



NEWS RELEASE

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Vacancies climb in Knoxville, Knox County's Industrial Property Market

Vacancy rates in the local industrial property market have risen as new construction continued while availability grew, according to the Metropolitan Planning Commission's 2009 Industrial Space Inventory, a listing of warehouse and manufacturing properties in Knoxville and Knox County.

The total supply of industrial property in Knoxville and Knox County was up 2.1 percent since 2007, to more than 32.9 million square feet in 2009. However as the local inventory grew, so did availability. The vacancy rate grew from 11.1 percent in the fourth quarter of 2007 to 14.1 percent in the fourth quarter of 2009.

Knoxville experienced a slight increase in industrial property development since 2007. Eight buildings were constructed between 2007 and 2009 adding 526,779 square feet to the inventory. The largest addition was Sysco Corp, which added a 353,000-square-foot distribution complex along Interstate 275. Along with new construction, Green Mountain Coffee Roasters renovated and occupied a previously vacant 334,000-

square-foot facility in Forks of the River Industrial Park in 2008. In contrast, four notable industrial properties were vacated since 2007 adding a combined 1,137,825 square feet to the market and making up 33 percent of the area's vacant space.

Vacancies also continued to grow at the national level, with the national vacancy rate registering 13.2 percent availability in the fourth quarter of 2009. All of the metropolitan areas in the southeast recorded double digit vacancies during this period. Regionally, Knoxville's vacancy rate ranks third behind Atlanta and Orlando.

Local unemployment numbers mirrored the Knoxville area's industrial vacancy rate. There was a 23.4 percent reduction in manufacturing employment from the first quarter of 2007 to the second quarter of 2009. This surpassed the 20.2 percent loss in manufacturing employment recorded at the state level.

This year, two more local manufacturing employers will be closing, accounting for more than 300 jobs and adding 314,880 square feet to the vacancy rate. However, warehousing and storage have performed well during the recession. Local wholesale distributor House-Hasson plans to add 50,000 additional square feet of storage, and pharmaceutical manufacturer Melaleuca Inc has plans to complete a 231,000-square-foot distribution center.

The information for this report was gathered during the fourth quarter of 2009 and represents a snapshot of the market at that time.

The complete 2009 Industrial Space Inventory can be purchased for \$75 and a PDF version is available for \$50. Call 215-2500 or visit the MPC office at 403 City County Building.

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