

KBC INSIGHTS | INDUSTRIAL MARKET UPDATE

Nashville

ECONOMY

- » U.S. economic growth moderated in early 2026 as elevated interest rates and tighter credit conditions tempered business investment and slowed interest-sensitive sectors, though services activity remained stable and continued to anchor overall expansion.
- » Corporate strategy remained focused on efficiency and cost control, with continued investment in automation and AI, though at a more measured pace, as firms balanced long-term productivity initiatives against near-term economic uncertainty.
- » Ultium Cells announced plans to shift its 2.8-million square-foot (M SF) Spring Hill manufacturing facility from EV-battery production to energy storage system batteries, aligning with growing demand from energy infrastructure and data center users.

VACANCY

- » Nashville's vacancy rate increased to 4.8% this quarter, a 200-basis point (bp) increase year-over-year (YOY) and a 30-bp increase quarter-over-quarter (QOQ). This marks the fourth consecutive quarter that vacancy has risen in the market.
- » The East and Nashville Core submarkets reported the highest vacancy rates at 6.5% and 5.3%, respectively. The Southeast submarket increased 90 bps QOQ to 4.7%. Vacancy in the East declined 10 bps QOQ, while the Core rose 20 bps QOQ.
- » The increase in vacancy this quarter is partially attributable to vacant deliveries. Over 1M SF delivered this quarter, with roughly half remaining available. With over 2.4M SF set to deliver in Q2 2026, the construction pipeline is likely to continue pushing vacancy higher.

RENT

- » The Nashville logistics market continued to see growth in asking rents, posting a 5.8% YOY increase. However, the pace of growth has begun to decelerate, with average asking rents rising just 0.3% QOQ, compared to a 1.12% increase from Q3 2025 to Q4 2025.
- » Asking rents in the Nashville industrial market averaged \$9.96 per square foot (/SF) in Q1 2026. The Nashville Core submarket continues to see the highest asking rent at \$12.06/SF, representing a 3.17% increase YOY.
- » The North and Southeast have seen the greatest increases in asking rent YOY, at 36.6% and 15.7%, respectively. On the other hand, average rents in the East have fallen 3.6% YOY.

TRENDS: LOGISTICS PROPERTIES

	Q1 2025	Q1 2026	Chg YOY
Vacancy	2.8%	4.8%	▲
Net Asking Rents	\$9.41	\$9.96	▲
Net Absorption, SF	480K	315K	▼
Under Construction, SF	4.2M	5.4M	▲
New Deliveries, SF	542K	1M	▲

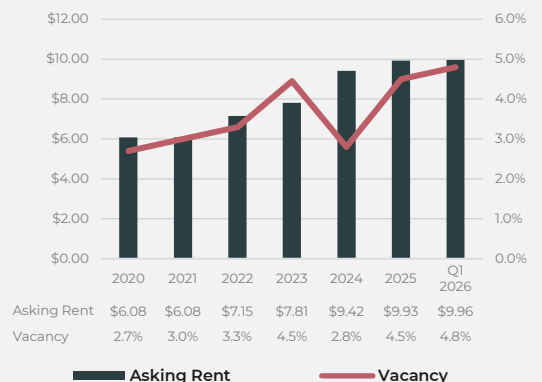
ECONOMIC INDICATORS

	Feb 25	Feb 26	Delta
National Warehousing Employment (thousands)	1,883	1,835	2.55% ▼

	2025	2026	Delta
Nashville Population (thousands)	1,350	1,366	1.19% ▲

► Increases / Decreases YOY

VACANCY VS. NNN ASKING RENTS



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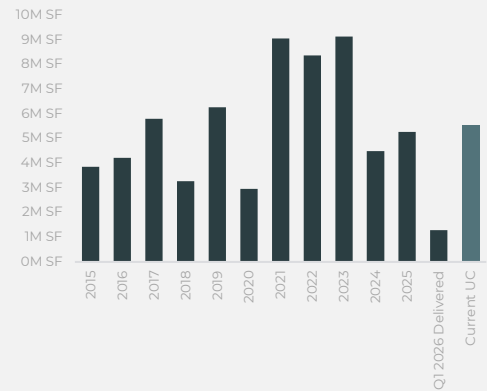
DEMAND

- » Q1 ended with over 314,000 SF of net absorption, down more than 2M SF QOQ. The East submarket was a bright spot, recording over 510,000 SF of positive net absorption.
- » Industrial leasing activity in Nashville exceeded 2.3M SF, up over 400,000 SF YOY. A handful of major renewals helped drive this figure despite muted net absorption.
- » The largest transactions took place in the East submarket. Starbucks renewed their 680,160 SF lease and FedEx renewed in their 379,080 SF space. Additionally, Crane Logistics signed a new 166,400 SF lease at 549 Aldi Blvd.
- » Q1 saw notable sales activity across the market. Raith Capital acquired a 4-building, 604,084 SF portfolio for \$77.25M (\$127.88 PSF). Brennan Investment Group purchased Louisville Highway Industrial in the North submarket for \$40.5M (\$179.84/SF). Additionally, Denso signed a 280,000 SF BTS deal at the Cubes at Sparta Pike.
- » There was plenty of land sale activity this quarter. Alliance, Greystar, and Summit all made their first land acquisitions in Nashville.

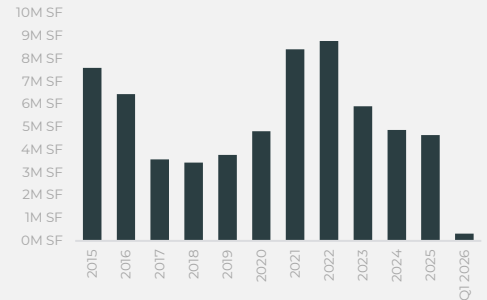
CONSTRUCTION

- » Six projects delivered across five different submarkets in Q1, for a total of over 1M SF delivered. First Rockdale VII (541,500 SF) completed pre-leased to Schneider Electric. The remaining 5 buildings (524,380 SF) delivered vacant.
- » A handful of projects set to deliver in Q1 were bumped back. 2.4M SF of product currently under construction is set to deliver next quarter, including the 1.2M SF building at Earhart Industrial.
- » Five of the seven submarkets—Nashville Core, Southeast, North, Montgomery, and East—currently have projects under construction. The East submarket leads in total volume with 2.4M SF underway, while the Southeast has the greatest number of active projects, totaling 1.2M SF across eight buildings.
- » With five project starts in the first quarter, the development pipeline expanded by roughly 300,000 SF. The construction pipeline is up roughly 1.3M SF YOY.
- » Several new industrial parks, including Skybridge 40 and Cornerstone Business Park, were announced this quarter. Additionally, major parks such as Northpark Logistics and The COOP have multiple buildings currently under construction, with additional phases expected to begin construction in the near term.

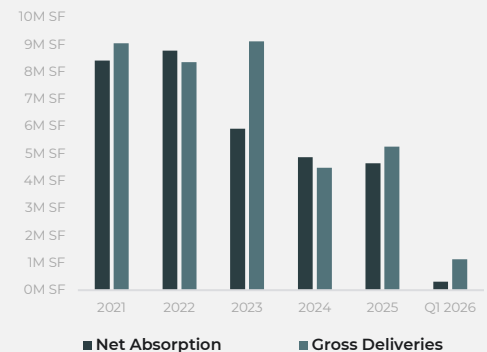
NEW SUPPLY



NET ABSORPTION



SUPPLY & DEMAND



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MARKET SUMMARY Q1 2026

Submarket Cluster	Total Inventory (SF)	Vacancy Rate	Availability Rate	Q1 2026 Overall Net Absorption (SF)	2026 Overall Net Absorption (SF)	2026 New Leasing Activity (SF)	Under Construction (SF)	2026 Construction Completions (SF)	Overall Asking Net Rent
North	37,406,984	4.6%	8.7%	92,127	92,127	151,873	428,433	144,153	\$9.55
Southwest	16,684,512	3.8%	4.7%	0	0	50,229	0	0	\$10.81
West	6,642,778	0.0%	0.0%	0	0	0	0	0	N/A
Southeast	66,166,705	4.7%	9.1%	-407,908	-407,908	579,099	1,152,370	234,588	\$10.93
East	54,108,365	6.5%	15.0%	510,308	510,308	1,279,254	2,484,602	541,500	\$8.30
Nashville Core	62,683,705	5.3%	7.5%	67,630	67,630	252,465	388,215	145,639	\$12.06
Montgomery	11,825,123	0.3%	5.3%	52,500	52,500	0	943,048	0	\$7.12
Total	255,518,172	4.8%	9.4%	314,657	314,657	2,312,920	5,396,668	1,065,880	\$9.96

Statistics reflect logistics buildings 20,000 SF and up.

SIGNIFICANT LEASE TRANSACTIONS Q1 2026

Property Address	Submarket	Tenant	Square Feet	Lease Type
1009 Hixson Boulevard, Lebanon	East	Starbucks	680,160	Renewal
1485 Couchville Pike, Mount Juliet	East	FedEx	379,080	Renewal
549 Aldi Boulevard, Mount Juliet	East	Crane Worldwide Logistics	166,400	New Lease
464 McNally Drive, Nashville	Core	Advanced Composites	100,000	Renewal

TOP PROJECTS UNDER CONSTRUCTION Q1 2026

Property Name	Submarket	Developer	Total Square Footage	Completion Date
Earhart Industrial Park Building 2	East	Griffin Partners LLC	1,151,900	Q2 2026
The Cubes at Sparta Pike Building B	East	CRG	520,000	Q4 2026
Central Pike Logistics Center Building A	East	Stream Realty Partners	355,982	Q4 2026
The COOP Building 2	Southeast	Panattoni	252,072	Q2 2026
CrossPoint North*	North	TPA Group / Longpoint	251,691	Q3 2026
Beckwith Farms Building 10	East	Panattoni	237,450	Q3 2026
Beckwith Farms Building 11	East	Panattoni	219,270	Q3 2026
Airpark West Building 2	Nashville Core	InLight	207,569	Q3 2026
Northpark Logistics Building 1	Montgomery	Hamilton Development	206,752	Q2 2026
Minerva Commerce Center Building 1	Southeast	Brennan Investment Group	185,000	Q4 2026
Minerva Commerce Center Building 2	Southeast	Brennan Investment Group	168,000	Q2 2026

*Denotes KBC representation



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