MARKETBEAT
NASHVILLE
OFFICE Q2 2025

MARKET FUNDAMENTALS

	YOY Chg	Outlook
16.9% Vacancy Rate	▲	▲
478.5K YTD Net Absorption, SF	▲	▼
$38.34 Asking Rent, PSF	▲	▬

(Overall, All Property Classes)

ECONOMIC INDICATORS

	YOY Chg	Outlook
1.2M Nashville Employment	▬	▲
3.0% Nashville Unemployment Rate	▲	▲
4.2% U.S. Unemployment Rate	▲	▲

Source:BLS

ECONOMY

Nashville's economy remained strong in Q2 with an unemployment rate of 3.0%, 120 basis points (bps) below the national average. This marked a 20-bp decline quarter-over-quarter (QOQ). Among the 102 markets tracked by Cushman & Wakefield, Nashville recorded the third-lowest unemployment rate, highlighting the city's economic resilience and continued appeal to businesses and talent alike. Notably, two major headquarters made headlines in Q2 as Oracle sought to rezone the site of its future $1.3 billion campus on the East Bank and CAA landed a $19 million permit to finish its space at Nashville Yards Creative Office A.

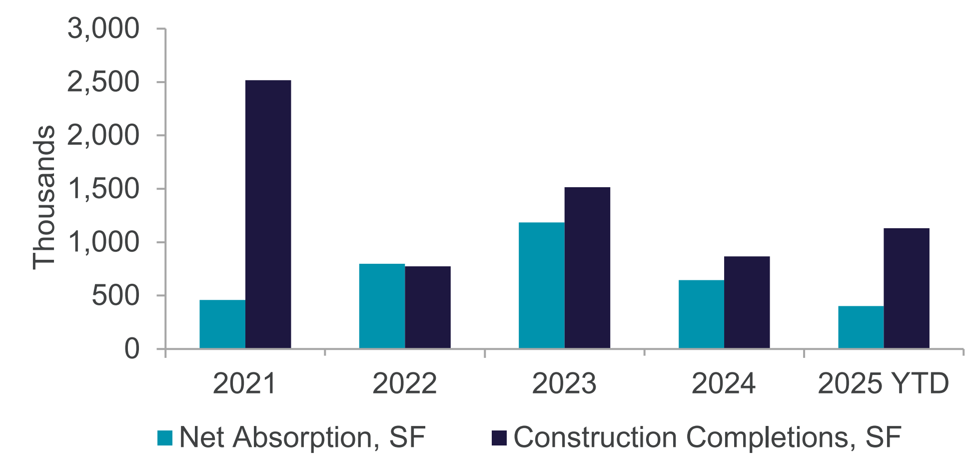
SUPPLY AND CONSTRUCTION

Nashville's office inventory increased by 774,763 square feet (sf) in the second quarter as three developments delivered, of which 46.3% was preleased. The most sizable completion was in the Central Business District (CBD) as Nashville Yards Creative Office A (303,763 sf) delivered 70.2% preleased. The remaining office completions were also over 200,000 sf as Peabody Union (245,000 sf) delivered fully available in the CBD, and McEwen Northside Block E (226,000 sf) finalized construction in Cool Springs/Franklin with 64.3% preleasing.

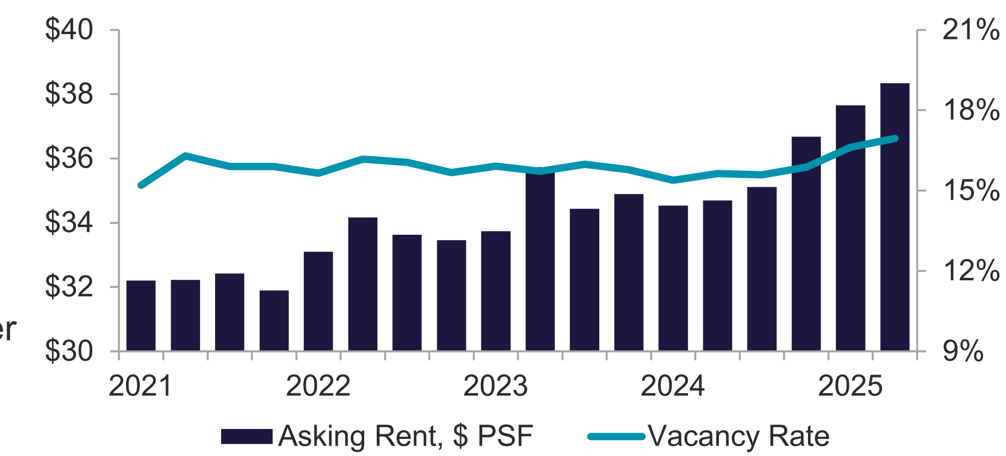
Despite the influx of new inventory, the metro's overall office vacancy, which includes sublease space, remained stable increasing only 30 bps QOQ to 16.9%. Similarly, direct vacancy increased 40 bps QOQ to 15.1%, which left 1.8% of sublease space vacant at the close of the quarter. More than 1.9 msf of inventory was added over the past year, 59.6% of which remained vacant. As a result, both Nashville's direct and overall vacancy have recorded a 130-bp increase year-over-year (YOY).

The pipeline continued to taper in Q2 as only 238,184 sf was under construction (53.4% preleased) at the close of the quarter. Each of the three developments underway were in the Wedgewood Houston neighborhood of the Airport South submarket at AJ Capital's Wedgewood Village, one of which is slated to deliver later in 2025—a 51,000-sf building with no current preleasing. Construction starts remained sparse in Nashville as no projects broke ground for the second consecutive quarter. The lack of new construction reflects developers' continued financing challenges as lenders uphold conservative underwriting and significant preleasing requirements to secure financing.

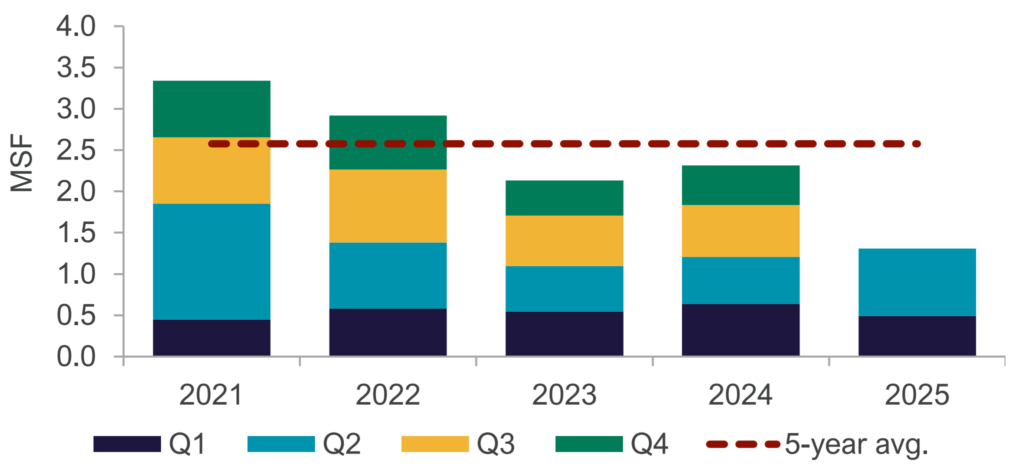
SPACE DEMAND / DELIVERIES



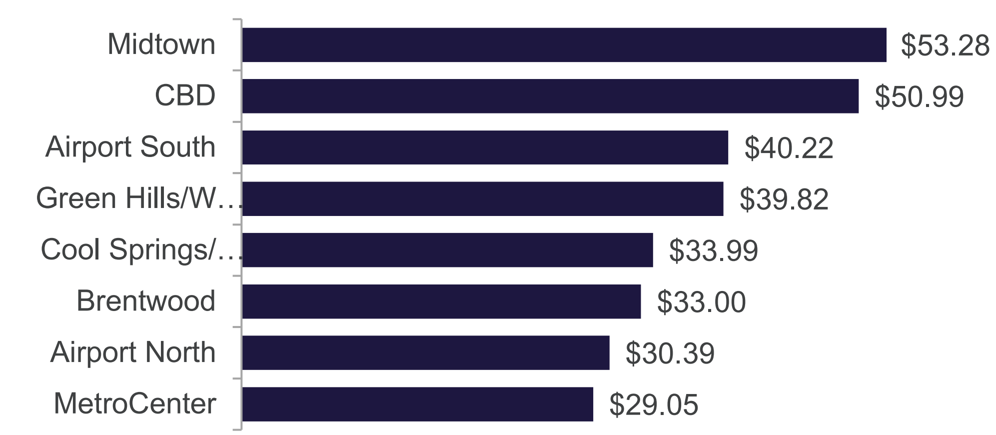
OVERALL VACANCY & ASKING RENT



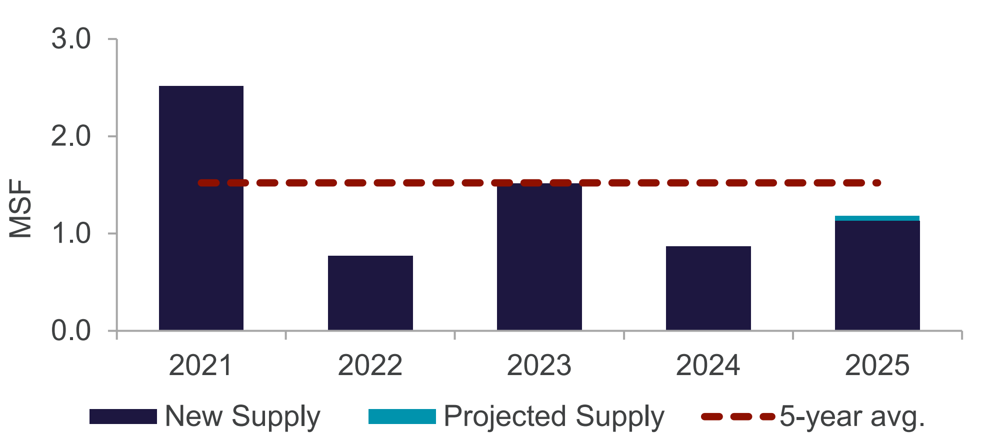
DEMAND: NEW LEASING ACTIVITY



CLASS A DIRECT ASKING RENTS



NEW SUPPLY



PRICING

Due to the influx of new deliveries with asking rents ranging from $54.00 per square foot (psf) to $70.00 psf gross, Nashville's overall and direct office asking rents, which are based on vacant space, reached an all-time high in Q2. Overall rents increased 1.9% QOQ and 10.5% YOY to $38.34 psf. Similarly, direct asking rents, which exclude sublease options, increased 2.5% QOQ and 11.4% YOY to $39.35 psf. Following the delivery of Nashville Yards Creative Office A, Class A overall asking rents recorded the most pronounced growth in the CBD, rising 5.3% QOQ and 17.1% YOY to $50.69. Class A product in Midtown documented the highest average asking rents among all submarkets, as overall asking rents were $52.79 psf and direct rents averaged $53.28 psf at the close of the quarter.

DEMAND

Nashville's office demand was strong in Q2, as 997,955 sf of new leases were signed—the highest new leasing total since Q2 2021. Five out of the nine submarkets signed more than 90,000 sf of new leases, which brought the new transaction volume up 102.4% QOQ. For the first time in four years, two leases larger than 100,000 sf transacted during the quarter. This in turn pushed the year-to-date total to nearly 1.5 msf, up 23.5% compared to midyear 2024. The CBD boasted the highest leasing activity for the quarter with 312,015 sf, which was largely driven by Holland & Knight's 141,447-sf lease at Symphony Place—the most sizable transaction of the quarter. The Airport North submarket followed in new deal volume with 239,332 sf of new leases signed, as both Sentry Insurance Company (104,070 sf) and Blue Cross Blue Shield (81,221 sf) inked deals in One Century Place. Tenant demand persisted in newer product as 42.6% of all the Q2 new leases were signed in buildings built since 2015. WeWork's 90,951-sf sublease at Asurion's Headquarters was the most sizable new construction lease of the second quarter, while other notable tenants like Amazon Music (39,179 sf) and Ampersand Studios (25,680 sf) signed in the newly delivered Nashville Yards Creative Office A.

Renewal activity increased significantly in Q2, as tenants recommitted to spaces totaling 364,102 sf—a 387.2% increase QOQ. The Midtown submarket had the highest renewal volume in Q2 totaling 164,387 sf. This was bolstered by two sizable leases as Vanderbilt University Medical Center resigned for 101,345 sf at 2525 West End Avenue and Earl Swensson Associates Inc. recommitted to 59,992 sf in Gulch Crossing.

Following the influx of supply with significant preleasing in Q2, Nashville boasted 478,452 sf of occupancy gains. The CBD accounted for 57.9% of the quarterly move-ins as Nashville Yards Creative Office A—which was 213,242 sf preleased—delivered with notable tenants like Creative Artists Agency (76,000 sf), EVO (47,384 sf), and Amazon (39,179 sf) in place. Also in the CBD, both Butler Snow (30,593 sf) and Frazier & Deeter (28,869 sf) moved into The Tower at Neuhoff. The Cool Springs/Franklin submarket followed as McEwen Northside Block E finished construction with 145,391 sf preleased, anchored by both Acadia (62,911 sf) and Designed Conveyor Systems (46,245 sf).

OUTLOOK

- Nashville's office pipeline will continue to taper as 1.9 msf has delivered since Q2 2024, and only 238,184 sf is projected to deliver through 2026—53.4% of which is already preleased.
- Vacancy will likely begin to fall as new construction becomes limited, and the previously delivered product continues to absorb.
- Continued relocation of downtown tenants to the surrounding urban areas could lead to conversions of Class B Downtown product into alternate uses. These redevelopments would also positively impact the metro's vacancy as office supply is removed from the inventory.
- More inbound headquarters relocations could be on the horizon as inquiries have continued to increase among companies looking at Nashville among multimarket searches.

MARKET STATISTICS

SUBMARKET	INVENTORY (SF)	DIRECT VACANT (SF)	SUBLET VACANT (SF)	OVERALL VACANCY RATE	CURRENT QTR 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	11,424,322	2,831,636	189,777	26.4%	277,085	76,035	388,168	0	$44.67	$50.69
Airport North	4,282,191	579,976	34,517	14.3%	25,796	27,941	297,771	0	$26.27	$29.69
Airport South	5,544,422	688,933	26,982	12.9%	3,682	28,204	125,581	238,184	$32.23	$40.22
Brentwood	6,272,559	603,542	37,795	10.2%	-26,283	-58,622	75,783	0	$32.09	$32.88
Cool Springs/Franklin	9,872,703	1,544,153	454,033	20.2%	59,493	210,595	219,888	0	$31.23	$31.75
Green Hills/West Nashville	2,579,225	271,829	15,901	11.2%	158,801	11,979	38,503	0	$39.13	$39.75
MetroCenter	2,154,306	276,835	0	12.9%	0	-22,451	22,458	0	$27.26	$29.05
Midtown	8,752,533	996,888	160,116	13.2%	24,301	127,424	322,981	0	$51.05	$52.79
North Nashville	620,544	0	16,162	2.6%	0	0	0	0	-	-
NASHVILLE TOTALS	**51,502,805**	**7,793,792**	**935,283**	**16.9%**	**478,452**	**401,105**	**1,491,133**	**238,184**	**$38.34**	**$42.62**

**Rental rates reflect full service asking*

***New Leasing total not reflected in Cushman & Wakefield National MarketBeat*

KEY LEASE TRANSACTIONS Q2 2025

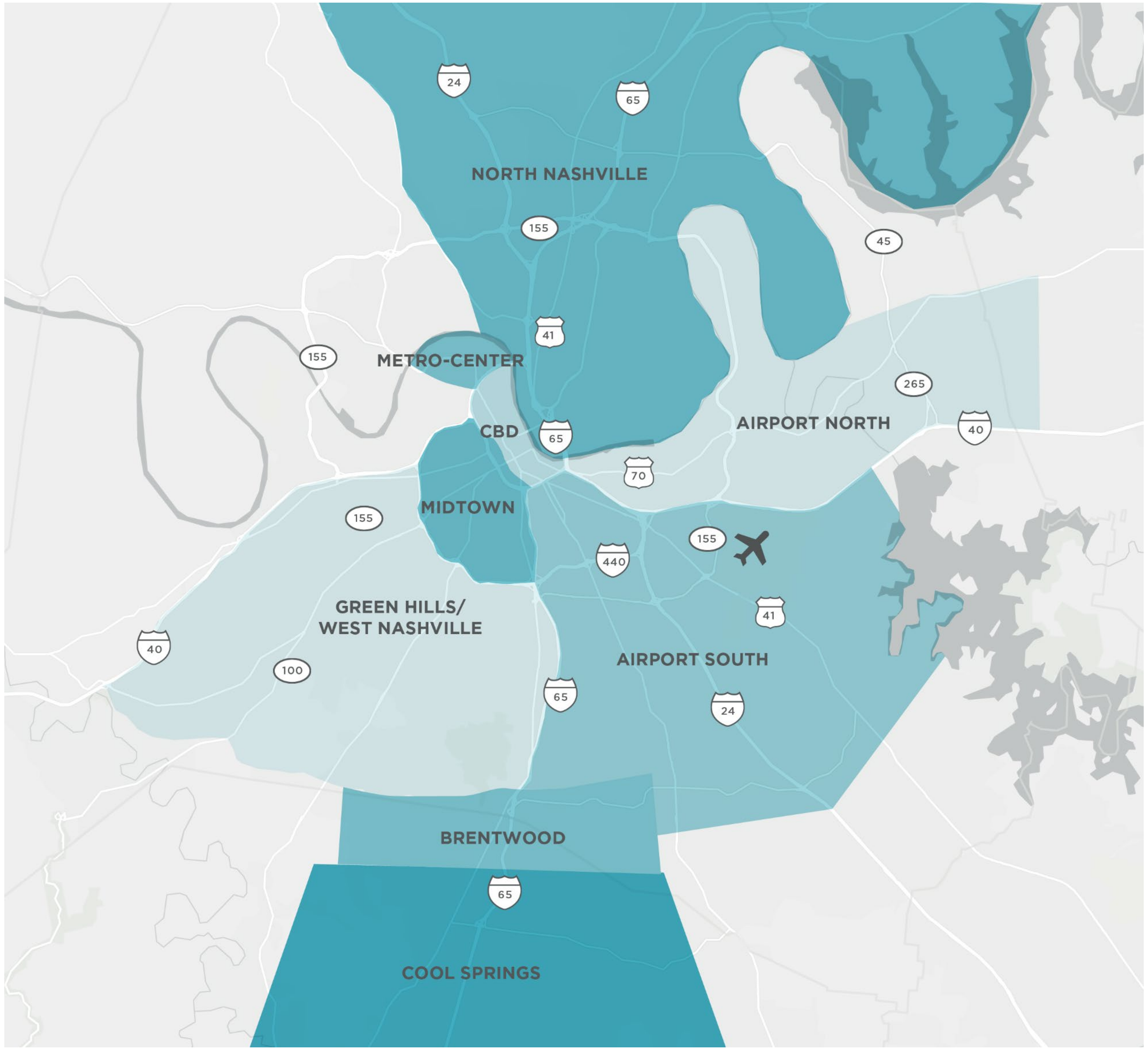
PROPERTY	SUBMARKET	TENANT	SF	TYPE*
150 3rd Ave S.	Nashville CBD	Holland & Knight	141,447	New Lease
26 Century Place	Airport North	Sentry Insurance Company	104,070	New Lease
2525 West End Ave	Midtown	Vanderbilt University Medical Center	101,345	Renewal
1101 Church Street	Midtown	WeWork	90,951	Sublease
26 Century Place	Airport North	BlueCross BlueShield	81,221	New Lease
1033 Demonbreun St	Midtown	Earl Swensson Associate Inc.	59,992	Renewal
315 Deaderick St	Nashville CBD	State of Tennessee (Attorney General)	55,141	Renewal
441 Donelson Pike	Airport North	Remington College	41,154	Renewal
1001 Church St	Nashville CBD	Amazon	39,179	New Lease
6550 Carothers Pkwy	Cool Springs/Franklin	Wellpath	38,044	New Lease
2214 12th Ave S.	Midtown	Built Technologies	35,500	New Lease

**Renewals not included in leasing statistics*

KEY PROJECTS UNDER CONSTRUCTION 2025

PROPERTY	SUBMARKET	OWNER | DEVELOPER	SF	% PRELEASED	EXPECTED DELIVERY
Wedgewood Village – 507 Houston St	Airport South	AJ Capital	51,000	0%	Q3 2025
Wedgewood Village – 439 Humphreys St	Airport South	AJ Capital	44,000	100%	Q2 2026
Wedgewood Village – 430 Chestnut St	Airport South	AJ Capital	143,184	58.1%	Q4 2026

OFFICE SUBMARKETS



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