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Colliers

Research & Forecast Report

Nashville Office

Q2 2025

Accelerating success.



Key Takeaways

- Nashville's office market absorption totaled positive 418,142 square feet in Q2 2025.
- Leasing volume exceeded 1.5M square feet in Q2 2025—doubling the volume of Q1—with deal size averaging just over 10,000 square feet.
- Nashville currently has 290,000 square feet under construction, the lowest quarterly volume in a decade.
- After peaking at 4.1% at the end of 2024, sublease availability fell to 3.5% by the close of Q2 2025—its lowest level since Q3 2022.



Nashville Office Market Gains Traction in Q2 as Pipeline Shrinks

Nashville's office market gained momentum in Q2 2025, posting over 418,000 square feet of positive absorption and doubling leasing volume from the previous quarter. While demand shows signs of resilience—particularly in the sublease segment, which tightened to its lowest level since 2022—development activity has slowed significantly, with just 290,000 square feet under construction. This slowdown in construction should help ease pressure on vacancy rates, going in to the next year. Rental rates continue to rise, especially in premium urban submarkets, even as overall vacancy ticked up slightly. On the investment front, deal volume remains subdued, reflecting broader caution amid higher borrowing costs and evolving workplace strategies.

Nashville's year-to-date job growth rate of 0.6% is on par with the national average, according to Oxford Economics. The firm projects job growth will reach 0.9% in 2025 and maintain that pace annually through 2029.

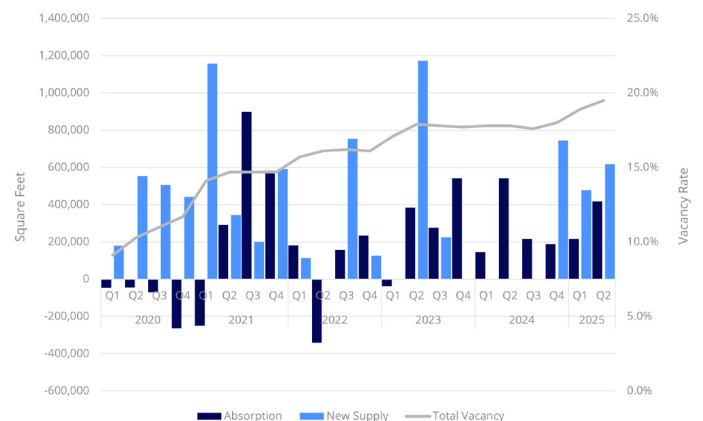
Market Indicators



Historic Comparison

| | 24Q4 | 25Q1 | 25Q2 |
|---|---------|---------|---------|
| Total Inventory (in Millions of SF) | 57.1 | 57.5 | 58.3 |
| New Supply (in Thousands of SF) | 744K | 447K | 889K |
| Net Absorption (in Thousands of SF) | 189.0 | 216.0 | 418.1 |
| Overall Vacancy | 18.0% | 18.9% | 19.5 |
| Under Construction (in Thousands of SF) | 1,348.5 | 1,144.5 | 290.0 |
| Overall Asking Lease Rates (FSG) | \$36.12 | \$36.82 | \$37.22 |

Absorption, New Supply & Vacancy



Nashville's office market concluded Q2 2025 with absorption exceeding 418,000 square feet, while overall vacancy increased marginally by 6 basis points.

Recent Transactions

Lease
150 3rd Ave N
Urban | 141,447 SF

Lease
26 Century Blvd.
Suburban | 140,260 SF

Lease
1101 Church St.
Urban | 98,100 SF

Sale
400 Deaderick
Urban | \$16.0M

Sale
2 Vantage Way
Suburban | \$12.5M

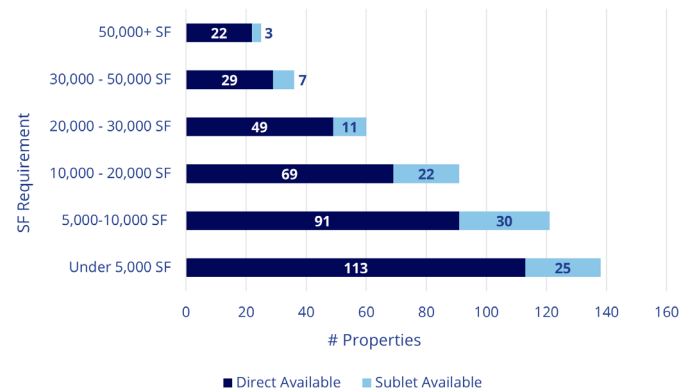
Sale
I & II Burton Hills
Suburban | \$12.0M

Availability + Demand

Nashville's office market hit its stride in Q2, ending the quarter with positive 418,142 square feet, bringing the YTD net absorption total to 539,446 square feet. Market-wide availability stands at 19.3%, with much of the availability located in the suburban submarkets. Broken down by size requirements, there are minimal size restraints across the market for direct space.

Nashville has experienced steady momentum in sublease activity, with the share of available sublease space declining in the first half of 2025. After peaking at 4.1% at the end of 2024, sublease availability fell to 3.5% by the close of Q2—its lowest level since Q3 2022. This reduction signals a modest but meaningful tightening of the sublease market, as excess space continues to be absorbed.

Large Blocks of Available Class A Space (# of Properties)*



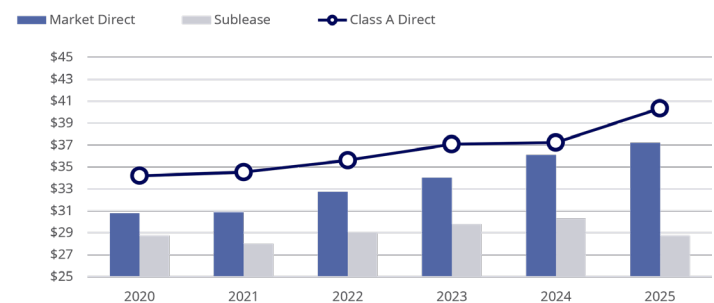
*Existing office properties only, contiguous space

Rental Rates + Vacancy Rates

Overall rental rates in Nashville climbed to \$37.22 per square foot in Q2, with average Class A rates surpassing \$40—marking a 4.1% increase quarter-over-quarter. Much of this growth is being driven by newly delivered properties in the Downtown core and nearby urban submarkets, where rates are commanding premiums of \$10 to \$15 per square foot above existing Class A space.

Nashville's average vacancy rate increased slightly to 19.5% in Q2, following a wave of new construction throughout the market. Though vacancy is higher in Class A product overall, Class A buildings experienced a 1.0% decline in vacancy in Q2, with move-ins accounting for the majority of the absorption for the quarter.

Historical Rent



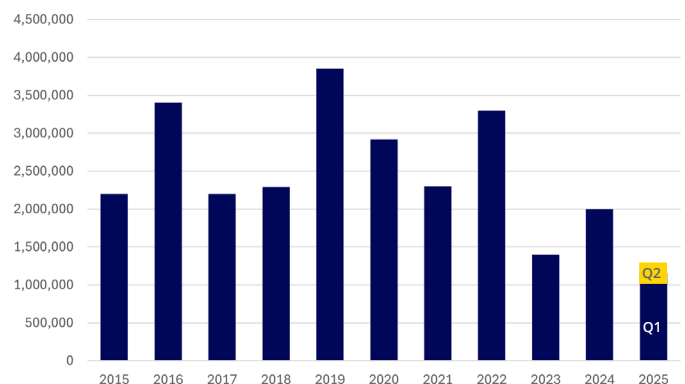
Source: Colliers

Office Development + Investment

Nashville currently has 290,000 square feet of office space under construction—the lowest quarterly volume in a decade. Year-to-date, 1,097,380 square feet of office space have delivered, the vast majority of which was speculative and remains entirely available. This marked slowdown underscores a more cautious development environment, driven by evolving market dynamics and ongoing economic uncertainty. Recent projects tend to be smaller in scale, reflecting a more deliberate approach by developers, with some securing preleasing commitments prior to breaking ground.

As borrowing costs and vacancy rate levels have increased, office investment has slowed in Nashville, with second quarter 2025 totaling \$63.1M, a 58% decrease over Q2 2024. Looking ahead, investment activity is expected to remain muted in the near term as investors navigate elevated interest rates, soft tenant demand, and continued uncertainty around office space utilization.

Historical Development Pipeline Under Construction by Year



Leasing Activity

Office

| Property | Tenant | Lease Type | SF | Submarket |
|----------------------------------|--------------------------|------------|---------|---------------|
| 150 3 rd Avenue South | Holland & Knight | New Lease | 141,447 | Downtown |
| One Century Place | Sentry Insurance Company | New Lease | 104,070 | Airport North |
| WeWork | 1101 Church Street | Sublease | 98,100 | Downtown |
| One Century Place | Confidential | New Lease | 81,221 | Airport North |

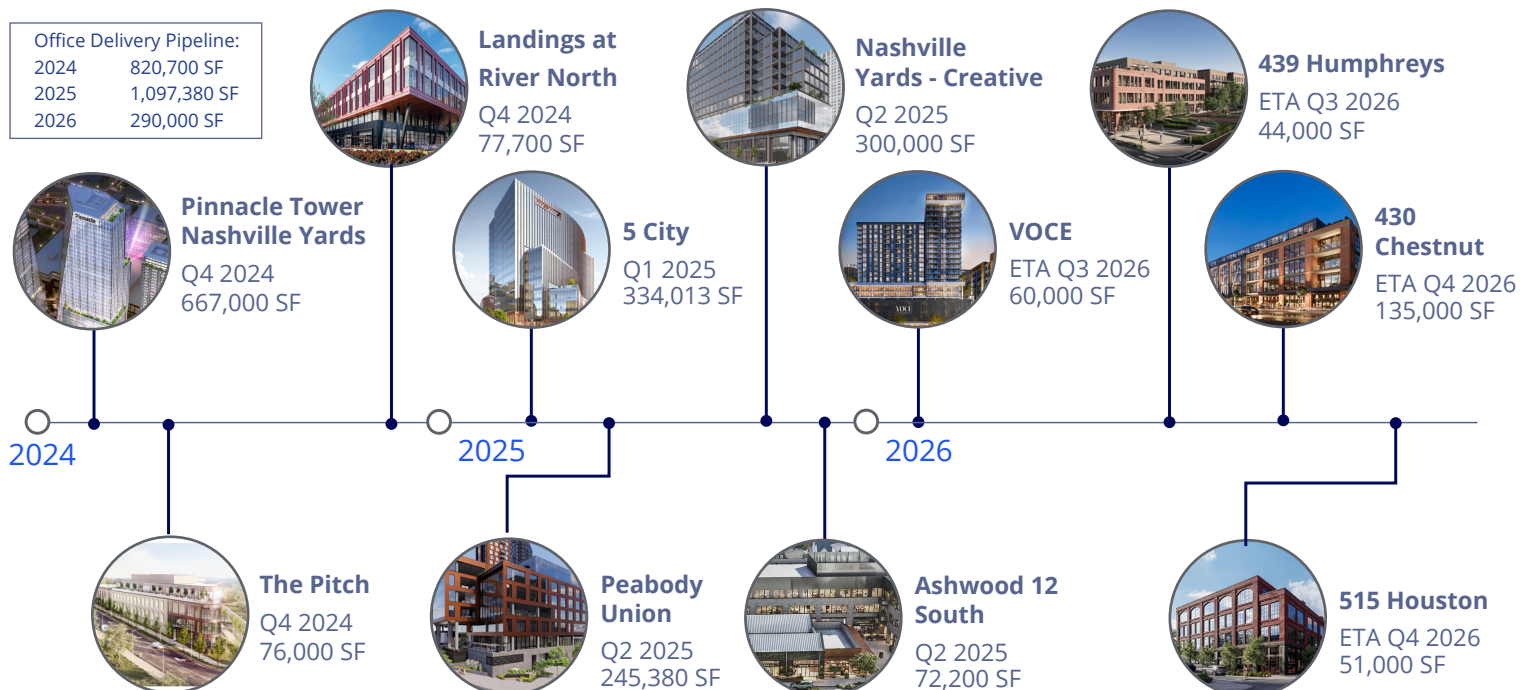
Recent Investment Activity

Office

| Property | SF | Price | Price/SF | Submarket |
|-------------------------------|---------|--------------|----------|-----------------------|
| 400 Deaderick Street | 18,898 | \$16,000,000 | \$847 | Downtown |
| 2 Vantage Way | 111,090 | \$12,582,847 | \$113 | MetroCenter |
| I & II Burton Hills Boulevard | 220,600 | \$12,000,000 | \$54 | Green Hills/Music Row |
| 308 Seaboard Lane | 22,000 | \$7,500,000 | \$341 | Cool Springs |

Office Development

Urban Office Construction





| Submarket/ Class | Total Inventory SF | Direct Availability Rate | Sublease Availability Rate | Availability Rate | Vacancy Rate | Vacancy Rate Previous | Net Absorption Q2 | Net Absorption YTD 2025 | Under Construction | Deliveries YTD | Avg Direct Asking Rate (FSG) |
|---------------------|-----------------------|--------------------------------|----------------------------------|----------------------|-----------------|-----------------------------|-------------------------|-------------------------------|-----------------------|-------------------|------------------------------------|
| Downtown | | | | | | | | | | | |
| A | 12,278,586 | 26.2% | 2.9% | 29.1% | 24.1% | 25.3% | 147,971 | 251,345 | 0 | 545,380 | \$50.12 |
| B | 2,702,449 | 14.9% | 2.0% | 16.9% | 16.1% | 17.2% | 29,109 | 48,930 | 0 | 0 | \$34.72 |
| C | 1,576,965 | 26.0% | 0.3% | 26.3% | 24.4% | 22.7% | -26,879 | -17,996 | 0 | 0 | \$27.34 |
| TOTAL | 16,558,000 | 24.3% | 2.7% | 27.0% | 22.7% | 23.6% | 150,201 | 282,279 | 0 | 545,380 | \$40.14 |
| Suburban | | | | | | | | | | | |
| A | 18,438,109 | 23.5% | 5.4% | 28.9% | 25.1% | 26.0% | 159,652 | 104,410 | 290,000 | 552,000 | \$36.33 |
| B | 18,234,142 | 15.6% | 3.7% | 19.3% | 16.5% | 17.6% | 191,837 | 248,191 | 0 | 0 | \$28.12 |
| C | 4,966,863 | 10.4% | 1.2% | 11.6% | 9.1% | 7.4% | -83,548 | -95,434 | 0 | 0 | \$24.94 |
| TOTAL | 41,639,114 | 18.5% | 3.8% | 22.3% | 18.9% | 19.5% | 267,941 | 257,167 | 290,000 | 552,000 | \$31.20 |
| Total | | | | | | | | | | | |
| A | 30,716,695 | 24.6% | 4.2% | 28.8% | 24.6% | 25.6% | 307,623 | 355,755 | 290,000 | 1,097,380 | \$40.37 |
| B | 20,936,591 | 15.5% | 3.4% | 18.9% | 16.4% | 17.5% | 220,946 | 297,121 | 0 | 0 | \$29.06 |
| C | 6,543,828 | 14.1% | 1.0% | 15.1% | 12.7% | 11.0% | -110,427 | -113,430 | 0 | 0 | \$25.75 |
| TOTAL | 58,197,114 | 19.3% | 3.5% | 22.8% | 19.5% | 18.9% | 418,142 | 539,446 | 290,000 | 1,097,380 | \$37.22 |

Submarkets by Property Class

| | | | | | | | | | | | |
|----------------------------|-----------|-------|-------|-------|-------|-------|---------|---------|---------|---------|---------|
| Airport North | | | | | | | | | | | |
| A | 2,351,150 | 20.0% | 4.6% | 24.6% | 17.4% | 19.2% | 41,483 | 62,210 | 0 | 0 | \$26.22 |
| B | 1,573,828 | 21.9% | 1.8% | 23.7% | 25.0% | 22.5% | -39,797 | -36,081 | 0 | 0 | \$25.44 |
| C | 553,483 | 10.9% | 0.0% | 10.9% | 8.6% | 8.3% | -1,798 | -3,840 | 0 | 0 | \$22.56 |
| TOTAL | 4,478,461 | 19.5% | 2.7% | 22.2% | 19.0% | 19.0% | -112 | 22,289 | 0 | 0 | \$25.92 |
| Airport South | | | | | | | | | | | |
| A | 862,646 | 23.9% | 0.6% | 24.5% | 35.2% | 35.5% | 2,553 | 9,605 | 230,000 | 0 | \$36.35 |
| B | 4,035,992 | 20.8% | 5.6% | 26.4% | 27.0% | 30.1% | 124,249 | 179,922 | 0 | 0 | \$25.19 |
| C | 823,355 | 26.5% | 1.1% | 27.6% | 22.9% | 15.5% | -60,790 | -67,535 | 0 | 0 | \$23.72 |
| TOTAL | 5,721,993 | 25.1% | 4.4% | 29.5% | 27.6% | 28.8% | 66,012 | 121,992 | 230,000 | 0 | \$29.73 |
| Brentwood | | | | | | | | | | | |
| A | 3,065,742 | 19.7% | 3.3% | 23.0% | 21.0% | 21.0% | 1,165 | -51,533 | 0 | 0 | \$33.12 |
| B | 3,626,994 | 13.0% | 3.2% | 16.2% | 10.7% | 12.2% | 55,673 | 70,433 | 0 | 0 | \$30.51 |
| C | 252,871 | 1.7% | 1.2% | 2.9% | 4.1% | 3.5% | -1,477 | 140 | 0 | 0 | \$24.93 |
| TOTAL | 6,945,607 | 15.5% | 2.8% | 18.3% | 15.0% | 15.8% | 55,361 | 19,040 | 0 | 0 | \$31.79 |
| Cool Springs | | | | | | | | | | | |
| A | 6,162,262 | 30.7% | 10.5% | 41.2% | 32.5% | 34.2% | 105,268 | 67,635 | 0 | 272,000 | \$35.61 |
| B | 3,334,476 | 13.3% | 2.9% | 16.2% | 15.9% | 18.5% | 86,552 | 99,604 | 0 | 0 | \$30.76 |
| C | 291,863 | 3.7% | 0.0% | 3.7% | 1.9% | 2.6% | 2,060 | -852 | 0 | 0 | \$25.41 |
| TOTAL | 9,788,601 | 25.2% | 7.2% | 32.4% | 26.0% | 28.0% | 193,880 | 166,387 | 0 | 272,000 | \$34.17 |
| Green Hills/ Music Row | | | | | | | | | | | |
| A | 1,729,364 | 16.3% | 1.4% | 17.7% | 19.3% | 20.0% | 11,626 | 17,914 | 60,000 | 0 | \$43.15 |
| B | 1,894,185 | 6.7% | 1.0% | 7.7% | 10.3% | 10.3% | -720 | -9,719 | 0 | 0 | \$37.31 |
| C | 882,181 | 7.4% | 0.5% | 7.9% | 7.9% | 7.8% | -1,102 | 1,232 | 0 | 0 | \$28.33 |
| TOTAL | 4,505,730 | 10.5% | 1.0% | 11.5% | 13.2% | 13.4% | 9,804 | 9,427 | 60,000 | 0 | \$38.11 |
| MetroCenter | | | | | | | | | | | |
| A | 414,363 | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0 | 0 | 0 | 0 | \$28.51 |
| B | 1,297,536 | 17.7% | 1.6% | 19.3% | 15.3% | 14.0% | -17,495 | -15,124 | 0 | 0 | \$26.67 |
| C | 175,090 | 30.5% | 0.0% | 30.5% | 30.5% | 33.1% | 4,634 | 3,718 | 0 | 0 | \$26.28 |
| TOTAL | 1,886,989 | 15.0% | 1.1% | 16.1% | 13.3% | 12.6% | -12,861 | -11,406 | 0 | 0 | \$27.62 |
| Rivergate / Hendersonville | | | | | | | | | | | |
| A | 328,545 | 5.8% | 0.0% | 5.8% | 5.3% | 5.0% | -1,076 | -6,674 | 0 | 0 | \$27.12 |
| B | 915,721 | 12.9% | 0.0% | 12.9% | 11.5% | 8.2% | -30,328 | -56,347 | 0 | 0 | \$25.20 |
| C | 1,156,654 | 4.8% | 0.0% | 4.8% | 3.0% | 3.2% | 0 | -1,642 | 0 | 0 | \$20.82 |
| TOTAL | 2,400,920 | 8.0% | 0.0% | 8.0% | 7.6% | 6.3% | -31,404 | -64,663 | 0 | 0 | \$26.97 |
| West End | | | | | | | | | | | |
| A | 3,524,037 | 24.6% | 1.3% | 25.9% | 25.8% | 16.0% | -1,367 | 5,253 | 0 | 280,000 | \$37.78 |
| B | 1,555,410 | 6.5% | 0.0% | 6.5% | 6.4% | 7.3% | 13,703 | 15,503 | 0 | 0 | \$32.76 |
| C | 831,366 | 6.0% | 0.8% | 6.8% | 5.0% | 2.0% | -25,075 | -26,655 | 0 | 0 | \$30.03 |
| TOTAL | 5,910,813 | 17.2% | 0.8% | 18.0% | 17.7% | 17.5% | -12,739 | -5,899 | 0 | 280,000 | \$34.52 |

Colliers' statistical tracked set for Nashville includes single and multi-tenant office properties above 10,000 square feet. Banks, medical, religious and government buildings, as well as owner-occupied properties where owners occupy 75 percent or more of the building, are excluded from the total tracked inventory.

580 offices in 70 countries around the world



\$4.9B+
in revenue



2B
square feet managed



23,000
professionals

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