

HOUSING

TENNESSEE

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September 2025

TENNESSEE DASHBOARD 3rd QUARTER 2025 (percent change over the year)

Weekly Unemployment Claims	▲ +11.18	Total Home Permits*	▼ -9.23
Total Nonfarm Employment*	▲ +12.12	Mortgage Tax Collections	▲ +17.20
Unemployment Rate (percentage points)*	▲ +0.50	Real Estate Transfer Tax Collections	▲ +4.74
Homeowner Vacancy Rate (percentage points)	▼ -0.20	Home Prices*	▲ +3.53
Rental Vacancy Rate (percentage points)	▼ -0.20	Mortgages Past Due (percentage points)	▲ +0.12
Single-Family Home Permits*	▼ -5.07	Foreclosure Rate (percentage points)	▲ +0.03

*seasonally adjusted

▲ positive outcome for economy ▼ negative outcome for economy

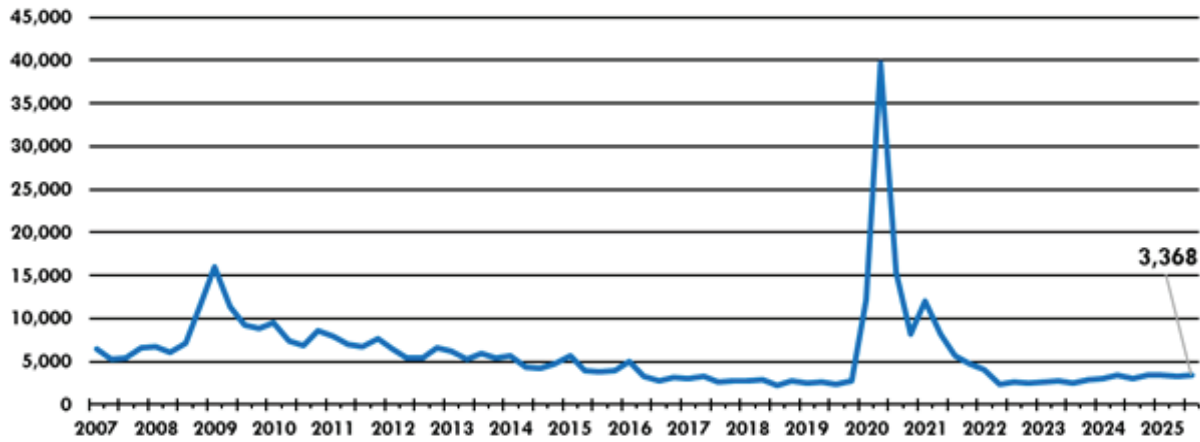
Tennessee Q3 2025: Labor Market Shows Mixed Signals

Quarterly Overview: During the third quarter of 2025, employment trends across major industry sectors were mixed, with modest overall gains. Total nonfarm employment increased slightly over the quarter. Growth was led by the services-providing sector, which expanded by 0.36%, while employment in the goods-producing and manufacturing sectors declined by 0.22% and 0.61%, respectively. Both the labor force and total employment continued to expand, rising by 0.65% and 0.57% over the quarter. The unemployment rate edged up by 0.10 percentage points, reflecting a modest increase in the number of unemployed individuals amid continued labor force growth.

Annual Overview: On a year-over-year basis, employment growth was broadly positive across most sectors. Total nonfarm employment increased by 2.12%, driven primarily by gains in the services-providing sector, which posted a 2.41% increase. Employment in the goods-producing sector rose by 0.65%, while manufacturing employment declined slightly by 0.29%. Over the year, the labor force expanded by 2.24% and total employment grew by 1.78%. The unemployment rate increased by 0.50 percentage points; however, at 3.60% in the third quarter of 2025, it remains well below the elevated levels observed during 2020 and 2021.

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)

	2024.3	2024.4	2025.1	2025.2	2025.3
Employment by Industry (Nonfarm)					
Total Nonfarm	3,335	3,383	3,382	3,394	3,406
Goods-Producing Sectors	526	533	532	531	529
Manufacturing	363	364	365	364	362
Services-Providing Sectors	2,809	2,850	2,849	2,867	2,877
Labor Force	3,412	3,436	3,445	3,466	3,488
Total Employment	3,305	3,308	3,318	3,345	3,364
Unemployed	107	128	127	121	124
Unemployment Rate	3.10%	3.70%	3.67%	3.50%	3.60%

Source: Bureau of Labor Statistics

Source: Bureau of Labor Statistics

Homeowner & Rental Vacancies: Rates Remain Low Despite Modest Changes

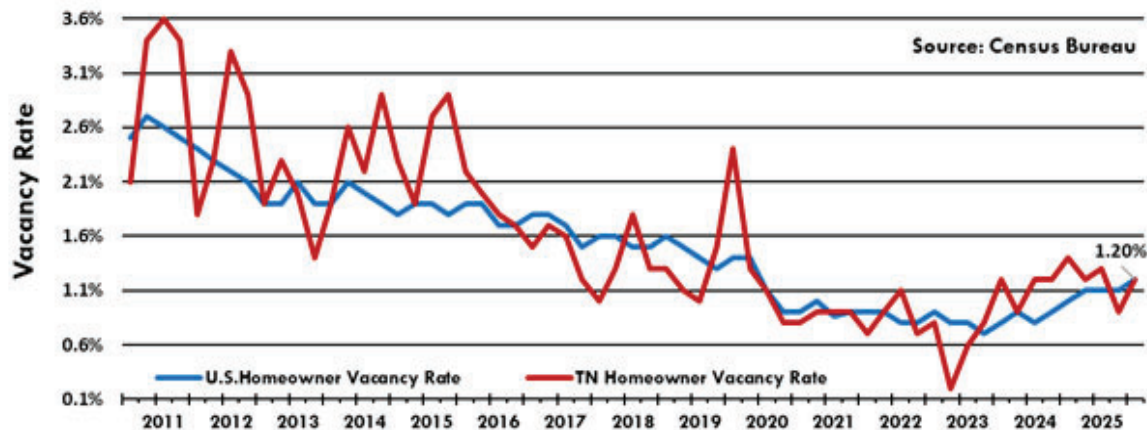
Quarterly Overview: In Q3 2025, Tennessee’s homeowner vacancy rate edged up to 1.20%, an increase of 0.30 percentage points from Q2. Over the same period, the U.S. homeowner vacancy rate also increased, reaching 1.20%.

During the same period, Tennessee’s rental vacancy rate dropped from 9.40% in Q2 2025 to 7.90% in Q3 2025, representing a notable quarterly decrease. In contrast, the U.S. rental vacancy rate moved in the opposite direction, increasing slightly from 7.00% to 7.10% over the same period.

Annual Overview: Year-over-year trends show a similar pattern. Tennessee’s homeowner vacancy rate declined from 1.40% in Q3 2024 to 1.20% in Q3 2025. In contrast, the national rate rose from 1.00% to 1.20% during the same period. Despite these changes, homeowner vacancy rates in both Tennessee and the U.S. remain historically low, well below their respective 10-year highs.

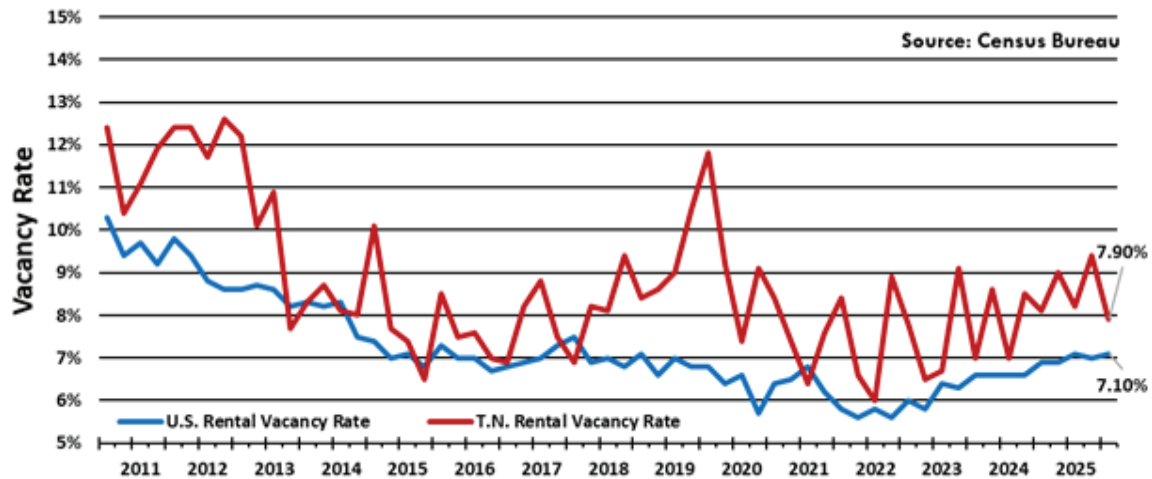
Tennessee also experienced a decline, with the rental vacancy rate decreasing from 8.10% in Q3 2024 to 7.90% in Q3 2025. Nationally, rental vacancy rates rose at a slower pace, increasing by 0.20 percentage points—from 6.90% in Q3 2024 to 7.10% in Q3 2025.

Figure 2. Homeowner vacancy rate



Source: Census Bureau

Figure 3. Rental vacancy rate



Source: Census Bureau

Housing Permits: Tennessee Experiences Notable Increase Amid Declining National Trends

Quarterly Overview : For Q3 2025, Tennessee’s single-family permits experienced a slight increase of 0.69%, a modest but notable change from the declining permit rates during the previous two quarters of 2025. In contrast, single-family permits in the South and the U.S. continued to drop by 1.65% and 1.66%, respectively. Multi-family permits jumped considerably by 4.08% during Q3 2025, diverging significantly from regional and national trends. During the quarter, multifamily permits declined by 6.14% in the South and by 3.95% nationwide.

This pattern of growth in Tennessee, combined with decreases at the regional and national levels, was also reflected in total permits, which increased by a slight 0.03% during the quarter. In comparison, total permits still dropped by 3.44% in the South and 2.69% across the U.S.

Annual Overview: The annual data echoes a declining trend for Tennessee in all aspects. The single-family permits declined by 5.07% in Tennessee, 9.47% in the South, and 9.44% nationwide. Multi-family permits showed sharper contrasts. Tennessee’s permits dropped by 18.04% year-over-year, while the South registered a slight decline of 0.77%. At the national level, multi-family permits rose significantly by 4.59%.

Overall, total permits in Tennessee declined by 9.23% year over year, compared with 6.83% in the South and 4.72% nationwide.

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

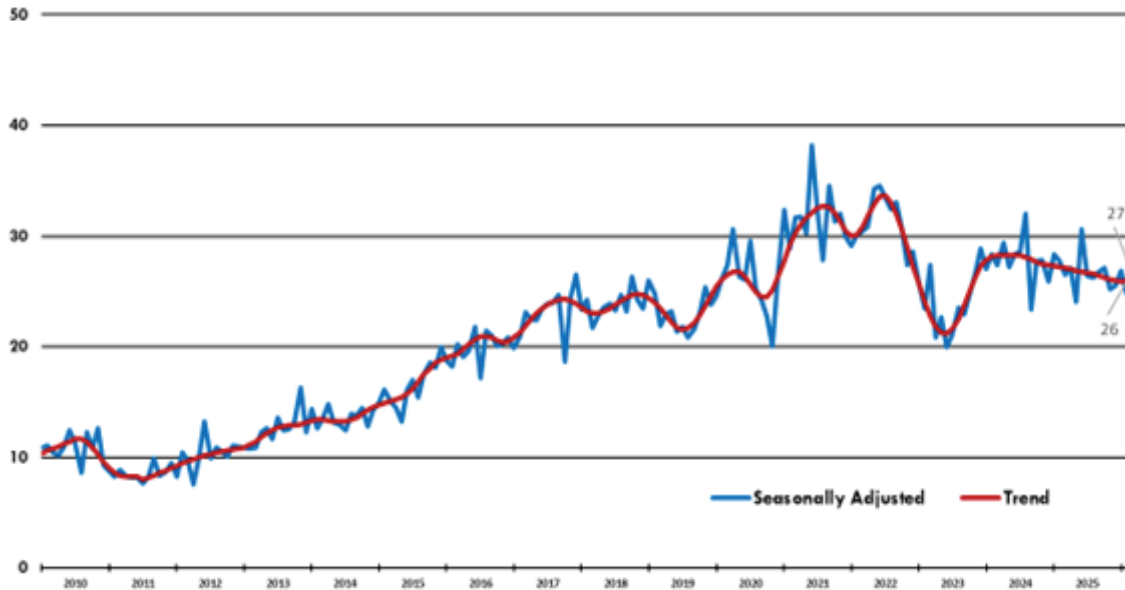
(numbers shown in thousands)

	Single-Family Permits			Multi-Family Permits			Total Permits		
	Tennessee	South	U.S.	Tennessee	South	U.S.	Tennessee	South	U.S.
2022.3	30.6	526.4	890.3	7.5	324.8	674.4	38.4	855.5	1,577.4
2022.4	25.4	470.9	773.1	5.2	318.0	623.5	29.8	786.8	1,400.6
2023.1	27.0	474.3	778.2	16.3	327.8	659.3	42.8	799.7	1,422.0
2023.2	32.1	546.8	910.3	14.8	250.5	540.3	47.0	802.9	1,458.1
2023.3	33.1	578.1	952.9	15.6	278.2	622.0	49.0	813.5	1,470.6
2023.4	34.0	586.5	971.0	12.4	240.2	500.1	46.5	819.6	1,453.9
2024.1	33.6	589.0	991.5	10.1	206.9	512.2	43.5	798.1	1,492.8
2024.2	32.6	576.7	967.9	13.1	226.5	464.0	45.4	809.0	1,447.2
2024.3	33.0	575.7	978.6	12.9	219.2	467.8	46.3	792.5	1,451.1
2024.4	32.7	585.7	991.5	9.9	217.7	503.7	42.7	798.0	1,479.7
2025.1	31.8	559.9	950.6	16.2	235.0	480.9	45.7	795.4	1,423.6
2025.2	31.1	529.9	900.3	10.2	231.7	509.4	42.0	764.7	1,420.8
2025.3	31.4	521.2	886.2	10.6	217.5	489.2	42.0	738.4	1,382.6
Change from previous quarter	0.69%	-1.65%	-1.56%	4.08%	-6.14%	-3.95%	0.03%	-3.44%	-2.69%
Change from previous year	-5.07%	-9.47%	-9.44%	-18.04%	-0.77%	4.59%	-9.23%	-6.83%	-4.72%

Source: Census Bureau

Source: Census Bureau

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

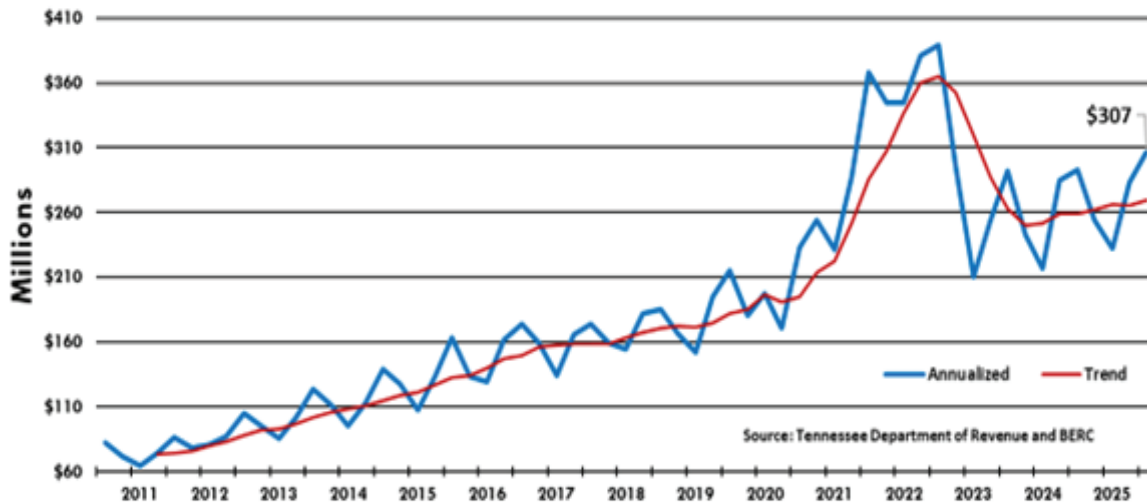


State Tax Revenue Growth: Real Estate and Mortgage Taxes Continue to Rise

Quarterly Overview: In Q3 2025, Tennessee’s real estate transfer tax collections increased to \$307 million, up from \$283 million in Q2. Mortgage tax collections likewise strengthened during the quarter, rising 5.61% from \$107 million to \$113 million.

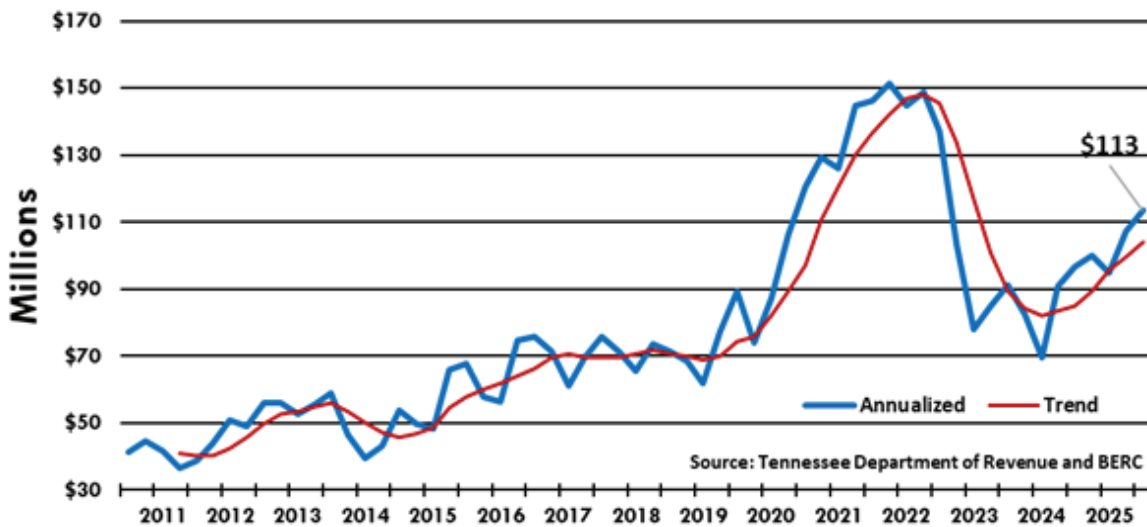
Annual Overview: Reflecting the quarterly momentum, collections also rose 4.74% year-over-year, up from \$293 million in Q3 2024. Consistent with the trend in real estate transfer taxes, mortgage tax revenues posted strong annual growth, increasing 16.49% from \$97 million in Q3 2024 to \$113 million in Q3 2025.

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



Source: Tennessee Department of Revenue and BERG

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



Source: Tennessee Department of Revenue and BERG

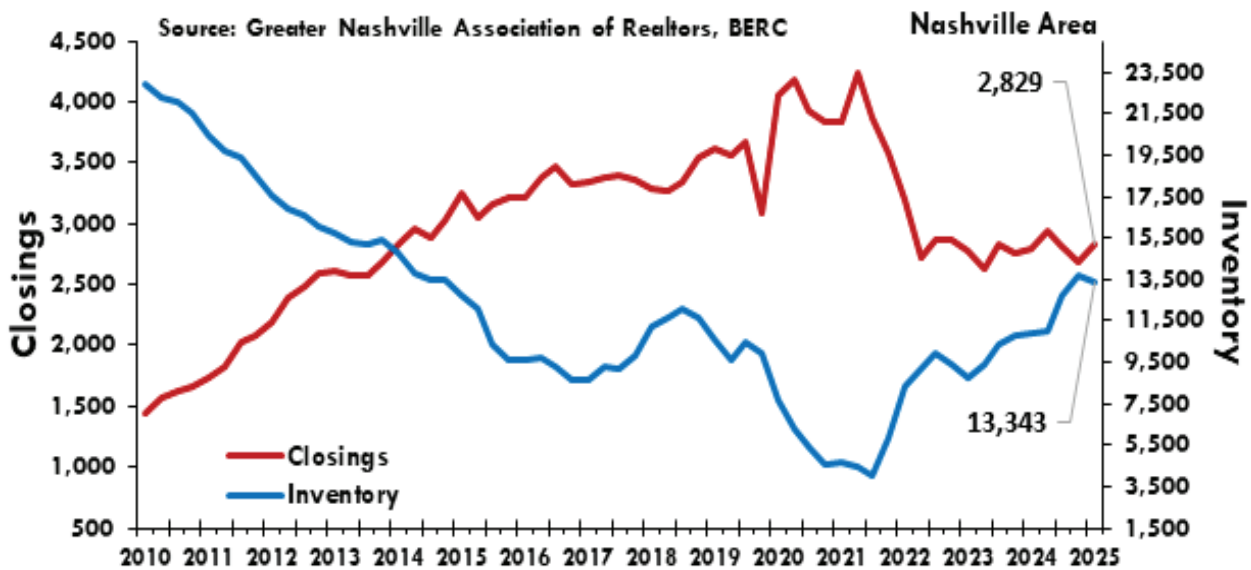
Regional Housing Market Trends: Mixed Closings, Inventory Growth Persists

Nashville: Home closings increased by 3.97% in Q3 2025 and were also up 1.29% year-over-year. Over the same period, inventory declined by 1.83% during the quarter but increased by 21.34% over the past year.

Memphis: Home closings declined by 4.56% in Q3, mirrored by a slight 0.04% decrease year-over-year. Inventory levels also fell during the quarter, decreasing by 0.39%; however, this was still an 18.36% increase compared to the prior year.

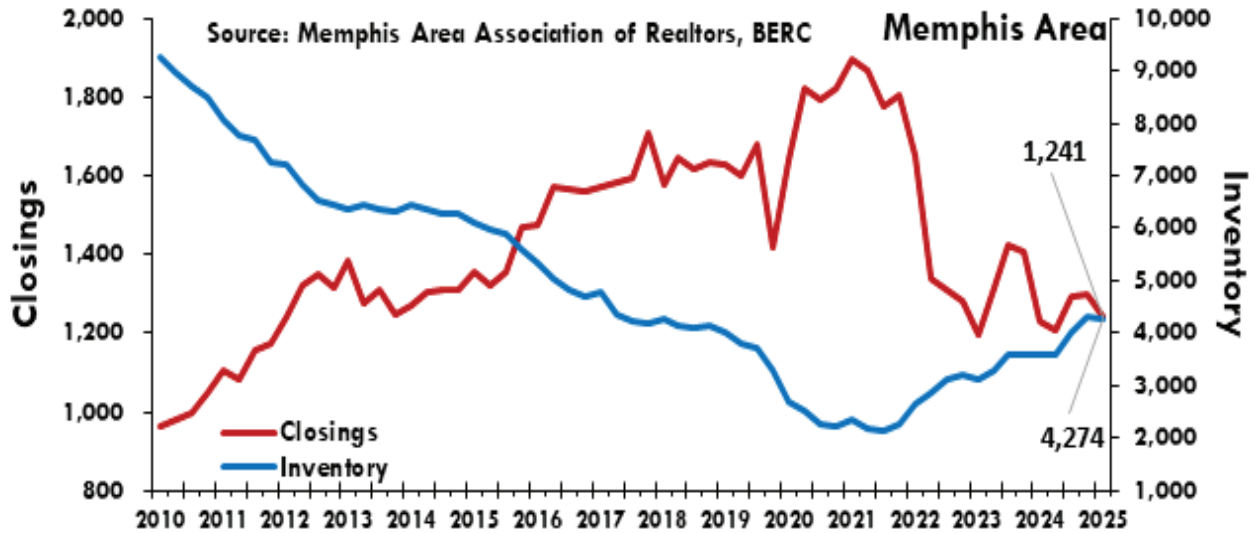
Knoxville: Home closings increased by 5.26% in Q3, mirrored by a 9.07% increase year-over-year. Inventory levels during the quarter, fell slightly by 0.15%. On the contrary, inventory level over the year was much stronger with a 31.34% higher than the prior year.

Figure 7.1 Single-family sales and inventory - Nashville Area



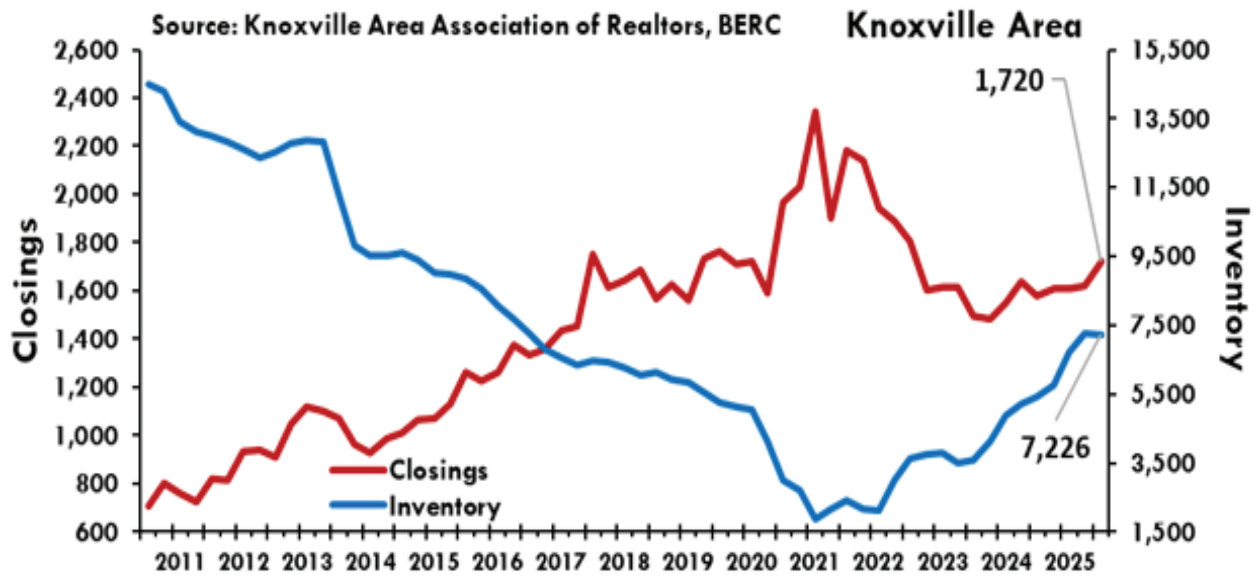
Source: Greater Nashville Association of Realtors, BERG

Figure 7.2 Single-family sales and inventory - Memphis Area



Source: Memphis Area Association of Realtors, BEREC

Figure 7.3 Single-family sales and inventory - Knoxville Area



Source: Knoxville Area Association of Realtors, BEREC

Home Prices Still Rise Across Tennessee Despite Declining Prices in Multiple MSAs

Overview: In Q3 2025, house prices across Tennessee and the nation continued to grow. In Tennessee, home prices grew by 0.70%, while prices nationwide increased by 0.50%. While several metropolitan areas recorded positive price growth, others experienced notable quarterly declines, underscoring uneven market conditions. The quarterly trends for all Tennessee metro areas are categorized below.

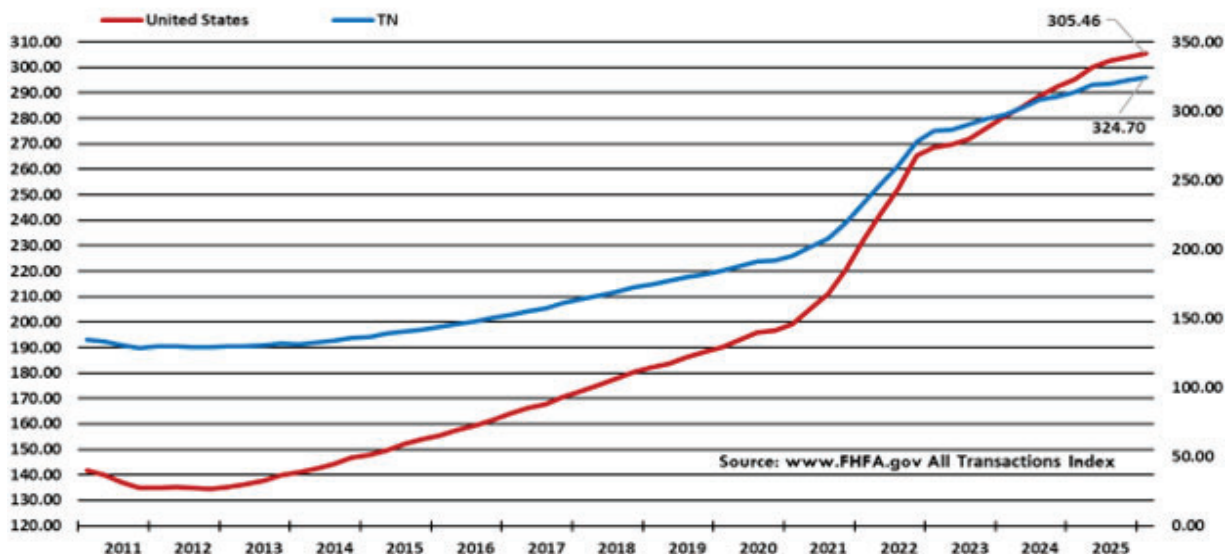
Strong Growth Areas: The Cleveland MSA posted the largest quarterly increase in home prices, rising 2.80%, followed by the Knoxville MSA, which recorded a solid 1.86% gain. **Moderate and Slowed Growth Areas:** The Clarksville MSA experienced moderate growth with a 1.13% increase, while price growth in the Chattanooga MSA was nearly flat, rising by just 0.12%. **Declining Areas:** Six MSAs recorded home price decline in Q3 2025. The Johnson City MSA remained almost stable, declining by only 0.03%. Jackson, Kingsport-Bristol, and Nashville MSAs each saw declines of around 0.30%. The largest quarterly declines were observed in Morristown MSA (-0.63%) and Memphis MSA (-1.40%).

Annually, home prices increased by 3.53% in Tennessee, slightly above the national increase of 3.36%. All Tennessee MSAs recorded positive year-over-year home price growth, although the pace of appreciation varied considerably across markets. Johnson City, Knoxville, and Morristown MSAs posted some of the strongest annual gains, while the price growth was more subdued in the Memphis and Nashville MSAs, indicating cooling conditions in several of the state's larger and more mature housing markets.

Table 3. % Change in Housing Prices Year to Year

Area	2023.4-2024.4	2024.1-2025.1	2024.2-2025.2	2024.3-2025.3
Chattanooga MSA	4.6%	3.6%	2.9%	2.8%
Clarksville MSA	3.6%	2.7%	4.4%	4.3%
Cleveland MSA	6.4%	1.2%	0.2%	3.1%
Jackson MSA	8.5%	3.2%	-0.9%	1.1%
Johnson City MSA	9.1%	4.2%	4.3%	4.4%
Kingsport-Bristol MSA	7.0%	8.3%	2.5%	3.8%
Knoxville MSA	7.4%	4.3%	3.9%	4.1%
Memphis MSA	2.5%	2.5%	2.4%	0.1%
Morristown MSA	6.1%	1.9%	4.9%	4.7%
Nashville MSA	5.0%	3.5%	3.4%	1.7%
Tennessee	5.6%	3.8%	3.9%	3.5%
United States	5.5%	4.8%	4.0%	3.4%

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



Source: www.FHFA.gov All Transactions Index

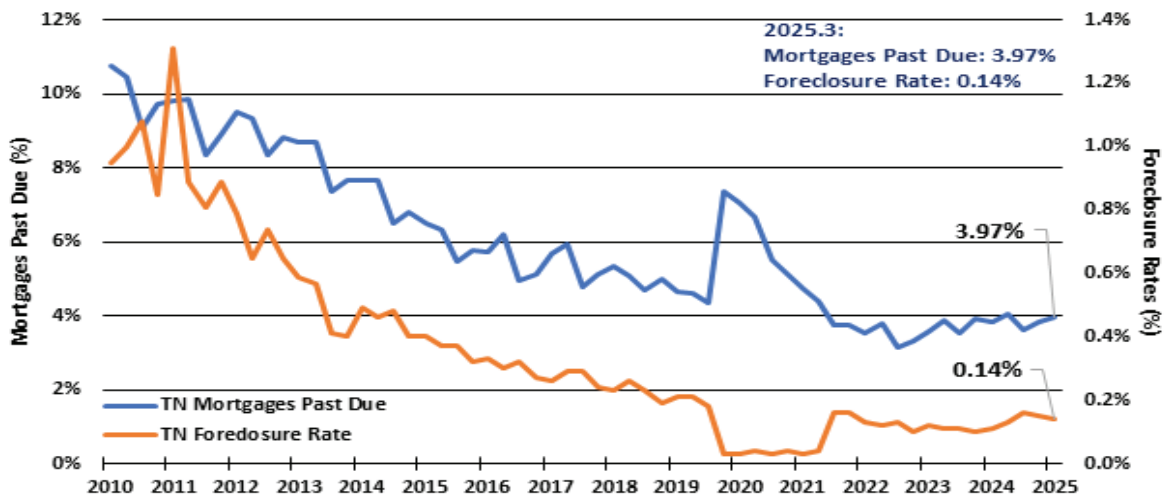
Mortgage Delinquencies & Foreclosures: Q3 2025 Trends in Tennessee and the United States

Overall Overview: In both quarterly and annually, Tennessee’s mortgage delinquency and foreclosure rates showed modest movement, generally mirroring national trends. Delinquency rates increased slightly by 0.15% in Q3 and by 0.12% year-over-year. Foreclosure activity declined marginally during the quarter but rose on an annual basis. Similar patterns were observed nationally, with gradual increases in delinquencies accompanied by higher foreclosure rates compared with a year earlier.

Quarterly Overview: Tennessee recorded a small increase in mortgage delinquencies, rising from 3.82% in Q2 to 3.97%, while foreclosure rates edged down from 0.15% to 0.14%. At the national level, delinquency rates also increased modestly, moving from 3.91% in Q1 to 4.03% in Q3.

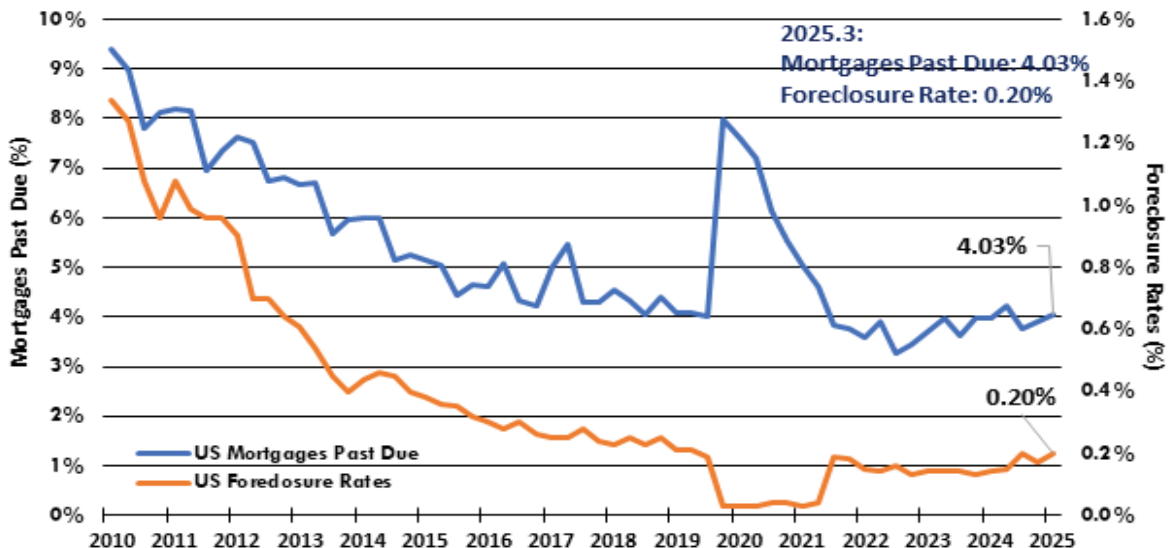
Annual Overview: On a year-over-year basis, Tennessee’s mortgage delinquency rate rose slightly from 3.85% in Q3 2024 to 3.97% in Q3 2025. Over the same period, the state’s foreclosure rate increased from 0.11% to 0.14%. Nationally, mortgage delinquencies increased modestly from 3.99% to 4.03%, while foreclosure rates rose from 0.14% in Q3 2024 to 0.20% in Q3 2025.

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

Tennessee Markets Maintains Stability in Q3 2025

Overall Overview: Tennessee’s housing and labor markets showed modest but uneven movement in the third quarter of 2025. Employment continued to expand across most sectors, although growth remained mixed. The unemployment rate edged higher both on a quarterly and year-over-year basis, while remaining low by historical standards

Vacancy Rates and Housing Permits: The homeowner vacancy rate increased slightly over the quarter but declined on a year-over-year basis. Rental vacancy rates fell in Tennessee both quarterly and annually, in contrast to modest increases observed at the national level. While housing permit activity continued to weaken at the regional and national levels, Tennessee recorded growth across all permit categories, led by a notable increase in multifamily permits.

State Tax Revenue: State tax revenues strengthened during the quarter. Real estate transfer tax collections increased on both a quarterly and annual basis, while mortgage tax collections posted solid quarterly gains and robust year-over-year growth.

Housing Market: Housing market performance varied across major metropolitan areas. Home closings increased in Nashville and Knoxville but declined in Memphis. Inventory levels edged lower during the quarter but remained significantly higher than a year earlier across all three markets. Although home prices continued to rise statewide, several metropolitan areas experienced notable price declines.

Mortgage and Foreclosures: Mortgage performance indicators showed limited movement during the quarter. Mortgage delinquencies increased modestly on both a quarterly and annual basis, while foreclosure rates declined slightly during the quarter but remained higher than a year earlier, broadly reflecting national trends.



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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)