Tennessee's Economic Outlook
2026 Q2

Hulya Arik, PhD
Senior Economist
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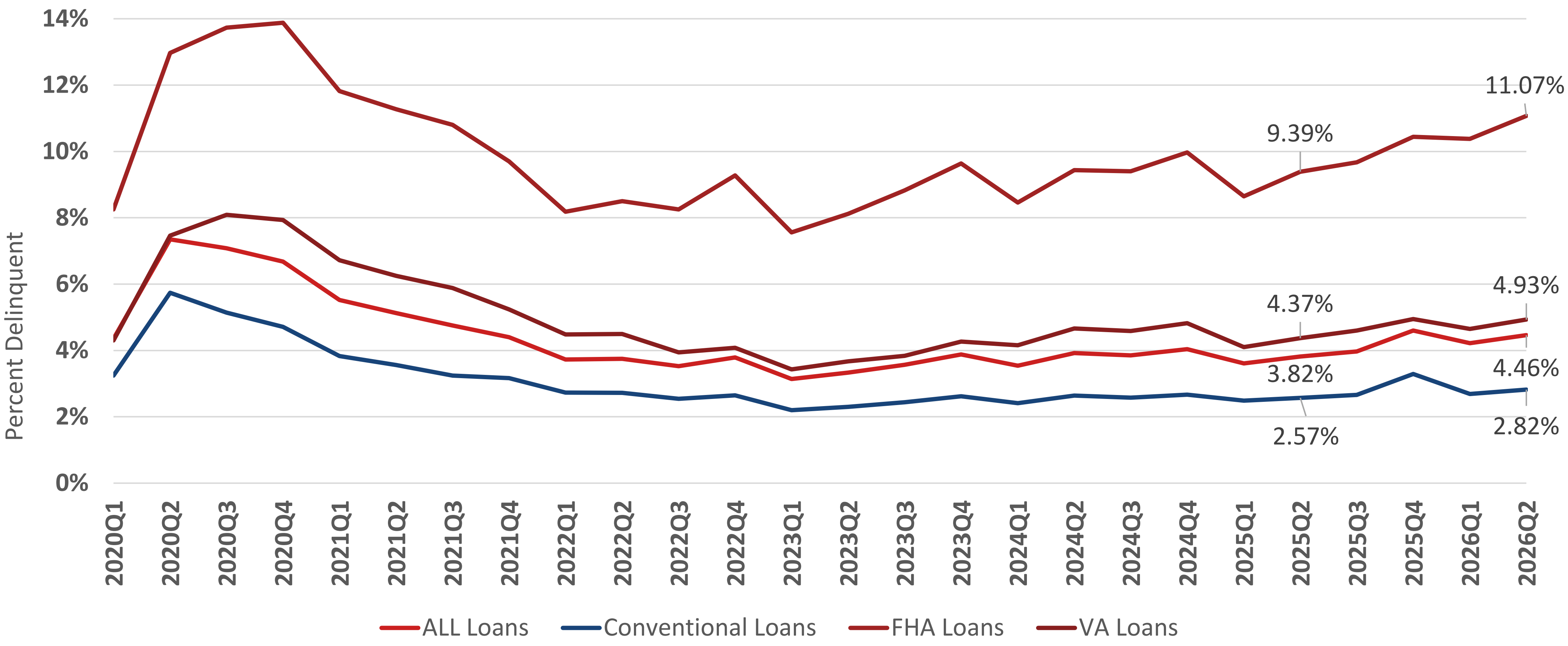
Tennessee Housing Development Agency

Mortgage Delinquency

Source: Mortgage Bankers Association National Delinquency Surveys (Link)

Total Delinquent Loans by Loan Type (Tennessee)

- FHA-insured loans had higher delinquencies than other loan types and experienced a greater quarterly increase compared to other loan types.
- The total delinquency rate for all loans in this quarter was higher than one year ago.



Source: Mortgage Bankers Association National Delinquency Surveys (Link)

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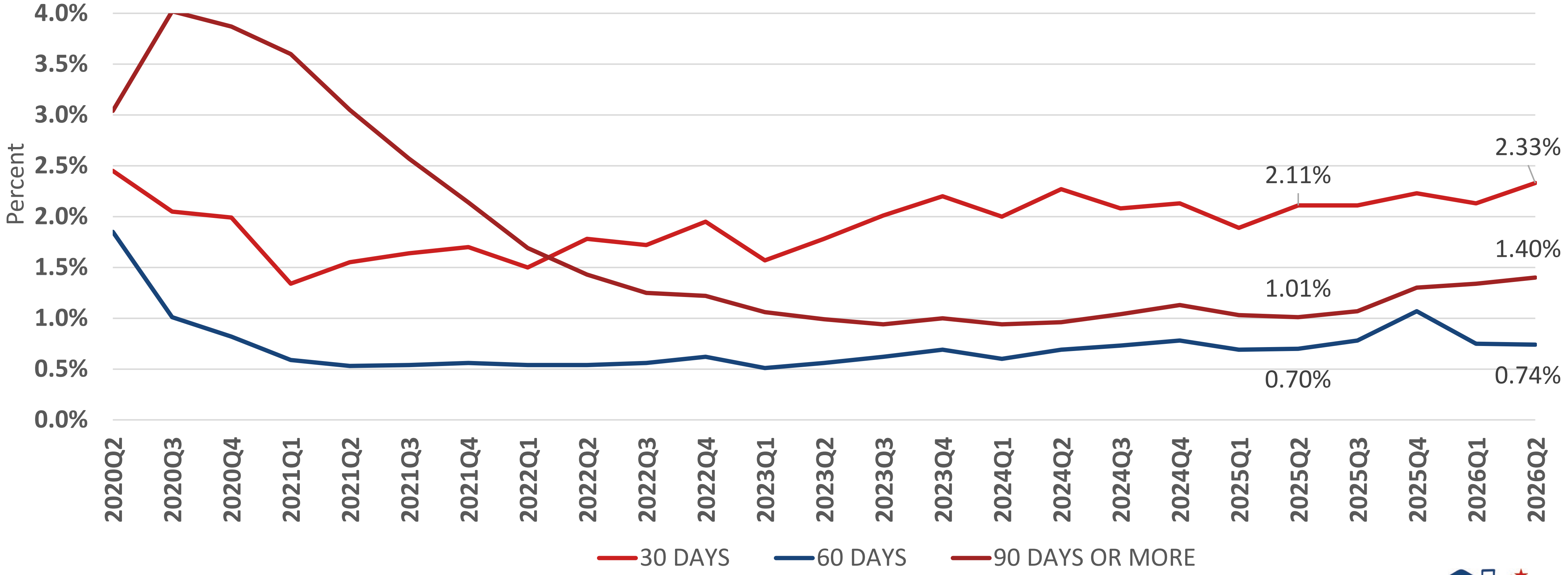
30-, 60- and 90+ day Delinquencies for All Loans (Tennessee)

- The overall delinquency rate for all loans was still lower than its peak immediately after the pandemic started.
- However, delinquency rates were higher than they were a year ago.
- 30- and 60-day delinquency rates among THDA borrowers (serviced by VMLS) were higher than the previous quarter, but lower than the prior year for all grand divisions. 7.3% of all active THDA loans in East Tennessee were 60+ days delinquent (not including loans in foreclosure).



Source: Mortgage Bankers Association National Delinquency Surveys (Link)

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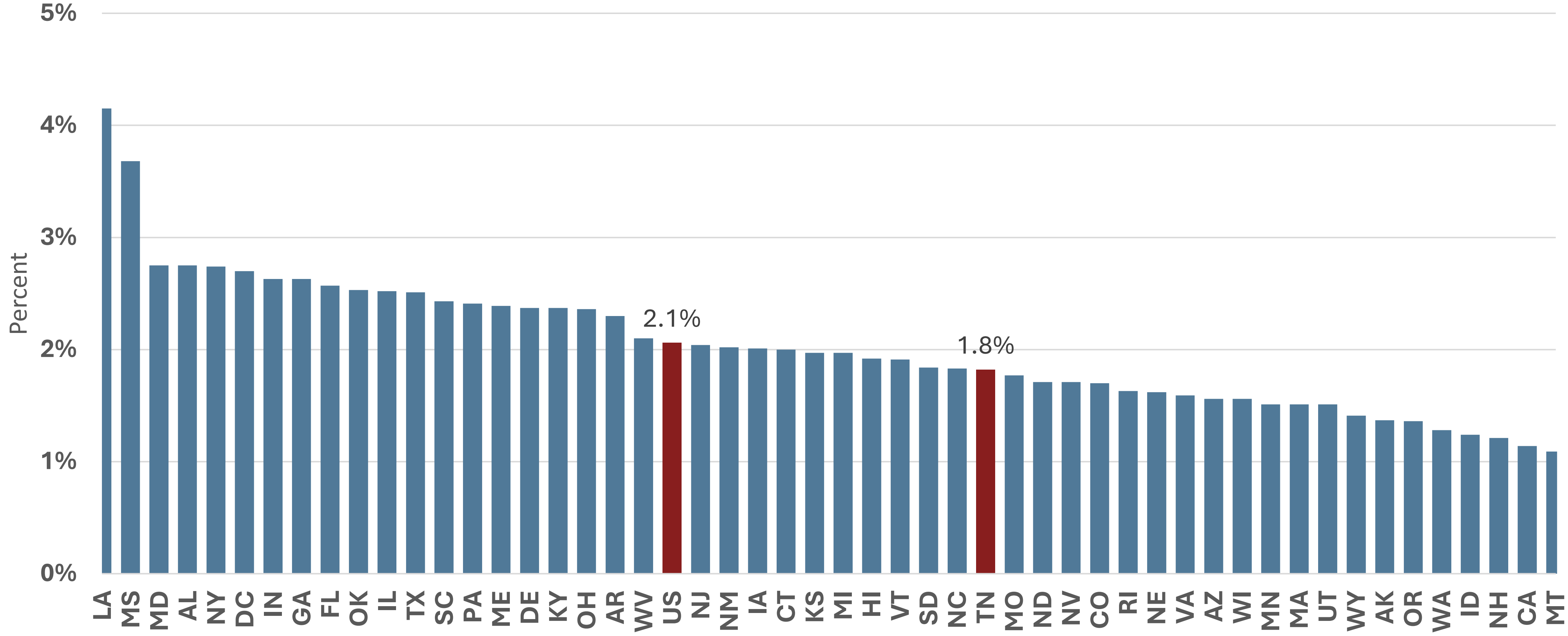
Serious Delinquencies for All Loans (Nation)

- The percent of seriously delinquent loans (90+ days delinquent and all loans in the process of foreclosure) in Tennessee was less than the national average in the second quarter of 2026.



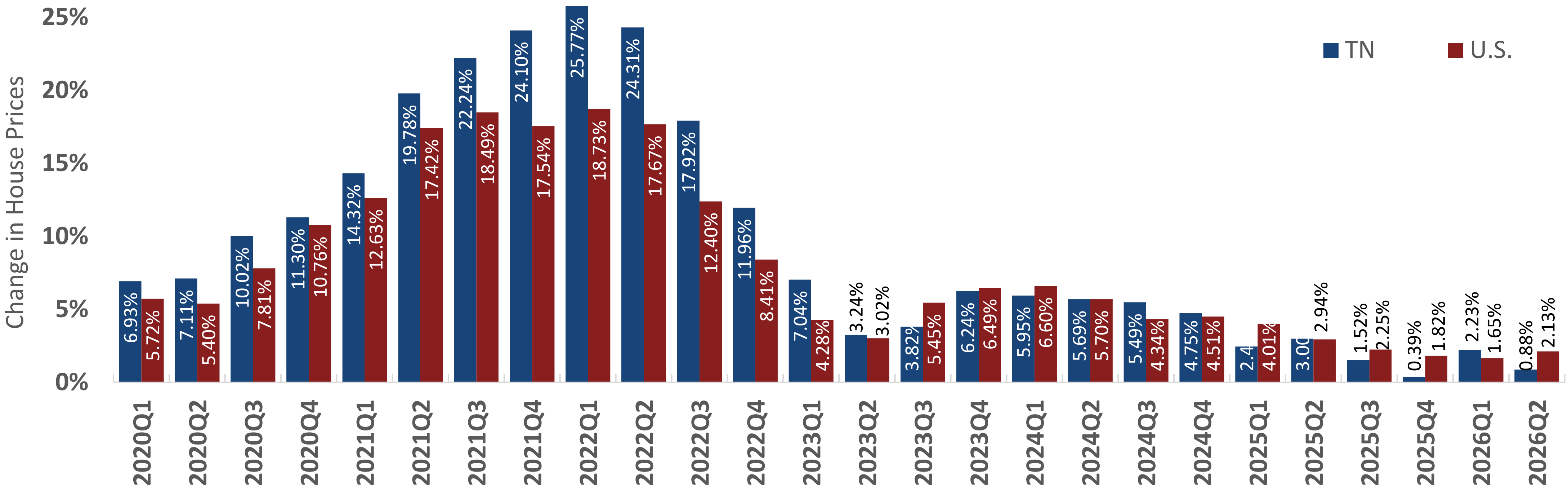
Source: Mortgage Bankers Association National Delinquency Surveys (Link)

House Price Index

Source: Federal Housing Finance Agency (Link)

Percent Change in House Prices
(Seasonally-Adjusted, 1-Year, Purchase Only in TN and U.S.)

- The Federal Housing Finance Agency's (FHFA) House Price Index (HPI) is a measure of single-family home prices, showing the average price change in repeat sales on the same properties for various geographic levels and captures roughly 85 percent of all U.S. sales.
- After the Covid-19 pandemic started, house prices appreciated significantly in Tennessee and across the nation. This trend slowed down.



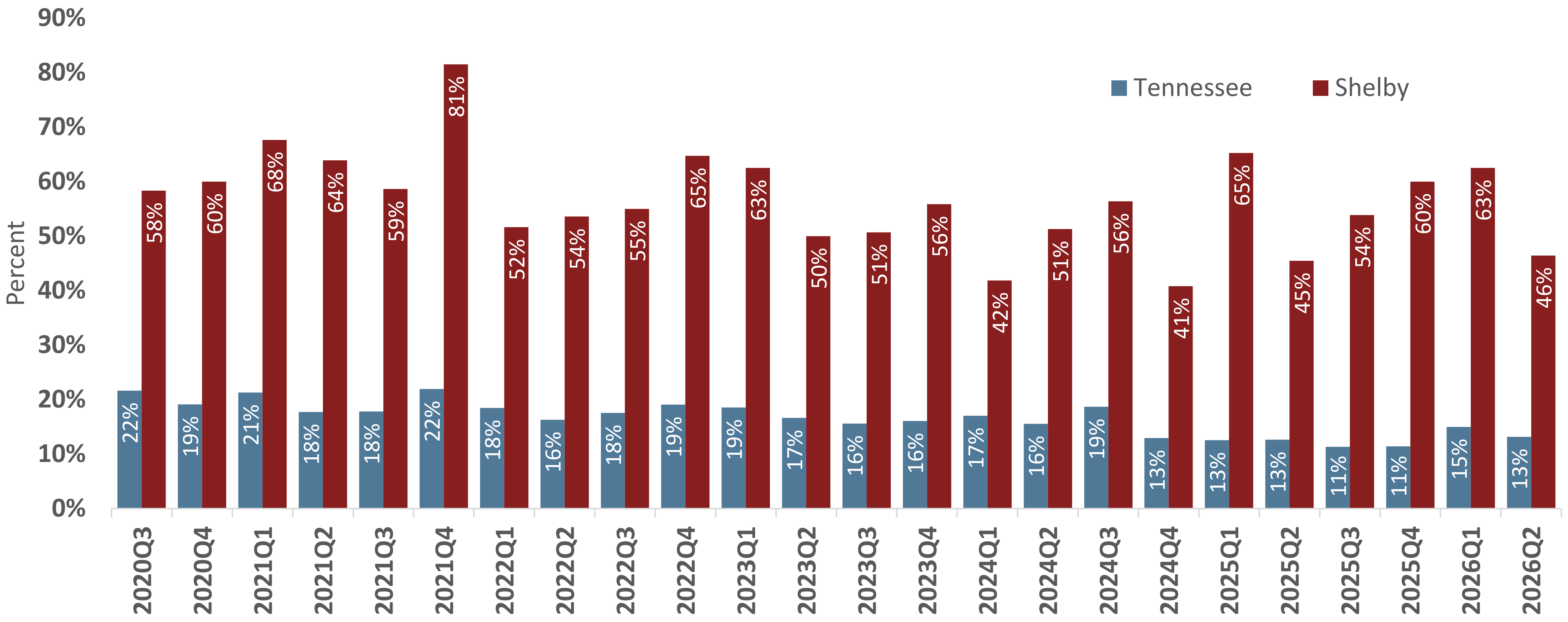
Source: Federal Housing Finance Agency (Link)

Black Homeownership Rates in Shelby County & Tennessee

Sources: THDA; American Community Survey (ACS) 1-Year Estimates (Link)

Black Borrowers as Percent of Total Borrowers (THDA Loans)

- In the second of 2026, 46% of THDA borrowers in Shelby County were Black, declining from 63% in the previous quarter. In the state, 13% of THDA borrowers were Black.



Source: THDA; American Community Survey (ACS) 1-Year Estimates (Link)

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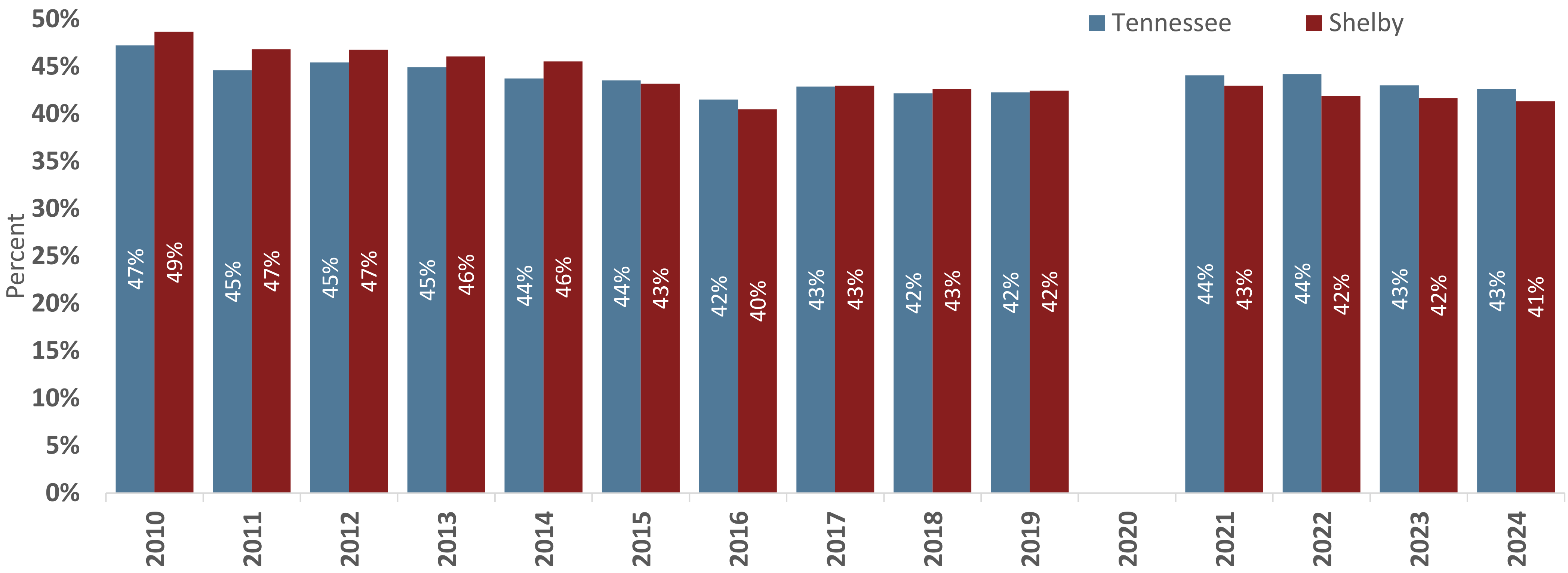
Percent of Black Households who are Homeowners (Overall Market)

- In 2024, 41% of Black households in Shelby County were homeowners, compared to 49% in 2010.
- The Black homeownership rate in the state was 43% in 2023 (unchanged from the previous year). It was 47% in 2010.
- While both the state and Shelby County Black homeownership rates in 2024 were lower than they were in 2010, Black households in Shelby County experienced larger declines than the state.



Source: THDA; American Community Survey (ACS) 1-Year Estimates (Link)

*The American Community Survey 1-year survey was not conducted in 2020, due to the COVID-19 pandemic. Therefore, there is no data for 2020.

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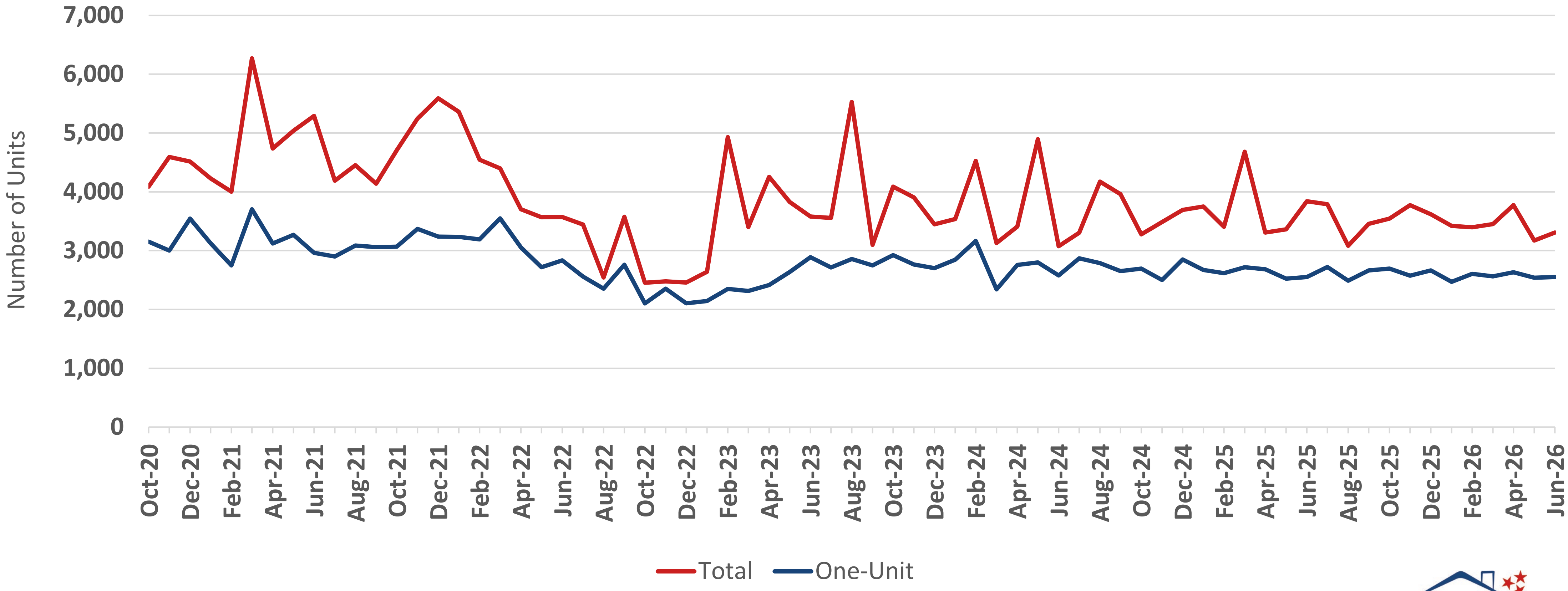
Building Permits

Source: Census Bureau Building Permits Survey (Link)

New Private Housing Units Authorized by Building Permits (Tennessee)

- In June 2026, 3,300 new privately-owned housing units authorized by building permits (a seasonally adjusted annual rate), which is 4% higher than the revised May permits and 14% lower than the June 2025 permits.
- In June 2026, 2,552 single-family or one-unit building permits were pulled, comprising 77% of total permits.



Source: Census Bureau Building Permits Survey, retrieved from FRED, Federal Reserve Bank of St. Louis; (Link)

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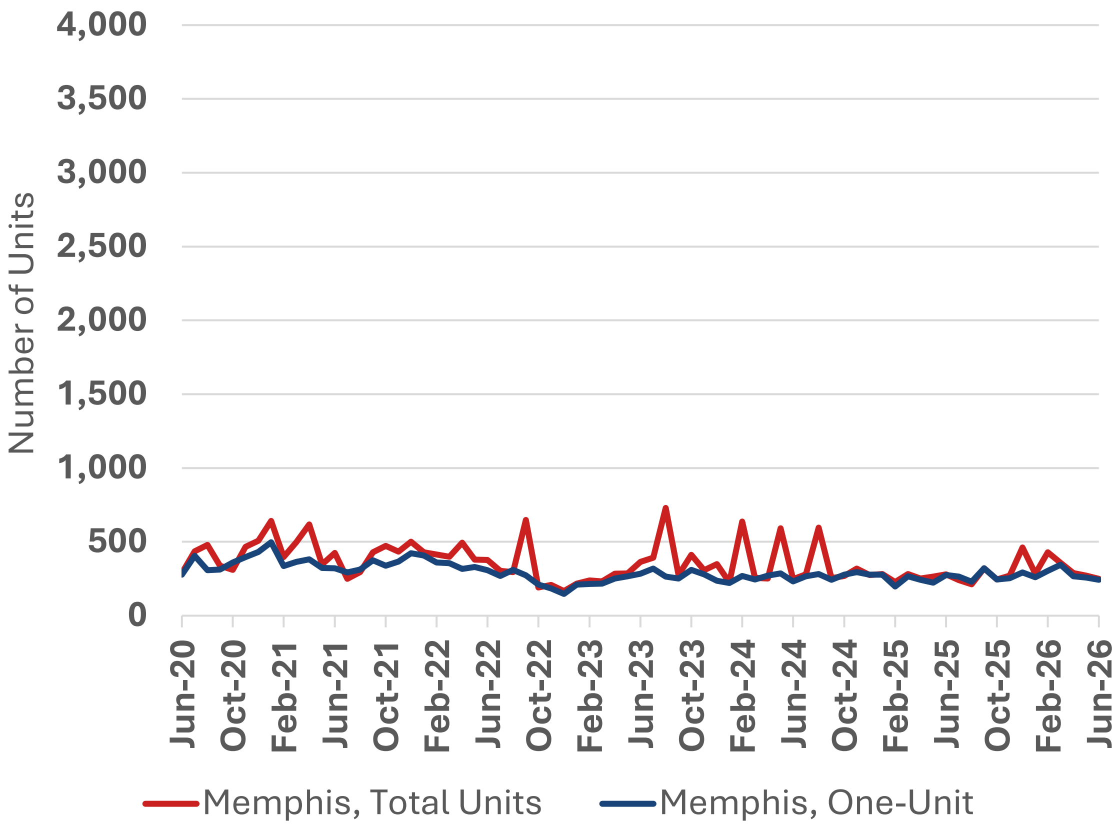
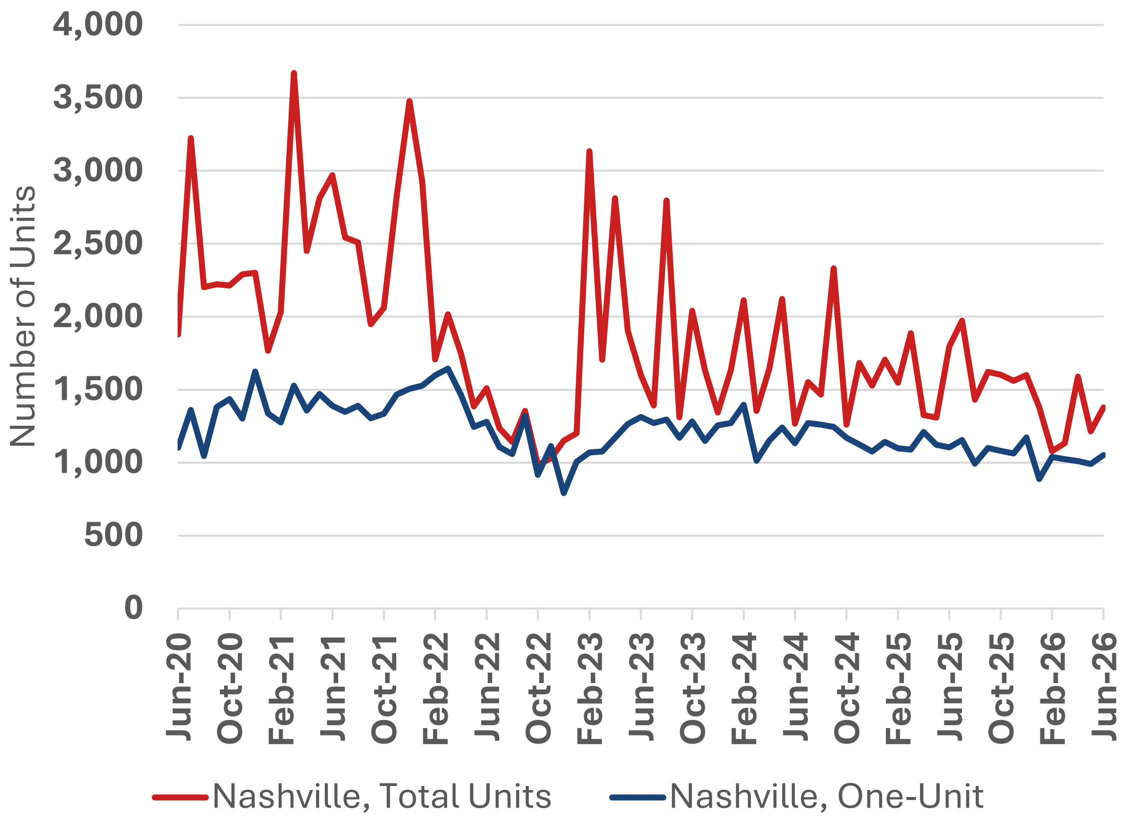
New Private Housing Units Authorized by Building Permits (Memphis and Nashville MSAs)

- In June 2026, total number of building permits was lower than June 2025 in the Nashville MSA, while it was higher in the Memphis MSA.



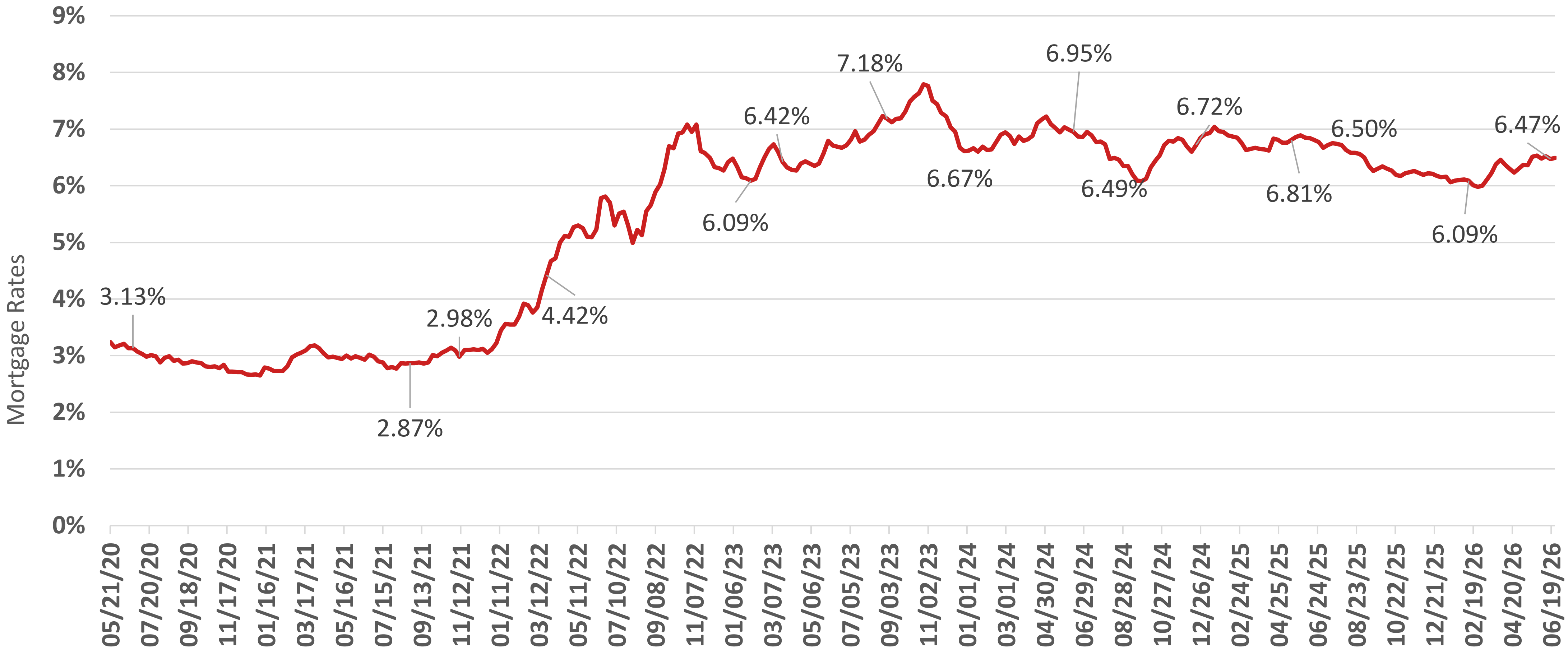


Source: Census Bureau Building Permits Survey, retrieved from FRED, Federal Reserve Bank of St. Louis; (Link)

Mortgage Interest Rates

Source: Freddie Mac (Link), Primary Mortgage Market Survey (Link)

Weekly Mortgage Rates

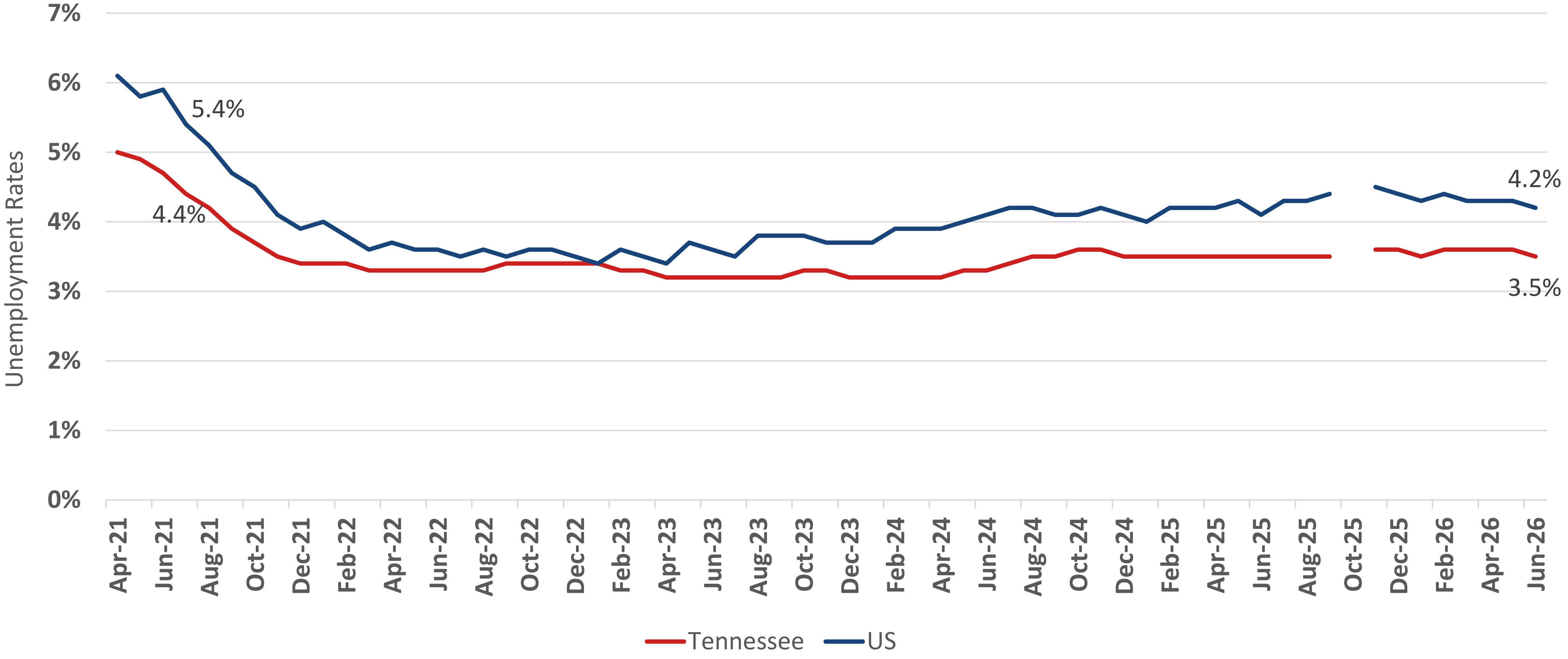


Source: Freddie Mac (Link), Primary Mortgage Market Survey (Link)

Unemployment Rates

Source: Bureau of Labor Statistics (Link)

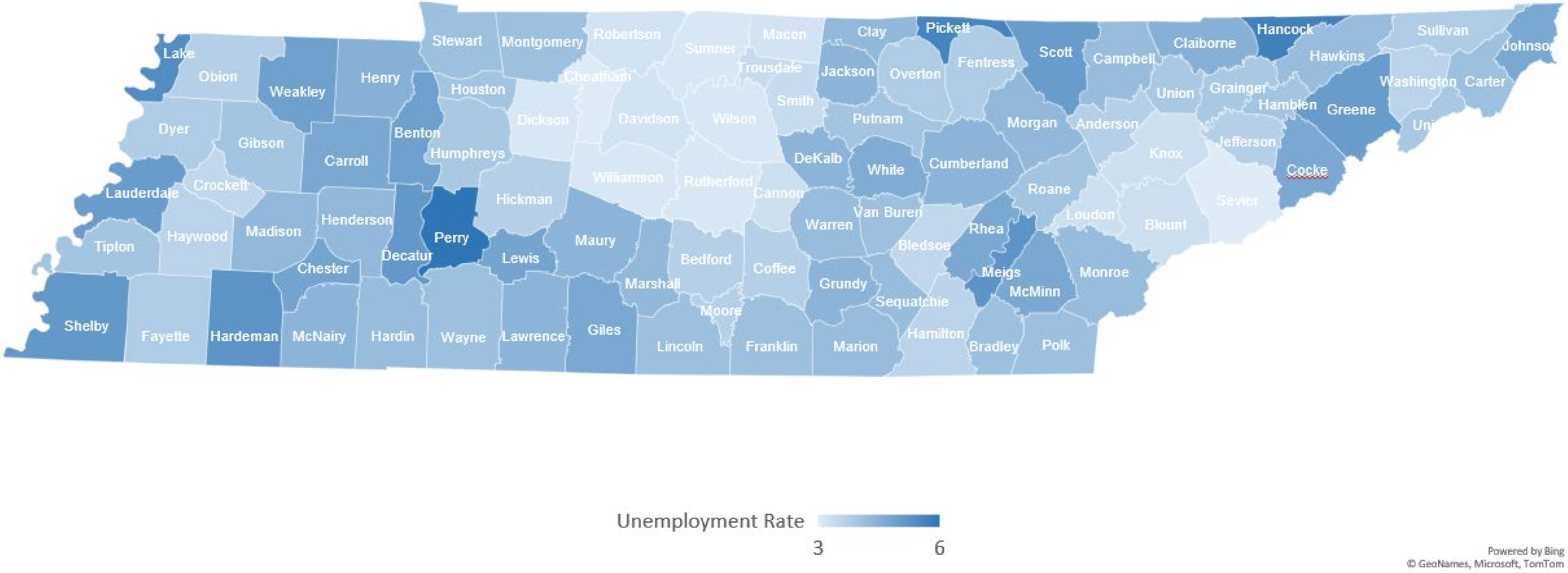
Seasonally Adjusted Monthly Unemployment Rates



Source: Bureau of Labor Statistics (Link)

October data is unavailable due to the 2025 lapse in appropriations. June 2026 data is preliminary and subject to change

Unemployment Rates, June 2026

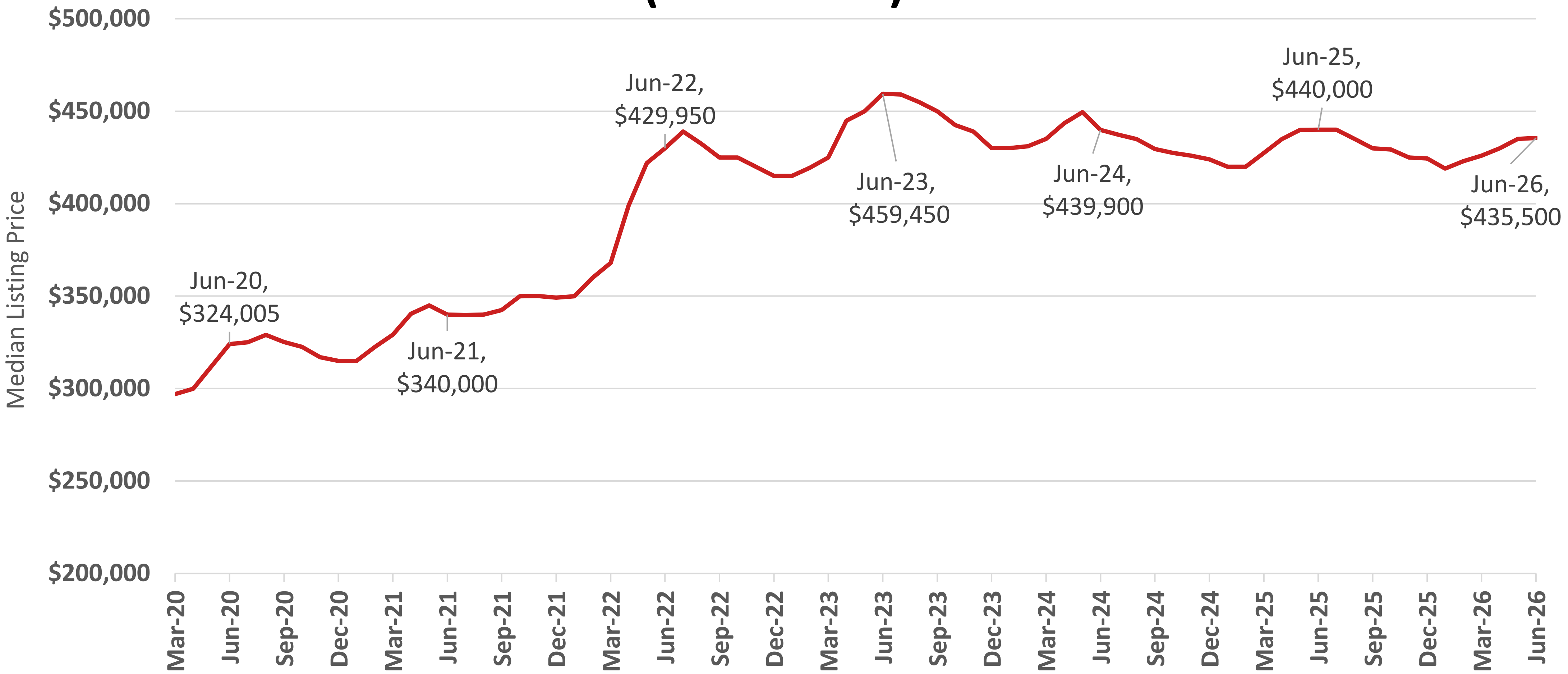


Source: Bureau of Labor Statistics (Link)

Housing Market Trends

Source: Realtor.com (Link)

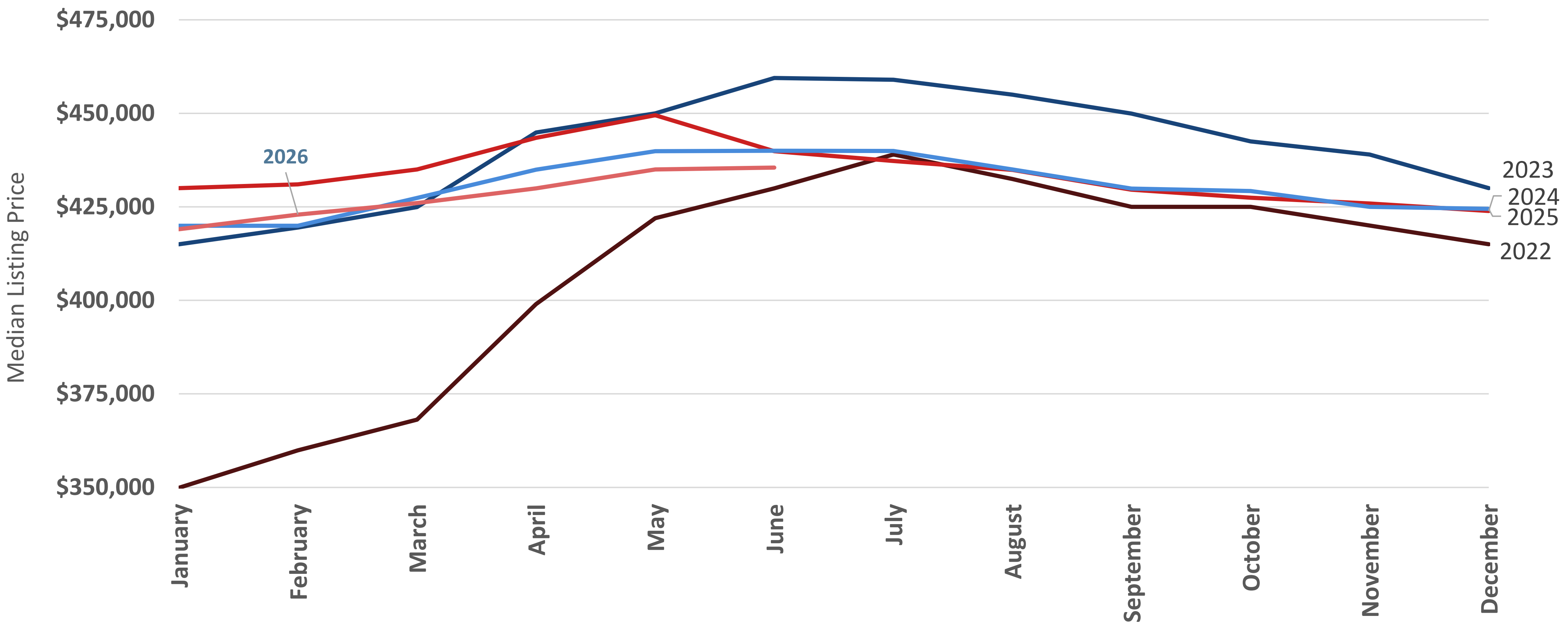
Median Listing Price (Tennessee)



Source: Realtor.com (Link)

Median Listing Price By Season

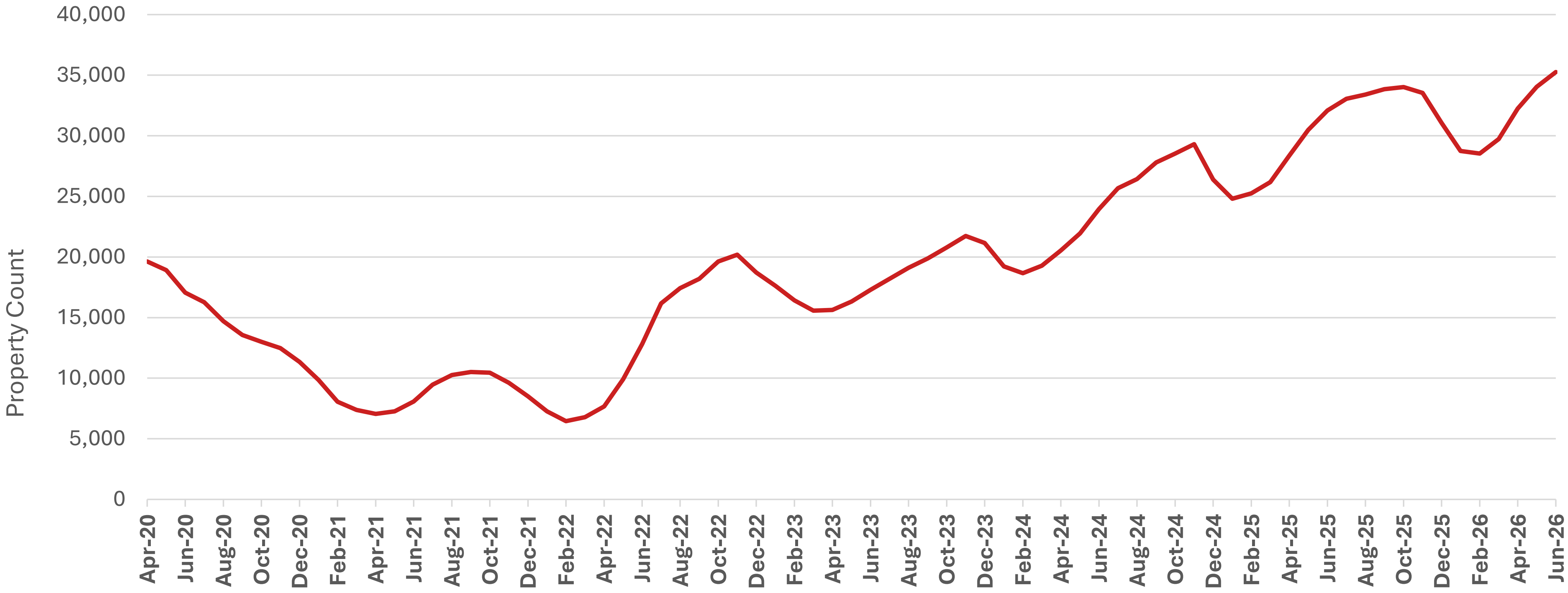
(Tennessee)



Source: Realtor.com (Link)

Active Listing Count (Tennessee)

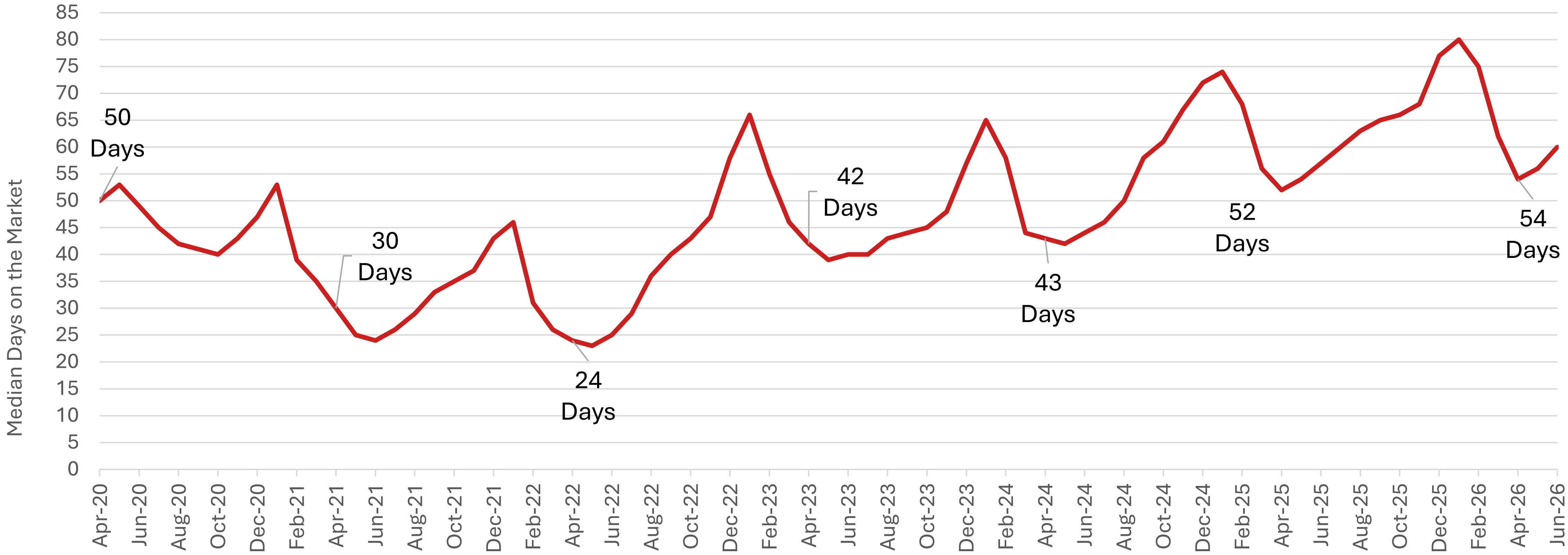
- In June 2026, there were 10% more homes actively for sale than same month in 2025. This is a big improvement from the active listing count in much of 2021 and early 2022.



Source: Realtor.com (Link)

Days on the Market (Tennessee)

- In June 2026, a median home stayed 60 days on the market, 3 days more than in the same month in 2025. This is a big improvement compared to the days on the markets in much of 2021 and early 2022.



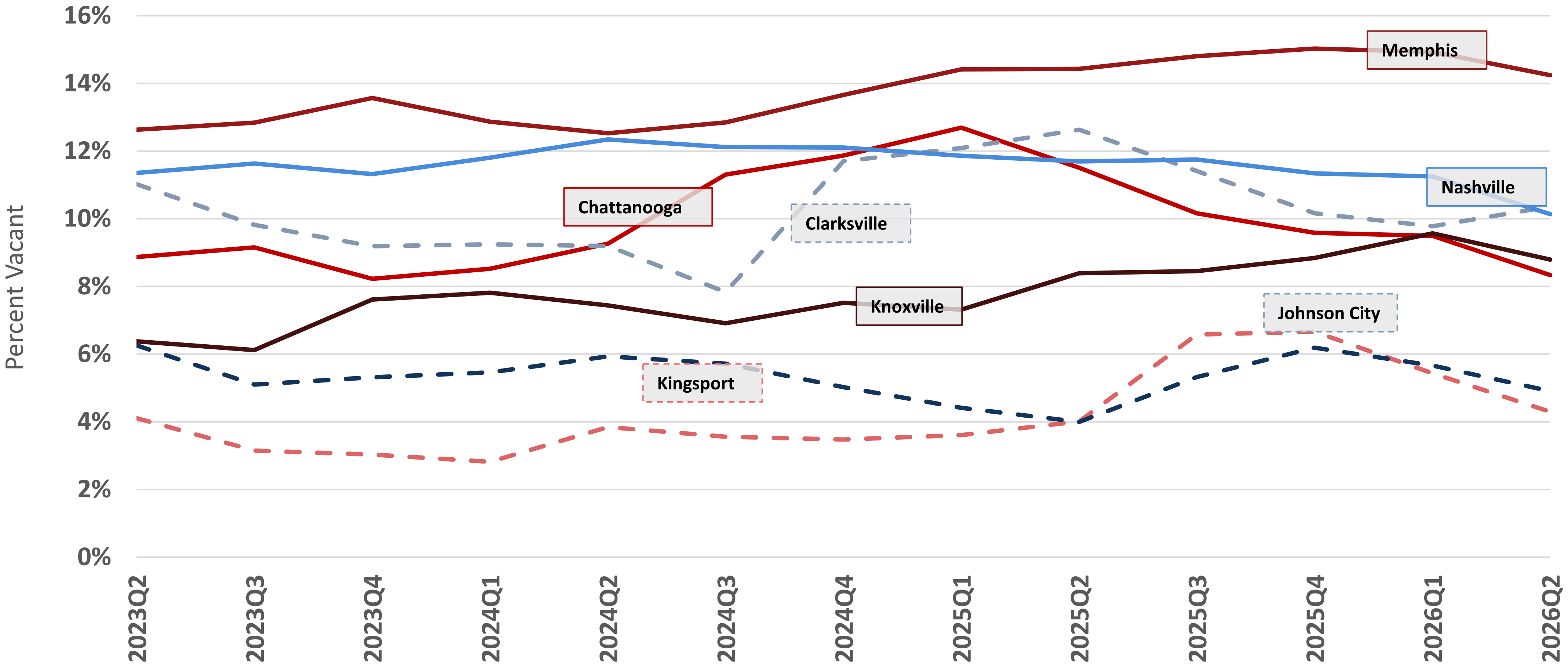
Source: Realtor.com (Link)

Rental Indicators

Source: CoStar (Link)

Quarterly Rental Vacancy Rates (Metro Area)

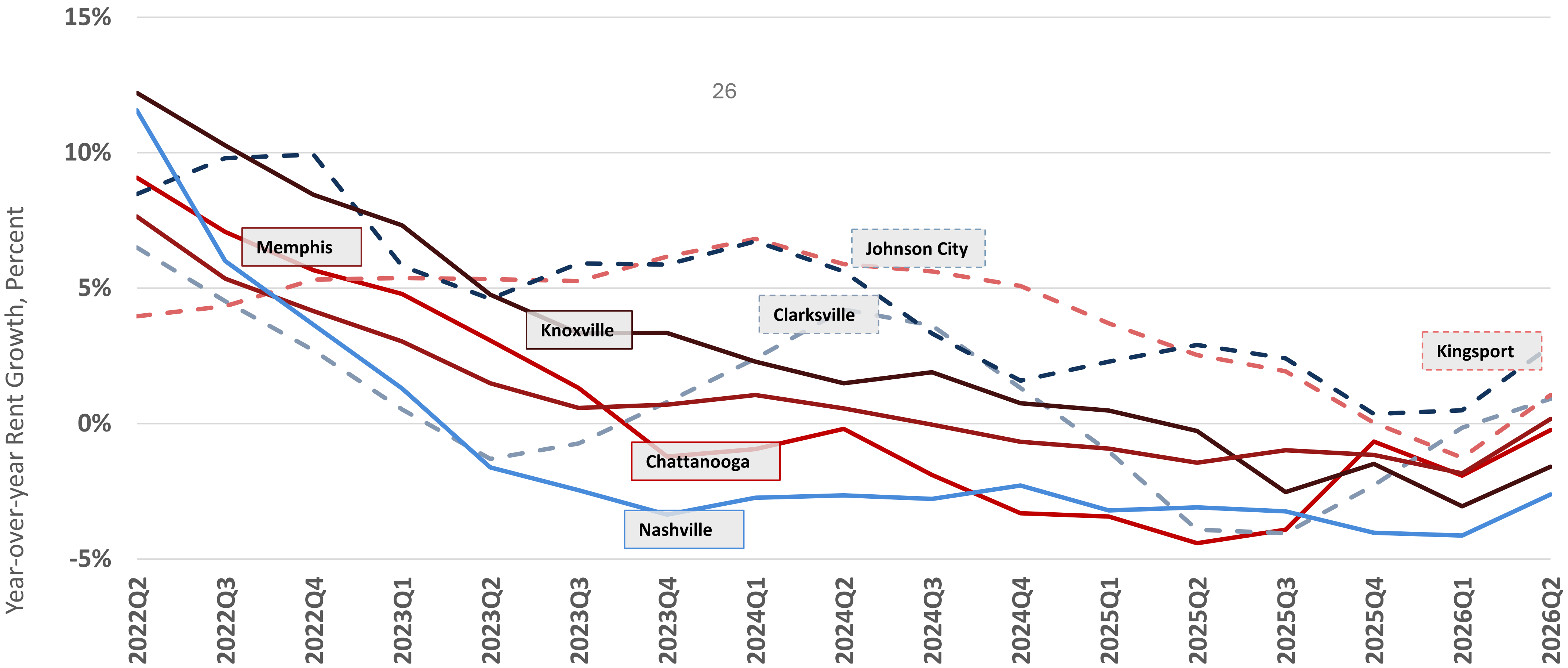
- The rental vacancy rates in Johnson City, Kingsport and Knoxville MSAs were higher than a year ago.



Source: CoStar (Link)

Quarterly Market Effective Rent Growth by Metro Area

- The effective rent (asking rent minus the concessions) slightly decreased in Johnson City and Knoxville, while increasing in other large metro areas



Source: CoStar (Link)

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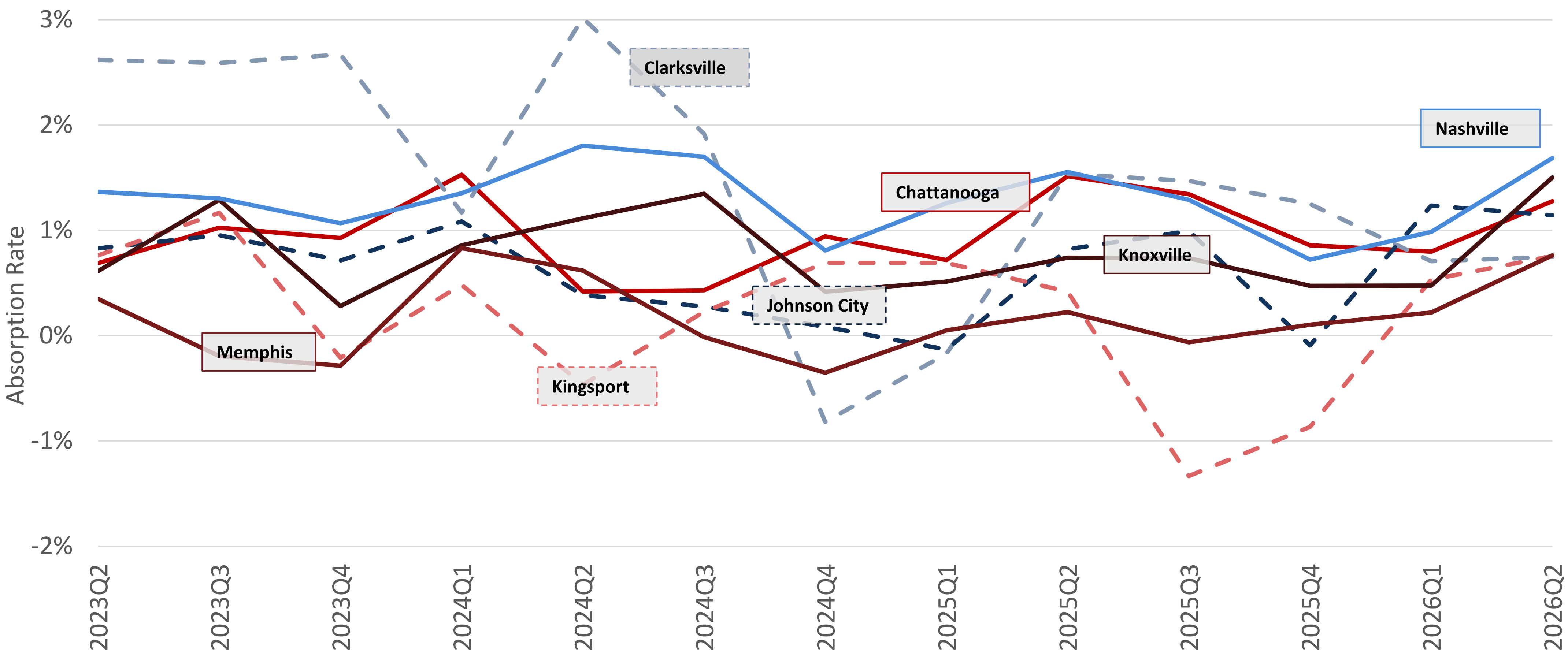
Quarterly Absorption Rates (Metro Area)

- The absorption rate* was higher in the second quarter of 2026 than the second quarter of 2025 in the five large metro areas, while lower in Chattanooga and Clarksville.



Source: CoStar (Link)

*This is the difference between the total vacated units and the newly leased units by tenants within a set time frame, relative to the initial total amount of units marketed as available for lease

Data Sources and Availability

1. Delinquencies: Mortgage Bankers Association (MBA), Quarterly National Delinquency Surveys. *Quarterly*

2. House Price Index: Federal Housing Finance Agency (FHFA). *Quarterly*

3. Black Borrowers: THDA's own data. *Real time*

4. Black Homeownership Rate: American Community Survey (ACS), 1-year estimates. *Annual*

5. Building Permits: Census Bureau, Building Permits Survey (BPS). Retrieved from FRED. *Monthly*

6. Mortgage Rates: Freddie Mac, Primary Mortgage Market Survey. *Weekly*

7. Unemployment data: Bureau of Labor Statistics (BLS). *Monthly*

8. Housing Market Trends: Realtor.com. *Monthly*

9. Rental Indicators: CoStar. *Real time*