          |         |                          |
| Single dwelling              | 47,500  | 90.4                     | 60,434  | 90.0                     | 78,373  | 90.6                     | 93,392  | 90.0                     |
| Multi-dwelling               | 5,068   | 9.6                      | 6,695   | 10.0                     | 8,169   | 9.4                      | 10,377  | 10.0                     |
| Total                        | 52,568  | 100.0                    | 67,129  | 100.0                    | 86,542  | 100.0                    | 103,769 | 100.0                    |
| <b>CITY AND COUNTY TOTAL</b> |         |                          |         |                          |         |                          |         |                          |
| Single dwelling              | 92,675  | 73.7                     | 106,171 | 73.9                     | 129,629 | 75.6                     | 151,955 | 76.9                     |
| Multi-dwelling               | 33,128  | 26.3                     | 37,411  | 26.1                     | 41,810  | 24.4                     | 45,761  | 23.1                     |
| Total                        | 125,803 | 100.0                    | 143,582 | 100.0                    | 171,439 | 100.0                    | 197,716 | 100.0                    |

- Notes:
- Condominiums and mobile homes are counted as single dwelling units.
  - Knox County Balance includes Town of Farragut.
- Sources:
- U.S. Census Bureau, *Census of Population and Housing*, 1980, 1990, and 2000.
  - U.S. Census Bureau, *2009 American community Survey, 1-Year Estimate*.

At national, regional, and state levels, the share of housing stock in multi-dwellings has steadily decreased over the past 19 years. Despite declining shares, total supply of multi-dwelling units across the U.S. grew 10.8 percent since 2000, capturing 26.1 percent of all housing stock in 2009. In the Southeast, multi-dwellings recorded a 22 percent share of total housing, while Tennessee reported an 18.3 percent share. Though losing market share locally, Knox County's 23.1 percent multi-dwelling inventory outpaced state and regional figures.

Table 2: National and Regional Residential Property Inventory, 1990-2009

|                      | 1990        |                          | 2000        |                          | 2009        |                          |
|----------------------|-------------|--------------------------|-------------|--------------------------|-------------|--------------------------|
|                      | Units       | % Share of Housing Stock | Units       | % Share of Housing Stock | Units       | % Share of Housing Stock |
| <b>UNITED STATES</b> |             |                          |             |                          |             |                          |
| Multi-dwelling       | 28,151,547  | 27.5                     | 30,549,393  | 26.4                     | 33,852,287  | 26.1                     |
| All housing units    | 102,263,678 | 100.0                    | 115,904,641 | 100.0                    | 129,949,960 | 100.0                    |
| <b>SOUTHEAST</b>     |             |                          |             |                          |             |                          |
| Multi-dwelling       | 4,306,594   | 22.4                     | 4,925,207   | 21.2                     | 6,022,077   | 22.0                     |
| All housing units    | 19,194,742  | 100.0                    | 23,178,332  | 100.0                    | 27,434,768  | 100.0                    |
| <b>TENNESSEE</b>     |             |                          |             |                          |             |                          |
| Multi-dwelling       | 409,038     | 20.2                     | 455,533     | 18.7                     | 507,599     | 18.3                     |
| All housing units    | 2,026,067   | 100.0                    | 2,439,443   | 100.0                    | 2,780,788   | 100.0                    |
| <b>KNOX COUNTY</b>   |             |                          |             |                          |             |                          |
| Multi-dwelling       | 37,411      | 26.1                     | 41,810      | 24.4                     | 45,761      | 23.1                     |
| All housing units    | 143,582     | 100.0                    | 171,439     | 100.0                    | 197,716     | 100.0                    |

Notes:  
Southeast includes Alabama, Florida, Georgia, Kentucky, Mississippi, North Carolina, South Carolina, and Tennessee.

Sources:  
• U.S. Census Bureau, *Census of Population and Housing*, 1990 and 2000.

• U.S. Census Bureau, *2009 American Community Survey, 1-Year Estimate*.

## MULTI-DWELLING UNIT CONSTRUCTION

From 2001 to 2010 the number of multi-dwelling units in Knox County grew by 6,377, with the largest gain occurring in 2004 (1,092 units) and fewest units added in 2005 (327 units). Removing demolitions from the inventory, the net 10-year addition totaled 5,782 units, an average of 578 units constructed each year. This surpassed the net annual average of 428 multi-dwelling additions during the 1980s and the 440 average of the 1990s.

Table 3: Multi-Dwelling Construction in Knox County, 2001-2010

|                  | 2001 | 2002 | 2003 | 2004  | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | Total |
|------------------|------|------|------|-------|------|------|------|------|------|------|-------|
| New Construction | 386  | 516  | 387  | 1,092 | 327  | 833  | 889  | 613  | 516  | 818  | 6,377 |
| Demolitions      | 29   | 22   | 16   | 360   | 54   | 7    | 13   | 3    | 66   | 25   | 595   |
| Net Additions    | 357  | 494  | 371  | 732   | 273  | 826  | 876  | 610  | 450  | 793  | 5,782 |

Source: Knoxville/Knox County Metropolitan Planning Commission, *Development Activity File*.

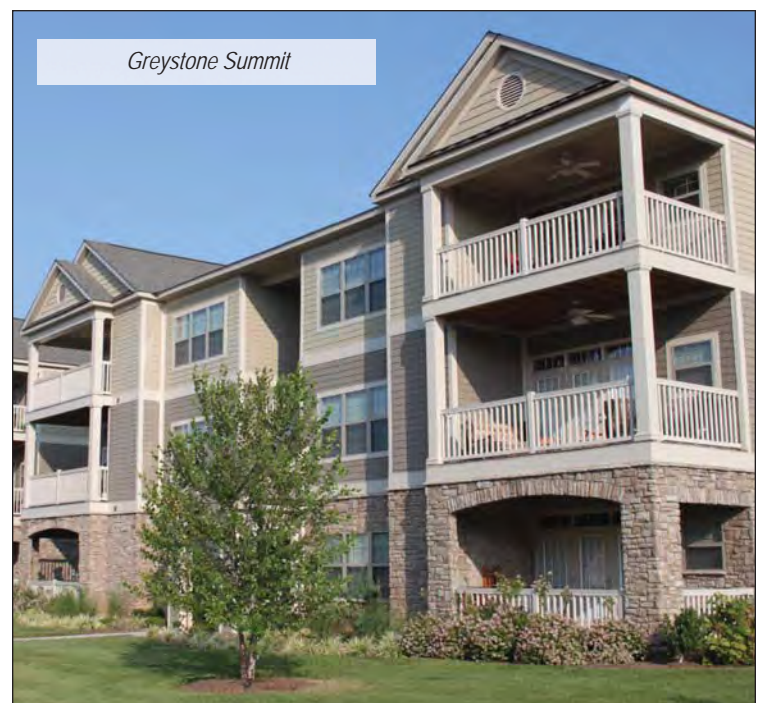
Although the bulk of multi-dwellings are located in the City of Knoxville, the largest gains in the number of new units since 2000 were made in the county balance. The city accounted for 44 percent (1,743 units) of the new multi-dwelling units constructed from 2000 to 2009, while the remaining 56 percent (2,208 units) were found in the county.



Table 4:  
Residential Property Inventory Growth  
in Knox County, 1980-2009

|                              | 1980-1990 |          | 1990-2000 |          | 2000-2009 |          |
|------------------------------|-----------|----------|-----------|----------|-----------|----------|
|                              | Gain      | % Growth | Gain      | % Growth | Gain      | % Growth |
| <b>CITY OF KNOXVILLE</b>     |           |          |           |          |           |          |
| Single dwelling              | 562       | 1.2      | 5,519     | 12.1     | 7,307     | 14.3     |
| Multi-dwelling               | 2,656     | 9.5      | 2,925     | 9.5      | 1,743     | 5.2      |
| Total                        | 3,218     | 4.4      | 8,444     | 11.0     | 9,050     | 10.7     |
| <b>KNOX COUNTY BALANCE</b>   |           |          |           |          |           |          |
| Single dwelling              | 12,934    | 27.2     | 17,939    | 29.7     | 15,019    | 19.2     |
| Multi-dwelling               | 1,627     | 32.1     | 1,474     | 22.0     | 2,208     | 27.0     |
| Total                        | 14,561    | 27.7     | 19,413    | 28.9     | 17,227    | 19.9     |
| <b>CITY AND COUNTY TOTAL</b> |           |          |           |          |           |          |
| Single dwelling              | 13,496    | 14.6     | 23,458    | 22.1     | 22,326    | 17.2     |
| Multi-dwelling               | 4,283     | 12.9     | 4,399     | 11.8     | 3,951     | 9.4      |
| Total                        | 17,779    | 14.1     | 27,857    | 19.4     | 26,277    | 15.3     |

Sources: • U.S. Census Bureau, *Census of Population and Housing*, 1980, 1990, and 2000.  
• U.S. Census Bureau, *American Community Survey, 1-Year Estimate*.



## LOCAL MULTI-DWELLING SUPPLY BY SECTOR

MPC divides Knox County into 12 sectors for detailed planning analysis. The six city sectors (portions of which extend into unincorporated areas of the county) slightly outpaced the six county sectors in the share of new multi-dwelling units constructed between 2000 and 2010. City sectors accounted for 3,055 units, or 53 percent of the 5,782 net units added countywide. Among them, Central City totaled 1,712 new multi-dwellings, the most of any sector during the last decade. The area is home to The University of Tennessee and its many on- and off-campus apartment complexes in addition to several public housing developments. Among county sectors, Northwest County led the way, registering 1,326 net new units. That total was second highest among all sectors areawide. West City and Northeast County recorded only single digit net gains over the decade.

Multi-dwellings accounted for 69 percent of all residential units constructed in the Central City Sector over the past 10 years, the largest share among all planning sectors. South City and Northwest City reported second and third highest rates, with 42 and 35 percent shares, respectively. At the other end of the scale, Northeast County and West City sectors had the lowest shares.



Table 5:  
Inventory of Multi-Dwelling Units  
by Planning Sector, 1980-2010

| Sector        | 1980          | 1990          | 2000          | 2010          |
|---------------|---------------|---------------|---------------|---------------|
| <b>CITY</b>   |               |               |               |               |
| Central       | 12,251        | 12,049        | 11,977        | 13,689        |
| East          | 2,439         | 2,399         | 2,817         | 3,054         |
| North         | 3,076         | 4,056         | 3,981         | 4,410         |
| Northwest     | 2,990         | 3,989         | 4,398         | 4,818         |
| South         | 1,967         | 2,332         | 3,211         | 3,465         |
| West          | 4,756         | 4,676         | 5,045         | 5,048         |
| City Total    | 27,479        | 29,501        | 31,429        | 34,484        |
| <b>COUNTY</b> |               |               |               |               |
| East          | 234           | 138           | 164           | 236           |
| North         | 547           | 905           | 1,346         | 1,664         |
| Northeast     | 398           | 211           | 226           | 233           |
| Northwest     | 2,511         | 4,640         | 5,549         | 6,875         |
| South         | 603           | 495           | 504           | 849           |
| Southwest     | 1,356         | 1,521         | 2,592         | 3,251         |
| County Total  | 5,649         | 7,910         | 10,381        | 13,108        |
| <b>TOTAL</b>  | <b>33,128</b> | <b>37,411</b> | <b>41,810</b> | <b>47,592</b> |

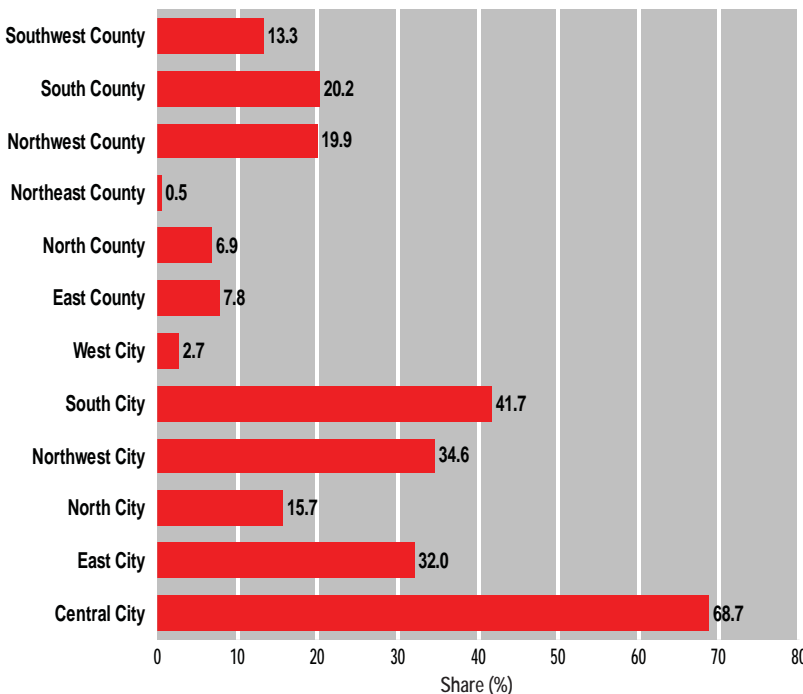
Note: Demolitions from 2001 to 2010 are included.

Sources:

- U.S. Census Bureau, *Census of Population and Housing*, 1980, 1990, and 2000.
- Knoxville/Knox County Metropolitan Planning Commission, *Development Activity File*.



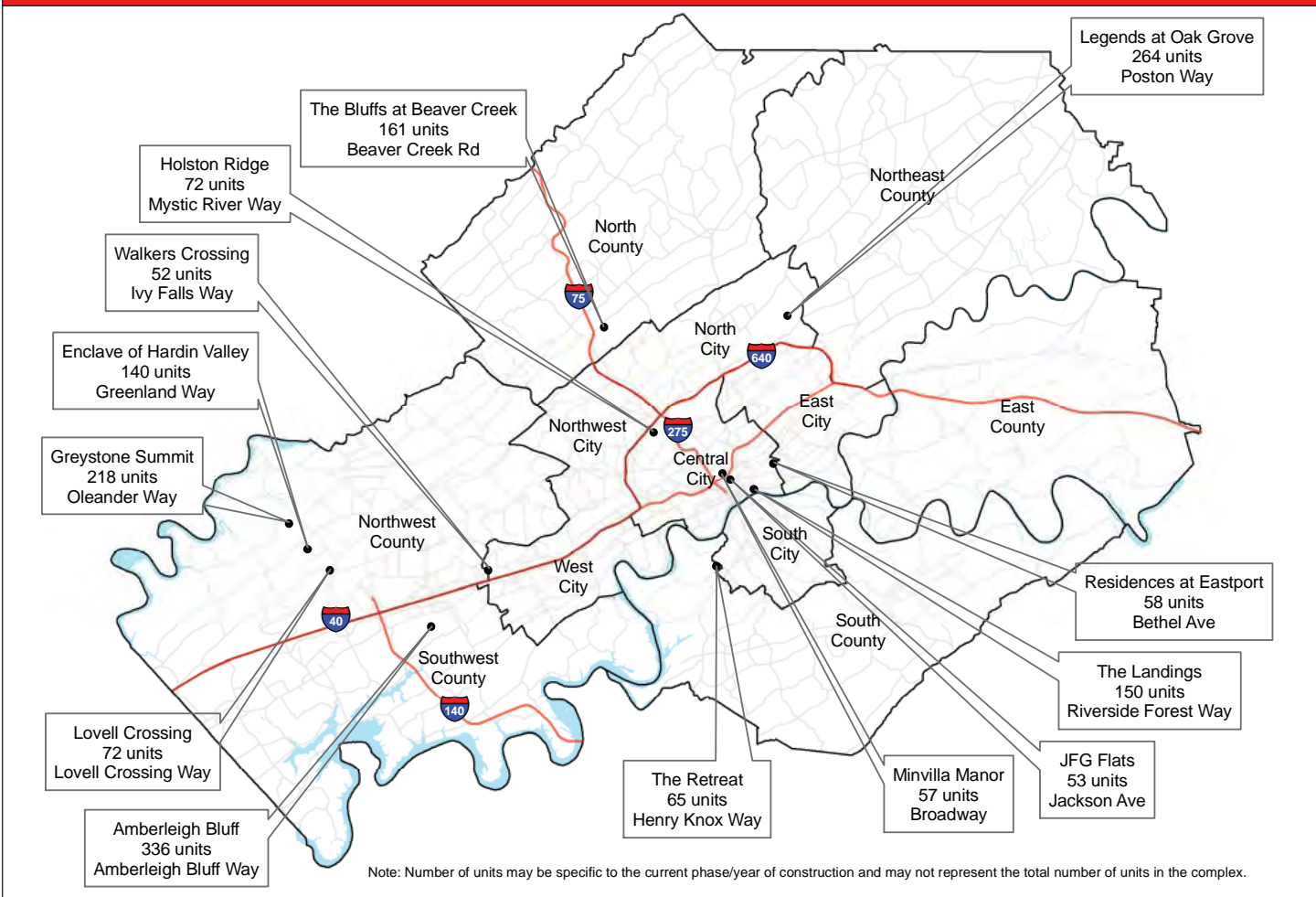
Figure 1: Multi-Dwelling Share of Residential Permits  
by Planning Sector, 2000-2010



Among major multi-dwelling projects in the past three years, five were completed in the Central City, notably including JFG Flats (53 units), The Landings (150 units), and Minvilla Manor (57 units) near downtown Knoxville. Suburban projects included Amberleigh Bluff (336 units) in the Southwest County and Legends at Oak Grove (264 units) in the North City Sector.



## Major Multi-Dwelling Construction Projects, 2008-2010



**Table 6: Major Multi-Dwelling Construction Projects in Knox County, 2008 - 2010**

| Project Name             | Location             | Planning Sector  | Permitted Units |
|--------------------------|----------------------|------------------|-----------------|
| <b>2008</b>              |                      |                  |                 |
| Greystone Summit         | Oleander Way         | Northwest County | 218             |
| Bluffs at Beaver Creek   | Beaver Creek Road    | North County     | 161             |
| Enclave of Hardin Valley | Greenland Way        | Northwest County | 140             |
| JFG Flats                | Jackson Avenue       | Central City     | 53              |
| <b>2009</b>              |                      |                  |                 |
| Legends at Oak Grove     | Poston Way           | North City       | 264             |
| The Retreat              | Henry Knox Way       | South County     | 65              |
| Minvilla Manor           | Broadway             | Central City     | 57              |
| Walkers Crossing         | Ivy Falls Way        | Northwest City   | 52              |
| Daylight Building        | Union Avenue         | Central City     | 38              |
| <b>2010</b>              |                      |                  |                 |
| Amberleigh Bluff         | Amberleigh Bluff Way | Southwest County | 336             |
| The Landings             | Riverside Forest Way | Central City     | 150             |
| Holston Ridge            | Mystic River Way     | Central City     | 72              |
| Lovell Crossing          | Lovell Crossing Way  | Northwest County | 72              |
| Residences at Eastport   | Bethel Avenue        | Central City     | 58              |
| Flenniken                | Flenniken Avenue     | South City       | 48              |
| Blueberry Ridge          | Top Hat Way          | North County     | 30              |

## MARKET RENTS AND OCCUPANCY RATES

To examine recent trends in rent rates and occupancy levels, our focus shifts specifically to the apartment segment of the multi-dwelling market:

### Rents

Rents in the all units average category of apartment supply increased 34 percent from \$490 per month in 2000 to \$658 per month in 2010. Efficiency units registered the largest rent increase (43 percent) during this period though, reaching \$464 per month in 2010, while two bedrooms, two baths category showed lesser improvement (17 percent). In 2007, local market rents peaked, and, little to no real gains have been seen subsequently as the market appears to be undergoing recessionary adjustment.

Across the South, median asking rents reached \$1,010 in 2010, a 22 percent increase since 2000, according to the U.S. Census Bureau's Survey of Market Absorption. Nationally, rent gains were stronger than those reported in the region, climbing from a 2000 median of \$839 to \$1,066 in 2010, a 27.1 percent increase.

Figure 2:  
Knox County Monthly Apartment Rent (\$) by Unit Type, 2010

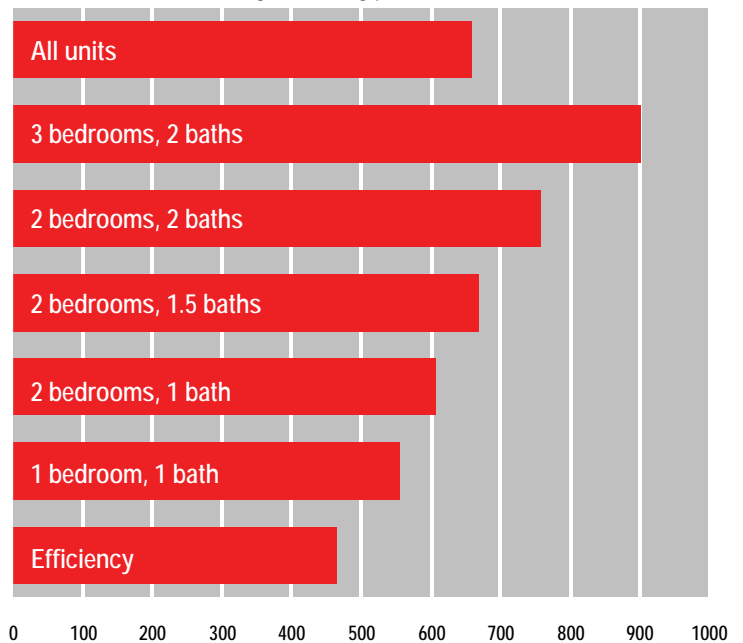
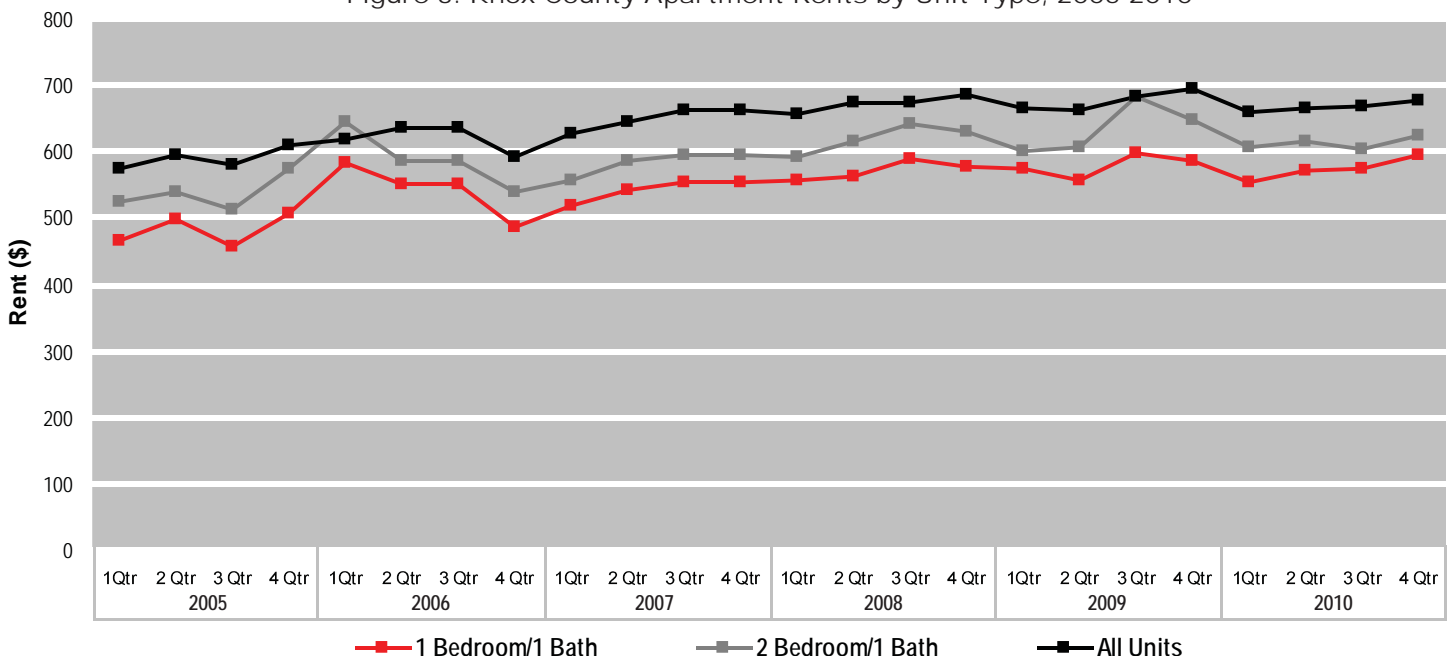


Table 7: Average Monthly Apartment Rents (\$) in Knox County, 2000 - 2010

| Unit Type             | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | % Change 2000-2010 |
|-----------------------|------|------|------|------|------|------|------|------|------|------|------|--------------------|
| Efficiency            | 324  | 372  | 358  | 379  | 383  | 453  | 418  | 456  | 450  | 465  | 464  | 43.2               |
| 1 bedroom, 1 bath     | 404  | 450  | 448  | 462  | 458  | 506  | 485  | 555  | 557  | 574  | 554  | 37.1               |
| 2 bedrooms, 1 bath    | 440  | 481  | 490  | 507  | 513  | 574  | 538  | 595  | 593  | 602  | 607  | 38.0               |
| 2 bedrooms, 1.5 baths | 473  | 547  | 558  | 553  | 597  | 635  | 592  | 685  | 675  | 680  | 667  | 41.0               |
| 2 bedrooms, 2 baths   | 649  | 663  | 667  | 676  | 669  | 686  | 706  | 774  | 748  | 764  | 757  | 16.6               |
| 3 bedrooms, 2 baths   | 649  | 749  | 748  | 769  | 766  | 800  | 805  | 904  | 914  | 912  | 902  | 39.0               |
| All units average     | 490  | 544  | 545  | 558  | 581  | 609  | 591  | 662  | 656  | 666  | 658  | 34.3               |

Note: Rents are reported for apartment units only. Duplexes, triplexes, and four-plexes are not included in this summary.  
Source: Apartment Association of Greater Knoxville, *Quarterly Market Analysis*, 2000-2010.

Figure 3: Knox County Apartment Rents by Unit Type, 2005-2010



## OCCUPANCY RATES

Over the past 10 years, Knox County's apartment market has demonstrated solid occupancy numbers in the all units category. Rates peaked in 2006 and 2007 at 95 percent then dropped off thereafter as the recession took hold, falling to a low of 90.8 percent in 2009. Turnaround was seen in 2010 though, as occupancies were up to 92.9 percent. Among sub-categories of apartment product, two bedrooms, 1.5 baths and 1 bedroom, 1 bath categories notched the highest occupancy rates in 2010 with 96.3 percent and 94.2 percent, respectively.

Table 8: Apartment Occupancy Rates (%) in Knox County, 2000-2010

| Unit Type             | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 |
|-----------------------|------|------|------|------|------|------|------|------|------|------|------|
| Efficiency            | 92.0 | 85.4 | 89.3 | 87.8 | 86.3 | 87.9 | 94.4 | 92.2 | 94.3 | 83.8 | 93.9 |
| 1 bedroom, 1 bath     | 91.5 | 93.5 | 94.9 | 93.7 | 92.0 | 93.6 | 94.1 | 95.1 | 92.0 | 92.0 | 94.2 |
| 2 bedrooms, 1 bath    | 88.8 | 86.4 | 88.6 | 92.5 | 89.1 | 92.1 | 90.2 | 93.0 | 87.7 | 92.5 | 88.0 |
| 2 bedrooms, 1.5 baths | 92.6 | 93.5 | 93.1 | 96.0 | 93.1 | 96.9 | 97.1 | 93.3 | 92.5 | 93.1 | 96.3 |
| 2 bedrooms, 2 baths   | 94.5 | 92.4 | 93.2 | 93.5 | 93.6 | 96.3 | 96.3 | 97.0 | 91.3 | 89.9 | 91.2 |
| 3 bedrooms, 2 baths   | 89.2 | 91.6 | 94.7 | 91.0 | 92.9 | 94.9 | 95.2 | 95.5 | 91.0 | 87.3 | 92.5 |
| All units             | 91.5 | 91.5 | 92.9 | 92.4 | 91.2 | 93.9 | 95.1 | 94.8 | 91.4 | 90.8 | 92.9 |

Note: Occupancies are reported for apartment units only. Duplexes, triplexes, and four-plexes are not included in this summary.  
 Source: Apartment Association of Greater Knoxville, *Quarterly Market Analysis*, 2000-2010.



The Daylight Building, 1920s

Photograph courtesy of the C. M. McClung Historical Collection of the Knox County Public Library System



The Daylight Building, 2011

## MULTI-DWELLING HOUSING MARKET OUTLOOK

The U.S. housing market continued to struggle as new home sales in February 2011 fell to the lowest level (250,000) since record-keeping began in 1963. Declining home prices and low mortgage rates were expected to jumpstart the market, but tight limits on credit, thousands of homes in foreclosure, and economic recovery that cannot gain traction continued to make homeownership a challenge.

Despite dreary conditions in the broader housing market, some analysts believe the multi-dwelling sector is primed to benefit. Personal financial instability and the credit crunch have pushed many would-be homebuyers to rental properties, generating a rebound in apartment occupancy recently. According to analysts, vacancy rates for U.S. apartments dropped to their lowest levels in almost three years in the first quarter of 2011.

In Knox County, single-dwelling housing unit construction continued its downward trend, while multi-dwellings showed a modest rise in new supply in the past few years. Countywide, apartment vacancies began to climb in fourth quarter 2007 but, after peaking in second quarter 2009, have shown improvement. With trends depicting slow but steady delivery of new supply and gradually improving vacancies and rents, the Knox County multi-dwelling market demonstrates signs of solid standing within the broader local housing market.

Figure 4: Dwelling Unit Construction in Knox County, 2005-2010

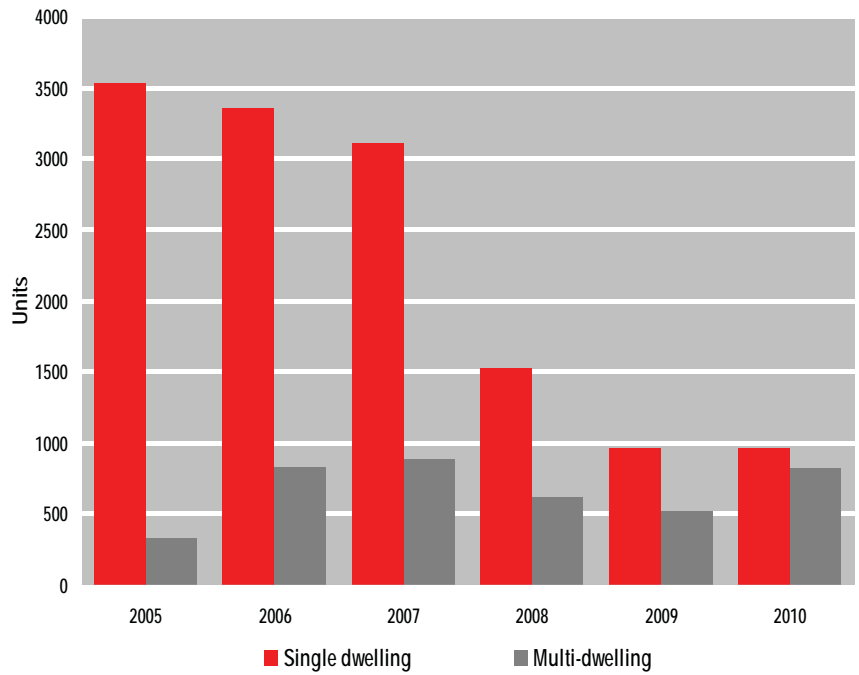


Figure 5: Apartment Vacancy Rates, 2005-2010

