

KBC INSIGHTS | INDUSTRIAL MARKET UPDATE

# Nashville

## ECONOMY

- » U.S. economic growth strengthened in the second half of 2025, with GDP accelerating as services consumption remained resilient, business investment—particularly in artificial intelligence and automation—expanded, and durable goods spending rebounded.
- » Consumer and corporate activity provided key support to late-year momentum. Household spending benefited from easing inflation pressures and improving real incomes, while firms continued to prioritize technology-driven efficiency gains and productivity investments.
- » Looking ahead to 2026, the policy backdrop is broadly supportive of growth. Expanded business investment tax incentives position companies to increase domestic capital spending, while larger personal tax refunds are expected to provide a tailwind for consumer demand. Realizing significant economic benefits from these tax incentives will depend on corporate confidence in the economic, financial markets, and policy environment as well as consumers' capacity and willingness to spend versus save.
- » Korea Zinc announced plans to invest \$6.6 billion in a Clarksville factory. The mineral smelting facility is projected to generate 420 new jobs over the next five years.

## VACANCY

- » As of the fourth quarter of 2025, Nashville's vacancy rate totaled 4.5%, a 170-bps increase year-over-year (YOY). The current rate sits well below the market's long-term average of 7.4% (2009-2024).
- » The East and Nashville Core submarkets reported the highest vacancy at 6.6% and 5.1%, respectively. Vacancy in the East declined by 80 bps QOQ, while vacancy fell 50 bps QOQ in the Core.
- » Available sublease space significantly increased in Q4 to just over 2 million square feet (M SF) available. This represents a more than 15% increase QOQ; however, sublease space still accounts for less than 0.5% of total availability in the market.

## RENT

- » The Nashville logistics market continued to see accelerated growth in asking rents, posting a 5.4% YOY increase.
- » Asking rents in the Nashville industrial market averaged \$9.93 per square foot (/SF) in Q4 2025, significantly exceeding the 10-year average of \$5.90/SF (2015 to 2024). The Nashville Core submarket continues to maintain the highest average asking rent at \$11.35/SF.

### TRENDS: LOGISTICS PROPERTIES

	Q4 2024	Q4 2025	Chg YOY
Vacancy	2.8%	4.5%	▲
Net Asking Rents	\$9.42	\$9.93	▲
Net Absorption, SF	1.1M	2.7M	▲
Under Construction, SF	3.5M	5.2M	▲
New Deliveries, SF	1.6M	1.7M	▼

### ECONOMIC INDICATORS

	Nov 24	Nov 25	Delta
National Warehousing Employment (thousands)	1,844	1,816	1.52% ▼

	2024	2025	Delta
Nashville Population (thousands)	1,333	1,350	1.3% ▲

► Increases / Decreases YOY

### VACANCY VS. NNN ASKING RENTS



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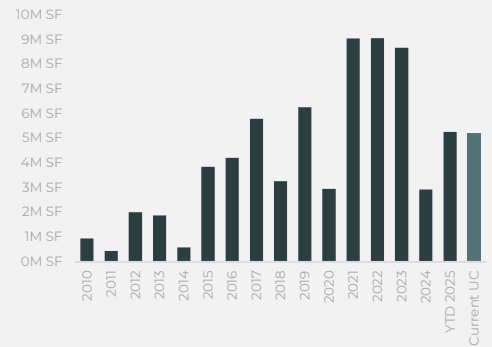
## DEMAND

- » Q4 ended with over 2.7M SF of net absorption, bringing the 2025 total to over 4.6M SF.
- » Industrial leasing activity in Nashville exceeded 2.3M SF in the fourth quarter, pushing the 2025 total to over 7.2M SF.
- » The largest transactions took place in the Southeast and Montgomery submarkets. In the Southeast, Quanta Manufacturing leased 564,300 SF at 1 Walden Books Drive. In Montgomery County, an undisclosed tenant leased 530,880 SF at NorthPark Logistics. The Southeast submarket closed the year with the highest leasing activity at over 2.8M SF.
- » Tenant activity was strong in Q4 with a diverse tenant mix taking space across the market. New leases were signed in four different submarkets; Nashville Core, Montgomery, East, and Southeast.
- » One of the quarter's most notable transactions was Ares' acquisition of Airpark Center East. The fully leased industrial park spans over 622K SF across three buildings and traded for more than \$206/SF. The largest single-building sale of the quarter was the 338K SF property at 3150 Bary Drive in Portland, which Create Energy acquired for approximately \$31 million.
- » Q4 featured several notable land transactions. A 22.39-acre (AC) site at 1431 Vultee Boulevard in the Nashville Core submarket traded for ~\$260,000 per acre (/ AC). This site is slated to be developed for the two-building Jetway Logistics industrial park. Also in the Nashville Core submarket, 13.51 AC at 41 Rachel Drive traded for an impressive ~\$814,000/AC.

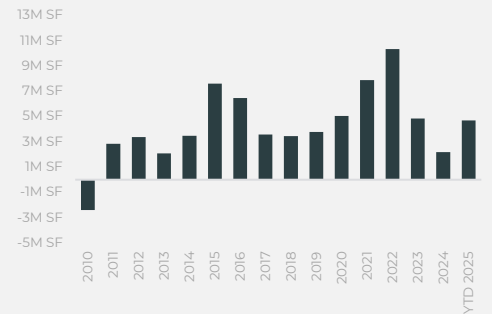
## CONSTRUCTION

- » Nashville saw a flurry of completions in the fourth quarter, bringing the 2025 total to over 5M SF. This represents an 80% increase YOY, demonstrating the Nashville industrial market's blistering pace of growth and impressive resilience post-2024 construction slump.
- » Major completions in the quarter include Speedway Industrial Park Building 15 (400K SF), Rock Nashville (over 530K SF across three buildings), and Middle Tennessee Industrial Center Buildings 1 & 4 (234K SF and 149K SF, respectively).
- » Four of the seven submarkets—Nashville Core, Southeast, North, and East—recorded construction deliveries during the fourth quarter. The East submarket led Nashville in deliveries across 2025, ending with almost 2.4M SF of completions.
- » With several project starts in the fourth quarter, the development pipeline expanded by over 1.1M SF, ending 2025 at 5.2M SF under construction. However, this still falls well under the market's five-year average of 7.9M SF.

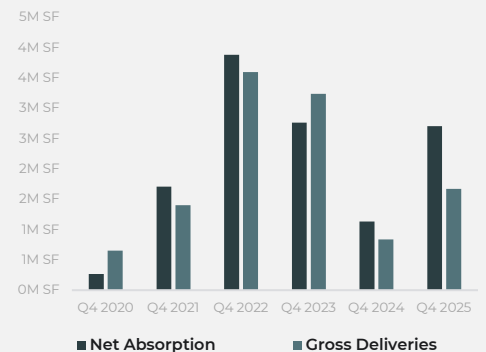
## NEW SUPPLY



## NET ABSORPTION



## SUPPLY & DEMAND



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## MARKET SUMMARY Q 4 2 0 2 5

Submarket Cluster	Total Inventory (SF)	Vacancy Rate	Availability Rate	Q4 2025 Overall Net Absorption (SF)	2025 Overall Net Absorption (SF)	2025 New Leasing Activity (SF)	Under Construction (SF)	2025 Construction Completions (SF)	Overall Asking Net Rent
North	36,979,354	4.0%	6.2%	437,545	1,241,681	1,292,044	503,344	1,035,120	\$10.61
Southwest	16,526,178	4.1%	5.0%	44,993	-65,290	159,973	0	0	\$10.71
West	6,642,778	0.0%	0.0%	0	41,905	0	0	41,905	N/A
Southeast	65,955,623	3.8%	8.7%	592,476	2,119,308	2,829,533	1,152,370	429,238	\$11.10
East	53,241,318	6.6%	14.4%	953,791	1,470,638	1,898,088	2,744,824	2,374,068	\$8.29
Nashville Core	62,444,936	5.1%	6.8%	675,394	-148,142	546,604	533,854	1,385,880	\$11.35
Mntgmy	11,590,623	0.1%	2.1%	0	-11,500	530,880	280,948	0	\$11.24
<b>Total</b>	<b>253,380,810</b>	<b>4.5%</b>	<b>8.6%</b>	<b>2,704,199</b>	<b>4,648,600</b>	<b>7,257,122</b>	<b>5,215,340</b>	<b>5,266,211</b>	<b>\$9.93</b>

Statistics reflect logistics buildings 20,000 SF and up.

## SIGNIFICANT LEASE TRANSACTIONS Q 4 2 0 2 5

Property Address	Submarket	Tenant	Square Feet	Lease Type
1 Walden Books Drive, La Vergne	Southeast	Quanta Manufacturing	564,300	New Lease
4051 Guthrie Highway, Clarksville	Montgomery	Undisclosed	530,880	New Lease
4020 Armory Oaks Drive, Nashville	Nashville Core	Office Resources, Inc.	112,607	Renewal
575 Maddox Simpson Parkway, Lebanon	East	Kem Tech	90,896	New Lease
Beckwith Road, Mount Juliet	East	White Cap	72,808	New Lease

## TOP PROJECTS UNDER CONSTRUCTION Q 4 2 0 2 5

Property Address	Submarket	Developer	Total Square Footage	Completion Date
Earhart Industrial Park Building 2, Highway 109 at Cedar Creek Lane	East	Griffin Partners LLC	1,151,900	Q2 2026
Central Pike Logistics Center Building B, 1600 Block Central Pike	East	Stream Realty Partners	724,145	Q4 2026
First Rockdale Building VII, 100 Maddox Road	East	First Industrial Realty Trust	541,500	Q1 2026
The COOP Building 2, Old Waldron Road	Southeast	Panattoni	252,072	Q2 2026
Crosspoint North, 1100 Springfield Highway*	North	TPA Group / Longpoint	251,691	Q2 2026
Airpark West Building 2, 1792 Reynolds Road	Nashville Core	InLight	207,569	Q1 2027
Northpark Logistics Building 1, 4501 Guthrie Highway	Montgomery	Hamilton	206,752	Q1 2026
Minerva Commerce Center Building 1, 1701 Mars Street	Southeast	Brennan Investment Group	185,000	Q2 2026
Airpark West Building 1, 1792 Reynolds Road	Nashville Core	InLight	145,639	Q1 2027
Minerva Commerce Center Building 2, 1701 Mars Street	Southeast	Brennan Investment Group	168,000	Q2 2026
The COOP Building 8, Old Waldron Road	Southeast	Panattoni	161,444	Q2 2026
Runway Logistics Park West Building, 1300 Donelson Pike*	Nashville Core	Adapt Development	145,639	Q1 2026

\*Denotes KBC representation



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