

Average direct asking rent reaches inaugural double digits

▼ 3.1%

Vacancy Rate

▲ 2.0M

SF Net Absorption

▼ 3.8M

SF Under Construction

▲ 1.9M

SF Completions

▲ \$10.04

Avg. Direct Asking Rent / NNN

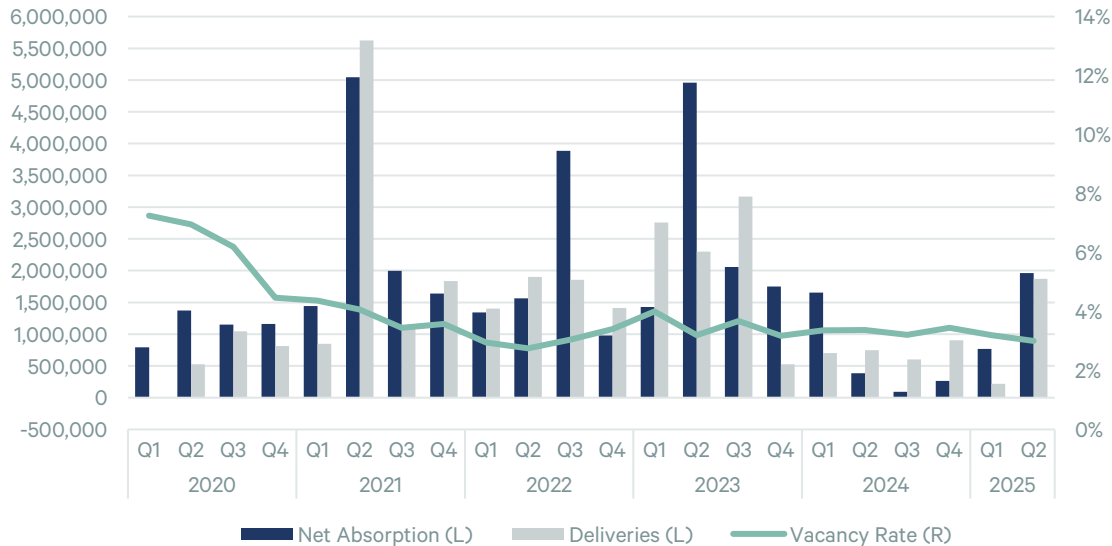
Note: Arrows indicate change from previous quarter.

Key Takeaways

- The average direct asking rent grew 2.2% quarter-over-quarter or 12.7% year-over-year to \$10.04 per sq. ft. triple net.
- Total vacancy compressed to 3.1% to conclude H1 2025, reflecting a 26-basis point decrease since H1 2024.
- The development pipeline of projects under construction declined to the lowest level since Q3 2020, despite market vacancy maintaining historically low levels post-pandemic.

Nashville industrial construction completions reached their highest level since 2023, contracting the development pipeline to levels not seen since 2020 despite increased occupier demand. Improved demand driven by increased leasing activity and net absorption outpaced new supply, leading to further compression of total vacancy, which was among the lowest in the nation. Average direct asking rents reached double digits for the first time, a testament to the strength of the Nashville industrial market and the premium placed on modern, high-quality space.

FIGURE 1: Vacancy Rate, Deliveries and Net Absorption



Source: CBRE Research, Q2 2025

Construction completions totaled 1.9 million sq. ft. across Nashville in Q2 2025, the highest level since Q3 2023, even as the development pipeline dwindled. Completions were 18.9% preleased to 3PLs totaling 354,000 sq. ft. across two deals as retailers continued outsourcing distribution services. Occupiers absorbing 2.0 million sq. ft. market-wide offset the 1.5 million sq. ft. of vacant availability added to the market from completions, effectively lowering total vacancy quarter-over-quarter by nine basis points to 3.1%.

The development pipeline of projects under construction declined to the lowest level since Q3 2020, despite market vacancy maintaining historically low levels post-pandemic. The construction pipeline totaling 3.8 million sq. ft. was 33.5% preleased as of Q2 2025, an increase quarter-over-quarter as occupiers secured high-quality availabilities. A lack of vertical construction starts during Q2 kept the year-to-date total at 859,000 sq. ft., and a queue of projects remained in the site work phase. Reduced new supply should absorb existing vacancies as developers consider localized trends and prioritize preleasing ahead of moving forward with vertical construction.

Leasing volume across Nashville during H1 2025 outpaced the H1 2024 figure by 22.0%. For the fourth consecutive quarter, new leases outweighed renewals by average size and number of deals signed, while the average occupier footprint across lease types grew 34.9% larger quarter-over-quarter. Within leases larger than 100,000 sq. ft., 3PLs leased more space in H1 2025 (2.0 million sq. ft.) than the 2024 annual total of 1.7 million sq. ft. Forecasted population growth in Nashville should usher in additional demand as companies center operations around consumers.

FIGURE 4: Key Leasing Transactions

Tenant	Location	Leased SF	Submarket	Lease Type
SERVEONE	1171 Vaughn Pkwy	750,000	Northeast / I-65N Corridor	Sublease
Confidential – Auto	445 Couchville Pike	717,160	I-840	Renewal
FedEx	Park 840	558,600	I-840	Renewal
Dart Entities	Wilson Commerce Center Bldg D	224,477	I-840	New Lease
True Up Companies	575 Maddox Simpson Pkwy	205,747	Elm Hill Pike / I-40	New Lease

FIGURE 2: Rentable Sq. Ft.

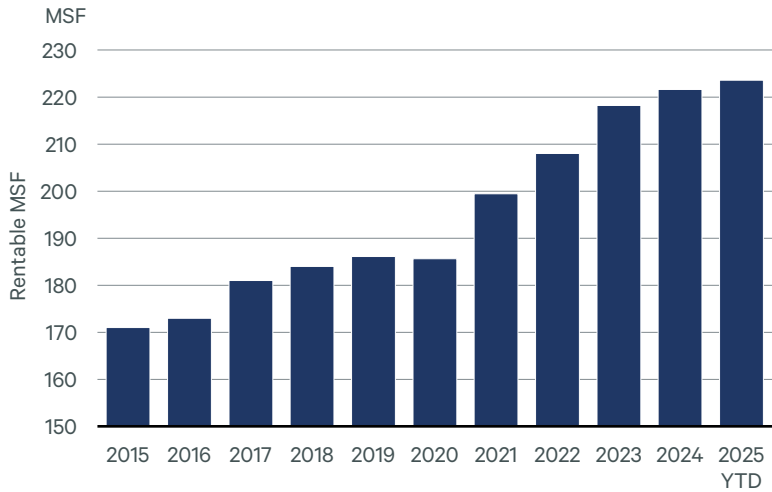
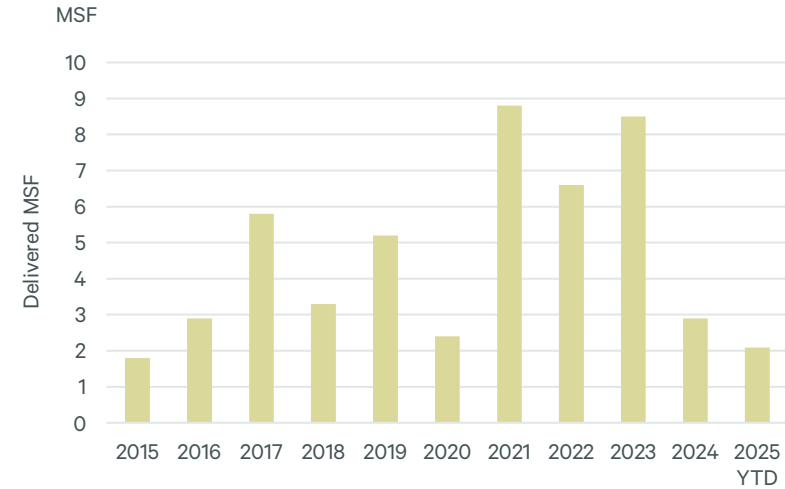


FIGURE 3: Annual Deliveries

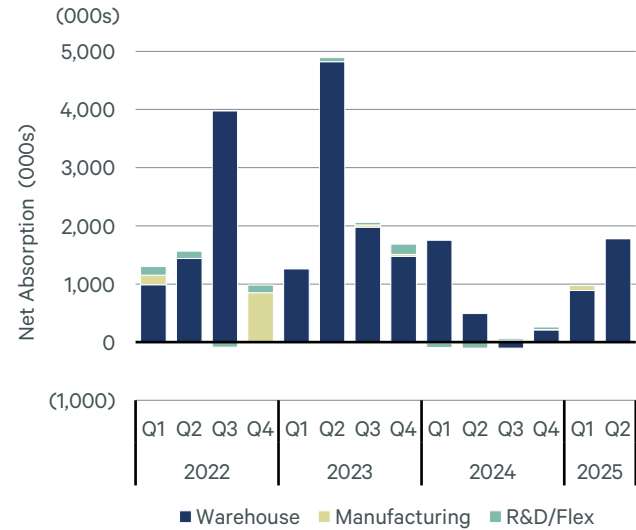


Source: CBRE Research, Q2 2025

Absorption

Net absorption totaled 2.0 million sq. ft. during Q2 2025, outpacing new construction completions and bringing the H1 2025 total to 2.7 million sq. ft., up from 1.9 million sq. ft. in H1 2024. Even with sustained inventory additions, demand exceeded new supply for the duration of H1 2025, recovering from lower absorption levels through year-end 2024. Properties built since 2015 absorbed 16.9 times more space than properties built pre-2015, yet net absorption remained positive in older properties. Occupancies larger than 100,000 sq. ft. tripled quarter-over-quarter during Q2, contributing 1.8 million sq. ft. of positive absorption to the net total as company footprints expanded.

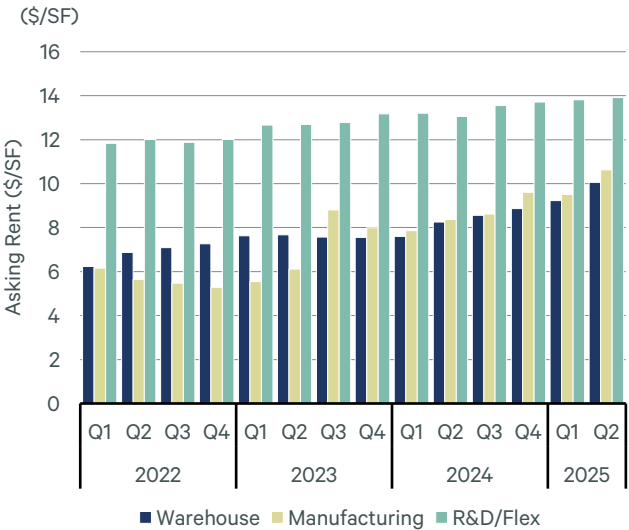
FIGURE 5: Quarterly Net Absorption



Asking Rents

The average direct asking rent grew 2.2% quarter-over-quarter or 12.7% year-over-year to \$10.04 per sq. ft. triple net, reaching double digits for the first time. Asking rent growth was undeterred by increased availability, mainly due to premiums for new construction availabilities. Sublease activity concentrated in the Northeast/I-65N Corridor took roughly 805,000 sq. ft. off the market across Nashville, decreasing the sublease availability rate by 25 basis points quarter-over-quarter to 1.1% of market inventory. Total market availability versus vacancy spread to 4.0%, compared to 2.8% in Q2 2024, as landlords marketed new availabilities not yet vacant.

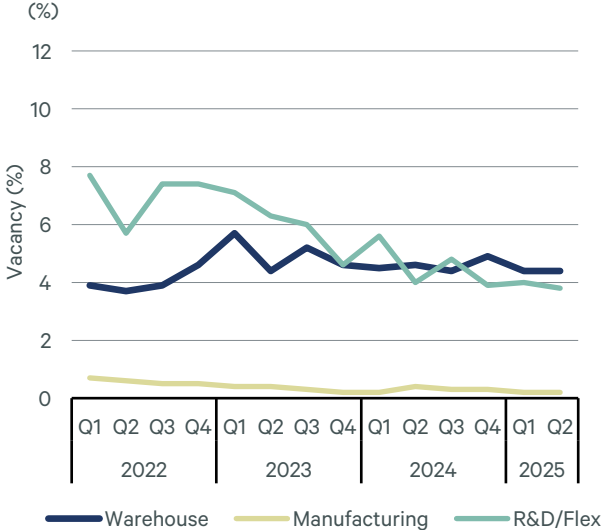
FIGURE 6: Asking Rates by Property Type



Vacancy

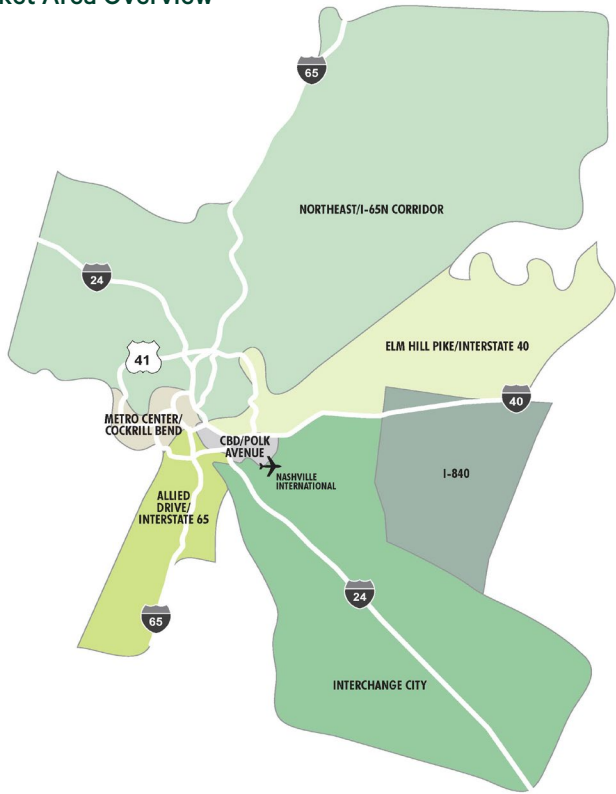
Total vacancy compressed to 3.1% to conclude H1 2025, reflecting a 26-basis point decrease since H1 2024 despite the added 3.6 million sq. ft. of new construction inventory. Nashville was the second tightest market in the U.S. behind Omaha (2.0%) and was one of only five markets with a vacancy rate under 4.0%. Properties in the 300,000 to 700,000 sq. ft. size segment continued to have the most significant quarterly vacancy compression. Total vacancy within the size segment decreased from 4.5% in Q1 2025 to 3.3% in Q2 2025, after a user sale to an e-commerce company totaling 619,000 sq. ft. absorbed previous vacancy.

FIGURE 7: Vacancy by Property Type



Source: CBRE Research, Q2 2025

Market Area Overview



Nashville Office

222 2nd Ave S, Suite 1800
Nashville, TN 37201

© Copyright 2025 All rights reserved. Information contained herein, including projections, has been obtained from sources believed to be reliable, but has not been verified for accuracy or completeness. CBRE, Inc. makes no guarantee, warranty or representation about it. Any reliance on such information is solely at your own risk. This information is exclusively for use by CBRE clients and professionals and may not be reproduced without the prior written permission of CBRE's Global Chief Economist.

Survey Criteria

Includes all classes of competitive Warehouse/Distribution, Manufacturing, and R&D/Flex properties larger than 10,000 sq. ft. within the geographic submarket boundaries defined in the "Market Area Overview."

FIGURE 8: Market Statistics

Submarket	Market Rentable Area (SF)	Direct Vacancy Rate (%)	Total Vacancy Rate (%)	Avail. Rate (%)	Q2 2025 Net Absorption (SF)	2025 YTD Net Absorption (SF)	Under Construction (SF)	Avg. Direct Asking Rent (\$/SF/Yr NNN)
Allied Drive/I-65	18,933,698	1.8	1.8	7.9	0	-15,000	0	12.19
CBD/Polk Avenue	12,739,544	0.9	0.9	4.3	0	0	0	12.10
Elm Hill Pike/I-40	34,423,634	3.0	3.0	5.6	496,777	944,274	0	11.25
I-840	24,687,276	4.7	4.7	9.5	843,389	843,389	2,906,914	7.75
Interchange City	75,294,159	2.8	3.0	7.7	103,964	440,576	145,639	9.50
MetroCenter/Cockrill Bend	13,846,846	4.6	4.6	6.7	-70,750	-70,750	0	13.62
Northeast/I-65N Corridor	43,670,169	3.2	3.2	6.4	588,200	586,359	722,696	8.97
Warehouse/ Distribution	142,236,370	4.3	4.4	8.5	1,779,484	2,668,060	3,358,833	9.48
Manufacturing	66,396,367	0.2	0.2	3.6	0	89,250	416,416	10.63
R&D/Flex	11,272,969	3.5	3.8	8.9	7,268	-3,607	0	13.92
NASHVILLE	223,595,326	3.0	3.1	7.1	1,961,580	2,664,453	3,775,249	10.04

Source: CBRE Research, Q2 2025

Contacts

Elizabeth Goodwin

Senior Managing Director

elizabeth.goodwin@cbre.com

Joanna Paszek

Senior Research Analyst

joanna.paszek@cbre.com

Pierce Stolle

Research Analyst

pierce.stolle@cbre.com

