



Nashville

- The Nashville office market was active in Q4 with nearly 460,000 s.f. of leasing activity, led by CAA, which signed a 75,000-s.f. headquarters relocation at Nashville Yards.
- The flight-to-quality trend continued, with 83% of new and expansionary deals signed during the quarter occurring in Trophy or Class A properties.
- Sublease availability declined, and the rate of additions slowed.

Leasing activity remained strong in the fourth quarter, with almost 460,000 s.f. of transactions signed. New leasing volume was driven by CAA (74,179 s.f.) at Nashville Yards, Cummins (28,669 s.f.) at One Century Place, and Truxton Trust (20,688 s.f.) at Burton Hills III.

Financial services firms represented the largest share of leasing volume for Q4, accounting for 32% of deals signed, while Healthcare tenants followed closely behind with 25%. Brentwood saw the largest share of leasing activity, making up 26% of deals signed during the quarter, followed by Cool Springs with 23%.

Sublease availability fell to nearly 2.1 million s.f. of space. The rate of sublease additions has slowed, with only 99,000 s.f. of space added to the market in Q4, down 73% quarter-over-quarter.

YTD absorption remained positive in the fourth quarter, with positive absorption in Class A and Trophy properties partially offset by Class B and C.

Outlook

Office tenant requirements were nearly 2.5 million s.f., an indication that positive leasing momentum will likely continue in 2024, especially as companies continue to implement stricter office attendance requirements.

Investment sales activity is expected to improve in 2024, with interest rates projected to decline early- to mid-year and loan spreads beginning to soften among many lenders.

Fundamentals		Forecast
YTD net absorption	192,305 s.f.	▼
Total vacancy	21.1%	▲
Class A direct asking rent	\$44.55 p.s.f.	▶
Overall direct asking rent	\$40.15 p.s.f.	▶
Concessions	Stable	▶
Under construction	2,016,467 s.f.	▼
Released	31.1%	▲

Historical trends

