

MARKET FUNDAMENTALS

	YOY Chg	Outlook
16.7% Vacancy Rate	▼	▼
137.5K Net Absorption, SF	▲	▲
\$37.29 Asking Rent, PSF (Overall, All Property Classes)	▼	▬

ECONOMIC INDICATORS

	YOY Chg	Outlook
1.2M Nashville Employment	▲	▲
2.9% Nashville Unemployment Rate	▼	▲
4.2% U.S. Unemployment Rate	▼	▲

Source: BLS

ECONOMY

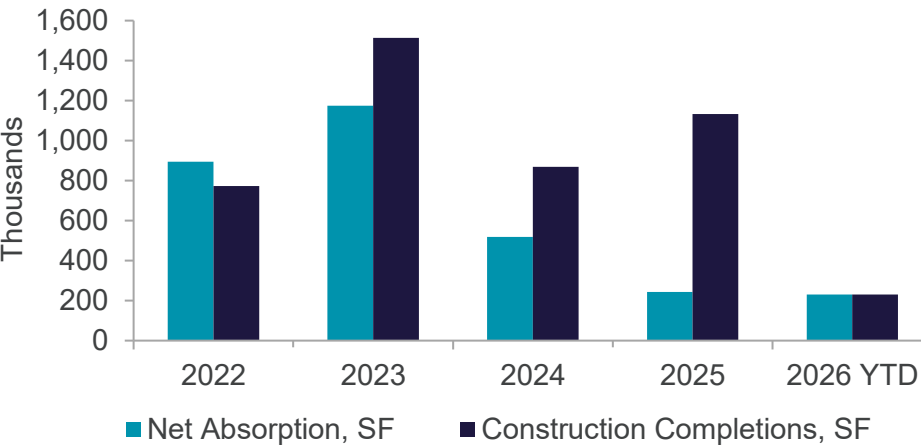
Nashville’s labor market remained resilient in the third quarter, with the unemployment rate declining 10 basis points (bps) year-over-year (YOY) to 2.9%, well below the national rate of 4.2%. Total nonfarm employment increased 0.8% YOY to more than 1.2 million jobs. Among key office-using sectors, professional and business services employment grew 0.9% YOY in August, while financial activities employment declined 2.5%. Despite uneven sector performance, low unemployment and continued job growth should provide a stable foundation for Nashville’s office market.

SUPPLY AND CONSTRUCTION

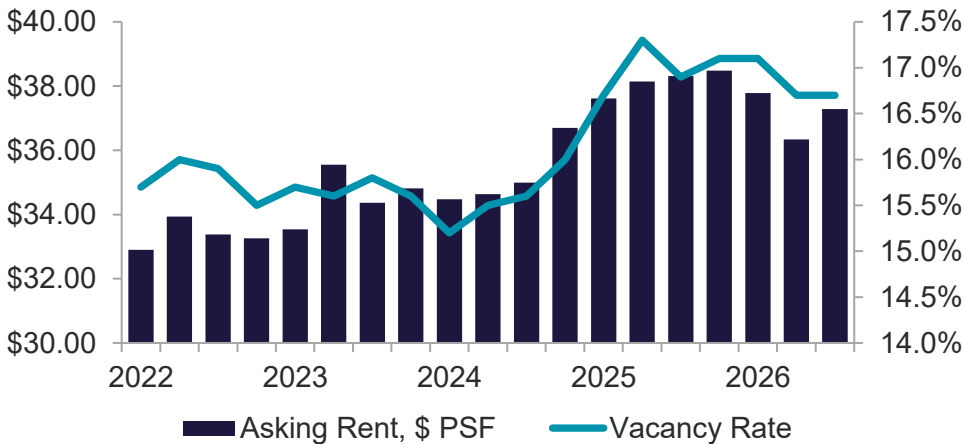
Nashville recorded its first office construction completions in more than a year, with AJ Capital Group’s three Wedgewood Village buildings in Airport South delivering 231,320 square feet (sf) in Q3. Nearly 69% of the space was preleased at completion. Following these deliveries, the active construction pipeline declined to just 60,000 sf, its lowest level since at least 2019. The remaining project, Voce in Midtown, is slated for completion in April 2027.

Occupancy gains largely offset newly delivered vacant space, keeping overall vacancy essentially unchanged quarter-over-quarter (QOQ) at 16.7%. On an annual basis, vacancy was down a more significant 28 bps YOY. Four of the metro’s nine submarkets recorded quarterly vacancy declines, led by Airport North, where the rate fell 90 bps to 14.1%. Conversely, Airport South recorded a 123-bp increase to 15.1%, reflecting 71,000 sf of vacant space delivered at Wedgewood Village.

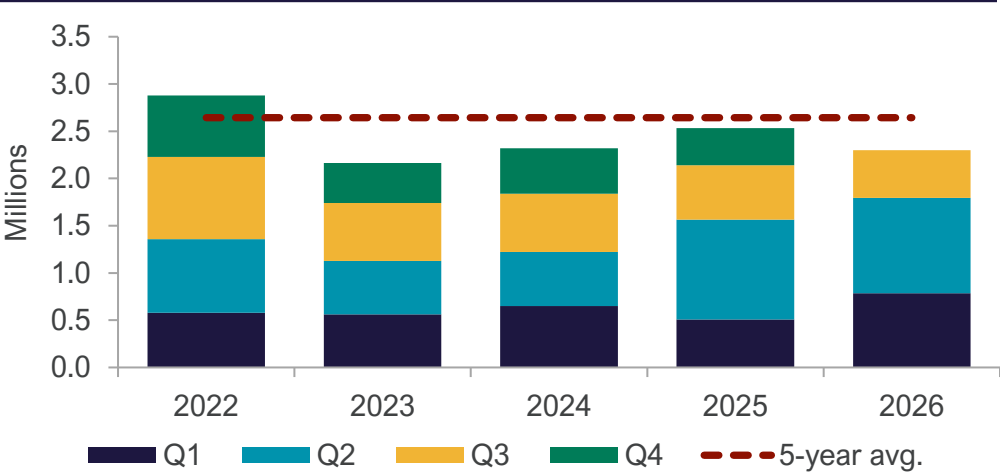
SPACE DEMAND / DELIVERIES



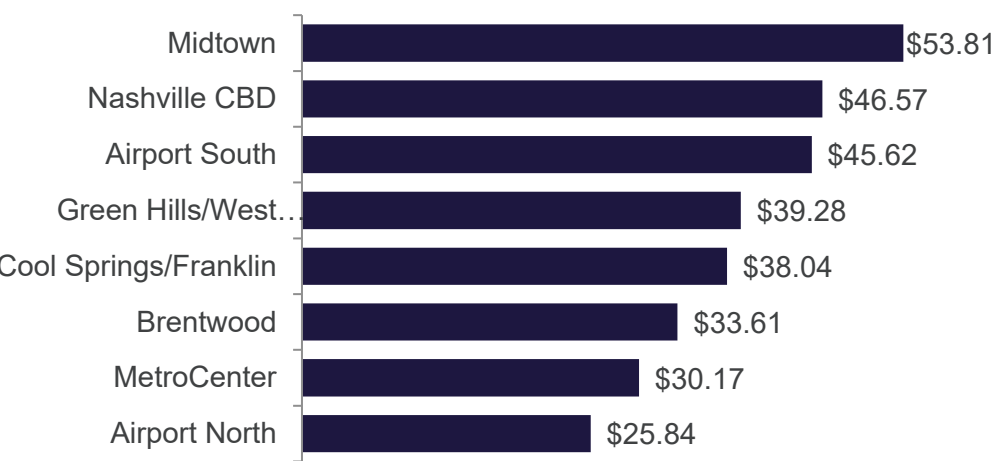
OVERALL VACANCY & ASKING RENT



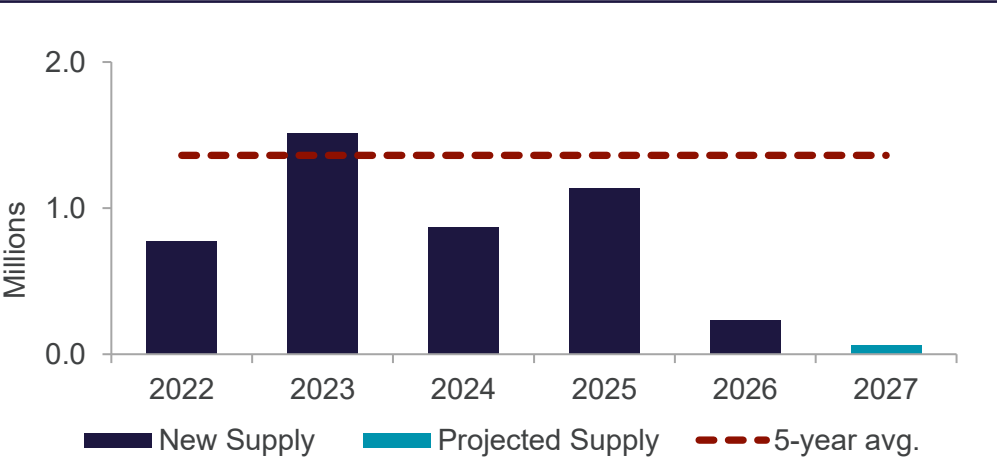
DEMAND: NEW LEASING ACTIVITY



CLASS A DIRECT ASKING RENTS



NEW SUPPLY



DEMAND

New leasing totaled 504,579 sf in the third quarter. Bolstered by robust H1 demand, year-to-date (YTD) new leasing reached 2.3 msf, up 7.4% from the same period in 2025 and the highest for the first three quarters of a year since 2021. Cool Springs/Franklin led the metro with 100,765 sf of new quarterly leasing, followed closely by Midtown (97,395 sf), which also recorded the most new lease transactions at 18. The quarter’s largest new leases included the Metropolitan Government of Nashville and Davidson County’s 63,136-sf commitment at Airways Plaza in Airport South and Koniag Government Services’ 50,612-sf lease at Metropolitan Airport Center I in Airport North.

Renewals totaled 199,667 sf in Q3, bringing YTD volume to 986,974 sf, 34.5% ahead of last year’s pace and more than in any comparable period since 2019.

Overall net absorption reached 137,532 sf, the highest quarterly total since Q2 2025, bringing YTD occupancy gains to 230,173 sf. Airport South led the market with 128,395 sf of positive net absorption, driven by 160,000 sf of occupancy at the three newly delivered Wedgewood Village buildings. Airport North and the Nashville Central Business District (CBD) each recorded more than 30,000 sf of occupancy gains, while Brentwood and Cool Springs/Franklin posted losses.

PRICING

Overall asking rents, weighted by vacant space, increased 2.6% QOQ to \$37.29 per square foot (psf) gross, although rates remained 2.7% below 2025 levels. The quarterly increase was largely driven by Airport South, where asking rents rose from \$27.74 psf to \$34.09 psf following the delivery of the Wedgewood Village buildings which marketed gross asking rents in the \$70s. The addition of premium-priced office space increased the submarket’s average and contributed to metro-wide rent growth. Meanwhile, CBD asking rents edged up to \$40.93 psf, while Midtown remained the metro’s most expensive submarket at \$50.99 psf.

OUTLOOK

- With just 60,000 sf remaining under construction, limited new supply is expected to support vacancy stabilization as existing space continues to be absorbed.
- Despite slower Q3 leasing, leases signed in prior quarters will support additional occupancy gains across the metro as tenants complete buildouts and move into their spaces.
- Asking rents are expected to remain relatively stable in the near term, as limited new construction reduces the potential for premium office deliveries to drive market-wide rates higher. Elevated vacancy in existing second-generation space may also constrain broader rent growth as landlords compete to attract tenants.

MARKET STATISTICS

SUBMARKET	INVENTORY (SF)	DIRECT VACANT (SF)	SUBLET VACANT (SF)	OVERALL VACANCY RATE	Q3 OVERALL NET ABSORPTION (SF)	YTD OVERALL NET ABSORPTION (SF)	YTD LEASING ACTIVITY (SF)	UNDER CNSTR (SF)	OVERALL AVG ASKING RENT (ALL CLASSES)*	OVERALL AVG ASKING RENT(CLASS A)*
Nashville CBD	10,927,487	2,808,195	143,202	27.0%	31,253	65,341	786,655	0	\$40.93	\$46.37
Airport North	4,068,121	543,615	29,313	14.1%	36,733	30,830	147,778	0	\$24.98	\$25.72
Airport South	5,789,742	817,184	54,448	15.1%	128,395	115,615	206,144	0	\$34.09	\$43.68
Brentwood	6,281,866	667,406	48,502	11.4%	-32,083	-51,866	359,107	0	\$32.71	\$33.68
Cool Springs/Franklin	9,644,646	1,461,131	368,301	19.0%	-24,069	-35,709	401,981	0	\$33.50	\$37.92
Green Hills/West Nashville	2,587,225	226,818	17,439	9.4%	-4,802	4,971	42,168	0	\$39.03	\$39.28
MetroCenter	2,154,306	292,257	26,995	14.8%	-2,550	-16,110	18,757	0	\$28.00	\$30.25
Midtown	8,745,527	904,731	40,154	10.8%	4,655	117,101	336,228	60,000	\$50.99	\$53.75
North Nashville	620,544	0	16,162	2.6%	0	0	0	0	N/A	N/A
NASHVILLE TOTALS	50,819,464	7,721,337	744,516	16.7%	137,532	230,173	2,298,818	60,000	\$37.29	\$42.61

*Rental rates reflect full service asking

KEY LEASE TRANSACTIONS Q3 2026

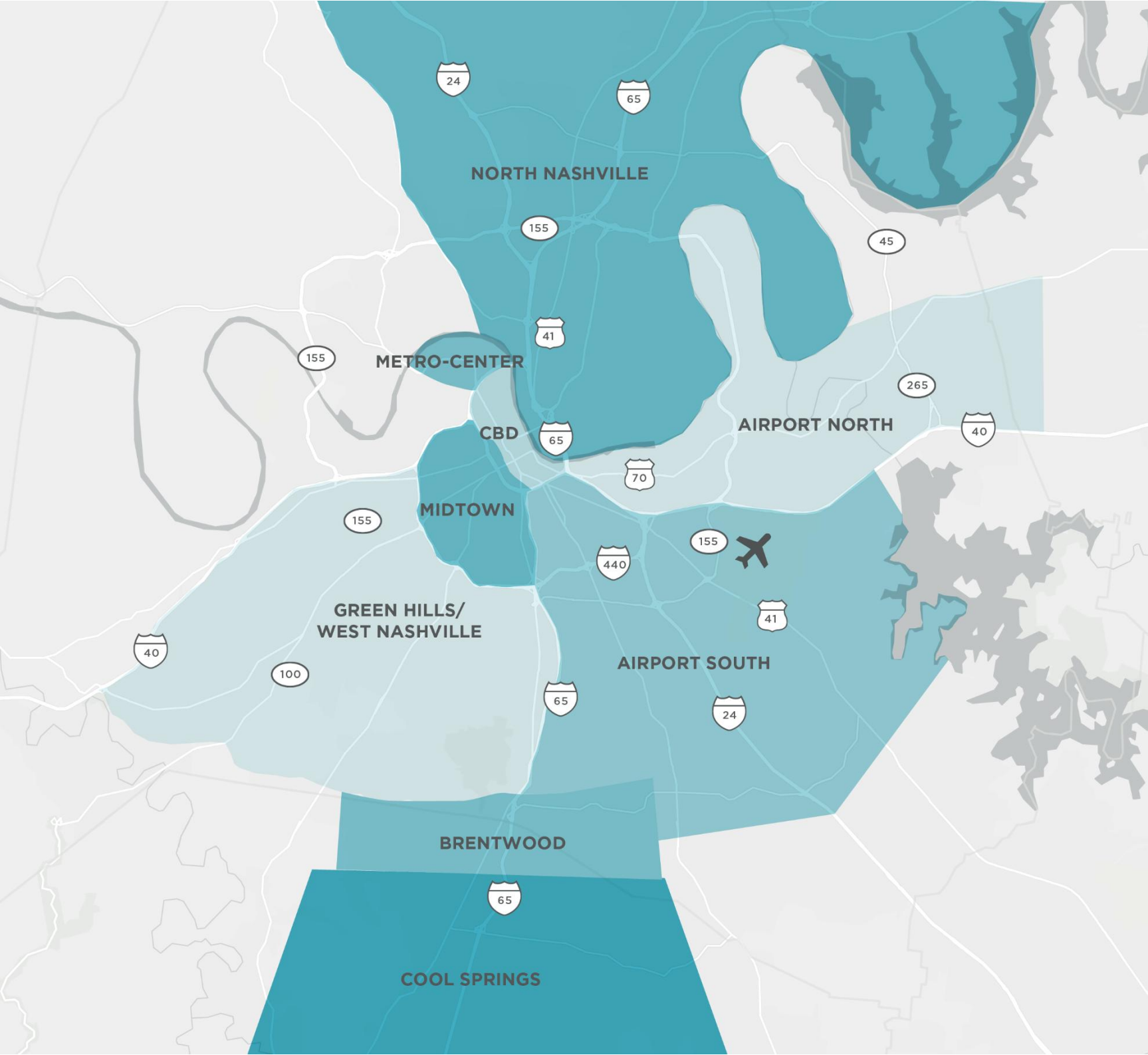
PROPERTY	SUBMARKET	TENANT	SF	TYPE*
1281-1283 Murfreesboro Road	Airport South	Metropolitan Government of Nashville & Davidson County	63,136	New Lease
818 18th Ave. S.	Midtown	EY	55,000	Renewal*
801 Royal Parkway	Airport North	Koniag Government Services	50,612	New Lease
4068 Rural Plains Circle	Cool Springs/Franklin	Washco Companies	28,191	New Lease, Sublease
840 Crescent Centre Drive	Cool Springs/Franklin	e spaces	23,122	Expansion, New Lease
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535 Marriott Drive	Airport North	Resound Credit Union	20,226	New Lease
6 Cadillac Dr.	Brentwood	Beecher Carlson Insurance Services	17,669	Renewal*
1000 Ironwood	Nashville CBD	Nextpower	15,961	New Lease

*Renewals not included in leasing statistics

KEY PROJECTS UNDER CONSTRUCTION 2026

PROPERTY	SUBMARKET	OWNER DEVELOPER	SF	% RELEASED	EXPECTED DELIVERY
Voce - 1717 Hayes St.	Midtown	Vastland Company	60,000	0%	Q2 2027

OFFICE SUBMARKETS



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