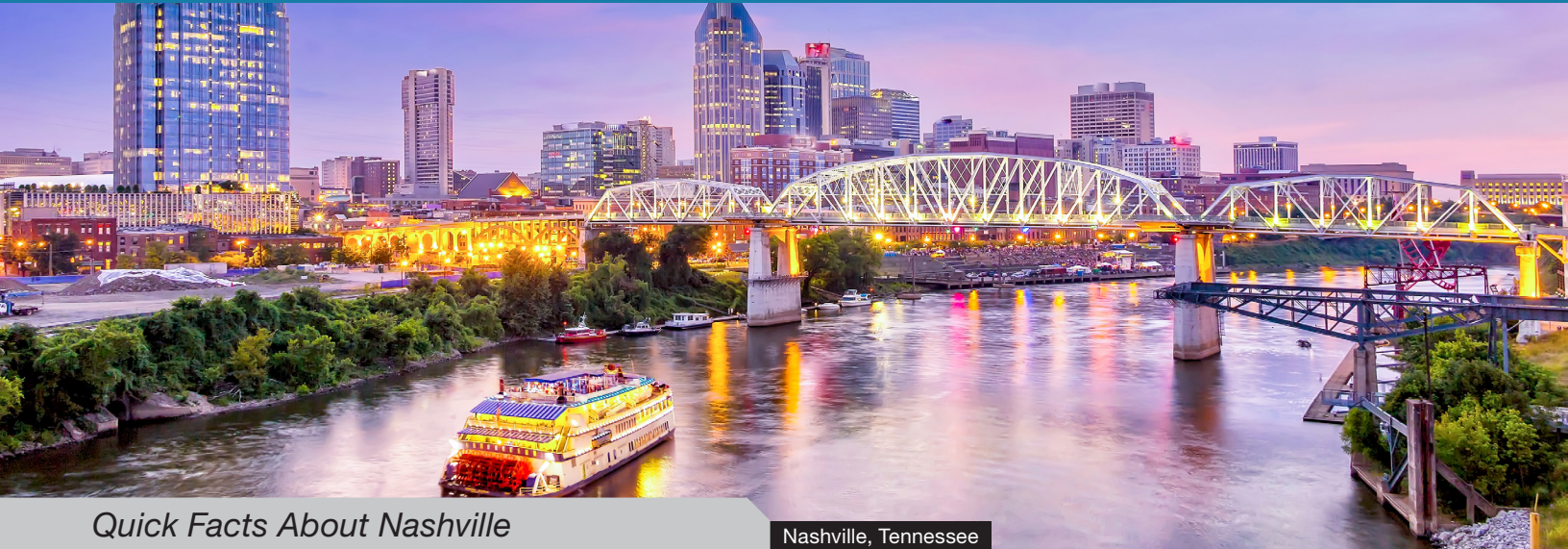


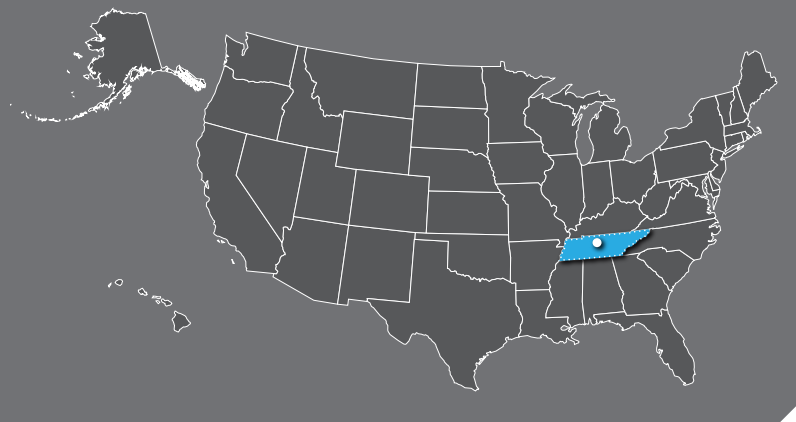
HUD PD&R Housing Market Profiles

Nashville-Davidson--Murfreesboro--Franklin, Tennessee



Quick Facts About Nashville

- Current sales market conditions: slightly soft
- Current apartment market conditions: soft
- The city of Nashville is known as “Music City” and is home to several music and entertainment associations headquarters, such as the Country Music Association; nearly 42,000 jobs in the music industry; and a \$15.6 billion annual economic impact from the industry (Nashville Regional Economic Development Guide [NREDG], 2023).



Nashville, Tennessee

By [Marissa Dolin](#) | As of January 1, 2024

Overview

The Nashville-Davidson--Murfreesboro--Franklin Metropolitan Statistical Area (hereafter, Nashville metropolitan area) includes 14 counties in middle Tennessee. It is the largest metropolitan area by population in Tennessee. In addition to the music industry, information technology, advanced manufacturing, and healthcare management are significant industries. Healthcare management companies in the area operate more than one-half of the privately owned hospital beds in the nation (NREDG, 2023), and the area was ranked second in the nation for inflows of technology workers in 2021 (LinkedIn, 2022). The home sales market shifted from tight conditions 2 years ago to currently slightly soft conditions, with a sharp slowdown in home sales price growth. Apartment market conditions are soft, with the highest vacancy rate in more than a decade and declining average rents.

- The current population is estimated at 2.11 million, up by an average of 26,800, or 1.3 percent, annually since 2020. By comparison, from 2010 to 2020, population growth averaged 34,400 people, or 1.9 percent, annually. Both net natural increase and net in-migration since 2020

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PD&R

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have been less than during the 2010s, contributing to the recent slower population growth.

- In Davidson County, which includes the city of Nashville and is where approximately one-third of residents of the metropolitan area live, the population is estimated to have increased by an average of 1,250, or 0.2 percent, annually since 2020. During the same period, the suburban counties grew by a combined average of 25,550 people, or 1.9 percent, annually.

Economic Conditions

The economy in the Nashville metropolitan area recovered swiftly from the job losses associated with the 2020 recession and has expanded faster than the nation. As of the fourth quarter of 2021, nonfarm payrolls in the metropolitan area were fully recovered from losses associated with the 2020 recession, exceeding prepandemic (fourth quarter 2019) payrolls by 25,900 jobs, or 2.4 percent. National payrolls were still recovering and were 1.6 percent below prepandemic levels as of the fourth quarter of 2021. As of the fourth quarter of 2023, nonfarm payrolls in the metropolitan area averaged 1.18 million jobs, up by 24,900 jobs, or 2.2 percent, from a year ago, and are 114,400 jobs, or 10.8 percent, above prepandemic levels. By comparison, the nation has a 1.9-percent year-over-year growth rate, and payrolls are only 3.5 percent above prepandemic levels as of the fourth quarter of 2023. Nonfarm payrolls in the metropolitan area also increased faster than in the state of Tennessee and the U.S. Department of Housing and Urban Development (HUD)-defined

- The population of the metropolitan area tends to be younger, and a larger share of its residents have a college degree compared with the nation. The median age in the metropolitan area is 37.1 years, and 41 percent of residents aged 25 and older hold a bachelor's degree or higher, compared with a median age of 39.0 years and 36 percent of residents holding a bachelor's degree or higher in the nation (2022 American Community Survey 1-year data).

Southeast/Caribbean region, which rose 0.9 and 2.1 percent, respectively, year over year as of the fourth quarter of 2023. Total nonfarm payrolls are 5.4 and 6.5 percent, respectively, above prepandemic levels.

As of the fourth quarter of 2023—

- The professional and business services sector, the largest nonfarm payroll sector in the metropolitan area, added the most jobs, up by 6,600 jobs, or 3.3 percent, from a year ago, with gains concentrated in the professional, scientific, and technical services industry. The management of companies and enterprises industry also added jobs, and the administrative and support and waste management and remediation services industry declined.
- Jobs in the leisure and hospitality sector, which recovered approximately 1 year after the metropolitan area overall,

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In the Nashville metropolitan area, 10 of the 11 nonfarm payroll sectors had an increase in jobs as of the fourth quarter of 2023 compared with a year ago.

	3 Months Ending		Year-Over-Year Change	
	December 2022 (Thousands)	December 2023 (Thousands)	Absolute (Thousands)	Percent
Total Nonfarm Payrolls	1,153.1	1,178.0	24.9	2.2
Goods-Producing Sectors	147.3	150.2	2.9	2.0
Mining, Logging, & Construction	60.3	59.6	-0.7	-1.2
Manufacturing	86.9	90.6	3.7	4.3
Service-Providing Sectors	1,005.9	1,027.8	21.9	2.2
Wholesale & Retail Trade	153.1	157.2	4.1	2.7
Transportation & Utilities	74.5	75.3	0.8	1.1
Information	32.5	32.8	0.3	0.9
Financial Activities	76.8	76.9	0.1	0.1
Professional & Business Services	201.3	207.9	6.6	3.3
Education & Health Services	168.3	173.8	5.5	3.3
Leisure & Hospitality	127.4	128.1	0.7	0.5
Other Services	46.4	48.2	1.8	3.9
Government	125.6	127.6	2.0	1.6
Unemployment Rate	2.6%	2.7%		

Note: Numbers may not add to totals due to rounding.

Source: U.S. Bureau of Labor Statistics



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increased by 700 jobs, or 0.5 percent, from the same quarter a year earlier. In 2023, passenger traffic at Nashville International Airport was up by 1.7 million passengers, or 19 percent, from 2022, and the number of hotel nights increased 3 percent from 2022, contributing to the increase in jobs.

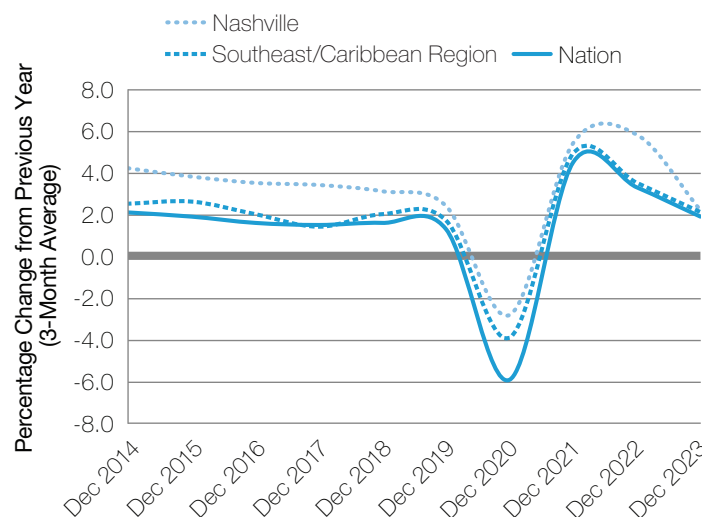
- The mining, logging, and construction sector was the only sector with a decline in jobs, falling by 700 jobs, or 1.2 percent, from a year ago. Housing construction, as measured by the number of units permitted for single-family and multifamily housing, declined year over year during the past 2 years, contributing to the decline in jobs.
- The unemployment rate increased slightly to 2.7 percent, up from 2.6 percent a year earlier. The labor force expanded faster than resident employment, growing by 33,200 jobs, or 3.0 percent, compared with a gain of 30,900 jobs, or 2.8 percent, for resident employment, resulting in a rise in the unemployment rate.

Manufacturing, including the electric vehicle (EV) industry, has been expanding in the Nashville metropolitan area. The manufacturing sector is the fastest growing among all sectors, with a 4.3-percent increase, or 3,700 jobs, as of the fourth quarter of 2023, compared with a year ago. General Motors Company and partner Ultium Cells LLC are planning to open an EV battery plant in Murray County in 2024 to support the production of the Cadillac Lyriq, expecting to hire up to 2,000 workers. Building on the high concentration of jobs in the music industry, Nashville Record Pressing, LLC, announced a \$10.8 million expansion project in 2022 and began hiring a portion of the expected 200 new jobs at a vinyl record production facility in 2023.

Sales Market Conditions

The home sales market is currently slightly soft, easing from tight conditions during the previous 2 years. Home sales price growth has moderated from the record and near-record gains in 2021 and 2022 and is currently below the average from the mid- to late-2010s. Home sales have fallen sharply during the past 2 years and are at the lowest level since 2012. The months of inventory of homes for sale, as measured by the ratio of listings of homes for sale to homes sold, has increased during the past 2 years because of rising listings and falling sales numbers. The recent easing of market conditions is attributed primarily to higher mortgage interest rates, which has led to higher monthly mortgage payments and reduced the affordability of homebuying. Households with existing mortgages at lower rates are less likely to move because of the “lock-in” effect of a lower rate. Nationally, a household earning

Job growth occurring in the Nashville metropolitan area has been faster than in the nation and the Southeast/Caribbean region each year since 2014, and job losses in 2020 were less severe.



Source: U.S. Bureau of Labor Statistics

Largest Employers in the Nashville Area

Name of Employer	Nonfarm Payroll Sector	Number of Employees
Vanderbilt University Medical Center	Education & Health Services	24,050
Nissan North America, Inc.	Manufacturing	11,000
HCA Healthcare, Inc.	Education & Health Services	10,600

Note: Excludes local school districts.

Source: Nashville Chamber of Commerce

the median family income could afford to purchase 38 percent of homes sold during the fourth quarter of 2023, down from 54 percent in the fourth quarter of 2021, when mortgage interest rates were lower (National Association of Home Builders/Wells Fargo Housing Opportunity Index).

- The average home sales price, including new and existing homes, was \$518,900 in 2023, up 2 percent from a year ago and slowing from average annual gains of 18 percent during 2022 and 20 percent in 2021. By comparison, home sales prices increased an average of 8 percent annually from 2013 through 2019 (CoreLogic, Inc.).
- Existing home prices increased at a slower rate than new home prices. In 2023, the average existing home price was

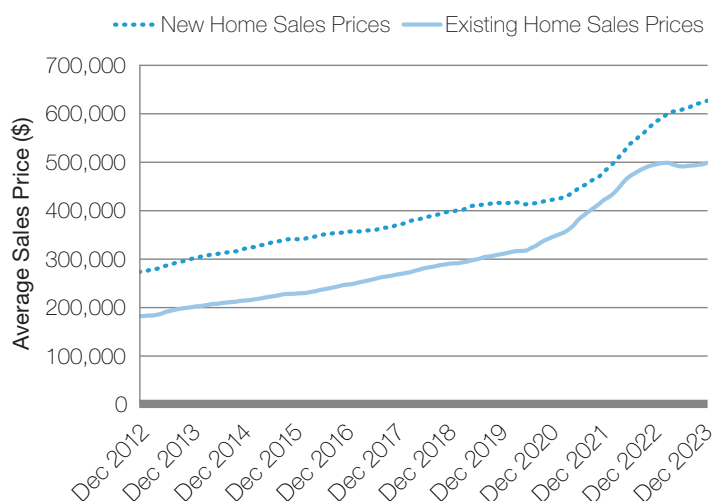
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\$497,000, up 1 percent from a year ago, and new home prices averaged \$624,900, up 7 percent from the previous year.

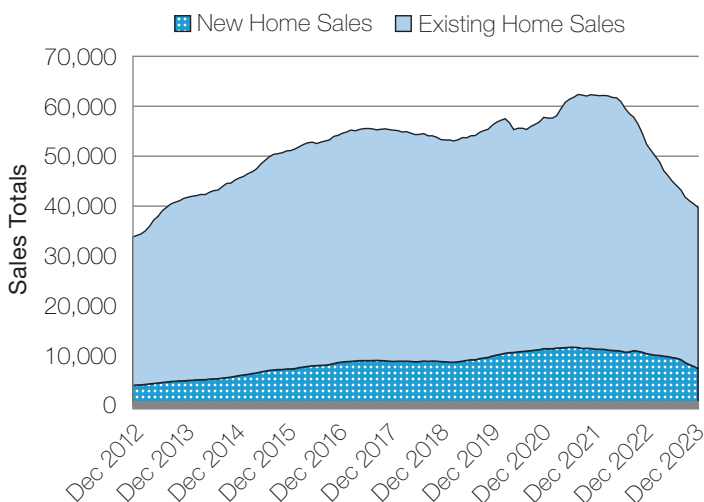
- Home sales, including new and existing homes, declined 24 percent from a year ago to 39,600 during 2023, accelerating from a 16-percent year-over-year decline during the previous year. Existing home sales are down 23 percent to 32,300 homes, and new home sales are down 29 percent to 7,300 homes, both sale types accelerating from slower declines a year earlier.

Price growth of new and existing homes in the Nashville metropolitan area slowed during 2023 compared with the previous 2 years.



Note: Prices are for single-family homes, townhomes, and condominiums.
Source: CoreLogic, Inc.

New and existing home sales in the Nashville metropolitan area peaked in 2021 and have since been declining.



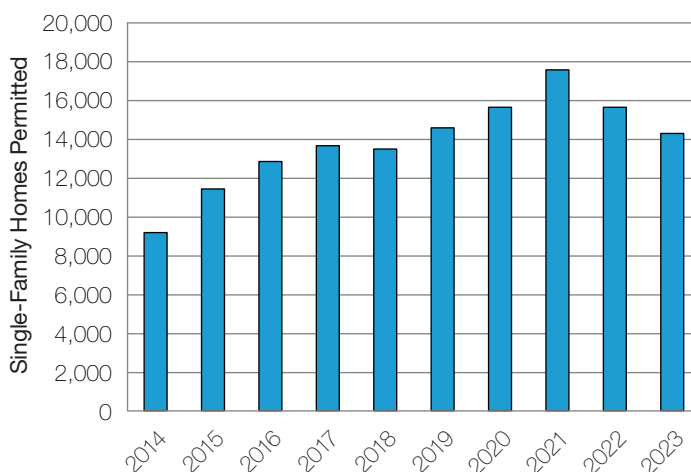
Note: Sales include single-family homes, townhomes, and condominiums.
Source: CoreLogic, Inc.

- The months of inventory of homes for sale increased to 4.2 months as of December 2023, up from 3.1 months a year earlier and a December low of 2.2 months in 2021 (Redfin, a national real estate brokerage, with adjustments by the analyst). Listings increased 16 percent in 2023 and 17 percent in 2022, contributing to the rise in months of inventory.

Single-family construction, as measured by the number of homes permitted, peaked in 2021, which coincided with a recent low in mortgage interest rates and a peak in home sales and has since declined each year.

- During 2023, single-family home permitting declined to 14,300 homes, down by 1,350 homes, or 9 percent, from 2022. Before peaking at 17,550 homes in 2021, permitting had risen each year since 2015, up by an average of 1,275 homes, or 14 percent, annually.
- Davidson County, which includes the city of Nashville, had the largest share of single-family homes permitted among all counties in the metropolitan area in 2023, with 3,150 homes, or 22 percent, of total homes permitted, followed by Rutherford County, with 2,900 homes, or 20 percent, of all homes permitted.
- The most active subdivision in Davidson County during the fourth quarter of 2023 was Riverbrook in the city of Nashville, with 52 homes sold. Prices ranged from \$420,000 for a three-bedroom, two-and-one-half-bathroom home to \$556,000 for a five-bedroom, four-bathroom home. Since construction began in the fourth quarter of 2021, 94 homes have been sold, 62 homes are under construction, and 106 vacant lots are developable in the subdivision.

The number of single-family homes permitted in the Nashville metropolitan area peaked in 2021 and declined in 2022 and 2023.



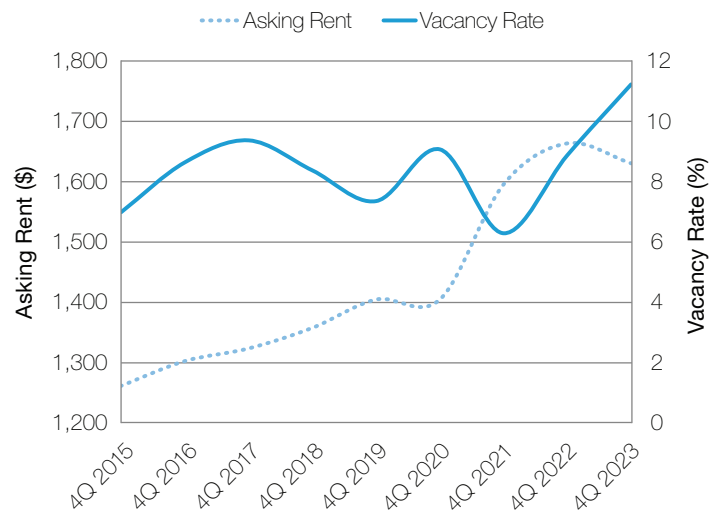
Sources: U.S. Census Bureau, Building Permits Survey; 2014–22—final data and estimates by the analyst; 2023—preliminary data and estimates by the analyst

Apartment Market Conditions

The apartment market in the Nashville metropolitan area is soft, with an elevated vacancy rate and declining rents, a shift from tight conditions 2 years ago, when rents increased rapidly and the vacancy rate was lower. Contributing to the softening conditions was a high ratio of units completed relative to units absorbed during the past 2 years. Completions totaled 11,800 units in 2023 and 8,375 units in 2022, but absorption was only 6,950 units in 2023 and 3,950 units in 2022, or approximately 54 percent of units completed during the most recent two years were absorbed (CoStar Group). The number of units under construction peaked in the fourth quarter of 2022 at 26,900, and with the recent elevated number of completions and declining number of multifamily units permitted, the count of units under construction fell to 19,650 as of the fourth quarter of 2023. With fewer units under construction, the number of units completed in the near term is expected to decrease from the recent high level. Increasing evictions have contributed to the rising vacancy rate and softening conditions since 2021. During 2023, 13,250 eviction notices to renters were filed in Davidson County, up from 11,200 in 2022 and 7,275 in 2021 (Eviction Lab).

- The average apartment rent is \$1,629 as of the fourth quarter of 2023, down 2 percent from the same quarter a year ago (CoStar Group). The recent decline is a reversal from the 4-percent and 14-percent year-over-year gains during the previous 2 years and is below the 3-percent average annual increase from the fourth quarter of 2015 through the fourth quarter of 2019.
- The vacancy rate, including units in lease up, is 11.2 percent as of the fourth quarter of 2023, rising from 8.9 percent 1 year earlier and a recent low of 6.3 percent during the fourth quarter of 2021. The vacancy rate ranged from 7.0 to 9.4 percent during the fourth quarters of 2015 through 2019.
- The CoStar Group-defined Downtown Nashville market area had the softest conditions, with the largest decline in rent and the highest vacancy rate among the 16 market areas in the metropolitan area. The average rent declined 5 percent to \$2,110 as of the fourth quarter of 2023, and the vacancy rate is 16.0 percent, up from 12.8 percent a year ago.
- By contrast with the apartment market, the single-family home rental market, estimated to include approximately 30 percent of all rental units in the metropolitan area, is tight. The vacancy rate was 1.6 percent in December 2023,

The average rent declined from a year ago, and the vacancy rate is at the highest level since before 2015 in the Nashville metropolitan area as of the fourth quarter of 2023.



4Q = fourth quarter.

Source: CoStar Group

down from 1.7 percent 1 year earlier and 2.2 percent 2 years earlier (CoreLogic, Inc.). The average rent per square foot increased 6 percent, slowing from 7-percent and 15-percent year-over-year gains during the previous 2 years, respectively. It is expected that households delaying homebuying are renting single-family homes, which has continued to place upward pressure on this segment of the rental market.

Multifamily construction, as measured by the number of units permitted, declined from a 2021 peak due to softening apartment market conditions and higher interest rates on construction loans.

- In 2023, approximately 9,725 units were permitted (preliminary data). By comparison, in 2022, 12,800 units were permitted, which followed a recent high of 14,775 units in 2021.
- Permitting was highly concentrated in Davidson County, with 8,100 units permitted in 2023, or approximately 83 percent of all multifamily units permitted. The next largest share of units permitted was in Rutherford County, with 630 units, or 6 percent of the total number of multifamily units permitted.
- Multifamily construction has become a larger portion of total housing units built in the Nashville metropolitan area,

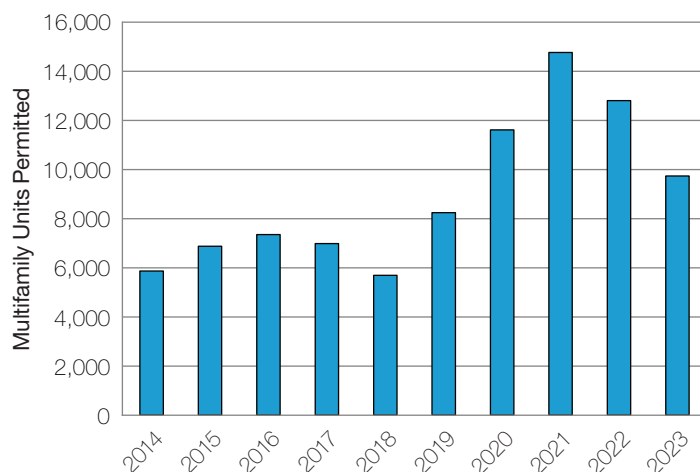
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at 44 percent of permitting, since 2020, compared with 34 percent of units permitted from 2010 through 2019.

- One of many recently completed apartments in the Downtown Nashville market area is 1111 Church, which opened in October 2023. The highrise property includes 380 studio and one- and two-bedroom units, renting for averages of \$2,106, \$2,651, and \$3,719, respectively.
- Attached townhouse-style apartment properties are a popular style of construction in suburban areas. In the Rutherford County suburb of Smyrna, 1082 Townhomes is a 52-unit property that opened in 2023. All units are three-bedroom townhomes with attached garages and rents averaging \$2,280.

The number of multifamily units permitted in the Nashville metropolitan area peaked in 2021 and declined in 2022 and 2023.



Sources: U.S. Census Bureau, Building Permits Survey; 2014–22—final data and estimates by the analyst; 2023—preliminary data and estimates by the analyst

Terminology Definitions and Notes

A. Definitions

Absorption	The net change, positive or negative, in the number of occupied units in a given geographic range.
Apartment Vacancy Rate/Average Monthly Rent	Data are for market-rate and mixed market-rate and affordable general occupancy apartment properties with five or more units, including those that are stabilized and in lease up.
Building Permits	Building permits do not necessarily reflect all residential building activity that occurs in a market area. Some units are constructed or created without a building permit or are issued a different type of building permit. For example, some units classified as commercial structures are not reflected in the residential building permits. As a result, the analyst, through diligent fieldwork, makes an estimate of this additional construction activity. Some of these estimates are included in the discussions of single-family and multifamily building permits.
Existing Home Sales	Includes resale sales, short sales, and real estate owned (REO) sales.
Home Sales/Home Sales Prices	Includes single-family home, townhome, and condominium sales.
Net Natural Increase	Resident births are greater than resident deaths.
Rental Market/Rental Vacancy Rate	Includes apartments and other rental units, such as single-family, multifamily, and mobile homes.
Resales	Home closings that have no ties to either new home closings (builders) or foreclosures. They are homes that were previously constructed and sold to an unaffiliated third party.
Stabilized	A property is stabilized once a 90-percent or above occupancy rate is reached, or at least 18 months have passed since the property was changed from "under construction" to "existing" on the CoStar Group website.

B. Notes on Geography

1.	The metropolitan statistical area definition noted in this report is based on the delineations established by the Office of Management and Budget (OMB) in the OMB Bulletin dated April 10, 2018.
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