

FIGURES | NASHVILLE INDUSTRIAL | Q1 2026

# Market Fundamentals Ease Yet Remain Net Positive

▼ 4.4%  
Vacancy Rate

▼ 551,997  
SF Net Absorption

▼ 144,153  
SF Construction Delivered

▲ 8.8M  
SF Under Construction

▲ \$10.27  
NNN/YR Direct Lease Rate

Note: Arrows indicate change from previous quarter.

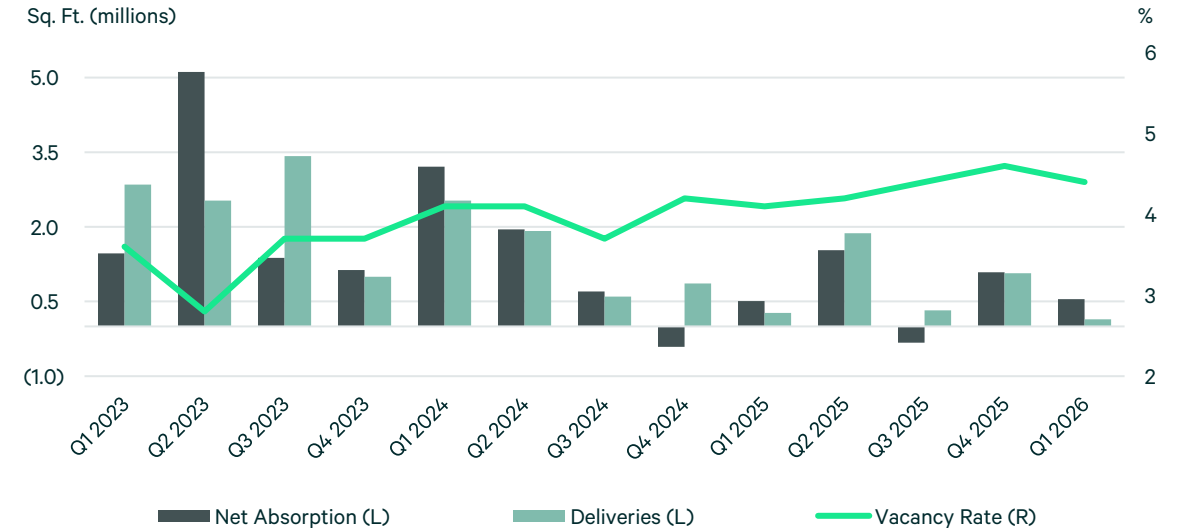
## Market Overview

The market in Q1 2026 continued to record steady demand alongside gradually loosening occupancy conditions. Net absorption totaled 552,000 sq. ft., up 8.4% year-over-year but down 49.5% from Q4 2025, reflecting a moderation in tenant expansion activity. Vacancy declined 20 basis points quarter-over-quarter to 4.4%, though it remained 30 basis points higher than one year earlier, while availability increased to 7.5%, rising 40 basis points over the quarter and 90 basis points year-over-year.

Rents and construction metrics continued to trend higher despite slower quarterly deliveries. Average asking rents increased 2.0% quarter-over-quarter and 6.0% year-over-year, with pricing now 31.5% above Q1 2023 levels. The construction pipeline expanded to 8.8 million sq. ft., rising 15.4% quarter-over-quarter and 11.3% year-over-year, even as deliveries slowed to 144,000 sq. ft., well below the 1.1 million sq. ft. delivered in Q4 2025 and 265,000 sq. ft. in Q1 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  
Sq. Ft. (millions)



Source: CBRE Research, Q1 2026

## Availability Rate

The market availability rate increased to 7.5% in Q1 2026, up from 7.1% in Q4 2025 and 6.6% one year earlier, continuing the gradual loosening trend observed over the past year. Although availability has risen meaningfully from 4.5% in Q1 2023, current levels reflect an increase relative to recent historical conditions. Direct space continues to account for the bulk of available inventory, while overall conditions remain historically healthy.

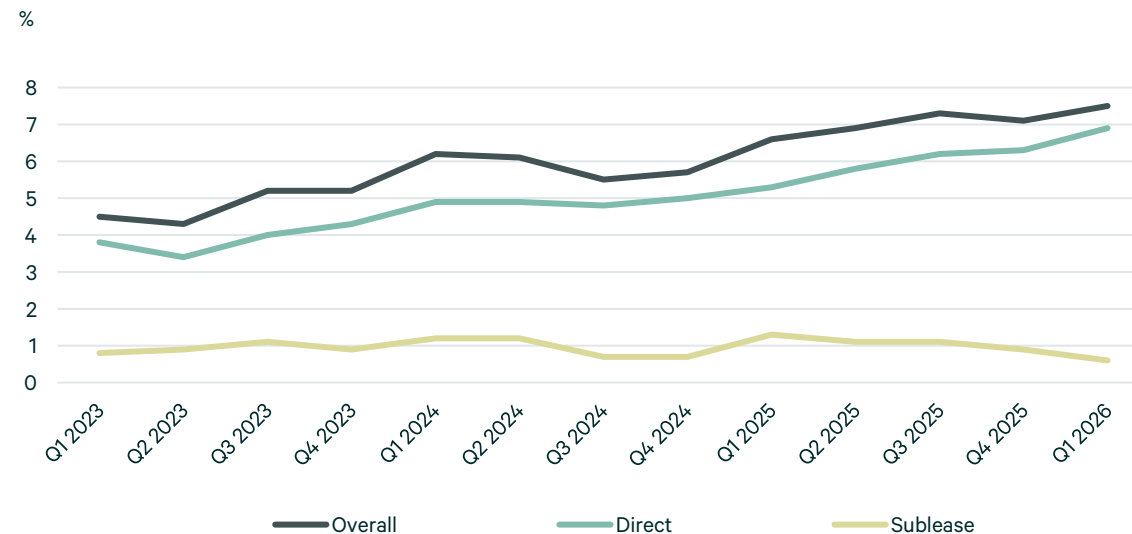
Sublease availability declined to 0.6% from 0.9% in Q4 2025, with total sublease space totaling 1.5 million sq. ft., signaling continued absorption of excess occupier-controlled space. Availability varied notably by submarket, with the I-65 South Corridor (4.5%) and East Clarksville (4.8%) remaining the tightest, while I-40 East/I-840 (11.7%) recorded the highest availability, reflecting its concentration of large-format distribution space.

## Asking Rent

Average asking rents rose to \$10.27 per sq. ft. in Q1 2026, posting a 2.0% quarter-over-quarter and 6.0% year-over-year increase. Despite rising availability, rent growth remained supported by continued demand for well-located, modern industrial product, keeping pricing resilient across most segments of the market.

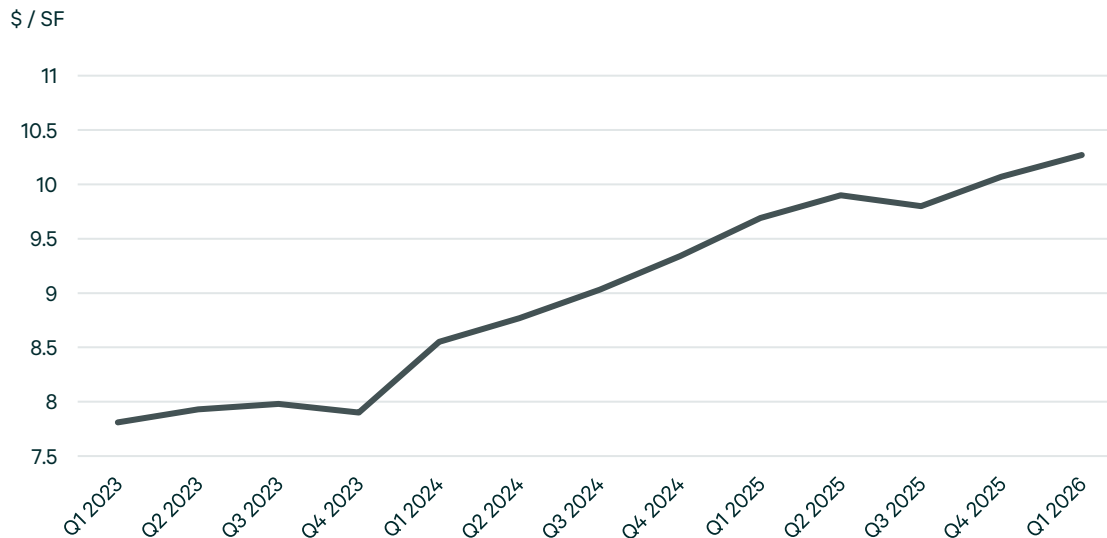
Rent levels continued to vary by submarket and building scale. The CBD reported the highest average asking rent at \$12.14 per sq. ft., followed by East Clarksville (\$10.66) and Interchange City (\$10.30), while bulk-oriented submarkets such as I-40 East/I-840 (\$8.64) trailed the market average. Smaller-format buildings and flex-oriented product commanded premium pricing, underscoring sustained tenant preference for infill locations and operational flexibility.

Figure 2: Availability Rates



Source: CBRE Research, Q1 2026

Figure 3: Average Direct Asking Rate



Source: CBRE Research, Q1 2026

## Net Absorption

The Nashville industrial market recorded 552,000 sq. ft. of positive net absorption in Q1 2026, modestly exceeding the 509,000 sq. ft. absorbed in Q1 2025, but down from 1.1 million sq. ft. in Q4 2025, reflecting a slower pace of tenant expansion compared with the prior quarter. The quarter represented an 8.4% year-over-year increase, though absorption trends have remained volatile over the past year, ranging from 3.2 million sq. ft. in Q1 2024 to negative 409,000 sq. ft. in Q4 2024.

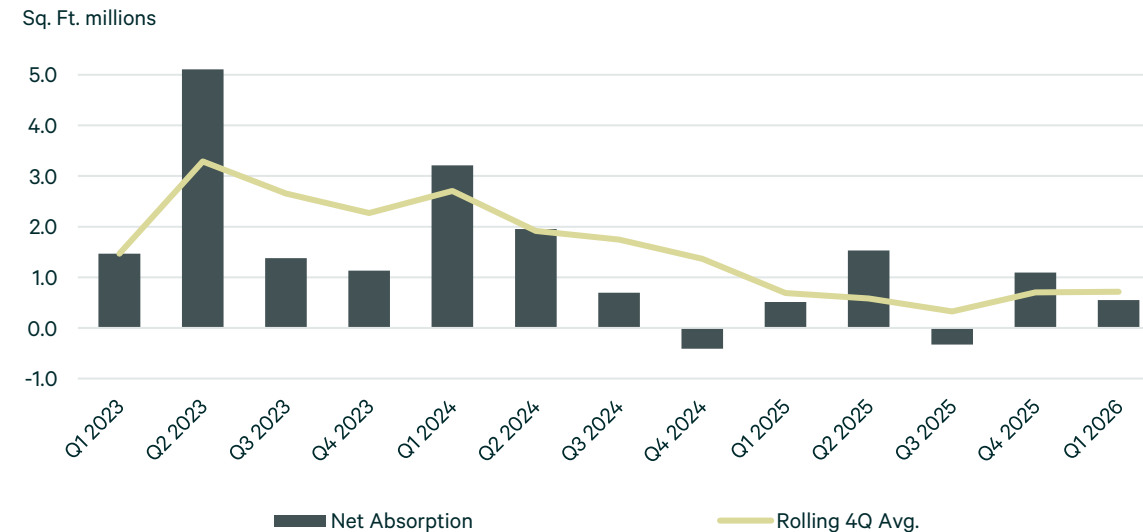
Leasing activity in Q1 2026 was concentrated in a limited number of submarkets, led by the CBD (258,000 sq. ft.) and I-40 East/I-840 (219,000 sq. ft.), which together accounted for the majority of quarterly gains. Interchange City, Columbia Corridor, and I-65 South Corridor each posted positive absorption, while East Clarksville (-74,000 sq. ft.) and the Northeast / I-65N Corridor (-57,000 sq. ft.) recorded net move-outs, highlighting continued divergence in submarket performance.

## Construction Activity

New construction deliveries totaled 144,000 sq. ft. in Q1 2026, all of which was delivered by Northside Logistics Park Building 1 (159 Molly Walton Dr). This marked a significant slowdown from 1.1 million sq. ft. delivered in Q4 2025 and 265,000 sq. ft. in Q1 2025, as several large projects pushed delivery timelines later into the year. In contrast, the overall construction pipeline expanded to 8.8 million sq. ft., increasing 15.4% quarter-over-quarter and 11.3% year-over-year, reflecting continued confidence in long-term industrial demand fundamentals.

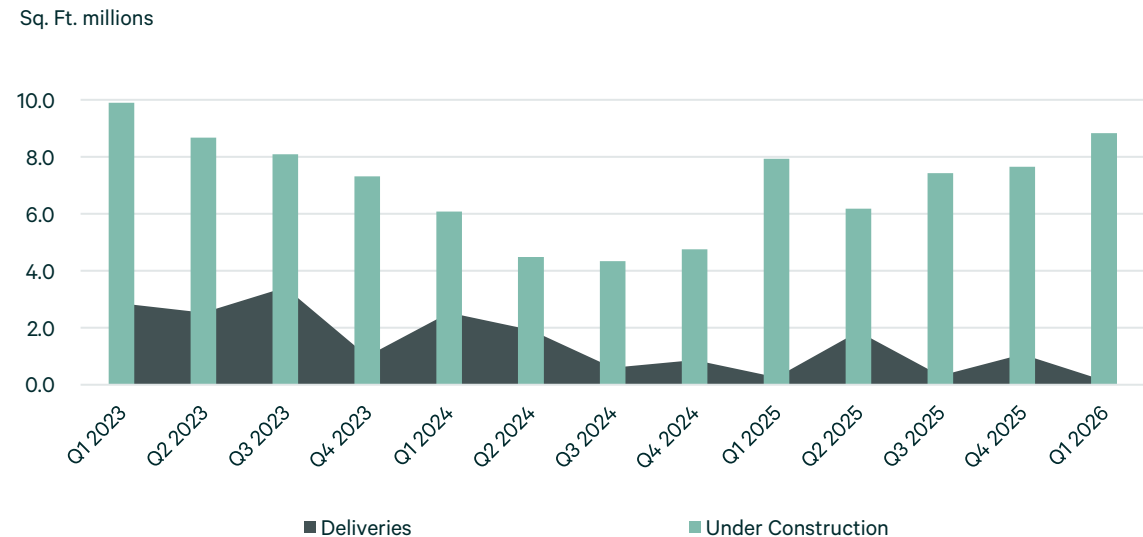
Construction activity remains highly concentrated by geography and project scale. East Clarksville and I-40 East/I-840 account for the majority of space under construction, led by several large-format developments. The largest project underway is the 2.2 million sq. ft. Hankook Tire Plant Expansion in East Clarksville, which is scheduled to deliver in Q3 2026, while multiple speculative bulk facilities in the I-40 East/I-840 corridor continue to shape near-term supply dynamics.

Figure 4: Net Absorption Trend



Source: CBRE Research, Q1 2026

Figure 5: Construction Activity



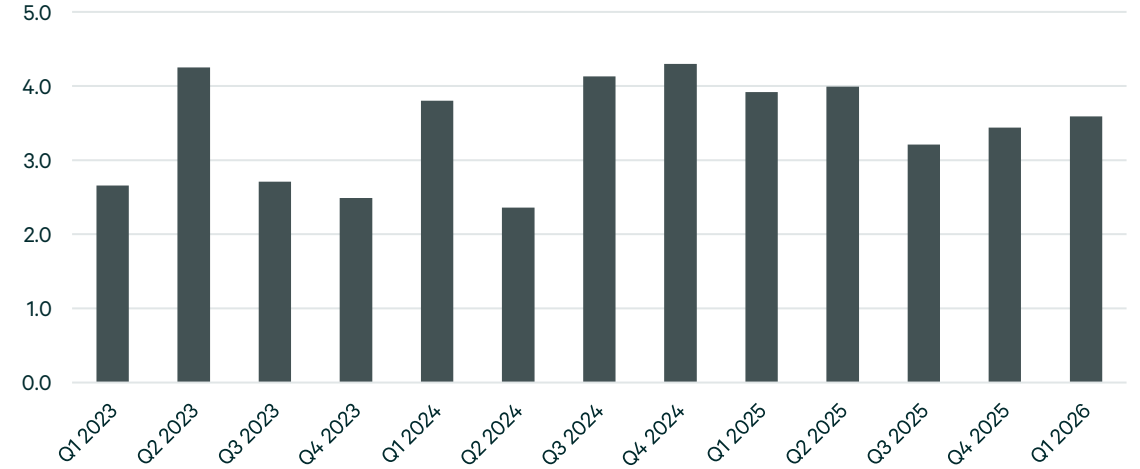
Source: CBRE Research, Q1 2026

## Leasing Activity

Leasing activity totaled 3.6 million sq. ft. in Q1 2026, increasing 4.4% quarter-over-quarter but declining 8.4% year-over-year, as tenant decision-making remained deliberate amid evolving market conditions. While activity moderated from the Q4 2024 peak of 4.3 million sq. ft., leasing volume remained meaningfully higher than historical norms, with cumulative leasing reaching 44.9 million sq. ft. since Q1 2023, reflecting sustained occupier engagement despite increased market optionality.

Leasing activity was heavily concentrated in select submarkets, led by I-40 East/I-840, which accounted for 2.0 million sq. ft., followed by Interchange City (476,000 sq. ft.) and the CBD (427,000 sq. ft.). Additional positive leasing was recorded across the Northeast / I-65N Corridor, East Clarksville, Columbia Corridor, and I-65 South Corridor, underscoring broad-based, though uneven, demand across the market.

Figure 6: Leasing Activity Trend  
Sq. Ft. millions



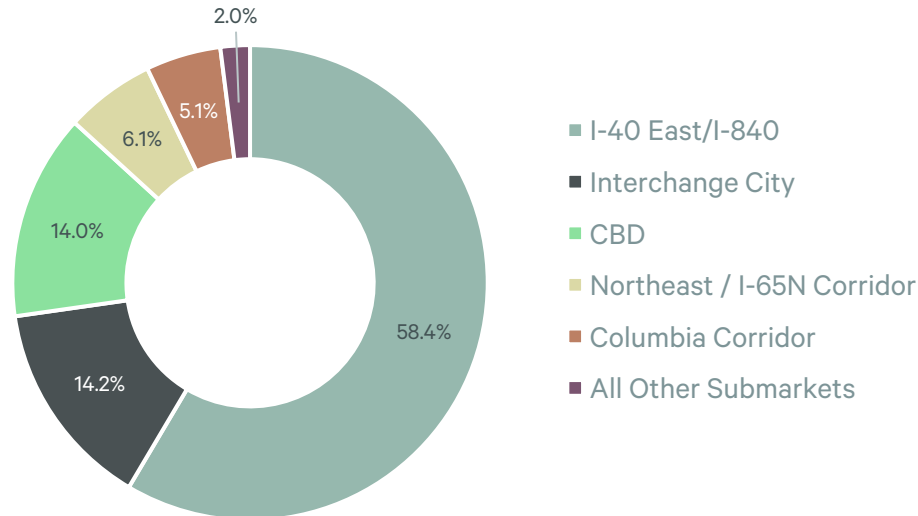
Source: CBRE Research, Q1 2026

Figure 8: Key Lease Transactions

Tenant	Sq. Ft. Leased	Transaction Type	Address	Submarket
Confidential Tenant	680,000	Renewal	1009 Hixson Blvd	I-40 East/I-840
FedEx Supply Chain	379,000	Renewal	1485 Couchville Pk	I-40 East/I-840
Crane Capital Group	166,000	New Lease	549 Aldi Blvd	I-40 East/I-840
BidFTA	100,000	Renewal	455 Industrial Blvd	Interchange City
UPS General Services	96,000	Renewal	700-726 Melrose Ave	CBD
Undisclosed Tenant	87,000	New Lease	191 Charter Pl	Interchange City
Undisclosed Tenant	75,000	New Lease	1035 Fred White Blvd	Northeast / I-65N Corridor
Something Inked	72,000	Sublease	1501 Corporate Place Building 2	Interchange City

Source: CBRE Research, Q1 2026

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



Source: CBRE Research, Q1 2026

## Market Statistics by Size

Figure 9

Size Range	Net Rentable Area (MSF)	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 (MSF)
Under 100,000 sq. ft.	53.68	2.3	4.8	4.1	0.7	14.07	286,000	286,000	-	0.51
100,000-199,999 sq. ft.	45.03	5.3	9.6	8.6	1.0	11.32	129,000	129,000	144,000	0.80
200,000-299,999 sq. ft.	26.90	6.8	10.1	9.6	0.5	11.40	60,000	60,000	-	0.92
300,000-499,999 sq. ft.	29.31	9.2	14.4	13.8	0.6	8.17	77,000	77,000	-	0.85
500,000-749,999 sq. ft.	34.28	3.7	9.1	8.2	0.9	7.89	-	-	-	2.40
750,000+ sq. ft.	50.41	2.2	2.2	2.2	-	7.46	-	-	-	3.35
<b>Total</b>	<b>239.61</b>	<b>4.4</b>	<b>7.5</b>	<b>6.9</b>	<b>0.6</b>	<b>10.27</b>	<b>552,000</b>	<b>552,000</b>	<b>144,000</b>	<b>8.83</b>

Source: CBRE Research, Q1 2026

## Market Statistics by Product Type

Figure 10

Product Type	Net Rentable Area (MSF)	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 (MSF)
Distribution/Logistics	147.48	6.2	9.9	9.1	0.8	9.96	485,000	485,000	144,000	6.13
Manufacturing - General	78.00	1.2	3.3	2.9	0.4	10.49	17,000	17,000	-	2.70
R&D/Flex	11.56	2.8	5.9	5.6	0.3	14.73	50,000	50,000	-	-
Other Industrial	2.57	1.0	6.5	6.5	-	12.21	-	-	-	-
<b>Total</b>	<b>239.61</b>	<b>4.4</b>	<b>7.5</b>	<b>6.9</b>	<b>0.6</b>	<b>10.27</b>	<b>552,000</b>	<b>552,000</b>	<b>144,000</b>	<b>8.83</b>

Source: CBRE Research, Q1 2026

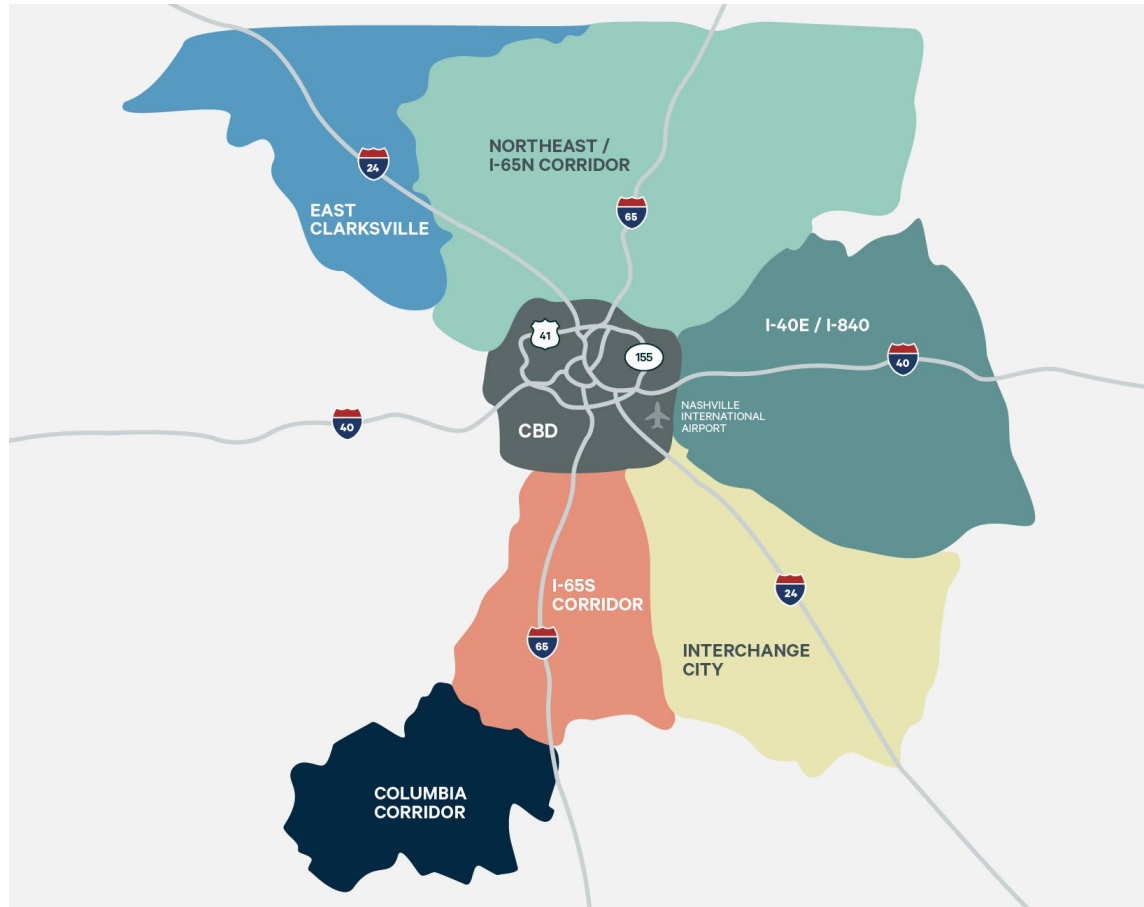
## Market Statistics by Submarket

Figure 11

Submarket	Net Rentable Area (MSF)	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 (MSF)
CBD	66.38	3.8	7.3	6.8	0.5	12.14	258,000	258,000	-	0.39
Columbia Corridor	5.78	4.6	10.3	10.3	-	10.18	19,000	19,000	-	-
East Clarksville	4.92	3.0	4.8	3.0	1.8	10.66	(74,000)	(74,000)	-	2.67
I-40 East/I-840	48.22	7.9	11.7	10.9	0.8	8.64	219,000	219,000	-	3.91
I-65 South Corridor	18.58	4.1	4.5	3.1	1.4	10.05	12,000	12,000	-	-
Interchange City	60.78	3.0	6.3	5.7	0.6	10.30	176,000	176,000	-	0.64
Northeast / I-65N Corridor	34.95	3.3	5.8	5.7	0.1	9.48	(57,000)	(57,000)	144,000	1.22
<b>Total</b>	<b>239.61</b>	<b>4.4</b>	<b>7.5</b>	<b>6.9</b>	<b>0.6</b>	<b>10.27</b>	<b>552,000</b>	<b>552,000</b>	<b>144,000</b>	<b>8.83</b>

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. 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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