

FIGURES | NASHVILLE OFFICE | Q1 2026

Leasing Rebounds as Construction Pipeline Remains Constrained

▼ 18.2%

Vacancy Rate

▲ 128,249

SF Net Absorption

▶ 0

SF Construction Delivered

▶ 235,000

SF Under Construction

▲ \$38.24

FSG/YR Direct Asking Rate

▲ \$59.54

FSG/YR Prime Asking Rate

Note: Arrows indicate change from previous quarter.

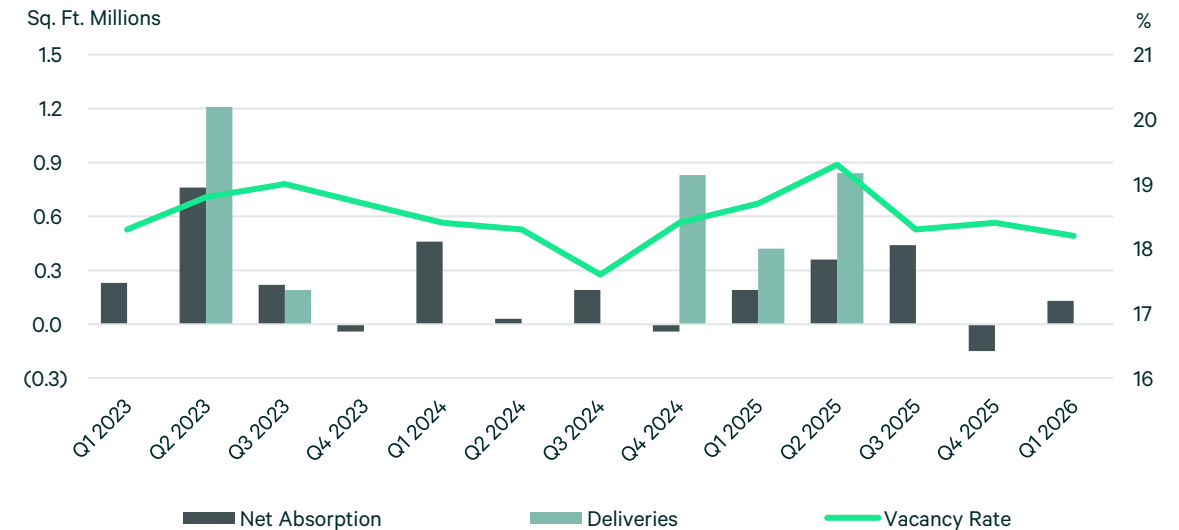
Market Overview

From Q1 2023 through Q1 2026, the Nashville office market absorbed 2.8 million sq. ft., while vacancy remained essentially flat, edging down from 18.3% to 18.2%. Over the same period, availability increased 2.5 percentage points to 25.3%, even as average asking rents rose 19.4% to \$38.24 per sq. ft., indicating that more space was being offered to the market despite stable vacancy and rising rents.

In Q1 2026, net absorption totaled 128,000 sq. ft., representing a 275,000 sq. ft. improvement from the prior quarter. Vacancy declined to 18.2%, while availability eased to 25.3%, and average asking rents increased to \$38.24 per sq. ft. Space under construction totaled 235,000 sq. ft., down sharply from a year earlier following 1.3 million sq. ft. of deliveries in 2025.

The current business cycle may be mature, but U.S. growth remains resilient despite rising risks. GDP growth is expected to average 2.1%, supported by the aggressive build-out of AI infrastructure, with major cloud providers' capital spending nearing 3% of GDP, though questions around the durability of this growth have contributed to market volatility. Geopolitical conflict and global energy prices remain key risks, and a sustained escalation or higher energy prices would place upward pressure on inflation and long-term interest rates, with implications for commercial real estate.

Figure 1: Historical Net Absorption, Deliveries, and Vacancy



Source: CBRE Research, Q1 2026

Vacancy

Total market vacancy declined to 18.2% in Q1 2026, reflecting modest quarter-over-quarter compression as positive absorption and limited new supply supported incremental stabilization. Vacancy improved across most property classes, led by Class A, which decreased 30 bps quarter-over-quarter to 20.6%, while Class B vacancy fell 10 bps to 16.5%, continuing its gradual downward trend. Class C remained the tightest segment at 7.1%, unchanged from the prior quarter and 10 bps lower than a year earlier.

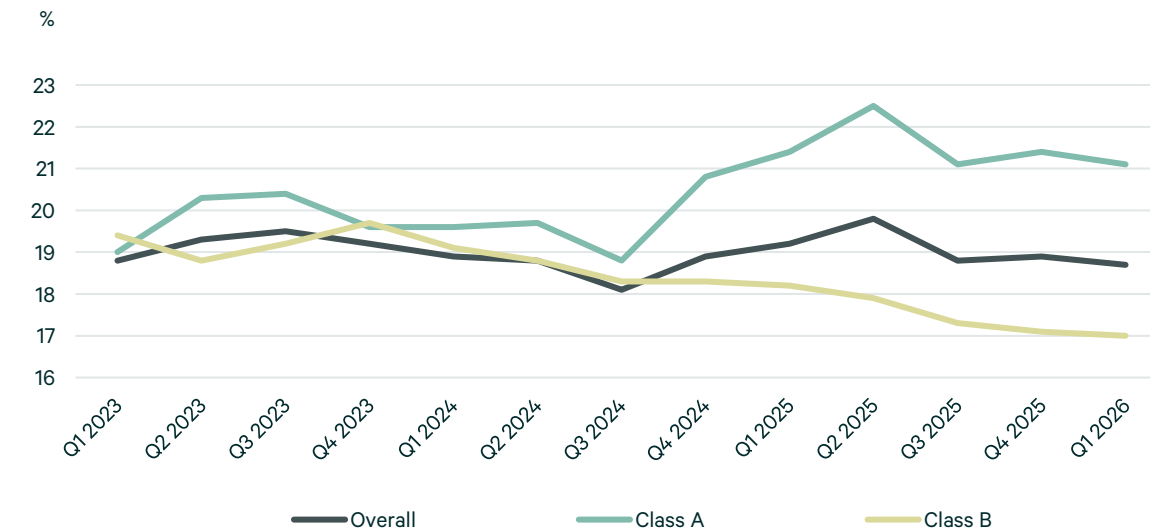
In major office submarkets, Downtown Class A total vacancy is 19.3%, while Cool Springs Class A total vacancy is 22.0%. By comparison, Green Hills / 21st Ave / Music Row exhibited much lower vacancy numbers, sitting at 10.2%. Sublease space totals 708,000 sq. ft. across the market, with the largest single concentration in Cool Springs Class A at 5.5% (368,000 sq. ft.), and additional Downtown Class B and Class A sublease blocks at 2.6% (80,000 sq. ft.) and 0.6% (61,000 sq. ft.), respectively.

Asking Rent

The overall average direct asking lease rate in Q1 2026 is \$38.24 per sq. ft., up 0.5% from Q4 2025 and 4.0% year-over-year. Class A office asking rents increased from \$43.62 to \$44.09 per sq. ft. quarter-over-quarter, a 1.1% gain, and are up 3.8% over Q1 2025, slightly trailing the overall market's 4.0% annual growth. Class B asking rents were essentially flat quarter-over-quarter at \$28.81 per sq. ft., down 0.1%, but are 3.2% higher than a year ago, while Class C rates dipped 0.5% quarter-over-quarter to \$24.91 per sq. ft. yet remain 3.5% above Q1 2025 levels.

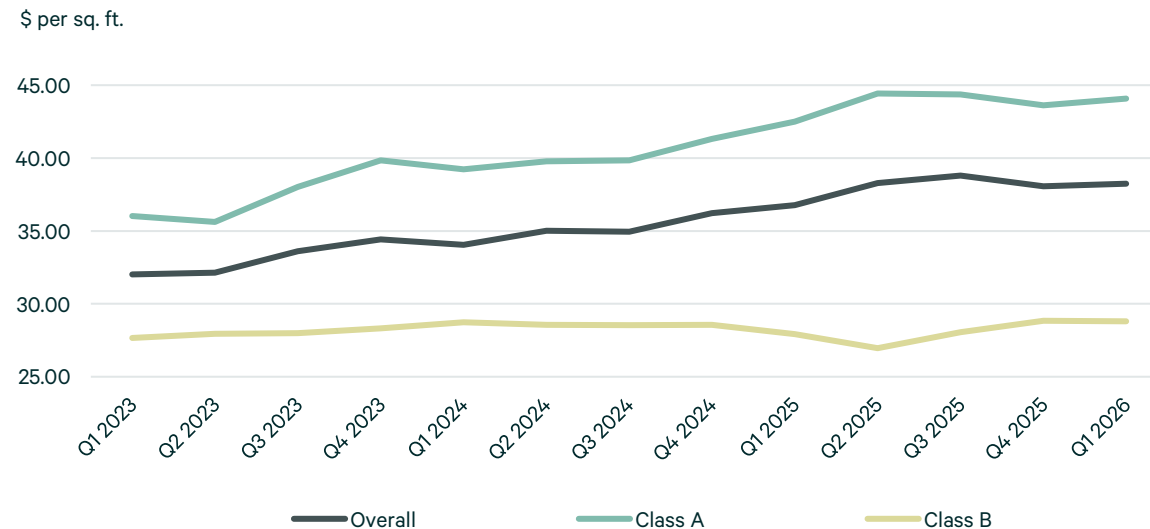
Pricing varied widely by submarket, underscoring the importance of location and building quality. Downtown recorded the highest average direct asking rent at \$45.62 per sq. ft., followed by West End / Belle Meade at \$43.30 per sq. ft. and Green Hills / 21st Ave / Music Row at \$42.61 per sq. ft., reflecting sustained demand for centrally located, amenity-rich environments. At the lower end, Airport North and Metrocenter posted average asking rents of \$27.53 and \$26.75 per sq. ft., respectively, highlighting the widening spread between core urban submarkets and more price-sensitive locations.

Figure 2: Vacancy Rates by Class



Source: CBRE Research, Q1 2026

Figure 3: Average Direct Asking Rate by Class



Source: CBRE Research, Q1 2026

Net Absorption

Net absorption totaled 128,000 sq. ft. in Q1 2026, reversing the negative absorption recorded in Q4 2025 and signaling improved leasing momentum entering the year. Class A properties accounted for 98,000 sq. ft. of absorption, while Class B contributed 31,000 sq. ft., reinforcing continued flight-to-quality trends as tenants prioritize newer, more efficient space. Overall absorption remains selective, with demand concentrated in specific submarkets and assets.

Cool Springs led the market with 99,000 sq. ft. of positive net absorption, followed by Airport South at 24,000 sq. ft., reflecting leasing activity within newer suburban and emerging urban inventory. West End / Belle Meade, Downtown, Brentwood, and Metrocenter each recorded modest gains, contributing to the market’s overall positive balance. Offsetting this growth, Airport North, Green Hills / 21st Ave / Music Row, and North Nashville posted minor contractions, indicative of localized tenant movement rather than broader demand softening.

Construction Activity

In Q1 2026, office construction totaled 235,000 sq. ft. under construction, all Class A, with no space delivering during the quarter. Under construction volume was flat quarter-over-quarter, matching Q4 2025 at 235,000 sq. ft., but declined 74.9% from 936,000 sq. ft. in Q1 2025, while deliveries fell from 422,000 sq. ft. a year earlier to zero. Over calendar 2025, 1.3 million sq. ft. delivered, bringing the pipeline down to 235,000 sq. ft. by year-end.

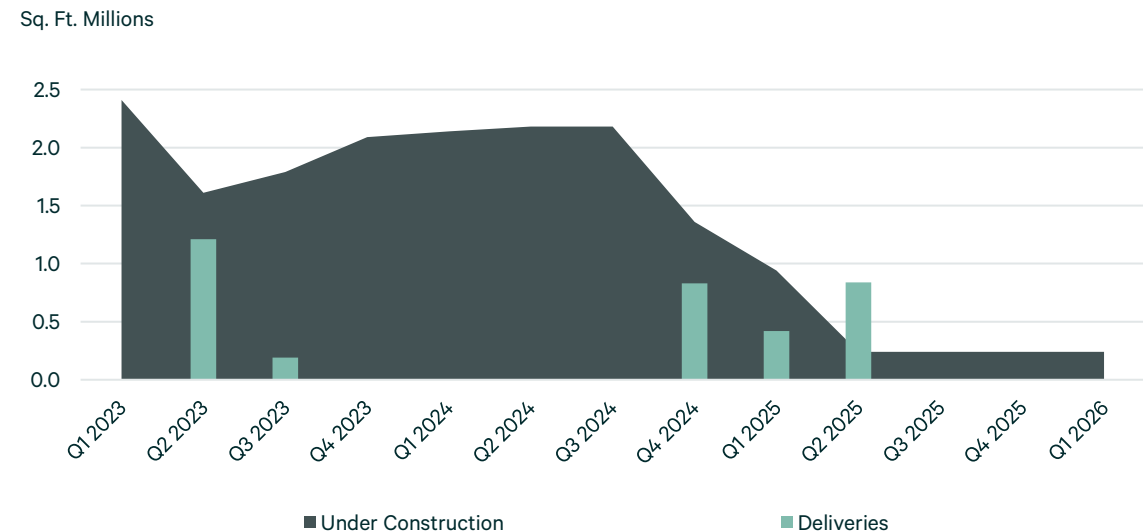
All active construction is concentrated in Airport South, which comprises the full 235,000 sq. ft. pipeline across three Class A projects that are 68.8% pre-leased. The largest project, 430 Chestnut, totals 140,000 sq. ft. and is 59.0% pre-leased to WME, alongside the fully pre-leased 44,000 sq. ft. 439 Humphreys Street building. The remaining 51,000 sq. ft. 507 Houston Street project is 69.0% committed, with estimated deliveries scheduled for Q3–Q4 2026. No other submarkets currently report office projects under construction.

Figure 4: Net Absorption Trend



Source: CBRE Research, Q1 2026

Figure 5: Construction Activity



Source: CBRE Research, Q1 2026

Leasing Activity

Leasing activity totaled 652,000 sq. ft. in Q1 2026, while volume over the last four quarters reached 3.4 million sq. ft. Quarterly leasing rose 51,000 sq. ft. or 8.4% from Q4 2025 and 147,000 sq. ft. or 28.9% from Q1 2025, and the rolling four-quarter total increased 147,000 sq. ft. or 4.5% quarter-over-quarter and 447,000 sq. ft. or 15.0% year-over-year. Class A assets accounted for approximately 2.5 million sq. ft., or 71.6% of trailing-year leasing activity, while Class B totaled roughly 932,000 sq. ft., representing 27.2% of volume.

Leasing was led by Downtown, which recorded 264,000 sq. ft. of activity during the quarter, representing more than half of total volume. Cool Springs followed with 145,000 sq. ft., while Brentwood, West End / Belle Meade, and Metrocenter also posted notable leasing totals, underscoring broad-based tenant engagement across the market.

Figure 6: Leasing Activity Trend



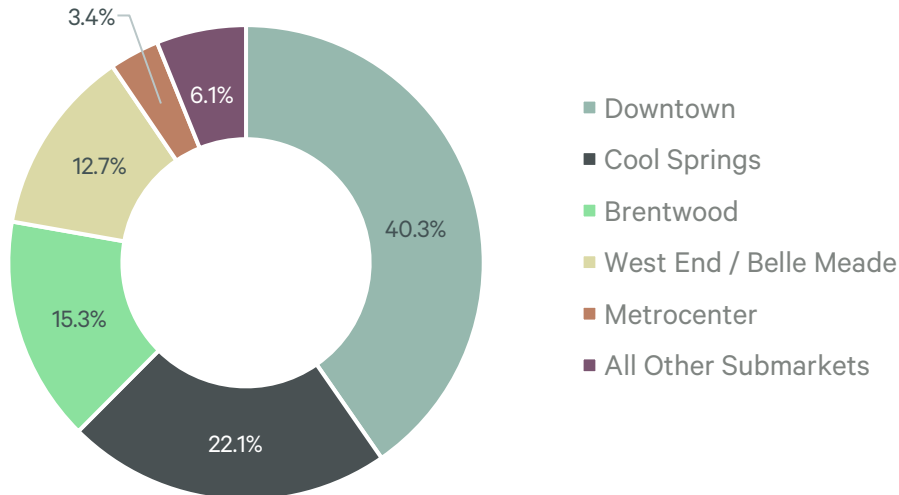
Source: CBRE Research, Q1 2026

Figure 8: Key Lease Transactions

Tenant	Sq. Ft. Leased	Transaction Type	Address	Submarket
Oracle	116,000	New Lease	1306 Adams St	Downtown
Confidential Tenant	52,000	New Lease	1600 W End Ave	West End / Belle Meade
Confidential Tenant	36,000	Renewal	150 3rd Ave S	Downtown
State of Tennessee	32,000	New Lease	3325 Perimeter Hill Dr	Airport South
360 Privacy	31,000	New Lease	330 7 Springs Way	Brentwood
Undisclosed Tenant	27,000	New Lease	801 Crescent Centre Dr	Cool Springs
Lucent Health Solutions	23,000	New Lease	333 Commerce St	Downtown
CareBridge	22,000	Renewal	501 Great Circle Rd	Metrocenter

Source: CBRE Research, Q1 2026

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



Source: CBRE Research, Q1 2026

Market Statistics

Figure 9: Metro Market Statistics by Class

Property Class	Net Rentable Area (MSF)	Total Vacancy (%)	Total Availability (%)	Direct Availability (%)	Sublease Availability (%)	Avg. Direct Asking Rate (\$/SF FSG/yr)	Current Quarter Net Absorption (SF)	YTD Net Absorption (SF)	Deliveries (SF)	Under Construction (SF)
Class A	27.52	20.6	27.4	24.4	3.0	44.09	98,000	98,000	-	235,000
Prime	7.41	25.1	24.7	23.9	0.8	59.54	(7,000)	(7,000)	-	-
Other Class A	20.11	18.9	28.3	24.6	3.7	38.27	105,000	105,000	-	235,000
Class B	17.93	16.4	24.4	20.1	4.3	28.81	31,000	31,000	-	-
Class C	3.15	7.1	13.1	12.9	0.2	24.91	-	-	-	-
Total	48.60	18.2	25.3	22.1	3.2	38.24	128,000	128,000	-	235,000

Figure 10: Urban Market Statistics by Class

Property Class	Net Rentable Area (MSF)	Total Vacancy (%)	Total Availability (%)	Direct Availability (%)	Sublease Availability (%)	Avg. Direct Asking Rate (\$/SF FSG/yr)	Current Quarter Net Absorption (SF)	YTD Net Absorption (SF)	Deliveries (SF)	Under Construction (SF)
Class A	10.55	19.3	27.6	26.3	1.3	50.14	9,000	9,000	-	-
Prime	5.04	20.2	21.0	20.3	0.7	62.80	-	-	-	-
Other Class A	5.51	18.5	33.6	31.8	1.8	42.74	9,000	9,000	-	-
Class B	3.09	24.2	35.1	28.6	6.5	32.52	(2,000)	(2,000)	-	-
Class C	0.68	4.9	16.3	16.3	-	28.55	-	-	-	-
Total	14.33	19.7	28.7	26.3	2.4	45.62	7,000	7,000	-	-

Figure 11: Suburban Market Statistics by Class

Property Class	Net Rentable Area (MSF)	Total Vacancy (%)	Total Availability (%)	Direct Availability (%)	Sublease Availability (%)	Avg. Direct Asking Rate (\$/SF FSG/yr)	Current Quarter Net Absorption (SF)	YTD Net Absorption (SF)	Deliveries (SF)	Under Construction (SF)
Class A	16.97	21.3	27.2	23.2	4.0	39.55	88,000	88,000	-	235,000
Prime	2.37	35.4	32.6	31.5	1.0	55.06	(7,000)	(7,000)	-	-
Other Class A	14.60	19.0	26.3	21.8	4.5	35.62	95,000	95,000	-	235,000
Class B	14.88	14.8	22.2	18.4	3.8	27.62	33,000	33,000	-	-
Class C	2.47	7.7	12.1	11.9	0.2	23.81	-	-	-	-
Total	34.32	17.5	24.0	20.3	3.7	34.11	121,000	121,000	-	235,000

Source: CBRE Research, Q1 2026

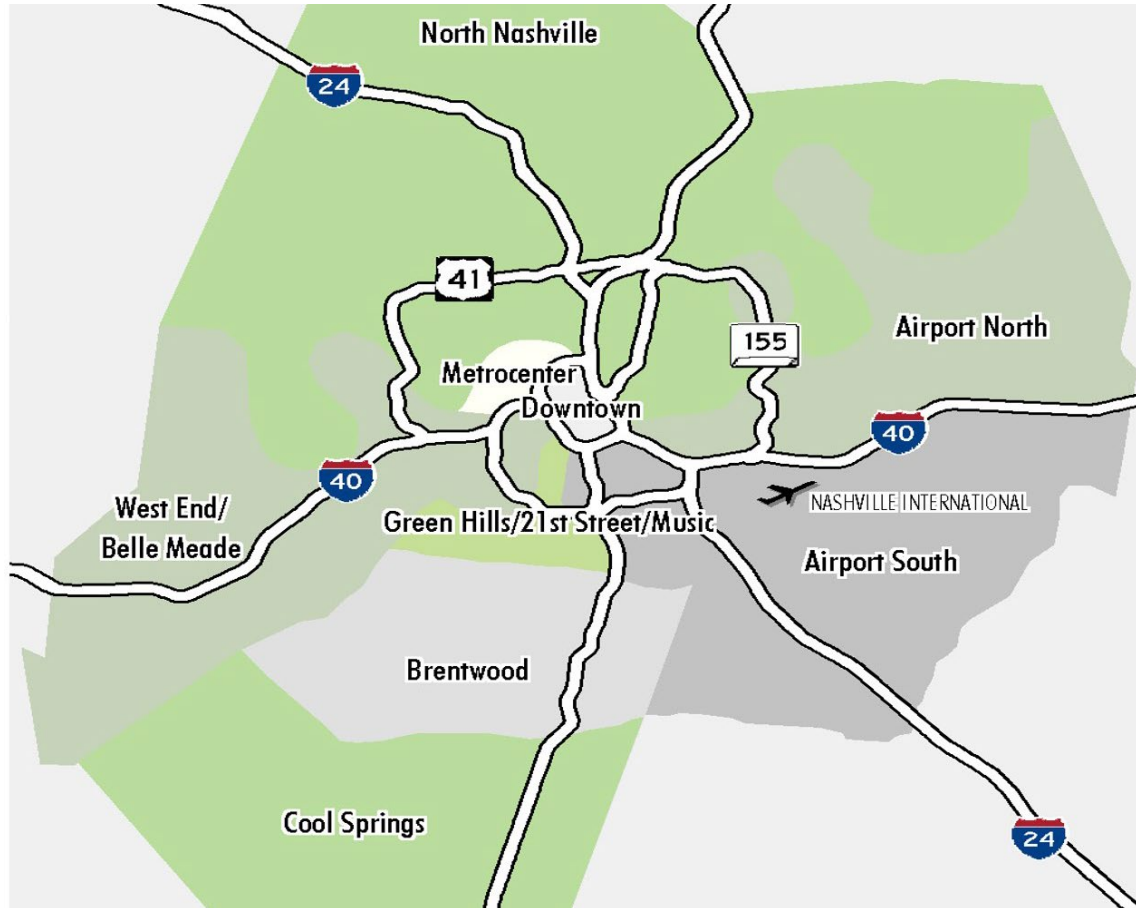
Market Statistics by Submarket

Figure 12

Submarket	Net Rentable Area (MSF)	Total Vacancy (%)	Total Availability (%)	Direct Availability (%)	Sublease Availability (%)	Avg. Direct Asking Rate (\$/SF FSG/yr)	Current Quarter Net Absorption (SF)	YTD Net Absorption (SF)	Deliveries (SF)	Under Construction (SF)
Airport North	3.68	12.4	26.3	23.2	3.1	27.53	(13,000)	(13,000)	-	-
Airport South	5.17	28.0	29.8	26.2	3.6	31.69	24,000	24,000	-	235,000
Brentwood	5.97	13.6	20.9	17.9	3.0	31.84	8,000	8,000	-	-
Cool Springs	8.45	21.5	29.1	22.9	6.3	35.37	99,000	99,000	-	-
Downtown	14.33	19.7	28.7	26.3	2.4	45.62	7,000	7,000	-	-
Green Hills / 21st Ave / Music Row	3.29	10.2	13.3	11.9	1.4	42.61	(10,000)	(10,000)	-	-
Metrocenter	1.98	13.2	25.3	19.8	5.5	26.75	6,000	6,000	-	-
North Nashville	0.90	3.5	7.5	5.7	1.8	28.45	(3,000)	(3,000)	-	-
West End / Belle Meade	4.89	17.6	20.3	18.9	1.5	43.30	12,000	12,000	-	-
Total	48.60	18.2	25.3	22.1	3.2	38.24	128,000	128,000	-	235,000

Source: CBRE Research, Q1 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.

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.

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