1st QUARTER 2026

MTSU BERC

HOUSING

TENNESSEE

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March 2026

TENNESSEE DASHBOARD 1st QUARTER 2026 (percent change over the year)

Weekly Unemployment Claims	▲	+2.01	Total Home Permits*	▼	-12.74
Total Nonfarm Employment*	▼	-0.27	Mortgage Tax Collections	▲	+14.33
Unemployment Rate (percentage points)*	▼	-0.10	Real Estate Transfer Tax Collections	▲	+13.53
Homeowner Vacancy Rate (percentage points)	▲	+0.30	Home Prices*	▲	+3.30
Rental Vacancy Rate (percentage points)	▼	-0.40	Mortgages Past Due (percentage points)	▲	+0.61
Single-Family Home Permits*	▼	-3.96	Foreclosure Rate (percentage points)	▲	+0.02

*seasonally adjusted

▲ positive outcome for economy (green) ▲ negative outcome for economy (red)

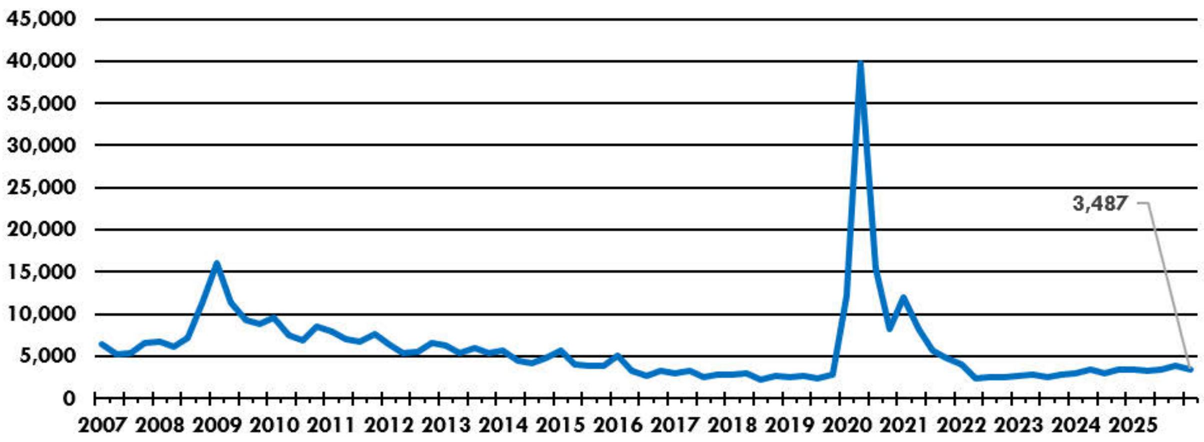
Tennessee Q1 2026: Labor Market Shows Modest Softening

Quarterly Overview: During the first quarter of 2026, Tennessee's labor market showed modest changes in several employment indicators. Total non-farm employment declined slightly over the quarter by 1.13%, while the services-providing sector contracted by 1.5%. Manufacturing employment also declined by 2.63%. Despite these changes, both the labor force and total employment continued to increase modestly, rising by 0.21% and 0.19% over the quarter. The unemployment rate edged down by 0.03 percentage points to 3.57%, indicating continued labor market stability.

Annual Overview: On a year-over-year basis, labor market conditions remained relatively stable despite mixed employment trends. Total non-farm employment declined slightly by 0.27%. Employment in the manufacturing and goods-producing sectors also recorded moderate declines by 1.95% and 3.37%, respectively, while the services-providing sector remained essentially unchanged over the year. At the same time, the labor force and total employment expanded by 2.48% and 2.59%. The unemployment rate also declined by 0.10 percentage points from Q1 of 2025, indicating a relatively healthy 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)

	2025.1	2025.2	2025.3	2025.4	2026.1
Employment by Industry (Nonfarm)					
Total Nonfarm	3,382	3,394	3,406	3,411	3,373
Goods-Producing Sectors	532	531	529	530	522
Manufacturing	365	364	362	362	352
Services-Providing Sectors	2,849	2,867	2,877	2,881	2,851
Labor Force	3,445	3,466	3,488	3,523	3,530
Total Employment	3,318	3,345	3,364	3,397	3,404
Unemployed	127	121	124	126	127
Unemployment Rate	3.67%	3.50%	3.60%	3.60%	3.57%

Source: Bureau of Labor Statistics

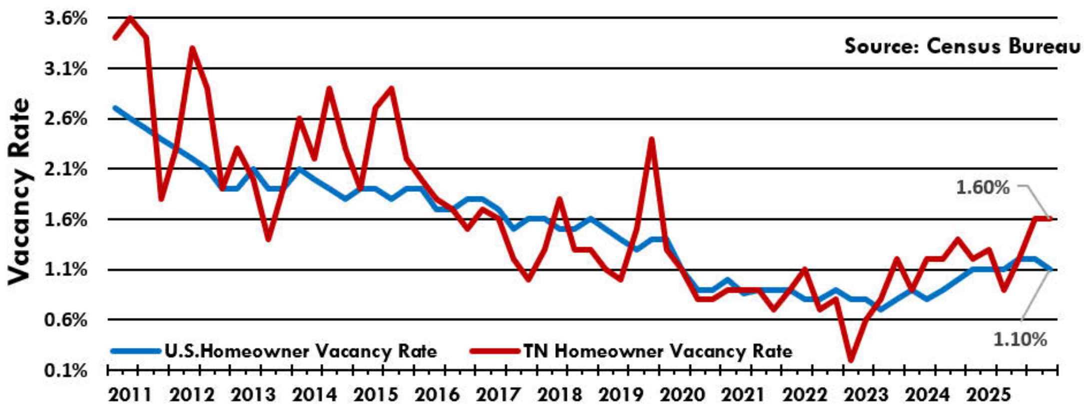
Source: Bureau of Labor Statistics

Homeowner & Rental Vacancies: Vacancy Rates Show Mixed Trends in Q1 2026

Quarterly Overview: In Q1 2026, Tennessee's homeowner vacancy rate remained unchanged at 1.60%, while the U.S. homeowner vacancy rate declined slightly from 1.20% to 1.10%. Over the same period, Tennessee's rental vacancy rate decreased from 9.40% in Q4 2025 to 7.80%, representing a notable quarterly improvement. In contrast, the U.S. rental vacancy rate increased modestly from 7.20% to 7.30%.

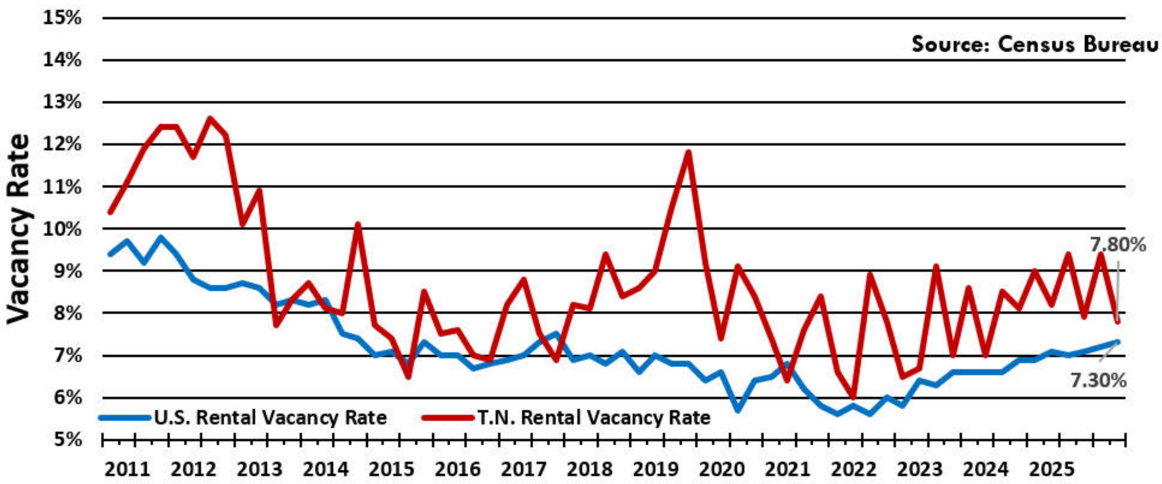
Annual Overview: On a year-over-year basis, Tennessee's homeowner vacancy rate increased from 1.30% in Q1 2025 to 1.60% in Q1 2026, while the national rate remained unchanged at 1.10%. Rental vacancy rates declined modestly in Tennessee, falling from 8.20% to 7.80% over the year. Meanwhile, the U.S. rental vacancy rate increased slightly from 7.10% to 7.30%, indicating relatively stable housing market conditions despite mixed vacancy trends.

Figure 2. Homeowner vacancy rate



Source: Census Bureau

Figure 3. Rental vacancy rate



Source: Census Bureau

Housing Permits: Tennessee Permit Activity Softens in Q1 2026

Quarterly Overview: During the first quarter of 2026, Tennessee's single-family permits declined by 4.01%, reflecting weaker construction activity compared with the previous quarter. Single-family permits also decreased slightly in the South and the United States, falling by 0.18% and 2.01%, respectively.

Tennessee also recorded declines in multifamily construction during the quarter, with permits falling 11.83%. The South and the United States experienced similar quarterly declines of 6.43% and 4.52%, respectively.

Overall, total housing permits in Tennessee declined by 7.51% during the quarter. Total permits also decreased modestly in both the South and the United States, suggesting slower residential construction activity across all three regions.

Annual Overview: Single-family permits in Tennessee declined by 4.54% compared with the first quarter of 2025. The South and the United States also recorded annual declines of 7.74% and 7.91%, respectively.

Multifamily permits in Tennessee fell 37.36% over the year. The South also experienced a 13.11% decline, while multifamily permits in the United States increased by 10.37%

Overall, total housing permits in Tennessee declined by 13.59 % year over year. Total permits also decreased in the South and the United States by 8.88% and 1.62%, respectively, indicating weaker residential construction activity compared with one year earlier.

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

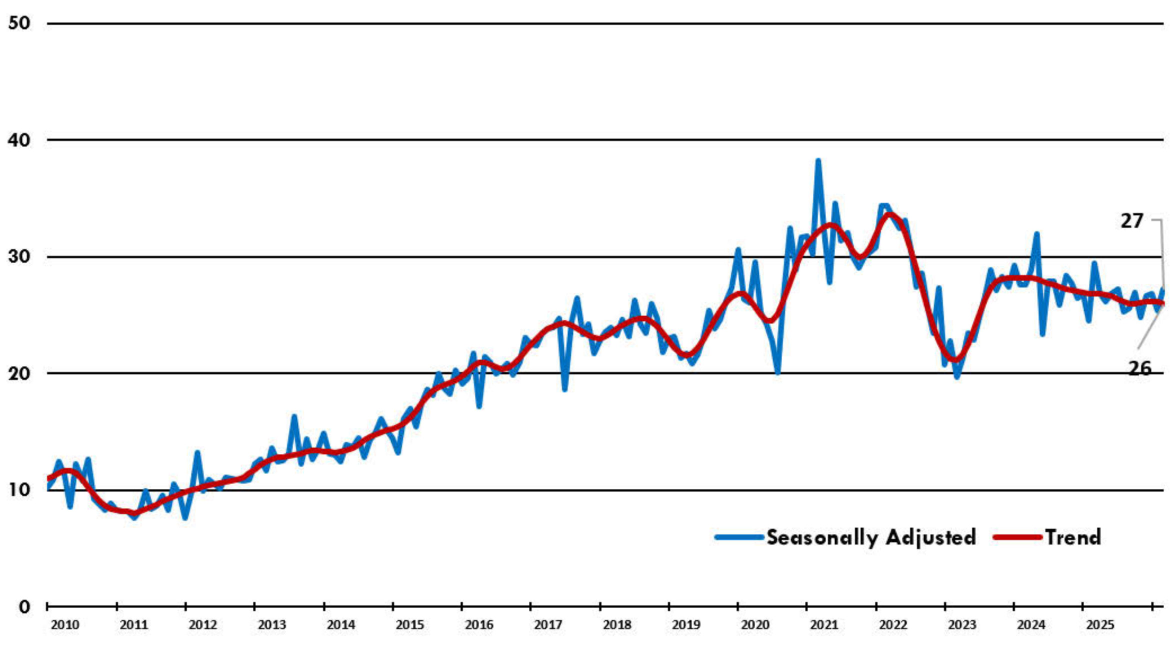


Table 2. Permits issued for privately owned new housing (thousands, seasonally adjusted annual rate)

(numbers shown in thousands)

	Single-Family Permits			Multi-Family Permits			Total Permits		
	Tennessee	South	U.S.	Tennessee	South	U.S.	Tennessee	South	U.S.
2023.1	27.0	474.7	778.1	16.8	328.0	652.0	43.8	796.0	1,418.9
2023.2	32.1	547.5	911.8	14.6	250.5	539.9	47.5	804.2	1,461.4
2023.3	33.1	576.1	951.2	15.4	278.0	636.0	48.6	814.4	1,471.1
2023.4	33.8	586.7	970.3	12.1	239.9	493.3	45.2	819.3	1,450.6
2024.1	33.7	589.7	991.1	10.5	207.2	502.7	44.6	795.2	1,490.2
2024.2	32.7	578.0	970.6	13.1	226.7	466.5	45.6	811.6	1,452.5
2024.3	33.0	573.2	976.1	12.9	219.1	477.2	46.2	791.6	1,452.3
2024.4	32.3	585.7	989.9	9.7	218.3	499.0	41.5	796.9	1,473.0
2025.1	32.0	560.6	950.4	16.9	235.7	470.8	46.8	794.8	1,423.6
2025.2	31.3	531.9	904.5	10.3	231.8	514.1	41.7	768.4	1,427.5
2025.3	31.3	518.8	884.0	10.6	216.9	498.7	42.3	736.3	1,384.4
2025.4	31.8	518.2	893.2	12.0	218.9	544.2	43.7	732.9	1,427.7
2026.1	30.5	517.2	875.2	10.6	204.8	519.7	40.5	724.2	1,400.5
Change from previous quarter	-4.01%	-0.18%	-2.01%	-11.83%	-6.43%	-4.52%	-7.51%	-1.18%	-1.91%
Change from previous year	-4.54%	-7.74%	-7.91%	-37.36%	-13.11%	10.37%	-13.59%	-8.88%	-1.62%

Source: Census Bureau

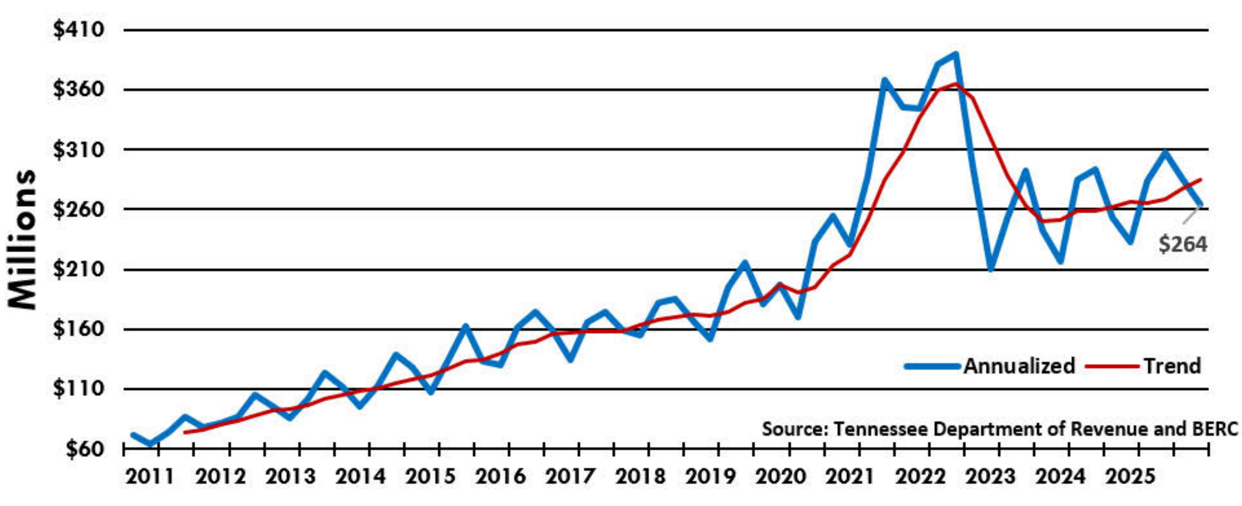
Source: Census Bureau

State Tax Revenue Growth: Real Estate and Mortgage Taxes Remain Strong

Quarterly Overview: During the first quarter of 2026, Tennessee's real estate transfer tax collections totaled approximately $264 million, representing a slight decline from the previous quarter. Mortgage tax collections also decreased from approximately $116 million in Q4 2025 to $108 million in Q1 2026.

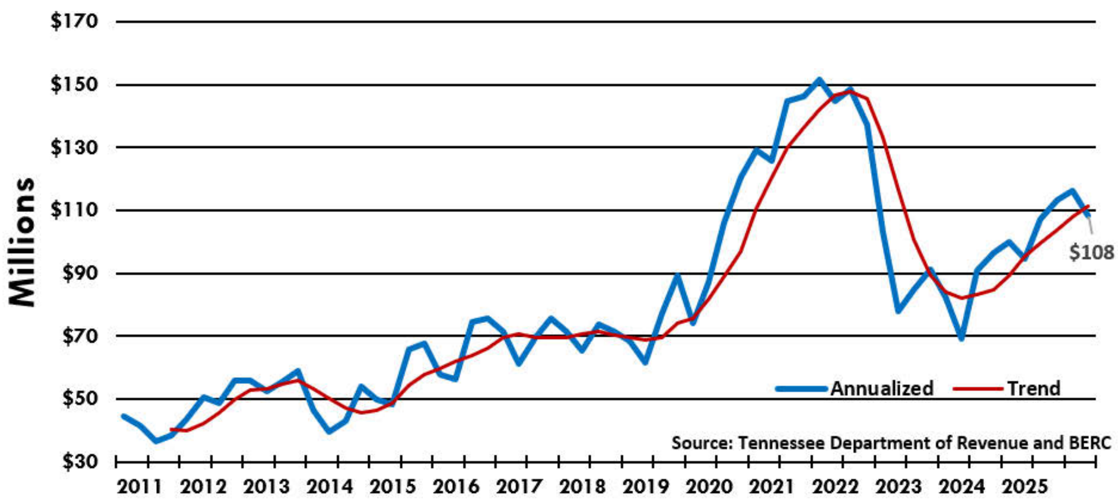
Annual Overview: On a year-over-year basis, both real estate transfer tax and mortgage tax collections remained well above first quarter 2025 levels. Real estate transfer tax collections increased by 13.53%, while mortgage tax collections rose by 14.33%, indicating continued strength in housing-related tax revenues despite softer residential construction activity.

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



Source: Tennessee Department of Revenue and BERC

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



Source: Tennessee Department of Revenue and BERC

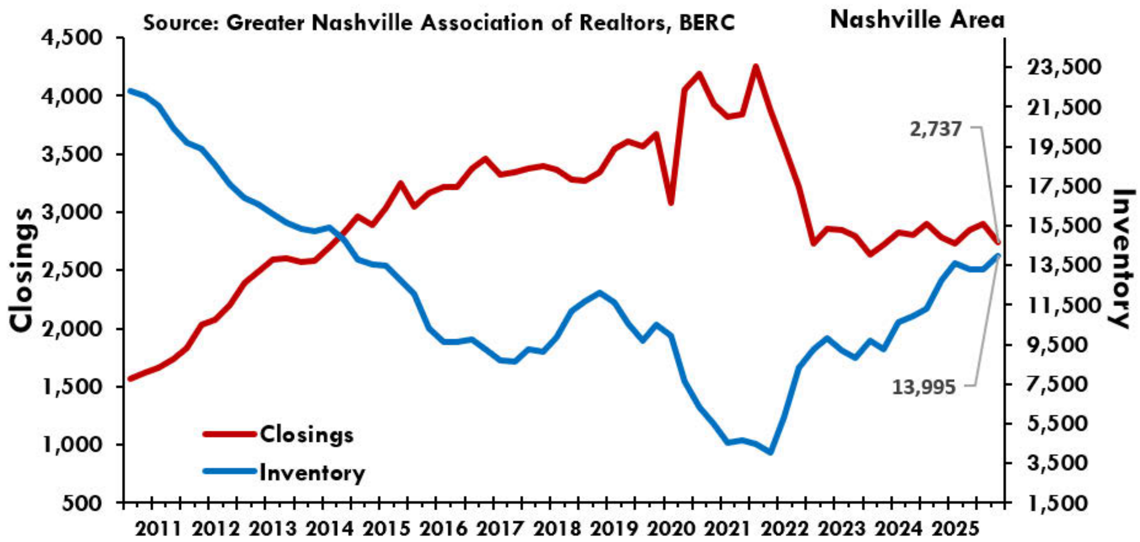
Regional Housing Market Trends: Home Sales Decline While Inventory Continues to Increase

Nashville: During the first quarter of 2026, Nashville home closings declined by 5.75% over the quarter and 1.50% over the year. Meanwhile, inventory increased by 5.25% during the quarter and 10.06% over the year, indicating continued growth in available housing supply despite slower sales activity.

Memphis: Memphis home closings declined by 5.47% during the quarter and 12.08% over the year. At the same time, inventory increased by 9.90% over the quarter and 16.85% compared with one year earlier. Memphis recorded the strongest inventory growth among Tennessee's three largest metropolitan areas.

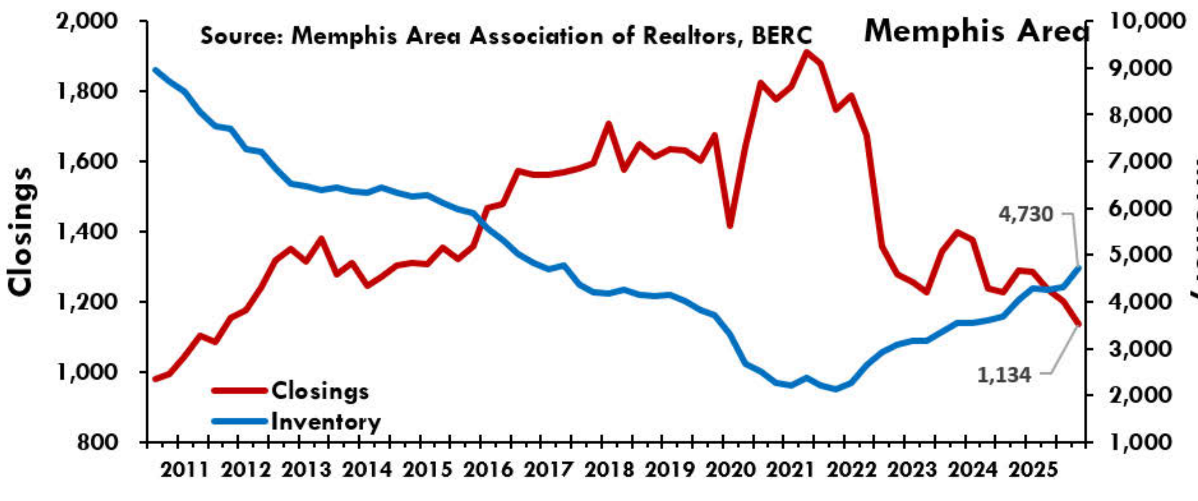
Knoxville: Knoxville home closings declined by 3.79% during the quarter but remained 8.59% above first-quarter 2025 levels, making it the only major metropolitan area to record annual growth in home sales. Inventory also continued to increase, rising 4.37% over the quarter and 14.21% over the year.

Figure 7.1 Single-family sales and inventory - Nashville Area



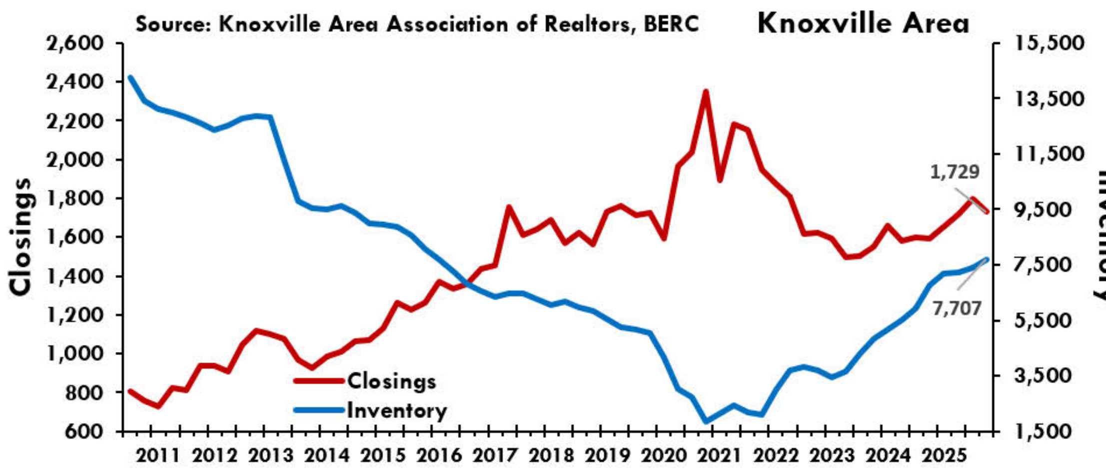
Source: Greater Nashville Association of Realtors, BERC

Figure 7.2 Single-family sales and inventory - Memphis Area



Source: Knoxville Area Association of Realtors, BERC

Figure 7.3 Single-family sales and inventory - Knoxville Area



Source: Memphis Area Association of Realtors, BERC

Home Price Growth Continues Across Tennessee

During the first quarter of 2026, home prices continued to increase across both Tennessee and the United States, with quarterly gains remaining modest. Home prices in Tennessee increased by 0.82% during the quarter, slightly outpacing the national increase of 0.70%. Most Tennessee metropolitan areas recorded positive quarterly home price growth, while only a few markets experienced slight declines, reflecting generally stable housing market conditions across the state.

Metropolitan Area Quarterly Performance:

Strong Growth Areas: The Clarksville MSA recorded the strongest quarterly increase in home prices, rising 3.59%, followed by the Morristown MSA, which posted a 1.35% increase. The Nashville MSA and Johnson City MSA also experienced solid quarterly gains of 1.10% and 0.92%, respectively.

Moderate Growth Areas: The Chattanooga MSA, Knoxville MSA, and Jackson MSA recorded moderate quarterly increases of 0.85%, 0.80%, and 0.20%, respectively, indicating continued but slower price appreciation.

Declining Areas: A small number of MSAs experienced slight quarterly price declines. Home prices in the Cleveland MSA remained essentially unchanged, declining just 0.01%, while the Kingsport-Bristol MSA decreased 0.22%. The Memphis MSA recorded the largest quarterly decline, with home prices falling 0.50%.

Annual Home Price Trends (Q1 2025–Q1 2026): On a year-over-year basis, home prices increased by 3.30% in Tennessee, slightly exceeding the national increase of 3.25%. All Tennessee MSAs recorded positive annual home price growth. The Clarksville MSA posted the strongest annual gain at 7.97%, followed by the Johnson City MSA at 6.00% and the Morristown MSA at 5.08%. Jackson MSA also recorded a strong annual appreciation of 4.38%, while home price growth remained more modest in the Memphis and Kingsport-Bristol MSAs, suggesting relatively stable housing conditions

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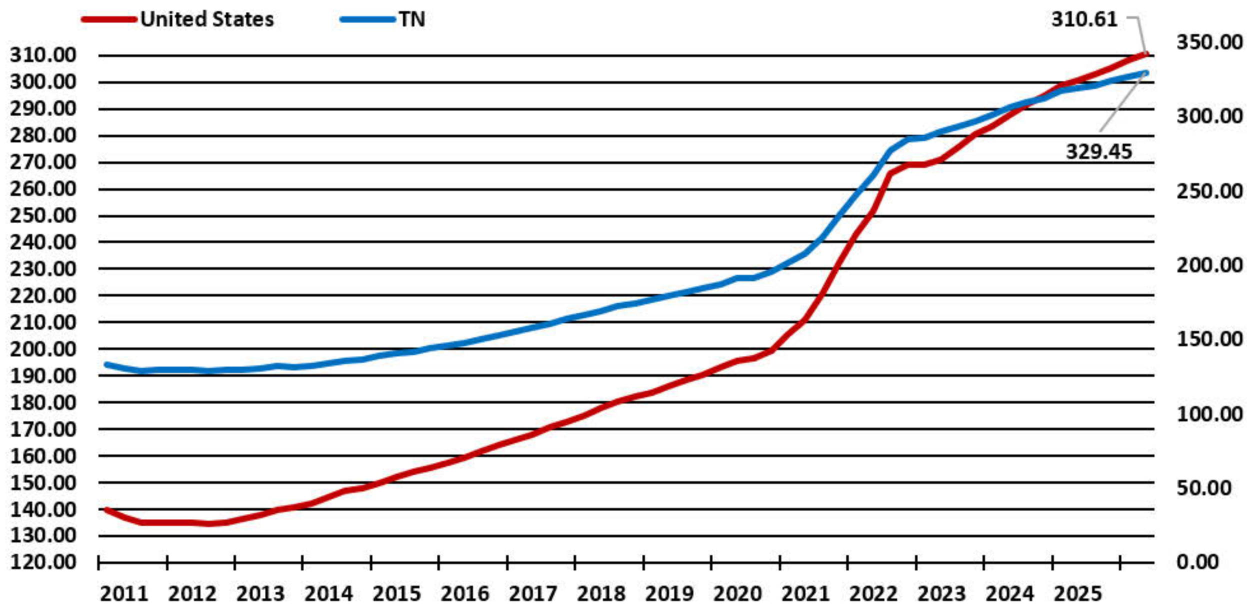
Table 3. % Change in Housing Prices year to year

Area	2024.2-2025.2	2024.3-2025.3	2024.4-2025.4	2025.1-2026.1
Chattanooga MSA	2.6%	3.0%	3.6%	3.7%
Clarksville MSA	5.1%	3.7%	3.2%	8.6%
Cleveland MSA	0.1%	4.9%	3.9%	3.8%
Jackson MSA	-0.2%	2.4%	1.7%	3.9%
Johnson City MSA	2.1%	4.4%	4.2%	5.4%
Kingsport-Bristol MSA	4.0%	4.7%	4.0%	1.6%
Knoxville MSA	3.5%	4.6%	2.5%	3.2%
Memphis MSA	2.4%	0.6%	2.5%	1.1%
Morristown MSA	4.4%	4.1%	5.8%	6.9%
Nashville MSA	3.5%	2.2%	2.3%	3.1%
Tennessee	3.7%	3.8%	3.1%	3.3%
United States	3.9%	3.6%	3.3%	3.2%

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: Q1 2026 Trends in Tennessee and the United States

Overall Overview: In both quarterly and annual data, Tennessee's mortgage delinquency and foreclosure rates remained relatively stable during the first quarter of 2026. Mortgage delinquency rates declined in both Tennessee and the United States compared with the previous quarter, indicating a modest improvement in mortgage performance. Foreclosure activity increased slightly in both Tennessee and the United States during the quarter. Compared with one year earlier, however, both delinquency and foreclosure rates remained modestly higher, suggesting continued normalization in mortgage performance.

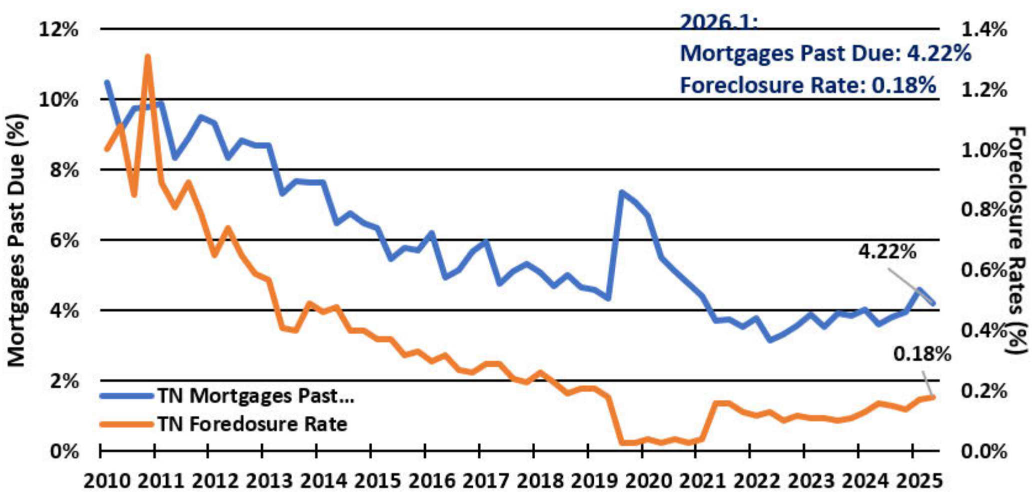
Quarterly Overview: In Q1 2026, Tennessee's mortgage delinquency rate declined from 4.60% in Q4 2025 to 4.22%, a decrease of 0.38 percentage points. Nationally, the delinquency rate also declined, falling from 4.56% to 4.15% during the same period.

Foreclosure activity increased slightly during the quarter. Tennessee's foreclosure rate rose from 0.17% to 0.18%, while the U.S. foreclosure rate increased from 0.20% to 0.24%

Annual Overview: On a year-over-year basis, Tennessee's mortgage delinquency rate increased from 3.61% in Q1 2025 to 4.22% in Q1 2026. Nationally, mortgage delinquencies also increased, rising from 3.75% to 4.15% over the same period.

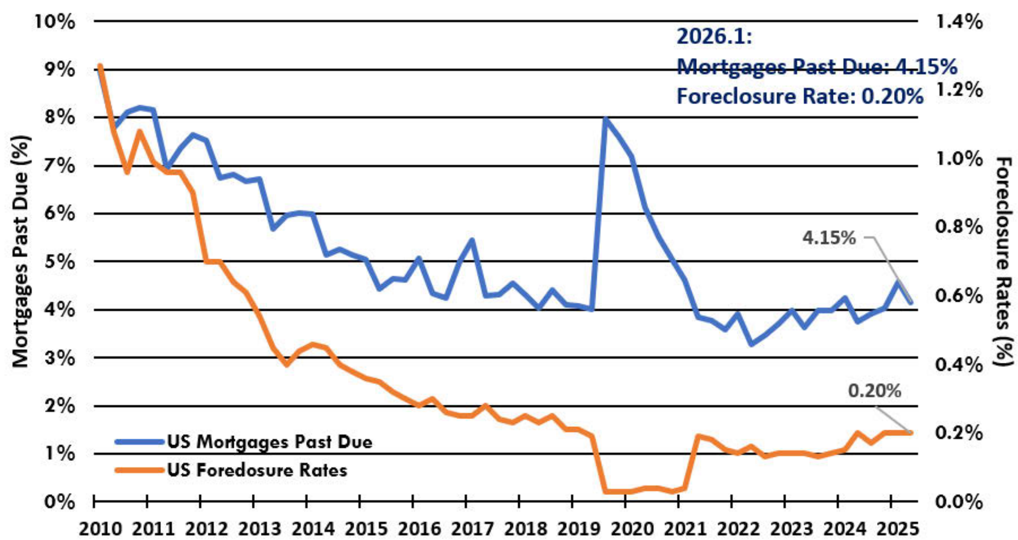
Foreclosure rates also increased slightly compared with one year earlier. Tennessee's foreclosure rate rose from 0.16% in Q1 2025 to 0.18% in Q1 2026, while the national foreclosure rate increased from 0.20% to 0.24%

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 Q1 2026

Overview: Tennessee's housing and labor markets remained generally stable during the first quarter of 2026 despite signs of modest slowing in several sectors. Labor market conditions softened slightly, with total non-farm employment declining modestly while the labor force and total employment continued to expand. The unemployment rate edged lower during the quarter, indicating continued resilience in the state's labor market.

Vacancy Rates and Housing Permits: Vacancy rates showed mixed trends during the quarter. Tennessee's homeowner vacancy rate remained unchanged, while rental vacancy rates declined, reflecting improved rental market conditions. Housing permit activity weakened across single-family, multifamily, and total permits, indicating slower residential construction activity compared with the previous quarter.

Tax Revenue: Housing-related tax revenues remained relatively strong during the quarter. Mortgage tax collections continued to increase, while real estate transfer tax collections declined by 7.71% from the previous quarter but remained well above year-ago levels (13.53%), reflecting continued activity in Tennessee's housing market.

Housing Market: Conditions remained mixed across Tennessee's major metropolitan areas. Home sales declined in Nashville, Memphis, and Knoxville during the quarter, while inventory continued to increase across all three markets. Home prices continued to rise statewide, although price appreciation varied across metropolitan areas, with only a few markets recording slight quarterly declines.

Mortgage and Foreclosures: Mortgage performance improved modestly during the quarter as delinquency rates declined in both Tennessee and the United States. Foreclosure activity increased slightly compared with the previous quarter, while both delinquency and foreclosure rates remained modestly above year-ago levels, suggesting continued normalization in mortgage performance.

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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)