

# Historical highs reached as market fundamentals remain tight

▼ 4.2%

Vacancy Rate

▲ 779K

SF Net Absorption

▲ 3.4M

SF Under Construction

▼ 672K

SF Completions

▲ \$10.30

Avg. Direct Asking Rent / NNN

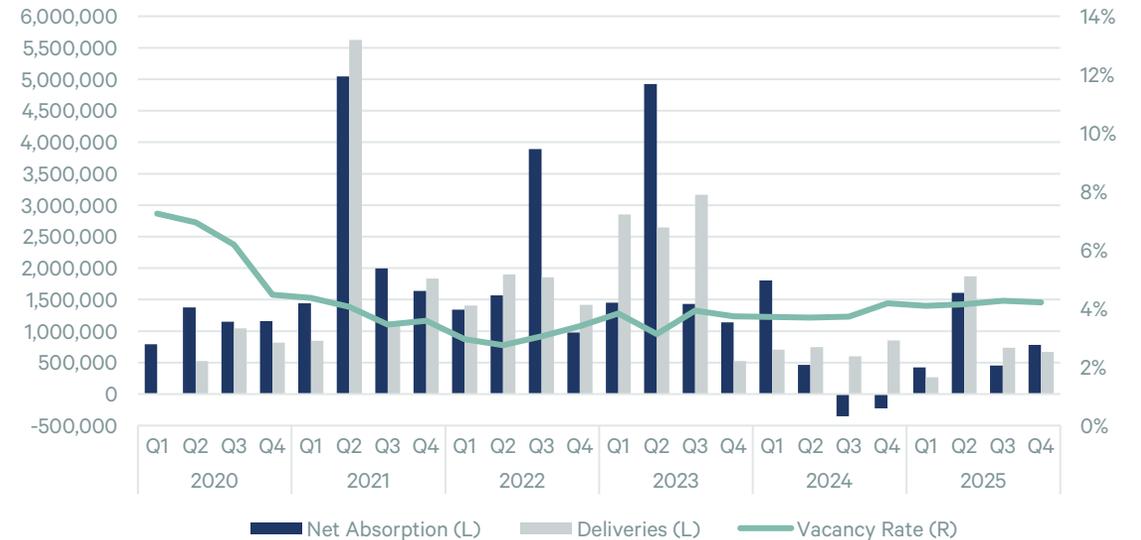
Note: Arrows indicate change from previous quarter.

## Key Takeaways

- Total vacancy compressed slightly to 4.2% to conclude 2025, reflecting a six-basis-point decrease since Q3 2025.
- Average direct asking rents reached a new record high of \$10.30 per sq. ft. NNN, a 6.2% increase from the prior quarter.
- Total net absorption of 778,940 sq. ft. for the quarter represented a substantial 71.5% increase over Q3 2025 and a sharp reversal from the negative absorption seen at year-end 2024.

Nashville’s industrial sector ended Q4 2025 with conditions that remained stable, supported by demand that kept pace with new construction deliveries. Net absorption during the quarter aligned with the volume of new deliveries, sustaining the vacancy rate at 4.2%. The consistency in tenant activity contributed to rent growth, with asking rates reaching their highest point on record and posting a nearly 10% year-over-year increase. Leasing activity continued to be driven mainly by new leases rather than renewals, and developers proceeded with additional speculative starts, reflecting a market that continues to perform reliably.

FIGURE 1: Vacancy Rate, Deliveries and Net Absorption



Source: CBRE Research, Q4 2025

The quarter saw 671,827 sq. ft. of newly completed space across Nashville. The most significant additions included three buildings totaling 496,088 sq. ft. at Beckwith Point in the I-840 submarket, along with 145,639 sq. ft. delivered at Runway Logistics Park in Interchange City. These projects entered the market alongside ongoing tenant demand, allowing the new supply to be absorbed without generating excess availability. The steady uptake of these buildings demonstrates that current tenant demand is sufficient to support new deliveries as they enter the inventory.

Nashville had 3,410,314 sq. ft. under construction at the end of Q4. Developers continued to commit new product to the pipeline, with 784,812 sq. ft. of speculative space breaking ground during the quarter. Notable starts included Northside Logistics Park (353,007 sq. ft.) and Station 24 (180,114 sq. ft.). These additions reflect ongoing expectations for tenant demand and the need for modern, high-quality space, particularly as vacancy rates remain low. The current pipeline positions the region to support future expansions and accommodate incoming users across Middle Tennessee.

Leasing volume for Q4 totaled 2,108,122 sq. ft. across 57 completed transactions. New leases continued to represent the majority of activity, led by Quanta Corp.'s 564,300 sq. ft. occupancy at 1 Waldenbooks Drive. The range of deals executed across multiple submarkets indicates steady interest from both expanding tenants and new entrants. Sublease availability tightened further during the quarter, with the sublease vacancy rate moving down to 0.25%, a 16 basis point improvement from Q4 2024. The decline suggests continued competition for high quality space, even within secondary availability channels.

FIGURE 4: Key Leasing Transactions

Tenant	Location	Size (SF)	Submarket	Lease Type
Quanta Corp.	1 Waldenbooks Dr	564,300	Interchange City	New Lease
J.J. Kane Associates	1442 Toshiba Dr	283,140	Elm Hill Pike / I-40	New Lease
Sims Recycling Solutions	417 425 Sanford Rd	200,000	Interchange City	Renewal
SPX	8106 8122 Tridon Dr	147,260	Interchange City	New Lease
KemTech	575 Maddox Simpson Pkwy	90,896	Elm Hill Pike / I-40	New Lease

FIGURE 2: Rentable Sq. Ft.

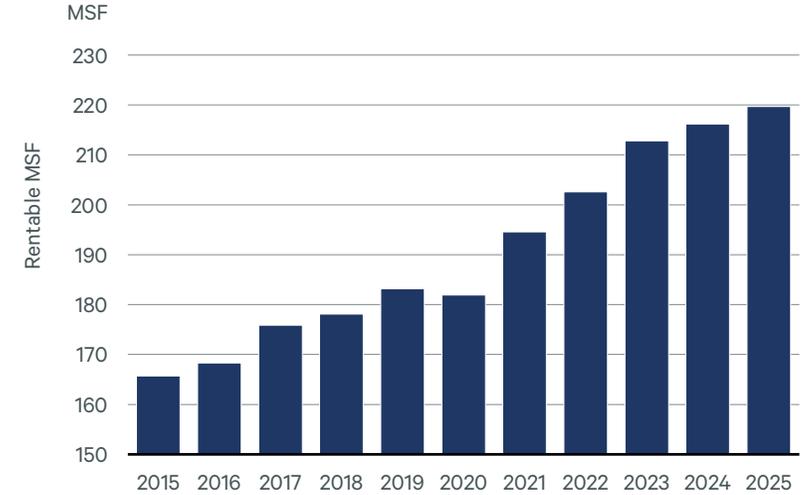
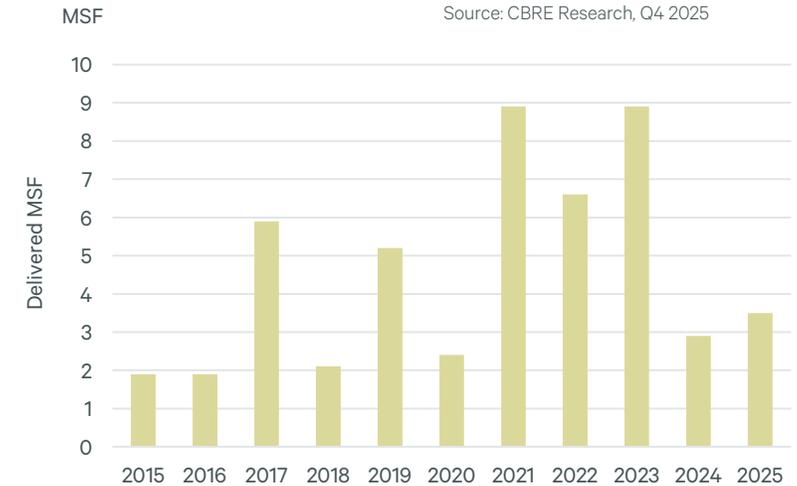


FIGURE 3: Annual Deliveries



Source: CBRE Research, Q4 2025

## Absorption

Net absorption totaled 778,940 sq. ft. in Q4 2025, an increase from the 454,091 sq. ft. recorded in the prior quarter. The pace of tenant move-ins exceeded the amount of space completed, helping to keep vacancy from rising and supporting stable year-end conditions across the market. Four of the five largest absorptions occurred in properties built since 2015, reflecting occupiers' focus on securing top-quality availabilities suited for new operations and efficiency needs. Tenant preference for modern facilities continues to shape absorption trends and is expected to remain a key driver as additional Class A space is delivered in 2026, particularly in emerging logistics submarkets.

FIGURE 5: Quarterly Net Absorption



## Asking Rents

The average direct asking rent rose to \$10.30 per sq. ft. NNN, representing a 6.2% quarterly increase and a 9.9% rise from the Q4 2024 rate of \$9.37 per sq. ft. The increase was supported by higher pricing on recently delivered Class A inventory, where landlords continue to maintain strong leverage and offer limited concessions due to ongoing tenant demand across the region. Rent growth persisted, with newer product—particularly those in CBD/Polk Avenue—achieving premium rates, averaging \$15.80 per sq. ft. for the submarket. This performance reflects consistent tenant willingness to pay for higher-quality, well-located industrial space even as more supply moves through the pipeline.

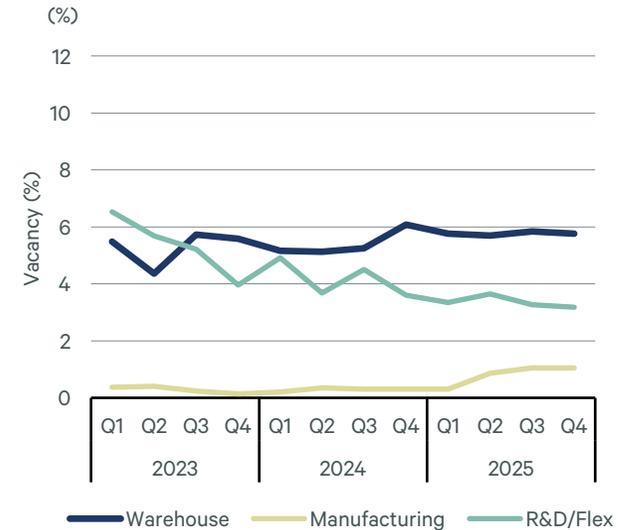
FIGURE 6: Asking Rates by Property Type



## Vacancy

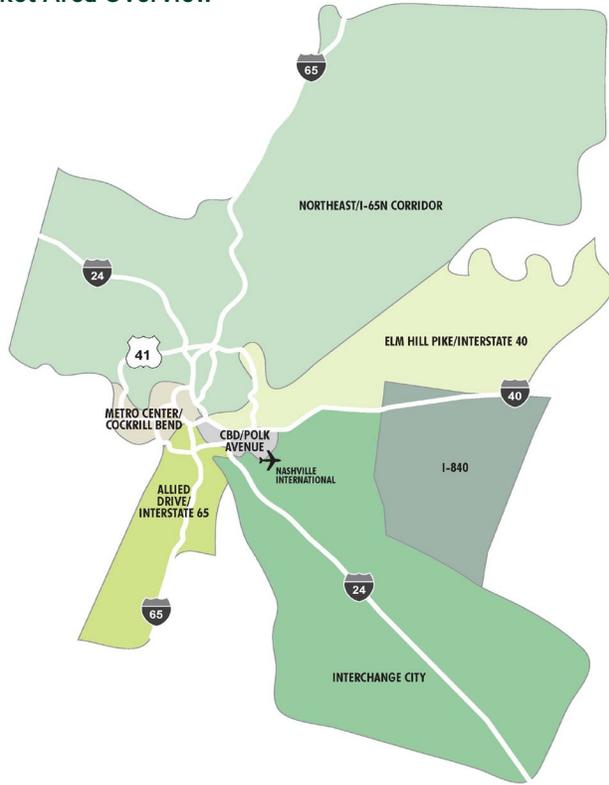
Vacancy concluded the quarter at 4.2%, improving by six basis points compared with Q3 2025 as demand slightly outpaced the level of new supply entering the market. Direct vacancy ended at 4.0%, and the Manufacturing segment remained exceptionally tight at 1.1%, demonstrating continued constraints in specialized industrial space. The market's ability to maintain stable occupancy levels, even with more than 3.4 million sq. ft. under construction, underscores Nashville's position as a constrained and resilient industrial market. These conditions continue to reinforce the region's attractiveness for both existing tenants and prospective entrants evaluating long-term operational needs.

FIGURE 7: Vacancy by Property Type



Source: CBRE Research, Q4 2025

**Market Area Overview**



**Nashville Office** 222 2<sup>nd</sup> Ave S, Suite 1800  
Nashville, TN 37201

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**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	Q4 2025 Net Absorption (SF)	2025 Net Absorption (SF)	Under Construction (SF)	Avg. Direct Asking Rent (\$/SF/Yr NNN)
Allied Drive/I-65	18,312,789	3.4%	3.4%	5.9%	16,112	-176,767	0	\$11.87
CBD/Polk Avenue	11,024,664	1.3%	1.3%	2.6%	0	-89,543	0	\$15.80
Elm Hill Pike/I-40	33,750,262	3.1%	3.4%	5.0%	392,653	1,191,950	0	\$11.89
I-840	26,843,703	8.1%	8.1%	15.9%	72,808	636,998	2,093,134	\$8.24
Interchange City	72,860,190	3.7%	4.3%	6.7%	196,075	242,128	568,329	\$10.40
MetroCenter/Cockrill Bend	13,241,790	4.6%	4.6%	6.3%	99,352	33,714	0	\$13.24
Northeast/I-65N Corridor	43,638,063	3.3%	3.3%	4.9%	1,940	1,424,981	748,851	\$10.13
Warehouse/ Distribution	139,440,940	5.4%	5.8%	8.3%	752,488	3,280,210	3,410,314	\$10.71
Manufacturing	65,473,357	1.1%	1.1%	4.0%	0	-70,434	0	\$10.18
R&D/Flex	11,177,460	3.1%	3.2%	6.1%	26,502	78,590	0	\$14.60
<b>NASHVILLE</b>	<b>219,671,461</b>	<b>4.0%</b>	<b>4.2%</b>	<b>6.9%</b>	<b>778,940</b>	<b>3,263,461</b>	<b>3,410,314</b>	<b>\$10.30</b>

Source: CBRE Research, Q4 2025

**Contacts**

Elizabeth Goodwin  
Senior Managing Director  
elizabeth.goodwin@cbre.com

Lauren Goddard  
Associate Director of Research  
lauren.goddard@cbre.com

Pierce Stolle  
Research Analyst  
pierce.stolle@cbre.com