

# HOUSING

## T E N N E S S E E

[mtsu.edu/berc/housing.php](https://mtsu.edu/berc/housing.php)

March 2025

### TENNESSEE DASHBOARD 1<sup>st</sup> QUARTER 2025 (percent change over the year)

Weekly Unemployment Claims	▲ +14.45	Total Home Permits*	▲ +5.76
Total Nonfarm Employment*	▲ +1.92	Mortgage Tax Collections	▲ +36.50
Unemployment Rate (percentage points)*	▲ +0.33	Real Estate Transfer Tax Collections	▲ +7.24
Homeowner Vacancy Rate (percentage points)	▲ +0.10	Home Prices*	▲ +3.72
Rental Vacancy Rate (percentage points)	▲ +1.20	Mortgages Past Due (percentage points)	▲ +0.07
Single-Family Home Permits*	▼ -5.20	Foreclosure Rate (percentage points)	▲ +0.05

\*seasonally adjusted

▲ positive outcome for economy

▼ negative outcome for economy

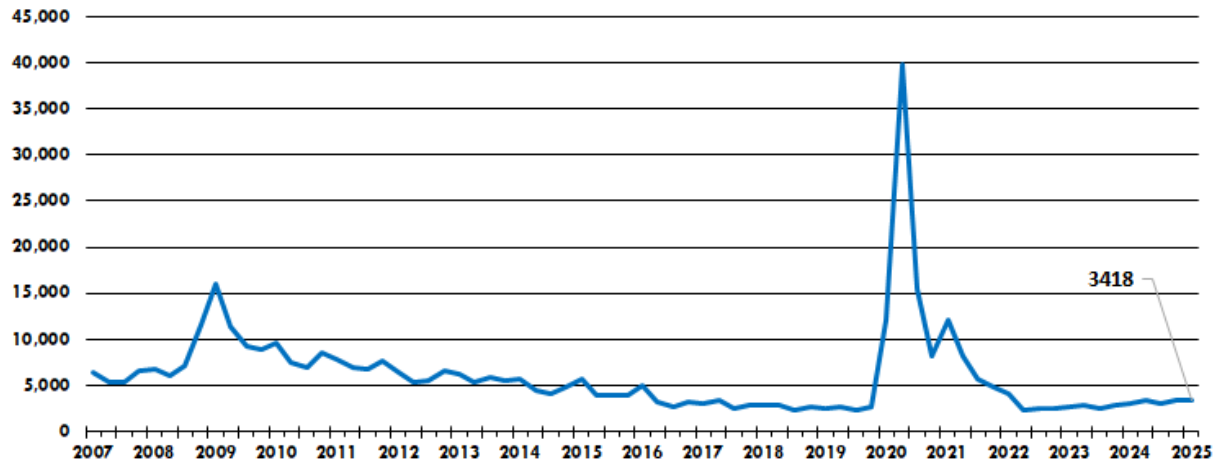
## Steady Currents, Upward Tides: Employment Trends Q1 2025

**Quarterly Overview:** In the first quarter of 2025, employment across all industry sectors held remarkably steady, with every sector's headcount shifting by less than 1.00%. Manufacturing topped the leaderboard with a 0.16% gain, while the goods-producing sectors saw the only downturn, dipping slightly by 0.21%. The labor force swelled by 0.25%, and total employment climbed by 0.30% over the quarter. At the same time, the unemployment rate inched downward by 0.03%.

**Annual Overview:** Through the 12 months leading into Q1 2025, every sector posted positive growth. Goods-producing services led the way with a 2.01% increase, whereas manufacturing recorded the smallest advance at 0.46%. Despite this broad-based expansion, the unemployment rate rose by 0.34 percentage points from Q1 2024 to Q1 2025. Even so, at 3.67% in 2025, it remains well below the 10-year peaks seen during 2020 and 2021.

**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)

	2024.1	2024.2	2024.3	2024.4	2025.1
<b>Employment by Industry (Nonfarm)</b>					
Total Nonfarm	3,318	3,331	3,335	3,383	3,382
Goods-Producing Sectors	522	521	526	533	532
Manufacturing	363	362	363	364	365
Services-Providing Sectors	2,796	2,809	2,809	2,850	2,849
Labor Force	3,391	3,406	3,412	3,436	3,445
Total Employment	3,279	3,302	3,305	3,308	3,318
Unemployed	113	104	107	128	127
Unemployment Rate	3.33%	3.03%	3.10%	3.70%	3.67%

Source: Bureau of Labor Statistics

# Homeowner & Rental Vacancies: Rates Remain Relatively Stable

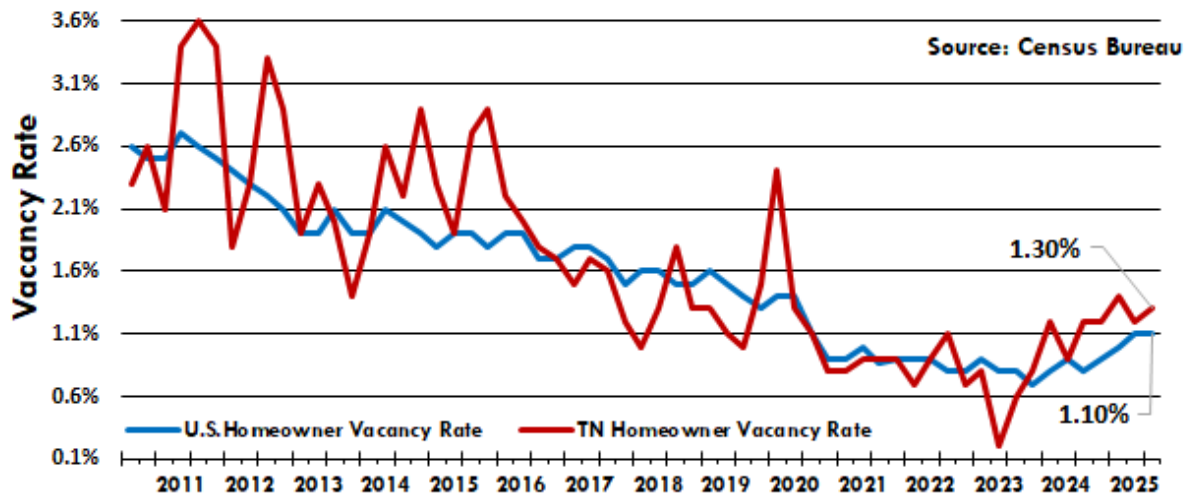
**Quarterly Overview:** In the first quarter of 2025, Tennessee's homeowner vacancy rate inched up to 1.30%, a 0.10-percentage-point rise from the fourth quarter of 2024. By comparison, the U.S. homeowner vacancy rate held steady at 1.10% between Q4 2024 and Q1 2025.

During the same time frame, Tennessee's rental vacancy rate fell to 8.20%, down 0.80 percentage points from 9.00% in Q4 2024. Meanwhile, the U.S. rate moved in the opposite direction, rising by 0.20 percentage points from 6.90% in Q4 2024 to 7.10% in Q1 2025.

**Annual Overview:** Mirroring the quarterly trend, Tennessee saw its homeowner vacancy rate grow modestly from 1.20% in Q1 2024 to 1.30% in Q1 2025. In contrast, the national rate experienced a larger uptick, jumping from 0.80% in the last quarter of 2024 to 1.10% in the first quarter of 2025. Despite these increases, both Tennessee's and the U.S. rates remain low when viewed against their 10-year trends.

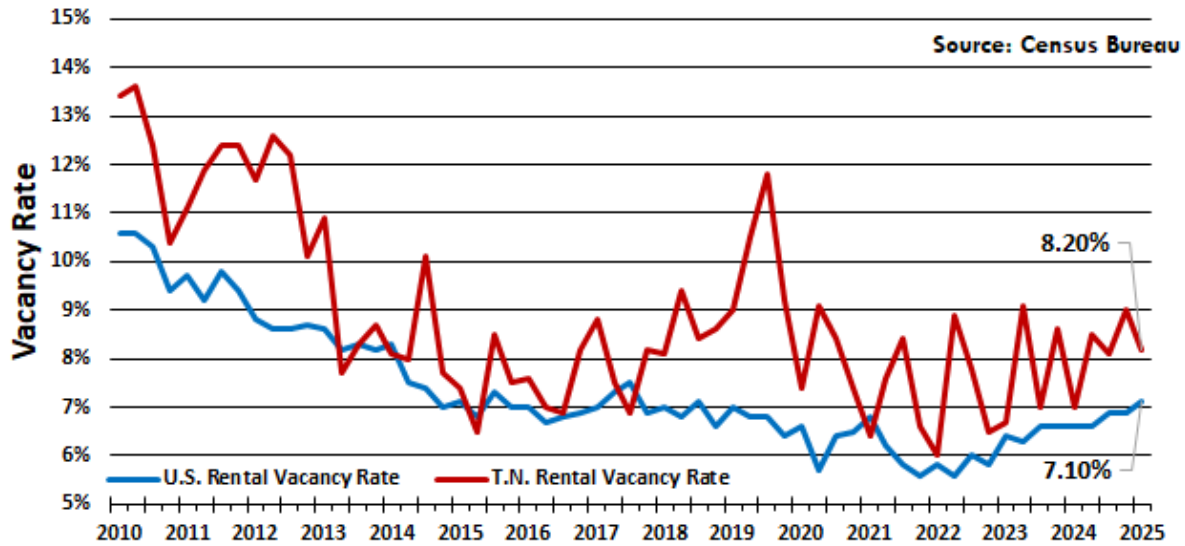
Over the year ending Q1 2025, Tennessee's rental vacancy rate increased from 7.00% in Q1 2024 to 8.20% in Q1 2025—a 1.20-percentage-point jump. By comparison, the national rate edged up more modestly by 0.50 percentage points, from 6.60% in Q1 2024 to 7.10% in Q1 2025, reflecting greater overall stability at the national level.

**Figure 2. Homeowner Vacancy Rate**



Source: Census Bureau

Figure 3. Rental vacancy rate



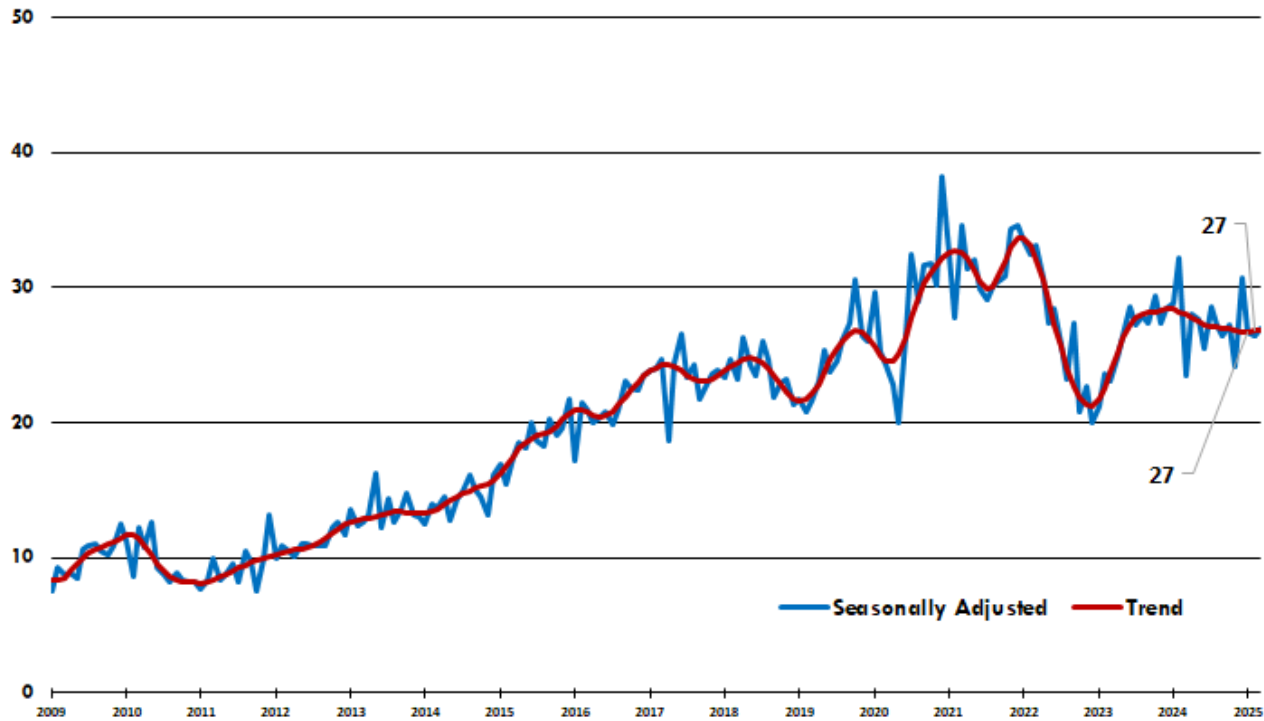
Source: Census Bureau

## Permit Pulse: Single-Family Slips, Multi-Family Soars

**Quarterly Overview:** In the first quarter of 2025, single-family building permits fell across every geography: Tennessee dropped by 2.52%, the South by 4.06%, and the U.S. by 4.15%. In contrast, multi-family permits surged regionally—Tennessee saw a 66.06% jump and the South an 8.45% rise—while the national multi-family average declined by 5.26%. Overall permit activity diverged similarly: Tennessee's total permits climbed 7.82%, the South inched up 0.44%, and nationwide totals slipped 4.19%.

**Annual Overview:** Over the year ending Q1 2025, single-family permits continued to retreat, falling 5.20% in Tennessee, 4.80% in the South, and 4.00% across the United States. Meanwhile, Tennessee's multi-family sector expanded by 62.25% and the South by 13.90%, even as the national multi-family rate contracted 6.34%. Total permits in Tennessee grew 5.76% year-over-year, whereas the South saw a slight 0.25% decline and the U.S. overall declined 4.69%.

**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.
2022.1	39.7	666.9	1,149.5	16.7	284.2	663.0	57.0	953.7	1,796.1
2022.2	34.6	606.6	1,019.4	8.7	316.2	691.3	43.1	928.1	1,717.7
2022.3	30.5	527.8	888.6	7.6	324.0	676.8	38.4	855.7	1,578.3
2022.4	25.4	470.2	774.1	5.2	318.4	622.7	30.0	786.8	1,401.0
2023.1	27.1	475.0	780.1	16.6	329.1	657.8	43.3	803.0	1,418.4
2023.2	32.0	545.3	908.1	14.0	250.1	540.8	46.1	799.2	1,459.7
2023.3	33.0	578.5	950.3	15.0	276.7	623.4	48.7	814.2	1,472.5
2023.4	34.1	586.0	973.8	12.6	241.0	500.0	47.1	819.1	1,454.1
2024.1	33.8	590.7	994.9	10.4	208.3	509.8	44.3	802.6	1,487.9
2024.2	32.4	575.4	965.1	12.3	226.3	465.8	44.0	803.9	1,449.0
2024.3	32.9	575.4	975.3	12.8	216.6	467.9	46.0	793.7	1,454.5
2024.4	32.9	586.1	996.4	10.1	218.8	504.0	43.4	797.1	1,480.1
2025.1	32.0	562.3	955.0	16.8	237.3	477.5	46.8	800.6	1,418.1
Change from previous quarter	-2.52%	-4.06%	-4.15%	66.06%	8.45%	-5.26%	7.82%	0.44%	-4.19%
Change from previous year	-5.20%	-4.80%	-4.00%	62.25%	13.90%	-6.34%	5.76%	-0.25%	-4.69%

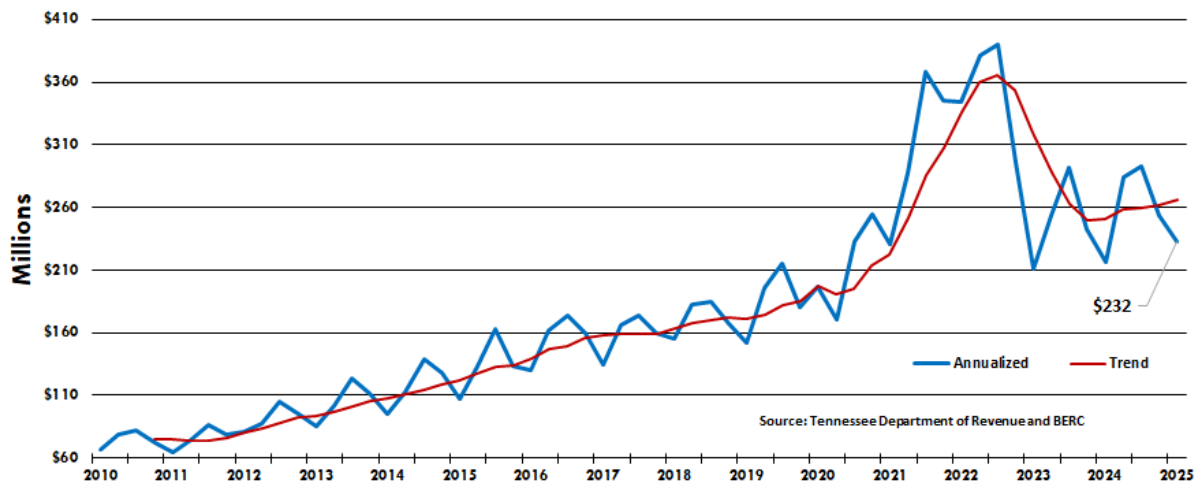
Source: Census Bureau

# Short-Term Slip, Long-Term Surge: Q1 Tax Revenues Pivot

**Quarterly Overview:** In the first quarter of 2025, real estate transfer tax collections dipped to \$232 million, down from \$254 million in Q4 2024. Mortgage tax collections followed suit, falling 5.22%—from \$100 million to \$95 million over the same period.

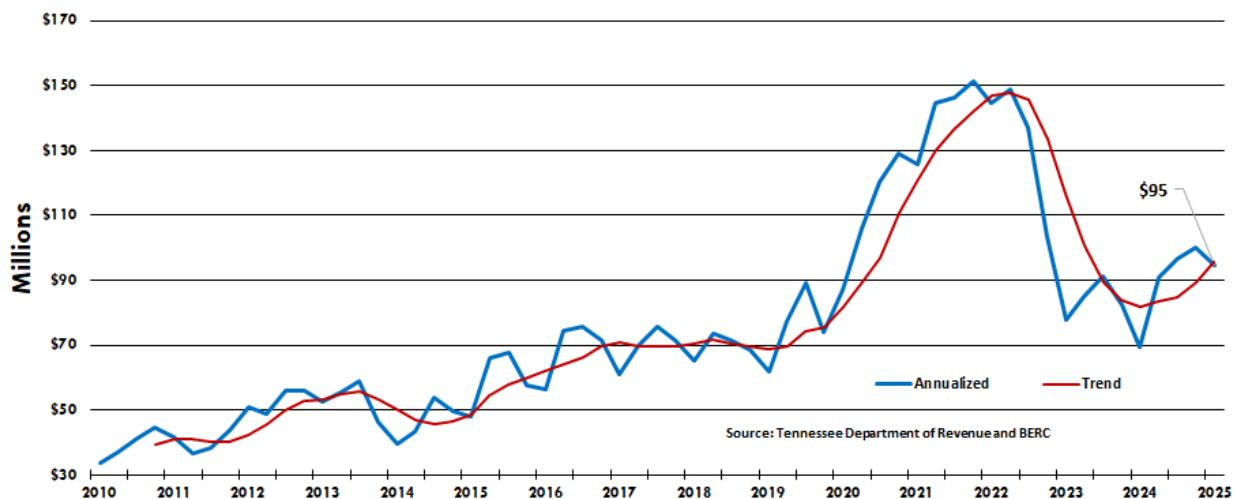
**Annual Overview:** Despite the quarter-over-quarter declines, real estate transfer tax revenue rose 7.24% year-over-year, climbing from \$217 million in Q1 2024 to \$232 million in Q1 2025. Mortgage tax revenue saw an even stronger annual gain—up 36.50% from \$69 million in Q1 2024 to \$95 million in Q1 2025.

**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

## Metro Market Moves: Closings Slip as Inventory Climbs

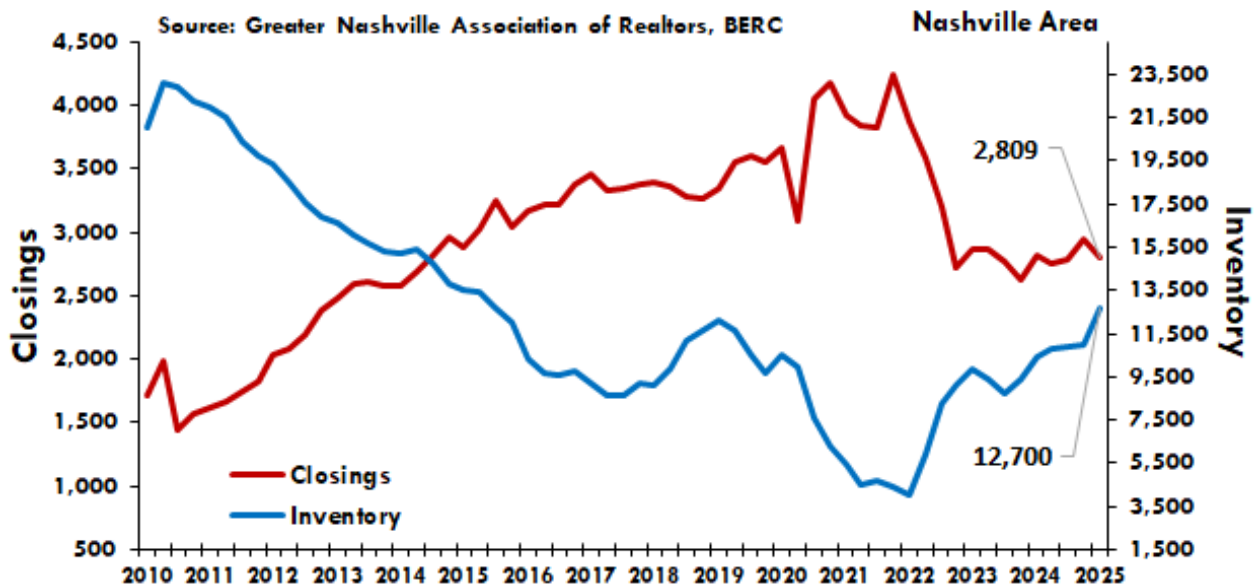
**Quarterly Overview:** In the first quarter of 2025, Nashville experienced a 3.75% decrease in house closings alongside a 13.29% rise in inventory. Memphis bucked the closings trend with a 6.06% gain, paired with a 10.32% increase in available homes. Knoxville saw a modest 0.23% drop in closings, while its inventory surged 14.38%.

**Annual Overview:** Over the year ending Q1 2025, Nashville's closings grew 3.44% and inventory soared 37.02%.

Memphis recorded a 7.78% decline in closings despite a 13.63% inventory increase. Knoxville posted a 2.90% rise in annual closings and led all three metros with a 39.21% jump in inventory.

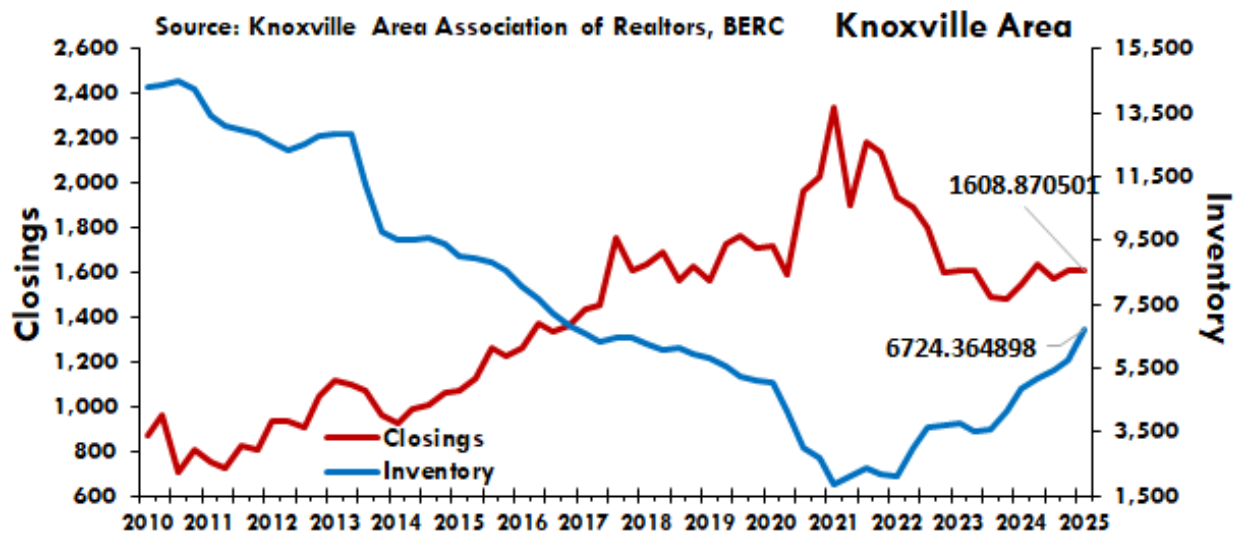
Overall, Memphis exhibits the strongest short-term closing momentum but the only year-over-year decline, whereas Nashville and Knoxville balance modest closing gains with the region's most dramatic inventory buildups.

Figure 7.1 Single-family sales and inventory - Nashville Area



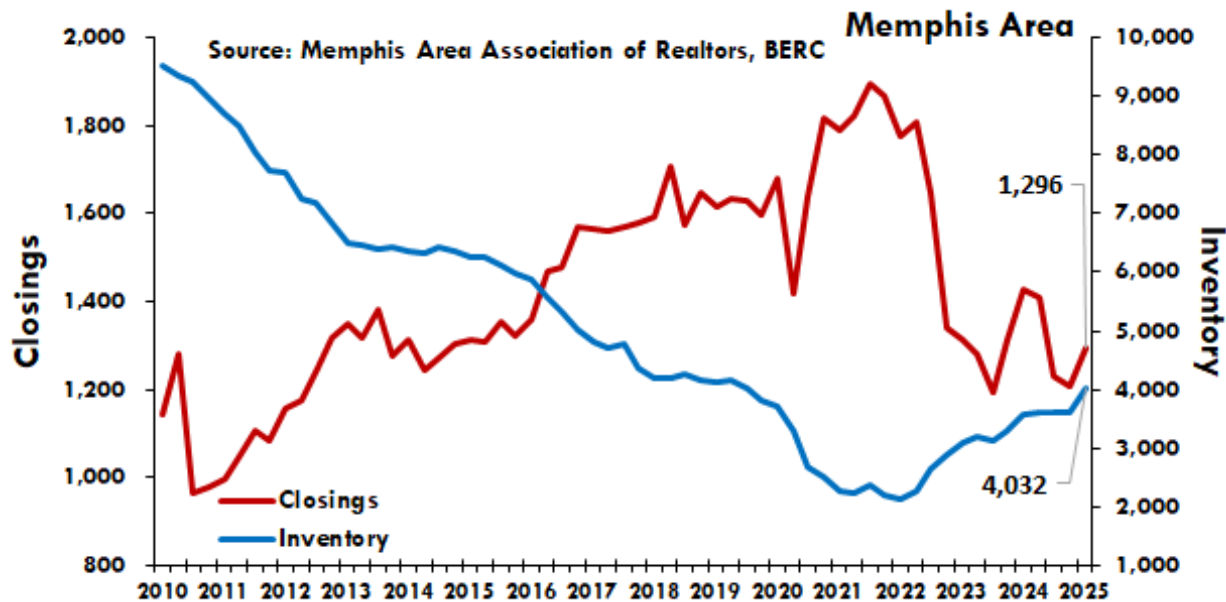
Source: Greater Nashville Association of Realtors, BEREC

Figure 7.2 Single-family sales and inventory - Knoxville Area



Source: Knoxville Area Association of Realtors, BERC

Figure 7.3 Single-family sales and inventory - Memphis Area



Source: Memphis Area Association of Realtors, BERC



# Local Lifts, National Leaps: Tennessee's Housing Prices on the Move

**Overall Overview:** Across Tennessee, home prices edged up modestly in Q1 2025, rising just 0.11%—well below the U.S. gain of 0.81%. Over the past year, Tennessee values climbed 3.71%, while national prices grew 4.61%. The quarterly trends for all Tennessee metro areas are categorized below.

**Strong Growth Areas:** Morristown MSA led the state with a 2.71% jump in home prices, closely followed by Kingsport-Bristol MSA, which posted a 1.79% increase in Q1 2025.

**Moderate Growth Areas:** Cities with gentler gains included Chattanooga MSA (0.98%) and Cleveland MSA (0.63%), each registering under a 1.00% rise for the quarter.

**Mixed and Slowed Growth Areas:** Clarksville MSA saw a slight 0.50% uptick, while Memphis experienced a restrained increase of just 0.46% during the first quarter.

**Declining Areas:** Three markets slipped in Q1 2025: Knoxville MSA dipped 0.24%, Johnson City MSA fell 2.16%, and Jackson MSA dropped 2.67%.

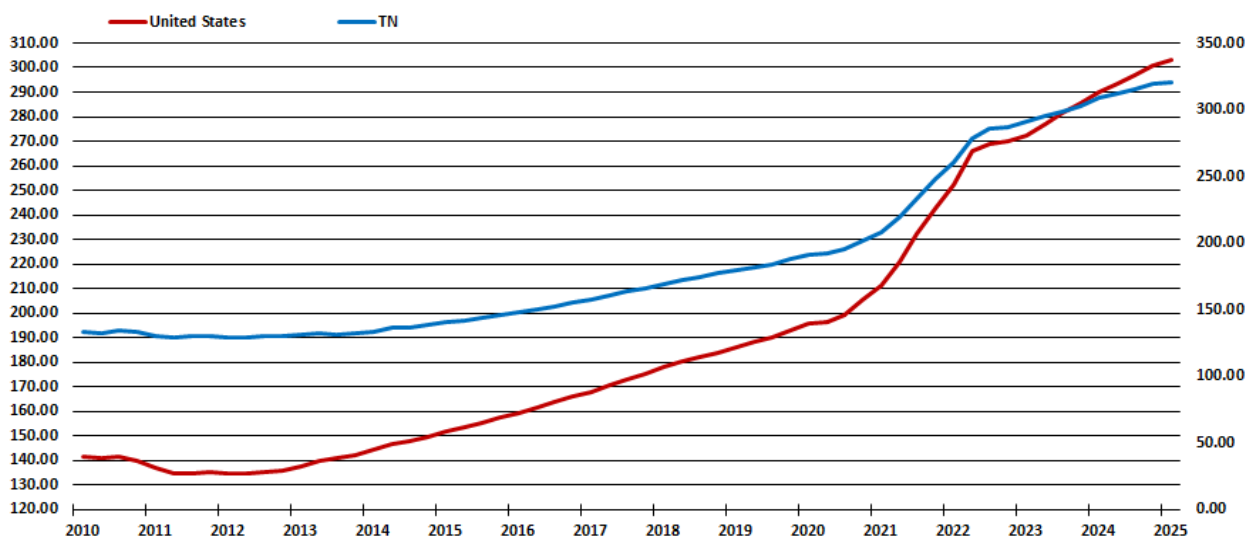
**Annual Metro Leaders:** Over the year ending Q1 2025, Kingsport-Bristol MSA led all Tennessee markets with a 10.30% surge in home prices. Knoxville followed with a 4.13% gain, and Chattanooga posted a 3.79% increase.

**Table 3. % Change in Housing Prices Year to Year**

Area	2023.2-2024.2	2023.3-2024.3	2023.4-2024.4	2024.1-2025.1
Chattanooga MSA	9.6%	6.6%	4.3%	3.8%
Clarksville MSA	6.7%	4.8%	3.5%	2.3%
Cleveland MSA	9.0%	8.8%	5.7%	2.5%
Jackson MSA	12.1%	6.5%	8.3%	3.1%
Johnson City MSA	8.9%	5.7%	8.4%	3.5%
Kingsport-Bristol MSA	12.9%	7.5%	7.1%	10.3%
Knoxville MSA	7.4%	8.0%	7.4%	4.1%
Memphis MSA	2.1%	2.8%	2.9%	2.0%
Morristown MSA	14.6%	11.2%	6.1%	2.2%
Nashville MSA	4.2%	5.4%	4.7%	3.6%
Tennessee	5.5%	5.9%	5.5%	3.7%
United States	6.0%	5.4%	5.3%	4.6%

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: Steady Strides: Mortgage Delinquencies Ease as Foreclosures Tick Up

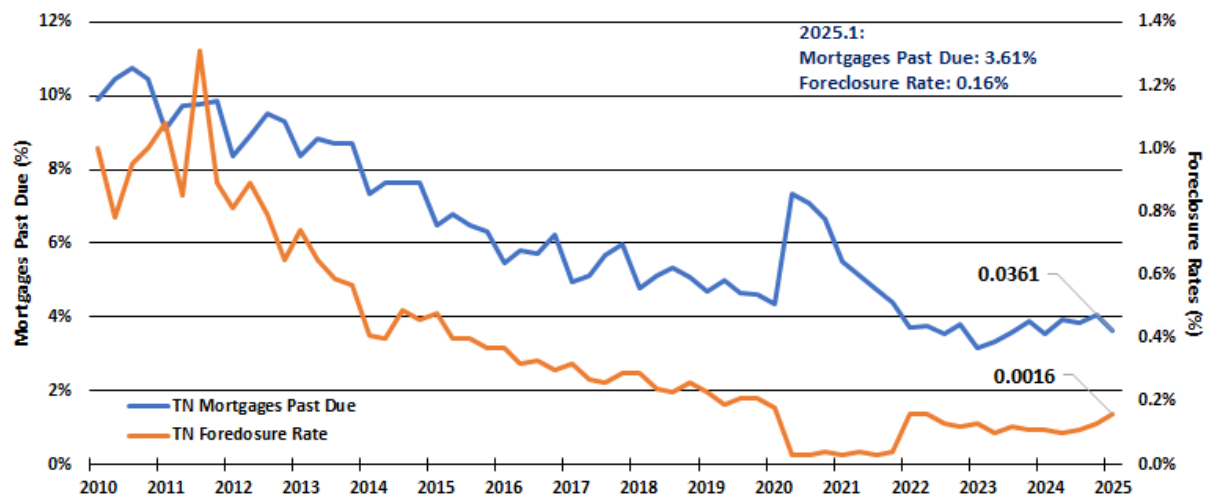
**Overall Overview:** Tennessee's mortgage and foreclosure rates remained broadly stable through Q1 2025 and the prior year, echoing national patterns of modest quarterly dips in delinquencies alongside slight rises in foreclosures.

**Quarterly Overview:** In Q1 2025, Tennessee mortgage delinquencies fell to 3.61% from 4.04% in Q4 2024, while foreclosure rates edged up from 0.13% to 0.16%. Nationally, delinquencies declined from 4.24% to 3.75%, and

foreclosures rose from 0.15% to 0.20% over the same period.

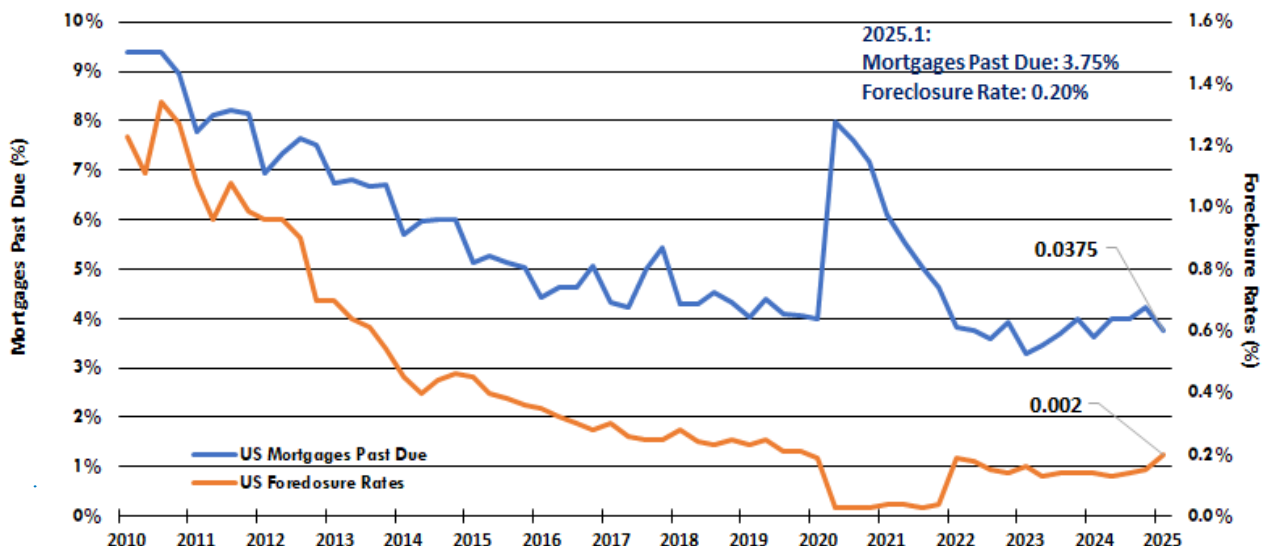
**Annual Overview:** Over the year to Q1 2025, Tennessee delinquencies ticked up from 3.54% to 3.61%, and foreclosures increased from 0.11% to 0.16%. Meanwhile, U.S. delinquencies climbed from 3.63% to 3.75%, and foreclosure rates rose from 0.14% to 0.20% year-over-year.

**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

# Steady Ground: Tennessee's Housing Market Holds Course

**Overall Overview:** Tennessee's housing market remained balanced in Q1 2025—sector employment held firm, and the unemployment rate dipped 0.03 percentage points to 3.67%. Homeowner vacancy inched from 1.20% to 1.30% year-over-year, while rental vacancies eased from 9.00% to 8.20% quarter-over-quarter but rose from 7.00% to 8.20% annually.

**Permit & Tax Trends:** Total building permits climbed 7.82% for the quarter and 5.76% for the year, powered by a 66.06% quarterly surge and 62.25% annual gain in multi-family permits. Real estate transfer tax revenue fell from \$254 M to \$232 M consecutively, yet rose 7.24% compared with Q1 2024; mortgage tax revenue dipped from \$100 M to \$95 M quarter-to-quarter but jumped 36.50% from a year ago.

**Metro Dynamics:** Closings diverged—Nashville down 3.75% for the quarter (up 3.44% year-over-year), Memphis up 6.06% for the quarter (down 7.78% year-over-year), Knoxville down 0.23% for the quarter (up 2.90% year-over-year). Inventories climbed between 10.32% and 14.38% quarter-to-quarter and between 13.63% and 39.21% over the year.

**Mortgage and Price Trends:** Mortgage delinquencies eased to 3.61%, while foreclosures ticked up to 0.16%. Home prices increased by 0.11% compared with the previous quarter and by 3.71% compared with one year ago, still trailing national increases of 0.81% for the quarter and 4.61% for the year.



## JONES COLLEGE OF BUSINESS

*Business and Economic Research Center*

*Murat Arik, PhD, PDBP, Director*

Supported by



# 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)