

INVESTMENT FORECAST

Multifamily
Nashville

IPA
INSTITUTIONAL
PROPERTY
ADVISORS

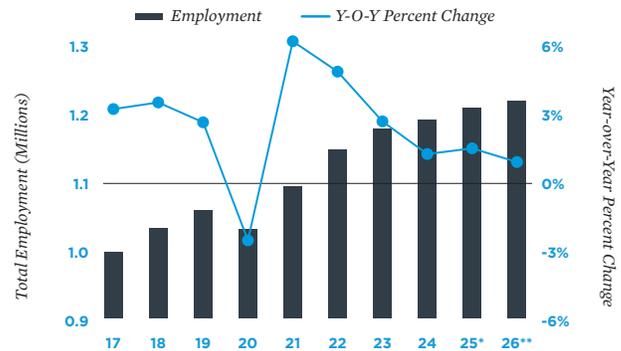
2026

Corporate Commitments Fuel Multifamily Demand and Capital Return

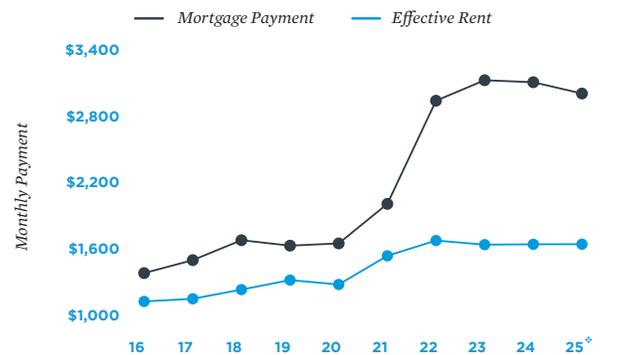
Office expansion supports multifamily absorption. Nashville's apartment vacancy rate will lower again in 2026, following the surge in supply during 2023-2024. Job growth and housing demand continue to be stoked by lower living costs and long-term employment opportunities, including high-profile developments such as Amazon's second tower at Nashville Yards and Oracle's \$1.2 billion campus. Other corporate investments, such as Gap Inc.'s \$58 million facility in Gallatin, are helping drive greater residential development in suburban counties like Sumner. Although overall apartment construction has decelerated, developers are still active, with 6,200 units slated for delivery in 2026. Nashville ranked among the top 10 major metros for young-adult population growth last year, driven by an influx of college graduates and workers drawn by lower living costs and a vibrant job market. As such, new supply should be well received in the CBD, where Class A vacancy fell below Class B last year. Mid-tier apartments are likely to outperform in the suburbs with a stronger appeal to cost-conscious renters. While vacancies may continue to tighten in 2026, elevated supply and softer employment growth will likely keep rent gains restrained.

Investor interest builds as prices moderate. Sales activity has remained subdued since 2023, ranking near the bottom among major metros for transaction growth last year. However, 2026 may bring a gradual rebound amid looser monetary policy and improving fundamentals. Nashville experienced one of the sharpest price contractions among major metros, with the average price per unit declining to \$220,000 in 2025. In 2025, out-of-state investors targeted Central Nashville and bordering submarkets, typically pursuing fewer acquisitions but at higher prices, committing around \$14 million. Roughly half of the capital deployed in 2025 came from buyers based in New York and Texas. Private equity groups have noticeably increased their presence in Nashville, signaling a renewed appetite for scale as pricing stabilizes. Notably, the metro saw its first major acquisition from a public REIT since 2022. The resurgence of institutional capital suggests improving liquidity conditions, making Nashville's investment environment more competitive in 2026.

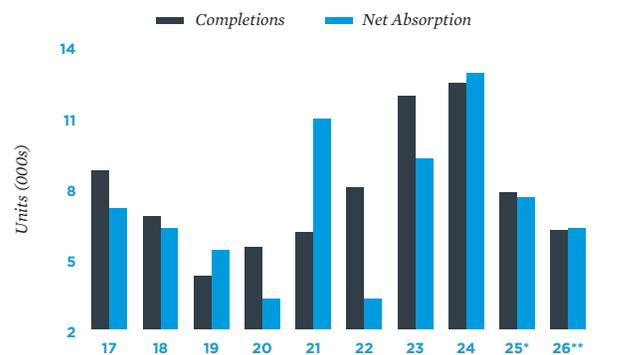
Employment Trends



Housing Affordability Gap



Supply and Demand



22.1%

2025 share of local population between 20 and 34 years old



37.5%

of local population hold bachelor's degree or higher*



\$415,900

2025 median home price*

* Estimate ** Forecast * Through 3Q
*2025: 25+ years old

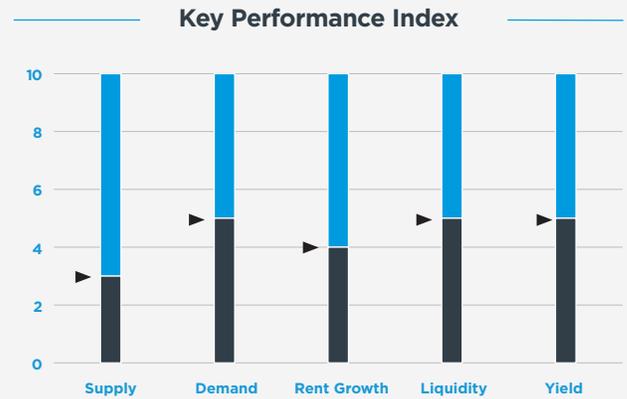
Sources: IPA Research Services; BLS; Freddie Mac; National Association of Realtors; RealPage, Inc.

Investment Outlook

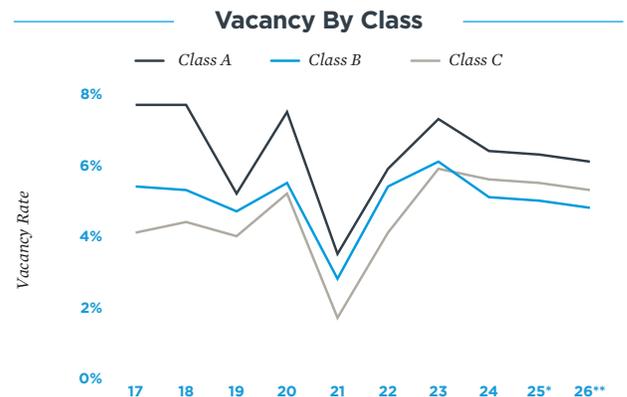
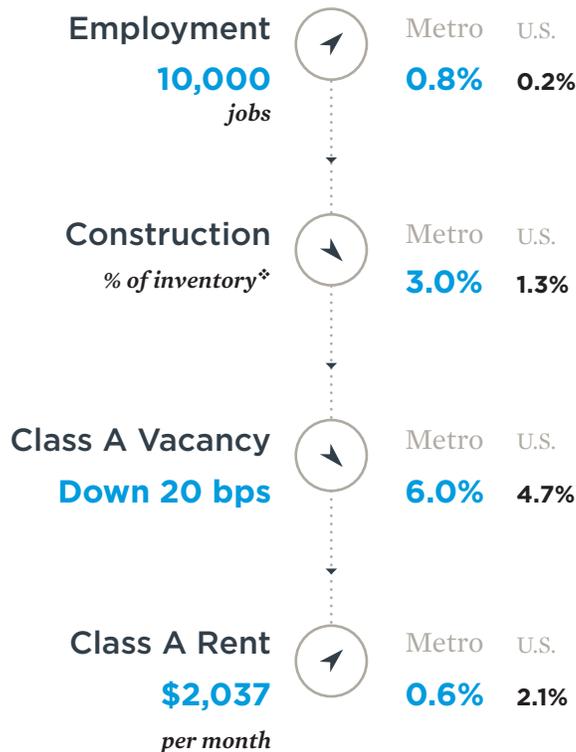
The second-fastest pace of inventory growth nationally earns Nashville a supply KPI of 3, although net absorption has kept pace, leading to a demand score of 5. Both values improved year-over-year. Ongoing lease-up endeavors among the recent and upcoming builds, nevertheless, result in a rent value of 4.

Nashville's investment-related KPIs remain similar to last year, with a rating of 5 for both liquidity and yield. While below the 2022 peak, the average sale price and cap rate last year remained elevated compared to pre-pandemic levels.

Note: The Key Performance Index provides a metro-level relational benchmark scaled from 1-10 for five key metrics.



2026 INVESTMENT OUTLOOK



IPA Multifamily

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* Estimate ** Forecast
* Arrow reflects completions trend compared with 2025

Sources: IPA Research Services; CoStar Group, Inc.; RealPage, Inc.; Real Capital Analytics