

FIGURES | NASHVILLE INDUSTRIAL | Q3 2026

Completions drive strong absorption while construction pipeline eases



Note: Arrows indicate change from previous quarter.

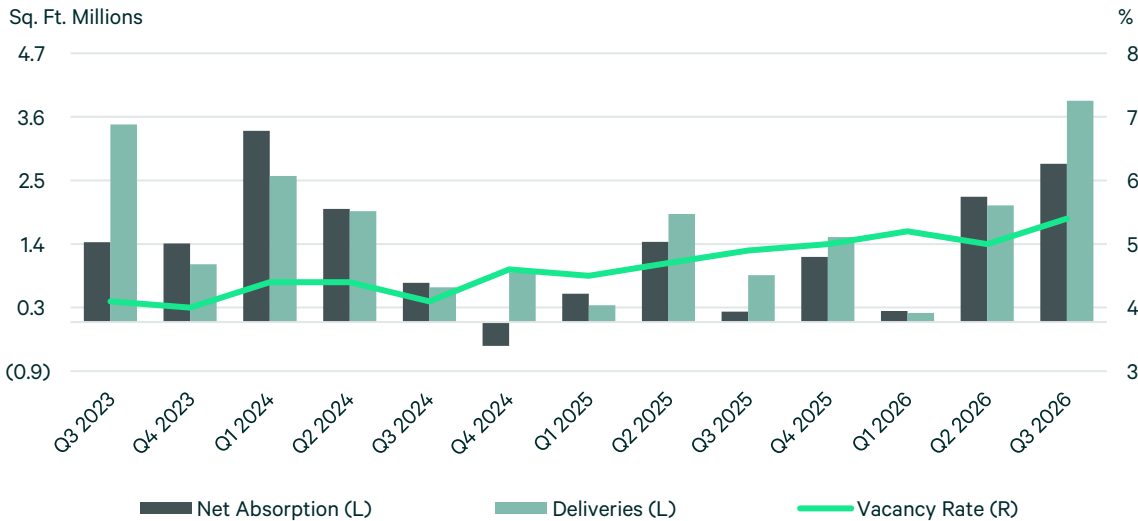
Market Overview

In Q3 2026, the Nashville industrial market recorded strong occupancy gains alongside rising vacancy and availability amid heavy new deliveries. Net absorption totaled 2.74 million sq. ft., reflecting steady tenant demand. However, vacancy increased 40 basis points quarter-over-quarter to 5.4%, and availability rose 40 basis points to 8.5%. Supply pressure intensified as deliveries climbed to 3.83 million sq. ft., though the development pipeline moderated, with space under construction falling to 5.13 million sq. ft. from 8.49 million sq. ft. in Q2 2026. Leasing volume reached 1.51 million sq. ft. during the quarter.

While recent new supply has outpaced space take-up, the market has posted cumulative net absorption of 16.59 million sq. ft. over the past three years. Despite the shift in supply dynamics and a steady rise in availability since Q3 2023, average asking rents continued to grow, edging up to \$10.21 per sq. ft. in Q3 2026 from \$7.98 per sq. ft. three years ago. This sustained rent growth underscores ongoing market resilience even as construction activity begins to cool.

Macroeconomic conditions continue to support occupier fundamentals, with the U.S. economy positioned to grow by over 2% in 2026 amid a stable labor market. However, elevated interest rates and 5% Treasury yields continue to impact investment activity, with near-term relief dependent on shifting inflation data and geopolitical de-escalation.

Figure 1: Historical Net Absorption, Deliveries, and Vacancy



CBRE Research

Availability Rate

The market availability rate increased to 8.5% in Q3 2026, up from 8.1% in Q2 2026 and 7.6% one year earlier. Direct availability rose 80 basis points quarter-over-quarter to 7.9%, while sublease availability fell to 0.6%, indicating that the increase in available space was driven entirely by direct space. Compared with Q3 2023, overall and direct availability have each risen meaningfully, reflecting a more competitive environment for available space than the market experienced earlier in the cycle.

Availability varied by submarket, with the I-65 South Corridor recording the lowest overall availability rate at 3.8%, followed by East Clarksville at 4.6%. I-40 East/I-840 reported the highest availability rate at 12.5%, while Northeast / I-65N Corridor and Columbia Corridor recorded rates of 11.4% and 10.1%, respectively. Sublease availability totaled 1.47 million sq. ft. market-wide, with the sublease rate declining 30 basis points quarter-over-quarter. While availability has continued to rise, current conditions remain differentiated by geography, with tighter infill and corridor-oriented submarkets contrasting against larger bulk distribution nodes.

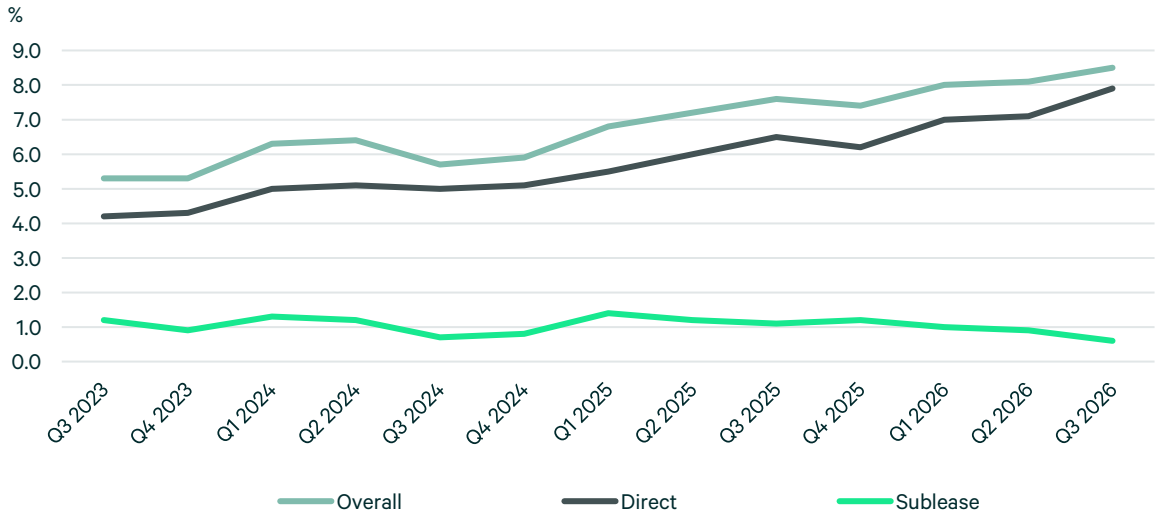
Asking Rent

Average direct asking rents continued to edge higher in Q3 2026, reaching \$10.21 per sq. ft. NNN. This represented an increase of 1.2% quarter-over-quarter from \$10.12 per sq. ft. and a 4.2% gain year-over-year from \$9.83 per sq. ft. Over a three-year period, asking rents have increased by 28.5% from \$7.98 per sq. ft. in Q3 2023.

Rent levels continued to vary significantly across submarkets. The CBD and Northeast / I-65N Corridor commanded the highest average direct asking rates at \$12.15 per sq. ft. and \$10.91 per sq. ft., respectively. The I-65 South Corridor (\$10.36 per sq. ft.) and Interchange City (\$10.15 per sq. ft.) also recorded average rates above \$10.00 per sq. ft. East Clarksville and the Columbia Corridor averaged \$9.84 per sq. ft. and \$8.99 per sq. ft., respectively, while the I-40 East/I-840 submarket recorded the lowest pricing at \$8.49 per sq. ft.

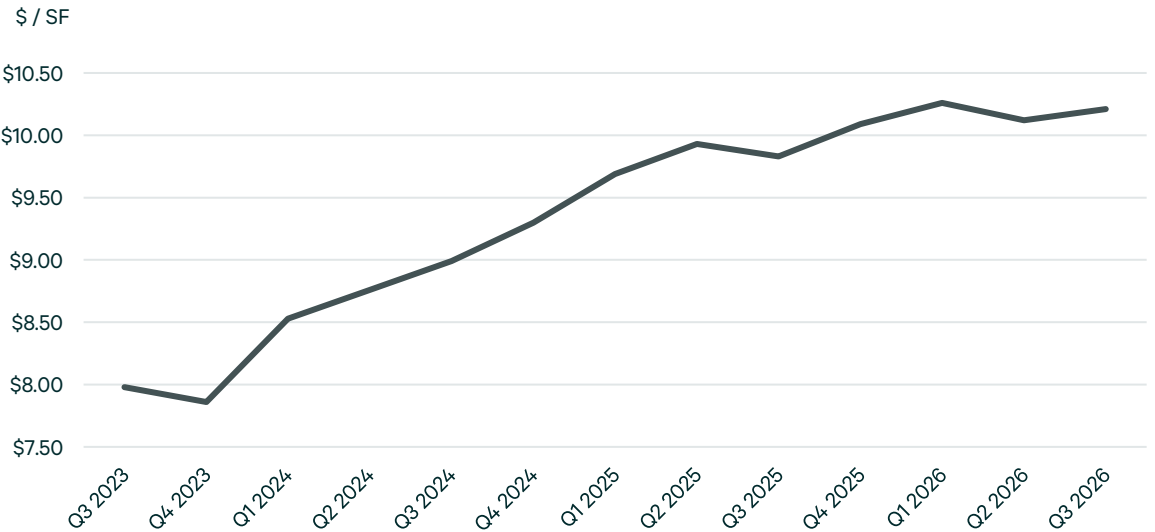
Pricing also varied notably by product type. R&D/Flex space registered the highest average asking rate at \$16.29 per sq. ft., followed by Other Industrial space at \$12.57 per sq. ft. Meanwhile, Manufacturing - General space averaged \$10.07 per sq. ft., and Distribution/Logistics space recorded an average asking rate of \$9.96 per sq. ft.

Figure 2: Availability Rates



Source: CBRE Research, Q3 2026

Figure 3: Average Direct Asking Rate



Source: CBRE Research, Q3 2026

Net Absorption

The Nashville industrial market recorded 2.74 million sq. ft. of positive net absorption in Q3 2026. This level exceeded the Q2 2026 total of 2.17 million sq. ft. and marked a second consecutive quarter of strengthening demand. Compared with Q3 2025, when net absorption totaled 179,000 sq. ft., current-quarter volume reflects a significant expansion in occupied space, pushing the rolling four-quarter average up to 1.56 million sq. ft.

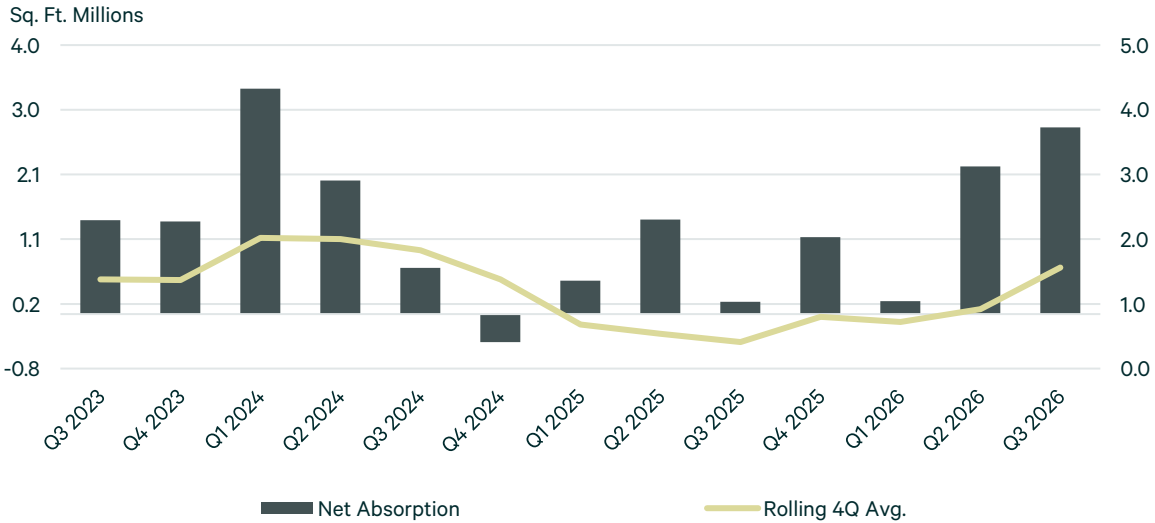
At the submarket level, East Clarksville and the I-65 South Corridor accounted for the largest gains in occupied space during Q3 2026. East Clarksville posted 2.20 million sq. ft. of positive net absorption, driven entirely by the delivery of the 2.2 million sq. ft. Hankook Tire plant expansion. The I-65 South Corridor recorded 209,000 sq. ft., adding to the market-wide growth. The CBD and Interchange City followed with positive net absorption of 185,000 sq. ft. and 97,000 sq. ft., respectively. No submarkets registered negative net absorption in the quarter, indicating that every tracked area either held steady or expanded.

Construction Activity

The Nashville industrial market recorded 3.83 million sq. ft. of construction delivered in Q3 2026, marking a significant increase from the prior quarter and the 813,000 sq. ft. delivered in Q3 2025. As completions accelerated, the development pipeline moderated, with space under construction falling to 5.13 million sq. ft. from 8.49 million sq. ft. in Q2 2026. This represented a 39.6% quarter-over-quarter decrease and a 27.7% year-over-year decline compared to the 7.10 million sq. ft. under construction in Q3 2025.

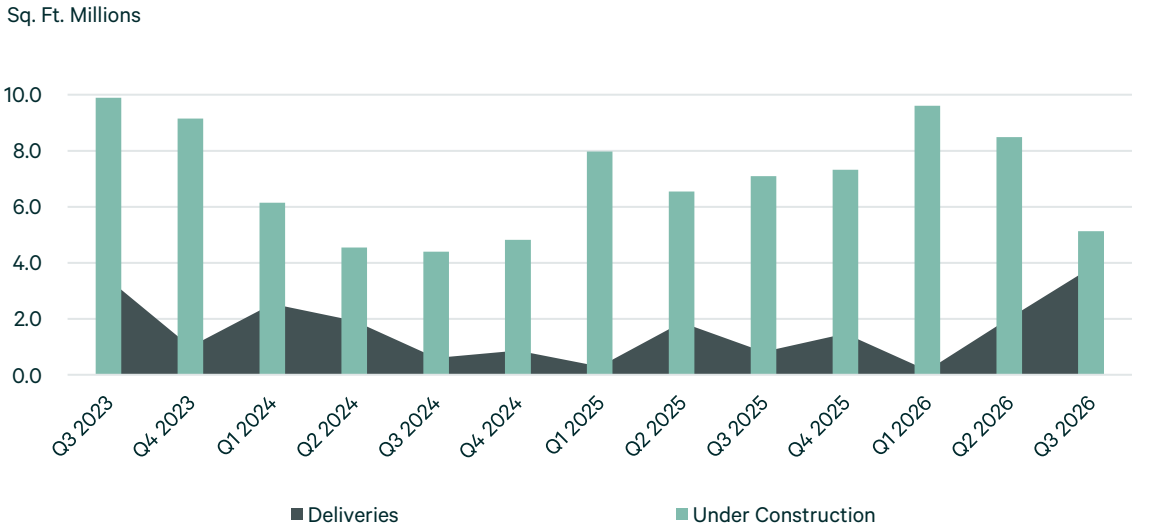
Deliveries were robust across multiple submarkets during the quarter. Completions were led by the 2.2 million sq. ft. Hankook Tire Plant Expansion in East Clarksville. Interchange City also saw a cluster of new inventory with the delivery of CO-OP Buildings 1-3, which added 458,000 sq. ft. to the submarket and delivered 9% leased. In the Northeast / I-65N Corridor, completions included buildings 2-5 at Northside Logistics Park Building, of which 10% is preleased, bringing an additional 353,000 sq. ft. of supply to the market.

Figure 4: Net Absorption Trend



Source: CBRE Research, Q3 2026

Figure 5: Construction Activity



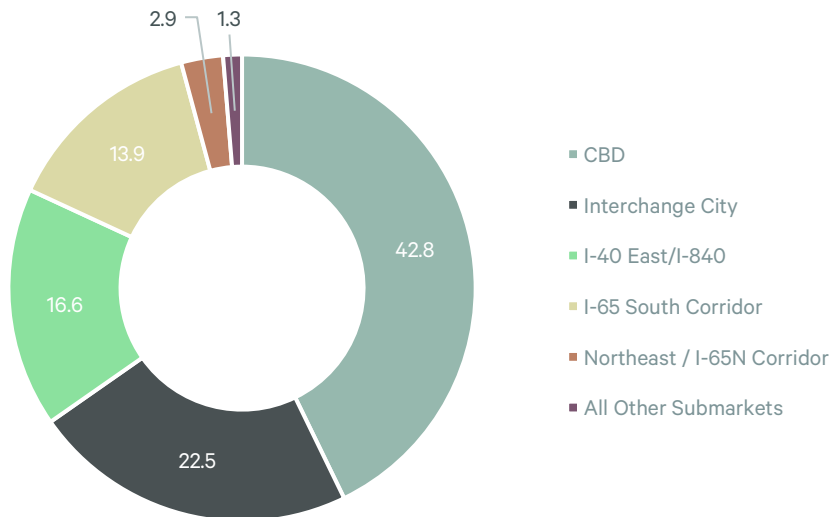
Source: CBRE Research, Q3 2026

Leasing Activity

Leasing activity in Q3 2026 was characterized by steady engagement across mid-bay users, with tenants signing 1.51 million sq. ft. across 55 transactions. While aggregate volume moderated from recent peaks due to an absence of mega-box commitments, deal velocity and market expansion remained active. New leases accounted for 83.6% of the quarter's deals, representing 46 transactions with an average size of 25,203 sq. ft. Meanwhile, renewals totaled nine transactions averaging 39,045 sq. ft. This distribution underscores consistent occupier demand and new footprint absorption across standard bay sizes, even as total quarterly volume reached its lowest point since Q3 2023.

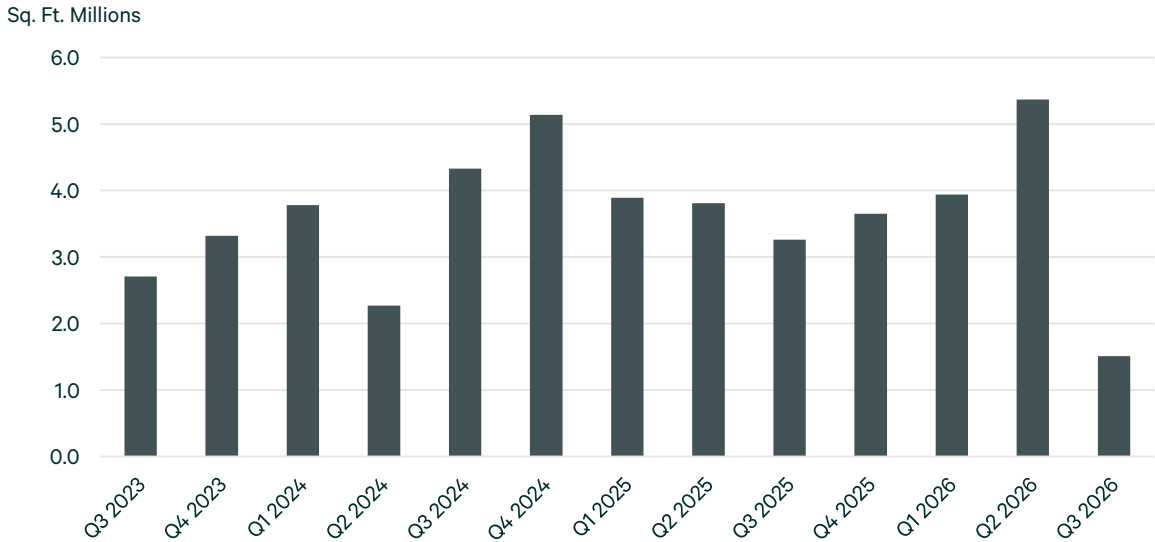
Submarket leasing remained positive across the market, led by the CBD and Interchange City. The CBD recorded 645,000 sq. ft. of leasing and Interchange City posted 339,000 sq. ft., while I-40 East/I-840 and the I-65 South Corridor saw 250,000 sq. ft. and 209,000 sq. ft. of leasing, respectively, and the Northeast / I-65N Corridor and East Clarksville recorded 44,000 sq. ft. and 20,000 sq. ft.

Figure 7: Leasing Activity by Submarket (% of Total Activity)



Source: CBRE Research, Q3 2026

Figure 6: Leasing Activity Trend



Source: CBRE Research, Q3 2026

Figure 8: Key Lease Transactions

Tenant	Sq. Ft. Leased	Transaction Type	Address	Submarket
CE Rental	150,000	New Lease	500 Skyline Blvd	CBD
Christie Lites Enterprises USA	141,000	Renewal	5554-5766 E Division St	I-40 East/I-840
Saunders Electric	110,000	New Lease	1975 Joe B Jackson Pkwy	Interchange City
Confidential Tenant	100,000	New Lease	825 Beechcroft Rd	I-65 South Corridor
Nascote Industries, Inc.	93,000	New Lease	835 Beechcroft Rd	I-65 South Corridor
Confidential Tenant	91,000	Renewal	1641-1701 Lebanon Pk Cir	CBD
Veho Tech	80,000	New Lease	501 Airpark Commerce Dr	CBD
Flooring Inc	59,000	New Lease	1224-1230 Heil Quaker Blvd	Interchange City

Source: CBRE Research, Q3 2026

Market Statistics by Product Type

Figure 9

Product Type	Net Rentable Area (SF)	Total Vacancy (%)	Total Availability (%)	Direct Availability (%)	Sublease Availability (%)	Avg. Direct Asking Rate (\$/SF NNN/yr)	Current Quarter Net Absorption (SF)	YTD Net Absorption (SF)	Deliveries (SF)	Under Construction (SF)
Distribution/Logistics	146.80M	8.2	11.7	10.9	0.8	9.96	507,000	2.37M	1.63M	5.13M
Manufacturing - General	78.94M	0.7	2.9	2.7	0.3	10.07	2.20M	2.61M	2.20M	-
R&D/Flex	11.38M	1.9	5.5	5.1	0.4	16.29	34,000	130,000	-	-
Other Industrial	2.12M	1.2	7.8	7.8	-	12.57	-	-	-	-
Total	239.25M	5.4	8.5	7.9	0.6	10.21	2.74M	5.11M	3.83M	5.13M

Source: CBRE Research, Q3 2026

Market Statistics by Size

Figure 10

Size Range	Net Rentable Area (SF)	Total Vacancy (%)	Total Availability (%)	Direct Availability (%)	Sublease Availability (%)	Avg. Direct Asking Rate (\$/SF NNN/yr)	Current Quarter Net Absorption (SF)	YTD Net Absorption (SF)	Deliveries (SF)	Under Construction (SF)
Below 50K SF	27.28M	1.2	3.4	3.0	0.4	15.21	59,000	187,000	-	15,000
50K-99,999 SF	24.75M	3.8	8.3	7.5	0.8	13.23	82,000	322,000	313,000	247,000
100K-249,999 SF	58.44M	7.1	11.6	10.9	0.7	11.37	490,000	1.43M	809,000	1.60M
250K-499,999 SF	41.34M	8.5	13.0	12.2	0.7	8.98	(91,000)	293,000	504,000	356,000
500K-749,999 SF	32.57M	5.3	6.7	5.3	1.4	7.99	-	679,000	-	2.91M
750,000 SF +	54.86M	4.1	5.5	5.5	-	7.36	2.20M	2.20M	2.20M	-
Total	239.25M	5.4	8.5	7.9	0.6	10.21	2.74M	5.11M	3.83M	5.13M

Source: CBRE Research, Q3 2026

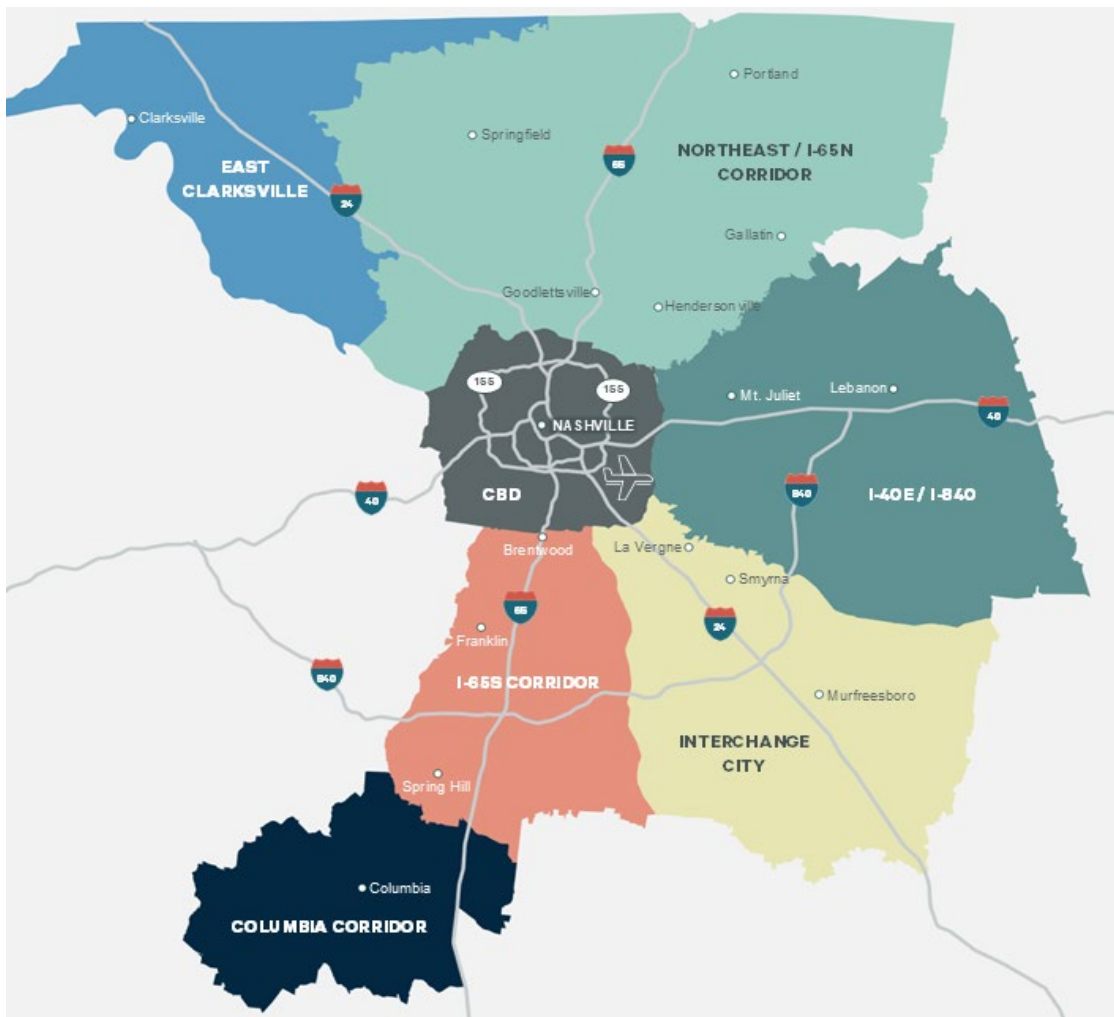
Market Statistics by Submarket

Figure 11

Submarket	Net Rentable Area (SF)	Total Vacancy (%)	Total Availability (%)	Direct Availability (%)	Sublease Availability (%)	Avg. Direct Asking Rate (\$/SF NNN/yr)	Current Quarter Net Absorption (SF)	YTD Net Absorption (SF)	Deliveries (SF)	Under Construction (SF)
CBD	63.37M	3.2	7.1	6.6	0.5	12.15	185,000	961,000	-	1.18M
Columbia Corridor	5.78M	4.5	10.1	10.0	0.0	8.99	-	21,000	-	-
East Clarksville	7.99M	2.9	4.6	3.4	1.1	9.84	2.20M	2.89M	2.20M	-
I-40 East/I-840	49.37M	11.2	12.5	11.7	0.7	8.49	17,000	584,000	457,000	3.45M
I-65 South Corridor	17.78M	3.4	3.8	3.1	0.7	10.36	209,000	204,000	-	-
Interchange City	60.27M	4.0	6.8	6.0	0.8	10.15	97,000	448,000	458,000	483,000
Northeast / I-65N Corridor	34.69M	5.3	11.4	11.1	0.3	10.91	36,000	(1,000)	712,000	15,000
Total	239.25M	5.4	8.5	7.9	0.6	10.21	2.74M	5.11M	3.83M	5.13M

Source: CBRE Research, Q3 2026

Market Area Overview



Definitions

Available Sq. Ft.: Space in a building, ready for occupancy within six months; can be occupied or vacant. Availability Rate: Total Available Sq. Ft. divided by the total building Area. Average Asking Lease Rate: A calculated average that includes net and gross lease rate, weighted by their corresponding available square footage. Building Area: The total floor area sq. ft. of the building, typically taken at the “drip line” of the building. Gross Activity: All sale and lease transactions completed within a specified time period. Excludes investment sale transactions. Gross Lease Rate: Rent typically includes real property taxes, building insurance, and major maintenance. Net Absorption: The change in Occupied Sq. Ft. from one period to the next. Net Lease Rate: Rent excludes one or more of the “net” costs (real property taxes, building insurance, and major maintenance) typically included in a Gross Lease Rate. Occupied Sq. Ft.: Building Area not considered vacant. Vacancy Rate: Total Vacant Sq. Ft. divided by the total Building Area. Vacant Sq. Ft.: Space that can be occupied within 30 days. Class A industrial are buildings built after 2000, with 32’ or greater clear height and ESFR sprinklers.

Survey Criteria

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

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