

Nashville office absorption stays positive even with slower year-end activity



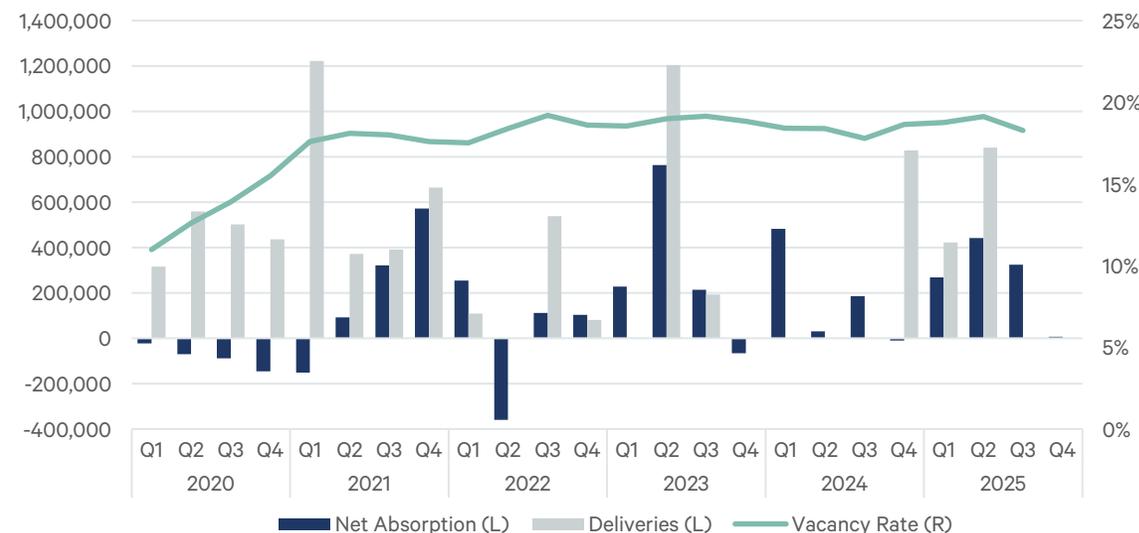
Note: Arrows indicate change from previous quarter.

Key Takeaways

- The Nashville office market concluded the year with flat absorption totaling 6,989 sq. ft. in Q4 2025, bringing the year-to-date total to 938,808 sq. ft.
- The Downtown submarket remains the primary driver of market growth, contributing 127,687 sq. ft. of positive absorption this quarter and accounting for 606,972 sq. ft. of the annual total.
- Average asking rents slightly decreased from \$38.66 to \$37.84 per sq. ft., while Prime assets were the sole class to see quarterly growth, rising to \$59.39 per sq. ft. gross.

Nashville’s office market remains resilient, supported by 1.1 million sq. ft. of active tenant requirements from the technology, law, and financial sectors. While national economic signals vary, local vacancy compressed to 18.4% as a muted development pipeline allowed existing inventory to stabilize. Demand continues to favor well-amenitized, trophy Class A properties providing significant build-out capital, likely leading to vacancy compression in newer assets while older, non-amenitized buildings face continued headwinds.

FIGURE 1: Vacancy Rate, Deliveries, Net Absorption



Source: CBRE Research, Q4 2025

No new office construction was delivered in Nashville during Q4 2025, allowing the market additional space to absorb existing vacancies without added supply pressure. With no projects completing this quarter, modern, high-quality options remain available for tenants seeking upgraded space, while the development pipeline continues to hold at historically low levels.

The construction pipeline ended 2025 largely unchanged, with 283,000 sq. ft. actively underway. All current activity is concentrated within the Airport South submarket at Wedgewood Village, where four buildings continue to progress through development. Beyond these projects, no additional starts or updates were recorded this quarter, underscoring the continued slowdown in new office construction.

Leasing fundamentals remain healthy, supported by 1.1 million sq. ft. of active tenant demand across technology, legal, and financial services. Urban submarkets—especially Downtown and Metrocenter—accounted for more than one-quarter of quarterly leasing volume, while suburban markets led activity overall, driven primarily by Brentwood and Airport North.

Investment activity also saw a notable highlight with Shorenstein Properties' acquisition of Gulch Union, a premier Prime asset delivered in 2020, for \$217,750,000 (approximately \$651 per sq. ft.). This significant transaction demonstrates ongoing institutional confidence in Nashville's highest-quality office inventory and reaffirms Downtown's position as a core strategic submarket.

FIGURE 4: Key Leasing Transactions

Tenant	Location	Size (SF)	Submarket	Lease Type
Adtalem Global Education	2200 Rosa L Parks Blvd	34,181	Metrocenter	New Lease
Akzo Nobel Coatings	535 Marriott Dr	25,431	Airport North	Renewal
Ryan Tax	150 3rd Ave S	16,135	Downtown	New Lease
Therakos	810 Crescent Centre Dr	12,858	Cool Springs	New Lease
US Bank	320 7 Springs Way	12,519	Brentwood	Expansion

FIGURE 2: Delivered SF

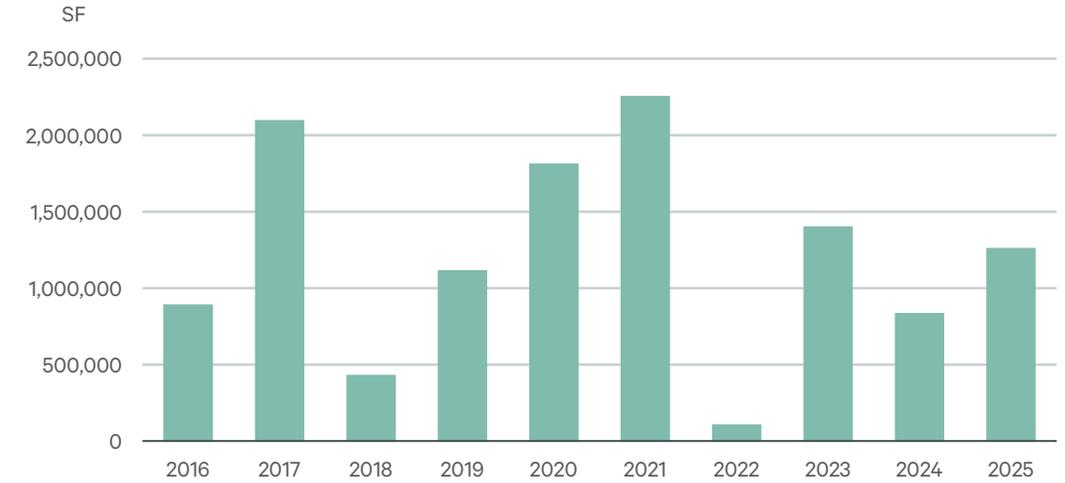
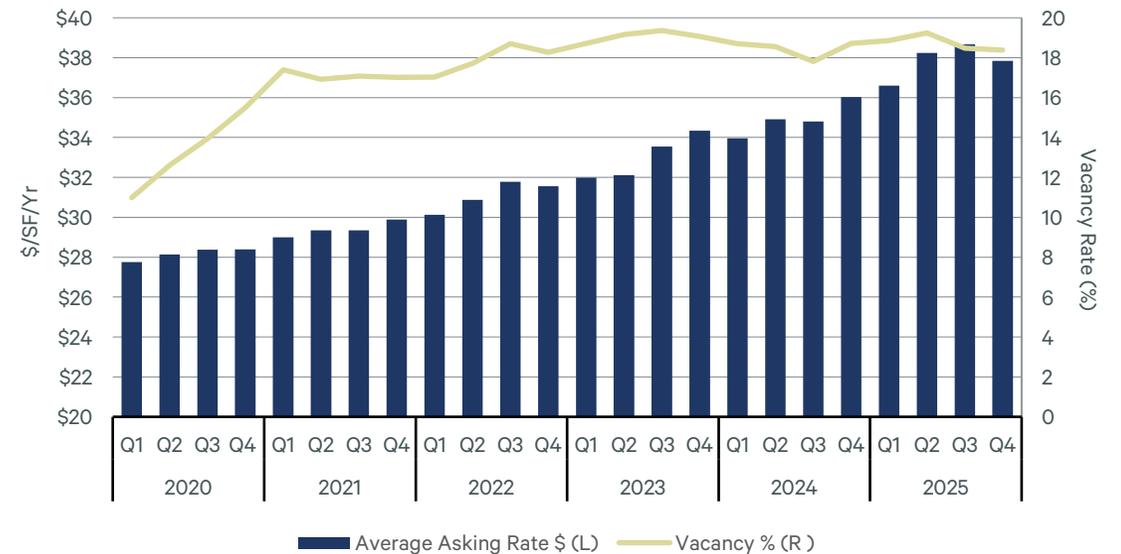


FIGURE 3: Asking Rate and Vacancy



Source: CBRE Research, Q4 2025

Absorption

Net absorption totaled 6,989 sq. ft. in Q4 2025, marking four straight quarters of occupancy gains for the market. While absorption remained positive, the modest total was primarily a result of Community Health Systems vacating 240,000 sq. ft. at 4001 Cane Ridge Pkwy. These losses were offset by strength in other areas, particularly Downtown, which served as the standout performer for the quarter. Positive movement was further bolstered by tenants such as Creative Artist Agency occupying 74,179 sq. ft. at 955 Church St. Prime assets remained a focus for occupiers, recording 185,157 sq. ft. of positive absorption as tenants continued to migrate toward top-tier space.

Rental Rates

The market average direct asking lease rate finished the year at \$37.84 per sq. ft. gross. While overall rates saw a nominal decrease from the previous quarter, Prime properties remained the only asset class to achieve rent growth, increasing to \$59.39 per sq. ft. This trend underscores a widening premium for trophy spaces as tenants continue to prioritize well-amenitized environments. Landlords of newer properties maintain significant pricing power, particularly as the supply of premier available space continues to tighten across the urban core.

Vacancy

Total market vacancy compressed to 18.4%, down 10 basis points from Q3 2025 and 34 basis points year-over-year. Sublease vacancy also showed marked improvement, falling to 1.7% from 2.3% in Q4 2024. While overall vacancy remains elevated as major tenants increasingly avoid buildings that lack modern amenities, the continued absorption of sublease space and the lack of new deliveries are conducive to further compression. We expect vacancy to tighten further in 2026 as active tenant requirements begin to convert into physical occupancies.

FIGURE 5: Absorption



FIGURE 6: Rental Rates

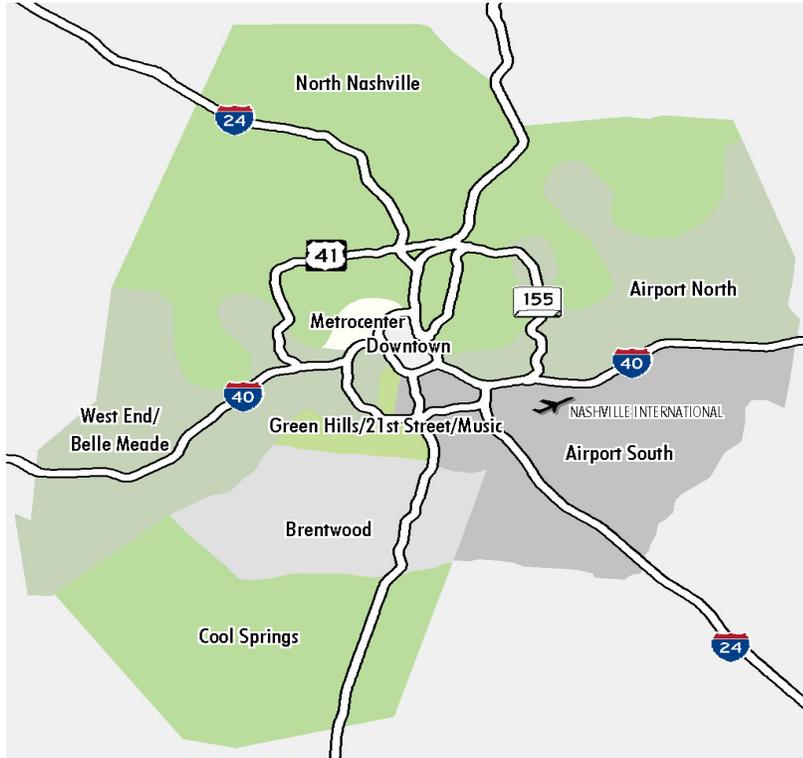


FIGURE 7: Vacancy



Source: CBRE Research, Q4 2025

Market Area Overview



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Survey Criteria

Includes all classes of competitive single and multi-tenant, non-owner-occupied office properties larger than 10,000 sq. ft. within the geographic submarket boundaries defined in the “Market Area Overview.” Excludes government and medical office buildings.

FIGURE 8: Market Statistics

Submarket	Market Rentable Area (SF)	Direct Vacancy Rate	Total Vacancy Rate	Availability Rate	Q4 2025 Net Absorption (SF)	2025 Net Absorption (SF)	Under Construction (SF)	Avg. Direct Asking Lease Rate (\$/SF/Yr FSG)
Airport North	3,854,026	12.5%	13.0%	24.7%	18,291	50,555	0	\$27.13
Airport South	5,376,070	25.5%	25.7%	26.5%	-211,225	-94,977	283,000	\$31.53
Brentwood	6,251,452	13.4%	15.4%	18.5%	24,492	-7,477	0	\$31.07
Cool Springs	8,263,149	17.3%	22.4%	31.4%	12,582	275,699	0	\$34.96
Downtown	14,327,355	18.9%	19.8%	29.2%	127,687	606,972	0	\$44.54
Green Hills/21st Ave/Music Row	3,277,336	9.4%	9.8%	12.9%	-3,475	111,701	0	\$42.30
MetroCenter	1,977,639	11.5%	14.7%	24.5%	4,359	23,359	0	\$26.86
North Nashville	899,096	2.8%	2.8%	7.2%	0	736	0	\$29.33
West End/Belle Meade	4,954,384	16.5%	17.5%	21.7%	34,278	17,240	0	\$44.11
Nashville	49,180,507	16.7 %	18.4 %	25.1 %	6,989	983,808	283,000	\$37.84

Source: CBRE Research, Q4 2025

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