KBCADVISORS

Q2 2026

KBC INSIGHTS | INDUSTRIAL MARKET UPDATE

Nashville

ECONOMY

- The economic tailwinds that emerged in early 2026 strengthened through Q2, supporting solid employment growth and sustained consumer spending despite ongoing geopolitical uncertainty and inflationary pressures.
- Business investment remained concentrated in artificial intelligence and technology-related sectors, helping reinforce overall economic resilience. Looking ahead, continued economic expansion will depend heavily on the strength of artificial intelligence investment and its ability to support broader business activity and logistics demand.
- Plans to construct a 70,000-square-foot (SF) data center near the Nashville Zoo faced heavy backlash. There are 12 existing data centers in the Nashville market now, several of which are larger projects. Amongst growing concerns, approximately ten Tennessee counties have passed or proposed moratoriums on data center development.

VACANCY

- Nashville's vacancy rate increased to 5.2% in Q2 2026, representing a 40-basis-point (bp) increase quarter-over-quarter (QOQ) and a 190-bp increase year-over-year (YOY). This marks the fifth consecutive quarter of rising vacancy as new speculative supply continues to outpace tenant demand.
- The East submarket accounted for the majority of the quarterly increase, with vacancy rising to 8.9%, a 240-bp increase from the previous quarter. The increase was largely driven by the delivery of two vacant Class A buildings totaling nearly 1.7 million square feet (M SF).
- Almost all other submarkets recorded QOQ declines in vacancy. The Nashville Core posted the largest improvement, with vacancy declining 100 bps, followed by the Southeast, where vacancy decreased 20 bps, reflecting continued leasing activity and tenant absorption.

RENT

- Average asking rents in the Nashville logistics market recorded an 8.9% QOQ increase and a 13.5% YOY increase, rising to $10.85 per square foot (/SF) in Q2 2026.
- The rise in average asking rents was influenced by the delivery of more than 3.1M SF of new Class A inventory year-to-date (YTD), with premium pricing on newly completed buildings contributing to the rise in the overall market average.
- Rent growth has been particularly pronounced in the North and Southeast submarkets. The North recorded the strongest appreciation in the market, with average asking rents increasing 15.9% QOQ and 42.3% YOY, while the Southeast posted a 25.2% YOY increase, supported by continued demand and the delivery of premium Class A inventory.
- The Nashville Core continues to command the highest asking rents in the market, reaching $13.37/SF in Q2 2026, a 10.9% increase from the previous quarter and a 14.5% YOY increase.

TRENDS: LOGISTICS PROPERTIES

	Q2 2025	Q2 2026	Chg YOY
Vacancy	3.3%	5.2%	▲
Net Asking Rents	$9.56	$10.85	▲
Net Absorption, SF	-203K	-550K	▼
Under Construction, SF	4.5M	7M	▲
New Deliveries, SF	1.5M	1.9M	▲

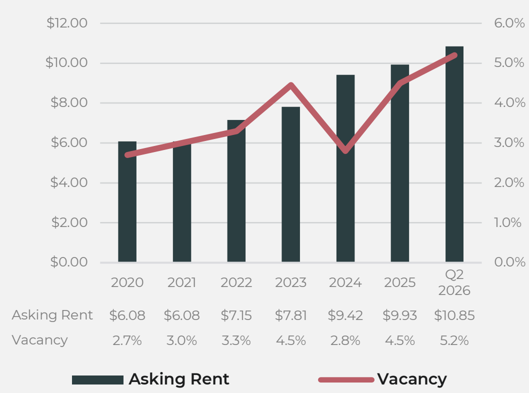
ECONOMIC INDICATORS

	May 25	May 26	Delta	
National Warehousing Employment (thousands)	1,827	1,842	0.8%	▲

	2025	2026	Delta	
Nashville Population (thousands)	2,163	2,197	1.6%	▲

▶ Increases / Decreases YOY

VACANCY VS. NNN ASKING RENTS



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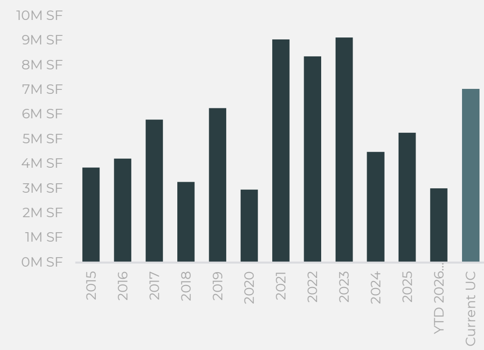
DEMAND

- The Nashville logistics market recorded 549,835 SF of negative net absorption in Q2 2026, bringing YTD net absorption to 207,187 SF. The North submarket led the market with 398,907 SF of positive net absorption during the quarter.
- New industrial leasing activity in Nashville totaled over 4M SF YTD, exceeding new leasing activity in the first half of 2025 by over 1M SF. In addition, the market saw nearly 2.7M SF in renewals this quarter. Leasing activity was strongest in the Southeast, where more than 1.6M SF of new leases have been executed YTD, an increase of more than 300,000 SF YOY.
- Several of the quarter's largest transactions were completed in the East submarket, where Under Armour renewed 1,083,543 SF and Geodis renewed 550,000 SF. In the Southeast, Quanta Manufacturing signed a new 518,667 SF lease.
- While absorption was negative on a quarterly basis, the strong leasing activity seen in Q2 will boost positive absorption in the second half of 2026.
- Investment sales activity remained strong during the quarter. Notable transactions included Strato Capital LLC's purchase of the 282,500 SF warehouse at 191–195 Polk Avenue for $30.35 million ($107.43/SF) and Stos Partners' acquisition of the 169,855 SF property at 640 Massman Drive for $25.93 million ($152.66/SF), both located in the Nashville Core submarket. Additionally, Tratt Properties LLC acquired a 1,614,421 SF Cookeville distribution facility leased to Academy Sports + Outdoors for $140 million ($86.72/SF).

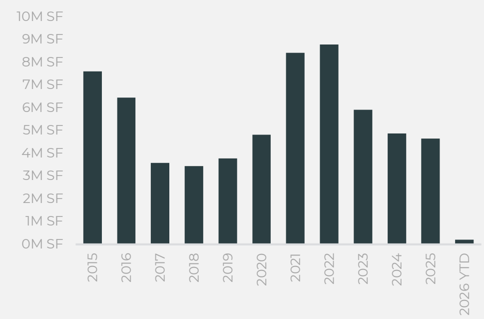
» CONSTRUCTION

- Six projects delivered in Q2, adding a combined 1.9M SF to existing inventory. Northpark Logistics 1 (206,752 SF) was completed as a build-to-suit facility for Trane, while large projects like Earhart Logistics 2 (1,151,900 SF) and the Co-Op Business Park 2 (252,072 SF) delivered vacant.
- Development activity remains concentrated in five of Nashville's seven submarkets: Nashville Core, Southeast, North, Montgomery, and East. The East continues to lead the market with 2.6M SF under construction, while the Southeast has the largest number of active developments, with 10 projects totaling over 1.3M SF.
- The Nashville development pipeline expanded to more than 7M SF under construction in Q2 2026, driven by 19 project starts totaling more than 3.5M SF in Q2. This represents a 57.4% YOY increase in product under construction.
- Several large-scale business parks continue to support the market's development pipeline, with future phases at Cornerstone Business Park, The Co-Op Business Park, and Northpark Logistics expected to help sustain construction activity as additional buildings break ground.

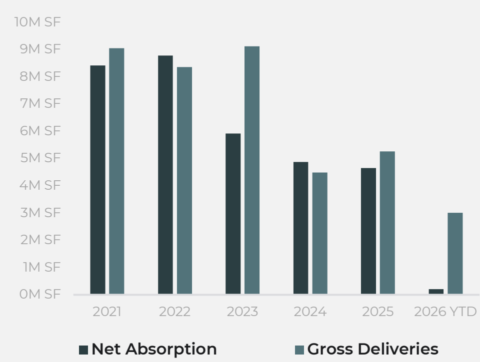
NEW SUPPLY



NET ABSORPTION



SUPPLY & DEMAND



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MARKET SUMMARY Q2 2026

Submarket Cluster	Total Inventory (SF)	Vacancy Rate	Availability Rate	Q2 2026 Overall Net Absorption (SF)	YTD 2026 Overall Net Absorption (SF)	YTD 2026 New Leasing Activity (SF)	Under Construction (SF)	YTD 2026 Construction Completions (SF)	Overall Asking Net Rent
North	37,096,129	4.5%	9.9%	398,907	491,034	510,013	1,064,818	144,153	$11.07
Southwest	16,844,812	3.7%	4.9%	-167,166	-167,166	33,589	0	0	$10.81
West	6,600,873	0.0%	0.5%	0	0	0	0	0	N/A
Southeast	66,121,536	4.5%	9.0%	-193,422	-454,573	1,601,645	1,305,709	692,400	$11.57
East	55,400,182	8.9%	15.4%	-660,421	98,287	509,964	2,563,847	1,693,400	$8.92
Nashville Core	62,446,736	4.3%	8.8%	-134,485	55,353	1,371,616	1,499,038	145,639	$13.37
Montgomery	11,879,900	2.0%	5.3%	206,752	184,252	0	605,076	337,972	$8.36
Total / Wtd. Avg.	**256,390,168**	**5.2%**	**10.0%**	**-549,835**	**207,187**	**4,026,827**	**7,038,488**	**3,013,564**	**$10.85**

Statistics reflect logistics buildings 20,000 SF and up.

SIGNIFICANT LEASE TRANSACTIONS Q2 2026

Property Address	Submarket	Tenant	Square Feet	Lease Type
13 Athlete's Way, Mt. Juliet	East	Under Armour	1,083,543	Renewal
578 Aldi Boulevard, Mt. Juliet*	East	Geodis	550,000	Renewal
400 New Sanford Road, La Vergne	Southeast	Quanta Manufacturing	518,667	New Lease
7800 Eastgate Boulevard, Mount Juliet	East	CTDI	403,750	Renewal
501 Darell Waltrip Drive, Lebanon*	East	Hill's Pet Nutrition Inc	355,488	Renewal
1706 Heil Quaker Boulevard, La Vergne	Southeast	Talos	259,200	Expansion

TOP PROJECTS UNDER CONSTRUCTION Q2 2026

Property Name	Submarket	Developer	Total Square Footage	Completion Date
Central Pike Logistics Center Building B	East	Stream Development	724,145	Q4 2026
Northpark Logistics Building 5	Montgomery	Hamilton Development	530,880	Q4 2026
The Cubes at Sparta Pike Building B	East	CRG	520,000	Q4 2026
INDUS Commerce Center at 840 Building 2	East	INDUS Realty Trust	507,000	Q1 2027
Central Pike Logistics Center Building A	East	Stream Development	355,982	Q4 2026
CrossPoint North*	North	TPA Group / Longpoint	251,691	Q3 2026
Beckwith Farms Building 10	East	Panattoni	237,450	Q3 2026
Jetway Logistics Building 1	Nashville Core	Merus	232,400	Q2 2027
Beckwith Farms Building 11	East	Panattoni	219,270	Q3 2026
Airpark West Building 2	Nashville Core	Inlight	207,569	Q4 2026

** Denotes KBC representation*

Chad Tuck
+1 615 336 8190
chad.tuck@kbcadvisors.com

Bo Fulk
+1 615 598 8273
bo.fulk@kbcadvisors.com

Owen Roberts
+1 706 765 7752
owen.roberts@kbcadvisors.com

Mason Spears
Market Intelligence Analyst
+1 502 648 5847
mason.spears@kbcadvisors.com

Nashville Office
611 Merritt Avenue, Suite 100
Nashville, TN 37203