

HOUSING

TENNESSEE

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March 2025

TENNESSEE DASHBOARD 4th QUARTER 2025 (percent change over the year)

Weekly Unemployment Claims	▲ +12.17	Total Home Permits*	▲ +5.57
Total Nonfarm Employment*	▲ +0.82	Mortgage Tax Collections	▲ +16.55
Unemployment Rate (percentage points)*	▼ -0.10	Real Estate Transfer Tax Collections	▲ +20.43
Homeowner Vacancy Rate (percentage points)	▲ +0.40	Home Prices*	▲ +2.97
Rental Vacancy Rate (percentage points)	▲ +0.40	Mortgages Past Due (percentage points)	▲ +0.56
Single-Family Home Permits*	▼ -1.51	Foreclosure Rate (percentage points)	▲ +0.04

*seasonally adjusted

▲ positive outcome for economy ▼ negative outcome for economy

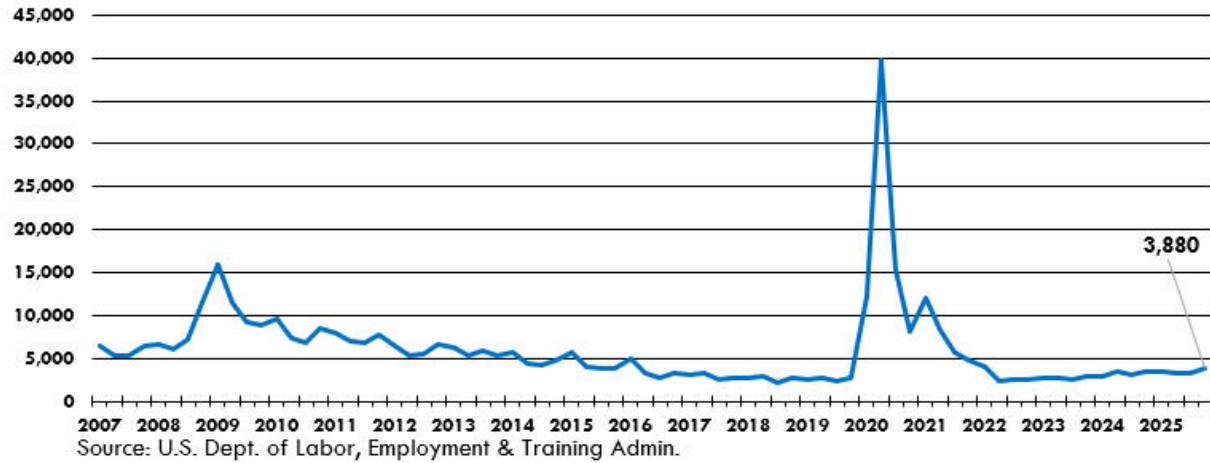
Tennessee Q4 2025: Labor Market Continues Gradual Expansion

Quarterly Overview: During the fourth quarter of 2025, employment trends continued to show modest but steady growth across most indicators. Total nonfarm employment increased slightly over the quarter by 0.14%. The services-providing sector led the highest growth, expanding by 0.15%, while employment in the goods-producing and manufacturing sectors increased modestly by 0.08% each. Both the labor force and total employment continued to expand, rising by 1.00% and 0.99% over the quarter. The number of unemployed individuals increased slightly by 1.07%, while the unemployment rate remained unchanged at 3.60%, indicating continued stability in the labor market.

Annual Overview: On a year-over-year basis, employment growth remained positive across several indicators. Total nonfarm employment increased by 0.82%, driven primarily by gains in the services-providing sector with a 1.10% increase. Employment in the goods-producing and manufacturing sectors declined slightly by 0.67% and 0.60%, respectively. Over the year, the labor force expanded by 2.52% and total employment grew by 2.70%. The number of unemployed individuals declined by 2.07%, and the unemployment rate decreased slightly by 0.10 percentage points to 3.60% in the fourth quarter of 2025, continuing to reflect a relatively tight labor market.

Figure 1. Tennessee initial claims for unemployment insurance

(quarterly average of weekly data, seasonally adjusted)



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

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

	2024.4	2025.1	2025.2	2025.3	2025.4
Employment by Industry (Nonfarm)					
Total Nonfarm	3,383	3,382	3,394	3,406	3,411
Goods-Producing Sectors	533	532	531	529	530
Manufacturing	364	365	364	362	362
Services-Providing Sectors	2,850	2,849	2,867	2,877	2,881
Labor Force	3,436	3,445	3,466	3,488	3,523
Total Employment	3,308	3,318	3,345	3,364	3,397
Unemployed	128	127	121	124	126
Unemployment Rate	3.70%	3.67%	3.50%	3.60%	3.60%

Source: Bureau of Labor Statistics

Homeowner & Rental Vacancies: Vacancy Rates Increase in Q4 2025

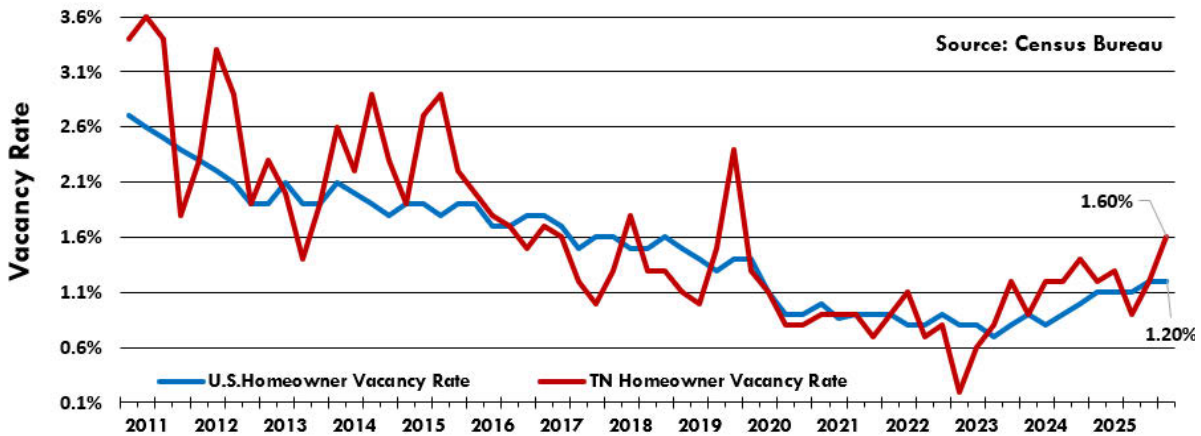
Quarterly Overview: In Q4 2025, Tennessee’s homeowner vacancy rate increased to 1.60%, rising from 1.20% in Q3. Over the same period, the U.S. homeowner vacancy rate remained unchanged at 1.20%.

During the same time frame, Tennessee’s rental vacancy rate increased from 7.90% in Q3 2025 to 9.40% in Q4 2025, representing a notable quarterly rise. The U.S. rental vacancy rate also increased slightly, moving from 7.10% to 7.20% over the same period.

Annual Overview: Year-over-year trends show a similar pattern of increase in Tennessee. The state’s homeowner vacancy rate rose from 1.20% in Q4 2024 to 1.60% in Q4 2025. In comparison, the national rate increased slightly from 1.10% to 1.20% during the same period. Despite the increase, homeowner vacancy rates in both Tennessee and the U.S. remain relatively low by historical standards.

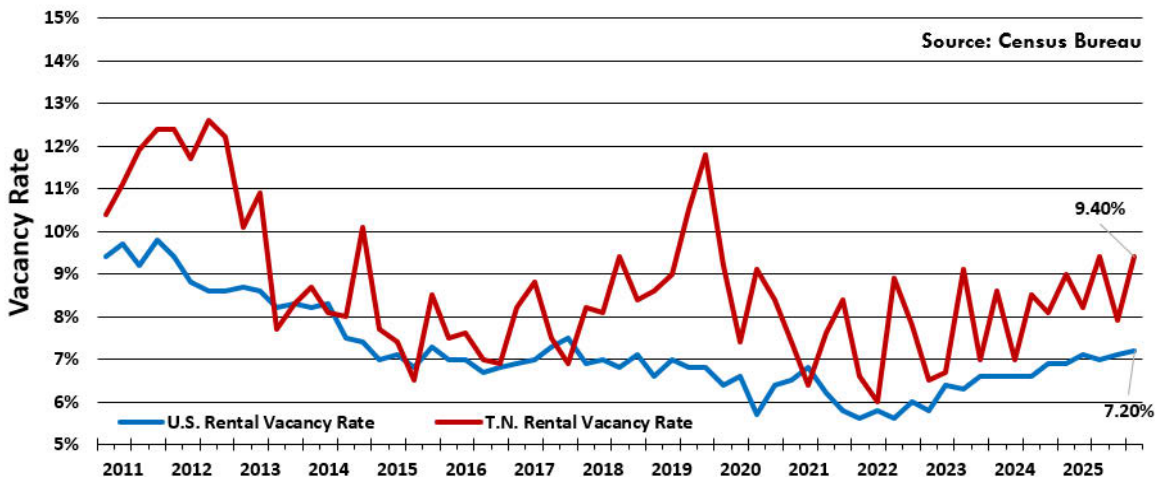
On a year-over-year basis, Tennessee saw an increase in rental vacancy rates, rising from 9.00% in Q4 2024 to 9.40% in Q4 2025. Nationally, rental vacancy rates also increased modestly, moving from 6.90% in Q4 2024 to 7.20% in Q4 2025.

Figure 2. Homeowner vacancy rate



Source: Census Bureau

Figure 3. Rental vacancy rate



Source: Census Bureau

Housing Permits: Tennessee Shows Mixed but Generally Stronger Permit Activity in Q4 2025

Quarterly Overview: In Q4 2025, single-family permits in Tennessee increased by 2.62%, reflecting moderate growth from the previous quarter. In contrast, single-family permits in the South declined slightly by 0.48%, while single-family permits nationwide increased by 1.17%.

Tennessee also experienced strong growth in multifamily permits during the quarter, with a 12.46% increase, marking a significant rise from the previous quarter. In comparison, multifamily permits increased by 0.58% in the South and by 10.44% nationwide.

This growth contributed to an overall increase in total permits in Tennessee, rising by 4.20% during the quarter. Meanwhile, total permits in the South declined slightly by 0.26%, while total permits in the United States increased by 3.11%.

Annual Overview: In Q4 2025, Single-family permits in Tennessee declined by 1.51%. The South and the United States also recorded higher declines of 11.51% and 9.69%, respectively.

Multifamily permits in Tennessee grew by 24.20% year over year. In comparison, multifamily permits in the South rose by 0.02%, while the United States recorded stronger growth of 9.20%.

Overall, total housing permits in Tennessee increased by 5.57% year over year. In contrast, total permits fell in both the South and the United States, by 7.85% and 3.01%, respectively. These trends suggest relatively stronger housing market activity in Tennessee than in the regional and national markets.

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

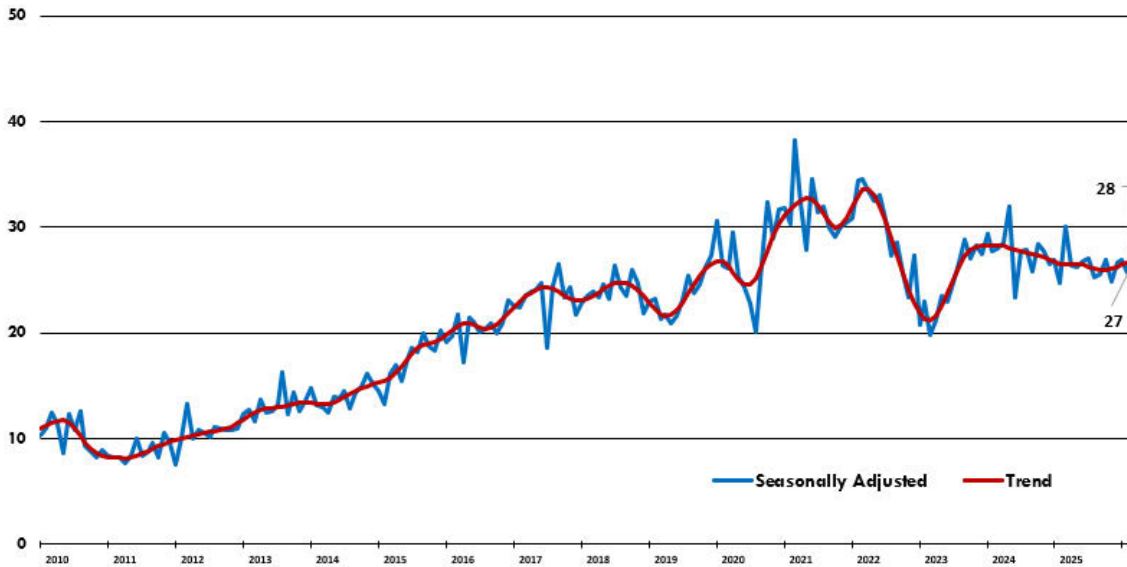


Table 2. Permits issued for privately owned new housing (thousands, seasonally adjusted annual rate)

(numbers shown in thousands)

	Single-Family Permits			Multi-Family Permits			Total Permits		
	Tennessee	South	U.S.	Tennessee	South	U.S.	Tennessee	South	U.S.
2022.4	25.4	470.8	773.3	5.1	317.7	614.4	29.6	786.6	1,399.0
2023.1	27.0	474.3	778.1	16.3	327.7	661.2	43.4	800.0	1,421.6
2023.2	32.1	547.4	910.6	14.8	250.4	537.6	47.4	804.0	1,460.9
2023.3	33.1	577.4	952.1	15.7	278.4	632.0	48.8	812.3	1,470.8
2023.4	34.0	586.1	971.2	12.1	239.8	494.1	45.5	819.2	1,450.2
2024.1	33.6	589.2	991.5	10.1	207.0	509.8	44.2	798.7	1,492.9
2024.2	32.6	577.8	968.9	13.3	226.7	464.2	45.5	810.7	1,451.6
2024.3	33.0	574.6	977.2	13.1	219.6	473.8	46.3	791.0	1,452.7
2024.4	32.7	584.9	991.4	9.7	218.3	500.4	41.9	797.6	1,473.2
2025.1	31.8	560.2	950.7	16.4	235.3	476.1	46.4	796.2	1,423.8
2025.2	31.1	531.4	901.9	10.3	232.0	511.1	41.6	766.3	1,426.0
2025.3	31.4	520.0	884.9	10.7	217.1	494.8	42.4	736.8	1,385.7
2025.4	32.2	517.5	895.3	12.0	218.3	546.4	44.2	734.9	1,428.9
Change from previous quarter	2.62%	-0.48%	1.17%	12.46%	0.58%	10.44%	4.20%	-0.26%	3.11%
Change from previous year	-1.51%	-11.51%	-9.69%	24.20%	0.02%	9.20%	5.57%	-7.85%	-3.01%

Source: Census Bureau

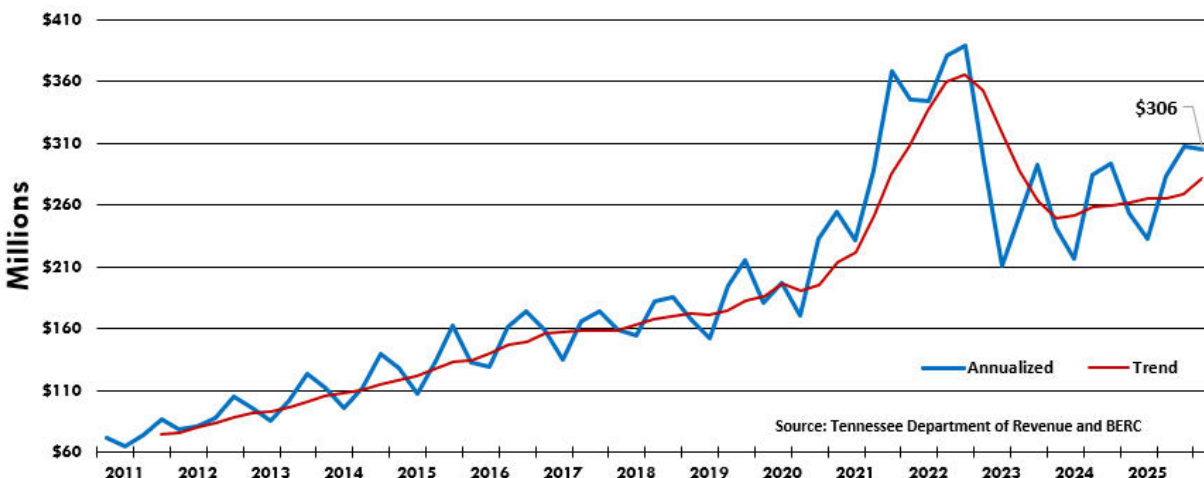
State Tax Revenue Growth: Real Estate and Mortgage Taxes Continue to Rise

Quarterly Overview: Mortgage tax collections increased during the quarter, rising from \$113 million in Q3 2025 to \$116 million in Q4 2025, with a quarterly increase of 2.73%.

Annual Overview: On the year-over-year basis, Tennessee tax collections remained significantly higher than a year earlier, rising 20.43% from \$254 million in Q4 2024.

Mortgage tax revenues also showed strong growth on a year-over-year basis, increasing 16.55% from \$100 million in Q4 2024.

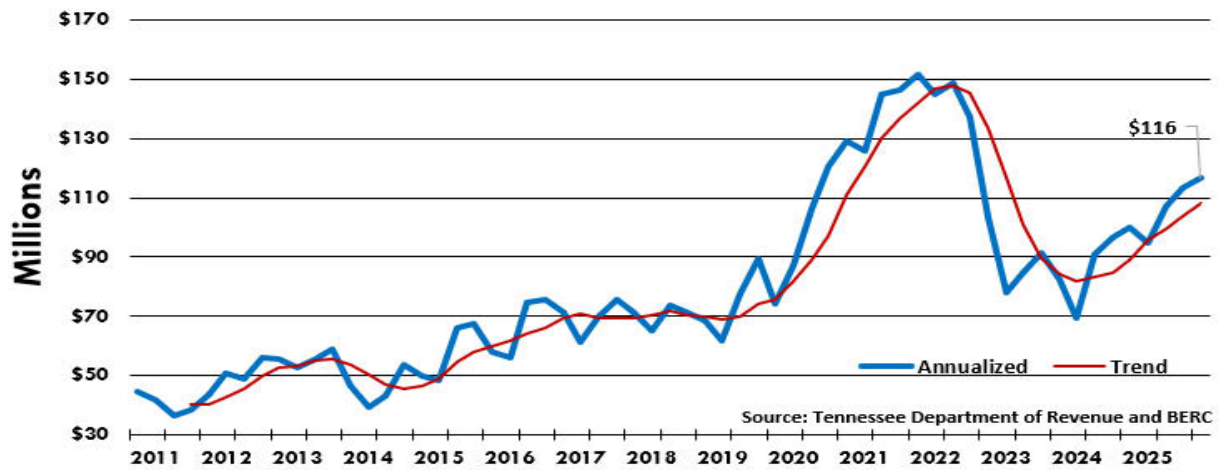
Figure 5. Real estate transfer tax collections (millions, seasonally adjusted annual rate)



Source: Tennessee Department of Revenue and BERCC

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



Source: Tennessee Department of Revenue and BERC

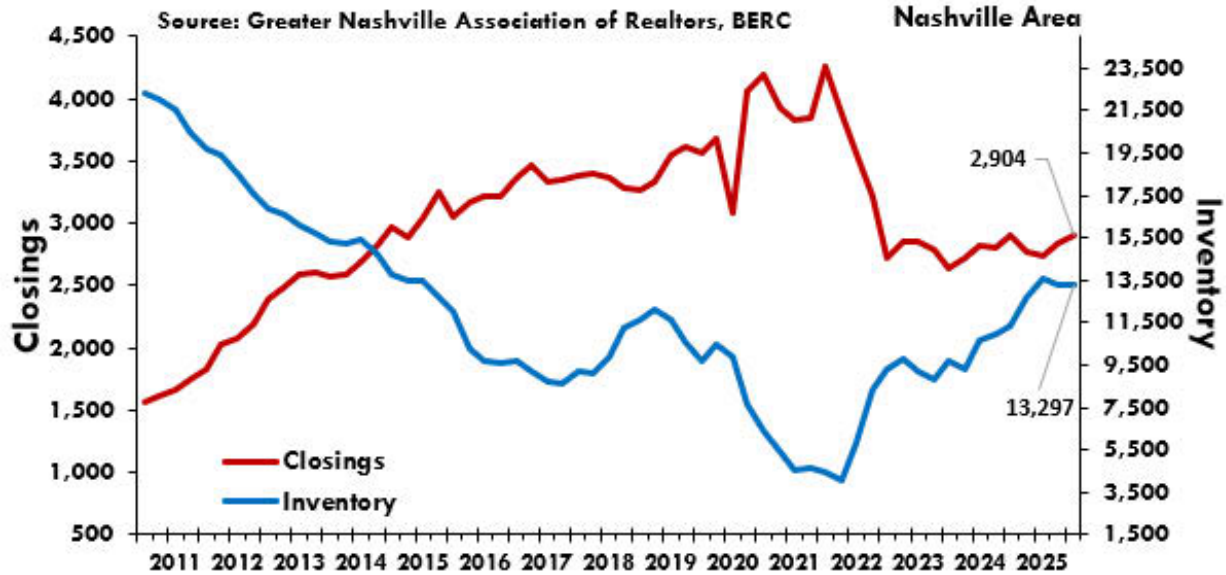
Metro Regional Housing Market Trends: Mixed Closings, Inventory Growth Persists

Nashville: Home closings increased by 2.07% in Q4 2025 and were also up slightly by 0.18% year-over-year. Over the same period, inventory increased modestly by 0.18% over the quarter and rose 17.67% year-over-year, indicating continued growth in housing supply.

Memphis: Home closings declined by 2.85% in Q4, followed by a 2.05% decrease year-over-year. In contrast, inventory levels increased by 0.79% during the quarter and were 16.90% higher than the previous year, suggesting improving supply conditions despite weaker sales activity.

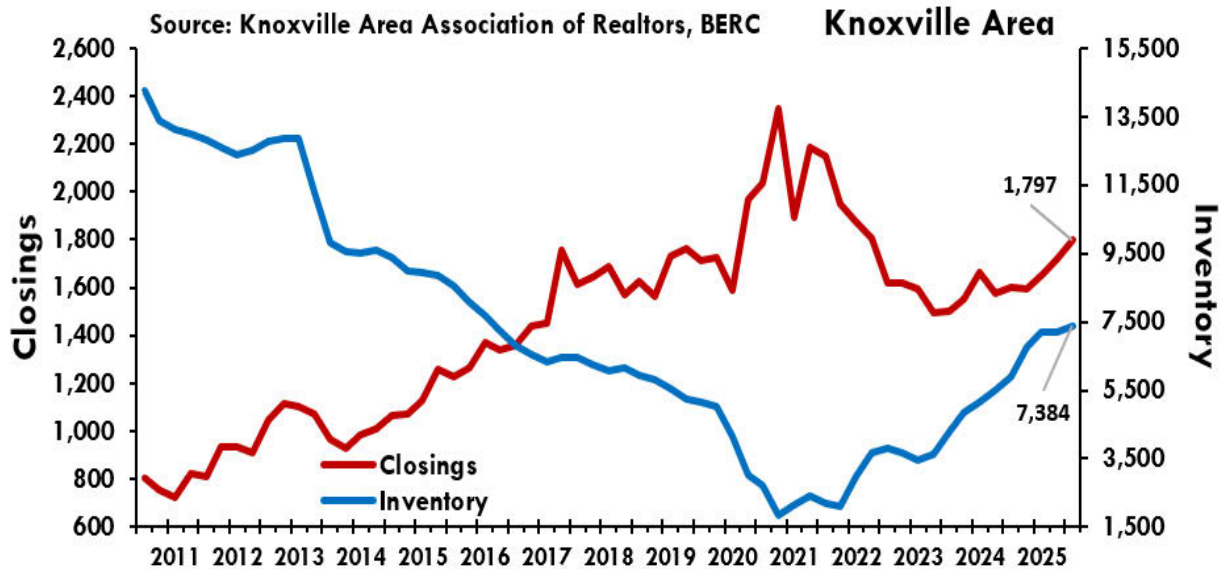
Knoxville: Home closings increased by 4.44% in Q4, while also recording a stronger annual growth of 12.26%. Inventory levels rose by 2.29% during the quarter and were 24.91% higher than a year earlier, reflecting continued expansion in available housing stock.

Figure 7.1 Single-family sales and inventory - Nashville Area



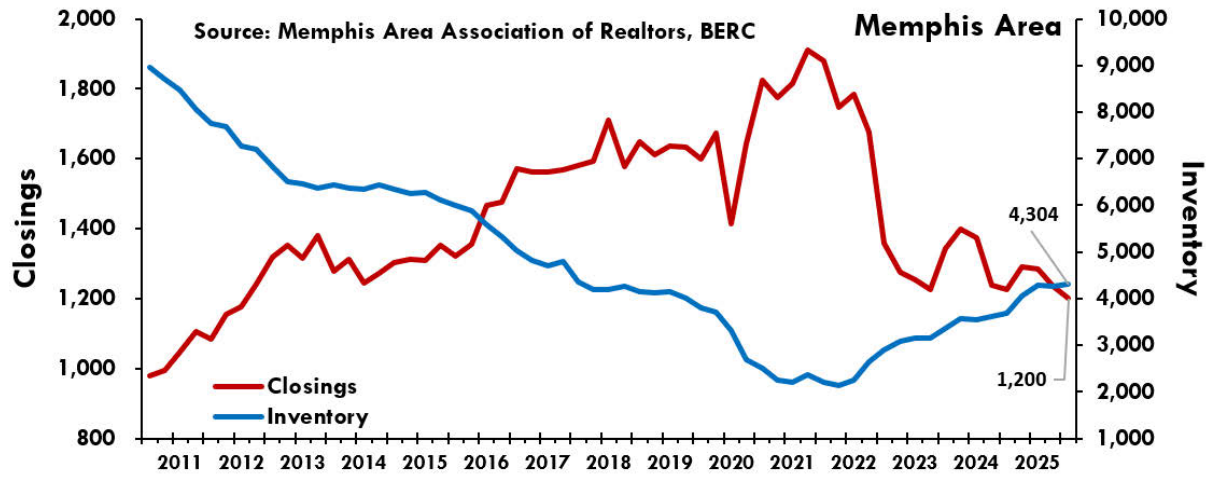
Source: Greater Nashville Association of Realtors, BEREC

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 Continue to Rise Across Tennessee with Mixed Metro-Level Trends

Quarterly Overview: Across Tennessee, home prices continued to increase across both Tennessee and the United States, though gains remained moderate. Over the quarter, home prices in Tennessee rose by 0.73%, while home prices increased slightly faster at 1.17% nationally. While the majority of metropolitan areas experienced positive price growth, a few markets recorded modest declines, highlighting continued variation in housing market conditions across the state.

The quarterly trends for metropolitan areas are:

Strong Growth Areas: The Jackson MSA recorded the largest quarterly increase in home prices, rising 4.01%, followed by the Johnson City MSA (2.99%) and Kingsport-Bristol MSA also experienced strong growth, with home prices rising 2.46% during the quarter.

Moderate Growth Areas: Memphis MSA recorded moderate growth of 2.13%, while the Chattanooga MSA and Cleveland MSA posted increases of 1.40% and 0.89%, respectively. Home prices in the Nashville MSA also increased modestly by 1.17%.

Declining Areas: A small number of MSAs experienced slight quarterly price declines. Home prices in the Clarksville MSA declined marginally by 0.06%, while the Knoxville MSA recorded a 0.12% decrease. The Morristown MSA saw the largest quarterly decline, with prices falling 0.29%.

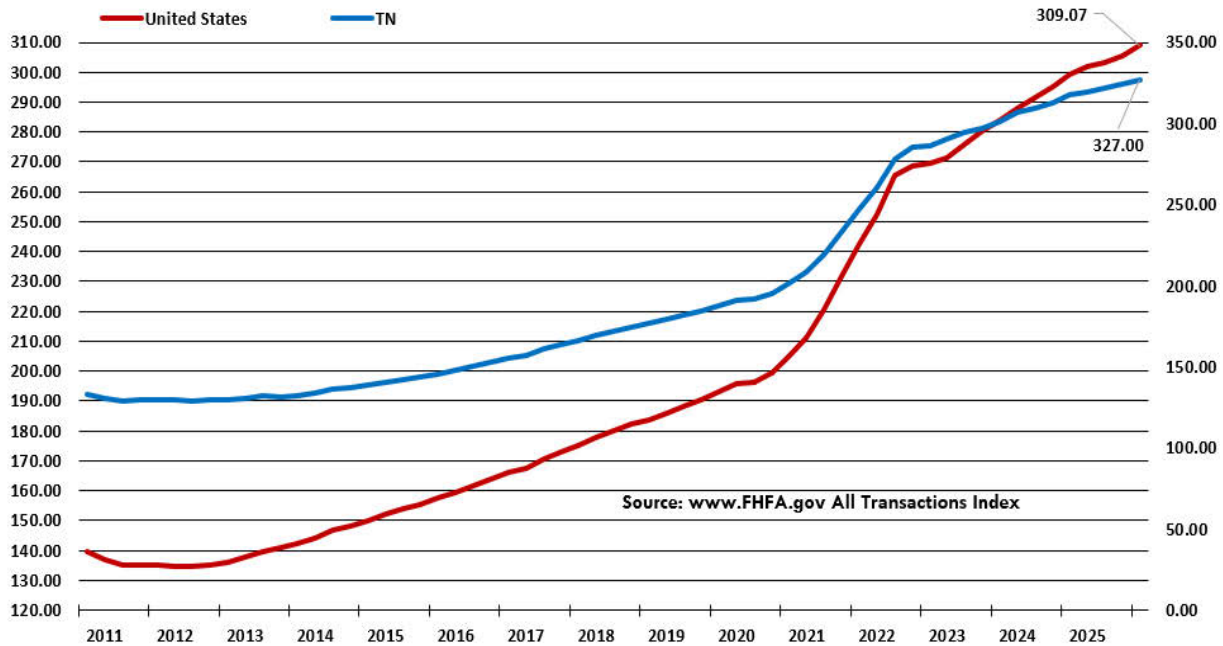
Annual Overview: On a year-over-year basis, home prices increased by 2.97% in Tennessee, slightly below the 3.27% national increase. All Tennessee MSAs recorded positive annual home price growth. The Morristown MSA posted the strongest annual gain at 6.41%, followed by the Cleveland MSA at 4.02%. Other markets, including Johnson City, Kingsport-Bristol, and Chattanooga, also recorded solid annual growth. In contrast, price appreciation was more modest in the Memphis and Nashville MSAs, suggesting stable housing conditions.

Table 3. % Change in Housing Prices year to year

Area	2024.1-2025.1	2024.2-2025.2	2024.3-2025.3	2024.4-2025.4
Chattanooga MSA	3.6%	2.8%	3.0%	3.6%
Clarksville MSA	2.3%	4.7%	4.1%	2.8%
Cleveland MSA	1.7%	0.3%	4.4%	4.0%
Jackson MSA	3.7%	-0.3%	1.9%	1.9%
Johnson City MSA	4.4%	2.3%	5.0%	3.7%
Kingsport-Bristol MSA	9.1%	3.6%	4.2%	3.6%
Knoxville MSA	4.5%	3.5%	4.7%	2.3%
Memphis MSA	2.2%	2.2%	0.1%	2.3%
Morristown MSA	2.2%	5.0%	5.1%	6.4%
Nashville MSA	3.7%	3.5%	2.0%	2.2%
Tennessee	4.0%	3.9%	3.8%	3.0%
United States	4.7%	4.0%	3.5%	3.3%

Source: www.FHFA.gov All Transactions Index

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



Source: www.FHFA.gov All Transactions Index

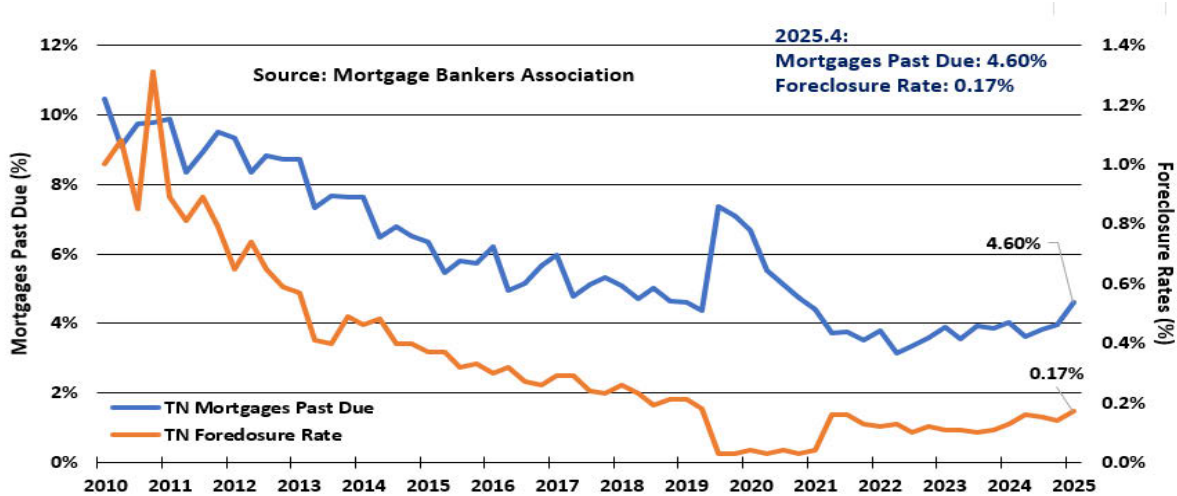
Mortgage Delinquencies & Foreclosures: Q4 2025 Trends in Tennessee and the United States

Overview: Both mortgage delinquency and foreclosure rates in Tennessee increased modestly in the fourth quarter of 2025, mirroring a similar national pattern. Both the state and the nation also recorded higher foreclosure rates year over year period.

Quarterly overview: In Q4 2025, Tennessee recorded an increase in mortgage delinquencies, rising from 3.97% in Q3 to 4.60%, a 0.63 percentage point increase. At the national level, delinquency rates also increased from 4.03% in Q3 to 4.56% in Q4. Foreclosure activity increased slightly in Tennessee during the quarter, with the foreclosure rate rising from 0.14% to 0.17%. Nationally, the foreclosure rate remained unchanged at 0.20% during the same period.

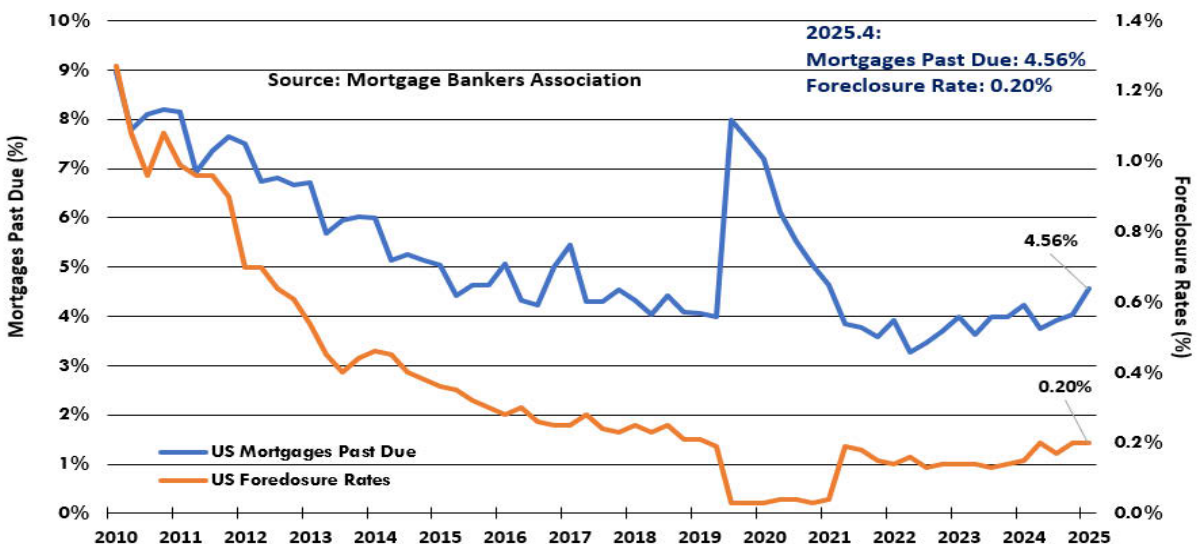
Annual Overview: Tennessee’s mortgage delinquency rate increased from 4.04% in Q4 2024 to 4.60% in Q4 2025. Nationally, mortgage delinquencies also rose, increasing from 4.24% to 4.56% over the same period. Foreclosure rates also increased slightly compared with a year earlier. Tennessee’s foreclosure rate rose from 0.13% in Q4 2024 to 0.17% in Q4 2025, while the national foreclosure rate increased from 0.15% to 0.20%.

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 Show Mixed but Stable Conditions in Q4 2025

Overview: Tennessee's housing and labor markets continued to show mixed but stable momentum in the fourth quarter of 2025. Employment expanded slightly across most sectors, led by continued growth in services-providing industries. The labor force and total employment increased during the quarter, while the unemployment rate remained unchanged and at a historically low level, indicating continued stability in the state's labor market.

Vacancy Rates and Housing Permits: Vacancy rates increased during the quarter. Tennessee's homeowner vacancy rate rose noticeably, while rental vacancy rates also increased, reflecting a shift from the declines observed in the previous quarter. Housing permit activity in Q4 strengthened in Tennessee, with increases in single-family, multifamily, and total permits. In contrast, permit activity in the South declined slightly in several categories, while national trends showed more modest growth.

Tax Revenue: State tax revenues remained strong during the quarter. Real estate transfer tax collections declined slightly compared with the previous quarter but remained significantly higher than a year earlier. Mortgage tax collections increased modestly during the quarter but posted a solid year-over-year growth, reflecting continued activity in Tennessee's real estate market.

Housing Market: Conditions remained mixed across major metropolitan areas. Home closings increased in Nashville and Knoxville but declined in Memphis. Inventory levels increased modestly during the quarter and remained substantially higher than a year earlier across all three markets. Home prices continued to rise statewide, although several metropolitan areas experienced slight quarterly price declines, highlighting uneven price trends across the state.

Mortgage and Foreclosures: Mortgage performance indicators increased moderately during the quarter. Mortgage delinquencies rose in both Tennessee and the United States, while foreclosure rates increased nominally in Tennessee and remained unchanged nationally. On a year-over-year basis, both delinquency and foreclosure rates were higher, suggesting some gradual softening in mortgage performance while remaining relatively stable overall.



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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)