

HOUSING

TENNESSEE

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June 2025

TENNESSEE DASHBOARD 2nd QUARTER 2025 (percent change over the year)

Weekly Unemployment Claims	▼ -4.89	Total Home Permits*	▼ -7.49
Total Nonfarm Employment*	▲ +1.90	Mortgage Tax Collections	▼ +18.26
Unemployment Rate (percentage points)*	▲ +0.47	Real Estate Transfer Tax Collections	▲ +0.45
Homeowner Vacancy Rate (percentage points)	▼ -0.30	Home Prices*	▲ +3.70
Rental Vacancy Rate (percentage points)	▲ -0.90	Mortgages Past Due (percentage points)	▼ -0.10
Single-Family Home Permits*	▼ -4.51	Foreclosure Rate (percentage points)	▲ +0.05

*seasonally adjusted

▲ positive outcome for economy ▼ negative outcome for economy

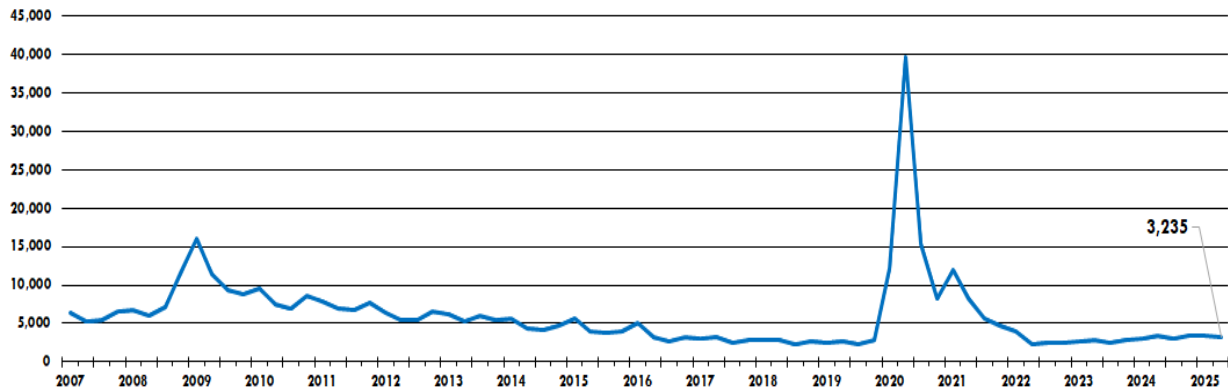
Tennessee Q2 2025: Labor Market Stable as Unemployment Declines

Quarterly Overview: In the second quarter of 2025, employment across most industry sectors remained stable. The services-providing sector recorded the strongest quarterly growth at 0.60%, while total nonfarm employment rose modestly by 0.37%. Both the labor force and total employment expanded, increasing by 0.61% and 0.81%, respectively. The unemployment rate declined by 0.17 percentage points over the same period.

Annual Overview: In the second quarter of 2025, employment across most industry sectors remained stable. The services-providing sector recorded the strongest quarterly growth at 0.60%, while total nonfarm employment rose modestly by 0.37%. Both the labor force and total employment expanded, increasing by 0.61% and 0.81%, respectively. The unemployment rate declined by 0.17 percentage points over the same period.

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)

	2024.2	2024.3	2024.4	2025.1	2025.2
Employment by Industry (Nonfarm)					
Total Nonfarm	3,331	3,335	3,383	3,382	3,394
Goods-Producing Sectors	521	526	533	532	531
Manufacturing	362	363	364	365	364
Services-Providing Sectors	2,809	2,809	2,850	2,849	2,867
Labor Force	3,406	3,412	3,436	3,445	3,466
Total Employment	3,302	3,305	3,308	3,318	3,345
Unemployed	104	107	128	127	121
Unemployment Rate	3.03%	3.10%	3.70%	3.67%	3.50%

Source: Bureau of Labor Statistics

Source: Bureau of Labor Statistics

Homeowner & Rental Vacancies: Rates Remain Stable

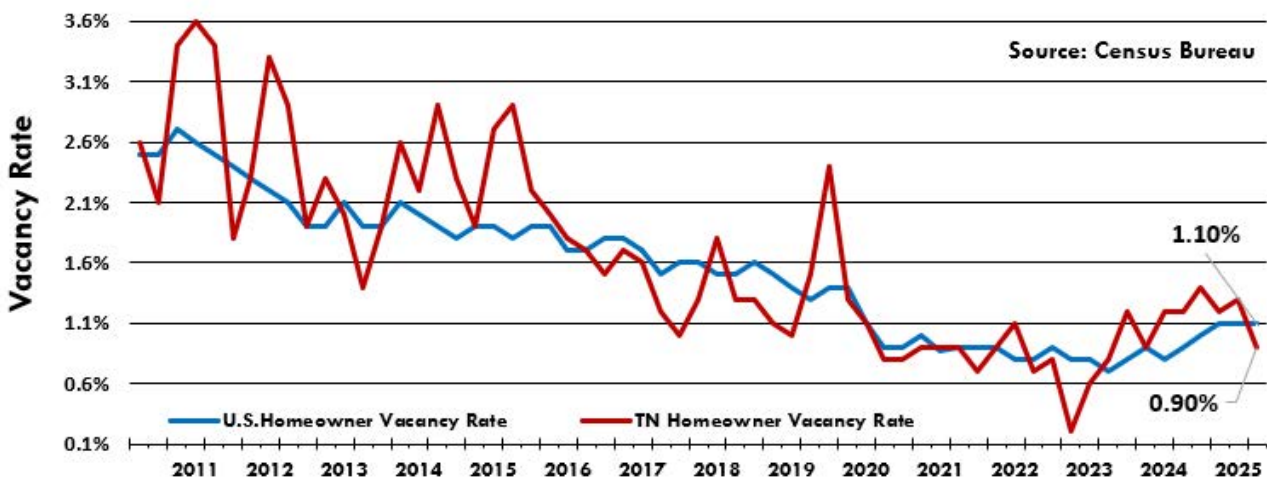
Quarterly Overview: In Q2 2025, Tennessee’s homeowner vacancy rate edged down to 0.90%, a decline of 0.40 percentage points from Q1 2025. By comparison, the U.S. homeowner vacancy rate held steady at 1.10% over the same period.

Tennessee’s rental vacancy rate rose from 8.20% in Q1 2025 to 9.40% in Q2 2025, marking a notable quarterly increase. In contrast, the U.S. rental vacancy rate moved in the opposite direction, edging down from 7.10% to 7.00% over the same period.

Annual Overview: Year-over-year trends reflect a similar pattern. Tennessee’s homeowner vacancy rate fell from 1.20% in Q2 2024 to 0.90% in Q2 2025. In contrast, the national rate rose from 0.90% to 1.10% over the same period. Despite these shifts, both Tennessee and U.S. homeowner vacancy rates remain low by historical standards, staying well below their 10-year highs.

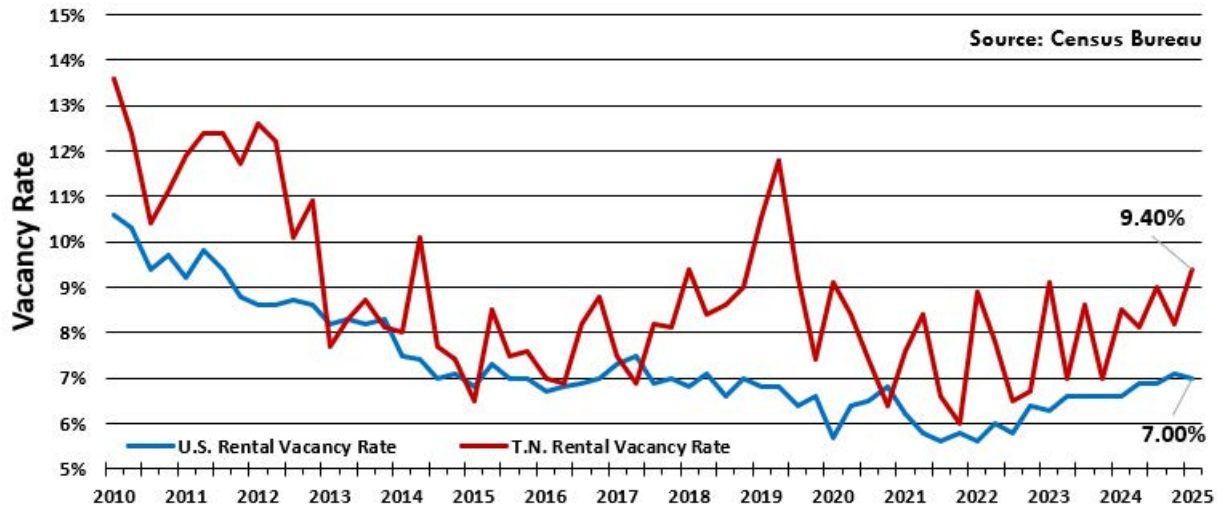
On a year-over-year basis, Tennessee's rental vacancy rate also recorded a significant increase, climbing from 8.50% in Q2 2024 to 9.40% in Q2 2025. Nationally, rental vacancy rates also trended upward but at a slower pace, rising by just 0.40 percentage points—from 6.60% in Q2 2024 to 7.00% in Q2 2025.

Figure 2: Homeowner Vacancy Rate



Source: Census Bureau

Figure 3. Rental vacancy rate



Source: Census Bureau

Housing Permits: Notable Declines in Tennessee Amid Diverging National Trends

Quarterly Overview : In Q2 2025, single-family housing permits declined across all regions. Tennessee reported a decrease of 1.93%, while the South and the U.S. experienced larger declines of 5.23% and 5.26%, respectively.

Trends in multi-family permits were more varied. Tennessee recorded a sharp decline of 36.39%, compared with a marginal decrease of 0.32% in the South. Nationally, however, multi-family permits increased by 5.91%, diverging from both state and regional trends.

Overall, Tennessee’s total housing permits fell by 7.98% for the quarter, while the South posted a smaller decline of 3.67%. By contrast, the U.S. total rose modestly by 0.31%.

Annual Overview: The annual data echo the quarterly weakness in single-family permits, with declines of 4.51% in Tennessee, 8.12% in the South, and 7.08% nationwide.

Multi-family permits showed sharper contrasts. Tennessee’s permits dropped by 21.57% year-over-year, while the South registered a modest increase of 2.94%. At the national level, multi-family permits rose significantly by 9.83%.

Overall, total permits in Tennessee declined by 7.49% year-over-year, compared with a 5.42% decline in the South and a smaller 1.80% decrease nationwide.

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

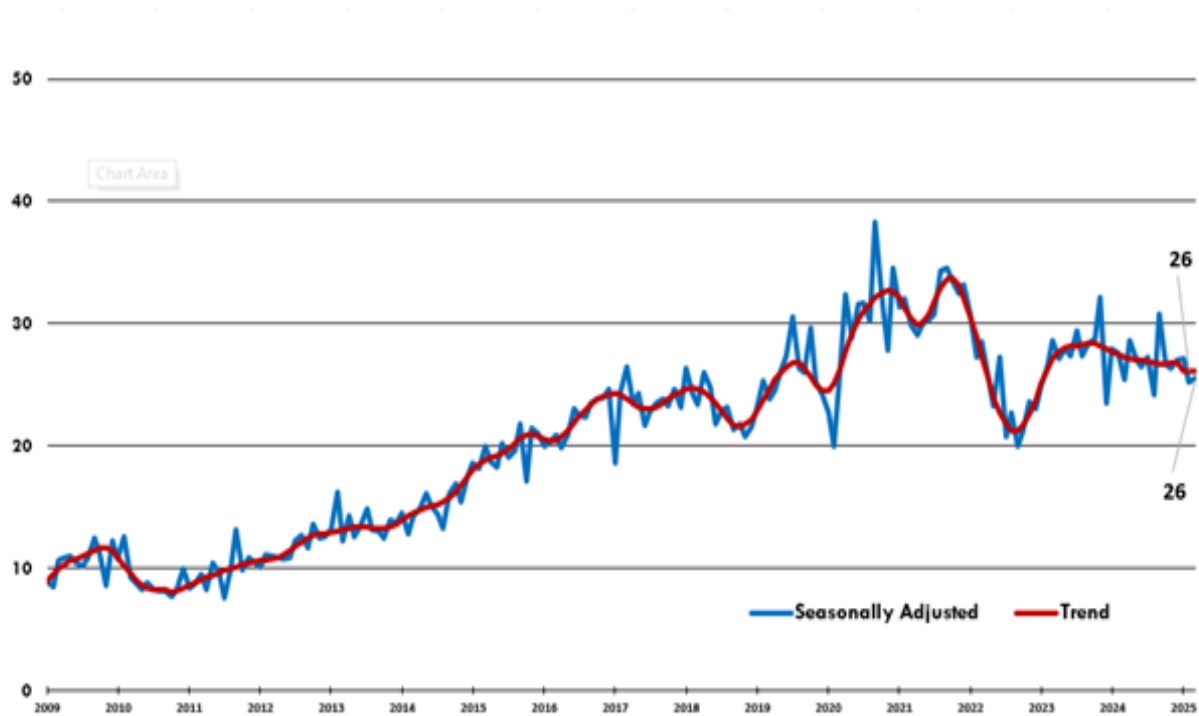


Table 2. Permits issued for privately owned new housing (thousands, seasonally adjusted annual rate)

(numbers shown in thousands)

	Single-Family Permits			Multi-Family Permits			Total Permits		
	Tennessee	South	U.S.	Tennessee	South	U.S.	Tennessee	South	U.S.
2022.2	34.7	608.0	1,020.9	8.9	316.6	690.1	43.6	930.0	1,717.7
2022.3	30.6	526.4	890.3	7.6	323.8	676.1	38.5	857.2	1,578.3
2022.4	25.4	470.6	773.2	5.2	318.1	623.7	29.8	786.0	1,399.2
2023.1	27.0	474.2	777.2	16.3	328.5	658.9	42.7	799.2	1,420.2
2023.2	32.1	547.5	911.0	14.7	251.6	539.1	47.0	802.5	1,461.1
2023.3	33.1	577.7	953.2	15.1	276.3	624.1	48.8	816.4	1,472.6
2023.4	34.0	586.0	971.6	12.4	240.4	500.1	46.6	817.5	1,451.1
2024.1	33.6	588.9	989.9	10.1	207.5	511.6	43.5	797.1	1,490.0
2024.2	32.6	577.5	967.8	13.3	228.5	462.9	45.4	808.6	1,450.4
2024.3	33.0	575.1	979.2	12.7	216.0	469.3	46.2	796.5	1,454.5
2024.4	32.7	585.3	992.8	9.9	218.0	503.6	42.7	794.8	1,475.6
2025.1	31.8	559.9	949.2	16.4	236.0	480.0	45.7	793.9	1,419.8
2025.2	31.2	530.6	899.3	10.4	235.2	508.3	42.0	764.8	1,424.2
Change from previous quarter	-1.93%	-5.23%	-5.26%	-36.39%	-0.32%	5.91%	-7.98%	-3.67%	0.31%
Change from previous year	-4.51%	-8.12%	-7.08%	-21.57%	2.94%	9.83%	-7.49%	-5.42%	-1.80%

Source: Census Bureau

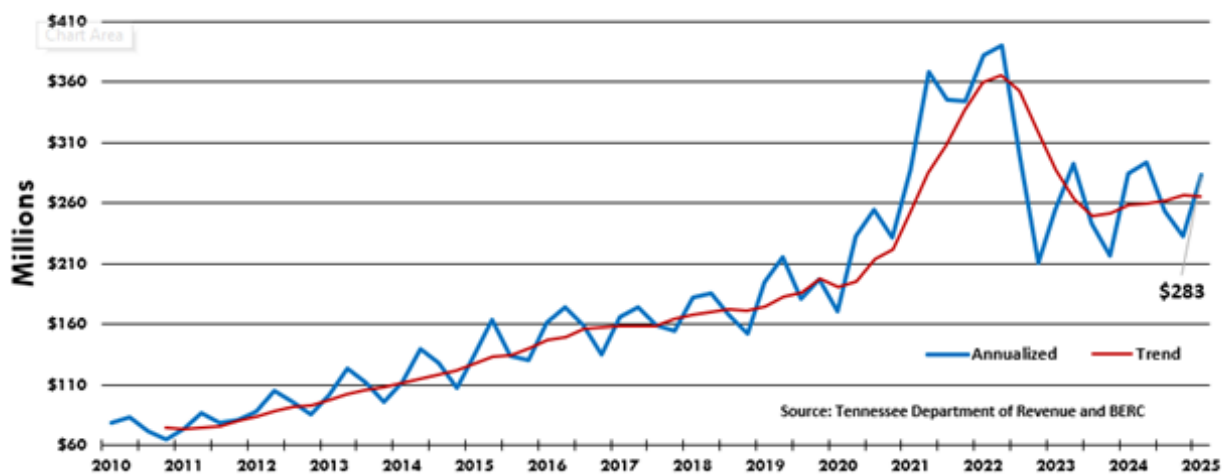
Source: Census Bureau

State Tax Revenue Growth: Real Estate and Mortgage Taxes Show Mixed Trends

In Q2 2025, Tennessee’s real estate **transfer tax** collections increased to \$283 million, up from \$232 million in Q1. Despite this quarterly gain, collections were slightly lower year-over-year, declining 0.45% from \$284 million in Q2 2024.

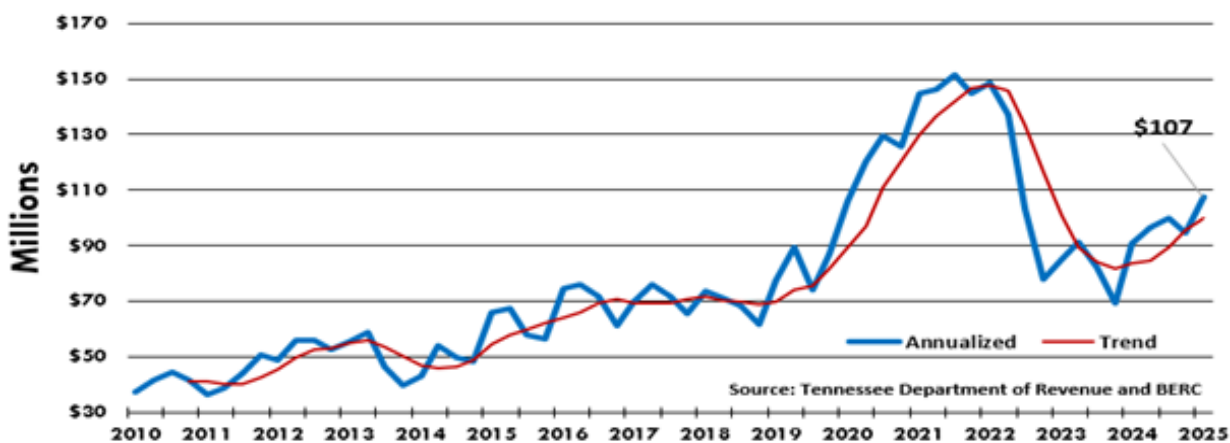
Mortgage tax collections also strengthened during the quarter, rising 13.31% from \$95 million to \$107 million. Unlike real estate transfer taxes, mortgage tax revenues posted robust annual growth, climbing 18.26% from \$91 million in Q2 2024 to \$107 million in Q2 2025.

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



Source: Tennessee Department of Revenue and BERCC

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



Source: Tennessee Department of Revenue and BERCC

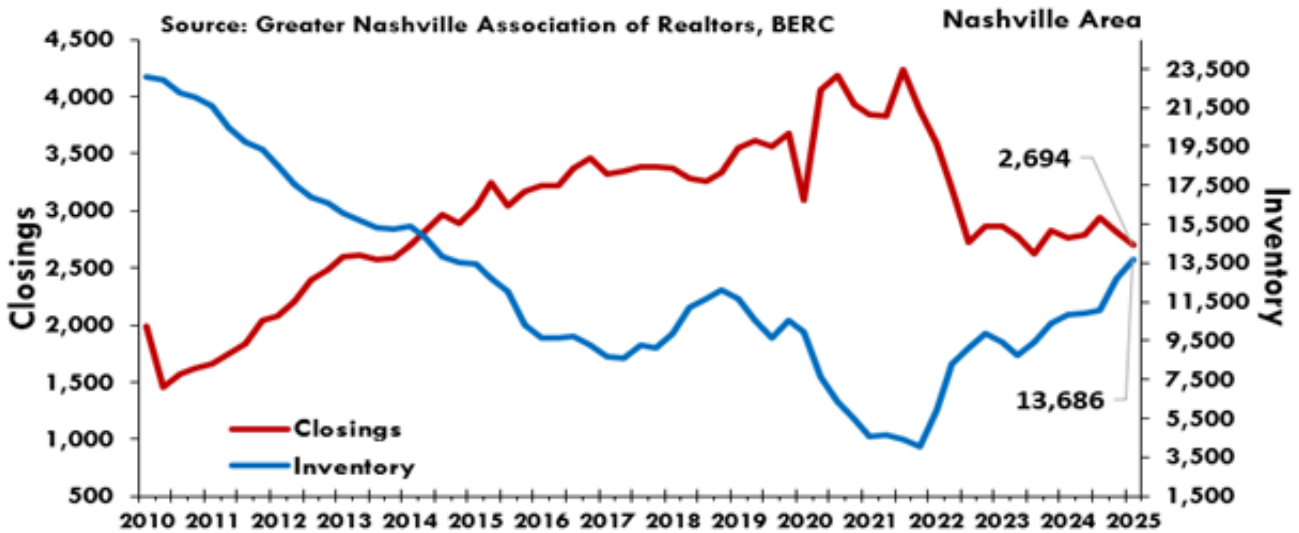
Regional Housing Market Trends: Modest Changes in Closings, Strong Growth in Inventory

Nashville: Home closings declined by 4.10% in Q2 2025 and were down 2.27% year-over-year. At the same time, inventory expanded significantly, rising 7.76% during the quarter and 26.60% over the past year.

Memphis: Closings showed little change, slipping 0.01% in Q2 but falling 6.19% year-over-year. Inventory levels increased steadily, up 6.95% for the quarter and 21.54% compared with last year.

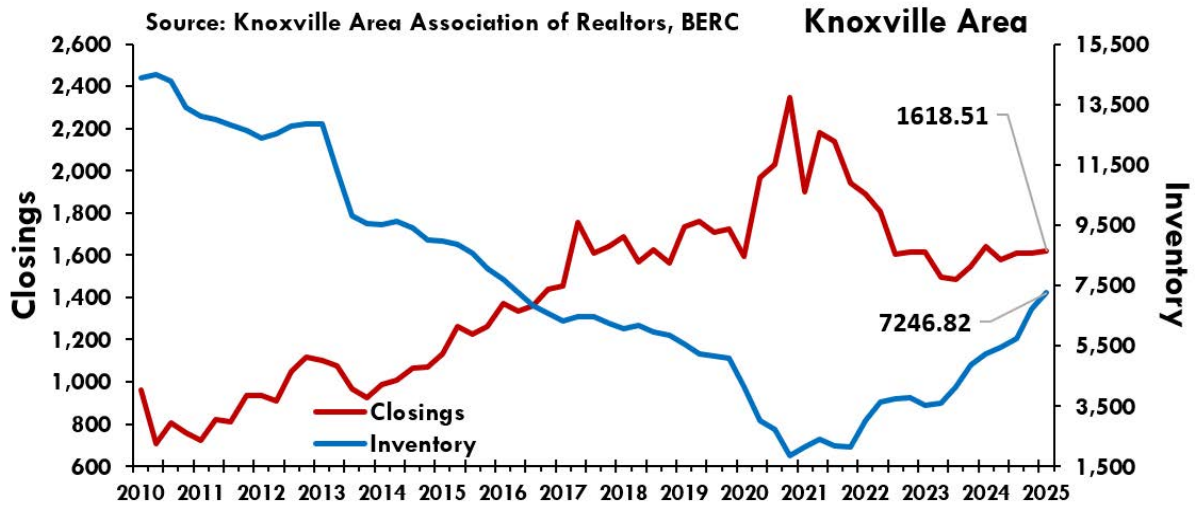
Knoxville: Closings rose slightly by 0.58% in Q2 but declined 0.93% year-over-year. Inventory growth was much stronger, climbing 7.49% during the quarter and surging 40.23% over the past year.

Figure 7.1 Single-family sales and inventory - Nashville Area



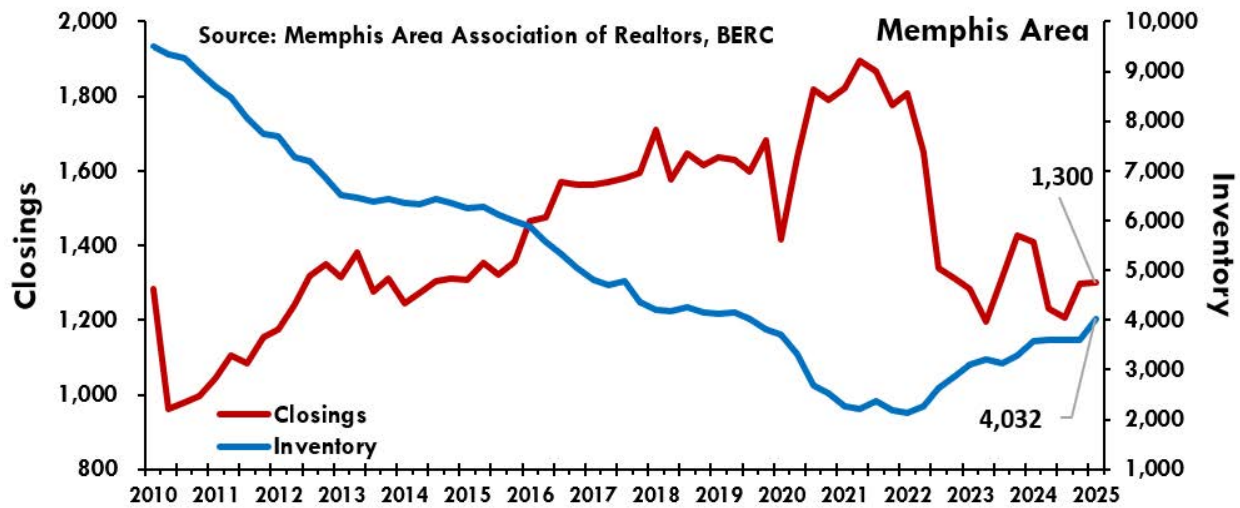
Source: Greater Nashville Association of Realtors, BEREC

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: State Growth Continues but Remains Slightly Below National Average

This quarter, the state average rose by 0.70% above the national quarterly average. Although it remained slightly below the national average on an annual basis. Tennessee home prices increased by 0.70% over the past quarter and 3.70% over the past year, while the United States experienced a 0.53% increase over the past quarter and a 3.88% increase over the past year.

Strong Growth Areas: In the second quarter of 2025, the Morristown MSA posted the strongest growth, with home prices rising 3.04%. Johnson City followed with an increase of 2.72%, while Clarksville also recorded solid gains of 2.06% during the quarter.

Moderate Growth Areas: All of the moderate growth areas posted gains of less than 1.50% in home prices during the second quarter of 2025, reflecting modest growth across the category. The Chattanooga MSA recorded an increase of 1.16%, while the Jackson MSA rose by 0.58% over the same period.

Mixed and Slowed Growth Areas: The mixed and slowed growth areas registered gains of less than 0.50% in home prices during the second quarter of 2025. Both Memphis and Nashville MSAs saw only slight increases of 0.48%, while Knoxville posted a minimal rise of just 0.08%.

Declining Areas: Two metropolitan areas recorded declines in home prices during the second quarter of 2025. The Kingsport-Bristol MSA posted a modest decrease of 0.27%, while the Cleveland MSA experienced a sharper drop of 0.78%.

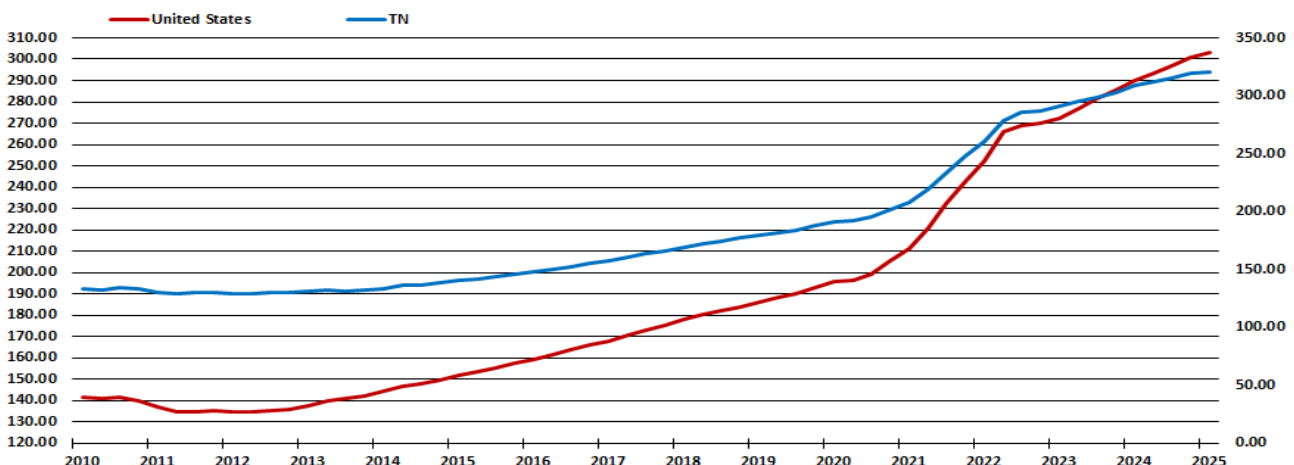
Annual Metro Leaders: When looking at annual trends, the Morristown MSA led all Tennessee markets, with home prices rising 5.24% over the past year. Johnson City followed with an increase of 4.63%, while Clarksville posted a gain of 3.93%, rounding out the top three markets for annual growth.

Table 3. % Change in Housing Prices Year to Year

Area	2023.3-2024.3	2023.4-2024.4	2024.1-2025.1	2024.2-2025.2
Chattanooga MSA	6.5%	4.5%	3.7%	3.3%
Clarksville MSA	4.7%	4.0%	3.1%	3.9%
Cleveland MSA	9.4%	6.0%	2.2%	1.1%
Jackson MSA	5.8%	8.4%	3.0%	-1.1%
Johnson City MSA	4.7%	8.5%	4.0%	4.6%
Kingsport-Bristol MSA	8.3%	6.9%	9.7%	3.0%
Knoxville MSA	8.1%	7.5%	4.0%	3.3%
Memphis MSA	2.7%	2.6%	2.5%	2.3%
Morristown MSA	10.4%	6.2%	3.2%	5.2%
Nashville MSA	5.3%	4.8%	3.5%	3.1%
Tennessee	5.7%	5.5%	3.9%	3.7%
United States	5.4%	5.4%	4.7%	3.9%

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 & Foreclosures: Steady Strides: Mortgage Delinquencies Ease as Foreclosures Tick Up

Overview: Tennessee’s mortgage delinquency and foreclosure rates remained relatively stable in the second quarter of 2025 and over the past year, reflecting national patterns of a modest annual decline in delinquencies paired with a slight uptick in foreclosure activity.

Quarterly Overview: In Q2 2025, Tennessee recorded a small increase in mortgage delinquencies, rising from 3.61% in Q1 to 3.82%, while foreclosure rates edged down from 0.16% to 0.15%. Nationally, delinquencies also ticked upward, moving from 3.75% in the first quarter to 3.91% in the second quarter.

Annual Overview: On a year-over-year basis, Tennessee’s mortgage delinquency rate eased slightly, declining from 3.92% in Q2 2024 to 3.82% in Q2 2025. In contrast, the state’s foreclosure rate increased from 0.10% to 0.15% over the same period. Nationally, delinquencies fell modestly from 3.98% to 3.91%, while foreclosure rates rose from 0.13% in Q2 2024 to 0.17% in Q2 2025.

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

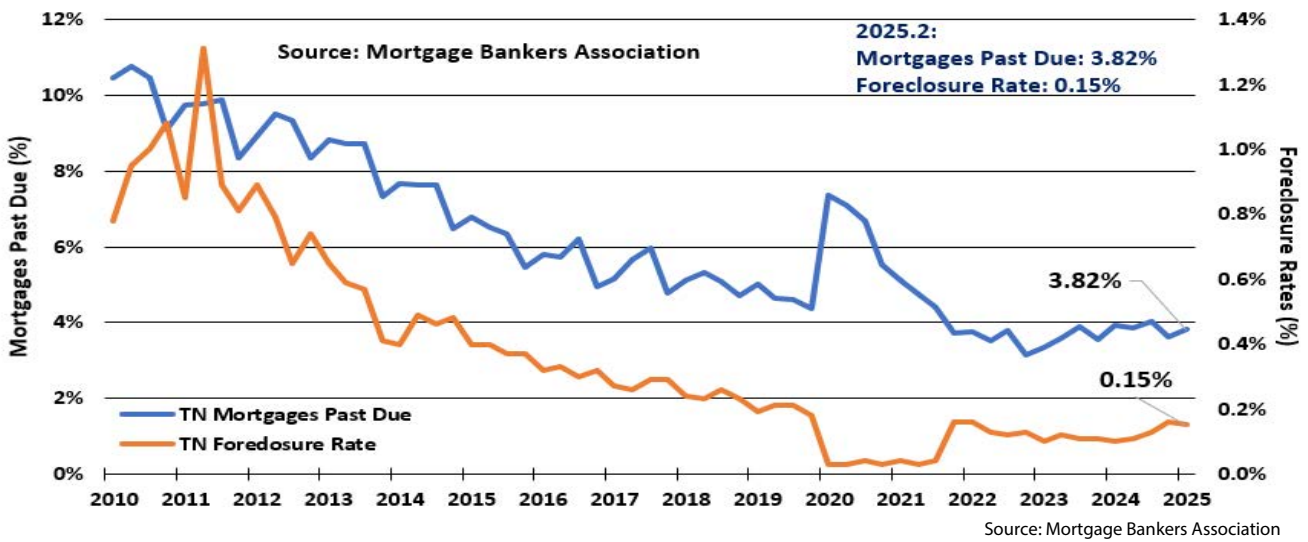
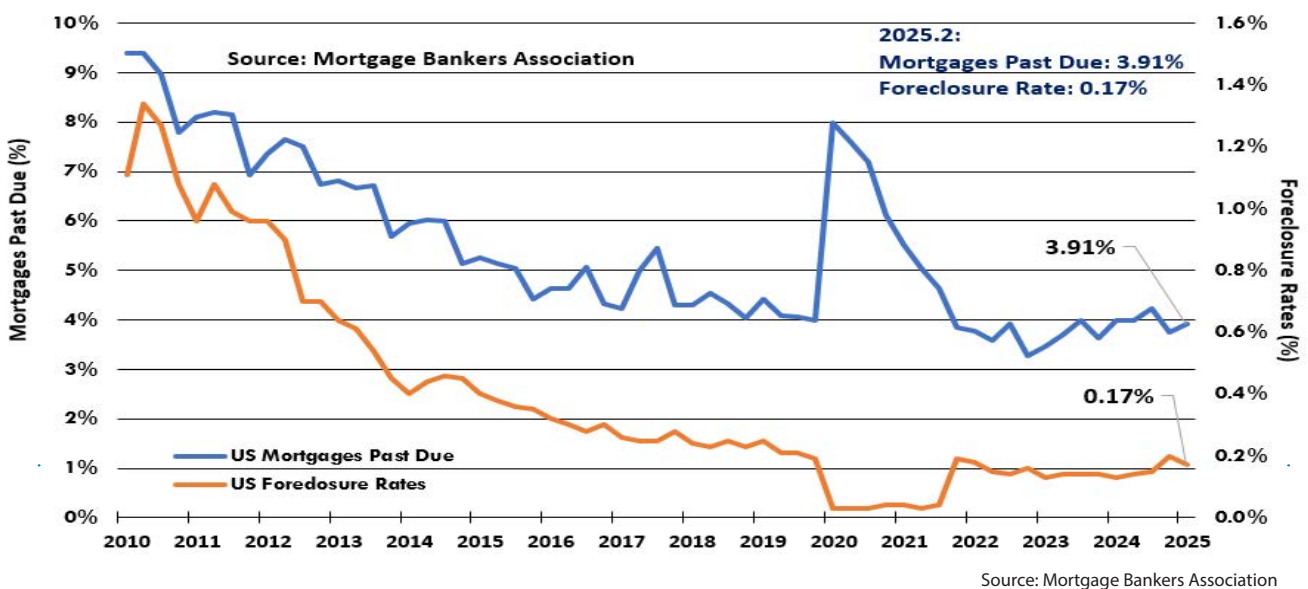


Figure 10. United States mortgages past due and foreclosure rate (percent of mortgages in place)



Market Remains Stable for the Second Quarter of 2025

Overview: Tennessee's housing and labor markets remained steady through the second quarter of 2025. Employment levels were stable across most sectors, and the unemployment rate continued to decline during the quarter, despite showing a slight increase compared with the same period last year.

Permit & Tax Trends: Vacancy trends were mixed. The homeowner vacancy rate declined on both a quarterly and annual basis, while the rental vacancy rate moved higher. Housing permits decreased across all categories, with multi-family permits posting the sharpest declines both quarterly and annually. State tax revenues reflected a split pattern. Real estate transfer tax collections increased during the quarter but edged lower year-over-year, while mortgage tax collections rose strongly on both a quarterly and annual basis.

Metro Dynamics: In the housing market, inventory expanded significantly in Nashville, Memphis, and Knoxville, while closings held flat or declined. Home prices across Tennessee continued to rise on both a quarterly and annual basis, though the pace of growth remained slightly below the national average.

Mortgage and Price Trends: Mortgage delinquencies eased to 3.61%, while foreclosures ticked up to 0.16%. Home prices increased by 0.11% compared with the previous quarter and by 3.71% compared with one year ago, still trailing national increases of 0.81% for the quarter and 4.61% for the year.



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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)