

# Nashville

## Setting the Stage for Office Opportunity

**Stewart Rubin**, Senior Director, Head of Strategy and Research
**Matt Wnek**, Director
**Marshall Swett**, Associate

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### Key Points

- **Demographic momentum:** Rapid growth in working-age and college-educated residents supports office demand.
- **Diversifying economy:** Growth in office-using sectors and major corporate commitments are broadening the demand base anchored by healthcare and entertainment.
- **Improving fundamentals:** Strong positive absorption and a reduced construction pipeline should support lower vacancy and improved rent growth.
- **Flight to quality:** Modern, amenity-rich Class A assets are outperforming.
- **Growing investor appetite:** Capital is returning, with demand concentrated in high-quality assets.

### Introduction

When country music great Hank Williams Sr. came to Nashville to record his first songs in 1946, Nashville was a city of only about 170,000 people. Its economy was centered on agriculture-related commerce and manufacturing, serving as a regional trading and transportation hub for Middle Tennessee. Nearly eighty years later, Nashville has evolved into a metropolitan area of roughly 2.2 million residents with an economy generating approximately $205 billion in annual GDP.

The city's economic engine is now driven by world-leading healthcare companies and a diverse mix of technology, professional services, logistics, and entertainment industries, illustrating one of the most remarkable urban transformations in the United States.

The metro remains anchored by healthcare management, higher education, professional services, and hospitality, but faster growth in technology, finance, logistics, and corporate operations has broadened its sources of office demand. The New York Life Investment Management Real Estate Investors (NYLIM REI) 2015 report "*Beyond the Big Six*," published in CREFC Magazine, identified Nashville as an alternative office market poised for sustained demand based on its demographic and economic growth. More than a decade later, the market's performance has reinforced that thesis.[1]

Recent corporate commitments support the longer-term growth story. Oracle is expanding its interim footprint while advancing a headquarters campus on the East Bank; Starbucks selected Nashville for a major Southeast support office; Amazon is building out its second downtown tower and expanding within Nashville Yards; AllianceBernstein has relocated its global headquarters to a new downtown Nashville tower; and In-N-Out is establishing an eastern territory office in Franklin.

[1] Stewart Rubin. (2015, Summer). *Beyond the Big Six: Identifying Alternative US Office Markets Based on Long Term Demand Generators.* New York Life Real Estate Investors publication in CRE Finance World.

Nashville's population and employment growth, expanding corporate base, and reduced development pipeline should support improvement in office fundamentals. At the same time, elevated vacancy and a pronounced flight to quality mean that building age, amenity package, location, tenant credit, rollover schedule, and investment basis are likely to matter more than the market label alone.

## Demographic Tailwinds

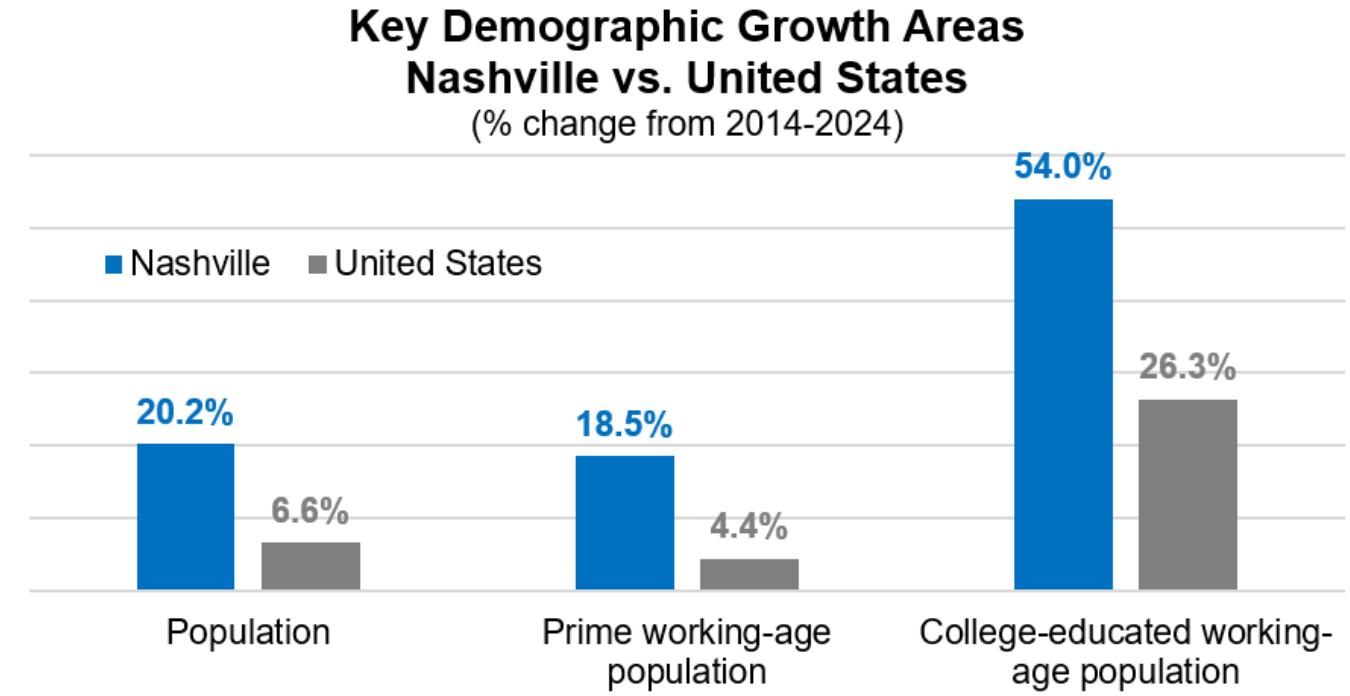
Nashville's population increased 20.2% from 2014 to 2024, more than three times the 6.6% national rate, and grew 11.1% from 2019 to 2024 compared with 3.1% nationally.[2] Net domestic migration has been a major driver of this expansion. Since 2020, domestic migration contributed a 4.4% increase in population, the eighth-highest rate among U.S. metros with at least 1 million residents.

The composition of this growth is particularly relevant to office investment. Nashville's prime working-age population expanded 18.5% from 2014 to 2024, compared with 4.4% nationally, and is projected to grow another 3.0% over the next five years while the corresponding U.S. cohort is projected to decline 0.3%. Educational attainment is also above average, with 43.2% of Nashville's working-age population holding a college degree compared with 37.3% nationally.

The metro's college-educated working-age population grew 54.0% over the decade, more than twice the U.S. pace, while the number of college-educated residents ages 25 to 34 increased 61.2% compared with 32.2% nationally.

Together, these trends are deepening Nashville's professional labor pool and supporting household formation, consumer spending, and corporate recruitment. The metro also retains a relative cost advantage. In 2024, Nashville's average personal income, adjusted for regional price differences, was $67,818, ranking eighth among U.S. metros with at least 1 million residents and exceeding major office markets including New York, Miami, Dallas, and Charlotte.[3] Nashville's overall price level was approximately 3.7% below the national average, while Tennessee imposes no state income tax on earned income. Housing costs have risen, and affordability varies across the metro, but the combination of employment opportunities, purchasing power, and favorable tax treatment remains a meaningful advantage in attracting residents and businesses.

**Figure 1**




Source: U.S. Census Bureau 2024 American Community Survey. Prime working-age defined as age 26-64

[2] All population and college educational attainment data in this report are sourced from the U.S. Census Bureau's 2024 American Community Survey (ACS).

[3] Source: U.S. Bureau of Economic Analysis, Regional Price Parities (RPP)

## Economic Drivers

Nashville's demographic expansion has translated into strong economic growth. Real GDP increased 52.3% from 2014 to 2024, more than twice the national rate and the second-fastest pace among Southeast metros with at least 1 million residents, trailing only Raleigh.[4] GDP per capita reached approximately $80,000 in 2024, compared with about $67,000 nationally. Its 27.6% growth over the decade ranked second in the Southeast, behind only Miami. This combination of economic scale and rising productivity distinguishes Nashville from markets whose expansion has been driven primarily by population-serving employment.

Employment data show similarly broad-based expansion. Total nonfarm employment increased 13.4% between the first quarter of 2020 and the second quarter of 2026, nearly three times the 4.8% national gain. Office-using employment grew 12.8%, compared with 3.5% nationally. Over the same period, Nashville recorded employment growth of 54.8% in technology, compared with 8.7% nationally; 15.3% in finance and insurance, compared with 2.9% nationally; and 10.3% in professional and business services, compared with 4.8% nationally.

The table below illustrates how these sectors have expanded in both scale and concentration, broadening and deepening the metro's office demand base.

A series of high-profile corporate relocations and expansions has been central to this growth, broadening Nashville's economic base and reinforcing long-term demand for office space.

## Figure 3

| Notable Corporate Commitments to the Nashville Metro | | |
|---|---|---|
| Company | Function | Announced |
| Starbucks | Food & Beverage Corporate Operations | April-26 |
| Amazon | Logistics, Technology and Media Corporate Operations | January-25 |
| Oracle | Technology: Enterprise Software, Cloud Computing | April-24 |
| In-N-Out | Food & Beverage Corporate Operations | January-23 |
| Mitsubishi N.A. | Auto Manufacturing Corporate Operations | November-19 |
| Alliance Bernstein | Finance: Asset and Wealth Management | May-18 |

Sources: Various disclosures, see links embedded in table

## Figure 2

***Nashville-Davidson--Murfreesboro--Franklin, TN MSA - Employment by Industry Pre-GFC, Pre-Covid and Now***

| | Workers (000s) | | | Growth | | % Share of Workers | | | Location Quotient | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Industry | 2008Q1 | 2020Q1 | 2026Q2 | 2008Q1-2026Q2 | 2020Q1-2026Q2 | 2008Q1 | 2020Q1 | 2026Q2 | 2008Q1 | 2020Q1 | 2026Q2 | |
| ***United States*** | ***138,326*** | ***151,740*** | ***158,967*** | ***14.9%*** | ***4.8%*** | ***100.0%*** | ***100.0%*** | ***100.0%*** | **1.00** | **1.00** | **1.00** | |
| Total Nonfarm | 802 | 1,059 | 1,201 | 49.8% | 13.4% | 100.0% | 100.0% | 100.0% | 1.00 | 1.00 | 1.00 | |
| Construction | 43 | 49 | 66 | 53.5% | 33.3% | 5.3% | 4.7% | 5.5% | 0.99 | 0.93 | 1.04 | |
| Manufacturing | 83 | 85 | 88 | 6.7% | 3.7% | 10.3% | 8.0% | 7.3% | 1.04 | 0.96 | 0.93 | |
| Wholesale Trade | 39 | 43 | 49 | 26.8% | 14.4% | 4.8% | 4.0% | 4.1% | 1.12 | 1.04 | 1.07 | |
| Retail Trade | 92 | 101 | 107 | 15.6% | 5.1% | 11.5% | 9.6% | 8.9% | 1.03 | 0.94 | 0.91 | |
| Transportation and Warehousing | 29 | 57 | 70 | 138.5% | 22.5% | 3.7% | 5.4% | 5.8% | 1.12 | 1.42 | 1.41 | |
| Utilities | 1 | 1 | 2 | 57.3% | 36.3% | 0.1% | 0.1% | 0.2% | 0.36 | 0.35 | 0.40 | |
| Information | 22 | 25 | 31 | 44.4% | 27.5% | 2.7% | 2.3% | 2.6% | 1.24 | 1.22 | 1.50 | Office-Using Sectors |
| Technology* | 12 | 21 | 33 | 186.5% | 54.8% | 1.4% | 2.0% | 2.7% | 0.59 | 0.68 | 0.90 | |
| Finance and Insurance | 38 | 54 | 63 | 66.6% | 15.3% | 4.7% | 5.1% | 5.2% | 1.06 | 1.20 | 1.24 | |
| Real Estate and Rental and Leasing | 12 | 18 | 20 | 72.4% | 10.5% | 1.4% | 1.7% | 1.7% | 0.92 | 1.10 | 1.08 | |
| Professional and Business Services** | 105 | 178 | 196 | 86.6% | 10.3% | 13.1% | 16.8% | 16.3% | 1.00 | 1.19 | 1.16 | |
| Educational Services | 19 | 29 | 33 | 72.0% | 13.1% | 2.4% | 2.7% | 2.7% | 1.10 | 1.10 | 1.08 | |
| Health Care and Social Assistance | 96 | 129 | 156 | 63.1% | 21.2% | 11.9% | 12.2% | 13.0% | 1.03 | 0.89 | 0.87 | |
| Leisure and Hospitality | 83 | 124 | 140 | 67.8% | 12.9% | 10.4% | 11.7% | 11.7% | 1.06 | 1.07 | 1.09 | |
| Other Services | 33 | 44 | 53 | 59.9% | 18.4% | 4.1% | 4.2% | 4.4% | 1.03 | 1.08 | 1.15 | |
| Federal Government | 12 | 14 | 15 | 27.7% | 5.6% | 1.5% | 1.4% | 1.3% | 0.75 | 0.72 | 0.75 | |
| State and Local Government | 95 | 106 | 112 | 17.5% | 5.5% | 11.9% | 10.0% | 9.3% | 0.83 | 0.76 | 0.72 | |

Source: Oxford Economics. As of Q2 2026.

*Note: Sum of employment in 1) Software publishers, 2) Data processing, hosting, and related services, 3) Computer systems design and related services, and 4) Computer and electronic product manufacturing

**Sum of employment in 1) Professional, scientific, and technical services, 2) management of companies and enterprises, and 3) Administrative and waste services

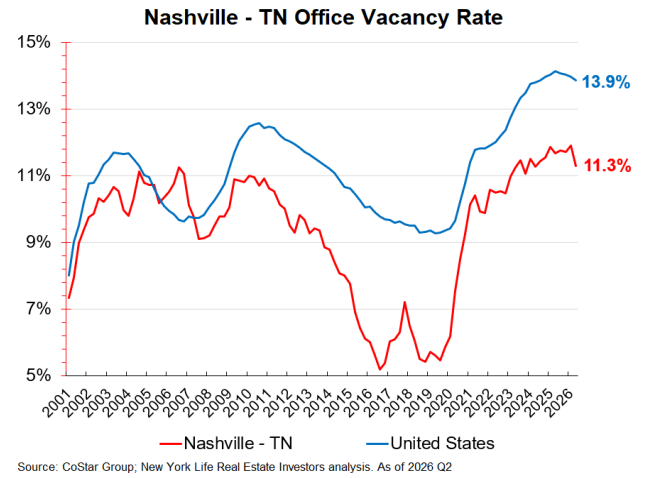
[4] All GDP data in this report are sourced from the U.S. Bureau of Economic Analysis, and all employment data are sourced from the U.S. Bureau of Labor Statistics. Both datasets were obtained through Oxford Economics, which also provided the associated forecasts.

Healthcare remains the market's most distinctive cluster. More than 900 healthcare companies operate in Middle Tennessee, including major headquarters and management platforms such as HCA Healthcare, Community Health Systems, Ardent Health Services, and Surgery Partners.[5] Its importance extends beyond clinical employment because the cluster creates demand for legal, accounting, technology, finance, consulting, and real estate services that typically occupy office space.

## Office Fundamentals and Capital Markets

Nashville's office market entered the second half of 2026 with improving demand, declining vacancy, and limited near-term supply. CoStar reported an 11.3% vacancy rate in the second quarter, below the 13.9% U.S. rate.

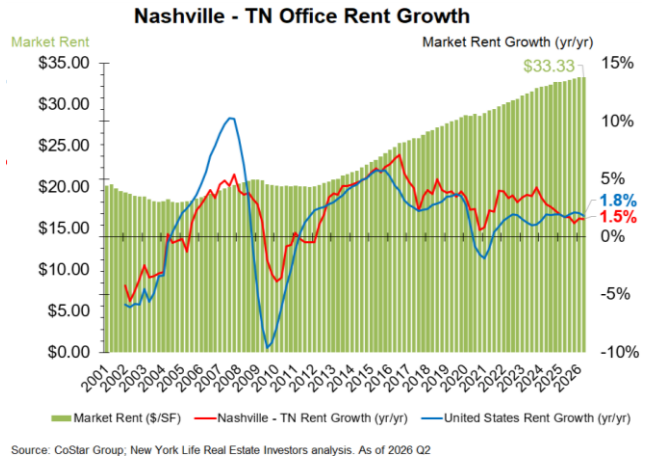
### Figure 4




Source: CoStar Group; New York Life Real Estate Investors analysis. As of 2026 Q2

Market asking rent averaged $33.33 per square foot and grew 1.5% year over year, slightly lagging national growth of 1.8%.

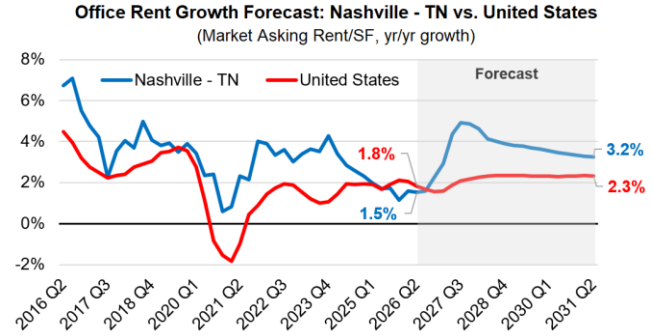
### Figure 5




Source: CoStar Group; New York Life Real Estate Investors analysis. As of 2026 Q2

Although Nashville's rent growth has modestly trailed the national average recently, CoStar forecasts that the market will outperform over the next five years as it absorbs recently delivered space, supported by the strong and expanding demand drivers that underpinned the latest construction cycle.

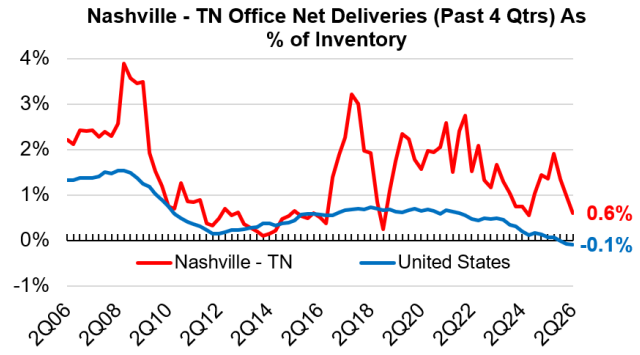
### Figure 6




Source: CoStar Group. Projections as of August 2026

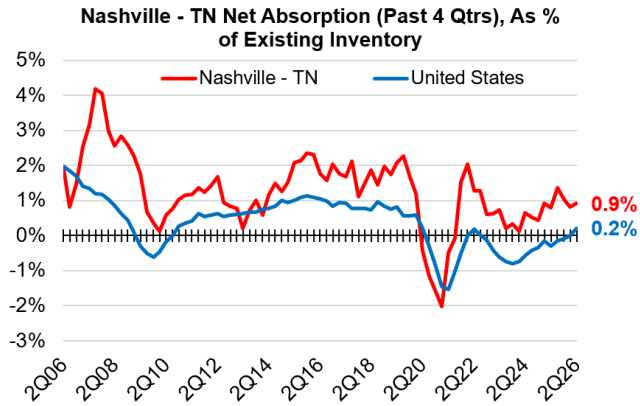
Trailing four-quarter net absorption totaled approximately 1.0 million square feet, or 0.9% of inventory, a healthy comparison to the 0.6% of existing inventory that was delivered over the past year on a net basis.

### Figure 7




Source: CoStar Group, 2Q26

### Figure 8

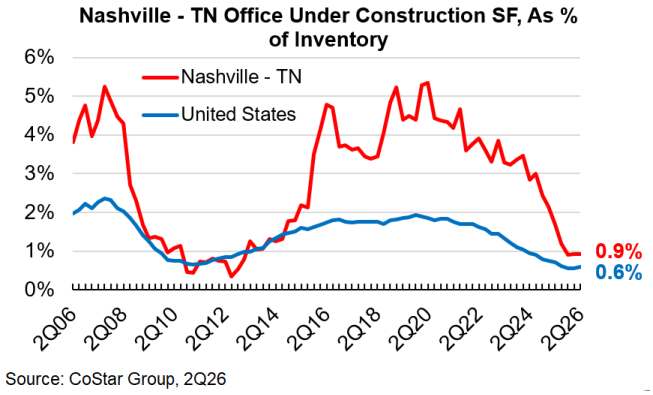



Source: CoStar Group, 2Q26

[5] Nashville Area Chamber of Commerce. (n.d.). *Health Care.* Nashville Area Chamber of Commerce.

Approximately 1.0 million square feet of office space was under construction as of the second quarter of 2026, equivalent to 0.9% of existing inventory. This represents a sharp decline from the prior-cycle peak, when Nashville's construction pipeline exceeded 5 million square feet.

## Figure 9




Source: CoStar Group, 2Q26

Brokerage datasets report higher absolute vacancy rates than CoStar because they apply different inventory and competitive-set definitions, but their directional conclusions are broadly consistent. In the second quarter of 2026, Cushman & Wakefield reported overall vacancy of 16.3%,[6] CBRE 17.5%,[7] and Colliers 18.2%;[8] Across the reports, vacancy declined during the quarter, net absorption remained positive, and the construction pipeline continued to contract. Cushman & Wakefield recorded 1.6 million square feet of leasing during the first half of 2026, the strongest first-half total since 2021, while Colliers found that nearly all of the quarter's 526,000 square feet of net absorption occurred in Class A properties. Although the firms differ in their estimates of absolute vacancy, the broader signal is consistent in that market conditions are gradually improving as healthy tenant demand and positive absorption work through available space against a sharply reduced development pipeline.

Investor interest in Nashville office assets is also strengthening. Transaction volume totaled $1.44 billion over the latest 12-month period, up sharply from approximately $300 million during the preceding 12 months, according to MSCI Real Capital Analytics. Capital remains available, but liquidity is concentrated at the upper end of the quality spectrum. The $255 million sale of the fully leased Bridgestone Tower demonstrated investor demand for modern, mission-critical headquarters assets with long-term credit tenancy.[9] The acquisition of the recently delivered Moore Building in Midtown provided another example of institutional capital targeting highly amenitized properties in a tight submarket.[10]

Investment activity is therefore likely to remain concentrated in newer or renovated Class A assets, where stronger occupancy and rent premiums reflect Nashville's flight to quality.

## Conclusion

Nashville offers one of the stronger structural growth backdrops among U.S. office markets. Population, prime working-age residents, educational attainment, GDP, and office-using employment have all expanded faster than the nation as well as many other high growth metros, while the healthcare cluster and recent corporate commitments provide a durable base of occupier demand. Positive absorption and a sharply reduced construction pipeline improve the medium-term supply and demand outlook.

Despite its overall momentum, performance is increasingly separated by asset quality and submarket. The most compelling assets include modern, amenity-rich product, strong access to talent and mixed-use infrastructure, and credible tenant demand, especially when sufficiently capitalized to compete through a gradual lease-up amidst the absorption of recent deliveries. The long-term outlook is constructive, but near-term execution will remain intensive and highly asset specific.

[6] Cushman & Wakefield. (2026, July 24). *Nashville Office MarketBeat Q2 2026*. Cushman & Wakefield.
[7] CBRE. (2026, July 9). *Nashville Office Figures Report Q2 2026*. CBRE.
[8] Katie Lester. (2026, July 1). *Nashville Office Market Report | 2026 Q2*. Colliers.
[9] Highwoods Properties. (2026, May 12). *Highwoods Sells Bridgestone Tower in CBD Nashville*. Highwoods Properties.
[10] CBRE. (2026, July 2). *CBRE Facilitates Sale of Nashville's Landmark Moore Building*. CBRE.

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