

KBC INSIGHTS | INDUSTRIAL MARKET UPDATE

Nashville

ECONOMY

» Artificial intelligence (AI) continued to drive US economic growth in Q3 2026. AI-related capital spending boosted business investment, while AI-related corporate earnings supported equity valuations and, with them, consumer spending. AI and AI-supporting companies are also creating logistics space demand as they store materials for the construction of semiconductor fabs, data centers and the equipment that will fill them. The outlook will depend heavily on the sustainability of AI capital spending and earnings growth.

» Middle Tennessee's labor market remained stronger than the nation's. The Nashville metro unemployment rate was 3.0% in July 2026, and Tennessee's rate held at 3.4% in August, compared with 4.1% nationally. Tennessee employers added 16,400 jobs over the 12 months ending August.

» Regional investment in industrial and logistics infrastructure continued. On September 29, Ultium Cells announced a $1 billion investment to retool its Spring Hill battery plant, with 500 jobs expected on top of its current workforce of about 1,200. On September 30, the Tennessee Department of Transportation reached commercial close on the I-24 Southeast Choice Lanes project, which would add about 26 miles of optional lanes between Nashville and Murfreesboro.

VACANCY

» Nashville's vacancy rate declined to 4.7% in Q3 2026 from 5.2% in Q2 2026, as leasing activity outpaced new supply. The East submarket experienced the most significant improvement, driven by Modular Power Solutions' 600,285 SF lease and Legrand North America's 400,064 SF lease. Despite these gains, the East continues to report the highest vacancy rate in the market at 7.3%, with Earhart Industrial Park's two buildings accounting for approximately 2.0M SF of vacant space.

» The North was the only submarket where vacancy rose, reaching 6.7% from 4.5% in Q2 2026 after six new buildings totaling 711,756 SF, nearly all of which was available upon completion. Vacancy in the Nashville Core and Montgomery saw little change at 4.1% and 1.9%, respectively.

RENT

» Average asking rents in the Nashville logistics market rose to $11.04 /SF in Q3 2026, a 1.8% quarter-over-quarter (QOQ) increase and a 12.5% year-over-year (YOY) increase. Asking rents have risen 11.2% year-to-date (YTD) from $9.93/SF at year-end 2025.

» With 4.4M SF of new inventory delivered YTD, new construction continues to lift the market average. Asking rates for newly delivered and under-construction buildings average $12.18/SF, compared to $10.19/SF for existing space.

» The Nashville Core continues to command the highest asking rents in the market at $13.93/SF, up from $13.37/SF in Q2 2026. New space in the Core is asking $15.59/SF, well above the $12.77/SF for existing space. Average asking rents also rose in the East (to $9.21/SF) and the Southwest (to $11.08/SF).

TRENDS: LOGISTICS PROPERTIES

	Q3 2025	Q3 2026	Chg YOY
Vacancy	4.2%	4.7%	▲
Net Asking Rents	$9.82	$11.04	▲
Net Absorption, SF	1.8M	1.9M	▲
Under Construction, SF	4.1M	6.5M	▲
New Deliveries, SF	1.5M	1.4M	▼

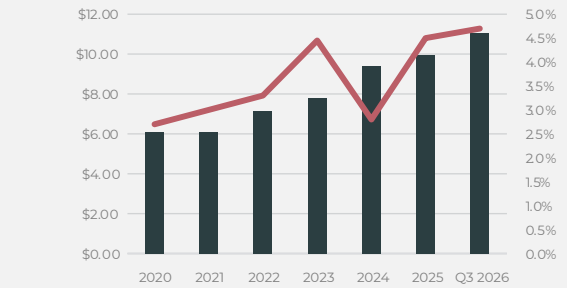
ECONOMIC INDICATORS

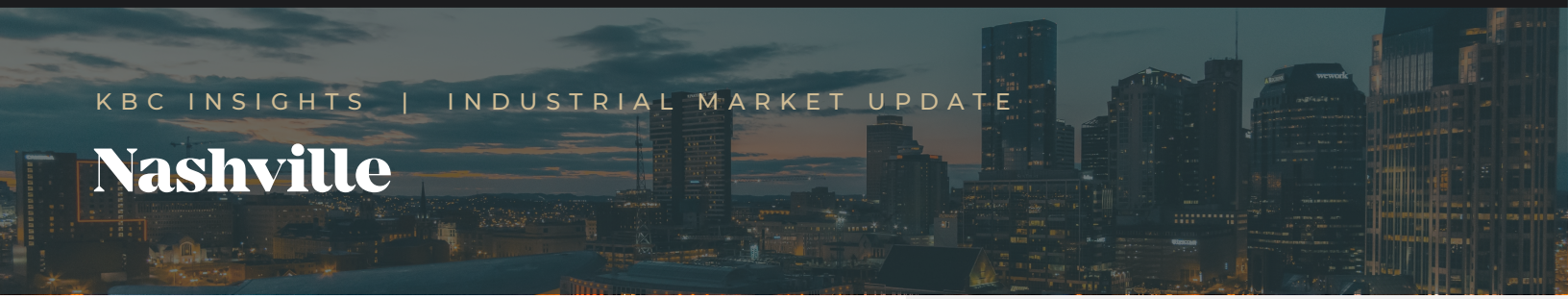
	Aug 25	Aug 26	Delta	
National Warehousing Employment (thousands)	1,827	1,842	0.8%	▲

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

▶ Increases / Decreases YOY

VACANCY VS. NNN ASKING RENTS





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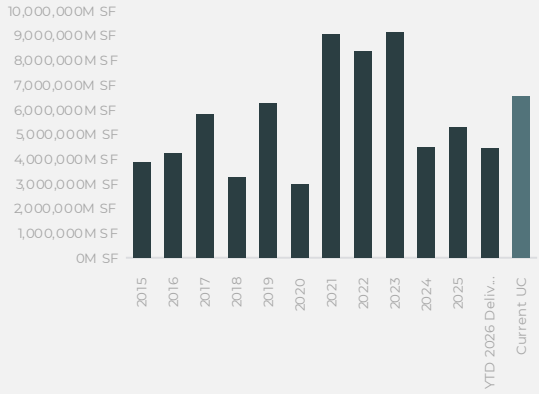
DEMAND

- The Nashville logistics market recorded 1.9M SF of positive net absorption in Q3 2026, bringing YTD net absorption to 2.4M SF. The Southeast led the market with 726,651 SF, followed by Montgomery with 530,880 SF, the East with 376,889 SF and the Nashville Core with 357,950 SF. The Southwest posted 28,410 SF, while the North (-140,076 SF) was the only submarket to record negative absorption.
- New Leasing activity totaled 2.4M SF across 20 leases in Q3 2026, bringing YTD lease execution to 5.3M SF. New leases accounted for 2.3M SF of the quarter and subleases for 154,000 SF. The East led the quarter with 1.1M SF, followed by the Southeast (585,662 SF), the Nashville Core (495,117 SF) and the Southwest (192,277 SF). YTD, leasing was strongest in the Southeast at 1.8M SF, followed by the Nashville Core at 1.6M SF and the East at 1.4M SF.
- The East submarket recorded the two largest leases of Q3 2026, led by Modular Power's new 600,285 SF lease at Prologis Cedar View and Legrand North America's 400,064 SF lease at Speedway Industrial Building 15. In the Southeast, Bay Logistics signed a new 226,938 SF lease at 800 Middle Tennessee Blvd in Murfreesboro. The Nashville Core also recorded notable leasing activity, including Construction Resources' 191,475 SF lease at 485 Craighead St and Curated Events' 149,520 SF lease at 500 Skyline Blvd.
- Investment sales activity centered on the East and Southwest submarkets. TA Realty acquired the 403,750 SF Eastgate Distribution Center II at 7950 Eastgate Blvd in Mount Juliet, Lincoln Property Company acquired the 377,529 SF Park109 portfolio at a 5.0% cap rate, and Distribution Realty Group, in a joint venture with PCCP, acquired the 330,484 SF building at 4637 Old Port Royal Rd in Spring Hill.

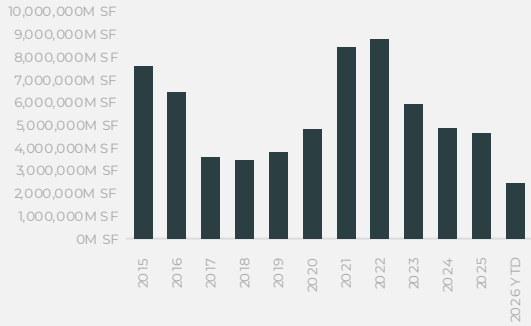
CONSTRUCTION

- Eight buildings delivered in Q3 2026, adding 1.4M SF to inventory and bringing YTD deliveries to 4.4M SF. The North accounted for six of the eight, totaling 711,756 SF and led by CrossPoint North (251,691 SF). Two build-to-suit buildings also delivered: Northpark Logistics Building 5 (530,880 SF) in Montgomery and a 161,444 SF facility at Co-Op Business Park in the Southeast.
- The under construction pipeline contracted to 6.5M SF across 32 buildings, or 2.5% of inventory, a 7.1% decrease from 7.0M SF in Q2 2026 as deliveries outpaced new starts.
- Development activity is primarily concentrated in four submarkets. The East leads with 3.2M SF across nine buildings, or 48% of the pipeline, followed by the Nashville Core with 1.8M SF across 11 buildings, the Southeast with 1.2M SF across ten buildings and the North with 352,620 SF across two buildings.
- Approximately 3.6M SF of the pipeline is scheduled for completion in Q4 2026, led by Central Pike Logistics Center Buildings A and B (1.1M SF combined) in Lebanon.

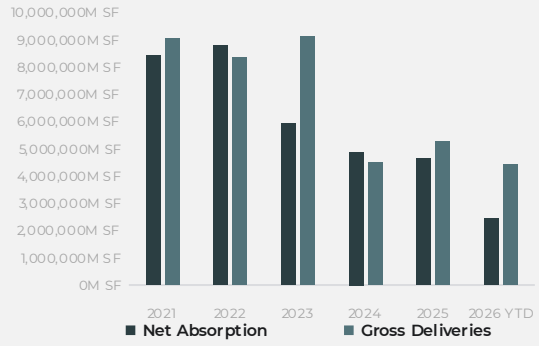
NEW SUPPLY

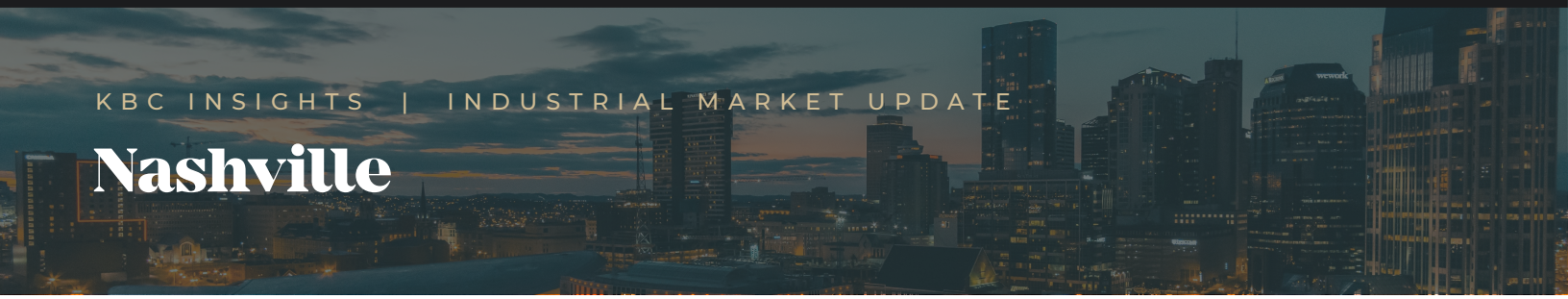


NET ABSORPTION



SUPPLY & DEMAND





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MARKET SUMMARY Q3 2026

Submarket Cluster	Total Inventory (SF)	Vacancy Rate	Availability Rate	Q3 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
Southeast	66,093,846	3.7%	8.6%	726,651	630,325	1,817,876	1,190,515	853,844	$11.30
Nashville Core	62,497,761	4.1%	8.5%	357,950	432,464	1,599,153	1,841,067	145,639	$13.93
East	55,399,044	7.3%	13.7%	376,889	533,961	1,380,383	3,152,680	1,693,400	$9.21
North	38,028,890	6.7%	10.3%	-140,076	61,042	212,591	352,620	855,909	$10.86
Southwest	16,848,156	1.4%	3.6%	28,410	61,999	254,276	0	0	$11.08
Montgomery	12,410,780	1.9%	4.5%	530,880	715,132	0	0	868,852	$7.58
West	6,600,873	0.0%	0.5%	0	0	0	0	0	N/A
Total / Wtd. Avg.	**257,879,350**	**4.7%**	**9.2%**	**1,880,704**	**2,434,923**	**5,264,279**	**6,536,882**	**4,417,644**	**$11.04**

Statistics reflect logistics buildings 20,000 SF and up.

SIGNIFICANT LEASE TRANSACTIONS Q3 2026

Property Address	Submarket	Tenant	Square Feet	Lease Type
Prologis Cedar View	East	Modular Power Solutions	600,285	New Lease
Speedway Industrial – Building 15	East	Legrand North America	400,064	New Lease
485 Craighead Street	Nashville Core	Construction Resources	191,475	New Lease
Prologis City View Building 1	Nashville Core	Curated Events	149,520	New Lease
5600 East Division Street	East	Christie Lites	141,032	Renewal
Beckwith Farms Building 1	East	Sunrise Medical	134,640	Renewal

TOP PROJECTS UNDER CONSTRUCTION Q3 2026

Property Name	Submarket	Developer	Total Square Footage	Completion Date
Central Pike Logistics Center Building B	East	Stream Development	724,145	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	Q2 2027
Central Pike Logistics Center Building A	East	Stream Development	355,982	Q4 2026
The Cubes at Sparta Pike Building D (BTS)	East	CRG	280,800	Q1 2027
Beckwith Farms Building 10	East	Panattoni	237,450	Q4 2026
Jetway Logistics Building 1	Nashville Core	Merus	232,400	Q1 2027
Beckwith Farms Building 11	East	Panattoni	219,270	Q4 2026
Old Hickory Logistics Center	Nashville Core	Brennan Investment	209,549	Q3 2027

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