

HOUSING

TENNESSEE

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March 2025

TENNESSEE DASHBOARD 4TH QUARTER 2024 (percent change over the year)

Weekly Unemployment Claims	▲ +19.85	Total Home Permits*	▼ -7.67
Total Nonfarm Employment*	▲ +2.66	Mortgage Tax Collections	▲ +21.42
Unemployment Rate (percentage points)*	▲ +0.23	Real Estate Transfer Tax Collections	▲ +4.67
Homeowner Vacancy Rate (percentage points)	▲ +0.30	Home Prices*	▲ +5.39
Rental Vacancy Rate (percentage points)	▲ +0.40	Mortgages Past Due (percentage points)	▲ +0.16
Single-Family Home Permits*	▼ -3.41	Foreclosure Rate (percentage points)	▲ +0.02

*seasonally adjusted

▲ positive outcome for economy ▼ negative outcome for economy

Tennessee Q4 2024: Steady Growth in Jobs and Labor Force Expansion

Quarterly Overview: In the fourth quarter of 2024, Tennessee's economic indicators showed positive results. Services-providing sectors grew by 1.44%, reaching a total of 2,850,000 jobs. Total non-farm employment increased by 1.43% from the previous quarter, reaching 3,383,000 jobs. The goods-producing sectors grew by 1.41%, which expanded to 533,000 jobs. Within this category, manufacturing employment rose by 0.40%.

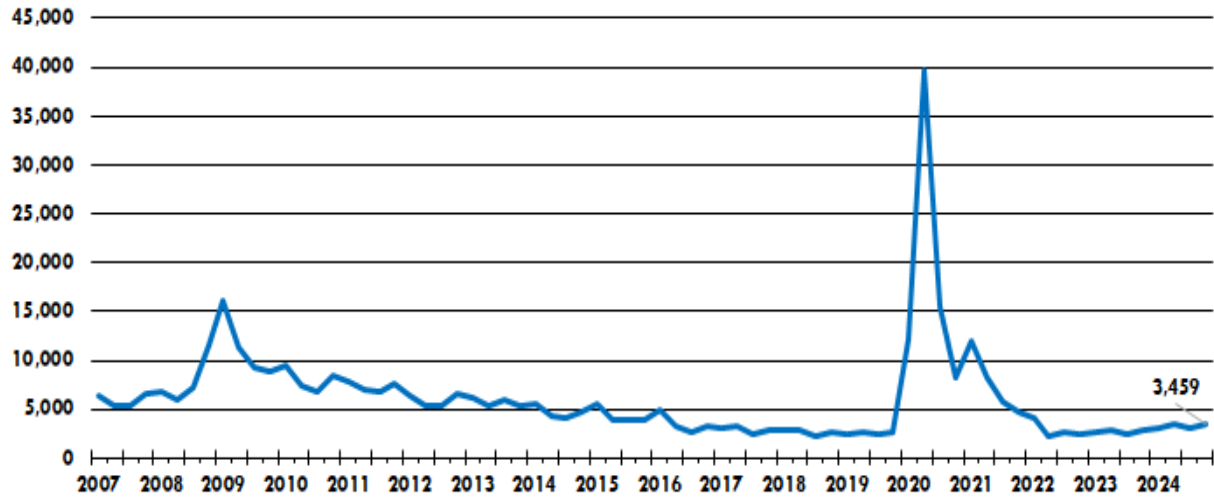
The labor force expanded to 3,436,000 people, increasing by 0.72%. Although unemployment insurance claims rose by 14.20%, the increase in the labor force and employment indicates that the job market is continuing to expand. Despite these positive indicators, the unemployment rate increased by 0.6 percentage points to 3.70%.

Annual Overview: Tennessee's labor market grew over the past year. Total non-farm employment increased by 2.66%, and services-providing sectors saw an annual increase of 2.59%. The goods-producing sectors also experienced growth, with an increase of 3.06%, and manufacturing jobs grew by 1.05%.

The labor force grew by 1.57% year-over-year, accompanied by a 1.28% rise in total employment. In contrast, the unemployment rate increased slightly by 0.23 percentage points to 3.70%. In addition, unemployment insurance claims rose sharply by 19.85% compared to the previous year. Many housing-related indicators also turned negative, suggesting a slowdown in the housing market.

Figure 1. Tennessee initial claims for unemployment insurance

(quarterly averages of weekly data, seasonally adjusted)



Source: U.S. Dept. of Labor, Employment & Training Administration

Table 1. Selected Tennessee employment indicators (thousands, seasonally adjusted)

	2023.4	2024.1	2024.2	2024.3	2024.4
Employment by Industry (Nonfarm)					
Total Nonfarm	3,296	3,318	3,331	3,335	3,383
Goods-Producing Sectors	518	522	521	526	533
Manufacturing	360	363	362	363	364
Services-Providing Sectors	2,778	2,796	2,809	2,809	2,850
Labor Force	3,383	3,391	3,406	3,412	3,436
Total Employment	3,266	3,279	3,302	3,305	3,308
Unemployed	117	113	104	107	128
Unemployment Rate	3.47%	3.33%	3.03%	3.10%	3.70%

Source: Bureau of Labor Statistics

Source: Bureau of Labor Statistics

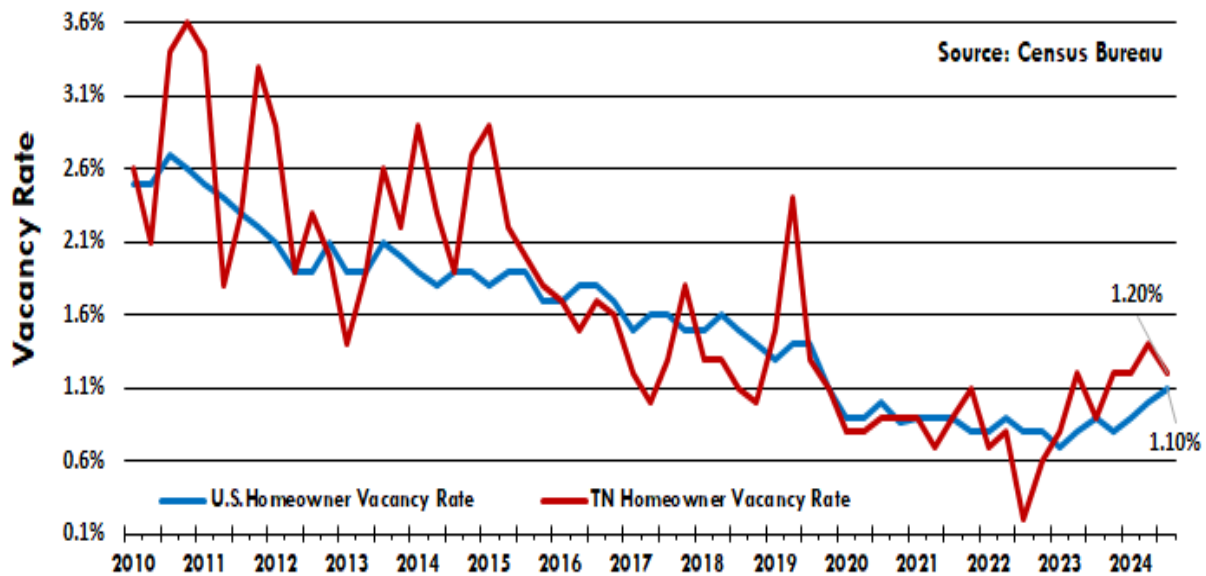
Rental and Homeowner Vacancies: Shifting Trends

Quarterly: In the fourth quarter of 2024, Tennessee's homeowner vacancy rate decreased notably by 0.2 percentage points, from 1.40% in Q3 2024 to 1.20% in Q4 2024. In contrast, the U.S. homeowner vacancy rate saw a modest rise of 0.1 percentage points, from 1.00% to 1.10%. Tennessee's vacancy rate for rental properties increased by 0.9 percentage points, from 8.10% in Q3 2024 to 9.00% in Q4 2024. Meanwhile, the U.S. rental vacancy rate remained unchanged compared to the previous quarter.

Annually: Tennessee's homeowner vacancy rate increased from 0.90% in Q4 2023 to 1.20% in Q4 2024, reflecting an increase of 0.3 percentage points. This

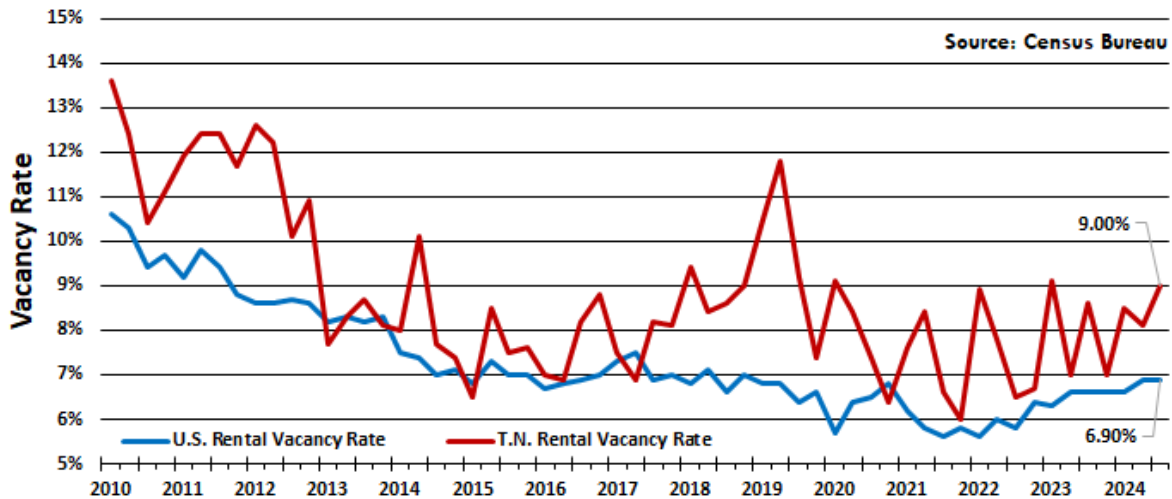
suggests a gradual expansion of the housing supply in Tennessee. Similarly, the U.S. homeowner vacancy rate also increased by 0.2 percentage points, from 0.90% to 1.10%, indicating a parallel trend at the national level. In the rental market, Tennessee experienced a significant annual increase in rental vacancies, from 8.60% in Q4 2023 to 9.00% in Q4 2024, marking a 0.4 percentage point increase. In comparison, the U.S. rental vacancy rate also saw a modest rise of 0.3 percentage points, from 6.60% to 6.90%, reflecting a slight easing in the national rental market.

Figure 2. Homeowner Vacancy Rate



Source: Census Bureau

Figure 3. Rental vacancy rate



Source: Census Bureau

Home Permit Trends: Mixed Growth Across Single-Family and Multi-Family Construction

Quarterly: In the fourth quarter of 2024, single-family permits increased across all regions. Tennessee's single-family permits rose by 0.20%, indicating slight growth in new single-family home construction within the state. The South and the U.S. also saw increases of 2.38% and 2.94%, respectively, indicating a slower growth in Tennessee's single-family permits than in regional and national trends. Conversely, multi-family permits showed mixed results. The South and the U.S. experienced an increase of 0.37% and 7.98%, respectively, while Tennessee saw a significant decline of 21.42% in multi-family permits. Total permits increased by 0.43% in the South and 2.21% in the U.S. However, Tennessee experienced a decline of 5.81% in total permits.

Annually: On an annual basis, single-family permits showed mixed results. The U.S. and the South saw increases of 2.54% and 0.23%, respectively, indicating steady growth in the national and regional level single-family home construction. However, Tennessee experienced a decline of 3.41% in single-family permits. The multi-family permits showed growth in the U.S. by 0.89%. In contrast, Tennessee and the South both experienced declines of 19.52% and 9.47%, respectively. In total permits, the U.S. observed an increase of 1.96%. However, total permits also saw a decrease in Tennessee and the South with 7.67% and 2.63% respectively.

Figure 4. Tennessee single-family home permits (thousands, seasonally adjusted annual rate)

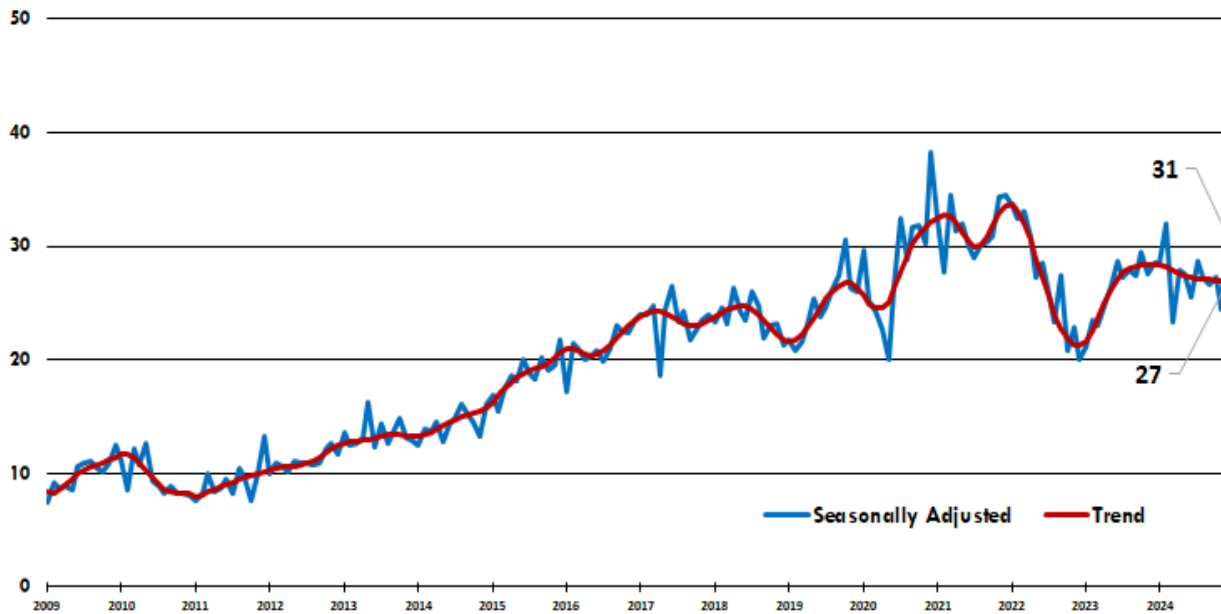


Table 2. Permits issued for privately owned new housing (thousands, seasonally adjusted annual rate)

	Single-Family Permits			Multi-Family Permits			Total Permits		
	Tennessee	South	U.S.	Tennessee	South	U.S.	Tennessee	South	U.S.
2021.4	39.9	656.5	1,116.6	23.1	267.1	686.5	62.5	909.6	1,801.5
2022.1	39.6	665.6	1,149.7	16.6	284.9	661.7	56.8	953.4	1,789.1
2022.2	34.6	605.6	1,018.8	8.8	316.4	692.3	43.3	930.2	1,718.2
2022.3	30.5	528.7	888.0	7.6	323.3	676.5	38.5	855.1	1,580.7
2022.4	25.5	472.2	776.4	5.2	317.0	622.9	29.9	785.5	1,406.4
2023.1	27.0	473.1	779.5	16.1	330.7	654.8	43.0	802.6	1,409.1
2023.2	32.0	543.9	906.8	14.3	250.3	542.1	46.4	801.4	1,461.3
2023.3	33.1	580.1	949.9	15.1	275.7	622.9	48.7	813.2	1,475.7
2023.4	34.3	590.1	978.8	12.5	239.1	500.2	46.9	817.7	1,462.0
2024.1	33.5	588.2	994.8	10.1	210.6	507.3	43.8	802.4	1,476.1
2024.2	32.4	573.5	963.3	12.5	226.5	467.3	44.4	807.1	1,451.1
2024.3	33.0	577.7	975.1	12.8	215.7	467.4	46.0	792.8	1,458.4
2024.4	33.1	591.4	1,003.7	10.0	216.5	504.7	43.3	796.2	1,490.6
Change from previous quarter	0.20%	2.38%	2.94%	-21.42%	0.37%	7.98%	-5.81%	0.43%	2.21%
Change from previous year	-3.41%	0.23%	2.54%	-19.52%	-9.47%	0.89%	-7.67%	-2.63%	1.96%

Source: Census Bureau

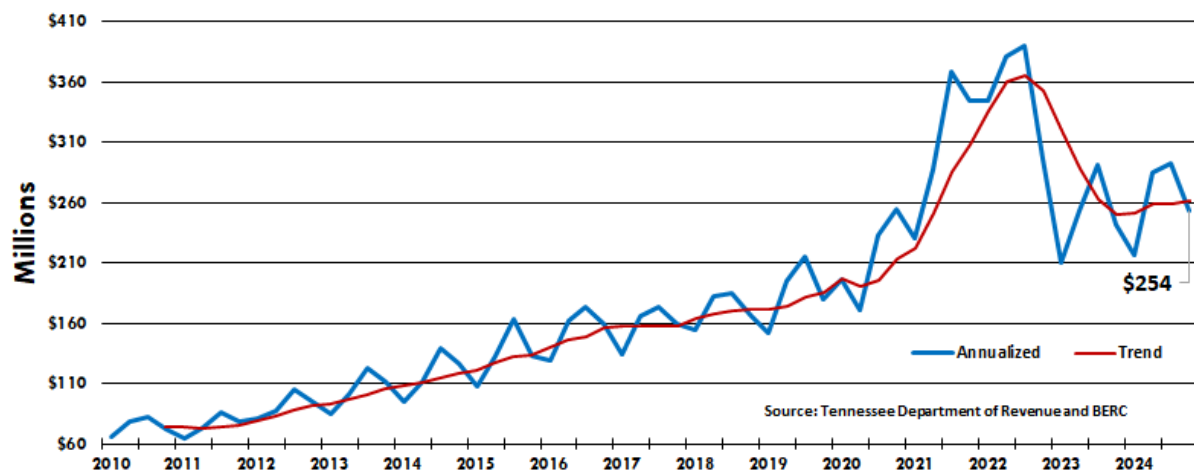
Source: Census Bureau

State Tax Revenue Growth: Strong Performance in Real Estate and Mortgage Taxes

Quarterly: In the fourth quarter of 2024, the real estate transfer tax decreased by 13.42%, from \$293 million to \$254 million, indicating a notable decline in property transactions or transfers. Meanwhile, mortgage tax collections increased by 3.30%, from \$97 million to \$100 million, suggesting a rise in mortgage activity, potentially driven by new home purchases.

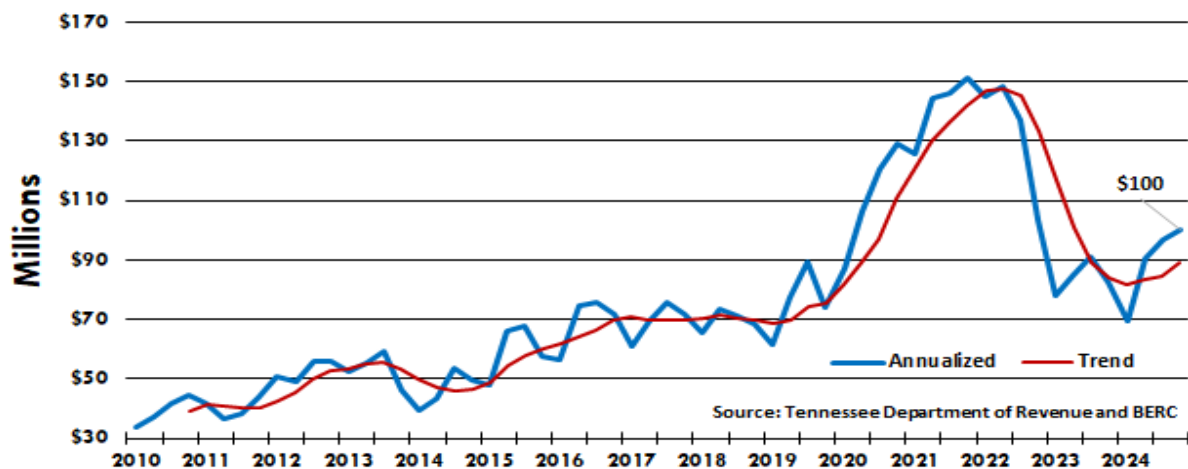
Annually: On an annual basis, the real estate transfer tax saw a 4.67% increase, from \$242 million in Q4 2023 to \$254 million in Q4 2024, suggesting a moderate rebound in property transactions after a period of slowdown. Similarly, mortgage tax collections experienced a significant yearly increase of 21.42%, from \$82 million to \$100 million during the same period.

Figure 5. Real estate transfer tax collections (millions, seasonally adjusted annual rate)



Source: Tennessee Department of Revenue and BEREC

Figure 6. Mortgage tax collections (millions, seasonally adjusted annual rate)



Source: Tennessee Department of Revenue and BEREC

Regional Housing Market Trends: Steady Demand and Growing Inventory in Nashville, Memphis, and Knoxville

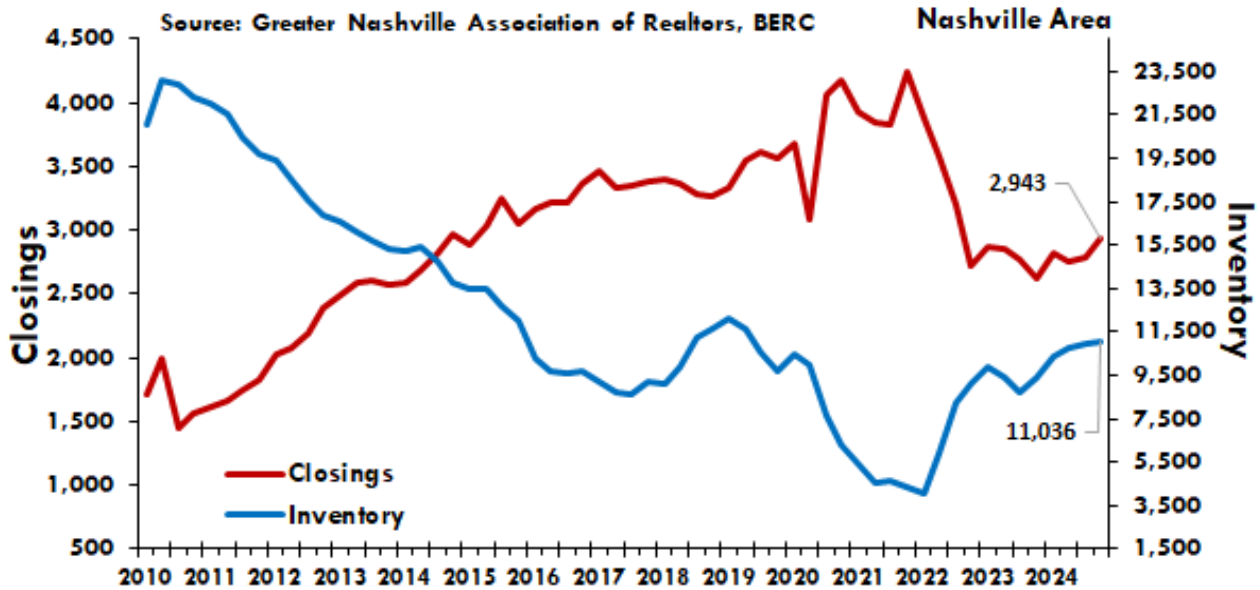
Nashville's housing market showed positive results in the fourth quarter of 2024. Home closings increased by 5.33% quarterly and 12.04% annually, reflecting steady demand for homes in the area. Home inventory also rose by 0.83% quarterly and 17.04% annually, indicating an increase in the availability of homes in the market to meet the demand.

In Memphis, the market presented a slightly different dynamic. Home closing decreased by 1.91% quarterly and

8.18% annually. Home inventory increased slightly by 0.30% quarterly and 9.47% annually, indicating an increase in the availability of homes.

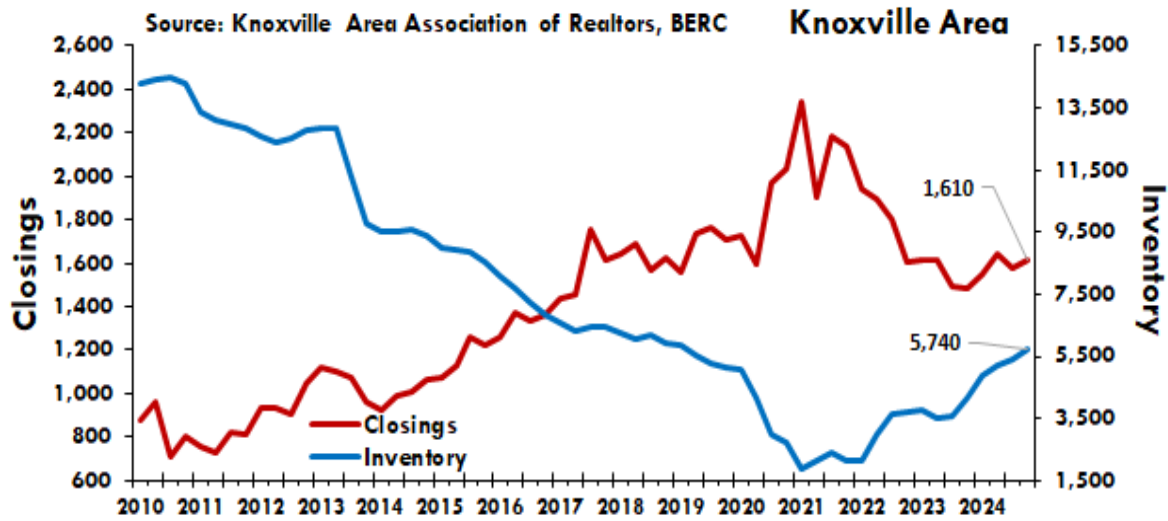
Knoxville experienced strong performance in its housing market. Home closing grew by 2.11% quarterly and 8.41% annually, showing strong demand. Home inventory grew by 5.74% from the previous quarter and saw a substantial increase of 38.58% annually, indicating a significant expansion in housing supply.

Figure 7.1 Single-family sales and inventory - Nashville Area



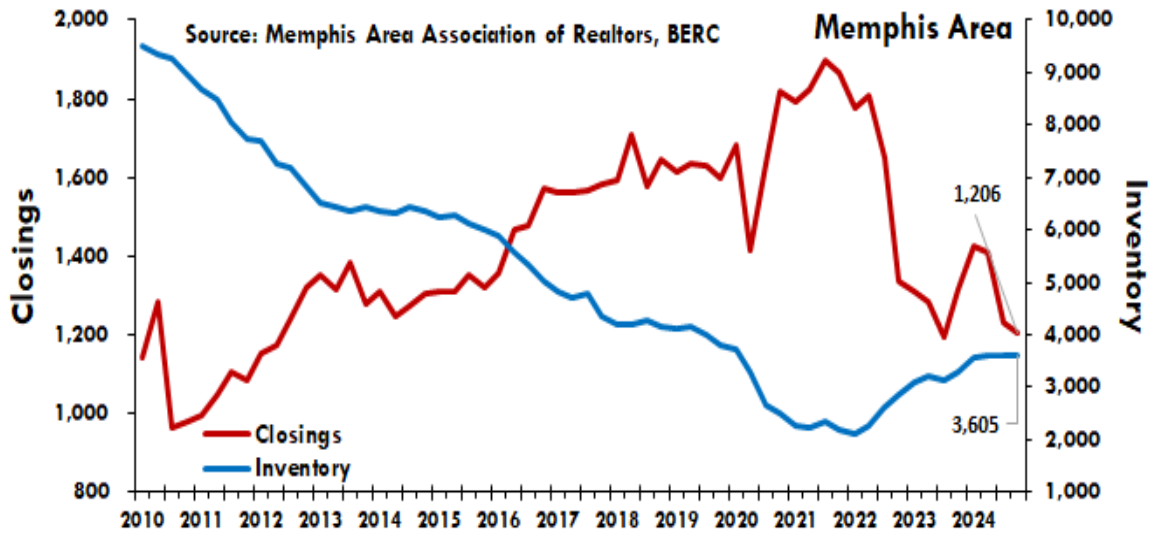
Source: Greater Nashville Association of Realtors, BERC

Figure 7.2 Single-family sales and inventory - Knoxville Area



Source: Knoxville Area Association of Realtors, BEREC

Figure 7.3 Single-family sales and inventory - Memphis Area



Source: Memphis Area Association of Realtors, BEREC

Home Prices Rise in Tennessee MSAs: Regional Variations Observed

In the fourth quarter of 2024, house prices in Tennessee rose by 0.74% from the previous quarter, reaching an index of 686.75. There is a 5.48% increase compared to last year. In comparison, the U.S. house price index grew by 0.65% to 688.71 and increased by 4.12% annually. This shows that Tennessee’s housing market is growing slightly faster than the national average. Across Tennessee’s MSAs, house price trends exhibit a range of growth patterns:

Strong Growth Areas: In the Jackson MSA, home prices increased by 2.98% from the previous quarter and 8.40% rise year-over-year. Similarly, the Cleveland MSA experienced a 1.80% increase in house prices quarterly, with a 5.73% increase year-over-year.

Moderate Growth Areas: The Kingsport-Bristol MSA saw a 1.52% rise in house prices compared to the previous quarter, and a 6.84% increase year-over-year. The Johnson City MSA

showed similar trends with a rise of 1.48% quarterly and 8.19% annually.

Mixed and Slower Growth Areas: In the Knoxville MSA, house prices grew by 0.65% from the previous quarter and 7.21% annually. The Morristown MSA saw a 0.54% quarterly increase and a 6.97% rise year-over-year. Chattanooga MSA had the least growth, with a 0.42% quarterly increase and a 4.31% annual rise in home prices.

Declining Areas: The Clarksville MSA experienced a decline in house prices, with a 1.00% drop from the previous quarter, although it still saw a slight 0.15% increase annually. The Memphis MSA also saw a quarterly decrease of 0.61% but experienced a 2.22% annual increase. Similarly, the Nashville MSA had a small decline of 0.12% quarterly, with a 4.28% annual increase.

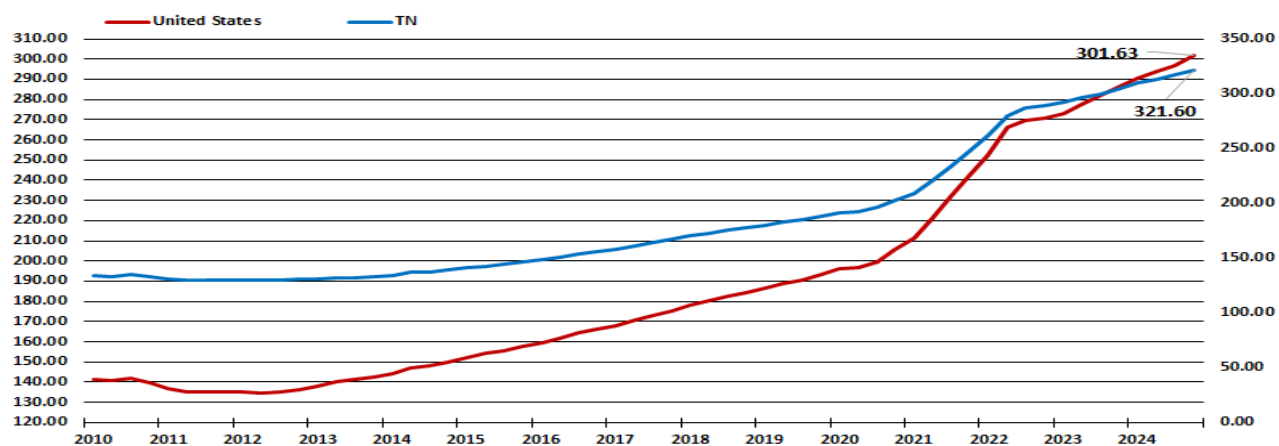
Table 3. Percent change in Housing Prices Year to Year

Area	2023.1-2024.1	2023.2-2024.2	2023.3-2024.3	2023.4-2024.4
Chattanooga MSA	7.4%	9.6%	6.5%	4.3%
Clarksville MSA	7.4%	5.8%	2.8%	0.2%
Cleveland MSA	15.6%	9.2%	8.5%	5.7%
Jackson MSA	5.9%	12.2%	6.2%	8.4%
Johnson City MSA	5.8%	8.7%	5.5%	8.2%
Kingsport-Bristol MSA	5.6%	13.8%	8.8%	6.8%
Knoxville MSA	11.8%	7.1%	7.8%	7.2%
Memphis MSA	1.6%	1.6%	2.5%	2.2%
Morristown MSA	12.7%	14.0%	10.4%	7.0%
Nashville MSA	3.9%	4.5%	5.4%	4.3%
Tennessee	6.1%	5.7%	5.9%	5.4%
United States	6.5%	5.4%	4.1%	4.1%

Source: FHFA All Transactions Index.

Source: www.FHFA.gov All Transactions Index

Figure 8. Tennessee FHFA house price index (2000 = 100.0)



Source: www.FHFA.gov All Transactions Index

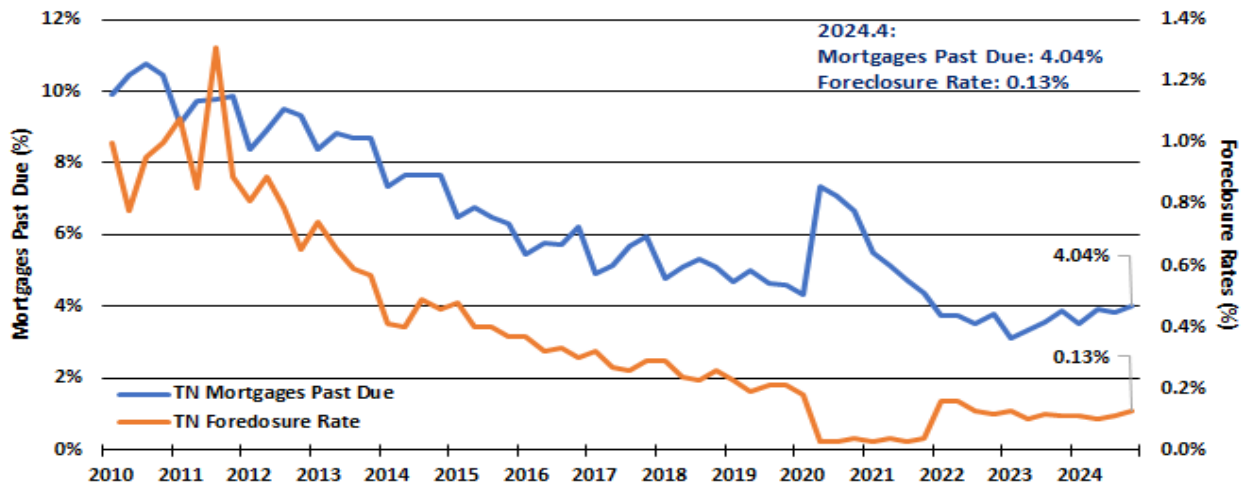
Mortgage Delinquencies and Foreclosure Rates: Q4 2024 Trends in Tennessee and the U.S.

In the fourth quarter of 2024, the U.S. mortgage market saw a slight increase in delinquencies. The U.S. mortgage delinquency rate rose by 0.25 percentage points, from 3.99% in Q3 2024 to 4.24% in Q4 2024, with annual results remaining consistent with the quarterly trend.

The U.S. foreclosure rate also saw a slight quarterly increase of 0.01 percentage points from 0.14% to 0.15%. Annually, the foreclosure rate remained the same as in the quarterly period.

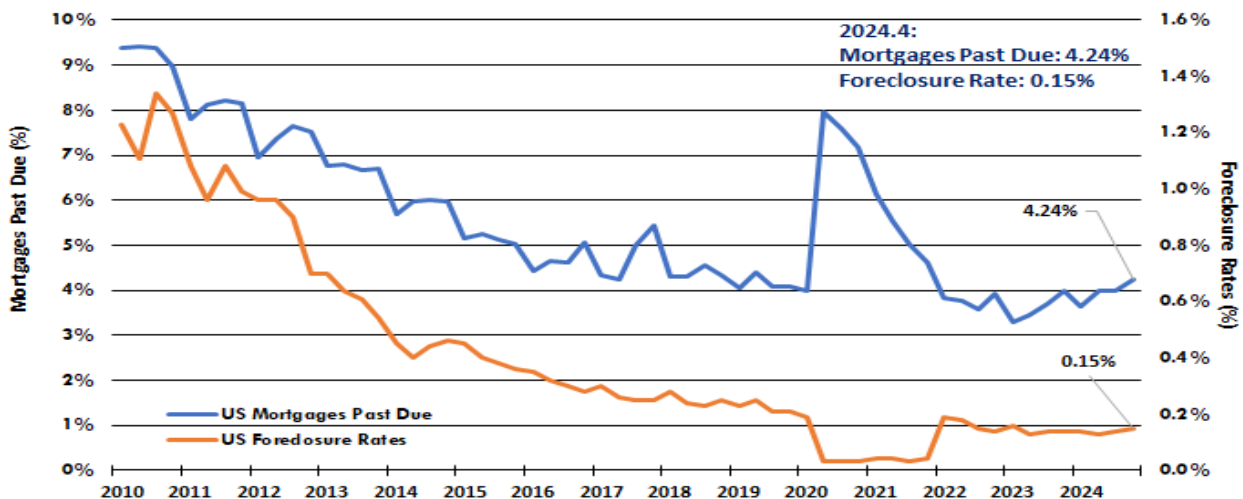
In Tennessee, the mortgage delinquency rate increased slightly by 0.19 percentage points, from 3.85% in Q3 2024 to 4.04% in Q4 2024, indicating a slight change in mortgage payment performance. Annually, the delinquency rate grew by 0.16 percentage points, up from 3.88% in Q4 2023, signaling a slower upward trend than the national level. Tennessee's foreclosure rate increased slightly by 0.02 percentage points, from 0.11% to 0.13% quarterly, with annual results showing the same trend.

Figure 9. Tennessee mortgages past due and foreclosure rates (percent of mortgages in place)



Source: Mortgage Bankers Association

Figure 10. United States mortgages past due and foreclosure rate (percent of mortgages in place)



Source: Mortgage Bankers Association

Navigating Tennessee's Evolving Housing Market in Q4 2024

Tennessee's housing market showed mixed growth in Q4 2024. Home prices, single-family homes, and inventory rates increased slightly in Nashville, Memphis, and Knoxville MSAs, while the homeowner vacancy rate and total home permits decreased. Additionally, there was a small rise in total non-farm employment, particularly in goods-producing and service-providing sectors.

While Jackson and Cleveland MSAs saw significant increases in house prices, regions like Clarksville and Memphis experienced price declines. The labor market is growing, with higher employment and a larger workforce, though unemployment claims, and mortgage delinquencies have slightly increased. Looking ahead, national policy changes are expected to impact regional sectors, but the extent of these effects will become clearer in the coming quarters.



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Glossary

Home Closings/Inventory.

Number of houses sold/number of houses with active listings. A high number of closings and a low number of inventories would demonstrate a positive step for the economy. (Source: Greater Nashville Association of Realtors, Memphis Area Association of Realtors, and Knoxville Area Association of Realtors)

Homeowner/Rental Vacancy Rate.

Number of vacant units divided by total number of units. A high vacancy rate indicates poor market conditions, a low one strong market conditions. (Source: Census Bureau)

Labor Force.

All persons employed and unemployed but actively looking for a job. Net changes in number of people employed and unemployed are important gauges of the health of the U.S. job market. (Source: Bureau of Labor Statistics)

Mortgage/Real Estate Transfer Tax Collections.

Amount of taxes collected for realty transfers and mortgages, which together account for a large portion of privilege taxes. (Source: Tennessee Department of Revenue)

Mortgages Past Due and Foreclosures Started.

Percentage of mortgages past due and percentage of new foreclosures started, indicating individuals in financial distress. (Source: Mortgage Bankers Association)

Single/Multi-Family Home Permits.

Level of new single- and multi-family housing construction. Housing permits can be early indicators of housing market activity. New residential housing construction generally leads to other types of economic production. (Source: Census Bureau)

Total Nonfarm Employment.

Total number of paid U.S. workers of any business, excluding government, farm, nonprofit, and private household employees; one of the key economic statistics used to analyze whether the economy is expanding or contracting. (Source: Bureau of Labor Statistics)

Unemployment Insurance Claims.

Weekly average layoff figures. The smaller the number, the better the economy is performing. (Source: U.S. Department of Labor)

Unemployment Rate.

Percentage of unemployed individuals divided by the labor force, a determinant of future conditions, used to determine overall economic health. (Source: Bureau of Labor Statistics)