2026

NASHVILLE

MULTIFAMILY FORECAST REPORT

MARKET SNAPSHOT

AVERAGE RENT **$1,614** Q4 2025	**0.3%** ANNUAL CHANGE	AVERAGE RENT **$1,618** Q4 2026
OCCUPANCY RATE **91.7%** Q4 2025	**-10 BPS** ANNUAL CHANGE	OCCUPANCY RATE **91.6%** Q4 2026
COMPLETIONS **9,011** 2025	**8,812** 10 YR. AVG. ANNUAL COMPLETIONS	COMPLETIONS **6,020** 2026
NET ABSORPTION **9,620** 2025	**7,390** 10 YR. AVG. ANNUAL NET ABSORPTION	NET ABSORPTION **5,730** 2026

Source: CoStar

KEY MARKET THEMES FOR 2026

1.

Nashville's multifamily outlook for 2026 remains supported by a diversified, service-driven economy, but the metro is transitioning into a more normalized growth phase. That shift should continue to support steady apartment demand, though performance will be driven more by measured job gains, selective sector strength, and a more cautious business environment than the broad-based, rapid expansion seen in prior years.

2.

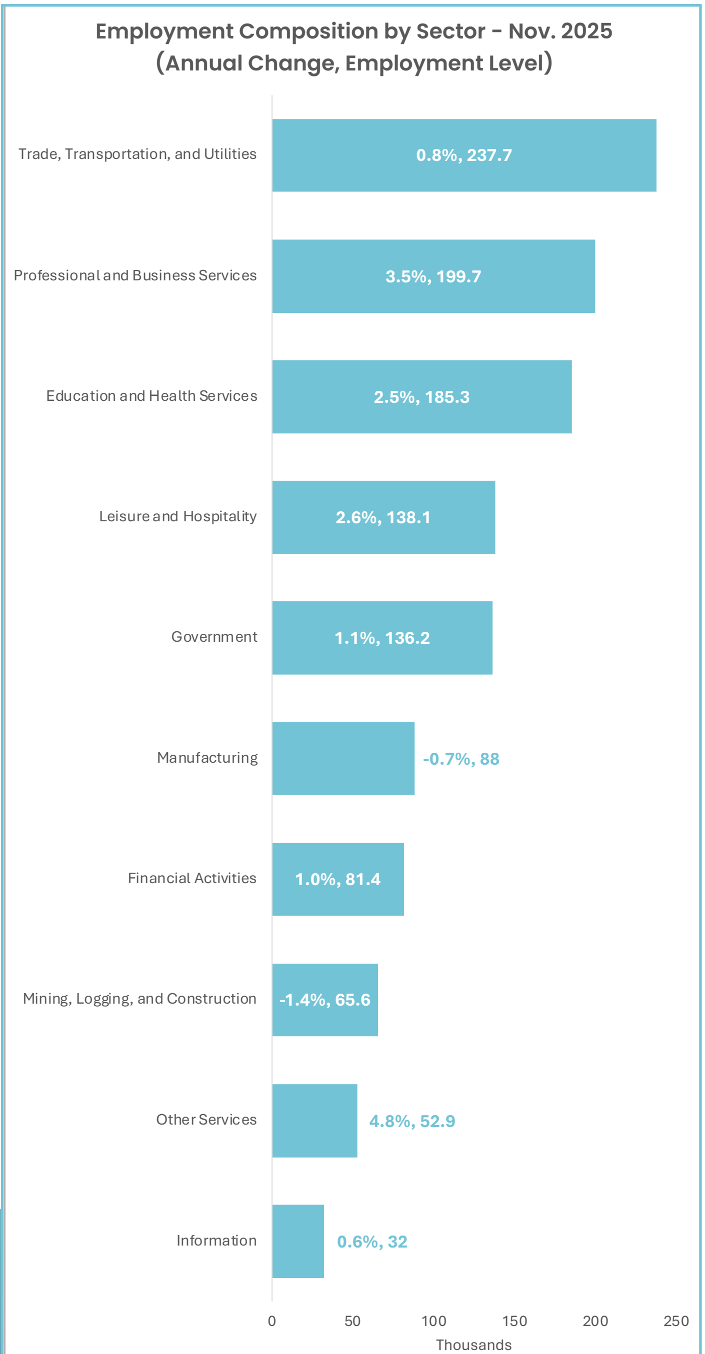
While Nashville remains a high-development market, the construction cycle has been easing for roughly two years. Active construction peaked in late 2022, when more than 25,000 units were underway; since then, deliveries have outpaced new starts, and the pipeline has steadily worked down as fewer projects have been launched to backfill completions.

3.

Rent growth is expected to remain pressured through most of 2026, with improvement likely emerging late in the year as deliveries slow, lease-ups progress, and the market moves closer to balance.

ECONOMIC & WORKFORCE TRENDS

// EMPLOYMENT COMPOSITION BY SECTOR - NOV. 2025



Source: Bureau of Labor Statistics

Nashville enters 2026 with a solid foundation, but far less “easy momentum” than the market benefited from in prior years. Even so, the metro’s labor market remains supported by its core service-driven base. As of November 2025 BLS data, job growth is being led by Professional & Business Services (+3.5% YoY), Leisure & Hospitality (+2.6%), and Education & Health Services (+2.5%), reinforcing demand drivers tied to corporate services, healthcare expansion, and the visitor economy. At the same time, Construction (-1.4%) and Manufacturing (-0.7%) are softening, signaling that Nashville is moving into a more normalized phase where growth is increasingly dependent on white-collar and population-serving industries rather than broad-based cyclical acceleration.

Looking ahead, the 2026 outlook reads as steady, but more sensitive to confidence and capital markets than in the post-pandemic surge. On the positive side, banking conditions appear supportive, regional lenders expect capital availability to remain intact, which should help keep investment and development pipelines moving where projects pencil. A key swing factor is whether M&A activity reaccelerates, as renewed deal flow could unlock hiring, expansion, and liquidity that has been sidelined. The clearest near-term watch item is the industrial sector, where demand has cooled while construction has remained high, creating a risk of temporary oversupply if absorption doesn’t rebound. Meanwhile, easing uncertainty around trade policy and the accelerating adoption of AI and automation could reshape workforce planning across office-using tech industries. For the multifamily sector, that combination points to a 2026 environment where demand remains supported by Nashville’s diversified service economy, but performance will likely be defined by measured job growth, selective sector strength, and a more cautious business mindset rather than broad, high-velocity expansion.

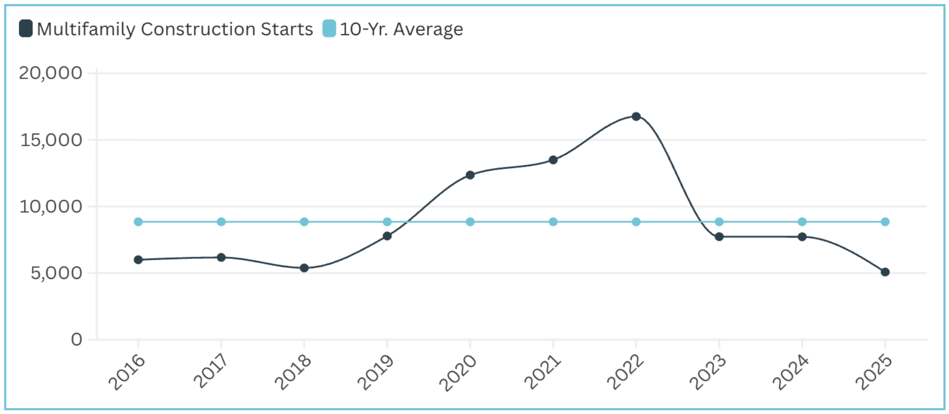
2026 SUPPLY TRENDS

MULTIFAMILY STARTS DECREASED IN 2025

2024: 7,727 units > 2025: 5,079 units

Annual Decrease of 2,648 units or -34%

10-Yr. Historical Annual Average: 8,851 units

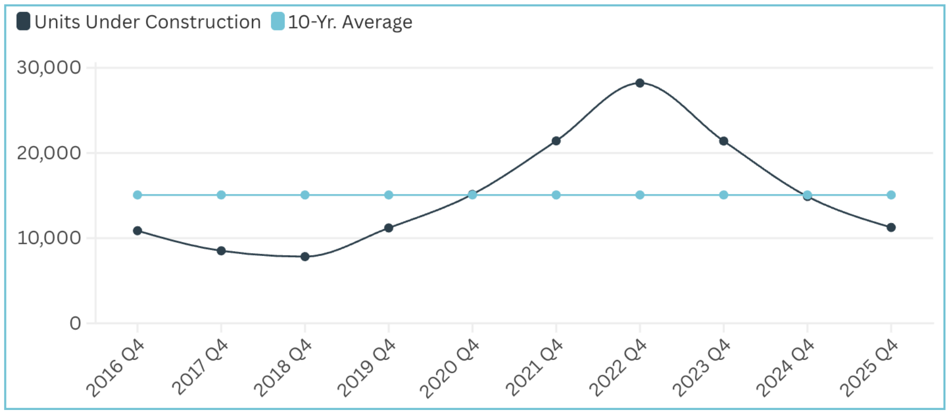


UNITS UNDER CONSTRUCTION TRENDING BELOW THE 10 YEAR AVERAGE

11,262 units under construction as of December, 31st 2025

10-Yr. Historical Annual Average Units UC: 15,077

25% Lower than historical average

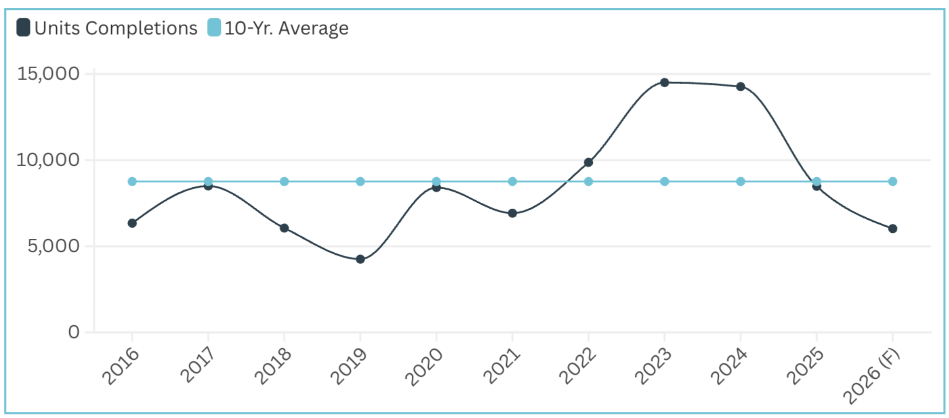


UNIT COMPLETIONS PROJECTED TO DECREASE IN 2026

2025: 9,011 units > 2026: 6,020 units

Annual Decrease of 2,991 units or -33%

10-Yr. Avg. Annual Completions: 8,812



Nashville continues to rank among the top U.S. metros for new apartment supply relative to existing inventory. Over the past year, roughly 9,000 units delivered, equal to 4.7% of total inventory. Additional growth is still in the pipeline, with approximately 11,200 units under construction, including about 6,000 units scheduled to complete in 2026. Importantly, that 2026 delivery pace represents a 33% decline from 2025. If absorption tracks to forecast, the supply step-down should lessen the need for prolonged concessions and help support modest rent firming late in 2026.

While Nashville remains a high-development market, the construction cycle has been easing for roughly two years. Active construction peaked in late 2022, when more than 25,000 units were underway. Since then, deliveries have outpaced new starts, and the pipeline has steadily worked down as fewer projects have been initiated to backfill completions.

Supply growth remains concentrated in the urban core. Developers and residents continue to favor Downtown given its expanding entertainment ecosystem as well as it's growing business district. As of December 2025, approximately half of all units under construction are located in the Downtown submarket.

Outside the core, Wilson County, one of the metro's fastest-growing areas, has emerged as another key pocket of development activity, with nearly 1,400 units under construction that will expand the submarket's inventory by almost 15%. Growth in Wilson County has been supported by healthcare, retail trade, and manufacturing, and the area benefits from strong connectivity via the airport and Interstates 40 and 840. That accessibility has also made Wilson County a meaningful industrial node with a sizable logistics employment base.

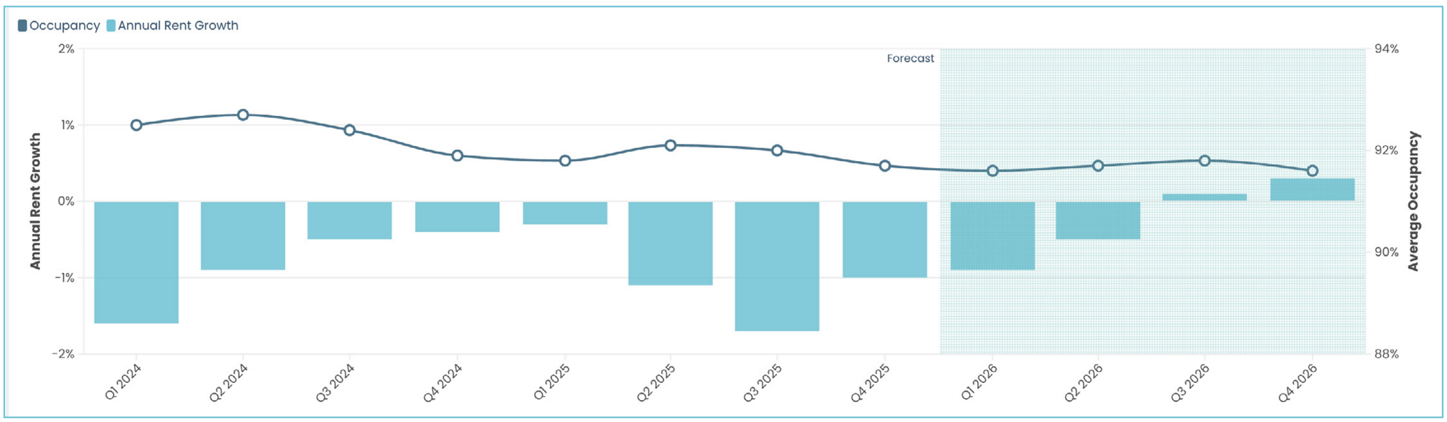
RENT & OCCUPANCY

RENT TRENDS

Owners in Nashville are still finding it difficult to push rents, with average asking rents down 1.0% year-over-year through December 2025. While the pullback in construction should ultimately improve fundamentals, the market still needs additional time to rebalance before rent growth can become consistent again. Roughly 9,000 units delivered over the past year has expanded renter choice meaningfully, particularly in high-supply areas such as Downtown Nashville and Southeast Nashville, where new lease-ups continue to compete aggressively for demand. Elevated vacancy and intensified competition have kept overall pricing power constrained, even as underlying demand remains supported by Nashville's long-term population and job base.

That competition has translated into heavier concessions across the metro, ranging from waived fees to as much as three months of free rent in Downtown Nashville, where the development cycle has been most concentrated. In the newest communities, operators are signing leases with concessions above 3.0%, well above the metro average near 2.0%, underscoring that pricing resistance remains most acute at the top of the market. Notably, these "sticky" concessions have persisted for more than three years and have proven difficult to unwind. Looking ahead to 2026, rent growth will likely remain pressured for much of the year, with improvement more likely to emerge in late 2026 as absorption works through a lighter delivery schedule and the remaining 2025 lease-up inventory. Concessions should remain the primary occupancy tool, particularly as Class A lease-ups continue to weigh on effective rents for B+ product, but our baseline forecast anticipates rents turning modestly positive by Q3 2026 and finishing the year up roughly 0.3% to $1,618.

// ANNUAL RENT GROWTH & OCCUPANCY



DEMAND & OCCUPANCY TRENDS

Nashville's absorption picture remains constructive on direction but gradual on timing, as demand continues to work through an outsized supply cycle. Stabilized occupancy has eased just 20 basis points year over year into the mid-91% range entering 2026, reflecting resilient renter demand despite elevated deliveries. Encouragingly, occupancy is projected to hold relatively steady around 91.6%–91.8% through 2026, signaling that fundamentals are stabilizing rather than deteriorating. This steady occupancy backdrop aligns with the rent forecast, where pricing pressure persists early in 2026 but begins to improve in the back half of the year as deliveries slow and absorption gains traction.

Demand has not been evenly distributed across the market. The premium end of the inventory has remained the clear absorber, with roughly 8,000 units leased over the past year, while the mid-tier and workforce housing cohorts captured only about 1,600 units, a gap that highlights how new Class A lease-ups have consistently pulled renters away from mid-tier and legacy product and kept competitive pressure elevated across the broader market. As the construction cycle cools, that imbalance should begin to normalize, helping broader segments regain some leasing momentum and reducing the need for aggressive concessions.

2025 INCOME & EXPENSE ANALYSIS

12-month period ending November 2025

INCOME

Income Assumptions	Value / Unit	Year Change (%)
Rental Income / Occupied Unit	$18,854.27	-0.2%
Recoverable Expenses / Occupied Unit	$1,095.31	3.6%
Other Income / Occupied Unit	$1,220.05	2.1%
Total Income / Occupied Unit	**$21,169.63**	**0.1%**
Operating Income		
Rental Income	$17,245.63	0.4%
Recoverable Expenses	$1,001.80	4.2%
Other Income	$1,115.98	2.6%
Total Income	**$19,363.40**	**0.7%**

EXPENSES

Operating Expenses	Value / Unit	Year Change (%)
Payroll	$1,866.14	1.0%
Repairs & Maintenance	$674.17	0.4%
Leasing	$785.84	1.6%
General	$406.13	1.0%
Marketing & Advertising	$347.94	4.7%
Repairs & Maintenance	$1,339.27	2.9%
Cleaning	$258.94	4.6%
Roads & Grounds	$241.80	-2.2%
General	$838.54	4.0%
Administrative	$548.14	2.4%
Security	$85.12	1.8%
General	$463.02	2.5%
Management Fees	$544.97	-3.1%
Utilities	$1,218.47	0.7%
Electric	$275.87	2.3%
Gas	$12.66	19.3%
Water/Sewer	$929.94	0.0%
Real Estate & Other Taxes	$1,958.42	5.2%
Insurance	$611.47	-0.1%
Other Operating Expenses	$44.93	
Total Operating Expense	**$8,479.75**	**1.9%**
Net Operating Income	**$10,883.65**	**-0.2%**

Note: Income and Expense data is sourced from a variety of third-party providers, including CoStar, Yardi Matrix, and our internal databases, and reflect professionally managed multifamily properties with 50 or more units for the 12-month period ending November 2025.

MARKET OUTLOOK

Nashville enters 2026 in a transition phase—still working through the tail end of an outsized supply cycle, but gradually moving toward a more balanced operating environment. Asking rents declined 1.0% year-over-year through December 2025, reflecting elevated vacancy...

and intense competition created by roughly 8,500 units delivered over the past year, with the heaviest supply concentration in Downtown Nashville. Stabilized occupancy has softened from the mid-92% range in 2024 to the low-91% range entering 2026 (down to ~91.6% in Q1 2026), underscoring that absorption has been positive but not yet strong enough to fully offset the recent delivery wave. Concessions remain the primary lever to drive leasing, ranging from waived fees to as much as three months free in Downtown, and concession burn remains most acute in the newest communities where effective discounting has exceeded 3.0%, above the market average near 2.0%, a trend that has been difficult to unwind.

Looking ahead, the recovery path should be steady but uneven, with rent growth likely remaining challenged for much of the year before improving in late 2026 as deliveries step down and 2025 completions lease up on schedule. Demand remains heavily skewed toward the top of the market, with roughly 8,000 units absorbed in premium product over the past year versus just 1,600 units within mid-tier and workforce cohorts, keeping competitive pressure elevated for mid-tier assets as new Class A lease-ups continue to set the pricing tone. That said, conditions should gradually improve as a sustained slowdown in development activity takes hold across Nashville. Under the baseline forecast, rent growth turns modestly positive in Q4 2026 finishing the year up by around 0.3% to roughly $1,618, though concessions will remain a key feature of the leasing environment until the market achieves more durable balance and occupancy begins to firm more meaningfully.

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// SUBMARKET RENT & OCCUPANCY

#	Submarket	Inventory Units As Of Jan-2026	2026 Forecasted Annual Completions (Units)	Q4 2025 Stabilized Occupancy Rate	Forecasted Occupancy Change (BPS)	Q4 2026 Stabilized Occupancy Rate	Q4 2025 Rent/ Unit	Projected Annual Rent Growth	Q4 2026 Rent/ Unit
1	Clarksville	16,830	78	90.9%	-20	90.7%	$1,201	1.7%	$1,221
2	Hopkinsville	1,538	0	94.0%	-80	93.2%	$940	1.4%	$954
3	South Christian County	623	0	89.5%	50	90.0%	$1,001	0.8%	$1,010
4	Murfreesboro	19,203	307	94.4%	-10	94.3%	$1,459	0.8%	$1,471
5	Madison/Rivergate	13,216	342	89.6%	0	89.6%	$1,517	0.7%	$1,528
6	West Nashville	7,340	63	93.6%	-30	93.3%	$1,688	0.7%	$1,699
7	Smyrna/La Vergne	6,549	0	92.9%	140	94.3%	$1,533	0.6%	$1,543
8	Sumner County	11,931	370	92.7%	10	92.8%	$1,487	0.6%	$1,496
9	Bellevue	6,776	172	91.3%	-10	91.2%	$1,658	0.5%	$1,667
10	Southeast Nashville	35,609	622	90.6%	-30	90.3%	$1,388	0.5%	$1,395
11	Outlying West	1,544	0	94.1%	-20	93.9%	$1,400	0.2%	$1,403
12	Downtown Nashville	34,202	1,988	90.7%	20	90.9%	$2,132	0.0%	$2,133
13	Donelson/Hermitage	11,645	0	90.1%	0	90.1%	$1,418	-0.1%	$1,417
14	Outlying Northeast	406	0	95.7%	-10	95.6%	$795	-0.1%	$794
15	West End Nashville	8,019	96	92.7%	-10	92.6%	$1,889	-0.4%	$1,882
16	Wilson County	9,366	1,101	92.0%	-20	91.8%	$1,653	-0.6%	$1,643
17	Williamson County	13,729	330	92.7%	-10	92.6%	$1,968	-0.8%	$1,952
18	Robertson County	1,085	0	86.2%	180	88.0%	$1,481	-0.8%	$1,469
19	Maury County	6,443	606	89.2%	110	90.3%	$1,488	-1.1%	$1,471