

HOUSING

TENNESSEE

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June 2024

TENNESSEE DASHBOARD 1ST QUARTER 2024 (percent change over the year)

Weekly Unemployment Claims	▲	+12.01	Total Home Permits*	▲	+1.90
Total Nonfarm Employment*	▲	+0.27	Mortgage Tax Collections	▼	-10.87
Unemployment Rate (percentage points)*	▼	-0.13	Real Estate Transfer Tax Collections	▲	+2.89
Homeowner Vacancy Rate (percentage points)	▲	+0.60	Home Prices*	▲	+5.84
Rental Vacancy Rate (percentage points)	▲	+0.30	Mortgages Past Due (percentage points)	▲	+0.40
Single-Family Home Permits*	▲	+24.04	Foreclosure Rate (percentage points)	▼	-0.02

*seasonally adjusted

▲ positive outcome for economy

▼ negative outcome for economy

Tennessee Q1 2024: Job Gains, Real Estate Growth, and Manufacturing Woes

In the first quarter of 2024, Tennessee's economy displayed a mixture of growth and challenges. Employment saw a yearly increase of 2.00%, while the labor force grew by 1.86%. Despite this, the goods-producing and manufacturing sectors faced annual declines of 0.70% and 1.38%, respectively. However, quarterly data revealed slight growth in these sectors at 0.79% and 0.73%, indicating potential recovery.

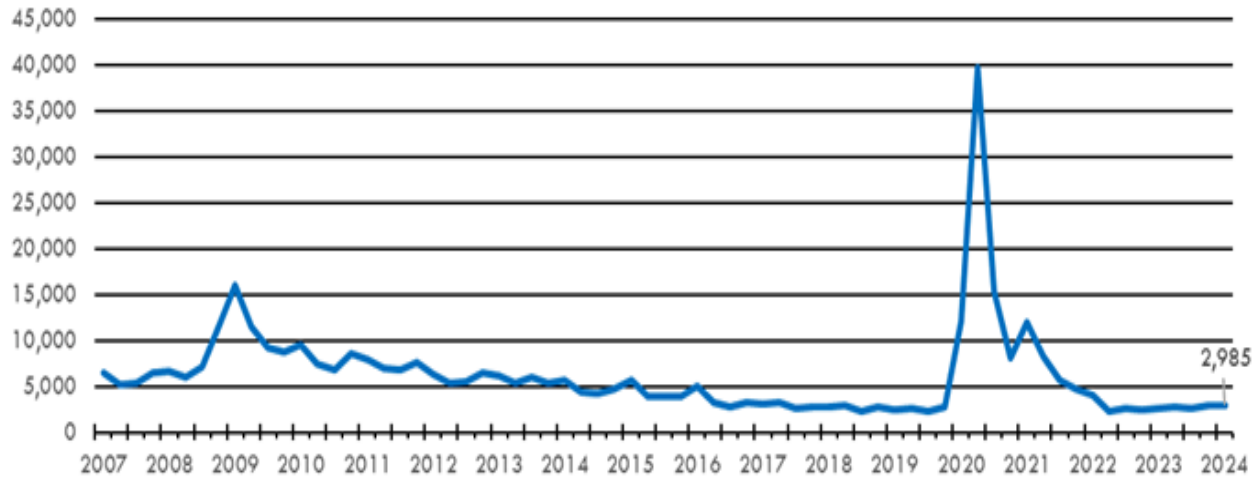
Nonfarm employment, single-family home permits, total home prices, real estate transfer tax collections, and foreclosure rates all showed annual improvements. Conversely, there were declines in weekly unemployment claims and mortgage tax collections. Tennessee also observed a slight decrease in unemployment rates by 0.13 percentage points quarterly and

0.14 percentage points annually.

The U.S. construction sector experienced significant annual growth in single-family housing permits (27.57%) and a modest quarterly increase (1.34%). Total permits in the United States experienced a modest yearly increase of 4.71%. However, Tennessee saw a quarterly decline in total permits by 4.38%, despite an annual house price increase of 5.94% and a quarterly rise of 1.26%. Mortgage tax collections fell annually by 10.87% and quarterly by 15.69%, while vacancy rates for homeowners, rentals, and mortgage past due increased by 0.60, 0.30, and 0.40 percentage points, respectively.

Figure 1. Tennessee initial claims for unemployment insurance

(quarterly averages of weekly data, seasonally adjusted)



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

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

	2023.1	2023.2	2023.3	2023.4	2024.1
Employment by Industry (Nonfarm)					
Total Nonfarm	3,309	3,315	3,323	3,296	3,317
Goods-Producing Sectors	525	527	528	518	522
Manufacturing	368	370	371	360	363
Services-Providing Sectors	2,783	2,789	2,795	2,778	2,796
Labor Force	3,329	3,359	3,382	3,383	3,391
Total Employment	3,214	3,250	3,276	3,266	3,279
Unemployed	115	109	106	117	113
Unemployment Rate	3.47%	3.27%	3.13%	3.47%	3.33%

Source: Bureau of Labor Statistics

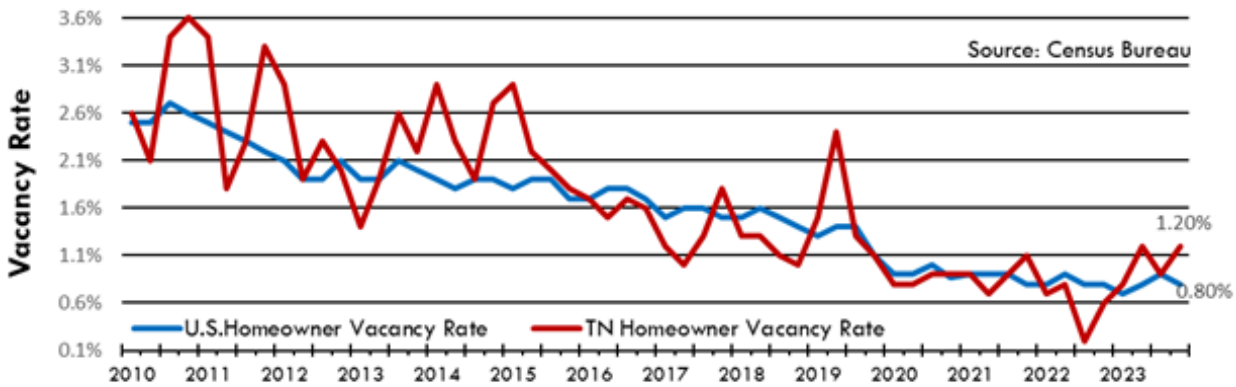
Source: Bureau of Labor Statistics

Rental and Homeowner Vacancies: Contrasting Paths for Tennessee and the U.S.

Tennessee and the U.S. exhibited contrasting trends in vacancy rates. In Tennessee, homeowner vacancy rates increased annually by 0.6 percentage points and quarterly by 0.3 percentage points, while the U.S. saw a slight quarterly decrease of 0.1 percentage points.

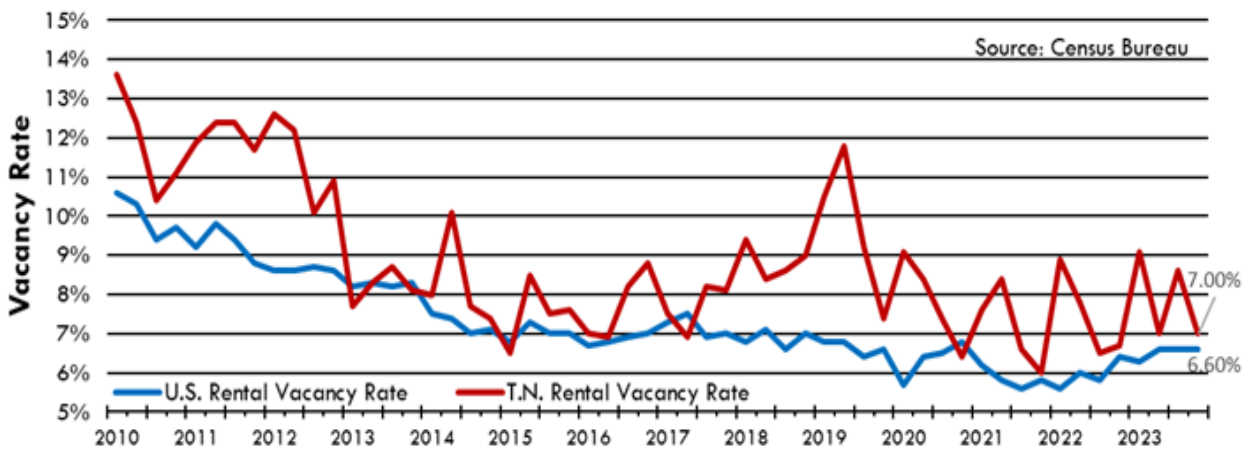
Rental vacancy rates in Tennessee decreased quarterly by 1.6 percentage points but increased annually by 0.30 percentage points. The U.S. experienced a slight annual increase of 0.2 percentage points.

Figure 2. Homeowner vacancy rate



Source: Census Bureau

Figure 3. Rental vacancy rate



Source: Census Bureau

Mixed Permit Trends: Single-Family Booms, Multi-Family Declines Across Regions

Annual trends showed positive growth in single-family permits, with the U.S. leading at 27.57%, followed by the South at 24.34%, and Tennessee at 24.04%. Quarterly, only the U.S. saw growth (1.34%), while Tennessee and the South faced declines of 2.35% and 0.12%, respectively.

Multi-family permits decreased annually across Tennessee, the South, and the U.S. by 36.96%, 36.17%, and 22.99%, respectively.

Quarterly declines were noted in Tennessee and the South, with slight growth observed in the U.S.

Total permits showed annual growth for the U.S. (4.71%) and Tennessee (1.90%), while the South experienced a decline. Quarterly, Tennessee and the South saw declines (4.38% and 2.22%, respectively), whereas the U.S. recorded a slight growth (0.30%).

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

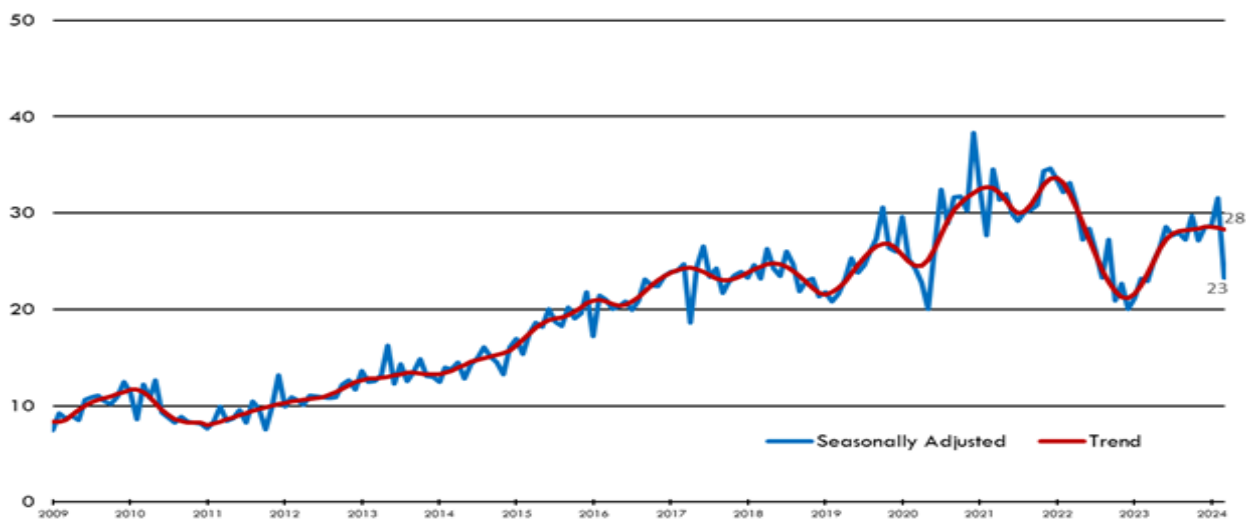


Table 2. Permits issued for privately owned new housing (thousands, seasonally adjusted annual rate)

(numbers shown in thousands)

	Single-Family Permits			Multi-Family Permits			Total Permits		
	Tennessee	South	U.S.	Tennessee	South	U.S.	Tennessee	South	U.S.
2021.1	37.9	635.9	1,148.9	21.4	246.1	563.8	57.7	881.9	1,699.3
2021.2	37.3	654.4	1,118.1	22.6	239.8	551.6	59.9	909.0	1,686.3
2021.3	35.8	626.3	1,060.3	15.6	258.6	604.5	51.8	881.3	1,672.3
2021.4	39.9	656.4	1,119.0	22.8	265.8	687.7	62.3	908.3	1,805.1
2022.1	39.5	666.4	1,151.6	16.9	283.9	663.4	56.9	949.5	1,788.8
2022.2	34.6	607.8	1,017.0	8.4	316.2	687.8	42.8	936.1	1,720.5
2022.3	30.6	525.7	886.1	8.2	325.9	681.9	39.4	853.7	1,574.0
2022.4	25.5	472.1	778.9	5.1	315.0	621.0	29.7	783.7	1,412.0
2023.1	26.9	473.8	780.4	16.2	329.3	655.3	43.2	798.1	1,408.7
2023.2	32.0	546.7	905.5	13.8	250.0	536.9	45.6	808.1	1,461.0
2023.3	33.2	575.4	946.8	16.5	278.3	628.3	50.2	811.2	1,468.0
2023.4	34.2	589.8	982.4	12.2	237.5	501.0	46.1	815.1	1,470.7
2024.1	33.4	589.2	995.5	10.2	210.2	504.6	44.1	797.0	1,475.1
Change from previous qua	-2.35%	-0.12%	1.34%	-16.31%	-11.48%	0.72%	-4.38%	-2.22%	0.30%
Change from previous year	24.04%	24.34%	27.57%	-36.96%	-36.17%	-22.99%	1.90%	-0.14%	4.71%

Source: Census Bureau

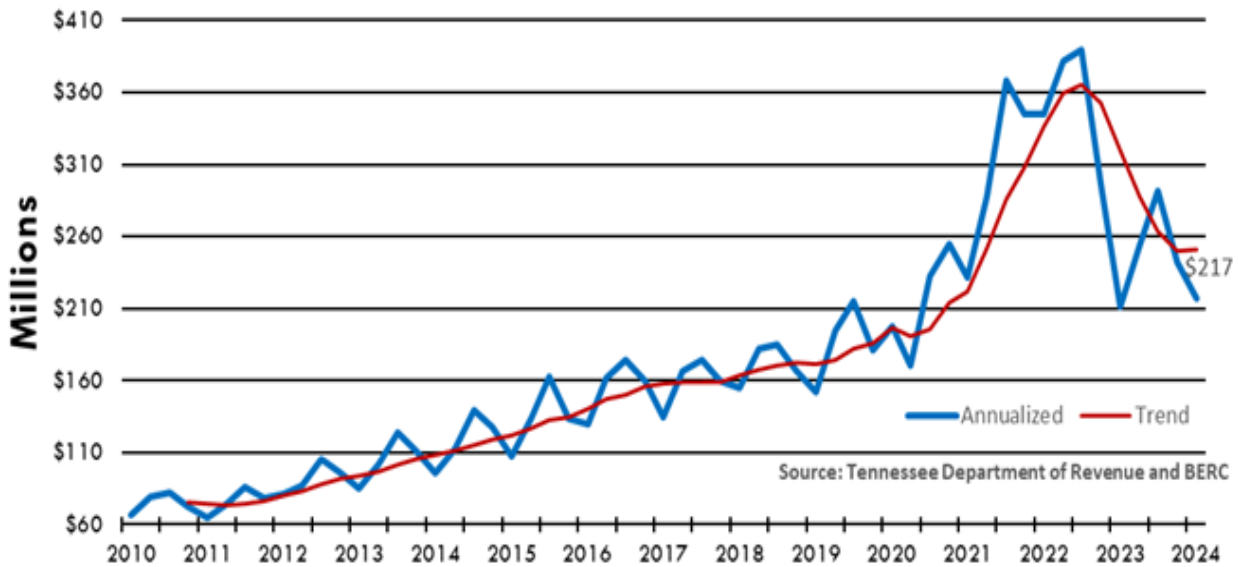
Source: Census Bureau

Tennessee's Q1 2024: Real Estate Tax Growth Amid Mortgage Collection Drop

In Q1 2024, Tennessee experienced a rise in real estate transfer tax collections, increasing annually by 2.89% to approximately \$217 million. However, quarterly collections fell by 10.62%, resulting in collections of over \$18.05 million.

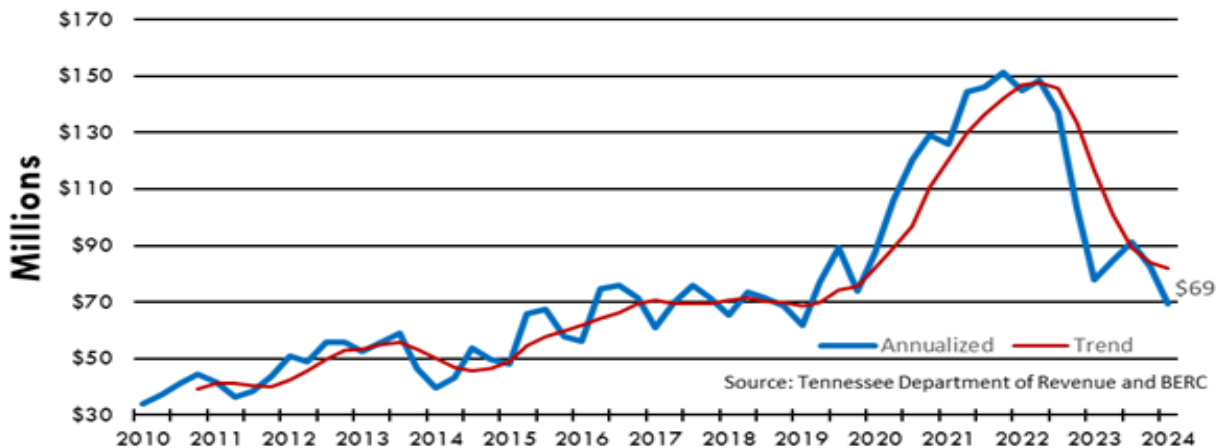
Mortgage tax collections declined both annually (10.87%) and quarterly (15.69%), amounting to approximately \$69 million and \$5.8 million, respectively.

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)



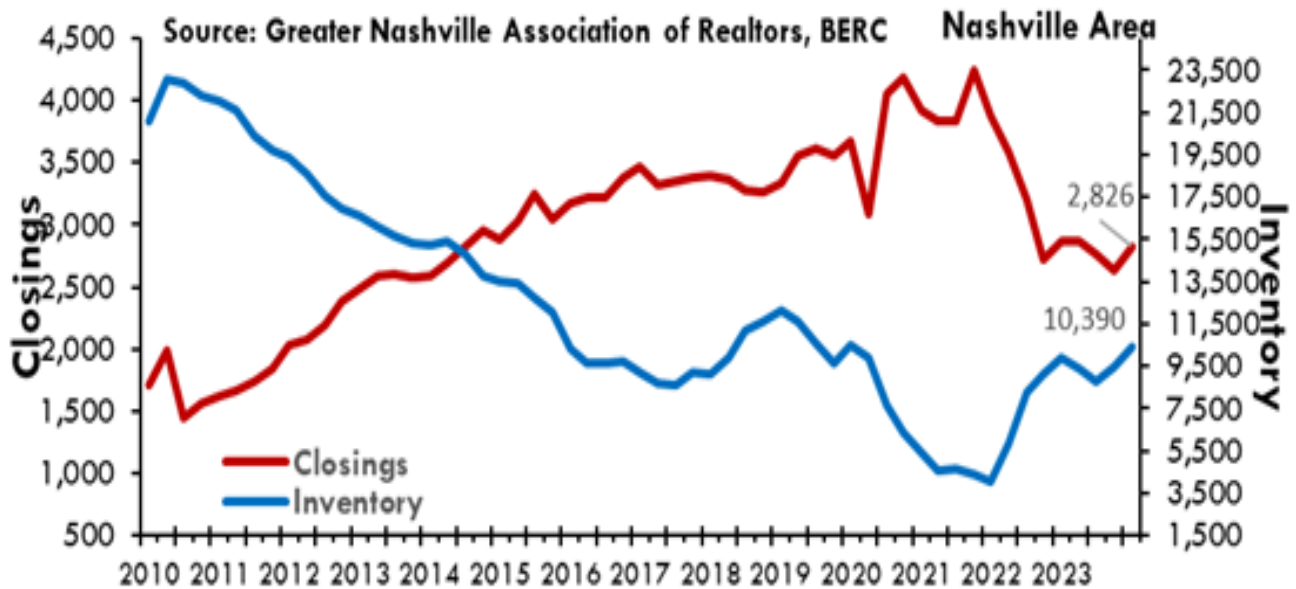
Source: Tennessee Department of Revenue and BERC

Tennessee's Real Estate Pulse: Rising Closings and Inventory Across Regions

Quarterly home closings increased across all regions, with Memphis leading at 8.62%, followed by Nashville at 7.60%, and Knoxville at 4.10%. Annually, only Memphis saw an increase (8.65%), while Nashville and Knoxville experienced declines.

Inventory levels grew annually in all regions, with Knoxville at 28.95%, Memphis at 15.08%, and Nashville at 5.00%. Similarly, on a quarterly basis, all regions experienced increases, with Knoxville at 17.77%, Nashville at 10.19%, and Memphis at 8.44%.

Figure 7.1 Single-family sales and inventory - Nashville Area



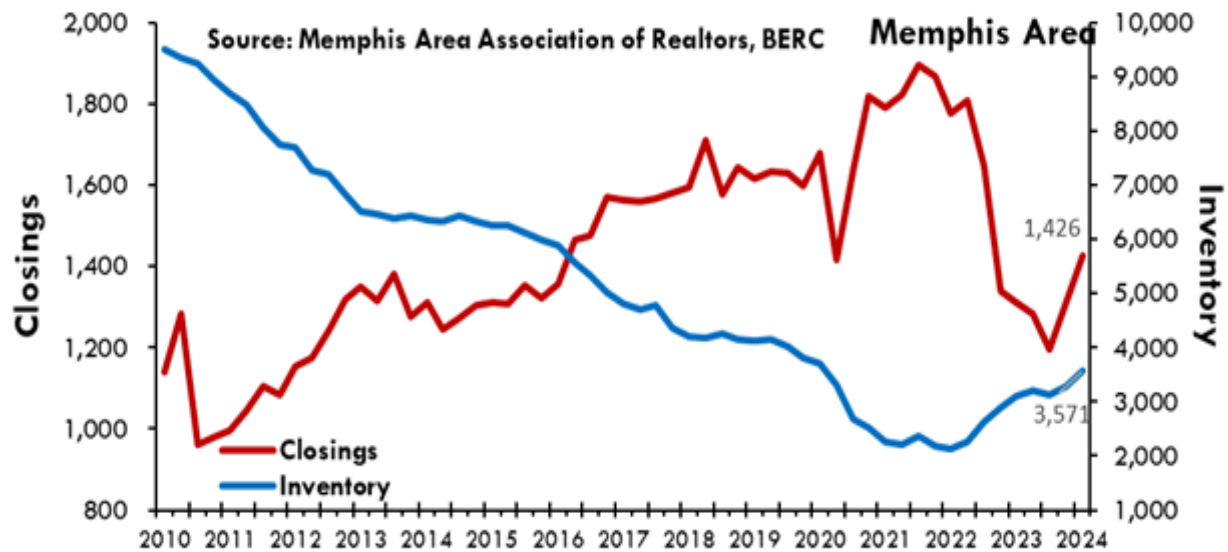
Source: Greater Nashville Association of Realtors, BEREC

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 Rise in Tennessee MSAs: Cleveland Hits 14.63% Growth

In Q1 2024, home prices in Tennessee's Metropolitan Statistical Areas (MSAs) showed significant annual growth. The Cleveland MSA led with a 14.63% increase, while Memphis had the smallest rise at 0.86%. The Morristown and Knoxville MSAs also saw notable growth (13.77% and 10.65%,

respectively).

Quarterly, home prices in Tennessee and the U.S. increased by 1.26% and 1.00%, respectively.

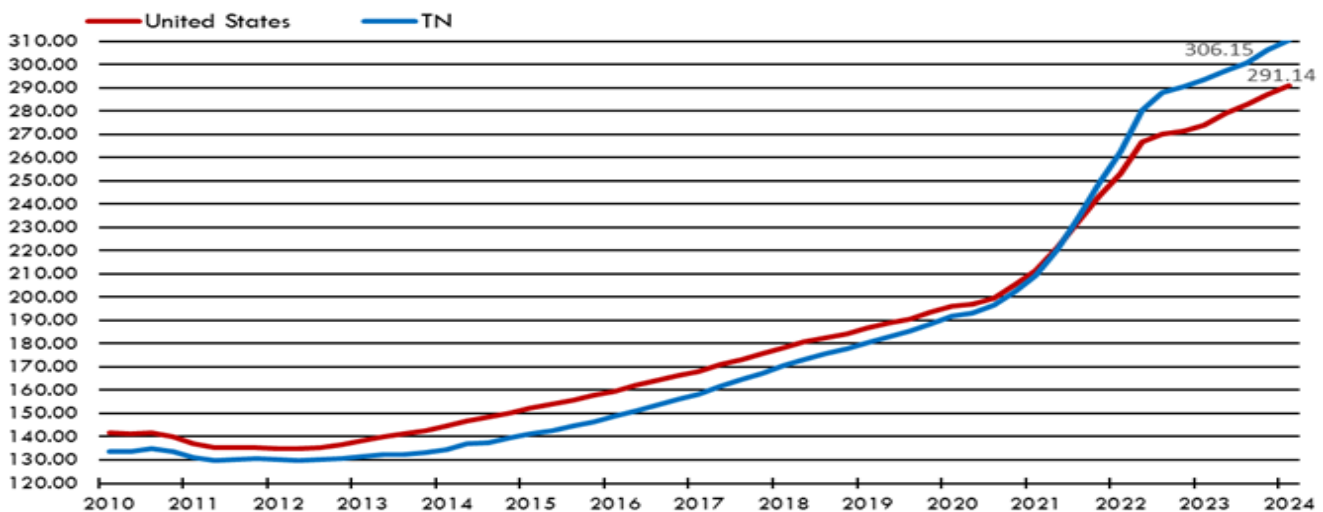
Table 3. Percent change in housing prices year to year

Area	2022.2-2023.2	2022.3-2023.3	2022.4-2023.4	2023.1-2024.1
Chattanooga MSA	8.3%	8.2%	11.6%	8.1%
Clarksville MSA	1.3%	4.8%	5.2%	4.0%
Cleveland MSA	8.9%	4.7%	13.8%	14.7%
Jackson MSA	6.6%	8.6%	5.5%	8.2%
Johnson City MSA	9.2%	9.4%	10.1%	5.1%
Kingsport-Bristol MSA	9.1%	9.8%	10.2%	5.4%
Knoxville MSA	10.8%	10.5%	9.2%	10.7%
Memphis MSA	5.0%	2.7%	0.9%	0.7%
Morristown MSA	10.4%	3.1%	7.7%	13.6%
Nashville MSA	3.4%	1.1%	3.6%	3.9%
Tennessee	6.2%	4.4%	5.4%	5.8%
United States	4.5%	4.8%	7.5%	6.2%

Source: FHFA All Transactions Index.

Source: www.FHFA.gov All Transactions Index

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



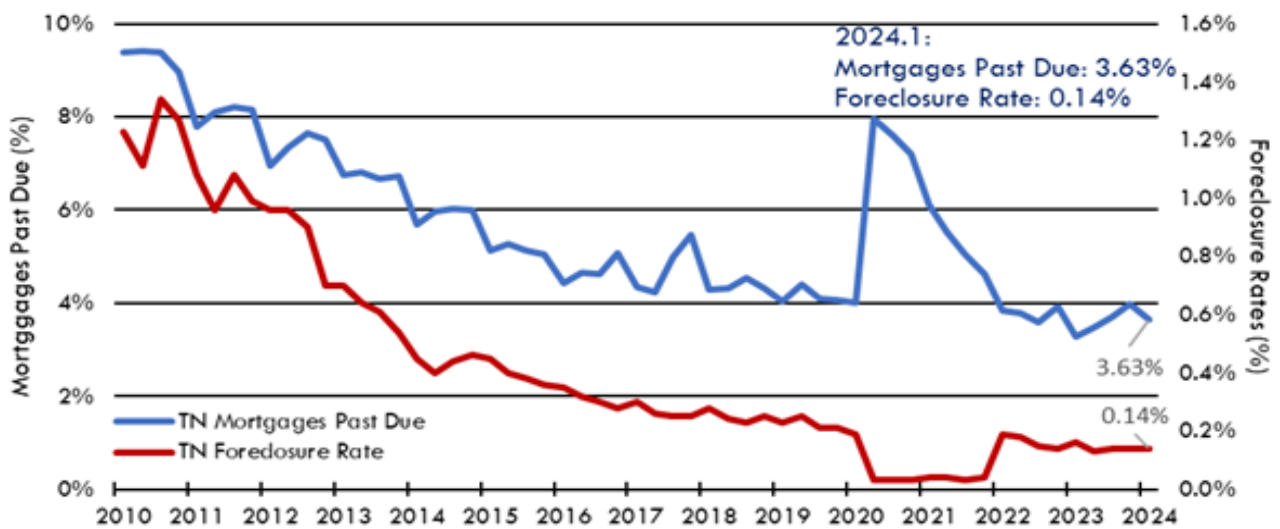
Source: www.FHFA.gov All Transactions Index

Quarterly Relief, Annual Challenges: Mortgage Trends in Tennessee and U.S.

Tennessee saw a quarterly decline in mortgage delinquencies by 0.34 percentage points but an annual increase of 0.4 percentage points. The U.S. also observed similar trends with quarterly decline of 0.36 percentage points and an annual increase of 0.35 percentage points.

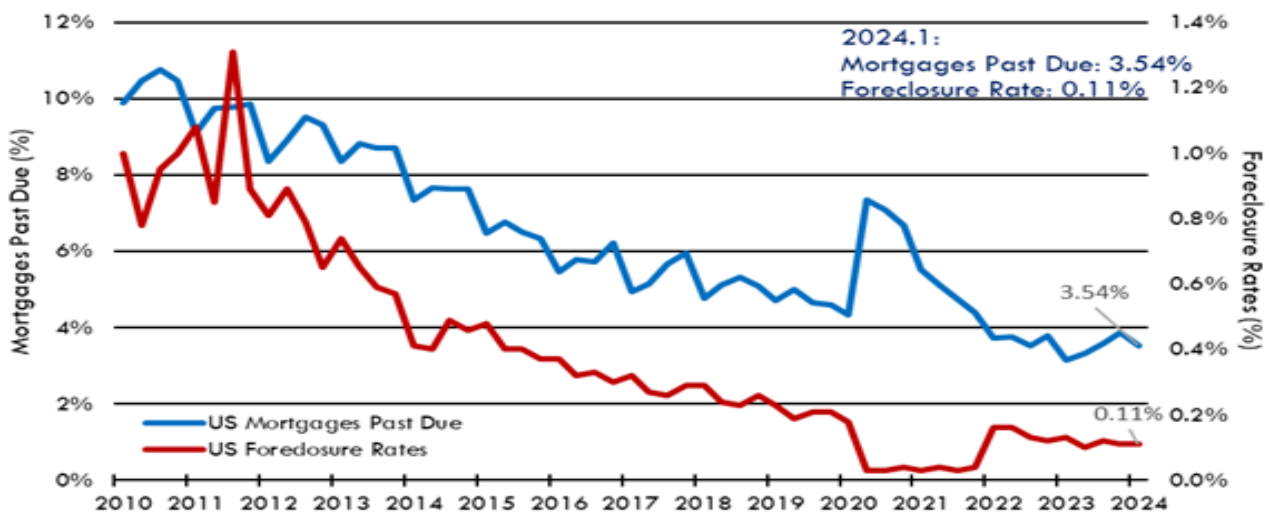
Both Tennessee and the U.S. maintained steady foreclosure rates compared to the previous quarter, with slight annual decreases (0.02 percentage points).

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

Mixed Signals: Tennessee's Housing Market Balances Gains and Concerns

In Q1 2024, Tennessee's housing market presented a mixed landscape. While employment and home prices showed notable increases, challenges such as declines in specific sectors and mortgage tax collections persisted. Resilience

in single-family home construction is encouraging, but rising mortgage delinquencies and homeowner vacancy rates raise concerns. Moving forward, close monitoring of these trends is essential to ensure stability and growth in Tennessee's housing market.



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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)