

Supply caught up with industrial. Office split in two.

Office · Industrial · Retail. An occupier's read of the Nashville market for the quarter ended September 30, 2026, from The Giles Group.

OFFICE VACANCY

17.7%

Flat vs. Q2. Prime rents +7.7% in one quarter to \$62.10. Class B at \$29.60.

INDUSTRIAL VACANCY

5.4%

+40 bps. 3.83M SF delivered. Pipeline down to 5.13M SF from 8.49M.

RETAIL VACANCY

3.5%

Rents +5% YoY to about \$31 NNN. No rate leverage; structure is the lever.

Nashville industrial vacancy is rising for the first time in four years, and the leverage is going to big-box users in Wilson County. Office has split in two: trophy rents are at record highs with no concessions, while Class B landlords are paying tenants to stay. Retail has no vacancy to negotiate against, so the wins are in lease structure, not rate.

Office. Vacancy held at 17.7%. Prime asking rent rose 7.7% in one quarter to \$62.10. Class B asking rent is \$29.60 with 4.3% sublease availability. The gap between the two is where a tenant's leverage lives.

Industrial. Vacancy rose to 5.4% as 3.83 million SF delivered. The pipeline fell to 5.13 million SF from 8.49 million. Tenants over 100,000 SF have options for the first time since 2022. Tenants under 50,000 SF still do not.

Retail. Metro vacancy sits near 3.5%. Asking rents are up about 5% year over year. A rate reduction is rare. Construction periods, free rent, and landlord work are where the deal is made.

If your lease expires in 2027 or 2028, the numbers in this report are your negotiating position. Read them that way.

Notable leases signed in Q3 2026

Tenant	Type	SF	Property	Submarket
Metro Nashville Government	Office · new	63,000	1281-1283 Murfreesboro Rd	Airport South
Wesley Financial Group	Office · renewal	50,000	9009 Carothers Pkwy	Cool Springs
Surgery Partners	Office · new	30,000	340 Seven Springs Way	Brentwood
CE Rental	Industrial · new	150,000	500 Skyline	—
Christie Lites	Industrial · renewal	141,000	5554-5766 E Division St	—
Saunders Electric	Industrial · new	110,000	1975 Joe B Jackson Pkwy	—
Dick's House of Sport	Retail · new	100,000+	CoolSprings Galleria	Cool Springs

Sources: CBRE Research Q3 2026 key lease transactions (office, industrial); CBL Properties announcement, July 1, 2026 (retail). Not a complete list.

The market has split, and the leverage is in Class B

Vacancy held at 17.7% in Q3, unchanged from Q2 and down from 19.1% three years ago. Net absorption was 152,000 SF, down from 346,000 SF in Q2. Leasing volume was 850,000 SF. The construction pipeline is now 60,000 SF, one speculative building in West End that delivers in late 2027. For practical purposes, no new office is coming.

The headline number hides the story. Prime space asking rent rose 7.7% in a single quarter to \$62.10 per SF. Class A overall is \$43.07. Class B is \$29.60. Sublease availability is 2.0% in Class A and 4.3% in Class B. The quality tiers are moving in opposite directions.

Submarket	Vacancy	Avg. Asking (FS)	Class A Asking	Q3 Net Absorption
Downtown	18.9%	\$44.25	\$49.88	24,000 SF
West End / Belle Meade	15.1%	\$46.18	\$49.37	5,000 SF
Cool Springs	19.9%	\$34.30	\$35.77	102,000 SF
Brentwood	12.5%	\$32.31	\$34.37	12,000 SF
Green Hills / Music Row	9.1%	\$43.41	\$52.25	7,000 SF
Airport South	31.4%	\$32.42	\$40.45	2,000 SF
Metro total	17.7%	\$37.30	\$43.07	152,000 SF

Source: CBRE Research, Nashville Office Figures Q3 2026. Competitive, non-owner-occupied buildings over 10,000 SF.

The split by quality tier

Tier	Inventory	Vacancy	Sublease Avail.	Avg. Asking (FS)	Q3 Net Absorption	YTD Net Absorption
Prime	7.42M SF	23.9%	1.8%	\$62.10	30,000 SF	148,000 SF
Other Class A	20.38M SF	18.3%	2.0%	\$38.78	12,000 SF	336,000 SF
Class B	18.03M SF	16.2%	4.3%	\$29.60	112,000 SF	143,000 SF
Class C	3.12M SF	7.0%	0.1%	\$24.39	(2,000) SF	—
Metro total	48.96M SF	17.7%	2.7%	\$37.30	152,000 SF	626,000 SF

Prime vacancy is the highest of any tier and Prime rent rose the most. Vacancy in trophy space is new buildings leasing up, not weakness. Source: CBRE Research, Q3 2026.

What we are seeing in negotiations

Suburban Class A landlords are offering 3 to 6 months of free rent on five-year terms. TI varies widely with scope. Class B concessions are thinner, which is counterintuitive given the sublease overhang, and reflects lower base rents with less room to move. Trophy landlords are not conceding. Demand is concentrated there and they know it.

What this means for occupiers

If your lease expires in 2027 or 2028 and you occupy Class A suburban space, start now. Cool Springs is at 19.9% vacancy with 102,000 SF of positive absorption this quarter. That is a window, and it is closing. If you want trophy space downtown, there is no leverage; the decision is whether the rent is worth it for talent. If you are in Class B, your landlord's alternative is a sublease market at 4.3% availability. Use that.

Supply caught up, and leverage depends on your size

Vacancy rose 40 basis points to 5.4% in Q3. Availability rose to 8.5%. The reason is supply: 3.83 million SF delivered in the quarter, and the pipeline dropped from 8.49 million SF to 5.13 million SF as projects completed. Average asking rent is \$10.21 per SF NNN, up from \$7.98 three years ago. Net absorption was 2.74 million SF, but 2.2 million of that is one building: the Hankook Tire plant expansion in Clarksville, delivered and occupied in the same quarter. Leasing volume of 1.51 million SF was the lowest since Q3 2023.

Take out Hankook and the market absorbed roughly 540,000 SF against 1.6 million SF of speculative deliveries. The I-40 East/I-840 corridor (Wilson County: Mt. Juliet, Lebanon) is now 11.2% vacant with 3.45 million SF still under construction. The two spec clusters that delivered this quarter came online 9% and 10% leased. Rent growth has slowed to about 3% from double digits in 2023.

Submarket	Vacancy	Availability	Asking (NNN)	Q3 Net Absorption	Under Constr.
I-40 East / I-840 (Wilson Co.)	11.2%	12.5%	\$8.49	17,000 SF	3.45M SF
Interchange City (La Vergne, Smyrna)	4.0%	6.8%	\$10.15	97,000 SF	483,000 SF
CBD (Davidson Co. core)	3.2%	7.1%	\$12.15	185,000 SF	1.18M SF
Northeast / I-65 North	5.3%	11.4%	\$10.91	36,000 SF	15,000 SF
I-65 South (Franklin, Spring Hill)	3.4%	3.8%	\$10.36	209,000 SF	—
East Clarksville	2.9%	4.6%	\$9.84	2.20M SF	—
Metro total	5.4%	8.5%	\$10.21	2.74M SF	5.13M SF

Source: CBRE Research, Nashville Industrial Figures Q3 2026. CBRE submarket names, with the places they cover in parentheses.

The small end of the market is a different story. Specialized and small-bay industrial under 50,000 SF has almost no vacancy. Nothing under construction serves it. A 150,000 SF user in Lebanon has competing landlords. A 15,000 SF user near the airport has one or two options and a landlord who knows it.

What we are seeing in negotiations

On a sub-10,000 SF renewal we negotiated in the Antioch corridor, the landlord took a 19% rent increase with zero concessions and no improvements. On a 20,000 to 25,000 SF new lease near the airport the same year, we secured 3.5 months free. Size determined the outcome more than submarket did. We expect that gap to widen through 2027 as big-box vacancy keeps rising and small-bay stays flat.

What this means for occupiers

If you need 100,000 SF or more in Wilson County, this is the first quarter since 2022 where you can run two or three buildings against each other through LOI, and 3.45 million SF more is on the way. Do it. Interchange City and the urban core are a different market: 3% to 4% vacant and tightening. If you are under 50,000 SF, your leverage is term and timing, not competition. Start 18 months before expiration. A landlord who knows you have no alternative will price accordingly; a landlord who sees you touring will not.

There is no vacancy to negotiate against

Metro retail vacancy was 3.5% as of mid-2026, with asking rents around \$31 per SF NNN and up about 5% year over year. Cool Springs/Franklin and Mt. Juliet/Lebanon remain the tightest corridors in Middle Tennessee, with availability that has stayed below 2% for several years. The largest Q3 commitment was Dick's House of Sport taking the 100,000-plus SF former JCPenney at CoolSprings Galleria, announced in July for a 2028 opening. Mall anchor backfills are where the big blocks are.

Metric	Q2 2026
Vacancy	3.5%
Avg. asking rent (NNN)	\$31.07
Rent growth (YoY)	5.2%

Source: Matthews, Nashville Retail Market Report Q2 2026. Q3 figures not published at time of writing.

What we are seeing in negotiations

Across the retail leases we have negotiated in Middle Tennessee, no landlord has led with a rate reduction. The economics came from structure. On two heavy-buildout leases in suburban centers we secured \$55 per SF in landlord contribution and 6 to 7 months of free rent, with construction periods that start when permits are issued, not on a calendar date. On a 2026 second-generation lease the tenant took the space as-is and no free rent beyond three months, but got a one-time termination right at year five with no fee. That is the trade in this market: you give on rate, you take on everything else.

What this means for occupiers

Walk in knowing the rate is set by the market and your leverage is in the lease. Three items decide the economics of a retail lease in Middle Tennessee right now: who funds the buildout, when rent starts, and what happens if the location does not perform. Negotiate all three before the LOI is signed. A landlord who will not move on rent will often move on a permit-triggered commencement, because it costs them nothing unless the city is slow. The city is often slow.

Let's talk about your requirement

If your lease expires in the next 24 months, the time to start is now. Schedule a 30-minute introduction call and we will walk through what this quarter's market means for your specific situation.

Schedule a Conversation → calendly.com/shane-thegilesgroup/introduction-call

Tenant representation is paid by the landlord, not the tenant. There is no cost to you to have us in your corner.

Methodology and sources

Office and industrial figures are from CBRE Research's Nashville Figures reports for Q3 2026 ([office](#), [industrial](#)), which cover competitive, non-owner-occupied buildings over 10,000 SF. Retail figures are from [Matthews' Nashville Retail Market Report for Q2 2026](#); Q3 was not published at time of writing. Published vacancy rates for Nashville vary by as much as three percentage points between research houses because each defines the market differently. We cite one source per property type and do not average across them. Deal observations are drawn from The Giles Group's closed transactions, anonymized. They describe what we negotiated, not market averages.