HOUSING TENNESSEE
QUARTERLY HOUSING REPORT

2nd Quarter 2026 | June 2026 | mtsu.edu/berc/housing.php

TENNESSEE DASHBOARD

YEAR-OVER-YEAR CHANGE

Weekly unemployment claims **+1.89%** Higher claims	**Total nonfarm employment** **-0.37%** Slight annual decline	**Unemployment rate** **+0.07 pp** Lower rate
Homeowner vacancy rate **+0.50 pp** Higher vacancy	**Rental vacancy rate** **-1.60 pp** Lower vacancy	**Single-family permits** **-0.70%** Construction softer
Total home permits **+3.65%** Broad permit pullback	**Mortgage tax collections** **+25.83%** Revenue strength	**Real estate transfer tax** **+4.87%** Revenue strength
Home prices **+2.68%** Price growth continues	**Mortgages past due** **+0.64 pp** Stress higher	**Foreclosure rate** **-0.01 pp** Slightly higher

01

Labor market

Modest softening, but the unemployment rate remained low.

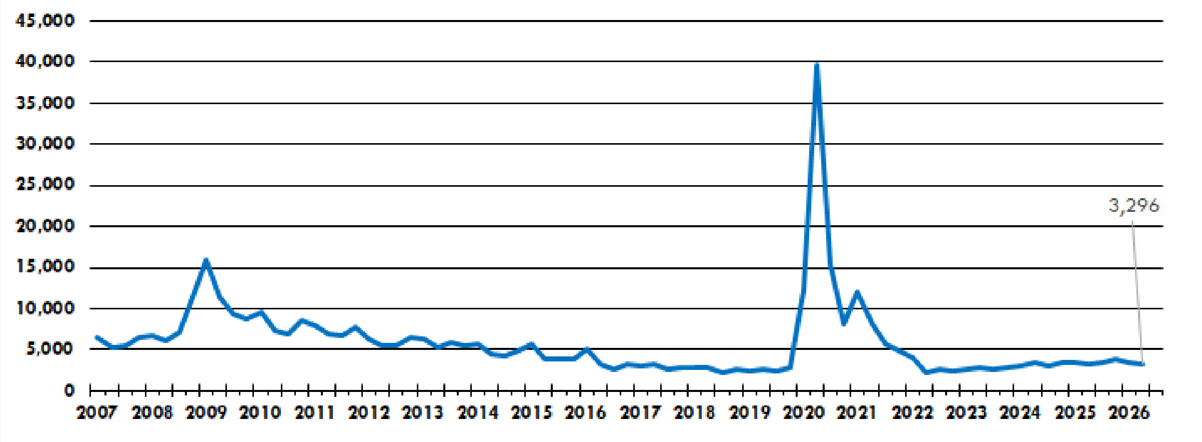
QUARTERLY OVERVIEW

During the second quarter of 2026, Tennessee's labor market showed mixed but generally stable conditions. Total nonfarm employment increased by 0.27% from the previous quarter, while employment in the goods producing and manufacturing sectors rose by 0.74% and 0.76%, respectively. The services-providing sector recorded a more modest increase of 0.18%. Despite these industry-level gains, Tennessee's labor force and total employment declined by 0.92% and 0.93%, respectively. The unemployment rate remained essentially unchanged at 3.57%, indicating continued stability in the state's labor market.

ANNUAL OVERVIEW

On a year-over-year basis, Tennessee's employment indicators were somewhat weaker. Total non-farm employment declined by 0.37%, while the goods producing and services-providing sectors decreased by 0.35% and 0.37%, respectively. Manufacturing employment recorded the largest annual decline among the major sectors, falling by 1.92%. At the same time, the labor force expanded by 0.92% and total employment increased by 0.82%. The number of unemployed individuals rose by 3.93%, and the unemployment rate increased by 0.07 percentage points from 3.50% in Q2 2025 to 3.57% in Q2 2026.

Figure 1. Initial claims for unemployment insurance



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

Table 1. Selected Tennessee employment indicators

	2025.2	2025.3	2025.4	2026.1	2026.2
Employment by Industry (Nonfarm)					
Total Nonfarm	3,394	3,406	3,411	3,373	3,382
Goods-Producing Sectors	531	529	530	522	526
Manufacturing	364	362	362	352	355
Services-Providing Sectors	2,867	2,877	2,881	2,851	2,856
Labor Force	3,466	3,488	3,523	3,530	3,498
Total Employment	3,345	3,364	3,397	3,404	3,372
Unemployed	121	124	126	127	126
Unemployment Rate	3.50%	3.60%	3.60%	3.57%	3.57%

Source: Bureau of Labor Statistics

02

Homeowner and rental vacancies

Vacancy rates moved in opposite directions during the quarter.

QUARTERLY OVERVIEW

In Q2 2026, Tennessee's homeowner vacancy rate declined from 1.60% to 1.40%, a decrease of 0.20 percentage points. In contrast, the U.S. homeowner vacancy rate increased from 1.10% to 1.20%. Rental vacancy rates remained unchanged during the quarter at 7.80% in Tennessee and 7.30% nationwide.

ANNUAL OVERVIEW

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Figure 2. Homeowner vacancy rate

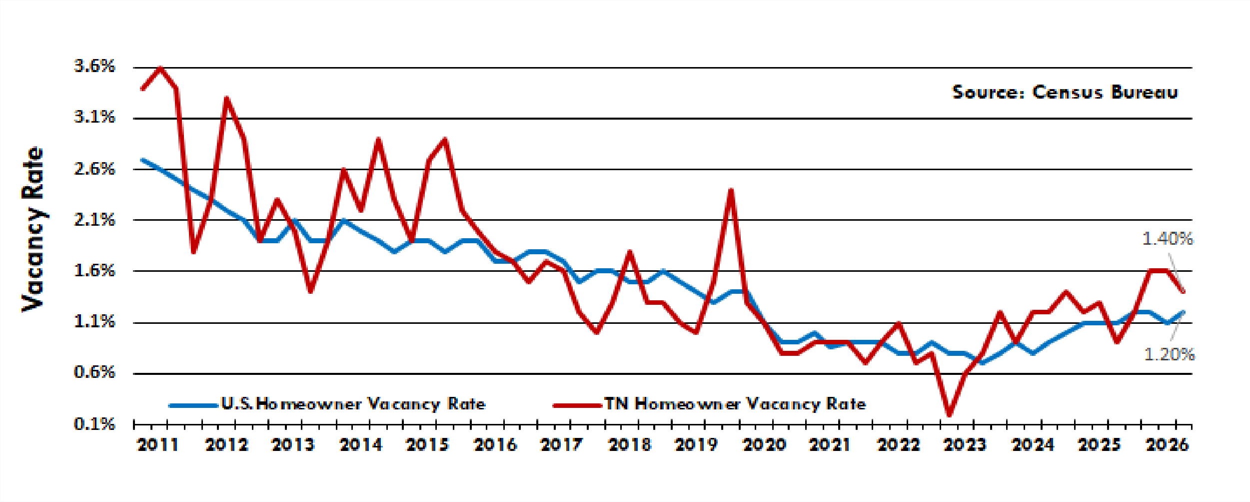
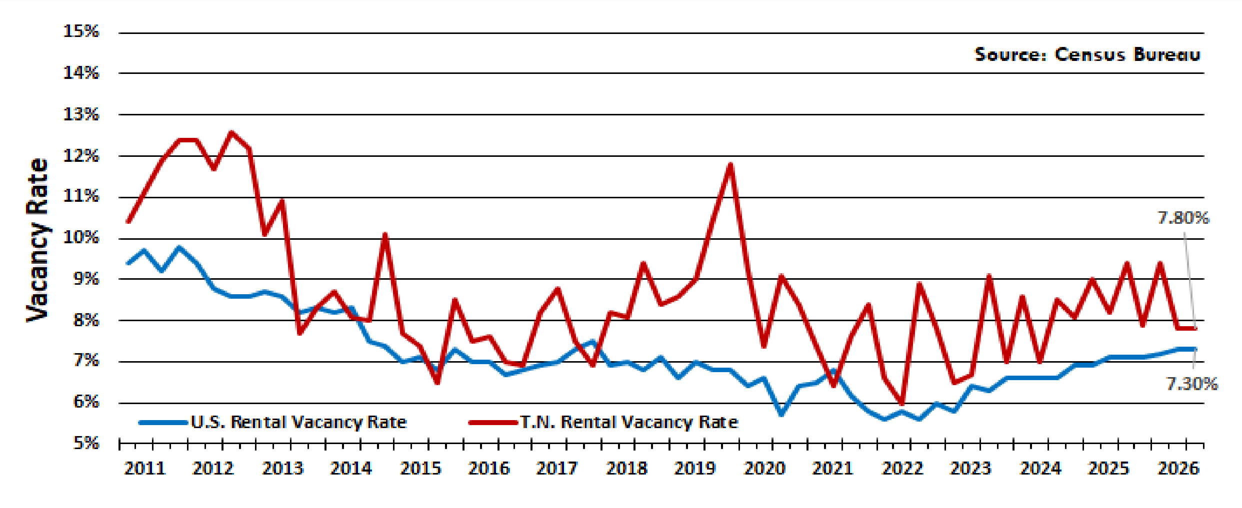


Figure 3. Rental vacancy rate



03

Housing permits

Permit activity softened across single-family, multifamily, and total permits.

QUARTERLY OVERVIEW

During the second quarter of 2026, Tennessee's single-family permits increased by 1.69%, while single-family permits declined by 0.77% in the South and 0.72% nationwide. Multifamily permit activity strengthened in Tennessee and the South, increasing by 15.76% and 12.35%, respectively. In contrast, U.S. multifamily permits declined by 3.82% during the quarter. Overall, total housing permits increased by 6.44% in Tennessee and 1.92% in the South, while total permits declined by 1.95% nationwide. Tennessee, therefore, outperformed both the regional and national trends during the quarter.

ANNUAL OVERVIEW

Compared with Q2 2025, single-family permits declined by 0.70% in Tennessee, 3.48% in the South, and 3.88% nationwide.
Tennessee's multifamily permits increased by 13.18% over the year. By comparison, multifamily permits edged down by 0.20% in the South and declined by 2.50% nationwide. Total permits in Tennessee increased by 3.65% year over year, contrasting with declines of 3.62% in the South and 3.75% nationwide.

Figure 4. Tennessee single-family home permits

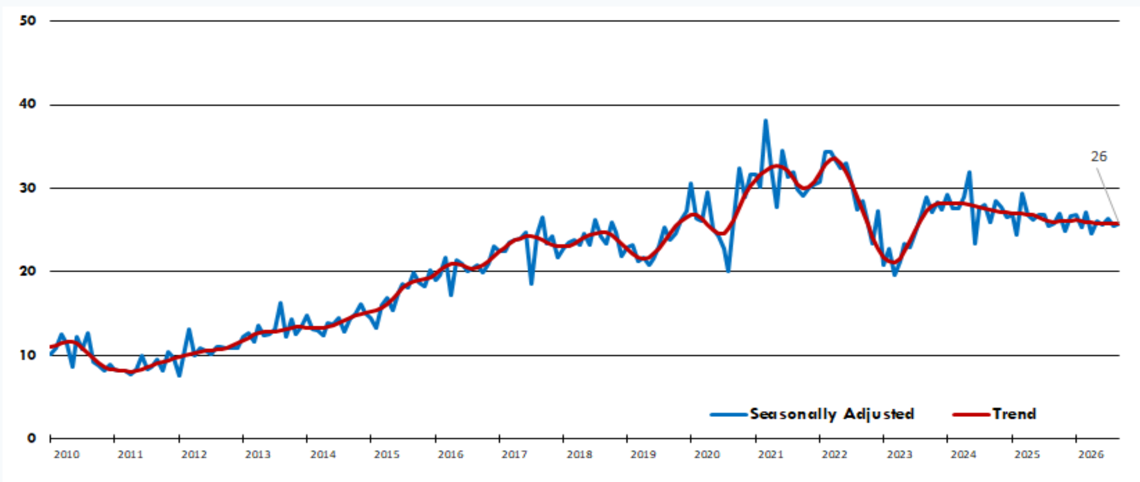


Table 2. Permits issued for privately owned new housing

(numbers shown in thousands)

	Single-Family Permits			Multi-Family Permits			Total Permits		
	Tennessee	South	U.S.	Tennessee	South	U.S.	Tennessee	South	U.S.
2023.2	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
2026.2	31.0	513.3	868.9	12.2	230.1	499.8	43.1	738.1	1,373.2
Change from previous quarter	1.69%	-0.77%	-0.72%	15.76%	12.35%	-3.82%	6.44%	1.92%	-1.95%
Change from previous year	-0.76%	-3.51%	-3.93%	19.43%	-0.75%	-2.77%	3.32%	-3.94%	-3.81%

Source: Census Bureau

04

Housing-related state tax revenues

Tax collections remained strong despite softer construction activity.

QUARTERLY OVERVIEW

During the second quarter of 2026, Tennessee's real estate transfer tax collections increased from approximately $264 million to $297 million, a quarterly gain of 12.47%. Mortgage tax collections rose even more sharply, increasing from approximately $108 million to $135 million, or 24.71%.

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

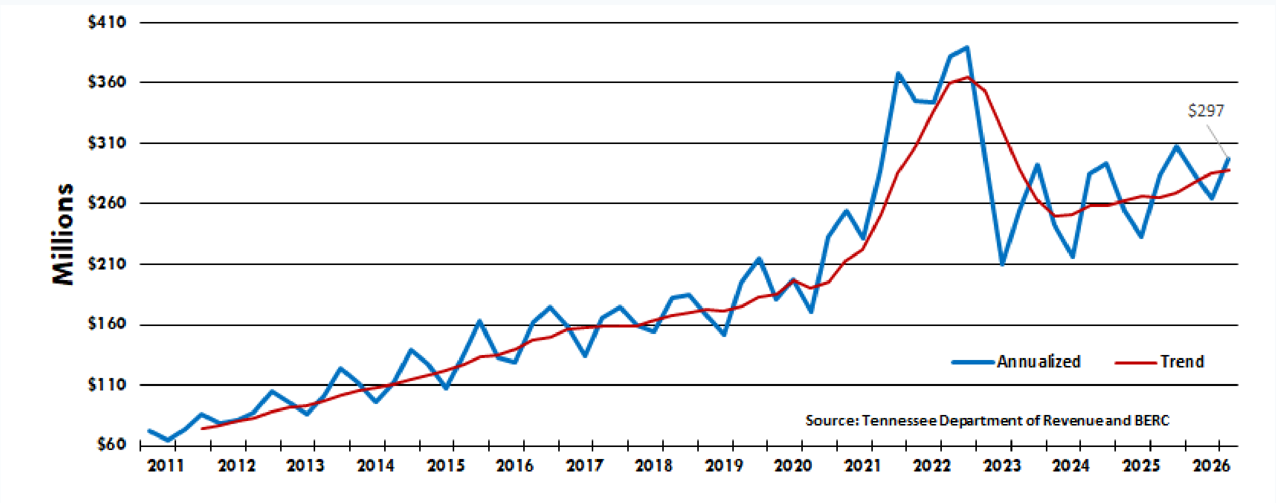
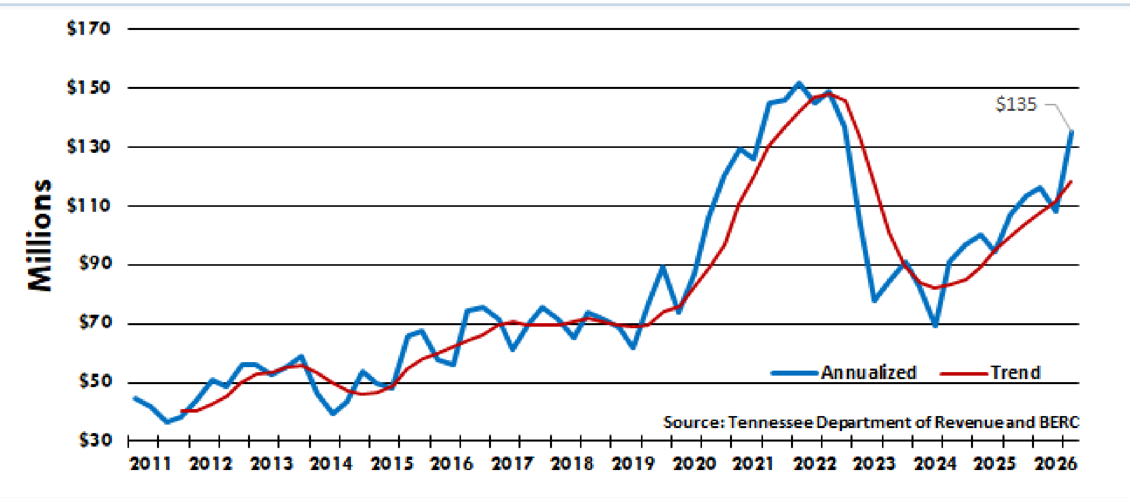


Figure 6. Mortgage tax collections



05

Regional sales and inventory

Sales slowed while inventory continued to build in major Tennessee markets.

METROPOLITAN MARKET SIGNALS

Nashville: In Q2, 2026, home closings increased by 6.08% over the quarter and 6.32% over the year. Similarly, inventory also continued to expand, rising by 6.98% over the quarter and 9.89% over the year.

Memphis: Home closings increased by 6.71% during the quarter but remained 5.86% below Q2 2025. Inventory increased by 2.70% over the quarter and 13.32% over the year, the largest annual inventory gain among the three metropolitan areas.

Knoxville: Home closings recorded the strongest growth among the three markets, rising by 7.21% during the quarter and 12.26% over the year. Inventory increased more modestly, by 0.74% quarter over quarter and 7.74% year over year.

Figure 7.1. Single-family sales and inventory — Nashville area

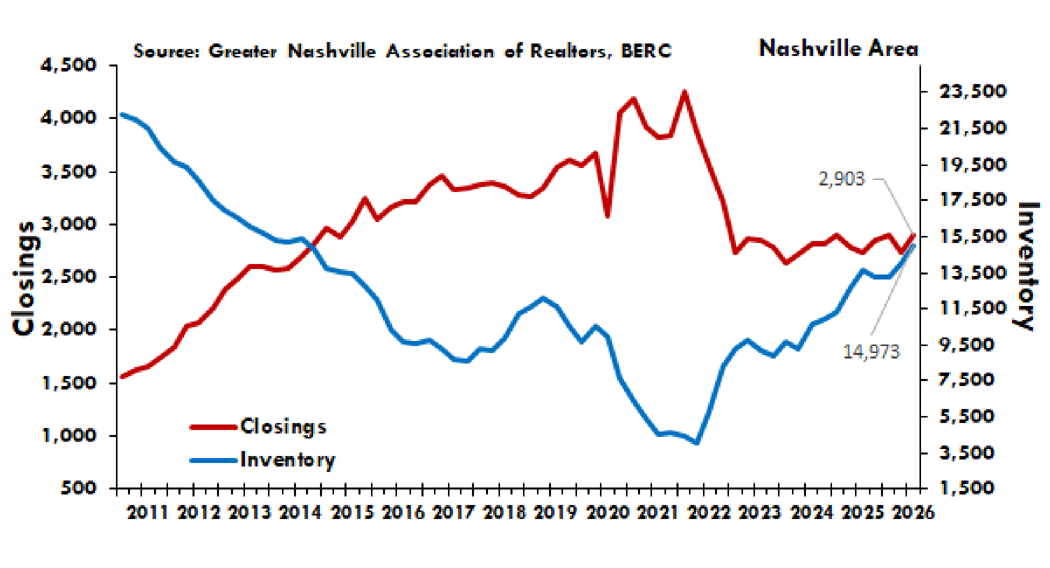


Figure 7.2. Single-family sales and inventory — Memphis area

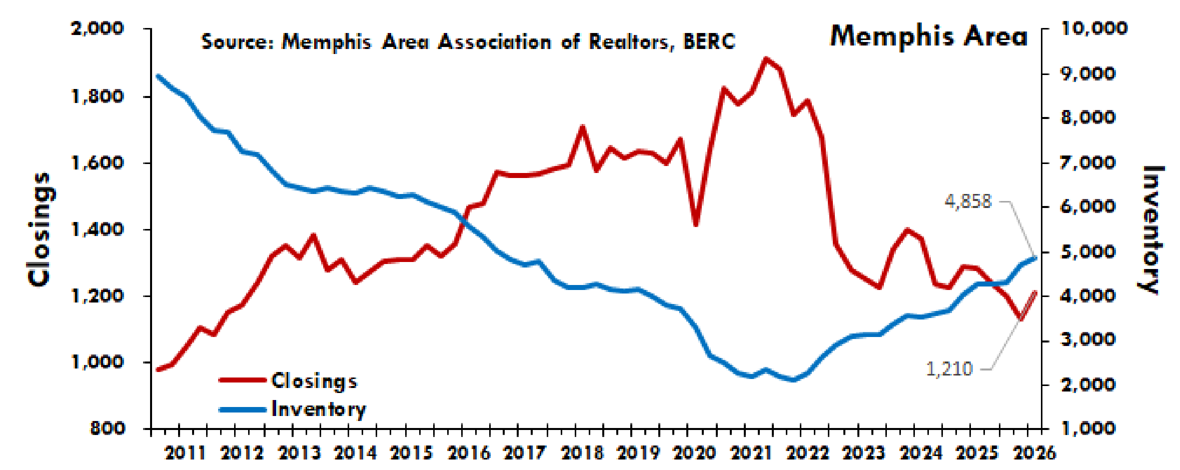
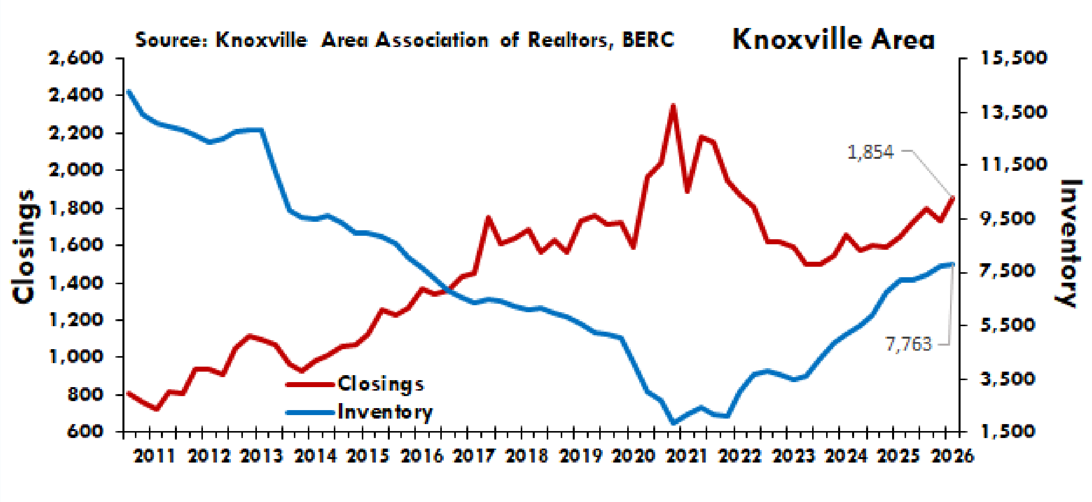


Figure 7.3. Single-family sales and inventory — Knoxville area



06

Home prices

During the second quarter of 2026, home prices grew at a slow pace in Tennessee. Statewide prices increased by 0.13% over the quarter, below the national increase of 0.50%. Performance across Tennessee's metropolitan areas was mixed, with six markets recording quarterly gains and four posting declines.

Metropolitan Area Quarterly Performance:

Strong Growth Areas: Jackson recorded the strongest quarterly home-price growth at 1.16%, followed by Cleveland at 0.81% and Memphis at 0.80%. Kingsport-Bristol and Knoxville also posted gains of 0.79% and 0.64%, respectively.

Moderate Growth Areas: Johnson City prices were essentially unchanged, increasing by just 0.04% during the quarter.

Declining Areas: Clarksville recorded the largest quarterly decline at 2.28%, followed by Morristown at 1.67%. Chattanooga and Nashville posted smaller declines of 0.66% and 0.34%, respectively.
Annual Home Price Trends (Q2 2025-Q2 2026): Home prices increased in every Tennessee MSA over the year. Jackson led with a 6.16% gain, followed by Cleveland at 5.47% and Johnson City at 4.14%. Statewide prices increased by 2.68%, trailing the 3.15% national increase and indicating more moderate appreciation across Tennessee overall.

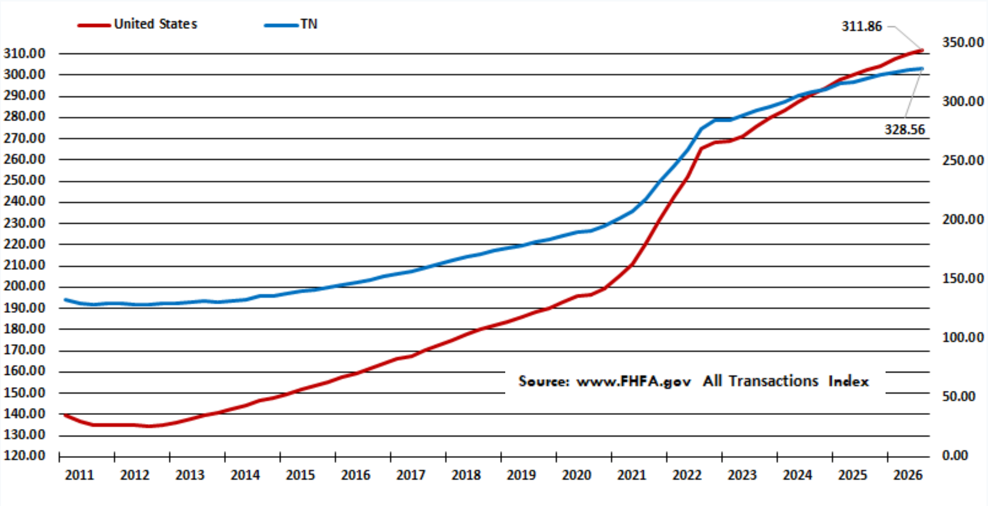
Table 3. Percent change in housing prices, year to year

Table 3. % Change in Housing Prices Year to Year

Area	2024.3-2025.3	2024.4-2025.4	2025.1-2026.1	2025.2-2026.2
Chattanooga MSA	2.9%	3.8%	3.7%	2.0%
Clarksville MSA	3.7%	3.3%	8.7%	2.1%
Cleveland MSA	4.7%	3.9%	4.5%	5.5%
Jackson MSA	2.2%	1.1%	4.4%	6.2%
Johnson City MSA	4.7%	3.9%	5.1%	4.1%
Kingsport-Bristol MSA	4.6%	4.1%	1.5%	3.0%
Knoxville MSA	4.5%	2.6%	3.6%	4.1%
Memphis MSA	0.7%	2.4%	1.6%	1.8%
Morristown MSA	4.6%	5.9%	6.8%	0.8%
Nashville MSA	2.4%	2.3%	2.8%	1.7%
Tennessee	3.8%	3.1%	3.4%	2.7%
United States	3.6%	3.3%	3.3%	3.2%

Source: FHFA All Transactions Index.

Figure 8. Tennessee FHFA house price index



07

Mortgage delinquencies and foreclosures

Mortgage performance weakened modestly during Q2 2026 as delinquency rates increased in both Tennessee and the United States. Foreclosure rates, however, declined in both markets during the quarter. Compared with one year earlier, Tennessee's foreclosure rate was slightly lower, while the national rate was modestly higher.

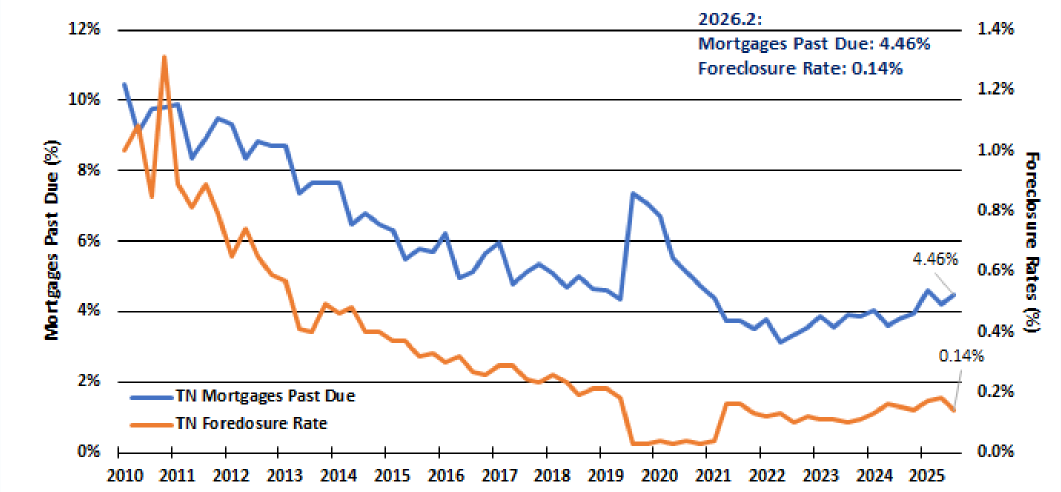
QUARTERLY OVERVIEW

In Q2 2026, Tennessee's mortgage delinquency rate increased from 4.22% to 4.46%, a rise of 0.24 percentage points. Nationally, the delinquency rate increased from 4.15% to 4.33%, or 0.18 percentage points. Foreclosure activity moved in the opposite direction. Tennessee's foreclosure rate declined from 0.18% to 0.14%, while the U.S. rate fell from 0.24% to 0.20%.

ANNUAL OVERVIEW

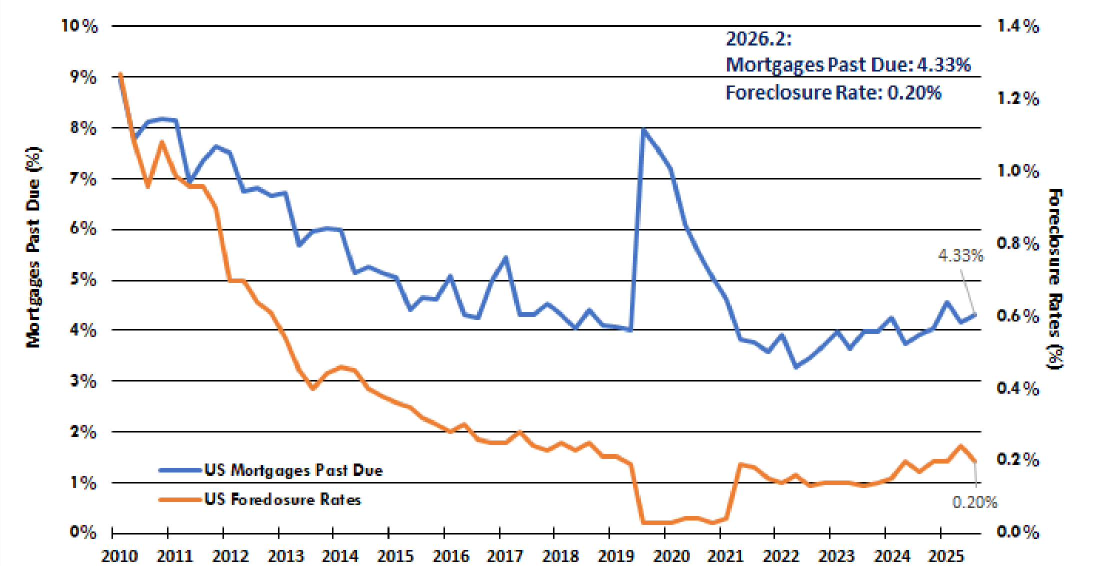
On a year-over-year basis, Tennessee's mortgage delinquency rate increased by 0.64 percentage points, from 3.82% in Q2 2025 to 4.46% in Q2 2026. The national delinquency rate rose by 0.42 percentage points, from 3.91% to 4.33%. Tennessee's foreclosure rate declined slightly over the year, from 0.15% to 0.14%. In contrast, the U.S. foreclosure rate increased from 0.17% to 0.20%.

Figure 9. Tennessee mortgages past due and foreclosure rates



Source: Mortgage Bankers Association

Figure 10. United States mortgages past due and foreclosure rates



Source: Mortgage Bankers Association

Overview: Tennessee's housing and labor markets showed mixed but generally stable conditions during Q2 2026. Total nonfarm employment increased modestly, while the labor force and total employment declined. The unemployment rate remained essentially unchanged at 3.57%, and initial unemployment claims fell over the quarter but remained slightly above their year-ago level.

Vacancy Rates and Housing Permits: Tennessee's homeowner vacancy rate declined by 0.20 percentage points during the quarter. Residential construction strengthened, by a 15.76% quarterly increase in multifamily permits and a 6.44% increase in total permits. Tennessee's annual total-permit growth also outperformed declines in the South and the United States.

Tax Revenue: Housing-related tax collections strengthened on both a quarterly and annual basis. Real estate transfer tax collections increased by 12.47% during the quarter, while mortgage tax collections rose by 24.71%. Mortgage tax revenue was also 25.83% above its Q2 2025 level.

Housing Market: Home closings increased in Nashville, Memphis, and Knoxville during the quarter, with Knoxville posting the strongest gains, both quarterly and annually. Inventory also increased across all three markets, indicating continued expansion in available supply. Tennessee home prices rose only 0.13% during the quarter and 2.68% over the year, trailing national growth, although every Tennessee MSA recorded annual appreciation.

Mortgage and Foreclosures: Mortgage delinquency rates increased during the quarter and year-over-year in both Tennessee and the United States. Foreclosure activity improved during Q2, with rates declining by 0.04 percentage points in both markets. Tennessee's foreclosure rate also remained slightly below its year-ago level.

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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)