INVESTMENT FORECAST

Office

Nashville Metro Area

IPA INSTITUTIONAL PROPERTY ADVISORS

2026

Ongoing Flight to Quality Across Office Hubs Impacts Investors' Strategies

Upper-tier demand supports positive net absorption. Like other Southeast markets, Nashville's office sector is expected to see vacancy compression this year, supported in part by limited deliveries and a handful of corporate moves. Notable shifts will include Holland & Knight's relocation from Nashville City Center to Symphony Place downtown and The General's 100,000-square-foot expansion near the airport. Entering 2026, Class A properties carried stronger demand momentum, particularly across Downtown, Cool Springs, and West End — the metro's largest submarkets by stock — where tenants absorbed a net of 1.4 million square feet of space during just the first nine months of last year. The CBD accounted for more than half of this absorption total, underscoring demand for centrally located space. Moreover, Metro Council's expansion of the Central Business Improvement District may reinforce the competitiveness of core Class A inventory. By contrast, the Class B/C sector entered 2026 on uneven footing, posting net relinquishment in each of the past two years. A recent rise in lease executions with 2026 start dates, however, suggests that conditions may improve modestly.

Capital targeting both stable and troubled assets. Sales across Nashville edged up in 2025, finishing just below its prior 10-year average. Neighborhoods just north of the airport, Brentwood, and other suburban areas adjacent to the core led in sales activity. Metrowide, the average price per square foot declined modestly heading into 2026, partly reflecting a sales mix skewed toward older assets and a higher share of partially vacant or value-add properties. Investor interest may also expand in submarkets such as Greenhill-Music Row or Rivergate-Hendersonville, where Class B/C mean asking rents have grown at roughly double the metro's cumulative rate since 2021.

2026 MARKET FORECAST

+0.8% — **Employment:** Of the 10,000 positions arriving this year, the traditional office-using sector will account for about 2,000 roles. Though a smaller gain than last year, it will be among the most nationally.

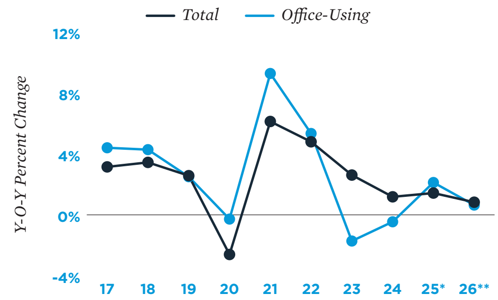
400,000 *sq. ft.* — **Construction:** Nashville's office inventory expansion of just 0.4 percent will be the slowest pace since 2013. More than 80 percent of the pipeline was accounted for at the start of 2026.

-60 bps — **Vacancy:** Local vacancy is projected to compress for a second straight year as net absorption continues to outpace limited new supply. This lowers the metro's rate to 15.8 percent by year-end.

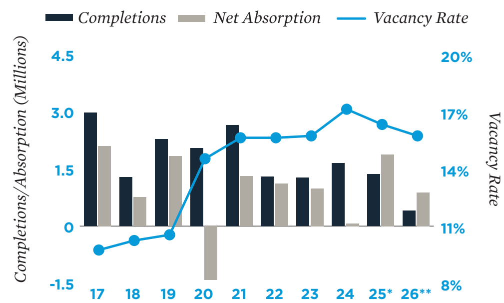
+1.5% — **Rent:** Nashville has the longest streak of annual rent growth among major metros. At $29.85 per square foot, the metro's mean asking rent also ranks fourth highest among secondary markets.

INVESTMENT: *Rivergate-Hendersonville's medical office market features below-average vacancy and relatively accessible pricing, appealing to investors in this segment seeking stabilized assets at lower entry costs.*

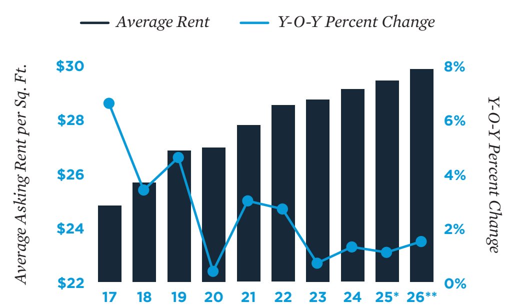
Employment Trends



Supply and Demand



Rent Trends



* Estimate ** Forecast

Sources: CoStar Group, Inc.; Real Capital Analytics

IPA Office

Alan L. Pontius

Senior Managing Director, National Division Leader

Tel: (415) 963-3000 | apontius@ipausa.com