

Nashville

Office market snapshot | Q3 2024

Recognized by the Urban Land Institute as the top city for real estate and investment activity for a third year in a row, Nashville has been a major growth market in the Southeast for years. As the office market repositions, finding its balance between hybrid working, flight to quality and smaller average lease sizes, Nashville continues to show signs of strength moving into the last few months of 2024.

2.2 msf

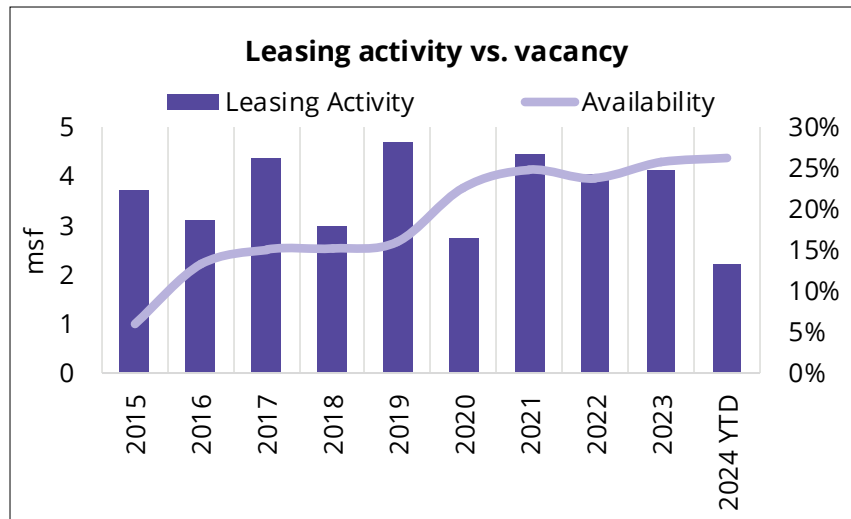
The market remains active despite slowing leasing activity year-to-date. Space upgrades and building amenities remain high on tenants' wish lists.

1.5 msf

While ground breakings have substantially slowed, a large amount of office space will deliver by year-end, currently 32% preleased.

\$207 psf

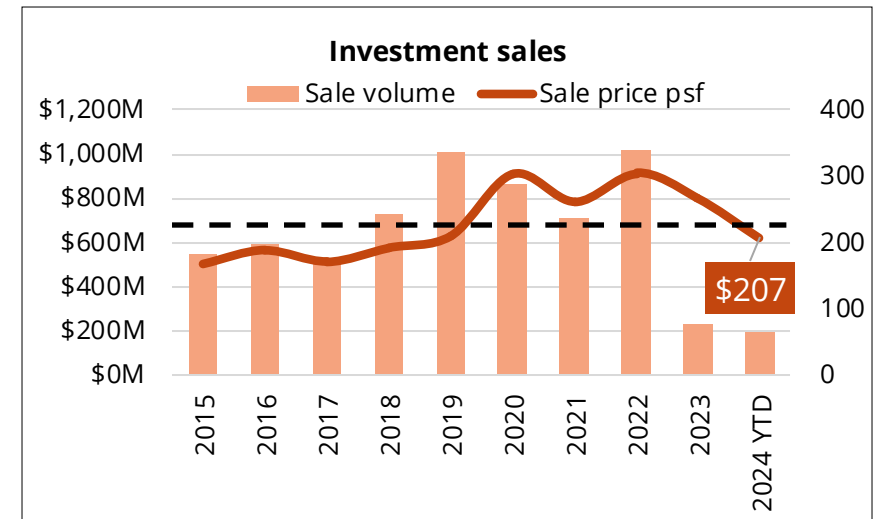
Psf pricing continues to fall but can be viewed as a correction in value after record low interest rates spurred an overheated investment market.



Sluggish leasing activity year-to-date cannot keep up with mounting availability in the market. However, demand is healthy with numerous new-to-market tenants- collectively requiring over 800,000-sf of office space- actively looking at Nashville.

Note: Leasing activity includes relocations, renewals, expansions and subleases.

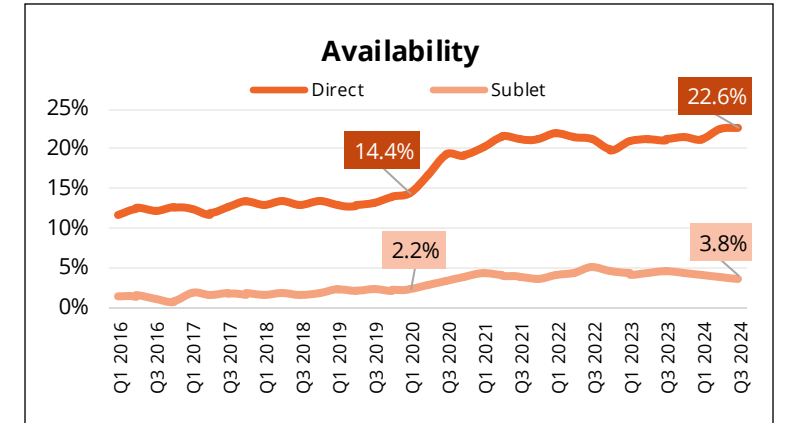
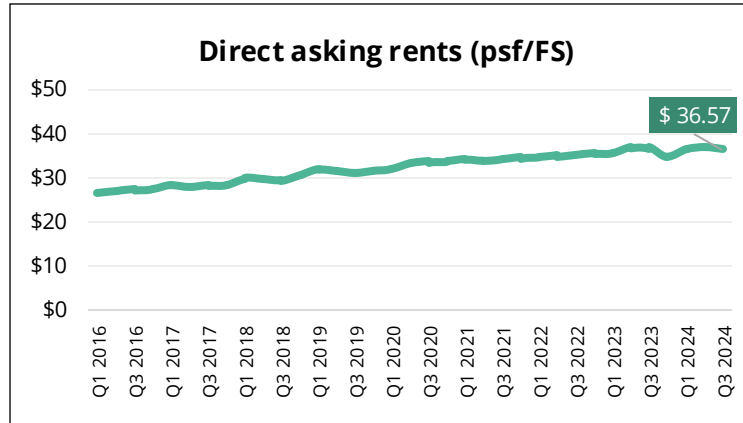
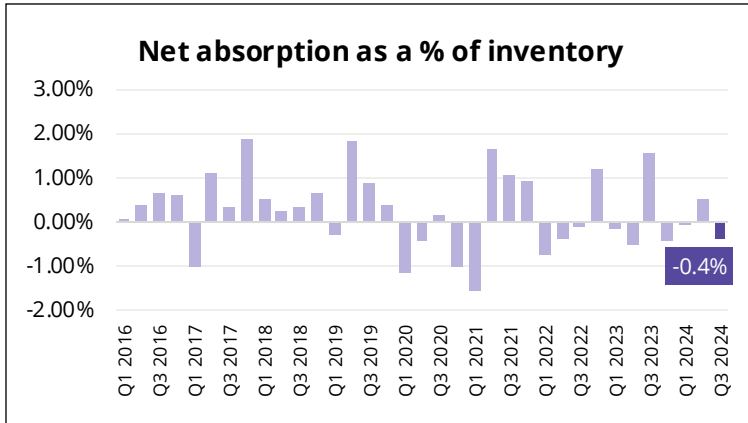
Source: AVANT by Avison Young, CoStar



Nashville's office investment sales reached over \$188 million year-to-date. Sales volume has dropped drastically, causing asset pricing to fall below the 10-year average of \$227 psf.

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A quick note on absorption

Delays on a few large move-ins and Asurion moving out of 100,000 sf in its Downtown headquarter location caused absorption to trend negative during the third quarter. Numerous large lease commencements in the coming months are expected to bring up year-end absorption totals.

A quick note on asking rents

Office asking rents remain stable even as large availability persists throughout the market. Trophy asking rents continue to climb reaching nearly \$60 psf, a 5% increase year-over-year. As trophy and class A space remain dominant in leasing trends, future rent growth is expected.

A quick note on availability

Large Downtown moveouts by Asurion and WeWork have offset the brief pause on construction deliveries so far this year. Office availability rose 80 basis points year-over-year, ending the quarter at 26.4%. With 1.5 msf projected to deliver by year-end, that number is expected to rise.

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Get in touch

Brennan Forster
Senior Insight Analyst
brennan.forster@avisonyoung.com

Lisa Maki
Managing Director, Principal
lisa.maki@avisonyoung.com

	Existing inventory sf	Deliveries sf (YTD)	Under development sf	Direct availability	Sublet availability	Total availability	Net absorption (QTD)	Net absorption % of inventory (YTD)	Annual direct asking rent psf FS
Airport North	4,112,981	0	0	21.3%	4.2%	25.5%	(2,842)	0.5%	\$27.60
Airport South	3,116,186	0	0	25.2%	4.2%	29.4%	(60,896)	1.3%	\$24.38
Brentwood	6,423,802	0	0	16.0%	3.2%	19.2%	(47,725)	(1.9%)	\$31.47
CBD	13,906,204	0	1,275,793	27.5%	2.9%	30.4%	(128,764)	(0.9%)	\$44.77
Cool Springs	7,986,928	0	268,021	22.7%	8.1%	30.8%	43,528	(0.5%)	\$32.77
Green Hills/ Berry Hill	3,775,811	0	0	18.3%	2.7%	21.0%	(10,890)	0.7%	\$33.42
MetroCenter	1,648,470	0	0	26.3%	6.4%	32.7%	(11,891)	5.3%	\$29.27
Midtown	5,650,756	0	543,013	22.2%	1.1%	23.3%	703	2.4%	\$48.56
North Nashville	1,209,129	0	0	4.3%	0.0%	4.3%	30,856	3.5%	\$27.36
Market total	47,830,267	0	2,086,827	22.6%	3.8%	26.4%	(187,921)	0.1%	\$36.57

	Existing inventory sf	Deliveries sf (YTD)	Under development sf	Direct availability	Sublet availability	Total availability	Net absorption (QTD)	Net absorption % of inventory (YTD)	Annual direct asking rent psf FS
Trophy	5,604,217	0	1,542,072	28.2%	2.7%	30.9%	(4,201)	2.2%	\$59.70
Class A	20,920,650	0	544,755	24.2%	4.5%	28.7%	(17,962)	0.0%	\$36.94
Class B	17,401,797	0	0	20.1%	4.3%	24.4%	(164,727)	(0.4%)	\$30.71
Class C	3,903,603	0	0	14.6%	0.2%	14.8%	(1,031)	0.2%	\$23.61
Market total	47,830,267	0	2,086,827	22.6%	3.8%	26.4%	(187,921)	0.1%	\$36.57