



Research & Forecast Report

Nashville Office

Q4 2024



Key Takeaways

- Nashville's office market absorption totaled positive 189,059 square feet in Q4 2024, bringing the total 2024 absorption to 1,076,788 square feet.
- Leasing volume reached nearly 520,000 square feet in Q4 2024, with deal size averaging 6,300 square feet. Total leasing for 2024 topped 2.7M square feet.
- Nashville currently has 1.3M square feet under construction, following 820,700 square feet in new supply in 2024.
- Overall vacancy has hovered between 16% and 18% for the past 12 months, with Q4 ending at 18.0%.



Nashville's Office Market Ends 2024 on Multiple High Notes

According to *Oxford Economics*, Nashville experienced moderate job gains in 2024 with a rate of 0.9%. Though decelerated from the 2023 pace of 3.2%, job growth is forecasted to be 1.3% in 2025 and average an annual growth of 0.8% from 2026 through 2029. Nashville's tech sector is also expected to grow 1.1% on average between 2025 and 2029. Of note, GDP is projected to grow annually by 2.9% during this time frame and will be led by the real estate, professional services, and ambulatory healthcare industries. Nashville's office market posted 1.3M square feet in move-ins in 2024, returning to its pre-pandemic annual average absorption of about a million square feet, and second consecutive year of absorption exceeding 1M square feet. Despite the elevated absorption, vacancy reached 18% due to new construction and additional sublease space coming online at the end of 2024. However, new supply volume in the next few years is limited compared to the previous 5 years, based on current office demand. Class A+ space and creative office continue to be a huge draw for tenants that are looking to relocate and right-size their current space.

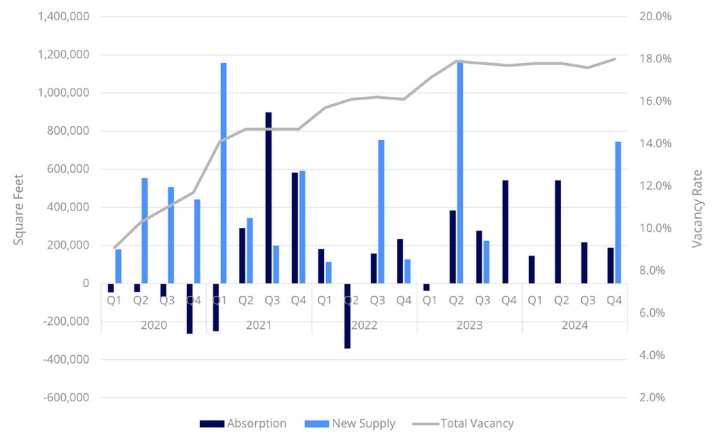
Market Indicators



Historic Comparison

	24Q2	24Q3	24Q4
Total Inventory (in Millions of SF)	56.4	56.4	57.1
New Supply (in Thousands of SF)	0	0	744K
Net Absorption (in Thousands of SF)	512.0	201.0	189.0
Overall Vacancy	17.7%	17.6%	18.0%
Under Construction (in Thousands of SF)	2,037.3	2,093.2	1,348.5
Overall Asking Lease Rates (FSG)	\$34.07	\$35.52	\$36.12

Absorption, New Supply & Vacancy



Nashville's office market concluded Q4 2024 with absorption nearing 190,000 square feet, while overall vacancy increased due to the addition of 820,700 square feet of new supply.

Recent Transactions

 Lease Gulch Crossing Urban 36,318 SF	 Lease NY Pinnacle Tower Urban 30,718 SF	 Lease 3040 Sidco Drive Suburban 29,000 SF	 Sale Mallory Green Suburban \$49.5M	 Sale Philips Urban \$17.0M	 Sale Parkway Towers Urban \$14.5M
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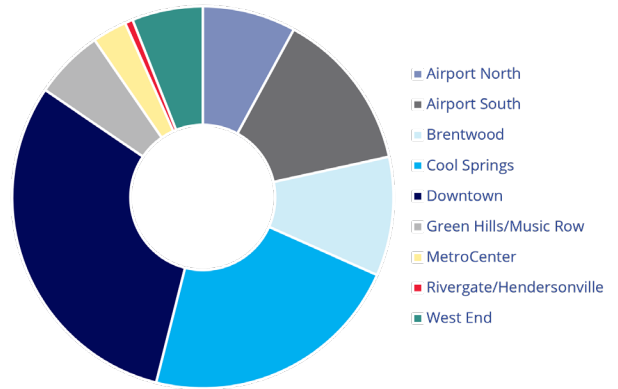
Availability + Demand

The final quarter of 2024 showed minimal gains for Nashville's office market, with 189,059 square feet absorbed in Q4, bringing the 2024 total to 1,076,788 square feet. This is the second consecutive year of absorption exceeding 1M square feet, tracking with pre-pandemic norms.

Despite the positive absorption in Q4, the delivery of 820,700 square feet and additional sublease space that came onto the market resulted in a slight uptick in vacancy. Overall vacancy stands at 18.0% at year-end 2024, an increase of 0.3% over Q3 2024. Sublease availability is tracking at 3.8%, with the vast majority located in Class A product in the suburban submarkets.

Overall availability stands at 23.1%, with much of this availability located in the Downtown (31.9%) and Airport South (36.4%) submarkets.

Total Vacant Space by Submarket



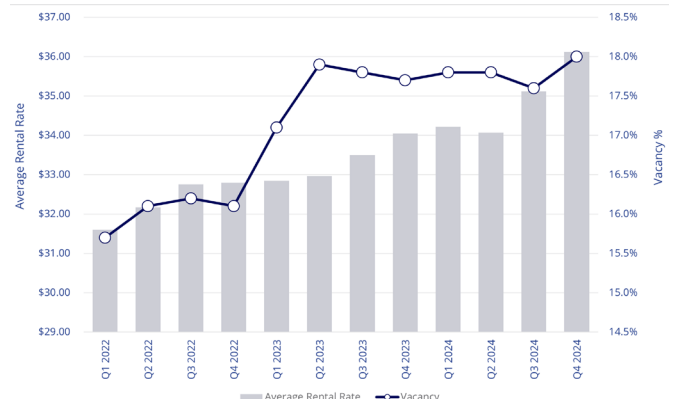
Source: Colliers

Rental Rates

Overall rental rates in Nashville increased 6% year-over-year to \$36.12 per square foot at the end of the fourth quarter, as the demand for trophy assets continued to push overall rates beyond previous records. In Q4, the addition of new Class A+ office resulted in the uptick of 2.8% in the market-wide rental rate over Q3. Gross rates are averaging \$58.27 per square foot in this product, asking a 30% premium in asking rates compared to existing Class A product in some submarkets.

Average sublease rates continue to track between \$28.00 and \$30.00, ending Q4 at \$29.53, full service gross.

Historical Rent and Vacancy



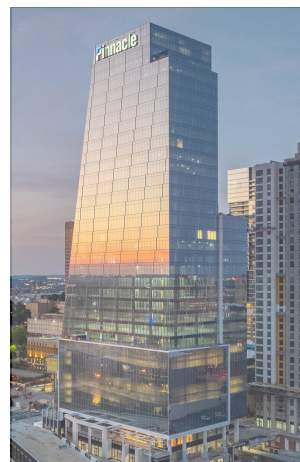
Office Development + Investment

Nashville's office market experienced a wave of new construction this year, with 820,700 square feet added to the inventory. The largest delivery of 2024 and now largest tower in Nashville, Southwest Value Partners' Nashville Yards Pinnacle Tower (670,000 SF) joined the Nashville skyline in Q4. At 70% leased, the building will be occupied by multiple Nashville firms including Bass Berry Sims and Pinnacle Bank, among others.

Office investment volume improved moderately in 2024, with volume increasing by 17.5% year-over-year, ending Q4 at \$467M for the year. Simultaneously, pricing has declined, as multiple office buildings have sold at major discounts based on original purchase. The sale of Parkway Towers and Court Square represent an 85% and 63% price drop, and Philips Plaza sold at a \$94M loss, all in the fourth quarter.

New Construction

Nashville Yards Pinnacle Tower + Creative Office



Leasing Activity

Office

Property	Tenant	Lease Type	SF	Submarket
Gulch Crossing	Raymond James	Renewal	36,318	Downtown
Nashville Yards Pinnacle Tower	Industrious	New	30,718	Downtown
3040 Sidco Drive	The Putting Zone	New	29,000	Airport South
One Franklin Park	Eco-Energy LLC	Renewal	28,223	Cool Springs
Six Corporate Centre	Designed Conveyor Systems	Renewal	17,067	Cool Springs
2222 Rosa L Parks Boulevard	Brown & Caldwell	New	14,140	MetroCenter

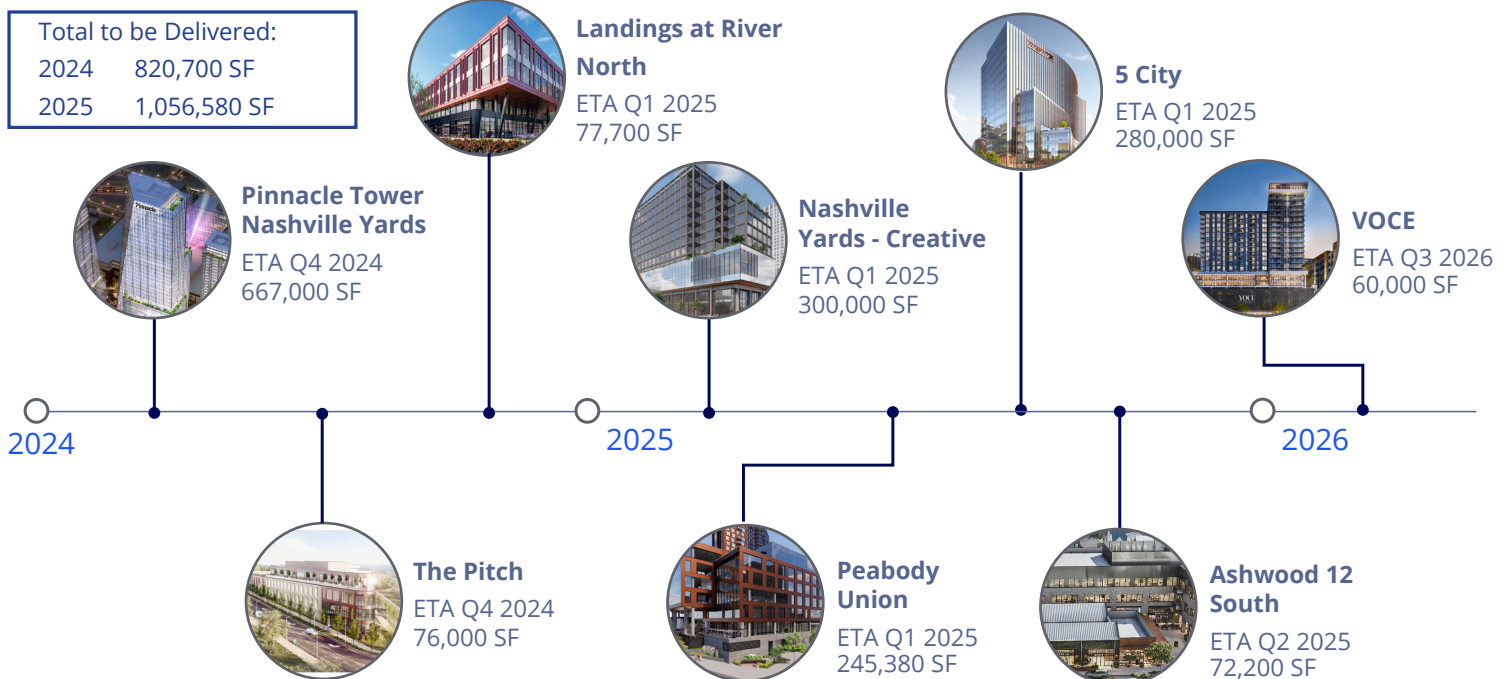
Recent Investment Activity

Office

Property	SF	Price	Price/SF	Submarket
Mallory Green	178,000	\$49,500,000	\$278	Cool Springs
Philips Plaza	435,525	\$17,000,000	\$39	Downtown
Parkway Towers	203,371	\$14,550,000	\$72	Cool Springs
Cool Springs Professional Plaza	47,262	\$12,750,000	\$270	Cool Springs
313 E Main St	18,797	\$3,700,000	\$197	Rivergate/Hendersonville
300 James Robertson Parkway	22,343	\$2,500,000	\$112	Downtown

Office Development

Office Construction (+60k SF)





Submarket/ Class	Total Inventory SF	Direct Availability Rate	Sublease Availability Rate	Availability Rate	Vacancy Rate	Vacancy Rate Previous	Net Absorption Q3	Net Absorption 2024	Under Construction	Deliveries YTD	Avg Direct Asking Rate (FSG)
Downtown											
A	11,733,086	27.2%	4.7%	31.9%	22.9%	22.5%	-45,197	126,118	545,380	744,700	\$50.05
B	2,846,877	21.5%	3.2%	24.7%	17.0%	16.1%	-24,454	24,126	0	0	\$34.79
C	1,396,072	9.1%	0.0%	9.1%	8.9%	8.5%	-5,100	-18,706	0	0	\$29.16
TOTAL	15,976,035	22.8%	3.9%	26.7%	19.7%	19.2%	-74,751	131,538	545,380	744,700	\$37.08
Suburban											
A	18,471,251	19.6%	4.8%	24.4%	22.2%	23.9%	311,969	613,724	787,200	76,000	\$33.10
B	17,818,103	15.6%	3.5%	19.1%	15.1%	14.9%	-42,694	262,362	0	0	\$27.63
C	4,865,121	7.8%	1.2%	9.0%	5.9%	5.8%	-5,465	69,164	0	0	\$25.07
TOTAL	41,154,475	16.4%	3.7%	20.1%	17.4%	18.0%	263,810	945,250	863,200	0	\$29.57
Total											
A	30,204,337	22.7%	4.8%	27.5%	22.1%	22.9%	266,772	739,842	1,332,580	820,700	\$36.74
B	20,664,980	17.2%	3.3%	20.5%	15.4%	15.1%	-67,148	286,488	0	0	\$30.33
C	6,261,193	8.2%	1.1%	9.3%	6.5%	6.3%	-10,565	50,458	0	0	\$25.60
TOTAL	57,130,510	19.3%	3.8%	23.1%	18.0%	17.6%	189,059	1,076,788	1,332,580	820,700	\$36.12

Submarkets by Property Class

Airport North											
A	2,357,780	22.2%	6.0%	28.2%	14.2%	14.7%	10,626	38,209	0	0	\$26.46
B	1,841,745	23.6%	1.1%	24.7%	23.7%	22.3%	-25,973	38,356	0	0	\$24.54
C	553,483	7.9%	0.0%	7.9%	7.9%	9.0%	5,906	8,109	0	0	\$21.21
TOTAL	4,753,008	21.2%	3.5%	24.7%	20.1%	19.9%	-9,441	84,674	0	0	\$25.25
Airport South											
A	936,596	36.4%	0.0%	36.4%	44.2%	44.9%	6,146	34,756	95,000	76,000	\$37.41
B	3,953,164	21.7%	6.0%	27.7%	24.0%	24.2%	7,063	42,480	0	0	\$30.09
C	823,355	16.4%	0.0%	16.4%	8.7%	8.8%	421	50,245	0	0	\$23.86
TOTAL	5,713,115	23.3%	0.8%	24.1%	25.1%	25.3%	13,630	127,481	171,000	76,000	\$30.45
Brentwood											
A	3,234,114	17.1%	3.3%	20.4%	16.5%	17.1%	18,784	1,730	0	0	\$33.35
B	3,495,618	13.7%	4.1%	17.8%	11.8%	11.5%	-9,245	46,929	0	0	\$30.78
C	239,971	2.5%	1.0%	3.5%	4.0%	5.7%	4,122	15,467	0	0	\$24.62
TOTAL	6,969,703	15.0%	3.3%	18.3%	14.9%	15.1%	13,661	64,126	0	0	\$31.79
Cool Springs											
A	6,193,739	22.7%	10.5%	33.2%	31.9%	32.7%	52,495	77,055	280,000	0	\$34.73
B	3,170,997	16.3%	3.5%	19.8%	16.1%	15.9%	-5,728	6,440	0	0	\$29.70
C	272,062	1.7%	0.0%	1.7%	1.7%	1.7%	-120	-2,670	0	0	\$27.85
TOTAL	9,636,798	18.8%	7.1%	25.9%	22.7%	23.2%	46,647	80,825	280,000	0	\$33.42
Green Hills/ Music Row											
A	1,657,164	19.5%	0.7%	20.2%	24.8%	35.3%	174,046	357,592	72,200	0	\$42.82
B	1,934,384	7.1%	1.1%	8.2%	7.4%	6.9%	-8,999	8,337	0	0	\$36.61
C	855,005	5.4%	1.1%	6.5%	6.0%	5.4%	-5,128	15,260	0	0	\$28.34
TOTAL	4,446,553	11.4%	1.0%	12.4%	13.6%	17.2%	159,919	381,189	72,200	0	\$37.66
MetroCenter											
A	473,575	6.6%	0.0%	6.6%	23.5%	23.3%	-720	8,529	0	0	\$28.50
B	1,238,677	15.8%	0.0%	15.8%	10.4%	10.7%	3,466	78,702	0	0	\$27.68
C	174,174	42.5%	0.0%	42.5%	32.8%	32.8%	0	1,262	0	0	\$24.96
TOTAL	1,886,426	16.0%	0.0%	16.0%	11.5%	11.6%	2,746	88,493	0	0	\$26.87
Rivergate / Hendersonville											
A	357,555	3.0%	0.0%	3.0%	3.0%	6.1%	11,034	38,138	0	0	\$30.95
B	862,708	5.7%	0.0%	5.7%	3.0%	2.8%	-1,479	36,352	0	0	\$24.46
C	1,156,654	4.0%	0.0%	4.0%	2.8%	3.2%	-1,343	-10,491	0	0	\$20.25
TOTAL	2,376,917	4.5%	0.0%	4.5%	3.0%	3.3%	8,212	63,999	0	0	\$27.39
West End											
A	3,260,728	16.6%	1.3%	17.9%	16.0%	17.2%	39,558	57,715	340,000	0	\$37.75
B	1,320,810	7.7%	0.0%	7.7%	6.3%	6.2%	-1,799	4,766	0	0	\$34.35
C	790,417	3.2%	1.0%	4.2%	1.9%	0.7%	-9,323	-8,018	0	0	\$30.16
TOTAL	5,371,955	12.4%	0.8%	13.2%	11.5%	12.0%	28,436	54,463	340,000	0	\$34.66

501 offices in 65 countries around the world



\$4.3B
in revenue



2B
square feet under management



17,000 +
professionals and staff

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